



**CAFÉ
DIRECT**

**IMPACT
REPORT**

2020

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UPDATE FROM OUR CEO

2020 was the most significant year for Cafédirect in over a decade. This is the third year that the Company has delivered a surplus since 2009. Importantly, the growth improvement from 7% in 2019 to 22% in 2020 and improved profitability was achieved whilst doubling marketing investment to create further profitable growth in 2021 and beyond.

Cafédirect continues to support the lives and wellbeing of producer growers, through Fairtrade Premiums, Fairtrade Organic Differential and via donations to its farmer-led charitable organisation - Producers Direct; significant sums that deliver real impact. In the face of unparalleled uncertainty due to the global pandemic, Cafédirect responded incredibly well to protect its people, optimise its market position and adjust to further benefit smallholder farmers' livelihoods.

Operationally Cafédirect's close, direct and longstanding relationships with smallholder farmers proved invaluable as the world struggled to adapt to the impact of COVID-19. Supplies were maintained and stocks managed to meet the rapidly changing fortunes of different sales channels and customers.

Importantly, we joined forces with Producers Direct to deliver a grower focused collaboration to support smallholder farmers in the fight against COVID-19. This collaboration included a heavily attended webinar and expedient sharing of materials which reached over 4.5m smallholder farmers.

During this high growth, profitable year the business reorganised itself to operate a simpler, more profitable and larger scale business with real clarity on a limited number of priorities. The management team have undergone a range of rationalisation projects, continued to invest in operating expenses to drive future revenue, margin growth and identified further significant annual savings.

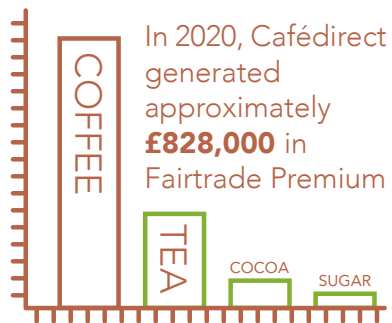
In 2020, the company has transformed its capability to grow exponentially and operate as a world-class thought leader in the hot beverages market and the world of sustainability.

Looking ahead to 2021, the Directors are confident that growth can be attained at high levels, whilst maintaining profitability and optimising impact. The Directors are optimistic that the next 3 years will be transformational for the business and lead to a market-leading position, delivering upon the business's powerful purpose and its commitment to all its stakeholders.

In 2021, more than ever, Cafédirect can be proud of its unique, highly resilient and enduring business model and be confident of its continued success and world class impact.

John Steel, CEO

2020 IMPACT HIGHLIGHTS



IN TOTAL, OVER A THOUSAND METRIC TONNES OF FAIRTRADE COFFEE WAS SOLD THROUGH CAFÉDIRECT PRODUCTS IN 2020.

That's enough for 189 million cups of coffee!



Invested **£1.5 million** in impact



498,940 Cups of coffee donated to **NHS** Crisis & Fareshare



Social Media **10% sustainability content shared**



55% coffee certified organic



Instant coffee jars **100% recyclable**



Raised brand awareness through our first TV ad in **10 years**



Launch of **Mayan Gold Single Origin** from Mexico



Completed carbon mapping project

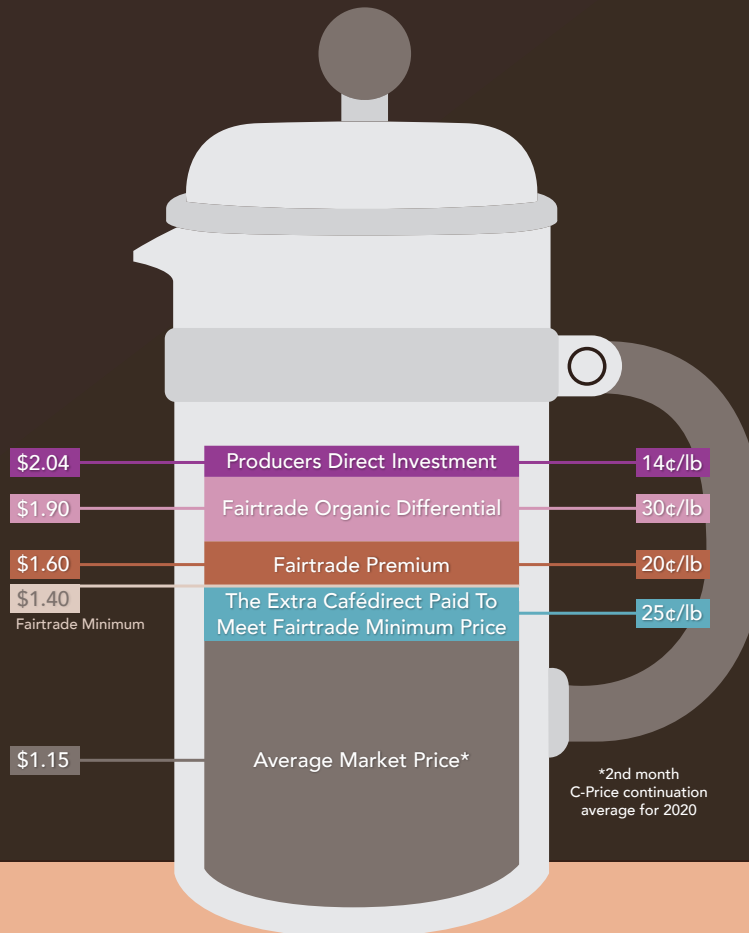
WE ALWAYS SEEK TO GO ABOVE AND BEYOND

Coffee is largely sold as a commodity linked to the stock market price. Over the course of 2020, the average Arabica coffee stock market price (C-Price) was \$1.15 per lb – well below the true cost of production. When low prices are paid to producers it creates a cycle of poverty for smallholder farmers which has further been compounded by the pandemic and the climate crisis.

At Cafédirect, we work in partnership with the cooperatives we buy from. We always pay a fair price for the coffee we buy. We also aim to place our contracts as early as possible and pay producers from the moment we take ownership of their crops. All of this helps cooperatives to manage their cash flow and to plan ahead on the basis of our ongoing commitment to them.

We purchase 100% of our coffee, tea and cocoa through Fairtrade certified terms. In the case of coffee this means that we pay **at least** the **Fairtrade Minimum Price of \$1.40 per lb**, by doing so, growers can manage their crops sustainably, with a focus on long term improvement and optimising the quality of their produce.

