



LIONEL
HITCHEN

SUSTAINABILITY REPORT

**Our Social Responsibility Progress
October 2021 – September 2022**

Naturally Fabulous



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Eva Agnew
CEO at Lionel Hitchen

CEO Introduction

Sustainability continues to be at the forefront of everything we do and is something that we are all very passionate about. It drives our decisions and is key to our values and behaviours. I am delighted that for the second year running we are able to report on our activities and commitments. We are a family owned business and we want to ensure we will be securing a sustainable business for all future generations of the Hitchen family.

Last year we reported on our activities in the 4 key areas of human rights, environment, supply chain and business ethics and I'm delighted that this year we can report even further progress in these vital areas.

None of this would be possible without a fantastic, committed and enthusiastic #TeamHitchen. We know we have a brilliant team, but it's even more rewarding when we achieve external validation of this. We were delighted to be awarded the Solent 250 'Employee Engagement and Wellbeing' award which we were shortlisted for in 2021, but because of covid it wasn't announced until 2022. This award is designed to recognise businesses that demonstrate a commitment to employee wellbeing and who use the talent of their employees to make their organisation a more productive and better place to work. The judges said that we demonstrated a strong employee welfare programme covering extensive mental, physical and financial wellbeing benefits, and a culture of continuous improvement.

Additionally in 2022 we won the Solent 250 'Business Culture' award. This award recognises those businesses that place their culture and people at the core of their strategy; demonstrating purpose, pride and collaboration to support sustainable business performance beyond the pandemic, Brexit and the current economic and trading conditions. We were chosen for our clear vision and values driven culture that is embedded in our business strategy and that shines through in our brand. The judges recognised that we were a business committed to continuous improvement and innovation. It was clear to the judges that our people know the part they are playing in delivering the vision and are inspired to contribute and collaborate through respect, integrity and fun!

To commemorate these wins, we designed and gifted a wonderful engraved water carafe for everyone.

The company celebrated a great performance in 2021/22 by sharing a portion of the profit with all employees. We have an ambitious budget for 2022/23 and many challenges to conquer, but we have plenty of enthusiasm and desire to overcome these.

Apart from the devastating human tragedies incurred as a result of the Russian invasion of Ukraine, the impact on the world's economy has also been significant and so in turn on our business. We took the decision to suspend all our commercial activities with Russia. This meant loss of all our sales revenue from Russia and the need to find substitutes for all the raw materials that we bought from Russia. This unfortunately continues to be a challenge for 2023.

Brexit also continues to create business challenges in many areas including divergence of regulations, which could impact our business this year. We continue to have supply challenges due to natural disasters and geopolitical issues, but we work very hard on maintaining excellent relationships with our suppliers. Treating them fairly and with respect was one of Lionel's principles which has carried on in our business to this date.

Nevertheless, we have solid business growth plans and continue to invest in our people, plant and equipment, and supplier and customer relationships. We plan to expand geographically with distributors in new territories, in new market segments and organically through innovation. We are already a significant exporter with over 76% of our sales made outside the UK. Our growth in this area was recognised by being awarded the International Business of the Year in the Central South region.

Our Social Responsibility journey has well and truly evolved and we are not short of ideas to continue to improve. Our World Class Manufacturing (WCM) continuous improvement programme continues to be an excellent framework enabling all employees to engage with this goal and contribute on a daily basis. We are a passionate company and as such are also totally engaged in playing our part in improving the future for all.

Enjoy reading!

Eva Agnew
Chief Executive Officer (CEO)



About Lionel Hitchen Ltd

Lionel Hitchen is a privately owned limited liability company manufacturing and supplying natural flavours and flavour ingredients to the food and beverage industry in over 50 countries globally. Our head office is in Andover, Hampshire in the United Kingdom, and we operate from two sites in Hampshire - Barton Stacey (manufacturing site) and Virginia Works (Andover site). We also have a subsidiary in the USA.

Founded in 1965, we have over 57 years of expert knowledge in the creation and manufacture of flavours and speciality ingredients, using in-house manufactured raw materials to meet consumer demand for great tasting natural products.

We pride ourselves on our extensive range of flavour ingredients, following the highest quality practices at all stages of manufacturing, from raw material sourcing, processing & production consistency, through to delivery to customer.

- We credit our continued success on our great employees; 30% of whom have worked for us for over 10 years.
- Our continuous improvement programme which we call World Class Manufacturing (WCM) is another factor in our sustained growth over the last 10 years. It is a programme that is implemented across the whole business, not just in our manufacturing operation, and uses a common set of tools and techniques to drive improvements, large and small.
- Our Quality and Food Management System, certified to BRCGS standard, ensures that our products are manufactured to high standards of quality which our customers can depend on.
- Lionel Hitchen has grown from producing mainly speciality citrus oils to a broad spectrum of flavour ingredients and flavours which are sold globally either directly or through our ever-growing partner distributors.

Our Product capabilities include citrus specialities; herb and spice extracts and flavourings. Our Creative Solutions Team are constantly crafting new formulations and processes to meet the changing needs of our growing customer base.

We measure the success of our New Product Development using a Vitality Index. Over the last year we have nearly doubled the proportion of our revenue that comes from new products.

Our financial performance has continued to improve significantly year on year and the profits generated have enabled us to continue to invest in people and plant; to increase production capacity, skills, and extending market penetration through new product development and regional reach.

We do not receive any financial assistance from the government.



We are proud and active members of



The business is managed by the CEO and 3 executive directors and the CEO reports to a shareholder board which consists of the 3 family shareholders, one non-executive director and one consultant.



In the picture we have from left to right Helen McNair - Technical Director, Tim Brown - Sales and Marketing Director, Eva Agnew - Chief Executive Officer, Hazel Toner - Human Resources Manager and Tim Metcalfe - Operations Director.

Name	Board role	Gender	Age range
Alison Barnes (nee Hitchen)	Shareholder (Chairperson)	Female	70-75
Alastair Hitchen	Shareholder	Male	65-70
Peter Hitchen	Shareholder	Male	65-70
David Walton	Consultant	Male	70-75
Mohammed Khan	Non-Executive Director	Male	45-50
Eva Agnew	Chief Executive Officer	Female	60-65
Tim Metcalfe	Operations Director	Male	55-60
Tim Brown	Sales and Marketing Director	Male	55-60
Helen McNair	Technical Director	Female	55-60

The executive board are held to account for delivering against key performance indicators (KPIs) and report regularly to the Shareholder Board.

