

AB Sugar's Modern Slavery Statement 2018

AB Sugar, one of the world's largest sugar producers, is committed to tackling modern slavery practices wherever it is found in our operations and supply chains. As a subsidiary of Associated British Foods (ABF), this commitment is already articulated in ABF's Modern Slavery and Human Trafficking Statement which applies to all ABF businesses¹. However, we want to go further and issue our own modern slavery statement which more closely reflects our substantial agriculture and manufacturing global footprint. The aim of the statement is to explain what we perceive to be the biggest potential modern slavery risks in our business footprint and the strategy we intend to use to mitigate against those potential risks.

Our structure and supply chains

AB Sugar has four sugar businesses with operations in 9 countries across three continents:

- AB Sugar China (China)
- Azucarera (Spain)
- British Sugar (United Kingdom)
- Illovo Sugar Africa (Eswatini, Malawi, Mozambique, South Africa, Tanzania and Zambia)²

All of our businesses have complex and diverse value chains in a number of sectors, such as engineering, manufacturing and especially in agriculture where we partner with over 25,000 growers worldwide. Agriculture is recognised as a high priority sector when it comes to modern slavery risk globally.

Our sugar business straddles the sugar supply chain and our combined activities include: growing sugar beet and cane; buying both beet and cane from growers in our countries of operations; and purchasing sugar from carefully controlled third parties. It is therefore vital that we understand the potential risks in our sugar supply chain. However, we must also remain vigilant to potential risks that are present end-to-end across our whole value chain; from farm to fork, including other areas such as logistics and procured products and services.

Our areas of focus on modern slavery

Modern slavery is a definition that encompasses a range of human rights abuses, from human trafficking and bonded labour to forced marriage and domestic servitude. While ABF, AB Sugar and our businesses have a zero tolerance approach to any type of modern slavery in either our direct operations or those of our suppliers, we intend to focus on specific elements of slavery which are most relevant to the potential risks that our businesses face and those which we feel we can directly influence. As such, our work going forward will focus on addressing two major modern slavery risks:

¹ https://www.abf.co.uk/documents/pdfs/arcr-2017/abf_modern_slavery_statement_2017.pdf

² Illovo also has logistics and services offices in Rwanda and Mauritius

- **Forced labour** – where workers are forced to work against their will under the threat of some form of punishment
- **‘The worst forms of child labour’** - as defined by Article 3 of ILO Convention No. 182, this refers to all forms of slavery involving children as well as work which is “likely to harm the health, safety or morals of children”³

Our modern slavery policies

Primarily, our policies relating to modern slavery are explained in ABF’s Group policies including:

- **Modern Slavery and Human Trafficking Statement**, an annually updated document that sets out the latest action ABF and its businesses are undertaking to tackle modern slavery
- **Supplier Code of Conduct**⁴, a commitment that any supplier to AB Sugar must agree to adhere to the principles of ABF, which clearly states our zero tolerance of all types of modern slavery related issues

These policies are individually adhered to across the group by all of our businesses.

Modern slavery risks in our businesses

Each business has undertaken a mapping exercise to identify the potential modern slavery risks. This is a consequence of previous mapping and risk identification processes working with experts, customers and local stakeholders. With respect to the two modern slavery risk areas mentioned above, the mapping identified areas in each business’ value chain which have potential risks:

- British Sugar – Bought-in products
- Azucarera – Purchasing of raw cane sugar for its refinery in Guadalete
- Illovo Sugar Africa – Services supplied to growers
- AB Sugar China – Services supplied to growers

In addition to our readiness to work with stakeholders and communities, we will give additional focus to these potential risk areas above working with the individual businesses in the region and continue to update our knowledge through risk mapping to reflect emerging challenges in the future.

Due diligence and risk management

An element of our due diligence includes evaluation of ethical and labour standards through independent supplier audits, such as the Sedex Members Ethical Trade Audit (SMETA) - the latest version of which includes new details on the UK Modern Day Slavery Act 2015 and the UN Guiding Principles on Business and Human Rights (UNGPs)⁵ which require businesses to address actual and

³ <https://www.ilo.org/ipec/facts/lang--en/index.htm>

⁴ <https://www.abf.co.uk/documents/pdfs/policies/supplier-code-of-conduct.pdf>

⁵ https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

potential adverse human rights impacts. Many of our businesses are also part of third party certification schemes, such as Red Tractor (UK) and SAI Platform, which require supply chain transparency and verified chain of custody elements. This aids our approach to responsible sourcing and supply chain mapping.

