



# Supplier Sustainability Guidelines and Expectations



## What are ‘Sustainable Sourcing’ and ‘Environmentally Preferable’?

Sustainable Sourcing demonstrates ABSCO’s’ commitment to buying goods, materials, and services in a manner that reflects ABSCO’s’ core values of fiscal responsibility, social equity, community and environmental stewardship.

‘Environmentally Preferable’ is defined by the EPA to mean *“products or services that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. This comparison may consider raw materials acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance or disposal of the product or service”*.<sup>1</sup>

## Why does Sustainable Sourcing matter?

With changing climate and weather, limited resources, fresh water access concerns, ever changing and scrutinized farming practices and a growing population, it is more important than ever to practice responsible sourcing. To enhance our business, we need reliable, sustainable sources of raw materials and products, and the ability to work closely with our suppliers to help them improve their practices and minimize environmental impacts.

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<sup>1</sup> <http://www.epa.gov/epp/pubs/guidance/finalguidance.htm>

## **Who is this document applicable to?**

This document is for Albertsons Companies (ABSCO's) sourcing personnel and their suppliers. The guidelines are designed for ABSCO's Own Branded items.

## **How will this document be used?**

The Supplier Sustainability Guidelines and Expectations is an evolving document that will draw on the procurement experience of business unit decision makers, on the environmental expertise of ABSCO's employees and on other organizations both within and outside of ABSCO's. Supplier feedback and communication is crucial to making this guide relevant and impactful. This document will be updated quarterly.

The goal of this guide is to ensure that products and services purchased or contracted will conform to the sustainability vision of ABSCO's while balancing adherence to food safety laws and regulations. This vision includes efforts to drive meaningful change for the environment that prevents waste, promotes local agriculture, supports food security, conserves water resources, protects climate and ecosystems, and supports sustainable logistics. ABSCO's will strive to purchase environmentally preferable products and services that meet the company's needs in the manufacturing of ABSCO's Own Branded products.

Certain ABSCO's Brands in our portfolio may have specific requirements which are not described in this document. These specific requirements will continue to be in effect unless otherwise directed.

### **When will this document be used?**

This document will be provided to ABSCO's suppliers by the Sourcing personnel and posted on the ABSCO's Supplier website. It is meant to establish ABSCO's expectations of suppliers in areas that present near and long-term supply risk as it relates to sustainability. We encourage suppliers to continually strive for improvement and to identify opportunities for risk avoidance in social, environmental and economic aspects of sustainability. These attributes are commonly known as the 'Triple Bottom Line' – People, Planet, and Profit.

### **What is the difference between expected and encouraged?**

The term '**encouraged**' is used in this document to convey ABSCO's suggestions in terms of what can be done by the supplier to be more sustainable.

The term '**expected**' in this document is to convey ABSCO's expectations of our Own Brand suppliers in terms of what is good for people, planet and profit.

## Applicable to All Categories

### The Triple Bottom Line - People, Planet, Profit

Environmentally preferable products and services are those comparable to their standard counterparts in quality and performance. It is expected that all suppliers strive to manufacture and source environmentally preferable materials and use practices that demonstrate social and environmental stewardship. ABSCO's personnel will consider short and long-term related costs in comparing product alternatives. **In situations where environmentally preferable products are unavailable, impractical, or excessively costly, secondary considerations will include the environmental management practices of suppliers.**

### Suppliers are encouraged to:

#### Social – People

- Favor domestic/local production where feasible
- Implement effective protocols to eliminate child and forced labor
- Ensure adherence to minimum wage and local work hour regulations
- Implement measures to secure the supply chain and comply with applicable anti-terrorism laws.

- Supply ABSCO's with products that meet ABSCO's Own Brand quality and safety standards while seeking new and innovate ways to improve quality and performance<sup>2</sup>

Where **feasible** and **applicable** all suppliers are encouraged to provide environmentally preferable products and services which do not sacrifice quality and are cost competitive. Suppliers should consider:

- **Measuring and reporting** environmental performance and document the supply chain impacts of their efforts
- Providing products that **reduce** greenhouse gas emissions and/or are made with renewable energy or materials
- **Reducing** the use of chemicals in their production process that are hazardous to the environment or to human health<sup>3</sup>
- Providing products that **reduce** air, water and soil pollution and waste
- Providing products that have **verifiable** Environmental Product Declaration<sup>4</sup> statement or verifiable green certification(s)<sup>5</sup>
- Providing products which are **locally/regionally grown**
- Pursuing product third party certifications, **if applicable**
- Investigating applicability of '**closed loop**' systems (e.g. RPCs)<sup>6</sup>
- Use transportation methods that reduce environmental impacts such as load consolidation, efficient pallet stacking and case count maximization options
- Providing products that are **multipurpose**, and/or have **concentrated** formulations

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<sup>3</sup> Known hazardous chemicals can be found: <http://www.osha.gov/dsg/hazcom/standards.html>

<sup>4</sup> <http://www.environdec.com/>

<sup>5</sup> <http://www.sba.gov/content/green-certification-and-ecolabeling>

<sup>6</sup> <http://reusables.org/category/products/reusables-plastic-containers-rpcs>

# Transport & Logistics

ABSCO's is an EPA SmartWay<sup>7</sup> partner. SmartWay is collaboration between the Environmental Protection Agency (EPA) and the freight sector designed to improve energy efficiency, reduce greenhouse gas and air pollutant emissions, and improve energy security.