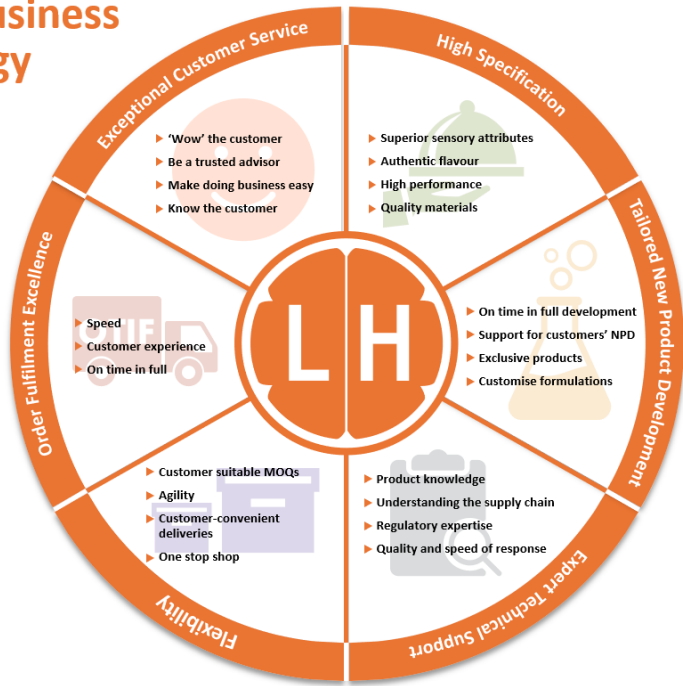
Nomination and Focus on Sustainable Development:

All directors were assessed based on their competencies prior to their nomination and appointments. The board is involved in developing and approving key organisational strategies, values, policies and goals in relation to sustainable development. Helen McNair, the Technical Director is mainly responsible for directing the Social Responsibility strategy of the company and progress is reported to the board every 2 months. The other directors have also taken measures to advance their knowledge on sustainable development issues.

Remuneration:

Executive Directors are on fixed pay with incentive bonus directly related to operational profit achieved. Salary increases are transparently related to achievement of personal performance against objectives set annually through Personal Development Review (PDR) process.

Our Business Strategy



- Our business strategy reflects our product positioning in the market, our approach to NPD, our appreciation of our customers by providing the highest levels of service, advice and support with the upmost flexibility and agility.
- We regularly communicate our strategy to all employees

Our Social Responsibility Policy

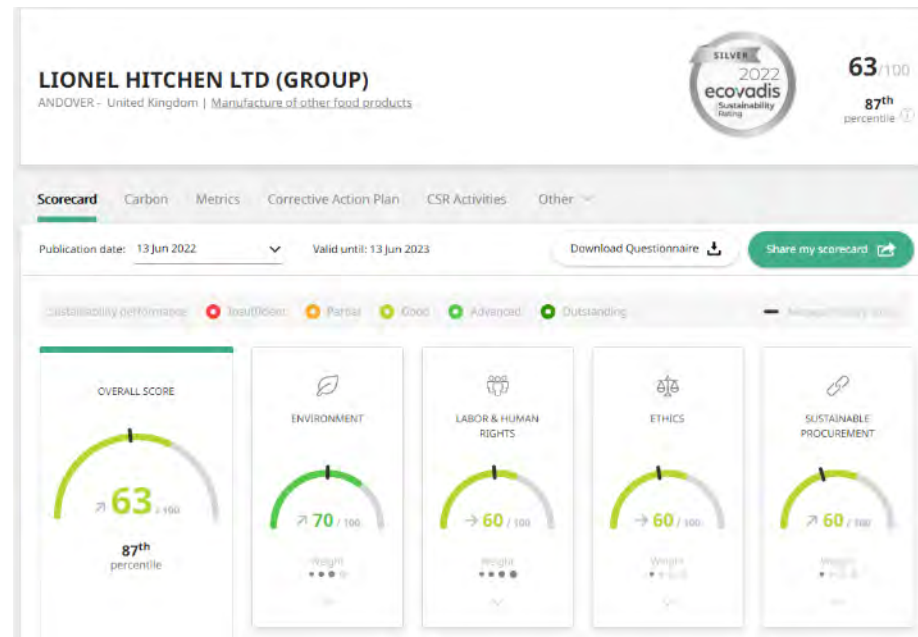
We have developed an overarching policy to cover our sustainability principles and commitments covering:

- Human Rights and our employees
- Environment
- Community
- Sustainability in our supply chain
- Business Ethics

In order to obtain independent assessment of our policies, activities and our results we selected to become members of EcoVadis.

We have submitted information for two consecutive years and in 2022 we increased our score from 58% to 63%, maintaining our Silver award.

We use the feedback from the EcoVadis assessment to develop our continuous improvement activity on sustainability.



We have been members of Sedex for a number of years to support our own continuous development, and use it for supplier risk assessment.

This year we re-submitted our self assessment questionnaire. Our Andover site was rated low risk. Our Barton Stacey site was rated medium risk with a score of 4.1 (medium risk range is from 4.0-6.0). This is mainly due to the hazardous nature of the materials we handle and waste management.

We elect to have a full Sedex Members' Ethical Trade Audit (SMETA) every 3 years with the next one due in 2023.

The Sedex platform has data which is regularly updated on global indices of countries' status on Environmental Performance, human rights and business ethic factors. This is used to inform the potential sustainability risks at our raw material suppliers.

We share our scores from EcoVadis and Sedex with our customers for transparency.

Our Business Awards

This year we are very proud to have had our employee achievements recognised from external sources. At the Solent 250 awards ceremony in March 2022, Lionel Hitchen won two awards, for:

Employee Engagement and Wellbeing 2020 (delayed due to Covid) and Business Culture 2021

The Solent 250 is an annual listing of the top privately-owned businesses (by annual sales turnover) that are based in the Solent region, defined as most of Hampshire (south of Basingstoke) and parts of Dorset, Wiltshire and West Sussex.

The Employee Engagement and Wellbeing Award was designed to recognise businesses that demonstrated a commitment to employee wellbeing as part of everyday working life and who harnessed the talent of their people to make their organisation a more productive and better place to work.

They said Lionel Hitchen demonstrated a strong employee welfare programme covering extensive mental, physical and financial wellbeing benefits, training and awareness and a culture of working environment improvements. They also said we had a serious focus on responsible business with a recognition that this is vital for both its customers and employees.

Every employee can take one day a year to carry out CSR/charity work of their choice with 81% of staff agreeing that we encourage charitable activities; and our purchasing policy has a very strong environmental, ethical and sustainability focus.



Our Business Awards

For 2021, the Solent 250 Business Culture Award aimed at recognising and celebrating those businesses that place their culture and people at the core of their strategy driving resilience but also increasing purpose, pride and collaboration to support sustainable business performance beyond the pandemic, Brexit and the current economic and trading conditions.

