

Roots
in the
Future

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Please note
Because of space constraints Part 2 of Finlays role in the development of the tea trade has been held over until the next issue.

Environmental impact statement

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Guy Chambers

Letter from the Group Managing Director

Guy Chambers reports on recent performance and the adoption of a new common framework which will see the Company operating across the world as “One Finlays”

“In October, representatives of the senior management teams from around the world met together in China and took an historic decision... to operate as One Finlays”

Guy Chambers
Group Managing Director

Whether you're new to Finlays or you've been involved with Finlays for many years, you will know there is something very special about our Company. You may also be aware that we are changing. In October, representatives of the senior management teams from around the world met together in China and took an historic decision: to adopt a common global operating framework for Finlays. We have called this **“One Finlays”**.

The common framework describes the Company's strategy and the key operating principles that drive the way we work and interact within Finlays. We share details of this framework in the pages that follow.

But first, let's start with a brief update on this year's trading results. Overall, our global growth has been encouraging and testimony to the dedication of our employees around the world.

Performance of the Saosa facility has been impressive

Finlays has performed relatively well with revenue for the year forecast to be 4% up on last year. Operating profits are also expected to be above prior year. Tea Extracts had a couple of challenges during the year, but the performance of the Saosa facility has been impressive with a greatly improved operating performance and new production records being set. Coffee extracts performed well - further strengthened by our acquisition of Texas-based Aspen Beverages in June, putting us in a leading position in this field in the US. Results from Damin continue to be encouraging.

Tea Estates have had mixed fortunes with record prices in Sri Lanka helping profitability, offset by poor prices and weak volume for Argentine tea. Leaf Sourcing continued to perform well. Finlay Beverages benefited from winning back Sainsbury's and retaining Lidl earlier in the year and is forecasted to turn a (small) profit for the first time in several years. Results from non-beverage businesses were mixed.



1



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“We have acquired Texas-based Aspen Beverages, the leading producer of cold-brew coffee extract in the US.”

1 Some of the senior management team visit Damin in China

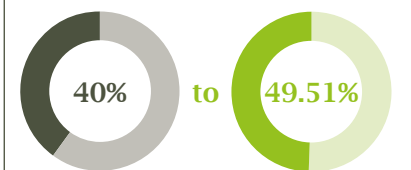
2 Aspen Beverage Group headquarters

In the second half of the year, Finlays continued to grow its presence in markets and sectors that we consider strategically important. As referred to opposite, we have acquired Texas-based Aspen Beverages, the leading producer of cold-brew coffee extract in the US. Further details are given on page 38. In October, we increased our shareholding in Damin from 40% to 49.51%. This puts us as roughly equal partners in this business which holds an important position globally as well as a dominant position in the key market of China. We have also formed deeper strategic relationships with customers and industry partners.

A tea supply partnership has been agreed with Starbucks which has a strong focus on supporting their growth in Asia. We worked closely with the leading tea brand owners in Russia to define how we can help them source tea more effectively from our own estates and others. A partnership has been formed with Harada, one of Japan's largest green tea producers, to explore how to develop Japanese-style teas outside Japan. This is just a small selection of the many initiatives that the Finlays' team is driving and it is exciting to see traction in so many areas.

We have also worked on communicating our strategy internally with staff and externally with customers. One of the outputs of this work is a short video that describes our story. It is called **“Roots in the Future”**. Our story is featured on Page 9.

We increased our shareholding in Damin from



Finally, let me close by thanking the entire staff of the Finlays Group for their hard work during 2017. We enter 2018 with a full agenda of initiatives and new innovations with customers externally, as well as a clearer picture of how we can work more efficiently as **“One Finlays”** internally. 2017 was a good year and 2018 will be an important next step on our journey. It is truly an honour to be part of the team leading this very special company at this exciting time! ■



Guy Chambers

Above: Guy talks to the management teams from across the world in October.

One Finlays

Over the next three articles Group Managing Director, Guy Chambers provides an insight into the thinking behind “One Finlays” and its practical application.



As explained on page 4, representatives of the Group’s senior management teams from around the world met in China in October. They agreed to adopt a common global operating framework for Finlays. The framework encompasses the Company’s strategy and the key operating principles that drive the way we work and interact within Finlays.

Although Finlays comprises a wide variety of regional and cultural differences, we gain strength by acting as “*One Finlays*”. Indeed, part of our unique identity stems from our diversity and reach, together with our ability to work as one global company. The key components of the “*One Finlays*” global operating framework are explained here.

Our Vision

To grow Finlays profitably and sustainably by serving as the industry’s trusted leader in the supply of tea (in all its wonderful varieties, formats and applications), coffee and botanical extracts to the world’s beverage brand owners.

Our Mission

To connect humanity through natural beverages; combining tradition and innovation to create a healthier, happier and better world by bringing the best from bush to cup.

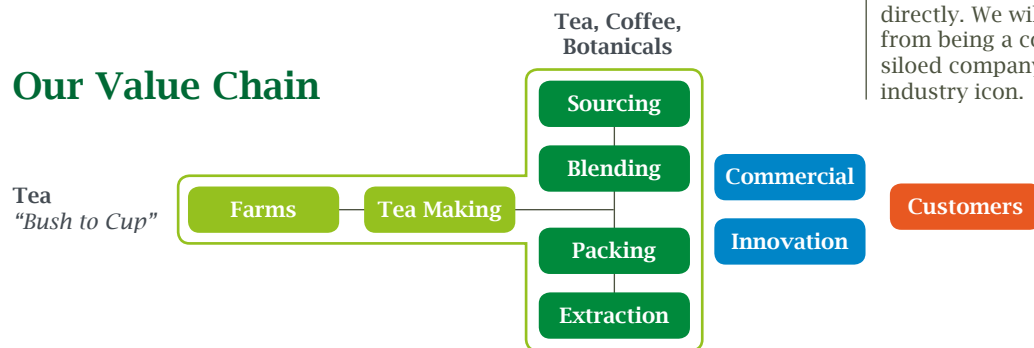
Our Direction

We will take Finlays from its historical position of being a fragmented commodity producer dealing with customers indirectly to a new position, providing the differentiated products that our customers want and serving them directly. We will transform Finlays from being a commoditised and siloed company to become an industry icon.

“Part of our unique identity stems from our diversity and reach, together with our ability to work as one global company.”

- 1 Global product wall
- 2 Derek Horton and Fernando Perez Zambón
- 3 China’s offering

Our Value Chain



1



2



3

Our Unique Position

Unlike other suppliers to beverage brand owners, Finlays has a unique position. We own and operate a vertically integrated global supply chain for tea, which spans tea farms and direct contracts in all major tea growing regions, some of which we have owned for over a century. We operate a global, customer focussed commercial function to support customers around the world to supply tea, coffee extracts and botanical extracts (either from our own facilities or those of others). We act as a trusted global business partner. Furthermore, we specialise in technology and processes that ‘bring the best from bush to cup.’

Our Customers

We help beverage brand owners meet the needs of their consumers by being their trusted source of tea (in all its varieties and formats), coffee and botanical extracts. We focus on building direct, long-term relationships with Ready-to-Drink brand owners, Non-Ready-to-Drink brand owners and Food Service brands. We organise these relationships either globally (with global key accounts coordinated by our central commercial function) or regionally (under the overall commercial framework set by our central commercial function).

Our Portfolio

We use our unique assets and skills to create a winning portfolio of leading products and formats. We create organising principles against which to innovate. We develop product segmentation to address both ‘premiumisation’ and ‘affordability’ segment opportunities and we align our internal functions (Commercial, Innovation and Operations) to build a product pipeline to meet our customers’ expectations.

Driving Change

We will build the competencies to drive growth faster than our rivals. Whilst we know our strengths, we are also honest and humble enough to recognise our weaknesses. Where we need to improve, we will work together smoothly and efficiently to make the changes required to win.

Acting as One Finlays

The scale, geography and diversity of Finlays naturally presents significant management challenges. Furthermore, the combination of both local operating unit management teams and group functions adds further potential for complexity. However, we recognise that in order to leverage our size as a strength, rather than a weakness, we must act as “*One Finlays*” for two main reasons.

Firstly, the external reason: our customers expect it. Our customers do not want to deal with a company that does not speak with one voice. Our customers deserve the best possible service and if, on occasions, our service falls short of the standards they expect (for example we are out of stock) the customer does not want to hear about how the problem is caused by another department: what they want to hear is that we are working as one company to ensure our service gets better.

Secondly, there is the internal reason: by acting as “*One Finlays*” we become a better company. Common processes can be constantly improved; common tools make sharing easier; our knowledge base can be applied across the whole company; we can facilitate cross-functional learning and by working in a common way we can apply best practices to the benefit of all Operating Units. ➡

“We will transform Finlays from being a commoditised and siloed company to become an industry icon.”

ONE FINLAYS



4



5

Organising Elements: Commercial Regions

Our global market is divided into commercial regions. Each commercial region has one designated leader. As explained in more detail on page 10 this provides clear accountability for service to existing customers and development of new customers. In the case of Global Key Accounts (managed centrally), the Commercial Regions provide a local supporting role coordinated by the central Commercial team.

Building our Culture

Finlays operates in many parts of the world and across a highly diverse spread of geographies, local cultures and languages. Whilst respecting our local cultures, we also seek to build a common operating culture within Finlays. This is important because it helps us work together more effectively as a single team, to understand expectations and to serve customers consistently. ■

“Whilst respecting our local cultures, we also seek to build a common operating culture.”

4 Participants in the global beverages forum meeting held in Zhangzhou
5 Idwin Bouman and Andy Huang enjoy a break

Our Values: Trusted, Sustainable, Innovative



Trusted

- We act with integrity
- We act with honesty, transparency and humility
- We are diverse, inclusive and respect the views of others
- We are trusted by customers and colleagues alike



Sustainable

- We act for the long term
- We strive for quality in everything we do
- We build lasting business partnerships
- We care about our customers and all our staff
- We strive for 'Zero Harm' and 'Always Safe'
- We are One Finlays team helping each other



Innovative

- We embrace change
- We seek to improve continuously
- We are action-oriented
- We learn from our peers, our customers and competitors



Our story:

Roots in the Future

People used to know where their food and drink came from – it was local and natural. Then populations grew and spread out, and things changed.

Supply chains became longer and more complex; the final product got further and further from where it started, in every sense. Soon the race was on to package and mass-produce products that would keep the world hooked. But once again people want to know the origin of their food and drink. That's why we believe the future of our industry is to reconnect with its past.

Once again people want to know the origin of their food and drink

At Finlays we have never lost touch with our own past. The lessons of two centuries feel more relevant today than ever. We are drawing on these long-held values to create a better future for beverages. That means harnessing new technologies in a responsible way – ensuring future innovations drive our industry to new heights, delivering healthy products to the world. It means continuing the tradition of fair dealing that has helped us build life-long relationships and thriving communities.

It means using over a century of experience to make our crops sustainable and our supply chains transparent. Most of all, it means empowering our customers, large and small, to develop the natural, traceable and trusted products their consumers are asking for.

With deep roots across the globe, no-one is better placed than Finlays to unleash the global potential of tea and other natural products to create tomorrow's beverages.

To learn more about our philosophy we have produced a short video entitled *Roots in the Future* which can be found at www.finlays.net ■



The future of beverages. Since 1750.
(This is not the end... it is just the beginning!)



New commercial regional structure



In line with the new One Finlays global operating framework a new commercial structure has been created with Finlays' global market being divided into four Commercial Regions: Americas, UK/Europe, Middle-East/Africa/CIS and Asia.

New Commercial Regions



Externally the Commercial Regions provide clear accountability for service levels to existing customers and the development of new customer relations. Internally they act as the 'front office' of Finlays, co-ordinating the regional sales activities of all global operating units. In the case of Global Key Accounts (managed centrally), the Commercial Regions provide a local supporting role coordinated by the central Commercial team. Each Region will be headed by a Commercial Director who will be responsible for capturing the full sales potential of their region and managing a world-class commercial team.

Initially the Commercial Directors whose appointments are listed below will also retain their current responsibilities:

- Americas**
Scott Brigham
- UK & Europe**
Ian Bryson
- Middle-East, Africa and CIS**
Nick Munyi
- Asia**
Andy Huang

To support the new Commercial Regions three further appointments have been announced:

Group Tea Sourcing
The existing tea trading function (previously called 'Sourcing & Supply') will be split into a regional sales function and a tea sourcing function. The tea sourcing function will be led by Mark Lawson as Group Tea Sourcing Director and will be positioned as a commercial function to make sure that customers are served with the best solutions coming through our global network both from the Group's own estates and from other sources.

Commercial Strategy
Andrew Beasley will take up the role of Commercial Strategy Director. This new role will drive improvements in the Group's global commercial processes so that they live up to standards top tier customers demand. Andrew will also conduct a full review of external opportunities across the globe, translating these into commercial strategies to drive sales of existing and new products.

Global Key Accounts
Rachel Jones has been appointed as Global Accounts Director. She will continue to oversee the Marketing Insights and Research function until a replacement has been identified.

All these roles will report directly to the Group Commercial Director, Roald Hulst and will formally take effect from 1 January 2018. ■



Harnessing global strength



Rachel Jones

Being 'one team' is a critical component in building successful global partnerships and creating value with our key customers. Rachel Jones, Global Accounts Director explains.

Today, Finlays benefits from being one of the most culturally rich and geographically diverse businesses in our industry. We operate on every continent; have a team of people collectively speaking almost every language in the world, and a granular knowledge and expertise in each of regions in which we operate.

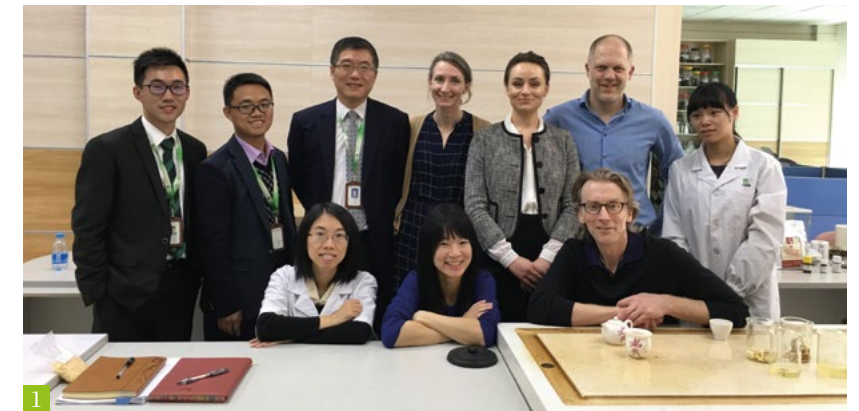
We have the key tools needed to service global brands owners, connecting with them on a localised basis to create personalised, regionally relevant, cross functional value. These tools are not just physical assets but more importantly, our Finlays people.

With the vast regional strengths that our business has built over centuries, we now move into a new era where we can combine this regional expertise to leverage our global muscle, heightening our customer value and influence.

Several editions ago I spoke about the impact of globalisation and the increasingly competitive landscape this is creating. This has resulted in our current and potential customers expecting global services, global product offerings and an ease of doing business which eliminates some of the complexities of managing global product categories.



Teams from Finlays and Damin developing a range of new teas for a global customer to launch in China



This requires a deep understanding of consumers in every market in the world. To enable us to harness our true strength and add unprecedented market value, creating a focused customer centric organisation.

As we move to a new way of working, embedding global key account management across the Group, I have every confidence in our ability to deliver. This confidence comes from the success which Finlays and Damin have enjoyed over the last 18 months by working together as one team; setting a clear goal around a defined global customer and working as one to deliver.

