



J Sainsbury plc

Modern Slavery Statement

J Sainsbury plc

2017/18



Our vision is to be the most trusted retailer where people love to work and shop. This includes treating people fairly wherever they are in our business and supply chains.

We understand our duty to respect human rights, we are committed to identifying vulnerable workers and we will not tolerate any form of slavery or servitude in our business or supply chains. Our risk-based approach enables us to proactively tackle serious exploitation of workers and provide resources where they are most needed to protect workers.

Modern slavery and human trafficking are abhorrent practices that still exist in many parts of the world, including the UK. This is our second statement on our efforts to prevent modern slavery in line with Section 54 of the UK Modern Slavery Act 2015. It details the steps taken during the year ending 10 March 2018 to prevent modern slavery and human trafficking in our business operations and supply chains.

This statement has been approved by J Sainsbury plc Board of Directors.

Mike Coupe
Group Chief Executive
J Sainsbury plc
8th August 2018



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Key activities in 2017/18

Issuing a Group policy outlining our commitment to human rights, including expectations of suppliers and colleagues



Identifying areas of risk in our supply chains through a robust new Modern Slavery Risk Assessment Tool

Gaining full visibility of all Argos own-brand global manufacturing sites

Working in partnership with Verité to help respond to identified areas of risk

Rolling out a new ethical code of conduct for goods not for resale suppliers



Investing in dedicated specialist social auditor expertise for our food supply chain



Contributing to the development of industry guidance on accommodation for temporary workers

Joining collaborative initiatives including the World Cocoa Foundation, the World Banana Forum and a new Car Wash Working Group

Aligning Argos ethical sourcing practices with Sainsbury's

Training over 150 colleagues and briefing over 1,000 Sainsbury's Argos suppliers in the UK and Asia on our approach to ethical sourcing

Developing an e-learning module on modern slavery for colleagues across Sainsbury's Group to help them spot signs of forced labour



About Sainsbury's Group

Our commitment to helping customers live well for less has been at the heart of what we do since 1869.

Today, that means making our customers' lives better and easier every day by offering great quality and service at fair prices – across food, clothing, general merchandise and financial services; whenever and wherever they want it.

We have developed an integrated approach to address modern slavery for Sainsbury's Group. We are a multi-product, multi-channel business with fast delivery networks.

J Sainsbury plc operates over 2,200 stores in the UK and Ireland. This includes 608 supermarkets, 815 convenience stores, 639 Argos stores, 191 Argos stores in Sainsbury's supermarkets and 16 Habitat stores – together with major online channels for food, clothing, general merchandise and financial services.

Definitions for the purpose of this statement	
Sainsbury's	Sainsbury's own-brand food and groceries.
Sainsbury's Argos	Sainsbury's own-brand clothing and general merchandise; Argos; excluding Habitat
Sainsbury's Group / J Sainsbury plc	Whole plc business including food, clothing, general merchandise, goods not for resale and financial services.

At a glance

£31.7bn Group Sales (inc. VAT)

2,500+ Sainsbury's and Sainsbury's Argos own-brand supplier sites

185,000+ Colleagues

4 International sourcing offices

70+ Countries where we source our Sainsbury's and Sainsbury's Argos own-brand products

890,000+ Workers in first tier of Sainsbury's and Sainsbury's Argos own-brand supply chain

430,000+ Women in first tier of Sainsbury's and Sainsbury's Argos own-brand supply chain



Sainsbury's Bank's range of financial products includes credit cards, mortgages, savings and loans, as well as travel money and car, home, pet, travel and life insurance. We aim to offer Sainsbury's shoppers great deals and rewards for choosing to bank with us. And our colleagues, strong culture and values are essential to achieving this vision and driving our success now and in the future. View Sainsbury's Bank's Modern Slavery Statement at www.sainsburysbank.co.uk

Our supply chains

We sell over 90,000 products. So the complexity of each supply chain, the number of tiers, geographical spread and worker profiles vary considerably depending on the product.

We source our Sainsbury's own-brand products from more than 2,500 supplier sites based in over 70 countries. However, the majority of our food is sourced from the UK and Europe with over half of our suppliers based in the UK followed by France, Spain and Italy.

This year, we've also achieved full visibility of Argos' own-brand global manufacturing sites and standardised ways of working across all of Sainsbury's Argos own-brand supply chains to ensure ethical compliance. The main sourcing countries for Sainsbury's Argos are China, India, Bangladesh and Turkey, with products ranging from furniture and electronics to clothing and toys.

Our goods not for resale are sourced from more than 3,000 suppliers of which over 300 are for logistics.

Policies and commitments

In March 2018, we released our first Human Rights Policy for Sainsbury's Group. The policy is owned by the Group HR Director and outlines our commitment to respect the human rights of all colleagues, customers and suppliers.

This is our first specific **human rights policy**. However, our commitment to human rights is reflected in longstanding policies, processes and partnerships on ethical trade and human resources; from discrimination and fair treatment to forced labour.

We set out our expectations for suppliers on how workers are treated in our **Code of Conduct for Ethical Trade**, our contractual terms and our Supplier Handbook. Our Code of Conduct is aligned with the Ethical Trading Initiative (ETI) Base Code, which derives from the Core Conventions of the International Labour Organisation, and from the United Nations Universal Declaration of Human Rights.

Sainsbury's and Sainsbury's Argos' Codes of Conduct for Ethical Trade outline the standards our product suppliers must uphold on human rights in relation to their own employees and supply chains. This includes the strict prohibition of all forms of slavery and human trafficking.

Sainsbury's own-brand direct suppliers are required to comply with this code and to provide evidence of continuous improvement. They must also have their own code of conduct in place, as well as policies and systems to manage ethical trade in their own supply chains and report progress to us.

Our grocery policy also includes guidance on the responsible use of labour providers and on conducting social compliance audits on their suppliers. Any suggestion of malpractice in our supply chain is investigated thoroughly and we do not tolerate any breaches of our ethical standards.



This year we introduced a Code of Conduct for goods not for resale suppliers, also founded on the ETI Base Code. All suppliers contributing to a tender process agree to it through our Supplier Portal. The Code of Conduct is also referenced in all our standard contract terms.

Our contractual terms with all direct grocery suppliers include a clause on compliance with the Modern Slavery Act 2015. Suppliers are required to demonstrate compliance and inform us of any breaches. Our Supplier Handbook for grocery suppliers outlines the requirements on modern slavery due diligence in more detail.

