

ANNUAL STATEMENT: SLAVERY AND HUMAN TRAFFICKING

This statement is made on behalf of Harworth Group plc and its subsidiaries in accordance with section 54(1) of the Modern Slavery Act 2015 (the “Act”).

Our business and organisational structure

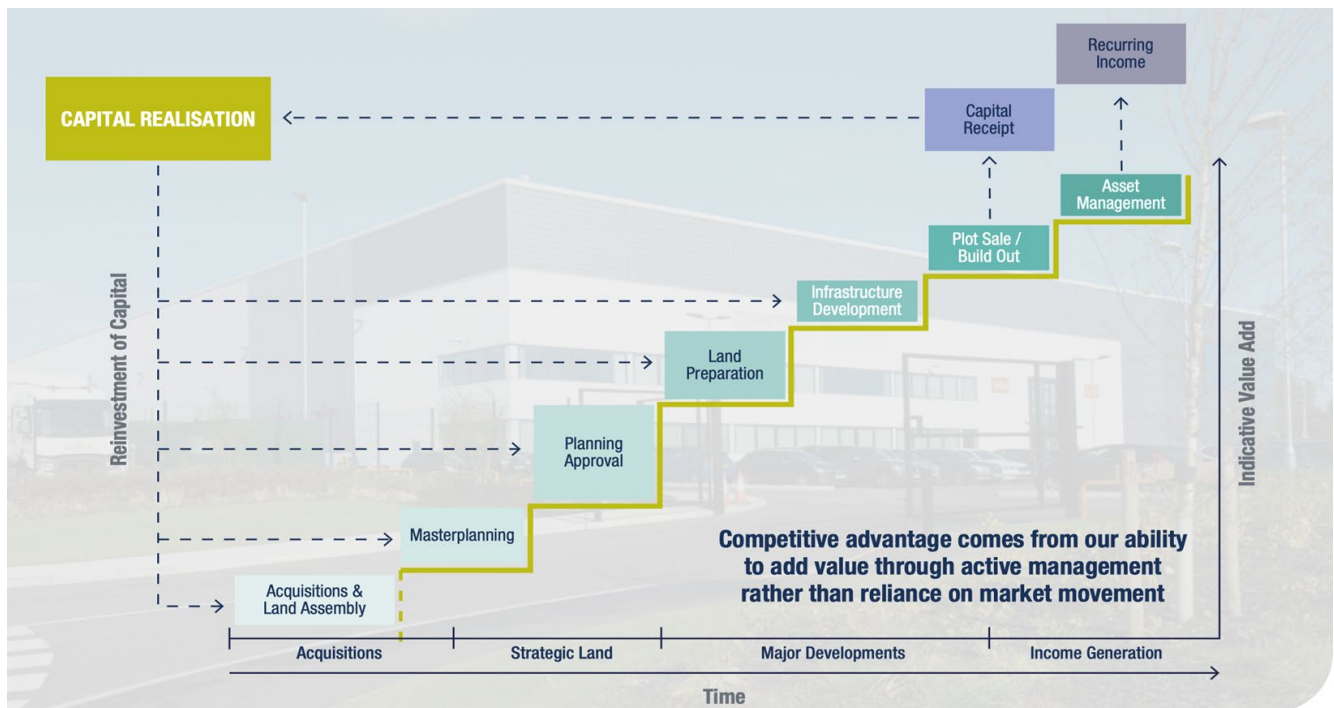
Harworth is a regenerator of land and property for development and investment which owns, develops and manages a portfolio of approximately 21,000 acres of land on around 120 sites located throughout the North of England and Midlands. It specialises in the regeneration of large, complex sites, in particular former industrial sites, into new residential developments and employment areas.

Harworth Group plc is the ultimate parent company with 32 wholly or majority owned subsidiaries, together with investments in four joint venture companies (the “Group”). The activities of the Group and its joint ventures are undertaken solely in the United Kingdom and all the Group’s companies and joint ventures have their registered office in England.

Our property portfolio comprises approximately 21,000 acres of land on around 120 sites and was valued at £525,700,000 at the end of the financial year ended 31 December 2018. Our business is organised into two segments: Capital Growth and Income Generation, which operate across three regional divisions: Yorkshire and Central, North West and Midlands.

