BUSINESS STRUCTURE

Alsico Laucuba Ltd continues to design and supply uniform clothing and workwear to many organisations in the UK. This clothing usually provides protection for the uniform wearer and Alsico sells to laundries who rent the clothing to other companies but also to distributors who sell the clothing on to others and also larger industrial companies who buy direct for their employees. Meltemi Ltd is a subsidiary of Alsico and it specialises in sales to organisations working in the health and care arena. These include the NHS, private hospitals and residential care home groups.

In 2019, both businesses developed sales with brands outside the previous range of customers, whose teams wear a wider range of clothing and where the garments include a logo to support brand recognition. We expect growth in these areas and are seeing increasing interest from all types of organisations but especially those involved in the travel industry, services related to social care and those involved in childcare.

Our Tier Two suppliers that supply raw materials and accessories are manufactured in Bangladesh where our requirements are a relatively small % of the total production output available from these factories.

In early 2020 but we expect to be an important supply partner going forward. It has also given us the opportunity to create new fast response production and to emulate the skill and efficiency levels already available to us in Morocco.

During 2019 and in conjunction with our group-owned factories, we have moved some production from Laos to Madagascar to create some more capacity for Laos that will allow them to further develop business in both Europe and the Middle East. This has meant that we have been heavily involved in up-skilling the workforce in Madagascar and also increasing worker numbers there too.

We have also been part of the development of new production facilities for the Group in Tunisia. These are just starting to come on-stream in early 2020 but we expect to be an important supply partner going forward. It has also given us the opportunity to create new fast response production and to emulate the skill and efficiency levels already available to us in Morocco.

Other product groups such as knitwear and outerwear continued to be manufactured in Bangladesh where our requirements are a relatively small % of the total production output available from these factories.

Our workforce in the UK continues to be made up of permanent employees employed directly by Alsico or Meltemi in either full or part-time roles with contracted hours.

Employees in manufacturing locations used by us are also permanent employees, again employed directly by the manufacturing company. There is no requirement for seasonal workers, no use of homeworkers and any migrant workers are recruited and employed directly by each factory. We do allow factories to use sub-contractors but these are all registered with us and we include their locations in our monitoring activities.

In 2019 we made a change in Board structure in order to add a Board member with specific responsibility for human rights at work, modern slavery and wider sustainability issues. This has given more prominence to these issues and furthered understanding by the Board of how we might develop our policy, due diligence and objectives around modern slavery.

We also created a cross-departmental senior leadership team to ensure that all relevant teams are involved in our work around human rights including modern slavery. This means that UK HR, supply chain management, forecasting, buying, sourcing and procurement teams are all represented.

POLICIES

Policies that recognise the risk of modern slavery in some areas of our activity guide our work. These include our Ethical Trading policy and those that provide guidance for recruitment and procurement. Each of these is aligned to the ETI Base Code and takes it’s lead from the guidance supplied by the ETI.

Currently our Ethical Trading policy instructs our work activity to identify, remove and prevent slavery within our supply chain but in 2020, we plan to develop a specific policy that will guide us as we believe that this will further develop our work and create a clearer statement of intent for all our stakeholders.

In 2019, we undertook awareness building with all our UK staff in understanding and recognising the risks of modern slavery in our own organisation and supply chain. To support this training we provided staff and suppliers with a written guide which defines and gives tips for recognising risk in their own organisations and communities and in the case of suppliers, other organisations in their own supply chains.

This educational work has been recognised by our stakeholders as valuable and innovative for a business of our size. This year we were shortlisted for the Thomson Reuters Stop Slavery Award (SME’s) and our work in developing wider understanding of the issue was praised.

Alsico became a foundation member of the ETI in 2019, joining Meltemi which has been a member for 5 years and looks forward to playing a positive part in the members’ discussions and contributing to working groups in the areas of modern slavery. We expect this activity to drive continual improvement and best practice around this issue.

Our close relationship with NHS Supply Chain developed through our work on the NHS Labour Standards Assurance System means that we receive regular assessment including an independent annual audit of our work around modern slavery.

In 2019 we have worked to maintain and develop partnerships with our suppliers to ensure transparency and compliance around modern slavery issues. We provide clear guidance for suppliers through our guide notes that cover supplier monitoring procedures and termination of agreements to supply.
These detail what will happen if we identify non-compliance. Each supplier continues to need a clear understanding of the first principle of the ETI Base Code - Employment is freely chosen - and this has formed a key part of our practical activities to monitor and continually assess compliance in our supply partners.

Policy review and development continues to be embedded in the KPI's for our Sourcing and Compliance Manager in Alsico and our Head of Supply in Meltemi. The ownership and signoff for all our policies in this area of work lies with these managers and the Director with responsibility for Ethical Trading and Sustainability.

