

# SEAFOOD HOLDINGS LIMITED

## MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT 2015/2016

This statement has been published in accordance with section 54(1) of the Modern Slavery Act 2015. It sets out the steps taken by Seafood Holdings Limited during the year ending 30th June 2016 to prevent modern slavery and human trafficking in its business and supply chains.

### INTRODUCTION

The International Labour Organization (“ILO”) estimates that almost 21 million people worldwide are victims of forced labour; almost 19 million of those victims are exploited by private individuals or enterprises, generating US\$ 150 billion of illegal profit per year<sup>1</sup>. In response to this atrocity, the United Kingdom Modern Slavery Act 2015 requires large companies to publish an annual report setting out what, if any, steps they take to ensure that slavery and human trafficking is not taking place in any of their supply chains or their own businesses<sup>2</sup>. We have a zero tolerance approach to modern slavery and human trafficking within our own operations and supply chains.

### OUR BUSINESS AND ORGANISATIONAL STRUCTURE

We are a wholesale supplier of fresh and frozen fish and seafood products serving customers in the food service and catering industry in the UK. We have 9 depots in England and Scotland which source, prepare and deliver products to professional kitchens. We have over 9,000 customers in the UK including Michelin starred restaurants, contract caterers, hotels, pubs, educational customers and sports stadiums. We had 719 employees at the end of our last financial year on 30th June 2016. Our annual turnover for the year ending 30th June 2016 was £138,182,062 (gross) and £129,877,262 (net). Our immediate parent company is Bidfresh Limited and our ultimate parent company is Bid Corporation Limited whose registered office is in South Africa.

### OUR SUPPLY CHAINS

Our supply chains range from being extremely short (where we purchase fresh fish and seafood directly from local fishing vessels at local auctions) to more complex (where foreign fish and seafood species are imported from all around the world). There can be many tiers involved in the more complex supply chains. For example, fishermen/fishing trawler, fish auctions, fish markets, processing factories, hatcheries, feed mills and other fish supply companies and producers.

We buy products from approximately 500 direct suppliers (also known as “tier one” suppliers) and agents, based in 17 countries around the world such as the UK, Norway, Switzerland, France, Turkey, Iceland, Holland, Spain, Vietnam, China, India, Indonesia, Philippines, Canada, Taiwan, Bangladesh and South Africa. This is to ensure that we are able to consistently supply top quality products at competitive prices, all year round, which may not be available locally as many fish and seafood products are seasonal.

### OUR POLICIES ON SLAVERY AND HUMAN TRAFFICKING

We respect workers’ rights in our own business and throughout our supply chains, with a primary focus on the abhorrent abuses of slavery and human trafficking. We have an Ethical Trading Policy and an Anti-Slavery and Human Trafficking Policy which reflect our commitment to acting ethically and with integrity in all our business relationships. These policies help us to implement and enforce effective systems and controls to ensure that slavery and human trafficking are not taking place anywhere in our own business or supply chains.

### STEPS TAKEN

In 2013, we joined the Advisory Board of the Responsible Fishing Scheme which aims to build a new responsible fishing scheme internationally which now covers ethical issues as part of its scope.

In 2014, we joined the Seafish Common Language Group Ethical Committee which is a forum set up to examine issues around social and ethical trade in the seafood industry. In December 2014, we also joined the

Ethical Trading Initiative (“the ETI”) as a Foundation Member. The ETI is a leading alliance of companies, trade unions and non-government organisations (“NGOs”) that promotes respect for workers’ rights around the globe. This enables us to be able to work collaboratively in pioneering positive change for workers’ rights in the seafood industry, on both a local and a global level. We share the ETI’s vision which is a world where all workers are free from exploitation and discrimination and enjoy conditions of freedom, security and equity. We therefore incorporated the ETI Base Code into our own Ethical Trading Policy and have adopted this as our minimum requirement for working conditions within our supply chains and have requested our suppliers to commit to these important basic principles.

In 2015, we announced on our website that we had become a Foundation Member of the ETI and we placed ETI posters around our depots to make our staff and any anyone who comes to our depots aware of our commitment to the ETI and its principles. We also joined the Thai Seafood Working Group, organised by the ETI, to investigate the farmed prawn industry in Thailand, a well-known and reported high risk area, to learn more about the issue and to discuss the best way to tackle the problem. Further, the ETI’s Chief Executive attended one of our board meetings to present to our board of directors on what the ETI stands for and how we can utilise our ETI membership to combat slavery and human trafficking.

In April 2016, we employed a Supply Chain Analyst to start mapping our supply chains as we anticipate that our supply chains are where our biggest exposure to modern slavery and human trafficking are. We also instructed an external consultant to help us with the mapping task and to develop a risk assessment tool. Our primary focus was to concentrate on high risk areas first that could require further investigation. Mapping the supply chains is a lengthy and complex project for certain fish species and in particular geographical areas. Our aims are to create complete transparency and encourage honest and open information sharing so that we obtain sufficient details for every level of our supply chains, from the fishers catching our fish to the farmers producing our prawns. In May 2016, we started mapping our supply chains for prawns, squid and tuna. However, due to the complicated supply chains within the seafood industry we are still gathering and analysing information. This will be a permanently ongoing process because our supply chains alter over time. The next species we intend to focus on are cod and haddock.

