

This statement is made by and behalf of Caravela Limited. Caravela are proud of the steps taken to combat slavery and human trafficking. We conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to modern slavery and we are committed to ensuring there is transparency in our own business and throughout our supply chains. We expect the same high standards from all of our contractors and suppliers, and we include specific prohibitions against modern slavery in our contracts with suppliers.

## **1 THE ORGANISATION'S STRUCTURE, ITS BUSINESS, AND ITS SUPPLY CHAINS**

### **Organisation's structure**

We are a global vertically integrated green coffee company grower and exporter. We are a private company that operates across eleven countries including South America, the USA, the United Kingdom, Australia, Taiwan and the Netherlands.

We work with producers throughout South America in Mexico, Guatemala, El Salvador, Colombia, Nicaragua, Ecuador and Peru.

We have 277 employees who operate across these countries.

We have a global annual turnover of £ 41,568,353.

### **Our business**

Caravela is a green coffee company focusing exclusively on responsibly sourcing and selling high quality Latin American coffees. The Company aims to build mutually beneficial relationships between outstanding coffee producers, coffee roasters and coffee consumers, contributing to the development of a long-term sustainable coffee industry, from farm to cup.

Caravela has company-owned infrastructure and export companies in Colombia, Ecuador, El Salvador, Guatemala, Mexico, Nicaragua and Peru. In each of these countries, we have multiple purchasing labs, dry mills and full quality control, logistics and administration teams. The Company also sources coffee in Honduras and Costa Rica but does not yet have its own export operations in these countries.

In total, we operate in seven Latin American coffee origins, with close to two hundred employees on the ground, almost 40 purchasing points and cupping labs, more than 20,000 square meters of coffee parchment drying facilities, 4 dry processing mills (trilladoras) with state-of-the-art optical sorting equipment, a cross border farmer education programme led by expert agronomists and a quality analysis team comprised of more than 50 highly trained coffee cuppers that work day in and day out with our farmers providing constant feedback and support.

On the import side, we have a team of more than thirty coffee professionals focused on sales, quality assurance, logistics and administration, which work from our offices in London (United Kingdom), Houston (USA), Sydney (Australia) and Taipei (Taiwan).

## **Our supply chains**

We employ 277 people alongside a chain of 3,457 suppliers.

Our supply chains include: small and medium sized coffee farmers

We contract with suppliers to ensure that we have the goods and services required to generate and supply green coffee. Our supply chain due diligence processes include:

1. Capacity Building – Caravela is committed to providing resources and tools for its employees primarily at field on Quality Assurance, the PECA (Programa de Educacion de Caficultores – Coffee Grower Eductaion Program), Education team and People and Culture to develop know-how and practical skills to identify, communicate and implement Modern Slavery practices.
2. Monitoring Methodologies – Our technical field team measures workers contractual and working conditions at the farms and reports on Modern Slavery practices that have been identified within the supply chain.
3. Raising Awareness through Education Programmes – Our PECA education field team provide farmers with the necessary training spaces, as well as the tools, resources and protocols necessary to identify and report any signs of modern slavery practices or any sort of exploitation they suffer or might encounter though our Caravela's Transparency Line, directly available through the Arabica app.
4. Traceability and Monitoring – the PECA team and Sustainability areas of the company monitor and evaluate the impact of the programmes we have developed to ensure that they have a positive impact on Caravela farmers and partners prosperity when compared to other coffee farmer communities not engaged with Caravela's business model.

We have a zero tolerance approach to modern slavery and transparency throughout our supply chains.

We are committed to ensuring that there is no modern slavery and human trafficking in our supply chains or in any part of our business. Our Policy on Modern Slavery and Child Labour reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place any where in our supply chains.

When modern slavery or any other sort of human exploitation practices are identified or are found to be happening on a farm, the Caravela field teams take immediate action. First, they work directly with the farmer and develop a communication approach to address the issue. The PECA and Quality teams on field, in direct daily contact with farmers, will provide the farmer with clear guidance on o improvements required to working/contracting conditions,

but also provide resources and tools (depending on the situation) on how to remedy the situation. We will work with the farmer to develop a plan of action to ensure that such practices are drastically mitigated in the short term and eradicated from the farm in the long-term, to ensure they do not occur in the future. If the farmer is unwilling or unable to address the issue, we will terminate our business relationship with that coffee supplier.

## 2 **POLICIES FOR SLAVERY AND HUMAN TRAFFICKING**

You can find our Policy on Modern Slavery and Child Labour in this link:

<https://caravela.coffee/en/key-policies>

We have appropriate policies in place, underpinning our commitment to ensure that there is no modern slavery or human trafficking in our supply chains or any part of our business. We continuously review and update our policies.

