Economic Sustainability

Over the last 100 years the expansion of Polyflor's parent company, James Halstead PLC, has been managed by four generations of Halstead's. Established by James Halstead himself in 1915, the company's original trade was the waxing and showerproofing of cloth for raincoats, before expanding into flooring in 1934. Today, Polyflor is an increasingly successful company, providing economic and environmental sustainability.

Polyflor is a major employer in Greater Manchester and Teesside, providing jobs within sales, marketing, graphic design, human resources, I.T, purchasing and finance, as well as production, engineering, technical, warehousing and distribution. Our business ethics ensure that we minimise risk wherever possible, given the responsibility we have within the supply chain and to our employees.

As a supplier we try to ensure timely deliveries and as a customer, timely payments, without imposing unrealistic payment terms. As a medium sized UK manufacturing company, we continue to pay fair salaries to our employees as well as paying tax in the UK, thus fully supporting the UK economy.

The company's strategic focus remains on flooring, although the strategy evolves over time, focus on sustainable growth is undiminished. This, therefore, underpins job security for Polyflor employees and benefits all stakeholders in the business.

Despite the difficulties faced by many in the market during recent times, due to economic pressures, Polyflor remained resilient and profitable. Polyflor is a global organisation with a dominant market share in the UK and listed on the AIM market of the London Stock Exchange with a ninefigure turnover, where it celebrates over 70 years as a listed company, but also a company with a record sales turnover which it achieved again in 2022.

Given our reliability for quality product, stock availability and service, we were awarded "Flooring Manufacturer of the Year", in the 2022 CFJ (Contract Flooring Journal) Awards. This was particularly gratifying as the voting for this award was by the floor laying contractors (the Contract Flooring Association) who install our products.

We are proud to have had our flooring specified on a plethora of fascinating projects around the world, as we trade with almost every country. Illustrating the breadth and depth of our flooring sales, Polyflor was installed in the following: Churchill Downs Racecourse in Kentucky, the Toulouse Rugby Stadium in France, the FIFA Museum in Qatar and the Palace Hotel in Konary, Poland.

Investment & Growth

Polyflor's economic sustainability, growth and success are largely attributed to the depth of its customer focus. Polyflor has strong relationships throughout the entire supply chain and does not price-fix or undermine pricing structures, ensuring economic sustainability for all our customers globally.

In Malaysia, we incorporated a new company and took on the trade of our former long-term distributor in November 2020. This now acts as our base for the South Asia markets of Malaysia, Singapore, Indonesia, Thailand, the Philippines and Vietnam.

Polyflor's ongoing commitment to Research and Development through advanced technology has resulted in the creation of innovative and market leading products, with New Product Development at the core of Polyflor's business philosophy, ensuring product is always meeting demands and on trend.

Once more, significant investment continued in Recofloor, the UK's leading recycling scheme for waste vinyl flooring. Our dedication and investment are implemented through financial and operational support across the scheme. Recofloor is a cost-effective solution for managing waste. It is free if waste is taken to a distributors' drop-off site, or a nominal cost is applied if waste material is collected from a specified site - this offers a saving of up to 70% when compared to landfill, which is financially beneficial for our customers, as well as promoting circular economy principals.

Polyflor's Value Chain

It is important to Polyflor that we go beyond what is expected as a manufacturer, encouraging best practice throughout the flooring sector and adding value in pivotal ways.

Our established Training Academy contributes to the value chain and continued to deliver high quality training courses throughout 2020 at its purpose-built facility as well as off-site locations. Further to this, Polyflor also continued its free Floor Cleaning & Maintenance Course, aimed at educating how to get the best out of flooring by using the correct cleaning methods and products to facilitate a longer life and reduce ongoing costs.

In addition to providing training and education in getting the best out of our flooring, we believe that product stewardship is key, which is why we fully engage with all our customers to manage their waste Polyflor material and recycle, with Recofloor being a cornerstone of this principal.

Governance

Polyflor Ltd. is part of James Halstead PLC, with UK headquarters based in Manchester. The James Halstead Group employs around 820 people, has 2 UK production sites and 21 sales distribution sites worldwide.

Polyflor Ltd. has a board of 8 directors who report to Mark Halstead, Group Chief Executive and the executive board of James Halstead PLC. Mark Halstead is the fourth generation of the family to head up the business, following his Father, Geoffrey Halstead's official retirement in December 2017, after 70 years with the company.

