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FOREWORD Welcome to the Finlays Sustainability Report 2022

In a world that seems to be in a permanent state of flux, it has never been more important to focus on the future. And that is why Finlays' commitment to sustainability is crucial – it guides us towards acting for the long-term in all that we do. Reading through this report, I'm pleased to see so many fantastic projects happening across Finlays. On tea farms. In production facilities. In offices.

December 2022 marked the official end of our Sustainable Future strategy, which launched in 2018. We're pleased to include an update on the progress we have made across six key objectives over the last five years. It's clear that we made excellent progress in some areas, and fell short in others. But across all six objectives, we have delivered a high volume of projects and initiatives that have made a positive impact. Reflecting on our efforts over the last five years offers a chance to think about our changing business and about our new ambitions and challenges to come.

Speaking of which, later in this report we are delighted to share details of our new sustainability strategy, Sustainable Future 2030. Drawing on what we have learnt over the last five years, our changing business, and the future needs of our stakeholders, Sustainable Future 2030 focuses on three key areas where Finlays can have the most meaningful impact. We're pleased to say that we will be setting ambitious, science-based targets to achieve carbon net zero in Scope 1, 2 and 3, by latest 2050. Please see page 29 for more information.

Our new sustainability strategy is central to achieving our future goals, particularly as we seek to grow our tea and coffee extracts business. Tea remains a critical part of our portfolio, and we will continue to deliver important work supporting the people and environment across our supply chain. However as we increase our focus on extracts, you can expect to see a shift in emphasis in our sustainability efforts as well.

I would be remiss not to mention recent developments within our tea business. In May 2023, we announced that we had found a new strategic investor for James Finlay Kenya. The efforts of JFK have been a major feature in the pages of our sustainability reports over the years, and the team there should be rightly proud of what they have achieved, and what they will continue to achieve under the new owner Browns Investments PLC. As many of you will know, in February 2023 JFK featured in a BBC documentary about abuse in the Kenyan tea industry. It broadcast some deeply upsetting allegations against two contractors who were working at JFK, and since then, we have taken a series of actions to stop this sort of behaviour from ever happening again. There is more detail on the actions we are taking on page 16, and I want to assure you that Browns is just as committed as we are to ensuring JFK is a safe and respectful place to work.

I hope you enjoy reading this report, and as ever, welcome discussion with you on this most critical of topics. And we look forward to sharing more details on our new sustainability strategy with you later this year.



Mosper

James WoodrowGroup Managing Director

FINLAY BEVERAGES:

ea blending and packing. Offee roasting and acking.

JAMES FINLAY LIMITED:

FEI HULL:Decaffeination plant for tea.

JAMES FINLAY GUIZHOU:

Tea sourcing and blending.

DAMIN**:

Tea and coffee extracts manufacturing, tea and coffee solutions.

Finlays' GLOBAL NETWORK

Finlays is a leading B2B manufacturer and supplier of tea, coffee, extracts and botanical solutions. We operate in many parts of the world, across a diverse spread of geographies, cultures and languages.

Here we highlight our biggest operating companies covered in this report.

*In May 2023, Finlays reached an agreement to sell JFK to a new investor, while retaining ownership of the Saosa Tea Extracts facility.

**Finlays has a 49.5% share in Damin



FINLAYS AMERICAS:

Hot and cold brew coffee extracts manufacturing. Tea and aroma extracts.

CASA FUENTES:

Tea farms growing green leaf. Tea manufacturing and blending.

JAMES FINLAY KENYA*:

Tea farms growing green leaf and botanicals. Made tea and tea extracts and aroma manufacturing

JAMES FINLAY MOMBASA:

Tea trading, blending and packing.

FINLAYS COLOMBO:

Tea blending and packing. Green tea manufacturing.



Sustainable Future

Our 2018-2022 Sustainability Strategy

Our Sustainable Future strategy was launched in 2018 and concluded in 2022. It consisted of six objectives covering sustainability from bush to cup across our global operations.

These six areas focused on where we believed we could have greatest positive impact and have been part of our contribution towards achieving the United Nations Sustainable Development Goals (see page 36).

Progress on each objective was driven by a dedicated working group of experts from our global regions, under the leadership and responsibility of a global Executive. Over the following pages, we're pleased to share some reflections from our executive sponsors on the progress we have made against each objective, as well as some of our favourite projects from 2022.



Integrated Landscapes

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



Low Impact Operations

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



Land Stewardship

Finlays will reduce agrochemical usage by 50% by 2022.



Empowered Communities

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



Our People

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



Sustainable Supply

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



Highlights 2018–2022

A selection of our favourite projects and achievements from the last five years





Achieving 100% traceable tea

100% of our tea is now traceable to garden mark/factory.



Empowering communities in Kericho and Bomet Counties

The Finlays Community Trust is an independent charity that empowers communities and nurtures sustainable growth in Kericho and Bomet Counties. Since 2018, over 1,700 homes have been given access to clean water, 18 schools have had new buildings constructed and 140 students have received scholarships for undergraduate university courses.



Delivering sustainable packaging to the UK

Meeting customer and consumer demand, Finlay Beverages has removed unnecessary plastic such as plastic film wraps from its packaging and developed fully recyclable packaging solutions for its products.



Driving women in leadership in Kenya

48 women and 22 men have completed ninemonth management and leadership training programmes, with another cohort starting at the end of 2022. Participants have benefitted from improved skills and confidence, promotions within Finlays and new job opportunities elsewhere.



Reducing emissions

As of 2022, 84% of our energy is from renewable sources, leading to a 34% reduction in our scope 1 & 2 carbon emissions since 2018.





Investing in climate-smart coffee for Colombian growers

Through a multi-year partnership, we have supported over 7,000 coffee growers in Colombia with climate-smart agriculture training, provided a loan fund for over 215 farmers to access finance to implement climate-friendly practices and funded a feasibility study to understand how to further reduce emissions on a farm level.



Increasing the number of women in leadership roles

Globally, 29% of managers at Finlays are female, up from 25% in 2018.