With the customer central to everything we do, working across businesses in this way has seen Finlays breaking new ground; contracting leaf tea directly in Sri Lanka for a global customer, developing a customer partnership which has seen Finlays and Damin, together, create brand new tea concepts to launch exclusively with a global customer in China.

Aside from the commercial wins this has delivered, it has allowed new relationships to be formed, internally and across our global customer base, which has made the working environment a truly enjoyable and fulfilling experience. I am very much looking forward to securing many more wins across the globe, as we develop our customer partnerships and importantly have fun along the way as we celebrate our successes. ■

Refreshing the Magazine



Editor Duncan Gilmour picks up on the theme of change and explains why, with readers help, it is time for the Magazine to undergo a facelift.



For over 50 years Finlays Magazine has been a window through which a very diverse global readership has been able to view the ever changing universe of James Finlay and a multitude of related topics. During that time the Magazine has continually adapted as the world has changed and the Company has evolved, often through the acquisition and disposal of businesses which are no longer part of the Group. Articles looking at individual businesses and how they have innovated to meet customer and consumer demands have been a constant as have glimpses into the past via the Company's extensive archives. Fashions change and in earlier years the Magazine also carried articles which, although having no direct link to the Company, reflected the interests of contributors. Other features included a letters page and news stories covering such events as Company beauty pageants which would not be considered appropriate today!

The magazine has continually adapted as the world has changed

As it will be three years since the current format was adopted, we are planning a facelift for the June 2018 edition.

In addition to changing the way in which we report on our businesses, we would also like to consider any new ideas which our readership might wish to suggest. As a result, a short readership survey has been included with this issue to enable us to gauge what you like, and what you don't like, about the current format. This is also your chance to suggest possible changes or additions to the topics covered by the Magazine. In doing so please bear in mind that the Magazine is now very widely distributed around the world to an audience which includes employees, former employees, customers, advisers, governments, regulatory bodies and standards agencies. In summary we want to hear what you would like to view through the Finlays window.

The survey will also be used to update our mailing list. If you still wish to receive the Magazine and are not an employee, kindly ensure that you return the survey (completed or otherwise) to remain on our mailing list.

Please return the survey by scanning and e-mailing to magazine@finlays.net or by posting to The Editor, Finlays Magazine, Swire House, 59 Buckingham Gate, London, SW1E 6AJ to arrive no later than Friday 19 January 2018. The survey will also be available on line for employees only, by logging on to Fintranet. ■

"We want to hear what you would like to view through the Finlays window."



Appointments



Claire Folan
Group Head of Talent

Claire Folan joined the Company on 9 October as its first Group Head of Talent. This new role will see Claire working with senior leaders and HR teams around the world to create a best practice approach to Talent Management for Finlays. She brings with her a wealth of experience gained from roles in a number of leading financial and professional service organisations and more recently working in the United States for an airline where she headed up their Learning & Development team.

Claire said "I am looking forward to developing a people strategy which will invest in long-term talent and create an environment where people at all levels of the organisation can thrive and by maximising their potential are able to contribute to the Company's success."



Melanie Feeser
Marketing Manager

Melanie (Mel) Feeser was appointed Marketing Manager on 23 May having previously worked in various marketing roles for Nestle, Lactalis, Total and Cuts Ice.

Mel is responsible for the creation of the first edition of the One Finlays monthly world newsletter and is currently involved in the organisation of a global survey that aims to provide feedback on how our customers perceive Finlays as a brand/key partner. She also organised Finlays' first-time participation in Drinktec, a trade show held every four years in Munich.

Outside work, Mel enjoys travelling and has studied and worked in six different countries based in Paris, Dublin, Barcelona, New York, Sydney, Melbourne and London. ■

Finlays Chai Cup - softball tournament



On a damp summer's afternoon at the end of July, Finlays held their annual Chai Cup softball tournament followed by a hog roast barbecue and drinks. The event was professionally facilitated by BaseballSoftballUK, who are the UK's only development agency for baseball and softball. Staff and their families from across the Group attended and took part in softball games during the afternoon. There were four very competitive teams: the Cubs, the Astros, the Blue Jays and the Dodgers. The triumphant winners were the Astro team led by Rachel Jones, as a result of which the Chai Cup proudly sits in Swire House awaiting next year's tournament. ■

Global Ceylon Tea Party



On 6 July representatives from UK Government, international organizations, non-governmental bodies and private sector businesses including Finlays attended the London round of The Global Ceylon Tea Party, a worldwide event held to mark the 150th anniversary of the birth of the tea industry in Sri Lanka. The party, which was hosted by the Sri Lanka High Commission in collaboration with the Colombo Tea Traders Association and Sri Lanka Tea Board, was sponsored by Finlays Colombo.

In her welcome address, High Commissioner Amari Wijewardene highlighted the valuable role played by James Taylor, the Scottish planter, who pioneered the commercial planting of tea on the island 150 years ago and the overall contribution made by the British in the subsequent development of the tea industry. She also placed special emphasis on the world-wide recognition gained by Ceylon teas due to their premium quality and distinctive flavours. ■

Visit to the Western Miami



On Tuesday 22 August, Michaela Halse and Victoria Goltz were invited by Swire Bulk to visit the Western Miami, a bulk cargo carrier on short-term charter with Swire. The Western Miami is a 179.9 meter long, 39,000 ton dead weight ship with five cargo holds and a crew of approximately 22. On the day of their visit, she was discharging 33,600 metric tonnes of sugar at the Tate & Lyle factory in London having taken 39 days to sail from Fiji through the Panama Canal. ■



Neil Willsher
Managing Director

Business update

I closed my last update by explaining that 2017 was going to be a big year for Finlays and the Saosa team as they worked together under the banner of “Pamoja Twaweza” (Together we can do it!).

Readers will be aware that we have spoken many times over the past few years about the improving performance of our tea extracts business in Kenya. I am delighted to begin this update by congratulating the Saosa team who, over recent months, have broken all previous production records.

At an operational level, we continue to work closely with the newly appointed Group Commercial and Innovation Directors to better align the business units to leverage our ability to deliver innovative new tea and coffee solutions to our customers.

Tea markets around the world continue to grow on the back of the drive for health and wellness. This has resulted in a recognisable shift away from the use of powdered extracts towards the more premium solutions offered by liquid concentrates, aromas and fresh brewed teas within the RTD tea sector. This is particularly noticeable in the USA. By using market insight to monitor these trends, we are continually adjusting our marketing and investment strategy to meet customer requirements. The investment in our USA based Global Tea Innovation Centre (Project Wildfox) is nearing completion and due to be commissioned hopefully before this issue goes to press. We continue to work closely with key customers to ensure that we are best placed to meet their global needs while these changes gather pace.

Sourcing secure, trusted and traceable teas is key to our offering and the business continues to perform particularly well in meeting our customers’ needs from Africa, Sri Lanka and Argentina. We continue to strengthen our supply chains in other regions with a focus on the development of a clean traceable supply chain in China. Traditionally this has been a region from which it has been difficult to source but, as explained on page 40, Project Maotai aims to secure the supply of 30000 metric tonnes of clean tea for international customers. In addition to supporting our global partners, the project will also supply those served by Damin in the Chinese domestic market. Damin continues to show robust growth in profitability with several exciting initiatives underway in the Food Services and Health Products sectors.

The RTD coffee market in the USA continues to expand ahead of expectations. Cold Brew is delivering consistent 20% plus year on year growth as its popularity grows and penetration increases. We are well placed to take advantage of this trend with the recent acquisition of Aspen Beverages (Covered in detail elsewhere in the magazine) to support our Rhode Island business. Although the Cold Brew craze is very much USA focused at present, we expect this to be taken up in other parts of the world. Finlays footprint means that we will be able to support our global customers in sharing this growth. ■



UK Hull

Always safe for two years



On 22 October Finlay Hull celebrated two years without a lost time or major accident. This is a really fantastic achievement and demonstrates the team attitude across the site to health and safety and to always working in a safe way.

As a thank you for their support for Always Safe all employees received a small bonus with the option of donating this to a local charity. ■

Training



Engineering Manager, Phil Woodcock presenting Elliot with his certificate

Recently Apprentice mechanical Engineer, Elliot Gowans, successfully completed his training and is now qualified. ■

30 years’ service



Phil Woodcock
Engineering Manager

Phil Woodcock celebrated 30 years’ service in August 2017. Phil joined the Company in its infancy and has seen many changes since then all of which he has taken in his stride. ■

Building on the City of Culture



Last December we reported that the City of Hull was about to start its year as UK City of Culture. This has been an enormous success, helped, in part, by the army of volunteers who have assisted at the many events. Finlay Hull shift supervisor Peter Bingham is a member of the volunteer army and has helped at a vast number of events. The most recent is an exhibition of sixteen thousand moulded bricks made by each of the city’s children. After the current exhibition, the bricks will be used in the creation of a nature reserve at the site of a local clay quarry. ■

UK London

Appointments



Helen Hume
General Manager
Sourcing and Supply

Helen Hume joined the Company as General Manager Sourcing and Supply in October. Helen’s global tea expertise has been developed through her sourcing and blending roles with Tata Global Beverages (TGBL) and Tetleys. Most recently Helen was responsible for successfully formulating and delivering supply strategies for TGBL’s Indian and Argentinean tea requirements. In her spare time Helen loves to cook and runs a cookbook club. She also has a passion for travelling, combining both by learning to cook regional dishes from the many different locations she has visited. ■

Europe

drinktec 2017 Munich



Company representatives at drinktec 2017

Finlays and Damin jointly exhibited their collective portfolio of teas, sweeteners, botanicals and nitro cold brew coffee at Munich’s drinktec 2017, the world’s leading trade fair for the beverage and liquid food industry. This unmissable world event is attended by all the key industry players and this year attracted 76,000 visitors.

It was a huge endeavour for Melanie Feeser, Finlays new Marketing Manager in London, and her team, to organise and develop a tea and coffee proposition for the heart of drinktec’s innovation area. Together, with the technical support team, they put together a fantastic representation of what Finlays has to offer as well as an excellent demonstration of the Group’s innovation capabilities.

Some of the products demonstrated were:

- Draught nitro cold brew coffee
- Ceylon oolong teas
- Kenya purple orthodox teas
- T-cola sparkling beverage
- Berrymucho juice & coffee
- Purple tea energising drinks

The team generated nearly 250 leads from all corners of the world all which have now been prioritised and distributed to the commercial team. A video was taken at the stand which featured in the German news with Finlays also receiving a mention in the Munich press. ■

USA

Global QA meeting



The first Global QA meeting organised by Idwin Bouman, Global Head of QA was held at the Lincoln facility in Rhode Island between the 26 and 29 June and was the first opportunity for many members of the Finlays quality community to meet face to face. In addition to Idwin, the team consisted of Huafu Wang, Technical Manager, FEI, Wycliff Odoyo, Regulatory Affairs Manager, FEI, Katie Carter, Global Quality Systems Manager, FEI, Luis Fissore, QA Manager, Casa Fuentes, Bridgett Arnold, QA & Regulatory Supervisor, FEI, US, Dorcas Makunzo, QA Manager, Saosa, Yvette Tafari, QA Manager, JFK, Marvin Shaw, QA Manager, FEI-Hull, Karen Hewitt, Head of Technical, Finlay Beverages, Wesley Bosuben, QA representative, Leaf Tea-Kericho. For many it was their first trip to the US and for one member of the group, Marvin Shaw (Finlays Hull) it was his first time on

an aeroplane for which he was awarded a certificate by the airline!

The team completed an internal audit of the Lincoln facility which resulted in a constructive debate on the inconsistencies in the standards which the different sites currently work to. Also discussed and now being actioned, is the need for a standard document management system, audit protocols and training, supplier and raw material risk assessments, root cause analysis tools, laboratory procedures, crisis management and a food safety manual.

The team particularly enjoyed an evening activity laid on by the hotel where they were staying, when they joined the chef and his team in the hotel kitchen to prepare their own dinner. The team were divided into small groups to prepare the courses, the tables and the drinks! ■

Cross functional meeting



Finlays USA held its annual cross functional all company meeting in September bringing together numerous departments from within the business, as well as colleagues from across the globe including London, Argentina, and our new partners from the Aspen Beverage Group.

Over the course of the three-day event, attendees were given the opportunity to learn from, and collaborate with, co-workers to reinforcing the Group's global network. One of the many highlights was the innovation showcase held on the first day. With the co-operation of the R&D and Marketing teams, this featured a unique range of ideas using new technologies and application formats for our ingredients.

The culmination of the meeting saw employees get together for a bowling competition which gave everyone the chance to celebrate the hard work and friendship that Finlays promotes throughout its businesses. Overall the meeting was a great success; not only did it recognize the past year's accomplishments, but it also enabled everyone to think about planning for the future. ■

Thirstea in the Desert



Receiving the awards on behalf of Finlays, Ross McDonald, Jo Millar and Gianna Zurita.

Finlays were represented at the 8th North America Tea Conference "Thirstea in the Desert" held in September at Scottsdale, Arizona, USA.

Attendees from producing countries and importers, packers and retailers from the United States and Canada, met to share and discuss a range of topics including updates on the Maximum Residue Level for pesticides, Rainforest Alliance, current trends, market status and opportunities. Invited speakers covered initiatives on

education, communication strategies and economic outlooks focused on the North American tea industry.

One of the many highlights of the conference was the Gold Medal tea competition awards ceremony, in which Finlays were placed first and second for Kenya origin teas from Kericho (Milima Orthodox Black Tippy OP and Milima Orthodox Purple OP leaf). Finlays also won two silver awards in new Tea Sustainability category for the projects currently in place in Kenya and Sri Lanka. ■

Kenya Mombasa

Appointments



Ida Mumbi
Logistics Coordinator

Ida Mumbi has been appointed to the position of Logistics Coordinator.

She has a Master's Degree in International Business from Anglia Ruskin University, UK. Ida is excited about joining Finlays and is ready to make a difference, is passionate about event organising and loves travelling. Top of her bucket list is a visit to the Maldives.

Promotions



Brian Kandie was promoted to Chief Accountant



Peter Musasia has been promoted to the position of Assistant Manager- C&F



Stephen Katoto has been promoted to the position of Assistant Manager-Trading. ■

Alsayed, Sudan



The Finlays team with the visitors during the lunch break.

Kenyan exports to Sudan increased by 32% in 2016 to 26,255 tonnes from 19,946 in 2015. Sudan is Kenya's sixth most important market for its tea with Finlays one of the leading exporters to the country. On 6 October, the United States lifted sanctions which had been an impediment to the tea trade as they had included a fairly comprehensive

trade embargo, a freeze on government assets, and tight restrictions on financial institutions dealing with Sudan. On 11 October, Messrs. Ali Alsayed from Sudan visited the Mombasa offices to discuss future business opportunities. They were hosted by Tony Eshutchi, Alphonce Ajwang and Jessie Kezengwa. ■

Mimsa Gida Ve Dis Ticaret, Turkey

Turkey imported approximately 2,886 tonnes of tea from Kenya in 2016; a 68% increase from the previous year's 1,713 tonnes despite a restrictive 145% tariff being imposed. On 22 August, Ismail Biritim from Turkey made a visit to Finlays offices in Mombasa to discuss future business opportunities with the team. He was hosted by Nick Munyi, Gideon Mugo and Jessie Kezengwa. ■



Right to Left, Gideon Mugo, Operations Director, Finlays Mombasa and Ismail Biritim, Managing Director of Mimsa Gida Ve Dis Ticaret, Turkey.

