



Supply Chain Accountability

Eliminating Human Trafficking and Forced Labor

August 2015

Overview

Safeway-Albertsons is committed to being a business you can trust. Our vision is to be the premier retailer in the grocery industry, and we actively pursue growth through leadership in environmental, socially responsible and ethical business practices.

Corporate social responsibility is at the core of Safeway-Albertsons' operating philosophy, and it drives our dedication to People, Products, Community, and the Planet. Safeway-Albertsons is committed to conducting its business in a lawful and ethical manner and expects its suppliers to conduct themselves in the same manner.

This guide describes Safeway-Albertsons social compliance program as it relates to eliminating human trafficking and forced labor. The guide also outlines our expectations of suppliers in terms of being part of a comprehensive, transparent, and verifiable supply chain free of human trafficking and forced labor.

Safeway-Albertsons ultimate goal is to be part of a supply chain that is free of human trafficking, forced labor, child labor and all human rights abuses.

Who is this document applicable to?

This guide is for Safeway-Albertsons' Sourcing Personnel and their Suppliers.

How will this document be used?

The Supply Chain Accountability – Eliminating Human Trafficking and Forced Labor guide is a document that draws upon internationally established standards, regulations, and publicly available information from non-governmental organizations (NGOs), government organizations and other industry leaders on the topic of human trafficking and forced labor.

The goal of this guide is to convey Safeway-Albertsons understanding of human trafficking and forced labor risk in supply chains. It is also intended to communicate our expectations of our suppliers in terms of compliance with identifying and eradicating human trafficking and forced labor from their individual supply chains. This guide informs Safeway-Albertsons employees and suppliers of The California Transparency in Supply Chains Act (SB 657), what it means, how Safeway-Albertsons will adhere to such laws and how we will strive to go beyond compliance on the matter.

This effort is to drive meaningful change for victims of human trafficking and forced labor, and eradicate such issues and associated risks in our supply chain.

When will this document be used?

This document will be provided to Safeway-Albertsons Suppliers by Safeway-Albertsons Personnel. It should be referred to when Suppliers or Safeway-Albertsons Personnel have questions regarding Safeway-Albertsons position and expectations on the issue of eradicating human trafficking in the company's supply chain. This document will be a part of the *Supplier Sustainability Guidelines and Expectations*, which is updated quarterly.

What is Human Trafficking?

“Human trafficking” and “trafficking in persons” have been used as umbrella terms for the act of recruiting, harboring, transporting, providing or obtaining a person for **compelled labor** or commercial sex acts through **the use of force, fraud or coercion**.

‘Trafficking in persons’, according to the [Protocol to Prevent, Suppress, and Punish Trafficking in Persons, Especially Women and Children, Supplementing the United Nations Convention Against Transnational Organized Crime](#)¹ is defined as:

(a) “Trafficking in persons” shall mean the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability, or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude, or the removal of organs.

(b) The consent of a victim of trafficking in persons to the intended exploitation set forth in subparagraph (a) of this article shall be irrelevant where any of the means set forth in subparagraph (a) have been used;

(c) The recruitment, transportation, transfer, harbouring, or receipt of a child for the purpose of exploitation shall be considered “trafficking in persons” even if this does not involve any of the means set forth in subparagraph (a) of this article;

(d) “Child” shall mean any person under eighteen years of age.

¹ <http://www.unodc.org/documents/treaties/UNTOC/Publications/TOC%20Convention/TOCebook-e.pdf>

Human trafficking affects about 124 countries² and an estimated 20.9 million men, women and children worldwide³. Victims are trafficked both within and across international borders with migrants and internally displaced persons (IDPs) being particularly vulnerable. While exploitation can take many forms, the most common types are forms of sexual exploitation, forced labor and organ trafficking. In its 2014 report, the U.S. Department of Labor identified **136 goods produced with forced labor, child labor, or both, in 74 countries**⁴.

