



Cafea UK Ltd / European Coffee Corporation Ltd Modern Slavery and Human Trafficking Statement 2023

Cafea UK Limited
Chiltern Park, Dunstable, Beds LU5 4LT
T: +44 (0) 1582 478855 F: 44 (0) 1582 478866 www.cafeauk.com

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

Introduction

This is our fifth 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.

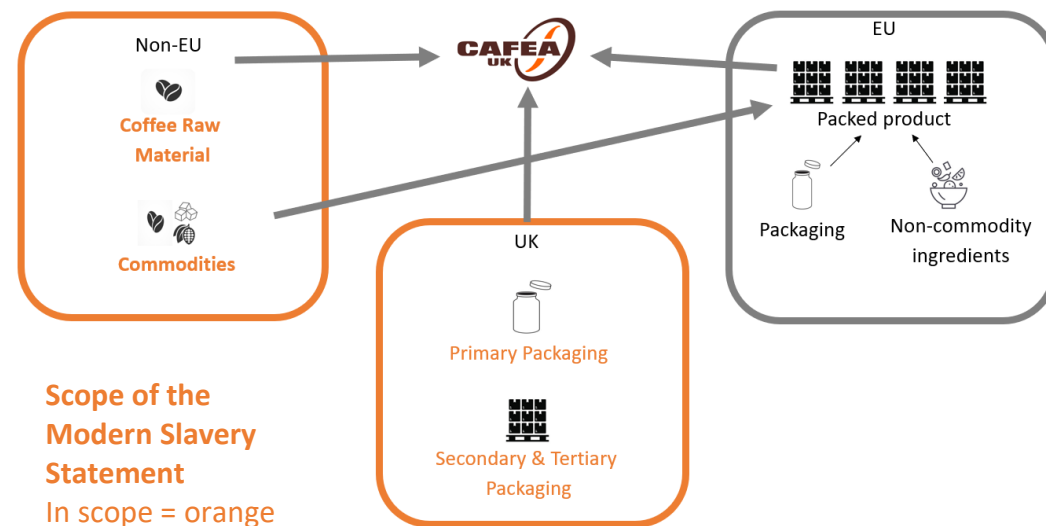
Cafea UK is based in Dunstable where it processes and packs instant coffee. The manufacturing site was purpose built in 1995 and carries out blending, agglomeration (granule-forming) and packing of instant coffees. The site has one agglomerator and four packing lines. The UK operation employs 65 staff in total, with 28 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, roast and ground coffee, coffee bags, coffee pods and drinking chocolates.

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 purchase directly from these suppliers, which means we have greater connection to the site and more influence over site standards affecting labour issues.

For imported finished pre-packed goods that we buy we rely on the packing sites to manage their supply chain for packaging and non-commodity ingredients, this is covered by country specific laws and soon to be EU wide legislation that will prohibit products made with forced labour from being sold in, imported to, or exported from, the EU.

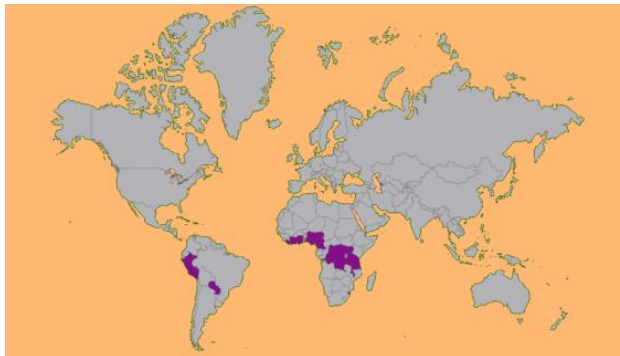


Commodity Sourcing Countries

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 45 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 31 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

Protecting human rights and the environment in the coffee supply chain is important to the Cafea Group, we want to work together with our customers and suppliers to make a proactive contribution to transforming the global aims of the Sustainable Development Goals (SDG) into reality.

As targets to be achieved by 2030, the 17 Sustainable Development Goals of the United Nations also formed the basis of our seven focal points for the conception of our sustainability strategy. For now this covers 4 fields of action in the three areas of ecology, social responsibility and economy.



The Cafea Group, which is headquartered in Germany, follows the German Law on Due Diligence in the Supply Chain (LkSG) to monitor compliance with human rights and environmental regulations in the supply chain.

Cafea Group is a member of the German Coffee Association, which has set up an action group (including several large coffee companies) to meet the requirements of the LkSG. The coffee supply chain risk assessments are compiled in collaboration with GRAS (a global risk assessment services company).

