

Modern Slavery Act Statement Transparency in Our Supply Chains 1st April 2019 – 31st March 2020 Financial Year

Lovering Foods

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



Company Commitment

We have a responsibility as a business to respect human rights. We know that by protecting those in our supply chain, 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 2019/20, which ended on the 31st of March 2020.



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

Organizational structure and employees

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 (see Figure 1). Our products are sold under many major supermarkets' own labels, and as 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,

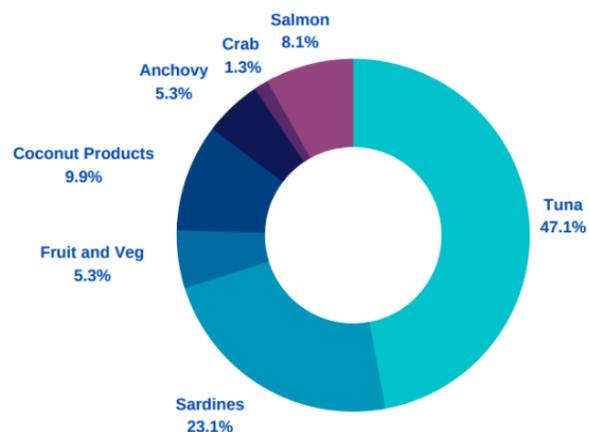


Figure 1 - Volume (cans)
%

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.

Governance

Our modern slavery strategy is led by the CSR Manager, working on a day to day basis with the Sustainable and Ethical Sourcing Co-ordinator. 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 (see Figure 2).

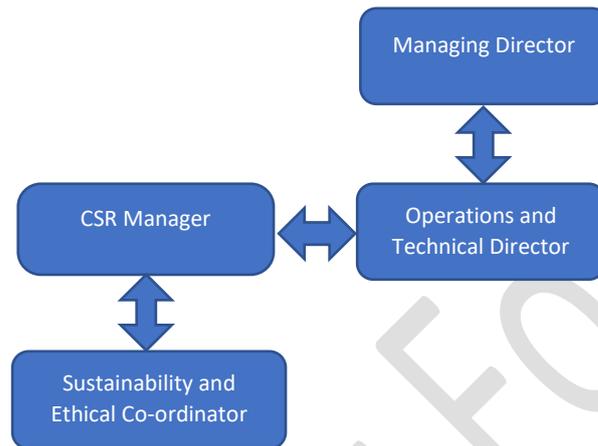


Figure 2- Organisational Structure of Decision-Making on Modern Slavery

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 Manager and Sustainability and Ethical Sourcing Co-ordinator. Our CSR team meets weekly to drive progress against our ethical trading and modern slavery targets.

Our policies

Loving Foods have a number of policies in place which work together to tackle the multi-faceted aspects of modern slavery. 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 Loving 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.
- **Loving 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 aim to encourage good labour practises amongst all suppliers throughout trade. The policy has recently been updated and was reissued to suppliers in May 2019.
- **Loving Foods Ethical Trade Code of Conduct** – Sets a baseline standard for suppliers to Loving 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.

Risk assessment, prevention and mitigation

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. Our risk assessment processes enable us to take targeted action to address our most salient modern slavery risks. Where issues are raised, we expect our suppliers to put a time-bound corrective action plan in place. Our CSR department emphasises supplier support, offering guidance to help suppliers address the root cause of any issues raised. We engage in wider multi-stakeholder initiatives, with other retailers, suppliers and public sector bodies, where greater leverage is required to enact change. For a more detailed description of our salient modern slavery risks, particularly in reference to seafood supply chains, please refer to our 2018/19 statement.

Risk assessment processes:

In line with our due diligence framework we continue to ask all suppliers to Lovering Foods to complete a detailed self-assessment questionnaire prior to supply commencing. Based on the risk assessment, we can identify which sites should be prioritised for an ethical audit by a competent third party.

In 2019/20, we set the target to map and benchmark supplier's ethical progress by site and by region. This data has been incorporated into our risk assessment process and has enabled us to develop issued based metrics across our supplier base. Not only does this provide us with a more detailed understanding of our salient human rights risks, but has allowed us to provide bespoke regional support to our suppliers.

