



**CAFÉ
DIRECT**

**ANNUAL
REVIEW
2019**

OUR MISSION

We champion the work and passion of smallholder growers, delivering great tasting hot drinks to improve livelihoods, whilst pioneering new and better ways of doing business.



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In addition to being 100% Fairtrade and with over 50% of our coffee purchases certified as organic, what is still truly unique about the Cafédirect model is the fact that we reinvest up to 50% of our profits into our growers' communities through Producers Direct, a charity run by farmers for farmers.

**WE
ALWAYS
SEEK
TO GO
ABOVE
AND
BEYOND**

2019 HIGHLIGHTS



Sales

Our sales this year were £14.1M, an increase of 7% on 2018.



Impact

We invested £1M into producer communities through Fairtrade, Organic Premiums and Producers Direct.



Producers Direct

Producers Direct celebrated ten years and has supported over 1.3m smallholder farmers in 14 countries.



Education

In 2019, we gave 14 talks, both in the UK and internationally, to a total audience of over 3165 people.



Organic

Our purchase of organic coffee now represents over half of our total coffee purchases.



Environment

We have been working on improving the environmental and carbon footprint of our packaging.



Co-operatives

We have sourced from three new coffee co-operatives this year, whilst continuing to source from 17 other coffee partners.



New Range

We launched the specialty London Fields Organic Range, small-batch roasted at our London Fields Roastery.



UPDATE FROM OUR CEO

Following a landmark return to profitability in 2018, 2019 was also an incredibly successful year for Cafédirect.

The growth in the business led to very strong impact via significantly increased Fairtrade and Organic premiums, increasing 27% and 51% respectively, along with continued investment in its unique farmer-led charity, Producers Direct.

2019 was also very important as we paused to celebrate 25 years of Fairtrade and the impact across the globe. As one of the three founder brands, and the only remaining 100% committed Fairtrade brand, Cafédirect was centre stage for this important event.

Increased focus on our best-selling specialty coffee, Cafédirect Machu Picchu, including the successful launch of a decaffeinated version, led to sales growth over 30%.

We joined forces with Producers Direct to visit Peru and participated in a conference with 10 co-operatives from across Peru. We explored different approaches to delivering greater impact, showcasing the Centre of Excellence at Pangoa de St Martin.

The centre is an excellent example of farm diversification including vegetable gardening, fish farming and other aspects contributing to a very successful enterprise. This approach encompasses women in the leadership of the farm and ensures a thriving, business to attract and retain younger farmers.

The company's capabilities were increased considerably in 2019. During the year, key appointments were made to accelerate the company's growth. In addition, the project

to implement SAP enterprise software was successfully delivered. This will have a major impact in 2020 and beyond, saving time and resource and providing greater insight for decision making. Also a complete review of Cafédirect's operations will enable improvements in ways of working and cost savings.

In an uncertain and rapidly changing world, ethical businesses such as Cafédirect, have a lead role to play in balancing society and safeguarding the planet. In 2020, Cafédirect can be proud of its unique and enduring business model and be confident of its continued success.

John Steel, CEO

A handwritten signature in black ink, appearing to read 'John Steel', written in a cursive style.



COMMERCIAL UPDATE

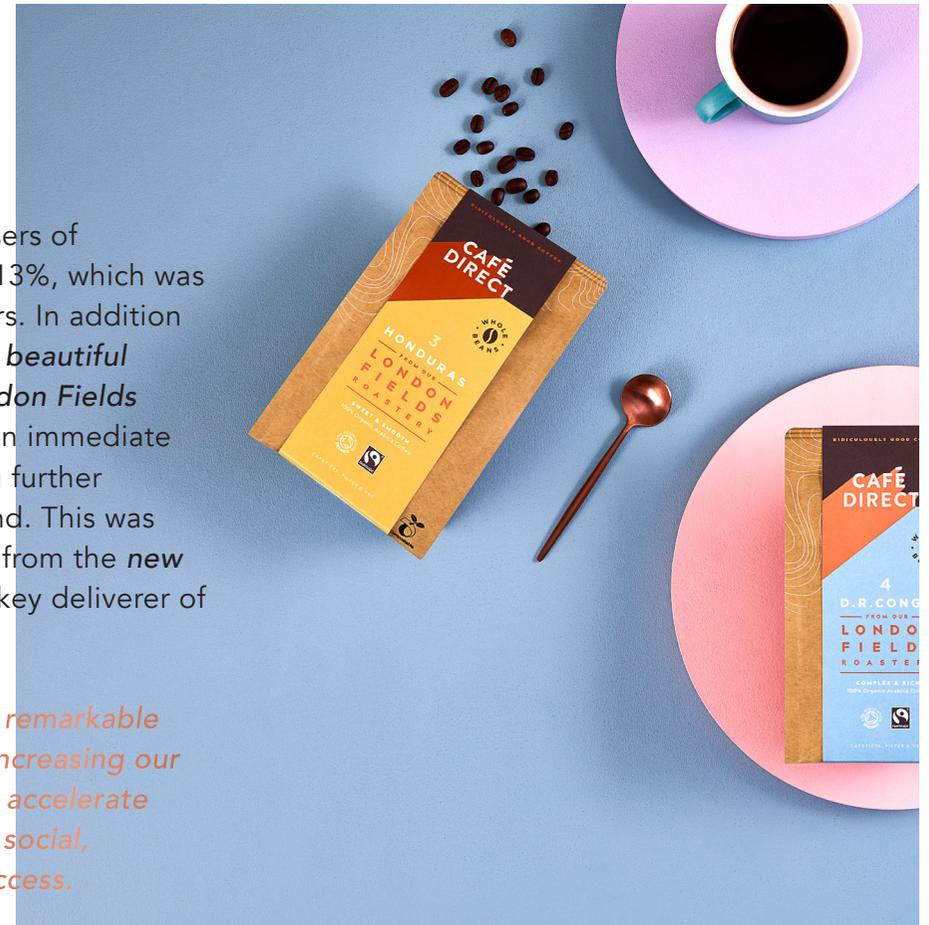
The company's turnover for the year ending on 31 December 2019 was **£14.1m**, which was a **7% increase** compared with 2018, whilst maintaining profitability of **£156k** (2018: £218k).

Cafédirect achieved strong growth in the Grocery Retail sector, **increasing sales by 20%** versus the prior year, and with improved focus on Cafédirect's most popular coffee, *Machu Picchu*, delivering **revenues 30% higher** than 2018.

Foodservice reduced a double digit decline, with growth in the second half resulting in a -3% position at year end. The **new UK Foodservice model** and team are starting to make a real difference with **new accounts and improved sales for existing customers**.

