KAVLI UK MODERN SLAVERY STATEMENT 2023

This is Kavli UK's fifth Modern Slavery Statement issued under the Modern Slavery Act 2015, which requires large employers to be transparent about their efforts to eradicate slavery and human trafficking in its own business and in its supply chain.

As a responsible food producer Kavli UK recognises its responsibility to deliver safe food. Product quality and food safety have a very high priority throughout our organisation, and we are continually seeking to improve our standards further.

We maintain the same product quality and safety standards regardless of where the product is produced or sold, and we place great demands on our production sites to ensure they employ quality and food safety standards to the requirements of the Global Food Safety Initiative.

In accordance with the Act, our statement outlines the steps we take as a business to prevent slavery and human trafficking in our own operations and supply chains. To ensure that we have the most effective responses to prevent any negative impact on human rights, we continue to review our practices and improve where necessary.

Kavli UK is committed to treating all people in our business and supply chain fairly.

ORGANISATIONAL STRUCTURE – KAVLI UK

Kavli UK is part of the Kavli Group. The Kavli Group has been operating in international markets for more than 100 years. Today our products are present in more than 20 countries around the world. With products and product expertise from all the Kavli companies, the Kavli Group offers nutritious, quality food for consumers on all five continents of the world.

The UK was one of the early export markets for Kavli and its Primula Cheese brand was first sold in the UK in 1929. The first UK factory was opened in 1936 near to Newcastle-upon-Tyne and under the leadership of Knut Kavli, the UK business was established and is now situated on the Team Valley in Gateshead. In 1997 Kavli UK acquired the Castle MacLellan pâté business located in Kirkcudbright in South West Scotland. Kavli UK currently has around 250 employees across both its sites and makes a range of food products including cheese spreads, snacks and dips under the Primula brand, and chilled pâté is made under the Castle MacLellan brand. Kavli UK also manufactures a range of private label products for UK supermarkets.

21st July 2023

OUR POLICIES

Kavli UK takes a zero-tolerance approach to slavery and human trafficking. We aim to educate our colleagues and supply chain by working closely with the Gangmasters and Labour Abuse Authority (GLAA) and by keeping up to date with current legislation. We have several policies that have underpinned the basis of our statement, including the below: ~~links to statements:~~

- Ethical Trading Policy
- Dignity at Work Policy
- Whistleblowing Policy

Our Ethical Trading Policy adheres to local UK legislation with the National Living Wage being paid as a minimum, observation of the Working Time Regulations, and the upholding the principle of employment being freely chosen. We are also committed to ensuring no colleague is treated inhumanely or experiences harsh treatment.

Our Dignity at Work Policy was developed to ensure we care for all colleagues and take a firm stance against harassment and bullying, whether by internal colleagues or anybody external to the business such as customers or suppliers.

In addition, our Whistleblowing Policy is displayed throughout the business and is a means for all colleagues to be able to report suspicions of misconduct relating to the business or an individual's life or health. This is a confidential means for colleagues to report if they feel this is necessary and enables the business to investigate any issues accordingly. This policy is used in the context of public interest.

DUE DILIGENCE

Kavli UK believes that by maintaining links with organisations such as SEDEX, Gangmasters and Labour Abuse Authority (GLAA) and Stronger Together we have created a firm basis for future due diligence. Stronger Together plays a key role in providing Kavli UK with the knowledge needed for effective implementation of a modern slavery strategy within its own supply chains, and by helping us to understand how we might identify modern slavery.

Labour Providers

As a company we use labour providers to supply a percentage of our workforce throughout the year. As such, Kavli UK ensures that our labour providers hold a valid GLAA licence and that they follow the provisions of the Gangmasters Licencing Act 2004, adhering to all their standards protecting workers from poor treatment and exploitation.

The GLAA license covers the following protections for workers:

- Fair working hours
- Adequate and appropriate training
- National Minimum Wage
- Transport
- Health & Safety
- Workers terms and conditions

Audits are conducted including GLAA checks for current trusted agencies used, and new agencies are audited prior to engagement.

Supply Chain

In 2022, as part of our due diligence, Kavli UK reviewed the controls put in place by our supply chain to establish, assess and monitor areas of potential risk. This assessed our suppliers' adoption and dissemination of the ETI Ethical base code allowing us to scope for future support and collaboration in line with our commitment under the Modern Slavery Act 2015. Criteria focused on suppliers' commitment to creating shared values, sustainability, and compliance.

Kavli UK will also undertake due diligence when considering contracting with new suppliers. Where necessary, suppliers (new/current) are sent a Supplier Assessment Questionnaire (SAQ) and Specification for completion and approval, these are resubmitted to suppliers for update every 3 years as a minimum. Kavli UK will not maintain business relationships with any suppliers that we know violate the human rights of its own colleagues.

AREAS OF RISK

Our supply chain review provided a risk assessment which allows Kavli UK to implement an auditing and monitoring programme commencing with the higher risk suppliers. Kavli UK is a member of the Supplier Ethical Data Exchange (Sedex) and all Kavli UK businesses are regularly audited by third parties who publish our results, thereby ensuring visibility to our customers and suppliers.

In 2022, the UK group purchased raw materials, packaging, goods and services totalling approximately £25 million. In total, the UK group has over 300 suppliers, 29 of which represent approximately 80% of the UK group's total procurement costs. Important purchase categories for Kavli UK are dairy, other food ingredients, and packaging. Most of our suppliers are based in the UK and Europe.