Livestock lawnmowers to reduce agrochemicals in Argentina

The team at Casa Fuentes developed an innovative alternative to mechanical weeding by introducing sheep to eat the weeds between tea bushes. We now have over 1,100 sheep and have recently introduced cows to help. This has been a great success at helping to reduce our use of agrochemicals



Conserving the environment

We have supported the protection of 75,000 hectares of land around our tea farms, and planted 90,000 seedlings and trees.



Transforming our approach to waste

95% of our waste is recovered, reused or recycled.







Integrated Landscapes

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

Progress against KPI 2018-2022

Finlays has supported projects to protect and enhance natural forests covering 75,000 hectares of land in Kenya and Argentina.

"This objective aimed to protect the critical natural forests located near the borders of our tea farms. I am pleased with the support we have given, and the progress made in our core projects focused on the South West Mau forest in Kenya and the Tabay river basin in Argentina. We have fallen short of the ambitious 100,000 hectares figure, due to the sale of our Sri Lankan tea estates business in 2021 and challenges in getting multi-stakeholder projects off the ground there before its sale."

"Our approach to Integrated Landscapes has helped support biodiversity, forests, communities and watersheds and protected the vital ecosystem services they provide. The projects have been multi-stakeholder, multi-year and multi-faceted, and these interventions have certainly had a positive impact on the protection and conservation of these natural environments."



"For the future, while Finlays will have one less tea growing business following the sale of James Finlay Kenya, it will continue to invest in the environment to preserve and renew vital natural resources in the face of the growing climate emergency."

2018-2022 Highlights 75,000 hectares covered by integrated landscapes projects 90,000 seedlings and trees planted Water conservation training with local communities 855 dairy farmers trained in controlled grazing Innovative use of technology to track forest loss and degradation

SIMEON HUTCHINSON

Integrated Landscapes in action

CASE STUDY

Protecting the South West Mau Forest, Kenya

In 2022, James Finlay Kenya supported a range of projects to help protect the South West Mau Forest as part of the ISLA multistakeholder coalition being led by IDH, the Sustainable Trade Initiative. This included continued support to help conserve the rare Bongo antelope, providing resource to deter illegal incursion, and providing aerial surveillance.

Dairy Intensification Project

JFK has continued to support the dairy project, now in its third year. This aims to reduce overgrazing in the forest through dairy intensification and controlled grazing schemes. At the end of 2022, the number of cattle grazing in the forest had decreased by 60% compared to 2020 and farmers are witnessing improved yields and returns, leading to more residents in the area embracing the new farming methods.

In 2022, our support has helped to:

- Deliver monthly mentoring and training on leadership, governance and financial management to the new dairy cooperatives
- Initiate a group-based savings and loan scheme giving members access to finance to invest in their farms and purchase cow sheds, troughs and tanks
- Provide knowledge and skills transfer for 855 farmers (554 male, 301 female) on a twice-monthly basis. Through exchange visits and peer learning, farmers have experienced interactive learning to develop advanced dairy techniques





Innovative tech helps protect Tabay River Basin, Argentina

Casa Fuentes is a long-standing member of the Tabay River Basin Committee, which works to preserve 14,910 hectares of native forest within the watershed. Every month Casa Fuentes also contributes towards fuel for the Salto Encantado Provincial Park, to protect the reserve of 14,000 hectares of native forest which is home to important indigenous fauna.

In 2022, Casa Fuentes developed an app to collect field data that helps survey the wetlands in the Tabay watershed. This is a joint effort with other committee members to determine the state of the water sources in the wetlands and identify which are most in need of restoration actions, with an initial focus on those that are used for drinking water. An event was held with the local community and government to raise awareness about the importance of protecting the wetlands and water. The survey will continue into 2023 and is being extended into other water basins in the region to broaden the impact.





Land Stewardship

Finlays will reduce agrochemical usage by 50% by 2022.

Progress against KPI 2018-2022

Finlays reduced agrochemical use by 18% at James Finlay Kenya and 8% at Casa Fuentes in Argentina from a 2019 baseline.

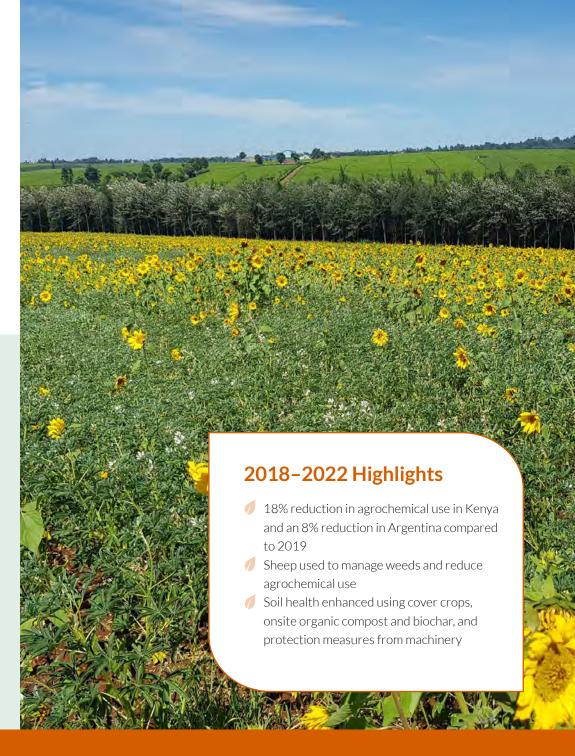
"Reducing agrochemical use by 50% was an ambitious target, and while we have not met this, we have significantly reduced use of agrochemicals across our business in the past five years. There are a number of reasons why we have fallen short; particularly difficult weather conditions and the economic impact of alternatives, but factors such as acquiring new land that needed extensive weeding have also played a part."

"Innovation in our search for viable alternatives has been a key contributor to the reductions we have achieved. Our livestock weeding project has continued to expand and we have focused on the implementation of organic techniques, such as the use of cover crops and developing organic herbicides."

"Looking to the future, Finlays will have a smaller footprint in tea growing globally, but land stewardship will continue to be important to our business. Good agricultural practice

and land management will only become more essential in the coming years, and is something we remain committed to, ensuring the long-term future of the tea, coffee and botanical industry."





