

# Modern Slavery Statement 2020

Bakkavor

## Chief Executive's Introduction

As the UK's leading provider of fresh prepared food, with a growing international presence in the US and China, Bakkavor is clear about its corporate responsibilities and the example we must set within our industry.

Our stance on human rights is an essential part of this. Across our Group, we are committed to retaining the highest standards of employee welfare and safety. We are also clear with our suppliers that we do not tolerate any form of modern slavery, and we will work with our supply base to ensure they are able to meet the standards required, and that our expectations are understood and upheld.

Our values as a business will never be compatible with any form of modern slavery, which is why we drive awareness and action on this issue through internal campaigns and ongoing training programmes that enable our colleagues to know the indicators of modern slavery and how to report them. We are also an active partner of Stronger Together, the multi-stakeholder initiative that aims to tackle modern slavery through training and information sharing.

Although we are proud of the work we have done and continue to do in this area, we are not complacent and will keep striving to make sure that Bakkavor is meeting the highest ethical standards for our customers, our suppliers and, most importantly, our employees. These exceptional people drive our business, and their welfare and safety will always remain our top priority.



**Agust Gudmundsson**  
CEO, Bakkavor Group plc

28 September 2020

This statement is Bakkavor's fourth Modern Slavery Statement and relates to the year ending 31 December 2019.

We produce one Modern Slavery Statement for the Group, which covers all its legal business entities:

Bakkavor Group PLC  
Bakkavor Holdings Limited  
Bakkavor Finance Limited  
Bakkavor Central Finance Limited  
Bakkavor Finance (2) Limited  
Bakkavor Foods Limited

In 2019, we set out to develop the Group's first Corporate Responsibility (CR) Strategy. This continued work we outlined in our first three Modern Slavery Statements. Human Rights underpins our CR Strategy and Responsible Sourcing Model, which is at the heart of Bakkavor's core values.

In this Statement we set out the activities we have undertaken in 2019 to tackle the issue of Modern Slavery within our own business and down our supply chain. This includes our new CR Strategy and the actions taken following the third-party audit gap analysis completed in 2018.

The Group has delayed the publication of this Statement as a result of COVID-19 pressures, which led to delays of collating the information on activities undertaken at individual Bakkavor sites.

## OUR BUSINESS AND SUPPLY CHAINS

Bakkavor is the UK's leading provider of fresh prepared foods with a growing presence in the US and China. We supply a wide variety of fresh prepared food on an international scale, manufacturing around 3,000 different products out of 39 sites, with 25 factories and four distribution centres in the UK, nine factories in China and five sites in the US. We employ over 20,000 people and have Group revenue of £1.89 billion.

We directly source over 5,000 ingredients from over 740 suppliers in 50 countries – from small farmers to multi-national operators. They, in turn, work with thousands of their own suppliers who grow and move hundreds of raw materials across global supply chains. Underpinning the safety of our products ensures the integrity of this supply chain, all the way from an initial risk assessment through to supply chain mapping.

## OUR VALUES

We are proud to be a values-led business. Our vision and purpose are underpinned by a strong set of values that describe what we stand for and how we behave with our

customers, suppliers and investors, in the communities in which we operate and with each other. Our values are:

**Customer care** - we are committed to supplying outstanding service, quality and value, never forgetting that our relationship with our customers is key to our success.

**Can-do attitude** - we encourage personal initiative and empower our people to make things happen. Our motivation comes from a determination to succeed in all we do.

**Teamwork** - we believe everyone has a valuable part to play in the success of our business. We aim to communicate effectively and are committed to the highest standards of ethics and integrity.

**Innovation** - we thrive on new challenges, looking for innovative ways to grow and improve our business further.

**Getting it right, keeping it right** - we strive to deliver the right results every time in the most effective way, providing value for our customers and stakeholders alike.

