

SUSTAINABILITY REPORT 2024

A tea for *everyone*



LIPTON
Teas and Infusions



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About *Us*

LIPTON Teas and Infusions is the world's largest tea business and an independent company since 2022, with CVC Capital Partners as our primary shareholder.

We are dedicated to all types of tea, including varieties derived from the tea plant (*Camellia sinensis*) as well as a wide range of herbal infusions. Leveraging our unique position and expertise, we constantly seek to deliver greater value for all.

With a presence in **more than 150 countries**, delighting hundreds of millions of consumers every day, our iconic brands are united by our mission to ensure that there's a tea for everyone.

10 000+

cups tasted weekly by our experts

150+

countries

~1mln

farmers in our network

190

types of plants, herbs, and flowers sourced

9

manufacturing facilities

64/100

EcoVadis score (+9 in 2024)

0.53 bln

gross profit in 2024

1.57 bln

revenues in 2024



"We are part of an
ecosystem, and it
is necessary that all
parts *thrive*"



Message from our CEO

Dear reader,

In the two short years since LIPTON Teas and Infusions became an independent company, I have seen first-hand – initially as Chairman and now as CEO – the global passion for this incredible category. This gives me great optimism for the future.

I agree with the perspective that consumers do not buy what you do but what you believe in. We know people universally want to live healthier, happier lives and they increasingly recognise that their lifestyle is a major contributing factor. I believe tea is the healthiest drink. Every option – black, green, fruit, or herbal – has properties that can improve our well-being. Two cups are even better. And I believe that they are more than just drinks. To enjoy a tea can be a personal moment of revival or a shared opportunity for togetherness. Teas are nature's gifts, offering physical and emotional health. Who would not want that?

2024 has been, on reflection, a monumental year. The sale of our East African estates meant for the first time in Lipton's 150-year history that we can focus solely on buying and selling the best botanical ingredients from around the world. While those estates only contributed 15% of all the *Camellia sinensis* we sourced, they allowed us to pilot actions that create positive social and environmental impact which are now being applied more broadly across our supply chain. The completion of the transaction in December is now allowing us to reinvest in the region for the benefit of the entire tea industry and its neighbouring communities. Creating value for all is an important way to make sure we succeed. We are part of an ecosystem, and it is necessary that all parts thrive.

As the largest tea company, LIPTON Teas and Infusions is the guardian of tea's heritage, the champion of its present, and the architect of its future. We have many reasons to be proud of this category because the more people drink teas, the more we create a world filled with good. That's why we want a future where there is **a tea for everyone**

– a tea that suits every taste and every need. This is not about creating one tea for all. It's about embracing the wonderful variety of teas and ensuring everyone can enjoy a cup that they love. That is what Sir Thomas Lipton wanted when he started this journey. We are a continuation of his belief, and we do not take that responsibility lightly.

I remain grateful to everyone at LIPTON Teas and Infusions and to our partners for supporting us in our transformation. 100% of our results are team results. This sustainability report is testament to your dedication and commitment, which have been instrumental in advancing our mission and driving progress within the industry.

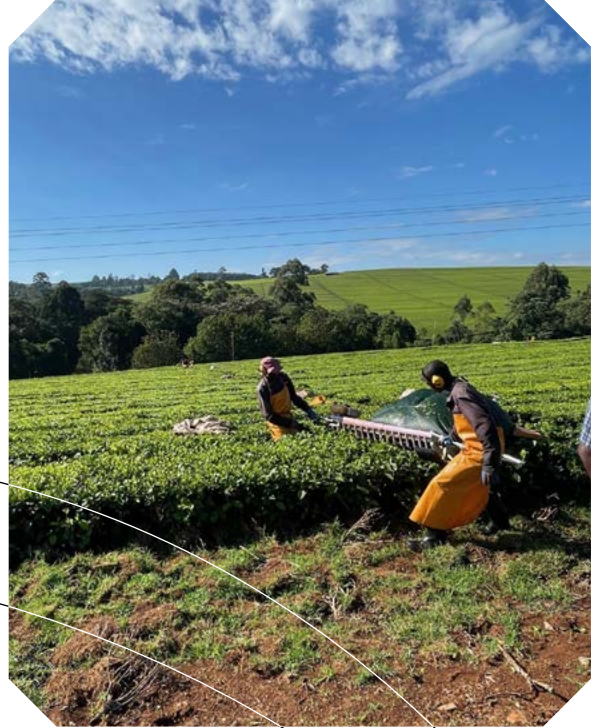


A handwritten signature in black ink that reads "P. Laubies". The signature is fluid and cursive, with a large initial "P" and a stylized "L".

Warm regards,
Pierre Laubies
Chief Executive Officer


Sustainability highlights

Playing a leading role in the industry's first living wage pilot

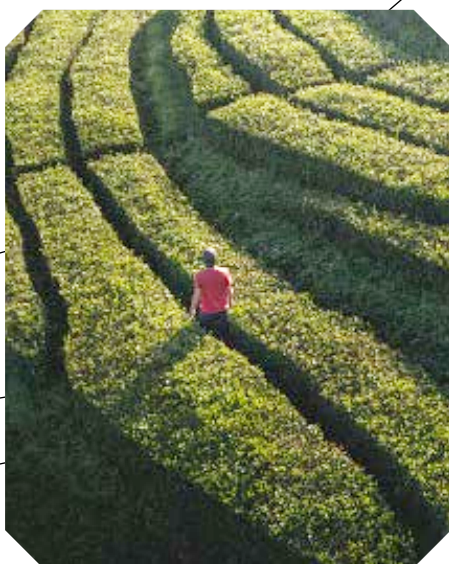


Advocating to support consumer health and working to reduce contaminants





Partnering with Cranfield University on a five-year research project to support the transition to climate-smart fertilisers



Achieving Science-Based Targets initiative (SBTi) validation for our climate targets



Our sustainability *strategy*

Message from our CCSO

Dear reader,

Much has changed in the twelve months since our first sustainability report.

We found responsible and capable new owners for our tea estates, which meant that, for the first time, we began sourcing all our botanical ingredients from others. The consequences of that transaction will have lasting benefits for the wider industry and those whose livelihoods are connected to it in East Africa for years to come.

We teamed up with other global brands and producers to complete a first-ever joint pilot aimed at reducing living wage gaps for tea workers. Our involvement helped almost 2 100 households, showing how collaboration can drive positive social impact and giving us valuable learnings as we go further in future.

The Lipton Tea Innovation & Technology Academy in Kenya also accepted its first students, helping people gain the skills, knowledge, and opportunities that will increase the quality of their teas and diversify their incomes.

Meanwhile, our advocacy for teas continued including for the US Food and Drug Administration (FDA) to endorse unsweetened tea as a healthy choice – major public recognition of the benefits of *Camellia sinensis*.

In the wider world, much has been said about the purpose of business amid a 'green backlash', but what has not changed are the fundamental risks and the relationship between sustainability and business success. Despite the headlines, recent studies have found that between 80-89% of the world's population still want stronger climate action. Our own success is intrinsically connected to nature and the climate, so we have a duty to show progress is possible even though our own environmental impact is comparatively small. Achieving validation from the Science Based Targets initiative (SBTi) that our net zero targets, for our own operations as well as our entire value chain, are aligned with the latest science was an important endorsement of our plans.

At the time of writing, the European Union's 'Omnibus' proposal would delay the requirement for audited non-financial reporting. We continue to prepare, but our annual sustainability reports in the meantime offer a transparent and robust overview of where we stand and what we must do better. This 2024 report builds on the foundations we laid in 2023.

The comprehensiveness and sophistication of our data gathering is improving which, while there are still gaps to close, is helping refine our strategy. In 2025, we will conduct several important impact and risk assessments. The results of these will provide a robust and impartial analysis to help validate or challenge our assumptions.

As always, although my team has sustainability in its name, sustainability is a company-wide endeavour. Our progress is only possible because of the commitment and dedication of my colleagues across LIPTON Teas and Infusions to **unlock the true value of tea within a generation**.



Warm regards,

Gareth Mead

Chief Communications & Sustainability Officer



Our sustainability strategy

For the past 150 years, our brands have spread the benefits of teas worldwide, rooted in the belief that nature’s gifts should be enjoyed by everyone. Our sustainability strategy builds on that heritage, sustaining our ability to serve as many people as possible far into the future.

Working at every step of our value chain and in partnership with others, our sustainability strategy centres on one clear goal: **Unlocking the true value of tea within a generation** (i.e. by 2040). This guides our efforts to address significant material challenges and deepen our positive impact for both people and planet.

We focus on three key areas: health & well-being impact, social impact, and environmental impact. Across each of these, we develop and deploy

targets, policies, and actions that help advance our ambitions and deliver a lasting benefit. Our efforts are underpinned by investing in training and development and in continual engagement with the wider industry to improve quality not only in the botanical ingredients themselves but also in how they are grown and harvested.

Throughout 2024, we continued executing on this strategy, underscoring its robustness and suitability for our industry’s complex challenges.

