

CPL INDUSTRIES

Modern Slavery Act 2015

Slavery and Human Trafficking Statement, Financial Year ending 31 March 2018

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 (for financial year ending March 2018) 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 £165 million and has circa 650 employees within the UK, Republic of Ireland, Spain, France and South Africa.

This is the third 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, kindling, charcoal and similar goods. The CPL Group also sells activated carbons for use in filtration systems and refractory products for use in coke oven. The CPL Group's main manufacturing facilities are in the UK and Republic of Ireland with a third site for the manufacturing of refractory products in South Africa. The majority of the CPL Group's sales are within the United Kingdom with additional sales in the Republic of Ireland, France, Belgium, Germany and South Africa (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 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 financial year ending 31 March 2018 saw the CPL Group acquire a solid fuel distribution business and it disposed of its wood pellet business. The business acquired by the CPL Group made no material difference to its sourcing approach as

described earlier. The CPL Group's supply base has remained stable in the financial year 2017/18 and no substantial new modern slavery risks were identified.

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. CPL's wood and charcoal sourcing contracts include these ethical trading requirements.

During the course of financial year 2017/18, the CPL Group also launched its Code of Conduct. This was one of the stated objectives in the modern slavery statement of the previous financial year. The Code of Conduct has been circulated to all staff and is available on the CPL intranet and makes clear the Group's commitment to ethical trading. The Senior Leadership team of the CPL Group have all received training on the contents of the Code of Conduct.

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 standards 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 also utilises the knowledge and skills of third party suppliers such as SGS SA (which undertakes SMETA audits on CPL's behalf).

Through SGS, the CPL Group undertook three SMETA audits during financial year 2017/18. Two took place in Spain and one in South Africa. The product focus for these audits was charcoal. As a result of these audits, a number of non-conformances were identified with one supplier. The supplier has now addressed those concerns and evidenced the actions taken. That supplier now remains approved by CPL.

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) Launch a whistleblowing helpline so that employees have the opportunity to raise any concerns confidentially;
- (b) Revise CPL's business conduct policy so that there is an overarching policy document committing CPL to trading ethically and to meet CPL's key legal duties in relation to business conduct matters;
- (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 (including an enhanced focus on activated carbon supply);
- (d) Ensure directors remain aware of and are engaged with self-assessment processes to ensure steps to prevent slavery and human trafficking are effective;
- (e) Continue to review and assess its supply chains as the business grows and develops; and
- (f) Introduce a director certification process so that senior leaders are required to assure the board on an annual basis that they have complied with CPL's Code of Conduct and business conduct policies.

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: 23 August 2018