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# MODERN SLAVERY ACT STATEMENT 2017/2018

Wm Morrison Supermarkets PLC

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**This statement is made pursuant to section 54 of the Modern Slavery Act 2015 and covers our financial year to 04/02/2018. It details the steps that Morrisons has taken to tackle modern slavery and human trafficking within our group businesses and supply chains.**

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Following the publication of Morrisons first modern slavery statement in May 2017 we have continued to build awareness and drive positive change in our business and supply chains. We are committed to our core purpose of making and providing food we're all proud of, where everyone's effort is worthwhile, so more and more people can afford to enjoy eating well. Our customers expect us to deliver on these commitments, and this includes respecting and upholding worker human rights and minimising their risk of exposure to modern slavery and human trafficking.

Available indicators and trends demonstrate that modern slavery related offences are increasing. Our efforts to identify and mitigate this risk have increased accordingly. Collaborative action with internal and external stakeholders, supported by effective training and awareness, remains key to our approach, providing additional resources and intelligence to identify and tackle these complex issues.

250,000  
workers

1,750+  
suppliers

60+  
sourcing countries

17.3bn  
turnover

**Governance**

Our Corporate Compliance & Responsibility Committee (CCR) is ultimately responsible for our commitments on tackling modern slavery and managing human rights risk in our business and supply chains. Day to day management and activity is overseen by our Group Corporate Services Director and implemented by the Morrisons Ethical Trading team, who update the Committee three times per year on the effectiveness of our approach and highlight any emerging risks. Operational support in response to modern slavery in Morrisons Manufacturing and Logistics sites is provided by our Loss Prevention and People teams.

**Our Business Structure**

Morrisons is one of the UK's largest retailers of food, clothing and general merchandise with more than 105,000 colleagues in 491 stores, and an annual turnover of £17.3bn. In addition to our Head Office in Bradford, we have centrally controlled satellite offices for our Nutmeg Clothing business in Coalville and our Global Sourcing operation in Hong Kong. We also operate a significant wholesale business and supply retail stores across the UK with Safeway products and national brands.

We continue to invest in our vertically integrated business model to build greater visibility and control over our supply chain. As a result, we are also the UK's second largest fresh food manufacturer with 18 of our own sites making meat, fruit & veg, fish, bakery and food products, and 9 distribution centres at locations throughout the UK. Our modern slavery strategy in these operations is delivered by our People team with central support from Loss Prevention and Corporate Services.

Our statement also covers the following wholly owned subsidiaries: Farmers Boy Ltd, International Seafoods Ltd, Neerock Ltd, Rathbone Kear Ltd, Safeway (Overseas) Ltd, Safeway Stores Ltd, Wm Morrison Growers Ltd and Wm Morrison Produce Ltd.

**Our Policies & Codes of Conduct**

All suppliers are required to comply with our Ethical Trading Policy and Ethical Trading Code. This is aligned to the Ethical Trading Initiative Base Code, built into our standard terms for all suppliers and includes specific commitments relating to modern slavery, forced labour and the responsible recruitment of both permanent and agency provided workers, 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.

Suppliers of own-brand product are required to demonstrate continuing compliance to our policy and implement effective action in any areas identified through third party audit as being non compliant. These policies are clearly communicated and in 2017 we also made our internal "Tell Us" whistleblowing hotline available to all suppliers, enabling them to raise concerns directly and anonymously to our head office Risk and Compliance teams.

We aim to build on this further in 2018 with the development of a specific and targeted policy on Preventing Hidden Labour and Exploitative Practices for our own businesses.

491  
stores

105,000  
colleagues

workers:  
10,000+  
in our own manufacturing & logistics operations

customers:  
11m  
unique transactions per week

## Supply Chains

Our vertically integrated business model makes us less reliant on imported goods, but we still buy own-brand products from over 60 countries and our global supply chains are complex and extensive. In addition to our in-house manufacturing, we buy own brand food, clothing and consumer goods from over 1,750 tier one factories. We have assessed the ongoing modern slavery risks in our supply chains based on reported incidents, country information metrics and regular consultation with external bodies.

