Matthew Algie Annual Statement

Modern Slavery Prevention in 2023 Financial Year

This statement has been published in accordance with Section 54 of the Modern Slavery Act 2015. It sets out the steps that Matthew Algie & Company Limited has taken in relation to the prevention of modern slavery during the 2023 financial year, ending 31st December 2023.

1. Organisational Structure, our Business, and our Supply Chains

1.1 Matthew Algie is primarily a coffee roaster, offering fresh, sustainably sourced coffees to the catering and retail sector in the UK and Ireland. We employ over 400 people and over half of these are based at our roastery in Glasgow whilst the remainder are field based to provide regular, face-to-face contact with customers. Our customers range from cafés to restaurants to pubs and contract caterers and include both national retail chains and single-outlet independents.

1.2 Our founder, Matthew Algie, first started the business importing tea on the Clyde in 1864, over 150 years ago. Company strategy transitioned to focus mainly on coffee in the post-War era although we have continued to produce some own-brand tea. The business remained independently owned by the Matthew Algie family until August 2016 when Matthew Algie was acquired by the German coffee and food service business, Tchibo Coffee Service GmbH. Under this structure we have a new platform for further expansion and innovation.

1.3 Matthew Algie sources coffee to meet the requirements for our blends based upon quality, flavour, seasonality and sustainability. We have worked hard over the years to consolidate our supply chain and develop direct, long-term relationships with suppliers in coffee growing regions, though we buy green (unroasted) coffee through intermediary coffee traders who help facilitate the logistics and administration relating to our purchases. Our pioneering commitment to sustainability certifications complements our commitment to long-term relationships with suppliers. We were the first roaster in the UK to launch a triple certified espresso (Fairtrade, Rainforest Alliance and Organic) in 2004. In 2023, 83% of the coffee we roasted held one or more of these certifications.

1.4 As well as coffee, Matthew Algie offers customers a convenient one stop shop, catering to all their needs. We mainly do this by working with selected third-party suppliers to offer customers a range of machines and “everything but the coffee” via our Espresso Warehouse brand. Our Espresso Warehouse catalogue range includes teas, hot chocolate powders, flavoured syrups, delicious treats and barista kit. Our commitment to sustainability certifications is maintained in these non-coffee products, with many of the relevant supply chains, most notably for our tea and hot chocolate products, holding Fairtrade, Rainforest Alliance or organic certification.

1.5 The contents of this statement refer solely to steps taken by Matthew Algie & Company Limited, including the Espresso Warehouse business unit.

