

A photograph of a coffee plantation. In the foreground, there are coffee branches with green leaves and clusters of bright red coffee cherries. The background shows a vast, hazy mountain valley with a winding river or road, under a cloudy sky. A large red diagonal shape is overlaid on the left side of the image.

# CAFÉ DIRECT

ANNUAL  
REVIEW  
2018

## 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.



## CONTENTS

2018 highlights	3
Update from our CEO	4
Business as a force for good	5
2018 the year in review	6
Measurable impact	7
Our global impact	8
The difference we make to growers	9
Producers Direct update 2018	11
Becoming B Corp certified	14
The Social Enterprise UK Awards	15
A closer look at coffee prices	16
The environment and organic coffee	22
Our new roastery	28
Bringing ridiculously good coffee to more people	30
Looking ahead to 2019	38

## We always seek to go above and beyond

In addition to being 100% Fairtrade and with almost 40% of our coffee purchases certified as organic, what is still truly unique about the Cafédirect model is the fact that we reinvest 50% of our profits into our Growers' communities through Producers Direct, a charity run by farmers for farmers.

---

### 2018 HIGHLIGHTS

---



#### Profit

We made a profit for the first time in 9 years.



#### B Corp company

We certified as the UK's first B Corp coffee company.



#### Organic

Our purchase of organic coffee now represents almost 40% of our total purchases.



#### Growth

We are the third largest roast and ground brand (excluding pods) in the UK.



#### New products

We launched three new products and moved to a bigger roastery in London.



#### Packaging

We have been working on improving the environmental impact of our packaging.



#### Awards

We won two Social Enterprise Awards; International Impact and the prestigious UK Social Enterprise of the year.



#### Feed the World

We sponsored the 'We Feed the World' photography exhibition, a celebration of smallholder farmers around the world.



## UPDATE FROM OUR CEO



John Steel, CEO Cafédirect

### 2018 was a landmark year for Cafédirect

2018 was an incredibly positive year with everyone in the business working tirelessly to make a real difference. The business grew in revenue terms, achieved solid profitability of £218k (2017: £343k loss) and continued with a very strong impact via increased Fairtrade and Organic premiums and its unique farmer-led charity, Producers Direct.

In addition, Cafédirect became the first UK coffee company to be B Corp certified and was recognised as the UK Social Enterprise of the Year 2018. After 27 years of consistently investing in social and environmental impact, pioneering new practices in the sustainability arena and putting growers at the heart of the business, Cafédirect is going from strength to strength.

It is particularly pleasing to feel the energy in the business, with the Roastery expanding, the brand relaunch performing well and much greater customer engagement. We have re-launched our coffee subscription website which is gaining more monthly subscribers. We are also supporting innovative brewing methods like the V60, which is why we are partnering with Hario.

As part of our commitment in sourcing the best coffee, Producers Direct support 7 Centres of Excellence (3 in Peru, 4 in Africa) which provide best practice in agricultural training, access to micro-loans, access to markets and support in working with data. All of which help growers continually improve the quality of their crops and increase their incomes.

We always seek innovative solutions to the challenges that growers face. Whether that's buying carbon credits in advance of replanting an area of deforestation to incentivise that community or negotiating a fair loan to support a co-operative in a time of financial crisis which has enabled them to export our bestselling product, Machu Picchu.

The outlook for 2019 is very positive, as consumers recognise the need for businesses with genuine purpose and switch to brands like Cafédirect. Sales growth continues to accelerate and the team are developing more exciting plans including new promotions, new products and other ground-breaking activities.

**John Steel, CEO**

A handwritten signature in black ink, appearing to read 'John Steel'.



# BUSINESS AS A FORCE FOR GOOD

## Commercial update



The company's turnover for the year ended 31 December 2018 was £13.1m, which was a 1.9% increase compared with 2017. Cafédirect achieved strong growth in the Grocery Retail sector, increasing sales by 7.2% versus the prior year, and with improved focus on e-Commerce delivering revenues 22.5% higher than 2017. Smaller convenience store sales also saw growth of 18%, completing a very positive picture for Cafédirect's domestic core retail business overall.

Growth in the UK retail sector accelerated in particular in the second half of the year, with an increase in market share of 12% compared with 2017 developing further to 17% by the last quarter. In 2018 the number of purchasers of Cafédirect products increased 8%, which was the first such increase in many years. In addition Cafédirect launched a decaffeinated version of its bestselling Machu Picchu coffee which is an exciting addition to the range.

The team have developed a pipeline of new products with the first ones due to market in the first half of 2019. UK Foodservice remains a key channel for the success of the business, since it provides an opportunity for Cafédirect to engage with consumers and communicate its message outside of traditional marketing activities. The business has changed the UK Foodservice model to step change growth with an increase in sales resource, streamlining the business model, investing in new sector opportunities. In summary: 2018 was a remarkable year, profitable, increasing our impact and making changes to ensure further social, environmental and financial success.



# 2018 THE YEAR IN REVIEW

JAN




Geared up for a busy 2018

FEB



The trip to Huadquiña

MARCH




Listed with Planet Organic

APRIL



Producers Direct rebranded

MAY



Moved to the bigger roastery

JUNE



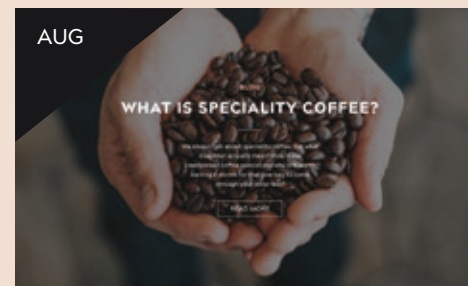
Became B Corp Certified

JULY



Machu Picchu Decaf is introduced

AUG



The Handpicked website is relaunched

SEPT



'Organic September' campaigns

OCT



The 'We Feed the World' international photography exhibition

NOV



Won two awards at the Social Enterprise UK Awards

DEC



Introduced our new 'Christmas Blend'

## 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.



2

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



3

By purchasing almost 40% of our coffee as organic and paying an additional Organic Premium.



Cafédirect was set up as mission-led business to deliver impact for smallholder farmers worldwide. We were one of the first companies to become Fairtrade certified in 1994 and our direct trade model enables us to better support co-operatives because we have developed long-standing relationships that have stood the test of time.

