

Modern Slavery Statement – Financial Year to 31st December 2017

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 2017 to 31st December 2017.

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 had an annual turnover of £245M in 2017.

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 120 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 expect our suppliers and contractors to demonstrate a zero tolerance approach to exploitation.

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

- **Policies:** The Senior Management Team 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 HR Department will be responsible for the ongoing training of staff in 2018 as appropriate.

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.

Training on this policy and this risk the business faces from modern slavery in its supply chains now forms part of the induction process for all individuals who work for us.

- **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. **To this end a detailed Supplier Code of Conduct will be developed throughout 2018.**

- **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 continue to:

4. Take steps to improve substandard suppliers' practices, including providing advice to suppliers and requiring them to implement action plans;
5. 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.
6. Conduct supplier audits or assessments where we have assessed the need for a greater degree of focus on slavery and human trafficking;
7. Participate in industry appropriate collaborative initiatives focused on human rights in general, and slavery and human trafficking in particular;
8. Assess whether ethical supplier databases could be used to strengthen our compliance.

Performance indicators

The organisation has reviewed its key performance indicators (KPIs) and confirm that during 2017 we have:

- Trained all members of Procurement Department and HR Department in their responsibilities under the Modern Slavery Act.
- Developed a system for supply chain verification of any new supplier which involves them confirming their own policy on Modern Slavery and being required to complete a pre-qualification questionnaire.
- Reviewed its existing supply chain, identifying them as low/medium/high risk. All existing suppliers have received a communication from Lotte Chemical UK Ltd confirming its commitment to preventing slavery. As contracts are renewed, a clause will be added requiring that they will comply with the provisions of the Act and granting us the right to terminate in the event of their failure to do so.

Training

Lotte Chemical UK Ltd staff working in Procurement and HR have now completed training on modern slavery. Any new staff in these departments will be trained as appropriate.

Any training will cover:

- 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 any additional staff, the organisation will continue to raise 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 this year will focus on:

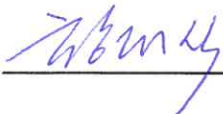
- more detail of the four broad areas covered under the Act
 - Each quarter there will be a focus on one of the four areas
- how to spot the signs
- what employees can do to flag up potential slavery or human trafficking issues to the relevant parties within the organisation; and
- what external help 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 2017.

Director's signature:



Director's name:

DS HWANG

Date: 2-3-18