

# MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT

JULY 2020

C&R

CAPITAL &  
REGIONAL

# INTRODUCTION

This statement is issued on behalf of Capital & Regional plc pursuant to Section 54 of the Modern Slavery Act 2015. It constitutes our modern slavery and human trafficking statement for the financial year ended 30 December 2019, setting out the measures Capital & Regional takes to prevent slavery and human trafficking in our business and supply chain. Modern slavery is widespread, affecting all sectors. Slavery is not acceptable within our business and our supply chain, and so we are committed to responsible business conduct and fully support the principles of the Act.

This is Capital & Regional plc's statement under the Modern Slavery Act 2015 (the "Act") which applies to companies and partnerships, which have a global turnover in excess of £36 million and conduct any of their business in the UK. As required by the Act, the statement reports on the steps that the Company has taken during the financial year ended 30 December 2019 to ensure that slavery and human trafficking is not taking place in any of our supply chains or in any part of our own business. This is Capital & Regional's third published modern slavery and human rights report. This year's report provides an update on progress and our due diligence completed.

During the current coronavirus pandemic, there is a potential increase in risk due to the fluctuations in demand and changes in businesses operating models, which potentially could lead to new or increased risk of labour exploitation, which we have taken, into consideration. The reason for the delay in issuing the updated statement is due to the impact Covid-19 has had on the business operations resulting in reduced availability of staff resource.

## OUR BUSINESS

Capital & Regional is a UK-focused retail property REIT specialising in community shopping centres that provide needs based, non-discretionary and value-orientated retail goods and services. Our centres are tailored to the needs and aspirations of each centre's local community and form a critical part of the local infrastructure.

Capital & Regional has a strong track record of delivering value enhancing retail and leisure asset management opportunities across its portfolio of tailored in-town community shopping centres.

Capital & Regional is listed on the main market of the London Stock Exchange and has a secondary listing on the Johannesburg Stock Exchange.

Capital & Regional owns seven shopping centres in Blackburn, Hemel Hempstead, Ilford, Luton, Maidstone, Walthamstow and Wood Green. It also acts as Property and Asset Manager for the Kingfisher Centre in Redditch. Capital & Regional manages these assets through its in-house expert property and asset management platform. Capital & Regional also owns Snozone, which runs the indoor ski operations at Milton Keynes and Castleford.

Across the whole business, Capital & Regional employed an average of 274 people during the year ended 30 December 2019. The Group had an annual turnover of £88.9 million for the year ended 30 December 2019.

# OUR APPROACH TO HUMAN RIGHTS

Capital & Regional supports the aims of the Act to combat slavery and human trafficking and improve the transparency of reporting on modern slavery. As part of our culture Capital & Regional operate an integral set of core values. They support the vision, shape the culture, and reflect who we are as a company. These values are reflected in our relationship with key stakeholders groups including guests, customers, suppliers and our staff. Our approach to tackling modern slavery is influenced by these business values. It forms part of our broader human rights strategy, through which we work to raise labour standards, improve working conditions and the health & wellbeing of our workforce. We regularly review our existing compliance and risk management processes to ensure our business and supply chain is not exposed to the threat of modern slavery or human trafficking. We expect our business partners to hold their own suppliers to the same standards in prohibiting forced, compulsory or trafficked labour.

We are not complacent and have ensured that our resourcing strategy includes consideration of modern slavery, and we have trained our people in key roles to be alert to the risk of slavery. We have specific requirements to address the risk of modern slavery and human trafficking in our procurement policy and processes.

Our policies and codes provide guidance to our employees, suppliers and partners to support the prevention of modern slavery and human trafficking from taking place in our business or in our supply chains. We monitor the application of our policies and procedures through our due diligence audits and risk management processes. We believe that this embedded approach to responding to modern slavery and human rights issues is effective.

We are committed to a culture where people are confident to speak up and we communicate this to employees via our Code of Business Conduct and wider awareness communications, including our staff engagement survey. During FY19, we have had no issues raised about modern slavery via these routes.

# OUR DUE DILIGENCE & RISK MANAGEMENT

Based on our internal risk assessment and standards review, we consider that the risk of any slavery or human trafficking in the employment of our employees remains low.

We have a number of policies and procedures in place that we believe promote a culture and behaviours in keeping with the Act's objectives. These are all set out in our staff handbook and include:

- Anti-fraud, bribery and corruption policies
- Disciplinary and grievance policy
- Equal opportunities and diversity policy
- Grievance procedure
- Health and safety policy
- Whistleblowing policy
- Code of Business Conduct
- GDPR Policy
- Covid-19 Risk Assessments

We undertake modern slavery risk assessments and particularly in our supply chain. We have in place a pre-qualification process for new suppliers, and our sub-contract terms and conditions explicitly require our suppliers to be legally compliant with modern slavery and human trafficking legislation.

