

Modern Slavery and Human Trafficking Statement

The Modern Slavery Act 2015 (the 'Act') requires Telford Homes Limited and its joint venture, City North Finsbury Park Limited (07962088), (together "Telford Homes") to prepare a yearly Modern Slavery and Human Trafficking Statement and publish it on their websites. This is our fifth public disclosure – previous reports have been published on our corporate website. We will continue to disclose our activities through these channels, our corporate Sustainability Report <https://www.telfordhomes-ir.london/sustainability/sustainability-reports/> and through the relevant Industry Committees and Fora.

It is of material significance to note that since we last reported, Telford Homes Limited was acquired on 1 October 2019 by Trammell Crow Company (TCC), a subsidiary of CBRE Group, Inc. (the 'Group'). The Group is the world's largest commercial real estate services and investment firm. It is listed in the USA with its shares traded on the New York Stock Exchange. As a result of the acquisition, Telford Homes Limited left the London Stock Exchange and its financial reporting period has consequently been aligned to suit the Group date of 31 December 2019 (previously 31 March 2020). Hence, a 9-month reporting cycle (1 April 2019 – 31 December 2019) is disclosed herewith. Given this reduced period, some of our Key Performance Indicators (KPIs) objectives are partially achieved – albeit we believe we are making progress in all areas. By adopting specific CBRE requirements (as detailed below) during 2020 we will improve our business practices and aid transparency.

On behalf of the Telford Homes Executive Committee, our Group Managing Director, has responsibility for this area of activity for its subsidiary companies and its Joint Venture projects. Given the nature of its projects and their delivery over many years, turnover may trigger the £36m reporting threshold in any one year, but not consistently across the whole project lifecycle. Hence, each project is monitored to ensure the appropriate disclosure. In addition to Telford Homes Limited and City North Finsbury Park Limited, none of the other subsidiary companies or joint ventures exceeded a turnover of at least £36m in the reporting period to 31st December 2019.

The statement must include the following:

1. The organisation's structure, its business and its supply chains;
2. Its policies in relation to slavery and human trafficking;
3. Its due diligence processes in relation to slavery and human trafficking in its business and supply chains;
4. 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;
5. 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; and
6. The training about slavery and human trafficking available to its staff.

1. The organisation's structure, its business and its supply chains

Telford Homes is a residential developer operating across London. The business was formed in 2000 and has been built on a platform of honesty, integrity and family values. It employs over 300 people directly, and on an average day we employ around 1600 people on our sites or at head office. 72% (2018/19: 80%) of our supply chain spend is with Small and Medium Sized Enterprises (SMEs). As noted above, our business structure has changed during the reporting period, as set out in our BLL advocacy structure 2020, which can be seen at <https://www.telfordhomes-ir.london/sustainability/report-appendices/>

Telford Homes acts as the principal contractor on the majority of its development projects. Its supply chain consists of:

- Consultants and designers
- Material suppliers from whom materials are purchased directly through our Group Buying team
- Sub-contractors who carry out works that include labour, plant and purchasing materials on behalf of Telford Homes
- Plant suppliers from whom Telford Homes hires some construction plant directly
- Labour agencies who provide temporary staff including site operatives

Existing and new members of Telford Homes' supply chain are required to complete a Builder's Profile (PAS91 accredited) questionnaire and undertake an annual review in order to be accepted onto its approved supplier list. During this process the submitted questionnaires are evaluated to ensure that their policies reflect UK legislation and Telford Homes corporate requirements.

2. Its policies in relation to slavery and human trafficking

Telford Homes is committed to reducing the risk of slavery and human trafficking in all parts of its business and engages with its supply chain to ensure that its suppliers are adopting similar policies and mitigating their own risks.

