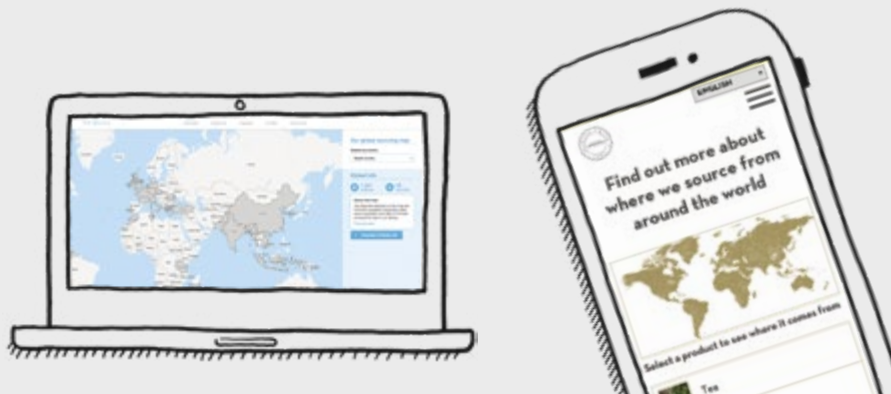


Modern Slavery and Human Trafficking Statement 2018

The steps that we take to try and eliminate modern slavery, in any of its forms, from our operations or our supply chains are set out below.

Key developments in 2018



- Twinings and Primark released Global Sourcing Maps to improve transparency
- Primark reviewed and is enhancing its policies to better tackle root causes
- Twinings conducted a human rights assessment to strengthen its due diligence processes
- Allied Bakeries conducted a risk assessment of its supply base
- Primark reviewed and is updating its grievance mechanisms

Overview and structure

Associated British Foods is a diversified international food, ingredients and retail group with sales of £15.6bn, 137,000 employees and operations in 50 countries across Europe, southern Africa, the Americas, Asia and Australia. We are a decentralised business split into five business segments: Grocery; Sugar; Agriculture; Ingredients; and Retail. Such diversity means that our operations are widespread and our supply chains are far-reaching and complex. In spite of this, we are wholly committed to respecting human rights across our own operations, supply chains, and products.

Modern slavery is a global issue that requires global action. It can occur in many different forms including, but not limited to, forced labour, child labour, domestic servitude or human trafficking. As an international business we have a role to play in eliminating these practices as well as respecting human rights across our own operations and supply chains. We value our ongoing engagement and collaboration with a broad range of interested and concerned stakeholder groups to tackle some of these issues. Furthermore, we recognise that the UN Guiding Principles on Business and Human Rights (UNGPs) require businesses to address actual and potential adverse human rights impacts, prioritising those that are most severe or where a delayed response would make them irremediable. Forced and trafficked labour is one of the most adverse human rights impacts, and this has been reflected in the increase in and revision of regulation that attempts to address the issue, including: the California Transparency in Supply Chains Act, EU regulations on reporting, the UK Modern Slavery Act 2015, and the ILO Protocol on Forced Labour.

We also know that as a diverse and decentralised business, we must focus on our internal communications and coherence. For more information about the activities being undertaken by our businesses, please read the following pages of this 2018 CR Update and refer to our 2016 CR Report 'Doing good every day' and 2017 CR Update, which can all be found at www.abf.co.uk/responsibility.

Some of our businesses, such as AB Sugar and Primark, have compiled their own statements, which can be found at www.abf.co.uk/responsibility/cr_downloads.

Policy

Our comprehensive groupwide Supplier Code of Conduct sets out the values and standards we expect of our suppliers, representatives and the other people with whom we deal. It is based on the eight core conventions (which cover collective bargaining, forced labour, child labour and discrimination) of the International Labour Organization (ILO) and the Ethical Trade Initiative (ETI) Base Code. We engaged with NGOs in the creation of this code and periodically update it to ensure its relevance, as was the case in 2016 when it was updated to refer to our intolerance of forced or bonded labour:

“Employment is freely chosen: There is no forced or compulsory labour in any form, including bonded, trafficked, or prison labour. Workers are not required to lodge ‘deposits’ or their identity papers with their employer and are free to leave their employer after reasonable notice.”

Suppliers are expected to sign and abide by this Code, which can be found at www.abf.co.uk/responsibility/our_policies.

