

# Modern Slavery Act Statement

## Transparency in Our Supply Chains

### 1 April 2018 -31 March 2019 Financial Year

Lovering Foods

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We have a responsibility as a business to respect human rights. We know that by protecting those in our supply chains, we also strengthen our business as a whole and build trust with our customers. Lovering Foods' mission is to provide high quality products that are responsibly and ethically sourced with best in class service. Addressing modern slavery in a comprehensive and targeted way is a key element of how we fulfil our commitment to provide responsibly and ethically sourced products. Modern slavery is one of the most severe breaches of human rights, however, identifying cases of modern slavery and forced labour can be challenging – particularly in the context of seafood supply chains. Lovering Foods works proactively to ensure engagement with its' modern slavery policies, within the context and belief that a widespread reduction in modern slavery can only be delivered through collaboration between business, government, and civil society.

This statement has been published in accordance with section 54(1) of the Modern Slavery Act 2015 and provides detailed information on our business activities and commitments to mitigate against the risks of modern slavery in our supply chains, and makes clear the steps we have taken within the financial year 2018/19 which ended on the 31<sup>st</sup> of March 2019.

#### 1. OUR ORGANISATION, STRUCTURE AND SUPPLY CHAIN



**15 + COUNTRIES** where we source our Kingfisher branded and supermarket own-brand products from



**1 HEAD OFFICE**



**35 LOVERING FOODS EMPLOYEES**



**40,000 + WORKERS** in Lovering Foods first tier supply chain

Lovering Foods is a leading UK-based value-added supplier of ambient foods, founded in 1979. The majority of our trade is in seafood; however, our product range includes fruit, vegetables, and Oriental foods. Our products are sold under many major supermarkets' own labels, and as our own brand, Kingfisher.

Lovering Foods is located in Redhill, Surrey, where most of our employees are located. However, our technical team has offices in Skelmersdale, Liverpool and Seattle, USA. We source internationally across a number of continents; including Asia, Africa, Europe, North America, and South America. Lovering Foods does not own or operate any processing facilities, nor does it own or operate any fishing vessels. Lovering Foods is passionate about taking a partnership approach with our suppliers; focussing on fostering long-term relationships, many of which span over 10 years.

Our Corporate Social Responsibility team who lead on modern slavery, sustainability and ethical trade, sit within the wider Technical team at Lovering Foods, and report to the Technical Director. Structuring the team in this way enables an awareness of supplier sites from both an ethical and technical perspective ensuring that all team members retain a comprehensive understanding of requirements and progress made by suppliers. Monthly meetings are held between the CSR department, Procurement, our Technical Director and the Managing

Director of Lovering Foods where ethical audit results of all our supplier sites are appraised, and broader responsible sourcing issues in our supply chain are discussed.

## 2. POLICIES IN RELATION TO SLAVERY AND HUMAN TRAFFICKING

As the majority of our trade is in seafood, exploring the complex ethical issues surrounding seafood supply chains has been a key focus for Lovering Foods. Reports of exploitation at sea have increased in recent years, however, lack of traceability to vessel level and weak regulation within sourcing countries make challenging the traditional opacity of the industry difficult. Despite this, Lovering Foods are committed to tackling these issues both within our own operations, and by engaging in wider multi-stakeholder dialogue to drive widespread change.

### Our policies:

Lovering Foods have a number of policies in place which work together to tackle the multi-faceted aspects of modern slavery.

- [Sustainability Policy](#) – This is publicly available on our website and specifically calls out forced labour.
- **Tuna Sourcing Policy** – This internal policy requires our tuna suppliers to increase transparency and traceability on the vessels they source from, including by checking working standards (specifically forced labour) on vessels at least yearly. The Tuna Sourcing Policy states that all vessels should work toward meeting the ILO C188 Work in Fishing Convention.
- **Lovering Foods Ethical Trade Policy** - This internal policy requires all direct suppliers to join an approved ethical audit membership scheme (Sedex or BSCI) or certification scheme (SA8000) and comply with the ETI Base Code. Clause 1 of the code states that employment must be freely chosen, with no forced, bonded or involuntary labour. Suppliers are encouraged to cascade this further down their supply chains. The policy was implemented at the end of October 2017 and has recently been updated and was reissued to suppliers in May 2019. It continues to be upheld with new supplier relationships.
- **Lovering Foods Ethical Trade Code of Conduct** – This internal policy covers sets a baseline standard for suppliers to Lovering Foods to meet, covering the principles outlined in the Ethical Trading Initiative Base Code. The policy makes specific reference to suppliers providing transparency to Lovering Foods, and is included in our Ethical Trade Policy.

