

Meeting notes

Date 5th December 2018

Attendees **Chair: Victoria Moorhouse - Costa,**
BCA: Tracy Brown – BCA,
 Chris Stemman – BCA
 Angus Kerr – Coffee AG Ltd
 Mohit Gordhan – Equatorial Traders
 Richard Williams – Falcon Coffees
 Louise Lloyd-Rossi – FFI
 Sheaian Lee – Finlays
 Rebecca Allan-Jones – JDE
 Lindsay Wright –JDE
 Amy Oroko- Matthew Algie
 Julie Gallacher – Nespresso

SHED: Sebastian Stokes, Alice Cannell, Claudia Bolouri

Apologies: Krisztina Szalai (Co-Chair) - Taylors of Harrogate
 Esme Knight – Costa
 Rory Scallan CRU Kafe Ltd
 Emma Wallace – Equatorial Traders
 Jenny Breadmore – FFI
 David Rogers – Lavazza
 Ewan Reid – Matthew Algie
 Sarah Harrington – Masteroast
 Marie-Anne Rogers - Masteroast
 Richard Price – Menshen UK
 Franck Porchet – Nestlé

Subject **BCA Sustainability Committee Meeting**

1. Competition Law Rules

Overview of the FDF competition rules for meetings.

2. Notes from the Last Meeting

No comments received.

3. Intro and News Update

- **Latte Levy**

SS noted that the UK Government decided not to put a latte levy in place at the Autumn Budget. Whilst industry solutions were noted by the Chancellor, progress will be monitored.

- **Government environmental plastics strategy**

SS noted that what was announced by the Chancellor was a new plastics tax which would be imposed on plastics that contain 30% or less recycled material. This proposed tax would go through a consultation period (TBD) and likely to be put in place by 2022.

SS noted that the imminent Resources and Waste Strategy (RWS) will likely put additional details in place and timelines for the consultation. RWS will also likely include information on the introduction of DRS and PRN reform.

SS also noted that McCafé has announced that they plan for 100% of their products to come from sustainably sourced material by 2020. Currently around 53% is sourced sustainably.

VM noted the public consultation for the new Rainforest Alliance standard was launched yesterday (4th December) and is open until 28th February 2019.

[http://my.rainforest-](http://my.rainforest-alliance.org/site/MessageViewer?em_id=33630.0&dlv_id=74675)

[alliance.org/site/MessageViewer?em_id=33630.0&dlv_id=74675](http://my.rainforest-alliance.org/site/MessageViewer?em_id=33630.0&dlv_id=74675)

If any Members have any thoughts on this, we would be happy to collate feedback from the Sustainability Committee.

4. Valpak Presentation – Peter Mitchell

PM thanked VM for the opportunity to present today.

PM noted that Valpak is the leading UK innovative environmental solutions provider, they also undertake economic impact analyses into the outcomes of proposed Government legislation.

EU Plastics Strategy

- Aims that all plastic packaging on the European market is recyclable by 2030, and that micro-plastics are restricted
- UK currently places 2,220,000 tonnes of plastic on the market
- UK current recycling rate is only around 50%
- Potential cost of the EU Plastics Strategy to the UK is predicted to be around £781,440,000 – depending on Brexit negotiations and outcomes

EU Single-Use Plastics Directive

- Aims to reduce impact of certain plastic products and aid transition to a circular economy
- European Parliament has accepted the directive
- Beverage cups / disposable cups are currently listed as a 'reduce consumption' material
- It was noted that coffee pods, whilst initially considered as a 'banned' material item, will now be listed as a 'reduce consumption' material item

It was noted that the UK is currently meeting many of the 2025 targets listed, so there isn't much motivation to hit stretch targets or continue to improve.

UK Plastics Tax

- As noted, this was proposed at a very high level in the Chancellor's Autumn Budget
- £20million injection for tackling plastics and boosting recycling, with a further £20million for R&D and development of innovation in the sector
- More details expected in the Resources and Waste Strategy

UK Plastics Pact

- Companies who produce around 80% of plastic packaging in the UK have collaborated on the WRAP and Ellen MacArthur Foundation led collaborative industry initiative.
- Contains specific targets toward 100% of plastics being reusable, recyclable, or compostable
- Valpak is the official data partner to support reporting and performance tracking
- It was noted that companies and the UK has a long way to go to meet these targets
- JG asked a question on whether companies may be paying twice through a PRN system, and then again if they are part of the UK Plastics Pact? PM noted this was a very good question, and currently it would appear that they would be. VM noted that this scheme was actually set up to encourage the collectors to collect the paper cups for recycling.

Circular Economy Package – Full Net Costs

- Extended Producer Responsibility (EPR), costs must cover net costs.
- Local Authority costs (packaging) are estimated to be at least £600million.
- Full Net Cost Per Tonne £

○ Paper	£39.42
○ Glass	£86.71
○ Aluminum	£0.00
○ Steel	£55.38
○ Plastic	£140.32
○ Wood	£50.00

What to expect from the Resources and Waste Strategy?

