



MODERN SLAVERY STATEMENT

FINANCIAL YEAR ENDING 29 DECEMBER 2018

Purpose

This statement has been published in accordance with section 54 of the Modern Slavery Act 2015. It provides an update on the steps that Greggs plc ("Greggs") has taken during its financial year ending on 29 December 2018 to further its commitment to prevent modern slavery and human trafficking within its business operations and supply chains. It also outlines Greggs' ongoing pledge to mitigate the risk of modern slavery in its supply chain over the coming years.

Our Commitment

We do not tolerate any form of slavery, forced labour or human trafficking; whether directly within our own business or within the operations and activities of our suppliers, business partners and wider supply chain, whether within the UK or overseas.

We build our business on the basis of seven core values; enthusiastic, supportive, open and honest, appreciative, fairness, consideration and respect. These core values shape everything that we do as a business and how we interact with our stakeholders.

As such, we are committed to taking steps to ensure that slavery, forced labour and human trafficking does not take place within our business operations or our supply chain.

Our Structure, Business and Supply Chains

The structure of our business has not changed since the previous financial year. We are one of the leading food-on-the-go retailers and brands in the UK, selling a range of traditional bakery products, sandwiches, hot drinks, sweet treats and other food-on-the-go products. We stand for great tasting, freshly prepared food that our customers can trust, at affordable prices.

We own and operate a vertically integrated supply chain, responsible for the sourcing, production and distribution of our products up to the point of sale in our shops. We trade from a growing estate of retail outlets which, at the end of 2018, totalled 1,953 shops (1,691 of which are directly operated by us) located throughout the UK. Our retail outlets are supported by a network of regional production facilities and distribution centres, a fleet of our own delivery vehicles and a directly employed workforce of approximately 21,000 people; serving millions of customers each week.

The Greggs brand is also represented by a number of franchise partners, operating from 262 retail outlets across the UK and we also operate a frozen food wholesale arrangement with Iceland Food Limited.

For the financial year ending 29 December 2018, we announced an annual turnover of £1,029.3 million and pre-tax profits of £89.8 million.



Our Policies and Procedures

We first implemented our Anti-Slavery and Human Trafficking Policy in 2017, shortly before the publication of our first modern slavery statement. Over the coming financial year, we plan to review, update and refine this policy as modern slavery issues and practices develop.

In addition to refining our Anti-Slavery and Human Trafficking Policy, we also plan to implement a Procurement Policy and a Supplier Code of Conduct in the coming financial year. Together, these documents will set minimum standards for our suppliers in relation to their own due diligence procedures and the steps that they must take to eliminate modern slavery within their business operations.

We also have a number of general policies and procedures that support our Anti-Slavery and Human Trafficking Policy throughout the different areas of our business, including the following:

- Recruitment Policy;
- Equal Opportunities and Dignity at Work Policy;
- Whistleblowing Policy;
- Anti-bribery and Corruption Policy;
- Business Conduct Policy; and
- Employee Handbook.

We are also in the process of implementing a modern slavery reporting mechanism, whereby our employees, suppliers, business partners, customers and other interested parties can raise any genuine concerns or suspicions that they may have about our procurement, recruitment or working practices, in complete confidence. The implementation of this reporting mechanism should be completed in the coming financial year.

Our Workforce

All of our people working within our company operated retail shops and central office support functions are directly employed by Greggs. Occasionally, for special projects, we contract work from consultants or short-term contractors.

Our supply chain workforce (including those working within our production, distribution and logistics teams) are made up of a mixture of direct employees and those supplied via third party agencies (approximately 10%).

We recognise and work with the Bakers, Food and Allied Workers Union (BAFW), the Union of Shop, Distributive and Allied Workers (USDAW) and the United Road Transport Union (URT), who represent our employees working in our retail outlets, production and distribution centres and our logistics teams.