Annual Tea Industry Gala Awards 2017



The plaque awarded to James Finlay Mombasa

James Finlay Mombasa has been awarded a Certificate of Recognition by the Agriculture and Food Authority Tea Directorate for the high standards of compliances in the Company's tea warehouse. The certificate was received by David Kabachia, General Manager in charge of operations and production during a tea industry gala award dinner at Windsor Golf and Country Club

on 13 October. The function was attended by representatives from the East African Tea Trade Association member companies across the tea supply chain. The main speaker was the Principal Secretary in the Ministry of Agriculture, Livestock and Fisheries who assured stakeholders of the Government's continued support for the industry. ■

Kenya Saosa

World class operations



Some of the Saosa team

Since the introduction of the world class operations concept in Saosa, plant efficiency has continued to improve both in terms of production volumes and the team's morale. Amongst the factors helping business performance are Profit Improvement Projects which are decided by identifying those issues which have had the most adverse effect on plant productivity. Structured operational daily review meetings have helped to solve day to day problems whilst focusing on key areas of the plant has also led to improved performance. Plant availability and reliability has also improved through the adoption best practice in respect of plant maintenance.

To continuously improve employees' skills, a technical training centre has been created. The centre is currently being extended to include a workshop to be used for practical engineering lessons. ■

Laptop dream becomes reality for Saosa Primary School



The ICT Integration in Primary Education Digital Literacy Project is one of the Government of Kenya's key programmes and is designed to integrate ICT into teaching and learning in primary schools.

Tea Extracts funded the construction of the ICT room, among other infrastructural developments. The head teacher commended Saosa factory management for their support. Andy Bulman encouraged the pupils to make the best use of the opportunity to learn new skills, and wished them well. ■

The journey to a new digital era in Saosa Primary School began with 71 grade one to three pupils receiving tablet computers. Andy Bulman, the Saosa General Manager, and sponsor of the school, officially launched the use of the digital learning devices as the pupils were given a brief lesson on how to use their Government funded tablets.

Environmental Day tree planting

The theme chosen for this year's World Environment Day on 5 June was connecting with nature and was marked by planting over 50 trees of different species around Saosa Factory, Saosa Primary School and Mara Mara village.

We all have a responsibility to protect our environment and biodiversity. We owe it to ourselves and to the next generation to conserve the environment so that we can bequeath our children a sustainable world that befits all. ■

China

Appointment



Jason Wang
Assistant to the
Chairman of Finlays
China

In October Jason Wang joined the Finlays team in China as Assistant to the Chairman of Finlays China.

Jason will be working with the team in London to provide overall co-ordination of Finlays existing businesses in China: James Finlay Xiamen, Damin and Project Maotai, as well as playing an important role in seeking news business as part of the Company's growth strategy for the region.

Jason previously worked for 14 years with Damin initially in their sales team before progressing through various departments to his most recent position as Vice President and Company Secretary where he covered HR, legal affairs, government relationships, board representation and served as assistant to the Chairman. His last 10 years with Damin have seen him play a pivotal role in developing the successful relationship between Finlays and Damin.

Jason holds a degree in Food Science from Tianjin University of Technology and a Masters in Fermentation Engineering from Dalian Industrial University. He is married with two children. Jason joins many of his Finlays colleagues in that, in addition to spending his spare time reading and playing badminton, he enjoys running, where he finds 'peace' when completing 22km in 2 hours. ■

Finlays increases shareholding in Damin



Finlays has acquired a further 9.51% of the equity of Damin International Holdings bringing its shareholding to 49.51%.

Guy Chambers, Group Managing Director of Finlays, and Mr Jiang Aiqing, Chairman of Damin, jointly said "The partnership between Finlays and Damin has deepened

over the last five years. This change of shareholding reflects the strength of our partnership together. We are excited about the opportunities for closer co-operation to help serve our customers around the world with our unique portfolio of tea, coffee and botanicals." ■

Malawi

James Finlay Blantyre update



James Finlay Malawi Director Gideon Mugo, Senior Trader Stephen Katoto (All Finlay's Mombasa) and Chip Bakali (Trading and Logistics Manager-James Finlay's Blantyre) during a tour of Eastern Produce's factory at Mulanje, Malawi

Malawi is an important tea region in Africa, with an estimated annual production of 45 million kilogrammes. As such it is a strategic source of tea for James Finlay Mombasa, Finlay Beverages, FEI units in the US, China and Hull. James Finlay Blantyre also service other key customers including Taylors of Harrogate, J.Fr Scheibler GmbH, R. Twining's, W M Cahn's and Unilever of South Africa.

The weather was favourable at the start of the year but a prolonged period of lower temperatures in Mulanje and dry conditions in Thyolo had an adverse impact on crop yields between May and September. Auction prices remained firm to very strong as offerings failed to meet a strong demand from buyers. Despite this, year to date James Finlay Blantyre is 19% and 32% above budget on volumes and sales respectively. ■



Simeon Hutchinson
Managing Director

Business update

We have been fortunate in having reasonably well distributed rainfall since February, albeit with significantly more hail damage than in recent years.

By the end of September production from our own estates remained 5% below budget, with the chances of recovering this deficit by year's end having receded thanks to a temporary suspension of aerial fertilizer application by the local Environmental Agency just as we were about to embark upon the season's second application. This took longer to resolve than expected, by which time production had been compromised to some extent. On a positive note, auction prices eventually responded positively to the lower production across Kenya, and year to date we are at budget levels. In September our Milima Orthodox teas won 2 awards at the North American Tea Conference.

As always business units within the Central Services department are experiencing mixed fortunes. Hydro power generation is 38% below budget on account of low river levels in the first half of the year. Charge out rates are also lower than budgeted. Sales from the sawmill are 11% below budget but costs have been well contained so the department is running ahead of budget in financial terms. Logging sales are only marginally below budget, with costs well controlled, so here too the department is running ahead of its financial target.

Political tensions have been running high for much of the year culminating in two disputed general elections the results of which were subject to legal challenge. Uhuru Kenyatta was finally sworn in to office for his second and final term on 28 November.

Along with the rest of the Finlays fraternity, we launched the Company's new "Zero Harm" strategy on 26 April, and it is pleasing to see that employees at all levels are embracing the change. We were proud to host a gathering of Health & Safety managers from all Finlays businesses in July.

In June, Board approval was given to start the introduction of a new Enterprise Resource Planning system – this will be a major undertaking given the complexity of the business, and will take two years to complete. A significant number of people have been taken off their normal jobs to form a core team who will be responsible for implementation. Meanwhile, the whole Company has been transferred to the cloud based Microsoft 365.

Good progress has recently been made with two other large projects. Electrification of the villages is gathering pace, with 10 villages to be commissioned by the end of October. The first harvest of Geraniums from the essential oils project is about to be gathered. You can read more about these on page 21

On 31 August some 45 employees received their long service awards, having completed 25 years with the Company. Sincere congratulations and our thanks to them all!

In September we welcomed Shibry Mansoor from Finlays Colombo – Shibry joins us as ICT Manager for Africa.

At the end of September we bade farewell to Josiah Othira, our Forestry Manager, after 23 years of service. We wish him well in his retirement. ■

Appointments



Eric Kipyegon Cheruiyot
Assistant Human Resources Manager

With effect from 9 January, Eric Kipyegon Cheruiyot was appointed Assistant Human Resource Manager, Tea Estates. Eric is an HR professional with over 10 years' HR experience in the agriculture industry, flower growing and export companies in Kenya. Eric is a registered member of the Institute of Human Resource Management, Kenya. ■

Village electrification



Electrification of the villages on the estates is an ongoing project designed to meet one of Finlays' sustainability commitments; the provision of an enjoyable and rewarding place to work. The project is expected to improve the welfare of employees and their dependents, by providing security lighting for common areas, household lighting and electricity for domestic appliances.

The aim is to install AC power in all employees' houses within the next two years. Some of the villages will be 100% solar powered and the rest will be connected to JFK's internal power grid. The Company has selected Powergen, a leading micro-grid developer in East Africa, to provide project management for the construction phase and ongoing management of the micro-grids once these have been commissioned. ■

Essential oils project

The objective of the essential oils project is to improve the livelihoods of our registered outgrowers by developing new sustainable markets for an innovative range of essential oil crops. The project involves James Finlay Kenya's Applied Research Department, Flamingo Horticulture, Reading and Lincoln Universities, Forum for the Future and the UK's Department for International Development.

Five plant species are currently undergoing field trials next to Kitumbe factory, with the first harvest of geranium having taken place in early October. ■



Helping conserve the South Western Mau



Rhino Ark has recently signed an agreement with the Netherlands based IDH Sustainable Trade Initiative (IDH) to help fund their project "Initiative for Sustainable Landscape (ISLA)" which aims to conserve the South Western Mau Forest Reserve, the longest forest block in the Mau Forest complex. The project began in June 2017 and is due to run until December 2018 funded by IDH and the Safaricom Foundation.

Whilst the project focuses on forest conservation, sustainable energy and community alternative livelihoods, it will also undertake a study for the construction of a 45 kilometre electric fence along the north-western boundary. James Finlay Kenya's Applied Research Department is heavily involved in projects focusing on reforestation and water security.

The June quarterly surveillance flight over the area showed an increase in illegal cattle grazing and makeshift structures in the forest.

As a result security in the area is being strengthened by the addition of two new outposts. These are being built by Rhino Ark and the Kenya Wildlife Service with financial support from Finlays and will make a total of five to secure the north-eastern boundary of South Western Mau.

Finlays, Rhino Ark and IDH/ISLA have also donated equipment to increase security and law enforcement activities through, in particular, multiple-day patrols. Funds from Finlays have enabled Rhino Ark to buy tents, sleeping bags, backpacks, mountaineering boots and gum boots for the use by rangers of the KWS and Kenyan Forest Service operating in South Western Mau. ■



Long Service Awards



A recent awards ceremony was held for managers and employees who had completed 25 years' service with the Company.

Junior Managers

- Josiah Onsongo**
Kitumbe Factory
- James Kipkirui Moikong**
Changana Group

Employees

- Mathias Wanyonyi**
Kymulot Factory
- Joel Kiptoo Towett**
Kymulot Factory
- Kennedy Nyamongo Masese**
Tenduet Estate
- Alice Nyanhogi**
Tenduet Estate
- Judith Odhiambo Akinyi**
Chomogonday Factory
- Benard W. Namakhelo**
Chomogonday Factory
- Peter Simiyu Wanyonyi**
Chomogonday Factory
- Edward Vincent Wanyonyi**
Chomogonday Factory
- Patrick Toili Wakwabubi**
Chomogonday Factory
- Naomi Cheroni Kirui**
Kapsongoi Estate
- David M. Wabuge**
Tiluet Estate
- Ziporah Chepkemoi**
Tiluet Estate
- John Mariati Khale**
Tiluet Estate
- Tabita Bitengo Arangi**
Tiluet Estate
- Grace Chelangat**
Tiluet Estate
- Jane Florence Jeptarus**
Chomogonday Factory
- Stanley Kipyegon Koskei**
Kaporet Estate
- Recho Chepkemoi Ngeno**
Chemase Estate
- Kennedy Oroba Ondari**
Chemase Estate
- Daniel Atika Mayaka**
Chemase Estate
- Aggrey Lundu**
Mariny Estate
- Esther Samson**
Kitumbe Factory
- Samson Nyabuto Machoka**
Simotwet Estate
- Mary Adhiambo Muhoma**
Changana Factory
- John K Mutai**
Applied Research Department

Award winners



Josiah Onsongo



James Moikong



Mary Adhiambo Muhoma



Stephen Kipyegon Koskei



Business update



Dushanth Ratwatte
Chief Executive Officer

We have a responsibility not only to make profits from our business but to safeguard our environment by adopting sustainability principles within all of our operations.

Although 2016 was another difficult year for the business we believe every dark cloud has a silver lining.

Tea prices which gradually picked up during the second half of 2016 continued to rise in 2017. National production for the period to end June was 156.4 million kg representing growth of 2% compared to the corresponding period in 2016. However, due to the vagaries of the weather, our tea production was 9% less than the same period in 2016.

The majority of rubber planting districts were faced with heavy floods and sporadic landslides, which resulted in severe damage to the plantation sector. Most estates in the southern and western regions went into a complete shutdown during this period. However, the dearth of good teas due to the poor weather kept prices high which compensated for a reduction in crop. Notwithstanding, the weather has been favourable for rubber with the crop as of the end September being 114% of budget. Rubber prices have also increased.

Government restrictions are currently preventing us from harvesting some of the Companies' managed forests. We fervently hope that this is a temporary measure and that we will be allowed to make a return on our forestry investments.

The word "Addiction" sounds bad. However not every form of addiction is bad especially if you are addicted to Zero Harm! Health and Safety initiatives along with environmental protection measures resulted in Demodera Estate winning a Bronze Award in the large manufacturing sector from the Lanka Responsible Care Council (LRCC). LRCC was initiated as a voluntary association under the guidance of National Cleaner Production Centre and New Zealand Responsible Care Council in 2012. LRCC is the sole national trade association representing the common interests of the chemical suppliers and major users in Sri Lanka.

At the "Best Employer Brand Awards" in July Hapugastenne Plantations was recognised for its commitment to its employees, their overall betterment in terms of HR communication, employee development, rewards and recognition, talent acquisition and employee retention. We were the only plantation company to make the rostrum along with Toyota Lanka, DHL, Lanka IOC, Sri Lankan Airlines, Airtel and Amana Takaful Insurance.

The commercial cultivation of tea in Sri Lanka started in 1867 and since then Ceylon Tea has been synonymous with the commonest non-alcoholic beverage worldwide for the last 150 years. We all are delighted to be in an industry celebrating its sesquicentennial anniversary in 2017.

Memorabilia uniquely associated with the legendary Colombo Tea Auctions, including two ornamental limited edition tea caddies from our Kenmare and Delmar garden marks, were on offer at a Grand Charity Auction held on 20 July.

All that we do and stand for is underpinned by team effort and hard work. Up to the end of September, Hapugastenne and Udapussellawa have together had 410 invoices at the top of the auction list with 20 achieving all-time record prices.

The past gives an identity. The future holds the promise and anticipation of good results and rich dividends from our investments. Whilst we cannot change the past it always reminds us that "next time we will do it better" ■

Madampe Estate – annual staff trip



The executives and staff of Madampe estate visited Udawalawa National Park during their annual trip in summer 2017. ■

Dammeria B Estate – annual staff trip



In August the staff of Dammeria B Estate visited the Jaffna peninsula in the north of Sri Lanka. The trip, which was organised by the estate's Staff Welfare Society, visited the famous Nallur Kandasamy Hindu temple and Nagadeepa and Dambakolapatuna Buddhist temples. Other northern Sri Lankan landmarks visited were the fort at Jaffna, Kankesanthurai Beach and the Elephant Pass. ■

Tea estates representatives visit China



From left: Asela Ratnayake, Huafu Wang, Mr Huang, Navinda Amarasena, Mr Houng and Dhanushka Wanniarachchi.

Tea estates representatives from Sri Lanka also visited Anxi, Quanzhou, China to observe the manufacturing of Da Hong Pao type Oolong tea, under the guidance of Huafu Wang, Head of Analytical Sciences. ■

Gold awards for Delmar

On 20 July in Colombo, Delmar Estate won a Gold award for their FBOP grade tea in the Ceylon Specialty Tea Competition organised by the Sri Lanka Tea Board & Forbes & Walker, tea brokers to commemorate the 150th anniversary of the tea industry in Sri Lanka.



