



Ethical Compliance

Modern Slavery & Human Trafficking: Progress update, 2019

The Silver Spoon Company has a commitment to work with stakeholders such as customers, direct suppliers, internal colleagues, in a transparent manner to ensure an ethical supply chain as part of operating a sustainable business. A significant aspect of delivering this commitment is establishment of a robust due diligence programme which defines the guidelines for validating and verifying practices operated by the business and our direct suppliers (Tier 1) in line with our Sourcing with Integrity Code of Practice.

As part of the process,

- Ethical risks are identified within the supply chain, by using supply chain maps for example
- Supplier engagement is used to increase transparency and buy-in with the outcome of building capacity to address ethical social challenges within the supply chain.

In order to address the challenges of, for example, lack of transparency or visibility down the supply chain, we have extended our due diligence monitoring program as far in to the supply chain as possible. This includes collecting and reviewing information about processes and procedures that the suppliers have in place for assessment of food safety, quality, legality, social and environmental risks.

This progress update outlines what we did during 2018/19, the achievements and plans for 2019/2020

Policies & Governance:

Our commitments are documented in our Policies and Code of Practice including:

Personnel Policies – encompass all aspects of employment including labour standards, eligibility to work, grievance, diversity & inclusion. They form part of our approach to ensuring that there are no risks of modern slavery or human rights infringement in our business.

Eligibility to work ensures that everyone who works with us has a legal right to work in the UK. Adherence and implementation of the Policy ensures that we cannot employ anyone who has no right to work in the UK or who has been trafficked.

There is a system in place for personnel who have any reason to be concerned about malpractices including concerns about modern slavery in the business to report anonymously and the system (“Whistleblowing”) is managed by independent third party to maintain confidentiality.

Sourcing with integrity – our Code of practice (COP), for sourcing with integrity based on the ETI Base Code, details our expectations for complying with ethical standards, who we engage with and how we treat each other within our business and supply chains. The COP forms one of the basis of our due diligence monitoring process supported by an ethical and screening process.

Supplier engagement – includes our commitment to transparency and addressing non-conformances established during site visits and independent audits timely. The UN Guiding Principles on Business & Human Rights forms the framework for addressing our responsibilities within our business and supply chains. We have a commitment to ensuring that within our business, the labour practices meet international standards. Supplier registration with SEDEX (a shared information platform), and providing viewing rights to supplier information for transparency, forms part of the engagement requirements. We do not only rely on audits to identify modern slavery issues, we also work through initiatives such as “Stronger Together”, and using “Verisk Maplecroft” tools to improve our identification of modern slavery and assessment of country risks.

Through our supplier engagements, we ensure international human rights standards are adhered to and respected at all supplier sites. We are set up to work with suppliers to ensure that critical risks to workers are identified and addressed timely

Assessing, managing and mitigating risks – within our business, we have monitoring programme in place for managing labour rights issues including modern slavery. In addition, we encourage our direct suppliers to adopt monitoring processes and where issues arise we engage with suppliers to resolve them in a timely manner.

Risk assessment process – we rely on suppliers registering with SEDEX, completing the self-assessment questionnaire and undertaking independent third-party audit (such as SMETA – a

social audit methodology owned by SEDEX). The audit is used to assess prevailing working conditions in order to identify non-compliance issues across 4 pillars (Labour practices, Health & Safety, Business Practices and Environment). We encourage direct suppliers to manage risks within their own supply chain. We have continued to work beyond our direct suppliers where some of the serious human rights infringement issues have been observed.

Action is taken where there is lack of transparency or support for the requirements. For example, manufacturers of food chemicals or high intensity sweetener products, where we established that there are inherent geographical risks of human rights infringement.

However, we do recognise the limitation of audits in identifying modern slavery especially lower down in the supply chain. Therefore, we attempt to supplement this with alternative approaches and sources of information.

The potential human rights risks of our supply chain are assessed by considering the country of origin where we source products and raw materials. We utilise a combination of Maplecroft tools and SEDEX risk assessment tools plus our own intelligence of labour rights and human rights risks in our key sourcing sectors.

We undertake horizon scanning to gather intelligence on emerging risks in order to identify where the most salient and material risks may exist in our supply chain.

Ethical (social) audits - our Policy and COP require all direct suppliers (T1) to undertake a human rights social audit based on best practice international standards as set out in the Ethical Trade Initiative (ETI) Base Code. In addition, we undertake surveillance audits as part of site visits to direct suppliers. We understand fully that social audits only provide a snapshot of the situation observed at the time of the audit. Audit reports are owned by the supplier and as part of our due diligence process, we require viewing rights to the data as a measure of transparency. We encourage suppliers to implement improvement measures and governance so that they continue to make a real difference to personnel in the supply chain.