In 2019, the number of purchasers of Cafédirect products increased 13%, which was a step change in new consumers. In addition Cafédirect launched a range of *beautiful high-end coffees from our London Fields Roastery*, which proved to be an immediate and impressive success, adding further premium to the Cafédirect brand. This was the first range of new products from the **new innovation pipeline**, which is a key deliverer of growth in the next 5 years.

In summary: 2019 was another remarkable year, high growth, profitable, increasing our impact and making changes to accelerate our ability to ensure maximum social, environmental and financial success.



2019 THE YEAR IN REVIEW



MEASURABLE IMPACT

WE DELIVER IMPACT IN THREE MEASURABLE WAYS

1

We invest up to 50% of our profits into Producers Direct, a charity run by farmers for farmers.

**PRODUCERS
DIRECT** BY FARMERS
FOR FARMERS

2

By purchasing 100% of our products as Fairtrade and paying an additional Fairtrade Premium.

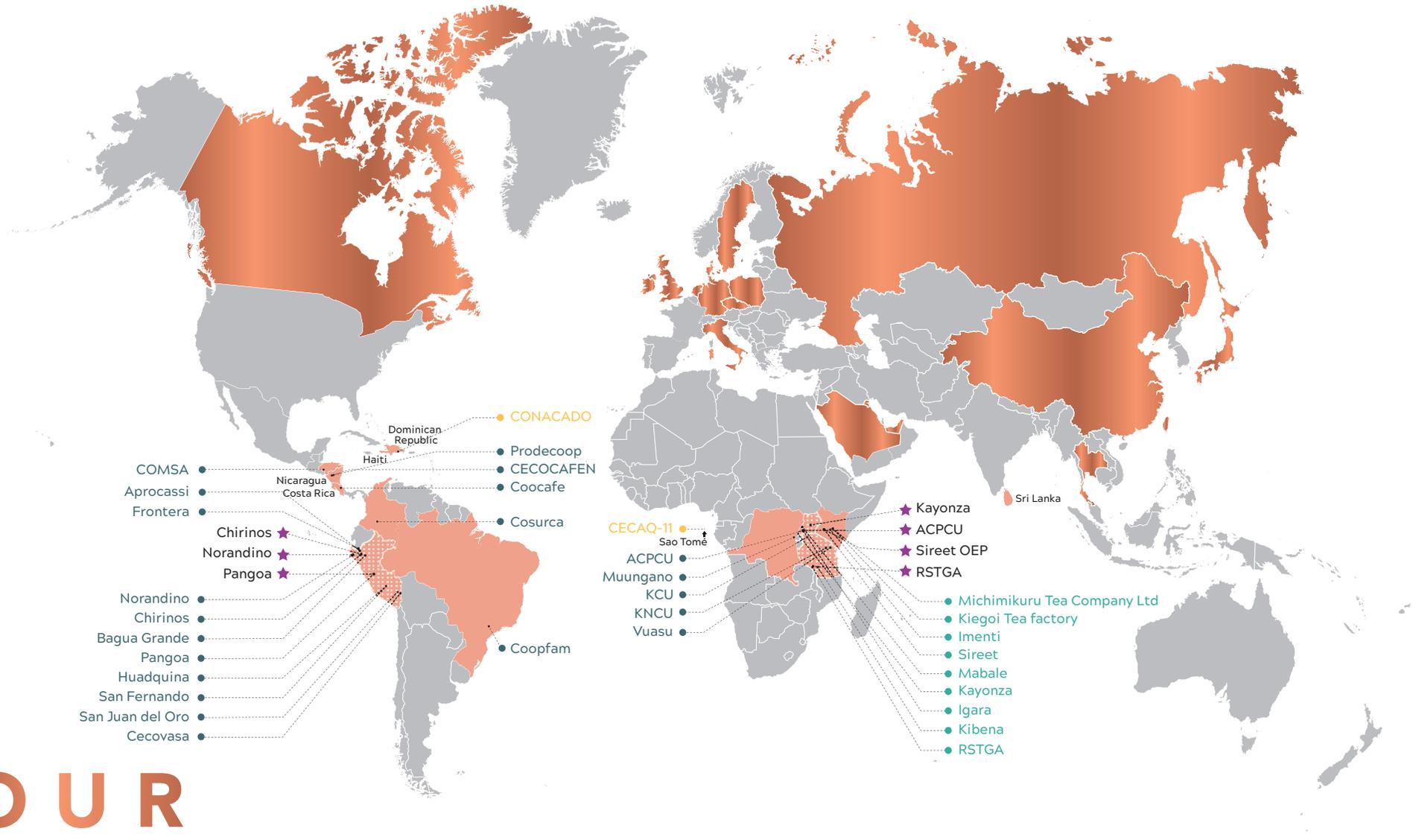


3

By purchasing over 50% of our coffee as organic and paying the additional Organic Premium.



Cafédirect was set up as a mission-led business to deliver impact for smallholder farmers worldwide. We were one of the first companies to source 100% Fairtrade certified products in 1994. Our direct trade model enables us to better support co-operatives, because we have developed longstanding relationships that have stood the test of time. We work alongside our growers in 13 countries across 31 co-operatives, sourcing 100% Fairtrade coffee, tea and cocoa. Over half of our coffee purchases are certified organic. We also partner with Producers Direct, a charity run by growers for growers, to deliver tangible impact to over 1 million growers and their families.



OUR GLOBAL IMPACT



Direct trading countries



Organic, direct trading countries



Coffee co-operatives



Tea co-operatives



Cocoa co-operatives

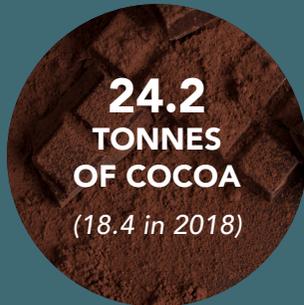


Cafédirect branded products are sold here



Centres of Excellence

THE DIFFERENCE WE MAKE TO GROWERS



Raw material purchases from grower organisations in Latin America, Africa and Asia in 2019.

£18.9M
TOTAL

£2.5M
ORGANIC PREMIUMS

£5.8M
INVESTED IN
PRODUCERS' SUPPORT

£10.6M
FAIRTRADE PREMIUMS

The financial difference we've made to growing communities from 2004 to 2019.

£990K
TOTAL

£355K
ORGANIC PREMIUMS

£100K
INVESTED IN
PRODUCERS' SUPPORT

£535K
FAIRTRADE PREMIUMS

Financial support for growing communities in 2019.

PRODUCERS DIRECT

BY FARMERS
FOR FARMERS

What is Producers Direct?

