



# Sustainability Report 2021





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# FOREWORD

## Welcome to our 2021 Sustainability Report.

After a momentous 2020, 2021 proved to be another year of flux as the coronavirus pandemic continued to impact communities around the world. Unfortunately, the turmoil shows no sign of letting up, with the global supply chain crisis, rising prices and, more recently, conflict in Ukraine bringing fresh disruption. Constant and rapid change has become part of our daily lives.

In this fast-moving world, remaining true to our sustainability strategy is therefore more vital than ever. By continuing to support the people, communities and environment on which our business depends, we will ensure our resilience to future shocks and unexpected events.

Our new Finlays Community Trust in Kenya embodies this ethos perfectly. Launched in August 2021 as part of our ongoing commitment to our communities, this new charitable trust empowers local people in Bomet and Kericho counties by giving them ownership over how money is invested in their communities. The initiative further strengthens our activities in Kenya, and I look forward to following its progress and sharing news of its positive impact.

Throughout 2021, we have also continued to deliver important projects

and initiatives against our six key pillars of sustainability, driven by our expert local colleagues. Some of these are outlined in this report and range from protecting leopards in Sri Lanka and running organic trials in Kenya to nurturing women's networks in the UK and US and re-establishing forests in Argentina. The diversity of these projects reflects the many facets of Finlays and its unique position across the tea and coffee supply chain.

One significant internal change for us was the agreement to sell our Sri Lankan Tea Estates business at the end of 2021. Comprising 30 tea farms and 20 processing centres, the business achieved several important milestones in the sphere of sustainability and more generally as part of Finlays over the years. I am immensely proud and grateful for all the work done by Sri Lanka Tea Estates and wish them every success under their new, local owners.

As for Finlays' own future, more exciting change is coming. 2022 marks the end of the current phase of the sustainability strategy, 'Sustainable Future', which we launched in 2018. This gives us a great opportunity to reflect on our accomplishments so far, reassess our priorities in the context of today's realities and set new sustainability ambitions for the years to come.

In the meantime, I hope you enjoy reading about our achievements in 2021.



A handwritten signature in black ink, appearing to read 'B. Woolf'.

**Ben Woolf**  
Group Director of Corporate Affairs

**FINLAY BEVERAGES:**

Tea blending and packing.  
Coffee roasting and  
packing.

**JAMES FINLAY  
LIMITED:**

Group Head Office

**FINLAYS  
HULL:**

Decaffeination  
plant for tea.

**JAMES FINLAY KENYA:**

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

**JAMES FINLAY GUIZHOU:**

Tea sourcing and blending.

**DAMIN\*\*:**

Tea and coffee extracts  
manufacturing, tea and coffee  
solutions.

## Finlays' 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 sustainability report.

\*We sold this business in December 2021.

\*\*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 MOMBASA:**

Tea trading, blending  
and packing.

**TEA ESTATES SRI LANKA\*:**

Tea farms growing green leaf. Made tea  
manufacturing.

**FINLAYS COLOMBO:**

Tea blending and packing. Green tea  
manufacturing.



# FINLAYS 2021 HIGHLIGHTS

99%



of our leaf tea supply  
is traceable

27%



reduction in Lost Time  
Injuries vs 2020

96%



of our green bean  
coffee is traceable

9%



reduction in waste  
to landfill vs 2020

100,000



hectares of  
forests protected  
in Kenya,  
Argentina and Sri  
Lanka

31,000



people  
supported  
through  
Fairtrade  
Covid-19 Fund



82%

of energy used is  
from renewable  
sources

96%



of our waste was  
recovered, reused  
or recycled

28%



of managers  
are women



Finlays Community Trust  
launched in Kenya

80%

reduction in  
agrochemical usage in  
sheep-grazed areas



16 million

pieces of plastic  
removed in UK  
packaging project

## Our Favourite Projects from 2021

- 1 Launch of the Finlays Community Trust.** We launched the Finlays Community Trust in Kenya to empower the communities near our tea farms to choose how money is invested locally. The independent Trust will continue to support initiatives related to welfare, infrastructure, education and the environment as determined by the community.
- 2 UK Sustainable Packaging Project.** In the UK we have been working hard on packaging projects to remove and reduce plastic as much as possible. One project removed the outer plastic wrap on all our black tea caddies, helping to eliminate 16 million pieces of single-use plastic in this project alone.
- 3 Improving farmer livelihoods to protect the Mau Forest.** In Kenya, we supported 756 dairy farmers to receive training in best-practice cow rearing and feeding. It has helped increase milk production, improving incomes, and showed the benefits of home grazing. This is protecting the forest from being degraded by overgrazing of animals, whilst supporting local livelihoods.
- 4 From waste to resource.** Our American coffee extracts facilities in Texas and Rhode Island sent 10,000 tonnes of spent coffee grounds to local farms. These waste coffee grounds are used as a component of cattle feed and compost, keeping the nutrients flowing and helping to regenerate the soil.
- 5 Sanitary waste systems.** We completed our support to help coffee farmers from the COOMAP cooperative in Brazil to install sanitary waste systems on their farms. 375 systems were installed, helping to reduce soil and groundwater contamination and improve the health of families.
- 6 Award-winning health and safety practices.** James Finlay Kenya was the Overall Winner in Occupational Safety and Health Practice across all sectors at Kenya's National Annual Occupational Safety and Health Awards Competition organised by Kenya's Ministry of Labour. We also won two additional awards within the agricultural sector at Chemasingi Estate and Kymulot Factory.
- 7 Leopard conservation.** Field staff in Sri Lanka were given training in leopard conservation to protect this endangered species from getting caught in snares near our tea farms.
- 8 Carbon footprint measurement.** In 2021 we undertook a full carbon footprint study to measure our scope 1, 2 and 3 carbon emissions. It was the first time we looked at our full scope 3 emissions, and it has helped identify areas for improving data collection, as well as priority areas for reducing emissions.
- 9 Sheep grazing for weed management.** We expanded our flock of sheep in Argentina to 850 and increased the area of their grazing, leading to an 80% reduction in agrochemical usage in this area.





# Sustainable Future

## Our sustainability strategy

Our Sustainable Future strategy supports our values and mission to be an ethical and purpose-driven business. It consists of six strategic objectives that cover sustainability from bush to cup across all regions of our global operations. These six areas are critical to our business, important to our stakeholders and where we can have the greatest positive impact. They also contribute towards achieving a number of the United Nation's Sustainable Development Goals, as outlined on p33.

