

Modern Slavery and Human Trafficking Statement

This statement has been published in accordance with the Modern Slavery Act 2015. It sets out the steps taken by Morgan Sindall Group plc ('the Company') and its subsidiary companies (see Appendix 1) (together 'the Group') during the year ending 31 December 2019 to prevent human trafficking and slavery in our business and supply chain.

The health and wellbeing of our people, partners and the public remains the Group's overriding priority. Where safe to operate, activity across the Group has continued with strict adherence to Government advice and that of the devolved administrations and public health authorities across the UK.

Our business and supply chains

Morgan Sindall Group is a leading UK construction and regeneration group with an annual turnover of £3.1 billion. We operate through six divisions: Construction & Infrastructure, Fit Out, Property Services, Partnership Housing, Urban Regeneration and Investments, with an aggregate of over 70 offices and 350 project sites located around the UK. For the purposes of this statement, we treat our joint venture entities (where we are responsible for the management and operation of the joint venture) as part of our supply chain. Our joint venture partners, in the context of this statement, are primarily other large main contractors. Our customers are drawn from the public sector, regulated industries and a variety of commercial sectors. Appendix 1 contains more detail of our markets and business activities.

Our workforce is made up of 6,660 direct employees. We outsource our office cleaning and a small number of IT support staff.

Our supply chain is extensive and ranges from large subcontractors providing specialist services such as mechanical and electrical installations, to suppliers of labour, goods and services for our sites and offices. Eighty-three per cent of our cost of sales is spent on goods and services procured from our Tier 1 suppliers, i.e. those with whom we contract direct. All our procurement is carried out with UK suppliers, although some of these suppliers may source products from other countries. We have in the region of 20,000 subcontractors working on our projects across the UK at any one time. Our supply chain is an integral part of our operations, and our success and reputation are inextricably linked to their performance and ethicality.

Our approach to working with our supply chain

Our Group has a set of core values and Total Commitments which include looking after our people, working together with our supply chain and creating value for both our customers and the communities in which we operate. We develop long-term relationships with suppliers and subcontractors who share our values and whose policies

and cultures are aligned to our own, which results in better project delivery for our clients and partners.

Our policies and governance

Our Group policies are developed by experts in the relevant subjects, such as our Group general counsel, Group director of sustainability and procurement, Group head of audit and assurance and divisional heads of HR. All policies are approved by the Board.

Our divisional managing directors are responsible for ensuring that the policies are communicated, implemented and enforced within their respective divisions. We also require each division to produce its own more detailed policies and procedures, reflecting Group-wide standards, appropriate for its particular business and markets and to ensure that they are embedded in the day-to-day conduct of their employees and people working on their projects.

Group policies in relation to modern slavery

We have a zero-tolerance approach towards modern slavery and human trafficking both in our own operations and our supply chain. We support the UN Sustainable Development Goals (SDGs), and have prioritised those where we believe we can have the biggest impact in tune with our Total Commitments. These include SDG 8: Decent work and economic growth, which aligns to our Total Commitment to 'protecting people'.

The following Group policies are relevant to human rights and modern slavery:

- Our **Ethics policy** states that we are committed to conducting our business with the highest standards of integrity and honesty and in an open and ethical manner. This is supported by our Equal Opportunities and Dignity at Work policy which prohibits bullying and harassment and requires that employees are treated with dignity and respect.
- Our **Modern Slavery policy** specifically prohibits activities linked to slavery, servitude, forced or involuntary labour and human trafficking. It prohibits charging employees any recruitment fees or deposits, retaining identity documents, restricting freedom of movement or forcing them to work excessive hours. It requires that all employees are given contracts of employment, treated humanely, equally and fairly, paid at least the minimum wage without delays or unlawful deductions payments, and requires that all migrant workers are treated in accordance with UK legislation and existing Group HR policies. The policy requires that employees are hired directly whenever possible; if using a recruitment agency, we must ensure that the agency operates legally, is certified or licensed by the competent authority, and does not engage in fraudulent behaviour that places employees at risk of forced labour or trafficking for labour exploitation.
- Our **Procurement policy** is to source goods and services efficiently and fairly. Our procurement methods are compliant with legislation, including health and safety

regulations, and conform to our ethical, environmental and responsible business standards.

Of our direct employees, 8% are weekly-paid site operatives and covered by collective bargaining agreements. We do not prevent or deter anyone who works for us from joining a trade union.

