

30 YEAR SPECIAL EDITION



IMPACT REPORT 2021



AN UPDATE FROM OUR CEO

2021 was a positive year for Cafédirect, the seventh year of continuous growth. Despite the change and challenge from the pandemic there were some excellent achievements for the year and for the future of the business.

Everyone in the business stepped up to make a real difference. The result was a further increase in revenue, up 4% to £17.8m whilst incurring a loss of £76k (2020: £189k profit).

We delivered strong impact via Fairtrade and Organic premiums and investment was continued in the unique farmer-led charity, Producers Direct.

Cafédirect continues to go from strength to strength and the momentum and focus at the end of 2021 is very powerful and we look to the future with great confidence.

"CELEBRATING 30 YEARS OF CAFÉDIRECT AND THE IMPACT THIS PIONEERING BUSINESS HAS HAD ACROSS THE GLOBE"

2021 was also very important as we paused to celebrate 30 years of Cafédirect and the impact this pioneering business has had across the globe. As part of this important occasion Cafédirect ran a series of podcasts talking with business leaders about how to build better business; held an impact event with renowned keynote speakers to challenge the role of business in 2021 and beyond and created an Anniversary coffee to recognise this great milestone.

In addition one of Cafédirect's employees, James Nixon cycled across the UK visiting the founder organisations that started Cafédirect and raising f10k for Producers Direct.

Even in the midst of the pandemic, the energy in the business is quite remarkable, with the brand continuing to outperform the market and increased focus across all aspects of the business.

The focus on our best-selling speciality coffee, Cafédirect Machu Picchu, ensured its continued success as a leading product range with growth of over £1m and exceeding £10m for the first time. In addition, the new Single Origin Mayan Gold continued to grow exponentially with sales over £1m.

Our genuine, direct engagement with our cooperative partners has been incredibly important, ensuring supply in these challenging times, working closely to mitigate the pandemic which has been devastating across the globe.

In August we moved offices to be on the same site as the London Fields Roastery. This created a new working environment as we deliver a new hybrid way of working.

The company's capabilities were increased considerably in 2021 with training to deliver a best in class business, systems improvements to deliver better performance through insightful decision making and key appointments including the creation of a new role, Head of Purpose to deliver Cafédirect's mission at the highest level possible.

Although there is much uncertainty in the world, the outlook for 2022 is very positive. The appeal for businesses with genuine purpose continues to accelerate and Cafédirect is very well positioned to make the most of this shift. Sales growth continues to accelerate and the team are developing more exciting plans including new promotions, new products and other ground-breaking activities. We expect to see growth levels in 2022, a return to profitability and further increases in impact.

John Steel, CEO

Mal

INVESTING £30 MILLION OVER 30 YEARS

1991 - 2021 INVESTMENT IN IMPACT



FAIRTRADE

£21.1M



PRODUCERS DIRECT

£7.4M



ORGANIC

£2M

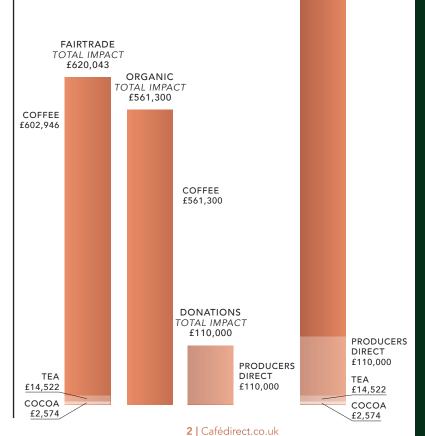
TOTAL

£30.5 MILLION



TOTAL IMPACT £1,291,343

COFFEE £1,164,246



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CELEBRATING 30 YEARS OF IMPACT

This year, we celebrated our 30th anniversary and the impact we have had together on improving farmers' lives. Reaching 30 years is a remarkable achievement for a pioneering social enterprise that set out to use business as a force for good by paying a fair price directly to coffee cooperatives.

