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Macfarlane Group PLC

Statement of Compliance

Slavery and Human Trafficking 2022



10th November 2023

This statement is made pursuant to s.54 of the Modern Slavery Act 2015 and sets out the steps Macfarlane Group PLC and its subsidiary companies (“Macfarlane Group” or “the Group”) take to ensure that modern slavery or human trafficking does not take place within our business or supply chain.



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CEO Introduction

Our statement sets out the actions that the Group is taking to help ensure that slavery and human trafficking are not taking place in the Macfarlane business or any part of our supply chain.

We are working to increase awareness of this issue and have updated our company policies to ensure that the highest ethical standards are met for our customers, suppliers, and employees.

Peter D. Atkinson

Chief Executive Office

10th November 2023

Our Business

Macfarlane Group PLC comprises the following legal entities which trade in the UK:

Macfarlane Group PLC

Macfarlane Group UK Limited

Nelsons for Cartons & Packaging Limited

Harrisons Packaging Limited

Nottingham Recycling Limited

GWP Holdings Limited

Carters Packaging Limited

Macfarlane Group PLC is the parent company, listed on the London Stock Exchange and is the ultimate holding company of all legal entities within the Group.

The largest entity is Macfarlane Group UK Limited (trading as Macfarlane Packaging). Macfarlane Packaging is the UK market leader in the distribution of protective packaging products. Macfarlane Packaging leverages its purchasing scale to cost-effectively source a comprehensive range of protective packaging products and adds value for the customer by providing independent advice on the most cost-effective and sustainable product and packaging solutions.



The design and manufacturing business within Macfarlane Group UK Limited utilises design, intellectual property and know-how to provide a bespoke service to support customers, in protecting their high-value products.

Macfarlane Group PLC aims to grow its business by deepening relationships with existing customers, winning new customers and through the acquisition of quality, complementary businesses.

Policies relating to Modern Slavery and Human Trafficking

Macfarlane Group is committed to its social and environmental responsibilities and has zero tolerance for slavery and human trafficking. We hold ourselves and our supply chain accountable and we comply with the provisions of the Modern Slavery Act 2015.

We recognise that modern slavery is a complex supply chain issue and we work in partnership with our customers, suppliers and expert organisations to help develop long-term solutions to this issue.

We have policies in place regarding anti-slavery and anti-trafficking which influence decisions around suppliers, employees and workers on a day-to-day basis and provides the organisation with the power to act were any instances to be uncovered. These policies include but are not limited to:

- Recruitment Policy
- Employee Code of Conduct
- Whistle-blowing Policy
- Human Rights Policy
- Ethical terms and conditions incorporated in our Supplier Contracts
- Supplier Audits
- Diversity, Equality and Inclusion Policy

- Harassment complaints and Investigation Policy
- Grievance and Disciplinary Policy

We have strengthened our policy framework during the year and always keep this under review. We are also members of SEDEX and are therefore able to utilise their expertise in this area.

Supply Chain – Risk Assessment

Macfarlane Group works with approximately 40 strategic suppliers, the majority of which are based within the UK or European Economic Area. Our supply chain is principally made up of direct third-party suppliers who supply us with products which, in turn, help us to deliver services and products to our customers.

We internally review and assess, through a risk assessment, our supply chain to evaluate human trafficking and slavery risks and we undertake supplier audits which review all aspects of the supply chain including safety, human trafficking, child labour and other legal requirements.

Supply Chain Management and Due Diligence

The Macfarlane supplier audit policy is based on the following classification of supplier:

1. Direct overseas supply (represents c. 5% of overall supply to UK operations):
 - a. At risk – Far East, Eastern Europe, South America & Turkey
 - b. Low risk with an annual spend greater than £250k – Western Europe
 - c. Low risk with an annual spend less than £250k – Western Europe
2. UK supply: – represents c. 95% of overall supply to UK operations)
 - a. Spend greater than £250k or high risk supply– customer profile, brand, continuity of supply, product criticalness.
 - b. Low risk suppliers with a spend lower than £250k

The level of assurance sought depends on the supplier criteria and assessed level of risk. Audit arrangements range from a supplier audit questionnaire, an on-site audit by Macfarlane staff, through to an external audit carried out by a professional auditing body for those suppliers that are considered to represent the highest level of risk.

A number of our suppliers conduct audits on their businesses, which are published on the Supplier Ethical Data Exchange (Sedex). This is a web-based

database where suppliers post labour standards information and self-assessments in addition to all site audit reports. As members of SEDEX, these reports are made available to the Macfarlane Group.

Governance

The governance of supplier audit & risk is held by the Group Procurement team with the support of the Executive and Board where issues are classed as severe.

Category Managers are responsible for the audit process and raising higher risk failures to the Procurement Head of Category who assumes responsibility for appropriate actions and resolution.

Category managers are also responsible for supply issues that are highlighted outside of the audit process e.g. press articles, service, quality issues. These should be handled using the same criteria as the audit process.



Progress in 2022

We have strengthened our policy framework, creating a new human rights policy for the Group which sets out our commitment to human rights, ensuring that all individuals are treated with dignity and respect.

We have undertaken an internal audit of our existing approach to supply chain assurance and identified a number of areas for improvement which we will seek to take forward during 2023.

Macfarlane has attained membership of the ICTE Ethical Toy Programme and we have continued our membership of Ecovadis, where we have ascertained a Silver rating, providing independent assurance to ourselves and our stakeholders across our ESG agenda.

Future Plans

The business has identified a number of objectives for 2023, these include:

Strengthening our assurance and governance arrangements around our supply chain to improve visibility, risk identification and ongoing management.

Development of a new Supplier Code of Conduct to set out minimum expectations for all our suppliers on avoiding human trafficking, including, banning any child or forced labour, discrimination, unfair working conditions and inhumane treatment or harassment.

Mandating of Sedex membership to all our high-risk overseas suppliers to provide consistent and regular assurance across our higher risk supply chain, on an ongoing basis.

Statement Approval

This statement was approved by the Chief Executive Officer on 10th November 2023, for the financial year 1 January 2022 to the 31 December 2022.

Peter D Atkinson
Chief Executive Officer