

# PAYMENT PRACTICES AND PERFORMANCE

JULY - DEC 2019 DATA

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Saint-Gobain UK





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# A message from **Mike Chaldecott**

CEO Saint-Gobain UK & Ireland

“ Welcome to our fourth Payment Practices and Performance report. This report covers the reporting period 1<sup>st</sup> July 2019 to 31<sup>st</sup> December 2019.

In this report we present the performance data for eight of our legal entities.

We continue to recognise the critical role suppliers play to our organisation. They are critical to us in many ways including bringing innovation to our organisation and collaborating with us to improve our service to customers. Without strong relationships with suppliers we cannot serve our customers and advance our mission and purpose to create great living places and improve daily lives. With this in mind we seek mutually beneficial relationships with our suppliers.

Since our last report in July 2019 we have made good progress in a number of areas – tackling, in a proactive way, very specific payment issues with suppliers with whom we process many invoices and continuing to improve information to our businesses. These actions, among others, have helped us continue a trend of improving performance.

I am pleased to see how across our legal entities we have made progress in addressing the proportion of invoices that fall outside of agreed terms. This improved performance has been consistent across most of our legal entities – where a positive approach by our teams to focus on this important process has helped to reduce the number of invoices paid outside of terms and helped ensure we are easy to do business with for our suppliers.

I hope you find this report interesting and easy to read and welcome our progress in these areas.

”



*Mike Chaldecott*

# WHAT DO WE THINK OF THIS DATA?

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## 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). Our suppliers range from small, local businesses who provide us with goods and services, to large international groups who supply us with raw materials or goods for resale. 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

During the period of the report our performance, in the main, has continued to improve. Especially in terms of reducing the number of invoices paid outside of agreed terms. Across many of our legal entities performance improvements have accelerated. Good progress has also been made in reducing the average number of days taken to pay our suppliers.

The progress made during the period is in large part down to the hard work of colleagues who have taken a proactive approach in supporting colleagues who deal with our suppliers to help them address queries with invoices before the invoice falls overdue and potentially impacting on our suppliers. Overall, teams have much more awareness about invoicing issues and are discussing issues related to invoices more frequently. Greater engagement within our business on these subjects is having a positive impact on addressing issues or processes that aren't working as they should.

With regards to our performance in paying suppliers within the agreed terms, Artex Ltd has improved its performance from 10% overdue to 3%. In Saint-Gobain Construction Products UK Ltd from 24% to 13% and in Saint-Gobain Ltd from 33% to 12% overdue. These results highlight real progress, driven largely by improving processes, greater engagement from colleagues, and a positive and proactive attitude to resolving issues and building relationships with suppliers. Out of eight legal entities - six have reduced the % overdue, the remaining two - Jewson Ltd and Saint-Gobain Building Distribution Ltd - have seen a slight increase - albeit their performance remains better than their performance 12 months or more ago.

