



Modern Slavery Statement

Grafton Group plc Modern Slavery Statement 2023

Introduction

At Grafton we are committed to respecting and upholding the human rights of the people within our organisation, through our supply chain and in the communities we engage with, following the UN guiding principles on business and human rights. The Group recognises the risks of modern slavery in complex businesses and supply chains and is committed to taking appropriate steps to address these risks. We believe that every individual has the right to freedom, dignity and security. By actively addressing modern slavery, we aim to uphold these rights and contribute to the creation of a fair and just society.

This statement is made pursuant to the expectations set out for businesses in the UK Modern Slavery Act 2015* and the Netherlands' Child Duty of Care Act 2019*. However, we are alert to the emerging legislative landscape applicable to our operations in the EU and UK and are preparing for anticipated legislation on forced labour, due diligence and associated reporting requirements.

The Group is committed to acting with integrity across all aspects of our business operations and our 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 we do not tolerate any form of forced, involuntary or child labour.

However, we recognise that no business or supply chain is without risk of modern slavery and are clear that we have a responsibility to understand human rights risks and work in partnership with others, especially suppliers, to identify and mitigate them.

The statement addresses the following key areas:

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

This statement was approved by the Grafton Group plc Board of Directors on 05 March 2024 and is signed by Eric Born, Group CEO, and David Arnold, Group CFO.

Business and supply chains

Grafton Group plc is an international business operating in the distribution, retail and manufacturing sectors in the Republic of Ireland (ROI), the UK, the Netherlands and Finland. We operate leading B2B distribution formats for building materials and construction related products in ROI, the UK, the Netherlands and Finland. Our distribution colleagues serve our customers through regional or national branch networks of leading local brands. In our B2B offering, we focus on small, medium sized contractors and installers that are active in the repair, maintenance and improvement ("RMI") and new-build end-markets.

We also manufacture and distribute market leading products serving the RMI and construction market in the UK and operate the largest consumer focused DIY retailer in the ROI which is complementary to our ROI distribution business.

As a Group, we employ approximately 9,000 people in our operations which cover distribution of building materials and related products as well as the manufacture of products including mortar and staircases. We also have an extensive supply chain across goods for resale and goods and services not for resale.

We work with many suppliers and manufacturing locations in ROI, the UK and mainland Europe and we also source from further afield. In 2023 the Group relaunched our Code and associated training for colleagues and continued to strengthen our 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 assess risks in the supply chain and engage with suppliers on best practice.

* This statement is made pursuant to section 54(1) of the UK Modern Slavery Act 2015 (the 'Act') and constitutes the modern slavery and human trafficking statement of Grafton Group plc ('Grafton'; the 'Group') in respect of the financial year ending 31 December 2023. It is also made pursuant to the Netherlands Child Duty of Care Act 2019. The Modern Slavery Act applies to the following subsidiaries of Grafton Group plc during 2023: *Selco Trade Centres Limited, CPI Mortars Limited, T.G. Lynes Limited, LSDM Limited, MacNaughton Blair Limited and AVC (Stairbox) Limited*. The Netherlands' Child Duty of Care Act 2019 applies to the following subsidiaries of Grafton Group plc during 2023: *Isero B.V. and Polvo B.V.* Grafton has adopted a Group approach to supply chain due diligence and this statement applies to all Grafton's businesses to the greatest extent practicable.

2

Distribution:

Number of branches

327

The distribution segment distributes building materials in the ROI, UK, Netherlands and Finland.



Retailing:

Number of branches

35

The Group is the largest DIY retailer in ROI trading from 35 branches and online.



Manufacturing:

12

The manufacturing segment is comprised of dry mortar and wooden staircase manufacturing businesses.



Policies in relation to modern slavery, human trafficking and child labour

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

The Code states that we 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 Code was updated and relaunched in 2023 with associated training for colleagues updated.

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, prohibiting the use of forced or child labour.

The Group also has an anti-bribery and corruption policy as well as a SpeakUp Policy, described in further detail below, 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 support management in ensuring that these policies are adhered to.

Due diligence and risk management

In 2023 we carried out extensive stakeholder engagement as part of the double materiality assessment in preparation for the EU Corporate Sustainability Reporting Directive (CSRD). This process of engagement reaffirmed the importance of respecting the human rights of people in the organisation and through the value chain.

Grafton invested more resource in supplier management in 2023 and appointed a Group Procurement Director to lead the procurement strategy and supplier engagement programme across the Group.

We continued to strengthen our supplier risk management programme prioritising suppliers who have in excess of £100,000 of business with the Group in a year.

The process includes sanctions and adverse media screening and completion of a questionnaire covering business data including 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.