Our commitment to these objectives and targets highlights our path to sustainability. Progress on each objective is driven by a dedicated working group of experts from our global regions, under the leadership and responsibility of a global Executive.



### 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.





# Integrated Landscapes

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

Tea and coffee production is dependent on the people, communities and natural resources present in its surroundings.

“By definition, any project aimed at conserving a landscape is going to involve considerable scale. This is the case with our Integrated Landscapes projects in Kenya, Argentina and Sri Lanka, where we are working with a diverse range of people and organisations to secure the long-term future of the regions in which we grow our tea.

“It is pleasing to see the tangible progress in all three regions, as highlighted in the following pages. In particular, the satellite mapping of the Tabay river basin in Argentina will prove useful in identifying restoration needs, following the recent devastating fires there.”



**SIMEON HUTCHINSON**

Managing Director of James Finlay Kenya  
Executive Sponsor of the Integrated Landscapes objective



## 2021 highlights

- Continue to protect 100,000 hectares of natural forest
- 25,000 trees planted
- Water conservation training with local communities in all regions
- 756 dairy farmers trained



## CASE STUDY

### Improving dairy production to protect forests, Kenya

James Finlay Kenya is a long-standing member of the Initiative for Sustainable Landscapes Kenya (ISLA). This multi-stakeholder partnership focuses on restoring and protecting 60,000 hectares of natural forests within the South West Mau Forest near our tea farms.

A key driver of forest degradation in this area is overgrazing by livestock, which damages vegetation and inhibits natural forest regeneration. To tackle this, ISLA is working with farmers in forest-dependent communities to intensify their dairy production. This teaches farmers best practices in cow rearing and feeding, which includes grazing livestock within their farms and feeding them with farm-grown fodder. Following a successful two-year pilot, this work was scaled up in 2021 to include more farmers and members of the wider community. The new, scaled-up project is co-funded by Finlays and focuses on capacity building, including training for 756 farmers at demonstration farms.

In 2021, this project led to a 37% increase in milk production at the farm level. Four new dairy cooperatives have been established, giving farmers access to the more reliable formal markets and the ability to improve local infrastructure and the economy. 46 farmers have also invested in sustainable water harvesting techniques. By helping to improve farming methods and increasing incomes, farmers are motivated to keep livestock at home, reducing forest grazing and protecting the forest.



“This project led to a 37% increase in milk production at the farm level”





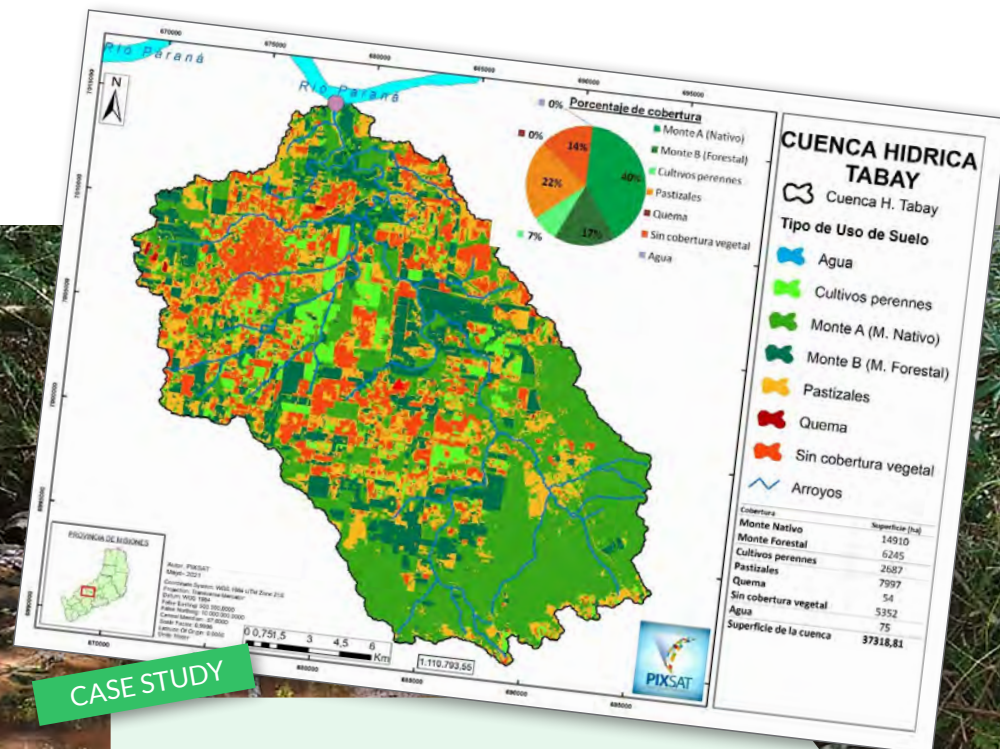
## CASE STUDY

### Leopard conservation, Sri Lanka

In 2021, Finlays Tea Estates Sri Lanka partnered with Friends of Horton Plains, a voluntary wildlife protection team, and the Department of Wildlife Conservation to provide training to staff and raise awareness of leopard conservation in the Udapussellawa region around our tea farms. Sri Lankan leopards are endangered in the wild through hunting for trade and persecution as a pest, and there have been reports in recent years of leopards being trapped by snares in Udapussellawa.



Picture credit Rajika Gamage



## CASE STUDY

### Forest mapping, Argentina

As part of its ongoing participation in the Tabay River Basin Committee, our Casa Fuentes business financed the satellite mapping of the Tabay river basin to help identify native forest loss (shown orange on the map). This will inform future restoration work, focusing on improving forest cover through tree planting, and restoring streams.

In 2021, Argentina was hit by the worst drought since 1945, so enhancing the river basin and surrounding forests remains critical to mitigating the impacts of climate change.







# Land Stewardship

Finlays will reduce agrochemical usage by 50% by 2022.

At Finlays we recognise that good agricultural practices and land management are essential if we are to be economically and environmentally sustainable.

“Being good stewards of the land is crucial to growing top-quality tea, coffee and botanicals. That is why we adopt sustainable agricultural standards at our tea farms, work on innovative projects to reduce our reliance on traditional agrochemicals and apply agroforestry practices.

We are now looking to scale some of these innovative solutions to further improve soil health and productivity, helping us to meet market demand in an economical and competitive manner.”



