

# **Grafton Group plc Supply Chain Due Diligence Policy**

# Overview

Supply chain risk management is a top priority for the Grafton Group including focus on promoting strong human rights and environmental standards with our trading partners. Our businesses source products from a range of different suppliers including, but not limited to:

- Manufacturers of branded products
- Branded raw materials suppliers
- Own brand suppliers
- Distributors and agents
- Suppliers engaged through buying groups.

Our Due Diligence Policy and Process is designed to identify and address adverse human rights and environmental impacts associated with our sourcing activity.

## Code of Conduct

The Grafton Group Code of Business Conduct and Ethics sets out our expectations for colleague conduct with suppliers.

The Grafton Group Supplier Code of Conduct sets out our expectations for suppliers covering legislative compliance, human rights, environmental sustainability and business practice and compliance. The Code has been published in multiple languages and on all business unit websites. The Code has been signed off by the Procurement Board and the Group CEO.

These Codes are reviewed every two years or sooner if significant changes occur.

## Due Diligence Process

Our Due Diligence Process is designed to identify and mitigate risks within our product supply chain.

Each of our business units operates their own purchasing activity and there is no central sourcing process. However, to strengthen oversight of our supply chain in 2024 Grafton introduced a central spend dashboard.

Suppliers are uploaded onto an industry leading risk assessment and ratings platform. This platform assesses supplier risk based on procurement, industry and country. The system also searches for published documentation such as policies and certifications which demonstrate a commitment to sustainability.

Each business unit reviews the risk profile of their supply base and then engages with suppliers to address the actions identified. These actions could be completing an 3<sup>d</sup>

party assessed Rating, Self-Assessment or providing details and evidence for specific risks identified.

Supplier risk and performance are monitored and reviewed by the businesses associated with the supplier and by the Group Sustainability team. A lead business unit is allocated to suppliers to lead the engagement.

We also work with a third-party to screen chosen suppliers against international sanction lists (including UN, UK and EU). This includes suppliers which are based in countries deemed to be High and Medium risk for sanctions, based on the terms of our Group banking arrangements and legal advice.

We have other mechanisms in place to identify concerns including the SpeakUp whistleblowing service which allows stakeholders to report any concerns confidentially to an independent party with safeguards in place, as well as open dialogue between suppliers and our commercial teams.

There is also a separate policy and approach of Timber Purchases set out in the Group Deforestation Policy.

Finally, Business Units may have enhanced due diligence processes for own-brand suppliers. This includes 3rd party support on supplier auditing of manufacturing facilities.

Adverse Impacts identified through our due diligence process are monitored and tracked.

There is a Group Level Escalation Process should issues be identified through sanctions checks, whistleblowing, supplier visit or other mechanism.