

Modern Slavery & Human Trafficking Statement 2018/2019



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Worker welfare and safety is the heart of our business

1. STRUCTURE, BUSINESS AND SUPPLY CHAINS

Arco Limited (Arco, We Our) is a family owned organisation specialising in the provision of Health & Safety Equipment and Services, established in 1884. Arco works with all sizes and types of organisation in the supply of equipment, clothing, personal protective equipment and professional services related to health and safety.

It is Arco's policy to protect all workers from modern day slavery or human trafficking and promote the Health, Safety and Welfare in its supply chain. Arco has been a member of the Ethical Trading Initiative (ETI) for eleven years and is committed to the principles of the ETI Base Code which are based on the standards of the International Labour Organisation.

PRODUCTS AND SERVICES FOR RE-SALE

Our procurement activities take place globally with over £280 million of sales primarily within the UK private and public sectors. Just under one-third of our product sales are Arco own brand products, with over 130 Tier 1 manufacturing facilities located throughout 25+ countries. Over 90 of the 130 Tier 1 factories are located in emerging markets, with over half in China.

Due to our significant footprint in China, Arco has a permanent office located in Xiamen, Fujian province. All 10 staff are directly employed by Arco and roles include office manager, vendor managers, product technicians, quality control inspectors and an ethical auditor.

The role of the ethical auditor is to help a factory develop their social systems, provide training and monitor progress.

PRODUCTS AND SERVICES NOT FOR RE-SALE

Our indirect procurement teams and departments purchase goods and services required to run our business from over 1,000 local and national suppliers.

SALES VALUE OF £280+ MILLION

100,000+ Product Range	25+ Countries within our own brand supply chain	1000+ Own brand and proprietary Vendors	130+ Own brand manufacturing facilities	90+ Own brand manufacturing facilities based in emerging markets	49+ Sales locations throughout the UK
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2. POLICIES IN RELATION TO SLAVERY AND HUMAN TRAFFICKING

The Arco Modern Slavery and Human Trafficking Policy and the Arco Ethical Guide for Vendors (www.arco.co.uk/startyours) have been prepared in order to give guidance and instruction on the minimum and recommended standards acceptable to Arco in the manufacture of their products or procured services globally. Vendors are expected to comply with national and other applicable law and, where the provisions of law and the contents of this document address the same subject, to apply that provision which affords the greater protection.

The Arco Ethical Compliance Requirements for Vendor Approval procedure clearly describes the process all stakeholders must complete for the Arco Ethical Team to approve a factory.

Arco is committed to ongoing and continual improvement, training and capacity building in the area of ethical trade, with measurable targets set annually as part of its broader performance review and as a fundamental part of its commitment to ETI membership.

In July 2018, Arco invited Hope for Justice, a charity specialising in Modern Slavery, to conduct a risk assessment at our National Distribution Centre in Hull.

The scope included our own operations and our Labour Agency provider. The experience was hugely positive and confirmed our operations to be low risk. Hope For Justice proposed several recommendations for improvement which are to be implemented during this financial year. The main risk to our business being the process to transfer an agency worker to permanent Arco employment.

3. RISK ASSESSMENT AND MITIGATION

All vendors must agree to the principles of the Arco Ethical Guide for Vendors in all new contracts.

In line with the ETI Human Rights and Due Diligence Framework, Arco adopt several methods to assess and manage risk throughout our operations.

Risk categorisation primarily focuses on risk to vulnerable workers and considers country, region and industry using information published by global NGOs. Our priority is to those workers in high risk situations where we can make the biggest positive difference to their welfare.

High risk vendors must accommodate a social compliance audit and resolve improvement areas to an agreed timeframe. This applies to Tier 1 sites and beyond when necessary. Vendors are encouraged to establish and improve their own processes and assess risks within their supply chain.

Medium and low risk vendors must submit copies of own audits or complete an SAQ.

Training on the Modern Slavery Act is deployed to vendors, across all supply chains to raise awareness of the issue.

On-site health and safety training is conducted at high risk sites, primarily in China. We plan to extend the reach of the training to more countries.

Arco raised organisational awareness through specific learning and development training for UK and China colleagues.

During 2018, specialised training was provided to Arco colleagues deemed most at risk demographically. The training received excellent feedback and will be extended to more colleagues.

DUE DILIGENCE

As part of our existing due diligence processes, regular assessments of new and existing factories are conducted. Several methods are employed to conduct due diligence, with most resource given to high risk supply chains.

During 2017/18, and in line with industry guidance to reduce the reliance on audit, we increased the remit of factory visits by our trained procurement and ethical teams. The teams are trained to recognise the signs of Modern Slavery and exploitation and consult with the ethical team on their observations.

Our quality control teams use time spent at the factory to observe changes in both the demographics and culture and report back when necessary.

