

1750

BY FINLAYS

ISSUE 167

The Wellbeing Edition



PLANT POWER

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Editor: Thom Walton
Thom.Walton@finlays.net

Creative Direction: Giulio Mazzarini
Art Direction & Design: Rosie Davenport
gemcreativedesign.com

Cover story: Function is the Fashion

Illustration by Corina Alvarez Loeblich

The molecular design on the left represents the
polyphenols found in tea. These compounds are why tea
is known as "the forgotten nutraceutical".
Find out more in the cover article on page 10.

Environmental Impact Statement

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CONTENTS

04

Welcome

06

Global Network

Where we are and what we do

08

Fascinating Facts

The world of beverages in numbers

10

Function is the Fashion

The rise and rise of functional food and beverages

26

Finlays Trend Watch 2021

The industry trends to watch after Covid

28

How clean is your label?

Why tea and coffee are the natural choice

36

The Wellbeing Collection

Get the best out of tea, naturally

38

Summer of fun in '21

The effervescent rise of hard seltzers

40

What is Next for

Sustainable Sourcing?

The real meaning of sustainable sourcing and supply chain

52

Herbal Remedy

Sustainably sourcing botanicals in Kenya

54

Leaders of the Flock

Meet the newest employees of Casa Fuentes - Finlays Argentina

56

Just Brew It

An interview with David Smith, Founder & CEO of High Brew Coffee

62

Grounds for Optimism

Finlays invests in cold brew coffee facility in Europe

64

Seven (surprising) uses for cold brew

Inventive uses for one of the hottest products around

66

For all the coffee in China

How the world's most populous nation is finally falling for coffee

74

Resilience and agility (since 1750)

Lessons from history from the Finlays archive

82

The View from the Business

What the future holds, according to our global leadership team

90

Newsround

News from around the world of Finlays

94

Going for Gold

Meet the winners of the Finlays Recognition Awards

102

Heart to Heart

The value of true emotional connection in business

104

Seeing Sense

The practical applications of Sensory Science

108

Future Flavours

On-trend flavours, now and next

110

Finlays in the Frame

Our global photography contest

116

Meet the Master

Finlays Americas' Master Roaster



10

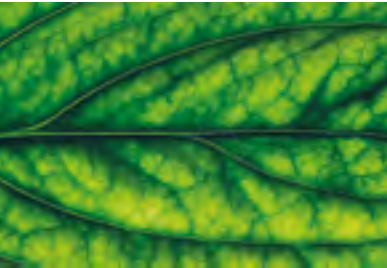
Cover story:

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28

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26

Trend Watch 2021



38

Summer of Fun in '21



66

For all the coffee in China



40

Sustainable Sourcing



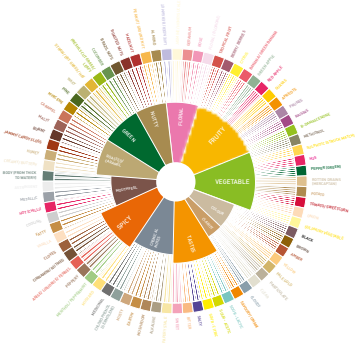
56

Just Brew It



74

Resilience & Agility



104

Seeing Sense



WELCOME TO
THE WELLBEING EDITION



WELCOME TO 1750 – FINLAYS’ ANNUAL MAGAZINE THAT OFFERS A LONG-TERM VIEW ON THE BIGGEST TRENDS IN NATURAL BEVERAGES.

Since the publication of last year’s edition of 1750, the coronavirus has had an impact on the lives of probably every individual in every country around the globe. It has also had an impact on almost every business. Thanks to the hard work and dedication of our teams around the world, Finlays has weathered this storm with relative stability.

We have continued to operate largely as normal in almost all locations – albeit with the constraints of social distancing in the workplace and working from home for many office staff. In fact, the need to work from home has accelerated the company-wide adoption of a number of IT tools that now allow us to work even more effectively across countries and continents. I expect this will be a lasting change.

As you would expect, in some markets, our results in 2020 have been impacted by Covid-19. That said, our global teams have responded with guile and agility in adapting, mitigating and overcoming the challenges posed. The US operations were particularly impacted due to a number of state-wide lockdowns during the year. Damin (our joint venture in China) outperformed expectations as declines in food service were more than offset by new customer wins and new product launches. Overall cash generated by the business was materially higher than normal. This was due to a number of one-off transactions, including the sale of the majority of our shares in a property development in Sri

Lanka, with the cash generated used to repay debt. Steps were also taken to de-risk the UK defined benefit pension scheme with a third-party buy-in of the assets of the scheme. This is expected to be followed by a buy-out of the liabilities in the near future.

The theme of 1750 this year is Wellbeing. This felt appropriate, not just in view of Covid-19, but also because it is one of the largest trends in food and beverages. Inside this magazine, you will find a host of fascinating articles on various topics looking at physical health, mental health, and general wellbeing.

Our lead article explores the inexorable rise of functional food and beverages. Subathra Vaidhiyanathan has penned a fascinating piece all about the meaning of sustainable sourcing, and Art Lopez from Finlays Americas shares his view on one of the hottest trends around – the hard seltzer. I also provide a perspective on the growing trend for “clean label”.

Elsewhere, we hear from US-based leading cold brew brand High Brew, take a look at future flavours, share our view on the value and intrigue of sensory wheels, and get the inside track on how the coffee market in China is hotting up.

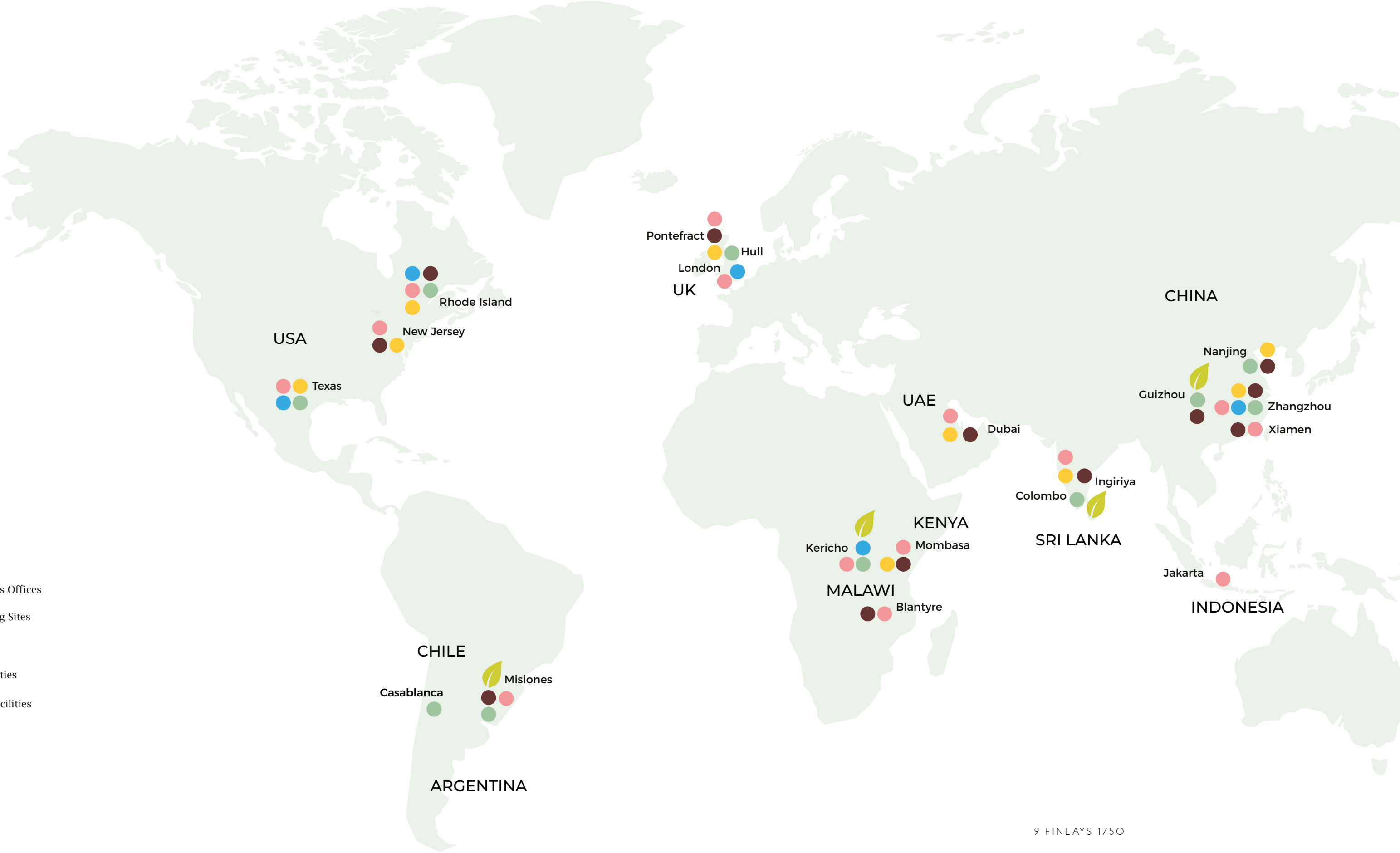
I hope you are all keeping safe and that you enjoy the Wellbeing Edition of 1750. As ever, we look forward to receiving your feedback.

Guy Chambers
Group Managing Director

Finlays' GLOBAL NETWORK

Map key

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



Finlays' FASCINATING FACTS

58%

of global consumers seek products that improve their health. (GlobalData Plc., 2019)



66%

of global consumers are willing to pay a premium for sustainable products. (Lightspeed, 2020)



\$200

the cost per gram of a Sri Lankan tea called Golden Tips rings – approximately four times the cost of gold.



2.6 bn

cups

the number of cups of hot coffee consumed worldwide every day.



3 bn cups

of tea produced by Finlays Beverages during 2020 in the UK.



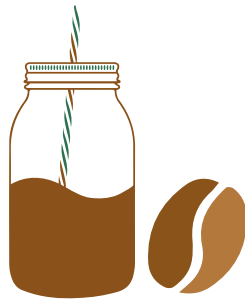
82%

of Chinese consumers think it's worth paying more for products of a higher quality. (Mintel)



433%

The growth in market share of RTD Cold Brew Coffee in US retail between 2015 and 2020.



500

buses

The equivalent weight of coffee roasted and packed by Finlays Beverages annually.



3x

How much more quickly global demand for organic products is set to grow in relation to the standard market between 2020 and 2025. (Global Organic Beverage Market Growth Assessment 2020-2025)



70%

of global consumers believe green tea has a positive impact on their health. (GlobalData Plc, 2020)



FUNCTION IS THE FASHION

THE RISE AND RISE OF FUNCTIONAL FOOD AND BEVERAGES
AND HOW BRAND OWNERS CAN CAPITALISE

Words: Thom Walton Illustration: Corina Alvarez Loeblich



'I started drinking green tea on a daily basis around seven years ago
for the antioxidants, immunity support and natural energy'

LEVON KURKJIAN IS A STRONG BELIEVER IN THE IDEA THAT “FOOD IS MEDICINE”. OVER THE LAST 10 YEARS, THE 45-YEAR-OLD FROM BOSTON, MASSACHUSETTS HAS BUILT HEALTHY EATING INTO HIS DAILY ROUTINE. “I STARTED DRINKING GREEN TEA ON A DAILY BASIS AROUND SEVEN YEARS AGO FOR THE ANTIOXIDANTS, IMMUNITY SUPPORT AND NATURAL ENERGY,” SAYS LEVON.

As well as green tea, Levon regularly partakes in a wide range of food and beverages that offer health benefits. “A shot of fire cider for an immunity boost via improved gut health; red ginseng tea for mental clarity. I’m not always focused on a particular benefit, but I’m definitely attracted to products that promise health and wellbeing benefits.”

Levon is just one of a rising number of global consumers interested in the idea that what we eat and drink can offer more than simple sustenance and nutrition. That food and beverages can offer “functional benefits” to our physical or mental health and wellbeing. And while this idea isn’t new (in fact it’s ancient), it’s making huge waves in the world of food and drink.

A once in a generation trend?

While the term itself isn’t yet widely used by consumers, functional food and beverages have been growing rapidly for some time, driven by the global health and wellbeing megatrend.

Today, six in ten (58%) global consumers actively seek healthy products, increasing from just 42% in 2016¹. In response, launches of functional food and beverages increased 171% between 2010 and 2020. That’s compared to just 75% growth across all food and non-alcoholic beverages².

Alyssa Hangartner, Flavour and Ingredient Trends Analyst at Mintel believes that functional foods are now finding their place in consumers’ routines. She says: “Increased emphasis on improving lifestyle habits and the definition of wellness on a personal level has left plenty of room for food and beverage innovation to meet consumers’ needs where they need it most. Functional food and drink will play a powerful role in consumer desires to build up immunity, manage daily stresses and incorporate ingredients that will support long-term health.”

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Siân Edwards, Finlays Group Insights Manager, believes that the growth in health and wellbeing is “so sustained and with such broad appeal, that functionality is more than just a key trend or fad. It could drive the food and beverage industry for a generation”.

Let thy food be thy medicine

The concept of functional foods isn’t new. In fact, it’s ancient. The Greek physician Hippocrates (of Hippocratic Oath fame) is thought to have coined the phrase “food is medicine”. And even earlier, we know of food items being used medicinally, such as tea in ancient China. It was in the 1980s, when the modern conception of “functional foods” was established. The Government of Japan created a class of “functional foods” that offered health benefits that went beyond basic nutrition³.

Finlays’ Principal Innovations Scientist Dr. Maximilian Michel offers a contemporary definition: “Functional food and beverages can be broadly understood as offering, or being believed to offer, some kind of physiological benefit thanks to the presence of bioactive compounds. For example, people might drink green tea because it contains polyphenols which they associate with cardiovascular health, weight management and immunity.”

Multifunction

Today, functional foods and ingredients are sought by consumers for a vast array of physical and mental health benefits, including weight loss, cardiovascular health, boosting immunity, gut health, improved focus, better sleep and reduced stress. While products that offer more established benefits, such as added vitamins or probiotics, remain popular, there is increasing consumer awareness around the benefits of fermented foods, adaptogens, and different types of antioxidants, such as catechins. These are starting to break free from the confines of the health and wellness niche, and gradually entering mainstream consciousness.