They said "Lionel Hitchen has a clear vision and a values driven culture that is led from a diverse leadership team, embedded in their business strategy and that shines through in their brand. A business committed to continuous improvement and innovation. It was clear to the judges that our people know the part they are playing in delivering the vision and are inspired to contribute and collaborate through respect, integrity and fun!"

The judges said that we take a creative approach to employee benefits and reward and recognition. With its people investment and training programme embracing strong career development programmes with clear roadmaps, objectives and professional development plans that together give each employee purpose and a sense of Involvement.

A clear leadership and management programme gives all staff the opportunity to learn these skills for the sake of their career development, with a big focus on emotional intelligence, empathy and behavioural awareness."

The judges felt that what set Lionel Hitchen apart is the way in which our culture of leadership and engagement drives forward continuous improvement by way of a business wide transformation programme. This programme has become the way the business works and operates and embraces key features such as:

- An induction programme aimed at the new starters within the business;
- The setting up of teams each with responsibility for a part of the business and who are empowered to identify any problems with the way they work and to find solutions and put them into place. Daily and monthly team meetings are held with appropriate level of staff engagement and involvement.
- The importance of feedback and a growth mindset is emphasised. The teams use "mood" style boards (What's on your mind) visible to the whole business to highlight their thoughts and any other information they want to share.



- A no blame culture is obvious with a strong focus on objective investigation and review with key lessons learned identified and implemented.
- The importance of recognising improvement and rewarding progress by reference to its Hitchen Way values is clear as well as a "Steal with Pride" best practice approach; and finally
- Multi-channel communication about what the continuous improvement programme is achieving.

This year we were very proud to be win International Business of the Year from Central South Business Awards in September 2022. We were also Highly Commended for their Employer of the Year Award and were shortlisted for Company of the Year.



Stakeholder Engagement

Our Principles

Ethics

Our Hitchen Way business values encourage trust and respect
Our Social Responsibility Policy ensures we deal with suppliers and customers with integrity
Conflict of Interest: This year we formally made this principle of trust and honesty a part of our written policy for business ethics; the Anti-corruption and Bribery Policy.

Our Customers as Stakeholders



- **Our KPIs**

We have systems in place to track our key performance indicators of what matters most to our customers; the quality of our products – right first time; deliveries made on time in full; customer complaints on product issues and service standards. Each year we set targets on the KPIs, track them monthly and determine any improvements we need to make to our processes to meet or exceed those targets.



- **Our Activities and Achievements**

In 2021-22, our sales team were able to get out for more face to face visits with customers in both the UK and abroad. In 2022, we created a Customer Experience team who are at the core of our customer service from order to delivery.

Customers value the technical expertise we provide to support their businesses. Our Creative Solutions Team are dedicated to inspiring product development and solving any problems our production team and customers might have with our products. Over 85% of our revenue is generated from customers we have worked with for well over 10 years. Some of our customer relationships span many decades.

Confidentiality is taken very seriously in our business, and that integrity and trust is why many customers continue to faithfully have business with us. As a result we have not had any complaints concerning breaches of customer privacy or data.

In 2021-22, we set a goal to expand our global reach by investigating opportunities to introduce more distributors into our network, so we have been developing relationships with suitable companies in South East Asia, The USA and Europe.

Our Suppliers as Stakeholders

- This year we were able to meet with a number of our suppliers (and customers) at the international gatherings for ICBC (International Citrus and Beverage Conference) and IFEAT (International Federation of Essential Oils and Aroma Trades). This helped to reaffirm our commitment to them and understand the impact of climate change and global trading conditions.
- The relationship we have with our suppliers is very important to us and 80% spend on raw materials is with just 13 suppliers with whom we have been dealing for many years.
- This year we have provided training to our purchasing and sales team members and all the operational directors on competition law, and anti-corruption and anti-bribery principles.

LH operates in accordance with the Modern Slavery Act and ensures suppliers do the same. [LH-Anti-Slavery-and-Human-Trafficking-Statement-2022.pdf \(lionelhitchen.com\)](#)





Our Employees

Our Local Community as Stakeholders

Our Principles

Community:

We will consider our operational impact on residential neighbours
 We will respond seriously to local resident complaints
 We encourage and facilitate volunteering activities with employees
 We participate in local schools and educational programmes
 We engage interest in our business
 We donate to local charities Our production and warehouse facilities are in close proximity to residential homes, so we strive to minimise any impact through noise, traffic and smells.

With the lifting of Covid 19 restrictions we were able to reignite our volunteering scheme, which allows every employee to take a whole day each year to volunteer within our local community or with a charity of their choice. Our business has close ties with the Enham Trust - www.enhamtrust.org.uk and the Andover Food Bank <https://andover.foodbank.org.uk/>.

In 2021, we created a volunteering calendar in partnership with Enham Trust, meaning we complete the administration required in setting up corporate volunteering days, making the processes as easy and enjoyable as possible for our team members.

In 2021/22 we organised 5 volunteering days in which 19 employees participated, which we are continuing in 2023. Activities include work in their sustainable vegetable garden, Christmas Tree Farm and Warehousing area.

We also have an informal group of enthusiastic employees from across the business who call themselves the 'Green Dream Team' who look at ways we can improve on sustainability aspects. This year the company took part in the Great British Spring Clean which was organised by the Green Dream Team and in total 10 bags of rubbish were collected from the local area, including a nearby nature reserve.

We have made charitable donations to a number of diverse local charities this year, including several drives for the Andover Food bank. We also provided funding for a local primary school 'play kitchen'.



Our Principles:

- UN guiding principles of 'Protect, Respect and Remedy'
- To be The Employer of Choice, through our progressive pay, benefits and working environment
- Following our values of The Hitchen Way



Policies:

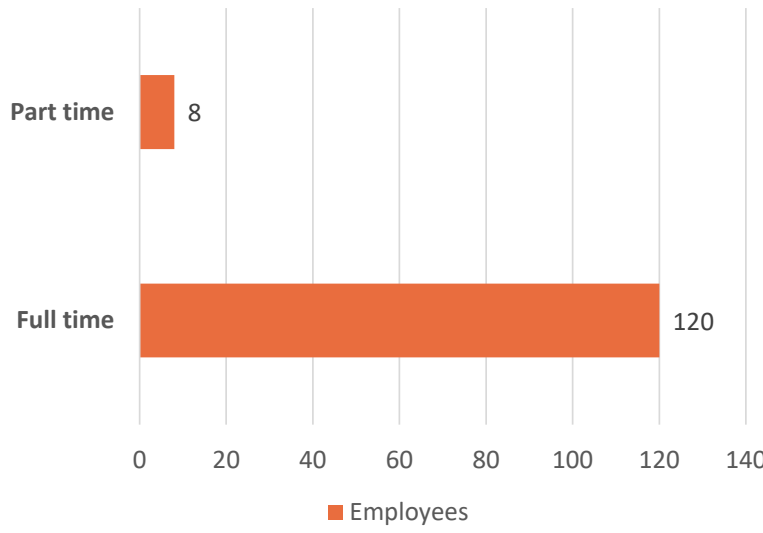
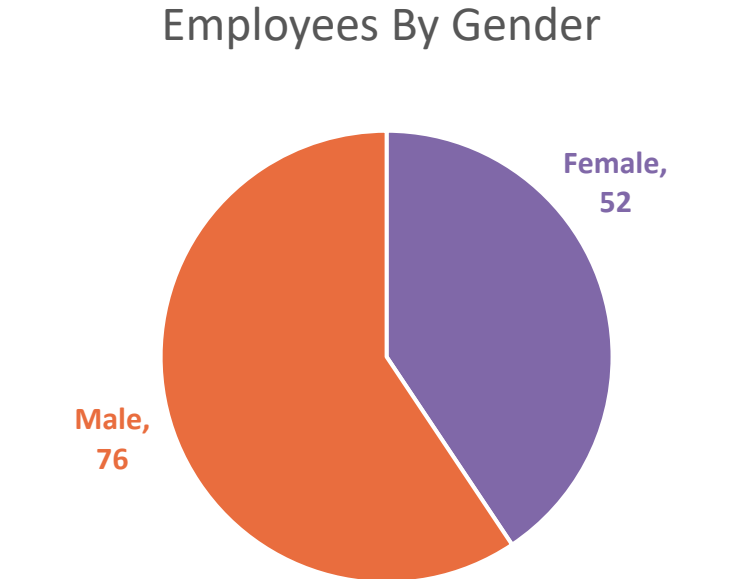
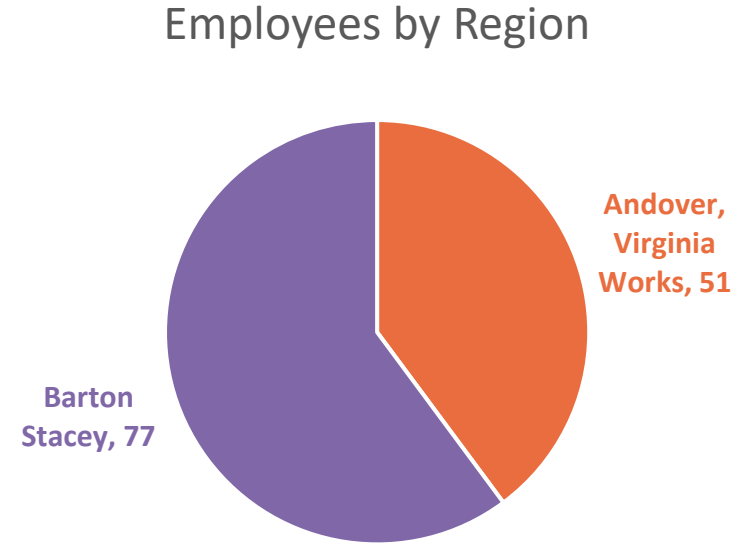
We have a comprehensive and transparent collection of policies and procedures regarding human rights, employment, expectations and remediation.

Further to this we operate in accordance with the Modern Slavery Act. Employee briefings were held in 2021, it is part of our employee induction programme for new employees, and we display posters around site to remind employees of the policy.

Where we make a significant change to an employment contract we give 4 weeks' notice.

For changes to shift patterns at least 2 weeks' notice is given. This year we introduced a new shift pattern to support our increased production volumes. This was done in consultation with the employees impacted.

- We currently have 128 employees, with 77 at our manufacturing site in Barton Stacey and 51 at our site in Andover
- 76 male (59%) and 52 female (41%) employees.
- 120 Full time/8 part time. Temp employees are only used for specific projects or as intermediate cover for absence while we recruit or for maternity cover.
- We have a diverse employee population and in the last 12 months we have recruited employees from Hungary, Poland, Brazil and Italy and we also have employees from Lithuania, Slovenia, Spain, Portugal, the US, Latvia, Malaysia and Turkey.
- Median Gender pay gap is -8% as at September 2022.
- We have 12 females (41%) and 17 males (59%) in management positions.
- Turnover of employees (unexpected leavers) was 11% (against 17% in 2020-21).
- We recruited 18 new employees during the 2021-22 financial year.
- We do not operate any non-guaranteed hours employment.
- We supported 4 female employees through maternity leave.
- We have not had any reported incidents of discrimination in the last 13 years.



- Salary increases for all employees are according to individual Performance Development Review (PDR) performance grades given each year. The increase is set for each performance grade. Salary levels for roles are benchmarked regularly against external companies to ensure we remain competitive for recruitment and this year, in particular we took the cost of living increases into consideration.
- The Performance Development Reviews (PDR) are formally held annually which include a discussion on training and development requirements. We have Personal Development Plans (PDP) with employees who wish to progress their skills and knowledge within our business.
- 100% of our permanent employees have PDRs which are compiled at the beginning of our financial year; and reviewed at least at 6 and 12 months to determine individual performance grades. Regular one-to-ones are strongly encouraged.
- We also have a grievance procedure which applies to all employees and other stakeholders regardless of length of service. If informal discussion is unsuccessful at resolving issues, then the employee can submit a written grievance to their line manager, and/or Human Resources. A hearing is held, and appeals are allowed if an employee is not satisfied.
- Further to this is a whistleblowing mechanism which is in place if someone wants to raise a critical concern and there is a helpline number to contact.



Actions and Achievements

We recognise that our employees are our most valuable asset and that our business would not be sustainable without a happy and a healthy workforce.

Unemployment is low in our location so having attractive cultural values and a competitive benefits package is key to attracting and retaining the best people.

- Training: We consider training of our employees to be fundamental to our success and a key part of our business strategy is to be 'Trusted Advisor' for our customers and to produce high quality products.

We use a variety of training tools and platforms to support individuals' learning at their own pace at a time in the day that suits them.

This year:

No. people trained:

Using web-based training platforms we have carried out numerous training programmes across the business. These enable employees to carry out the training at a time that suits them:

- A programme of HR training was rolled out for managers and supervisors, as follows: Mental health awareness (10 attendees), PDR and performance management (6), Bullying and harassment (7), Equality (7), Disciplinary handling (2), Recruitment and Selection (6), Absence management (6), Whistleblowing (5) and GDPR (3).
- Hybrid working policy: During the Covid19 pandemic, many of our employees worked permanently or regularly at home. We recognised that there was no impact on performance and had advantages to the employees, our business, and the environment, with fewer people commuting daily to work. As a result in 2022 we introduced a Hybrid Working Policy to enable people to continue to work from home.
- New incentive, profit-sharing bonus scheme: In December 2021 we changed the structure of our incentive bonus scheme to be linked to our business operating profit. This meant that all eligible employees (permanent workers with 6 months' service in the financial year) received a significantly higher bonus than they would have received under the old scheme.
- Our employee pension scheme is with Scottish Widows and is a defined pension contribution scheme. This year we organised several financial education sessions over Teams and face to face called "Financial Detox".
- Career development workshops: We held 3 workshops to support employees on their individual personal development journeys; to help them understand how to develop themselves within their current roles.

