

AB Sugar's Modern Slavery Statement 2020

Key Developments

- Working with experts, we developed guidance and processes to support our businesses on their continued journey. The two handbooks, 'We Listen, We Act, We Remedy' are detailed handbooks that give expert insights and practical guidance, including process and reporting templates to localise and build their current practices. These handbooks have been extensively communicated across our businesses and are available here: <https://www.absugar.com/modern-slavery>
- Completed further analysis into the potentially vulnerable groups within our supply chains across our Illovo businesses. Engaging with key experts where our programming needs to be strengthened to mitigate the potential risks of incidences of modern slavery occurring in the future.
- To build awareness of the global problem of modern slavery throughout our people, and supply chains. Online training has been completed by our people up to 77 % to date and ongoing we will be piloting our online training with our suppliers.

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 continue to issue 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](#) and [2019](#) statements 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.

We continue to focus on addressing two major modern slavery risks. These are 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.

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.

¹ ILO Forced Labour Convention 29 (1930)

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

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 comprehensive mapping exercise to refine our understanding of the potential risks highlighted in previous risk assessment processes. These findings remain valid in 2020 after the annual review. We continue to engage with external stakeholders to test our findings with respect to our two focus areas. With the support of internal and external stakeholders we have developed a baseline that seeks to understand each business' supply chains' potential risks in more detail.

For us, this subject is a high priority discussed at board level and there is broad "sponsorship" of ongoing processes to make the AB Sugar business more capable of embedding best practice. In addition, we have an effective internal 'vulnerable workers' escalation mechanism with our CEO and board members actively part of the process. In 2020, we used this mechanism and it worked well when tested.

This has been shared with the AB Sugar Board as part of our ongoing review process.

The areas identified are:

- AB Sugar China – Services (haulage) and workforce (seasonal and agency) used by our growers.
- Azucarera – Purchasing of raw cane sugar for its refinery in Guadalete from developing countries.
- British Sugar – Bought-in products such as packaging from overseas.
- Illovo Sugar Africa – Services such as cane cutting supplied to growers and female agency workers in our whole supply chain whether working for our estates, our growers or service providers.

In 2021, our risk mapping is a continuing process and we will factor in emerging challenges and trends such as COVID impacts and societal changes including migration so that we are horizon scanning for future challenges to make sure our policies and processes remain aligned and current.

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 and Fairtrade, 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 contribute to our understanding of our complex, dynamic and globally extensive supply chain.

In addition, we are taking the opportunity to work with NGOs to support the training and awareness building of our growers and contractors across our footprint. For example, in South Africa, our growers and contractors attended a workshop with Stronger2Gether. An independent NGO aiming to reduce modern slavery in supply chains, which covered off modern slavery principles and standards that they are expected to meet. Further training will happen in 2021 with a wider cohort.

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

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

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

Grievance mechanism

At AB Sugar, any of our people in our supply chains can contact us, if they have concerns about modern slavery or they are victim:

1. 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 workplace 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 the year ahead. 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 any concerns about potential modern slavery abuses. 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. We communicate these hotlines in various ways, both internally and externally.

2. **In 2020, at a global level we have launched** our guidance and processes to support our businesses on their continued journey. One part of this is a global grievance mechanism, all can contact us confidentially at 'We listen, We Act, We Remedy' email address: welistenweact@absugar.com. Link to further details <https://www.absugar.com/modern-slavery>

In 2021, we will be further promoting 'We listen, We Act' 'We Remedy' across our businesses and the wider supply chain.

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, 77% of those employees invited have completed the training.

In 2021, We will continue to train all staff, and look to pilot with our online training with our suppliers. We will build on the momentum created through the current online training and the handbooks to equip our people and partners in skills to understand modern slavery, the risks and our approach to tackling this issue.



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 blue ink, appearing to read "Mark Carr", written over a light blue rectangular background.

Dr Mark Carr
Group Chief Executive, AB Sugar

December 2020