

## GRAFTON GROUP PLC MODERN SLAVERY POLICY STATEMENT

This statement is made pursuant to section 54(1) of the UK Modern Slavery Act 2015 (the “Act”) and constitutes the slavery and human trafficking statement of Grafton Group plc (“Grafton”; the “Group”) in respect of the financial year ending 31 December 2018.

### POLICY ON SLAVERY AND HUMAN TRAFFICKING

Grafton is committed to acting ethically and with integrity in all of its business dealings and relationships, and to taking appropriate and proportionate steps to ensure that modern slavery or human trafficking does not occur in any part of its business or in its supply chains. The Group’s overall commitment to ethical conduct is set out in the Grafton Group plc Code of Business Conduct and Ethics (the “Code”), which all employees and individual business units are required to apply. The Code states that Grafton does not tolerate forced or involuntary labour in any form.

### GRAFTON’S BUSINESS

Grafton Group plc is an Ireland-based building materials group with operations in the UK, Ireland, the Netherlands and Belgium. While this legislation does not apply to the Group’s businesses outside the UK, Grafton has adopted an overall Group approach to this issue and this policy statement applies to Grafton’s businesses outside the UK to the greatest extent practicable.

As a distributor of building materials and related products, the key areas of the Group’s operations that may be impacted by this legislation are (1) its supply chain and (2) its employees and any other persons working on its behalf. Set out below are the steps that the Group takes to mitigate risk in these areas.

### SUPPLIER AND SUPPLY CHAIN ACTIVITY

A significant proportion of the Group’s products are sourced directly from suppliers in the UK and Europe. Taking a risk based approach, the Group has put in place particular safeguards in place to mitigate the risk of modern slavery in its supply chain in relation to materials sourced from outside the UK and Europe which may not be subject to an EU-equivalent standard of legislation relating to employment rights and forced labour.

The Code states that Grafton will not purchase from suppliers that procure products for Grafton from countries subject to trade sanctions, or if the supplier or its sources are listed in connection with a trade sanctions program or other list of proscribed individuals or entities relevant to the countries in which the Group operates.

Under its terms of trade, Grafton requires all its suppliers to comply with its anti slavery policy. During the year, Woodie’s completed the implementation of its Supplier Quality, Ethical and Environmental Manual with all suppliers. This Manual outlines all the quality standards that its suppliers are required to confirm compliance with, including adherence to an Ethical Code of Conduct incorporating the Modern Slavery Act. During the year, the scope of this exercise was expanded into other Group businesses, specifically targeting all non-EU manufacturers. The ethical element of the Manual is aligned to the internationally recognised Ethical Trading Initiative (ETI) Base Code.

The Group has engaged an external due diligence screening solution to assist with prioritising, monitoring and mitigating the risks associated with supplier relationships. Non-EU suppliers are screened annually against relevant sanctions lists, watch lists, PEP lists or adverse media reports.

Upon renewal, the supplier contracts used by our UK businesses will be updated to include specific prohibitions against the use of forced, compulsory or trafficked labour.

## **RECRUITMENT AND HR**

The Group's policy is to comply fully with the relevant employment laws and regulations in the countries in which it operates.

Grafton has in place stringent HR processes and controls to ensure that all employees are assessed for their right to work in the relevant jurisdiction, that workplace equality processes are in place and that wages, benefits and working hours comply with relevant legislation in each jurisdiction. Each business unit regularly reviews and develops its HR policies and controls.

The Group adheres to the ETI Base Code, the internationally recognised code of labour practice.

## **WHISTLEBLOWING POLICY**

The Group has in place a Whistleblowing and Response policy, which sets out the duty of each Group staff member to report any concern they may have about suspected wrongdoing. An independent third party reporting service is also available whereby employees can raise concerns with someone outside the Group.

## **COMPLIANCE WITH THIS POLICY**

All Group employees, officers and directors, as well as anyone acting on behalf of the Group or any Group company must comply with this policy. Any Group employee who breaches this policy may face disciplinary action, which could result in dismissal for gross misconduct.

Within its sphere of influence, Grafton strives to ensure that its suppliers follow its commitment to ethical conduct, including the Group's approach to forced and involuntary labour. Where non-compliance is identified, Grafton will engage with the relevant supplier and promptly take appropriate action, which may include not appointing or re-appointing the supplier.

Gavin Slark  
Chief Executive Officer  
26 February 2019

## **This statement applies to the following UK subsidiaries of Grafton Group plc:**

Grafton Merchanting GB Limited, Selco Trade Centres Limited, CPI Mortars Limited, The Timber Group Limited, Macnaughton Blair Limited, Frontline Bathrooms Limited, Bathroom Distribution Group UK Limited, TG Lynes Limited, Plumbase Limited, LSDM Limited, Harvey Steel Lintels Limited, Direct Builders Merchants Limited, Crescent Building Supplies (Ruislip) Limited.