

Section 172 statement for year ending 31 October 2021

This statement considers how the Directors have approached and met their responsibilities under s172 Companies Act 2006. Whilst day-to-day operational decisions are made within the business, the role of the Board is to provide input and guidance to strategy and key decisions.

The Board ensures that Bettys & Taylors Group operates in a responsible manner, acting with high standards of business and regulatory conduct, together with good governance, considering the needs of all stakeholders. This is embedded in the Group's policies and procedures, employee induction training programmes and our risk, governance, and compliance framework. The Board considers environmental, social and governance matters as part of decision-making processes.

Due to social distancing regulations for most of the year, Directors were unable to meet face-to-face. However, the Board continued to meet virtually and therefore were able to maintain close contact with business activities through remote meetings and an increase to the regularity of reporting. Throughout 2021, the Board considered the impact of Covid-19 on its stakeholders, seeking to balance immediate concerns for safety with an aim to ensure that the business and its key relationships emerged stronger from the pandemic.

Our employees

Our people are key to the success of our business, contributing to a positive culture and working environment.

One of the most significant decisions taken by the Board during the pandemic was the provision of support for all our employees. For those working in operational roles, keeping them safe was the primary focus. We introduced rigorous Covid-security measures on our sites, including the early introduction of workplace Lateral Flow Testing.

Over four hundred employees were working from home for much of the year. The Board supported a programme of wellbeing and connectivity, including the training of 'listening peers', Mental Health First Aiders, and the introduction of a Mental Health Awareness course for senior leaders. We also created a BTG virtual café for learning, connection and fun, with activities including a choir, fitness challenges and cookery demonstrations.

Alongside the continuation of well-established communication mechanisms of regular monthly team briefings, Rascal newsletter, listening groups and employee survey, during the year the Board supported the development of an employee app and text alert platform. This has introduced more modern ways of informing and engaging with our people, which can be adapted and developed beyond the pandemic.

The Board supported the plans to get those working from home back into the offices in a safe and timely way from September 2021. It is also listening to the business' plans to change its workplace to embrace more flexible working.

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The Board was also actively involved in the decision to pay all employees their full salary when parts of the business were closed, without relying on public funds such as the Coronavirus Job Retention Scheme.

To attract and retain employees, the Board approved a reduction to our standard working week across the business, together with a revised entry level hourly rate for all roles, which exceeds both the National Living Wage and Real Living Wage.

At the direction of the Board, the business commissioned research into making our culture even more inclusive. This has informed our approach to equality, diversity, and inclusion across the Group, fostering energy and creativity, working under a shared vision and strategy.

Our suppliers

These comprise of a network that spans the globe, from local Yorkshire farmers to the overseas estates and small holdings that provide the tea and coffee for our blends. The Board recognises that our suppliers are some of our most important stakeholders and the business is committed to strong, long-term ethical relationships based on quality and fair terms of trade.

Our approach to sourcing is based on collaboration. The Directors place a huge importance upon the business working in close partnership with our suppliers to develop contracts, improve quality and find solutions to the social and environmental challenges that impact the people we source from.

We appreciate the significance of our custom to our suppliers and recognised the pressure they were under during the pandemic. During 2021, we continued to support our supply base during continued disruption from Covid-19. The Board approved the provision of emergency relief to those tea and coffee producers experiencing the impacts of the pandemic, including the creation of a £62,300 fund to help provide personal protective equipment and much needed medical supplies.

Disappointingly, during 2021, human rights abuses were identified at one of our key tea suppliers in Malawi. The business engaged with NGOs working locally in Malawi to seek support in identifying solutions to the issues raised to which the Board requested evidence to demonstrate that interventions were made to improve conditions, and that our suppliers were making tangible progress. The Board were kept apprised of additional actions as they were being formulated. Building on the strong relationships developed through our long-term approach to sourcing and collaboration, it was possible to hold our supplier to account for delivering the remediation and change required. This provided the Board with the confidence in the decision taken to continue the trading relationship, which in turn safeguarded the livelihoods of those employed. Additionally, support has been provided through significant investment in programmes targeted at addressing some of the root causes of abuse and in recognition of the importance of people in our supply chains, we have developed an approach to human rights, based on the UN Guiding Principles, which we are extending across our whole supply chain. It is hoped that regular visits by the business to origin to meet with farmers, co-operatives and NGOs can recommence in 2022, providing further assurance to the Board.

The Directors recognise the role that transparency can play in helping create more resilient and sustainable value chains and networks. Being open about where and how we source helps the Board to work together with the business constructively and positively, to drive progress towards the standards it seeks. To this end, the business has supported the drive towards improved transparency in the tea sector by providing data to the Business & Human Rights Resource Centre for publication on their website.

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The Board also supports the prompt payment of our suppliers at origin, paying as soon as documents are supplied, effectively 7-day payment terms compared to 45 days for our customers to pay us. While commodities form the backbone of our business, the Directors support the business' commitment to local sourcing wherever possible, tapping into the rich food and farming heritage on our doorstep.