The risk and prevalence of modern slavery offences is inevitably linked to a workforce demographic that is conducive to exploitative practices. Typically this is work that is informal, temporary, seasonal, low skilled and relatively low paid, and is more commonly found through extended supply tiers. This risk is compounded in countries and product supply chains where there are additional aggravating factors such as high levels of corruption, an absence of worker representation or complicated people supply chains.

We also recognise that there is still a great deal of work to be done right here in the UK. Our primary focus in 2017 was in UK food processing and in particular our own manufacturing and logistics operations, where there is clear exposure to risk, but also where we can make an immediate impact. We identified our most pressing risk as the potential exploitation of agency provided migrant workers by an external third party. The seasonal nature of key parts of our business makes the use of agency labour necessary, with over 2,500 workers in our manufacturing operations being employed in this way, so it is key that we develop effective strategies to identify potential victims and provide effective mitigation and remediation.

We worked in close collaboration with our labour providers, enforcement bodies, multi-stakeholder initiatives, charities and training providers to address this need and have made significant progress over our position in 2016. We are committed to delivering a long term strategy which will improve our resilience and create an increasingly challenging environment for those seeking to exploit workers. We plan to share this activity with our partners in 2018 to build best practice throughout our supply chains. This supports our aim to foster an environment where suppliers feel comfortable sharing their experiences without fear of negative impact on their commercial relationship with us.



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**“Morrisons have demonstrated strong support for the GLAA and our aim of working in partnership to protect vulnerable and exploited workers. Their transparent approach to reporting, support for suppliers and contribution to GLAA development programmes clearly demonstrate a commitment to tackling modern slavery in the UK”**

**Neil Court**

Head of Compliance (UK) – Gangmasters & Labour Abuse Authority

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### **Due Diligence & Risk Assessment**

Our approach to due diligence and supply chain risk assessment is informed by our collaborative partnerships and established sector best practice. We seek advice and guidance from established subject experts and utilise our membership of the Ethical Trading Initiative to access NGO and Trade Union resource. In 2017 this included working with the NGO Bananalink to assess risk in proposed new supply areas in Latin America, and they helped facilitate meetings with local unions during initial supplier visits.

We are members of the Supplier Ethical Data Exchange (Sedex) and continue to use their system and tools to understand and assess key areas of risk in our own-brand supply chain. We added data from the Sedex Forced Labour Indicator reporting tool to our risk assessment model in 2017 and will develop this further in 2018 through our participation in the Sedex Stakeholder Forum (SSF) Working Group on Data and Metrics.

All suppliers initially classified as Medium or High risk must provide an ethical audit prior to commencement of business and then on an agreed cycle. We recognise that the efficacy of audits in identifying and tackling forced labour can be limited, but we still believe they have a role to play in helping us assess risk and implement improvement action. Audits provide the additional benefit of engaging suppliers in the conversation around ethical trading and modern slavery (in many cases for the first time). They lead to dialogue on how these challenging issues can be addressed, especially in countries where this may be contrary to historical employment practices.

There were 1320 audits undertaken at sites linked to Morrisons on the Sedex platform in 2017 using either the Sedex Members Ethical Trading Audit (Smeta) or Business Social Compliance Initiative (BSCI) methodology. The audit programme identified 11 active, tier one factories with non-compliances raised under the issue title of “Employment is Freely Chosen”. The issues included misleading job advertisements, workers being charged for equipment, restrictions on workers movement and deductions from workers pay. In line with our policy we communicated our expectations to these suppliers and provided support to resolve these issues where requested. Three issues (one Major and two Minor) remained open at the end of 2017. This will be escalated in 2018 and the continuing suitability of the site to supply Morrisons will be assessed if suppliers are unable to demonstrate meaningful intent to resolve the issues.

A review in August with representatives from our global audit providers in Hong Kong highlighted concerns around the increasing use of consultants in China to prepare factories for audit, which may lead to changing employment records and coaching workers for interviews. We responded to these concerns with the establishment of an intelligence led, unannounced site visit programme delivered by Ethical Trading colleagues from our Hong Kong office. We aim to build on this in 2018 through targeted improvement visits and further use of sector and region specific data.

