

## ACCSYS TECHNOLOGIES PLC

### SLAVERY AND HUMAN TRAFFICKING STATEMENT

#### INTRODUCTION

Since our values are based on 'changing wood to change the world', at Accsys we believe that a focus on corporate governance and social responsibility lies at the very core of our business. Our innovative acetylation technology enables us to sustainably manufacture wood products that make a material difference to the environment as well as offer 'best in class' durability, dimensional stability and a wide spectrum of other advantages over fossil fuel dependant or man-made products. This values-led vision also provides an attractive opportunity for our employees, distributors, licensees and other stakeholders. We want to ensure that our business is not only a commercial success, but also run in a responsible fashion as we continue to advance technologies for a better world.

As part of our focus on social responsibility, we are committed to improving our practices to combat and prevent slavery and human trafficking in all areas of our business and supply chain.

#### ORGANISATION'S STRUCTURE

Accsys is a fast-growing business with a purpose. We combine chemistry, technology and ingenuity to make high performance wood products that are extremely durable and stable, opening new opportunities for the built environment. By doing so, we give the world a choice to build sustainably.

Accsys' parent company, Accsys Technologies PLC, has its head office in London, England, and manufacturing, research and development operations in Arnhem, the Netherlands, as well as sales and marketing offices in each of these locations and in Dallas, USA. In 2017 Accsys Technologies completed agreements with a Consortium in respect of the construction, operation and financing of the world's first dedicated Tricoya<sup>®</sup> wood chip acetylation plant, to be located in Hull, England. Substantial progress with the construction of this Tricoya<sup>®</sup> plant has been made and is expected to be operation in mid-2020 calendar year.

Accsys employs a distribution model, with a network that extends to some 60 distributors, suppliers or Accoya<sup>®</sup> agents serving most major markets worldwide, including in Europe, Asia, Africa, North and South America and Australasia.

The Accsys group currently employs approximately 180 personnel across these locations and has a global annual turnover of in excess of £75 million.

## OUR BUSINESS

Accsys' operations comprise four principal business units:

1. The commercial scale Accoya® wood production and sales facility in the Netherlands, including production of developmental volumes of Tricoya® wood elements feedstock
2. The building and operating of a Tricoya® wood elements production plant in Hull
3. Technology and product development
4. Accoya® and Tricoya® technology licensing

The principal activities of the Group are the production and sale of Accoya® solid wood and Tricoya® wood elements, technology and product development as well as the licensing of technology for the production and sale of Accoya® and Tricoya® via the Company's subsidiaries, Titan Wood Limited, Titan Wood B.V., Titan Wood Technology B.V., Titan Wood Inc., Tricoya Technologies Limited and Tricoya Ventures UK Limited (collectively the 'Group'). Manufactured through the Company's proprietary acetylation processes, these products exhibit superior dimensional stability and durability compared with alternative natural, treated and modified woods as well as more resource intensive man-made materials.

The Tricoya® Consortium will lead to the Group's second commercial acetylation plant. At the same time, the Group has expanded its Accoya® production plant in Arnhem by 50% to at least 60,000 cubic metres per annum. Construction of this expansion was completed in early 2018 and following a ramping up period Accoya® production and supply is now running at full capacity.

Together, these construction projects mark a major step forward in our objective in establishing acetylated wood as the leading modified wood technology in the building materials sector.

Furthermore, in January 2019, Accsys announced that Tricoya Technologies Limited entered into an agreement with PETRONAS Chemicals Group Berhad to evaluate the feasibility of jointly funding, designing, building and operating an integrated acetic anhydride and Tricoya® wood elements production plant in Malaysia.

In tandem, we are planning for a fourth Accoya® reactor in Arnhem, as well as progressing discussions for a potential Accoya® plant in North America. The Company's technologies and brands are internationally protected by patents and trademarks. They have been technically validated at full commercial production level, pilot-scale or are subject to independent validation by experts.

## OUR SUPPLY CHAINS

Our supply chains include the following key elements:

- The purchase and sale of wood materials
- The purchase of acetic anhydride and sale of by-product acetic acid
- The procurement of transport and logistics services
- The procurement of utilities required to operate our acetylation plant process
- The procurement of acetylation plant equipment, construction, engineering and maintenance services

In relation to the last of these points, and in respect of both the expansion of our Accoya® wood plant in Arnhem, the Netherlands and the construction of the Tricoya® wood chip acetylation plant in Hull, England, due diligence has been performed on key suppliers, covering amongst other things supplier ethics and conduct, in order to identify and mitigate areas of risk in the supply chain for these two important projects.

## OUR POLICIES ON SLAVERY AND HUMAN TRAFFICKING

We are not aware of any slavery or human trafficking in our supply chain or any part of our business and are committed to ensuring the same on an on-going basis.

Our internal policies, which include a Corporate Social Responsibility Policy (<https://www.accsysplc.com/wp-content/uploads/sites/2/2017/09/CSR-brochure-final.pdf>) reflect our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place in our business.