The milestone demonstrated the long-term commercial success that can be achieved whilst improving the lives of smallholder farmers and highlighted the gains that can be made from working in partnership with them.







Better quality coffee, environmental protection and climate adaptation were just some of the ways we demonstrated that our farmer partnerships are better for everyone.

Our activity sought to thank each of our stakeholders in making the journey possible and celebrate that our existence has delivered over £30 million to growers to improve their lives and livelihoods.

COMPANY TIMELINE

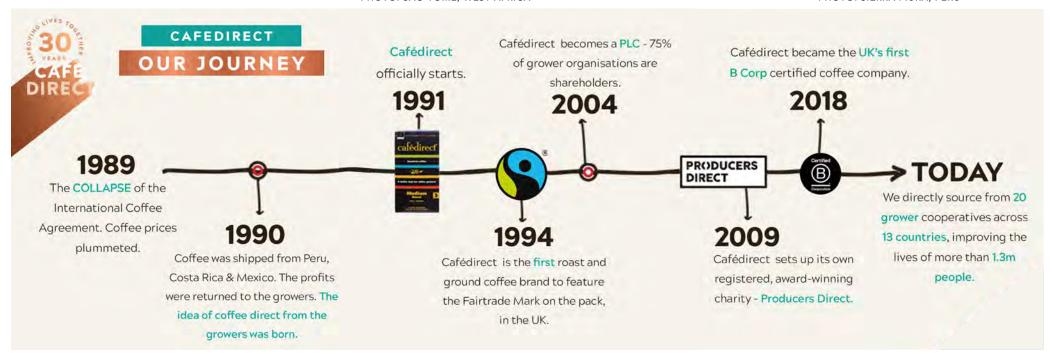
A company timeline was created on our website to present some of the highlights over the past 30 years. Significant achievements and innovations were selected to show some of our proud moments in history and give context to our celebration.

cafedirect.co.uk/30years



PHOTO: SIERRA PILIRA PERIL

PHOTO: SIERRA PIURA, PERU





JAMES' RESILIENCE RIDE

FROM LONDON TO EDINBURGH

To kick off the 30 year activity our Head of Finance, James Nixon, cycled from London to Edinburgh to raise money for our partner charity, Producers Direct.

James' inspirational bike ride demonstrated our employee's passion for our purpose and highlighted the brave founding partners which he visited on his 773km journey: Equal Exchange, Twin Trading (now Sustainable Harvest), Oxfam and Traidcraft.

James raised an incredible £10,000 for Producers Direct's Covid Resilience Fund which helps farmers cope and adapt to the epidemic.

James wrote a blog about his experience which can be found under the blog section of the website.

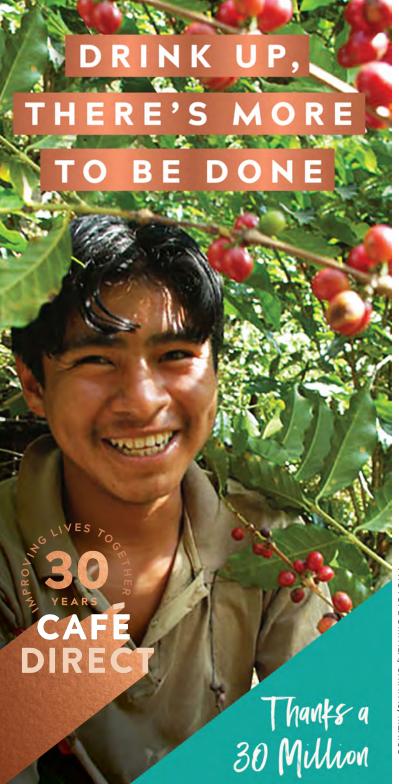


 $773 \, \text{km}$



£10k

5 | Cafédirect.co.uk



ONLINE CONSUMER CAMPAIGN

THANKS A 30 MILLION

We could not have invested £30 million in our farmers without our customers' support. To thank our customers for their purchases and demonstrate the huge impact they made, we created an online 'Thanks a 30 million' campaign.

