



# **Modern Slavery Statement**

## **Beaufond Plc**

**“Beaufond knows that the most serious and hidden risks of human rights abuses, such as modern slavery; tend to occur further down the business”**



## **Preface:**

The Modern Slavery Act 2015 (the 'Act') which came in to force on 29<sup>th</sup> October requires business to state the actions that they have taken during the financial year to ensure modern slavery is not taking place in their operations and trade customers.

Sec 54 of the act requires organisations that supply goods and services and have a consolidated Global Turnover of Sterling pounds 36 million per annum or more to prepare a human trafficking statement for each financial year. All bodies' corporates and partnerships that meet the turnover requirement will be caught, regardless of where they are incorporated, if they carry on any part of their business in the UK. Notably, organisations that primarily pursue a charitable or educational aim have not been excluded from the requirements.

Beaufond Plc has more than USD 1 billion mn turnover is fully committed to play the part in eradicating modern slavery. The company firmly advocates for transparency and collaboration to eliminate the risks of modern slavery.

This statement refers to the financial year ending 30<sup>th</sup> June 2019 and for the financial year 2019-20. It sets out the steps taken by Beaufond's trading and distribution businesses to prevent modern slavery and human trafficking in the operations of trading business that has all over the world.

Our commitment is embedded in the Beaufond code of Ethics and Corporate Governance Policies which are formulated already. The plan builds on the works that have been doing over many years and is about running the business in a way that makes a positive contribution to their staff, stakeholders, customers and communities. The company's human rights strategy, which covers the most serious labour challenges to workers, is central to the plans 'products' pillar and the business activities.

We believe that our trade with people through various establishments across the countries, should have a positive impact, creating jobs and opportunities for people all over the world. We have thousands of direct and indirect suppliers/ buyers who grow and move hundreds of raw materials / thousands of finished products in their life cycle, across the global. We also work with a number of stake holders and customers who help run our centres at various places in several countries keep our offices and working places clean, secure, and much more. This gives us the opportunity to promote respect for human rights and to make a positive impact on people's lives. Starting with our own business operations and then increasing the visibility that we have on our global business trade; we have worked to identify actual or potential risks of modern slavery and ensure remediation for any victims.

The statement is prepared for the first time and will continue for every year. In the next 12 months we will continue to strengthen our approach to managing the risk of modern day slavery within our business and ensure our strategy is responsive to changing risks. We also intend to take further action in our International business trade and operations. We are fully committed to playing our part in eradicating modern slavery Risks and firmly advocate for transparency and collaboration to eliminate the risks of modern slavery.



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## I. Introduction:

Beaufond Plc's statement of modern slavery refers to the financial year ending 30<sup>th</sup> June of ever year. It sets out the steps taken by the company's trade and distributing businesses to prevent modern slavery and human trafficking in our own operations. We publish our first time 'Modern Slavery Report 2019-20' and the Report has particularly focused on:

- Strengthening our work in the areas of greatest risk.
- Building a holistic approach that includes victim support.
- Awareness-raising and capacity building of our internal teams and our suppliers/ agencies

The company has evolved into a market-trading and distribution international business, with operations across six continents connecting fifty countries and Territories with strong team of Management and employees handling over and above 1000 products in its life cycle – connecting and businesses that touch the lives of millions across the globe. At the heart of everything our colleagues do is our core purpose – to serve customers a little better every day.

## II. Our Business

The Modern Slavery statement is based on these values:

- We treat people how they want to be treated
- Every little help makes a big difference

We believe that our trade with people across the countries and source that have a positive impact, creating jobs and opportunities for people all over the world. We have thousands of direct and indirect suppliers/ agencies who grow and move hundreds of raw materials across global supply chains. We also work with a number of other partners who help run our distribution centres, keep our offices and stores clean and secure, and much more. The scale of these supply chains, upstream and downstream, gives us the opportunity to promote respect for human rights and to make a positive impact on people's lives. Starting with our own business operations and service providers, and then increasing the visibility, we have worked to identify actual or potential risks of modern slavery and ensure remediation for any victims.