Key Facts⁵

- Almost **21 million people are victims of forced labor** – 11.4 million women and girls and 9.5 million men and boys
- Almost **19 million victims are exploited by private individuals or enterprises** and over 2 million by state or rebel groups
- Of those exploited by individuals or enterprises, **4.5 million are victims of forced sexual exploitation**
- It is estimated there are **hundreds of thousands** of people exploited in the **United States**, with most reported cases in **California, Texas, Florida, New York and Illinois**⁶
- Those who exact forced labor generate vast illegal profits
- **Domestic work, agriculture, construction, manufacturing and entertainment** are among the sectors most concerned
- **Migrant workers and indigenous people are particularly vulnerable** to forced labor

² https://www.unodc.org/documents/data-and-analysis/glotip/GLOTIP_2014_full_report.pdf

³ http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_182004.pdf

⁴ http://www.dol.gov/ilab/reports/pdf/TVPRA_Report2014.pdf

⁵ ILO Website, Forced Labor Facts and Figures: <http://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>

⁶ <http://www.polarisproject.org/media-center/news-and-press/press-releases/915-report-spotlights-human-trafficking-trends-in-the-us>

According to International Labor Organization's (ILO) latest survey, approximately 20.9 million individuals have been subjected to forced labor over the period from 2002 through 2011. Of those, 18.7 million (90%) are exploited in the private economy by individuals or enterprises. Out of these, 4.5 million (22%) are victims of forced sexual exploitation, and 14.2 million (68%) are victims of **forced labor exploitation**, in economic activities such as **agriculture**, construction, domestic work and **manufacturing**. The remaining 2.2 million (10%) are in state-imposed forms of forced labor, for example in prisons under conditions that violate ILO standards, or in work imposed by the state military or other groups.⁷

Human Trafficking in the Food Industry

Agricultural products constitute a large portion of the merchandise Safeway-Albertsons carries, in addition to beef, poultry and seafood products, processed and packaged foods and imported items. Therefore, it is important to address some key challenges particular to agricultural and other food production systems and supply chains.

Agricultural production systems vary widely from commodity to commodity and, for the same commodity, from country to country. Production can be highly concentrated, either in terms of number of operations or in terms of geographic location or it can be highly dispersed. Likewise, production units can range from large plantations with significant numbers of wage laborers to small farms employing mainly family members.

Supply chains for food products can also vary considerably in length. While some chains are relatively short with growers and producers selling directly to retailers or distributors, others may have many intermediate aggregators and processors between growers or producers and retailers. For instance, highly processed foods generally have

⁷ http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_182004.pdf

several intermediate ingredients, which are purchased in processed form before being incorporated into the final product.

In the United States, where Safeway-Albertsons is headquartered and does most business, agriculture is an industry considered higher risk for human trafficking and forced labor. Victims of this form of trafficking include U.S. citizens and legal permanent residents, undocumented immigrants and foreign nationals with temporary H-2A work visas. Safeway-Albertsons also sources some products and commodities from overseas, where regulations and labor laws may not be stringent and the reporting of labor violations may not be common.

The Business Case for Transparency and Traceability

Safeway-Albertsons believes that working towards a comprehensive, transparent, and verifiable supply chain free of human trafficking and slavery serves more than just meeting regulatory compliance. With growing public concern for [human rights](#)⁸ issues and exposure to risks involved for companies who do not consider these issues, it makes good business sense to address them proactively. Transparency and traceability practices like these can assist in other areas of the business as well, including food safety, opportunities for cost savings, and meeting consumer expectations for traceability.

A number of articles, reports and websites have linked instances of human trafficking to businesses, and some organizations have published websites where consumers can check on companies and their efforts in this matter. Safeway-Albertsons does its best to address consumer concerns, and is well aware that there is a potential reputational risk to companies when violations are featured in reports and published in the media.

We believe it is imperative that companies take proactive measures to become educated on the subject of, train their employees on, and take every step possible to combat human trafficking in all parts of their supply chain.

⁸ <http://www.ohchr.org/EN/Issues/Pages/WhatareHumanRights.aspx>

The California Transparency in Supply Chains Act – SB 657⁹

What is it?

In January 2012, California enacted the “Transparency in Supply Chains Act.” The law requires that companies which have annual worldwide gross receipts in excess of \$100 million and annual California sales exceeding \$500,000 to publicly disclose their efforts to eradicate slavery and human trafficking from their supply chains.

What is Safeway-Albertsons doing about it?