This cafetière shows how much more Cafédirect pays above the market price for coffee



This graphic represents the total paid above the average market price for Fairtrade Organic coffee

We also pay an additional **Fairtrade 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 is invested in local community projects, chosen by the cooperative members collectively. For example, they might decide to invest the funds into a coffee wet mill which can improve the quality of coffee for all cooperatives members.

Currently 55% of the coffee we purchase is certified Organic. We buy the Organic coffee through Fairtrade and pay an additional **Fairtrade Organic Differential** which is an **extra \$0.30 per lb**.

Finally, Cafédirect consistently invests £100,000 into Producers Direct, a charity we set up in 2009. This contribution is used to pay core costs, so that Producers Direct are able to apply for other funding to deliver significant impact through peer training; access to affordable finance and markets plus digitalising farmer-generated and owned data. Over the last ten years Producers Direct has worked with over 1.3M farmers and their communities to improve livelihoods.

INVESTMENT IN IMPACT

TOTAL IMPACT TO DATE (1991-2020)
£29 MILLION



£1.4m

ORGANIC



£7.3m

PRODUCERS DIRECT



£20m

FAIRTRADE

Raw material purchases from grower organisations in Latin America, Africa and Asia in 2020 were as follows:



2,309 TONNES
COFFEE PURCHASES
1,266 TONNES
ORGANIC COFFEE PURCHASES

3,575 TONNES OF COFFEE

(1,424 in 2019)



68

TONNES OF TEA

(88 in 2019)



19.4

TONNES OF COCOA

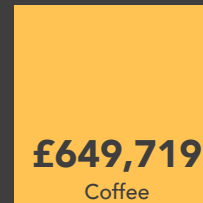
(24.2 in 2019)

FY2020
 Total Impact
£1,577,470

Fairtrade
 Total Impact
£827,751



Organic
 Total Impact
£649,719



Donations
 Total Impact
£100,000

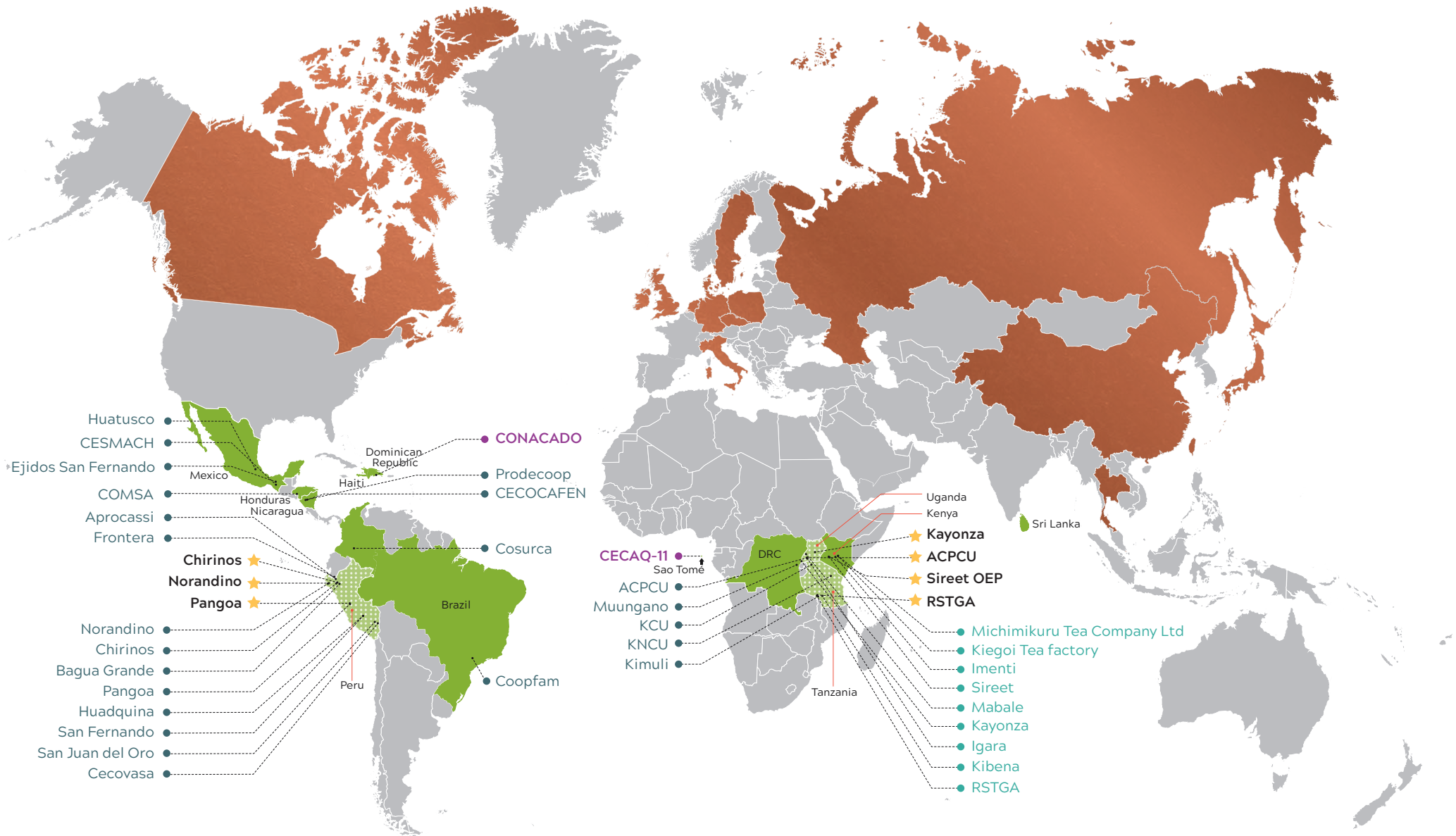


£1,444,014
 Coffee

£100,000
 Producers Direct

£26,344
 Tea

£7,112
 Cocoa



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

COVID-19

SUPPORTING OUR COMMUNITIES THROUGH COVID



During the Coronavirus pandemic, the Fairtrade Premium from the sales of Fairtrade products has facilitated direct payments to producer communities to buy personal protective equipment and hand sanitising stations, which practically prevents transmission of the virus.

Cafédirect also invests its profits into a grower-led charity, which was established in 2009. Producers Direct, alongside other partners, recognised the need to provide clear and accessible information to support producers during the Coronavirus pandemic.

