



Grafton Group plc
Modern Slavery Statement 2022

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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 2022. This statement applies to the following UK companies which were subsidiaries of Grafton Group plc during 2022:

Selco Trade Centres Limited, CPI Mortars Limited, T.G. Lynes Limited, LSDM Limited, MacNaughton Blair Limited and AVC (Stairbox) Limited.

While the Act does not apply to the Group's businesses outside the UK, Grafton has adopted a Group approach to the legislation and this statement applies to Grafton's businesses outside the UK to the greatest extent practicable.

The statement addresses the key areas outlined in the Home Offices' statutory guidance:

1. Organisation structure and supply chains
2. Policies in relation to slavery and human trafficking
3. Due diligence processes and risk assessment and management
4. Training and key performance indicators

This statement was approved by the Grafton Group plc Board of Directors on 27 February 2023 and is signed by Eric Born, Group CEO, and David Arnold, Group CFO.

Introduction

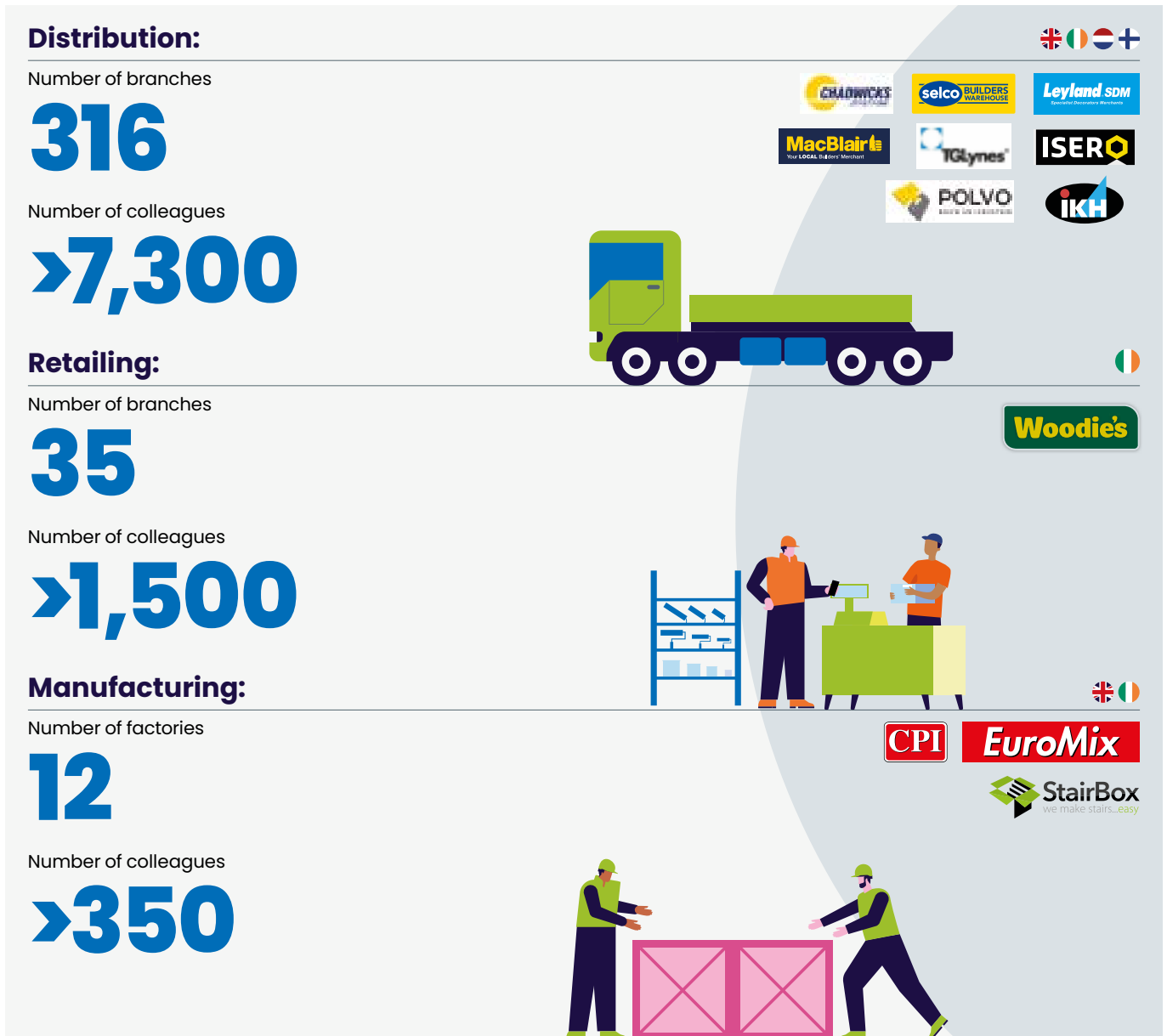
Grafton is committed to respecting and upholding the human rights of the people within the organisation, through its supply chain and in the communities it engages with. The Group recognises the risks of modern slavery in complex businesses and supply chains and is committed to taking appropriate and proportionate steps to address these risks.

