

Modern Slavery & Human Trafficking Statement (2020)

Introduction

This statement describes the steps taken by Etex Building Performance Limited to understand potential modern slavery risks and to ensure the absence of slavery and human trafficking in its own business and in its supply chains in the trading year 1 January 2020 to 31 December 2020.

Some information reported in earlier years has been included to provide a comprehensive summary of current policy and controls. This statement has been prepared in accordance with the latest guidance issued by HM Government (October 2017).

As part of the international Etex Group of Companies, Etex Building Performance recognises its ethical and moral responsibilities to uphold the highest standards in human rights. This includes eliminating any form of slavery or human trafficking from corporate activities or supply chains.

Etex Group became a member of the UN Global Compact as a demonstration of this commitment to human rights and fair labour practices. In 2020, Etex Group introduced a new focus on the UN Sustainable Development Goals (SDG's) most relevant to its activities. Amongst those selected was SDG8 "Decent Work & Economic Growth" which includes a commitment to protect labour rights and promote safe and secure working environments for all workers.



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|-------------------------------|---|
| 3 Good health and wellbeing | 8 Decent work and economic growth |
| 4 Quality education | 9 Industry, innovation and infrastructure |
| 5 Gender equality | 11 Sustainable cities and communities |
| 6 Clean water and sanitation | 12 Responsible consumption and production |
| 7 Affordable and clean energy | 13 Climate action |



Organisational Structure

Etex Building Performance was formed in 2017. With 490 employees, we supply solutions for dry construction within UK and Ireland. The company operates across 3 corporate brands:

Siniat specialises in the manufacture and supply of gypsum-based products and systems. It operates manufacturing plants in Bristol and Ferrybridge (Yorkshire). The main products produced are plasterboard, plaster coving and associated gypsum-based compounds used in drywall building systems. Alongside directly manufactured goods, various resale products are supplied into the market, notably metal framing, fixings and other drywall accessories.

Promat is a specialist supplier of passive fire protection products and systems. These are mainly manufactured outside the UK in facilities owned and operated by the Etex Group.

FSI Limited develops, manufactures and supplies fire stopping coatings and compartmentation systems. Acquired by Etex in 2020, it is based in Measham (Derbyshire) and operates as a fully owned subsidiary.

Also included within the scope of this report is **Crucible Gypsum Recycling**. This subsidiary produces secondary gypsum from post-consumer plasterboard and is a supplier to the parent company. The sourcing and procurement of materials and services for the UK businesses is managed by the Etex European purchasing organisation and which serves multiple companies and divisions across the Group.

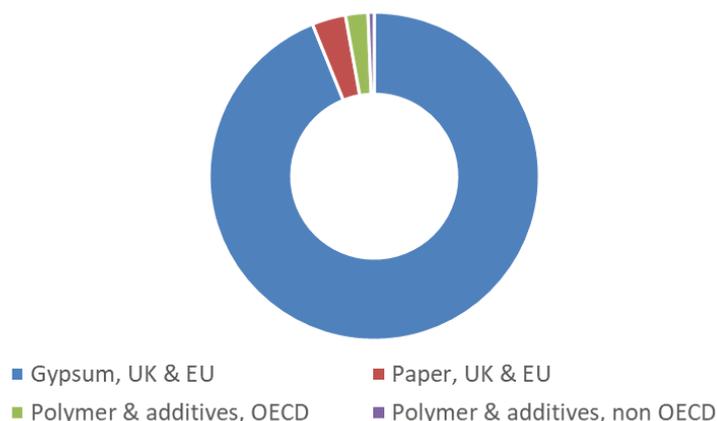
Whilst remaining an important part of Etex Group's New Ways division, **Eos Framing Limited** is no longer a subsidiary of Etex Building Performance and is now outside the scope of this report.

Nature of Supply Chains

In relation to **Siniat** products, around 98% of raw materials comprise of gypsum or paper sourced from the UK and Europe. The proportion of by-product gypsum sourced from coal-fired power stations is being progressively replaced by secondary material recovered from construction (10% and 18% of gypsum used in 2020, respectively). The remainder is quarried gypsum which has increased temporarily. The required additives have more varied supply chains, but these are predominantly contained within low risk OECD countries.