CLAIRE RHODES, CEO OF PRODUCERS DIRECT, COMMENTED THAT:

“There is a serious and significant risk that Covid-19 will cause major food shortages and long-term supply chain sustainability issues. It is absolutely critical that we support the livelihoods of smallholder producers in Africa and Latin America. Smallholder producers are currently experiencing exacerbated Covid-19 related challenges, which are severely reducing their income and productivity, as well as increasing the risk of hunger and malnutrition.”

In partnership with Producers Direct, We Farm, Ideo and Agrifin; we hosted a webinar in July 2020 to promote the sharing of health-related information to help growers understand how best to protect themselves from Covid-19. We had producer partners on the call from Peru, as well as customers including Traidcraft. This has resulted in these partners also sharing this open source material, with a reach of over 4.5 million farmers across the Producers Direct network in Latin America and East Africa.

We will continue working together to support coffee growers and other producers during this challenging time. For more information please go to

COVID-19

2020: PRODUCERS DIRECT'S COVID RESPONSE



As the Covid-19 crisis hit at the start of 2020, it quickly became obvious that Producers Direct's plans were going to need to change. The team at Producers Direct recognised Covid-19 was likely to pose a serious threat that could cause major food shortages and long-term supply chain sustainability issues. Knowing also that rural communities have historically been hardest hit by similar pandemics, the goal of continuing to support the livelihoods of smallholder producers in Africa and Latin America throughout this crisis became paramount.

Producers Direct acted quickly to develop a [strategy](#) that outlined the key services and approaches necessary to support smallholders to keep farming safely and healthily. The main focus for this became an information campaign in collaboration with [Cafédirect](#) and key partners (including [AFRICA RISE](#), [Cafédirect](#), and [Cafédirect](#)). This consortium was ideally placed to create and disseminate a bespoke set of materials that aimed to stop the spread of myths and misinformation, allow farmers to continue farming safely, and minimise the impact of Covid on millions of smallholder farmers.

This campaign reached over 4m farmers and (include more stats from below or attached reports).

The challenges of 2020 have meant that people around the world have had to switch to digital methods of communication. This opportunity has allowed Producers Direct to drive forward its digital service offering. In 2020 Producers Direct trained over 500 farmers via SMS and is planning on rolling this out across the network throughout and beyond the continued pandemic in 2021.

Responses to these efforts have proven that the trust gained over the years of working with smallholder communities, alongside the innovative, pioneering and dynamic approach of Producers Direct, is a successful combination to support resilience in the face of global threats.



STATS

- 4 Posters, 24 social media images / messages, 4 Stickers were produced in 6 languages
- 15,000 downloads from our website
- 800,000 reached via radio shows
- 2,448,432 reached via SMS
- 90% of respondents think the Covid-19 messages from the combined SMS + In-person campaign changed their attitude.
- 92% answered 'very helpful' to: 'How helpful has information from Producers Direct been to you during Covid-19 related to farming?'
- 64% said the work had very much helped to address rumours that were circulating (more stats on report below)



ADDITIONAL RESOURCES

COVID-19

CARING FOR OUR COMMUNITY



During the pandemic, we were acutely aware of how the NHS was working so hard to support patients and colleagues during the crisis. We contacted University College London Hospital, Homerton Hospital and St Joseph's Hospice to see if we could support their staff. We chose these hospitals because they are part of our local community and some of our staff have also directly benefited from their care.

Thank you so much for your incredibly kind donation of bags of coffee to our frontline workers during the Covid-19 pandemic. In the last 10 weeks, our team at UCLH Charity have been able to pack over 6,200 luxury well being bags and distribute these to our hard-working frontline staff, as well as providing essential items, daily food supplies, kitchen appliances, furniture for our staff break out areas and much more. Without the support from Cafédirect, this wouldn't have been possible. The items we have been able to provide our staff with have been greatly appreciated and have made the world of difference to them.

- Carol Haraldsson,
Head of Charitable Giving, UCLH

We contacted our regular charity partner, Crisis and asked what items would be helpful especially during a challenging period where not all of their centres could be open safely. We donated a total of 67,870 cups of hot chocolate and freeze dried coffee. "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."

- Richard Lee, Director of Fundraising at Crisis

We also reached out to a national charity, FareShare. Through FareShare's national network of warehouses, they were able to store and deliver hot drinks across the country to support their network of charities and community groups including school breakfast clubs, older people's lunch clubs, homeless shelters and community cafés.

498,940 Cups of coffee donated to
NHS Crisis & Fareshare

"FareShare wanted to say a big thank you to Cafédirect for their donation of coffee. We've recently seen a significant increase in demand - the number of charities who have applied to receive food from FareShare has more than tripled in the last month - so our food partner support is invaluable in helping us tackle hunger across the UK, especially during this difficult time."

- Andy Parkinson, Head of Operations,
FareShare Midlands.

In total, we have donated 498,940 cups of coffee, tea and hot chocolate to support our community throughout such a challenging time.



OUR GOLD STANDARD

In 1991, Cafédirect was set up by four charities as a response to unfair trading. Growing the business is a fundamental requirement. It provides trade for smallholder growers and delivers impact through Cafédirect's unique model: Fairtrade Premiums, Fairtrade Organic Differential and investing in Producers Direct, a grower-led charity. Growth also sets an example to others about how business can be a force for good.



We have also set our targets in line with the United Nations Sustainable Development Goals. In particular, we have identified the following Goals as being pertinent to Cafédirect's Gold Standard: Goal 1, No Poverty; Goal 2, Zero Hunger; Goal 8, Decent Economic Growth and Work; Goal 13, Climate Action; Goal 15, Life on Land and Goal 17, Partnership for all the Goals.



The Gold Standard sets a framework to ensure our growth strategy is delivered in accordance with its founding principles which are enshrined in our Articles of Association.

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.

OUR VISION

A rebalanced world which celebrates business as a force for good and measures success in the shared well-being of the communities it touches.

- **1 CUSTOMERS**
Inspiring our community to make a difference
- **2 GROWERS**
Building a sustainable future
- **3 ENVIRONMENT**
Repairing our planet
- **4 BUSINESS**
Championing business as a force for good

OUR GOLD STANDARD



CUSTOMERS

Inspiring our community to make a difference

COMMITMENTS

- 1 Innovating and designing great-tasting, sustainable products that surprise and delight our customers.
- 2 Inspiring customers through providing educational and engaging content.
- 3 Mobilising customers to take action on sustainability.

Goal: By 2030, the Cafédirect experience will have inspired 15 million customers to make a positive contribution in the world.



