



Global CSR communication on Progress 2022



About Chaya

Chaya's history dates back 40 years to when Bente Valbak came up with the idea to establish a company selling good tea in Denmark. Back then, she frequently traveled to the East and developed a special interest in the tea culture. She decided to make quality tea accessible to all Danes by selling it through mail order. The entire family was involved in the work, filling tea into bags, packing boxes, and taking them to the post office. In this way, Chaya has always been like an additional family member. Today Chaya is run by Bente's daughter Kirstine Laurents. The Chaya universe consists of two tea shops selling more than 70 different varieties of tea, sweets and tea accessories. Online sales is available as well as company gifts.

In addition to this Chaya has in 2018 taken over the full time management of Queen Louise's Tea House and the greenhouse Paradehuset in Bernstorffsparken. Afternoon Tea and events are amongst the services being offered in the Tea house. Paradehuset is beeing rented out for private parties and events.

Introduction - CSR and SDG attention in Chaya

Corporate Social Responsibility

Chaya is pleased to present our Communication on Progress (COP) for the year 2022, highlighting our ongoing commitment to corporate social responsibility (CSR) and our effort to align with the principles of the United Nations Global Compact. This report outlines our progress, achievements, and future goals in the area of human rights, labor, environment, and anti-corruption. Chaya has identified a set of ethical guidelines, which provide the overarching framework for work with social responsibility. These can be found below.

In Chaya the work with corporate social responsibility and sustainability is an integral part of our values. We have integrated CSR principles in a range of our business processes and will continue to seek to comply with demands from the UNGC and Sustainable Development Goals (SDGs).

EXTRACT of concrete examples of our work with sustainability in 2022

Assortment

We strive to have a more organic and sustainable profile in which our product assortment is the key-words. In 2022 we have replaced some of our non-organic teas with organic varieties. Our assortment of biodegradable and plant-based teabags has turned into a more organic selection as well. In 2022, 35% of our tea assortment consists of organic teas. This is despite new organic regulations that came into effect in 2022, which no longer allows <5% artificial oils in organic teas, which was previously approved. We will further streamline our tea selection to ensure high quality of fresh teas and also minimize food waste. As a result, the percentage of organic teas will increase as we continue to only source organic varieties.

We have taken in local supplies and products from e.g. Bagsværd Lakrids, Kolsvart and Taffelbay Konditori. Our production of jam has changed from being produced in Belgium to a small place in Southern Sweden, where all the ingredients are organic and local. Furthermore, we have started a collaboration with a local manufacturer producing our hard candies within 5 km from our shops.

Product packaging

We continue to make small changes in our packaging, but we experience some challenges with finding the most sustainable choices, which are still suitable for food packaging.

In 2022 we have kept on producing all of our marketing material in Cradle to Cradle. We also use a Cradle to Cradle solution for gift packaging in form of a gift bag, which is easy to reuse many times. In addition to this, we have minimized the production of new packaging solutions and instead focused on using the already produced items and solutions.

Waste sorting

Chaya has in relation to our successfully implemented waste sorting system back in 2019 in 2022 provided both of the shops, the warehouse and Queen Louise's Tea House with even more containers. This has made it easier for our employees to waste sort nearby without driving to a recycling space. We continue to use our waste sorting systems and are open to provide the departments with more containers if the need appears.

We wish to inform our customers of how to give our packaging the longest and most sustainable life. We have designed a post-it with information of how to sort our containers correctly. We also continuously try to inspire our followers on Social Media with posts of how to reuse our containers.

Green choices

We still have the certification *Green Key* in our Tea House where we meet the requirements that are set by the organization. At the same time we keep challenging ourselves to go beyond what is expected of us. In 2022 we decreased our menu further to ensure less food waste. By only serving an 'Afternoon Tea Menu' that requires prebooking, we know how many guests to expect, allowing us to be more precise in our purchasing decisions. In 2022 we used only biodegradable tea cups, plates etc. for to-go and doggy bags.

