

Modulaire ESGS Responsible Sourcing Policy

Scope	Modulaire Group
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Policy Statement

We require everyone working with us to carry out business fairly and with integrity. We have a shared responsibility for our stakeholders, society and the environment. The application of our Group Policies creates our strong business culture and reputation. The purpose of Modulaire Group’s ESGS Responsible Sourcing Policy (RSP) is to ensure collaboration with suppliers along the value chain, embed Environmental, Social, Governance and Sustainability (ESGS) at all stages, review ESGS performance as part of routine supplier relationships, improve our knowledge of the supply chains upon which we depend and drive continuous ESGS improvement.

- Environment: the natural world around us.
- Social: the people, cultures and societies within which we operate.
- Governance: the way in which organisations manage themselves.
- Sustainability: compliance with recognised external frameworks to assess performance.

We believe that the RSP will create better value for current and future customers and will demonstrate that social value and environmental impact form a key part of the Group’s supplier assessment alongside safety, cost, quality and performance.

Our approach cannot and does not seek to cover every eventuality, it defines the key actions we expect of our suppliers, and those working with us, so that together we aim to meet the highest environmental and ethical standards.

The policy’s purpose is to:

- Promote ESGS throughout all business activities and processes to reduce or mitigate environmental and social impacts and improve governance and sustainable practices.
- Assist in increasing the sustainability performance of our supply chain.
- Reduce the environmental and social impacts of all our activities.
- Provide a safe, inclusive, diverse and motivating environment.
- Promote organisational and behaviour change to meet ESGS commitments.
- Ensure strict compliance to any applicable local legislation in relation to ESGS.

This policy is an overarching policy, which applies wherever we do business. However, if any provisions of the policy conflict with local law requirements in countries where we operate those local laws will prevail.

Embedding ESG, Sustainability and Social Value in the Supplier Selection Process

Supply-chain risks encompass a broad range of ESGS issues, for example, natural environment e.g. waste, carbon emissions, pollution, biodiversity and consumption of natural resources; social impacts e.g. human rights (particularly where supply chains impact indigenous peoples or other vulnerable groups), working conditions, modern slavery, impacts on local communities, conflict regions, health and safety, employee diversity, equality and inclusion, greenwashing, data protection, bribery and

corruption. We aim to procure products and services in a way that minimises negative impacts and complies with national and international standards.

We want to encourage local small and medium enterprises (SME) and voluntary, community and social enterprises (VCSE). There are significant opportunities for companies to drive improved efficiency and better business practices among their suppliers (for example, by adopting improved labour and employment practices), which can result in benefits to them as the customer. We request that our direct suppliers cascade these standards down the supplier's own supply chains.

Supplier Assessment and Screening

Our framework of policies, processes and programmes is in place to identify and reduce potential human rights impacts, including modern slavery and human trafficking. We are committed to improving our supplier governance framework to include enhanced visibility throughout the supply chain. Our approach to supplier assessment and screening is based on the following risk factors: risk geographies, high-risk sectors and vulnerable populations. The supplier assessment and screening consists of three processes, dependant on the situation and requirements.

- Assessment Level 1 – rapid screening and classification of supplier ESG performance and associated risks.
- Assessment Level 2 - detailed questionnaire for the assessment and classification of supplier ESG performance and associated risks.
- Assessment Level 3 - in-depth due diligence on an individual supplier. This in-depth questionnaire comprises questions on environmental, social and governance considerations, for the assurance of single products from either high risk sectors or geographies.

Management of the process

- **Who will be involved?** All members of our teams who have direct engagement with suppliers in any of our locations will need to be familiar with the RSP.
- **Where will it take effect?** We will typically prioritise high-spend suppliers, or supply chains which are inherently high risk by virtue of their geography or sector (risk based approach).
- **When do we apply it?** Subject to the maturity of supply chains in any given territory, every time we have a planned review or other engagement with suppliers or start working with a new supplier. If suppliers do not conform to the screening and improvement process they ultimately should not be used.

Legal Compliance: Suppliers must maintain awareness and comply with all applicable laws of the countries of their operation.

Policy Alignment

We have a set of policies, which apply to all employees across Modulaire. We want to extend these policies to our suppliers and to this end, we expect that our suppliers are fully compliant with these standards and we expect all our suppliers to constantly monitor their own compliance to these standards.