Producers Direct is an award-winning organisation led by farmers, for farmers. Their unique farmer-led model blends in person services with cutting edge digital tools. Enabling smallholder farmers to enhance their participation in, and ownership of, key crop value chains. By working from the bottom-up and harnessing the strength and knowledge of its 1M + network of smallholders, Producers Direct delivers services by farmers, for farmers through a global network of Centres of Excellence (COEs). Each COE serves as a 'one stop shop', providing a complete bundle of support – including training, funding, market access and data – in a blend of in-person and digital services.



MARKETS

Increasing market access and empowering smallholder farmers as leaders in food production systems



TRAINING

Agricultural training is delivered by farmers, for farmers on demonstration farms



DATA

Access to data and information enables farmers to make smarter decisions on their farms



FINANCE

Access to financing empowers farmers to adopt lessons learnt during training on their own farms



PRODUCERS DIRECT UPDATE 2019

In 2019, Producers Direct celebrated its 10th Anniversary. Since being set-up in 2009 as an organisation led by farmers, for farmers, Producers Direct has worked to support over 1.3 million smallholder farmers and their families. This has been an exciting journey and we look forward to what the future brings. Over the next 10 years, we will prioritise supporting farmers to develop more resilient business models; helping them adapt to rapidly changing climates, increase their on-farm income and build a farmer-led approach to sustainable food production.

Joint Strategy Meeting in Peru

Producers Direct and Cafédirect's annual meeting was held in April 2019 in the central jungle of Peru. The meeting was hosted by CAC Pangoa co-operative, where Producers Direct's Centre of Excellence in Microenterprise Development is located. General Managers, Presidents and other representatives from Producers Direct's partner co-operatives (Aprocassi, Norandino, Bagua Grande, Chirinos, Huadquiña, Pangoa and Cecovasa) participated in talks and workshops over four days of the event.

This was an excellent space for co-operatives to interact with representatives from international organisations such as Rikolto, Shared Interest, Bewleys, Falcon, and Social Enterprise UK among others and to develop a joint strategy to build on shared themes: involvement of women and youth in agricultural activities; coffee and cocoa quality; coffee price volatility; and climate change adaptation strategies.

Advances in Technology

In 2019, Producers Direct was funded by the World Bank to deliver a project integrating past, current and future sensor, satellite, and farm-level data to produce comprehensive datasets and farmer-friendly visualisations for smallholders.

In this project, Producers Direct worked with leading agricultural researchers from CIAT, tech start-up Climate Edge, and 4 producer organisations in East Africa. By using their farmer-led design methodology to co-develop tools with farmers, Producers Direct has been able to support farmers to access complex data sets. This methodology has also provided *opportunities for farmers to engage with data in meaningful ways and transition from being passive recipients of data to active designers of the very data systems intended to benefit them and empower them to strengthen resilience and make climate-smart decisions at the farm-level.*



In addition to this, Producers Direct has been working with Climate Edge and Cranfield University to integrate simple soil testing measures that can help smallholders to better and more effectively use fertilisers on their farm.

In 2019, Producers Direct was also announced as a global finalist with its pioneering solution to develop an Agricultural Risk Financing Tool for the World Bank's Global Facility for Disaster Reduction and Recovery (GFDRR).



Youth network in East Africa

Increasing market access and empowering smallholder farmers as leaders in food production systems is critical to safeguarding the future of food, improving household incomes and protecting the planet. In 2019, Producers Direct started selling food products into rural and urban markets in East Africa. 500 Youth Leaders led in the product aggregation, transport logistics and selling of over \$50,000 worth of products to date in local markets (banana, pineapple, eggs, leafy greens etc).



NIWAHEREZA ABIAS

Niwahereza Abias is a youth sales agent from the Youth Innovation Hub, Kayonza Growers Tea Factory Centre of Excellence. He initially worked as a youth agent in data collection, working with the promoter farmers to collect information in support of our farmer-led data system. Now he is acting as a sales agent earning a commission on the weekly sales of produce collected from farmers across the region.

"This has helped me in so many ways as I have been able to increase my income; with this commission I was able to start my own piggery farm that is growing into a bigger project."

Niwahereza has also been able to gain experience in identifying market opportunities and learning how to negotiate prices to the satisfaction of all parties. Furthermore, his experience working directly with farmers has allowed him to acquire new farming skills and techniques from experienced farmers that have helped him improve his farming practices.

"My work as a youth agent has inspired me to invest in farming as a business and I've also created a strong network with farmers and different organizations that I supply the produce to, hence trust, recognition, convenience, and transparency is ensured."

PRODUCERS DIRECT KEY STATS

Our work continues to generate deeper and more sustainable impact for more farmers across our network.



Our work has improved livelihoods for 1.3 million Farmers and their families since 2009



50% Increase in incomes for farmers



90% of farmers have increased crop quality and yield

Looking Forward To 2020

In 2020, Producers Direct will be working with 3 Centres of Excellence in East Africa to launch a co-owned honey product into local markets. A cohort of farmers will be offered training and support to develop high quality honey on their farms. This honey will then be collected, packaged and transported to market by young people in each region. This is all being supported by FarmDirect, a digital platform that enables farmers to keep a record of their activities and track their progress through the Centre of Excellence.

Keep up to date, follow us on social media



www.producersdirect.org

**PRODUCERS
DIRECT** BY FARMERS
FOR FARMERS



PERU ORIGIN TRIP

Cafédirect's Senior Marketing Manager, Malek Mokrani visited Peru in April 2019 to attend the Producers Direct's Annual Meeting. Here he recalls the visit:

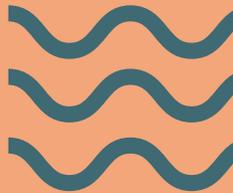
We arrived into Lima late on Friday night and were up early the following morning to start our journey to Pangoa, a 15 hour bus ride east of Lima. My plan was to sleep on the bus but I was more interested in the changing landscapes out of the window as we continued our ascent to Ticlio Pass, the highest road in Peru, 15,807ft above sea level, located in the Cordillera Central of the Peruvian Andes. The road we were on is considered one of the world's deadliest, which I mistakenly discovered on my phone whilst we were on it! On occasion the

journey was pretty intense, a bridge we were planning on going through had collapsed so we had to drive through the running water from a broken riverbank, with a sheer drop on the other side – luckily the minibus was stronger than the current!