'Functionality could drive the food and beverage industry for a generation'

Bridging the perception gap

For all the exciting growth, functional foods are closely regulated, and their actual efficacy often requires further research. Dr. Rhodri Evans, Head of Food Safety and Regulatory Affairs at leading consulting firm Exponent, who specialises in this area, explains: “There is a great deal of interest among food producers in providing more information to consumers on the potential health benefits of foods and their constituents, but it is important to ensure the information presented is accurate, can be substantiated, and is not misleading.”

He continues: “In the European Union and United Kingdom, any health claim made on a food must be authorised before use. In other parts of the world there are more opportunities to present information on the health benefits of foods and in Japan in particular there are a number of FOSHU (foods for specified health use) claims, including ones related to tea and bioactive tea constituents, that can be used on products.”

Dr. Maya Zuniga, Group Innovation Director at Finlays adds: “Functional foods are a really exciting area of research, since they cover such a vast array of foods and ingredients. But categorically proving the direct health benefit of a food is challenging due to the needed intensive (and expensive) clinical studies. Without supporting clinical data, it is difficult to validate a claim

¹ GlobalData Plc, 2019

² Mintel GNPD Global New Products Database, 2021

³ <https://pubmed.ncbi.nlm.nih.gov/19087392/>

'Health-conscious consumers are also now seeking products
that fit easily into their lifestyle'

from a regulatory point of view. This is why it's quite rare to see products make specific health claims."

She continues: "From a brand owner's point of view, bridging this gap is a delicate balance. Most on-pack claims tend to focus on the presence of specific ingredients or bioactive compounds, which consumers associate with health benefits, and let them draw their own conclusions."

A healthy value driver

While words like "EGCG" and "Adaptogens" aren't currently mainstream, consumers are becoming increasingly knowledgeable about linking individual ingredients to health benefits.

Siân Edwards explains: "The very definition of 'health' has continually evolved, from getting your 'five a day' to a more holistic concept, with a proactive approach to physical, mental and environmental wellbeing. This has driven the recent wave of functional foods, including everything from trending superfoods, pro/prebiotics for gut health, functional ingredients to alleviate stress, adaptogens and plant-based diets. While consumers may not always understand the specifics, buzzwords and trending ingredients are increasingly important, particularly when you factor in the influence of social media."

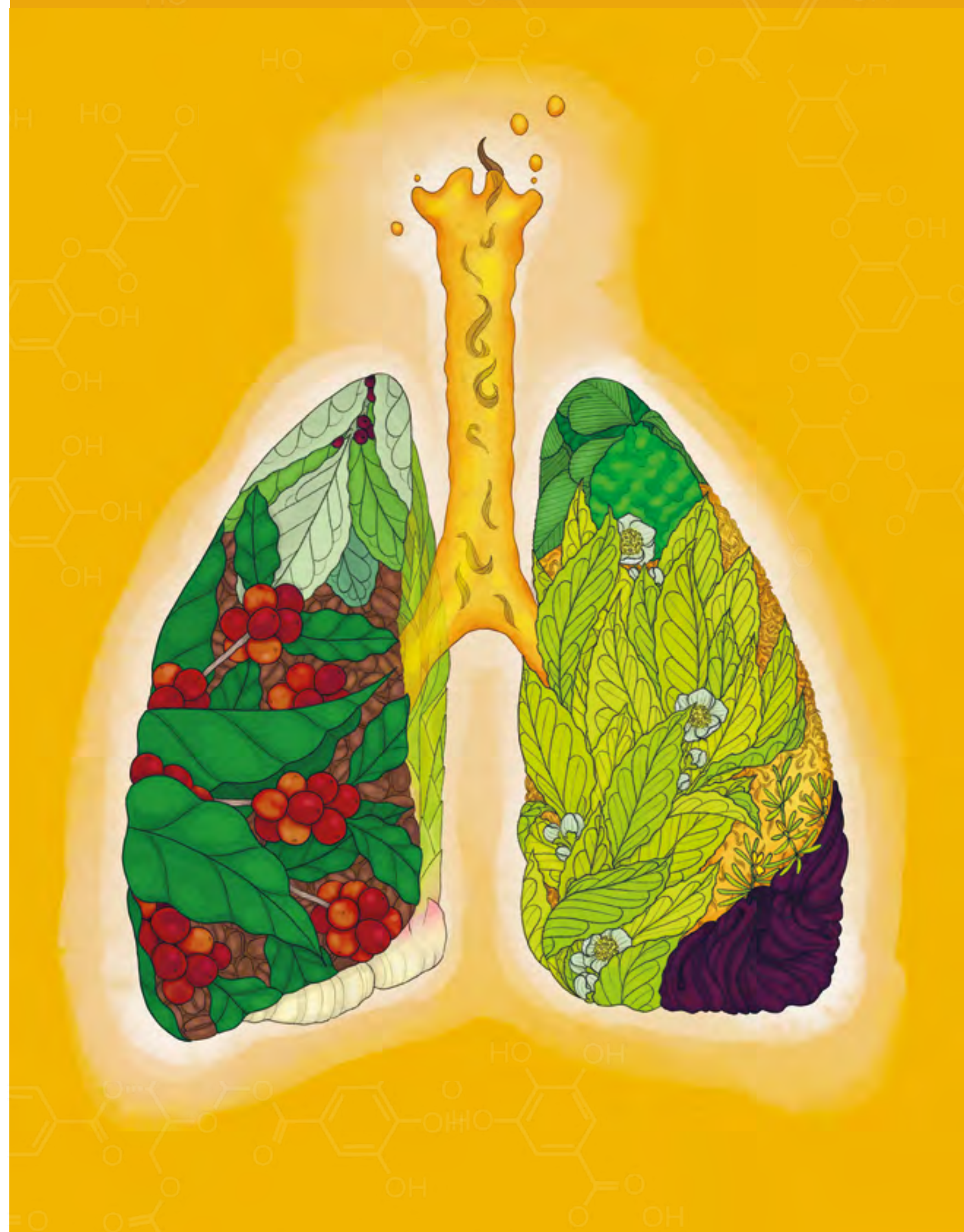
Edwards is also keen to the close link between functional benefits and premiumisation. She continues: "What is exciting about functional foods entering the mainstream is the numerous studies suggesting that consumers are highly willing to pay a premium for healthy and functional products, and even more so among younger generations. It's a value driver that promises long-term growth."

Holistic lifestyle

The idea of "food as medicine" has traditionally centred on the concept of a balanced diet, and this remains true today. In his best-selling book *The Diet Compass: the 12-step guide to science-based nutrition for a healthier and longer life*, science journalist and author Bas Kast set out to take an evidence-based approach to diet in the 21st century.

Speaking to 1750, he explained that his approach to healthy eating is focused on real food: "How it comes out of nature. In its holistic, unprocessed form. Like vegetables, legumes, nuts, fruit. It's the food we have been adapted to throughout millions of years." Given *The Diet Compass* has sold over a million copies worldwide, it is clear this idea resonates strongly.

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The Confluence of Food and Medicine

But many health-conscious consumers are also now seeking products that fit easily into their lifestyle. Products that taste good, contain functional ingredients, but come in convenient, innovative and novel formats too.

Take the example of green tea. A cup of brewed green tea is rich in the family of antioxidants known as polyphenols. Catechins belong to this family and the most well-known catechin is EGCG (Epigallocatechin gallate). EGCG is increasingly linked by consumers to a range of health and wellbeing benefits, and particularly cardiovascular health and weight loss.

'We're seeing a blurring of boundaries
between medicine, nutraceuticals
and food'

But today's consumer doesn't need to drink brewed green tea to consume catechins - they can do so from a dizzying array of products and formats. That could be an RTD, a shot, a gel or even a food item.

As Rachel Jones, Finlays' Group Head of Business Development explains: "We're seeing a blurring of boundaries between medicine, nutraceuticals and food. Within this, we're seeing a change in delivery system from traditional foods and supplements to foods that have added functional properties."

According to Jones, the confluence of food and medicine represents an exciting opportunity for brand owners. "Today's consumers have a huge appetite for convenience. By creating products that seamlessly build functionality into their consumers' lifestyles, brand owners can unlock huge value."



'Tea is the forgotten nutraceutical'

A world of possibility

This pivot towards consumers not just seeking naturally functional foods, but also foods with added functionality, opens up a world of possibility for brand owners. Today, brand owners can choose from a wide selection of ingredients that add functionality to their products. That could be vitamins, probiotics, or the inclusion of other bioactive compounds such as catechins. But according to Dr. Michel, not all functional ingredients are created equal.

He explains: “One debate in the arena of functional foods is around how bioactive ingredients show the same effect when isolated as compounds in powder or pill form, as they do when present in their original food. There is evidence to show that the absorption of bioactive compounds in the body is strongly correlated to their bioavailability. This ultimately leads to the conclusion that one should consume functional foods as little processed as possible.”

For that reason, according Dr. Michel, using ingredients in the right way could be particularly advantageous. He says: “When processed in the right way, ingredients can actually achieve a higher concentration, but the trick to doing so is using a natural process.”

A natural choice

The link between “healthy” and “natural” is also well established in the mind of the global consumer, with 70% equating the two concepts⁴. Rachel Jones believes that natural claims are an increasingly critical part of a functional product’s proposition.

She explains: “Healthy and natural go hand in hand, so when a consumer is looking for a healthy product, they’re also looking for a natural product. That makes clean-label, free-from, natural, organic claims powerful differentiators in the functional category.”

The forgotten nutraceutical

According to Jones, the demand for products that are both functional and natural, makes tea an exciting ingredient for brand owners to consider – and not just in beverages.

She explains: “Tea is this incredible plant that’s rich in antioxidants and has been used as a medicine for thousands of years but is often still seen as 'just a drink'. What we’re seeing now is consumers switching back on to the idea of tea as a natural source of functional benefits. That’s why at Finlays, we think about tea as the forgotten nutraceutical. The trick is finding how best to harness the antioxidant power of tea, in a natural way.”

Where next for functional foods?

As the functional food trend picks up speed, where might it go next? Many suggest a trend towards personalisation. Specifically, personalisation of solutions to the individual and their specific health and wellbeing goals.

Journalist and author Bas Kast explains: “I think in the future, genetic testing might enable more personalised recommendations. Keep in mind that today’s recommendations are largely based on the average findings from studies. But we do know that people react very

⁴ GlobalData Plc, 2018



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differently to the same food. For example, we know that some will have a blood sugar spike from banana but not from a cookie, while for person two it might be exactly reversed. So, a more personalised approach would be great for the future.”

Siân Edwards agrees and believes that brand owners might start segmenting consumers not just on their demographics and ethnography, but on their health needs too.

She explains: “Customisation has been emerging as a major driver in the beverage industry for a number of years. However, advances in technology are enabling companies to develop highly personalised products based on unique customer information such as DNA. In the future, this could look like food grown for specific consumer needs, driven by a culture of continuous health monitoring and mass customisation, not mass consumption”.

'As exciting as the growth in functional foods is, we might only just be getting started'

For Mintel’s Alyssa Hangartner, the future lies in enabling consumers to “effectively and affordably commit to routines, products and habits that contribute to holistic wellbeing”. She continues: “This can be a two-way street: brands typically known for indulgence that consumers turn to emotionally can tap into nutrition, and everyday products like water or coffee can lean into relaxation and stress reduction”.

One thing’s for sure, functional foods are a huge trend, and we can expect to see high levels of innovation that bring functional foods not just into the mainstream, but into daily life as well. As exciting as the growth in functional foods is, we might only just be getting started.

Trends to Watch in Functional Beverages



01 Fabulous Ferments

Raw and fermented foods have seen effervescent growth over recent years, with everything from kimchi to kombucha appearing in shops and cafes around the world. Fermented beverages contain probiotic bacteria, meaning you can add so-called “good” bacteria into your system, promoting a health gut microbiome, and potentially strengthening your immune system.

People seeking health benefits from their food and beverages are highly likely to want them to also be natural. A full 90% of consumers already avoid synthetic and unnatural ingredients¹ and we expect to see a rise in the number of products available which both contain functional ingredients, and which make natural, free-from and organic claims.

02 Powered by Nature



¹ GlobalData Plc, 2019

² Mintel GNPD (Global New Products Database), 2021

³ Lightspeed, 2020

⁴ NYU/Stern, 2019, quoted in the Harvard Business Review. Analysis of 36 consumer package goods categories based on IRI data for the US market

03 Awesome Antioxidants



Antioxidants are already one of the better known compounds linked to health benefits. As research into the antioxidant properties of compounds in tea - such as catechins, thearubigins and theaflavins - continues, we expect interesting developments. These may include increasing consumer understanding of - and interest in - the different types of antioxidants.

04 Mood Boosters

As well as physical health, consumers are increasingly interested in products that boost mental wellbeing. We predict a surge in products containing adaptogens to reduce stress, botanicals to promote relaxation and caffeine to support focus. L-theanine is an increasingly interesting amino acid that is unique to tea and purportedly helps reduce anxiety and stress.



05 Products with Purpose

In 2019, over a quarter of all food and beverages launched globally carried an ethical claim². What's important to note is that the discerning consumers who purchase functional beverages also expect high ethical standards. They want products that align with their values. The good news for brand owners is that two thirds of consumers are already willing to pay more for sustainable products³ and goods marketed as sustainable grew 5.6 times faster in value terms compared to products that are not⁴.



[TREND WATCH] 2021

AFTER A PARTICULARLY TURBULENT YEAR, OUR TEAM OF TREND-SPOTTERS
HAVE WORKED DOUBLY HARD TO IDENTIFY AND COLLATE THEIR TOP
INDUSTRY DYNAMICS THAT WILL DEFINE 2021 AND BEYOND

Words: Siân Edwards

1 THE ROARING TWENTIES (AGAIN)

As noted by consultants McKinsey, every economic downturn or crisis through history has been followed by a boom in spending as consumers release pent-up demand. For brand owners, this means the welcome return of consumer spending, but also an increasingly competitive environment, as companies try to recover losses from last year. Differentiating products and services has never been more important.

2 L-THEANINE: THE NEW SUPERFOOD

With launches from Coca-Cola, Nestlé and PepsiCo, L-theanine is emerging into the mainstream as consumers seek stress relief, relaxation support and sleep aids. As a component of green tea, L-theanine combines the ‘health halo’ of tea with the functionality of caffeine – and with none of the negative connotations.

3 ABSOLUTE TRANSPARENCY

Consumers are demanding greater levels of transparency around the sourcing and processing of ingredients in the food and beverages they consume. Brands which demonstrate sustainability credentials, provide assurances around food safety and premiumise their products through transparency, will tick off some major purchase drivers for consumers.

