

May 2023

Responsible *Sourcing* Policy

LIPTON
Teas and Infusions

Our Responsible Sourcing Policy

Introduction

Sustainable growth is at the core of **LIPTON Teas and Infusions**. The Company is determined to lead positive social, economic, and environmental impact through a successful business. Our mission is to drive the whole industry upwards and to create value for all and our planet, from the farmers who grow our tea to end consumers, including all our stakeholders, retailers and partners, shareholders, communities and all our teams.

LIPTON Teas and Infusions works with its business partners and expects them to adhere to values and principles consistent with our own.

LIPTON Teas and Infusions' Responsible Sourcing Policy (RSP) sets out the requirements that all our suppliers need to meet to be able to do business with **LIPTON Teas and Infusions**. The RSP is instrumental in ensuring we deliver on our business objectives while driving a positive impact throughout the world of tea by creating value for millions of people in our supply chain and reducing the environmental impact.

Scope and Purpose

This RSP outlines the principles and standards that we require all of our suppliers to meet. We only want do business with suppliers that adhere to these standards and we expect all to work towards that goal.

A "supplier" is anyone, individual or company, who supplies us with any goods or services. It includes any primary producers of raw materials, suppliers of raw materials, intermediate materials, intermediary suppliers and service providers. This policy is applicable to all sites and workers and employees of any supplier (including permanent, temporary, contract agency and migrant workers), as well as sub-contractors, agents and subsidiaries.

The Principles

Every aspect of this policy is focused on achieving and upholding the so-called Fundamental Principles, which are both the foundation and vision to realise our responsible business ambitions. As we work with suppliers who share and commit to these Principles, within their own business and across their extended supply chain, we will be able to effect change.

The principles are not a **LIPTON Teas and Infusions** "creation". They are anchored in internationally recognised standards.

We endorse the UN Guiding Principles on Business and Human Rights and are embedding them throughout our operations. In line with the Fundamental Principles, we base our Human Rights commitment on the International Bill of Human Rights consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the

International Covenant on Economic, Social and Cultural Rights; and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. We support the OECD Guidelines for Multinational Enterprises and resulting commitments to compliance with applicable laws, and to fighting corruption in all its forms.

LIPTON Teas and Infusions will verify compliance with, alignment to and implementation of the RSP requirements through the use of supplier self-declaration, online assessments and – for designated high-risk countries and supplier types – independent verification including third-party audits.

The Fundamental Principles are:

1. Business is conducted lawfully and with integrity
2. Work is conducted on the basis of freely agreed and documented terms of employment
3. All workers are treated equally and with respect and dignity
4. Work is conducted on a voluntary basis
5. All workers are of an appropriate age
6. All workers are paid fair wages
7. Working hours for all workers are reasonable
8. All workers are free to exercise their right to form and/or join trade unions or to refrain from doing so and to bargain collectively
9. All workers' health and safety are protected at work
10. All workers have access to fair procedures and remedies
11. Land rights of communities, including indigenous peoples, will be protected and promoted
12. Business is conducted in a manner which embraces sustainability and reduces environmental impact

1. Business is conducted lawfully and with integrity

Compliance with Laws

The supplier shall comply with all applicable laws and regulations in the countries in which the supplier operates. In addition, the supplier shall comply with all applicable international laws and regulations including but not limited to those relating to international trade (such as those relating to sanctions, export controls and reporting obligations), data protection and anti-trust/competition laws.

Bribery

The supplier shall refrain from any and all forms of bribery, corruption, extortion or embezzlement and it shall have adequate procedures in place to prevent bribery in all commercial dealings undertaken by it.

Conflicts of Interest

The supplier shall declare all and any conflict of interest in any business dealings with **LIPTON Teas and Infusions**, of which the supplier is aware, to **LIPTON Teas and Infusions** to allow **LIPTON Teas and Infusions** the opportunity to take appropriate action. Any ownership or beneficial interest in a supplier's business by a government official, representative of a political party or a **LIPTON Teas and Infusions** worker will be declared to **LIPTON Teas and Infusions** by supplier prior to any business relationship with **LIPTON Teas and Infusions** being entered into.

Gifts and Hospitality

Any business entertainment or hospitality with **LIPTON Teas and Infusions** by supplier is kept reasonable in nature, entirely for the purpose of maintaining good business relations and not intended to influence in any way **LIPTON Teas and Infusions's** decisions about how **LIPTON Teas and Infusions** awards future business. Gift giving should occur sparingly and always be legitimate and aligned with company policies.

Competitor and Confidential Information

Supplier obtains and uses all competitor information legitimately and in compliance with all applicable laws and regulations. No attempt is made to divulge to **LIPTON Teas and Infusions** any information about its competitors. Likewise, supplier shall not share **LIPTON Teas and Infusions's** confidential information with any third party unless expressly permitted by **LIPTON Teas and Infusions**.

Financial Records, Money Laundering

Supplier shall perform all business and commercial dealings transparently and shall accurately record this in the supplier's books and records. The supplier shall not participate in money laundering, whether actual or attempted.

Safeguarding Information and Property

The supplier shall respect and safeguard **LIPTON Teas and Infusions's** confidential information, know-how and intellectual property. All information provided by **LIPTON Teas and Infusions** that is not in the public domain is deemed confidential and it is only used for its intended and designated purpose. All and any personal information about individuals, such as **LIPTON Teas and Infusions's** consumers or employees, is handled with full respect for the protection of their privacy and for all relevant privacy laws and regulations.

