

BETTYS & TAYLORS GROUP

A GREAT YORKSHIRE FAMILY BUSINESS

Modern Slavery Statement

2019

This Modern Slavery Statement covers our 2019 financial year, running from 1st November 2018 to 31st October 2019. It's been published in accordance with the Modern Slavery Act 2015 and shares the steps we've taken over the last year to prevent modern slavery and human trafficking in our business and supply chains. We welcome the opportunity the annual statement provides to reaffirm our commitment to preventing modern slavery and share an open and honest account of our progress and challenges.

What we said we'd do

In our **2018 Modern Slavery Statement** we outlined our plans to strengthen our approach to identifying and mitigating the risks of modern slavery in our business and supply chains. This included:

- Commissioning an independent review of our Human Rights due diligence and governance processes to identify gaps and areas for improvement across the Group.
- Developing a Group-wide Ethical Trading Policy and Supplier Codes of Conduct, along with a plan to roll out and embed them across our supply chains.
- Reviewing our governance of agency labour providers and identifying and implementing areas of improvement.
- Undertaking an independent audit of labour standards for our highest risk suppliers, such as co-packers and manufacturers in higher-risk geographies.
- Extending Taylors Sourcing Approach to include key Taylors packaging suppliers.

- Developing our capacity and extending our connections to help us understand how we can move beyond due diligence approaches to help identify human rights violations within our core commodity supply chain.

This document starts by explaining more about our business and our supply chains before reviewing the progress we made in 2019 and our plans for the year ahead. More information on our risks and controls, along with case studies, can be found in the appendices.

Our business and supply chains

Bettys & Taylors Group is a family-owned business, based in Yorkshire. Our business operations include six Bettys Café Tea Rooms; Bettys online retail business; Bettys Craft Bakery; Bettys Cookery School; and Taylors of Harrogate, our tea and coffee manufacturing business.

In total, we employ approximately 1,600 people. Our Family Constitution recognises that the long-term survival and prosperity of the business depends on sustainable relationships with all our stakeholders, including our people, customers, local and global suppliers, communities and the environment. We're committed to a responsible and ethical approach to business, and more information on our values – our 6Ps – and brands can be found at www.bettysandtaylors.co.uk

We buy products and services from thousands of suppliers across the globe. As referenced in previous statements, our Group's suppliers are diverse and vary in terms of products, geographies, spend, levels of supplier engagement and the influence we have. We divide our supply chain into four categories, with accountability for understanding modern slavery risks and assuring labour standards sitting with the relevant procurement team:

Taylors Core Commodities: leaf tea, green coffee beans and tisanes – predominantly tropical agricultural commodities – sourced from 25 countries across Africa, Asia, Europe, Central and South America. We estimate our tea and coffee supply chain touches around one million farmers and workers in some of the world's least developed countries.

Taylors Packaging: this includes all the packaging materials – such as cartons, tea bag paper, coffee film and metal caddies – for our tea and coffee ranges. Most of this packaging is sourced from the UK and EU, with some caddies sourced from China and a small volume of cartons from UAE.

Bettys Ingredients, Packaging and Giftware: this includes ingredients and packaging used by Bettys Craft Bakery to produce Bettys retail products, ingredients used in our café dishes, and our giftware. By value, 60% of our ingredients are sourced from Yorkshire suppliers, with the remainder sourced from other UK, European or international sources.

Indirect Procurement: this covers a diverse range of goods and services to enable the Group to function – such as office and factory consumables; marketing and media services; facilities management; co-packers and manufacturers; machinery and repairs; utilities and IT equipment. There are more than 1,000 suppliers in this part of our supply chain.

Across all our supply chains, we strive to be a fair partner and make balanced purchasing decisions based on more than just price.

Our Policies and Commitment

As stated in our **Anti-Slavery and Human Trafficking Policy**, we will not tolerate or condone abuses of human rights anywhere within our business or our supply chains. If we identify instances of modern slavery within our supply chain our approach will be to work with suppliers to resolve the issue, but a failure to demonstrate remediation may lead to the termination of the business relationship. Our Whistleblowing Policy, although mainly directed at our employees, encourages all stakeholders – including suppliers and business partners – to disclose any concerns they have, including modern slavery or human trafficking, without fear of recrimination.