4 EMOTION: THE NEW OCCASION

As lifestyles diversify and brands look for new ways to connect with consumers, we are seeing growth in ‘mood targeting’ with products designed to meet a specific emotional need. Expect to see a surge in popularity for ingredients, such as tea, which inspire an emotional response.

5 PURPOSE-DRIVEN PRODUCTS

During this time of economic and social upheaval, consumers are more conscious about how they are spending their money, with many electing to shop with companies and brands that donate to or support a cause. Vague commitments and values are out, as consumers now want to see brands backing words with action, whether that’s funding community projects, a percentage of profits donated to charity or commitment to sustainable and transparent business practices.

6 PERSONAL HEALTH PRIORITY

Events of the last 18 months have accelerated the health global megatrend. In 2021, consumers of all ages will be taking an increasingly proactive approach to their wellbeing, looking for products and lifestyle changes to support these health choices. Increasingly individualised consumers are seeking products tailored to their specific needs, driving growth in customised or personalised products.

7 CLEAN ENERGY

The prolific growth in energy drinks has started to slow due to increasing consumer concern about sugar and synthetic ingredients. Consumer need for energising products has not gone away, and brand owners can assuage these concerns with development of ‘clean’ energy drinks, which use natural ingredients and caffeine from natural sources.



AS DEMAND FOR NATURAL PRODUCTS SOARS,
GUY CHAMBERS EXPLAINS WHY TEA, COFFEE AND BOTANICALS
ARE THE NATURAL CHOICE FOR TAPPING INTO THIS TREND

Words: Guy Chambers Illustrations: Sofia Burlak



FORGIVE THE PERSONAL QUESTION, BUT HOW CLEAN IS YOUR LABEL?

In recent years, addressing this question has become a pressing concern for the food and beverage industry in developed markets. The surging demand for natural, free-from, clean label, and organic products has prompted many to take a closer look at their labels.

The term “clean label” refers to products that use fewer ingredients, and whose ingredients would tend to be recognisable to consumers as being natural and wholesome rather than synthetic or overly-processed. That means avoiding using additives and E compounds that would need to be declared. As a term, it therefore also overlaps with “natural”, “organic” and “free-from”.

'Natural products have gone from being niche,
to becoming mainstream'

While the term “clean label” doesn’t have a scientific definition, it is broadly understood and used by both consumers and the food industry. And consumers are certainly paying increased attention to ingredient lists. Today, 90% of global consumers are avoiding synthetic and “unnatural” ingredients¹.

Of course, the trend towards natural is hardly new. But in the last few years we have seen a huge acceleration. Natural products have gone from being niche, to becoming mainstream.

Natural=Healthy

As an industry, I would argue food and drink is more susceptible than most to transient trends. We are in perpetual search of the “next big thing”. So, what is it about the “natural” trend that gives it potential long-term staying power?

For me, the chief reason is the close association consumers draw between natural products and healthy products. When asked what “healthy” means to them, 69% of consumers say “natural”. That’s a considerably higher number than say “low in sugar” (44%), “fresh” (43%) and “low in fat” (43%)².

So then, for most global consumers, natural equals healthy. And when you consider that nearly two-thirds³ of global consumers now choose beverage products based on the perceived impact on health and wellness, you can start to see how the overall health and wellbeing megatrend is simultaneously driving demand for natural products.

'Strong sustainable sourcing credentials also
lend credibility to the aura of wellbeing offered
by natural products'

Sustainable growth

But there's one other element to add into the mix when it comes to creating on-trend premium products: sustainable sourcing. Sustainable sourcing is also a key value driver in beverages. Between 2013 and 2018, products marketed as sustainable grew 5.6 times faster in value terms than those not marketed as sustainable⁴.

But sustainable sourcing is also a logical addition to the clean label trend. Clean label is all about using fewer ingredients that are recognisably "wholesome". And sustainable sourcing can help achieve that in a broader sense.

Strong sustainable sourcing credentials also lend credibility to the aura of wellbeing offered by natural products. That's because natural products are at their most authentic, trustworthy and powerful when there is a direct and transparent link between the final product and the farms where its ingredients were produced.

Trust issues

There is a tension between the inherent simplicity of clean labelling and the complexity of modern supply chains.

Consumers might demand natural products made using a simple set of natural ingredients, but the logistics of fulfilling that demand is far easier said than done. Sourcing natural agricultural ingredients can be fraught with risk in terms of product quality, consistency and traceability. Simply put, 20th-century legacy supply chains will need to be re-engineered to meet the demands of 21st century consumers or risk losing out to new brands built with 21st century supply chains from 'birth'.

For me, there is a simple solution to resolving this tension: sourcing ingredients through simple, direct, and – ideally – vertically-integrated supply chains. This is, in my view, the best way to sustainably source the natural, healthy and trustworthy ingredients consumers crave.

This is important today, but as the drive towards natural and clean label gathers pace, it's only going to become more important tomorrow.

Guy Chambers is Finlays' Group Managing Director.

¹GlobalData PLC
²GlobalData PLC, 2017
³GlobalData PLC
⁴NYU/Stern, 2019, quoted in the Harvard Business Review



WHY TEA, COFFEE AND BOTANICALS ARE A NATURAL CHOICE FOR CLEAN LABEL PRODUCTS



1.

They're natural

Tea, coffee and botanicals are recognised by consumers as inherently natural and wholesome ingredients.

2.

They're healthy

Natural Beverages are becoming increasingly prized for their wellness properties. We know, for example, that 70%¹ of consumers see green tea as healthy. We know that growth in botanicals is being driven by a demand for healthier products, which are seen to offer a wide range of benefits, from relaxation to cardiovascular health. And we know that there is a vast amount of research into the benefits of coffee.



3.

They multitask

Tea, coffee and botanicals are also great from a clean label point of view because they can offer numerous attributes to a product – taste, aroma, colour, mouthfeel, stimulation – in the form of a single ingredient. They're also extremely flexible and offer a huge array of styles and flavours to match almost any application.

4.

They can come with powerful stories of provenance

When tea, coffee and botanicals are sourced sustainably, they can offer powerful stories from origin – an increasingly important selling point.



¹ GlobalData Plc, 2019

THE WELLBEING COLLECTION

by Finlays

GET THE BEST OUT OF TEA, NATURALLY

Tap into consumer demand for healthy, natural and sustainable food and beverages with our range of premium tea extracts.

Functional and Clean Label:
a healthy opportunity



The wellness economy has been growing twice as quickly as the global economy¹. Today's consumers want food and beverages offering functionality, a compelling story and a taste of an aspirational lifestyle. In particular, they're looking for organic and clean-label products, with nine in ten global consumers seeking products containing natural ingredients².

Tea extracts good for mind,
body and soul



You can tap into this demand with The Wellbeing Collection by Finlays, our range of premium tea extract solutions. Extracts in The Wellbeing Collection are natural, sustainably-sourced, offer the sensory experience of fresh tea and are rich in the bioactive compounds linked by consumers to functional and wellness benefits.

Why The Wellbeing Collection?



Natural, Free-from,
Sustainable

Free from preservatives, added chemicals, pesticides and non aqueous solvents, and with a wide range of organic extracts also available.



Bioactive
Compounds

Rich in the bioactive compounds that consumers associate with functional and wellness benefits.



Sensory Experience
of Fresh Tea

Directly extracted from fresh leaf tea from our own farms in Kenya on the same day as harvesting.

A Fresh Approach to Premium Tea Extracts



Extracts in The Wellbeing Collection are able to be extracted directly from fresh leaf on the same day as harvesting, helping preserve the fresh flavour of tea and its natural composition.

We only use tea with a naturally higher polyphenol content, grown on our own farms in Kenya. All extracts in The Wellbeing Collection are not only fully traceable, but also come with a powerful sustainability story.

For more information visit www.finlays.net

¹ Global Wellness Institute, 2018

² GlobalData, 2019



Summer of *fun* in 21

THE EFFERVESCENT RISE OF HARD SELTZERS

Words: Art Lopez

THERE'S SOMETHING SPECIAL ABOUT THAT TIME OF YEAR WHEN THE DAYS GET A LITTLE LONGER AND THE WARMTH OF THE SUN BEGS OUR INNER SPIRIT TO VENTURE OUTSIDE INTO THE SUNSHINE. WHETHER IT'S MAY IN THE NORTHERN HEMISPHERE OR DECEMBER IN THE SOUTHERN, THE SIGNS OF SUMMER ARE AN EXCITING TIME OF YEAR.

There is an old saying that states "there's nothing like a cold beer on a warm summer day", however recent developments in the hard beverage category are now offering novel, refreshing and healthier options to enjoy our time in the sun.

The summer of 2019 in North America saw the emergence of a new type of summertime beverage: the ready-to-drink hard seltzer, an alcoholic and flavoured sparkling water. A brand named White Claw led the way in creating this category, combining the refreshing nature of seltzer with great summertime flavours, low sugar, under 100 calories, all in a convenient grab-and-go can. Consumers were immediately drawn to the healthy attributes of seltzer, which helped the category poach consumers from beer and post explosive growth for hard seltzers.

Other beer and alcoholic beverage brand owners looked to replicate White Claw's success by adding hard seltzers to their line ups in time to meet the summer demand. Soon, the market was flooded with brands trying to steal market share. These entrants relied on branding and awareness more than exciting flavour innovation, and this led to a reliance on traditional flavours such as lemon, lime, raspberry and peach.

But for the summer of 2021, you can expect to see a shift towards differentiation. A race for exciting and exotic flavour combinations branching off the base flavours. Tea, herbals, and botanicals will be key ingredients.

While the race for share within hard seltzer is taking place, the overlooked segment of hard tea will also be undergoing a renovation. US brand Twisted Tea has dominated the North American market for the past twenty years, in a category that hasn't seen much recent innovation. Hard teas can look to take a page from the hard seltzer playbook by offering something healthy, refreshing and indulgent. These three factors demonstrate an exciting experience for consumers and are a recipe for success.

Existing players and new entrants will undoubtedly look to formulate a great tasting hard tea that is low sugar and 100 calories or fewer per serving. Look for brands to capitalise on the health halo of different tea types that keep caffeine content low, combined with unique flavours, and refreshing carbonation to deliver an elevated experience against existing hard tea products. If done well, this sub-category could very well steal some share from hard seltzers or even blur the lines between hard seltzer and hard tea.

And before we know it, summer will be here again, and we'll find ourselves looking for beverages to enjoy with friends and family. Whichever beverage you choose, you can be sure that there will be more brands and more exciting flavours than ever before. Variety is a good thing for all of us, because now more than ever, we all deserve a drink to kick back, relax and enjoy summer.

Art Lopez is Marketing Director, Tea at Finlays Americas

Growth from
82 million cases in 2019
to **281 million cases**
by 2023 [IWSR]

From 2018 to 2019,
hard seltzers increased
US market share
x30 [Nielsen]



WHAT IS NEXT FOR SUSTAINABLE SOURCING?

SUBATHRA VAIDHIYANATHAN EXPLORES WHY SUSTAINABLE SOURCING
SHOULD BE A TOP PRIORITY FOR US ALL

Words: Subathra Vaidhiyanathan Images: Giulio Mazzarini

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THE UNEXPECTED YEAR OF 2020 DEMONSTRATED, YET AGAIN, HOW INTERDEPENDENT AND INTERCONNECTED WE ALL ARE. IT REMINDED US HOW A CONSISTENT, UNINTERRUPTED SUPPLY OF GOODS IS CRITICAL TO A FUNCTIONING AND SUCCESSFUL BUSINESS.

Covid-19 exposed both the vulnerabilities and strengths of having a globally dispersed supply chain. So ensuring our sourcing and supply chains are resilient and sustainable has never seemed more important.

There are several reasons why sustainable sourcing should be a top priority for us all.

Firstly and most pressingly, sustainable sourcing is crucial to safeguarding the commercial future of the beverage industry. The World Economic Forum’s Global Risks Report

2021¹ identified the top five global risks by likelihood as: extreme weather, climate action failure, human environmental damage, infectious diseases and biodiversity loss. All of these will have a huge impact on agriculture and the wider food system. We all have a responsibility to ensure our sourcing doesn’t further contribute to these issues.

Secondly, mitigating the impacts of these issues is critical from a risk management perspective. Being able to trace a product back to the site it was first processed assures that food safety, quality and ethical standards are upheld throughout every stage of the product journey.

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'It's an opportunity to make a positive difference to the lives of millions of people. It builds trust in the company and its supply chain'

Thirdly, sustainable sourcing represents an opportunity for the increasingly hard to ignore reason that consumers are demanding it. An IBM Research Insights survey² suggests sustainability has hit the tipping point for retail and consumer product companies. 71% of consumers surveyed said traceability of products was very important to them and they were willing to pay a premium for it. In that sense, sustainable sourcing has become a potential value-add for brand owners.

A final reason sustainable sourcing is important is, quite simply, because it's the right thing to do. The United Nations Global Compact³ recognises that "a company's entire supply chain can make a significant impact in promoting human rights, fair labour practices, environmental progress and anti-corruption policies". It's an opportunity to make

a positive difference to the lives of millions of people. It builds trust in the company and its supply chain. For Finlays, knowing our suppliers and our supply chain enables us to solve problems and work together to proactively manage challenges.

Where next for Sustainable Sourcing in 2021 and beyond?

As companies journey deeper into sustainable sourcing, what will be the focus areas going forwards? Here's what we at Finlays see as some key emerging trends and initiatives.

An increased focus on living wage and in-work poverty: The Rainforest Alliance's updated 2020 Certification⁴ requires identifying the gap between current

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¹ World Economic Forum, The Global Risks Report 2021

² IBM

³ The UN

⁴ Rainforest Alliance





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wages and living wage benchmarks with continuous improvements to close the gap. Such announcements signify a step change towards embedding living wages into supply chains.

Even greater transparency: As more companies engage in sustainable sourcing, increasing numbers are publishing their list of suppliers, and opening themselves up to external scrutiny. Some are even asking their suppliers to give feedback on the impact of their purchasing practices through the Better Buying initiative⁵. Ever-improving digital technology is helping to push this further than previously possible.

'With growing numbers of companies committing to science-based targets or net zero pledges, they are recognising that the supply chain is often one of their biggest impacts'

Increasing engagement and collaboration: With growing numbers of companies committing to science-based targets or net zero pledges, they are recognising that the supply chain is often one of their biggest impacts. Collaborating with suppliers will be crucial to achieve their carbon reduction targets. Deeper engagement will also be required as companies see a need to move beyond sustainability certification. New initiatives are trying to plug the gaps where audits can sometimes fall short, to focus on better understanding the needs of workers.

