



MODERN SLAVERY STATEMENT

CP FOODS (UK) Limited is part of a **global business** working with leading **retailers, manufacturers, and restaurants** to supply **great foods**

Our Business and Supply Chains

The Company has an annual turnover of £137 Million and employs approximately 230 people based across 3 sites; Head Office, manufacturing facility and sales office in France.

The Company is a manufacturer, importer, exporter and supplier of chilled, ambient and frozen food products to businesses in the UK, EU and is now exporting food products to Asia. Over 90% of our products are supplied from Charoen Pokphand Foods Public Company Limited ("CPF") but we also source food products and services from other suppliers globally.

The Company is ultimately a subsidiary of CPF one of the worlds' leading listed agro-industrial and food conglomerates, which operates a completely vertically integrated business and employs more than 110,000 people. With net annual sales of 501,507,Million BHAT, CPF operates in 16 countries and exports products to over 30 countries. It operates in both the livestock and aquaculture businesses and incorporates animal feed, animal breeding and farming, food manufacturing and processing, food retailing and restaurant businesses located across Asia, Europe and America.



CP Foods (UK) Limited ("the Company") is publishing this statement under the provision of the UK Modern Slavery Act 2015 (the "Act"). The Act requires in scope organisations to state the actions they have taken during their previous financial year to ensure that modern slavery is not taking place in their business or supply chains.

This statement refers to the financial year ended 31st December 2017



**137 MILLION
TURNOVER**



230 PEOPLE



3 SITES

The values of our business are based on six core principles, **Sustainability**, **Integrity and Honesty**, **Innovation**, **Adaptability**, **Quality and Action** and **Simplification** and these underpin everything we do.



OUR SUSTAINABILITY VALUE

Delivers long-term, profitable growth for the benefit of the community, employees and the Company

IN PARTICULAR -

- Sourcing responsibly;
- Engaging with fairness and respect, whilst promoting ethical behaviour in all relationships;
- Operating legally and safely; and
- Ensuring the minimum environmental impact.

Our raw material supply chains are global, with our Tier 1 suppliers numbering around 50 and located across many different countries. This includes our own UK manufacturing site. We recognise that our supply chains are complex and go beyond Tier 1. We are actively involved in a number of projects which is strengthening our work in this area enabling us to engage further in our supply chains and seek improvements for the workers employed there.

Modern Slavery is the term used to encapsulate the offences of slavery, servitude, forced or compulsory labour and human trafficking (regardless of whether the victim knew they were being trafficked or not).

Our commitment to Human Rights, which covers these topics, is outlined in the Company's policies which are available on request. In addition to these policies, the Company is an active participant in:

IN PARTNERSHIP WITH:



www.stronger2gether.org



www.sedexglobal.com



www.linkedin.com/company/foodnetworkforethicaltrade



www.seafoodtaskforce.global



www.seafish.org/responsible-sourcingdiscussion-forums/the-seafood-ethics-common-language-group



POLICIES AND PRACTICES

As part of a leading multi-national Company we actively recognise the importance of our participation in combatting Modern Slavery in our business and its supply chains.

OUR INTERNAL POLICIES INCLUDE THE FOLLOWING:

- Equal Opportunities Policy
- Gifts and Hospitality Policy
- Recruitment Policy
- Grievance Policy and Procedure
- Anti-Bribery Policy
- Preventing Hidden Labour Exploitation Policy
- Whistleblowing Policy
- Anti-Modern Slavery Policy
- Dignity at Work Policy
- Recruiter Compliance Principles

We will not tolerate the abuse of human rights within any part of our business or its supply chains and we take any allegations that human rights have not been properly respected very seriously.

We have improved our recruitment policy to include controls and standards that ensure responsible recruitment and are working with our labour providers to ensure they are members of the Association of Labour Providers (ALP) and are aware of and are operating to the standards of the Stronger Together Initiative.

The Company operates a whistleblowing policy aimed principally at our workers. Longer term our expectation will be that all of our supply chains introduce these policies to encourage their workers to report any concerns about human rights violations or any other wrongdoings within their business. All our Tier 1 suppliers, their supply chains and subcontractors, have been issued with and are required to comply with the ETI Base code as a minimum requirement.

www.ethicaltrade.org/resources/eti-base-code

Our global sourcing principles on modern slavery have been strengthened by adding a policy prohibiting the payment of direct or indirect illegal recruitment fees to secure a job. This also requires suppliers to work towards having effective due diligence in place to ensure payment of illegal recruitment fees does not happen in their businesses or supply chains. All Tier 1 suppliers have been told they must comply with this requirement and, in turn, they are to communicate this throughout their supply chains.

This is an emerging area and we will continue to review our policies and procedures to ensure we are operating fully to eradicate human rights issues throughout our supply chain.



DUE DILIGENCE - ASSESSMENT & MONITORING

Our due diligence process involves an annual assessment of our suppliers. To determine the risk profile of each supplier we use the FNET Country Risk Rating which is a combined rating using published reports such as the Global Slavery Index data and the US Trafficking in Persons (TIP) Report. A more detailed survey is then carried out using the SEDEX Risk Assessment which uses information from the maplecroft system produced by Verisk which analysis's Human Rights and Labour abuse risks of a particular business industry within specific country.