We work alongside our growers in 13 countries across 29 co-operatives, and through Producers Direct, to deliver tangible impact. Producers Direct (formerly the Cafédirect Producers' Foundation), is a producer-led charity which is overseen by trustees, some of whom are also coffee and tea growers.

## What is a social enterprise?

A social enterprise is a business that trades to tackle social problems, improve communities, people's life chances, or the environment. This might sound like charity work, but social enterprises are businesses. They make and do things that earn money and make profits like any business, but it is how they work and what they do with their profits that is different. They use them to make a bigger difference by reinvesting or donating them.

Cafédirect was founded in 1991 and set up as a social enterprise and we've reinvested up to 50% of our profits in the grower communities we buy from.



# OUR GLOBAL IMPACT



Direct trading countries



Organic, direct trading countries



Coffee co-operatives



Tea co-operatives



Cocoa co-operatives



Centres of Excellence



Where Cafédirect branded products are sold

## THE DIFFERENCE WE MAKE TO GROWERS

The financial difference we've made to growing communities from 2004 to 2018

**£10.1 m**

Fairtrade Premiums

**£5.7 m**

Invested in Producers' support

**£2.2 m**

Organic Premiums

**£18m**

from 2004-18

Financial support for growing communities in 2018

**£448k**

Fairtrade Premiums

**£100k**

Invested in Producers Direct

**£234k**

Organic Premiums

**£782k**

in 2018

Raw material purchases from grower organisations in Latin America, Africa and Asia in 2018

**1,210** 

Tonnes of coffee beans  
(980 in 2017)

**83** 

Tonnes of tea  
(159 in 2017)

## What is Producers Direct?

The Producers Direct model is built by farmers, for farmers and harnesses the power and potential of youth. 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. The model is structured across 4 key areas with farmers, youth and producer organisations playing key roles in delivering these services.

Find out more on our website at [producersdirect.org](http://producersdirect.org)

## The Producers Direct model



**TRAINING AND  
INFORMATION  
SERVICES**

Outcome

**40,448**

Farmers have accessed this service



**ACCESS TO  
FINANCE**

Outcome

**\$153K**

Loaned to producers



**MARKET  
ACCESS**

Outcome

**2,191**

Farmers use the 2Kuze platform to sell products



**DATA FOR  
DECISION  
MAKING**

Outcome

**1,116**

Farmers involved in farmer-led data collection and analysis



## PRODUCERS DIRECT UPDATE 2018

Producers Direct is powered by strong local teams, promoter farmers and a growing youth network. Using this network they have been able to reach 424,000 people in 2018, more than ever before. Working together they have been working to empower smallholder communities in Kenya, Uganda, Tanzania, and Peru. Supporting them to strengthen their resilience to rapidly changing climates; to increase their on-farm incomes; and build a farmer-led approach for sustainable food production.

### Launching a farmer-owned brand

2018 was a big year for Producers Direct. Launching Producers Direct as a farmer-owned brand has enabled the organisation to further widen its funding base and impact with smallholder communities. As well as grants from the World Bank to support its farmer-led data system, and from the GHR Foundation to build Youth Direct - a strong youth network to deliver key work on the ground - Producers Direct has, for the first time, received investment from Producer Organisations to support and develop market access for smallholder products.



### 3 new Centres of Excellence

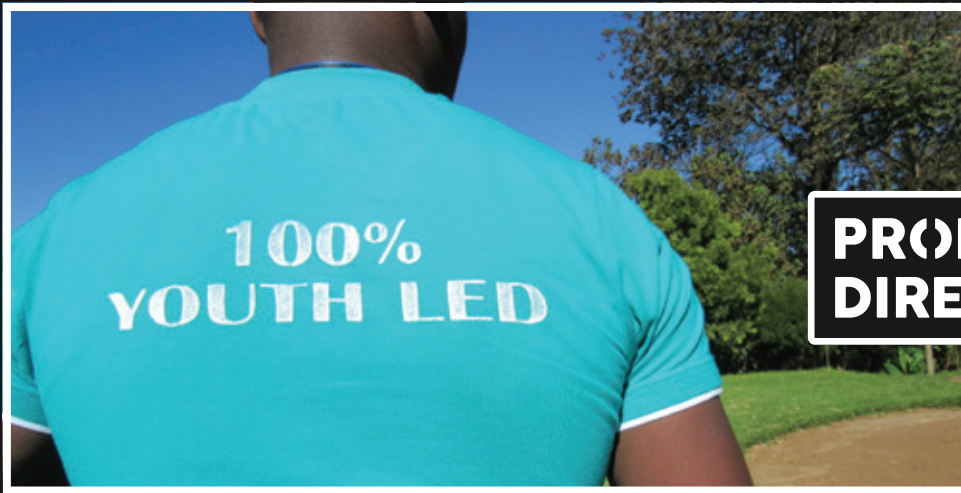
2018 also saw the launch of 3 Centres of Excellence in Peru - to join the 4 already operating in East Africa. Supported by the Big Lottery Fund, Producers Direct has launched these Centres of Excellence to provide farmer-led services, with over 5 thousand farmers already accessing these services. For more information, see [www.producersdirect.org](http://www.producersdirect.org).



### Innovation

Additionally, Producers Direct is excited to strengthen its farmer-led data system with real-time weather data via weather stations from partner organisation **Climate Edge**. Their NEXOs are low-cost and include sensors for analysing temperature and moisture that can be played straight back to farmers. 20 weather stations have been installed and the team are now exploring how these key data points help farmers understand farm conditions and test different practices to respond to challenges.





**PRODUCERS  
DIRECT** BY FARMERS  
FOR FARMERS



Silvia Lizana Rodriguez, Promoter Farmer at Chirinos Centre of Excellence, Producers Direct.

## Youth Focus

OpenIDEO and the GHR Foundation announced Producers Direct as one of 5 winners of the 2018 BridgeBuilder Challenge. 675+ ideas were initially submitted to address urgent global challenges in radically new ways and YouthDirect has been picked as one.

