



Modern Slavery
and Human Trafficking
Statement
FY 2022

LIPTON
Teas and Infusions

About this statement

This is a statement made under Section 54 of the UK Modern Slavery Act 2015. It seeks to outline the steps taken by ekaterra UK Limited during the previous financial year (FY 2022, ending 31 December 2022) to assess our susceptibility to modern slavery risks, review our due diligence and risk assessment practices, and continue to ensure that modern slavery and human trafficking is not taking place in any of our supply chains.

The term "modern slavery" is used in this statement to describe a broad range of situations. These include, but are not limited to, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting practices and child labour. It also includes the withholding or seizure of personal identification documentation. "Human trafficking" occurs when a person arranges or facilitates the travel of another person with a view to the other person being exploited.

This statement is made by and on behalf of ekaterra UK Limited (hereinafter referred to as '**ekaterra**').

1. Organisational Structure and Supply Chains

A. Organisational Structure

Ekaterra is a consumer goods company that produces tea and other herbal drinks. Formed in 2021 out of the divestiture of the majority of Unilever's global tea division, Ekaterra was bought by CVC in July 2022 in a long-term strategic investment. CVC is a leading private equity firm, with offices throughout Europe, the US and Asia.

Ekaterra Global is the world's leading tea business with a portfolio of 34 tea brands which are sold in more than 100 countries, including Lipton, Tazo and T2 as well as PGTips, Scottish Blend and Pukka in the UK. Our aim is to accelerate growth in the sustainable development of the industry through a purpose-driven approach to our products, people, and communities.

Ekaterra Global is headquartered in Rotterdam, Netherlands and owns tea estates in Kenya, Tanzania and Rwanda, has a further eleven production facilities across four continents. Globally, we employ close to 16,000 people, including temporary and seasonal workers.

B. Supply chains

Ekaterra operates in the tea and herbals industry. We source our raw ingredients from suppliers and farmers all over the world and we have a large and diverse supply chain operating across several industries, including agriculture and manufacturing. These industries are considered inherently high-risk from a human rights and modern slavery perspective. Modern slavery risks are further exacerbated by the highly seasonal nature of agricultural work and temporary labour, meaning there is a greater degree of risk of forced or child labour.

We foster long-term relationships with the majority of our suppliers, providing them with stability and security. A large proportion of our suppliers were originally suppliers of Unilever and were therefore subject to the Unilever Supplier Qualification System ("**USQS**"). The USQS enabled the company to ensure that it identified approved partners for the products it wanted to source, conducted the necessary due diligence and risk assessments on those partners, and to identify where further audit verification was needed on suppliers prior to partnering with them.

Ekaterra is still, to an extent, reliant on Unilever policies and guidelines whilst we migrate these onto our own headed documents. In FY 2022, we continued to use Unilever's Responsible Sourcing Policy ("**RSP**") to manage risks associated with procurement in our supply chain. As set out in the RSP, suppliers identified as high-risk (due to a combination of the nature of the products and services supplied, and their geographic location) are required to undergo independent third-party audits or to be certified to a trade standard that we recognise as being equivalent to or exceeding the standards set out in our RSP, such as the Rainforest Alliance Certification or Fairtrade Certification. Similarly, for suppliers that deliver ingredients to us, we additionally require adherence to our Sustainable Agricultural Code. As previously, where suppliers are certified with Rainforest Alliance Certification or Fairtrade Certification, we consider this to be equivalent to the standards set out in the Sustainable Agricultural Code. Beyond our agricultural suppliers, all of our packaging suppliers are also subject to our RSP and undergo audits. Where packaging suppliers are certified by the Forest Stewardship Council ("**FSC**"), we consider this to be equivalent to the standards set out in our RSP.

In January 2023, Unilever's Responsible Partner Policy ("**RPP**") superseded its RSP and Responsible Business Partner Policy ("**RBPP**"), merging the two. The RPP sets the standard and provides guidance on what we expect of our business partners. It represents a minimum standard required in order to do business with us. Whilst suppliers are not expected to sign up to the RPP, suppliers are required to confirm to us that they can and do meet or exceed our minimum expectations through the applications of their own policies and procedures.

Looking forwards, ekaterra is committed to developing its own Responsible Sourcing Policy and Responsible Business Partner Policy. These policies are being

introduced to our suppliers in two waves, with the first wave already having taken place in April 2023, and the second wave due to take place in July 2023.

Tea

We source our tea through long term contracts with suppliers, through traders and through auction buying.

Our tea is sourced from a large number of countries, including India, Indonesia, Kenya, Malawi, Rwanda, Sri Lanka, Tanzania and Uganda.

Herbals

For our herbal teas, we work with trusted partners to make our products, including sourcing and blending herbal raw materials. These blends are then packed in our own factories. Our partners are businesses with whom we have long-standing relationships and who are licenced to handle organic and Fair for Life certified materials. Our herbal tea partners are based in Germany, Turkey, the United Kingdom and the United States of America.

Services

We source our services from a wide range of countries, including but not limited to Australia, China, Czech Republic, France, Greece, Indonesia, Japan, Kenya, Peru, Qatar, Spain, Sweden, Turkey, the United Kingdom, and the United States of America, amongst many others.

2. Our Policies

As an organisation operating in the food and agriculture production field, we have a responsibility to uphold the values and standards expected of us and we are committed to the highest standards of ethical and legal business conduct. Our policies demonstrate our ongoing commitment to tackling modern slavery and ensure coordinated action is taken throughout the entirety of our business operations.

