

Commitment to our Supply Chain

Polyflor is certified to Quality Management System (QMS) ISO 9001 and ISO 14001, which sets out the criteria for an Environmental Management System (EMS) and maps out a framework for a company to follow in setting up an effective EMS.



Polyflor Supply Chain Management Goal: To communicate and work constructively with the supply chain to deliver sustainable policies and practices.

ISO 9001 and ISO 14001 are recognised globally and are standard practice for many organisations. As such, Polyflor prefers approved and trusted suppliers who are ISO 9001 and 14001 certified or have robust environmental procedures and where possible are local to our manufacturing sites. Polyflor also uses Quality Assessment Questionnaires and follows up with regular meetings and audits.

Additionally, we have a responsible sourcing policy, plus SA 8000 and BES 6001 certification for responsible sourcing. SA 8000 is an international, auditable social certification standard for decent workplaces, across all industrial sectors. It is based on the UN Declaration of Human Rights, conventions of the ILO, UN and national law, and spans industry and corporate codes to create a common language to measure social performance. BES 6001 is a framework Standard from BRE Global for Responsible Sourcing, which helps Polyflor manage and reduce impacts throughout the supply chain.

As part of our ongoing BES 6001 objectives, we assess our suppliers on their business procedures and ethics as well as their commitment to the reduction of environmental impacts. With regards to the environmental impacts associated with suppliers' transport operations to and from our business, we encourage the use of energy efficient vehicles and adequate driver training to improve vehicle fuel efficiencies. For main suppliers, Polyflor's target score of more than 90% should be achieved on the following criteria: Supplier vehicles used to deliver raw materials to site have modern Euro V or Euro VI energy efficient engines and suppliers ensure that adequate driver training has been given to ensure maximum fuel efficiency. In 2018, Polyflor's suppliers achieved beyond our targets with an impressive score of 97% - improving on 95% in 2016.

Another of our objectives is purchasing in bulk to minimise the transport impacts of our products, ensuring 95% of bulk deliveries are above the minimum load size of 23 tonnes. Unfortunately, we narrowly missed this target, achieving 93% in 2018, but this was still a 2% improvement on 2017. This will be reviewed and discussed further with our suppliers.

We also work with suppliers with the closest possible proximity to the Polyflor production sites. Our target is 85% of raw materials to be supplied within 500 miles of the factory. However, there was an 8% short fall on our 85% goal. We haven't changed our objectives or changed suppliers for any commercial gain outside our policies, other than responding to factors outside our control which caused the deviation from our figures.

- 46% of all raw materials supplied within 50 mile radius (by Kg)
- 49% of all raw materials supplied within 100 mile radius (by Kg)
- 50% of all raw materials supplied within 300 mile radius (by Kg)
- 77% of all raw materials supplied within 500 mile radius (by Kg)

In 2018, there was no change with 100% of Polyflor's raw material suppliers having achieved ISO 9001 and 83% achieving OHSAS 18001. There was a 1% decrease on 2017, with suppliers achieving 91% for ISO 14001, the same as in 2016.

Polyflor's parent company, James Halstead PLC, published its Modern Slavery Act Statement, underlining the steps taken to prevent modern slavery and human trafficking in its business and supply chains. Go to www.polyflor.com for more information.

Summary 2018

Polyflor

Responsible sourcing policy

ISO 9001, OHSAS 18001 & SA 8000 certified

ISO 14001 & BES 6001 certified

Modern Slavery Act Statement

Database of approved and trusted suppliers, most of whom are local to our manufacturing sites

Engagement Supplier Surveys and Quality Assessment Questionnaires are used and followed up with regular meetings and discussions with existing suppliers

Our Suppliers

100% ISO 9001

91% ISO 14001

83% OHSAS 18001

97% Delivery HGVs have Euro V or VI engines

97% Driver training programme

We use local printing companies with sound environmental credentials, using solvent free inks, plus FSC and Carbon Capture® accredited paper sources.

Polyflor's Value Chain

It is important to Polyflor that we go beyond what is expected as a manufacturer encouraging best practice throughout the flooring sector and adding value in pivotal ways.

Our established Training Academy contributes to the value chain and continued to deliver high quality training courses throughout 2018 at its purpose-built facility. Further to this, Polyflor also continued its free Floor Cleaning & Maintenance Course, aimed at educating how to get the best out of flooring by using the correct cleaning methods and products to facilitate a longer life and reduce ongoing costs.

