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Modern Slavery Statement – July 2016

Introduction

This statement sets out Ideal Boilers actions to understand all potential modern slavery risks related to its business and to put in place steps that are aimed at ensuring that there is no slavery or human trafficking in its own business and its supply chains. This statement reports on the actions taken relating to the financial year 1st January 2016 to 31st December 2016. It also comments on the plans for the period 2017/18 which is the first period for which Ideal Boilers Ltd has a legal obligation to report on this issue. Although there is no legal obligation on Ideal Boilers to publish this statement prior to 30/6/17, the company has decided to publish early as a way of demonstrating our commitment to addressing this important issue.

As part of the Heating, Ventilation, & Air Conditioning (HVAC) industry, Ideal Boilers recognises that it has a responsibility to take a robust approach to modern slavery and human trafficking.

The organisation is absolutely committed to preventing slavery and human trafficking in its corporate activities, and to ensuring that its supply chains are free from slavery and human trafficking. In preparing this statement due consideration has been given to:

- The obligations placed on us as a result of the Modern Slavery Act 2015 - The Company recognises its moral and legal responsibility with regards to modern slavery and human trafficking and as a minimum, we will comply with all relevant legislation;
- Understanding the risks the business is exposed to as a result of going about its business. These risks arise as a result of the type of components purchased and consumed in the end products and their material content. Also, the geographical location of certain suppliers within our tier 1 and subsequent tiers of supply chain.

Ideal Boilers' corporate values of Integrity, Learning, Disciplined Approach, Excellence and Innovation guide employees when making decisions about all aspects of the running of the business. In the case of labour exploitation or modern slavery it is expected that all personnel responsible for the sourcing and specification of materials for use in our boilers act with Integrity to ensure that no action taken by the business is likely to adversely impact the human rights of people working in our supply chain wherever they may be and however far down the supply chain they may be.

Ideal Boilers has taken steps to review and update policies and management documents which are used in the course of selecting suppliers and managing their activities. As a minimum, it is expected that all suppliers working on behalf of Ideal are fully compliant with local employment law and supply chain management laws.

The UK Government Modern Slavery Act 2015 requires Ideal Boilers to disclose annually online, as a minimum, the following:

- a) the organisation's structure, its business and its supply chains;
- b) its policies in relation to slavery and human trafficking;
- c) its due diligence processes in relation to slavery and human trafficking in its business and supply chains;
- d) the parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk;
- e) its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate;
- f) the training about slavery and human trafficking available to its staff.



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Below is a more detailed insight in to the specific activities which relate to the 6 areas of focus. This statement also includes information on our plans and intentions in relation to the 6 highlighted areas and is intended to cover a time frame of 12 – 18 months. Ideal Boilers prides itself on being one of the market leading businesses in the HVAC industry, our response to the issue of modern slavery will demonstrate our commitment to ethical trading and the wellbeing of people engaged in activities throughout our supply chain.

A) Organisational Structure and Supply Chains

This statement covers the activities of Ideal Boilers Ltd part of the Groupe Atlantic group of organisations.

Ideal Boilers is a market leading supplier of domestic and commercial boilers primarily to the UK market. In addition, the business provides a national network of engineers to support boilers under warranty following installation. In recent years the business has also had considerable success in engaging with installers in the market to educate and train them on the range of products offered by the company and how they should be safely installed.

Whilst the sales market is largely UK focused the supply market is global, with critical suppliers located in China, India, Vietnam and continental Europe as well as the UK.

The company adopts a risk assessment approach as to whether or not particular suppliers within the supply chain are high risk by reference to:

- ✓ The work of the Global Slavery Index (<http://www.globalslaveryindex.org/>) which identifies countries where there is a higher risk of exploited labour;
- ✓ The type of component being specified and purchased either directly or indirectly. Components which contain tin, tantalum, tungsten and gold are subject to particular scrutiny since there is a risk of revenues generated from the sale of these minerals being used to fuel conflict particularly in a number of countries in central Africa;

B) Policies in Relation to Human trafficking, exploitation and slavery.