Land Stewardship in action



Woolly weed control, Argentina

Our sheep grazing project to manage weeds at Casa Fuentes has continued to go from strength to strength. Since 2020, we have expanded the area where sheep are used for weed control from 120 hectares to nearly 800 hectares, with a flock of 1,100 sheep. Today over 40% of our tea fields at Casa Fuentes are grazed and this has led to an overall decrease in our agrochemical use across the site by 8% since 2019.

In 2022, cows were added to the grazing stock and have already proven useful in boosting the efficiency of weed control, grazing on a wider range of weed species and expanding the number of fields using livestock weed control.

The Casa Fuentes team also developed a mobile app to track grazing effort over time, gauging the impact of livestock type and herd size on the tea fields. This has been a valuable tool in tracking progress and deploying livestock in the most effective densities.

Moving forward, we aim to continue growing the area of tea fields under livestock control, applying the lessons learned to their management, and continue to reduce our application of agrochemical herbicides in Argentina.





Managing soil health in Kenya

Soil health is a central focus at James Finlay Kenya, with our team of soil scientists trialling novel solutions to pest control, nutrient management and weed control over the last five years. Through this work we achieved an overall reduction in agrochemical use by 18% from our 2019 baseline.

In 2022, JFK focused on the impact of soil compaction on soil health and water absorption. We conducted trials comparing soil compaction under two different harvester-tractors, measuring soil moisture, infiltration rates, and porosity in fields under each treatment. Measurements revealed lower absorption and decreased soil porosity in fields with one of the harvesting machines in particular. This corresponded with lower yield figures for these fields, indicating a longerterm impact on plant growth over time.

The JFK team has now drawn together a Soil Compaction Action Plan with key mitigation actions to ensure the tea bushes thrive into the future. For example, we have begun installing infiltration traps, adopting permanent track lines in fields, and are monitoring field conditions for indications of poor drainage or excessive compaction.





Our People

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

Progress against KPI 2018-2022

In 2022, 29% of global management were women, compared to 25% in 2018.

"We are proud of what we have achieved over the last five years. While we fell just short of our target, I am delighted that our progress is reflected across all levels of management at Finlays. Globally, at senior management level, 29% are women, for middle management it's 31% and at junior management level it's 28%. There are of course variations across the different regions we operate in."

"Since 2018, we have delivered a number of important projects to support the growth of our people. Whether it's training and mentorship programmes in Kenya, Women in Business Networks in the UK and US, or breaking down barriers for women in Argentina and Sri Lanka, we now have a strong platform from which to build."

"Ensuring a diverse and inclusive workforce is not only the right thing to do, it's essential to

ensuring our sustainable growth as a business. That's why People is a key pillar of our new sustainability strategy which will continue our focus on female empowerment as well as expanding to other areas of diversity and inclusion, human rights and wages."



Our People in action

Empowering women and challenging gender norms around the world



James Finlay Guizhou (JFG) in China

JFG took part in a gender equality study, with a focus on women's participation in decision-making and access to leadership roles. With good representation of women at senior management level at JFG, the study demonstrated an engaged and empowered female workforce. Recommendations from the study for training and personal development are being acted on in 2023.

CASE STUDY

James Finlay Limited, Finlay Beverages, and Hull in the UK

Finlays Women in Business (FWIB) UK continued to strengthen its network in 2022 by providing more comprehensive support and a range of initiatives for female employees in the UK. For example, FWIB launched a wellbeing partnership with Stretching the City and held an inspiring panel discussion with Women's Equality Party leader, Mandu Reid. Results from the annual survey showed that one in five UK-based female employees rated Finlays 5/5 as a 'proactively positive place for women to work', and 55% gave a 4/5 rating – this has increased from 32% in 2020.

Casa Fuentes in Argentina

CASE STUDY

Breaking down the barriers of a male dominated tea sector has been challenging, but the team at Casa Fuentes has achieved good results by taking simple steps such as improving factory bathrooms and cloakrooms to make them more suitable for women and promoting gender equality in recruitment. Casa Fuentes was the first tea business in Argentina to have women working on its factory lines and with its harvesting tractors in the field.

Inclusive workplaces, James Finlay Kenya

The BSR HERfinance economic empowerment programme was delivered throughout 2022 to improve employees' financial literacy in Kenya. 277 peer educators were trained on topics such as financial planning, budgeting, and talking finances with family. The peer educators then delivered informal peer-to-peer sessions and knowledge-sharing, reaching between 2,500–3,500 workers across the various topics. The evaluation survey undertaken by Women Empowerment Link identified there were significant changes in attitude and behaviour towards savings, budgeting, borrowing responsibly and the confidence of the female workers surveyed.

Occupational Health, Safety and Wellbeing

Finlays launches evolved approach to **Health and Safety**

In 2022, overall safety performance was relatively flat compared to the previous year, although we did record a slight increase, both in lagging indicators (Lost Time Injuries, lost hours, etc.), and leading indicators (hazard reports raised, closed, etc.). Analysis of incidents indicated that, while progress was being made in our process safety systems, Finlays needed to refresh its approach to Health and Safety engagement, with a greater focus on developing our 'Always Safe' culture to drive personal ownership of safety.

We reviewed our Zero Harm strategy in the second half of 2022, ultimately developing a refreshed strategy for 2023-2026. The new approach builds on back-tobasics foundations while placing greater emphasis on actions to support the 'presence of safety', as opposed to the 'absence of incidents'. The aim is to be increasingly proactive in creating a safe working environment for everyone across Finlays.



2021 vs 2022 comparison

	2021	2022	Difference
Lost Time Injuries (LTIs)	23	26	+3 (13%)
Lost Time Injury Frequency Rate (LTIFR)	0.28	0.35	+0.07 (25%)
Lost Working Hours	3238	3311	+73 (2.3%)
Lost Time Injury Severity Rate (LTISR)	39.17	44.18	+5.01 (12.8%)
Minor Injuries	48	115	+67 (140%)
Hazard Reports Raised	43,583	51,437	+7,854 (18%)
Hazard Reports Closed	36,248	47,333	+11,085 (31%)

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VAL NMOGHTUOS

2021 data was adjusted to reflect the sale of Tea Estates Sri Lanka, which significantly reduced the overall workforce and working hours, in order to provide meaningful performance comparability.

