



# Ethical & Human Rights Policy

## Employee Handbook

Policy Name	Ethical & Human Rights Policy
Issue Number:	2.0
Issue Date:	12/09/2018
Issued by/Author:	Rachel Baldwin, VP HR



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# ETHICAL & HUMAN RIGHTS POLICY PRINCIPLES

**We are committed to ensuring that our global supply chains are sustainable and that every worker is treated fairly. We all have a responsibility to prevent any form of exploitation within our supply chain.**

We want to work with like-minded businesses. Our Responsible Sourcing Policy sets out the standards that we expect to be in place throughout our supply chain. All suppliers are required to comply with our policy. Our standards are based on the requirements of internationally proclaimed human rights, national law, the ten principles of the UN Global Compact, the ETI (Ethical Trading Initiative) base code, which is based on the ILO (International Labour Organisation) core conventions, and, where applicable, the Gang Master Licensing Authority Standard or equivalent National Standard.

Our approach to responsible sourcing is based on risk mitigation and supporting continuous improvement. Pilgrim's Pride Ltd. are committed to working with suppliers who support our policy. We will work with suppliers to support necessary improvements, but we will take action where required if suppliers fail to make appropriate improvements.

The requirements of our Responsible Sourcing Policy constitute minimum and not maximum standards and should not be used to prevent companies from exceeding these standards. Our policy details 12 fundamental principles, based on the ETI Base Code (Appendix 1):

1. Business is conducted lawfully and with integrity, respecting internationally proclaimed human rights
2. Work is freely chosen, and conducted on the basis of freely agreed and documented terms of employment
3. Workers are free to exercise their right to form or join trade unions or to refrain from doing so and to bargain collectively
4. Working conditions and accommodation (where provided) are safe and hygienic and meet the needs of workers
5. Child labour shall not be used, all workers are of the appropriate minimum age
6. Wages meet the minimum national standard
7. Working hours for all workers are reasonable and within legal limits, if stated, if not will revert to the ETI Base Code
8. There must be no discrimination of any kind, all workers are treated equally, with respect and dignity
9. Workers have access to fair policies and procedures and there must be no harsh treatment of any kind
10. All workers must have a legal right to work
11. Business is conducted in a manner which embraces sustainability and reduces environmental impact
12. Animals within our supply chain must be treated responsibly and with respect

We encourage continuous improvement in meeting these standards and we recognise our suppliers may need time and support to ensure compliance. However where standards are not met, and there is no commitment to improve, we reserve the right to cease trading with suppliers.



Rachel Baldwin, VP HR – Pilgrim's Pride Ltd  
12 September 2018

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# OUR APPROACH TO ETHICAL STANDARDS

Pilgrim's Pride Ltd continuously seeks to improve its ethical performance and the overall sustainability of the business. To ensure that every worker in our business is treated fairly, we do the following:

- I. **Membership of SEDEX:** We are a member of SEDEX (Supplier Ethical Data Exchange). We use the SEDEX platform to monitor compliance with our Responsible Sourcing Policy through self-assessment and ethical audit information. All Pilgrim's Pride Ltd sites are registered on SEDEX and have bi-annual semi unannounced SMETA audit (Sedex Members Ethical Trade Audit) and pro-actively close off any non-conformances.
- II. **Maintain high ethical standards:** by;
  - a. Complying with the ETI base code & the Modern Slavery Act 2015
  - b. Promoting Stronger Together on sites
  - c. Carrying out regular staff and agency worker surveys
  - d. Conducting agency audits both internally (annually) and via independent 3<sup>rd</sup> party auditor (annually), including worker interviews
  - e. Maintaining an independent 3<sup>rd</sup> party whistle-blower line
  - f. Implementing other appropriate actions as deemed practical and reasonable to ensure that all workers are treated fairly
- III. **Communication & Training:** We will train relevant internal colleagues to understand the requirements of our Responsible Sourcing Policy, and their role in supporting suppliers to improve performance.
- IV. **Purchasing practices:** We will keep our buying practices under review and ensure that our behaviour supports suppliers in complying with our standards.



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**V. Human Rights Due Diligence:**

We recognise that we have a responsibility under the United Nations Guiding Principles on Business and Human Rights to respect human rights and to provide rights holders with access to remedy. We focus our efforts in this area where we judge the risks of the rights holder to be greatest and where we can achieve the highest impact and make a positive difference. We will undertake Human Rights Risk Assessments and act on action plans resulting from these.