Unlocking the *true value of tea* within a generation

**SERVING HEALTHIER
AND TASTIER TEAS**

**UPLIFTING
LIVELIHOODS**

**ACCELERATING
CLIMATE ACTION**

VISION

Teas’ benefits are clearly known and embraced by society

Tea provides decent and respectful work for all

Tea is grown in harmony with nature

2040

Opinion formers in health/science endorse teas’ proven benefits

Everyone in our value chain earns a living wage/income

Net zero achieved across our value chain

ENABLERS

INDUSTRY COLLABORATION & PARTNERSHIPS

Developing a sustainable sourcing framework to connect quality, social, and environmental standards

WORKFORCE TRAINING & SKILLS DEVELOPMENT

Supporting education from vocational courses to advanced degrees in tea and herbal cultivation

Accelerating industry transformation



As the world's largest buyer of botanical ingredients for teas, we must ensure that our own products are sourced responsibly. The resilience of such supply chains, as well as the need to meet changing consumer, producer, and planetary demands, however, requires that we take a much broader, category-wide approach.

In 2024, we advanced our ambition to **unlock the true value of tea** at an industry level in two ways:

1. Establishing a long-term partnership with the world's largest exporter of *Camellia sinensis* to accelerate the adoption of elevated growing and harvesting standards.
2. Mobilising an inclusive multi-stakeholder movement to improve the transparency, efficiency, and effectiveness of assessing standards in the major *Camellia sinensis* export region of East Africa.

On the next page, we detail how these two initiatives are contributing to our overall strategy and how they will support our positive impact over time.

1. Long-term partnership to accelerate industry transformation

We reached an agreement to transfer the ownership of our tea estates in Kenya, Rwanda, and Tanzania to Browns Investments in May 2024. This transaction has created an unparalleled opportunity to raise standards and transform the industry through reinvestment.

ELEVATING INDUSTRY STANDARDS

The agreement was accompanied by a requirement that Browns Investments would ultimately abide by a rigorous set of quality, social, and environmental standards for all the tea they produce worldwide. Browns Investments has since become a major participant in our sustainable sourcing framework, which encourages tangible progress in all areas including tea quality, human rights, climate change mitigation, and nature protection.

Browns Investments has also adopted policies to pay above-market premiums to those Kenyan smallholder farmers that are able to deliver higher quality, incentivising a shift from quantity to quality while boosting economic development.

REINVESTING INTO EAST AFRICA

We established the non-profit **Africa Tea Industry Progress (ATIP) Foundation** in early 2025 to reinvest the net proceeds of the transaction across three areas:

1. Skills development and training: Expanding education opportunities, upskilling students of tea cultivation, and diversifying farm incomes, including through the Lipton Tea Innovation & Technology Academy.
2. Climate change mitigation: Funding the exploration and potential development of a self-sustaining ecosystem for lower-impact fertilisers.
3. Investing in higher standards and quality: Proceeds will also be directed towards work that creates distinction and value in the market, promoting higher quality, social, and environmental standards.

SUPPORTING NEIGHBOURING COMMUNITIES

Together with Browns Investments, we are also committed to contributing to sustainable development initiatives in areas surrounding the estates. This will be achieved through a community welfare trust, endowed with one billion Kenyan shillings and guided by independent experts who will conduct a thorough needs-based assessment by listening to local residents.

Browns Investments is separately offering 15% of the main Kenyan operating company to the communities of Kericho and Bomet, where the estates are situated, at a substantial discount in order to create accessible communal equity and mutually aligned economic participation.

The transfer of the tea estates marks an important milestone for LIPTON Teas and Infusions, enabling a release of value that will accelerate positive transformation for the tea industry.



2. Elevating the sustainable future of tea production

Every year, organisations spend millions of euros checking the environmental and social conditions in which tea is grown and harvested. Despite this sizeable investment, problems continue to be routinely missed or hidden, companies struggle to directly and indirectly monitor their supply chains, and producers need to meet rising expectations with negligible reward.

That situation is now starting to change. Together with producers, buyers, and sellers of East African tea, we are building an open movement that offers an alternative, positive vision of the future of sustainable tea production.

This cooperation during 2024 has resulted in the co-development of a framework that considers the quality of the tea alongside how it was grown, harvested, and processed.

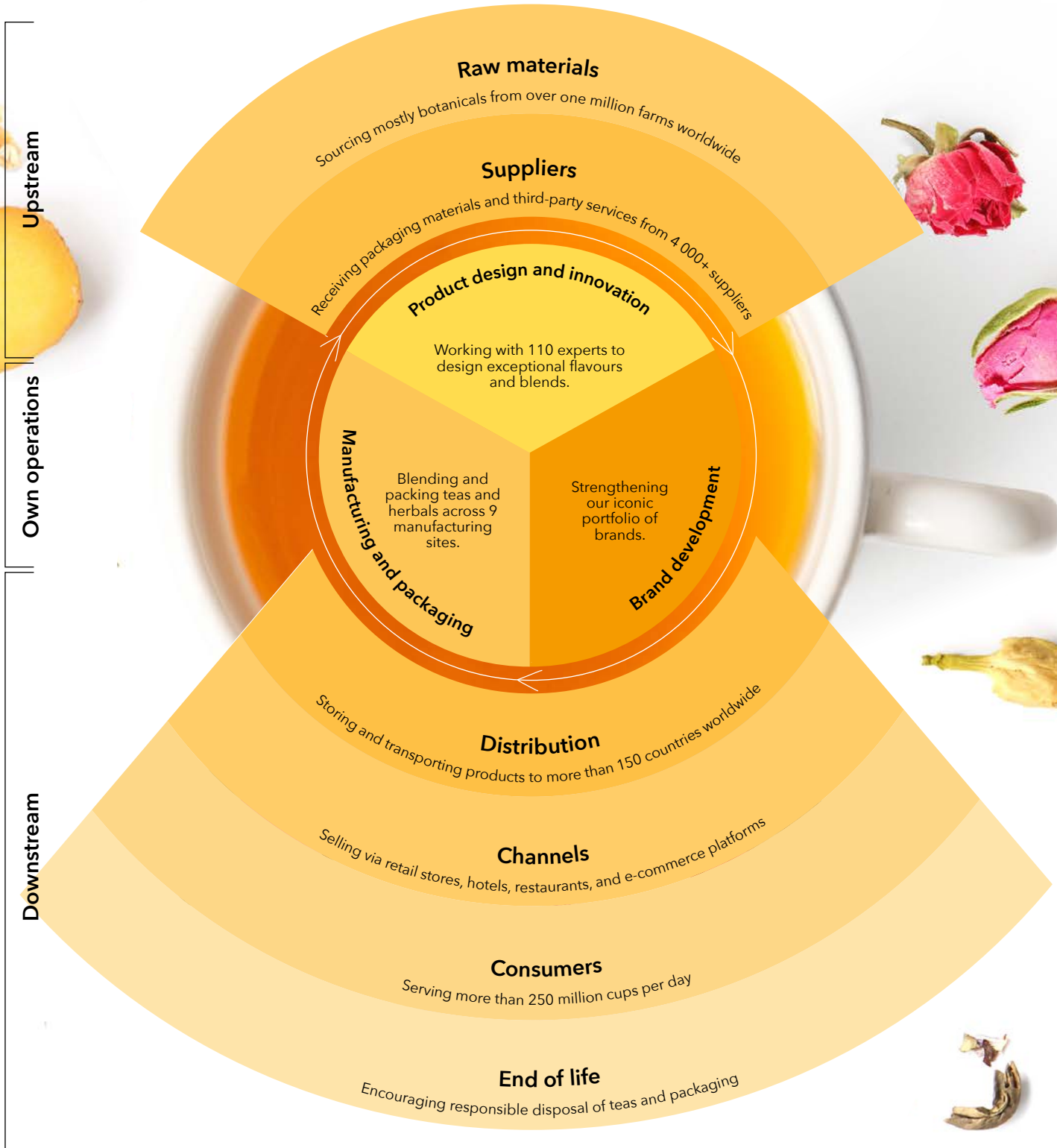
By enabling standardised on-the-ground checks, more inspections can be carried out each year while reducing complexity for producers. The results of the scoring, which incorporates other verifications for added efficiency, can then be openly shared in compliance with relevant laws. If any failings are identified, participants are expected to encourage producers in making continuous improvements. The unique, holistic scorecard is designed to keep evolving based on industry needs, changing global requirements, and scrutiny from civil society experts.

At its core, the movement envisages an efficient, transparent means by which to conduct and share tea production assessments and recognise those making progress, while ensuring that individual brands retain control of their own supply chains.

It remains an open movement, inviting contributions from anyone with an interest in the success of the global tea community.

Our value chain

As the world's largest tea business, we rely on a complex global value chain to produce and deliver our products. We make sure to reinvest at every stage, driving continuous improvements in quality and sustainability.



Our Double Materiality Assessment

Building upon our first Double Materiality Assessment (DMA) from 2023, we reassessed our DMA in 2024 to ensure that it is based on the latest information and remains accurate as our business continues to evolve.

Our DMA included a current state assessment, supported by desk research, which resulted in a shortlist of potential topics. That list was then consolidated into an agreed set of topics based on further evaluation, which were then mapped against our value chain and validated with key stakeholders.

Next, we assessed Impacts, Risks, and Opportunities (IROs) for each topic, which were scored using the double materiality scoring approach defined in the European Sustainability Reporting Standards (ESRS). This accounts for both financial materiality (how sustainability issues affect our financial performance) and impact materiality (how our actions affect people and planet, including in our value chain).

We followed the same process as before, but with an improved scoring methodology to avoid being overly positive in our selection of material topics and IROs. In line with our commitment to continuous progress, we focused on potential negative impacts within our business model and value chain and outlined our steps to mitigate and manage these.

We subsequently re-validated the results with subject matter experts, our Executive Leadership Team, and our Supervisory Board.