In addition to providing training and education in getting the best out of our flooring, we believe that product stewardship is key, which is why we fully engage with all our customers to manage their waste Polyflor material and recycle, with Recofloor being a cornerstone of this principal.



Commitment to our Employees

As a major employer, Polyflor has a responsibility to its employees, ensuring their health and wellbeing as well as reducing labour turnover, which remains low.

In fact, Polyflor has 25 and 40-year clubs for all employees who have been employed by Polyflor for the respective number of years, some of whom have worked for Polyflor for their entire careers, joining straight from school. Retaining an experienced and knowledgeable workforce is extremely important to Polyflor.

Polyflor recruits internally and from the local, surrounding areas, advertising through local media, job centres, recruitment agencies and online. We offer graduate training programmes, internships and apprenticeships, in support of younger people wishing to develop their employment skills. Polyflor's Human Resources Manager is also a volunteer for the Chartered Institute of Personnel and Development's Steps Ahead Mentoring project, which offers jobseekers one-to-one mentoring to improve their employment skills in the local area.

As standard practice, Polyflor has numerous training and development programmes; total compliance to the Equality Act 2010; employment health & safety policies and procedures are in place, along with employee benefits available to all staff including a pension scheme, share scheme, plus enhanced maternity and paternity pay.

Polyflor engages with all its staff through annual Performance and Development Reviews and via our monthly forums, whereby employees are encouraged to voice any issues regarding the workplace through chosen representatives of each department. Meeting minutes are circulated company-wide, so there is full transparency on what has been discussed and any outcomes.

Recruitment & Retention

- Low staff turnover with 25 and 40-year clubs.
- Positions are advertised internally and within surrounding areas.
- We employ graduate trainees, internships and apprentices with requirements reviewed on an annual basis.

Training & Development

- An induction programme is undertaken by new employees, including an environmental induction
- Annual appraisals identify areas of strength and opportunities or targets
- Professional development is encouraged through courses and training where both employee and employer benefit

- Promotion or opportunities in different departments are often distributed internally throughout the business, although obtaining the right skill set is important so positions are advertised to external candidates
- Polyflor engages with all staff regarding environmental issues, directly through email, letter and booklet as well as indirectly through www.polyflor.com, regular newsletters and this annual report which is circulated throughout Polyflor
- Recofloor employees present to the sales, marketing and distribution departments, so they have a better understanding of achievements, goals and their part in its process
- The Polyflor floor fitting school is accessible to employees, which improves their understanding of Polyflor flooring and provides transferable skills for their own homes

Equality

- Equal opportunities & diversity policy
- Modern Slavery Act Statement
- Anti-bullying & Anti-discrimination policies
- Anti-ageist, 35% of employees aged between 46 & 55, with 28% (the next biggest age group) aged 56+
- Ratio of men to women is 84% to 17%
- 11% of female staff and 14% of male staff hold management and supervisory positions
- Employees are typically local and represent the social demographic of the local area
- Maternity and paternity policy; flexible working hours and return to work

Employee Health & Safety

- BS OHSAS 18001 and SA 8000
- We circulate a 'handling stress at work' policy
- A health & Safety Management procedure is in place - in accordance with HSG65, Health & Safety Executive Document Guidance
- Potential safety risks and incidents are reported for action and avoidance

- Accident reporting is in line with OHSAS 18001 guidance - all work-related injuries are recorded and followed up with a risk assessment and remedial action
- No fatalities have ever been recorded in the company's history
- A Pedestrian Policy is in place including demarcated pedestrian pathways and crossings and high visibility vests are issued to employees or visitors who walk around our warehousing facilities
- Ear plugs are used in production, within hearing protection zones in various locations around the factory
- Occupational Health - medical and fitness checks for new employees as well as ongoing health checks for employees, particularly Polyflor fleet drivers
- Work zone assessments are conducted by Polyflor's occupational health nurse

Employee Benefits & Wellbeing

- Pension Scheme for every employee after 3 months of employment with Polyflor
- Employee share scheme
- Company social club for all employees
- Break out zones, with seating and facilities to buy or prepare food are available on all sites
- Areas to sit outside are accessible at all Polyflor sites
- We enable and provide time for employees to undertake voluntary work
- Bike sheds and shower facilities are obtainable at the Whitefield site