For our colleagues we ensure that Pilgrims Pride Ltd is fair and inclusive place to work. We conduct regular surveys of our staff, both agency and permanent to gain an understanding of their issues.

We work with other suppliers and retailers within our supply chain to assess our human rights risks and to prioritise our work in this area. In our key priority areas we will undertake human rights due diligence to ensure that we do not adversely affect any stakeholders in this. We will report on this on an annual basis within our Modern Slavery Statement.

We have a robust policy for our supply chain, Pilgrim's Pride Ltd. Responsible Sourcing Policy which is agreed at board level. This sets the standards that we expect our suppliers to adhere too.

**VI. Risk Assessment of our Supply Chain:** We will use a wide range of data and tools to support the risk assessment of our suppliers. Information from SEDEX, alongside advice and insights from internal and external partners, help us assess risk across a number of criteria:

- a. Country of origin
- b. Category of industry and product area
- c. Self assessment and site profile information
- d. Percentage of migrant workers
- e. Percentage of agency workers
- f. Commercial factors (e.g. value of business / turnover / seasonality)
- g. FNET (Food Network for Ethical Trade) Risk Assessment Tool/s

**VII. Monitoring & reporting on compliance:** We will ensure we have the resources available to monitor our own sites and supplier compliance with this policy. Pilgrim's Pride Ltd will be making an annual disclosure, which will include what steps it takes to combat slavery and exploitation in its supply chain, in line with the requirements of the Modern Slavery Act 2015.



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## VII. Pilgrim's Pride Ltd's Responsibility:

- **Everyone** within Pilgrim's Pride Ltd has a responsibility to adhere to the ethical standards outlined on this policy; specifically
- **VP HR** (on behalf of the Board of Directors) - Overall responsibility for ensuring compliance with our policy
- **Procurement Managers** - Communicating and implementing our policy down the supply chain and to new suppliers prior to set up
- **Responsible Sourcing Manager** - Monitoring & evaluating Pilgrim's Pride Ltd site & supplier compliance with our policy
- **Site / Functional Senior Management** - Adherence to our policy, our fundamental principles and the ETI base code
- **Site Senior HR** - Completion of SEDEX SAQ, arrangement of audits & management of action plans



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# SUPPLY CHAIN REQUIREMENTS

## SUMMARY OF SUPPLIER REQUIREMENTS

- I. Pilgrim's Pride Ltd expects that its tier 1 suppliers operate to our fundamental responsible sourcing principles in addition to the national laws in the countries in which they operate, and ensure these standards are implemented in their own sites and tier 2 suppliers (and below).
- II. All suppliers must ensure this policy is fully understood, communicated and complied with throughout their supply chain.
- III. Suppliers should have practices in place to avoid labour exploitation. UK suppliers should be aware of the Modern Slavery Act 2015 and take account of it in their own plans and assist Pilgrim's Pride Ltd in complying with the act.
- IV. Suppliers must ensure that they have sufficient resources in place to implement our fundamental responsible sourcing principles.
- V. Suppliers must ensure that they, and their suppliers, have appropriate policies in place at site level to meet the requirements of this policy.
- VI. Suppliers must notify the Pilgrim's Pride Ltd Responsible Sourcing Manager or their commercial contact within 24 hours if they take issue with any aspect of the Responsible Sourcing Policy or detect a violation with the Policy.
- VII. We require all suppliers who work with or for Pilgrim's Pride Ltd to respect and confirm that all their activities comply with these mandatory requirements in order to establish and maintain a business relationship with Pilgrim's Pride Ltd.
- VIII. We require all suppliers with 30 or more workers during peak operation (including Agency workers) to register with SEDEX, complete the SEDEX Self Assessment Questionnaire (SEDEX SAQ) and commission an independent SMETA audit (Sedex Members Ethical Trade Audit) by an SEDEX approved auditor.
- IX. We will risk assess supplier with under 30 workers on an individual case by case basis and recommend actions where required. This could include a SMETA audit, visit and audit by Pilgrim's Pride Ltd staff or any other means deemed appropriate.



