

JAMES FINLAY LTD:

The business case for a landscape approach to sustainable tea production in Kenya and worldwide

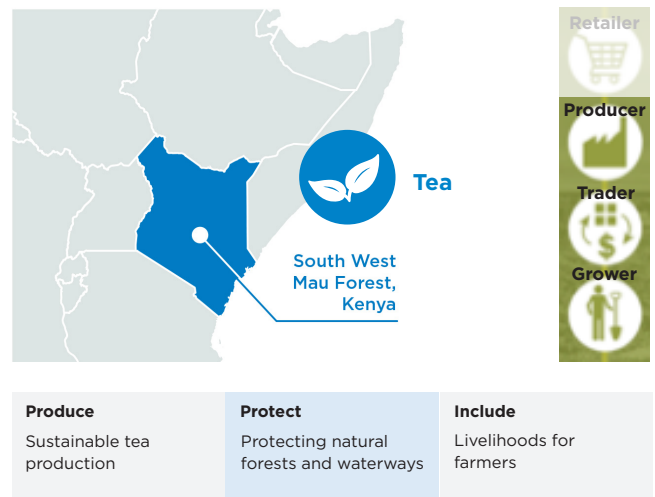
Landscape: South West Mau Forest, Kenya
Company Sector: Tea
Net Revenue: US \$500 million

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Michael Pennant-Jones, Former Group Head of Sustainability, James Finlay Ltd.

Key Business Motivations:
Mitigate climate change impacts on supply volumes

Landscape Maturity Level:
Effective implementation



Summary
Increasingly impacted by the varying tea production volumes in the Kericho region of Kenya, independent tea trader Finlays decided to engage in IDH’s Initiative for Sustainable Landscapes (ISLA) in Kenya, which involves collaboration between the private sector, government and NGOs. This initiative aims to ensure the stability of the future supply of tea and the longevity of the industry in Kericho by ensuring the conservation of the South West Mau Forest complex, its climatic and water regulatory functions, and the provision of sustainable energy and livelihoods for local communities.



¹ https://www.swire.com/en/sustainability/sd_reports/finlays_2016.pdf

Glossary

Closed canopy forests – A dense growth of trees in which the top branches and leaves form a ceiling, or canopy, that light can scarcely penetrate to reach the forest floor.²

Cut line – The commonly acknowledged boundary of the forest marked by the Kenyan government during the 2001 excision beyond which communities were not allowed to settle or farm.

Ecosystem services – Benefits people obtain from ecosystems, including provisioning services such as food and water; regulating services such as regulation of floods, drought, land degradation, and disease; and supporting services such as soil formation and nutrient cycling³.

Encroachment – Unlawful entering (gradually and without permission) into the forest complex.

Forest buffer – 100 meter strip of land along the forest boundary cultivated with tea or bamboo.

Human wildlife conflict – Conflict that occurs between people and wildlife when animals leave protected areas and enter crop or livestock production areas or vice versa.

Leaf – Tea leaves plucked from tea bushes and supplied to factories.

License to operate – Stakeholders' ongoing acceptance of a company's business practices and operating procedures.

Microclimate – The climatic conditions of a small area, particularly when it differs from the climate of the surrounding area.

REDD+ – 'Countries' efforts to Reduce Emission from Deforestation and Forest Degradation (REDD) and foster conservation, sustainable management of forests and enhancement of forest carbon stocks⁴.

Reforestation – The process of replanting an area with trees.

Shoot – Young shoots emerge from axillary buds near the top of the tea bush canopy (also known as the plucking table). These shoots are plucked at 7-14 day intervals once they have developed a few leaves and a bud.⁵

Tea bushes – Shrub from which tea leaves grow.

Vertically integrated – Arrangement in which the supply chain of a company is owned by that company.

Water tower – The upper catchments of Kenya's main rivers, providing vital services in terms of climate regulation, water storage, river flow regulation, etc.⁶

2. www.fao.org/docrep/005/y4171e/y4171e10.htm

3. <http://www.iucn.org/commissions/commission-ecosystem-management/our-work/cems-thematics-groups/ecosystem-services>

4. <http://www.un-redd.org/>

5. <http://www.teaguardian.com/reference-glossary-tea-terms/leaf-shoot/>

6. http://rhinoark.org/wp-content/uploads/2014/09/RA_FactSheet_3_Importance_of_Kenyas_water_towers.pdf

Background

James Finlay Ltd.

