

BETTYS & TAYLORS GROUP

A GREAT YORKSHIRE FAMILY BUSINESS

Modern Slavery Statement 2018

This is the third 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 2018 financial year 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 share an open and honest account of our progress and challenges.

What we said we'd do in 2018

In our 2017 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:

- Establishing a Strategic Modern Slavery Working Group to strengthen governance and move from our current phase of building transparency and processes, to longer-term planning.
- Extending Taylors Sourcing Approach across our tea and coffee supply chain and working collaboratively with the wider industry and suppliers to identify, understand and address issues of low wages within our core commodity supply chain.
- Rolling out training on modern slavery to our leadership population.
- Transitioning from building our awareness of suppliers' policies and processes, to corrective improvements in high risk areas.
- Reviewing and strengthening our new supplier approval process across our Group and all our categories.
- Reviewing and building our approach to understanding and mitigating modern slavery risks amongst

Taylors co-packers and co-manufacturers.

- Embedding modern slavery due diligence into governance and management of agency labour suppliers and direct recruitment.

This document starts by explaining more about our business and our supply chain before reviewing the progress we made in 2018 and our 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 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.

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.

Mitigating 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 progress made during 2018, 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 recognised that the scale and structure of the tea smallholder supply based in Kenya, combined with demographic changes with more owners of smallholdings migrating to towns and cities, was driving a growing and largely unregulated employment sector with a high risk of labour violations. To understand the scale of the issue and identify solutions, we've worked with the Ethical Tea Partnership (ETP) and the Kenyan tea sector. More information can be found in the case study on page 10.

Improving standards in Assam, North East India, has remained a priority for us given the issues facing tea communities, including the vulnerability of young people to trafficking. Here, we're supporting the roll-out of a significant project with UNICEF, the ETP and other partners to give over 150,000 children and young people better protection and skills to reduce the risk of violence and exploitation. The project will cover more than 200 estates, a quarter of all tea estates in Assam. More information, along with other ways we're improving living and working standards, can be found on page 10.

In 2018 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.

We recognise that policies, certification and supplier relationships won't address the root causes of modern slavery. Often the causes – such as extreme poverty and lack of opportunity – are driven by multiple-factors and systemic in nature and can't be solved by any organisation working alone. Through our leadership roles in organisations such as the ETP and World Coffee Research, we're committed to working with the industry and other stakeholders to combine insight, resources and collective leverage to improve standards and support the long-term sustainability of our supply chain. This includes on-going collaboration to address the issue of low wages. As a signatory of the Malawi 2020 Revitalization programme we've committed to implementing business practices which support producers to pay a living wage. We're also promoting the value of living wage benchmarks with other partners and suppliers.

As a business we also recognise the role that transparency can play in helping create more resilient and sustainable supply chains and in 2018 we published the details of our tea, coffee, herbs and packaging suppliers for our Yorkshire Tea and Taylors of Harrogate ranges. At its heart is the idea that knowledge and sharing information underpins effective action, and that being open about where and who we buy from enables collaboration. Our supplier list will be updated twice a year and we're committed to building our approach to transparency over time.

Beyond our tea and coffee supply chain, we've continued to improve our visibility of high risk suppliers' labour processes and standards. In 2018 this included:

- Due diligence work with suppliers dependent on high volumes of low-skilled and often temporary/ contract labour – such as distribution, facilities management and security, as well as co-manufacturers and co-packers. This provided us with reassurance that the majority of suppliers are meeting the standards we expect. However, recognising that much of this due diligence work is based on supplier self-assessment, we've committed to independent audits for our highest risk suppliers in 2019.
- Building modern slavery clauses into our contracts for suppliers within high risk categories.
- Reviewing the targets and progress made in terms of modern slavery due diligence by our fresh produce supplier.

Within our own business operations, we recognise the risks of modern slavery as low. In the year gone by we've strengthened the training we give to our people managers via our 'People Academy', to include elements on modern slavery. For the last two years we've audited our main agency labour providers. However, in 2018 an independent audit of Taylors operations identified some ways we could strengthen our contracts with labour providers for the future. We recognise that we've more to understand about what best practice looks like and this remains a commitment for 2019.

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 all new staff in all procurement areas are trained on our Modern Slavery Policy and procedures as part of their induction.

In 2018 we delivered Modern Slavery awareness, policy and procedure training to all leadership team members and have planned in refresher training for the Board for the first quarter of 2019.

What we'll be doing in 2019

In our 2019 financial year (1st November 2018 to 31st October 2019) we plan to:

- Commission an independent review of our Human Rights due diligence and governance processes to identify gaps and areas for improvement across the Group.
- 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.
- Review our governance of agency labour providers and identify and implement areas of improvement.
- Undertake an independent audit of labour standards for our highest risk suppliers, such as co-packers and manufacturers in higher-risk geographies.
- Extend Taylors Sourcing Approach to include key Taylors packaging suppliers.
- 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.

Board approval

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



Paul Cogan
Group Finance and Resources Director

23 January 2019



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 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 2018. The final column captures any remaining significant risks or gaps in our knowledge.

