

THE TIME IS NOW



**SUSTAINABLE
COFFEE
CHALLENGE**

**2019 ALL PARTNER
MEETING**

March 5-6, 2019



**SUSTAINABLE
COFFEE
CHALLENGE**

**CONSERVATION
INTERNATIONAL**



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www.ecobusiness.fund



The eco.business Fund is an impact investment fund advised by Finance in Motion that promotes business and consumption practices contributing to biodiversity conservation, the sustainable use of natural resources, and the implementation of climate change mitigation and adaptation in Latin America. The fund pursues this mission by providing financing and technical assistance for activities that conserve nature and foster biodiversity in the sectors of sustainable agriculture, fishery, forestry, and tourism.

One of the fund's focal areas is supporting the uptake of sustainable agricultural practices, especially in the coffee sector. The coffee sector plays a decisive role in the economies of many Latin America countries. And yet in a region highly affected by climate change, it is especially crucial to ensure sustainable operations in coffee cultivation and production. The fund particularly supports shade-grown coffee plantations in different countries in the region. By establishing and maintaining forests, shade-grown coffee has proven one of the best production systems to counteract the effects of climate change, conserve biodiversity, and protect water sources in coffee-growing areas. By supporting sustainable coffee producers, the fund aims to enhance the adoption of sustainable practices and help create a more productive, resource-efficient coffee sector in Latin America.



Sustainable Coffee Challenge 2019 All-Partner Meeting

March 5 (1 PM-5 PM) – March 6 (9 AM-5 PM)

Westin PeachTree Plaza, Atlanta

Room: Chastain G-H

Overview

The second in-person All-Partner Meeting of the Sustainable Coffee Challenge is a 1.5-day meeting will take place on March 5 and 6 in Atlanta, Georgia preceding the NCA Annual Convention. It is open to Challenge partners and those interested in learning more about the initiative.

This is a time to build community and to inspire and learn from one another as we celebrate our achievements together, launch new tools and resources, and continue to tackle key issues together.

Desired Outcomes

At the end of the 2 days partners will leave with:

- An improved sense of community with the other Challenge partners through in-person interactions, networking in the hopes that this leads to the identification of new collaborations among the partners.
- A clear understanding of the achievements of the Challenge over the past year and the resources available to advance their sustainability programs.
- A stronger commitment to our vision and improved understanding of our 2019 plan and their roles and responsibilities for advancing our work together.

Draft Agenda

Day 1: Celebration of our achievements, re-committing to active engagement + potential innovations

| TIME | SESSION TOPIC |
|-------------|--|
| 1:00 – 1:45 | Welcome, Introductions + Ice Breaker - <i>featuring coffee from Rwanda by RTC</i> |
| 1:45 – 2:15 | 2018 Milestones + Achievements + Celebration of Partners |
| 2:15 – 2:45 | Commitments Hub Report |
| 2:45– 3:00 | Break – <i>featuring coffee from DRC by Farm Africa & Counter Culture Coffee</i> |
| 3:00 –3:30 | What it Means to be a Partner in the Challenge |
| 3:30 – 4:45 | Sustainable Solutions in a Volatile Coffee Market |
| 4:45 – 5:00 | Wrap-up |



SUSTAINABLE COFFEE CHALLENGE

Day 2: What more can we do together to advance sustainability in today's coffee context? A deeper dive into critical issues: Climate Change, + Action Network Topics.

| TIME | SESSION TOPIC |
|----------------------|---|
| 9:00 – 9:45 | Welcome – <i>featuring coffee from Rwanda coffee by Sustainable Harvest</i> |
| 9:45 – 10:30 | Celebration of 2018 Action Network Achievements |
| 10:30 – 10:45 | Break – <i>featuring coffee from Ethiopia by Efico</i> |
| 10:45 – 12:15 | Innovations: Current & Potential |
| 12:15 – 12:45 | Climate Catalogue Launch |
| 12:45 – 1:30 | Lunch |
| 1:30 – 2:45 | Network Break-Out (Round 1) R&R + Labor |
| 2:45 – 3:00 | Break – <i>featuring coffee from Chiapas, Mexico by Cafinco</i> |
| 3:00 – 4:15 | Network Break-Out (Round 2) Sourcing + Mapping |
| 4:15 – 4:45 | 2019 Calendar |
| 4:15 – 5:00 | Wrap-up + Closing |
| 5:00 – 6:30 | All-Partner Happy Hour @ Sun Dial Restaurant, Bar and View, hotel lobby |

THANK YOU TO OUR MEETING SPONSORS!





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GROWTH AND ENGAGEMENT



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WHO WE ARE

OUR THEORY OF CHANGE

Making coffee the world's first sustainable agricultural product.



OUR VALUE PROPOSITION

We strengthen demand for sustainability across the coffee sector by

- **Cutting through confusion and complexity** of sustainability options to ease others in (e.g. framework, guidance documents)
- **Increasing transparency** of efforts already underway to better leverage experience of others (e.g. commitments hub, case studies)
- **Quantifying needs and establishing joint priorities and targets** through the application of sound science (e.g. research)
- **Sharing best-practices** and lessons learned to guide actions by others (e.g. guidance documents, case studies)
- **Scaling investments** through collaborative efforts (e.g. unlocking funding to incentivize collaboration)

We believe that in doing so we create additional value to partners by **reducing costs** of sustainability programs, **accelerating sustainability progress** among partners and **unlocking new sources of financing** for on-the-ground investments linked to the collective action networks.



WHY JOIN?

- **Leadership & Transparency** – Publicly showcase and track commitments towards a growing and sustainable coffee sector
- **Network to Share & Learn** – Access a wide network of experts on relevant topics and leverage tools + resources as guidance through confusion and complexity
- **Mobilize Action & Resources** – Trigger partners to work collectively on pressing issues and stimulate investments in joint priorities



EXPECTATIONS OF CHALLENGE PARTNERS



- **Demonstrate alignment** with the vision and mission of the Challenge by submitting a statement of support and copy of your logo via the Hub.
- **State a sustainability commitment** in the Commitments Hub and report on progress on an annual basis.
- **Maintain active engagement** by:
 - Actively engaging in one of the Challenge collective action networks
 - Participating in Challenge events
 - Helping spread the word about the Challenge within your networks
 - Seeking opportunities to engage the Challenge in new opportunities

HOW ENGAGED ARE YOU?



Sleeping – signed up, submitted a statement of support, but haven't engaged



Committed – signed up, statement of support, and stated (and potentially reported) on commitments



Active – signed up, submitted a statement of support and actively participate by:

- Engaging in at least one Action Network
- Contributing to resource development (e.g. case-studies, technical committee for R+R guidebook, labor study, etc.)
- Leveraging resources and materials within your organization + network (e.g. Guidebook, framework, pocket guides)
- Promoting the Challenge and/or influence strategic direction (e.g. introductions to new prospects, participation in Advisory Council, promote at key events, etc.)
- Participating in joint proposals to advance action network agendas (e.g. mapping and monitoring proposal)
- Providing in-kind (e.g. co-facilitate a network, webinars with your networks, etc.) or making a financial contribution

OUR ADVISORY COUNCIL

We would like to thank the members of the advisory council for providing strategic advice and guidance to the secretariat on the direction of the Challenge!



DEREK BOTHEREAU
Starbucks Coffee Company



KIM ELENA IONESCU
Specialty Coffee Association



WHITNEY KAKOS
Keurig Dr Pepper



RICARDO OTEROS
Supracafé



ANDREA OLIVAR
Solidaridad



DAVID PIZA
S&D Coffee and Tea



ERIC PONCON
Ecom Agroindustrial Corp. Ltd.



CURT REINTSMA
U.S. Agency for International Development, Bureau for Food Security



MIGUEL ZAMORA
Rainforest Alliance



VICTORIA ZIMMERMAN
McDonald's Corporation



GERARDO PATACONI
International Coffee Organization



GLOBAL COFFEE PLATFORM
TBD

Are you interested in having a seat on the Advisory Council too? Please reach out to the secretariat via scc@conservation.org to learn about vacant seats and the self-nomination process

MEET THE CHALLENGE SECRETARIAT



BAMBI SEMROC
Vice President



RAINA LANG
Director



NIELS HAAK
Senior Manager



LORENA GARCIA-BUSTOS
Manager



VALERIE BEARD
Manager



DORA SAMANIEGO
Manager

The secretariat of the Challenge is composed of Conservation International staff, based in Washington DC, Brussels and Lima

Get in touch with our team via scc@conservation.org



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THE YEAR IN REVIEW

IN 2017-2018 WE EXPERIENCED TREMENDOUS GROWTH



THIS PAST YEAR MARKED CONTINUED GROWTH





NEW PARTNERS SINCE APRIL 2018

- British Coffee Association
- Cafexport
- Cafinco
- Castellon Coffee Group
- Dunkin' Brands
- Ekó Café Ético
- Gorilla Conservation Coffee
- Mercon Group
- NESCAFÉ
- Neumann Kaffee Gruppe
- Oikocredit
- San Martin Regional Government, Peru
- Swiss Coffee Alliance GmbH
- TreeHouse Foods, Inc.



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PARTNERS WITH COMMITMENTS

| | |
|---|---|
| Ahold Delhaize | Mi Cafeto Co., Ltd. |
| Allegro Coffee Company | Mother Parkers Tea and Coffee |
| Alsea | Moyee Coffee |
| Aoyagi Coffee Factory | National Agricultural Export Development Board (NAEB) |
| Arizona State University | NCBA CLUSA |
| Association Cafe Africa | Nescafé |
| Boncafe | Nespresso S.A. |
| Cafexport S.A.R.L. Sucursal Colombia | Pelican Rouge |
| Cafinco | PUR Projet |
| Center for Coffee Research and Education (Texas A&M) | S&D Coffee & Tea |
| Conservation International | San Martin Regional Government, Peru |
| Dunkin' | Smithsonian Bird Friendly |
| Ecotierra | Solar Lifestyle GmbH |
| EFICO | Solidaridad |
| Farmer Brothers | Starbucks |
| Fundacion Cohonducafe | Sumerian Coffee |
| Keurig Green Mountain | Supracafe S.A |
| Lagom Coffee Roastery | The Sustainability Consortium |
| Mae Fah Luang Foundation under Royal Patronage | TreeHouse Foods, Inc |
| McDonald's Corporation | UTZ |
| Mexico's Secretary of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) | Walmart |
| | World Coffee Research |

A special thank you to those Challenge partners who have taken the time to publicly state a commitment.

We recognize your steadfast commitment to increasing transparency in the sector and supporting a more sustainable industry.

For others interested in stating your commitment now, please visit sustaincoffee.org/commitments

COMMITMENTS SNAP SHOT

31%

were made by roasters

54%

have a global focus

29%

relate to technical assistance or sourcing policies

40%

have a 2020 deadline

ACTION NETWORK HIGHLIGHTS

01.

Scaling Up Sustainable Sourcing

- Develop further guidance on developing + implementing sourcing commitments
- Increased focus on cost of production in relation to current market price

Farm Renovation & Rehabilitation

02.

Farm Renovation & Rehabilitation

- Translated the Guidebook into Spanish & French
- Developed an on-line version fo the Guidebook through small grant from the SAFE Platform
- Secured an initial \$1M in funding for R&R grant facility

Improving Labor Practices & Supply

- Updated pocket guide with principles for good labor practices and a sample code of conduct
- Launching labor + quality research with SCA, RA, and Solidaridad.

Mapping & Monitoring

- Secured grant for a 2.5 year program of work to map and monitor coffee and forests in Colombia and Indonesia.
- Developing country reference sheets

03.

Improved Labor Practices and Supply

04.

Mapping + Monitoring of Coffee and Forests

HUB + PARTNERSHIP HIGHLIGHTS

Commitments Hub

- Initiated reporting on commitments in the Hub.
- Relunched the Hub with a fresh new look and data entry and management system.
- Developed a first draft of the Annual Hub Report

Partnerships

- Signed an MoU with the International Coffee Organization and released a guide to Global Environment Fund for its members.



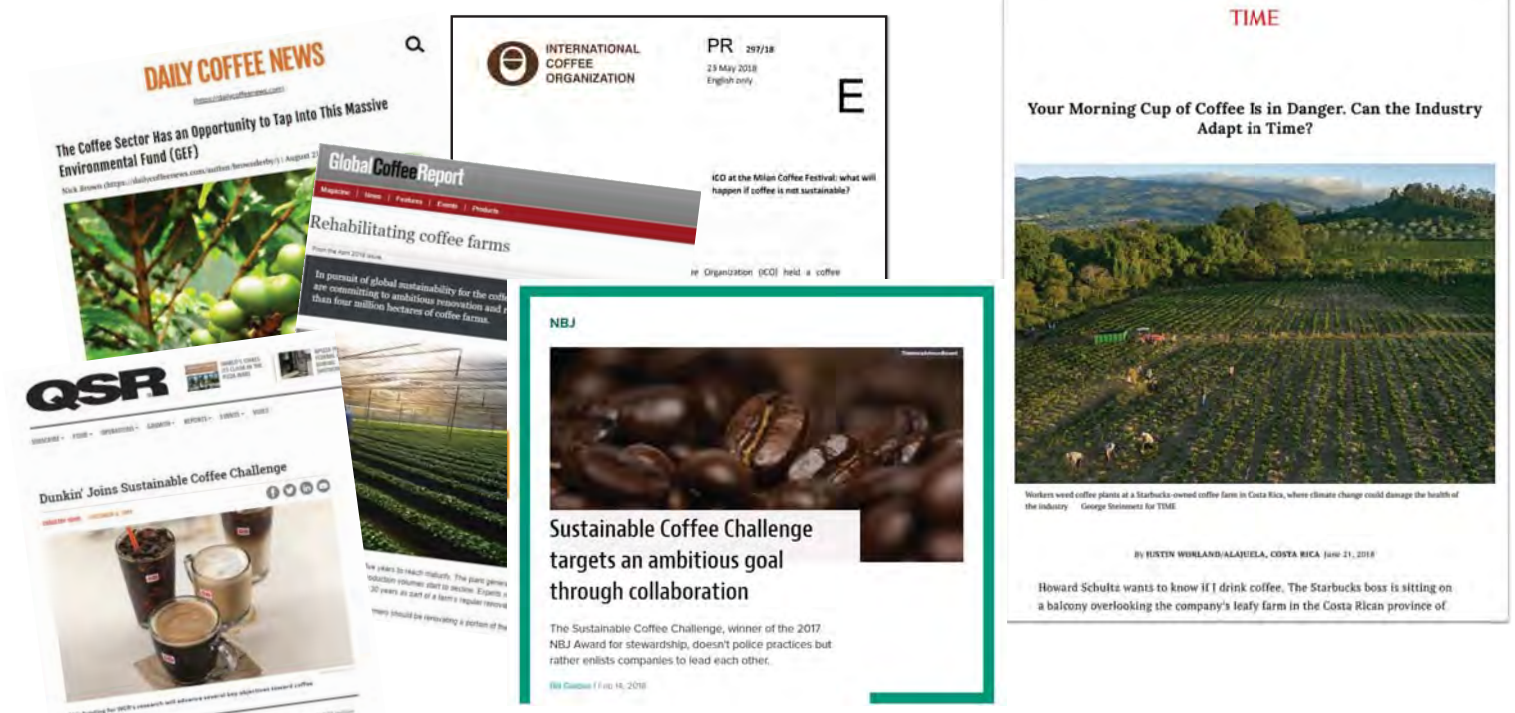
COMMUNICATION HIGHLIGHTS



136 Total Posts on Facebook, Twitter and Instagram → 18,959 Total Engagements

We love it when you help us spread the word!

MEDIA HIGHLIGHTS



MAJOR EVENTS



Niels Haak speaks at numerous European events in June to launch the 2018 Coffee Barometer, including SCA's World of Coffee, Amsterdam - Sustainability Podium, and the 'De Nieuwe Port' event: Coffee Debate: Who is Paying for the Coffee of the Future?

Raina Lang speaks about the Sustainable Coffee Challenge alongside Miguel Zamora, Rainforest Alliance, while at the McDonald's McCafe S.I.P Biodome experience event in Chicago, attended by more than 1000.