Despite our late arrival into Pangoa, we received a very warm welcome and the following day we had lunch on one of the coffee producer's farms. Later on we were treated to a welcome dinner and cultural dancing. The Annual Meeting was really interesting to be a part of, covering a variety topics and showcases from the 3 Peruvian Centres of Excellence including best practices on improving coffee quality, climate change adaptation, youth and women's leadership. A genuine example of women's leadership during my time in Peru was someone I occasionally found myself sat next to during the two day meeting, Esperanza. **Esperanza Dionisio Castillo is the General Manager at CAC Pangoa, a truly inspirational woman at a**

level which is a rarity for women in the coffee industry. We would talk through the interpreter and she would share her thoughts on practical things such as farming processes and more abstract things around how to get the best from a team. I enjoyed our chats (through the interpreter!). I was also lucky to spend more time and catch up with her when she visited the UK and we went for a celebratory lunch at the Royal Albert Hall during our 25th Anniversary celebration of Fairtrade.

"I realised what I do in my job in East London has a far-reaching impact"



On our final day we visited one of the Centres of Excellence to help install a Climate Edge weather station, we also had a tour of the site. This helped put into perspective all the work and considerations the coffee farms have to take in order to produce their coffee. It also helped me realise how what I do in my job in East London has a far-reaching impact. Both the journey and the destination were eye-opening, insightful and exhilarating for me and are something which will stay with me for a long time to come.



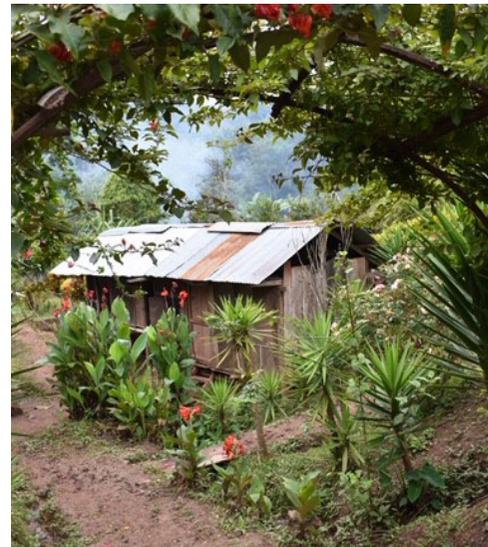
A WORD FROM

Fiona Young

Social Enterprise UK

Director of Marketing and
Member Engagement

It was amazing to see the way that Cafédirect, through the funding of their stand alone charity Producers Direct, support farmers through a number of farmer led initiatives. These address issues raised by the farmers such as climate change, gender equality and youth engagement. Producers Direct co-create training programmes delivered by farmers through Centres of Excellence to teach the farmers about diversification and micro-enterprise, as well as crop management, fertilisation, pest control (including organic), quality control and also literacy and farm management courses.



The co-ops offer micro loans to enable farmers to diversify or go on training courses. There are a number of programmes to support female farmers to manage and own their own farms as well as creating opportunities for young people so they don't have to leave their home to find work and development opportunities in the cities.

"this is not about charity, it is about paying the farmers a fair price for their coffee"

The key messages I got from the farmers last week was around quality and community, both equally important to them.

The key message from Cafédirect was that this is not about charity, it is about paying the farmers a fair price for their coffee, and about empowering farmers to develop their livelihood and in doing so, enabling them to give everyone in their community the opportunity to succeed.

In 2019 the Arabica coffee price benchmark (C-Price) broadly remained range bound between \$1.05 and \$1.25 per lb. Where low prices are paid to producers it causes uncertainty and hardship for smallholder farmers and can be below the true cost of production. However at Cafédirect we aim to work in partnership with the co-operatives we buy from and to always pay a fair price for the coffee we buy.

Cafédirect guarantee to pay the Fairtrade Minimum Price of \$1.40 per lb, by doing so growers are able to manage their crops sustainably, with a focus on long term improvement and to optimise the quality of their produce. By guaranteeing to pay above the cost of production this gives farmers and co-operatives the certainty they need to manage their businesses appropriately and plan for the future.

In addition to paying the Fairtrade Minimum Price, as part of Fairtrade terms we also pay an additional premium of \$0.20 per lb. Fairtrade terms stipulate that a quarter of this must be invested in improving

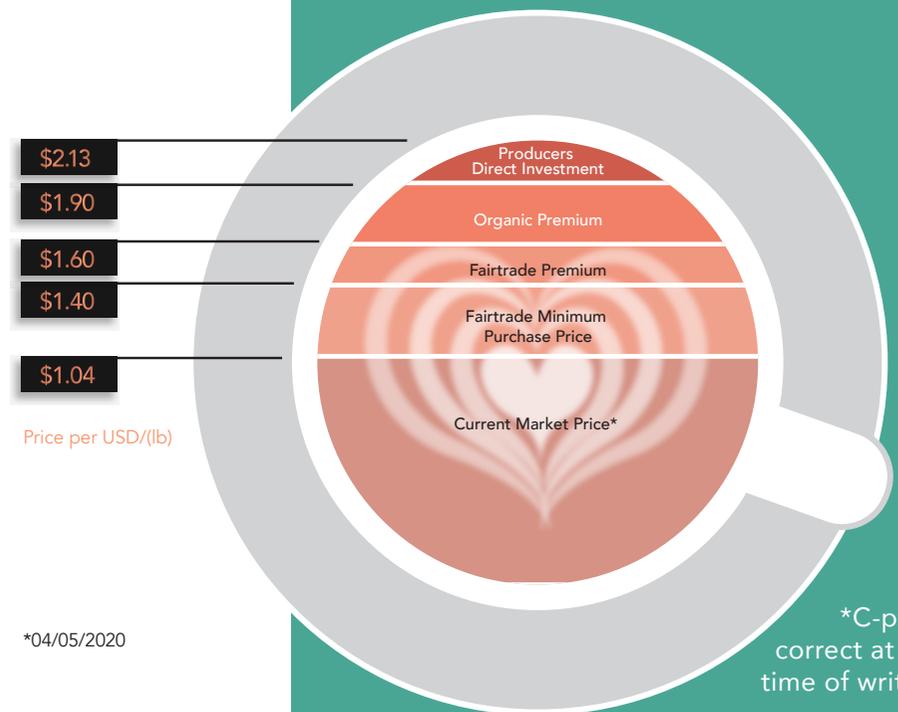
quality and yields. The remainder of the Fairtrade premium can be put towards a local community project of the co-operative members' choosing. For example, they might decide to invest the funds into a coffee wet mill and drying station which can improve the quality of coffee for all co-operatives members.

In addition to Fairtrade we also pay a \$0.30 per lb premium for the organic coffee that we buy. As we now buy over 50% of our coffee as certified organic, this payment alone contributed £355,000 in additional investment in 2019. Part of this money is used by co-operatives to improve sustainable and regenerative agricultural techniques and part is paid to the growers.

