

## **Zotefoams plc - Modern Slavery statement**

### **Introduction from the David Stirling, Group CEO**

We are proud of the steps that we have taken on preventing slavery and human trafficking in our supply chains and operations.

In our Ethics Policy, we state that we respect the human rights of all employees and we specifically state that we will not use forced labour or child labour. We share the British Government's view that modern slavery is a heinous crime that affects communities and individuals throughout the world and that organisations can help play a part to ensure that their supply chains are free of slavery.

### **OUR POLICY ON SLAVERY AND HUMAN TRAFFICKING**

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. We are committed to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking are not taking place anywhere in our supply chains.

### **ORGANISATION'S STRUCTURE AND ITS BUSINESSES**

Zotefoams plc is a world leader in cellular material technology. Using a unique manufacturing process with environmentally friendly nitrogen expansion, Zotefoams produces lightweight foams under the family brand names AZOTE® and ZOTEK® in Croydon, UK and Kentucky, USA for diverse markets worldwide through its global sales force. Zotefoams also owns and licenses patented MuCell® microcellular foam technology from a base in Massachusetts, USA to customers worldwide and sells T-FIT® advanced insulation systems made from its patented ZOTEK® fluoropolymer foams.

Zotefoams plc's Group Revenue for the year ended 31 December 2017 was £70.15m.

Zotefoams plc is a public company registered in England & Wales and has a premium listing on the London Stock Exchange. Its main manufacturing operations are based in Croydon, UK and Walton, Kentucky, serving markets worldwide.

Zotefoams plc's principal subsidiary company, Zotefoams Inc., is based in Kentucky, USA and together with its subsidiary company, Zotefoams MidWest LLC, manufacture foam materials and products for the North American market.

Zotefoams plc has a 50% owned joint-venture, Azote Asia Limited, based in Hong Kong, which sells foam materials in Asia, supplied by Zotefoams plc.

Zotefoams plc has wholly owned subsidiary companies in Hong Kong (KZ Trading and Investment Limited) and in China (KunShan Zotek King Lai Limited). There is also a branch in Thailand of Zotefoams Operations Limited (a British wholly owned subsidiary company). Together, the structure of these companies is that foam is supplied by Zotefoams plc to the Hong Kong company, which then uses the Chinese subsidiary to convert the foam into T-FIT® insulation products and then these products are sold to customers in China and to Zotefoams Operations Limited, which then onward sells them throughout the world.

Finally, Zotefoams plc has a wholly owned subsidiary in Massachusetts, USA, MuCell Extrusion LLC, which develops and licenses patented MuCell® microcellular foam technology throughout the world.

The only entity in the Zotefoams Group which has business in the UK and has a turnover exceeding £36m per annum and, therefore, is required to make a statement on modern slavery under section 54 of the Modern Slavery Act 2015, is Zotefoams plc. Therefore, the remainder of this statement is in relation to Zotefoams plc only, but, as a Group, Zotefoams does not tolerate nor condone modern slavery in its operations or supply chains in any part of the world.

## **ZOTEFOAMS EMPLOYEES**

Zotefoams aims to offer unambiguous and fair terms of employment and to provide employees with appropriate opportunities to learn and develop their skills and for career progression. Zotefoams honours all applicable terms and conditions of employment.

Employees have the freedom to join a union, associate or bargain collectively without fear of discrimination against the exercise of such freedoms.

Employees are paid a fair salary according to the work they perform. In the UK, all employees are paid more than the National Minimum Wage and receive paid holiday in excess of the statutory minimum (a full-time employee receives 25 days paid holiday as well as the public holidays).

Zotefoams has a Whistleblowing Policy in place, where employees (as well as contractors, consultants, trainees, casual and agency staff) may raise a genuine concern in relation to suspected wrongdoing or danger at work which is in the public interest.

## **OUR SUPPLY CHAINS**

Our day-to-day main suppliers are large polymer companies that supply polymer resins for our manufacturing processes, utility companies for our energy and water usage, freight distributors, engineering and maintenance suppliers and temporary staff.

## **DUE DILIGENCE PROCESSES FOR SLAVERY AND HUMAN TRAFFICKING**

As part of our initiative to identify and mitigate risk, we undertake risk assessments of our top 50 existing suppliers, taking into account the amount that Zotefoams spends with them, the size of the supplier, the services or supplies provided and their country of operation. All were considered to have a low, or very low, risk of slavery in their operations. Some suppliers, whilst their business with Zotefoams was considered to be small, were given an elevated risk due to the nature of the services or supplies provided, for example, catering, office cleaning, staff clothing, laundry of staff overalls, etc. We approached some of our top 50 existing suppliers, and a number of our smaller suppliers who had an elevated risk, asking them about their policies on slavery and what checks they had done to verify their own supply chains. A questionnaire was used to obtain information needed with the smaller suppliers, the larger ones typically had more comprehensive statements aligned with their requirements under the Modern Slavery Act 2015. For new suppliers, as part of our new supplier due diligence process, we make the same enquiries as with the small suppliers, regardless of size.

We have in place systems to:

- Identify and assess potential risk areas in our supply chains;
- Mitigate the risk of slavery and human trafficking occurring in our supply chains;
- Monitor potential risk areas in our supply chains; and
- Protect whistle blowers.

#### **SUPPLIER ADHERENCE TO OUR VALUES AND ETHICS**

We have zero tolerance to slavery and human trafficking. To ensure all those in our supply chain and contractors comply with our values we have in place a supply chain compliance programme. This consists of:

- A questionnaire to investigate the likelihood of slavery in the supplier's organisation and supply chain;
- Use of the questionnaire for all new suppliers as part of the new supplier approval process;
- Going forward, as part of our further steps review we will ask suppliers to declare that they have no slavery in their organisation and supply chain to the best of their knowledge;
- We will ask suppliers if they have investigated their business and supply chain for signs of slavery;
- We will repeat the Risk Assessment for our larger suppliers on an annual basis; and
- We will continue to look out for and assess smaller suppliers more likely to be engaged in slavery type practices.

We have a dedicated compliance team, which consists of representatives from legal and supply chain.

Throughout 2017, we have continued to monitor our existing supplier base for significant changes, new ownership and new production facilities. Our key supplier base is relatively small, and few changes occurred, the main two changes of ownership were medium sized businesses bought by much larger organisations. For every new supplier due diligence was carried out in the form of a detailed questionnaire and for UK suppliers over the financial threshold a copy of their Modern Slavery policy was also obtained, with 100% compliance identified. This information is reviewed and approved before any new supplier approval is granted. No new suppliers of a small, higher risk level profile were added to our supplier base.

In 2017 there were no cases identified of Zotefoams suppliers being investigated for involvement in Modern Slavery.

#### **TRAINING**

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business, we provide training to our staff.

Our compliance team all underwent refresher training in Modern Slavery awareness during 2017.

#### **OUR EFFECTIVENESS IN COMBATING SLAVERY AND HUMAN TRAFFICKING**

We use the following key performance indicators (KPIs) to measure how effective we have been to ensure that slavery and human trafficking is not taking place in any part of our business or supply chains:

- We will measure how many suppliers we ask and get responses from both new and existing suppliers; and
- We will measure how many suppliers fail to meet the standard required and are not authorised for use as a percentage of suppliers assessed.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ended 31 December 2017.

D B Stirling  
Group CEO  
Zotefoams plc  
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