The outcome of our DMA reassessment provides a more focused set of IROs and material topics that is closely aligned with the ESRS topics. Our conclusions are the basis for the subsequent topical chapters in this report and are as shown below:

Based on the European Commission's 'Omnibus' proposal, our reporting is now expected to be governed by the European Union's Corporate Sustainability Reporting Directive (CSRD) disclosure requirements from 2027 instead of 2025. In the meantime, we will continue to report on our progress

and revisit the DMA as our work evolves. We are conducting climate and biodiversity risk assessments in 2025, along with human rights and environmental risk assessments, which will further improve our understanding of our material topics and guide our strategy accordingly.

MATERIALITY DIAGRAM



SUSTAINABILITY GOVERNANCE

Our governance framework for oversight and delivery of our sustainability priorities:

CEO and Executive Leadership Team

- Embed sustainability in our plans and operations
- Maintain alignment with our business priorities
- Ensure resource allocation on sustainability priorities
- Connect their respective departments and teams

- Advocate for sustainability matters
- Identify sustainability priorities and sets targets
- Oversee sustainability policies and initiatives
- Communicate progress internally and externally

Chief Communications & Sustainability Officer

Environmental *impact*

Our value chain, from plant to pack, relies on a delicate ecological balance. To ensure its long-term sustainability, we must act in a way that respects the interconnectivity of our natural world, including its ecosystems and resources.

This chapter addresses our approach to managing our environmental impact across three material topics:

Climate Change; Biodiversity; and Packaging & End-of-life.

We view these topics as closely interlinked. Many of the environmental challenges we see, such as severe weather events, soil degradation, and deforestation, relate to more than one of them. We therefore seek to tackle these in a holistic way, understanding that a systems approach is the best way to protect our planet and **unlock the true value of tea.**

**Climate
Change**

Biodiversity

**Packaging
&
End-of-life**

Climate Change

OUR MATERIAL SUB-TOPICS

Climate change mitigation
Climate change adaptation

Tea has the lowest carbon footprint of any beverage after tap water. Research shows that tea produces approximately 0.05 kg/CO₂ per litre, compared to 0.5 kg for bottled water, 0.6 kg for coffee, and 1.5 kg for milk¹.

Nonetheless, our operations both impact on, and are impacted by, the changing climate. As such, climate mitigation and climate adaptation are central elements of our sustainability strategy. As the industry leader, we have a responsibility to show that real progress is possible and inspire others to protect our planet.

The natural ingredients of teas are affected by their terroir – the environmental conditions in which they are grown – which contributes to their variability and unique appeal. As the climate changes, it can impact crops in multiple ways, including flavour profiles, yields, and incidences of pests and disease. Adverse weather conditions can also damage factories and other infrastructure. Recognising these risks to our supply chain, we place high importance on achieving climate resilience through targeted adaptation.

Our climate targets define our commitment to reach net zero greenhouse gas (GHG) emissions across our value chain by 2040. This will be achieved by a range of decarbonisation measures that are intended to decouple emissions from growth and set a positive example for the industry.

In this section, we outline the key features of our approach to climate change, including how our targets and measures align with our wider sustainability strategy.

¹ Research conducted by ADEME (French Agency for Ecological Transition)

OUR CLIMATE TARGETS

Our climate targets have been reviewed and validated by the Science Based Targets initiative (SBTi), a global organisation that helps companies set emissions targets in line with the 2015 Paris Agreement. Our near- and long-term targets are aligned with a rate of decarbonisation consistent with keeping global temperatures within a 1.5°C

increase compared to pre-industrial era temperatures. Our long-term (2040) targets represent net zero emissions, and we aim to lead our industry in this journey. All our targets refer to absolute reductions and use 2021 as a baseline:

EMISSIONS CATEGORY	REDUCTION TARGET SET	TARGET YEAR	2021 BASELINE	2024 % REDUCTION
Scope 1 & 2 Market-based	49.1%	2030	45 474 tCO ₂	39 657 tCO ₂ 12.8%
Scope 3 Energy & Industry	42.0%		890 700 tCO ₂	624 470 tCO ₂ 30%
Scope 3 FLAG	30.3%		585 537 tCO ₂	364 751 tCO ₂ 38%
Scope 1 & 2 Market-based	90.0%	2040		
Scope 3 Energy & Industry	90.0%			
Scope 3 FLAG	72.0%			

FLAG = Forestry, Land, & Agriculture
Energy & Industry = non-FLAG emissions

Our total GHG emissions were 32% lower in 2024, compared to the 2021 baseline. This difference was principally driven by changes in underlying business activity, which meant that our procured raw material volumes were lower relative to the baseline forecast. Since becoming an independently-owned company in 2022, our commercial strategy continues to develop and adjust, with corresponding implications for emissions levels, and we are continuously improving our approach to measuring our GHG emissions.



Taking action *on climate change*

Our strategy to achieve an absolute reduction of GHG focuses on a targeted range of decarbonisation areas. The figures we use in this section are based on our 2021 baseline assessment.

Tea and herbals sourcing accounts for 75% of our total emissions. To tackle emissions in this area, we have begun working with producers on a range of initiatives such as encouraging more efficient fertiliser usage, supporting the transition from agrochemical pesticides to Integrated Pest Management approaches, and contributing to continued research and development on climate resilient tea varieties (drought-tolerant, pest/disease resistant, higher quality and better nitrogen-use-efficiency). Moreover, our supplier engagement programme and our sustainable sourcing principles are designed to shape progress on climate impact mitigation by including climate criteria within its scoring and assessment methodologies.

Our own business operations account for 4% of our total emissions. To reduce emissions in this area, we aim to ensure that all our offices run on renewable electricity. We also encourage our employees to use low-carbon transport for commuting.

Packaging sourcing accounts for 7% of our total emissions. To cut emissions in this area, we are mandating packaging that is fit-for-purpose and designed responsibly to help reduce packaging volume; establishing a baseline of all our packaging so we can begin switching to consumer packaging with lower carbon impacts; engaging with suppliers to trial sustainable packaging solutions; and working via our Procurement team to share best practice across the supply chain. We aim to have these decarbonisation measures fully embedded across our business-as-usual activities by 2030. See our Packaging and End-of-Life section for more detail on this topic.

Consumer waste accounts for 7% of our total emissions. This is because the disposal of packaging as well as teabags and their contents by consumers can contribute to indirect emissions (for instance, when products end up in incinerators or landfill instead of being composted). To increase the number of compostable solutions across our packaging portfolio, we are conducting research in material science, deepening our engagement with suppliers, and providing clear guidance on how to dispose of and compost everything. Going forward, our plans for lifecycle analysis will provide deeper insights into the impact of various materials and support further emissions reductions. For more details on this topic, see our Packaging and End-of-Life section.

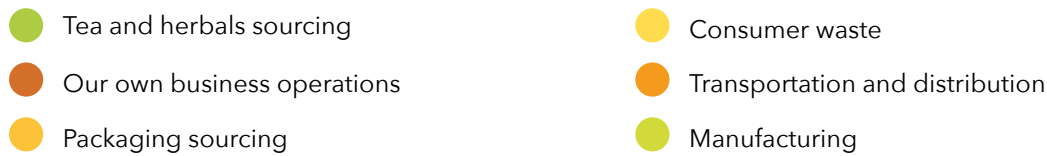
Transport and distribution account for 4% of our total emissions. To reduce emissions in this area, we are adopting more sustainable transport options, incorporating fleet efficiency into our transport tendering criteria, and enhancing collaboration and consolidation with supply chain partners. In 2024, we partnered with Emons, Europe's largest multi-customer double-deck transport network, to optimise logistics and cut emissions. Together, we launched the first double-deck trailer lane from Germany to Poland. Transporting our blends over 853 km, this solution delivers a 28% cost and 35% CO₂e reduction based on 6 500 pallets annually. Active in Poland since March, we are now conducting safety checks in order to scale it further.

Manufacturing accounts for 3% of our total emissions.

To tackle emissions in this area, we are focused on extending the use of renewable electricity across our manufacturing sites, while strengthening energy efficiency measures and energy consumption monitoring. For example, we have made significant investments in our new Kaplan factory in Türkiye and at our Khanewal factory in Pakistan, both of which feature extensive use of on-site solar power generation to reduce climate impacts. Overall, our manufacturing sites currently use 23% renewable energy.

We also contribute to climate change mitigation by tackling deforestation in our supply chain, restoring nature through reforestation, and working to preserve and restore soil health. These efforts help to prevent the depletion of natural carbon sinks. For more details on this work, see the Biodiversity section.

Finally, in 2024 we took steps to improve our climate data governance, by making continuous improvements to the robustness and automation of data gathering. By reducing our dependency on current (conservative) modelling assumptions, we further improved the accuracy of our GHG inventory.





Our climate policies

To help guide our approach to tackling climate change, we have two key overarching policies:

1.

Our **Occupational Health, Safety & Environment Policy** defines our commitment to protecting the environment in relation to our own operations, including regular environmental audits and compliance assessments; robust monitoring and disclosure; deep engagement with our stakeholders; and integrating environmental management into our business processes and strategies. We also evaluate the environmental impacts of any changes to our business model, such as new products, operational processes, investments, mergers, and acquisitions.

2.

Our **Sustainable Sourcing & Agriculture Principles** outline the standards we expect our suppliers to meet, covering topics such as sustainable crop production techniques, resource usage, and community well-being. In relation to climate change, these principles include requiring suppliers to develop a plan to reduce emissions; to develop an energy management plan to reduce consumption and increase efficiency; to reduce energy use from transportation and logistics; and to minimise use of wood-fuelled fires on tea estates.