Beaufond has the vision - to be a top global distribution company that provides the best products and services to its customers and creates a business environment that is appreciated and valued by its customers, employees and other business partners, Mission - to combine the strength of our Global partners expertise, experience and innovation to advance in the worldwide success of our business verticals and Values - We value doing what's right and demand honesty, maintenance of confidentiality and adherence to professional standards of excellence. We strive to understand our clients' requirements and meet or exceed their expectations with high-quality deliverables and service. We are flexible and always look for proactive, responsible solutions to ensure client satisfaction.



Beaufond's business model is based on leveraging the company's excellent relationships with customers, employees and other business partners and the producers across the globe and using its seamless supply chain management experience and network to provide world class service to end customers. Their main focus is on physical trade.

The Company's business model is into three verticals:

- Chemical and Medical Consumables,
- IT and Multimedia,
- Other Merchandise,

In geographical sales distribution, the company has steadily grown its portfolio of clients and has major presence in Asia, Africa, Europe and US.

Beaufond has the future planning of setting up a clear direction for the next 5 years which incorporates structured financial consolidation and disciplined growth in sales, exploring new avenues for growth, and maintaining our commitment to sustainable business development. As a dynamic company, we recognize that our success depends on our ability to grow; therefore, we have been pursuing investment opportunities, particularly in pharma sector, which allow us to optimally use the knowledge and experience available in-house within Beaufond company.

### **III. Policies on Modern Slavery:**

At the heart of our approach to human rights are a number of important internationally recognised declarations (like international bill of Human Rights – comprising the Universal Declaration of Human Rights, the International covenant of Economic, Social and Cultural Rights and the International covenant on Civil and Political Rights), standards and codes. These are the foundations for how and where we work, and include:

- **The UN Universal Declaration of Human Rights**
- **The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work**
- **Rights at Work**
- **The UN Guiding Principles on Business and Human Rights**
- **The UN Global Compact**
- **The Base Code of the Ethical Trading Initiative and**
- **Our general employment policies and practices covers Beaufond as an employer and aim to ensure that they are consistent with or go further than the Universal Declaration of Human Rights**

Our approach to addressing modern slavery sits within wider human rights agenda. Our strategy is supported by our Code of Business Conduct and Human Rights policy which applies to the Beaufond and sets out our obligations to the stakeholders and communities in our business. We take any breach of our policies or allegations extremely serious. We provide independent and confidential 'Protector Lines' that enable our [Buyers](#), suppliers, agencies and staff around the world to raise concerns.



In our first Modern Slavery Statement we particularly focused on:

- Strengthening our work in the areas of greatest risk.
- Building a holistic approach that includes victim support.
- Awareness-raising and capacity building of our internal teams and our suppliers/agencies.

Our human rights strategy is led by Chief of HR and General Manager (Operation), reporting to the Chief Executive Officer. Governance of our human rights work sits with the Board's Corporate Governance Committee.

Performance against our policies, including on modern slavery, and insights from 'Protector Line' are also reviewed by the Risk Management Committee chaired by the Independent directors assisted by Chief of Risk, Legal and Compliances, Chief of HR, plus the Sales and Purchase Managers.

#### **IV. Our Counter parties in High Risk areas:**

With counterparties in many countries transacting across a broad range of products, our client base is diverse and includes multinational corporations. Many of our counterparties have their own extensive and diverse client lists. This essentially, connects us with more businesses worldwide and therefore it is important that our counter parties and indeed their counterparties share our commitment to human rights. In regards to Modern Slavery, our primary focus is on those areas where our operations exist in higher risk locations, particularly emerging economics and less developed countries.

In order to mitigate potential human rights violations, Beaufond has a robust due diligence process that aims to ensure that we only work with appropriate clients who operate in an ethical way.

