

Arran Isle Limited and its Subsidiary Companies (“Arran Isle”) Modern Slavery Act 2015 Policy and Statement 2022

Modern slavery encompasses slavery, servitude, human trafficking and forced labour. The Arran Isle Group has a zero-tolerance approach to any form of modern slavery. Integrity and mutual respect are cornerstones of our business values. We are committed to acting ethically and transparently in all business dealings. We are determined to have effective systems and controls in place to raise awareness of, and to safeguard against, any form of modern slavery taking place within the Group or, to the best of our ability, anywhere in the Group’s supply chain.

Our Business

This policy and statement covers all of our UK and Chinese businesses:

- Hardware businesses in the United Kingdom:
 - Heywood Williams Components Limited trading as Mila Hardware, as Window Ware and as Mila Maintenance
 - Carlisle Brass Limited
- Group sourcing and manufacturing operations in Asia - Heywood Williams Components Limited Ningbo Representative Office and AI BEI XIN (Hangzhou) Machinery Ltd.

Currently this policy and statement does not formally extend to our businesses in Europe. Local management teams are governed by the Group’s overall philosophy regarding modern slavery and do share many common suppliers. We consider that the risk of modern slavery being perpetrated in the supply chains of these businesses is low but will keep the need for extending processes under review.

To our knowledge, there have been no instances of modern slavery within any Arran Isle Group company, either those specifically covered by this statement or our businesses in Europe.

Our High Risk Areas

While we remain vigilant against potential issues within our own businesses, we have identified our supply chains as the area of most risk. The Group recognises that exposure to modern slavery is likely to be more prevalent in low cost manufacturing regions and countries such as the Far East and India. The majority of the Group’s product supply comes from China, including from our own manufacturing facility. Here our China based Asian Sourcing Centre oversee a structured programme of vendor audits and regular compliance testing. There is a strong focus on trying to prevent modern slavery in any form, with regular communication with suppliers in addition to these processes.

Some limited product is sourced from a small number of well-established suppliers in India. We aim for these suppliers to be visited on a regular basis by Group employees trained to identify signs of modern slavery, and while the COVID-19 pandemic has impacted on our ability to fulfil this objective, visits have recommenced in 2022. In addition, we have a locally based agent, and although to date the agent has been primarily focussed on quality assurance, his presence in India has ensured good contact has been maintained with our suppliers even during the pandemic, and, as detailed below, while as yet no progress has been made in this regard, we plan to expand the role to specifically assist with monitoring the treatment of workers within our supply chain.

Our Policies

We operate policies to ensure that we conduct business in an ethical and transparent manner. These include:

- Modern slavery policy. This policy and statement sets out the Group’s stance on modern slavery and explains how employees can identify any instances of this and where they can go for help.
- Recruitment policy. We operate a robust recruitment policy, including conducting eligibility to work checks for all employees in each territory in which we operate, to safeguard against human trafficking or individuals being forced to work against their will.
- Whistleblowing policy. We operate a whistleblowing policy so that all employees know that they can raise concerns about how colleagues are being treated, or practices within our businesses or supply chain, without fear of reprisals.
- Code of business conduct. This code explains the way we behave as an organisation and how we expect our employees and suppliers to act.

Our Suppliers

The Group operates a formal supplier management policy in the high risk territories described above, and as part of this, maintains an approved supplier list. We conduct due diligence on all suppliers in these regions before allowing them to become an approved supplier. This due diligence includes pre-approval audits and questionnaires, along with subsequent periodic on site audits which include a review of working conditions and cover health and safety and worker welfare generally as well as modern slavery in particular.

Over the last couple of years, we have developed the Group’s Statement of Expectations in Respect of Employment and Ethical Practices, Health & Safety, Environment and Quality, which incorporates sections on modern slavery and worker welfare. To remain on the Group’s approved list, suppliers need to confirm that they are able to comply with the Group’s expectations for responsible and ethical behaviour from our suppliers. All of the Group’s significant Chinese suppliers, have now signed the required declaration of compliance and, over the coming year, we aim to engage with our Indian suppliers regarding the Statement, which should now be possible given the lifting of travel restrictions.

In the first instance, we will work with our suppliers to help them address any concerns we might identify and will stop using suppliers should any instances of modern slavery come to light which are not rectified promptly. We will not take on any new suppliers unless we have confidence in their ethical standards.

