

KnowTheChain: Questions regarding forced labour risks in your company's sugar cane supply chain

In answering these questions, **please indicate where your companies' policies and practices specifically apply to sugar cane sourcing or processing countries at risk of forced labour or human trafficking** such as Bolivia, Brazil, Dominican Republic, Guatemala, India, Malawi, Myanmar, and Pakistan¹ or other countries where you might have identified forced labour risks.

Please note the following questions focus on sourcing of sugar cane (not sugar beets). Where available, please include URLs to existing disclosure.

Please note the information in blue indicates relevant existing information identified by KnowTheChain.

Information in red is information provided by ABF.

- 2016 statement under the UK Modern Slavery Act: http://www.abf.co.uk/documents/pdfs/ar_cr_2016/modern_slavery_act.pdf
- 016 Annual CR Report (http://www.abf.co.uk/documents/pdfs/ar_cr_2016/abf_cr_report_2016.pdf)
- Illovo Forced and Child Labour Guidance - <https://www.illovosugar.co.za/Group-Governance/Forced-and-Child-Labour-Guidelines>
- 2015 Annual Report: <http://www.abf.co.uk/documents/pdfs/2015/abf-annual-report%202015.pdf>
- Growers: <https://www.illovosugar.co.za/UserContent/Documents/Illovo-South-Africa-Socio-Economic-Impact-12May14.pdf>
- ABF Supplier Code of Conduct : <http://www.abf.co.uk/documents/pdfs/policies/supplier-code-of-conduct.pdf>

Traceability:

1. Which countries do your company and/or your suppliers source sugar cane from (option to indicate percentage or volume of supply from each country)?

Illovo has sugar cane based operations in six countries and sources sugar cane from within the countries. About 40% of sugarcane processed is produced from the company's own farms and the balance from independent growers – see below:

Our African operations have Miller cum Planter (MCP), Commercial and Small growers. In South Africa the growers are classified as MCP (Illovo owned), medium scale and small scale growers and outside South Africa the classification is MCP, Commercial and Small growers.

¹ Sugar sourced from Dominican Republic, Bolivia, Brazil, Myanmar, Pakistan has been identified as being at risk of forced labour by the [US Department of Labor](#). [Verite](#) has collected reports in forced child labour in Malawi, and debt bondage of sugar workers in India. [Coca-Cola](#) identified forced labour incidents at sugar farms and mills in Guatemala. For further information on forced labour risks in sugar sourcing, please see [Verite's Responsible Sourcing Tool](#).

Country	Sugar Cane from Illovo Farms (MCP) (tons)	Sugar Cane from independent Growers (tons)	Independent Grower breakdown	
			Commercial/ Medium scale	Small scale
South Africa	299 739	4 547 959	4 033 524	483 863
Swaziland	683 058	1 260 569	640 879	622 440
Mozambique	455 374	230 278	136 406	93 871
Tanzania	696 382	468 098	468 098	Not applicable
Malawi	1 721 057	363 667	Not applicable	363 667
Zambia	1 638 547	1 368 393	1 190 287	178 105

2. What are the names and addresses of your company's sugar mills and/or sugar suppliers? Please indicate the nature of suppliers, e.g. traders or mills, and your relationship to them, e.g. direct owned or purchasing only (option to indicate workforce data you deem relevant, such as workforce composition or rate of unionisation).

Details of the Illovo fully or partially owned sugar mills, from which the company's sugar is made, are indicated below.

Country	Sugar mill	Address	% Permanent Employee Unionisation
South Africa	Umzimkulu	P.O. Box 59, Port Shepstone, 4240	86
	Sezela	P.O. Box Sezela, Sezela, 4215	
	Eston	Private Bag 2, Eston, 3740	83
	Noodsberg	Private Bag 501, Dalton, 3236	87
Swaziland	Ubombo	P.O. Box 23, Big Bend, Swaziland, L311	94
Mozambique	Maragra	Caixa Postal 2789, Maputo, Mozambique	85
Tanzania	Kilombero	P.O. Box 50, Kidatu, Tanzania	78
Malawi	Dwangwa	P.O. Box 46, Dwangwa, Malawi	78
	Nchalo	Private Bag 50, Blantyre, Malawi	
Zambia	Nakambala	P.O. Box 270240, Mazabuka, Zambia	77

ABF's subsidiary AB Sugar has six operating business: AB Sugar China, Azucarera (Spain), British Sugar (United Kingdom) - Germaines Seed Technology (Europe/USA), Illovo Sugar Limited (Southern Africa) and Vivergo Fuels (United Kingdom).