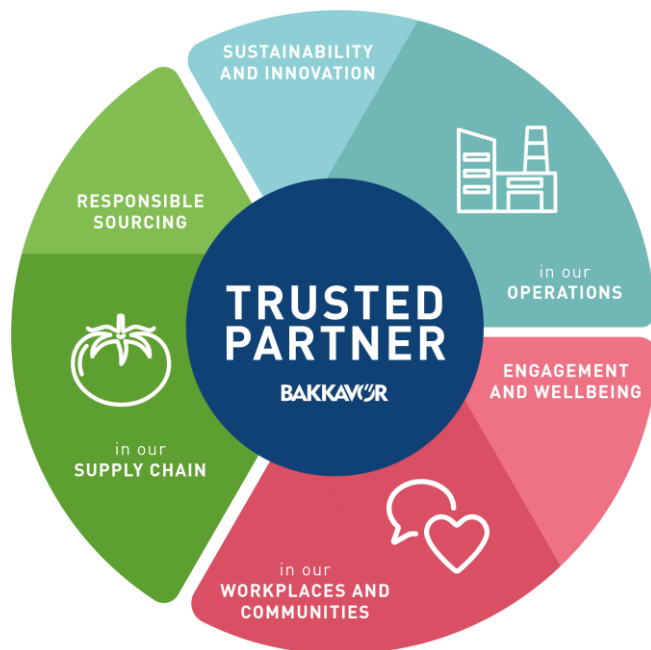
Our commitment to help end modern slavery reflects our values. In particular, we are insistent that our trade with our supply chain, both upstream and downstream, should have a positive impact, creating opportunities for people all over the world.

### OUR MODERN SLAVERY POLICY

As part of our integral commitment to human rights, we work as a business, and with our partners and associated supply chain to ensure adherence to the highest standards of behaviour and care, and to identify and tackle all forms of slavery and human trafficking. We have a consistent approach within our own operations and our supply chain.

In 2019, we developed a new Group strategy for Corporate Responsibility. This was finalised and signed off by the Board in November 2019, with a planned roll out in 2020. The strategy builds on our existing work and programmes and focuses our efforts on a set of forward-looking commitments.

The strategy, named Trusted Partner, is built around three focus areas that represent the value chain of our business:



Under Engagement and Wellbeing in our workplaces and communities, our Trusted Partner Commitments for Responsible Recruitment and Employment are:

**Modern Slavery Awareness** - drive awareness and action on the issue of modern slavery, rolling out campaigns and training so that our colleagues know the indicators and how to report them (ongoing)

**Access to Employment** - facilitate access to employment for hard-to-reach individuals by supporting and encouraging our sites to undertake dedicated recruitment programmes with local communities and NGO partnerships (UK and US, 2022)

**Labour Risks Assessment** - lead our industry on rolling out completion of the new Self-Assessment Questionnaire ('SAQ') and new risk assessment (UK sites for 2020, and Group wide for 2021)

**Labour Provider Standards** - work only with UK Labour Providers that are Gangmasters and Labour Abuse Authority (GLAA) licensed, commit to the Responsible Recruitment Toolkit and work towards the standards (from 2020)

The Management Board continues to have overall responsibility in this area and recognises the need for continued focus. Day to day management of the CR Strategy at Group level sits within the Corporate Affairs function.

The Responsible Sourcing Working Group was established in 2017 with wider involvement from senior managers in technical, procurement and HR. The Bakkavor

Responsible Sourcing Model is now a fundamental part of the way the business manages risks including Human Rights and People:

Bakkavor Responsible Sourcing Model:



### OTHER RELEVANT POLICIES

The following policies underpin our approach to tackling Modern Slavery in our own business and our supply chain:

- Anti- Bribery and Business Ethics Policy
- Bakkavor Code of Conduct
- Human Rights and Ethical Trading Policy
- Inclusion and Diversity Policy
- Responsible Operations Policy
- Responsible Sourcing Policy
- Whistleblowing Policy

