

Modern Slavery Statement

This Statement on Slavery and Human Trafficking relates to the financial year ending 31 December 2021.

1. INTRODUCTION

At Finlays the lessons of our long history feel more relevant today than ever. We are drawing on our long-held values to create a better future for our colleagues and the communities that we influence. That means harnessing new technologies in a responsible way – ensuring future innovations drive our industry to new heights, and delivering healthy products to the world. It means continuing to build long term relationships and thriving communities.

As a business with an ethical framework of good employment practice, Finlays is committed to providing high standard working conditions for its employees, in accordance with international standards, and to protecting their safety and health.

To demonstrate our commitment around our moral and legal duties on modern slavery, Finlays has put in place measures to prevent, detect and manage incidences of modern slavery, child labour, human trafficking and has engaged with a number of our stakeholders to do this. These include the Ethical Trading Initiative (of which Finlays is a Group-wide member) and Stronger Together, which is an organisation focused on raising awareness of, and providing training for the prevention of modern slavery.

James Finlay Limited is committed to fully complying with our obligations under the UK Modern Slavery Act and endeavours to go beyond the minimum standards set out in legislation.

2. ABOUT US

GROUP STRUCTURE

Finlays is a leading B2B manufacturer and supplier of tea, coffee, extracts and botanical solutions.

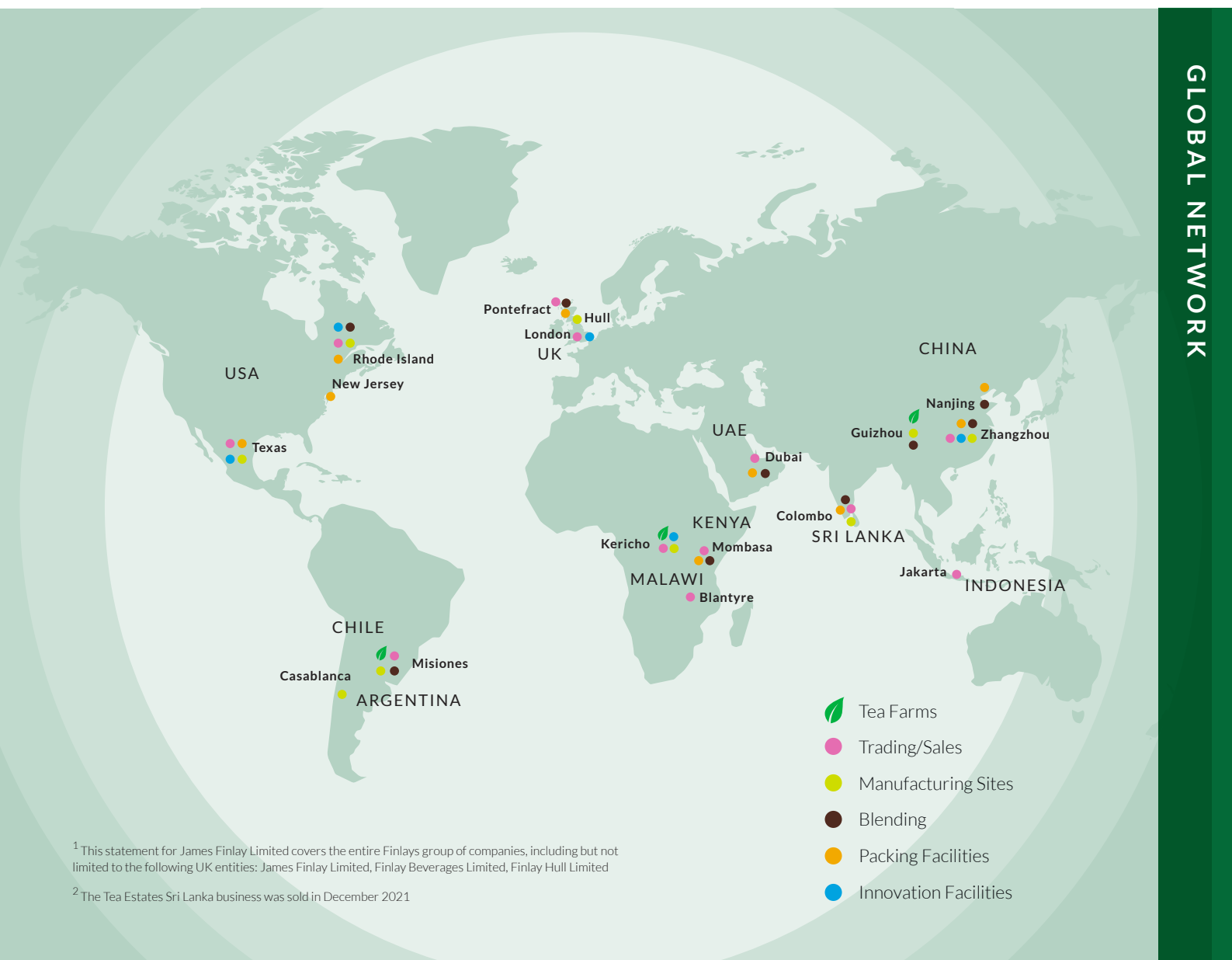
Finlays Group Limited¹ is headquartered in the UK and operates in many parts of the world, across a diverse spread of geographies, cultures and languages. Whilst respecting local cultures, we seek to build a common operating culture within Finlays. See the network map for the location of our own operations.

