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1. BACKGROUND

Finlays' mission is to connect humanity through natural beverages. Combining tradition and innovation to create a healthier, happier and better world by bringing the best from bush to beverage. As a leading B2B manufacturer and supplier of tea, coffee and extracts solutions, we operate in many parts of the world, across a diverse spread of geographies, cultures and languages, in farming, manufacturing, blending, packing, innovation and sales.

Our Values

TRUSTED - We act with integrity. We act with honesty, transparency, and humility. We are diverse, inclusive and respect the views of others. We are trusted by customers and colleagues alike.

SUSTAINABLE - We act for the long term. We strive for Quality in everything we do. We build lasting business partnerships. We care about our customers and all our staff. We strive for 'Zero Harm' and 'Always Safe'. We are One Finlays helping each other.

INNOVATIVE - We embrace change. We seek to improve continuously. We are action oriented. We learn from our peers, our customers, and competitors.

Protection of forests and other natural ecosystems is critical for maintaining biodiversity, combating climate change, and sustaining livelihoods. The raw materials we use in our supply chain - including but not limited to coffee - can pose risks to deforestation and human rights. Finlays is committed to eliminating deforestation and ecosystem conversion from our operations and supply chains and to safeguarding human rights across all our operations and suppliers.

This policy outlines our commitment to achieving ethical supply chains across all our production and sourcing and aligns with our sustainability goals to protect and enhance natural forests and have 100% traceable tea and coffee.

Similar to our Sustainable Sourcing Policy, this policy seeks to align with international best practice guidance, including principles and guidelines laid out in the UN Global Compact¹, the UN Guiding Principles on Business and Human Rights², the International Bill on Human Rights³, and the

¹ <https://unglobalcompact.org/>

² https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf

³ <https://www.ohchr.org/en/what-are-human-rights/international-bill-human-rights>



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international labour organisation (ILO) fundamental conventions⁴. The policy also aligns with the Accountability Framework Initiative and incorporates many of its terms and definitions to help clarify the intentions of our commitments and to promote alignment on sustainability practices across the sectors where we operate.

1.1 EU-Deforestation Regulation (EUDR)

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

EUDR entered into force in June 2023 and will be applied from 30 December 2024. Finlays' approach to compliance with EUDR sits within its overall objectives of sustainability and under the remit of this no-deforestation policy.

1.2 Scope of this policy

Finlays No-Deforestation policy⁵ applies to:

- Primary deforestation-linked commodities that Finlays produces or sources that pose a material risk for deforestation, conversion, or human rights violations including but not limited to Wood derived products and Coffee (as defined by EU-Deforestation Regulation, EUDR). The policy will be updated if commodities out of scope of EUDR become in-scope. For example, tea is currently out of scope of EUDR but may become in-scope in future.
- All segments of Finlays' operations globally for which agricultural and forestry commodities pose environmental or social risks, including our fully owned subsidiaries, plantations we own or manage and all segments of the company's business.
- All suppliers, including direct and indirect suppliers focusing on areas where Finlays has sufficient influence.

The company-wide no-deforestation policy aims to align with Finlays existing policies including:

⁴ <https://www.ilo.org/international-labour-standards/conventions-protocols-and-recommendations>.

⁵ Our commitment to no-deforestation applies across all Finlays' operations and supply chain. EUDR is a specific element of the policy applicable to particular supply chains and products.



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- Code of Conduct
- Sustainable Sourcing Policy
- Human Rights Policy
- Modern Slavery Statement
- Procurement Policy

To fulfil this policy across our entire business, we require our suppliers to adhere to our Sustainable Sourcing Policy, which serves as the basis for how we evaluate and help our suppliers progress toward, and comply with, the commitments stated in this policy. We aim to only source from suppliers that adhere to this code.

1. POLICY

Finlays is committed to eliminating deforestation and eco-system conversion, and to safeguarding human rights, in all our supply chains. We will work within our own operations and through our suppliers to achieve the following results. This policy serves as an addition to our Environmental Policy within the Sustainable Sourcing Policy.

1.3 Protection of forests and natural ecosystems

This includes:

- No deforestation of natural forests, including High Carbon Stock forests, and including both deforestation and forest degradation
- No conversion of other natural ecosystems, including peatlands of any depth
- Protection of natural forests and ecosystems within our area of influence⁶
- Production in accordance with the relevant legislation of the country of production

Additionally:

- The **cutoff date** after which deforestation or conversion is considered non-compliant with this policy is aligned with the 31 December 2020 cutoff date of the EU Deforestation Regulation (EUDR).
- Our **target date** of 31 December 2025 indicates when we commit to having fulfilled this commitment to deforestation and conversion-free supply chains and aligns with SBTi requirements.

⁶ These commitments are based on the Accountability Framework definitions of deforestation, natural forest, conversion, and natural ecosystem and are listed in the definitions section of this policy.



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- Where applicable, we will use the High Carbon Stock Approach (HCSA) to guide site planning that protects natural forests and other natural ecosystems.