The Group is committed to acting with integrity across all aspects of its business operations and its commitment to ethical conduct is set out in the Group Code of Business Conduct and Ethics (the "Code"). All colleagues are required to adhere to this code across all business units. The Code sets out that the Group does not tolerate forced or involuntary labour of any form and forbids child labour and any form of forced or involuntary labour.

However, the Group recognises that no business or supply chain is without risk of modern slavery and is clear that it has a responsibility to understand these risks and work in partnership with others, especially suppliers, to identify and mitigate them.

Business and supply chains

Grafton Group plc is an international distributor of building materials to trade customers and has leading regional or national positions in the distribution markets in the UK, Ireland, the Netherlands and Finland. Grafton is also the market leader in the DIY retailing market in Ireland and has manufacturing operations in the UK and Ireland, including the largest manufacturer of dry mortar in the UK.



The Group employs over 9,000 people in its operations which cover distribution of building materials and related products as well as the manufacture of mortar, staircases and plastic piping. The Group also has an extensive supply chain across goods for resale and goods and services not for resale.

The Group works with many suppliers and manufacturing locations in the UK, Republic of Ireland, Europe and also source from further afield. In 2022 the Group rolled out its supply chain management system in partnership with an expert risk management company, Exiger. More detail on this due diligence process is set out below. The Group has been using the information collected to map our goods for resale supply chains.

Policies in relation to modern slavery and human trafficking

Responsible procurement is a key part of the Grafton sustainability strategy which was published in 2021.

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.

The Grafton Timber Policy and due diligence programme promotes the FSC® and PEFC™ certification schemes which require compliance with the ILO Declaration on Fundamental Principles and Rights at Work, 1998, prohibiting the use of forced or child labour.

The Group also has an anti-bribery and corruption policy as well as a SpeakUp Policy designed to ensure ethical business practices as well as encourage concerns to be raised.

For Grafton colleagues there is a suite of Human Resources policies to ensure the Group protects the rights of all colleagues and dedicated HR personnel at Group level and within each business unit to ensure these policies are adhered to.

Due diligence and risk management

In 2022 Grafton continued the roll out its supplier risk management programme. In partnership with an expert risk management company, Exiger, the business has approached all existing and new supplier partners who had in excess of £100,000 of business with the Group in the financial year.

The process includes a sanctions and adverse media screening and completion of a questionnaire covering business data, product type, supplier and manufacturing locations, health and safety, human rights, quality, sustainability and hazardous material disclosures. Together these elements are used to form a risk assessment of each supplier which then drives actions to mitigate potential exposures.

This process is helping the Group to gain greater visibility of its supply chain and informing the risk-based approach to supply chain management. The Group Risk Committee reviews the response rate to the questionnaires at each meeting and the commercial teams in each business unit are responsible for engaging suppliers on completion.

At the end of 2022, 67 per cent of those suppliers surveyed had provided responses to the questionnaires and our procurement teams are continuing to work with our suppliers to increase the response rate further.

The Woodie's business in Ireland has also engaged in a partnership with supply chain due diligence experts Verisio to assess ethical standards in high risk suppliers and support the implementation of their supplier manual.

CPI Mortars maintained its Construction Products Certification (CPC) BES 6001 accreditation for product and supply chain sustainability and ethics.

Recruitment and human resources

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 colleagues 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 its HR policies and controls.

Training and key performance indicators

All Group colleagues are required to complete Ethical Business training within three months of joining the Group and at two yearly intervals thereafter. The completion of this training is a key performance indicator which is overseen by our risk committee and is part of our sustainability strategy. There is a more detailed Anti Slavery Course on our learning platform available for colleagues to take.

In addition, as outlined above, we monitor adherence, response rates and corrective actions through the risk committee as part of our supply chain management process.

An independent third-party reporting service ("SpeakUp") is available to allow colleagues to raise concerns anonymously and with someone outside the Group should they wish to do so. Colleagues also receive training on the SpeakUp policy. This policy sets out the duty of Group colleagues, external consultants, contractors and agency staff to report any concerns they may have about suspected wrongdoing. The policy sets out how colleagues and third parties can report concerns and how those reports and the individuals making reports will be treated. All colleagues also have a channel available for feedback to Board and senior management via Colleague Forums.

The Group recognises that modern slavery and wider human rights programmes require continued focus and improvements and is committed to strengthening its modern slavery risk assessment, training and due diligence programmes in the coming years.

Eric Born

Eric Born
Group CEO
1 March 2023

David Arnold

David Arnold
Group CFO
1 March 2023