Our customers

The Board supported the re-opening of our branches under strict Covid-secure conditions. The number of customers able to enter our shops or eat in our tearooms at any one time was restricted, to adhere to social distancing regulations and advice. Safety requirements were clearly communicated and protective screens were introduced into our shops.

The Board supported the investment decision to enable 'shop at table' whilst visiting our cafes. In our Bettys by Post business, we expanded our online offering during lockdown to support customers who preferred to stay at home. Social media plays a significant role in communicating with our customers, with targeted marketing and campaigns designed to engage and provide valuable feedback. During the months of our Bettys branch closures, we sought to maintain this by sharing recipes and 'how to' guides. We also use social media to promote new products and provide news about our business.

The Board considers a wide range of information on customers and markets provided by the business to ensure that trends and opportunities are actively identified. The Board specifically reviews market research on the perception of our brands and quality of our products together with customer comments, feedback, and customer spending behaviour.

Our community

We are committed to supporting our community, both in Yorkshire where we are based, and in our global supply chain, making a positive impact to prosperity and creating opportunity, whilst minimising environmental impacts. We depend upon resilient communities for our employees, customers, and suppliers, both present and future and have a broad programme of activities to support local and global initiatives, which have a positive and sustainable impact on people and communities.

Community investment in the UK

In 2021, Bettys & Taylors Group contributed £425,190 financially, and in kind, to community activities in the UK with a focus on environmental action and supporting skills and social mobility.

Our investment included the running of our unique community scrap store, the Cone Exchange. Established in 2003, the team collect and repurpose waste from our business and 25 other local organisations, reselling it to raise funds or provide materials for local charities and community groups.

During 2021, we also established a partnership with Teach First, an educational charity with a mission to create a fair education for all, providing work experience weeks, educational resources and supporting the

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coaching and development of teachers in schools working with the most disadvantaged communities.

With charities and community organisations under huge pressure, including an increased demand for their services resulting from the pandemic, we continued to provide tea, coffee and equipment to local charities and the NHS, including support for major local vaccination centres. The Board also supported a partnership with the Two Ridings Community Foundation, to establish the Bettys & Taylors Community Coronavirus Fund, providing grants to help local charities and people recover from the impact of the pandemic, totalling £135,000.

Over and above this, we leveraged and donated a further £73,620 thanks to staff fundraising (£57,690), the Cone Exchange (£10,959) and fundraising activity with customers (£4,971).

Community investment in the sustainability of our overseas supply chain

Bettys & Taylors Group is committed to working with suppliers, the wider industry, and other stakeholders, to improve social standards and environmental and community resilience within our global tea and coffee supply base. In 2021, the Group invested £928,672 into livelihood, social and environmental initiatives in tea and coffee growing communities.

Charitable donations

During 2021, charitable donations of £50,600 (£133,890 in 2020) were awarded as additional business support for the eight branch charities selected by our people, as well as top up funds for our employees' personal fundraising through our Grow Your Giving programme.

The environment

The Board recognise that the mismanagement of plastics is having a negative impact on our planet and supported the business in its goal of replacing the oil-based plastic in our tea bags with a plant-based biodegradable plastic, polylactic acid (PLA) by August 2021. The Board also recently approved investment in new machinery, which will enable us to remove the oil-based plastic overwrap from our Yorkshire Tea cartons.

The Group's commitment to the planet embraces good practice in our operations, working with our suppliers to improve environmental standards, promoting recycling to the local community, and a thirty-year programme for planting trees.

With the growing impact of climate change being felt around the world, the business continues to promote the drive to achieve environmental sustainability. During 2021, the business has maintained CarbonNeutral® certification for all our operations, adding to the certification of our tea and coffee range, which was first achieved in 2019. The approach to offsetting has been to generate as many of the carbon credits within our supplier communities as possible. This is as much about the long-term viability of tea and coffee production, farmer livelihoods, and regenerative agriculture as it is carbon neutrality. In recognition of this work, Taylors won a UN Global Climate Action Award, which was presented during COP26. The international award scheme, now in its 10th year, recognises the world's most innovative, scalable, and replicable examples of action to tackle climate change.

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The Board also supported the Group's 'Force for Good' framework, which sets our sustainability outcomes, associated targets, measures, and enablers, covering our entire value chain: suppliers, operations, product, and customers. The business will be transparent in sharing our direction of travel and progress.

Our Shareholders

The Board ensures that it consults with Shareholders in accordance with the Family Constitution and there are regular opportunities for meaningful engagement. Monthly online sessions were held until recently, to appraise the Shareholders of Board and business decisions taken in response to the ongoing impact of Covid-19. Further Shareholder discussions, both online and more recently in person, have included Board decisions on the closure of our Stonegate branch, the changes to the standard working week for all employees and broader discussions on our Force for Good aspirations and strategic approach to equality, diversity, and inclusion.