

BETTYS & TAYLORS GROUP

A GREAT YORKSHIRE FAMILY BUSINESS

Modern Slavery Statement 2016

Bettys & Taylors Group has long been actively committed to improving labour standards within our supply chain and welcomes the Modern Slavery Act as a catalyst for addressing the global issue of slavery and human trafficking.

We recognise that modern slavery is a global problem and that businesses can be inadvertently implicated in modern slavery in their own operations, their local and global supply chains, and through their business partners. Our business is committed to working to prevent slavery and human trafficking and this statement explains the steps we've taken to understand and mitigate the risks during our financial year 1st November 2015 to 31st October 2016. It also outlines plans for our current financial year.

We have, as far as possible, worked with the guidance provided by the CORE coalition, a civil society organisation that has reviewed existing statements and made recommendations on what a Modern Slavery Statement should include. We're committed to being open, learning and building in more rigour to our policies and practice over time, and reporting on plans, progress and challenges in each year's statement.

In our 2016 financial year we didn't identify any instances of modern slavery in our operations or supply chain, though we acknowledge this doesn't mean we can guarantee it doesn't exist. We are committed to addressing any issues we find, preferably through establishing an action plan with suppliers or appropriate partnerships. We will also disclose any instances of modern slavery, along with corrective actions, through our annual Modern Slavery Statements.

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Our organisation and supply chains

Bettys & Taylors Group is a family-owned business, based in Yorkshire. Our business operations include our 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 1,400 people. More information on our values and brands can be found at www.bettysandtaylors.co.uk.

Our Group's supply chains are diverse and vary in terms of categories, geographies and supplier engagement. Though we recognise that our level of influence varies across our broad supply chain, we're committed to understanding and mitigating risks across all categories. Management of our supply chains is divided across the four functions detailed below and accountability for understanding and mitigating modern slavery risks and assuring labour standards sits with the relevant procurement team.

Taylors Core Commodities

This includes tea, green coffee beans and tisanes – primarily tropical agricultural commodities sourced from 24 countries across Africa, Asia, Central and South America. We estimate that our global tea and coffee supply chain touches around a million farmers and workers in some of the world's least developed economies.

Taylors Packaging

This includes all the packaging materials – such as cartons, teabag paper, coffee film and metal caddies – for our range of tea and coffee products. The majority of these materials are sourced within the UK and the EU. Some packaging is sourced internationally with some of our caddies originating in China and cartons in the UAE.

Bettys Ingredients, Packaging and Giftware

This includes ingredients and packaging used by Bettys Craft Bakery to produce our retail products, the ingredients used in our café dishes, and all of our giftware. We source locally wherever possible with more than 60%, by value, of our ingredients coming from Yorkshire producers. The remainder is sourced from other UK, European or international sources.

Indirect Procurement

Indirect procurement covers a diverse range of goods and services which enable the Group to function. Examples include office and factory consumables; marketing and media services; facilities management services; machinery purchase and repair; utilities; IT equipment and services; and legal and professional services. Suppliers are predominantly from the UK, but some goods are sourced from across the world. There are more than 1,000 suppliers in this part of our supply chain and, in general, our expenditure and therefore level of influence and relationship with each supplier is relatively limited.

Our policies

Our Anti Slavery and Human Trafficking Policy outlines our zero-tolerance approach to modern slavery, and our commitment to acting ethically and enforcing effective systems and controls to prevent modern slavery in our own business and within 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.

Though principally aimed at our employees, our Whistleblowing Policy also encourages others – including those in our supply chains and business partners – to report any concerns including circumstances that might lead to an enhanced risk of modern slavery or human trafficking. Our whistleblowing procedure is designed to make it easy for people to make disclosures without fear of retaliation.

Together our Group Purchasing Policy and Ethical Trading Commitments outline our key principles in terms of sourcing with integrity – including a commitment to third party certification for our core commodities of tea and coffee. However, we recognise that an overarching Ethical and Human Rights Policy would further strengthen our approach. We have committed to mapping and reviewing all of our existing policies during 2017 to identify and fill any gaps in terms of human rights standards, ethics, conduct and supplier engagement.

