SUSTAINABILITY REPORT 2025

Crafting great teas for *every occasion*

LIPTON
Teas and Infusions

To bring joy and inspire *a healthier lifestyle*

About *Us*

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

Our expertise covers all types of tea: those derived from the tea plant *(Camellia sinensis)* and a wide range of herbal infusions. As industry leaders, we use our unique position to create value for all our stakeholders and the wider world.

With a presence in **more than 150 countries**, delighting hundreds of millions of consumers every day, our iconic brands are united by our purpose to **craft great teas for every occasion that bring joy and inspire a healthier lifestyle.**


3 920
employees worldwide
~1 mln
farmers in our network
Signatory of the UN Global Compact since 2022
EcoVadis Silver Medal
9
manufacturing facilities
80
types of ingredients sourced
1.38 bln
Revenue
150
countries selling our products

Our values

People-first

Passion for excellence

Ownership

Consumer and customer centricity

Message from our CEO

Dear reader,

Since becoming CEO of LIPTON Teas and Infusions in October 2025, my priority has been to connect with our markets around the world. Whether I have been travelling to the UK, Poland, Egypt, China, or the US, all my visits have underscored this organisation's strength: our people, and their thirst for success.

Having seen the talent and enthusiasm infused throughout our teams first-hand, I have great confidence in our short- and long-term prospects. At the same time, collaboration is essential: within our business but also across our value chain and throughout the teas and infusions sector. To ensure that our company thrives far into the future, we must keep transforming our approach while recognising that a safe, transparent, and high-performance culture at every level is fundamental to creating long-term value.

As these transformations progress, we gain a deeper appreciation of our role and contribution to society. This is why, in late 2025, we updated our company purpose, which honours our 150+ year history and commitment to delivering positive impact: "We craft great teas for every occasion to bring joy and inspire a healthier lifestyle."

When we talk about 'craft', we recognise our focus on quality, and how we add value to the consumer experience. This has universal relevance, because great teas provide much more than refreshment; they bring people together and positively infuse lives.

Tea's broader appeal, however, comes from a combination of emotional and physical benefits. Tea can authentically be sold as a healthy choice – and with good reason. Modern science confirms the ancient wisdom that drinking tea supports holistic health and well-being.

Rooted in our purpose, and building on the growing recognition of tea's health benefits, we continue to explore how tea can play a positive role in health and everyday lifestyles, supported by ongoing innovation across our brands. As we work to deliver our strategic ambitions, four clear values guide us.

We will continue to be **people first** in how we operate, with the well-being, safety, and growth of our people as a clear priority. This includes a strong commitment to safety, continued investment in training and development, and supporting internal career progression.

We also emphasise a consistent **passion for excellence**: delivering value according to the highest operational standards. Equally important is our value of **ownership**, which underscores the importance of accountability and responsibility. While putting these values into practice, we must always maintain **consumer and customer centricity**: the obsession with delivering exceptional experiences for our retail partners and distributors, as well as end-consumers.

In my first months as CEO, I have seen our people bring these values to life while embracing their role as industry leaders. To every colleague, I express my deep gratitude for all your efforts over the past year. Through your dedication and focus, we enter 2026 with a clear plan, and in a strong commercial position.

I would also like to thank all our partners and stakeholders for their continued support on our sustainability journey. This report marks another milestone, providing an important progress update and outlining areas for further improvement. By moving forward together, we can keep strengthening the craft of tea-making – and elevating our industry for good.

Warm regards,

Marc Busain
Chief Executive Officer

Our sustainability *strategy*

Message from our CR&IO

Dear reader,

2025 was another eventful year for LIPTON Teas and Infusions, in which we continued developing the systems, policies, and frameworks needed to realise our sustainability ambitions.

In recognition of these advances, EcoVadis awarded us a Silver Medal for sustainability management, placing us in the top 10% of all evaluated companies. Continued progress, however, requires commitment and collaboration from every colleague. To that end, we embedded responsibility for sustainability across our business in 2025, ensuring that every team has a stake in delivering a more sustainable future.

Overall governance for sustainability is now held with the Research & Innovation team, which sits at the heart of blend and packaging choices for all our existing and future products. This decision reflects the integral importance of quality to our sustainability strategy, as we work to ensure that every product meets robust standards on safety, contaminants, and overall product quality. By understanding and pre-empting consumer trends, we aim to craft teas that bring delight and inspire a healthier lifestyle while respecting planetary boundaries and supporting livelihoods throughout our value chain.

Recognising that most of our footprint occurs upstream of our own operations, we continue to strengthen our sourcing approach and drive improvements across environmental and social priorities. Elevating industry standards is another crucial part of our journey, which is why we keep helping to spread knowledge and skills that can reduce the planetary impact of tea cultivation. In 2025, our research projects and educational partnerships to promote climate-smart agricultural techniques delivered more positive results, helping to build momentum for lasting transformation in our sector.

From a regulatory standpoint, we continued preparing for the EU's Corporate Sustainability Reporting Directive (CSRD), which will apply to our company from the reporting year 2027. As we gather more data on sustainability metrics, we will unlock more precise insights into our global footprint and performance.

As always, this performance is made possible by the enthusiasm and dedication of my colleagues around the world. We can all be proud of the milestones we have reached so far – while recognising that many crucial efforts lie ahead of us. Going forward, we will keep integrating sustainability into our workflows, building momentum for industry transformation, and doing everything necessary to meet our targets.

Much like the crafting of great teas, achieving sustainability is a subtle and intricate process. It takes time and patience. But I'm confident that we can get there together.

Warm regards,

Taisa Hansen
Chief Research & Innovation Officer

Our sustainability strategy

As a company that crafts great teas for every occasion, to bring joy and inspire a healthier lifestyle, we have a responsibility to ensure the long-term sustainability of our business. Doing so is essential for fulfilling our purpose far into the future.

Our commitment to sustainability is infused into everything we do, from protecting the environment that makes tea cultivation possible to respecting and protecting the millions of people who cultivate, process, distribute, market, and consume our teas.

Working across the value chain and collaborating with partners in our industry and beyond, we continue to pursue our goal of unlocking the true value of tea within a generation (by 2040). Throughout 2025, we achieved additional progress on this core sustainability ambition, further maturing our approach to tackling material challenges that affect the long-term performance of our business.

Our strategy focuses on three key areas: health & well-being impact, social impact, and environmental impact. Across each of these, we have targets, policies, and actions that help advance our ambitions and benefit all our stakeholders. At the same time, we continue to refine and develop the skills necessary to strengthen our brands, enhance our operational excellence, and engage with the wider industry to improve the quality of ingredients and promote responsible agricultural practices.

In November 2025, EcoVadis, awarded us a Silver Medal for sustainability performance. The assessment considered every aspect of our global business and ranked us in the top 10% of

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 tea's 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

150 000+ businesses they have evaluated. This achievement builds on the Bronze Medal first achieved in 2023 – a testament to our consistent improvement journey and the hard work of our people to keep embedding sustainability throughout our operations.

During 2025, we continued executing across all pillars of our sustainability strategy, which remains a comprehensive and effective framework to help us address the complex, evolving challenges faced by the teas and infusions industry.

In 2026, we will refresh our Double Materiality Assessment (DMA). The insights and data gained through this process will help to strengthen our strategy and accelerate our progress on unlocking the true value of tea. For more information on our DMA, see Double Materiality Assessment.

