

Caffè Nero Group Ltd. Modern Slavery Act Statement 2019

Our business

The Caffè Nero Group consists of four premium, specialist coffee house brands with over 1,000 stores across eleven different countries. Our operating brands are Caffè Nero, Harris & Hoole, Aroma and Coffee#1. This statement covers all of these brands and their activities.

We take our responsibility to be a fair and ethical business seriously, and consider how our actions impact local communities, our suppliers, where we source our products, our staff and the environment in all our business decisions.

We are committed to ensuring that modern slavery or human trafficking is not part of our business or our supply chain and we published our first Modern Slavery statement in 2016 and are continually developing policies, processes and standards to meet our commitments. We will continue to review and strengthen our approach in the years to come.

Our Policies

Caffe Nero Group's policies have been reviewed to ensure the appropriate focus on modern slavery and human trafficking.

1. Modern Slavery Policy

The Caffè Nero Group has a zero-tolerance approach to modern slavery and human trafficking. We are committed to acting ethically and with integrity in dealing with our partners, suppliers and customers, and to implementing systems and controls to ensure modern slavery and human trafficking is not taking place anywhere in our business or that of our supply chain.

1. Group employees and head office handbooks

Handbooks are provided to all employees and updated on a regular basis. They include policies on Disciplinary, Grievance and Whistleblowing. We are committed to providing an environment in which our employees are comfortable to approach their line manager or the HR department on anything that they are concerned about. Concerns about slavery and human trafficking may be raised by any employee and will be fully investigated.

2. Group Responsible Sourcing Standard

Based on the Ethical Trade Initiative (ETI) Base Code, and to be rolled out in 2019, the Standard requires suppliers to confirm there is no forced labour, no child labour, no harassment, but there are fair working hours, minimum wages, and healthy and safe working conditions in their own operations or supply chains.

Our Approach to Eliminating Modern Slavery

In response to the Modern Slavery Act, we engaged external consultancies in 2016 and again in 2018 to review the risk of any potential exposure to modern slavery throughout our direct business and supply chain. We reviewed factors such as recruitment practices, working conditions, and geographical location and have not found any occurrences of modern slavery or human trafficking in our operations. We will continue to review and strengthen our policies to ensure that this remains the case.

We identified our supply chain as holding the greatest risk of modern slavery and in 2018 conducted an extensive review of all our purchased goods and services against four key indicators of potential risk: - workplace conditions, Forced or compulsory labour, Sourcing from high risk countries, Complexity of the supply chain. This was then compared to spend against each category to identify those categories and suppliers of potential higher risk and impact.

Findings from risk assessment process and actions

We identified the following purchase categories as being of potential risk and therefore requiring focused attention:

- Coffee
- Some other food and drink categories
- Catering equipment
- Specialist cleaning services
- Construction services

All of our green coffee beans are of Rainforest Alliance standard, with 90% achieving certification and we are working to receive certification for the remaining 10%. Rainforest Alliance establishes fair and sustainable working conditions for our farmers. Our certified suppliers are audited annually against rigorous social, economic and environmental criteria, which include anti-slavery and human trafficking.

We are also supporting our other suppliers to achieve certification. As part of this process, and in partnership with Rainforest Alliance, we have conducted baseline studies for some of our supplier regions to determine material risks which include modern slavery. We also receive quarterly updates on farms working towards certification and compliance with our expectations. As a result of these due diligence processes and audits we have not uncovered any evidence of modern slavery or human trafficking in our green coffee supply chain.

We are working to adopt similar certification and auditing approaches with other food and drink items that we purchase, particularly tea, chocolate and fresh produce.

We are initially rolling out our new Responsible Sourcing Standard to the prioritised categories, as well as those categories which have other identified higher environmental risks. We are driving all suppliers to sign up to the new standard as a condition of doing business with the Group.

To ensure that the Standard is applied effectively we will carry out a review of our central procurement practices and aim to modify our processes where necessary to align with best practice.

In 2019 we will complete the assessment exercise to evaluate potential risks across the group and develop any remedial actions that may be required in these markets.

Effectiveness measurement and tracking

In 2018 we established specific indicators to monitor and track our performance in addressing modern slavery and human trafficking risks. These include:

1. Number of concerns relating to slavery and human trafficking reported by employees
2. Number of concerns relating to slavery and human trafficking reported by suppliers
3. Number of personnel who have successfully completed slavery and human trafficking awareness training
4. % of suppliers who have signed the Responsible Sourcing Standard

We will report progress against the chosen indicators on an annual basis. For indicators 1 and 2, if any concerns are raised they will be investigated and followed up by appropriate senior management.

Training and Capacity Building

In 2019, we will continue to roll out appropriate training for our staff involved in sourcing and procurement, to enable awareness of modern slavery and human trafficking, how to help prevent occurrence, and what actions to take if any incidence is identified.

Training covers senior management and staff from the procurement and sourcing functions.

Declaration

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our Group's slavery and human trafficking statement for the financial year ending 31st May 2019. The statement has been approved by our board and will be reviewed and updated annually in accordance with the Act.

Signed,

A handwritten signature in black ink that reads "Gerry Ford". The signature is written in a cursive, slightly stylized font.

Dr Gerry Ford
Founder and Group CEO
Caffè Nero Group Ltd

June 2019