GROWERS

Building a sustainable future

COMMITMENTS

- 1 Beyond a living income for growers.
- 2 Strengthening growers' participation and influence in the supply chain.
- 3 Supporting growers to have access to the right knowledge, skills and training to build more sustainable livelihoods.

Goal: By 2030, we want every grower in our value chain to be empowered and engaged, having a powerful voice and earning beyond a living income.



ENVIRONMENT

Repairing our planet

COMMITMENTS

- 1 Sustainable use of resources across the supply chain.
- 2 Adopting Best Practice across the supply chain.
- 3 Restoring our landscapes through regenerative agriculture.

Goal: By 2030, Cafédirect will be running our business within its environmental limits and have a net positive impact on the environment from grower to consumer.



BUSINESS

Championing business as a force for good

COMMITMENTS

- 1 Shaping our Industry: we will raise the profile of important issues, holding our sector to account.
- 2 We recognise the power of collective impact: joining collaboration and partnerships to punch above our weight on global issues.
- 3 Be transparent and lead by example.

Goal: By 2030, Cafédirect will be a beacon of sustainable business and continue to be known for its pioneering approach in advocating for smallholder growers.



CUSTOMERS

Inspiring our community to make a difference

At Cafédirect, we recognise that delivering impact is only possible through the sale of our products. We are particularly grateful to have incredible manufacturing partners, such as Bewley's, who supply some of our long-standing customers including Oxfam; The Co-operative and Traidcraft.

By increasing the volume of sales through the redevelopment of existing products, such as our Blends, we have managed to increase our overall volumes of certified Fairtrade coffee sold to over a 1,000 metric tonnes of coffee. Our Blends are sold in Sainsbury's, Waitrose and The Co-operative.

Machu Picchu continues to be the 4th bestselling Roast & Ground branded coffee sold in the UK. We are so incredibly proud of our TV ad and surrounding work to support this campaign, all of which directly leads back to investing in smallholder growers.

We also work hard to innovate and we are really proud to source a new single origin, Mayan Gold, that is also performing well whilst directly benefiting a new cooperative. We have also made some great progress on some of our packaging ambitions, including replacing the lids on our instant coffee, from black to gold, making them now 100% recyclable.



TASTING NOTES

SMOOTH

"Silky smooth and easy drinking. Notes of milk chocolate and a hint of citrus acidity. Best served black"

LIVELY

"Vibrant and well-rounded. Notes of caramel and peanuts. Great black or with milk"

INTENSE

"Strong and dark but with a hint of sweetness. Notes of sweet tobacco and burnt sugar with a heavy body. Best served with milk"



WATCH OUR TV ADVERT

TV CAMPAIGN IMPACT



AUGUST 2020 CAMPAIGN

AIM

To build awareness of Cafédirect and grow share by driving sales of Cafédirect Machu Picchu.

TIMINGS:

3rd – 30th August

**41% OF ABC1
ADULTS
REACHED
OVER 3 TIMES**

CHANNEL 4, ALL4 AND FACEBOOK/ INSTA

EXAMPLES OF PROGRAMMING RECEIVED:

Location, location, location, 24 hours in A&E and George Clarke's Amazing Spaces.

CREATIVE:

A simple, evocative message that shows coffee grown at altitude in the tropics makes the perfect conditions for high quality, Organic Arabica beans.

"I am really proud to see Cafédirect back on national TV for the first time in over 10 years. Our TV advert used Machu Picchu as our hero and showed a simple, evocative message that coffee grown at altitude in the tropics makes the perfect conditions for high quality, Organic Arabica beans. We used TV as the primary media and our ad reached 41% of ABC1 Adults over 37 million times through Channel 4 with an additional 1.1m times through All4 stations. We received some excellent prime time programming including River Cottage, Channel 4 News and George Clarke's National Trust Unlocked. We supplemented the TV advert with a social media campaign targeting 4 million video views to reach a digital audience. Lastly, it was important for us to bring this through to store and our ad was seen 1.5 million times outside selected Sainsbury's stores as a final reminder to purchase.

The result of the campaign was an impressive boost in awareness to 48% for the Cafédirect brand as well as peak in number of shoppers purchasing; the highest point since 2014! It is important for the long-term growth of the brand that we continue to invest in awareness with the primary aim to encourage new shoppers into the brand, this will ensure we are able to deliver more impact back to the growers through increased Fairtrade and Organic purchases."

– Lorraine Kelleher, Marketing Controller

PACKAGING

In 2020, we made great progress towards our target that 'all of our products will be 100% recyclable or compostable by 2025' with the following initiatives:

- 1. THE LAUNCH OF OUR BRIGHT, BOLD AND NATURALLY PUNCHY LONDON TEA RANGE IN 100% RECYCLABLE PACKAGING.**
- 2. THE REPLACEMENT OF BLACK LIDS WITH GOLD LIDS ON OUR INSTANT COFFEE JARS, MAKING THEM 100% RECYCLABLE**
- 3. THE MOVE FROM COMPOSITE CARTON TO STEEL TIN ON COCOA,**

All making a very positive contribution to the Gold Standard Strategy.

– Sue Commins, Innovation Project Manager

A GREAT SWITCH FOR RECYCLING

The Instant coffee jars are now 100% recyclable because of our move from a black lid to a gold lid.

Both lids are made from Polypropylene, which is recyclable. However, the ink in the black lids made them non-detectable in the NIR (Near Infrared) Waste Management sorting systems. Gold lids can be detected and recycled.

This change means that the entire Instant Coffee Jar, which is made of glass, is now fully recyclable.





INTRODUCING MAYAN GOLD

Cafédirect launched a new coffee in April 2020. Mayan Gold has a dark, smooth flavour with a caramel finish and is sourced from the Southern region of Mexico specifically from the Chiapas and Oaxaca regions.

San Fernando transitioned from using conventional (non-organic) farming methods to slowly adapting and integrating natural fertilisers. They made this decision based upon watching first hand how climate change was damaging their crops and making them vulnerable to leaf rust. A combination of replanting some of their crops at higher altitudes; practicing sustainable agricultural techniques and using natural organic inputs created the perfect conditions for creating a speciality quality coffee and positioning themselves as leading specialists in growing organic coffee. As our green coffee buyer, Matt McDonald, observed the Mayan Gold is a “coffee that you can drink all day”.



One of the cooperatives that we buy this delicious Fairtrade and Organic coffee is Ejidos San Fernando. This cooperative was founded in 1984 and has grown from 17 farmers to a thriving community of 1,300 with an impressive 40% female membership. For reference, the other cooperatives that we source from have a 20% female membership.

