



Sustainability Report 2019



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FOREWORD



This report comes at one of the most unusual times in our recent history as a species and as a planet, let alone in our 270 year history as a company. COVID-19 has posed immense challenges to countries, communities, global supply chains, and businesses around the world.

At Finlays, our global teams have worked hard to protect our staff and business and despite the challenging environment we remain in a solid

position. In fact, Finlays has very deep knowledge of directly managing global supply chains ‘from bush to cup’ and many customers have benefitted from this expertise during these challenging times.

A global crisis of the scale of COVID-19 should cause all organisations with a sense of responsibility to reflect on the role they play in the world and the impact that they have on the people and places where they operate.


At Finlays, we have been regularly assessing our impact for more than a decade and I am proud to present the 2019 update on our 2022 objectives. The report provides details

of the ongoing hard work to protect the land on which we operate from deforestation (‘Integrated Landscapes’) and to support our staff and communities (‘Our People’), who are key to Finlays remaining a sustainable business.

But we must do more. As we reflect on the work that we have done in 2019, our goal beyond 2022 is to continue our role as a globally responsible company and to address head-on issues of living wages, land and water rights, climate change adaptation and science-based targets for emissions reduction.

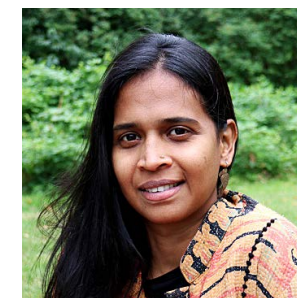
Finlays is a unique place to work, with a unique role to play in supporting beverage-brand owners

through our vertically integrated supply chains. I am grateful to all our staff for the professionalism and drive that they display every day. I hope you enjoy reading through this year’s sustainability report.



Guy Chambers
Group Managing Director

Our APPROACH



Finlays has an incredible history stretching back to 1750 – the definition of a sustainable business! But to keep operating for another 270 years, sustainability will have to drive everything we do.

We must draw on our long-held values to create a better future for our colleagues and communities. This means harnessing greener technologies and 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.

Often defined as how our ecological systems endure and remain productive, the definition of sustainability has evolved in recent times to emphasise not only the role of the environment, but that of the economy and society too. These three sustainability pillars – environment, economy, society – is reflected in the United Nations' definition of sustainability, which is 'development which meets the needs of the present without compromising the ability of future generations to meet their own needs.'

We understand the importance of looking beyond short-term 'band aid' solutions to focus on longer term, more innovative and integrated solutions.

Embracing this sustainability-oriented thinking is part of our core value of being a purpose-driven business. To support this, we have sustainability governance embedded across our different regions and functions, making sustainability part of our organisational DNA. Our key strength is our multidisciplinary approach to working, in which we leverage our wealth of local and global knowledge, through our global networks, to support the development of our sustainability strategy, and create meaningful collaborations to deliver positive impact in our sourcing countries.

Although this report reflects the work we have accomplished in 2019, it would be impossible not to mention the momentous changes that we are experiencing in 2020, from social movements to COVID-19. These unprecedented changes cut across all three pillars of sustainability. As a company, and as individuals, we are learning and adapting to these changes. However, alongside the uncertainties of a post-COVID-19 world, the opportunities for positive change are exciting. Beyond this report, I look forward to sharing with you our sustainability plans as we move into the future.

A handwritten signature in black ink, appearing to read 'Subathra'.

Subathra Vaidhiyanathan
Group Head of Sustainability

Finlays GOVERNANCE

Governance

Finlays operates in many parts of the world, across a diverse spread of geographies, cultures and languages. While respecting local cultures, we also seek to build a common operating culture within Finlays.

We have a unique position, in that 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 also operate a global, customer-focussed commercial function to support customers around the world by supplying tea, coffee 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’.

Finlays was founded in 1750 and has established itself as a trusted leader of the beverage industry while continuing to grow profitably and sustainably. Finlays is wholly-owned by John Swire & Sons Limited and is headquartered in London.

Responsibility for sustainability sits with our Group Managing Director, our Group Director of Corporate Affairs and our Sustainability Group Function, with Finlays Global Executives taking responsibility as sponsors for each of our six sustainability strategic objectives, supported by working groups made up of experts from all our global regions

Sustainability is reported regularly by the James Finlay Limited Board and to the Swire Sustainability Committee as standing agenda items. Our Sustainability Group Function is based in our London head office and provides oversight, facilitation and guidance to all global business regions.

Policies

Our commitments are supported by our policies, memberships in multi-stakeholder initiatives and our governance. Our policies for informing our sustainability strategies are:

ETI Base Code

The Ethical Trade Initiative (ETI) is a leading alliance of companies, trade unions and non-governmental organisations that promotes respect for workers’ rights around the globe. Finlays has been a corporate member of ETI since 2009. As a member, Finlays has adopted the ETI Base Code of Labour Practice throughout our own operations and, where possible, our extended supply chains. The ETI Base Code is built on the conventions of the International Labour Organisation (ILO) and addresses issues such as wages, hours of work, health and safety and discrimination.

Code of Conduct

At Finlays, we have also refreshed our Code of Conduct, emphasising our commitment to doing business with zero tolerance for unethical practices. We uphold high standards of responsible and ethical behaviour in our own operations and insist on similar commitment in our business partners. Our Code of Conduct includes sections on human rights, environmental and social impact, and complaints mechanisms.

Whistleblower Policy – SeeHearSpeakUp

There are a variety of channels through which Finlays employees can voice their concerns, including SeeHearSpeakUp. SeeHearSpeakUp is an external, independent, confidential and anonymous third-party whistleblowing service in multiple languages that allows staff to voice anonymously any concerns they have, or issues that need addressing.

Due Diligence

As part of our commitment to building a fully traceable and transparent supply chain, we have

been working on a cross-departmental project to develop a supplier risk assessment tool. This tool aims to identify the inherent and site-level risks associated with each of our tea suppliers. This includes the ability to identify those that hold certificates to highly regarded sustainability assurance schemes such as Fairtrade, and those that do not. This assessment will then inform next steps for auditing and ensuring all suppliers meet the principles and standards set out in our Sustainable Sourcing Policy.

Sustainable Sourcing Policy

We consider that the greatest risks in our supply chain come where operations and oversight are outside of our direct control. We have processes in place (see Due Diligence) to monitor compliance among our community of suppliers through third-party assurance schemes. We continue to work to ensure that our suppliers demonstrably operate to the standards that we require. Suppliers are also made aware of the requirement to comply with our Sustainable Sourcing Policy.

Modern Slavery Statement

We have published a full Modern Slavery Statement for 2019, which sets out our commitment to eradicating slavery in all its forms. James Finlay Limited is committed to complying fully with our obligations under the Modern Slavery Act and many of the Group’s initiatives, policies and procedures go beyond the minimum standards set out in legislation.

Recent measures implemented this year include:

- Conducting modern slavery risk assessments within all our businesses around the world;
- Providing training for our management and colleagues most likely to encounter cases of modern slavery;
- Reviewing our anti modern slavery processes as part of our internal audit risk cycle.