Although we've worked to our own Ethical Trading Principles for tea and coffee for many years, in 2019 we developed an overarching **Group Ethical Trade and Human Rights Policy** which has been signed off by the Board. This Policy outlines our commitment to developing enduring, mutually beneficial relationships with suppliers who share our values and maintain the highest standards of quality and ethics, our commitment to the Ethical Trade Initiative (ETI) base code as a minimum standard, and our approach to ethical assurance.

Mitigating Risks and Due Diligence

At the start of 2019 we commissioned human right experts, Verisk Maplecroft, to carry out a human rights due diligence gap assessment and benchmark us against leading best practice and the United Nations Guiding Principles on Business and Human Rights (UNGPs). The review covered the entire Group, and all supply chains, identifying areas of strength and weakness in terms of policy, governance and management, risk assessments, mitigation and remediation, and communication.

While the review identified much good practice, it also made a number of recommendations including: developing a group wide supplier code of conduct which covers human rights; consistent communication of policy expectations and grievance mechanisms to suppliers and business partners; and regularly scheduled reviews of suppliers, and other third parties, to ensure that plans are being met and that policies and commitments are being enacted and embedded within business activities.

Many of the recommendations have been, or are in the process of being, put into action. Others have been included in our plans for the future.

Our process for identifying modern slavery risks within our operations and supply chain can be found in our **2016 Modern Slavery Statement**. A topline overview of risks, along with how we work to mitigate them can be found in the appendices.

Our biggest exposure to modern slavery risks is within our supply chains – particularly for our tea and coffee commodities, where rural poverty, environmental impacts and socio-political factors can make people vulnerable to exploitation. To drive change, we've developed Taylors Sourcing Approach (TSA) – a way of working that integrates social and environmental action into our supplier relationships. Central to TSA is a commitment to working directly with producers on a long-term basis, to understand their issues and risks, make clear our expectations, build their capacity, and identify how we'll work together to remediate gaps and improve quality, social standards and environmental resilience. This is supported by regular visits and face-to-face meetings, and underpinned by risk assessments covering environmental and social issues, including human rights. All the teas and coffees we purchase for our core ranges are third-

party certified, ensuring supplier compliance against the ETI base code which, in turn, is founded on the conventions of the International Labour Organisation.

Over the last year volatile tea and coffee market prices have continued to hover at historically low levels, making our commitment to trading responsibly ever-more vital. With TSA underpinned by long-term contracts – often 3 to 5 years in duration – we’ve been able to provide our suppliers with some security including, wherever possible, sustainable prices that cover cost of production plus a margin, along with additional premiums for quality.

In the year gone by we’ve continued to play a leadership role within the industry – including Board roles in the Ethical Tea Partnership (ETP), British Coffee Association, UK Tea & Infusions Association (UKTIA) and World Coffee Research – and work collaboratively with NGOs, governments and other companies to understand and address some of the complex and systemic issues that can be found within the tea and coffee sector. This includes the issue of low wages and incomes for workers and smallholders. In Malawi, where we were a signatory to the Malawi 2020 Revitalisation Programme, we’ve committed to practices that should enable a living wage by 2025. With IDH, The Sustainable Trade Initiative, we’re developing wage benchmarking studies for key tea and coffee origins, giving us a solid understanding of the living wage gap. A plan of actions will follow – building on the learnings of Malawi 2020 – once the benchmarking has been completed. We’ve also been instrumental in the establishment of a strategic alliance between tea companies, the German development agency GIZ and the ETP to develop decent livelihoods for tea workers and farmers in Rwanda and Malawi. As part of the **Speciality Coffee Transaction Guide**, we’ve provided financial support and data to enable the benchmarking of speciality coffees. This aims to empower sellers and encourage buyers to look beyond commodity reference prices.