Adopting 8 fundamental principles and rights at work from the International Labour Organisation (ILO), the main focus is child labour and forced labour. Countries of origin have been identified that provide most of the European demand and for every country a risk assessment report will be generated.

The first initiative is an anonymous whistle blowing system called Ear4u.org. which is available in many languages and can be accessed by a website, an app or via a phone number. Companies like us that support the EAR4U whistleblowing system are currently reaching out to the entire supply chain to spread the word about the system on coffee farms. All the companies involved will be informed of any issue so that they can independently check their supply chains.



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 sourcing.
With

100%

of direct suppliers
SEDEX audited by 2024

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 with SEDEX and link to Cafea UK. The current supplier base 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 review and a possible audit.

The primary packaging suppliers are audited on a risk-assessed basis by CAFEA UK in person, 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 sixty percent 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 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 Associations’ 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.

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		 

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	

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 less likely due to the Fairtrade audit covering this topic.

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	

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
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

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	



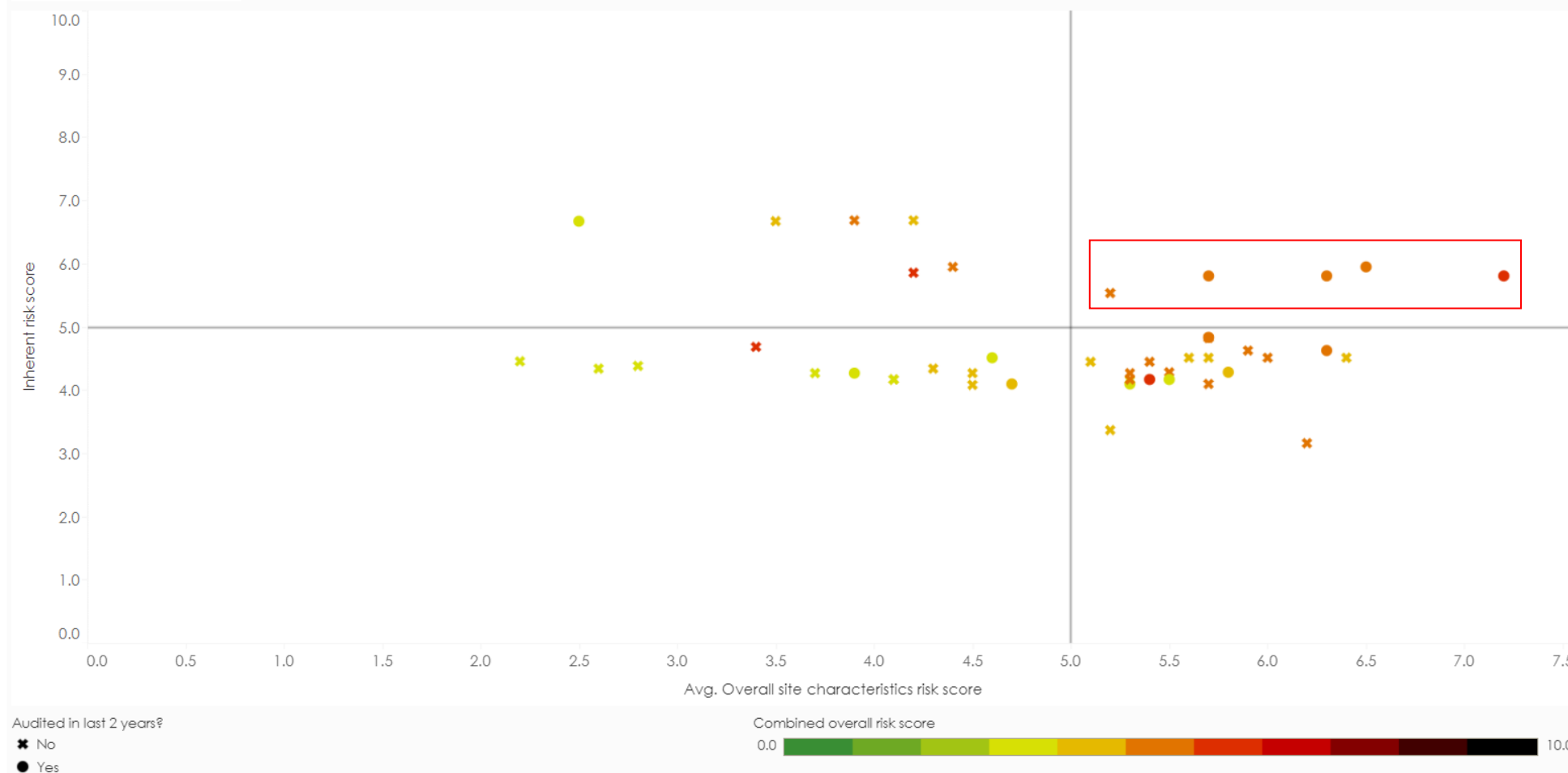
RADAR Risk Assessment: Matrix

The Risk Assessment Matrix – analyses our supply chain risks by comparing the **inherent risk** (risk associated with that industry in that country – individual sites have no influence on this score) 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.