Standards of Conduct

Employees

We will treat employees fairly and use employment practices based on equal opportunity for all employees. Recruiting, employing and promoting employees on the basis of objective criteria and the qualifications and abilities needed for the job to be performed in line with the Equal Opportunities Policy.

Customers

We will provide high quality and value, competitive prices, and honest transactions to those who use our products. We will deal lawfully and ethically with our customers.

All employees are expected to behave respectfully and honestly in all their dealings with customers and the general public in accordance with the principles set out in this Policy.

Suppliers

We will deal fairly with our suppliers. We will seek long lasting business relationships, without discrimination or deception. In those dealings, we expect those with whom we do business to adhere to business principles consistent with our own.

Communities

We are committed to fostering good relationships with the communities in which we work. We will abide by all national and local laws, and we will strive to improve the wellbeing of communities through the protection of natural resources, through the encouragement of employee participation in charitable affairs.

National and International Trade

We will seek to compete fairly and ethically within the framework of applicable competition. We will comply with all applicable export control laws and sanctions when conducting business around the world.

Polyflor's directors are responsible and accountable for the compliance of policies which form the basis of our Code of Conduct. This promotes equality, trust and integrity and ensures legal, regulatory and ethical compliance.

Commitment to our Employees

As a major employer, Polyflor has a responsibility to its employees, ensuring their health and wellbeing as well as reducing labour turnover, which remains low. In fact, Polyflor has 25 and 40-year clubs for all employees who have been employed by Polyflor for the respective number of years, some of whom have worked for Polyflor for their entire careers (50 years in some cases), joining straight from school. Retaining an experienced and knowledgeable workforce is extremely important to Polyflor.

Polyflor recruits internally and from the local, surrounding areas, advertising through local media, job centres, recruitment agencies and online. We offer graduate training programmes, internships and apprenticeships, in support of younger people wishing to develop their employment skills.

As standard practice, Polyflor has numerous training and development programmes; total compliance to the Equality Act 2010; employment health & safety policies and procedures are in place, along with employee benefits available to all staff including a pension scheme, as well as enhanced maternity and paternity pay. Polyflor engages with all its staff through annual Performance and Development Reviews, emails and circulated letters.

Recruitment & Retention

- Low staff turnover with 25 and 40-year clubs.
- Positions are advertised internally and externally.
- We employ graduate trainees, interns and apprentices with requirements reviewed on an annual basis.

Training & Development

- Polyflor's training is audited to ISO 9001, ISO 14001 and ISO 45001.
- An induction programme is undertaken by new employees, including an environmental induction.
- Annual appraisals identify areas of strength and opportunities or targets.
- Professional development is encouraged through courses and training where both employee and employer benefit.
- Promotion or opportunities in different departments are often distributed internally throughout the business, although obtaining the right skill set is important so positions are advertised to external candidates.
- Polyflor engages with all staff regarding environmental issues, directly through email or letter as well as indirectly through www.polyflor.com, social media and this annual report which is circulated throughout Polyflor.
- Polyflor's Training Academy for floor fitting skills is accessible to employees, which improves their understanding of Polyflor flooring and provides transferable skills for their own homes.

Equality

- Equal opportunities & diversity policy.
- Modern Slavery Act Statement.
- Anti-bullying and Anti-discrimination policies.
- Anti-ageist, with 34% of employees aged 56+ and 30% being 46+.
- Ratio of women to men is 19% to 81%.
- Ratio of females to males in management positions is greater at 12 to 31, respectively. 13% of female employees are managers with 10% of male staff also holding management and supervisory positions (this was 9% and 15% in 2020).

- Employees are typically local and represent the
- social demographic of the local area.
- Maternity and paternity policy with flexible return to work.

Employee Health & Safety

- SA 8000 and ISO 45001.
- We circulate a 'handling stress at work' policy.
- A health & Safety Management procedure is in place in accordance
- with HSG65, Health & Safety Executive Document Guidance.
- Potential safety risks and incidents are
- reported for action and avoidance.
- Accident reporting is in line with ISO 45001 guidance all workrelated injuries are recorded and followed up with a risk assessment and remedial action.
- No fatalities have ever been recorded in the company's history.
- A Pedestrian Policy is in place including demarcated pedestrian pathways and crossings and high visibility vests are issued to
- employees or visitors who walk around our warehousing facilities.
- Ear plugs are used in production, within hearing protection zones in various locations around the factory.
- Occupational Health medical and fitness checks for new employees as well as ongoing health checks for employees, particularly Polyflor fleet drivers.
- Work zone assessments are conducted by Polyflor's
- occupational health nurse.

