

MODERN SLAVERY STATEMENT 2017

This statement has been published in accordance with the Modern Slavery Act 2015. It sets out the steps taken by Nice-Pak during year ending 1 April 2018 to prevent modern slavery and human trafficking in its business and supply chains.

In the past year we have continued to increase the depth and breadth of our work on Modern Slavery, deepening our understanding of risk, and ensuring we have in place the most effective responses to that risk.

Key areas of focus in 2017/18

Refining our understanding of Modern Slavery risk, and identifying new tools beyond mainstream social audits

Deepening the partnership with our sub contract labour partners to further reduce risks of Modern Slavery

Reviewing our supplier audit process

Our Business and Supply Chains

Nice-Pak manufactures products for leading retailers and international brands.

We source materials and distribute finished products on a global basis. Our extended product supply chains are extensive and global, numbering hundreds of suppliers from 14 countries. These countries are:-



★ Countries from which we source raw materials
Not details on this map are lower tier manufacturers and primary processors used by our suppliers – e.g. yarn and fabric processors.

We have identified 76 suppliers as Tier one. This 76 (including Directed purchase suppliers) is made up of 18 Chemical suppliers (those where our spend > £100k) 14 Non Woven, 44 Packaging.

In addition to this statement, our annual CSR report provides further details on our approach as a responsible employer and manufacturer.

Governance Structure

We seek to have a responsible and compliant approach to Modern Slavery, with appropriate and well-communicated policies, a due diligence programme based on risk assessment and effective follow up, an appropriate level of employee and supplier education with a strong emphasis on partnerships and stakeholder dialogue and transparency.

Our Modern slavery work is supported and overseen at Director level. Of particular note, our Supply Chain and HR Directors fully appreciate and support the fact that their roles encompass key responsibilities with regards to Modern Slavery.

Our Human rights and Modern Slavery Policy was considered and approved by our Board of Directors and is signed by our CEO.

We continue to develop our management capacity and knowledge on Modern slavery across our business. During the last 12 months, we have focused our attentions on developing the knowledge of first line supervisors, in particular educating them about the signs of slavery within our sub contract labour pool.

During the year, to further strengthen our governance, in particular on suppliers, we took the decision to create a new role within our quality team, dedicated to supplier management. The person undertaking this role will work in conjunction with other internal stakeholders and processes such as procurement to undertake both face to face and remote audits. A core component of these audits will be ethical trading and human rights compliance.

Alongside the management of our supply chain, the area of sub contract labour has been an area of focus for us during 2017. We have worked closely with our suppliers to ensure that avoidance of modern slavery is further embedded in their processes. In particular, Acorn, our largest temporary labour supplier have a dedicated compliance team who continuously review their processes and application of them. Both Acorn and Bond are members of the Stronger Together partnership initiative and we conduct annual audits on their processes.

Our approach to Modern Slavery is continuously reviewed by external auditors as part of our CEDEX membership. During 2017, four SMETA and customer specific ethical audits were undertaken across the UK facilities.

Policies and Contractual controls

We have a number of policies in place relevant to Modern Slavery, all of which are considered and approved at Director level.

This includes our Human Rights and Modern Slavery policy, our code of conduct and our grievance policy. Our approach to suppliers is encompassed in our supplier assessment procedure.

We updated our standard supplier agreements for new suppliers in 2017 to include obligations under the Modern Slavery Act, 2015. This includes risk assessment, controls

and the requirement to notify us as their customer if they identify any practices that are not compliant. We will extend this to all existing tier one suppliers during 2018.

All suppliers are required to comply with the principles outlined in our Modern Slavery policy. Our supplier questionnaire details the areas that they must be compliant on:-

- Provide employees with good working conditions, fair treatment and reasonable rates of pay; and
- Respect workers human rights and comply fully with all applicable laws including the Modern slavery Act 2015

In the past year, as our understanding of Modern Slavery has grown, we have developed our policies and procedures with input from suppliers, external auditors and stakeholders, to better set out our expectations on several areas we know to be linked to Modern Slavery; in particular recruitment processes, passport/identify document retention and third party labour providers.

We are committed to continue our work on responsible recruitment practices and better management of third party labour providers as part of our broader effort to eradicate Modern Slavery.

Assessment of Modern Slavery risk within our supply chain

The manifestations of Modern Slavery are complex and hidden, and in order to prioritise activity, we need a strong risk assessment in place. In 2017, we have refreshed our risk assessment process.

