

Meeting notes

Date 5th March 2019

Attendees **Chairs: Victoria Moorhouse - Costa, Krisztina Szalai - Taylors of Harrogate**

BCA: Tracy Brown – BCA,
Chris Stemman – BCA
Angus Kerr – Coffee AG
Rory Scallan CRU Kafe Ltd
Priscilla Daniel - DRWakefield
Mohit Gordhan – Equatorial Traders
Richard Williams – Falcon Coffees
Louise Lloyd-Rossi – FFI
Ayo Isinkaye - Halo
Sarah Lim - Halo
Rebecca Allan-Jones – JDE
Lindsay Wright –JDE
Marie-Anne Rogers – Masteroast
Amy Oroko- Matthew Algie
Richard Price – Menshen UK
Julie Gallacher – Nespresso
Franck Porchet – Nestlé
Sadie Walton - Ringtons
Hannah Ward – Twin

SHED: Sebastian Stokes, Alice Cannell

Speakers: José Sette, Executive Director, International Coffee Organization
Dr Terry Tudor, Susconnect Ltd

Apologies: Louise Whitaker – Bewley's
Esme Knight – Costa
Jenny Breadmore – FFI
Sarah Harrington – Masteroast
Anna Turrell – Nestlé
Danny Diver – Ringtons
Stephen Drysdale – Ringtons
Matthew Earlam – Twin

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. Meeting objectives:

- Identification of 2019 sustainability trends
- Share insights from recent sustainability meetings and conferences
- Identify topics of interest for future 'deep-dive' sessions or webinars

4. Introduction and news update

(led by Krisztina Szalai, Victoria Moorhouse and Sebastian Stokes)

Introductions were made around the room as a number of new attendees to the Committee.

VM explained the agenda for the afternoon's Committee session.

SS gave a quick roundup on 'Sustainability' items that have been in the news recently and that the BCA had conducted interviews and media work on.

- Coffee price slump, in January the Thompson Reuters foundation published a detailed review of why the price of coffee had fallen so much and highlighted the impact this was having on coffee farms at origin, particularly in Brazil after the bumper crop sent price downwards. Reuters interviewed the BCA who provided balanced commentary and the story got picked up by several nationals. Jose Sette will talk to us further about that and the response from the international coffee community.
- Kew Gardens published a report on wild coffee species saying that 60% of the world's wild coffee species are at risk of extinction and threatens the global coffee production - due to climate change and deforestation. 60% is far higher than most other plant species where it was cited that on average 20% of wider plant species are threatened. Probably due to the low adaptive potential and restricted habitats of coffee species.
- The FDF, with BCA support, wrote to Michael Gove encouraging the government to take No Deal off the table as it would be catastrophic for UK coffee. BCA had air time on BBC Radio 4 and the key UK nationals.
- Resources and Waste Strategy consultations launched by DEFRA and the Treasury
 - DRS - coffee cups are being considered as part of this although focus is on plastic bottles and aluminium cans.
 - EPR – extended so producers cover all costs of packaging waste (currently producers cover 10% and local authorities cover the remaining costs)
 - Improving consistency across UK local authorities, it was also mentioned that this consultation will look at putting logos on packaging to help consumers with the confusion.
 - Plastics tax on products containing >30% non-recycled plastic, it was noted that the current consultation is looking at which products and which businesses will be in scope.
- SS updated that there was a conversation in the Communications Committee this morning, as to how and if the BCA should respond. It was noted that the BCA may develop a position on how EPR and plastics tax will impact UK businesses, and secondly on current food safety regulations which stipulate that virgin materials be used. SS asked those present if perhaps their companies may have a position on this, so that we can ensure that the BCA's position is comprehensive as possible. The BCA will liaise with the Packaging Association and FDF in the first instance as to their responses to this.

5. Update on the coffee price crisis and the sector response to date

(led by José Sette, Executive Director, International Coffee Organization)

Presentation Separately Attached

JS apologised as this is the first time that he and the BCA have met up since he took position in 2017, hence why he wanted to come today to present.

JS noted that the ICO is the inter-governmental body for the coffee industry, where all parts of the value chain are represented. The main work of the ICO is the strengthening of the coffee industry.

The ICO contributes to the development of a sustainable world coffee sector and to reducing poverty in developing countries to achieve the 2030 Development Agenda and the Sustainable Development Goals.

