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Thank you for getting in touch regarding the media reports of labour and human rights abuses in the global tea supply chain between January and December 2022, some of which mention estates we buy from in Sri Lanka. We are grateful for the work that organisations like the BHRRC do to call for greater transparency around issues in the global tea industry and around traceability of supply.

Although these particular reports relate to tea supply from Sri Lanka, they reference issues common to the tea supply chain, which we are actively engaged in through our approach to sourcing and moving towards achieving Living Wages.

Our approach to Sourcing

Work towards ensuring our tea supply chain workers receive a fair wage is a key part of our approach to buying – Taylors Sourcing Approach.

When buying directly from suppliers, we work in close partnership to agree contracts, improve quality and drive impact in key sustainability issues and the challenges that affect the people we source from. We recognise the role that transparency can play in helping create more resilient and sustainable supply chains. Being open about where we buy from and how we buy can help us to drive progress against the standards we seek, which is why we publish full supplier listings on our Impact Hub.

Our ambition is for all workers in our supply chain to receive a living wage. We're currently partnering with IDH, The Sustainable Trade Initiative, to develop wage benchmarking studies that will give us an estimate of the living wage gap that exists for our tea products. The picture is constantly changing as wage rates and costs of living increase, but we'll need to work with governments, industry partners, our suppliers and their workers to find the right long-term solutions in each country. We want to increase transparency and measurement around the Living Wage gap to ensure that all the above actions are benefiting workers directly.

Freedom of association and collective bargaining

We are clear in our code of conduct and ethical trade policy that freedom of association and the right to collective bargaining are respected.

Our tea is third party certified through the Rainforest Alliance to monitor social and environmental standards and it is through this that we verify that workers' rights are being upheld. We follow up on specific issues by exception as we are made aware of them. This could be through a variety of means, including our own monitoring and review of media reports and we welcome contact from anyone with concerns to raise. Our Speak Out policy is available on our group website and our sourcing list for our key ingredients, including tea, has been published since 2019.

In line with our values and sourcing approach, our first route to resolving social and human rights issues is to work both directly with our trade partners and through wider collaborations, to promote change across the



sector. We aim to understand underlying causes and address the challenges, rather than take the decision to trade elsewhere. This is reflected in our six-step approach to human rights due diligence.

Sourcing from Sri Lanka

While Sri Lanka is an important component of some of our blends, we buy small quantities of tea from the country each year – in total Sri Lankan tea accounted for less than 1% of our annual tea purchases in 2022.

Sri Lankan tea is mainly sold via auction so, rather than building direct buying relationships with suppliers, we must buy from approved estates through an auction agent. This has meant that we have not been able to build the strong strategic relationships directly with estates that are part of our sourcing approach. However, we do have long standing suppliers, sourcing only from approved sources which have typically been in our supply chain for many years. Development work that we have helped to support in Sri Lanka has been mainly via our membership of the Ethical Tea Partnership who have representatives based in the country.

2022 was a particularly tumultuous year for Sri Lanka. Financial and political crisis and civil unrest have affected sectors across the country. Tea production has been severely impacted by the economic crisis, restrictions that were put in on synthetic fertiliser imports and a lack of fuel to transport leaves for processing. Many tea factories have struggled to continue to operate. Tea workers (like many workers across the country) have also been hard hit by soaring inflation which means earnings are stretched far thinner.

In 2022 we sourced from the following estates which were highlighted in articles that were shared with us by BHRRC:

- Alton Estate which is owned by Horana Plantations PLC
- Kiruwanaganga, Somerset and Great Western, which are owned by Talawakelle Tea Estates PLC
- Lovers Leap which is owned by Kelani Valley Plantations

We were not previously aware of the specific allegations against these estates before being alerted by the BHRRC but have monitored more generally the stories of unrest and disruption in the Sri Lankan tea industry.

When we receive any reports of abuses on estates that we buy from we first go through a process to verify the reports by gathering any necessary data, directly contacting our suppliers and industry partners (such as the Ethical Tea Partnership) and reviewing responses to consider any new evidence.

We have contacted and received detailed responses from Horana Plantations and Talawakelle Tea Estates as well as the Planters Association of Ceylon. We have also received some context on the issues from the Ethical Tea Partnership who have an in-country presence in Sri Lanka. These responses have been shared with BHRRC, where requested by the author. Collectively, the responses we have received have highlighted inaccuracies and misrepresentations in the original articles referenced. We have also been sent associated evidence to support these responses, including media reports, and have received confirmation that all Regional Plantation Companies have complied with the daily wage as set by the wages board.

In light of the information we have received, we are not taking immediate action with the estates that we source from. However, we recognise that the situation in Sri Lanka is complex and cannot ignore the underlying issues around wages and workers' rights that affect the industry. We continue to work with our suppliers and industry partners to better understand and identify where there are interventions we can make which will have a direct impact on workers' lives and livelihoods.