#### **V. Due diligence processes**

Over the past one decade we have put in place a due diligence process, in line with the International Guiding Principles on Business and Human Rights.

This process was developed in consultation with all our stakeholders, including suppliers/agencies, trading and distribution customers, civil society groups and the Ethical Trading Initiative, and government bodies and agencies and Labour Abuse Authority (GLAA) to our strategy development.

Risks of modern slavery are dynamic and can change quickly. We regularly reassess and respond to the potential and actual risks in our business. Our 15 dedicated Responsible Managers in the Risk and R&D in our sourcing hubs in UAE, Hong Kong, Cayman Island and UK lead this work, alongside our commercial and quality sourcing teams.



To do this effectively we use our five stage due diligence framework outlined below:

- (a) Establish a broad prospective beyond our immediate Trading and distribution business,
- (b) Determine priority based on areas of highest risk and through intelligence gathering,
- (c) Identify the process of avoiding or mitigating risk,
- (d) Define methods of rectifying abuses and remediating any victims and
- (e) Developing learning strategy allowing us to consider new information.

Our human rights strategy is regularly updated to reflect the outputs of our due diligence process. This statement is the product of the past 12 months our assessment of risk in different sectors, countries that has continued to evolve.

In the month of April 2019, we also launched a new audit policy focusing on higher risk countries, regulations and trading and distribution behaviours. Also we continue to build our understanding of risk by watching for broader labour trends that is important. We continue to monitor trends and work with suppliers/ agencies to mitigate the risk of forced labour.

#### **VI. Tackling Risk factors in modern slavery - our business:**

In our own operations, the majority of our staff are employed in various countries with different labour rules, regulations and policies. The greatest risks of modern slavery exist for workers not in permanent employment, for example in loading, unloading, cleaning and security roles etc.

We review all our service providers annually to identify those with the highest potential risks of modern slavery. This is based on evolving risk in the sector, their employment type – permanent / temporary, the level of skill involved in the work, wages, and our visibility of the service provider.

This process has enabled us to reconfirm the priority sectors from 2018 – 19 and for 2019-20:

- Agency labour in our trading and distribution operations,
- Workers in security and cleaning roles for our offices and our related sites,
- Other contract workers like car drivers etc,
- Workers in the warehouse , shipping yards,
- Independent workers within our distribution operations and
- Workers employed by 3rd parties within rented space

Based on the risk to our business, we have continued implementing our ethical auditing and code of ethics with procurement suppliers/ agencies and customers. Our dedicated corporate office is responsible for sourcing Team work closely with labour suppliers/ agencies, including all service providers, and our internal staff Team to help spot potential indicators of modern slavery.



We have also arranged training with our Distribution and Fulfilment Managers on spotting the signs of modern slavery. Also we have expanded the use of our Recruitment Charter to internal staff teams as well as additional labour providers in the UAE. This prohibits recruitment fees being charged to workers and sets out our expectations with regards to other areas, such as accommodation standards.

All our service providers (Agencies), including labour providers, attended refresher training that included modern slavery and minimum wage legislation which reduced the risk of trafficking and are prohibited from actively recruiting from outside of the UAE without prior agreement from Beaufond. We work collaboratively with service providers

to help ensure all temporary workers receive a reasonable number of paid hours each week and have the opportunity to transfer to permanent employment when vacancies arise.

We are planning to work alongside other major trade and distribution members to develop an ethical trade strategy for goods suppliers/ agencies with an initial focus on labour providers. The objective of the working group is to create new tools and guidance for members as well as share expertise.

In our international businesses, we have engaged with our labour providers (Agencies) on our recruitment principles. In all the countries we operate, have a common Recruitment charter outlines best practice to recruit directly which significantly reduces the risk of exploitation from these region

#### **VII. Tackling Risk factors in modern slavery - our Regions:**

We assess the potential human rights' risks of our business by considering the country of origin where we are sourcing products or raw materials from. We use our internal designed risk ratings to inform this, combined with our own understanding of labour rights and human rights risks in our key sourcing sectors. As we handle 1000 products with their own cycle, we are focusing on as part of our broader responsible sourcing strategy.

