

2018

Modern Slavery Statement

Contents

- 02 Introduction
- 03 Our policies
- 04 Risk assessment
- 05 Due diligence in our supply chains
- 07 Due diligence in our own operations
- 09 Training and awareness
- 11 Progress indicators for 2018/19

Introduction



Roger Burnley
President and CEO

This statement has been published in accordance with the Modern Slavery Act 2015. It sets out the steps taken in relation to part 6, section 54, by Asda Stores Limited and where appropriate, other relevant group companies to prevent modern slavery and human trafficking in our business and supply chains. It relates to our financial year ended 31st December 2017.

Asda welcomes the transparency required under the Modern Slavery Act 2015. Modern slavery is a social, economic and political challenge which requires collaboration from governments, society and both the public and private sectors to successfully address. We work closely with our suppliers and service providers from Europe, America, Africa and Asia and are part of the global Walmart group committed to tackling this issue.

This statement covers the activities of Asda Stores Ltd, McLagan Investments Limited, The Burwood House Group Limited, Power4All Limited, International Procurement & Logistics Limited (IPL), Forza Foods Limited, Kober Limited, and Asda Home Shopping Cards Limited (“Asda”), all of which fall within the scope of section 54(2) of the Modern Slavery Act 2015.

About the Asda Group

Asda employs 150,000 colleagues across its UK stores, distribution centres, home shopping centres and home offices. We serve over 18 million customers each week in stores and online, with products ranging from fresh food to general merchandise and clothing.

Asda’s supply chain ranges from products sourced via its own integrated subsidiary businesses in George and IPL to working in partnership with direct and indirect suppliers producing goods and services in factories and offices around the world.

Our policies

Asda has implemented corporate policies and procedures that are designed to support the highest standards in ethical and responsible business practices, as part of our mission to be the most trusted retailer.

All of Asda's suppliers are required to meet the high [Responsible Sourcing Standards](#) expected across Walmart. These standards cover our fundamental expectations regarding—amongst other things—the treatment and safety of workers. In June 2017, the Standards were revised and reissued to strengthen the language around forced labour, human trafficking and responsible recruitment.

Asda has implemented policies and procedures that are designed to support the highest standards in ethical and responsible supply chain practices. All suppliers of own label Goods for Resale (GFR), upon starting work with Asda, are required to ensure compliance with [Walmart's Responsible Sourcing Disclosure Policy](#). This means that within the scope of the policy, facilities should be made available for an audit.

Asda has distinct policies for suppliers of Goods and Services Not for Resale (GNFR). In 2018, we introduced a specific Modern Slavery Policy for these suppliers, in order for them to be fully aware of our expectations of their conduct. This policy was issued to all GNFR suppliers and published on our externally facing supplier website.

Asda has policies on Recruitment and Agency Workers. Recruitment of agency workers is carried out through one managed services provider - working with a panel of agencies which has its own Modern Slavery Policy and statement and with which we have worked closely over the past year. Asda also has a formal Right to Work Policy that outlines our procedures to ensure all potential colleagues have permission to work in the UK and do the work we are offering.

Asda has updated its own colleague policies to specifically address questions regarding non-retention of identity documents, and so helping to ensure its practices and operations support freedom of movement. We strictly prohibit the confiscation of identity documents and only allow managers to temporarily request such documents to create and store copies, ensuring their prompt return before candidates leave assessment centres/interview or a colleague leaves their shift. The updated policy was published in April 2018.

In early 2018 we published a colleague facing Modern Slavery Policy for Asda, outlining our commitment to implementing systems and controls aimed at ensuring modern slavery is not taking place anywhere in our operations.

Risk assessment

Asda works closely with Walmart and regularly assesses the risk of modern slavery in its business and operations. It has regard to the Worldwide Governance Indicators from the World Bank in order to rate our supplier locations on their level of risk and apply this to our risk based audit process. These indicators consider political stability and absence of violence, government effectiveness, the rule of law and control of corruption.

As a UK business we actively engage and consult with internal and external stakeholders such as the British Retail Consortium, the Ethical Trading Initiative (ETI) and the Gangmasters and Labour Abuse Authority (GLAA) in order to continually review risks in this area. Areas of highest risk identified for Asda, our subsidiary companies and supply chain are in:

- Temporary and/or unskilled labour;
- Farming and food manufacturing labour, particularly seasonal;
- Clothing manufacture labour in the UK and overseas;
- Construction labour (third parties engaged by Asda);
- Catering sector – particularly temporary labour;
- Facilities management (third parties engaged by Asda) and;
- Car washes (tenants of Asda).

As a result, our priority activity to prevent modern slavery focuses on these areas.