San Fernando's mission is aligned with Cafédirect's: to improve the livelihoods and productivity of its producers. Yet even in the 1980s, the founding members of the cooperative recognised a need to evolve their production methods to produce better quality coffee whilst farming in a way that respects their delicate ecosystems.

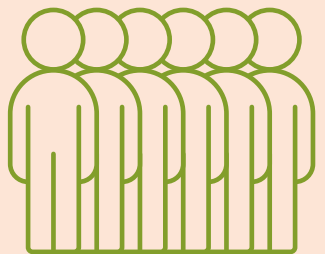




GROWERS

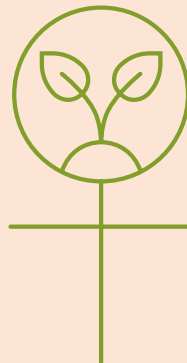
Building a sustainable future

Involving growers on both Cafédirect's and Producers Direct's Board, inviting growers to participate in key meetings and involve them as leaders in the business, helps us to work together to tackle the systemic challenges facing smallholder growers. Through continued investment in quality of product, shared insights from data to customers and direct, transparent relationships, we can deliver meaningful impact in a way that is most beneficial to all our stakeholders. Cafédirect and Producers Direct's continued investment in growers also has the benefit of strengthening overall resilience of Cafédirect's supply chains, as well as enhancing product quality.



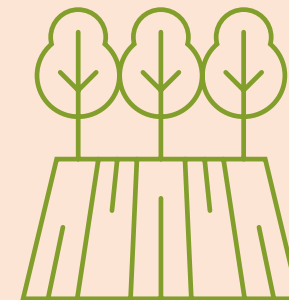
102,000
FARMERS

In 23 small scale
producer organisations



OVER
8,000
FEMALE
FARMERS

8% of the total farmers



74,630
HECTARES UNDER
CULTIVATION

Equivalent to over 100
thousand football pitches

FAIRTRADE PREMIUM USE IN CAFÉDIRECT PRODUCER GROUPS

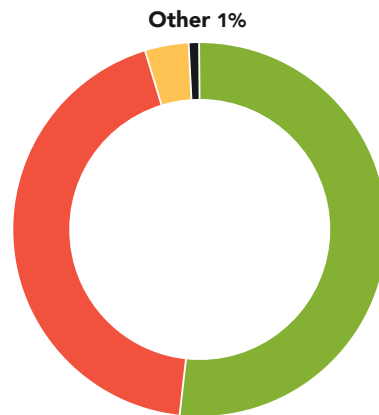
In 2020 we invested £828k in Fairtrade Premiums. This additional investment delivers tangible impact to growers. This chart explains in detail exactly how the Fairtrade Premium was invested in 2020.

Services to Communities 4%

Construction of school classroom blocks, school renovations, community environmental projects, construction of maternity wards, youth and gender committees, fighting child labour

Services to Farmer Members 44%

Education services, payments to producers, improvements to productivity, scholarships, land for female coffee project.



Investment in producer organisations 52%

Construction of warehouses, factories and commercial buildings, purchase of a truck, improvements to quality control laboratory, marketing costs, vehicle maintenance, purchase of computers, purchase of a safe, maintenance of basic services.

Source: CODImpact Data Premium Use Declarations from Most Recent Audit

Cafédirect have raised over **£20 million** in Fairtrade Premium since 1994



The majority of this Premium was generated from the sale of coffee.

Source: Premium Generation Estimated from Sales information reported through Fairtrade Connect Portal



FAIRTRADE PREMIUM USE IN CAFÉDIRECT PRODUCER GROUPS



PERU

14,784 farmers in 10 small-scale producer organisations.

26,838 hectares under cultivation.

1,277 female farmers (9% of the total farmers).



MEXICO

2,836 farmers in 3 small-scale producer organisations.

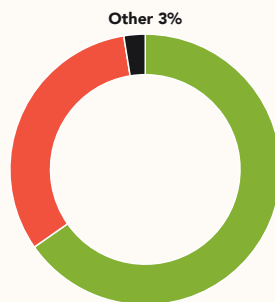
7,948 hectares under cultivation.

739 female farmers (26% of the total farmers).

Fairtrade Premium USE IN CAFÉDIRECT PRODUCER GROUPS PERU

Services to Farmer Members 32%

Education services, payments to producers, improvements to productivity, housing funds.



Investment in producer organisations 65%

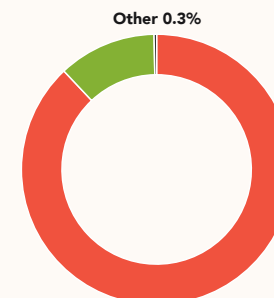
Investment in warehouses, improvements to quality control laboratory, marketing costs.

Source: CODImpact Data Premium Use Declarations from Most Recent Audit

Fairtrade Premium USE IN CAFÉDIRECT PRODUCER GROUPS MEXICO

Services to Farmer Members 88%

Payments to producers, improvements to productivity and quality, renovation of coffee plantations.



Investment in producer organisations 12%

Purchase of trucks and sacks, nursery equipment, maintenance and renovation of dry processing.

Source: CODImpact Data Premium Use Declarations from Most Recent Audit





INTERVIEW WITH HUGO GUERRERO: ON VISITING THE UK

Last year we met with Hugo Guerrero, a coffee farmer who is a member of Norandino Coffee cooperative in Northern Peru. He toured the UK as part of Fairtrade Fortnight and visited lots of schools, where he was mainly asked about his pets (he has a dog called Scooby) and if he's been to Machu Picchu (he hasn't).

Norandino has 7,000 commercial members and is one of the largest coffee cooperatives in Peru. Norandino is also a Centre of Excellence, a training hub specialising in climate adaptation, supported by our partner charity, Producers Direct.

We interviewed Hugo to understand the challenges that he and other coffee farmers face against the growing frequency and severity of climate events.



Hi Hugo, Welcome to the Cafédirect and Producers Direct Offices! We'd love to know a little about you.



H: Hola! I'm Hugo. My father helped to set up Norandino Cooperative in the 1980s and this experience sparked my interest in agriculture, in particular, regenerative agriculture. I studied Agriculture at University and spent a year working for a coffee company in Hawaii, which is where I learnt to speak English. I moved back to my family's farm and I have a hectare of land to grow coffee and organic sugar cane. I also grow bananas and citrus fruits to eat! I also use a portion of this land to experiment with different sustainable practices, composting methods and different coffee strains.

