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JAMES WALKER

LEITH

Modern Slavery and Human Trafficking Statement 2024

Introduction

Modern slavery continues to be an insidious global issue, affecting industries and communities in every part of the world. It encompasses a range of exploitative practices, including forced labour, debt bondage, human trafficking, and slavery. These acts not only constitute severe human rights abuses but also have devastating consequences for individuals and communities worldwide.

The UK Modern Slavery Act 2015 requires companies over a certain size to publish an annual modern slavery statement. This statement outlines the measures being taken to identify and mitigate the risks of modern slavery in their operations and supply chains. As economic and geopolitical shifts continue to reshape global industries, the risk of modern slavery remains a significant concern, especially within complex supply chains that span multiple countries and sectors.

At James Walker (Leith) Ltd, we remain committed to ensuring that modern slavery has no place in our supply chain or operations. We recognize the evolving risks of exploitation, especially in sectors such as construction, timber, and healthcare, and are taking proactive measures to address these challenges. By working closely with our suppliers, we aim to strengthen our due diligence efforts, enhance visibility across our supply chain, and continue fostering an environment that prioritises human rights.

2024 Update

In 2024, we remain aligned with the latest legislation and guidance from UK authorities, including updates to the UK Modern Slavery Act. The Walk Free Foundation's Global Slavery Index has provided updated data, which we have integrated into our risk assessments, helping us to prioritise regions and sectors where vulnerabilities to modern slavery are highest. Furthermore, we have taken additional steps to align our efforts with global Environmental, Social, and Governance (ESG) standards, reinforcing our commitment to sustainability, ethical practices, and human rights across all operations.

This year, we have expanded our efforts to ensure that not only our direct suppliers but also those further down the supply chain adhere to strict ethical standards. This includes ongoing collaboration with suppliers, and increased transparency in how we address potential risks.

James Walker (Leith) Ltd is dedicated to leading by example in our industry, promoting a business environment that is free from exploitation, and supporting global initiatives to eliminate modern slavery in all its forms.

James Walker Leith Structure and Operations

James Walker (Leith) Ltd acts as a holding company for several businesses within the UK, operating in the construction, residential and commercial property development, timber manufacturing and importing, and healthcare facility management sectors.

Subsidiaries include:

- Dundas Building Co. Ltd
- Dundas Estates and Development Co. Ltd
- Walker Commercial Properties Ltd
- Walker Healthcare Ltd
- Walker Residential Properties Ltd
- Walker Timber Group Ltd
- 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 practiced.
- 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.

Relevant Industry and Economic Developments

Construction Industry

The construction sector has faced significant economic challenges over the past year, driven by rising inflation, increasing raw material costs, and a slowdown in new projects due to reduced demand in the housing market. These factors have exacerbated modern slavery risks, as construction remains one of the most vulnerable sectors due to its reliance on temporary, low-paid, and often migrant labour.

The combination of high inflation, workforce shortages, and increased costs has created a fertile ground for unscrupulous labour practices, particularly in subcontracting chains. To combat these risks in 2024, James Walker (Leith) Ltd will:

- Continue enhancing the vetting processes for contractors and subcontractors.
- Increase the frequency of unannounced site visits and audits.
- Collaborate more closely with labour agencies to ensure that recruitment practices align with ethical standards.

Timber Industry

The timber sector has experienced disruptions, partly driven by the global push for sustainable wood products as part of decarbonization efforts. However, due to the current slowdown in the construction sector, the rising demand for sustainable timber has not yet significantly impacted our operations.

Despite this, challenges in the European supply chain, exacerbated by geopolitical tensions and regulatory changes (such as stricter EU import regulations), have exposed vulnerabilities within timber supply chains.

Forced labour risks remain in timber-producing countries, particularly within logging and sawmill operations where remote working conditions can mask exploitative practices. Furthermore, the shipping and logistics sector, integral to timber imports, continues to pose risks due to fragmented regulatory oversight.

For 2024, we will:

- Enhance supplier transparency by improving due diligence measures down the supply chain.
- Continue to purchase only from suppliers with PEFC and FSC certifications, while actively monitoring their compliance with anti-slavery measures.
- Expand on our geographic risk assessment using data from the Walk Free Foundation to better understand risks associated with specific timber-producing countries.