The FAO estimates food production will need to increase by 70% to match rapid population growth. Smallholders will need to provide the impetus for this increase, however, many of these communities are ageing rapidly with youth attracted to urban areas to seek employment.

In response, Producers Direct - with support from OpenIDEO and GHR Foundation - has created YouthDirect to provide youth-centered solutions to global challenges. Youth will be empowered to promote youth inclusion and participation in food value chains, thereby shifting power structures within the market, improving prosperity for smallholder farmers and promoting sustainable food systems.

## Empowering women

Silvia Lizana Rodriguez is from Chirinos in Northern Peru and is a member of the Co-operative Agraria Cafetalera (CAC) coffee co-operative, which is known for producing Speciality coffee. CAC works with small producers to grow and market coffee, as well as providing other practical services to its 783 members; a quarter of which are women.

Silvia uses her expertise in quality control and her experience of growing coffee to educate other farmers. In her role as a 'Promoter Farmer', she inspires and encourages other female coffee farmers to take advantage of their extensive training programmes and support in order to excel.

**"I am a member of the CAC Prosperidad de Chirinos coffee co-operative and proud to make the presence of women felt by sharing my knowledge of coffee growing and supporting other female producers."**



# PRODUCERS DIRECT

BY FARMERS  
FOR FARMERS

## Producers Direct key stats

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



# 1 million

Farmers and their families impacted by our work since 2009



# 50%

Increase in incomes for farmers



Impact delivered in over

# 14 countries



## Looking to 2019

In 2019, Producers Direct will be celebrating its 10 year anniversary. This will provide a great opportunity to see how far the organisation has come. Producers Direct will continue to build and diversify its income to build on and deliver its model of farmer-led support services and impact the livelihoods of more smallholder farmers and their families.



# BECOMING B CORP CERTIFIED



## What is a B Corp?

The B Corporation is a global movement that enables businesses to demonstrate their commitment to using 'business as a force for good'. Whilst Fairtrade and Soil Association certification guarantees commitments that are related to products (e.g. organic coffee) the B Corp certification provides credibility for the whole business. e.g. how the business operates.

## Why did Cafédirect certify?

Cafédirect have been pioneers for over 25 years. It started with being the first direct trade business in 1991 and then becoming the first Fairtrade certified coffee business in 1994. Cafédirect continues to invest 50% of its profits back to producers. We have always believed business can be a force for good; so certifying as a B Corp aligns with our values. Consumers are looking for businesses that go above and beyond to help create a sustainable future.

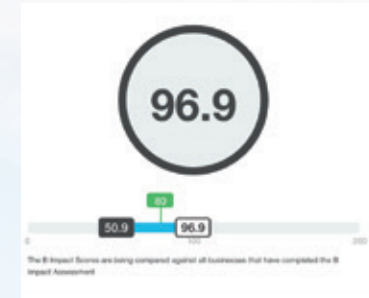
## How did we do?

Cafédirect is the first UK coffee brand to be awarded this prestigious certification. This demonstrates that Cafédirect has exceeded the high standards that need to be met across 4 key areas:

- Governance
- Workers
- Environmental impact
- Community

To be accredited we needed to pass a rigorous assessment and score over 80. We are delighted to share that we received a score of 97! Our extremely high Community score (47) reflects the tangible impact that Cafédirect creates for smallholder farmers and local communities.

## Overall B Impact score



## Impact area scores

Governance	10.4
Workers	21.4
Community	46.4
Environment	18.4

## THE SOCIAL ENTERPRISE UK AWARDS

We were delighted to win two awards at the UK Social Enterprise of the Year awards which were held at Guildhall in London.



We won the **International Impact Award** for the international impact we have delivered through Producers Direct.

We also won the overall **UK Social Enterprise Award** for a social enterprise that has a clear vision, excellence in impact, and that has demonstrated and promoted social enterprise beyond their sector.

**Judges' comments:** The impact of Cafédirect's rebrand has been phenomenal. They provide skills support for farmers, as well as financial loans. Their grower-focussed approach and high levels of reinvestment in the communities they serve naturally results in excellent engagement with farmers and growers. A truly extraordinary transformation over the past 12 months.

**Judges' comments:** "From decline to success! The turnaround in Cafédirect's fortune this last year has paved the way for a successful application. Re-branding, acquisitions and, increased performance all aiming at improving the lives of smallholder farmers in developing countries, whilst conducting business ethically and fairly make this a worthy winner."

"Cafédirect has been at the forefront of the fight for pushing for a better way of doing business. It is a pioneer of the social enterprise movement and a deserving winner of two UK Social Enterprise Awards, including UK Social Enterprise of the Year.

Cafédirect has shown just how effective the social enterprise model can be in re-balancing the terms of trade to benefit coffee farmers. The last year has seen high-levels of reinvestment in the communities it serves as well as a phenomenal rebrand. The business has successfully navigated itself through some tricky times and it has always stuck true to its values of keeping farmers at the heart of everything it does.

Social enterprises continue to show the world what the future of business should look like and Cafédirect is a prime example of what is possible when you combine social purpose with a quality product."