And finally, our Sainsbury's Colleague Handbook highlights our brand values and outlines the rights and responsibilities of our employees. We aim to be the most inclusive retailer and create a working environment where everyone feels valued, respected and where colleagues can be the best they can be. We have a zero-tolerance policy on discrimination, harassment, bullying and victimisation.

Collaboration for greater impact

We recognise that excessive levels of worker indebtedness, caused by high recruitment fees, is one of the most common forms of modern slavery. That's why we are committed to the Consumer Goods Forum's (CGF) Forced Labour Priority Industry Principles and are working alongside other CGF members to strive for zero recruitment fees in our business and supply chains – starting with our grocery supply chain.

This year we joined the CGF's advisory group for their Sustainable Supply Chain Initiative (SSCI). Together, we are working to ensure that major social compliance schemes meet minimum customer requirements on issues such as forced labour and recruitment fees.

We are also supporting other initiatives such as the British Retail Consortium's Better Retail, Better World which outlines commitments to the UN Sustainable Development Goals. This includes embedding a policy that no worker should pay for a job, as well as prioritising the identification of other human rights issues to tackle.



Governance

This year, we created a Sainsbury's Group-wide sustainability function with the responsibility to embed respect for human rights across the whole of Sainsbury's Group business and supply chains.

The team already has a remit to work with suppliers to ensure compliance with our Code of Conduct, build the capacity of colleagues and suppliers, and participate in collaborative industry initiatives. When issues around modern slavery or labour rights more broadly are identified in our business, whether from visits undertaken by our own colleagues or from third-party audits, they are managed by technical and commercial colleagues, supported by a central team of ethical trade experts. At Sainsbury's Argos, there are dedicated ethical trade teams in the UK and all our four Asia sourcing offices who have responsibility for everyday management of ethical issues.

Once ethical issues have been identified, they are categorised by level of seriousness and an action plan is put in place to ensure the supplier reaches compliance within a set timeframe. Any issue that is deemed high risk or is not resolved within the agreed timeframe is escalated to senior leadership. Across Sainsbury's Argos this process of issue escalation, supplier monitoring and discussion of emerging trends is governed by a monthly Ethical Forum chaired by the Sainsbury's Argos Head of Technical and Ethical, and attended by our Commercial Trading Director and Sourcing Director.

Our non-executive, board-level Corporate Responsibility and Sustainability Committee provides oversight to the activities of our Sustainability Plan. It is supported by an internal governance structure whereby senior directors in the business have responsibility for each of our five values: Sourcing with integrity, Living healthier lives, Respect for our environment, Making a positive difference to our community and providing a Great place to work. The programme of work for each of the values is managed through the Operating Board, which meets quarterly and is chaired by our CEO Mike Coupe.

Our PLC Board oversees our Commercial Risk Map, which captures the principal risks to achieving Sainsbury's business objectives. This includes compliance with legal and regulatory requirements such as the Modern Slavery Act.

Additionally, the Modern Slavery Working Group (established in 2015) continues to meet on a regular basis. Recently, we shared the results from our new Modern Slavery Risk Assessment Tool with the group and discussed next steps.

Risk assessment

There are a number of challenges to identifying risk and taking action to tackle modern slavery, such as the complexity of our supply chains and lack of detailed data across the chain to the lowest tier.

To address those challenges, we have:

- Continued our work on high risk products and components such fish, meat and produce
- Combined data sets from across the business to provide a complete picture of both direct suppliers and component or ingredient suppliers (where we hold this data)
- Developed a new Modern Slavery Risk Assessment Tool through the combined and enhanced data analytics capabilities of PwC and Ergon
 - The tool enables us to analyse complex sets of internal and external data against a range of risk indicators allowing us to view risk to multiple tiers, which provides a level of detail that is unprecedented in our industry
 - The new tool also helps us fill information gaps about our complex global supply chain by using economic models of the agricultural and manufacturing sectors to determine the probability of a particular product being sourced from a particular location.
- Initiated a partnership with human rights non-profit organisation Verité to develop an approach that is robust and ensures prevention and remediation activities are appropriate to local contexts in each area of our business

Modern Slavery Risk Assessment Tool

“For over 20 years, leading businesses have been focused on trying to better understand and manage the social and environmental impacts associated with their supply chains. The requirements of the Modern Slavery Act have led to further focus on identifying reliable, practical and cost-effective ways to understand supply chain risk which goes beyond just tier one suppliers. We have delivered a project for Sainsbury’s applying latest data analytics and modelling approaches to build a Modern Slavery Risk Assessment Tool.

The tool uses data from Sainsbury’s supplier management and procurement systems and is supplemented where needed with modelled

data based on wider industry information. This generates a full picture of Sainsbury’s supply chain. The tool then evaluates this information against a modern slavery risk assessment framework, based on a wide range of publicly and privately available information sources, to assess the potential risk of slavery at country, sector and product level. The tool will continue to evolve and be updated as new information becomes available and should enable Sainsbury’s to maintain and improve its focus on reducing the risk of slavery in its supply chain.”