We have a unique position, in that we own and operate a vertically integrated global supply chain for tea, which spans tea farms in Kenya, Argentina and Sri Lanka² and direct contracts in all major tea-growing regions. For coffee, we source from over 140 different cooperatives and mills, many of which we have direct contracts with.

We own and operate a number of different manufacturing sites where we turn the raw materials into finished products for our customers, specialising in technology and processes that 'bring the best from bush to cup'. We have a global commercial function to support customers around the world by supplying tea, coffee and botanical products, either from our own facilities or those of others.

The company was founded in 1750 and has established itself as a trusted partner in the beverage industry while continuing to grow profitably and sustainably. Finlays is wholly owned by John Swire & Sons Limited.

NETWORK





3. POLICIES

OVERVIEW

The group launched its first Sustainability Strategy in 2008 (last updated in 2018), within which we set out a vision and six key commitments, including a commitment to our people. This states that “we strive to make Finlays an enjoyable and rewarding place to work that nurtures our people for the benefit of the individual, the company and the community”. Progress in implementing the Sustainability Strategy is regularly reviewed.

Responsibility for Modern Slavery Compliance sits with our Group Managing Director, our Director of Corporate Affairs, our Group Human Resources Director, our Group Head of Sustainability, and members of Finlays Global Executive. Sustainability is reported twice per year to Finlays Main Board as a standing agenda item which includes human rights initiatives.

Our functional teams provide oversight, facilitation and guidance. Commitment is owned by each business head and subsequent senior managers across our regions of operation. Our strategic sustainable objectives are aligned with our core business strategy, values and vision.

POLICIES

Our commitment to people is supported by our policies, memberships in multi-stakeholder initiatives and our governance. The policies that support our commitment to eradicating Modern Slavery are:

Human Rights standards

As an Ethical Trading Initiative (ETI)³ member, Finlays has adopted the ETI Base Code of labour practice throughout our own operations and, where possible, our supply chains. The ETI Base Code is built on the Conventions of the International Labour Organisation (ILO) and addresses issues such as forced or bonded labour, child labour, wages, hours of work, health and safety and discrimination. These are outlined in our Human Rights standards.

Sustainable Sourcing Policy

We consider that the greatest risk of modern slavery, human trafficking and child labour in our supply chain is where operations and oversight are out of our direct control. We therefore engage with our suppliers to make them aware of the requirement to comply with our Sustainable Sourcing policy, which includes the ETI Base Code. Through this policy, suppliers commit to acting responsibly and ethically, and to cascading the requirements further up the supply chain. We have processes in place to monitor compliance among our community of suppliers, largely through third-party assurance schemes.

Group Code of Conduct

Through Finlays Code of Conduct, we emphasise that we are committed to doing business with no tolerance for unethical practices. We uphold high standards of responsible and ethical behaviour in our own operations and look for similar commitment in our business partners. Our Code of Conduct includes sections on human rights, environmental and social impact, and complaints mechanisms.

³ The Ethical Trade Initiative is a leading alliance of companies, trade unions and non-governmental organisations that promotes respect for workers' rights around the globe.

Finlays has been a corporate member of ETI since 2009.

Group Whistle Blower Policy

The Whistle blower policy is designed to ensure that concerns can be raised about wrongdoing or malpractice at Finlays without fear of victimisation, subsequent discrimination, disadvantage or dismissal. There are a variety of channels that Finlays employees can voice their concerns through, including SeeHearSpeakUp. This is an external, independent, confidential and anonymous third-party whistleblowing service in multiple languages that allows staff to anonymously voice any concerns they have, or issues that need addressing. Any issues raised are reported to Finlays for further investigation by the Senior Management Committee.