A greater focus on sustainable sourcing as value addition: As consumers increasingly demand their products to be sustainably sourced, we expect to see a

⁵ <https://betterbuying.org/our-ratings/>

'A holistic approach to sustainable sourcing goes beyond traceability, transparency and assurance'

renewed focus on how brand owners meet this demand. For some, it may mean working towards sustainable sourcing for the first time. For others it may mean seeing sustainable sourcing as a value-creating differentiator, particularly when combined with the wider trend for health and natural products.

Setting an ever-higher bar

A holistic approach to sustainable sourcing goes beyond traceability, transparency and assurance. It is about building long-term relationships, creating value for every player across all levels of the supply chain, and building systems and processes collaboratively to address complex industry-wide issues.

While there's no one-size-fits-all solution, we should all be asking where the bar should be set. Sustainability is an ongoing process; it's about striving for better. In this

process, it's important to look beyond our own walls and use pre-competitive forums to tackle some of the industry-wide challenges together. Ultimately, we are all after the same goal: to secure the future of our industry, our climate and the people who grow our products.

We, at Finlays, hope to continue on this journey with our suppliers and partners.

Subathra Vaidhiyanathan is Finlays' Group Head of Sustainability.



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PERSPECTIVES ON SUSTAINABLE SOURCING

SUSTAINABLE SOURCING IN TEA



HELEN HUME,
GROUP HEAD OF TEA, FINLAYS

Sustainable sourcing in tea is about buyers and sellers working closely to ensure a continued balance of economic, social, and environmental factors that sustains both businesses over time. Those we buy from now, we hope to be buying from in 40 years' time. Sustainable sourcing isn't a goal - it's an ongoing process and progression.

That the tea industry is centuries old speaks to its sustainability. The future depends on keeping the three pillars of sustainable supply in harmony. The future of sustainable sourcing will be going beyond the certification. In particular, retail customers want more than the 'stamp' on the pack. They want more tangible evidence of the supply chain 'done in the right way'; to be able to shout about and take pride in the ways of working throughout our supply chains.

SUSTAINABLE SOURCING IN COFFEE



THOMAS BLACKWALL,
GLOBAL HEAD OF COFFEE, FINLAYS

Throughout my time at Finlays, we have undertaken a great number of sustainability initiatives and projects with our suppliers: from creating new routes to market for coffee farmers in Rwanda to helping co-operatives start their own milling processes in Brazil. As raw material buyers we tend to concentrate on initiatives where the raw material is grown, however one initiative I am particularly proud of is when we took 210,000 road miles out of our supply chain. That's the equivalent of eight times around the globe!

The future of sustainable sourcing has to start with a focus on creating value throughout the supply chain, from bush to cup. We should recognise that viewing sustainable sourcing in terms of cost, rather than in terms of value created, is a short-term position. When you think longer term, sometimes the green alternative can also be the low-cost alternative. Sometimes it can be the most profitable alternative. The key to future sourcing in coffee is ensuring we have a positive impact on the environment, while allowing every link in the chain to make enough profit to ensure at least basic living standards are maintained. This will ensure farming remains a viable option for future generations.

THE VIEW FROM CERTIFICATION BODIES



AMY COLLIS,
SUPPLY CHAIN AND PROGRAMME MANAGER,
FAIRTRADE

For Fairtrade, sustainable sourcing involves supporting tea and coffee producers to invest in their futures and build secure, decent livelihoods. Our Minimum Price protects producers against market fluctuations, while the Fairtrade Premium enables them to invest in their businesses and communities, and improve their productivity and resilience to crises such as Covid-19 and climate change.



JOSEPH CAMERON BOOTH,
UK AND IRELAND LEAD, MARKETS TRANSFORMATION,
RAINFOREST ALLIANCE

At the Rainforest Alliance, we envision a world where people and nature thrive in harmony. One of the ways to achieve this vision is through our certification programme. This accelerates a sustainable transformation in the coffee and tea sector with training, improved data management (including traceability tools), contextualisation, building on shared responsibility and focusing on continuous improvement.

Herbal Remedy

AS FINLAYS LAUNCHES A NEW BOTANICALS VENTURE IN KENYA, STEVE SCOTT DISCUSSES THE EXCITING GROWTH IN THIS MARKET, AND WHY SUSTAINABLE SUPPLY WILL BE VITAL TO ITS FUTURE

Words: Steve Scott Illustration: Chiara Zennaro

WHETHER IT'S HIBISCUS, PEPPERMINT, CHAMOMILE OR ROSE GERANIUM, CONSUMER DEMAND FOR BOTANICALS IS FLOURISHING.

It is flourishing among younger consumers in particular. While older generations have tended to prefer traditional forms of black tea and coffee, younger generations – millennials and younger – are opting for herbal options that they see as healthier, more premium and more differentiated.

So much so that the global growth in botanicals is expected to be 2.3%¹ annually for the next three years and in some countries it will be likely higher still. Take France, for example, where the consumption of peppermint is enjoying particularly high growth.

Yet at the heart of the herbal infusions market segment are some difficult questions around sustainability and traceability of supply. As well as increasingly demanding healthy products, consumers are also growing more and more concerned about where their food and drink comes from.

Is it traceable? Is it sustainable? This matters to consumers. And presently the reality in the herbal infusion market segment, is that the answers to these questions in many cases would be “no”.

That's because the larger suppliers to the Herbal Infusions market are primarily processors, sourcing across many different primary growers and regions. Raw materials are sourced from all over the world under a variety of unclear environmental and ethical conditions.

Take hibiscus as an example. One major herbal infusions supplier says on its website that only around a quarter of its hibiscus comes from sustainable agriculture. The majority of its supply comes from South Sudan, a region known to have

challenges with labour practices, which are not currently reviewed under any form of assurance programme.

Sustainable supply is of course a complex issue, but looking to the future of the botanicals market, it's not hard to see a disparity between how younger consumers expect their food and beverages to have been sourced, and the reality. But the subject of sustainable supply isn't just a risk, it's an opportunity. Globally, two-thirds of consumers are willing to pay more for sustainably-sourced foods².

That's why at Finlays, we believe the long-term solution is in building more transparent and traceable supply chains, with 100% sustainable supply. This is a journey we have started on by launching a new venture to produce botanicals on our own tea farms in Kericho, Kenya.

With its fertile land and climate, Kenya is a perfect place to produce healthy, traceable and sustainable herbal infusions. Not only that, it's already connected globally by our existing network. So far we have planted 20 hectares of peppermint and lemongrass and are working towards being able to supply hibiscus and chamomile by the end of the year.

For now it's early days, but we're excited by the potential for growth, and for what the future may hold.

Steve Scott is Managing Director of Finlay Flowers and of the new botanicals venture in Kenya.

¹Transparency Market Research Company. Peppermint Tea Market: Global Industry Analysis, Size, Share, Growth, Trends and Forecasts, 2020 – 2030.

²Lightspeed 2020.

LEADERS OF THE FLOCK

MEET THE NEWEST EMPLOYEES OF CASA FUENTES – FINLAYS ARGENTINA. THIS FLOCK OF SHEEP HAVE BEEN SECONDED TO ACARAGUA FARM IN MISIONES PROVINCE, WITH THE SOLE TASK OF FEASTING ON THE WEEDS THAT GROW AMONG THE TEA PLANTS.

This reduces the need to use herbicides, supporting our drive towards reducing the use of agrochemicals to 50% by 2022.

Not only that, but the waste from the sheep will be used as compost, which will then be applied to our crops for organic fertilisation, contributing to the creation of a circular economy.

The project, which started in 2020, was triggered by an observation from one of our team members that sheep don't like to eat tea leaves, but love to eat the weeds that grow around tea bushes. Casa Fuentes – Finlays Argentina is now planning to recruit more flocks for its other farms.

Now that's what we call setting a high "baa" for sustainability!



JUST BREW IT

AN INTERVIEW WITH DAVID SMITH, FOUNDER & CEO OF HIGH BREW COFFEE



HIGH BREW COFFEE, A LEADING COLD BREW BRAND BASED IN TEXAS IN THE US, WAS BORN FROM THE ADVENTURE OF A LIFETIME.

The story began when founder David Smith and his business partner sold the iced tea company they spent over 10 years building. After years of hard work, David and his family took the opportunity to fulfill a lifelong dream on the open seas. During their adventures, David and his wife Elizabeth stayed alert by cold brewing coffee that was bold, smooth and packed with natural caffeine. It was that experience that inspired David and Elizabeth to craft a premium ready-to-drink cold brew coffee in a can, that’s ready whenever and wherever you are.

We sat down with David to find out more about High Brew, its ground-breaking approach to innovation, and where the market might be going next.

1750: Thank you for joining us. Please tell us more about your cold brew coffee philosophy.

DAVID SMITH: We strive to make the best-quality cold brew we can at every step of the process. From sourcing direct trade beans that benefit the farmers to brewing a product for the end users who take our product to get maximum productivity in their next adventure. At the same time, we want our brew to be authentic and approachable. This is not a \$6 coffee shop latte, but the drinking experience rivals that at a much more affordable price point and with a convenience that is totally unmatched.

1750: What makes High Brew unique as a business?

DS: We’re a nationally distributed brand but we’re able to be nimble. In 2020 and 2021 alone we’ve already launched five innovations, with more in the pipeline, to continue to fuel the needs of the growing subset of RTD coffee consumers. We anchor our brand and business in quality coffee. From there, we can have our core line, plant-based alternatives, new nitro brews, self-heating cans and even cold brew with added brain health. All of which brings value propositions to a set of consumers, while simultaneously not sacrificing the boldness of our coffee. That’s why it’s so important that we’re getting the best beans, and maintaining that direct trade relationship to ensure our coffee wins on taste first.

1750: Tell us about your product portfolio.

DS: The High Brew family has grown a lot in the past few months! We started with four core SKUs back in 2013 – Double Espresso, Mexican Vanilla, Salted Caramel, and Dark Chocolate Mocha. We’ve since added a Dairy Free/Sugar Free Black and Bold and a +Protein Creamy Cappuccino to our core 8oz line.

What’s especially exciting is the new innovation. First up are our two new Nitro Cold brews, both in 12oz cans with a nitrogen widget built in. Fresh nitrogen is released upon opening, which makes our bold brew even better by adding natural sweetness and a creamier mouthfeel. We’ve got a black, and just released a Sweet Cream that is already a new favourite amongst High Brew fans both old and new. Meanwhile, our new and improved dairy free, plant-based lattes are now in a nitrogen widget can as well, which elevates our premium blend of coconut and cashew milk even further. These truly creamy and delicious lattes rival any coffee shop experience.

1750: How important is sustainability and Direct Trade to you as a business?

DS: It’s a huge element of what we do. We need the best beans to make the best coffee, and we need to do right by the coffee farmers and support those who make it all possible. Being able to purchase beans that give back to the farming community in a time when so much coffee revenue isn’t making it back there. This means a lot to us.

1750: What role has Finlays played in the history of High Brew?

DS: Finlays is a valued partner, helping us source high-quality Colombian beans that create the smooth, never bitter, cold brew coffee flavour High Brew is known for. High Brew has also partnered with Finlays on new product development and innovation ideas. We also work together regularly to produce cold brew coffee for all of our production runs at various co-manufacturing partners across the country.





Finlays also plays a role in sending our cold brew coffee to development and co-branding partners of High Brew to create new products and ideas. As needed, Finlays provides recommendations on usage to our partners, and assists in technical specifications around our cold brew coffee.

1750: Why do you think cold brew coffee is growing so quickly in the US?

DS: Consumers are looking for alternatives to sugary coffees and alternatives to energy drinks. Cold brew naturally provides sweetness and removes acidity. The less bitter flavour profile creates the best tasting iced coffee out there. Even the more indulgent varieties have much less sugar and fewer calories than the alternatives.

'Consumers are looking for alternatives
to sugary coffees and alternatives
to energy drinks'

1750: What are some of the challenges facing cold brew?

DS: Educating the consumer on the benefits and differences between cold brew and a traditional hot brewed product. Many people still think that cold brew simply means an iced or cold coffee. Actually, the brewing process is very different with the absence of heat.

1750: What is future of cold brew coffee?

DS: The future is in innovation. We will see more functionality and plant-based varieties with various usage occasions. We will see more products outside of beverage. High Brew is well positioned to evolve with the consumer and deliver products to meet these ever-changing demands. Whatever the industry and consumers throw at us next, we'll be ready.

1750: Thank you for your time David!

For more information visit www.highbrewcoffee.com

GROUND S FOR OPTIMISM

FINLAYS PLANS MAJOR INVESTMENT FOR COLD BREW COFFEE FACILITY

Words: Ian Bryson

WITH THE COLD BREW COFFEE MARKET IN EUROPE ON THE VERGE OF MAJOR GROWTH, FINLAYS HAS CONFIRMED A MAJOR INVESTMENT TO BUILD ITS OWN COFFEE EXTRACTION FACILITY IN HULL, ON THE SAME SITE AS OUR EXISTING TEA DECAFFEINATION PLANT.

The European cold brew coffee market is currently in its infancy, with revenues of around \$80m¹. But following the phenomenal growth in the US market over the last decade, this is forecast to grow to around \$350m by 2027, a CAGR of over 20%².

Finlays is ideally placed to help European brand owners capitalise on this opportunity. Not only do we have over 111 years of experience in coffee roasting and grinding, we also recently made a major investment in a new coffee roaster. This investment will be used in conjunction with our new extraction facility to ensure that customers receive finished cold brew products with the taste profile and specifications they’re looking for.

And, of course, Finlays is already a major global player in cold brew coffee with a major share of the US market and a growing share in Asia. Our plan in Europe is to emulate the successful model we have in the US to deliver the

same premium quality cold brew that has taken the North American market by storm.

Premiumisation is critical. It has been the key factor in the strong performance of the European coffee sector over the last decade. From instant, to roast and ground, to pods, category value has increased dramatically. Cold brew coffee is the next exciting frontier, and something we plan to take a leading role in, combining our UK heritage with global expertise to drive value across the supply chain.

Our new extraction facility is all about helping our customers unlock this opportunity together. It’s about being true partners, while being nimble, flexible and focussed on their needs whatever category they operate in. That means manufacturing in a flexible range of formats, and being able to develop bespoke solutions.

Cold brew coffee is coming. The question is: are you ready?