What we have done

Ideal Boilers has a zero tolerance policy of human trafficking, exploitation and slavery within its operations. The business has a CSR umbrella policy in place which defines the following approach to our obligations in this respect:

- ✓ Each operating company will have contracts which clearly set out the agreed terms, conditions and the basis of our relationship with suppliers. We will operate in a way that safeguards against unfair business practices;
- ✓ We shall encourage suppliers and contractors to adopt responsible business policies and practices for mutual benefit and will not accept child labour;
- ✓ We shall adopt supplier assessment processes to check and monitor that their practices reflect our expectations.



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An Ethical Trading Policy has been developed and distributed to suppliers for them to review, sign and implement in their operations to ensure they are compliant with our requirements. This policy has been developed using the principles of the UN Global Compact. Although not a signatory to the UNGC, in adopting the principles of the UNGC Ideal Boilers and our supplying companies are required to demonstrate best practice in respect of human rights, labour, the environment and anti-corruption. Ideal Boiler's business values of Integrity and Excellence ensure that there is a strong and consistent alignment between our business practices, those of our suppliers and the principles of the UNGC.

Our general purchasing policy reinforces the 'way we do business' by referencing the fact that we expect all suppliers to as a minimum, comply with local health and safety, environmental and labour legislation. It also makes reference to the expectation that employees and suppliers will comply with the requirements of current anti-bribery and anti-slavery legislation.

What we will do during 2017/18

We will continue to monitor for changes in legislation and good practice in respect of human trafficking, exploitation and slavery. As part of the quarterly policy review meetings held within our Purchasing function we will ensure policies are relevant and up to date in line with Group and wider industry best practice and current legislation. We will continue to communicate the company's obligations in these respects to other stakeholders, specifiers and requisitioners who spend the company's cash purchasing goods and services across the business.

C) Due Diligence Processes

What we have done

Ideal Boilers continues to develop practices and processes in this respect. At the time of this statement being published, the business has used a combination of approaches to assess supplying businesses compliance with best practice.

1. **Supplier Self-Assessment.** Critical component suppliers and suppliers with significant business turnover associated with Ideal Boilers have been issued with a questionnaire for completion relating to different aspects of their business, including but not limited to the UNGC principles. Additionally, a small sample of our critical suppliers have been asked to provide evidence that they comply with the requirements of the Dodd Frank Act relating to the use of 3TG Conflict Minerals in their operations. These suppliers have been selected on the basis of the materials used in the components supplied to us and are mainly electronics suppliers since tin, tantalum, tungsten and gold are found in electrical components. Collectively they account for approximately 45% of our direct purchases by value;
2. **Site Audits & Business Reviews.** From time to time Ideal Boilers personnel will visit new or existing suppliers to assess their capabilities. These audits have traditionally focused on the more operational aspects of our working relationship. During 2015 a new supplier audit document has been introduced which has an increased emphasis on the CSR aspects of our trading relationship with our supply base. This audit document will continue to be rolled out to suppliers as and when further audits are undertaken. Audits are undertaken on an ad hoc basis according to business issues arising at any given time. The business would choose to undertake an audit not only to assess quality and commercial aspects of our relationship with selected suppliers but also to ensure that suppliers are complying with the



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requirements of our Ethical Trading Policy;

3. **Third Party Auditing.** For those suppliers which have been identified as higher risk in Asia and other remote parts of the globe Ideal Boilers is able to call on the resources of the bigger Groupe Atlantic organisation (our parent company). Groupe Atlantic's Shenzhen offices are able to provide a support service across Asia which includes supplier visits at the request of Ideal Boilers. Additionally, Ideal Boilers are able to use Group Purchasing resource based in France to visit potential and current suppliers and assess their suitability across a range of criteria including CSR parameters;
4. **Eligibility for Working in the UK.** From time to time Ideal Boilers will recruit new, permanent employees in to the business and will also use the services of agency personnel to provide flexible labour at times of high demand. The HR function ensures that all agency personnel and new permanent recruits have been correctly vetted and that their eligibility for employment in the UK has been established.

What we will do during 2017/18

We will continue to roll out our audit process and undertake site visits to assess supplier compliance in relation to the UNGC principles.

D) Assessing the Risk of Slavery and Trafficking in the Business and its Supply Chain.