Peter Holbrook, CEO of Social Enterprise UK



## A CLOSER LOOK AT COFFEE PRICES

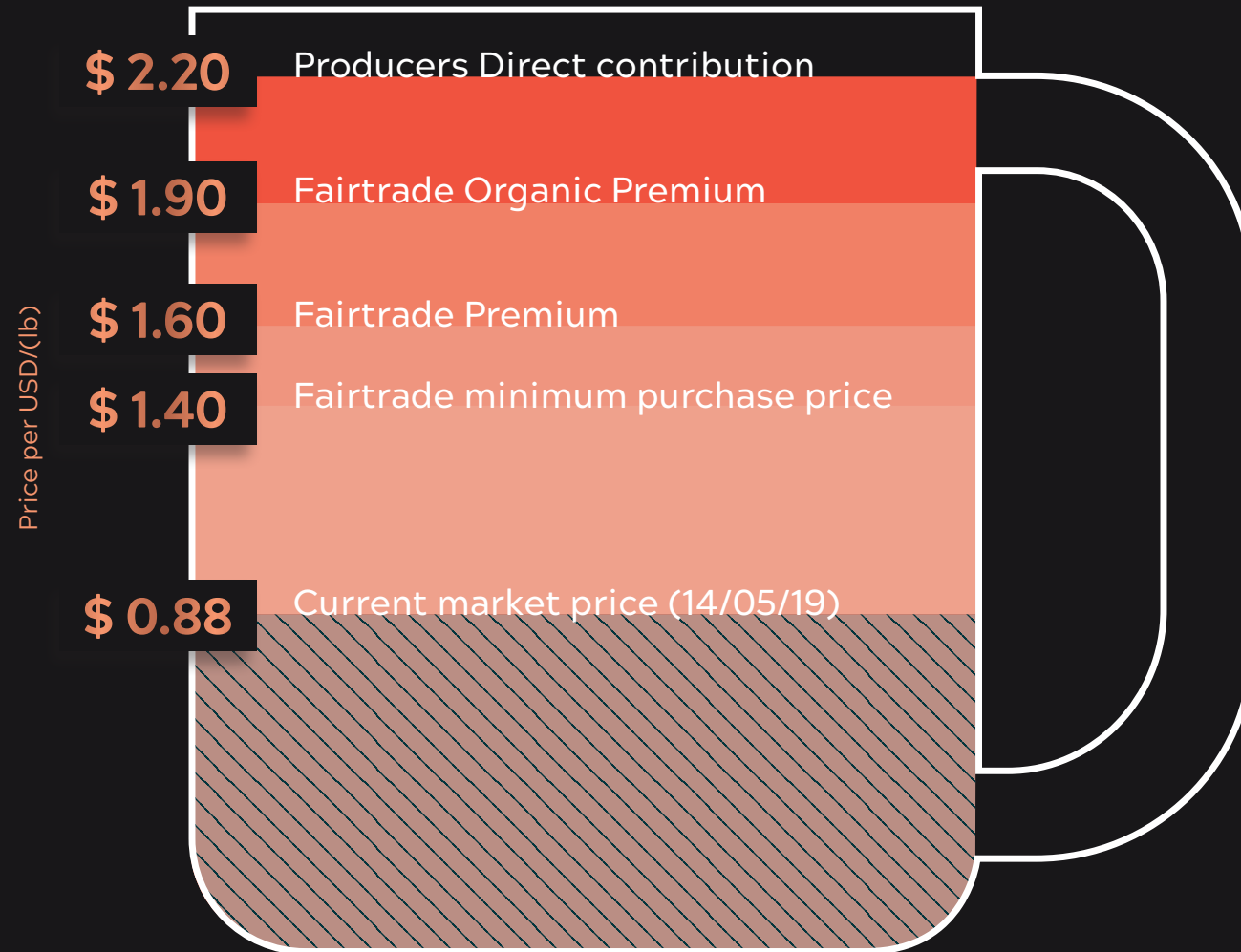
The C-Price for coffee has been under the Fairtrade minimum for almost a year and a half now, so Fairtrade is vitally important to the survival of smallholder coffee farmers and their families.

### Helping growers build businesses for the future

Buying Fairtrade guarantees the co-operatives a minimum price which is above their cost of production. This is critical right now as the price of coffee is well below \$1 per lb which is significantly below the cost of production and thus an enormous problem for farmers. By guaranteeing the Fairtrade minimum price of \$1.40 per lb (over 50% higher than the current market price) farmers know they will cover their costs and make a profit. Aside from peace of mind, this allows them to properly manage their crop and plan for future harvests.

In addition to the Fairtrade minimum price, as part of Fairtrade terms we pay a premium of \$0.20 per lb which the co-operatives use to both improve production techniques (to increase quality and yields) and also to invest in their communities. We also pay a \$0.30 per lb premium for the organic coffee we buy (almost 40% of our total coffee purchases) helping the co-operatives to invest in sustainable organic production methods.

In addition to this, we pay \$0.30 per lb to Producers Direct. This contribution is used to deliver additional impact in 4 key areas working with farmers, youth and producer organisations at origin.





## Celebrating 20 years of Machu Picchu

'Our Machu Picchu coffee is ridiculously good with a rich, full bodied and smooth taste with nutty, dark chocolate overtones. Giving it a luscious everyday taste that is perfect for all coffee lovers to enjoy at any time of the day'.

Sam Harlow, Roastery Production Assistant

Cafédirect are celebrating 20 years of Machu Picchu coffee. This award-winning coffee is sourced from the Huadquiña Co-operative in the Cusco region of Peru. Grown at extreme altitudes within the Inca heartland of the Peruvian Andes and close to the sacred site of Machu Picchu, this coffee is 100% organic Arabica.

Cafédirect originally began working with a group of co-operatives called Cocola who supplied us with the coffee for our Machu Picchu product for more than 15 years. Sadly in 2014 Cocola experienced a number of problems and was unable to continue supplying coffee so Cafédirect began working directly with Huadquiña, one of the co-operatives who had been delivering coffee into Cocola. Initially Cafédirect had to lend money directly to Huadquiña- something that is almost unheard of - to enable the co-operative to buy the coffee from its members as no bank was willing to lend it money. This was a pivotal time for Huadquiña and thankfully now the co-operative is flourishing and able to borrow money direct from ethical banks each harvest to finance the co-operative to purchase the coffee from its members.

In early 2018, the Cafédirect team were excited to visit Huadquiña, where they met our friend Hebert Quispe Palomino, the General Manager. Huadquiña represents over 290 smallholder farmers who are proud to offer Fairtrade and Organic certified Machu Picchu coffee.



# An interview with Matt McDonald, Cafédirect's Procurement Manager

## How did you get into coffee?

I got into coffee accidentally on purpose. On my return to the UK from a three year round the world cycle I spent a while thinking about what I wanted to do. It's really important to me to work for a company with very strong ethics and a social purpose. I also wanted to utilise the experience I had working in supply chains and combine that with my love of travel. So I focused on researching ethical food and drink companies and found Cafédirect. I began as a temp working in the supply chain (manufacturing and production) where I had experience but knew very quickly it was the procurement of the green coffee that I was really interested in and luckily was able to move across to focus on the front end of the supply chain.