### RISK ASSESSMENTS AND AUDITS WITHIN OUR OWN OPERATIONS

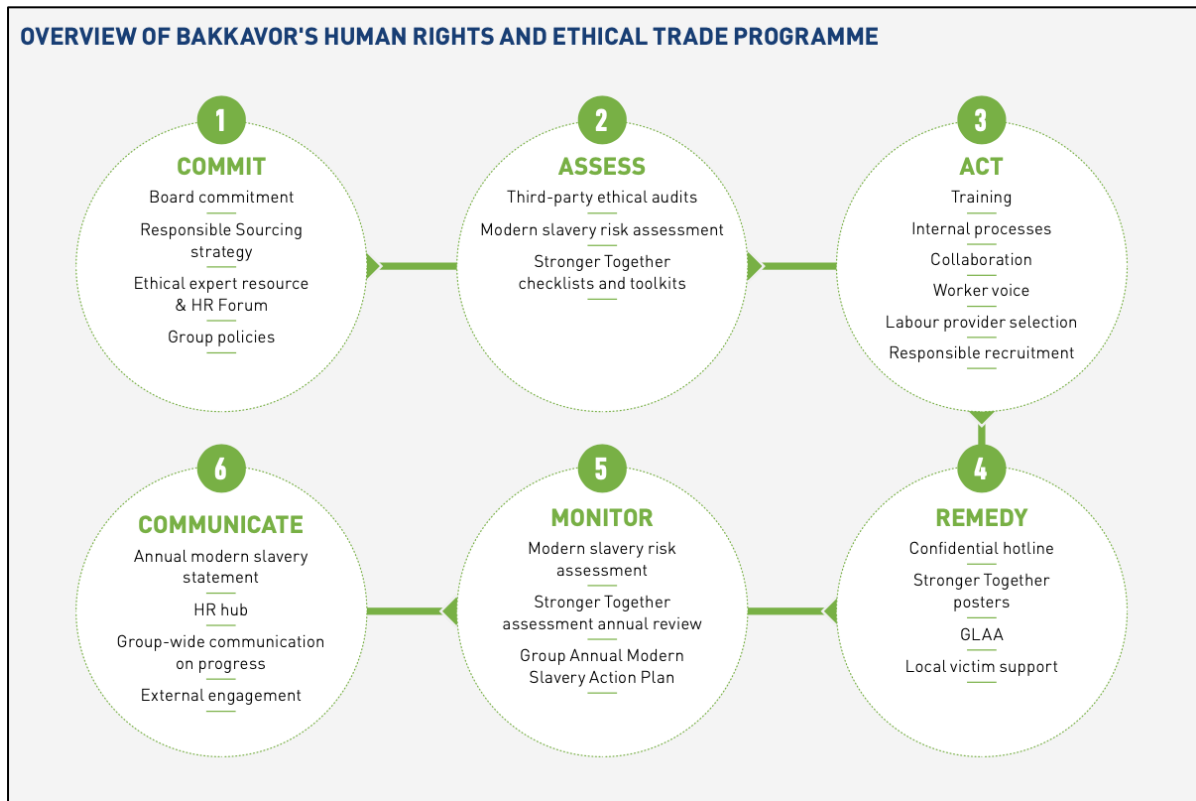
Our approach to Risk Assessments and Audits remains unchanged, but we are constantly assessing our own operations including for potential risks.

We were given the opportunity to be part of the pilot for the Stronger Together Organisational Performance Assessment in October 2018. This was an independent verification of the company's progress in tackling modern slavery, carried out by a Stronger Together trained and approved business and human rights expert consultant. The assessment was carried out over two days and the output was a detailed report with progress scores across all our policies and practices in place to tackle modern



slavery as well as expert recommendations to support our step by step change and ongoing continuous improvement.

Using the information from this assessment, we developed the Bakkavor Human Rights and Ethical Trade Programme based on the UN Guiding Principles framework:



The programme brought together all the activities undertaken at Group and Site level into a common framework, explaining their purpose and we identified the following key gaps to be addressed:

- Commitment to the Employer Pays Principle
- Group Response and Remediation Policy
- Labour Provider Due Diligence Management
- Annual Group Training Plan
- Group Annual Modern Slavery Plan
- Audit Company Review
- Communication of Progress within Bakkavor
- External Escalation Procedure

The new programme was launched in September 2019 via a series of training sessions delivered by our Group Ethical Trade and Compliance Consultant. The key gaps have formed the basis of the action plan for 2020.