Hazard Reports are leading indicators where unsafe acts or conditions are identified before they result in an incident, so are proactive demonstrating employee engagement and a progressive safety culture.

Rates are calculated per 200,000 hours worked, which equates to 100 people working 40 hours a week for 50 weeks of the year. A recognised H&S standard for calculating LTI frequency and severity rates.

Occupational Health, Safety and Wellbeing

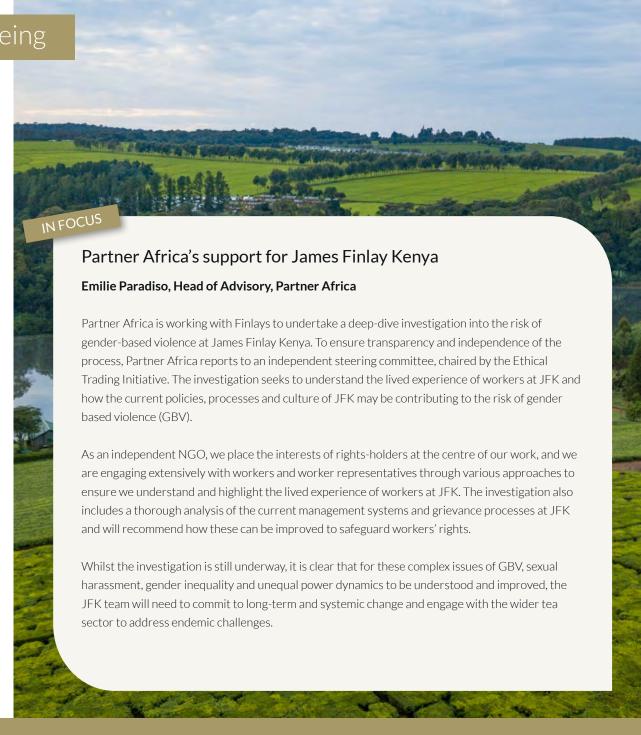
Ensuring worker safety in response to allegations of misconduct at James Finlay Kenya

In February 2023, the BBC broadcast some deeply shocking allegations of sexual misconduct occurring at James Finlay Kenya. These allegations were alarming and indicated that the policies and processes we had in place had not been working as they should.

When things go wrong at Finlays, we do everything in our power to put them right and have been delivering a programme of continued improvement to safeguard all at JFK in both the short-term and long-term. This has included:

- Terminating the contracts of two individuals named in the documentary, barring them from entering JFK, and reporting them to the police.
- An ongoing campaign to drive awareness of, and trust in, the available confidential and anonymous whistleblowing lines and grievance mechanism.
- Driving the in-person visibility of our welfare team on site, and working to recruit at least eight new members of this team.
- Providing private counselling and safeguarding support to all at JFK through Response Med and Thrive Worldwide.
- Directly employing 800 employees of contractors, reducing the overall number from 1,500 to 700, and developing a plan to reduce the number of contractor companies used.

We commissioned two independent investigations: one to examine the specific cases of exploitation raised within the documentary, and one into where we can improve our approach to preventing and addressing any sexual violence, abuse, or harassment across James Finlay Kenya. We, along with the new owner of JFK, Browns, are committed to implementing the recommendations of the investigations in full.





Low Impact Operations

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

Progress against KPI 2018-2022

Despite some year-on-year fluctuations, there has been an overall reduction in carbon emissions and water use since 2018. However, there was a slight increase in energy use and waste generation.

"Our approach over the last five years has been to 'reduce' and 'replace'. Through reduce, we use continuous improvement to better measure and manage our resource use by applying World Class Manufacturing principles. Through replace, we upgrade to more efficient production processes and machinery and replace fossil fuels with renewable energy."

"There have been some changes to the business since the strategy began: Finlays Americas started reporting environmental data in 2020, we sold our flower business and our Sri Lankan tea estates, and certain sites, such as the Saosa tea extracts facility in Kenya increased its production capacity, producing 45% more in 2022 than it did in 2018. The data shared includes our full footprint for each year."

"Our energy use has seen a slight increase since 2018, which was driven by the increasing production at Saosa, but partially offset by reductions in energy at other businesses. However, 84% of our energy is now from renewable sources, leading to a 34% reduction in our scope 1 & 2 carbon emissions since 2018. Meanwhile we have reduced

> water use by 45% compared to 2018, largely explained by the sale of Finlays Flowers. Waste reduction has fluctuated over the years but 95% of it is now reused, recovered or recycled, and there has been a 70% reduction in waste to landfill."

> "In 2022, we developed roadmaps to net zero for scope 1 and 2 for each business. This has set a solid foundation for the actions needed to start delivering our new strategy as we look to set science-based targets."



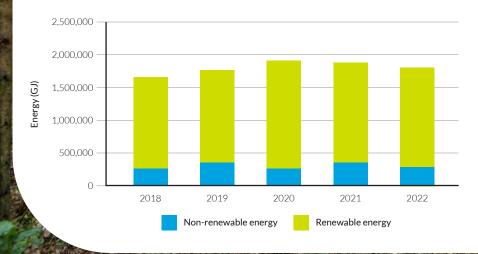


Our 2022 Environmental Impact



There was a 6% decrease in energy consumption in 2022 against 2021 data. Some of this can be explained by the sale of Tea Estates Sri Lanka; however, most of our businesses also saw a decrease in energy use, with the exception of the Saosa tea extracts factory. Due to an increase in production, Saosa increased its energy use significantly in 2022, impacting the overall year-on-year reduction. In 2022, 84% of our energy use was from renewable sources, most of which was generated directly on site through the use of biomass at our tea manufacturing sites.