**CLAUDIO ANDUEZA**

Managing Director of Casa Fuentes (Finlays Argentina)  
Executive Sponsor of the Land Stewardship objective



## 2021 highlights

- 80% reduction in herbicide use in sheep-grazed tea fields in Argentina
- Bronze award for innovation at the Chemical Leasing Global Awards
- Innovative wood vinegar trials to reduce agrochemical use in Kenya
- 22 hectares of cover crops planted in Kenya to improve soil health



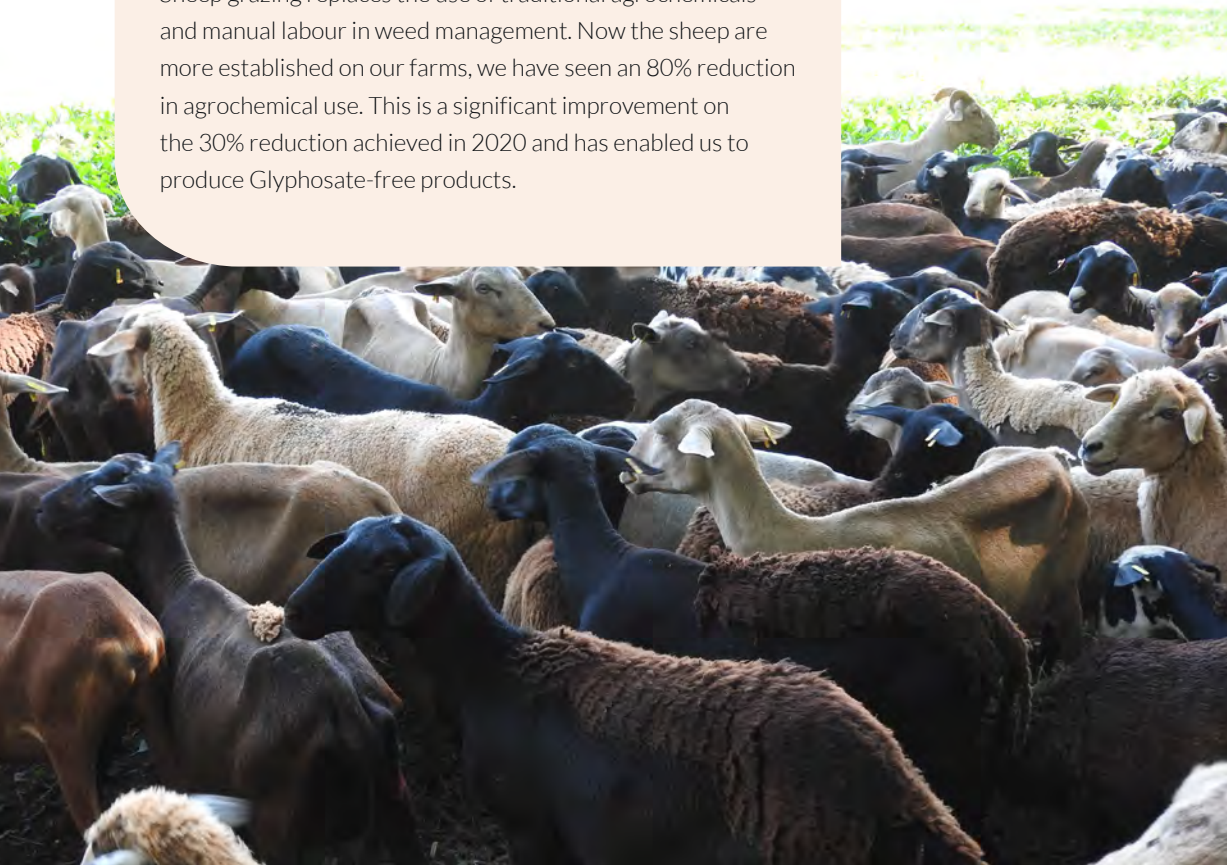
# Land Stewardship in action

## CASE STUDY

### Sustainable weed management, Argentina

Building on years of successful trials, Casa Fuentes-Finlays Argentina continued to expand its use of sheep to manage weeds on two of our tea farms. In 2021, 570 more sheep were added, bringing the total number to 850. The land area covered by sheep grazing was also expanded, from 120 to a total of 480 hectares.

Sheep grazing replaces the use of traditional agrochemicals and manual labour in weed management. Now the sheep are more established on our farms, we have seen an 80% reduction in agrochemical use. This is a significant improvement on the 30% reduction achieved in 2020 and has enabled us to produce Glyphosate-free products.



## CASE STUDY

### Innovative agrochemical leasing, Sri Lanka

Finlays Tea Estates Sri Lanka (TESL) received the Bronze award for innovation at the Global Chemical Leasing Awards, part of a United Nations Industrial Development Organisation (UNIDO) programme. TESL also got special jury recognition as 'Chemical Leasing Frontrunners' for its long-standing commitment to sustainable chemicals management.

TESL was the first company in the tea industry to adopt a chemical leasing model. This is a 'performance-based' business model whereby the supplier does not sell quantities of chemicals but rather the performance and function of the chemical, which encourages more efficient chemical usage. This model was developed for tea growing through extensive testing, knowledge sharing and close collaboration with our suppliers. The leasing model has delivered multiple benefits for TESL such as lower chemical input, improved productivity and reduced environmental pollution.



## CASE STUDY

### Wood vinegar trials for organic and sustainable tea, Kenya

James Finlay Kenya launched an exciting project to produce wood vinegar and trial its use as an organic pesticide, bio-herbicide and soil health improver.

Wood vinegar is made from decomposed wood and plant materials. Because it is non-toxic and biodegradable, it is less harmful to the environment than conventional agrochemicals.

As part of this new project, we have tested nine different feedstocks and various production techniques to determine which wood vinegar is most effective as a bio-herbicide. So far, our test applications have shown Giant Bamboo and African Senna wood vinegar have the most positive effects on managing moss and lichens. We are now using wood vinegar to control weeds in 50% of the plants in our 2021/22 nursery programme. In our trials, wood vinegar has also been shown to be effective in controlling termite and ant populations.

For the next phase of our project, we will upscale production and trial wood vinegar as a bio-stimulant and soil improver.



“Wood vinegar is an organic pesticide, bio-herbicide and soil health improver”





## Our People

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

Our employees are at the heart of our business. We are committed to building a workplace environment where talents and skills of different groups are valued.

