

Morrisons

Modern Slavery Act Statement

2016/2017

Wm Morrison Supermarkets PLC

This statement is made pursuant to section 54 of the Modern Slavery Act 2015 and covers our financial year to 27/01/2017. It details the steps that Morrisons has taken to tackle modern slavery and human trafficking within our group businesses and supply chains.

Introduction

At Morrisons, as both a major food maker and retailer, we recognise the responsibility that we share with our suppliers to buy, produce and sell our products in an ethical and responsible manner. Forced labour, human trafficking and the exploitation of vulnerable workers are abuses of basic human rights which we will not tolerate in our business or supply chains. We acknowledge that these are complex and complicated issues and are committed to working collaboratively to develop meaningful long-term solutions.

“Our unique structure gives us greater visibility & control over our supply chains”

Our Business Structure

Morrisons is one of the UK's largest food retailers with more than 112,000 colleagues in 491 stores, serving over 11 million customers every week. We have been based in Bradford since 1899 and have separate offices for our Nutmeg Clothing business in Coalville and our Global Sourcing operation in Hong Kong.

We are also the UK's second largest fresh food manufacturer with 17 of our own sites making meat, fruit & veg, fish, bakery and fresh food products – more than half of the fresh food sold in our stores. This structure makes us different from our competitors and gives us much greater visibility and control over a significant proportion of our supply chain, which we can use to reduce our risk and exposure to modern slavery.

Governance

Our Chief Executive and Corporate Compliance & Responsibility Committee are ultimately responsible for delivering our commitments on tackling modern slavery and managing human rights risk in our businesses and supply chains. They are supported by our Group Corporate Services Director and the Morrisons Ethical Trading team, who provide regular insight and reporting on our approach to compliance and improvement.

112,000+
colleagues

491
stores

11m
customers

16bn
turnover

Supply Chains

Our global supply chains are complex and extensive. In addition to our in-house manufacturing, we source own brand food, clothing and consumer goods from over 1500 tier one factories in more than 50 countries.

We consult various sources of information to review and identify the areas at greatest risk of slavery, forced labour and human trafficking in our supply chains and focus our resource to respond. The agriculture sector in the UK and southern Europe, garment manufacturing in Turkey and seafood sourcing from Asia were all highlighted as areas at particular risk in 2016.

We consider the most pressing risk in our own UK manufacturing and logistics operations to be our utilisation of agency provided temporary workers. The seasonal nature of our operations makes the use of agency labour necessary, so we work closely with our providers to ensure they have rigorous and effective processes in place.

1,500
factories

50+
countries

250,000
workers

1,000
audits

Collaborative Action

The scale and complexity of modern slavery issues requires collaborative action with external stakeholders including NGOs, charities, trade union organisations and our competitors to drive meaningful change.

We are a founder sponsor of the multi-stakeholder, anti slavery initiative Stronger Together, and work closely with them to create bespoke training solutions for our colleagues and suppliers. In 2016 we also supported the development and launch of their Modern Slavery in Global Supply Chains workshop.

We joined the Ethical Trading Initiative (ETI) in 2016 to help us better understand human rights issues in our global supply chains and formulate effective remedial action. This approach allows us to work with other ETI members to address problems in a non-competitive manner. We actively contributed to a number of working groups in 2016, including:

- Spanish Agriculture.
- Vulnerable workers.
- The Italian Tomato industry.
- Accommodation for UK Agriculture workers.
- Migrant workers rights in Thai poultry farms.

As founder members of the Seafood Task Force we encourage and contribute towards improved labour standards in the Thai seafood industry. We also engage with wider stakeholders through forums such as the Common Language Group coordinated by the UK seafood industry authority, Seafish. This work is integral to identifying and addressing modern slavery issues across Indo-Pacific operations in our supply chain.

Our Policies & Codes of Conduct

Our Ethical Trading Policy and Ethical Trading Code are the cornerstones of our commitment to tackling modern slavery and human trafficking.

Compliance with the code is part of our standard terms of supply and therefore applies to all providers of goods and services, including branded products and goods not for resale. All suppliers of own brand or exclusive products must additionally demonstrate compliance with our Ethical Trading Policy prior to commencement of business, and on an ongoing basis

We benchmarked and revised our policy in 2015 to incorporate specific requirements to address modern slavery risk into our code, including:

- There can be no forced, bonded or involuntary prison labour.
- Workers must not be required to lodge monetary deposits or identity papers with their employer and must be free to leave their employment after reasonable notice.
- Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.
- Labour providers must not charge workers for finding them a job or for services that are integral to the work-finding process.

We take a zero tolerance approach to breaches of these clauses, meaning that suppliers would be required to take immediate action to address the issue and remediate any affected workers. Full detail of our approach can be found in our Supplier Ethical Trading Handbook.

