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JAMES WALKER

LEITH

Modern Slavery and Human Trafficking Statement 2023

Introduction

Modern slavery is an invisible crime with the potential to affect every industry, in every country in the world. The term modern slavery refers to a range of serious forms of exploitation, including forced labour, debt bondage, human trafficking, and slavery. These practices are serious crimes, grave abuses of human rights and have devastating impacts on survivors.

The UK Modern Slavery Act requires UK companies over a certain size to prepare an annual modern slavery statement explaining how they are assessing and addressing modern slavery risks in their operations and supply chains, and aims to change the way entities do business to reduce the risk that the goods and services we use every day are the product of modern slavery.

James Walker (Leith) Ltd is responding proactively, by taking measures to work closely with suppliers to identify modern slavery risks and to better target and prioritise its actions in responding to these risks. We are committed to ensuring that our supply chains are free from modern slavery by addressing and mitigating risks that are identified, and to play our part in eliminating this crime wherever it occurs.

James Walker Leith Structure and Operations

James Walker (Leith) Ltd acts as a holding company for a group of companies who operate within the UK and whose businesses cover a range of market sectors, including:

- Construction
- Residential and commercial property development and investment
- Manufacturing and installation of engineered timber products
- Timber importing
- Operation and facilities management of healthcare facilities

The Head Office functions are based in Livingston, Scotland and subsidiary companies operate from various locations in England and Scotland.

Companies within the James Walker (Leith) group include:

- Dundas Building Co. Ltd
- Dundas Estates and Development Co. Ltd (and its subsidiaries)

- Walker Commercial Properties Ltd
- Walker Healthcare Ltd (and its subsidiaries)
- Walker Residential Properties Ltd
- Walker Timber Group Ltd (and its subsidiaries)
- Woodbridge Timber Ltd

Organisational Policies

The Group and its component companies are committed to, and have a range of policies that include:

- Equal Opportunities
- Ethical Trading Code of Conduct and Human Rights
- Anti-Harassment and Bullying Policy
- Bribery & Corruption
- Anti-Money Laundering
- Whistle Blowing

All our staff are employed on terms that comply with current UK Legislation. All of our policies are regularly reviewed and kept up to date and in line with industry best practice and are readily available and accessible to all employees on our internal intranet or from HR. Any updates are sent to relevant staff along with training sessions being carried out where appropriate.

All new job applicants are sourced through reputable recruitment agencies and all prospective employees will be asked to produce the relevant documents to allow us to verify their entitlement to work in the UK. We are committed to providing equal opportunities for all job applicants and workers.

The company's commitment to modern slavery is based on a commitment to human rights and grounded in the due diligence framework outlined in the 2011 United Nations Guiding Principles on Business and Human Rights (UNGPs). Our Ethical Trading Code of Conduct and Human Rights policy requires the following standards (based on the ILO Declaration on Fundamental Principles and Rights at Work) to be met by all of our group companies and suppliers in terms of employment practices and rights of workers:

- Employment is freely chosen
- Freedom of association and the right to collective bargaining are respected
- Working conditions are safe and hygienic
- Child labour shall not be used

- Living wages are paid
- Working hours are not excessive
- No discrimination is practised
- Regular employment is provided
- No harsh or inhumane treatment is allowed
- Environmental impact is managed

It is the responsibility of all employees involved in taking on new suppliers to communicate that James Walker (Leith) will only work with reputable suppliers and manufacturers who are committed to working towards compliance with the standards set out above as a minimum. Prospective or existing suppliers not meeting these standards will be offered support and guidance to do so but any major breach will result the termination of relations. If a case of modern slavery is discovered at any point during the procurement process, it will be reported to a senior member of staff who will contact the modern slavery helpline and/or the police as appropriate.

Due diligence

The aim of our due diligence system is to be able to assess actual and potential human rights impacts in our supply chain - by integrating and acting upon the findings we aim to form a robust, strategic, and proactive basis for an ethical supply chain which identifies, minimises, and mitigates modern slavery risks as much as possible.

We are committed to purchasing goods and services from providers who operate their businesses in compliance with our policies as listed above and any relevant legislation that reinforces these policies. We have built long term relationships with many of our supply chain partners, based on having common goals and values. We expect our supply chain to adhere to our core policies and values while working alongside us in a transparent and compliant relationship. Our main suppliers are routinely reviewed and evaluated on a range of criteria to ensure our ability to best meet the needs of our customers and ensure compliance with legislation.