Due diligence in our supply chains

The risks of forced labour, human trafficking and modern slavery are beyond the ability of a single organisation to solve, but by working with industry stakeholders, non-profit organisations, governments and others, we are striving to improve transparency, empower workers and create positive change throughout supply chains. Asda works closely with Walmart and supports the promotion of responsible recruitment, helping form coalitions to confront these challenges in the global supply chain.

Walmart and Asda are taking steps around the world to address human trafficking and forced labour, particularly focusing on seafood supply chains in Southeast Asia and especially Thailand. Walmart participates in the Seafood Task Force, an initiative established by a group of seafood processors, feed producers, buyers, retailers, government representatives and NGOs to address issues surrounding labour conditions and illegal fishing in Thai seafood supply chains. The group's board of directors includes a representative from Walmart's Responsible Sourcing organisation.

Global collaboration

Many of the greatest risks to human rights are complex, systemic and industry-wide issues that cannot be solely addressed through supply chain monitoring and remediation.

In 2017, Walmart became a Supporting Member of the Responsible Business Alliance (RBA), an industry association comprising more than 110 electronics, retail, auto and toy companies with combined annual revenue greater than \$4.75 trillion. RBA offers its members an auditing programme, resources, training, and several working groups focused on priority areas in the electronics industry, including responsible recruitment, environmental sustainability, and forced and trafficked labour.

Walmart is a member of and sits on the Board of the Consumer Goods Forum (CGF), which brings together more than 400 retailers, manufacturers and service providers in the consumer goods industry to create positive change across the retail industry. In 2016, CGF aligned around three priority principles: Every worker should have freedom of movement; no worker should pay for a job, and no worker should be indebted or coerced to work.

Asda and Walmart believe that the men and women who work in the global supply chain should not pay for a job. In 2017, Walmart joined the Leadership Group for Responsible Recruitment as a member of the Steering Committee. Over the next two years, Walmart will join fellow Leadership Group members to help create demand for and availability of ethically-sourced workers in Thailand and Malaysia, as well as to advocate for better government regulation of recruitment agencies.

Due diligence in our supply chains

The audits are conducted under the auspices of internationally-recognised third-party social-compliance programmes and focus on a variety of areas, including worker compensation for all hours worked; voluntary labour practices; facility observance of working age laws and standards; non-excessive working hours consistent with local laws and regulations, and facility health and safety standards.

Asda is also a sponsor of Stronger Together - an alliance working to reduce modern slavery and human trafficking by developing and providing guidance, tools and training for suppliers. Asda contributes to a UK Stronger Together working group of retailers that collaborates on initiatives to address forced labour in UK retail supply chains. Asda colleagues also actively engage in the British Retail Consortium Ethical Trading Working Group and contribute to Retailer and industry forums.

To complement our robust supplier set up process we use detailed social, safety, technical and environmental compliance audits to evaluate facility practices on an ongoing basis.

Our clothing brand has a supply chain of approximately 600 primary sites (where full production takes place) and a further 238 second-tier sites where processes such as washing, printing and embroidery take place. Like other Walmart companies, disclosure of first tier sites is required, however, Asda is working towards full second-tier supply chain mapping to help further strengthen responsible sourcing practices across our clothing and apparel supply chain.

In addition to this, Asda's leading clothing business George has taken steps to list all primary production facilities in its ['sourced by George'](#) website providing further transparency. The responsible sourcing team actively engage in the Ethical Trade Initiative working groups for Leicester, India, Turkey and Bangladesh.

Our integrated supply chain IPL has focused on end-to-end transparency of suppliers beyond its first tier for some time, and in fresh produce it has achieved transparency to farm level. In order to further enhance this, a new traceability system has been introduced: a software and data platform that allows for complete farm-to-fork supply chain transparency and will be incorporated as a risk assessment tool.

In higher-risk fresh produce sourcing regions, our team is working in collaboration to mitigate the potential risk of modern slavery in the supply chain. An example of this is in Morocco, where we are working with supplier farms to develop toolkits to provide awareness and education for workers, to improve worker management communication systems and provide training for managers to deal with any identified issues.

Due diligence in our own operations

Asda uses only specified reputable licensed employment agencies to source labour via a single managed services provider. This organisation has its own statement and Modern Slavery Response Plan and verifies all agency practices before workers are accepted. They also conduct regular audits, including on right to work processes.

2017 saw the introduction of a Modern Slavery Awareness Programme, supported by Hope for Justice, for all panel agencies and delivered by our managed services provider. Quarterly awareness sessions are provided to panel agencies, a 10% wage slip audit is carried out on all panel agencies and an incident register for modern slavery indicators is now in place. Further work is planned in the coming year to include an agency toolkit focused on preventing modern slavery; a Modern Slavery Checklist for all new agencies before starting work with Asda and ongoing panel agency reviews.

