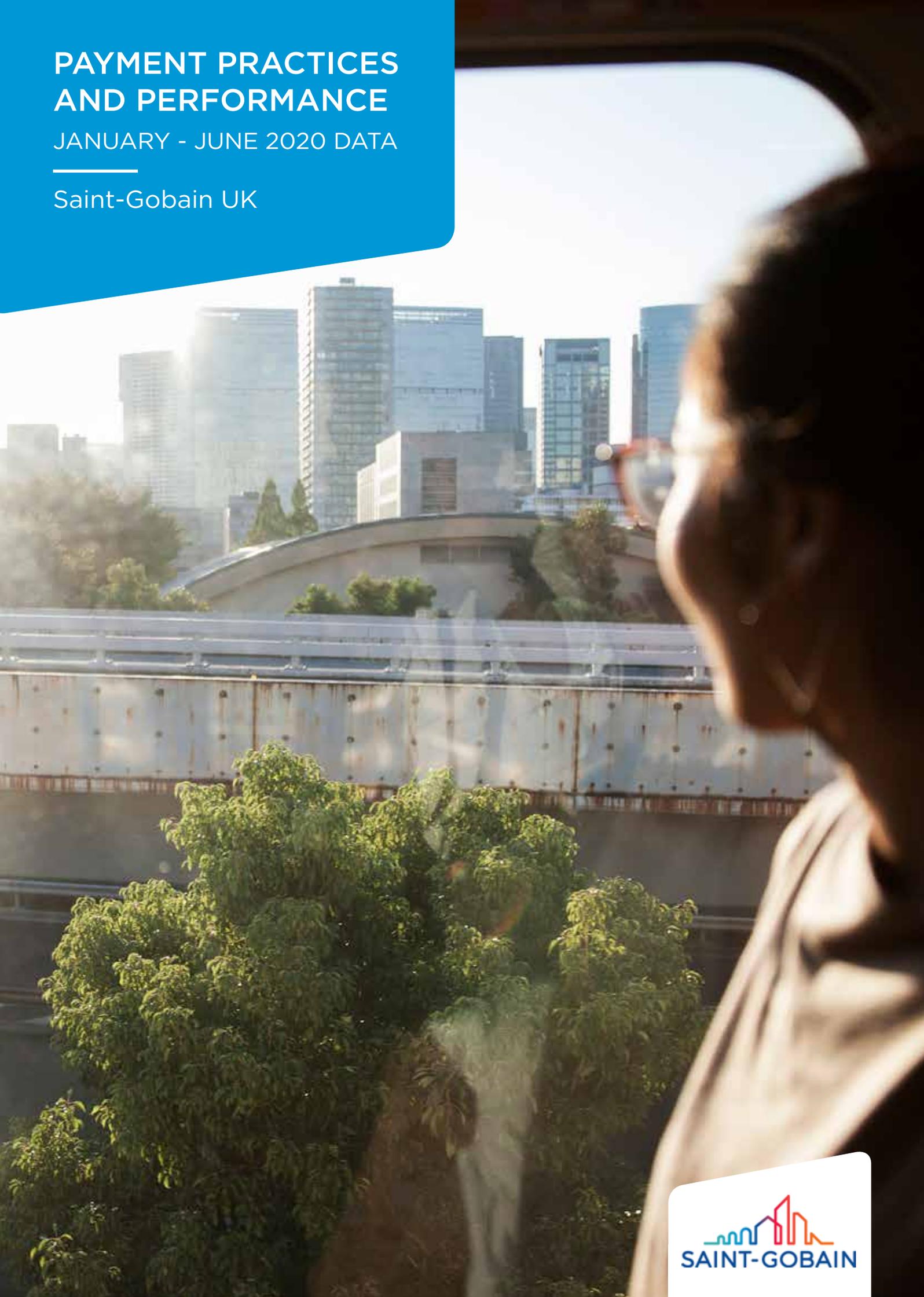


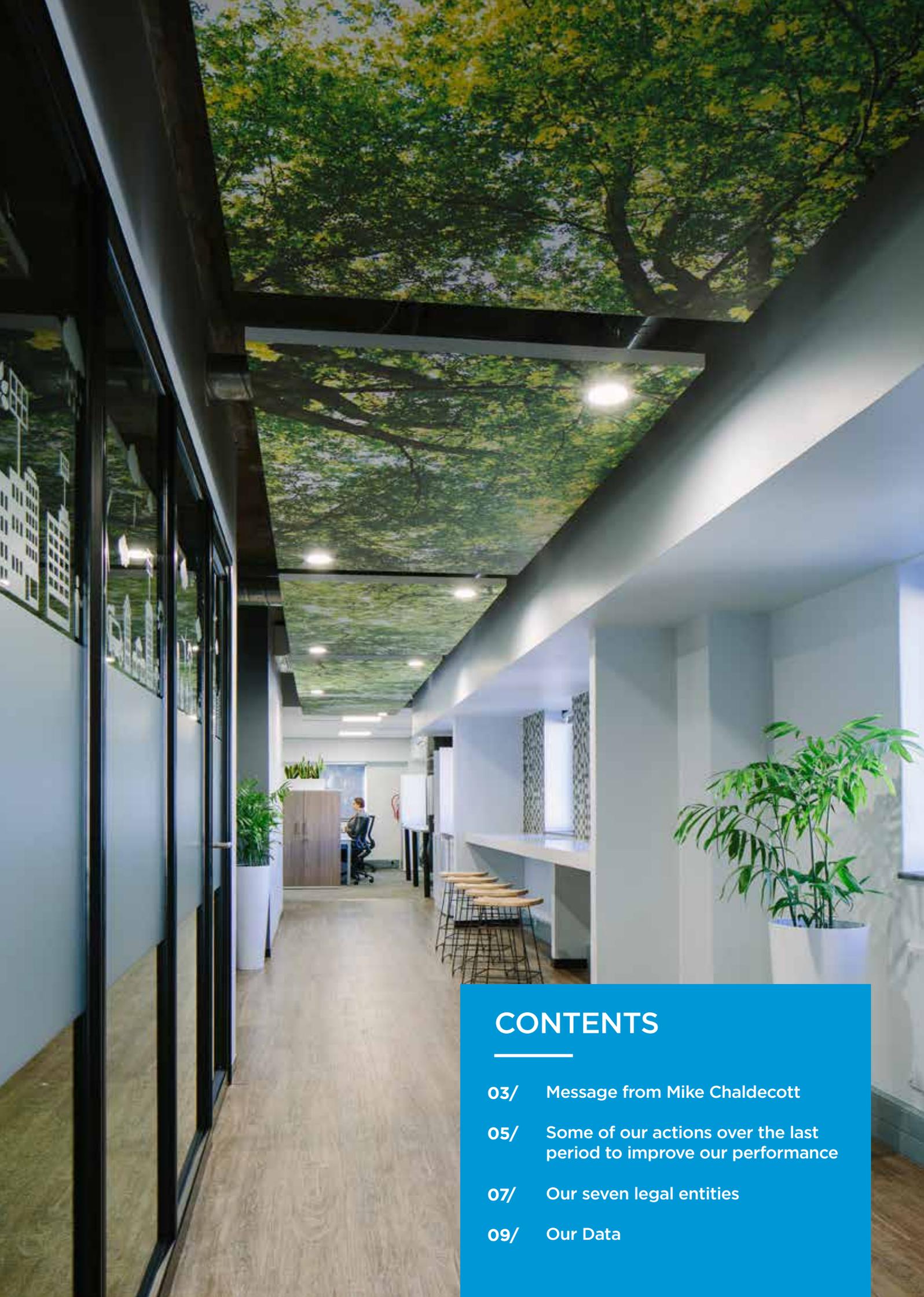
# PAYMENT PRACTICES AND PERFORMANCE

JANUARY - JUNE 2020 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 fifth Payment Practices and Performance report. This report covers the period 1<sup>st</sup> January 2020 - 30<sup>th</sup> June 2020. In this report we present the performance data for seven of our legal entities. This is a change since our last report due to the transfer of the business of Jewson Ltd into Saint-Gobain Building Distribution Ltd in late 2019.