Given the nature of our vertically integrated supply chain, which includes 11 production and distribution facilities, we have identified that this area of our business represents a potential risk of modern slavery occurring, because:



- it involves labour for volume food production;
- a proportion of this workforce is comprised of migrant workers; and
- a proportion of this workforce is comprised of temporary agency works.

Across our supply chain sites, we work with a number of agencies supplying temporary workers, whether for delivery driver roles or as bakery operatives. These agency workers support our core directly employed workforce during seasonal periods of peak production or to cover short term labour shortages. The agencies that we work with are all reputable national or international organisations and we rely on them undertake adequate checks to ensure that the labour provided does not pose a risk of modern slavery.

However, in order to put in place additional safeguards, we are in the process of designing an awareness training programme which will be delivered via our “G-Learning” internal development portal. We intend to roll out this training to the management teams at each of our production and distribution facilities. This training is intended to help our local site production managers and supply chain people managers, who interact with our production workforce on a daily basis, to:

- identify some of the basic physical signs of modern slavery;
- assess whether these signs give rise to a suspicion of any of our agency workforce being exposed to a risk of modern slavery; and
- deal with any suspicions in an appropriate way, whether by reporting this internally or via the relevant authorities, such as the Modern Slavery Helpline or the local police force.

Procurement and Supply Chain

Our Procurement team is split into areas of spend and our purchasing managers are responsible for sourcing aspects of supply within their category, in addition to ensuring the performance of suppliers is of a satisfactory standard.

We procure our raw ingredients, finished products, equipment and other goods not for re-sale from third party suppliers. Parts of our logistics and manufacturing operations are outsourced to third parties and we also outsource some routine services, such as contract cleaning and private refuse collection.

Previously, we reported that we had introduced a new section to our SAP/Ariba supplier pre-qualification questionnaire, a further extract of which this can be found at **Appendix 1** to this statement. As at the date of this statement, of the 1,643 approved businesses currently listed in our SAP/Ariba system, approximately 1,156 have now fully completed the Ariba registration process (including the ‘Modern Slavery’ questions), which represents a 70% completion rate as against a 64% completion rate reported in our 2018 statement.

We analysed of the responses to our ‘Modern Slavery’ questions for the 989 approved business that we are actively trading with, which showed the following responses (please refer to **Appendix 1** which details these specific questions):



Yes to Question	Q7.3	Q7.4	Q7.5	Q7.6	Q7.4 -7.6	Q7.3 – 7.6
No. Suppliers	466	131	94	82	50	49

All suppliers that answered “Yes” to Q7.3 were asked to place themselves into various sub-categories, depending on the product or service that they supply or the industry that they operate in. Although there are some limitations with this approach (suppliers may have differing interpretations as to which sub-category they fall within), the following types of suppliers were identified as falling within the industries regarded as representing an increased risk of modern slavery occurring:

- Food and beverage;
- Farming and fishing;
- Apparel;
- Industrial cleaning services;
- Building and construction;
- Industrial production and manufacturing services;
- Transportation and storage services; and
- Management and business professionals and administrative services (this category includes temporary worker agencies).

Given the nature of our business, operating within the food industry, the above list of supplier types is not unexpected.

Two of the obvious commodities we would regard as representing a higher risk on the basis of the use of an agricultural workforce and the locations that they are sourced from are coffee and tea.

Coffee

We source coffee from Columbia, the “Central Basket” (which includes Peru, Honduras and Guatemala) and Vietnam via an intermediary trader, who is required to adhere to the “Fairtrade Trader Standard”. Coffee traders are required to be aware of the applicable labour laws in the countries they trade in and of the fundamental International Labour Organisation (ILO) conventions. Relevant ILO conventions related to modern slavery covered by Fairtrade include: Forced Labour Convention, 1930 (No. 29); Abolition of Forced Labour Convention, 1957 (No. 105); Minimum Age Convention, 1973 (No. 138) and Worst Forms of Child Labour Convention, 1999 (No. 182).

