



Navy, Army and Airforce Institutes Modern Slavery and Human Trafficking Statement

Introduction

The UK Modern Slavery Act 2015 (the 'Act') requires businesses to state the actions they have taken during the financial year to ensure modern slavery is not taking place in their operations and supply chains. NAAFI is fully committed to playing our part in eradicating modern slavery. We firmly support transparency and collaboration to eliminate the risks of modern slavery.

This statement refers to the financial year ending 5th April 2020 and has been updated to reflect the current status of our activity

Our Business, Structure and Supply Chains

NAAFI was incorporated in 1920 when the Expeditionary Force Canteens (EFC) and the Navy and Army Canteen Board (NACB) were combined to run the Armed Forces recreational establishments and to sell goods to servicemen and their families. NAAFI is a UK registered, not for profit company and does not have any subsidiaries or franchises.

NAAFI operates in Germany, Gibraltar, Brunei, the South Atlantic Islands and on-board HM Ships, providing convenience shops, pubs, coffee shops, restaurants and cleaning services to the British Armed Forces and their dependants. Because of our unique position within the military community our management and staff are subject to UK law wherever they are based as well as the law of the host nation.

Our supply chains are straight forward and in the main are limited to dealing with companies incorporated and based in western European countries; specifically; the United Kingdom, the Netherlands and Germany. A key purpose of our business is to provide our service personnel "a taste of home" wherever they're based in the world, which drives a prioritisation of UK sourced products. Our relatively small size, and therefore buying power, considerably limits our ability to influence second tier suppliers. Most of our product is sourced from wholesalers and we are generally a relatively small customer of much larger organisations.

In the main ordering and supplier liaison is done centrally. We make some small scale purchasing through local suppliers in remote areas such as the South Atlantic and through Ships Chandlers for remote resupply of our Canteens on Royal Navy ships. All Chandlers that we use are members of the International Ship suppliers & Services Association (ISSA).

Our Policies

NAAFI is fully committed to operating ethically and within the spirit as well as the letter of the law in every part of our business and this key commitment is enshrined in our Corporate Responsibility Policy.

Our employment policies are fully compliant with UK employment law and are applied in all geographical areas where we operate. All staff irrespective of the country where they work are paid above minimum wage or the local equivalent.

We have a clear and transparent grievance resolution policy monitored by ACAS trained personnel.

Our whistle blowing policy provides safeguards for any employee reporting illegal or unethical activity and is maintained by our Risk Management team who have, if necessary, independent access to the Board.

We are committed to ensuring that our recruitment policy and practices are robust and do not provide an opportunity for modern slavery to occur within our employee pool. All our policies are regularly reviewed and updated to ensure that they are fit for purpose and continue to reflect current best practice.

Due Diligence – Our Employees

The people directly working in our business are employed in three ways:

- Direct employment
- Agency workers
- Casual Employees

The risks and associated controls over each sector are different, however, as a baseline all our employees, however sourced, are subject to basic security checks conducted by the UK Ministry of Defence (MOD).

Direct Employees

We recruit all the staff that we employ directly ourselves. We do not use intermediaries to source employees, except for some Senior Management and Executive positions which are inherently very low risk.

All pay rates, incentives and remuneration are subject to review by our Remuneration Committee.

Reference checks and interviews are carried out for all new employees along with security vetting by the MOD and Right to Work checks.

All of our employees are employed on permanent contracts with standard terms and conditions that comply with UK law. We do not employ anyone on a zero hours contract.

We do not employ any staff under the age of eighteen and have clear policies ensuring that vulnerable adults are treated fairly and supported.

Agency workers - are provided by a UK based agency and a MOD operated local labour organisation in Germany. Controls over both sources of workers are robust.

Casual employees - are used to a limited extent in our catering business for specific events in the form of waiting and bar staff. All casual staff are pre-registered with us, subject to detailed checks and are drawn exclusively from the British Forces Community in Germany.

Due Diligence – Our Supply Chain

The basis of our Supply Chain Due Diligence is our Supplier Risk Assessment process. We are at a relatively early stage in implementing full risk assessments across all existing suppliers, however, full risks assessments are completed when engaging with new suppliers.

The setup of all new suppliers on our systems requires formal sign off from a member of our Executive.

Risk Assessment

A robust Risk Assessment process is central to our response to the challenges of confronting Modern Slavery. Our risk assessment process considers the following factors:

- The type of economic activity a supplier undertakes, and the likelihood of that activity being involved in forced labour, child labour or any other manifestation of Modern Slavery.
- The geographical areas that a supplier operates in with reference to the legislative framework and human rights profile of that area.
- The supplier's engagement with anti-modern slavery measures and organisations.
- Evidence that the supplier has effective Due Diligence Policies in place.

Risk Assessments will be completed for all new suppliers with an expected annual spend in excess of £50,000 or equivalent in local currency per annum.

KPIs

We reviewed our existing Supply Chain KPIs to assess whether they would inadvertently incentivise our suppliers to engage in activities in breach of the Act. Our conclusion is that our KPIs do not drive any undesirable behaviours.

We are developing Modern Slavery specific KPIs which will be used to drive increased transparency over our activity. Performance against our KPIs will be included in all future statements. Specific areas that we are considering are:

- Number of supplier Risk Assessments completed.

- Number of personnel trained in identifying and reporting indications of Modern Slavery.
- Number of whistle-blower incidents received in respect of Modern Slavery with commentary on outcomes and if appropriate remedial action taken.

Training

Our policies are available to all employees and are covered in our induction process for new employees.

Training has been provided to Managers in the highest risk areas of our business, specifically; those areas outside of mainland Europe, personnel involved in procuring new suppliers and our Human Resources Managers.

Looking to the future

During our Financial year ending 24th April 2020 we will

- Review our corporate policies to explicitly address Modern Slavery.
- Extend our training to cover all Management involved in recruitment and sourcing of goods and services.
- Implement a measurable set of Modern Slavery specific KPIs to monitor compliance with our policies and provide a platform for continued improvement.
- Complete Risk Assessments for all current suppliers with an annual spend in excess of £50,000 or equivalent in local currency per annum.

Director's signature:

**Director's name:
Mr Steven David Marshall**

Date: 5th April 2020