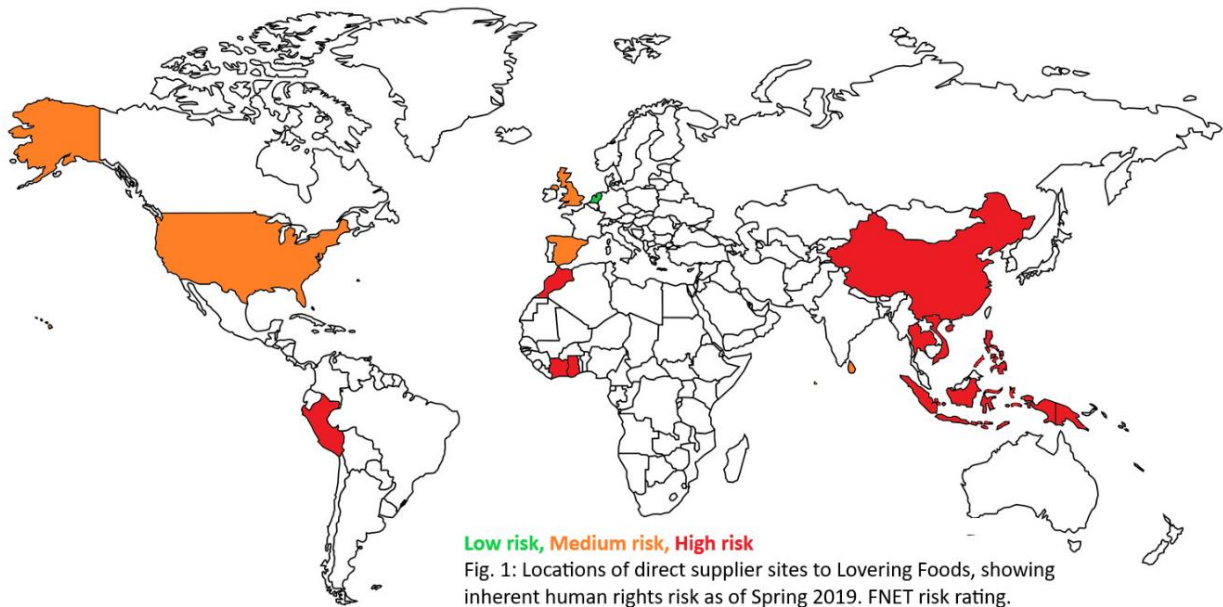
## 3. DUE DILIGENCE PROCESSES AND RISK ASSESSMENT

Lovering Foods take a tailored, risk-based approach to monitor compliance within our supplier base; building capacity to meet ethical standards and to address the risk of modern slavery.

### **RISK ASSESSMENT**

In the first instance, we assess the potential human rights risk of our supply chain by considering the country of origin where we are sourcing products or raw materials from. We use the Food Network for Ethical Trade (FNET) Risk Assessment, alongside data gathered by the CSR department on labour rights, in-country political factors and country-wide human rights risks to achieve this rating. This risk-based approach determines which supplier sites need to undergo additional due diligence, and informs prioritisation for third-party ethical audits.

Furthermore, appraising risk from the context of data collected on seafood supply chains is a key element of our risk assessment and due diligence process. Achieving greater understanding of the operating context in which vessels and fish processing sites used by Lovering Foods, enables a more accurate risk assessment. Key challenges to uncovering cases of modern slavery within seafood supply chains refer to; the complexity of the supply chain, issues concerned with trans-shipment at sea, and the diminished capacity of states to enforce



human rights laws (i.e. flagging/ flags of convenience). The lack of unionisation available to fishermen, and the use of migrant workers further exacerbates the risk of modern slavery. As stated above, Lovering Foods ensures compliance to our Sustainability Policy and our Tuna Sourcing Policy, working collaboratively with our suppliers to address these issues.

