



**MODERN SLAVERY STATEMENT
JUNE 2023**

**STRENGTHENING
INDEPENDENTS**

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INTRODUCTION

This is NMBS' updated Modern Slavery Statement and has full Board approval, showing our unreserved commitment to do all we can to eliminate modern slavery in our value chain. This will be reviewed and developed on an annual basis.

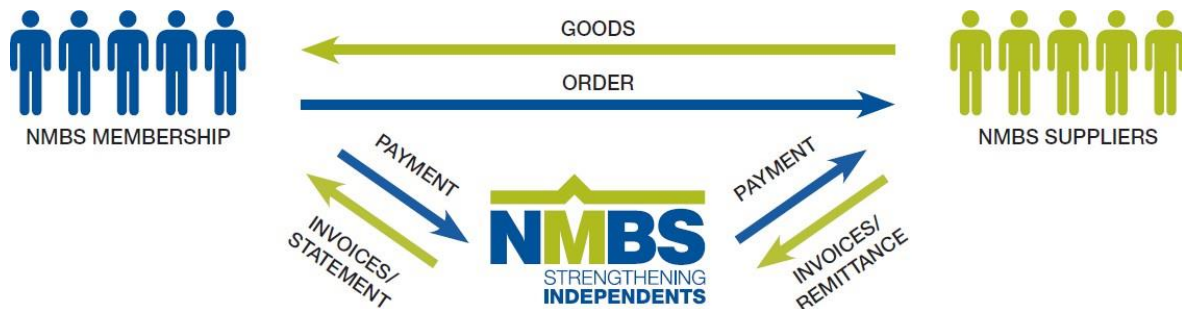
We aim to encourage other organisations within our membership community and the wider merchanting industry to fully engage, to share what we know and have found to be effective, to offer our collateral at no cost to others, to share our challenges, to be open to learning, to lead and support innovative approaches and to identify risks. We also want to lead the way and speak out when instances of modern slavery are found.

We have total alignment across our business to ensure that we do all that we can to eliminate modern slavery in all of its forms. Internal drive, challenge and desire are strong, and our message is clear; we are focused upon building knowledge, confidence and respect for human rights. Our people are fully engaged, and the Board is clear that we always say, 'no to modern slavery'.

STRUCTURE AND BUSINESS MODEL

NMBS is a co-operative owned by its members and we currently have 1,230 members, with 4,749 branches across the UK, covering the full range of Independent Builders, Plumbing & Heating, Hardware, Tool and Timber Merchants.

Business Model



The primary aim of NMBS is to enable our members to succeed and to be the **“Best at what Matters Most”**, by focusing on the following core activities:

- Providing Easy Access to Brand Leading Suppliers - via Simple Account Set Up and Access to Credit provided by NMBS
- Exclusive Discounts & Rebates – that drop straight to the bottom line
- NMBS Trade Exhibition – Great Buying & Selling Show with lots of Exclusive Discounts and Rebates that apply to the whole month of April
- Reduced Administration costs – via Invoice Clearing – Easy Online Download of Invoices/Credits and Statements – One Payment to cover multiple supplier accounts
- Electronic Invoicing - One step set up to give Simple and Easy Access to EDI Invoicing with almost 500 suppliers
- Professional Support from the NMBS Team – Clear Help and Advice

Put simply, NMBS negotiates a framework deal with a supplier, which it then communicates to its members. Our members do not have to follow the deal and it is totally up to them whether they use it.

A thorough review has been undertaken of all 480 of NMBS’ suppliers for adherence to UK Modern Slavery reporting requirements. The review found that 180 suppliers are required to publish a Modern Slavery Statement, whilst 300 suppliers are not in scope. Of the 180 in scope to report, 170 have a statement publicly available on their website, signifying that NMBS has 10 suppliers which are non-compliant.