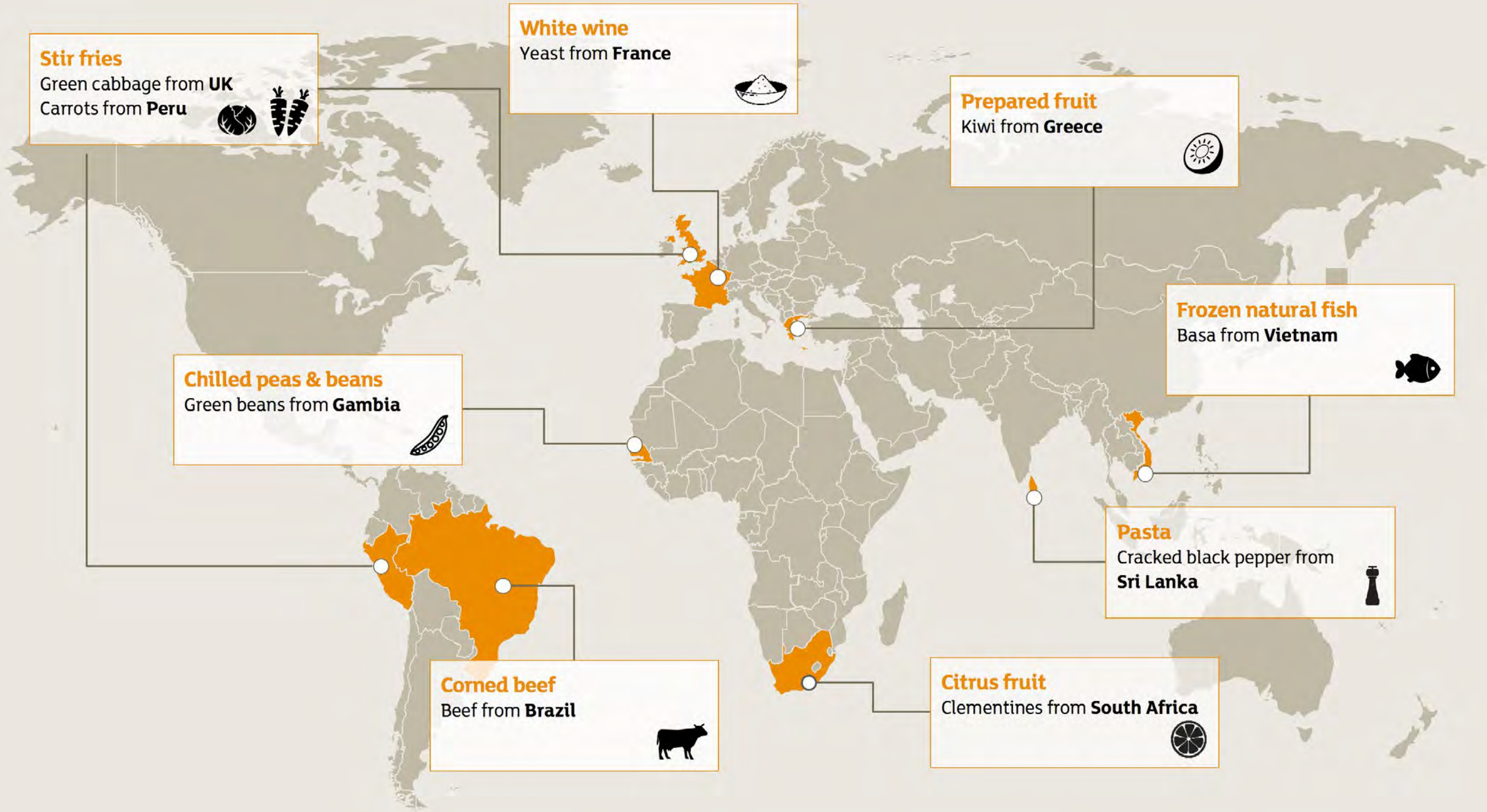
Geoff Lane, PwC Partner



Identifying risk

This map illustrates some of the ingredients driving the risk for a selection of high risk food products identified by our Modern Slavery Risk Assessment Tool. The ingredients and products shown in the map are examples and demonstrate the level of detail the tool is able to incorporate in its analysis.

Food: examples of high risk ingredients in some high risk products



This map illustrates some of the components driving the risk for a selection of high risk general merchandise and clothing products identified by our Modern Slavery Risk Assessment Tool. The map does not include recently integrated products from Home Retail Group. The components and products shown in the map are examples and demonstrate the level of detail the tool is able to incorporate in its analysis.

GM and clothing: examples of high risk components in some high risk products



Learnings from creating the Modern Slavery Risk Assessment Tool

The process of creating this tool has uncovered some challenges:

Improving some of our own data

Projects are already underway to improve the quality and consistency of component and ingredient level information across Sainsbury’s Group.

Including new business units

Since designing the tool, we acquired Argos and will incorporate this additional data into future versions of the tool.

Evolving data sets

Information about incidences and indicators of modern slavery are constantly evolving, meaning we need to ensure our approach is kept up to date with global and industry trends.

The tool has confirmed some of our assumptions around modern slavery risk and highlighted new areas to review. In our food business it confirmed that meat, fish, poultry and produce were high risk, so we will continue to reinforce our actions and increase due diligence in these categories. We learned that we need to look more carefully at cooked and continental meats, and specifically at bananas, citrus, apples, peas and beans. The tool also identified products and sectors that we have not previously included in our due diligence such as wines, some baby products, canned and packaged goods, and ready meals.

In clothing and general merchandise, the tool results have expanded our focus beyond the most well-known risks in garments, textiles and toys to areas such as kitchenware, tableware, gifting, and sound and vision.

In goods not for resale and logistics, the use of agency staff in depots is an area we already look at, but know we need to do more on. Unsurprisingly, haulage was also identified as one of the top risks.

Sainsbury’s Bank has also identified a small number of products and services to investigate further, but relative to the rest of the business its modern slavery risk is low.

Acting on the results

Verité is a recognised authority on modern slavery and will be helping us to interpret and respond to the results of the tool. Verité is a global, independent, non-profit organisation that specialises in providing knowledge and tools to eliminate the most serious labour and human rights abuses in global supply chains. We will also consult with other external stakeholders where appropriate.

Next steps

We have a programme for next year to take our work forward with the following steps:

- 1. **Set or update action plans with support from Verité for high risk product supply chains**
- 2. **Engage internally across supply chain management teams for a consistent approach across the Group**
- 3. **Update the tool as new information becomes available**



Due diligence

Existing due diligence

Our commitment to sourcing with integrity is reflected in long-standing policies, processes and partnerships on ethical trade that respect the rights of people working in our supply chains.

Supplier monitoring and compliance:

- All new Sainsbury's grocery supplier sites require a third-party ethical audit from an approved audit firm, and all identified issues must be resolved before beginning supply. Existing product supplier sites are regularly audited by third-parties according to their risk rating.
- This year we implemented a robust on-boarding process for new Argos sites, using our existing process for Sainsbury's clothing and general merchandise. The process covers technical and social due diligence and must be completed before any orders can be made. For existing sites we require annual ethical audits and we may carry out additional visits to monitor remediation of critical issues, according to their risk rating.
- This year, we endorsed the efforts of the Association of Professional Social Compliance Auditors (APSCA). APSCA seeks to enhance the professionalism, consistency and credibility of individual auditors and organisations performing independent social compliance audits.
- We monitor suppliers through bespoke reporting produced by Sedex and Lighthouse.
- Our technologists and ethical trade team visit suppliers on a regular basis to ensure that our ethical requirements are met and provide support on issues where required.
- We have dedicated specialists on our teams to help suppliers build their people management and systems capabilities, which improves outcomes for workers.
 - Some of the most significant benefits we've seen include supporting new suppliers on gap analysis with our standards. Activities also include speaking to workers to understand what is important to them and supporting root cause analysis and systems thinking. This approach identifies areas for improvement not traditionally raised during third-party audits such as better career progression for workers, better management systems and improved worker dialogue, which help drive better outcomes for workers and business.