We continue to be active members of the [Sustainable Seafood Coalition \(SSC\)](#), contributing to the establishment of UK-wide standards on seafood labelling, risk assessment, and fishery improvement efforts. We are also a Participating Company of the [International Seafood Sustainability Foundation \(ISSF\)](#), an interdisciplinary organisation working to improve sustainability and traceability in the tuna industry. Strengthening traceability in the seafood industry is a key element of tackling the root causes of slavery within the seafood industry. We continue to participate and lead in Fishery Improvements Projects (FIPs) in Peru and Morocco and we are investigating further projects in South-East Asia. Our engagement with FIPs allows us to work alongside customers and suppliers. Lovering Foods are Marine Stewardship Council (MSC) Chain of Custody certified which ensures that products from MSC certified sustainable fisheries are traceable and separated from non-certified products. Participation in the SSC, ISSF and the two FIPs ensure we are working in collaborative ways to address wider sourcing issues in seafood supply chains.

#### SUPPLIER MONITORING AND COMPLIANCE

We encourage all our first-tier suppliers to join either Sedex or BSCI as a key method of mitigating risk in our supply chains. Lovering Foods utilises third-party ethical audits (SMETA, BSCI or SA8000) to independently verify labour conditions within medium and high-risk countries. Existing product supplier sites are regularly audited according to their risk rating.

Lovering Foods works collaboratively with suppliers to implement long-term solutions to any non-compliances raised within ethical audits. A number of our suppliers have made significant infrastructure changes with the support of Lovering Foods, significantly improving the health and safety of the site. In 2018/19 Lovering Foods supported the pre-audit preparation and remediation of any non-compliances raised in 50 ethical audits. Lovering Foods supported 7 supplier sites to conduct their first ethical audit in 2018/19. In addition, through offering tailored guidance on non-compliances, 10 suppliers raised their audit rating on BSCI by at least one grade or more. Offering bespoke remediation support is an essential element of the Lovering Foods CSR offering, and as such, our Sustainable and Ethical Sourcing Co-ordinator will complete the SGS Social Systems Lead Auditor

course in 2019 to further strengthen support offered to suppliers. In December 2018, a new system and risk assessment process was established to track ethical compliance of all our first-tier sites.

In addition, first production at all our supplier sites is attended by a member of Loving Foods Technical team. Our CSR team is increasingly gaining visibility of fishing vessels that supply us, through our own vessel registers, FIP progress, and visits to vessels in port across our international supply base.

As stated above, Loving Foods is aware of the unique challenges posed to mitigating against the risks of modern slavery in seafood supply chains. As such, we employ additional due diligence processes related to our tuna supply chain. At this time, third-party ethical audits utilised by Loving Foods only extend to processing sites, not to vessel level. Therefore, a key method of extending our due diligence processes is our vessel register. Loving Foods maintains a record of all tuna vessels utilised to fulfil orders raised. Registration on the PVR, which ensures vessels do not appear on any IUU lists and have 100% observer coverage, and compliance to ISSF conservation measures are essential elements of this process.

#### **INTERNAL DUE DILIGENCE**

Loving Foods is not only aware of how commercial practices affect workers within our supplier base, but also of how our purchasing practices can cause a negative ripple effect down the supply chain. Therefore, in July 2018, we integrated a 'Ethics and Sustainability Checklist' into our Procurement department to ensure conversations regarding supplier sustainability and ethics are had at the very first stage of our procurement process. This sits alongside our Modern Slavery Awareness training for head office staff, further explained in Section 5.