The Deep Dive Risk Assessment was conducted via an overarching Construction Sector Risk Review, with specific focus placed on geographies with known prevalence of modern slavery. Due to a lack of transparency around supplier sourcing locations, it was not possible to draw a direct connection to NMBS suppliers and products, however, it should be noted that NMBS has suppliers that explicitly state operations within the following high-risk locations or commodity types; Vietnam, Gulf States / Middle East, Granite & Stone, and Timber. It should be further noted that it is highly likely that NMBS' suppliers have operations within broader construction sector high-risk areas e.g. Asia Pacific, China, India, Copper, Tantalum, Tungsten, Tin, and the transportation of products.

We are committed to making our environmental, social and governance data transparent so our members and suppliers can trust the NMBS brand and our people can be proud of where they work.

NMBS Modern Slavery and Anti-Trafficking Policy

The National Merchant Buying Society (NMBS) is committed to tackling the fundamentally unacceptable practice of modern slavery and human trafficking and will not tolerate the use of any form of modern slavery or child labour across its business and supply chain.

The terms of this policy are aligned to the ILO Conventions on Forced and Child Labour (Annex A), and the ETI Base Code (Annex B) clause 1. The requirements outlined in this policy should be seen as the minimum standard of application, compliance with national or other applicable laws must also be followed.

1. Definitions

Forced & Prison Labour

- There is to be no forced, bonded, or involuntary prison labour.
- There shall be no forms of coercion, fraud, deception, abuse of power, or other means to achieve control over another person for the purpose of exploitation.
- Workers are not required to lodge 'deposits' or identity papers with their employer and are free to leave their employer after reasonable notice.
- Recruitment fees and the cost of transportation for migrant workers must be covered by the employer, not by the workers.
- Accommodation for migrant workers shall be well ventilated, provide reasonable living space, access to potable water, washing and cooking facilities, and lockable storage for each worker.

Child Labour

- No child labour shall be used.
- The minimum age of employment shall be 15 years, or local legal minimum age, or the age of completion of compulsory education, whichever is higher.
- The use of apprenticeship schemes are encouraged as long as these meet minimum age and legal minimum wage requirements.
- Employees under the age of 18 must not be employed in hazardous environments.
- In the case of child labour being identified, the wellbeing of the minor shall be the priority in remediation.

2. Commitment to tackle modern slavery and human trafficking

NMBS shall:

- Embed the terms of this policy into management systems and contractual controls.
- Raise awareness of modern slavery and human trafficking across its members and suppliers.
- Engage in sector collaboration to encourage alignment and action to proactively tackle modern slavery and human trafficking.
- Comply with the requirements of the UK Modern Slavery Act, international laws and treaties.

Annex.

Annex A. ILO Core Conventions

1. [ILO Forced Labour Convention, 1930 \(No. 29\) \(link\)](#), and its 2014 protocol [\(link\)](#).
 - Both the convention and the protocol seek to provide prevention, protection, and remedy for instances of forced labour
 - Each member of the ILO which ratifies the convention should adhere to suppressing the use of forced or compulsory labour within the shortest possible period
2. [Abolition of forced labour convention 1957 \(No. 105\) \(link\)](#).
 - Prohibits the use of any form of forced or compulsory labour, as a means of political coercion or education, punishment for the expression of political or ideological views, workforce mobilisation, labour discipline, punishment for participation in strikes, or discrimination
3. [Minimum age convention 1973 \(No. 138\) \(link\)](#).
 - This convention sets a general minimum age of 15 for employment, with some exceptions for developing countries, whereby if the economy and educational facilities are insufficiently developed, a minimum age of 14 can be specified
4. [Worst forms of child labour convention 1999 \(No.182\) \(link\)](#).
 - Under this convention, hazardous work by young workers under the age of 18 is prohibited

Annex B. The Ethical Trading Initiative (ETI) Base Code [\(link.\)](#)

The ETI Base Code is founded on the conventions of the International Labour Organisation and is an internationally recognised code of good labour practice. The Code consists of nine clauses:

1. Employment is freely chosen
2. Freedom of association
3. Working conditions are safe and hygienic
4. Child labour shall not be used
5. Living wages are paid
6. Working hours are not excessive
7. No discrimination is practiced
8. Regular employment is provided
9. No harsh or inhumane treatment is allowed

Companies applying the Base Code should consider that these clauses constitute minimum not maximum standards, and that if a company is to apply this code, they should also be compliant with national and other applicable laws

RISK ASSESSMENT

Two risk assessments have been undertaken in respect of NMBS' suppliers, High Level and Deep Dive.