## Can you tell us a little about how you buy?

One of the founding principles of Cafédirect is the long term, direct relationships we have with the co-operatives - hence the name Cafédirect (café being the word for coffee in Spanish)! This is how we came to be founded in 1991 following a crash in the price of coffee

which was devastating for coffee farmers. Three co-operatives (one from Peru, one from Costa Rica and one from Mexico) each sent a container of coffee to Oxfam in UK without taking any payment at that point. The coffee was roasted, packed and sold and then the money returned to the co-operatives - this is how Cafédirect was born.

This type of direct relationship was pioneering in 1991, traditionally coffee was bought from co-operatives and estates by coffee importers and sold onto coffee companies. By cutting out the importers Cafédirect was able offer the co-operatives direct access to Western markets and in return could pay a fairer price for our coffee. Having pioneered this business model, thankfully today it is becoming increasingly common for coffee companies to have this type of direct relationship with co-operatives. At Cafédirect we celebrate this change as it is likely to mean a better deal for the co-operatives.

Furthermore each of the co-operatives we buy from hold shares in Cafédirect and two of our eight board members are growers that we buy from - this business model truly

makes us partners with the co-operatives. Finally Cafédirect invests over 50% of our profits back into the farmer communities we work with through our stand alone charity Producers Direct. No other coffee business does these things.



Matt McDonald with Don Erique



## How often do you visit Co-operatives?

I usually make three trips a year to visit the co-operatives we buy from which is really important to maintain those direct relationships. During those trips I have seen first-hand the impact of Fairtrade and it is hard not to overstate the importance of this, especially given the current coffee price crisis.

## What difference does buying Fairtrade make?

Buying Fairtrade guarantees the co-operatives a minimum price which is above their cost of production. This is critical right now as the price of coffee is well below \$1 per lb which is significantly below the cost of production and thus an enormous problem for farmers. By guaranteeing the Fairtrade minimum price of \$1.40 per lb (over 50% higher than the current market price) farmers know they will cover their costs and make a profit. Aside from peace of mind, this allows them to properly manage their crop and plan for future harvests. The price of coffee has been under Fairtrade minimum for over a year now (since January 2018) so Fairtrade and Fairtrade organic business is hugely important to the co-operatives.



In addition to the Fairtrade minimum price, as part of Fairtrade terms we pay a premium of \$0.20 per lb which the co-operatives use to both improve production techniques (to increase quality and yields) and also to invest in their communities in social or environmental projects of their choice. We also pay a \$0.30 per lb premium for the organic coffee we buy (almost 40% of our total coffee purchases) helping the co-operatives to invest in sustainable organic production methods.

## How do you brew your coffee?

I always brew my coffee using a V60 filter dripper and always with freshly ground beans.

## Your favourite Cafédirect coffee?

At the moment I really like our Organic Peruvian Reserve coffee.





## The Cafédirect team visited Huadquiña in February 2018

Dariel Petrov is Cafédirect's National Account Manager. Whilst visiting the Huadquiña co-operative he met Maximillian and his wife Rosa, who run a small coffee farm and are members of the Huadquiña co-operative. Dariel took some time to chat with them and recalls his impressions:

“When we visited their farm, it was evident how important Fairtrade is to them. It adds a sense of security to the coffee production, as they know that they are guaranteed a minimum price, despite the fluctuations in the market price. This guarantee also means that they can reinvest in their farm, focus on improving the quality of their coffee and develop the way that the farm is managed. Through these improvements they are hoping to double their coffee production.

I was taken aback by the friendliness and sincerity of the people in Peru. We felt welcomed (and anticipated) everywhere we went. It was also amazing to see how important Cafédirect is as a customer and a partner.

Visiting the coffee farms put into perspective the amount of work that goes into growing, picking and processing the beans. Everything is done by hand, and often the coffee trees are located on steep hills so picking and transporting the beans back to the co-operative is a manual and demanding job. It made me appreciate the supply chain and I was fuelled with energy and a desire to do my best to sell more of this wonderful product (Machu Picchu) and share the story of its journey!”



## The Fairtrade Premium in action at the Huadquiña Co-operative

Huadquiña has used the Fairtrade Premium funds to invest in improving their coffee production and coffee quality, here's how:

They built a **new centralised wet mill** that allows Huadquiña to control the coffee fermentation process and ensures the highest quality for all of their coffee.

They are doing **pioneering work** for a co-operative in Peru on coffee fermentation. By fermenting different coffee varieties, and coffee grown at different altitudes separately, they are able to establish the optimum time needed to ferment each type. This enhances the natural flavours in the beans. As far as we know they are the only co-operative in Peru doing this.



Don Enrique's solar dryer

Huadquiña have also built a **centralised solar dryer** which ensures the gentle and stabilised drying of the wet parchment coffee after the fermentation process.

They have **set up a fund** which allows members to borrow money to complete quality projects on their farms such as building their own solar dryers.

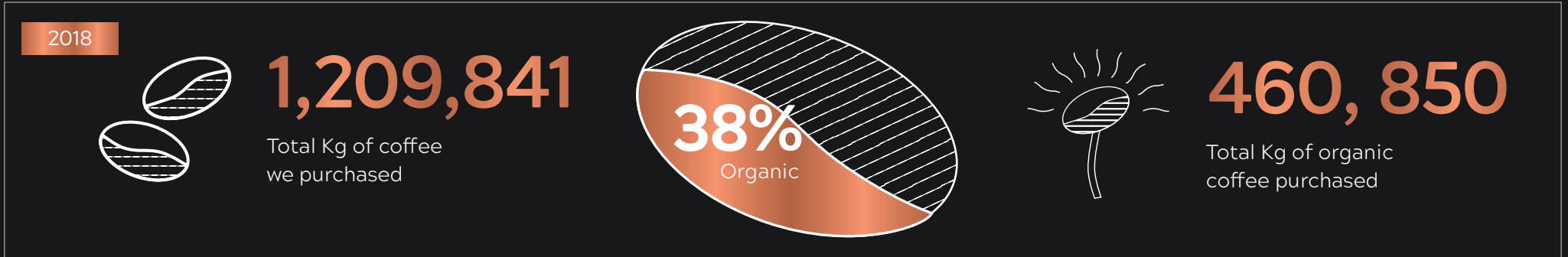
They have been **investing in staff training**. The funds paid for Rosario, the daughter of one of the co-operative members, to become a certified Q Grader. She had to take a rigorous set of exams over three days and now she can professionally evaluate the quality of any coffee. Another team member was trained to become a Specialty Coffee Association trained barista.