James Finlay Ltd. ('Finlays') was established in 1750 in Glasgow, Scotland, and was known originally as Africa Highlands Produce. The company engages primarily in the growing, manufacture and distribution of tea, and tea-related products, coffee and flowers. Today the company is owned by Britain's John Swire & Sons, Ltd. with headquarters in London. It recorded a total net sales of over US\$500 million in 2017. The company has blending, manufacturing, packing and trading facilities across five continents. The company operates a vertically integrated supply chain for tea, producing 65.7 million kg of tea per each year from 13,000 hectares (ha) of land dedicated to tea growing in Kenya, Sri Lanka and Argentina. It employs over 20,000 employees across the three countries.

Finlays is one of the largest independent tea traders in the world. The company is particularly known for its black and instant teas of which 95% is exported to North America and Europe. Finlays Kenya is located in the Kericho region, where they produce 23 million kgs of tea every year. They own and manage four factories in the region, one of which is Fairtrade certified. Finlay Kenya is also a member of the Rainforest Alliance⁷.

Tea production in Kenya

Kenya is one of the world's largest producers and exporters of tea, which is also the top foreign exchange earner for the country (followed by horticulture, tourism and coffee). Most Kenyan tea is grown in the highlands west of the Rift Valley, at high altitudes between 1500-2700m. The Kericho region is where most of the large-scale tea plantations are found. Production is shared between multinational companies and small-scale growers. The industry is the largest employer in the private sector, with more than 80,000 people working on estates and about 3 million people earning their livelihood from the sector⁸. Kenyan black tea is known to have higher levels of antioxidants than tea produced elsewhere and is generally held to be higher quality.

Although the tea industry has been completely liberalized, government control still exists under the Tea Directorate whose mandate includes registration of growers, licensing of tea manufacturing factories, research, registration of buyers, brokers, packers, management agents and tea consumption promotion. The Kenya Tea Development Agency Holdings Limited (KTDA) supports small-scale tea growers in the country through a number

of subsidiaries including the KTDA Management Services Limited (KTDA MS). Under KTDA, there are 54 factory companies and 68 tea processing units. KTDA MS manages all of the 68 processing factories through management agreements with the respective factory companies, who represent more than 600,000 small-scale tea farmers across Kenya.



Challenges to production

Climate change

Kenya grew a record 473,000 metric tons of tea in 2016, which earned the country US\$1.16 billion of export revenue⁹. Farmers affiliated to the Kenya Tea Development Agency (KTDA), for example, are thought to have earned bonuses worth US \$797.7 million.¹⁰ However, in recent years production has become increasingly erratic. Climate change is generating unpredictable harvests, leaving many small-scale tea growers struggling to plan for the future.

While planted areas continue to grow in Kenya and overall tea production increases, tea yields per hectare are highly sensitive to climatic changes. Between March and May 2017 most regions in Kenya received less than 75% of their seasonal long-term average rainfall and tea production output reportedly reduced to 412,000 metric tons¹¹. Tea bushes yield the best quality tea at temperatures in the range of 18-32°C. Sustained periods of higher temperatures have been found to reduce tea yield, with temperatures above 30°C found to reduce shoot growth¹². Should temperatures rise by 2°C, large areas of Kenya currently suited to growing tea would become unsuitable.

7. <http://www.finlays.net/wp-content/uploads/2018/08/Sustainability-Report-2017-Single-Pages-2-Aug-2018.pdf>

8. <https://scialert.net/fulltextmobile/?doi=jas.2005.334.336>

9. <https://www.bloomberg.com/news/articles/2017-06-28/world-s-biggest-black-tea-exporter-targets-20-output-increase>

10. <https://allafrica.com/stories/201701260045.html>

11. <https://www.businesslive.co.za/bd/world/africa/2017-06-28-black-tea-production-in-kenya-to-rise-20-by-2020/>

12. <https://www.degruyter.com/downloadpdf/j/fhort.2017.29.issue-2/fhort-2017-0019/fhort-2017-0019.pdf>

Deforestation and degradation

The main drivers of deforestation and degradation in Kenya include charcoal production and illegal logging of forests. In certain areas, livestock are left in forest areas for grazing purposes, which also drives degradation.