By working in partnership with Fairtrade, our supplier is aware that coffee communities continue to be marginalised and vulnerable people, living in poverty and having a low income. These are all factors that are known to increase the risk of forced or child labour. According to labour rights organisation Verite, there is a risk that coffee is produced with child labour in Columbia and Vietnam. The Responsible Sourcing Tool shows that in Peru, workers in agricultural sector are at risk of being exploited in forced labour.



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Due to this risk of forced or child labour in the coffee supply chain of the countries we source from, our supplier is working in partnership with Fairtrade to mitigate the risks of violations against ILO conventions 1930, 1957, 1973 and 1999 related to forced and child labour.

For example, compliance with Fairtrade standards (and through the Fairtrade Small Producer Standard and Trader Standard relevant ILO conventions) is monitored closely by FLOCert, an independent company accredited for Fairtrade certification by the International Organization for Standardization (ISO). Coffee producer groups are supported on the ground by Fairtrade Producer Networks in addressing any issues arising in real time, with mechanisms in place to investigate and act on allegations of breaches. Any alleged breaches can be safely reported to Fairtrade or to FLOCert, who can then take appropriate action.

In addition, by working in partnership with Fairtrade, our supplier is seeking to address the underlying issues which can be drivers of human rights abuses. Coffee farmers receive at least a Fairtrade minimum price, which aims to cover the average costs of sustainable production, or the market price, whichever is higher. In addition, producers receive a Fairtrade premium, which they can invest in their own development, according to their needs. Both the minimum price and premium help to alleviate poverty and increase the incomes of coffee farmers and their families, which in turn helps to reduce the risks of forced and child labour occurring in these communities.

Tea

Following a re-tender of our supply of tea in 2017, during which our tender process involved a detailed list of questions (in addition to our basic pre-qualification questionnaire), our supplier has been able to demonstrate the following policies and procedures:

- they have in place a "Stronger Together" initiative, which includes their own internal policies on preventing hidden labour exploitation, training of staff, awareness posters and undertaking third party agency audits. They also insist that the agencies they use sign up to their "Stronger Together" Recruiter Compliance Principles;
- they have contacted other parties in their supply chain to make them aware of the requirement to ensure compliance with their own Ethical Trading initiative;
- they work with external organisations, including Fairtrade (as required by Greggs);
- in respect of their agency recruiters, they undertake audits every six months and regularly carry out unannounced worker interviews;
- Bureau de Veritas (SEDEX – SMETA 2 Pillar) and SAI Global undertake unannounced audits of their site operations every year. The tea they purchase is required to be 100% Fairtrade, so all suppliers are audited by FLOcert regularly. They ensure any tea purchased is Fairtrade certified by regularly monitoring certification status; and
- SMETA Ethical audits of their UK site are completed by Bureau de Veritas on an unannounced yearly basis. In turn, their own tea suppliers are audited by FLOCert on a yearly basis.

Developing Our Approach to Supplier Due Diligence



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Building on our experiences over the past few years, we are developing a new, tailored approach to our supplier due diligence processes, to help us better understand the risks in our supply chain. We are aiming to implement our new due diligence processes within the coming financial year.

Moving away from the 11 Anti-Slavery and Human Trafficking questions currently included in our pre-qualification questionnaire (that every supplier must answer), we plan to re-structure the questionnaire; with supplier's selecting the industries they operate within from a dropdown menu. Depending on the industries selected, the supplier will be asked further relevant questions, which will assist us in identifying whether products themselves (or their components), ingredients or commodities come from a list of pre-defined high-risk countries (as set by the Global Slavery Index). We will also include an additional question requesting that the supplier directs us to a copy of their latest modern slavery statement.

This approach, together with the implementation of our 'Procurement Strategy' document (to be implemented in tandem with the revised questionnaire) will allow us to deepen our understanding of our supply chain and in turn, highlight any potential risks. Our 'Procurement Strategy' will outline Greggs' processes towards identifying and managing potential modern slavery risks and will include a segmentation 'Pyramid' model.