### Due Diligence & Risk Assessment (continued)

Following the recruitment of a dedicated Ethical Trading Manager for our Nutmeg clothing business in October, we carried out a review of the process for assessing and approving new suppliers and agents. This has enabled us to build a detailed map of locations for primary manufacturers and subcontractors, and also added clarity over the relationships that exist between agents and distributors in these complex supply chains. This work will enable us to advance our plans to publish full details of our tier one supply chain in 2018 and help us map the lower tiers, where we believe modern slavery risk increases, over the longer term.

Recognising the risks evident in the global seafood supply chain, our Aquaculture and Fisheries team will introduce a more comprehensive pre-assessment of labour risk in these supply chains during 2018. Through our membership of the Global Dialogue on Seafood Traceability (GDST), a programme of work facilitated by the World Wildlife Fund, we are also supporting work to develop a universal set of social metrics to be captured and shared throughout supply chains. This could significantly increase visibility of risk and enable us to undertake more detailed due diligence on our supply chain prior to awarding business with new suppliers.

We continued our programme of labour provider assessment in our own operations using the Complier Tool developed by the Association of Labour Providers.

In 2017 we additionally supported the development of the Clearview Labour Provider Certification scheme and will be encouraging our primary labour providers to seek certification in 2018.

This will free up resource in our site based People teams to undertake intelligence led welfare reviews with both permanent and agency employees to further help identify potential exploitation, both inside and outside of the work environment. We plan to share learning from the implementation of Clearview with suppliers and if successful, will seek to roll out the programme in our wider supply chain from 2019.

Media reporting of modern slavery incidents has heightened awareness of the growing risk facing UK businesses. Our open and collaborative relationship with the Gangmasters and Labour Abuse Authority (GLAA) helps us assess risk in our operations and develop more effective strategies to prepare our site teams and plan for effective remediation. We meet regularly with their Compliance team, maintain open communication, share information and provide full support to their investigation teams. Our Loss Prevention team are also in regular contact with the National Crime Agency to further build our visibility and understanding of the UK risk environment.

We took further steps in 2017 to develop our due diligence and resilience by establishing a relationship with the anti-slavery charity Hope for Justice. They will undertake risk assessment and outreach visits to a number of Morrisons Manufacturing and Logistics sites in 2018, helping us to strengthen our defence against third parties seeking to exploit workers.



## Training & Capacity Building

We recognise the importance of awareness building and training in the fight against modern slavery. In our 2016 statement we identified two key areas where this could be improved, and delivered on that commitment in 2017.

Firstly we continued the phased roll out of bespoke Ethical Trading and Modern Slavery Awareness workshop for key Commercial and Supply Chain colleagues in our UK head office and our Global Sourcing Office in Hong Kong. Eight further workshops were delivered in 2017, reaching 80 colleagues, improving knowledge around key areas of risk and building capacity to make informed and responsible procurement decisions. These workshops will continue to be delivered on a quarterly basis (with updated content) throughout 2018 and will be supported by dedicated sessions for all new starters in applicable roles.

We also used the content created for these workshops as a basis for focussed update sessions for our Manufacturing Site Managers, People Managers and Produce Technical teams, using specific information relevant to their job roles and functions. A move towards bespoke content for specific functions ensures the workshops are relevant, meaningful and relatable which in turn increases the impact and effectiveness of the training.

Delivering on a commitment in our 2016 statement, we made a Modern Slavery Awareness e-learning module (developed by Stronger Together) available to all frontline team managers and shift supervisors. In 2017 this was successfully delivered to 537 colleagues in roles that place them in an ideal position to spot the signs of forced labour and exploitation.

We will continue to support and develop this approach in 2018 and have procured sufficient licences to allow the remaining colleagues in these roles to access training.

Through our sponsorship of Stronger Together, we promote training and awareness sessions for our applicable, UK based suppliers. Over 90% of our primary food suppliers have now attended (up from 60% in 2016), and a recent impact assessment undertaken by Stronger Together demonstrated the effectiveness of this essential training:

- 96% of businesses surveyed agreed that Stronger Together training increased their knowledge and understanding of what modern slavery is.
- 84% of respondents agreed that attending a Stronger Together workshop helped them tackle modern slavery.

