

Zotefoams plc - Modern Slavery statement

Introduction from 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 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 ("Zotefoams") 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 Group Revenue for the year ended 31 December 2018 was £81.04m.

Zotefoams is a public company registered in England & Wales and has a premium listing on the London Stock Exchange. Zotefoams manufactures and sells foam and foam products from wholly owned entities in the UK, USA, Hong Kong, China, India, France and Poland. Zotefoams Group also has a 50% share in a sales entity in Hong Kong and a branch in Thailand. Additionally, Zotefoams has a wholly owned subsidiary in the USA which develops and licenses patented MuCell® microcellular foam as per the above.

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. Therefore, the remainder of this statement is in relation to Zotefoams only but, as a Group, Zotefoams does not tolerate or 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 as well as facilitate 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 competitive local salary according to the work they perform. In the UK, all employees are paid at least the National Minimum Wage and receive paid holiday in excess of the statutory minimum (a full-time employee receives a minimum of 25 days paid holiday as well as the public holidays).

Zotefoams has a group-wide 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 100 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 are currently considered to have a low, or very low, risk of slavery in their operations. Some suppliers, whilst their business with Zotefoams is considered to be small, are given an elevated risk due to the nature of the services or supplies provided.

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;
- Asking suppliers, as part of our further steps review, if they have investigated their business and supply chain for signs of slavery;
- Repetition of the Risk Assessment for our larger suppliers on an annual basis;

- Continuing 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 the Company Secretary and representatives from the Supply Chain.

Throughout 2018, 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. For every new supplier, due diligence was carried out in accordance with our processes as described above. For larger UK suppliers where a copy of their Modern Slavery statement was obtained, 100% compliance was identified. No new suppliers of a small, higher-risk level profile were added to our supplier base.

In 2018 there were no cases 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 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 are not taking place in any part of our business or supply chains:

- We measure how many suppliers we ask and get responses from, both new and existing suppliers; and
- We measure how many suppliers fail to meet the standard required, and thus prevent us from working with them, as a percentage of total suppliers assessed. In 2018 no suppliers failed to meet the required standard.

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 2018.

D B Stirling
Group CEO
Zotefoams plc
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