Healthcare Industry

The healthcare industry, particularly in the UK, has undergone significant strain due to the ongoing impacts of the COVID-19 pandemic and economic downturns. These pressures have intensified the risk of modern slavery within healthcare supply chains, particularly regarding the procurement of medical goods and the employment of low-skilled healthcare workers.

The high demand for medical supplies, combined with global supply chain disruptions, has led to increased reliance on international suppliers, where modern slavery risks may be heightened. Additionally, healthcare facilities often outsource services such as cleaning, catering, and security, all of which are sectors that are vulnerable to exploitation.

In 2024, we will:

- Strengthen supplier evaluations for healthcare services and goods, particularly focusing on third-party contractors and outsourced services.
- Collaborate with our healthcare partners to implement stronger monitoring and reporting mechanisms.
- Provide targeted training for staff involved in procurement and contract management, focusing on identifying and mitigating modern slavery risks in healthcare supply chains.

Due diligence

Our due diligence system is designed to assess and address actual and potential human rights impacts within our supply chain. By continually reviewing our findings and taking strategic action, we aim to create a robust and ethical supply chain that identifies, reduces, and mitigates modern slavery risks across all tiers.

We are committed to sourcing goods and services from partners who comply with our policies and relevant legislation. Our long-term supplier relationships are built on shared values of transparency and ethical practice. We routinely review and evaluate suppliers on a

range of criteria to ensure that they meet our standards and remain compliant with legal requirements.

Given that timber constitutes a large portion of our imports, we apply rigorous oversight within this sector. All our timber supplies are backed by PEFC (Programme for the Endorsement of Forest Certification) and FSC (Forest Stewardship Council) certifications. These certifications enforce a stringent due diligence process that prohibits slavery, forced labour, and human trafficking. Compliance is annually audited by accredited bodies, and any loss of certification results in immediate termination of supply agreements.

To further strengthen our due diligence, we adopt a risk-based approach when assessing foreign suppliers. Using data from the Walk Free Foundation's Global Slavery Index, we evaluate suppliers on key factors such as the prevalence of modern slavery, vulnerability, and the effectiveness of government responses in their operating countries. While our primary suppliers, largely from the EU, generally perform well in these areas, we recognize the need for continual monitoring and improvement.

In 2023, we distributed modern slavery questionnaires to all key suppliers. These questionnaires collect detailed information about:

- The supplier's organisational structure, including their modern slavery policies, responsible personnel, and training programs;
- The level of visibility and control they have over their own supply chain;
- The extent of engagement with their own suppliers to manage risks;
- The procedures they have in place for responding to identified risks.

We are pleased to report that all questionnaires returned this year have shown no concerns related to modern slavery. Nonetheless, we continue to closely monitor supplier responses, and we maintain regular engagement to ensure their ongoing compliance with our ethical standards. In future, we plan to introduce further site visits, independent audits, and explore technological solutions to enhance supply chain visibility.

As part of our commitment to supply chain integrity, we focus on building the capacity of our suppliers, especially those in lower-tier supply chains, to better identify and mitigate modern slavery risks. By encouraging our direct suppliers to pass on our questionnaire and risk mitigation strategies to their own suppliers, we are extending our due diligence beyond the immediate supply chain. Through ongoing feedback loops, we can work collaboratively to enhance transparency and reduce risks.

Building a fully transparent supply chain takes time, especially when working with suppliers in industries or regions with complex risks. However, we are committed to continuous improvement. Our ongoing efforts to expand visibility, monitor supplier performance, and evolve our risk assessment processes will contribute to the development of best practices in eliminating modern slavery.

Identification of Key Modern Slavery Risks

Identifying areas of increased modern slavery risk remains a challenge due to the hidden nature of the crime. James Walker (Leith) Ltd operates across diverse sectors, each with its own complex, multi-tiered supply chain that spans the UK, Europe, and beyond. These supply chains encompass a broad range of activities, including:

- Procurement of clinical goods and services to support the delivery of healthcare in our healthcare division.
- Labour, materials, and services for the construction, refurbishment, and facilities management of care homes and hospitals.
- Labour and materials for our construction and timber engineering activities.
- Importation of timber, including the logistical and transport processes necessary to deliver these goods to UK customers.