2. Assessment of Modern Slavery Risk in Our Business and Our Supply Chains

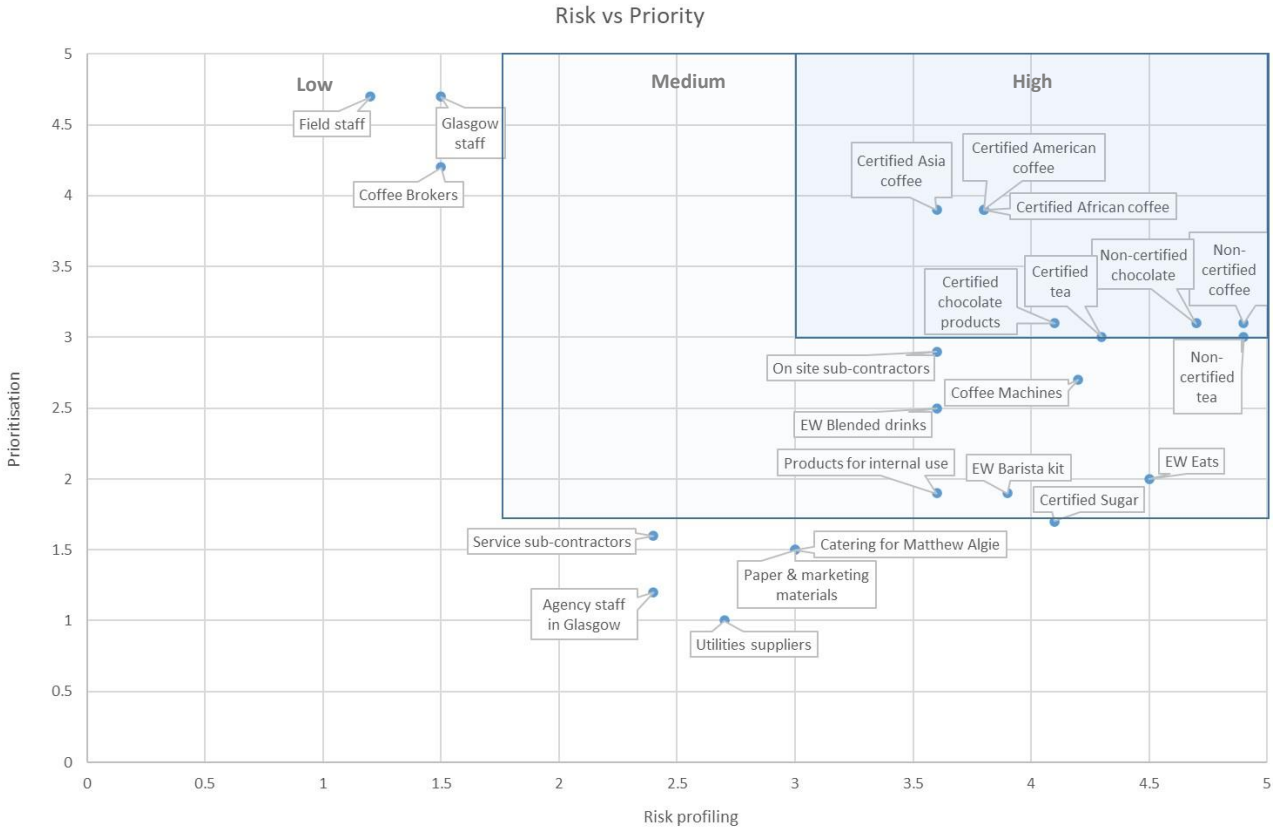
2.1 Matthew Algie holds human rights in the very highest regards and has a zero-tolerance approach to all human rights violations across the business and our supply chain.

2.2 We understand “modern slavery” to be when a person:

- holds another person in slavery or servitude,
- requires another person to perform forced or compulsory labour, or,
- arranges or facilitates the travel of another person with a view to them being exploited (human trafficking).

2.3 In 2016/17 we started formally assessing the risk of modern slavery in our business and supply chains. To plan our actions effectively, we also prioritised the areas that are of greatest importance to us as a business and are within our sphere of influence. Further information on our methodology is given in our statement on Modern Slavery Prevention for the 2017 financial year.

2.4 The outcomes of our assessment for 2023 are displayed in the below matrix. The results demonstrate no changes in 2023 and confirm that we should concentrate primarily on our coffee, tea and hot chocolate supply chains. We will continue to review the risk assessment on at least an annual basis to ensure our actions remain relevant.



