Sustainability Impact Report
2018/2019

Celebrating Prajāva through our unique Creating Shared Value model
A message from our CEO

Dear Friend of English Tea Shop,

What an incredible year it has been! As a business we’ve made some incredible strides forward and I wanted to take the opportunity to thank each and every one of you for your continued support of our mission.

It’s been a year where the issue of sustainability has continued to increase in prominence, becoming ever closer to the hearts and minds of businesses and consumers alike. Given our business model is built around sustainability and creating shared value, this puts us in an incredibly strong position.

Globally, it has without doubt been a tumultuous year with new pressures emerging globally that we must, as a collective, be prepared to tackle head on.

This is all the more reason why our guiding philosophy of Prajāva, the Sri Lankan word for “community”, has become ever more important. While in some areas, people are becoming more divided, our approach is, and always has been, to bring people together. To celebrate the sharing of knowledge and culture. To work together to make the world a better place.

The road ahead, as ever, poses both challenges and opportunities but thanks to our unique approach to sustainability, we’re in a fantastic position to continue leading the charge towards a better future for us all.

Thank you for taking the time to read this report and for your continued support of our mission.

Yours truly,

Suranga Herath
Highlights from the last year

1. Hosting our first-ever Organic forum in Sri Lanka attended by over 125 partners, customers and other businesses.

2. Launching our re-brand which brings to life our approach to sustainability across the whole range.

3. Achieving 80% of items we use compostable or multi-use and recyclable, and setting a target of being free from single-use plastics by 2022.

4. Investing US$186,000 in organic programmes.

5. Investing US$86k as Fairtrade premiums to small farmers and US$13.2k as licence fees. We also sponsored 44 farmers to obtain Fairtrade certification by spending over €2.500 in farms in Morawaka. During the year, the total number of Fairtrade farmers we work with grew from 730 to 842.

6. Making our first brand video explaining our approach to sustainability.

7. Sourcing a 26.5% bigger harvest from 28% more land and 29% more farmers compared to the previous year.

8. Growing our business at over 50% CAGR per annum since 2011 through a steadfast devotion to Creating Shared Value. Growth for 2019/20 is expected to be over 20%.

Not to mention…
Our philosophy and approach to business

Our unique and innovative Creating Shared Value model focuses on achieving economic, social and environmental sustainability outcomes by empowering our supplier communities and our own team of 400+ business people.

Creating Shared Value – our powerful business model

English Tea Shop was founded on the principles of Creating Shared Value (CSV), a concept pioneered by Harvard Professor Michael Porter. CSV is about achieving competitive advantage through a steadfast dedication to sustainable development, and creating value both for the business, and for the world at large.

CSV is about win-win situations. Putting the principles of CSV at the heart of all we do means we share value throughout our supply chain from seed to cup. This creates a robust link between our farmers, our employees, and those who ultimately enjoy our tea.

Using the principles of CSV, we aspire to continually improve society and the environment in a way that results in a competitive advantage for English Tea Shop.

Prajāva – our philosophy

Prajāva is the Sri Lankan word for “community”. For us, the idea of community has never been more important to a business than it is now. Our philosophy is that the more a business looks after its community, the more its community looks after a business. So by considering the interests of customers, employees, suppliers etc., stronger and more fruitful relationships are formed.
The power of organic

Since 2017, all of our teas have been 100% organic. Our dedication to source only the finest organic teas was born of an intrinsic understanding that organic farming is not only better for the environment, but better for the farmers as well. This is because organic tea commands a premium price, thus by supporting tea producers to become organic, we are helping them to add value to their business. Not to mention the fact that consumer demand for organic tea has continued to rise rapidly.

All leading to truly exceptional tea

Our passion for tea knows no limits and is at the heart of everything we do. The time and energy we invest in organic farming communities is repaid a thousand times over by the exceptional quality of the ingredients we source as a result. Our range of over 300 teas and tisanes is 100% organic and has Non-GMO, Fairtrade, Vegan, Kosher, Halal certifications. All of our lovely products are blended and packed in our own BRC AA grade, ISO 22000 certified factory.
Measuring sustainable outcomes

28% increase in land from which we source our organic ingredients

29% increase in farmers who we source from, including 50 female agri-preneurs, with a target of inspiring a further 60 next year

26.5% increase in harvest

26% income growth from organic farming

10 farmers converted from monocrop to organic multi-crop

80% of farmers are engaged in additional sustainability criteria based on an index relating to greenhouse gas, biodiversity, water measures, energy efficiency, soil management and socio-economic factors

Working towards the creation of a system which tracks the health progress of farmers in a bid to enhance their health

Our quality improvement programme has seen investment and knowledge-sharing sessions that have helped our farmers to significantly improve the quality and yield of their crops

43% higher price for organic when compared with conventional produce
Meet our farmers

Bio Foods - Central Hills, Sri Lanka
The farmer associations founded by Bio Foods: namely, the Marginalized Organic Producers Associations (MOPA) and the Small Organic Farmers Association (SOFA), boasts to be the largest organic farming communities for tea in Sri Lanka, with around 700 small farmers.