**ABSCO's will give preference to suppliers and transport providers who are SmartWay partners.** To achieve this EPA certification, carriers should work toward improving such critical factors as:

1. **Fuel efficiency**
2. **Reducing idling time**
3. **Incorporating energy efficiency measures**

## **Suppliers are encouraged to:**

- Pursue and use renewable and/or environmentally preferable fuels
- Work with Sourcing personnel to utilize ABSCO's fleet for backhauling to reduce miles and emissions

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<sup>7</sup> <http://www.epa.gov/smartway/>



# Packaging & Materials

Suppliers are encouraged to provide packaging that:

1. Eliminates **excess** packaging through optimized material and production design
2. Has been '**source reduced**' without sacrificing product quality or safety 3. Allows for the **reuse** of packaging in distribution or by the consumer, if applicable
4. Is easily **recyclable** based on:
  - a. Material type
  - b. % of US households that have access to such recycling
5. Has a high percentage of post-consumer **recycled content** (PCR), if applicable
6. Is eligible for a vendor '**take back**' reuse program (for difficult to recycle materials)
7. Is **compostable, biodegradable, or degradable** in accordance with American Society for Testing and Materials (ASTM)<sup>8</sup> standards, if applicable
8. **Minimizes or eliminates** the use of Expanded Polystyrene (EPS) including Oriented Polystyrene (OPS) material
9. Are paper based products certified as **sustainably harvested** by a third-party, **if applicable**
10. **Eliminates** materials that contain or contribute to dioxins, furans, suspected endocrine-disrupters, or toxic heavy metals<sup>9</sup>

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<sup>8</sup> <http://www.astm.org/>

<sup>9</sup> This includes, but is not limited to, paper products that are bleached or are processed with chlorine, products that use polyvinyl chloride (PVC), thermal paper, metal and bi-metal food and beverage containers which contain BPA.

# Energy & Water Savings

Suppliers are encouraged to:

1. Provide and/or use the most energy-efficient equipment and lighting feasible
2. Provide and/or use products that meet Energy Star certification, if applicable
3. Provide and/or use water-saving products whenever practicable
4. Pursue renewable energy installation or sources – for example, solar, wind or biomass

# Chemicals of Concern

Suppliers are encouraged to:

1. Provide cleaning products that do not contain ingredients that are known carcinogens, mutagens, or teratogens.<sup>10</sup>
2. Provide products that do not contain chlorofluorocarbon refrigerants, formaldehyde, phosphates, lead or mercury, **if feasible**.

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<sup>10</sup> [http://www.epa.gov/tri/lawsandregs/ntp\\_chemicals/final.html](http://www.epa.gov/tri/lawsandregs/ntp_chemicals/final.html)

3. Limit and/or phase-out the use of all non-essential chemicals. Examples include:
  - a. Chemicals listed in [California's Proposition 65](#) that can cause cancer, birth defects or other reproductive harm with significant exposure.
  - b. Pesticides of concern for pollinator health, such as the neonicotinoids, chlorpyrifos, and other chemicals outlined in the [U.S. Environmental Protection Agency's Policy to Mitigate the Acute Risk to Bees From Pesticide Products](#).
  - c. Utilizing alternatives to pesticides, including integrated pest management and other approaches.
  
4. Avoid regrettable substitutions, in which the replacement for a chemical is equally or more concerning than the original, per the [U.S. Environmental Protection Agency's Policy to Mitigate the Acute Risk to Bees From Pesticide Products](#).

**Suppliers are expected to:**

1. Use chemicals or pesticides in strict accordance with all applicable local and federal laws, regulations and guidelines in effect at the location of production and intended distribution. It is the supplier's responsibility to remain informed and up-to-date on all applicable laws and regulations.

# Transparency in Supply Chains Act<sup>11</sup>

In January 2012, California enacted the “Transparency in Supply Chains Act.” The law requires that companies that have annual worldwide gross receipts in excess of \$100 million and annual California sales exceeding \$500,000 disclose their efforts to eradicate slavery and human trafficking from their supply chains<sup>12</sup>.