We continue to be an active Buyer/Supplier (AB) member of SEDEX (Supplier Ethical Data Exchange), supporting the work of the SEDEX Stakeholder Forum to develop best practice guidance for SEDEX members and auditors. We will also play a leadership role in SEDEX.

In the last 12 months, we completed the major review of the SAQ with SEDEX and a working group of suppliers and retailers. The new SAQ will fundamentally change the way the SAQ and the risk assessment process within SEDEX works. The new SAQ will be an added value tool that helps both our sites and our suppliers to understand what good labour practices are and drives changes in our own operations and down our supply chains to reduce issues of modern slavery and drive a culture of continuous improvement.

Bakkavor has been involved with [Stronger Together](#) from the start and we have supported the development of the training workshops as well as the guidance and toolkits that are now available. This multi-stakeholder initiative aims to reduce modern slavery, particularly hidden forced labour, labour trafficking and other third-party exploitation of workers.

In 2019, we continued to use the Stronger Together Progress Monitoring Tool at Group level. This is a pioneering online self-assessment that supports companies to measure progress being made and to highlight their next steps in addressing modern slavery risks within their businesses and supply chains.

We also ask all our sites to complete the Stronger Together Tackling Modern Slavery in Business Employer Implementation Checklist. This identifies the good practice steps to take to ensure that slavery and human trafficking is not taking place inside our business. We have also been involved in the review of the checklist and the launch of updated version in 2020.

In terms of our own operations, we completed the following activities in 2019:

- We developed the Human Rights and Ethical Trade Programme, which the Group HR Forum reviewed and approved in September 2019
- The new Programme was cascaded to HR colleagues in September 2019
- We reviewed the Modern Slavery Risk Assessments for each site identifying the “Red areas” i.e. those that most sites need to address
- All UK sites were asked to complete the [Stronger Together Tackling Modern Slavery in Business Employer Implementation Checklist](#) at the same time as the updated risk assessment process was undertaken for the second year. This has increased awareness of the best practice in tackling modern slavery at site level, as well as providing a detailed record of all the activities taking place across the Group



- We continue to ensure that every business has completed an ethical audit at least once every four years. We have a zero tolerance to non-compliances and close out as soon as possible. Most Bakkavor sites are rated as low risk and, as such, the majority of customers no longer require a third-party ethical audit
- We continue to audit our agency labour providers at least twice per year. We established a working group to review all aspects of agency labour management, involving Procurement, Responsible Sourcing, HR and Group Recruitment. As part of this working group, we have reviewed the Responsible Recruitment Toolkit, which we consider will help build capability within our own business, labour providers and supply chain. We are keen to drive improvement in standards in this area.

### ASSESSMENT OF MODERN SLAVERY RISK WITHIN OUR SUPPLY CHAIN

Bakkavor was one of the founder members of the Food Network for Ethical Trade (FNET), an organisation set up to promote collaboration and an aligned approach to ethical supply chain management within food supply chains.

Understanding the risk profile of your supply chain highlights those areas requiring focus, but often an individual company's ability to effect in these areas is restricted due to limited leverage. FNET provides an effective vehicle for collaboration where members can work on shared precompetitive human rights risks.

In addition to the Risk Assessment Working Group, Bakkavor is also a member of the Spices Working Group. Spices constitutes a diverse set of raw material supply chains and as a group, through the involvement of key suppliers, trade associations and potentially NGOs, we are seeking to understand the risks and then through this understanding build greater human rights resilience.

Requiring certification to recognised accreditation schemes, which include a social and human rights dimension within their scope, is a useful tool that helps us to bring transparency to certain key commodity supply chains, which by their very nature tend to be extensive. For example; Cocoa, Palm Oil, Soy.