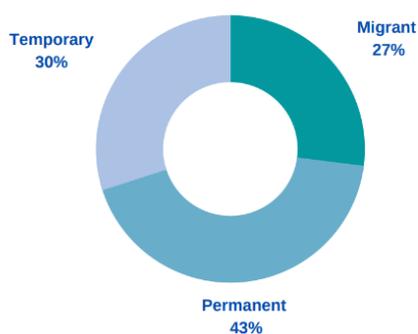


Figure 3- Supplier Worker Structure

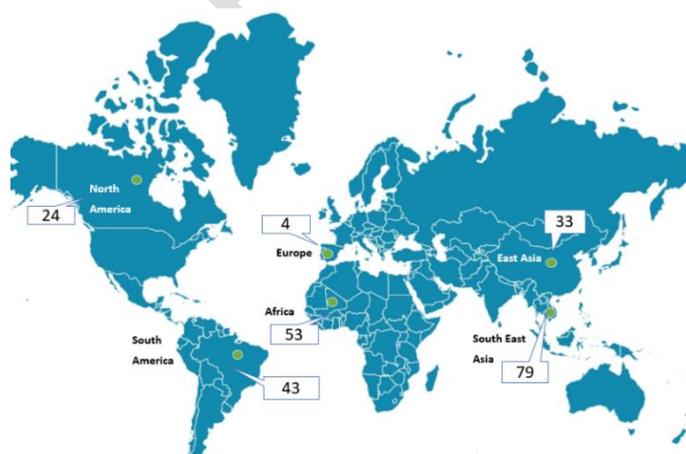


Figure 4 – Total number of non-conformances across all sites in audits 2019/20

This exercise has improved our insight into our supply chain, providing more detailed information on the construction of our supply chain, for example worker contracts (see Figure 3). In order to highlight the level of risk globally amongst our supplier sites, we have mapped the total number of non-conformances across all audits during 2019/20 (See Figure 4). By looking at the type of non-conformances that were raised by region more closely (see Table 1), we have been able to classify the most common risks that exist at supplier sites. We have identified these as: health and safety, management systems, working hours and fair wages and remuneration. By viewing these risks on a global scale we are and prioritise specific labour rights risks accordingly, we plan to further our analysis of this data in 2020/21.

Region	Top 3 non-conformance areas
East Asia	- Health and Safety Management, Site Monitoring/Management, Limited Payment Benefits
South East Asia	- Fire Safety, Working Hours, Site Monitoring/Management
North America	- Working Hours, Chemical Safety, Awareness of Legal Requirements
South America	- Health and Safety Management, Freedom of Association Management, Payment of Wages
Europe	- Site Certifications, Fire Safety
Africa	- Health of Workers, Payment of Wages, Management Systems, Site Monitoring/Management

Table 1 – Top 3 non-conformance per region

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.

Last year we set the target to improve our post audit support for suppliers. To achieve this our CSR Manager attended the SA8000 SGS Lead Auditor Social Systems 5-day training course. This has enabled us to review both our pre-audit preparation with suppliers and the quality of the post-audit support provided by Lovering Foods. We have also improved internal training within the CSR department on social audits and their limitations, and have enhanced the guidance for suppliers conducting their first ethical audit.

In 2019/20 we increased our visits to both supplier sites and source fisheries within our supply chain, extending the scope of our due diligence and direct knowledge of issues facing suppliers. Visits were made by the CSR Department to; Peru, Ecuador, Morocco and Alaska. The CSR Department shadowed a SMETA audit of a key supplier based in Alaska, to deepen our understanding of the regional context. Moreover, increasing visibility to a vessel level is a strategic aim of Lovering Foods, as this is an area where oversight globally proves challenging. In 2019/20, the CSR Department visited Posorja, Ecuador where we were able to view living conditions, review health and safety practices, availability of facilities and speak to crew aboard a fleet of thirteen purse seiners.

External Engagement

In 2019/20 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.

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.

	Supplier Training	To empower supplier sites to improve the provision of amenable work environment. We successfully rolled this training out to a Sri Lankan supplier in July 2020, who attended a three day workshop in Colombo.
	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.

Furthermore, Loving Foods also spoke at Ardea International’s event ‘Tackling Modern Slavery in Sussex’ event. Arhea International organises roundtable discussions on modern slavery, bringing together civil society, business, the public sector and academics.

Internal Due Diligence

In 2019/20 we continued to integrate knowledge of modern slavery within Loving 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 Loving, and the specific modern slavery training described below.

Effective action taken to address modern slavery

During 2019/20 Loving Foods did not identify any confirmed cases of modern slavery in its direct supply chains.

The CSR team continue to prioritise support to suppliers based on the rate of risk to ensure that the protection of workers’ rights are being managed efficiently. Table 2 highlights top 3 regions where labour risks were found to be most prevalent throughout all 50 ethical audits that took place in 2019/20. A total of 76 non-conformances have been closed from supplier audits with the support of the CSR team. Moreover, 38% of suppliers who conducted audits were able to improve their ethical rating, subsequently, reducing the risk of modern slavery within our supply chain.

	Region	Average number of non-conformances	Total number of workers
1	Asia	11	28,827
2	USA	6	9,020
3	Europe	4	1,118

Table 2- Top 3 rated regions based on highest level of risk

We believe that as a company we have influenced indirect progression towards achieving some of the Sustainable Development Goals. Through closing non-conformances that have been raised around access to basic services, compliance of freedom of association and collective bargaining, social protection and non-discriminatory practises in supplier audits, we trust to be continually supporting the following goals of; no poverty, reduced inequalities, decent work and economic growth and peace, justice and strong institutions.