Maarji - Matale, Sri Lanka
Based out in the scenic mountainous Matale district, consist of around 35 mid-sized organic farms who supply us a myriad of herbs and spices including lemongrass, cinnamon, ginger, moringa, cardamom, cloves and turmeric.

Pasanka - Beliatta, Sri Lanka
Pasanka organic farm is a collective of over 50 small organic farmers in the Southern Coastal city of Beliatta. They focus on a range of organic spices, coconut and fruits.

Ahinsa - Morawaka, Sri Lanka
Ahinsa is a collective of over 200 certified small organic farmers bordering the beautiful Sinharaja rainforest of Sri Lanka closer to the coastal south of the country, who produce black and green tea and a number of spices and herbs for our blends.

Globally
We work with small organic farming associations in more than 20 countries, to source our rooibos, acai berries, strawberries, peppermint, chamomile and many more.

“Working with English Tea Shop has been a great experience. Not only do they pay us a premium price, they also guarantee order levels helping my community to flourish. Not only that, they constantly visit our farm and advise us on various organic farming techniques.”
Saman Kumara, Pasanka, Organic Farm
Our three commitments to local farming communities

Commitment one: Win-win partnerships

Our mission is to make organic farming an attractive and profitable business. We do this by:

- Guaranteeing that our minimum prices are well over Fairtrade minimum prices and market prices, at all times
- Long term supply contracts for volume and prices
- Avoidance of child labour or exploitation
- Traceability and authenticity
- Adherence to ethical standards
- Farmer livelihood improvement surveys
- Cash flow / Financing assistance
- Knowledge sharing & training
- Research & development support
- Connecting small organic communities together
- Training and educating farmers
- Working to understand farmer needs and challenges
- Introducing new organic crops
- Helping them trade direct with specialty markets
- Ongoing research & development

Commitment two: Knowledge sharing

We commit to giving at least 1% of management team’s time to support small organic farming communities. In the last year, our management team gave 5,000 hours towards supporting these communities by:

- Covering organic and Fairtrade certification costs for farming communities.
- Farmer mechanisation such as composting facilities, blending floors, machinery and equipment
- Reduction of pre and post harvest losses
- Planting materials
- Introducing new organic crops
- Helping them trade direct with specialty markets
- Ongoing research & development
- Social empowerment via community centres and developing schools.

Commitment three: Financial investment

We invest 1% of all brand sales globally to develop economic, social and environmental conditions within farming communities. In the last year, we invested US$186,000 and this contributed to:

- Covering organic and Fairtrade certification costs for farming communities.
- Farmer mechanisation such as composting facilities, blending floors, machinery and equipment
- Reduction of pre and post harvest losses
- Planting materials
- Support for growth of organic farming
- Environmental wellbeing projects such as bee-keeping, inter-cropping, soil and water management
- Social empowerment via community centres and developing schools.
How we work with our farmers

Distribution of time and investments to external clusters

Time spent on developing local farming clusters

(Total hours in 2018: 4,995 hours or 2.25% of management time)

- 7% Knowledge sharing through tea academy
- 9% Educating the public
- 15% Internal agri-cluster development trainings
- 18% Farm level training
- 51% Training University students

Our investments

(Total investment in 2018: US$186k)

- 26% Reconceiving products & markets
- 17% Cash flow support to farms
- 44% Projects at farms
- 9% Knowledge sharing
- 4% Social empowerment

“This is a very special thank you, coming from the deepest corner of my heart, to appreciate your kindness, generosity over and above the solidarity expressed, enabling us to stand up when it was needed the most.”

Professor Piyasena Abeygunawardena, Ahinsa Teas
Our certifications

**Soil Association Certification** offers a huge range of organic and sustainable certification schemes across food, farming, catering, health and beauty, textiles and forestry which are recognised and trusted by consumers and businesses around the world. It also is the UK’s largest organic certification body, responsible for certifying over 70% of the growing organic market with over 3,500 farms and organic businesses all over the world. Having the Soil Association organic symbol sends a clear message to an ever growing number of consumers that the products are environmentally and socially responsible.

USDA organic certification assures that the food or other agricultural product has been produced through specific requirements verified by a USDA-accredited certifying agent. Overall, organic operations must demonstrate that they are protecting natural resources, conserving biodiversity, and using only approved substances.