1.4 Respect for human rights

The link between deforestation and human rights or the impacts that can occur to people due to deforestation can arise in several ways. Examples include risks to indigenous and local communities who depend on forests outright, the right to a healthy environment where forests play a critical role in providing natural benefits to people such as air and water purification. Many people depend wholly on forests to provide their livelihood with deforestation directly impacting upon them.

We are committed to operating our business in line with the UN Guiding Principles on Business and Human Rights (UNGPs) and the Universal Declaration on Human Rights, particularly regarding avoidance, prevention, and mitigation of human rights impacts. We outline our approach to human rights in further detail in our [Human Rights Policy](#).

1.5 Due Diligence

Aligned with our Sustainable Sourcing Policy, as part of our supplier due diligence process, Finlays may request specific information and documentation to verify compliance and commitment to this Policy. Finlays reserves the right to make site visits, undertake audits or ask for an audit to be arranged, if deemed necessary to prove compliance. A supplier wishing to engage in business with Finlays must be willing to proactively engage in the due diligence process. Finlays will be utilizing due diligence information received to comply with EUDR requirements.

1.6 Implementation

To implement and demonstrate progress toward our commitments, Finlays further commits to:

- **Traceability:** We will map our supply chain to trace raw materials to a point where compliance can be known and in line with our sustainability objectives.
- **Risk assessment:** We will assess deforestation, conversion, and human rights risks within supply chains and prioritize interventions in areas or with suppliers that have non-negligible risk.
- **Supplier engagement:** We will work with our suppliers to address, prevent, mitigate, and where necessary remedy, environmental and social harms that violate this policy. Through our Supplier Relationship Management (SRM) program, we will provide trainings, technical



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assistance, and other incentives to support compliance while at the same time improving local livelihoods.

- **Monitoring:** We will establish a monitoring mechanism to track implementation and results.
- **Reporting and communication:** On an annual basis, we will transparently share progress toward meeting our policy commitments following the reporting guidance of the Accountability Framework.

In addition to our company-level systems and practices, we partner with others to increase the effectiveness of our actions and accelerate progress toward achieving our goals of halting deforestation and conversion and protecting human rights. We participate in:

- Ethical Trading Initiative (ETI)
- The Rainforest Alliance Certification
- Fairtrade
- Sedex

1.7 Roles and Responsibilities

To ensure effective implementation and adherence to this policy, it is crucial to understand the following roles and their corresponding responsibilities:

- Where Finlays acts as an operator under EUDR regulations, Finlays is responsible for collecting specific documentation and due-diligence information from suppliers and their supply chain to guarantee compliance.
- Finlays will be responsible for performing due diligence on and verifying the information provided by its suppliers.
- Suppliers in-scope will be responsible for providing the requested documentation and information to Finlays.

2. COMPLIANCE

1.8 Measurement

Compliance with this policy will be verified through various methods, including but not limited to, business tool reports, internal and external audits, and feedback to the policy owner. Aligned with our Sustainable Sourcing Policy, Finlays recognises that third-party verified certification schemes and audits will support us in determining compliance and commitment to meet certain provisions set out in this Policy. Though certification helps demonstrate compliance, we understand that certifications alone may not be sufficient to prove compliance with our no-deforestation policy.



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1.9 Non-Compliance

1.9.1 General compliance management

Aligned with our Sustainable Sourcing Policy, any failure to comply with this Policy, both actual or suspected, should be reported to Finlays as soon as possible to [SeeHearSpeakUp helpline](#) or to sustainability@finlays.net. Suppliers must also notify Finlays if any sustainability certifications are suspended or cancelled.

Finlays will investigate any concern raised and discuss findings with the supplier. If remediation is required, the supplier must develop a plan and timeline to effectively resolve the issue. Finlays reserves the right to implement a temporary suspension or terminate an agreement with any supplier that is not in compliance with the requirements of this policy or does not take measures to remedy non-compliance.

1.9.2 EU Deforestation Regulation Compliance Management

In case there's any issues, mismatch information or Finlays needs to collect additional information to guarantee that the supplier is compliant with EUDR, the Compliance team will get in touch for further clarification.

3. GOVERNANCE

This policy is owned by the Group Corporate Affairs Director who is supported by the Sustainability team to implement it and ensure the Company's approach is effective.

4. REVISION HISTORY

Editor	Version	Update date
Juliana Guerra	1.0 New policy on No Deforestation	September 2024



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5. APPENDICES

1.10 Glossary

Deforestation: the loss of natural forest as a result of conversion to agriculture or other non-forest use; conversion to a plantation; or severe sustained degradation

Ecosystem: a community of living organisms, such as plants, animals, and microbes, interacting with each other and their non-living environment, which includes elements like soil, water, and air. A natural ecosystem is one that is or would be found in a given area in the absence of major human impacts.

Ecosystem conversion: the change of a natural ecosystem to another land use or profound change in the natural ecosystem's species make up (composition), structure or function.