

BETTYS & TAYLORS GROUP
A GREAT YORKSHIRE FAMILY BUSINESS

Modern Slavery Statement

For the financial year – 1 November 2020
to 31 October 2021



Our family-owned business has long been committed to a stakeholder approach and we know that our success is dependent upon sustainable relationships with our people, customers, communities, suppliers and the planet we all share. We believe that everyone we work with and depend upon should be treated with dignity and respect.

This statement covers our 2021 financial year, running from 1 November 2020 to 31 October 2021, and outlines the steps we've taken to prevent modern slavery and human trafficking from happening in our operations and supply chains. The period has seen the continuing impact of the Covid-19 pandemic, with economic and social disruption creating new risks and increasing vulnerabilities for some communities. Never has the work been more vital.

As always, we welcome the opportunity the annual statement brings to review our progress and develop our plans. We know we've got more to do and that we can't do it alone, but we're serious in our intent and committed to working with our suppliers and others to protect the human rights of the people our business depends upon.



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About us

Bettys & Taylors Group is a 100-year-old family-owned business, based in Yorkshire. Our business operations include five 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 directly employ 1586 people. Our family business 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 being a 'Force for Good' in the world. More information on our business, our brands and our values can be found at www.bettysandtaylors.co.uk

We buy products and services from thousands of suppliers across the globe. 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 main categories:

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. Many of our suppliers are Yorkshire-based, 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 manufacturing partners; machinery and repairs; utilities and IT equipment. There are more than 1,000 suppliers in this part of our supply chain.

Our Purpose is to Make a Positive Difference in the World

Whatever we do, however small, we aspire to improve lives and put a smile on millions of faces.

We do this through our distinctive brands and delicious products; our outstanding customer service; our enduring supplier relationships and the passion of our people.

This is what fuels our spirit and sustains our prosperity. It's the purpose that unifies us and demands that we protect and nurture the natural and people resources upon which we depend.

We are leaders in this cause and, in so doing, are recognised as being a force for good in the world – now and for generations to come.



What we've done this year, at a glance

Strengthened our policies and processes including updates to our Human Rights and Ethical Trading Policy, and the development of a more robust Group-wide risk assessment process, a modern slavery risk management framework, and a labour exploitation response and remediation procedure.

Updated risk assessments for over 500 suppliers in our indirect procurement and Bettys ingredients, giftware and packaging supply chains.

Invested £1 million in projects to help promote and protect human rights and provide opportunities for people across our tea and coffee supply chain.



Our Policies & Practices

Our suite of policies and standards help us set consistent and clear expectations to our people and suppliers:

- In the year gone by we've reviewed and strengthened our **Group Ethical Trade and Human Rights Policy**. This outlines how we treat people – our employees, our customers, partners and everyone in our supply chain. It articulates an approach to human rights due diligence based on the **UN Guiding Principles** plus our commitment to trading fairly and building lasting and mutually beneficial relationships with suppliers who share our values. The policy includes our zero-tolerance approach to modern slavery and our commitment to management systems and controls to identify, mitigate and tackle abuses. It also outlines our belief in working to resolve social and human rights issues when identified, both with the supplier directly and through wider collaboration. However, it also makes clear our right to suspend or terminate supplier relationships with those who fail to take appropriate remedial actions.
- Our **Speak Out Policy** encourages all stakeholders – including employees, suppliers and business partners – to disclose any concerns they have, including modern slavery or human trafficking, without fear of recrimination. The policy (previously called Whistleblowing) was reviewed and updated in 2021.
- Our **Supplier Code of Conduct – Standards for Sustainable Supply** sets out the standards we expect of our suppliers and our belief in long-term collaborative relationships. It outlines our commitment to workers' rights and our expectations of suppliers regarding issues such as pay, working hours, discrimination, and child labour. It's based on the Ethical Trading Initiative (ETI) base code and relevant conventions of the International Labour Organisation. Our Supplier Code of Conduct makes up part of our standard purchase terms and is part of our contract template.
- **Taylors Sourcing Approach** (TSA) outlines our commitment to put quality, sustainability, and relationships at the heart of how we purchase our core tea and coffee commodities. One of the key elements of TSA is long-term contracts, rare in the tea and coffee industry. We operate forward contracts with our suppliers, often covering a three-year period, providing them with a level of financial security that allows them to plan for their business longer term. It also includes a commitment to pay prices which will at least cover the cost of production, even when markets fall below this threshold.
- Meanwhile, within our own operations and workplace our **eligibility to work checks** and recruitment processes ensure that people have the right to work in the UK and that risks of trafficking are minimised.
- In the last year, we've developed a **Suspected Labour Exploitation Response and Remediation Procedure** for the Group. This formalises our approach to investigating and managing suspected cases of labour violations, including modern slavery, within our business and supply chains, and outlines the key principles, processes, and accountabilities to ensure that any cases are investigated and managed appropriately. The procedure includes the fact that any incidents or potential cases of modern slavery should be immediately escalated. A training plan has been developed to ensure that all those involved are aware of their responsibilities.
- We also recognise the role of transparency of helping create more resilient and responsible supply chains, and **publicly share our supply base** for tea, coffee, tisanes and our tea and coffee packaging.



