

**Modern Slavery Act Statement
Transparency in Our Supply Chains
1st April 2020 – 31st March 2021 Financial Year**

Lovering Foods

Red Central, 60 High Street, Redhill
RH1 1SH
T: +44 (0)1737 767325
F: +44 (0)1737 764476



1. Company Commitment

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 while building 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; with food processing, agriculture, and fishing representing sectors which are most at risk. Nevertheless, identifying cases of modern slavery and forced labour within global food systems can be challenging. 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 businesses, governments, and civil society.

In 2020/21 COVID-19 caused a rise in challenges experienced globally. In response, we made it our absolute priority to support suppliers by protecting and respecting the rights of vulnerable workers.



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



1 HEAD OFFICE



34 LOVERING FOODS EMPLOYEES

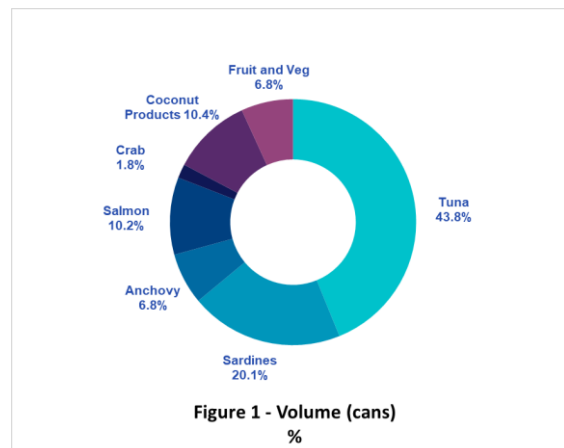


40,000 + WORKERS in Lovering Foods first tier supply chain

2. Our Organisation, Structure and 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 coconut products (Figure 1). Our products are sold under many major supermarkets’ own labels alongside our own brand, Kingfisher. In 2019, Lovering Foods underwent a structural change, whereby the company transitioned to become an Employee Ownership Trust. This shift enabled all employees to have a meaningful stake in the business.

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. Loving Foods does not own or operate any processing facilities, nor does it own or operate any fishing vessels. Loving Foods is passionate about taking a partnership approach with our suppliers; focussing on fostering long-term relationships, many of which span over 20 years.

2.1. Governance

Our modern slavery strategy is led by the Corporate Social Responsibility (CSR) Manager, working on a day-to-day basis with the CSR Executive. The CSR team sits within the wider Technical Team at Loving Foods and reports to the Operations and Technical Director. Aligning the CSR team in this way enables an awareness of supplier sites from both an ethical and technical perspective, ensuring an inclusive understanding of supplier performance and progress (Figure 2).

