
Modern Slavery Statement

2020

This Modern Slavery Statement covers our 2020 financial year, running from 1st November 2019 to 31st October 2020. It's been published in accordance with the Modern Slavery Act 2015 and shares the steps we've taken over the last year to prevent modern slavery and human trafficking in our business and supply chains.

It's a sad reality that modern slavery is a growing problem and that the Covid-19 pandemic will have made more people vulnerable to exploitation both here in the UK and in global supply chains. As a values-led business, we've long been committed to ensuring the people in our value chain receive the respect and dignity everyone deserves. To support this, we continue to improve our practices and processes for identifying and mitigating modern slavery risks, while working with others to develop programmes to address human rights issues within our supply chains.

We know we've got more to learn and do, and we welcome the opportunity the annual modern slavery statement provides to review our progress, recognise gaps, and make ourselves publicly accountable by sharing our priorities for the year ahead.

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Our business and supply chains

Bettys & Taylors Group is a 100-year-old 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 directly employ approximately 1,500 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); Taylors Packaging; Bettys Ingredients, Packaging and Giftware; and Indirect Procurement. More information on these supply chains, including an overview of due diligence and risk mitigation measures can be found in the table below.

	Source countries <i>(ordered by proportion of supply)</i>	Due diligence and mitigation measures	Challenges
Supply chain: Taylors Core Commodities			
Black Tea	Kenya; Rwanda; India; Malawi; Tanzania; Ethiopia; Sri Lanka; China	Transparency: <ul style="list-style-type: none"> Taylors Sourcing Approach, direct relationships, regular visits (suspended during 2020) Published list of suppliers Collaboration: <ul style="list-style-type: none"> Industry network leadership roles and collaborative partnerships (e.g. Ethical Tea Partnership, World Coffee Research) to address human rights issues Monitoring: <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).</p> <p>Rural poverty in developing economies causes residual risk throughout our commodity supply chain.</p>
Green Coffee	Brazil; Nicaragua; Colombia; Rwanda; Indonesia; Uganda; Ethiopia; Honduras; Peru; Mexico; India; El Salvador; Kenya; Papua New Guinea; Costa Rica; Jamaica		
Fruit & Herbal Infusions	EU; Middle East; Africa		
Supply chain: Taylors Packaging			
Packaging for tea and coffee: Cartons, tea bag paper, coffee film and metal caddies	UK; EU; China; UAE	Transparency: <ul style="list-style-type: none"> Direct working relationships Published list of suppliers Monitoring: <ul style="list-style-type: none"> Supplier pre-qualification questionnaire SEDEX audit data 	Achieving reach beyond 1st tier suppliers to counter risks further down the supply chain.
Continues overleaf			

Our business and supply chains *continued*

	Source countries <i>(ordered by proportion of supply)</i>	Due diligence and mitigation measures	Challenges
Supply chain: Bettys			
Food and ingredients	Yorkshire; UK; EU; Switzerland; others	Transparency: <ul style="list-style-type: none"> • Direct working relationships • Supplier visits Monitoring: <ul style="list-style-type: none"> • Supplier pre-qualification questionnaire • Additional due diligence checks for high risk suppliers 	The size and diversity of supply chains make standardising the approach to transparency and monitoring challenging.
Packaging and giftware	UK; EU; China; India	Transparency: <ul style="list-style-type: none"> • Direct working relationships • Supplier visits Monitoring: <ul style="list-style-type: none"> • Supplier pre-qualification questionnaire • Additional due diligence checks for high risk suppliers 	The size and diversity of supply chains make standardising the approach to transparency and monitoring challenging.
Supply chain: Indirect Procurement			
Goods and services: Office and factory consumables; marketing and media services; facilities management; co-packers and manufacturers; storage and distribution; machinery and repairs; utilities and IT equipment	UK; EU; UAE; others	Monitoring: <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 	There are more than 1,000 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.

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 will lead to the termination of the business relationship. Our **Whistleblowing Policy** encourages all stakeholders – including suppliers and business partners – to disclose any concerns they have, including modern slavery or human trafficking.