ABSCO’s will support the law and disclose our efforts to work with suppliers to eradicate slavery and human trafficking from our supply chain. **All suppliers are required to fill out ABSCO’s SB657 survey on Human Trafficking and Slavery. It is expected that the supplier:**

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

All labor necessary for products sold or used by ABSCO’s must be voluntary. There will be no engagement, support, or tolerance of human trafficking, slavery, child, underage, forced, bonded, or indentured labor. Please see page 35 of this document or view on our website - [Supply Chain Accountability: Eliminating Human Trafficking and Forced Labor](#)- for more information.

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<sup>11</sup> <http://www.natlawreview.com/article/california-s-transparency-supply-chains-act>

<sup>12</sup> ABSCO’s has engaged third-parties to perform an analysis on all suppliers in our supply chain for risks associated with human trafficking and slavery.

# Conflict Minerals

Consistent with the Dodd-Frank Wall Street Reform and Consumer Protection Act<sup>13</sup>, ABSCO's is required to determine the country of origin of all conflict minerals in products that are supplied to us or that we contract for manufacture. The term "conflict minerals" includes:

1. Columbite-tantalite, also known as coltan (the metal ore from which tantalum is extracted)
2. Cassiterite (the metal ore from which tin is extracted)
3. Gold
4. Wolframite (the metal ore from which tungsten is extracted)
5. Any derivatives of the above

These metals are "conflict minerals", also known as "3TG", regardless of where they are sourced.

ABSCO's is continually assessing whether our private label products contain tantalum, tin, tungsten or gold (3TG) derived from ores mined in the Democratic Republic of Congo (DRC) and adjoining countries. It is ABSCO's goal to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act by

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<sup>13</sup> <http://www.sec.gov/about/laws/wallstreetreform-cpa.pdf>

# Conflict Minerals

disclosing, when required by the Act, whether product materials for our private label products contain minerals that were sourced in the DRC or adjoining countries. ABSCO's is working diligently with our suppliers and other stakeholders to improve and systematically address the process for sourcing minerals that are "conflict free."

If any of the conflict minerals are sourced from the Democratic Republic of the Congo or any adjoining countries ("Covered Countries")<sup>14</sup>, ABSCO's is required to disclose that information to the U.S. Securities and Exchange Commission ("SEC"). In addition, if any of the conflict minerals in our products come from the Covered Countries, we are required to perform additional due diligence to determine whether our trade of those minerals finances or benefits armed groups in the Covered Countries.

All suppliers will be expected to answer questions regarding the inclusion of any conflict minerals in their products before business is awarded.

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<sup>14</sup> The following are considered "Covered Countries": The Democratic Republic of the Congo; Angola; Burundi; Central African Republic; The Republic of the Congo; Rwanda; South Sudan; Tanzania; Uganda; and Zambia

# Detailed Expectations by Category

## Perishable & Non-Perishable Products

### Suppliers are encouraged to:

1. Take steps to reduce or eliminate natural resource destruction, air emissions, water use and contamination, energy and fuel use, soil contamination and waste
2. Consider supplying products which are third-party certified as sustainably harvested by a comprehensive, performance-based measurement and/or certification system
3. Show continual improvement in monitoring and tracking on farm metrics (if applicable)
  - a. **Metrics include:** fertilizer, water, soil preservation and pesticide usage
  - b. **Monitoring includes:** risk created by pesticides, air quality, waste and water runoff
4. Use locally/regionally sourced materials to produce Safeway products whenever feasible

# Eggs

## Suppliers are encouraged to:

1. Take steps to reduce or eliminate air emissions, water contamination, overfertilization, soil contamination and waste
2. Consider worker health hazards and take steps to minimize such hazards

## Suppliers are expected to:

1. Comply with United Egg Producers (UEP) standards for battery cage operations and be audited by Validus or USDA annually
2. **IF** the supplier is providing 'Cage-Free' or 'O Organic' eggs, they must be **audited and certified by Humane Farm Animal Care** before business is awarded and annually thereafter
3. Demonstrate that their products are fully traceable<sup>15</sup>

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<sup>15</sup> Traceability includes: method of production, quality and safety controls, certifications, chemical additives, best practices, governmental regulation adherence. ABSCO's requires traceability of a carton of eggs back to the date of lay and laying flock or farm if it is an inline facility.



