



ZOTEFOAMS

Zotefoams plc - Modern Slavery statement

Introduction from David Stirling, the Group CEO

We are proud of the steps that we have taken so far on preventing slavery and human trafficking in our supply chains and operations in accordance with the provisions of the Modern Slavery Act 2015 (the “Act”).

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 (“Zotefoams”) is a world leader in cellular material technology. Utilising a variety of unique processes – including environmentally friendly nitrogen expansion for lightweight foams in the AZOTE® and ZOTEK® brand families produced in Croydon, UK and Kentucky, USA – we manufacture advanced materials, which we sell to diverse markets worldwide through our global sales force. Zotefoams uses its own cellular materials to manufacture T-FIT® advanced insulation for demanding industrial markets. In addition, Zotefoams owns and licenses patented microcellular foam technology, developed specifically for extrusion applications, from a base in Massachusetts, USA to customers worldwide.

Zotefoams plc’s Group Revenue for the year ended 31 December 2019 was £80.86m.

Zotefoams plc is a public company registered in the UK and has a premium listing on the London Stock Exchange. Our main manufacturing operations are based in Croydon, which serves markets throughout the world.

Zotefoams plc’s principal subsidiary company, Zotefoams Inc., is based in Kentucky, USA and together with its subsidiary company, Zotefoams MidWest LLC, manufacture



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foam materials and products for the North American market. Currently, neither of these companies is a supplier to Zotefoams plc and their businesses are separate to Zotefoams plc, although their financial accounts are consolidated into those of Zotefoams plc. Zotefoams plc is also in the process of a third foam-manufacturing site, in Brzeg, Poland, which is planned to begin operations in 2020 and is housed under the subsidiary company Zotefoams Poland Sp. Z.o.o.

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 (Zotefoams T-FIT Material Technology (Kunshan) Limited, previously known as KunShan Zotek King Lai Limited). Together, the structure of these companies is that foam is supplied by Zotefoams to the Hong Kong company, which then uses the China subsidiary to convert the foam into T-FIT® insulation products, after which these products are either sold to customers within China by the China subsidiary or to Zotefoams Operations Limited, which onward sells them throughout the world.

During the year, Zotefoams incorporated a wholly owned subsidiary, T-FIT Insulation Solutions India Private Limited, based in Ahmedabad, India, which distributes T-FIT technical insulation products within the country from product sourced from Zotefoams plc or its subsidiary.

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 provides fair terms of employment, within the applicable laws for each country in which it operates and aims to provide employees with appropriate opportunities to learn, develop their skills and progress in their careers. Zotefoams honours all applicable terms and conditions of employment.



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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 Living 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 undertook an annual risk assessment in 2019 of our top 50 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. All risk was addressed through appropriate mitigation.

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



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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 is used to investigate the likelihood of slavery in the supplier's organisation and supply chain for all new suppliers with a global turnover of over £36m. This forms an inherent part of our suppliers' approval process and requires suppliers to explicitly declare that, to the best of their knowledge, their organisation and supply chain are free from 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.

During 2019, we monitored our existing supplier base for significant changes, new owners, and new production facilities supplying Zotefoams. Our key supplier base is relatively small and few changes occurred. The scope of suppliers assessed was widened to Eastern Europe as the building of a new plant in Poland commenced using a group of new, mainly Poland based contractors. We assessed an existing supplier that commenced using a recycling route in Asia that was a new activity. 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. In total 131 suppliers were approached with 97% compliance. The 3 suppliers who did not provide timely information were assessed separately as low risk, as they were all UK-based and operated in sectors not normally associated with Modern Slavery. The supplier information was reviewed and approved before any new supplier approval was granted. No new suppliers of a small, higher risk level profile were added to our supplier base. No suppliers failed to meet the standard required which would lead to not being authorised to use. In 2019 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.

In the past 12 months, staff training needs were reassessed globally, and a refresher training programme was implemented for all relevant persons. The training outcomes



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were measured through an online test, with appropriate re-training taking place as necessary.

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 are required to complete the risk assessment questionnaire 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.

Further steps

We carried out a review of the actions that we have put in place to prevent slavery or human trafficking in our supply chains. This review did not lead to any significant changes to our assessment approach for 2019.

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 2019.

D B Stirling
Group CEO
Zotefoams plc
17 June 2020

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MuCell® is a registered trademark of Trexel Inc, licensed exclusively to MuCell Extrusion LLC for use in microcellular foaming of extrusion products.