Modern slavery statement

This statement is in response to the United Kingdom’s (UK) Modern Slavery Act 2015. It highlights the steps AB Agri Ltd is taking to ensure that slavery and human trafficking is not taking place in our supply chains or in any part of our business.

About AB Agri

AB Agri is the agricultural division of Associated British Foods plc (ABF). Within the division we have businesses operating across the agri-food chain, supplying products and services to farmers, feed and food manufacturers, processors and retailers.

Our businesses add value through six areas of expertise: commodity risk management; co-product innovation and marketing; animal nutrition technology; specialist feed ingredients; agricultural data and insight; and feed manufacturing. We are an increasingly global business, employing 1,568 people in the UK and overseas, sourcing feed ingredients globally, and selling into more than 65 countries.

Formula24 is our overarching sustainability programme, targeted to focus on the areas and issues where we know we can change agriculture for the better. The programme is led by our Sustainability Director and steered by senior management from across the business. Within this framework, we have a stated aspiration to source all feed ingredients sustainably by 2024. One element of achieving this ambition is to identify and reduce the specific challenge of modern slavery and human trafficking within our complex global supply chain.

Our policies

Our operations

As part of ABF plc, there are several group-wide policies that set out the way we do business, including the ABF Whistleblowing Policy and the ABF Anti-Bribery and Corruption Policy. Within our own business the AB Agri Human Rights Policy outlines our commitment to respect and protect fundamental human rights, as stated in the Universal Declaration of Human Rights. AB Agri complies with all relevant employment laws for the countries in which we operate and expects those with whom we do business to do the same.

Our suppliers

Our global supply chain is complex, and we are working hard to understand and identify any ethical issues within it. Our first priority is to understand where the greatest risks are.

ABF sets out procurement expectations through its business principles, including a focus on human rights and conditions of employment. ABF has a group-wide Supplier Code of Conduct, which sets out the values and standards expected of suppliers, and makes it clear that forced or bonded labour is not tolerated. In line with best practice, the ABF Supplier Code of Conduct is based on the International Labour Organization’s (ILO) Fundamental
Conventions. The code is used within AB Agri to communicate our expectations from the suppliers we conduct business with, and includes the core principles that:

- Employment is freely chosen: there is no forced or compulsory labour in any form, including bonded, trafficked or prison labour
- Freedom of association and the right to collective bargaining are respected
- Working conditions are safe and hygienic
- Child labour shall not be used
- The land acquisition principle is adhered to
- Living wages are paid
- Working hours are not excessive
- No discrimination is practised
- Regular employment is provided
- No harsh or inhumane treatment is allowed

The ABF Supplier Code of Conduct is included within our legal terms and conditions of purchase, and the signing and commitment to the code is a mandatory component of our raw material supplier approval process.

How we assess and manage risk

Operational sites
Our people are very important to us and we work hard to ensure we recruit in a fair and inclusive way. AB Agri’s Recruitment Agency Agreement ensures our values are also followed by agencies working on our behalf. The agreement provides specific detail of our ethical values and references our Equality Diversity and Inclusion Policy, and Human Rights Policy. We have delivered unconscious bias training to teams across the business, aimed at removing unintentional prejudice from our recruitment processes.

In 2017, the AB Agri Senior Leadership Team mandated that all AB Agri manufacturing sites should complete self-assessments via the SEDEX (Supplier Ethical Data Exchange) platform. This aligns us with the approach taken across the food and drink industry and ensures we are operating to the standards we expect of others. Since then we have self-assessed 18 of our sites around the world using SEDEX. This includes 15 UK sites as well as our factories in Denmark and Spain and one site in China.

Having benchmarked our approach to human rights against best practice, we have now started to conduct SMETA (Sedex Members Ethical Trade Audits) at our sites. SMETA is an audit procedure which is a compilation of good practice in ethical audit technique and is the leading certification standard for factories and organisations across the globe. We have now audited 2 of our UK sites against SMETA, and in 2019 we completed internal SMETA gap analysis audits for a further 3 sites; 2 in the UK and 1 in Spain. To support this, we have invested in SA8000
lead auditor training to both train and support Human Resources and Operations specialists across our businesses.