Training Course	Number of people
Anti-Bribery	16
Bullying & Harassment for Managers	1
Cyber Security Awareness	120
Food Safety & Hygiene (Level 2)	49
GDPR UK: Essentials	7
Stress Awareness	3
Unconscious Bias for Employees	4
Whistleblowing	5
TACCP	9
HACCP	10

Other benefits we provide are:

- Defined contribution pension scheme where the company contributes up to 10% of salary depending on the employee contribution. More than 90% of our employees contribute to the scheme
- Life insurance of 4 times the salary
- 25 days' holiday and employees can purchase up to 5 additional days of holiday per year
- Health cash plan which enables staff to receive cashback on every-day health care. The plan includes an Employee Assistance Programme and counselling sessions.
- Enhanced maternity and paternity pay
- Training and development opportunities
- Volunteering days (one per year)
- We provide hampers or turkeys to all employees at Christmas, including temporary employees
- Eyewear scheme and flu jabs
- Cycle to work scheme
- Welcome Pack for all new starters
- Ad-Hoc Gifts
- This year we made a one-off payment to employees who have to commute to work to support them with the increased costs of fuel



- In 2022 we carried out an independent employee survey with Best Companies and we achieved a 'One to Watch' rating for good levels of employee engagement. We achieved a fantastic response rate of 78% and our score was 647.3, up from 627.2 which we scored last time we ran the survey in October 2019.

We achieved a position of 12 on the Best Companies to work for in the manufacturing sector Q3 2022 list. We also appeared in the league table of one of the Best Companies to work for in the South East in Q4 2022.

- We reviewed the results and the feedback from employees and implemented an action plan which included improving our induction programme, to include a business overview from one of the directors; re-introducing regular product tastings and Sales 'Town Hall' update meetings and improving communication around employee benefits. Further actions will be implemented as part of team objectives during 2022/23.
- Another way we actively encourage participation in business improvement with our employees is through our World Class Manufacturing (WCM) programme.
- This continuous improvement process is business-wide and uses numerous mechanisms and tools to collect ideas from employees how processes and the working environment can be improved to be more efficient, effective, collaborative, safer and comfortable.



Occupational Health & Safety



Our Principles:

- All activities are carried out in such a way as to safeguard everyone who comes into our business and/or is affected by our business
- We encourage a positive culture of health and safety awareness, ownership, and accountability
- We provide a good working environment Training is given at all levels Risk assessments form the basis for identifying hazards and ensuring control measures are in place to minimise the risk.



Our Policies:

As a manufacturer of flavourings we handle very concentrated materials, a large number of which are hazardous. And as a manufacturing site with large plant and machinery and movement of materials we have many hazards that need to be controlled and managed.

Our Health and Safety policies cover the full breadth of our business to keep our employees and any visitors or contractors working on our sites safe and healthy.



Our KPIs:

We have a number of levels of reporting of incidents, including safety observations, hazard reporting cards (for 'near-misses') to develop preventive actions, and accident reporting.

Proactive Measures Heinrich Pyramid Foundation

Safety observation cards form the foundation of the safety culture within Lionel Hitchen. These cards are quick and easy to complete, available in all work areas and are reviewed at the daily Tier 2 site management meeting, where actions are tracked to completion and feedback given to the person raising the card. There were 109 observation cards submitted within the financial year.

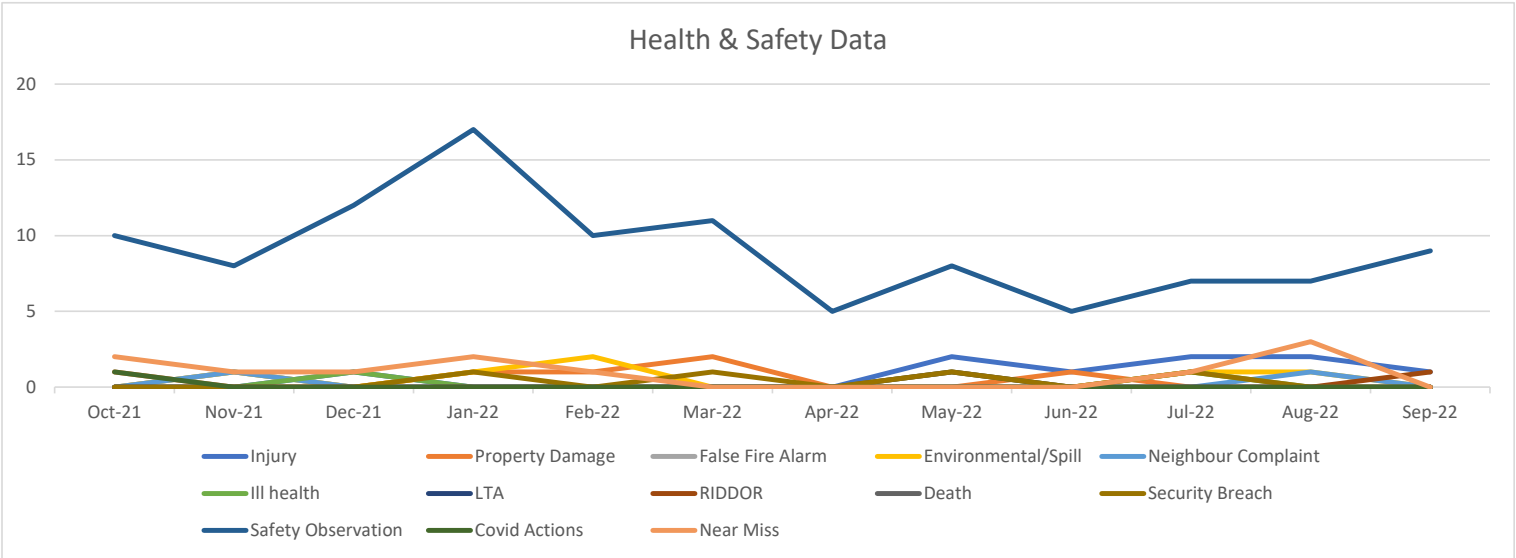
Departmental Manager walkthroughs remain at the heart of the safety culture not only in highlighting safety improvements but utilized as a coaching session with the area teams, a further 138 improvement opportunities have been acted upon.