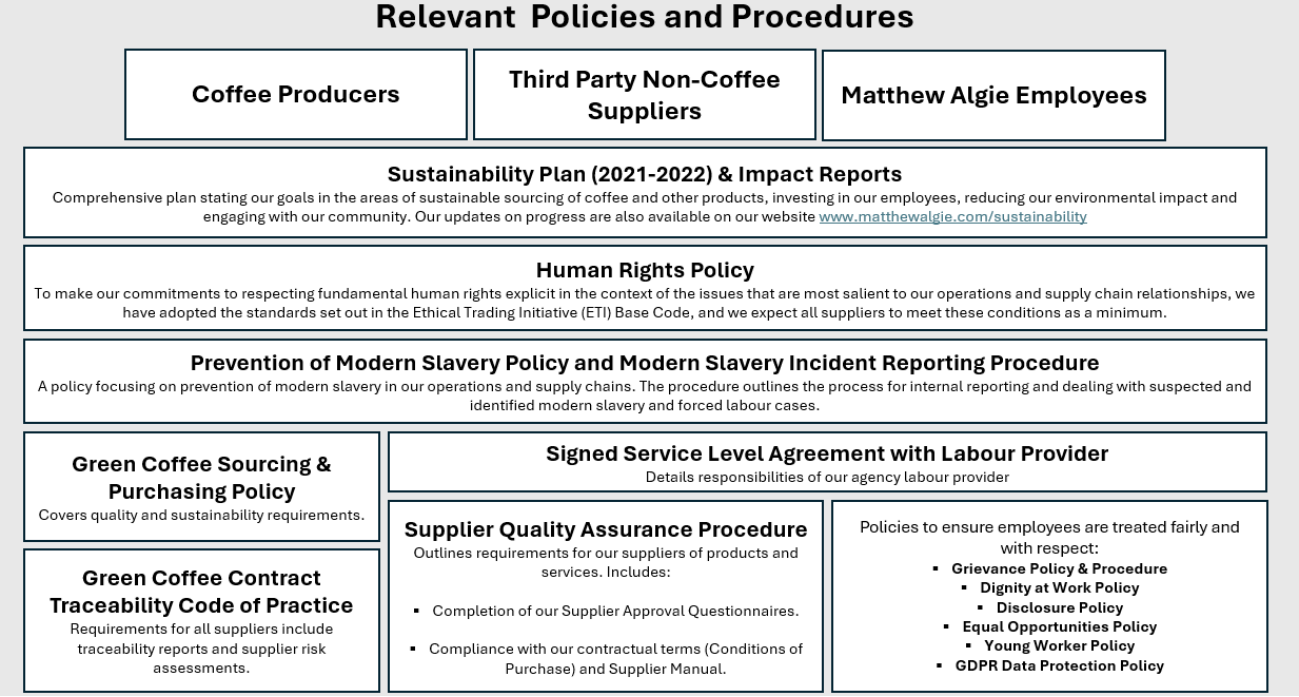
2.5 In 2023, Arabica futures prices ranged between approximately 140 cents per pound and 200 cents per pound. In August 2023, Fairtrade increased their baseline price by 19% and 29%, for Robusta and Arabica coffee respectively. This was implemented due to the increasing additional costs due to climate change mitigation and market fluctuations that farmers are facing. Increasing cost for energy, fertiliser and labour costs are key challenges for farmers and are reflected in responses we have received to our annual supplier survey. In this context, the risk of child labour in the coffee industry will have increased over the last few years, and it is particularly crucial that every

stakeholder in the downstream coffee value chain plays their part in paying a fair price for the coffee that they buy.

2.6 We continue to annually review our risk assessment looking specifically at our recruitment procedure. All the risks identified here rated as either low, medium or high risk based on probable frequency and level of severity or impact. The exercise was helpful for understanding where we can control the risk of modern slavery in our recruitment process and potential areas for improvement.

3. Our Policies in Relation to Modern Slavery

3.1 The below diagram explains our existing policies and procedures which are of relevance to the prevention of modern slavery in our own operations and our supply chain.



3.2 Our 2021-22 Sustainability Report was published in April 2023, and we aim to publish continual updates to this. Our commitment to externally reporting on this progress provides helpful accountability and transparency with our stakeholders. Our goals for 2023-24 were detailed within this Plan. Relevant key performance indicators from the Plan have been copied into Section 5 below.

4. Our Due Diligence Processes in 2023 and Assessment of their Effectiveness

4.1 Risk Mitigation Within Our Operations

4.1.1 Our mitigation activities with respect to our own operations remains consistent with our approach in previous years. We have clearly defined roles and responsibilities, relevant and up-to-date policies and procedures, service level agreements with our temporary labour providers which they are audited against, and we provide relevant training to our employees. For more information, please refer to our previous annual statements.

4.1.2 The training that has been undertaken in 2023 to further improve the capabilities of our employees includes:

- Our internal training module in *Prevention of Modern Slavery in Supply Chains* focuses on employees in roles relating to Purchasing, Technical/Quality Assurance and New Product Development who are directly in contact with third-party suppliers.

4.1.3 As noted above, we conducted our annual review of the risk of modern slavery in our recruitment process. In relation to this, we only ever use temporary agency labour where there is a specific need. In 2023, 32 agency workers were employed. This number is unusual for our business and was a result of extensive work in our software systems that lead to a complete change to our warehousing; an investment in the warehouse roof also caused disruptions, requiring short term staff. Of the 32 agency employees, 5 became permanent staff.