Our Policy on Modern Slavery and Child Labour reflects our commitment to acting ethically and with integrity in our business relationships, implementing appropriate controls to ensure slavery and human trafficking is not taking place within our business, including supply chains. We also have the following policies in place, relevant to modern slavery:

- Our Policy on Modern Slavery and Child Labour
- Code of Ethics and Conduct
- Ethics Standards Policy for Coffee Farmers
- Farmer Individual Commitment of Responsible Production

Our business model is built upon five Basic Principles:

- Direct Relationships
- Education
- Sustainability
- Traceability
- Transparency

The coffee farmer is at the centre of our decision making as his or her success equals our success. Only by making sure that we have viable coffee farms (from an economic, social, environmental fronts) can we guarantee that there will be high quality coffee in the future.

As a result, we have built a large infrastructure in Latin America in order to be a part of the communities where our farmers are located. We hire locally and train sons and daughters of coffee farmers to become part of our team.



### 3 DUE DILIGENCE PROCESS FOR SLAVERY AND HUMAN TRAFFICKING

We understand that the following areas give rise to the highest modern slavery risks for our business:

- Coffee Cherry picking at farms that we work with
- Other farm work
- Work done at wet milling and coffee drying at farms

We also have in place systems to:

- Identify and assess potential risk areas in our supply chains.
- Mitigate the risk of slavery and human trafficking occurring in our supply chains.
- Monitor potential risk areas in our supply chains.
- Protect whistle blowers.

### 4 RISK OF SLAVERY AND HUMAN TRAFFICKING TAKING PLACE, AND THE STEPS IT HAS TAKEN TO ASSESS AND MANAGE THAT RISK

We have zero tolerance to slavery and human trafficking. To ensure all those in our supply chain and contractors comply with our values we have in place a supply chain compliance programme. This consists of:

#### 1. Monitoring Methodologies

To ensure that our coffee supply chain is free of modern slavery, we will implement a range of monitoring methodologies directly at the farm level, where our PECA (Coffee Producer Education Program for its abbreviation in Spanish) field education team will conduct regular site visits directly at the farms from which we source our coffee to observe the working conditions and identify any potential signs of exploitation. These farm visits will include:

- Farm visits and Documented reviews: Through trained observations of PECA educators and surveys, Caravela Coffee will review and assess employment conditions such as payment protocols, working shifts, fair remuneration and working conditions to ensure that workers are not working under exploitative conditions.
- Surveys and Interviews: We will conduct interviews with workers to understand their working conditions, their awareness of their rights, and whether they have experienced any form of exploitation.
- Farm Field Schools and Focused group discussions: Through Farm Field Schools and other group methodologies, the PECA team will work closely with coffee farmers to

identify their needs, and to develop solutions that are practical, effective, and sustainable.

## 2. Raising Awareness through Education Programs

At Caravela Coffee we recognize there is shared responsibility along the coffee value chain on the conditions and the causes of these issues, therefore we are sure that eradicating modern slavery in the coffee industry will require a concerted effort from all stakeholders, including farmers, workers, exporters/importers, roasters, retailers, consumers, and the broader coffee industry. For this reason, we will invest in education programmes aimed at raising awareness about the issue of modern slavery in coffee production.

These programs will be targeted at our coffee suppliers, as people within coffee producing communities who are the most vulnerable to modern slavery risks, who will be required to participate in PECA training sessions (Field Farm Schools) with the objective of raising awareness within these communities on the signs of modern slavery, as well as their legal and ethical rights and responsibilities. Our PECA education field team will provide farmers the necessary training spaces, as well as the tools, resources and protocols to identify and report any signs of modern slavery practices or any sort of exploitation they suffer or might encounter through our Caravela's Transparency Line, directly available through the Arabica app.

Our PECA team works closely with coffee farmers, collaborating in synergy with them, to identify their needs, and to develop solutions that are practical, effective, and sustainable. Our PECA education programs are conceived as an integral approach to address social, environmental and governance gaps to sustainable development at the farm level and are designed as an inclusive, differentiated support programs ranging from technical assistance on sustainable agricultural practices, to environmental and Living Income impact assessments that will help coffee farmers in Latin America to improve their working conditions, increase the productivity of their farms, the quality of their coffee, and generate a longer-term prosperity for the household and all the people involved.

## 3. Traceability, Monitoring, and Reporting

To ensure the traceability of our coffee and the practices it was grown with, we collect crucial data beyond coffee production practices, quality and price, and it aims to report besides environmental impact, on social and governance indicators such as living income gaps, modern slavery and equity among genders and ages in the decision making processes at the farm level. Therefore, we are driven to include information on contracting and working conditions of farm workers, disaggregating collected data on gender and age, to assess besides modern slavery, gaps to gender equity and generational turnover in coffee producing communities.