Legal governance

Legal Form and Governance

Finlays was founded in Scotland in 1750. James Finlay and Co. was a partnership until 1909 when a private company was incorporated as James Finlay and Company Limited before being floated on the Glasgow Stock Exchange in 1924. The Company was re-registered as a public limited company, styled James Finlay PLC in 1981. Acquired by John Swire and Sons Limited in 2000 when it was renamed James Finlay Limited, the Company is now a subsidiary of Finlay Group Limited which in turn is a wholly-owned subsidiary of John Swire and Sons Limited.

Main Board

The Main Board, which is tasked with organisational oversight and setting strategy, comprises: two Executive Directors responsible for various aspects of the business; one Non-Executive Director representing the shareholder, John Swire and Sons Limited; and three Independent Non-Executive Directors.

Philippe de Gentile-Williams

Non-Executive Chairman

Guy Chambers

Executive Director - Group Managing Director

Julian Rutherford

Executive Director – Group Finance Director

Martin Cubbon

Non-Executive Director

Stuart Strathdee

Independent Non-Executive Director

Christiane Kuehne

Independent Non-Executive Director

Kathy Fortmann*

Independent Non-Executive Director

The Chairman of the Board is Philippe de Gentile Williams who is a Group Staff Director at John Swire and Sons Limited.

Divisional Boards

Each business region is overseen by either a statutory or a management board comprising senior executives and representatives of the Main Board.

Sri Lanka

In Sri Lanka, the Group has controlling stakes in two publicly listed companies. The Boards of these companies, in addition to the representation referred to above, also include a number of Independent Non-Executive Directors. They are fully compliant with corporate governance regulations applying in Sri Lanka.

Internal Audit

The Group has an extensive Internal Audit function which is monitored by a series of committees that report to a Group Audit Committee comprising two Independent Non-Executive Directors utilising one representative of John Swire and Sons Limited. In addition, the Group Managing Director, Group Finance Director and Director Corporate Affairs also attend the Group Audit Committee meetings together with the Group Internal Auditor and, as required, a representative from the external auditors, KPMG LLP.

Other Committees

A number of functional committees are in place at both Group and Divisional level. These cover a range of issues including health and safety, sustainable development and Human Resources.

Employee Forums

Throughout the Group, our employees have opted to use a number of different routes to engage in dialogue. This includes Trade Union recognition and democratically elected worker forums. A variety of other internal communications vehicles are also used to facilitate interaction between management and employees, such as an employee feedback survey, conferences, workshops, magazines and newsletters.

*Appointed on 3 December 2019





Governance

Group Operating Companies:

- James Finlay Limited
- James Finlay (Kenya) Limited
- Hapugastenne Plantations PLC (90%)
- Newburgh Green Teas (Pvt) Limited (54%)
- Udapussellawa Plantations PLC (91.8%)
- Casa Fuentes SACIFI
- Finlay Extracts and Ingredients UK Limited
- Finlay Extracts and Ingredients USA, Inc.
- Finlay Tea Solutions UK Limited
- Finlay Hull Limited
- Finlay Vietnam Limited
- James Finlay (Blantyre) Limited
- James Finlay (ME) DMCC
- James Finlay Mombasa Ltd
- Xiamen James Finlay Limited
- Finlay Beverages Limited
- Finlays Colombo Limited (99.8%)
- Finlay Properties (Pvt) Limited
- Damin Foodstuff (Zhangzhou) Co Ltd* (49.5%)
- Argente SA
- Finlay Tea Solutions (Hong Kong) Ltd
- Finlay Instant Tea (Pvt) Ltd
- Finlay Tea Solutions Colombo
- Finlay teas (Pvt) Ltd
- Finlay Airline
- Aspen Enterprises Ltd
- Aspen Management Company LLC

Scope of Report

This report includes information from our global network of operations and spans all our products and services, except as set out below. This report highlights the work we are doing in sustainable development and in line with our six sustainability strategic objectives: Integrated Landscapes, Land Stewardship, Low Impact Operations, Our People, Empowered Communities and Sustainable Supply. These areas are critical to our business and are also where we know we have the greatest positive impact. Based on our stakeholder-engagement efforts, we also believe these areas are important to our customers, our partners, our employees, non-governmental organisations (NGOs) and other stakeholders.

*The principal trading subsidiary of Damin International Holdings Limited

Exceptions to full disclosure:

- Tea trading offices in Dubai, Indonesia, Vietnam and Malawi, report volumes traded, Occupational Health and Safety (OHS) and partial scope 3 data, due to the small size of their offices.
- Damin International Holding Limited's data is now included in all aspects of this report. Within profit this is reported at a share percentage of 49.5%, economic contribution figures are at an average share percentage of 49.5% and production volumes and environmental performance is included at 100%. Damin is the largest tea extracts producer in the world.
- Aspen Beverage Group was acquired in June 2017: the group's performance data is only included in total capitalisation and production volumes as well as in health and safety calculations. Aspen has increased our market share in the Cold-Brew coffee sector in North America.

Reporting period:

The report follows a calendar year for 2019. Annual reports have been produced since 2009. Our methodology uses the indicators included in the Global Reporting Initiative (GRI) guidelines, with carbon measurements based on World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), and the Greenhouse Gas Protocol. Finlays uses the Credit360 program to manage our sustainability data for reporting, tracking key performance indicators and providing ongoing visibility into our global operations. This report has been prepared in accordance with the GRI Standards: Core option.

If there are any queries about this report, please contact us at sustainability@finlays.net or write to us at our head office:

Sustainability
Finlays, Swire House,
59 Buckingham Gate London,
UK, SW1E 6AJ

Finlays NETWORK



We employ over
19,000 people, globally.

Our primary markets are in the UK, Europe, USA and Asia.

Total Net Sales: \$565,531,000

Total Capitalisation broken down in terms of debt and equity:
Debt: US\$178,366,000; Equity: US\$490,694,000

-  Tea Farms
-  Trading/Sales
-  Manufacturing Sites
-  Blending
-  Packing Facilities
-  Innovation Facilities

Finlays' TEA COMMUNITIES

An overview of our tea farms and support infrastructure we provide to our employees and the communities in which they live.

KENYA

30,000 people living on our farms of whom **6,736 are employees**

11,000 houses

6,000 kitchen gardens

13 dispensaries

67 schools (including crèches).

Smallholder farmers:

- We work with **8,802 smallholder farmers**
- They are all 100% certified on **Rainforest Alliance** and **Fairtrade**
- In 2019 we provided training on **Good Agricultural Practices** and helped with the formation of five cooperatives and a union.

SRI LANKA

92,729 people living on our farms, of whom **12,270 are employees**

19,916 houses

2,509 kitchen gardens

15 medical centres
(including hospitals)

123 schools (including day care centres)

30 Health and Safety Committees.

ARGENTINA

342 employees

4 plant managers and their families living on our farms

We support:
2 schools and **2 indigenous Guarani community settlements**.



Finlays FAST FACTS

Tea



56.8m *kg*

of tea produced in our own estates.

2.7m *kg*

of decaffeinated tea manufactured and traded.

82.3m *kg*

of tea traded from our global supply offices in UK, Kenya, Sri Lanka, UAE, Malawi, Vietnam, Indonesia, China and USA.

16m *kg*

of tea blended and packed.

18.6m *kg*

of tea extracts manufactured and traded.

Coffee



6.4m *kg*

of coffee blended and packed.

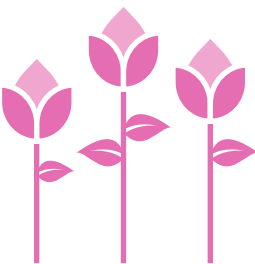
1.8m *gallons*

of coffee extracts manufactured.

