

Phelan Construction Modern Slavery Act Transparency Statement

This statement is made in accordance with the requirements of the Modern Slavery Act 2015 (the Act) as they apply to Phelan Construction Limited (“PCL”) and any subsidiary of the parent business.

PCL is committed to compliance with the provisions of the Act. As such, the Group has a zero-tolerance approach to modern slavery and we are further committed to acting ethically, transparently and with integrity in all of our business dealings and relationships. The Group has prioritised the implementation and ongoing enforcement of effective systems and controls to ensure modern slavery, including any instance of hidden labour exploitation, is not taking place anywhere in our own business or in any of our supply chains.

Business and supply-chain

PCL is a construction company with 120 direct employees and carries on business entirely within the UK. The business utilises an extended supply chain of UK-based trade subcontractors and suppliers to deliver its projects across the country.

Currently, the Group’s supply chain falls entirely within the UK comprising labour, materials and plant hire suppliers, recruitment and employment agencies from whom PCL employees may be sourced (each a Supplier and together the PCL Supply Chain).

We consider that the primary areas of risk that PCL faces related to slavery, include:

- a. the PCL Supply Chain and outsourced activities and in particular any future Suppliers that may be located in overseas jurisdictions;
- b. recruitment in our own business, particularly recruitment through agencies; and
- c. any future Supplier that operates outside of the UK would be subject to checks using the Dun and Bradstreet hosted Human Trafficking Risk index (the HTR Index).

Our policies

The PCL board (“the Board”) acknowledges the Group’s role in ensuring slavery and human trafficking is not taking place in its business or its supply chains. The development of our policy and operational response to the requirements of the Act have been a matter for consideration at Board meetings.

The PCL Anti-Slavery and Human Trafficking Policy (“the Policy”) has been developed in recognition of the Group’s new responsibilities set out in the Act, and applies to the PCL Supply Chain and 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, external consultants, third-party representatives and business partners.

The Board has overall responsibility for ensuring the Policy complies with our legal and ethical obligations, and that all those under our control comply with it. The Policy sits alongside the existing Anti-Corruption and Bribery Policy.

The Group’s existing structure of risk management provides the necessary framework to support the Group’s compliance with the requirements of the Act.

The Policy was adopted by the Board in April 2016, and is focused on the PCL Supply Chain on a risk assessment basis, primarily focussing on relevant high-risk business functions such as Facilities, HR, Procurement and Supply Chain, and high-risk Suppliers, identified via the means set out above. A breach of the Policy would result in disciplinary action, and potential dismissal for an employee, and the likely termination of our relationship with a Supplier.

All those subject to the Policy are encouraged to raise concerns about any issue or suspicion of modern slavery in any parts of our business or supply chains or those of any current or potential Suppliers, at the earliest possible stage. PCL aim to encourage openness and will support anyone who raises genuine concerns in good faith under the Policy, even if they turn out to be mistaken. Further, the Group 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. All notifications received, together with the identity of the person notifying, will be treated as confidential.

Assessment of risk

The Group’s preliminary assessment of risk in this context, and the subsequent potential therefore for exposure to instances of modern slavery, has been based upon business function and geography. The Group’s conclusion has been that the potential for non-compliance with the Act, whilst minimal, should be assessed as part of the Group’s ongoing risk management processes.

The Group takes a two pronged approach to risk identification: (i) a bottom-up approach at the business function level; and (ii) a top-down approach at the senior leadership team level. All identified risks are assessed against a pre-defined scoring matrix and prioritised accordingly. Any risks identified in the bottom-up approach deemed to be rated as higher risk are escalated in line with pre-defined escalation procedures for further evaluation.

Procedures

This statement has been published in accordance with, Section 54 of the Act, as it applies to Phelan Construction Limited, a commercial organisation that carries on business in the UK, supplying goods and services and having a total annual turnover of £36 million or more, and all entities in the PCL Group plc global structure. This statement sets out the steps that have been taken during the financial year to ensure that modern slavery is not taking place in the PCL Supply Chain and in any part of our own business. The statement has been signed by Neil Coy, Managing Director of Phelan Construction Limited, and is published on our website with a clear link on the homepage.

Suppliers: we take one or more of the following actions in respect of each Supplier:

- a. we ensure that we can account for each step of our construction processes;
- b. we inform our Suppliers that we are not prepared to accept any form of exploitation in their business or any part of their supply chain by publishing our policy and statement on our website;
- c. we complete monitoring on all companies in the PCL Supply Chain, and any anti-bribery or modern slavery changes for a specific Supplier will trigger an immediate review and business assessment / investigation;
- d. our standard supply chain contract templates and contracts that we negotiate with high-risk Suppliers contain anti-slavery provisions which prohibit Suppliers and their employees and sub-suppliers from engaging in modern slavery; and
- e. we conduct regular risk assessments of our PCL Supply Chain. In cases of high risk, we audit the Supplier and where appropriate we would require them to take specific measures to ensure that the risk of modern slavery is significantly reduced.

Recruitment: we take the following actions:

- a. We always ensure all staff have a written contract of employment and that they have not had to pay any direct or indirect fees to obtain work;
- b. We always ensure staff are legally able to work in the country in which they are recruited including undertaking the relevant Passport and Work Visa checks
- c. We check the names and addresses of our staff (a number of people listing the same address may indicate high shared occupancy, often a factor for those being exploited);
- d. We provide information to all new recruits on their statutory rights including sick pay, holiday pay and any other benefits they may be entitled to;

e. If, through our recruitment process, we suspect someone is being exploited, the HR department will follow our reporting procedures; and

f. We conduct due diligence checks on any recruitment agency that we use to ensure that it is reputable and conducts appropriate checks on all staff that they supply to us.

Actions and due diligence

Proportionate training will shortly be provided to existing Group employees and new joiners, prioritising the relevant high-risk business functions. Training will be supplemented by a suite of internal communications available to all Group employees. Future refreshment will be provided, as appropriate.

Since January 2016, PCL's standard supply chain contracts have been updated to include modern slavery compliance provisions. New Suppliers and any supplier identified as a "high-risk" will be required to commit to full anti-bribery and modern slavery compliance when first entering in to a business relationship with the Group.

Effectiveness and performance review

The Board is pleased to announce that to date no recorded anti-bribery or modern slavery breaches, and/or related reports in the media globally have been identified in respect of any Supplier.

However, the Board is committed to keeping the existing PCL Supply Chain population under review. The Board will monitor the performance of the Policy, together with the Anti-Corruption and Bribery Policy and will maintain a watching brief on the compliance of all Suppliers.

Any alert raised through this process will be subject to an internal review and where appropriate, a business investigation of the Supplier identified.

In the event an instance of slavery is identified in a business in the PCL Supply Chain, the Group will require that immediate remedial action be taken, and provide appropriate support to that end. Should the Supplier ultimately fail to resolve the situation to the Group's satisfaction, their contract would be terminated.

The Board do not believe that the Group's key performance indicators for the financial year ending, 31 December 2017 make the business or the PCL Supply Chain vulnerable to modern slavery. However, this will be kept under ongoing review, and reassessed each year.

Conclusion

The Group's position and approach to managing our compliance with the Act continues to evolve. However, we are pleased with the measures taken to date, and the processes now in place to ensure this will be kept under regular and effective review. The Board delegated approval of this statement on its behalf to the Chief Financial Officer of the Company, on 8 November 2016.

Neil Coy¹

Managing Director,

Phelan Construction Limited

30 November 2016

¹The signature has been removed for data protection reasons