All of our timber supplies (which form the vast majority of our imports) are supported by Chain of Custody certification. We are both PEFC (Program for the Enforcement of Forest Certification) and FSC (Forest Stewardship Council) certified and we only purchase timber from suppliers who also have one or both of these certifications. The Sustainable Forest Management and Chain of Custody standards associated with these certifications commit certificate holders to an extensive due diligence process which strictly prohibits the use of slavery, forced labour and human trafficking throughout the supply chain. The social criteria in these standards are based on the ILO Declaration on Fundamental Principles and Rights of Work which, among other things, sets out to eliminate all forms of forced or compulsory labour. All certified members are audited by accreditation bodies on an annual basis to ensure they continue to adhere to these standards and any loss of certified status would result in the immediate termination of supply.

As part of our due diligence system, we use a geographical risk-based approach to our foreign supplier approval procedures. Using data from the Walk Free Foundation's Global Slavery Index we have been able to measure suppliers, based on their country of operation, across three main categories: prevalence of modern slavery, vulnerability to modern slavery and government response. As we generally only work with EU denominated suppliers, all of our suppliers scored above average in every category, but we recognise there is more that we can do to ensure modern slavery does not exist within our supply chain.

Last year we formulated a new questionnaire for suppliers of goods and services to the James Walker (Leith) group of companies, to assist group companies and their suppliers to identify and assess possible modern slavery risks in their supply chains, employ mitigation efforts to combat the risk of modern slavery in their supply chains, and foster collaboration between James Walker (Leith) group companies and their suppliers to address these risks. The questionnaire seeks to understand things such as:

- The supplier's organisational structure including modern slavery policies, responsible personnel and training given to those personnel;
- Level of visibility over their own supply chain;
- Level of supplier engagement;
- Response processes in case of any risks being identified.

The questionnaire also contains links to websites with guidance and resources for businesses on identifying and combating modern slavery.

We believe that by working collaboratively with other companies in our supply network, we can where possible distribute the workload and costs involved in some aspects of risk identification and management. By encouraging our immediate suppliers to adopt the same methodology and pass the questionnaire on to their suppliers, we can begin to address the issue of lack of supply chain visibility beyond our immediate suppliers. We hope that by tracking responses and communicating how impacts are addressed we can build up a picture of our entire supply chain, evaluate risks of both immediate and more distant suppliers, encourage commitments for remediation if it is identified that modern slavery risks have been detected, and sanction or cut off contracts with suppliers who do not meet the requisite standards.

We don't expect to be able to build this picture overnight, particularly as it will take time to build up the capacity of our immediate suppliers to identify and address risk factors of their suppliers, and so on. This will be a long term and ongoing initiative of continual improvement which we hope will contribute towards increasing transparency in our supply network and the development of best practices in combating modern slavery wherever it might be hiding.

Identification of Key Modern Slavery Risks

There are challenges in every country and within every industry to identifying areas where modern slavery may be of increased risk due to the hidden nature of the crime. The diverse nature of our operations gives rise to complex supply chains spanning multiple industries throughout the UK, Europe and beyond. These supply chains include the provision of clinical goods and services used to support the delivery of healthcare services in our healthcare division; services for the building, refurbishment and ongoing facilities management of our care homes and hospitals; provision of labour and materials for our construction and timber engineering activities; and procurement of imported timber including the transport and logistical activities required to deliver the goods to our UK customers.

In having supply chains that span borders and are complex and multi-tiered in nature, we recognise that some of our supply chains will have an exposure to modern slavery risk factors.

The construction industry is one of the sectors most vulnerable to modern slavery. Temporary agency work is common and together with its high demand for manual, low-skilled, low-waged work, it has been identified that there is a high risk of workers being subjected to forced labour. The UK construction industry is effectively in recession in 2023, viewed against a backdrop of a flatlining UK

economy, falling real wages, high inflation and rising mortgage rates hitting demand for new housing and home improvement works. This economic environment only serves to further exacerbate these modern slavery risks as work becomes scarce and unscrupulous employers prey on the desperation of the vulnerable to keep costs low.

