

SHEPHERD BUILDING GROUP LIMITED
2022 SLAVERY AND HUMAN TRAFFICKING STATEMENT

Our Commitment

Shepherd Building Group Limited (the “Group”) are fully committed to operate with integrity, honesty and ethically and in compliance with all relevant laws and regulations, including playing our part in eradicating modern slavery & human trafficking.

Introduction from the Chairman

The UK Modern Slavery Act 2015 (the “Act”) requires certain businesses to state the actions that they have taken during the financial year to ensure Modern Slavery and Human Trafficking is not taking place in their operations and supply chains.

This statement describes the positive steps we have taken 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 for the financial year ended 31 December 2021 and is made in accordance with Section 54, Part 6 of the Act (2015).

We recognise and understand our responsibility to manage and seek to prevent, the risks of human trafficking, forced, bonded and child labour and to respect human rights in our operations and our supply chain. Our commitment to our stakeholders is clear – we will always treat people in our business and supply chain fairly and with respect. We continuously review and improve our practices to ensure that we have effective responses to prevent and remediate any negative impact on human rights and have a zero-tolerance approach to Modern Slavery and Human Trafficking.

What we do

Organisation’s Structure

Shepherd Building Group Limited is a holding company which has a number of wholly owned trading and non-trading subsidiaries.

Name of Entity	Geographic territories served	Nature of operations
Portakabin Limited	England and Wales	Development, manufacture, installation, hire and sale of Portakabin buildings
Portakabin (Scotland) Limited	Scotland	Installation, hire and sale of Portakabin buildings.
Portakabin (Ireland) Limited	Republic of Ireland	Installation, hire and sale of Portakabin buildings.
Portakabin (Refurbished) Limited	England and Wales	Installation and sale of refurbished Portakabin buildings
Portakabin (Site Accommodation) Limited	United Kingdom	Installation and hire of Konstrukta buildings
Portakabin Mobilraum GmbH	Germany	Installation, hire and sale of modular buildings.
Portakabin SAS	France	Installation, hire and sale of Portakabin buildings.
Shepherd Construction Limited	United Kingdom	Building contractor. Delivery & completion of legacy construction contracts.

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Our business

The Group has its head office in the UK and employs c 1,900 people across its operations in the England, Scotland, Wales, N. Ireland, Ireland, France, Belgium, Germany, Luxembourg and the Netherlands and has an annual turnover of c£360m.

The overwhelming majority of the Group's activity relates to (and is undertaken by) the Portakabin businesses. These are headed by Portakabin Limited.

Portakabin is a market leader in the design, manufacture and installation of modular and portable buildings, and a pioneer of advanced modular construction. Portakabin innovates, develops and delivers exceptional modular buildings across every sector. From portable cabins for construction sites to spacious offices, from stand-alone single buildings, laboratories and dressing rooms right through to award-winning modular buildings such as ultra-modern hospitals and schools.

With a promise to always deliver on time and on budget Portakabin can deliver buildings up to 70% faster than traditional construction. As well as delivering services directly across a number of our operating businesses we also act in the role of principal contractor. Portakabin has its international head office in York and operates its business from a network of hire centres and depots across Europe.

Our Supply Chains

The supply chain involved in the design, manufacture and installation of modular and portable buildings is complex and involves multiple levels. We use our Tier 1 direct suppliers to manage the risks of Modern Slavery throughout the entire supply chain and clearly communicate the expectations and requirements Portakabin have down through the 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. Portakabin operates a global sourcing strategy for components and raw materials, however most of our suppliers are based in the United Kingdom and Europe.

Our People

We have reviewed our employment practices across our 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).

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Our Policies and Governance

Policies

In addition to this statement and our existing policies we are introducing a specific Modern Slavery and Human Trafficking Policy which outlines to all of our stakeholders our stance and commitment to ensuring 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 the policies referenced within it), launched in 2021, summarises the principles we rely on to carry out our day-to-day activities.

Governance

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

Assessing compliance with our Modern Slavery and Human Trafficking policy (along with monitoring of the effectiveness of the controls within the business to mitigate the risks associated with compliance with laws, regulations and company policies) is undertaken by our Procurement function (supported by the HR and Legal and Governance function) and supported by reviews undertaken by the Internal Audit function. Regular reports on compliance are made to the Audit Committee of Shepherd Building Group Limited.

Assessing, Managing and Mitigating Risk

We are aware there may be the risk of Modern Slavery or Human Trafficking within supply chains. To seek to mitigate and eliminate this risk we take the following actions:

Supplier 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.

Contractual controls

We seek to ensure that our supplier contracts expressly reference compliance with the Modern Slavery Act, which contractually obliges our suppliers to ensure Modern Slavery is not occurring in their business. These clauses therefore also oblige them to implement due diligence procedures for their own suppliers to ensure that no Modern Slavery is taking place further down the supply chain.

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Due Diligence Processes for Modern Slavery

As part of our initiative to identify and mitigate risk we pursue an approach of continual improvement to strengthen the mitigation of risk of Modern Slavery and Human Trafficking. We have processes to ensure that suppliers and subcontractors are engaged via a controlled process before they contract to supply materials or provide sub-contract services and our key suppliers are subject to approval and periodic review by experienced, qualified and knowledgeable procurement professionals. As referred to below, we are looking to implement further due diligence measures on key suppliers in 2022.

Supplier Code of Conduct

The Supplier Code of Conduct was fully reviewed and significantly updated in 2021 in a format which mirrors our Employee Code of Conduct. The 2022 review is scheduled for completion in Q3 2022.