Our emphasis continues to be on working with our suppliers to improve their systems and share responsibility with them for labour issues in our supply chains. We talk to our suppliers about their ethical trade strategies and Sainsbury's own-brand grocery suppliers are required to develop an ethical trade strategy for their business and suppliers. This strategy ranges on topics from how they manage their employees to how they handle the recruitment of agency workers.

Many suppliers have added identifying and eliminating modern slavery to their ethical strategies and activity. We plan to use the results from our Modern Slavery Risk Assessment Tool to inform these supplier conversations as we uncover risks of slavery in our shared supply chains.

Recruitment fees

We know that one of the most common ways workers become subjected to forced labour in supply chains is through exploitation by third parties at the point of recruitment.

Workers can be charged large fees to guarantee a job placement and become indebted to their employer or agent. There is currently a lack of transparency and therefore large gaps in knowledge across the industry about the very different recruitment practices and models in different parts of our global supply chain. A better understanding of the flows of labour and hiring processes in our supply chains will unlock the opportunity to stop exploitative practices. A number of our suppliers are further ahead in their experience and understanding of recruitment practices and we are now looking to share that knowledge more broadly across our supply chain (see case studies on p12-14).

Changing the recruitment model

Last year we highlighted the case of a labour provider in our produce supply chain that brought its recruitment process in-house from mainland Europe. It did this to gain greater control and eliminate reliance on third-party agents, which can increase the risk of extortionate fee payment.

This year the company experienced significant challenges with labour availability due to a number of external pressures. To address these challenges, the labour provider has implemented a wide range of improvements for workers, which include:

- **Investing in its international recruitment department through new offices in source countries ensuring a local presence, and strengthening worker welfare and support**
- **Establishing an internal training company to train workers, which has improved retention rates and productivity**
- **Offering complementary transport for workers from their home country at key points of the year, which will increase to ensure seasonal demands are met**
- **Working with clients to review worker pay and accommodation**
- **Reviewing contracts with the aim of moving away from zero hours contracts for the majority of employees**
- **Improving forecasting and communication to enable better planning**
- **Trialling the labour provider certification Clearview and internalising the standard to ensure the company leads the industry in worker accommodation and welfare**
- **Monitoring performance through worker forums and surveys**





The supplier's Ethical Trading Manager noted "We've learned a lot about the importance of informing existing and potential workers about their rights and responsibilities within the recruitment process so they're aware that they should not have to pay any fees to access a job. Increasing worker knowledge and capacity building on fees is important so that our employees – past and present – can become advocates for responsible recruitment."

Recruiting migrant workers to Mauritius

One of our major suppliers of canned tuna has made important changes with our full support over the last two years in how it manages workers in its own business and supply chain. One action it has taken is to increase transparency in the recruitment of Bangladeshi migrant workers to Mauritius.

After some investigation, our supplier learned Bangladeshi workers were paying unofficial third parties approximately 1000-1500 US dollars to be taken to the supplier's recruitment agency for work at its two production sites in Mauritius. These fees created a cycle of indebtedness.

To help eradicate these recruitment fees for workers, the supplier has been:

- **Educating migrant workers that they should not have to pay any money toward their recruitment**
- **Working with just one recruitment agency in Bangladesh to establish a close, long-term relationship and minimise the risk of bad practice encroaching into any part of the recruitment process**
- **Making their own hiring decisions in Bangladesh rather than an agent**
- **Conducting a thorough pre-induction process to ensure workers understand the reality of living and working in another country on a long-term contract**

This strategy has increased employee engagement and means workers are more likely to recommend the workplace in Mauritius to their friends and family, reducing the need for a 'push' by labour agencies to recruit workers. In fact, most of the recruitment is now through word of mouth and our supplier has seen the value in representing the business directly and having its own people situated in the countries where labour is sourced.

Tackling human trafficking and forced labour in Southeast Asia

The Issara Institute is one of our strategic partners tackling human trafficking and forced labour in Southeast Asia through data, technology, partnership and innovation. It recently published ground-breaking research on the flow of labour and fees being paid by workers from Myanmar wanting to work in Thailand.

The graph opposite shows that currently workers are typically paying two to three months of wages, but in many cases four to five months of wages just to secure a job. In many instances the employer pays little to nothing, or even receives a kickback. This is a ‘worker pays’ recruitment model. According to the official government process of recruitment between Myanmar and Thailand, workers should pay about two months of their wages. But, if we follow the ethical ‘employer pays’ principle that Sainsbury’s and other retailers have committed to, the employer should pay around \$260 per recruited worker. Transparency to this level of detailed information is new for our sector and marks the beginning of the

journey to eradicate fees paid by workers for a job.

Issara and Sainsbury’s are turning this data into action, under the Issara Ethical Recruitment Program. We are removing inefficiencies and informal payments, embedding worker voice at source and destination in the recruitment process, and strengthening employer-recruitment agency practices. This will result in lower recruitment costs, improved social safeguards for men and women job seekers, reduced risk to the business and worker, and an improved supply chain for Sainsbury’s and its customers.

As one worker in the programme states, “I am very happy. The cost [of recruitment] is very reasonable. If it weren’t we would face many financial problems, such as using illegal brokers who will cheat us because of our limited knowledge. But now we understand the recruitment process well and the right agency to use.”



Which costs of labour recruitment are being paid by the employer, and which are being borne by migrant workers?

