

BHRC Tea Response - February 2023

At Morrisons, as both a major retailer and manufacturer, we recognise the responsibility that we share with our suppliers to buy, produce and sell our products in an ethical manner. We are committed to ensuring that everyone who helps to make our products is treated with dignity and respect, in safe and fair workplaces.

Where issues are present in the lower tiers of our supply chain we aim to work in close collaboration with our primary suppliers to ensure they have robust systems in place to identify, assess and mitigate risk.

All suppliers must undertake to comply in all respects with our [Ethical Trading Code](#) which details the standards that we require to be in place throughout our supply chain. Our Code is based on the Ethical Trading Initiative (ETI) Base Code, the Fundamental Conventions of the International Labour Organisation (ILO), national and international laws, and sets out minimum standards across the following areas:

1. Employment is freely chosen	2. Freedom of association and the right to collective bargaining are respected
3. Working conditions are safe and hygienic	4. Child labour shall not be used
5. Remuneration	6. Working hours are not excessive
7. No discrimination is practised	8. Regular employment is provided
9. No harsh or inhumane treatment is allowed	10. Entitlement to work
11. Labour Providers	12. Environment

Suppliers must also ensure, as far as is reasonably practicable, that their suppliers, agents, labour providers and subcontractors, who are directly or indirectly involved in the provision of goods also comply.

Our primary supplier of black tea has established systems in place to deliver on this commitment and is engaged with several organisations and multi-stakeholder initiatives on these issues. They are long standing members of the Ethical Trading Initiative (ETI) and the Ethical Tea Partnership (ETP) and actively support the work of the The International Roundtable for Sustainable Tea (THIRST). They also maintain a commitment to follow [responsible purchasing guidelines](#) as outlined by the Ethical Tea Partnership.

We acknowledge the role that farm level certification can play in protecting workers and improving standards and have taken steps in the last year to significantly increase our engagement in this area. Whilst we accept this only part of any solution to these issues, Morrisons is nevertheless committed to only sourcing our own-brand black tea from certified sources, and 100% of our products are now certified to either Rainforest Alliance or Fairtrade.

Our tea supply chains are complex and estates often sit at tier 3 or below, which presents challenges in monitoring producer level issues when these are only reported in local media. Our primary supplier monitors emerging risk relating to growers in our supply chain through

their engagement with ETP, THIRST and through source country agent relationships. However, in this case we were not made aware of the issues relating to the estates in the supply chains referenced in BHRRCs research.

Our supplier has now confirmed that only 6 of the estates referenced in the BHRRC report are currently in the Morrisons supply chain:

- Uganda:
 - McLeod Russel
 - Bugambe – tea purchased in 2022
- Sri Lanka:
 - Kelani Valley:
 - Ingestre – tea purchased in 2022
 - Bogawantalawa Tea Estates:
 - Letheny – tea purchased in 2021, in blends from 2022
- India
 - Darjeeling Organic Tea Estates PVT Ltd (DOTEPL)
 - Sivitar - tea purchased in 2021, in blends from 2022
 - Nurbong - tea purchased in 2021, in blends from 2022
 - Mulootar - tea purchased in 2021, in blends from 2022

Other estates referenced were detailed on our previous supplier list published in February 2022 but this has since been revised by our primary supplier. Our most up to date Tea supplier list can be found on our corporate website: [Morrisons 2022/23 Tea Supplier List](#).

Bugambe, Uganda

All tea sourced from these estates is Rainforest Alliance certified. The issues reported by BHRRC appear to be industry wide, but our primary supplier has received confirmation from McLeod Russel that the situation on their estates was resolved amicably in July 2022.

The annual pay agreement is negotiated by unions and the Tea Association at the beginning of each year. However the 2022 increase had still not been agreed by July, leading to industrial action across the country. McLeod Russel responded by independently implementing a pay rise in line with the union's proposal. The Tea Association subsequently agreed to this proposal and the pay rise was implemented at other producer companies.

Our primary supplier visited Bugambe in 2021 and reported good practices on both social protection (including hiring refugees in partnership with UNHCR) and environmental management. Our supplier has also requested a statement from The Uganda Tea Association, but has yet to receive a response.

Sri Lanka

Our primary supplier sources very small amounts of tea from Sri Lanka for inclusion in Morrisons own-brand tea blends, so our leverage and influence in this country is limited. However all our source estates are Rainforest Alliance certified, and our supplier is closely monitoring impacts from the evolving economic crisis in the country. Our supplier is working with their sourcing agent in Sri Lanka, to build understanding of the situation and identify potential opportunities for improvement. They have also received a detailed update from the

Planters' Association of Ceylon (copy attached) and are working in collaboration with the Ethical Tea Partnership to better understand and address the issues raised by BHRRC.

India

We source a very small volume of tea from Darjeeling, for use in one single origin product. Our supplier has not purchased any tea from DOTEPL for use in Morrisons blends since 2021, which predates the issues raised in BHRRC research. They have however confirmed that they are in consultation with the Ethical Tea Partnership (ETP) as part of a wider investigation into the issues reported by BHRRC.

The ETP already has a detailed [country plan in place for India](#), and acknowledges the issues arising from wages and bonuses as part of the wider economic situation in the Darjeeling tea industry.

Engagement on the wider concerns highlighted in BHRRCs research will be managed by our primary supplier through their direct supplier relationships, and via collective action with multi-stakeholder initiatives. They also regularly visit all key plantations to monitor working conditions and maintain contact with local Tea Boards and Planters Associations to lobby for local support of workers.

Our supplier only works with agents and estates who adhere to their code of conduct to safeguard the rights of workers, which includes detailed requirements on Occupational Safety, Health and Environment (OSH&E). Regular audits by certification bodies (e.g. Rainforest Alliance) also assess health and safety protocols, risk assessments and compliance, verifying that workers are fully trained to those standards and aware of their obligations. Our supplier also corroborates standards in person via regular visits to tea estates by their Responsible Sourcing Manager.

We recognise that wage issues in tea supply chains are complex, caused by a multitude of factors and 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 historically low retail price of tea; and business practices that can result in downward competitive pressure. The tea sector faces additional complexity as tea estates are often situated in remote locations where there is a lack of state investment in infrastructure.

Our supplier is working in collaboration with ETP to build a greater understanding of these issues and to identify opportunities for improvement at local level. Morrisons are additionally engaging with the sustainability initiative IDH to collaboratively address living wage and living income issues in other higher risk supply chains. We recently committed our support for a UK Supermarket Coalition on living wages in Banana supply chains, and aim to apply the learning from this work to other commodities in future.

We are also supportive of the upcoming improvements to the Rainforest Alliance standard including the funding of estate level projects through Sustainability Differential (SD) and Sustainability Initiative (SI) payments from 2023 onwards. We're hopeful that purchasing our

tea through this model can support an increase in the value of tea and establish a more sustainable tea industry going forward.

BHRRRC plays an important role in raising awareness of issues with key stakeholders throughout the supply chain, including retailers, and we remain supportive of this work. We are committed to working in partnership with our suppliers and, through them, with industry initiatives such as ETI, ETP and THIRST to find long term, practical solutions to the systemic and historical challenges in these supply chains.