Asda welcomes the transparency required under the Modern Slavery Act 2015. Awareness of instances of slavery, servitude, forced labour and human trafficking (collectively, modern slavery) is increasing. 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 believe that the transparency encouraged by this reporting process supports such collaboration.

Asda employs 153,000 colleagues in its 645 stores, 31 depots, 10 processing factories, 8 home shopping centres and 4 home offices across the UK, working closely and collaboratively with suppliers and service providers in Europe, North and South America, Africa and Asia. Asda is part of the Wal-Mart Stores, Inc. (Walmart) group.

Asda has long been committed to prohibiting modern slavery from within our operations and supply chain. Our colleagues have been made aware of the importance we attach to integrity and doing the right thing. Colleagues are encouraged to report any incident of ethical concern they perceive, including allegations of forced or bonded labour, child labour or human trafficking. No country or industry can be considered immune to the risk of modern slavery and everyone, including responsible business, has an obligation to take steps to guard against such risks.

“As we will play a leadership role in promoting the dignity of people who make the products we sell. Those who work in our supply chain should be recruited and employed responsibly.”

Doug McMillon, Walmart Chief Executive Officer,
Net Impact Conference, 4th November 2016
Policies

Asda has implemented policies and procedures that are designed to support the highest standards in ethical and responsible business practices. These include our:

• Statement of Ethics; and
• Standards for Suppliers.

Asda expects all of its colleagues, suppliers, contractors, consultants and other service providers to act in a manner consistent with the Statement of Ethics. The Statement of Ethics details the expectations for Asda’s culture and behaviour, including the importance of acting with integrity, and prohibits “threats to human life, slave or forced labour, human trafficking, or child labour.” Any such allegation must be reported immediately using established procedures which include a confidential, anonymous whistleblowing hotline available globally 24 hours a day, 7 days a week. The whistleblowing policy allows concerns to be raised by colleagues, ex-colleagues, contractors, suppliers and customers. Upon joining Asda, all colleagues receive the Statement of Ethics and have to confirm their understanding. In addition, and as detailed below, Asda provides annual training on the Statement of Ethics to key employees, including to all managers.

The Standards for Suppliers share more details regarding Asda’s expectations of suppliers and their factories, including the ethical treatment of workers, workplace safety, environmental responsibility, and appropriate business practices. Regarding voluntary labour, they specifically state the following – “All labour must be voluntary. Slave, child, underage, forced, bonded, or indentured labour will not be tolerated. Suppliers shall not engage in or support trafficking in human beings.” In addition, Asda expects suppliers not to restrict a worker’s freedom of movement by stating in the Standards for Suppliers, “Workers must be allowed to maintain control over their identity documents.”

In addition to the above internal policies and expectations, Asda through Walmart seeks opportunities to engage external stakeholders in embracing broader industry-wide policies. As a member of the Steering Committee for the Leadership Group for Responsible Recruitment, Walmart advocates for the Employer Pays Principle in order to drive positive change in the way migrant labour is recruited. We have also played a leading role in developing and rolling out the Consumer Goods Forum’s Forced Labour Priority Industry Principles.

Jan Saumweber, Walmart Vice President of Responsible Sourcing,
4th November 2016
Assessing risk & due diligence

In order to mitigate and manage potential risks, we assess operations to support fair and responsible labour sourcing, including risks of modern slavery. We have policies and procedures on employment conduct and recruitment which are cascaded across all locations and operations.

In relation to contractors providing us services, we have carried out additional due diligence to mitigate the associated modern slavery risk. We engage a responsible third-party to source all our third-party workers. We have agreed on a modern slavery policy and statement with our service provider, and our service provider takes steps to help ensure that all third-party agencies sign up and act in accordance with our shared policy and statement. We have also taken steps to promote strong awareness regarding the importance of supporting responsible recruitment that helps address modern slavery risk. We have also implemented an annual compliance review of each agency with our service provider that includes a modern slavery review, which helps ensure that appropriate action can be quickly taken if issues are found.

Asda sources from a diverse supply chain that is monitored as part of Walmart’s global Responsible Sourcing Programme which has, for many years, worked to create an ethical and sustainable supply chain by working together with suppliers, auditing production facilities and participating in multi-stakeholder collaborative initiatives. More details on this Responsible Sourcing Programme can be found in the recently released Walmart 2017 Global Responsibility Report.