Sugar factories located in Europe (UK/Spain – process sugar beet and sugar cane); China (sugar beet); and in six countries in Southern Africa (sugar cane).

In Malawi, Illovo Sugar has 2 sugar plants.

Over half of AB Sugar's sugar comes from sugar cane, most of it produced by Illovo Sugar in six African countries: Malawi, Mozambique, South Africa, Swaziland, Tanzania, and Zambia

Risk assessment:

3. How does your company assess risks related to forced labour in sugar cane sourcing at mill and farm level?

At Illovo, the oversight of our approach to Human Rights and Modern Slavery which includes Forced Labour is governed by the Social & Ethics Committee. This is a committee of the Illovo Board. All committee strategies have final sign-off from the Illovo board.

As part of the current Modern Slavery and Human Rights Plan – which was launched in late 2016 following board sign-off we assess risk at a country and plant level on Modern Slavery (although not limited to but include Child Labour, Forced Labour, Servitude and human trafficking).

In 2016 – Illovo conducted thorough mapping of our supply chains at a country level to understand the potential risks in our supply chain. These studies are focused on the countries where we have operations –South Africa, Swaziland, Mozambique, Tanzania, Malawi and Zambia.

The process was to use internal and external expertise so that we could start to form a rounded picture of our supply chain. In 2016 there were three parts to the process:

1. Internal knowledge:

To start the process we used internal knowledge to map the supply chains across all our functions. Illovo's country teams complete the UN Global Compact self-assessments yearly which gave insight to the Management team's experiences and observations of the local context in their value chains.

2. Using credible external sources:

We use the Global Slavery Index, List of Goods Produced by Child or Forced Labour and Maplecroft. We also engaged with country specific human rights bodies such as South Africa's Human Rights Commission who were able to provide 'up to date' information.

3. Customer Assessments

In late 2016 independent third party consultants acting on behalf of major customers conducted human rights assessments in three of our countries of operations. These assessments included forced labour, risk assessments of our operations and of our supply chains.

4. Insights from our 'Commitment to Practice' Land Approach

In 2016/7 we have carried out a series of workshops in Malawi and these insights from key stakeholders are included in our approach.

5. Audits

From our audit factory and agricultural audits (where available) we reviewed the data to complement the mapping process.

4. What risks has your company identified, and what actions has your company taken to address these risks?

Each country has a different operating context and the mapping process has enabled us to highlight areas where further investigation is needed. The two areas that have been highlighted as higher risk are:

- Labour brokering
- Small Holder Farmer Employees

We are currently working with stakeholders to identify meaningful programmatic approaches.

The first two actions we have taken internally are:

TRAINING: For first line management and senior employees we have developed training workshops. The workshops are facilitated by the Group Compliance Manager.

CODE OF CONDUCT: Auditing on contracts with suppliers, including independent sugar cane growers and labour providers.

ABF context:

All of ABF's 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 of the businesses are now working on developing action plans for any supply chains which may be of higher risk of forced labour.

Slavery statement: In areas of particularly high risk some of ABF's businesses have produced further guidelines such as Illovo Sugar's "Child Labour & Forced Labour Guidelines". These can be found here <https://www.illovosugar.co.za/Group-Governance/Forced-and-Child-Labour-Guidelines>.

ABF's 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.