2018 Update

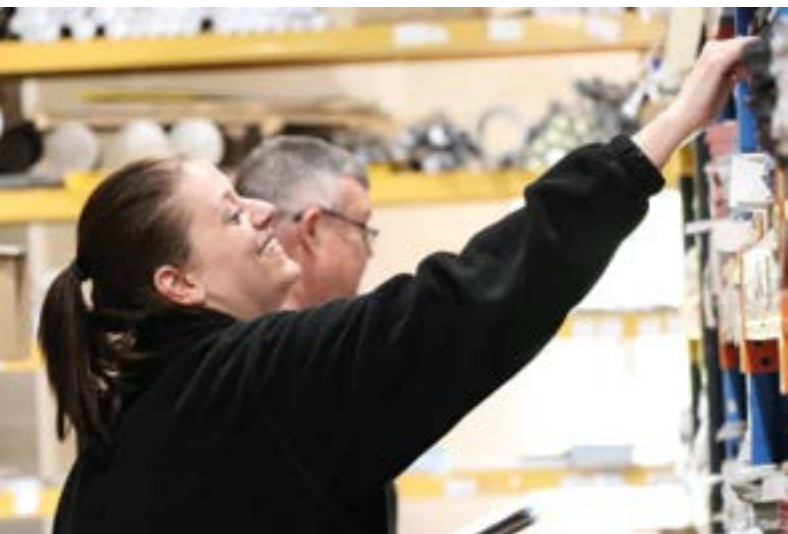
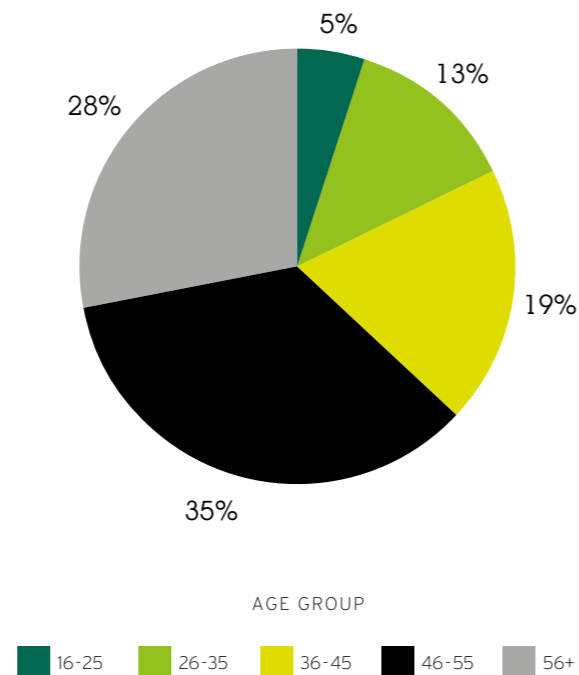
	2012	2013	2014	2015	2016	2017	2018	+/-
Employment & Turnover								
Total Employees	562	561	548	552	515	477	493	3%
New Recruits	29	32	37	41	31	21	43	105%
Labour Turnover	5%	7%	10%	9%	13%	13%	8%	-38%
Contracts								
Full Time Employees	535	533	527	534	496	461	482	5%
Part Time Employees	27	28	21	18	19	16	11	-31%
Temporary Employees	17	17	16	8	9	5	24	380%
Apprenticeships	0	2	2	3	2	0	0	0%
Equality								
Male Employees	485	482	467	472	432	394	412	5%
Female Employees	77	79	81	80	83	83	85	2%
Male Managers	60	61	61	54	52	48	49	2%
Female Managers	9	10	10	10	10	8	9	13%
Retention								
Internal Promotions	4	5	6	4	6	2	4	100%
Employees Undergone Training Programmes	13	19	40	69	75	100	95	-5%
Total Employees in 25-Year Club	47	58	76	75	81	69	41	-41%
New Members in 25-Year Club	12	9	18	22	8	13	1	-92%
Total Employees in 40-Year Club	4	4	6	8	9	10	10	0%
New Members in 40-Year Club	0	2	3	2	4	2	1	-50%
Health & Safety								
Loss Time Accident (LTA)	13	7	10	8	11	6	14	133%
Actual Days Lost through LTA	213	166	287	143	348	96	133	39%

Employee Age Groups 2018

2018 was a positive year, most significantly with employee retention being highest in 5 years, combined with a 105% increase in new starters. Furthermore, we saw increases in full time employees, female staff and female managers. We also doubled 2017's quota for internal promotions.