Farm level assessments done by the PECA team provide a general view of the communities from our supply chain which could be identified as high risk or highly vulnerable areas to modern slavery or any other sort of exploitation when producing coffee.

- *Awareness Programmes Development:* PECA farm support programs are then based on the findings and the needs assessed in each farm. This way, the PECA team develops programs that are tailored to the specific needs of coffee farmers. These programs may include training in best practices, provision of equipment and tools, and access to information and resources.
- *Awareness Programmes Monitoring and Evaluation:* PECA team and Sustainability areas of the company monitor and evaluate the impact of the programs we have developed to ensure that they are having a positive impact on Caravela Coffee's farmers partners prosperity when compared to other coffee farmer communities not engaged with Caravela's business model.
- *Awareness Programme Improvement:* Based on the findings of our monitoring and evaluation, our PECA team and other areas of the company are constantly engaged in improving procedures and protocols, in developing new tools and resources, and creating new communication channels for our programs to ensure that they are meeting the needs of coffee farmers and having a positive impact.

Reporting of assessed gaps and modern slavery issues is done at different levels. Firstly, internally, to our employees in direct relationship with coffee producers on the case base and monthly, the company's sitting board quarterly, and other employees annually through internal communications and the impact report. Secondly, externally, within coffee producing communities through the training and raising awareness spaces provided by the PECA team, but also to the rest of upstream stakeholders through traceability reports to costumers, the annual Impact Report and other reporting channels either public or private.

We have a dedicated compliance team, which consists of representatives from the following departments:

- Internal Audit
- PECA
- Local Management

## 5 **EFFECTIVENESS**

We will seek to require our suppliers to engage with us through regular surveys/assessments made by PECA though the Arabica app, that document their compliance with this policy. These reports will include information such as the number of workers employed, their ages, their working conditions, the wages they receive and other indicators aligned with respecting human rights within coffee producing farms in Latin America. We achieved 25% coverage of by the end of 2023 and having completely mapped Environmental, Social, Governance and Modern Slavery gaps. For 2024 we aim to increase this coverage to 30% and above 50% of our coffee supplier farms by the end of 2025. We aim to cover more than 90% by 2030.



## 6 TRAINING

To ensure compliance with the monitoring methodologies at the farm level and improve our field capacity in addressing modern slavery issues, our PECA, Quality Assurance, and People and Culture teams (primarily) receive internal/external training and assist capacity building programs on identifying signs of modern slavery, and effective protocols to address the farmers and report any concerns internally, through the Caravela's transparency line or through the regular conduct of the PECA area.

### Further steps

Following a review of the effectiveness of the steps we have taken in 2023 to ensure that there is no slavery or human trafficking in our supply chains we intend to take the following further steps to combat slavery and human trafficking:

#### 1. Training and Awareness:

- a. Develop internal communication resources to be shared with all employees in which key points of the policy are outlined, such as what is understood by modern slavery, how it could be exemplified within Caravela's supply chain, and clear protocols and mechanisms on how to report it.
- b. Open spaces for external training from NGOs, experts or other third party for Caravela's employees to further understand Modern Slavery and are able to recognize and gather the tools and resources necessary to identify and report modern slavery. We are committed to do at least one training for all the PECA staff in 2024.
- c. Open spaces with suppliers, such as farm field schools, to raise awareness on Modern Slavery and develop resources to communicate Caravela's policy on Modern Slavery to other stakeholders that might be affected.

#### 2. Risk Assessment:

- a. Collect relevant information and data on all of Caravela's operation countries such as historical human rights and modern slavery reports related to labor laws or practices to identify business locations where there is a high risk of modern slavery and prioritize these operation sites for further awareness, due-diligence and support.
- b. Identify from historical reports, literature and previous assessments done, the specific manifestations of modern slavery to be most aware of for each operation site and business location for Caravela to focus training, monitoring and reporting efforts.

#### 3. Due diligence across the supply chain

- a. Determine frequency of Farm Visits, Farm Field Schools and Farmer Surveys to assess working conditions and identify signs of modern slavery at the farm level.
- b. Review supplier policies and agreements to ensure compliance with modern slavery policy.
- c. Assure that all current and new suppliers sign up to the Farmer Commitment for Responsible Production

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 2023.

A handwritten signature in black ink, appearing to read "G. Ghiretti".

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Giancarlo Ghiretti  
Caravela Limited

Date: May 28, 2024