



# NHBC modern slavery statement

1 April 2021 to 31 March 2022



Raising Standards. Protecting Homeowners

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# 1. Introduction

In the financial year from 1 April 2021 to 31 March 2022, National House-Building Council (NHBC) continued its commitment and activities to combat instances of slavery and human trafficking within its business and supply chain.

## 2. Structure, Business and Supply Chains

### 2.1 About NHBC

NHBC is the UK's leading warranty and insurance provider for new homes. It works with NHBC registered house builders and developers to help improve the construction quality of the new homes for the benefit of homeowners.

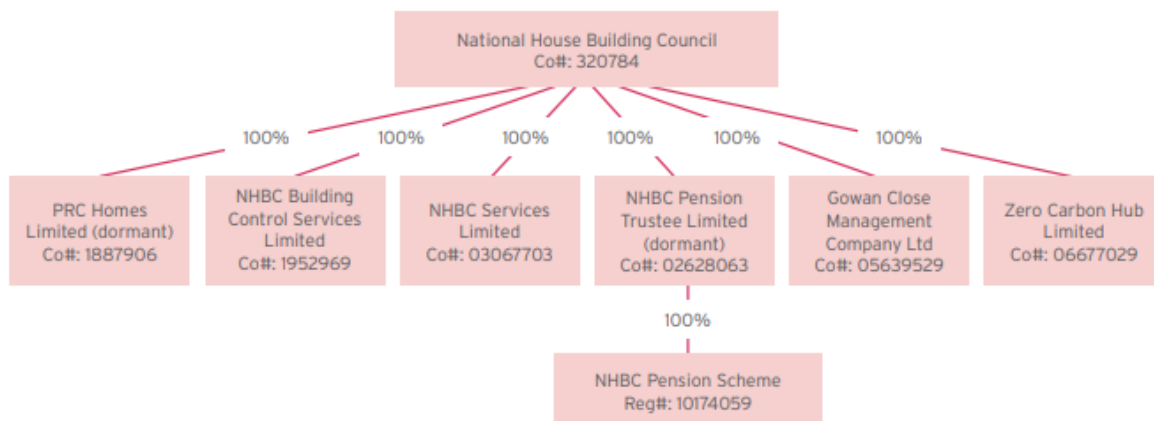
Our purpose is to build confidence in the construction quality of new homes by assessing, inspecting and directly insuring new homes registered with us.

NHBC supplies inspection services, guidance and training to builders and developers, and provides protection for homeowners through its range of Buildmark warranty and insurance products.

With no shareholders, NHBC invests profits in activities that improve the quality of UK house building. NHBC also works with government and stakeholders to help shape housing policy.

The NHBC is a company limited by guarantee. NHBC is incorporated and domiciled in the United Kingdom.

NHBC belongs to a group and is the ultimate parent undertaking of that group. Below is the structure of the Group. All Group entities are registered in England and Wales.



NHBC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. NHBC is a private company limited by guarantee. It has approximately 1,250 employees and operates in the UK.

## 2.2 Responsibilities

NHBC's Chief Executive Officer is Executive Sponsor for Modern Slavery within NHBC. NHBC's board are responsible for approving the annual Modern Slavery Statement which is published annually on NHBC's external website and on the central government register.

NHBC's Head of Procurement is responsible for managing Modern Slavery risk within NHBC's supply chain, designing, and implementing controls and monitoring their effectiveness.

## 2.3 NHBC's Supply Chain

NHBC's supply chain consists of the supply of goods and services required to support the delivery of NHBC's trading activities.

NHBC's supply chain fits into three main categories:

- 1) The settlement of claims activities (e.g, remedial works contractors and consultants who carry out work in relation to NHBC's Buildmark warranty and insurance products).
- 2) Business to business services (e.g, marketing and events, IT and telecommunications, travel, car fleet, consultancy, and other professional services).
- 3) Operational services – all other procurement of goods and services (e.g, personal protective equipment, cleaning, catering, stationery, and maintenance of NHBC's offices).

A more detailed assessment of NHBC's supply base has been conducted against the Global Slavery Index.<sup>1</sup> NHBC have exposure to eight out of the eighteen high risk industries. The supplier types within these industries have been identified as higher risk for NHBC and have greater focus, they are as follows:

- remedial works contractors
- hospitality (hotels and meeting venues)
- consumables and PPE
- IT hardware
- cleaning
- catering.