# Dairy

Suppliers are expected to:

1. Take steps to reduce or eliminate air emissions, water contamination, soil contamination and waste
2. Consider worker health hazards and take steps to minimize such hazards
3. Ensure all dairy commodity suppliers are in compliance with Albertsons *Companies' Continuing Commodity Guarantee (CCG)* agreement document including ensuring that no child labor is occurring or has occurred
4. Source all milk for fluid products from cows which have not received artificial growth hormones rBST
5. **IF** the supplier is providing organic dairy products, follow The National Organic Program (NOP)<sup>16</sup> guidelines
6. Participate in the National Dairy FARM (Farmers Assuring Responsible Management) [Animal Care Program](#), or a similar third-party verified program approved by Albertsons Companies

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<sup>16</sup> <http://www.ams.usda.gov/AMSV1.0/nop>

# Dairy

Suppliers are encouraged to:

1. Participate in the National Dairy FARM [Workforce Development](#) (or similar) program (this will become a requirement in 2020)
2. Participate in the National Dairy FARM [Environmental Stewardship](#) program

# Meat

Suppliers are expected to:

1. Take steps to reduce or eliminate land and water impacts, such as air emissions, water contamination, soil contamination, deforestation, and waste.
2. Consider worker health hazards and take steps to minimize such hazards.
3. Manage the use of antibiotics in accordance with local, state, and federal laws and regulations, as well as with the FDA guidance documents [209](#), [213](#) and [152](#) and the [American Veterinary Medical Association Judicious Use Guidelines](#).
  - a. The judicious therapeutic use of antibiotics must be administered with veterinary oversight and the use of medically important antibiotics for growth promotion is prohibited.

# Meat

4. Use antibiotics, feed additives and/or supplements in a responsible and cautious manner so as not to impact the well-being and overall health of the animal and quality and safety of the meat.
  
5. Comply with industry accredited animal well-being guidelines. Audits need to be available for review upon request.
  - a. Examples include: North American Meat Institute Animal Handling Guidelines, The National Pork Board's Common Swine Industry Audit, National Chicken Council Guidelines, National Turkey Federation Animal Care Best Management Practices, or equivalent.
  - b. Conduct annual humane handling audits through our own internal PAACO Certified auditor.
  
6. Provide products from federally regulated facilities, such as USDA or other country equivalent plants. Products shall be produced in accordance with Good Manufacturing Practices (GMPs) and include Standard Operating Procedures (SOPs), Hazard Analysis Critical Control Point programs (HACCP), Sanitation Standard Operating Procedures (SSOPs) and Quality Assurance. The product shall also comply with all local, state, and federal regulations and guidelines.
  
7. Comply with all applicable local, state, and federal regulations and guidelines. Keep records of compliance. Records of compliance must be available upon request.

# Meat

Suppliers are **encouraged** to:

1. Adopt and implement an antibiotics stewardship program, as outlined in the Pew Research Center's [antibiotic stewardship framework](#) to guide the judicious use of antibiotics in animals.
2. Partner with producers who strive to improve animal husbandry practices and enhance biosecurity and other disease prevention strategies to minimize the need for antibiotics.
3. Provide the option of locally/regionally, grown/sourced and/or processed meat products.
4. Explore options such as converting methane to fuel, waste to fertilizer and other practices that reduce waste and/or convert waste products into fuel or energy.
5. Practice responsible sourcing of beef and ensure that operations do not contribute to the deforestation of the Brazilian Amazon Rainforest.

# Seafood

ABSCO's has set a goal for all fresh and frozen seafood to be responsibly sourced and traceable, or be in a time-bound improvements process by the end of 2015<sup>17</sup>

By that time, all fresh and frozen seafood sold by ABSCO's will be 'Green' or 'Yellow' rated according to the Monterey Bay Aquarium's Seafood Watch<sup>18</sup> criteria, certified to an equivalent environmental standard or engaged in a credible and timebound fisheries or aquaculture improvement process.

## Suppliers are expected to:

1. Demonstrate willingness to work with ABSCO's on products that do not meet ABSCO's' Responsible Sourcing Seafood Purchasing Policy, to bring such products into compliance
2. Demonstrate that their products are fully traceable<sup>19</sup> and from legal sources<sup>22</sup>
3. Clearly label products with scientific names, the catch or production method used, region of catch/production and, for wild fisheries, the stock from which the product was sourced

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<sup>17</sup> <http://csr.site.safeway.com/home/products/seafood-sustainability/>

<sup>18</sup> <http://www.seafoodwatch.org/>

<sup>19</sup> Traceability: The ability of each step in the supply chain that takes possession of the product to systematically identify a unit of production, track its location and associated sustainability parameters (see #5), and describe any treatments or transformations at all stages of production, processing, and distribution. This traceability must enable the product to be traced back to its original source(s) and comply with all applicable government regulations. <sup>22</sup> At any time ABSCO's, or parties authorized by ABSCO's, may request to verify the legality, traceability, or sustainability attributes (such as catch method, location of harvest, and sustainability certification) of this product with a paper traceability exercise (traceback) or on the ground audit.