The ICO conducted a consultation with Members, before José came on board to develop a 5-year plan. There is now more engagement with the private sector. The second main component of their work is to work with the International Development Community. The ICO look to have transparency in the market by producing economic studies.

It was noted that there are 17 sustainable development goals approved within the United Nations, and the global coffee industry is relevant to at least 11 of them.

1. Poverty
2. Zero Hunger
3. Gender Equality (last coffee year, the ICO dedicated to gender equality, the findings were very interesting with a big gender gap in coffee with women finding less access to education etc.)
4. Clean Water & Sanitation
5. Affordable & Clean Energy
6. Decent & Economic Growth
7. Industry Innovation & Infrastructure
8. Reduce Inequality
9. Production
10. Climate Action (climate change a very big concern, some academics have said ½ the land used for coffee cultivation today will not be available by 2050.)
11. Partnerships (to build partnerships with all the elements in the supply chain)

JS noted that all of the industry needs to work together in the spirit of cooperation and collaboration.

Coffee is produced from around 20-25 million farms across the world. Around 100 million people in the tropics rely on coffee for their income. The amount of income that reaches the grower tends to be less than 10% of the income generated.

In a wider context, and at the farm level, we need to look at aspirations of youth populations who are more reluctant to get into coffee farming and tend to head to the cities, this is a considerable challenge.

Costs to grow the crop increase while the price received for the coffee goes down.

Since 2016 there has been a marked decrease in coffee values and the daily prices, with over supply meaning coffee pricing levels are low. The impacts of this range from increased migration, less investment, poorer quality and safety, increased poverty, and increasing temptation to cultivate other products including illegal crops that will have higher value. We need to stay mindful that this could then lead to a decrease in production.

JS noted that the ICO hold 2 meetings each year in April and September focussing on coffee pricing, under Resolution 465.

The resolution:-

- Develop a Global Communications Plan
- Instruct the ICO to promote dialogue with all stakeholders in the coffee value chain
- Instruct the ICO to ensure there is effective exchanges between Member countries of national public policy initiatives
- The ICO to develop dialogue with the Manufacturers and Roasters

The ICO have to look at funds available to it but have developed an implementation plan, which includes:

- Advocacy and communication – this is a key focus for the ICO
- Research, knowledge and building transparency – this, again is a key focus for the ICO
- Mobilise Coffee Stakeholders – this will be more budget dependent
- Promotion of coffee consumption - this will be more budget dependent

It should be remembered that the ICO is a neutral platform that allows those involved to discuss in a rational fashion.

There will be a CEO forum to be held in London on September 24th 2019. Leading up to this will be a series of consultative events:

- How sustainable is our future in coffee? – Nairobi, Kenya, 25th March 2019
- Financing investment in inconclusive and resilient value chains, New York City 16th April 2019
- Development challenges and solutions for smallholder farmers in the coffee value chain, Rome, 16 May 2019
- Towards a sustainable path for the future of coffee, ECF, Brussels, 6 June 2019

JS noted that he will coordinate with the BCA so that anyone who wants to attend from the BCA at the September event in London can be present.

JS noted that there is a lot of concern that in producer countries that the futures market is not working as it should do.

JS added that the results from a recent survey show that in many countries people are already migrating away from coffee fields, which is most concerning for the future of our industry.

JS stated that the ICO is producing a coffee market report, the preliminary results are quite concerning, such as Colombia, where farmers are not able to make a profit from their farms.

Benchmarking of production costs, currently there are many methodologies being used that are not comparable, and the ICO hope to make this better coordinated and comparable.

There are plans, subject to funding, to promote consumption but this is yet to be finalised as to how this can be done.

AK noted that it seems when Brazil 'catches a cold' it effects the rest of the world, and the pricing seems to follow the trend of the Real. JS noted that with the new Brazilian Government in place it was hoped there would be some stabilisation of the market, but currently this has not happened, as yet.

6. Presentation on key sustainability trends in 2019

(led by Dr Terry Tudor, Susconnect Ltd)

Presentation Separately Attached

TT noted that Susconnect is a sustainability consultancy with a focus on the tea and coffee sector.