During 2021-2022 we recorded:

- 7 work related injuries of various types, no trends were identified.
- 1 of which led to a lost-time-incident (slip, trip, fall)
- 1 RIDDOR (dangerous occurrence, reporting of a Fire caused by electrical short circuit or overload)
- 1 case of ill health
- 0 fatalities



Our extensive health and safety training used a variety of methods including web-based training which can be carried out at a time which suits the individual:

Training Course	Number of people
Abrasive Wheels Safety	5
Accident Reporting	3
Asbestos Awareness	7
Banksman Essentials	8
CDM Regulations	3
COSHH	22
Display Screen Equipment	43
Driver Awareness	6
First Aid Appointed Person	6
First Aid at Work Refresher (FAW)	2
General Workshop Safety	7
Health & Safety for Homeworkers	6
Ladder Safety	15
Legionella Awareness	1
Lone Worker Safety	16

Training Course	Number of people
Manual Handling	28
Noise Awareness	11
Personal Protective Equipment	27
PUWER	6
Returning to Work	4
Risk Assessment	1
Slips, Trips & Falls	22
Spill Kit Training - Chemicals and Oils	23
Working at Height	18
COMPEX Mechanical EX11	2
COMPEX Fundamentals EXF	2
COMPEX electrical EX1-EX4	1
HAZOP Leadership/management	1
HSE PUWER fundamentals	3
Counter Balance Truck	2
Reach Truck Training	4
Drum Rotator Training	3
COMAH	5

Our Activities and Achievements

We have a dedicated Health and Safety Manager and an employee health and safety committee which meet six weekly; and bi-monthly manager H&S meetings. Each department has H&S risk assessments for the activities in their area and reviews of the risk assessments are tracked. Managers carry out H&S ‘walk-arounds’ in their area of responsibility to monitor practices.

Many of our materials are classified as ‘hazardous’. We produce Safety Data sheets(SDS) in accordance with CLP (Classification, Labelling and Packaging Regulations) (Global Harmonised System of Classification and Labelling of Chemicals) and OSHA (Occupational Safety and Health Administration) formats, depending on the country requirements of the destination country.

All our customers are provided with the relevant SDS and all products are labelled to include the hazard labelling where required.

We also have a COSHH (Control of Substances Hazardous to Health) system in place.

- In the Summer of 2022, we invited a consultant to carry out a gap analysis against the ISO 45001 Standard to support us in our goal of being certified against the standard by the end of 2025
- We commissioned an external specialised Production & Laboratory air monitoring report to benchmark the Barton Stacey facility. Recommendations made within the report are being tracked to completion by a dedicated project team
- This year we have carried out a comprehensive review of our COSHH system and will be implementing a more accessible system in 2022-23
- Employee health screening is carried out regularly
- Training. This year we have implemented an extensive programme around health and safety training using external and internal training providers and web-based training

Our Goals

To continue to improve our Health and Safety we have set a goal to be certified against ISO45001 by the end of 2025.



Our Principles:

- To minimise and manage any impact on the environment through a robust environmental management system
- We operate with consideration to resources to 'Reduce, Reuse, Recycle'
- Our policies cover aspects of energy and water usage, emissions and waste

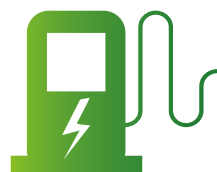


Our Policies:

We have a number of policies for environmental protection. These consider waste management, water management, Major Accident Prevention, Energy management.

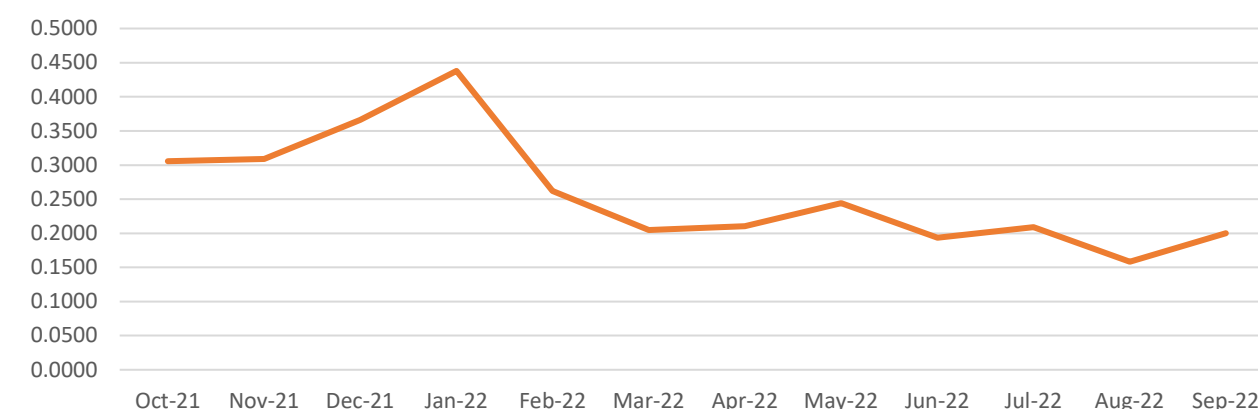
Our KPIs:

- Ecovadis score
- Scope 1 and 2: Actual kWh and CO2 emissions of fuel oil and electricity
- Energy intensity: Because of the diversity of our production operations, the energy intensity can vary considerably depending on the volumes in each type of process
- Water usage: We measure the total volume consumed and the quality of the water discharged



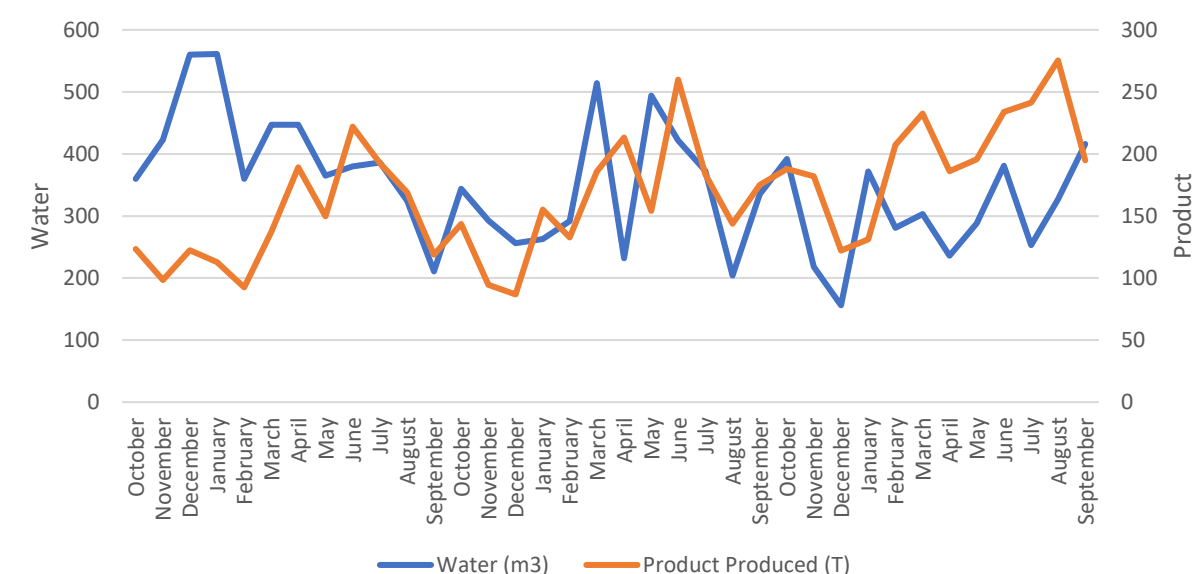
	Barton Stacey site only	20/21	21/22
Scope 1	Fuel Oil, kWh	1,508,019.60	1,648,978.40
Scope 2	Electricity, kWh	550,577.50	769,454.00
Scope 1	Scope 1 CO2 emissions	311.39	442.17
Scope 2	Scope 2 CO2 emissions (electricity only)	128.36	163.38
	Total CO2e emissions	439.76	441.76
	Energy intensity, kWh/Tonne monthly average	1,873.78	1,601.31
	CO2e intensity, tonneCO2e/tonne production, monthly average	0.29	0.27

