

Modern Slavery and Human Trafficking Statement 2017

Key developments in 2017

1.



Showing commitment

In addition to our policies listed in our statement, we recognise the United Nations Guiding Principles on Business and Human Rights (UNGPs) and commit to playing our role in the eradication of modern slavery.

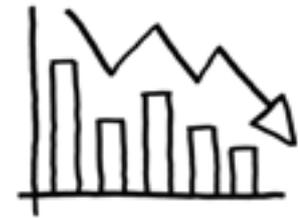
2.



Being strategic

We know there is a journey of continuous improvement ahead of us when it comes to addressing modern slavery and our human rights impacts. This year, we have focused our energy on training and learning to make sure everyone is empowered with knowledge. Many of our businesses have also invested in developing robust risk assessment processes.

3.



Having an impact

Our businesses are able to have the greatest impact by focusing on the areas of significant risk. In particular, our sugar and retail divisions are doing some particularly good work in this area, as detailed in the statement. As a group, we are working together to generate methods of monitoring and evaluating the process and impact of our work.

Overview and structure

Associated British Foods is a diversified international food, ingredients and retail group with sales of £15.4bn, 133,000 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 irreparable. 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. Last year, we adapted our CR strategy to highlight the importance of supply chain issues and subsequently broadened our four pillar structure to a five pillar approach whilst giving them a more explicit stakeholder focus. Our new supply chain pillar focuses on internal communications and activities around modern slavery risks in the supply chain. For more information, please refer to our 2016 CR Report 'Doing good every day' and 2017 CR Update, which can both be found at www.abf.co.uk/responsibility.

The steps we take to try and ensure that modern slavery, in any of its forms, is not present within our operations or our supply chains are set out below.

Many of our businesses have compiled their own statement or are in the process of drafting one. All published statements can be found at www.abf.co.uk/responsibility/cr_downloads

Policy

Our comprehensive group wide 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 International Labour Organization (ILO) Fundamental Conventions 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 last year 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.

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.

In addition to these group wide policies, a number of individual businesses have created a tailored approach to tackle modern slavery. For example, 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. Their Preventing Hidden Labour Exploitation policy specifies the measures taken to limit the possibility of hidden worker exploitation taking place at any site. It builds on current Human Resources (HR) practice, outlines training intent and requires suppliers to operate according to the same principle. Furthermore, other businesses are aiming to enhance policy to support the identification of root causes of modern slavery and to develop and improve grievance mechanisms for workers. Primark now includes mandatory confidential worker interviews as part of their audit protocol.

Embedding

A major focus for the past year has been on training and learning. We recently conducted a group wide awareness-raising training session, which was delivered to senior CR and procurement leads. We ensured the businesses were made aware of the scale, scope and pervasive risks of modern slavery and positioned the issue in the broader context of business and human rights, introducing the United Nations Guiding Principles on Business and Human Rights. It also enabled the sharing of best practice within the group and the awareness raising of the broader human rights agenda for business.

In 2017, Primark launched a training course on Forced Labour & Modern Slavery for suppliers. 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 our 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’. We 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).

In 2015, we trained the senior procurement personnel in our businesses on the issue of modern slavery. This included risk assessment, how to develop a response plan and auditing. We are now extending the training programme to the wider buying community including those responsible for cleaning, catering, construction and refurbishment contracts. Some of our businesses, like Twinings, are also planning to conduct a workshop with local HR teams which will include specific guidance on recruitment practices, working with recruitment agencies and labour contractors. In addition, Twinings has conducted training days for its suppliers aimed at raising awareness and providing guidance about modern slavery, specifically around issues relating to agency labour and document checks for new workers.

Ensuring that people understand their rights at work is equally critical in preventing trafficking and forced labour. This is one of our Ethical Trade & Sustainability Strategic Objectives for Primark and they have a range of programmes that seeks to achieve this. A dedicated Project Controller and Project Team manage these programmes, working closely with local teams on the ground and NGOs and other organisations to design and deliver them.

Due diligence

All of our businesses have undertaken a risk assessment process to understand which supply chains may be at a 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). All of our businesses are now working on developing action plans for any supply chains which may be at higher risk of forced labour.

Modern slavery is a complex phenomenon. Our current risk assessment is supplemented with access to 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.

Improvement

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

In our first statement last year, 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 ensured that suppliers 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 supply chain and people. A number of our businesses have Key Performance Indicators (KPIs) in place in relation to labour standards and they report on these on a regular basis.

Primark has developed a monitoring and evaluation (M&E) framework for our Ethical Trade programmes through consultations in the UK, India and Bangladesh, with government bodies, the ETI, and other local and international NGOs. We monitor the coverage and effectiveness of the steps we take to combat forced labour by tracking a number of indicators. These are reviewed annually as part of the Ethical Trade and Sustainability Strategic Objectives. These indicators include:

- supplier and internal staff training and awareness of forced and trafficked labour issues;
- actions taken as part of collaborative initiatives to address modern slavery; and
- supplier non-compliances and registered grievances.

Tackling Modern Slavery with a spotlight on sugar

As part of the current Modern Slavery and Human Rights Plan, which was signed off by the Illovo board and launched in late 2016, we assess risk at a country and plant level. Last year, Illovo conducted a thorough mapping of its supply chains at a country level to understand the potential risks. These studies were focused on our countries of operation – South Africa, Swaziland, Mozambique, Tanzania, Malawi and Zambia. There were three parts to the process:

1. To start the process we used internal knowledge to map the supply chains across all functions. Illovo's country teams complete the UN Global Compact self-assessments yearly which provided insight to the management team's experiences and observations of the local context in their value chains.
2. We used recognised external resources (e.g. Global Slavery Index, List of Goods Produced by Child or Forced Labour and Maplecroft) and engaged with country-specific human rights bodies such as South Africa's Human Rights Commission who were able to provide the most up-to-date information.
3. Independent third-party consultants acted on behalf of major customers and conducted human rights assessments in three of our countries of operation. These assessments included forced labour, risk assessments of our operations and of our supply chains.

All the businesses in our Sugar division have undertaken a risk mapping of their sugar-specific supply chains. This due diligence exercise resulted in the identification of key risk areas for further mapping and investigation; including key geographies, certain products and known thematic issues such as brokered labour in certain parts of the supply chain. Furthermore, the entire Sugar division has sought to embed training across multiple functions with senior leadership and the heads of HR and Procurement in each business being trained on modern slavery issues in addition to our Audit and Sustainability teams.

This statement has been approved by the Board on 1 November 2017.



P A Lister
Director of Legal Services and Company Secretary