

## Headlam Group plc ('Headlam')

### Supplier Partnership Sustainability Charter ('Charter')

#### Aim

Sustainability is an extremely important area of focus for Headlam, and we have an ambition to work with suppliers (and the industry at large) to increase the sustainability of the floorcovering industry including through *engagement* and *example*.

#### By engagement

This Charter sets out a joint way of working to deliver on this ambition. It outlines the minimum standards we expect from all our suppliers<sup>1</sup>, alongside areas where we aspire to support practice improvement across the industry.

The priorities we are focused on, and are also asking our suppliers to focus on, are:

- Reducing environmental impact, through efficiency and carbon emissions reductions;
- Ensuring operations and supply chains are free from modern slavery and human trafficking, and focusing on the wellbeing of employees;
- Promoting sustainable (recyclable) products into the industry; and
- Adhering to all regulation/laws, with high levels of disclosure.

These priorities are designed to be in the best interests of all stakeholders and also consistent, applying across all suppliers.

#### By example

In addition to engagement, Headlam has also established its own strategic sustainability-related actions, as set out within our publicly available ESG Reports and Updates. These provide a clear direction of travel, and also aim to capture strategic opportunity for Headlam and its suppliers, including by:

- Jointly promoting our sustainability credentials into the marketplace to drive industry best practice, as well as help capture new revenue / customer opportunities together; and
- Working together to promote and market sustainable / fully recyclable product ranges, increasing awareness and demand across the industry including by the end-consumer.

#### Charter

Suppliers can expect the priorities outlined above to be increasingly considered within our procurement process, as sustainability factors form a greater part of our supplier dealings going forward driven in part by evolving regulation and customers' requirements. Our approach is set out below.

Suppliers will be invited to:

1. Sign this Charter. By signing you agree to respect the principles and priorities of this Charter, to promote them within your own business / supply chains, and to work collaboratively with us where possible to collectively achieve them.
2. Undertake Headlam's own Sustainability Assessment Questionnaire (*delivered separately to this Charter by Verisio*) to evidence compliance with Headlam's minimum standards and to demonstrate progress towards these aspirational goals. Where suppliers are unable to respond adequately to any of the questions, the supplier will work with Headlam to undertake relevant action(s) acceptable to both parties.

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<sup>1</sup>For the purpose of this Charter, the term 'supplier' refers to all organisations within our supply chain providing goods, services, works or utilities in return for payment.

The sustainability priorities are split into two categories:

- **Minimum standards** - These standards are mandatory and form the basic principles that we expect from all our suppliers.
- **Aspirational goals** - These goals are focus areas of growing emphasis for Headlam and the industry / regulators more broadly. We wish to encourage suppliers to actively pursue action in line with these in a short to medium timeline if they haven't already been undertaken.

	Minimum standards	Aspirational goals
<i>Undertake Headlam's own Sustainability Assessment Questionnaire (delivered separately to this Charter by Verisio) to evidence compliance with minimum standards, and progress against aspirational goals.</i>		
<b>ENVIRONMENT</b>		
Emissions	Comply with all the applicable environmental laws and regulations in the territories within which you operate, and possess all the necessary environmental permits and registrations.	Reduce the embodied and operational carbon footprint of key products and supplies in your value chain by: <ul style="list-style-type: none"> <li>• measuring operational carbon emissions (Scope 1 and 2);</li> <li>• undertaking efficiency measures across your operations (with associated KPIs); and</li> <li>• setting Scope 1 and 2 carbon emissions reduction target(s).</li> </ul>
End-of-life-disposal	Reduce your impact through minimising waste, and undertake resource efficiency measures (material inputs, packaging) across operations.	Help us to reduce waste arisings, and support recycling / recyclability and the move to a circular economy by: <ul style="list-style-type: none"> <li>• focusing on the recyclability / recycling of produced goods, reducing end-of-life waste to landfill</li> <li>• minimising your operational waste to landfill;</li> <li>• reducing packaging;</li> <li>• ensuring that packaging is recyclable / recycled; and</li> <li>• having associated KPIs</li> </ul>
<b>SOCIAL</b>		
Health and safety & wellbeing	Have effective health and safety management systems in place, ensuring your compliance with latest health and safety standards and codes.	Endeavour to provide your workforce with access to: <ul style="list-style-type: none"> <li>• first aid and safety training, work methods and equipment necessary to achieve the highest level of health and safety performance; and</li> <li>• accredited employee support programmes.</li> </ul>
Working conditions	Comply with the applicable laws and regulations in the territories within which you operate, and in-line with our Ethical Code of Conduct. Not tolerate any form of forced or bonded labour, slavery or human trafficking, including child labour.	Use the best available guidance to: <ul style="list-style-type: none"> <li>• develop a Diversity, Equity, and Inclusion ('DEI') policy and action plan (or equivalent); and</li> <li>• put systems in place to encourage the reporting of concerns, and the protection of whistleblowers.</li> </ul>
<b>ASSURANCE</b>		
Product quality	Supply products that are fit for purpose, safe to use, and	<ul style="list-style-type: none"> <li>• Meet ISO9001 QMS product quality requirements, or a similar equivalent.</li> </ul>

	meet all UK required quality legislation. Operate an effective quality management system.	
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**Further information**

If you have any questions about the content of this Charter please do not hesitate to contact Darryl Price, UK Operations Director (Darryl.Price@headlam.com), or Catherine Miles, Director of IR and ESG (Catherine.Miles@headlam.com), or the individual(s) or business unit(s) with which you do business. We encourage feedback from all our stakeholders on any matters, including any concerns, and this can be provided via the same channels or confidentially via EthicsPoint, a third-party anonymous hotline provider (website: headlam.ethicspoint.com).

This Charter supports our **Supplier Ethical Code of Conduct** (publicly available on our website www.headlam.com), which codifies the behaviours we expect of our suppliers.

This Charter will be reviewed annually, as per Headlam’s Environmental Policy (also publicly available on our website), and updated according to the needs of the business, regulatory changes, and industry expectations.

**Declaration and Sign Off**

By signing this Charter, you agree to respect the principles and priorities of this Charter, to promote them within your own business / supply chains, and to work collaboratively with us where possible to collectively achieve them.

**Signed on behalf of the Supplier:**

**Signatory:**

**Supplier name:**

**Date:**