Section 4.1 outlines how NHBC manage Modern Slavery risk by supplier type.

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<sup>1</sup> The Global Slavery Index includes data on three key variables - Size of the Problem; estimated prevalence in terms of percentage of population and absolute numbers (by country), Government Response: how governments are tackling the problem, Vulnerability: factors that explain or predict prevalence.

## 3. Policies

The key policies NHBC have relating to Modern Slavery are outlined below.

### 3.1 Procurement and Supplier Management Policy

The Procurement and Supplier Management Policy (**Policy**) commits NHBC (including every individual involved in procuring goods, service, or outsourced activities within NHBC) to ensure that NHBC's procurement activities are sourced ethically, environmentally and socially responsibly. The Policy applies to NHBC and all subsidiaries of NHBC, business units and functions within NHBC and all NHBC employees and workers (including agency workers, consultants and contractors) irrespective of their location, function, grade or standing.

A Procurement Code of Conduct is outlined within the Policy. All procurement activities must be undertaken in adherence to the principles outlined in the Procurement Code of Conduct. These are as follows:

- foster awareness of human rights, fraud, and corruption issues in all business relationships
- responsibly manage any business relationships where unethical practices may come to light and take appropriate action to report and remedy them
- undertake due diligence on appropriate supplier relationships in relation to forced labour (modern slavery) and other human rights abuses, fraud and corruption
- continually develop knowledge of forced labour (modern slavery), human rights, fraud and corruption issues to ensure this is applied to all aspects of professional life.

The Policy states that any perceived breaches of the Procurement Code of Conduct should be reported to line management or via NHBC's internal confidential reporting service.

The Policy is reviewed every 24 months and approved by NHBC's Board Risk Committee.

The Policy is mandatory within NHBC and is communicated down from executive level management. Any instances of non-compliance are reported via NHBC's Risk Management Framework.

### 3.2 HR Recruitment Policy

NHBC continue to undertake thorough background checks in accordance with NHBC's Recruitment Policy before employment commences. All NHBC roles continue to be paid at or above the National Living Wage.

### 3.3 Modern Slavery Policy

NHBC does not currently have a separate Modern Slavery Policy that is shared with its supply base; however, this will be explored further within the next 12 months. Consideration will also be given on how NHBC can measure its effectiveness to include:

- policies referenced in high-risk supplier contracts
- policy supply chain communication plan
- supplier policy training (high risk only)

- information received from suppliers, including the use of external information capture tools such as Sedex (a membership organisation that provides online platforms for companies to manage and improve working conditions in global supply chains.)
- supplier audits (high risk only).

## 4. Risk Assessment, Prevention and Mitigation

NHBC have identified the risk of NHBC failing to source goods or services responsibly and ethically and have outlined the controls and control owners below. They are outlined within the policy.

Risk Description	Control	Control Owner
NHBC fails to source goods or services responsibly and ethically	Adherence to the Procurement Policy, Process, Procedures and Outsourcing and Third-Party Risk Management Framework in alignment with NHBC's Procurement Code of Conduct	Head of Department
	Ongoing in contract life supplier due diligence	Head of Procurement
	Risk based monitoring and review programme to ensure Procurement Policy is adhered to	Head of Procurement

Controls will be reviewed within financial year 2022/23 to ensure they are effective. NHBC are looking to engage with worker's organisations within the next 12 months to enable risks within supply chains to be identified and collaborative approach to be taken for remedial action.


### 4.1 Mitigating Activity by Supplier Type (high-risk)

Supplier Type	Risk Rating	Mitigating Activity	Activity Status
Remedial Works Contractors	High	Outsourced the appointment and management of remedial works to an external provider: <ul style="list-style-type: none"> <li>• Due diligence checks undertaken on external provider to ensure they comply with Modern Slavery Act 2015.</li> </ul>	Ongoing
		<ul style="list-style-type: none"> <li>• External provider's contract ensures that both external provider and their sub-contractor network comply with Modern Slavery Act 2015.</li> </ul>	Complete
		<ul style="list-style-type: none"> <li>• Supplier Relationship Management in place with external provider.</li> </ul>	Ongoing
		<ul style="list-style-type: none"> <li>• External audits to review effectiveness of external provider's Modern Slavery policies and processes.</li> </ul>	To be addressed within next 12 months

