

Modern Slavery and Human Trafficking Statement

Cafea UK Ltd &
European Coffee
Corporation Ltd

2024



Introduction

This is our sixth 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 processing and packing of instant coffee occurs. 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 70 staff in total, with 32 in production, operating a two-shift system, 5 days a week. Finished products are packed either into glass jars, tins 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.



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

Supply Chains



Food

In the supply chain of our products, we have identified greater risks in the countries of origin of commodities and have initially considered these supply chains. Coffee is our main raw material commodity followed by sugar and cocoa.

Packaging

Our main primary packaging*¹ is glass jars and plastic caps, but we also use big bags, 25kg bag in box, 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.

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.



Our supply chain consists of 47 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.

In the UK and with this statement, we are focusing on our raw material (instant coffee that we import from country of origin) and packaging used at our manufacturing site in the UK, and the risks at any site directly supplying Cafea UK with any form of product.

For imported semi or finished pre-packed goods that we buy from other companies, it is their responsibility to assess their supply chain for modern slavery risks. This is covered by country specific laws and EU wide legislation that will prohibit products made with forced labour from being sold in, imported to, or exported from, the EU.

*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.

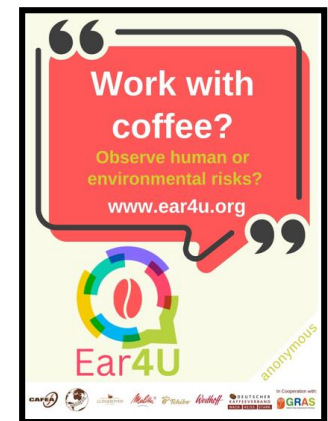


The Cafea Group, which is headquartered in Germany, follows the German Law on Due Diligence in the Supply Chain (LkSG) to monitor compliance with human rights and environmental regulations in the supply chain. Cafea Group is a member of the German Coffee Association, which has set up an action group (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 from the largest coffee producing country down to countries that provide 1% 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. A project in Brazil has shown that in order to expand effective grievance mechanisms, very strong educational and training work is needed at the local level. Ear4u is a global platform and we identify local partner organisations in country of origin with whom we can work and who work directly with the farmers. In Brazil we have identified a partner organisation. The next coffee country we want to develop for ear4u through the GRAS team is Vietnam.



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Relevant Policies continued...

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 is 'Drive Ethical Sourcing'. New targets are set each year.

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.

Drive ethical sourcing

100%

FSC Certified card packaging



80%

of our coffee is certified



90%

of our direct suppliers SMETA audited



Due Diligence Process

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 coffee suppliers to trace green beans back to the country of origin so that we have full visibility of the supply chain.



Approximately **80% 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. The producers in the country of origin will undergo physical audits for accreditation where these points will be covered.



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.



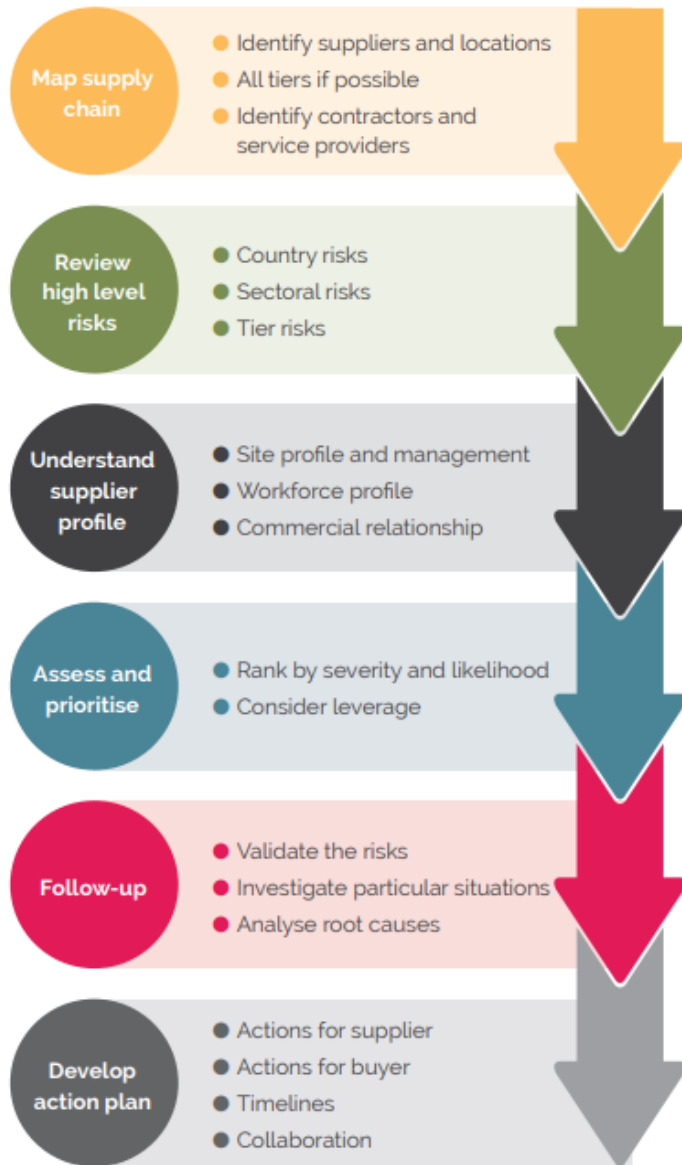
We also subscribe to several industry newsletters and attend customer lead sessions covering such topics as Stronger Together and the Modern Slavery Act.