Raina Lang gives the keynote speech at the [3rd International Conference of Sustainable Coffee](#) [Conferencia Internacional de Café Sostenible](#), August 29, in San Salvador, El Salvador, to more than 800 attendees.



Herbert Lust gave a presentation at the 8th Consultative Forum on Coffee Sector Finance, September 18 in London, to more than 1000 attendees.

CONSERVATION INTERNATIONAL, CÉSAR ECHEVERRY EARN CQI'S 2019 MERIT AWARDS

For 21 years, Coffee Quality Institute (CQI) has awarded the Leadership Medal of Merit to companies and individual that exemplify our organization's values, from improving coffee quality at origin to promoting human well-being.

We are very excited to announce the two recipients of our 2019 Leadership Medal of Merit: *Conservation International* and César Augusto Echeverry Castaño of *TECNICAFÉ*. The awards will be presented April 13 at our annual luncheon during the *Specialty Coffee Expo* in Boston, where we'll hear from the recipients as we recognize their achievements.

Conservation International, a leader in sustainable coffee

Receiving the Leadership Medal of Merit in the corporate category is Conservation International, the nonprofit environmental organization that helps societies responsibly and sustainably care for nature through policy and partnerships with countries, communities and companies, working with more than 2,000 partners in 30 countries.



© Starbucks

For more than two decades, Conservation International has worked with coffee producers and the broader industry to promote sustainable practices that preserve the biodiversity of coffee-producing areas. In 2015, Conservation International—working in partnership with Starbucks—launched the *Sustainable Coffee Challenge* during that year's Paris climate meetings. The goal of the Sustainable Coffee Challenge is to unite the coffee industry—including growers, traders, roasters, retailers, governments, and NGOs—in a global effort to make coffee the world's first fully sustainable

agricultural project.

To date, the Sustainable Coffee Challenge is composed of 116 partners working together to stimulate greater demand for sustainable coffee and scale up programs promoting improved livelihoods, the conservation of nature, and a continued supply of coffee. The Sustainable Coffee Challenge engages in collaborative efforts with its partners across four networks to achieve its mission: scaling up sustainable sourcing; farm renovation and rehabilitation; improved labor practices and supply; and mapping and monitoring of coffee and forests. The

Sustainable Coffee Challenge is the largest global effort working to create greater demand for, and investments in, sustainable coffee.

David Roche, the executive director of CQI, says CI is an important organization promoting sustainable coffee. "Conservation International has been an ally of CQI, and I've long admired their work implementing projects and programs at the producer level," David says. "The Sustainable Coffee Challenge further continues their efforts to effect positive change in coffee-producing communities, and is an impressive display of bringing a diverse group of stakeholders together for a common cause. We are excited to honor them with a Leadership Medal of Merit."



Bambi Semroc, VP sustainable markets and strategy at Conservation International, says the organization is gratified to be recognized for its work advancing sustainability in the coffee sector for over two decades. "We have made tremendous strides in that time, but we have a long way to go," she says. "Conservation International is honored to be recognized for our role in the Sustainable Coffee Challenge. We're facing some tough market and climate challenges within the industry. Yet there's incredible momentum and a desire to work together toward finding solutions. Each new partner, milestone and recognition helps further this and reinforces the industry's commitment in ensuring coffee is fully sustainable from crop to cup."

César Augusto Echeverry Castaño, a visionary in Colombian coffee



César Echeverry is receiving the Leadership Medal of Merit in the individual category. César is the director and founder of TECNiCAFÉ, the innovate coffee technology park located in Popayán, Colombia, which is co-owned by CQI. Launched through a public-private partnership and in operation since 2017, TECNiCAFÉ serves as a technology incubator, experimental farm, and research center modeled after the [Stanford Research Park](#). With these resources, TECNiCAFÉ strives to help producers

increase the value of their coffee.

César has worked in coffee for virtually his entire life. The son of coffee farmers, he held several posts with the [Colombian Coffee Growers Federation \(FNC\)](#), including serving as Colombia's representative to the [International Coffee Organization](#), before leaving to focus on TECNiCAFÉ. In addition to founding TECNiCAFÉ, César is the manager of [Supracafé](#) in Colombia, where he oversees a specialty-coffee farm with integrated processing.



David Roche, CQI's executive director, says César's lifelong dedication to strengthening Colombia's coffee sector makes him deserving of the Leadership Medal of Merit. "TECNiCAFÉ is a stunning achievement—the resources available there are world-renowned and help provide vital research and training to help support the future of coffee," says David. "And the institution would not exist without the vision and leadership of César Echeverry, who worked tirelessly bringing together many organizations in partnership to bring TECNiCAFÉ to life."

César says he is humbled to receive the Merit Award, and is eager to address the audience at the annual luncheon in Boston. "Many thanks to CQI for this recognition and special support for our inter-institutional effort that is TECNiCAFÉ," César says. "I am very happy and enthusiastic to receive this important distinction, and I look forward to expressing my thanks and inviting the industry to join our network of open and collaborative innovation."

Join us in Boston

The Leadership Medal of Merit is the highest honor we bestow at CQI; past recipients have included Sunalini Menon (Coffee Board of India), Timothy Schilling (World Coffee Research), Lindsey Bolger (Keurig Green Mountain), and the Colombian Coffee Growers Federation (FNC).

We present this award at the annual luncheon, CQI's singular fundraiser each year. The event provides a platform to share updates about our work, honor the Leadership Medal of Merit recipients, and connect with friends old and new who are dedicated to the pursuit of coffee quality.

Interested in attending and/or sponsoring our luncheon in Boston this year? Please head [here](#) for more details.



RELATED POSTS



TECNiCAFÉ: TECNOLOGÍA, INNOVACIÓN Y UNA OPORTUNIDAD DE ORO PARA LA NUEVA GENERACIÓN

Oct 23, 2018

Stories from the Field, Uncategorized | Colombia, Q Processing, Sustainable Harvest, tecnicafe

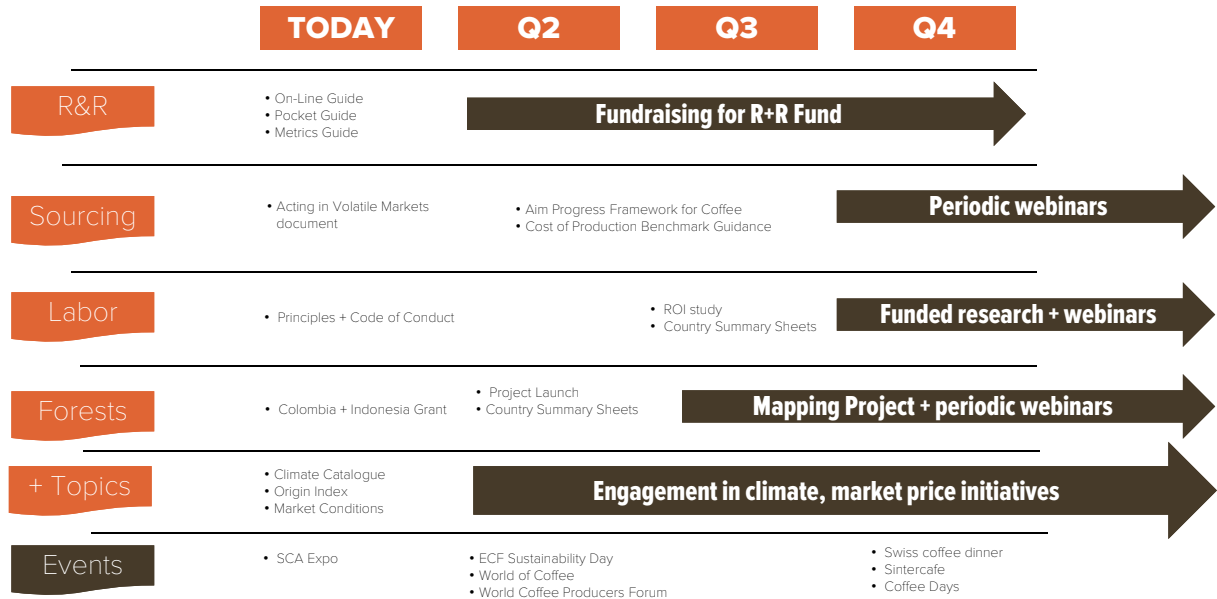
[Read the Whole Stories from the Field Post](#)



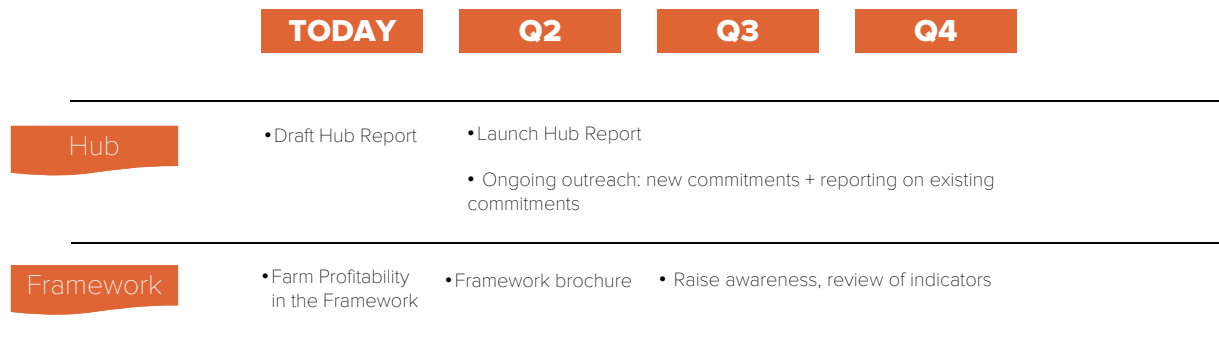
TECHNOLOGY, INNOVATION, AND THE OPPORTUNITY OF A GENERATION

Oct 8, 2018

LOOKING FORWARD: COLLECTIVE ACTION 2019 MILESTONES



LOOKING FORWARD: HUB + FRAMEWORK 2019 MILESTONES





INTERVENTIONS ON MARKET VOLATILITY + FARMER PROFITABILITY

1. Push out resources + tools via Sustainable Sourcing Action Network

- Drive discussion about concrete measures taken across the industry (e.g. Cost of Sustainable Production benchmarks)

2. Revisit Sustainability Framework through profitability angle

- Initial visualizations of Framework included 'price' as the central pillar
- Re-visit this discussion and reframe Sustainability Framework around price as the 'central pillar'
- Develop guidance materials for companies to implement the Framework

3. Support + engage in multi-stakeholder initiatives + programs

- ICO and WCPF convening of CEO Dialogue in Sept 2019
- SCA Coffee Price Crisis Response Initiative
- Co-funding of ICO 'Cost of Production Benchmark Study'





THE CONTEXT

The market price for coffee fluctuates daily – there are times when the price is ‘up’ but more often, times where the price is in a downward trend. Last year when coffee prices fell below \$1.00 there was an outcry to ‘do more’ and of course, we agree. Unfortunately, this is not something new – coffee has a history of a boom and bust culture¹. The C price, fluctuations in production in places like Brazil, Vietnam and Colombia, currency exchange rates and all the speculation related to the trade has wreaked havoc on farmers who are trying to keep their head above water in trying times. This constant uncertainty threatens the long-term supply of coffee as farmers begin to seek income alternatives. Given the current price crisis in coffee, many professionals are asking – What should we be doing to help farmers?

ACTIONS THAT CAN HELP FARMERS WEATHER THE CRISIS

This document provides professionals working in coffee sustainability or development an overview of important considerations when purchasing coffee. Our aim in releasing it is to stimulate more discussion within corporations on opportunities for enhancing the economic stability of coffee farmers in their supply chains.

So, where can you start? Here are a few ideas:

INCREASE YOUR KNOWLEDGE OF THE COSTS A FARMER INCURS TO PRODUCE COFFEE:

- **Request cost of production data from supply chain partners:** Understanding the average cost to produce coffee across different coffee sourcing regions enables the buyer to determine pricing based on actual costs rather than relying

¹ <https://www.nytimes.com/roomfordebate/2011/03/09/coffee-the-new-shaky-commodity/a-boom-and-bust-culture>

on the C market as the universal benchmark. When requesting this information make sure to understand the level of on-farm processing taking place across countries and the type of product delivered (i.e.: cherry, parchment, green). To best compare costs, the cost of production should be calculated to average cost per quintal, kilo, or pound of cherry, parchment or green. A starting point to understand cost of production across coffee origins is the Fair Trade USA “Cost of Sustainable Production” report and the Caravela article published in the Perfect Daily Grind.

removes the need to rely solely on the C-market for the starting point for pricing.

EXPLORE OPPORTUNITIES TO BETTER LEVERAGE MARKET MECHANISMS TO HELP STABILIZE FARMER INCOMES:

Coffee sourcing is complicated, particularly given that it can be bought on the exchange and/or through formal relationships built between a buyer and a farmer. Futures contracts, forward contracts, options, long-term pricing, minimums, etc. are mechanisms used to solidify relationships between the buyer and the farmer and may offer some opportunities for farmers (and other supply chain members) to mitigate risk. Here is a brief overview of how these tools can benefit farmers.

UNDERSTAND THE ACTUAL PRICES PAID TO FARMERS WITHIN YOUR SUPPLY CHAIN:

- **Request farm gate price data from supply chain partners:** The price agreed in a contract between a buyer and seller (i.e.: roaster and cooperative) is not always the price that is paid to the farmer (i.e.: farm gate price). Requesting economic transparency on farm gate prices is important to ensure that fair prices reach the farmer and do not remain at the coop / trader level. Similar to when requesting cost of production, the unit being purchased (kg/lb of cherry, parchment or green) must be understood. Understanding the farm gate price can be a powerful tool when considering pricing across a supply chain.
- **Check if there is a regulated farm gate price in countries where you source:** Some producing countries (ex: Rwanda) set a minimum price for coffee purchased from a farmer on an annual basis. This reduces the risk of unfair practices by increasing transparency of prices paid to farmers. Depending on the country, the price could be fixed or simply a suggested reference point.
- **Check the living income reference price:** Fairtrade International is undertaking a living income analysis for multiple coffee origins that could be used by the industry as a reference point for coffee prices. The calculation takes into consideration 1) the cost of a nutritious low-cost diet, 2) cost of basic decent housing, 3) other essential expenses for education, health care, clothing and transportation, and 4) provision for unexpected events. Using such a benchmark
- **Futures contracts** allow farmers to lock in a future price (determined on the exchange) in advance of delivery, essentially hedging their risks based on speculation of the future price of coffee. When this trading instrument is used properly, it could limit losses and reduce volatility for farmers.
- **Forward contracts** are private agreements that enable the farmer to know the price they will receive for their coffee prior to delivery, which they may be able to leverage into credit.
- **Long-term pricing** enables the farmer to know the price they will receive for their coffee over a longer time frame and thereby better plan and re-invest in their farms.
- **Premiums based on quality or environmental or social performance** pay farmers prices that are above the market value based on performance, which can help buffer them against some market volatility.

To have a thoughtful and productive discussion on ways to improve purchasing practices that benefit a company and their supply chain, understanding basic market mechanisms is a must. You can check out more in the book “Dear Coffee Buyer” or by reading “The Coffee Guide” published online by the International Trade Centre.

