

# MODERN SLAVERY ACT STATEMENT

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# INTRODUCTION

This Statement outlines the steps that Nisbets has taken to assess, address and mitigate modern slavery risks in its operations and supply chain during the financial year 1st January 2022 to 31st December 2022. Nisbets has produced an annual Modern Slavery Statement in accordance with the UK's Modern Slavery Act since 2015. This year's statement has been written to include the additional requirements of the Australia Modern Slavery Act 2018.

We welcome Modern Slavery Acts in all countries and the requirements they place on business to publicly disclose what they are doing to tackle forced labour and human trafficking. We strongly believe that, as a socially conscious business, we have a duty to do everything we can to prevent slavery in our operations and supply chain. Integrity is one of our core values and being open and honest with our suppliers and customers is a key part of this.

We value our relationships with all our suppliers and understand we are only as good as the workforce producing our products. Nisbets acknowledges that modern slavery is an ongoing global issue, which presents potential harm to workers in all industries and sectors and a risk to the businesses employing them. We are committed to working closely with our suppliers and business partners to prevent all forms of slavery, servitude, forced labour and human trafficking.

Ensuring a responsible and ethical supply chain is a key component of our sustainability programme and we have a series of robust policies and governance procedures in place. We continue to review and assess the risks of modern slavery in our operations and supply chain and ensure we have appropriate due diligence in place to reduce the risks. A key element of our sourcing operations is ensuring that our suppliers in Asia are subject to on-going labour and quality checks, including audit and engagement. We continue to train our employees and raise awareness of modern slavery across the organisation.

This statement sets out the steps we are taking to prevent modern slavery and human trafficking in the operations and supply chains of all parts of the business included within our financial statement for the year 2022. This statement was approved by the Advisory Board of Nisbets on 29th June 2023.

**Peter Sephton**

Executive Chairman, Nisbets

# STRUCTURE, OPERATIONS AND SUPPLY CHAIN

Nisbets is the UK's largest supplier of catering equipment and supplies and has growing businesses in Europe (EU), Australia and New Zealand (ANZ). Nisbets was established in 1983 and celebrated its 40th year of trading in 2023. Nisbets Group is home to over 1800 employees. Of this, 1400 employees are based in the UK, with approx. 200 each in the EU and ANZ, with smaller teams in China and India. The Group Head Office is in Bristol, UK with Regional Head Offices in Eindhoven, Netherlands and Sydney, Australia. Nisbets Group recorded a record turnover of just below £500m in 2022.

Nisbets sells a range of over 31,000 products with a wide selection across many product categories including Appliances, Bedroom, Bathroom and Spa Supplies, Cleaning, Clothing, Consumables, Furniture, Food and Drink, Kitchenware, Refrigeration, Warewashing, Spares and Tableware. Nisbets has over 280 own brand suppliers with a Product Management team based in the UK, and sourcing offices in both China and India. Category teams based in the UK, Europe and ANZ also work with over 400 exclusive and Third-party brand suppliers. Our sourcing activities provide customers with the best and most innovative products.

Nisbets supply chain is geographically diverse and complex, and we consider our relationships with active suppliers and business partners as long-term and stable with collaborative working relationships. The Covid-19 period has been challenging and the role of our sourcing team on-the-ground in Shenzhen, China has proven particularly beneficial to maintaining these relationships. Since the relaxation of travel restrictions within China we have completed 63 supplier visits.

Our new office in Delhi, India, is headed by an experienced Indian national sourcing manager with a wealth of experience in ethical trade. All suppliers in this region have been visited since covid and corrective action plans implemented where necessary.

## POLICIES AND GOVERNANCE

Our suppliers are required to meet our Ethical Trading Code of Conduct, which includes the provision that workers are free to choose their place of employment. Our Code is aligned with the Ethical Trading Initiative's Base Code, which was founded on the conventions of the International Labour Organisation (ILO) and is internationally recognised.

Our own brand suppliers are required to register on Sedex (the Supplier Ethical Data Exchange), which encourages sharing of audits and knowledge between suppliers and customers and complete a Self-Assessment Questionnaire (SAQ), declaring details of their labour practices before they can commence supply to us. Any sites assessed to be high risk or have a significant turnover with us are required to have an independent ethical audit in accordance with Sedex Members Ethical Trade Audit (SMETA) requirements. Today we have 175 own brand suppliers on the Sedex platform, of which 57 have had independent SMETA audits in addition to supplier visits and regular communication from our product and sourcing teams. Due to acquisitions, we have a number of suppliers not yet on the platform, and we will be migrating these during 2023. Some suppliers are not SEDEX registered but already have BSCI or SA8000 audits which we have accepted.

