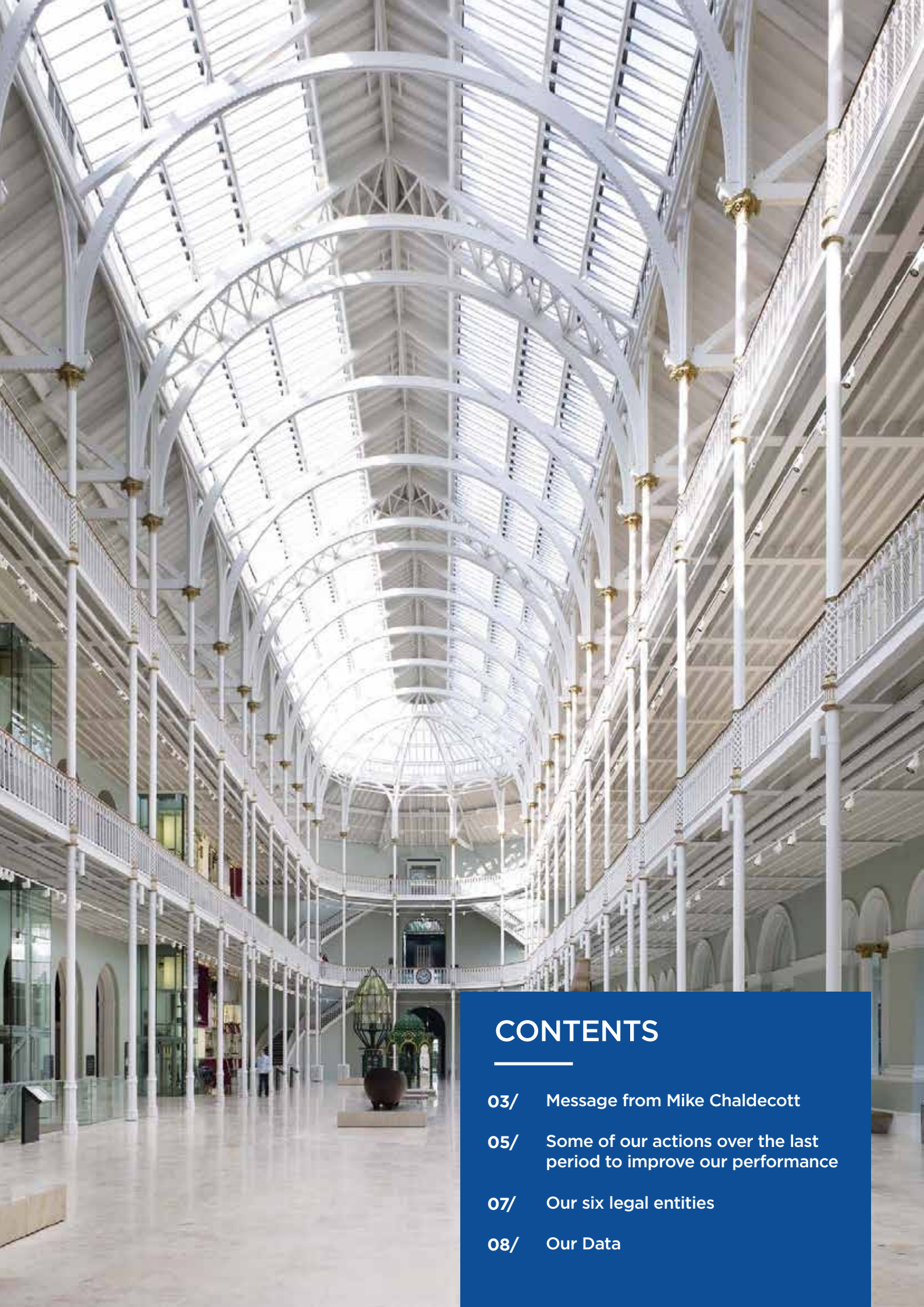


PAYMENT PRACTICES AND PERFORMANCE

JULY - DECEMBER 2018 DATA

Saint-Gobain UK & Ireland



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A message from **Mike Chaldecott**

CEO Saint-Gobain UK & Ireland

“ I’m pleased to welcome you to our second Payment Practices and Performance report. This report covers the reporting period 1st July 2018 to 31st December 2018. In this report we provide data for six of our legal entities – all of whom meet the threshold to report their data.