Our internal policies apply to all Company employees. Any non-compliance with such policies may result in disciplinary action. The Company encourages employees to report any concerns, wrongdoing or danger in the workplace without fear of reprisal. The Company has a Whistleblowing Policy which provides an internal mechanism for reporting, investigating and remedying any wrongdoing in the workplace.

## PROCESSES FOR MITIGATING SLAVERY AND HUMAN TRAFFICKING

As part of our initiative to mitigate risk in our business and supply chain, we purchase goods and services from suppliers, and sell and licence our Accoya® and Tricoya® products, from and to third parties that we believe take the same stance as us against slavery and human trafficking. We also conduct regular supply chain verification and auditing.

To produce Accoya®, only abundantly available wood species are being used from certified, sustainably managed forests and plantations, primarily FSC® ([www.fsc-uk.org/en-uk](http://www.fsc-uk.org/en-uk)), which includes the key principle of protecting worker rights. Our procedures and practices are assessed annually by the independent certification body, Control Union ([www.controlunion.com](http://www.controlunion.com)) to ensure that we meet FSC and other similar chain of custody guidelines and the mills that supply us also complete annual audits. All Accoya® is also compliant with the European Union Timber Regulation (EUTR) as well as the USA's Lacey Act, which imposes obligations on us to carry out due diligence into the practices of our timber suppliers.

Besides the responsible sourcing of timber, Accsys only works with counterparts with a clear and transparent Corporate Social Responsibility policy. For example, the main supplier of our other key material in the production of Accoya® and Tricoya® - acetic anhydride - is BP. Accsys takes confidence from BP's own Modern Slavery Act Statement ([https://www.bp.com/content/dam/bp/country-sites/en\\_gb/united-kingdom/home/pdf/2018-slavery-and-human-trafficking-statement.pdf](https://www.bp.com/content/dam/bp/country-sites/en_gb/united-kingdom/home/pdf/2018-slavery-and-human-trafficking-statement.pdf)) and publicly stated policy on Human Rights (<https://www.bp.com/en/global/corporate/sustainability/human-rights.html>) and its implementation of the relevant sections of the United Nations Guiding Principles on Business and Human Rights, together with its respect for the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

#### SUPPLIER AND CUSTOMER ADHERENCE TO OUR VALUES

Our senior management team is asked to confirm on an annual basis that it is not aware of any instances of slavery or human trafficking within any part of our business or supply chain. This team is responsible for all areas of our business including:

- Legal and compliance
- Health, Safety and Environment
- Human resources
- Procurement
- Production and Engineering
- Sales and Marketing

- Business Development and Licensing
- Finance, Auditing and Risk

Our standard form contracts with our key business partners provide for their compliance with law and regulation relating to the sale and purchase of goods. The Company reported in 2016 of our intention to update our standard form distribution and licensing agreements to expressly provide for anti-slavery and human trafficking and the Company has effected such change where reasonably possible.

As part of our ongoing due diligence we request, where possible, that new suppliers complete a declaration which states that they are in compliance with international conventions regarding human rights, including those relating to slavery or human trafficking, and are not aware of any slavery or human trafficking in their supply channels ([https://www.accsysplc.com/wp-content/uploads/sites/2/2018/01/Modern-Slavery-and-Human-Rights-Confirmation\\_12-6-17-Version-3.pdf](https://www.accsysplc.com/wp-content/uploads/sites/2/2018/01/Modern-Slavery-and-Human-Rights-Confirmation_12-6-17-Version-3.pdf)).

Our Code of Conduct, setting out Accsys' expectations for all suppliers in relation to labour, human rights, environmental and ethical conduct, was implemented early in the 2018 calendar year (<https://www.accsysplc.com/wp-content/uploads/sites/2/2018/01/Accsys-Supplier-Code-of-Conduct-2018.pdf>). Non-adherence to the principles stated within the Code of Conduct influences whether a supplier is deemed eligible to do business with us.

We conduct quarterly desk top due diligence reviews of all known shippers used by our global suppliers of raw wood to gain comfort that they do not engage in slavery and human trafficking practices. In the last year, quarterly reviews of the shippers known to be used by our suppliers have not revealed any concerns.

Since our previous Slavery and Human Trafficking Statement, we have implemented a Group-wide online training programme, which includes a module on slavery and human trafficking which must be completed annually. In so doing, awareness and understanding of slavery and human trafficking has been elevated and our ability to detect and prevent these abhorrent practices increased.

#### OUR ON-GOING COMMITMENT

We are committed to eradicating slavery and human trafficking. In the year ahead we intend to continue to implement our anti-slavery and human trafficking policies and procedures, monitor our supply chain and businesses and liaise with business counterparts so as to further promote our anti-slavery and human trafficking expectations.

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business, we will continue to discuss and monitor these important issues internally and ensure our internal procedures remain effective.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our Group's slavery and human trafficking statement for the financial year ending 31 March 2019.

A handwritten signature in black ink, appearing to read 'Patrick Shanley', written over a horizontal dotted line.

Patrick Shanley  
Chairman  
Accsys Technologies PLC

Date: 17 September 2019