We continue to recognise the critical role suppliers play to our organisation. They have been particularly vital during this very difficult period as we have sought to manage the challenges of Covid-19 and the shutdown of our operations for a period of time to ensure we were able to operate with safe new ways of working.

Suppliers are critical to the smooth operation of business and also help us innovate, and, together, meet the needs of our customers and help keep the country building. We seek to develop long term mutually beneficial relationships with our suppliers and in a proactive way address specific payment issues.

The reporting period covers a difficult period including March – May 2020 during which many of our colleagues were furloughed, those who were at work were working remotely and operations were disrupted. This, together with taking on many new suppliers, has led to a deterioration in our performance when compared to previously reported improving performance.

I'm confident our teams, who are extremely active with our suppliers and who managed this difficult period extremely well, will recover our performance and get us back on track quickly. I hope to be able to report this in our next report which will be published by the end of January 2021.

I would like to record my personal thanks to our colleagues for their hard work and to our many suppliers who helped us manage this difficult period effectively.

”



*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 our reporting legal entities reduced from eight to seven – as the business and assets of Jewson Ltd were transferred to Saint-Gobain Building Distribution Ltd. Additionally, the newly-acquired Kaimann business became part of Saint-Gobain Construction products UK Ltd and the Saint-Gobain Tygaflor business ceased to be part of our reporting data.

During 2019 we made increasingly good progress, particularly in terms of reducing the number of invoices paid outside of agreed terms. This reporting period has however been very challenging mainly due to the impact of Covid-19 during March, April and May 2020. In all legal entities the number of invoices paid outside of agreed terms increased and the average number of days for payments to be made to suppliers increased, albeit only very slightly. Although the data that we are reporting on covers the six months between January – June 2020, January and February continued with positive trends but during the months of March, April and May, while the Covid-19 lock-down measures were at their height our performance suffered.

### **The main reasons behind the challenging performance were:**

- The furloughing of colleagues right across our business led to delays in the payments process. Whether in the creation of Purchase Orders or the resolution of queries, colleagues being away from work for long periods led to unfortunate delays. The closure of our Shared Service Payment Centre, and the furloughing of many colleagues involved in the process of paying suppliers or the implementation of home working arrangements for others again added to delays.
- The increased use of new suppliers who were unfamiliar with our processes and required setting up new, often short, payment terms.
- The greater use of supplier payment deferrals in order to help manage the impact of Covid-19 on our business. Any deferral arrangement entered into is by mutual consent and focussed on larger suppliers.
- An invoice processing supplier partner suffered IT issues during the crisis and was unable to process invoice matching and payments on our behalf.

During the reporting period the volume of invoices processed declined by 25%. Much of that reduction was in high-volume, regular invoices that are processed quickly and without delay – e.g. commodity raw material purchases. This meant that a higher proportion of processed invoices were for suppliers or materials/goods/services purchased on a more irregular basis. These types of purchases can take longer to set-up, process and approve for payment.

Given the significant impact of Covid-19 on our ability to manage our normal ways of working we are extremely pleased with how our colleagues managed the process and are very grateful to our suppliers for their patience through a very challenging period.

As things have returned to normal in June we anticipate that the reporting period July – December 2020 will see a return to more positive data.

## OUR FOCUS

### RETURNING TO NORMAL – MANAGING PROACTIVELY

As we return to more normal levels of business activity and colleagues return from furlough we will continue to focus our work on understanding the root causes behind payments not being made to suppliers within the terms that are agreed with each of them. This, together with taking an increasingly proactive approach to resolving issues and queries will continue to underpin a positive trend in our performance in the future.



# ABOUT THIS REPORT

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This report provides information on the payment terms and performance for seven of our legal entities for the period 1<sup>st</sup> January 2020 to 30<sup>th</sup> June 2020.

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



# OUR 7

## LEGAL ENTITIES

### SAINT-GOBAIN BUILDING DISTRIBUTION LIMITED

Including the following businesses and departments: Jewson, one of the UK's largest timber and builders' merchants and many other general and specialist construction materials suppliers such as: Calders & Grandidge, CTD, Chadwicks, Frazer, George Boyd, Gibbs & Dandy, Graham, Ideal Bathrooms, International Timber, IDS, Minster, Pasquill and Neville Lumb. This entity also includes Shared Service departments and has more than 950 branches across the UK.