"As Covid-19 continued to impact across the world in 2021, the response of our people has been nothing short of inspirational. By working together, we have succeeded in driving forward in the areas that are important to us, our communities and our customers.

With 28% of women in management positions globally\*, we're close to meeting our 30% target in 2022. This year, I have been particularly excited to see us develop new ways to reach our goal: from the superb efforts of our Finlays Women in Business (FWIB) networks in the UK and US, to appointing our first female tractor harvesters in Argentina. We still have much to do, but 2021 has left me in no doubt that we will achieve everything we set out to do – together."



\*Note: this figure does not include Tea Estates Sri Lanka due to the data being unavailable after its sale.

### TAMIE HUTCHINS

Group HR Director  
Executive Sponsor of the Our People objective



### 2021 highlights

- 84% participation rate in Our Voice global employee survey
- 12.6% improvement in UK Gender Pay Gap vs 2020
- 90 managers in Kenya trained in developing inclusive workplaces
- Appointment of Irene Yuan as first female General Manager of James Finlay Guizhou



# Our People in action

## CASE STUDY

### Finlays Women in Business (FWIB) Networks

#### UK

FWIB UK cemented its strategy in 2021, focusing on 'Life in Work', 'Life Beyond Work' and 'Growth and Development' to support around 60 women across a broad range of issues, challenges and opportunities. The network leverages the experience and expertise of women both inside and outside of Finlays, delivering events focused on personal development. They included panel discussions, external speakers, and workshops to promote wellbeing and stress relief. Training support within the community encouraged a 30% increase in female participation in online learning modules in 2021.

#### USA

Our Women's Leadership Team in the US created a week-long event around International Women's Day 2021 focusing on five pillars: social, financial, physical and emotional wellbeing, and mindfulness. Every day, speakers and leaders shared ideas, knowledge and inspiration, including colleague panel interviews, meditation exercises and financial planning specific to women. In addition, the community met for monthly 'Ladies Who Lunch' networking sessions to discuss current issues and offer support to each other.

“Finlays Women in Business Networks leverage the expertise of women, both internal and external, to focus on personal development.”





## Developing a skilled and empowered workforce, Kenya

We launched two exciting new projects at James Finlay Kenya in the second half of 2021, both funded by Twinings.

### Developing a safe and inclusive workplace

Supervisors and Managers across the business are participating in a three-day training course on how to identify, manage and mitigate discrimination and harassment in the workplace. The interactive course includes role play, group discussion, case study analysis and explores the workplace through a gender lens. It equips Managers with knowledge of human rights and the skills to promote a safe and inclusive workplace. We are aiming to reach over 730 employees with this project in the coming years.

90 Managers have completed the training (61 male, 29 female) and reported:

- enhanced people management skills to reduce conflicts between supervisors and employees;
- clearer understanding of discrimination and harassment, including sexual harassment, to be able to conduct continuous assessments of the workplace and monitor risks.

### Economic empowerment

In partnership with BSR's HERproject and local delivery partner, Women Empowerment Link, Finlays is delivering an economic empowerment programme 'HERfinance', to improve both male and female workers' financial literacy. The programme will give workers the confidence to make informed decisions on the use, saving and investment of their money, and access financial services. It also promotes the inclusion of women in financial decision making. In 2021, a baseline assessment was conducted, and 340 peer educators were nominated to receive training. The programme is based on a peer-to-peer educator model, whereby those trained cascade the training on to their fellow colleagues, aiming to reach approximately 6,000 workers by the end of the programme.





# Occupational Health, Safety and Wellbeing

Across Finlays, we improved our safety performance in 2021, using our proven 'back to basics' approach, which focuses on embedding safety procedures and ways of working across our operations. We also continued to engage our people everywhere to further develop our 'Always Safe' culture and saw reductions in injuries across the board.

The alignment of our Zero Harm Roadmap with the 1 Finlay Operations (1FO) World Class Manufacturing model has helped us make big strides in facilitating the timely recognition, reporting and resolution of workplace hazards. Hazard reporting is an essential, proactive tool in managing risks because it allows a potential risk to be addressed before it becomes an incident. We are pleased that there has been a near 100% increase in hazard reporting compared with 2020, enabling hazards to be resolved and resulting in fewer injuries.

In 2022, we will continue to deliver on our current three-year Zero Harm Strategy and Roadmap, building on the progress made to date and working towards our ambition of achieving Zero Harm.



## CASE STUDY

### National Award winners in Kenya

For its work in 2021, James Finlay Kenya won three awards for its safety record at the National Annual Occupational Safety and Health Awards Competition organised by Kenya's Ministry of Labour. Notably, it was the Overall Winner in Occupational Safety and Health Practice across all sectors, and we won two additional awards within the agricultural sector at Chemasingi Estate and Kymulot Factory. The Awards are given by the Directorate of Occupational Safety and Health Services, who conduct unannounced audits to verify workplace standards, including best practices to promote the safety and health of employees.

## 2020 vs 2021 comparison

	2020	2021	Difference
Lost Time Injuries (LTI)	33	24	-9 (-27.3%)
Lost Time Injury Frequency Rate (LTIFR)	0.16	0.13	-0.03 (-18.8%)
Lost Working Hours	5920	3417	-2503 (-42.3%)
Lost Time Injury Severity Rate (LTISR)	28.65	18.68	-9.97 (-34.8%)
Minor Injuries	658	413	-245 (-37.2%)
Hazard Reports	22192	43874	+21682 (+97.7%)

#### Notes:

Hazard Reports are leading indicators where unsafe acts or conditions are identified before they result in an incident. They 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. This is a recognised H&S standard for calculating LTI frequency and severity rates.







## Low Impact Operations

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

At Finlays, we recognise that reducing the environmental impact of our operations is not only good for our planet and society, but it also makes good business sense.

"In 2021, 82% of our energy came from renewable sources and 96% of our waste was reclaimed. However, driven mainly by increased production volumes of tea extracts in Kenya, and black tea in Argentina, our energy consumption increased by 18% compared to 2020. Despite this, our carbon emissions rose by only 5%, helped by greater renewable electricity use in Kenya.

"Increased production in Kenya also drove an uptick in waste and water use in 2021, and water use was further increased by higher botanicals production. However, waste to landfill fell by 9% during the year, with most of our waste being reclaimed.