As the next stage of our risk assessment, we consider the type of work being carried out (mechanical vs. manual) and the type of labour (seasonal, permanent through suppliers / agency) and stakeholders, our own experience indicate that there are likely to be higher risks of slavery where there is a manual process. Also the risks can be compounded where work is seasonal rather than year round. This is because manual processes are labour intensive and tend to rely on unskilled labour. Seasonal work also tends to rely on labour providers which cause complexity. Migrant or refugee workers tend to be at even higher risk because they are more likely to lack support networks, particularly where they may not be legally registered in the country of work.

We also gather intelligence about emerging risks through our strong relationships with local stakeholders of each region like NGOs, organisations such as the Ethical Trading Initiative, the Consumer Goods Forum. Campaigners and media investigations that can also play an important role in helping us identify where some of the biggest risks lie.





Our Responsible Sourcing Managers across 6 continents and 17 key sourcing countries, all local to their country of operation, are well placed to gather on the ground intelligence through their own grassroots networks. This combined risk and intelligence approach helps us identify where the most salient and material risks are in our business.

We have adopted a 'three pillar' approach to our human rights' work as a whole0 - These are also relevant for our work to tackle the risks of modern day slavery:

**(a) Assurance Programmes:**

To reduce the risk of Slavery in our supply chain through audits and certification schemes.

**(b) Improvement Programmes:**

To address systemic issues which cause or contribute to Slavery and

**(c) Employment Programmes:**

To work with wider community to reduce people's vulnerability to modern Slavery;

## **VIII. Assurance**

In regular we review and update our audit programme for trading and distribution business. While well conducted - audits can play a useful role in identifying some human rights abuses that they are only one part of the answer. We have therefore focussed audit on high risk locations whilst focussing most resource on alternative approaches.

In line with this approach, annual audits of our direct suppliers/ agencies' and customers' sites are required in high risk countries only. In addition, we also ask for 'upstream' audits (that go beyond our direct suppliers/ agencies and buyers) for priority supply / distribution chains. For example, sites in high risk countries are audited to grower level. Sites are audited by recognised audit bodies and are supported to address any non-compliance by dedicated responsible sourcing Managers and technical Managers. When we receive intelligence through ethical audits or our Protector Line, we immediately investigate. Where our suppliers/ agencies and buyers identify possible indicators of modern slavery within their own operations, we support and monitor their investigations.

One issue we monitor (particularly) closely in key sourcing countries is that salaries are paid on time and in full. We do this because we know how important it is for workers, and also because ensuring workers are not in debt means they are less vulnerable to any risk of forced labour.

Through our own checks, we occasionally find cases where this has not been the case. This may happen for a number of reasons. Where we identify a shortfall in payment, we require suppliers / agencies to pay back any avoided wages. In the rare occurrence that agencies do not agree, we look to exit our relationship with them in a responsible manner.



We work hard with suppliers/ agencies to obtain visibility of supply chains beyond first tier. In addition to our own mapping efforts with our suppliers/ agencies, we also use certification to provide additional visibility and assurance of our sourcing. This won't solve endemic issues such as modern slavery on its own but is an important tool.

### **IX. Improve**

Working in partnership with others is vital to addressing risks of modern slavery, particularly further up the supply chain where our direct commercial leverage is diluted. Over the past 12 months we have continued to engage in a number of multi-stakeholder improvement projects to tackle systemic issues. Examples include:

This is where workers are recruited through contracts under which they are paid a lump sum at the end of a three-year period, and have restrictions placed on their movement; leaving them vulnerable to abuse (Tamil Nadu is a state in India where these practices prevail). We have continued to monitor our direct suppliers/ agencies closely and work through the Ethical Trading Initiative to ensure this practice does not exist.

