



SUSTAINABLE SOURCING POLICY

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1. BACKGROUND

Finlays is a leading B2B manufacturer and supplier of tea, coffee, botanicals, and fruit-based ingredients and solutions to beverage brands, retailers and foodservice operators worldwide. Our purpose is to empower our customers to create a world where every sip brings joy. For us, this means building trusted, long-term partnerships with our suppliers and delivering excellence across our supply chain. We are committed to shaping a sustainable future within the beverage industry by ensuring the decisions we take benefit not only our customers, but also the planet and the communities in which we operate and impact. Sustainability is about creating shared value for stakeholders across our supply chain from field to beverage, which we deliver through our Sustainable Future 2030 strategy. In all that we do, we are guided by our core values of Acting for the Long-Term, Taking Accountability, Doing Better Each Time, and Succeeding Together.

2. POLICY

Finlays seeks to work with those that share our commitment to conducting business in an ethical, lawful and socially responsible manner. This policy seeks to align with international best practice guidance including the UN Global Compact, [OECD Guidelines for Multinational Enterprises](#), the [UN Guiding Principles on Business and Human Rights](#), the [International Bill on Human Rights](#), and the [ILO fundamental conventions](#).

We expect our suppliers to have policies and procedures in place that adhere to the standards laid out in this Policy. Suppliers are expected to communicate and cascade the principles of this Policy to their suppliers, contractors, and business partners, and undertake reasonable and proportionate due diligence to identify and address human rights and environmental risks within their operations and supply chains.

This policy serves in addition to our [Environmental Policy](#), [Human Rights Policy](#), [No Deforestation Policy](#) and [Finlays' Code of Conduct](#).

Regulatory requirements

Suppliers must comply with all applicable laws and regulatory requirements of the countries in which they operate as well as all applicable international laws and regulations.

Anti-Bribery and corruption

Conducting business with integrity is important to Finlays. We operate a zero-tolerance approach to bribery and corruption in all forms. Finlays does not offer, give, request or accept bribes in order to gain a business or other improper advantage and expects our suppliers to do the same.

Suppliers must adhere to the following principles:

- **Legitimacy of intent:** all business activities, interactions and transactions must have a lawful and legitimate purpose.
- **Transparency:** business activities must be conducted openly and accurately documented. All transactions must be properly recorded and supported by appropriate documentation.
- **Proportionality:** Any expenditure must be reasonable and proportionate to the business purpose.
- **No bribery or facilitation payments:** bribes, kickbacks, or facilitation payments are strictly prohibited.
- **Gifts and hospitality:** must be reasonable, proportionate, and not intended to improperly influence decisions.

- **Public officials:** extra care must be taken when interacting with government officials or state-owned entities.
- **Third parties:** suppliers must not use third parties to engage in bribery and must exercise appropriate due diligence.
- **Conflicts of Interest:** avoid conflicts of interest and disclose any actual or potential conflicts to a Finlays contact.
- **Speaking up:** any suspected or actual bribery or corruption must be reported promptly to a Finlays point of contact or by using the [Speak Up](#) channel.

Human and labour rights:

As a member of the Ethical Trading Initiative (ETI) and participant of the United Nations Global Compact (UNGC), Finlays wants to promote and ensure decent working conditions in our supply chains. Finlays has adopted the ETI Base Code and expects suppliers to have policies and procedures in place to ensure they comply with the requirements too. The [ETI Base Code](#) is founded on the Conventions of the International Labour Organisation (ILO) and is an internationally recognised code of labour practice.

- **Employment is freely chosen**
 - There is no forced, bonded or involuntary prison labour.
 - Workers are free to leave the company after reasonable notice.
 - Personal documents of workers such as identification documents and passports are not retained or confiscated.
- **Freedom of association and the right to collective bargaining are respected**
 - Workers have the right to join or form trade unions of their own choosing and to bargain collectively. Workers are not discriminated against or intimidated if they choose to join or not join an association.
 - Collective bargaining agreements must be implemented and adhered to.
 - Where freedom of association is restricted by law, suppliers should support alternative forms of independent and democratic worker representation.
- **Child labour is not used**
 - Alignment with and application of ILO Conventions 138 on Minimum Age and 182 the Worst forms of Child Labour.
 - Under no circumstances will a supplier employ individuals under the age of 15, or under the local legal minimum age for work, whichever is higher.
 - A Child Labour Operating Procedure should be in place to provide remedy should any instances of child labour be found.
 - If any young persons under 18 are employed, they must not be employed at night or in hazardous conditions. Hazardous work includes, but is not limited to, work involving dangerous machinery, hazardous chemicals, heavy lifting, confined spaces, work at height, or other activities that may jeopardise their mental and physical health, wellbeing, and safety.
 - Employment of young workers must not interfere with compulsory education, vocational training or their overall development.
- **Fair wages are paid**
 - Wages and benefits paid for a standard working week should meet or exceed national legal standards or industry benchmark standards, whichever is higher. Wages should be enough to meet basic needs and to provide some discretionary income.
 - For each pay period, all workers are provided with clear and understandable written information regarding their wages, hours worked, overtime hours, deductions and benefits, where applicable.
 - Deductions from wages as a disciplinary measure is not permitted.