Matt McDonald with Rosario

# THE ENVIRONMENT AND ORGANIC COFFEE

Repairing our planet from grower to consumer. Our organic beans are sourced from Peru, Tanzania and Uganda.



We work directly with 8 organic coffee growing co-operatives from 3 countries.



Almost 40% of our coffee purchases are organic.



We pay a \$0.30 per lb premium for the organic coffee we buy.



We've paid £2.2 m in organic premiums to date.



Pesticides and fertilisers from non-toxic, renewable sources with positive environmental impact and better flavoured coffee.



Better livelihoods for smallholders who benefit from the organic premium to invest in sustainable, organic production methods.



Healthier soil retains nutrients and water so is less susceptible to erosion and extreme weather conditions.



Organic fertilisers are made from local waste, it's cost effective and reduces the need for expensive and carbon-producing transportation methods.

## Why organic ?



### Quality

Our Organic range has been grown without pesticides and with minimal environmental impact, allowing the flavours to develop naturally at their own pace.

### Non-toxic inputs

Organic uses fertilisers and pesticides that come from renewable, non-toxic sources such as animal or plant waste or powdered minerals. Almost 300 pesticides which are routinely used in non-organic farming are often present in non-organic food.

### Healthier soil

Although organic fertilisers tend to be more expensive, they help improve the structure of the soil which makes it better at absorbing and retaining nutrients and requires less water. Healthier soil is also less susceptible to erosion during spells of extreme weather which helps to protect the local communities from landslides.

### Using waste

Producing organic coffee takes a lot of hard work. It requires careful stewardship of the land, using organic fertiliser which can be made from the ‘waste’ cherry pulp, and obtaining additional inputs such as organic pesticides.

### The benefits

The benefits of producing organic coffee are well worth the investments made and Cafédirect recognises its role in protecting the environment as well as championing smallholders’ livelihoods. This is why our Organic range is certified by the Soil Association.



“When you see the organic symbol, you can be sure what you buy has been produced to the highest standards. It means fewer pesticides, no artificial additives or preservatives, the highest standards of animal welfare and no GM ingredients.”

Clare McDermott, Business Development Director, Soil Association

### Looking to 2019

We are working towards increasing our organic purchase and we are looking to ensure that new products in our future range are certified as organic.



## Norandino Case Study



### Background

Norandino (formally known as CEPICAFE) is a co-operative located in the Piura region of Northern Peru. It was founded in 1995 by 200 members and has now grown to represent over 5,000 smallholder farmers. A number of their farmers are situated at the bottom of a valley, where their only 'neighbours' are a 5-hour, nerve-wracking journey directly up the mountainside to Choco, where a community of solitary subsistence farmers live. These farmers have to be resourceful and have relied upon the surrounding woods to build their homes, which over time has contributed to serious deforestation.

In 2012, Peru was cited as being at the 'epicentre of climate change' and suffered heavy rainfalls. This constant deluge created severe soil erosion directly affecting the Norandino community below. Without trees, the land was prone to mudslides which destroyed people's homes and crops.

Cafédirect worked alongside Norandino to pilot an innovative climate change adaptation project. Together they approached the farmers in Choco to explain the impacts of climate change and to persuade them to become involved in this pilot project which focused on replanting trees to create a sustainably managed woodland in the region. To incentivise the community of Choco to plant the trees, it was agreed that the trees would be owned by the Choco community. They could then sell carbon credits on the global carbon market and earn an income this way. Once the trees were mature, the next generation would be able to also generate an income from selling sustainably harvested timber.

It was a challenging project to facilitate. There was no blueprint to follow and it took a long time to gain the trust and understanding from the Choco community. Cafédirect made a bold decision to pre-finance the project. As Santiago Paz, Export Manager of Norandino recalls:

**“Perhaps Cafédirect’s most important role was to give us the resources we needed even before receiving the certification of carbon credits. Usually companies don’t do that. But Cafédirect is different from other buyers. It really cares about the problems grower organisations are facing.”**

Cafédirect paid the cost of seedlings, purchased carbon credits in advance and agreed to pay the Choco community for their labour of planting the trees. It was agreed that Norandino would receive 10% of Choco's income from carbon credits to help fund other climate change adaptation projects.

**“Plant a tree and you will be sewing awareness”**

Santiago Paz, Export Manager, Norandino



## Impact

With Cafédirect's practical support and collaboration with local agro-forestry NGOs, 224 hectares of beautiful forest was planted by hand; increasing community cohesion, carbon capture, habitats for local wildlife and a sustainable future. The total amount of carbon captured will be reported on early 2019.

This project was so successful, that in 2015, Producers Direct (previously known as the Cafédirect Producers' Foundation) established a Centre of Excellence in Norandino to help train other farmers from different regions in Peru, about ways to mitigate climate change, which includes a visit to Choco.

“We are delighted to have been able to support the community at Choco to become a demonstration site. This will allow even more farmers and producer organisations to visit this amazing region and learn about how investing in reforestation projects can help to protect the environment and support the community to generate income, often in surprising ways!”

Sam Webb, Producers Direct Information Manager

### Key stats

**11,876**

Total number of Carbon Credits traded on the global stock market (2010-18)

**5,417**

Total number of Norandino members

**0.75**

Soles - price paid per plant

**464,490**

Number of seedlings planted (2010- to date)

**999**

Norandino members are women, that's 18.4%

**4,418**

Norandino members are men, that's 81.6%



## The 'We Feed the World' exhibition

Cafédirect sponsored this ten-day (12-21 October) photography exhibition which celebrated the importance of smallholder farmers who produce over 70% of the world's food. 47 professional photographers were commissioned to capture farming communities around the world. The exhibition was the result of three years work by the Gaia Trust team and their global partners.

### Smallholder farmers produce over 70% of the world's food

Niall O'Brien's photographs of the Huadquiña Co-operative (one of the co-operatives who grow the organic coffee for our best-selling Machu Picchu range) were featured in the exhibition.