Inherent risk vs site characteristics



The 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. It is positive to note that 4 out of 5 have now had SMETA audits compared with 3 out of 5 last year. Three of these five suppliers are based in Brazil which has been identified as having a risk of forced labour in coffee supply chains



RADAR Site assessment: Site Overview

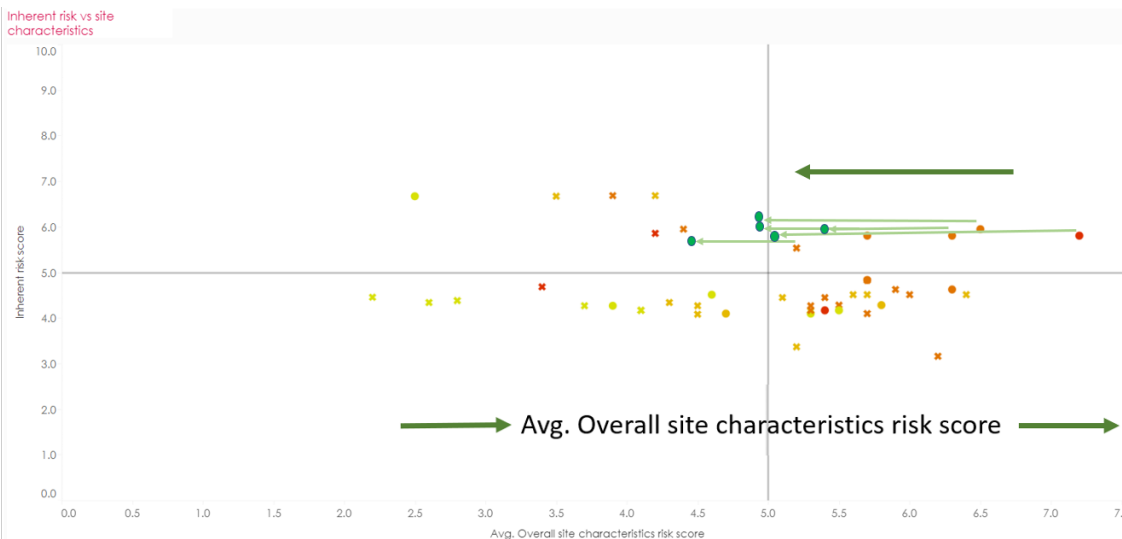
The Site Assessment - analyse and understand the complexity of risk associated with a single site.

Using the SEDEX site assessment page for each of the five suppliers in the critical priority sector we focused 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.

In all cases the Site Characteristic risk score for Labour standards was lower than the Inherent risk score, indicating that **the sites are 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.

	Supplier 1	Supplier 2	Supplier 3	Supplier 4	Supplier 5
	Labour Standards	Labour Standards	Labour Standards	Labour Standards	Labour Standards
2023 inherent risk score	5.3	5.9	5.9	6.2	5.9
2022 site characteristics risk score	4.4	4.9	5.4	5.6	5.1
2023 site characteristics risk score	4.4	4.9	5.4	4.9	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) Three sites moved into the Medium Priority sector of the matrix, **this is an improvement on last year**.

Two 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. Both sites had an audit in the last year and **no non-conformances were raised relating to labour issues**.

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.

Cafea UK Limited
Chiltern Park, Dunstable, Beds LU5 4LT
T: +44 (0) 1582 478855 F: 44 (0) 1582 478866 www.cafeauk.com

