



Cafea UK Ltd / European Coffee Corporation Ltd
Modern Slavery and Human Trafficking Statement 2022

Cafea UK Limited
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Registered in England: 2974751 Registered office: Unit B, Chiltern Park Industrial Estate, Boscombe Road, Dunstable, Beds LU5 4LT

Introduction

This is our fourth modern slavery statement and is made pursuant to s.54 of the Modern Slavery Act 2015 and sets out the steps that Cafea UK Ltd has taken, and is continuing to take to try and prevent modern slavery or human trafficking taking place within our business or supply chain. This statement also covers the requirement for European Coffee Company (ECC) which is a non-trading holding company.

Organisation Structure

Cafea UK Ltd is part of the Cafea Group which is a privately-owned group of companies with the head office in Hamburg, Germany.

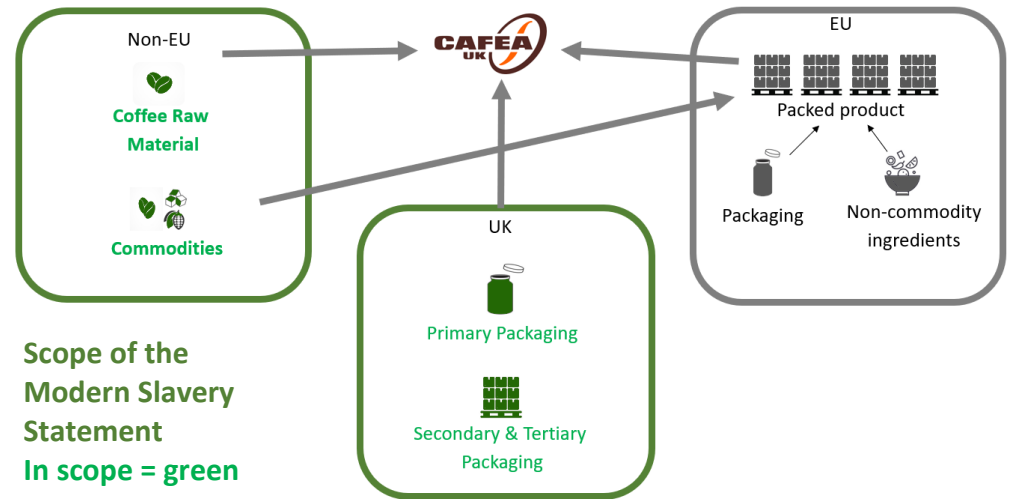
There are eight manufacturing sites within the group, the main focus being instant coffee, but other products such as liquid coffee, cappuccinos, hot chocolates, baby foods formula, creamers and coffee substitutes also feature. The packaging formats are varied and include; bulk bags, 25kg bag in box, tubs, tins, glass jars, individual sachets and pouches.

Cafea UK is based in Dunstable where it processes and packs instant coffee. The manufacturing site was purpose built in 1995 and carries out blending, agglomeration (granule-forming) and packing of instant coffees. The site has one agglomerator and four packing lines. The UK operation employs 61 staff in total, with 27 in production, operating a two-shift system, 5 days a week. Finished products are packed either into glass jars, composite tubs or flexible pouches. The company also packs instant coffee in 25kg boxes for other food manufacturers.

The company also sells products produced by other Cafea group companies and sourced from 3rd party suppliers to retail supermarkets, wholesale outlets and food services providers in the U.K. and Europe. These include instant coffees and cappuccinos, hot chocolates, drinking chocolates and liquid coffees.

Supply chains

Coffee is the main raw material commodity followed by sugar and cocoa. We have identified greater risks among suppliers of commodities in the countries of origin and have therefore focused on these supply chains. Our main primary packaging*¹ is glass jars and plastic caps, but we also use big bags, 25kg bag in box, tubs, tins and pouches with supply coming mainly from the UK. We are directly connected to these suppliers, which means we have greater connection to the site and possibly more influence over labour issues. For imported finished pre-packed goods that we buy we rely on the packing sites to manage their suppliers for packaging and non-commodity ingredients.



Commodity Sourcing Countries

Coffee, sugar cane and cocoa are grown anywhere between the two tropics and sugar beet in more temperate climates, therefore our supply chain map covers Africa, Central and South America, Asia, Caribbean, Europe and Oceania.