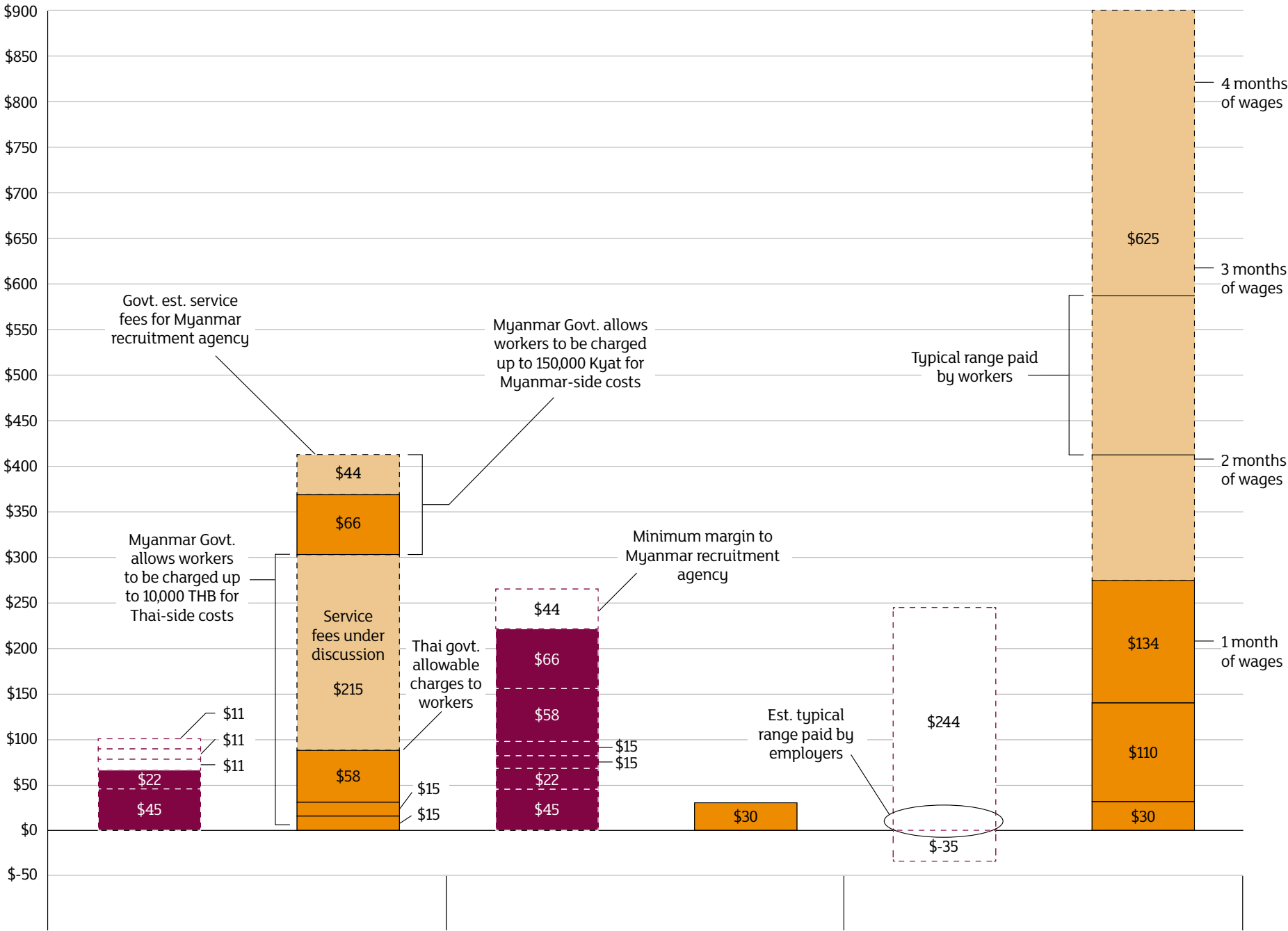
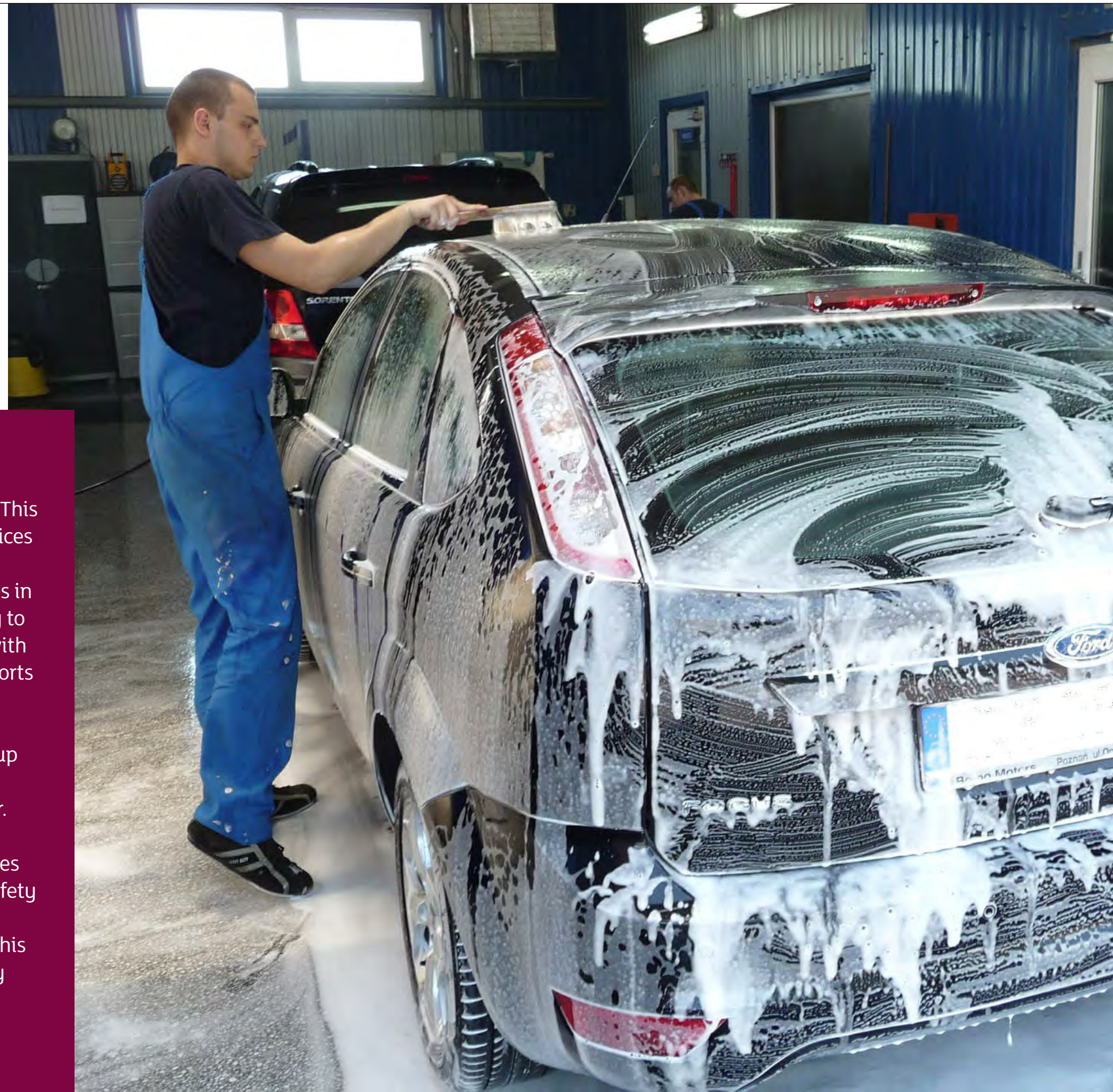