Across all our supply chains, we strive to be a fair partner and make balanced purchasing decisions based on more than just price. Our **Group Ethical Trade and Human Rights Policy** outlines our commitment to developing enduring, mutually beneficial relationships with suppliers who share our values and maintain the highest standards of quality and ethics. At the heart of the policy is our commitment to the Ethical Trading Initiative (ETI) Base Code as a minimum standard and our approach to ethical assurance.

In 2020 we developed a **Supplier Code of Conduct** to outline our expectations to all our suppliers. Centred on the ETI Base Code (which, in turn, is based on the conventions of the International Labour Organisation), our Supplier Code of Conduct outlines how we're committed to working with our suppliers to ensure the rights of workers throughout the supply chain are protected and respected. It includes the mandatory requirements that suppliers must achieve as a minimum threshold. In 2021 we'll be working to roll out the Code of Conduct to our suppliers and, where appropriate, make it part of contractual agreements.

Risk assessment and mitigation

Accountability for assessing and mitigating modern slavery risks sit with the senior manager in each of our four supply chains. In 2020 we recruited an Ethical Trading Manager with a remit to work with procurement specialists across the Group to develop a more rigorous and evidence-based approach to human rights risk assessments for the future. This risk review work has started with our Indirect Procurement supply chain and will be extended to other business supply chains in early 2021.

It's widely recognised that Covid-19 has increased modern slavery risks – for example, where workers seek employment at any costs, or where suppliers drop standards when faced with excessive demand or financial challenges. Meanwhile global restrictions on travel – and the resulting impact on supplier visits, audits and NGO scrutiny – has reduced visibility of conditions and standards, with fewer 'eyes on the ground'.

In the immediate aftermath of the pandemic's outbreak, we worked with many of our suppliers to understand implications for their businesses and workforce. Much of our focus has been on our core tea and coffee supply chain, where rural poverty, weak healthcare infrastructure, socio-political factors, and inequality across the value chain, make our suppliers, their employees and smallholders particularly vulnerable. To build our understanding of the impact of the pandemic on our tea and coffee supply base, we reviewed risks monthly using information from our suppliers as well as publicly available data. This helped us understand the impact, both at supplier and country level, and identify how we could best respond. More information on how we worked with our suppliers following the impact of Covid-19, including our Emergency Relief Fund, can be found on **page 7**.

The causes and manifestations of modern slavery are complex and hidden and can't be resolved through due diligence and monitoring alone. For our core commodities supply chains, we're committed to building strong relationships with suppliers who share our values through Taylors Sourcing Approach. We also focus on programmes and support partnerships which address some of the salient human rights issues within our tea and coffee supply chain. Often these issues – such as low wages, weak employment practices and gender discrimination – can leave people vulnerable to exploitation and increase modern slavery risks. More information on how we're working to have a positive impact in the communities we source tea and coffee from can be found in the case studies on **pages 9, 10 & 11**. We also recognise the role that transparency plays in helping create more resilient and sustainable supply chains and publish full details of **our tea, coffee, herbs and packaging suppliers for our Yorkshire Tea and Taylors of Harrogate ranges**.

Taylors Sourcing Approach

Taylors Sourcing Approach (TSA) puts quality, sustainability and relationships at the centre of how we buy our tea and coffee. 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 in the long term.

TSA also includes a commitment to support producers by paying prices which will at least cover the cost of production, even when markets fall below this threshold. A final element is building shared investment in sustainability into joint business plans.

In our 2019 Modern Slavery Statement we made a commitment to commission independent audits of co-packers and co-manufacturers in high risk geographies. Three audits were booked in for Spring 2020 but cancelled due to the pandemic. Rather than conduct audits remotely, we waited until in-person visits were possible and we're currently in the process of rescheduling them.

Risk assessment and mitigation continued

Modern slavery isn't limited to our global supply chain and we recognise that we need to do more to understand and minimise modern slavery risks within our UK supplier-base, particularly amongst businesses that rely on high volumes of low-skilled, temporary labour.