Worker voice:

5. Grievance mechanisms: Does your company ensure workers on sugar farms and mills, as well as local stakeholders have access to effective grievance mechanisms? If yes, please explain what mechanisms are available for local stakeholders and workers in both owned and third party sugar farms and mills. Please also explain how you ensure those mechanisms fulfil the effectiveness criteria under the UN Guiding Principles for Business & Human Rights, in particular how you ensure mechanisms are communicated to, as well as trusted and used by both formal and informal sugar farm and mill workers.

In part, yes. As part of our Modern Slavery Plan 2016 and Step 4 of Illovo's Land Roadmap (<https://www.illovosugar.co.za/UserContent/documents/Announcements/Road-Map-on-Land-Rights-6Nov2015.pdf>) this is an area in development.

Currently, there are mechanisms for example, for sugar cane growers (i.e. farmers) who collectively constitute one of the biggest stakeholders for our organisation, there are grower and miller/grower forums at all our sugar mills which have mechanisms in place that meet the UN criteria for effective grievance mechanisms. The forms that these miller/grower forums take vary from country to country. In South Africa and Swaziland they are legislated. In the other countries there are collective agreements between grower associations and milling companies. Mozambique is the exception where there are one-on-one sugar cane supply agreements between individual growers and the milling companies. These forums exist even where they are not legislated because they are efficient forums for the governance on matters of mutual interest between sugar cane growers and sugar milling companies. They are made up of equal representatives of sugar millers and sugar cane growers and are governed through constitutions or agreements which include dispute resolution mechanisms. The agreements are reviewed periodically and at review the terms get amended where necessary.

The grievance mechanisms available to other non-cane supply stakeholders, such as community members around our operations, include independently operated anonymous toll-free lines to which stakeholders may anonymously lodge grievances.

With regard to company employees, labour at our sugar mills and farms are highly unionised, as is indicated above. We commitment to collective bargaining and freedom of association which allow for the joint development of these procedures to meet the effectiveness criteria in respect of our sugar milling and sugar cane growing operations. Union processes establish ample structures for represented employees to raise grievances. Concerning non-unionised employees the effectiveness principle for the grievance mechanism to be based on engagement and dialogue.

6. Worker engagement and empowerment: How does your company ensure that workers at sugar farms and mills you source from are made aware of their rights, and empowered to exercise their rights (e.g. freedom of association or, where there are regulatory constraints to freedom of association, alternative means of organising)?

Given the highly unionised nature of our operations as indicated above, our workers are also generally informed on their rights, particularly around freedom of association and collective bargaining, from the trade unions.

Monitoring / certification:

7. How does your company monitor the labour performance of its sugar suppliers / farmers?

This is an area we will address in our Modern Slavery and Human Rights Action plan's roadmap.

8. If you undertake sustainable sugar sourcing, how does the certification or verification programme consider forced labour risks at mill and farm level?

Illovo sugarcane production at its (i.e. Illovo owned) farms are based on the Susfarms standard, a sustainable farming tool developed in collaboration with various stakeholders including WWF, Solidaridad Southern Africa and the South African sugar industry via the South African Sugar Association. This standard enables sugar cane growers to track their on-farm performance on

prosperity – economic planning and record-keeping, people - social responsibility and planet – environmental stewardship.

Likewise, in terms of the Fairtrade scheme, under which 211 551 tons of outgrower sugar cane (1000 tons in South Africa, 34 498 tons in Swaziland and 176 053 tons in Malawi) are covered, farming practices are assessed against economic, social and environmental criteria.

Our milling operations are also continuously assessed against the Coca-Cola Supplier Guiding Principles and our agriculture activities and agricultural supply chain have been assessed against the Coca-Cola Supplier Agriculture Guiding Principles in terms of which the Coca-Cola company's suppliers will not use forced, bonded, prison, military or compulsory labour and any form of human trafficking and will comply with all applicable local and national laws on abuse of employees, on freedom of association and collective bargaining, on discrimination, local and national wages and benefits, on local and national work hours and overtime and on health and safety and will not physically abuse employees.