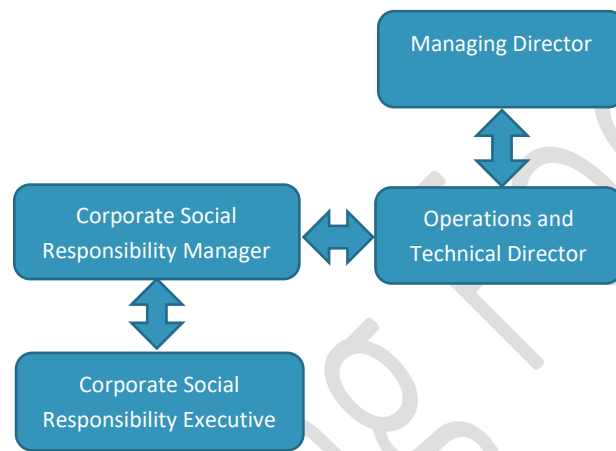
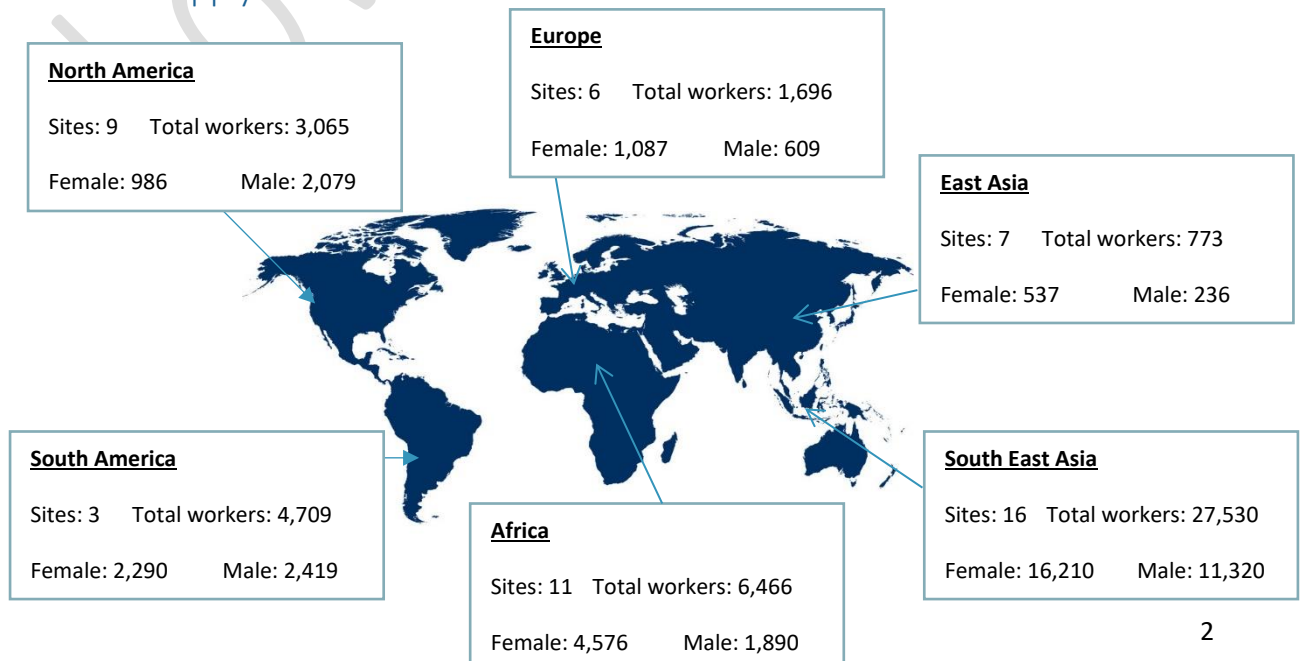


Figure 2: Breakdown of Supply Chain Workforce

Governance and progress monitoring of our work on modern slavery and ethical trade is executed through monthly meetings between Loving Foods Managing Director, the Operations and Technical Director, CSR Manger and CSR Executive. Our CSR team meets weekly to drive progress against our ethical trading and modern slavery targets.

2.2. Supply Chain Structure



Sites	Total Workers	Female	Male	Temporary	Migrant workers
52	44,239	25,656	18,653	10,472	12,758

Figure 3 – Breakdown of Supply Chain Workforce

3. Our Policies

Lovering Foods have a number of policies in place which work together to tackle the multi-faceted aspects of modern slavery and exploitation, whilst bettering health and safety standards and worker well-being. The applicable policies are clearly articulated to both suppliers and employees and signed upon commencement of trade.

- **Sustainability Policy** – This is publicly available on our website and specifically prohibits forced labour.
- **Tuna Sourcing Policy** – Requires our tuna suppliers to increase transparency on the vessels that Lovering Foods source from. By maintaining an accurate vessel list at all times, we have established a traceable system that allows us to check working standards (specifically forced labour) on vessels annually. The Tuna Sourcing Policy states that all vessels should work toward meeting the ILO C188 Work in Fishing Convention.
- **Lovering Foods Ethical Trade Policy** – Requires all suppliers, existing and prospective, to join an approved ethical audit membership scheme (Sedex or BSCI) or certification scheme (SA8000) and comply with the ETI Base Code. These audits allow us to examine good labour practices amongst all suppliers throughout trade.
- **Lovering Foods Ethical Trade Code of Conduct** – Sets a baseline standard for suppliers to Lovering Foods to meet, covering the principles outlined in the Ethical Trading Initiative Base Code.
- **Anti-Bribery and Anti-Corruption Policy** – Strengthening business ethics by promoting anti-bribery practises throughout the business and govern employee behaviour going forward.
- **Fishing Vessel Social and Labour Policy** – Requires suppliers to promote and maintain fundamental human rights and good working conditions across the fleets that they source from.