As testament to our success in retaining valued and experienced employees, Polyflor had 1 new member in each of the 25 and 40-Year Clubs, with total memberships for 2018 reaching a fantastic 41 and 10 members respectively. Cumulatively, there were 51 members in the 25 and 40-Year Clubs, making up 10% of Polyflor's workforce.

New members to both clubs received recognition of their achievements and had the opportunity of a presentation and afternoon tea with Geoffrey Halstead, retired Chairman of Polyflor's parent company, James Halstead PLC.



25-Year Club

"I joined the company in the Plant Engineering Department as a Design Draughtsman in July 1993. My background was in the acoustics and nuclear industries. Over these 25 years I have been involved in the design, manufacture and installation of hundreds of projects and I have been the Principal Project Engineer on several major projects, including the new laboratory and test facility; installation of the completely new Polysafe production line and electrostatic precipitation cleaning system on this line."

Alan Tinker
Support Engineer - Polyflor 25-Year Club



40-Year Club

"I started at Polyflor in October 1978 as a warehouse assistant in Whitefield. After about a month I moved in the export department, which at the time was only a small side of the business. I then moved from the warehouse to the office, where I am now employed as an export facilitator at the Royton office."

"There have been many highlights during my 40-year employment, in that I have been on business to Spain, Germany and the USA. However, the main highlight and privilege was representing Polyflor for the Queens Award to Industry and meeting the Queen and Prince Philip at Buckingham Palace."

Lloyd Hyde
Export Despatch Supervisor - Polyflor 40-Year Club



43-Year Veteran

"As a 43-Year Veteran, I started at Polyflor in 1976, in Quality Control and after about a year I became the Chargehand in the colour room (or powder room). Not long after I was asked to run the Tile Press, again as a Chargehand, where we cut all our tiles. Within 18 months I was running one of the homogeneous (or smooth) production lines."

"By now Polyflor was developing the Polysafe product and I was asked to join the development team, which was exciting. Once the product took off, I went back to running the homogeneous production line, which was our premier plant. Many years passed, and I was seconded to start up a Training Department, handing out

N.V.Q Levels 1 & 2 to operatives. During which time I was awarded my 25-Year's Service by Geoffrey Halstead.

"Today I head up the Homogeneous Department and 3 years ago was awarded the prestigious 40-Year award, which was a great honour for me, the boy from Bellshill, Lanarkshire. I have enjoyed my time at Polyflor and I stated recently to our current Production Director, Steve Mulholland, that Polyflor and myself have been good for each other."

William Watt
Homogeneous Flooring
Business Unit Manager

Commitment to our Communities

As a responsible manufacturer, Polyflor has a duty of care to ensure that the impact of day to day operations from its business to the local community is minimal.

As such the company has procedures and policies to address issues which may arise in line with ISO 14001 and BES 6001, including a robust complaints procedure. These issues are regularly reviewed at Environmental Steering Meetings and it is the responsibility of the Directors to initiate a project in instances where the source of a complaint is persistent and requires a solution. Where a complaint form is received the company has a formalised procedure as per its BES 6001 objectives to respond and action within 7 days of receiving it. The recording of these complaints is audited and reported on annually.

Polyflor's Whitefield site is the original production site and located within a residential area (the site is 100 years old and older than many of the nearby houses). For this reason, continued efforts to reduce noise pollution and emissions remain important for harmonisation between this production site and its neighbouring residents. As well as ensuring HGVs turn off engines during evening and early morning deliveries and collections, investment has also been made into acoustic engineering and into new electric forklift trucks, to help minimise noise levels.

Despite Polyflor's best efforts to prevent complaints in the first instance, they can fluctuate year on year, with the nature of complaints (some unjust, some ongoing) sometimes being difficult to control. Polyflor strives to minimise such complaints and continues to interact closely with the community. 5 complaints were received in 2018 and were promptly handled. This was a 44% reduction on 2017 and was one of the best years for low complaint levels over the last 6 years. All complaints pertained to noise issues and of the 5 complaints logged, there were only 2 unique complaints - a 71% improvement on the previous year. Given the proximity of the 100s of residents to this 24-hour (Monday to Friday) production site, we believe this is acceptable, but of course we do everything possible to prevent complaints from the outset.

As part of ongoing CSR commitments, Polyflor continues to liaise with and support the local communities in which it operates. It is particularly important to give something back to local communities, as well as contributing to causes further afield. We encourage our staff to engage with charitable organisations and events, as well as supporting individuals on a charitable basis, either financially or enabling volunteer work.