Product Quality and Responsible Innovation

The supplier shall deliver products and services meeting the specifications and quality and safety criteria specified in the relevant contract documents. Products and services are safe for their intended use. Supplier shall conduct research and development responsibly and based on good clinical practice and generally accepted scientific, technological, and ethical principles.

Reporting Concerns and Non-retaliation

All supplier's workers (whether directly employed or not) are provided with means and are made fully aware of the appropriate channels through which to raise their concerns about any of these requirements and processes are in place to ensure that workers who raise concerns and speak up in good faith are protected from retaliation.

2. Work is conducted on the basis of freely agreed and documented terms of employment

All supplier's workers, both permanent and casual, are provided with employment documents that are freely agreed and which respect their legal and contractual rights.

3. All supplier's workers are treated equally and with respect and dignity

Supplier shall ensure that all workers are treated with respect and dignity. No worker is subject to any physical, sexual, psychological or verbal harassment, abuse or other form of intimidation. There is no discrimination in employment, including hiring, compensation, advancement, discipline, termination or retirement. Supplier shall actively prevent discrimination based on race, ethnicity, age, role, gender, gender identity, colour, religion, country of origin, sexual orientation, marital status, pregnancy, dependants, disability, social class, union membership or political views. In particular, attention is paid to the rights of workers most vulnerable to discrimination.

4. Working is conducted on a voluntary basis

Under no circumstances will a supplier use forced labour, whether in the form of compulsory or trafficked labour, indentured labour, bonded labour or other forms. Mental and physical coercion, slavery and human trafficking are prohibited.

5. All workers are of an appropriate age

Under no circumstances will a supplier employ individuals under the age of 15 or under the local legal minimum age for work or mandatory schooling, whichever is higher. When young workers are employed they must not do work that is mentally, physically, socially or morally dangerous or harmful or interferes with their schooling by depriving them of the opportunity to attend school.

6. All workers are paid fair wages

Supplier shall ensure that all workers are provided with a total compensation package that includes wages, overtime pay, benefits and paid leave which meets or exceeds the legal

minimum standards or appropriate prevailing industry standards, whichever is higher, and compensation terms established by legally binding collective bargaining agreements are implemented and adhered to.

7. Working hours for all workers are reasonable

Workers are not required to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. All overtime work by workers is on a voluntary basis.

8. All workers are free to exercise their right to form and/or join trade unions or to refrain from doing so and to bargain collectively

The supplier will recognize and respect the rights of workers to freedom of association and collective bargaining. Workers are not intimidated or harassed in the exercise of their right to join or refrain from joining any organisation.

9. All workers' health and safety are protected at work

The supplier will provide a healthy and safe workplace to prevent accidents and injury arising out of, linked with, or occurring in the course of work or as a result of the employer's operations.

10. All workers have access to fair procedures and remedies

Supplier will provide all workers with transparent, fair and confidential procedures (and adequate training on such procedures) that result in swift, unbiased and fair resolution of difficulties which may arise as part of their working relationship.

11. Land rights of communities, including indigenous peoples, will be protected and promoted

The supplier will respect the rights and title to property and land of the individual, indigenous people and local communities. All negotiations with regard to their property or land, including the use of and transfers of it, adhere to the principles of free, prior and informed consent, contract transparency and disclosure.

12. Business is conducted in a manner which embraces sustainability and reduces environmental impact

Supplier will conduct operations, sourcing, manufacture, distribution of products and the supply of services in a manner which protects, preserves and reduces impact on the environment, while ensuring compliance with all local and national environmental laws, regulations, permitting requirements and reporting standards.

All LIPTON Teas and Infusions' Purchasing Agreements/Contracts, Master and Local Purchase Agreements or **LIPTON Teas and Infusions** Master Services Agreements specify that suppliers must acknowledge adherence to our RSP as a condition of supply.

Due diligence verification

Lipton Teas and Infusions verifies alignment to and achievement of our RSP through the use of self-declaration, due diligence scanning, online assessments and independent verification by third-party audits in high-risk sites. Risk assessment is based on the size of the business and both the types of goods or services being supplied and the country of operations, using data from external expert organisations.

The verification processes through third-party audits encompass methods suitable to the type and size of the business, as well as the goods and/or services provide.

Reporting on Breaches

Any failure to meet the Mandatory Requirements of our RSP of which the supplier is aware and which is not rectified in a reasonable timeframe should be reported to **LIPTON Teas and Infusions** as soon as possible. Failure to do so will be a breach of our RSP and may result in termination of any contract with the supplier.

We strongly support a culture of speaking up for both business partners and their workers without fear of retaliation against those who report actual or suspected breaches.

Suppliers and their workers, communities and other stakeholders may report actual or suspected breaches of our RSP (including any failure by a **LIPTON Teas and Infusions** worker or anyone acting on behalf of **LIPTON Teas and Infusions**) to **LIPTON Teas and Infusions**. Reports can be submitted confidentially and anonymously (where permitted by law). For more information or to raise a concern go to : [LIPTON Teas and Infusions Business Integrity \(convercent.com\)](https://convercent.com)

LIPTON Teas and Infusions will investigate any concern raised and discuss findings with the supplier. The supplier shall assist with any such investigation and provide access to any information reasonably requested.

If remediation is required, the supplier will create and inform **LIPTON Teas and Infusions** of their corrective action and implementation plans and timeline to effectively and promptly resolve the breach.

Governance

LIPTON Teas and Infusions' Chief Procurement Officer is responsible for implementing our Responsible Sourcing Policy.

The Compliance Committee includes representatives of **LIPTON Teas and Infusions'** Board and Executive Committee is involved in the approval process for our Responsible Sourcing Policy. The Compliance Committee is accountable for **LIPTON Teas and Infusions's** policy framework.

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