Intensity ratio: tonnes CO₂e/tonnes of product manufactured



Water Management

Water / Product Ratio



This graph shows the proportion of water used versus production volumes over the last 3 years. As the production volumes have increased, our water usage, on average has reduced.

We test our water effluent weekly for suspended solids and chemical oxygen demand and it is continually tested for pH.



Actions and Achievements

- This year after waiting for over a year for delivery, we finally took receipt of our leased Electric Van which replaces one of our old diesel pool cars.
- We have a formal cross-functional team reviewing progress against our 'Green Pathway' which documents improvement activities, especially towards reductions in GHG emissions.
- Energy intensity performance is now reported monthly.
- This year we invested in refurbishing the roof at our warehouse site to enable us to have solar panels installed in 2022/23 with a Power Purchase Agreement. This will enable us to generate electricity for this site from a renewable source.
- As an international business, flights to visit suppliers and customers are unavoidable, so this year we subscribed to a Carbon-off-setting platform to compensate for the greenhouse gas emissions that these trips inevitably make.
- We also have an informal group of enthusiastic employees from across the business who call themselves the 'Green Dream Team' who look at ways we can improve on sustainability aspects. This year the company took part in the Great British Spring Clean which was organised by the Green Dream Team and in total 10 bags of rubbish were collected from the local area, including a nearby nature reserve. The team also reviewed our long service awards.



Previously after 1- and 5-years' service employees were gifted with a helium balloon as a celebration of their work birthday. The team felt this no longer aligned with our Green Initiative and proposed a more sustainable alternative which has been recently approved. Employees will now receive a "create your own" gift hamper whereby they can choose from a selection of sustainable gifts.

- We have carried out improvements to heating and hot water systems in a number of our production buildings and warehouse areas to improve their efficiency.

Our goals

- EcoVadis gold by 2024
- To continue to measure GHG emissions and implement improvements to reduce our energy intensity



Supply Chain Sustainability

Our Principles:

- Develop long-term supplier relationships based on trust and integrity
- Encourage high standards of ethics and sustainability by agreeing to act in accordance with ETI principles and becoming members of SEDEX or equivalent for transparency.
- Select suppliers based on risk assessment against independent indices of sustainability.

Our KPIs:

- The percentage suppliers agreeing to comply to Ethical Trading Initiative
- The percentage suppliers agreeing to comply with our Code of Conduct
- The percentage suppliers members on Sedex



Our Activities and Achievements

We have developed strong relationships with many of our key suppliers and have developed processes for supplier assessment on quality, food safety and service. Approximately 80% of our spend on raw materials comes from 13 suppliers, most of whom we have been sourcing from for over 20 years. We have regular meetings with our key suppliers, and this year were able to meet some in person, following the lifting of Covid19 restrictions. Our main activities in 2021/22 were:

- Our Supplier Code of conduct was rolled out to 20 of our main suppliers. We had 'virtual' briefings with 11 of those suppliers, to share what Lionel Hitchen Ltd has been doing on sustainability and hear specifically what our suppliers have been doing and what their future plans are. Nine further suppliers have signed to agree to comply to the Code of Conduct. So, we met our target of 20 key suppliers agreeing to comply with the Code Of Conduct. These meetings gave us an opportunity to demonstrate the commitment that Lionel Hitchen has to sustainability; and enabled us to establish what our suppliers are doing towards this. Many of our key suppliers have strong programmes around the environment and human rights.
- Some of the locations where crops are grown to produce our raw materials may be impacted by global warming effects such as drought, flooding and other weather effects. We mitigate these by having sources of key ingredients in other regions where we can.
- We had visits to Spain and Sicily to see citrus oil producers and met with the growers to talk about the good agricultural practices to which they were complying.
- We have been liaising closely with a number of our big citrus suppliers to assess their certification status to SAI/Global GAP and to encourage participation in these schemes which protect the environment and lead to more sustainable growing practices and supply.
- In 2021/22 we invested in an IT platform, Qadex, to help us manage our supplier approval process more efficiently. As well as food safety and quality criteria the questionnaire also assesses the sustainability credentials of suppliers. This will help us have greater visibility of the sustainability performance of our raw material supply base.
- This financial year we assessed our 2 New raw material suppliers for Environmental factors; ETI compliance, Environmental Performance Index, Modern Slavery index, CITES.
- We use TACCP principles to assess our suppliers for risks through the supply chain and have 2 suppliers rated as high risk for sustainability factors due to the source country and not being Sedex members. We source one ingredient in low volumes from each of them.

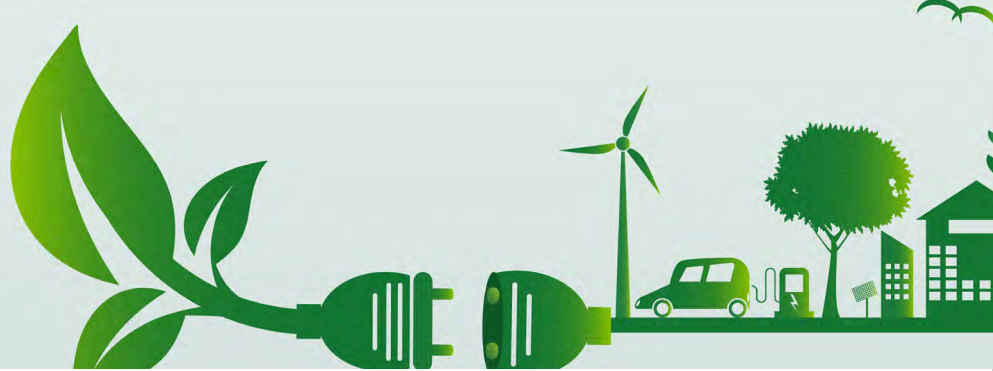
In 2022 Lionel Hitchen has implemented technology to track the progress of our suppliers on ethical and sustainable practices.