In July, our social media, email and website communicated messages about the producer support provided thanks to our customers' purchases.







BUILDING BETTER BUSINESS; A PODCAST IS BORN

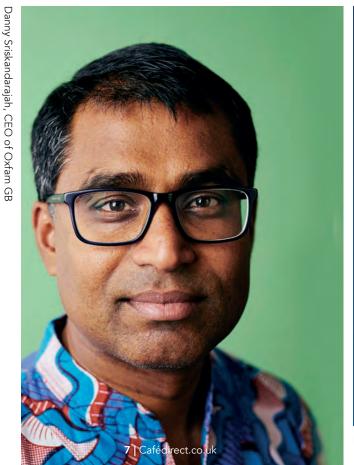
Bevis Watts, CEO of Triodos Bank UK

LISTEN ON OUR WEBSITE:
CAFEDIRECT.CO.UK/PODCAST

In August the Building Better Business podcast launched. The series explores how we can all take a step towards creating a more sustainable and socially-conscious world through enterprise and looks to inspire business leaders and consumers to use business as a force for good.

Hosted by CEO John Steel, guests range from academics to business leaders and from NGO CEOs to farmers, who all shine a light on every aspect of running a purpose-driven business and the impact this can have on improving everyones' lives. Guests include Danny Sriskandarajah, CEO of Oxfam GB; John Philips, Chairman of Cafédirect; Bevis Watts, CEO of Triodos Bank UK; and Kresse Wesling, founder of Elvis & Kresse.

The podcast is available on the website and listening platforms: cafedirect.co.uk/podcast





Kresse Wesling, CBE, Founder of Elvis & Kresse

TOP LEFT: CLAIRE RHODES, TOP RIGHT: RAUL TALLEDO, BOTTOM LEFT: PAULINE TIFFEN, BOTTOM RIGHT BOB DOHERTY



CAFÉDIRECT LIVE

BUILDING BETTER BUSINESS: PEOPLE AND PLANET FIRST

Cafédirect LIVE sought to bring together our stakeholders to discuss the urgent need for business to intervene and shift the agenda for society and the environment.

Building Better Business: People & Planet First was a panel discussion that explored the nexus of business and the future of the world and humanity and what industry and consumers can do to make a lasting difference.

On the panel was Pauline Tiffen, Claire Rhodes, Bob Doherty and Raúl Talledo Torres who created an intelligent, thought-provoking and lively discussion. Raúl Talledo Torres, General Manager of Bague Grande coffee cooperative in Peru and Cafédirect Non-Executive Board Director, joined the conversation remotely through video as Covid flight restrictions meant he was unable to join in person.

Following the panel discussion we held our 30th anniversary party to thank our partners and retail customers for supporting Cafédirect and celebrate the impact made with smallholder farmers.

A recording of the panel is on the Cafédirect YouTube channel.

30TH ANNIVERSARY BLEND

CELEBRATING 30 YEARS OF PARTNERSHIP

Our 30th Anniversary Blend showcased the extraordinary coffee quality that our long-standing partnerships provide.

Puro Curazón (Pure Heart) - named by the former manager of the Mexican coffee cooperative featured in the blend - highlighted two of our longest partners of 30 years. Ejidos san Fernando in Mexico and La Prosperidad de Chirinos in Peru supplied delicious seasonal lots that were expertly roasted to provide a real celebratory treat that brought our smallholder farmers to the fore. Cooperative representatives' quotes and imagery featured in the Anniversary Blend communications.

The coffee was sent to our customers on the subscription plan and 708 bags were sold on the Cafédirect website.