Together, the supplier audits and certification schemes provide a good basic understanding of evaluating our complex and extensive supply chain, but we believe due diligence is an area where we can improve further. Having identified the potential risks in each business, we now need to identify the worker groups in our operations and supply chain which may be vulnerable to these identified risks and understand what causes their vulnerabilities. For example, one such vulnerable group may include female workers, and some of the causes could be personal security or seasonal working.

We intend to carry out this work over the coming year, so we can build a clearer picture of potential and identified risks in our value chain from which we can better design our modern slavery policies and practices to help protect and support those that are most vulnerable. The complexity of our supply chain will always present unforeseeable challenges but by identifying the at-risk groups and understanding the factors which makes them vulnerable to modern slavery risks, we can provide more transparent and targeted risk management activities in our businesses' countries.

Remediation

As contained in ABF's Supplier Code of Conduct, where our businesses identify indicators of modern slavery in our supply chain, we will work with the relevant supplier(s) on a case by case basis to implement effective time-bound remediation measures to address them. If compliance with the code is suspected or proven to have been breached by any supplier, we reserve the right to request open and effective cooperation with verification, subsequent corrective remedial actions as well as the final option to terminate the commercial agreement.

Grievance mechanism

Our workers and direct contractors are encouraged to use the confidential external whistleblowing hotline run by Expolink and Deloitte (for Southern Africa only) for all labour rights related issues in the work place and immediate supply chain. We hold an annual review of the performance of the whistleblowing systems including reporting activity of all types of worker rights abuse. This is reviewed and signed off by a senior director at ABF including any changes and suggested improvements that need to be made.

For 2019 there will be increased local activity within all ABF companies and direct contractors to raise awareness of the whistleblowing system. More information can be found in ABF's Whistleblowing Policy.⁶

⁶ https://www.abf.co.uk/documents/pdfs/policies/cr_policies_whistle_blowing.pdf

The hotline provides a good foundation for AB Sugar and its businesses to help employees raise concerns about potential modern slavery abuses. Nonetheless, we recognise that more could be done to improve the visibility and accessibility of this hotline so that everyone in our operations and supply chain, not just our own workers, are aware of where they can go to raise issues but more importantly receive confidential advice and meaningful support. This ongoing work will be an important focus for our work in the year ahead.

Training

The complex and diverse nature of our supply chain will always present unforeseeable challenges and as such, we need to do more to embed our principles and generate awareness of the risks of modern slavery so that our businesses and suppliers can identify the indicators and act quickly for faster and more effective remedial action for workers

Our size, global reach and the multiple sectors in which we work mean there may be a lack of knowledge and understanding among our staff on what modern slavery actually is and what they should do if they see it emerging in their workplace. That is why AB Sugar this year has produced a training animation on modern slavery for our staff in each of our businesses– which we believe to be the first of its kind within the sugar industry. The video can be watched here: <https://www.absugar.com/modern-slavery>.

The video seeks to visually represent the definitions of modern slavery and how they might appear in the workplace or supply chain , whether that is on the farm, in the factory or even in an office environment. It also explains simply what a staff member should do if they believe they have seen a potential instance of modern slavery, including using the whistleblowing hotline.

Next year, we intend to look at how we can provide more formalised and targeted training, once we have completed the mapping, risk assessment and awareness raising activities outlined above. In line with our belief that modern slavery is best tackled on the ground, this training would look to address specific issues facing individual businesses. This could involve focusing on areas such as growers in Africa or the buying of ‘raw’ sugar in Europe but will be ultimately determined in collaboration with our businesses.

This statement is signed by AB Sugar’s Chief Executive, Dr Mark Carr and we intend to publish an update on our efforts to tackle modern slavery annually.



Dr Mark Carr
Group Chief Executive, AB Sugar
November 2018