Safeway-Albertsons is committed to supporting the requirements of the law. We will disclose our efforts **to eradicate human trafficking and forced labor from our supply chain**. We have actively engaged our employees and suppliers in order to address these issues and to collaborate on finding solutions.

All of Safeway-Albertsons suppliers are **required** to fill out our SB 657 survey - *Human Trafficking & Forced Labor Risk Assessment* - to certify that the materials incorporated into the merchandise they supply Safeway-Albertsons comply with applicable laws regarding human trafficking and forced labor. The survey and some common questions and answers regarding SB 657 can be found at: <http://suppliers.safeway.com/>

⁹ <http://www.natlawreview.com/article/california-s-transparency-supply-chains-act>

It is required that the supplier:

- Answer **all** questions **truthfully** and **thoroughly**
- If necessary, **make demonstrable progress** on addressing and eliminating human trafficking and forced labor

Suppliers are also required to ensure that any subcontractor used in the manufacturing or distribution of any merchandise sold to Safeway-Albertsons complies with the same standards outlined in this guide.

Risk Analysis and Auditing – the First Line of Defense

We aim to trace and protect **all** labor in our supply chain as it relates to Safeway-Albertsons brands. Before awarding business to any supplier, Safeway-Albertsons requires suppliers complete our SB657 survey - *Human Trafficking & Forced Labor Risk Assessment*. Additionally, we use Dun & Bradstreet to review potential financial and social risk. Suppliers that are assessed to have higher risk in terms of forced labor, social risk and/or financial risk may be audited before business is awarded, or may not be selected for business.

Safeway-Albertsons is developing, on a risk-based basis, relationships with third-party auditors to review compliance of certain suppliers with international social accountability standards. We generally give suppliers 24-hour notice before audits; however, unannounced audits may also occur.

Our auditing process verifies, through staff interviewing, that there is not any abuse present or restrictions on freedom of movement after work hours. Using random sampling, we will also ensure that no personal ID, passport, or salary is withheld by the management from the employees.

Employee Education & Training

We communicate with and train our employees and independent contractors on what to look for in our supply chain and within their supply nodes as potential risk factors for human trafficking and forced labor.

In addition to posting our [publicly available disclosure statement](#)¹⁰ on SB 657, Safeway worked with the [United Nations Global Initiative to Fight Trafficking](#)¹¹ and [End Human Trafficking Now](#)¹² to understand the issue in early 2012. We collaborated with these organizations to acquire an eLearning course for Safeway's business leaders, managers and all other employees regarding the identification and prevention of human trafficking in business operations and supply chains. All employees in Safeway-Albertsons Supply Chain and Sourcing departments are required to take the eLearning training course.

In 2015, Safeway-Albertsons plans to make this eLearning course available to **all** of our suppliers, free of charge, for their use to **train their employees in their own organizations** on human trafficking prevention. We will encourage our suppliers to pass this training tool on to their own suppliers, with the ultimate goal of educating **all** members of the supply chain on their rights as employees as well as identifying and preventing human trafficking and forced labor.

Safeway-Albertsons also has an **Ethics Hotline** available for all employees. This hotline provides a way for Safeway-Albertsons employees to anonymously voice their concerns on issues they experience or observe around the workplace. There are separate numbers for each division of the company, and this service is available to all corporate, backstage and manufacturing employees.

¹⁰ <http://csrsite.safeway.com/home/report-overview/position-statements/>

¹¹ <http://www.ungift.org/knowledgehub/>

¹² <http://endhtnow.com/>

The hotline number can be found by logging into the [Safeway Employee Gateway](#) and navigating to:

- Departments → [HR Home](#)
- The Ethics Hotline number is listed on the right side of this page. Divisional numbers can be found by clicking the '[Ethics Hotline](#)' number in bold

Collaboration with NGOs

We are continually collecting information from all of our suppliers on how they manage their supply chain using the aforementioned SB 657 survey. In 2013, we partnered with [nContext](#) to conduct a risk analysis of all suppliers who answered our survey. Using resources and intelligence from government agencies and other publicly available sources around the world, we were able to form a more in-depth view of our own supply chain, as well as better understand challenges, risks and opportunities as they relate to human trafficking and forced labor. These learnings gave us an excellent guideline for next steps in our efforts.