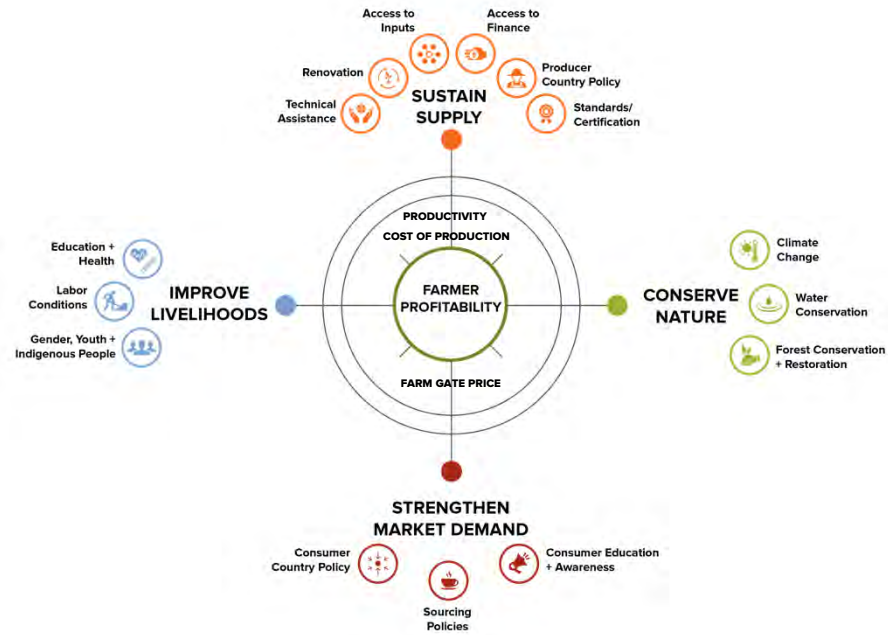
INVEST IN BUILDING THE CAPACITY OF FARMERS TO UNDERSTAND AND LEVERAGE MARKET INSTRUMENTS:

Price risk management training teaches farmers and cooperative managers how to develop financial strategies that use market tools (i.e.: hedging strategies, contracts, etc.) to reduce price volatility. This sort of knowledge is key to empower farmers to have a voice in the market. Several organizations offer online and in-person training. For example, Oikocredit, Inter-American Development Bank and Fair Trade USA are offering price risk training management to farmers in 16 coops in Honduras, Guatemala, Nicaragua, Colombia and Peru. The World Bank also offers an online, self-paced coffee price risk management course open to the public.

These are simply a few mechanisms that can help you get started in developing a strategy that enables your business and the coffee farmers you rely on to weather market crises like the one we are currently in. Many Challenge partners are working to address this topic, and we encourage you to engage in and leverage the work of Fair Trade USA, Fairtrade International, the Specialty Coffee Association, the International Coffee Organization and others are working on. We also encourage you to share your experience to enable economic development through coffee in producing countries.

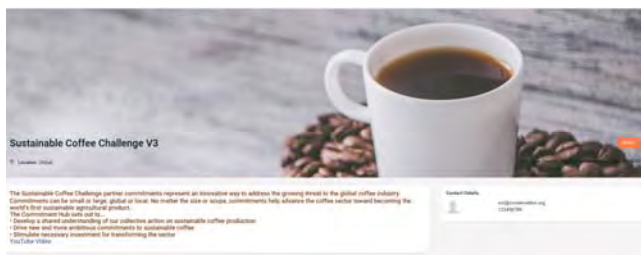


FARMER PROFITABILITY WITHIN THE SUSTAINABILITY FRAMEWORK





REFRESHED, EASY-TO-USE COMMITMENTS HUB



The new back-end hub will be the place to:

1. Officially join the Challenge
2. State your commitment(s)
3. Report on your progress



Key updates & features will include:

1. New user experience (e.g. simple and vertical-oriented surveys)
2. Clean design, pre-filled responses
3. Summary dashboards for partners

COMMITMENTS HUB REPORT 2019

Sustainable Coffee Challenge



SUSTAINABLE
COFFEE
CHALLENGE

OPENING LETTER

Are we getting closer to making coffee the world's first sustainable agricultural product? This is the question we continue to ask within the Sustainable Coffee Challenge – a multi-stakeholder initiative of over 115 partners working towards this mission. For the past two years partners have been publicly stating and last year they began reporting on their sustainability commitments within the Commitments Hub. It's now time to take stock of these commitments and the reports and see how we are doing as a sector. This is critical as we draw nearer to 2030 - the year when climate change impacts become irreversible and demand for coffee continues to grow exponentially. This report is our first annual analysis of the commitments and data reported within the Hub. In reviewing this information on an annual basis, we believe we will better understand the range of sustainability commitments in the coffee sector, our collective investment and progress, and how these are working to address key issues and achieve our vision. We hope that it also inspires and incentivizes others to begin stating and reporting their commitments in the Hub.

The Challenge team will continue to evolve and improve the Hub and its annual report with time as new actors enter commitments in the Hub and report progress made against their commitments. We hope to see you again soon in the Hub.

This inaugural Hub report is a summary of the Hub to-date and we hope that it drives you to make your first commitment, to partner with other actors to make a more ambitious commitment in a shared origin, or to report on the great progress that you have made.

Yours in sustainable coffee,



Bambi Semroc
VP, Sustainable Markets and Strategy
Conservation International

INTRODUCTION

The Sustainable Coffee Challenge launched the Commitments Hub in 2016 with the objective of providing a single, go-to place for showcasing sustainability commitments within the coffee sector. The idea was to enable the sector to better track commitments, its progress in achieving them and to better identify opportunities for enhanced collaboration on key issues. In 2017 stakeholders began reporting on their commitments within the Hub.

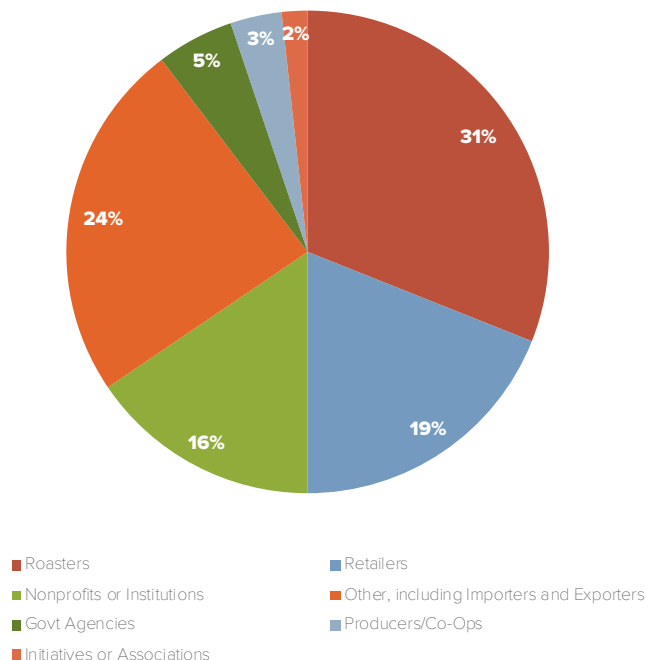
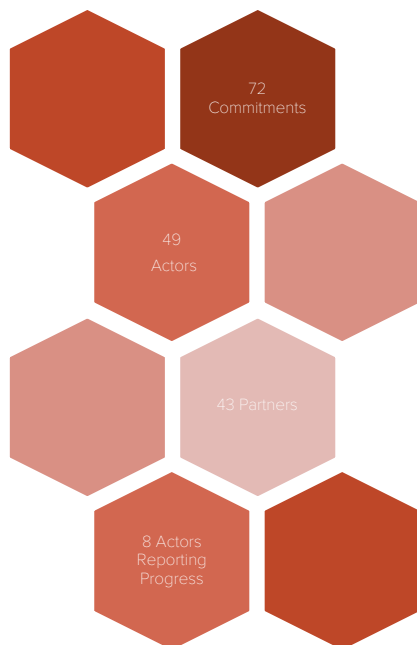
Uptake of the Hub is continuing to take off within the sector. In 2016 stakeholders from across the coffee sector stated 22 commitments in the Hub. By early 2019 there were a total of 72 commitments in the Hub. While these 72 commitments by no means represent all of the sustainability efforts in the coffee sector, they provide an overview of the types of initiatives underway, the geographies targeted and the actors driving them. Knowing this information enables us to better answer the following questions;

- Which interventions are most common, and which need further attention?
- Which type of stakeholder is most likely to address certain issues?
- Which coffee origins are we impacting, and which need more attention?
- Are we aligned on the metrics currently used to track progress or is there more work to do?
- Where are synergies forming among stakeholders?

49 STAKEHOLDERS HAVE STATED 72 COMMITMENTS

A total of 49 different stakeholders have made 72 commitments in the Commitments Hub. Of these, 43 are partners in the Challenge. Although reporting only started last year, 8 actors have already reported on existing commitments.

Hub actors represent stakeholders from throughout the coffee value chain; roasters had the most commitments in the Hub, followed by retailers and non-profits. 31% identify as roasters, 19% as retailers, 16% as non-profits or institutions, 24% as other (which includes if they identify as importers [9%] or exporters [3%]), 5% as government agencies, 5% as producers/co-ops, and 2% as multi-stakeholder initiatives or associations. Please note: five actors identify as multiple types and were counted in each category selected.



COMMITMENTS SPANNED 29 COUNTRIES

The 72 commitments vary in geographic focus, with 39 described as global. 17 are tagged as focusing in North America, 11 in South America, 10 in Africa, four in Asia and one in Europe. The global category includes 72% of commitments stated by retailers (36%) and roasters (36%), focusing mostly on sourcing policies (26% of commitments) and technical assistance (15% of commitments).

Of those actors stating commitments, 55% noted the country where the action was being taken. The data show that the commitments targeted 29 precise countries. Asia was the least represented by specific commitments currently stated in the Hub, suggesting that actors stating commitments were more likely to invest in programs in Latin America and Africa.



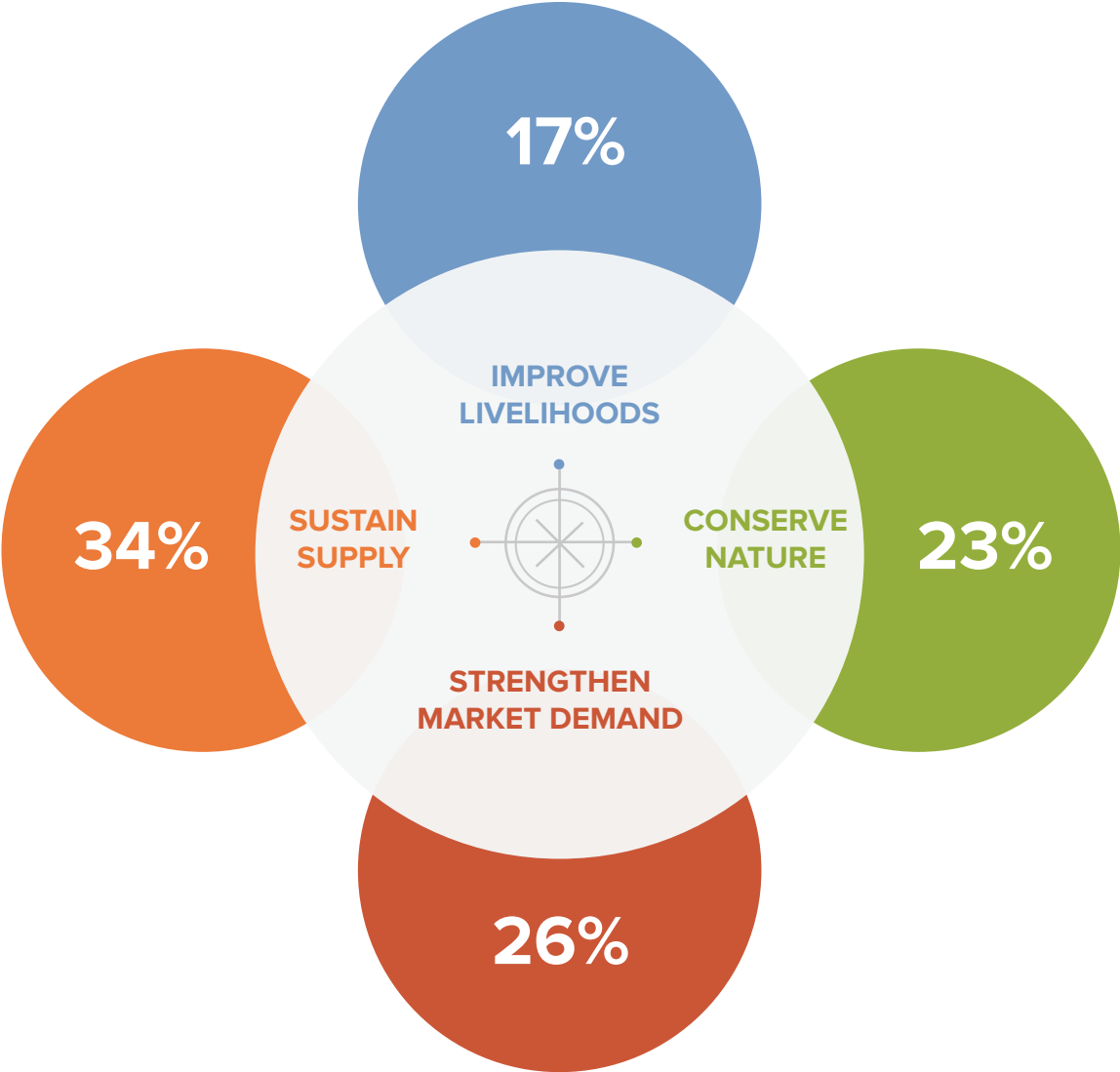
MOST OF THE ACTIVE COMMITMENTS SET 2020 AS THEIR TARGET YEAR

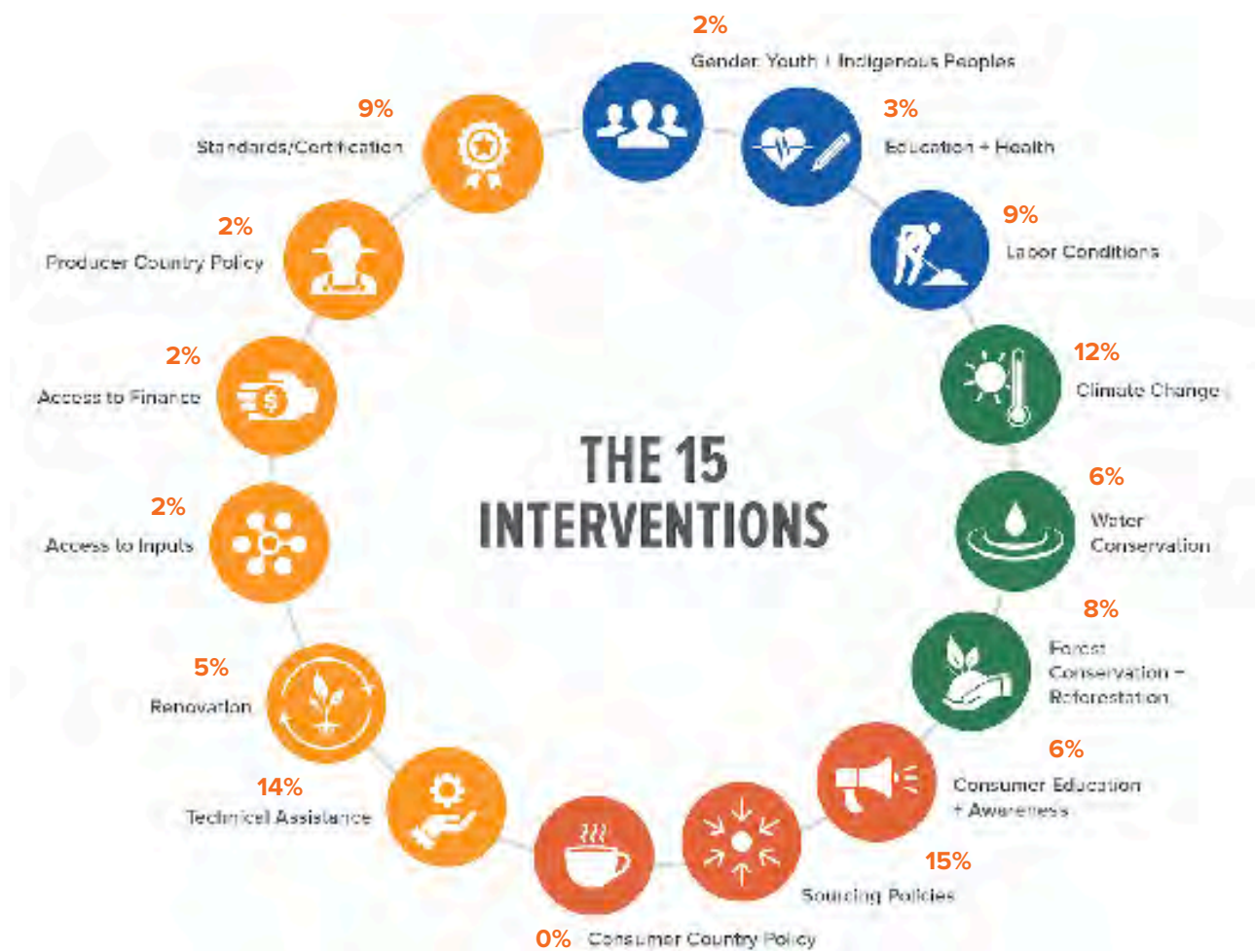
Commitments come to maturity at different years. The timeline tells us that in 2019, 10 commitments are scheduled to be reached, and in 2020, 29 commitments, or 40% of all commitments in the hub, will be completed. 5 commitments have not stated a target year. We also note that 14 commitments stated 2017 or 2018 as their target year. Of these, 12 have not been reported on and the two that have been reported on were not at 100% completion. This suggests that stakeholders may need more time to reach their targets. Until these commitments are reported on as “completed,” the Challenge will not “retire” them from the Hub and assume that they are ongoing.