For those suppliers we consider higher risk, a more detailed survey is carried based on a number of indicators. The indicators include:

Foreign worker population – We have highlighted that increased due diligence around modern slavery OR human rights, is needed when a supplier brings in large numbers of employees from other countries, especially those who are lower skilled and providing physical labour into our supply chains.

Use of agencies – To eradicate bonded labour we require our suppliers to ensure that workers recruited to work in their facilities have not been charged illegal recruitment fees, thus freeing them from the risk of debt bondage and ensure in all cases their human rights are respected.

Provision of accommodation – We stipulate that any accommodation provided to workers in our supply chains is safe and secure and that rent is managed fairly and not to the advantage of the landlord or the employer.

Other risk based factors and historical knowledge may be used where appropriate.

Where a new supplier is considered high risk and there is no historical knowledge of the supplier we use 3rd Party Ethical assessments carried out by Impactt or other credible agencies to review the supplier prior to forming a business relationship.

We appreciate that assessments and audits are an integral part of our overall supplier management system. They are the tools we use to identify compliance gaps where action is needed whether immediate, short or long term. Together with root cause analysis, the tools enable development of sustainable solutions and improvements. Modern slavery is a criminal activity and the signs can be subtle and difficult to identify so audits are only one of the tools that we use.

Where Tier 1 Suppliers are deemed Medium/High or High Risk, as a minimum an annual SMETA Audit is required by CP Foods UK, and often customer specific ethical compliance audits are also required.



All audits are based around the ETI Base code. The audits can also be targeted to investigate specific compliance gaps identified in the risk analysis and specific compliance concerns. Audits to assess the supplying business will include observations, employee interviews, reviews of records and management feedback. To ensure the audits are effective, we use the language of the workers during interviews and seek to understand the local cultures. This allows us to better understand the complexities of both the cultural and social compliance challenges.

Some supply chains beyond Tier 1 which have been identified as high risk are externally audited against 3rd party standards, which include the ethical treatment of staff including flags for modern slavery. For example, we source aquaculture products from supply chains certified to Best Agricultural Practice (BAP); we source poultry products from supply chains certified to Genesis; and where palm oil is sourced, 100% comes from Roundtable Sustainable Palm Oil (RSPO) supply.



DUE DILIGENCE - STRATEGIC COLLABORATIONS

CPF were subject to media attention and a lawsuit as one of the largest fishmeal purchasers in Thailand. Fishmeal attracts controversy because it can be produced as a result of illegal, unregulated and uncertified fishing. At the time, CPF issued responses in respect of the media coverage⁽¹⁾ and a lawsuit⁽²⁾ which set out their position in detail, along with actions taken in mitigation.

The Company and CPF have invested significant time and resources in collaborating with business partners and stakeholders to facilitate system level and industry wide improvements such as the Seafood Task Force.



We are an active and founder member of the Seafood Taskforce which was established in 2014. This is a multi-stakeholder collaboration in the Seafood Industry whose objective is to drive measurable social and environmental change through greater supply chain accountability, verification and transparency. Some of the achievements of the past year include implementation of a Port In Port Out mechanism with physical inspection of fishing vessels and their crews. Further advancements include working with the Thailand government departments to improve the legislative framework and the implementation of Vessel Monitoring Systems and training to assist in remote analysis of fishing vessels. Responsible Recruitment Practices are also being reviewed.

<http://www.seafoodtaskforce.global/>

¹<http://www.cpfworldwide.com/en/media-center/news/view/105>

²<http://www.cpfworldwide.com/en/media-center/news/view/512>

CPF have invested significant resources in the Implementation of the Good Labour Practice (GLP) Project in the Thai Poultry Industry which is the result of a collaboration between the Thai Broiler Processing Association, the Department of Livestock and Development and the Department of Labour Protection and Welfare. This initiative applies beyond Tier 1 to Farm level and aims to promote, support and develop enterprises in the poultry industry. The focus is on social responsibility applied to labour used within every production process to ensure Human Rights requirements are met at Farm level. This programme has since lead to sites being audit ready for Thai Labor Standard, TLS8001.

The Labor Rights Promotion Network (LPN) is committed to protecting and improving the lives of migrant workers in Thailand. They advocate for equality, in the workplace and community, and aim to assist migrants and their families integrate into Thai society. LPN was formed with the intention of resolving issues of labour discrimination and inequality, for Migrant Workers. With the LPN we have set up a worker voice mechanism throughout our Thailand supply chain, to offer an independently monitored Grievance Mechanism to allow confidentiality of all reports.



We are members of FNET (Food Network For Ethical Trade). The activities of FNET comprise of four pillars: supplier support, tools including risk assessment and guidance, collaborative working and joint learning to form a framework for identifying, managing and responding to global food supply chain ethical trade risks. FNET has been established to improve human rights in global food supply chains through a common approach to managing ethical trade. It aims to support suppliers to identify, manage and respond to global food supply chain ethical trade risks, to improve the food industry's understanding of ethical trade, to identify and facilitate collaboration opportunities, to promote trust and build a forum for sharing issues and challenges and, in the longer-term, to support the food industry to focus on promoting human rights in global food supply chains.