Due Diligence & Risk Assessment

We are members of the Supplier Ethical Data Exchange (Sedex), a not for profit membership organisation dedicated to driving improvement in responsible and ethical business practices in global supply chains. We use Sedex to help us assess risk and manage compliance across our tier one manufacturing sites.

All tier one suppliers of own brand and exclusive products are required to join Sedex and complete a detailed self assessment questionnaire (SAQ) – which includes indicators of forced labour. We assess suppliers based on the detail contained within the SAQ and a number of other inherent risk factors. Any sites classed as high risk are required to provide a third party ethical audit prior to supply, and on a regular basis following commencement of business.

In the past year over 1000 of our suppliers' factories underwent a third party ethical audit and shared the results with us through Sedex. These audits are undertaken on our behalf by a select number of approved third party audit providers using the Sedex Members Ethical Trading Audit (Smeta) methodology. All audit bodies must agree to our service and quality levels and attend meetings to review audit performance and highlight specific areas of risk or concern.

We will support our suppliers to deliver meaningful corrective action and remediation where an audit identifies any areas of concern. We aim to follow a people centred, "do no harm" approach to issue resolution and all suppliers are given the opportunity to deliver improvement actions within an agreed, realistic timeframe. However, if a supplier does not demonstrate any commitment to engage and comply with our Ethical Code, our ultimate sanction is to cease trading with them.

We also require all Labour Providers at our own manufacturing and logistics sites to undertake assessment every 6 months using the Complyer tool developed by the Association of Labour Providers.

Modern Slavery Training & Capacity Building

Training our colleagues and suppliers is key to our ongoing strategy to tackle modern slavery. We worked closely with Stronger Together to develop awareness workshops and e-learning modules, and actively encourage suppliers to attend the training sessions they host across the UK.

To date over 60% of our food suppliers have attended Stronger Together training, with more than 200 supplier colleagues taking part in 2016. We will continue to host and advocate these workshops in 2017 and intend to widen the scope to include our non-food and produce suppliers.

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This starts with an induction for all colleagues at our manufacturing and logistics sites which includes a detailed section and video explaining the subject in detail and giving them clear guidance on the indicators of modern slavery. The induction also provides details of the "Tell Us" helpline that any of our employees can use to report any concerns they may have or seek further advice.

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We also recognise that our People teams on each site must be fully aware of the risks and indicators of slavery and know how to react if issues are identified. In April 2016 we jointly hosted a dedicated day of training in collaboration with Stronger Together which was attended by People Managers and Labour Providers from our manufacturing & logistics operations. This will be repeated every two years to ensure that the guidance we provide remains current and relevant.

Our internal training and awareness programme is further supported by the implementation of a Modern Slavery Toolkit at all our own sites, which includes:

- The distribution of multi language modern slavery resources.
- Clear communication of our reporting and remediation process.
- Specific briefings for Security colleagues on how to identify and report suspicious practices relating to the drop off and collection of workers on site.
- The provision of a confidential helpline for all workers.

To ensure this is clearly communicated and understood at all levels we have additionally trained a number of colleagues to act as internal translators and cultural buddies.

Over time we hope to see modern slavery and human rights performance more closely integrated into our purchasing practices, with clear reward for suppliers taking positive and proactive steps. To start this journey, we worked with a specialist consultancy to develop a bespoke Ethical Trading awareness workshop for Morrisons Commercial teams, which includes a dedicated section on modern slavery. We commenced the roll out of this programme in 2016 and all applicable Commercial colleagues will be trained by the end of 2017.

Performance Measurement

We aim to continually assess our performance and effectiveness in tackling modern slavery. Over the following year we will establish and review a set of key indicators to measure our progress, which will form the basis of our ongoing reporting. These will include:

- Third party ethical audits undertaken on our own brand and exclusive sites.
- Colleagues and suppliers who have undertaken modern slavery awareness training.
- Collaborative improvement action undertaken in specific areas of our supply chain.
- Reported incidences of modern slavery in our supply chains and our response.

Next Steps

In 2017 we plan to:

- Expand the scope of our Ethical Trading programme to include Goods Not for Resale (GNFR) and additional tiers of supply to our Produce and Manufacturing operations.
- Deliver dedicated Modern Slavery Awareness training to over 500 first line managers in our Manufacturing and Logistics centres. These colleagues are best placed to spot the indicators of forced labour or exploitation in our Manufacturing & Logistics sites.
- Deliver bespoke Ethical Trading and Modern Slavery awareness training to all applicable Commercial colleagues.
- Review our direct Labour Provider supply base to ensure we have the fewest suppliers practicable to provide the service we require. This will give us greater control over the provision of agency workers into Morrisons Manufacturing and Logistics operations.
- Recruit additional Ethical Trading resource to enhance our approach to tackling modern slavery risk in our Nutmeg clothing business.

This statement was approved by the board of Wm Morrison Supermarkets plc on 11/05/2017

Signed

David Potts, Chief Executive

