

Modern Slavery and Human Trafficking Statement 2016

Overview and structure

Associated British Foods is a diversified international food, ingredients and retail group with sales of £13.4bn, 130,000 employees and operations in 50 countries across Europe, Southern Africa, the Americas, Asia and Australia. We are a decentralised business split into five segments: Grocery; Sugar; Agriculture; Ingredients; and Retail. With such a diversified group, our operations are spread around the world and our supply chains are far-reaching and complex. In spite of our size and complexity, 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. We know that as an international business we have a role to play in eliminating this pernicious and challenging practice 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.

We also know that as a diverse and decentralised business, we must focus on our internal communications and coherence. Previously we have explored supply chain activities across our four CR pillars: Environment, People, Neighbour, and Health. This year however, we have adapted our CR strategy to bring out 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 enables us to focus our internal communications and activities around modern slavery risks in the supply chain. For more information, please see our 2016 CR Report 'Doing good every day' which can be found here 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.

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. We have recently done so and it specifically refers 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 here www.abf.co.uk/responsibility/our_policies.

In areas of particular high risk some of our businesses have produced further guidelines such as Illovo Sugar's "Child Labour & Forced Labour Guidelines". These can be found here www.illovosugar.co.za/Group-Governance/Forced-and-Child-Labour-Guidelines.

As a group, 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 third party 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 here www.abf.co.uk/responsibility/our_policies.

In addition to these policies held at group level, a number of individual businesses have created tailored policy approaches to tackle modern slavery. For example, our Sugar division has a Modern Slavery and Human Trafficking Policy which underlines a zero tolerance position and supports our sugar businesses to manage any concerns. Similarly, within our Grocery division, some businesses are following the StrongerTogether template guidance to develop and enhance policy. It builds on current Human Resources (HR) practice, outlines training intent and requires suppliers to operate according to the same principle.

Embedding

In 2015, we trained our senior procurement team across all our businesses on the issue of modern slavery. This training included risk assessment, how to develop a response plan and auditing.

We are now expanding our training programme to the wider buying community including to those responsible for cleaning and 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 a specific session about recruitment practices, working with recruitment agencies and labour contractors. In addition to this, 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.

In 2016/17 Primark will launch mandatory dedicated training on forced and trafficked labour for all relevant Primark staff including Buying, Merchandising and Sourcing teams, as well as all suppliers and factories. This training is being developed with international experts on forced and trafficked labour.

Due diligence

All our businesses have gone through 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 lifecycles) or workforce characteristics (such as migrant workers). All our businesses are now working on developing action plans for any supply chains which may be of 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. This is vital knowledge needed so we can plan the most appropriate action.

The risk of modern slavery is not confined to our supply chains, we also scrutinise our own hiring practices. We have undertaken an analysis of current employees' addresses and bank accounts to establish any duplication to identify any possible areas of crossover in verifiable records. When hiring a new employee, we always check identification documents and references.

Temporary workers are a category at particular risk and we have made special provisions to assess the main agencies that provide us with workers. 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 order to ensure our suppliers meet our standards, we audit high priority suppliers either using approved external auditors, or our own internal team. We audit against our Supplier Code of Conduct which gives us insight into the working conditions and labour standards of the factories that supply our products. In addition to this, we collaborate with other buyers using SEDEX and AIM Progress to share audits and reduce audit fatigue for suppliers. These networks are also an opportunity to collaborate with other businesses on the issue on Human Rights. For example AIM Progress' Human Rights Work Stream facilitates shared learning on topics such as risk assessments, supplier training and grievance mechanisms. However, we know it is crucially 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 would only terminate commercial relationships with these suppliers if no improvements are made over an agreed timeframe or if there was no commitment to make them. If we uncovered situations of modern slavery or any other serious violations we would seek to verify and investigate immediately.

Measuring

Across the individual businesses 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 periodic and quarterly basis.



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Company Secretary
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