The exhibition coincided with the Landworkers' Alliance and Sustain's 'Good Food' march where committed activists, farmers and environmentalists walked from Westminster to the Bargehouse Gallery calling for guarantees on the Agricultural Bill.

The Cafédirect team ran a coffee bar as part of the farmers' market where consumers could try Machu Picchu coffee and was a fantastic opportunity for consumers to meet the team and learn more about where and how we source our coffee. We also incentivised responsible consumption by giving FREE coffees to anyone who either brought their own reusable cup or who purchased a reusable Huskup from our stand.

### 7000 visitors attended the Bargehouse Gallery during the 10 day exhibition







Niall O'Brien's photographs of the Huadquiña Co-operative



## OUR NEW ROASTERY

In 2018, we expanded our roastery to a new venue in London Fields. This additional space has enabled us to increase the volume and range of coffee that we can source for our subscription and organic coffee range. As part of our Roastery team, we have three Q graders and three packing staff, overseen by our Head of Operations. To have three Q Graders is a huge acclaim, as there were only 70 Q graders in the UK (in 2018) and each Q grader has to pass a rigorous set of exams to be able to evaluate defects and aromas in coffee.

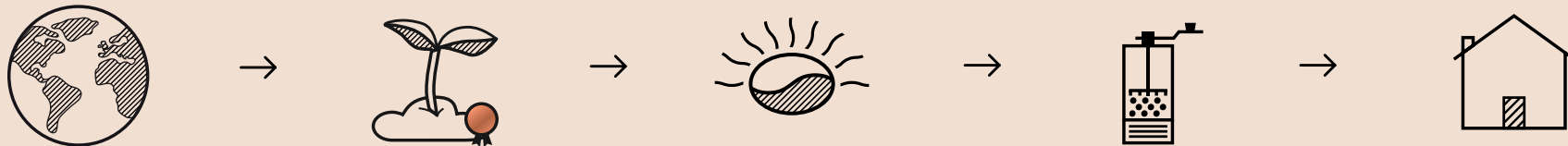
### Coffee subscriptions

The subscription business is a small, but strategically important part of Cafédirect's business. It enables consumers to order a monthly subscription and receive speciality microlot coffee, carefully selected and hand-roasted at our roastery. Visit the Handpicked website to find out more: [handpicked.cafedirect.co.uk](http://handpicked.cafedirect.co.uk)



Georgios Kokkalis, Roastery Production Manager

## FROM BEAN TO BREW



## Quality

We are passionate about sourcing and producing good quality coffee. At Cafédirect, we've been purchasing 'speciality' coffee for over 20 years! We are extremely proud to bring to market all kinds of speciality coffee from around the world.

### What is speciality coffee?

Technically, coffee can be classed as 'speciality' when it scores 80 or more points using the grading system of the SCA (Speciality Coffee Association of America). This looks at the main characteristics of the coffee including flavour, acidity, body and balance. The best coffees sit between 84 and 90, and it is very rare that a coffee would score above 90.

We source coffee for our subscription range, which we refer to as 'microlot speciality'. We go above and beyond speciality and buy coffee of at least 84 points. We also provide a leaflet with each subscription coffee that shares more information about how it is grown and the co-operative that we have sourced it from.

### Quality control

Our coffees are the result of true dedication and extensive quality control, from the expert growers at origin to our in-house Q Graders. Every step of the coffee journey matters:

- 1 The cherry needs to be perfectly ripe when it is picked.
- 2 It needs to be processed and dried very carefully.
- 3 It must be shipped without any deterioration of quality.
- 4 The coffee has to be stored correctly.
- 5 Then it needs to be roasted to perfection to bring out the best flavours and attributes.



We carefully make sure all of these steps are met so that the coffee that reaches our customers is 'Ridiculously Good' coffee.

Each batch is likely to have been professionally tasted 7 or 8 times along the way before it gets to our customers.



# BRINGING RIDICULOUSLY GOOD COFFEE TO MORE PEOPLE

## New product development

In 2018, we developed and launched three new products. Innovation is an important part of our continual efforts to reach more customers and deliver more impact for our growers.

We created our first organic 'Christmas Blend' coffee for retail, small batch roasted in London.

We extended our Machu Picchu range by adding a decaffeinated option, which has been popular and is available in Tesco's. It's now listed in Waitrose and Sainsbury's.

We also launched our premium Handpicked range, which was Tesco's first time in retailing a speciality organic coffee. The new range includes three new coffees from Honduras, Ethiopia and one premium Discovery blend.







PERUVIAN RESERVE  
4  
CAFE DIRECT  
RIDICULOUSLY GOOD COFFEE  
BATCH ROASTED  
FULL-BODIED with notes of CHOCOLATE AND HAZELNUT  
WHOLE BEANS

PERUVIAN RESERVE  
4  
CAFE DIRECT  
RIDICULOUSLY GOOD COFFEE  
BATCH ROASTED  
FULL-BODIED with notes of CHOCOLATE AND HAZELNUT  
WHOLE BEANS

CHRISTMAS BLEND  
3  
CAFE DIRECT  
RIDICULOUSLY GOOD COFFEE  
BATCH ROASTED  
RICH & FULL-BODIED with notes of PRALINE AND BROWN SUGAR  
FILTER & CAFETIÈRE

ORIGINS BLEND  
3  
CAFE DIRECT  
RIDICULOUSLY GOOD COFFEE  
BATCH ROASTED  
FULL-FLAVOURED with notes of TOFFEE AND WALNUT  
FILTER & CAFETIÈRE





## Planet Organic

Planet Organic are a London based organic and natural products retailer. They are a new customer and they chose to work with Cafédirect because they are engaged with our business mission and value the impact delivered by Producers Direct. They take our Organic range (Origins Blend Ground, Peruvian Reserve Ground and Espresso Blend Beans).

### Sustainable Sourcing

“A big part of them choosing to work with us was the locally roasted element - as a London based retailer they loved that they can offer their customers a range of organic coffees roasted a few miles away from their stores.”