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# SUPPLY CHAIN REQUIREMENTS

## 2.0 REQUIREMENTS FOR SUPPLIERS WITH 30 OR MORE WORKERS

- I. All suppliers of products and services with 30 or more workers during peak operation (including Agency workers) are expected to join SEDEX, either as an AB or as a B member;
  - All current suppliers are expected to be registered with SEDEX, completed the SEDEX SAQ and have linked with Pilgrim's Pride Ltd .
  - New suppliers must be registered with SEDEX and complete the SEDEX SAQ prior to being given approved supplier status by the Pilgrim's Pride Ltd Responsible Sourcing Manager.
- II. Suppliers must link their SEDEX registered site to Pilgrim's Pride Ltd by adding Pilgrim's Pride Ltd (ZC1061698) as a customer in order to share their site data, including full visibility of their SAQ, ethical audits and non-conformances.
- III. Suppliers must complete the full on-line SEDEX Self Assessment Questionnaire (SAQ) to 100%, and ensure it is updated at least once every 6 months.
- IV. Audits – Pilgrim's Pride Ltd requires:
  - A SMETA audit (Sedex Members Ethical Trade Audit).
  - As a minimum, the two pillar SMETA audit, to be organised and paid for at the suppliers own cost.
  - SMETA audits to be commissioned at least on a "semi-announced" basis.
  - Audits to be carried out by an approved third-party auditor.
  - SMETA audits that have taken place at the site to be uploaded onto SEDEX by the audit provider, and be shared with Pilgrim's Pride Ltd within 14 calendar days of the audit date.
  - All non-conformances raised through ethical audits to be proactively managed and closed off via SEDEX, according to the timeframes specified by the audit company.
  - Audits should be carried out at least every 3 years.

Audits are in place to drive improvement, rather than for monitoring compliance.
- V. Tier 1 (direct) suppliers are expected to establish and maintain a system to measure the performance of their suppliers (Pilgrim's Pride Ltd tier 2 suppliers and below) against the Policy and be able to share this information with Pilgrim's Pride Ltd and its customers on request.



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# SUPPLY CHAIN REQUIREMENTS

## 3.0 REQUIREMENTS FOR SUPPLIERS WITH LESS THAN 30 WORKERS

- I. For suppliers with less than 30 workers during peak operation (including agency workers) there is an alternative control to full ethical (SEDEX) audits. Pilgrim's Pride Ltd will risk assess each supplier on a case by case basis, If you fall into this category you will be sent details on compliance requirements, including the need to complete an SAQ.
- II. If you do not meet these requirements according to the deadlines set out, Pilgrim's Pride Ltd reserves the right to require a full SMETA ethical audit, at the suppliers own cost.
- III. We will support our agricultural supply base by producing and communicating our Agricultural Responsible Sourcing Code of Practice.



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# SUPPLY CHAIN REQUIREMENTS

## 4.0 SUSTAINABILITY REQUIREMENTS

- I. It is a minimum requirement that all members of the supply chain comply with environmental legislation in the country they operate in and any requirements of UK Environment Law that apply to goods imported to the UK.
- II. Suppliers are expected to be aware of the environmental impacts of their operations and those of their supply chain and where these are significant should take action to reduce them. These steps may involve using supply chain traceability systems (such as the RSPO for Palm Oil), sourcing in such a way that impacts are reduced or finding alternative, non-impact materials in cooperation with Pilgrim's Pride Ltd.
- III. All suppliers are expected to develop sustainability action plans, supporting the approach taken by Pilgrim's Pride Ltd and its customers. The plan will address issues that are material to that supplier and should be based on a risk assessment of environment and sustainability impacts of their operations and raw materials against issues such as deforestation, water supply, scarcity of resources, pollution risks, release of greenhouse gas emissions, community impact, people management and customer requirements.
- IV. Where such impacts are detected the supplier is expected to develop strategies to mitigate these risks and develop plans to increase the sustainability of their operation.
- V. Where suppliers are supplying products which have an inherent risk of sustainability impacts, for example palm oil, they will be expected to comply with any product specific sustainability requirements as released by Pilgrim's Pride Ltd.
- VI. Suppliers should inform Pilgrim's Pride Ltd of any sustainability impacts which affect their operations or those of their suppliers.