Telford Homes' commitment regarding slavery and human trafficking is to:

- Comply with legislation and regulatory requirements, as identified in our 2018/19 Materiality Review, where human rights and labour conditions importance was ranked second only to health and safety. During 2019/20, we have undertaken further analysis and monitored progress of sustainability-related priorities which are disclosed for the first time in our new Risks and Uncertainties Register - priority 11 human rights & labour conditions. In addition, the priorities have been aligned to the UN-Sustainable Development Goals (SDGs) secondary indices and indicators, which can be seen at: https://www.telfordhomes-ir.london/sustainability/report-appendices
- Make its supply chain aware that we promote the requirements of the legislation and encourage it to take its own action to prevent slavery and human trafficking
- Consider the risk of slavery and human trafficking when making procurement decisions
- Continue to raise awareness across the business of slavery and human trafficking issues

This statement should be read in conjunction with the following policies and procedures that support our commitment to responsible resourcing including: Anti bribery and corruption*, Environmental, Modern Slavery and Human Trafficking, Sustainable Procurement, Sustainable Timber; and Subcontractor Sustainability Requirements.

Being part of the Group also requires Telford Homes to demonstrate compliance with the United States Sarbanes-Oxley (SOX) Act 2002. Furthermore, the adoption of the Group's Anti-bribery Corruption policies* and the 'Standards of Business Conduct'* during 2020, will enhance Telford Homes' corporate compliance and supply chain transparency.

Note: * if an employee observes or is made aware of potential improper, unethical or illegal behaviour, they are encouraged to bring the incident to the attention of their manager or alternatively we have provided a confidential and independent contact to support their whistle blowing. In addition, our supply chain is expected to implement similar policies and practices.

3. Its due diligence processes in relation to slavery and human trafficking in its business and supply chains

Further to the commitments set out in our previous Statements we have expanded our supply chain and have engaged with over 400 (2018/19: circa 300) of its consultants, designers, material suppliers, sub-contractors, plant providers and labour agencies. We have received pre-qualification responses from each organisation, in doing so they have been categorised into a risk profile. We are engaging with those perceived to be higher risk, and in certain cases due to non-disclosure or non-responses, a collaborative approach to improving compliance standards is set-out and monitored. Non-collaboration from organisations may result in their suspension or removal from our approved supply chain. Telford Homes will continue to monitor the performance of all members of its supply chain, using the Builder's Profile assessment tool.

4. 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

In relation to direct risk of slavery and human trafficking on our sites we have in place procedures to:

- Designate appropriate managers to attend Modern Slavery and Human Trafficking training as part of the Homes Supply Chain Sustainability School (the 'School') e-training modules and to have responsibility for operating company procedures relevant to this issue.
- All site staff are mandated to undertake Modern Slavery and Human Trafficking and related sustainability e-training modules.
- All site inductions include awareness on modern slavery and human trafficking.
- Posters are displayed in prominent locations on all sites raising awareness of modern slavery and human trafficking.
- Ensure that all Telford Homes staff responsible for recruitment are or will (in the case of new starters) be trained to be aware of issues around third-party labour exploitation and signs to look for.

- Encourage workers to report cases of potential hidden third-party labour exploitation.

In relation to the business we shall:

- Not use any individual or organisation to source and supply workers without confirming that workers are not being charged a work finding fee.
- Ensure that labour sourcing, recruitment and worker placement processes are under the control of trusted and competent staff members.
- Adopt a proactive approach to reporting suspicions of hidden worker exploitation to the Gangmasters and Labour Abuse Authority and police.
- Provide information on tackling “Hidden Labour Exploitation” to its workforce.
- Require labour providers and other organisations in the labour supply chain to adopt policies and procedures consistent with the above.

5. 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

Telford Homes’ supply chain are progressing with their own processes to achieve compliance with the Act. Whilst undertaking its due diligence processes, Telford Homes has not identified any slavery or human trafficking issues on its sites, nor through its supply chain. The process of assessment continues to be undertaken as the sector develops its policies.

For example, we are advocates and a member of the School, which is actively facilitating the sector’s ambitions to improve human rights through their shared supply chains training – whilst not being anti-competitive. In the next period, we will review our adoption of the School’s ‘People Matters Charter’ and its recently published Modern Slavery Guidance.

Our advocacy work can be seen in our Report and the various internal and external engagement Committees, Forums and Working Groups are outlined in the BLL advocacy structure 2020, which can be seen at: <https://www.telfordhomes-ir.london/sustainability/report-appendices/>. Our Sustainability Director chairs the School’s Wellbeing Special Interest Group. This a cross-sector built environment group, that will publish a best practice Wellbeing Guide in summer 2020.

