

## **UK Modern Slavery Act & California Transparency Act - Transparency Statement, 2021**

As required by the UK's Modern Slavery Act 2016 and California's Transparency in Supply Chains Act 2010, this transparency statement sets out the steps we have taken during the financial year to ensure that modern slavery is not occurring in our company or supply chain.

This transparency statement covers the period of our financial year 2020/2021 which runs from 1 April 2020 to 31 March 2021. It was approved by our Executive Board on 5 July 2021. In April 2020, the UK Government issued guidance stating that businesses can delay the publication of their modern slavery statement by up to 6 months due to coronavirus-related pressures. Like many business, we have been impacted by the challenges coronavirus caused. We have therefore taken advantage of the extension afforded by the Government and published this statement slightly later than previous years.

This is a group statement applying to the following companies in our global group: William Grant & Sons Distillers Limited, William Grant & Sons Brands Limited, William Grant & Sons UK Limited, William Grant & Sons, Inc., William Grant & Sons Irish Brands Limited, William Grant & Sons Irish Manufacturing Limited and Quality Spirits International Limited.

### **Our organisational structure, business and supply chain**

Established in 1887, William Grant & Sons is a luxury spirits company with a portfolio of award-winning brands enjoyed globally. We employ over 2,600 people in approximately 30 countries worldwide. We are a family business, guided by a strong belief in morals and business ethics. Our Corporate Values shape the way we work and give all our employees a common framework about how we act, do business and make decisions.

We believe that any form of slavery is unacceptable in our business dealings anywhere in the world. This statement is an update to our fourth statement published in 2020. It sets out our efforts to ensure that slavery does not take place in our business or in our supply chain.

We operate within a global supply chain, sourcing raw materials for the manufacture of our products and marketing, distributing and selling them to our customers and consumers all over the world. In doing so, we operate and comply with local laws. We expect our suppliers to do so too.

### **Our HR policies**

We will always comply with local employment laws. In a number of countries, we go beyond the locally mandated minimum requirements. The range of benefits is broadly similar across the company, but specific benefits take account of local practice.

Our range of HR policies and ways of working ensure that our employees are treated fairly in terms of:

- Pay and benefits
- Health & safety, working environment and conditions
- Treatment in the workplace
- Diversity, inclusion and engagement
- The ability to speak up confidentially if issues arise
- Access to clear written terms of employment
- Clear expectations of and ways of working with our partner recruitment agencies for temporary staff.

We continue to review all of our employment policies globally on a regular basis to ensure we are compliant with any legislative changes.

### **Our due diligence processes**

Given the nature of the products we make and sell globally, we set high standards for our business and supply chain. We always comply with standards and rules set by regulatory authorities and by national and international standards authorities. Our processes include:

- Anti-bribery policy, and global processes, including engagement and assurances from medium and high risk service providers
- Cross-functional “Know Your Customer” checks before we work with new customers and distributors
- Full compliance with the UK’s HMRC and Irish Revenue Department requirements, including supply chain due diligence
- Site visits by our commercial teams to key distribution partners to understand their supply chains
- Supplier audit process which includes a review of social and ethical standards of our packaging suppliers
- Periodic verification of our product supply chains in an effort to evaluate and address the risks of human trafficking and slavery
- Regular successful completion of audits by the ISO, the British Retail Consortium and large retail customers
- Membership of Supplier Ethical Data Exchange (SEDEX)
- A procurement process and approach to ensure we work with the right partners

#### Assessing and managing the risk

- Given the HR policies and procedures we have in place, we do not consider that there is a significant risk of slavery and human trafficking within our own business. But we are committed to responding to it appropriately if reported.
- As part of a complex supply chain, we continue to consider a range of options to better understand, identify and assess possible risks of slavery and human trafficking. We are also exploring opportunities to work closely with experts in this area, in order to better understand the issues and best practice.