When we are involved in donating flooring to charitable projects, the marketing, sales and distribution teams invest time through support and communication: They work together in arranging a suitable product, ordering and despatch. There is a duty of care in ensuring

the right flooring is specified and followed up with appropriate customer aftercare. Additional time is allocated through volunteer work and 37 hours were accrued in 2018, in the UK alone.

In 2018, Polyflor supported over 20 charitable projects, by raising over £4,000 and donating almost £9,000 to numerous individuals, groups and organisations in the UK, including a Homeless Shelter in Cardiff and Llwynypia Boys' & Girls' Club, South Wales. Here are some of our highlights for the year:

Supporting our local communities

Polyflor Community Fund

In 2018, Polyflor asked employees to vote for their favourite charity, out of a list of selected options. We donated £500 to the winning charity and £250 to two runners up:

WINNER: Bleakholt Animal Sanctuary

Bleakholt Animal Sanctuary is a charity committed to caring for dogs, cats, equine and farm animals and small pets, with the aim of rehoming. www.bleakholt.org

RUNNER UP: Mahdlo Youth Zone

Mahdlo is a registered charity and state-of-the-art Youth Zone in the heart of Oldham for 8 to 19-year olds (up to 25 for young people with a disability). Open 7 days a week, 52 weeks of the year, they offer activities, counselling and opportunities that all young people from across Oldham can access for just 50p. <https://www.mahdloyz.org>

RUNNER UP: CHILD Deaf Youth Project

CDYP provides a range of educational and social activities, in a relaxed and friendly atmosphere, where youngsters can develop and gain skills and enjoy a positive experience. There are Youth Clubs and Summer Play Schemes for youngsters aged 11+. www.cdyp.co.uk



Bleakholt Animal Sanctuary

★ WINNER ★

Bleakholt Official @BleakholtUK
Thank you so much @polyfloritd It really will make a difference. Congrats too to the wonderful @mahdloyz



Mahdlo Youth Zone

RUNNER UP

Mahdlo Youth Zone @mahdloyz - Jan 8
Replying to @Polyfloritd and @BleakholtUK
Was lovely to see you and show you around. Huge thanks again for your support and helping to change the lives of Oldham's young people #OldhamHour

Volunteering in the Community

Polyflor enabled and supported staff in numerous voluntary work projects, to help various charities raise necessary funds. This included time dedicated to running our annual MacMillan Cake Bake and various activities throughout the Children in Need day. Staff from Polyflor also volunteered with the week-long Bury Arts Festival, including all the planning meetings prior to the event, to help raise funds for Bury Hospice.

Team Polyflor go the distance - Polyflor sponsored 15 of its staff, to put on their running shoes and complete the 10k race in Manchester city centre. The team raised a fantastic **£1,700** for Bury Hospice, Greater Manchester.



National Support



Children in Need

We raised **£1800** for Children in Need through various activities on the day, including staff dressing up as children's characters, a cake sale, raffle and a car wash. Our efforts will have contributed to many charities on our doorstep, as well as throughout the UK.



Theatre for Life CIC

Polyflor made a financial contribution to the Theatre for Life CIC, a Community Interest Company reliant on income from the workshops, funding and donations to help run the free Youth Theatre & Community Projects. It supports local performers aged between 14 and 25 years old, in the Southampton area, with the aim of creating inspiring and challenging theatre that is innovative and collaborative, whilst building confidence and performance skills.

www.theatreforlife.co.uk

"I just wanted to say thank you so much for your generous donation on behalf of Theatre for Life CIC. Please be assured that your donation will be helping young theatre makers from disadvantaged communities in Southampton to improve both their understanding of mental health, whilst developing life skills and raising aspiration."

In addition to this, the funding will also be supporting our audiences with mental health prevention, which we feel is incredibly timely with the rise in mental health statistics across the country."

Michelle Smith, Artistic Director, Theatre for Life CIC

International Support

In addition to the UK's CSR activities, Polyflor continued to support many worthwhile causes globally. Here are some of the great examples from 2018:

Australia

Polyflor donated time and money towards a host of charitable projects including Nulsen Disability Services; helping raise awareness about homelessness and sponsoring Beaconsfield Junior Football club, which accommodates 530 Junior Players, fielding 25 junior teams inclusive of female teams. Polyflor hosted a quiz night for The Shenton Park Dog Refuge and raised over 250.00 AUD as well as regularly volunteering with a New South Wales cancer charity called Pink Finns who assist women undergoing cancer treatments.