Polices related to RSP - these Polices can be found on <https://www.modulairegroup.com/corporate-policies>

#	Related Policies	Expected action and behaviour
1	Health and Safety Policy	Our Health and Safety Standards provide a benchmark that all suppliers are expected to follow or their local legislation, whichever is the highest standard.
2	Anti-bribery and corruption policy	Suppliers must not engage in any form of bribery, corruption, kickback, extortion, or embezzlement.
3	Code of Ethics	Suppliers must understand our expectations and requirements and do business in a manner consistent with those requirements.
4	EDI policy	We respect human rights, the fundamental rights and freedoms we are all entitled to regardless of factors such as nationality, race or gender.
5	ESGS policy	Suppliers must protect and enhance environment and society and have strong governance in place to manage it. We expect all those we work with to adopt the same high standards.
6	Gift and entertainment policy	Any gifts or entertainment offered by suppliers must support legitimate business interests and be reasonable, appropriate and at all times must comply with our Gift and Entertainment Policy and Code of Ethics.
7	Modern slavery and human trafficking compliance statement	We care about where our products and raw materials come from and expect them to be legally and ethically sourced. Suppliers must make sure that factories and worksites meet our standards in relation to human rights, labour practices and the environment.
8	Procurement & Payment Procedures Policy	This policy sets out the parameters within which the procurement function must operate and how new suppliers are approved.
9	Sanctions and Trade Control Policy	This Policy sets out in greater detail Modulaire's policy for managing sanctions and trade controls risks and establishes standards which all employees and associated persons must comply with in the conduct of their day-to-day business.
10	Speak-up policy	Our Speak-Up (Whistleblowing) Policy is designed to maintain a culture of openness and accountability, so that prompt action can be taken to address any illegal or unethical conduct involving Modulaire or anyone working with Modulaire. All concerns will always be treated as confidential and individuals and suppliers can choose to remain anonymous. Details of this process are communicated at a local level and are set out on visible posters in the workplace.
12	Supplier code of conduct	Suppliers must at all times demonstrate a high degree of professionalism and be aligned with our business ethics.
13	Supplier data privacy policy	This Policy explains how we handle and treat personal data collected from suppliers.

14	Waste	This policy sets out Modulaire’s commitment to improving its waste management and encourages best practices in material and waste efficiency. The policy commits the business to minimising the impact and use of natural resources by reusing materials, recycling and reducing waste to landfill.
15	Water	This policy sets out Modulaire’s commitment to improving its water management and encourages best practices in water efficiency.

Definitions

#	Terms	Definitions
1	Conflict-affected	Conflict-affected and high-risk areas – areas identified by the presence of armed conflict, widespread violence, including violence generated by criminal networks, or other risks of serious and widespread harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies and civil wars. ¹
2	Due diligence	Due diligence is an on-going, proactive and reactive process through which companies can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts as an integral part of business decision-making and risk management systems. Due diligence can help companies ensure they observe the principles of international law and comply with domestic laws, including those governing the illicit trade in minerals and United Nations sanctions.
3	High-risk areas	High-risk areas are those where there is a high risk of conflict or of widespread or serious abuses. Such areas are often characterised by political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure, widespread violence and violations of national or international law. ²
4	High risk geographies	The Financial Action Task Force (FATF) classifies high-risk jurisdictions as having significant strategic deficiencies in their regimes to counter money laundering (ML), terrorism financing (TF) and proliferation financing (PF).
5	High Risk Sector / Industry	A high-risk sector/industry is defined by its likelihood to introduce more operational, regulatory, and reputational risk exposure. While forced labour is present in many industries, the 2022 ILO report suggests that the sectors where it is most prevalent include; services, construction, agriculture, domestic work and manufacturing.

¹ OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

² OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

6	Supplier	A company or organisation that supplies goods or services to a member of the Modulaire Group and also any sub-contractors that supply products, services, materials or components. For the purpose of this document, the term supplier applies to suppliers, service providers and other contracting parties.
7	Supply Chain	The full range of activities required to bring a product or service from its conception to the final consumer. This includes activities such as design, production, distribution and support to the customer.
8	Small and medium enterprises (SME)	Enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million. ³
9	Vulnerable populations	Persons Belonging to National or Ethnic, Religious and Linguistic Minorities. Migrants. Refugees, Asylum-seekers, and Internally Displaced People. People Living in Extreme Poverty. Women. ⁴

³ EU Commission User guide to the SME Definition

⁴ <https://www.un.org/en/fight-racism/vulnerable-groups>