2.4m *gallons*

of cold brew manufactured and traded.

Flowers



100m *stems*

Produced in Kenya for the UK and Continental Europe.

Rubber



1.3m *kg*

of rubber latex produced in Sri Lanka.

Coconuts



1m *nuts*

Rainforest Alliance certified coconuts produced and sold.

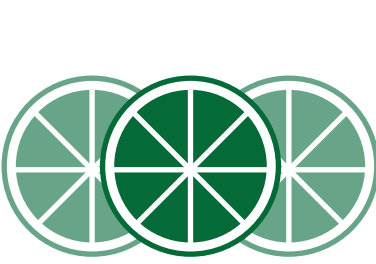
Timber



149.5m *kg*

of sustainable timber produced in Kenya and Sri Lanka.

Botanicals



15.3m *kg*

of herbal infusions and other extracts — including fruit, vegetable and sweeteners — manufactured in China.

Ancillary Crops



29,000 *kg*

of ancillary crops - including cinnamon, pepper and cocoa — produced in Sri Lanka.



Partnerships & THE SUSTAINABLE DEVELOPMENT GOALS

"We are grateful for the partnership with Finlays for the last 5 years to conserve the South West Mau Forest and to advance gender empowerment in the Kenyan tea sector. Since then, we have seen women putting themselves forward for higher level job openings and increased forest regeneration by 22.7%."

Jordy van Honk
IDH, Global Director Agri Commodities – cocoa, tea, coffee

Our contribution to the Sustainable Development Goals

Finlays supports the United Nations Sustainable Development Goals (SDGs) in the mission to build a better, more sustainable world. The 17 Sustainable Development Goals have been adopted by 193 countries and not only represent an opportunity for nations, but also for business and civil society to rally around a set of shared goals. Through our work in our different regions and in our supply chains, we contribute to the following SDGs:



Partnerships

As UN Sustainable Development Goal 17 recognises, partnerships are key to tackling the issues we face today, both as an industry, and globally. Finlays trusted partners within the industry, and within the public and third sectors, are integral to our efforts. Our local partners also bring expertise on subject matters and communities in which they work.





SwireTHRIVE

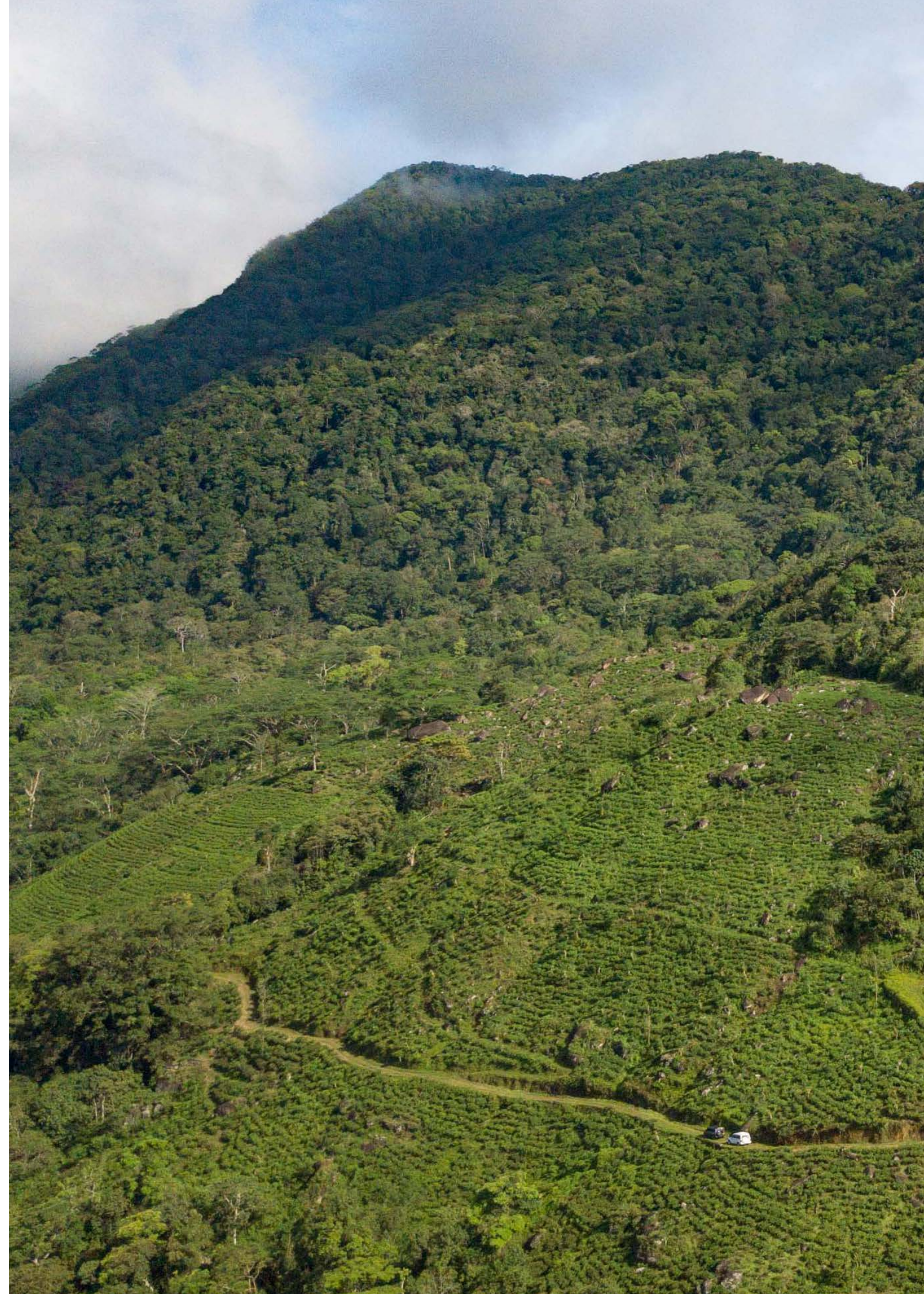
Finlays is a wholly owned subsidiary of John Swire and Sons Limited ("Swire"). The Swire Group commits to working on the environmental, health and safety, employment, supply chain and community issues that our operations affect, and to working with other parties to promote sustainable development in the industries in which we operate.

The Group's environmental strategy, SwireTHRIVE, was co-created by the Group Sustainable Development Office and representatives from the Group's major operating companies. The strategy consists of six key pillars: Carbon, Waste, Water, Sustainable Materials, Biodiversity, and Climate Resilience. SwireTHRIVE and Finlays Sustainable Future strategy align and enable positive, impactful initiatives to safeguard the environment for generations to come. Given the diversity of the group's portfolio, each operating company has the responsibility of embedding a sustainability strategy that aligns to SwireTHRIVE, which is overseen by their sustainability teams and the Directors appointed to the company by Swire.

"Finlays has long recognised the value that sustainability brings to its business. Through its support for, and participation in, the development of our group level environmental sustainability strategy, SwireTHRIVE, Finlays has undoubtedly contributed to the overall relevance and success of that strategy to date. At group level, Swire has been able to benefit from Finlays understanding and management of material sustainability challenges, and also to learn key lessons in the practical management of these sustainability challenges on the ground, drawn from the Finlays experience."