LONG BREW

Supporting the transition to *climate-smart fertiliser*

Fertilisers are major contributors to tea cultivation, containing the chemical elements that improve the health, quality, and productiveness of *Camellia sinensis*. Tea plants are particularly dependent on nitrogen, more so than most crops, due to their continuous growth and regular harvesting.

While the tea industry has historically relied on synthetic fertilisers to provide nitrogen, their overuse degrades the soil and damages ecosystems. Fertilisers are also the largest single contributor to the GHG emissions related to tea production.

To address these challenges, we are forging partnerships across business, academia, government, and beyond. Our five-year research project with Cranfield University, funded by the UK's Biotechnology and Biological Sciences Research Council (BBSRC) through its prestigious Prosperity Partnership Grant, is a significant example. Such cross-disciplinary collaboration will reduce fertiliser-related emissions from fields while respecting farmers' livelihoods and maintaining the quality and resilience of crops in times of drought.

Throughout 2024, we continued to advance the first phase of our strategy, focusing on optimising fertiliser use in tea production. The most rapid reductions come from sustained application of Good Agricultural Practices (GAP) informed by a data-driven approach. This ensures that fertiliser is added at the right time, in the right place, and at just the right amount needed on a field-by-field basis.

During the year under review, our GAP research efforts focused on work carried out on our former tea estates in close partnership with Browns Investments.

1.**Efficiency of application**

Using data from extensive field trials to model and predict optimal fertiliser rates. This has reduced fertiliser-related GHG emissions by >18% between 2022 and 2024.

2.**Drone reconnaissance**

Flying drones equipped with red, green, and blue wavelength cameras to photograph tea estates from a bird's-eye view. Analysing these images, we detected varieties that may be more efficient at recovering nitrogen and water. We also used thermal imaging cameras to detect plants with potentially more efficient root systems. These are initial results and are part of a five-year study, but the collection of more data, supported by modern genomics techniques, will help accelerate the selection of new varieties of *Camellia sinensis* that require less fertiliser.

3.**Precision application**

Preliminary evidence from trials showed that using drones to apply fertiliser increased yields by up to 40% compared to manual application, demonstrating the potential to decrease GHG emissions through efficiency of spread.

4.**Improved biodiversity and soil health**

It is well known that soils with high organic matter and active nitrogen-fixing bacteria can require less fertiliser. Having eliminated chemical pesticide usage across these estates in 2023, we continue developing alternative pest management strategies that also naturally increase soil organic matter and reduce the need for synthetic fertilisers.

5.**Use of novel fertilisers**

We are exploring the use of tea-specific organo-mineral fertilisers, among others, which have the potential for lower environmental impact through research with our academic partners.



Many of these advances have been supported by loTea™, our smart crop management platform. We have shared all our GAP initiatives so they can be continued by Browns Investments and other producers who are similarly committed to environmental stewardship.

Meanwhile, through public advocacy, we are working to raise awareness of the issues surrounding synthetic fertiliser usage. For example, we participated in a public discussion at the World Forum on Enterprise & the Environment in October 2024, where we highlighted successful reduction initiatives that have been implemented on large-scale tea estates.

Meet the PhD students working with us to reduce fertiliser impacts



"Organic waste presents an opportunity for organic fertiliser production. My research aims to optimise the production of organic fertilisers using this waste and to use it as the organic component to formulate tea-specific organo-mineral fertilisers."

Kipkorir Koech



"I'm improving our knowledge of fertiliser impacts through a better understanding of soil processes, plant biology, and the use of computer models. These insights are made possible by an innovative in-field greenhouse gas measurement device."

Thomas Smith



"With climate change threatening up to 42% of Kenya's tea-growing land by 2050, our research explores root system architecture and grafting as tools to boost drought tolerance, quality, and nutrient use efficiency, supporting the selection of more resilient tea plants that require fewer agricultural inputs."

Awa Kipkoech

Biodiversity

OUR MATERIAL SUB-TOPICS

Direct impact drivers
of biodiversity loss

From the soil that nourishes crops, to the sunlight and rainfall supporting their growth, we depend on the productivity and resilience of tea-growing regions around the world. We therefore have a responsibility to prevent the degradation of these ecosystems and the species that inhabit them, doing our part to protect the supply chains that sustain us all.

Recognising the biodiversity risks in our value chain, we want to make agriculture nature-restorative by pioneering a model for a nature-positive supply chain, inspiring others in the industry to take similar action. This section explains our approach to tackling issues such as deforestation, reducing harm from agrochemicals such as pesticides, and protecting soil health.

These factors are closely interlinked with climate change. Deforestation and soil degradation reduce carbon sequestration through natural carbon sinks, making it harder to cut global greenhouse gas (GHG) emissions. A warming climate also causes changes to natural habitats, intensifying the rate of biodiversity loss. Moreover, increased incidences of severe weather such as drought and hail make crops more susceptible to the effects of pests and disease. Higher temperatures in Kenya, for example, help the tea mosquito bug to thrive in regions previously too cold for them. These pests and diseases must be controlled through Good Agricultural Practices (GAP) and Integrated Pest Management (IPM) to avoid an uptick in pesticide usage across the industry. Our approach to climate change and biodiversity are therefore inseparable; to create sustainable value for all, we must protect our planet as a whole.

Our biodiversity targets



As part of our science-based Forestry, Land, & Agriculture (FLAG) targets, we have committed to reach zero deforestation across our primary deforestation-linked commodities by the end of 2025.

Our only deforestation-linked commodity is timber, which is one of the seven primary deforestation-linked commodities identified in the European Union's Regulation on Deforestation-free Products. The materials currently within scope of this requirement are our teabag and tag packaging materials, which use timber-derived inputs.

TAKING ACTION ON BIODIVERSITY

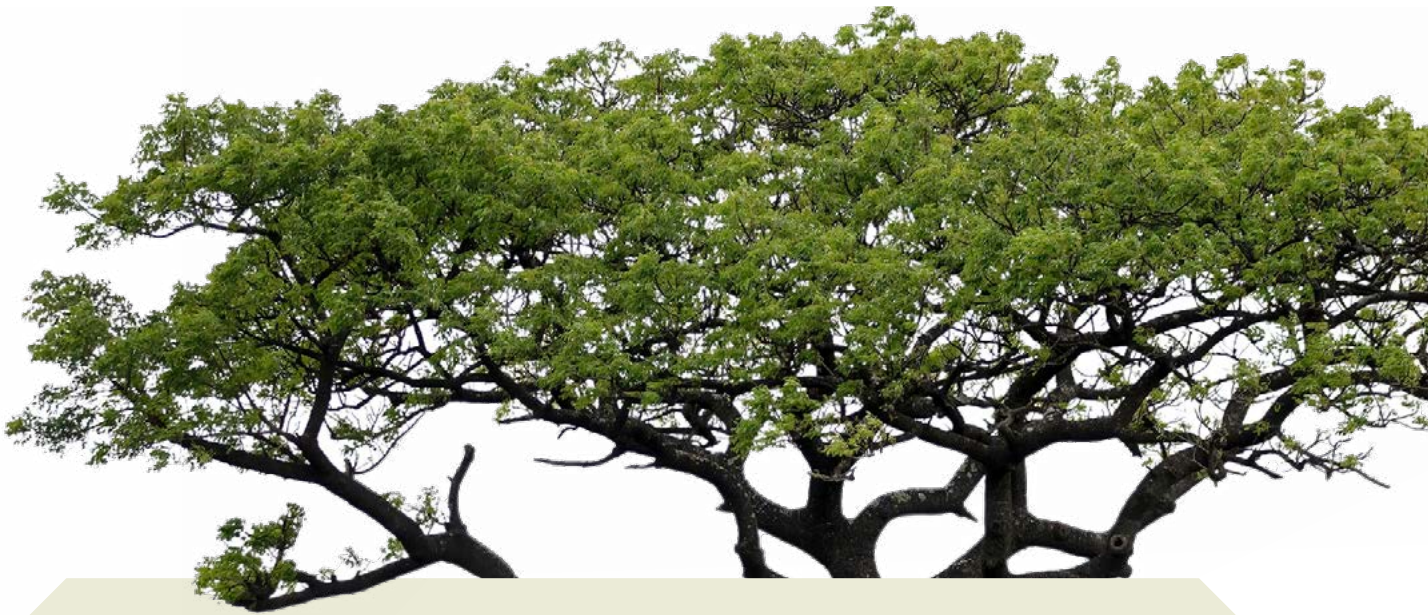
We built on our progress of previous years, taking key actions in 2024 to support biodiversity.

Following on from our zero-pesticide trial in 2023, we implemented a zero-pesticide approach on our formerly owned tea estates across East Africa, including banning the use of the herbicide glyphosate. Our strategy is designed to improve soil health, increase above-ground biodiversity, and reduce levels of contaminants in tea. This is supported by our commitment to GAP and IPM with varied pest control techniques that reduce and remove the need for insecticides, fungicides, and herbicides on tea estates. In 2024, we also deepened our collaboration with Browns Investments to ensure continued protection for ecosystems in tea-producing regions.