Cafédirect: Such as?

H: At the moment, I'm trying to grow a low caffeinated coffee.

Cafédirect: That'd be no good for us - we're definitely a country that is used to drinking strong coffees.

H: In Peru, most people don't really drink coffee. Most of the coffee that is consumed in Peru is imported instant coffee. We grow and export some of the world's best speciality coffee. I actually have my own roastery and have been involving young people in my business to sell locally roasted ground coffee.

Cafédirect: Wow that sounds amazing. Do you have any other plans?

H: I'd love to run a cafe at my roastery. I also want to help other farmers improve their income through diversification (planting other crops). At the moment, I've been teaching other farmers how to grow organic sugar cane and last year's Fairtrade Premiums investment in sugar cane modules has really helped with this. I'm also interested in creating added value products (e.g. coffee liquor/ chocolate).

Cafédirect: You mentioned that you studied agriculture and that you're a fan of regenerative agriculture - why?

H: Well everything I grow is organic. This is because I've seen the harm that Pesticides cause. They don't just damage the soil and water sources, they make us financially dependent on pharmaceutical companies and in my experience, causes hormone problems in young people exposed to the toxicity from agricultural pesticides.

For me, using natural inputs is a way of respecting the natural ecosystem of our land. It literally improves the soil health and helps build resilience against flooding. In my lifetime, I've experienced a number of floods, which have devastated my local community.

By using local inputs, for example grinding local rocks and mixing this into the soil, provides additional nutrients. I've also noticed that by replanting native trees on my land, it's attracting birds that I have never seen before. When I asked my mum about it, she said these birds were last in the area over thirty years ago.

Cafédirect: In the UK, we're preparing for COP26. Do you know if Peru is taking part?

H: I'm not sure, but I do know that the Norandino management are in talks with our government about climate change.

It was wonderful to have spent time with Hugo.



WATCH HUGO PERFORM A COFFEE CUPPING

PRODUCERS DIRECT'S IMPACT

Producers Direct is an award winning organisation that is owned and led by smallholder farmers. Since 2009, we have been working to pioneer a new model – one centred on smallholders taking leadership and developing innovative solutions to the challenges they face and provide an opportunity for smallholders to transform their farms into sustainable businesses.

Despite the challenges posed by the pandemic, Producers Direct were able to hold their Third Youth Forum in November 2020. For the first time, this meeting was held virtually, with around 60 young people from different coffee producing organizations and agricultural cooperatives in Peru and an organization from Colombia calling in.

The forum was jointly organized by Producers Direct, Rikolto, Trias, Progreso, and NCBA Clusa and covered a variety of topics from three main areas:

- 1 Business plans and management of digital tools**
- 2 Productive diversification and food security**
- 3 Governance: organizational strengthening. Including:**
 - a. Gender and Governance
 - b. Climate Change
 - c. Support of national programs in mitigating Covid19.



Speakers with specialisms in each area were invited to speak and the youth participated in workshops and sessions throughout the programme of activities.

These youth forums have served to increase and strengthen ties between young people from different production organizations and this year, despite the challenges, was no different.



THREE AWARD-WINNING PROJECTS IN 2020

CROPPIE: CGIAR INSPIRE CHALLENGE WINNER

Producers Direct won a prestigious award from the CGIAR Inspire Big Data Challenge for their innovative concept, called Croppie, developed in partnership with Bioversity International - CIAT.

The Problem: Big Data benefits remain largely inaccessible to the world's 500 million smallholders, who typically manage significant socio-economic and climatic risks with no access to external data. Covid-19 both exacerbates these risks and reduces their capacity to manage them. The lack of real-time data and insights enhances vulnerability and supply chain risk.

The Solution: Croppie is an app gamifying real-time crop yield data collection. Yield scoring & gamification encourages smallholders, particularly youth, to generate datasets for Artificial Intelligence (AI) models. Simultaneously, Croppie provides clear, actionable yield predictions for smallholders.

Next Steps: We will pilot for coffee, where AI picture classification is proven to provide reliable yield data - a critical insight that smallholders and the industry overall struggle to obtain accurately & cost-effectively.

DIGITAL COOPERATIVES: WORLD FOOD PROGRAMME

Producers Direct also won a place on the Innovation Accelerator to develop and test their **Digital Cooperatives for women smallholders** concept.

The Problem: Female smallholders are disproportionately marginalised from global food production systems. Although women make up 50% of the agricultural labour force and produce close to 80% of food in the developing world, they are marginalised from food systems and *earn less for their produce than men.*

Furthermore, women struggle to feed their families nutritious foods and spend any surplus funds they have to ensure their families are well fed.

The Solution: We will test pioneering digital tools and leverage in-person networks to transform food value chains from the grassroots, with female smallholders at the helm.

What's next? We will test our female-led Digital Cooperatives concept.

WEFARM SUCCESS

Wefarm is now an independent social enterprise.

The problem: Obtaining expert advice from other growers was difficult to organise because it involved travel and time away from own farms.

The Solution: It was originally an idea that was developed by Producers Direct. It is a peer-to-peer SMS service that enables farmers to ask questions and get responses on agricultural issues from other farmers.

What's next? Wefarm secured its next round of investment of \$11m to expand its SMS service into an online platform;





ENVIRONMENT

Repairing our planet



The Fairtrade Standards also includes environmental and land management practices that prohibit deforestation, protect water sources and enhance biodiversity.

Currently, 55% of our coffee is certified organic through the Soil Association, which supports soil health and minimises water usage. We also pay an additional Fairtrade Organic Differential of 0.30 \$/lb which is paid to Fairtrade producer organisations, to invest in their business.

HIGHER PURPOSE

“When Cafédirect was born 30 years ago it was a social justice intervention to improve the livelihoods of smallholder coffee farmers. It is increasingly clear that adopting business models that engage with the millions of smallholder farmers in the world is not only paramount from a social perspective but central to combating climate change. Putting climate justice at the heart of all that business does is fundamental to everyone’s future.”

– John Steel, CEO of Cafédirect

Through our continuous investment in  , we have supported multiple climate initiatives from pre-purchasing carbon credits which enabled 224 hectares of forest to be replanted to investing in pioneering technology, such as  , an Artificial Intelligence photography app that can feedback data to growers in real-time about how well their crops are performing. Croppie is also being funded by a \$100k prize through the Challenge and is supported by Ideo.org and Bioversity International CIAT.

We recognise that there’s an urgent need to address the climate emergency that connects all of us and affects smallholder growers disproportionately.