- Finlays supports progress towards living wages and living incomes and encourages suppliers to understand relevant benchmarks and identify opportunities to improve worker livelihoods overtime.
- **Working hours are not excessive**
 - Working hours must comply with national laws, collective agreements, or international labour standards, whichever gives the greater protection for workers. Working hours excluding overtime should not exceed 48 hours per week.
 - All overtime is voluntary. Overtime should be used responsibly and not be requested on a regular or systematic basis.
 - Overtime should be compensated at a premium rate and, where no higher rate is prescribed by law or collective bargaining agreement, suppliers are encouraged to compensate overtime at a rate of at least 150% of the worker's regular rate of pay.
 - Total hours worked, including overtime, in any seven-day period should not exceed 60 hours, except in exceptional circumstances. In such circumstances, suppliers should be able to demonstrate that:
 - o overtime is permitted by applicable law;
 - o any applicable collective bargaining agreements have been respected;
 - o appropriate safeguards are in place to protect workers' health, safety and wellbeing;
 - o the circumstances are exceptional, such as unexpected production peaks, seasonal demands, accidents, emergencies or other unforeseen operational circumstances.
 - Workers are provided with at least one day off in every seven-day period or, where allowed by national law, two days off in every 14-day period.
- **No discrimination is practiced**
 - There must be no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.
- **Regular employment is provided**
 - To every extent possible, work should be on the basis of recognised employment relationships established through national law and practice. Obligations to employees under labour or social security laws and regulations shall not be avoided through the use of labour contracting or excessive use of fixed-term contracts.
 - Workers shall be provided with written and understandable information regarding the terms and conditions of their employment before commencing work.
 - Where appropriate, employment contracts or equivalent documentation should be provided in a language understood by the worker.
- **No harsh or inhumane treatment is allowed**
 - Workers must be treated with dignity and respect at all times. Physical, sexual, psychological or verbal harassment, abuse or any other form of intimidation is prohibited and not tolerated under any circumstances and suppliers shall take reasonable measures to prevent, identify and address workplace harassment, bullying, violence and abuse.
 - Sexual harassment, sexual exploitation, and gender-based violence and harassment (GBVH) are prohibited and shall not be tolerated under any circumstances.
 - Workers shall have access to safe and confidential channels to report concerns without fear of retaliation.

Occupational health, safety and wellbeing

Finlays is committed to promoting the health, safety and wellbeing of all workers across our supply chains. Suppliers must comply with all applicable local occupational health and safety laws and regulations in the countries in which they operate. Suppliers are expected to provide safe and healthy working conditions,

identify and manage occupational health and safety risks, and promote a culture where workers are empowered to raise concerns and contribute to a safe working environment. Particular attention should be given to activities and operations that present a higher risk of serious injury, illness, or fatality.

Suppliers must have policies, procedures and controls in place to address the following areas:

- **Safe and healthy working conditions**
 - A safe and hygienic working environment is provided, and steps are taken to minimise hazards and prevent accidents, injuries and work-related ill health.
 - Occupational health and safety risks are identified, assessed and managed through appropriate risk assessment processes. Workplace incidents, injuries, illnesses and near misses are recorded, investigated and appropriate corrective actions implemented. Lessons learned from incidents are used to prevent recurrence and improve workplace safety.
 - Appropriate controls are in place to identify, assess and manage occupational health and safety risks arising from hazardous substances, chemicals and other materials used, stored or handled in the workplace.
 - Suppliers should implement appropriate controls for activities that present an elevated risk of serious injury or fatality, including where relevant:
 - Working at height;
 - Machinery operation and machine guarding;
 - Hazardous energy isolation;
 - Electrical work;
 - Confined space entry;
 - Vehicle and road safety;
 - Occupational health risks such as noise, dust and ergonomics;
 - Contractor management;
 - Hazardous substances and chemicals.
 - Workers are trained in adequate and appropriate health and safety measures relevant to their role and responsibilities.
 - Personal Protective Equipment (PPE) appropriate to the task and associated risks is provided, maintained and replaced where necessary at no cost to workers, and workers are trained in its correct use.
 - Workers are encouraged to report hazards, unsafe conditions and incidents without fear of retaliation, consulted on health and safety matters, and encouraged to participate in the development of safer working practices. Reasonable measures are taken to promote worker wellbeing, including physical and mental wellbeing where appropriate.
 - Workers are provided access to clean toilet facilities, drinking water, rest areas, washing facilities, and other appropriate welfare facilities.
 - Accommodation, where provided, is clean, safe, and meets the basic needs of the workers. Accommodation should provide adequate living space, access to safe drinking water, sanitation and hygiene facilities, appropriate ventilation and lighting, and reasonable privacy.
- **Emergency preparedness and response**
 - Emergency procedures are established, communicated and regularly tested.
 - Appropriate emergency equipment, including first aid kits, eyewash stations and safety showers (where applicable), as well as alarms, fire detection and firefighting equipment are maintained and readily accessible.
 - Emergency exits are clearly marked, unobstructed and accessible at all times.

Modern slavery

Finlays takes the moral and legal duties around preventing and mitigating modern slavery seriously. By implementing the ETI Base Code, suppliers are helping to reduce the risk of modern slavery in the supply

chain. However, extra care should be taken around recruitment practices, both internal and outsourced, and the employment of temporary workers.

If employment or recruitment agencies, labour providers, contractors, or other third parties involved in worker recruitment are used to employ or supply workers, the supplier should undertake due diligence to ensure such parties:

- Protect workers in relation to wages, working hours, overtime and working conditions.
- Do not require workers to pay recruitment fees, deposits, or other costs in order to obtain employment that may be considered a form of debt bondage.
- Do not restrict workers freedom of movement or ability to leave employment within reasonable notice.
- Provide migrant workers with clear and understandable terms and conditions of employment in a language they understand prior to commencing employment.
- Do not engage in fraudulent practices that place workers at risk of forced labour and trafficking for labour exploitation.

Finlays' suppliers should ensure that their suppliers and other companies they work with also acknowledge these issues of modern slavery and undertake the required due diligence.

Access to remedy

Suppliers must have an effective, transparent, accessible, and non-retaliatory grievance procedure in place that is clearly communicated to workers. All workers should be provided with accessible channels to lodge grievances, complaints or suggestions, which can be made anonymously if desired. Issues raised must be investigated swiftly, fairly and confidentially. A defined remediation process through legitimate processes should be in place to address any adverse human rights impacts the company has caused or contributed to.

Land and community rights

Finlays recognises that business activities can impact the rights, livelihoods and wellbeing of local communities. Suppliers are expected to respect legitimate land tenure rights and the rights of local communities and to consider potential impacts on people when acquiring, developing or managing land.

Suppliers should:

- Respect legitimate land tenure and resource rights, including customary rights where recognised;
- Engage affected communities in a timely, transparent and culturally appropriate manner;
- Establish appropriate mechanisms to address community concerns and land-related grievances;
- Avoid involuntary displacement of individuals or communities;
- Respect the principle of Free, Prior and Informed Consent (FPIC) where applicable.

Environment

Suppliers must act responsibly with regard to the environment and demonstrate commitment to reducing their impact. As an absolute minimum, suppliers must comply with applicable laws and regulations relating to the protection of the environment and meet all legal permits required for operation.