Wages and incomes are a highly complex issue with no easy solutions, and ultimately will require change to the value distribution model. Despite the challenges, we’re committed to showing leadership within the industry with an aspiration to see all workers receiving a living wage and all farmers a living income by 2025.

In our 2019 financial year we invested £976,718 in a variety of projects focused on improving social and environmental standards within our tea and coffee supply chain. Case studies on three of these projects can be found in the appendices, with further information available at www.explore.bettysandtaylor.co.uk

While much of our focus has been on our tea and coffee supply chain, we continued to build our visibility and processes to minimise the human rights risks in other high-risk supply chains and our own operations. This included:

- Ensuring co-packers and manufacturers in high risk geographies completed self-assessments via SEDEX giving us visibility of their social and environmental processes and standards. This information has been independently reviewed by Verisk Maplecroft and although there were no major concerns, independent SMETA audits have been scheduled for early 2020.
- Reviewing the number of agency labour suppliers we use and setting the foundations for independent, third-party audits of our volume suppliers. Ethical audits are planned in for early 2020 for the two agency labour suppliers which collectively provide us with 60% of our operational agency staff.

We continue to recognise the role that transparency plays in helping create more resilient and sustainable supply chains, and publish the full details of our tea, coffee, herbs and packaging suppliers for our Yorkshire Tea and Taylors of Harrogate ranges. Our **supplier list** can be found on www.bettysandtaylor.co.uk.

Capacity building, accountability and governance

We're committed to building management capacity on modern slavery across the Group and ensuring that modern slavery is managed within an appropriate governance framework.

To drive action and ensure appropriate resource, the work is held by our Strategic Modern Slavery Working Group chaired by a member of our Collaborative CEO team. The senior buyers for each supply chain are responsible for compliance and due diligence in their respective supply chains, and new staff in all procurement areas are trained on our Modern Slavery Policy and procedures as part of their induction. In 2019 we established a Procurement Holding Group to ensure the senior buyers for each supply chain can share best practice and align their approaches to mitigating and managing modern slavery risks. The Board and Leadership Teams also received Modern Slavery refresher training.

To build our capacity and provide additional expertise we've started the recruitment of an Ethical Trading Manager, with the aim of completing the recruitment by early 2020. The role will be key in supporting the roll out of our Supplier Codes of Conduct and further developing our human rights risk assessment and mitigation processes.

2020 Priorities and commitments:

In our 2020 financial year (1st November 2019 to 31st October 2020) we plan to:

- Recruit an Ethical Trading Manager.
- Develop Supplier Codes of Conduct, along with the plan to roll out and embed them across our supply chains. (Outstanding from 2019).
- Commission independent audits of co-packers and co-manufacturers in high risk geographies and our two largest suppliers of agency labour (outstanding from 2019); follow up on any issues identified.
- Review our Whistleblowing policy to ensure it's appropriate for our supply base and workers within our supply chains.
- Continue to take a leading role in the tea and coffee industry, investing in projects within our supply chain and working collaboratively to address social and human rights issues, including the issue of low wages and incomes.

Board approval

This statement was approved by the board of directors of Bettys & Taylors Group Ltd.



Paul Cogan
Group Finance and Resources Director 29th January 2020



In 2017 Bettys & Taylors was a recipient of a Queen's Award for Sustainable Development. The award recognised our commitment to building a sustainable tea and coffee supply chain, and the positive impact we're having on growers, communities and environments around the world.

Appendix 1 Case Studies

Workers hired by smallholders in Kenya

Much of Kenya's tea is grown by smallholder farmers. Over the last few years, an increasing number of smallholder owners have migrated to towns and cities, leaving farms in the hands of hired managers and workers – a largely unregulated employment sector. Recognising there was little visibility of labour standards or living conditions, in 2018 we commissioned an independent assessment to understand the scale and nature of the issue, and subsequently worked with the Ethical Tea Partnership (ETP) and key stakeholders in the Kenyan tea sector to develop and agree a roadmap for the future.