# Seafood

4. Continually work towards reducing the environmental impacts associated with the wild fisheries and aquaculture facilities used in the sourcing of seafood

**Suppliers are encouraged to:**

5. Not use Purse-seine nets deployed on Fish Aggregation Devices (FADs) and employ alternatives such as pole and line trolling to reduce or eliminate by-catch
6. Make efforts to operate or source from fisheries that do not negatively impact traditional fishing grounds and the livelihoods of fishers in developing countries

# Floral

## Suppliers are encouraged to:

1. Consider supplying flowers, plants, seeds and bulbs which are third-party certified as sustainably harvested
2. Take steps to reduce or eliminate natural resource destruction, air emissions, water use and contamination, soil contamination and degradation and waste
3. Consider and implement practices that promote occupational health and safety, fair treatment and good working conditions
4. Consider packaging that uses reusable containers (e.g. RPCs) and reduces or eliminates polystyrene, PVC and other environmentally unfriendly material
5. Use recycled content in packaging or shipment methods where applicable
6. Demonstrate that their products are fully traceable<sup>20</sup>

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<sup>20</sup>Traceability includes: method of production, quality and safety controls, certifications, miles traveled, fertilizing methods, best practices, governmental regulation adherence

# Coffee, Tea and Cocoa

## Suppliers are encouraged to:

1. Strive for traded, high quality and/or third-party certified sustainably grown coffee, tea and cocoa
2. Consider and implement practices that promote occupational health and safety, fair treatment and good working conditions which adhere to local labor laws
3. Strive to reduce or eliminate natural resource destruction, air emissions, water contamination, soil contamination and waste
4. Demonstrate that their products are traceable as far down the supply chain as possible<sup>21</sup>

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<sup>21</sup>Traceability includes: method of production, quality and safety controls, certifications, governmental regulation adherence



# Dry Goods & Oils

## Suppliers are expected to:

1. Consider and implement practices that promote occupational health and safety, fair treatment and good working conditions
2. Strive to reduce or eliminate natural resource destruction, air emissions, water contamination, soil contamination and waste
3. Demonstrate that their products are fully traceable<sup>22</sup>

## Suppliers are encouraged to:

4. Pursue fish oil sourced from smaller, more sustainable fish that feed low on the food chain<sup>23</sup>

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<sup>22</sup>Traceability includes: method of production, quality and safety controls, certifications, miles traveled, chemicals used, governmental regulation adherence

<sup>23</sup>e.g. anchovies, mackerel and sardines which are wild-caught, non-threatened and plankton-feeding

# Palm Oil

## Background

ABSCO's recognizes that oil palm plantation development and expansion is often associated with deforestation, violations of Indigenous people's rights and widespread threats to endangered species. Displacing high carbon stock forests with lower carbon stock crops like oil palm, along with draining and burning peatlands, is resulting in globally significant carbon dioxide emissions which are contributing to climate change<sup>24</sup>.

Oil palm plantation development and expansion can also contribute to conflicts with local communities over land and use forced and child labor.

ABSCO's is committed to ensuring that the palm oil products it uses come from verified responsible sources supported by delivery through fully traceable supply chains, including the production of Fresh Fruit Bunches (FFB). Consistent with ABSCO's values as a company, we expect suppliers to provide palm oil and palm derivatives for our products that are verified to be free of deforestation, free of expansion on carbon-rich peat lands, not developed or expanded on illegal or customary use lands without the free, prior and informed consent of local communities and free of human rights violations including forced and child labor, human trafficking and poor working conditions.

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<sup>24</sup> *'Historical CO2 Emissions from Land Use and Land Use Change from the Oil Palm Industry in Indonesia, Malaysia and Papua New Guinea'*: [http://rt10.rspo.org/ckfinder/userfiles/files/PC5\\_2%20Tim%20Killeen%20Presentation.pdf](http://rt10.rspo.org/ckfinder/userfiles/files/PC5_2%20Tim%20Killeen%20Presentation.pdf)

# Palm Oil

## Responsibly Produced Palm Oil

ABSCO's is working towards sourcing 100% responsibly produced palm oil and reducing our impact on the environment.

**ABSCO's defines responsible palm oil and palm oil derivatives as those which are fully traceable and originates from companies whose plantations and farms meet the following criteria:**

1. Verified to be in compliance with the Principles and Criteria of the RSPO<sup>25</sup>, which include, but are not limited to:
  - a) The use of appropriate best practices by growers and millers and environmental responsibility and conservation of natural resources and biodiversity
  - b) Operates and ensures their suppliers operate in compliance with local laws and regulations
  - c) Respects the rights of indigenous and local communities to give or withhold their free prior and informed consent (FPIC)<sup>26</sup> to activities on their customary lands where plantations are developed

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<sup>25</sup> Principles and Criteria for the Production of Sustainable Palm Oil 2013:

[http://www.rspo.org/file/PnC\\_RSPO\\_Rev1.pdf](http://www.rspo.org/file/PnC_RSPO_Rev1.pdf)

<sup>26</sup> 'Free prior and informed consent' (FPIC), is the principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use.