Suppliers should have environmental management policies, procedures and activities in place which aim to address the following areas, where relevant:

- **Climate change**
 - Finlays has set net-zero company-wide emission reductions in line with climate science with the [Science Based Targets initiative \(SBTi\)](#). Suppliers are an integral part of this commitment and achieving it. Suppliers should develop their approach to understanding and mitigating their climate change impacts by:

- Taking steps to understand the main sources of their Greenhouse Gas (GHG) emissions using guidance and tools from best practice initiatives such as the [Greenhouse Gas Protocol](#), [SBTi](#), or the [Cool Farm Platform](#);
 - Setting reduction objectives, putting plans and actions in place to reduce overall GHG emissions, if possible in line with climate science and the Science Based Targets initiative standards when appropriate;
 - Working with partners to address climate relevant issues;
 - Where relevant and proportionate to the nature of their operations, suppliers may be requested to provide environmental performance data and participate in programmes supporting greenhouse gas emissions reductions across Finlays' value chain.
- **Energy efficiency**
 - Suppliers are encouraged to take measures to increase energy efficiency and, if feasible, reduce dependency on non-renewable energy sources used in operations, production and processing activities.
 - **Water management and conservation**
 - Suppliers must comply with applicable laws for the withdrawal of surface or groundwater for agricultural, domestic or processing purposes, and have a licence or permit for water withdrawal, if required.
 - Suppliers must ensure water is used carefully, minimising water waste, erosion and salinisation.
 - In agricultural operations, riparian buffers alongside aquatic ecosystems should be established and maintained.
 - Tests for processing wastewater should be conducted at all discharge points and results are documented. Wastewater from processing operations discharged into aquatic ecosystems meets legal wastewater quality parameters.
 - Sewage should not be discharged into aquatic ecosystems unless it has been treated.
 - Wastewater from processing operations should not be applied to land unless it has undergone treatment to remove particulates and toxins and meets wastewater parameters for irrigation.
 - **Waste management**
 - Suppliers must comply with applicable laws for the storage and disposal of all their waste streams, including hazardous waste.
 - Waste must be stored, treated and disposed of in ways that do not pose health or safety risks to people, animals or natural ecosystems.
 - Suppliers should not burn waste, except in incinerators designed for the specific type of waste and/or identify opportunities for burning waste with energy recovery.
 - Suppliers are encouraged to follow the waste hierarchy for managing all relevant waste streams, prioritising (1) prevention/replacing, (2) reduction, (3) reuse, (4) recycling (5) recovery/incineration, and finally (6) landfill disposal.
 - As part of their waste management strategy and processes, suppliers are encouraged to work on identifying circular economy opportunities.
 - **Protecting biodiversity and nature**
 - Suppliers are encouraged to align with the aims of the convention on biological diversity and Global Biodiversity Framework: to halt nature loss by 2030 and enhance nature by 2050.
 - Production or processing should not occur in protected areas and buffer zones, except where it complies with applicable law.
 - Natural ecosystems near operations should be conserved, through the development and implementation of plans.
 - Threatened animals and plants should not be hunted, killed, fished, collected or trafficked.
 - Wildlife should not be held in captivity, nor used for processing or harvesting of any crop.

- Farm animals must be treated following the five freedoms of animal welfare: freedom from hunger and thirst, discomfort, pain, injury or disease, fear and distress, and freedom to express normal behaviour.
 - Invasive species should not be intentionally introduced or released into the environment.
 - Erosion by water and wind is encouraged to be reduced through practices such as re-vegetation of steep areas and terracing.
 - Fire should not be used for preparing or cleaning fields, except when specifically justified in an Integrated Pest Management plan.
- **Integrated pest management**
 - For pest prevention and control, suppliers and farmers should use legally permitted biological, physical and other non-chemical control methods as much as possible.
 - If agrochemicals are required (see section on Agrochemical usage), suppliers and farmers must ensure these are:
 - o Lowest possible toxicity and highest selectiveness
 - o Only applied to impacted plants and areas
 - o Active ingredients are rotated to avoid and reduce resistance.
- **Agrochemical usage**
 - No agrochemicals should be used that are: prohibited by applicable law, not legally registered in the country of use, sold by an unauthorised vendor.
 - Usage should be aligned with applicable certification requirements or criteria as relevant
 - Usage should be monitored to ensure legality in both origin and the destination country (MLR). Results of which, should be willingly shared upon request.
 - People handling pesticides should be suitably trained in their preparation and application.
 - Personal Protective Equipment (PPE) that, as a minimum, meets relevant Material Safety Data Sheet (MSDS) requirements should be worn, which is provided free of charge and maintained in good condition.
 - Facilities should be provided for people to bathe, change, and wash clothes after application
 - Pesticides should be prepared and applied according to the label or MSDS with regards to appropriate transportation, dosage, equipment and techniques, weather, restricted entry intervals.
 - Mechanisms must be in place to avoid contamination of pesticides from treated areas to other areas including all aquatic and terrestrial natural ecosystems and infrastructure.
 - Pesticide applications should be tracked and recorded.
 - Containers and application equipment should be stored appropriately and safely, and empty containers should be disposed of through a formal collection system or returned to the supplier.

