



RESPONSE TO BHRCC

Of the news reports shared with us, three relate to estates from which tea has been supplied to us. These teas represent 0.25% of the total volume of teas bought by the international business.

We had not been apprised of any of the allegations covered in the clippings shared by BHRCC, but any allegations in relation to a supplier are taken very seriously and investigated. If investigations find that a supplier has fallen short of its obligations to us, and we are not satisfied with the remediation taken, we will suspend buying teas from the offending supplier immediately if required.

It should be noted that this is not a decision we would take lightly. Withdrawing our business when a supplier is seen to fall short of our expectations is an extreme measure, that can have far reaching consequences on the lives of thousands who rely on the estates for their livelihood to support their families.

We have not currently suspended trading with the suppliers named in the press reports provided.

Report 6	<p>Lepetkata Tea Estate tea factory worker suffered a <u>near-fatal incident</u> in July 22 after her hair got caught in a CTC (cut, tear, curl) machine. Factory management had failed to provide her with the requisite safety equipment. Workers at the factory had demanded safety gear following the death of a worker in a similar incident in 2020, but it was not provided.</p>	Luxmi	Assam	22,000 KGs of tea was supplied from this estate
Report 7	<p>Bugambe Workers went on strike in July after the factory (managed by McLeod Russel Uganda) failed to deliver on a promise to increase salaries – which are supposed to increase incrementally every January. Workers said that in the face of rising living costs, they were unable to provide for their families without the promised raise. After a meeting between workers and management, the strike was called off after management agreed to review the issue.</p>	McLeod Russel	Uganda	26,000 KGs of tea was supplied from this estate
Sri Lanka				

In total **23,120 KGs** of tea has been supplied from the estates mentioned below, these often form part of a larger blend of teas which is bought through Auction.

Teas from the gardens mentioned were bought and supplied to us as part of teas bought through auction from reputable companies Sunshine Holdings and Uniworld teas

Report 8	20 major tea plantation companies in Sri Lanka filed a writ petition in February challenging the decision of the wages board to increase the daily wage of plantation workers to Rs. 1000 – with several companies refusing to pay the uplifted wage to workers.		Sri Lanka	
	<ul style="list-style-type: none"> • Holyrood • Great Western • Somerset • Mattakelle • Adisham Tea Estate 	Talawakelle Tea Estates PLC		
	<ul style="list-style-type: none"> • Waltrim • Henfold 	Hatton Plantations		
	<ul style="list-style-type: none"> • Campion • Wanarajah • Kotiyagala • Bridwell • Lethenty • Loinorn • Norwood • Fetteresso 	Boga-wantalawa Tea Estates PLC		
	<ul style="list-style-type: none"> • Alton Estate 	Horana Plantations PLC		

USING OUR INFLUENCE AS BUYERS

Working In Partnership

We are one of the largest contributors to the ETP, supporting multiple projects throughout the supply chain that focus on the areas of concern mentioned, and participate in workshops and engagement with producers and NGOs on the same.

Tetley will only buy teas from estates that have been certified and independently audited by the Rainforest Alliance or Trustea in India, through a comprehensive monitoring programme which ensures that the farms from which we buy our teas meet rigorous environmental and social standards and conform to applicable laws.

The areas assessed as part of the certification audit contribute significantly to the wellbeing and safety of workers.

In previous years we have invested over \$1m to educate and train over fifty producers on the requirements of the RA standard and to assist with solutions where producers have faced challenges in trying to meet the standards required.

Supplier Relationships

We consider Certification as a minimum requirement.

Maintaining close relationships with key producers is essential if we are to leverage our influence. Regular contact gives us understanding of a broad spectrum of needs and enables us to prioritise areas to be addressed via our programme of activity.

Most recently our buyers have visited key producers in Malawi, Tanzania, Rwanda, and Kenya to see first-hand the impact of programme investments and to talk to estate workers.

Where necessary we have challenged producers on the treatment of workers and the living wage gap and what actions they are taking to address this.

"There's no substitute for seeing estates first hand and talking and listening to those that work to produce the tea we buy... Relationships are really important, it's critical that our suppliers are on board with our sustainability journey. We rely on them being open with us, so that they can communicate issues they're facing on the ground, and we can do our best to help."

Tetley Buyer & Sustainability Champion

Issues that exist in the tea industry are too large for any one body to tackle alone. We believe that it is right to collaborate with others and work in partnership with producers to work for positive change.

Supporting the industry through difficult times whilst working with partners to devise and support estates with programmes of improvement fits better with our values and goals as a business.

We work with partners like the Ethical Tea Partnership, the Rainforest Alliance and Trustea to deliver initiatives that can have a positive influence and participate in the BHRRC tea human rights tracker as part of this bigger movement to improve transparency in the sector and work for a fairer and more sustainable tea industry for all.

All our major suppliers are required to adhere to our Supplier Code of Conduct. Under this, suppliers commit to ensuring that working conditions for their employees are safe, healthy, and hygienic, including unrestricted access to drinking water and toilet facilities.