Training

We conduct appropriate training for our procurement/buying teams and senior managers, so that they understand the signs of modern slavery and what to do if they suspect that it is taking place. As part of our programme, all UK employees in relevant roles, and all English speaking staff at our Asian Sourcing Centre, undertook refresher training in December 2021. This training took the form of an online course and knowledge check to develop awareness and skills for spotting the signs of modern slavery. Senior management in our European businesses and Chinese manufacturing operation also undertook the training. Our non-English speaking Chinese Quality Control Inspectors were trained separately in the second half of 2021.

Reporting

If a Group employee becomes aware of or suspects that there may be the possibility of any modern slavery abuses occurring within the Group or its supply chain, this must be reported immediately to the employee’s line manager and the business’s General Manager or Managing Director. The claim will then be investigated immediately, and the findings reported to the Head of Corporate Services. If the employee does not feel comfortable reporting the matter via this route or considers that it is not being investigated fully or dealt with appropriately, they can report the matter using the Group’s Whistleblowing Policy procedures which are widely publicised internally.

Our Performance Indicators

We monitor the effectiveness of the steps that we are taking to ensure that slavery and/or human trafficking is not taking place within our businesses or supply chains by reviewing at Group Board level any reports that are received through supplier audits and from employees, the public, or law enforcement agencies indicating that modern slavery practices have been identified.

Progress in 2021

As in 2020, progress in 2021 was again unfortunately, but inevitably, restricted by the COVID-19 pandemic. The programme of formal supplier audits commenced in India in 2019, which was to incorporate checking for signs of modern slavery, was halted due to the pandemic, although visits to our Indian based suppliers have just restarted in 2022. Visits by our UK companies to Far Eastern suppliers have also not been possible, and progress has not been made with our plan to engage with our largest European suppliers to ensure they are aware of the Group’s policies in relation to modern slavery and to request assurance that they share our ethical standards.

However, having a team based in the country, we have continued to be able to maintain close contact with all our Chinese suppliers. While there have been, and continue to be, challenges in maintaining our programme of formal supplier audits due to the ongoing COVID-19 travel restrictions in China, which have meant that it has not been possible to complete some audits to schedule, audits for the majority of our top 25 suppliers are up to date. In addition, our staff, who are trained to identify and report any issues related to slavery, servitude, human trafficking and forced labour, have continued to visit all suppliers in the region on a regular basis to complete pre-shipment inspections.

Albeit to a lesser degree, having our agent based in India has also enabled contact to be maintained with suppliers there.

As noted above, during the year we completed the roll out of our Group Statement of Expectations, with our top 31 Chinese suppliers, who represent 99% of spend, having all now signed their agreement to this. In addition, as planned, we have also ensured that our Quality Control inspectors in China have received appropriate training to help them identify any indication that modern slavery is being perpetrated. Given their role, they have wide ranging, quite informal access to our suppliers’ facilities and are well placed to provide another layer of less formal checks.

Areas for Development

The following areas have been identified for consideration:

- While forming a relatively minimal proportion of the Group’s supply, it is recognised that more focus is still needed in relation to the Group’s supply chain in India. Given the impact of COVID-

19, the audit process introduced in India in 2019 has not developed as we planned and, during the pandemic, Group employees were unable to make supplier visits to this region. Our local agent, who is appropriately experienced and trained, and who we believe can provide much more support in this area, has been provided with the Group’s Statement of Expectations but, to date, there has been no progress in relation to Indian suppliers signing up to the commitments. However, supplier visits by Group employees have just recommenced and, with direct engagement during these visits, progress both with developing the role of our agent and with rolling out the Group’s Statement of Expectations should be possible. The intention is that subsequently the same audit programme followed in China will be used in India.

- The Group also sources some product from Europe as well as a small amount from other locations. To date modern slavery audit processes have not been implemented across this element of our supply chain, as our suppliers here are considered to be low risk or low value. While our focus remains on covering the bulk of our supply from what we consider to be higher risk areas, it remains our intention to engage with our largest European suppliers as soon as practicable to ensure they are aware of the Group’s policies in relation to modern slavery and to request assurance that they share our ethical standards.
- Currently our audit programme in the Far East does not extend beyond China. While the number and size of other Far Eastern suppliers is limited, consideration will be given to expanding the programme out in the region.

Approval of this Statement

This statement, which covers the Group’s financial year to 31 December 2021, was approved by the Directors of Arran Isle Limited on behalf of the Arran Isle Group. It will be reviewed annually and is pursuant to Section 54 of the Modern Slavery Act 2015.



Martin Wardhaugh
Group Chief Executive
31 May 2022