Suppliers are critical to our organisation and we want suppliers to work with us in a way that is mutually beneficial. Our suppliers help us serve the changing needs of our customers, bring innovation and help us create competitive advantage. Together, these things advance us towards our mission to create great living places and improve daily lives.

Since our last report in July 2018 we have made good progress. We are providing better information to our businesses to address issues that occur frequently with certain suppliers – and that has helped us improve our performance in many areas.

I am pleased to report that in four of our six legal entities (representing 99.84% of our total invoices paid) we have reduced the percentage of invoices paid outside of agreed terms and reduced the average number of days taken to pay our suppliers. This is excellent progress from our businesses. We still have progress to make in two of our smaller entities and I continue to encourage our teams to work closely with our suppliers to ensure payments are made to agreed terms – and to collaborate with suppliers to address issues that may be occurring; whether with our suppliers or our business and our processes.

I hope you find this report interesting and easy to read, as well as being open and transparent about our progress.



Mike Chaldecott

”

WHAT DO WE THINK OF THIS DATA?

ABOUT OUR SUPPLIERS:

As a complex, national business with multiple legal entities, and over 34 operating businesses, we have a large number of suppliers (over 20,000). These suppliers range from small, local businesses providing goods and services, to large international groups – supplying raw materials to our manufacturing businesses and goods for resale – through our distribution businesses. This complexity means that our suppliers have considerably varying needs and expectations that require management. Our approach is to work with our suppliers to agree specific payment terms that most suit the nature of our supplier/customer relationship.

OUR PERFORMANCE SUMMARY

We've made good progress in this reporting period. Our four largest legal entities (Jewson Ltd, Saint-Gobain Building Distribution Ltd, Saint-Gobain Construction Products UK Ltd and Saint-Gobain Glass (United Kingdom) Ltd) which process invoices representing 99.84% of our reportable invoices have all made good progress compared to the last reporting period. They have reduced the amount of invoices that are paid when overdue and the average number of days taken to make payment to suppliers. In addition to this, they have also reduced the number of invoices paid after 61 days or longer. The effect of this is that more suppliers are being paid in 30 days or fewer or between 31-60 days in all four of these legal entities.

In the remaining two entities (Artex Ltd, and Saint-Gobain Ltd), which process invoices that represent 0.16% of total reportable invoices, progress has not been made in the last reporting period. This has caused the average number of days taken to pay an invoice to increase. In these entities the percentage of invoices paid later than agreed terms to increase. These increases are small, and, in the case of Saint-Gobain Ltd represent an increase in 1 invoice (with 541 paid late in this period compared to 540 the period before).

OUR FOCUS

PAYING SUPPLIERS TO AGREED PAYMENT TERMS

Our main focus over the last six months has been to get a deeper understanding of the root causes behind payments not being made to suppliers within the terms that are agreed with them. We've done this by working closely with each business to understand the issues that lay behind invoices being paid outside of terms. To assist in addressing issues enhanced Management Information has been developed to help focus businesses' and purchasing colleagues' work. This is an on-going process and our work in this area has led to improvements in our performance. We have gained a deeper understanding of specific supplier issues and how our colleagues process invoices from suppliers. As we have gained this understanding we have been able to focus on tackling some of the root causes we have identified.

SOME OF OUR ACTIONS OVER THE LAST PERIOD TO IMPROVE OUR PERFORMANCE:

In the last six months we have also taken a range of actions and put in place new processes to improve our supplier payment performance. These include:



Providing enhanced Management Information and Analysis to highlight particular areas of poor performance in terms of creating purchase orders late in the payment process - which can lead to unnecessary delays in payments being made.



Holding more frequent bi-monthly meetings with Finance Teams to help speed up payment of invoices that are 'Ok to Pay' and the process for acknowledging the receipt of goods and services - which is required before payments can be made.



Allowing suppliers to be able to send their invoices electronically directly to an inbox - this helps to improve the time of physical receipt of documents.



Amending terms for particular suppliers to reflect the reality of the payment relationship (for example where terms were significantly out of line with how payments were made to the supplier which cause continual inaccurate reporting of payment performance).