Coffee



Cocoa



Sugar

Our supply chain consists of 50 manufacturing sites from 11 countries, who in turn take supply from many other countries. At present our products contain ingredients whose origin can be traced back to one of 30 countries*².

*¹ BRC Global Food Standard Definition - The packaging that constitutes the unit of sale to the consumer or customer (e.g. bottle, closure and label of a retail pack or a raw material bulk container).

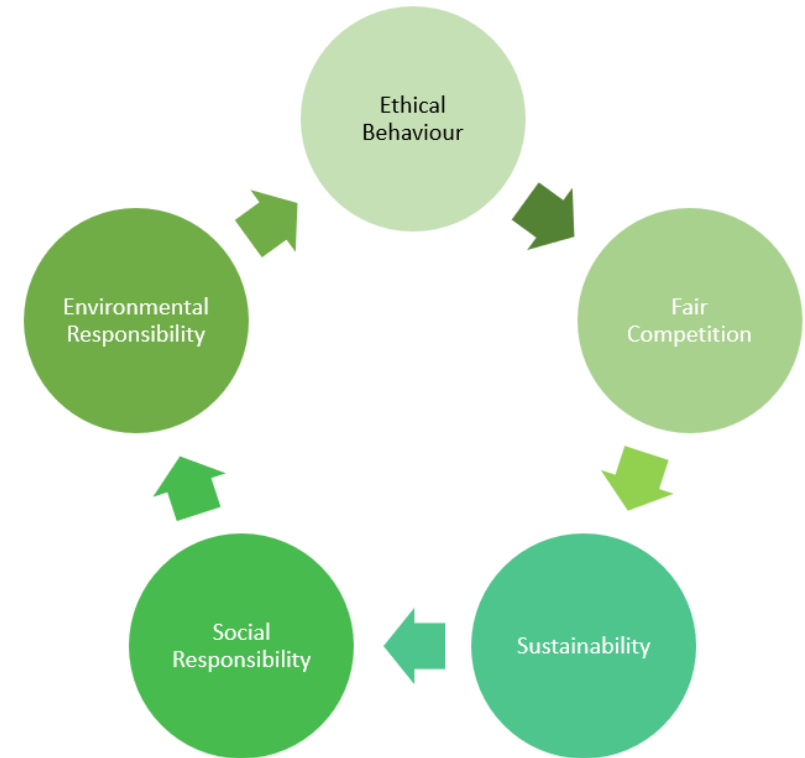
*² E.U has been counted as one country

Relevant policies

Cafea Gruppe Sustainability and Ethical and Human Rights

The Cafea Group are convinced that sustainable business relationships can only develop in societies that protect and respect human rights. We understand that doing business also entails a responsibility to uphold human rights and at the same time provide an opportunity to have a positive impact on their protection.

In accordance with the UN's guiding principles for business and human rights, our declaration is based on the international human rights charter and on the principles of fundamental rights as set out in the International Labour Organisation's statement on fundamental principles and rights at work. We are committed to respecting all internationally recognised human rights that are relevant to our operations.



As a private label manufacturer, we actively offer our customers coffee from sustainable cultivation. We are Rain Forest Alliance (RFA) and Fairtrade (FT) certified. As part of the group's Fairtrade and Organic activities, we have been helping coffee plantations worldwide for more than twenty years to switch over to organic cultivation combined with Fairtrade partnerships and long-term buying relationships.



Cafea UK has always set high standards for the way it conducts its business. Our operations are conducted with integrity, honesty, fairness and transparency and we have many policies and practices within the business to support this.

CAFEA UK Sustainability Plan

At the start of 2020 we established a Sustainability Plan, an ongoing project caring for the planet and people. One of the main areas of focus was 'Drive Ethical Sourcing'. New targets are set each year.

We will only use coffee beans from ethical, sustainable and responsible sources



Target

Maintain our sustainable, ethical and responsible sourcing.

With

95%

of direct suppliers have a SEDEX SAQ completed by the end of 2022

Ethical Policy

This policy details the main elements that reinforce our ethical approach such as; Cafea Group Ethical and Human Rights Statement, SEDEX, Modern Slavery Act, Stronger Together Initiative, Anti-bribery Policy and our Supplier Code of Conduct.