#### DUE DILIGENCE PROCESSES FOR SLAVERY AND HUMAN TRAFFICKING

As part of our initiative to identify and mitigate risk we have put systems in place to:

- Inform our suppliers that they must comply with our Ethical Trading Policy incorporating the ETI Base Code;
- Identify and assess potential risk areas in our supply chains;
- Mitigate the risk of slavery and human trafficking occurring in our supply chains;
- Monitor potential risk areas in our supply chains; and
- Protect whistle blowers.

Our slavery and human trafficking due diligence framework is based on the UN Guiding Principles on Business and Human Rights, which emphasises the responsibility of businesses to respect human rights in their own operations and business relationships. Furthermore, it uses the ETI’s Human Rights Due Diligence Framework which provides specific guidance on what suppliers in food supply chains can do to address the particular risks to vulnerable workers in their operations and supply chains. Having this framework helps us to: create transparency in our supply chains; identify actual and potential risk of modern slavery and human trafficking in our own business and that of our supply chains; identify our leverage to mitigate these risks through strengthening relationships with key suppliers and ultimately aid us in providing appropriate remediation to workers who have not had their human rights upheld.

#### RISK ASSESSMENT FOR SLAVERY, HUMAN TRAFFICKING AND OTHER HUMAN RIGHTS ABUSES

Our Ethics in Seafood Risk Assessment Tool assesses the risk of modern slavery and human trafficking based on publicly available data in particular high risk geographical locations. We used a combination of the Corruption Perception Index (“CPI”); an index which reviews each country and rates how transparent the data

they provide is, and a study commissioned by Seafish (written by Roger Plant, 2015<sup>3</sup>) which assess the ethical issues impacting on seafood species landed into and imported to the UK. The investigation covered 15 major countries supplying fish and seafood to the UK market, and concluded with a high, medium or low risk indicator for workers in the seafood industry of that country, both on and off shore. This study, along with the CPI, created the basis for the geography risk assessment component of our tool, enabling us to give each supplier we assessed a country score between 1 and 5; 1 being the highest risk and 5 the lowest risk.

The risk assessment then considers factors to mitigate these country level risks, based on internationally recognised standards, which change according to the type of business being assessed.

Using information based on the ILO's standard conventions and the ETI Base Code, we then consider the mitigating evidence based on audits with a direct social and welfare focus. This section of the risk assessment is given a double weighting, considerably decreasing the risk where an acceptable social audit report is available and considerably increasing the risk, should no information on social welfare be provided.

When considering risk factors for assessing vessels in wild capture supply chains, we again turned to internationally recognised standards, utilising Seafish's Responsible Fishing Scheme, ISSF Proactive Vessel Registration and the Illegal, Unregulated and Unreported fishing database, again rating each vessel on a 1-5 risk scale. The occurrence of transshipment is also taken into consideration; being a notoriously high risk activity for the potential exploitation of fishers, the use of transshipment means that the fishing vessel scores a high risk rating of 1.

Each tier in the supply chain is independently risk assessed against the aforementioned assurances, relevant to the type of business. The score is then added up and calculated on a pro rata basis against the number of assurances it has been scored against. Based on the overall numerical score, it is then given a risk rating of high risk (red), medium risk (amber), or low risk (green).

## THE OUTCOMES OF RISK ASSESSMENT

The information we ascertained from our Ethics in Seafood Risk Assessment Tool has been translated into a visual supply chain map, in order to gain greater insight into where high risk links are commonly appearing. From this detailed analysis of perceived high risk products, we have been able to reclassify the majority of analysed supply chains as either medium or low risk, due to substantial evidence mitigating the perceived risks. However, some fish and seafood products we supply do still present a high risk of potential modern slavery and human trafficking; primarily as a result of little or no mitigating evidence being provided by the suppliers to reassure us otherwise. Key areas in our supply chains have therefore been highlighted as high priority for further investigation. These include shrimp farms in India where little regulation exists in an industry that has had an overwhelming ten-fold growth between 1980 and 2010 (4) and squid being caught by China's distant water fishing industry; where the transshipment of catch suggests that fisherman remain out at sea for prolonged periods of time, increasing the potential for exploitation.