Over the past year we have improved our ethical due diligence by ensuring our Modern Slavery policies outlined above are being adhered too within our supply chain. We have exhibited this through collaborating with another retailer to trial a pilot ‘worker voice’ social assessment which enabled us to go beyond audit and identify areas for improvement at one of our supplier sites.

4. Risk Assessment, Prevention and Mitigation

Lovering foods has a robust process in place to measure, monitor and prevent the risk of modern slavery within our supply chains, ensuring working conditions are continuously improving year on year. During 2020, the COVID-19 pandemic created a series of unforeseen challenges that were experienced globally. As a result, the risk of modern slavery and labour exploitation increased significantly, with access to safe and reliable employment declining. In response, we made it our priority to identify and manage these risks, which has been made possible through our long standing and collaborative relationships with suppliers.

4.1. Assessing risk

To develop our risk assessment process, we required all suppliers to complete the enhanced ‘Self-Assessment Questionnaire’ (SAQ) on Sedex. Data was collected on labour demographics such as migrant status, gender and contract type, helping to better identify and understand where vulnerable workers are found within our supply chain.

Furthermore, through the launch of Sedex’s new RADAR tool we were able to gain a more complete understanding of the risks within our supply chain. An overall risk score is generated for each supplier through

combining the-in country risks, sector risks and SAQ answers provided by suppliers. As a result, the level of risk identified at some supplier sites had either increased or decreased, in turn, allowing for us to prioritise the most serious risks and focus resource on reducing and preventing them.

In order to highlight the level of risk across our supply chain we have mapped the total number of non-compliances across all audits during 2020/21 (Table 1). Additionally, by looking at the type of non-conformances that were raised by region more closely, we have been able to classify the most common risk areas that exist at supplier sites. These include; health and safety, working hours and fair wages. By viewing these risks on a global scale we are able to prioritise specific labour rights risks accordingly.

Table 1 - Regional Non-Compliances Raised Within Audits 2020/21

Region	Total number of Non Compliances raised in audits 2020/21	Top 3 Non Compliance areas
East Asia	21	Health and Safety, Fair Wages, Freedom of Association
South East Asia	45	Health and Safety, Working Hours, Fair Wages
South America	27	Health and Safety, No Discrimination, Regular Employment
Europe	16	Health and Safety, Environmental Management, Fair Wages
Africa	12	Health and Safety, Working Hours, Fair Wages
North America	Not Available	Not Available

Lovering Foods worked directly with the Seafood Ethics Action Alliance (SEA Alliance) to develop a Human Rights Risk Assessment tool across wild capture fisheries that are supplying to the UK. The tool provides an indication of possible exposure to human rights risks through using publicly available data to create a baseline assessment.

4.2. Managing and Mitigating risk

In order to monitor our first-tier suppliers, we continue to encourage them to join either Sedex or BSCI as a key method of mitigating risk within our supply chains. We request for all medium and high-risk countries to conduct a either a SMETA, BSCI or SA8000 third party audits to independently verify labour conditions at factory level.

Last year, we set the target to publish a key set of ethical KPIs so that we could use them to benchmark our progress year-on-year (Table 2). We aim to increase the number of third-party audits being conducted by medium/high risk suppliers, as well as reducing the total number of non-compliances raised.