Where it is identified that a supplier is high or medium risk, appropriate action will be taken, in line with our 'Procurement Strategy'. This categorisation will assist us in prioritising the engagement and monitoring of higher risk suppliers and allow us to allocate our resource effectively.

Operating Board Statement

This statement covers the financial year ending on 29 December 2018 and has been approved by the Operating Board of Greggs.

Roger Whiteside

Chief Executive

28 March 2019



Appendix 1 – SAP/Ariba Questionnaire Extract

7. Anti-Slavery and Human Trafficking

7.1 What Country is the Organisation registered in?

7.2 Do you comply with the International Labour Organisation Covenants of the countries you operate in?

Yes - All countries	Yes - Some countries	No
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7.3 Does the Organisation operate within any of the following industries:

Agriculture or Farming	Electronics
Mining and Minerals	Food Processing
Garments or Textiles	Construction
Fishing or Seafood	Logistics

7.4 Does the Organisation operate within any of the following Countries, or, so far as the Organisation is aware, are any goods, products, services or a component part of them, sourced from any of the following Countries:

India	North Korea
China	Russia
Pakistan	Nigeria
Bangladesh	DR of Congo
Uzbekistan	Indonesia

7.5 Does the Organisation operate within any of the following Countries, or, so far as the Organisation is aware, are any goods, products, services or a component part of them, sourced from any of the following Countries:

Egypt	Thailand
Myanmar	Ethiopia
Iran	Iraq
Turkey	Philippines
Sudan	Mexico

7.6 Does the Organisation operate within any of the following Countries, or, so far as the Organisation is aware, are any goods, products, services or a component part of them, sourced from any of the following Countries:

Afghanistan	Syria	Nepal
Tanzania	Cambodia	Ukraine
Colombia	South Africa	Peru



Yemen	Algeria	Morocco
Japan	Uganda	South Korea

7.7 Please identify the relevant goods, products, services or component part that is sourced from the countries listed in the previous questions. Please ensure you reference which country they are sourced from and provide details of the supplier or sub-contractor supplying the relevant goods, products, services or component part.

7.8 Using the options provided please state that:

- (i) The Organisation has made reasonable enquiries and so far as it is aware, neither the Supplier nor any of its directors, officers and employees:
 - a. been convicted of any offence involving slavery, forced labour or human trafficking whether in the United Kingdom or any other jurisdiction;
 - b. been or is the subject of any investigation, inquiry or enforcement proceedings by any governmental, administrative or regulatory body regarding any offence or alleged offence of or in connection with slavery, forced labour and human trafficking, whether in the United Kingdom or any other jurisdiction.

Agree	Disagree
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7.9 Using the options provided please state that the Organisation has implemented appropriate and proportionate due diligence procedures and checks for its own suppliers, sub-contractors and other participants in its supply chain and to the best of its knowledge and belief, is not aware of any incidents of slavery, forced labour or human trafficking taking place in its supply chain in respect of any goods, products, services or component part supplied to Greggs.

Agree	Disagree
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7.10 Using the options provided please state that the Organisation maintains a complete set of records to trace the supply chain for all goods, products, services or component part supplied to Greggs and shall make such records available for inspection by Greggs upon request.

Agree	Disagree
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7.11 Using the options provided please state that the Organisation undertakes to:

- (i) notify Greggs as soon as it becomes aware of any actual or suspected slavery, forced labour or human trafficking in its supply chain in respect of any goods, products, services or component part supplied to Greggs;
- (ii) fully co-operate with Greggs in respect of any investigation, audit or site inspection arising from any actual or suspected incidents of slavery, forced labour or human trafficking in any supply chains in respect of any goods, products, services or component part supplied to Greggs.

Agree	Disagree
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