Assessment of supplier and contractor policies in the areas of ethical trading and modern slavery continues to be the responsibility of the managers described earlier. These are reviewed regularly and we look to assess practices as part of our continual monitoring of suppliers.

**RISK ASSESSMENT**

We continue to recognise the inherent risks of modern slavery associated with garment production and the geographical and cultural areas in which we manufacture. The majority of our manufacturing takes place in group-owned units and here we are more confident that the risks of modern slavery are fewer but outside of these factories we have identified the salient risks for the business:

- Production units in Bangladesh with sub-contractors
- Manufacture in Mauritius where migrant labour is commonplace
- Small scale production in Europe with limited HR resources in place

In order to mitigate these risks we have established risk assessment projects that look at the two areas related to risk of modern slavery – recruitment practices and employment contracts along with opportunity for worker voice. These projects seek to assess current practice in all our Tier 1 factories and are managed within the team described previously. We review the risk of modern slavery within our supply chain at Board level on a regular basis. This takes the form of a modern slavery register of our supply chain with support from the Global Slavery Index.

At Board level, we ensure that we understand the degree of risk and we discuss and agree the extent of organisational leverage available to us and how we may be able to address the priority risks.

**DUE DILIGENCE**

Our current HR due diligence processes are integrated fully with our work to identify, remove and prevent modern slavery in our own businesses and those organisations within our supply chain. There is a robust recruitment process that ensures that all workers in the UK are recruited and employed directly by the business. Where it has been necessary to take on temporary staff, we do this for a minimal period and use an agency where we have a long term and transparent relationship.

In our supply chain, we have instigated projects to understand recruitment processes and have taken evidence of employment contracts to ensure that all workers are employed directly – the expert guidance that we receive tells us that this is one of the most effective ways to prevent modern slavery.

Our work in these areas is supported by regular independent audit to ensure compliance with our agreed policies and the ETI Base Codes but we work hard to go well beyond audit and contractual compliance and our projects are designed to create improved outcomes for workers within our supply chain.

In 2020, we implemented an incident response plan that provides clear guidance on actions that must be taken in the event that an incident of modern slavery is discovered. This defines actions and who is responsible for implementation. It also gives guidance on ensuring that we and our supply chain takes responsibility for managing grievances and providing remedy in these circumstances.

**EFFECTIVENESS AND KPIs**

The Board of Alsico Laucuba Ltd continues to be committed to identifying, removing and preventing modern slavery and has continued to ensure that the resource and capacity required for all our work to support human rights at work is not only made available but that it is successful and sustainable.

We recognise that our business model requires garments to be manufactured in factories at arm’s length, where cost is a key part of the decision to choose a particular supplier and that this could create a risk of modern slavery.

In order to remove this risk, we have created a robust system to assess, monitor and measure our supply chain using a detailed risk assessment tool that is supported by regular site visits by our own teams and independent auditors. Every supplier has a risk rating that is formally reviewed every six months and we set key objectives and measures of improvement for our own business and all those in our supply chain.

Our progress to improve human rights within each part of our supply chain is assessed twice each year and the findings discussed with suppliers so that we can agree the next steps towards our objectives.

**TRAINING AND CAPACITY BUILDING**

Our on-going review of supplier practices achieved through desk top research along with factory visits and independent audits continues to be instrumental in feeding our learning into our business practices.

All staff in both UK businesses trained around the issue of modern slavery by taking part in practical workshops and receiving written guidance and we will train again in 2020 in order to explain not only our progress but where we believe risk is still visible.

Our supply, sourcing and product development teams have been trained to understand how our business practices can encourage the degradation of human rights at work – again through workshops - and how modern slavery can be more of a risk where transparency and sound working practices are not upheld.

We have provided information and guidance around identifying, removing and preventing modern slavery to the management teams at all of our suppliers and some have used our materials to guide their own supervisory staff and inform workers’ groups of our commitment.

We have not trained workers in supplier factories ourselves. We have continued to use ETI training workshops, seminars and online resources to develop our UK teams with responsibility for human rights at work and believe that our level of expertise is growing and compatible with the extent of our activities and risk.

In conclusion, we believe that our activities around the issue of modern slavery meet the core standards of ILO guidance and the ETI Base Code and that our work is both robust and sustainable.

We have not identified evidence of modern slavery or human trafficking within our immediate supply chain but we recognise that the risks are inherent in the locations and in the industry in which we work. We know that in order to reduce those risks, we must have a robust process in place that continually monitors and assesses the changing landscape that is our supply chain, the resource in place to do that work diligently and effectively, and the willingness to assess our progress with transparency.