Finally, Cafédirect gives an additional investment to support the co-operatives we buy from through our independently governed charity partner, Producers Direct. This contribution is used to deliver significant impact through training, access to finance and markets plus data for decision making. Over the last ten years Producers Direct has worked with over 1M farmers and their communities to improve livelihoods.

A CLOSER LOOK AT COFFEE PRICES

The C-Price has remained low in 2019. Paying the Fairtrade Minimum Price is crucial to enable smallholder coffee farmers to invest properly in their farms and build sustainable futures.





Cafédirect is a pioneer of Fairtrade, being the first coffee company in the UK to certify 100% Fairtrade Roast & Ground coffee. All of Cafédirect's coffee, tea and cocoa is 100% Fairtrade. We chose Fairtrade certification as it supports our direct trade model and mission to support growers against the volatility of the coffee price. Fairtrade certification also provides independent audits at origin and supports producers in improving their environmental impact through access to sustainable agricultural methods and diversification of crops.

Fairtrade is bigger than a certification. It's a movement that connects communities around the world who value fairness. Fairtrade

"Cafédirect's commitment to Fairtrade over the past 25 years has resulted in an incredible £14 million in Fairtrade Premium, meaning farmers in their supply chain have been able to make their own decisions, have more say over their future and further invest in their businesses and their communities. With coffee farmers facing greater insecurity due to consistently low global prices, coupled with increasing losses and challenges due to climate change, Cafédirect's Fairtrade support will be even more vital in the coming 25 years."

Mike Gidney, CEO, Fairtrade Foundation

producers have 50% of the vote at the Fairtrade International General Assembly. The Fairtrade Foundation works to improve the quality of life for growers through its advocacy and research work, organising All Party Parliamentary Groups to discuss trade and international development strategies that supports growers. The Fairtrade Foundation also organises campaigns that are designed to educate and inform consumers through its grassroots networks across communities.

In September 2019, we were invited by The Co-operative to participate in their celebrations of 25 years of Fairtrade. The event was attended by over 600 people and it was great to be present at The Co-operative's Head Office in Manchester, a retailer who has always been a long-time supporter

of Fairtrade. We also celebrated by visiting Haworth in North Yorkshire, which was the first Fairtrade certified town in the UK and is twinned with Machu Picchu, home to our best-selling organic, Fairtrade coffee!

From when we were first Fairtrade certified, we have invested an additional £14 million to co-operatives through Fairtrade Premiums. This has supported smallholder farmers to improve production techniques, invest in their communities and plan for their futures. When Matt McDonald, Cafédirect's coffee buyer visited Huadquiña Co-operative in 2019, he saw first-hand how the Fairtrade premiums were being used to support coffee quality training and innovative fermentation techniques; which all contributes to producing better coffee and selling the coffee at higher prices.



AN INTERVIEW WITH OLIVIA MINTER

What's your job role?

I'm Cafédirect's Retail and International Controller.

What does that involve?

My role is heading up the Retail & International sector. I work with a team of 3 brilliant account managers who work with all of our key grocery, retail and export partners. We work very closely as a unit and I help the team to develop a strategy for winning new listings, develop strong relationships and maximise sales.

You're from Australia... when did you move to the UK?

I moved to the UK in July 2003. My mother is from Derbyshire so I fancied living in the UK to spend time with my British family and starting my post-university career.

What attracted you to work for Cafédirect?

I wanted to work at Cafédirect as I wanted to work for a company that was giving something back but at the same time had a commercial growth agenda. I was really drawn in by the passion of the people that worked at Cafédirect and that definitely hasn't changed over the years.

How long have you worked for Cafédirect?

I've been at Cafédirect since June 2012, joining on the same day as John (CEO of Cafédirect) from the same previous employer, which was a biscuit company.

What did you do beforehand?

My whole career has been in Sales starting during university at a paint shop! Whilst working in the UK, I have moved from soft drinks to biscuits to coffee and I have worked across all sectors, so I like to think that I am a well-rounded sales person!

How do you balance work and life commitments?

Cafédirect are extremely family-friendly, they have supported me through 2 pregnancies and

maternity leave and at no time have I felt that my commitment to my work or my family has been impacted. I get to work from home, which means I can take my children to school and nursery and put them to bed nearly every night, which is extremely important for me. I would not find this work-life balance in any other company, and it means that I work hard for Cafédirect and don't mind the business trips that take me to Asia/US/Ireland.



What's been the most exciting achievement so far in your role?

2019 was probably my best year at Cafédirect. My sector saw significant growth from all areas which was really exciting, but being able to deliver such an incredible impact to our growers is definitely the most motivating aspect of my job!

What are your ambitions for 2020?

2020 is a really exciting year for Cafédirect – we have so many new products launching that are really exciting for us and our customers.





FEMALE FARMERS; THE FIGHT FOR COMMUNITY AND EQUALITY



Since the dawn of time there has been a deeply rooted stereotype of what makes a farmer. Throughout many cultures, from the first farmers in ancient Mesopotamia to the cowboys of 1800s America, farmers were said to represent patriarchy, stoic masculinity and be the providers for the family. This is because the role of the farmer has always been looked at through a male gaze, with prejudice towards their female counterparts. Here at Cafédirect, we believe that it's time to shine a light on the incredible work women do in producing outstanding coffees, and the gender inequality they still face as farmers.

There is a common misconception surrounding female farmers' participation in the coffee

industry, women in fact make up around "43% of the labour force in developing countries" according to the Food and Agriculture Organization of United Nations (FAO). Moreover in coffee fieldwork that number is 70%, where female farmers often diligently handpick and sort the cherries; which is one of the most important jobs as a farmer, as this decides the level of quality and consistency of the final cup.

Although women are heavily represented in fieldwork, they are massively under-represented when it comes to land ownership, accessing training and business opportunities. With little influence in decision making, crop analysis and trading. Women own just 15% of land for farming, of which 25-35% of all coffee farms are run by women and in terms of training, women receive only 5% of the relevant training available.

According to the FAO "Just giving women the same access as men to agricultural resources could increase production on women's farms in developing countries by 20 to 30 percent". A study by Mckinsey & Company states "if every country match the progress toward gender parity of its fast moving neighbour, global GDP could increase by up to £12 trillion in 2025". As these studies have highlighted, if equality for female farmers continues to improve, the impact of empowering women will stretch past economic and farming improvements and into the community with massive sociological developments.

Kofi Annan stated "When women are fully involved, the benefits can be seen immediately, families are healthier, better fed, income and investments go up, and what is true of families is true of communities and eventually whole countries". This statement refers perfectly to

the positive impact of the *Sholi co-operative* in Rwanda, our latest destination from our subscription.