"CAFÉDIRECT IS AN INSPIRATION TO US AND WE ARE **DETERMINED TO CONTINUE SUPPLYING** ONLY THE BEST COFFEE"

Rosario Gutiérrez Villarreal. Ejidos san Fernando

"WE CAN CLEARLY LINK THE IMPROVEMENTS IN THE QUALITY OF LIFE OF **OUR MEMBERS WITH THE IMPROVEMENT IN THE** QUALITY OF COFFEE."

Helgar Zalada Vaqui, former General Manager, La Prosperidad de Chirinos

> LA PROSPERIDAD DE CHIRINOS, PERU



CAFÉDIRECT AT COP26



PHOTO: ROXY ROCKS-ENGELMAN

COP26 was held in Glasgow, 1st - 12th November 2021. It's a United Nations conference that brings world leaders, financial institutions, businesses, NGOs, representatives of indigenous communities and many other stakeholders to discuss key issues relating to climate change. This COP26, had already been delayed by a year, due to Covid, so for many people, it was the first opportunity to meet and discuss these issues in person.

Cafédirect was invited to participate in two panel discussions by Wildlife Conservation Society on the topic of "Thriving together: how strong alliances achieve climate-resilient landscapes." Our unique business model where smallholder farmers sit on Cafédirect's Board, has never felt more significant when discussing how smallholder farmers are integral to building climate resilience. It was clear that 'engaging smallholder farmers' is something that bigger businesses who have



different investment and shareholder priorities have more of a challenge. It felt incredibly heartening to know that Cafédirect's business model, partnership with Producers Direct and direct purchasing relationships with smallholder farmers is enabling us to demonstrate climate leadership.



Following COP26, there have been key agreements in relation to forests and land use.

INTRODUCING COLOMBIA RESERVA

LAUNCHED MARCH 2021



Colombia Reserva is grown by the farmers of the Central Cooperative of Coffee Growers (COOCENTRAL) in the centre of Huila.

COOCENTRAL is a non profit and social focussed association that includes 3,000 farmers. It supports social programmes related to coffee production and commercialisation that provides good prices to coffee farmers, helping them to improve their income and develop their farms.

COOCENTRAL has implemented many social welfare programmes which have improved the life quality of their growers and their families, and many have boosted their productivity, profitability and coffee quality as a result of this.

SOME OF THE PROGRAMMES INCLUDE:



Higher Education Programme: this offers partial scholarships to farmers and their families to cover tuition fees or expenses incurred from obtaining higher education.



Housing Improvement Programme: families receive aid to improve their homes.



Heath Subsidies Programme: COOCENTRAL cover 50% of the farmers' health insurance.



Visual Health Programme: around 500 growers benefit from funding for vision care expenses.

Colombia Reserva is one of our fastest-growing products and sales grew by 25% from October 2020 to October 2021*.

*Source: Nielsen Scantrak, Total Coverage,52 we 9.10.21

New listings for Colombia Reserva have been secured in Sainsbury's and Co-op.



IMPACT

Building on the success of the launch of the Machu Picchu TV campaign in 2020, this year we had two bursts of activity. The first in February/March which reached 14.2m ABC1 adults and the second in May/June which reached 12.4m ABC1 adults.

Levels of awareness hit 46% up from 40% in July 2020. Brand preference also improved to 25% up from 20% in July 2020.

Machu Picchu continues to be the fourth best selling roast and ground coffee* which is supplied

by our coffee partners, the Huadquiña cooperative in Peru. You can hear more about the remarkable story of how we started working with Huadquiña in the early 1990's on Richard Hide's episode of the Building Better Business podcast.

*Source: Nielsen Scantrak, Total Coverage, 52 we 9.10.21

GOLD STANDARD

Our unique Gold Standard was set up in 1991 and ensures that we never veer from our founding principles – a guarantee to always pay a fair price for coffee, to include farmers in our governance and business decision making and to reinvest our profits into producer support and development programmes.