Our surveillance and monitoring process ensure that we have up to date information to enable us to take appropriate actions at the earliest opportunity as well as highlighting human rights infringements if they are occurring.

We do not rely on audits alone in our commitment to tackle human rights infringements including modern slavery and other labour rights issues. Our alternative approach to identifying and managing such issues include:

- Supplier engagement to understand root cause of issues and agreeing a course of actions for resolution
- Assessing and helping to improve suppliers' capacity to manage risks
- Introducing tools to manage risks of modern slaving including human trafficking with employment agencies.
- Commitment to supply chain transparency by mapping the chain beyond Tier 1 suppliers. This includes analysing data and SAQ responses to identify where best to direct resources.
- Engage with service providers (eg. Laundry service, cleaning and labour providers (Agency)), to identify potential risks and interventions needed to protect vulnerable personnel.
- Internally, engage with colleagues (HR/Procurement/Manufacturing sites) to identify, report and manage potential modern slavery and human trafficking within our business and supply chain. This includes induction of new personnel on the requirements.

Progress made during 2018/19

The risks and trends in relation to modern slavery and human trafficking are complex and as a result we strive to build our understanding in order to strengthen our approach to tackling the issues. We continue to work with our suppliers to improve their understanding of ethical compliance to enable them to take appropriate actions to protect the rights of workers in order to prevent human rights infringements.

We continue to enhance our due diligence programme within our operations and with direct suppliers including labour providers. As part of this, we undertake regular reviews of the processes in place to ensure they are robust enough to protect personnel. Our HR colleagues work with labour providers to ensure they comply with our ethical standards. We review our Policies and Procedures on human rights to ensure they continue to make a positive difference to our stakeholders.

We continue to improve our effectiveness in identifying and managing ethical risks in our supply chain by developing an ethical assessment strategy and implementation plans by encouraging independent third-party social audits such as SMETA.

Our risk assessments process designed to identify at risk suppliers and establish governance process in place for managing human rights infringement. We recognise that our business activities and relationships may impact on the people in our business and supply chains further down the chain (T2). By attempting to identify salient human rights infringements,

we are better placed to engage with direct suppliers to agree how to manage the risks and implement remediation actions. We apply similar requirements (Labour standards/health & safety/business ethics/environment), to our operations and supply chain.

From monitoring and reporting perspective, we continue to track the progress made by direct suppliers including our business partners. We attempt to encourage transparency to enable information sharing. With stakeholder engagement, discussions on how to take account of the perspective of those who are negatively affected with decision-making to provide remedy to mitigate critical issues. A good example relates to seasonal workers for example sugar cane cutters and vanilla bean suppliers (Madagascar) to improve labour standards. Our direct suppliers and partners understand our requirements and continue to be transparent. We do not have full visibility of some of our high risk supply chain due to geographical location for example suppliers of food processing chemicals classed as indirect (T2) suppliers. However, under such circumstances we strive to establish suitable supportive alternatives.

It is the responsibility of our direct suppliers to ensure that all non-compliances identified during social audits are addressed timely. We monitor these as part of our due diligence process and we also employ third party independent auditors to verify that issues are closed out timely and corrective actions put in place are effective in preventing re-occurrence. We ensure that key raw materials and finished products are sourced responsibly according to sustainability programmes such as Fairtrade, RSPO, UTZ or Organic certification. It is generally accepted and understood that one of the greatest risks of modern slavery exists where temporary/agency workers are utilised in parts of the supply chain. Majority of personnel within our business operations are employed on a permanent basis as core employees.

We take the opportunity to attend training on modern slavery organised by organisations such as “Stronger Together”, a UK based multi-stakeholder initiative aimed at reducing modern slavery through guidance and training. In addition, we actively participate in workshops organised by customers whenever the opportunity arises.

Social audits of our business operations and that of our logistics partner did not establish incidents that would be classified as modern slavery. They did however identify a number of labour rights infringements which required action to remediate

We accept that social audits and certification may not solve endemic issues associated with modern slavery. However, they are an important step in ensuring that minimum standards are operated by our suppliers and by us as a business. The compliance programme will be continued going forwards with continuous improvements introduced where necessary to ensure our approach responds to chaining risks.