<http://www.forestpeoples.org/guiding-principles/free-prior-and-informed-consent-fpic>

# Palm Oil

d) Supports the human rights of workers<sup>27</sup> and focuses on eliminating forced and child labor and worker exposure to dangerous chemicals/toxins

2. **In addition** to meeting the RSPO Principles and Criteria above, ABSCO's defines palm oil products responsibly produced if they originate from companies whose plantations and farms meet the following criteria:

- a) No deforestation<sup>28</sup> has occurred after December 20<sup>th</sup>, 2013, including protection of High Conservation Value (HCV)<sup>29</sup> and High Carbon Stock (HCS)<sup>33</sup> forests
- b) **IF** deforestation has occurred after December 20<sup>th</sup> 2013, the supplier has made a company-wide 'No Deforestation' policy which includes protection of HCV and HCS areas, a time-bound implementation plan and

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<sup>27</sup> The Universal Declaration of Human Rights states that fundamental rights towards which every human being aspires are: the right to life, liberty and security of person; the right to an adequate standard of living; the right to seek and to enjoy in other countries asylum from persecution; the right to own property; the right to freedom of opinion and expression; the right to education, freedom of thought, conscience and religion; and the right to freedom from torture and degrading treatment, among others. <http://www.un.org/en/documents/udhr/>

<sup>28</sup> 'No Deforestation' refers to the protection of natural forests from conversion to plantations or other non-forest land uses. The term 'natural forests' includes both primary and secondary natural forests. High Conservation Value (HCV) and High Carbon Stock (HCS) forest assessments should be used to identify natural forest areas appropriate for protection.

<sup>29</sup> High Conservation Values are biological, ecological, social or cultural values which are considered outstandingly significant or critically important, at the national, regional or global level. <http://www.hcvnetwork.org/about-hcvf> <sup>33</sup> The HCS approach is a breakthrough for plantation and consumer companies who are committed to no deforestation, from development or in their supply chain. It allows prevention of greenhouse gas emissions to sit alongside existing guidance for biodiversity conservation and will help conserve ecologically viable areas of natural forest. It identifies degraded lands on which it is possible to continue the expansion of oil palm plantations, subject to usual legal and FPIC requirements. <http://www.greenpeace.org/international/Global/international/briefings/forests/2013/HCS-Briefing-2013.pdf>

# Palm Oil

has had independent verification of implementation compliance in the field

- c) No clearing or draining of peatland of any depth has occurred after December 20<sup>th</sup>, 2013
- d) Pesticides that are categorized as World Health Organization Class 1A or 1B<sup>30</sup> listed by the Stockholm or Rotterdam Conventions<sup>31</sup> are not used, except in specific and urgent situations
- e) No involvement in “land grabbing”, the buying or leasing of large pieces of land for industrial palm oil plantations to the detriment of local communities’ rights over their productive resources, existing local food production and food security, and the supplier has made a company-wide policy to implement guidelines consistent with the FAO Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security<sup>36</sup>

**In order to meet ABSCO’s’ criteria for responsible palm oil:**

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<sup>30</sup> List of Class 1A and 1B Pesticides: [http://www.who.int/ipcs/publications/pesticides\\_hazard\\_2009.pdf](http://www.who.int/ipcs/publications/pesticides_hazard_2009.pdf)

<sup>31</sup> <http://chm.pops.int/Home/tabid/2121/mctl/ViewDetails/EventModID/7595/EventID/447/xmid/7598/Default.aspx>

<sup>36</sup> <http://www.fao.org/nr/tenure/voluntary-Guidelines/en/>

# Palm Oil

- ABSCO's will focus efforts and work collaboratively to achieve these sourcing criteria.
- ABSCO's will actively work with suppliers and other stakeholders to replace controversial palm oil whenever possible, with the ultimate goal of having a fully traceable supply chain free of deforestation, expansion on carbon-rich peat lands, illegally held lands, human rights violations and forced and child labor, including slavery and human trafficking, for all the products we manufacture.
- In some cases, at ABSCO's' discretion, we will work with current and new suppliers to explore opportunities for using responsible palm oil alternatives.
- ABSCO's is a member of [The Roundtable on Sustainable Palm Oil](#) (RSPO), which is currently the most widely accepted palm oil certification scheme. ABSCO's also recognizes that RSPO standards and enforcement mechanisms will benefit from further improvements as this market develops. We will support the strengthening and improvement of these standards by working with the RSPO, suppliers, other retailers and manufacturers to open up new business opportunities.

**Suppliers are expected to:**

# Palm Oil

1. Provide ABSCO's with responsibly produced palm oil and palm oil derivatives that meet our criteria listed above.
  
2. Collaborate with ABSCO's on how to meet these criteria by:
  - a. Responding to requests for information regarding palm oil sourcing
  - b. Engaging in efforts to establish responsible palm oil sources
  - c. Screening for and eliminating palm oil and palm derivatives sourced from companies and/or plantations associated with on-going deforestation, development or expansion on peatland of any depth, illegally held lands, land grabbing, social conflicts and/or human and labor right violations as of December 20<sup>th</sup>, 2013
  
3. Develop and provide palm oil sourcing options that include traceable supply chain systems, such as traceable mass-balance or those meeting RSPO requirements for Segregated or Identity Preserved palm products.