Tea can only be grown in narrowly defined agroecological conditions¹³. The destruction of forest areas in Kenya is believed to impact a number of microclimate elements important for tea production including temperature, light, wind speed, rainfall distribution and moisture. Healthy ecosystems next to tea farms are an important competitive advantage for Kenyan tea due to an integrated crop management approach that relies on the natural control of pests and diseases. Beyond having impacts that affect the ability of tea plants to grow, changes in climate affect other ecosystem services such as soil health and nutrient cycling, both regulating services crucial to tea production.

Forests are also critical in influencing ecological processes such as local water regulation. It is strongly believed that one of the main drivers behind changes in precipitation patterns is deforestation of forested areas in Kenya. Closed canopy forests have a crucial role as water catchments; if forest is damaged, there is an increased risk of floods during the rainy season and drought during the dry season¹⁴.

Water is also crucial for processing tea for generating to hydropower generation that tea farmers provide to the national grid.



The Landscape: South West Mau Forest

The counties of Kericho and Bomet in western Kenya is home to many smallholder KTDA farms and factories as well as headquarters of Kenya's large-scale tea farming operations, including those owned by Finlays, Williamson

and Unilever. It is a region known worldwide for its production of high-quality black tea.

Kericho and Bomet are covered in part by the Mau Forests Complex (MFC). The complex covers an area of over 400,000 ha with the South West Mau being the largest of its 22 blocks. It is both economically and ecologically vital due to the many ecosystem services that the forest provides. The rivers that flow from its catchment area supply more than 10 million people in the country with water. The area is also one of Kenya's main 'water towers' and a significant percentage of its hydroelectric power is generated there. In recent decades more than 25% of the forest in the area has either been cut down or degraded, putting agricultural production (primarily tea) and community livelihoods at risk.

These factors meant that in 2015, IDH quickly focused in on the area for their Initiative for Sustainable Landscapes (ISLA) Kenya.

The specific focus of the ISLA program is the South West Mau Forest Block and surrounding areas along the upper catchment of the Sondu River Basin, which cover parts of three counties: Kericho, Nakuru and Bomet. The particular focus is on the northeast boundary of the forest block where deforestation threats are most severe. Studies under the ISLA have shown that the South West Mau Forest block is threatened by, among other things, encroachment, livestock grazing, wood extraction for charcoal and firewood, all aggravated by a growing human population. It is estimated that at least 24,000 head of livestock are found, most illegally, inside the South West Mau Forest, with about 50% residing deep in the forest.

The ISLA work brings together stakeholders around an integrated action plan, which includes policy dialogues and the development of practical and scalable solutions at local and regional levels. The overall aim of the program is to conserve the South West Mau Forest by taking a holistic approach that also addresses the need to improve livelihoods and provide economic benefits to the local communities.

The objective of ISLA is to conserve and restore 60,000 ha of South West Mau Forest by 2030 through innovative and sustainable solutions to deforestation and forest degradation through:

- a. Forest conservation;
- b. Improving water flow and access;
- c. Ensuring the provision of sustainable energy.

These three elements balance and reinforce each other. Industries and communities can increase their income based on sustainable models for timber production, in-

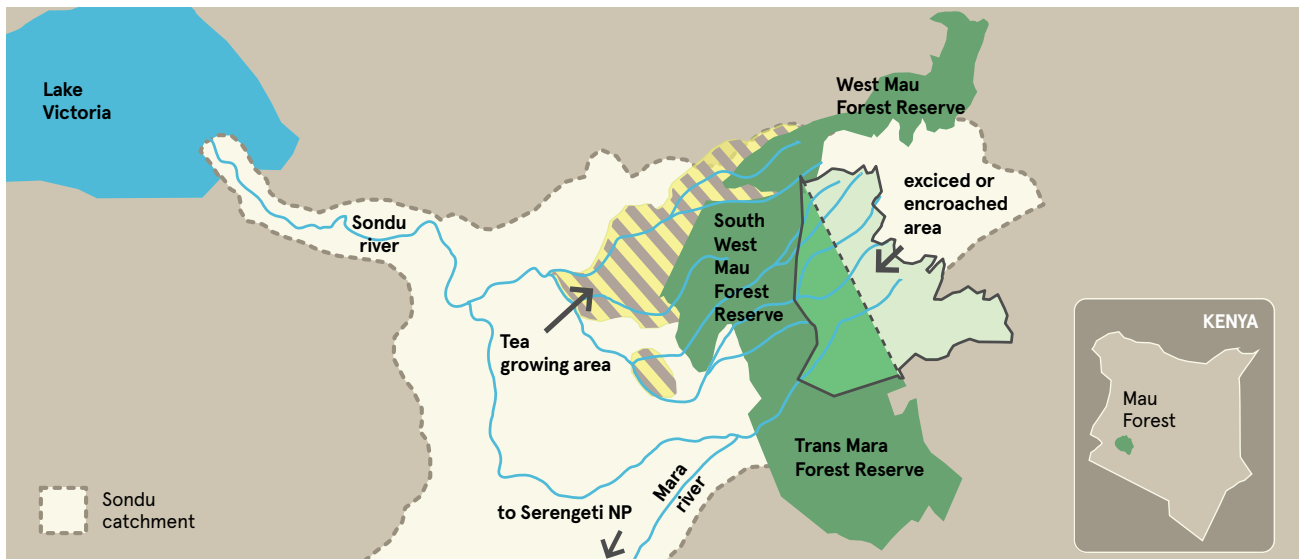
13. <https://www.beveragedaily.com/Article/2018/05/30/Tea-production-rises-but-FAO-warns-of-climate-change-threat>