Minimum trading standards for suppliers

We require all our suppliers to:

- provide their employees with good working conditions and fair treatment;
- respect workers' human rights and comply fully with all applicable laws;
- ensure all work is voluntary, and not done under any threat of penalties or sanctions;
- not require workers to pay any deposits for work, and employers – whether labour users or recruiters – must not keep original identity documents;
- ensure that workers are free to leave work at any time, with all salary owed to be paid;
- comply with the Modern Slavery Act 2015 (Transparency in Supply Chains) ('the Act');
- implement appropriate controls to prevent modern slavery; and
- notify the Group immediately if they become aware of any incidents of modern slavery within their supply chains.

The standards also encourage our suppliers to conduct regular modern slavery risk assessments within their own supply chains.

Communication of policies

We require all our divisions, subsidiaries, associate companies and joint venture interests to comply with the above policies in their dealings with employees and suppliers. Our policies are communicated to all employees through clear links on intranets, inductions, regular briefings and training.

We expect similar practices to be followed by our suppliers, subcontractors and business partners. Anti-bribery, ethics and modern slavery are all referenced in our standard contracts. Before accessing any of our sites, all workers are instructed in the policies they are expected to follow, including health and safety, ethics and modern slavery.

Policy implementation

We have grievance procedures in place for our employees and disciplinary procedures for breaches of policy. We also operate an independent raising concerns service, aimed principally at our employees but also available to others working on our projects, that encourages people to report any wrongdoing including human rights abuses. All reports

are formally investigated, and appropriate action taken. Policy compliance is monitored through our internal audit and control processes.

Our minimum trading standards form part of the terms and conditions when we contract with suppliers and we will take appropriate action should suppliers breach these obligations. Such action may include working with the supplier to help them to address a breach or in certain circumstances could result in the termination of their contract. Suppliers to our joint ventures are subject to the project terms and conditions agreed by the joint venture partners.

Our due diligence processes

Within our own business

We recruit our employees direct wherever possible in preference to using agencies. Where we do use agencies, it is part of their terms and conditions for working with us that they comply with the Act and have processes in place to manage modern slavery risks. We verify that all new employees have the right to work in the UK and, as signatory to the Employer Pays Principle, pay their salaries to them direct without deducting any commission or charges from their salaries in return for work.

Prequalification and contract terms for our supply chain

We require all new Tier 1 suppliers and subcontractors to pre-qualify for approval to work with us, and to be re-accredited every 24 months. As part of the assessment, we examine their procedures for managing risks associated with modern slavery and forced labour and ask them to verify that they have complied with all relevant UK legislation, which includes the Act. Suppliers who demonstrate respect for human rights are prioritised. Should any information provided to us be either insufficient or non-compelling, we will ask for additional information and will conduct further due diligence if there is cause.

Once we contract with suppliers, the minimum trading standards which refer to modern slavery risks form part of their terms and conditions. We require all suppliers who we work with to provide us with their own modern slavery policy or if they don't have one to commit to our Group policy. We reserve a contractual right to carry out periodic compliance audits and/or request additional information and evidence in respect of a wide range of matters which includes compliance with the Act (where applicable) and the standards we have set in relation to the risk management of anti-slavery and human trafficking in the supply chain.

We take a strategic approach to developing long-term relationships with our supply chain that are founded on trust and alignment of values. This includes developing and participating in supply chain networks and forums. Around 390 manufacturers and suppliers are registered with our Morgan Sindall Supply Chain Family, a Group-wide network for sharing ideas and best practice. Every two years we organise a networking and best practice sharing event for our suppliers, attended by some of our clients. The

next event, 'Meeting the Challenge', was due to take place in May 2020 but has been postponed to October due to the COVID-19 pandemic.

We support the Supply Chain Sustainability School which helps suppliers develop their skills and provides free training, including modern slavery modules; we share ideas through the School on how to identify and manage any incidents of modern slavery. Our Group director of sustainability and procurement chairs the School's Labour Group, which is looking to set minimum standards for the industry and manages the School's 'People Matter Charter', to which we are a signatory. The Charter sets out several commitments that apply to clients, main contractors and the supply chain; these include due diligence in protecting human rights, identifying and reporting labour exploitation, paying the living wage and ensuring those employed in the supply chain receive the payments and benefits to which they are entitled.

Our construction divisions each maintain a database of subcontractors who are monitored for performance against set criteria and given constructive feedback. They are awarded preferred status when they score highly which leads to repeat work and long-term relationships. Sixty-seven per cent of our suppliers, by spend, were signed up to Group-wide agreements in 2019; through these procurement agreements we can give our subcontractors access to better pricing. Our policy is to treat our supply chain fairly; we are signatories of the Prompt Payment Code and in 2019 our divisions worked with their suppliers and subcontractors to speed up the process of receiving and paying invoices.