Table 2 - Lovering Foods Key Performance Indicators 2020/21

Total supplier sites	52
% of suppliers completed the updated SAQ	100%
% of high risk/ medium risk sites audited	89% (exception of salmon suppliers)
% of sites with valid ethical audit	80%
Number of Non Compliances raised	192

With the aim of building knowledge to strengthen supplier support, the CSR team completed the following training workshops during 2020/21; SAI Assessing current wages, Stronger Together - Tackling Modern Slavery in Global Supply Chains, retailer specific modern slavery awareness training and the Responsible Recruitment Toolkit – introduction to responsible recruitment. These learnings have enabled us to provide more refined and impactful guidance to remediate non-compliances and thus strengthen supplier support.

Through developing our risk assessment process, we have been able to better visualise and map risk as a whole across our supply chain. In doing so, we were able to begin prioritising supplier sites for the beyond audit approach. We collaborated with a leading UK retailer to trial our first direct worker reporting project, facilitated by the organisation &Wider, who gathered feedback on working conditions via anonymous phone calls from workers based at a supply site in a high-risk country. This has been of great importance in 2020/21, as COVID-19 made it more challenging to visit supplier sites face to face and enabled us to increase visibility of working conditions at this site. The results helped to provide valuable insights on issues that could be used to enhance support at worker level.



To increase transparency of our supply chain, the CSR team supported a UK retailer to map their Tier 2 suppliers. This exercise allowed the retailer to pre-assess and manage where further risks could be highlighted along their supply chain. For example; sites that are not on an ethical audit programme or by understanding what monitoring controls are in place for ensuring ethical standards are met. Gaining access to this level of information allows for mitigation methods to be pre-planned to pro-actively manage future risk if required.

To ensure that our suppliers continued to feel supported whilst we were unable to conduct site visits during 2020/21, the CSR team and the wider organisation increased the frequency of video calls to suppliers to continue to build strong relationships despite the increased challenges over the last year.

4.3. External Engagement

In 2020/21 we continued our wider pre-competitive work, enabling us to increase leverage influence across our supply chains where a combined commercial force is most effective. The multi-stakeholder initiatives we engage in concentrate on two key areas; the provision on workers’ rights and due diligence at sea.

Table 3 – External Partnerships

Member or Partner	Project or Initiative	Purpose
	Sedex Stakeholder Forum Audit Quality Working Group.	Lovering Foods is an active member of the Sedex Stakeholder Forum (SSF) and sits on the Audit Quality Working Group.
	Seafood Ethics Action Alliance (SEAA) Steering Group member. Seafood Ethics Common Language Group (SECLG).	Both groups, run by Seafish, focus specifically on the provision of human rights at sea. We work collaboratively to a shared work plan to improve working conditions in the global fishing sector. We have funded the development of a human rights risk assessment tool.

5. Due Diligence Processes

In 2020/21 we continued to integrate knowledge of modern slavery within Lovering Foods, upholding the integration of ethical conditions within the contract approval process. Awareness of the risks of modern slavery within our supply chain continues to be sustained through; induction training covering internal approval processes and traceability at Lovering, and the specific modern slavery training described below.

By partnering with UK retailers and external organisations we have investigated the compliance of two of our sites in a high-risk country to assted working conditions. This was conducted via the facilitation of a social assessment and a worker voice project, enabling us to go beyond audit with our due diligence.

6. Training and Capacity building

Although, the day-to-day management of ethical trade at Lovering Foods comes under the responsibility of the CSR department, we recognise the need for companywide participation in preventing modern slavery within our supply chain. Therefore, as part of our induction process, all staff are required to participate in our in-house CSR training which highlights potential labour rights issues within our supply chain and how their specific roles can impact working conditions at our supplier sites.

The CSR department are committed to continuously developing their understanding of the risks and impacts of modern slavery in order to effectively mitigate against it. We have engaged with external organisations to improve our response to modern slavey. In June 2021, the CSR Manager attended the Responsible Recruitment Toolkit (RRT) *Safe Work for Agency/Contract Workers* workshop which outlined the importance of ensuring safe work for agency and contract workers and how to work collaboratively with business partners to ensure their ongoing safety. In August 2021, the CSR Executive attended the Tackling Modern Slavery in UK Businesses workshop, conducted by Stronger Together, building on our learnings from the previous years.