- This strategy needs to bring together the UK 25 year environmental plan (January 2018) and Clean Growth Strategy (October 2017)
- Timelines are quite tight, consultation expected in 2019 as the UK's current packaging targets expire in 2020
- EPR reform has led to one of the most comprehensive kerbside collection systems in the world
- However the fundamentals of the PRN system remains unchanged since introduction

JG enquired as to any more specifics around the timeline to implementation. PM noted that, as before, timelines are very short once the consultation proceeds. There is precious little information from the government on this at the moment.

1) EPR Reform

Packaging Option 1

- This would be a Single Monopoly Scheme – Funds the Central Body National Communications Fund.
- Currently the re-processors get the money but funds do not flow down the chain as they should be.
- AO asked who the Central Body communicates to, PM noted he believed the consumer – to drive consumer education.

EPR Reform - Packaging Option 2

- Multiple Schemes fund the Central Body National Communications Fund and Scheme Oversight.
- With this scheme the re-processors do not receive all the funding to then distribute down the chain.

2) Deposit Return Schemes (DRS)

- The base idea, if it moves forward, consumers will pay a 5p – 25p deposit on top of the sales price for the product. This is returned when the packaging is returned
- System funded by unredeemed deposits and material sales revenue and producer fees.
- PM noted that Scotland were approximately 18 months ahead of the rest of the UK in the implementation of this type of scheme.
- VM asked when might this could be rolled out. PM noted perhaps in the 2020 window, he did not believe Scotland could fully implement this in 2019.

For further information please refer to Valpak's slide presentation which has been shared with attendees.

5. Low Market Price and Futures Market Fundamentals – Richard Williams – Falcon Coffees

RW introduced who Falcon Coffees are and what they do.

Overview

- RW noted that futures markets are used for many commodities not just coffee.
- Modern Futures Contracts were introduced in 1848 – by the Chicago Board of Trade.
- Standardised futures contracts were introduced, standard weight or measure for coffee is 37,500lbs or 17,009kg.

Conceptually

- Reduce the demand and supply volatility by allowing buyers and sellers to fix prices at any time they choose.

Terminal Months

- March, May, July, September, December

Positions

Two fundamentals

- Sell – Go Short
- Buy – Go Long

Options

- A 'Put' is the option to sell
- A 'Call' is the option to buy

Participants

- The Exchange
(ICE Futures New York – Arabica / ICE Futures London – Robusta)
- Physical Traders
- Funds (i.e. Pension Funds)
- Speculators (i.e. Hedge Funds)

The Market Now

- Currently in world production there is an oversupply of 1.59m bags (figures from the ICO).
- Inequity in the markets is not a cause for concern, they never balance perfectly
- Difficult to predict how the market will move from here, it is at a particular low, but most likely it will start to re-balance

For further information please refer to Falcon's slide presentation which has been shared with attendees.

6. Survey Results and Committee Feedback

- VM noted that we had 9 member responses from the Committee from the survey sent out.
- **Survey Results**
 - Overall members think that the Committee has progressed the three key objectives well, particularly the 'Empower and inform the BCA to voice positions on sustainability'
 - External speakers and the opportunity to learn from them are highly valued assets of the Committee
 - Collaborations and funding programmes of work are of interest for the Committee, but must have clear objectives
- **Other Feedback**
 - More focus on origin issues in future sessions.
 - Large desire NOT to split the committee into working groups.
 - Happy with current format and meeting timings.

Commenting on whether the BCA should provide educational materials to the general public on recycling. SL noted that the BCA's main interface is with the media, who in turn are the interface with the Consumer. The BCA doesn't need to engage consumers directly. SS added that this is the role of other stakeholders such as WRAP.

LW thought that with future Sustainability Committee agendas, people could see if it was of interest and could dip in and dip out as to which sessions would be more appropriate to them, if they were time restricted or too busy. JG asked if there should be more meetings so people had more flexibility to pick and choose the sessions with topics that are of relevance to them.

VM suggested that rather than have more meetings using the standard format, we could potentially have "deep dive" sessions on key topics which people attend if they are interested and want to find out more detail. These could be in person or over conference call/ Skype. It would be broadly agreed that this could be useful.

VM asked those present if they had any ideas as to speakers' members would like to see. Peter Skelton from WRAP has previously been suggested.

JG noted perhaps we see what issues will be coming up in the future and speakers that would be appropriate. It was discussed that perhaps we review the heat map again in the March as to subject matters for future agendas. Rather than working through topics on the sustainability mission, we should plan the meetings based on what is going on in the industry.

KS and VM will review the feedback when planning for next year's meetings.

7. Dates of Next Meeting

- **Tuesday 5th March 2019 – Sustainability Committee Meeting – 1:00pm – 4:00pm** - FDF, 6th Floor, 10 Bloomsbury Way, London, WC1A 2SL – Room Cleminson & Bodinnar
- **Tuesday 4th June 2019 – Sustainability Committee Meeting – 1:00pm – 4:00pm** - FDF, 6th Floor, 10 Bloomsbury Way, London, WC1A 2SL – Room Machin
- **Tuesday 10th September 2019 – Sustainability Committee Meeting – 1:00pm – 4:00pm** - FDF, 6th Floor, 10 Bloomsbury Way, London, WC1A 2SL – Room Cleminson
- **Tuesday 3rd December 2019 – Sustainability Committee Meeting – 1:00pm – 4:00pm** - FDF, 6th Floor, 10 Bloomsbury Way, London, WC1A 2SL – Room Cleminson & Bodinnar