In 2014, we collaborated once again with nContext, with additional input from other experts on this topic, to upgrade and improve our SB657 survey as well as develop and refine this guide. Our aim is to continue to receive input from experts and suppliers, in order to have a balanced view on this important topic.

Safeway-Albertsons Vendor Code of Conduct

To promote our values and ethical standards throughout our supply chain, Safeway-Albertsons has adopted a [Vendor Code of Conduct](#)¹³ (COC) that sets minimum expectations for suppliers (Vendors) who conduct business with Safeway-Albertsons. The COC is a general guide to standards of business practice and regulatory compliance that applies to Vendors of Safeway-Albertsons Inc. or its (direct and indirect) subsidiaries and affiliates (the “Safeway-Albertsons Companies”).

For example, as stated in the COC (Section IV, articles A-F), all Safeway-Albertsons Vendors will:

- *“...conduct their employment practices in **full compliance with all applicable laws and regulations in all of their global operations**”*
- *“Use only voluntary labor. The use of forced labor whether in the form of indentured labor, bonded labor, or prison labor by a Safeway Companies Vendor or its subcontractors is unacceptable”*
- *“Comply with all **minimum age laws and requirements and not employ child labor**”*

Departure from COC Standards (Section IX)

“The Safeway Companies will not tolerate any departure from its standards. The Safeway Companies Vendors are expected to self-monitor their compliance with this Vendor Code of Conduct. In addition to any other rights the Safeway Companies may have under their agreement with Vendor, the Safeway Companies may request the

¹³ http://suppliers.safeway.com/usa/pdf/Vendor_Code_of_Conduct.pdf

immediate removal of any Representative who behaves in a manner that is unlawful or inconsistent with this Code or with any Safeway Companies' policy"

We recognize that laws may differ from one region of the world to another; however, we believe that our Code of Conduct outlines a set of **fundamental principles** for good corporate citizenship that our suppliers should implement and share. Our goal is to ensure that **all** Safeway-Albertsons suppliers are compliant with local laws involving human labor and we will only work with reputable suppliers who manufacture our products in good working conditions, with respect for the rights of the people who made them.

How does the Supplier benefit?

Suppliers will benefit from complying with our COC and the SB657 requirements by having minimal risk of legal liabilities within the local countries and localities where they operate. In addition, Suppliers will be able to maintain good standing for continued business with Safeway-Albertsons.

What happens in the case of non-compliance?

At a minimum, we expect all Safeway-Albertsons suppliers to take the SB 657 survey - *Human Trafficking & Forced Labor Risk Assessment*. Even if they are not currently participating in any action to identify, track, or eradicate human trafficking and forced labor from their supply chain, we believe awareness and discussion on the issue is a crucial first step to remediation.

We expect our suppliers who are non-compliant with taking this survey, or those who have risk identified in their supply chain, to take proactive steps to solve these issues and report to us on their progress.

Those who do not complete the survey and those who are identified as high-risk from internal screening of responses will be sent official Safeway-Albertsons correspondence identifying them as high-risk suppliers and requesting a time-bound plan for remediation. Suppliers that fail to comply or respond will be subject to increasing levels of corrective action, up to and including termination of their relationships with Safeway-Albertsons.

Safeway-Albertsons Action Plan for Non-Compliant or High-Risk Suppliers

1. Survey responses are screened as they are received to identify high-risk suppliers
2. At Safeway-Albertsons discretion, survey responses may be analyzed in depth by a third-party on an annual basis
3. Official correspondence is sent to high-risk and non-compliant suppliers outlining the risk(s) identified and requesting a time-bound plan for remediation from the supplier

4. Supplier's time-bound remediation plan is reviewed by Safeway-Albertsons and approved or disapproved based on the following:
 - a. Non-compliance: Is the time-bound plan to complete the survey reasonable and are needs for additional time valid?
 - b. High-risk Suppliers: Is there a detailed and time-bound action plan to mitigate the issues of concern identified by Safeway-Albertsons?
5. Educational materials and tools may be provided to the supplier by Safeway-Albertsons based on the circumstances of non-compliance
6. **Disapproved** remediation plans will be commented on and sent back to the supplier, with a request for a new plan
7. **Approved** remediation plans will be followed up on periodically by Safeway-Albertsons. It is the suppliers' responsibility to demonstrate progress on meeting the plan's goals. Demonstrable progress shall include, but is not limited to:
 - a. More detail provided by the supplier regarding the supplier's policies and/or procedures as they relate to human trafficking or labor issues that resolve the issues of concern identified by Safeway-Albertsons
 - b. Third-party audit documentation from a reputable and relative auditor that resolve the issues of concern identified by Safeway-Albertsons
 - c. Contracts may be altered to address issues of concern identified by Safeway-Albertsons
8. Non-compliant and high-risk suppliers that do not respond to official correspondence or provide a time-bound plan will be subject to increasing levels of corrective action, up to and including termination of their relationships with Safeway-Albertsons