Figure 1:

*Sourcing of Direct Raw Materials
by volume (all brands) 2020*



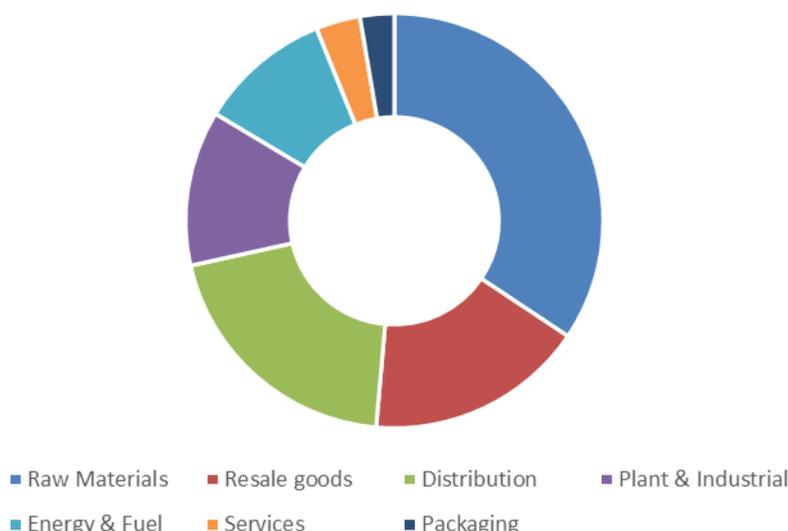
The distributed **Promat** products are mostly manufactured in facilities owned and operated by the Etex Group and mainly within OECD countries. According to Etex policy, all the factories are certified to ISO45001, thereby receiving regular scrutiny of welfare conditions from independent auditors. In addition, these plants apply the Etex Way Code of Conduct to their supply chains.

Polymers and chemical mixtures are the main raw materials for **FSI Limited**. These are traded globally with a sourcing split of over a half from OECD countries. **Crucible Gypsum Recycling** receives material segregated by major UK-based waste management companies, so enjoys a short supply chain from the point of recovery.

Etex Building Performance typically uses over 750 separate suppliers of materials and services annually. A breakdown of purchasing categories by spend is shown in Figure 2. Around 20 suppliers provide direct labour within plants alongside our own employees, mainly providing services such as cleaning, engineering maintenance and logistics.

Figure 2:

Purchasing Category by spending, 2020



Organisational Policies

Policies and other arrangements relevant in relation to slavery & human trafficking include:

- **Responsible Sourcing Policy** - established in 2010 and communicated to all suppliers. With respect to human rights this policy commits the company to adhere to the UN Global Compact & ILO Conventions and defines a similar expectation in the supplier base.
- **BES6001 Certification for Responsible Sourcing of Construction Products** - maintained since first certification in July 2011, with annual third-party assessment of the business and its supply chain. Originally held at “Very Good” level, upgraded to “Excellent” in 2018.
- **"Etex Way" Code of Conduct** - applied since acquisition of the company by the Etex Group in 2011, with a major upgrade in 2018. The Code requires high standards of ethical behaviour in relation to human rights and defines minimum acceptable standards for legal and ethical compliance in the supply chain.
- **Policy on Modern Slavery & Human Trafficking** - first issued in 2016 and communicated to all suppliers. The policy outlines commitments, expectations for compliance with the UN Global Compact and ILO Conventions in supply chains and the steps to be taken to

implement the policy. It is reviewed annually by Executive Management and now commits to annual reporting via the new UK Modern Slavery Statement Registry.

- **Etex Group UK Purchasing Policy** – underwent a major revision in 2020 to support the current arrangements for sourcing via the Etex Regional purchasing organisation. It includes provisions for evaluating the social and ethical performance of potential supply partners and compliance with the Etex Code of Conduct.
- **Human Resources Policies**, including rules on the use of specified, reputable and verified employment agencies for the sourcing of labour.
- **Recognition of Trade Unions** at Bristol & Ferrybridge plants and distribution depots.
- **Independent whistle-blowing service** for the confidential report of any employee concerns.
- **Promotion of the UK Modern Slavery Helpline** to facilitate confidential reporting by workers of any concerns they may have.

Due Diligence

The company undertakes due diligence as part of the evaluation of new supply partners with regular reviews of supplier performance. As part of building a new purchasing organisation in 2019, screening for modern slavery controls and the protection of human rights were integrated into vendor assessment and contractual tendering processes at European regional level. This ensures that where materials and services are supplied into the UK from Etex companies overseas there is assurance of the Tier 2 supplier.

Etex Building Performance announced in 2019 investment in a new manufacturing facility to be built at Bristol. Bidding contractors have been screened on labour policies as part of the wider qualification process. This takes into account construction sector risks and the project budget of £140 million exceeding typical annual expenditure on materials and services. With the award of planning permission, contractor assessment is now being finalised. Arrangements have been put in place to ensure that all plant machinery and construction material supplies will be subject to scrutiny for modern slavery risks alongside project labour.

A due diligence audit has been carried out on our natural gypsum supply chain. This was selected on account of the agreed priority of materials incorporated into our products, the quantum (over 65% of raw material by tonnage) and the risk known to exist in the region of supply. The assessment covered materials extraction at the quarry in southern Spain and gypsum transport to our facilities in the UK.