Today we're still fighting to empower farmers and improve their livelihoods - but the Gold Standard has grown, as it rightly should. In 2020, we set Gold Standard goals for the next ten years and added a new 'Customer' pillar. Our ambitious sustainability strategy aligns our targets with the United Nations Sustainable Development Goals and United Nations Race to Net Zero Ambitions.

Having tea and coffee farmers on our Board and represented as shareholders has guided our business through the past 30 years. Our longterm partnerships with farmers, Producers Direct, a farmer-led charity that we set up in 2009 and other stakeholders, places us in a unique position to demonstrate that business can truly be a force for good.

See the full Gold Standard document



Inspiring our community to

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



GROWERS

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



BUSINESS

Championing business as a force for good

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

By 2030, we will be a beacon of sustainable business and continue to be known for our pioneering approach in working in partnership with smallholder growers.



The Building Better Business podcast proved to be a powerful way to inspire our customers to make a positive contribution to the world, but also to demonstrate Cafédirect as a beacon for sustainable business. The series also featured a tea farmer from Tanzania who served on the Cafédirect Board, Andrew Ethuru, who provided insightful stories of the producer development work undertaken.



CUSTOMERS

INSPIRING OUR
COMMUNITY TO
MAKE A DIFFERENCE



FINALIST AT THE BOOM AWARDS

We were thrilled that our London Fields Roaster's Choice Colombia Planadas coffee was selected as a finalist in the Soil Association's 2021 BOOM Awards.

WAITROSE WEEKEND

We featured in Waitrose Weekend's 'How to be a Home Barista' focus on coffee, which included an interview with CEO, John Steel.

View the issue online



TOAST ALE PARTNERSHIP

Cafédirect teamed up with social enterprise and fellow B Corp Toast Ale to tackle food waste and to raise awareness of how important the food industry is in tackling climate change. We contributed to Toast Ale's Companion Series, a limited-edition collection of 26 beers from 25 breweries in UK and Ireland, all brewed with surplus bread to prevent food waste and take less of nature's resources.

We donated Fairtrade Brazilian small-batch roasted coffee to brew a special 'Coffee Porter' (5.6%) for the Companion Series which produced a rich, dark and velvety flavour. £26 from every



case sold was donated to preserve and regenerate nature with two charity partners, Rainforest Alliance UK and Soil Heroes.

The global food system accounts for around a third of greenhouse gas emissions. As 70% of the world's food is grown by smallholder farmers, they are integral to the food system. Improving smallholder farmer livelihoods allows for better and faster adoption of more regenerative farming methods, which helps to keep carbon in the soil and protect ecosystems as part of addressing the climate emergency.



GROWERS

BUILDING A SUSTAINABLE FUTURE

PRODUCERS DIRECT

Cafédirect set up Producers Direct in 2009, a stand-alone charity with the ambition of improving the lives of smallholder farmers through supporting the growth of sustainable businesses.

Each year, Cafédirect donates a percentage of profits to the charity and in 2021 we donated £100,000.

Through our charity partner, we are working towards our long-term Gold Standard goals of supporting the next generation of growers, improving the opportunity for women to run their own businesses, and creating jobs in rural economies.

Here are just some of the life-changing projects that Producers Direct worked on throughout the year.

YOUTH 'AGRI-PRENEURSHIP' CAMPAIGN

Producers Direct partnered with the Foreign Office in Kenya and other government bodies to run a youth-led campaign to encourage young people to become 'agri-preneurs'.

433,719 youths were reached during the campaign of which 30% were women and 70% of youths were men.





COVID SAFETY COMMUNICATIONS

Producers Direct partnered with Mercy Corps AgriFin and the Starbucks Foundation to run a second phase of the Covid messaging campaign to tea and coffee farmers. The multi-channel campaign focused on distributing information about how to stay safe and continue to earn a living income, as well as information about vaccines.

So far, a total of 386,193 farmers have been reached through dissemination of Covid materials through radio and SMS, with plans to use social media and in-person tactics going forwards.