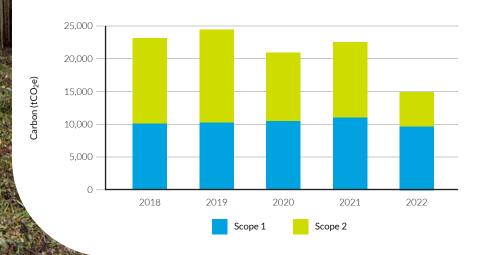
Since 2018 our energy use has risen slightly by 6%. This is largely due to the onboarding of Finlays Americas and increasing production at some of our key sites.





There was a 33% reduction in our scope 1 & 2 carbon emissions in 2022 compared to 2021. This was driven by a 52% reduction in scope 2 emissions, largely a result of improved local grid emissions in Kenya, and the sale of Tea Estates Sri Lanka. However, we also increased our use of renewable energy slightly to 84% of total energy use, helping our carbon footprint. There was a 16% reduction in scope 1 emissions in 2022 vs 2021.

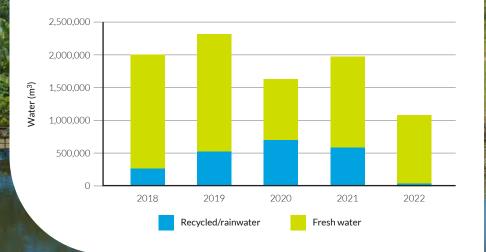
Overall, since 2018, we have reduced our scope 1 & 2 emissions by 34%. We have reduced our scope 2 emissions by 58% since 2018, through a drive to increase our use of renewable electricity - through both onsite generation (biomass, biogas, hydro and solar) and purchasing renewable tariffs in the UK, as well as grid averages reducing across the world. Our scope 1 emissions have decreased 5% compared to 2018. Our scope 1 predominantly comprises natural gas and our vehicle fleet and machinery used at the tea farms.





Water consumption decreased 44% in 2022 compared to 2021. This is predominantly due to the closure of the Finlays Flowers business, which was our biggest consumer of water. This also explains why there was a significant drop in use of rainwater and recycled water in 2022.

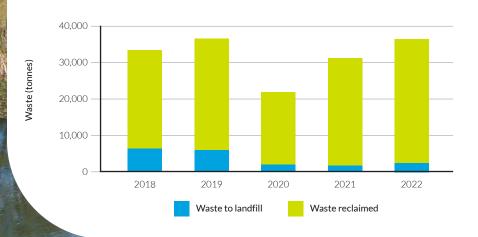
Despite fluctuations there has been an overall trend of decreasing water consumption since 2018.





There was a 16% increase in waste generated in 2022 compared to 2021. This is exclusively caused by Saosa, our tea extraction plant in Kenya, which had a significant increase in production over the year, and its waste is a direct output of the manufacturing process. Most of our other businesses reduced their waste generated in 2022 vs 2021. In 2022, 95% of our waste was either reused, recovered or recycled, a 14% increase from 81% in 2018.

The waste picture since 2018 has been mixed. Compared to our 2018 baseline, we have increased waste by 12%. The large decrease in 2020 is explained by a big decrease in production at Soasa tea extracts factory and following the closure of one of our flower farms at the end of 2019. The biggest source of waste is green waste (89% in 2022), which is an unavoidable output from production processes. As a result, waste generation has fluctuated with production levels from certain sites. Importantly, we have reduced our waste to landfill by 70% since 2018.



THIS ANALYSIS INCLUDES DATA FROM ALL FINLAYS OPERATIONS (WITH THE EXCEPTION OF DAMIN) SINCE 2018. OPERATIONAL CHANGES THAT OCCURRED IN THIS

Low Impact Operations in action

CASE STUDY

The life cycle of spent coffee grounds, US

Finlays Americas' Rhode Island manufacturing site is an ISO 14001:2015 registered organisation – a globally recognised standard for environmental management. The standard helps organisations develop a management system to reduce their overall environmental impact.

This includes reducing waste to landfill. In 2022, our Lincoln -Rhode Island facility diverted approximately 2,360 metric tonnes of spent coffee grounds, which is its largest waste stream, from landfill.

Through a partnership with a local farm, 20 minutes north of the Lincoln facility, spent coffee grounds are transported to the farm, where they undergo a three-year transformation. The grounds are used as a key ingredient in an organic mixture, which after three years becomes compost that is then used to fertilise the farmland. This enables the farm to nourish the soils and grow corn and grasses to make hay.

Finlays Americas is now evaluating how it can reduce additional waste streams such as cardboard and plastic, while also striving to reduce its carbon emissions.

CASE STUDY

Sustainable packaging, UK

In 2022, Finlay Beverages in the UK continued to make progress on reducing and improving recyclability of its packaging. Having already achieved fully recyclable tea packaging, the focus in 2022 was moving our coffee products to a recyclable bag. Trials were completed across the new highspeed coffee lines in the last quarter of 2022 enabling our customers to move to the new recyclable material. As part of the change, Finlay Beverages has also reduced the amount of plastic per bag by around 0.6g per pack.

CASE STUDY

Net-zero roadmap

In 2022, the Low Impact Operations working group focused on developing a net-zero roadmap for scope 1 and 2 greenhouse gas emissions. We now have a clearer picture of actions that need to be taken to help our operations at each of Finlays businesses to reach net zero. This will include expanding purchase of green electricity, efficiency improvements, installation of solar panels and finding alternatives to our use of natural gas. This work has been used to inform our new 2030 strategy.



Empowered Communities

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

Progress against KPI 2018-2022

Between 2018 and 2022, Finlays supported over 25 projects to empower local communities near our operations, investing in education, water and energy access, and food provision.

"Supporting the local communities we serve is a core part of being a responsible business. Our commitment to empowering communities applies across all our regions but it is directed and delivered at the local level by those who know best what is needed."

"I am delighted that our community projects have been particularly strong in locations where we perhaps have had the biggest impact and responsibility to support local development, in our biggest tea farm locations. In both Kenya and Sri Lanka, our focus has predominantly been on supporting the next generation by investing in education – from the building of new classrooms and facilities to provision of scholarships and training. The aim to 'empower' underpinned our decision to consolidate our community work in Kenya into

the Finlays Community Trust, giving local stakeholders a stronger voice in how funds are used."