Employee Benefits & Wellbeing

- Pension Scheme for every employee after 3 months
- of employment with Polyflor.
- Life insurance for all full time employees.
- Company social club for all employees.
- Breakout zones, with seating and facilities to buy or prepare food are available on all sites.
- Areas to sit outside are accessible at all Polyflor sites.
- Employees able to undertake voluntary work.
- Bike sheds and shower facilities are obtainable at the Whitefield site.

2022 Update

	2017	2018	2019	2020	2021	2022	+/-
EMPLOYMENT & TURNOVER							
Total Employees	477	493	485	471	463	489	6%
New Recruits	21	43	45	13	54	54	0%
Labour Turnover	13%	8%	11%	6%	13%	10%	-23%
CONTRACTS							
Full Time Employees	461	482	473	456	460	480	4%
Part Time Employees	16	11	12	15	3	9	200%
Temporary Employees	5	24	10	9	25	36	44%
Permanent Employees	472	469	475	462	438	453	3%
Apprenticeships	0	0	0	0	1	3	200%
EQUALITY							
Male Employees	394	412	400	390	376	396	5%
Female Employees	83	85	85	81	87	93	7%
Male Managers	53	57	57	57	40	31	-3%
Female Managers	8	9	7	7	10	12	20%
RETENTION							
Internal Promotions	2	4	7	6	5	10	100%
Employees Undergone Training Programmes	100	95	103	471	463	462	0%
Total Employees in 25-Year Club	69	41	73	80	87	94	8%
New Members in 25-Year Club	13	1	11	7	7	7	0%
Total Employees in 40-Year Club	10	10	11	11	11	11	0%
New Members in 40-Year Club	2	1	1	0	0	0	0%
HEALTH & SAFETY							
Loss Time Accident (LTA)	6	14	16	4	11	9	-18%
Actual Days Lost through LTA	96	133	111	27	79	70	-11%

Commitment to our Employees

In 2022, Polyflor's key performance indicators for Human Resources were very positive. Most significantly, and encouraging for economic sustainability, was the 6% increase in total employees - a combination of improved labour turnover and additional new recruits.

There were no serious accidents and injuries reported throughout 2022, with total accidents across our UK sites and Actual Days Lost through LTA being less than 2021.

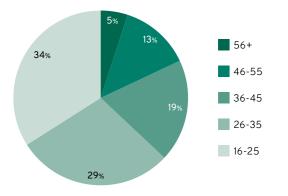
Recruitment & Retention

Some great positives for the year included a 100% rise in internal promotions, an upsurge in new female recruits (13 of the 54 new recruits) with a 7% increase in female employees, and significantly a 20% increase in female managers.

Training and development of employees remained exceptionally high throughout 2022 and included the following examples:

- Export Documentation
- Inward & Outward Processing
- CDS Training
- First Aid
- FLT Training
- Floor Fitting
- Induction Training
- IPAF Training
- Auditor Training
- Finance for Non-Finance Managers
- Barbour ABI Training

Employee Age Groups %



The ages of Polyflor's employees are diverse, with the biggest growth in the younger age groups; 9% more 16-26 and 17% more 26-35-year-olds, which was helped with the company's two new apprentices in 2022. However, almost two-thirds of the personnel are aged 46+. This is largely due to the company's retention of its staff, with 25% having been with the business for 20 years or more. In recognition of our long-standing and loyal workforce, we have 25 and 40-Year Clubs, which is something Polyflor is extremely proud of.



Meet the Team

Women in Construction & Manufacturing

Both construction and manufacturing sectors are typically male dominated. Polyflor's ratio of women to men still reflects this with 19% to 81%. However, Polyflor has made inroads to increase females employed across the business. 2022 saw the highest number of female employees (93, a 7% increase) and female senior managers (12, a 20% increase) in its history. Interestingly, the ratio of females to males in management positions is 12 to 31, respectively, or 13% of female employees are managers with 10% of male staff also holding management and supervisory positions (this was 9% and 15% in 2020).