Figure 1: Taylor, Mark (2018). Developing a Financially Viable Ethical Labour Recruitment Model: Prospects for the Myanmar-Thailand Channel. Bangkok: Issara Institute.
The foreign exchange rate used in these financials is 33 Thai Baht/USD and .00073 Kyat/USD

Provision of labour

We believe that the risks around labour provision require a formalisation of the recruitment process to protect workers. This is why we served on the technical advisory committee for Clearview, a global certification scheme for labour providers launched this year. The scheme enables businesses to identify and select labour agencies that comply with good practice.

We continue to support Clearview by encouraging suppliers to get their labour providers enrolled in the scheme. Plus, we promote the scheme to audit bodies and other industry stakeholders.



Industry collaboration on car wash

The police estimate that 20,000 car washes in the UK are flouting laws. This makes it one of the highest risk areas in our supply chain. Illegal practices range from money laundering and fraud to worker exploitation and slavery. We provide licenses to third-party companies to run car washes in our car parks and petrol forecourts, but we recognise our responsibility to protect these workers on our premises. We coordinate and cooperate with law enforcement authorities and city councils to help them in their efforts to tackle unscrupulous business practices.

We fully supported the establishment of a new Car Wash Working Group for the grocery retail industry that aims to improve the practices and processes of car wash operations in the UK, and eradicate forced labour.

That is why we are working on a code of conduct for car wash companies aligned to GLAA licensing standards, environmental and health and safety requirements. This will create a framework for them to operate within and we will conduct a pilot to test the initiative this year. Members of this working group include other retailers, the GLAA, the Car Wash Advisory Service, academics and government organisations.

Key Performance Indicators

Monitoring the effectiveness of actions to identify and prevent slavery and human trafficking is a challenge across the industry. We are working with other retailers to improve monitoring and impact assessment, but acknowledge that there is still a lot to do.

Our first step is to draw insights from the data we hold. During the reporting year, third-party audits at our suppliers’ grocery sites identified 22 non-conformances categorised under the “employment is not freely chosen” clause of our Code of Conduct. The non-conformances related to lack of robust policies and procedures, and unfair deductions from wages. Third-party auditors also identified 29 non-conformances categorised under “no harsh or inhumane treatment”. The non-conformances related to inadequate grievance mechanisms and disciplinary measures, as well as instances of verbal harassment. All cases are appropriately followed up and tracked to ensure the issues are remediated.

With the acquisition of Argos and new sourcing countries such as Malaysia, we identified a new set of risks in furniture. We have worked with suppliers, our commercial team and collaborated with others in the retail industry to discuss best practice. We are working on guidance for our suppliers and internal colleagues to better protect workers’ rights in our existing and proposed manufacturing sites. We will do more on this in 2018/19.

Together with industry, we are trying to address the structural challenges in identifying forced labour through audits, such as:

- Who to report issues to when auditors are constrained by client confidentiality
- The appropriate procedure when abuse is by the client who commissions the audit
- Guaranteeing the safety and security of the auditor
- Reporting subjective evidence observations
- What actions to take for the immediate safety of victims
- Legal considerations for brands when informed of forced labour

We identify common and upcoming trends through our close engagement with suppliers and insights from reporting systems such as Sedex. We supported the development of the Sedex Forced Labour Indicators Report, which cross-codes audit non-conformances with indicators of forced labour.

Results confirm that the biggest risk of slavery is at lower tiers of our supply chain. We will engage with our direct suppliers in the highest risk categories to ensure that non-conformances throughout our supply chain are appropriately remediated.



Accommodation for migrant workers

One of the indicators of forced labour is substandard accommodation for workers. We worked with the Fresh Produce Consortium to produce guidance on the provision of caravan accommodation for temporary workers in the UK, which was updated this year.

Through a working group with other UK retailers, we are developing tools to continue monitoring the standard of all types of accommodation in our supply base and are exploring capacity building initiatives. This includes providing best practice examples for producers and colleagues.

“The continued development of the guidance on caravan accommodation has seen industry-wide improvements and the feedback from our growers has been positive. For workers and employers, the work on accommodation continues to strengthen employment relations, as the guidance goes beyond basic recommendations. It recognises the importance of the entire living arrangements process, including routine dialogue for solving issues as they arise”.

Ethical Manager, Supplier

We implement a robust audit programme and collaborate with audit bodies, other retailers and Sedex to promote effective monitoring and training of auditors. However, we also recognise that criminal activities such as slavery and human trafficking are difficult to identify through the traditional social compliance audit.

Last year we reported our participation in a Worker Voice Impact Assessment Tool pilot. This tool enables us to create a more holistic supplier risk assessment by supplementing audits with a new worker survey alongside other human resources metrics.

Through our membership of Stronger Together, we are also able to track supplier attendance at its training sessions and understand its impact. After engaging with Stronger Together training, 96% of attendees said that it had increased their understanding of what modern slavery is, 72% reported that senior management had made a commitment to tackle slavery in their business and supply chains, and 87% stated it has helped them prepare how to manage potential situations of forced labour.

Stronger Together also launched a new Progress Reporting Tool in July 2018 for all retailers in the consumer goods programme and their suppliers to track implementation of strategy, practices and processes to tackle slavery at supplier sites.

We will continue to track the outputs of our training. This includes our GLAA-delivered training for Sainsbury's suppliers on Agency Labour and the Prevention of Worker Exploitation and the completion rate of our modern slavery e-learning module described on p19.

We will also work with Verité to improve our indicators and system for monitoring the impact of our activities on modern slavery. This will enable us to invest resources effectively and support our supply chains whether it's through a collaborative initiative, a long-term project or developing and providing access to additional training.