Over the last year we've worked to develop and start implementing pilot projects in the communities around five of our key factories. These 'hot spot' projects address the most material issues and needs identified by smallholders including financial literacy, access to healthcare, microloan systems and potable water. As well as improving standards, these projects allow us to sensitize smallholders to the needs of their workers and build the capacity of smallholder communities for the future.

Alongside this, we're working with certification partners and local county government to develop acceptable standards for housing for smallholders' hired workers. Ultimately, our aim is to ensure that standards to protect hired workers will become part of the bylaws of estates' buying centres.

Improving standards in Assam

Assam in North East India is one of the most marginalized regions we buy from. A wide range of social, economic and environmental challenges can make people – including those from tea growing communities – vulnerable to exploitation. Though the challenge is significant, we're committed to improving standards for tea communities and workers in Assam.

In the year gone by, we extended our work with the ETP to establish Community Development Forums (CDFs) on four supplier estates for a further year. Through the CDFs representatives from management, workers, residents and community, work together to develop a shared understanding and ownership of challenges and create a plan to prioritise and resolve these issues. The CDFs have now been set up as independent registered societies, and to date have helped local people access ID cards, provided additional support to students falling behind at school, and supported anti-alcoholism and substance abuse camps.

After a three-year pilot the work was independently evaluated, with a recommendation of a further year's work to build the capacity of the CDFs. Our plan is to start to engage additional supplier estates in the process of developing CDFs later in the year. Longer term, we hope to establish CDFs across all our Assamese supply base.

Meanwhile, we're also working with the ETP and other partners on a substantial project covering 200 Assamese estates. The 'UNICEF/ETP Improving Lives in Assam Partnership' focuses on child protection, education, health, nutrition and sanitation.

Women's Economic Empowerment in Uganda

In 2019 we established a project to empower economically disadvantaged and vulnerable women in the Mount Elgon coffee growing region.

While women provide a vast proportion of labour in coffee farming – and also carry the burden of household and family responsibilities – they're typically excluded from decision making, receive less income from coffee sales, and have less access to resources such as land, training and leadership opportunities. With high levels of teenage pregnancies, young women often fall out of education, reducing their opportunities and increasing their vulnerability to exploitation including unsafe migration to cities.

The project will help hundreds of women and young girls gain alternative income generating skills, including tailoring; support women-led businesses and village saving schemes; provide young women with literacy and other life skills; and increase individual, household and community awareness of the value of gender equality.

In all the project will work with 130 women's groups.

Appendix 2 Modern Slavery Risks and Mitigation within our Supply Chains and Operations

Business activity	Source countries	Inherent risk	Mitigating factors	Significant residual risks and gaps
Sourcing: Black and speciality tea	% by volume: <59% Kenya <18% Rwanda <14% India <6% Malawi <2% Tanzania <3% Ethiopia <0.5% Sri Lanka <0.5% China	High	100% third party certification of core ranges; Ethical Tea Partnership membership and board representation; direct relationship model and high frequency of supplier visits provide relatively high levels of transparency; published list of suppliers.	Documented incidences of trafficking within high risk groups in some geographies we trade with, primarily North India (Assam); rural poverty in developing economies causes residual levels of risk throughout our supply chain.
Sourcing: Green Coffee	% by volume: < 35% Brazil < 20% Nicaragua < 20% Colombia < 6% Rwanda < 6% Indonesia < 5% Uganda < 5% Ethiopia < 5% Honduras < 5% Peru < 3% Mexico < 3% India < 2% El Salvador < 2% Kenya < 1% Papua New Guinea < 1% Costa Rica <1% Jamaica	High	100% third party certification of core ranges; direct relationship model and high frequency of supplier visits provide relatively high levels of transparency; published list of suppliers.	