"Looking to the future, investing in and empowering communities will continue to be core to how we operate as a responsible business."









Finlays Community Trust, Kenya

The Finlays Community Trust, an independent charity launched in Kenya in 2021, is an evolution of Finlays historic investment in the Kericho and Bomet community with a focus on funding projects across the areas of scholarships, infrastructure, water and environmental conservation.

In 2022, we launched an exciting new mentorship programme in local secondary schools. The mentors are beneficiaries of the JFK university scholarships and JFK employees, and aim to provide students with constructive interaction, life skills, guidance and positive role models. So far, our school visits and talks have reached approximately 7,600 students.

Another focus for 2022 was progressing our support to Technical and Vocational Education and Training (TVET). The Trust built a civil engineering workshop and commenced construction of a masonry and mechanical workshop at two local technical colleges, with the key aim of supporting the capacities of technical training institutes.

"Our school visits and talks have reached approximately 7,600 students in 2022"





Sustainable Supply

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

Progress against KPI 2018-2022

In 2022, Finlays Made Leaf tea was 100% traceable to garden mark/factory, and Green Bean coffee was 97% traceable to producer group, farm or mill.

"In the past five years, we have focused on improving the traceability of our tea and coffee raw materials and putting more structure into our supplier programme. We are thrilled that 100% of our Made Leaf tea is traceable and we have improved our Green Bean coffee traceability to 97%. The final 3% challenge comes from a small percentage of our coffee purchases made through the coffee futures exchange, where they do not require traceability back to the origin mill."

"75% of our soluble coffee is traceable back to the green coffee supplier or origin mill. This is a significant improvement from 34% in 2020, and all of our soluble coffee is traceable back to the manufacturing site thanks to our direct supplier relationships. We have not yet reached our target due to challenges within the soluble supply chain and commercially restrictive sourcing options."

"In 2020, we started our supplier qualification process, and we have since been working through a due diligence process with our global suppliers of tea and coffee to ensure they meet Finlays standards. This has been a tremendous task, and I'm pleased to say that 80% of the volume we currently buy globally is from assessed suppliers."



"As our maturity continues, we have developed our new Supplier Relationship Management programme, which forms the foundation of our future strategy and targets. We will focus on strengthening our relationships with key long-term suppliers and apply a systematic approach to continuous improvement."



Finlays Tea

Finlays works closely with a large number of tea producers around the world. Over the last five years, Finlays Outgrower engagement teams have supported tea producers with training on Good Agricultural Practices (e.g. integrated pest management, environmental conservation, food safety) and supported achievement of sustainable certifications (Rainforest Alliance and Fairtrade) by helping them navigate the changing requirements of the standards. They have built long-term relationships with the producers and implemented diversification projects to help producers increase and diversify their income stream.

MRS. PETROLINE NGETICH, KENYA

Petroline has been a supplier of green leaf to James Finlay Kenya since 2008. She has seven acres of land, three of which have been planted with tea. With good tea proceeds from JFK, she has constructed her own home and financed the education of her four children through to university level. As part of her diversification endeavours, she has bought a plot of land and built a business premises near her home. She also keeps dairy cows and sells milk to Kabianga Young Farmers Dairy Cooperative. She has benefitted from financial empowerment and training on diversification and good agricultural practices supported by JFK. Petroline is one of the nine board members of Kokchaik Cooperative Society and is also a board member at the umbrella union, Fintea Growers Cooperative Union. During her tenure as a board member, a number of community projects have been undertaken using the Fairtrade Premium funds.



The first tea crops on Ricardo's farm were planted by his parents in 1970. The farm is 25 hectares, and has a mix of tea, grass, pine, eucalyptus, cattle and green spaces. Cleaning, planting and care for the farm are carried out with support from his family. Selling the tea harvest to Casa Fuentes guarantees a secure market for the product and useful training and advice. Ricardo says that with Finlays he has learned to treat the soil with green cover, incorporate native plants, conserve the watersheds, not use burning, and help take care of the environment, allowing conservation of the diverse wildlife that thrives on his farm.



Finlays Coffee

Our approach to coffee sourcing is driven by our commitment to quality as well as by developing sustainable and ethical relationships throughout our supply chains. Finlays was an early pioneer of Fairtrade, and today we spend around \$1.5m in Fairtrade Premiums each year. This makes us the largest buyer of Fairtrade coffee in the UK. Our sustainable sourcing strategy focuses on increasing the positive impact of what we do within our supply chain. Underpinning that strategy is our Supplier Relationship Management (SRM) programme which fosters an ethos of continuous improvement and collaboration with our long-term, strategic suppliers. This programme, along with continued investment in our supply chain, is the key to unlocking long-term value and driving sustainable growth for our producers, our customers and for ourselves.

VIRUNGA NATIONAL PARK COFFEES, DEMOCRATIC REPUBLIC OF CONGO

DRC is no stranger to coffee production, with both arabica and robusta being a traditional export crop for the country. However, production throughout the latter 20th century and early 21st century faced a significant decline following decades of civil war, which affected processing and export infrastructure and presented challenging security issues.

While the country still faces challenges, speciality coffee production is bringing new investment, interest and hope to the Kivu region, where this particular community of small-holder coffee farmers reside. The Kivu Provinces, located in the far east of the country, provides an ideal environment for speciality arabica cultivation, with plentiful sunshine and rainfall, high elevations and rich, fertile volcanic soils.

For the coffee communities in and around Virunga National Park, coffee farmers are being provided with the tools they need to improve both yields and quality, from the construction and rehabilitation of washing stations to farmer training and the development of plant nurseries.