Table 1: Progress update against our commitments during 2018/19

<i>Target</i>	<i>Status</i>	<i>Summary</i>
Enhance due diligence on ethical compliance including modern slavery through: <ul style="list-style-type: none"> - Reviews - Training - Awareness raising - Assessment of the effectiveness of MSA 2015 Policy 	Partially achieved/on-going	Policies are shared internally with colleagues through the business management process. Suppliers receive copy of COP Sourcing with Integrity and acknowledge receipt by signing on receipt of the document. SEDEX membership enforced as far down the supply chain and not just T1 suppliers Our level of transparency has increased as we have developed more supply chain maps
Risk mitigation for labour exploitation: <ul style="list-style-type: none"> - Root cause analysis - Collaboration with other stakeholders to address sector specific issues - Engage with T1 suppliers to address non-conformances and implement actions to prevent re-occurrence 	On-going	Within the last 3 years, 40 SMETA audits have been carried across 145 sites. There were 333 non-conformances of which 182 have been fully closed out. There were 93 good practices observed Top 5 non-conformances were as follows: <ul style="list-style-type: none"> - Health & Safety: 47% - Management systems: 12% - Wages: 10% - Working Hours: 9% - Regular employment: 5% There was no allegation of human trafficking and no allegations of forced labour. Work is on-going to ensure all non-conformances are closed out effectively

Sharing best practice and capacity building within our supplier base - Encourage labour/service providers to engage with stakeholders such as Stronger Together	On-going	Laundry service providers are SEDEX members with SAQ fully completed. Work is in hand to get the Labour providers to subscribe to SEDEX. They are Gangmaster licensed
Improve understanding of the supplier base by mapping the supply chain. Risk assessment of the supply chain Prioritise monitoring activities	On-going	We have a total of 85 supply chain maps There are just over 29k workers in the sites of our direct (T1) suppliers of which 6k are female. Part of the monitoring process incorporates KPI reports generated from the activities
Training & awareness – to embed consistent approach for monitoring labour standards in the supply chain, conducted events internally with senior leadership team, functional teams e.g Procurement and HR Externally with direct suppliers and indirect (T2) suppliers	On-going	Training and awareness training continue with new suppliers and personnel. The messages are reinforced during site visits. The HR team continue to work with labour providers to develop their awareness of the Modern Slavery Act (2015) and, to understand our ethical standards, potential human rights infringement issues and mitigation.
Measuring effectiveness and reporting on ethical compliance activities, and its impact	Achieved	There is a set of KPIs reported in the form of a “dashboard” on a quarterly basis. In 2018/19: Number of high risk suppliers based on risk assessment is 6 Business moved from one trading agent due to lack of commitment to our COP & lack of transparency Internal operations: there are 4 non-compliances yet to be closed out fully from 2 of our manufacturing facilities

In summary, our approach was as follows:

- Improve due diligence monitoring across our internal operations (manufacturing sites) and our suppliers of goods and services
- Engage with our people and our suppliers to: (i) improve understanding of ethical compliance and modern slavery as part of capacity building and, (ii) encouragement to improve working conditions and social standards in the supply chain.

The Silver Spoon Company has a strong approach to corporate responsibility including compliance to international ethical standards. We accept that there will always be more to be done to eradicate the risk of modern slavery and so, we continue to maintain due diligence monitoring to assess the effectiveness of our programme.

Plan for 2018/19

The plan for 2018/19 is to build on the activities and progress made thus far as reported in Table 1. On-going monitoring and building on the activities and progress made in the previous year We will endeavour to enhance the due diligence process, training and raising awareness in the supplier base.

Engage with suppliers to mitigate risks and address root causes of human rights infringement such as non-conformances arising from 3rd party audits. We recognise that auditing of the supply chain is complex and should not be the only tool for identifying where people may be at high risk of labour exploitation. Therefore, whenever possible, we will collaborate with other stakeholders to address sector specific issues.

On-going training and awareness events to build capacity and share best practice in our supplier base. We will develop measures to assess the effectiveness of our modern slavery policy, our own performance and the impact

Encourage labour providers and service industry to engage with Stronger Together to build understanding of how modern slavery issues should be managed and reported

Engage with direct (T1) suppliers to address non-conformances and ensure they are closed out with monitoring plan in place to prevent re-occurrence.
The supply chain maps will be used in risk assessments and the outcome will be used to prioritise further activities with suppliers of goods and services.

Our full Modern Slavery Statement can be found internally in our Business Management System and externally in our websites

Signed:



Date:

15/7/2020

Martin Brewis
Managing Director