In response to the Act, we continue to develop our KPIs to improve better supply chain monitoring and management.

- a) We are proactive in communicating the requirements of the Act to all colleagues via their e-training plans and appraisals, and through the Builders Profile pre-qualification e-tool. 100% (2018: 100%)

of our sub-contractors, professional service providers and direct, temporary and agency employment agencies have been made aware of the Act and our compliance requirements, including in terms and conditions of contracts.

All organisations are evaluated to ensure compliance across a broad range of financial and Environmental, Social and Governance (ESG) aspects, including: BES6001; the Ethical Training Initiative Base Code; Chain of Custody for Timber procurement; and Anti Bribery and Corruption commitments,* which are reported upon in the Sustainability Report.

Where a supply chain non-compliance is found in a given area, a collaborative approach to raising standards and achieving compliance is communicated. Where an unacceptable level of commitment or performance is continued without a Board-level assurance to improve, Telford Homes will end a commercial relationship.

During 2020 Telford Homes continues to assess Tier 1 supply chain compliance and where required set out continuous improvement obligations or end a commercial relationship.

- b) 100% of our Central Procurement function Material Group Buying Deals have been assessed against our 'materials supply chain mapping' evaluation standard. The majority of these materials are procured in the UK / Europe and are in areas of low risk compared with the Transparency International assessment of Countries Corruption Perceptions Index ranks. Additionally, materials' countries of origin, manufacturing processes and transport journeys, are being collated to help us better understand the embodied carbon impacts and ESG implications of our procurement decisions.

We have commenced the analysis of sub-contractor material procurement, however this an area of further work during 2020/21. Hence this an KPI of partial compliance.

During 2020/21 we will continue to evaluate the risks and benefits of contracting with our existing Group Buying Deal suppliers, and the organisations that are being considered and specified to meet our emerging products, specifications and construction methodologies. In addition, we aim to improve the transparency of materials being procured through our Tier 1 sub-contractors.

- c) We require the payment of the national minimum wage across our whole supply chain. 100% (2018: 100%) of our direct employees are paid the London Living Wage (LLW). We have benchmarked our Tier 1 supply chain payment of the LLW to their employees – positively, 67% adhere to this voluntary standard. Despite most of our supply chain consisting of SMEs, we are encouraged by their social value commitments, with 33% of them also investing in local labour schemes, and 41% running apprenticeship schemes.

During 2020, we will continue to monitor each of these indicators to better understand the fairness of the sector and its attractiveness during the skills shortage. In 2021 we will require that all our Tier 1 supply chain pay the LLW or the relevant prevailing local wage.

100% (2018: 100%) of Telford Homes' staff have been assigned modern slavery e-learning modules to complete. 47% (2018: 40%) of our supply chain were members of the School, this positive

increase is due to Telford Homes and its peers encouraging their supply chains to join the School and utilise its e-training materials and expertise.

By 31 December 2020, all staff are to complete their 2-year sustainability e-training plan. Through peer collaboration we aim to improve our supply chain take-up of the School membership and e-training resources.

- d) Looking ahead we have set new objectives to create a quality management roadmap to achieve ISO9001 certification during 2021, and to undertake gap-analysis and mapping of relevant sector indices, and procurement systems in accordance with ISO20400.*
- e) It is recognised that in the context of the rapidly changing landscape during the coronavirus pandemic, we will need to consider how fluctuations in demand and changes may lead to new or increased risks of labour exploitation.*

6. The training about slavery and human trafficking available to its staff

The Company has engaged with the School as its training partner to deliver Modern Slavery and Human Trafficking training through their e-learning management system. All staff have a mandated sustainability training programmes that includes Modern Slavery and Human Trafficking training. By way of further example, procurement and operational staff are also required to undertake Responsible Sourcing and Ethical Business e-training modules. By collaborating with the School and its Modern Slavery Act Hot-spotting Working Group is aiding our sector and Telford Homes to help manage risk.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Telford Homes' slavery and human trafficking statement for the financial year ending 31 December 2019. This delay in disclosure was due to the acquisition of Telford Homes and the global pandemic. It was approved by the Board on 2nd September 2020.



Jon D-Stefano
Chief Executive Officer
2nd September 2020