In 2022 we recruited 13 new female employees, but we also had 13 amazing women who have been with Polyflor for over 20 years. Here, we celebrate this by shining a light on 2 of our long-serving female employees...



Rachel Montgomery

Job Title: UK Project Coordinator Start Date: April 3rd, 2000

Q. What was your first role when you joined Polyflor?

"When I joined Polyflor in 2000, I started my first role as a Sales Coordinator."

Q. How has your role changed over the years?

"Given my length of service, my role has changed for various reasons over the years. In 2005 my career progressed, and I was promoted to Sales Office Supervisor, which meant more responsibility.

"In 2015 I changed my job to the position of Purchasing Coordinator. In doing so I dropped my hours to part time to fit in with personal needs and the challenges of having 2 children under 2, it worked for me at the time and enabled me to balance a very busy work/home life. However, my children are older now, so early in 2023 I was able to increase my hours and was offered a new position of Project Coordinator, which involves working closely with and supporting our sales force."



Rachel Tran

Job Title: Samples Supervisor Start Date: November 13th, 2000

Q. What was your first role when you joined Polyflor?

"Samples hotline co-ordinator - Answering the telephone to all customers requesting samples and manually writing out a form for the packing team to process the order."

Q. How has your role changed over the years?

"Over the years my role has changed dramatically. The first thing that changed was when I collaborated with I.T. and we created a database so all sample requests could be done by computer. A few years after I started, my job moved from the sales office to the samples department on the shop floor.

"After that, the department moved to Royton, where I was asked if I would look after reception as well as doing the samples administration work. This involved dealing with deliveries and visits from customers from both the U.K. and around the world.

"18 months ago, I was made a supervisor in the samples department. My job now is a lot more physical as it involves the packing of samples as well as moving and emptying pallets, so all the heavy tile boxes are on the shelves and the department looks tidy."

Meet the Team

Polyflor's Apprentices

In 2022 Polyflor employed 3 apprentices, 2 were new apprentices to the business. Here we introduce our 2 newest apprentices and learn about their time so far at Polyflor and their future plans...



Victoria Birtwistle

Job Title: **HR Administrator** Start Date: **November 16th, 2020**

Q. What do you like about working for Polyflor? "Friendly and supportive team environment."

Q. What do you enjoy about your role?

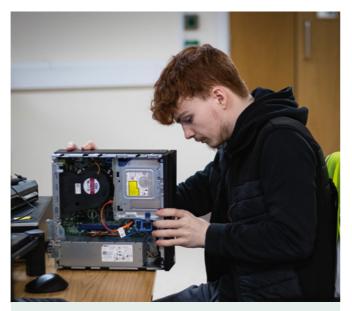
"Challenges to develop new, more efficient processes and practices, as well as the ability to get involved in all aspects of the HR function."

Q. What new skill sets have you learnt or developed?

"Better understanding on the HR function within Polyflor and the improvements that we as a team can make. Working with a company that has Unions on site was new to me, I find it interesting attending their meetings."

Q. What do you hope to achieve in the next 12 months?

"Take the knowledge learnt during the apprenticeship course and the everyday work experience to progress the HR function within the company, and assist management where needed to show/teach/support effective methods in all HR related tasks."



Alfie Chapman

Job Title: **IT Technical Support Apprentice** Start Date: **September, 2022**

Q. What do you like about working for Polyflor?

"I enjoy having more of a visual side of education instead of sitting in a classroom all day as I would be doing at college. Being an apprentice allows me to gain an early experience of what it's like to be working in a workplace environment."

Q. What do you enjoy about your role?

"My role usually contains a lot of moving around the two Greater Manchester sites instead of sitting in the same spot all day. There is not really any set routine either, as anything can happen at any time, which gives an aspect of something different every day."

Q. What new skill sets have you learnt or developed?

"Since joining Polyflor I have developed my communication skills allowing me to deal effectively with other employees within the company whether this is phone, email, or face to face. I have also developed further teamworking skills from experience within the workplace environment."

Q. What do you hope to achieve in the next 12 months?

"I have no set plan for the next 12 months except to exceed in what I already know and hopefully develop more knowledge in this line of work."