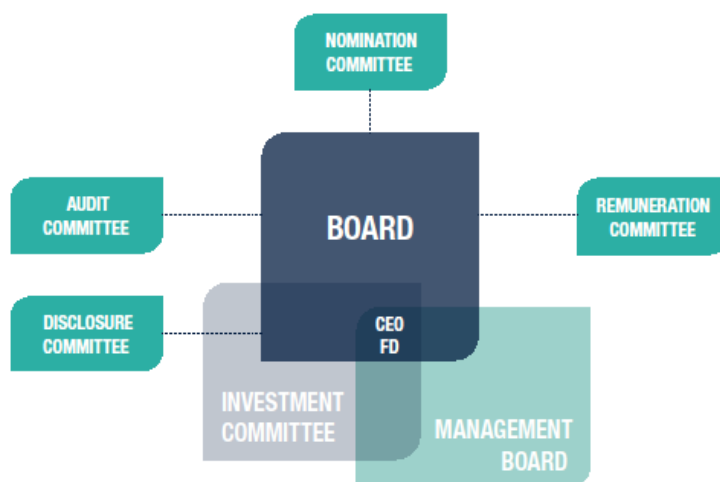
The Group employs approximately 70 people across. The majority are based at our head office in Rotherham with approximately 15 based at our regional offices in Manchester and Birmingham.

Our business model appears below:



Our internal governance structure

Our internal governance structure appears below:



Our suppliers and other stakeholders

Our supply chains include: asset managers; demolition, remediation, infrastructure and construction contractors, sub-contractors and consultants; and professional services advisors. We also work closely with a wide range of other stakeholders including: housebuilders, commercial occupiers, funders, local and planning authorities, City Regions, regulatory bodies, Homes England and joint venture partners.

Our policy

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. In May 2017, the Board of Directors approved the implementation of an Anti-Slavery and Human Trafficking policy (our “**Policy**”), which reflects our commitment 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 is not taking place anywhere in our business or supply chains. The Policy appears on the Investors section of our website (www.harworthgroup.com/investors) and in **Appendix 1** to this statement. The Executive team has overall responsibility for ensuring compliance with the Policy and is committed to making available sufficient resources for its implementation.

Implementation of our policies

Our business and employees

All our employees are aware that Harworth operates a zero-tolerance approach to modern slavery in our business and supply chains.

All employees have been made aware of the Act and given a copy of our Policy. An email reminder of the Policy, with a copy attached, is sent to employees annually – most recently in June 2019. It remains available throughout the year on our shared drive, alongside our staff handbook and other policies. All new starters are made aware of our policies as part of their induction process.

In the first half of 2018, training on modern slavery and human trafficking was delivered to all employees in the form of an online webinar, which also covered topics such as bribery and corruption and whistleblowing.

That training was compulsory and undertaken by all employees. Since then, completion of the training has formed part of the induction process for all new employees.

Employees are encouraged to report to the Group General Counsel and Company Secretary any concerns about the existence of modern slavery in our business or supply chains. In May 2018, the Audit Committee approved the implementation of a new, more robust Whistleblowing policy, which protects employees in that regard.

Given the size of our property portfolio, we recognise the importance of monitoring “on-site” activity by our employees and our suppliers, to mitigate against the risk of slavery or trafficking taking place on our sites, particularly those which are more remote from our head office and regional offices. Our site risk reports, which all our employees use when carrying out site visits, encourage our employees to look for, and report, evidence of unsafe and/or unfair working conditions imposed by our suppliers on their employees. Below is an extract from our site risk report:

HEALTH AND WELLBEING	
<i>Welfare facilities available, if applicable</i>	
<i>Evidence of unsuitable working practices or contractors mistreating, or imposing unreasonable working conditions on, its employees</i>	

Our suppliers

In conjunction with our Policy, the Board of Directors also approved the introduction of a Supplier Code of Conduct on Anti-Slavery and Human Trafficking (our “Code”) in May 2017. This also appears on the Investors section of our website (www.harworthgroup.com/investors) and in **Appendix 2** to this statement.