Another key focus area is researching, monitoring, and protecting soil health through improved approaches to fertiliser use. When overapplied, synthetic fertilisers can disrupt microbial life below ground, increase acidity, deplete organic matter, and cause nutrient imbalances that impact the long-term fertility of the soil, reducing quality and impacting livelihoods. To promote responsible fertiliser usage and further protect below-ground biodiversity, we are evaluating the impact of different fertiliser regimes on soil health as part of a five-year research project to pioneer new forms of regenerative agriculture. For more details on our measures to reduce fertiliser usage and improve soil health, see Long brew: Supporting the transition to climate-smart fertilisers.

We conducted a comprehensive assessment during 2024 to determine the necessary steps on our journey to achieve zero deforestation. This involved due diligence measures to track product movement in our supply chain by identifying raw material suppliers and recipients and mapping their locations. We also developed training materials and shared them with suppliers to support their achievement of zero deforestation.

Meanwhile, our continued application of our Sustainable Sourcing & Agriculture Principles played a role in protecting biodiversity. This prohibits suppliers from converting areas with high conservation and ecological value, as well as high carbon stock areas, such as forests, grasslands, or wetlands to farmland. It also encourages producers to use GAP to minimise harmful impacts on the environment, restore soil health, and include conservation areas on their farms.



Supporting the women restoring landscapes in the foothills of Mount Kenya

Mount Kenya is Africa's second-highest peak and a world-famous biodiversity hotspot. The surrounding area provides 40% of Kenya's water, including supplies for the tea industry. However, the twin issues of deforestation and poverty threaten its precious ecosystem.

In line with our environmental commitments, Pukka is supporting a global movement led by women that promotes reforestation and connection with nature. The movement has partnered with the local community and the International Tree Foundation to create a holistic restoration project.

The project takes a collaborative, community-led approach, reforesting degraded areas with native and threatened species while conducting agroforestry on community lands. Since 2016, participants have planted over 1 000 hectares of forest, with their efforts supporting a more sustainable future for the region.

This vital work, mostly done by local women, restores the forests on which local communities depend, helping to raise living standards and well-being for families and individuals in the area. The project also promotes gender empowerment and protects the habitat of critically endangered black rhinoceroses, leopards, and elephants.



Packaging and End-of-Life

OUR MATERIAL SUB-TOPICS

Resource outflows
Waste

Our commitment to sustainability runs through every stage of our value chain, including the disposal of packaging and tea bags during the end-of-life phase of our products.

In addition to ensuring product safety and a delightful on-brand consumer experience, the responsible use of resources is central to our approach. We therefore work to integrate principles of circularity into all our packaging decisions, to accelerate the shift to more sustainable materials and technologies, and to ensure accountability through effective governance. This focus applies to our own operations, and to our engagement with the wider value chain.

Our work in this area also makes an important contribution to our efforts on climate change mitigation. As described in the Climate Change section, packaging sourcing and consumer waste are notable contributors to our emissions. By taking responsible steps to reduce our packaging impact, we can reduce both our carbon footprint and our resource consumption.

This section describes our approach to supporting a circular economy and our targets for reducing our resource and waste-related impacts.

OUR PACKAGING AND END-OF-LIFE TARGETS

CATEGORY	TARGET SET	DEADLINE	2024	2023
Packaging	100% recyclable packaging	2027	85%	Not available
Teabags	100% industrially compostable teabags	2027	75%	73%

These targets commit us to reducing the planetary impact of our packaging and improving the end-of-life of our products. Prioritising recyclable packaging helps to minimise single-use plastics and other non-recyclable materials that contribute to non-circular waste. Using compostable teabags, meanwhile, helps to minimise waste and contributes to lower emissions.

We have developed a roadmap to guide our progress towards these goals. By 2030, these decarbonisation measures must be fully embedded across all our business-as-usual operations and monitored in real-time to identify improvements.



TAKING ACTION ON PACKAGING AND END-OF-LIFE

We already prohibit the use of certain materials in our packaging, including polystyrene, polyvinyl chloride, and polyvinylidene chloride, as these are either non-recyclable, produce toxic materials when combusted, or contaminate recycling streams.

Our approach to packaging development is designed to deliver bold, distinctive packaging that is safe, fit-for-purpose, and supportive of our environmental goals. Our Sustainable Packaging Policy defines our process for developing packaging, which follows four key steps:

1.

Product and Channel consideration: Ensuring that we have the right packaging solution to fit the needs of particular products or delivery channels.



2.

Pack material selection: Minimising impacts by identifying and using responsibly sourced materials that follow circular economy principles as far as possible.



3.

Pack sustainability assessment: Undertaking a Life Cycle Assessment to consider the end-to-end sustainability impacts of our packaging solution.



4.

Focus on material disposal: Maximising usage of available country recycling avenues; and, in markets where recycling infrastructure is weak, advocating for improvement and exploring upcycling opportunities.



In 2024, we took additional actions to support our objectives in this area. From the first quarter of the year onwards, we instituted packaging gatekeeping meetings to review packaging material choices and ensure effective governance of decision-making on this issue. We also selected a carbon assessment tool, enabling quick packaging decisions for low carbon solutions, which will be used in our packaging change projects during 2025 and beyond.

Another key step was expanding our collection of documentation in partnership with packaging regulatory service provider Freyr. This work strengthened our preparation for reporting on the European Union's Regulation on Deforestation-free Products, in line with our commitment to transparent disclosure and compliance with our legal obligations.

Brewing progress on teabag materials

Teabags are important for keeping our products safe. Providing a precise dose of tea or herbals, they also help minimise resource use compared to loose tea.

As environmental awareness grows within society, there has been increased focus on the human and planetary impact of packaging materials. These include the general prevalence of microplastics – tiny particles of plastic – which are either intentionally added to products or result from the physical breakdown of larger plastic items. In the past decade, there has been greater understanding of how microplastics can have a negative impact on the environment and on human health.

Understanding the importance of this topic, we have taken action to reassure consumers about the safety and quality of our products. Since 2020, our entire teabag portfolio has been tested by a world-class independent laboratory. The tests, which include the use of mass spectrometry, electron microscopy, and fourier transform infrared spectroscopy, simulate a comprehensive range of consumer brewing habits, and use a variety of different testing methods. All reach the same, definitive conclusion: there is no microplastic release from our teabags.

While microplastics are not present in tea made with our teabags, we are focusing on eliminating any remaining petroleum-based materials in our teabags so that we can reduce our environmental footprint further. Such materials are currently used, in limited cases, to help bags maintain their integrity as binding agents and sealants.



Social *impact*



Unlocking the true value of tea starts with people. We must ensure fair treatment for everyone in our value chain, including our own employees, supply chain workers, and the consumers who enjoy our products.

The following sections outline our approach to driving progress for these three groups, with a particular focus on how we mitigate our material impacts.

**Own
Workforce**

**Consumers
and
End-Users**

**Workers
in the
Value Chain**

Own Workforce

OUR MATERIAL SUB-TOPICS

Training and development
Adequate wages
Health and safety

FOR OUR OWN WORKFORCE

Our workforce in 2024 chiefly consisted of factory workers, who blend, package, and ship our products to customers worldwide, and office-based workers, who carry out creative and strategic work to strengthen our portfolio of brands and sell our products. We are proud to employ these talented, passionate people. To nurture the right conditions for their personal and professional growth, we seek to foster an inclusive, entrepreneurial work environment for our around 4 000 employees, empowering their efforts to create value for all.

GROW

GROUND ED IN REALITY

Our people are passionate about Creating Value for All – and they’ve got the skills to reach that goal. Mastering new challenges and judging risks, they can easily navigate complexity and ambiguity while always keeping the customer top of mind.

RESPECTFUL FOR ALL

Colleagues celebrate uniqueness and diversity, inspire and empower others, and demonstrate courage and empathy in all their interactions.

FOSTERING OWNERSHIP

This is all about our bold entrepreneurial spirit, curiosity and our willingness to take accountability for our decisions and outcomes.

WINNING TOGETHER

We know what it takes to get results. Thinking creatively and strategically, we embrace challenges with resilience and build each other up to grow as a team.

OUR APPROACH TO TRAINING AND DEVELOPMENT

2024 saw the introduction of a new global talent framework to enhance career development, talent management, and leadership growth across LIPTON Teas and Infusions. This framework uses digital tools for talent calibration, succession planning, and the creation of individual development and career goals. Our new framework also helps us to retain and develop top talent by supporting tailored development opportunities that align with individual potential and business needs.

Designed to boost engagement and knowledge retention, Skillsoft Percipio is our new digital learning platform. This provides our people with personalised, AI-driven learning content while equipping leaders with advanced skills on coaching and techniques for delivering constructive feedback. Training activities are offered in a diverse range of formats, including videos, books, audiobooks, hands-on practice, and scenario-based learning. The successful adoption of Skillsoft Percipio has seen employees complete 9 687 items of learning content in the six months following the platform's launch - more than three per employee, on average.

We further strengthened our capabilities through the launch of our internal academy for those in sales roles in April 2024. This included the development of five scenario-based digital learning modules together with Mercuri International, a global training and consulting organisation, to enhance a shared understanding of category value creation.

"Using Percipio for 60 minutes each day has been transformative. From learning advanced Excel macros scripting to financial analysis and SOP documentation, this new knowledge has helped me advance in my role and lead innovative initiatives."

Assistant Entity Controller

Formal training sessions and e-learning modules have also helped to embed a deep understanding of consumer behaviour patterns and how to drive growth by applying evidence-based marketing principles. These help our employees develop their skills, make an impact beyond their immediate role, and enjoy rewarding careers at LIPTON Teas and Infusions.