Polyflor's 25 & 40-Year Clubs

As testament to Polyflor's success in retaining valued and experienced employees, we had 7 new members joining the 25-Year Club, increasing its total by 8% to 94 members. The 40-Year Club remained the same as the last 4 years, with 11 members – one of whom has been with the business for 49 years. Cumulatively, the 25 and 40-Year Clubs made up an amazing 22% of Polyflor's workforce. Meet 2 of our senior team members and their Polyflor journey...



John Manchester

Job Title: Senior Facilitator Start Date: September, 1983

Q. What was your first role when you joined Polyflor?

"In the first week my role was Mixing Shop Assistant, on 12-hour nights. The weeks that followed I was placed as a 'Bucket Man' on the spreading head of the production lines."

Q. How has your role changed over the years?

"My early years were spent learning new skills, which eventually led to key operator roles. In 1986 I was made Charge Hand and eventually promoted to Foreman in December 1989."

Q. What have been your biggest challenges and positives?

"In my earlier years night shifts were very difficult to get used to. Also, when promotions were offered, I needed to have the self-belief I could do the roles.

"My positives are that I've always been seen as approachable, and a good communicator with all levels of the company. I've had some great mentors and have always felt valued by the company and have an enviable attendance record."



Peter Kitchen

Job Title: **Polyflor Technical and Quality Assurance Manager** Start Date: **February 23rd, 1987**

Q. What was your first role when you joined Polyflor?

"My first three years began as a Research and Development Technician, then Process Technologist. This consisted of mainly lab work, including colour matching of new shades for the then new non-directional ranges. I was heavily involved in the initial commissioning and improvements of the production line (Line 6) for these ranges."

Q. How has your role changed over the years?

"Line 7 followed a similar pattern including the development of the 2000 PUR and the non-directional ranges. The role progressed from sourcing new materials and process plant, to managing a team to do these tasks. Along the way, I gained responsibility for the quality and environmental management systems."

Q. What have been your biggest challenges and positives?

"The biggest challenges I think, have been improving inefficient production processes to run to a profitable level; The evolution of the recycling project, which eventually became Recofloor; The effect of covid on staffing and sourcing raw materials deserves a mention here also.

"These challenges always produce positives, including the diversity of the production plants and processes - there is always a new problem to tackle. This has made for an ever changing and interesting workload. If a case can be made for new plant and processes, Polyflor has always been willing to invest. Going forward, the increasing amount of environmental opportunities and legislation will continue to keep me busy.

"During my time I have worked with and for a large variety of employees from all disciplines in the business. Each have their own character and management style. I always try to learn something from everybody. I would like to thank the Polyflor team for contributing positively to my time in the business.

Commitment to our Communities

As a responsible manufacturer, Polyflor has a duty of care to ensure that the impact of day-to-day operations from its business to the local community is minimal. We also want to 'give back' wherever we can and support our local heroes... Let's do good.

Good Neighbours

As such the company has procedures and policies to address issues which may arise in line with ISO 14001 and BES 6001, including a robust complaints procedure, where these issues are regularly reviewed at Environmental Steering Meetings. It is the responsibility of the Directors to initiate a project in instances where the source of a complaint is persistent and requires a solution. Where a complaint form is received, the company has a formalised procedure as per its BES 6001 objectives to respond and action within 7 days of receiving it. The recording of these complaints is audited and reported on annually.

Polyflor's Whitefield site is the original production site and located within a residential area (the site is over 100 years old and older than many of the nearby houses). For this reason, continued efforts to reduce noise pollution and emissions remain important for harmonisation between this production site and its neighbouring residents. As well as ensuring HGVs turn off engines during evening and early morning deliveries and collections, investment has also been made into acoustic engineering and into new electric forklift trucks, to help minimise noise levels.

Given the proximity of the 100s of residents to this 24-hour production site (Monday to Friday), complaints can be difficult to control, and the number of complaints can fluctuate and vary year on year. 9 complaints were received in 2022 and were promptly handled. This was 6 more complaints than 2021, with 56% of the complaints being noise related. However, Polyflor strives to prevent complaints from the outset and continues to interact closely with its communities.

Good Support

As part of ongoing CSR commitments, Polyflor continues to liaise with and support the local communities in which it operates. It is particularly important to give something back to local communities - our (often unsung) heroes who make a massive difference - as well as contributing to causes further afield. Polyflor encourages its staff to engage with charitable organisations and events, as well as supporting individuals on a charitable basis, either financially or enabling volunteer work.