With supply chains that cross borders and industries, we recognize that some of our supply chains are inherently exposed to modern slavery risks. While we strive for transparency and ethical practices at every level, we understand that modern slavery risks can persist, particularly in industries reliant on temporary, low-skilled labour or sectors with limited regulatory oversight.

Construction Industry Risks

As already highlighted, the construction sector is especially vulnerable to modern slavery risks due to its reliance on temporary, low-paid labour. The complex subcontracting chains typical in construction further heighten these risks. We recognize the ongoing need for vigilance, especially in this sector, where economic pressures can lead to exploitative practices.

Timber Supply Chain Risks

The timber sector, which forms a significant part of our supply chain, is exposed to forced labour risks, particularly in logging and sawmill operations. These risks can manifest through poor working conditions, threats, violence, and exploitation of migrant labour, often in remote areas with limited regulatory oversight. Additionally, the shipping industry, which plays a critical role in timber imports, has its own vulnerabilities to modern slavery, particularly due to fragmented enforcement of international labour standards on board vessels.

Healthcare Supply Chain Risks

The healthcare industry, especially in the context of outsourced services like cleaning, catering, and security, also faces modern slavery risks. Supply chains for clinical goods, which often rely on international suppliers, can be vulnerable to forced labour, especially in countries with weak regulatory frameworks.

Lower-Tier Supply Chain Risks

At James Walker (Leith), we recognize that the greatest risks of modern slavery often lurk within the lower tiers of the supply chain. As supply chains become more intricate and involve multiple layers of subcontractors and suppliers, it becomes more challenging to

maintain full visibility. These lower-tier suppliers may operate in regions or industries where modern slavery risks are heightened, or where regulatory enforcement is minimal.

Without proactive oversight, companies like ours can unintentionally support exploitative labour practices in these lower tiers, potentially leading to reputational damage or, worse, contributing to the persistence of modern slavery. To combat this, we continuously seek to increase visibility across all levels of our supply chain, from direct suppliers to those operating at lower tiers.

Ongoing Monitoring and Collaboration

Our supplier modern slavery questionnaires have provided valuable insight into our supply chain practices, and it is encouraging to note that no areas of concern have been raised to date. However, we remain committed to closely monitoring all supplier responses and engaging in ongoing dialogue with our partners to ensure compliance.

We understand that combating modern slavery is an ongoing effort and requires continuous improvement. Our approach includes proactive risk identification, collaboration with suppliers to improve transparency, and long-term strategies to enhance visibility across all tiers of our supply chain.

Assessing and Managing Risks

We assess our exposure to modern slavery risks through a multi-tiered approach, focusing on the country, sector, and organizational levels. Greater visibility into our supply chain allows us to take more targeted and effective action. Depending on the identified risks, we may engage with supply partners to mitigate concerns, conduct site visits and audits, or, in extreme cases, terminate business relationships.

Although our operations are primarily based in the UK and most of our key supplies (aside from imported timber) come from trusted UK partners, we recognize that certain sectors, like construction and healthcare, remain vulnerable. The UK's prevalence of modern slavery, as evaluated by the Walk Free Foundation's Global Slavery Index, remains low at 1.8 people per thousand, placing it among the top 10% of countries with the least risk. The government's strong response to modern slavery is ranked 1st out of 176 countries, a positive indication of the UK's commitment to tackling this issue. Despite this, forced labour remains a significant risk within the construction and healthcare industries. We are committed to continually assessing our construction and healthcare partners to ensure these risks are minimized. To date, we have detected no instances of modern slavery within our operations.

For our timber imports, we assess modern slavery risks in the countries where our suppliers operate. All of our timber suppliers are located in countries that rank within the top 30% for the lowest prevalence of modern slavery and within the top 15% for strong government responses to addressing this issue. We source exclusively from suppliers certified by PEFC and FSC, which mandate strict compliance with social, health, and safety standards as outlined in the ILO Declaration on Fundamental Principles and Rights at Work. These certifications are reinforced by regular third-party audits conducted by accredited bodies,

ensuring that suppliers adhere to these standards throughout the supply chain, from forest management to timber processing.