Abateraninkunga ba Sholi Co-operative translates to “Mutual Assistance” and Sholi was borne out of a women’s association called “Kundwa”, which means “love” in Kinyarwanda. Nearly half of Sholi’s 386 members are women, including two of the five board members. Since it was established in 2008, the co-operative has worked closely with its members to improve both their coffee and the wider community.

There is still a long way to go until gender parity is achieved, many coffee producing countries are still underdeveloped and belong to the 40 countries who have extremely high gender inequality, according to The UN’s Human Development report. However, there are many outstanding initiatives and alliances across the world that are enabling women to prosper and achieve incredible results in the coffee industry. One of these is The International Women’s Coffee Alliance set up to “empower women in the international coffee community to achieve meaningful and sustainable lives [...] to encourage and recognize the participation of women in all aspects of the coffee industry”. Many of these initiatives are global networks connecting women in coffee to share, support and learn from one another.

Red de mujeres is another female co-operative that we return to year after year for their outstanding coffee. This female only co-operative is made up of 830 members. They share a collective experience of overcoming hardship following the civil war and subsequent coffee crisis. With the help of ACODIHUE, they trained in organic farming methods and marketing techniques, empowered and united they became a stronger business. All whilst improving community services and protecting the farms, forests and livelihoods of everyone who stayed during adversity and who are now flourishing.



written by: *Sam Harlow*
Roastery Production Assistant, Cafédirect



Jeanne D'Arc Mugorewishyaka
President of Sholi Cooperative

There has never been a more important time to support female farmers especially in an industry that will struggle with the problems posed by climate change and the ageing community of coffee farmers. Training women within the coffee industry and raising awareness for gender equality will increase productivity and could unlock an extra 30 billion cups of coffee per year (ICO). However it is about much more than coffee productivity, it is teaching farmers about diversity, gaining second incomes from small holdings, environmental conservation, leadership skills and sustainable farming practices.

All reasons why Cafédirect will always support females whether they are workers, farmers or producers.

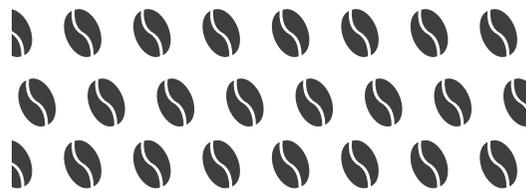
THE ENVIRONMENT AND ORGANIC COFFEE

We are delighted that in 2019 our certified organic coffee purchases have increased from 39% in 2018 to 51%. This means that over half of our entire coffee purchases are certified organic by the Soil Association.

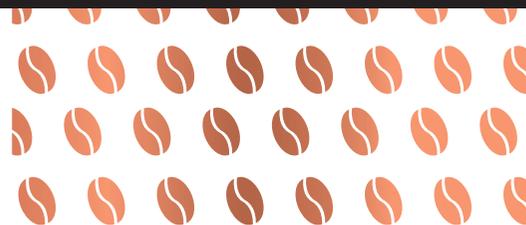


700,815
Kg of Organic
coffee purchased
in 2019

1,381,747
Kg of coffee
purchased in
2019



Over 50% of our coffee purchases are Organic



WHY ORGANIC BENEFITS GROWERS?

Organic coffee typically produces smaller yields, to compensate for this an organic premium is paid. This works out at an additional \$0.30 per lb premium, which is split between the co-operative who provide training and support for organic methods while the remainder is returned back to growers as additional payments.

WHY ORGANIC BENEFITS COFFEE LOVERS?

Our Organic Range has been grown without pesticides and with minimal environmental impact, allowing the coffee cherries to develop naturally at their own pace. The result is evident in the quality of the coffee. All of our coffee scores above 80, making it specialty.

WHY ORGANIC BENEFITS THE ENVIRONMENT?

Healthier soil retains nutrients and water, making them less susceptible to erosion and promoting beneficial organisms in the soil. In addition, organic fertilisers are better for the environment, especially if they are sourced locally. Conversely artificial fertilisers are expensive and create large amounts of CO2 through their manufacturing and transportation.

A man in a white button-down shirt and a woman in a light green polo shirt are standing in front of a window. The man is on the left, and the woman is on the right. The window has black frames and shows green plants outside. The text 'INTERNATIONAL WOMEN'S DAY' is overlaid on the right side of the image in a bold, orange, sans-serif font.

INTERNATIONAL WOMEN'S DAY

The focus of International Women's Day in 2019 was #BalanceforBetter.

This global day celebrates the social, economic, cultural and political achievements of women from around the world. The day also highlights the necessity to keep working towards gender parity.

Buying directly from women-led coffee growing co-operatives, such as Muungano in the DR of Congo, is one of the ways that Cafédirect supports women's equality. Esperanza Dionisio Castillo is the General Manager at Pangoa Co-operative in Peru, which focuses on supporting women to develop additional micro businesses, such as producing honey to sell at local markets. Producers Direct also runs specific projects to support women's empowerment and is working to increase women's representation and financial independence.

Find out more at producers.org



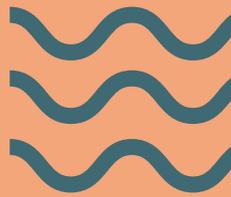
Cafédirect certified as a B Corp in 2018. We were the first certified coffee company in the UK to do so. In 2018, we wanted to learn more about what our fellow B Corps in both Europe and within the UK are focusing on especially in relation to climate change.

Certified B Corps are businesses that balance purpose and profit. As part of the B Corp certification, Cafédirect must consider the impact of their decisions on their workers, customers, suppliers, community, and the environment. This is a community of leaders, driving a global movement of people using businesses as a force for good.

There are almost 300 B Corps in the UK and recent B Corps includes The Body Shop and The Guardian Media Group. The London B Corp “Be Inspired” conference, brought together 600 attendees and this event lived up to its title. The whole day was a mix of emotive rallying cries and examples of impressive case studies, proving that business can be conducted with purpose. It was a call for a systems change and for us all to model those changes.

Whilst many topics were covered, the overriding message from the day was what part are we going to play to mitigate the effects of Climate change?





Impassioned school students set the tone, with poems and scientific explanations on why we need to act now, (think Greta Thunberg) and that we only have 10 years before the climate is irreversibly changed.

"We only have 10 years before it's too late and the climate is irreversibly changed"

In Amsterdam, Ryan Gellert, MD of Patagonia shared the story of how Patagonia's Founder decided to change Patagonia's mission statement to 'We're in business to save our home planet'! Not only is Patagonia leading the way in repairing their own products and using recycled materials, but they also invest profits into grassroots environmental charities across the globe. Patagonia has recently launched an online platform called *Patagonia Action Works* connecting activists and citizens to environmental charities in their own communities.