SUSTAINABILITY GOVERNANCE

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

CEO and Executive Leadership Team

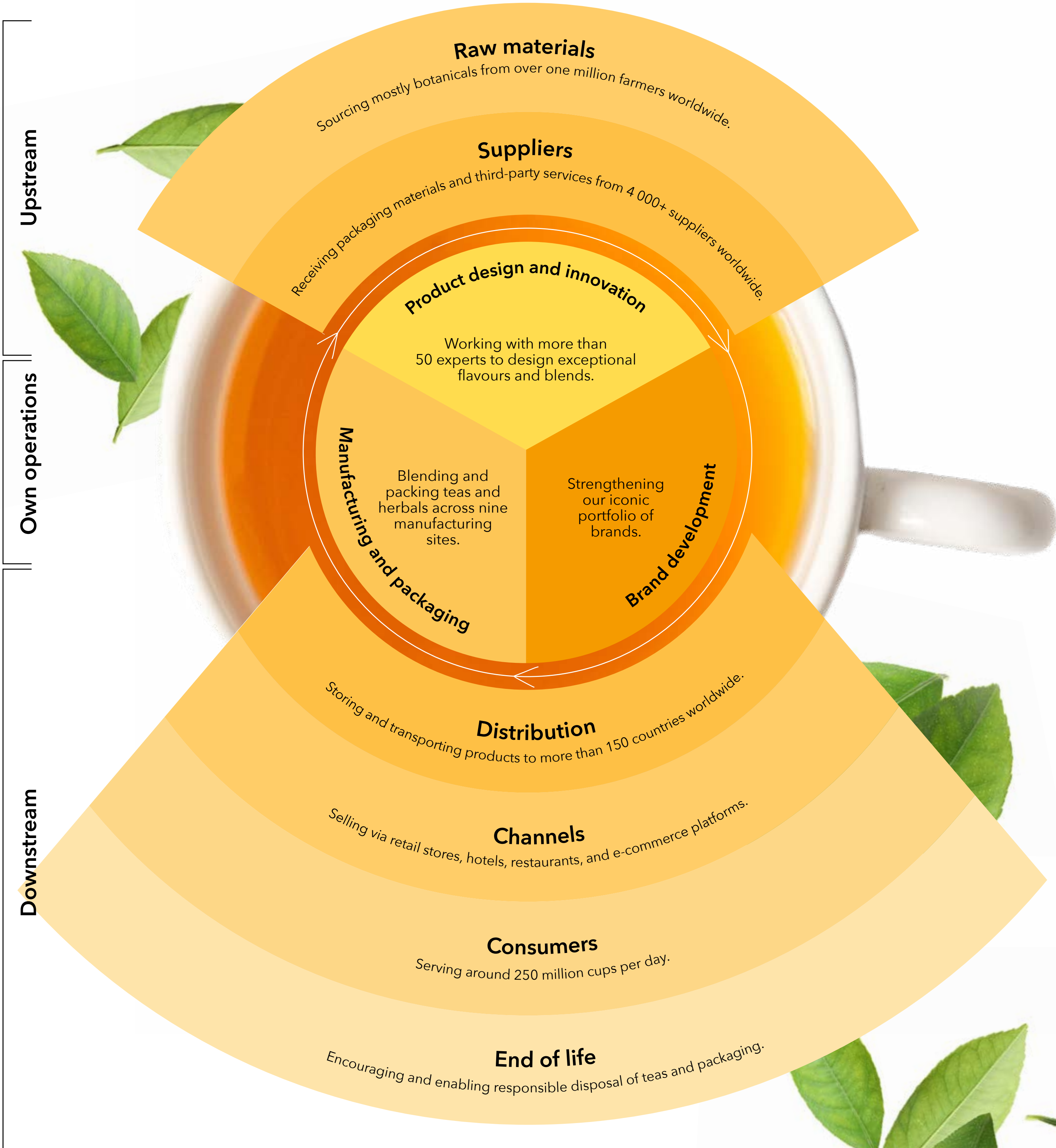
- Embed sustainability in our plans and operations
- Maintain alignment with our business priorities
- Ensure resource allocation for sustainability priorities
- Facilitate collaboration across departments and teams

- Advocate for sustainability issues
- Identify sustainability priorities and set targets
- Oversee sustainability policies and initiatives
- Communicate progress internally and externally

Chief Research & Innovation Officer

Our value *chain*

As the world's largest tea company, we rely on a complex global value chain to craft great teas for everyone. From cultivation to processing to delivery and disposal, every stage must be optimised to ensure that our products bring joy and inspire a healthier lifestyle.

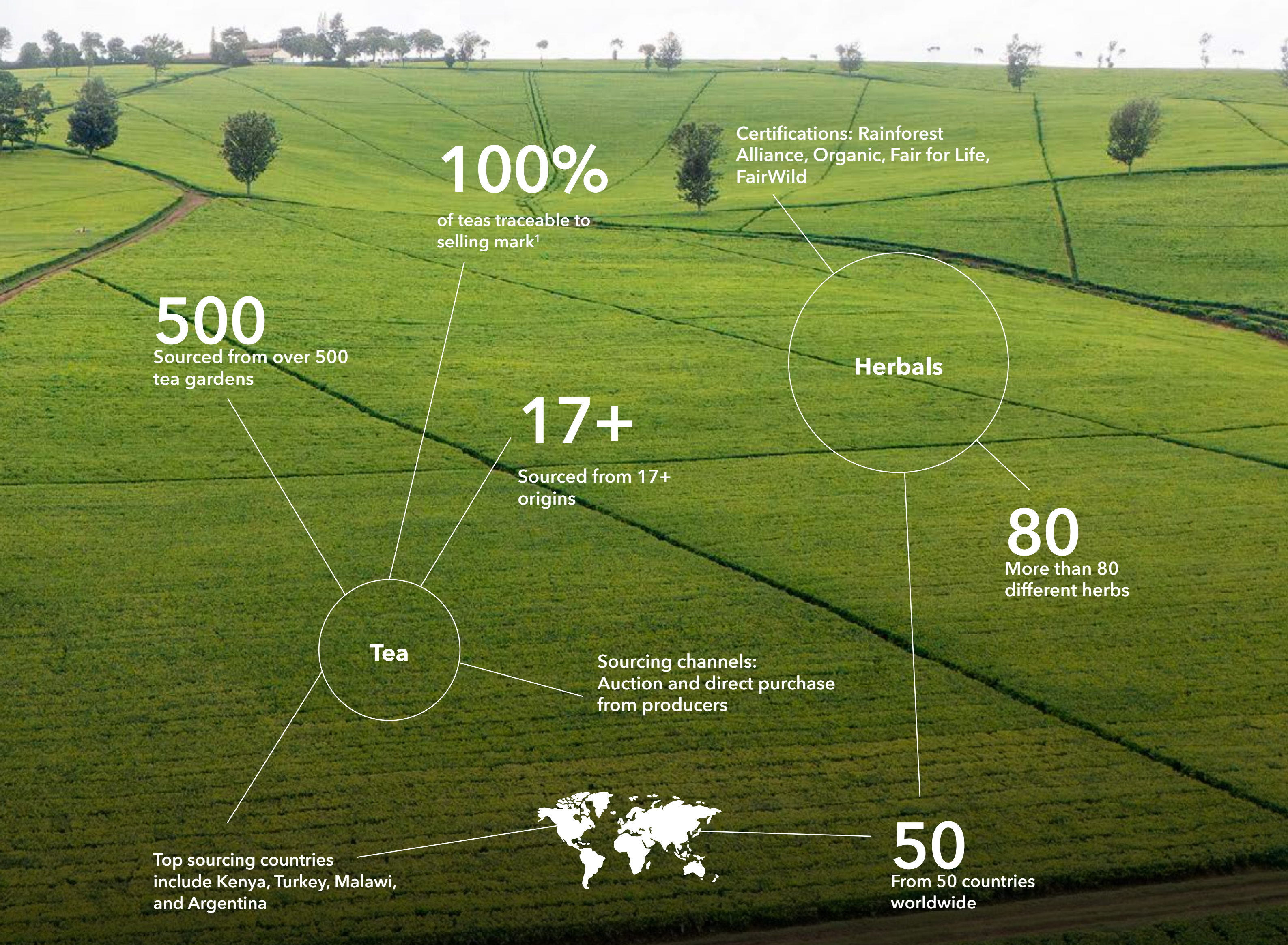


Sourcing network

LIPTON Teas and Infusions is the world's biggest buyer of tea, sourcing from 17 of the world's main tea-producing countries.

The sourcing of tea is highly complex, with supply levels influenced by changing harvest conditions and consumer preferences, cultivation split between smallholder farms and large estates, and purchasing occurring through local auctions or contract buying. To navigate this complexity, we gather detailed consumer insights to anticipate and manage shifts in demand.

We also use our unique TeaLingo™ classification language to locate and assess teas that meet our rigorous quality requirements. In 2025, most of our teas were sourced from smallholder farmers, with the exact origins varying week by week to ensure consistent and appealing blends for end-consumers around the world.



1 Traceability to the selling mark means that the tea can be tracked through the value chain back to the specific farm, cooperative, or estate that sold the tea.

Our Double Materiality Assessment

LIPTON Teas and Infusions conducted its first Double Materiality Assessment (DMA) in 2023, with further refinements and assessments conducted in 2024. These refinements have helped ensure that our DMA topics remain relevant and accurately reflect our material impacts, risks, and opportunities across our global value chain.

To complete our DMA, a shortlist of potential subjects was evaluated and consolidated into an agreed set of topics, which were mapped against our value chain and validated with key stakeholders. Following this validation, we used the double materiality scoring approach outlined in the European Sustainability Reporting Standards (ESRS) to determine the Impacts, Risks, and Opportunities (IROs) associated with each topic, taking into account impacts on our own financial performance (financial materiality), as well as our company's impact on people and planet across our value chain (impact materiality).

In 2024, we re-validated the results of this process with subject matter experts, our Executive Leadership Team, and our Supervisory Board, ensuring that our IROs and material topics remained aligned with ESRS requirements and any updates to our global business activities.

Because our business model has not changed significantly since this DMA exercise, we continue to use the topics identified in 2024 as the basis for this 2025 report.

In 2026, we will refresh our DMA again, providing stakeholders with a comprehensive update on our financial and impact materiality. This refresh will support our wider efforts to comply with the European Union's Corporate Sustainability Reporting Directive (CSRD) disclosure requirements, which will apply to our company from 2027.

The full results of our 2024 DMA re-validation can be seen on the following page.

MATERIALITY DIAGRAM

Environmental *impact*

Our planet's systems are fundamentally interconnected. So is our approach to protecting it.

This chapter covers our approach to overlapping environmental issues, in relation to three material topics: climate change, biodiversity, and packaging and end-of-life. We view these topics as closely interlinked. Many environmental issues we face, including greenhouse gas (GHG) emissions, agricultural challenges, and deforestation, are relevant across multiple topics.

To tackle our environmental impacts in an effective, holistic way, we take a full-spectrum approach, supported by cross-functional collaboration across our businesses and brands. As one team, we continue building on progress achieved in previous years, always remaining aligned with the core ambition of our sustainability strategy: to unlock the true value of tea.