On all Chaya's production sites, the focus is on continuing to limit the environmental impact of the company's activities. The result of the different approaches (e.g. switching to LED lighting in all stores) have in recent years resulted in positive developments within significant areas.

Food safety and quality

The work of food safety is according to principles of HACCP (Hazard Analysis and Critical Control Points) and put in place in systems that ensures full traceability in all stages of production. Chaya is thus, as required, capable at very short notice to implement a full withdrawal, if this should become necessary. Chaya's business insurance contains product liability insurance.

Several times a year the Danish Veterinary and Food administration visits our shops and warehouse. We have not had any complaints. On all the reports we have got the Elite Smiley. In 2022 we have used the program 'E-smiley' to help with the necessary quality control.

We continue to educate and communicate on CSR and SDGs

In 2019 we made a commitment in the Management team to educate our employees in relation to the link between our CSR policy and the SDG's. We have continued to do so in 2022, and also made an effort to inform our customers through our newsletter, social media and webpage.

In 2022 two of Chaya's employees underwent the 'Occupational health and safety (OHS) training course' to ensure a better and healthier work environment. The result was a report of the work environment in Chaya, which included work policies, safety plans, rules, terms and conditions. The report has been read by all employees and is part of the onboarding process for new employees.

We will continue to work with our customers, partnerships, suppliers and organisations on ensuring that the principles are adhered to. Where relevant we will inform and guide on our SDG's efforts. Our progress with CSR and SDGs will be communicated internally and externally.

Statement of continued support by the Chief Executive Officer Kirstine Laurents

For all the above priorities e.g., redesign of products and procedures we confirm that Chaya reaffirms its support to the ten principles of the UNGC, in particular the areas of Human Rights, Labour, Environment and Anti-Corruption.

Chaya CSR Strategy

Corporate Social Responsibility

- In Chaya the work with corporate social responsibility is an integral part of our values and supports our way of doing business. Work with corporate social responsibility is an essential part of the development of the company's brands and maintaining good relationships with its main stakeholders.
- Chaya's work with CSR takes its starting point in our values and the ten principles of the UN Global Compact on human rights, labor standards, environment and anti-corruption. Chaya has identified a set of ethical guidelines, which provide the overarching framework for work with social responsibility.

The main elements of Chaya's work with CSR are as follows:

- Chaya's products and production must live up to consumer expectations and customer requirements, and at all times comply with the national rules in force for quality, food safety, environment, work environment and human rights.
- Chaya's suppliers focus on efforts to improve quality as well as their general work with corporate social responsibility.
- A part of Chaya's work with CSR is to protect the company's brand, since consumers must be sure that Chaya's products are produced safely and with the use of materials from suppliers who follow our ethical guidelines. Chaya focuses continually on vendors efforts to improve the quality and environment as well as their general work with corporate social responsibility.

Accomplishments in 2022 and goals for 2023

Accomplishments in 2022

- We have achieved a larger assortment of organic loose-leaf teas.
- We have achieved a wider selection of organic teas in biodegradable pyramid bags.
- In 2022 35% of our tea assortment consists of organic teas.
- We have achieved a greater range of products from small local vendors.
- We have produced cradle to cradle solutions for giftpackaging which is also easy to reuse.
- We have provided more waste sorting options.
- We have decreased and changed our menu in Queen Louise's Teahouse for less food waste.
- We continue to make efforts to reduce food waste by selling products nearing their expiration date at discounted prices.
- We still have elite-smilies in our shops, warehouse and Tea House.
- Some employees have undergone 'Occupational health and safety (OHS) training course' to ensure a better and healthier work environment.

Actions for 2023

- We strive to introduce even more organic teas. We are looking to replace some of our current non-organic teas with organic versions.
- There is a clear goal not to have plastic bags – we are looking for alternatives and solution that work for our business.
- We will further streamline our tea selection to ensure high quality of fresh teas and also minimize food waste. As a result, the percentage of organic teas will increase as we continue to only source organic varieties.
- We aim to continue waste sorting and potentially introduce more containers to further segregate waste if the needs arises.
- We continue to find more sustainable and reusable ways to gift wrap our products.
- We wish to introduce more local and organic suppliers and to change our current suppliers to local and sustainable ones if possible.
- We wish to give better information to our customers of how to waste sort all our products.
- We will continue to be strategic in our limited purchasing to reduce food waste.
- We aim to provide even more information about our environmental policy to our customers, suppliers, and employees.
- We intend to seek more networking groups and similar inspirational spaces for sustainable businesses.
- Chaya is looking to maintain a high standard regarding our sustainable actions and certifications.