¹ GlobalData Plc 2020, Maia Research Analysis 2020

² GlobalData Plc 2020, Maia Research Analysis 2020



7 (SURPRISING) USES OF COLD BREW

COLD BREW COFFEE IS ONE OF THE HOTTEST PRODUCTS AROUND, AND HAS BEEN FOR SOME TIME. WHAT STARTED AS A RELATIVELY NICHE TREND HAS QUICKLY TAKEN THE U.S. BY STORM, AND THE REST OF THE WORLD ISN'T FAR BEHIND

Words: Thom Walton Image: Giulio Mazzarini

One of the drivers of this growth is cold brew's fantastic versatility. It just *works* in a wide range of applications. Sure it's fantastic on its own, or in a frappé, but it's also being used in increasingly creative ways across beverages, food and cosmetics.

Here are seven of our favourite less conventional uses for cold brew.



01. RTD-LICIOUS

That cold brew works well in RTDs is no surprise. But have you considered just how adaptable it can be? Cold brew is now used in everything from functional beverages, to fruit flavoured sparkling coffees and from smoothies to Nitro. It also pairs perfectly with pretty much any plant-based alternative milk you can conceive.



02. COLD BREW-SKIS

Coffee and beer might seem like unlikely bedfellows but the two are increasingly being combined to create intriguing craft brews with an added kick. As you might expect, cold brew pairs well with a malty, chocolatey stout, but you can also find it adding a twist to the hoppy IPAs, and even lagers.



03. MIX AND MATCH

That cold brew works brilliantly in an espresso martini is old news, but have you tried a cold brew negroni? Or a cold brew hot toddy? What about bourbon and cold brew? Mixologists the world over are waking up to the pairing possibilities offered by the smoother, less bitter characteristics of cold brew. We're also starting to see a range of cold brew liqueur being released to market.

04. GRAPE EXPECTATIONS

2018 saw the launch of a red wine infused with cold brew coffee. Strange as it may sound, cold brew coffee and certain grape varieties share a lot of flavour characteristics and combine well for an unusual sensory experience.



05. CEREAL WINNER

Cold brew also works wonderfully as a flavouring for food. Think cakes and chocolate donuts, but also breakfast cereal, gum, popsicles and even BBQ sauce.



06. GREAT SHAKES

Cold brew's smooth flavour and caffeine kick make it an excellent addition to premium, protein-packed products such as powders, shakes and bars.



07. FACE FACTS

A new but exciting trend is for cold brew to be used in cosmetics such as face scrubs, face masks, shampoos and even aromatherapy candles. Expect to see more of this as the beauty industry seeks to tap into cold brew's distinctive cultural cachet.





FOR ALL THE COFFEE IN CHINA

HOW CHINA IS FINALLY FALLING FOR COFFEE AND
HOW BRAND OWNERS CAN CAPITALISE

Words: Stacey Chen

GIVEN CHINA’S INTIMATE ASSOCIATION WITH TEA, IT’S PERHAPS NO SURPRISE THAT COFFEE LAGS SIGNIFICANTLY BEHIND IN THE HEARTS, MINDS AND SHOPPING BASKETS OF CHINESE CONSUMERS. DESPITE COMPRISING 18% OF THE GLOBAL POPULATION, CHINA ACCOUNTS FOR ONLY 2.5% OF GLOBAL COFFEE CONSUMPTION, FAR BELOW THE EU (29%) AND THE US (16%).

But driven by a range of factors, Chinese consumers are now falling for the black stuff. Over the last decade, total coffee consumption in China has grown 16% year on year, significantly outpacing the global average of 2% according to the International Coffee Organization.

According to a Frost & Sullivan report, China’s market size of coffee increased from RMB 15.6bn (USD 2.4bn) in 2013 to RMB 56.8bn (USD 8.8bn) in 2018, with a CAGR of 29.5% between 2013 and 2018.

It goes without saying that the combination of China’s large population and high levels of growth are a hugely exciting prospect for those in the industry.

Chain Reaction

A major accelerating factor in coffee’s emergence was the arrival and rapid rollout of significant international chains such as Starbucks, Costa, and Tim Hortons, which imbued coffee a strong sense of cultural cachet. We’ve also seen intense competition between the global instant coffee giants Nestlé and JDE, and local start-ups like Saturnbird and Luckin Coffee.

Further launches by established RTD brands from other categories, such as tea or sparkling water like Nongfu Spring and Genki Forest (元気森林), are further promoting coffee consumption among China’s coffee lovers.

So what are some of the key trends driving the evolution of coffee in China?

1. Youth. The changing tastes and preferences of the younger Chinese generations, particularly millennials, are a major factor in coffee’s growth. These younger consumers are typically rising middle-class and young professionals. To meet evolved and discerning tastes, brands are now introducing bolder, more innovative flavours with premium packaging to try and stand out.

2. E-Commerce. Years ago, e-commerce channels were dominated by smaller, niche brands. But Starbucks and Nestlé’s recent activities in digital transformation show that the bigger players now have the edge. The strategic partnership between Starbucks and Alibaba is a compelling example of how global brands are seeking to build a massive digital user base and platforms to bolster competitiveness.

3. Convenience. Propelled by the booming e-commerce and delivery service market, coupled with capital resources, coffee companies have ramped up their efforts to unlock coffee as a product, but also as a service. Coffee chains are increasingly introducing an on-demand delivery-focused business model that resonates with Chinese consumers.

4. Premiumisation. Coffee consumption is becoming premiumised the world over. Premium brew bars, such as Starbucks Roastery in Shanghai, have turned coffee shops from grab-and-go spots into coffee theatre, where baristas show off their artistic craftsmanship and curated selection of coffee beans. The bottom line is that Chinese consumers are willing to pay more for premium products containing high-quality ingredients.

5. Function. Health concerns have driven brands to innovate around “do more” coffee varieties. Despite being niche, super ingredients such as MTC fats, L-theanine, probiotics, fibre (and those authorised as ‘Novel Foods’ by the China Food and Drug Administration, such as hyaluronic acid) are slowly making their presence felt in the ingredient list. Although this sub-category is underdeveloped, the trends for functional ingredients and less sugar are blossoming.

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How can brand owners capitalise on these trends?
Driven by these trends, the emergence of coffee in China represents a major opportunity for brand owners. The question is how best to capitalise.

At Damin, one of the world’s leading tea and herbal extract manufacturers, we’ve been developing high-quality coffee products from processing to packaging for decades.

Damin – a joint venture between Finlays and a Chinese shareholder – has established itself as a strategic co-manufacture partner for major international coffee brands, while supporting a number of domestic rising stars which strive to win market share through their unique new products.

'RTD and instant coffee brands should look to drive value by tapping into consumer demand for high-quality ingredients'

Based on our decades of experience in coffee, here’s our view on how brand owners, both in China, and around the world, can capitalise:

1. Premiumise ingredients. RTD and instant coffee brands should look to drive value by tapping into consumer demand for high-quality ingredients. Provenance of beans, better process and creative flavours are all key. Brands can further keep up with increasingly discerning consumers by offering products that are organic and clean label, use natural sweeteners, have experience-led packaging, or use plant-based dairy alternatives. In the realm of RTD and instant coffee, cold brew is still seen as an upmarket product.

'It will be brand owners who adapt quickly to meet evolving demand, who will gain the biggest share in a market of unparalleled opportunity'

2. Focus on healthy growth. Functionality is another opportunity, closely associated with health and wellbeing. Consumers are increasingly seeking products that offer not just great taste, but perceived health benefits too. Combining coffee with ingredients that have a purported physiological effect, such as ginseng to fight fatigue or L-theanine to boost mental clarity, can be a great way to tap into this trend.

3. Attract consumers who pay attention to the physiological effects of coffee, like fighting fatigue with ginseng elixir, boosting beauty with collagen, or supporting mental clarity and focus with L-theanine, all of which may be exploited for sustainable growth.

4. Use convenient and clever formats. Brand owners can tap into consumer demand for convenience by offering coffee in novel and interesting formats. At Damin, we've

supported brands by innovating around single-serve, freeze-dried, super-instant coffee that readily dissolves in ice water or cold milk, making it hassle-free compared with traditional instant powder. As well as Bag-in-Box (BIB) cold brew for RTD and catering, we also now offer single-serving freeze-dried instant coffee in PET stick and iconic mini mug-like cans, ambient liquid infusions in sachets, and tea-coffee hybrids for consumers seeking the best of both worlds.

5. Get the right coffee partner. For brand owners looking to grow their coffee offering, choosing the right partner is key. They should be able to offer leading marketing insight, a strong supply chain, a powerful global network, and extensive experience in co-developing products and solutions.

Where next for coffee in China?

Chinese coffee consumers, particularly the younger generation, want products which match their lifestyle. As lifestyles change, so will what consumers want from coffee. Looking to the future, it will be brand owners who adapt quickly to meet evolving demand, and then continue to do so, who will gain the biggest share in a market of unparalleled opportunity.

Stacey Chen is Applications Manager, Group Technical of Finlays Asia and Damin. Damin is a Joint Venture between Finlays and Jiang's Holdings.

2.5%

China's percentage of global coffee consumption

16%

Year-on-year growth of coffee consumption in China

\$8.8bn

Value of the coffee market in 2018 (RMB 56.8bn)

29.5%

CAGR of coffee market in China as of 2018





RESILIENCE & AGILITY (SINCE 1750)

GUY CHAMBERS SEARCHES FOR LESSONS FROM HISTORY
IN THE FINLAYS ARCHIVE

Words: Guy Chambers

Images: Finlays Archive

Water wheels at Deanston Mill, Perthshire, Scotland

'Finlays was founded in 1750 and looking through the history books, the two hallmarks of the organisation seem to be resilience and agility'

AT TIMES OF GREAT FLUX AND UPHEAVAL, IT IS AS TEMPTING AS IT IS IMPOSSIBLE TO PRECISELY PREDICT WHAT THE FUTURE HOLDS. BUT, CONTRARY TO CONVENTIONAL WISDOM, EVENTS LIKE THE COVID-19 PANDEMIC ARE NOT STRICTLY SPEAKING UNPRECEDENTED. THEY ARE JUST UNPRECEDENTED IN OUR LIFETIME. OFTEN THERE IS A FRAME OF REFERENCE IF YOU ARE WILLING TO LOOK BACK FAR ENOUGH.

As a business with a 271-year heritage, Finlays is in the fortunate position of taking a long-term view, whatever slings and arrows come our way.

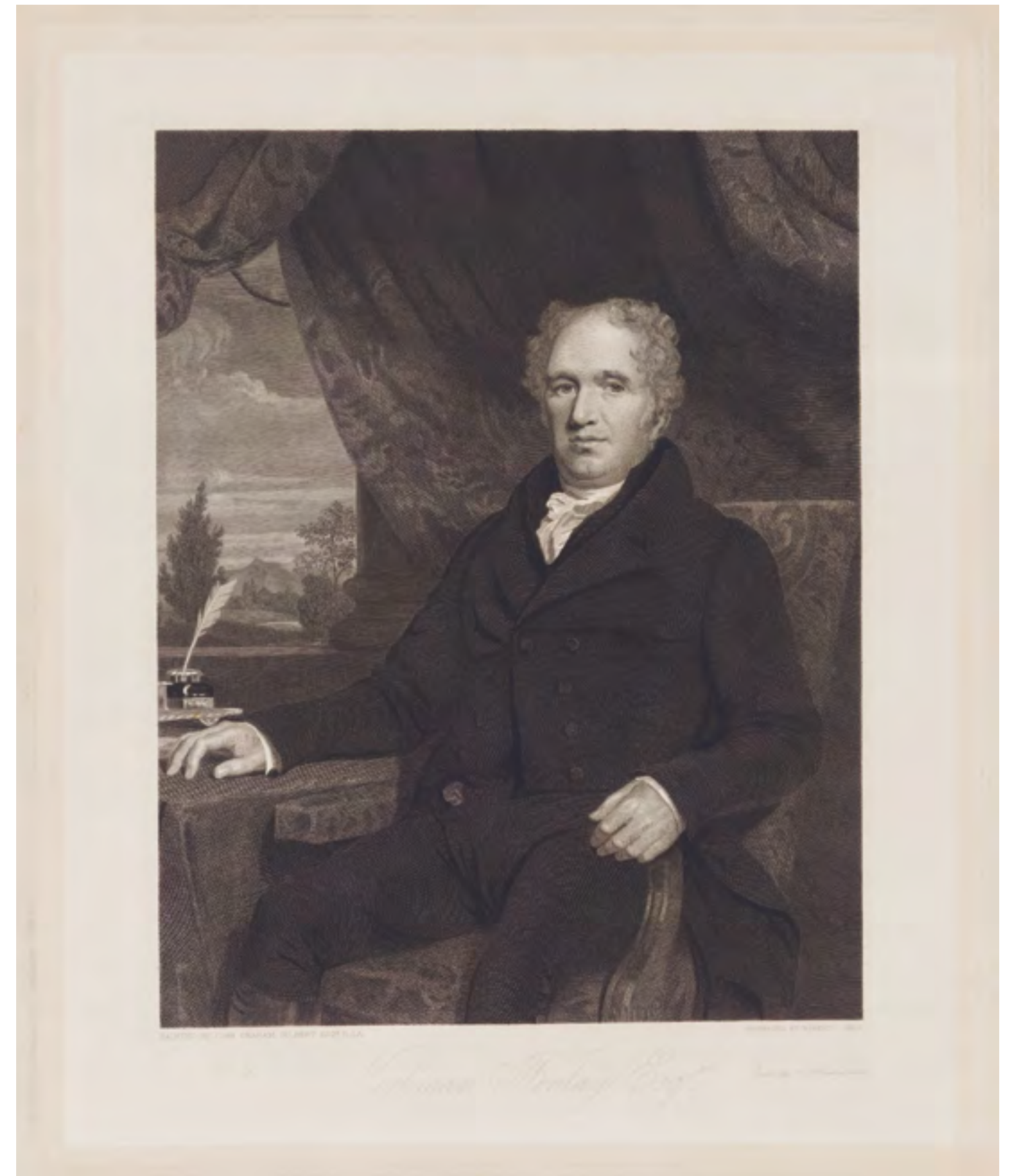
Finlays was founded in 1750 and looking through the history books, the two hallmarks of the organisation seem to be resilience and agility. The firm has survived pandemics, wars, economic and political upheaval as well as technological revolutions, from railways to the internet.

How has this been possible? What lessons can we take from Finlays' history and apply to the present and future? The history books don't hold the answers, but they do perhaps offer a clue in the form of three main themes.