Checks on payroll and banking systems are carried out across Asda on a regular basis looking for modern slavery indicators.

Part of our integrated supply chain works with labour agencies to provide temporary labour. This temporary labour carries with it certain risks and, as such, agency providers are regularly audited and GLAA accreditation is checked by the business.

Due diligence in our own operations

Service suppliers

All suppliers brought into the business to provide goods and services not for resale (GNFR) sign up, as part of our terms and conditions, to adhere to our policy on modern slavery.

Over the past twelve months, we have chosen to prioritise our resource and concentrate specifically on our largest suppliers, seeking to ensure that where appropriate they have their own Modern Slavery Statements and are working in the bounds of our most up to date contractual terms. A newly drafted Modern Slavery Policy for these suppliers helps to ensure that the specifics of our requirements are clear.

In order to minimise the inherent risks of hand car washes we have made the decision to streamline and reduce the number of providers across our existing estate. This will include the refurbishment of the existing estate with the aim to complete by the end of 2018. The tenants will be required to have their own Modern Slavery Statement and provide clear evidence how their systems and processes seek to prevent right to work and modern slavery breaches in their aims to be industry leading. Our contracts are intended to ensure these requirements are legally binding on the tenant and that they conduct their business in an appropriate manner.

Training and awareness

Colleague training

Over the past year we have concentrated our training programme on those colleagues who are most likely to encounter modern slavery indicators.

Activity in this area has included briefing Senior People Managers (HR), People Business Partners (HR), Store Managers and Colleague Representatives as part of raising modern slavery awareness. We have also delivered training to all 'new to role' Managers and Section Leaders in retail and this training will be delivered to all new managers in future.

Through updating our induction training across the business, we've ensured new managers in logistics and Home Offices are briefed on modern slavery. This training is also being rolled out to colleagues across our retail stores. To help spot any signs of slavery, we run a face to face awareness session for our Regional Compliance Managers. These managers are often the first point of contact for our sites for any Compliance related matters and pro-actively visit stores, depots and a number of third party run locations.

In the clothing supply chain, we've given 'Buying Ethically' training, run in conjunction with ETI, for relevant buyers. New colleagues to the business have attended awareness sessions, run throughout the year.

Within our wholly-owned supply chain we've developed a poster campaign, a screen saver and media screen campaign in eight languages, to raise awareness across all of the UK sites. Additionally, at the start of 2018, key HR colleagues attended Stronger Together workshops on modern slavery and colleague representatives completed Stronger Together e-learning.

Training and awareness

Supply chain training and awareness

In 2017, Walmart launched the Responsible Sourcing Academy Training Portal, which is accessible through Walmart's corporate website. The portal provides suppliers and their facilities with tools and training opportunities designed to influence continuous and sustainable improvement.

Asda continues to sponsor the Stronger Together initiative, an alliance working to reduce the risks of forced labour and human trafficking by developing and providing guidance, tools and training for suppliers. In 2017 Walmart worked in collaboration with Stronger Together to create a new e-learning module, ("Tackling Forced Labour in Global Supply Chains") to help suppliers and colleagues understand the nature of forced labour in supply chains and to identify possible indicators and risk factors. The online training is available free of charge for all suppliers via the Responsible Sourcing Training Portal.

All relevant colleagues will be required to undergo the training in the first half of 2018. Another role-specific training module is being developed for any colleagues who are required to recruit as part of their role and will be rolled out from May 2018.

At the start of 2018 we further reinforced our expectations around modern slavery to the top 25 suppliers in our integrated supply chain and will continue to engage with them on this topic. A supplier conference is held at the start of every year for these suppliers and a specific presentation was given on forced labour and modern slavery at the start of 2018.

Monitoring and reporting

Asda expects all of its colleagues, suppliers, contractors, consultants and other service providers to act in a manner consistent with Walmart's Statement of Ethics. We expect that any suspicions or concerns related to modern slavery are reported immediately to our anonymous ethics helpline, 24 hours a day, 365 days a year.

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Progress indicators for 2018/19

Over the next twelve months, Asda and its subsidiary companies will continue to work with suppliers and partners to embed programmes designed to prevent and tackle modern slavery. Specifically, we will:

- Assess sourcing risk down to primary production in key fresh produce supply chains
- Complete 2nd tier supplier mapping in selected supply chains
- Introduce a toolkit for our recruitment agencies focused on tackling modern slavery
- Review the training provided to agency colleagues and all hiring managers
- Ensure all relevant colleagues complete the e-learning module 'Tackling Forced Labour in a Global Supply Chain'
- Continue to review all service suppliers in relation to modern slavery including specifically construction, facilities and catering suppliers

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