

CPL INDUSTRIES

Modern Slavery Act 2015

Slavery and Human Trafficking Statement, Financial Year ending 31 March 2017

CPL Industries Group Limited is the holding company for the CPL group of businesses which is predominantly engaged in the manufacture, wholesale and distribution of solid fuels. The active trading companies in which CPL Industries Group Limited has a majority shareholding are: Carbon Link Limited, CPL GalaQuim S.L., CPL Cardek (Pty) Limited, CPL France Limited, Coal Products Limited, CPL Distribution Limited, Walter H Feltham & Son Limited, and Castletown Fuels Limited (together the **CPL Group**). The CPL Group has turnover in excess of £120 million and has circa 650 employees within the UK, Republic of Ireland, Spain, France and South Africa.

This is the second Slavery and Human Trafficking statement for the CPL Group as required by s.54 Modern Slavery Act 2015.

Business activities and supply chain of the CPL Group

The CPL Group manufactures and sells solid fuels (most particularly briquettes, including more ecologically friendly briquettes that incorporate biomass) as well as selling third party products such as logs and kindling, charcoal and wood pellets. The CPL Group also sells activated carbons for use in filtration systems and custom made bags for various applications. The CPL Group's main manufacturing facilities are in the UK and Republic of Ireland. The CPL Group has now also acquired a refractory brick facility in South Africa prior to 31 March 2017. The majority of the CPL Group's sales are within the United Kingdom with additional sales in the Republic of Ireland, France, Belgium and Germany (amongst other places).

The biggest suppliers to the CPL Group are suppliers of raw materials (including anthracite, petroleum coke, biomass and molasses as well as suppliers of wood pellets and wood products). The supply chain also includes suppliers of engineering and mechanical services as well as transportation and logistics. A significant number of the CPL Group's suppliers are based within the United Kingdom or elsewhere in Europe and are large corporate enterprises such as Hargreaves Services plc, Celtic Energy and Enerco BV.

The CPL Group has a relatively low reliance on flexible/temporary labour. Less than 5% of CPL Group's workforce comes from agency labour and these are sourced from reputable agencies that, to the best of the CPL Group's knowledge, operative effective systems and processes to ensure there is no slave labour or trafficking in its labour supply.

The CPL Group supply chain is relatively short given that it is predominantly procuring commodities that are not the subject of significant processing or subsequent handling.

The key risks within the CPL Group's supply chain relate to smaller manufacturers of products (such as charcoal in South Africa and wood products in Eastern Europe).

The last financial year saw the CPL Group acquire businesses in the UK, South Africa, Spain and France. The majority of these businesses utilise the same supply chains as used by the CPL Group (or they were also a customer of the CPL Group). The South African acquisition is a new business venture for the CPL Group and investments are

being made in that business' health, safety, environmental and employee benefit systems and processes.

Policies and procedures related to slavery and human trafficking

The CPL Group has a suite of policies covering such matters as business conduct; anti-bribery and, in particular, ethical trading.

The CPL Group will not trade with any suppliers which it has good reason to believe exploits people. CPL Group's ethical trading policy is clear that suppliers must comply with local laws and regulations and that its suppliers should abide by the following principles (amongst others):

- Employment is to be freely chosen – so that there is no forced or bonded labour
- There should be no use of child labour
- Working hours should not be excessive
- There should be no harsh or inhumane treatment of workers
- Workers should have the right of association and be able to join or form trade unions of their own choosing and to bargain collectively

Where appropriate, the policy is incorporated as a schedule into supply contracts or is otherwise reflected in supply agreements. Since its last Modern Slavery Statement, a larger number of the CPL Group's supply agreements entered into by it reflect ethical trading requirements. During the course of 2016/17, the CPL Group incorporated ethical trading requirements into a number of its supply precedents and the CPL Group has accordingly raised the profile of ethical trading with its supply base.

In addition to the general policies and approach of the CPL Group, CPL Distribution is a member of SEDEX which demonstrates its commitment to ethical trading and enables the CPL Group to review the ethical trading status of current and potential suppliers to ensure that they are operating to the high standard that the CPL Group would expect. A number of employees within CPL Group's procurement and supply chain team are trained to undertake Sedex Members Ethical Trade Audits. This enables the CPL Group to audit its suppliers to ensure compliance with the ETI Base Code.

The CPL Group has undertaken an ethical audit of its charcoal suppliers in South Africa and Namibia. In addition, a further audit was also undertaken in Holland. The CPL Group's supply base has remained stable in the financial year 2016/17 and no substantial new modern slavery risks were identified.

The CPL Group intends to review again its framework of policies and to implement its Code of Conduct which will reflect ethical trading requirements (and whose launch was delayed during the financial year 2016/17).

Next Steps

The CPL Group recognises that ethical trading within its supply chain is an ongoing rather than static process. During the course of the next financial year the CPL Group will:

- (a) Produce a Group wide Code of Conduct to ensure all employees of the CPL Group understand the importance of ethical trading;

- (b) Develop and implement a training programme around the Code of Conduct to ensure that employees understand the importance of ethical trading and can identify any issues within the business and can call out any areas of concern;
- (c) Continue to undertake audits of existing and potential suppliers to ensure that, so far as possible, the supply chain is trading ethically and consistent with the standards of the CPL Group;
- (d) Ensure directors remain aware of and are engaged with self-assessment processes to ensure steps to prevent slavery and human trafficking are effective; and
- (e) Continue to review and assess its supply chains as the business grows and develops.

This statement has been approved by the board of CPL Industries Group Limited for itself and on behalf of its subsidiaries. It will be placed on the CPL Group's main website through a link on its homepage at: www.cplindustries.co.uk.



Signed by Darren Wake
Director, CPL Industries Group Limited

DATE: 20 September 2017