Code of Conduct

We operate a zero-tolerance approach to slavery and human trafficking and expect our suppliers to comply with this standard. We have created a Code of Conduct that requires our supplier's agreement, which includes an obligation to register with SEDEX and to comply with the ETI base code. There is also a requirement to gain awareness of the Modern Slavery Act and supply chain issues with the aim to ensure that there is no modern slavery or human trafficking within our business, our supplier's businesses or our supply chains.

SEDEX

Cafea UK has been committed to complying with the ETI base code since its launch, and have been members of SEDEX since 2005. We had our first ethical audit in 2004 and continue to undergo SMETA audits routinely, as do many of the other Cafea Group companies.

Supplier Approval and Management

When a potential new supplier is identified, they are sent our Code of Conduct and have to complete a Self-Assessment Questionnaire which asks for their SEDEX Company / Site code. It is a condition of supply that they register to SEDEX and link to Cafea UK. The current supplier based is also being contacted and encouraged to sign up to SEDEX as we move through the packaging tiers.

Due Diligence Processes

All suppliers of raw material and primary packaging to CAFEA UK have to go through a supplier approval process, which includes a questionnaire, certification and a possible audit based on risk.

CAFEA UK supplier audits have been conducted in South America on key suppliers.

The primary packaging suppliers are audited on a risk-assessed basis by CAFEA UK in person ^{*3}, this is primarily a food safety and quality audit but also covers ethical aspects such as policy details and evidence of any discrimination or restriction of personal rights.

Traceability exercises are routinely carried out with packaging suppliers and product suppliers to trace green beans back to the country of origin so that we have full visibility of the supply chain.

Approximately one third of our products are sold in compliance with FT or RFA standards, forced labour is prohibited in the FT Standard and the RFA Certification programme published this year has a “assess and address” approach to tackling human rights issues such as forced labour, which will not be tolerated on certified farms or in companies.

We subscribe to the principles of Stronger Together, a multi-stakeholder initiative aiming to reduce modern slavery, particularly hidden forced labour, labour trafficking and other third-party exploitation of workers within the supply chain.

CAFEA UK are members of the British Coffee Association, an industry run body that works to keep members informed of many different topics relating to coffee. We actively participate in the Association’s Sustainability Sub-group, covering topics such as sustainability, transparency, modern slavery and human rights.

We also subscribe to several industry newsletters and attend customer lead sessions covering such topics as Stronger Together and the Modern Slavery Act.

^{*3} when permitted – (COVID restrictions on some sites for 2021)








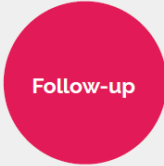


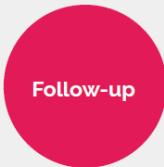

Risk assessment and management

Our supply chain is large and complex. We know that slavery, servitude, forced labour and human trafficking (Modern Slavery) is a global issue, existing in every region in the world and in every type of economy. No sector or industry can be considered immune or untainted. We all have a responsibility to be alert to the risks, however small, in our business and in the wider supply chain. Once again, to help us achieve this, we are targeting our actions where they can have the most impact by prioritising our risks, using RADAR from SEDEX.

RADAR, SEDEX risk assessment tool

Radar enables us to conduct a risk assessment of our business and supply chain, assessing risks by country and sector, and also by site.

The tool contains risk data based on independent and reputable sources that assess risks in the four SMETA pillars and 14 risk topics. Radar also includes site data that is based on information uploaded by suppliers, in their profile and Self-Assessment Questionnaire (SAQ), and from third-party audit reports. There are three steps / tools:

Radar tool	Risk assessment stage	Informs next steps
Pre-screen	 	 
Risk assessment	  	 
Site assessment		 

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RADAR Pre-Screen: Commodity Risk Assessment

The pre-screen demonstrates risk associated with commodities and their country of origin. It shows the exporting countries by values and identifies if any of these are at risk of having Forced Labour, it also shows any additional countries that are at risk of Forced Labour for that Commodity.

Coffee

Outcome: Brazil Identified as a risk in our supply chain, see Site Overview.