**Fairtrade** sets social, economic and environmental standards for both companies and the farmers and workers. For farmers and workers the standards include protection of workers’ rights and the environment, for companies they include the payment of the Fairtrade Minimum Price and an additional Fairtrade Premium to invest in business or community projects of the community’s choice. It also enables consumers to play a part in uplifting farmers’ lives. In fact the Fairtrade certification paves a way for shoppers to directly participate in reducing poverty around the world.

VegeCert and the Toronto Vegetarian Association work together to formulate its high standards. They ensure that all products are 100% free from all animal products and by-products including dairy and eggs. Going vegan is not just a health booster but also paves the path to reduce the environmental impact on our planet.

**BRC** is the British Retail Consortium, established to harmonize food safety standards across the supply chain. Being the most popular standard under the Global Food Safety Initiative (GFSI) makes sure that the rules prescribe quality, safety, and operational guidelines to ensure that manufacturers fulfill their legal obligations and provide protection for the end consumer.

ISO 14001 is intended for use by an organization seeking to minimize the environmental footprint. It certifies that all environmental issues fulfill compliance obligations and risks and opportunities relevant to its operations, such as air pollution, problems of water and sewage, waste management, energy consumption, soil contamination, climate change mitigation and adaptation.

**Japanese agricultural standard (JAS)** strives to ensure that organic foods are produced by processing methods utilizing physical and biological functions, avoiding the use of chemical, synthesized additives, and chemical agents in the manufacturing and processing process.

**The Non-GMO Project** is a nonprofit organization committed to preserving and building sources of non-GMO products, educating consumers, and providing verified non-GMO choices. The Non-GMO Project’s Standard requires that all verified products have systems in place for testing, traceability, segregation, formulation, labeling and quality assurance.

The word kosher means proper or acceptable. From the coveted Oreo to the delicious and refreshing Coca-Cola are kosher certified. Kosher certification can support changes and trends in the food and beverage industry, each ingredient, food additive and processing aid used in its production identify the absence of meat, fish and dairy products. The certification ensures that the product is a vegan-friendly product.

The Halal certification guarantees that the product and services aimed at the Islamic population meet particular requirements of Islamic law. The use of Halal logo on products guarantee that the products are manufactured or processed according to Codex Alimentarius Commission.

ISO 22000 standards aim to eliminate the risk of Biological, Chemical & Physical hazards throughout the entire food supply-chain process and outlines the relevant procedures required to meet international food safety standards. They certify that products and services are safe, reliable, are of good quality while facilitating free and fair global trade.
In 2017/2018 we directly helped 1,352 organic farming families, improving the lives of over 3,000 farming families in Sri Lanka and worldwide.

CSV in action
Our people - The big game

The big game is our unique approach to turning ourselves into a “business of business people”.

The core principle is that when we empower our people, they understand the business better and start connecting the dots between input to output. This not only makes work more enjoyable, it results in a sustainable growth in productivity.

Our leadership style empowers people to take and own decisions while looking to their leaders only when supervision/involvement is needed. Our vision and strategy are crowd-sourced as everyone engages in setting and shaping things all the way from vision to strategy to objectives to measurements and monitoring, including the setting up of rewards schemes.

The HR approach is built on the principles of transparency, trust and meritocracy leading to flexibility, creativity, and effective talent management.

The big game consists of a wide range of programmes including:

- Employees are paid a share of the profits every quarter based on three key business metrics that have been jointly decided. There is no upper limit to the profit sharing.

- Employees are encouraged to participate in activities such as open book management.

- We hold general training for everyone in the organisation. This includes using a case study methodology and knowledge-sharing.

- We have developed a series of financial statement-related games to explore every element of the business process. This includes budgeting games, and KPI setting to encourage crowd-sourced objectives and incentives.

- We teach employees how to read financial statements and to analyse them effectively.
Big game...big impact

Since the big game was launched, we have seen a rapid rise in our productivity level, the highest being a 31% improvement in value added per employee in 2017/18. We have made significant changes to the leadership style and HR processes to support this approach.
Not to mention
We’re also involved in:

Setting up the English Tea Shop tea academy which has a range of programmes that seek to inspire individuals who have a passion for tea, and a specific emphasis on second generation organic farmers.

Global Radio’s Make Some Noise Campaign which sees a proportion of our sales going to support community projects around the UK.

A continuing relationship with Soil Association, which includes donating for the Food For Life programme, the Biotrust programme, and sponsoring and being a judge at the BOOM awards.
How CSV powers our business

For us, sustainability isn’t just about the impact we have on the world around us. It’s about ways of us growing our business while we do so. This is what makes our model truly sustainable.