To illustrate the connections between issues that span multiple material topics, this chapter includes cross-references to other sections of this report.

Climate change

Tea has the lowest carbon footprint of any beverage besides tap water, making it an appealing choice for environmentally conscious consumers.[2]

As we work to strengthen our resilience, we continue pursuing a series of science-based targets that commit us to reaching net-zero GHG emissions across our value chain by 2040.

To reach this goal, we prioritise and implement various decarbonisation measures, driving positive change within and beyond our business. In 2025, we continued making progress on initiatives to reduce impacts within our direct control. At the same time, we deepened our engagement with value chain partners to promote positive climate action in our value chain.

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

OUR CLIMATE TARGETS

EMISSIONS CATEGORY	**REDUCTION** TARGET	**DEADLINE** YEAR	**2021 BASELINE** (TCO_2E)	**2024** (TCO_2E)	**2025** (TCO_2E)
Scope 1 & 2 Market-based	49.1%	2030	45 474	39 657	34 115
Scope 3 Energy & Industry	42.0%	2030	890 700	624 470	557 907
Scope 3 FLAG	30.3%	2030	585 537	364 751	287 758
Scope 1 & 2 Market-based	90.0%	2040			
Scope 3 Energy & Industry	90.0%	2040			
Scope 3 FLAG	72.0%	2040			

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

We have set the following emissions reduction targets. All targets refer to absolute reductions, and use 2021 as a baseline.

Validated by the Science Based Targets initiative (SBTi) in 2024, our climate targets are aligned with a rate of decarbonization consistent with limiting global temperature increase to 1.5°C above pre-industrial temperatures. Our long-term (2040) targets represent net-zero emissions. We aim to be the first company in our industry to reach this milestone.

Our total GHG emissions were approximately 50% lower in 2025, compared to the 2021 baseline. These reductions were driven by a combination of factors: primarily lower sourcing volumes, as well as improved data quality and continued development of decarbonisation measures.
Going forward, we must ensure that future commercial growth occurs while maintaining progress against our science-based targets. We must also continue to strengthen our GHG measurement and data accuracy to better track our emissions impacts, decouple emissions from sourcing volumes, and support delivery of our science-based targets.

2 Tea produces approximately 0.05 kg/CO_2 per litre, compared to 0.5 kg for bottled water, 0.6 kg for coffee, and 1.5 kg for milk. Research conducted by ADEME (French Agency for Ecological Transition)

TAKING ACTION ON CLIMATE

To keep making progress towards our climate goals, we are taking action across our organisation, focusing on the areas where our interventions can make the biggest impact.

Decarbonisation measures

Tea and herbals sourcing

63% of overall emissions

Key decarbonisation actions included:

- Playing a key role in the development of the first tea typology for the Cool Farm Tool sustainability assessment platform. For more details, see Long Brew: Developing a specific tea typology for the Cool Farm Tool
- Supporting multi-year research into climate-smart fertilisers and sharing best practices with relevant agricultural stakeholders
- Launching educational programmes on Integrated Pest Management (IPM) and other agronomical excellence techniques through the Lipton Tea Innovation & Technology Academy. For more details, see the Biodiversity chapter
- Supporting industry-wide efforts to improve the transparency, efficiency, and effectiveness of assessing standards across East Africa
- Further engagement with tea suppliers, with a particular focus on improving data quality and visibility

Packaging sourcing

10% of overall emissions

Key decarbonisation actions included:

- Accelerating a project to increase renewable polylactic acid (PLA) packaging throughout our portfolio
- Researching and developing other packaging materials with reduced carbon footprints
- Continued improvement of packaging data quality and operational digitalisation
- Achieving further reductions in packaging volume
- Amplifying climate-friendly best practices across the value chain

For more details on this topic, see the Packaging and end-of-life chapter.

Consumer waste

8% of overall emissions

Key decarbonisation actions included:

- Supporting the responsible disposal of teabags and tea leaves with downstream value chain partners

For more details, see the Packaging and end-of-life chapter

Transport and distribution

8% of overall emissions

Key decarbonisation actions included:
- Launching a pilot scheme with key transport partners to support further emissions reductions
- Promoting low-impact logistics through transport tendering criteria
- Enhancing collaboration and consolidation with supply chain partners

Own business operations

6% of overall emissions

Key decarbonisation actions included:
- Using renewable energy in our offices and encouraging more sustainable commuting practices among employees and contractors

Manufacturing

5% of overall emissions

- Enabling more precise tracking and management of resource usage through our LIPTON Management System (LMS)

For more details on this topic, see Long Brew: Strengthening our craft through the LIPTON Management System.

- Unlocking additional operational efficiencies through Kaizen initiatives, enabling further reductions in GHG emissions
- Upgrading our renewable energy infrastructure across multiple sites and improving our measurement capabilities

For more details, see Further investment in renewable energy

Our work to address deforestation-related impacts and preserve soil health also contributes to climate change mitigation. These activities prevent the depletion of natural carbon sinks, ensuring that more GHGs are absorbed from the atmosphere.

For more details on this work, see the Biodiversity chapter.

"Reaching net zero depends on better data, better tools and strong collaboration. In 2025, we focused on strengthening the foundations for climate action across both our own operations and our wider value chain by improving emissions measurement and by working with partners to translate science into practical solutions."

Ayca Bora
Head of ESG Programme

Further investment in *renewable energy*

Sunlight fuels the growth of plants used in our teas and infusions – and solar energy is increasingly powering our manufacturing network, too.

In 2025, we installed photovoltaic cells on the roof of our LIPTON Jebel Ali factory in Dubai, UAE. With this investment in on-site renewable energy, the facility will generate up to 12% of its power from solar energy – the maximum permitted by Emirati law.

This installation significantly raises the proportion of clean energy used at our manufacturing sites, which already includes solar power at our Khanewal factory in Pakistan and will be operational at our Kaplan factory in Turkey in 2026. Together, these initiatives will enable us to generate around 8% of our total electricity use through on-site generation, contributing to the 15% share of our total electricity use that comes from renewable sources.

When the Kaplan factory's solar capabilities become operational, a significant increase in our share of electricity from renewable sources. Going forward, we aim to continue increasing the total share of renewables in our energy mix, in line with our commitment to decarbonisation across our global manufacturing network.

"As the first factory in the UAE to achieve zero waste to landfill, we are going further to reduce environmental impact at its source. Installing these solar panels aligns with the environmental pillar outlined in the LIPTON Management System and supports the UAE's net-zero objectives, demonstrating our clear intent to turn sustainability commitments into meaningful, measurable results."

Philip Ayoub
LIPTON Jebel Ali Factory Director

Operational excellence
key sustainability enabler

Efficiency and sustainability are closely related: by producing more output with less input, we can further reduce emissions intensity and mitigate climate-related impacts.

Recognising the importance of industrial efficiency to our wider climate strategy, we implemented various initiatives throughout 2025 to further enhance our operational excellence.

To continue increasing our efficiency, we regularly audit sites across our manufacturing network, using criteria defined through the LIPTON Management System (LMS). One of the seven LMS pillars relates to Safety & Environment performance; this ensures a coordinated, company-wide approach to measuring and managing manufacturing-related emissions.

Guided by our LMS team, we have implemented programmes focused on identifying energy leaks, recalibrating machines to reduce their carbon intensity, and streamlining production lines to reduce their environmental impact.

For a full description of LMS and its contribution to our sustainability agenda, see the Long Brew on page 32.

CLIMATE CHANGE POLICIES

During the year under review, we revised and updated our policies related to environmental and climate topics, ensuring a more specialised approach.

In previous years, we organised our activities under an Occupational Health & Safety and Environment Policy. In 2025, we separated these policies, creating a dedicated Environmental Impact & Climate Change Policy. Its updates include new sections focused on value chain engagement, which refines our approach to engaging with suppliers and other key partners on climate topics. There is also a more precise focus on the material topics identified in our DMA, as well as non-material topics such as water usage. With this updated structure, we continue our journey to align with the framework of the EU's CSRD.

For more details on our Occupational Health & Safety Policy, see the Own workforce chapter.

Our Sustainable Sourcing & Agriculture Principles outline our standards for agricultural suppliers. Specifically, regarding climate change, these include requirements for suppliers to develop an emissions-reduction plan, develop an energy management plan, reduce energy use from transport and logistics, and minimise the use of fires on tea estates.

In 2026, we intend to develop a climate transition plan that will strengthen our approach to climate issues. The plan will enable us to broaden our approach, moving beyond our current focus on individual decarbonisation hotspots towards a more detailed and holistic climate transition strategy. In addition, our teams will work with external partners to conduct a thorough climate risk assessment and undertake rigorous Life Cycle Assessments (LCAs) to identify further opportunities for decarbonisation across our value chain. These measures are intended to complement our existing initiatives and accelerate our journey to meeting our near- and long-term climate goals.

Another key action in 2026 will be the conducting of a structured climate and nature hazard screening across our value chain. The screening will include:

- The assessment of key climate and nature-related dependencies and impacts across own operations and sourcing regions
- An evaluation of environmental status, including exposure to physical climate hazards under current and future scenarios
- Mapping interactions with sensitive or degraded ecosystems

The findings and insights gathered through this risk assessment will also inform the refresh of our DMA in 2026.