FARMDIRECT

FarmDirect is a Producers Direct initiative which acts as a farm management tool. It enables farmers to collect and crucially share data allowing them to make informed decisions on their farms.

2021 saw the team adding new features to this digital application and creating a digital marketplace where farmers can sell their produce. Further plans include developing the platform's interface and user experience. Despite Covid, the team continued to conduct FarmDirect training by moving it online, and educated farmers on how to interpret the data and take the best course of action.

CROPPIE

The research and development of Croppie continued in 2021. Croppie aspires to be a digital app which uses Artificial Intelligence to evaluate crop performance through analysing plant photographs. The data that is fed back to growers offers them insights on how to plan and build resilience, alongside a crop yield prediction which is useful for improving access to markets and finance.

Extensive research was carried out with young people as the 'next generation' of growers to see how they were engaging with the platform, with the end goal of building an app prototype.

This year the team made significant developments with the Artificial Intelligent technology, whereby an algorithm was created to successfully recognise coffee cherries in crop photographs.





DIGITAL COOPERATIVES

To support women in running their own businesses, Producers Direct have implemented a range of training and digital tools which have seen some fantastic results.

Smallholders, particularly women, sell low volumes of crops individually and are under pressure to sell the crops quickly before they perish. Up to 80% of surplus food crops may spoil before reaching the local market. Competition is high, as other farmers are selling the same product at low prices.

In response, Producers Direct have introduced the use of digital technology, such as SMS and blockchain, to allow for the aggregation of their produce. This, combined with training programmes on how to increase produce yields and manage business finances, and new access to funding, has seen up to 100% improvement in income opportunities, through surplus food crop sales and more predictable access to buyers.

THE GOLDEN CUP

Our longstanding producer partner Huadquiña cooperative, achieved two winning entries in the 2021 Golden Cup competition in Peru. The Golden Cup competition brings together coffee producers in each country to compete in a friendly manner for the highest quality coffee across a number of categories.

The competition was extremely strong, signifying a fantastic achievement for our partners. Huadquiña provides our best-selling Machu Picchu coffee, and we are proud to have worked closely with them since our beginning.



PRODUCERS DIRECT HONEY







IMPACT OF BEEKEEPING SO FAR





For a number of years Producers Direct has been delivering training to farmers on diversification, to support a living income. Beekeeping has been a key focus of the diversification training, with many farmers setting up honey businesses. As a result, the charity has created a new Producers Direct brand of honey to create a market for these new enterprises.

The honey is already stocked in shops in Nairobi and they have ambitious plans to scale the honey sales throughout the year.



increase in income for smallholder farmers as result of beekeeping



of farmers who reported increased market access also reported increased incomes



ENVIRONMENT

REPAIRING OUR PLANET

We love coffee and we want to continue to enjoy incredible tasting coffee in another 30 years' time. We also deeply respect the expertise and efforts of those who grow our coffee, tea and cocoa and recognise that climate change is affecting these crops and communities disproportionately. These impacts, such as flash flooding or hurricanes can be devastating.

We continue to work with smallholder growers through our direct purchasing model, certification partners and through our grower-led charity Producers Direct, to protect and restore both lands and livelihoods.

CERTIFIED ORGANIC PURCHASES

62% of purchases in 2021

were certified organic, an

increase of 7.5% from

2020, surpassing our

Gold Standard goal of

purchasing 50% organic

coffee by 2025.

"WE WILL CONTINUE TO WORK WITH SMALLHOLDER GROWERS...
TO PROTECT AND RESTORE BOTH LANDS AND LIVELIHOODS"

- ROXY ROCKS-ENGLEMAN, SUSTAINABILITY COMMUNICATIONS MANAGER

FAIRTRADE'S BUSINESS PLEDGE

We signed the Fairtrade's Business Pledge, which urged governments to listen to the voices of farmers - the people who grow the world's food and other essential goods in low-income, climate-vulnerable nations - and supported the farmers who called for urgent action at COP26.