Another key development was the global rollout of our mandatory online compliance training. Covering cybersecurity, data protection, and business integrity, these programmes ensure our people are equipped with the knowledge and skills necessary to protect sensitive company and customer data, reducing the risk of cyber threats and data breaches.

Our People Policy covers our approach to hiring, talent development, and culture across our global operations. It outlines our key principles for developing our people, training and learning for success, and staying agile for the future. The policy is designed to help foster an engaging, high-performance work environment, and to provide our people with clarity on how we support managers and employees.

Gathering employee feedback is essential for refining and improving our approach, and for building a culture of open transparent dialogue and mutual trust. We conduct an employee engagement survey every six months, in addition to regular check-ins with managers as part of the global performance cycle each year. Employees are also encouraged to raise concerns or share ideas about their development through informal discussions or formal feedback channels. In 2024, there was a significant rise in our employee engagement score, which climbed from 3.86 to 4.03 (out of 5).

OUR TRAINING & DEVELOPMENT TARGETS:

CATEGORY	TARGET SET	DEADLINE	2024	2023
Sales academy learning module completion	80%	Dec 2024	81%	N/A
GDPR training completion	90%	Oct 2024	94%	N/A

We also require employees to complete training on business integrity. This target is covered in the Business Conduct section.

OUR APPROACH TO WAGES

While we already adhere to all local regulatory and legal requirements in this area, we are committed to going further. We are preparing and will conduct a living wage gap analysis for our own employees in early 2025. We aim to close any identified gaps, if any exist, in a timely manner, appreciating the need to lead by example. For more details, see Long Brew: Uplifting livelihoods through better wages.

OUR APPROACH TO HEALTH AND SAFETY

Keeping our people safe is a top priority. An important area of progress in 2024 was the implementation of a digitised health and safety reporting system in all our factories and offices. This easy-to-use system is designed to ensure concerns can be raised through a dedicated reporting app, with issues assigned to the relevant team to be addressed and closed in a timely fashion.

We also introduced a LIPTON Management System for our factories. This is designed to improve health and safety outcomes by identifying corrective and preventive actions. We undertake regular engagement

sessions with factory-based employees to gather their inputs on health and safety, with issues reported in these sessions forming the basis of future improvements.

The introduction of this system further strengthens our overall Occupational Health, Safety & Environment Policy, which defines our commitments in all three areas at our sites. It sets out requirements for all employees and contractors on-site, including undertaking formal safety inductions, prompt reporting of incidents, and specific requirements for site leaders to take overall operational responsibility at their locations. This policy is the foundation on which different departments build their own plans. It gives them the flexibility to implement effective rules for their operational contexts while always ensuring they meet core, non-negotiable standards.

Another significant action in 2024 was the introduction of a dedicated workforce resilience programme for all our people across Africa and the Middle East. This programme, which also covers all business travel, provides 24/7 health and safety advice, offers support in case of national or regional crises, and includes an emergency messaging service for all employees.

OUR HEALTH & SAFETY TARGETS:

CATEGORY	TARGET SET	DEADLINE	2024	2023
Recordable Injury Frequency Rate	Zero	Annual	0.90	0.73
Number of work-related fatalities	Zero	Annual	0	0

The Recordable Injury Frequency Rate is calculated as the number of recordable accidents per million hours worked. Our objective is to eliminate all injuries, improving on our already low rate of occurrences.

Days lost due to work-related injuries or illness were higher in 2024 than in 2023. This was due to a single incident involving the operation of machinery at a manufacturing facility, which resulted in extended sick leave for an employee. In response, we took swift action to prevent similar occurrences in the future, provided additional training to employees, and applied the solution across all our manufacturing sites.



Workers in the Value Chain

OUR MATERIAL SUB-TOPICS

Gender equality and diversity
Health and safety
Adequate wages
Secure employment
Training and skills
Child labour
Water and sanitation
Violence and harassment

Our business relies on a complex, labour-intensive value chain stretching around the world, with thousands of people helping to deliver the perfect cup of tea. These include agricultural sector workers, who cultivate, harvest, or collect tea and herbal ingredients for use in our products. We have a responsibility to protect the human rights of all these workers while promoting decent working conditions and fair remuneration.

BREWING PROGRESS AT THE ACADEMY OF TEA

Co-funded by LIPTON Teas and Infusions, the Kenyan Ministry of Education, and the University of Kabianga, the Lipton Tea Innovation & Technology Academy is the first comprehensive education institution dedicated to tea. The curriculum includes courses on enhancing quality and responsible practices on tea estates, empowering students to raise living standards and support women's empowerment throughout our value chain and beyond.

The first cohort graduated in September 2024 after completing an Integrated Tea Entrepreneurship & Management Programme. These graduates, who come from various tea-growing regions in Kenya, were equipped with the necessary skills to pursue entrepreneurship, generate sustainable income, and elevate conditions for them and those they work with.

The Academy launched a programme on Integrated Pest Management (IPM) in early 2025 to encourage an end to pesticide use without impacting livelihoods. Initially benefiting more than 100 tea industry students and professionals, key topics on the course include biological control, phytosanitary management and implementation, abiotic stress management, technological support for IPM, and economic impact analysis. The programme underscores our wider commitment to bridging fundamental and applied research to address global agricultural challenges, benefiting both the industry and the environment.

OUR TARGETS RELATING TO VALUE CHAIN WORKERS

CATEGORY	TARGET SET	DEADLINE
Living wage	Everyone in our value chain earns a living wage/income	2040

With many of our value chain workers engaged in manual farming activities, often in remote rural areas, this topic presents several highly relevant issues. Its importance was underscored by our Double Materiality Assessment, which identified a number of material impacts, risks, and opportunities in relation to our value chain workers.

This section outlines the targets, policies, and actions we use to monitor and mitigate our impacts relating to value chain workers, including an overview of our measures to support sustainable working conditions, protect equality of treatment and opportunity, and prevent human rights violations.

Achieving living wages and incomes across our value chain is an important contributor to unlock the true value of tea, and we seek to lead our industry on this complex, multi-stage journey. As we move towards our 2040 ambition, we recognise the importance of robust data collection and sustained collaboration with suppliers and partners worldwide.

For tea-growing regions and workers in rural areas, we refer to the Anker Methodology, a standardised approach used by the Global Living Wage Coalition.

This describes a living wage as “remuneration... sufficient to afford a decent standard of living for the worker and his or her family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events.”

Meanwhile, we are joining forces with industry partners to further develop our measurement of living wage attainment. Going forward, we will continue to keep driving progress on our living wage journey.

TAKING ACTION FOR VALUE CHAIN WORKERS

In 2024, we successfully completed our first Living Wage Pilot – a project that aimed to reduce the living wage gaps of two Kenyan suppliers by 50%, for our share of sourced volume. To learn more about this industry-first scheme, and our wider approach to this topic, see Long brew: Uplifting livelihoods through better wages.

Another key highlight was our living wage project in Assam, India, which aimed to establish a living wage benchmark by researching wage disparities among value chain workers in the region’s tea sector. This was accomplished with the support of Fair Trade USA, the Global Living Wage Coalition, and Anker Research Institute, who engaged with local workers to co-create a full benchmark study. The two-year project identified various industry-wide learnings and systemic improvements to elevate working conditions for tea workers. Validation will take place during 2025 to build support for the benchmark throughout the Indian tea industry.

We also undertook supplier engagement to support the implementation of our sustainable sourcing framework. These engagements deepened our understanding of the challenges and opportunities in the East African tea sector in particular, and supported the development of a progressive scorecard that drives improvements across a range of systemic issues. For more details, see Accelerating industry transformation.





SUPPORTING BETTER LIVELIHOODS FOR LIQUORICE COLLECTORS

Liquorice is a beloved ingredient in Pukka herbal blends, known for its distinctive aromatic flavour. Much of our supply is gathered by wild collectors in Georgia, who source in accordance with sustainable FairWild principles. Nevertheless, Georgian communities engaged in wild collection face various challenges, including unstable incomes, limited network, infrastructure, lack of educational resources and communal spaces, and demographic imbalances.

To combat these issues, Pukka began funding a new development project in 2024, with technical and operational support from FairWild, MartinBauer, and Geoflowers. The initiative will involve opportunities for wild collectors to diversify their income streams and improve living conditions.

These activities will form the basis for further action across different herbal sourcing origins, helping to improve living conditions and livelihoods for wild collectors worldwide.

EMBEDDING RESPONSIBILITY THROUGHOUT OUR VALUE CHAIN

Our efforts to ensure responsible working conditions are underpinned by three key policies:

1.

Our **Responsible Sourcing Policy** defines the principles and standards we require all our suppliers to meet, helping to ensure full alignment and compliance with our responsible sourcing objectives. The policy sets out a range of fundamental principles, based on international standards including the United Nations Guiding Principles on Business and Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. These include commitments to treat all workers equally and with respect and dignity; payment of fair wages to all workers; and zero tolerance for forced labour or child labour. All workers are also free to exercise their right to form or join trade unions, or to refrain from doing so, and to bargain collectively. This policy is applicable to all sites and workers and employees of any supplier (including permanent, temporary, contract agency, and migrant workers), as well as sub-contractors, agents, and subsidiaries.

as establishing women's committees to resolve gender-specific issues). We also accept certification from recognised standards, including Fairtrade, Fair for Life, and FairWild. These principles apply to all farming systems (from smallholders to large farms) from which we directly source tea, herbals, and paper and board.