#### **EXTERNAL ENGAGEMENT**

In order to ensure that our due diligence efforts remain robust and progressive, the CSR department attends a number of events and conferences. Specifically related to seafood supply chains Loving Foods attended; Brussels Seafood Expo (24<sup>th</sup>- 26<sup>th</sup> April 2018), the 15<sup>th</sup> INFOFISH World Tuna Trade Conference and Exhibition in Bangkok (28<sup>th</sup>-30<sup>th</sup> May 2018) and the International Maritime Human Rights Conference 2018 (IMHR) (29<sup>th</sup> October 2018). In addition, Loving Foods participates in a number of pre-competitive multi-stakeholder groups related seafood, including; the SEAFISH Common Language Group, Seafood Ethics Actions Alliance, and the SEAFISH Ethics Common Language Group. These meetings engage a range of stakeholders to develop understanding of the multi-faceted issues surrounding; fishing methods, seafood traceability, IUU fishing, discards, forced labour and fisherman's welfare. Pernicious human rights abuses within seafood supply chains require robust multi-stakeholder action to achieve widespread progress.

With regards to more general ethical trade issues, Loving Foods is an active member of the Sedex Stakeholder Forum (SSF) and sits on the Audit Quality Working Group. The purpose of the SSF is to bring together leaders from across the ethical trade and responsible sourcing industry to find collaborative solutions to ethical issues, and to provide feedback on, and improve the Sedex Advance platform. Loving Foods have also attended the Ethical Trading Initiative's 'Ethical Insights: Trafficking in Persons' event (July 2018) and the Sedex Conference 2019 – 'From outputs to outcomes-raising the bar in responsible sourcing' (26<sup>th</sup> – 27<sup>th</sup> March 2019).

#### **4. EFFECTIVE ACTION TAKEN TO ADDRESS MODERN SLAVERY**

During 2018/19 Loving Foods did not identify any confirmed cases of modern slavery in its direct supply chains. However, in February 2019 Loving Foods received a 'zero tolerance' alert from an auditor conducting a third-party ethical audit at a supplier site outside of the UK. A 'zero tolerance' alert supersedes the regular audit process, and can refer to the following cases of severe human rights breaches; child labour, bonded labour, inhumane treatment, occupational health and safety risk which poses a critical threat to workers lives, or bribery and corruption. Loving Foods immediately enacted it's Zero Tolerance Protocol within 2 hours of the alert being received, convening a meeting of the CSR department, Senior Buyer, Technical Director, and our Managing

Director. This round table meeting was used to form a plan of action to rectify the issue in a timely manner and ensure all potential affected staff were protected in the immediate aftermath of a grievance being raised. In this case, the 'zero tolerance' alert received was an auditor error and no 'zero tolerance' issue was found on site. However, this was a valuable exercise for Lovering Foods staff, and has strengthened key processes within Lovering Foods with regards to responding to cases of suspected modern slavery.

All our processing sites who have undertaken a third-party ethical audit have their own internal grievance mechanisms, used to report issues from the factory floor. The Lovering Foods Ethical Trade Code of Conduct stipulates that all processing sites must have effective and accessible grievance mechanisms open to all their workers.

## 5. TRAINING UNDERTAKEN ON MODERN SLAVERY AND TRAFFICKING

Whilst our CSR department is responsible for the day to day management of ethical trade at Lovering Foods, the duty to prevent modern slavery within our supply chains requires companywide participation. As such, we have a number of internal training opportunities to ensure that our employees understand the risk of modern slavery and how their role can directly affect working conditions at our supplier sites (i.e. buying practices, late payments, product changes etc.) As part of our induction process, all new staff participate in our Seafood Sustainability Workshop, which includes; a species deep dive, and addresses labour rights issues in depth with reference to the ETI Base Code.

In 2018/19 Lovering Foods focussed on building internal capacity. In-house Modern Slavery Awareness Training is offered to all our head office staff, examining modern slavery within a seafood supply chains specific context. This training was last offered to our head office staff in November 2018. In March 2019 we delivered Modern Slavery Awareness Training to our technical employees working at our shared distribution centre in Skelmersdale. Whilst the risk of modern slavery at this site was low, we identified it as an area where our leverage was high. The training delivered specifically addressed 'spotting the signs' of modern slavery within a UK context.

Our CSR department engages in a number of training opportunities to ensure we remain up to date with; emergent country risks, changes to responsible sourcing guidelines, and best practice in ethical trade. As such, we have attended and completed training with Stronger Together 'Tackling Modern Slavery in Global Supply Chains' (London, September 2018) and 'Modern Slavery in UK Businesses' (Chichester, March 2019).