"It is encouraging to see that we have limited the increase in carbon emissions and reduced our waste to landfill, even as production volumes, energy, waste and water use increased. Looking ahead, we have approved solar and hydro-electricity projects in Kenya to reduce our carbon footprint further and we are developing a new roadmap to reduce Finlays' environmental impact substantially in the coming years."



**GREG STOCK**

Group Manufacturing and Engineering Director  
Executive Sponsor of the Low Impact Operations objective

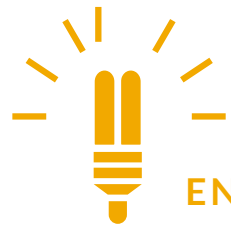


### 2021 highlights

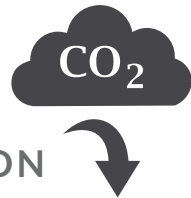
- 82% of our energy came from renewable sources
- 96% of our waste was reclaimed (reused, recycled or recovered)
- Full carbon footprint measured
- 25% of all water used was rainwater



# Low impact operations in action



## ENERGY & CARBON



🍃 **18%** increase in energy use vs 2020

🍃 **82%** of our energy came from renewable sources such as hydro, biomass and solar

🍃 **5%** increase in scope 1 and 2 carbon emissions vs 2020

**Analysis:** The 18% rise in energy use is largely due to higher production volumes at our Saosa tea extracts site in Kenya and our Casa Fuentes tea estate in Argentina. Biomass thermal energy accounted for a large proportion of the additional energy used, which is reflected in a 15% increase in our renewable energy consumption compared with 2020. 82% of our energy came from renewable sources in 2021, and our UK operations continued to use 100% renewable electricity.

Growing our use of renewable energy helped ensure our scope 1 and 2 carbon emissions did not increase at the same rate as our total energy use, demonstrating our commitment to reducing our carbon intensity. We do, however, recognise that our carbon footprint rose by 5% versus 2020. We are therefore continuing to invest in renewable technologies and in further improving efficiencies in our energy consumption.

## CASE STUDY

### Understanding our supply chain emissions (Scope 3)

In 2021, Finlays undertook a baseline study of our full carbon footprint including value chain emissions. These value chain emissions are also referred to as scope 3 emissions and, like many organisations, we found that the majority of our carbon footprint is found within scope 3.

In the next few years, we aim to expand our measurement of scope 3 emissions, focusing on the biggest sources, such as purchased goods and services, and third-party transportation and distribution. This will involve close cross-functional collaboration and will see us build even stronger ties with our key supply chain partners.

One example is our partnership with Expocafé, a Colombian coffee exporter. Working with the University de los Andes (Colombia), University Andres Bello (Chile) and Cardiff University (Wales), Expocafé is measuring the carbon footprint of Colombian coffee from the farm to our roastery in the UK. A baseline assessment of farm-level emissions and emissions from transport in Colombia was completed in 2021 and has highlighted opportunities for carbon reduction.

This includes trialling a 100% electric vehicle to transport coffee from the cooperative to the distribution centre in Colombia, thought to be an industry first. Through supporting partners like Expocafé, we aim to not only reduce our carbon footprint, but also learn about effective strategies to tackle scope 3 emissions.



## WATER



20% increase in water use vs 2020

25% of all water used was rainwater

**Analysis:** Our Botanicals business in Kenya, previously known as 'Finlays Flowers', accounted for 67% of our global water footprint in 2021. As water consumption there increased by 12%, it impacted our overall figures. Higher water use is also explained by an increase in production at our Saosa tea extracts site in Kenya and a cold brew coffee site in Finlays Americas reporting water consumption for the first time.

We use rainwater where possible and it accounted for 25% of our entire water consumption in 2021. As 2021 was a drier year than 2020, however, the overall volume of rainwater used was lower.

### CASE STUDY

#### Effluent Treatment Plant, Kenya

The Effluent Treatment Plant (ETP) at Saosa is now recognised as a leading example of such a plant in Kenya. The liquid effluent (wastewater) from tea extraction is first treated with aerobic digestion and then in constructed wetlands. In 2021, our team there drove significant improvements in plant performance to ensure it operates consistently below regulatory requirements for discharge to the environment while reducing chemical use and waste at the same time.

We achieved this through lab-scale trials to ensure correct chemical dose rates, continuous improvement practices on the plant through employee engagement, training, root-cause problem solving and the maintenance of the wetlands to remove dead and overgrown plants. The Saosa ETP now supports wetlands with a healthy range of aquatic and bird life, and it is a thriving environment for flora such as arrowroots and bananas.





## WASTE



- 47% increase in waste generation vs 2020
- 9% decrease in waste to landfill vs 2020
- 96% of our waste was reclaimed (reused, recycled or recovered)

**Analysis:** We generated more waste in 2021 compared to 2020, but this can largely be attributed to new waste reporting at our sites in the USA. However, more of it was reclaimed (reused, recycled or recovered) and our overall waste to landfill decreased by 9% despite the rise in volume. Our UK operations remained 100% zero waste to landfill for the eighth consecutive year and, following a new waste recovery agreement, Casa Fuentes in Argentina sent 85% less waste to landfill than in 2020.

The vast majority (84%) of the waste we generate is green waste, such as spent tea leaf and coffee grounds. These are an unavoidable part of our manufacturing processes, which means when we produce more, as in our Saosa factory, we also produce more waste. In Saosa, our spent tea leaf waste is converted to heat and electricity using anaerobic digestion and, in the USA, our spent coffee grounds are sold to a third party for use as compost.

### CASE STUDY

#### Reducing caffeine waste, UK

At the start of 2021, we were capturing about 40% of the available caffeine which is removed from the tea we decaffeinate at Finlays Hull; the rest went to waste. During the year we invested in two small projects to improve our caffeine capture. One project recovered the caffeine from the waste liquor from the caffeine crystallizer – this helped increase the yield to 45% across the full year and reduced caffeine loss by 5.5 tonnes. The second project began at the end of 2021 and recovers caffeine that is lost at the drying and packing stages. Through these combined projects, we hope to achieve a caffeine yield of 57% in 2022 and eliminate significant amounts of waste in the process.