CLIMATE EMERGENCIES

The impact of climate change is a regular threat to people's lives and livelihoods. On top of this, these communities were also affected by Covid.

In February 2020, one of our long-standing cooperatives, Huadquina in the Cusco region of Southern Peru, experienced severe flooding.

We were in close touch with the Managing Director of Huadquina and offered support where we could. One of the most meaningful activities we can do to support a crisis, is to continue to place timely contracts and keep in regular communication.

In November 2020, Hurricane Eta affected coffee growing communities across Central America, but especially in Nicaragua and Honduras. You can read the

"For the past week, rains have been nonstop in most of Central America, leading to catastrophic flooding, landslides and mudslides. According to news reports, the storm has claimed dozens of lives so far and displaced hundreds of thousands more. There is extensive infrastructural damage, including tens of thousands of lost homes."

– Mark Inman, Director of Growth Sustainable Harvest

Again, we were in contact with cooperatives that were directly affected and continued to offer our support.

Our investment in Fairtrade, Organic certification and Producers Direct, who have a team based in Peru, all support long term resilience building which provides a critical role in being able to meet these challenges.



CARBON FOOTPRINT

Since our last carbon mapping audit in 2015, our business has changed substantially, including having our own roastery and working with new smallholder growers from cooperatives in new origins.

In 2020, we partnered with an environmental consultancy, Green Element, who worked with us to conduct a thorough carbon mapping audit of our entire supply chain, from bean to cup. There were covid-related challenges in obtaining data from producer groups and our suppliers and manufacturers, but based on the data we could obtain, we have got a benchmark to work from.

Our total carbon emissions total is 15,291 (tonnes CO₂e). We have already identified some quick wins in relation to packaging and logistics to reduce our carbon emissions. We are now creating a practical roadmap to reduce our carbon hotspots. We recognise that there is ambiguity in the language surrounding Net Zero and we will be guided by Science Based Targets.



SCOPE 1

Direct emissions from owned or controlled sources



SCOPE 2

Indirect emissions from the generation of purchased electricity, heat or steam



SCOPE 3

All indirect emissions that occur in the value chain of the reporting company, including upstream and downstream emissions

These are GHG Protocol categories. Most of Cafédirect's greenhouse gas emissions are Scope 3

OUR COMPANY CARBON FOOTPRINT INCLUDES:

- Operational activities, such as growing, manufacturing and transporting our products
- Non-operational activities (such as running the office, employee business travel and commuting)

The following operational areas track the coffee, tea and cocoa through growing to consumption:



Producing



Manufacturing



Packing



Storing



Transporting and distributing



Consumption and disposal

BREAKDOWN OF COFFEE EMISSIONS ACROSS ENTIRE SUPPLY CHAIN

TOTAL CARBON
EMISSIONS
15,291





BUSINESS

*Championing business
as a force for good*

OUR TEAM

It's been an extraordinary year.

We have had to adapt and perform under circumstances that we would never have envisaged.



Together we have supported each other and our local communities.

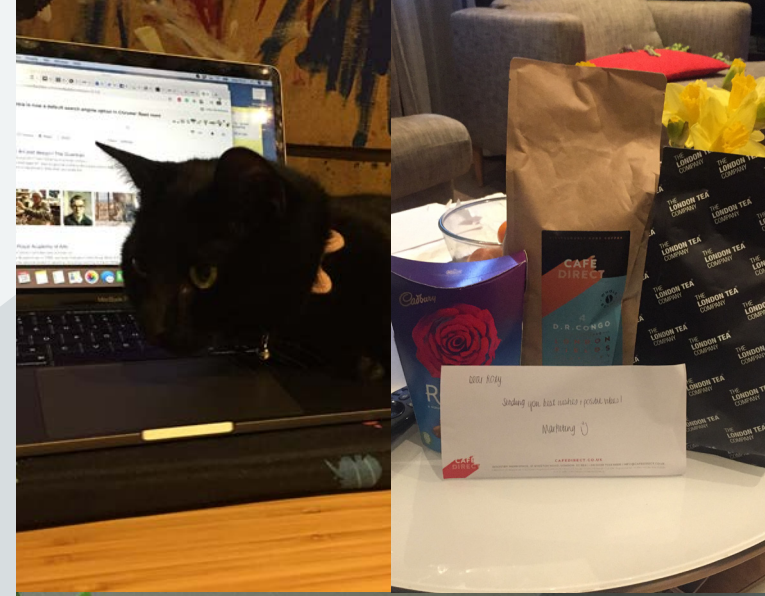
Kindness. Caring. Supportive. Honest

Cafédirect has a senior leadership team of four people who have worked incredibly hard to support our team through the different challenges that the pandemic presented. Some of our team were juggling home-schooling, others were taking paternity leave for the first time and other members were living alone. We also had part of our team in the roastery who had to 'come into' work.

CAFÉDIRECT'S APPROACH

The Cafédirect Exec conducted personal interviews with every team member, to understand their personal situation, their desire for returning to work in the office; any practical support (eg desks/ office equipment at home). Sensitive, flexible and compassionate support was provided, with additional access to professional health advice.

The Exec also boosted morale and 'zoom fatigue' through sending unexpected gift hampers, optional online social activities and to celebrate the internal launch of the updated Gold Standard, everyone (including our Producer Direct colleagues and Board Members) received a Patch plant gift voucher, to choose their own plant companion.



INTERVIEW WITH SARAH BRETON, SENIOR NATIONAL ACCOUNT MANAGER

Cafédirect: What's your role?

S: I am a Senior National Account Manager. This means I sell Cafédirect products to large retailers (like the supermarkets) for them to sell to consumers. I am the person who liaises with the retail buying teams, I support the supply chain and logistics to get our products to the retailers. I problem solve any issues and I make strategic decisions for the long term growth of Cafédirect sales in the market.

Cafédirect: How long have you worked for Cafédirect?

S: 3 years.

Cafédirect: What are you most proud of achieving (work-related) in 2020?

S: I am most proud of the depth of knowledge that I've gained about my accounts in the last year and, through collaboration with

my colleagues, how this helped to hit growth targets in such unprecedented circumstances.

Cafédirect: Did you find Cafédirect supportive during the pandemic?

S: Very much so. There was a consistent message that reiterated "look after your well-being".

Cafédirect: What's your favourite Cafédirect coffee and how do you make it?

S: Besides the monthly subscription I get delivered (Rwanda & Burundi are my clear favourites so far) I am partial to a Lively blend through a V60.