Mark Watson

Head of Sustainable Development at John Swire & Sons Ltd



Sustainable FUTURE

Our sustainability strategy

Sustainable Future supports our values and mission to be an ethical and purpose-driven business. Sustainable Future is supported by six sustainability strategic objectives that cover bush to cup across all regions of our global operations.

Our commitment to, and adoption of, these sustainability strategic objectives and targets, demonstrates our path to sustainability. We aim to achieve our targets set by 2022 and in support of this we are undertaking a number of projects and initiatives, throughout our global operations.



Sustainable
Future



Integrated
Landscapes

Finlays will protect and enhance 100,000 hectares of natural forest by 2022.



Low Impact
Operations

Finlays will reduce year on year our environmental impact throughout our operations.



Land
Stewardship

Finlays will reduce agrochemical usage by 50% by 2022.



Empowered
Communities

Finlays will make a positive impact in the communities within which we operate.



Our
People

Finlays will increase participation of women in management in all levels to 30% by 2022.



Sustainable
Supply

Finlays will have 100% traceable, transparent supply to internationally accepted standards by 2022.



Integrated Landscapes

Finlays will protect and enhance 100,000 hectares of natural forest by 2022.

Tea and coffee production is dependent on the people, communities and natural resources present in its surroundings.

Our approach to integrated landscapes supports UN SDGs:



Simeon Hutchinson

MD James Finlay Kenya & Executive Sponsor of this objective

"By embracing an integrated landscapes approach towards sustainability, we have been able to establish a unique set of objectives that confront some of the most pressing challenges our business faces. In doing so, we are able to deliver tangible actions which will benefit the environment and empower communities by 2022, and which will provide a solid base for the Group's future operations."

Every location has a unique landscape, influenced by a variety of factors. To meet our target of protecting 100,000 hectares of natural forested land, we are taking an integrated landscapes approach, which gives us a holistic view on some of the most crucial challenges facing these areas. This approach is about balancing competing land use demands in a way that is sustainable and inclusive for local communities while minimising harm on the environment and biodiversity.

The complex landscapes of tea and coffee are intrinsically connected to their ecosystems: biodiversity, forests, communities and watersheds. Across the globe, these ecosystems are increasingly pressured by growing populations, an increase in food demands, climate change, degrading biodiversity, overuse of natural resources and poverty.

These complex challenges will take time to resolve, so in many of our regions we have leveraged on the power of partnerships to protect the landscapes around us. We are working towards finding tools and concepts that consider livelihoods, rights, restoration and progress towards climate resilience and sustainable development. We believe in achieving sustainably integrated landscapes, which will provide valued goods and services, while sustaining livelihoods for communities within these landscapes.

Integrated Landscapes in Kenya

Since 2015, Finlays has been a leading member of the Initiative for Sustainable Landscapes-Kenya

(ISLA) in South West Mau which forms part of the greater Mau Forest ecosystem. This area has been significantly affected by deforestation and encroachment due to agricultural expansion and wood extraction. This forest is crucial to the climatic and water regulation functions of the area, as well as the provision of sustainable energy and livelihoods for local communities. ISLA is therefore key for the longevity of the tea industry in Kericho, and the future supply of tea.

The project aims to protect and conserve 60,000 hectares of natural forested land by 2030 through adopting a holistic and participatory approach. A Participatory Forest Management Plan (PFMP) has been established to create opportunities for forest-adjacent communities to contribute towards sustainable forests, while supporting the livelihoods of local rural communities. The project brings together a range of stakeholders, including IDH (The Sustainable Trade Initiative), national and local government agencies, tea, energy and timber companies as well as a range of civil society institutions.

Over the last five years, Finlays has carried out a phased plan to rehabilitate 12.5 hectares of the Mara Mara forest, which sits within the wider Mau Forest complex. Nearly 15,000 seeds were planted in 2018, and the ongoing monitoring and conservation work has led to a successful natural regeneration of wild seedlings in some parts. In 2019, Finlays donated around 11,000 seedlings to various community groups, continued the upkeep of fences to prevent livestock intrusion, as well as replanted seedlings throughout the year.

Our priorities for 2020 include:

- Continued funding for aerial surveillance of the South West Mau Forest;
- Continued maintenance of the Mara Mara forest rehabilitation project;
- Co-funding livestock intensification programmes to reduce pressure on the forest and improve livelihoods;
- Continued funding of the Bongo Surveillance team.



SAVING THE MOUNTAIN BONGO

Since 2012, Finlays has been funding the Bongo Surveillance Programme (BSP). The programme protects the critically endangered Mountain Bongo, a rare antelope, of which only an estimated 100 are left in the wild. The Mountain Bongo has not been spotted in the South West Mau region, which we are working to protect, for several years. It is believed that forest intrusion has led them to migrate to a different region. We continue to support the BSP team in the hope that the Bongo may venture back, and when they do, intrusion will have been reasonably well controlled in order to enable them to stay. The BSP team carries out important conservation work including motion sensor camera tracking, clearing of snares, recording of illegal forest destruction as well as engagement activities with local communities.

Integrated Landscapes Argentina

In Argentina, in our tea growing region of Misiones, we continue to enhance and restore the water catchment area of the Tabay river basin and its tributaries to improve the quality of life of local communities. In 2019 we worked with a local neighbourhood, Los Teales, to protect a spring from where locals source water. We planted native plant species along the riverbank, cleaned up the river to improve water quality and conducted community training sessions on conservation. We also continue to participate in the Tabay River Basin Committee, which works to conserve the area through biodiversity conservation, sustainable livestock management and community wellbeing initiatives.

Integrated Landscapes Sri Lanka

South of the tea growing region of Rakwana is the UNESCO world heritage site, Sinharaja Forest reserve. We have been working with local partners to establish plans to create a connected forest corridor of 250 hectares through our Depedene tea farms, connecting the biodiverse Walankada Forest Reserve in the north, to the Sinharaja Forest reserve in the south. This initiative is set to commence later this year.





Finlays will reduce agrochemical usage by 50% by 2022.

At Finlays we recognise that good agricultural practices and land management is essential if we are to be economically and environmentally sustainable.

Our efforts to be good stewards of the land supports the UN SDGs:



"At Finlays, we believe that good land management is essential for those who want to be economically, socially and environmentally sustainable. That is why we include it within our Sustainable Future Plan as a strategic objective to accomplish for 2022. Working with innovation and good practices while we prepare ourselves to reach even more ambitious goals along the way is part of our business identity."

Claudio Andueza

MD Casa Fuentes (Finlays Argentina) & Executive Sponsor of this objective

At Finlays we recognise that high quality land management is essential to sustaining the cultivation and growth of tea, coffee and botanicals. Adopting practices such as sustainable agricultural standards (SAN), reducing agrochemical use and applying agroforestry concepts, help us increase farming resilience, improve soil health, and increase yield and quality. All our Finlays-owned tea farms operate within the SAN framework, and our tea and coffee are certified to a variety of third-party certification and auditing bodies.

Agroforestry and biodiversity protection not only increase land productivity, but also the health of the land. We have cultivated these practices through planting ancillary crops to supplement livelihoods, and transforming barren hillsides into functioning coffee farms, which have further brought local biodiversity and water back to areas through the creation of micro-climates. Finlays continues to share best land-use practices, which is integral to mitigating the effects of climate change.