Within our own operations our biggest risk is our use of agency labour to support workload peaks. In recent years, we've audited agency labour suppliers' processes and practices ourselves, but in 2020 we commissioned an independent ethical audit of our two main suppliers. These audits covered compliance against the legislative and regulatory framework, pre-employment checks, compliance against our terms and conditions, and socially responsible people practices. Partly as a result of the audits, we've decided to cease our relationship with one of the providers.

For our directly employed workforce we believe the modern slavery risks are low. We have strong recruitment practices and checks in place and we've continued to operate as a responsible employer throughout the pandemic. When parts of our business were closed due to the Covid-19 pandemic, we worked to redeploy people in other areas and we continued to pay our people in full, including our Group Prosperity Scheme bonus, regardless of whether or not they were able to work.

Managing the impacts of Covid-19 on our supply chain

Covid-19 brought unprecedented disruption to businesses, supply and demand patterns, and supply chains across the world, and in many ways created the perfect conditions for modern slavery to thrive. Throughout the period of the pandemic we've worked to be a fair partner with our suppliers, recognising that changes to orders can have a significant impact on people and communities.

In April, we launched five Covid-19 Supplier Commitments to our tea and coffee suppliers. These included a commitment to honour long-term agreements and contracts, support with payment terms and access to credit if required, and the establishment of a global Emergency Relief Fund. Our Supplier Commitments clearly communicated – to our suppliers, customers and industry peers – the standards we were committed to uphold and provided reassurance that we would work together through the crisis.

Covid 19: Our Commitments to our Tea and Coffee Suppliers (issued in May 2020)

1 *Our commitment to humanitarian support*

With immediate effect, we've set up a global Emergency Response Relief Fund – to the value of £0.5m – to support the humanitarian impacts caused by the pandemic. Our focus will be food security, maintaining healthcare services and supporting measures designed to reduce the spread of the virus

2 *Our commitment to long-term agreements and contracts*

We will honour every one of our long-term agreements and contracts already in place and look to grow volumes where practical. We understand that in times of uncertainty providing security of business enables the ability to plan. To that end, we will continue to share our forecasts and buying commitments with suppliers, underpinned with mutually agreed and transparent pricing models. We will continue to pay promptly, on time and in full for every contract, now and in the future.

3 *Our commitment to payment terms and credit*

Liquidity is essential, even more so in a crisis when conventional flows of cash may be compromised, leading to an impact on livelihoods. We will shorten our payment terms to Net Cash Against Documents (NCAD) on a needs basis to speed the flow of money to suppliers where it's needed. We will further work with our suppliers to ensure credit lines are in place and will triage with our growers and social lenders to maintain financial liquidity.

4 *Our commitment to sustainability*

While we respond to the immediate impact of Covid-19, we will continue to champion our existing global sustainability programme, which includes Carbon Neutral products, working towards a living wage across our value chain, and eliminating oil-based plastics from our packaging.

5 *Our commitment to transparency and communications*

We will publicly report on our progress against these commitments, while continuing to collaborate with suppliers and other stakeholders, to share learning, maximise our collective impact and ensure that we're honouring our commitment to be a Force for Good.

More information on the impact of Covid-19 on our tea and coffee supply chain and our global Emergency Relief Fund can be found in the case studies on **page 11**.

Managing the impacts of Covid-19 on our supply chain **continued**

For our other suppliers, particularly where closures of parts of our business led to a sudden drop in demand (for example, the catering suppliers for our Bettys branches) we had collaborative conversations, to understand the impact on their business with the aim of doing the best we could for each supplier.

Human rights programmes within our tea and coffee supply chain

Modern slavery isn't a standalone issue and is linked with other human rights problems such as low wages, protection from discrimination and freedom of association. These need to be addressed to ensure people are treated with respect and dignity and are better protected from risks of modern slavery and trafficking. The case studies below demonstrate some of the ways we're committed to working with our suppliers and other stakeholders to understand and address some of the human rights issues within our tea and coffee supply chain.