Consumables & PPE	Green	• Due diligence checks undertaken on centralised provider to ensure they comply with Modern Slavery Act 2015.	Ongoing
		• Supplier Relationship Management in place with centralised provider.	Ongoing
		• External audits to review effectiveness of Modern Slavery policies and processes.	To be considered within next 12 months
IT Hardware)	Yellow	• Due diligence checks undertaken on external provider to ensure they comply with Modern Slavery Act 2015.	Ongoing
		• External audits to review effectiveness of Modern Slavery policies and processes.	To be considered within next 12 months
Cleaning	Green	• Due diligence checks undertaken on external provider to ensure they comply with Modern Slavery Act 2015.	Ongoing
		• Supplier Relationship Management in place with centralised provider.	Ongoing
		• External audits to review effectiveness of Modern Slavery policies and processes.	To be considered within next 12 months
Catering	Green	• Due diligence checks undertaken on external provider to ensure they comply with Modern Slavery Act 2015.	Ongoing
		• Supplier Relationship Management in place with centralised provider.	Ongoing
		• External audits to review effectiveness of Modern Slavery policies and processes.	To be considered within next 12 months
Hospitality - Hotels & Meeting Venues	Yellow	<ul style="list-style-type: none"> <li>• Requirements to be directed through NHBC's travel and venue management provider (rather than individual hotels and meeting venues) to gain oversight and enable checks on NHBC's provider to be undertaken.</li> <li>• External audits to review effectiveness of Modern Slavery policies and processes.</li> </ul>	To be considered within next 12 months

### Risk Rating Key:

 = Controls appropriate with a small number of enhancements possible

 = Controls require review/ enhancements

 = Controls ineffective, actions required

## 5. Due Diligence Processes

All suppliers providing goods and services to NHBC above a contractual value of £25k are required to complete a Pre-Qualification Questionnaire as part of NHBC's Procurement Process which identifies if the supplier has a turnover of £36m or more.

If the contractual value is greater than £25k, they are required to provide a copy of their Modern Slavery Statement to NHBC. If the supplier's turnover is less than £36m, the supplier is required to provide details on the arrangements the supplier has in place to manage the risk of slavery within their business and supply chain.

NHBC's Modern Slavery Statement is available for suppliers to view as part of the on-boarding and contract management process and are asked to confirm that they have read the statement and are compliant with the Modern Slavery Act 2015.

### **5.1 Actions for the next 12 months**

- Due diligence approach to be reviewed in line with ETI<sup>2</sup> base code.
- Grievance process for supplier's workforce.
- Process to be developed for instances of Modern Slavery, to include how they are reported/ identified, incident response plan, mitigation measures taken and outcome for affected workers.
- Communication strategy for high- risk suppliers and NHBC contract owners to ensure Modern Slavery risk is identified and managed throughout supplier contract lifecycle.

## **6. Effectiveness**

NHBC ensures prompt in full payment in accordance with contractual payment terms to its supply base to reduce the risk of organisations becoming vulnerable, which could in turn contribute to Modern Slavery offences.

NHBC continually reviews procurement practices and on-going monitoring to ensure appropriate controls are in place.

NHBC does not currently have KPI's in place to measure the effectiveness of controls in place to manage Modern Slavery risk, however this is to be considered within the next 12 months.

Modern Slavery will continue to be a key part of NHBCs wider Economic, Social and Governance strategy.

## **7. Training and Awareness**

Mandatory annual e-learning courses on Modern Slavery continue to be completed by all employees responsible for procurement and, or supplier relationship management activity. Completion levels are measured at senior level within NHBC and forms part of NHBC's mandatory course completion business performance indicators.

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<sup>2</sup> Ethical Trading Initiative



NHBC suppliers are not currently required to undertake any Modern Slavery training, however training for high-risk suppliers is to be considered within the next 12 months.

**Statement Locations:**

NHBC External Website: [Modern Slavery Statement | NHBC](#)

Government Modern Slavery Registry: [NATIONAL HOUSE-BUILDING COUNCIL modern slavery statement summary \(2021\) - GOV.UK \(modern-slavery-statement-registry.service.gov.uk\)](#).

No modern slavery incidents within NHBC's supply base were identified within FY21/22.


NHBC is committed to ensuring that its processes and approach are appropriate, effective and reflect the risks within its business.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes NHBC's slavery and human trafficking statement for the financial year ended 31 March 2022.

Steve Wood

Chief Executive Officer

Date: 26/9/2022

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