

Modern Slavery Statement – Financial Year to 31st December 2016

Introduction

Lotte Chemical UK Ltd will not tolerate forced, bonded or compulsory labour, human trafficking and other kinds of slavery or servitude within its own organisation or within its supply chain.

This statement sets out Lotte Chemical UK Ltd's actions to understand all potential modern slavery risks related to our business and to put in place steps that are aimed at ensuring that there isn't any slavery or human trafficking in our business nor in our supply chain.

This statement relates to actions and activities during the financial year 1st January 2016 to 31st December 2016.

As part of the global Chemical Industry, we recognise that we have a responsibility to take a robust approach to slavery and human trafficking.

The organisation is absolutely committed to preventing slavery and human trafficking in its corporate activities, and to ensuring that its supply chains are free from slavery and human trafficking.

Organisational structure

This statement covers the activities of Lotte Chemical UK Ltd, the only UK producer of Polyethylene Terephthalate (PET). The company is owned by the South Korean conglomerate Lotte Chemical Group. Lotte Chemical UK Ltd has an annual turnover of £174M.

The company produces two PET chip products:

PAPET Clear™

A non-reheat resin with high gloss and transparent qualities to produce glass-like optics, suitable for customer containers, thick clear sheet applications and single stage bottle production.

PAPET Max™

A fast reheat resin suitable for two-stage high-speed bottle production and bottle blowing.

Countries of operation and supply

Lotte Chemical UK Ltd has 117 employees in the UK and operates in the following countries:

- The United Kingdom
- Europe

Our Supply Chain:

- Our Supply Chains include suppliers of raw materials from across the globe, suppliers of engineering parts and services from the UK and Europe, suppliers of professional services from the UK, Europe and the rest of the world. We are reviewing the risks that these supply chains can present.

We expect our suppliers and contractors to demonstrate a zero tolerance approach to exploitation. **To this end we will be inserting a clause into our contracts requiring that they will comply with the provisions of the Act and granting us with the right to terminate in the event of their failure to do so.**

Responsibility for the organisation's anti-slavery initiatives is as follows:

- **Policies:** The Board of Lotte Chemical UK Ltd is responsible for ensuring this policy is implemented. The Procurement Manager and the HR Manager are responsible for monitoring the compliance of this policy.
- **Investigations/due diligence:** The Procurement Manager is responsible for ensuring suppliers comply with this policy and for investigating any suspected instances of slavery or human trafficking. The HR Manager is responsible for ensuring employment practices in Lotte Chemical UK Ltd comply with this policy and for investigating any suspected instances of slavery or human trafficking.
- **Training:** The Procurement department and the HR department will be trained in their responsibilities under this policy during 2017.

Relevant policies

The organisation operates the following policies and takes the following steps to prevent slavery and human trafficking in its operations:

- **Anti-slavery policy**

This policy reflects 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 anywhere in our supply chains.

- **Whistleblowing policy**

The organisation encourages all its employees, customers and other business partners to report any concerns related to the direct activities, or the supply chains of, the organisation. This includes any circumstances that may give rise to an enhanced risk of slavery or human trafficking. Lotte Chemical UK Ltd's Whistleblowing procedure is designed to make it easy for workers to make disclosures, without fear of retaliation.

- **Staff Handbook**

Lotte Chemical UK Ltd's values and behaviours laid out in the Staff Handbook make clear to employees the actions and behaviour expected of them when representing the organisation. The organisation strives to maintain the highest standards of employee conduct and ethical behaviour when operating abroad and managing its supply chain.

- **Supplier code of conduct**

Lotte Chemical UK Ltd is committed to ensuring that our suppliers adhere to the highest standards of ethics. Suppliers are required to demonstrate that they provide safe working conditions where necessary, treat workers with dignity and respect, and act ethically and within the law in their use of labour. We work with our suppliers to ensure they meet the standards of the code and improve worker's working conditions as appropriate. However, serious violations of the organisation's supplier code of conduct will lead to the termination of the business relationship.

- **Agency workers policy**

The organisation uses only specified, reputable employment agencies to source labour and always verifies the practices of any new agency it is using before accepting workers from that agency.

Due diligence

The organisation undertakes due diligence when considering taking on new suppliers, and regularly reviews its existing suppliers. The organisation's due diligence and reviews include:

1. mapping the supply chain broadly to assess particular product or geographical risks of modern slavery and human trafficking;
2. evaluating the modern slavery and human trafficking risks of each new supplier as part of our human rights assessment;
3. reviewing on a regular basis all aspects of the supply chain based on the supply chain mapping.

Over the next few years we will;

4. Conduct supplier audits or assessments where we have assessed the need for a greater degree of focus on slavery and human trafficking;
5. Take steps to improve substandard suppliers' practices, including providing advice to suppliers and requiring them to implement action plans;
6. Participate in industry appropriate collaborative initiatives focused on human rights in general, and slavery and human trafficking in particular;
7. Assess whether ethical supplier databases could be used to strengthen our compliance,
8. Invoke sanctions against suppliers that fail to improve their performance in line with an action plan or seriously violate our supplier code of conduct, including the termination of the business relationship.

Performance indicators

The organisation has reviewed its key performance indicators (KPIs) in light of the introduction of the Modern Slavery Act 2015. As a result, the organisation is:

- Requiring all members of the Procurement Department and HR Department to have completed training on modern slavery by the end of 2017;
- Developing a system for supply chain verification which is expected to be in place by the end of 2017, whereby the organisation evaluates potential suppliers before they enter the supply chain; and

- Reviewing its existing supply chains, expected to be completed by end 2018, whereby the organisation evaluates all existing suppliers.

Training

Lotte Chemical UK Ltd requires all staff working in Procurement and HR within the organisation to complete training on modern slavery by the end of 2017.

Lotte Chemical UK Ltd's modern slavery training covers:

- our business's purchasing practices, which influence supply chain conditions and which should therefore be designed to prevent purchases at unrealistically low prices, the use of labour engaged on unrealistically low wages or wages below a country's national minimum wage, or the provision of products by an unrealistic deadline;
- how to assess the risk of slavery and human trafficking in relation to various aspects of the business, including resources and support available;
- how to identify the signs of slavery and human trafficking;
- the initial steps that should be taken if slavery or human trafficking is suspected;
- how to escalate potential slavery or human trafficking issues to the relevant parties within the organisation;
- what external help is available, for example through the Modern Slavery Helpline, Gangmasters and Labour Abuse Authority and "Stronger together" initiative;
- the messages, business incentives or guidance can be given to suppliers and other business partners and contractors to implement anti-slavery policies; and
- the steps the organisation should take if suppliers or contractors do not implement anti-slavery policies in high-risk scenarios, including their removal from the organisation's supply chains.

Awareness-raising programme

As well as training staff, the organisation will be raising awareness of modern slavery issues by putting up posters across the organisation's premises, circulating a series of emails to staff; placing information on the company's intranet site and in the Company's Weekly Communication bulletin.

The communications will explain to staff:

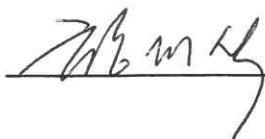
- the basic principles of the Modern Slavery Act 2015;
- how Lotte Chemical UK Ltd can identify and prevent slavery and human trafficking;
- what employees can do to flag up potential slavery or human trafficking issues to the relevant parties within the organisation; and
- what external help is available, for example through the Modern Slavery Helpline.

Board approval

This statement has been approved by the organisation's Chief Executive Office and Senior Management Team, who will review and update it annually.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 31 December 2016.

Director's signature:



Director's name:

D S HWANG

Date: 30.6.17