

UCC COFFEE UK & IRELAND ANNUAL STATEMENT

MODERN SLAVERY RISK ANALYSIS,
PREVENTION AND CONTROL JUNE 2017



1.0 BACKGROUND

- 1.1 UCC Coffee UK Ltd (UCC Coffee) is the leading total coffee solution specialist. We create coffee experiences for our customers by working in partnership to tailor a unique coffee offer that exceeds commercial expectations and satisfies consumer tastes.

We understand every small but important detail. From branded or bespoke blends, to world-class coffee machines, round-the-clock servicing and specialist training programmes. With unique market insight, we can help our customers stay on trend and ahead of the curve.

- 1.2 UCC Coffee currently employs 500 staff. Circa 230 employees are based at sites in Ireland, Milton Keynes, Huddersfield and Dartford, and the remainder are field based.
- 1.3 UCC Coffee has operated in the UK market for over 20 years, but has had a few name changes over that period.



In 2010, First Choice Coffee (the UK's OOH coffee market leader) and Gala Coffee (the country's largest retail own label roaster) merged to become United Coffee UK & Ireland and part of the United Coffee European Group.



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Having operated independently, the combined strength of both businesses and ambitious growth plans led to the transformation of United Coffee into the UK's leading total coffee solution provider.



In 2012, United Coffee Group was acquired by UCC Holding Co Ltd (UCC) to create one of the top five biggest independent coffee companies in the world. Following the acquisition, United Coffee retained its identity before rebranding as UCC Coffee UK & Ireland in 2014.



UCC is Japan's largest producer of coffee with a £2bn annual sales turnover globally and 7,300 employees including 30+ Q-Graders and several World Siphonist Champions. It supplies some of the world's leading companies in retail, out of home and industrial market. UCC also owns successful retail and out of home brands.



2.0 SUPPLIER APPROVAL

- 2.1** UCC Coffee sources coffee from around the world to meet the requirements of its customers and match their profile and blends. With a focus on quality, seasonality and sustainability, the UK supply chain team works closely with its trading team in Geneva to build long-standing and trusted relationships with intermediary cooperatives and regional farmers alike. The top three green coffees sourced are Brazil Rainforest Alliance, Peru Fairtrade (Centrals Basket) and Colombian Fairtrade. UCC Coffee also supports Triple Certified Organic coffee. Over 80% of UCC Coffee's products carry one or more of these certifications.
- 2.2** Major suppliers are subject to a supplier approval process either via the UCC Coffee quality assurance department or the trading team in Geneva. For coffee, the certifications are maintained by the quality assurance departments specifically for Fairtrade, Soil Association Organic or Rainforest Alliance products and non-coffee products.

3.0 MODERN SLAVERY RISK MANAGEMENT

- 3.1** UCC Coffee is committed to a zero tolerance approach to any human rights violations across the business and its supply chain teams.
- 3.2** It understands modern slavery to be the practice of coercing, deceiving and/or forcing individuals into a life of abuse, servitude and inhumane treatment. There are an estimated 29.8 million people in modern slavery globally (Global Slavery Index, 2013).
- 3.3** UCC Coffee's key risks can be categorised into three main areas; coffee suppliers, non-coffee suppliers, and internal employment practices. UCC Coffee recognises that it is crucial to understand where the risks are when planning further interventions.

4.0 MODERN SLAVERY CONTROL SYSTEMS, POLICIES AND PROCEDURES

4.1 UCC Coffee has four preventative measure categories in place.

01

Root policies and procedures

- Modern slavery policy
- Sustainability policy

02

Non-coffee suppliers

- Supplier approval
- Questionnaires and compliance procedure
- Service level agreements

03

Coffee producers

- Modern slavery policy
- Supplier approval
- Farm & cooperation audits

04

Internal employment practices

- Minimum wage checks
- Proof of right to work checks
- Hiring and employment management system
- Grievance procedure
- Dignity at work