Recognising the threat of climate change on livelihoods and business resilience, we have been trialling a number of innovative solutions to help our farms adapt to climate change impacts. Since 2014, our **Sri Lanka** business has been partnering with a local and a Japanese university to set up field monitors in two of our tea farms which use precision agronomy technology to log and identify the microclimatic conditions of the area. Combining this information with productivity and agrochemical use data in the last five years, the aim is to help us make better decisions on crop management and agrochemical use.

In **Kenya**, we use bio-solutions to control pest mite issues on our tea farms. These pest mites damage tea leaf tissues, resulting in yield losses. Traditional methods to control the mites are laborious, so in 2019 we trialled the introduction of a predator mite which feeds on the pest mites. The results have been promising so far, showing a 50% reduction in pest mites in our test fields. If successful, this will form part of our approach to Integrated Pest Management, whilst reducing our agrochemical use.

In **Colombia**, Finlays is partnering with Solidaridad and the Norwegian Agency for Development Cooperation to work with La Cooperativa de Riseralda in Colombia, one of our long-term suppliers. Through training, 7,361 farmers and 459 agronomists have seen an increase in their yield over the years. They have adopted climate-smart practices such as coffee shade management, soil conservation, water waste management and organic fertiliser production.

As a result, the farmers managed to reduce their carbon emissions significantly, whilst increasing their yields. In 2019, we renewed our commitment with a further two year investment in the project, and we aim to roll out a data collection app and dashboard which give the farmer real time information on farm performance and yield, and we will also continue to invest in farmer education and training for other cooperatives in Central and South America.



Our People

Finlays will increase participation of women in management in all levels to 30% by 2022.

Our employees are at the heart of our business. We are committed to building a workplace environment where talents and skills of different groups are valued.

Our work to empower women and provide equal opportunities supports the UN SDGs:



Credit: Giulio Mazzarini



Tamie Hutchins

Group HR Director & Executive Sponsor of this objective

"Combining our core values of being Trusted, Sustainable and Innovative with the commitments made within this 'Our People' pillar, we seek to build a truly equitable workplace in which women are empowered to fulfil their own potential, creating a fairer, better and more sustainable business for our colleagues, customers and the communities in which we live and work."

At Finlay's everyone is treated with dignity and respect. We strive to be an employer that demonstrates opportunity, fairness and equality, and one that provides a fulfilling and adaptable workplace. By working with our long-standing partners such as Starbucks and IDH, we have designed projects to empower and develop the potential of communities in Kenya and Sri Lanka, focusing on breaking down gender barriers.

Gender Equality in Kenya

To achieve gender equality, James Finlay Kenya (JFK) has taken a two-pronged approach. The first approach was to equip women with technical skills commonly needed in the industry. In partnership with a technical training institution, JFK and IDH have co-funded a two-year apprenticeship programme that involves both on-the-job and classroom training. In 2019, 18 women graduated from this programme and found work involving their newly acquired skills.

The second approach was to help tackle the underrepresentation of women in management roles. An intensive nine month leadership training and mentorship management programme was developed in partnership with the Kenya Institute of Management and co-funded by IDH. In 2019, 26 women took part in this programme which seeks to build key leadership competencies in women as well as giving them confidence in their leadership abilities.

This programme has now been extended to a leadership programme for both female and male junior managers with funding from Finlays and Starbucks. These 50 participants are due to complete their training in 2020. The management trainee programme was started in 2014 and has provided a conduit to inject new talent into the leadership pool while at the same time addressing the issue of gender disparity. As a result, women now represent 27% of entry level management, an increase from 22% in 2014.



Anita Jerotich, Kenya

Anita is a participant in the leadership and management programme

"Finlays' management trainee programme was the best opportunity ever, as it equipped me with skills that later propelled my growth to a more substantive role as a Junior Manager. I was promoted to a Quality Assurance Assistant after a year of intensive training. By also learning how to prioritise my time better, I have a better work-life balance and am more happy."

Addressing Human Rights Issues in Kenya

In 2019, we have provided training to Finlays service providers such as Welfare Assistants and Counselors on addressing gender based violence (GBV), in partnership with IDH. A total of 67 females and 166 males took part in the training. The eight Welfare Assistants and the three Counselors also participated in a four-month child counselling training.

In our Kenyan tea farms and schools, we held awareness raising sessions based on international human rights days and partnered with IDH on initiatives to alleviate and support women based on community feedback of their needs. This has included organic kitchen gardens and child day care centres.

Empowering Budding Entrepreneurs in Kenya

Finlays also recognises the role of financial literacy and having a business mindset in combatting poverty. As such, in 2019, we carried out a six month entrepreneurship training for vulnerable men and women living on our tea farms. This was implemented through the Youth Talent and Enterprise Development Centre, funded by Starbucks and IDH. The aim of the programme is to give participants the necessary skills to become economically independent, for example through saving and basic accounting skills.

Esther is a graduate of Finlays' Entrepreneurship Programme in Kericho

"Equipped with new skills from this programme and the lessons learned from my past business mistakes, I have forged ahead, started saving towards my goals and I'm currently running a second-hand clothes business. I have made it a rule to not sell on credit anymore, as I now know this was one of the practices that led to my previous problems. I now rely less on borrowed money. I am hopeful that my future, and that of my children, is brighter. My sincere gratitude to JFK and Starbucks."



Esther Nyawira, Kenya

Gender Equality in Sri Lanka

In Sri Lanka, we are also empowering women to take up traditionally male-dominated roles on tea estates. In 2019, we launched recruitment programmes which aim to provide equal opportunity to women. Finlays is the first in the Sri Lankan tea industry to have recruited two female assistant superintendents on our farms – a role traditionally reserved for men. These skilled women, with backgrounds in agricultural technology, were given six months of training under an experienced superintendent prior to their appointments. By challenging the norm and giving opportunities to women to take on this role, we hope to instil confidence and unlock their potential, while making it an attractive – and accessible – career path for future generations.



Priyanthi Makeswaranathan

Assistant Superintendent, Sri Lanka

"I love this job very much. It allows me to enjoy a balanced work and personal life. I am supporting my family and taking care of my parents as well, and I can plan properly for my future. Tea estate management is a male dominated sector with low women's representation. The importance of this job for me is also to prove that women can work in estate management, just like men."

Gender Equality in Argentina

In Argentina, we recruited six women into key roles within our farms in 2019. We are also incorporating a number of changes within our operations, including the introduction of female-specific facilities on our estates such as dressing rooms, to help make the working environment more inclusive for women. We are also looking into the feasibility of adapting certain technologies that shift from more laborious manual work, which will make these roles more favourable for women.

Occupational Health & Safety

Our Zero Harm journey continues, including progressing our safety culture — 'Always Safe: Everybody, everywhere, every day, in everything we do, at work and at home'.

We continue to develop front line manager capability through the Always Safe Leadership course, with 294 employees having completed the course by the end of 2019.

At the start of the year, a revised corporate H&S audit tool was implemented, based on the international ISO 45001 OH&S Management Standard, which is more robust while enabling self-assessment at individual business level. This

resulted in an expected drop in average scores from 79.4% to 69.9% (-9.5%) while providing much clearer opportunities for improvement actions.

OH&S data from our joint venture in China (Damin Foods) was fully integrated for the first time, and we are continuing to develop and further align our safety partnership.