Collecting the award

On 26 September, Delmar also won a Gold award for its OP1 grade tea at the grand charity auction at the International Tea Convention held in Enshi, China also to celebrate the 150th anniversary of the Sri Lankan tea industry. ■



Sudath Liyanage, Senior Manager, Delmar Estate (middle) receiving the Award

Mike Keating trains estate executives



To help prepare a gap analysis for the Health & Safety road map Mike Keating, Group Head of Health and Safety, held a cross functional training session in June for all managers. ■

Tea Estates annual awards – 2015/16



A ceremony was held at the Jie Jie Beach Hotel, Panaeura on 30 September to present over 50 awards won by estates, business units and employees over the past two years

Best strategic business unit 2015



Courtledge estate was judged the best strategic business unit in 2015. Former manager Lasantha Samarakoon, received the award from the Chairman, Naresh Ratwatte. ■

Best employee of the year 2016



Best Employee of the Year 2016 – Deepika Wehella receiving her award from the Chairman Naresh Ratwatte. ■

Best strategic business unit 2016



Galbode estate was judged the best strategic business unit in 2016. Manager, Darshana Diyagama received the award from the Chairman, Naresh Ratwatte. ■

The Best Tea Harvester 2016 – Alupola Estate



Mutthu Yogeshwari (R) of Wewelwatte Division was judged the best tea harvester in 2016 and received her award from the Head of HR, Ranil Kapugeekiyana (L) in the presence of the Assistant Superintendent, Alupola Estate, Tharindu Rasanjaya (M). ■

Lanka Best Employer Brand Awards



Pradeep Gomas, Manager, HR of Tea Estates Sri Lanka (Middle) receiving the award

On 13 July, at Taj Samudra Hotel in Colombo, Finlays Tea Estates Sri Lanka was awarded the Best Employer Brand Award at a ceremony organized by the World HR Congress. This was recognition for the Company's commitment to its employees and the overall improvements in its HR communication, employee development, rewards and recognitions, talent acquisition and employee retention. ■

Teas achieve record auction prices



Shawlands Estate's OP and OP1 grades achieved three all-time price highs during August and September. Oodoowere estate manufactured 577,000 Kgs of made tea up to end September, an all-time record with a sale price average of Rs. 609.87. Oodoowere also secured the highest net sale average for orthodox Teas in the Uva High region including two all-time records and 82 top prices by end September. Over the same period Delmar Estate in the Ragala Zone had 97 top prices and nine all-time price highs. ■



Vesak Day and Dansala celebrations



On 17 August, Madampe Estate held a Dansala, in connection with the Sri Lankan festival of Vesak. What sets Dansala apart from other festivals is the free distribution of various types of food. This philosophy of giving is an ancient Buddhist practice and Vesak day, which Dansala commemorates, is the holiday which celebrates the birth of Gautama Buddha, the founder of Buddhism.

To mark Vesak day, Oodoowerre Estate donated packs of essential goods, clothes and meals to all retired workers on the estate.

On 10 May Shawlands Estate held a Vesak Dansala celebration and distributed food to Buddhist pilgrims. ■

Zero Harm and Springwood Estate school



From left: Suraj Daluwatte, Manager / Springwood Estate (Standing), Ravindran Dinusha, Sriraman Ranjan, Sivakumar Pranavan, Amirthawanam Danushan

The students of Springwood Estate school offered to help educate the estate worker community on Finlays Zero Harm policy by painting Zero Harm posters on the outside wall of the estate worker co-operative building. ■

Enhancing the Sinharaja rain forest buffer zone



The Sinharaja rainforest is situated near the Rakwana Group of estates and is a national park and a biodiversity hotspot. It was designated as a Forest Reserve in 1875, a UNESCO World Biosphere Reserve in 1978 and a UNESCO World Heritage site in 1988.

Representatives from Depedene, Hatherleigh, Madampe and Springwood estates launched a programme on 2 July to restore the Sinharaja buffer zone (an area created to enhance the protection of the rainforest) in collaboration with the Godakawela Divisional Secretariat, Rakwana Range Forest Office and "Wanathara Surakinno" a Non-Government Organisation. ■

World Children's Day



On 1 October, Alupola Estate organised a series of events to commemorate World Children's Day.

Road safety awareness education for children was given by police officers from Wewelwatta Police station. ■

World Environment Day



On the 17 June, a march was jointly organised by Court Lodge and Concordia estates to raise awareness of the need to safeguard the environment.

On the same day, the area surrounding Bomburu Ella lake, which is the main water supply source for Welimada, was cleaned by the Concordia estate team.

Staff from Court Lodge organised a "Sharamadana" campaign by cleaning the areas surrounding Gregory's Lake - Nuwara Eliya - which is the main water source for Nuwara Eliya. The Sarvodaya Shramadana Movement provides comprehensive development and conflict resolution programs to villages in Sri Lanka. It is also the largest local organisation working on reconstruction following the tsunami caused by the 2004 Indian Ocean earthquake. ■



Business update



Ernesto Gonzalez
Managing Director

The presidential elections in 2015 led to a significant change in the Argentine economy. The new administration moved quickly to implement a series key reforms resulting in the unification of the exchange rate, agreements with international creditors, the modernization of the import system, a deceleration of inflation and the reform of the national statistics system.

After an economic contraction of 2.2% in 2016, concentrated in the first part of the year, the economy began to recover with the result that GDP grew 2.7% year-on-year in the first half of 2017 and is expected to continue to improve in the second part of the year. Meanwhile inflation is reducing although foreign exchange rates are still a problem.

The US Market is putting pressure on prices and the weakness of the peso is affecting our incomes. To grow more business we need to diversify our market and products.

Weather conditions from May to October have been changing in Misiones. There was an excess of rain in the fall and stress situations in the winter months. Meanwhile temperatures were extremely low, with intense frost, in July. After this temperatures were moderately high. These events led to early crop growth with the harvest starting seven to ten days earlier than normal. As with last year the red spider mite was frequent in the tea plots at the beginning of the season.

The low prices of urea in June-July allowed us to take advantage of favourable prices to acquire stocks of fertilizer before these rose significantly in September.

This will enable us to apply and return 20% more nutrients than were taken from the soil by the last harvest. This year Casa Fuentes has also delivered fertilizer to certified producers, in the expectation that this will improve their production.

Subject to favourable climate conditions, we have agreed a pruning strategy which aims to improve the efficiency, and reduce the costs of, our factories. So far this is working well. We also have a plan in place to control Polyphenol Alkaloids (PA) levels. On Acaragua, our estate dedicated to the production of tea for the European market, we are using additional labour to clean the tea bushes in advance of plucking to avoid PA contaminants.

During the low season all the factories carried out annual maintenance before harvesting restarted. The quality team is working very hard to put Hazard Analysis and Critical Control Points in place and approval has been given for the work needed to obtain ISO 22000 certification next year. We are also looking to increase by 1,000 hectares, the amount of tea certified by Rainforest Alliance.

Finally new harvesters and trucks are being acquired to reduce our dependency on contractors. ■



Appointments



Claudio Andueza
Operations Manager

Claudio Andueza was appointed Operations Manager in July. He has more than 20 years' experience of working in Yerba Mate and tea drying. Claudio graduated from the National University of Misiones with a Bachelor's degree in chemical engineering. He is married with three children and enjoys spending time with them at weekends.



Alfredo Betzel
HR Manager

Alfredo Betzel was appointed as HR Manager in August having spent more than 15 years working in the field of Human Resources. He is an HR graduate of the Northeast National University, and his most recent role was as HR Manager in Tobacco & Citrus Companies. Alfredo is originally from Tucuman, a province from the north of Argentina and loves playing the guitar and singing Argentine folk music. ■

Long service



Anibal Gurvin
Anibal celebrated 26 years of service with Casa Fuentes in February of this year. He works in the Export Department. ■

Global QA managers meet in Rhode Island



Luis Fissore, Quality Assurance Manager at Casa Fuentes, had the pleasure of participating in the first Finlay's Global QA meeting which was held in Lincoln, Rhode Island in June. It was a good opportunity for him to meet QA Managers and people from other Finlays sites to share information and experiences but, most importantly, to build relationships.

The most rewarding aspect was being part of the creation of a QA Community. The use of the "DISC" tool, a psychological assessment framework which allows people to illustrate their emotions using four behaviour types - Dominance (D), Inducement (I), Submission (S) and Compliance (C), was very revealing in getting to know colleagues, as well as himself, and helped the team to find ways to work better as a team. ■

Tea training in New Jersey

In July Juan Morgan, Casa Fuentes' Sales Manager, took part in a Finlays internal tea training event held in New Jersey. Juan reports that -

It was a three-day course and included the participation of Peter Goggi, Chairman of the US Tea Association, who hosted an introduction to tea with a small cupping session at the end.

On days two and three we met at the Florham Park Tea Centre of Excellence, where our coaches

The Argentine School of Tea



Ready to learn

The Argentine School of Tea recently organised an event which provided an opportunity to taste teas from different parts of the world, and learn more about the history and culture of each producing region together with the characteristics of the different teas. We were able to evaluate different ways of tasting one single product. Those attending came from all around Casa Fuentes, including staff from administrative roles, commercial, financial and production areas, with everyone valuing the opportunity to participate.

Casa Fuentes has committed itself to giving Argentine tea its own identity based upon good quality and service. ■

Lauren Lamoureaux, Ross McDonald and Laurence Richards split us into groups for a more focused session. We learned about Finlays global tea manufacturing and supply chains, tea extracts production, products and applications and had a close insight of the US tea industry. Besides speeding up learning in all things tea related, this was a great opportunity to meet up with colleagues and share valuable time and experiences. ■



Ian Bryson
Managing Director

Business update

As we head towards the end of 2017 Finlay Beverages still aims to deliver a positive EBIT for the first time in nearly eight years! The challenging work undertaken towards the end of 2016 and in to 2017 is paying dividends.

We now have a strong core business across both tea and coffee which means the outlook for 2018 sees the Company in the best financial shape for many years. The challenge is how to make it even better.

The bulk of our production continues to be for our grocery customers but this sector is still gripped by a price war between the traditional core grocers and the fast-growing discounters.

Mainstream black tea has shown a small amount of growth in the past year mainly driven by inflationary cost pressures after the drought in Kenya. Private label has also seen some growth as several retailers have shifted their focus away from key major brands to their own brands. A number of major mainstream black tea brands such as PG Tips and Typhoo have lost shelf space to the growing Speciality and Fruit & Herbal sectors. Although these sectors continue to grow it is from a smaller base but interestingly there has been a moderate decline in green tea sales.

A key focus for the business continues to be the faster growing and more profitable foodservice sector which we expect to drive our profitability in 2018 and beyond. Within this sector coffee is estimated to be worth £8.1billion and tea around £350million. For comparison, total roast and ground coffee in grocery is worth only £329million.

Whilst our progress in this sector has been extremely disappointing this year, we have just agreed a contract to supply Sainsbury's Cafés with their coffee for three years which is worth an estimated £1.4 million per annum. We know that there are profitable opportunities for good black tea in foodservice as currently the consumer is generally disappointed with the quality and delivery they receive out with the home. Operators who embrace loose-leaf and the quality message will reap the benefits.

To aid the delivery of our more profitable coffee business we are currently investigating the acquisition of additional roasting capacity in 2018. The proposed new equipment will be more versatile than our current roaster and will be able to deliver a much wider range of taste profiles.

As highlighted in the last edition we had begun to run some trials for Nitro Cold Brew coffee. These have been very successful and the customer feedback around taste and quality has been extremely positive. Currently we are using coffee extract from Damin which seems to be perfect for the Nitro coffee but we have also tried extract from Aspen which looks good for a standard cold brew offering. Along with our machine partners we intend to formally take Nitro Cold Brew to market before the end of 2017 and I will keep you updated with our progress in future editions.

I am also pleased to advise that in September we passed our annual British Retail Consortium audit and achieved a score in line with the previous year of A*. On the same day, we also passed our Smeta Ethical Audit so well done to the teams for guiding us through this very busy period. ■



Appointments



Bethany Jones
National Account Executive

Bethany Jones recently joined the Commercial Team as a National Account Executive having completed a degree in Business Studies at Leeds University. Keen to immerse herself in the world of tea and coffee, her hobbies include dressage and she has recently taken up golf. ■

Tea supplied to hurricane victims

After the terrible devastation caused by the Caribbean hurricanes, Irma and Maria, Finlay Beverages were asked by the UK Government to supply emergency rations of tea to the homeless, troops and aid workers on the affected islands. ■

United Nations tea

Finlay Beverages have recently been awarded a contract to supply the United Nations with their tea requirements. The five year contract which started in June is worldwide with the tea being distributed through the UN's chosen UK consolidated distribution partner. ■

Employee conference



On Friday 7 July the Company held its first employee conference since 2009 at Oulton Hall, Leeds.

The theme for the day was "one team" so with this in mind the conference opened with the Hakka, the traditional pre-match challenge performed by the New Zealand All Blacks rugby team - everyone at Beverages can now do the Hakka and are ready to take on all comers!

There then followed business updates by Ian Bryson, Darren Edwards, Liz Watts, Nicola Jones, Rachel Jones and Sheaian Lee.

After lunch everyone split into teams to participate in team building events including human table football, toxic transfer and levitation, all of which involved working as a team to achieve success. What a competitive bunch we have!!

After dinner, the teams took part in variations of a number of popular television game shows including Game for a Laugh, the Generation Game, where they had to decorate a cake, Catchphrase and the Chase.

A really fabulous day was had by all. ■

Sainsbury's Café win



Early in September the Company received confirmation that it had been successful with a tender for the supply of coffee to Sainsbury's cafés. As we have been working to secure this business for over a year, it is a significant win, meaning that we now supply to all Sainsbury's hot beverages ranges. As part of a three year trading agreement, we will be supplying more than 200 tonnes of coffee annually across five new stock lines. This means that Sainsbury's Cafés will now be supplying coffee to consumers which they are then able to buy in store.

Sainsbury's currently have 325 café sites in the UK with an extensive drinks menu and are looking to expand. The new café buying team are working on plans to increase the number of cafés, introduce coffee bars, and extend the number of coffee vending machines across the estate, so that all stores will eventually have a coffee offering. We are also providing category insight to show which emerging trends within the market should be developed for future menus, including recommendations for summer options and new variants. ■



Hunter Crawford
Managing Director

Business update

This year the tea community in Sri Lanka celebrated the 150th anniversary of the commencement of tea planting on the island.

Whilst it is fair to say that nearly all involved agree that tea has made an enormous contribution to the country in the past, it is also apparent that there is not much consensus about the path that the Ceylon Tea industry should take in the future. It is important that such a consensus is achieved if the tea industry in Sri Lanka is not to be left behind while other tea growing centres elsewhere in the world grow their share of the global market. Finlays in Sri Lanka will play its part in building this consensus.

Meanwhile, global pressures have also been building for integrated supply chains and therefore global account management. In response, Finlays Colombo and its sister plantation companies are working more closely with each other as well as other parts of the Finlays group to address customer needs. Simultaneously, global pressures are also forcing us to address cost and productivity metrics so that we can become more competitive as a supplier. This is not easy but is essential for the long term health of our business.

The recent difficulties we have faced in forging a new wage and productivity agreement with the workforce in our tea packing operations are one part of this struggle to build a more sustainable business model.

Although earnings from our tea business have been negatively affected in the short term by industrial action, we have made good progress in building better customer service capabilities for the future. Most significantly, we have been awarded the buying, grading and tasting contract for Unilever in Sri Lanka. Our cold storage business is also addressing the needs of the future with an expansion of the Welisera facility and plans for a second cold store. Meanwhile our environmental services, insurance brokerage, and courier joint venture businesses continue to seek opportunities in the expanding local economy.