14. <https://www.eea.europa.eu/highlights/forests-can-help-prevent-floods>

tensified livestock production and alternative income generating activities, like bee-keeping.

Alternative livelihoods for communities is an important issue that cross cuts all three pillars, with livestock intensification forming a major part of the livelihoods programs aimed at reducing communities' dependence on the forest for grazing. A central tenet of the project is that communities are included in decision-making processes so that they take ownership of forest protection and sustainable production models.

Figure 1
The ISLA area in the South West Mau Forest Reserve, Kenya



Convening and Governance

Mobilizing stakeholders

Concerned with the growing threats to ecosystem services provided by the South West Mau Forest, the private sector was keen for interventions in the landscape. Local tea, timber, and hydropower industries had been individually working on small-scale projects addressing the Mau forest's sustainability issues before IDH became involved in the landscape. However, when IDH began work in 2015 there was quickly a general consensus that the convening efforts of IDH (who have no vested interests in the area) could help the private sector to aggregate resources and come together with other partners to tackle the issues.

One key motivation for the private sector was around the political sensitivity of the landscape. The South West Mau Forest is one of the few forests left in Kenya, it is much coveted for its variety of natural resources. Politicians have been known to use the area as a tool to gain votes, promising communities the option to settle near or inside the forest, threatening any conservation initiatives. This was a key driver for the private sector to approach IDH about starting a sustainable landscape initiative around the forest area. They were unable to deal with the difficulties they were encountering with the threats to the forest on their own.



Two of the largest tea producers in the area, Unilever Tea Kenya (UTK) and Finlays, have each committed to an annual contribution of €100k and €76k to the ISLA projects respectively. Part of this funding is meant solely for the tree enrichment planting program 'Adopt-a-Forest', involving the planting of more than 250 ha, and supporting livestock intensification and surveillance activities (aerial & ground) to address illegal activities. Similar amounts of funding were provided by Kenya Tea Development Agency (KTDA) and the Safaricom Foundation. Other private sector actors, including timber company Lel Timber, and

electricity company KenGen actively participate in ISLA discussions and plan to support projects.

Engaging government partners

One of the ISLA's biggest successes to date has been to gain some buy-in from the public sector at local and regional levels. IDH has successfully engaged a number of national government agencies including Kenya Forest Service (KFS), Kenya Wildlife Service (KWS), Water Resource Authority (WRA), Nyayo Tea Zones Development Cooperation (NTZDC) and The Kenya Water Towers Agency. IDH have also engaged the Ministry of Environment and Forestry, and the Ministry of Water and Sanitation. The national and county leadership have significant influence over the political support provided for any type of intervention aimed at restoring and conserving the South West Mau Forest and so this engagement was prioritized from the outset.

In terms of governance, one key activity has been the establishment of a sustainable governance system. IDH initiated the ISLA in 2015 and expects to continue supporting until 2020 beyond which the program will run under a formalized trust, established in December 2017 under the legal entity Stawisha Mau Charitable Trust. The trust was initially registered to three founders (UTK, Finlays and KTDA) and three trustees from industry and community. Ongoing amendments to the founders and trustees are being considered to enhance inclusivity with respect to gender, government and funders. This trust will ensure the longevity and ownership of the initiative.