ABOUT THIS REPORT

This report provides information on the payment terms and performance for six of our legal entities for the period 1st July 2018 - 31st December 2018.

Saint-Gobain in the UK and Ireland is a large and complex organisation, employing more than 17,000 colleagues across 34 separate businesses. We have six legal entities that fall within the scope for reporting their payment practices and performance. To help you to follow the report easily we have provided the data in a consistent order with data presented starting with our largest entity (Jewson Limited) to our smallest (Artex Limited).



OUR 6

LEGAL ENTITIES

JEWSON LIMITED

Including the following businesses and departments:

Jewson, one of the UK's largest sustainable timber and builders' merchant, Graham, Minster, George Boyd, Neville Lumb, Priority Plumbing and our Shared Services departments are also included within this legal entity. This entity has in excess of 750 branches across the country.

9,261 colleagues¹   

SAINT-GOBAIN BUILDING DISTRIBUTION LIMITED

Including the following businesses:

Calders & Grandidge, Chadwicks, CTD, Frazer, Gibbs & Dandy, Ideal Bathrooms, IDS, International Timber & Pasquill. This entity has in excess of 200 branches across the country.

3,433 colleagues¹   

SAINT-GOBAIN CONSTRUCTION PRODUCTS UK LIMITED

Including the following businesses:

British Gypsum, Weber, Celotex, Saint-Gobain PAM, Formula and Ecophon – these businesses represent some of the most trusted and respected in the construction sector manufacturing plaster and plasterboard products, technical mortars and high performance insulation.

2,315 colleagues¹   

SAINT-GOBAIN GLASS (UNITED KINGDOM) LIMITED

SGGUK manufactures flat coated and laminated glass. Glassolutions transforms and processes flat glass. Swisspacer manufacture warm edge spacer bars to insulate the edges of an energy efficient sealed glass unit.

680 colleagues¹  

SAINT-GOBAIN LIMITED


Saint-Gobain Limited's represents Saint-Gobain in the UK and Ireland and provides a management services to the Saint-Gobain UK & Ireland businesses.

It comprises of Shared Service and Head Office functions including: Finance, IT, HR, Communications, Legal and other professional services

307 colleagues¹ 

ARTEX LIMITED

Artex Limited is a leading distributor of construction products for repair, maintenance and improvement projects, including plasters, fillers, plasterboards and tools.

79 colleagues¹ 

¹ Numbers at 31st Dec 2018



OUR DATA

UNDERSTANDING OUR DATA

In this section we present the data for our six legal entities both in relation to payment terms and payment performance. Our aim is to provide this data in an easy-to-digest way.

When we have calculated the data we have included the time that payments take to reach the supplier, not the date at which payment is made - as payments can sometimes take three or four days to reach a supplier.

The period for which we report on is the 1st July 2018 to 31st December 2018.

Where data is presented on the % of payments which were not paid to the agreed payment terms - we define agreed payment terms as, the payment terms agreed between the customer and the supplier - whatever those terms may be.



OUR DATA

PAYMENT TERMS

In this section we provide details of the standard payment terms for our six reporting legal entities, the maximum length of time for a supplier to be paid and how disputes between our legal entities and suppliers are resolved.

ENTITY	SHORTEST STANDARD PAYMENT PERIOD IN DAYS FOR PAYMENT OF INVOICES	LONGEST STANDARD PAYMENT PERIOD IN DAYS FOR PAYMENT OF INVOICES	MAXIMUM LENGTH OF TIME FOR PAYMENT TO ANY SUPPLIER	WERE CHANGES MADE TO STANDARD TERMS DURING THE PERIOD	HOW THE ENTITY RESOLVES ISSUES AND DISPUTES
JEWSON LIMITED	65	95	120	NO	The Company has a dedicated National Payment Centre (NPC), contactable via electronic written communication. Vendors with invoice queries are required to contact them regarding non-payment of invoices. The NPC will endeavour to resolve the query and will contact the originator of the purchase to resolve the issue.
SAINT-GOBAIN BUILDING DISTRIBUTION LIMITED	65	95	120	NO	
SAINT-GOBAIN CONSTRUCTION PRODUCTS UK LIMITED	65	95	95	NO	The Company has a dedicated Finance Shared Service Centre (SSC), contactable by phone or e-mail, as noted on the Purchase Order. Vendors with invoice queries are required to contact them regarding non-payment of invoices. The SSC will endeavour to resolve the query on the telephone and will contact the originator of the purchase to resolve the issue.
SAINT-GOBAIN GLASS (UNITED KINGDOM) LIMITED	65	95	102	NO	
SAINT-GOBAIN LIMITED	65	95	95	NO	
ARTEX LIMITED	65	95	95	NO	

NB: Period of reporting is: 1st July 2018 - 31st December 2018.