Modern slavery risks Continued

Business activity	Source countries	Inherent risk	Mitigating factors	Significant residual risks and gaps
Sourcing: Fruit and Herbal infusions	Europe, Middle East & Africa	Medium	Supplier pre-qualification questionnaire; third party certification where standards have been developed; published list of suppliers.	Comparatively low supply chain transparency levels for some ingredients.
Sourcing: Bettys Food Ingredients	Yorkshire where possible, plus other UK, EU and international sources.	Medium	Supplier pre-qualification questionnaire; supplier and origin visits; simple supply chains and direct working relationships; additional due diligence checks with suppliers in high risk categories to understand their policies and processes.	
Sourcing: Bettys Packaging and non-food items	Mostly UK and EU but some China.	Medium	Supplier pre-qualification questionnaire; supplier visits and direct working relationships.	
Sourcing: Taylors Packaging	Mostly EU but some from China and UAE	Medium	Supplier pre-qualification questionnaire; SEDEX audit data; supplier visits and direct working relationships; published list of suppliers.	
Sourcing: Indirect Procurement (goods and services)	Mostly UK	Medium	Mainly UK suppliers; modern slavery clause as part of standard terms and conditions; self- assessment questionnaires completed for suppliers/categories recognised as high risk; some due diligence processes further down the supply chain to review third-party standards in high risk geographies.	Large number of suppliers across many diverse categories makes it difficult to gain a thorough understanding of their practices. Our priority is high risk categories.
Operations: Agency labour	UK	Low	Switching from our own annual audit of main industrial labour suppliers, to an independent audit; temporary workers are given Stronger Together and GLA leaflets on joining.	We occasionally work with other industrial agency providers to support peak periods, while non-industrial agency providers are used on a lesser scale. Neither of these are currently audited.
Operations: Bettys & Taylors Employees	UK	Low	Robust recruitment practices and right to work audits; preventing modern slavery posters are displayed at each site; Modern Slavery Policy included within our Staff Handbook.	
Operations: Co-manufacturing and co-packing	UK and overseas	Medium	Pre-qualification assessments; SEDEX self-assessment for high risk suppliers; direct working relationships, with frequent contact, including quarterly visits to higher risk suppliers.	To date our due diligence work has been based on supplier self-assessment, with no independent audits. This is now planned in for our high risk suppliers.

Appendix 3 Progress Against our 2018 Commitments

The table below provides a brief overview of progress towards the modern slavery commitments we made at the start of 2018.

What we said we'd do:	Summary of progress:
Commission an independent review of our Human Rights due diligence and governance processes to identify gaps and areas for improvement across the Group.	<ul style="list-style-type: none"> • Verisk Maplecroft reviewed our governance and due diligence processes for human rights against best practice. • Their recommendations have underpinned our plans and priorities for 2020.
Develop a Group-wide Ethical Trading Policy and Supplier Codes of Conduct, along with a plan to roll out and embed across our supply chains.	<ul style="list-style-type: none"> • A Group-wide Ethical Trade and Human Rights Policy developed. • Recruitment started for an Ethical Trading Manager who'll take responsibility for creating and embedding Supplier Codes of Conduct across the Group.
Review our governance of agency labour providers and identify and implement areas of improvement.	<ul style="list-style-type: none"> • Plans in place to audit our two main agency labour providers.
Undertake an independent audit of labour standards for our highest risk suppliers, such as co-packers and manufacturers in higher-risk geographies.	<ul style="list-style-type: none"> • Prior to implementing third-party audits, we asked our high-risk co-packers and co-manufacturers to register with SEDEX and complete the self-assessment process. The data was independently reviewed and assessed. • Third party SMETA audits are now scheduled for high risk co-packers and co-manufacturers for early 2020.
Extend Taylors Sourcing Approach (TSA) to include key Taylors packaging suppliers.	<ul style="list-style-type: none"> • Taylors strategic packaging suppliers have been engaged in early discussions about Taylors Sourcing Approach.
Develop our capacity and extend our connections to help us understand how we can move beyond due diligence approaches to help identify human rights violations within our core commodity supply chain.	<ul style="list-style-type: none"> • We continue to build relationships with independent experts in the field of Human Rights research and we are planning to publish results of a study we have commissioned in Assam mid-2020.