

# Twinnings North America, Inc. Fighting Against Forced Labour and Child Labor in Supply Chains Report (2023)

## ABOUT THIS REPORT

Twinnings North America, Inc. (“TNA”) has prepared this report (the “Report”) pursuant to the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) for the financial year ended 31 August 2023.

TNA does not report under similar legislation elsewhere in the world, however, its affiliate, R. Twinings and Company Limited (“R. Twinings & Co.”) reports under the UK Modern Slavery Act as a part of the Associated British Foods plc (“ABF”) statement, the most recent version of which is available at [abf-modern-slavery-statement.pdf](#). Likewise, TNA’s Australian affiliate, AB Food & Beverages Australia Pty. Ltd. (“Twinnings Australia”) reports under similar legislation in Australia as part of a joint statement for ABF’s Australian and New Zealand businesses. The most recent version of the report covering Twinnings Australia is available at [ABF067 Modern Slavery Statement 240228 2150.pdf \(gwf.com.au\)](#).

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## INTRODUCTION

As a part of the Twinnings Ovaltine global business, TNA’s position against forced labour and child labour is set forth in the Twinnings Ovaltine Code of Conduct (available at [two-code-of-conduct-2022.pdf \(shopify.com\)](#)) and the Twinnings Ovaltine Human Rights Policy (available at [Microsoft Word - Human rights policy \(shopify.com\)](#)). The Code of Conduct and Human Rights Policy underpin the commitment of the Twinnings Ovaltine group, including TNA, to conduct business with integrity, to respect universal human rights, and to uphold core labor principles. The principles set forth more fully in the Code of Conduct and Human Rights Policy are based upon the internationally-recognised code of labour practice, the Ethical Trading Initiative (ETI) Base Code, which is itself founded on the main conventions of the International Labour Organisation (ILO). These principles also draw from the United Nations Declaration on Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the BSR Gender Equality in Codes of Conduct Guidance.

## STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

### *Structure*

TNA is a corporation organized under the laws of the State of Delaware, USA. It is headquartered in Rutherford, New Jersey, USA, and it is a part of the global Twinnings Ovaltine business, which is headquartered in Andover, UK. TNA and the global Twinnings Ovaltine business are, in turn, part of ABF, which is a diversified food, ingredients, and retail group with operations in 55 countries across Europe, Africa, the Americas, Asia, and Australia. The Twinnings Ovaltine business, including TNA, is included within ABF’s Grocery division.

TNA has approximately 66 employees in North America. The Twinnings Ovaltine business has approximately 2,000 direct employees, 23 commercial units (including TNA), and 8 factories worldwide.

Within each business in ABF, ultimate responsibility and accountability for risk management, including that of human rights and modern slavery, sits with the CEO of the business. The Human Rights Policy is signed by the CEO for the global Twinings Ovaltine business and is overseen by the General Managers for commercial units within the business, including **TNA**. Twinings Ovaltine's Social Impact and Sustainability Team is responsible for the governance of and compliance with the Code of Conduct; they present key issues annually to the General Managers and ensure the Human Rights Policy and Code of Conduct are implemented across functions and business units.

### ***Activities and Operations***

**TNA** is principally a sales, marketing, and distribution operation. It sells tea and herbal infusion products under the TWININGS® brand in the US, Canada, and Mexico. It also sells a comparatively small volume of milk powder products under the OVALTINE® brand in Canada. **TNA** sells these products directly and through distributors to customers in the grocery, mass market, club, and foodservice channels. (In the case of Mexico, the products are distributed by an affiliate within ABF.) **TNA** also sells products directly to consumers through e-commerce channels. It operates a distribution center in Greensboro, North Carolina, USA, and contracts with a third-party warehouse operator for the storage and distribution of certain products sold in Canada.

### ***Our Supply Chain***

**TNA** sources most of the products it sells from its affiliates in the Twinings Ovaltine business. The bulk of the TWININGS brand tea and herbal infusion products that **TNA** sells in North America, for example, are developed, sourced, and formulated by personnel with R. Twinings & Co. and packaged at plants in the United Kingdom and Poland. **TNA** sources its Wellness range of teas (for the US market), as well as its range of products packaged in K-CUP® pods, from co-manufacturers in the US. The OVALTINE products sold by **TNA** in Canada are sourced from AB Food and Beverages (Thailand) Ltd., a fellow member of ABF and part of the Twinings Ovaltine business. These products are produced in Thailand.