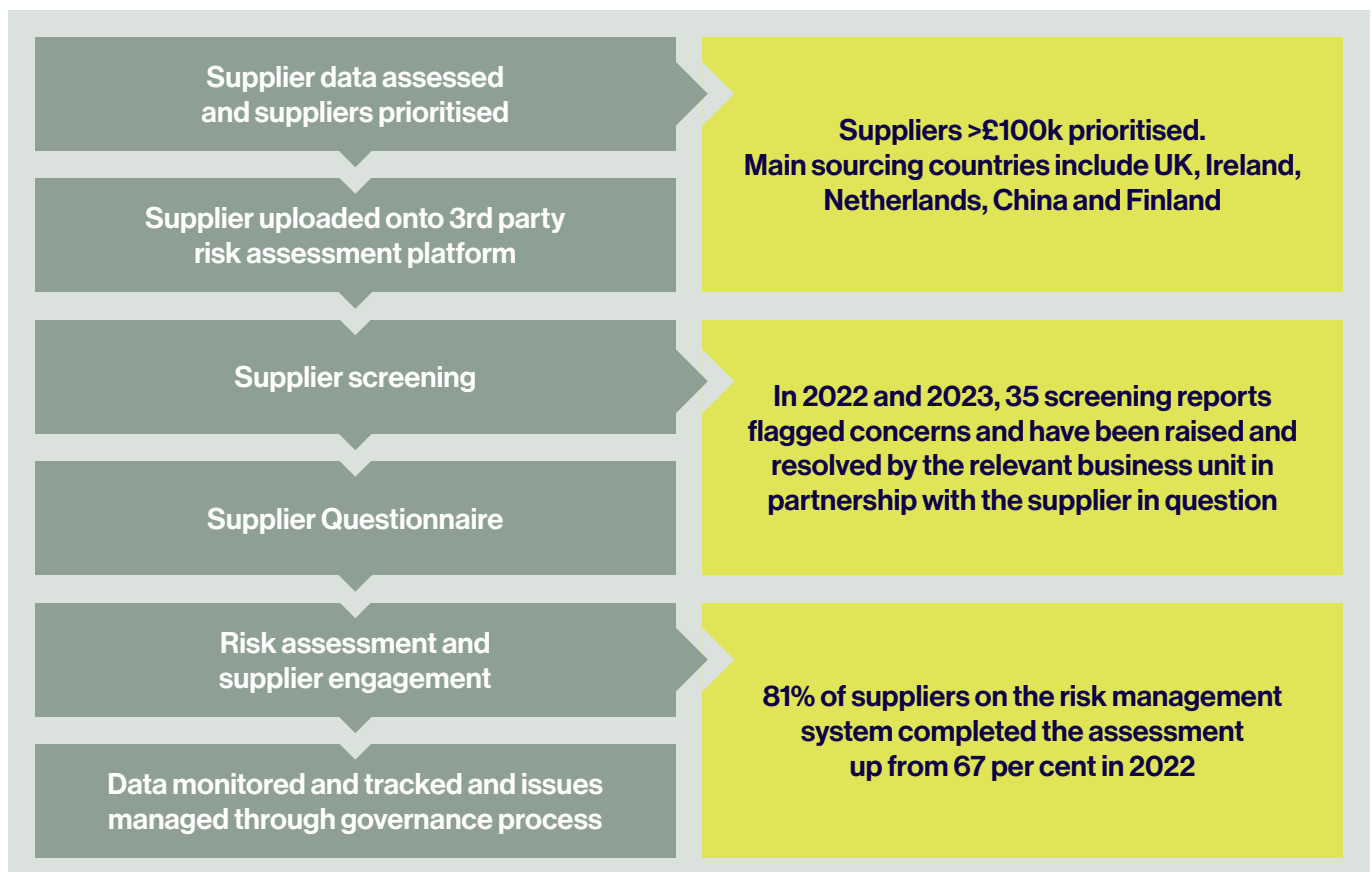
At the end of 2023, 81% of suppliers on the risk management system have completed the assessment which has increased from 67% at the end of 2022. In 2022 and 2023 there have been 35 screening reports which flagged concerns and have been raised and resolved by the relevant business unit in partnership with the supplier in question.

This process is helping us to gain greater visibility of our supply chain and informing our 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.

A number of our business units have extended the risk management programme further and partnered with external supply chain due diligence experts to assess ethical standards in high risk suppliers and support the implementation of their supplier manual.

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

Supply chain due diligence



Recruitment and human resources

We are committed to full compliance with all applicable employment laws and regulations in the countries where we operate. Grafton has implemented rigorous HR processes and controls to ensure that every colleague's right to work in the respective jurisdiction is verified. Grafton has established workplace equality processes and ensures that wages, benefits, and working hours adhere to the relevant legislation in each jurisdiction. Our business units conduct regular reviews of HR policies and controls to maintain the highest standards of compliance and fairness. This commitment forms a crucial part of Grafton's efforts to combat modern slavery and uphold human rights within its operations.

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. At the end of 2023 the compliance rate was 86% which is lower than our target of 95%, due to the launch of the new Code of Conduct and associated training. The completion of this training is a key performance indicator which is overseen by our Group 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 and third parties 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. In 2023 there was an increase of 63% on the prior year in the number of reports received through the service, with reports received from a wider number of business units. The increase reflects the greater awareness of colleagues and third parties of SpeakUp. 37% of cases were substantiated following investigation and resulted in remedial action including disciplinary, dismissal, retraining and/or process improvements. However, none of the reports related to modern slavery. All colleagues also have a channel available for feedback to the Board and senior management via Colleague Forums.

We recognise that modern slavery, child labour and wider human rights programmes require continued focus and improvements and are committed to strengthening our risk assessment, training and due diligence programmes in the coming years.

Eric Born

Eric Born
Group CEO
06 March 2024

David Arnold

David Arnold
Group CFO
06 March 2024