Training guidelines: Provide training and/or training materials to Suppliers (including grower organisations and associations, for the education of growers supplying sugar cane to the Illovo factories) on the provisions of Illovo's Code of Conduct and Business Ethics, as well as the relevant provisions of the United Nations Global Compact and ILO Conventions and Guidelines which deal with the abolition of Forced Labour and Child Labour.

Monitoring guidelines: Arrange for regular impromptu self-audits and Supplier-audits to monitor compliance with these guidelines; Implement a mechanism to receive reports and/or complaints regarding the use of Forced Labour or Child Labour within the Illovo Group and/or its supply chain; Report on actions undertaken and progress made with the implementation of these guidelines.

Remedy:

9. What steps does your company take to ensure workers are fairly compensated and provided remedy when labour abuses have been identified (e.g. during the recruitment process of workers, at farm level or mill level)?

This is an area we will address in our Modern Slavery and Human Rights Action plan's roadmap.

10. Please provide examples of outcomes of this remedy process (e.g. support reintegration of victims in the labour market).

On Forced Labour we do not have an example.

Please provide any further information regarding your company's activities on forced labour risks in sugar sourcing or your supply chain structure which you think is relevant (e.g. related to local stakeholder engagement, recruitment, supplier training or purchasing practices). Country specific examples are welcome, e.g. in the example of Brazil, participating in initiatives like [Brazil's National Pact to Eradicate Slave Labour](#), or ensuring not to source from companies on [Brazil's Transparency List on Contemporary Slave Labour](#).

Illovo forced labour commitment: Illovo recognises that Child Labour and Forced Labour remain significant problems in many parts of the world and that government capacity to address these may be limited, especially in less developed countries. However, despite the difficult nature of the problem, Illovo is committed to playing a positive role in helping to eliminate exploitative labour practices, by working cooperatively with others, including suppliers, industry organisations, non-governmental organisations and governmental bodies, to address abuses that may exist in our global supply chains.

Illovo guidelines on CSR initiatives: Each Illovo Group business should therefore include the following: targeting the drivers of Forced Labour and Child Labour in the communities in which they operate; supporting education and other initiatives for the livelihoods and development of women; and promoting the development of children by encouraging skill formation.

[evidence on undertaking the steps outlined in Illovo's commitment would be welcome – answered above]

In addition to cane sugar sourcing through Illovo, ABF's Billington's business sources cane sugar.

Billington's source cane sugar from Mauritius and work closely with the Mauritian Sugar Syndicate. The Mauritian Sugar Syndicate, represent the interests of all growers and sugar mills on the island. Billington's works with the Syndicate to ensure that all Billington's Natural Unrefined Cane Sugar is traded fairly, with returns equally distributed providing increased revenue to thousands of small cane growers.

Two of the Mauritian Sugar Syndicate's three mills that manufacture special and refined sugar for export subscribe to GRI (4) reporting, covering aspects of the business including labour standards.
<http://www.terra.co.mu/en/investorscorner/sustainabilityreports.aspx>
<http://omnicane.com/ir2015/reports/Sustainability-Report.pdf>

The mills undergo a detailed third party audit by Proforest on behalf of Nestle. The Standard covers:

- Legal Compliance;
- Conversion of Natural Vegetation;
- Labour Practices;
- Freedom of Association & Collective bargaining;
- Provision of safe & healthy workplace;
- Discrimination on the basis of gender, race, ethnicity, age or religion

The Proforest audit has given the Mauritian Sugar Syndicate a good score.

Background information:

This questionnaire has been sent to the following companies:

Beverage companies: Coca Cola, FEMSA, PepsiCo, Monster Beverages

Chocolate and confectionary manufacturers: Hershey, Mondelez, Nestle

Sugar producers: Archer Daniels Midland (ADM), Associated British Foods (ABF), Wilmar International,

Please note your responses will be made public on the Business & Human Rights Resource Centre website. In addition, we will publish a short analysis paper which will seek to highlight better practices, as well as companies and areas where disclosure is limited. For an indication of the types of practices KnowTheChain generally regards as better practices, please review the methodology and the findings report of KnowTheChain's food & beverage benchmark.