5.0 CONTROL PROCESSES IN 2017: EXTERNAL MEASUREMENT, MONITORING AND REVIEW

- 5.1 UCC Coffee's trading team in Geneva provides a self-assessment questionnaire, use traceability and operational risk assessments paperwork as a standard. UCC Coffee builds trust and working relationships with sustainability certifications and regular visits to origins. UCC Coffee's non-coffee suppliers are expected to complete and supply all supporting documentation via their PC222 approval process.
- 5.2 Certified bodies conduct audits of the coffee chain, including coffee supplier's farms, cooperatives, exporters and trading houses, to ensure that they comply with their ethical standards. The green coffee buying and purchasing division, UCC Coffee Services Switzerland AG, regularly meets with certified bodies and trading houses, which includes audit visits to coffee supplier's farms and cooperatives.
- 5.3 Many of UCC Coffee's products have at least one certification with a few having multiple certifications.
- 5.4 Fairtrade, Rainforest Alliance and Soil Association Organic standards include criteria relating to social practices on the farm. See Annex B for some of the critical/core certification criteria producers comply with relating to the prevention of forced labour.
- 5.5 All certification standards use independent auditors to confirm that the standards are being met. The Fairtrade, Rainforest Alliance and Soil Association also use 'Critical criteria' that stipulates minimum wage levels and compliance. As buyers, UCC Coffee is committed to paying a fair price for the coffee which gives farmers incentives not to use slave labour.
- 5.6 Additionally, UCC Coffee checks the premises for safety, hygiene and environmental hazards. Adequate working conditions is of paramount importance, and the expectation is demanded from suppliers regardless of the provenance.

6.0 CONTROL PROCESSES IN 2017: INTERNAL RISK CONTROL AND MANAGEMENT

- 6.1 The risk that UCC Coffee would employ those in modern slavery is relatively small because of the audits, site visits and checks that are in place.
- 6.2 Some practical steps have been taken to ensure UCC Coffee does not knowingly facilitate modern slavery, which include:

Stipulating English communication

Annual audits and site visits

Reviewing internal policies and procedures yearly

- 6.3 Internal employment checks to assess employees' legal right to work are part of the recruitment and induction process.
- 6.4 Internal monitoring ensures that the National Living Wage and National Minimum Wage is adhered to (if not exceeded).
- 6.5 The provision of an Employee Assistance Programme makes a 24/7 confidential helpline available for all employees who may have Modern Slavery concerns.



7.0 TRAINING AND CAPACITY BUILDING FOR STAFF

- 7.1 All employees sign a statement to confirm that they have read and understood the employment policies listed in section 6.0. Policies are reviewed regularly and amended as appropriate.
- 7.2 UCC Coffee has a dedicated quality assurance and supply chain department in the UK structure and these are further supported by the bigger group structure. These departments consistently review standards in line with UCC Coffee's numerous audit requirements and new team members in these teams are trained accordingly.

8.0 KEY PERFORMANCE INDICATORS

- 8.1 UCC Coffee's key performance indicators for the 2017 financial year on the prevention of modern slavery are to:
 - Ensure all major suppliers are approved and documentation/certification status is valid
 - Ensure certification statuses are maintained both on our product and in terms of our internal audit compliance
- 8.2 UCC Coffee's goals are to:
 - Ensure 80% of coffee purchased carries at least one certification
 - Build on our sustainability activities through investment in a senior role designed to push this agenda

ANNEX A

Charities and support providers in the UK for adult modern slavery victims are:

England and Wales

The Salvation Army
0300 303 8151

Scotland

Trafficking Awareness Raising Alliance
(TARA) 0141 276 7724

Northern Ireland

Migrant Help
013 0420 3977 or 07766 668781 (for male
potential victims of human trafficking)

Women's Aid

028 9024 9041 (for female potential
victims of human trafficking)

MODERN SLAVERY HELPLINE

The UK government provides a 24-hour modern slavery helpline that victims, employers and members of the public who may encounter modern slavery can call for expert support and advice.

0800 0121 700

ANNEX B

Some of the critical or core criteria for Fairtrade, the Rainforest Alliance and the Soil Association relating to the prevention of forced labour are as follows.



FAIRTRADE

Compliance criteria 3.3.2 FREEDOM OF LABOUR¹

Reference 3.3.5 (Core criteria): You and the members of your organisation do not have forced labour, bonded or involuntary prison labour. You must explain this to all workers. "Forced labour" includes work for which a person has not offered him or herself voluntarily and they are forced to perform under the threat of any penalty. Slavery, misuse of prison labour, forced recruitment, debt bondage, human trafficking for labour and/or sexual exploitation are some examples of forced labour. Workers are informed they are free to leave at any time, if they follow the due notice period in their contract. You and the member of your organisation have not made employment or housing of the worker conditional of their spouse.

