

Meeting notes

Date 6th June 2018

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

BCA: Chris Stemman – BCA, Emma Wallace – Equatorial Traders, Lindsay Wright – JDE, Richard Price – Menshen UK, Franck Porchet – Nestlé, Andrew Griffiths – Nestlé, Shafna Choudry – Nestlé, Julie Gallacher – Nespresso, Amy Oroko – Matthew Algie, Hannah Ward – Twin Trading

SHED: Sebastian Stokes

ICO: Gerardo Pataconi, Christoph Saenger

Apologies Tracy Brown – BCA, Richard Williams – Falcon Coffees, Jenny Breadmore – FFI, Karen Hewitt – Finlays, Sheaian Lee – Finlays, Richard Hardwick – Halo, Andrea Bello – Lavazza, David Rogers – Lavazza, David Smart – Lavazza, Francesco Varvaro – Lavazza, Sarah Harrington – Masteroast, Marie-Anne Rogers – Masteroast, Simon Hotchkin – Taylors of Harrogate, Hannah Eatough – Taylors of Harrogate, Keith Writer – Taylors of Harrogate, Matthew Earlam - Twin Trading

Subject **BCA Sustainability Committee Meeting**

1. Competition Law Rules

Overview of the FDF competition rules for meetings.

2. Notes of the Last Meeting

No comments received.

3. Welcome & Table Introductions

VM & KS set the format and agenda for the meeting.

Attendees introduced themselves to the group.

4. Key CSR / Sustainability News Round-up

SS presented key sustainability news pieces relevant to the coffee industry, including:

- Waste and plastic have continued to dominate media attention, for the coffee industry:
 - Renewed calls for a latte levy - expect there may be an announcement in the Autumn Budget, government is going through a consultation process at the moment.
 - UK Parliament - Mary Creagh's has communicated a vision for a plastic free parliament which includes the banning of plastic bottles and paper cups
 - Network Rail has announced plans to ban plastic from all onsite premises by 2020
- New product innovations:

- SS noted that this continues Bunzl launch a new 'EarthCoating' using 48% less plastic and Bewleys launch 100% recyclable and compostable cups
- Plastic free by Plastic Planet kite mark has been established - Iceland supermarket chain first retailer to use it - positioning it as trying to help consumers.
- A recent articles (e.g in The Times) on the circular economy at the coffee farm level shows innovative farms in origin countries utilising various materials traditionally regarded as waste arising from different stages of coffee processing (parchment husk, dried cherry, honey water etc.) and selling them for as an added-value products such as coffee cups made of coffee husk, teas from dried coffee cherries (called cascara) and coffee flower, and syrups from recycled honey-water (the used water usually 'thrown away').

5. Bean to Bin & Beyond Update

- White paper has now been shared with the Task Force within the Sustainability Committee.
- Key ask is now for specific feedback from expertise within Task Force as SHED are not experts within the sustainability space.
- Next steps include understanding levels of feedback, collating specific feedback and aligning on updates so that a timeline can be developed.

6. Guest Speakers International Coffee Organisation (Gerardo Patacconi, ICO Head of Operations and Christoph Saenger, Senior Economist at the ICO) Update and Overview

- The ICO has gone through an "opening-up" process to support finding issues for members and understanding how the ICO can better support specific issues for the coffee industry – this includes sustainability.
- The ICO is the main intergovernmental organization for the coffee sector
- The ICO is now expanding its objectives to start to cover waste management and the circular economy more specifically.
- It was also noted that the ICO is the official reference organisation for coffee statistics such as production and consumption of coffee.
- There is an opportunity for ICO expansion and growth with exporting countries and emerging markets, e.g. China.
- Current estimates suggest that by 2050 the world will require 300 million bags of coffee each year. If this is to be met then sustainability is vital and needs to play a very central role to operations.
- It is interesting that the Global Coffee Platform estimate that \$350 million is invested annually into sustainability activities in the coffee sector. This is not enough and needs new sources of funding.