Targets and Progress

Safeway-Albertsons understands that the problems of human trafficking, forced and child labor are not problems which can be immediately or independently solved. These efforts need to be collaborative, transparent and innovative.

We encourage our suppliers, stakeholders and other industry leaders to share their thoughts and ideas for ensuring that **all** products we offer are **free** of human trafficking, forced labor, child labor and all human rights abuses.

We encourage sharing ideas and methods of **educating everyone** in the supply chain on their rights as workers and how to identify and prevent human trafficking and forced labor for themselves and their neighbors. This includes not only managers and company employees, but field workers, migratory workers and seasonal workers.

Progress – 2012

- Safeway collaborated with *United Nations Global Initiative to Fight Trafficking* and *End Human Trafficking Now* to understand this issue and acquired and implemented an eLearning course for all employees
- **January:** Safeway complied with The Transparency in Supply Chains Act (SB 567), by disclosing our efforts and requiring all suppliers fill out the SB 657 survey

Progress – 2013

- **November:** In collaboration with *nContext*, Safeway completed a risk analysis of all suppliers who answered the SB657 survey

Progress – 2014

- **September:** Safeway revised its SB657 supplier survey, asking more efficient questions that will yield more accurate results for future risk analyses
- **October:** Safeway developed a mitigation plan for high-risk suppliers identified through our analysis efforts
- **December:** Safeway released this guide publicly

Progress – 2015

- **January:** Safeway officially merged with Albertsons
- **January & on-going:** Continually monitor responses to the new SB657 survey and engage non-compliant and high-risk suppliers
 - As of **July 2015**, over **170** suppliers have been screened using our updated SB657 survey
- **On-track:** eLearning course will be made available to all Safeway-Albertsons Suppliers and employees
- **On-track:** Continue collaborative efforts with suppliers, NGOs, and other organizations to find effective ways to eradicate human trafficking and forced labor in supply chains

Goals – 2015 & Beyond

- Increase the percentage of Safeway-Albertsons employees who complete the eLearning course
- Conduct an in-depth risk analysis of responses to the new SB657 survey via a third-party
- Evaluate progress and set new goals for 2016

Reporting

Safeway-Albertsons will report annually, through our CSR website and through other external reporting, on its progress towards eradicating human trafficking and forced labor from its supply chain. We will also update progress in this area as the *'Supplier Sustainability Guidelines and Expectations'* is updated (quarterly).

Further Information

- [Human Trafficking Awareness Training](#) – by the Department of Homeland Security
- [Combating Forced Labour: A Handbook for Employers & Business](#) – by the International Labour Office
- [Risks of Human Trafficking and Slavery: A Short Course for Supply Chain Professionals](#) – by the University of Delaware
- [United Nations Global Initiative to Fight Trafficking](#)
- [United Nations Office on Drugs and Crime – Human Trafficking](#)
- [United Nations Office of the High Commissioner for Human Rights](#)
- [List of Goods Produced by Child Labor or Forced Labor](#)
- [Summary of the ILO 2012 Global Estimate of Forced Labour](#)
- [Getting Help for Victims - State of California Department of Justice Office of the Attorney General](#)

U.S. Department of Health and Human Services/Office of Refugee Resettlement operates the below hotline to provide referral information to help victims access services in their area:

- [Trafficking in Persons Information and Referral Hotline](#): **1-888-373-7888**

The federal government has established the U.S. Department of Justice, Trafficking in Persons and Worker Exploitation Task Force to respond to trafficking victims:

- [Trafficking in Persons & Worker Exploitation Task Force Hotline](#): **1-888-428-7581**