

BETTYS & TAYLORS GROUP

A GREAT YORKSHIRE FAMILY BUSINESS

Modern Slavery Statement 2017

‘We have a responsibility to protect the people our family business impacts and depends upon, and our customers have a right to enjoy products and services that meet their expectations. We know we’ve more to learn and that there will always be more to do, but we’ve made progress and we’re committed to understanding and addressing modern slavery and other human rights issues across our business and supply chains.’

Lesley Wild
Chair of the Group Board

This is the second Modern Slavery Statement produced by Bettys & Taylors Group. It’s been published in accordance with the Modern Slavery Act 2015 and shares the steps we’ve taken during our 2017 financial year, which ended 31st October 2017, to prevent modern slavery and human trafficking in our business and supply chains.

We welcome the opportunity the statement provides to reaffirm our commitment to preventing modern slavery and providing an open and honest account of our progress and challenges.

What we said we’d do in 2017

In our 2016 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:

- Improving our knowledge of suppliers’ workplace practices in moderate to high risk categories, and broadening our risk assessment processes.
- Reviewing, strengthening and embedding appropriate policies.
- Building internal capacity and awareness.
- Disclosing any instances of modern slavery, along with corrective actions taken.

This document starts by explaining more about our business and our supply chain before reviewing progress made and plans for the year ahead.

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 1,400 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 more information on our values 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 our first statement, 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:

This includes 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; 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.

We know that policies can only be effective if they are shared, understood and adhered to. In the year gone by we've raised awareness of our Anti-Slavery and Human Trafficking Policy amongst our people and suppliers, including building it into our Staff Handbook (which serves as our Employee Code of Conduct). We've built compliance with our policy and the Modern Slavery Act into our Standard Terms of Purchase and included relevant clauses in our Contracting Guidelines for when we enter into bespoke contracts.

Our Whistleblowing Policy, although mainly directed at our employees, encourages all stakeholders in our business – including suppliers and business partners – to disclose any concerns they have, including modern slavery or human trafficking, without fear of recrimination.

We have a Group Purchasing Policy and published Ethical Trading Commitments, which together outline our key principles regarding sourcing raw materials, goods and services with integrity. This includes our commitment to third party certification for our core commodities of tea and coffee.

In our [2016 Modern Slavery Statement](#) we acknowledged that an overarching Ethical and Human Rights Policy would further strengthen our approach to tackling modern slavery. Over the last year, we've prioritised modern slavery, with a focus on internal capacity building and building our understanding of suppliers' labour standards. We will be considering how to take a broader approach to human rights in 2018.

Risks and due diligence

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 and the progress made during 2017, can be found in the appendix.

We know that our biggest exposure to modern slavery is within our supply chains – particularly our tea and coffee supplier base, where rural poverty, environmental disasters and weak governance can make people vulnerable to exploitation.

In 2017 we continued to develop and extend Taylors Sourcing Approach (TSA) – our model for sourcing tea and coffee. Taylors Sourcing Approach serves to embed social and environmental investment into our shared business plans with suppliers, which form part of our long-term 'commitment to buy' contracts (typically 3 to 5 years forward). 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 are third-party certified, ensuring supplier compliance against the Ethical Trading Initiative (ETI) base code which, in turn, is founded on the conventions of the International Labour Organisation. While we acknowledge that certification alone doesn't serve to fully mitigate modern slavery risks, we see value in acting as a catalyst for strengthening the baseline of certification standards. In the last year, we've worked with Rainforest Alliance to develop a more stringent Sustainable Agriculture

Network standard. This has introduced stricter criteria for complying with minimum labour standards, while developing processes for continuous improvement in management capacity and living and working conditions on farms.