#### Example: Supply Chain Collaboration

Using the various risk assessment methodologies, Italy is not defined as a high-risk country, however certain sectors of the Italian economy represent a higher risk in terms of the potential for the abuse of human rights due to their method of sourcing and use of seasonal migrant labour.

Italy is an important supplier of fresh produce to Bakkavor and we are continuing to build on our work over previous years.

Bakkavor, in close collaboration with one of our key Italian suppliers, has sought to investigate the prevalence of exploitative labour practices evident within the different

nationalities, which make up the work force of our direct supplier, their farms and contract growers.

Considerable thought and planning went into the process of engaging with the workers, with us taking considerable time to find a process that was inclusive enough to give the findings relevance. Using a local NGO with relevant experience (migrant/refugee involvement, human rights, modern slavery and importantly cultural mediation and intercultural relations), a workshop was held with the workers to discuss their experiences, what good should look like in specific areas such as contracts, minimum wage, working hours, worker safety and trade unions.

The next stage was an ethical audit including worker interviews, where it was essential to gain the confidence and trust of the worker, so that the conversation was free flowing and of good quality. The model which we found to work best for us was to work with a local community leader who explained to the workers what we were trying to achieve to remove any barriers. We believe that this approach reduced any concerns the workers may have had when talking to an independent third-party auditor. We have used this type of approach with workers of Sikh, Indian and Moroccan nationalities. Implementing a similar process for Romanian workers is our next target.

As a result of the audits and conversations, we have been able to improve a number of areas including, in the case where informally recruited labour was used, these workers are now contracted directly with the grower. Salaries are now paid by bank transfer and improved recording of working hours and medical records have resulted.

Bakkavor has also joined the Ethical Trading Initiative (ETI) Italy working Group, where we are working to establish a local ethical trade platform, ideally multi stakeholder, to bring together all stakeholders from the agriculture sector to develop and share best practice.

### **Example: Supply Chain Collaboration**

As was discussed in last year's Modern Slavery Statement, Bakkavor, in collaboration with one of its key customers and other suppliers who use these supply chains, had put in place a series of actions to better understand the potential human rights risks represented by this supply chain.

It was agreed that the most productive way of disseminating the information from the assessment of Thai poultry labour standards would be via a workshop. Attendees included Thai Poultry Suppliers, relevant NGOs and UK customers. The discussion centred around reviewing the common challenges of recruiting workers and the possible solutions we could implement. These included: effective worker communication and the role of grievance mechanisms in giving a worker voice followed by several themed breakout sessions.

Continuing the upskilling in terms of responsible recruitment, our suppliers took part in The Institute of Human Rights and Business Global Forum for Responsible

Recruitment held in Bangkok. This was followed by a round table meeting aimed at sharing experience/good practice in the ethical recruitment of workers, implementing effective grievance mechanisms and the control of working hours. Collaborating with industry peers is a relatively new concept in this supply chain and is not without its difficulties. It is envisaged that these meetings will be held at a quarterly frequency

### **Example: Supply Chain Collaboration**

Through our direct sourcing hub in China, Bakkavor works with a number of key suppliers and has developed a robust transparent supply chain with them.

Essential to the way we operate are the good business relationships we have with these suppliers, which our regular site visits help to reinforce. During these visits, our Chinese team will randomly talk to factory workers, first-hand, in their own language, to understand whether they have any concerns about their employment. These visits are in addition to the official audits carried out by the Chinese local and national authorities, which include customs.

A concern when sourcing from China is that the supplier uses migrant and/or ethnic minority labour without the correct controls being in place. Due to their rural locations, the suppliers Bakkavor works with use local labour and are monitored to ensure that the workers have the necessary work registrations and contracts.

There are several different audit standards used in China and the one a business is required to adopt depends on a factory's customer profile. Bakkavor is supporting its suppliers in their adoption of SMETA (Sedex Members Ethical Trade Audit) methodology, with a target of 70% of our volume to be sourced through SMETA audited manufacturing sites by the end of 2020

### **Example: Supply Chain Collaboration**

Several years ago, a group of retailers, importers (including Bakkavor), exporters and growers came together to launch the Spanish Ethical Trade Forums. This collective was established to create a non-competitive space where Spanish growers supplying the UK retail market can discuss joint challenges and share best practice on human rights issues.