Adapt to overcome

Firstly, the ability to adapt to circumstance has been key. The scope of the firm's business has evolved continually – sometimes by design, sometimes by fate. From 1750 to the 1860s, Finlays' main business was cotton – firstly as a merchant and later as a manufacturer. However the American Civil War in 1861 cut off supply of cotton and forced closure of Finlays' mills in Scotland. India was the only alternative source of supply of cotton, so in 1862, Finlays established Finlay, Clark & Co in Bombay. This led

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Portrait of Kirkman Finlay

the firm, in the 1870s, to become agents for tea estates (Nonoi and Sootea), and then investors (North Sylhet Tea Co Ltd and South Sylhet Tea Co Ltd), before expanding further in the 1890s with major investments spanning multiple tea estates in India.

Today of course, Finlays is well known as a global supplier of tea (and other natural beverages), but it’s interesting to conceive what form the company would have taken had its course not changed. Would Finlays exist at all? The threat to the firm was existential, but it adapted and developed new opportunities when they arose.

‘These events indicate that trust, entrepreneurial innovation and partnership are all key components of longevity in a firm’

No company is an island

The second theme is how the firm’s ownership structure continually evolved, and how many different stakeholders have played vital roles in Finlays over the centuries.

Unlike many businesses, Finlays managed to survive the transition from founder (James Finlay) to his son Kirkman in 1790. Kirkman was highly entrepreneurial and formed a number of partnerships to expand Finlays’ scope of business and geography.

Upon Kirkman’s death in 1842, company archives record that the intention was for “liquidation as soon as practicable on fair terms”. However, instead of liquidation, the partnership was reconstituted in the hands of Kirkman’s three sons and the sons of his partners, George Buchanan and Archibald Buchanan.



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'Trying to strike the appropriate balance between entrepreneurialism and managing the complexity of a large global business is crucial'

Two of Kirkman’s sons (Thomas and James) died shortly afterwards. Fortunately, a young man named James Clark joined the firm after being introduced by his uncle (who was a friend of Kirkman Finlay). James Clark proved to have a flair for business and was made a partner in 1847. Following two years of losses, Clark proposed a merger with Wilson, James & Kay (another Glasgow firm but with strong links with India) in 1849.

In 1861 John Wilson (a partner in Wilson, James & Kay) introduced John Muir and HB Muir to the Finlays partnership and the Muir family would remain shareholders until 2000. Partnerships and joint ventures have featured frequently in Finlays' history and remain important today, such as Damin – our joint venture in China.

Over the years, Finlays has also catalysed the start of other firms – some within the tea industry and some even in other sectors. In tea, Finlays helped create the firm that is today known as Tata Consumer Products, owners of Tetley and other brands. The company started as a joint venture between Finlays and Tata in 1962, before Finlays exited in 1983.

In 1878, Finlays also provided a ‘considerable investment’ to Cayzer, Irvine & Co. to form Clan Line Steamers, which operated services between Glasgow and Bombay via the Suez Canal. The Clan Line became one of the largest cargo-carrying fleets in the world. Coincidentally, the Cayzer family office is now located a few doors down from our Finlays’ office in Swire House on Buckingham Gate and has a Clan Line steamer in its ground floor window.

These events indicate that trust, entrepreneurial innovation and partnership are all key components of longevity in a firm. It also seems to suggest that survival may be as much about having sufficient agility, humility and capital to respond to changing circumstances as it is about having a singular long-term strategy (a thought that might be uncomfortable for strategy consultants and business schools!).

People Power

The final theme, and perhaps the most important, is how Finlays’ resilience and agility stems from its people. Finlays is, and has always been, a business that requires a balance of strong teamwork as well as individual endeavour. Our strength comes from our diversity and culture of collaboration.

Trying to strike the appropriate balance between entrepreneurialism (trying new things) and managing the complexity of a large global business is crucial. This is often challenging, but practical thinking, humble confidence and a sense of humour often helps drive Finlays through to a positive outcome – at least, most of the time.

We’ve seen that, time and again over the last twelve months, our Finlays team members have stepped up to these recent challenges and shown innovative ways to improve our business that will have a lasting impact beyond Covid-19.

Guy Chambers is Group Managing Director of Finlays.



Catrine Mill, East Ayrshire, Scotland, around 1880

A woman with brown hair in a ponytail, wearing a white dress with a purple and blue floral pattern, stands on a balcony with a white railing. She is looking out over a vast, green valley with rolling hills, small towns, and distant mountains under a cloudy sky. Her right arm is raised, touching the railing.

THE VIEW FROM THE BUSINESS

WE HEAR FROM THE FINLAYS GLOBAL LEADERSHIP TEAM
ON WHAT THEY'VE LEARNT IN THE LAST YEAR,
WHAT THEY'RE FOCUSING ON IN 2021,
AND WHAT EXCITES THEM ABOUT THE FUTURE

REGIONS



Americas

CHARLEY SNELL

The most important thing I learnt in the last year was...

Resiliency. The ability for not only our Finlays team to band together to meet the shifting needs of our customers, but also the resiliency of our customers themselves. We all faced challenges head on, adjusted as needed, and moved on.

In 2021 we’re focusing on...

Seeing our new approach enter the market. Last year was a year of building for our team and this year is a year of action. We have a new channel-based selling approach, a newly created strategic direction, and a strong Marketing team to support from insights to products to execution. We have great teamwork! Now we can put into action the great teams we have built and go forward making a splash and an impact on the industry.

What excites us about the future is...

WINNING! Which may seem funny, but isn’t that the sweetest part of business? We are all in it to win! But seriously, part of getting the win is really strategically placing ourselves in the industry as leaders. We lead with tea. We are leaders in coffee extracts. Building our leadership proposition and emboldening our stance as leaders in the market is exciting and a key attribute of how we can position ourselves to win.



Asia

ANDY HUANG

The most important thing I learnt in the last year was...

Market resilience and confidence. Damin was adversely affected by the Covid-19 pandemic in early 2020, but we started seeing business recovery towards the middle of the second quarter, with firm demand in tea powder, coffee extracts and other botanical extracts. This was from existing and new customers in China, which also helped to alleviate the setback from the overseas market. The growth of our coffee business was particularly overwhelming.

In 2021 we’re focusing on...

New product development of natural and healthy food products and enhancing the quality and format of existing products to meet the needs of e-commerce operators. Following Covid-19, consumers are increasingly health-conscious and increasingly likely to buy online.

What excites us about the future is...

Our confidence in the overall outlook for Damin. This is to the extent that we are investing in new capacities to ensure that we are well positioned in providing the best products and services to our customers.



Middle East, Africa & CIS

NICK MUNYI

The most important thing I learnt in the last year was...

The value of human spirit. That life can throw curveballs that are unique and untested, that can circumvent the best placed keeper. What emerges from our mind looking back to working during Covid-19 is how the human spirit has proved to be agile and versatile to embracing new modes of living and doing business.

In 2021 we’re focusing on...

Recovery. 2021 comes with hope, lessons and focus. Hope for a better and kinder future, both from a business and a wellbeing perspective. Picking up on lessons learnt and focusing on re-adjustment of our stride, to regain momentum and ensure employee wellbeing, customer centricity and an innovative future.

What excites us about the future is...

Tea, both drinking and trading it. The future looks fulfilling and exciting, with interesting lifestyle trends, and the tea and beverages world turning towards a more advanced horizon.



UK & Europe

IAN BRYSON

The most important thing I learnt in the last year was...

The need to be agile, flexible, and determined to succeed in an ever-changing and challenging world. Covid-19 highlighted that change can always be around the corner and we must be prepared to adapt to new situations with pace and confidence.

In 2021 we’re focusing on...

Delivering more from our current asset base whilst investing more widely in opportunities that can drive growth in new and exciting categories or markets. Cold Brew Coffee will be a key focus for us – an undeveloped area that is clearly waiting for a strong leader with credentials in quality, innovation, and sustainability.

What excites us about the future is...

Delivering long-term sustainable, profitable growth. With Finlays' heritage, we are well placed to capitalise on the breadth and depth of knowledge we have across the group and to expand into new markets, categories and product streams, providing even better service to our customers.

FARMS



Argentina

CLAUDIO ANDUEZA

The most important thing I learnt in the last year was...

The importance of being able to quickly adapt to big changes in customer demand in the face of Covid-19. This allowed us to give an strong response to difficult circumstances.

In 2021 we’re focusing on...

Two things. Improving our bush management practices, in order to be able to offer more value-added products suitable for new markets at a competitive price. And making changes in our factories’ layout to make the most out of the previous mentioned changes, mainly to produce leafy teas - something new for the Argentinian industry.

What excites us about the future is...

The challenge of developing new company skills, driven by market demand, and mainly related to our people's abilities.



James Finlay Guizhou, China

PATRICK WATENE

The most important thing I learnt in the last year was...

That teamwork is always the key. Every year in business is challenging. But, in James Finlay Guizhou's case, with a new manufacturing site and company in the midst of a global pandemic, it highlighted just how important it is to have an energetic and committed team working together towards the same goal.

In 2021, we’re focusing on...

Being really attuned to customer needs through stronger collaboration with regional commercial teams. One lesson I've learned from my many years in China is that all things are possible here. China provides a scale in production and infrastructure coupled with a massive variety and volume of raw material that is unimaginable in most other parts of the world. I very much see our role as successfully harnessing that, whilst overlaying strong systems of compliance, quality and supply chain discipline.

What excites us about the future is...

The scalability of our model. James Finlay Guizhou’s sourcing and manufacturing model is unique within Finlays and offers enormous scalability and flexibility to the global business.



Kenya

SIMEON HUTCHINSON

The most important thing I learnt in the last year was...

That we can adapt to changing circumstance far quicker than previously realised. I was also surprised by how quickly everyone across the country gained a good awareness about Covid-19 – if you can attract their attention, people will swiftly embrace novel approaches to common challenges.

In 2021 we’re focusing on...

Improving efficiencies, eliminating waste and reducing cost. The transition to self-propelled harvesting machines will gather momentum, not only improving productivity, but improving the safety of our operations, and reducing cost to alleviate the challenge of low tea prices.

What excites us about the future is...

That as the journey towards world-class manufacturing continues, our employees at the coal face are becoming increasingly involved in problem solving. This presents huge opportunities to improve the production process, thereby creating greater value for us and our customers.



Sri Lanka

GIHAN S. JAYASINGHE

The most important thing I learnt in the last year was...

The value of determination, resilience and adaptability to change shown by our team in the face of Covid-19, which resulted in an excellent year. Finlays Colombo continued to deliver strong results surpassing last year’s profit, whilst Sri Lanka Tea Estates also recorded a profit after a challenging 2019.

In 2021 we’re focusing on...

Reorganising our business by moving the Finlays Colombo office and key functions of our tea farms in to Welisara, and amalgamating management of the two businesses. This will create better synergies within the organisation and a unique identity for our group, which will now focus primarily on Tea, with the completion of divestments. This will strengthen our business to deliver value to all our stakeholders, despite the continuing challenges posed by the pandemic, not only in Sri Lanka but in our customer destinations as well.

What excites us about the future is...

Our commitment to offering premium products and value-added solutions through investments in mechanisation and new technology. These were the cornerstones of our resilient performance in 2020.

FARMS



Finlay Flowers & Botanicals, Kenya

STEVE SCOTT

The most important thing I learnt in the last year was...

That, contrary to my initial thinking, there are more things that can grow in Kericho than just tea! In 2020 we trialled and achieved remarkable success with products as obscure as Sage, Thyme, Elderflower, Fire Weed, Rose Hips and Ginger. I had never thought that with 2,400mm of rain, such crops would flourish, but they do. This represents an enormous opportunity.

In 2021 we are focusing on...

Fully commercialising two products: Peppermint and Lemongrass.

What excites us about the future is...

The potential of this new and exciting business. The new Botanicals business creates related diversification within the wider business, whilst listening to - and delivering on - our customers' needs.





A true Finlays role model

Liu Renjun, a Quality Inspector at James Finlay Guizhou, has been honoured as a “National Role Model Worker” – one of the very highest honours workers in China can achieve.

Liu was one of only 1,689 people in the whole of China to receive this honour at the National Role Model Workers and National Exemplary Individuals Commendation Conference in Beijing in November 2020. The conference was attended by President Xi, who delivered an important speech and met with the winners.

The National Role Model Worker honour is only awarded every five years, making it as exclusive as it is prestigious. In receiving this award, Liu has brought a high degree of recognition to Guizhou Province, to Finlays in China, and to the Swire Group.

At James Finlay Guizhou, Liu is a core member of the Quality Assurance and Product Development team and is responsible for the quality assurance of daily production as well as making blending plans and developing new products.



Investing in the future of coffee

Finlays is pleased to announce it is funding two coffee sustainability projects. The first is around introducing climate smart agriculture to farmers of Coop Risaralda in Colombia, through which we hope to train 7,361 farmers and deliver yield improvement of 21%. The second project is focused on helping to improve sanitary conditions for the farmers of COOMAP in Brazil. By installing biodigesters in co-operative member households, we can ensure that waste water is treated before re-entering the water table.

These two producer groups are key in helping us define our long-term coffee plans and we hope that the blueprint created from these two projects will also help us to define sustainable business models within our farming communities.

Global coffee consumption is growing rapidly, but if this increase is to be sustained, coffee farming must find ways to offer a promising and secure future for the youth in coffee-growing countries. Currently, many young farmers are discouraged from joining the coffee industry, as farms struggle to maintain profitability and living conditions for farming families remains poor. Farmer profitability relies on the farm’s ability to increase yields whilst adapting to the ever-present challenge of climate change. That’s why supporting projects such as these is a vital part of our sustainability strategy in coffee.

Tom Blackwall, Global Head of Coffee for Finlays says: “The long term future of our raw material supply chains is critical to our business and I am delighted that we continue to invest in climate change resilience, yield improvements and better living conditions for farmers.”



An insight into smart tech at James Finlay Guizhou

James Finlays Guizhou has been working to integrate mobile smart technology into operations in China. The platform, known as NexusTech, provides transparency on all farm and primary processing activities in real time and traceability to origin. This will allow James Finlay Guizhou to enable better integration and performance with our suppliers in China. Through the use of QR codes, we can also share crucial data to bring the story of our supply chain to life, adding to customers' brand programmes, strengthening the connection with consumers and building trust in supply.

Artisan teas from Sri Lanka

Finlays Sri Lanka has developed a range of Artisan Teas showcasing our expertise in growing and manufacture, for the connoisseur. These artisan teas include the Hapugastenne White Special, Court Lodge Knots and Oodoowerre Silver Rings.