In addition to keeping a close eye on our daily contact with customers we continue to invest in processes - most notably in improved Health & Safety practices. We have also been upgrading our Risk Management and Crisis Management plans. All of these initiatives take time and money but are vital in order for a business to thrive in the long term.

While working hard we have also had the chance to relax and enjoy more leisurely activities. One such event was the annual 'Kids' Art Competition' we held in September for employees and their families in Welisera and Haldummulla, photos of which are shown below. Very best wishes for 2018! ■



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- 1 Children of the 6-7 year age group taking part in the Art Competition in Welisera.
- 2 Children of the 8-11 year age group engrossed in the Art Competition in Haldummulla.

Farewell to Kumar Jayasuriya



Gihan Jayasinghe, Hunter Crawford, Naresh Ratwatte, Kumar Jayasuriya, Guy Chambers, Coralie Pietersz and Joey Caspersz (left to right)

Kumar Jayasuriya retired as Non-Executive Chairman of Finlays Colombo on 18 May. In a simple ceremony Guy Chambers Group Managing Director presented Kumar with a token of appreciation to mark his 36 years' service with the Company.

Kumar continues as Senior Adviser to Hunter Crawford, the new Chairman of Finlays Colombo. ■

Fire fighting training



The fire fighting training in progress.

Annual firefighting training was recently undertaken by all Finlay Cold Storage staff to ensure that they know how to react in case of a work place fire.

The training was conducted by the Officer in Charge of the Colombo Fire Service Department's Training School. ■

Competitions



Winner of the Group Forklift Operators Competition (2017/18)

S Bandara of the Tea Bagging Division, Vauxhall Street.



Winner of the Group Advanced Defensive Drivers Competition (2017/18)

D Navaraj of Finlay Teas, Haldummulla. ■

Annual blood donation campaign



The blood donation campaign in progress.

On 4 May a total of 86 pints of blood were collected during Finlay Colombo's 12th annual blood donation campaign. Employees from all divisions donated blood at the Beverage Packing site in Welisara. Every year this worthy event is organised to coincide with the Vesak full moon poya day. ■

Cross Collaboration Audit Workshop



Mike Keating, conducting the Cross Collaboration Audit Workshop

Mike Keating, Group Head of Health and Safety recently conducted a Cross Collaboration Audit Workshop with the aim of introducing audit toolkits and developing manager capability.

The workshops were interactive and gave those attending an opportunity to use cross collaboration visits to develop their frontline managers, learn about different businesses and build stronger bonds with the various teams within these business. ■



Site First Aiders receiving their First Aid Certificates from Mike Keating

Finlay Cold Storage – annual day outing



All set for the 'lime & spoon' race at the annual day outing of Finlay Cold Storage.

Finlay Cold Storage's annual outing was held on 3 September at the Hotel Citrus, Waskaduwa. It was a fun event which included team building activities organised by the hotel staff. ■

Field visit by Women in Logistics and Transport



Members of the Women in Logistics and Transport (WILAT) forum of the Chartered Institute of Logistics and Transport (CILT) with Saveen Gunaratne and Nimantha Hewagama of Finlay Cold Storage (on right).

Members of the WILAT forum of CILT, visited Welisara on 26 July. The visit was made at the request of the CILT secretariat to raise

awareness of our business and to showcase our state-of-the-art facility amongst the members of the forum. ■



Steve Scott
General Manager

Business update

The outlook for Finlay Flowers this year has been, quite literally, ‘gloomy’. Whilst rainfall records have been more or less on par with last year, light levels have been an astonishing 18.3% down, severely impacting our production and any hope of hitting our budget.

We are not alone in our peril. I went to a horticultural fair in Naivasha recently and the cool dry weather was the talk of the town. Everyone is suffering and whilst it is nice to be in the same boat as others, it does little to cheer us up when we see our financial results at the end of every month. What a strange year it is turning out to be. Hurricane after hurricane in the Caribbean and the lowest levels of solar radiation we have experienced in Kericho since we started recording this in 2009.

It is difficult to be cheery about anything, although I would say the support from our customers recently has been excellent. We are proud that we take innovation in our business very seriously and this year we have come out with no less than five new commercial rose varieties, all of which have shown great promise in the market.

We are also getting prepared for a further exciting expansion of our Lemotit Farm in Londiani. Next year we intend to put in a new dam on site which will hold 150,000 cubic metres of water and we will add another nine hectares of roses to the farm, expanding it to 46 hectares by the end of 2018.

In Kericho, unfortunately I have to report that we are still in court with the Kenya Plantation and Agricultural Workers Union over unsustainable wage increments. In engaging with the work force and talking things through on an almost weekly basis, there have been times this year when we have been very close to an out of court settlement but alas, negotiations recently fell apart and we are now resigned to seeing the court process through. With the recent election chaos that has gripped Kenya it is unlikely that we will have a ruling until the middle of 2018. Four years and counting!

‘Strength in adversity’ is what I keep telling our team. Having had to deal with the sale of Finlays Horticulture in 2015, Brexit in 2016, the gloomiest weather ever experienced in 2017 and, throughout, an uncrackable court case with the workers’ union, we can only assume that things will get better. Let’s hope that I am right!



Tea 2030 – Argentina



Marina Tirinato
and Marcelo Scotto

In previous editions we have reported on the Tea 2030 initiative and the related sustainable landscape studies carried out in Kenya. Marina Tirinato and Marcelo Scotto now outline the first steps of a Tea2030 initiative being undertaken in Argentina.

In May of this year stakeholders in Misiones, Argentina met to identify and discuss the risks and opportunities facing key sectors in the region. The workshop was organised by Tea2030 (a global tea collaborative initiative overseen by Forum for the Future), S&D Coffee and Tea, Casa Fuentes and Finlays.

Argentina is a key source of tea for the North American tea industry supplying approximately 50% of their requirements. Over 90% of the tea grown in Misiones is for the international market and is well suited to the US where most of the tea consumed is in the form of iced tea. However there is very little understanding of the medium and long-term sustainability risks associated with sourcing tea from the region. Argentina has 4,470 tea producers with 37,945 hectares under cultivation, 93% of which is in Misiones where, unlike other tea growing regions, production is highly mechanised.

The aim of the workshop was to increase the understanding of the potential risks to the region and how these might be mitigated, to look at any collaboration opportunities and to find ways to accelerate and scale up positive change within Misiones. Attendees included representatives from tea producers, Government, NGOs, agroforestry and legal and compliance organisations.

Argentina has 4,470 tea producers with 37,945 hectares under cultivation

An analysis was undertaken to assess the level of risk posed by a number of possible social, economic and environmental challenges. This covered labour issues, climate change, biodiversity loss, deforestation, poaching, inflationary pressures and changing demographics. The impacts of these are already being felt by producers, buyers and other stakeholders.

Misiones, as one of the world’s most biodiverse regions, is blessed with unique, species rich, Atlantic forest ecosystems. This presents the tea industry with the opportunity of working together with other land users to mitigate these risks to maintaining a sustainable landscape in the region.

During the workshop participants assessed, mapped, and prioritised, in addition to key risks, ideas for collective industry action. These included increasing the development of small producer skills, establishing green corridors, sustaining biodiversity and effective waste disposal. By the end a vision had been created - to see the Misiones region as a global pioneer by adopting regenerative agricultural technology and efficient production to improve the wealth, health and vitality of its entire ecosystem.

Conscious that this is a long-term project, the need to work collaboratively to ensure that improvements are sustained and momentum is maintained, was recognised. We have started by setting up a multidisciplinary group to further discuss the issues before prioritising for action those which give rise to the most concern.

To summarise, the main aims of the project are:

- To support the development of a thriving tea sector in Argentina by improving the livelihoods of those involved whilst sustainably managing the producing landscapes and encouraging a restorative and holistic landscape-level approach to tea production.
- To be a catalyst for the collective action by local groups in the region.

The long-term objectives are:

- To reduce medium and long-term sustainability risks, and build resilience in Argentinian tea production;
- To ensure the long-term security of supply to businesses sourcing tea from Argentina ■



Sathesh Bremakumar

Tea market update

In the first of what is intended to be a regular feature, Sathesh Bremakumar, Trainee Tea Sourcing and Supply Manager, Finlay Extracts and Ingredients UK looks at the recent performance of the World's principal tea producers

Sri Lanka - "As at the end of August, the average auction price for all elevations was Rs 633.01 - 25% higher than the same period in 2016."



China
For EU standard teas, prices have been largely in line with last year or trending lower - the average export price to Germany was US\$3.40/kg for the first 7 months of 2017, compared to US\$3.95 in 2016. August saw extreme hot weather across the eastern and central growing belt, which caused damage to bushes and for many producers, loss of at least one plucking round. The worst affected areas experienced a 20% loss of overall crop. However, overall production remained relatively unchanged due to additional supply from new planting between 2008 and 2015 coming into maturity. Morocco, China's largest export market, has now introduced controls on pesticide residues and rules on foreign materials in tea. This could have a large impact on next year's exports, particularly if any neighbouring countries follow their lead - Africa accounts for around half of China's tea exports.

India
Despite political disruption leading to a complete shutdown in Darjeeling between June and October restricting any movement of tea out of the region, as well as floods in Assam, indications are that India is set to post another year of record production. Provisional data posted by the Indian Tea Board for the period from January to August showed a 4% increase in the country's output over 2016 to 767mkg. North Indian output rose by 3% to 610mkg, with average prices down 3% to Rs 140.30/kg. After a serious drought in 2016, South Indian output increased by 11% to 156mkg, with average prices down 2.5% to Rs 100.39/kg. Tea exports have increased 4.6% to 143mkg in the same period.



Kenya and East Africa
A drought in early 2017 followed by prolonged cold weather has curtailed cropping by approximately 10% this year and caused volumes at Mombasa to decline by almost 20mkg by mid-October. The overall auction average price was 33usc/kg up from the start of the year (261usc/kg in January and 294usc/kg in October), with the recent trend of sharp increases attributed to panic buying due to political uncertainty ahead of the second Kenyan election.

Sri Lanka
Production has improved after a very difficult 2016, though demand remains high. Between January and August, volumes were recorded at almost 8mkg above the corresponding 2016 figure, an increase of 4%. Tea prices are expected to remain high in the last quarter of 2017, with good demand witnessed at auctions. As at the end of August, the average auction price for all elevations was Rs 633.01 - 25% higher than the same period in 2016.

Vietnam
According to the Ministry of Industry and Trade, Vietnam exported 103mkg of tea worth US\$164m in the first nine months of 2017. Vietnam's tea exports are forecast to increase in both volume and value in the remaining months of 2017 due to growing demand. Despite these opportunities, Vietnamese producers are facing a number of challenges related to production costs, processing technology, quality standards, and marketing. In the global context, the political standoff with China has eased slightly so there has been improved trade this year. However, pesticide issues remain meaning only small quantities were shipped into the EU.

Indonesia
Sustained availability of similar types of tea from Africa have kept prices suppressed and steady - generally prices have been flat (average 165usc /kg) since the start of the year. Absorption rate has been relatively good and stable, with over 86% of teas being taken on a weekly basis. There was a slight decrease in CTC production compared to the previous year, but an increase in Orthodox tea has offset this making the overall production similar to 2016.

Argentina
Cost of production continues to rise - the price of outgrower green leaf for the coming season which is fixed by the Argentine government has been increased by 38%. Although there has been greater demand for sustainable supply forcing producers to certify more areas of tea, this has not translated into higher prices. There has been an encouraging start to the season with good rain, however prices are likely remain at similar levels to last season.

Malawi
A poor rainy season and tightening of supply in Mombasa against demand has seen Malawi teas rise steadily in value, with auction prices at 219usc/kg in October (up 28% from the same period last year). Quality from certain producers has also helped to drive prices higher. The auction has remained significant for price benchmarking however offerings were lower as producers continue to favour direct sales. Year-to-date only 9.5mkg has been offered through the auction compared to 10.8mkg in same period last year. ■



Dan Weingart

Aspirations for Aspen

Aspen Beverage Group is the newest member of the global “One Finlays” family. Headquartered in San Antonio, Texas, Dan Weingart, Chief Development Officer explains how Aspen has grown from very humble beginnings to become a market leader in Cold Brew Coffee and Liquid Coffee Concentrates.

This has been achieved by the Company’s founder, Chad McNair following some simple ideas: treat people the way you would like to be treated, create high quality and innovative products, listen carefully to your customer, deliver superior service, and provide exceptional value.

The idea for starting a coffee extract company came in the mid ‘80s while McNair was working as a civil engineer and pursuing his MBA at The University of Houston. As a coffee enthusiast, McNair had become friends with the developers of the Toddy Coffee Maker, a Cold Brew coffee method that was used in coffee shops and homes around the country. He approached them about setting up an extraction operation in the back of their warehouse. They had always wondered if a bottled Cold Brew Coffee would sell and were eager to accommodate the request. So between designing highways during the day and attending classes in the evening, McNair started Kahve Coffee International and began extracting and hand bottling Cold Brew Coffee and selling the elixir to coffee shops and grocery stores around Texas, Louisiana, and Oklahoma.

But selling Cold Brew Coffee in the 1980s proved to be a challenge. The market just wasn’t ready. “If you could get people to try it, they loved it”, said McNair. “But the words ‘cold’ and ‘coffee’ just didn’t sound inviting to people at the time and getting people to try it was tough.” McNair decided to return to engineering with a Dutch firm, The Royal Begemann Group which had just established an office in Houston to build oil processing equipment. McNair had a variety of roles within the fast growing company but perhaps most importantly during this period, he had the good fortune and blessing to meet his future bride, Shelly, who was studying medicine on a US Airforce scholarship at the highly regarded Baylor College of Medicine. After graduation, the Airforce transferred the newly married McNairs to Lackland Air Force Base in San Antonio. McNair moved into sales with Begemann which allowed him to operate out of San Antonio

At the end of 1992, Begemann closed all of their operations in the United States. McNair saw that iced and frozen coffee was finally starting to take off and decided to return to his true passion: Cold Brew Coffee.

“The words ‘cold’ and ‘coffee’ just didn’t sound inviting to people at the time and getting people to try it was tough.”



Chad McNair



When McNair started Aspen Beverage Group in March of 1993, he did so with a strong set of values that has permeated the Company ever since. Notable amongst those was a promise to his then pregnant wife, Shelly, to protect the young family by never borrowing money for the business. So McNair invested \$1,000 of the family’s money (“About all we had at the time!”) to form the Company and for 24 years, Aspen has grown organically without any outside money or even a line of credit - just re-invested profits.



1 The Aspen team

In the years between founding the Company and the sale to Finlays on June 9, 2017, Aspen saw a lot of ups and downs. There were high times when McNair believed he would become a large strategic supplier to a global coffee company only to find out within days of executing the agreement that the company’s business model had changed. There were many long nights and weekends when McNair and Aspen’s current Vice-President of Manufacturing, Mark Nash, worked to meet promised deadlines. And there were times when, as many entrepreneurs experience, McNair was not certain how he was going to pay his growing staff. The Company learned the hard way, through real experience, that aggressive growth is not necessarily an easy thing to manage, especially when keeping a promise to never borrow money.

In recent years, all of the hard work began to pay off. Excitement mounted as the global coffee market finally “discovered” Cold Brew Coffee. Aspen’s reputation for innovation and high-quality products allowed them to take advantage of the positive momentum as customers began to call with urgent requests to get in on the trend. Years of cultivating relationships with global brand owners put the Company in an excellent position to take advantage of the accelerating growth.