As part of our supplier “take-on” procedure, all prospective suppliers must complete a questionnaire. In completing this questionnaire, each prospective supplier must: (i) state whether it is required by the Act to make a modern slavery statement and, if so, provide a copy of it; (ii) tell us what steps it takes to ensure that there is no slavery or trafficking in its own business or supply chains; and (iii) confirm that it will comply with our Code. An extract from our supplier “take-on” questionnaire appears below. All responses to these questionnaires are reviewed by our Environment, Estates and Safety team before suppliers are approved and appointed.

Section 11 – Anti-Slavery and Human Trafficking

Harworth is committed to implementing systems and controls aimed at ensuring that modern slavery is not taking place anywhere within our organisation or that of any of our suppliers. Please respond to the following questions, which are designed to ensure that you are also committed to ensuring modern slavery is not taking place within your business.

<p><i>Is your business required to produce a statement under Section 54 of the Modern Slavery Act 2015?</i></p> <p><i>If yes, please attach the latest statement or provide a web link</i></p>	
<p><i>Please indicate if your business has any of the following:</i></p> <ul style="list-style-type: none"> • <i>A written anti-slavery policy?</i> • <i>A written whistleblowing policy (or equivalent)?</i> • <i>A code of conduct which includes modern slavery and trafficking content?</i> • <i>Training to staff on stopping modern slavery and trafficking?</i> 	

<ul style="list-style-type: none"> • A risk assessment to understand the risks of slavery and trafficking in your business and supply chains? 	
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<p>Does your business take steps to ensure that the third parties with which you contract, and their suppliers (i.e your suppliers' suppliers), ensure that slavery and trafficking is not taking place in their operations and supply chains? Please describe any steps taken.</p>	
<p>Please describe any other steps your business has taken to ensure slavery and trafficking is not taking place in your business or supply chain.</p>	
<p>We operate a Supplier Code of Conduct in respect of Anti-Slavery and Human Trafficking, which appears on our website (in the "Corporate Social Responsibility" section). A copy is also available on request. Please confirm that you will comply with that Code of Conduct.</p>	

We operate a schedule of "approved" suppliers, albeit certain of those suppliers are engaged infrequently. At the date of publication of our 2018 modern slavery statement we had written to 151 (33%) of the suppliers who were on our "approved" schedule when we published our first modern slavery statement in 2017. We have not written to any more suppliers since publication of our 2018 modern slavery statement. This manual exercise was put on hold pending the planned migration to an automated supplier database and system, which will (when operational) facilitate regular vetting of our suppliers, including their ongoing commitment to compliance with our Code. That migration exercise has taken longer than we anticipated and so, given that we are still not ready to move to an automated system, we have decided to re-start our manual exercise of writing to suppliers. As before, this will be undertaken in conjunction with our payment process, which means we will be writing to the suppliers with whom we engage most frequently.

A sample of the letter we will be sending to suppliers appears at **Appendix 3** to this statement. In it we ask the relevant supplier to: (i) confirm to us in writing that it has a zero-tolerance approach to slavery and trafficking; and (ii) provide a summary of the steps it takes to ensure that there is no slavery or trafficking in its own business or supply chains. The letter encloses a copy of our Code and indicates that we expect all our suppliers to comply with it.

Our precedents

Since publication of our 2018 modern slavery statement, we have updated our suite of consultancy appointment precedents, in conjunction with one of the firms on our legal panel. All our precedents now impose obligations on our consultants in relation to anti-slavery and trafficking.

Measuring effectiveness

Below are the key performance indicators ("KPIs") we have identified to measure how effective we have been in ensuring that slavery and human trafficking is not taking place in our business or supply chains, together with our progress against those KPIs at the date of this statement:

KPI identified in 2017 Modern Slavery Statement	Progress identified in 2018 Modern Slavery Statement	Progress since 2018 Modern Slavery Statement and further steps identified
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<ul style="list-style-type: none"> ➤ We aim to notify 80% of our existing suppliers that we expect them to comply with our Code and ask them to: (i) confirm that they have a zero-tolerance approach to slavery and trafficking; and (ii) explain their policy and procedures in relation to anti-slavery and trafficking. 	<ul style="list-style-type: none"> ➤ Since publishing our first modern slavery statement in 2017, we have notified 33% of the suppliers who were on our “approved” list at the date of that statement. 	<ul style="list-style-type: none"> ➤ No further progress has been made since publication of our 2018 modern slavery statement (see explanation above). ➤ We will re-start a manual process of writing to approved suppliers in conjunction with our payment process.
<ul style="list-style-type: none"> ➤ We aim to notify all new suppliers that we expect them to comply with our Code and ask them to: (i) confirm that they have a zero-tolerance approach to slavery and trafficking; and (ii) explain their policy and procedures in relation to anti-slavery and trafficking. 	<ul style="list-style-type: none"> ➤ Since publication of our first modern slavery statement in 2017, all new suppliers have completed our supplier “take-on” questionnaire, which includes the requisite confirmations in relation to anti-slavery and trafficking. 	<ul style="list-style-type: none"> ➤ Since publication of our 2018 modern slavery statement, all new suppliers have continued to complete our supplier “take-on” questionnaire.
<ul style="list-style-type: none"> ➤ Training on the risks and warning signs of, and measures to prevent, modern slavery should be delivered to all employees. 	<ul style="list-style-type: none"> ➤ Online training was delivered to all employees in the first half of 2018. 	<ul style="list-style-type: none"> ➤ Since publication of our 2018 modern slavery statement, we have recruited approximately 15 new employees, all of whom have been required to complete the training as part of their induction process.

Ongoing review

The Policy and Code (and their effectiveness) remain subject to annual monitoring and review by our Group General Counsel and Company Secretary.

Owen Michaelson
Chief Executive
Harworth Group plc
25 June 2019

Appendix 1: Anti-Slavery and Human Trafficking Policy

1. Introduction

- 1.1 Modern slavery is a term used to encompass slavery, servitude, forced and compulsory labour, bonded and child labour and human trafficking. Victims are coerced, deceived and forced against their free will into providing work or services. Human trafficking is where a person arranges or facilitates the travel of another person with a view to that person being exploited. Modern slavery is a crime and a violation of fundamental human rights.
- 1.2 Forms of modern slavery may include, but are not limited to, withholding of passports, being forced to work against a person's will, depending on the employer for housing, food, and other necessities, being recruited through some form of debt arrangement, such as an advance or loan, and limitations on movement of workers.
- 1.3 Harworth strictly prohibits the use of modern slavery and human trafficking in our operations and supply chain. We are committed to implementing systems and controls aimed at ensuring that modern slavery is not taking place anywhere within our organisation or in any of our supply chains. We expect that our suppliers will hold themselves and their own suppliers to the same high standards.

2. Policy Statement

- 2.1 We expect everyone working with us or on our behalf to support and uphold the following measures to safeguard against modern slavery:
- We have a zero-tolerance approach to modern slavery in our organisation or our supply chains. The prevention, detection and reporting of modern slavery in any part of our organisation or supply chain is the responsibility of all those working for us or on our behalf. Workers must not engage in, facilitate or fail to report any activity that might lead to, or suggest, a breach of this policy.
 - We are committed to engaging with our stakeholders and direct suppliers to address the risk of modern slavery in our operations and supply chain.
 - As part of our contracting processes, we include a specific prohibition against the use of modern slavery and trafficked labour and a requirement to comply with our Code of Conduct, which sets out the minimum standards required to combat modern slavery and trafficking.
 - Our recruitment procedures require employment and recruitment agencies and other third parties supplying workers to our organisation to comply with our Code of Conduct. Suppliers engaging workers through a third party are also required to obtain third parties' agreement to adhere to the Code of Conduct.

3. Policy Application

- 3.1 This policy applies to all persons working for us or on our behalf in any capacity, including employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, suppliers, external consultants, third-party representatives and business partners.

3.2 This policy does not form part of any employee's contract of employment and we may amend it at any time.

3.3 Workers must ensure that they read, understand and comply with this policy.

4. **Responsibility for the policy**

4.1 The Executive Committee is committed to making available sufficient resources for the implementation of this policy and has overall responsibility for ensuring compliance.