Race to the Pearl

The Finlays Sri Lanka team is proud of Nishan Wickramarathna, Chief Operating Officer of the Beverage Packing Sector, who was part of a four member team in the ‘Race The Pearl’ Cycling Challenge held in October 2020 covering a distance of 600 kilometers in 24 hours.

‘Race The Pearl’ 2020 focused on raising funds for children affected by Cerebral Palsy and has donated wheelchairs to children who need them. Nishan, who has been with Finlays since 1986, took up cycling in 2015 and has been an enthusiastic rider ever since, not merely for pleasure and exercise, but also in many charity events supporting worthy causes.

GOING FOR GOLD

MEET THE WINNERS OF FINLAYS' INAUGURAL
'GLOBAL RECOGNITION AWARDS'

Words: Rachel Deman

AT FINLAYS, WE KNOW THAT OUR PEOPLE ACROSS THE
WORLD DO AMAZING THINGS EVERY DAY. SO IN 2020, WE
WERE DELIGHTED TO LAUNCH OUR FIRST EVER GLOBAL
RECOGNITION AWARDS SCHEME. WE'RE THRILLED NOW TO
INTRODUCE YOU TO THE WINNERS.



LIVING OUR TRUSTED VALUE AWARD

STEPHANIE THORNTON
MARKETING MANAGER FOR FINLAYS AMERICAS

Our value of 'trusted' means acting with integrity, honesty and humility...so it was no surprise that Stephanie scooped this award for being an all-round outstanding team player. Stephanie's drive, enthusiasm and inspirational character make her a true role model. Throughout 2020, she demonstrated true accountability and ownership for results and integrity for delivering on commitments.

Charley Snell, CEO Finlays Americas says: "Stephanie's enthusiasm for all things coffee can always be trusted. She embodies the spirit of 'can do' every day, and with every project."

RUNNERS UP

2nd Place - Jamie Lealand, Technical Operator for Finlay Beverages Limited in the UK

3rd Place - Raphael Koske, Applied Research Manager for Kericho Tea Estates in Kenya



LIVING OUR SUSTAINABLE VALUE AWARD

SERGIO DUARTE, FEDERICO BENAY, RICARDO VARGAS,
ROMÁN GALARZA AND CLAUDIO ANDUEZA
CASA FUENTES – FINLAYS ARGENTINA

This group of outstanding individuals delivered “The Sheep Project” – a sustainable new method for weeding our tea farms. Using sheep to weed our bushes has had a positive impact on our business performance from both a sustainability and an economic point of view, reducing the overall unit cost of production of green leaf and reducing the use of herbicides within the plantation.

Claudio Andueza, Managing Director for Casa Fuentes – Finlays Argentina says: “After great results, this project is going to be expanded across our tea farms, hopefully allowing us to enter the EU market. A fantastic example of bringing our 'Sustainable' value to life.”

RUNNERS UP:
2nd Place – Claire Hardy, Richard Mortimer, Sarah Martin and Connor Adams (The Tesco Tea Caddy Launch Team) for Finlay Beverages Limited in the UK
3rd Place – Sudath Ariyathilake, Senior Estate Manager in Sri Lanka



LIVING OUR INNOVATIVE VALUE AWARD

NELANTHA SILVA
GROUP MANAGER – HALI-ELA REGION FOR
SRI LANKA TEA ESTATES

Nelantha took a truly innovative approach to addressing the issue of stereotypical attitudes towards women in male dominated workplaces. He has been instrumental in expanding the role of our female employees beyond that of tea pickers into supervisory graded roles. He also introduced an insourcing labour model which supports employees and communities to take ownership, resulting in increased productivity and profitability of our farms.

Gihan Jayasinghe, Chairman for Finlays Sri Lanka says: “Nelantha has shown leadership in driving change in an industry that is traditional in its approach, thereby setting the trend for the future.”

RUNNERS UP:
2nd Place – Aggrey Simiyu, Mary Opisa, Caroline Chepkwony, Joash Korir, Jane Ndirangu and Steve Scott (Finlays Botanical Team) for Finlay Flowers, Kericho, Kenya
3rd Place – Danny Alcock at Finlay Beverages in the UK



SAFETY CHAMPION AWARD

SHAUN GALLIGAN
HEALTH AND SAFETY MANAGER FOR FINLAYS AMERICAS

'Always safe' is at the core of everything we do at Finlays – everybody, everywhere, at home and at work, every day. Shaun was an incredibly deserving winner, for his leadership, professionalism, energy and focus, for encouraging active participation in health and safety events and for his clear and effective health, safety and wellbeing communications. Shaun was also instrumental in Finlays Americas being awarded the ISO 45001 certification.

Charley Snell, CEO Finlays Americas says: “Shaun’s tireless effort for continuous safety, during our Americas integration and the Covid uncertainty, was inspirational for all employees and their families.”

RUNNERS UP
2nd Place – Chemase Team, Kericho Tea Estates in Kenya
3rd Place – Sebastian Villan, Health and Safety Analyst for Casa Fuentes – Finlays Argentina



OUTSTANDING CONTRIBUTION AWARD

FRIEDA DEHRMANN
GROUP QUALITY AND ANALYTICAL SCIENCE DIRECTOR

People at Finlays do amazing things each and every day to support our customers. But in a crowded field, Frieda’s achievement is particularly outstanding. Frieda led the development of Finlays’ new Quality Programme, the 4Qs. This programme is instrumental in driving Quality at Finlays, offering strong value to our customers as well.

Guy Chambers, Group Managing Director at Finlays says: “I have the deep belief that Quality is the key element of all sustainably successful companies. The 4Qs programme has shown tremendous improvements in performance and maturity across Finlays. I am immensely proud of what Frieda and the Finlays Quality Team achieved.”

RUNNERS UP:
2nd Place – Joash Korir, Japhet Langat, Victor Kibet Chepkwony, Jane Ndirangu, Steve Scott, Betty Kibaliach and Daniel Kirui (Project Ongeza Team) for Finlay Flowers, Kericho, Kenya
3rd Place – Elijah Cheruiyot and Nancy Nyabonyi Okongo, Mechanical Tea Harvesters, for Kericho Tea Estates, Kenya



DELIVERING TOGETHER WINNER AWARD

JAMES FINLAY GUIZHOU

Finlays might be a large global business, but it’s how we work together as “1Finlays” that drives our long-term success. No-one exemplified the idea of “delivering together” like the team at James Finlay Guizhou who successfully got this innovative new tea processing facility operational in an exceptionally tight timeframe. The team worked together to create new systems and procedures, and now export certified, traceable Chinese tea around the world.

Patrick Watene, Managing Director at James Finlay Guizhou says: *“The team went from company registration in March 2018 to having a fully operational site in July 2019 - and within budget. The commitment and performance was outstanding, as they created a new company - including staff, factory operations and a unique sourcing model.”*

RUNNERS UP

*2nd Place - Wesley Bosuben, Charlotte Juma, Maureen Nafula, Richard Mwaga and Chris Hawkins, a cross Business Unit work team from Kericho, Nairobi, Mombasa and Group
3rd Place - Sergio Duarte, Fleitas Miguel, Acosta Ramon, Lopez Ramon and Sommer Luis for Acaragua Plant Team, Casa Fuentes, Argentina.*



SPECIAL COVID AWARDS

2020 was an inescapably challenging year – one of the very toughest many of us have ever faced. Finlays people met this challenge head on with determination, proactivity and willpower. These awards recognise the efforts of those who went above and beyond to serve and protect our communities.

- 1. The Kericho Medical Team for delivering frontline healthcare to the whole of Kericho.*
- 2. Waruni Perera for delivering trusted financial data to support our operations in Sri Lanka.*
- 3. Chaminda Waduge who ensured the Beverage Packing factory at Finlays Colombo continued to function smoothly.*
- 4. The Finlays Americas Covid-19 Taskforce (Shaun Galligan, Todd Davis, Paula Labree, James Moriella, George Rua and*

Bob Ferreria), who demonstrated outstanding stewardship and teamwork to put in place a plan of action to mitigate the impact of Covid-19.

- 5. Michael Goolsbee, Gregory Holliday, Alejandro Trigueros, Armando Villarreal, Jonathan Rodriguez, Emilio Fernandez, Chris Gonzales, Eduardo Barraza, Michael Darilek and Michael Harris, the Texas Maintenance Team, worked across two facilities to make use of obsolete equipment and create a new keg filling capability to meet the needs of our customers.*
- 6. The Finlay Beverages Team, who developed new ways of working across all functions, designed to keep employees safe and keep the site fully operational, ensuring customer service levels were maintained.*

HEART TO HEART

THE VALUE OF TRUE EMOTIONAL CONNECTION IN BUSINESS

Words: Allison Cash

HOW OFTEN DO YOU THINK ABOUT YOUR CUSTOMERS? REALLY THINK ABOUT THEM? AS PEOPLE. JANE, EDMOND, TATIANA, COLBY. WAIT, BEFORE ANSWERING, HOW OFTEN DID YOU THINK ABOUT THEM AS PEOPLE BEFORE THE EVENTS OF 2020?

As a marketing professional, I am intrinsically interested in the stories of every person. It is my nature to want to know more. More about you, more about your life, more about your work and ultimately more about what you’re seeking. I genuinely enjoy learning about people. And one of the most important things I have learned in my career is to never forget we are all human, and what that really means.

During a typical year at Finlays, we often find ourselves in the B2B space talking about customer centricity, customer satisfaction, and ultimately customer experience. This becomes even more frequent during planning season. Throughout the

planning process, we talk about measurements, surveys, sales, numbers — you get the picture.

And just as often as these discussions arise, I find myself reminded of one seemingly fundamental truth of humanity: we operate from emotion. The philosopher David Hume recognised this centuries ago when he said, “Reason is and ought only to be the slave of the passions.” No matter how rational we generally are or wish to be, or how much data we use to justify our decisions, those decisions almost always (and maybe always) find their impetus in our emotional core.

Why is this important? Because the last 18 months have taught us the value of true emotional connection through our shared human experience. During the tumult, the lines between customer experience and life experience blurred a bit. Our relationships with customers evolved from the question of “What can we do for you?” to include a heartfelt, “How are you?”.

We grew closer. We talked more frequently, we inquired about daily events, new product launches, shifting timelines, cancelled plans. We were taken aback when an unexpected out-of-office message popped up or were pleasantly surprised when an adorable toddler peered her head into a video call. We felt the waves of emotions as some businesses boomed and others were forced to redirect.

In terms of customer experience, this is felt as a shift in value. More than ever, the value is about much more than just the outcome; it also involves the path we traverse together to get there. Though we aspire to earn “five-star reviews” on every customer interaction, we also want customers to know and feel that we are there for them.

That may sound simple or trite, but that’s far from the case. Someone can understand objectively that they’re loved by their parents. They know it. But that’s very different than

the feeling one has when hearing the warmth in their voices and sharing a laugh. That’s why we work daily to support our customers, collaborate with them, and even inject a little enthusiasm along the way when the days are dull and the hope tank needs refilling. More than just knowing we’re here for them, we want them to *feel* it as well.

This awareness to attention and emotional experience isn’t flashy or groundbreaking. However, in our view, it’s the most important attribute of a good customer experience. Customer centricity is a core tenet, it’s a practice that merits daily tending. That’s why we will continue to focus our attention on our customers and deliver a high-level customer experience day in and day out, all while caring deeply about all the individuals who make up these great companies.

Allison Cash is Vice President of Marketing at Finlays Americas



SEEING SENSE

THE PRACTICAL APPLICATIONS OF SENSORY SCIENCE

Words: Frieda Dehrmann Infographics: Rosie Davenport

THE SENSORY WHEEL HAS NEVER BEEN MORE PREVALENT. FROM ITS CLOSE ASSOCIATION WITH WINE, THE SENSORY WHEEL IS NOW BEING USED FOR EVERYTHING FROM CHOCOLATE TO MUSHROOMS. AND OF COURSE, TEA AND COFFEE.

These aesthetically pleasing diagrams offer a fascinating visual representation of flavour and have become a useful tool in understanding how we conceptualise the experience of consuming food and drink. They're visual, captivating, and can prompt sensory recall that helps embed the sensory experience of a product.

But while these wheels appear simple, dig deeper and you will find yourself immersed in an intricate and detailed sensory realm. That's because the best sensory wheels combine art with technical truth that pinpoint exactly why certain food and drinks have certain characteristics.