We are steering group members of the Stronger Together programme in South Africa, and aim to roll out their training offer to our produce and wine suppliers in the region. There are 60 workshops planned in 2018 throughout the country, and we will provide an update on progress in our next statement.

We are in continuous dialogue with our suppliers in Asia on the topic of modern slavery and forced labour through the Ethical Trading team based at our Global Sourcing office in Hong Kong. Over 70 of our suppliers attended an awareness session at our 2017 Asia Supplier Conference and we aim to develop this further through our plans to partner with a regional anti-slavery initiative in 2018.

## Stronger Together training



**“Morrisons have been an active partner to Stronger Together since its creation, and have played a key role in supporting the expansion of the programme in 2017, helping their suppliers to identify and manage the risk of modern slavery in their global supply chains”**

**David Camp**

Stronger Together Programme Lead & Chief Executive of the Association of Labour Providers

### Collaborative Action

Collaboration with external partners plays a key role in our approach to tackling modern slavery in our supply chains. Engaging with external stakeholders and interested parties helps us to maximise the resource and intelligence available to help support our actions and we will continue with this approach as we develop our strategy. In 2017 we worked with the following organisations on projects relevant to modern slavery:

#### Stronger Together:

- We are a founding sponsor of Stronger Together and provided support for the initiative throughout the year. Our suppliers continued to benefit from their training provision and in 2017 we supported the expansion of this programme into South Africa, and facilitated communication with the Brazilian anti-slavery initiative InPacto through one of our key suppliers in the region.

#### Ethical Trading Initiative (ETI)

- We have been members of the ETI since 2016, and continued to support their activity throughout 2017, funding research on human rights due diligence in Spain and maintaining active membership of a number of cross sector working groups including:
  - Vulnerable Workers in Italian Agriculture
  - Freedom of association & grievance mechanisms in South African fruit and wine supply
  - Caravan & Temporary Accommodation in the UK

Through the ETI and alongside other food retailers, we also contributed financially to a remediation fund for workers at a supplier in Zimbabwe, who were effectively bound to their employer after not being paid for a significant period of time.

#### Seafood Taskforce

- We are founder members of the Seafood Taskforce and work to develop strategies to tackle modern slavery through active participation in their working group for responsible recruitment oversight. Through this group we have taken steps to begin mapping labour supply chains in Thailand, distributing surveys to gather feedback from key processors. We are also developing an “employer pays” policy for adoption by the wider membership group.

### Gangmasters & Labour Abuse Authority (GLAA)

- We have a well established relationship with the GLAA and continued to work closely with them throughout 2017. They provided vital support as we investigated alleged incidents in our manufacturing operations and commended us for our handling of an issue at one of our fresh produce suppliers.

We hold regular meetings with the GLAA Compliance team and are contributing to the development of the GLAA Supplier & Retailer Protocol. We have also commissioned the GLAA to deliver bespoke training workshops in 2018 to our Manufacturing, Loss Prevention and People teams to build internal capacity to manage future incidents.

### Hope For Justice

- Following our experiences of modern slavery related incidents in the second half of 2017, we engaged with the charity Hope for Justice to understand how we could increase our resilience and provide support for victims. We have agreed on a development plan for 2018 and will be utilising their expert resource initially to conduct modern slavery risk assessments at key Manufacturing & Logistics sites and deliver insight and awareness training for site management teams.

### Hand Car Wash Due Diligence

- In 2017 we joined a partnership developed by Tesco and Waves which aims to address the significant risk of exploitation and labour abuse in the hand car wash sector through the establishment of a registration scheme. The group includes representation from the GLAA, HMRC and HSE in addition to other UK retailers. A regional trial is planned for 2018 and a further update will be provided in our next statement.

### Mekong Club

- Our Global Sourcing team in Hong Kong have engaged with the Mekong Club, a membership based organisation working with businesses in Asia to address modern slavery. Initial meetings took place in 2017 and we will seek to formalise our relationship in 2018 support the development of our approach to tackling modern slavery in this region and building capacity in local suppliers.

