

# Modern Slavery Act 2016 Statement

This statement sets out the steps that we, Jacobs Douwe Egberts (JDE), have taken to mitigate the risk of slavery and human trafficking occurring within any part of our business or our supply chain during the financial year ending 31 December 2017.

## Overarching statement

Slavery and human trafficking are abuses of a person's freedoms and rights. We are totally opposed to such abuses in our direct operations, our indirect operations and our supply chain as a whole.

We consider that the greatest risk of slavery and human trafficking is in our coffee and tea supply chain due to longstanding conditions under which these commodities are grown and due to the complexity of the supply chain.

We are not complacent as to the risks of slavery and human trafficking and we are committed to the continual improvement of our policies, practices and programmes with respect to effectively combatting it. At JDE, we are committed to working with governments, non-governmental organizations, suppliers, farmer associations and farmer groups and the entire coffee and tea supply chains to improve the working conditions for coffee and tea farmers throughout the world.

## Our business

JDE is a global coffee and tea business. Our brands and products are available in more than 100 countries worldwide. Our operations are predominately factories along with sales and support offices. We employ 12,000 Associates (excludes businesses acquired during 2017) in more than 28 countries globally and have 44 manufacturing sites.

## Our supply chains

JDE purchases coffee and tea from many different suppliers including international coffee traders, local exporters, and farmer associations and farmer groups.

Our Responsible Sourcing Program includes three core areas which underlie our commitment to do our part to improve coffee and tea sustainability

- We support global partnerships and origin programs to address the most challenging coffee and tea sustainability issues.
- We purchase certified and verified coffee and tea with internationally recognized standards such as: UTZ, Rainforest Alliance, Fairtrade, 4C and the Ethical Tea Programme.
- We partner directly with our suppliers to recognise issues where they may exist and are committed to then address them, including working conditions and protection of natural resources.

JDE suppliers are required to sign and support compliance with our Supplier Code of Conduct which prohibits illegal labour practices.

In 2017, we launched our own Supplier Initiative into 8 countries, impacting over 150 coffee suppliers. Through our Supplier Initiative, we partner directly with our suppliers to improve working conditions and protect natural resources where coffee is grown.

During this process, we ask our direct suppliers to respond to a self-assessment, inviting them to share the challenges they are aware of in their supply chain as well as recommend possible action plans to address these challenges. We then compare supplier risk assessment with respective Origin Issue Assessments carried out by UTZ and carry out third party targeted assessments on the ground for a final independent opinion on the issues raised. This triangulation exercise helps JDE define priority areas to address in the form of collaborative continuous improvement projects. We partner with suppliers, NGOs and Governments to address priority challenges through corrective measures and remediation programmes. We will repeat the assessment process every two years.

One such example of a continuous improvement project is in Minas Gerais, Brazil. At the end of 2017 JDE launched a project with Catholic Relief Services (CRS), Verité (a U.S. based labour rights research organization) and the Institute for the National Pact to Eradicate Slave Labour (Instituto para a Erradicação do Trabalho Escravo, InPACTO) towards improving the understanding among coffee-sector stakeholders of the farm labour problem in the Brazilian coffee sector, and to develop initial tools and trainings to support coffee sector stakeholders to address problematic labour practices in coffee supply chains in Brazil. The project activities focus on Minas Gerais, the largest coffee producing state in Brazil.

## Relevant policies

In keeping with our commitment to act with integrity in all our business dealings, many of our existing policies address the risks of slavery or human trafficking in any part of our business or our supply chains.

Our relevant policies include:

- Associate Code of Conduct;
- Supplier Code of Conduct; and
- Speak Up Policy;

In our Supplier Code of Conduct, which is available in 17 different languages, relevant sections cover 'Health, Safety and Respect', 'Fair, Ethical Relationships with Others', 'Conflict of Interest Avoidance', 'No Corrupt Practices' and 'Good Corporate Citizenship'.

Our Codes of Conduct set out the behaviours we expect from Associates and Suppliers in their dealings with employees, colleagues, customers, consumers, suppliers, agents, intermediaries, advisers, governments and competitors. All Associates and suppliers are expected to act with integrity in accordance with the standards of behaviour set out in the Codes of Conduct.

We provide guidance and training to support Associate understanding of expected behaviour, particularly in respect of their business decisions and the Code of Conduct. We encourage Associates to raise concerns and we have a Speak Up Policy allowing Associates, suppliers and third parties to

report anonymously, or to seek advice or information on any actual or perceived illegal or non-compliant acts.

Freedom of association and the right to collective bargaining is a core labour standard that we respect as guided by the International Labour Organization (ILO). We apply our employment practices in line with, and in certain aspects exceeding the requirements of, local legislation.

## **Risk assessment and due diligence**

The risk of slavery and human trafficking within our own organisation is mitigated as a result of strict policies and procedures as well as the oversight built into our business operations and the knowledge and skills of our staff. We assess risk based on a number of factors including geographical risk indices pertaining to human rights, the level of supply chain control, external governance factors and levels of political stability.

Our Supplier Code of Conduct entitles us to monitor the social, environmental and economic standards in our coffee bean and tea leaf supply, from farms through to the bean and leaf processing facilities that produce the finished products ready for shipping.

To influence further throughout the wider supply chain, we encourage our suppliers to evaluate their suppliers and sub-contractors against our requirements.

We are continually looking at ways in which we may drive supplier standards. This includes the 2017 launch of our Supplier Initiative.

## **Training and awareness**

General awareness training is available throughout the organisation relating to the Codes of Conduct. We further provide guidance and training to support employee understanding of expected behaviour, particularly in respect of their business decisions and the Codes of Conduct.

We partner directly with our suppliers and leading non-governmental organisations to improve working conditions and protect natural resources where coffee and tea are grown.

## **Effectiveness and performance review**

We do not have key performance indicators specifically in relation to slavery or human trafficking as any instance would be expected to be a non-compliance and breach of employment laws, our direct employment practices, Code of Conduct and/or supplier standards.

However, the business practices that relate to the mitigation of slavery or human trafficking risk do have internal performance measures.

We monitor and review:

- Number of Associates who have completed compliance trainings;
- Associate engagement scores; and

- Issues raised through the Speak Up Policy.

We remain totally opposed to slavery and human trafficking abuses in our direct operations, our indirect operations and our supply chain as a whole and remain committed to continuously improve our policies, practices and programmes with respect to effectively combatting it.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our Group's slavery and human trafficking statement for the financial year ending 2017.

Gerassimos Sarafoglou  
Director