We recognise that policies, monitoring and supplier relationships alone won't address the root causes of modern slavery. Often extreme poverty is a driver of forced labour and we continue to support collaborative projects that work to understand and find solutions to the issues of low wages. For example, in Malawi we're actively engaged in the tea industry's programme to achieve a sustainable industry by 2020, working with producers in our supply chain to ensure workers receive a living wage. It's a complex and challenging issue, but we're committed to continuing to work at a leadership level within the industry to improve wages and conditions.

In our risk assessments, sourcing tea from India is highlighted as a significant risk. This has prompted further investigations into living and working conditions, beyond third party certification. With the Ethical Tea Partnership, we've completed additional audits at all our supplier tea estates and identified gaps, both against legal compliance and our expectations. The findings of these audits have contributed to the ongoing consolidation of our Assam supply base. Over the last two years we have engaged in dialogue with producers and reduced the number of our supplying estates by half to 29, excluding those we regard as high risk or with low commitment to improving conditions. We will continue to consolidate our supply base where we see insufficient progress or commitment. More information on our work in Assam – including a significant project with UNICEF to prevent child trafficking – can be found in the case study on page 10.

The scale and structure of the tea smallholder supply base in Kenya brings potential risks which need further assessment. Here, there's a trend for farm owners to migrate to towns and cities, leaving farms in the hands of local managers employing a mix of local and migrant labour. This largely unregulated employment sector covers over 600,000 small scale farms across Kenya. Our supply base is audited and certified by third parties, but we recognise that we need a deeper understanding of this sector and any potential risks.

We also support projects which address socio-economic challenges in our coffee supply base, recognising that issues such as fragile livelihoods, and poor working and living conditions, can foster an environment for exploitation. This has included improving living conditions for seasonal workers at two Nicaraguan farms – our largest coffee suppliers – ensuring living quarters are hygienic and smoke free, with sufficient space for gender segregation and security for workers with young children. In Uganda, we have brought piped potable water to over 700 households and a secondary school of 300 pupils, installed biogas digesters as a source of clean domestic fuel at 50 demo-farms, and worked with almost 10,000 farmers to promote sustainable agricultural practices.

Beyond our tea and coffee supply chain, our risk assessments identified some categories with high and moderate inherent risk of modern slavery where we had limited visibility of labour standards. These included agricultural produce where there may be high dependency on migrant labour; couverture used in our chocolates; packaging sourced from China and UAE; low expenditure goods from South East Asia, particularly promotional items and garments; and categories with a dependency on high volume or low-skilled and/or temporary labour.

We prioritized these categories for further investigation and over the last year we've worked to engage suppliers and gain more visibility and understanding of their labour practices. For many categories, increased engagement has provided us with reassurance that suppliers have robust and often independently monitored standards in place. However, there remain some gaps – either due to lack of supplier engagement, low levels of supplier awareness and capacity, or meaningful evidence. For these,

we've either developed time-bound action plans or we're considering third party audits.

Within our own business operations, we recognise the risks of modern slavery as low. When we enlist agency workers for peak production times or to cover absence, we use a small number of reputable industrial labour agencies. With these, we conduct an annual 80-point audit, assessing their processes for preventing modern slavery, respecting workers' rights, eligibility checks, ensuring fees aren't charged for finding people work and appropriate terms and conditions. Our audits make clear the expectations we have of our labour suppliers and we work with them to improve when gaps are identified. In the last year, we've established a cross-business Agency Management Group to ensure good governance and strong processes when working with labour agencies in the future.

In terms of permanent recruitment, we already have good systems in place in terms of right to work checks and face-to-face interviews. The establishment of a Recruitment Hub in the last year will ensure on-going good practice, systems and governance.

We use a small number of co-packers and co-manufacturers to support our Taylors business. In the final quarter of the year we started to build our understanding of their labour practices and processes to understand the risks amongst some of these partners. This work will continue in 2018.

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.