4.2 The Company Secretary has primary and day-to-day responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about this policy, and auditing internal control systems and procedures to ensure they are effective in countering modern slavery.

4.3 Management at all levels are responsible for ensuring those reporting to them understand and comply with this policy and are given adequate and regular training on it and the issue of modern slavery in supply chains.

4.4 You are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries are encouraged and should be addressed to the Company Secretary.

5. **Reporting Modern Slavery**

5.1 Employees must notify their manager or the Company Secretary as soon as possible if they have any reason to believe that modern slavery of any form may exist within our organisation or our supply chain or may occur in the future or have any concerns or suspicions relating to compliance with this policy.

5.2 If a person, other than an employee, has any reason to believe that modern slavery of any form may exist within our organisation or our supply chain, or may occur in the future or have any concerns or suspicions relating to compliance with this policy, they must notify as soon as possible the Company Secretary.

5.3 We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken. We are committed to ensuring no one suffers any detrimental treatment as a result of reporting in good faith their suspicion that modern slavery of whatever form is or may be taking place in any part of our own business or in any of our supply chains. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform the Company Secretary immediately. If the matter is not remedied, and you are an employee, you should raise it formally using our Grievance Procedure.

6. **Breaches of this policy**

6.1 Any employee who breaches this policy will face disciplinary action, which could result in dismissal for misconduct or gross misconduct.

6.2 We may terminate our relationship with other individuals and organisations working on our behalf if they breach this policy.

Appendix 2: Supplier Code of Conduct on Anti-Slavery and Human Trafficking

1. INTRODUCTION

Harworth is committed to implementing systems and controls aimed at ensuring that modern slavery is not taking place anywhere within our organisation or in any of our supply chains. We expect that our suppliers, contractors and business partners to adhere to the principles in this Code, in accordance with our Anti-Slavery and Human Trafficking Policy and contractual terms of engagement. We expect you to require the same standards of your own sub-contractors, suppliers and business partners.

2. CODE OF CONDUCT: PRINCIPLES

- 2.1 Workers shall not be subject to forced, prison, bonded, indentured, slave, trafficked or compulsory labour in any form, including forced overtime. All work must be carried out voluntarily.
- 2.2 Workers must have the right to terminate their employment freely, as appropriate following a reasonable period of notice in accordance with applicable laws and collective agreements, and without the imposition of any improper penalties.
- 2.3 Workers shall not be mentally or physically coerced to provide their labour.
- 2.4 Workers shall not have their identity or travel permits, passports, or other official documents or any other valuable items confiscated or withheld as a condition of employment and the withholding of property shall not be used directly or indirectly to restrict workers' freedoms or to create workplace slavery.
- 2.5 Fees or costs associated with the recruitment of workers (including but not limited to fees related to work visas, travel costs and document processing costs) shall not be charged to workers whether directly or indirectly. Similarly, workers shall not be required to make payments which have the intent or effect of creating workplace slavery, including security payments, or be required to repay debt through work.
- 2.6 Workers shall have their terms of their employment or engagement set out in a written document that is easily understandable to them and which clearly sets out their rights and obligations. This written document shall include, but not be limited to, transparent terms with respect to wages, overtime pay, payment periods, working hours and rights in respect of rest breaks and holiday. Such written terms shall be provided to the worker in advance of them starting work, shall be honoured by the employer and shall meet industry standards and the minimum requirements of applicable laws and collective agreements where the work is carried out.
- 2.7 There shall be no use of child labour. Nobody shall be employed under the minimum age. Subject to the overriding prohibition on the use of child labour, if workers under the age of 18 are employed then particular care shall be taken as to the duties that they carry out and the conditions in which they are required to work to ensure that they come to no physical, mental or other harm as a direct or indirect result of their work or working conditions.