### CASE STUDY

#### Sustainable packaging, UK

Having launched a UK sustainable packaging plan in 2019, Finlay Beverages made great progress in 2021 in creating more sustainable packaging solutions. Packaging redesign involves significant development work and extensive testing to ensure packs maintain crucial quality and food safety requirements and manufacturing speed and efficiency, as well as being better for the planet. After extensive trials, we have:

- Redesigned the cardboard tea caddy to remove the non-recyclable outer plastic wrap on all black tea lines; this move alone will help to remove 16 million pieces of single-use plastic a year
- Introduced biodegradable teabag paper
- Made advances with using recyclable film for loose leaf tea and bulk catering tea packs
- Started final trials for a fully recyclable coffee film to be rolled out in 2022







# Empowered Communities

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

Finlays believes in empowering local communities and helping to make a positive impact on the society around us.

“Everywhere we operate, people and communities have always been at the heart of Finlays. This commitment is brought into sharp focus by the high quality and thoughtful work that went into developing our new ESG platform in Kenya, the Finlays Community Trust.

“In addition to working with our own communities, it is great to see that we are now able to leverage our wider eco-system and work with suppliers and NGOs to deliver benefits to stakeholders across the wider Finlays community.”



**BEN WOOLF**

Director of Corporate Affairs  
Executive Sponsor of the Empowered Communities objective



## 2021 highlights

- 200 farmers trained in practical tea making processes to upskill local communities in China
- Over 600 households given access to clean water in Kenya
- 375 waste systems installed on farms in Brazil
- Over 31,000 beneficiaries reached in East Africa through the Fairtrade Covid-19 Fund



## CASE STUDY

### Finlays Community Trust, Kenya

Finlays Community Trust, launched in August 2021, is a new organisation to channel funding from James Finlay Kenya into local communities in Kericho and Bomet counties. The Trust will nurture sustainable growth by building a collaborative partnership and empowering communities to take control over how money is allocated to different projects. It is an independent body and has three trustees from the local community, giving local people an equal voice in the ownership and administration of the Trust.

Through the funds, Finlays will continue to support initiatives related to welfare, infrastructure, education and conservation of the environment. By working with local communities, we ensure the Trust invests in, and supports, those initiatives that will have the most meaningful and enduring impact.

#### **Rt. Rev. Alfred K. Rotich, Chair of the Finlays Community Trust said:**

"I am excited because what we launched today is a game-changer for the communities in Kericho and Bomet. Finlays has set a good example and is empowering the community to lead and take ownership of projects that will improve the lives of people. The community best understands their pain points and now have an opportunity to continuously empower themselves and shape their future."



## CASE STUDY

### Water Spring rehabilitation, Kenya

One example of a project funded by the new Finlays Community Trust is work on the Mosore water spring to protect it from encroachment and degradation. Infrastructure was built to provide safe access for domestic water collection, a community washing bay and a cattle watering trough. In addition, the spring source was protected by a retaining wall and fencing, and indigenous tree seedlings were planted in the area. Local communities were also trained in water management and maintenance of the new infrastructure. The project has resulted in clean water being provided to 600 local households, helping to reduce incidences of typhoid and diarrhoea.





## CASE STUDY

### Fairtrade Covid-19 Relief Fund, East Africa

The Covid-19 pandemic brought huge challenges for tea producers and workers. While the global market price for tea dropped, production costs increased due to higher fertiliser prices and the need to purchase personal protective equipment (PPE). At the same time, local lockdowns and curfews brought a reduction in working hours.

In response, Fairtrade International set up the Fairtrade Covid-19 Fund, which was implemented through its Producer Networks. In 2021, UK retailer Co-op and Finlays jointly donated \$80,000 to the Fund, as part of Co-op's Global Wellbeing Charter funding. The funding supported eight tea producer groups in East Africa to implement income diversification projects and initiatives to support farmers to maintain incomes and be protected against future shocks. These included the development of tea nurseries, the purchase of automatic tea packaging machines, fertilisers and seedlings, as well as training programmes on income diversification and youth and women empowerment programmes. A total of 31,454 beneficiaries were reached.

“Over 31,000 people supported through the Covid-19 Relief Fund”



## CASE STUDY

### Building sanitary waste systems, Brazil

Basic sanitation and water quality improvements are key priorities for agricultural development in the Minas Gerais region of Brazil, from where we source some of our coffee. In 2021, we completed a project to subsidise the installation of sanitary waste systems on members' coffee farms of the COOMAP cooperative.

Previously, producers had cesspits in the ground and families had to move the location of the toilet and create a new pit once it was full. With some financial support from Finlays, and backed by a drive to help producers understand the importance of treating sanitary waste, 375 waste systems were successfully installed, benefitting 1,064 people. The households have reported finding the installations much more hygienic as they are closed systems, resulting in an overall improved environment: reduced soil and groundwater contamination, reduced smells and reduced spread of diseases caused by parasites, with several members reporting improved health since their system was installed. The installation of the disposal systems has also enabled these farmers to maintain their Fairtrade certification and related price premiums.





**\$588m**

**REVENUES**

Revenues plus external interest, royalty income and proceeds from sale of assets

**\$448m**

**OPERATING COSTS**

Costs of materials, services and facilities.

**\$88m**

**EMPLOYEE WAGES AND BENEFITS**

Cost of employees' salaries and benefits.

**\$5m**

**PAYMENTS TO PROVIDERS OF CAPITAL**

All financial payments made to the providers of the organisation's capital.

**\$40m**

**PAYMENTS TO GOVERNMENT**

Tax paid including remittance taxes and excise taxes.

**\$1m**

**COMMUNITY INVESTMENTS**

Voluntary contributions and investment of funds in the broader community.

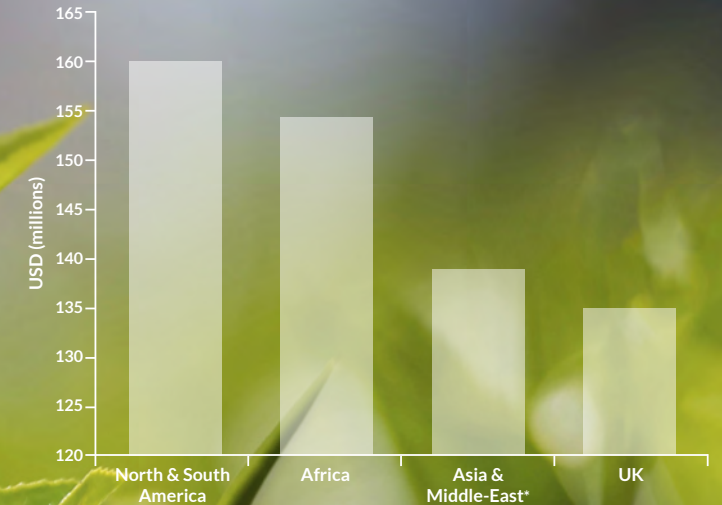
**\$6m**

**ECONOMIC VALUE RETAINED**

**ECONOMIC CONTRIBUTION**

**DIRECT ECONOMIC VALUE DISTRIBUTED**

**ECONOMIC VALUE GENERATED BY REGION**



\*Damin is included as a 49.51% proportion

Finlays provides direct employment for approximately 7,000 people globally, creating a positive impact in local economies where we operate.