Our long-standing relationships with a small group of trusted timber suppliers, along with regular visits, allow us to maintain close oversight. We continue to gather information about modern slavery risks through questionnaires sent to these suppliers, and thus far, no areas of concern have been identified. Should any concerns arise, we would take immediate action by engaging directly with the supplier to assess the situation. Depending on the severity of the risk, we would implement mitigation measures such as providing guidance for corrective action, increasing the frequency of audits and site visits, or, if necessary, terminating the business relationship to protect the integrity of our supply chain.

Key Performance Indicators (KPIs) to Measure Effectiveness of Anti-Slavery Measures

We are committed to ensuring that our efforts to combat modern slavery are both effective and continually improving. To measure the success of our actions and maintain transparency, we track several key performance indicators (KPIs) across our operations and supply chains. These KPIs help us assess the effectiveness of our due diligence processes and identify areas where further improvements are needed. The following are our primary KPIs:

1. Completion of Supplier Questionnaires

- **KPI:** Percentage of key suppliers who complete and return modern slavery risk questionnaires.
- **Target:** 100% of our key suppliers should complete the questionnaire annually.
- **Measurement:** We monitor the response rate and quality of the information provided by suppliers, ensuring they comply with our due diligence expectations. Suppliers are classified based on their risk level, with any identified as high-risk being subject to further scrutiny. Follow-up actions, including audits or corrective measures, are initiated for suppliers that fail to meet our standards or are deemed higher risk.

2. Supplier Audits and Assessments

- **KPI:** Percentage of high-risk suppliers audited annually based on questionnaire results.
- **Target:** To audit 100% of high-risk suppliers each year.
- **Measurement:** Suppliers identified as high-risk through the questionnaire process are prioritised for audits and further assessments. We track the number and frequency of these audits, both internal and third-party. Any non-compliance or areas of concern are documented, and corrective actions are implemented. Where significant risks are identified, we engage directly with the supplier to manage and mitigate the risks, or, if necessary, terminate the relationship.

3. Incident Reporting and Resolution

- **KPI:** Number of reported incidents of modern slavery within our operations or supply chain.
- **Target:** Zero reported incidents.
- **Measurement:** We track the number of reported incidents through our whistleblowing mechanisms, supplier audits, and staff reports. If any incidents are reported, we measure the speed and effectiveness of the actions taken to resolve them.

4. Training and Awareness

- **KPI:** Percentage of employees and key suppliers who have completed modern slavery awareness training.
- **Target:** 100% completion for all employees and key suppliers.
- **Measurement:** We monitor training participation rates and assess the impact through feedback surveys and assessments to ensure that all personnel are equipped to identify and mitigate modern slavery risks.

5. Corrective Actions Taken

- **KPI:** Number of corrective action plans implemented as a result of audits or identified risks.
- **Target:** 100% of identified risks addressed with corrective actions within 6 months.
- **Measurement:** We track the implementation of corrective action plans, measure their effectiveness, and ensure that all identified risks are adequately mitigated within the agreed timeframe.

Monitoring and Continuous Improvement

We review the results of these KPIs on a regular basis to assess the effectiveness of our anti-slavery measures. These KPIs help us to identify trends, gaps, and opportunities for improvement. We are committed to refining our processes, enhancing our supplier relationships, and ensuring that we remain vigilant in our efforts to eliminate modern slavery from our supply chain.

Training

We are committed to equipping all of our staff with the knowledge and tools necessary to identify modern slavery risks and understand their responsibilities in combating this issue. By embedding a strong human rights perspective into our company culture, we ensure that employees are able to make informed decisions that safeguard against potential exposure to modern slavery within our operations and supply chains.

Collaboration is key to our approach. We work closely with our supply partners to promote a unified stance against modern slavery, raising awareness across all levels and ensuring consistent, ethical practices throughout our network.

Through comprehensive training programs, we emphasize the importance of these responsibilities to both our staff and suppliers. Our message is clear: modern slavery is a critical issue that we take seriously, and James Walker (Leith) Ltd is fully committed to eliminating all forms of exploitation within our supply chain. We continue to reinforce this commitment by actively engaging with all stakeholders to foster an environment of vigilance and accountability.

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

Signed by John Campbell, Director on 19th September 2024.