Our focus on physical safety has achieved a 47% reduction in lost time injuries and a 69% reduction in lost working hours since launching our Zero Harm strategy in 2017, and so in 2019 we increased our focus on health and wellbeing. This was adopted with enthusiasm across Finlays, with great examples of engagement, empowerment and innovation. Initiatives included physical exercise, nutrition and mental health awareness programmes.

Yearend OH&S data recorded a 0.03% point increase in our Lost Time Injury Frequency Rate from 0.16% in 2018, to 0.19% in 2019. Regrettably our safety performance was overshadowed by a workplace fatality that took place on our tea estate in Kenya. This has been thoroughly investigated to avoid a similar incident in the future.

Health & Safety Performance 2018 vs 2019

2018-2019 comparison	2018	2019	Difference
Lost Time Injury (Frequency) Rate	0.16	0.19	+0.03 (+18.75%) ¹
Lost Working Hours (Severity) Rate	19.68	18.31	-1.37 (-6.96%)
Hazard Reporting Rate	43.39	65.63	+22.24 (+51.26%)

1. Excluding JV (China) data this would read 0.14 which is a -0.02 (-12.5%) difference compared to 2018.

Notes:
Hazard reporting is where unsafe acts or conditions are identified before a near miss or injury occurs, enabling a proactive approach, enhanced employee engagement and safety culture development.

Rates are calculated per 200,000 hours worked, which equates to 100 employees working 40 hours a week for 50 weeks of the year. A standard H&S calculation methodology.

While the increased focus on health and wellbeing has been successful, and the Zero Harm strategy has continued to improve safety, the latter half of 2019 saw an increase in lost time injuries, albeit due to fewer serious injuries. This indicates that more work is required to embed our safe ways of working and further develop our safety culture. In 2020 we will progress a 'back to basics' initiative to ensure we have the right foundations to take the next step on our Zero Harm journey.



Credit: Giulio Mazzarini

Low Impact Operations

Finlays will reduce year-on-year our environmental impact throughout our operations.

At Finlays we recognise that effective and efficient management of resources is not only good for the environment, it is also good business practice.

Our work to reduce our environmental footprint supports UN SDGs:



"As our business grows, so does our responsibility to ensure better use of our planet's environmental resources. We have faced some headwinds this past year as we continuously strive to improve our measurement and reporting systems across our regions. With sustainability as one of our core values, this is a call to action, and we remain optimistic in our long-term commitments to the environment. Through harnessing the power of innovation and aligning ourselves with robust science-based targets, low impact operations is crucial to our sustainable growth beyond 2022."

Neil Willsher

Group Operations Director & Executive Sponsor of this objective

At Finlays we understand that reducing the environmental footprint of our business is not only good for the environment, it offers many social and economic benefits too. To achieve this, we aim to reduce resource consumption and waste production by moving towards low-carbon products and services and adopting circular economy concepts in our resource use.

Innovative and Sustainable Packaging

Key to our environmental objectives are our alternative packaging projects, which respond to customer sustainability ambitions. In 2019, we worked with a customer to remove 11 tonnes of plastic foil from their supply chain by trialling a new carton for black tea bags without a plastic wrap. This has encouraged us to work on a production model which uses more recyclable material and less plastic. Further, we continue trials on an alternative biopolymer tea bag paper and the use of new alternative materials for some of our tea & coffee ranges that can be recycled at carrier bag collection points. Over the next year, we are aiming to make these changes in collaboration with our customers.

Kenya Energy Strategy Update

Since 2014, Finlays Kenya has continued to roll out successful energy efficiency measures. As a leading Kenyan tea supplier, we always strive for ways to reduce our impact on the environment. Our goal is to have an energy supply that is completely self-sufficient in electrical and thermal energy by 2030 and to supply all this energy from renewable sources. To achieve this, we are implementing a programme of activities to reduce energy consumption in our operations as much as possible, and to ensure that our remaining energy needs can be met by a renewable supply.

In 2019, our energy strategy focussed on projects which contribute to a reduction in imported energy. These projects included:

- studies on our energy network across all estates and factories leading to measures to reduce dependence on diesel generators;
- a feasibility study on increasing our hydropower generating capacity;
- installation of smart metering to monitor our energy consumption in real time to help reduce energy waste;

- improvements to a combined heat and power plant which uses renewable wood fuel to generate electricity;
- an improvement to our biogas plant which converts tea waste into steam, hot water and electricity.

As part of our strategy, we rigorously interrogate areas of high energy consumption, and make changes where required. We continuously train our Energy Management Committee members to attain proficiency in monitoring, reporting and implementing saving initiatives. They will spearhead any innovative actions and continued reduction interventions to ensure the savings continue, in addition to driving behaviour change among employees.

Progress update on our environmental footprint

Operating an increasingly integrated global business has its challenges. Our use of resources will increase as our business grows, but this also presents an opportunity for us to balance this against our commitment to reducing our environmental footprint. Switching to renewable energy, adopting energy efficient technologies and innovations in packaging, are some of the measures we have taken as part of our goal of low impact operations.

In 2019, we saw an increase in overall resource use as new sites began operation and production at some sites increased. As we continue to improve our data collection and management processes across our sites, overall figures have also increased as more robust environmental data has been captured. Forming a more complete picture of our environmental footprint, we are able to improve our long-term performance and deliver greater impact in our work. The current COVID-19 pandemic is imposing new, more sustainable ways of working on our business, some of which we are able to adopt as we recover from the crisis.

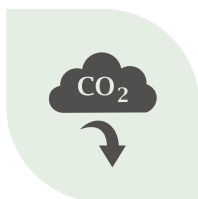




Energy

In 2019, 78% of our energy consumption came from renewable sources. On many of our sites, we generate renewable energy from solar, biogas, hydro and biomass. We aim to source energy from renewable sources where possible, and continue to assess and improve the energy efficiencies across our sites.

In Sri Lanka, we carried out a detailed energy assessment of our green-tea factory to study energy consumption patterns and identify energy losses. As a result, we were able to explore energy saving opportunities for alternative energy sources, and the factory, which gets most of its energy from biomass, saw a 20% decrease in demand for biomass.



Carbon

The corporate sector continues to take steps to disclose their carbon footprint and reduce their carbon emissions, with an increasing number committing to science-based targets to ensure they meet the level of ambition needed to limit the catastrophic impacts of climate change. As a purpose-led business, Finlays recognises the importance and opportunity of being part of this low carbon transition. As such, we are looking at ways to strengthen our climate commitments, including setting clear science-based targets and green innovation.

Energy (kWh)	2018	2019	% Change
Total Energy (GJ)	2,582,492	3,067,860	19*
Direct non-renewable	90,738,144	110,629,251	22
Direct renewable	522,497,532	635,967,797	22
Indirect non-renewable	77,386,071	72,912,137	-6
Indirect Renewable	26,737,191	32,674,088	22
Energy Intensity **	6	8	22

**Excluding Damin's energy consumption, this would read -1 which is a 1% reduction compared to 2018*

***GJ/production volumes in tonnes*

Carbon (tonnes CO2e)	2018	2019	% Change
Total Carbon	83,645	89,615	7*
Total Scope 1 Emissions	20,462	24,502	20
Total Scope 2 Emissions	53,637	55,760	4
Total Scope 3 Emissions	9,545	9,352	-2
Intensity Carbon (S1+S2)**	0.1857	0.2066	11

**Excluding Damin's figures, this would read -7 which is a 7% reduction compared to 2018*

***Total Scope 1 and 2 emissions/Production volumes in tonnes*



Waste

Whilst overall waste generation has increased, due to increased production and improved data capture, our aim is always to recover, reuse and recycle as much of our waste as possible. In Kenya, we turn tea waste into biogas or compost, and in China, we also use tea residue to generate energy. In Argentina, we use a closed loop system of powering our boilers using waste wood pellets. Our operations in Yorkshire, UK, remain zero waste to landfill for the sixth consecutive year.

