

SHEPHERD BUILDING GROUP LIMITED MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT FYE 2022

1. INTRODUCTION

Consistent with our commitment to operate ethically and in compliance with all relevant laws and regulations, Shepherd Building Group Limited and its subsidiaries (“the Group”) recognises its responsibility to manage and prevent the risks of Modern Slavery and Human Trafficking within its operations and supply chain.

This statement describes the positive steps we have taken, will take, and are continuing to take to ensure that Modern Slavery and Human Trafficking does not take place within our supply chain or any part of our business.

2. WHAT WE DO

ORGANISATION STRUCTURE

Shepherd Building Group Limited is the ultimate parent company of Portakabin Limited and its subsidiaries (“Portakabin”).

The majority of the Group’s activity relates to, and is undertaken by, the Portakabin businesses.

Portakabin has its head office in the UK, with over 2,000 employees operating in ten countries (England, Wales, Scotland, Ireland, Northern Ireland, France, Belgium, Luxembourg, Netherlands and Germany). Further details about Portakabin can be found at www.portakabin.com.

OUR BUSINESS

Portakabin is a market leader in the design, manufacture and installation of permanent and temporary modular and portable buildings, and a pioneer of advanced modular construction across many sectors, including education, retail and leisure, healthcare and construction. Portakabin has its international head office in York and operates its business from a network of hire centres and depots across Europe.

OUR SUPPLY CHAIN

We have a substantial number of suppliers supporting our business operations, covering all aspects of manufacturing, site services, corporate services and subcontracted fit out and installation of our modular buildings. We operate a global sourcing strategy for components and raw materials, however most of our suppliers are based in the United Kingdom and Western Europe.

We clearly communicate the expectations and requirements we have in relation to Modern Slavery and Human Trafficking through the supply chain, as further explained below.

OUR PEOPLE

We have reviewed our employment practices across the business, and we have not identified any working practices which would raise concerns that our employees are:

- Forced to work through mental or physical threat;
- Owned or controlled through mental or physical abuse or threat of abuse;
- De-humanised, treated as a commodity or bought and sold as property; or
- Physically constrained or whose freedom of movement is restricted (e.g., through the retention of passports).

3. OUR POLICIES AND GOVERNANCE

POLICIES

In addition to this statement, in 2022 we introduced a Modern Slavery and Human Trafficking policy which outlines our stance and commitment to ensuring that there is no Modern Slavery or Human Trafficking in our supply chains or in any part of our business.

Our Employee Code of Conduct (and our existing company policies referenced within it) summarises the principles we rely on to carry out our day-to-day activities and our Supplier Code of Conduct sets out the ethical requirements of our suppliers, including in respect of Modern Slavery and Human Trafficking.

GOVERNANCE AND AUDIT

We have a clear governance process for dealing with any Modern Slavery and Human Trafficking challenges in our operations and supply chains.

Assessing and implementing our controls and actions in respect of Modern Slavery and Human Trafficking will be undertaken by our Legal and Governance function working in conjunction with procurement, HR, project delivery teams across the business and our Internal Risk and Audit team.

Reports on compliance are made to the Executive Leadership Team of Portakabin and to the Audit Committee of Shepherd Building Group Limited.

4. ASSESSING, MANAGING AND MITIGATING RISK 2022

Set out below is a summary of the actions we take, and specifically have taken in 2022, to mitigate and eliminate the risk of Modern Slavery or Human Trafficking within supply chains:

ASSESSING RISK OF MODERN SLAVERY

In 2022, our Legal and Governance team carried out an assessment of the risk of non-compliance of key suppliers in our supply chain. The assessment included a review of the reputation, location, and sectors of operation of these suppliers and an evaluation of their Modern Slavery and Human Trafficking statements, where available.

The Legal and Compliance function and Procurement team are also exploring methods of using technology to carry out supplier assessments in order to ascertain any key risks posed within our supply chain.

EMPLOYEE ADHERENCE TO OUR VALUES

In 2022, we updated the Employee Code of Conduct to specifically refer to some practical “Dos and Don’ts” in relation to Modern Slavery and created a link to our new Modern Slavery and Human Trafficking policy.

SUPPLIER DUE DILIGENCE AND ADHERENCE TO OUR VALUES

The selection and onboarding of suppliers is undertaken centrally or at local level as appropriate. Before any supplier is appointed, a comprehensive review is undertaken of their commercial, financial and reputational standing. We also ask suppliers to adhere to our Supplier Code of Conduct as part of the onboarding process.

Our Supplier Code of Conduct specifically requires our suppliers to comply with our policies and workers’ fundamental rights, ensuring that their workers are:

- Free to form or join a workers council;
- Paid in compliance with local laws;
- Not required to work more than the maximum hours of daily labour; and
- Not subject to any form of forced, involuntary or debt bonded labour.