Potential high risk product	Export country/region	Export value (USD)	Forced labour
Coffee	Brazil	5.0B	RISK
	Switzerland	2.9B	
	Germany	2.6B	
	Colombia	2.5B	
	Viet Nam	2.0B	
	Italy	1.7B	
	France	1.4B	
	Indonesia	821M	
	Ethiopia	797M	
	Netherlands	795M	
	Guatemala	653M	
	Uganda	515M	
	Nicaragua	440M	
	Mexico	410M	
	Costa Rica	328M	
	Kenya	215M	
	Tanzania, United Republic of	150M	
	El Salvador	108M	
	Côte d'Ivoire	No data	RISK
	Guinea	No data	



Sugar

Outcome: No country identified at risk of forced labour in our supply chain.



Potential high risk product	Export country/region	Export value (USD)	Forced labour	
Sugar beets	Germany	19M		
	Slovakia	6M		
	Slovenia	5M		
	Belgium	4M		
	Hungary	3M		
	Latvia	2M		
	Poland	1M		
	Denmark	1M		
	Lithuania	584K		
	Spain	535K		
	Turkey	435		
	Sugarcane	Morocco	109M	
		Spain	6M	
United Kingdom		3M		
Portugal		3M		
Cyprus		1M		
Italy		1M		
Costa Rica		1M		
Turkey		1M		
Egypt		555K		
Guatemala		483K		
India		82		
Belize		No data		
Bolivia, Plurinational State Of		No data	RISK	
Cambodia		No data		
Colombia		No data		
Dominican Republic		No data	RISK	
El Salvador		No data		
Kenya		No data		
Mexico		No data		
Myanmar		No data	RISK	
Pakistan		No data	RISK	
Paraguay		No data		
Philippines		No data		
Uganda		No data		
Viet Nam		No data		
Zimbabwe		No data		
Brazil		94	RISK	
Thailand	24			

Cocoa

Outcome: Nigeria and Cote d'Ivoire show risk of forced labour and are in our supply chain, however the only cocoa we buy from these countries is Fairtrade certified and forced labour is prohibited in the Fairtrade Standard.

Potential high risk product	Export country/region	Export value (USD)	Forced labour
Cocoa	Germany	6.1B	
	Netherlands	5.0B	
	Belgium	2.7B	
	Italy	2.2B	
	Poland	2.1B	
	France	2.1B	
	Canada	1.7B	
	United States	1.7B	
	Malaysia	1.5B	
	Indonesia	1.2B	
	Nigeria	350M	RISK
	Brazil	303M	
	Cameroon	No data	
	Côte d'Ivoire	No data	RISK
	Ghana	No data	
Guinea	No data		
Sierra Leone	No data		



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RADAR Risk Assessment: Matrix

The Risk Assessment Matrix – analyses our supply chain risks by comparing the inherent risk in which our supplier operates (e.g the country and sector) with the site risk (the specific characteristics of our suppliers).



The RADAR risk assessment matrix shows the risk associated with each supplier. Some sites are lower risk than others, but operate in a high-risk environment; some sites are higher risk than others, but operate in a low-risk environment. It is considered best to put supplier risk first: We know that bad labour practices can occur even in countries where standards are good, and in a country where there are poor labour standards, a good supplier can be effective at managing risks. We are also more likely to have influence over a supplying site than a country or sector.

Our matrix shows that five of our suppliers currently sit in the Critical Priority area, with high inherent and high site risk, we will focus on these sites using the Site Assessment Overview. Three of these five suppliers are based in Brazil which has been identified as having a risk of forced labour in coffee supply chains.

Sedex Risk Assessment Matrix ?