In addition to these groupwide policies, a number of individual businesses have created a tailored approach to tackle modern slavery. For example, Primark will be including specific clauses on indentured labour and a new clause on zero recruitment fees in its supplier code of conduct. Our Agriculture division has a Human Rights Policy which sets out its commitment to respect and protect fundamental human rights as stated in the Universal Declaration of Human Rights. Similarly, within our Grocery division, some businesses are following the StrongerTogether guidance to develop and enhance policy.

We encourage an open culture in all our dealings between employees and people with whom we come into contact. Honest communication is essential if malpractice and wrongdoing are to be dealt with effectively. Our whistleblowing policy sets out guidelines for individuals who wish to raise issues in confidence which could include forced labour concerns. We provide an external advisory service for all staff, including casual or agency staff, and make every effort to protect the confidentiality of those who raise concerns.

Our whistleblowing policy can be found at www.abf.co.uk/responsibility/our_policies.

Spotlight on Grievance Mechanisms: Primark

It is essential that people and organisations can raise grievances directly with us and alert us to potential breaches of our Code of Conduct. To strengthen our approach, we are reviewing our existing policies and processes to make it even easier for anyone affected to raise grievances and make sure that these are addressed effectively. Currently, people can do this through several channels:

- directly through the Primark website: www.help.primark.com;
- through our whistleblowing facility which is available to all our employees, including casual or agency staff; and
- through confidential interviews with workers. These are a critical and mandatory part of our audit process. Interviews are always conducted in confidence and in a way that protects the worker and their testimony. During the interviews, workers are informed that they can contact the Primark team at their discretion and are given direct contact details.

In 2017, Primark analysed and benchmarked global grievance mechanism systems and technology solutions designed to help workers raise grievances. Primark is currently working to develop specific grievance mechanisms to provide workers in the supply chain access to remedy.

Primark reviewed industry codes of conduct and practice relating to grievance mechanisms and will be publishing an updated Supplier Code of Conduct in 2018, following stakeholder consultation on proposed revisions.

To read more about Primark’s efforts to tackle modern slavery, please see the Primark Modern Slavery Act Statement and visit the Primark Ethics pages: www.primark.com/en/our-ethics.

Embedding

Last year, we reported that our main focus was on training and awareness-raising. This is still very much a focus. However, over the last 12 months we have sought to generate more practical solutions.

In June 2018, nearly 130 Associated British Foods procurement representatives from across EMEA came together and discussed key human rights issues and supporting legislation. The session also included a review of two real life examples, ensuring participants were able to get both education and actionable insights from actual case studies and the opportunity to reflect on what steps they would take if they identify or suspect human rights abuses or incidents of modern slavery.

Last year we conducted a groupwide awareness-raising training session, which was delivered to senior CR and procurement leads. We made the businesses aware of the scale, scope and pervasive risks of modern slavery and positioned the issue in the broader context of business and human rights, including an overview of the United Nations Guiding Principles on Business and Human Rights. It also enabled the sharing of best practice within the group and raised awareness of the broader human rights agenda for business.

In 2017, Primark launched a training course for its suppliers on forced labour and modern slavery. The course is designed to provide suppliers with:

- an understanding of the definitions of forced labour and how to recognise it within the supply chain and operations;
- information on the risks to their business, including imprisonment and fines, commercial and trading risks, and reputational damage;
- guidance on Primark’s Code of Conduct for suppliers and its expectations of them; and
- resources for further guidance and support.

The course was developed with content derived from the ILO including its publication ‘Combating Forced Labour: A Handbook for Employers and Business’. Primark began this training with a focus upon suppliers within the Goods for Sale supply chain and key suppliers within the Goods Not for Retail supply chain (e.g. logistics and operations).

Some of our businesses, such as Twinings, have prioritised internal awareness-raising on modern slavery issues. Twinings has created an e-learning module on modern slavery risks, and started rolling this out amongst staff in supplier-facing roles, as well as those in HR or recruitment.

Ensuring that people understand their rights at work is equally critical in preventing trafficking and forced labour. This is one of Primark’s strategic objectives and it has a range of programmes that seek to achieve this. A dedicated team manages these programmes, working closely with local teams on the ground and NGOs and other organisations to design and deliver them. Read more about this work in the Primark chapter of this CR Update, as well as previous reports and updates, found at www.abf.co.uk/responsibility.

