



BUILDING STRONGER FUTURES

# Slavery and Human Trafficking Statement

Financial Year: 2017/18

## Slavery and Human Trafficking Statement for the Financial Year ending 31<sup>st</sup> March 2018

The UK Modern Slavery Act 2015 requires certain businesses to publish a statement setting out the steps taken in the previous financial year to ensure that slavery and human trafficking is not taking place in their supply chains or own business. British Steel Limited is obliged to publish such a statement.

### Our Principles

British Steel has operations (including steel making, rolling mills and coating lines) in the United Kingdom and France and other distribution, processing and manufacturing businesses and commercial offices in a further nine countries worldwide. As at March 2018, we employed c.5000 people, of which c. 4400 are in the UK. Our vision is to be a world steel benchmark for value creation and corporate citizenship. We aim to achieve this through the following: customer focus, innovation, operational excellence, people and responsible behaviour. Responsibility is important to us and runs through everything we do.

We recognise our responsibility to our people and to the wider community - which to us includes responsibility to try to ensure that slavery and human trafficking is not taking place in our business or supply chain.

Our governance framework flows from a set of policies, which set the principles and behaviours to which we and our employees are required to adhere. Our Purchasing Policy requires our employees to take appropriate steps to ensure that suppliers understand the ethical standards operated by British Steel.

Our ethical principles are clearly articulated in the British Steel Code of Conduct. The Code requires British Steel and its employees to act with professionalism, honesty and integrity, and to preserve the human rights of every individual and the community.

The principles of the Code of Conduct apply to all our dealings with our business partners who are encouraged to operate to similar standards.

### People in our Business

All British Steel employees are recruited in accordance with clear HR procedures designed to comply with local legislation, including checks for immigration status and ensuring compliance with national minimum wage requirements.

British steel supplements its internal resources from time to time with support from third party services. This can range from use of specialist consultants on secondment to the business for a short period to outsourcing non-core services to third party suppliers.

The use of temporary agency workers is undertaken to provide the flexibility to react to and support operating requirements across all areas of the organisation (operational, functional, professional and strategic) where demand requires. Employment agencies are appointed in accordance with our procurement processes (including pre-qualification and subsequent checks) and our Responsible Procurement Policy.

Each employment agency implements an on-boarding process for our temporary staff and provides on-going management, supplemented by local area specific induction processes and training. The agencies are required to check workers are fit for work (including eligibility checks and pre-employment medicals) as part of the on-boarding process.

### Supply Chain Overview

British Steel spends approximately £1bn pounds each year on goods, services and raw materials to support its steel making, processing, and distribution operations worldwide. To meet company needs, procurement is organised to manage categories of goods, services and raw materials, as set out in the diagram below.

### Category Groups

| Goods                | Services                              | Process Materials | Strategic Procurement |
|----------------------|---------------------------------------|-------------------|-----------------------|
| General Consumables  | Soft FM                               | Paints & Coatings | Iron Ore              |
| Mechanical           | Production Services                   | Chemicals         | Coal                  |
| Drives & Fluid Power | Building & Infrastructure Maintenance | Minerals & Fluxes | Coke                  |
| Electrical           | Labour                                | By-Products       | Energy & Utilities    |
| Capital              | Corporate Services                    | Sundry Sales      |                       |
| Custom Made Goods    | Maintenance Services                  | Refractories      |                       |
| Paint                | IT                                    | Sundry Sales      |                       |
| Rolls                |                                       | Metals            |                       |
| Packaging            |                                       | Scrap             |                       |
|                      |                                       | Alloys            |                       |

### Responsible Procurement

British Steel follows a Responsible Procurement Policy which sets out the following five principles:

- **Health & Safety** – we expect our suppliers to adopt management practices in respect of Health & Safety which provide a high level of safeguarding for their workers.
- **Fair Business Practices** – the British Steel Code of Conduct outlines the ethical standards and fair business practices by which British Steel conducts business and we expect our suppliers to adopt similar principles.
- **Environmental Protection** – we expect suppliers to maintain effective policies, processes and procedures to manage their environmental impact.

- **Human Rights** – we expect our suppliers to develop and implement policies and procedures to ensure all human rights in their business and to encourage their suppliers to do likewise.
- **Local Community Development** – we expect our suppliers to contribute to the social, economic and institutional development of the communities in which they operate.

We consider slavery and human trafficking abuses to come under the category of human rights abuses.

Under this Policy, for companies operating in regions recognised as having a high human rights abuse risk, we require that our suppliers adopt suitable and robust policies and procedures which will prevent human rights abuses. They may have suitable accreditation to satisfy us of this (e.g. SA 8000), but if not then we will ask for evidence under nine specific headings, including requiring evidence of there being no forced labour in their operations.

Our Responsible Procurement Policy can be found in full at:

<http://britishsteel.co.uk/media/9273/responsible-procurement-policy.pdf>

Our standard purchasing terms in the UK require our suppliers to warrant that they adopt good ethical behaviour and comply with our Code of Conduct, as well as all applicable laws.

### Identifying Concerns

The risk of slavery and human trafficking in the supply chain is recognised in our Procurement function's annual risk assessment, and monitored. We assess the risk of human rights breaches against sourcing country and procurement category. The procurement categories we see as having the highest risks in this area are strategic primary raw materials (i.e. iron ore, coal and coke) and certain process materials (such as zinc). These products are often sourced from high risk countries. We monitor these categories of procurement carefully and aim to ensure that the material origin is always known to us and that purchases are made from verified sources. Over 75% of our iron ore, coal and coke purchases are sourced directly, giving us more control over the supply chain than indirect supplies where we have to rely upon our suppliers to be carrying out adequate checks.

As part of our pre-qualification procedures, suppliers of raw material are required to complete a questionnaire, providing evidence that they meet our health and safety, environmental and human rights standards. They may, for example, include evidence that they observe the International Labour Organisation Declaration on Fundamental Principles and Rights at Work which, amongst other things, aims to eliminate the use of forced or compulsory labour. Periodic reviews are carried out by asking suppliers to resubmit a questionnaire response and evidence.

### Reporting Concerns

In addition to our own internal processes and reviews, suppliers and employees are encouraged to use our Confidential Reporting line to report any concerns they may have. This is an independently run service which allows both employees and suppliers to confidentially (or anonymously) report any concerns they have about compliance, unethical behaviour, breach of HR policy, breach of health and safety rules and other aspects of how we operate. We encourage anyone to report in good faith any issues or concerns. Any reported concerns are investigated thoroughly; the number of confidential helpline calls received is monitored and reported to the Compliance and Integrity Governance Committee of British Steel on a quarterly basis.

### Raising Awareness

British Steel raises awareness internally of its policies and ethical standards through a variety of methods, including training, intranet articles and awareness sessions. Induction processes are in place to ensure that new staff are introduced to key policies and expectations, including the Code of Conduct. Detailed training on the Code of Conduct is also undertaken by senior managers and other key staff. We continue to look at how to raise awareness on the risks of modern slavery and human trafficking amongst our Procurement and HR professionals and will use this statement as a platform for that.

Signed:



Director

GERALD REICHMANN  
(FO)