OVER 1/3 OF COMMITMENTS FOCUSED ON SUSTAINING COFFEE SUPPLY

The Challenge’s shared Sustainability Framework has at its core a guiding compass that drives action in four impact areas: sustain supply, strengthen market demand, conserve nature and improve livelihoods. Over a third of the commitments focused on sustaining coffee supply. 26% focused on strengthening market demand and 23% on conserving nature. Only 17% had improved livelihoods as their focus. This suggests an overwhelming focus on sustaining coffee supply and strengthening demand for sustainable coffee at this time.





When looking at the commitments and their connection to the 15 intervention pathways, the data show that sourcing policies, technical assistance and climate change had the most commitments.

Within sustaining supply, the highest number of commitments are related to technical assistance (14%), standards/certification (9%), renovation (5%), access to inputs (2%), access to finance (2%) and policy-producing countries (2%).

Within the second highest focus area, strengthen market demand, most commitments are sourcing policies (15%) followed by consumer education and awareness (6%). There were no policy level commitments stated by governments of consuming countries in the Hub, although we know countries have these in place for government procurement. Ensuring these are included in the Hub will take targeted outreach to these agencies.

Within the third highest focus area, conserve nature, the highest number of commitments are related to climate change (12%), forest conservation and restoration (8%) and water conservation (6%)

Finally, within improve livelihoods, the highest number of commitments are related to labor conditions (9%), followed by education and health (3%) and gender (2%).

MOST COMMITMENTS FOCUSED ON NO POVERTY AND ZERO HUNGER

The Challenge aligned the goals and interventions within the Sustainability Framework with the UN Sustainable Development Goals (SDGs) to ensure commitments and investments being implemented also demonstrate the contribution the coffee sector is making towards the SDGs. Prior to the 2018 Commitments Hub platform refresh, the commitments survey did not include an SDG question. The Challenge team worked to help map each commitment to SDGs in the Hub and this report marks the first analysis of SDGs.

Analysis of the 72 commitments with the 17 SDGs shows that SDG1, No Poverty, proves the most common, making up 18% of commitments, followed by SDG 2, Zero Hunger, at 16% and SDG 12, Responsible Production and Consumption at 11%. SDGs 4, Quality Education and 9, Industry, Innovation & Infrastructure, are both at 2%. SDGs were not assigned to 1% of commitments. SDGs 11, Sustainable Cities and Communities, and 14, Life Below Water, both had no commitments contributing to them, which is not surprising given their relatively indirect linkages to the coffee sector. Given the low percentage of commitments tagged to the improve livelihoods compass point, it's surprising to see so many commitments tagged to social development SDGs. This may be due to the belief that by increasing productivity of coffee through technical assistance and other interventions that help sustain supply, the sector is assuming that this will lead to social benefits. We encourage the sector to monitor this closely to test these assumptions.

If we then take a deeper look at the top three SDGs by actor type, we understand that as of early 2019, roasters seem to be the most dedicated to no poverty, while non-profits or institutions seem to be the most focused on zero hunger. Actors that consider themselves "other" (which includes importers, exporters and manufacturers) focused most on responsible consumption and production.



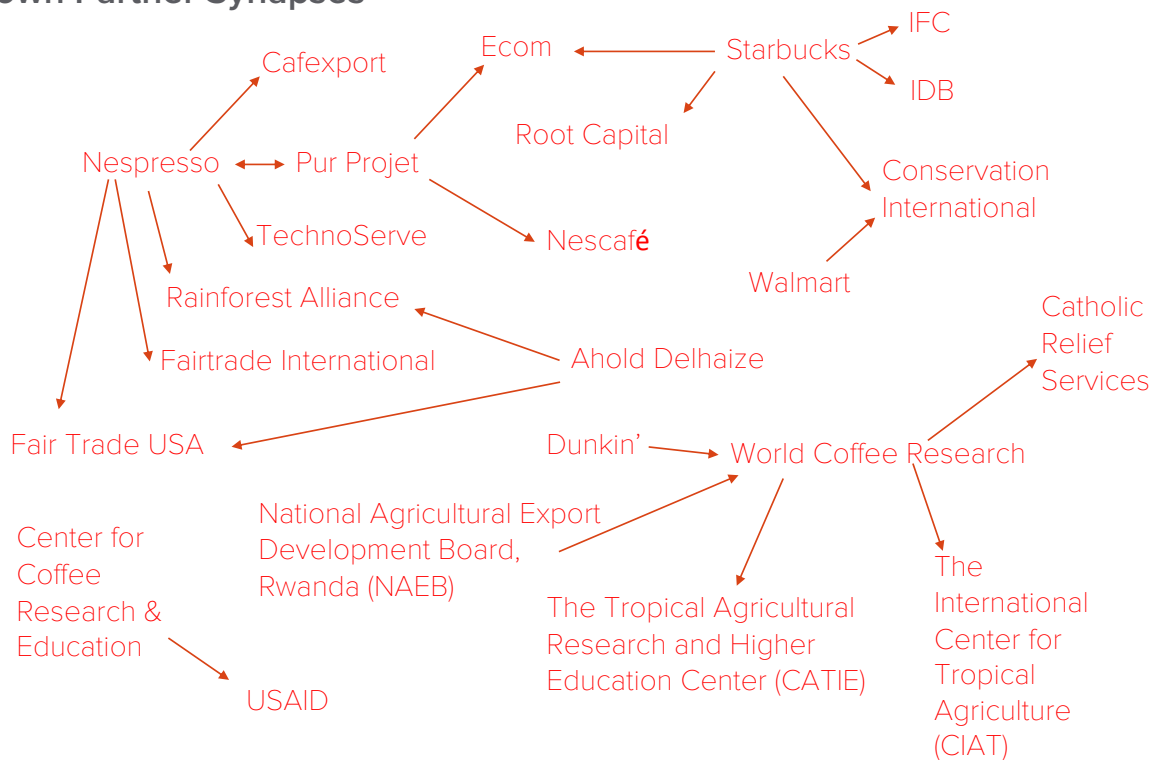
ESTIMATED SUSTAINABILITY INVESTMENT

This Hub report shows us that to-date, Hub actors have committed to invest more than \$523 million to reach these 72 commitments and their goals/targets. While this is significant, it spans multiple years and does not necessarily represent an increase in total annual investment since the publication of the Sustainability Catalogue which estimated a total annual investment of \$350M in sustainability programs in 2016.

THE SUSTAINABILITY ECOSYSTEM

How are we connected now? Data in the Hub hopes to facilitate identification of priority themes, origins and networks. What are we seeing in terms of these value networks? We're seeing that actors stating commitments appear to be in a project mentality and remain within small clusters rather than an ecosystem. The following diagram identifies some actors may have an opportunity to work as nodes to help connect sustainability programs.

Known Partner Synapses



THE COMMITMENTS SHOW GREAT POTENTIAL FOR FURTHER ALIGNMENT AROUND COMMON METRICS

When stakeholders state a commitment, the Hub asks them to also list the metrics they will use to report on their progress. Of the 72 commitments, 52 had metrics listed. Commitments on sourcing policies were most likely to have metrics. Those on gender and education and health were the least likely. There are currently no policy-consuming country commitments. Also, roasters were the most likely to list metrics. Multi-stakeholder initiatives were the least likely.

For those commitments where the stakeholder listed the metrics they would use to report, we have been able to analyze the metrics to begin identifying areas where there is already a high level of alignment on indicators and those that will take more time. The following section presents some of the preliminary findings. We anticipate this analysis continuing to take shape as more actors report against existing commitments.

The following section provides an overview of common metrics and level of alignment of metrics for the intervention with the greatest number of commitments for each of the compass points. The remainder of the intervention pathways had only a small number of commitments with few stated indicators, which precluded them from this analysis.

CONSERVE NATURE

Climate Change + Forests

Most Common Metrics: trees planted, hectares, revenue

Number of Commitments: 24

Alignment: Low

This category had a high level of unique metrics, with 61% only stated once. The most common metric across commitments was hectares (13%) followed by revenues and trees planted (both at 6%). Climate change and forests commitments were generally more likely to list metrics, with only 13% of commitments without metrics, a lower % than other intervention pathways. In looking only at the four forest commitments, we see no greater alignment on metrics used to track and report on progress. Finally, more than half (56%) of renovation commitments also selected climate.

STRENGTHEN MARKET DEMAND

Sustainable Sourcing (and Standards/Certification)

Most Common Metrics: % Certified/Verified/Sustainable Sourcing; Pounds Sourced via Sustainability Programs; \$ Re-Invested in Farms/Premiums

Number of Commitments: 26

Alignment: Medium

The majority (56%) of actors stating sourcing commitments listed at least one metric they would use to report on progress. When comparing metrics listed, they aligned well with 24% using percent of certified, verified or sustainable sourcing. A smaller percent (16%) committed to reporting on pounds sourced via sustainability programs. Most of these commitments also tagged standards/certification as an intervention pathway. Of the 3 that were unique to the standards/certification intervention pathway most did not have metrics that aligned. This may be due to these commitments coming from owners of certification standards who were committing to standards revisions or other updates.

SUSTAIN SUPPLY

Technical Assistance (incl. Producer Country Policy)

Most Common Metrics: #People Trained; # Trees; # Hectares; #Bags Coffee Produced; #Farms

Number of Commitments: 24

Alignment: Low

Within technical assistance, more than 51% of the metrics stated do not align and are used once. The groups of aligned metrics include # people trained (11%) and trees (8%). The metric # of people trained groups together the metrics: trainers trained, smallholders trained, farmers trained and agents trained. Aligned metrics # of hectares, # of bags coffee produced and # of farms, all made up 5% of commitments, respectively. It is also of note that all 3 Policy- Producing Countries commitments also selected technical assistance and are therefore included. 8% of commitments did not reporting metrics.

IMPROVE LIVELIHOODS

Labor

Most Common Metrics: None identified

Number of Commitments: 15

Alignment: Low

15 commitments tagged labor as an intervention pathway they were addressing, yet over a third (35%) did not list specific metrics they would use to track and report on progress. For those commitments where metrics were available, there was no alignment. There was not a single case where a proposed metric overlapped with those proposed by another actor with a labor commitment. This suggests a tremendous opportunity for further alignment of indicators on labor practices in coffee.

REPORTING ON COMMITMENTS

Eight actors have reported against their commitments: Arizona State University, EFICO, Mi Cafeto, NCBA CLUSA, Nespresso, The Sustainability Consortium, Rainforest Alliance/UTZ and Sumerian Coffee. This represents only 15% of commitments that have been in the Hub for over a year. This suggests that the Challenge has work to do to encourage reporting on commitments through regular outreach.

The more stakeholders that report results against their commitments, the better this report will be in its ability to provide an understanding of the state of sustainability programs in the coffee sector and the impacts that these investments are making. When actors report, the subsequent knowledge enables the Challenge to drive additional investment in successful programs to more efficiently scale and replicate them. It helps us all learn from each other, helps us better understand the types and breadth of sustainability initiatives – who is doing what – and helps us connect for the future.

Actors Reporting Progress, % Reported Progress Made and Expected Maturity Date

| Actor | % Progress Made | Commitment Maturity Date |
|---|-----------------|--------------------------|
|  | 25% | 2017 |
|  | 70-80% | 2020 |
|  | 20-30% | 2020 |
|  | 70-80% | 2018 |
|  | 80% | 2020 |
|  | 30-40% | 2020 |
|  | 60-70% | 2020 |
|  | 30-40% | 2018 |

CONCLUSION

This inaugural Commitments Hub Report showed us many valuable insights. Most of the commitments in the current Hub are at a global scale and focus on sourcing policies, technical assistance and climate change. Additionally, the Hub shows us that the commitments are collectively pledging \$523M across various interventions to drive sustainability in the coffee sector.

While this is good news, there is much more needed to reach our vision of making coffee the world's first sustainable agricultural product. For instance, livelihood-specific commitments are less common, although many tagged their commitments to the zero poverty and no hunger SDGs. Furthermore, the Hub's sustainability ecosystem map shows us that while actors may be farmer-focused, that focus seems to remain at the supply chain level and less through ecosystems or partnerships. There's a timely and unique opportunity to spur more multi-stakeholder initiatives and collective action to improve coffee livelihoods.

While the Commitments Hub does not represent the entirety of sustainability investments in coffee, we believe this report provides a snapshot of initiatives underway, and we hope that use of the Hub will continue to grow. We also believe that as the Collective Action Networks advance we will see more commitments targeting the key issues the Challenge and other multi-stakeholder initiatives are working to address. As we all march closer to 2030, a crucial year for coffee and for our precious planet, we must remember that people need coffee to thrive. And coffee needs people and nature to thrive. To make coffee the world's first sustainable agricultural product, like the Hub, we must remain transparent in our actions. It is only through sharing our ambitions and experience that we can learn from one another and find ways to scale actions across the sector. This is the only way we can sustain coffee in light of market volatility, climate change and other stresses.