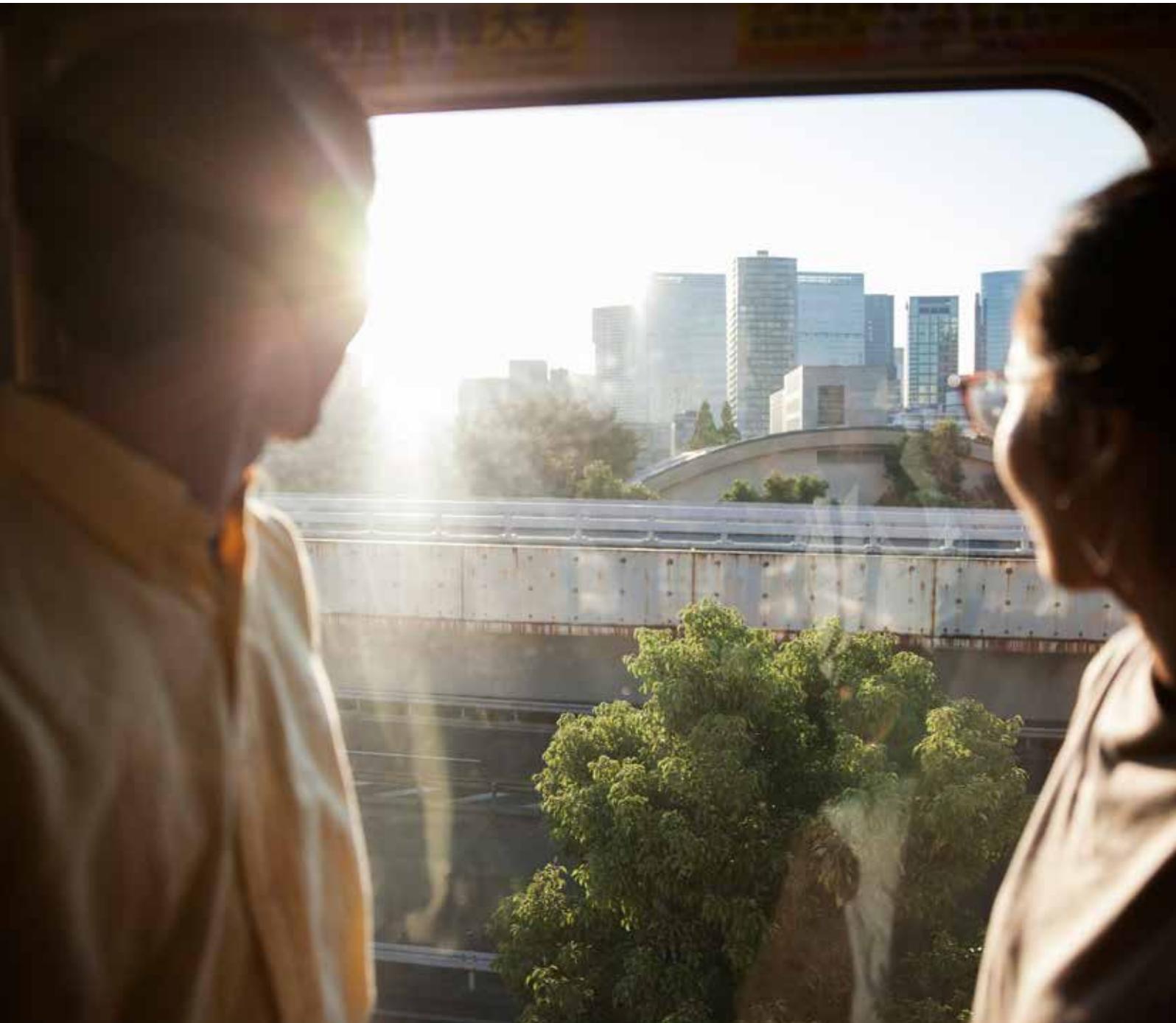
In terms of performance in reducing the average number of days in which suppliers receive payments we have also made progress across our legal entities - Saint-Gobain Construction Products UK Ltd (2 days quicker), Saint-Gobain Ltd (6 days quicker), Saint-Gobain Glass UK Ltd (6 days quicker) and Saint-Gobain Building Distribution Ltd (10 days quicker). In part this has been due to our action in addressing a number of invoices that have remained unresolved for a long period - but overwhelmingly our colleagues pro-activity and engagement has helped us to make the necessary improvements. In our other legal entities performance in this area has remained relatively unchanged.

## OUR FOCUS

### PAYING SUPPLIERS TO AGREED PAYMENT TERMS

As we reported previously we have continued to focus on gaining a deeper understanding of the root causes behind payments not being made to suppliers within the terms that are agreed with them, building relationships with suppliers and taking a proactive approach to resolving issues.

This approach underpins our progress, we're quicker to address issues and our teams overall are more focussed and engaged in how we can improve our performance and make sure suppliers are paid within agreed terms. Our deeper understanding of our data has also helped us focus on addressing specific issues with suppliers' invoicing processes, and, in some cases inconsistent terms that have caused regular payment outside of terms. Addressing a small number of consistent issues has been a notable contributor to our strong performance.



# ACTIONS TO CONTINUE TO IMPROVE OUR PERFORMANCE:

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**In the period ahead, we continue to work on a number of core areas which we believe will lead to improved performance.**



- Continuing work to understand the root causes that lie behind payments outside of agreed terms.



- Providing enhanced 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.



- 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).



- Conducting deeper analysis to understand specifically how we perform in payment terms with small suppliers with annual spend of less than £50,000 per annum.



# ABOUT THIS REPORT

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This report provides information on the payment terms and performance for eight of our legal entities for the period 1<sup>st</sup> July 2019 to 31<sup>st</sup> December 2019.

Saint-Gobain in the UK is a large and complex organisation, employing more than 17,000 colleagues across 34 separate businesses. We have eight legal entities that fall within the scope for reporting their payment practices and performance.



# OUR 8

## LEGAL ENTITIES

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### 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 and our Shared Services departments are also included within this legal entity. This entity has in excess of 750 branches across the country.

6,151 colleagues<sup>1</sup>  

### 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.

6,260 colleagues<sup>1</sup>   

### 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.

2,568 colleagues<sup>1</sup>   

### 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.

635 colleagues<sup>1</sup>  

### SAINT-GOBAIN LIMITED

Saint-Gobain Limited represents Saint-Gobain in the UK and provides a management service to the Saint-Gobain UK businesses.