“Aspen has grown organically without any outside money”

All of this market activity created a challenge and a strategic opportunity for Aspen. The challenge was to try to keep growing fast enough to satisfy the overwhelming demand. The opportunity was to use this demand as a way to find a strong partner that could make the needed investments. Seeing the demand quickly outpacing the supply, McNair opted to retain an investment banker to help them through the process and prepare the Company to “go to market”. But before Aspen could be presented to a selected group of possible strategic partners, Guy Chambers, Managing Director of Finlays, made an impromptu trip to San Antonio and presented a compelling offer for Aspen to join Finlays. The move made perfect sense. Finlays and Swire have multi generational experience within the beverage extract category and a broader interest in beverages at large. Perhaps more importantly, Finlays represented the type of organization that had the values Aspen was looking for in a long-term business partner.

Since Finlays’ acquisition of Aspen Beverage Group, the team has been busy creating a plan for substantial expansion to meet the rapidly growing global demand. This has given Aspen a green light to enter into strategic discussions with big players that have been looking for a partner that can handle the large volumes they require. Today, Aspen is working with global coffee companies, brand owners, quick serve restaurants, big box retailers, grocers and a variety of distributors and ingredient customers. Some customers send in super sacks of their roasted whole bean coffee and after processing, take truckloads of bulk Cold Brew concentrates for bottling at their plants. Others rely on Aspen to source green coffee, roast, extract and package their finished product.

In addition to doing retail glass bottle packaging, Aspen also packs products in Bag in Box (BIB), kegs, and pouches. Product lines include Cold Brew Coffee, Liquid Coffee Concentrate/Coffee on Demand (LCC / COD), Iced Coffee and a little bit of legacy whole bean coffee which can be found in Texas Costco’s under the Aspen Select Whole Bean Coffee label. Costco is also a customer for a coffee concentrate that is used to make the “Latte Freeze” frozen coffee drink in their Food Courts throughout the United States. Costco is in the process of moving this offering from a hot brew extraction to a new cold brew extraction as they too respond to their customer’s demand for all things Cold Brew!

Chad McNair continues to serve as the CEO of Aspen. David Deal serves as COO, Neil Kellen as CFO and Dan Weingart as CDO (Development), all of whom have joined the team in the past year. Rounding out the Executive Committee is Mark Nash, VP of Manufacturing who has been with the company for over 20 years. Aspen Beverage Group employs just under 100 people in two facilities; San Antonio and Gonzales, Texas. ■



Introducing Project Maotai

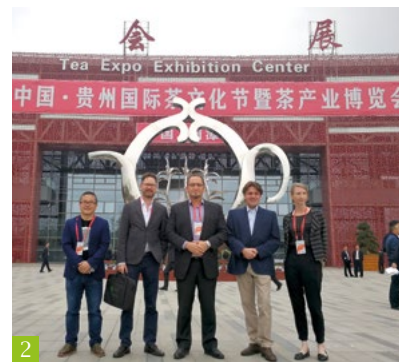


Patrick Watene

Patrick Watene, Managing Director, of the soon to be set up James Finlay (Guizhou) Tea Co. gives an insight into an exciting new venture being undertaken by the Group in China



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1 Guizhou tea competition in September
2 Chunhe Song, Mark Lawson, Patrick Watene, Neil Willsher and Sally Henderson visit Guangzhou Tea Expo 2017
3 Guizhou tea competition in September

What is the aim of Project Maotai?

Project Maotai has been set up to develop a sustainable source of compliant, certified tea from China to meet the demands of Finlays international customers, as well as domestic demand from Damin in China. As a minimum it is expected that all tea for export will meet EU MRL (Minimum Residual Levels for Pesticides) and in the short to medium term will also achieve UTZ/Rainforest Alliance certification. In addition, Maotai aims to offer customers increased supply chain transparency and traceability from farm to market by overlaying a smart and innovative technology solution which will be easy and efficient for farmers and suppliers to use. Integrated between a mobile phone based agronomy application and the certification (UTZ/RA/organic) platform it is also designed to give Finlays confidence in the quality and safety of the end product. This will be achieved by the Company having visibility of growing practices and traceability after manufacture, processing and marketing. We expect this to be a compelling value proposition for farmers and suppliers as well as customers and consumers.

Maotai aims to offer customers increased supply chain transparency

China is a required origin, not just because it is the world's largest tea producer but also due to the superiority and predominance of China's green tea production, with specific types hard to produce elsewhere. The key challenge for Maotai is building confidence in the product - from bush to cup by developing robust systems and processes across a complex supply chain. Over time Maotai aims to supply upwards of 20,000 tonnes per annum of certifiable and compliant made tea to domestic and international customers.

The team in China are currently developing options for the supply of clean tea; engaging with local companies for model tea farms and primary processing factories; negotiating with local government on Finlays investment including the site for a Finlays secondary processing operation, Guest and Visitor Centre; and, of course putting in place the key structures for a new company - James Finlay (Guizhou) Tea Co. Limited or "JFG".



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Why Guizhou Province and why Sinan County?

For all the tea in China why did Finlays decide to establish operations in Guizhou Province and Sinan County? In short, following visits by Finlays over a number of years, it was determined that Guizhou had the largest potential pool of clean tea in China. Guizhou Province also boasts the greatest area of land under tea in China with around 464,000 hectares (2016 figures). Whilst Sinan, in particular is a relative new comer to large scale tea growing with many of the bigger operations being less than ten years old, the region has a significant history in tea production. Key was the relative immaturity of the industry and the potential to shape and influence key outcomes, such as the production of clean tea by the reduction/elimination of the use of pesticides and herbicides; developing lower grade tea production through the middle and third quarters of the year to complement local producers early spring season premium tea production. As agriculture is a key industry in China and especially for Guizhou, the project team were very encouraged by the cooperation of the local government from county to provincial level.

Project Maotai aims to work with local producers and suppliers to aggregate Primary/Stage I processed tea from around the province into a secondary processing facility to be built at Sinan, the hub of the tea growing areas in Guizhou. From here tea will be further processed and blended for market.

As it sits on the Wujiang River, the Sinan county and Guizhou provincial governments have recently announced plans to establish Sinan as an export hub for Guizhou province. This will enable transshipment to Chongqing and from there overland routes can be accessed to Europe, and, via the Yangtze River Delta to sea ports on the eastern China seaboard. This key government initiative will support the future development of Project Maotai. Finlays and local government have also agreed to partner on another government initiative, a Poverty Alleviation programme. The objectives of Project Maotai are closely aligned with key government agriculture policies and are designed to build long term partnerships with local farmers and suppliers thereby improving their tea growing practises and providing access for qualified products to international markets.

Whilst most of the current effort is being focused on Guizhou province, from Q2 2018 Finlays will consolidate all sourcing and supply in China. All teas will pass through a fully traceable system linked to a Finlays controlled processing facility to ensure product meets a consistently high quality and safety standard.

A key 2017 objective for Maotai is to prove the economic model and its benefits to local tea companies and suppliers. This is being achieved by working closely with a small number of leading local suppliers to ensure our approach can be adopted and demonstrated to local communities.

These enterprises will form the nucleus of Finlays supply model but as we grow the business over time, these primary processing hubs will be augmented from different counties.

Many of the companies we are dealing with are not familiar with the type of processing required for export. The systems and processes needed to bring all of this together from scratch is a challenge which is being met by building a local team for this purpose.

The team and next steps

I lead a growing Project Maotai team with support provided from James Finlay Xiamen and Finlays London. Other than a ten year stint as an officer in the New Zealand Army, I have been involved in agriculture, my entire life having spent more than 20 years in executive and board roles in large scale agribusinesses in New Zealand and internationally, including, most recently, 12 years in China.

Utilising Finlays global expertise to optimise farming practises

The team, which was bolstered in October with the arrival of further QA staff and a Project Manager, works closely with a steering committee comprising Finlays executives with senior global tea expertise. Maotai will also be supported by tea agronomy experts from within the global Finlays team. They will focus on developing systems and training inside Maotai based around Good Agricultural Practice. Utilising Finlays global expertise to optimise farming practises will be an important aspect of our ongoing partnership with local farmers and suppliers.

With the construction phase beginning in Q4 2017, the pace of Project Maotai will increase significantly. As the world's largest producer of tea, it is natural that Finlays should take a larger and more influential position in the sourcing and supply of tea from China. It is indeed an exciting time for Maotai and One Finlays! ■



Tea USA

Michael Thiongo joined Extracts & Ingredients USA in February 2015 as Leaf Tea Operations Manager. Here he provides a brief insight into the US tea sourcing division and its achievements in the last few years.

My current role includes amongst other duties trading, tea tasting, managing department logistics and inventory. I began my journey in the tea industry in Kenya in 1992 and I am still passionate about the product and the trade in general.

The US tea sourcing department is part of the Group's larger US tea and coffee operations and supports mainly tea leaf imports into the USA and Canada. We strive to provide a timely and complete service to our customers whilst developing creative solutions to meet the changing needs of the industry.

Our principal role is to source raw material for our customers from every corner of the world by working closely with our own tea estates and origin trading offices. We also work with other suppliers where Finlays does not have representation however the bulk of our business is with Finlays Casa Fuentes Estates in Argentina. Our market is predominately iced tea driven with close to 70% of our sales supporting this sector. Vietnam teas too, play a significant role in the iced tea market with the result that sales volumes from this region are increasing; we hope to do even better next season.

Notwithstanding there has recently been evidence of improved demand for quality and specialty teas which gives us an opportunity to support our own estates/trading offices in Kenya, Sri Lanka, Malawi and China.



This results in better returns for the Group as a whole. With volumes from these regions increasing in the last three years and we are confident of don't more business in the coming years.

The department also represents the Finlay group at the annual North American Tea Conference Gold Medal Award Competition. Every year we ask our estates in Kenya and Sri Lanka to send high quality tea samples for the competition. This year James Finlay (Kenya) won two awards for MILIMA Purple OP and MILIMA Black Tippy OP. At last year's conference our Sri Lanka estates were the runners-up with a Black BOP1 from Adawatte estate.

The team's manager is Laurie Richards with Ross McDonald supporting new projects and market development. Gianna Zurita (the team's greenhorn and a great addition!) has been with us for about 18 months and is on an integrated

training plan that includes structured development though the tea sommelier program to improve her product knowledge along with origin visits to our various tea operations from Argentina to Kenya.

Apart from our usual business activities, the department is also involved in community outreach and, like the rest of the USA Finlays fraternity, gives back to the community in a range of different ways. We also regularly support our customers' community initiatives. In recent years we have worked with the Bigelow family to support the Bigelow Tea Community Challenge drive. This year I had the honour of attending their appreciation ceremony and had the opportunity to meet with family members and the wider tea community.

I am confident that the department will continue to have a positive impact by helping to build a more sustainable future within the Group. ■

1 Gianna Zurita and Michael Thiongo



40 years on

Derek Horton, Senior Tea Buyer and Blender at Finlay Beverages, looks back over a career in tea which began with a temporary job over 40 years ago.

They say time flies. It was the summer of 1977 when I walked into the local job centre in Croydon, south east London, looking for a temporary job for six months until I joined the police force.

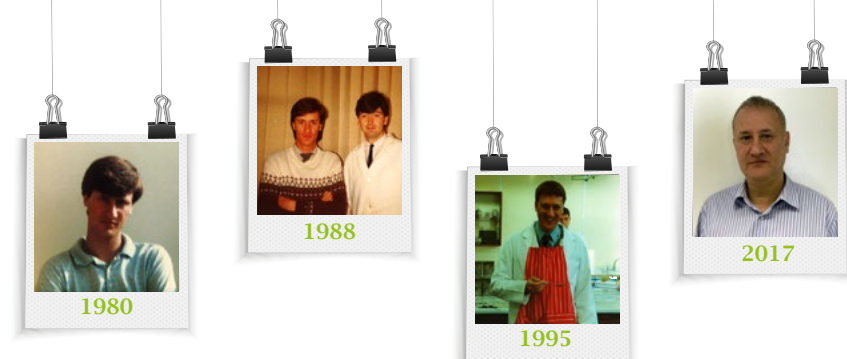
There was an opening for a Tea Saleroom assistant at George Payne & Company, then better known for Payne's Poppets and Just Brazils. Not knowing what this job entailed, I decided to apply as it was local, and it was only for a few months. The interview went well, and I was accepted for the position.

The main part of the job was assisting Julie, to help prepare the tasting batches for the tea tasters. I had two bosses, Bryan White and John Sturgeon, who both looked really old, at least in their early forties!!

Being young, full of energy and a keen footballer the Company offered plenty of sporting opportunities. In particular I remember playing table tennis for George Payne with Ernie Morgan, Peter Bradbury, Doreen Fenn and Bert Baker.

The job proved really interesting, as most people do not know how much effort goes into providing the simple cuppa. I enjoyed the job, my bosses liked me and asked if I would like to make a career out of tea tasting, buying and blending. I said yes!

We shared the tasting room with James Finlay & Co (Overseas), the trading arm of the business. George Payne were the packing side of the operation mainly servicing Sainsbury's.



I stopped liquoring and was taught the "black art" of tasting

After a few short months I stopped liquoring and was taught the "black art" of tasting. In the years since then I have been lucky enough to visit some wonderful countries including Kenya, Malawi, Mozambique, Sri Lanka, India, Indonesia, South Africa and China, meeting a variety of interesting people along the way, and thoroughly enjoying such a different and unique profession.

One of my bosses, John Sturgeon, retired in 1992, and very sadly, my other, Bryan White passed away the same year. This is when I was put in charge of the department.

In 1996 the business relocated to Yorkshire and, following the sale of the confectionary business, shortly afterwards became Finlay Beverages. Moving myself and my girlfriend from the hustle and bustle of the South to the more tranquil North, it took time to adjust to the slower pace of life. In 1998 I got married and although I still travel south quite often to see family & friends, I now call Yorkshire my home.

Reflecting on the 40 years I have been with Finlays, I have seen many changes within the trade. The business has had highs and some lows but we have a great team both here and within the Group. We have been through some challenging times recently, but hopefully it looks as though we are through the worst of it.

I still remember fondly some of the people with whom I have had the pleasure to work, David Payne, Alan Stokes, Bill Stone, Joan Cordell, Shirley Gregory, Louise Ready, Michael Mullins, Mavis Spratley, Barbara Hogg, Geraldine Knox, Neil Ferdinando, Matthew Smith, Paul Halliday, Michael Mellins, Richard Darlington & Mark Peters. I am sorry if have missed a few people as I could have filled this page with many more names.

For a job I had taken on for six months, 40 years later, yep, time does fly.

The younger people today probably look at me thinking what I thought all those years ago - doesn't he look old! ■



Paul Bacon

IT – embracing change

Paul Bacon, Group IT Manager looks at the rapidly changing world of IT and the work being done to ensure that the Group remains at the forefront of current developments

“IT staff have had to adapt and move from centralised roles to supporting local networks.”



1

Over the years I have seen rapid change within the computer world. In my youth I recall a school trip to a local manufacturer to see the latest “state of the art” computer systems which were large centrally located machines using punched cards and paper tape. I was told about the benefits of centralised computer systems with the main issue being poor bandwidth meaning that those using these services had to be located close by.

1 The Group IT team Chris Walker Paul Bacon Chris Robertson Paul Dilks and Stephen Firth

This opened the door for personal computers (PCs) which delivered power and services at an affordable rate. By the time I left university nearly all business departments were using PCs within a local network.

IT staff have had to adapt and move from centralised roles to supporting local networks. The introduction of the internet, and later mobile devices, has had a significant impact on both the business environment and consumer world which now have cheap, fast access to computer power and internet services.