4.2 Risk Mitigation Within Our Supply Chains

4.2.1 As described in our previous statements, our visits to key coffee suppliers help us to fully understand the local context and consider the level of risk of modern slavery. In 2023 we visited suppliers in Brazil. Our annual process of planning visits to origin is completed based on our current sourcing as well as prioritisation based on feedback from producers, exporters and importers within our supply chains.

4.2.2 To provide us with more information on our coffee suppliers on a case-by-case basis, we continue to make use of our Green Coffee Supplier Risk Assessment Approval Forms which includes a section that provides a clear link to the Ethical Trading Initiative Base Code in multiple languages. It asks the supplier to assess the risks of forced labour, unsafe or unhygienic working conditions, payment of illegal wages, excessive working hours, discrimination and harsh or inhumane treatment within its operations. It also requests details of the controls that the supplier has in place to reduce these risks. The opportunity to communicate our baseline requirements and assess our supplier's approach in these areas is especially helpful for our non-certified coffee supply chain.

4.2.3 77% of the coffee we roasted in 2023 held either (or both) Fairtrade and Rainforest Alliance certification. Our commitment to these certifications extends into the other products we source including tea, chocolate, and sugar.

4.2.4 For the purposes of prevention of modern slavery, both the Fairtrade and Rainforest Alliance standards include criteria relating to social practices on the farm. For specific information on the core and development criteria relating to prevention of forced labour, please refer to Appendix 2.

4.2.5 We also actively participated in the public consultation for Fairtrade's review of their Standard for Coffee. The second consultation period was open until February 2021 and was published in July 2021. The standard has been updated to reflect a stronger approach to trading practices and commitment to human rights and environmental due diligence. For example, when it comes to human rights, producers are now required to carry out mandatory assessments, and develop proactive policies and procedures for the prevention of child labour, forced labour and human trafficking.

4.2.6 Buying coffee on Fairtrade terms ensures producers receive a minimum price, plus an additional social premium. Organic certification also includes a specified premium. In 2022, the Fairtrade Foundation began a consultation on their approach to pricing in their standards. We provided feedback as part of the consultation process. The new Fairtrade

Minimum Price for washed Arabica beans – which represent more than 80 percent of all Fairtrade coffee sold – is $1.80 per pound, an increase of 40 cents over the previous price of $1.40 per pound. These changes have taken effect in August 2023.

4.2.7 Of the coffee we roasted in 2023, 62% were Fairtrade certified, a further 24% held both Fairtrade and organic certifications. 36% were Rainforest Alliance certified, and an additional 17% held Fairtrade, organic and Rainforest Alliance certifications. It is our responsibility to continue promoting the benefits of these certifications in the UK market and making the case for them to our customers. This allows us to source most of our coffee on Fairtrade, Rainforest Alliance and organic certified terms and hopefully increase the amount of certified coffee we source from suppliers.

4.2.8 Incorporated into the new Rainforest Alliance standards is a new requirement for supply chain actors to pay a Sustainability Differential on all certified contracts. Use of the Differential for groups of smallholders will be determined by each farmer member. For large farms, the Differential will be used to benefit farm workers. Additionally, buyers will be required to make Sustainable Investments which are designed to assist producers in implementing their development plan. Complementary to this, the new farm standards include a more comprehensive approach to ensuring living incomes and living wages are received. For example, by providing farms with tools to help them to assess their risks more accurately, understand where there is a need to improve through using benchmarks (e.g. Global Living Wage Coalition studies) and measure progress over time.

5. Relevant Key Performance Indicators and Actions

Type of Indicator	Performance Indicator	Progress in 2023	Intention for 2024
Sustainability 2023 & 2024 Goal	Visit at least 3 sourcing origins.	Brazil was visited to extend our supply chain.	Brazil and Peru.
Sustainability 2023 & 2024 Goal	Launch 3 new partnership projects at origin.	We currently have three projects running at origin, in collaboration with some of our customers.	These projects will continue to run into 2024.
Sustainability 2023 & 2024 Goal	100% of relevant staff trained in human rights and environmental due diligence processes.	75% of staff were trained in human rights issues and 80% of staff trained in environmental issues.	This is important to us and will continue to be a goal in 2024.
Sustainability 2023 & 2024 Goal	100% of employee reviews conducted and managed via PeopleHR	The preparation for coming together of Matthew Algie, Tchibo Coffee International and Capitol Foods in Jan 2024 put pressure on employee reviews. The focus was therefore ensuring continuity between entities for employee benefits.	This goal is still applicable for 2024.