Other tracking:

- **Monitoring and evaluation frameworks for individual projects such as the Issara Institute measure impact by calls to hotlines and the number of victims supported. This data provides a general indication of the effectiveness of our projects, but does not necessarily identify which workers are directly involved in our own supply chain.**

- Over the last three years, 100,000 migrant workers have been linked into Issara's Inclusive Labour Monitoring System empowering them with a voice and channels for information, assistance and remediation
- Over 6,000 of these workers were in forced labour and human trafficking situations, but no longer are due to Issara's intervention

• Supply chain visibility works to farm level and raw material inputs:

- Data on the social, environmental and economic performance of raw material suppliers through our Sustainability Standards
- Data on child labour and women farmers on smallholder and medium-sized farms is tracked through our membership of the Better Cotton Initiative (BCI): 60% of the cotton we sell is BCI certified

Training

All of our colleagues and supply chain partners need to be engaged to help us tackle modern slavery and human trafficking. Colleagues and suppliers alike need to be able to recognise the signs and know what to do if they come across anything that concerns them.

This is not just about raising awareness. It is also about making sure everyone understands that they have shared responsibility to identify issues and can play an important role, rather than leaving it to a small group of experts within the company or external stakeholders.

Training for colleagues

This year we developed a new e-learning module on slavery and human trafficking. The interactive module is designed for all commercial teams, not just the technical functions where responsibility for these issues usually sits.

We want all of our colleagues to understand the issue and their role in combatting this crime. The main training takes learners through a series of scenarios they might encounter in their day job. They need to decide if they are concerned about what they see and hear, and what follow up is required.

The training is designed for the entire Sainsbury’s Group. This allows for illustrative case studies to be switched for ones relevant and understandable to a particular audience, whether it be the food side of our business or logistics and warehousing.

Establishing a Modern Slavery Working Group across the business and conducting a risk assessment helped us identify colleagues in areas that need support with more intensive in-person training, beyond e-learning.

In follow-up to previous classroom training on modern slavery for our “Ethical Champions” who sit in each food product category, this year we focused one of our training sessions on “vulnerable workers”. We looked at how to identify these workers and take into account their vulnerabilities in the way we work. It is these vulnerable workers who are most at risk of becoming victims of modern slavery. The training was based on materials developed by specialist research organisation, Ergon, and on a similar session we ran for one of our supplier workshops.

We have also developed new e-learning on broader ethical sourcing to complement training on modern slavery. It is also designed for a much wider set of colleagues than previously received our classroom-based training to ensure we are embedding responsible sourcing across the business.

The new e-learning modules are in addition to classroom training. Last year’s classroom-based training that includes components on modern slavery continues as before. More than 150 Sainsbury’s Argos colleagues have been trained on our ethical standards, policies and processes. Our Sainsbury’s Argos Asia team has five social audit specialists and all other team members have had lead auditor training to help suppliers and sites identify and remediate serious breaches of our Code of Conduct.



Training for suppliers

Providing training and effective capacity building for our suppliers is a key strategy in preventing slavery and human trafficking, and has been one of our focus areas to date.

We continue to engage suppliers on modern slavery through discussions in regular ethical trade strategy meetings and targeted training, such as our Gangmasters and Labour Abuse Authority-led (GLAA) workshop on agency labour and extreme forms of labour exploitation. The GLAA also attended our annual Farming Conference again this year to raise awareness of the issue among a key group of stakeholders. Our direct suppliers that use agency labour are strongly encouraged to attend both the GLAA and Stronger Together workshops.

Alongside other grocery retailers we are a founding member of Stronger Together, the initiative to tackle forced labour and extreme exploitation in supply chains. We also sit on its Steering Committee.

Most of our UK direct suppliers have attended the main Stronger Together training – ‘tackling modern slavery in UK businesses’. Businesses that have attended commit to implementing good practice regarding tackling modern slavery. This includes displaying posters, issuing leaflets, showing the Stronger Together video at induction and to existing workers, and to implement alerts for signs of forced labour. These indicators are tracked at an aggregated level for all training attendees.

This year, Stronger Together expanded its training to include tailored programmes for suppliers of goods not for resale and to wine and fruit growers in South Africa. The Stronger Together South Africa Programme supports the fruit growing and wine producing industries to tackle forced labour and hidden labour exploitation through free training workshops across the country and multi-language resources. The awareness raising video Eyes Wide Open received a Gold World Medal at the New York Festivals TV and Film Awards 2018 for Instruction and Education.

The range of e-learning courses on modern slavery for suppliers in different sectors and for supervisors and recruiters has also been expanded this year.

For the grocery side of our business, the focus this year has been on suppliers cascading the training within their own businesses and supply chains. On the non-food side of our business we trained over 1,000 Sainsbury’s Argos suppliers on our ethical standards and policies.

Despite the levels of activity across Sainsbury’s Group and with external partners, we know there is still more we can do to identify and prevent slavery and human trafficking across our business and supply chain. We recognise our responsibility to be an active participant in developing and implementing industry responses to expose and combat this criminal activity. It goes against what we stand for as a business and our principle of treating people fairly wherever they are in our business and supply chains.

Embedding awareness throughout the supply chain

One of our key produce suppliers witnessed the benefits of training a wide range of its staff on the signs of forced labour, including excessive recruitment fees. In 2017, one of the agency workers at its site in Cambridgeshire harvesting root vegetables started asking unusual questions of a staff member working at the hostel the company provides for seasonal temporary workers. As a result of training, the staff member knew to escalate the case to management who alerted the authorities.





The consequent investigation uncovered a network of worker exploitation and criminal activity that spanned beyond our supplier to other manufacturing and service businesses in the local area. The GLAA complemented the supplier’s handling of the initial queries from the worker and subsequent support through their investigation. The case showed how important the initial training was, as well as the supportive culture that allowed the affected worker to come forward, not to mention the company’s controls and procedures in place to manage a case like this.



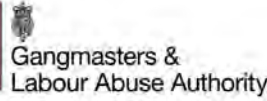



Collaboration



We recognise that we cannot achieve our aims without the support of a whole range of cross-sector partners, and that we have a responsibility to engage at industry level and with government on the growing issue of modern slavery. We believe in sharing our experience and knowledge with others, as well as continuing to develop our own understanding of the risk of slavery and human trafficking in our business and supply chains.

