

**Modern Slavery Act Statement
Transparency in Our Supply Chains
1st April 2021 – 31st March 2022 Financial Year**

Lovering Foods

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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 2021/22 COVID-19 continued to cause additional challenges globally. In response, we continued our absolute prioritisation of supporting suppliers by protecting and respecting the rights of vulnerable workers.



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



1 HEAD OFFICE



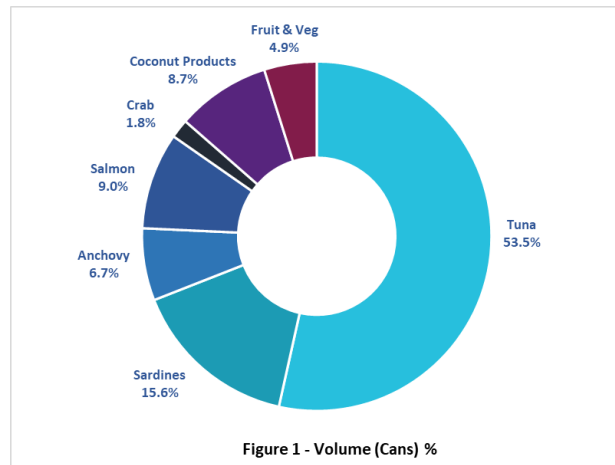
34 LOVERING FOODS EMPLOYEES



34,000 + 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, 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 head office is located in Redhill, Surrey, where most of our employees are located. However, our technical team has offices in Liverpool, UK and Seattle, USA and our sales and marketing team has an office in Birmingham, UK. 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 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. To strengthen Lovering Foods commitment to combatting modern slavery, CSR has become a standalone department directly reporting to the Managing Director. The restructuring enables more efficient communication between the CSR department and Managing Director, who work together on a near daily basis. This change reflects both Lovering Foods and the industries high value on CSR, with best ethical practice guiding all business decisions.



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 Lovering Foods Managing 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