Employment conditions are heavily regulated by the local Mines Inspectorate and Etex Building Performance confirms a good level of compliance with its responsible sourcing policies within this supply chain. No temporary workers are employed and there is little sub-contracting. The Tier 2 supplier operating the quarry and transport activities has recently upgraded Occupational Health & Safety certification to comply with the international ISO45001 standard. This provides for renewed and ongoing third-party assessment of employee welfare and wellbeing.

All communications opportunities are taken in meetings with supply chain partners to raise awareness where necessary. An example is the Plasterboard Sustainability Partnership (PSP). This group aims to improve sustainability in our industry sector over the product life-cycle, including social and economic issues alongside environmental impact. In view of the challenge of tracing secondary gypsum collected from multiple construction sites and waste industry sources, Modern Slavery Act requirements have been discussed with recyclers and the need for due diligence along the supply chain.

Assessing & Managing Risk

The risk profile of the supply chain by product category (or sector) and geographical location is kept under review, informed by evidence collected from suppliers. The implementation of the Modern Slavery Statement Registry provides new opportunities for screening and the evaluation of supply chain risk. The first priority for assessment remains materials incorporated into Etex products placed on the market.

At the large volume end, dominated by supplies of gypsum and paper, several trends are operating. In line with moves towards a more circular economy, the sourcing of by-product gypsum from a small number of industrial producers is being replaced by supplies of post-consumer gypsum recovered and recycled from a larger number of construction sites with more diffuse traceability. As the decline in by-product availability is faster than the growth in recycling infrastructure, there is temporarily an increase in rock gypsum being used. As this is from an audited and verified source, the overall supply chain risk remains little changed.

At the low volume end is a small proportion of materials with supply chains extending back to non-OECD countries, including Ukraine, Russia, South Africa and China. In terms of “at risk” sectors, extractive industries in any of these locations will be monitored. Concerns have been raised in the media surrounding the mining of mica, a product ingredient included in relatively small quantities. Supplier changes require remapping of this supply chain.

Aside from materials integrated into products, one of the sectors known to be high-risk, is our sourcing of garments with supply chains extending to south-east Asia. Adequate assurances have been received from first tier suppliers of ethical controls preventing slavery and forced labour. The evidential basis deriving from supplier audits appears to be satisfactory.

Elsewhere in the “indirects” purchasing category, attention is being paid to the public supply chain statements of major players in the computing, communication and automotive sectors. Aware of concerns publicised in relation to certain minerals and those used in electrical batteries, we have checked the proposed supply chain for the planned electrification of our fork-lift fleet. Lithium ion batteries are to be sourced from a global manufacturer actively involved in improving the cobalt supply chain, working in partnership with mining communities and regulatory bodies.

Training & Awareness

The concepts of responsible and ethical sourcing are included within the business sustainability module of the company's induction training for new employees. New staff receive a copy of the **Etex Way Code of Conduct** and an explanation of its contents within the context of their role in the business. Compliance is a contractual requirement for all employees and a reference to the Modern Slavery Act has been added to the company's Employee Handbook. Existing employees also received copies of the Etex Way document on its issue in 2018. In 2020 annual refresher training was introduced for all staff, with understanding of the Code being tested and recorded.

Following the acquisition in 2020 of FSI Limited, Etex policies are being progressively implemented within the new subsidiary company. Training in the Etex Code of Conduct and Modern Slavery awareness form part of this ongoing programme.

Company purchasing staff receive training on compliance with the Modern Slavery Act via their professional body, the Chartered Institute of Purchasing & Supply (CIPS). Equally human resources managers have received continuous professional development training on the Act.

General awareness of modern slavery among the company's staff is maintained by various methods, including the display of posters and articles in internal magazines and intranet sites. Modern Slavery has been included within a monthly safety conversation undertaken by managers in all company workplaces. One of the objectives of these communications is to make employees aware of the **UK Modern Slavery Helpline** to whom any concerns may be reported on a confidential basis.

This has been supplemented by the launch of an independent whistle-blowing service which is available to all employees and may also be used for the reporting of concerns.

Measuring Effectiveness

Company performance in responsible sourcing is independently assessed annually under the BRE Standard BES6001 ("*Framework Standard for the Responsible Sourcing of Construction Products*"). During 2018 company certification was raised to the highest 4-star "Excellent" level and this was maintained during 2020.

The coverage of employees receiving refresher training in awareness of the Etex Way Code of Conduct amounted to 67% of staff in the reporting period.

Approval

This statement has been approved by the executive committee of Etex Building Performance Ltd.



Jane Maycock

Head of Organisational Effectiveness, Etex Building Performance Limited

July 2021