ACCESS TO REMEDY

Finlays recognises that breaches of these policies could cause significant harm. Everyone has a responsibility to raise concerns and we do not tolerate retaliation of any kind against anyone who raises a concern in good faith.

Any matter that is reported or raised is fully investigated in a timely manner according to our grievance procedures and remediation process. This ensures a transparent, unbiased, and fair resolution and access to remedy if required.

We believe that the risk of slavery, human trafficking and child labour within our own organisation is mitigated by the policies, practices and training that we have in place.





OWN OPERATIONS

In 2021, we focused on our UK operations and building awareness of the issues and identification of modern slavery.

Training:

- ✔ The James Finlay Limited Executive Team received face to face training from Impacttt, a specialist ethical trade consultancy, about human rights and modern slavery.
- ✔ An online training course on modern slavery was developed and launched on Finlays Academy, our internal learning platform. This is available to employees at all operating units. It is mandatory to complete the online training for all employees in the UK and is included as part of induction for new employees.
- ✔ At our operations in Finlay Beverages and Finlay Hull, both manufacturing sites where the risk of potential modern slavery is higher, Stronger Together has delivered face to face workshops for all employees at the sites.

Due diligence:

- ✔ In the UK we undertake due diligence and audits of our employment agency providers every six-months to ensure they are not engaging in modern slavery.
- ✔ We include information about modern slavery as part of agency worker inductions and carry out face to face checks with agency workers every six months to check for signs or any issues.



SUPPLY CHAIN

Tea Sourcing:

We source Green Leaf from our own tea farms and through farming cooperatives, and we source Made Tea from our own tea farms, private contracts with third party suppliers and through Auctions.

Coffee Sourcing: We source our green bean coffee through private contracts with farmers, farming cooperatives and others. We have built close relationships with many of our coffee suppliers, having worked with them for a number of years. We buy soluble coffee directly from the manufacturers.

Botanicals: We source botanicals from our own farm in Kenya, and direct through private contracts.

Certifications: Many of our suppliers of raw materials have third-party sustainability certification and assurance e.g., through Rainforest Alliance, Fairtrade, SEDEX. These schemes all set minimum standards on human rights, including modern slavery and ensure that regular third-party audits are carried out. Many of Finlays own sites are also Rainforest Alliance and Fairtrade certified.

Risk assessment and due diligence

As part of our commitment to building a fully traceable and transparent supply chain, we have developed a cross-departmental supplier risk assessment tool. This tool aims to identify the inherent and site level risks associated with each of our suppliers from a quality, regulatory and sustainability perspective. This assessment looks at the sustainability certifications associated with each supplier, whether they commit to our Sustainable Sourcing Policy and the inherent risks, including labour and human rights risks, associated with tea and coffee production in each country of origin. From this, we are able to identify any potentially high-risk suppliers to determine our own audit plans. This may result in either a desktop or physical audit to better understand the risks of those suppliers.



In 2021, we continued to assess our suppliers through answers provided in our Supplier Assessment Questionnaire. We continue progressing towards our target of 100% traceable leaf tea and green bean coffee by the end of 2022. Traceability provides the foundation and first step to understanding the potential risks of modern slavery in our supply chain.

In 2021:

- 99% of our leaf tea was traceable to tea garden/mark/factory
- 96% of our green bean coffee was traceable to producer group or mill
- 48% of our soluble coffee was traceable to producer group or mill. There are traceability challenges within the solubles supply chain due to commercially restrictive sourcing options.

We also undertook a big project to segment our supply base in 2021. This has enabled us to prioritise and deepen our relationships with key strategic suppliers. Going forward Finlays will engage more frequently with these suppliers with whom we have most influence, focusing on supplier performance management and continuous improvement, including for sustainability and human rights.



5. FOCUS AREAS FOR 2022

- Undertake a systematic risk assessment to identify highest risk areas of the global business. This will inform which operating units need higher engagement and capacity building beyond the UK
- Focus on embedding and consolidating current modern slavery training programmes, including measurement and refresher courses where required
- Share Stronger Together best practice in quarterly meetings of all global HR Directors
- Develop a labour exploitation response and remediation procedure
- Deeper engagement with key suppliers through performance management reviews including human rights

This statement was approved by the interim group Managing Director on behalf of James Finlay Limited on 24.06.2022.



Julian Rutherford