Another input cost for Kavli UK is agency labour. Our approach to modern slavery risks arising from our agency labour provider is documented within Due Diligence. Annual spend with our agency labour supplier is c.£0.5m and consequently does not come into our top 29 suppliers when classified by annual spend. However regardless of annual spend, because of its nature we consider agency labour to be a higher risk supply to the Kavli UK Group.

Assessing the UK group's supplier base on an annual spend basis, allows focus on the largest suppliers representing the highest risk. For the 29 suppliers making up 80% of annual spend, we are in the

process of creating a detailed supply chain mapping, documenting supplier details, the country in which they operate, and the checks we have undertaken on their efforts and commitments to tackle modern slavery. The mapping also includes links to our higher risk suppliers Modern Slavery Statements.

PERFORMANCE INDICATORS

Kavli UK is not aware that any of our supply chain businesses have been identified as being at risk of incidents of forced or compulsory labour. Nor is Kavli UK aware of incidents of child labour being used. We have not received any human rights-related grievances in relation to our business or those of our supply chain.

Kavli UK has a long-standing relationship with the GLAA which plays a role in our supply chain.

As members of SEDEX, we may be required to undergo SMETA audits (SEDEX Members Ethical Trade Audit). We welcome these audits to ensure a regular independent review of our policies and practices, ensuring the most effective responses are in place to prevent any form of modern slavery, both in our site operations and through our supply chain.

Our audit at our Castle MacLellan Foods Ltd site in 2023 has allowed us to identify areas for continuous improvement in line with our Kavli UK values.

As part of our key performance indicators for the coming year and beyond, we will arrange independent ethical audits at our production sites in the UK for us to be able to publish key findings in our statement in the following year. In addition, we will also continually monitor the following key performance indicators:

Modern slavery training:

- We will ensure that all our staff inductions introduce employees to the topic of modern slavery
- To ensure employees can spot the signs of modern slavery, and how to report issues, we will undertake an internal awareness campaign annually to all employees
- All our employees who have roles dealing with suppliers (i.e., our Procurement Team, Engineering, NPD etc) will receive periodic updates on modern slavery.

Supplier engagement:

- Where necessary, new suppliers will undergo a sustainability assessment during our onboarding process.
- All suppliers will be issued with a copy of our Ethical Trading Policy and Modern Slavery Statement which will be documented and recorded.

TRAINING

Members of the HR team have undergone Stronger Together training. Stronger Together is a UK multi-stakeholder collaboration between supermarkets, the Association of Labour Providers, Clearview and the GLAA. Kavli UK has embraced the Stronger Together programme across all our UK sites. Kavli UK will educate our colleagues to recognise the risks of modern slavery and human trafficking in our business and supply chain through incorporating the Stronger Together video/training package as part of our induction procedures. Further, we continue to display Stronger Together Posters throughout our UK businesses.

Kavli UK actively encourages all colleagues to identify and report any potential breaches of its Modern Slavery Policy and have mechanisms in place to increase the visibility of issues through the Stronger Together hotline and our own confidential colleague "Whistle B" website. Colleagues are made aware of the stringent measures to tackle slavery and human trafficking, as well as the consequences of failing to eradicate it from our business and supply chain. Kavli UK supports the principles of the Modern Slavery Act and its provisions around slavery, servitude, forced labour and human trafficking, including provision for the protection of victims.

The business is continuing to look for ways to address modern slavery. A cross-functional group within the UK business has been assembled, to place more significant focus on modern slavery in the workplace, who meet bi-annually. This is so we can continue to learn and adapt to the impact modern slavery has on the industry.

This statement is made in accordance with Section 54(1) of the Modern Slavery Act 2015 and constitutes Kavli UK's Slavery and Human Trafficking statement for the financial years 2022/2023.

NEXT STEPS FOR 2023/2024

	Date Set	End Date	Commitment	Status	Comment
Training and Awareness	2023	2024	To raise awareness further within the business, modern slavery will be raised as an agenda point at our tertial staff briefings on all production sites to ensure all staff have information on contact points for raising concerns and reporting. Information presented will then also be displayed on noticeboards throughout the businesses	Ongoing	'Stronger Together' video to be shown at least once per year at staff briefings at both sites. Will also form part of Learning Week in September 2023
	2023	2024	Create a modern slavery email mailbox for employees to contact regarding any slavery concerns	Complete	ukslaveryconcern@kavli.co.uk
	2023	2024	Partner with Stronger together	Ongoing	
	2023	2024	Team to meet every 6 months to review the statement and any updates needed	Ongoing	
	2023	2024	Stronger Together Training for members of the MSS team	Ongoing	
	2023	2024	Human Rights Policy to be created and published as part of the MSS	Ongoing	
Supplier Focus	2023	2024	Positively encourage all our suppliers to register with SEDEX to ensure a clearer view of our full supply chain and consider upgrading Kavli UK's SEDEX membership to 'A-B'	New	Sedex/Quadex upgrade to be reviewed in 2024.
	2023	2024	Upon completion and publishing of our Modern Slavery Policy, issue this out to all suppliers and document this to ensure they are aware of our standards and expectations.	New	To be completed once the MSS is completed.