We propose to hold workshops with all our direct suppliers/ agencies in various regions to introduce a supply chain mapping tool. We have also plan to undertake 11 site visits to value added process sites and where we have concerns and conduct additional due diligence.

### **X. Network for Ethical Trade**

Beaufond together with the suppliers/ agencies and other retailers, launched a platform developed to support collaboration throughout supply chains and to look at what comes 'after audits', including addressing priority risks such as modern slavery. There are currently three work streams

- Risk Assessment – a tool designed to look at risks within composite products (using more than one ingredient)
- Collaboration on priority areas of risk – working with suppliers/ agencies and retailers, who have identified common risks in their supply chains
- Supply Chain Engagement – working with suppliers/ agencies and retailers to understand the best ways of engaging workers, suppliers/ agencies, growers, farmers and labour agencies further down the supply chain

### **XI. Migrant labour:**

We continue to participate in the ethical trading initiative Working Group in the regions to mitigate the risk of exploitation through illegal recruitment practices, including indebtedness and coercion in the work places. The group has four work streams, focusing on:

- Responsible Recruitment
- Mapping existing initiatives and understanding the legal context
- Exploring avenues for international advocacy
- Remediation and due diligence



We are also exploring how our learnings can be replicated across in the region. Beaufond has been supporting work to better understand forced labour issues in all the regions and then to develop and implement a set of actions that can take to drive change, alongside NGOs, governments and other key stakeholders.

Any highest risk supply chains are monitored independently. The key focus is on enabling workers to raise their own concerns and ensure they are addressed which is crucial for the empowerment of migrant workers who are often vulnerable to exploitation.

Through multi-stakeholder partnerships, the suppliers / agencies have been able to reduce labour risks and strengthen recruitment practices. They are now able to provide support to more number of workers and across some institute partners, the working conditions of over few victims of forced labour that have also been transformed into decent work in the past years. Key to this has been allowing worker's voice to lead the identification and resolution of labour issues, but also because the institute provides technical support to suppliers/ agencies to develop solutions around complex issues such as exploitative recruitment, debt bondage, and safeguards for workers in the absence of functioning grievance mechanisms. Alongside the workers' voice channels, management interviews, workplace assessments, and worker interviews have also been conducted at various regions and further will continue in future.

## **XII. Empower**

Wider issues such as poverty, conflict and environmental disasters can make workers in our supply chains, as well as their families and communities, more vulnerable to trafficking and exploitation. By working with our suppliers/ agencies and grassroots organisations in the community, we can play a role of helping to reduce this vulnerability. We contribute to number of targeted interventions with key vulnerable groups. Two examples are outlined below.

### **(a) Preventing trafficking of women**

Through our company's support, we have continued to improve opportunities for children's education in the regions we trade and eradicated child labour that reduce their vulnerability of trafficking and abuse. To date the programme has:

- Reached the community members to protect children from all types of violence, abuse and exploitation,
- Equipped the girls with the knowledge and life skills that will help them secure a better future and reduce their vulnerability to violence, abuse and exploitation and
- Influenced national, state and district governments to protect children and review policies affecting women and children living in the communities.



We have completed a mapping exercise of all our agencies in each country of origin. All of our suppliers/ agencies are either certified by the competent authority or audited by the ethical stakeholders. We then ranked each including responsible sourcing. The rating has been used to inform our suppliers' sourcing strategy to incentivise overall improvement, as well as identify key partners to develop partnerships.

### **(b) Supporting Survivors of Trafficking:**

Regular, safe work is an effective way of reducing the risks to individuals of being re-trafficked and exploited. In partnership with the experts, we have continued to explore how we can support victims of trafficking and modern day slavery back into work. First and foremost, there is a need to support victims and empower them with relevant resources, developmental opportunities and choices, before they can successfully re-enter a working environment.

Beaufond also works with NGOs together to organise one day workshop where Human resources experts provided a workshop focusing on career, CV and job application advice, along with the importance of dignity at work for female survivors of trafficking. This formed part of the 'Foundation Day' Confidence and Employability programme.