TT noted that there are some significant trends currently shaping the global coffee industry, notably

- The impacts of climate change on productivity.
- An increasing older workforce, so there is a need to get young people to be involved.
- Access to sustainable finance, particularly for small-scale farmers
- Fluctuating market price and 'real' income.
- Aging crops with reduced yield and productivity
- Transient workforces
- Reducing waste and recovering value from the waste produced

Overcoming the challenges:

- Research is underway to combat the impacts of climate change and grow more resilient crops
 - Global exchange of world's best coffee varieties
 - Seed verification for healthy, genetically pure plants
 - Breeding for the future
- 'Sustainable' packaging - plastics are not necessarily the main problem in terms of a material, the key problem is how we handle these after use and enable recycling
- The role of female farmers is hugely important, initiatives are under way at the farm level and across the supply chain to drive gender equality
- Driving more circular business models.
 - TT gave an example of a Scottish dairy farmer, switching the type of herd he had and also the type of grass that the dairy herd could feed off. These moves have meant that he has enhanced productivity and circularity and now supplies a vast number of coffee shops, with a home delivery set-up.

- TT gave another example of the Espresso Mushroom Company whereby waste coffee grounds from households can be used to grow mushrooms and supply food to feed people with.
- Increased use of Technology, such as smart phones to share information and also an increasing use for payment methods. Moreover, technology such as blockchain is built with the very ethos of improving traceability and transparency across supply chains and is still in the early stages of being used globally.

7. Roundtable members discussion on key 2019 sustainability trends, their influence and impact

(member led, facilitated by Dr Terry Tudor and Victoria Moorhouse)

Attendees broke into 2 groups to discuss the previous Heat Map that drove the BCA's Mission and was developed in February 2017.

Following the breakout session the following conclusions were made.

Circular Economy remains at the very top level in terms of impact on the industry and relevance to how the UK coffee industry can effect it.

Consistent approach on consumer messaging/education around packaging etc is urgently needed across industry sectors. Stakeholders such as WRAP will be instrumental in this.

A discussion point on what the BCA should be doing around consumer education, for example should a consumer information campaign be separately funded by members (N.B. it cannot be funded within the current communications budget)? Should the BCA provide the tools for the Members to be able to communicate to the consumer. There should be consistent messaging, perhaps to key stakeholders, such as local councils. This topic has now moved up a level within the heat map as it is so heavily connected to the Circular Economy.

It was also noted that the BCA is not a consumer facing organisation and nor should it be. However, it can be argued that it has a duty to help inform consumers on this issue.

Beyond responsible sourcing, this section should include, certification, gender equality, farm labour, technical enablers (blockchain), again following discussions this is moving in an upwards direction.

Climate change, it was felt due to the recent report on the possibility of extinction of some coffee plants, that this perhaps now needs to move to a top left position, as the conversation highlighted that there is relatively little that the BCA could actually do to influence on this. Perhaps how industry could work collaboratively to support the farms, decrease deforestation and address key issues.

Coffee pricing was agreed to be a new issue that should be added to the heat map in the middle section of the map. Ensuring fair prices for farmers and sustainable cost of production are important to capture on the heat map.

Finally, enhancing the UK community and improving wellbeing of UK citizens was discussed as a new element to capture in the heat map. Industry and companies are perceived by what they give back to the community and CSR so should at least be captured.

Topics for consideration in future deep dive sessions:-

- Consumers Behaviour/Education
- Gender Equality
- Sustainable Packaging
- Roll of Technology for Climate Change
- Labour/MSS

It should also be clarified by the Sustainability Committee where we have a point of view and need to be more active vs where we just need to be informed. A next step was noted for the Sustainability Chair's to review these areas and present back to the group in the next Sustainability Committee meeting.

Action: VM/KS

8. Member discussion on topics for future meetings and additional 'deep dive' sessions

(led by Krisztina Szalai and Victoria Moorhouse)

- Key dates in 2019 – calendar review
- Identification of topics of interest
- Potential formats e.g. webinars or the BCA industry debate activity in the Communications programme

KS asked, as the Sustainability meetings are only 4 times a year, do those present feel that we need to undertake additional deep dive sessions on specific topics. It was felt that this should be kept in mind but perhaps the majority of content will come back to the current 4 x meetings each year. Again, it will be important to first decide which areas the Committee needs to be more active vs informed on.

SS noted that the BCA has some communications budget to run an industry debate event later in the year which will focus on sustainability topics. SS noted that we hope to run this in July, but we would like feedback from the Sustainability Committee as to the right topic(s) we should focus on that would benefit most if not all of the membership. An overview of the suggested event and suggested potential speakers will be shared with the group later in March for their information and as an opportunity to input into it.

3. Dates of Next Meeting

- **Tuesday 4th June 2019 – Sustainability Committee Meeting – 1:30pm – 4:30pm** - 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