



# Modern Slavery Statement

## 1. INTRODUCTION

This Modern Slavery and Human Trafficking annual statement is published in accordance with Section 54 of the UK Modern Slavery Act 2015. The statement outlines the steps James Finlay Limited ('Finlays') has taken to mitigate the risks of modern slavery covering the financial year ending 31 December 2022.

As a business, Finlays is committed to respecting labour rights in our own operations and supply chain activities. We are committed to upholding the Ethical Trading Initiative Base Code standards, providing high standard working conditions and protecting worker's safety and health. We recognise that protecting human rights is a continual and iterative process and continually seek to improve our practices as we understand more about the nature and risks of modern slavery and human rights impacts in the natural beverages industry.

# 2. ABOUT US

## GROUP STRUCTURE

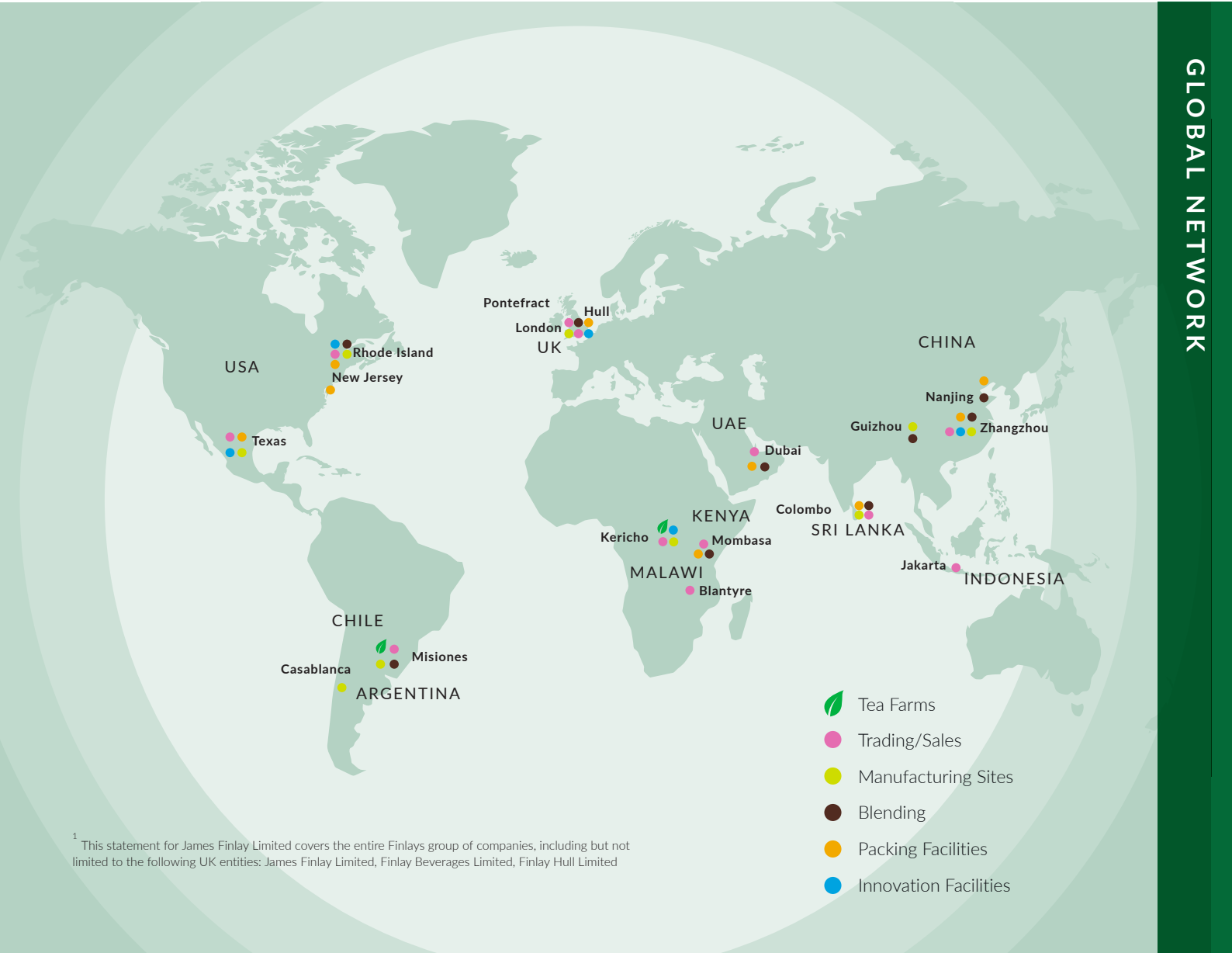
Finlays is a leading B2B manufacturer and supplier of tea, coffee, extracts and botanical solutions.