Five key takeaways from our Sustainable Future 2018–2022 Strategy



Our Sustainable Future strategy has helped set a great foundation. It has enabled us to increase our knowledge and understanding of our impacts and started to embed sustainability across the business. We've learnt a lot from the last five years, and reflecting on this has been invaluable for developing our next sustainability strategy. Here are five important takeaways:

- **1.** The need for focus. Reflecting on our previous strategy has shown that its scope was too broad, making it difficult to engage and fully deliver against all six of our objectives. Ultimately, we believe that by focusing on the most important issues, we can have the biggest overall impact.
- 2. The importance of setting ambitious and measurable targets. While most of our objectives for 2018-2022 had a measurable KPI, some of them were too broad. While we can qualitatively measure certain projects, without quantitative targets to hold us to account, it is more challenging to demonstrate clear progress of our impact.
- **3.** The importance of data. Linked to this, in the early stages of Sustainable Future, we didn't track some data points as systematically as we should have. Collecting data accurately and consistently across a wide range of different businesses in different geographies has its challenges, but is critical to understanding the impact we have. This is something we have been working hard to improve, particularly in the last year, ready for our new strategy.
- **4.** That sustainability is a 'whole-business' endeavour. Much of our focus on sustainability for the last five years has been on our tea farming businesses. As our business has changed, it meant some of the objectives were less pertinent to all of our business' operations. If we are to achieve the most impact we can, we have to do so by considering every single aspect of our business, as well as reacting quickly to changes in how the business is structured.
- 5. The power of having sustainability as a core value. In 2018, we made 'sustainable' one of our core values. This has served us well over the last five years and helps inform decision-making, both strategic and day-to-day. As we embark on the new stage of our sustainability journey, we need to grow our focus on this value, ensuring that it is always front of mind in all that we do.



Sustainable **FUTURE 2030**

Introducing Our New Sustainability Strategy



The natural beverages industry is facing many challenges. Climate change, supply chain complexity, and social issues have become urgent and defining global themes - both for our industry and for consumers - and will only continue to grow in importance. This makes sustainability at Finlays more important than ever.

Having been around for 273 years Finlays knows a thing or two about how to succeed sustainably in a changing world. While the demands of sustainable operations have never been higher, as a business we are well placed to work in partnership with the wider industry to make a meaningful, long-term contribution to the world around us.

Sustainable growth requires focus on the biggest challenges, where we can make the most impact and create the most value. How we can mitigate the tangible impacts of climate change on the environment. How we can empower people in the global communities we serve. How we can leverage our integrated supply chain to simplify and de-risk sourcing and supply for our customers.

By working collaboratively to solve these issues. we can create value across our network. We can transform challenges into opportunities. And we can become a stronger business as a result.

This philosophy shapes our new sustainability strategy, Sustainable Future 2030, in which we will commit to ambitious targets across three pillars of:

- Climate Net Zero
- People
- Sustainable Supply

Each pillar will focus on delivering measurable and positive impacts over the next seven years. This year we are building the foundations: getting the right data to build our baselines, targets, and roadmaps for each focus area, and setting up the right governance and processes to embed the strategy into all that we do across the business.

Our approach to delivering on our commitments can only be achieved in partnership with colleagues, communities, customers, partners, suppliers and the industry at large. As we set our sights on 2030, we ask you to join us in delivering a Sustainable Future.



JOE YALLEY-OGUNRO Group Head of Sustainability



Sustainable **FUTURE 2030**

Finlays will focus on three core pillars

CLIMATE NET ZERO

Finlays has ambitions to achieve carbon net zero by 2040, and reduce our impact on the environment and nature by 2030.

Our industry depends on a healthy climate and environment in which tea and coffee can thrive. Limiting and preventing the negative impacts of climate change is not only the right thing to do for the planet, it's critical for the future of our business, the communities we serve, and our industry.

2030 Focus Areas: Net zero carbon roadmap for scope 1, 2 & 3 / Own operations / Supply chain engagement / Framework for nature

Focus in 2023: A scope 1, 2 & 3 carbon footprint baseline / Targets developed and submitted to the Science Based Targets initiative for verification



Finlays is committed to building a workplace where the talents and skills of all are valued and nurtured.

Across our operations and supply chain, people are central to everything we do so it is critical we support them to thrive. We have a responsibility to protect the human rights of all people connected to our business, ensuring they feel safe, valued and empowered.

2030 Focus Areas: 1Finlays HR data / Women in leadership / Diversity and inclusion / Human rights / Living wage

Focus in 2023: A harmonised and centralised data collection system across the Group / Living Wage analysis / Human Rights risk assessment

SUSTAINABLE SUPPLY

Finlays is committed to product traceability and improving social, environmental, and economic value within our supply chains.

By building long-term, trusted relationships with our suppliers, we can help them to grow their businesses and ensure traceable and resilient supply chains. It means we can mitigate our social and environmental impacts and reduce supply chain risk for our customers.

2030 Focus Areas: Due diligence / Supplier performance and risk management/ Continuous improvement / Broadening suppliers in scope

Focus in 2023: Launch Supplier Relationship Management programme / Embed processes across the business

Governance & Partnerships

Sustainability Governance

Responsibility for sustainability sits with our Group Managing Director, our Group Director of Corporate Affairs and our Group Sustainability Function. Finlays Global Executives take responsibility for our sustainability strategic objectives, supported by working groups made up of experts from our different businesses.

The board of James Finlay Limited and the Swire Sustainability Committee provide oversight of our sustainability agenda. Our Group Sustainability Function is based in our London head office and provides development of strategy, facilitation and guidance to all global businesses.





Legal Governance

Finlay Group Limited is a wholly owned subsidiary of John Swire and Sons Limited and is headquartered in London. In 2022, its Group Operating Companies are:

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

*The principal trading subsidiary of Damin International Holdings Limited



The Main Board, which is tasked with organisational oversight and setting strategy, comprises:

- Philippe de Gentile-Williams Non-Executive Chairman
- Guy Chambers, Group Managing Director Executive Director (resigned 3rd June 2022)
- James Woodrow, Group Managing Director Executive Director (appointed 5th September 2022)
- Julian Rutherford, Group Finance Director Executive Director
- Martin Cubbon Non-Executive Director
- Stuart Strathdee Independent Non-Executive Director
- Christiane Kuehne Independent Non-Executive Director

Divisional Boards

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



Scope of the report

This report covers organisational activity for the 2022 calendar year (January -December) and a summary of progress against our Sustainable Future strategy 2018–2022. It includes information from our global operating companies listed on page 32 and spans all our products and services, except as set out below. Finlays uses the Resource Advisor platform to manage our sustainability data for reporting, tracking key performance indicators and providing ongoing visibility into our global operations.