An overview of the Twinings Ovaltine global supply chain, including a list of priority raw materials and the locations from which they are sourced, is set forth in the Twinings Ovaltine Human Rights Update 2023, which is available at [Twinings Ovaltine-human-rights-report-2023.pdf \(shopify.com\)](#). Twinings' Sourced With Care website includes details of each of the tea gardens from which it sources tea, as well as the origins of its key herbs. This information is available at [Sourcing – Sourced With Care](#).

## **POLICIES AND DUE DILIGENCE**

The Twinings Ovaltine business of which **TNA** is a part has controls and processes in place to assess and address the risk of child and forced labour. The Twinings Ovaltine Code of Conduct and Human Rights Policy, linked above, underpin the organization's commitment to conduct business with integrity, to respect universal human rights, and to uphold core labour principles. These commitments cover all Twinings Ovaltine supply chains, from raw materials to packaging and indirect procurement, as well as its own operations.

Twinings Ovaltine has developed due diligence policies, audit procedures, and training intended to further strengthen the implementation of its Code of Conduct and Human Rights Policy. These include Twinings Ovaltine's Factory Monitoring and Improvement Programme ("FMIP"), the Twinings Community Needs Assessment ("TCNA") process, and the Modern Slavery Awareness training program that are described in detail in the Twinings Ovaltine Human Rights Update 2023 referenced above.

## **POTENTIAL RISKS IN OUR OPERATIONS AND SUPPLY CHAINS**

### ***Potential Risks in Our Operations***

The potential risk of child or forced labour in **TNA's** own operations is primarily managed through the Twinings Ovaltine Code of Conduct and **TNA's** Human Resources policies and procedures. Taking into consideration these policies and procedures, together with the location of **TNA's** workforce and facilities in Canada and the US, **TNA** assesses that the net risk of the use of child or forced labour in its own operations is close to zero.

### ***Potential Risks In Our Supply Chain***

Because it involves sourcing agricultural raw materials from several sectors and jurisdictions generally recognized as high risk (e.g., tea, herbs, palm oil, and cocoa), **TNA** recognizes the potential risk of forced and/or child labour in the broader supply chain overseen by other entities in the Twinings Ovaltine business on which it relies. These risks are articulated in various global indices such as the Global Slavery Index, Global Reporting Initiative (GRI) and Sustainable Accounting Standards Board (SASB). In 2022, Twinings Ovaltine conducted a review following the framework set out in the UN Guiding Principles for Business and Human Rights to identify and prioritize the human rights risks that are most salient to its business and supply chain. The steps taken to conduct this review, and the results which identified the risk of forced labour as salient to certain aspects of the Twinings Ovaltine supply chain, are set forth in the Twinings Ovaltine Human Rights Update 2023.

### ***Management and Mitigation of Potential Risks***

The risks of forced and/or child labour in **TNA's** extended supply chain are primarily addressed by the personnel, policies, and procedures of the global Twinings Ovaltine business from which it sources most of the products it sells. As described above, at the core of these policies and procedures is the Twinings Ovaltine Code of Conduct.

Twinings Ovaltine monitors compliance with the Code of Conduct through its first tier supply base, which includes its own operations, suppliers providing packaging materials and related items, ingredient processors, third party business partners who manufacture branded products, and third party warehousing operators, via the FMIP. As set forth in the Twinings Ovaltine Human Rights Update 2023, the FMIP involves a risk assessment of each site and periodic ethical audits, the frequency of which varies based on the priority level assigned to the site. Each high priority site is audited by an independent third-party auditor at least every three years and as frequently as every six months depending on how the site performed in its previous audits. Low and medium priority sites are subject to random spot check audits. Approximately 100 audits of tier one sites are conducted each year, including third party audits commissioned by the sites themselves. Where such audits identify areas of

non-compliance, the supplier is required to take action to resolve the issue within a time frame specified in the audit report. The Twinings Ovaltine Human Rights Update 2023 provides more information on its approach to addressing such non-conformance issues.