The main aims of the forums are to drive continuous improvement in the working conditions for people working within the Spanish agricultural industry, and to provide support to our and other suppliers as they seek, through continuous improvement, to deliver the expectations of the Ethical Trading Initiative Base Code.

The format has continued to evolve and has now developed a regional and national focus, which has proved essential as the human rights challenges are often regionally and crop specific. Therefore, the support businesses require needs to be appropriately tailored.



These forums are all about supplier participation, ownership and collaboration, with each forum convening Working Groups on a task and finish basis to work on developing sustainable solutions to address their key issues. Bakkavor leads the Almeria Working Group and is involved with one of the Murcia Working Groups. Importantly, as the forum concept revolves around collaboration, we can access and use resources developed by other Working Groups.

**MODERN SLAVERY TRAINING AND AWARENESS**

**Bakkavor own operations Capability Building** – this year we updated all our Modern Slavery training to include a refresher training module. There are now two bespoke training modules:

| Ethical & Human Rights Awareness  | Beyond Compliance  |
|---|--|
| Ethical Trade & Human Rights – what is it?<br>Impact on Bakkavor<br>Modern Slavery<br>Bakkavor Approach<br>ETI Base Code<br>Ethical Audit Process<br>Third Party Audits<br>Customer & Ethical Trading | Modern Slavery Update<br>Bakkavor Programme Launch<br>Customer Update<br>Labour Provider Due Diligence <ul style="list-style-type: none"> <li>• Best Practice</li> <li>• GLAA Licensing Standards</li> <li>• Holiday Pay Calculations</li> <li>• Beyond Compliance</li> </ul> Sedex Update <ul style="list-style-type: none"> <li>• New Risk Assessment Tool</li> <li>• New SAQ</li> </ul> |

We want our HR colleagues to have the knowledge and expertise to be able to lead our ethical and human rights activities within our own operations. The Beyond Compliance training module will be updated annually and act as the refresher training for HR colleagues.

Bakkavor continues to be an active supporter of Stronger Together training. All of our HR teams, along with many of our operational managers, attend regular workshops. Many sites have also built awareness by delivering in-house training for managers and employee representatives. Stronger Together materials are displayed at all sites to provide details on what employees should look out for and how they can raise any concerns.

We have a free, anonymous and confidential whistleblowing hotline that enables all employees, including agency workers, to raise any potential concerns including those relating to employment standards or ethics. Information for the whistleblowing hotline is prominently displayed at all sites.

**EFFECTIVENESS ASSESSMENT**

To assess the impact of the steps we have taken, key performance indicators are reviewed and reported on in our Modern Slavery Statements:

| Key Performance Indicator  | 2017 Results | 2018 Results | 2019 Results |
|--|--------------|--------------|--------------|
| Stronger Together Progress Monitoring Tool   | N/A          | 48.6%        | 55%          |
| Stronger Together Organisational Performance Assessment  | N/A          | 43%          | N/A          |
| % of Bakkavor sites with HR that have completed the Stronger Together training                                   | 89%          | 100%         | 100%         |
| % of Bakkavor sites completed the Modern Slavery Risk Assessment with an action plan                             | 100%         | 100%         | 100%         |
| % of Bakkavor sites completed the Stronger Together Tackling Modern Slavery in Business Implementation Checklist | N/A          | 100%         | 100%         |
| Number of Bakkavor Group Capacity Building Days  | 550*         | 469*         | 521*         |
| % of Bakkavor sites that have completed an agency audit every 6 months   | 100%         | 100%         | 100%         |
| Number of cases received by the Whistleblowing hotline in 2019   | 105          | 67           | 69**         |
| % of 2019 Whistleblowing cases closed out  | 100%         | 100%         | 100%         |