Dariel Petrov, National Account Manager for Cafédirect

### Unpackaged

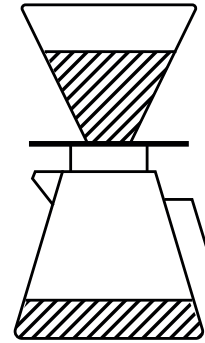
We are really excited to be working with Planet Organic on our first ‘unpacked’ coffee offering. We have developed a new product, bulk Peruvian Reserve whole beans, which are roasted to order and would go into a new unpackaged section. This would allow customers to bring their own containers and weigh their coffee in store, thus reducing the environmental impact of coffee packaging.

## V60-Hario Partnership

We think it is important to inspire an appreciation for great tasting coffee as well as having the minimum impact on the planet. That's why we are so excited to have partnered with Hario as their official distributors in Waitrose.

Hario is a Japanese company that has been manufacturing glassware and brewing equipment, including V60s, since the 1920s. The V60's innovative spiral design creates a clean tasting drink by enabling more of the coffee grounds to come into contact with the water. It's the perfect hassle-free brewing method because there's no weighing and measuring involved, you simply use the measuring scoop provided. This method of brewing is disrupting the way coffee is made and we are excited to be promoting the V60 starter kit to a broader audience.

Ridiculously Good coffee can be ridiculously simple! Watch our video on [YouTube](#) to see how it's done.



## Three reasons to love the V60

- 1 Affordability**  
at around £10, the V60 won't break the bank
- 2 Usability**  
it's easy to use and easy to clean
- 3 Sustainability**  
it encourages minimal water use because V60s make the right amount for one cup and the coffee grounds can be used for home composting. Compare this to using a cafetiere, which can make up to a litre of coffee which is often wasted.





# Royal Albert Hall

## Once in a lifetime coffee adventures

The Royal Albert Hall is an iconic venue, which attracts visitors from all over the world.

Although not a new customer for Cafédirect, 2018 saw the exciting development of using our roastery at London Fields to create a bespoke blend from Costa Rica for the Royal Albert Hall.

This blend with hints of Dark Chocolate, Vanilla and Stewed Plums, was developed in consultation with their team.

Cafédirect coffee is available across all four of their cafe sites and is an integral part of the Royal Albert Hall experience. Everyone who participates in a Royal Albert Hall tour, receives a voucher to have a Cafédirect coffee and a piece of cake at the end of their tour. In 2018, 59k people went on a tour!

“We have been delighted with the past five years of partnership with Cafédirect. To be able to bring in a special Royal Albert Hall blend of coffee has been a real highlight - offering our visitors something from a brand that they can’t get anywhere else, which ultimately helps to create unique experiences whilst they are in the venue.”

Davina Sasha, Head of Partnerships and Hospitality, Royal Albert Hall

---

Read Georgios Kokkalis’s interview about the collaboration on the [Royal Albert Hall website](#).









## Packaging

We are working on making improvements in this area because our current packaging is made from 3 ply material which is non-recyclable and non-compostable. That's because of the metallic foil which ensures that we meet food and safety standards for freshness, and protects our products in transportation.

**Our ambition is to be a zero waste business from grower to consumer, using 100% sustainable packaging.**

This year we introduced FSC certified home compostable bags in the roastery and our long term strategy is to design a 'circular approach' to waste and materials.

## Reusable cups

Single use cup is a growing issue that we need to address as a hot drinks company with an expanding portfolio of foodservice customers.

**“ In the UK we use 7 million disposable coffee cups every day - that's 2.5 billion every year.”**

The Independent-05 Jan 2018

We are working with partners like Huskups that share our environmental concerns. They won the PEA award in 2018, they contain no plastics and are made from rice husks, so they prevent more carbon dioxide from being released into the atmosphere.

We purchased 150 Huskups for our stand at the 'We Feed the World' exhibition and gave everyone a FREE coffee if they bought a Huskup or brought a reusable cup with them.





## Cafédirect as an employer

Cafédirect's team are a diverse and vibrant community based in London. We are proud to pay more than the London Living Wage to all of our employees and freelance staff.

We conducted an employee survey which found that 81% of employees strongly agree or agree that they are 'overall satisfied 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 and external speakers.

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



## LOOKING AHEAD TO 2019

As UK Social Enterprise of the year, we feel it is important to continue to advocate and support Social Enterprises, which is why we are planning a programme of events in 2019 that will support this activity. We believe that sustainable impact is possible through collaboration and we look forward to partnering with social enterprises across different sectors.

**Our growth and return to profitability provides an excellent platform for us to build a sustainable, scalable business in 2019 and beyond.**

---

### Our plans for 2019

---



#### **Train more baristas**

Launch a Barista training programme in our roastery to support other Baristas and Foodservice customers through their social enterprise programmes.



#### **Focus on our product range**

Focus on growing our core, best-selling coffees, teas and cocoa, with an exciting new promotion on our best-selling Machu Picchu range.



#### **Buy even more organic**

Look to increase our organic purchasing and commitment.



#### **Continue innovating**

Build on our innovation success in recent years with a launch of new products in the first half of the year.



#### **More marketing**

Increase our focus on marketing to build a strong, meaningful and well differentiated brand.



#### **Increase our out-of-home business**

Drive our out-of-home business by working with our partners to create Cafédirect coffee shop business in different venues across the country.





Georgios Kokkalis, Roastery Production Manager and David Ahrens, Roastery Production Assistant, performing a coffee 'cupping'.



## GET INVOLVED

- Subscribe or give a gift with an adventure in coffee from Handpicked: [handpicked.cafedirect.co.uk](http://handpicked.cafedirect.co.uk)
- Introduce friends and family to our award winning products
- Ask your workplace to serve Cafédirect if it doesn't already
- Try another product from [our fabulous range](#) - especially our new products and tea and hot chocolate, which are less well known but equally delicious
- Sign up for our newsletter at [Cafedirect.co.uk/sign-up](http://Cafedirect.co.uk/sign-up)
- Read our blog at [Cafedirect.co.uk/blog](http://Cafedirect.co.uk/blog)
- Follow us on social media



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.

### Contact

Address: 21 Whiston Road, London, E2 8EX Phone: 020 7033 6000 Website: [cafedirect.co.uk](http://cafedirect.co.uk) Email: [info@cafedirect.co.uk](mailto:info@cafedirect.co.uk)

Designed by [Complete Digital](#)