CASE STUDY

Our commitment to wages and income

Reports by civil society organisations have highlighted the low wages and excessive working hours in supply chains of a range of commodities and manufactured items, including tea and coffee. While statutory minimum wages exist in most countries, in many cases wages paid to workers fail to comply, and where there is compliance, minimum wages may not meet the basic needs of workers and their families.

We're committed to working towards a **living wage for every worker and a living income for every farmer within our tea and coffee supply chain**. It's a hugely ambitious commitment, which runs against the grain of deeply entrenched commodity value models which are largely focused on low costs and profit maximisation, with primary producers receiving a disproportionately low financial return for their hard work.

In November 2019, we were a speaker at the world's first international living wage conference, The Only Way Is Up, held to address living wage and living income in global agri-food supply chains. We're also part of the steering committee for **IDH's Roadmap on Living Wages** – a collaboration of organizations and companies committed to developing aligned solutions for measuring and closing

living wage gaps. During 2020 we worked with IDH, the sustainable trade initiative, to measure the living wage gap across our tea and coffee supply chain, providing us with a dynamic tool to measure and work to close the wage gap in the years ahead. We're also part 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.

Our work with key suppliers in Malawi, as part of the Malawi 2020 Tea Revitalisation Programme, has helped reduce the gap between the prevailing wage and the living wage, and provided us with learning we can replicate in other countries. Here, we've established a sustainable procurement model including a pricing mechanism which applies a floor price and quality premium. This, in turn, supports the ability of our suppliers to pay enhanced wages to workers and growers, linked to productivity and quality of plucked leaf. Our supplier contracts also 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. These measures have helped close the living wage gap by 20%.

Human rights programmes within our tea and coffee supply chain *continued*

CASE STUDY

Working with SPERI – understanding sustainability challenges and pathways for reform in Assam

Tea from Assam, India, plays an important role in our blends. However, due to its troubled history, the changing dynamics of the global tea market and climate change, Assam's tea industry faces deep structural challenges. These include rising operating costs and continued low market prices, dated infrastructure and legislation, increasing climate change impacts, labour shortages and ongoing reports of labour exploitation.

Against this backdrop, over the last five years we've worked to consolidate our supply base in Assam working with suppliers genuinely committed to understanding and addressing challenges; established Community Development Forums (CDFs) on four estates, bringing workers and management together to develop Estate Development Plans (EDPs) which identify and address issues; and supported industry-wide partnerships focused on improving sanitation and child protection.

In 2020, to build a fuller picture of the region's challenges and identify potential pathways to truly sustainable tea plantations in Assam, we partnered with one of our Assamese suppliers and SPERI (Sheffield Political Economy Research Institute). Through in-depth in country research, combined with learning from other industries, researchers at SPERI helped identify four interlinked pathways that are essential for overcoming the structural challenges that Assam faces. These include buyer-driven business model innovation, the implementation of a living wage, worker-driven social responsibility practices and co-regulation by Government and Industry.

In the year ahead, we'll be sharing the report's findings and recommendations with key stakeholders and the wider industry, leveraging it as a catalyst for change. We'll also be using recommendations and learning to guide the on-going development of Taylors Sourcing Approach.

Human rights programmes within our tea and coffee supply chain *continued*

CASE STUDY

Our Covid-19 Emergency Relief Fund

Although recorded Covid-19 case figures vary widely from country to country, the impact of lockdown and social distancing measures has been felt on people and communities across the globe.

Some of the challenges within our tea and coffee supply chain included potential health impacts in areas already living with inadequate health care, lack of safe water and sanitation (including access to handwashing facilities) and risk of food insecurity, with local supply chains disrupted and increasing costs of basic food items in remote and rural communities. There has also been a huge impact on livelihoods, with people often unable to work due to restrictions on movement and reduced demand in labour markets.

In April, as part of our Covid-19 Tea and Coffee Supplier Commitments, we established a Covid-19 Emergency Response Relief Fund. In the early days of the pandemic this provided a rapid response to immediate needs,

recognising that some of our suppliers needed support to minimise the impact of the pandemic on people and communities.