Fairphone's product team facilitated a fascinating workshop on 'Circular Design' and discussed the challenges of trying to trace the 4000 supply chains involved in producing a single smartphone.



These inspiring talks and case studies are of course wonderful. The opportunity to share learnings and meet the actual people who are involved in championing sustainability within organisations is invaluable. There is still the urgent need for better transparency in how businesses make their commitments more visible and to set shorter timeframes (e.g. 1-3 years, not 5-10 years).

Businesses that are both social enterprises and B Corps (such as Divine Chocolate, Toast Ale and Patagonia) are worth paying attention to! These companies are leading the way in being a force for good.

OUR ETHICAL PARTNERS



Miss Macaroon is an exciting social enterprise that Cafédirect met at the APPG event at the Houses of Parliament. Following this event, we partnered together, using Machu Picchu coffee to create Limited Edition coffee macarons. We invited Miss Macaroon to share their story with us.

Miss Macaroon is a specialist producer of premium gluten-free hand-made macarons. They are the only patisserie in the world to

pantone match macarons exactly to corporate colours. They can also logo print macarons to create beautiful bespoke branded gifts.

Macarons that don't just taste great, they also change people's lives. Miss Macaroon invests 100% of their profits into training young people who need a helping hand to gain skills that will change their lives. They work with ex-offenders, the homeless, care leavers and people with mental health challenges. To date, they have helped 72 young people. Miss Macaroon's aim is to help this many people per year as they continue to grow.

Just by buying a single macaroon you are becoming a social change maker. They are on a mission to bake a brighter future.



"Over the past year we have been lucky enough to be part of some amazing collaborations with Cafédirect. A particular highlight was using four of their gorgeous coffee flavours to create four brand new macarons for an event which we held to raise awareness of social enterprises. These collaborations have been particularly special and enjoyable because of the amazing social impact that Cafédirect as a company have. As a social enterprise company ourselves it was incredible to be able combine our passions for changing lives and making an impact in the world"

Alice Stubbings

Marketing Executive
Miss Macaroon



Financing a fairer food system

Triodos Bank is one of the world's leading sustainable banks, making money work for positive change. Its mission is to help create a society that protects and promotes quality of life and human dignity for all – so it only lends money to organisations that benefit people and the planet.

One such organisation is Cafédirect. We've been working together for many years, dating back to a ground-breaking £5 million crowdfunding initiative in 2004.

Throughout last year, Triodos continued to support the transition towards a fairer food system. It produced a vision paper that called for food to be produced within the boundaries of our planet – all while paying farmers a fair price for their work.

The bank financed enough farmland to produce 31 million organic meals in 2019 and its investment arm helped over 98,000 smallholder farmers get paid directly and fairly upon delivery of their harvest.

Only through financing pioneering organisations, just like Cafédirect, can the bank make this happen.

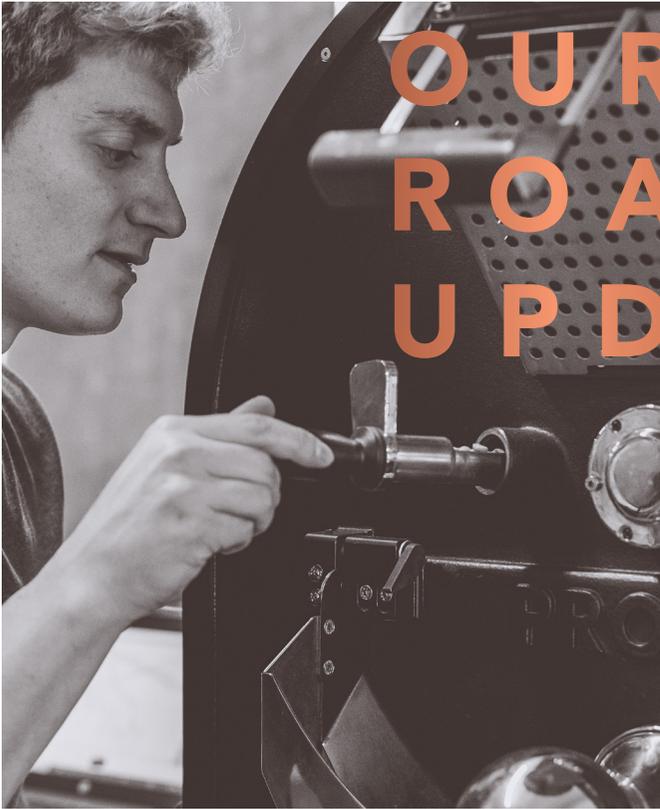
To further support our pioneering work and continue making impact, if you're new to Triodos and open a current account, savings account or cash ISA, the bank will send you a £40 voucher to spend with Cafédirect Handpicked, as a thank you, once your balance reaches £100.

Visit triodos.co.uk/handpicked for product and promotional eligibility, terms and conditions.

"This year, Triodos Bank is celebrating 25 years of operating in the UK and Cafédirect is one of our longest-standing customers. We simply couldn't have the positive impact that we do without the pioneering work of customers like Cafédirect. We're proud to see the company go from strength to strength, helping to forge a better way of doing business."

Simon Crichton

Food, Farming & Trade
Team Manager
Triodos Bank UK



OUR ROASTERY UPDATE

2019 has been an exciting and rewarding year for our roastery team in London Fields. The team and roastery are forever expanding with new members and a brand new industrial grinder and packing line to allow us to keep up with the popular demands for our new London Fields range and subscription service.

We had an increase of 70% of roasted coffee to last year, with a total of 55,830kg roasted in 2019. Throughout the year we continue to expertly source the most amazing coffees, visiting new and inspiring regions as well as

rekindling special relationships with some of our favourite producers. None more so than Chirinos, Peru where we roasted 12,000kg of their incredible coffee for our Organics and London Fields Range. Our team also has 3 Q Graders who, with our production assistants, work tirelessly to taste and develop the coffees so they are tasting the best they can when they get to our customers.

Georgios Kokkalis
Cafédirect's Production Manager & Q Grader



2019 SUBSCRIPTION ORIGINS

January
Honduras

February
Peru

March
Congo

April
East Timor

May
Rwanda

June
Nicaragua

July
Colombia

August
El Salvador

September
Guatemala

October
Brazil

November
Ethiopia

December
Blend

OUR TRAINING ACADEMY



Cafédirect launched its Training Academy in July 2019, where the Foundation Barista course has proven a success with customers. Designed for individuals who are starting their coffee journey. Focusing on all important aspects to give a new barista the skills and confidence to set high standards, and make great consistent coffee in their work environment. It can also be used as a refresher course for individuals who feel they need some guidance on the overall coffee making process.



