

MODERN SLAVERY STATEMENT

This statement is in response to the United Kingdom's (UK) Modern Slavery Act 2015. It highlights the steps AB Agri Ltd is taking to ensure that slavery and human trafficking is not taking place in our supply chains or in any part of our business.

About AB Agri

AB Agri is the agricultural division of [Associated British Foods plc](#) (ABF). Within the division we have business areas across the agri-food chain, supplying products and services to farmers, feed and food manufacturers, processors and retailers.

Our businesses add value through six areas of expertise: commodity risk management; co-product innovation and marketing; animal nutrition technology; specialist feed ingredients; agricultural data and insight; and feed manufacturing. We are an increasingly global business, employing more than **3,000** people in the UK and overseas, sourcing feed ingredients globally, and selling into over **70** countries.

[Formula24](#) is our overarching sustainability strategy, targeted to focus on the areas and issues where we know we are able to change agriculture for the better. The strategy is led by our Sustainability Director and steered by senior management from across the business. Within this framework, we have a stated aspiration to source all feed ingredients sustainably by 2024. One element of achieving this ambition is to identify and reduce the specific challenge of modern slavery and human trafficking within our complex global supply chain.

Our policies

Our operations

As part of ABF plc, there are several group-wide policies that apply, including the [ABF Whistleblowing Policy](#) and the [ABF Anti-Bribery and Corruption Policy](#). Within our own business the AB Agri [Human Rights Policy](#) outlines our commitment to respect and protect fundamental human rights, as stated in the Universal Declaration of Human Rights. AB Agri complies with all relevant employment laws for the countries in which we operate, and expects those with whom we do business to do the same.

Our suppliers

Our global supply chain is complex and we are working hard to understand and identify any ethical issues within it. Our first priority is to understand where the greatest risks are.

ABF sets out procurement expectations through its business principles, including a focus on human rights and conditions of employment. ABF has a group-wide [Supplier Code of Conduct](#), which sets out the values and standards expected of suppliers, and makes it clear that forced or bonded labour is not tolerated. In line with best practice, the ABF Supplier Code of Conduct is based on the International Labour Organization's (ILO) Fundamental Conventions. The code is used within AB Agri to communicate our expectations from the suppliers we conduct business with, and includes the core principles that:

- Employment is freely chosen: there is no forced or compulsory labour in any form, including bonded, trafficked or prison labour
- Freedom of association and the right to collective bargaining are respected
- Working conditions are safe and hygienic
- Child labour shall not be used
- The land acquisition principle is adhered to
- Living wages are paid
- Working hours are not excessive
- No discrimination is practised
- Regular employment is provided
- No harsh or inhumane treatment is allowed

The ABF Supplier Code of Conduct is included within our legal terms and conditions of purchase, and the signing and commitment to the code is a mandatory component of our raw material supplier approval process.

How we assess and manage risk

Operational sites

Our people are very important to us and we work hard to ensure we recruit in a fair and inclusive way. AB Agri's Recruitment Agency Agreement ensures our values are also followed by agencies working on our behalf. The agreement provides specific detail of our ethical values and references our Diversity and Inclusion Policy, and [Human Rights Policy](#). This year we've trained a number of employees to deliver unconscious bias training to teams across the business, aimed at removing unintentional prejudice from our recruitment processes.

In 2017, the AB Agri leadership board mandated that all AB Agri manufacturing sites should complete self-assessments via the SEDEX (Supplier Ethical Data Exchange) platform. This aligns us with the approach taken across the food and drink industry. We have self-assessed 7 of our sites using SEDEX so far and plan to have 13 sites completed by the end of 2017. Having benchmarked our approach to human rights against best practice, we have now started to conduct SMETA (Sedex Members Ethical Trade Audits) at our manufacturing sites.

SMETA is an audit procedure which is a compilation of good practice in ethical audit technique and is the leading certification standard for factories and organisations across the globe. This is being supported by our in-house SA8000 trained lead auditor who has worked alongside specialists in Human Resources and in Operations across our businesses.

Supply chain in raw materials

Assuring feed safety is integral to how we operate our own business, and throughout our supply chain. As such, we run a well-developed and robust feed safety assurance system, to validate and evidence that our purchased feed ingredients are compliant with all relevant industry feed safety standards and legislation.

Having extended this core business process to include additional ethical criteria, we can now build on the existing traceability platform for our raw material suppliers. We use the Authenticate IS platform to track all our ingredient suppliers. This year we have put additional controls in place to ensure all supplier data in Authenticate is routinely updated and maintained.

To support our increased focus on ethical procurement, we have invested in a new role; 'Safe and Ethical Purchasing Compliance Manager'. This increases our capability to build a sound evidence base of the ethical standards operating in our global supply chain. This year we have employed additional resource to ensure that the ABF Supplier Code of Conduct is well communicated to all feed ingredient suppliers and have made good progress in ensuring they all understand our requirements by formally reviewing and signing it.

By gathering more information on the products we buy from our suppliers, we now have a much clearer picture of our sourcing landscape. We can confirm that the majority of our primary ingredient suppliers are based in European countries with relatively low ethical risk as indicated in the Verisk Maplecroft benchmarking database. However, during the past year, we have sought to move forward and deepen our understanding of where they, in turn, source from.

We already know that the 2,200 different ingredients we use come to us from more than 550 suppliers, based in 35 countries. We have started to gather source country data from our suppliers, to enable us to better understand the ethical risk associated with each of them. Our approach is to apply global risk analytics to this insight, in order to understand where there may be an increased risk of environmental and political issues, or human rights abuses. We will then work with our suppliers to better understand any specific risks and seek to mitigate them.

Authenticate, which is a web-based platform, can be accessed by our procurement managers around the world, allowing them to take a closer look at any supplier or ingredient. It is a well-used, group-wide control system at AB Agri. By adding ethical procurement requirements, alongside our existing safety requirements, we are building increased transparency for our customers, in an area that is ever more important to those involved in global food supply chains.

Raising awareness

We have continued to provide information and training for our employees on issues relating to human rights and forced labour this year (2017).

We have delivered further training to procurement teams to help them better understand our approach to ethical risk management, and the need to collaborate with our suppliers to effectively mitigate risk.

Relevant AB Agri employees have attended a number of external events to gain further insight into best practice, including the SEDEX annual conference and a Responsible Procurement & Supplier Engagement conference, run by a leading sustainability consultancy.

The AB Agri Board is updated quarterly on the implications of the Act, as well as the recommendations from our Formula 24 Sustainability Board on how best to develop our response within our Group of businesses. In addition, we have continued to share knowledge with colleagues from other ABF businesses, including attending their supplier training events to understand their approach to ethical risk management and supplier collaboration.

We have also continued to distribute training and awareness materials across our businesses this year (2017), to help educate our people about the realities of modern slavery; specifically, how to spot signs of forced labour and how to report it. This included guidance that clearly sets out the way we would like our people to respond, and provides them with a route to share what they may witness or their concerns, in order for appropriate follow up intervention to be taken.

Jose Nobre
CEO



Date

15r February 2018