We worked with our suppliers to understand priority areas and issues. These varied from country to country and region to region, but included providing portable handwashing facilities, PPE and supporting the food security of vulnerable groups. For example, in Rwanda lockdown meant that families and children often missed out on vital meals that would have been provided at school. Here, we supported our suppliers to ensure vulnerable families had access to food and sanitation. In Peru, we've helped fund collections of coffee cherry directly from farmers unable to travel, delivering food at the same time.

Now that many of the immediate needs and challenges have been supported, we're moving our fund into supporting the recovery of suppliers in the medium and longer term.

Governance and capacity building

We're committed to building capacity in managing modern slavery risks across the Group and ensuring there's an appropriate and effective governance framework.

The work is held by our Strategic Modern Slavery Working Group which meets quarterly and is chaired by a member of our Collaborative CEO team. The senior buyers in each supply chain are responsible for risk assessments and due diligence within their respective supply chain, and over the course of the year several of our procurement specialists have attended external conferences and workshops to develop their understanding of modern slavery risks and management processes. In 2020 we also provided additional support for our procurement teams by recruiting an Ethical Trading Manager, who is responsible for monitoring and improving ethical practices across the value chain; identifying unacceptable standards with respect to human rights, working conditions and legal compliance; and implementing sustainable improvements to workers' livelihoods.

All new starters are made aware of our commitment to modern slavery and what's expected of them in our employee induction and handbook. Our Board and Leadership Teams also receive training on modern slavery.

Tracking our progress

The table below provides a brief overview of our progress towards the modern slavery commitments we made in our 2019 statement.

What we said we'd do	How have we done?	What have we done?
Recruit an Ethical Trading Manager.	Completed	Although recruitment was delayed by the pandemic, we recruited an Ethical Trading Manager in August 2020.
Develop a Supplier Code of Conduct, along with a plan to roll out and embed across our supply chain.	Close to target	A Supplier Code of Conduct has been developed, based on the ETI Base Code. We're currently in the process of developing plans to share and embed across our supply chain.
Commission independent audits of co-packers and co-manufacturers in high risk geographies and our two largest suppliers of agency labour.	Close to target	SMETA audits are booked in for three co-packers and co-manufacturers. The audits were originally planned for Spring but cancelled due to the pandemic. Assuming no further delay due to Covid-19, we hope the audits will be completed in early 2021. Our two largest providers of agency labour have been independently audited. Some non-compliances were identified with one provider.
Review our Whistleblowing Policy to ensure it's appropriate for our supply base and workers within our supply chain.	Behind schedule	This work has started but was deprioritised on the back of the pandemic. We acknowledge that our current whistleblowing policy and mechanisms aren't fitting for our global supply chains. While maintaining a 'whistleblowing approach' is included in our Supplier Code of Conduct, we recognise we need to understand how we can effectively enable workers within our supply chain to share concerns or violations with us directly.
Continue to take a leading role in the tea and coffee industry, investing in projects within our supply chain and working collaboratively to address social and human rights issues, including the issue of low wages and incomes.	On-track/on-going	During 2020 we invested £1.4m in projects and programmes to address social and environmental issues within our supply chain. More information can be found in the case studies or at www.taylorsimpact.com

Our 2021 priorities and commitments

In our 2021 financial year (1st November 2020 to 31st October 2021) we plan to:

- Develop and embed a clear modern slavery response and remediation policy across the Group. This will formalise our approach to managing incidents or suspected cases of modern slavery within our business and supply chains.
- Review our internal training and capacity building activities, to understand how we can develop and embed a long-term approach to training that ensures the right people are receiving the right training and are aware of their responsibilities.
- 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.
- Use the output of risk assessments to re-evaluate our supplier approval processes and ensure they are working effectively to minimise modern slavery risks across the Group.
- 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, including the issue of low wages and incomes.

Board Approval

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



Paul Cogan

Group Finance and Resources Director 27th January 2021



In 2017 Bettys & Taylors was a recipient of a Queen's Award for Sustainable Development. The award, which lasts five years, 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.