In fact, by putting CSV at the core of our business, there’s no way we’d have grown as quickly as we have. In our view, the more we grow, the bigger the positive impact we can have on the world.

By doing so, we hope to inspire others that CSV is the future of business.

English Tea Shop’s success story in numbers:

- **55%**  
  Compound annual growth rate since 2010.

- **20%**  
  YOY sales growth in 2018.

- **50**  
  Countries our range of teas and teas are sold in.

- **1.5 bn**  
  Organic tea bags served to the world.

- **86**  
  Revamped & improved blends in 72 revamped SKUs in 2018.

- **110**  
  Number of certified organic ingredients in 85 number of certified organic blends.

- **31%**  
  Growth in factory productivity.

- **8%**  
  Reduction in non-renewable energy used.

- **10%**  
  Reduction in carbon footprint.

- **over 10%**  
  Reduction in single use plastics in production (now only 20%).
Looking ahead

As hard as we’re working, we know there is so much still to do (and there always will be!). We’ve identified three key areas where we want to improve most quickly.

**Sustainable packaging**

We’ve worked extremely hard to make our packaging more sustainable and all new lines launched after 1 January 2019 are free from single use plastics. To avoid short-term measures, like adopting corn starch-based PLA pyramid tea bags and other PLA packaging which isn’t compostable, we have developed a sophisticated long-term approach. This takes into account the total lifecycle of materials and systems and evaluates an array of environmental and social factors, alongside packaging integrity, performance, and economics.

Currently, over 80% (in value terms) of items we use are compostable or multi-use and recyclable. Our aim is to increase this by 5% year on year.

**Renewable energy & power**

Alongside our manufacturing facility, we also own a modern office facility in Colombo. This was designed to reduce the energy consumption by means of LED lighting throughout and central air-conditioning. We have also installed a solar power system to meet over 60% of our electricity requirement at our main production facility. We’re committed to minimising waste generated at our facilities and always look for solutions to manage waste responsibly.

Having achieved an 8% reduction in 2018, we’re now looking to reduce non-renewable energy waste 10% year on year.

**Carbon footprint**

To reduce air freighting, we plan very well ahead meaning we can stick to eco-shipping. We also have taken measures to reduce the pile of files and move towards a file free administration process. We also intend to initiate an action plan to produce bio-fertiliser from food waste and compostable waste generated at our facilities.

Our aim is to be become an entirely Carbon Neutral production facility by 2025. We target a YOY 10% reduction in our Carbon Footprint. We’ve achieved just over 10% in 2018.
Recognition of our work

National Business Award for Sustainability – 2017 Winner

“It was abundantly clear to the unanimous judging panel that the team from English Tea Shop had both fully understood why the Grichan Sustainability Award was for them; but importantly they were adopting sustainable well thought out practices within their business that were delivering tangible benefits to company growth, supplier and staff satisfaction and indeed the environments where they globally took their raw material from.”

-Richard Hewitt, Co-founder of The Grichan Partnership

LDC supported by The Telegraph – 50 Most Ambitious Business Leaders 2018

“Suranga was way ahead of the trend toward organic, ethically-sourced products but is now riding that wave. His business is socially-minded but resolutely commercial, helping farmers become better business people, and supporting them through good times and bad – a rare thing in the farming industry. The business is growing at an impressive pace, with customers as far afield as Australia. Suranga is a passionate leader who puts people first and has built and inspirational brand in a crowded industry.”

-Jimmy Morris, LDC

Tea-stimonials

“Love my cup of tea. Thank you for all your hard work”
- Angela Sharpe

“I love their teas. I have tried the chocolate one and the green tea and is the best tea I have ever tried! So amazing and value-wise speaking is all you can ask for: Fairtrade, organic, hand picked.”
- Bianka Martinez

“Very good organic decaffeinated breakfast tea.”
- Judith Lawson

“I give the Cranberry Vanilla Delight a 5 star! Tasteful, refreshing and aromatic”
- Anais Ah Chin

“Oh my goodness! I bought the English Tea Shop calming tea and it is wonderful!”
- Sarah Maclaine

“Their chocolate Super Berry Burst herbal tea is delicious!”
- Karen King
“English Tea Shop buys everything I grow, in fact they’ve approached me about buying my excess vegetables to distribute among their staff. They’ve also given me water pumps and hoses to help sustain growing during the dry season.”

Weerakoon Priyarathna, Maarji herbals
We wanted to extend the warmest and most heartfelt thank you to each and every one of our suppliers, customers and supporters around the world for joining us on our mission.

To find out more, visit and follow us on @ETSteas

www.etsteas.co.uk