Roles and responsibilities to date

Implementing partners and NGOs engage throughout the South West Mau Forest block and landscape in diverse projects. These include Dutch development organisation SNV, Kenya-based environmental trust Rhino Ark, and German development agency GIZ. These actors partner with a number of public sector actors to restore water flows, reduce deforestation, and restore previously degraded land while improving livelihoods. Activities to date include the development of sustainable business models for intensification of livestock for smallholders (dairy/beef). This work is led by SNV in close collaboration with IDH and the communities along the northeast boundary of the forest, as well as KFS and livestock product/milk buyers.

Discussions on a proposal to install and maintain a game proof barrier to control human-wildlife conflict and regulate access to the forest are ongoing between IDH, Rhino Ark and the government. The replanting of degraded forest blocks is conducted by KFS, Community Forest

Associations (CFA), Unilever, Finlays, KTDA, Safaricom Foundation and other partners.

A key element of the ISLA is addressing illegal commercial activities. This work is led by Rhino Ark, and involves KFS, county security teams, the Bongo Surveillance Program and KWS and includes aerial forest surveillance flights, on the ground forest surveillance via foot patrol, and capacity building for the CFAs. Activities also include developing a community intelligence model for reducing illegal activities and training on law enforcement. More outposts have been constructed and additional camping equipment provided as requested by government enforcement agencies (KWS and KFS).

In terms of water, the development of a sustainable water management system is being implemented through institutional strengthening for the Water Resource User Associations (WRUAs). Water catchment conservation projects have been established, as well as a water monitoring, regulation and allocation plan, and discussions on a multi-stakeholder forum for water users in the Sondu River Basin. This work was led by GIZ until the end of 2018.

Planned activities are the development of an Integrated Management Plan and a REDD+ strategy for the South West Mau, as well as the development of sustainable business models for alternative energy for communities, companies and institutions. Further to this, the work of the Trust will be formalized based on an ecosystem management agreement to be signed in conjunction with KFS.

Challenges faced

Despite the successes of establishing a coalition of key influential stakeholders that has started several on-the-ground projects, there have been some challenges preventing substantial reforestation and mitigation of deforestation and degradation in the area from being realized. The private sector have been well engaged with the initiative recognizing the strong business case for protecting the area. However, it has been far more challenging to gain buy-in from the communities due to the failure of past projects, which focused solely on conservation while ignoring livelihoods. This has made communities skeptical about the benefits of projects in the area despite the ISLA focusing on benefits to local communities as a priority. Additionally, not all stakeholders provide or can provide the same level of financial and in-kind contribution and this can create power dynamics difficult to negotiate within the coalition.

Enforcement of regulation in the area also continues to be a problem, with illegal activities still occurring. Government agencies continue to face challenges in enforcing laws, due to their resource limitations. Besides this, ongoing reforms within the forest sector, which are expected to be beneficial in the longer term, have slowed down engagement and decision-making. In addition to this, some of the local governmental authorities have, to date, lacked a clear incentive to actively participate in the coalition, and are focused more on the short-term. There has been an identifiable need to align local needs and objectives with regional or national commitments for the project to succeed in the long term.

The Business Case: Integrating sustainable landscapes into company strategy

Mitigating climate change risk to ensure stability of supply

Prior to 2015 it was becoming increasingly clear to Finlays that the ongoing encroachment on the South West Mau Forest was having a direct impact on tea production. They were feeling the negative effects of the disappearing forest more and more acutely as the impact of droughts, higher temperatures, storms, and reduced water flow became more pronounced. Forecasts have predicted that Kericho's suitability for tea production will decrease significantly between now and 2050 as a result of global climate change. The business case for conserving and restoring the South West Mau Forest had become very clear to Finlays who were already seeing more frequent droughts that reduced production volumes. The ecosystem services provided by the forest directly contribute to their production-related activities and its destruction directly threatens the company's ability to ensure tea production for the future.

“If we do not arrest deforestation, the impact in Kericho will mean that the region will lose its climate regulator and this will impact our ability to sustain agriculture in Kericho. The factors behind degradation are multiple and often interconnected; the project seeks to identify root causes. This differs from other multi-stakeholder projects, in that the work is being driven by local stakeholders, on the ground.”

Michael Pennant-Jones, Former Group Head of Sustainability, James Finlay Ltd.