Also we trialled a programme that supports women who have been are at risk of domestic violence, forced marriage and honour abuse. The two week programme provided with work experience and a guaranteed interview for jobs upon completion.

This programme resulted in two women securing full time employment as well as domestic abuse training for our colleagues and partners, and increased confidence and skills for all the candidates.

Raising awareness of modern day slavery both within our business and our supply chains is an important part of our strategy. We know that identifying potential and actual cases requires upskilling colleagues and suppliers/ agencies to understand the drivers of modern slavery as well as the possible indicators.

### **XIII. Training Programmes**

This year we ran targeted training for the Supervisory staff in our business, which are in direct contact with workers which includes:

- Stronger together training for field managers
- Responsible sourcing training (which covers the issue of modern slavery) for buying and procurement Managers,
- Creation of modern slavery e-learning module for all the Senior Management and
- Tailored modern slavery training for our internal auditors and staff in the corporate office.

Improving labour standards in our supply chains is a responsibility share with our suppliers / agencies. This year our 'beyond audit' approach has continued to help build capacity with our suppliers and agencies. We have developed Responsible Sourcing Guidelines for suppliers and agencies that detail how they can develop their own strategies to ensure human rights throughout their supply chain are respected.



We have developed joint responsible sourcing plans with our most strategic suppliers. These plans sit alongside our commercial buy and sell plans, and supplier performance is assessed across responsible sourcing, technical and commercial KPIs. The integration of these plans helps ensure suppliers are recognised for good performance.

We require all suppliers, including service providers such as labour agencies, to attend Stronger Together training. Beaufond has also supported the expansion of Stronger Together to attend training in the coming year. Normally in the recent years, the impact assessment 96% of business respondents said that Stronger Together had increased their understanding of what modern slavery is and 90% stated that it has helped them to prepare and manage potential situations of forced labour and the same continues in future also.

In addition to publishing this Modern Slavery Statement, we report annual progress on our human rights programme to the Beaufond Risk Management Committee. This includes any critical breaches of our policies, the results of ethical audits, and progress against our commitments to sustainably source priority raw materials. We share a series of 'heat maps' to ensure that members of the Executive Management including the CFO and CEO have a strong overview of risks and effectiveness. These heat maps set out the number of supplier sites that have across each market in high risk countries and the level of ethical oversight we have at each site.

We also monitor data pertaining to the training of our staff and suppliers on modern slavery. We have now trained over 80% on modern slavery. We receive quantitative feedback on all the training we deliver.

#### **XIV. Own business and operations**

- Provide tailored modern slavery training to Supply Chain, Procurement (buying and selling goods) and Team Managers,
- Roll out bespoke modern slavery training to the regions in priority modern slavery hotspots,
- Continue to identify opportunities to support the reintegration of victims of modern slavery into both our own operations and supply chain,
- Continue to work with our international businesses on using the NGOs and other forums
- Priority trade principles to identify and mitigate against forced labour.

#### **XV. Supply chains**

- Our revised approach has proved successful in providing greater visibility of high risk supply chains. We will continue to work with our suppliers and agencies to ensure our policy is effective in managing risk and driving improvements within our supply chain
- Build a greater understanding of the use of migrant labour in our supply chains in order to develop a strategy for empowering the communities linked to our supply chains, where we know there is a risk of modern slavery



## **XVI. Monitoring our effectiveness in combating - Modern Slavery and Human Trafficking**

In order to maintain high standard of integrity at Beaufond, we encourage the principle of openness and speaking up to report instances where practices are not deemed ethical. We have robust whistle blowing procedures in place, through which the stake holders are free to raise concerns about the behaviour or conduct of Beaufond employees / clients. Grievances are made in confidence and anonymously to the Chief of HR.

## **XVII. Conclusion**

We are proud of the steps we have taken to combat any risk of Modern Slavery and human trafficking being present in our business. We will be continued to be vigilant and we remain committed to improving our practices further in this area in future years.