Business activity	Source countries	Inherent risk	Mitigating factors	Progress in 2018	Significant residual risks and gaps
Sourcing: Black and speciality tea	% by volume: <50% Kenya <20% Rwanda <15% India <10% Malawi <5% Tanzania <5% Ethiopia <0.5% Sri Lanka <0.5% China	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"> C. £0.8m annual value chain investment, targeting improvements to social and environmental conditions in sourcing origins. India: broad programme of activity to improve social and living standards on supplier estates in Assam. 	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 <15% Colombia <5% Rwanda <5% Uganda <5% Ethiopia <5% Mexico <6% Indonesia <2% El Salvador <2% Kenya <3% India <2% Honduras <3% Peru <1% Guatemala	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"> Kenya: work with the ETP and tea sector to survey employment practices and standards on small holder farms. Published full supplier list. 	
Sourcing: Fruit and Herbal infusions	Europe, Middle East & Africa	Medium	Supplier pre-qualification questionnaire; third party certification where standards have been developed.	<ul style="list-style-type: none"> Published full list of suppliers. 	Comparatively low supply chain transparency levels for some ingredients.

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Modern slavery risks Continued

Business activity	Source countries	Inherent risk	Mitigating factors	Progress in 2018	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; additional due diligence checks with suppliers in high risk categories to understand their policies and processes.	<ul style="list-style-type: none"> Reviewed the targets and progress made by our fresh produce supplier to monitor their approach to risk assessment and due diligence in this high risk category. 	
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.	<ul style="list-style-type: none"> Published full 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.	<ul style="list-style-type: none"> Completed due diligence work on categories recognised as high risk due to dependency on high volumes of low-skilled or temporary/contract labour. 	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.

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Modern slavery risks Continued

Business activity	Source countries	Inherent risk	Mitigating factors	Progress in 2018	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"> Independent audit of Taylors operations and workplace standards. While our own recruitment processes were strong, the audit identified some areas of improvement in terms of contracts with labour providers. These have now been implemented. We audited our main agency labour provider. 	We occasionally work 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.	<ul style="list-style-type: none"> Refreshed our recruitment and selection training for people leaders to include awareness of modern slavery and robust recruitment practices. Modern Slavery awareness training for leadership teams across the Group. 	
Operations: Co-manufacturing and co-packing	UK and overseas	Medium	Pre-qualification assessments; direct working relationships, with frequent contact, visits.	<ul style="list-style-type: none"> Engagement with all co-manufacturers and packers to gain visibility of their labour processes and standards. Third party audits planned in for high risk suppliers. 	To date our due diligence work has been based on supplier self-assessment, with no independent audits.

Appendix 2 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:
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.	<ul style="list-style-type: none"> Strategic Modern Slavery Group established, chaired by Taylors of Harrogate Managing Director/ member of Collaborative CEO. Independent expert assessment commissioned for early 2019. This will help us identify gaps and areas that need more focus.
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.	<ul style="list-style-type: none"> On-going development of Taylors Sourcing Approach, including publishing details of our supplier base. A broad programme of supply chain investment – both directly with our suppliers and the wider industry – to improve social and environmental standards. We're committed to working towards an equitable share of value at all levels of the value chain and we continue to raise awareness with our suppliers. However, using our influence to ensure fair wages are paid across our value chain remains a challenge.
Roll out training on modern slavery to our leadership population.	<ul style="list-style-type: none"> Training delivered to our three leadership teams. Refresher training for the Board booked in for first quarter of 2019.
Transition from building our awareness of suppliers' policies and processes, to corrective improvements in high risk areas.	<ul style="list-style-type: none"> See case studies.
Review and strengthen our new supplier approval process across our Group and all our categories.	<ul style="list-style-type: none"> Procurement specialists across the Group have mapped and reviewed their supplier approval processes.
Review and build our approach to understanding and mitigating modern slavery risks amongst Taylors co-packers and co-manufacturers.	<ul style="list-style-type: none"> Detailed risk analysis completed, with independent audits planned for 2019 for highest risk suppliers.
Embed modern slavery due diligence into governance and management of agency labour suppliers and direct recruitment.	<ul style="list-style-type: none"> Modern Slavery awareness and recruitment processes built into our 'People Academy' training programme. Audit of Taylors main agency labour providers. Reviewing our governance and due diligence processes for agency labour providers remains a commitment for 2019.

Appendix 3 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 the Kenyan tea sector to develop and agree a roadmap for the future. This has confirmed the priorities and action required. In the year ahead, we're supporting pilot projects in communities around five factories, with focus areas including water, health, hygiene, housing, women and children, and the regulation of wages and contracts.

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.

Over the last few years we've worked with the ETP to fund Community Development Forums (CDFs) on four of our supplier estates in Assam. 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. Some of the current activities include livelihood and income diversification, additional support for students falling behind at school, and anti-alcoholism and substance abuse camps.

We're also working to improve sanitation standards as part of the ETP's Housing and Sanitation Working Group. This includes a project to implement a 'total sanitation' pilot at two estates, with the objective of providing the entire estate population with access to safe, hygienic sanitation infrastructure and to ensure ownership, use and maintenance of the facilities by the community. We've also joined the Toilet Board Coalition, a business-led partnership working to address the global sanitation challenge by accelerating the sustainable sanitation economy.

Working with the ETP and other partners, we're supporting a substantial project covering 200 Assamese estates. The 3-year 'UNICEF/ETP Improving Lives in Assam Partnership' will focus on child protection, education, health, nutrition and sanitation. This extends a successful three-year project that ran from 2014 to 2017.