The ISLA program provides a platform for safeguarding the ecosystem services provided by the forest that Finlays depends on and future proofs their business against production risks. Finlays affirms that they themselves do not contribute to deforestation in the area, but that they are directly impacted by the negative impacts of others. This is why the multi-stakeholder approach to managing the challenge is essential. A sector-based approach, working only with the tea industry, or within Finlays' boundaries would have been unsuccessful, because multiple stakeholders are affected by the state of the South West Mau Forest, including communities, and deforestation happens outside of the company's concession areas. IDH has been able to connect Finlays' and other private sector interests in conserving and restoring the South West Mau Forest to the needs of other forest stakehold-

ers, triggering a cooperation between them that had not been possible previously.

Maintaining a license to operate

Like all foreign companies, Finlays is subject to particular restrictions under the regulations of the government in the countries where it operates. The landscape coalition gives the company the opportunity to engage with the government directly on the business challenges it faces, which may not have been possible otherwise. For example, Finlays has been able to raise concerns around unsustainable exploitation of the forest.

As noted, the Mau Forest, and the South West Mau Forest have historically been an extremely political landscape due to the many vested interests. Precisely because of these political sensitivities, one of the ISLA's biggest successes to date has been to gain buy-in from the public sector at local and regional levels. IDH's approach in the area is distinctive, convening a unique grouping of stakeholders which requires a lengthy process of relationship and trust building.

“This landscape approach has brought together all those with vested interests. By bringing everyone together, we have been able to cut through local politics and focus on root causes. Acting alone would not have been possible. A diverse group with diverse interests has been able to dilute the politics and focus on the real issues.”

Simeon Hutchinson, Managing Director of James Finlay (Kenya) Ltd.

Some of these discussions around forest protection and resourcing are difficult to raise as a single company, particularly a foreign one. However the ISLA platform allows for dialogue between the private sector, government, and civil society without being singled out. Respectful, open dialogue with the state is key for any foreign company in ensuring its continued license to operate.

Meeting growing customer demands for transparency and positive impact

Finlays sells its high-quality tea predominantly to the European and North American markets. Its customers demand that their tea is certified sustainable, and Finlays provides this through its Rainforest Alliance membership and its production of Fairtrade certified product.

In its refreshed sustainability strategy in 2017, Finlays' explains how its customers' demands go beyond this. They want to understand where the raw materials in products come from, the ethical and environmental standards under which they have been produced and the peace of mind that they are supporting the long-term sustainability of the industry.

“Our consumers and brands want to trust that the tea they buy is made in a way that supports the industry long-term, that supply is transparent and traceable and that the product is good for people and our planet.”

Simeon Hutchinson

The landscape approach assures the long-term viability of the Kericho region as a tea producing area. It is a holistic approach to sustainability that goes beyond disassociating the supply chain with risks and provides tangible benefits to communities and assures the long-term sustainability of the industry. Certification provides the company with an assured product that its customers demand, but the company needed to go beyond their boundaries to work with its competitors to really ensure the industry's longevity in the region.

Ensuring supplier loyalty and volumes of high-quality leaf

14,000 smallholder farmers are registered to supply leaf to Finlays factories in Kenya. This makes up approximately 20-35% of their total supply. There is a lot of

competition for leaf amongst buyers in the region. Finlays explains that their work to ensure water security for local communities as part of the ISLA has led to increasingly positive relationships with farmers. A recent project to protect a natural spring and provide piped water to the community in the landscape had a huge impact, increasing water access to one source from 5,000 to 12,000 people. Finlays are now commissioning a second project.

“The work to help provide water security means that the good will from farmers is there. When I walk out into the community I get a very positive reception. Farmers are of course most loyal to the price you pay for the green leaf, but it is one of the factors that helps build loyalty.”

Simeon Hutchinson

Had Finlays only focused on water security issues within their own concessions, they would not have been able to have these impacts or reap the benefits. The company's own farms are entirely water secure, however, challenges existed in the wider landscape beyond their boundaries. The ISLA provide the company with a platform to understand and manage these risks and capitalize on opportunities to further encourage loyalty from their suppliers.

Lessons Learned

Near-term challenges

As part of the ongoing reforms in the forest sector, the government in Kenya has an ambitious plan to repossess all occupied forest land in the greater Mau Forests Complex (MFC). Part of this exercise includes a verification process to audit all title deeds in the 'red zone' and determine legality. As a result, KFS has recently communicated that they cannot approve the installation of the game-proof barrier along a cutline (funded by Finlays among other landscape coalition partners) between the 'red' and 'green' forest zones in the South West Mau as this would contradict the government's plans. Additionally, the planting of the tea belt along this cutline has also been suspended. However, KFS has allowed ISLA to continue with rehabilitation work in the 'green zone'. Resolving this challenge on a clear way forward with government will be a key part of engagement in the coming months.