Assessing & Managing Risk

A review of our human rights policies and due diligence processes by Verisk Maplecroft identified the opportunity to improve how we assess and rank risks by developing a more consistent approach that covers the whole Group. As a result, over the last year we've worked to establish a more robust and evidenced-based process for assessing risk for all our supply chains. A new Risk Assessment Tool has been created, taking into account supplier country of origin and sector, self-assessments, third-party ethical audits, relationship and management processes. We're currently in the process of embedding the use of the tool across our four procurement functions.

Once completed, this will ensure that we have a more robust Group-wide view of key risks and that suppliers are managed according to their risk ranking. Already, the Risk Assessment Tool is giving us more useful insight and identifying new risks for us to explore further.

We've also established a modern slavery risk management framework, formalising what actions and mitigation measures we'll put in place for suppliers identified at higher risk of human rights abuses. Risk mitigation measures includes third-party certification, completion of an enhanced supplier self-assessment questionnaire, registration with SEDEX and social compliance audits. To ensure appropriate governance and rigour, our Group Ethical Trading Manager works with procurement specialists on the risk assessment itself and to agree appropriate action plans.

In earlier statements we committed to independent audits of three co-manufacturers/suppliers in high-risk countries. After delays due to the pandemic, we made good – but not complete – progress in 2021.

Full social audits have now been completed for two of our three suppliers. Despite our best efforts, logistical challenges and a lack of engagement from our third supplier means that one audit remains outstanding. Our plan is to visit in early 2022 to help address this. For the future, our risk mitigation and due diligence approach for manufacturing partners and co-packers will be determined by their risk status.

Supplier risk overview

Our supply chain risk mapping starts by reviewing suppliers by sector and country of operations – giving us an inherent modern slavery risk rating. The inherent risk category – as shown on the table on page 8 – is based on Sedex's risk assessment tool, which uses up-to-date data from various sources including Ergon Associates (2019) and Bureau of International Labour Affairs (2020).

Alongside the inherent risk rating, we've captured the actions we put in place to manage and mitigate risks, along with remaining residual risks and any gaps.

Typically we assess our first tier suppliers to ensure they have appropriate mitigation processes in place.

		Risk Rating				
Supply chain	● High	● Medium	● Low	Due diligence and mitigation measures	Residual risks and gaps	
 <p>Black tea</p>	China Ethiopia India Kenya Malawi Tanzania	Rwanda Sri Lanka		<p>Transparency:</p> <ul style="list-style-type: none"> Taylor's Sourcing Approach, direct relationships, regular visits (suspended during 2020 & 2021) Published list of suppliers <p>Collaboration:</p> <ul style="list-style-type: none"> Industry network leadership roles and collaborative partnerships (eg, Ethical Tea Partnership, World Coffee Research) to address human rights issues <p>Monitoring:</p> <ul style="list-style-type: none"> Core ranges 100% 3rd party certified 	<p>Inherent risks associated with agricultural production, industries and sources.</p> <p>Documented incidences of trafficking in some areas we trade with, primarily North India (Assam) and Brazil.</p> <p>Rural poverty in developing economies causes residual risk throughout our commodity supply chain.</p>	
 <p>Green coffee</p>	Brazil Colombia Ethiopia India Indonesia Kenya Mexico Nicaragua Peru Uganda	Costa Rica El Salvador Honduras Papua New Guinea Rwanda	Jamaica			
 <p>Fruit and herbal</p>		Germany United Kingdom	France			
 <p>Taylor's packaging</p>	Turkey	China Denmark France Germany (<i>glue, tear tape, valves</i>) Morocco United Arab Emirates United Kingdom United States	Germany (<i>string</i>) Switzerland			<p>Transparency:</p> <ul style="list-style-type: none"> Direct working relationships Published list of suppliers <p>Monitoring:</p> <ul style="list-style-type: none"> Supplier pre-qualification questionnaire Review of Sedex data including SAQs and audits

Please note: some countries may be listed in multiple risk categories because they provide us with multiple products, each with a different risk rating.