APPENDIX:

Actors with Commitments by Intervention Pathway

| Actor Name | # Commitments | Climate Change | Water Conservation | Forest Conservation & Restoration | Policy-Producing Countries | Renovation | Standards/Certifications | Technical Assistance | Access to Inputs | Access to Finance | Policy-Consuming Countries | Consumer Education & Awareness | Sourcing Policies | Education & Health | Labor Conditions | Gender Youth and Indigenous Peoples |
|--|---------------|----------------|--------------------|-----------------------------------|----------------------------|------------|--------------------------|----------------------|------------------|-------------------|----------------------------|--------------------------------|-------------------|--------------------|------------------|-------------------------------------|
| Ahold Delhaize | 1 | | | | | | ● | | | | | | ● | | | |
| Allegro Coffee Company | 5 | | ● | ● | | | | | | | | | ● | | ● | |
| Alsea | 1 | | | | | | | ● | | | | | | | ● | |
| Aoyagi Coffee Factory | 1 | | | | | | | | | | | ● | | | | |
| Arizona State University | 1 | | | | | | | | | | | ● | | | | |
| Association Cafe Africa | 1 | | | | ● | | | ● | | | | | | | | |
| Atlas Coffee Importers | 1 | | | | | | ● | | | | | ● | ● | | | |
| Bon Appétit Management Company | 1 | ● | | ● | | | | | | | | | | ● | ● | |
| Boncafe | 1 | | | | | | | | | | | ● | | | | |
| Cafexport S.A.R.L Sucursal Colombia | 2 | | ● | | | | | | | | | | | | | |
| Cafinco | 1 | | | | | | | | | | | | ● | | | |
| Center for Coffee Research and Education (Texas A&M) | 2 | ● | | | | | | ● | | | | ● | | | | |
| Conservation International | 1 | | | | | | | | | | | | ● | | | |
| Dunkin' | 1 | ● | ● | | | ● | ● | ● | | | | | | ● | ● | |
| Ecotierra | 1 | ● | | | | ● | | | | | | | ● | | ● | |
| EFICO | 1 | | | | | | ● | | | | | | ● | ● | | |
| Farmer Brothers | 1 | | | | | | | | | | | | ● | | | |
| Fundacion Cohonducafe | 1 | | | | | | | ● | | | | | | ● | | ● |
| Kauai Coffee Company | 1 | | | ● | | ● | | | | | | | | | | |
| Keurig Dr Pepper | 2 | | | | | | | ● | | | | | ● | | ● | |
| Lagom Coffee Roastery | 1 | | | | | | | | | ● | | ● | | | | |
| Mae Fah Luang Foundation under Royal Patronage | 1 | ● | | | | | | ● | ● | | | | | | | |

| Actor Name | # Commitments | Climate Change | Water Conservation | Forest Conservation & Restoration | Policy-Producing Countries | Renovation | Standards/Certifications | Technical Assistance | Access to Inputs | Access to Finance | Policy-Consuming Countries | Consumer Education & Awareness | Sourcing Policies | Education & Health | Labor Conditions | Gender Youth and Indigenous Peoples |
|---|---------------|----------------|--------------------|-----------------------------------|----------------------------|------------|--------------------------|----------------------|------------------|-------------------|----------------------------|--------------------------------|-------------------|--------------------|------------------|-------------------------------------|
| McDonald's Corporation | 1 | | | | | | ● | | | | | | ● | | | |
| Mexico's Secretary of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) | 1 | | | | ● | ● | | ● | | | | | | | ● | |
| Mi Cafeto Co., Ltd. | 1 | | | | | | ● | | | | | | ● | | | |
| Mother Parkers Tea and Coffee | 1 | ● | ● | | | | | ● | | | | | | ● | | |
| Moyee Coffee | 1 | | | | | | ● | ● | | | | | ● | | | |
| National Agricultural Export Development Board (NAEB) | 3 | ● | ● | ● | | ● | | ● | ● | | | | | | | |
| NCBA CLUSA | 1 | | ● | | | ● | | ● | | | | | | | | |
| Nescafé | 4 | | | | | ● | | ● | | | | ● | ● | | ● | |
| Nespresso S.A. | 1 | ● | | ● | | | ● | | | | | | ● | | | |
| Onda Origins | 1 | | | | | | | | | | | ● | ● | | | |
| Pelican Rouge | 2 | ● | | ● | | | | ● | | | | | | ● | ● | |
| PUR Projet | 1 | ● | | ● | | | | ● | | | | | | | | |
| S&D Coffee & Tea | 1 | | | | | | ● | | | | | | ● | | | |
| San Martin Regional Government, Peru | 1 | ● | | ● | | | | | | ● | | | ● | | | ● |
| Smithsonian Bird Friendly | 8 | ● | | ● | | | ● | ● | | | | | | | ● | |
| Solar Lifestyle GmbH | 1 | ● | | | | | | | | | | ● | | | | |
| Solidaridad | 1 | | | | | | | ● | | ● | | | | | ● | ● |
| Starbucks | 3 | ● | | | | ● | ● | ● | | ● | | | ● | | | |
| Sumerian Coffee | 2 | ● | ● | ● | | | | ● | | | | | | | | |
| Supracafe S.A | 1 | | | | | | | | | | | | | | | |
| The Sustainability Consortium | 1 | | | | | | | | | | | | ● | | | |
| TreeHouse Foods, Inc | 1 | | | | | | | | | | | | | | | |
| University of Montana Dining | 1 | | | | | | | | | | | ● | ● | | | |
| UTZ | 1 | ● | ● | | ● | | | ● | | | | | | | ● | ● |
| Walmart | 1 | | | | | | ● | ● | | | | | ● | | | |
| Westrock Coffee Roasting | 1 | | | | | | ● | | | | | | | | | |
| World Coffee Research | 1 | ● | | | | ● | | | ● | | | | | | | |

Sustainable Coffee Challenge Commitments Hub GUIDE



State Commitments | Report Progress

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I. Introduction

Purpose of Commitments & Reporting

The Sustainable Coffee Challenge hosts a place for stakeholders to publicly state their commitments to sustainability and report on progress over time in an online, open-source platform called the Commitments Hub.* Hub engagement is one of the expectations and requirements of partners in the Challenge.

The idea of the Hub is that by shedding light on commitments made by stakeholders throughout the sector, we can better leverage them to form new partnerships and inspire others to act. While the coffee sector has invested heavily in sustainability for decades, we recognize that the complex issues facing the sector require a wide range of solutions and commitments. Transparency of sustainability commitments means stating them in a shared space and reporting progress. The Hub sets out to:

- Develop a shared understanding of our collective action on sustainable coffee production
- Drive new and more ambitious commitments to sustainable coffee
- Stimulate necessary investment for transforming the sector

**Please note that the re-designed Hub platform now includes the process and survey form to join/become a partner in the Challenge as well as to state and report on commitments!*

II. Quick Steps

How To Enter the Hub



Visit SustainCoffee.org



Click on “Commitments” in the toolbar, then click the “Start One” and “Start One Now” buttons



Register your organization with Hub partner, Goodera



Receive login details from Goodera via email and log-in to the Hub!

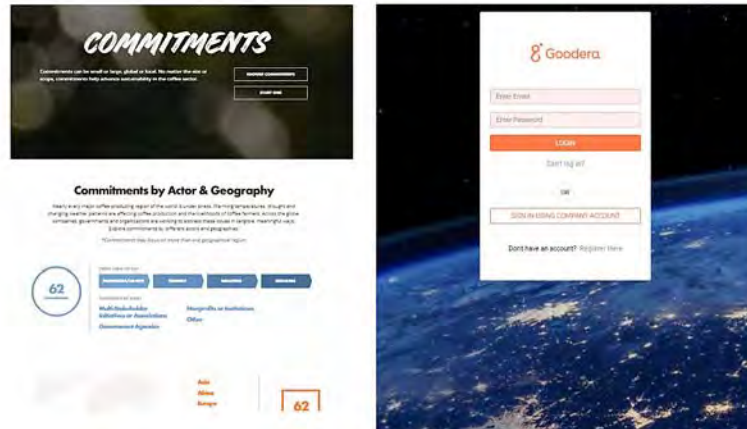


In the left menu, select “State Commitments” and then choose between:

- a. Are you ready to join the Challenge?
- b. Are you ready to state a commitment?
- c. Do you want to state another commitment?
- d. Are you ready to report against your commitment?

Need-to-Know Information Before You Enter

When we talk about the Hub, we are referring to two parts; there is the front-end public-facing Hub which lives on sustaincoffee.org/commitments (image left, below) and the back-end private platform which houses the commitments, reporting data and partner information in a secured format, powered by Goodera (image right, below).



The Hub platform is your one-stop shop to state commitment(s), report against your progress and/or to join the Sustainable Coffee Challenge. You will enjoy clean UX, including vertically-oriented surveys and answers that auto-populate between forms.

We encourage one user/email designated per organization to facilitate optimum platform usage. More information below.

Access for Several Users Within the Same Company

A unique log-in is created for each individual who requests access to the Hub. This means that multiple members from one organization can log-in to state a commitment. However, **please note** that the various accounts from the same company or organization are ***not*** grouped by the system. Practically this means that only the person who states the commitment in the system will be able to access that commitment in the future. Therefore, we suggest that there is internal coordination prior to submission of commitments – to either use a common log-in or to delegate data entry + reporting to one person.

III. Commitments & Reporting 101/Basics

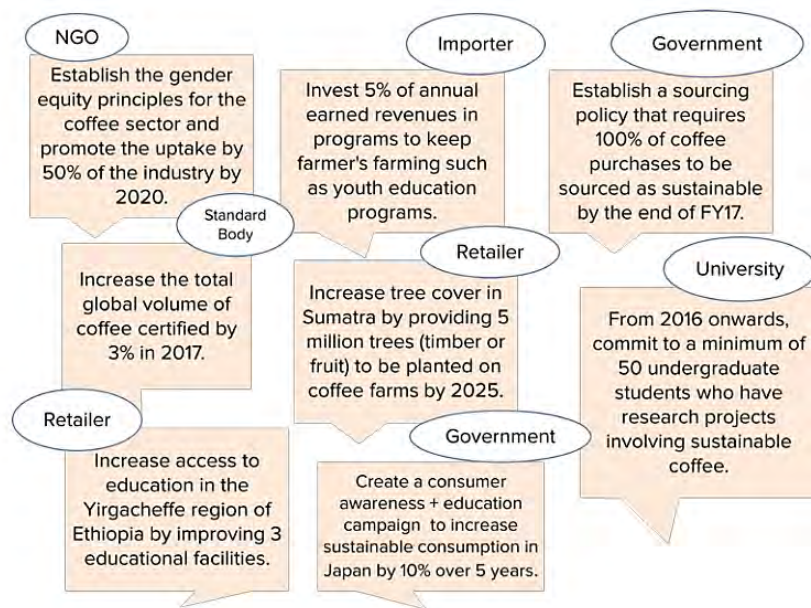
What's a Commitment?

Commitments generally take the form of investments and actions taken to achieve specific targets or outcomes. We strongly encourage you to develop commitments with the following principles in mind:

- **New or active commitment:** Every commitment that is stated via the Sustainable Coffee Challenge Commitments Hub should be either a new commitment or an existing commitment that has yet to be achieved.
- **Incorporates SMART objectives:** Commitments should be **specific** in what they set out to achieve, incorporate **measurable** targets, be **ambitious** in nature, **relevant** for the industry, organization or **supply chain targeted**, and **time-bound**.
- **Aims for impact:** Commitments should consider the contribution to one or more of the North Star elements – prosperity & wellbeing of producers; forest, water and soil conservation; and/or sustained supply of coffee.
- **Can be reported at set intervals:** Organizations should enter commitments that can be reported on in the system on an annual or semi-annual basis with 1st, 2nd or 3rd party data.



Examples of SMART Commitments



Please check the commitments section of sustaincoffee.org to see a list of commitments that have already been stated.

Eligibility to State Commitments in the Hub

Any company, NGO, government, or other actor working on sustainability in the coffee sector that has registered and created an account at www.sustaincoffee.org, Commitments, Start One, Start One Now, can enter the Commitments Hub and state their commitment.

The Hub is not just for the private sector. The Sustainable Coffee Challenge believes that all stakeholders have a role to play in driving demand for sustainable coffee and transitioning the sector to sustainable production. As such, commitments to a sustainable sector may come from governments, NGOs, producers and trade associations in addition to traditional market players.

Benefits to Stating a Commitment via the Sustainable Coffee Challenge

The Sustainable Coffee Challenge is a neutral, third party space for publicly stating and reporting on commitments alongside others in the industry. By using the Commitments Hub, coffee sector stakeholders demonstrate a commitment to transparency. Apart from being able to clearly track individual commitments, stakeholders will have the ability to show how their commitments contribute to increased sustainability in the sector. Within the

sustaincoffee.org website, partners can identify peers with similar types of commitments – both in terms of objectives and geography.

Best Practice for Commitments Made in Partnership with Others

If your organization works with partners on a specific initiative, it is up to you and your partners to determine who should submit the commitment. It depends on the type of partnership and the actors involved. For this reason, the Sustainable Coffee Challenge asks that you clearly state the partners you are working with. The Challenge suggests that you look at the commitment to determine whether it should be reported against in a comprehensive manner, or if there are different components that naturally make sense for individual partners to state and report against. You could also consider breaking the commitment up into several commitments based on target focus to facilitate and clarify reporting roles.

For example, a roasting company that purchases from multiple traders – all of which have sustainability programs in place with suppliers in a value chain based on roaster financing – might make the following commitment: “By 2020, company X will source 100% of its coffee through a comprehensive sustainability program that ensures adoption of best practices in addition to providing technical assistance to improve productivity.”

If one of the traders within the value chain also wanted to state a commitment, they may consider stating a larger commitment that extends beyond that of the roaster referred to above. For example, the trader commitment could read: “By 2020, 75% of our suppliers in country X will be participating in a technical assistance program focused on increasing productivity by 25% over a five-year period.”

The roasting company would report on volume metrics sourced via the program, while the trader would report on suppliers receiving technical assistance and the average increase in yield over time.

Best Practice for Multiple Commitments

If you have numerous commitments, please state each commitment separately in the Commitments Hub. A good way to determine if a commitment should be listed separately is if it has a different target date and/or goal.

Once Commitments are Stated & Submitted in the Hub

The commitment will show up on www.sustaincoffee.org, and on an annual basis, you will be asked to report progress against that goal.

If you need to edit or change your commitment, you may do so by sending a request to the Sustainable Coffee Challenge team at scc@conservation.org. A member of our team will

then contact you to understand the reason for the change and assist you in making the update.

Verification of Commitments - Challenge & External Parties

The Sustainable Coffee Challenge does not provide verification of commitments entered in the Hub. Once stakeholders begin reporting results, they will be required to state if their results have been 1st, 2nd or 3rd party verified. In turn, they will be asked to upload any documentation related to that verification. The type of verification category will be made public alongside the commitment.

It is important to note that stakeholders can use the Sustainable Coffee Challenge logo to show that they are partners and contributors to the Challenge, but this does not represent an endorsement of the commitments made via the Hub.

Potential Identification of Priority Themes or Origins

The initial phase of capturing commitments will create a better understanding of the types and breadth of sustainability initiatives currently underway (e.g., who is doing what). The Hub will also facilitate identification of priority themes or origins where those commitments are focused. Once stakeholders begin to report results against the commitments, the Challenge will serve as a resource that provides an understanding of the state of sustainability and the impacts that investments are making. This knowledge should enable the Challenge to drive additional investment in successful programs to more efficiently scale and replicate them.

Security of Hub Data

The Sustainable Coffee Challenge has partnered with Goodera to develop, host and manage the Commitments Hub. Goodera uses a secure cloud-based network that understands that data security is of paramount importance and has implemented very strict security protocols for data access and management. Goodera has been recommended ISO 27001:2013 certification systems, technology and processes that power the Goodera platform. Goodera's compliance with the standard is being certified by BSI, an ISO certification body accredited to the American National Standards Institute – American Society for Quality Accreditation Board (ANAB). All electronic data and media transfer outside the Goodera secure virtual private cloud takes place over TLS (SSL) channels using 2048-bit RSA for key exchange.

Vetting/Approval Process for Commitments and Other Hub Forms

There is no formal approval needed for a commitment. The Challenge is developing principles for participants to consider when making a commitment, but it recognizes that each participant is at a different stage in their movement to sustainable coffee.

Fundamentally, the Challenge seeks to encourage action and investments that incentivize sustainable production. Through dialogue within the network, participants can encourage each other to be more ambitious in their thinking.

Where participants are looking for guidance, assistance, feedback and advice on the commitments they are considering, CI can review a draft commitment.

What to Expect If You State Commitments & Report

1. Your Personalized Coffee Sustainability “Profile Page”

- State a commitment in the Hub and automatically receive a public “profile page” which lives on sustaincoffee.org
 - 💡 Share your public URL with fellow industry actors and/or sustainability consumers!
- Your commitment will feed into the Hub summary page, where users can explore commitments by name, actor type, by issue, by geography, by date and by SDG
- If you’re a Challenge partner, capacity to influence your profile page increases; items at the header of profile pages are populated with data from your Partner Intake Form, including:
 - Partner Bio (50-word summary of your organization)
 - Partner Statement of Support (e.g. quote from a sustainability officer within your organization)
 - Action Networks (which Challenge Networks your organization participations in)
 - Partner Since Date (e.g. month and year)
- As you report progress made against your commitment in % completed, the status fills up your virtual coffee mug with coffee. Reporting is generally on an annual basis for the previous year

2. Inclusion in the Hub’s Coffee Sector Report

- Commitment metrics (e.g. weight, area, currency, people) will influence a yearly Sustainable Coffee Challenge report which will analyze the sector’s collective progress towards making coffee the world’s first sustainable agricultural product
- State a commitment and report progress made against your commitment for your organization to be involved

IV. Commitment & Reporting Questions

Commitments Questions

The following questions are asked when stating a commitment in the Hub. The questions noted with an asterisk indicate that the answer will be publicly displayed on sustaincoffee.org in the profile page and/or summary page.