Suppliers must implement appropriate controls, safety procedures, and preventative maintenance and protocols for providing appropriate protective

equipment in compliance with all applicable laws and regulations, they must also take all appropriate measures to prevent accidents and minimise hazards.

Due Diligence:

Vendors are required to sign the Tata Consumer Products Code of Conduct and Anti Bribery policy as part of the contracts and ensure compliance. This requirement is documented in our Procurement policy which the business must adhere to.

Grievance redressal forms part of our Supplier Code of Conduct agreement. Where internal and external stakeholders identify material breaches of the Code's requirements whether through their employees or third parties, including Tata Consumer Products, our Ethics & Compliance Helpline Process includes the following reporting mechanisms available to all:

Phone:

India	- 1800 3000 0053
US and Canada	- 1-844-371-0217
UK	- 0808-234-1815

Our own Internal audits also pick up any such issues as part of our reviews and any high-risk items are investigated and reported to the Board

If we are made aware of an incident which suggests a supplier is falling short of its obligations in this area, we will contact them to understand the circumstances of the issue and the steps being taken to support those involved and impacted, and the measures being taken to mitigate risk and to protect workers.

If necessary, we will also involve the Ethical Tea Partnership to provide a third-party view of the validity and robustness of the steps being taken.

THE ISSUE AREAS IDENTIFIED IN THE CLIPPINGS PROVIDED

Safety of Workers – Assam

We were not previously aware of the media report shared on Lepetkata, but on receiving information from the BHRCC in December immediately contacted our partners and buyers on the ground to investigate.

Our buying team in India is investigating what has been done since this incident has been reported; and is liaising with Trustea to consider what intervention may be required.

Remediation evidence:

The relationship we have with our suppliers means that we are often satisfied with their responsiveness and actions taken in response to any health & safety concerns that have arisen.

An example of active intervention is a long-term project to support improvements on specific estates in Assam operated by Amalgamated Tea Plantations Private Limited (APPL). This far-reaching programme is dedicated to improving living and working conditions of workers ranging from housing, sanitation & hygiene, education, training on health & safety and provision of appropriate personal protection as required, to improving systems & processes, providing best-in-class medical facilities, and improving worker engagement through awareness and capability building.

The project is driving positive change through direct action as well as through stakeholder engagement and partnerships.

Wages & Freedom Of Association – Uganda/Sri Lanka

We guarantee the protection of the right to freedom of association throughout our supply chain. The Tata Consumer Products' Supplier Code of Conduct (June 2022) requires that Suppliers shall recognize and respect the rights of employees to freely associate, organize and bargain collectively in accordance with all applicable laws, and allow employees the freedom to join a union, or collective bargaining group acting for them, or allow them to decline if they choose to.

We were not previously aware of the media reports shared in relation to McLeod Russel in Uganda, nor the various estates referenced in Sri Lanka.

We have contacted our partners and buyers on the ground to investigate and report back. We understand that the unrest in Sri Lanka was a consequence of a number of factors which have since settled down and been resolved. We through the ETP are continuing to monitor and keeping a watch on the situation, we are aware that a local NGO commissioned a Living Wage study and have shared the outcome of this with our partners at Rainforest Alliance.

We have also apprised our third-party buyers who provide the teas we have purchased of the issues raised and will liaise with them further to investigate whether any further intervention is required as part of the RA auditing and certification process.

Remediation

We have not had cause to take remedial action in response to allegations regarding threats to freedom of association in our supply chain since 2014 when Tata Consumer Products commissioned an independent assessment by the sustainability organisation Solidaridad, which resulted in supporting the programme in Assam referred to above.

Minimum Wages In The Supply Chain

In line with our Supplier Code Of Conduct Tata Consumer Products requires all suppliers to compensate for overtime hours, and legally mandated benefits in accordance with all applicable laws and standards.

We have not made a public commitment to the payment of living wages throughout our supply chain, but as part of our commitment to strive for a fairer

and sustainable tea sector we, with our partners, work to ensure farmers are able to earn a living and workers paid fairly for the work that they do.

We are in dialogue with the collaborative change agents IDH and are exploring what more can be done in this area.

Wage issues in supply chains are complex; there are a multitude of factors which cannot be addressed by one stakeholder alone. Problems include but are not limited to low minimum wage levels set by governments; the prevalence of informal, low paid labour; the low retail price of tea; and business practices that result in downward competitive pressure.

STEPPING UP TO ADDRESS IDENTIFIED NEEDS RELATED TO FARMERS' LIVING AND LIVING WAGE

As a business we support farmers and estate workers in a number of ways.

Malawi

Tea is one of the most important industries in Malawi and employs close to 50,000 people and small-scale tea farmers struggle to achieve an income to support themselves and their families, and the gap between current daily pay of workers and a living wage is a concern.

Tetley buys more tea from Malawi than any other tea company.

