

# MODERN SLAVERY

## Introduction

This Statement details the steps we have taken up to the end of August 2018 towards ensuring that slavery and human trafficking are not taking place either in our organisation or our supply chain. Zenith has a long-standing commitment to conducting business ethically and the prevention of slavery and human trafficking is an important part of that commitment.

This is Zenith's third Modern Slavery Act Transparency Statement and shows the progress we have made in developing and maturing our strategy.

We have identified hand car washes and recycling / waste disposal as two sectors of potential concern within our direct supply chain. Further details of how we are addressing this is provided below.

## Our organisation

The Zenith Group includes Zenith Vehicle Contracts Limited, Leasedrive Limited, Contract Vehicles Limited and all other subsidiary companies that form the Zenith Group.

The Zenith Group employs over 700 employees in the UK. We are the UK's leading independent leasing, vehicle outsourcing and fleet management provider. In December of 2017, Zenith Group and CVL published separate transparency Statements. This is the first combined statement, marking the integration of CVL into the Zenith group.

## Our supply chain

We have categorised our combined supply chain into four groups:

- Core in-life
- Wider network
- Large corporate
- Non-direct / ad hoc

## Our policies

Our policy commitment to preventing slavery and human trafficking is underpinned and supported by the following:

- A collaborative approach with our supply chain, which encourages transparency. We will provide appropriate support, guidance and monitoring to tackle any reported issue. Serious or repeated violations may result in a termination of supply, reduced volume of business or non-inclusion in future tender opportunities
- Annual training for key stakeholders within Zenith
- A procurement policy incorporating pre-contractual supplier due diligence, comprehensive contractual agreements and periodic review
- Supplier Code of Conduct
- Annual risk assessment of the supply chain
- Whistleblowing procedures within Zenith and the introduction of a contractual requirement for direct suppliers to our operational business to monitor compliance and report any matters of concern
- A new third party management tool (detailed further below)

### **Our approach to assessing and managing risk**

We assess risk in our supply chain through consultations with relevant internal stakeholders. Risk factors include: the location of the supplier, the nature / type of the goods or services provided, the depth of our relationship with our supplier and our perception of the supplier's level of corporate governance – both in relation to its own activities and its supply chain. We also regularly review press reports, and publications from the Gangmasters and Labour Abuse Authority (GLAA).

Following this consultation process we have assessed our exposure to the risk of slavery and human trafficking as low for the following reasons:

- We are entirely UK based.
- Almost all of our direct suppliers have strong levels of corporate governance and are based in countries where slavery and human trafficking are low risk.

We perceive our greatest exposure to risk (albeit still limited) is further down our supply chains – for example where the sourcing of raw materials used in the production of vehicles occurs in countries with weak labour standards. We will take steps over the coming year to further understand the organisations outside of our direct supply chain and the risks that they present.

### **Our due diligence processes**

Our supply-chain due diligence processes are proportionate to the level of assessed risk and the level of control or influence we have in each relationship.

New suppliers:

Where we take on a new supplier to our operational businesses we require them to respond to our pre-contractual due diligence questionnaire, which specifically addresses slavery and human trafficking. The completed questionnaire is reviewed by our Procurement, Compliance, Legal and Information Security teams. Any identified risks are then managed in conjunction with the relevant business owner within Zenith. All such new suppliers are required to agree to our Code of Conduct.

Existing suppliers:

Our review processes differ by supplier groups and are based on the products and services that they provide, any risks that they present, the size of the supplier group, the depth of the relationship and the maturity of the relevant department's processes.

For example – accident management bodyshops are reviewed annually, with periodic site visits. The reviews ensure that the bodyshops have maintained appropriate manufacturer approvals, insurance certificates and BSI0125 certifications. We also review how the bodyshops have handled any complaints.

We have initiated a programme to deliver greater consistency across our supply chain review processes and will report on progress in our next Statement.

Our Supplier Code of Conduct continues to be launched to all existing suppliers, as detailed further below.

### **Our training**

We deliver annual modern slavery training sessions to key stakeholders across the business. The sessions provide an insight into the legislation, developments regarding investigations and prosecutions within the UK. Our existing risk assessment is refreshed in these sessions, with any new risks being raised as applicable and steps agreed to mitigate those risks. These sessions are delivered by our Group Compliance team.

### **Our effectiveness in combating slavery and human trafficking**

Our Supplier Code of Conduct has now been launched throughout CVL's supply chain. We have also extended the launch of the Code to Zenith's Wider Network suppliers, including all of our service, maintenance and repair network. Work continues to launch the Code across our remaining suppliers.

We have identified two sectors of potential concern within Zenith group's supply chain. This is based on our internal risk assessments, recent press reports, and the GLAA's report into "The Nature and Scale of Labour Exploitation across all Sectors within the United Kingdom". These sectors are:

- Hand Car Washes within Zenith car and LCV supply chain
- Recycling / Waste Disposal within the full business supply chain

In last year's statement we confirmed that we had conducted an internal review into car washes and received reassurances from Zenith stakeholders that the bodyshops, garages and de-fleet centres within our supply chain undertake this work in-house, for reasons of quality assurance, and do not utilise external car wash operations most likely to be affected. Nevertheless, given the prevalence of modern slavery offences in this sector, we will seek written confirmation from the bodyshops, garages and de-fleet centres in our supplier network that they carry out vehicle valeting on-site.

We continue to assess the risk presented by the recycling sector and intend to engage with our waste disposal and recycling suppliers to ensure that they are not using the recycling centres involved in recent Modern Slavery prosecutions, or centres using forced labour. We have already launched our Code of Conduct to these suppliers. This work is ongoing and we will engage with our suppliers in a similar manner to when we engaged with manufacturers following the mica paint scandal. We will provide a further update in next year's Statement.

In our 2017 Statement, we highlighted how we had collaboratively engaged with our manufacturers regarding press reports of forced labour being present in the production of mica paint. This approach led to evidence being provided from a manufacturer that the mica used in their paint was not sourced from the offending mines.

We have recently launched a new third party management platform. This will enable us to carry out regular monitoring and review to manage risks more effectively with our suppliers. It will also facilitate a collaborative relationship with our supply chain, enabling positive engagement and open communication; for example, in response to areas of concern such as hand car washes or recycling.

We will deliver training and awareness sessions regarding our Whistleblowing Policy to all staff, and distribute promotional materials across our offices. This will increase awareness of our third-party whistleblowing hotline service and educate staff on the type of concerns that should be reported; for example, where modern slavery concerns are not being addressed.

This Statement is made in accordance with section 54(1) of the Modern Slavery Act 2015 and has been approved by the Board of Directors.

Mark Phillips  
Chief Financial Officer  
Zenith Group  
03.12.18



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