We have also begun to request that Third-party suppliers and Indirect suppliers also sign our Code of Conduct. On occasion, these suppliers may also be required to register with Sedex - for example, when they source materials or products from higher risk locations. Eighty-seven of our third-party suppliers have shared data with us on Sedex.

Our Supplier Operating Policy provides information to suppliers covering all aspects of doing business with Nisbets. This includes:

- Ethical Trading Code of Conduct
- How to join Sedex and complete the Self-Assessment Questionnaire
- Conflict Materials
- Ban on sourcing cotton from Xinjiang, China
- Audits and Inspections
- This statement

The Supplier Operating Policy will be rolled out to suppliers for our acquired businesses during 2023.

Our policies are designed to meet and exceed the following legislative requirements:

- UK Modern Slavery Act 2015
- French Duty of Vigilance Act 2017
- Australian Modern Slavery Act 2018
- Dutch Child Labour Due Diligence Act 2019
- German Supply Chain Act 2023
- And are in accordance with the UN Guiding principles on Business and Human Rights and the International Labour Organisation.

In 2022 we strengthened our governance to ensure a responsible and ethical supply chain with two new appointments: a Non-Executive Director overseeing our Environmental, Social and Governance (ESG) agenda, providing board level input and a broader understanding of business requirements; and an ESG manager, who manages our ESG committee and helps us set targets for the next few years.

A monthly ESG governance meeting has been established to drive progress on ESG activities and to increase engagement from across the business. The meeting is chaired by the Non-Executive Director and attended by the Chairman and comprises of 15 colleagues from all levels and departments who act as ESG ambassadors, discussing ideas, actions and sharing information on all ESG-related matters. Ethical Trade and Modern Slavery are a fixed point on the agenda where we review actions, key performance indicators, and assess the effectiveness of our policies and practices.

Colleagues across the Nisbets Group are required to meet right-to-work standards for the country in which they reside, they must have their own bank accounts and are paid more than the national living wage. Agencies that recruit temporary labour on our behalf also follow the same requirements.

It is a requirement of our suppliers of Goods Not For Resale (GNFR) to have a modern slavery policy. Contracts have been updated and are being rolled out across the Group.

## ASSESSING THE RISKS OF MODERN SLAVERY PRACTICES

'Risk of modern slavery practices' means the potential for Nisbets to cause, contribute to, or be directly linked to modern slavery through our operations and supply chain. Nisbets acknowledges that the risks of modern slavery exist in the operations and supply chain of all businesses, including our own. We have robust measures to identify, assess and mitigate the risks of modern slavery across our operations and supply chain.

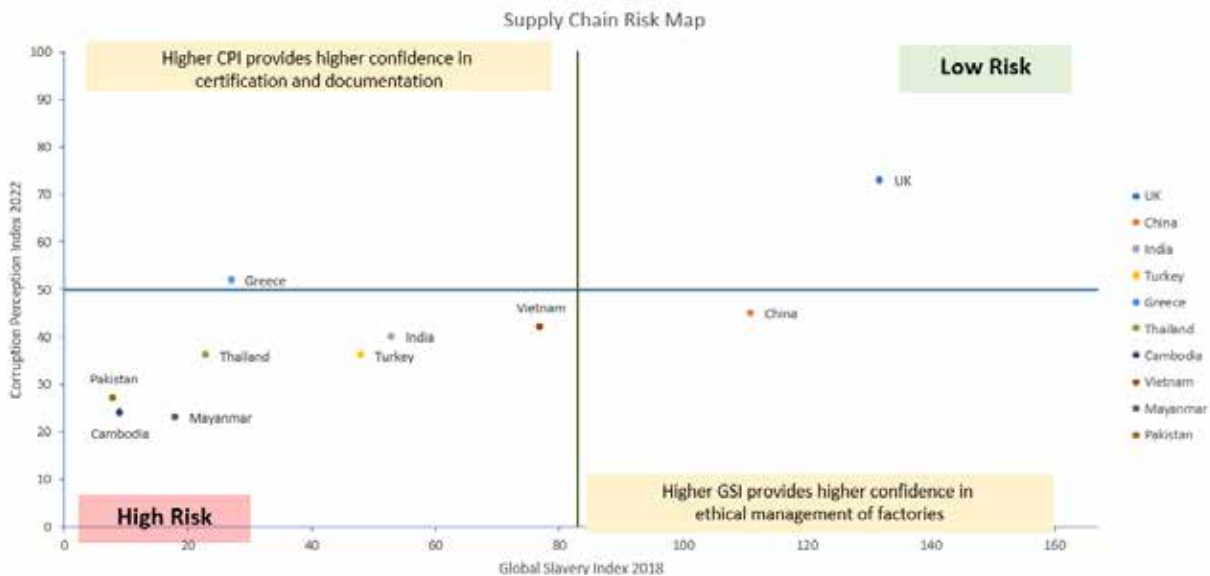
Nisbets recognises that the following risk factors may be present in its operations and supply chains:

- Industry / sector risks: some of the industries that we work with, such as electrical, textiles, timber and manufacturing may be at higher risk of modern slavery practices due to the particular characteristics, products and processes within these industries.
- Product risks: certain products, including clothing, furniture and personal protective equipment may be at higher risk of modern slavery practices because of the way they are produced, including the procurement of raw materials and the working conditions of people who produce these products; and
- Geographical risks: procurement of goods and services from countries and regions with poor governance, weak rule of law, conflict and poverty may present greater risks of modern slavery. For example, the Asia and the Pacific region has the highest number of people in forced labour and is the region of origin for many of our own brand products<sup>1</sup>.