Any adverse impact found on the environment should be mitigated and remedied immediately.

No Deforestation

Finlays is committed to eliminating deforestation and eco-system conversion, and to safeguarding human rights, in all our supply chains. Finlays expects the following commitment from our suppliers:

- No deforestation of natural forests, including High Carbon Stock forests, and including both deforestation and forest degradation
- No conversion of other natural ecosystems, including peatlands of any depth
- Protection of natural forests and ecosystems within our area of influence¹
- Production in accordance with the relevant legislation of the country of production

¹ These commitments are based on the Accountability Framework definitions of deforestation, natural forest, conversion, and natural ecosystem and are listed in the definitions section of this policy.

The European Union introduced a deforestation regulation (EUDR) aimed at guaranteeing that products EU citizens consume do not contribute to deforestation or forest degradation worldwide. For forest linked commodities and products within the scope² of EUDR, that are sold into or placed on the market within the EU we will be required to demonstrate they are deforestation-free, have been produced in accordance with the laws of the country of production and are covered by a statement of due diligence.

Due diligence

As part of our supplier due diligence process, Finlays may request specific information and documentation to verify compliance and commitment to this Policy. Finlays reserves the right to make site visits, undertake audits or ask for an audit to be arranged, if deemed necessary to prove compliance. A supplier wishing to engage in business with Finlays must be willing to proactively engage in the due diligence process. Suppliers are expected to cooperate with reasonable requests for information relating to sustainability risks and impacts within their operations and supply chains.

Certification and assurance

Finlays recognises that third-party verified certification schemes and audits can help to demonstrate compliance and commitment to meet certain provisions set out in this Policy. These include:

- Fairtrade Labelling Organisation (FLO) Standard
- Rainforest Alliance standards
- Organic standards (as based on the IFOAM standard)
- SA8000 certification
- ISO14001
- Any third-party audits including e.g., SMETA audits, customer audits

Finlays encourages suppliers to participate in recognised sustainability and ethical trade assessment programmes such as Sedex. Where appropriate, suppliers are encouraged to maintain a current SMETA audit or equivalent independent social compliance assessment and to share the results with Finlays upon request.

Non-compliance

Any failure to comply with this Policy, both actual or suspected, should be reported to Finlays as soon as possible to sustainability@finlays.net or to [Speak Up](#), Finlays' confidential whistleblowing hotline. Suppliers must also notify Finlays if any sustainability certifications are suspended or cancelled. Finlays will investigate any concern raised and discuss findings with the supplier. If remediation is required, the supplier must develop a plan and timeline to effectively resolve the issue. Finlays reserves the right to implement a temporary suspension or terminate an agreement with any supplier that is not in compliance with the requirements of this policy or does not take measures to remedy non-compliance. Where non-compliance is identified, Finlays will seek to work collaboratively with suppliers to develop and implement corrective actions where appropriate.

Supplier Declaration

This declaration confirms that your company is compliant with the provisions set out in the Finlays Sustainable Sourcing Policy. Please provide evidence of any policies, standards, certifications, circulars or other official documentation to demonstrate adherence to the key components of this Policy in your operations.

We, the undersigned hereby confirm that:

² EUDR regulation lays down rules regarding the placing and making available on the Union market as well as the export from the Union of relevant products, as listed in Annex I, that contain, have been fed with or have been made using relevant commodities, namely cattle, cocoa, coffee, oil palm, rubber, soya and wood.
[<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R1115&qid=1687867231461>]

- We have received, read, understood, and taken due note of the provisions set out in the Finlays Sustainable Sourcing Policy.
- We are aware of and comply with all relevant laws and regulations of the countries in which our company operates.
- We commit to continue to comply with the Finlays Sustainable Sourcing Policy.
- We will report any case of violations of this policy to Finlays within ten days of becoming aware of the violation.

Name of Company: -----

Name: -----

Position: -----

Date: -----

Signature: -----

This document must be signed by an authorised representative of the Supplier and returned to the requesting Finlays representative. Finlays has the right to request any further information or supporting evidence to show compliance if required.