We are strongly committed to maintaining channels where workers can raise concerns and have access to fair and unbiased resolution of issues. We expect all suppliers to ensure that their workers have access to, and awareness of, appropriate channels for raising concerns, protection from retaliation, and transparent, fair, and confidential procedures (and adequate training on such procedures) that support the swift, unbiased, and fair resolution of difficulties.

In turn, we expect our suppliers to notify us of any concerns raised. Reports can also be submitted to LIPTON Teas and Infusions directly, confidentially, and anonymously, through Convercent, our business integrity platform.

2.

Our **Business Partner Policy** is designed to ensure that all our business relationships align with LIPTON Teas and Infusions' commitments to social responsibility. It sets out a range of principles that we, and every business partner, must follow, including upholding human rights and preventing discrimination against vulnerable workers.

3.

Our **Sustainable Sourcing & Sustainable Agriculture Principles** are designed to establish an accountable and transparent framework for the effective sourcing of agricultural materials. They define criteria for sustainable sourcing, including protecting health and safety for workers (such as access to portable drinking water and first aid, and managing exposure to harmful substances) and supporting two-way engagement with workers (such



LONG BREW

Uplifting livelihoods *through better wages*

Everyone deserves fair compensation for their work; enough for a decent standard of living. We must confront the fact, however, that many workers in our industry still do not earn sufficiently.

Recognising the importance of working towards closing this gap, we have set a clear ambition: For everyone in our value chain to receive a living wage or living income by 2040. That means earning enough for sufficient food, water, housing, education, healthcare, transport, clothing, and other essential needs, including provision for unexpected events.

Living wages are relevant for workers receiving direct payment from employers, while living income refers to the annual amount earned by any income earner; in the tea industry, this typically means smallholder farmers. Because wages are more stable and straightforward to measure than self-employed incomes, our current priority is working towards closing the living wage gap, focusing on progress over perfection.

PILOT FOR PROGRESS

In 2024, we played a key role in a living wage pilot convened by IDH, a leading global foundation working on living wages and trusted by both buying companies and producers. Four other major tea buyers took part in this pilot, as did four producers across three prominent tea-growing countries. The aim was to gain insight into the size of the living wage gaps and jointly work towards reducing the living wage gaps for tea workers by 50%. This pioneering initiative was the first time that different parties joined forces to drive progress on living wages in the tea industry.

Our involvement focused on two suppliers that contribute 8% of our Kenyan sourcing volume. The pilot started with suppliers determining the living wage gap using the Salary Matrix, a tool developed by IDH to compare workers' remuneration and the

living wage benchmark – which is an estimate for the cost of living in a region, calculated using the Anker Methodology. This engagement with producers was successful: producers supplied the necessary salary information (including bonuses and in-kind benefits), including sub-contracted workers.

Having calculated the average living wage gap in Kenya, the next step was to calculate our contribution towards closing workers' living wage gaps. Our contribution to the pay-out was based on our volumes sourced. The pay-out resulted in increasing the remuneration of almost 2 100 workers through the payment of an additional cash-based bonus.

Following the disbursement of the bonuses, IDH commissioned an external audit to ensure that money reached the intended workers – namely those earning below the Living Wage benchmark. In 2025, we will build on the learnings identified in the pilot, further advocate for other organisations to take part in the initiative, and seek to expand the scope of living wage initiatives across LIPTON Teas and Infusions and our wider value chain.



Our ultimate goal is for living wages to be included in the on-shelf price of tea and herbals, with prices translating to equitable remuneration for frontline workers. It will take time to **unlock the true value of tea** – but with the talent and enthusiasm of our people, we're confident that we can infuse long-term progress throughout the industry. We encourage other members of our industry to take similar action on living wages and help create value for all.



Consumers and End-Users

OUR MATERIAL SUB-TOPICS

Consumer health
and safety



Serving tastier, healthier teas is central to our business. As creators of quality teas that contribute to healthier lives, we are focused on making the health benefits of teas and infusions clearly known and embraced by society, helping consumers recognise their value in supporting everyday well-being.

Effective leadership starts with recognising our responsibility to responsible nutrition, aligned with global labelling and allergen requirements.

Grounded in science, our teams also work with academic and industry partners to deepen our understanding of the exciting potential of *Camellia sinensis*, herbs, and spices. Regarding contaminant reduction, we comply with global sourcing, EU, and local regulations (whichever is stricter), with certain exceptions related to 'local-for-local' sourcing practices.

More broadly, we work to minimise any negative impacts and maximise the holistic benefits wherever possible. These efforts include measures to encourage lower sugar consumption and empower consumers to make healthier, informed choices.

TAKING ACTION ON CONSUMER HEALTH

We further expanded our testing measures at every stage of the production process during 2024, following a clearly defined roadmap to mitigate risks of product contamination and marketplace incidents. Our dedicated focus and culture of continuous improvement translated to a year with zero product recalls, underscoring our commitment to high-quality, sustainable value creation.

In 2024, we advocated for the health benefits of teas and herbal infusions. As part of our advocacy plan, we made representations to national government authorities, including the US Food and Drug Administration (FDA) and the Ministry of Health & Prevention in the United Arab Emirates. In the United States, we advocated for the FDA to include unsweetened tea in its updated definition of 'healthy', enabling us to make on- and off-pack claims that tea is healthy.

We also advocated for unsweetened tea to be included as a top beverage recommendation in the upcoming 2025 Dietary Guidelines for Americans. Throughout the year, we pursued further collaborations with global regulators, industry groups, consumers, scientists, healthcare professionals, government authorities, and other brand advocates, paving the way for impactful relationships and shared progress on key regulatory, food safety, and sustainability goals.

We also undertook and supported research into the health impact of herbal teas, helping to further unlock their benefits and improve consumer well-being. Research focus areas included microbiome, mouth, nose, and cardiometabolic health. This work included the publication of two scientific manuscripts, four peer-reviewed research papers, and the successful graduation of two Pukka-funded PhD students.

To help improve and maintain product quality, and manage risk in this area, we have a number of policies to guide our approach.

1.

Our Code of Business Product Safety & product Quality is designed to ensure that all products and services we provide adhere to the highest safety and quality standards. It mandates compliance with all applicable regulations throughout the entire value chain. By prioritising consumer safety and regulatory adherence, we strengthen our reputation and deliver high-quality products that meet or exceed industry expectations.

2.

Our Responsible Innovation Policy emphasises the importance of carrying out innovation in a responsible, safe, and sustainable manner. It requires new products to be designed with consumer safety and societal well-being in mind. By integrating safety from the earliest stages of product development, we work to align our innovations with ethical standards and consumer expectations.

3.

Our Ingredient Risk Assessment & Monitoring Policy outlines our approach for identifying and managing risks associated with ingredients used in our products. This includes defining monitoring, sampling, and testing plans to detect contamination or fraudulent ingredients. By evaluating test results and taking corrective or preventive measures, the policy is designed to minimise risks related to chemical contamination and food fraud, thereby supporting regulatory compliance and consumer safety.

4.

Finally, our Marketplace Product Incident Management Policy details the process for managing incidents where products or promotional items in the marketplace fail to meet specifications, regulatory requirements, or consumer safety standards. It covers the steps from initial detection to implementing corrective actions, including recalls or withdrawals if necessary. The goal is to protect consumers, maintain legal compliance, and safeguard our strong brand reputation through prompt and effective incident management.

MEASURING EFFECTIVENESS

The policies described above help to provide a robust framework for meeting the quality standards we expect. In addition, listening to feedback from consumers is an important way to test the effectiveness of our approach. Our consumer careline is the principal channel for this direct consumer engagement. We ensure that all feedback is received, recorded, and managed efficiently, allowing us to track concerns and make necessary improvements. By systematically listening to consumers, we aim to enhance product quality, build trust, and foster continuous improvement in our operations.

We track the number of product recalls made annually. This number was zero in 2024. We also aim for zero critical non-conformities in our factory certification audits. In 2024, this number was also zero.

LONG BREW

Raising the bar on *contaminant reduction*

Camellia sinensis, fruits, spices, and herbs all provide natural, healthy ingredients for our range of teas and infusions. The quality and purity of these ingredients are essential for maximising their benefits and ensuring the highest standards of consumer safety.

In line with our vision of serving healthier, tastier teas, we continue advancing our roadmap to measure, monitor, and minimise contaminants that might potentially affect our products. These include pesticides, metal elements in the soil, and weeds such as pyrrolizidine and tropane alkaloids.

Having deployed Integrated Pest Management (IPM) techniques to eliminate pesticides, including glyphosate, across 8 000 hectares of East African tea estates, our teams spent 2024 further developing the capabilities and tools to drive continued progress on contaminant mitigation.

CONTINUOUS IMPROVEMENT

Since the formation of LIPTON Teas and Infusions in 2022, our focused quality improvement programme has supported a shift to superior sourcing origins. In 2024, we continued enhancing the precision of our screening methodologies, moving from country-level categorisation to localised, real-time data. This shift will be supported by implementing digital dashboards powered by our business intelligence software in 2025.

During the year under review, we also continued engaging with growers, suppliers, industry associates, and scientific partners to share a broad range of agricultural best practices, including our IPM expertise. Meanwhile, we are developing a range of proprietary blends crafted according to what we call 'Pristine Standards'.

These blends, which fully eliminate highest-risk origins, highlight quality, sustainability, and relevant health benefits.

EXCEEDING EU REQUIREMENTS

To protect consumer health, the EU mandates maximum residue levels (MRLs) of pesticides that are legally tolerated in food and feed. While these regulations are some of the strictest in the world, we are determined to go even further.