DUE DILIGENCE - REMEDICATION & MITIGATION

Where it is identified that a supplier is not meeting the Company requirements with respect to combating modern slavery, the supplier is required to provide an Improvement Plan to close any gaps. Gaps in compliance are ranked on a scale from minor to critical. Critical gaps, are targeted for an urgent/immediate response from the supplier. For all issues identified, we work with the supplier to drive improvements in their management systems and controls and, where appropriate, require suppliers to draft comprehensive sustainable Corrective Action Plans, which will normally include an agreed timeline. Where necessary, the Company will work with outside counsel and/or other experts to investigate and resolve specific matters.

The Company believes in sustainable remediation and when issues of non-compliance are identified, it is our practice to collaborate with a supplier to enable them to comply with our requirements. Building capacity and improving the workplace for all workers will ensure a sustainable programme is in place.

Tier 3 - Feed Supply

Tier 2 - Farms

Tier 1 - Factory

The Company



Visual showing the supply chain tiers

We are developing remediation tools in collaboration with local charities, Non-Government Organisations (NGOs) and local law enforcement, for example the Gangmaster and Labour Abuse Authority (GLAA) <http://www.gla.gov.uk/> and Stronger Together <http://stronger2gether.org/>. In our Thailand supply chains, we are developing remediation tools with civil society, NGOs and community projects to ensure where any victims of modern slavery are identified, the infrastructure is in place or developed to protect them and avoid repetition.



TRAINING, AWARENESS AND CAPACITY BUILDING

Our employees and suppliers can play an important role in helping us to ensure that modern slavery abuses do not take place in our business or supply chains. We have delivered various training activities to raise awareness and inform our employees about the issue. These include:

- Specific Modern Slavery Awareness training for our Senior Executive Management Team.
- Awareness training using Stronger Together (S2G) tools for all existing workers.
- Modern Slavery Awareness is included in the induction programme for ALL new employees.
- Company wide dedicated Modern Slavery Awareness intranet page
- Regularly updated Awareness raising Poster Campaigns throughout the business
- Attendance and participation in regular Human Rights, Modern Slavery and industry specific ethical conferences for the Company's Responsible Sourcing team.

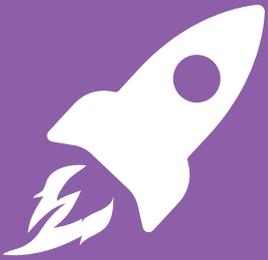
FUTURE PLANS

Internal

- ETI Human Rights Due Diligence Training to be completed by end 2018.
- Commercial Managers and key factory personnel to attend Stronger2gether/3rd Party training by August 2019.

Supply Chain

- Roll out of 3rd Party Labour Hotline's to cover all CPF owned Tier 1 Suppliers by end of 2018 and all CPF owned Tier 2 Suppliers by August 2019.
- Set up 3rd party Labour Hotline for all non CPF supply Base
- Ensure full investigation and effective remediation of any issues raised.
- All Tier 1 suppliers to undertake Stronger2gether or FNET Human Rights Training by March/August 2019.



OUR FUTURE PLANS

As detailed in this statement, we have sought to adopt a thorough and robust approach to tackle modern slavery in our business and our supply chains. We have good visibility of Tier 1 suppliers and are now moving beyond Tier 1 in our complex supply chains to farms, hatcheries and feed mills.

Plans to improve training and capacity building in our business and supply chains will continue as well as investing in industry collaborations which will enable and facilitate further improvement and impact on other supply chains. This is a dynamic area for many businesses and we continue to work with external stakeholders to ensure we reflect this changing environment in our planning.

The Company will continue to enhance our policies and practices including encouraging further implementation of worker voice mechanisms throughout more of our supply chains. This will aid protection of worker rights and develop identification and remediation protocols.

Within CP Foods (UK) Limited, we will continue to strengthen our supplier relationships and for our own workers, ensure that there is a platform to raise concerns through both our policies and employee forums, such as worker voice.

For 2019, CP Foods (UK) Limited will look to work closely with a charity group to help support victims of Modern Slavery get back into lawful employment across our UK Sites.

HOW WE WILL MEASURE SUCCESS - KPI'S

In order to assess the effectiveness of the measures taken by the Company we will apply the following KPI's in relation to our current financial year and compare the results with the previous year.

- Workers trained on modern slavery;
- Percentage of Tier 1 supplier audits completed;
- Incidents reported as a result of whistleblower disclosures;
- Completed Tier 1 supplier questionnaires received.
- Analysis of Ethical work and projects undertaken beyond tier 1

This statement has been approved by the Board of Directors of CP Foods (UK) Limited and will be reviewed annually.



Mark Cheadle, Managing Director, CP Foods (UK) Ltd June 2018