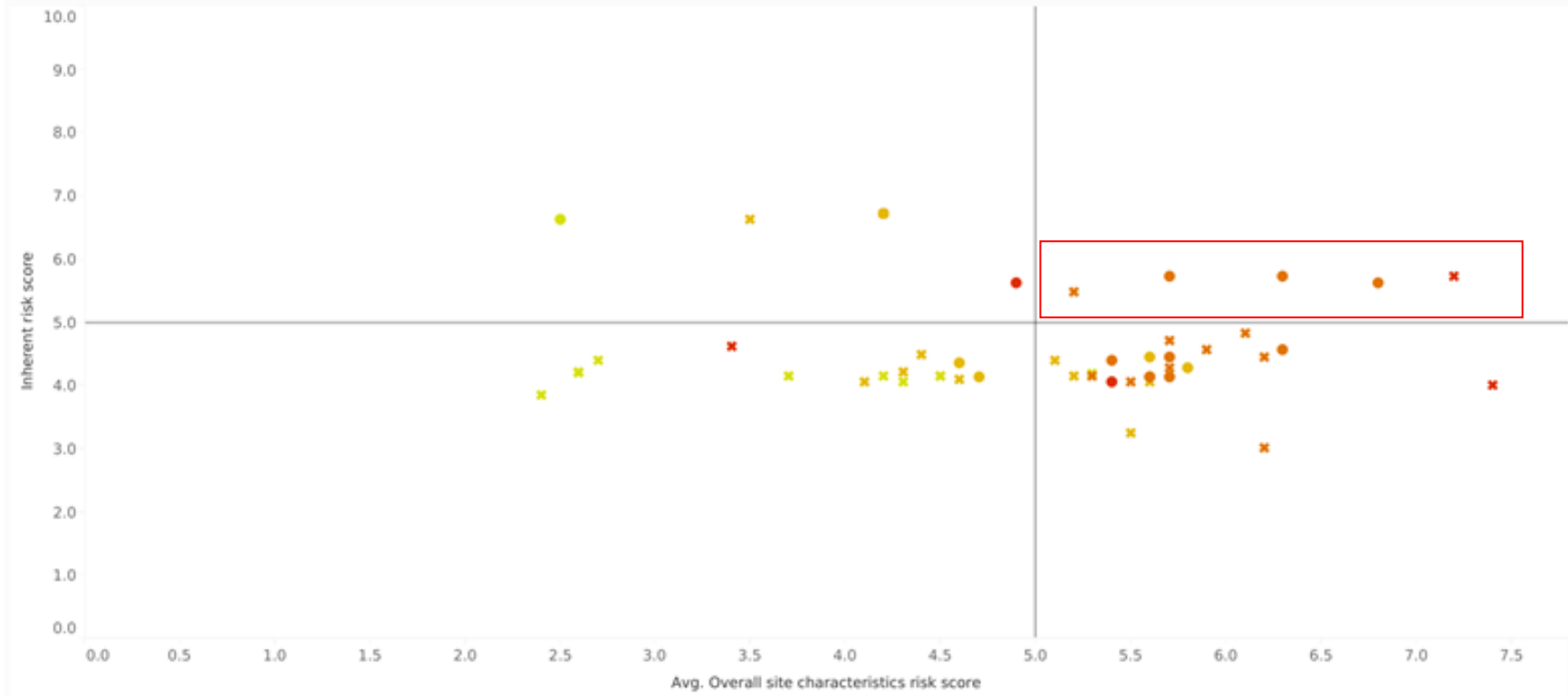
Explore relative labour, human rights, governance and environmental risks within your business and supply chain.

Sites: **50** Countries/Regions: **11** Companies: **38**

Buttons: Expand Matrix, Data Sheet, Advanced Filters

Filters: View: All, Customer: All, Continental region: All, Country/Region: All, Audit date: To Null, Audits selected: All audits

Inherent risk vs site characteristics



Audited in last 2 years?
 x No
 ● Yes



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RADAR Site assessment: Site Overview

The Site Assessment - analyse and understand the complexity of risk associated with a single site.