In the pledge, developed by Fairtrade as part of its Be Fair With Your Climate Promise campaign, the companies commit to take accountability for their own climate impact. They also commit to work alongside Fairtrade to protect and invest in the resilience and green transition of global food supply chains in the face of the climate crisis.



SCIENCE-BASED TARGETS INITIATIVE

We joined over 2,000 other businesses globally in signing up to the Science-Based Targets initiative (SBTi) this year. The initiative provides companies with a clearly-defined path to reduce greenhouse gas emissions.

Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.





Setting a Science-Based Target is a five-step process including:

Commit: submit a letter establishing your intent to set a science-based target

Develop: work on an emissions reduction target in line with the SBTi's criteria

Submit: present your target to the SBTi for official validation

Communicate: announce your target and inform your stakeholders

Disclose: report company-wide emissions and track target progress annually

BETTER BUSINESS ACT

Cafédirect signed the Better Business Act, which places environmental commitments as part of its amendment to the legislation. We will also be amending our Articles of Association this year to include revised commitments to environmental practices and creating a balance between shareholders, growers and stakeholders of the business.



PANEL DISCUSSIONS

Along with hosting our own Cafédirect LIVE event and participating in two COP26 panel discussions, we took part in the Innovation Forum's virtual event on sustainable landscapes and commodities. Our Sustainability Communications Manager, Roxy Rocks-Engelman joined a wide-ranging panel of experts to discuss how forest and nature positive approaches can transform supply chains, drive resilience and empower communities.



BUSINESS

CHAMPIONING BUSINESS AS A FORCE FOR GOOD



CEO INTERVIEWS

Along with hosting our own Building Better Business podcast and event, CEO John Steel featured in several interviews over the year to discuss the company's ethical credentials and unique business model. This included university podcasts, a Social Enterprise UK webinar, Fairtrade Fortnight discussions and many other online events.



FUNDRAISING FOR PRODUCERS DIRECT

James' Resilience Ride got us off to a great start in fundraising for Producers Direct. £10,000 was donated for his cycling challenge amounting to 20% of the 2023 target of £50,000.

B CORP BOARD 2030

This year Cafédirect took part in the B Lab UK initiative, Boardroom 2030. The initiative aims to identify the changes needed to be made by boards to address the challenges facing people and the planet. As an early adopter, CEO John Steel helped promote Cafédirect's involvement through a short video interview and explained the activation taking place in an upcoming board meeting where they planned to explore what a 2030 future could look like and how to adapt to meet future demands.



Our story is still being written.

As we look forward to the next chapter of the B Corp movement in the UK, we wanted to share how far we've come in the last five years

2022 Ambitions

LOOKING AHEAD TO ANOTHER YEAR OF IMPACT



CUSTOMERS

Fairtrade Fortnight (21 February - 6 March) will be a key date in the diary to progress our goal of encouraging consumers to have a positive contribution to the world.

University outreach will continue through lecturing opportunities and case study provision in our ambition to engage with students.

We will dial up our communication about the benefits of producer partnerships and our unique business model through our platforms and speaking opportunities.



GROWERS

With Producers Direct we will further develop digital technology, training, access to finance and female producer empowerment, to help farmers strengthen their businesses and income.

In 2022 Producers Direct plan to invest heavily in Peru with these support services, and to extend their honey trading to new markets.



ENVIRONMENT

We will set Science Based Targets and put in place plans on how to reduce carbon emissions.

Our research and development on recyclable packaging will continue to build upon the extensive work so far and bring us even closer to completion for use across our products.

Producers Direct plan to significantly increase their reforestation and carbon capture programmes in Peru, with ambitions to plant 80,000 trees annually to capture 425 tons of CO2e per year.



BUSINESS

We will continue to raise our profile as a sustainable business and champion business as a force for good through our own networks and beyond.