Our economic contribution includes: direct employment; buying from local, regional and global suppliers; and the distribution and retailing of our products. Whilst economic growth and development are key performance indicators within our business, our Group's operations have clear sustainability objectives, echoing our commitment to creating a sustainable future. We work with communities to help them develop skills to benefit local people and protect the environment.

In the year ending 31 December 2021, Finlays generated \$588 million in economic value. The majority of this value was distributed through the course of our business to our employees, shareholders, suppliers and governments, as well as to local communities through our sustainability activities. In 2021, the economic value retained was positive \$6 million.

Finlays works collaboratively with smallholders in many markets and delivers various projects with farmers. We help provide them with an income so they can support their dependants and contribute to the development of the communities in which they live and where we operate.

Note: due to data availability, this does not include the employment or economic contribution from Tea Estates Sri Lanka's business, but includes the income received from its sale in December.





## Sustainable Supply

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

Finlays takes the need to be transparent and responsible seriously, and recognises there is growing demand for traceable supply.

"We are committed to making our products more traceable and to improving social, environmental and economic value within our supply chains. As of 2021, 99% of our leaf tea and 96% of our green bean coffee is traceable from origin into our operations, edging us closer towards our target.

Beyond traceability, we continued to work through our supplier assessments from a quality, regulatory and sustainability perspective to inform our audit plans and supplier due diligence.

We also made strides in segmenting our supply base, enabling us to prioritise and deepen our relationships with key strategic suppliers. This translates to a greater focus on building both a performance management and continuous improvement mindset and capability.

This work requires strong cross-functional and cross-regional collaboration to guide our efforts to create mutual benefit for our customers, suppliers and Finlays."



**JENNY HARRISON**

Group Supply Chain Director  
Executive Sponsor of the Sustainable Supply objective



### 2021 highlights

- Leaf Tea supply remains 99% traceable\*
- Green bean coffee is 96% traceable, up from 93% in 2020
- Soluble coffee is 48% traceable, up from 34% in 2020

\*We define 'traceability' as knowing the origin of our tea and coffee products, and understanding all steps in between.



## Finlays Tea

As well as having our own tea farms, we work closely with a large number of tea producers who provide us with additional green leaf tea.

### M.M. GUNASINGHE, SRI LANKA

M.M. Gunasinghe has been supplying green leaf from his eight acres of land to Finlay Colombo's green tea factory in Haldummulla for the past 30 years. An accomplished tea and vegetable grower with decades of experience, he is known for his high standards and high-yielding tea fields. He also has a wealth of knowledge in tea cultivation which he gladly shares with other producers. M.M. Gunasinghe likes to supply his green leaf to Finlays because of our timely collections, prompt payments and he appreciates the friendly and close working relationships he has built with Finlays staff over the years.



### HUGO BAR, ARGENTINA

Hugo has been working with Casa Fuentes-Finlays Argentina since 2000. His 25-hectare farm was one of the first farms we supported to achieve Rainforest Alliance certification. Hugo's diverse farm includes cultivation of yerba mate as well as milk and meat production. Hugo attends training workshops run by Casa Fuentes, helping him to improve his farming practices and take better care of the environment.



### DAVID KIPTOO KOECH, KENYA

David is one of over 10,000 small-scale tea farmers who have been supplying green leaf to Finlays Kenya since 2008. As well as cultivating tea, he also manages livestock on his land. David says his partnership with Finlays has had a big impact on his income, as Finlays pays him on time and more than other companies. He is also a big fan of Finlays' "excellent" training and development agenda for his local community, which has allowed him to develop skills in Good Agricultural Practices (GAP) and hands-on experience of certification requirements for Rainforest Alliance and Fairtrade.



### TIAN JINGYI, CHINA

Tian has been a member of James Finlay Guizhou's (JFG) supplier cooperative since 2019. Through working with the cooperative, he has participated in sustainable agriculture training and improved his processing technology. This, in turn, has contributed to his tea gardens obtaining Rainforest Alliance and organic certifications. JFG has become his primary source of income and Tian is now the supplier with the largest tea volume for Finlays Guizhou.





## Finlays Coffee

Finlays sources coffee from over 140 different cooperatives and mills in 23 different countries across the world. We are proud of the relationships we have with the farmers who grow our coffee and we strive to learn about the challenges they face. The long-term success of our coffee supply chain depends on increased farmer profitability through yield and quality improvements, adaptation and mitigation of climate change and improving the quality of life for farmers and their families. Our future success relies on the next generation of coffee farmers, and our partnerships with innovative farmers create a bright future for both ends of the coffee supply chain.

### MUTIRA FARMERS CO OPERATIVE SOCIETY, KENYA

The biodiverse area of Kirinyaga County is home to Mutira Farmers Cooperative Society, a Fairtrade cooperative that Finlays has been working with for the past five years. It has almost 6,000 members, 20% of whom are women. Receiving a Fairtrade Minimum Price enables farmers to cover the cost of production even when market prices are low. The additional Fairtrade Premium has allowed Mutira to establish a production department headed by four agronomists, who educate farmers on good agricultural practices so they can achieve better yields and returns on their crops.



### HIGHLAND ORGANIC AGRICULTURE COOPERATIVE (HOAC), PAPUA NEW GUINEA

Finlays has been working with the Okapa Valley HOAC in the mountainous Eastern Highlands Province of Papua New Guinea for over 15 years, sourcing organic coffee from the 3,000 smallholder farmers who work as part of this cooperative. Coffee in this area is grown mainly by smallholders in 'gardens', which can mean anything from a few coffee trees up to a three-hectare plot. Once the coffee has been picked, washed and dried by the smallholders, it is taken to a centralised dry mill for sorting and exporting to Finlays.

