

AB Sugar's Modern Slavery Statement 2019

Key Developments

- Published our first interactive, [global sourcing map](#) enabling us to unlock transparency in the supply chains of our industry
- Built awareness of [modern slavery](#) through online staff training and over 75% of those invited have completed the training to date
- Developed an [animated video](#) that is used across all channels to support our supplier and community engagement

Our business

AB Sugar, one of the world's largest sugar producers, is committed to tackling the causes of modern slavery practices wherever found in our operations and supply chains. As a subsidiary of Associated British Foods plc (ABF), this commitment is already articulated in [ABF's Modern Slavery and Human Trafficking Statement](#) which applies to all ABF businesses. In response to our 2030 commitments and the importance of tackling the causes of modern slavery to our business, we are again issuing our own statement which more closely reflects the complexities of our substantial agriculture, sourcing and manufacturing footprint. The aim of our statement is to explain what we perceive to be the biggest potential modern slavery risks in our businesses and the strategy we intend to use to mitigate against those potential risks. This statement builds on our [2018 statement](#) and the ongoing programme of work across our operations.

Our structure and supply chains

AB Sugar has four sugar businesses with operations in nine 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)

All our businesses have complex and diverse supply chains that cross multiple sectors, such as engineering, manufacturing and agriculture, where we partner with over 25,000 growers worldwide. Agriculture is acknowledged as a high priority sector when it comes to modern slavery risk globally.

Given this, it is vital that we understand the potential risks at every stage of our sugar supply chain; from growing sugar cane, buying both sugar beet and cane from growers in our countries of operation and purchasing raw sugar from managed third parties. We also consider other areas such as labour, logistics, 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 continue 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. In our [2018 statement](#) we outlined our focus on addressing two major modern slavery risks as follows:

- Forced labour – where workers are forced to work against their will under the threat of some form of coercion, punishment or denial of freedom¹
- ‘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”²

These risks continue to be our focus areas.

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](#), 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 our businesses, in addition our businesses have the following policies:

- [Illovo Sugar Africa Code of Conduct and Business Ethics](#)
- [Illovo Group Guidelines on Land and Land Rights](#)

Modern slavery risks in our businesses

Identifying the modern slavery risks in our business’ supply chain is crucial and in 2019, each business completed a mapping exercise to refine our understanding of the potential risks highlighted in previous risk assessment processes. We engaged with external stakeholders to test our findings with respect to the two modern slavery risk areas mentioned above. With the support of internal and external stakeholders we have developed a baseline that seeks to understand each business’ supply chain potential risks in more detail. The areas identified are:

- AB Sugar China – Services supplied to growers
- Azucarera – Purchasing of raw cane sugar for its refinery in Guadalete from developing countries some of which are highlighted in the [global slavery index](#)
- British Sugar – Bought-in products such as packaging
- Illovo Sugar Africa – Services such as cane cutting supplied to growers

In addition, in our Illovo Sugar Africa businesses we have started 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 lack of land ownership or seasonal working. In 2020, our aim is to build a clearer picture of potential and identified risks in all our business supply chains from which we can better design our modern slavery policies, practices and interventions 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.

¹ ILO Forced Labour Convention 29 (1930)

² <https://www.ilo.org/ipec/facts/lang--en/index.htm>

We will continue to update our knowledge through risk mapping to reflect emerging challenges in the future and we have established a process to review both the mapping exercise, the trends and the outcomes yearly.

Due diligence and risk management

One 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)³ - 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)⁴ which require businesses to address actual and 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 our complex and extensive supply chain, but we believe that through due diligence we can improve further.

Through our established policies and procedures, we believe we have a strong due diligence base in the areas that we can directly influence. Through the course of 2020 and 2021, we will work to understand how and where we can extend that influence in the sugar supply chain through awareness raising and capacity building with supply partners that are further from our direct business relationship.

Remediation

As contained in [ABF's Supplier Code of Conduct](#), where our businesses identify indicators or proven incidences 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 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.

In 2019 there was 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](#).

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 is 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 in the year ahead.

Through our work promoting the whistleblowing hotline and training of our staff, an area of focus for 2020 is to strengthen the effectiveness of our grievance mechanisms. Starting by examining our current processes and

³ <https://www.sedexglobal.com/smeta-audit/>

⁴ https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

grievance mechanisms to understand the routes by which our suppliers, communities and stakeholders can engage with us particularly on modern slavery issues.

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 amongst our staff on what modern slavery is and what they should do if they see it emerging in their workplace.

To support the AB Sugar [training animation](#) on modern slavery for our staff launched in 2018, we created an informative and interactive online training model. So far, over 75% of those employees invited have completed the training. This training explains the different types of modern slavery, develops an understanding of who could be vulnerable to slavery practices and provides practical examples from our supply chain focusing on areas such as growers in Africa or the buying from third party suppliers in Europe. The training aligns with our belief that the causes of modern slavery are best tackled on the ground and address specific issues facing individual businesses. In 2020, we will continue to roll out training to all our staff alongside communicating with our growers and suppliers on the importance of identifying risks and tackling the causes of modern slavery risk in our supply chains.

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.

A handwritten signature in black ink, appearing to read "Dr Mark Carr".

Dr Mark Carr
Group Chief Executive, AB Sugar
December 2019