LONG BREW

Developing a *specific tea typology* for the Cool Farm Tool

As the tea sector faces rising expectations for climate disclosures, stakeholders need accessible, effective tools that can accelerate their progress on carbon accounting.

The solution must go beyond generic agricultural calculators. Farmers, agronomists, and supply chain stakeholders require a typology that accounts for the unique growing conditions, regional diversity, and management practices of the tea sector.

Collaborating for progress

To meet this challenge, we played a key role in the creation of a specific tea typology for the Cool Farm Platform: a globally recognised, science-backed calculator to help industry measure and manage the impact of agricultural practices.

The UK Teas & Infusions Association (UKTIA) and the Tea and Herbal Association of Canada led the Carbon Consortium that convened industry peers and coordinated the development of the tea-specific typology within the Cool Farm Platform. LIPTON Teas and Infusions contributed critical datasets and agronomic expertise, partnering with Cranfield University and the Cool Farm Alliance for academic and technical support. Further support and funding came from a consortium of leading tea sector organisations. This industry-wide cooperation, combining technical expertise and on-the-ground insights, ensures that the new typology is scientifically robust and practical for tea producers worldwide.

Upgraded capabilities

This typology represents the most comprehensive integration of tea-specific agronomic data into such a platform. With this greater precision and functionality, stakeholders can more accurately measure emissions from tea farming systems, model the impact of agricultural practices and land use, track progress towards their climate commitments, strengthen their sustainability reporting, and compare the impact of best practices across different farms and locations.

Having reached this milestone, the tea industry is now in a stronger position to meet its sustainability goals at every stage of the supply chain.

Biodiversity

Teas and herbal infusions are natural products. Their successful cultivation depends on resilient, productive ecosystems and the preservation of a delicate natural balance.

To protect the health of our planet and ensure long-term supply chain integrity, we have a responsibility to safeguard the ecosystems and species in regions where our products are grown. Together with our partners and other stakeholders, we must pursue a comprehensive approach to biodiversity protection that supports nature-positive supply chains.

The key biodiversity issues facing our business relate to deforestation, soil health, and the impact of agrochemicals such as pesticides and synthetic fertilisers. These challenges are also highly relevant from a climate change perspective, as higher global temperatures accelerate droughts and biodiversity loss, enable the proliferation of pest species, and cause extreme weather events that make crops more vulnerable to pests and disease.

Our approach to managing biodiversity-related impacts must therefore be understood as part of a holistic environment strategy, working in conjunction with our climate change mitigation activities, as well as our efforts to reduce packaging impacts (described in the Packaging and end-of-life chapter).

In 2025, we continued developing our approach to biodiversity protection, engaging with value chain and academic partners to promote Good Agricultural Practices (GAPs), Integrated Pest Management (IPM), and the implementation of climate-smart fertilisers.

As part of our science-based Forestry, Land, & Agriculture (FLAG) targets, we have committed to reach zero deforestation across our primary deforestation-linked commodities in line with the EU's Deforestation-Free Products Regulation (EUDR).

The EUDR requires companies in scope to prove that their products do not derive from commodities linked to deforestation, including by conducting detailed due diligence and taking preventative measures if necessary, by the end of 2026. In 2025, the deadline for compliance with the EUDR was moved from 31 December 2025 to 31 December 2026. Accordingly, our own obligations under the EUDR have therefore also been extended until the end of 2026.

Our only deforestation-linked commodity is timber, which is one of the seven primary deforestation-linked commodities identified in the EUDR. Timber-derived inputs are used in our teabag and tag packaging materials.

TAKING ACTION ON BIODIVERSITY

Our approach to biodiversity protection is guided by our Sustainable Sourcing & Agriculture Principles. These prohibit our suppliers from converting areas with high conservation and ecological value into farmland, including forests, grasslands, or wetlands. The principles also encourage various GAPs, such as the inclusion of conservation areas on farms, measures to restore soil health, and techniques to minimise other damaging agricultural practices.

Throughout 2025, we continued to apply these principles throughout our supply chain, taking several key actions to further mature our management of biodiversity-related impacts. Maintaining a close relationship with Browns Investments, owners of our former tea estates in East Africa, we promote robust ecosystem protection measures. These include a zero-pesticide approach that protects soil health, reduces contaminants, and increases above-ground diversity, as well as broader GAP and IPM techniques that help to eliminate the use of insecticides, herbicides, and fungicides.

To further expand GAP knowledge and awareness in the East African tea industry, the Lipton Tea Innovation & Technology Academy launched an expert-led IPM programme in March 2025. Key topics included the use of biological control in IPM, phytosanitary management and implementation, abiotic stress management, as well as instruction in the use of IPM-related technologies and economic impact analysis. 100 students took part in this particular course throughout 2025, acquiring practical skills and new concepts that will help them address critical sustainability issues.

Throughout the year under review, we also enhanced our due diligence measures on deforestation, further developing our supply chain tracking capabilities to monitor product movements and ensure compliance with applicable regulations.

LEADING THE WAY ON REGENERATIVE AGRICULTURE RESEARCH

In 2025, our most significant efforts came through our research partnership with Cranfield University. Funded by the UK's Biotechnology and Biological Sciences Research Council (BBSRC), this five-year project encompasses three workstreams and is based on our former tea estates in East Africa. Their combined work focuses on reducing the tea industry's reliance on nitrogen fertilisers, improving drought resistance, and developing more regenerative production practices on tea estates.

Throughout 2025, the second full year of the project, researchers pioneered promising new capabilities for landscape and crop assessment. These included thermal and multispectral imaging captured by drones flying above tea estates, as well as digital mapping of estates and soil carbon levels. The development of these tools significantly improves the visibility of field conditions, enabling further reductions in unnecessary agricultural inputs and strengthening environmental stewardship.

To advance scientific understanding of drought-resistant tea varieties, researchers conducted rootstock and grafting trials to identify traits linked to root development, graft compatibility, and drought resilience. Further research refined the modelling of clonal drought responses, confirming that drought stress reduces yields. Researchers also investigated the effect of irrigation timing across a range of drought conditions.

In 2025, the project also generated interesting findings on fertiliser GHG emissions, indicating that organic fertilisers with the highest carbon to nitrogen ratio produce the lowest level of nitrous oxide. Further research is required to investigate mechanisms that could explain this result. The Cool Farm Tool, which went live in November 2025, further empowers tea producers to understand and modify their fertiliser application practices to achieve sustained reductions in GHG emissions.

For more details, see Long Brew: Developing a specific tea typology for the Cool Farm Tool.

Building on the progress achieved in this second year, researchers will spend 2026 focusing on calibrating drone data with the IoTea™ smart agriculture platform, strengthening data collection methods, conducting further analysis of the effect of fertiliser types on GHG emissions, developing globally agreed metrics for tea industry GHG assessments, and further advancing genetic research into climate-resilient varieties.

As always, we will support knowledge transfer initiatives to ensure that relevant workers understand and apply the techniques used in our projects. We will also continue sharing best practices throughout the tea industry, helping all producers to contribute to healthier and more sustainable tea ecosystems.

Packaging and end-of-life

Responsible packaging is essential for the safety and enjoyment of our products. This includes boxes, wrappers, tags, teabags, and any other materials used in the storage, transport, and consumption of our teas and infusions.

Recognising that disposal of packaging represents a critical part of our planetary impact, we work to integrate sustainability into all our packaging decisions and actions. Our approach includes adopting more sustainable materials and technologies, ensuring company-wide alignment on effective approaches, and setting clear goals to ensure consistent progress and accountability.

Embedding the use of recyclable and compostable materials across our portfolio helps to minimise the waste generated by the use of our products. By further maturing our approach to end-of-life disposal, we also advance our climate change mitigation agenda. As described in the Climate change chapter, packaging sourcing is one of the key contributors to our GHG emissions, with consumer waste also generating significant emissions. By taking responsible steps to reduce our packaging impact, we can drive progress on our net-zero journey while promoting circularity across our value chain.

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

These targets commit us to reducing waste from our packaging and teabags by eliminating single-use plastics and other non-recyclable materials that contribute to non-circular waste.

We have set an objective to achieve full implementation of these measures across our operations by 2030.

OUR PACKAGING AND END-OF-LIFE TARGETS

CATEGORY	TARGET SET	DEADLINE	2024	2025
Packaging	**100%** recyclable packaging	2027	85%	87%
Teabags	**100%** industrially compostable teabags	2027	75%	80%

TAKING ACTION ON PACKAGING AND WASTE

Across our product portfolio, we must deliver packaging that is safe, fit for purpose, and supportive of our environmental goals. We already prohibit the use of certain materials in our packaging, including polystyrene, polyvinyl chloride (PVC), and polyvinylidene chloride (PVDC), as these are either non-recyclable, produce toxic materials when combusted, or contaminate recycling streams.

Our full approach on this topic is outlined in our Sustainable Packaging Policy. This document guides the packaging development process throughout our brand portfolio, supporting responsible conduct across four key stages:

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: identifying the most appropriate materials, using re-used or recycled materials wherever possible to minimise end-of-life impacts.

3.