Our long-standing relationship with HOAC has allowed the cooperative to provide fresh water to 11 local communities and helped improve infrastructure such as roads, which has made a huge difference to local people given the isolated nature of their villages.





# GOVERNANCE AND PARTNERSHIPS

## Sustainability governance

Responsibility for sustainability sits with our Group Managing Director, our Group Director of Corporate Affairs and our Sustainability Group Function. Finlays Global Executives take responsibility as sponsors of each of our six sustainability strategic objectives, supported by working groups made up of experts from all our global regions.

Sustainability is reported by the James Finlay Limited Board and to the Swire Sustainability Committee as standing agenda items. Our Sustainability Group Function is based in our London head office and provides oversight, facilitation and guidance to all global business regions.



## Policies

Our Group policies set the framework, guiding principles and standards by which Finlays operates and behaves. Our commitment to embedding sustainability is underpinned by the following policies:

- Code of Conduct
- Health, Safety and Wellbeing Policy
- Environmental Policy
- Human Rights Policy
- Whistleblower Policy, and use of SeeHearSpeakUp service for staff to raise concerns anonymously
- Sustainable Sourcing Policy, which requires our suppliers to adhere to the Ethical Trading Initiative (ETI) base code.

We publish an annual Modern Slavery Statement in line with our obligations under the Modern Slavery Act.



## Legal Governance

Finlay Group Limited is a wholly owned subsidiary of John Swire and Sons Limited and is headquartered in London. In 2021, its Group Operating Companies are:

- James Finlay Limited
- James Finlay (Kenya) Limited
- Hapugastenne Plantations PLC (90%)\*
- Udapussellawa Plantations PLC (91.8%)\*
- 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

\*These companies were part of Finlays Tea Estates Sri Lanka, which was sold in December 2021

\*\*The principal trading subsidiary of Damin International Holdings Limited



## Main Board

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\*
- 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.

\*Resigned June 2022



## Internal Audit

The Group has an extensive Internal Audit function, monitoring financial and certain non-financial aspects of the business. It is monitored by a series of committees that report to a Group Audit Committee comprising one Independent Non-Executive Director and two representatives of John Swire and Sons Limited. In addition, the Group Managing Director, Group Finance Director and Director of Corporate Affairs also attend the Group Audit Committee meetings, together with the Group Internal Auditor and, as required, a representative from the external auditors, KPMG LLP.

## Employee Forums

Throughout the Group, our employees have opted to use a number of different routes to engage in dialogue. This includes Trade Union recognition and democratically elected worker forums. A variety of other internal communications vehicles are also used to facilitate interaction between management and employees, such as an employee feedback survey, conferences, workshops and newsletters.





## Scope of the report

This report covers organisational activity for the 2021 calendar year (January – December). It includes information from our global operating companies listed above 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 in the profit and economic contribution figures, where it is reported at a share percentage of 49.5%. Environmental performance data is included in the Appendix at 100%.
- Tea Estates Sri Lanka (consisting of Hapugastenne Plantations PLC and Udapussellawa Plantations PLC) was sold in December 2021. Data from Tea Estates Sri Lanka is included in all aspects of the report where possible, with the exceptions of the women in management percentage in 'Our People' pillar and the economic contribution figures due to lack of available data after its sale. This has been highlighted in the report where the data could not be included.

## Contact:

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

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

### Tea production figures 2021

- 58.9m kg** of tea produced in our plantations
- 3.3m kg** of decaffeinated tea manufactured and traded
- 89.7m kg** of tea traded from our global supply offices
- 11.2m kg** of tea blended and packed
- 5.4m kg** of tea extracts manufactured and traded

### Coffee production figures 2021

- 6.8m kg** of roasted coffee manufactured
- 13.2m litres** of coffee extracts manufactured
- 0.8m kg** of soluble coffee traded





# 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





# THE 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)	2020	2021	% change
Total Energy	1,606,266	1,888,344	18%
Renewable energy	1,357,508	1,557,118	15%
Energy intensity (GJ/tonnes)	10.42	11.65	12%

## ENERGY

With Damin

ENERGY (GJ)	2020	2021	% change
Total Energy	2,357,974	2,964,942	26%
Renewable energy	1,811,827	2,160,057	19%
Energy intensity (GJ/tonnes)	13.46	15.69	17%

## CARBON

Without Damin

Carbon emissions (tonnes CO <sub>2</sub> e)	2020	2021	% change
Total scope 1 & 2 carbon emissions	21,515	22,540	5%
Scope 1 emissions	11,043	11,483	4%
Scope 2 emissions	10,472	11,057	6%
Scope 3 emissions	1,108	568	-49%
Carbon intensity (scope 1 & 2) (tCO <sub>2</sub> e/tonnes)	0.14	0.14	0%

Scope 3 data only includes emissions from waste, water and business air travel

## CARBON

With Damin

Carbon emissions (tonnes CO <sub>2</sub> e)	2020	2021	% change
Total scope 1 & 2 carbon emissions	65,238	78,439	20%
Scope 1 emissions	19,779	22,096	12%
Scope 2 emissions	45,459	56,343	24%
Scope 3 emissions	2,514	1,523	-39%
Carbon intensity (scope 1 & 2) (tCO <sub>2</sub> e/tonnes)	0.37	0.42	11%

Scope 3 data only includes emissions from waste, water and business air travel



## WATER

Without Damin

WATER (m³)	2020	2021	% change
Total water use*	1,562,840	1,868,063	20%
Harvested rain water	580,680	475,112	-18%
Water use intensity (m³/tonnes)	10.14	11.53	14%

\* includes harvested rainwater

## WATER

With Damin

WATER (m³)	2020	2021	% change
Total water use*	2,546,412	3,032,892	19%
Harvested rain water	580,680	475,112	-18%
Water use intensity (m³/tonnes)	14.5	16.1	10%

\* includes harvested rainwater

## WASTE

Without Damin

WASTE (tonnes)	2020	2021	% change
Total waste generated	21,418	31,487	47%
Total waste to landfill	1,505	1,368	-9%
Total reclaimed waste	19,913	30,119	51%
Waste intensity (tonnes/production tonnes)	0.14	0.19	40%

## WASTE

With Damin

WASTE (tonnes)	2020	2021	% change
Total waste generated	96,727	118,488	22%
Total waste to landfill	2,165	2,028	-6%
Total reclaimed waste	94,562	116,460	23%
Waste intensity (tonnes/production tonnes)	0.55	0.63	14%