We can do this by identifying a "key impact molecule" – the molecule that is the dominant contributor to that character. For example in black tea, one key molecule is a compound called β-damascenone which is a breakdown product of the

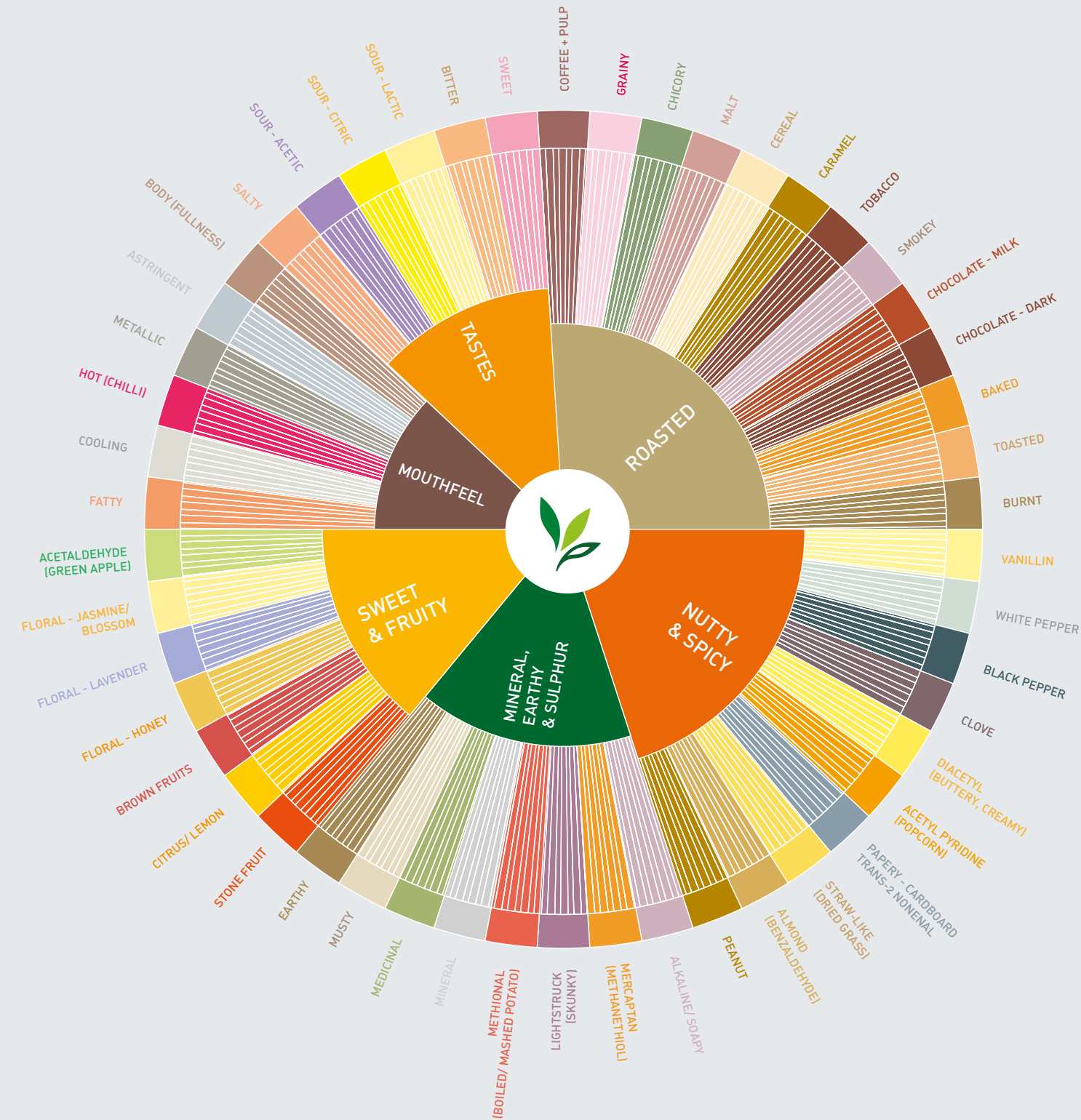
carotenoid pathway. While in green/freshly cut grass, cis-3-hexenal is the responsible compound.

In the world of natural beverages, this level of technical sensory understanding is becoming increasingly important from an applications point of view. Not only can we identify these characteristics, but by measuring the key impact molecule (among other things) we can also better understand exactly how an ingredient will work as part of a product. This opens up an exciting world of possibilities.

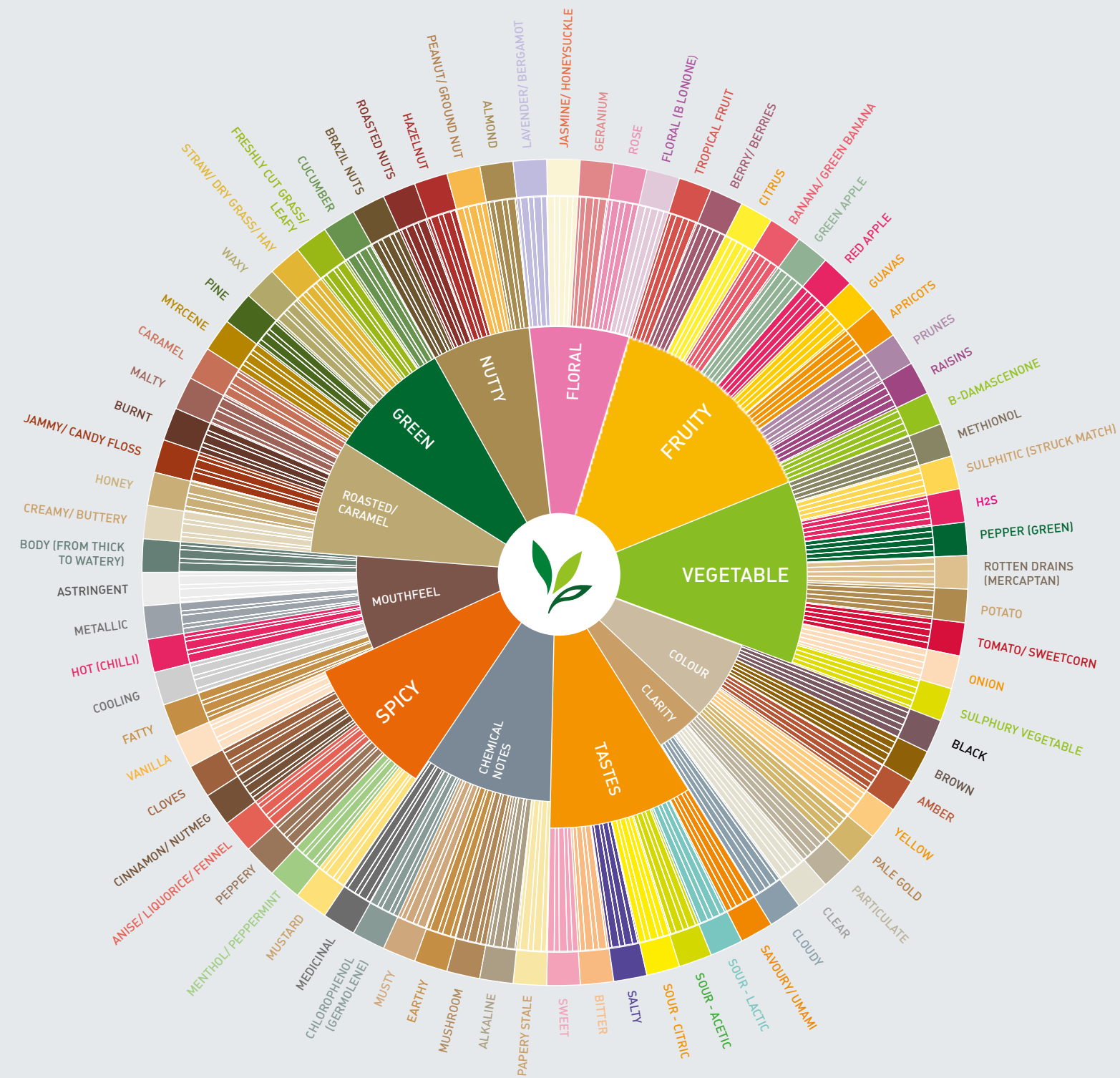
That's why Finlays has partnered with a global sensory service provider to help us develop our own tea and coffee flavour wheels. Combining their experience in certified sensory standards with our tea and coffee expertise, our sensory wheels will help us develop a language that will create effective and powerful communication for our ingredients and products.

As we embark on this journey, we see the development of sensory science as hugely influential in the future of beverages. Because when you enter the sensory realm, the possibilities are endless.

Sensory wheel: COFFEE



Sensory wheel: TEA



FUTURE FLAVOURS

SAMANTHA SUPSKY FROM FINLAYS AMERICAS DIVES INTO A WORLD OF FLAVOURS TO EXPLORE WHICH ARE ON TREND IN THE US RIGHT NOW, AND WHICH FLAVOURS TO EXPECT NEXT

Trending flavours NOW

In the wake of Covid-19 and social upheaval, we're seeing consumers seeking flavours that offer comfort, remind them of simpler times, or that offer a taste of a tropical vacation.

Trending flavours *NEXT*

Looking to a post-Covid world, we can see a trend for flavours that satisfy people's renewed focus on health and wellbeing. This could be ingredients associated with physical health, or those associated with mental health such as florals and botanicals that promote wellbeing and relaxation. But we also expect to see a surge in fun, alcohol-inspired flavours, as consumers look to enjoy life with renewed vigour and whimsy.

INDULGENT



Chocolate



Vanilla



Honeycomb



Toffee

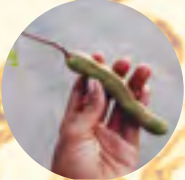
INTERNATIONAL



Yuzu



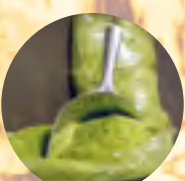
Lychee



Tamarind



Guava



Moringa

NOSTALGIC



Childhood cereals



Snow cone



Cotton candy



Sour candy

BOTANICAL



Cherry blossom



Lavender



Turmeric



Basil



Hibiscus

HEALTH & WELLBEING



Ginger



Green tea



Blood orange



Clementine



Blueberry



Cranberry



Mandarin



Grapefruit

ALCOHOL-INSPIRED



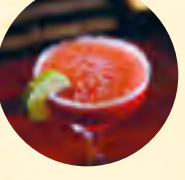
Hops



Rose



Mimosa



Margarita



Finlays IN THE FRAME

WE ARE DELIGHTED TO ANNOUNCE THE SECOND ANNUAL FINLAYS IN THE FRAME PHOTOGRAPHY COMPETITION.

Tea is clearly of huge importance to Finlays. It's also the world's second most popular drink and plays a central role in everyday life across the world. What's fascinating is that, while tea is enjoyed the world over, how it is enjoyed and its role in culture varies from place to place.

So our challenge to Finlays team members this year was simply to take a photograph that represents what tea means to them. Whether that's their morning brew, the role tea plays in their social life, the role it plays at work...or something else entirely.

Our judge, professional photographer and photography lecturer Giulio Mazzarini, has selected the best images amongst the many submitted.

Here are the best shots and winners of the *2021 Finlays in the Frame* photography competition:

WINNER 'FATHER'

MRS. W.A.C. BERNADETH PERERA,
COMPANY NURSE, BEVERAGE PACKING DIVISION
- WELISARA, SRI LANKA

Tea is very closely related to my life. This is because of my father, who is 94 years old now. He is a farmer, and still he is farming. Even at the age of 94, he is healthy. I believe the secret to good health is the fact that he has always drunk tea. Therefore his immunity system is at a very high level. This photo shows his granddaughter pouring tea to relieve his fatigue at the end of farming.

Judge's comment: *Master photographers such as Bresson, Parr and Salgado are great story-tellers and this photograph is telling us a beautiful story of kindness, values, humanity, nature, tea, health and wellbeing. The interesting angle and low point of view (with the high yellow grass in the foreground) add originality to the framing. It's a perfect winning image!*

Finlays IN THE FRAME



2ND PLACE
'FRESH LEAF TEA'

LUCY LIU,
HR DIRECTOR, CHINA

The first photo was taken when an old woman had finished picking the fresh leaf tea from the mountain, after three years growing the little tea trees under the guidance of the Government. It reflects labour, vitality, harvest and nature. Tea, from the very beginning, indicates most of the factors in our life.

Judge's comment: *This image is an arresting close-up of beautiful hand-picked fresh tea. It has a very good composition - with a classic 45 degree viewpoint, original cropping, vibrant colours, excellent lighting and interesting details. Also, the fingers, knots of the basket and red-shirt have real stand-out quality.*



3RD PLACE
'TEA TIME'

SIÂN EDWARDS,
GROUP INSIGHTS MANAGER, UK

“For me, drinking tea is about being with family. Enthusiastic responses to 'hands up for tea' are sure to be followed by good conversation, sharing stories and healthy debate around the table - and always another Welsh cake.”

Judge's comment: *A lovely 90-degree view of a British classic: milky tea with delicious heart-shaped Welsh cakes. This Martin Parr-style vibrant image of tea, food and incoming hands is in one excellent square composition, full of round shapes. It's the ordinary that magically turns into the extraordinary, the celebration of the Latin otium (resting). Well done to the photographer and a well-deserved place on the winners' podium.*

Finlays IN THE FRAME

Some of our other favourite entries from around the world



Riham Anwer



Andrey Kraynev



Sapumal De Alwis



Daniel Paulsen



Lornah Chelangat



Kushan Nanayakkara



Rifky Idroos



Leonard Sigei



Mauricio Pinedo



Peter Bingham



Kenneth Chepkwony



Alfredo Betzel



Cliff Matonda



Jenny Harrison



Mercy Chelangat Tonui



Nikie Zhang



Helen Hume



Dixie Fallows

Finlays PEOPLE

MEET THE MASTER

JOSE PEREZ SET OUT TO ACHIEVE HIS DREAM OF A DIFFERENT FUTURE
FOR HIMSELF AND HIS FAMILY. HERE HE SHARES HIS STORY

Words: Stephanie Thornton

“COFFEE IS NOT JUST A DRINK; IT IS AN INVITATION TO LIFE; IT BRINGS PEOPLE TOGETHER TO SHARE OVER CONVERSATION, THROUGH LAUGHTER, TEARS, AND JOY,” SAYS FINLAYS AMERICAS’ MASTER ROASTER, JOSE PEREZ, WHO HAS BEEN ROASTING COFFEE FOR 43 YEARS.

Beginning his journey in 1978 to what would turn into a lifelong passion, Jose roasted his first batch of coffee on a 200-pound Probat drum roaster as a protégé to a German Master Roaster in Veracruz, Mexico. Jose’s mentor taught him the key to becoming a master at his craft was owning his space, making the roasting area one he could be proud of.

Before roasting, Jose was taught to always have his entire area clean and free of chaff and debris, a practice Jose continues to exemplify today at Finlays. Jose says: “I like to do my job to the best of my abilities each and every day, because I know a lot of people around the world are drinking the coffee that I have roasted. I am proud of my craft and appreciate bringing the character of each bean to life.”

During his three years in Veracruz, Jose mastered the art of bringing vitality and colour to each batch of coffee. He learned life lessons of resilience, fortitude and safety while roasting during sporadic earthquakes, and established an unparalleled work ethic. In 1981, after three straight years

of working without vacation, Jose took time off to visit Niagara Falls where he met his wife, which ultimately led him to moving to the United States.

In the US, Jose worked from coast to coast, until he finally found Finlays, formerly Aspen Beverage Group, in 2012. Driving through San Antonio’s industrial park, Jose smelt coffee in the air. When he found the building that was producing the aroma that was so familiar to him, he walked in and submitted his application, thus starting his nine-year tenure as Finlays’ Master Roaster.

“At Finlays, I have roasted beans from around the globe including my favourites – Yemeni and of course Veracruz, Mexican. I enjoy the global diversity and the challenging opportunities Finlays brings to my day-to-day life. I get to constantly learn while also working with some of the world’s largest coffee brands,” states Jose.

Becoming a Master Roaster does not happen overnight. It takes patience, willingness to learn and adapt, and a fiery love for one’s craft such as that seen by Jose’s saying, “coffee is my blood.” Every sip of coffee begins with a perfectly crafted bean, and the master behind that perfectly crafted bean is Finlays’ very own Jose Perez.

Stephanie Thornton is Marketing Manager, Coffee at Finlays Americas