Internally, all our policies are available on our intranet, with an annual reminder of our Whistleblowing Policy shared via our internal communications processes. Our procurement specialists are all introduced to the Group Purchasing Policy, the Anti Slavery and Human Trafficking Policy, and Ethical Trading Commitments (where appropriate) when they join the business, along with related tools and processes.

We have a defined governance process for adopting, reviewing and embedding policies within our business. Our Group Board has ultimate responsibility for all of the policies referred to in this statement, most of which can be found at www.bettysandtaylor.co.uk/resources.

Our due diligence and risk assessment processes

In 2016 we developed a risk assessment process to help us identify those aspects of our business that are of greatest risk of inadvertently facilitating modern slavery. This process is broadly as follows:

Stage 1

We map the inherent risks within our business operations and supply chains, taking into account volumes purchased of each item, the socio-political landscape encountered in each country of origin, product and industry characteristics, and the most recent Global Slavery Index data. This gives us a high level 'map' of our supply chains and operations signalling high, medium and low risks of potential exposure to modern slavery.

Stage 2

Taking this high level risk map, we use a combination of our existing internal due diligence documentation (for example, Supplier Pre-qualification Questionnaire), third party certification audits, and an appraisal of our business relationship and knowledge of each supplier (for example, whether it's a direct or indirect relationship, the frequency of visits and the quality and transparency of information provided by the supplier), to identify residual risks.

Stage 3

Where we believe there to be any unacceptable levels of residual risk, suppliers will be required to complete a modern slavery questionnaire and evidence steps taken to ensure their operations are free from modern slavery. We will engage with suppliers to make any necessary improvements, but failure to demonstrate remediation within an agreed timeframe will result in termination of the business relationship.

In 2016 we also revised our Supplier Pre-qualification Questionnaire – issued to all new tea, coffee, tisane and Bettys food ingredients, packaging and non-food gift suppliers – to incorporate specific questions on modern slavery and human trafficking.

Modern slavery risks and mitigation within our operations and supply chain

The table below provides an overview of our business activities, their inherent risk rating for the activity as a whole and the controls we have in place to mitigate risks. The final column captures any significant remaining risks, despite our mitigation initiatives, or gaps in our knowledge. It's followed by a more detailed narrative of some of our activities.

Business Activity	Inherent Risk	Mitigating Factors	Significant Residual Risks and Gaps
Sourcing: Black and Speciality Tea	High	100% third party certification; Ethical Tea Partnership membership and board representation; direct relationship model and high frequency of supplier visits provide relatively high levels of transparency.	Documented incidences of trafficking within high risk groups in some geographies we trade with, primarily North India (Assam and Darjeeling); rural poverty in developing economies causes residual levels of risk throughout our supply chain.
Sourcing: Green Coffee	High	100% third party certification; direct relationship model and high frequency of supplier visits provide relatively high levels of transparency.	Rural poverty in developing economies causes residual levels of risk throughout our supply chain.
Sourcing: Fruit and Herbal Infusions (tisanes)	Medium	Supplier pre-qualification questionnaire; third party certification where standards have been developed.	Relatively low supply chain transparency levels for some ingredients.
Sourcing: Bettys Food Ingredients	Medium	Supplier pre-qualification questionnaire; supplier and origin visits; transparent and simple supply chains, and direct working relationships.	Lower supply chain transparency levels for certain categories (for example, cocoa and various agricultural produce particularly where migrant workforces are prominent).
Sourcing: Bettys Packaging and non-food items	Medium	Supplier pre-qualification questionnaire; SEDEX audit data; supplier visits and direct working relationships.	
Sourcing: Taylors Packaging	Medium	Supplier pre-qualification questionnaire; SEDEX audit data; supplier visits and direct working relationships.	
Sourcing: Indirect Procurement of goods and services	Medium	Generally UK suppliers we have traded with for some time; close relationships with our key suppliers.	Some specific areas of potential risk related to sourcing low expenditure goods from South East Asia. Scope and breadth of activity means that our knowledge of each supplier and their activities is limited so there may be risks we're not yet aware of.
Operations: Agency Labour	Low	We engage reputable labour agencies and conduct comprehensive audits of their operations prior to employing warehousing and factory agency personnel.	
Operations: Bettys & Taylors Employees	Low	Whistleblowing policy; grievance policy; preventing modern slavery posters displayed on noticeboards.	

