Working together for a sustainable future

How our family business works with our global tea and coffee suppliers
Our global tea and coffee suppliers are one of our family business’s most important stakeholders and we’ve long been committed to building strong supplier relationships, based on shared values, quality and an ethical approach to trade.

Over the last few years the impacts of climate change and the social challenges within our supply chain have become clearer, giving us the impetus to review and further develop our approach to global sourcing. The result is a clear vision to build a sustainable future for our tea and coffee suppliers, underpinned by a series of commitments and targets, and a robust way of working that puts investment, innovation and collaboration – with our suppliers, with partners, our people and the wider industry – at the heart of what we do.

Our team of tea and coffee buyers spend many months a year overseas so we see firsthand the difference we’re making to the communities we rely on for our tea and coffee. It’s not always easy and many of the challenges within our global supply chain are deep-rooted and complex, but we’re proud of our commitment, the progress made so far, and deeply grateful for the on-going support and commitment we receive from suppliers and partners.

Though the work will always be evolving, this update sets out to provide an overview of our commitments, explain how we work and share some of the projects we’ve supported and progress made over the last year.

Keith Writer
5th December 2017
Against this backdrop, we’re committed to working with our suppliers to build a more sustainable future and, in doing, secure the quality tea and coffee our business needs. Key to this is ‘Taylors Sourcing Approach’ (TSA), our model for integrating sustainability targets and ambitions directly into our supplier relationships.

We estimate that our tea and coffee supply chain touches over a million farmers and workers in 24 countries.

A World of Tea and Coffee

The context
While there’s been progress in some parts of the world and against some issues, there remain deep-rooted challenges in many regions in which our suppliers are based. Climate change modelling indicates that by 2050 many of the world’s current growing regions will be less suitable for cultivation, and in many places growers are already experiencing the effects of global warming. Meanwhile the social challenges within the sector – similar to most tropical commodities – include poverty, human rights issues, gender inequality, limited access to education and opportunity, and often testing living and working conditions.

How we work
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Throughout, we have a tiered approach to sustainable development:

All our tea and coffee is third party certified, covering core labour standards and on-farm environmental management. Our real impact is delivered by building on this baseline.

Our second tier looks at on-farm improvements to working and living conditions.

Above that, we drive landscape-scale activity in the environments and communities supporting our farmers.

Our final tier is concerned with our broader planetary objectives, investing in projects that serve as a catalyst for environmental or social development.

Alongside this, we’re committed to leadership roles within the industry – for example, in the Ethical Tea Partnership, World Coffee Research and British Coffee Association – working with others to combine resources and collective leverage to support the long-term sustainability of our global supply chain.
How we buy: Taylors Sourcing Approach

Taylors Sourcing Approach (TSA) is our model for how we buy our tea and coffee. Rather than simply ‘buying a commodity’, TSA is a way of buying which allows us to build the supply chain we want and need for the future. At its heart is a commitment to put our values at the centre of how we buy, underpinned by long-term relationships with key strategic suppliers. Here’s how it works in practice:

**Segmentation and certification**

To provide appropriate focus and manage the annual sourcing cycle, we segment our supply base. The largest proportion of tea and coffee we purchase comes from our ‘Strategic’ and ‘Preferred’ suppliers, and these are the focus of our work. Meanwhile, having the ability to buy some commodities more tactically supports contingency planning and mitigates risk. In all cases the tea and coffee we buy is certified, ensuring a strong baseline of environmental and labour standards.

**Integrating quality and sustainability**

We work with our Strategic and Preferred suppliers on shared plans that cover four themes: quality, contracts and price, sustainability, and continuous improvement. Long-term contracts – typically three years – include elements such as a price mechanism rewarding quality and sustainability, our commitment to invest in shared sustainable development projects, and a regular review of each other’s performance. Co-creation of plans is essential, ensuring mutual benefits for all. Long-term contracts give security to producers allowing them to plan further ahead.

Plans vary depending upon the supplier and their needs, but serve to support the ‘de-commoditization’ of an increasing proportion of our supply chain. In other words, allowing us to buy not just on price but committing to long-term relationships, living our values, and rewarding suppliers’ environmental and social stewardship.

**Collaboration and partnership**

TSA is underpinned by new behaviours and ways of working, in particular a focus on collaboration and a mindset of ‘we’re both in this together’. Regular visits to suppliers build genuine partnerships. To create wider organisational commitment and drive progress, relationships are broader than the typical buyer and seller, embracing MDs, finance and quality specialists. TSA itself was developed through two years of consultation and engagement with suppliers.
The Environment

By reducing our environmental impacts, both within our own operations and our supply chain, and by planting trees and supporting other carbon capture and reduction projects, we’re working towards making our tea and coffee range ‘carbon neutral’. Here are some of the ways we’re working within our global supply chain:

In 2015, we established a ten-year project to support smallholder tea farmers on the slopes of Mount Kenya to improve their lives and protect the environment by planting trees. This community reforestation programme represents a new phase in our long-term Trees for Life campaign – an initiative which has planted over three million trees around the world since 1990. Working with TIST (The International Small Group Tree Planting Programme), we’re helping smallholder farmers to plant one million trees in four communities. As these trees grow, they’ll absorb carbon and farmers will be paid for the carbon credits, which companies like us purchase to meet commitments to become carbon neutral.