The High-Level Risk Assessment involved a thorough review of all 480 of NMBS' suppliers for adherence to UK Modern Slavery reporting requirements. The review found that 179 suppliers are required to publish a Modern Slavery Statement, whilst 298 suppliers are not in scope. Of the 179 in scope to report, 169 have a statement publicly available on their website, signifying that NMBS has 10 suppliers which are non-compliant.

The Deep Dive Risk Assessment was conducted via an overarching Construction Sector Risk Review, with specific focus placed on geographies with known prevalence of modern slavery. Due to a lack of transparency around supplier sourcing locations, it was not possible to draw a direct connection to NMBS suppliers and products, however, it should be noted that NMBS have suppliers that explicitly state operations within the following high-risk locations or commodity types; Vietnam, Gulf States / Middle East, Granite & Stone, and Timber. It should be further noted that it is highly likely that NMBS' suppliers have operations within broader construction sector high-risk areas e.g. Asia Pacific, China, India, Copper, Tantalum, Tungsten, Tin, and the transportation of products.

This is the very beginning of this type of review; internal processes have yet to be developed which will enable NMBS, building upon these assessments, to identify high risk supply chains.

DUE DILIGENCE

NMBS has developed and adopted its Anti-Slavery and Human Trafficking policy and plans to apply this to all suppliers, one method being by inclusion in the Society's framework agreement and terms and conditions.

As a consequence of the work undertaken on this, NMBS has changed its approach to prospect suppliers. Any prospective supplier review now includes a risk assessment which determines the compliance with national law and modern slavery reporting of the prospect.

Risk assessments of all suppliers will be carried out annually by a member of the Trading team. This has been embedded into the Trading team's management system as part of the Terms renewal. Key metrics related to modern slavery risk and compliance are now implanted into reporting.

Any suppliers identified as being non-compliant have been spoken to already to determine their position, and it has been stressed that in order to continue to transact via NMBS, the supplier needs to be compliant with national law and modern slavery reporting.

This due diligence roadmap is as an outcome of the workshops and risk assessment undertaken and will be a developing strategy.

MONITORING

In 2023, NMBS has undertaken a project with Mazars to review current policies and processes to combat modern slavery and their effectiveness. Previously KPIs had not previously been developed to measure this effectiveness.

As a result of the work undertaken, the following KPIs will be used going forward to measure the effective of NMBS' due diligence roadmap:

- The percentage of suppliers risk assessed
- The percentage of suppliers compliant with MSA and NMBS' updated terms and condition
- The percentage of suppliers with a policy prohibiting modern slavery and forced labour
- The number of bulletins that have been issued to members and suppliers with a focus on Modern Slavery

TRAINING

Training and collaboration play a major role in helping to prevent slavery and human rights abuses. Being at the beginning of establishing a position on Modern Slavery, we are committed to work closely with our colleagues and suppliers to help build their capacity to identify, manage and deal with risks of modern slavery.

During the year, NMBS Heads of Department and Executive received training from Mazars on this subject. Areas covered:

- The roles and responsibilities of NBMS in combating modern slavery
- Types of modern slavery
- Modern slavery in context
- Exploring case studies, vulnerable work groups, indicators of modern slavery
- Modern slavery in supply chains

It is intended to extend this training beyond the top tier management to all managers throughout the business.

In 2023, it is our intention to establish a benchmark from which we are able to measure and improve our knowledge with actions to follow to achieve our ambitions and commitments. At the foundation of this is the belief that collaboration is essential to developing sustainable solutions to issues that put workers' interests first.

STATEMENT OF COMMITMENT

This statement has been approved by the Executive Board of Directors and the actions contained herein.

This statement has been approved by Chris Hayward, Chief Executive Officer, for the financial year ending 31 December 2022. This statement will be reviewed and updated every year.