Pack sustainability assessment: undertaking LCAs to determine the end-to-end sustainability impacts of packaging solutions.

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.

Our Sustainable Packaging Policy received a minor update in 2025 with the inclusion of 'Golden Rules' that reinforce our commitment to sustainability in this area:

Recyclable packaging:
All packaging innovations, renovations, or savings projects involving specification changes must consider recyclable packaging. Deviations require sign-off from the Packaging Director.

Primary packaging compliance requirements:
All packaging must be compliant with relevant requirements, such as food contact materials and articles, and banned substances requirements as explained above.

Product headspace:
Empty space in the package must not exceed 20% of total volume, and should aim for 0%.

Plant-based tea bags:
Any new tea bag specification development or changes (including alternate suppliers or resilience measures) must be completely plant-based. No deviation from this rule is allowed.

Throughout the year under review, we conducted various training sessions on these rules, ensuring comprehensive understanding and implementation by all relevant internal stakeholders. These efforts were supported by our supply chain function, which was updated in 2025 as part of a company restructure.

PLANT-BASED MATERIALS
By replacing any remaining petroleum-based plastic element of teabags with plant-based materials, we reduce our dependence on single-use, non-compostable plastics. In support of this transition, we continued increasing our usage of paper-based and PLA renewable materials across multiple packaging applications. PLA is derived from corn starch and can be replaced naturally in a relatively short time. It is also industrially compostable, meaning that, after use, it will biodegrade under certain conditions.

In 2025, we focused on advancing paper-based materials and PLA materials throughout our teabag portfolio, which helped to accelerate progress towards achieving our end-of-life targets. In limited cases, due to business constraints in particular regions, conventional plastic packaging remains the most viable option, albeit in small volumes.

FURTHER RESEARCH AND DIGITALISATION
In other packaging types beyond teabags, we continued exploring the use of various materials, investing in the development of recipes and techniques that unlock additional opportunities in end-of-life innovation. Several of these innovations have the potential to advance our sustainable packaging goals, though more extensive testing and experimentation is required before large-scale adoption.

Another key action in 2025 was our continued improvement of packaging data quality, building on the strong foundations laid in previous years. This initiative has enabled more reliable measurement of our company's packaging impacts, and supported data-driven interventions to reduce waste and emissions across the value chain.

In 2026, we will intensify this digitalised approach to addressing packaging challenges. This will include deepening our partnership with Earthster, a cloud-based sustainability reporting tool. More widespread and integrated use of this software will enable us to conduct more LCAs on our packaging materials, further strengthening our decision-making and material selection.

We also plan to launch a new recyclable packaging format for matcha tea products, ensuring a sustainable approach that aligns with our growth strategy in this category.

"2025 was a year of accelerated innovation and digital transformation across our packaging operations. With the dedication and drive of the team, we keep getting closer to our targets on recyclability and compostability."

Poonam Dharman
Packaging & Artwork R&I Director

LONG BREW

Strengthening *our craft through* the LIPTON Management System

The LIPTON Management System (LMS) is a company-wide framework that is designed to ensure operational excellence and continuous improvement across our global manufacturing and logistics network, helping us to mitigate our sustainability-related impacts through more precise tracking and measurement of our resource usage.

Led by a dedicated LMS team, the system involves comprehensive site audits, development of prioritised action plans, and implementation of best practices wherever relevant and applicable. Working closely with site leaders and colleagues, always acting with a data-driven mindset, we coordinate our improvement journey by scoring performance across seven key dimensions:

1. **Finance**
2. **Safety and environment**
3. **Quality assurance**
4. **Autonomous maintenance** (conducted by frontline operators)
5. **Professional maintenance** (conducted by specialists technicians or engineers)
6. **Focused improvement**
7. **Logistics and planning**

Each of these pillars has a clear accountability structure per facility, with heavy emphasis on cross-functional collaboration to support efficient and effective action.

DATA-DRIVEN IMPROVEMENTS

A key feature of LMS is our use of the Plan-Do-Check-Act (PDCA) cycle to ensure efficient resource allocation and maximum operational improvement. As a first step, our teams analyse vast amounts of data collected across our sites, which helps them determine where an intervention will make the biggest positive impact to our financial and overall performance. To conduct this prioritisation effectively, we continually train our people in the implementation of root cause analyses and techniques to calculate the benefit of any planned intervention.

We then take the necessary action to boost performance, normally starting on a small scale. For example, we might reconfigure an inefficient tea-bagging machine to reduce its electricity usage and deliver a quantifiable benefit. After running this pilot programme, we carefully analyse the results and determine its impact in relevant commercial terms (in this case, kilowatts of electricity per ton of teabags produced).

If the improvement is deemed successful and aligned with commercial and environmental goals, it can often be 'copied and pasted' to other facilities across our manufacturing network, which tend to share significant similarities in terms of machine configuration and sequencing. This approach promotes rapid, global adoption of operational best practices, though this must be balanced with appropriate consideration of regional differences in manufacturing and logistical practices.

IMPROVED DATA VISIBILITY

Recognising that measurement is essential for improvement, the LMS team maintains a standardised, centralised, and accessible source of data on manufacturing performance.

Every site across our network tracks standardised environmental and efficiency indicators, including energy usage, water usage, and waste volumes, with this data displayed on easy-to-access dashboards. Data is collected through a variety of inputs, including conventional metering techniques as well as innovative thermal imaging technology that identifies energy leakage with high levels of precision. Integration with Microsoft Power BI software supports the development of interactive reports and performance analytics across changing production volumes and manufacturing technologies.

In parallel, we continue to update and strengthen our Best Practice Portal, which contains a searchable library of best practices, recordings of working sessions, and audit materials. This resource empowers colleagues to benefit from our global scale, determine new focus areas, and further improve the consistency of their appraoch.

TAKING THE NEXT STEPS – IN 2026 AND BEYOND

LMS is best understood as a journey – an ongoing cycle that keeps elevating the quality, consistency, and sustainability of our operations.

By investing in our people, upgrading their technological capabilities, and continuing to strengthen a culture of continuous improvement, we will drive further progress on our LMS journey and keep perfecting the art of crafting great teas for everyone.

"Quality and consistency have been central to our organisation since its founding. With this company-wide LMS integration, we're building on those strong foundations and accelerating our progress into the Intelligence Age."

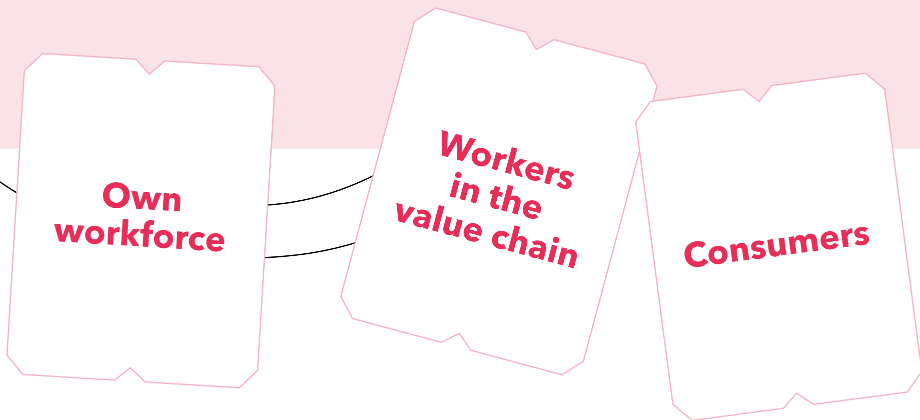
Dariusz Ratajczak
Global LMS Lead

Social *impact*

The custom of tea drinking is a deeply social act, bringing people together for every occasion. The craft of tea-making also depends on a strong sense of social responsibility across our value chain.

As we work to unlock the true value of tea, we have a responsibility to ensure fair treatment for everyone who produces and consumes our products: our own employees, workers in our value chain, and end-consumers.

With this holistic approach, covering every link of our value chain, we work to manage our material impacts and deliver a shared benefit for all social stakeholders.



Own workforce

As of year-end 2025, LIPTON Teas and Infusions employed around 3 000 people in 28 countries. Most of our people work in factories, blending, packing, and dispatching our products. Other workers are office-based, managing our product design and innovation, strengthening our brand portfolio, and overseeing sales.

We prioritise the well-being and growth of every team member, in line with our people first value. Through our people's creativity and dedication, we keep crafting great teas that spread joy and inspire a healthier lifestyle. Colleagues' contributions are also vital for the continued development and realisation of our sustainability strategy.

Ensuring that everyone in our workforce has a safe, rewarding career is a top priority. We are equally committed to ensuring that our people are equipped with the tools and resources they need to thrive in a fast-changing business and information climate.

OUR APPROACH TO TRAINING AND DEVELOPMENT

In 2025, our People Policy continued to be our key resource for defining our approach to talent development and training. Guided by this policy, we implemented new actions based on its principles to advance our training and development ambitions. These included taking steps to further strengthen our global talent framework, which aligns workforce capabilities with business goals in a strategic, structured way. A key enabler of this approach in 2025 was our digital learning platform, Skillsoft Percipio, which continued to provide colleagues with access to a wide range of role-specific and functional learning content in flexible, digital formats.