The UNITED NATIONS Global Compact – 10 principles

- **Human Rights** (Principle 1 & 2)
Businesses should support and respect the protection of internationally proclaimed human rights and make sure that they are not complicit in human rights abuses.
- **Labor** (Principle 3, 4, 5 & 6)
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced and compulsory labor, the effective abolition of child labor and the elimination of discrimination in respect of employment and occupation.
- **Environment** (Principle 7, 8 & 9)
Businesses should support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies.
- **Anti-Corruption** (Principle 10)
Businesses should work against corruption in all its forms, including extortion and bribery. Work with corporate social responsibility also supports a good dialogue with consumers and suppliers, as well as helping to reduce non-financial risks and strengthen the company's identity and cultures.

Anti-corruption in Chaya

- Chaya works against all forms of corruption, including extortion and bribery, and the company's business practices should always be in full accordance with the law.
- Chaya's ethical guidelines require that employees must not give or receive bribes or improper payment for private or corporate gain. It has disciplinary consequences, if employees are involved in bribery.

What do we do in concrete terms?

- We reject all calls for the conclusion of unethical business practices regardless of the consequences – this applies in relation to suppliers as well as customers.
- We refrain from encouraging the conclusion of agreements, including bribes and similar unethical
- Attitudes to the anti-corruption included in cooperation with Chaya's customers and suppliers.
- We have implicated a whistleblower system. The employees can report anonymously to an external person if they see any signs of corruption.
- If we identify any cases of corruption we will see no other way but to stop all cooperation if it is not possible to reach to an agreement – this implies to both employees, suppliers and customers.

Human and labor rights

In the area of human and labor rights Chaya has chosen to focus on the following areas:

- Health at work
- Competence Development
- Values and ethical guidelines
- Child Labor

1. Health at work

At Chaya, we prioritize maintaining a healthy work environment. Chaya's health policy is focused on a preventive effort to avoid attrition and injuries to employees as well as on actively promoting well-being and efficiency. We achieve this by implementing several measures. Firstly, we have a personnel handbook that provides guidelines to all employees regarding our policies and rules. This handbook ensures that everyone is aware of their rights and responsibilities within the organization. Additionally, we maintain an occupational health and safety report, which can be presented during visits from the 'labor inspection authority.' This report demonstrates our compliance with all regulations concerning working conditions, including safety, working hours, wages, among other aspects. By adhering to these laws, we prioritize the well-being and security of our employees.

Furthermore, we have established a whistleblower program that allows employees to report any uncomfortable incidents involving their colleagues anonymously. This initiative ensures a safe and open environment for our staff, promoting transparency and accountability within the organization.

By implementing these measures, we aim to foster a healthy and supportive work environment at Chaya, where all employees can thrive and contribute to our collective success.

What do we do in concrete terms?

- In our stores where we mix and repack tea, this is done with relatively high dust development to follow. This dust can for some bother breathing and give asthma-like symptoms. That is why we have installed efficient point in dust filter at the workplace, which virtually removed all dust problems.
- Many items come home in relatively heavy units, which must be handled by the employees. We have designed a storage rack for tea that holds 5 kg bags of tea - in the past all tea came in 15 kg bags. This has reduced the number of heavy lifting both in our stores and at our warehouse.
- Accident rate among Chaya's staff has for many years been extremely low. This, we are trying to maintain, on the one hand, to focus on ergonomic and safe new-layout of the workplace, and, on the other hand, by listening to and responding to all suggestions from employees for the improvement of existing conditions.
- All full-time employees will after 9 months enter a pension plan with optional health insurance.
- Health at work is also about the personal sense of security that occurs through knowing what is expected of them, and where Chaya as a company is heading. This is ensured partly through the daily contact, but more formalized through sessions with employees, where all current topics are addressed.