6. Authorisation and Endorsement

6.1 This statement was approved by the Board of Directors of Matthew Algie & Company Limited on 16th May 2024.

6.2 This statement has been endorsed by



Paul Chadderton — Date: 16th May 2024

Managing Director

7. Appendix 1: Fairtrade and Rainforest Alliance Standards

7.1 As detailed below, the Fairtrade and Rainforest Alliance standards to ensure forced labour is not used on farms, includes essential criteria and continuous improvement (i.e. required in the medium term) criteria.

7.2 Fairtrade Standard for Small Producer Organisations[1]

Reference	Type of criteria	Requirement
3.3.5	Core	You and your members do not directly or indirectly engage in forced labour, including slave, bonded or involuntary prison labour. You explain this to all workers.
3.3.6	Core	If you have identified cases of forced adult labour in your organization (see requirement 3.1.2), you and your members remediate to ensure prolonged safety and implement relevant policies and procedures to prevent vulnerable adults above the age of 18 years from being employed in abusive, exploitative and unacceptable work conditions as defined by ILO Conventions 29 and 105.
3.3.7	Core	You and your members do not make the employment of a worker or an offer of housing conditional on the employment of their spouse. Spouses have the right to work elsewhere.
3.3.8	Core	You and your members do not employ children below the age of 15 or under the age defined by local law, whichever is higher.
3.3.9	Core	Your members' children below 15 years of age are allowed to help your members on their farms under strict conditions: you ensure that they only work after school or during holidays, the work they do is appropriate for their age and physical condition, they do not work long hours and/or under dangerous or exploitative conditions and their parents or guardians supervise and guide them.
3.3.10	Core	You and your members do not submit workers of less than 18 years of age to the unconditional worst forms of child labour or to any type of work which, by its nature or the circumstances under which it is carried out, is likely to jeopardize their health, safety, morals or their school attendance.
3.3.11	Core	If in the past you or your members have employed children under 15 for any type of work, or children under 18 for dangerous and exploitative work, you ensure that those children do not enter or are not 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. Any action that you take to ensure this respects the UN Convention on the Rights of the Child (CRC) protective framework, which means that: • the best interest of the child are always the top priority; • their right to survival and development is respected; • you apply them to all children without discrimination; • the views of the child are heard and respected; • at all moments they are protected from violence.
3.3.12	Developing	If you have identified child labour as a risk in your organization (see requirement 3.1.2) you and your members implement relevant policies and 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 or exploitative work.
3.3.31	Core	Children under the age of 18 years, pregnant or nursing women, mentally disabled people, people with chronic, hepatic or renal diseases and people with respiratory diseases do not carry out any potentially hazardous work. Alternative work is provided for them.

[1] FAIRTRADE STANDARD FOR SMALL PRODUCER ORGANIZATIONS https://files.fairtrade.net/standards/SPO_EN.pdf

7.3 The Rainforest Alliance Sustainable Agriculture Standard 2020[2]

As per 'Chapter 5: Social' in the Rainforest Alliance 2020 Farm Requirements, there is no place in Rainforest Alliance Certified farms for human rights violations such as child labour, forced labour, discrimination or workplace violence and harassment. Further information on these policies is detailed below.

7.4 The Rainforest Alliance Sustainable Agriculture Standard 2020[2]

7.4.1 n.b. "Mandatory Improvements" and "Mandatory Smart Meters are applicable in case of medium/high risk for child labour and/or forced labour. Large and individually certified farms always implement the improvements for discrimination and workplace violence and harassment.