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

RADAR Forced Labour Indicator Tool



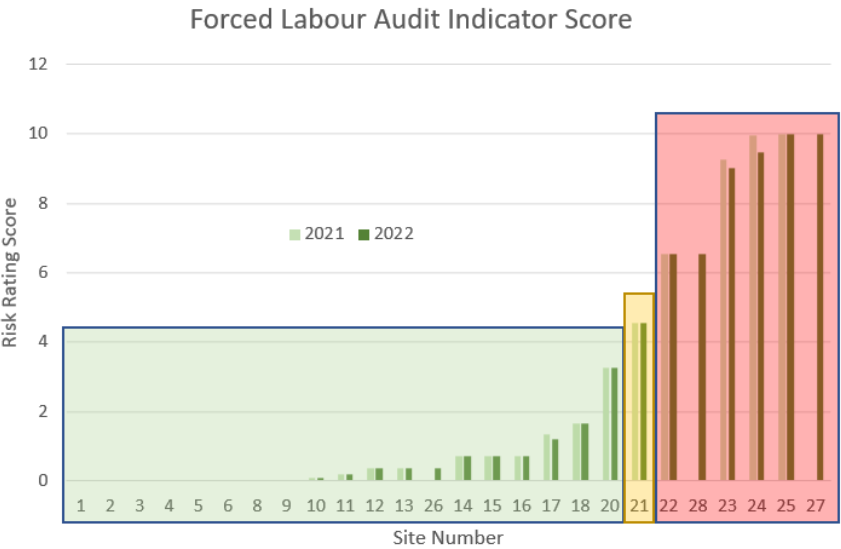
The aim of the Sedex Forced Labour Indicator Tool is to draw attention to operational indicators of forced labour within the supply chains. These indicators can - either independently or in various combinations – indicate the potential risk of forced labour through a worker’s employment cycle. The reports 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-six sites that have had audits.

Indicators of Force Labour from Audits				
Level of Indicator	None	Possible	Strong	Definite
Percentage of Supply Base	31	69	38	0

The chart on the left shows that 31% had no indicators of forced labour, 69% had possible indicators and 38% were found to have strong indicators, **reassuringly none were found to have definite indicators of forced labour.**

Then we looked at the Forced Labour Audit Indicator score and found that 19 sites scored low, one site is medium, with six sites with a high audit indicator score. Since our 2022 statement, all sites either have the same score, or in the case of three sites, a reduced score, there has been no increase. We have reviewed the audits of the six sites with high forced labour audit indicator scores and while some sites have strong indicators of force labour, some are only in this section because they have had their risk scoring increased due to open non-conformances. We will **share this detail along with indicators witnessed at the audit with our suppliers and ask them to act so that we will continue to see sites reducing their forced labour audit indicator scores.**



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. The aim will be to **reduce the risk and indicator scores by developing action plans with our suppliers** so that the risks of modern slavery in our supply chain is reduced, 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 %	SMETA Audit Completed %
Raw Material / Product					
2020	25	100	88	63	not reported
2021	62	100	100	77	not reported
2022	95	100	100	74	74
Primary Packaging					
2020	0	95	64	55	not reported
2021	83	91	87	65	not reported
2022	90	95	90	85	53
Secondary and Tertiary Packaging					
2020	not in scope	not in scope	not in scope	not in scope	not reported
2021	100	83	75	67	not reported
2022	100	83	83	75	21

Visibility in SEDEX / Code of Conduct

Visibility within SEDEX of our suppliers continues to increase. We have also put more emphasis on sharing our Code of Conduct with our suppliers which is reflected in the data.

There has been an increase in the number of suppliers who:

- are registered on SEDEX
- are linked with Cafea UK
- have a 100% completed SAQ

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.

SMETA Audits

This is a new KPI added this year, to have greater transparency in the supply chain, we need to encourage more of our suppliers to have a SMETA audit, so that we can get a true picture of standards at the sites and can use tools like the Forced Labour Audit Indicator Score.

	Labour Standards Site Characteristics Risk Category %			
	All Suppliers			
	Low Risk	Medium Risk	High Risk	No rating
2021	7	53	23	17
2022	10	66	14	10

Labour Standards

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.

Compared to last year there has been an increase in the number of suppliers who are low risk and a decrease in suppliers who are High Risk or No Rating which is encouraging.

We are still 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, so that we continue to reduce the risk of forced labour in our supply chain.

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 2023

We will work on the following points in the coming year and report on our progress in the next statement:

- Our main focus will be to work with the ten suppliers that have strong indicators of forced labour, six of which also have high forced labour audit indicator scores, to reduce the risk and therefore improve workers rights.
- Encourage all our suppliers to register on SEDEX and fully complete their SAQ.
- Liaise with our suppliers who are in the critical priority sector of the RADAR risk assessment to reduce their overall site characteristic risk score.
- Work with suppliers with high risk on Labour standards to reduce the risk.
- Put more emphasis on sites having a SMETA audit as the information gathered from these truly reflects the activities on site more than the SAQ.
- We will collaborate with our colleagues within the Cafea Group as they work to meet the requirements of the German Law on Due Diligence in the Supply Chain (LkSG) so that we might learn and share knowledge together to improve the workers rights throughout the coffee supply chain.

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

A handwritten signature in black ink, appearing to read "SBentley".

Sonja Bentley
Managing Director

Cafea UK Limited
Chiltern Park, Dunstable, Beds LU5 4LT
T: +44 (0) 1582 478855 F: 44 (0) 1582 478866 www.cafeauk.com