		Risk Rating				
Supply chain	● High	● Medium	● Low	Due diligence and mitigation measures	Residual risks and gaps	
 <p>Betty's ingredients</p>		United Kingdom	Belgium France Switzerland	<p>Transparency:</p> <ul style="list-style-type: none"> • Direct working relationships • Supplier visits <p>Monitoring:</p> <ul style="list-style-type: none"> • Supplier pre-qualification questionnaire and checks • Review of Sedex data including SAQs and audits • Additional due diligence checks for high-risk suppliers 	<p>The size and diversity of supply chains make standardising the approach to transparency and monitoring challenging.</p> <p><i>Please note: some of the raw materials include cocoa and fresh produce which are considered high risk categories. Here we source from first tier suppliers who have robust management standards in place to minimise risks.</i></p>	
 <p>Betty's packaging, giftware and catering equipment</p>		France Hungary United Kingdom				
 <p>Indirect procurement</p>	China	France Germany (production equipment, shipping services) Italy United Arab Emirates United Kingdom (construction, co-packing, manufacturing, transport & storage, support services) United States (analytical equipment)	Denmark Germany (technical services, analytical equipment, IT equipment) Netherlands United Kingdom (technical services, vehicle hire & sales) United States (professional services, software)	<p>Monitoring:</p> <ul style="list-style-type: none"> • Modern slavery clause in standard terms and conditions • Self-assessment questionnaire • Due diligence work (including some 3rd party audits) for high-risk suppliers 	<p>There are more than 700 suppliers within this supply chain, making it difficult to gain a thorough understanding of their labour practices. Our priority is high risk categories and sources.</p>	

Please note: some countries may be listed in multiple risk categories because they provide us with multiple products, each with a different risk rating.



Issues raised in 2021

In 2021 we became aware of significant human rights violations – including harassment, discrimination, and gender-based violence – on a number of tea estates of Malawi, including one of our suppliers. As soon as the allegations came to light, we worked directly with our supplier to understand how the women affected would be supported and how to improve things for the future.

Independent human rights specialists were commissioned to investigate and help develop action plans. This included implementing extensive changes, such as establishing effective grievance mechanisms so that workers can raise issues and their concerns be heard and fixed; reforming internal management structures with clear targets to develop and promote women to all levels; empowerment and awareness programmes to reset mindsets and behaviours; introducing women's safeguarding supervisors across estates and specialist female training programmes to support the career progression of women.

We know that financial vulnerability can make all workers, but especially women, vulnerable to exploitation and abuse. To address this, we're working with the Ethical Tea Partnership to support a community saving scheme, which will help tea workers in Malawi save money and access safe loans, reducing the risk of exploitation and debt bondage from loan sharks. Over the next three

years, we plan to establish 500 Village Saving and Loan Schemes, supporting up to 10,000 Malawian tea workers.

More information, including how we're working with the wider industry in Malawi, can be found at taylorsimpact.co.uk/malawi.

Meanwhile, within our business a potential labour violation by one of our service providers was brought to our attention. The case was investigated internally, and we supported an external multi-agency investigation led by the Gangmaster and Labour Abuse Authority. Following the investigations, implementation of an action plan and satisfactory resolution of the issues identified, the decision was taken to continue to work with the service provider subject to periodic reviews.

The case has provided us with some valuable experience and learnings to help strengthen our labour exploitation response and remediation procedure for the future.



The impact of COVID-19 and the changing global context

The pandemic has left no country or community untouched and we've worked with suppliers to be a fair partner through this challenging time. In April 2020 we launched [Five Covid-19 Supplier Commitments](#) to our tea and coffee suppliers and have continued to honour these throughout 2021. To date, we have invested £481,054 in humanitarian support, funding initiatives in countries across our tea and coffee supply chain.