Supply chain in raw materials
Assuring feed safety is integral to how we operate our own business, and throughout our supply chain. As such, we run a well-developed and robust feed safety assurance system, to validate and evidence that our purchased feed ingredients are compliant with all relevant industry feed safety standards and legislation.

Having extended this core feed safety process to include additional ethical criteria, we are continuing to develop our use of the Authenticate IS platform to build insight of and review the ethical status of the materials supplied by our feed ingredient suppliers. This web-based platform, can be accessed by our procurement managers around the world, allowing them to take a closer look at any supplier or ingredient. It is a well-used, group-wide control system at AB Agri building increasing transparency for our customers, in an area that is ever more important to those involved in global food supply chains.

Our Group Safe and Ethical Purchasing Compliance Manager has responsibility for steering real focus on alignment of ethical insight data with business procurement processes. We are streamlining our business systems and processes to ensure that the data insights, key to underpin responsible decision making, are up to-date and easy to use.

This year we have focused on working collaboratively with our suppliers to understand the country of origin of the feed materials we purchase and have now identified all possible countries of origin for over 70% of our materials compared to 10% a year ago. Transparency is a basic requirement if we are to understand the potential issues within our supply chains.

We already know that the 2,783 different ingredients we use come to us from more than 565 suppliers, who in turn source from 77 countries. We seek to complete the source country identification programme in the coming year, which gives us the baseline needed to move to specific ethical risk assessment. Our approach is based on using global risk analytics to understand where there may be an increased risk of environmental and political issues, or human rights abuses. We will then work with our suppliers to build a deeper understanding of specific issues and seek to mitigate them.

This year we implemented our ethical sourcing supplier risk reduction programme for the first time having identified several potentially high-risk South East Asian suppliers. We required suppliers to register with Sedex and complete the Self-Assessment Questionnaire to allow us to review the additional insight offered and plan any further actions needed. We will continue to expand this programme to include all high-risk suppliers identified.
Raising awareness

We have continued to provide information and training for our employees on issues relating to human rights and forced labour this year.

We recognise that agriculture is a high-risk industry for modern slavery and we take our duty to ensure our business and supply chains are free from it very seriously. Our business has regular contact with farmers so, we have committed to enabling our people to both recognise and respond to potential cases of modern slavery. We have trained transport managers, commercial teams and nearly 200 delivery drivers, who visit over a thousand farms across the UK every year.

We have distributed training and awareness materials across our businesses, via tool box talks and cab cards for transport vehicles. We have publicised the Modern Slavery helpline number and printed it onto cards, which we encourage our people to keep with them. This has helped to educate about the realities of modern slavery; specifically, how to spot signs of forced labour and how to report it. This included guidance that clearly sets out the way we would like our people to respond and provides them with a route to share what they may witness or their concerns, to enable appropriate follow up intervention to be taken. This year has also seen the production of a Modern Day Slavery video which will be used during new starter inductions and also team training events. The video is also available with Spanish and Polish sub titles for our overseas colleagues.

We fully recognise that ethical training is a key component of building greater capability within our businesses to play our role to eliminate forced or bonded labour. We now have two managers who have completed the SA8000 lead auditor training course and this year 40 of our people attended the SGS Social Systems Foundation course. This one-day programme focuses on the leading established Codes of Conduct such as Ethical Trading Initiative (ETI) Base Code, SA8000 and our own internal ethical conduct principles. The course raises awareness and knowledge of these ethical requirements, whilst developing a practical understanding of performing evaluation and as part of overall compliance to ethical conduct. Attendees included all UK procurement teams from across our businesses, as well as representatives from other business functions such as the Quality Team.

The AB Agri Senior Leadership Team is updated quarterly on our progress. In addition, we continue to share knowledge and learnings with colleagues from other ABF plc businesses, including attending their supplier training events to understand their approach to ethical risk management and supplier collaboration.

José Nobre
CEO
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