Malawi 2020

We were contributing partners to the Malawi 2020 programme, the first country-level programme to address the living wage gap as recommended by IDH where Tetley brought their skills and areas of influence to the table to support a wide range of project objectives.

As part of this programme and subsequent to it, we have implemented a policy to develop forward contracts, where appropriate, with producers to provide stability and assurance of income to support efforts towards the living wage. In the past year, about 50% of our tea was sourced on a year fixed term basis.

A commitment to buy cannot be done blindly. As part of our commitment to the programme we shared our expertise and experience to help improve knowledge of crop quality standards delivered, via a scheme called Farmer Field Schools.

Changing practices and methods which have been in place for decades needs to be done with sensitivity and trust. Regular visits from our local buyers and bi-annual visits from the UK buying team has helped to build stronger relationships and ensure that the programme to improve quality has momentum and direction.

Delivering on the promise

As a result of the programme forward contracts were agreed for the first time with some suppliers and extended for others.

Where forward contracts do not exist, spot buying to supplement production demand and purchase of teas at auction which meet quality standards have continued; alongside work to align our quality requirements more closely with producers to enable future trading opportunities.

We have also worked to identify other openings for Malawi tea and opportunities to include higher value or higher-grade teas in the sale. This has involved supporting farmers to understand and exploit the opportunities for quality improvements and introducing new higher value teas to their estates.

Closing The Living Wage Gap

Buying increased volumes of tea does not necessarily directly impact workers' wages and this is an essential deliverable of Malawi 2020.

The sustainable pricing tool developed within the Malawi 2020 programme provided a good structure on which to base pricing discussions, but in negotiations with producers, it was realised that barriers needed to be overcome if agreements were to be made. A big stumbling block was the adherence to the guidelines from The Tea Association of Malawi relating to Collaborative Bargaining Agreements, which meant that overpayments which could be passed on as additional wages could not be considered.

With this experience common to other tea companies, it was agreed that negotiations on prices and how to support workers would be better negotiated outside the structure, bilaterally between the producer and tea company.

For us, this led to negotiating and developing agreed letters of intent and clauses relating to living wage contributions which then formed part of the contract and sales negotiations.

Clauses of intent have been concluded with a number of estates in which a living wage is incorporated within the contract price. In some cases, it was agreed that payments would be made above the previously agreed contracted price of tea to provide a sum to support worker needs.

To complete the circle, critical check points have been incorporated into the agreement to ensure that any additional monies provided reach and benefit those for which it was intended.

CREATING OPPORTUNITIES TO DIVERSIFY INCOMES

Looking beyond Malawi 2020, our commitment to working in partnership with suppliers to improve quality and the inclusion of clauses relating to contributions to benefit workers remains.

Lighting to make a difference:

We have invested £1.2m to help communities living on tea estates in Malawi.

Commented [SM1]: Is this figure taking all the contributions from Malawi 2020, plus Kuwala? Seems high.

Through our Kuwala project with the Ethical Tea Partnership we have given solar lamps to families working on the estates of two of our biggest suppliers in Malawi. So far, 5,410 families have received a light enabling people to meet outside after dark and do tasks that they would otherwise be unable to do once darkness falls, this includes being able to extend the trading hours of small businesses and children and adults being able to complete work after dark. The lamps are also creating jobs, so far 45 people have been trained to service and repair the lamps so they have as long a life as possible

Savings & Loans

In Malawi, families that can't access affordable loans can struggle to pay for basic things like school, healthcare, and everyday essentials like food or home repairs.

We are working with the ETP to support a scheme which helps families set up and run their own 'banking system'. Called Village Savings Loan Associations (VSLA). They are like a community bank where workers get together to save money as a group. Each group has a leader which is trained on the rules of how to run the VSLA, and the group is given tips on ways to grow their income.

Once set up, savers get interest on their savings, they can access their own money and request loans to start their own business.

143 VSLAs have been formed, 50% of savers are women, 41% have been able to use their savings to buy a cell phone; 50% have been able to add iron sheeting to their homes for the first time

Seeding positive nutrition

We have also teamed with a major retailer investing close to £20,000 to supply seeds, herbs, grafted fruit trees and compost to help communities to create kitchen gardens.

Communities have been trained on how to make plots more productive and given information on nutrition. A wider range of produce will not only help improve diet, but families can gain extra income from selling any surplus fruit to communities too.

1000s of households helped, 18,300 grafted trees purchased, 10 trees per household;
17,500 companion herbs, 20 herbs given per household

Supporting women

Tata Consumer is one of the funding partners of the UNICEF-ETP project in Assam that works to improve the lives of children, young people, and women living in the state's tea communities. The UNICEF-ETP Improving Lives programme aims to tackle the systemic issues affecting women and children in 206 tea estates across eight districts of Assam, which is over one-fourth of formal tea estates in the region. The project has expanded to education, health and nutrition, and water & sanitation challenges.