Modern slavery risks Continued

Sourcing: Tea and Coffee Commodities

All our tea and coffee is sourced from third party certified farms and estates (including Rainforest Alliance, Fairtrade and UTZ Certified) to ensure supplier compliance against the Ethical Trading Initiative (ETI) Base Code. The ETI Base Code, founded on the conventions of the International Labour Organization (ILO), is a recognised code of labour practice which provides that employment is freely chosen; freedom of association and the right to collective bargaining are respected; child labour shall not be used; working hours are not excessive; and no harsh or inhumane treatment is allowed.

Our approach to sourcing tea and coffee – Taylors Sourcing Approach – is based on a direct relationship model that supports long-term forward supply contracts, high levels of supply chain transparency and regular face-to-face contact with strategic suppliers. Relationships are underpinned by investment in sustainable development projects, which aim to address significant social and environmental risks to our long-term security of supply, helping to ensure thriving communities in our supplier catchments.

We recognise rural poverty, conflict and environmental disasters – such as drought and flooding – can impact on the global communities we source from, making people vulnerable to exploitation. These issues aren't easily identified through certification or supplier relationships, so we assess our core commodity risks on a product and country-by-country basis, encompassing environmental and economic risks as well as community needs assessments.

Our preferred approach to resolving social and human rights issues is to work either directly with suppliers or through wider collaborations to understand root causes and address the challenge, rather than taking the decision to source elsewhere. For example, in recent years trafficking from tea growing communities in North India has been identified and work towards certification revealed underage working and human rights violations in the Rwandan and Burundian tea sector. The case studies in the appendix act as examples of how we've addressed these challenges in the past.

Sourcing: Bettys Food Ingredients, Packaging and Non-Food items

In the last financial year all Bettys suppliers were informed of our approach to modern slavery and appropriate questions were incorporated into our supplier pre-qualification assessment and approval process for all new suppliers. Where risk assessments identified areas of moderate to high risk, suppliers have been issued with questionnaires to seek further information. Results from these questionnaires will dictate the actions and the level of engagement with suppliers that may be required to initiate improvements.

We source more than 90% of our chocolate couverture from a small producer in Switzerland who, over many years, has developed simple and transparent supply chains, linking them directly to cocoa growers and small farming co-operatives. They have strong relationships with farmers and producers, visiting them regularly and supporting community and social initiatives. However cocoa, along with certain agricultural produce where there is high dependency on migrant labour, have been recognised as higher risk areas and we're seeking more information to find out what further action we may need to take to ensure our modern slavery standards are met.

Modern slavery risks Continued

Sourcing: Taylors Packaging

We are committed to building strong relationships with suppliers and frequently visit key suppliers including those based overseas. New suppliers are carefully selected and complete an initial Supplier Questionnaire regarding their business and practices.

The majority of our carton board material is Forest Stewardship Council accredited. In gaining FSC Chain of Custody certification we have traceability back through the supply chain to the forests where the trees were harvested. In gaining this certification we have aligned with and uphold the principles of the FSC to support the rights of indigenous people, their communities and the rights of forest workers.

Sourcing: Indirect Purchasing of Goods and Services

Over the last few years, we have brought the majority of indirect spend within the remit of a central team which has helped make significant improvements in our controls and due diligence processes. In general, we consider suppliers in this category as being a low risk. Almost all are UK-based, supplying standard goods or services, and one of our key purchasing principles is that we make balanced buying decisions rather than simply buying at the lowest cost. However, we recognise there are some specific areas of potentially higher risk, such as promotional items and garments sourced from South East Asia. As such, we've classed the category as a whole as medium risk. We also recognise that the breadth and complexity of our indirect supply chains makes it challenging to gather enough information and knowledge to enable us to carry out robust risk assessments across very diverse purchases.

Our next phase of risk assessments will look at other categories of indirect spend, in particular those where high levels of temporary labour are employed on our behalf, for instance contract packing, warehousing operations and cleaning services.