Our larger Tier 1 subcontractors, suppliers and joint venture partners (the majority of whom are UK-based) are themselves required to comply with the Act and we expect them to undertake due diligence and risk assessment and management within their own supply chains. We also ask that they cascade our Group policies and minimum trading standards to their suppliers and anyone working on our projects.

Ensuring ongoing vigilance

Using materials provided by the Gangmasters and Labour Abuse Authority (GLAA), we have developed 'Toolbox Talks' to raise awareness of modern slavery for our own employees and site operatives employed by our supply chain. The Talks are delivered by our project teams on site and focus on the impact that modern slavery and forced labour can have on victims, the signs to watch out for, and how to raise the alarm.

Other materials on modern slavery, provided by the GLAA, have been distributed across the business and project sites. These include posters which are displayed on sites in prominent locations visible to supply chain operatives, for example in canteens and bathroom cubicles.

Several of our divisions require all suppliers and their operatives to undertake an online pre-registration and induction process prior to arriving on site, where they then receive a more tailored site-safety induction. Information on what might constitute modern slavery, and advice for operatives on how to seek help or report any concerns, are included, based upon the GLAA material provided to us.

Should anyone notice signs of modern slavery, they have access to our independent, well-communicated raising concerns service related to human rights, including labour conditions (see page 7). We also let our suppliers know that we expect them to have their own internal mechanism for raising concerns.

Risk assessment

Within our business

We have assessed the risk of modern slavery and human trafficking within our business, and the assessment has shown that there is a low risk of modern slavery within all parts of our activities. Our operations are UK-based, and our employees are given legal employment contracts upon joining. Each contract sets out the employee's roles and responsibilities, pay and benefits and the hours they are expected to work. We have grievance procedures in place for employees to report any breach of their contract and in addition they have access to our raising concerns service.

Within our supply chain

With the support of Action Sustainability, we have reviewed our supply chain to identify those that may potentially be at greater risk of instances of modern slavery. This mapping exercise identified that our biggest risk is from the use of low-skilled or migrant labour within our supply chain and from the supply by subcontractors of materials sourced from outside the EU. The Group spends approximately £2bn per year through our supply chain for materials and labour.

Our risks identified in respect of labour include services provided for waste management and recycling, security, cleaning, demolition, road works and general construction trades. These services account for approximately 27% of the Group's total supply chain expenditure.

Our risks in respect of materials sourced from outside the EU include materials for floor fittings, brick and blockwork, metalwork, steel, ironmongery and quarry products. These materials account for approximately 3-4% of the Group's total supply chain expenditure. Recognising that we buy relatively few materials directly, instead employing subcontractors to supply and install materials as part of their packages, we use the Morgan Sindall Supply Chain Family to review key third-party suppliers' modern slavery policies and procedures.

Risk management

Supply of unskilled labour for sites

In order to mitigate our exposure to modern slavery we have a labour desk which is operated by a collaboration of five specialist recruitment agencies. The agencies manage relationships and contracts with workers and ensure that they have the right documentation for working in the UK and that the contracts comply with all UK legislation and regulations. People employed via the desk are paid direct. Our Group director of sustainability and procurement has overall responsibility for the labour desk and manages the contracts with the agencies.

Building materials produced overseas

We do not procure any materials direct from overseas and deal only with UK suppliers who carry out their own modern slavery compliance checks. It is part of our selection process to award contracts to suppliers who have better modern slavery procedures in place. For example, during the COVID-19 pandemic we have resisted sourcing masks from suppliers who have inadequate procedures, despite the shortage, and have remained loyal to our existing suppliers.

In March 2020 we became members of Sedex, a not-for-profit organisation that aims to improve ethical and responsible business practices in supply chains. The Sedex platform will help us monitor our whole supply chain in respect of modern slavery and human rights abuses as well as other responsible business issues. We joined together with a Group of our peers with whom we share common suppliers and subcontractors, as this will potentially give us access to a greater volume of data.

Independent raising concerns facility

We run a formal raising concerns service which is explained to all employees on induction, repeated throughout our e-learning courses and publicised on our intranets and office and site notice boards. The service is available to all workers on our projects including those who are not employed by the Group. The facility includes a telephone hotline and online reporting mechanism, independently managed by Expolink, which enable people to report any concerns anonymously and in confidence, without fear of retaliation. As part of the service, we promise timely investigation, follow-up and a resolution of all issues. The Board reviews our arrangements for raising concerns twice a year and monitors all reports of non-compliance with our procedures. The Board considered all reports raised in 2019 to have been fully investigated; none of the issues raised related to instances of modern slavery, forced labour or human trafficking.

Effectiveness in preventing modern slavery

We are included in the FTSE4 Good Index, which rates companies on sustainability issues that include supporting human and labour rights and supply chain labour standards.