CONTRACTUAL CONTROLS

In 2022, we implemented new supplier terms and conditions referencing compliance with the Modern Slavery Act, which contractually obliges our suppliers to ensure Modern Slavery and Human Trafficking is not occurring in their business or supply chain in accordance with the Supplier Code of Conduct.

OTHER CONTROLS

- Members of the board of directors of Portakabin and other members of senior management make regular visits to our operational sites.
- We conduct regular employee surveys which include seeking employee views on welfare matters.
- We have grievance and speaking-up procedures, including a confidential, independent speaking-up hotline available to all employees. Several of our company policies have been updated to include a QR code which links to our speaking-up procedures. We have not received any reports in 2022 which would raise concern of Modern Slavery or Human Trafficking in our business.
- Our HR teams are alert to flags which could signal risks relating to modern slavery and understand how they should report any issues. We have consulted our HR teams and Business Unit management in the preparation of this statement to confirm that there have been no incidents of modern slavery or human trafficking arising within the business.

5. TRAINING AND AWARENESS

We have sought to ensure that training and awareness on ethical principles remains at the heart of both our employee “onboarding” experience and ongoing, day-to-day learning and development activities.

All new colleagues are required to read and sign our Employee Code of Conduct, which sets out the company’s zero-tolerance stance to Modern Slavery and Human Trafficking. The introduction of our specific policy on Modern Slavery and Human Trafficking emphasises this stance further.

During 2022:

- The Legal and Governance team delivered a “lunch and learn” on Modern Slavery and Human Trafficking to the Procurement team.
- The Legal and Governance team attended a series of webinars on Modern Slavery and Human Trafficking delivered by Action Sustainability.
- Our England and Wales Sales project teams delivered “Toolbox talks” regarding Modern Slavery and Human Trafficking at project sites across the UK. An awareness poster was circulated to be printed and displayed in welfare units and any other suitable locations around sites containing details of Modern Slavery and Human Trafficking with a QR code to the speaking-up hotline to enable the easy reporting of any incidents identified.
- A new intranet was launched to make the Modern Slavery and Human Trafficking and policy more user-friendly and accessible to employees.
- The existence of the speaking-up hotline was further communicated to the business across a number of channels to facilitate the reporting of any incidents of Modern Slavery and Human Trafficking.
- Key groundworks contractors were engaged under standard framework and subcontract terms and conditions requiring compliance with the Modern Slavery Act 2015 and contractually obliging them to ensure Modern Slavery and Human Trafficking is not occurring in their business or supply chain in accordance with the Supplier Code of Conduct.

6. OUR EFFECTIVENESS IN COMBATING SLAVERY AND HUMAN TRAFFICKING

Annually, we carry out the Government's Modern Slavery Assessment Tool (MSAT) questionnaire.

The MSAT is a modern slavery risk identification and management tool designed to help organisations work in partnership with suppliers to improve protections and reduce the risk of exploitation of workers in their supply chains.

The MSAT has assisted us in ascertaining where we could further improve our approach to ensure that Modern Slavery and Human Trafficking does not take place within our supply chain or any part of our business.

In addition, the Audit Committee receives and assesses assurances that appropriate actions are being taken in respect of combating Modern Slavery and Human Trafficking.

7. PLANS FOR 2023 AND BEYOND

Following a review of the effectiveness of the steps we have taken we intend to take the following further steps to combat the risks of Modern Slavery and Human Trafficking:

- Conduct further risk assessments to assess the potential risk of Modern Slavery and Human Trafficking in our business or supply chain and use these assessments to test the effectiveness of our controls. The supplier risk assessments will be expanded from category A* suppliers to all category "A" and "approved suppliers" across the business.
- Continue to ensure the effectiveness of our purchasing processes and due diligence undertaken on our suppliers and (in turn) the effectiveness of our supplier's own due diligence procedures.
- Ensure that all key non-UK suppliers sign the Supplier Code of Conduct, maintaining a record of all suppliers who have signed.
- Review and update the Supplier Code of Conduct as appropriate in respect of references to Modern Slavery and Human Trafficking.
- Develop an end-to-end Ethical Compliance Framework that includes Modern Slavery and Human Trafficking.
- Review and update the MSAT questionnaire to record improvements made and actions that have been taken following the assessment.
- Introduce specific KPIs and targets in order to measure our progress in tackling Modern Slavery both within our business and our supply chain, such as the number of suppliers who have signed the Supplier Code of Conduct and the number of suppliers risk assessed.
- Refresh the project site "Toolbox Talks" on Modern Slavery and Human Trafficking and expand this from the England and Wales Sales team to other areas of the business.
- Increase our co-operation and interaction with government departments and agencies, such as the Department for Education and "Scotland against Modern Slavery" to further improve our Modern Slavery and Human Trafficking efforts.
- Increase the number of suppliers engaged on our standard terms and conditions of purchase and form of subcontract.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our Modern Slavery and Human Trafficking statement for the financial year ending 31 December 2022.

This statement was approved by the board in July 2023.

Andrew Allner
Chairman
Shepherd Building Group Limited