We continue to carry out a comprehensive analysis of our standards, operations and activities to review any new emerging risks in the current reporting period. We continue to work with our appointed Protect Management contractor to manage the roll out of our capex programmes.

On the 22<sup>nd</sup> July 2019 a major fire led to the closure of The Mall Walthamstow. The Mall is at the heart of the Walthamstow community and the fire not only affected the mall team and retailers but also the surrounding businesses, customers and local community. We collaborated with retailTRUST to provide a critical incident and financial support package to assist impacted staff whilst the centre was closed. Our existing protect management contractor was appointed to manage the £13 million rebuild programme and carried out detailed checks on compliance covering modern slavery and human trafficking during the works, which are still ongoing. The recent government regulations concerning Covid-19 and social distancing measures resulted in an initial hibernation period for the site while testing and control measures were put in place to ensure safe working practices could be implemented. The building programme has been re-developed and reviewed to ensure the site stays safe and within Covid-19 secure guidelines and the measures in place are checked on a regular basis.

# SUPPLY CHAIN

Our supply chains include contractors, sub-contractors, goods and services suppliers and professional service suppliers. In most cases we aim to develop long term relationships with our key suppliers by engaging with entities that have similar cultures and values to our own. During the last 12 months we have reviewed our supply chain to identify the areas that are potentially most prone to slavery or human trafficking and where significant changes have been implemented.

Our assessment concluded that the highest risk occurred in three key areas:-

**1. Where we engage in large capex development contracts including the Walthamstow Fire re-build project where the completion of the contract may involve the use of subcontractors.**

We take some limited assurance from the size of the businesses that we engage with, which means that they will need to introduce their own procedures in order to comply with the Act. During the FY 2019 we continued to work with our experienced Project Management contractor to manage the roll out of our capex programme and the Walthamstow Fire re-build project. HFM Project Management as part of the procurement process implement compliance checks on modern slavery issues during the main contractor pre-tendering process and post contract periods of all projects, ensuring compliance with the Act. During any major construction works we also complete audits of the staff welfare facilities onsite and monitor shift patterns and overnight working practises.

**2. In the outsourcing of soft services such as cleaning and security.**

Following our audit we consider the risk remains low by engaging with a single well-established supplier, Cordant Group. As part of our review we considered Cordant's updated Modern Slavery Act statement still demonstrates an appropriate commitment on their part to ensuring compliance with the Act who adopt a zero-tolerance approach to Modern Slavery and are committed to acting ethically and with integrity in all their business dealings and relationships, and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in their own business or in any of their supply chains.

### 3. **Managing the impact of Covid-19 on our business operations and the health and safety of our work force.**

As a responsible business, we set up a Covid-19 Response Team, which encompasses a mix of job roles across the business together with a Board member. The role of the team is to plan and develop the businesses response to managing the impact of the pandemic through the implementation of measures to minimise the impact on our staff, guests, retail customers and business operations by preventing the spread of the virus in the communities we serve.

The wellbeing of our visitors and staff members is our highest priority. We will continue to closely monitor the Covid-19 situation and the latest advice being provided by the government and authorities. The business has an established health and safety protocol in place in line with the guidance issued by Public Health England and we are encouraging all our visitors and staff to practice good hygiene with regular hand washing. We will continue to work closely with the local authority to mitigate as far as we can any potential risk to the public.

## **NEXT STEPS**

During FY 2020 we plan to:

- Review and update policy in light of changes in law and best practice to ensure that we meet the legal requirements across the business and continue to adhere to the government and local authorities guidance on covid-19.
- Continue to engage with key suppliers to increase visibility of modern slavery risk further down the supply chain.
- Engage with our centre teams to provide support via awareness training and advice.
- Continue to raise awareness (via communications and our intranet web resource (CARTER) and provide training for our people.
- Continue to screen all new suppliers and provide additional scrutiny

# RESPONSIBILITY

The responsibility for reviewing the Company's ongoing compliance with the Act is undertaken by the Board's Responsible Business Committee who report their findings to the Board. Strong governance underpins the Committee who meet regularly and receive briefings on business ethics and modern slavery.

This statement was approved by the Board on 4<sup>th</sup> August 2020.



**Lawrence Hutchings**

Chief Executive

Capital & Regional plc