Expona Simplay was also donated to Ronald Macdonald House in palm cove, to help families with the grieving process after the loss of a child. The family is booked in for a week at the unit within a resort in palm cove. Activities and visits are organised such as barrier reef trips and spa days. All expenses are covered from the minute they walk in to the minute they leave.

Norway

Polyflor Nordic donated flooring to Estlandshjelpen (Eagle Mission International), a charity which collects clothing, furniture and building materials. These goods are then donated to less fortunate people and communities across Europe, the Middle East and Africa.

South Africa

Polyflor South Africa donated flooring to a selection of worthwhile causes in 2018, including the following:

140m² of XL PU to Headway Natal, a non-profit rehabilitation centre for brain injury and stroke survivors and their families and carers. www.headway.org.za

280m² of XL PU, with a coving and capping strip to Heart Capital Community, a low-cost community housing project who do amazing work. www.heartcapital.co.za

60m² of XL PU to Maitland Cottage Home, the only dedicated paediatric orthopaedic hospital in the Southern Hemisphere. www.mch.org.za

New Zealand

Polyflor New Zealand supported 'Eat My Lunch', a charity which provides lunches to hungry kiwi school kids, who would otherwise go without: 1 in 4 New Zealand children live in poverty and thousands go to school without lunch every day. 2,830 children are supported each day with lunch.

On Friday 17th August, Polyflor New Zealand employees volunteered some time to help this worthwhile charity and made school lunches for underprivileged children. For every meal a customer buys a lunch is given to a hungry school kid



"The Give lunches are made fresh every day, packed with veggies and protein. The menu is designed by Michael Meredith and changes every day for variety. The lunches require no prep from the teachers and are packed in brown paper bags with no branding, so it looks like something the kids could have brought from home themselves. The Give lunches are made by volunteers, this gives people the opportunity to see first-hand what goes into the Give lunches, how they are delivered to schools and how our operation works."

Lisa King, founder, Eat My Lunch

Economic Sustainability

Over the last 100 years the expansion of Polyflor's parent company, James Halstead PLC, has been managed by four generations of Halstead's. Established by James Halstead himself in 1915, the company's original trade was the waxing and showerproofing of cloth for raincoats, before expanding into flooring in 1934. Today, Polyflor is an increasingly successful company, providing economic and environmental sustainability.

Our strategic focus remains on flooring, although the strategy evolves over time, focus on sustainable growth is undiminished. This, therefore, underpins job security for Polyflor employees and benefits all stakeholders in the business.

Polyflor goes from strength to strength as a global organisation with a dominant market share in the UK and listed on the AIM market of the London Stock Exchange with a nine-figure turnover, where it celebrates 70 years as a listed company.

Despite the continued economic uncertainties of leaving the EU, record turnover and profits were achieved. The UK market remained buoyant and our export business performed very well with increased turnover within our international markets - with significant growth for our Australian, Canadian, French and Norwegian subsidiaries.

Polyflor's economic sustainability, growth and success are largely attributed to the depth of its customer focus. Polyflor has strong relationships throughout the supply chain and does not price-fix or undermine pricing structures, ensuring economic sustainability for our customers globally.

Polyflor's ongoing commitment to Research and Development through advanced technology has resulted in the creation of innovative and market leading products, with New Product Development at the core of Polyflor's business philosophy.

Polyflor continues its investment in Recofloor, the UK's leading recycling scheme for waste vinyl flooring. As one of two founder and funding members, our dedication and investment are implemented through financial and operational support across the scheme. Recofloor is a cost-effective solution for managing waste. It is free if waste is taken to a distributors' drop-off site, or a nominal cost is applied if waste material is collected from a specified site - this offers a saving of up to 70% when compared to landfill, which is financially beneficial for our customers.

Polyflor is a major employer in Greater Manchester and Teesside, providing jobs within sales, marketing, graphic design, human resources, I.T, purchasing and finance, as well as production, engineering, technical, warehousing and distribution. Our uncompromised business ethics ensure that we minimise risk wherever possible, given the responsibility we have within the supply chain and to our employees. As a supplier we try to ensure timely deliveries and as a customer, timely payments, without imposing unrealistic payment terms. As a medium sized UK manufacturing company, we continue to pay fair and competitive salaries to our employees as well as paying tax in the UK, thus fully supporting the UK economy.