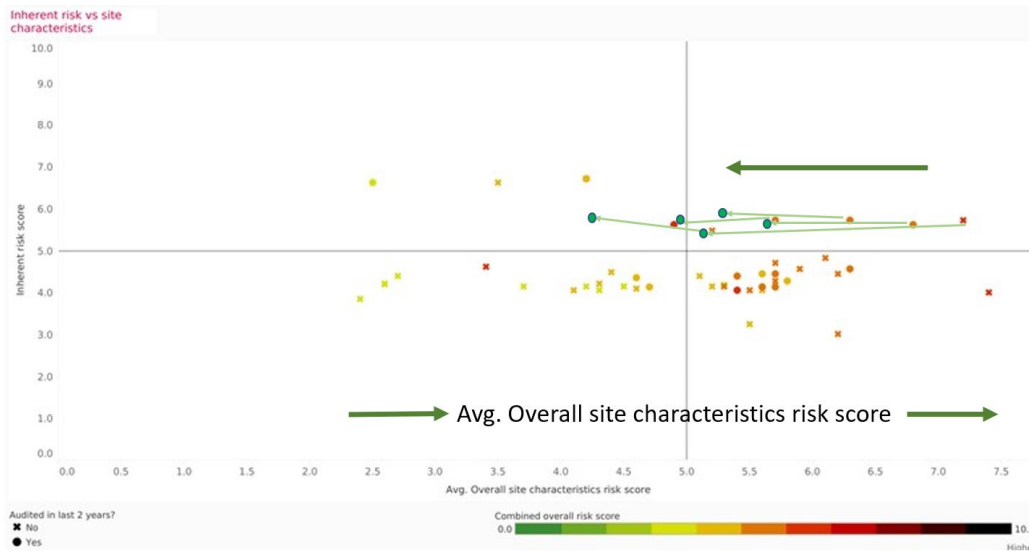
We looked at the Site Assessment page for each of the five suppliers in the critical priority sector (see previous chart). To focus on Forced Labour, we reviewed inherent and site-based scores for Labour standards (see chart on the right).

Three of these five suppliers are based in Brazil which has been identified as having a risk of forced labour in coffee supply chains (see commodity risk assessment), hence the high inherent risk scores for Labour Standards. Also in all cases the Site Characteristic risk score for Labour standards was lower than the Inherent risk score, indicating the site is performing better than average for that country.

As the 'overall site risk score' covers many areas, such as Health and Safety, Business Ethics and Environment as well as Labour Standards, we decided to plot the 'Labour Standards risk score' instead of the 'overall site risk score' on the risk assessment matrix.

Pillar-level risk scores

	Supplier 1 Labour standards	Supplier 2 Labour standards	Supplier 3 Labour standards	Supplier 4 Labour standards	Supplier 5 Labour standards
Inherent risk score	5.3	5.9	5.9	5.9	5.9
Site characteristics risk score	4.4	4.9	5.4	5.6	5.1



- The following can be noted on the amended risk assessment matrix (on the left):
- 1) In all cases the Site Characteristic risk score for Labour standards was lower than the overall Site Characteristics risk score so all the data points moved to the left, indicating that it is not Labour standard issues that are giving the site its high-risk score.
 - 2) Two sites moved into the Medium Priority sector of the matrix.

While the five suppliers are in the critical priority sector of the risk assessment, they are not there due to Labours Standards / Forced Labour issues. Three suppliers do however remain in the critical priority sector, so using the site overview tool, we were able to review the most recent external SMETA ethical audit findings as this is more representative than the SAQ which the site completes. All three sites have had audits in the last two years and no non-conformances were raised relating to forced labour issues.

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RADAR Forced Labour Indicator Tool

Sedex have recently launched a Forced Labour Indicator Tool, the aim is to draw attention to operational indicators of forced labour within the supply chains. These indicators can - either independently or in various combinations – indicate the potential risk of forced labour through a worker’s employment cycle. The reports within the tool draw on non-compliances and observations raised during audits to identify where operational indicators have been identified within the supply chain. The number of indicators identified at specific sites, and their strength (definite, strong or possible), are weighted to calculate a site’s audit indicator score. This is presented alongside additional risk information that can help to understand if the site is considered to be exposed to forced labour risks, such as the risk of forced labour within the country and sector, the presence of vulnerable workers and the site’s employment practices.