1. Name of organization*
2. Type of actor*
3. Upload organization/user logo*
4. What is your commitment?*
5. Which focus area is your commitment aiming to impact?*

 1. Improve Livelihoods, Conserve Nature, Strengthen Market Demand, Sustain Supply

6. Which of the primary intervention pathways (up to two) guide your commitment?*
7. When was this commitment made?*
8. What are your goals/targets?*
9. When will your goals/targets be reached?*
10. Select currency for this investment.
11. How much will you invest to realize this commitment and reach your stated goals/targets?
12. Which geography does this commitment target?*

 1. Africa, Asia, Europe, South America, North America, Global

13. What countries does this commitment target?*
14. Which regions within the above-mentioned country does this commitment target?
15. What types of metrics will you use to monitor progress? (ex. pounds, trees planted, yield, premium)
16. Please add additional metrics that you will use to monitor and report progress in any additional unit(s).
17. Is this commitment made in partnership with others?
18. If this commitment is made in partnership with others, who are your partners?*
19. If your commitment was made in partnership with others, which partner will be responsible for reporting?
20. Which SDGs are related to this commitment?*

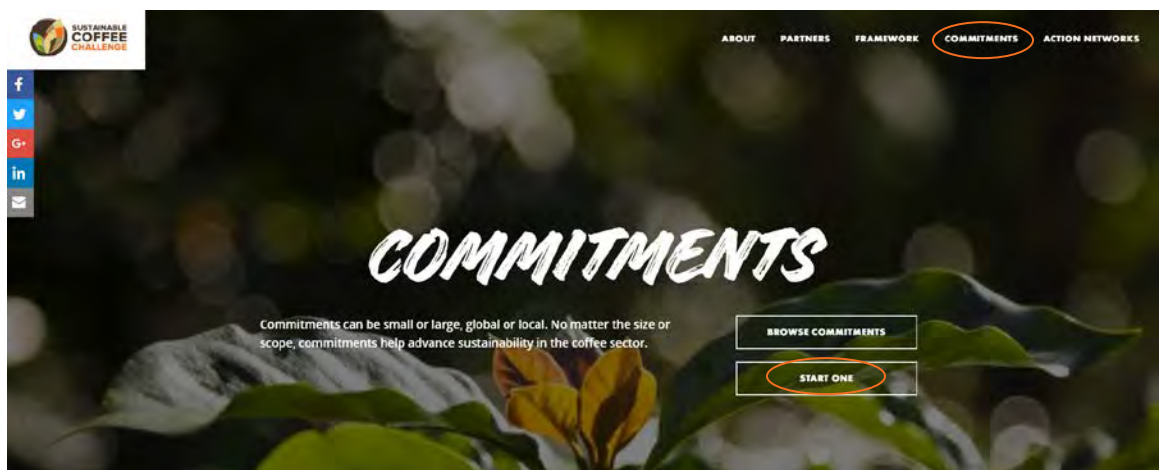
Reporting Questions

Please note that your commitment text and metrics will auto-populate into the reporting survey.

1. What percentage best represents your current state of overall progress on this commitment?*
2. Please report yearly cumulative progress on metrics within the metrics table.
3. Provide a short, written summary of overall progress made on this commitment. This exact text will appear on the public sustaincoffee.org website. You can also upload back-up documentation, if you wish.*
4. What method are you using to provide backing to your reporting progress? You may also select other and provide a description of your assurance approach in the comments box. If can upload assurance documentation, it will not be shown on your partners page.
 1. Self-reported, NGO partner, 3rd party audited, other
5. I acknowledge that my organization is responsible for reporting on behalf of the program.

V. Step-By-Step Guide to the Hub

1. Visit SustainCoffee.org. Click on “Commitments” in the toolbar, then click the “Start One” and “Start One Now” buttons



2. Register your organization with Goodera by clicking “Enter the Hub”



Sustainable Coffee Challenge

📍 Global

Apply for an

Individual

Enter the Hub

*Last date for form submission Dec 31, 2023

Instructions

The Sustainable Coffee Challenge Commitments Hub is the online platform to state your commitment to coffee sustainability. Whether you're ready to join and become a partner in the Challenge, state a public commitment or two, report progress against your commitments, or simply want to explore, start and track your journey to sustainability with the Challenge! Get started now by clicking "Enter the Hub."

Point of Contact

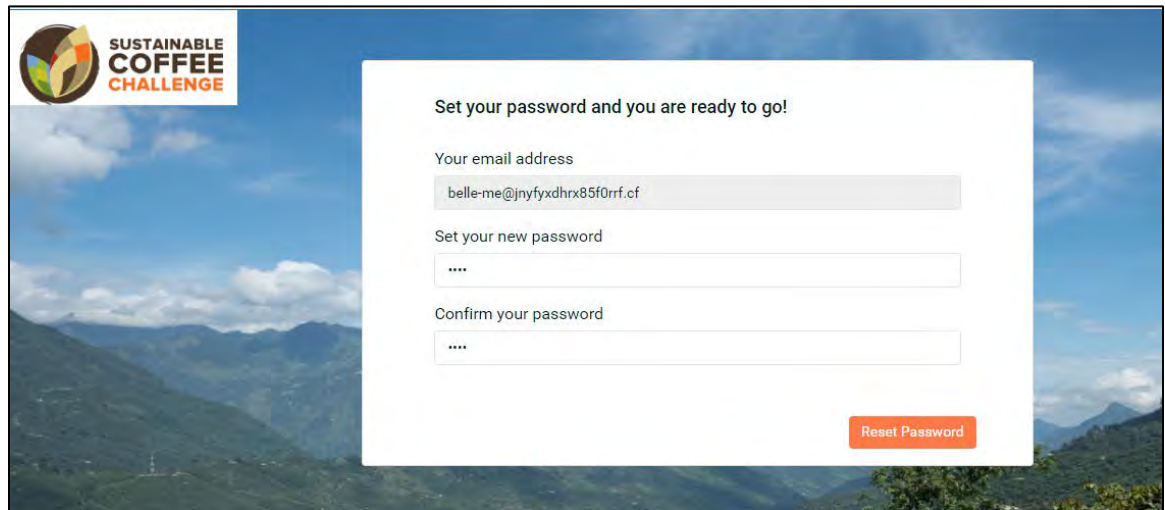


scc@conservation.org
www.sustaincoffee.org

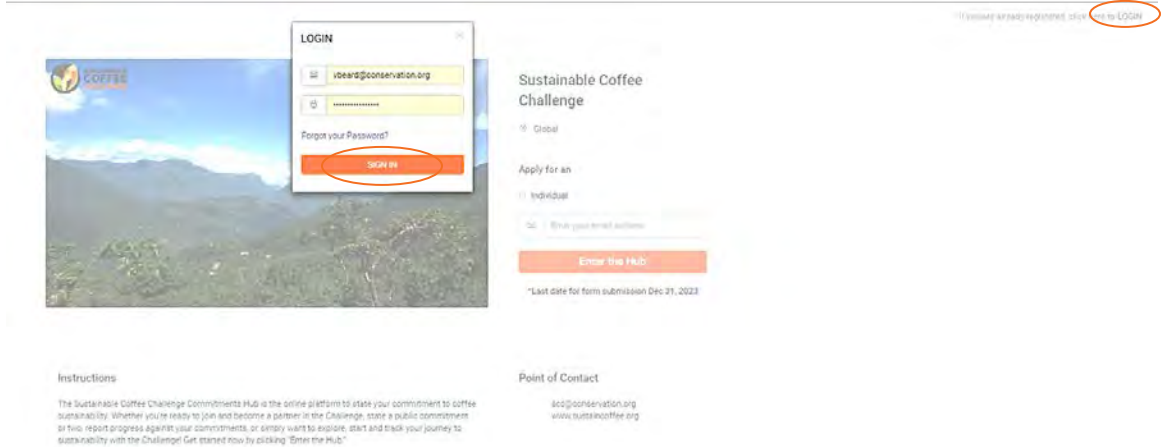
3. Receive temporary login details from Hub partner, Goodera, via email, create a new password and log-in!

Existing Hub users (e.g. if you've already made a commitment), the system will already have your email. You may simply click "Login" and "Forgot Password" and follow the steps below

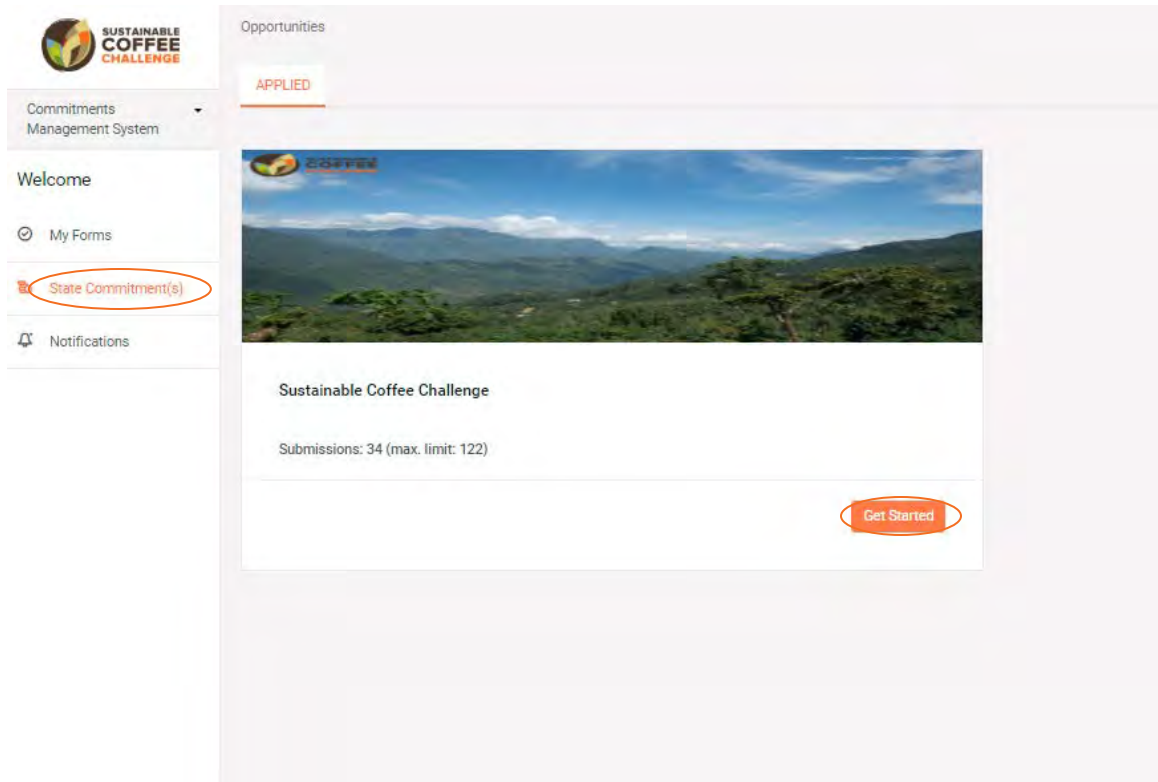




4. When you've set a new password and are ready to login, click "Login" in the upper right corner of the screen, enter your password and click "Sign In"



5. Please orient yourself with the new Hub homepage. Your left side menu includes three options: 1) My Forms, 2) State Commitments, and 3) Notifications. Please navigate to "State Commitments" on the left side and then "Get Started"



6. After you click, “Get Started,” you will be taken to the All-User Sign-In Form. We request this information from every actor.

Enter your information in the required fields and then select which commitment you’re ready to take. (Depending on your selection, an associated form will populate in “My Forms.”)

- a. *Are you ready to join the Challenge?*
- b. *Are you ready to state a commitment?*
- c. *Do you want to state another commitment?*
- d. *Are you ready to report against your commitment?*

Click “preview and submit” when you are done

Sign In form

Enter name *

Test_User

Enter Organization Name *

Test_Org

Select Actor Type *

Retailer

Enter Email ID *

belle-me@jnyfyxthrx85f0rnf.cf

Please select an option below *

- Are you ready to join the Challenge?
- Are you ready to state a commitment?
- Do you want to state another commitment?
- Are you ready to report against your commitment(s)?

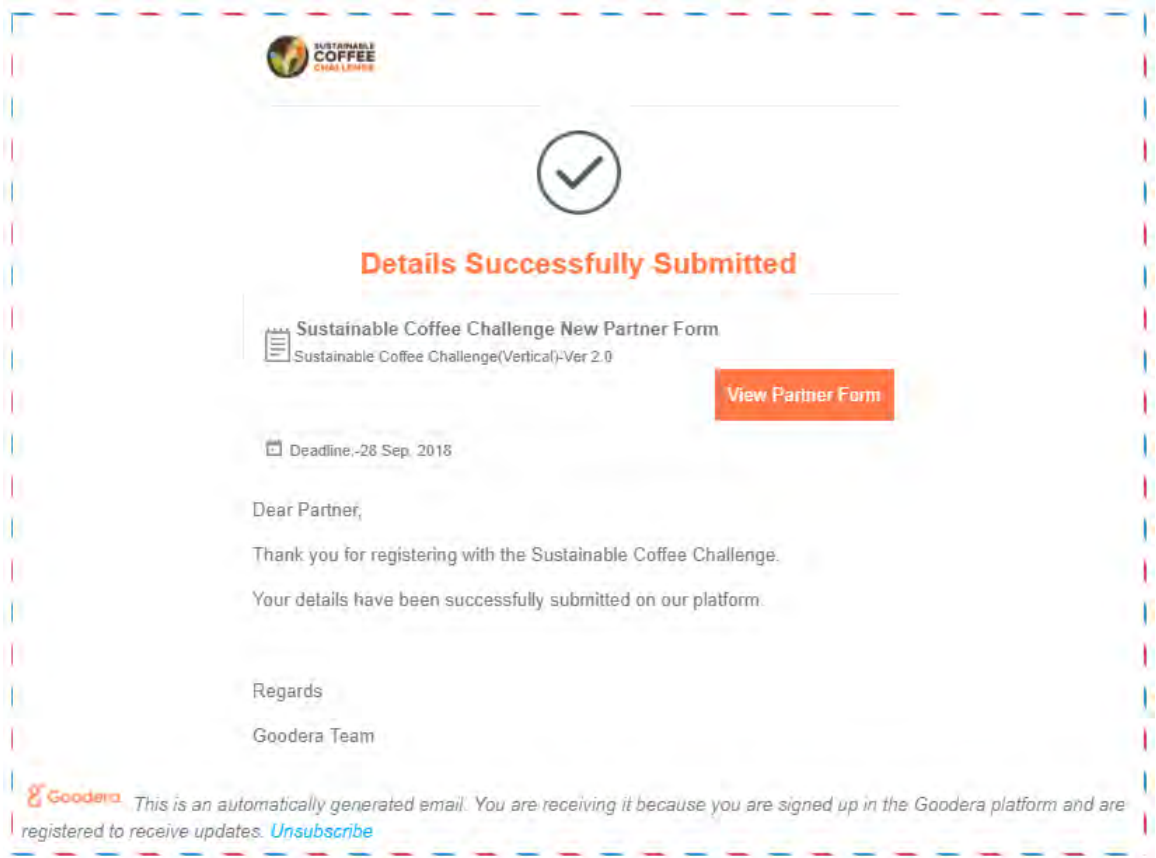
SAVE

Preview & Submit

Sections:

→ Sign In form

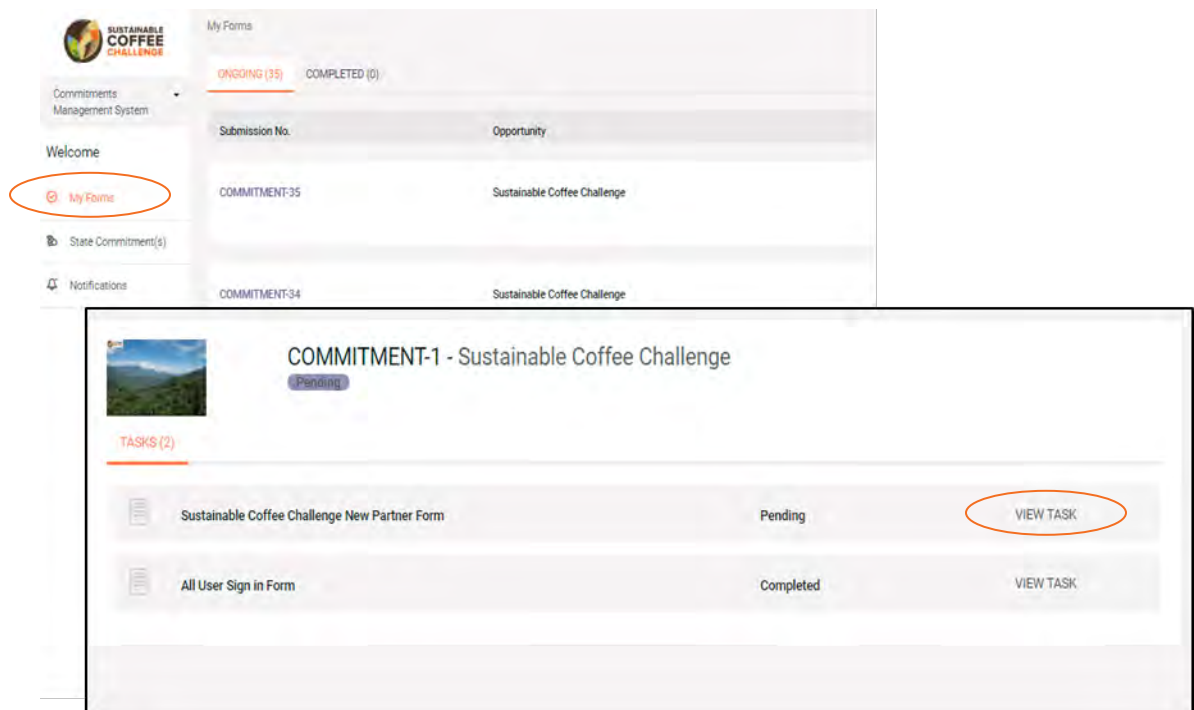
- You will receive a submission email from the Hub platform with the name of the form that matches your selection in #6. Click the orange button to access the form



8. If you need to access the form manually, click on “My Forms” and select, under “Submission No.,” the link that states “Commitment-#.” (For new users, this will most likely be “Commitment-1.”)