Beyond the income from carbon credits, the trees will support smallholders in other ways – whether it be by selling fruit and nuts, providing shade and wind protection to crops or fodder for cattle, or enriching and conserving the soil. The scale of the planting helps moderate the effects of climate change at local level, and globally plays a role in combating carbon emissions. In time, this project will offset almost 35% of our carbon footprint by sequestering 84,283 tonnes of carbon dioxide.

With the Kenyan Tea Development Agency and Living Earth we’ve introduced biomass technology at the Makomboki tea estate, saving 50,000 trees per year and reducing carbon emissions.

We’ve worked with suppliers to help them reach Rainforest Alliance standards. Studies show that Rainforest Alliance farms out-perform non-certified farms in biodiversity conservation, soil health, water quality and natural ecosystem preservation. When we’ve taken Rainforest Alliance standards to new regions, it’s been followed by adoption of improved agricultural practices beyond the boundaries of our own supply base.

In Uganda, we’ve worked with our coffee supplier, Kawacom, to convert domestic fuel from wood to biogas, relieving pressure on forests, removing health-damaging smoke from kitchens and generating compost as a by-product.

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Improving Livelihoods

The tea and coffee sector is highly dependent on the smallholders who grow 80% of the world’s coffee and 70% of global tea production. Decreasing farm size, access to and cost of soil inputs, rudimentary farming methods, lack of investment in infrastructure and increasingly unpredictable weather patterns, are all impacting on smallholders’ ability to make a living. Here are some of the ways we’re working to have an impact:

In Rwanda, working with the Ethical Tea Partnership, Farmer Field Schools have supported tea smallholders with training on good agricultural practices, adapting to climate change and business skills development.

In Peru, working with Twin, Marks & Spencer and Matthew Algie, we’ve supported two coffee co-operatives to increase quality and yields through technical assistance on climate smart agriculture, empowering women in community participation and leadership, and creating opportunities for young people.

We were part of a ground-breaking project – Understanding Wage Issues in the Tea Industry – to research ‘wage ladders’ for Malawi, Indonesia and India with the objective of establishing a living wage. This set the foundations for the ‘Malawi 2020 Tea Revitalisation Programme’ which has engaged the Malawian Government, tea sector, unions, certification organisations, buyers and retailers in developing a roadmap for achieving a living wage over the next five years. This in turn is serving as a model for other countries.

In Peru, coffee harvesting in Nicaragua is highly seasonal and labour intensive. For 12 weeks a year, large numbers of people come to coffee farms to work and live, creating a need for more housing, food and healthcare, causing challenges and below-standard conditions. We’ve been working with two key suppliers on a significant programme of investment in temporary workers’ housing and sanitation facilities. We’re also introducing smoke-free stoves, which reduces the amount of wood-fuel required and improves health.

In Kenya we’ve instigated a programme of tea quality calibration with a number of factories. This has included the development of a shared language around standards and work with factories to create bespoke tea specifications designed to maximise quality while reducing suppliers’ costs. This provides us with the quality we need for our blends, while suppliers are rewarded with our quality price premiums and can improve their access to other quality-seeking markets.

With World Coffee Research, in the face of global warming, we’re supporting scientists to develop new varieties of quality coffee and in turn protect farmers’ livelihoods for the long term.
Resilient Communities

We’re committed to ensuring the communities in which our suppliers, smallholders and workers are based are resilient and sustainable for the future. Together with our key suppliers, we work to understand the challenges their communities face and support projects and initiatives to address them. These vary in scale and reach, from small time-bound partnerships with suppliers, to significant industry collaborations over many years. For example:

In Kenya, we’ve installed 53 rainwater harvesting tanks at schools, medical centres and children’s homes in tea growing communities. The direct beneficiaries include 16,800 school children and a further 10,200 community members.

In Kenya, secondary school isn’t universally free and only about 60% of children aged 13 and above continue their education. With our largest tea supplier, the Kenya Tea Development Agency, we’ve co-funded secondary school bursaries supporting a total of 58 children from tea workers’ families through 3 years of education.

Working with our Uganda coffee supplier, we’ve installed a water pipeline bringing clean water to a school and 700 coffee farmers’ homes. This both improves health and means that time previously spent fetching water can now be used more productively.

We’re working with the Ethical Tea Partnership in Assam to prototype Community Development Forums, a model for developing cohesive plantation communities. Representatives from management, workers, residents and community work together to develop a shared understanding and ownership of challenges and create a joined up plan to prioritise and resolve these issues. Housing, sanitation and education are high on the list of issues being addressed.

Our Supplier Grant Scheme gives all our suppliers the opportunity to apply for a grant to improve social and environmental standards within their business or community. In 2017 we distributed over £200,000 to more than 20 projects.