

Transparency in Supply Chains Statement

Introduction

This statement is made by Interface Europe Ltd (**IEL**) pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes IEL's slavery and human trafficking statement for the financial year ending 31 December 2017.

Our Business, Values and Supply Chains

IEL is a member of the Interface, Inc., group of companies (**Interface Group**). The Interface Group is the world's largest manufacturer of modular carpet. The Interface Group embraces and supports core values in the areas of human rights, labour standards, the environment and ethical practices (**Core Values**). The Core Values reflect the Interface Group's global commitment to conduct its business in an ethical and responsible manner.

As part of this commitment the Interface Group operates a Supplier Code of Conduct (**Supplier Code**) which defines expectations and key standards regarding the operation of its key suppliers. One of the key standards within the Supplier Code relates to employment and labour, expectations in respect of which include (amongst other things) an expectation that suppliers *"must not directly, or indirectly through a third party, employ child labour or forced labour (whether in the form of prison labour, slave labour, bonded labour, trafficked labour or otherwise)"*.

The Interface Group's global activity is spread across three business regions; Americas, Asia- Pacific and Europe. IEL operates within the Europe business region. Within that region the principal activity of IEL and its subsidiaries is the manufacture and distribution of interior floor coverings in the UK, Ireland and the Middle East. Product which IEL supplies to its customers is predominantly manufactured between the Interface Group's manufacturing sites at Scherpenzeel, Netherlands and Craigavon, Northern Ireland, with small percentages sourced from the Interface Group's manufacturing plant in Thailand and a third party global supplier in South Korea. By reason of this and the fact that all raw materials used in the manufacture of the products are sourced either through suppliers to the Europe region or in some cases through global suppliers to the Interface Group, the Interface Group plays a significant role in IEL's supply chain.

IEL's customers are spread across the corporate office sector as well as non-office commercial sectors such as hospitality, education, healthcare and government. Its sales force is predominantly UK based.

Our Policies on Modern Slavery and Human Trafficking

Supplier commitment to ethical practices and to the standards in the Supplier Code is of prime importance to IEL and the wider Interface Group. Supplier evaluation is an important and integral part of supplier commitment.

IEL, as all members of the Interface Group, is totally opposed to the use of slave labour within the making of its products.

Areas of Risk and Due Diligence Processes for Slavery and Human Trafficking

In response to the supply chain transparency reporting requirement set out in the Modern Slavery Act 2015 a small working group comprising the Interface Group's European Purchasing Director and IEL's UK HR Director (**Working Group**), was formed to assess areas of risk, due diligence processes and to evaluate measures taken. Procurement of all raw materials purchased by the Europe region is undertaken by the European Purchasing Director and their team. In the last financial year, the Working Group continued its work in this area.

The vast majority of product supplied by IEL to its customers is manufactured within the Interface Group. Approximately 98% of the raw materials and outsourced services used at/by the Craigavon and Scherpenzeel

manufacturing plants are sourced from 40 suppliers, with 10 of those 40 suppliers supplying 75% of the raw material purchased. These figures have not changed materially from the previous financial year. Each of these 40 suppliers has been assessed through a supplier evaluation process. This process requires the provision of information about various aspects of the supplier's operational activity, including commitments not to use forced or bonded labour in not only their business but also in their supply chain. All of these top 40 suppliers have acknowledged the standards in the Supplier Code.

In addition, as part of the supplier assessment processes, intermittently the most business critical of the raw material suppliers may undergo an enhanced evaluation process, including an on-site audit. During the last financial year this process has been updated to specifically provide for modern slavery, and one of our global suppliers has been the first to undergo the revised audit. All raw material procurement for product manufactured by the Interface Group is undertaken by its global supply chain team (of which the European Purchasing Director is a member). This ensures a consistent approach to supplier evaluation.

Within the UK IEL operates from three locations from which employees are based. At all those locations certain facility requirements (such as security and cleaning) are to differing degrees and extent, outsourced. By reason of the working knowledge of the service providers and in some cases the long standing nature of the relationships, the Working Group does not consider that there is a high risk of modern slavery and human trafficking within that part of IEL's supply chain. To ensure this, during the last financial year. we began to drill down into the detail of this by beginning to review the service providers to our UK locations.

The Working Group has come to a similar assessment of risk concerning the UK agencies which may provide temporary staff to IEL and the flooring fitting contractors which IEL engages if fitting is required by a customer in addition to the supply of flooring product. In both cases due to the strength of the relationship between IEL and the close working with them, these businesses are not considered to be a high risk. Once again to ensure this a due diligence process with them will be undertaken.

Evaluation of Measures Taken

The Interface Group has a culture of continuous improvement. Accordingly IEL will periodically review processes in order to determine the extent to which they are effective in identifying and managing risks.

IEL continues to re-assess supplier due diligence processes and purchase terms in order to ensure that modern slavery diligence is as integrated as possible into its overall approach. In particular, when finalised, our updated purchase terms will include specific clauses on modern slavery issues.

Training

Both members of the Working Group have attended external training courses on supply chain transparency and take steps to stay up to date with developments in this area.

By reason of existing processes and procedures the global supply chain team is already considered to have knowledge of the Core Values and supply chain transparency. Outside of this central procurement function, IEL will deliver training on modern slavery to those directly involved in procurement at a local site level.



.....
Approved by the board of Interface Europe Ltd on 28 June 2018 and signed by Anton van Keken,
Director, for and on behalf of Interface Europe Ltd
Date: 28 June 2018