# Palm Oil

## Targets and Progress

ABSCO's is working towards sourcing 100% responsibly produced palm oil and reducing our impact on the environment.

### 2013 – 2014 Progress

- **December 2013:** Safeway applied to become a member of the RSPO.
- **December 2013:** First truck-load of certified mass-balance palm shortening was delivered to one of our manufacturing facilities, with all future shipments being mass-balance. This one manufacturing facility accounts for 342,000 pounds of palm shortening annually.
- **December 2013:** Safeway released its 'Supplier Sustainability Expectations and Guidelines', which includes this Responsible Palm Oil Criteria.
- **June 2014:** Safeway was officially approved and listed as a RSPO member.
- **December 2014:** Safeway has completed **90%** of its baseline of palm oil and palm derivative usage for all Safeway branded items.
- **December 2014:** Safeway **surpassed its 2014 goal** of sourcing 1,000,000 pounds (454 metric tons) of RSPO certified-mass balance and/or segregated palm oil **by 1,700,000 pounds**. In total, we sourced over 2,700,000 pounds of RSPO certified oil in 2014.



# Palm Oil

## Targets

- **January 2015:** Safeway has officially merged with Albertsons. As our new combined company begins understanding each other's supply chains, we must re-evaluate the baseline for our palm oil usage. Over the next year, Safeway will be rolling out its private label programs to the Albertsons portion of the company. This roll out is planned to be completed in 2016.
  
- In **2015**, ABSCO's will source an **additional 1,000,000 pounds** (454 metric tons) of CSPO (certified sustainable palm oil) that is either mass-balance and/or segregated for our ABSCO's branded items.
  - This goal will be in **addition** to our previous CSPO volume, which was just over 2.7 million pounds in 2014.
  - **As of August 2015**, ABSCO's has sourced an **additional 619,905 pounds** of CSPO. This is **62%** towards our target for 2015.
  - Based on our **current** baseline, which is still in progress, CSPO materials account for about **53%** of our total palm usage for our private label products.
  
- In 2015 ABSCO's will continue to evaluate and set responsible palm oil goals, based on progress, for 2016 and beyond.

# Palm Oil

## Reporting

ABSCO's will report annually, through our CSR website and through other external reporting, on its progress towards sourcing 100% responsibly produced palm oil and palm oil derivatives. We will also update progress in this area as the '*Supplier Sustainability Expectations and Guidelines*' is updated (quarterly).

# Home & Personal Care & General Merchandise

## Suppliers are encouraged to:

1. Offer cleaning and laundry products made with naturally derived, biodegradable and/or phosphate free ingredients, without compromising quality or performance
2. Offer products with lower levels of chlorine, surfactants, antibacterial agents, chemical based fragrances and colors
3. Concentrate formulas and create formulations that are “multipurpose”, where applicable
4. Provide products which have responsibly sourced palm oil and/or derivatives of responsibly sourced palm oil, where applicable<sup>32</sup>
5. Take every step possible to reduce waste, chemical usage, water contamination and use, energy, and fuel use

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<sup>32</sup>See Palm Oil section of this document – p. 25

# Indirect Sourcing

## Suppliers are expected to:

1. Provide products that are durable, long lasting, reusable or refillable whenever feasible
2. Eliminate packaging or use the minimum amount necessary for product protection
3. If applicable, offer products that are recyclable, compostable, or biodegradable
4. If applicable, offer to take back pallets, used products, or packaging materials for reuse or recycling
5. If applicable, offer a recycling program which includes rebates/credits back to ABSCO's
6. Provide paper based products which are certified as sustainably harvested or have recycled content, or both, if applicable
7. Take every step possible to reduce waste, chemical usage, water contamination and use, energy, and fuel use
8. If applicable, offer eco-friendly cleaners and chemicals that do not decrease quality or increase cost



**Supply Chain Accountability**  
*Eliminating Human Trafficking and  
Forced Labor*

**2019**

# Overview

Albertsons Companies is committed to be 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 Albertsons Companies operating philosophy, and it drives our dedication to People, Products, Community, and the Planet. Albertsons Companies 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 Albertsons Companies 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.

**Albertsons Companies 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 Albertsons Companies 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 Albertsons Companies 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 Albertsons Companies employees and suppliers of The California Transparency

in Supply Chains Act (SB 657), what it means, how Albertsons Companies 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 Albertsons Companies Suppliers by Albertsons Companies Personnel. It should be referred to when Suppliers or Albertsons Companies Personnel have questions regarding Albertsons Companies position and expectations on the issue of eradicating human trafficking in the company's supply chain.