Exceptions to full disclosure:

- Tea trading offices in Dubai, Indonesia and Malawi only report volumes traded and Occupational Health and Safety (OHS) due to the small size of their offices.
- Finlays holds a 49.5% share in Damin International Holding Limited, China. Data from Damin is not included in this report except for the environmental performance data in the appendix, where it is included at 100%.

Contact:

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

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



Partnerships



Finlays is a wholly owned subsidiary of John Swire and Sons Limited ("Swire").

There is a Group-level commitment at Swire on key sustainability issues delivered through **SwireTHRIVE**. At Finlays, this is embedded through our Sustainable Future strategy.

SwireTHRIVE focuses on five key issue areas that are highly material across its Group:

- CLIMATE: Decarbonise our business and build climate resilience
- **PEOPLE:** Foster a company culture that is accessible, inclusive and safe
- WATER: Use and manage water responsibly
- COMMUNITIES: Position our community initiatives as part of our core business value
- **WASTE:** Turn today's waste into tomorrow's resource



Our partners













SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (SDGs) have been adopted by all 193 UN Member States. The 17 Goals provide a shared blueprint to achieve a better and more sustainable future for all, by 2030. They address the global challenges we face, including poverty, inequality, climate change, environmental degradation, peace and justice. All stakeholders – government, business and civil society – have an important role to play in progressing towards these goals.

At Finlays, we support the SDGs in our mission to build a better, more sustainable world. Our work in different regions and across our supply chains contributes to the following goals:



Integrated Landscapes











Land Stewardship









Our People













Low Impact Operations













Empowered Communities



















Sustainable Supply





APPENDIX:

ENVIRONMENTAL DATA

ENERGY

Without Damin

Energy (GJ)	2018	2019	2020	2021	2022
Total energy	1,678,944	1,739,330	1,894,095	1,886,256	1,778,993
Renewable energy	1,385,578	1,414,907	1,605,898	1,552,192	1,485,369

ENERGY

With Damin

Energy (GJ)	2018	2019	2020	2021	2022
Total energy	2,360,704	2,895,296	2,832,612	2,962853	2,869,478
Renewable energy	1,687,484	2,091,370	2,169,111	2,160,057	2,127,103

CARBON*

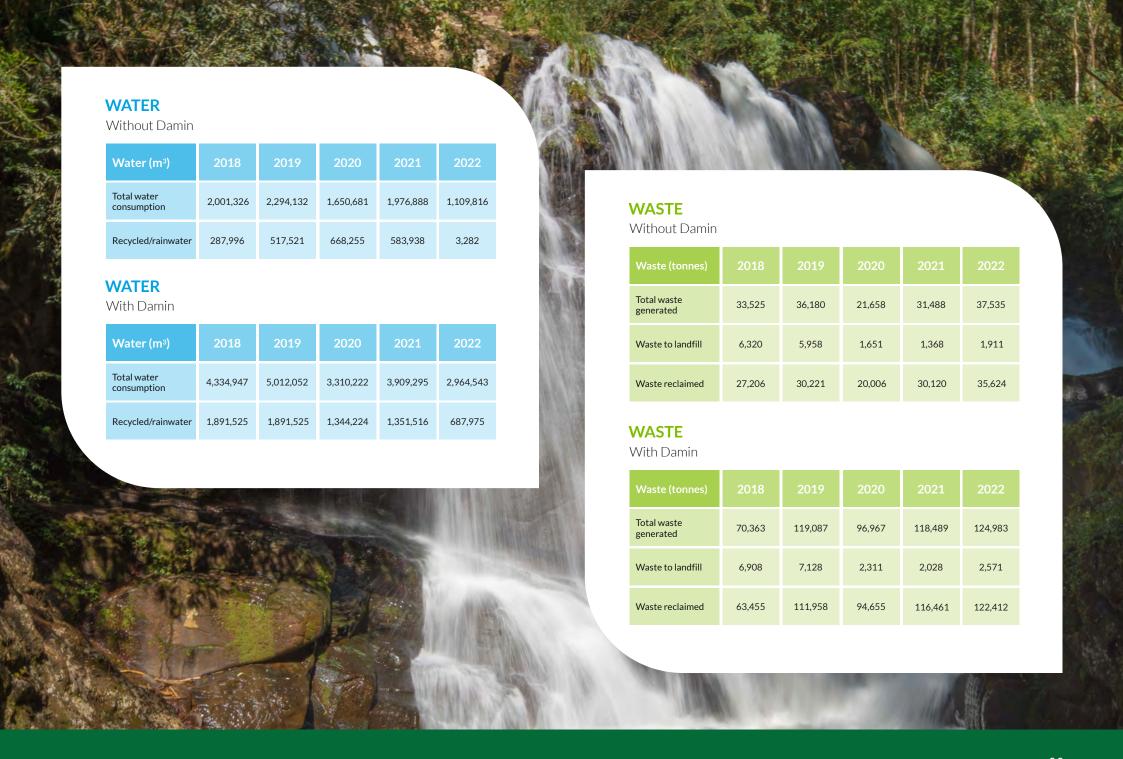
Without Damin

Carbon emissions (tonnes CO ₂ e)	2018	2019	2020	2021	2022
Scope 1	10,172	10,443	10,908	11,481	9,653
Scope 2	12,652	13,889	9,370	10,971	5,314
Scope 1+2	22,823	24,332	20,278	22,452	14,966

CARBON

With Damin

Carbon emissions (tonnes CO ₂ e)	2018	2019	2020	2021	2022
Scope 1	18,403	22,713	19,645	22,092	19,315
Scope 2	50,944	55,494	44,358	56,258	49,617
Scope 1+2	69,347	78,206	64,003	78,349	68,931





To find out more about sustainability at Finlays visit **www.Finlays.net**