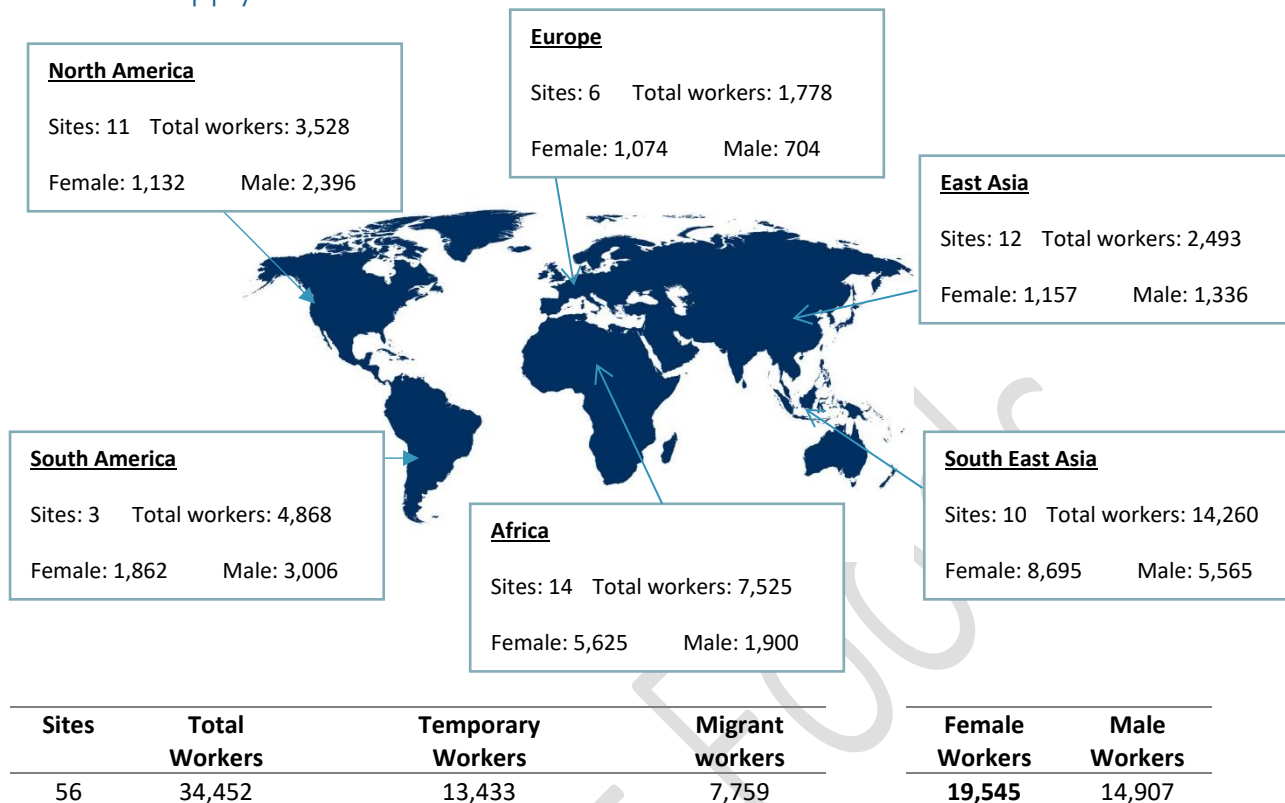


Figure 3 – Breakdown of Supply Chain Workforce

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 to within our supply chain. We have exhibited this through social audits and ethical visits, with all supplier sites having an active third-party ethical audit or site visit from Loving Foods CSR department.

4. Risk Assessment, Prevention and Mitigation

Loving 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, continuing throughout 2021 and 2022. 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

As laid out in our 2020/21 Modern Slavery Statement, we are committed to continue formalising our risk assessment process. Our approach to assessing risk within our complex supply network is driven through incorporating data sources at all levels of the supply chain.

The first step of our risk assessment is to identify suppliers 'inherent risk'. We use Sedex's RADAR tool to provide an understanding of human rights risks at a country and sector level. This is combined with our own understanding of supplier specific inherent risks, which comes through the enhanced Sedex 'Self-Assessment Questionnaire' (SAQ) and learning from our supply partners and their teams on the ground. Our assessment considers the additional risks associated with high-risk types of labour (seasonal, permanent, agency, migrant).

Once the inherent risk is identified, we evaluate how successfully suppliers manage these risks through third-party ethical audits or Loving Foods CSR department site visits. In 2022, we achieved 100% coverage of our suppliers in third party ethical audits or Loving Foods CSR visits.

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 in addition to supplier specific risks.

Table 1 - Regional Non-Compliances Raised Within Audits 2021/22

Region	Total number of Non-Compliances raised in audits 2021/22	Top 3 Non-Compliance areas
East Asia	102	Health and Safety, Working Hours, Management Systems
South East Asia	68	Health and Safety, Working Hours, Fair Wages
South America	15	Health and Safety, No Discrimination, Regular Employment
Europe	0	-
Africa	43	Health and Safety, Management Systems, Working Hours
North America	3	Working Hours, Rest Days

We also incorporate open-source data and supplier knowledge to risk assess further down our supply chain. As further due diligence, we work directly with the Seafood Ethics Action Alliance (SEA Alliance) to develop a Human Rights Risk Assessment tool which evaluates wild capture fisheries that are supplying to the UK on human rights

risks using publicly available data to create a baseline assessment. This will be incorporated into our assessment upon public release.

In summary, our risk assessment process combines suppliers’ inherent risks, performance, and fishery specific risks to output an overall result. This will guide our decision making and resource placement on ethical due diligent projects.

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 either a SMETA, BSCI or SA8000 third party audits to independently verify labour conditions at factory level.

Last year, we published our first set of ethical KPIs so that we could use them to benchmark our progress year-on-year (Table 2). We aimed to increase third-party audit coverage and to reduce the number of non-compliances raised per audit by providing on-going supplier specific support. We aim to have 100% third-party audit coverage by August 2023.

Table 2 - Lovering Foods Key Performance Indicators 2021/22

Financial Year	2020/21	2021/22
Total supplier sites	53	56
% of suppliers completed the updated SAQ	100%	100%
% of high risk/ medium risk sites audited	89%	98%
% of sites with valid ethical audit	80%	98%
Number of Non-Compliances raised	192	228

With the aim of building knowledge to strengthen supplier support, the CSR team completed the following training workshops during 2021/22; Stronger Together - Tackling Modern Slavery in Global Supply Chains and Tackling Modern Slavery in UK Businesses, 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 can accurately prioritise supplier sites for the beyond audit approach. In 2020/21, Covid-19 made it more challenging to visit supplier sites face to face with many sites not accepting visitors for ethical audits so instead collaborated with a leading UK retailer to trial our first direct worker reporting project. Facilitated by the organisation &Wider, we gathered feedback on working conditions via anonymous phone calls from workers based at a supply site in a high-risk country. In 2021/22, we instead put our resources into expanding out ethical audit program, so our risk assessment process covers the entire supply chain. Achieving 98% third-party ethical audit coverage, in 2022/23 we aim to undertake another worker voice project.