Future priorities in the landscape

The ISLA coalition has laid strong foundations for a sustainable program in the landscape. In the coming years the priorities of the partners will be to implement the flagship projects on livestock intensification and the installation of the forest buffer with associated community projects and engagement initiatives.

A formalized ecosystem management plan will be drafted for the South West Mau that allows partners to define roles and responsibilities, sign up to commitments and establish an accountability system toward agreed targets.

The intention is to continue to strengthen the WRUAs and WRA, continue water catchment conservation activ-

ities, and the improvement of water resource monitoring, regulation and allocation, and establish a water users' forum for the Sondu River Basin. Longer term the implementation of sustainable energy options for institutions and households neighboring the forest is a key part of the plan

The Stawisha Mau Charitable Trust will soon be fully operational. Trustee meetings have been taking place since 2018, by-laws are being drafted, a strategic plan beyond 2020 is underway, and an endowment fund is being developed. Finlays is eager to establish a sustainable funding model long term. IDH will support the work until 2020, but a continuity plan is required to ensure the continuation of the work. The company intends to explore options for external finance and is keen to ensure that the program become self-sustaining.

Scaling up the ISLA across Finlays

Finlays' recently refreshed Sustainability Strategy explains that the landscape approach is going to be integrated across the business. Having benefitted from the landscape approach in Kenya, Finlays are currently exploring implementation of a similar approach in their tea production regions in Argentina and Sri Lanka. With key regional company representatives keen to explore the approach, Finlays has engaged in some preliminary convening activities and discussions with other companies in the areas. Next steps will be to engage a neutral party to manage the administrative processes in the landscape and ensure the work is properly resourced and delivers the impact desired by all parties.

Table 1: Finlays' Business Opportunities for Engaging at the Landscape Level

This table summarizes the key business motivations for Finlays to engage in the landscape approach in the South West Mau Forest complex. It includes the main commercial opportunities being realized by the company through the program and why a landscape approach in particular was necessary to achieve its objectives.

Type of business opportunity	Specific impact driver	Business/ financial implications	Why can these opportunities not be addressed within company boundaries?
Mitigating climate change risk to ensure long-term stability of supply	Increasing frequency of droughts is affecting tea production. Risks around maintaining consistent tea supply volumes may not be assured in the coming years. Mitigating these risks will ensure yields are maintained and demand met.	By ensuring yields are maintained or improved the threat of supply shortage is mitigated and the business future-proofed.	Finlays' activities do not directly cause deforestation, but are impacted by the activities of others beyond their concession boundaries.
License to operate	Finlays needs to maintain positive dialogue with the government to maintain its license to operate in the country while also raising issues that are challenging to its business e.g. unsustainable exploitation of the forest.	If Finlays can discuss business challenges with stakeholders including government in a trusting space and do business with ease in the country, it stands to maintain its revenues over time and the longevity of its position as a foreign company in Kenya.	The ISLA gives the company the opportunity to engage with stakeholders, including the government directly on the challenges it faces but as part of an open dialogue between the private sector and the government, a single company.
Maintaining revenues by meeting growing customer demands	Finlays' customers are increasingly demanding assurance that the tea they buy meets environmental and social standards and is produced in a way that supports the industry long-term.	The ISLA efforts to protect the forest, improve water management and support livelihoods assures the long-term viability of Kericho as a tea producing area. This will provide assurance to Finlays' customers that they are contributing to the long-term sustainability of the industry.	Finlays needed to go beyond its operations to work with its competitors in the region in order to ensure the industry's longevity in the region. Without all companies and stakeholders agreeing to the initiative, the forest complex would still be under threat and the industry threatened by falling productivity.
Ensuring supplier loyalty and long term supply volume	There is increasing competition for leaf among buyers so ensuring production targets are met is not guaranteed.	Finlays' work to ensure water security for local communities as part of the ISLA has led to increasingly positive relationships with farmers. While this is not the only factor that incentivises supplier loyalty it is a key motivator.	Finlays' own farms are entirely water secure. If Finlays had only focused on water security within its own concessions they would not have been able to have these impacts and instill supplier loyalty.

Authorship and acknowledgements

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