ICO - key initiatives

- The ICO is currently working with renowned economist Jeffrey Sachs on sustainability in the coffee economy and the well-being of all actors in the supply chain.
- Gender equality issues – This year International Coffee Day will focus on the theme of Women in Coffee. The coffee industry and coffee farmers need to increase productivity so mobilising and investing in gender equality is a good way to achieve this. Globally, women comprise of only:
 - 20-50% of agricultural labour force
 - 3 – 20% of landowners
- Making coffee farming attractive to younger populations is also a fundamental issue that the ICO is working towards. Aging farmer populations mean that young farmers leave coffee farming seeking other, more attractive revenue avenues.
- Climate change – global warming clearly effects coffee production, especially for Arabica beans. Also pests and diseases increase with climate change and rising temperatures.
 - Solutions and industry-level activity supports addressing this. The impacts of climate change (social, environmental and economic) are far bigger than any one player in the industry could address on their own
 - The ICO has recently signed an agreement with key platform Global Coffee Challenge to support efforts in mitigating climate change
- It was noted that the ICO still has to look into issues around water usage and scarcity, as well as waste and circular economy which it is now starting to look into.
- The most effective solutions come through partnering with key players e.g. the private sector, as well as world banks, bilateral donors, civil society and the Global Environment Facility (GEF) – which was established at the Rio Earth Summit in 1993 to help tackle the planets most pressing problems.
- GEF Impact Programs – It was noted that coffee is included and has a list of programs to promote food security, sustainable land use and habitat restoration. There is a big opportunity for the coffee industry to support it
- The ICO Secretariat would like to ensure that all countries have an opportunity to make applications to the GEF Impact Programs. The more private sector involved, the more likely it is to be approved.
- GEF may also, potentially, support Circular Economy programs for the coffee industry.

Group discussion

- HW commented that the \$350m sustainability investment figure is vastly underfunded, and needs to increase through greater focus from organisations. It is a very small figure compared to the size of the coffee sector.
- It was asked what the basic criteria are for the GEF impact fund? These include biodiversity, climate change, land degradation, international waters, chemicals and waste but more information can be provided online.

- GP also noted that there are also green climate funds – these represent a multinational level opportunity to create funding.
- GP encouraged members to get in contact with one of the 23 executing agencies to find out additional information.
- When asked about the ICO operating model, GP confirmed that, in line with the international treaty that set up the ICO, it requires member countries to provide data on coffee consumption and production and the ICO then aggregates that data into a global coffee database. This covers not only production and consumption but also socio-economic information.
- The database and participation is constantly expanding. AG asked if the data was open source, which the ICO confirmed that data is in the public domain and open source.
 - GP also confirmed that countries are members, there are no underlying profit driven decisions therefore they are completely transparent and there is a specific level of data quality control

7. Topic for today: Pillar 3. Improving the Long Term Resilience of Coffee Farmers at Origin

Key themes that were explored, include:

- Climate smart agricultural practices at farm level
- Unpredictable markets
- Impact of gender equity on farm resilience

It was noted by members that this pillar, in particular, is a very broad pillar to open up to members

- AO highlighted that in partnership with Twin and Taylors of Harrogate they have been able to establish a great level of precompetitive collaboration to look at farm resilience issues. For example, how is water used on the farm, youth engagement issues to attract younger populations into coffee farming, and even climate change. They are now looking at where the biggest impacts have been so that they can focus their efforts further.
- AO noted that overall it highlights how genuine collaboration across the value chain is possible and can work.
- AO commented that the impact from introducing technologies and making training available to use the newest technologies helps to increase production.
- VM asked how the idea was pitched internally and whether they needed to demonstrate financial cost efficiency to the business.

KS – noted that you shouldn't have to justify these types of activities and that the quality of relationships that buyers develop with suppliers is critical to success of any 'sustainability' initiative. For a family-owned and deeply values-based business, such as Taylors, long-term and relationship-focused approach and consideration about the impact the business will have at an intra-generational level is part of our DNA and this serves as a blueprint for the way we do business. It's a mindset and attitude rather than something you

can show on a balance sheet. When long-term sustainability is built into sourcing The cost is related to quality improvement.