#### What we have done in the last 12 months

The COVID-19 pandemic presented many challenging operational issues, such as managing packaging supplies and reduced production of our products as the business implemented social distancing measures across our distilleries. With the pandemic taking precedence over everything else this past year, we were unfortunately unable to dedicate as much time to our Ethical Procurement Code (EPC) as we had detailed in the previous transparency statement.

#### *HR update*

By following government and industry body guidance, teams at our production sites have developed processes, procedures and behaviours that have quickly created a culture where people understand, and are actively involved in, our commitment to social distancing.

In response to the pandemic, we followed all government guidance as a minimum in adjusting our processes for dealing with suppliers, partners, employees and candidates. We created a global, cross-functional taskforce focused on implementing these measures, making recommendations and decisions in order to do the right thing across all aspects of our business and supply chain during the pandemic to protect the business and everyone we work with.

Where recruitment processes have been conducted remotely as a result of the pandemic, candidates have been required to submit digital photographs or scans or their right to work documentation, and we have also required them to show us the original document on camera to verify that this is real to the best of our abilities. Where we were not able to physically inspect these document, this will be undertaken as soon as reasonably practicable. To protect jobs and financially protect our employees we utilised the UK’s Job Retention Scheme and elected to pay enhanced furlough pay. We also provided any requested information to our recruitment partners to allow temporary workers to access this scheme where applicable.

Our new Applicant Tracking System has now launched, which will allow for greater control over applicant data and go some way to supporting our Diversity & Inclusion agenda with anonymised applications and a more comprehensive framework for pre-employment checks, including electronic identification verification checks. This will further protect the business from the risks of modern slavery and human trafficking.

#### *Procurement policies and contractual controls*

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our suppliers are required to adhere to the William Grant & Sons EPC which embeds the ten principles of the United Nations Global Compact and the requirements of the UK Modern Slavery Act 2015.

The William Grant & Sons EPC is an indication of our commitment to acting ethically and with integrity in all our business relationships.

In defining the list of potential suppliers William Grant & Sons Procurement team reserves the right to exclude any supplier that appears on the World Bank Sanctions List and/or the EU/UN Sanctions list.

#### What we plan to do in the next 12 months

On 11 March 2021, the UK Government launched its registry for Modern Slavery Act 2015 (MSA) statements. In support of the Government's mission for transparency, we will voluntarily publish our own modern slavery statements on this registry.

#### *Procurement*

The focus of William Grant & Sons' Procurement team in the next year is implementing and enforcing an effective system and set of controls to ensure that slavery and human trafficking is not taking place anywhere in our supply chains including:

- Mandatory pre-qualification of suppliers – All suppliers taking part in tender exercises will undertake this process to evaluate their compliance with the Modern Slavery Act and explore the policy and practices they have in place to ensure that modern slavery is not taking place in their business and supply chains. Failure to pass this assessment will result in the supplier being excluded from the tender process. William Grant & Sons Procurement will then liaise with the supplier to discuss how we can support them in making the necessary improvements so that they can be invited to take part in future tenders.
- Improvements in risk identification, mitigation and monitoring – Increasing the use of the SEDEX Radar tool to ensure that risks relating to modern slavery are identified, assessed and mitigated in our contracts for both current and potential supplier.
- Improved reporting capabilities to measure, manage and increase supplier compliance.

#### *HR*

We will continue to abide by all local laws and customs regarding best practice in recruitment and all other people initiatives, and have recently reviewed and signed a new comprehensive contract with our supplier to govern how our temporary production workers are engaged and controlled within our Scottish sites.

Our HR team is also in the process of implementing a new background checking provider, which will allow us to conduct more robust and objective background checks, including employment or educational references, identity verification, criminal record and financial background checks. The use of these checks will be governed by a global policy and the individual checks carried out will be dependent on role, level, and any local legal or customary requirements and restrictions.

Giles Wilson

Chief Financial Officer  
July 2021