Inputs into the risk assessment have included supplier questionnaires and surveys, desk based research, supplier engagement and discussions with stakeholders including customers (who determine our suppliers in some instances).

Based on our risk assessment, we continue to consider our non woven supply chain to be our highest risk areas, for reasons of social and political factors.

Our risk assessment also considers the UK Governments assessment of countries. We have identified the highest risk countries for our product supply chains are India and Turkey (non wovens). We are aware of increased risks in Turkey, for instance, due to the significant number of foreign migrants that may be vulnerable to exploitation. For this reason, we will ensure that face to face audits are conducted either via NPI resources or third party auditors on site with any current or considered Turkish suppliers.

Due Diligence and Assessment of Suppliers and Supply Chain

Having established risk, it is important that we conduct due diligence within our supply chains and operations to understand whether there is evidence of Modern Slavery issues, and whether there are sufficient controls in place.

For some time, we have had a requirement that all new and existing suppliers have completed to our satisfaction our supplier questionnaire, which includes aspects relating to ethical trading. In addition, we express our preference for tier one suppliers to be members of SEDEX and therefore participate/undertake regular third party SMETA audits.

It should be noted that, where our contractual relationship with customers is via directed purchase i.e. our customers identify the suppliers that we source from; our expectation is that these customers will have carried out due diligence on their suppliers. Our focus is on suppliers that we identify and manage.

During 2017-18, these assessment processes identified no non-compliances against the areas raised.

However, we recognise the limitations of these assessment tools and in-order to have effective Modern Slavery due diligence, we need to undertake other methodologies as appropriate. In the past year, our due diligence has included:-

- Nice-Pak visits to a number of our material and packaging suppliers
- Partnership approaches and collaboration – such as Stronger Together, sub contract labour compliance team audits.

Looking forward, we will consider making it a requirement of our sub contract labour providers to participate in the “new” Clearview assessment process.

The flow chart below summarises our staged approach to supplier assessment and selection.



Modern Slavery Training and Education

During 2017 – 18, we have focused on building the knowledge of our first line Managers and Supervisors to have increased responsibility for understanding and mitigating Modern Slavery risk.

Basic human rights awareness has been provided to first line supervisors across our UK sites and all members of our Executive team are made aware of any on-going developments in our drive to eradicate Modern Slavery. In particular, any learnings from SMETA or customer specific ethical audits are shared amongst both the management and across the workforce as appropriate.

We continued to promote the Stronger Together programme via notice boards and communication screens. To ensure understanding amongst our sub contract labour team, all Stronger Together posters and literature/communications are translated into multiple languages.

Our approach to Human Rights and Modern Slavery is also a core component of the NPI induction process.

Alongside our promoting and communication of the Stronger Together initiative, we continue to promote customer specific whistleblower procedures, including contact telephone numbers.

A core element of our training programme is to ensure that our Works Council members understand our obligations under the Modern Slavery Act, 2015 and understand the business's approach in relation to both Modern Slavery and Human rights. For this reason, we have spent time with the reps at our UK sites to make sure that they do have this understanding/awareness and feel equipped to support both employees and temporary workers if they identify a risk area.

All members of our procurement team with responsibilities for sourcing have undergone training with *CIPS* on responsible and ethical sourcing.

All new staff (both temporary and full-time) are advised of the business's approach to addressing modern slavery risks during their inductions. The training is focused on raising their awareness of the signs of modern slavery and what options are available to them in such instances.

Whilst we do not conduct our own direct training with suppliers, we do seek to continuously remind and re-educate them of our approach with regards to Modern Slavery and our expectations from them. We also encourage them to attend the Stronger Together, supply chain training.

Partnerships

We recognise the crucial role of partnerships in tackling Modern Slavery. It is important that when we participate in partnerships, we are clear on the role they play and the value they add. In the past year, we have continued, or built, partnerships with the following organisations either directly ourselves or via our sub contract labour providers:-

Sedex – We are a tier B member. As part of our membership, we receive regular updates from Sedex regarding the ETI standard and SMETA audit requirements

Stronger together – We have received training from the Stronger Together initiative and receive regular updates. Acorn are a Business Partner

Gangmaster and Labour Abuse Authority – Acorn and Bond (our temporary labour suppliers) are fully licenced with the Gangmasters Licensing Authority