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

392 colleagues<sup>1</sup> 

### SAINT-GOBAIN HIGH PERFORMANCE SOLUTIONS UK LIMITED

Including the following businesses:

Saint-Gobain Abrasives, Saint-Gobain Tygaflor, Saint-Gobain Industrial Ceramics and Saint-Gobain Performance Plastics Corby. Together they manufacture a wide range of abrasive materials, coated PTFE fabrics, polymer products for multiple applications and high-performing ceramic materials.

378 colleagues<sup>1</sup> 

### SAINT-GOBAIN ISOVER UK LTD

Saint-Gobain Isover UK Ltd manufactures glasswool insulation for thermal, acoustic and fire performance in new build, renovation and industrial buildings.

94 colleagues<sup>1</sup> 

### ARTEX LIMITED

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

72 colleagues<sup>1</sup> 

<sup>1</sup> Numbers at 31<sup>st</sup> December 2019



# OUR DATA

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## UNDERSTANDING OUR DATA

In this section we present the data for our eight 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. This method has been used in calculating our payment performance, but not our overdue payments.

The period for which we report on is the 1<sup>st</sup> July 2019 to 31<sup>st</sup> December 2019.

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 eight 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.

There has been no change to the information provided below during the period of this report.

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	
SAINT-GOBAIN ISOVER UK LIMITED	65	95	95	NO	
SAINT-GOBAIN HIGH PERFORMANCE SOLUTIONS UK LIMITED	60	91	120	NO	

NB: Period of reporting is: 1<sup>st</sup> July 2019 to 31<sup>st</sup> December 2019.



# OUR DATA

## PAYMENT PERFORMANCE

In this section we present data for our eight 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 <sup>1</sup>	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	50	29%	36%	40%	17%
SAINT-GOBAIN BUILDING DISTRIBUTION LIMITED	47	29%	42%	29%	18%
SAINT-GOBAIN CONSTRUCTION PRODUCTS UK LIMITED	59	13.4%	45.5%	41.2%	13%
SAINT-GOBAIN GLASS (UNITED KINGDOM) LIMITED	58	22%	42%	37%	9%
SAINT-GOBAIN LIMITED	51	42.6%	37.9%	19.4%	12%
ARTEX LIMITED	53	4%	74%	22%	3%
SAINT-GOBAIN ISOVER UK LIMITED	61	8%	46%	46%	12%
SAINT-GOBAIN HIGH PERFORMANCE SOLUTIONS UK LIMITED	38	44%	44%	12%	6%

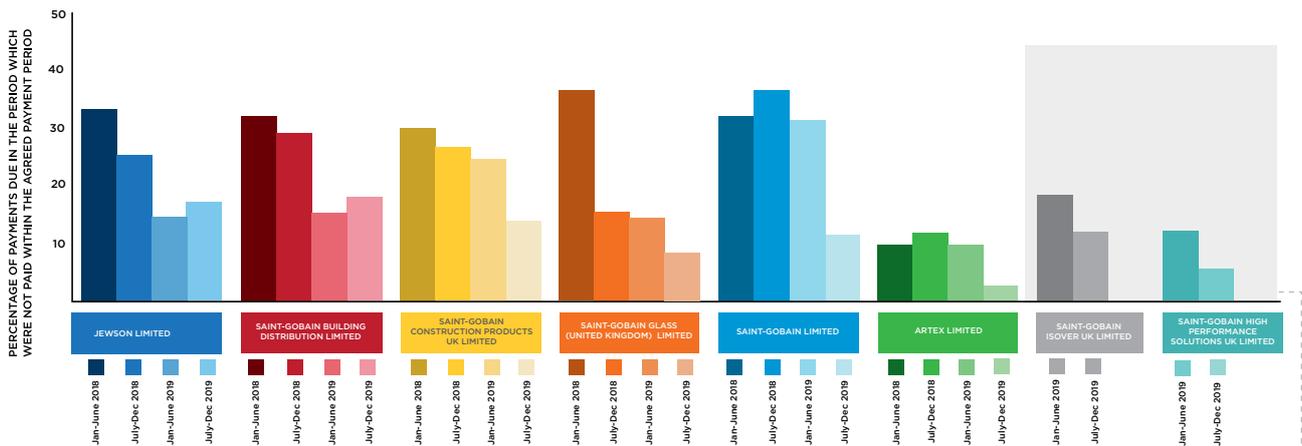
<sup>1</sup>From the date of receipt of the invoice or other notice.

Note: The payment period refers to the period 1<sup>st</sup> July 2019 to 31<sup>st</sup> December 2019.



