

Zotefoams plc ('Zotefoams')
Modern Slavery statement for the year ended 31 December 2021
Prepared in accordance with s54(1) of the Modern Slavery Act 2015

Introduction from David Stirling, Group CEO

Zotefoams recognises that businesses can play an important role in protecting human rights and have a responsibility to respect and promote them within their sphere of influence.

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").

We respect the human rights of all employees, including ensuring that employees have the freedom to join a union, associate, or bargain collectively without fear of discrimination against the exercise of such freedoms. We have declared our commitment against the use of forced labour and child labour.

Our partners and suppliers are also required to confirm that they adhere to the principles laid out in our below policies in their own business dealings:

Anti-Bribery and Corruption

Anti-Fraud

Ethics

<https://www.zotefoams.com/downloads/policy-statements/>

OUR POLICY ON SLAVERY AND HUMAN TRAFFICKING

Modern slavery in all its forms, including human trafficking, forced labour and servitude, are crimes against people and responsible for untold misery and suffering.

We strive to ensure that there is no modern slavery or human trafficking in our supply chain 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 chain.

ORGANISATION'S STRUCTURE AND ITS BUSINESSES

Zotefoams is a world leader in cellular material technology, delivering optimal material solutions for the benefit of society. Utilising a variety of unique manufacturing processes, including environmentally friendly nitrogen expansion for lightweight AZOTE[®] polyolefin and ZOTEK[®] high-performance foams, Zotefoams sells to diverse markets worldwide through a global sales force. Zotefoams uses its own cellular materials to manufacture T-FIT[®] advanced insulation for demanding industrial markets. Zotefoams also owns and licenses patented microcellular foam technology to reduce plastic use in extrusion applications and for ReZorce[®] mono-material recyclable barrier packaging. Zotefoams is headquartered in Croydon, UK, with additional manufacturing sites in Kentucky, USA and Brzeg, Poland (foam manufacture), Oklahoma, USA (foam products manufacture and conversion), Massachusetts, USA (MuCell Extrusion) and Jiangsu Province, China.

Zotefoams plc's revenue for the year ended 31 December 2021, which includes that generated by Zotefoams plc as well as by its subsidiaries and joint venture, was £100.8m.

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 largest subsidiary company, Zotefoams Inc., is based in Kentucky, USA and, together with its subsidiary company Zotefoams MidWest LLC, manufactures foam materials and products for the North American market. These businesses are separate to Zotefoams plc, however Zotefoams Inc is at times a supplier to Zotefoams plc for semi-finished products. Since March 2021 Zotefoams plc also operates out of a third foam-manufacturing site, in Brzeg, Poland, under the subsidiary company Zotefoams Poland Sp. Z.o.o. Selling foam materials supplied by Zotefoams into Asia, Azote Asia Limited, based in Hong Kong, is a 50% owned joint-venture of Zotefoams plc.

Zotefoams plc has wholly owned subsidiary companies in Hong Kong (KZ Trading and Investment Limited - KZTI) and in China (Zotefoams T-FIT Material Technology (Kunshan) Limited). With KZTI as the holding company, foam is supplied by Zotefoams plc to the China subsidiary, which then converts the foam into T-FIT® insulation products, after which these products are either sold to customers within China by the China subsidiary, or to other Zotefoams subsidiaries, for sales outside of China. T-FIT products are also distributed within India, from product sourced from Zotefoams plc or a subsidiary, through another wholly owned subsidiary, T-FIT Insulation Solutions India Private Limited, based in Ahmedabad.

Zotefoams plc has a wholly owned subsidiary in Massachusetts, USA, MuCell Extrusion LLC, which develops and licenses microcellular foam technology and is also developing ReZorce mono-material recyclable barrier packaging.

As a Group, Zotefoams neither tolerates nor condones modern slavery in its operations and supply chains in any part of the world.

ZOTEFOAMS EMPLOYEES

Subject to any local practices and business operational requirements, Zotefoams aims to offer unambiguous and fair terms of employment and provide employees with appropriate opportunities to learn, develop their skills and progress in their careers. Zotefoams honours all applicable terms and conditions of employment.

Where it is legal to do so, 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 at or above 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). Outside the UK, Group employees are paid more than the minimum legal wage in all jurisdictions in which Zotefoams operates and receive paid holidays in line with prevailing national requirements.

Zotefoams has a Whistleblowing Policy in place, under which all Group employees (as well as contractors, consultants, trainees, casual and agency staff) may raise any 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 2021 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 whether their country of operation showed a high prevalence of modern slavery under the Global Slavery Index. The engagement took the form of questionnaires being completed online or by email and included a review of a wide range of ethical issues, including pay, working hours, sick leave, holiday pay and the employment of minors, followed by telephone interviews where required.

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

We have zero tolerance of 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 which includes the questionnaire referred to above. 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.

During 2021, 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. 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, 63 new suppliers were approached with 100% compliance. 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 2021, there were no cases identified of Zotefoams suppliers being investigated for involvement in Modern Slavery.

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

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.

Following a review of training needs, a comprehensive Group-wide refresher training programme was implemented in 2019 for all relevant staff. The training outcomes are measured through an online test, with appropriate re-training taking place, as necessary. Refresher courses are run every two years.

In the past 12 months, all new joiners in procurement, HR or executive functions have successfully completed modern slavery training.

OUR EFFECTIVENESS IN COMBATING SLAVERY AND HUMAN TRAFFICKING

We 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 measure how many suppliers are required to complete the risk assessment questionnaire and get responses from both new and existing suppliers; and, as a Key Performance Indicator, we 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 2021.

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 2021.

D B Stirling
Group CEO
Zotefoams plc
28 June 2022

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