## ACTION AND RESPONSES TO SLAVERY AND HUMAN TRAFFICKING RISKS

The root cause of the risks identified above are industry wide and cannot be dealt with by us alone, but need further industry wide collaboration. Where it is apparent that countries rely on slave labour in the seafood industry, in order to create competitively priced products to sell to a globalised market, the most vulnerable people in societies are being systematically exploited. Our active and passionate participation in multi-stakeholder initiatives like the ETI and the Seafood Ethics Common Language Group ("SECLG"), allows us to be involved in reform seeking at the political level and fosters opportunities to openly share the information and experiences we have gained across an international platform. Moreover, through our membership of the aforementioned groups, we are able to benefit and learn from key industry experts and novel initiatives taking place globally.

Our aim is that through demanding complete transparency from our suppliers and by providing them with the knowledge and training they require (where appropriate) we can ensure that the abhorrent practices of

modern slavery are not tolerated at any level of our supply chains. We are committed to helping suppliers remediate certain situations where their treatment of workers has fallen below the minimum standards that we expect. For example, where excessive hours are being worked or where workers are not being provided with a rest break. In those circumstances, we would seek to educate and train the supplier and then undertake further monitoring. We will only walk away from a supplier as a last resort if no improvement has been shown where we have detected a problem and taken steps to try and get the supplier to meet our minimum standards. However, for the most serious cases of slavery (such as where workers have had their passports confiscated and are forced to work for no pay in terrible conditions) we would immediately stop purchasing products from such a supplier. Such abuses are too serious to tolerate. We appreciate that we hold more power to ensure workers' rights are protected when we are in a commercial relationship with a supplier but there is a line that can be crossed where we must step away and terminate a supply contract. It is a question of degree and we will consider each situation carefully to determine the most appropriate response that is required.

## MONITORING & REPORTING

Our ethical trading staff are continuing to monitor and map our supply chains endeavouring to continually increase the transparency we have on all suppliers in the chain. The results are reported and discussed at board meetings. As an ETI Foundation Member, we are required to deliver a report after our initial 24 months of membership (and thereafter on an annual basis), describing the measures we have taken to further the ETI base Code in combatting modern slavery and human trafficking. We encourage our staff to report any concerns they may about slavery or human trafficking to our confidential ethics hotline which they may call anonymously, free of charge, 24 hours a day, 7 days a week.

## TRAINING

In order to ensure a high level of understanding of the risks of modern slavery and human trafficking in our business, during the last financial year to 30th June 2016, our ethical trading team, core buyers and legal team attended the following training courses:

- Buying Ethically: A Workshop for Buyers (ETI);
- Managing Risk: Going beyond Audit (ETI);
- Sustainable change in supply chains (ETI);
- The Power of Collaboration (ETI);
- The UK Base Code and UK Law (ETI);
- Workshop for seafood companies – drafting a modern slavery statement (Seafish);
- 3 separate courses on the Modern Slavery Act 2015 (ran by external law firms); and
- Workshop on Social Licence to Operate (Seafish).

## FURTHER STEPS

Following a review of the effectiveness of the steps we have taken in the last financial year to ensure that there is no slavery or human trafficking in our supply chains, we intend to take the following further steps to combat slavery and human trafficking:

1. Begin to instruct an independent auditor to carry out physical audits (as opposed to paper audits) of our high risk tier one suppliers against key performance indicators;
2. Start carrying out internal physical audits of our own business relating to modern slavery, human trafficking and ethical trade in general;
3. Draft standard terms and conditions for our suppliers to agree to which incorporate clauses on ethical trade such as: duties to comply with the Modern Slavery Act (where applicable), conduct regular risk assessments within their own supply chains, implement controls to prevent modern slavery and notify us immediately if any issues arise in their supply chains. We can then take action if any supplier breaches these obligations which may include terminate the contract with the supplier;
4. We have developed some internal modern slavery and human trafficking training which will be rolled out to all our members of staff;
5. Improve information flow generally to our staff members about ethical trade issues;

6. Continue to work with the ETI and build relationships and collaborate with other ETI members as modern slavery and human trafficking is a growing global issue which cannot be tackled by us alone;
7. Identify our top 10 high risk suppliers to build a closer relationship with and have meaningful discussions to promote the treatment of workers;
8. Purchase more products which have been certified by independent third parties such as the Global Aquaculture Alliance, the Aquaculture Stewardship Culture and Global Gap;
9. Start streamlining our supply chains by ordering more products from fewer suppliers to develop stronger long-term relationships and increase our leverage with certain suppliers; and
10. Adopt a purchasing strategy called "choice-architecture" to educate our customers and encourage them towards ethical best practice through limiting their choices of fish and seafood purchases in high risk areas.

This statement was approved by the board of Seafood Holdings Limited.

*Stephen Oswald*

Chief Executive of Seafood Holdings Limited

31st December 2016

#### REFERENCES

- 1) <http://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>
- 2) <http://www.legislation.gov.uk/ukpga/2015/30/part/6/enacted>
- 3) <http://www.seafish.org/responsible-sourcing/ethics-in-seafood/assessment-of-ethical-issues>
- 4) [http://www.fao.org/fishery/countrysector/naso\\_india/en](http://www.fao.org/fishery/countrysector/naso_india/en)