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Risk Assessment and Management



Supply Chain Risk Approach

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.

This year, using the supply chain information we have, we are exploring the risk at the next level. Previously we looked at our suppliers in the various countries, this year we are looking into where they source the coffee from and we will be assessing the risks in these countries as well using the pre-screen commodity risk-assessment and taking action if needed.

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Risk Assessment and Management continued...

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

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		

Outcome: Brazil is the only country from our full supply chain that is identified as a risk in our supply chain, see RADAR Site Assessment: Site Overview.

RADAR Risk Assessment: Matrix

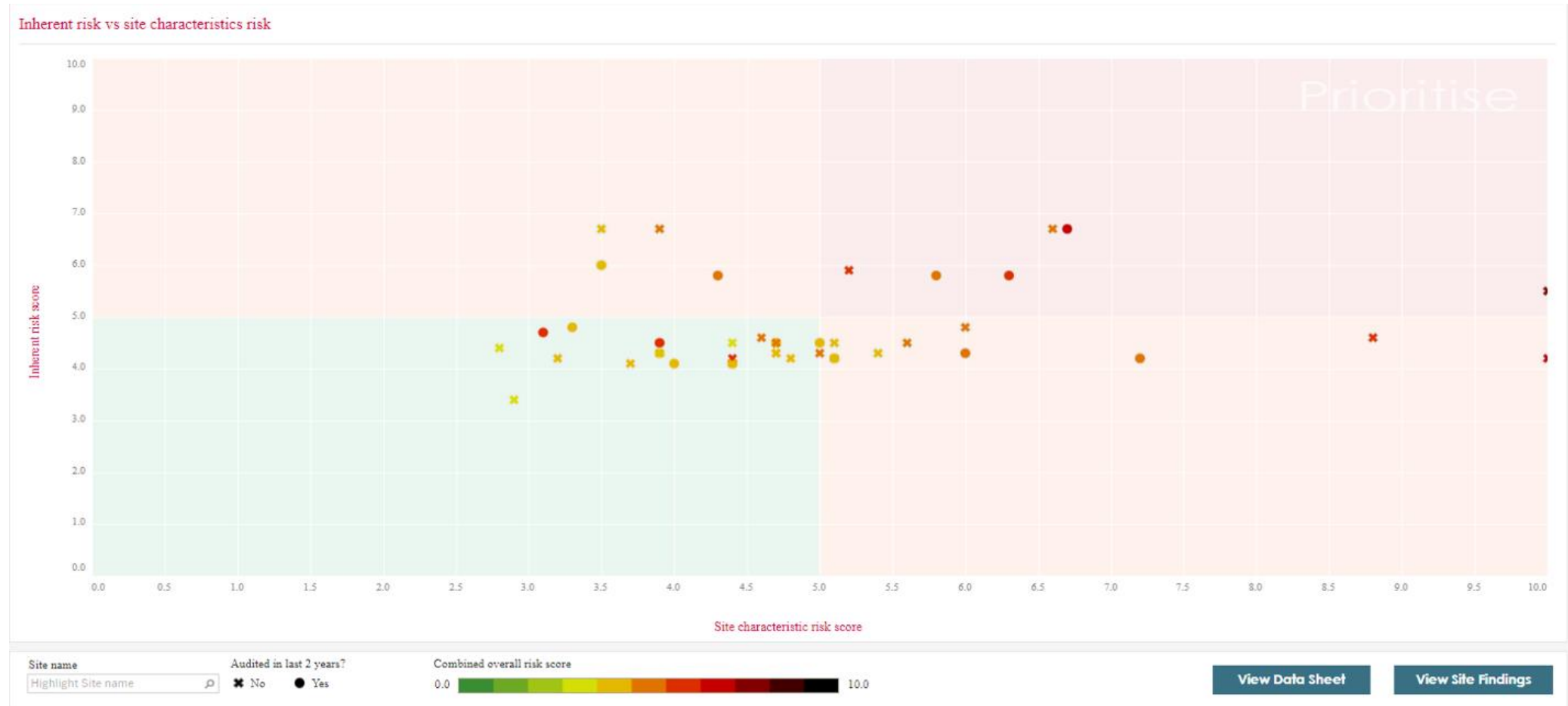
The matrix compares the **inherent risk** (risk associated with that industry in that country – individual sites have no influence on this score) with the **site risk** (the specific characteristics of our suppliers).