Measurements

Measuring the outcomes makes it easier to decide how we can continue to improve the employees' health and safety. We always work on having an overview of our employees' health, both in the form of working environment, sick leaves and injuries. Several of our employees have been with Chaya for 10-20 years and in general employees stay long with us.

2. Competence Development

Chaya has a high focus on strengthen the competencies of the employees. It is important for Chaya, that all employees are able to provide a qualified service to clients, and that they can demonstrate a great knowledge of the products. We provide all the employees with an employee handbook where all relevant information is listed.

What do we do in concrete terms?

- New employees go through our onboarding-program where they attend Chaya's tea course – training in the world of tea.
- New employees will start as a trainee and learn from an experienced employee, before they 'are let loose' on their own.
- We make sure to do ongoing courses for all employees to keep a high level of knowledge within our teas and other products.
- In 2022 we hired a certified tea sommelier from whom the staff had several tea tasting events to development their competences.

Measurements

We don't test out staff by using Mystery Shoppers or other means. Instead we believe in fostering a natural and healthy work environment by focusing on teaching, dialogue, and inspiring the development of competencies, rather than imposing them forcefully.

3. Values and ethical guidelines

The company's values and the ethical guidelines are included as an integral part of the employment relationship for Chaya's employees. The ethical guidelines mean, among other things, that Chaya does not tolerate discrimination, with regard to the employee's sex, race or religion. Mutual respectful behavior between employees, as well as in the relationship with suppliers and customers.

Chaya follows internationally accepted principles of human and labor rights. Chaya strives also that suppliers and partners follow the ethical guidelines, and these are incorporated in the company's trading conditions with major vendors as well as customers.

What do we do in concrete terms?

- We hiring staff based on qualifications and not based on any other factors. This results in an environment with employees of different gender, age, religion etc.
- We make sure to listen to private preferences when it comes to wearing a work uniform.
- We use vendors who demonstrate that they support the UN Global Compact's 10 principles.

Measurements

We expect that our suppliers will provide all their CSR related material and will be evaluating when appropriate.

4. Child Labor

Chaya employs young people from the age of 13 years. They have various tasks such as packing of tea, tea brewing, waste management, etc.

Child labor (suppliers/sub-contractors)

Chaya is in a business with categories (tea, coffee and chocolate), of which from time to time we hear about problems with child labor. This we condemn, and we cooperate with suppliers who guarantee that they have a focus on this problem with their subcontractors. At the same time, we collect signatures and statements that support the CSR policy from our suppliers.

What do we do in concrete terms?

- We ensure compliance with the relevant regulations for youth employment, including working hours, breaks, etc.
- We are very flexible regarding timetabling of the working time of young people, so that the work does not interfere with their school.
- We talk frequently with young people and are making sure that work with Chaya does not affect their ability to do homework, have recreational interests, and grow their social networks.
- Many of our young employees enter their first working place with Chaya. It is their first contact with the labor market, and we aim to give them an understanding of the needs of an employer (meeting on time, sickness absence, presentable appearance, efficiency, etc.), so that they provide the best possible for their future working life and for Chaya.
- If young people have an interest and has achieved the necessary product knowledge, they can from the age of 15-years get direct customer contact, which can be very motivating. We ensure that there is always an adult present in the shop at the same time.

Measurements

As mentioned earlier we act with vendors, who are supporting the UN Global Compact's 10 principles. If we identify any cases where our vendors are not supporting the principles, we see no other option but to stop

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the cooperation if we can't reach an agreement. When we visit our suppliers, we are discussing this issue with them.

Conclusion

Chaya is proud of the progress we have made in our CSR journey | 2022. We recognize that responsible business practices are vital for a sustainable future, and we remain committed to upholding the principles of the United Nations Global Compact. We will continue to drive positive change, engage stakeholders, and strive for continuous improvement as we navigate the challenges and opportunities ahead.