

## **Arran Isle Limited and its Subsidiary Companies (“Arran Isle”) Modern Slavery Act 2015 Policy and Statement 2021**

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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 trading as Carlisle Brass and as Eurolite.
- 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 keep the need for extending processes under review.

To our knowledge, there have been no instances of modern slavery within any Arran Isle Group companies, 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. While the COVID-19 pandemic has inevitably meant this has not been possible over the last year, we aim for these suppliers to be visited on a regular basis by Group employees trained to identify signs of modern slavery. In addition, we have a locally based agent, and while 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, 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.

In the last year, 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 will need to confirm that they are able to comply with the Group’s expectations for responsible and ethical behaviour from our suppliers. Targeting the largest first, we have recently started to engage with our main Chinese suppliers regarding this Statement, fourteen of whom have already signed the required reply and declaration of compliance. Over the coming year, we aim to expand this to cover the majority of our Far Eastern and also Indian suppliers.

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, over the next few months we will be requiring all employees in relevant roles to undertake refresher training. This will take the form of an online course and knowledge checks to develop awareness and skills for spotting the signs of modern slavery.

### 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 the matter is not being investigated fully or dealt with appropriately, the matter should be reported immediately 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 2020

Progress in 2020 was 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 and the number of audits undertaken by our Asian sourcing centre was reduced from normal levels. However, we were still able to undertake several audits in China, with all those audited achieving a high standard, and we are catching up with the planned schedule over 2021.

Importantly, having a team based in China, we have been able to maintain close contact with all our suppliers there, and have endeavoured to support them as much as possible during the pandemic. Albeit to a lesser degree, having our agent based in India has also enabled contact to be maintained with suppliers there.

As noted above, we also finalised our Group Statement of Expectations and are now rolling this out.

### 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 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 did not develop as we planned and realistically Group employees are unlikely to be able to make supplier visits to this region for some time. However, we have identified that our local agent, who is appropriately experienced and trained, can provide much more support in this area. The agent has been provided with the Group’s Statement of Expectations and will be engaging with our Indian suppliers to require them to sign up to the Statement and, subsequently, the same audit programme followed in China will be used in India.
- To further increase our ability to identify any indication that modern slavery is being perpetrated, we will be training our Quality Control inspectors in China in this regard. Given their role, they

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have wide ranging quite informal access to our suppliers’ facilities and, with appropriate training, will be well placed to add another layer of less formal checks.

- 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. Our focus remains on covering the bulk of our supply from what we consider to be higher risk areas, but we will be engaging with our largest European suppliers over the coming year 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 2020, 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**  
**16 June 2021**