Energy (tonnes)	2018	2019	% Change
Total Waste	79,456	122,336	54*
Total landfill	7,268	7,237	0
Total waste recovered	51,796	72,312	40
Total waste recycled	2,801	7,448	166
Total waste reuse	17,591	35,340	101
Intensity**	0.199	0.315	58

**Excluding Damin's figures this would read -6 which is a 6% reduction compared to 2018*

***Total resource use / Production volumes in tonnes*



Water

Extreme weather conditions, exacerbated by climate change, such as long droughts and unpredictable rainfall are some of the water-related challenges facing our tea and coffee landscapes. We aim to recycle and reuse process water, and harvest rainwater (green water), where possible, to reduce our dependence on mains, ground and surface water (blue water).

We've continued to expand the watershed management practices in one of our Sri Lankan tea farms, by increasing the water catchment area through excavation of two ponds that can hold large volumes of harvested rainwater. This provides ideal microclimatic conditions for our coconut plantations and helps reduce our dependence on blue water.

Carbon (m3)	2018	2019	% Change
Total water	4,517,252	4,708,574	4*
Blue Water	3,221,801	2,831,148	-12
Green Water	369,759	474,069	28
Recycled and Reused	925,692	1,403,357	52
Water use intensity**	11.32271	12.118821	7

**Excluding Damin's figures this would read -9 which is a 9% reduction compared to 2018*

***Total resource use / Production volumes in tonnes*



Finlays will make a positive impact in the communities within which we operate.

Finlays believes in empowering local communities and helping to make a positive impact on the society around us.

Our work to empower communities supports the UN SDGs:



"Our license to operate is dependent on engagement and support from the communities around us – socially, economically and environmentally. Empowered Communities is included in our 2022 strategy because we believe that positively impacting communities where we operate, above and beyond our own operations, is a basic obligation of a responsible company. Speaking frankly, it is integral to our success as a business."

Ben Woolf

Director of Corporate Affairs & Executive Sponsor of this objective

At Finlays, we are active participants within the communities in which we operate and aim to catalyse positive change. Throughout our business, we work on projects which have a positive and sustainable impact by supporting communities in areas that are important to them. We work collaboratively to empower communities with the tools to address these issues. Through our partnerships, we have set up initiatives that develop skills and infrastructure to sustain the long-term wellbeing of our communities.

successfully connected 5,651 houses within 86 villages to a centralised grid, which operates as a private utility using the latest smart metering technology.

Households use a mobile payment system called MPesa to pre-pay for their power, which also avoids any issues around debt collection. In addition to household lighting and power, Finlays provides security lights along the roads, which have improved safety for residents at night. To date, all villages are connected to a central grid, and approximately 30-40% of the electricity is from our own hydro and biogas renewable generation, while the rest is sourced from the national grid.



We are proud of the positive impact that this project has played in the tea industry. It is the first of its kind for a large agro-industry, to build and run a private utility network for the benefit of the community. There is a growing understanding that reliable access to electricity is a catalyst for improving living standards, including supplying safe energy and enabling children to do their homework in the evenings.

Kenya Village Electrification

The five year Village Electrification Project is the first of its kind in our industry, and its completion in December 2019 is a highlight of last year's work under the banner of Empowered Communities.

The purpose of the project is to supply fairly priced, reliable electricity to employees living on the Kericho estates. The completed project has

The project has had an unwavering commitment to safety, which was implemented through technology, design, and installation, up to internationally recognised standards, as well as through education. We work with our partners PowerGen to provide training courses for all employees who now have electricity in their homes for the first time.



Sri Lanka village renaming project

Two decades ago, Finlays like other tea companies in Sri Lanka, returned the housing within its farms to its residents. As a result, companies have inherited a contingent of skilled employees and their dependents residing within their operational boundaries. Many of the residents do not work in the tea industry and also reside in traditional rows of houses, or ‘lines’ as they are referred to locally. These impersonal housing structures have existed since the colonial era and continue to have a negative connotation to this day. As well as giving total ownership of housing, Finlays has been working with these local communities to rename their villages.

This is a lengthy and bureaucratic process, requiring engagement and recognition by the state government. In the last three years, 43 villages have met these requirements, benefitting a total of 5,225 residents of the Passara region. We plan to roll out this initiative once the initial renaming of villages in Passara are complete.

Other 2019 community impact projects

- **In Texas, in the US**, Finlays has partnered with the Society of St. Vincent de Paul, a group who address homelessness and those working below the poverty line in San Antonio – a crisis that needs immediate attention, given that nearly 1 in 5 San Antonio residents lives below the poverty level. St. Vinny’s hands out nutritious meals, and also offers job training and placements.
- To commemorate 125 years of our operations in **Sri Lanka**, we launched a project to improve the crèches on our tea farms. Many of these were developed in the 1980s and now require building-related improvements. In 2019, we inspected all 105 creches, and over the next two years we will be repainting and renovating some creches to improve their structural integrity and aesthetic value.

In 2019, 35 Finlays staff volunteers served over 1,200 lunches and we donated our liquid coffee concentrates to serve hot coffee to St. Vinny’s guests and staff. We look forward to extending our partnership next year by increasing the volunteer hours we contribute, and by providing opportunities for them to enter the workforce.

- Finlays has been working with schools in the areas surrounding our **Argentinian** tea estates to raise environmental awareness. We believe developing an understanding of the environment as an integrated system should be instilled at an early age. In 2019, Finlays implemented three training courses at a school located near our processing plant in Acaraguá Misiones. This included a special World Environment Day celebration, covering topics such as recycling. A special activity was organised for the students, where the whole school took part in planting trees native to the local region.
- In **Kenya**, we funded the Chepinyonyoi Spring Protection Project which was implemented as part of the Initiative for Sustainable Landscapes. In 2019, a community water collection point, a watering trough for animals and a washing bay were constructed, which are supplied with water using a solar energy pump. Over 800 households will benefit from the improved access to water provided by this project, up from 300 households drawing water from the spring before the project.



Economic Contribution

Finlays provides direct employment for approximately 19,000 people globally, having an impact on local economies within our regions of operation. We strive to distribute economic value generated by each country’s resources, fairly. By having equitable distribution, we help to eradicate poverty, reduce social inequality and raise standards of living.

Our economic contribution includes: direct employment; buying from local, regional and global suppliers; alongside the distribution and retailing of our products. Whilst economic growth and development are key performance indicators within our Business, our Group’s operations have clear sustainability objectives, echoing our commitment to creating a sustainable future. Working with communities to ensure skills development to benefit communities as well as ensure environmental protection.

In the year ending 31 December 2019, Finlays generated \$582 million in economic value. The majority of this value was distributed through the course of our business to our employees, shareholders, suppliers and governments, as well as to local communities through our sustainability activities. In 2019, the economic value retained was negative \$8 million (which was driven primarily by the operating costs arising from setting up a liquid tea extract factory in the US).