Code of Business Principles

Our Code of Business Principles (the "**Code**") applies to all of our employees and provides a comprehensive set of principles for how we put our values into practice across our entire business operations - from our supply chain, to cyber and information security.

The Code sets out a baseline of compliance with local laws and regulations of the countries we work in and prohibits the use of forced, compulsory, trafficked and child labour. The Code respects the dignity of individuals and the right of employees

to freedom of association and collective bargaining and in line with International Labour Organisation Standards, ensures that all employees have obtained employment with ekaterra without the payment of recruitment fees. It further outlines the responsibilities of employees who engage with third parties, ensuring that standards contained separately in the RSP and the RBPP are adhered to by third party suppliers.

We also provide a confidential Code Support Line for employees to report actual or potential breaches of the Code, whether relating to breaches by other employees or individuals acting on ekaterra's behalf.

Responsible Partner Policy

We are committed to establishing mutually beneficial relations with our suppliers, customers and business partners. The Unilever RPP, which ekaterra adopted when it came into force in January 2023 and which will remain in force until superseded by ekaterra's own RSP and RBPP in April and July 2023, contains 17 Fundamental Principles to define our approach to setting the standards required of our business partners, from Tier 1 suppliers and suppliers that in turn contract with our Tier 1 suppliers, to customers and business partners that we directly contract with to distribute products on behalf of ekaterra. All business partners are expected to meet or exceed these standards, and in line with our approach of moving beyond a compliance model, we encourage our partners to put in place their own policies, training, governance, and compliance programmes tailored to the scope of the activities they perform.

Our human rights commitments embedded within the RPP are aligned with the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights and the principles set out in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The RPP outlines the Fundamental Principles expected of our business partners which aim to ensure that all individuals to whom the RPP applies are guaranteed fair wages, freely agreed terms of employment, access to grievance mechanisms, freedom of association, and safeguards against underage labour.

We assess alignment with the RPP through self-declaration, due diligence scanning that aims to identify and prevent any human rights impacts, and independent verification by third-party auditing. Business partners and their employees can report actual or suspected breaches of our RPP confidentially and anonymously through our Code Support Line.

As previously, ekaterra is committed to developing its own Responsible Sourcing Policy and Responsible Business Partner Policy. The first wave of implementing these policies began in April 2023, with a further wave due to take place in July 2023.

Other

In addition to the above policies, ekaterra uses the ethics reporting platform Convercent to provide a confidential reporting mechanism for both its employees and suppliers.

3. Due diligence processes + Risk assessment and management

In addition to the aforementioned supplier audits, a number of ekaterra's brands have committed to sourcing their products sustainably and are certified by voluntary certification bodies which set stringent human rights and sustainability standards, including:

- **Rainforest Alliance:** our suppliers are Farm Rainforest Alliance certified. Tea sourced from farms via traders and brokers is verified through the Rainforest Alliance Supply Chain Risk Assessment, ensuring that all aspects of our supply chain are certified to the standards of the Rainforest Alliance.
- **Fairtrade:** a small percentage of our tea is Fairtrade certified, meaning that standards relating to pay rates, freedom of association, safeguards for worker safety, and prohibitions on forced and child labour are audited and adhered to.

Reporting failings in managing risks

For our tea suppliers in particular, we monitor instances of non-compliance with our own policies and external certification standards to tackle instances of modern slavery and forced labour within our business. For example, where non-conformities in relation to the Rainforest Alliance certification are found, the Rainforest Alliance shares the non-compliance with the supplier, who must then take actions to ensure that the issue is addressed within three months. Follow-up desktop analysis or local audits are conducted to ensure that all non-compliances have been closed satisfactorily.

Risk areas specific to ekaterra

We are aware that there are inherent human rights risks present in our business due to the industries that we operate in. Our Procurement Team uses supply chain risk assessments to identify key risk areas on the ground in the countries in which we operate through discussions with suppliers and other industry organisations.

Specific risks that we have identified in the last financial year as a result of this risk analysis include living conditions, wages, women's safety and gender equality across a number of geographic regions, including Kenya, Malawi, Sri Lanka and Tanzania.

4. Key performance indicators

We are committed to setting key performance indicators to monitor and tackle modern slavery within our business, including:

- we aim to be transparent about our tea suppliers. In FY 2022 and going forwards, we are committed to publishing a list of all our tea suppliers on our website annually;
- for FY 2023, we are aiming to ensure that 100% of our suppliers and customers have signed up to ekaterra's new Responsible Sourcing Policy and Responsible Business Partner Policy;
- in FY 2022, we sourced 98% of our tea from sustainable sources.¹ Going forwards, we aim to maintain or improve this figure.

For the coming FY 2023, we are working towards strengthening our approach to monitoring risks with the goal of strengthening our compliance in the modern slavery space.

5. Training on modern slavery and trafficking

We provide training on our Code of Business Principle of Respect, Dignity and Fair Treatment for all employees. In our tea estates, training on the Code of Business Principles are provided quarterly to all workers.

Declaration:

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and has been approved by the Board of Directors of ekaterra on June 29, 2023, and is signed below by a director. It will be reviewed and updated on an annual basis as necessary.

Liam McNamara

Liam McNamara
Director

¹ Sustainable sources encompasses any tea procured by us which is certified to at least one of the following standards: Rainforest Alliance, Organic or Fairtrade.