What we have done

The use of external resources such as www.globallslaveryindex.org/ has assisted Ideal Boilers to identify geographical areas where there is a greater likelihood of labour exploitation. Ideal Boilers continues to develop a thorough understanding of the raw materials used in the manufacture and supply of components and sub-assemblies which has further highlighted suppliers where there is a perceived greater risk of labour exploitation. At this stage Ideal Boilers is not able to trace back all raw materials to their origins. However, for components where there is a greater likelihood of them containing 3TG materials relevant suppliers have been asked to supply evidence of their compliance with the Dodd Frank Act.

What we will do during 2017/18

Ideal Boilers has reviewed a number of online tools to assist in the assessment of its supply base in relation to CSR obligations – focusing on the 3 pillars of social, environmental and economic (people, planet, profit). As a result, we have decided to use the CIPS SI portal (Chartered Institute of Procurement and Supply Sustainability Index) to assist in further, in depth supplier assessment. On completion of a customised questionnaire suppliers receive feedback on their performance in each of these areas. Performance data can be supplied in comparison to all other companies using the tool, companies in a similar industry and of a similar size. Suppliers therefore have objective data on their performance as well as a summary report identifying areas for improvement and areas where performance is already strong or acceptable. Ideal Boilers will use this information to provide feedback to suppliers and guide them in addressing any areas of concern.



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E) Effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains.

What we have done

We have delivered training on Ethical Sourcing and Supply accredited by the Chartered Institute of Procurement to all members of the Ideal Boilers Purchasing team;

We have raised the profile of the issues surrounding modern slavery to our workforce by delivering a presentation to the Employee Forum;

We have committed to using the CIPS SI online tool to assess the compliance of our suppliers and their supply chains to ensure that the risks of human trafficking, exploitation and modern slavery have been reduced or eliminated;

We have updated our audit documents for use on supplier visits to ensure that greater consideration is given to the issues of Modern slavery and thereby reduce the likelihood of suppliers to Ideal Boilers being engaged in such practices.

What we will be doing during 2016/17

Increasing our engagement with external parties such as third sector organisations who are able to provide support, advice and guidance on how best to tackle the issues addressed by the Modern Slavery Act 2015.

Revising and implementing a Procurement Policy which addresses the issues raised by the act and ensures that all personnel are clear on their obligations in this respect when acting on behalf of Ideal Boilers.

F) Training about slavery and human trafficking available to staff

What we have done

We have delivered CIPS (Chartered Institute of Procurement and Supply) accredited training to the entire team such that the business is now eligible to display the CIPS SI ethical trading logo. Internal training/workshop sessions have been organised for the purchasing function which have highlighted the risks and issues of working with globally based organisations as well as our obligations to comply with the requirements of the Modern Slavery Act 2015.

Additionally, senior management in the purchasing function have attended briefings and training sessions to understand the challenges created by the implementation of the legislation and incorporate these requirements in to our strategies, plans and objectives.

What we will be doing during 2016/17

The Purchasing Leadership Team has developed a competence based Academy which delivers training materials to up-skill the team across the whole range of purchasing skills. At present our training service provider is working on developing a module focused on Ethics and CSR topics. It has been agreed that Ideal Purchasing personnel will review the content of these modules to ensure that it is relevant and reflects the requirements of the legislation adequately.

An awareness campaign will be delivered across the Hull production site in the week prior to Anti-Slavery Day (18/10/16). This campaign will raise awareness of modern slavery issues focusing not



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only on our business requirements but also encouraging employees to consider how their own purchasing habits out of work could impact modern slavery.

A programme of briefings for senior level managers and Directors will be developed and delivered every 6 months to ensure that ethical trading issues continue to receive the focus and attention needed.

The Ideal View company magazine will be used as a communication channel, as well as global company email campaigns to ensure that employees are adequately informed of the issues and any changes in legislation arising.

A new induction programme will be created for all employees to ensure that at the time of them starting with the business they will have a thorough understanding of best practice relating to Ethical trading and modern slavery.

On signing this statement, a copy will be distributed to all employees via the company email system, a copy of the statement will also be included on the Ideal Hub intranet site to ensure maximum coverage to all employees across the business whether located at the Hull production site or in the field.

Signed by:

A handwritten signature in black ink, appearing to be "SE", written in a cursive style.

Shaun Edwards, Chief Executive Officer, Ideal Boilers GA – UK Division 3 October 16