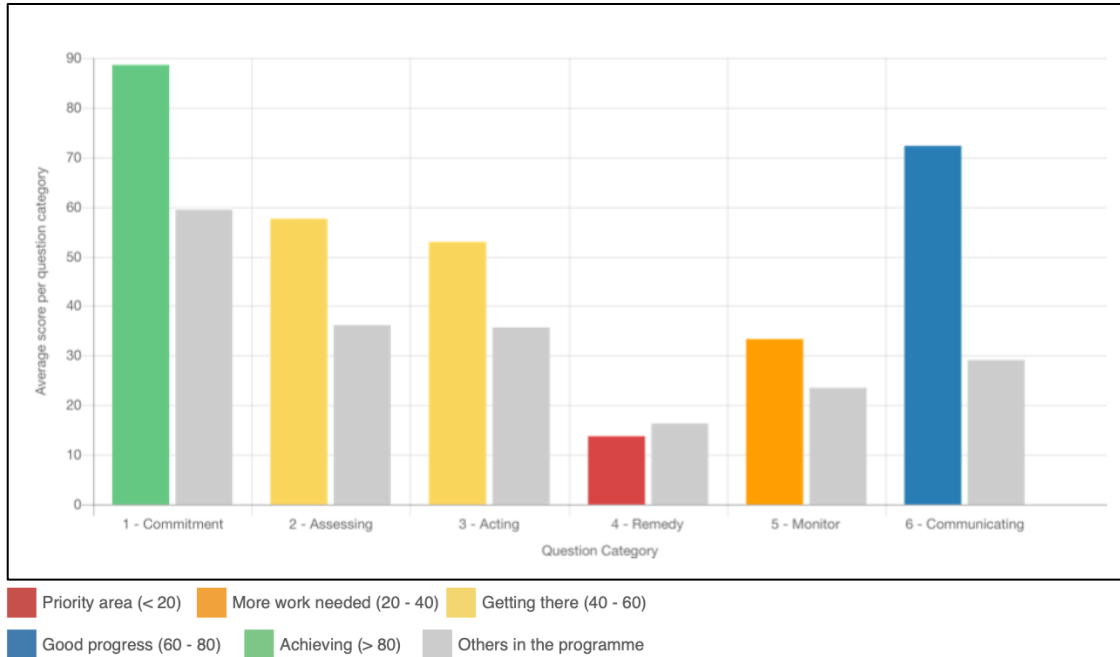
\*This includes capability building inside Bakkavor and down our supply chain

\*\*This includes cases from Bakkavor sites in both the UK and USA

These KPIs support the focus on building capacity and awareness across the Group.

**Stronger Together Progress Monitoring Tool Benchmark Results:**

Bakkavor’s overall results have increased from 48.6% to 55%. Compared to other businesses, we are ahead in every category except Remedy. This is in our action plan to address:



**Stronger Together Tackling Modern Slavery in Business Checklist Progress:**

The combined results of all the Bakkavor sites shows significant progress, with 50% of the good practice steps being fully implemented across the Group and 25% partially implemented. There has been a reduction in the number of steps that are not implemented, and these are included in the Group and Site level action plans:

|      | Green | Amber | Red | N/A |
|------|-------|-------|-----|-----|
| 2018 | 48%   | 18%   | 31% | 1%  |
| 2019 | 50%   | 25%   | 22% | 2%  |

**Modern Slavery Risk Assessment Results**

We have made good progress in 2019. On data analysis, there were seven formerly “Red areas” which were now a different colour due progress being made, four “Red areas” that remained red and one new “Red area”.



| <b>Progressed since 2018</b>          | <b>Outstanding / New 2019</b>           |
|---------------------------------------|---|
| Site Contractor / Outsourced Services | Stakeholder Mapping / HR Impacts        |
| Refresher Training                    | Workforce Demographics                  |
| Stronger Together Business Checklist  | Labour Provider Due Diligence Checklist |
| Type of Business                      | Data Analysis (New)                     |
| SEF                                   | Peaks                                   |
| Trade Union                           |   |
| Communication Process                 |   |

This statement was approved by the Board of Bakkavor Group plc on 28 September 2020.