Below, you can see that this actor had selected to join the Challenge, so the form is the “Sustainable Coffee Challenge New Partner Form,” with the form status, or in this example, “Pending,” and “View Task.”

Click on “View Task” to enter the form



9. Below is the screen that you will see once you select “View Task.” Previously filled-in forms live on the left side of the screen, and the new form, in this case, the New Partner Form, lives on the right.

At any time, you may download your form, but please note that the form auto-saves as you work.

At the bottom of the form, click “Submit” when you’re ready

Opportunity - Sustainable Coffee Challenge
Last autosaved

Previous responses

All User Sign in Form

↓

Sign In form

Enter name* Test_user

Enter Organization Name* Test_org

Select Actor Type* Retailer

Enter Email ID* belle-me@jnyfydxhrx85f0rrf.cf

Please select an option below* Are you ready to join the Challenge?

My task

Partner Contact Information

Please answer this section with your preferred main contact/primary contact

Partner Mailing Address (street, city, state + zip code) *

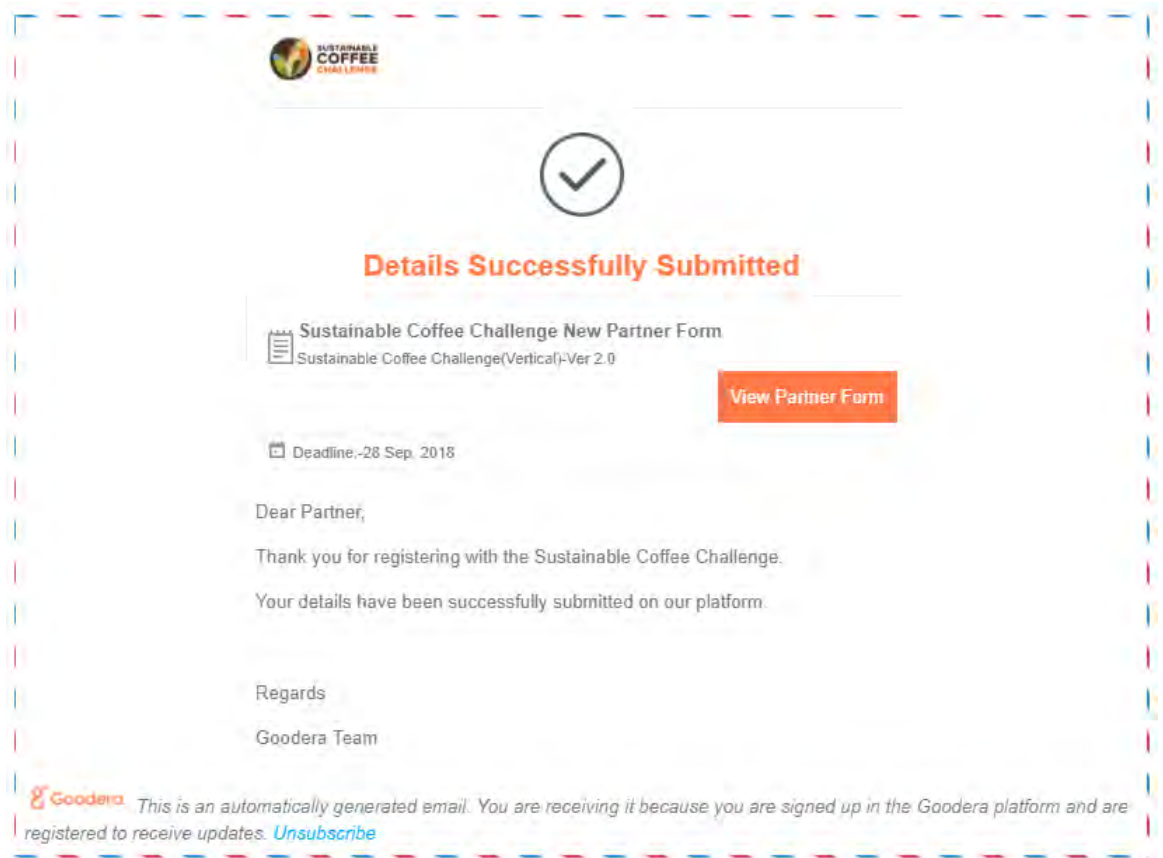
Partner Website URL *

Enter your Facebook page URL

Enter your Twitter handle

Enter your Instagram handle

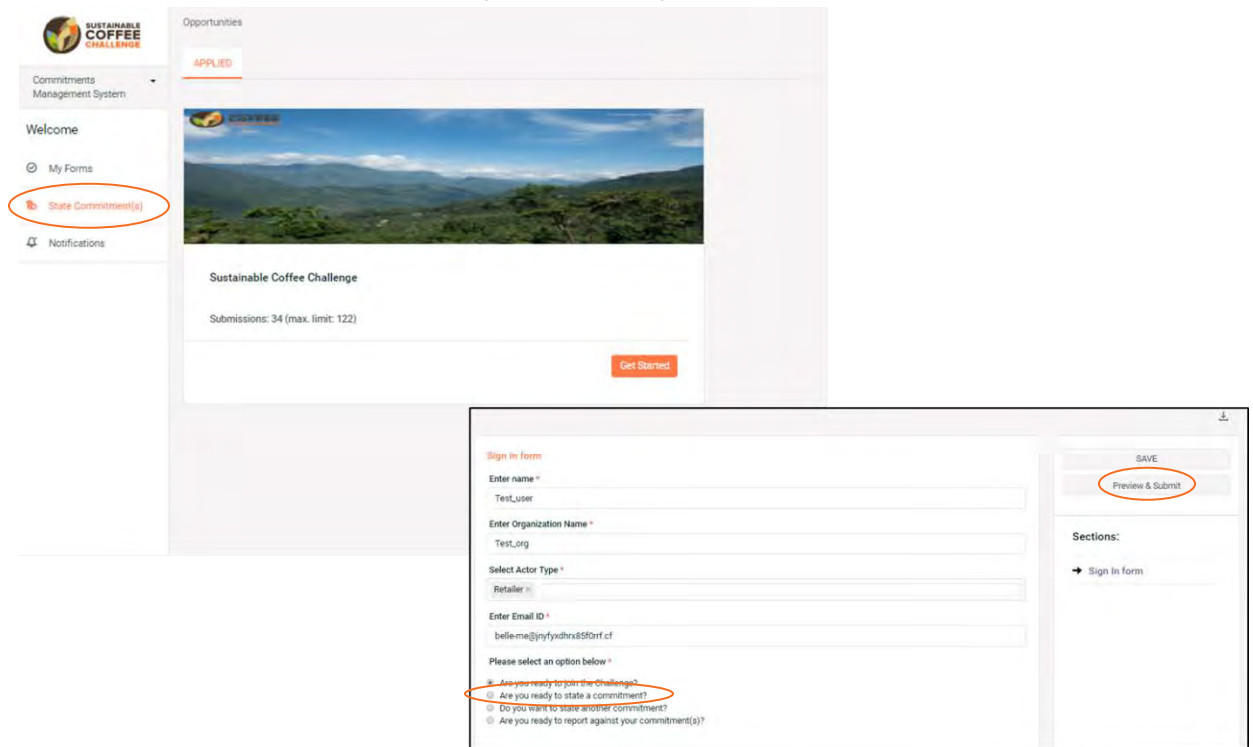
10. Once you've submitted a form, you will receive another email acknowledging submission



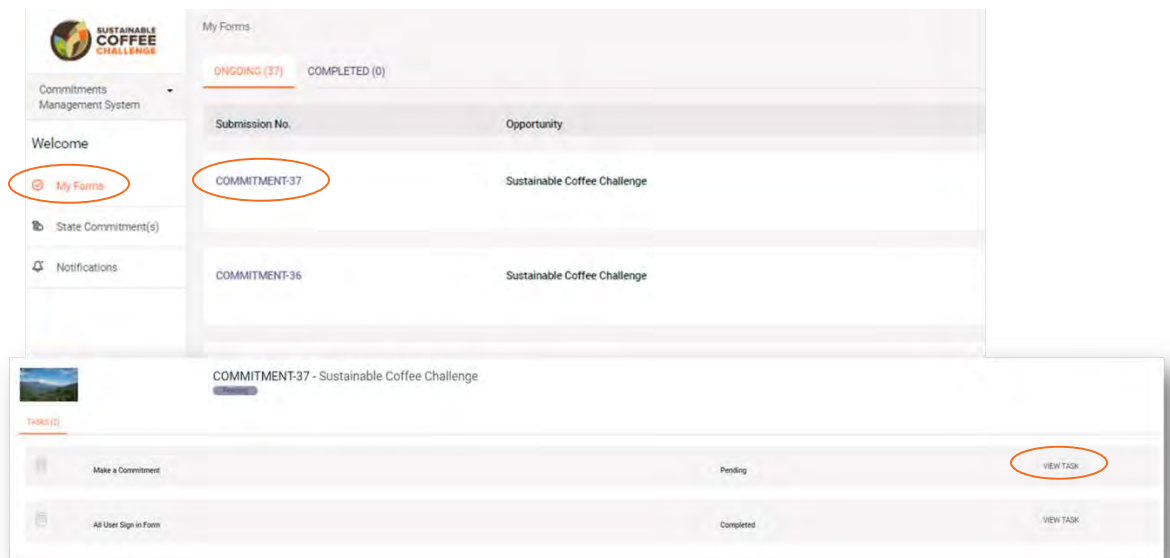
11. If you would like to select an additional form, navigate back into the left menu bar, click on "State Commitments" and then click on which

commitment you're ready to make. Here, the actor is ready to state a commitment.

Click "Preview and Submit" when you are ready



12. Next, click on "My Forms" in the left menu and select, under "Submission No.," the new link that states "Commitment-#." New forms will live at the top of the Submission No. list



13. To **report progress**, your commitment must first be approved by the Sustainable Coffee Challenge team. You then will have access to the reporting form in “My Forms,” under “Submission No.” and reporting is allocated each year (e.g. Year 1) with a survey required for each commitment made. Click on Commitment-# and then click “View Task” to select the reporting form, like #12, above.

In the reporting feature, the commitment survey lives on the left side of the screen, and the reporting survey lives on the right. The commitment text will auto-populate into the first box, and the metrics progress table will auto-populate with the metrics selected in the commitments form.

Supporting back-up documentation can also be added.

When you’re ready to report progress, click “Submit”

Grant :- Sustainable Coffee Challenge
Last Autosaved :- 5:02:25 PM

Previous responses

My task

Make a Commitment

Organization Type

SCC 1.1: Actor Types

Government Agency

Commitment 1

Commitment & critical issues addressed

1 Record(s) View Data

Commitment details

1 Record(s) View Data

Commitment 1 Reporting

Commitment 1 entered by you

Improving the quality of coffee through the increase of fully washed coffee: 80% of the total coffee produced will be specialty coffee by 2018, from 50% in 2015. This will be the specialty coffee with 80 or plus according the SCAA score. To achieve, we expect to construct 10 more wet mills, to improvement the relationship farmers-wet mill

Enter the progress as per the defined metrics

1 Record(s) Add/View Data

CLOSE SAVE SUBMIT

14. Report progress against your commitment to be included in annual Commitments Hub reports.
15. Thank you for stating your commitment(s) and reporting progress! See you again soon in the Challenge Commitments Hub!

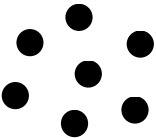
Still have questions? If at any time you need help navigating the platform, formulating a commitment, entering it in the system or reporting, please feel free to contact us at scc@conservation.org.

We'd be more than happy to assist!

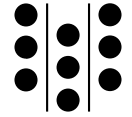


OUR COLLECTIVE ACTION

DRIVING ACTION AT SCALE THROUGH COLLECTIVE ACTION



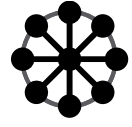
**INDIVIDUAL ACTIONS
ADDRESS KEY ISSUES**



ALIGNMENT
share experience,
lessons learned,
identify needs



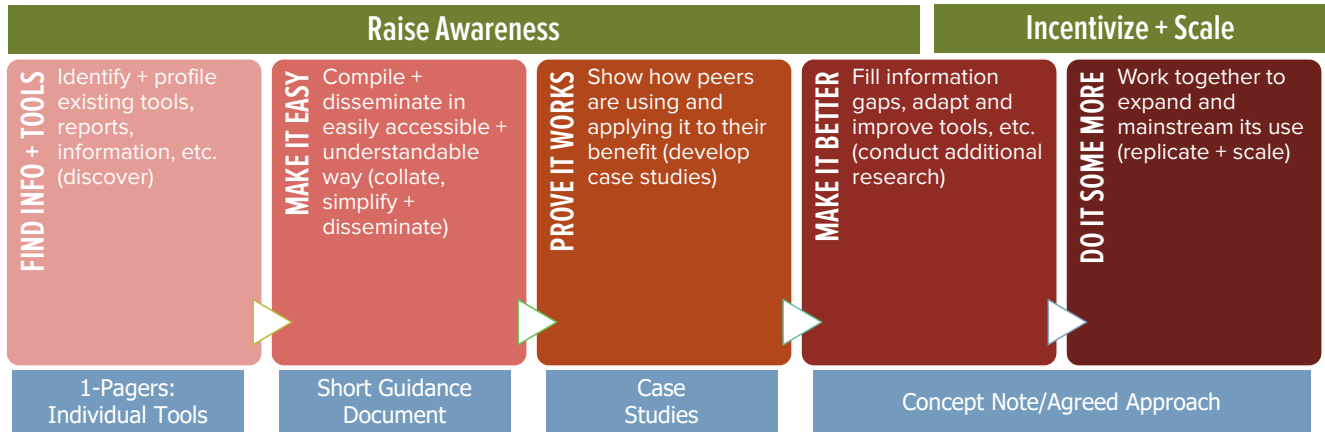
COORDINATED EFFORTS
develop + implement joint
action plan



