



Modern Slavery and Human Trafficking

Statement 2016/17

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Modern slavery refers to any form of slavery, servitude, human trafficking or forced labour, which represent some of the severest forms of human rights abuse. In Cerealto, we have a 'zero tolerance' policy to these violations and we are committed to taking the necessary actions if any of these is identified within our business or supply chain.

This statement is made according to the 'Modern Slavery Act of 2015' of the British Legislation and sets out the measures we are undertaking to prevent this situation from happening.

Our business operations

Cerealto is a global private label food manufacturer, supplying products to large distribution chains and multinationals in the B2B sector.

Cerealto operates six factories located in Portugal, Italy, United Kingdom and Mexico for the manufacturing of more than 10 categories of products, including baby cereals, biscuits, cereal bars, breakfast cereals, pasta, bread, snacks and gluten free goods, which are traded in over 40 countries worldwide.

As of December 2016, we represent an employment source for 860 people: 206 structure, 467 direct workers and 187 indirect workers.

Our policies

We have created internal procedures to secure our business is conducted with ethics at all times:

1. Corporate policies and rules - These codes set our position on several topics including 'Ethical and Responsible Management', 'Human Resources', 'Health and Safety', among others, as well as our expectations in regards to our workers' behaviour. The corporate policies and rules are communicated to all workers upon their incorporation to Cerealto, during their onboarding programme, and they are also placed in visible spaces in all our work centres.
2. Talent acquisition policy. We operate according to the local policies of the countries in which we are present, including conducting verification of eligibility to work and handing copies of employment contracts, to confirm workers are not being subject of any form of forced labour or human trafficking.
3. Speak Up service. We implemented a confidential reporting service to mitigate the risks of fraud and misconduct, through which our workers can denounce irregularities without fear of reprisals. We are committed to investigate and follow up all allegations and to provide an answer to the reporter in less than 28 working days.
4. On March 01, 2016, we upgraded our membership to SEDEX, an online database which allows members to store, share and report information with regards to Labour Standards, Health and Safety and Business Ethics, among others, to mitigate risks and improve practices within their supply chains. By December 2016, 100% of the factories we owned were subscribed to the platform.

Risk assessment

At Cerealto, we can confirm that 100% of our direct workers provide their services voluntarily.

- All workers are above the age of majority.
- All workers are eligible to work in the countries in which they provide services.
- All workers sign a contract upon their incorporation to our Company and are given a copy.
- All workers are paid at least with the national minimum wage and according to the local Collective Bargaining agreement if applicable.
- All workers' working hours and vacations are respected.
- Extra shifts or extra hours are voluntary and paid to factory workers, when applicable.

Nonetheless, as we operate in the agrifood business, we are aware that a high-risk area in our supply chain could be represented by our raw materials suppliers.

Therefore, we have undertaken the following additional measures to prevent any kind of situation related to forced labour or human trafficking:

- We have created a Sustainability Committee which has the responsible management of the supply chain as one of its key priorities.
- We work with local suppliers to create wealth in the local communities in which we operate.
- Our Supplier Approval System includes exclusive social and environmental criteria.
- Since January 01, 2016, we have a Suppliers Code of Conduct that all suppliers and contractors must be adhered to in order to work with us. Suppliers are obliged to meet the principles, values and rules defined in this code, in respect to human and labour rights, and report any breach as and when detected. To that end, suppliers must report such situations through the regular channels or by email to ethics.compliance@cerealto.com, which has been created for this purpose. Moreover, we undertake to investigate and follow-up on all reported cases of potential illegal or unethical activities. If such cases are found to exist, Cerealto takes all necessary steps based on the seriousness of the claim, which may range from the implementation of corrective measures to termination of the commercial relationship.
- We have started to request our suppliers to also adhere to SEDEX platform. The service contemplates auditing them if non-conformity is detected with human rights principles or labour rights criteria, among others. We have set the objectives of having 100% of our suppliers subscribed to the platform by 2020.
- Cerealto's SQUAD team, composed of representatives from Supply Quality, executes audits twice a year to our suppliers from the Southern Europe region to monitor their compliance with our policies and business ethics. They are also responsible of the vigilance of all aspects related to food quality and safety and the control of potential incidents. Our goal is to extend this initiative to all the regions in which Cerealto operates.

Training

During 2017, all workers will receive a training on how to use our whistleblowing service, so they can properly denounce any irregularities confidentially and without the fear of repression, and consequently the Company will be able to mitigate risks and react to any circumstance on its early stage.

Our performance indicators

We are currently determining the appropriate KPIs to make sure that our mechanisms are enough to prevent irregularities within our business or supply chain.

Approval for this statement

This statement was approved by Cerealto's Steering Committee on March 2017



Rut Aranda
Cerealto CEO
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