Due diligence

Our businesses have undertaken a risk assessment process to understand which supply chains may be at higher risk of modern slavery. This may be due to the country of origin, the product or industry characteristics (such as seasonal cycles) or workforce characteristics (such as migrant workers). Our businesses are now working on developing action plans for any supply chains which may be at higher risk of forced labour.

This year, Primark published its Global Sourcing Map which shows information about the factories which manufacture products for Primark. Details include factory names, addresses, the number of workers and gender split of the workforce. www.primark.com/en/our-ethics/people-production/global-sourcing-map.

Additionally, Twinings produced a sourcing map, which details where products – from peppermint to packaging – are sourced. <https://sourcedwithcare.com/en/sourcing-map/>.

Allied Bakeries, part of our Grocery division, conducted a risk assessment of the supply base for risks of modern slavery. As a result, 35 suppliers from the seven highest-risk categories were engaged for a ‘Modern Slavery and Labour Rights Day’. The event helped its suppliers understand:

- the standards set out in the ABF Code of Conduct and Supplier Code of Practice;
- the need for policies, procedures, risk assessments and supply chain mapping to support their Modern Slavery programme; and
- methodologies for undertaking risk assessments and supply chain mapping.

This particular group of suppliers had not previously been contacted by customers about labour rights, nor had proper risk assessment tools in place.

Our current risk assessment is supplemented with access to the Supplier Ethical Data Exchange (Sedex) and Maplecroft’s risk assessment tool, which gives us an insight into some of our supply chains and suppliers with the highest risk. The risk of modern slavery is not confined to our supply chains, so we also scrutinise our own hiring practices. We undertake a verification of current employees’ addresses and bank accounts. When hiring a new employee, we always check identification documents and references.

Temporary workers are at particular risk and we have made special provisions to assess the main agencies that provide us with temporary staff. As part of this, we check whether they are members of relevant professional bodies, as well as their understanding of modern slavery. We intend to deepen this level of engagement and conduct more detailed audits.

Identifying the gaps and tackling key risk

The UNGPs state that business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved. Twinings recently undertook a human rights assessment of its whole operations.

The process involved human rights experts, as well as the Twinings Social Impact Team, mapping the value chain against every human rights risk (as defined in the International Bill of Rights) and considering how each group could be negatively impacted. The categorisation of the rights holders in the Twinings value chain ranged from corporate functions to tea estates and raw materials farmers. From this assessment, forced labour was identified as one of eight salient risks. Over the coming year, Twinings will be reviewing and integrating the recommendations.

Improvement

We believe that real change can only come through collaboration with our suppliers.

In our previous statements, we explained that we audit high-priority suppliers either using approved external auditors or our own internal team. We audit against our Supplier Code of Conduct which provides insight into the working conditions and labour standards of the factories that supply our products. In addition, we collaborate with other buyers using Sedex and AIM Progress to share audits and reduce audit fatigue for suppliers. These networks provide an opportunity to collaborate with other businesses on human rights issues. For example, AIM Progress' Human Rights Work Stream facilitates shared learning on topics such as risk assessments, supplier training and grievance mechanisms. However, it is important to strike the right balance between reducing the administrative burden and tackling root causes.

If there are any cases where our suppliers are found not to be meeting the expectations and standards laid out in our Supplier Code of Conduct, we work with them, offering training and support, to help them improve. We only terminate commercial relationships with suppliers if no improvements are made over an agreed timeframe or there is no commitment to make them. If we uncover situations of modern slavery or any other serious violations we seek to verify and investigate immediately.

In a number of cases, we have worked with suppliers to get further in-depth training and capacity building. Primark partnered with Verité to design a 'Fair Hiring Fair Labour' toolkit to identify human rights and compliance-related risks around hiring and recruitment practices. This toolkit has been used in factories and mills in our South Indian supply chain to assess the management practices of factories with particular reference to recruitment and hiring, screening and managing brokers, and on-site management of workers.

Measuring

Across the business we are working to develop the right measurements for both our supply chain and the people we directly employ. As a group, we are in the process of advancing our non-financial Key Performance Indicators (KPIs). A number of our businesses have KPIs in place in relation to labour standards and they report on these on a regular basis.

This statement has been approved by the board on 31 October 2018.



P A Lister

Director of Legal Services and Company Secretary