Our imported timber supply chain includes sawing and planning mills, logging companies and a complex distribution network spanning a number of European countries. Forced labour can occur in logging, and may include threats, violence, poor living and working conditions, a lack of formal contracts, and non-payment of wages. It also may occur in sawmills, where workers may have to work excessive and unpaid overtime while having their documents retained and movement restricted. Migrant labour is common. Forced labour is most likely to arise in sectors where regulatory oversight is weak. Where work takes place in isolated areas, unionization and labour inspections become challenging.

Importing also exposes us to the risks of modern slavery in the global shipping industry. Seafarers are often from nations with poor records in relation to human rights, labour rights and corruption. Workers face isolated working conditions and are often dependent on their employers for communication with the outside world. This makes seafarers particularly vulnerable to exploitation. While guarantees to decent work conditions, accommodation, food and medical care, amongst other standards, have been in force since 2006 under the Maritime Labour Convention (MLC), the shipping industry's unique feature of flag states also creates a fragmented system of regulatory oversight, and places limitations on effective enforcement of conditions on board vessels.

At James Walker (Leith) we understand that companies operating in diverse sectors can be all the more exposed to modern slavery risks and must take proactive steps to ensure that we identify these risk factors and take action to combat them effectively.

We also understand that the highest risks of modern slavery overwhelmingly lurk in the lower tiers of the supply chain. Large companies often deal with hundreds if not thousands of suppliers, especially by the time that lower tiers are mapped. If left unchallenged, businesses such as ours can be left open to corrupt supply chains causing huge reputational damage and, far worse, fuelling the abhorrent crime of modern slavery. The only way to combat these risks is for businesses to proactively pursue the issue, right through to the lowest tiers of their supply chain.

The modern slavery questionnaires sent to our suppliers over the past year have not uncovered any further areas of concern and we continue to monitor them closely.

Assessing and Managing Risks

Assessing the full nature and extent of our exposure to the risk of modern slavery is carried out on three levels: country level, sector/industry level and organisation level. The more visibility we have of our supply network down to the individual organisation level, the more able we are to take targeted action to manage modern slavery risks. Depending on level of exposure and severity of risk we will take one or more courses of action including working with our supply partners to mitigate risks, site visits and audits, or ultimately termination of business.

All our operations are based in the UK and most of our key supplies and services (with the exception of imported timber) are sourced from trusted partners within the UK with whom we have longstanding relationships. The Walk Free Foundation's Global Slavery Index assesses the prevalence of modern slavery in the UK to be 1.8 people per thousand which puts the UK inside the top 10% of countries for lowest prevalence. The UK government response to modern slavery has been ranked 1st out of 180 countries fuelling a positive movement versus the 2021 index, reducing

the prevalence figure by over 13%. Their findings in the UK study were that forced labour ranks highest by type of exploitation, and construction was one of several sectors where forced labour was most likely to be found. We are committed to continuing the ongoing process of thoroughly assessing all of our construction partners and contractors to ensure that the risks of modern slavery remain at minimal levels. We have detected no instances of modern slavery to date.

We also use the Walk Free index to assess prevalence of modern slavery in the countries we import timber from. All (2021 index:85%) of these countries fall within the top 30% of countries for least prevalence with most in the top 10%. All our timber is covered by chain of custody certification. 3rd party audits carried out by accredited certification bodies require that all certified companies demonstrate their commitment to comply with the social, health and safety, and labour requirements based on the ILO Declaration of Fundamental Principles. In many cases, this goes right back to the forest owners from where the timber is sourced. For this reason, we have always assessed the certified timber sector to be low risk. We use a small number of trusted suppliers with whom we have long term relationships and visit on a frequent basis. We are continuing to gather information on the individual organisations within our timber supply chain, focussing more on modern slavery risks using our new questionnaires but so far have found no areas of concern.

Training

By ensuring that our entire staff are trained to understand what modern slavery is and how they must commit to their responsibilities in identifying it, and by embedding a people-centric human rights perspective into our company values, we believe our employees will be better placed to keep this commitment in mind when making important decisions that could otherwise expose our business to modern slavery risks.

We are working collaboratively with our supply partners to take a united approach to the prevention of modern slavery in raising wider awareness and ensuring consistency of approach.

In engaging with our suppliers and training our people on their responsibilities, we are making it clear that this is something that matters deeply to our company, and that the James Walker (Leith) group of companies are committed to eliminating all risks of modern slavery in all its abhorrent forms throughout our entire supply network.

Approved by the Board of Directors of James Walker (Leith) Ltd.

Signed by John Campbell, Director on 20th September 2023.