Finlays Group Limited<sup>1</sup> 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 and Argentina and direct contracts in all major tea-growing regions. For coffee, we source from cooperatives and mills, many of which we have direct contracts with.

We own and operate a number of manufacturing sites for both tea and coffee, 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 or third-party facilities.

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.



<sup>1</sup> This statement for James Finlay Limited covers the entire Finlays group of companies, including but not limited to the following UK entities: James Finlay Limited, Finlay Beverages Limited, Finlay Hull Limited



## 3. GOVERNANCE AND POLICIES

### GOVERNANCE

Within our own operations, accountability and responsibility for human rights and modern slavery sits with the Group Human Resources Director and the Group Director of Corporate Affairs. They are supported by a working group consisting of the HR Directors from each business and Group sustainability.

For our supply chain, responsibility for human rights and modern slavery sits with the Group Supply Chain Director and the Group Director of Corporate Affairs. They are supported by a cross-functional working group consisting of Group Sourcing, Group Sustainability and Group Quality.

Commitment and delivery at operating company level are owned by the Managing Director of each business. All Directors report into the Group Managing Director. The board of James Finlay Limited and the Swire Sustainable Development Committee provide oversight of our sustainability agenda inclusive of our approach to human rights and modern slavery.

### POLICIES

Our commitment to people is supported by our policies, memberships in multi-stakeholder initiatives and governance. This includes:

#### **Human Rights policy**

As an Ethical Trading Initiative (ETI) member<sup>2</sup>, 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 policy.

#### **Sustainable Sourcing Policy**

We consider that the greatest risk of modern slavery, human trafficking and child labour is in our supply chain where operational 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 through our supplier relationship management programme and 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 sets our requirements on human rights, environmental and social impact, and reporting channels available to report any breaches of our standards.

<sup>2</sup> The Ethical Trading 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 Blowing 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. Finlays employees and contracted workers can voice their concerns through their line manager, any senior manager, or the Director of Corporate Affairs, HR Director, or Group Head of Internal Audit. They can also use SeeHearSpeakUp, an external, independent, and confidential 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 to SeeHearSpeakUp are reported to Finlays for further investigation by the Senior Management Committee.

### ACCESS TO REMEDY

Finlays recognises that breaches of these key policies detailed above 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. We encourage a speak-up culture within our organisation, which is regularly reinforced.

Any matter that has been 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.





## 4. OUR FOCUS AREAS

### OWN OPERATIONS

So far, we have focused on our UK operations and building awareness of the issues and identification of modern slavery.

#### Training:

- 🌿 The James Finlay Limited Executive Team have received face to face training from Impactt, a specialist ethical trade consultancy, about human rights and modern slavery.
- 🌿 An online training course on modern slavery has been developed and launched on Finlays Academy, our internal learning platform. This is available to employees at all business 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<sup>3</sup> 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 periodic face to face checks with agency workers to check for signs or any issues.

<sup>3</sup> Stronger Together is a not-for-profit organisation that provides businesses with practical training, resources, and business services to ensure responsible recruitment and fair work free from exploitation



## 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 direct from third-party manufacturers.

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

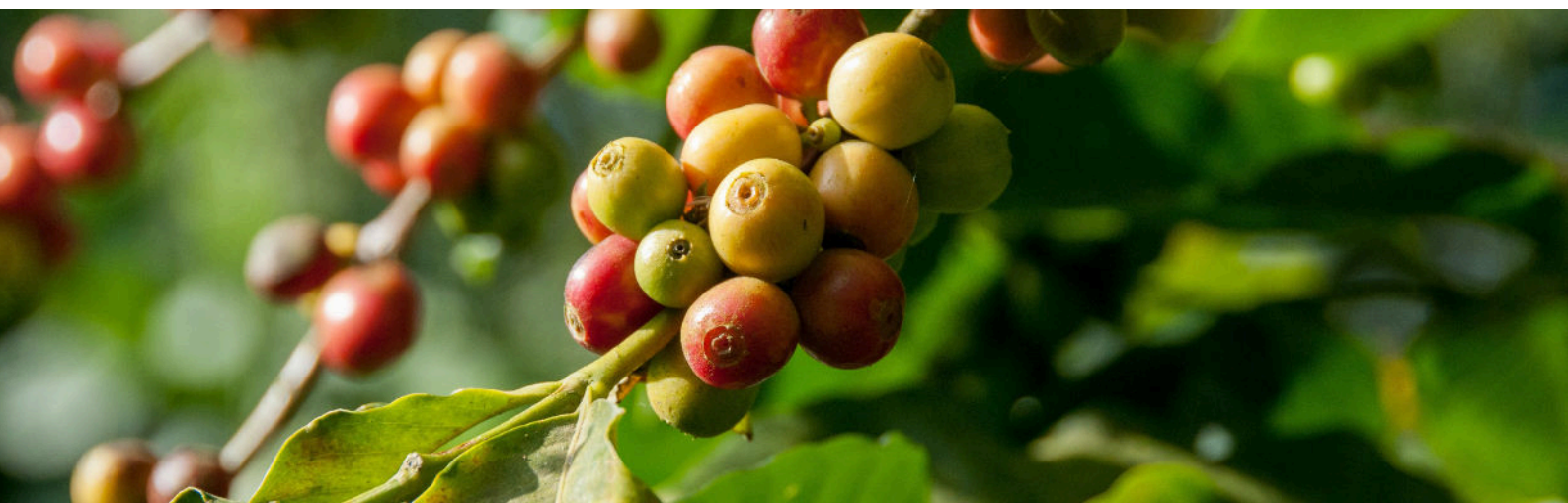
**Certifications:** Over 70% of the volume of tea and coffee we bought in 2022 was from suppliers that are third-party certified e.g. Rainforest Alliance, Fairtrade, etc. These schemes set minimum standards on human rights, including modern slavery and ensure that regular third-party audits are carried 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 risk assessment is undertaken annually. It aims to identify the inherent and site level risks associated with each of our suppliers from a quality, regulatory and sustainability perspective. For sustainability, the risk assessment covers:

- Inherent risks, including labour and human rights risks associated with tea and coffee production in each country of origin. This is based on a number of sources such as: Sedex radar tool, Rainforest Alliance Risk scores, Global Slavery Index, ITUC Global Rights Index, Human Rights impact assessments, Verisk Maplecroft commodity risks
- Sustainability certifications or third-party audits associated with each supplier
- Whether the supplier commits to our Sustainable Sourcing Policy.

Following this risk assessment, we identify and prioritise higher risk suppliers to determine our audit plans. This may result in either a desktop or physical audit to better understand the risks of those suppliers. We continue to assess suppliers through answers provided in our Supplier Assessment Questionnaire and have recently developed additional questions regarding human rights and sustainability to gather more information about our suppliers and improve our due diligence efforts.



Traceability provides the foundation and first step to understanding the potential risks of modern slavery in our supply chain. Our Sustainable Future strategy (2018 – 2022) focused on improving traceability within our supply chain and at the end of our strategy in 2022:

- 100% of our leaf tea was traceable to tea garden/mark/factory.
- 97% of our green bean coffee was traceable to producer group or mill. The final 3% was due to purchases on the futures exchange which can be very difficult to gain visibility.
- 75% 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

### Supplier management

As part of our Supplier Relationship Management programme, we now segment our tea and coffee suppliers to identify our most strategic suppliers and those where we have most leverage and influence. This will enable us to prioritise and deepen our relationships with these suppliers and focus on performance management. As part of the new Sustainable Future 2030 strategy, Finlays will engage more frequently with these suppliers, including on sustainability and human rights risks, and support them in mitigating actual and potential impacts through supplier development and continuous improvement. We also plan to start mapping non tea and coffee suppliers.

### RISKS

In February 2023, the BBC notified Finlays of some deeply shocking allegations of sexual abuse and harassment occurring at one of our businesses, James Finlay Kenya. The incidences they uncovered were very upsetting and indicated that the policies, processes, and initiatives we had in place to address such risks had not been working as they should. We have since been working to safeguard all workers at James Finlay Kenya and understand how this could have happened through two independent investigations. More details of the actions taken can be found in our [Sustainability Report 2022](#).

Our investigation, which is being guided by an independent steering group of stakeholders, centres on the interests of the rightsholders and will provide valuable insights into the issue of sexual exploitation, abuse and harassment (SEAH) which is endemic in the tea sector. We will use the learnings from this to challenge power imbalances that exist and implement innovative solutions to tackle the issue both in our own operations and wider supply chain.

This experience has prompted Finlays to reflect on our overall approach to risk and human rights impacts and acknowledge that we must do better to protect the people connected to our business. As a result, in the coming year, we will be undertaking a human rights assessment to better identify our most salient risks and actions to mitigate them.




## 5. FOCUS AREAS FOR 2023

In 2022, we were not able to complete some of our planned activities due to changes in the Sustainability team and a focus on developing Finlays new sustainability strategy. Through our new Sustainable Future 2030 strategy, we aim to have a stronger focus on human rights and to further embed it across the business. As part of this we have been working to improve data collection and data management. We are committed to work on the following in 2023:

- Undertake a systematic human rights impact assessment to identify the most salient risk areas of the global business where we should focus our efforts
- Focus on embedding and consolidating current modern slavery training programmes, including measurement and refresher courses where required
- 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 Group Managing Director on behalf of James Finlay Limited on 28.06.2023.*



**James Woodrow**