We have used a wide range of country and supplier-specific information from external organisations and our own due diligence to inform our risk identification and assessment. Areas of potential risk exposure include forced labour, excessive working hours and wages below statutory requirements in the manufacture of own brand products.

We are currently expanding the geographic reach of our supply chain for own brand products beyond China where many our production has tended to be focussed. In sourcing from new markets with poorer records of protection of rights for workers and greater risks of slavery, there is an increased risk of possible modern slavery practices taking place in our supply chain. Figure 1 shows the increased prevalence of risk factors for modern slavery in some of our new sourcing countries highlighting the requirement for a greater degree of diligence when developing suppliers and new product. Consequently, we have opened a new sourcing office in Delhi to monitor the supply chain more closely in SE Asia. Nisbets began to invest in developing suppliers in Myanmar as the country was opening up to trade. Due to the civil war and associated risks to workers, the project was cancelled.

Figure 1 Supply Chain Risk Map<sup>2,3</sup>



<sup>1</sup> [https://cdn.walkfree.org/content/uploads/2022/09/12142341/GEMS-2022\\_Report\\_EN\\_V8.pdf](https://cdn.walkfree.org/content/uploads/2022/09/12142341/GEMS-2022_Report_EN_V8.pdf)

<sup>2</sup> <https://www.transparency.org/en/cpi/2022>

<sup>3</sup> <https://www.walkfree.org/global-slavery-index/>

Some of the industry-specific risk areas relevant to Nisbets include those associated with our own brand products made from textiles, wood, and metals:

- We have long standing relationships with our clothing manufacturers (which are either Australian or American owned) and based in Cambodia. These are strong partnerships where we have worked together to mitigate any wider sector specific risk. We have also used textiles which have been manufactured in Pakistan which has been badly affected by flooding and population displacement. With our new Delhi office, we are better able to support suppliers where needed. We have made our suppliers of textiles and clothing specifically aware of the human rights violations against Uyghur Muslims in Xinjiang, China and have stated that no cotton sourced from Xinjiang province should be used in any products supplied to or on behalf of Nisbets.
- Wooden products are made in several countries, including Vietnam. We are currently switching production for these lines to India to improve monitoring and enable the implementation of our forestry management program.
- Conflict materials, tin, tantalum, tungsten, and gold are used widely in everyday products either in the manufacture of other materials such as brass and solder, or in components like capacitors and circuit boards. Nisbets purchases a wide range of products from taps to appliances that use these materials. We recognize that conflict minerals are often correlated with instances of forced labour, although these can also be ethically sourced. Whilst we do not engage in direct sourcing from mines and smelters, we are committed to avoiding the use of materials that have fuelled conflict and other rare earth minerals. We expect suppliers to adhere to our requirements as laid out in our Supplier Operating Policy.

# DUE DILIGENCE TO MITIGATE THE RISKS OF MODERN SLAVERY

At Nisbets, people are the core of our business. We have a proud history of looking after and respecting our employees and recognise that this extends to all those involved in our operations and supply chain. We are committed to addressing the risks of modern slavery in our own operations and with our direct and indirect business partners.

We understand that modern slavery is a criminal activity, the signs can be difficult to identify and that audits only reveal a limited amount of information. Through increased dialogue and collaboration, we are learning and improving our understanding of the issues.

## **DUE DILIGENCE WITHIN OUR OWN BUSINESS**

The risks associated with our direct workforce are considered minimal due to the policies and procedures we have in place during recruitment and with the agencies we use throughout the Group for temporary labour. We are working to improve awareness of the issue through training and to make colleagues aware of the whistle blowing facility.

## **DUE DILIGENCE WITHIN OUR SUPPLY CHAIN**

Issues can be identified by different teams at Nisbets, or via third-party auditors. Auditors are managed through the Sedex system whereas internally raised issues are integrated into our well-established Corrective Action Reporting procedure to ensure that they are resolved as quickly and effectively as possible. We monitor suppliers through Sedex to ensure their SAQ has been completed and is up to date.