Building on this strong foundation, we further evolved our digital learning offer in 2025 through Percipio 2.0/Skills Intelligence, an AI-enabled upgrade of the platform. This next phase will support a more structured approach to learning in 2026 by enabling clearer definition of skills and proficiency levels by role, improved visibility of skills and gaps, and more personalised learning pathways.

These measures complemented our intensified focus on AI upskilling, which was a key progress area in 2025. Recognising the significant potential of large language models and other AI-powered tools to expand our innovative capabilities, enable smarter ways of working, and improve overall business outcomes, we continued to make progress on our company-wide application of AI. As part of this journey, we held an AI Week in late 2025, which included immersive workshops, panel discussions, and talks from external speakers on how AI can build trust, agility, and alignment. Alongside these face-to-face learning experiences, we introduced structured AI learning pathways, providing colleagues with opportunities to build both foundational and more advanced skills through a combination of e-learning and in-person training. Building on the ideas and insights shared, our teams are moving forward with continuous learning and development activities in AI.

The integration of new tools and technologies underscores the wider importance of vigilance, compliance, and ethical business conduct. To ensure that employees have the necessary skills and knowledge to protect sensitive data and mitigate the risk of cyber threats, we continued mandating online compliance training throughout 2025. Across multiple cybersecurity training programmes, we recorded an average completion rate of 74%. Individual course completion rates ranged from 59.95% to 81.89%, with participation reaching up to 1 786 employees per course.

To enable rewarding careers for colleagues and foster an open, trusting work environment, we conducted our annual employee engagement survey for the third time in 2025. This questionnaire complemented other measures including our global

LIPTON Management System: *Accelerating progress* on training and development

The LMS is our company-wide framework for operational excellence and continuous improvement in manufacturing and logistics.

Recognising its proven and positive business results, in 2025 we expanded the use of LMS to encompass our entire organisation.

With this expansion, we ensure further investment of focus and resources in leadership development and upskilling our teams. The move also helps to embed the LMS continuous improvement mindset within every function of our business.

→ For more details on how LMS supports our wider sustainability agenda, see Strengthening our craft through the LIPTON Management System.

performance cycle, informal discussions, and formal feedback channels. In 2025, we achieved an outstanding 90% participation rate, maintaining a strong level of engagement from the year before.

Our overall engagement score was 3.96, remaining steady compared to 2024. As 2025 was a year of transition, the results are a solid foundation to build on. Particular strengths were identified in recognition and relationships, while the results also highlighted opportunities to further strengthen our shared sense of mission and direction. Feedback gathered through employee engagement helped to inspire the launch of our refreshed purpose and values in late 2025. Clear plans are in place to embed these across the organisation.

For more information on our purpose and values, see the CEO message at the beginning of this report.

"Our growth starts with our people. By continuously upskilling our teams, we empower them to grow, adapt and thrive—while building the capabilities that will shape our future."

Santiago Lazarus
Global Head of
Talent and Resourcing

Following the release of the survey results, leadership teams across every function, market, and factory held structured deep-dive sessions, to review team-level outcomes, and build targeted engagement action plans. We will measure progress against these actions through a pulse engagement survey planned for April 2026.

Our training & development targets

We aim to further strengthen our global talent framework for our workforce, ensuring that skills development is closely aligned with business priorities. Our target is to expand role specific, digital, and personalised learning through our AI-enabled learning platform, supporting continuous upskilling in critical capabilities such as AI. In parallel, we remain committed to maintaining strong compliance and cybersecurity awareness through mandatory training programmes for computer-based employees. Colleagues are also required to complete training on business integrity topics. For more details on this target, see the Business conduct section.

OUR APPROACH TO ADEQUATE WAGES

Across our business, we adhere to all local regulatory and legal requirements on wages for our own workforce. In 2025, we continued preparations to go beyond these requirements through a living wage gap analysis. This assessment was moved to early 2026 and is underway as of the time of publication.

OUR APPROACH TO HEALTH AND SAFETY

Keeping our people safe is a top priority. To ensure a consistent, effective approach to this vital topic, our Occupational Health & Safety Policy is in use across the company. Previously part of a combined policy, also including environmental topics, it is now a standalone policy that addresses our precise health and safety needs. It includes requirements for employees and on-site contractors, formal safety inductions, and incident reporting, as well as requirements for site leaders, who have the flexibility to develop local rules that align with core, non-negotiable standards.

Our digitalised health and safety reporting system continues to be an invaluable tool across all factories and offices, empowering employees to raise issues swiftly and enabling their assignment to relevant parties. More comprehensive insights are made possible by our continued LMS rollout, which helps us prioritise continuous safety improvement across all operations by identifying corrective and preventive actions.

OUR HEALTH & SAFETY TARGETS:

CATEGORY	TARGET SET	DEADLINE	2024	2025
Recordable Injury Frequency Rate	**Zero**	Annual	0	0.9%
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.

As a result of our robust policies, systems, and culture of continuous improvement, we are pleased to report that zero lost-time incidents (LTIs) occurred in 2025. Going forward, proactive action and strong communication will remain crucial to sustaining performance and ensuring that every colleague gets home safely.

LONG BREW

Building a culture *of safe-tea*

In 2025, our LIPTON Jebel Ali factory in Dubai, UAE, reached a remarkable milestone: 7 000 days without a lost-time incident, equivalent to almost 20 years of continuous safety excellence.

This achievement reflects the high standard of employee safety and health in place across our company. Our safety culture emphasises continuous improvement and vigilance, as well as consistent reporting and analysis of hazards and near-miss incidents to enable effective preventive measures. We also use insights gained through regular audits of behaviours and workplace conditions to enhance the work environment and ensure that everyone gets home safely.

Briefings, information boards, newsletters, and reward programmes engage employees in maintaining high safety standards across our factories. Moreover, through our LMS continuous improvement programme, we implement enhancements based on reports and observations, design workstations with ergonomics in mind, and facilitate knowledge-sharing that drives learning and process improvement. This approach reflects our strong commitment to cultivating a safety culture – an essential aspect of crafting great teas.

"In the past 1 000 days, we implemented LMS at Jebel Ali, kept challenging old habits, launched a Safety Champions Programme to support peer-to-peer ownership of safety topics, and expanded our training programmes. These measures complement a decades-long culture in which 'safety first' is the only acceptable reality. Having reached this new milestone, we are inspired to keep striving for excellence, recognising that safety is a journey we take together, every single day."

Philip Ayoub
LIPTON Jebel Ali Factory Director

Workers in the value chain

Crafting great teas is a collaborative effort, involving thousands of workers across a complex global value chain. Their contributions ensure the delivery of healthy and enjoyable products to consumers worldwide.

In line with our high ethical standards and commitment to uplifting livelihoods, we must ensure that our social impact agenda delivers for everyone in our value chain and supports dignified work in the tea industry. This includes aiming for all our value chain workers to receive wages that allow a decent standard of living and enjoy a safe working environment that is free from harassment.

To ensure proper management of human rights issues across our value chain, we align our efforts with international standards, such as the United Nations Guiding Principles on Business and Human Rights and guidelines issued by the Organisation for Economic Co-operation and Development. Through our Speak Up channel, human rights issues and other grievances can be reported anonymously and without fear of retaliation.

In 2025, we continued laying the foundations for a robust human rights and due diligence process. This included finalising a Global Human Rights Policy, taking action to embed this in company processes and governance structures, and developing human rights training programmes, which were implemented at the beginning of 2026. In addition, through our Human Rights & Environmental Risk Assessment (described in more detail below), we gained visibility and understanding about human rights risks across our value chain, helping us prioritise actions that lead to real impact in the short and medium term.

This section outlines our targets, policies, and actions that support the management of material impacts relating to value chain workers. In particular, we provide an overview of our measures to support sustainable working conditions, protect equality of treatment and opportunity, and prevent human rights violations.

OUR TARGETS RELATING TO VALUE CHAIN WORKERS

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

We firmly believe that every worker deserves a living wage and/or income for their contributions to our business, and intend to realise this ambition by 2040. This requires advancing a complex, multi-stage journey, which requires extensive data collection, sustained collaboration across our entire sourcing network, and a critical mass of wider industry partners committed to securing positive change. Efforts remain underway to keep building this broad-based coalition, while also ensuring that our actions to close living wage gaps are sustainable and scalable.

In 2025, we continued our collaboration with IDH, a leading global living wage foundation, as well as other major tea buyers and tea producers, on the second year of a living wage pilot programme. Having calculated the size of the living wage gaps, in 2025 we worked towards closing 50% of the gap with two major Kenyan suppliers. This pilot helps to show that progress is possible and builds momentum for further positive change across the teas and infusions industry.

TAKING ACTION FOR VALUE CHAIN WORKERS

Since the 2024 divestment of our tea estates, covered in our previous sustainability report, all agricultural workers are now located in our upstream value chain, rather than our own operations. As such, our approach relies on indirect management of impacts and risks, working in collaboration with value chain partners.

As legislative requirements in this area grow, including the introduction of the EU's CSRD, compliance demands a comprehensive approach to due diligence that goes beyond pockets of good practice. Further identifying and addressing risks in our value chain is therefore of critical importance to our business, and we continue to adopt a more mature approach to this second pillar of our sustainability strategy (Uplifting Livelihoods).