Training undertaken on modern slavery and trafficking

Whilst our CSR department is responsible for the day to day management of ethical trade at Loving Foods, the duty to prevent modern slavery within our supply chain 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 October and November 2019, Loving Foods conducted in-house Modern Slavery Training for 22 head office staff, with the aim of encouraging awareness of modern slavery within a seafood supply chain specific context. This training had been updated from 2018/19 to reflect our new Ethical Trade Policy and to ensure our commitment as a business was being practiced by staff going forward.

All staff were asked to complete a questionnaire to validate the learnings that were taken away and assess the trainings effectiveness through feedback received. The areas of the training that were understood less well will be included as key topics within the next planned training, and revised by all staff.

In addition, Loving Foods has engaged with and if appropriate, undertaken training with a number of external organisations to improve our response modern slavery. In July 2019, we attended the Modern Slavery in Global Supply Chains workshop, provided by Stronger Together, furthering our previous training from 2018.

In September 2019, we attended UNICEF's 'Safeguarding Children in Supply Chains' workshop. Last year, we set our target to improve our internal due diligence on child labour within supply chains. We continue to explore how to improve our guidance to suppliers on this issue.

In October 2019, we attended the Responsible Recruitment Toolkit's (RRT) 'Eliminating recruitment fees' workshop. This workshop provided guidance on the practical steps to eradicate the charging fees to workers. The use of recruitment fees within the fishing sector is well documented, this is an area we are committed to exploring.

Progression towards 2019/20 Targets

For completeness, we have outlined the specific steps we have taken within the 2019/20 financial year and reported on our progress below.

What we said we would do in 2019/20	How have we done?	What have we done?
Strengthening Supplier Support		
Achieve 100% of our active supplier base to be participating in an approved ethical scheme.	On track	98% of Loving 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).

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	Continues to be implemented amongst suppliers.
Strengthening post-audit support. Our Sustainability and Ethical Sourcing Coordinator will undertake the SGS 'Social Systems Auditor/Lead Auditor Training Course', and use this knowledge to review our current ethical trade policies and procedures.	Achieved	The CSR Manager attended this training in 2019.
Formalising 'Ethical Trade Review' meetings with suppliers, ensuring that ethics are always discussed; any outstanding non-compliances, addressing capacity issues, and agree future priorities.	Achieved	The CSR team included an 'Ethical Trade Review' in supplier meetings during 2019/20.
Improving Risk Mapping and Remediation		
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.	On track	The CSR team has made significant improvements to the risk assessment process 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 prioritise remediation accordingly. However, this is an ongoing project.
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.	Achieved	An improvement to our data management process has enabled us to assess our salient human rights risks by performance area for 2019/20 in more detail. This has enabled us to view modern slavery risk within our supply chain at a more granular level.
Increasing Due Diligence		
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.	Achieved	A formal policy has been produced to provide sound guidance and clarity on actions that should be carried out by the business if a 'Zero Tolerance' human rights non-compliance should arise.
Develop a Whistleblowing Policy for our staff in supplier-facing roles, which outlines how staff members can safely raise concerns about modern slavery.	Behind Schedule	Lovering Foods will continue to explore the integration of a whistleblowing policy.
We plan to engage with tools which employ 'worker voice' to uncover human rights abuses.	On track	The CSR team are exploring the options available to include 'worker voice' within the risk assessment process as a means to uncover the wider issues faced by workers and reduce modern slavery. This will be implemented in the 2020/21 financial year and will remain a target.

We are also reviewing our current ethical trade memberships, to potentially increase the pre-competitive collaboration we engage in.	On track	
Enhancing Internal Awareness/ Modern Slavery Training		
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.	Achieved	Once all staff had received the 2019 Modern Slavery Training, a survey/quiz was sent round to all staff members. This was aimed to test staff knowledge of content they had learnt from the training and gain feedback to build on its effectiveness.
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.'	Achieved	The 'Supplier Site Visit Ethical Checklist' has been developed and implemented as part of Lovering Foods due diligence process during site inspection. Subsequently, strengthening the team's level of preparation prior to the visit, as well as the accuracy in which they are able to check the compliance of supplier sites.
In 2019/20 we will continue to publish a quarterly internal 'Ethics and CSR Newsletter'.	Achieved	The CSR team ensured quarterly internal newsletter was sent to all employees.
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.	Behind Schedule	

Targets for 2020/2021 and beyond

In 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.

Strengthening Supplier Support
Lovering Foods will develop and publish a social and labour standards policy that covers both fishing and supply vessels explicitly.
Improving Risk Mapping
In 2020/21 Lovering Foods will publish a key set of ethical KPIs and report on our progress against them.
Increasing Due Diligence
We plan to engage in direct worker reporting or 'worker voice' with key suppliers in high risk locations.
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 2021/22.
Enhancing Internal Awareness
We plan to review our internal modern slavery 'spot the signs' training, particularly in the context of increased virtual audits.

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

Sophie Harwood
Sustainable and Ethical Sourcing Co-ordinator
Sophie.Harwood@lovingfoods.co.uk

Julia Black
CSR Manager
Julia.Black@lovingfoods.co.uk

At Lovering 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. The production of this report was delayed due to COVID-19.

Signed



John Sexton, MD

November 2020

Lovering Foods