In 2024, we further enhanced our measurement techniques and implemented updated standards with fruit and herbal ingredient suppliers, including MartinBauer and dsm-firmenich. These efforts make our standard stricter than EU MRL requirements by between 50% and 75%.

Going forward, we will deepen our collaboration with stakeholders and incorporate cutting-edge data science to ensure that consumers receive the safe and healthy products they deserve.



Governance



Business Conduct

OUR MATERIAL SUB-TOPICS

Corporate culture
Management of supplier
relationships

We infuse high standards of conduct, responsibility, and transparency into every aspect of our work. These principles are central to how we do business.

Our approach to instilling a strong corporate culture helps us to mitigate financial and reputational risks while keeping our actions fully aligned with our values and purpose. To ensure that employees uphold our high standards, we codify them in clearly defined policies and track our progress using relevant targets.

Our focus on maintaining ethical standards also extends to our value chain. By promoting positive behaviours on the part of our suppliers, we aim to foster a shared culture that promotes responsible, sustainable growth and advances our ambition to create value for all.

OUR BUSINESS CONDUCT TARGETS

We want all our colleagues to understand our values and ethical standards, and know how to put them into practice.

CATEGORY	TARGET	DEADLINE	2024	2023
Completion of training on our Code of Business Conduct by all employees	100% completion	Annual	93%	n/a
Completion of annual pledge to business integrity by all employees	100% completion	Annual	76%	n/a
Completion of all conduct investigations within 60 days	60 days average	Annual	77 days average	80 days average

OUR APPROACH TO RESPONSIBLE BUSINESS CONDUCT

Our Code of Business Conduct (Code) defines our expectations for responsible, respectful behaviour. Containing non-negotiable rules and practical guidance on daily behaviour, it establishes various pillars governing employee actions and conduct.

To maintain consistently high standards, we seek to adhere to our Code in all our operations, reinforcing compliance through comprehensive business integrity training for all employees. To support that goal, in 2024 we launched an integrity pledge, encouraging our people to actively commit to the key principles of our Code on a regular basis. Managers are specifically required to lead by example, setting a strong example for the entire team.

We actively manage risks, including accountability, risk mitigation, and regular reviews. We also encourage employees and other stakeholders to raise concerns through Convercent, an anonymous platform for reporting conduct issues without fear of retaliation.

We focus on countering corruption by implementing measures to prevent conflicts of interest, such as a requirement to disclose any external appointments. Anti-bribery policies are in place, prohibiting the receipt of gifts or favours that could influence business outcomes. To ensure transparency, we also set monetary limits on the value of gifts. Through accurate record-keeping and reporting, we maintain accountability and prevent mismanagement. Anti-money laundering protections are also in place to safeguard our financial assets.

Our Chief Legal Officer is primarily responsible for implementing our Code, supported by the Executive Leadership Team and Business Integrity Committees.

In addition to our Code, our Responsible Sourcing Policy and Responsible Business Partner Policy outlines the principles and standards that we require all our partners to meet. We only want to do business with partners that act lawfully and with integrity, and we expect them to work towards that goal.

This includes having anti-bribery procedures, declaring conflicts of interest, and maintaining accurate record-keeping, as well as safeguarding information and refraining from illegal activities.

We protect company information and data shared with us, including through responsible handling of personal data. We strictly prohibit the receipt of information about competitors that is not publicly available. To protect the confidentiality of our data, we maintain a secure approach to our IT systems, with strong cybersecurity protocols in place. As described in the Social impact chapter, we also require our employees to undertake GDPR training to ensure compliant handling and processing of personal data.

External engagements are another important aspect of our operations. Rules governing contact with governments and non-governmental organisations are in place, including training before contact, recording all contacts made, compliance with authorised investigations, and a prohibition on political donations connected to LIPTON Teas and Infusions. We also adhere to fair competition laws and responsible marketing practices, and report any inappropriate behaviour. To ensure transparency and accountability, we also provide employees with guidance on communication with investors and media. Prohibitions are in place on sharing inside information to maintain the integrity of our operations.

Going forward, we are committed to upholding our high standards to ensure that our conduct remains fully aligned with ethical and legal responsibilities. With this foundation in place, we will develop new training modules in focusing primarily on speaking up and the protection of whistleblowers.

POSITION	KEY ROLES AND RESPONSIBILITIES
Supervisory Board	<ul style="list-style-type: none"> • Provides ultimate oversight of our business integrity policy framework • Safeguards the interests of all stakeholder groups
Chief Legal Officer (CLO)	<ul style="list-style-type: none"> • Acts as the Chief Compliance Officer • Chairs the Global Code Policy Committee • Appoints committee members, oversees its day-to-day activities, and holds a casting vote on decisions
Global Code Policy Committee (GCPC)	<ul style="list-style-type: none"> • Assists leadership in ensuring Code of Business Principles (CoBP) compliance • Recommends and approves CoBP amendments • Reviews and approves the business integrity operating model and reviews overall performance • Oversees our global business integrity training program • Investigates sensitive cases that cannot be managed locally
Global Business Integrity Officer (GBIO)	<ul style="list-style-type: none"> • Supports the CLO in ensuring an effective business integrity framework • Chairs the Global Business Integrity Committee • Oversees investigations of suspected CoBP breaches and presents findings to GBIC
Global Business Integrity Committee (GBIC)	<ul style="list-style-type: none"> • Supports GBIO investigations of global cases • Representation from every region • Ensures protection for individuals reporting CoBP breaches • Convenes regularly to discuss the overall implementation of the business integrity framework and support the achievement of longer-term objectives

Other information



Basis for preparation

The creation of LIPTON Teas and Infusions excluded Unilever's tea businesses in India, Nepal and Indonesia, as well as the Pepsi-Unilever ready-to-drink joint venture (such as Lipton Iced Tea) and associated distribution businesses. This sustainability report focuses exclusively on LIPTON Teas and Infusions' own operations and brands, covering 82% of our employees and 95% of our revenue, and

includes all entities, such as Lipton Manufacturing Poland Sp. z o.o., Lipton Services Poland Sp. z o.o., and Lipton Teas and Infusions Poland Sp. z o.o., with the exception of T2. You can find more information about T2's sustainability performance on their [website](#). The report covers the period from 1 January 2024 to 31 December 2024. In some cases, brief reference is made to projects or work that were ongoing in early 2025.

Data tables

CLIMATE CHANGE METRICS

GHG EMISSIONS		
Scope	2024 (tCO ₂ e)	2023 (tCO ₂ e)
Gross Scope 1 GHG emissions	16 119	6 932
Gross location-based Scope 2 GHG emissions	23 997	22 713
Gross market-based Scope 2 GHG emissions	23 538	22 713
Gross Scope 3 GHG emissions	989 221	1 380 056
Total GHG emissions (location-based)	1 029 337	1 409 701
Total GHG emissions (market-based)	1 028 878	1 409 701

ENERGY CONSUMPTION		
Energy source	2024	2023
Non-renewable energy consumption (kWh)	37 620 596	35 103 722
% non-renewable	77	73
Renewable energy consumption (kWh)	11 527 395	13 266 000
% renewable	23	27
Total energy consumption (kWh)	49 147 991	48 369 722

OTHER ENVIRONMENTAL METRICS		
	2024	2023
Total water consumption from all areas (m ³)	64 689	133 396
Total waste produced (tonnes)	4 377	4 632
Total weight of non-hazardous waste (tonnes)	4376.5	4 630
Total weight of hazardous waste (tonnes)	0.5	1.8
Total weight of waste recovered (tonnes)	2 284	4 500
Percentage of production facilities and offices with zero waste to landfill (%)	100	89

OUR WORKFORCE METRICS

NUMBER OF EMPLOYEES BY GENDER	
Self-declared gender	Number
Male	2 073
Female	995
Other	1
Not reported	111
Total	3 180

GENDER DISTRIBUTION AT SENIOR MANAGEMENT	
Self-declared gender	Number
Male	8
Female	5
Other	0
Not reported	0
Total	13

GENDER DISTRIBUTION AT SUPERVISORY BOARD LEVEL	
Self-declared gender	Number
Male	5
Female	0
Other	0
Not reported	0
Total	5

NUMBER OF EMPLOYEES BY AGE	
Age	Number
Under 30	434
30-50	2 242
Over 50	504

PAY AND REMUNERATION		
Metric	2024	2023
Gender pay gap	-6.9%	-3.5%
Remuneration ratio (ratio of highest-paid individual to median worker)	37.95	N/A

HEALTH AND SAFETY		
Metric	2024	2023
Number of fatalities	0	0
Number of work-related accidents	4	3
Days lost due to work-related injury	737	233
Total recordable frequency rate	0.9	0.81

CONSUMER HEALTH		
Metric	2024	2023
Number of product recalls	0	1

TRAINING AND DEVELOPMENT		
Metric	2024	2023
% of employees participating in regular performance reviews	49	N/A
Average number of training hours per employee (annual)	5.3 hours for office staff (data from June 2024 only)	N/A

OUR KEY GOVERNANCE METRICS

BUSINESS CONDUCT	
Reports through whistleblower channel (this figure includes reports from our own operations and the value chain, e.g. tea estates)	784
% of employees trained on Code of Business Conduct	93
Average days taken to resolve conduct cases	77
Number of forced labour, child labour, or human rights cases in own operations	0
Confirmed corruption incidents	0
Convictions for violation of anti-corruption and anti-bribery laws	0
Fines for violation of anti-corruption and anti-bribery laws	0

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