

## **Annual Statement: Modern Slavery and human trafficking**

### **Introduction**

This Statement sets out Red Funnel's actions taken to understand all potential modern slavery risks related to our business and to ensure that there is no slavery or human trafficking within our operations or our supply chains. This statement relates to actions and activities during the financial year [1 January 2016 to 31 December 2016].

We recognise that as we operate within the travel, leisure and retail sector, we have a responsibility to take a firm and robust approach to slavery and human trafficking. We are fully committed to preventing slavery and human trafficking in our corporate activities, and to ensuring that our supply chains are free from slavery and human trafficking.

### **Organisational structure and supply chains**

Red Funnel is the 'Original Isle of Wight ferry operator', currently carrying 3.4m passengers and 0.86m vehicles every year. We operate services 365 days a year with 30,000 combined sailings between Southampton (UK mainland) and East and West Cowes (Isle of Wight). The fleet consists of modern purpose built passenger/vehicle ferries and Red Jet Hi-Speed passenger catamarans. A range of catering and retail services are provided at terminals on on-board vessels.

Throughout our sites in Southampton and on the Isle of Wight, we employ around 500 people in an extensive variety of roles, ranging from marine deck/engineering officers to hospitality/customer service personnel and business professionals.

The supply chain covers the entire business but predominantly focuses on two main areas: mechanical support of vessels, and food, beverage and retail procurement.

### **Countries of operation and supply arrangements**

Our services currently only operate between Southampton, Hampshire and the Isle of Wight.

### **High-risk activities**

Some of our food, beverage and retail activities require procurement of products that can originate either in high risk industries and countries (e.g. coffee beans) or high risk services such as contract cleaning and IT hardware. These activities are at heightened risk of slavery or human trafficking, so are managed with focus on ensuring anti-slavery measures are effective through. This is achieved by conducting site visits, not only to the supplier but in turn its suppliers. During 2016 and into 2017 the focus of these visits will be our food and beverage suppliers and their supply chain partners, including farms and production facilities.

#### **- Policies**

Individual Directors are responsible for putting in place policies relevant to their area of expertise and control. The Board of Directors will review these policies and the process for which they were developed, to ensure their accuracy and relevance are maintained.

We operate the following policies that describe our approach to the identification of modern slavery risks and steps to be taken to prevent slavery and human trafficking in our operations:

**MSA Policy Statement**

We actively seek to understand coerced worker ("slavery") issues within its normal supply chains and to eliminate malpractice;

**CSR Policy Statement**

We work with our stakeholder needs in view, seeking to minimise any harm which might be caused by our operations and we strive to be a caring neighbour, a responsible corporate citizen and a good employer;

**Whistle blowing policy**

We encourage all our workers, customers and other business partners to report serious concerns related to our direct activities, or to those of our supply chains. This includes any circumstances that may give rise to an enhanced risk of slavery or human trafficking. The whistle-blowing procedure is designed to make it easy for workers to make disclosures without fear of retaliation. Employees, customers or others who have concerns can use our confidential helpline to report any suspicions;

**Employee code of conduct**

This is incorporated within individual employment contracts and makes clear to employees the actions and behaviour expected of them when representing the company. We continually strive to maintain the highest standards of employee conduct and ethical behaviour at work and when operating and managing our supply chain.

- **Risk assessments**

In order to mitigate the risk of any human rights and modern slavery breaches, the HR Director will ensure that effective and relevant people practices and processes are in place and an annual Modern Slavery risk assessment on the business will be provided in the risk register. The Procurement Manager will also provide an annual risk assessment in the risk register on supplier activities and will assess new suppliers robustly in line with the guidelines.

- **Investigations/due diligence**

The HR Director or the Procurement Manager will take responsibility for carrying out due diligence and leading any investigation that may be required into known or suspected incidents of slavery or human trafficking.

- **Training**

Training and has been provided to the relevant Procurement and HR staff, Directors and Managers on the risks and responsibilities related to the identified slavery and human trafficking risks. This training covers:

- our business's purchasing practices;

- how to assess the risk of slavery and human trafficking in relation to various aspects of the business, including resources and support available;
- how to identify the signs of slavery and human trafficking;
- what initial steps should be taken if slavery or human trafficking is suspected;
- how to escalate potential slavery or human trafficking issues to the relevant parties within the organisation;
- what external help is available, for example through the Modern Slavery Helpline, Gangmasters Licensing Authority and "Stronger together" initiative;
- what messages, business incentives or guidance can be given to suppliers and other business partners and contractors to implement anti-slavery policies; and
- what steps we should take if suppliers or contractors do not implement anti-slavery policies in high-risk scenarios, including their removal from the organisation's supply chains.

- **Awareness-raising programme**

As a supplement to staff training, we have raised awareness of modern slavery issues by distributing flyers to staff and circulating a series of information guidelines across all areas of the business, explaining:

- the basic principles of the Modern Slavery Act 2015;
- how employers can identify and prevent slavery and human trafficking;
- what employees can do to flag up potential slavery or human trafficking issues to the relevant parties within the organisation; and
- external help available, e.g. through the National Modern Slavery Helpline, or the Whistleblower policy.

**Supply Chain: Supplier code of conduct**

We are committed to ensuring that our suppliers adhere to the highest standards of ethics. Suppliers are required to demonstrate that they provide safe working conditions where necessary, treat workers with dignity and respect, and act ethically and within the law in their use of labour. We work with suppliers to ensure that they meet the standards of the code and improve their worker's working conditions. However, serious violations of our supplier code of conduct will lead to the termination of the business relationship.

Our **Terms and Conditions for the supply of goods and services**, which suppliers are encouraged to trade against, clearly sets out what is and is not acceptable from a supplier.

**Performance indicators**

From June 2015, we have developed and implemented a system for supply chain verification, whereby we evaluate potential suppliers before they enter the supply chain. Furthermore, as part of an ongoing process, we will continue to review existing suppliers.

**Board approval**

This statement has been approved by the Board of Directors, who will review and update it annually.

**CEO signature:**

A handwritten signature in black ink, appearing to be 'Kevin George', written over a horizontal dotted line. The signature is enclosed within a large, loopy oval scribble.

**Name:**

KEVIN GEORGE

**Date:**

7<sup>TH</sup> JUNE 2017.