## 6. PROGRESS AGAINST OUR 2017/18 TARGETS

For completeness, we have outlined the specific steps we have taken within the 2018/19 financial year and reported on our progress below.

What we said we would do in 2018/19	How have we done?	What have we done?
<b>Achieve 100% of our active supplier base to be participating in an approved ethical scheme</b>	On track	98% of Lovering Foods now satisfy the minimum requirements set out in our Ethical Trade Policy V1, an increase of 3% from 2017/18. (Given the changing nature of our supply base, this is will continue to remain a target).
<b>Ensure all suppliers adhere to Lovering Foods Ethical Trade Policy as a minimum requirement and distribute guidelines and templates where applicable</b>		
<b>Join amfori BSCI as a member to increase engagement with ~1/3 of supplier whose preferred auditing scheme is BSCI</b>	Achieved	Lovering Foods joined amfori BSCI as a full member in August 2018. This has provided us with full visibility of a further 1/3 of our supply chain.
<b>Begin mapping and benchmarking supplier ethical progress per site and region</b>	On track	In December 2018, a new system and risk assessment process was established to track non-compliances across our first-tier supplier sites.

<p><b>Develop an internal employee strategy to continue to ensure sustainable and ethical sourcing is implemented throughout business processes</b></p>	On track	<p>In the first quarter of 2019 the CSR team delivered an internal ‘Quarterly Ethics and CSR Newsletter’ which is issued to all employees at Lovering Foods. This includes a top line summary of ethical audits, any relevant policy changes, any fisheries entering MSC assessment, updates on our ongoing FIP progress, and links to any relevant publications or news articles.</p>
<p><b>Integrate ethical processes into business and contract approval process</b></p>	Achieved	<p>In 2018/19 Lovering Foods integrated an ‘Ethics and Sustainability Checklist’ into our Sales and Procurement functions to ensure that ethical trade and sustainability are included in the first conversations with suppliers.</p>
<p><b>Improve and simplify internal communications including understanding of risks associated with suppliers</b></p>	Achieved	<p>In 2018/19 we developed a set method for communicating ethical audit results internally, which provides both a top-line summary for relevant procurement and sales colleagues and more a more granular analysis of any non-compliances or observations found during audit.</p> <p>We have also introduced formal ethical catch-ups with both Technical and Procurement functions to discuss ethical progress across all our sites. Our Managing Director is also in attendance at these monthly meetings.</p>
<p><b>Begin to gather ethical conditions and issues-based metrics to support supply chain understanding</b></p>	Behind schedule	<p>During 2018/19 Lovering Foods developed a process through which to collect issues-based metrics across our supply chain. Now that a useful process has been established and trialled, in 2019/20 we will complete a full cycle of data collection.</p>
<p><b>Strengthen post-audit support for our suppliers to complement our overall audit support</b></p>	On track	<p>In 2018/19 Lovering Foods strengthened post-audit support by developing a clear procedure through which corrective actions are communicated to suppliers.</p>
<p><b>Continue to expand our third-party engagement through participation in working groups and conferences around labour conditions and further collaboration with customers and suppliers to share best practice</b></p>	Achieved	<p>In 2018/19 Lovering Foods continued to engage in third-party initiatives concerned with labour conditions. Please refer to Section 3 in the above report.</p>
<p><b>Continue to visit relevant major seafood ports to expand our internal knowledge base and validate responsible sourcing claims</b></p>	Achieved	<p>In 2018/19 our CSR Manager conducted a research trip to a major seafood port in Peru. We plan to continue to this activity throughout 2019/20.</p>
<p><b>Continue extending our supply chain mapping to facilitate the identification of areas of risk</b></p>	On track	<p>In 2018/19 Lovering Foods continued to progress effectively identifying areas of risk. Our risk assessment process was revised to more accurately identify inherent risks by country and sector.</p>

## NEXT STEPS

Following a review of the effectiveness of the steps (see Appendix 1) we have taken in the last financial year to ensure that there is no slavery in our supply chains, we intend to take the following steps in the next year:

### Targets for 2019/20 and beyond

Strengthening Supplier Support	New Target?
<ul style="list-style-type: none"> <li>Achieve 100% of our active supplier base to be participating in an approved ethical scheme.</li> </ul>	No
<ul style="list-style-type: none"> <li>Distribution amongst our suppliers of the 'New Supplier Pack' and 'Changing Audit Systems Pack' to enhance supplier experience and understanding of conducting ethical audits, and address the key differences between audit methodologies. Content will include: Introduction Letter, a PDF poster of the ETI Base Code, LF Ethical Trade Policy, New Supplier Guidance document, and a copy of the full auditable ETI Base Code with sub-clauses.</li> </ul>	Yes
<ul style="list-style-type: none"> <li>Strengthening post-audit support. Our Sustainability and Ethical Sourcing Co-ordinator will undertake the SGS 'Social Systems Auditor/Lead Auditor Training Course', and use this knowledge to review our current ethical trade policies and procedures. This training will enhance our current supplier support offering, as our understanding of the audit process is built in more depth.</li> </ul>	No
<ul style="list-style-type: none"> <li>Formalising 'Ethical Trade Review' meetings with suppliers, ensuring that ethics are always discussed; any outstanding non-compliances, addressing capacity issues, and agree future priorities.</li> </ul>	Yes
Improving Risk Mapping and Remediation	
<ul style="list-style-type: none"> <li>Continuing to formalise our risk assessment process, we will identify and report on our salient human rights risks in our 2019/20 Modern Slavery Statement.</li> </ul>	No
<ul style="list-style-type: none"> <li>Begin collection of performance metrics related to supplier base to provide issue-based reporting by performance area, region and product. In addition, data related to gender, worker representation and contract type will be collected.</li> </ul>	No
Increasing Due Diligence	
<ul style="list-style-type: none"> <li>Develop formal written policy with action plan if/when cases of modern slavery are identified and responsible members of staff may be absent. This will outline how remedy will be implemented.</li> </ul>	Yes
<ul style="list-style-type: none"> <li>Develop a Whistleblowing Policy for our staff in supplier-facing roles, which outlines how staff members can safely raise concerns about modern slavery.</li> </ul>	Yes
<ul style="list-style-type: none"> <li>We plan to engage with tools which employ 'worker voice' to uncover human rights abuses.</li> </ul>	No
<ul style="list-style-type: none"> <li>We are also reviewing our current ethical trade memberships, to potentially increase the pre-competitive collaboration we engage in.</li> </ul>	Yes
Enhancing Internal Awareness / Modern Slavery Training	
<ul style="list-style-type: none"> <li>We plan to assess the effectiveness of our in-house Modern Slavery training with staff in 2019/20, establishing both baseline knowledge of modern slavery risk and measuring the effectiveness of training delivered.</li> </ul>	Yes

<ul style="list-style-type: none"> <li>We plan to integrate specific functional training into our Procurement department, enhancing understanding of ethical trade and modern slavery issues amongst supplier-facing colleagues at Loving Foods.</li> </ul>	No
<ul style="list-style-type: none"> <li>In 2019/20 we plan to integrate a 'Supplier Site Visit Ethical Checklist' as part of due diligence programming for all employees, ensuring all staff who visit processing sites are properly equipped to 'spot the signs.'</li> </ul>	Yes
<ul style="list-style-type: none"> <li>In 2019/20 we will continue to publish a quarterly internal 'Ethics and CSR Newsletter'.</li> </ul>	No
<ul style="list-style-type: none"> <li>Production of 'Ethical Trading Factsheet' for commercial employees at Loving Foods, to ensure all employees are able to confidently discuss ethical trading progress at Loving Foods.</li> </ul>	Yes

As outlined above, Loving Foods is diligently engaged with eradicating the risk of modern slavery from our supply chains. However, we recognise that ethical issues are not static, requiring us to continuously improve our efforts.

## Contact Information

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**At Loving Foods, we recognise our responsibility to source products with respect for the environment and people, and we take pride in our proactive approach. Responsible sourcing is an ongoing process, not an end point; thus, we welcome the opportunity to report yearly on our progress in accordance with section 54(1) of the Modern Slavery Act 2015.** This statement containing our commitments and future targets towards strengthening our response to tackling modern slavery is endorsed by our Managing Director and approved by our Board of Directors.

Signed



John Sexton, MD

August 2019