11,722 colleagues<sup>1</sup>



### SAINT-GOBAIN CONSTRUCTION PRODUCTS UK LIMITED

Including the following businesses:

British Gypsum, Weber, Celotex, Saint-Gobain PAM, Formula, Ecophon and Kaimann UK - 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 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 30<sup>th</sup> June 2020



# OUR DATA

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## UNDERSTANDING OUR DATA

In this section we present the data for our seven 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> January 2020 - 30<sup>th</sup> June 2020.

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
SAINT-GOBAIN BUILDING DISTRIBUTION LIMITED	65	95	120	NO	<p>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.</p> <p>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.</p>
SAINT-GOBAIN CONSTRUCTION PRODUCTS UK LIMITED	65	95	95	NO	
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> January 2020 - 30<sup>th</sup> June 2020.



# OUR DATA

## PAYMENT PERFORMANCE

In this section we present data for our seven 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.

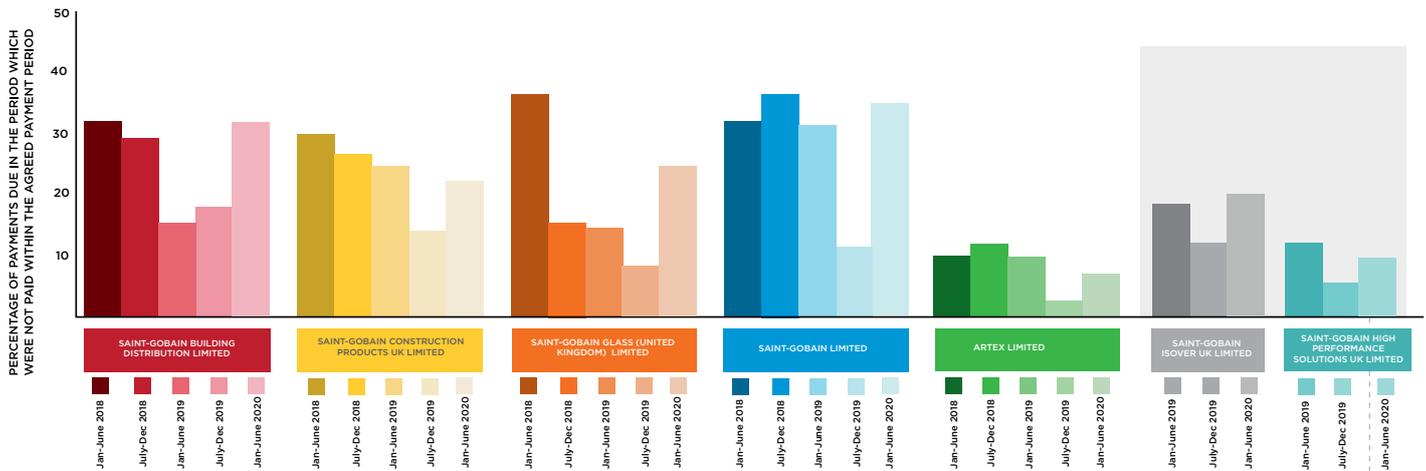
ENTITY	PERCENTAGE OF PAYMENTS MADE IN THE PERIOD				
	AVERAGE NUMBER OF DAYS TAKEN TO MAKE PAYMENT IN THE PERIOD <sup>1</sup>	IN 30 DAYS OR FEWER	BETWEEN 31-60 DAYS	IN 61 DAYS OR LONGER	PERCENTAGE OF PAYMENTS DUE IN THE PERIOD WHICH WERE NOT PAID WITHIN THE AGREED PAYMENT PERIOD
SAINT-GOBAIN BUILDING DISTRIBUTION LIMITED	56	23%	36%	41%	32%
SAINT-GOBAIN CONSTRUCTION PRODUCTS UK LIMITED	63	11%	40%	49%	22%
SAINT-GOBAIN GLASS (UNITED KINGDOM) LIMITED	64	16%	38%	46%	24%
SAINT-GOBAIN LIMITED	68	25%	34%	41%	34%
ARTEX LIMITED	57	5%	66%	29%	7%
SAINT-GOBAIN ISOVER UK LIMITED	69	6%	38%	56%	20%
SAINT-GOBAIN HIGH PERFORMANCE SOLUTIONS UK LIMITED	40	40%	46%	14%	10%

<sup>1</sup>From the date of receipt of the invoice or other notice.  
NB: Period of reporting is: 1<sup>st</sup> January 2020 - 30<sup>th</sup> June 2020.