Twinings Ovaltine also gains an understanding of the needs of the workers, farmers, and broader communities in its tea and herbs supply chain through its TCNAs, which are conducted by local members of Twinings Ovaltine's Social Impact Team and cover topics related to the human rights and welfare of workers. Each of the tea gardens from which Twinings Ovaltine sources are covered by a TCNA every two to three years, and the number of herb origins covered are increasing each year. More details on how the TCNA process fits within Twining's Sourced With Care Program and the results observed are set forth in the Sourced With Care Progress Report 2023, available at [twinings-swc-progress-report-2023.pdf \(shopify.com\)](https://www.shopify.com/twinings-swc-progress-report-2023.pdf).

Finally, although it recognizes that such certifications alone are not sufficient to eliminate all risks in its supply chains, Twinings Ovaltine also utilizes third party certifications to help support industry-wide improvements across a number of relevant dimensions, including compliance with labour standards and/or the elimination of child labour. Twinings Ovaltine relies on certification from third party organizations such as the Rainforest Alliance, Fairtrade, and the Roundtable for Sustainable Palm Oil ("RSPO") as a minimum sourcing requirement for key raw materials. In addition, Twinings Ovaltine is a member of relevant sector initiatives such as the International Cocoa Initiative, World Cocoa Foundation, Ethical Tea Partnership, Sustainable Spices Initiative, and the RSPO to help tackle systemic issues in specific areas. Further details on the third parties with which Twinings Ovaltine works in these areas are provided in its Human Rights Update 2023.

### ***Remediation***

Because **TNA** did not become aware of any instances or accusations of forced or child labour in its own operations or its limited direct supply chain in the US in the period covered by this Report, it did not have occasion itself to engage in remediation efforts, including remediation with respect to the loss of income, during that period. As set forth in the Twinings Ovaltine Human Rights Policy, however, where the Twinings Ovaltine global business becomes aware of potential adverse human rights impacts in its operations or in its supply chain, it is committed to doing what it can and cooperating with others to try to find appropriate remediation. Examples of such efforts in Malaysia and Thailand are described in the Twinings Ovaltine Human Rights Update 2023 and Twinings Ovaltine's response to a February 2023 BBC report on conditions at two tea gardens in Kenya is described in ABF's Modern Slavery Statement 2023.

### **TRAINING**

The Twinings Ovaltine business, including **TNA**, has a robust human rights training program. Buying teams are regularly trained on the Code of Conduct, ethical procurement practices, and modern slavery risks and prevention. Since 2020, Twinings Ovaltine has been rolling out mandatory virtual modern slavery training for all staff in supplier-facing roles. The business has also launched modern slavery training for supplier factories operating in all of the high-risk countries identified in the most recent saliency assessment, focusing particularly on tier one factories with a high number of migrant workers.

## ASSESSING EFFECTIVENESS

TNA recognises the importance, and intends to continue to support the development, of the overall efforts of the Twinings Ovaltine business to prevent and reduce the risks of child and forced labour in its operations and supply chains. As reflected in the timeline in the Twinings Ovaltine Human Rights Update 2023, Twinings Ovaltine's efforts to ensure respect for human rights in its operations and its supply chain have been enhanced over time. The members of Twinings Ovaltine's Social Impact and Sustainability Team, which is led out of the UK and includes members in key geographies from which raw materials are sourced, work on a day-to-day basis to implement the Human Rights Policy and identify ways in which conditions and compliance with relevant labour standards may be improved. The leadership group of General Managers within the global Twinings Ovaltine business, including the General Manager of TNA, plus the global CEO, CFO, and all operational country heads, are informed by the Social Impact and Sustainability Team at least annually of salient human rights risks across the markets in which Twinings Ovaltine operates and sources and consider ways in which those risks may be better addressed.

## Approval & Attestation

This Report was approved by the Board of Directors of Twinings North America, Inc. on May 30, 2024.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

DocuSigned by:

*Gavin Vandeligt*

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I have the authority to bind Twinings North America, Inc.

Gavin Vandeligt

President, CEO & Director

May 30, 2024