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## WHERE TO GO FOR SUPPORT

- I. Suppliers can contact the Pilgrim's Pride Ltd Responsible Sourcing Manager for any questions on this policy and guidance on implementing solutions and strategies to improve human rights and working conditions ([andy.york@pilgrimsuk.com](mailto:andy.york@pilgrimsuk.com)).
- II. Suppliers can contact the Sedex Helpdesk for questions about Sedex. Please see Sedex website for contact details [www.sedex.org.uk](http://www.sedex.org.uk)
- III. Sedex publishes Supplier Guidance Packs for suppliers on [www.sedexglobal.com](http://www.sedexglobal.com)
- IV. Suppliers can find information about The Stronger Together Initiative, which is aimed at reducing labour exploitation, on the Stronger Together Initiative website [www.stronger2gether.org](http://www.stronger2gether.org).
- V. Suppliers can find information and guidance on various ethical trade topics on the ETI website [www.ethicaltrade.org](http://www.ethicaltrade.org)
- VI. Supplier can find information on the United Nations Global Compact, of which Pilgrim's Pride Ltd is a signatory on the UNGC website [www.unglobalcompact.org](http://www.unglobalcompact.org)



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## DEFINITIONS

Wording:	Definition:
ETI	Ethical Trading Initiative
ETI Base Code	Ethical standard drawn up by ETI members and applicable to manufacturers and farmers in the UK retail supply chain
GLA	Gangmasters Licensing Authority
GLA Standard	The licensing standard drawn up by the GLA and applicable to all suppliers of temporary labour to UK food processors and farmers.
GLA Active Check	GLA run an alert system which warns labour users when the licence of an agency that they have nominated changes or is revoked.
Independent Slavery Commissioner	A post created by the UK Government within the Modern Slavery Act
Labour Providers	May be the standard model of basic labour services to production facilities or contractors who provide a service and staff such as canteens, security, logistics and office cleaning.
Modern Slavery	Modern Slavery is the term used within the Modern Slavery Act 2015 to define the illegal activities occurring in the provision of labour to companies in the UK.
RSPO	Round Table on Sustainable Palm Oil
SEDEX	Retailer run database that holds retailer suppliers ethical audits and self-assessment.
SEDEX SAQ	SEDEX based Self-Assessment Questionnaire
SMETA	Ethical audit standard managed by SEDEX and available through the SEDEX system
Stronger Together	Joint initiative involving retailers, GLA, suppliers and charities to raise awareness of modern slavery issues and equip labour providers with the tools to prevent slavery and exploitation in their work force.
Tier 1 Suppliers	Suppliers that supply goods and services directly into Pilgrim's Pride Ltd.
Tier 2 Suppliers	Suppliers of goods and services directly into Pilgrim's Pride Ltd Tier 1 suppliers.
Workers (Employees, Staff)	Describes all the people working for the business, both permanent and temporary.

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Respect for workers worldwide

## APPENDIX - ETI BASE CODE

### 1. Employment is freely chosen

- 1.1 There is no forced, bonded or involuntary prison labour.
- 1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

### 2. Freedom of association and the right to collective bargaining are respected

- 2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- 2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- 2.3 Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- 2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

### 3. Working conditions are safe and hygienic

- 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- 3.2 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- 3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- 3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- 3.5 The company observing the code shall assign responsibility for health and safety to a senior management representative.

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**4. Child labour shall not be used**

- 4.1 There shall be no new recruitment of child labour.
- 4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child; “child” and “child labour” being defined in the appendices.
- 4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.
- 4.4 These policies and procedures shall conform to the provisions of the relevant ILO standards.

**5. Living wages are paid**

- 5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- 5.2 All workers shall be provided with written and understandable Information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- 5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

**6. Working hours are not excessive**

- 6.1 Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Sub-clauses 6.2 to 6.6 are based on international labour standards.
- 6.2 Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.\*
- 6.3 All overtime shall be voluntary. Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.
- 6.4 The total hours worked in any seven day period shall not exceed 60 hours, except where covered by clause 6.5 below.
- 6.5 Working hours may exceed 60 hours in any seven day period only in exceptional circumstances where all of the following are met:

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## Ethical Trading Initiative

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- this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce;
  - appropriate safeguards are taken to protect the workers' health and safety;
- and
- the employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.

6.6 Workers shall be provided with at least one day off in every seven day period or, where allowed by national law, two days off in every 14 day period.

\* International standards recommend the progressive reduction of normal hours of work, when appropriate, to 40 hours per week, without any reduction in workers' wages as hours are reduced.

### 7. No discrimination is practised

7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

### 8. Regular employment is provided

8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.

8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub- contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

### 9. No harsh or inhumane treatment is allowed

9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

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