During the 2017 financial year our Board received training on modern slavery and committed to receiving refresher training in the future. We also continued to build the capacity of staff who have responsibility for understanding and mitigating modern slavery risks, including HR and procurement specialists. This included a full day's workshop delivered by the Stronger Together Coalition, which was also attended by a member of our Collaborative CEO. All new staff in all procurement areas are now trained on our Modern Slavery Policy and procedures as part of their induction.

The senior buyers for each supply chain are responsible for compliance and due diligence in their respective supply chains. However, given the complexity of the issue and resources required, we're currently in the process of formalizing internal governance of our Modern Slavery strategy. This will include us taking the work that has been completed to date by our Modern Slavery Working Group and carrying it forward with the establishment of a Strategic Modern Slavery Working Group led by a member of our Collaborative CEO team. This Group will work to implement the Stronger Together Coalition's Six Stage Strategic Framework for addressing modern slavery. This Strategic Framework is aligned with the UN Guiding Principles on Business and Human Rights (UNGPR), which is widely recognised by governments, civil society and unions, as the best practice approach for preventing and addressing human rights issues related to business practice.

What we'll be doing in 2018

In our 2018 financial year (1st November 2017 to 31st October 2018) we plan to:

- Establish a Strategic Modern Slavery Working Group to strengthen governance and move from our current phase of building transparency and processes, to longer-term planning.
- Continue to extend Taylors Sourcing Approach across our tea and coffee supply chain, and work collaboratively with the wider industry and suppliers to identify, understand and address issues of low wages within our core commodity supply chain.
- Roll out training on modern slavery to our leadership population.
- Transition from building our awareness of suppliers' policies and processes, to corrective improvements in high risk areas. This will include procurement specialists working together to share gaps, challenges, and learning.
- Review and strengthen our new supplier approval process, across our Group and all our categories.
- Review and build our approach to understanding and mitigating modern slavery risks amongst Taylors co-packers and co-manufacturers.
- Embed modern slavery due diligence into governance and management of agency labour suppliers and direct recruitment.

Board approval

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



Paul Cogan
Group Finance and Resources Director

28th February 2018



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.

Modern slavery risks and mitigation in our operations and supply chain

The table below provides an overview of our business activities, an inherent risk rating for the activity as a whole, controls to mitigate risks, along with progress in 2017. The final column captures any remaining significant risks or gaps in our knowledge.

Business activity	Source countries	Inherent risk	Mitigating factors	Progress in 2017	Significant residual risks and gaps
Sourcing: Black and speciality tea	% by volume: <50% Kenya <20% Rwanda <20% India <10% Malawi <5% Tanzania <5% Ethiopia <0.5% Indonesia <0.5% Zimbabwe <0.5% Sri Lanka <0.5% China <0.5% Uganda	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.	<ul style="list-style-type: none"> Our Modern Slavery Policy has been shared with our suppliers and to date all suppliers, with the exception of those in Indonesia, have formally signed up to it. C. £1m annual value chain investment, targeting improvements to social and environmental conditions in sourcing origins. 	We recognise we need to understand more about wages and employment conditions in the Kenyan tea smallholder sector. We'll continue to work to encourage Indonesian suppliers to formally sign up to our policy.
Sourcing: Green Coffee	% by volume: <30% Brazil <20% Nicaragua <20% Colombia <10% Rwanda <10% Uganda <5% Ethiopia <5% Mexico <5% Indonesia <5% El Salvador <5% Kenya <2% India <2% Honduras <2% Peru	High	100% third party certification; direct relationship model and high frequency of supplier visits provide relatively high levels of transparency.	<ul style="list-style-type: none"> India: continued investment in UNICEF gender empowerment programme; Plantation Community Empowerment Programme prototypes established at 4 tea estates; ongoing review of living and working conditions leading to the consolidation of supply base. Malawi: ongoing commitment to achieve a Living Wage for tea workers by 2020. Nicaragua: improved living and working conditions for migrant labour on coffee farms. 	
Sourcing: Fruit and Herbal infusions	Europe, Middle East & Africa	Medium	Supplier pre-qualification questionnaire; third party certification where standards have been developed.		Comparatively low supply chain transparency levels for some ingredients.

