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Kalsec Anti-Slavery & Human Trafficking Statement **May 2018**

The California Transparency in Supply Chains Act of 2010 (SB 657) and the United Kingdom Modern Slavery Act of 2015 require certain businesses to provide disclosures and take other actions concerning their efforts, if any, to address the issues of slavery and human trafficking in their supply chains. This Anti-Slavery and Human Trafficking Statement (“Statement”) addresses these statutes and covers Kalsec’s global operations.

Celebrating its 60th anniversary in 2018, Kalsec operates on all continents of the globe. While any specific Kalsec location may not be subject to the California or UK Statutes, Kalsec has decided to take a company-wide approach to our efforts and with respect to the anti-slavery and human rights concerns and make this Statement on behalf of all our operations.

We recognize that slavery and human trafficking can occur in many forms, including forced labor, child labor, domestic and indentured servitude, sex trafficking, and workplace abuse. Therefore, the terms “slavery and human trafficking” as used in this document include these various forms of coerced labor.

Kalsec Businesses & Operations

Kalsec is driven and inspired by our vision to remain Private & Sustainable for 100 years and be the leading global supplier of the highest quality and most innovative products in our field.

We sell value added ingredients to the food and beverage industries. Primarily spice & herb flavor extracts, antioxidants, colors and modified hops products business-to-business. More details about our operations can be found on www.kalsec.com and particularly in our Corporate Social Responsibility Report.

Kalsec’s Supply Chain

Our vast product offerings require that Kalsec source ingredients, goods and services from hundreds of suppliers globally. A majority of our supply chain is within our control, as we are vertically integrated in many of our product offerings. Where we are not vertically integrated, there are limits to visibility beyond the first tier of suppliers. Efficiently and effectively assessing and addressing supply chain issues such as human rights beyond the first tier is often challenging. However, we have long standing relationships with most of our first-tier suppliers, and are working with our suppliers on an updated code of conduct. Throughout our supply chain and along with our partners we are on a continuous journey of more complete traceability and transparency throughout our global supply chain.

Our Relevant Policies

We currently have several relevant policies that address human rights within our Employee Handbook, which is signed by each employee.

- The *Employment Relationship* handbook section covers *Ethical Business Practices* which supports our purpose and values and details out for all our employees globally and sets out our commitment to conducting business ethically, and in accordance with all applicable laws and regulations, as well as with a high standard of ethics and responsibility.

- The *Employment Relationship* handbook section addresses equal opportunity, anti-harassment and anti-discrimination policies for employees.
- *Compensation* and *Timekeeping* sections address expectations on wage and working hours.
- Policies on providing a safe and secure workplace are addressed in the *Health and Safety* section of the handbook.
- The *General Employment Policies* section addresses the hiring of minors.

Due Diligence Processes for Slavery and Human Trafficking

To prevent slavery and human trafficking in our business and supply chain we are implementing a due diligence process, including:

- Kalsec's leadership is committed to ensuring that the products we make are prepared with ethically and sustainably sourced ingredients. Kalsec's Procurement Department is leading the development and implementation of Kalsec's Responsible Sourcing Program.
- Kalsec's internal approval process of any new supplier includes questions on ethics and human/labor rights.
- Kalsec's Corporate Responsibility and Procurement groups are working collaboratively to promote responsible sourcing practices, including practices designed to prevent slavery and human trafficking.

Responsible Sourcing Program. Kalsec's Supplier Code of Conduct is under development and will be the foundation of our Responsible Sourcing Program along with the use of SAI/Farm Sustainability Assessment Tool.

Risk Assessment. As described below, we are undertaking a risk assessment of our supply chain to better understand the potential risks related to slavery and human trafficking.

Assessment of Risks in our Business and Supply Chain

Kalsec is committed to working with our suppliers and other stakeholders to understand further potential areas of risk and to increase transparency. We seek to use passion and knowledge to leverage and influence to help mitigate any negative impacts identified. In 2012 we joined Sedex and had our first SMETA audit for a third-party assessment to benchmark our corporate social responsibility. In 2017, we joined with SAI Platform and began assessment of our agricultural supply chain, measuring the potential risk of various crops, including chilies, rosemary, carrot and paprika. In 2018, we are beginning assessments of our global ingredient supply chains. This assessment will help us understand where human rights and labor issues may exist within our global supply chain so that we can prioritize and focus our responsible sourcing efforts. Kalsec has been a member of EcoVadis since early 2017 and in 2018 we upgraded to Premium membership in order to benefit from the industry-acknowledged review and continuous improvement tools provided by this platform.

Our Effectiveness in Combating Slavery and Human Trafficking

Operations within our control operate ethically and treat all employees, contractors and service providers equitably. We build and maintain long term supplier relationships with critical suppliers in our supply chain, which allows us to know and ensure ethical treatment of those

organizations.

Training

Training is an essential element of implementing effective human rights practices.

Kalsec provides new hire training on the contents of the Employee Handbook, which is available on our company intranet for easy reference. With the 2018 completion of Kalsec's new Supplier Code of Conduct, training will be completed for all employees and managers who have direct responsibility for supply chain procurement.

Our Commitment

This statement will be reviewed and updated annually as part of our annual Corporate Social Responsibility Reporting.

For more information on Kalsec Corporate Social Responsibility see our Corporate Responsibility Report available June 2018 on www.kalsec.com

The Modern Slavery Helpline (0800 0121 700) is suggested by the government as a first port of call for those suspecting modern slavery practices. The guidance suggests that if modern slavery is suspected abroad, within their supply chains, the response should be tailored to local circumstance, including seeking the support of local government bodies, trade unions or non-governmental organizations, including the [ILO](#), [Alliance 8.7](#) and [A21](#).



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