## Performance Reporting

In our first statement we committed to measure performance based on four indicators:

- Reported incidences of modern slavery in our supply chains and our response – see below.
- Third party ethical audits undertaken on our own brand and exclusive sites – see **Due Diligence & Risk Assessment** section
- Colleagues and suppliers who have undertaken modern slavery awareness training – see **Training & Capacity Building** section
- Collaborative improvement action undertaken in specific areas of our supply chain – see **Collaborative Action** section

We experienced two confirmed incidents of modern slavery related activity in our own Morrisons Manufacturing operations in 2017. Both cases involved the exploitation of an agency worker by an external third party, encompassing offences of forced labour and human trafficking. Specifically we found examples of workers having their bank accounts controlled, being forced to work under threat of violence and being trafficked to the UK from Eastern Europe on the false promise of well paid, regular work.

Both of these incidents were reported directly to site management by the victim. We are reassured that employees are confident in our ability to provide assistance and the effectiveness of our multi language awareness resources – one of the victims presented to our site management after reading a Stronger Together poster in Slovakian which was displayed on site.

We worked in close collaboration with the GLAA and police to ensure that thorough investigations were undertaken and any affected workers were supported throughout. Victims entered the National Referral Mechanism in two of these cases and we endeavoured to provide support at the end of the NRM period to give victims an opportunity of further employment within our business where appropriate.

Data from the UK Annual Report on Modern Slavery in the UK, suggests that potential victims and reported cases of modern slavery offences are both increasing significantly year on year, so we are prepared for further incidents in 2018. We are working hard to build our capacity to manage these issues internally and are developing a clear framework for incident management and remediation with our Loss Prevention, Site Operations and People teams.

## Next Steps

Progress against the next steps detailed in our 2016/17 statement:

Commitment	Complete	Comment
<b>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 &amp; Logistics sites.</b>	✓	537 colleagues trained in 2017. Licences purchased to enable the remaining 400 colleagues to access training in 2018.
<b>Deliver bespoke Ethical Trading and Modern Slavery awareness training to all applicable Commercial colleagues.</b>	⊖	Over 80 colleagues trained in the UK and Hong Kong. Implementation continues in 2018 supported by face to face sessions for all new starters in applicable roles.
<b>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.</b>	✓	Labour providers into our Manufacturing operations rationalised to two primary suppliers.
<b>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.</b>	✗	High risk areas investigated (hand car wash, site security), but GNFR not formally included in scope at this time.
<b>Recruit additional Ethical Trading resource to enhance our approach to tackling modern slavery risk in our Nutmeg clothing business.</b>	✓	Nutmeg Ethical Trading Manager joined us in October 2017.



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## New Objectives

Over the next five years, our primary objective is to reduce the risk of modern slavery, forced labour and human trafficking in our own operations to a negligible level. In 2018 we will drive meaningful progress towards this by:

- Partnering with an external expert to undertake independent modern slavery risk assessment at key manufacturing sites.
- Delivering bespoke training in collaboration with the GLAA and Stronger Together to key frontline personnel.
- Developing a bespoke Morrisons Modern Slavery toolkit for implementation at our own sites.
- Reviewing the effectiveness of our e-learning modules and implementing improvements.
- Collaborating with our Loss Prevention, Business Continuity, People & Manufacturing Operations teams to develop and implement sector leading incident management procedures.

We will strengthen our approach to tackling modern slavery in our wider supply chains through:

- Publishing details of our tier one garment suppliers.
- Expanding our involvement in collaborative action overseas through global multi stakeholder initiatives including the Mekong Club in Asia, Stronger Together in South Africa and the ETI working group in Peru.
- Embedding the employer pays principle with our tier one suppliers to reinforce the importance of responsible recruitment practices.
- Supporting the roll out of a hand car wash registration scheme to increase public awareness of the practices associated with unregulated operators.

This statement was approved by the board of Wm Morrison Supermarkets plc on 11/05/2018.

Signed



**David Potts, Chief Executive**