- 2.8 Workers, their families and those closely associated with them shall not be subject to harsh or inhumane treatment including but not limited to physical punishment, physical, psychological or sexual violence or coercion, verbal abuse, harassment or intimidation. Migrant workers, their families and those closely associated with them should not be subject to discrimination due to their nationality.
- 2.9 Workers shall be free to file grievances to their employers about the employer's treatment of them and workers shall not suffer detriment, retaliation, or victimisation for having raised a grievance.
- 2.10 Workers shall be free to move without unreasonable restrictions and shall not be physically confined to the place of work or other employer-controlled locations (for example accommodation blocks) nor shall they be confined by more indirect means. There shall be no requirement placed on workers that they take accommodation in employer-controlled premises except where this is necessary due to the location or nature of the work being performed.
- 2.12 Where it is necessary to recruit workers who are engaged via a third party, such as an employment agency, then only reputable employment agencies shall be engaged. Where workers are sourced to be employed directly, only reputable recruitment agencies shall be engaged. All such agencies must have the necessary licences and registrations under local laws; agree to adhere to this Code of Conduct; and agree to be audited to ensure their compliance with this Code of Conduct.

3. **REPORTING OF BREACHES OF THIS CODE OF CONDUCT**

- 3.1 Any person concerned about a breach of this Code of Conduct or our Anti-Slavery and Human Trafficking Policy may report their concerns on a confidential basis to our Company Secretary, whose contact details appear below. Individuals with concerns are encouraged to provide their name and contact details so that the issues that they raise can be investigated thoroughly. However, we recognise that in some circumstances an individual will only be prepared to raise their concerns on an anonymous basis and we commit to investigate anonymous allegations as thoroughly as possible and to take the necessary remedial action.
- 3.2 Contractors and their subcontractors are to ensure that our Company Secretary's contact details are made available to all workers.

Appendix 3: Letter to existing suppliers

[SUPPLIER DETAILS]

Date

Dear [NAME],

I am writing to ask for your support and cooperation in Harworth's efforts to combat slavery and trafficking in our business and supply chains. As you may be aware, the Modern Slavery Act 2015 (the "Act") was implemented into UK law in October 2015. Your business may also be affected by the Act but, in case not, I have outlined the background below.

Background

The Act is aimed at combating crimes of slavery and human trafficking and it recognises that businesses have a role to play in tackling these crimes. Section 54 of the Act requires those commercial organisations which have a global turnover above £36 million to publish an annual slavery and human trafficking statement for each financial year that ends on or after 31 March 2016. The statement must disclose what steps the organisation has taken to ensure that slavery and trafficking is not taking place in any of its supply chains or its business; or state that it has taken no such steps. This aims to ensure that businesses are transparent about what they are doing to tackle modern slavery and human trafficking.

We are taking our responsibilities under the Act seriously. To ensure that we are compliant with the Act we have, with the assistance of external advisors, taken the following steps:

- We have reviewed our business and operations to identify areas of risk.
- We have introduced an Anti-Slavery and Human Trafficking Policy, which will apply to all persons working directly for us.
- We have identified the steps we will take when engaging with new suppliers, contractors and business partners to assess the likelihood of slavery or trafficking existing in those organisations and what measures are already in place to combat those risks.
- We have prepared a Supplier Code of Conduct which sets out the slavery and trafficking principles which we expect our suppliers, contractors and business partners to uphold.
- Going forward, our site risk assessments will include a review of the working conditions of all individuals working on site, including those employed by our suppliers and contractors.
- We have amended our standard terms and conditions to address the risks of slavery and trafficking in our supply chain. These appear on our website.

Your engagement

The Act requires businesses to report on anti-slavery steps both in their own operations and their supply chains. As such, we are asking all our suppliers, including you, to engage with us.

In particular, we ask that you provide written confirmation that you have a zero-tolerance approach to slavery and trafficking and a summary of the steps you are taking to ensure that there is no slavery or

trafficking in your own business or supply chain. If applicable, please also confirm that you have complied with your own duty to publish an annual statement under the Act and provide a copy.

A copy of our Supplier Code of Conduct is enclosed. We expect all our suppliers, contractors and business partners to comply with it. Please ensure that you read and understand it.

We hope that you will work with us to uphold the values and standards set out in the Act and in our enclosed Supplier Code of Conduct. If you have any queries relating to the contents of this letter, please do not hesitate to contact me. I look forward to hearing from you within 30 days of receipt of this letter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'CB', written in a cursive style.

Chris Birch
Group General Counsel and Company Secretary
For and on behalf of Harworth
Encs