We recognise that for some of our suppliers, Covid-19 – along with the UK's departure from the EU – has led to operational challenges, high levels of absence and potentially increased reliance on short-term, agency labour. Meanwhile within our own operations, we've used agency labour and outsourced service providers – such as co-packers – to manage fluctuating customer demand and recruitment challenges. We acknowledge this brings a heightened risk of labour exploitation and that we need to do more to build the capability and awareness of modern slavery due diligence amongst contract managers and those managing

service providers and agency workers across the business. In 2021 we started to use a new supplier for agency workers, following appropriate due diligence processes including gangmaster and labour abuse authority licence checks. New systems also mean that we now have increased visibility of where and when agency workers are placed within our business.

We've continued to pay our own people in full, including our Group Prosperity Bonus scheme, without relying on public funding such as the Job Retention Scheme, even when parts of the business were closed due to lockdowns.

Governance and capacity building

Within the business the work is held by the Modern Slavery Working Group which meets quarterly and is chaired by a member of our Collaborative CEO team.

While our people occasionally attend modern slavery conferences and workshops, we recognise we need to establish a formal approach to on-going training and capacity building amongst our people. In 2021 we reviewed our current training, with a commitment to ensure a strong Group-wide awareness of modern slavery, how it can be recognised and effectively embed all policies and procedures. A structured training programme has been created, identifying roles for training, in what subjects and how regularly. In 2022 we'll be working to build the modules and start the roll out of the programme.



Understanding and addressing the issues behind modern slavery

Modern slavery doesn't happen in isolation and we know that to combat forced labour we need to address the issues that underpin it, such as low wages, discrimination, weak labour rights and inequality – issues exacerbated by the pandemic. We also acknowledge that collaborative action is the only way to tackle global challenges at the speed and scale required.

Here are some of the issues, projects and collaborations we're currently supporting:

Empowering and supporting women

Worldwide, around 71%* of people who experience modern slavery are women or girls. Women working in global supply chains often hold the lowest-paid and least secure jobs making them vulnerable to exploitation, particularly in times of crisis. For tea and coffee, as with many agricultural industries, although women make up a large percentage of the workforce, they are under-represented at a senior level with few opportunities to progress.

We've continued to support a number of projects which work to give women and girls brighter futures, improved income, more influence and reduced risk of exploitation. For example, in Assam we continue to support the Ethical Tea Partnership's (ETP) Improving Lives programme with UNICEF. This long-term project spans more than a quarter of Assam's tea estates and hopes to improve the lives of 250,000 women, girls and boys. The programme includes establishing girls' and boys' groups, which act as a forum for young people to come together and discuss issues affecting them, while gaining the knowledge and skills they need to keep safe from harm.



We're also in the process of establishing a substantial 3-year programme to empower tea communities, particularly women, in Kenya. Working in a new partnership with Action Aid, the programme will improve livelihoods for smallholder farmers and informal workers while creating an environment where women's and human rights are upheld, protected and respected. The programme will target smallholders in 3 communities – with the potential to scale up – and include the establishment of workers groups and supporting 1350 people to become 'Rights Champions'. An estimated 16,500 smallholder farmers and informal workers will indirectly benefit from the programme.

**data from the ILO's Global Estimates of Modern Slavery*

Supporting worker empowerment and participation

Worker empowerment and capacity building programmes can play an essential role in enabling workers to understand and call for their rights, share their experiences, improve their treatment at work and minimise risks of exploitation.

Since 2018, via a Plantation Community Empowerment Programme, we've been working to establish Community Development Forums (CDFs) on tea estates in Assam, North East India – one of the most challenged regions we buy from.

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 work of the CDFs varies, driven by community needs, but to date has covered establishing after school clubs, adult literacy programmes, helping workers access government training schemes, reducing alcoholism and tackling workplace issues such as absenteeism. Through the programme, workers are supported and empowered, and learn to work in partnership with managers of estates to raise and manage issues collaboratively.

After trialling the Community Development Forums on four estates, we're currently in the process of establishing CDFs on 20 tea estates, including all our Assamese suppliers, in partnership with the ETP and GIZ.



Our commitment to living wages and living income

We recognise that poverty wages are a key driver of modern slavery and exploitation – and that while statutory minimum wages exist in most countries, these can fail to meet the most basic needs of workers and their families.