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.

Risk Assessment and Management continued...

RADAR Risk Assessment: Matrix



The matrix shows that six suppliers currently sit in the Critical Priority area, with high inherent and high site risk, we will no longer be dealing with one of these suppliers for various performance and quality related issues, so we will focus on the **five suppliers currently sit in the Critical Priority area.**

Risk Assessment and Management continued...

RADAR Site assessment: Site Overview

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

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 focus on the 'Labour Standards risk score' instead of the 'overall site risk score'.

Using the SEDEX site assessment page for each of the five suppliers in the critical priority sector we reviewed inherent and site-based scores for Labour standards (see chart on the right). Two of the 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. These suppliers, plus one other have a lower Site Characteristic risk score for Labour standards than the Inherent risk score, indicating that **the sites are performing better than average** for their country.

Two suppliers have higher site characteristics risks for labour than the inherent risk, 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. The reports show that **no non-conformances were raised relating to forced labour issues**.

While the five suppliers are in the critical priority sector of the risk assessment, reassuringly they are not there due to Forced Labour issues.

	Supplier 1	Supplier 2	Supplier 3	Supplier 4	Supplier 5
	Labour Standards	Labour Standards	Labour Standards	Labour Standards	Labour Standards
2024 inherent risk score	5.9	5.9	5.7	6.6	6.7
2022 site characteristics risk score	5.4	5.1	*	*	*
2023 site characteristics risk score	5.4	5.1	*	*	*
2024 site characteristics risk score	5.0	5.1	5.0	7.3	7.0

*not previously critical

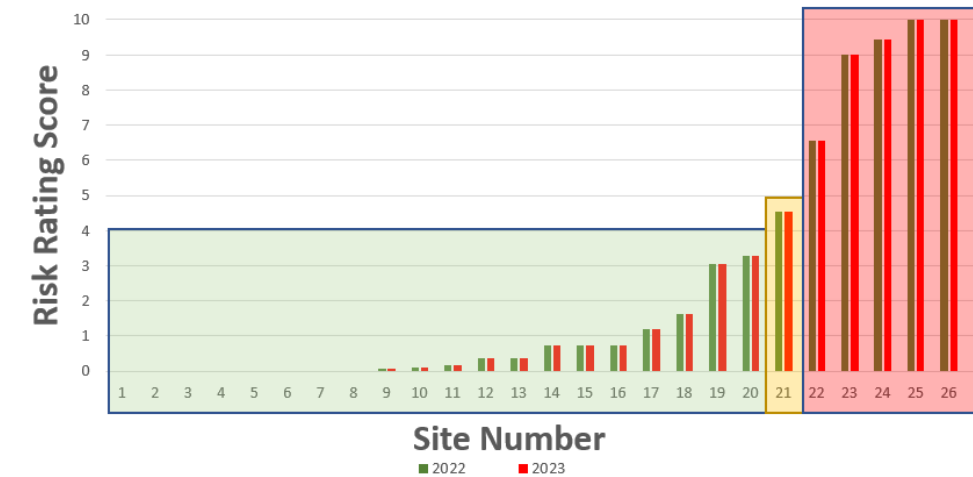
Risk Assessment and Management continued...

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 draws 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, the Forced Labour Indicator tool **showed no definite indicators of forced labour in our supply base.**

Forced Labour Audit Indicator Score



Forced Labour Audit Indicator Risk Rating score:

- Low - 20 sites
- Medium - 1 site
- High – 5 sites

Since our 2023 statement, all sites have the same score, there has been no increase in the risk rating score. We contacted the five suppliers with high audit indicator scores and asked them to act to reduce the risk. Two suppliers have subsequently had a SMETA audit; however the audits data has not been added to the risk assessment yet, so the consequences of this will be seen in next year’s statement. Two of the suppliers last had a SMETA audit over six years ago, we will be encouraging them to arrange another audit.

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.

For our KPI reporting, we are not including secondary or tertiary packaging suppliers with less than 1% of our total packaging spend as we have minimum influence over these suppliers.

	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
2023	100	100	100	88	76
Primary Packaging					
2020	0	95	64	55	not reported
2021	83	91	87	65	not reported
2022	90	95	90	85	53
2023	89	95	89	79	59
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
2023	100	100	100	100	24

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.

Overall, there has been an increase in visibility in SEDEX. We will continue to encourage new and existing suppliers to register 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

To have greater transparency in the supply chain, we need 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. **The percentage of suppliers having an audit has increased in each section.**

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 have 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.

	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
2023	39	43	14	5

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.

During the bi-annual company meeting, which all employees attend, Modern Slavery was discussed along with a summary of our latest statement.

Plan for 2025

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 five suppliers that have high Forced Labour Audit Indicator Risk Rating 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 that reads "S Bentley". The signature is fluid and cursive, with a large loop at the end of the last name.

Sonja Bentley
Managing Director

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