High risk vendors, including those high spend and business critical vendors to Arco continue to receive regular audits. The frequency of the audits reduces as trust develops between our organisations.

High risk vendors with a vulnerable workforce such as low-paid or high proportion of migrant workforce are given additional focus to ensure good practice is followed.

During 2019 we will consider a beyond audit approach for high risk vendors, collaborating with our ethical partners, to work in the community on our behalf.

4. EFFECTIVENESS OF OUR POLICIES AND PROCESSES

The Arco Main Board and Audit Committee receive reports detailing the performance of our supply chain and own business in relation to ethical trade, modern slavery and human trafficking.

The reports include performance against agreed key performance indicators (KPIs) across six measures relating to the International Labour Organization (ILO) Labour Standards. Granularity includes country and industry sector and by exception, individual factories should issues be identified. Our performance is measured against global and industry benchmarks conducted at similar factories. All areas of concern are investigated and explanations submitted.

For specific high risk issues, further investigation may be sanctioned, including further factory visits or audits. In extreme cases, and when all other courses of action considered, the removal of a vendor from the approved vendor list is required. During 2018, unfortunately after several attempts at trying to resolve an issue, we were unsuccessful. Therefore, this action was deemed necessary for one vendor.

In December 2018, at the request of the Audit Committee, a second audit on the Arco National Distribution Centre will be conducted. The audit model replicates that conducted at our high-risk factory base and enables a direct comparison between the sites.

Continuous improvement is important and for transparency we have shared several of our targets for 2019 in the table below. The observations made by Hope for Justice have been incorporated into our action plans for 2019, along with extracts from our strategic plan.

ACTION PLANS FOR 2019

Policies and Processes relating to modern slavery	Target
Enhance HR Policies to explicitly consider modern slavery	March 2019
Promote whistle blowing policy more widely across the organisation	March 2019
Improve procedure for transferring Agency worker to permanent staff to ensure full induction process is conducted	March 2019
Provide more detailed guidelines to staff on how to report modern slavery	March 2019
Training relating to modern slavery	
Extend modern slavery training to all agency workers on a regular basis	May 2019
Site supervisor and manager training to build on existing knowledge	May 2019
Refresher training for all employees	May 2019
Responsible Sourcing	
Procurement teams to receive training on ISO20400 delivered by Action Sustainability	February 2019
Modern slavery training continued to be rolled out to our top 300 goods not for resale vendors	December 2019
Completion of the roll out of self assessment questionnaires to our high-risk goods not for resale vendors	December 2019
Continue to report on goods for resale supply chain, ensuring KPIs remain in line with company strategy	December 2019
Implement new guidance document across all procurement teams to ensure whole life costing is considered across the organisation	June 2019
Community and Collaboration	
Investment (funds and time) in a project in Asia, to educate and develop children and future workers in skills, laws and regulations	June 2019
Continue to drive thought leadership and awareness on Modern Slavery through talks to community groups, education bodies and H&S groups.	On-going

5. TRAINING AND CAPACITY BUILDING

Arco are committed to continuous improvement through training. Arco colleagues are provided with Ethical Trade and Modern Slavery training relevant to their roles.

Forms of training include: internal and external classroom, on-line learning and development, one-to-one coaching and conferences hosted by our ethical and sustainability partners.

Arco are an active member of the Ethical Trade Initiative (ETI) Modern Slavery Working Group.

During 2019, further training is planned, with specific focus on responsible sourcing for our procurement and category teams and further modern slavery training for Arco colleagues.

Training provided for our vendors will continue throughout 2019 and we will continue to offer our vendors the chance to attend training sessions hosted by relevant providers.

6. THOUGHT LEADERSHIP AND COLLABORATION

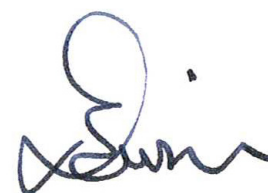
Arco are proud to take a leadership approach to our stakeholders and wider community. We firmly believe sharing knowledge and experience of ethical trade and modern slavery raises awareness across all communities and is a key step in the path to the eradication of slavery.

On an ongoing basis we present our approach to modern slavery and ethical trade to organisations including customers, their suppliers, sustainability consortia and Health, Safety and Environmental Groups and won several awards for responsible sourcing.

A highlight for Arco during 2017/18 was the opportunity to present at the Wilberforce World Freedom Summit. This gave Arco a platform to share our ethos and practical approach with experts, NGOs and government departments.

In July 2018, Arco were honoured to be invited to join the Co-op Bright Future programme. Working with the Co-op and several charities to offer the chance of legal paid work to those rescued from slavery is a role we are proud to contribute.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the Arco's slavery and human trafficking statement for our financial year ending 30 June 2018.



David Evison, Managing Director, Arco Limited