- JG provided an overview of Nespresso's easily accessible, publicly available sustainability work. Nespresso focuses on portion coffee, taking the top 1-2% of coffee beans and work directly with their own coffee farmers. The model ensures the relationship is direct from farm to consumer.
- Nespresso supports women in coffee programmes, a new campaign was launched in May this year encouraging women to gain greater visibility and participation in the coffee industry.
- Nespresso focusses not only in creating pleasure for consumers through enjoyable, high quality coffee, but also on how that cup of coffee impacts society and the environment through the supply chain.
- Climate change is one of Nespresso's four key pillars
 - Simply, quality Arabica coffees are specifically under threat, if we don't take this approach we won't have a business in the future
 - Climate resilience is important, therefore support is made through tree planting, trees provide shade, moderate temperature, and reduce soil erosion. Nespresso often plant trees such as cedar trees or fruit trees therefore the effect can also be to provide a diversified income for farmers
 - Key countries of current work include Guatemala, Colombia and Ethiopia
 - 2.5 million trees have been planted to date, and Nespresso aim for 5 million trees by 2020
 - Nespresso works with 75,000 farms with their AAA accreditation scheme validated by their own agronomists and Rainforest Alliance
- LW provided an overview of easy to access, publicly available information for JDE. Internally there is a global sustainability lead and supporting team.
- The three pillars of JDE's work in sustainability span; 1. At source with origin, supporting coffee and tea farmers. 2. Within JDE and their own operations, and 3. consumers – who deserve to enjoy the coffee they love.
- There is a big importance placed on community buying through training provided at JDE. Since 1999, JDE has trained more than 216,000 farmers directly, impacting over 1.1 million individuals in coffee households.
- To date more than 36 projects across 12 origin countries have made an impact.
- Through JDE's Supplier Initiative, JDE partner directly with suppliers to improve working conditions and protect natural resources where coffee is grown
 - JDE has started a number of projects in youth engagement to encourage young adults to join farming and enter the supply chain as well as encouraging women to help empower them
- Independent assessments are undertaken – JDE talk to farmers about issues and help them overcome them e.g. remediation programmes, connect them to government etc (provide support in corrective measures).
- HW – Commented that another part of this pillar to add (or a new pillar to consider) in the BCA Mission is to consider how important enabling farmers and cooperatives to engage the market in an informed way, i.e. market

access. It is important to enable farmers to become 'market makers' as opposed to 'price takers' and have more options.

8. Meeting Review One Year On

- It was discussed by the Committee, what has worked well, what have we learnt, and what would we like to focus on in future Committee meetings?
- It was noted that as the Members of BCA are all essentially competitors in the market, it may be not be possible to go into much detail on individual practices regarding sustainable sourcing.
- However, we all recognise that the socio-economic and environmental challenges we face are at such global scales that neither of our businesses are able to solve these on their own.
- KS noted that there are plenty of live examples for collaboration on a pre-competitive basis within the industry as well as in comparable commodity industries that we can learn from and find appropriate areas for collaboration.
- It was noted that the BCA Mission Statement was an excellent starting point for the Committee and has provided a good framework to build on.
- KS added - Our intention is to shape the Committee's work in a way that brings tangible benefits to Members and avoid being seen as mere 'talking shop'. Beyond the release of the Mission Statement last year, the next 'tangible' output will be the 'Bean to Bin and Beyond' white paper, serving as a collection of best practice examples from the UK coffee industry on circular economy.
- It was noted that actions and outputs will be difficult, but this shouldn't hinder us or be off-putting. As much as anything the ability to align, get out of one's day to day bubble, and share appropriate information is hugely beneficial, this should be remembered. The fact that the group shares information and enables members to gain insight to take back to their own companies in order to better work towards the goals of the sustainability vision is in itself an action which will enable future progress in meeting the vision.
- The Committee also acts as a forum and the external speakers have been excellent – it helps provide education and connections and learn a common language for coffee sustainability.
- **ACTION** – keep strong external guest speaker slots for future meetings.
- LW commented that the committee faces two key issues, one is around the competitive nature of being able to share information but the second is that many if these issues are relevant to other parts of the world where UK teams are not very able to provide fixes and solutions. It is important to continue language and discussion here, but we should also keep an eye on sustainability issues that we can fix e.g. circular economy.
- It was noted that following Bean to Bin and Beyond, future white papers on other topics should be considered.
- It was also noted for consideration that the Committee may need to develop working groups, to ensure that the cross-section of more specific interests across the three pillars are kept relevant e.g. a working group on circular economy and a working group on farmer resilience / origin issues.

- **ACTION** The BCA and co-chairs to develop a survey monkey to facilitate further feedback from members.
 - VM and KS to develop questions for the BCA to put to Sustainability Committee members
- **ACTION** Following a discussion on how the BCA Committees all work and what their areas of focus are, it was decided that an organogram of how the BCA committees fit together should be developed. This should potentially be created by the Member Services Committee, to clarify what the Committees are, and how outputs from one committee are used with other committees through the Executive and Board.

9. AOB

- **Sustainable Coffee Challenge**
- The BCA commitments for the Sustainable Coffee Challenge will now proceed to be published on the SCC website.

10. Dates of Next Meetings

- **Wednesday 5th September 2018 – Sustainability Committee Meeting – 1:00pm – 4:00pm** - FDF, 6th Floor, 10 Bloomsbury Way, London, WC1A 2SL – Room Cleminson
- **Wednesday 5th December 2018 – Sustainability Committee Meeting – 1:00pm – 4:00pm** - FDF, 6th Floor, 10 Bloomsbury Way, London, WC1A 2SL – Room Cleminson