### **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](#)<sup>33</sup> 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*

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<sup>33</sup> <http://www.unodc.org/documents/treaties/UNTOC/Publications/TOC%20Convention/TOCebook-e.pdf>



*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.*

Human trafficking affects about 124 countries<sup>34</sup> and an estimated 20.9 million men, women and children worldwide<sup>35</sup>. 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 2018 report, the U.S. Department of Labor identified 148 goods from 76 countries produced by child labor or forced labor.<sup>363738</sup>

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<sup>34</sup> [https://www.unodc.org/documents/data-and-analysis/lotip/GLOTIP\\_2014\\_full\\_report.pdf](https://www.unodc.org/documents/data-and-analysis/lotip/GLOTIP_2014_full_report.pdf)

<sup>35</sup> [http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---declaration/documents/publication/wcms\\_182004.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_182004.pdf)

<sup>36</sup> <https://www.dol.gov/sites/default/files/documents/ilab/ListofGoods.pdf>

<sup>37</sup> ILO Website, Forced Labor Facts and Figures: <http://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>

<sup>38</sup> <http://www.polarisproject.org/media-center/news-and-press/press-releases/915-report-spotlights-humantrafficking-trends-in-the-us>

## Key Facts<sup>5</sup>

- At any given time in 2016, an estimated 40.3 million people are in modern slavery, including 24.9 million in forced labor and 15.4 million in forced marriage
- It means there are 5.4 victims of modern slavery for every 1,000 people in the world
- 1 in 4 victims of modern slavery are children.
- Out of the 24.9 million people trapped in forced labor, 16 million people are exploited in the private sector such as domestic work, construction or agriculture; 4.8 million persons in forced sexual exploitation, and 4 million persons in forced labor imposed by state authorities.
- Women and girls are disproportionately affected by forced labor, accounting for 99% of victims in the commercial sex industry, and 58% in other sectors

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.<sup>39</sup>

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<sup>39</sup> [http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---declaration/documents/publication/wcms\\_182004.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_182004.pdf)

# Human Trafficking in the Food Industry

Agricultural products constitute a large portion of the merchandise Albertsons Companies 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 several intermediate ingredients, which are purchased in processed form before being incorporated into the final product.

In the United States, where Albertsons Companies 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. Albertsons Companies 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

Albertsons Companies 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](#)<sup>40</sup> 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.

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<sup>40</sup> <http://www.ohchr.org/EN/Issues/Pages/WhatAreHumanRights.aspx>

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. Albertsons Companies does its best to address consumer concerns and understands 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.

# **The California Transparency in Supply Chains Act – SB 657<sup>41</sup>**

**What is it?**

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<sup>41</sup> <http://www.natlawreview.com/article/california-s-transparency-supply-chains-act>

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 Albertsons Companies doing about it?**

Albertsons Companies 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** Albertsons Companies 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 Albertsons Companies 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:

<https://www.albertsonscompanies.com/suppliers.html>.

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 Albertsons Companies 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 Albertsons Companies brands. Before awarding business to any supplier, Albertsons Companies 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.

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

In 2015, Albertsons Companies plans to make this eLearning course available to **all** 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 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.

Albertsons Companies also has an **Ethics Hotline** available for all employees. This hotline provides a way for Albertsons Companies 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.

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

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

<sup>12</sup> <http://endhtnow.com/>

The employee hotline number can be found in the [Code of Business Conduct](#) book



## 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, to have a balanced view on this important topic.

# Albertsons Companies Vendor Code of Conduct

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

**For example, as stated in the COC (Section IV, articles A-F), all Albertsons Companies 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)

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

<sup>13</sup> [http://suppliers.safeway.com/usa/pdf/Vendor\\_Code\\_of\\_Conduct.pdf](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 Albertsons 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** Albertsons Companies 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 Albertsons Companies.

## What happens in the case of non-compliance?

At a minimum, we expect all Albertsons Companies 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 Albertsons Companies 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 Albertsons Companies.

## Albertsons Companies 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 Albertsons Companies 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 Albertsons Companies 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 Albertsons Companies?
5. Educational materials and tools may be provided to the supplier by Albertsons Companies 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 Albertsons Companies. 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 Albertsons Companies
  - b. Third-party audit documentation from a reputable and relative auditor that resolve the issues of concern identified by Albertsons Companies
  - c. Contracts may be altered to address issues of concern identified by

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 Albertsons Companies

## Targets and Progress

Albertsons Companies 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

- Albertsons Companies 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:** Albertsons Companies 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*, Albertsons Companies completed a risk analysis of all suppliers who answered the SB657 survey

## Progress – 2014

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

Albertsons Companies 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.

## Further Information

- [Human Trafficking Awareness Training](#) – by the Department of Homeland Security
- [Combating Forced Labor: 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](#)