When Polyflor is involved in donating flooring to charitable projects, the marketing, sales and distribution teams invest a lot of time through support and communication: They work together in arranging a suitable product, ordering and despatch. There is a duty of care in ensuring the right flooring is specified and delivered in a timely manner and followed up with appropriate customer aftercare.

Further to this allocated time for organising donated flooring, Polyflor staff also accrue hours for individual voluntary initiatives, which Polyflor supports. In 2022, 50 hours were accrued in the UK for voluntary work, which was the same as 2021. Some of the voluntary work carried out included:

· Helping the Royal Voluntary Service, with one employee helping with a 'check in and chat'.

• Volunteering for Springwater Park in Whitefield (across the road from Polyflor's Manchester-based production site)

www.lovespringwaterpark.wordpress.com

• Managing Breightmet Wanderers Hurricanes Under 11's Football Team, who train every Wednesday at St Catherine's Academy, Bolton, and play every Saturday morning in the Bolton & Bury Community Partnership League. As part of the managerial role, all voluntary work and funding is done by our employee and team coach. They also provide the team with extra training kits and winter coats on top of the standard kit. • One employee has been a member of Cleveland Mountain Rescue Team for 19 years and has held Team Leader and Callout Officer positions over that time. The team responds to around 50-70 callouts per year and covers an area including half of the North York Moors and the Tees Valley area, including semi urban and urban areas of Middlesborough and Hartlepool. Running costs for the team of around 50 volunteers is approximately £42k per year.

Over the last 6 years, Polyflor employees have accrued 194 hours of volunteering in the UK.



Polyflor's Highlights

Over the last 5 years, Polyflor has donated £67,530 to local charities in the UK.

In 2022, Polyflor supported 7 charitable projects by donating nearly £4,800 both financially and in flooring, plus raising £415 as well as donating food and toys to various local and national charities in the UK. Most of Polyflor's CSR activities for 2022 took place around November and December with a series of festive fundraisers to help spread a little cheer and give back to the local community in the run up to Christmas.

Bury Council Fostering Team

We showed our support for Bury Council's Fostering Team, which helps children stay connected to their community, school, friends, and family. We did so by donating Christmas presents for children who were in foster care over the festive period. A party was organised by Bury Council, where every child and young person delightedly received the gifts from Father Christmas himself.

"We were overwhelmed with the generous donations from staff and colleagues at Polyflor, of toys and gifts for our looked after children. To see the reaction and joy on the children's faces at our Christmas party was priceless. We are so thankful to all the staff for their generosity, it really means a lot!"

Julie Rodgers

Acting Team Manager, Bury Council's Fostering Team



The River Manchester "Bringing hope, changing lives"

We also helped The River Manchester, a charity which brings hope and support to those facing or fleeing domestic violence and potential poverty by empowering them to create better lives for themselves. The organisation provides people with furniture for new accommodation and offers training and emotional support at its Openshaw HQ.

We took part in the charity's reverse advent calendar, which, instead of opening the windows and taking out treats, participants picked a number at random and donated a corresponding item towards a food hamper.

www.therivermanchester.org.uk



Polyflor's Highlights

Save the Children

For Save the Children, which aims to improve the lives of youngsters through better education, healthcare and economic opportunities, Polyflor raised money for its beloved annual Christmas Jumper Day. Employees donned their finest festive knitwear to raise money, while Polyflor also gifted £250.



Cleveland Mountain Rescue

To round off our charitable campaign, £250 was also gifted to Cleveland Mountain Rescue, which is reliant on the generosity of local organisations to cover its yearly running costs. The team (of which, one of our employees is a volunteer) has around 50 search and rescue members who are on call 24-hours a day every day of the year to help those who may need it.





Cleveland Mountain Rescue

Let's do good

Doing Good Internationally

Polyflor Australia

Donated \$2,500 to the Lismore Flood Appeal, where 2 catastrophic floods wiped out communities on the NSW northern rivers in 2022.

Polyflor New Zealand

Continued to financially contribute as a corporate supporter for Auckland Rescue Helicopter Trust.

James Halstead France

Donated financially to Actions 3PF to support apprentices and promote training in the flooring industry. Actions 3PF is the association that brings together stakeholders in the paint and floor trades (manufacturers, distributors, tradesmen). Its mission is to promote the finishing trades and initial training, and enhance the expertise of all professionals in all sectors of activity.