All new employees who joined the Group in 2019 undertook our e-learning module on modern slavery (see the training matrix below). The module concludes with a test to assess employees' understanding and knowledge of the Act and how to identify the risks and signs of modern slavery. A score of eight out of 10 is required to pass the test. If an employee fails twice, our general counsel speaks to them to ensure that they fully understand the issues raised and why they failed.

In 2018, we supported the GLAA's Construction Forum in developing a site induction pack on modern slavery that includes posters, video and presentations. In 2019, the pack was rolled out across the industry and we continue to share knowledge with the Forum on a regular basis.

In 2020, we plan to evaluate our labour practices against the ELS BES 6002 Ethical Labour Standard and to carry out an audit to register for ISO 20400:2017.

We received no reports of incidences of modern slavery in 2019 within our own business or supply chain, and therefore no investigations or remedial actions were required.

We will be reporting against the following key performance indicators in our 2020 modern slavery statement:

- staff training;
- investigations undertaken into any reports of modern slavery and remedial actions taken in response;
- embedding the use of Sedex across the Group; and
- activities with the GLAA Construction Forum

Training and awareness

Training for employees

Who	Format	Trainer	Frequency	Expert input in compiling training
All employees	E-learning	Online	On joining, with refresher course every three years	General counsel, Group director of sustainability and procurement, company secretary, Pinsent Masons
All site workers	Toolbox Talk	Site manager/contract manager	As determined by the site manager	GLAA
Company secretarial team, Group director of sustainability and procurement	Workshop	Ardea International consultancy	One-off	

In addition to the training set out in the above matrix, our Group director of sustainability and procurement and our company secretary undertook bespoke training on modern slavery designed for construction companies. The ENDslavery construction course was delivered by Ardea International and attended by three other participants from two of our peer companies. The six-week programme featured weekly online meetings to discuss modern slavery risks in our businesses and the industry more widely.

Training for suppliers

We refer our supply chain to the Supply Chain Sustainability School where they can access e-learning modules on modern slavery and promote the School's events and briefing sessions. The School provides training and materials to assist suppliers in identifying and managing the risks associated with modern slavery within their own organisations, as well as guidance on how to conduct due diligence with regard to their own supply chains. Suppliers are also guided on how to link their modern slavery initiatives to their wider legislative and ethical approach to labour standards such as Right to Work checks. We engage with the Supply Chain Sustainability School to share ideas regarding how best to identify and manage incidents of modern slavery should they arise.

Responsibility for compliance

The director of each division is responsible for their supplier relationships and for their division's compliance with the Group's Modern Slavery policy and the Act. The divisional directors are advised and supported by the Group director of sustainability and procurement, the head of procurement, the Group commercial director, the general counsel, the company secretary and the Group head of audit and assurance.

This statement is made pursuant to section 54 of the Act and was approved by the Board of Morgan Sindall Group plc on 11 June 2020.



**Chief Executive
Morgan Sindall Group plc**

Who we are

Morgan Sindall Group is a leading UK construction and regeneration group, operating in the public, regulated and private sectors through our six divisions.

Our purpose

Inspiring talent to deliver excellence in the built environment.

Our business model

We invest cash from our construction activities in regeneration schemes that deliver long-term social and economic value.

£3.1bn

Group revenue

6,700

employees at year end



Construction & Infrastructure

Morgan Sindall Construction & Infrastructure operates in the highways, rail, aviation, energy, nuclear, healthcare, defence, commercial, water, industrial, leisure and retail markets. BakerHicks offers a multidisciplinary design and engineering consultancy.

MORGAN SINDALL
INFRASTRUCTURE

MORGAN SINDALL
CONSTRUCTION

Fit Out

Overbury specialises in fit out and refurbishment in commercial, central and local government offices, further education and retail banking. Morgan Lovell provides office interior design and build services direct to occupiers.

overbury

Morgan Lovell

Property Services

Morgan Sindall Property Services provides responsive repairs and planned maintenance to social housing and the wider public sector.

MORGAN SINDALL
PROPERTY SERVICES

Partnership Housing

Lovell delivers housing through partnerships with local authorities and housing associations. Activities include mixed-tenure developments, building and developing homes, maintenance and refurbishment.

LOVELL

Urban Regeneration

Muse works with landowners and public sector partners to transform the urban landscape through the development of multi-phase sites and mixed-use regeneration, including residential, commercial, retail and leisure.

muse

Investments

Morgan Sindall Investments provides the Group with construction and regeneration opportunities through long-term strategic partnerships to develop underutilised public land across multiple sites.

MORGAN SINDALL
INVESTMENTS