As part of our commitment to work towards a living wage for every worker and a living income for every farmer,

we've continued to work with our suppliers and wider stakeholders to both understand and address the gaps. While there's a long way to go, we've seen good progress in some areas. Working in partnership with IDH, the Sustainable Trade Initiative, we've measured living wage gaps in our tea and coffee supply chain, are developing tools to assist in the analysis of value distribution and have identified a portfolio of future solutions to bridge the gap.

One of the key levers in making progress towards living wage is our strong supplier relationships, enabling open discussions and collaboration. Our contracts with our Malawian tea suppliers now include clauses on closing the living wage gap and an agreement for third-party verification to ensure the increased prices we pay, are passed on to growers and workers. We'll be rolling out this approach across our supply base in the future.

We're also on the steering committee for IDH's 'Roadmap on Living Wages' and are members of the Global Tea Coalition which brings together CEOs from tea suppliers and manufacturers across the globe to identify and commit to the change required on systemic and complex issues such as wages.

Collaboration and investment to increase the resilience and sustainability of our tea and coffee supply chain

During 2021, we've invested in numerous programmes to address environmental and social challenges across our tea and coffee supply chain, focusing on improving wages and livelihoods, regenerative agriculture and resilience in the face of climate change, strengthening communities and improving lives. We continue to work in partnership with our suppliers to understand and address the challenges they face through Taylors Sourcing Approach, while working collaboratively with NGOs, stakeholders and the wider industry. We hold board positions on several industry platforms, including the Ethical Tea Partnership, World Coffee Research and the Global Tea Coalition.



Progress against last year's commitments

The table below provides a brief overview of our progress towards commitments made in our 2020 statement.

	What we said we'd do last year	Progress
 <p>Policies and governance</p>	<ul style="list-style-type: none"> Develop and embed a clear modern slavery response and remediation policy across the Group. 	<ul style="list-style-type: none"> → A labour exploitation response and remediation procedure has been developed but further work is required to ensure it is fully embedded across the Group.
 <p>Our suppliers</p>	<ul style="list-style-type: none"> Implement an effective approach to Whistleblowing within our supply chain, to enable stakeholders to share issues and concerns directly with us. Review our risk assessment processes and reassess supply chains across the Group, putting action plans in place for high-risk areas. Initiate a programme of supplier engagement to embed the Supplier Code of Conduct in our procurement practices. 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. 	<ul style="list-style-type: none"> → Our Whistleblowing Policy was reviewed and renamed, and is now referred to in our Supplier Code of Conduct. → Risk assessment process strengthened and work in progress to review all cross-Group risks to the same methodology. → Code of Conduct now in our standard contract templates and purchase terms. → Invested c£1m in projects across our value chain; continued to play leadership roles in many industry collaborations.
 <p>Our people</p>	<ul style="list-style-type: none"> Review our internal training and capacity building activities. 	<ul style="list-style-type: none"> → Training reviewed and capacity building plan for the future developed.

Our future commitments

In our 2022 financial year (1 November 2021 to 31 October 2022) we plan to:

Project and Governance

- Develop and start to implement a plan to ensure our Supplier Code of Conduct is part of all supplier contracts. As a start point, this includes collating all contract templates used across the Group.
- Establish a more robust approach to holding, updating and sharing all modern slavery resources and documentation to support teams across the business.
- Establish a rhythm of horizon scanning and annual human rights governance gap analysis.
- Complete a strategic review of Taylors Sourcing Approach, with the aim of identifying how we can strengthen TSA in the future, including appropriate human rights measures.

Our Suppliers

- Introduce human rights compliance measures into our supplier annual reviews for tea and coffee.
- Assess all suppliers across the Group through our strengthened risk assessment tool, ensuring all assessments are evidence-based using the latest available data.
- Work to implement consistent monitoring and mitigation strategies across the Group – based on risk rating – including additional Self-Assessment Questionnaires (SAQs) and audit protocols and schedules. The focus for 2022 will be third party manufacturing and sub-contracted services, along with labour providers supporting our own operations.

Our People

- Roll out our revised modern slavery training programme, including more extensive training for key individuals and an approach to on-going compliance training.
- Refresh and strengthen the modern slavery elements of our induction materials for all employees.

Board Approval

This is Bettys & Taylors sixth annual Modern Slavery statement, with previous statements **available here**. The statement, published in accordance with the Modern Slavery Act 2015, has been approved by the board of directors of Bettys & Taylors Group Ltd.



Paul Cogan

Group Finance and Resources Director
27 January 2022