We use independent auditors to assess the potential of forced labour indicators. To do this, auditors conduct onsite inspections and confidential worker interviews. Our audits look for several indicators, including those associated with forced labour. When an employer does not communicate the full terms of employment or give clear documentation defining those terms to a worker in the worker's own language, these may be signs of forced labour that leave workers vulnerable.

By using the SEDEX Risk Assessment tool, we regularly monitor the risk score (a function of location, manufacturing type and site profile) and rating for each supplier from details provided in the SAQ and use this information, along with any social audits that have been performed, to further identify where any issues may lie. Our sourcing teams will then arrange an on-site visit and/or audit where necessary. Sourcing teams then report back on these issues and other indicators to the Head of Product Quality and Compliance, who sits on the ESG committee.

## **DUE DILIGENCE WITHIN SERVICES AND GNFR**

Indirect services and goods are a complex area to manage due to number of sites (in relation to warehousing and retail) and the decentralised nature of this infrastructure. We have brought some services in house that may have presented a greater risk of modern slavery – for example UK services for security and cleaning.

Contractual agreements alone are not sufficient so we are identifying the highest risk areas and developing a more collaborative approach to lessening any likelihood of modern slavery.

# MONITORING THE EFFECTIVENESS OF NISBETS ACTIONS

Actions and outcomes are shared with the Nisbets ESG committee which reports to the Nisbets board. During 2022, our audit and engagement programme identified a limited number of non-conformances with our Code of Ethical Conduct that could indicate a heightened risk of modern slavery. These included a Taiwanese supplier holding passports of workers and some overtime irregularities at some of our Chinese supplier sites. We have agreed action plans with all suppliers to address any non-conformances and followed up to ensure that any impacts on workers have been appropriately remedied.

In 2022, during a commercial meeting with a supplier at its factory in India, we identified a number of health and safety non-conformances. A Corrective Action Plan was developed with the supplier with target completion dates for addressing non-conformances. We worked with the supplier to ensure progress, however when a follow up audit was conducted, we remained concerned at the rate of progress and a lack of transparency from the supplier. As a result, we took the decision to cease trading with that supplier - our preference is always to work with suppliers to make improvements as this benefits the workers, but this must be achieved within a framework of trust, which could not be established with this particular supplier.

We monitor our own brand Sedex SAQ completion rate which improved from 75% in 2021 to 99% in 2022. With acquisition, the number of own brand suppliers has increased significantly to nearly 280. Our challenge for 2023 is to bring these new suppliers on the Nisbets journey and ensure that new suppliers in our list of top 25 suppliers are audited with any non-conformances corrected.

#### Nisbets Own Brand KPIs

KPI (Own Brand)	2021 (Actual)	2022 (Actual)	2023 (Target)
Number of Suppliers on Sedex or BSCI	161	175	100%
Number of Suppliers with SMETA or BSCI audits	52	57	75
Average Sedex SAQ Completion rate (Supplier)	75%	98.7%	99%
Average Sedex SAQ Completion rate (Nisbets Group sites)	-	94.8%	100%
Nisbets Management Control score (out of 5) Sedex metric	1.5	3.2	4
Number of supplier sites with a management control score	-	159	90%
Number of sites with a management score over 2.5	-	25	75
<i>Third-party Suppliers on Sedex (not targeted)</i>	20	87	-

In 2021 we reported that Third-party suppliers and Indirect suppliers would have to sign our Code of Conduct. We have yet to achieve full compliance of this requirement, however our Code has been rolled into our new trading agreements which will be implemented throughout 2023.

## AWARENESS AND COLLABORATION

Our policies on Ethical Trading, including this statement, are available on our company portal "The Kitchen" and are accessible to all colleagues.

In order to properly address the risks of modern slavery, we need to collaborate with suppliers and improve traceability and transparency. Membership of Sedex allows us to collaborate with the wider retail industry and with others involved in our supply chains, removing the need for duplication, and enabling shared learning as an industry.

## PRIORITIES FOR NEXT YEAR

Although Nisbets already has measures in place to help address modern slavery, we understand that the risks evolve and require constant vigilance. Moving forward, Nisbets will:

- Continue to integrate policy, procedure and monitoring of modern slavery into our acquired businesses across the Nisbets Group, highlighting our whistle blower facility as a means to reporting potential issues.
- Develop an Issue Response Plan to ensure consistency across the Group should issues be reported, this will be aligned with our Sedex metrics and include a reported Service Level Agreement.
- Continue to develop our policy within Europe, in particular to adapt to the German Supply Chain Act and the proposed EU Corporate Sustainability Due Diligence Directive (CSDDD).
- Continue to develop our KPIs and reporting through the Nisbets ESG committee.
- Continue to improve training on modern slavery and policy to key supply chain personnel.
- Investigate the suitability of a common helpline for workers in our own brand supply chain, noting that several providers are already present in some facilities.