This is a list of some of our collaborative work this year:

Partner	Project / Initiative	Purpose
<div>Bangladesh Accord</div> <div></div>	Bangladesh Accord on fire and building safety	The original Bangladesh Accord was a five-year independent, legally binding agreement between global brands and retailers and trade unions designed to build a safe and healthy Bangladeshi Ready-Made Garment (RMG) Industry. The agreement was created in the immediate aftermath of the Rana Plaza building collapse. Sainsbury's have been members of the Accord since 2013 and in April 2018 recommitted to the Transition Accord.
<div>British Retail Consortium</div> <div></div>	Ethical Labour Working Group	Share best practice with UK retailers on tackling modern slavery and the responsible use of labour providers, amongst other topics related to the human rights of workers in our supply chains.
<div>Clearview</div> <div></div>	Technical Advisory Committee	Clearview is a global certification scheme for labour providers. It enables businesses to identify and select labour agencies that comply with good practice. We represented the retailer viewpoint on Clearview's Technical Advisory Committee throughout the development of the scheme.
<div>Consumer Goods Forum</div> <div></div>	<ul style="list-style-type: none">Social Sustainability – Priority Industry PrinciplesSustainable Supply Chain Initiative	<p>We have committed to the Consumer Goods Forum's (CGF) Forced Labour Priority Industry Principles:</p> <ul style="list-style-type: none">Every worker should have freedom of movementNo worker should pay for a jobNo worker should be indebted or coerced to work <p>We are active members of the CGF's Sustainable Supply Chain Initiative (SSCI). Its purpose is to improve comparability and harmonisation of third party audit programmes across the industry (food and non-food) through a formal, independent benchmarking and recognition process. We contribute to the Social Criteria Technical Working Group to review and make recommendations on relevant social compliance criteria, including forced labour.</p>

Partner	Project / Initiative	Purpose
<div>Ethical Trading Initiative</div> <div></div>	<ul style="list-style-type: none">Italian Produce / Vulnerable WorkersModern SlaveryMoroccan strawberriesPeruSouth AfricaThailand	<p>We are founding members of the Ethical Trading Initiative (ETI) and work closely with our suppliers, government agencies, non-profit organisations, unions and others to ensure that our standards are maintained.</p> <p>Our membership of the ETI allows us to work closely with suppliers, non-profit organisations and unions to develop innovative responses to worker exploitation and forced labour. We participate in a number of working groups, such as improving conditions related to the recruitment of migrant workers at risk of coercion and exploitation in Italian produce. The country-specific working groups aim to address a variety of issues related to working conditions specific to the supply chains in that country.</p>
<div>Fresh Produce Consortium & Ethical Trading Initiative</div> <div></div>	Accommodation	We work with other UK retailers, the FPC and the ETI to create, pilot and implement guidance on accommodation provided to temporary agricultural workers in the UK.
<div>Gangmasters & Labour Abuse Authority</div> <div></div>		Since 2014, we've had a strategic partnership with the Gangmasters and Labour Abuse Authority. It's the UK's foremost investigator of labour exploitation and together we deliver bespoke and first-of-its-kind training for our suppliers and farmers.
<div>ICTI Ethical Toy Program</div> <div></div>		Sainsbury's Argos is a member of the ICTI Ethical Toy Program. It provides certification and training for factories, access to a special investigations team to respond to potential and known risks at factories and subsequent investigation reports. The Ethical Toy Programme launched new initiatives in 2017 to support children of migrant workers and bring families back together.

Partner	Project / Initiative	Purpose
<div>Issara Institute</div> <div></div>		The Issara Institute works to transform the lives of millions of workers across Southeast Asia. It empowers workers and provides multiple worker voice channels to exchange and action information directly with and from them, including a multilingual helpline and Yelp-like smartphone app called Golden Dreams. Issara also works directly with suppliers providing site assessments, technical support, training and solutions uncovered through worker feedback. It builds more ethical recruitment channels, uses technology to track and analyse migration patterns and movements of fishing boats and provides financial assistance through a fund for victim support and remediation.
Retailers (UK)	Retailer Audit Alignment	We initiated and chair a collaborative working group with nine other UK supermarkets. It aims to drive alignment on audit requirements and reduce the burden on suppliers in our supply chains. We explore topics such as ethical assurance beyond our direct suppliers, risk assessment, grievance mechanisms for workers and modern slavery due diligence.
Retailers, GLAA, Car Wash Advisory Service, academics and government	Car Wash Working Group	The Car Wash Working Group aims to improve the practices and processes of car wash operations in the UK and eradicate forced labour.
<div>Seafish</div> <div></div>	<ul style="list-style-type: none">Seafood Ethics Common Language GroupSeafood Ethics Action Alliance	Through Seafish, we are able to collaborate with stakeholders in the seafood supply chain on a number of initiatives that respond to concerns regarding unethical practices within the global seafood market. Seafish provides a platform through which we can share best practice and raise awareness of the issues.
<div>Sedex</div> <div></div>	SMETA Stakeholder Forum	We contribute and participate in a number of Sedex SSF working groups on issues ranging from audit non-conformances, wages and working hours to joint remediation, worker voice and forced labour.

Partner	Project / Initiative	Purpose
Spanish suppliers and UK retailers	Spanish Supplier Forums	Independently facilitated local forums for our suppliers in Spain to address discrimination against migrant agricultural labourers and investigate the provision of labour in first and second tier suppliers.
<div>Stronger Together</div> <div></div>		We are project sponsors of Stronger Together which is a business-led, multi-stakeholder, collaborative initiative that supports organisations to tackle modern slavery within their businesses and supply chains. Stronger Together provides guidance, pragmatic resources and training to support employers and labour providers to deter, detect and appropriately deal with forced labour, human trafficking and other hidden labour exploitation. It also provides a network for businesses to share concerns and best practice, and to work together to reduce exploitation.
UK Government	Consultations	We have participated in a number of government consultations on tackling modern slavery and the future of the GLAA.
<div>World Banana Forum</div> <div></div>		The World Banana Forum is an initiative through which the main stakeholders of the global banana supply chain work together to achieve consensus on best practice for sustainable production and trade. We have joined a new working group on labour rights which focuses on social sustainability.
World Cocoa Foundation		The World Cocoa Foundation represents 80% of the global cocoa and chocolate market. Its vision is to promote a sustainable and thriving cocoa sector where farmers prosper, cocoa-growing communities are empowered, human rights are respected and the environment is conserved. The World Cocoa Foundation enables a platform for us to work with industry, non-governmental organisations and governments to address the multiple challenges facing the cocoa sector to achieve sustainable cocoa production and improve farm livelihoods.