Operations: Bettys & Taylors Employees and Agency Labour

We're committed to being a great place to work and supporting the welfare, development and collaborative engagement of our people. We encourage our staff to raise any issues internally and have robust and fair procedures in place to ensure they are investigated thoroughly and resolved in a timely manner. As well our Whistleblowing Policy, we have a free confidential employee assistance helpline which our employees can use if they feel they can't speak to anyone internally. Preventing modern slavery posters are displayed on staff noticeboards to provide an awareness of the issue internally.

Recruitment decisions are based on the applicant's skills and competence. This includes a face-to-face interview and right to work checks to ensure eligibility to work in the UK. Where fees are payable as a result of someone's recruitment – for example, Placement or Finder's Fees – we don't seek reimbursement of these from the applicant.

We use two main suppliers for agency staff to cover short-term peaks in production needs, projects and absence. We conduct annual audits of these suppliers and follow up audits when non-conformances have been observed. Previously, there were no measures in place to monitor suppliers' practices in terms of areas such as preventing modern slavery. In the last year a scoring matrix was developed to enable us to monitor progress.

Training and capacity building

Members of our Legal, HR and Purchasing teams have taken external training to help us, as an organisation, better understand and respond to modern slavery and human trafficking risks.

Our next steps

Our priorities for the year ahead in terms of strengthening our approach to identifying and mitigating modern slavery are as follows:

Risk assessment and due diligence:

Tracking the number of suppliers within the moderate to high risk categories who've completed our Modern Slavery Questionnaire; on-going review of questionnaire responses to identify residual risks and the development of appropriate action plans; broadening the scope of risk assessments within our indirect procurement categories; and reviewing our existing risk assessment process, informed by best practice.

Policy and process:

Mapping, reviewing and developing policies and supplier processes across the business, to ensure a robust and consistent Group-wide approach to engaging our suppliers in high standards in terms of human rights and codes of conduct; reviewing our current recruitment processes with a view to incorporating preventing modern slavery best practices; reviewing our audit processes of factory and warehouse labour suppliers.

Internal capacity building and awareness:

Ensuring our board of directors and relevant supply chain and HR specialists complete initial training on modern slavery by the end the 2016/17 financial year; and delivering internal communications activity to raise awareness of the Modern Slavery Act, who it affects and why it matters, and our Modern Slavery Statement.

We'll report back against these priorities, and any relevant key performance indicators, in our next Modern Slavery Statement.

Board approval

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

Group Finance & Resources Director's signature:



Date: 6th March 2017

Case studies

Addressing unsafe migration in Assam with UNICEF and the Ethical Tea Partnership

Like many marginalised rural communities, tea-growing communities in Assam face many challenges, particularly regarding child protection. More than 80 million Indian children a year – 41% of the child population – leave school without completing eight years of education and 43% of girls are married before they are 18. These factors combined with a lack of opportunities make young people, particularly girls, vulnerable to trafficking and offers of work in cities which can turn out to be exploitative.

As part of our leadership of the Ethical Tea Partnership, we are addressing this issue through a three year partnership project with UNICEF. Launched in September 2014, the multi-stakeholder project is working with 350 tea communities in Assam to reduce girls' vulnerability to exploitation. The project has engaged community members, national and regional government, and enforcement agencies to strengthen child protection, and is equipping 25,000 girls with the knowledge and life skills to make them safer.

Preventing underage working in Rwanda and Burundi

The central African countries of Rwanda and Burundi both have ideal conditions for growing top quality teas, but significant social and ethical challenges needed to be addressed before we could consider buying from both countries. With the support of the UK Government's Food Retail Industry Challenge Fund (FRICH), we developed projects to help suppliers work towards certification standards. As part of this work we established partnerships with the Ethical Tea Partnership, Save the Children in Rwanda and International Rescue Committee (IRC) in Burundi to address the issue of underage working in both countries and gender based violence in Burundian. This included vocational training, establishing early childhood care and development centres, and engaging and sensitising key stakeholders. While the current socio-political situation in Burundi means we're no longer trading with suppliers, we're monitoring the situation and should the outlook improve, we will work to re-establish relationships and projects.