Finlays works collaboratively with smallholders in many markets and various projects with farmers. We help provide them with an income so they can support their dependents and contribute to the development of the communities in which they live and where we operate.

In many cases, Finlays assists farmers with marketing activity, logistical support and essential farming expertise, and good agricultural practice.

Economic value generated by region



*Damin is included as a 49.51% proportion





Finlays will have 100% traceable, transparent supply to internationally accepted standards by 2022.

Finlays takes seriously the need to be transparent and responsible, and recognises that there is increasing demand for this also.

Our work to increase traceability and transparency in our supply chain supports the UN SDGs:



"Transparency and traceability are at the heart of being a trusted supplier that can bring the best from bush to cup and becoming increasingly relevant to consumers. The variety of channels through which tea and coffee are bought and sold make achieving transparency especially challenging in our industry. For this reason, the work we are doing to reach 100% traceability throughout our supply chains is increasingly a core function of our business."

Ben Woolf
Director of Corporate Affairs & Executive Sponsor of this objective

Traceability is important in the food and beverage industry as it is linked to the health of the planet and people, as well as playing an integral role in food safety. In pursuit of this mission, Finlays is committed to creating a Sustainable Future by providing a transparent and responsible supply of tea and coffee by 2022. We define 'traceability' as knowing the origin of our tea and coffee products. That is, all tea and coffee products are 100% traceable to origin, including all steps in between.

As of 2019, our progress takes us up to 97% traceability for tea and 88% traceability for coffee.

To achieve full traceability across our supply chain, Finlays expects all of our suppliers to adhere to our Sustainable Sourcing Policy, which ensures commitment of suppliers to responsible and sustainable sourcing. By signing this policy, suppliers commit to upholding human rights in the workplace as well as minimising environmental harm.



Additionally, we have recently created a supplier risk assessment tool which helps us carry out due diligence of our tea and coffee suppliers. This helps keep track of our suppliers' commitment to sustainability and transparency around their activities involving ethical trade, social and environment impact. This tool allows us to grade our suppliers based not only on their sustainability risk, but also on regulatory, quality and food safety, as well as sourcing risks. The outcome of this assessment will inform the frequency of audits and site visits, going forward.

Finlays PRODUCERS

Meet some of our tea and coffee supplier partners, within our global network.

Finlays Tea



Rachel and Reuben Tanui, Kenya

Rachel and Reuben Tanui run a family tea-based enterprise, RETANS, which has been supplying green leaf to Finlays since 2008. Their partnership with Finlays has provided many benefits including training in good agricultural practices, certification to Fairtrade and Rainforest Alliance and fair and consistent pay for their employees. A resultant increase in yield has helped the family business financially, which has given them the opportunity to purchase lorries and venture into tea transportation. The family has been able to cater to their needs, including providing high quality education for all their children, and they have been able to put money aside for their retirement.

Gabriel Kuliba, Argentina

Gabriel has been supplying tea to Finlays for 20 years. He is happy and thankful of his relationship with Finlays, as he has received valuable training on good agricultural practices, such as safe use of agrochemicals, pest monitoring and RAS standard. His certified tea gardens have seen an improvement in yield, which has resulted in improved livelihood for him and his family.



Buddhika Darmadasa, Sri Lanka

Buddhika is a smallholder farmer who has been supplying tea to Finlays since 2016. Since the start of the partnership, he has received training on how to improve agricultural practices such as safe handling of agrochemicals, as well as measures to improve the quality of tea leaves. Buddhika is happy to be working with Finlays, as payments are fair and always on-time. He looks forward to continuing the fruitful relationship, which has benefitted him and his family.

Finlays Coffee

At Finlays, we have developed a deep understanding of responsible sourcing in tea through our own estates in Kenya, Sri Lanka and Argentina. When we source coffee, we apply these same standards and work to ensure that all partners have long term, collaborative relationships with fair prices for the coffee they produce. We work directly with farmers, co-operatives and mills to buy from them directly and support local producers wherever possible. Within the coffee industry, typical chains of custody are long and complex, with many actors and middlemen benefitting from opaque buying and selling activities. At Finlays, we want to change such unfair practices, and we believe in helping communities through access to trade. The relationships we have developed reflect this belief, starting with the below case study in Brazil.

Building partnerships with smallholder coffee producers in Brazil

Given that Brazil is our biggest sourcing country for coffee, and that smallholder producers here are often charged large sums to export to the international market, it was clear that this was a region where we could make a difference. In 2019 we began a project with two large cooperatives, COOMAP and Asscostas, with whom we have long term relationships.

This project demonstrates that not all projects require large investments but rather different ways of trading. By establishing a more direct trading model with Finlays, COOMAP and Asscostas saw savings of \$190,500 between the two cooperatives, based on the volumes purchased directly by Finlays. The process has enabled a deeper relationship and understanding of our supply chain, moving away from a transactional relationship to a partnership. Finally, this project has sparked another, which will look at ways of leveraging financing to mitigate the high cost of borrowing in Brazil and other countries.



Asscostas, Brazil

Asscostas is a Fairtrade cooperative of 160 family farmers, located in Boa Esperança, in the south of Minas Gerais. Finlays has been purchasing coffee from Asscostas for over 10 years and worked with the cooperative to help them achieve Fairtrade certification in 2008. Finlays has also helped Asscostas to set up a direct export business, rather than selling their coffee via exporters.

"The relationship with Finlays has brought benefit to Asscostas by helping our farming communities preserve and restore the environment through soil conservation, natural spring preservation, [...] and diminished use of pesticides.

We have been able to strengthen participation by implementing a democratic structure [...] and with technical assistance, we have improved our yield from 18 to 33 sacks per hectare. We are also able to monitor and support our producers' health and provide training and water analysis; all with the aim of empowering the producer."

Andre Luis Reis
President of Asscostas

APECAFEQ, Colombia

APECAFEQ is a Fairtrade cooperative of 369 family farmers, located in the picturesque town of Quinchia in the Colombian coffee triangle.

In 2010, Finlays supported Sainsbury's in setting up the APECAFEQ sun-dried community coffee project, which committed to paying 2 cents per lb over the Fairtrade price for coffee purchased from this co-operative. Over the past nine years, Sainsbury's has invested \$30,000, and seen tangible impacts. Construction of greenhouses and drying tunnels on farms have been the main investment, which has led to higher productivity, quality, and crop price.



"Working with our supplier Finlays, we have been selling 100% Fairtrade Roast & Ground coffee for over 10 years, and during this time we have invested almost one million dollars per year in Fairtrade premium back into the global coffee supply chain. We are looking at different trading models to add more value to Sainsbury's brand, [...] including a premium that could be invested by the cooperative or farm in social, economic or agricultural improvements to contribute to their long-term sustainability."

Sainsbury's sustainability team



Coffee Producers, Vietnam

Eakiet is a small cooperative based in the Daklak province of Vietnam. Eakiet produces only Fairtrade coffee, and was one of the first cooperatives in Vietnam to become Fairtrade certified as early as 2008. Finlays has been supporting them through a direct relationship ever since. Eakiet invest 40% of their premiums into improving product yields and quality. This in turn has improved farmer income and livelihoods. With the help of Finlays, the cooperative is now able to market their coffee internationally rather than selling through intermediaries.



For more information, visit our site at:
finlays.net