We cover everything from an introduction to Coffee from Seed to Cup, understanding the equipment and how to get the best out of it, principles of making espresso and milk texturing. Completing the day by covering cleaning and maintenance. All in a positive learning environment away from work stresses and distractions.

In 2019 we have trained over 50 people including internal staff to increase product knowledge and in return customer experience.

"Just wanted to say that the coffee trainings have been very well received so far and I can see a visible difference in the staff. Please pass on my thanks. Everyone had a great time!"

– Unity Works

THE LONDON FIELDS ROASTERY RANGE



The London Fields Roastery range provides a contemporary, modern and accessible entryway into the specialty coffee space. Small-batch roasted in Cafédirect's purpose-built London Fields roastery, the London Fields Roastery range boasts complex, rich tasting notes and can be enjoyed in a V60, filter or cafetière. The specialty beans have been sourced from Honduras, D.R. Congo and Indonesia, where all farmers have a minimal environmental impact and adopt sustainable farming principles.

CAFÉDIRECT HANDPICKED

Whilst the subscription business is a small part of the Cafédirect business, it's an important one, providing us with a direct relationship to the consumer. It's an exciting time for Cafédirect Handpicked, at the same time as expanding the product range and updating the technical platform we are also moving its visual identity to align with the London Fields Roastery look and feel.



CASE STUDY: MUUNGANO CO-OPERATIVE, CONGO

The London Fields range has sourced beans from the Muungano co-operative, situated in Eastern D.R. Congo, which is home to over 4,200 smallholder farmers.

'Muungano' translates to 'togetherness' in Swahili and this co-operative unites farmers from different communities and ethnicities that were once divided by the civil war. The co-operative has made gender equality a priority by running workshops on gender justice and, for the first time, electing two female farmers onto the board.

The co-operative is 1480-2000m above sea level and rooted to rich, fertile volcanic soils. The Kivu region's terrain offers ideal conditions for the bourbon variety of Arabica and the fruits of their hard work and innovation are evident in the sweet, bright, and complex coffees they produce consistently every year.

"I'm really proud with what we have achieved with the London Fields Roastery range. We are continuing to support smallholder farmers through great tasting coffees and appealing to a younger shopper through the modern and contemporary execution of the brand. I'm excited about the further potential opportunities this range has to offer".

Malek Mokrani
Senior Marketing Manager,
Cafédirect



ENVIRONMENTAL UPDATE



GOLD STANDARD 2020-2030

Behind the scenes, we have been working hard to update our commitments outlined in our Gold Standard, which reflects Cafédirect's long-term approach to sustainability. The four pillars: Customers, Growers, Environment and Business all have stretching targets that will enable us to continue to strive towards making changes that are fundamental to both our sustainable and commercial business.

CARBON PROJECT

As part of the Gold Standard, we have started work with a B Corp Environmental Consultancy, Green Element, to start mapping our carbon supply chain, from growers through to consumers. We last did this in 2014 and our business has evolved since this point. We look forward to understanding our impact in 2020 and then working towards being a carbon neutral business across our entire supply chain by 2025.

PACKAGING

We have been working really hard to find the right packaging solutions. We explored a home compostable solution, but after further testing, we have made the decision to focus on developing a recyclable solution. We look forward to updating you on our progress next year!

REUSABLE CUPS

Cafédirect's chosen reusable cup supplier is R Cup. R cups are made from used paper coffee cups and are 100% recyclable. 2.5 billion coffee cups are used and thrown away each year in the UK - but less than 1 in 400 are recycled. Working with R Cup means that we are able to positively minimise waste going to landfill by providing this alternative with our Foodservice customers.



CAFÉDIRECT AS AN EMPLOYER

Cafédirect's team are a diverse and vibrant community based in East London. As an employer, treating people well and fairly is at the heart of our business model. We are proud to pay more than the London Living Wage to all of our employees and freelance staff.

In 2019, we conducted an employee survey, which found that '86% of employees are moderately or highly engaged with Cafédirect as an employer'. As part of our commitment to our staff, we provide ongoing training through a

series of monthly 'lunchtime learnings' with updates from Producers Direct, staff trips to origin, Barista coffee training and visits from external speakers. We support professional development and review salaries on an annual basis.

Other perks include: team socials, a generous pension contribution of 9% from Cafédirect, private health insurance, flexible working, Cycle to Work scheme and an unlimited supply of coffee, tea and hot chocolate!



COMMUNITY GIVING

Cafédirect has been a long term supporter of Crisis; with times so uncertain in the wake of Covid-19 we know the work Crisis does is more important than ever. We spoke to Richard Lee, Director of Fundraising at Crisis to get his thoughts:

"We're incredibly grateful to Cafédirect for their loyal support of Crisis and very generous donations of coffee and hot chocolate for people experiencing homelessness both at Christmas, and during the outbreak."

There's only one thing certain in these uncertain times – it's a time to pull together and support each other. It's the generosity and kindness of companies like Cafédirect that helps to keep us going in our efforts to support people experiencing homelessness."



LOOKING AHEAD TO 2020

So far, at the time of writing, 2020 has been a challenging year, with the far-reaching effects of the Covid-19 pandemic becoming more apparent each day, especially for small-holder growers. Despite these difficult and uncertain times we look forward to focusing on the the following initiatives:

GOLD STANDARD 2020-2030

In 2019, we started the multi-stakeholder process of updating our sustainability strategy. We have already started to work on mapping our carbon footprint across our entire supply chain (updating the study we conducted in 2014) and we'll be able to communicate our impact in 2020. The Gold Standard has also started work in other key areas including working with partners on measuring Living Income for smallholder growers; supporting Producers Direct through shared communications and campaigns and partnering with Universities to deliver an engaging programme of speaking events.

CAMPAIGNS & COMMUNICATIONS

Building on the brilliant work of 2019, we look to update and improve our subscription and main websites, to showcase Cafédirect and London Tea at their best! We'll also continue to support key partner campaigns including Fairtrade Fortnight, B Corp month, Buy Social and Organic September.

INNOVATION & NEW PRODUCT LAUNCHES

In 2020, we plan to extend our best-selling range, Machu Picchu, exploring different sizes and formats. We plan to increase the capacity within our roastery in London Fields and create a special Roaster's Choice specialty coffee. We'll also be focusing on our London Tea range, including a redesign and relaunching this exciting range.



CAFÉ DIRECT

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Cafedirect.co.uk/blog

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*We would like to say a huge thank you to all of our friends,
supporters and partner organisations for continuing to support
our work and for being an integral part of our community.*

WWW.CAFEDIRECT.COM

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