7. Effective Action to Address Modern Slavery

Over the next twelve months, we will build on the progress made so far in managing the risk of modern slavery in our supply chains. We have outlined below the specific steps taken during the past financial year:

Table 4 - Progression of 2020 Targets

Target	Definition	Status	Comments
Strengthening Supplier Support	Achieve 100% of our active supplier base to be participating in an approved ethical scheme.	On track	We currently have 47/52 sites that are on an approved ethical audit scheme.
Strengthening Supplier Support	Lovering Foods will develop and publish a social and labour standards policy that covers both fishing and supply vessels explicitly.	Complete	Our Fishing Vessel Social and Labour Policy is now publicly available on our website.
Strengthening supplier support	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.	On track	This continues to be implemented amongst suppliers.
Improving Risk Mapping	In 2020/21 Lovering Foods will publish a key set of ethical KPIs and report on our progress against them.	Complete	See Table 2.
Improving Risk Mapping	Continuing to formalise our risk assessment process, we will identify and report on our	On track	The CSR team has made significant improvements to the risk assessment process

Target	Definition	Status	Comments
	salient human rights risks in our 2020/21 Modern Slavery Statement.		through investigating our supplier's data at a greater depth. In doing so, we have been able to identify our more significant salient human rights risks and priorities remediation accordingly. However, this is an ongoing project.
Increasing Due Diligence	We engaged in direct worker reporting known as a 'worker voice' project with key suppliers in a high-risk location.	Complete	Lovering partnered with a UK retailer to trial a worker voice project facilitated by the organisation & Wider.
Enhancing Internal Awareness	We plan to review our internal modern slavery 'spot the signs' training, particularly in the context of increased virtual audits.	On track	
Enhancing Internal Awareness	Production of 'Ethical Trading Factsheet' for commercial employees at Lovering Foods, to ensure all employees are able to confidently discuss ethical trading progress at Lovering Foods.	Complete	
Increasing Due Diligence	We are committed to extending our due diligence to a vessel level. We plan to collect relevant information in line with our social and labour standards policy in 2020/21, with the aim of conducting vessel audits in 2020/21.	Ongoing	
Increasing due diligence	Develop a Whistleblowing Policy for our staff in supplier-facing roles, which outlines how staff members can safely raise concerns about modern slavery.	Ongoing	

Over the next 12 months we will continue to strengthen our approach to managing the risk of modern slavery within our business and supply chain and ensure our strategy is responsive to changing risks. Any outstanding or ongoing targets from the previous year will be carried forward.

Table 5 - Targets for 2021/2022

Strengthening Supplier Support
Lovering Foods will encourage our suppliers to engage with resources such as the responsible recruitment Toolkit.
Lovering Foods will develop and publish an equality and diversity policy that focuses on providing equal opportunities for everyone no matter their background. It will cover fair treatment both in-house and within our supply chain.
Improving risk mapping
To improve how we identify risks of modern slavery within our supply chain, and measure our progress on how we have addressed them we will utilise the <u>Stronger Together Progress Reporting Tool</u> .
We plan on identifying potential recruitment costs within our high-risk suppliers by completing a recruitment costs matrix with supplier input. By understanding costs, we can support suppliers to work towards removing these expenses to employees over time to be in line with the <u>Employer Pays Principle</u> .

Increasing Due Diligence

We aim to engage another supplier in a worker voice project in order to increase visibility of the issues within our supply chain.

Enhancing Internal Awareness

To update and conduct our in-house Modern Slavery Training for 30 head office Staff and to assess effectiveness through a questionnaire to validate learnings. Resulting in a companywide understanding of the risks of modern slavery and how their roles can impact working conditions at supplier sites.

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

Adam Chevreau-Kareliussen

CSR Executive

Adam.Chevreau-Kareliussen@lovingfoods.co.uk

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, Managing Director

September 2021