Reference	Type of criteria	Requirement
1.2.5	Core	For children conducting light work (12-14 years) and young workers (15 – 17 years), the records additionally contain: • Housing address • Name and address of parent(s) or legal guardian(s) • School registration (if applicable) • Type of work or tasks • The number of working hours per day and per week
5.1.1	Core	Management commits to assess and address child labour, forced labour, discrimination, and workplace violence and harassment by: • Appointing a committee responsible for managing the assess-and-address system (see requirement 1.1.5). The committee: • Coordinates with management and the committees/persons responsible for managing grievances and gender issues. • Raises awareness of these four issues with management and (group) staff at least once a year. • Informs workers/group members in writing that child labour, forced labour, discrimination and workplace violence and harassment are not tolerated, and that management has a system in place to assess and address related cases. This information is visibly displayed at central locations at all times.
5.1.2	Core	Risk mitigation: The management representative/committee includes in the management plan (1.3.2) the mitigation measures as identified in the basic Risk Assessment (1.3.1) and implements corresponding measures. The basic Risk Assessment is repeated at least every three years.
5.1.3	Core	Monitoring: The management representative/committee • Monitors risks and the implementation of risk mitigation measures • Reports potential cases of child labour, forced labour, discrimination, and workplace violence and harassment to the management and to the grievance committee • Monitors remediation activities (see 5.1.4) The intensity of the monitoring system is adjusted to the risk level and the issue. Indicator: The number of potential cases identified by the monitoring system and referred to the grievance mechanism (by gender, age, and type of issue).

[1] FAIRTRADE STANDARD FOR SMALL PRODUCER ORGANIZATIONS https://files.fairtrade.net/standards/SPO_EN.pdf
[2] RAINFOREST ALLIANCE SUSTAINABLE AGRICULTURE STANDARD 2020 SA-S-SD-1-V1.3 (rainforest-alliance.org)

5.1.4	Core	Remediation: The management representative/committee sets out in the management plan how to remediate cases of child labour, forced labour, discrimination, workplace violence and harassment. Confirmed cases are remediated and documented following the Rainforest Alliance Remediation Protocol. Safety and confidentiality of the victims is protected throughout the process. Indicator: Number and percentage of confirmed child labour, forced labour, discrimination and workplace violence and harassment cases remediated per the Remediation Protocol (by gender, age, and type of issue).
5.1.5 L1	Mandatory Improvement	In year 1 of certification, the management representative/committee: • Conducts the assess-and-address in-depth Risk Assessment for the medium/high risk issue(s) • Includes the corresponding mitigation measures in the management plan (1.3.2) • Implements these measures The assess-and-address in-depth Risk Assessment is repeated at least every three years.
5.1.6 L1	Mandatory Improvement	Management representative/committee provides training/awareness raising on child labour, forced labour, discrimination, and workplace violence and harassment to all group members (small farms) or workers (of large farms or individually certified farms).
5.1.7 L1	Mandatory Improvement for Group Management	Management actively encourages the school attendance of children of (group) staff, group members, and group member workers.
5.1.8	Mandatory Smart Meter	The management assures good functioning of the assess-and-address system. For this purpose, from year one onwards, a yearly assessment of the assess-and-address system for the relevant issue(s) is conducted, based on the following five elements: • Effective implementation of mitigation measures • Effective training on relevant assess-and-address topics • Effective cooperation with external actors • Effective monitoring of the assess-and-address system • Effective internal collaboration on assess-and-address topics Indicator: Scores on the assess-and-address system elements.
5.7.1	Core for Large Farms	• Families of permanent workers with children share one or more rooms. Such rooms are separate from non-family members. Workers' children living on-site are in a safe place and under the supervision of an adult during working hours.
5.7.2	Core for Large Farms	Children living on-site and of school-going age go to school. Children either: • Go to a school at safe walking distance. • Go to a school at reasonable traveling distance, with availability of safe transport. Have on-site schooling of a recognized and equivalent level.

[1] FAIRTRADE STANDARD FOR SMALL PRODUCER ORGANIZATIONS https://files.fairtrade.net/standards/SPO_EN.pdf
[2] RAINFOREST ALLIANCE SUSTAINABLE AGRICULTURE STANDARD 2020 SA-S-SD-1-V1.3 (rainforest-alliance.org)