Our results

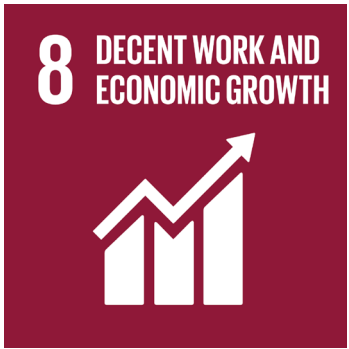
- 85% of our raw material suppliers are Sedex members
- 22% of our raw material suppliers are EcoVadis members
- 100% of our raw material suppliers have confirmed they comply with the Ethical Trading Initiative code
- Palm oil derivatives; Of the 15 raw materials that contain palm oil-derived components, 5 are not from RSPO sources

Our Goals

- To train the purchasing team members in sustainable procurement
- To reduce the number of raw materials that are derived from non-RSPO sources



Sustainable Development Goals



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Lionel Hitchen has seen consistent profit growth over the last 8 years. In 2021-2022 our revenue and operating profit increased significantly, following the pattern of the last 5 years. This has been achieved through diversification of our customer base and innovation in our product portfolio; continuous improvement in our working practices and investment in our technology. We invest in training for all our employees and regularly employ undergraduate placement students to support their career development and create skilled employees of the future for our industry. We have excellent employee engagement scores in the surveys we carry out and 33 of our employees have worked for Lionel Hitchen for over 10 years.

Ensure sustainable consumption and production patterns

Lionel Hitchen has been working with our suppliers for a number of years to ensure that they are complying with Ethical Trading initiative principles, because we recognise that without happy and healthy workforces then our suppliers cannot operate effectively. Our suppliers need to be profitable to have a sustainable business. The development and roll out of our Supplier Code of Conduct will demonstrate to our suppliers that we take our own sustainability seriously, encourage them to adopt sustainable practices and hopefully will be leading by example to our suppliers in less developed countries.



Take urgent action to combat climate change and its impacts



Managing global warming impacts are critical to ensure global food security and production and we recognize that every business has a role to play in this, especially food manufacturing organisations, however small. We have been implementing a programme to raise awareness amongst our employees of this issue and investing in improvements to our plant to reduce our greenhouse gas emissions.

As we roll out our Supplier Code of Conduct, it will enable us to have constructive discussions with our suppliers about the actions that they are taking and to understand any direct implications from climate change for them such as the impacts of flooding, drought, storms etc. on crop availability and quality, transport disruptions and other factors.

Reporting Practices

Entities included in the sustainability report
Lionel Hitchen Limited (UK) is the only entity included in the sustainability report.

Defining report content and topic boundary
In this report, we have emphasised our passion and commitment to reducing energy consumption, GHG emissions, promoting ethical supply chain and engage with our employees in all strategies to be the 'Employer of Choice'. Our management approaches demonstrate the motivation behind achieving a sustainable business status under the outlined material topics. Specifically, we have advanced investments in reducing energy consumption and GHG emissions at our sites in the United Kingdom. Further to this, all our suppliers are screened in accordance with ethical principles and environmental guidance. This report is a complete and balanced reflection of our current business activities at Lionel Hitchen.

List of material topics
We have reported about three material topics which are Environment and Social. Specifically, Human Rights Strategy, Energy Reduction and Supply Chain ESG.

Restatements of information
Not applicable.

Changes in reporting
This is the second report to be prepared by Lionel Hitchen Limited. The structure has been adjusted but content has not fundamentally changed.

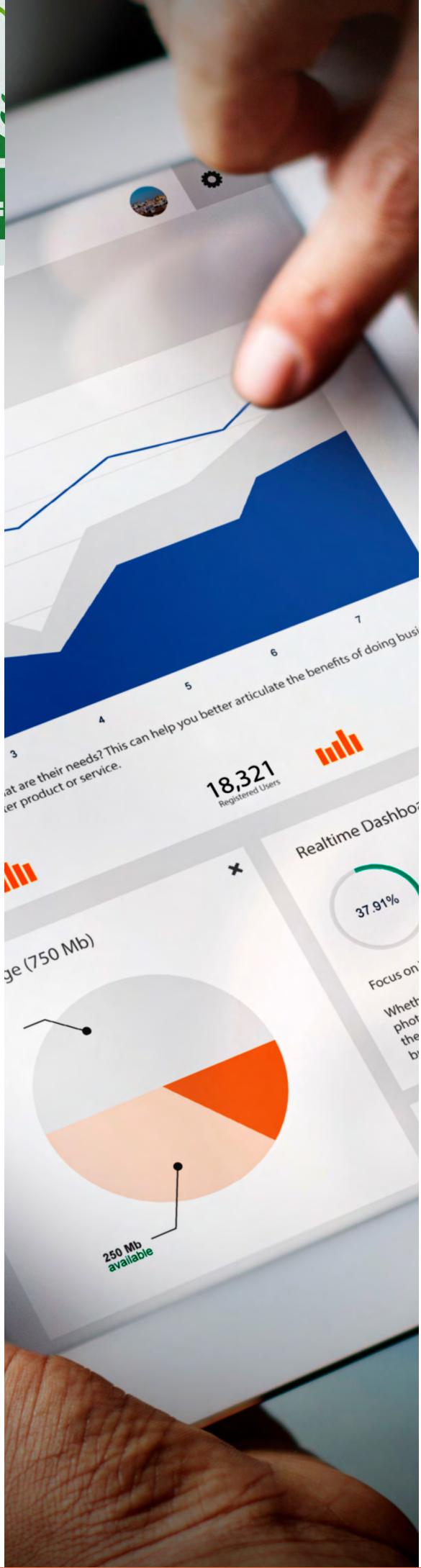
Reporting period
1 October 2021 to 30 September 2022.
Date of most recent report
This has been prepared by Lionel Hitchen Limited and published in February 2023.

Reporting Cycle
Annually.

Statement of use
Lionel Hitchen Limited has reported in accordance with the GRI Standards for the period 1 October 2021 to 30 September 2022.

External Assurance
The contents in this report have not been externally verified and assured.

Reason for Omission
Information on annual compensation ratio is sensitive information



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Further Information

For further information about Lionel Hitchen's Sustainability Report 2022, please visit our website:

www.lionelhitchen.com

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