OUR DATA

PAYMENT PERFORMANCE

In this section we present data for our six reporting legal entities on, the average number of payments in the reporting period, when payments were made to suppliers in less than 30 days, between 31-60 days or 61 days or longer and the percentage of payments that were not paid within the terms agreed with the supplier.

The data presented for the percentage of payments made in the period is based on the number of payments not the value of those payments.

ENTITY	AVERAGE NUMBER OF DAYS TAKEN TO MAKE PAYMENT IN THE PERIOD ¹	PERCENTAGE OF PAYMENTS MADE IN THE PERIOD			PERCENTAGE OF PAYMENTS DUE IN THE PERIOD WHICH WERE NOT PAID WITHIN THE AGREED PAYMENT PERIOD
		IN 30 DAYS OR FEWER	BETWEEN 31-60 DAYS	IN 61 DAYS OR LONGER	
JEWSON LIMITED	52	23%	39%	38%	25%
SAINT-GOBAIN BUILDING DISTRIBUTION LIMITED	51	26%	43%	31%	29%
SAINT-GOBAIN CONSTRUCTION PRODUCTS UK LIMITED	57	12%	48%	40%	26%
SAINT-GOBAIN GLASS (UNITED KINGDOM) LIMITED	60	22%	37%	41%	15%
SAINT-GOBAIN LIMITED	50	40%	36%	24%	36%
ARTEX LIMITED	54	4%	71%	25%	12%

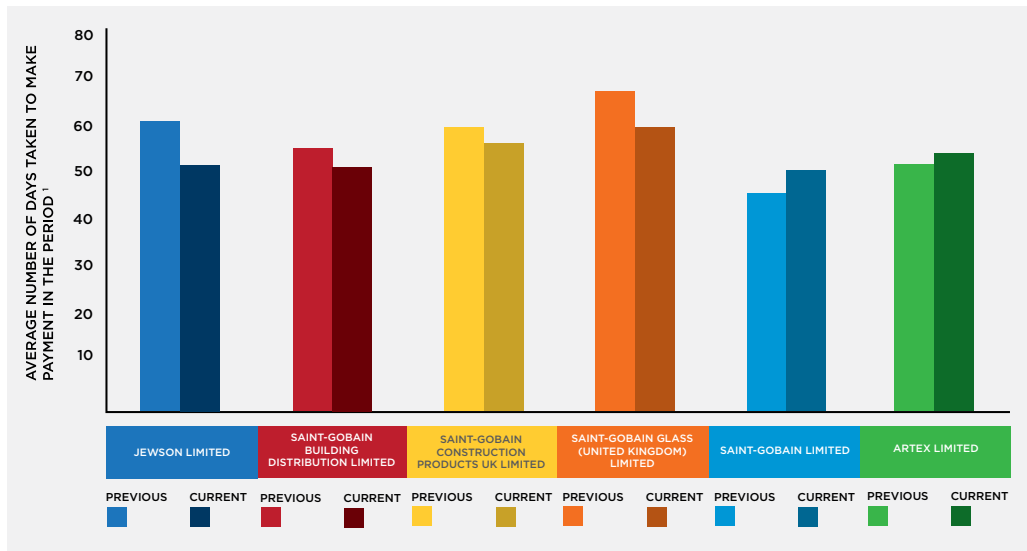
¹From the date of receipt of the invoice or other notice.

