



Cafédirect Comes of Age

Ethical Pioneer Celebrates 18 Years of Success

11 August 2009: Cafédirect is celebrating 18 years at the forefront of ethical trading with a raft of initiatives to advance ethical trading benchmarks, empower coffee, tea and cocoa growers in the developing world and guarantee the continued supply of exceptional quality products.

At the heart of Cafédirect's success is its commitment to selling great tasting quality coffees, teas and hot chocolates, paying the best price for the best, handpicked crops from some of the world's most inaccessible terrain. Operating like a global allotment company, it has long-term relationships with around 250,000 smallholder artisans in Latin America, Africa and Asia, buying direct from the cooperatives to which they belong. As part of its Coming of Age celebrations, Cafédirect has embarked on a £3m branding overhaul to place emphasis on the unique relationships it has with its grower partners. New packaging, depicting the growers and the hand tools they use to cultivate their harvests, is currently being rolled out nationally.

Advancing Ethical Benchmarks

Cafédirect is the UK's largest 100% Fairtrade company. However, central to its business model is the belief that Fairtrade certification is merely the starting point for ethical trading, not a final achievement. The establishment of Cafédirect pre-dates the Fairtrade Foundation by one year and the Fairtrade Mark by three. It has been an ethical trailblazer since its inception in 1991 and, in 2001, introduced the Gold Standard, a set of principles that form the basis of Cafédirect's business strategy, enshrining the company's pioneering ethical approach. To mark 18 years of success as an ethical pioneer, a revised Gold Standard will be unveiled in Autumn 2009. The Gold Standard 2009 will cement the foundations of Cafédirect's business model as the company moves into a new stage of growth, raising the ethical bar to which all companies should aspire.

Empowering Growers

As Cafédirect enters this new stage of development, it is pledging to double the number of people's lives on which it positively impacts in the developing world within the next five years, from 1.5m to 3m. Cafédirect invests over 50% of its profits in schemes geared to helping grower partners improve the sustainability of their businesses – in addition to paying the social premiums required to carry the Fairtrade mark. The combined social and price premiums, together with the 50% profits invested, have resulted in a £10.5m contribution over the past five years.

In addition, in a move designed to empower grower partners, the responsibility for this investment is being transferred from Cafédirect PLC to the newly established Cafédirect Producers Limited in September this year. Cafédirect Producers will be run by elected representatives from 39 grower organisations with which Cafédirect has long-term business relationships.

Innovative Solutions

In recent years, the smallholdings from which Cafédirect buys have been increasingly affected by climate change, threatening the future supply of coffee, tea and cocoa. Three years ago, Cafédirect teamed up with German government agency GTZ and grower co-operatives to launch AdapCC, to research how smallholders should best adapt to climate change. In March 2010, the AdapCC project will come to an end and Cafédirect will be running workshops in Kenya, Peru and Mexico, allowing all grower partners to share in the knowledge and findings from the programme. To date, the climate change debate has focused on developed countries reducing their carbon emissions (mitigation).

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However it has been highlighted that adaptation is urgently required* and to date there has been very little action. Cafédirect is leading by example to fill this void in an area of utmost importance to the growers who are central to their business.

Comments

Anne MacCaig, CEO of Cafédirect and winner of the Women in Ethical Business *Ethical Business Award 2009*: 'When Cafédirect was launched in 1991, ethical trading was a niche concept and Cafédirect was sold mainly through community shops. As we celebrate our 18th Anniversary, we are the fifth biggest coffee brand in the UK, sold in all the major supermarkets (Source: AC Nielsen, as of 21.03.09), with an annual turnover of more than £22m.

'Today, Cafédirect has proven that the highest quality products can be ethically traded. In 2008, we won more awards than any other hot drinks company at the Oscars of fine food, the Great Taste Awards. We have driven a mainstream revolution with sales of products carrying the Fairtrade mark increased by 43% in 2008**. It is now the role of Cafédirect to demonstrate how much more can be done to improve the trading future of coffee, tea and cocoa growers in the developing world.

'Cafédirect's continued success depends on it retaining its position as the pioneer of ethical trading and the initiatives we are unveiling over the coming months are designed to do just that.'

Cafédirect's was created in response to the collapse of the International Coffee Agreement, which jeopardised the livelihoods of millions of smallholders worldwide. When the Fairtrade Foundation launched the Fairtrade Mark in the UK in 1994, Cafédirect Medium Roast Coffee became the first to carry the Mark. In 2004 the company floated on the London Stock Exchange, raising £5m from 4,500 investors in what is still Britain's biggest ethical share issue. Founding partners – Oxfam, Traidcraft, Twin Trading and Equal Exchange – remain on the board of the company.

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Notes to editors:

* The 2006 Stern Review on the Economics of Climate Change highlighted the importance of a global focus on adaptation, especially for the developing world, which is highly vulnerable to the changes in climate that are happening and will continue to happen before mitigation measures can take effect. ** Fairtrade Foundation UK press release, June 09

About Cafédirect

Cafédirect produces better tasting coffee, tea and hot chocolate because of the unique way it does business. It pays the best price for premium quality crops which are hand-cultivated by almost 250,000 specialist smallholder farmers around the world. It's a bit like a global allotment company; everyone knows that 'home grown' tastes better and in Cafédirect's case, it's no different. Indeed we have won a raft of Great Taste Awards, the Oscars of fine food, over the years. But that is not the only thing that makes us different. We also have a unique business model ploughing over 50% of profits back into growers' businesses and communities. This, plus the additional price and social premiums we pay, have totalled some £10.5m over the past five years alone. Cafédirect eschews middlemen in favour of direct relationships with the growers where the emphasis is on providing the tools and training for these smallholder businessmen and women to improve and expand their enterprises. This support has positively impacted the lives of over 1.5million people around the world so far and the plan is to double this within the next five years. As we've said, Cafédirect has a unique way of doing business - and we think you can taste it.

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