Modern slavery risks Continued

Business activity	Source countries	Inherent risk	Mitigating factors	Progress in 2017	Significant residual risks and gaps
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.	<ul style="list-style-type: none"> Engaged with suppliers in higher risk categories, to understand their policies and processes. Gathered robust evidence of standards from couverture, cocoa bean and cocoa butter suppliers of their zero tolerance approach towards forced labour on their farms or in their supply chains. Fresh produce supplier has committed to a timetable of training, risk assessments, and process reviews. 	
Sourcing: Bettys Packaging and non-food items	Mostly UK and EU but some China.	Medium	Supplier pre-qualification questionnaire; SEDEX audit data; supplier visits and direct working relationships.	<ul style="list-style-type: none"> Audits shared through SEDEX provided increased visibility of issues to track. 	
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.	<ul style="list-style-type: none"> Good working relationships allowing development of improvement plans. Follow up of SEDEX audit findings. 	
Sourcing: Indirect Procurement (goods and services)	Mostly UK	Medium	Generally, UK suppliers we have traded with for some time.	<ul style="list-style-type: none"> Re-sourcing a product (from India to UK) where we were unable to gain adequate ethical assurances from the supplier. Widened risk assessment process to include additional UK supply categories where a high proportion of the cost is for manual, unskilled or temporary labour. 	Large number of suppliers across many diverse categories makes it difficult to gain a thorough understanding of their practices.

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Modern slavery risks Continued

Business activity	Source countries	Inherent risk	Mitigating factors	Progress in 2017	Significant residual risks and gaps
Operations: Agency labour	UK	Low	Annual audit of main industrial labour suppliers; temporary workers are given Stronger Together and GLA leaflets on joining.	<ul style="list-style-type: none"> Our two main labour suppliers have significantly increased their overall ethical audit scores. 	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; preventing modern slavery posters are displayed at each site.	<ul style="list-style-type: none"> Key business staff have attended preventing modern slavery training facilitated by the Stronger Together Coalition. Modern slavery information has been shared through our internal communications channels. Noticeboard audits check modern slavery posters are always displayed. Modern slavery information is now included within our Staff Handbook. 	Not all recruiting managers have been trained on spotting indicators of modern slavery.
Operations: Co-manufacturing and co-packing	UK and overseas	Medium	Pre-qualification assessments; direct working relationships, with frequent contact, visits and physical audits of their production facilities.	<ul style="list-style-type: none"> Work in progress to build our understanding of co-manufacturers and co-packers policies and processes. 	We recognise we have gaps in our knowledge and, to date, haven't engaged directly with all co-manufacturers.

Case study

Improving standards in Assam

Assam in North East India is one of the most marginalized regions we buy from, with a wide spectrum of social issues including poor living and working conditions, inadequate sanitation, gender violence, alcoholism, low wages, lack of opportunities and child marriage. These, in turn, can make people vulnerable to exploitation including trafficking.

Though the challenge is significant, we're committed to improving standards for tea communities and workers in Assam. Since late 2014, through our membership of the Ethical Tea Partnership, we've supported a UNICEF project to tackle child exploitation in the region. The project is working with over 350 tea communities across more than 100 estates to ensure effective and positive change for children. [More information can be found about the project here.](#)

We're also prototyping a Plantation Community Empowerment Programme (PCEP) at four tea estates. This has created estate-level Community Development Forums (CDFs) made from elected representatives from the estate's working and non-working population, community groups, unions and management. Working together, these groups draw up an Estate Development Plan that prioritises issues and works out how to tackle them. Resources and individual responsibilities are identified and a project management approach is applied. This empowers estate populations so they can have a real say in how estates are run and generates internal peer pressure for much-needed behaviour change, something that estate management could never achieve as effectively on their own.