

## **Morgan Sindall Group plc**

### **Modern Slavery and Human Trafficking Statement**

This is the Company's first statement in relation to Modern Slavery, made with reference to our financial year ended 31 December 2016. The statement relates to Morgan Sindall Group plc ('the Company') and its subsidiary companies (see Appendix 1) (together 'the Group') and treats our joint ventures (where we are responsible for the management and operation of the joint venture) as part of our supply chain.

#### **Our business and supply chains**

Morgan Sindall Group is a leading UK construction and regeneration group with an annual turnover of £2.6 billion. We operate through six divisions: Construction & Infrastructure, Fit Out, Property Services, Partnership Housing, Urban Regeneration and Investments.

Our extensive supply chain ranges from large subcontractors providing specialist services such as mechanical and electrical installations, to providers of labour, goods and services. 88% of our cost of sales is spent on goods and services procured from suppliers. While we directly employ around 6,000 people we have in the region of 16,000 subcontractors working on our projects across the UK at any one time. Our supply chain is an integral part of our operations, and our success and reputation is inextricably linked to their performance and ethicality.

The Group has a set of core values and total commitments which include looking after our people, sourcing responsibly and creating value for both our customers and the communities in which we operate. Our approach is to develop long-term partnerships with suppliers whose policies, values and cultures, are aligned to our own. We expect high standards and work with our suppliers to ensure they can deliver against them. Around 300 manufacturers and suppliers are registered with our Morgan Sindall Supply Chain Family and each of our divisions has preferred subcontractors. We are also founder members of the construction industry's Supply Chain Sustainability School, set up in conjunction with some of our peers to help the industry's supply chain develop its sustainability skills.

#### **Policies and contractual controls**

We recognise that slavery, servitude, forced labour and human trafficking (Modern Slavery), is a growing issue worldwide. We have a zero tolerance approach towards Modern Slavery both in our own operations and our supply chain.

Our procurement policy is to source goods and services efficiently and fairly. Our procurement methods are compliant with legislation, including health and safety regulations, and conform to our ethical, environmental and responsible business standards.

Our Ethics policy states that we will not tolerate abuse of human rights in any part of our business or supply chain and will take seriously any allegations that human rights are not properly respected. In 2016 we introduced a Modern Slavery policy specifically prohibiting activities linked to slavery, servitude, forced labour and human trafficking. All our suppliers are required to comply with this policy. We also operate a Whistleblowing policy, aimed principally at our employees but also available to others working on our projects, that encourages employees to report any wrongdoing including human rights abuses. All reports are formally investigated and appropriate action taken. Our policies are developed by experts in the subject and approved by the Board.

Our minimum trading standards require all our suppliers to:

- Provide their employees with good working conditions and fair treatment;
- Respect workers' human rights and comply fully with all applicable laws;
- Ensure all work is voluntary, and not done under any threat of penalties or sanctions;
- Not require workers to pay any deposits for work, and employers – whether labour users or recruiters – must not keep original copies of identity documents; and
- ensure that workers are free to leave work at any time, with all salary owed to be paid.

During 2016, we amended our minimum trading standards to include obligations on suppliers to:

- comply with the Modern Slavery Act;
- implement appropriate controls to prevent Modern Slavery;
- notify the Group immediately if they become aware of any Modern Slavery within their supply chains.

The standards also encourage our suppliers to conduct regular Modern Slavery risk assessments within their own supply chains.

Appropriate action will be taken against suppliers who breach these obligations, which may include terminating their contract. We are also reviewing the remedies that we would expect our suppliers to implement if we were made aware of any incidents of Modern Slavery and human rights abuses.

#### **Due diligence and audits of our supply chain**

Our main exposure to Modern Slavery is through suppliers of labour for our projects and suppliers that procure products from high risk territories overseas. We have a labour desk which manages the contracts and relationships with labour suppliers and ensures that they comply with all UK legislation and regulations. As part of our existing due diligence and risk assessment process, all of our supply chain must obtain pre-qualification clearance for approval to work with us. Post approval, we reserve a contractual right to carry out periodic compliance audits and/or request additional information and evidence in respect of a wide range of matters. Over the next year we will extend this process to cover compliance with the Modern Slavery Act 2015 (Transparency in Supply Chains) ('the Act') (where applicable) and the standards we have set in relation to the risk management of anti-slavery and human trafficking in the supply chain.

#### **Assessment of Modern Slavery risk within our supply chain**

In 2016 we reviewed the Modern Slavery risk in our supply chain. Our larger subcontractors and suppliers and joint venture partners (the majority of whom are UK based) are considered lower risk as they are themselves required to comply with the Act. We expect that they will undertake their own risk assessment and management relating to slavery and human trafficking. However, we will seek further assurances from suppliers who procure labour and materials from the UK and overseas under various sub-contract arrangements. The extent of the risk will depend on the country of origin of the labour or materials.

During 2017, we will undertake a detailed mapping exercise to assess particular industry/sector and geographical risks related to the supply chains in all of our six divisions. We will also be working with other members of the Supply Chain Sustainability School to create a shared process for reviewing and auditing the modern slavery policies and procedures of the industry's common suppliers.

## Effectiveness in preventing Modern Slavery

We will be reporting against the following key performance indicators in our future Modern Slavery statements:

- staff training levels;
- the results of our mapping exercise of the supply chain;
- the development of our online due diligence questionnaire;
- progress with the Supply Chain Sustainability School members to develop an industry review and audit process for common suppliers;
- investigations undertaken into reports of Modern Slavery and remedial actions taken in response.

### Training and awareness

The Supply Chain Sustainability School provides our suppliers with access to a Modern Slavery training module as well as material to assist them in identifying and managing the risks associated with Modern Slavery. We have trained all of our employees in Modern Slavery using an online training module which concludes with a test to assess their understanding and knowledge of the Act. Our general counsel speaks to each employee who fails the test twice to ensure that they fully understand the issues raised and why they failed. All new joiners are required to complete the online training module.

### Responsibility for compliance

The director of each division is responsible for their supplier relationships and for their division's compliance with the Group's Modern Slavery policy and the Act. The divisional directors are advised and supported by the Group's director of sustainability and procurement, the head of procurement, the Group's commercial director, the general counsel, the company secretary and the Group head of audit and assurance.

This statement is made pursuant to section 54 of the Act and was approved by the Board of Morgan Sindall Group plc on 15 June 2017.

Signed



Chief Executive  
Morgan Sindall Group plc

Appendix 1

**Morgan Sindall Group plc**