Risk assessment

In 2025, we undertook a Human Rights & Environmental Risk Assessment in partnership with twentyfifty, a consultancy that supports the development of strategic and practical approaches to respecting human rights and social sustainability issues. The objective was to identify and prioritise the most salient human rights and environmental risks across our global value chain and to support the development of an actionable roadmap for addressing identified issues.

The assessment evaluated our existing processes to respond to human rights issues, recognising our clear governance structure and progress on impact measurement, while also identifying gaps to be addressed in the action plan. These measures include improving the depth of our engagement with stakeholders and further strengthening our policies, action plans, and overall approach. It also set out recommendations to raise the maturity level of our governance of human rights and environmental due diligence, which we continue to implement going forward.

The results of the assessment will be used to inform future DMAs, including our upcoming assessment in 2026, and will shape our wider approach to tackling human rights issues across our value chain.

Continuous monitoring

Further progress will be supported by our use of EiQ, an AI-powered supply chain intelligence platform. This tool, integrated throughout our business in 2025, enables continuous monitoring of ESG-related risks across our supply chain. This includes bi-weekly, real-time ESG checks of all active suppliers to detect adverse media and compliance incidents. Consolidating over 85 million ESG data points into a single platform, EiQ helps us prioritise suppliers for engagement and improvement programs, enabling a more proactive approach to risk management.

In 2025, we onboarded 100% of our active suppliers (4 036 overall) to EiQ and conducted risk assessments and screening for all of them. The results enabled the segmentation of suppliers by risk level, and the identification of incidents that require further action.

Going forward, we will also expand the scope of our EiQ analysis, deepen our supplier engagement activities, and further strengthen internal capabilities. Together, these actions will ensure the development of a comprehensive supplier oversight system that enables targeted and effective management of value chain impacts.

Supplier engagement

Our supplier engagements include independent audits, supporting educational programmes, and promoting the use of a practical, cost-efficient scorecard currently being piloted in East Africa.

We also target specific suppliers for sustainability engagement according to their strategic relevance and opportunities to influence key sustainability outcomes. By the end of 2025, 81% of these 'focus suppliers' completed this self-assessment, with further engagements planned in 2026.

"Our supply chains are complex, and embedding human rights requires moving from policy to practice. Therefore, we deepen our understanding of risks, we respond with transparency and improve over time, across both our own workforce and our broader value chain."

Suzanne Giele
Head of Social Impact

EMBEDDING RESPONSIBILITY THROUGHOUT OUR VALUE CHAIN

Our efforts to ensure responsible working conditions are underpinned by the following policies:

1.

Our **Global Human Rights Policy** was officially codified in October 2025, and is embedded across the company. It commits us to respecting all internationally recognised human rights, including the International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles on Business and Human Rights. We are a signatory of the United Nations Global Compact since 2022. The policy applies to all employees, contractors, and suppliers, and is overseen at Board and Executive level. We operate a channel for raising grievances in relation to the policy through our Speak Up channel. To ensure continuous compliance with the UN Guiding Principles, the policy will be reviewed annually by the LIPTON Teas and Infusions Leadership Team.

2.

Our **Responsible Sourcing Policy** defines the principles and standards that all our suppliers must meet, in line with our wider 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.

3.

Our **Business Partner Policy** supports the alignment of all business relationships with LIPTON Teas and Infusions' commitments to social responsibility. It sets out a range of principles, including on upholding human rights and preventing discrimination against vulnerable workers. These principles apply to everyone at LIPTON Teas and Infusions, as well as every business partner.

4.

Our **Sustainable Sourcing & Sustainable Agriculture Principles** 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 potable drinking water and first aid, and managing exposure to harmful substances) and supporting two-way engagement with workers, including through the establishment of 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 used in our packaging materials.

In 2025, we initiated steps to merge our Responsible Sourcing Policy and the Business Partner Policy into a new, unified Responsible Partner Policy. By bringing these interrelated measures into a single framework, we will improve clarity for stakeholders and streamline internal processes. This new policy is expected to take effect in 2026.

We aim for all newly onboarded suppliers within scope to have signed the Responsible Partner Policy by the end of 2026. Within the same time frame, we aim for focus suppliers to have completed a sustainability self-assessment questionnaire, to have gone through an EiQ-based risk assessment, and for all our global and local buyers to have completed assigned EiQ training modules.

To support further management of value chain impacts, 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. These mechanisms must include protection from retaliation, as well as 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 promptly about any concerns raised. They can do so through Speak Up, our business integrity platform that enables direct, confidential, and anonymous reporting.

Consumers and end-users

To craft great teas that bring joy and inspire a healthier lifestyle, we must manufacture and deliver our products according to robust standards that support consumer health and safety.

As industry leaders, we also embrace the responsibility to build global understanding of the health benefits of teas and infusions and help consumers everywhere make better choices. In taking this integrated approach, we uphold a key pillar of our sustainability strategy: to serve tastier, healthier teas.

OUR APPROACH TO QUALITY MANAGEMENT

In 2025, we continued building on strong foundations laid in previous years to further enhance our quality assurance measures. Rigorous risk assessments and supplier onboarding, combined with a sustained focus on operational excellence across our manufacturing network, ensured another strong year of quality performance, with zero product recalls and zero critical non-conformities in our factory certification audits.

Commitment to quality and public health is infused throughout our organisation – and in 2025, we continued enhancing our approach to managing any potential or actual consumer impacts. Throughout the year, the successful implementation of the LMS continuous improvement programme further standardised our manufacturing approach across teams and manufacturing sites, enabling rapid mitigation and solution of identified issues. For more information, see the section on the LMS.

We also rolled out a more advanced consumer insights dashboard, which allows us to identify and address production issues with greater speed and precision. Data collected and analysed through this dashboard can help to inspire future innovations across product categories. As we continue developing our data-driven approach and use of automation, we aim to drive further internal efficiencies and keep delivering a superior customer experience.

AI: OUR NEW INGREDIENT IN QUALITY ASSURANCE

In 2025, we introduced a state-of-the-art AI quality control system at our Lipton factory in Jebel Ali, Dubai. This specially-developed technology, integrated with advanced robotics, scans every box on the production line and spots errors that the human eye might miss. Acting on instant feedback made possible by this tool, Jebel Ali has reduced production issues by 70%, highlighting the benefits of AI usage in quality control and serving as a blueprint for wider use across the company.

POLICY UPDATES

In 2025, we continued using a rigorous policy framework to guide our approach to product quality and risk management.

Our Code of Business Product Safety & Product Quality ensures our adherence to the highest safety and quality standards and mandates compliance with applicable regulations across the entire value chain. There were no substantial updates to this policy in 2025.

Through our Consumer-Relevant Quality Standards, we define global processes and standards for what constitutes appropriate product quality. The standards cover all product types and formats across our portfolio and outline clear actions and escalation pathways following the identification of any product defects or imperfections. This policy remains unchanged from the previous year under review.

Our Marketplace Product Incident Management Policy also remains in place, detailing our rigorous, comprehensive process for managing incidents where products or promotional items fail to meet specifications, regulatory requirements, or consumer safety standards, covering steps from initial detection to relevant corrective actions. Likewise, our Ingredient Risk Assessment & Monitoring Policy continues to outline our approach for identifying and managing risks associated with ingredients used in our products. See below for more details on contaminant reduction.

In 2025, we adjusted our innovation policy framework in line with a company-wide initiative to drive further growth and competitiveness across global markets.

OUR APPROACH TO CONTAMINANT REDUCTION

To address potential consumer health impacts, we continue to ensure that all our products align with global labelling and allergen requirements. We also acknowledge the critical importance of using pure, safe, and natural ingredients in everything we produce, and in taking decisive action to manage risks across our supply chain.

In line with this commitment, we continue to strengthen our approach to contaminant control. Focusing on anticipation, measurement, and prevention, we continuously assess and manage risks associated with pesticides, environmental contaminants, and naturally occurring compounds such as pyrrolizidine alkaloids. Throughout the year, we continued working closely with growers, suppliers, industry bodies, and scientific partners to share best practices and advance collective knowledge.

Through our LIPTON Pristine Standards, we apply strict maximum residue limits for pesticides. Depending on the ingredient and risk profile, these typically ensure residue reductions significantly below EU legal limits – already among the most stringent in the world. In 2025, we further embedded our standards across high-risk tea and herbal supply chains – a further sign of our commitment to go beyond regulatory compliance.

In 2025, we also strengthened our contaminant governance through enhanced data integration and analytics. We transitioned from high-level origin-based risk categorisation to ingredient- and supplier-specific insights, supported by digital dashboards and real-time trend analysis. This shift enables more focused supplier engagement and continuous tracking of long-term residue-reduction progress.

OUR APPROACH TO CONSUMER HEALTH ADVOCACY

In 2025, we continued advocating with external stakeholders and decision-makers to ensure that the positive impacts of tea are understood and embraced by society. Our priority is to build and sustain long-term engagements that drive progress towards our 2040 goal: for key opinion formers in health and science to endorse tea's proven benefits.

Throughout the year, our teams focused on deepening collaborations with consumers, brand advocates, healthcare professionals, scientists, industry groups, global regulators, and government authorities. A particular highlight was our engagement with the U.S. Food and Drug Administration, which helped to ensure unsweetened black tea's inclusion as a top beverage recommendation in its 2025 Dietary Guidelines for Americans.