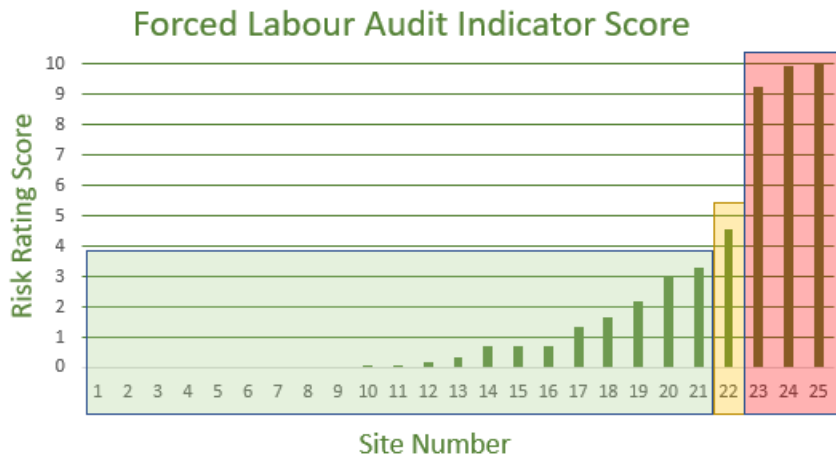
We looked at the data available for the twenty-five sites that have had audits.

Indicators of Force Labour from Audits				
Level of Indicator	None	Possible	Strong	Definite
Percentage of Supply Base	36	28	36	0

The chart on the left shows that 36% had no indicators of forced labour, 28% had possible indicators and 36% were found to have strong indicators, reassuringly none were found to have definite indicators.

Then we looked at the Forced Labour Audit Indicator score and found that 21 sites scored low, one site was medium, with only three sites with a high audit indicator score.

We will use this information to create a shortlist of sites that require further attention and contact them. This will include any sites with ‘definite’ indicators, as well as those with a high audit indicator score.



Conclusion

Whilst we haven’t identified evidence of modern slavery in our supply chain, we are concerned that we have suppliers in the critical priority sector for labour standards and suppliers with a high forced labour audit indicator score. We will work with these suppliers to improve their site labour standards. The aim will be to reduce the risk and indicator scores so that they move down to medium, we will report on our progress in the next statement.

Key performance indicators

To demonstrate year on year progress of addressing risks and improving outcomes for workers in our business and supply chains, we will report on the above Indicators of Forced Labour and the below KPI's.

	Signed Code of Conduct %	Registered on SEDEX %	Linked to CAFEA UK %	100% SAQ %
Raw Material / Product				
2020	25	100	88	63
2021	62	100	100	77
Primary Packaging				
2020	0	95	64	55
2021	83	91	87	65
Secondary and Tertiary Packaging				
2020	not in scope	not in scope	not in scope	not in scope
2021	100	83	75	67

Labour Standards Site Characteristics Risk Category %				
All Suppliers				
	Low Risk	Medium Risk	High Risk	No rating
2021	8	62	27	4

Key Points

Visibility within SEDEX of our suppliers has significantly increased since our last statement. We have also put more emphasis on sharing our Code of Conduct with our suppliers which is reflected in the data.

We will continue to encourage new and existing suppliers to register with SEDEX and complete the SAQ which will give us access to the RADAR tool to help assess our supply chain for modern slavery risks.

Key Points

Although the risk assessment matrix shows us which suppliers to prioritise, it is also useful to look at the Labour Standards Site Characteristics Risk Category for each supplier. We are concerned that we have suppliers scoring High risk on Labour standards for their site. We will work with these suppliers to improve their site labour standards, the aim will be to reduce the risk score so that they move down to medium risk, we will report on our progress in the next statement.

Training

We have trained key members of staff in Modern Slavery and Stronger Together using attendance of specific conferences on the subject, customer run briefings and email updates from various sources. This will continue in the future.

A briefing to all staff and suppliers will be issued on the publication of the updated CAFEA UK Modern Slavery Statement.

Plan for 2022

The scope of our Modern Slavery Statement will remain the same as this year, as we believe there are still opportunities to make a difference within this supply base. Working with our suppliers who are in the critical priority sector or who score high for risk in labour standards will be our main focus, with the aim to reduce the risk at their sites. We will continue to encourage all our suppliers to register on SEDEX and fully complete their SAQ so that we can use the RADAR tool to assess our supply chain for modern slavery risks and concentrate our efforts where needed. We will also encourage sites to have a SMETA audit as the information gathered from these, such as the Forced Labour Indicators is critical in improving workers rights throughout the supply chain.

This statement was approved by the Board of the Cafea Group GmbH



Sonja Bentley
Managing Director