# OUR PERFORMANCE OVER TIME

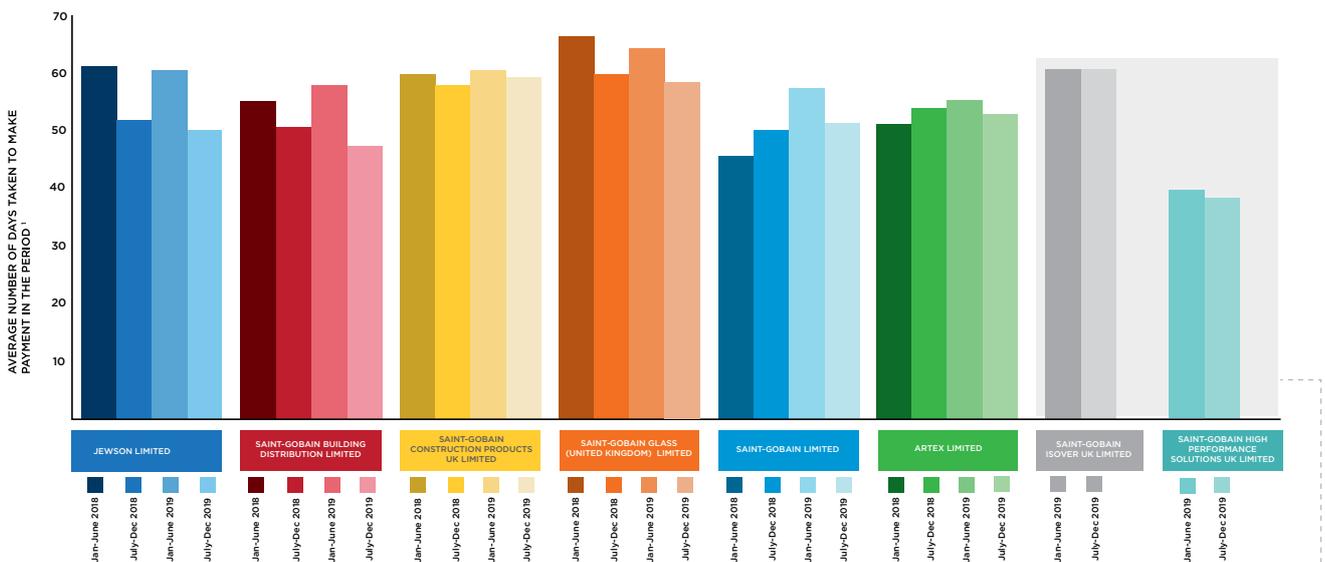
## PERCENTAGE OF PAYMENTS DUE IN THE PERIOD WHICH WERE NOT PAID WITHIN THE AGREED PAYMENT PERIOD



<sup>1</sup>From the date of receipt of the invoice or other notice.  
Note: The payment period refers to the period 1<sup>st</sup> July 2019 to 31<sup>st</sup> December 2019.

*Saint-Gobain Isover UK Limited and Saint-Gobain High Performance Solutions UK Limited only met the reporting threshold in 2019 and therefore their first period for reporting data was 1st January 2019 - 30th June 2019.*

## AVERAGE NUMBER OF DAYS TAKEN TO MAKE PAYMENT IN THE PERIOD<sup>1</sup>



<sup>1</sup>From the date of receipt of the invoice or other notice.  
Note: The payment period refers to the period 1<sup>st</sup> July 2019 to 31<sup>st</sup> December 2019.

*Saint-Gobain Isover UK Limited and Saint-Gobain High Performance Solutions UK Limited only met the reporting threshold in 2019 and therefore their first period for reporting data was 1st January 2019 - 30th June 2019.*



# 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 eight legal entities charge suppliers for remaining on our suppliers list, offer supplier finance, e-invoicing or participate in specific payment codes.

There has been no change to the information presented below for the period of this report.

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
SAINT-GOBAIN ISOVER UK LIMITED	NO	NO	NO	NO
SAINT-GOBAIN HIGH PERFORMANCE SOLUTIONS UK LIMITED	NO	NO	NO	NO



## **FUTURE REPORTING:**

Data for the period 1<sup>st</sup> January 2020 - 30<sup>th</sup> June 2020 will be reported by the 30<sup>th</sup> July 2020.

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

## **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:  
[Click Here](#)

### **2/ Principles of Conduct & Action**

For details of the principles we apply to how we manage our business including relationships with suppliers:  
[Click Here](#)

### **3/ Corporate Social Responsibility**

Including how we create social value in our communities and with our supply chain:  
[Click Here](#)



Saint-Gobain UK  
Saint-Gobain House,  
Binley Business Park,  
Coventry CV3 2TT

Tel: +44 (0)24 7656 0700

 @SaintGobainUK

 SaintGobainUKandI

 Saint-Gobain UK & Ireland

 saintgobainuk

 [www.saint-gobain.co.uk](http://www.saint-gobain.co.uk)

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