



Board Paper to support the case for putting the Code for Construction Product Information and ethical leadership and culture at the heart of what we do

Summary:

- To ensure a place in the future for our business, we need to prioritise product safety and information governance, risk and compliance. We need to put the Code for Construction Product Information (CCPI) and ethical leadership and culture at the heart of what we do.
- Challenge and change across the construction product sector are bringing major ethical, risk, compliance and governance issues to the fore.
- Increasing regulation, increasing customer expectation and the potential for increasing liability represents risk and also opportunity for the business.

Recommendations:

- Take action to understand our risk and exposure in this current context and update systems and processes across product lines and services.
- Pursue CCPI verification and bring market advantage for our brands and show we are part of the solution.
- By doing so, we will increase resilience, enhance productivity and fuel growth.

Current context and background:

In the period following the Grenfell Tower tragedy the construction sector and the construction product manufacturing industry has been at the centre of negative and damaging debate and media discourse. Fallout from the tragedy is resulting in actors in the construction sector increasingly seeking to divest risk. Considerable change to procurement and requirements in relation to installation is being developed and implemented. Customers – contractors, users and specifiers are requiring substantially more information and assurance.

In her report into the Grenfell tragedy Dame Judith Hackitt's key recommendation focussed on the need for a fundamental change to the culture and leadership of the industry and a move away from the profit first behaviours that cause a race to the bottom on price and quality. Additionally, Dame Judith's recommendations, (recommendation 7.6 a-c), included the establishment of a new National Construction Product Regulator and increased market surveillance.

In 2021 the new regulator was announced as part of the Office for Product Safety and Standards (OPSS). Following this the Office for Product Safety and Standards has been developing its capacity for the National Construction Products Regulator and working on new regulations post-Grenfell. Following the Building Safety Act 2022 that has already been put in place, there is clearly much greater focus and emphasis on responsibility. We know that new, more stringent construction product regulations will be brought in, including with a searing focus on the safety of products and clarity and probity required of product claims and product information management. This will require us to understand more about where our product goes, how used, what our customers say and that we are not only making no misleading claims but that we are fully supporting the product and services we offer with the information that is clear, accurate, up-to-date, accessible and unambiguous. All of this increases our risk of liability and non-compliance.

Adding to this, post-Brexit, we see regulatory divergence from Europe and the need to manage for this with the UKCA replacing the CE mark. Environmental Social Governance including issues relating to

carbon net zero and sustainability are all demands which will require increased governance, compliance and innovation.

As a critical part of the solution to the pressing need for manufacturers to be able to provide greater assurance in relation to product information, the Code for Construction Product Information (CCPI) was developed by the Construction Products Association and with support of the industry. A verification body, CPI Ltd has now been established to independently verify conformance to the CCPI. This has been welcomed by Dame Judith Hackitt and the new regulator as making an important contribution to addressing some of the major issues the industry. Verified conformance to the CCPI will provide third-party verification that our product information can be relied upon, now and in the future, by specifiers, installers and users. The scheme is now open for companies to register and use the verification processes.

We are working in a challenging and changing environment and to build a place for our business into the future we need to respond by prioritising product safety and information governance, risk and compliance. We need to put the Code for Construction Product Information (CCPI) and ethical leadership and culture at the heart of what we do.

Critical fact:

We are responsible for every product we invoice.

What is the scope of the investment required:

Potential costs to cover:

- Time/salary for a project lead and compliance manager functions.
- The cost of CCPI registration and verification which is dependent on annual turnover and company size and size/type of product sets with information to verify. We can ascertain these figures from the CCPI website.
- Depending on our capability we may need to invest in IT to support effective Product Information Management.
- It is recommended that this project has a Board sponsor.

What is the Return on our Investment:

We can address our risks and exposure and bring tangible business benefit by increasing our resilience, productivity, and growth.

Increasing resilience through regulatory compliance, we can ensure we avoid direct costs – i.e. fines and protect future earnings (helps avoid reputational damage). We will also increase resilience through reduced supply chain risk by engaging our supply chain in ethical requirements we put both parties on a stronger footing. It will also increase our confidence in our supply chain and help reduce volatility. We will also increase resilience through proactive reputation management. The stark reality of the Grenfell Tower tragedy loss of 72 lives, and shocking admissions to the inquiry, provide compelling examples of damaged reputations to avoid. We will benefit from enhanced brand equity as a company building a reputation for being in front in terms of managing issues, preparing for change and proactively managing risk.

Our actions will increase productivity through operational efficiency. Streamlining management system and process around Product Information Management will reduce time and effort for employees.

Positive stakeholder relations will further benefit our productivity. Using this initiative to engage our customers and stakeholders will provide insight that will help us serve them better and in turn increase our performance. This also applies to increasing employee satisfaction which has the knock-on positive effect of maintaining retention, thereby reducing costs of employee turnover.

This initiative will also benefit our potential for growth by strengthening our brand: In the increasingly complex post-Grenfell tragedy landscape, brands with integrity will win customers who increasingly need assurance. Additionally and importantly, the Code for Construction Product Information (CCPI) provides proof of our probity for regulator and customer and provides us the opportunity to differentiate ourselves in the marketplace.

Finally, all of this will help us develop our strategic agility and enable us to better anticipate what our firm needs, adapt our systems and processes to be fit for purpose and act to deliver refined product and/or innovation to reach new markets or new customers in the future.

Recommended action:

1. Use our leadership to support change.
2. In the current context we are working in, we should **conduct a high-level risk and exposure review** looking at all product lines and services and supporting processes. To achieve this we could: survey our staff to understand their everyday experience and how we can support them better and ask our customers and stakeholders their experiences. We need to ensure we understand where our product goes and how it is used.
The review should include:
Processes: Training, order process management, claims management, terms and conditions, product information change management, customer complaints handling.
Approach to customer advice: Specifications, Estimations, Design Guidance, Value Engineering, Substitution etc.
Approach to the information we provide for products: technical product information, claims made across specific brands, broader marketing claims.
We will utilise the results to enhance technical and process compliance.
3. **Pursue CCPI verification** – register at www.cpicode.org.uk, appoint a lead, sign up to go through the assessment process.

What does success look like:

- We update our processes and systems so that we are confident that our products and services that we sell are all underpinned by robust management processes, competency, training, understanding and knowledge/awareness.
- We achieve independent verification against the Code for Construction Product Information.
- We utilise CCPI verification to promote our business with customers, clients, insurers, procurement frameworks, shareholders etc...

Timing:

Next 18 months will be important. The Grenfell Inquiry report is expected late 2023. There will be media and follow up alongside the police investigation and any criminal prosecutions later in 2024 and onwards. The Building Safety Act secondary legislation is still in development and expected to be brought in in 2024. New Construction Product Regulation post-Grenfell is expected early/mid 2024. We know these timescales can and do move. We also now internal change takes time. Therefore, we need to pursue the recommended actions now.