INTERVIEW WITH GEORGE KOKKALIS, ROASTERY MANAGER



Cafédirect: What's your role?

G: A Roastery Manager is a unique role that encompasses all aspects of coffee within the Cafédirect production facility.

Cafédirect: How long have you worked for Cafédirect?

G: 6 years.

Cafédirect: How was the experience of having to go into the roastery, during the pandemic?

G: The first lockdown was surreal, especially working in London. Our roastery is based in East London and it is usually really busy. I cycled to work and the roads were empty and the offices around the roastery were shut. Despite this, I never felt lonely, or zoom fatigued, as I worked with my team in the roastery, which was great.

Cafédirect: What are you most proud of achieving (work related) in 2020?

G: Since the start of the pandemic, our orders increased and I'm incredibly proud that we managed to keep up with the demand. Moreover, we had to be agile in how we worked together as a team, following covid guidelines.

Cafédirect: Did you find Cafédirect supportive during the pandemic? (in what ways?)

G: Cafédirect's management team have always been there for me and my team, so it was not a surprise that they continued to do so throughout the pandemic. I really appreciated the extra benefits such as free access to meditation or home exercise apps that were very helpful during the different lockdowns.

Cafédirect: What's your favourite Cafédirect coffee and how do you make it?

G: This is an easy choice! The Limited Edition release: Ethiopia Odaco brewed in a V60.



OUR ROASTERY UPDATE



Production went up by **20%**



Roasted and packed more than **70T**



15+ origins in 2020

Costa Rica, Nicaragua, Myanmar, Rwanda, Colombia, Brazil, Peru, Guatemala, Honduras, El Salvador, Ethiopia, Congo

2020 has been a challenging and rewarding year for our roastery team in London Fields. We have felt blessed to be able to continue with our craft without disruption through the pandemic. There has been a togetherness amongst the team and a sense of purpose and privilege to provide coffee to all those working from home during lockdown.

The roastery team is forever expanding with new members and a restructuring that has enabled us to keep up with the increasing demands on production, quality control, sourcing, and new product development. We had an increase of 20% of roasted coffee too last year, with a total of 70,000+kg roasted in 2020. We recently purchased a brand-new sample roaster that has allowed us to elevate our quality control processes,

further improving the coffees we source for our ever-expanding online store with the successful introduction of our new Limited edition and Rare micro lot offerings. We pride ourselves on offering new origins with inspiring stories and innovative farmers and in 2020 we were able to explore with our customers over 15 origins.

We were also graced with the presence of Hugo, a producer from Norandino, who is one of our long-standing producers in Peru. It was an amazing experience for us to cup with him and gain the perspective of a farmer who is also as passionate and skilled in roasting and cupping as we are, everyone involved learnt a lot from each other during this experience and one we hope happens again in the future.



2020 SUBSCRIPTION ORIGINS

January <i>Honduras</i>	February <i>Peru</i>
March <i>Congo</i>	April <i>East Timor</i>
May <i>Rwanda</i>	June <i>Nicaragua</i>
July <i>Colombia</i>	August <i>El Salvador</i>
September <i>Guatemala</i>	October <i>Brazil</i>
November <i>Ethiopia</i>	December <i>Blend</i>

SOURCING MICROLOTS

David Ahrens, QC for Cafédirect, chooses which micro lots to include in our Discovery subscription plan. David explains the impact of choosing a coffee from La Naranja farm in Northern Peru and photos show Miguel tasting his own coffee shipped back to him to taste from our London roastery.

"It was fantastic to be able to send him some bags and for him to see how we roast and present his wonderful coffee. This lot from La Naranja farm was my personal favourite in the past year. Considering we have cupped thousands of coffees over the year and the majority of them are Peruvian, usually my favourite is something quite different such as an Ethiopian. But this

coffee was just beautiful! So velvety and sweet! Along with his coffee we also sent him an Ethiopian coffee. It's very rare for Producers to ever taste coffees from other countries so the whole cupping team there was extremely excited to try the African coffee as the taste profile is so different."

– David Ahrens, QC for Cafédirect

INTERVIEW WITH JOHN STEEL, CEO OF CAFÉDIRECT



Cafédirect: What's been the most challenging aspect of navigating the company through 2020?

J: Helping the team navigate uncertainty and not giving up on delivering our promises to our stakeholders. Early in the pandemic some people thought the changes from the pandemic would result in Cafédirect being a victim. I was determined not to let that be the case and to adapt faster to change and uncertainty to make the situation an opportunity for everyone at Cafédirect.

Cafédirect: To date, Cafédirect has delivered £29m worth of Impact- what does that mean in layman's terms?

J: Drinking Cafédirect is the only choice to make. Every Cafédirect cup of coffee gives to the farmers that grow the coffee. If you are a shareholder in another coffee company then you may get a financial return on the coffee that you drink. With Cafédirect you know you are helping farmers and fighting climate change. No choice every time – chose world class lasting impact.

Cafédirect: What are you most proud of achieving?

J: Humility.

Cafédirect: What do you think are the most pressing global issues that a business like Cafédirect needs to address?

J: Climate change.

Cafédirect: You signed Business Declares a Climate Emergency, why? And what do you hope to achieve?

We need to come together and change faster than we can currently understand. The word emergency is a start. Somehow we have to help all the actors on the global stage come together and change the system that many of them enjoy and benefit from. A sustainable planet will do.



Cafédirect: Do you have a role model?

J: My Dad.

Cafédirect: What advice would you give to other CEOs?

J: Care for your people from farm to cup.

Cafédirect: What else would you be doing if you weren't CEO of Cafédirect?

J: Stand-up comedy and playing tennis (I know which is funniest).

2021 AMBITIONS

AS WE CONTINUE TO DELIVER IMPACT TO EMPOWER SMALLHOLDER GROWERS, WE ARE AWARE THAT WE NEED TO CONTINUE TO BE AGILE, POSITIVE AND STRATEGIC.



CUSTOMERS

Inspiring our community to make a difference

We will be celebrating 30 years of impact! Keep an eye out for these activities starting in June 2021!



GROWERS

Building a sustainable future

Working together to mitigate the ongoing impacts of Covid-19, Climate Emergencies and improving livelihoods.



ENVIRONMENT

Repairing our planet

We will be working with Producers Direct to publish our strategy on Regenerative Agriculture and sharing our carbon reduction plan.



BUSINESS

Championing business as a force for good

We will be recertifying as a B Corp and continuing to advocate being a Business that is a Force for Good.