Note: The payment period refers to the period 1st July 2018 - 31st December 2018



OUR PERFORMANCE OVER TIME

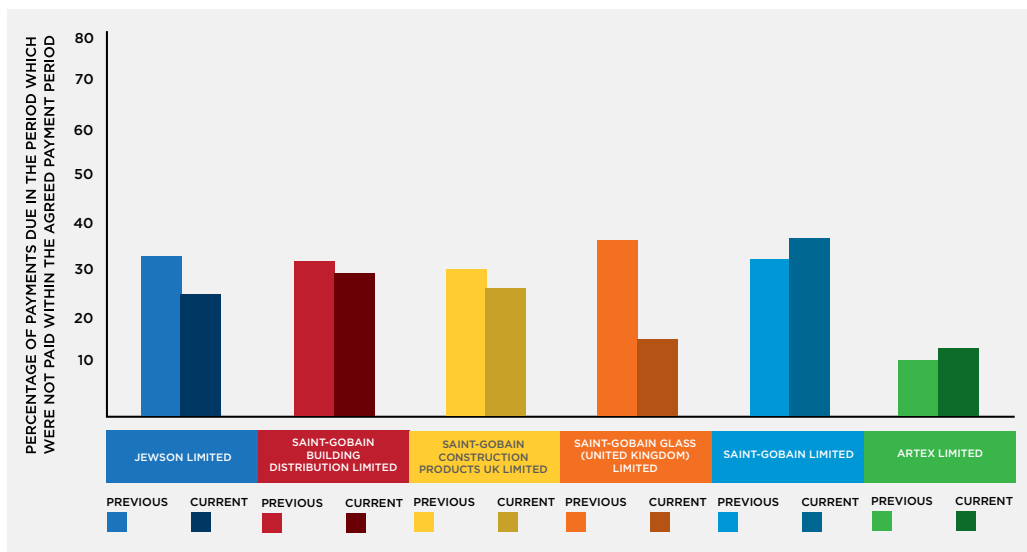
AVERAGE NUMBER OF DAYS TAKEN TO MAKE PAYMENT IN THE PERIOD¹



¹From the date of receipt of the invoice or other notice.

Note: The payment period refers to the period 1st July 2018 - 31st December 2018

PERCENTAGE OF PAYMENTS DUE IN THE PERIOD WHICH WERE NOT PAID WITHIN THE AGREED PAYMENT PERIOD





OUR DATA

OUR PRACTICES AND POLICIES

In this section we provide answers to specific questions asked by the Regulations about our payment practices.

In summary, none of our six legal entities charge suppliers for remaining on our suppliers list, offer supplier finance, e-invoicing or participate in specific payment codes.

ENTITY	ARE SUPPLIERS OFFERED E-INVOICING?	IS SUPPLY CHAIN FINANCE AVAILABLE TO SUPPLIERS?	DO BUSINESS' PRACTICES AND POLICIES COVER DEDUCTING SUMS FROM PAYMENTS AS A CHARGE FOR REMAINING ON A SUPPLIER'S LIST?	IS THE BUSINESS A MEMBER OF A PAYMENT CODE?
JEWSON LIMITED	NO	NO	NO	NO
SAINT-GOBAIN BUILDING DISTRIBUTION LIMITED	NO	NO	NO	NO
SAINT-GOBAIN CONSTRUCTION PRODUCTS UK LIMITED	NO	NO	NO	NO
SAINT-GOBAIN GLASS (UNITED KINGDOM) LIMITED	NO	NO	NO	NO
SAINT-GOBAIN LIMITED	NO	NO	NO	NO
ARTEX LIMITED	NO	NO	NO	NO



FUTURE REPORTING:

Data for the period 1st January 2019 to 30th June 2018 will be reported by the 30th July 2019.

All data is submitted onto the Government website which can be found at:
<https://www.gov.uk/check-when-businesses-pay-invoices>

In the next reporting period, data will also be provided for two additional reporting entities. High Performance Materials UK Ltd and Isover Ltd.

MORE INFORMATION:

We provide more information on subjects related to our supply chain on our website. Please visit the following pages on our website for more information:

1/ Supplier Charter

For details on our Supplier Charter that we ask all our suppliers to sign up to:
www.saint-gobain.co.uk/news/saint-gobain-policies/

2/ Principles of Conduct & Action

For details of the principles we apply to how we manage our business including relationships with suppliers:
www.saint-gobain.co.uk/media/17798/principles-of-conduct-and-action.pdf

3/ Corporate Social Responsibility


Including how we create social value in our communities and with our supply chain:
www.saint-gobain.co.uk/CSR




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