It specifically requires our suppliers to comply with workers fundamental rights and ensure 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.

Other Controls

- Members of the Board and management make regular visits to our operational sites (fixed sites and customer sites)
- We conduct regular employee surveys which include seeking employee views on welfare matters
- We have grievance and whistleblowing procedures. Our whistleblowing hotline is a confidential and independently managed service which is available to all employees, so they can raise any concerns about how the company conducts its business. Any reports made through the hotline are investigated fully and professionally by suitably experienced and senior members of the organisation. Every investigation includes reporting back to those who have raised concerns
- We have never received a report which would raise concerns of Modern Slavery or Human Trafficking in our business or supply chain
- Our HR teams are alert to flags which could signal risks relating to Modern Slavery and Human Trafficking and understand how to report issues.

Training and awareness

We recognise that to be effective at preventing and tackling Modern Slavery we need to raise and maintain awareness of this issue and the associated risks.

Although the COVID-19 pandemic reduced our ability to visit sites and for colleagues to engage face-to-face, we sought to ensure that training and awareness on ethical principles remained at the heart of both our employee “onboarding” experience and day-to-day learning and development activities.

All colleagues have received communications which provided them with a high-level overview of what is meant by Modern Slavery and Human Trafficking, the methods by which Portakabin looks to combat it and to re-iterate that the company’s stance is of zero tolerance in regard to this matter.

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As part of a refreshed approach to managing legal and regulatory compliance risks, 2022 will see newly developed communications and mandatory e-learning modules on Modern Slavery and Human Trafficking developed and launched in the business.

Our effectiveness in combatting Slavery and Human Trafficking

We have brought this statement to the attention of those in our procurement and purchasing functions and given the opportunity to provide feedback, to raise queries and to have them answered.

Our Procurement team are currently carrying out an assessment of the risk of non-compliance in our supply chain. They are also exploring with the Quality function how we can update and improve the supplier auditing process to potentially incorporate compliance reviews to include Modern Slavery and Human Trafficking risk. The Legal and Compliance function are also exploring how to improve the methods by which employees can raise concerns about Modern Slavery and Human Trafficking (and other ethical matters).

We require our suppliers to adhere to our policies (including Business Ethics Policy, Anti-Bribery and Corruption Policy, and Equal Opportunity and Diversity Policy) and seek express acknowledgement of this through our Supplier Code of Conduct. We have implemented new measures such that all UK suppliers (which represents the majority of our supply chain) have signed the Supplier Code of Conduct.

To highlight the importance placed on this matter to all stakeholders, the Board of Directors of Portakabin Limited made the decision to sign up to the Modern Slavery registry that was launched by the UK Government in 2020.

Our filings on this registry can be found here:

[Modern slavery statement registry - GOV.UK \(Modern-slavery-statement-registry.service.gov.uk\)](https://www.gov.uk/modern-slavery-statement-registry)

During early 2022 we decided to complete the Modern Slavery Assessment (Supplier Registration for UK Government) in order to ascertain 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. The outputs of that assessment were:

1. Policies / Governance
 - a. Write and publish a policy on Modern Slavery and Human Trafficking
 - b. We understand the highest risk areas and we articulate this in our statement
 - c. Make our statement and policy available to all suppliers as well as employees
2. Measuring risk
 - a. Risk assessment of whole supply chain
 - b. Risk based approach to due diligence defined and enacted (including understanding in more detail our supplier's Modern Slavery risks and how they are managing them)
3. Training
 - a. Provide more regular communications on the subject
 - b. E-learning module – mandatory for all
 - c. Use every instance of communication about governance / ethics / laws and regulations to remind people of how to report concerns (i.e. whistleblowing hotline)

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4. Measuring performance
 - a. Define KPIs and measures
 - b. Measure against those measures.

The GOV.UK platform provides detailed guidance to support improvements, enables the acceptance of the suggested improvements and the ability to update as each improvement is implemented.

We are committed to utilising this service and applying the guidance to each area of improvement.

Further Steps

Following a review of the effectiveness of the steps we have taken to ensure there is no Modern Slavery or Human Trafficking in our supply chains we intend to take the following further steps to combat it. These steps form part of our wider strategy on ESG matters:

- Continuing to ensure the effectiveness of the due diligence we undertake on our suppliers and (in turn) the effectiveness of our supplier's own due diligence procedures to ensure that no Modern Slavery is taking place further down the supply chain.
- Ensuring that all key non-UK suppliers sign the Supplier Code of Conduct.
- Launching a programme of communication and e-learning on legal and regulatory compliance matters. This will include Modern Slavery and Human Trafficking, bribery and corruption and fraud. Alongside this we will work with our risk team to understand what competencies, legal and mandatory training requirements are required for each role in our business so as to implement a competency matrix during 2022. This matrix will then be used to ensure that all those roles where there is a requirement for an enhanced understanding of matters such as Modern Slavery and Human Trafficking receive the appropriate level of training and knowledge on such matters. This being over and above the knowledge all employees will receive. The matrix will also define the requirements about frequency of refresher training and the keeping of records to evidence completion of training.
- Updating the Modern Slavery Assessment to record the guidance implemented and the corresponding improvements made.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and Human Trafficking statement for the financial year ending 31 December 2021.

This statement was approved by the board on 24 June 2022.



Andrew Allner
Chairman
Shepherd Building Group Limited