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. Whilst site visits became possible again, we maintained the frequency of video calls to maintain our strong relationships.

4.3. External Engagement

In 2021/22, 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. With in-person meetings becoming viable again, we were able to participate in more pre-competitive forums.

Table 3 – External Partnerships

Member or Partner	Project or Initiative	Purpose
	Seafood Ethics Action Alliance (SEAA) Human Rights Due Diligence (HRDD) working group. 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 and work towards its completion in the SEAA HRDD working group.

5. Due Diligence Processes

In 2021/22 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.

With site visits becoming viable in 2021/22, our CSR manager performed an ethical due diligence visit to a high-risk tuna supplier. The visit verified compliance with both Lovering Foods Ethical Trading Policy and Fishing Vessel Social and Labour Policy and analysed the sites traceability systems from vessel to finished product finding no issues. In the lead up to the visit, we supported the site on their SMETA audit non-compliances closure by creating an action plan, verifying the closure of all NCs. Lovering Foods plan to visit another high-risk tuna supplier in 2022/23.

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 team also developed and delivered modern slavery specific training to all Lovering Foods staff. This training covered a seafood specific introduction to modern slavery, an explanation of how employee roles can impact working conditions at supplier sites and an understanding of how to spot the signs of modern slavery. In addition, the CSR team developed and distributed the ‘Modern Slavery, Ethics and Sustainability Factsheets’ to all staff, provided training on how to use them.

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 2021 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 55/56 sites that are on an approved ethical audit scheme. We aim to have 100% of sites audited by August 2023.
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.
Strengthening Supplier Support	To encourage our suppliers to engage with resources such as the responsible recruitment Toolkit.	On track	This continues to be encouraged amongst suppliers.
Strengthening Supplier Support	We 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.	On track	
Improving Risk Mapping	Continuing to formalise our risk assessment process, we will identify and report on our salient human rights risks in our 2020/21 Modern Slavery Statement.	Complete	The CSR team has formalised the risk assessment using a three step process of inherent risk, supplier performance and fishery risk. However, risk assessment is an ongoing process and we will adapt as new sources become available.
Improved Risk Mapping	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> .	On track	We have identified where recruitment fees are within our supply chain, mapping exact recruitment costs with some suppliers. In 2022/23, we will map all recruitment fees and continue working towards removing these expenses to employees over time to be in line with the <u>Employer Pays Principle</u> .
Enhancing Internal Awareness	We plan to review our internal modern slavery 'spot the signs' training, particularly in the context of increased virtual audits.	Complete	

Target	Definition	Status	Comments
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	In addition to the 'Ethical Trading Factsheet', we created a Modern Slavery specific factsheet.
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	Using the SEA Alliance Human Rights Risk Assessment tool, we have been able to identify risk sectors where vessel level audits are most required. We aim to conduct vessel level audits in 2022/23.
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.	On track	

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. Our targets for 2022/2023 are detailed below (Table 5).

Table 5 - Targets for 2022/2023

<p>Strengthening Supplier Support</p> <p>Achieve 100% of our active supplier base to be participating in an approved ethical scheme.</p> <p>Distribute our 'New Supplier Pack' and 'Changing Audit Systems Pack' amongst our suppliers 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.</p> <p>To encourage our suppliers to engage with resources such as the responsible recruitment toolkit.</p> <p>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.</p>
<p>Improving risk mapping</p> <p>We plan on completing a recruitment costs matrix with supplier input for all suppliers with recruitment fees. 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>.</p>
<p>Increasing Due Diligence</p> <p>We aim to engage another supplier in a worker voice project in order to increase visibility of the issues within our supply chain.</p> <p>Using the SEA Alliance Human Rights Risk Assessment tool, we have identified where vessel audits against our vessels social and labour standards policy. We plan to conduct vessel audits in 2022/23.</p> <p>Perform an ethical due diligence visit to another high-risk tuna supplier.</p>

As outlined above, Lovering 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, Managing Director

September 2022

Loving Foods