Reference 3.3.7 (Major criteria): You and the members of your organisation have not employed children below the age of 15 or under the age defined by local law, whichever is higher. When there is a high likelihood of child labour as defined by ILO Convention 138 (Minimum age) and ILO Convention 183 (Worst forms of child labour) occurring you are encouraged to address this and include actions that tackle root causes of child labour such as ensuring safe schooling of children in your Fairtrade development plan. In all circumstances, child rights should be given primary considerations, as reflected in the guiding principles of the UN Convention of Rights of the Child (UNCRC).

Reference 3.3.10 (Core criteria): If in the past you or your members employed children under 15 for any type of work, or children under 18 for dangerous and exploitative work, you have ensured that those children do not enter or are at risk of entering into even worse forms of labour including hazardous work, slave-like practices, recruitment into armed conflict, sex work, trafficking for labour purposes, and/or illicit activities.

Reference 3.3.11 (Development criteria): You and the members of your organisation have implemented relevant procedures to prevent children below the age of 15 from being employed for any work and children below the age of 18 from being employed in dangerous and exploitative work. (Only applies if you have identified child labour as a risk in your organisation to re-evaluate 3.1.2 requirement.)



RAINFOREST ALLIANCE

Principle 4 - IMPROVED LIVELIHOODS AND HUMAN WELLBEING²

Sustainable Agriculture Standard (SAN) supports the United Nations (UN) Guiding Principles on Business and Human Rights; workers' rights are not just as recognized by the SAN standard but are protected in national and international law. On certified farms, workers' rights are protected, and includes essential core conventions by international labour organisations (ILO).

Rainforest certified farms do not use forced labour or engage in labour discrimination. The health and wellbeing of all workers (and young workers in particular) are protected, and minors below 15 years of age cannot be hired.

Critical criteria 4.1: All forms of forced, compulsory, or slave labour are prohibited, including use of trafficked and bonded labour, labour by prisoners or soldiers, or the use of extortion, debt, threats, withholding any part or all of the workers' salaries, restricted workers' freedom of movement, monetary fines or penalties, according to ILO Forced Labour Convention (No. 29), Abolition of Forced Labour Convention (No. 105), and Freedom of Association and Protection of the Right to Organize Convention (No. 87).

Critical criteria 4.2: Workers are treated respectfully and are never subjected to threats, intimidation, sexual abuse or harassment or verbal, physical or psychological mistreatment to force workers to work or stay on the farm, or as a disciplinary measure.

Critical criteria 4.6: The worst forms of child labour are prohibited in accordance with ILO Worst Forms of Child Labour Convention (No. 182).

Critical criteria 4.7: The minimum age of a young worker shall not be less than 15 years. It is prohibited to directly or indirectly employ full- or part-time workers under the minimum age. The SAN standard refers to young workers between the ages of 15 and 17 years, ILO Minimum Age Convention (No. 138). If young workers are contracted, full documented records for each young worker are maintained.

Annex B continues overleaf



Annex B continued



SOIL ASSOCIATION ORGANIC

3.2 EMPLOYMENT^{3,4}

Section 3.2.1 & 40.2.11: Farms and processors to comply with the UN Convention for Human Rights and the core standards of the International Labour Organisation. Workers must be allowed the freedom to associate, the right to organise, and the right to bargain collectively.

Section 3.2.2 & 40.2.12: Farms and processors must not use forced or involuntary labour or child labour that interferes with their education.

Section 3.2.3 & 40.2.13: Organic certification bodies have the right to withdraw your certification if working conditions on your organic holding/site do not meet legal requirements or the UN Convention for Human Rights.

¹FLO-CERT GmbH Public Compliance Criteria List - Small Producers' Organisations, NSF Checklist SPO 7.14 EN-GB, 2016.

<http://www.flocert.net/wp-content/uploads/2014/02/PC-PublicComplianceCriteria-SPO-ED-7.14-en.pdf>

²Sustainable Agriculture Standard for farms' and producer groups' crop and cattle production, Sustainable Agriculture Network, 2017

<https://dl.dropboxusercontent.com/u/585326/2017SAN/Certification%20Documents/SAN-Standard-2017.pdf>

³Soil Association organic standards farming and growing, Revision 17.4 August 2016.

<https://www.soilassociation.org/what-we-do/organic-standards/our-standards/>

⁴Soil Association organic standards food and drink, Revision 17.5 August 2016.

<https://www.soilassociation.org/what-we-do/organic-standards/our-standards/food-drink-standards/>