This improvement in network speeds and the arrival of the “Cloud” removed the earlier problems faced by mainframes and central services. The “Cloud” is a current buzz word but basically it is a centralised service, where you rent space and power from a central provider. Instead of making a large one-off payment for applications or hardware, you merely rent the equivalent space from the Cloud provider. This provides flexibility and allows companies to save on infrastructure costs.

Storing data and using global applications from the Cloud brings its own unique problems including security and data protection. It is therefore important that our IT strategy continually adapts by ensuring that “best practices” are communicated to our users and are incorporated within our Policy and Procedures.

I am a great believer that the IT department not only provides a service to the business but is also a facilitator, helping to improve processes and communications by adapting to change. Companies that continually adopt new technology usually have a competitive edge, so it is important that we embrace change and make it work for us. Finlays and Swires have both taken this on board and in recent years have introduced a number of centralised applications, Credit 360 (sustainability), TeamMate (audits) SharePoint and recently Microsoft Office 365. With the current global rollout of the Sage X3 ERP system, cloud services will play an ever-increasing role within our core processes as explained below.

As IT support adjusts to the move from mainframe to a desktop PC environment, it also needs to change and adapt to the Cloud environment. We have recently reviewed the Group’s IT structures with the result that in the UK, IT Support based with Finlay Beverages in South Elmsall has become a Group IT Support function, reporting directly to the Group Finance Director, Julian Rutherford. Group IT will now provide first level support (desktop problems) to all the UK locations and smaller sites worldwide. In addition second and third level support will be available to the local IT departments of Finlays larger sites. These are all critical roles in the support and implementation of global applications within the Cloud environment.

Helping to improve process and communications by adapting to change

As part of the restructure Paul Dilks has moved from general to specialised application support, helping to develop and meet the growing demand for SharePoint and the replication of data for back up purposes. Chris Walker has taken up the position of Group Enterprise Resource Planning (ERP) Implementation Manager which is a new role with responsibility for the roll out of a Global ERP system and a Global Business Intelligence solution. As such he will focus on implementing a single solution across all Finlay businesses, standardising master data and business process.

In Kenya, Shibry Mansoor has been appointed Africa ICT Manager. Shibry was Head of IT in Colombo, Sri Lanka and has taken on the task of adapting and improving IT services in Kenya. This will involve supporting the large ERP implementation project and ensuring the network infrastructure can meet the demands of Cloud and global applications. Nuwan Perera has replaced Shibry as Head of IT in Colombo.

Project Shamiri (ERP System)

Approval has just been given for the replacement of Harvest IT, the current IT system used by James Finlay (Kenya) (JFK) with a new product from Sage called ‘X3’. This project dubbed ‘Project Shamiri’, officially started on 4 September and it is estimated to take just over two years to fully implement across Tea Extracts, Tea Estates, Central Services and parts of the Flowers business.

Sage X3 was selected after an extensive tender process in Kenya which reviewed a variety of different solutions including Microsoft AX, SAP, IFS, Epicor and Oracle. “Shamiri” was chosen as the name for the project as it is a Kiswahili word meaning “flourish”, which represents the expected benefits and potential to champion JFK’s sustainable development objectives.

The Project’s slogan is “committed to operational x3cellence” which reflects the level of drive and enthusiasm within the team to successfully implement the project.

Sage X3 brings many opportunities and benefits including leveraging best practice solutions across many of the processes within JFK’s businesses. The system is flexible and easy to use which will make for better and faster business insight and collaboration.

As the changes envisaged are wide ranging, the project will be split into three phases. Phase 1 will involve the implementation of a company-wide Finance & Procurement module together with functionality for all aspects of the Tea Extracts business; Phase 2 will see the Tea business (the estates, factories & commercial functions) plus Engineering using the system; Phase 3 will bring on board HR, medical, the sawmill, forestry and flower businesses.

The project is driven by a dedicated ERP implementation team made up of fully seconded staff from JFK, newly hired staff and Sage consultants, and is further supported by an ‘extended JFK team’ that includes subject matter experts and designated process owners to validate and sign off on the system design and final solution. The JFK Finance Director, Catherine Kivai, is the local project sponsor, providing the necessary leadership and direction to the project and the implementation team.

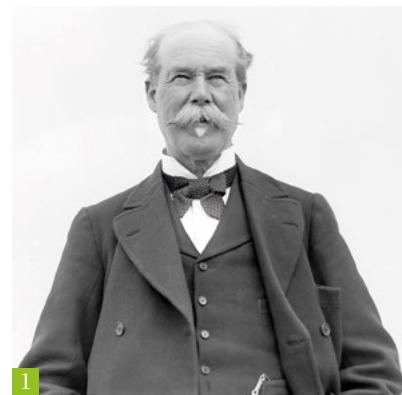
Once the system has been proven within JFK, Finlays will look to a global roll out of Sage X3, the timing and scheduling of which has still to be agreed, so watch this space. IT never stands still! ■



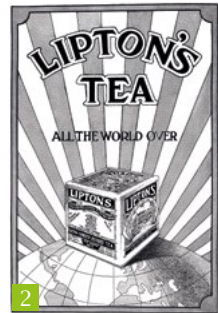
Ross McDonald

Putting the tea in team

Ross McDonald, Key Account Development Manager, looks at how tea has come to play a role in sports sponsorship



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- 1 Sir Thomas Lipton
- 2 Lipton's Tea advert
- 3 The Americas Cup
- 4 Angelo Mathews celebrates taking another wicket
- 5 Alistair Cook and Michael Vaughn with some young Yorkshire Tea drinkers.

It is almost one hundred years since Thomas J. Lipton made his final attempt to win the America's Cup. His unsuccessful efforts over five events eventually saw him awarded his own trophy as 'the best of all losers'. Whilst Lipton may have failed to win this prestigious sailing race, his spirit of adventure and courage captured the imagination of America who took both him and his tea to their hearts. The potential for promoting tea through sport had been established.

Lipton had previously positioned his teas as the healthy tea. In an age when tea was unregulated, counterfeiting was rife. It was not uncommon in the nineteenth century to buy tea that was more sawdust than tea. The pricey product could be cut with everything from plant matter to door mat fibres. In addition consumers would often be sold false weights of tea by unscrupulous dealers and salesmen. Lipton saw his opportunity to provide a safe and healthy product in defined packets. This direct link between tea and health had begun whilst his promotion of the two through his sporting prowess (or lack thereof) was not far away.

The potential for promoting tea through sport had been established

Fast forward to the age of the internet and cable sports packages and it is the Sri Lankan Tea Board who more recently saw an opportunity to build on Lipton's earlier example by associating their brand with the game of cricket. As a result, in 2015 the tea industry took out lucrative endorsements on the shirts of Sri Lanka's cricket team. Knowing that the team would be visiting thirsty tea markets as diverse as Pakistan, India, Australia and the UK, the opportunity for widespread promotion into such regions was not one to be missed. Millions of cricket fans around the world would be consuming images of the sport's finest players wearing tea, breaking for tea, whilst drinking their own tea.

Combining the promotion of tea and cricket for the mutual benefit of both is not something unique to Asia. Taylors of Harrogate, the owners of the British based Yorkshire Tea brand, have seen the value in positioning their product alongside the sport. In 2013 Yorkshire Tea became the 'Official Brew of England Cricket'. In contrast to Dilmah/Sri Lanka's efforts to encourage overseas drinkers, Yorkshire Tea's association with England cricket is restricted to the home fixtures.



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The partnership also involves working with youngsters across Yorkshire and Humberside with a campaign which links tea and exercise through playing cricket. Aimed at young people who are increasingly being deprived of the opportunity to be involved in sports at a time when child obesity is on the rise from a lack of exercise and poor diet, the campaign linking tea and sport is proving to be beneficial. Yorkshire and England captains', Michael Vaughan and Joe Root regularly feature - tea in hand - at schools and leisure centres to generate interest in both the sport and the beverage.

The power and reach of both tea and sports appears limitless

Across the Pennines, Rugby League giants St Helens positioned their team's brand around two pillars: their sport and their community. To this end, in 2012 they signed a deal with local Wirral based Typhoo, and for four seasons wore the name of this traditional tea brand on their jerseys. At the time the idea was to enhance community engagement and it proved to be a mutually rewarding partnership that buttressed the belief that sport, business and individuals could together weather the then economic storm.

It is in America though, where beverages at sports games are more commonly beers and sodas, that tea has snuck itself into less traditional settings. Bigelow, a family owned American tea business, has been sponsoring some of the largest and most successful individuals and franchises in the world since 2005. After learning that the then New York Yankees coach Joe Torre drank their green tea in an attempt to recover from a diagnosis of prostate cancer, Bigelow began a tea, sport and health marketing push that involved sporting heroes from New York Giants, Phil Simms to ice hockey superstar Wayne 'the Great One' Gretzky. Today the Bigelow logo can be seen behind home plates from San Francisco to Boston - a prime location for the duration of a four hour televised game.

Given that both tea and sport are consumed throughout the world in vast quantities, the association between the two in advertising seems inevitable. Whether that combination is for health benefits, community engagement, or even, as in the case of the Ceylon tea board and Sri Lankan cricket team, mutual self-promotion, the options are many and varied.

Direct health claims around tea remain hard to make in most markets but, regardless of this obstacle, the global consumer consensus is that 'tea is good for you'. Sport shares a similar 'health halo' and the two complement each other well. It is a given that cricket has a head start as the game itself is broken by a twenty-minute afternoon tea break, but other sports are increasingly seeing this opportunity to capitalize.

The power and reach of both tea and sports appears limitless. Healthy, hydrating, hot or cold, tea can be twisted and sold for the benefit of everyone from bobsledders to body boarders. 24/7 global coverage of sporting events is now the norm, and the reach of sports teams and individual athletes is larger than ever. As sugary drinks continue to be considered counterproductive to sporting prowess, we can expect to see tea find further footholds in stadiums and on uniforms. 80 years since Lipton's sailing exploits brought widespread recognition of his leaf products to America, his name and his tea can now be found being promoted by the Dallas Cowboys, Major League Baseball and even NASCAR. Regardless of all the millions pots, pitchers, urns and mugs that have since carried his brand, one wonders whether Lipton would have traded it all for the only cup that he was never able to call his own! ■



Alexander 'Greek' Thomson and the Finlay connection

The bi-centenary of the birth of the celebrated Scottish architect, Alexander 'Greek' Thomson provides an opportunity for Pat Thomson of the Balfour Heritage Group to explore the link between Kirkman Finlay, his first cotton mill in Balfour and the Thomson family.



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- 1 Ballindalloch Mill, Balfour
- 2 St Vincent Street Church, Glasgow
- 3 Thomson's birth place - cottage in the foreground

Alexander 'Greek' Thomson was born in Balfour, Stirlingshire, on 9 April 1817 the 17th child of John Thomson. John was a bookkeeper in the Ballindalloch Mill which was then owned by James Finlay & Co. He had previously been employed by the Carron Iron Works but when they introduced working on the Sabbath John, who was a deeply religious man, moved his family to Balfour. He was well thought of by the senior management and encouraged to go for promotion but this meant either working on a Sunday or moving his family to Glasgow neither of which he was prepared to do.

John Thomson was married twice and had eight children by his first wife Christian Glass. He valued education and ensured that his family had every opportunity to advance in the world. Two sons from this first family joined Finlays as clerks and had moved to Glasgow with their sisters by the time the second family were growing up. Nevertheless, the little cottage in Balfour must have been bursting at the seams with the eleven children and an uncle of the second Mrs. Thomson, also living with them.

The mill had been opened in 1790 by Robert Dunmore and employed 120 men, 90 women and 180 children between the ages of 6 and 16 years. It contained '10,752 mule spindles of which 1,248 were self-acting and all were driven by a water wheel 28feet in diameter.' The water was supplied from a reservoir covering an area of 30 acres. A new village of 105 houses was built to accommodate the workers with a school being provided for the children after they had finished their shift. The village also had gas lighting, possibly the first in Scotland to have this luxury.

Unfortunately Dunmore, became bankrupt soon after the mill was opened which led to Kirkman Finlay purchasing the business in 1798, the first of the three mills he went on to own.

The Company devised their own currency due to a nationwide shortage of coin. The money could only be spent in the mill shop or with other specified retailers in the village. It consisted of coins struck on a French half ecu and bearing the words 'Ballindalloch Cotton Mill'. Guinea and pound notes were also produced.



3 Balfour - The Printers' Row, from Endrickside.

Mechanisation hit the village hard with the automated mule doing the work of two men and the Spinning Jenny the work of two women. In 1820, Balfour was faced with a Radical uprising. The fortunes of the mill were beginning to decline and the weavers, who had been badly affected by industrialisation, were concerned about the erosion of their way of life. They were very interested in the politics of the day and regularly shared the cost of hiring a newspaper from one of the local land owners, which was then read to them and discussed at length. Some of those Balfour men who joined in the 'rebellion' were tried for treason in Stirling and one was actually convicted but escaped execution.

John Thomson junior, the eldest son of the first Thomson family, became a junior partner in the Company. During the Napoleonic Wars, Kirkman Finlay had realised the importance of 'off shore' operations as a way of maintaining his business when trade embargos were in place. In order to supply the north German market he sent John Thomson to Heligoland where he set up a base around 1807 under the name John Thomson & Co. John, however, succumbed to the ill health suffered by several of his brothers and in 1812 headed to Vienna looking for a cure.

Unfortunately, his condition deteriorated and he died there aged 30. He left £3,545 in his will, most of which was held for him by Company. This was a considerable sum at the time especially as he was such a young man.

Alexander became a successful architect whose output was prolific

James Thomson, the youngest son of the first family, was a clerk for the Company in Glasgow. Little is known of his role in the firm but on his death in Balfour in July 1829, he left £1,839, including £1,268 again held by the Company. He also had '7 bales of cambrai cotton' on account for sale in Mexico worth around £300. Margaret Thomson, the unmarried sister who was the chief beneficiary of James' will, died at the end of 1832. Her estate was also held by the Company and amounted to £1,349. As she never married and did not work, it can be assumed that this figure was her inheritance from both her brothers which had been reinvested in the Finlay business, Janet and Helen Thomson, Margaret's sisters, also benefited from funds held by the James Finlay & Co., They lived comfortably on the proceeds till their respective deaths in 1839 and 1879.

Of the children surviving from the second Thomson family Alexander became a successful architect whose output was prolific but whose vision far exceeded that of Glasgow Town Council! He earned his sobriquet of 'Greek' Thomson because of his originality in producing a distinctive modern architecture from the lessons and precedents provided by the Greeks, Egyptians and other ancient civilisations. Alexander made extensive use of new materials such as cast-iron and plate-glass and is credited with being one of the first architects to consider the sustainability of his buildings. His personal Graeco-Egyptian style was almost entirely confined to Glasgow, where he designed commercial warehouses, blocks of tenements, terraced houses, suburban villas and three extraordinary Presbyterian churches, of which the St. Vincent Street Church is the only intact survivor.

He suffered badly from asthma throughout his life and this eventually killed him in 1875. His brother George worked with him until 1870 when he succeeded in going to Cameroon. He died there in 1878 aged 60. Amelia the longest surviving Thomson died in Helensburgh in 1901 aged 86.

The Ballindalloch Mill brought initial prosperity to Balfour but by the time it was sold in 1844 the situation had changed drastically. James Finlay & Co, were struggling, with all three of the Company's mills losing money. The parish minister Mr. Niven reports in the second Statistical Account: 'Our population is probably one of the poorest in Scotland and the situation with all its beauty is ill-adapted for a manufacturing village. There is in it very much misery arising from poverty and destitution.' The American Civil War sealed the fate of the mill which was finally demolished in 1898.