At the brand level, Pukka continued championing the power of herbs for everyday well-being through its 'Nothing Beats Nature' campaign. Launched at the end of 2025, the campaign underscored the importance of connecting with the natural world while highlighting blends that support digestion, sleep, calm, and other wellness priorities. These efforts complement Pukka's ongoing activities to deepen understanding of the health impact of herbal teas, including scientific research and thought leadership.

Governance

Business conduct

Maintaining high standards of conduct, responsibility, and honesty across our entire company is of paramount importance. These principles are fundamental to our way of doing business.

Our robust company culture supports our ability to manage financial and reputational risks and helps to align our daily actions with our values and purpose. To uphold our high standards, we establish clear policies and track our progress through relevant targets.

Our commitment to ethical conduct extends beyond our own operations. By promoting positive behaviours among our suppliers, we look to foster responsible, sustainable growth and advance our ambition to create value for all stakeholders.

OUR BUSINESS CONDUCT TARGETS

We want all our colleagues to understand our values and ethical standards, and know how to put them into practice. In support of these goals, we have set targets on the completion of mandatory training and integrity pledges.

CATEGORY	TARGET	DEADLINE	2024	2025
Completion of training on our Code of Business Conduct by all employees	**100% completion**	Annual	93%	95%
Completion of annual pledge to business integrity by all employees	**100% completion**	Annual	76%	94%
Completion of all conduct investigations within 60 days	**60 days average**	Annual	77 days average	27 days average

TAKING ACTION TO SUPPORT RESPONSIBLE BUSINESS CONDUCT

Our expectations for responsible, respectful behaviour are outlined in our Code of Business Conduct (Code). This document contains non-negotiable rules, practical guidance on daily behaviour, and sets clear standards for employee actions and conduct.

Primary responsibility for implementing the Code resides with our Chief Legal Officer, supported by the Executive Leadership Team and Business Integrity Committees.

To maintain consistently high standards and ensure adherence to our Code in all operations, we deliver comprehensive business integrity training for all employees, and actively manage risks through measures including risk mitigation and regular reviews. We also promote active commitment to the Code by encouraging our people to sign an integrity pledge.

If employees and other stakeholders have concerns, these can be raised without fear of retaliation through Speak Up, an anonymous third-party platform for reporting conduct issues.

To counter potential corruption, we implement measures to prevent conflicts of interest, such as a requirement to disclose any external appointments. These include anti-bribery policies that set clear standards and restrictions on the receipt of gifts or favours, as well as robust record-keeping and reporting processes. Anti-money laundering protections are also in place to safeguard our financial assets.

In addition to our Code, our Responsible Sourcing Policy (RSP) and Responsible Business Partner Policy (RSBP) outline principles and standards that all partners are required to meet. Grounded in the belief that businesses should go beyond legal compliance and act with integrity, the RSP and RSBP establish our expectations for anti-bribery procedures, declarations of conflicts of interest, accurate record-keeping, and safeguarding of information.

We take various steps to protect company information and data shared with us, including through responsible handling of personal data. We strictly prohibit the receipt of non-publicly available information about competitors. 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.

To ensure responsible business conduct in external engagements, we maintain clear rules and expectations regarding contact with governments and non-governmental organisations. Key measures include training prior to stakeholder engagement, recording all contacts made, complying with authorised investigations, and prohibiting political donations connected to our company. We also adhere to fair competition laws and responsible marketing practices and report any inappropriate behaviour. To ensure transparency and accountability, employees receive guidance on communication with investors and media. We also prohibit the sharing of inside information to maintain the integrity of our operations.

In 2026 and beyond, we will continue upholding our high standards, ensuring that our people continue acting in full alignment with ethical and legal responsibilities.

POSITION	KEY ROLES AND RESPONSIBILITIES
Supervisory Board	• Provides ultimate oversight of our business integrity policy framework • Safeguards interests of all stakeholder groups
Chief Legal Officer (CLO)	• Acts as the Chief Compliance Officer • Chairs the Global Code Policy Committee • Appoints committee members, oversees the committee’s day-to-day activities, and holds a casting vote on decisions
Global Code Policy Committee (GCPC)	• Assists leadership in ensuring Code compliance • Recommends and approves Code amendments • Reviews and approves the business integrity operating model and reviews overall performance • Oversees our global business integrity training programme • Investigates sensitive cases that cannot be managed locally
Global Business Integrity Officer (GBIO)	• Supports the CLO in ensuring an effective business integrity framework • Chairs the Global Business Integrity Committee • Oversees investigations of suspected Code breaches and presents findings to GBIC
Global Business Integrity Committee (GBIC)	• Supports GBIO investigations of global cases • Representation from every region • Ensures protection for individuals reporting Code breaches • Convenes regularly to discuss the overall implementation of the business integrity framework and support the achievement of longer-term objectives

KEY METRICS ON BUSINESS CONDUCT

CATEGORY	2024	2025
Reports through whistleblower channel	784	33
% of employees trained on Code of Business Conduct	93	95
Average days taken to resolve conduct cases	77	27
Number of forced labour, child labour, or human rights cases in own operations	0	0
Confirmed corruption incidents	0	0
Convictions for violation of anti-corruption and anti-bribery laws	0	0
Fines for violation of anti-corruption and anti-bribery laws	0	0

Between 2024 and 2025, there was a significant reduction in the number of reports received through our whistleblower channel. This change reflects the sale of our tea estates in 2024. Because the estates are now owned and managed by a different company, from December 2024 whistleblower reports from estate workers are made to the new business owners rather than directly to LIPTON Teas and Infusions. Our Speak Up platform remains available for anyone in our value chain to submit a report directly to LIPTON Teas and Infusions should they wish.

Other information

Basis for preparation

This sustainability report focuses exclusively on LIPTON Teas and Infusions' own operations and brands, covering 80% 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 2025 to 31 December 2025. In some cases, brief reference is made to projects or work that were ongoing in early 2026.

Data tables

ENVIRONMENT METRICS

GHG EMISSIONS		
Scope	**2024** (tCO_2e)	**2025** (tCO_2e)
Gross Scope 1	16 119	9 213
Gross location-based Scope 2	23 997	23 387
Gross market-based Scope 2	23 538	24 902
Gross Scope 3	989 221	845 665
1. Purchased goods and services	834 146	672 836
2. Capital goods	8 272	6 461
3. Fuel- and energy-related activities	9 709	7 893
4. Upstream T&D	75 917	79 338
5. Waste	1 524	2 102
6. Business travel	3 704	3 123
7. Employee commuting	4 080	3 714
9. Downstream T&D	449	462
12. End-of-life	51 420	70 186
Total GHG emissions (location-based)	**1 051 103**	**878 265**
Total GHG emissions (market-based)	**1 050 644**	**879 780**

ENERGY CONSUMPTION		
Energy source	**2024**	**2025**
Non-renewable energy consumption (kWh)	37 620 596	45 756 044
% non-renewable	77	85
Renewable energy consumption (kWh)	11 527 395	8 137 959
% renewable	23	15
Total energy consumption (kWh)	**49 147 991**	**53 894 002**

OTHER ENVIRONMENTAL METRICS		
	2024	**2025**
Total water consumption from all areas (m^3)	64 689	72 070
Total waste produced (tonnes)	4 377	5 469
Total weight of non-hazardous waste (tonnes)	4 376.5	5 468.2
Total weight of hazardous waste (tonnes)	0.5	0.8
Percentage of production facilities and offices with zero waste to landfill (%)	100	100

OUR WORKFORCE METRICS

NUMBER OF EMPLOYEES BY GENDER	
Self-declared gender	**Number**
Male	1 925
Female	851
Other	1
Not reported	130
Total	**2 907**

GENDER DISTRIBUTION AT SENIOR MANAGEMENT	
Self-declared gender	**Number**
Male	8
Female	2
Other	0
Not reported	0
Total	**10**

NUMBER OF EMPLOYEES BY AGE	
Age	**Number**
Under 30	372
30-50	2 025
Over 50	510

PAY AND REMUNERATION		
Metric	**2024**	**2025**
Gender pay gap	-6.90%	-9.45%
Remuneration ratio (ratio of highest-paid individual to median worker)	37.95	38.05

HEALTH AND SAFETY		
Metric	**2024**	**2025**
Number of fatalities	0	0
Number of work-related accidents	4	1
Days lost due to work-related injury	737	0
Total recordable frequency rate	0.9	0

CONSUMER HEALTH		
Metric	**2024**	**2025**
Number of product recalls	0	0

TRAINING AND DEVELOPMENT		
Metric	**2024**	**2025**
% of employees participating in regular performance reviews	49	44
Average training hours per employee (annual)	5.3	3.8

BUSINESS CONDUCT		
Metric	**2024**	**2025**
Reports through whistleblower channel (this figure includes reports from own operations and the value chain, e.g. tea estates)	33	784
% of employees trained on Code of Business Conduct	95	93
Average days taken to resolve conduct cases	27	77
Number of forced labour, child labour, or human rights cases in own operations	0	0
Confirmed corruption incidents	0	0
Convictions for violation of anti-corruption and anti- bribery laws	0	0
Fines for violation of anti-corruption and anti-bribery laws	0	0

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