We take a risk-based approach to auditing, using data compiled by the World Bank to determine the risk category of disclosed facilities based on indicators of good governance in the country where the facility is located. For suppliers seeking to produce goods for Asda from facilities within our disclosure scope, factory details must be disclosed to enable risk assessment. Supplier sites in higher-risk countries are required to undergo a prequalification audit in advance of us placing any order. Facilities in higher-risk countries may also undergo additional training or special programmes to reduce the risk of noncompliance in facilities.

Existing Asda suppliers are subject to audits according to the same risk-based approach. All facilities within the scope of our Responsible Sourcing Programme must be disclosed to us and available for an audit. Through this audit process we work to identify risks and improve worker conditions in the supply chain including, amongst other issues, improper or unfair recruitment practices, which could be indicators of incidents of forced labour, human trafficking or modern slavery. Where issues are identified, we will investigate, and appropriate action will be taken, which may include cessation of business if appropriate.

To further supplement our risk assessment and due diligence, we have engaged specialist third party agencies to help us assess the risk of modern slavery in global supply chains and review our initiatives. In situations of higher perceived risk, we have established or joined initiatives to help address the issue of modern slavery. Presently, examples of these include the following:

- We are working with the supplier 2 Sisters Food Group, Ethical Trade Initiative (ETI) and the British Poultry Council to address the potential risks in the poultry industry;
- We are collaborating with our supplier Princes Group and ETI to help reduce risks of exploitation of seasonal labour in the tomato industry in Southern Italy;
- We are active members of working groups run by ETI to address modern slavery risks among refugees working in Turkey’s garment sector, migrant workers in the Leicester garment trade, and women millworkers in Tamil Nadu; and
- The Gangmasters and Labour Abuse Authority addressed our food suppliers at a forum in 2016 to raise awareness of the risks of modern slavery in their supply chains.
Training

All colleagues receive training on the Statement of Ethics upon their induction into Asda, and all senior Asda colleagues (managers and above) must complete ethics training annually. In addition, we communicate regular reminders across the business to all colleagues in relation to our expectations on acting ethically. We have delivered awareness training to 1024 colleagues on Responsible Sourcing, including elements of modern slavery.

Asda has supported broader awareness raising in its supply base through our commitment to the Stronger Together workshops which are designed for UK industry sectors whose businesses and UK supply chains are characterised by a high proportion of migrant workers undertaking unskilled and irregular work. To date 721 Asda suppliers have attended these workshops.

Changing the system

In addition to the potential risks identified in Asda’s supply chain, we are working as a part of the Walmart group to transform systems to promote a more responsible recruitment approach globally. Asda and Walmart are collaborating with a number of organisations to drive this transformation, including:

• Collaborating with the Consumer Goods Forum Social Sustainability Committee to create shared understanding through the Priority Principles on Forced Labour;
• Continuing to work with the Leadership Group for Responsible Recruitment to increase demand for responsibly recruited labour and supply of ethically sourced labour;
• Participating as an Advisory Group Member to create a new multi-industry, multi-stakeholder effort called the Responsible Labour Sourcing Initiative (RLSI) as an initiative of the Electronics Industry Citizenship Coalition (EICC);
• Learning from experts, NGOs and other leaders to discover the best ways to identify and mitigate modern slavery risks in both Asda’s operations and supply chain, including participating in the BRC Ethical Labour Working Group and the BRC Responsible Sourcing Working Group; and
• Developing industry approaches to modern slavery by cultivating relationships with relevant stakeholders to implement projects across high-risk industries beginning in seafood, produce, and electronics.

You can read more about these efforts in Walmart’s 2017 Global Responsibility Report.
Reviewing progress

Supply Chains can change over time for many reasons, and the threat of modern slavery can continue to evolve and change. We intend to continue to monitor and review our controls that guard against the risk of modern slavery and we will have regard to the following metrics which will be shared and reported in next year’s statement:

- Training of colleagues and managers within Asda;
- Actions by third-party vendors to help mitigate modern slavery risks;
- Activities relating to increased transparency, monitoring and mitigation of higher risk areas of the supply chain; and
- Training for suppliers to increase awareness and identify forced labour risks.


Signed by Sean Clarke, Chief Executive, May 2017