The Thomson family may well have made the right decision to move from Balfour back to Glasgow! ■



A day in the life



Nihara Maas

What is your job title?

Company Nurse

Where do you work?

Finlays Colombo's head office, at Vauxhall Street, Colombo, Sri Lanka.

How long have you worked for Finlays and have you always done this job?

I have worked at Finlays for almost 23 years. I have been doing the same job throughout that period.

What did you do before you joined Finlays?

I worked in both state and private hospitals where I served in different fields including maternity, general nursing, intensive/neo natal care, etc. Thereafter, I worked as a Nursing Officer for Balfour Beatty, a British construction company engaged in the construction of the Samanalawewa tunnel and dam.

Please describe what a typical day is like for you.

I leave home at 6.30 am and by 7.30am I am at my desk to serve the night staff with their medical requirements. They are all welcomed with a smile. I am also involved in day to day activities like handling minor injuries and sickness, reporting to health & safety management, dispensing drugs on the Doctor's prescriptions, preparing annual medical check-ups for all the different departments in the Company whilst maintaining the medical records of the entire staff of the Colombo office. I also provide valuable information to the Management on health & safety and take part in annual Health and Safety inspections and audits. I also give health advice to employees, purchase and maintain the drug inventory and look after distribution to the Welisera Medical Centre and other first aid boxes in the different locations across the Company. It is quite a full day of activity!

What are your three best attributes?

Patience, empathy and caring.

What do you like most about your job?

Whenever staff enter my medical centre with a worried face, saddled with aches and pains and leave with a smile, this is what gives me 100% percent satisfaction.

What has been your proudest achievement at work?

It was when one of the drivers employed by the Company, who had a very bad gangrenous wound on his leg, came to me to have his wound dressed. Doctors at the hospital had wanted to amputate his leg. I showed him to the Company Doctor who asked me whether I could handle it. With the Doctor's treatment and my daily dressings, I was able to save the driver's leg. He still continues to drive.

If there was one thing you would change about your job, what would it be?

I would like to change the present arrangements and provide the staff and their families with medical care even after they have retired.

What is your most treasured possession at work?

The entire staff of the Company.

How do you like to relax away from work?

Reading, listening to music and viewing TV

If you were not doing your current job what would you like to do?

I would start a home for the elderly.

If you were only allowed to listen to one piece of music what would it be?

The smooth velvet voice of *Gentleman Jim - Jim Reeves*. He is a delight to listen to. ■



Jose Gunther

What is your job title?

By profession I am an Accounting Tax Technician but currently I am the Manager of the Campo Viera Tea Factory.

Where do you work?

Campo Viera, Misiones, Argentina

How long have you worked for Casa Fuentes and have you always done your current job?

I have worked for Casa Fuentes for 17 years. I started as a trainee or intern, then worked as a cadet or messenger followed by a period as an administrator before I was placed in charge of the factory.

What did you do before you joined Casa Fuentes?

Before I joined Casa Fuentes I worked on my family's land. I spent three years studying to become an Accounting Tax Technician and a year before I gained my degree I joined Casa Fuentes as a trainee.

Please describe what a typical day is like for you.

I live on site, so every morning before going to work, I talk with the some of the farmers who supply our raw material. Then I go to the office to see the results of the previous day's manufacture. After that I examine the quality of new raw material, review process control and carry out safety checks. I also meet with the foreman to sample our finished products. Then I call my manager with a daily report on what has been going on in the factory. I check emails and statistics, complete forms and deal with any problems that can arise.

After lunch, I take a short break before going back to the plant to carry out further checks on control processes and health and safety.

During the day I am constantly in contact with those who are in charge of the different areas of the factory.

At night, before going to bed, I check that everything is okay and then I can sleep easily.

What are your three best attributes?

I think my three best attributes are: the serenity, determination and generosity.

What do you like most about your job?

What I like most about my job is being in contact with our workers and attending to their needs.

What has been your proudest achievement at work?

My proudest achievement at work was my appointment on my own merits to be the person in charge of the factory.

If there was one thing you would change about your job, what would it be?

I would like to have access to more sophisticated tools to allow the staff to work with greater convenience, speed, efficiency and safety. We need a lathe, a folding machine and pipe bender. I would also like to upgrade the workers kitchen facilities.

What is your most treasured possession at work?

My most treasured possessions at work are the people with whom I work and for whom I am responsible.

How do you like to relax away from work?

I like spending my free time with my children, my wife and my friends. I like to relax by cooking and going fishing.

If you were not doing your current job what would you like to do?

If I was not doing my current job I would like to be a farmer.

If you were only allowed to listen to one piece of music what would it be?

I love a folk song of my town. It is called "viva la pepa!". It is about a mother who is left alone with her five children after her husband has passed away and who she remembers with much pride. Its lyric expresses the importance of the family. ■



Births

Casa Fuentes

Moore

On 3 July, to Sofia Agustina, and Antony Carlos Duncan Dupre Moore, Accounting Analyst, Obera, a son, Joaquin Duncan.

Finlays Colombo

Nadeshana

On 23 November 2016, to Harshani Nanayakkara and Dimuthu Nadeshana, Reach Truck Operator, Finlay Cold Storage, a son, Disula Nethmira.

Bandara

On 15 October 2016, to Thilini Jayamali Disanayaka and Sumith Bandara, Reach Truck Operator, Finlay Cold Storage, a daughter, Chiransa Sadasi Disanayaka.

Udawatta

On 28 March, to Dilini Chathurani and Basil Udawatta, Reach Truck Operator, Finlay Cold Storage, a son, Damsara Akarsha Udawatta.

Lakmal

On 31 March, to Dinusha Jayawardana and Chaminda Lakmal, Warehouse Supervisor, Finlay Cold Storage, a son, Rasmina Yethum Madarasinha.

Jayawardana

On 27 September 2016, to Vidya Dilhani and Chamith Maduranga Jayawardana, Staff Officer, Beverage Packing Division, a son, Aarvin Shenash Jayawardana.

Harshana

On 24 August, to Rachini Niyomanthi Fernendu and Damunugahakuburegedara Gayan Harshana, Store Keeper, Tea Warehousing Division, a daughter, Damunugahakuburegedara Theuna Nethuki.

Sampath

On 21 August, to Sarshane Nadeesha and Tharanga Sampath, Assistant Branch Manager, Kandy, Finlay Rentokil Ceylon, a daughter, Sanuthi Ruvinya Rishmindi.

Rathnayaka

On 2 May, to Nirosha Samanthika Madawala and Chandana Priyantha Kumara Rathnayaka, Warehouse Supervisor, Finlay Cold Storage, a daughter, Sanumi Senalya Rathnayaka.

James Finlay Kenya

Cherotich

On 5 July, to Lily Cherotich, Assistant Estate Manager, Kaproret Estate, and Robert Rono, a son, Shawn Kiptoo.

Extracts & Ingredients - Hull

Brooker

On 24 June, to Danny Brooker, Materials Handler, and Rachel Parker, a son, Jacob.

Extracts & Ingredients - Mombasa

Matonda

On 19 May, to Cliff Matonda, Systems Administrator, and Betty Ochako, a daughter, Caoimhe Nyabina, and a son, Dawid Munema.

James Finlay London

Hill

On 22 June, to Tatiana, and Gavin Hill, Finance Manager, twin daughters, Audrey and Sienna. ■

Marriages

Finlays Colombo

Mendis - Induwarage



On 7 January, Saneera Mendis, Store Keeper, Finlay Properties, to Madusha Induwarage, at the Assembly of God Church, Ragama.

Damunugahakuburegedara - Fernendu



On 27 October 2016, Gayan Damunugahakuburegedara, Store Keeper, Finlay Properties, to Rachini Fernendu, at Peralanda Church, Ragama.

Arachchilage - Samasundara Hettige



On 2 December 2016, Niranjan Dammika Perera Arachchilage, Reach Truck Operator, Finlay Cold Storage, to Poorni Nimnisha Samasundara Hettige, at the Eco Friendly Bird Park, Buthgamuwa.

Claessen - Hettiarchchi

On 22 December 2016, Joel Claessen, Inventory Controller, Finlay Cold Storage, to Shani Hettiarchchi, at St John the Baptist Church, Nagoda.

Jayathunga - Hewa Mange



On 18 May, Sanjeeva Kumara Jayathunga, Tea Room Assistant, Beverage Packing Division, to Wasana Hewa Mange, at St Anne's Church, Wattala.

Perera - Fernando



On 2 September, Namal Roshitha Perera, Tea Room Assistant, Beverage Packing Division, to Hilini Samanmali Fernando, at St Mary's Church, Seeduwa.

Fernando - Silva



On 26 April, Shani Dilhani Silva, Accounts Clerk, Beverage Packing Division, to Eshan Samar Fernando, at Assembly of God Church, Ganemulla.

Dedigamage - Mendis



On 18 August, Rajitha Koshala Dedigamage, Accounts Clerk, Finlay Rentokil Ceylon, to Rasangi Lakshika Mendis, Invoicing Clerk, Finlay Rentokil Ceylon, at the Ramadia Hotel, Moratuwa.

Pathiranage Don - Meegodage



On 28 August, Sameera Sadakelum Pathiranage Don, to Tharushi Shaniki Meegodage, Typist Clerk, Finlay Rentokil Ceylon, at the Suwarna Reception Hall, Ganemulla.

Silva - Mendis



On 15 June, Weerapura Rumesh Chathuranga Silva, to Nishshanka Janani Lakmini Mendis, Inventory Controller, Finlay Cold Storage, at Our Lady of Lourdes Church, Tewatta.

Tea Estates Sri Lanka

Ganganath - Yaddehige

On 27 August, Senal Ganganth, Senior Assistant Superintendent, Madampe Estate, to Omega Perera Yaddehige, at Vinrich Lake Resort, Piliyandala.

James Finlay London

Corran - Bundy



On 26 August, David Corran, Group HR Manager, to Jade Bundy, at Hunton Park, Kings Langley. ■



Lives remembered

We are sad to report the deaths of the following former members of the Finlays family.

Casa Fuentes

Baez
On 27 September, Lucio, aged 78. Lucio spent 55 years working in Casa Fuentes and only retired on 30 August so the timing of his death is particularly tragic. We send our deepest condolences to his family.

James Finlay Corporation

Lamond
On 20 April, John, aged 68, formerly General Manager, Banking

James Finlay Glasgow

Dobson
On 11 July, Mrs Janette, aged 78, widow of James, former commissioner Glasgow Office

Fleming
On 15 October, Mrs Marion, aged 91 widow of Robert, former accountant Glasgow Office

Hunter
On 7 October, Mrs Joy, aged 88

Mackenzie
On 27 October, Mrs Margaret, aged 92, formerly Tea Department Secretary, Glasgow Office

George Payne/Finlay Beverages

Arnold
On 9 June, Mrs Audrey, aged 92

Bazely
On 17 September, Mrs Audrey, aged 82

Evans
On 15 September, Mrs Sandra, aged 68

Larby
On 30 September, Walter, aged 91

Paripatyadar
On 14 April, Ashok, aged 81.

Pirie
On 15 September, William, aged 81

Trikha
On 20 June, Kanwar, aged 91

Tea Estates

Freeman
On 3 August, Mrs Ann, aged 81

Erratum

William Stone
In a previous edition we reported the death of Bill Stone who we wrongly attributed as being the James Finlay (Overseas) Shipping Manager when in fact he was their Tea Saleroom Manager ■

Obituaries

Richard Skalla



It was with great sadness and shock that we learned that our good friend and member of the Finlays family, Richard A "Rick" Skalla had died unexpectedly on August 25, 2017 aged 50. On joining of FEI USA in March 2016, Rick made an immediate impact endearing himself to everyone through his positive attitude and captivating energy. As VP of Sales & Marketing, Rick was extremely excited about the opportunities for building Finlays' business. He motivated his team and those around him with his infectious enthusiasm and vigor, encouraging open dialog and new ideas to drive the business forward. Rick enjoyed a good debate and liked winning one even more! These debates would usually end with a hearty laugh, a hug or slap on the back.

Rick is survived by his wife, Cammy and sons, Jeremy and Matthew. He was passionate about his family, always putting them first and taking an active role in his sons' athletic and academic activities. He also enjoyed boating, cheering on his hometown football and basketball teams, and getting involved in his community. The Finlay family shares in the grief of losing such a great man. ■

Heidi McCormack

Glen Swire



It was with great sadness that I learned of the death of Glen Swire on 3 September aged 75. He joined the Board of James Finlay in 1992 as one of two representatives looking after the interests of John Swire & Sons (and other shareholders) prior to their acquisition of the Company in 2000. He was on the Board when I became Company Secretary in 1996. New to the corridors of power, he showed me great kindness and went out of his way to make me feel at home at the time of my first board meeting. He was warm, genial and completely without side.

Glen was educated at Eton and Trinity College, Oxford, where he read law. He began his career with BP and went on to have a number of roles in shipping and aviation before joining John Swire & Sons in 1978. In addition to his role with Finlays, Glen's portfolio included, what is now Swire Oilfield Services and Swire's Australian businesses where he was a Director of John Swire & Sons Pty. He also oversaw the John Swire & Sons charitable interests and the London office staff.

Outside business, Glen's particular passion was horse racing, a sport about which he was extremely knowledgeable and in which he was involved as an owner and latterly as a steward at Brighton and at Plumpton Racecourses.

Glen's death came after ill health had led to his early retirement in 1998 and followed a courageous battle with the little understood condition, Relapsing Polychondritis. He was a founding member and tireless fund-raiser for the charity RELACS, which aims to support patients and professionals in the treatment of conditions involving large airway collapse.

Glen is survived by his wife Caroline, daughters Joanna and Claire and five grandchildren, to whom we extend our deepest sympathies. ■

Duncan Gilmour

Richard Capper



The many friends and former colleagues of Richard Capper were very shocked to learn of his untimely death following a car accident in August. He seemed to be making a good recovery before complications resulted in his passing away on 24 September 2017. Richard joined James Finlay Corporation, as Corporate Finance Director in 1976 at a time when the Group's financial services businesses were weathering and surviving an earlier secondary banking crisis. He quickly rose to become Managing Director in 1977 before joining the main Board in 1980. When Richard became the Finlays' Deputy Chairman in 1990 it was shortly before the Board took the decision to dispose of

the Group's financial services businesses. When this was nearing completion he left the Company in 1996.

Born in Nottingham in 1941, Richard was a distinguished athlete in his younger days playing rugby to a high standard and, much to the surprise of those who knew him in later life, was an accomplished quarter miler in pre metric days! After obtaining his accountancy qualification, Richard worked in the City before joining Finlays. The move to Glasgow allowed Richard to indulge in his other passions of sailing, shooting and fishing. Maybe not so proficient at golf, after many years of trying, Richard finally won the Company's Sir AK Muir Cup just before he left in 1996. Thereafter he held a number of non-executive directorships before retiring to Spain.

All those who worked with Richard will remember his fun and slightly irreverent approach to life. On a personal level I have Richard to thank for employing as his secretary the girl who would later become my wife. As a result we always kept in touch and, occasionally, met up when he was back in Scotland for his annual fishing trips to the Rivers Deveron and Eachaig. A good turnout of former colleagues attended a Memorial Service in Glasgow to share their condolences with his wife Joan, children Emma and Sarah and their families. ■

Duncan Gilmour

Notifications

If you become aware of the passing of any member of the Finlays family we would be grateful if you could advise the Magazine - contact details on page 2.

Season's Greetings

*Warm wishes from all of us
around the world at Finlays.*



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