

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 2021.

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 Group Code of Business Conduct and Ethics (the “Code”), which all colleagues and individual business units are required to apply. The Code states that Grafton does not tolerate forced or involuntary labour of any form. The Company strictly forbids child labour and any form of forced or involuntary labour, and will not buy from suppliers who are known to use child labour or any form of forced or involuntary labour.

GRAFTON’S BUSINESS

Grafton Group plc is an international distributor of building materials to trade customers and has leading regional or national positions in the merchanting 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.

This statement applies to the following UK companies which were subsidiaries of Grafton Group plc during 2021:

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, LSDM Limited, GDC Paints Limited, Harvey Steel Lintels Limited, Direct Builders Merchants Limited, Crescent Building Supplies (Ruislip) Limited, 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 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 colleagues 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 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. The Group has continued to roll out its Supplier Quality, Ethical and Environmental Manual (the "Manual") which outlines the quality standards expected of our suppliers, including adherence to an Ethical Code of Conduct incorporating the Modern Slavery Act. All of the Group's non-EU/UK suppliers are signed up to the Manual, which 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. During 2020 the Group implemented a Group Sustainability Strategy which includes specific targets relating to supplier risk-assessment, compliance and assurance.

As part of the Sustainability Strategy, the Group has now implemented a third-party risk management and compliance management solution with a view to developing a consistent, risk-based approach to managing supplier compliance across all of its business units.

During 2021, as part of the implementation of this solution, the Group commenced a process of further engagement with suppliers by way of an updated questionnaire to all suppliers with over £10k annual purchase spend. This questionnaire is designed to enhance the Group's supply chain transparency, improve supply chain governance and help rate our supply chain's sustainability credentials.

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

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

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 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 and develops

its HR policies and controls. The Group also adheres to the ETI Base Code, the internationally recognised code of labour practice.

TRAINING

All Group colleagues are required to complete Ethical Business training within three months of joining the Group and at two yearly intervals thereafter. This training includes the Group's zero tolerance approach to child labour and any form of forced or involuntary labour.

SPEAKUP POLICY AND COLLEAGUE FORUMS

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

COMPLIANCE WITH THIS POLICY

All Group colleagues, officers and directors, as well as anyone acting on behalf of the Group or any Group company must comply with this policy. Any Group colleague 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 ceasing to trade with the supplier.

Gavin Slark
Chief Executive Officer
18 January 2022