# OUR PERFORMANCE OVER TIME

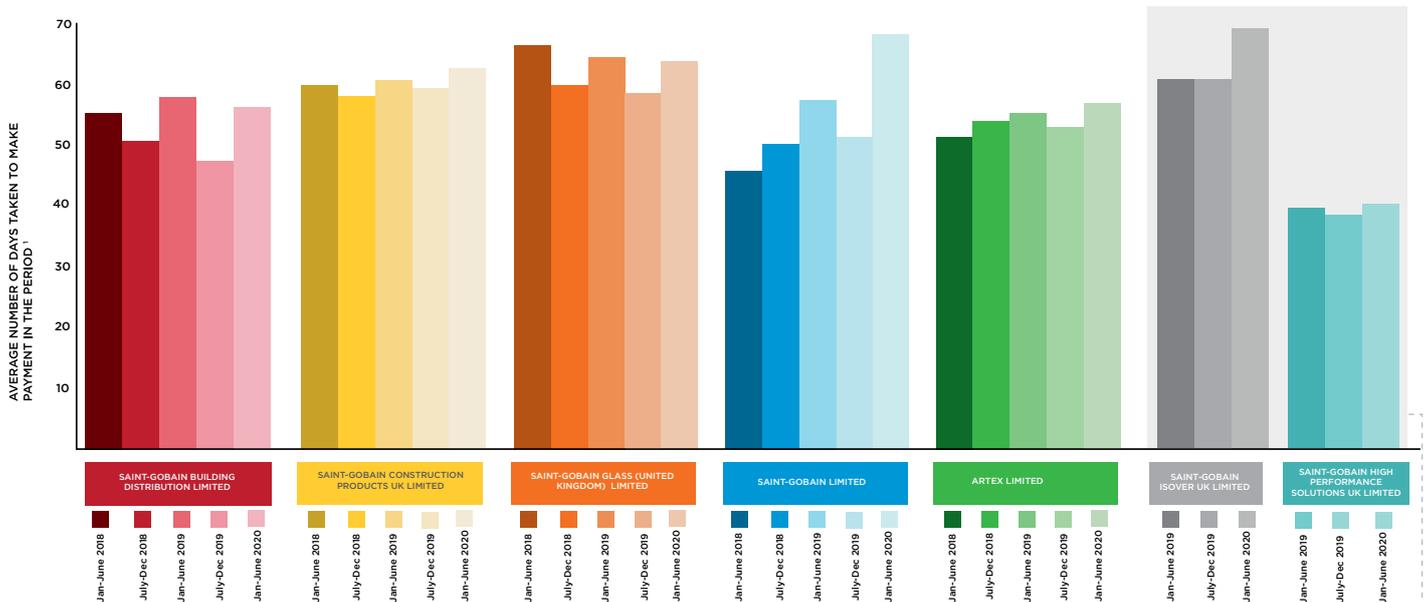
## PERCENTAGE OF PAYMENTS DUE IN THE PERIOD WHICH WERE NOT PAID WITHIN THE AGREED PAYMENT PERIOD



<sup>1</sup>From the date of receipt of the invoice or other notice.  
NB: Period of reporting is: 1<sup>st</sup> January 2020 - 30<sup>th</sup> June 2020.

*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 1<sup>st</sup> January 2019 - 30<sup>th</sup> 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.  
NB: Period of reporting is: 1<sup>st</sup> January 2020 - 30<sup>th</sup> June 2020.

*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 1<sup>st</sup> January 2019 - 30<sup>th</sup> 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?
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> July - 31<sup>st</sup> December will be reported by the 30<sup>th</sup> January 2021.

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](#)



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