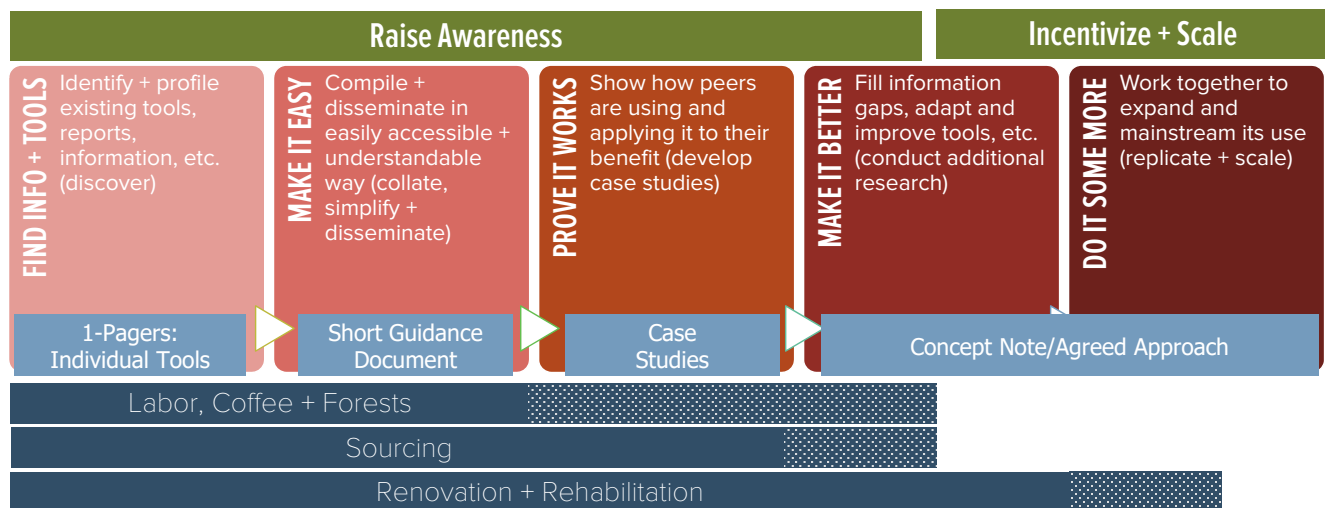
COLLECTIVE INVESTMENT
pool resources to achieve
common goals



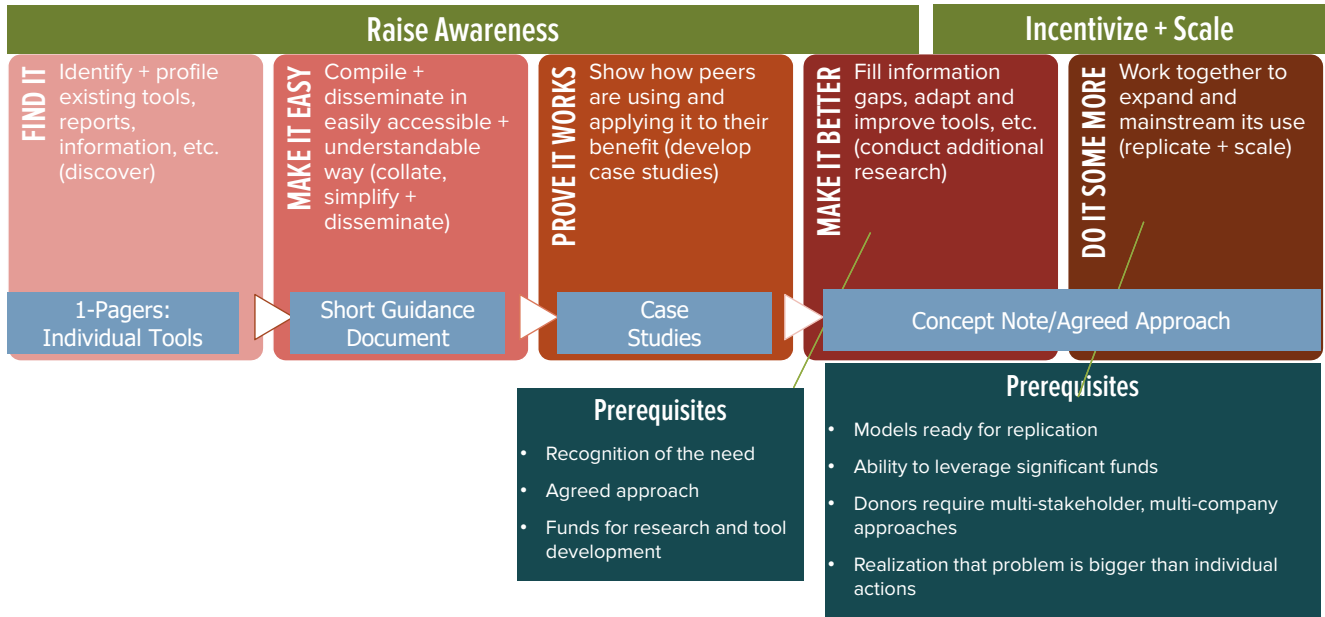
MOVING FROM INFORMATION TO ACTION THROUGH THE NETWORKS



CURRENT STATUS OF THE ACTION NETWORKS



PRE-REQUISITES FOR COLLECTIVE ACTION



©LEVI S. NORTON



ACTION NETWORK ACHIEVEMENTS

ACTION NETWORK OUTPUTS – APRIL 2018



Guidebook - R&R



Pocket guide - Labor



Pocket guide - Mapping



Pocket guide & Infographic - Sourcing



One pagers - R&R



One pagers - Labor



One pagers - Mapping



Case studies - Sourcing

ACTION NETWORK MILESTONES IN THE PAST YEAR

Scaling up Sustainable Sourcing

01.

Scaling Up Sustainable Sourcing

- Develop further guidance on developing + implementing sourcing commitments
- Increased focus on cost of production in relation to current market price

Improving Labor Practices & Supply

03.

Improved Labor Practices and Supply

- Draft code of conduct, principles and supplier questionnaire/decision tree
- Launching labor + quality research with SCA, RA, Solidaridad, Counter Culture Coffee

Farm Renovation & Rehabilitation

02.

Farm Renovation & Rehabilitation

- Guidebook translated in Spanish & French
- \$25K grant through SAFE Platform to digitize the Guidebook
- Initial \$1M funding for R&R grant facility

Mapping & Monitoring

04.

Mapping + Monitoring of Coffee and Forests

- Launching a 2.5 year program of work to map and monitor coffee and forests in Colombia and Indonesia.
- Developing country reference sheets



OUR LATEST OUTPUTS



Pocket Guide + On-Line Tool – R+R



Updated Pocket Guide + Code of Conduct - Labor



Joint Project + Country Profile - Mapping



Draft of 1st Annual Hub Report



Market Volatility 2-Pager



MISSION + MEMBERS

Inspire transparent sourcing commitments through sharing experience, lessons learned and approaches, so as to increase the purchase of sustainable coffee across the supply chain.

1. 35 North Coffee*
2. African Fine Coffee Association (AFCA)*
3. Ahold*
4. Aoyagi Coffee Factory*
5. Arizona State University (ASU)*
6. British Coffee Association*
7. Cafe au Chain
8. Café Mam
9. Café Noble S.A.
10. Cafexport*
11. Caffe Ibis Coffee Roasting Co.*
12. Cafinco*
13. Castellon Coffee Group*
14. Center for Coffee Research & Education*
15. Conservation International*
16. Costa Rica Coffee Institute (ICAFE)*
17. Dunkin' Brands*
18. Ecotierra*
19. Ekó Café Ético*
20. Fair Trade USA*
21. Fairtrade Africa
22. Fairtrade America*
23. Fairtrade International
24. Farm Africa*
25. Farmer Brothers*
26. Gavina
27. GIZ
28. Gorilla Conservation Coffee*
29. Heifer International
30. HRNS*
31. International Center for Tropical Agriculture (CIAT)*
32. Intercontinental Coffee Trading (ICT)*
33. International Coffee Corporation
34. Keurig Green Mountain*
35. Massimo Zanetti Beverage USA*
36. Mercon Group*
37. McDonald's*
38. Mother Parker's Tea and Coffee*
39. nuJava Coffee Company*
40. Pur Projet*
41. S&D Coffee and Tea*
42. San Martin Regional Government, Peru*
43. Solidaridad*
44. Source Trace Systems
45. Starbucks*
46. Sustainable Harvest*
47. SupplyShift*
48. Swiss Coffee Alliance*
49. The Coffee Source*
50. The Sustainability Consortium*
51. TreeHouse Foods, Inc.*
52. Tuungane Women's Coffee Cooperative*
53. UTZ*
54. Vigilante Coffee*
55. Walmart*

*Denotes Sustainable Coffee Challenge partner

THE BUSINESS CASE FOR SUSTAINABLE COFFEE SOURCING

WHY PURCHASE SUSTAINABLE COFFEE?

WWW.SUSTAINCOFFEE.ORG

91% OF CONSUMERS

would like to see more of the products, services, or retailers they use supporting worthy social and environmental issues (Cone Communications)
Sales for brands with a demonstrated commitment to sustainability grew 4%

1. MEET DEMAND

- Meet needs of sustainability-conscious buyers and consumers
- Establish yourself as an industry leader
- Support brand development
- Engage and excite employees

25 MILLION SMALLHOLDER FARMERS

depend on coffee for their livelihoods (Fairtrade International)

2. DRIVE IMPACT

- Improve farmer and worker incomes
- Increase productivity
- Support environmentally sound production practices
- Invest in resilient communities
- Promote gender equality

85% OF CONSUMERS

would stop buying products if they learned a company's irresponsible or deceptive business practices (Cone Communications)
Sales for brands with a demonstrated commitment to sustainability grew <1%

3. MANAGE RISK

- Control reputation and press coverage
- Guarantee supply
- Avoid child and forced labor
- Meet and exceed regulations

COMMIT TODAY!

Join a growing movement working to make coffee the first 100% sustainable agricultural product.
WWW.SUSTAINCOFFEE.ORG



NAVIGATING AMONG SUSTAINABLE SOURCING OPTIONS



OVERVIEW

Where are we in the journey? How much further do we have to go?

Coffee was one of the first commodities to embark on sustainability. Today 40 percent of coffee is produced according to a sustainability standard. This means the coffee comes from producers who have met the requirements of one or more of the following programs: Rainforest Alliance, Fairtrade, UTZ, 4C, C.A.F.E. Practices, and/or AAA Responsiveness. That's the good news...we're nearly half way there.

Yet, of this coffee only 12 percent of global coffee is marketed under one of these labels, 80 percent is not. These figures do not account for coffee traded via direct trade or other programs that operate more on a supply chain investment model. The stats may be more or they may be less.

Yet, these figures do tell a story. It's a story of farmers adopting practices and undergoing the audits, but perhaps not seeing the demand for sustainability always match and reward their efforts. Commitments to sustainable sourcing help align these expectations.

Source: State of Sustainability Initiatives 2014 reference needed.

What is a sustainable sourcing commitment?

A commitment made by a downstream buyer of coffee (e.g. a retailer, roaster and/or trader) to source coffee that meets a minimum level of good environmental and social practice.

These commitments often set a target for the percentage of supply they want to transition to sustainable sourcing, define the types of programs they will accept in their accounting toward that target and a date by which they expect to meet their goal.

Why do they matter?

Sustainable sourcing commitments send strong signals throughout the coffee supply chain that there is market demand for sustainability in the coffee sector.

They also enable companies to build stronger relationships with suppliers and identify opportunities for collaboration.

Sourcing commitments also allow us to track and communicate our progress on transitioning the coffee sector to sustainable production.



PEOPLE NEED COFFEE TO THRIVE, AND COFFEE NEEDS PEOPLE AND NATURE TO THRIVE

MAKING SENSE OF SUSTAINABLE SOURCING OPTIONS

What are the various approaches?

There are a number of options available to coffee companies developing a sustainable sourcing strategy: traceability, transparency, certification, verification, direct trade. It can seem overwhelming and confusing.

What do they encompass? What is the difference in the approaches? And are they right for your business?

48%

OF THE GLOBAL COFFEE CROP IS NOW BEING PRODUCED UNDER SOME SORT OF SUSTAINABILITY STANDARD

Transparency • Assurance • Investment

Each of type of program really address three key issues: knowing where the coffee came from, knowing how it was produced and identifying opportunities to invest in programs that sustain production, support communities and conserve nature.

1. **Transparency / Traceability:** Understanding where the coffee was produced - which origin, which cooperative, which farm produced the coffee. Programs can range from full traceability of the coffee back to the farm to knowing only the country of origin for the coffee.

2. **Assurance of Sustainable Practices:** Understanding whether the coffee was produced using good environmental and social practices. Programs range from supplier questionnaires to 3rd party certified coffee. Transparency and assurance are often addressed together via verification and certification programs.

3. **Investments that support sustainability of coffee production:** Financial investments made by companies can range from support of large multi- stakeholder initiatives to investments in countries of origin to investments that support the farmers and mills supplying coffee to that company.

NAVIGATING AMONG SUSTAINABLE SOURCING OPTIONS

Not all coffee is the same, so not all sustainability strategies are the same.

Often the type of strategy selected is based on the type of coffee being purchased. This is due in part to the demand from the customer, price points and supply availability.

The following diagrams present an overview of different types of strategies frequently adopted by stakeholders in the conventional and specialty coffee markets. These are not intended to be progressive or rank one strategy against another. They simply show the variation in strategies being implemented today.

Although sourcing commitments may only include a commitment to purchase sustainable coffee, we often find that leading companies are also making environmental, social and coffee productivity investments that support coffee farmers in origins they source from. We have included this in the diagram as we believe transitioning more producers to sustainable production will require additional investments.

Conventional Coffee

| | | | | |
|--|--|--|--|--|
| No investments, no transparency + no assurance | Some investments, no assurance + no transparency | Investment based assurance + transparency | Revenue sharing assurance + cost level transparency | Farm or group level assurance + traceability |
| Investment into key origins without clear supply chain links | Investment into key origins without clear supply chain links | Investment into key origins without clear supply chain links | Investment into key origins without clear supply chain links | Investment into key origins without clear supply chain links |

Investment in production, processing, WCOs

Conventional coffee sustainable sourcing programs can range from investments in coffee research within origin all the way through to certified coffee sourcing coupled with investments.

Specialty Coffee

| | | | | |
|--|--|--|--|--|
| No investments, no transparency + no assurance | Some investments, no assurance + no transparency | Investment based assurance + transparency | Revenue sharing assurance + cost level transparency | Farm or group level assurance + traceability |
| Investment into key origins without clear supply chain links | Investment into key origins without clear supply chain links | Investment into key origins without clear supply chain links | Investment into key origins without clear supply chain links | Investment into key origins without clear supply chain links |

Investment in production, processing, WCOs

Specialty coffee sustainable sourcing programs tend to provide a greater emphasis on research and assurance, although with direct trade programs there is a greater emphasis on direct investment in supporting producers.

DEGREES OF ASSURANCE

When seeking information, it's important to understand the level of credibility it has to the outside world (i.e. your customers) and the types of claims it will enable you to make.

While you may trust the information a supplier provides, the outside world might not. Society tends to have more confidence in information provided by a credible, neutral third party. Sustainability programs are no different. They tend to:

- Assess information provided by a supplier in either an audit or 3rd party.
- Include some form of management systems and external oversight to ensure credibility.
- Companies containing the certified materials a program by which they can verify compliance with practices.
- May include third parties or other forms of audit to verify compliance and reported by an audit department in the purchasing company.
- Using an audit from a customer risk is a complex investment from the customer and supplier. Audits may verify compliance with performance standards developed by producing countries, purchasing countries or a set of standards developed by external parties.
- 3rd party verification according to a standard established by such organizations and requires the good standard to be approved programs.

SELECTING AMONG SOURCING STRATEGIES

Which is best for me?

It depends on your business, on your values and on your knowledge of your supply chain and the needs of the coffee producers. Here are some key questions you can ask:

- What is your appetite for risk? Are you risk averse or a risk taker?
- What is your relationship with your suppliers? Do you know them? Do you know where your coffee is coming from? Does the change frequently or is it stable?
- What types of coffee do you source? What are the costs and price margins? How much do the various programs cost and how do they affect these margins?
- What feels right and is aligned with your company or organization?

A Balancing Act – Risk + Opportunity

Some sustainability initiatives emerge to address risks that threaten the reputation of a company. Certification and verification programs can help clarify whether these issues are within your supply chain. Addressing these concerns with suppliers often requires engaging with them and co-developing, co-financing and implementing solutions. Leading programs strike a balance between these two needs and find ways to partner with others to bring these to scale.



MISSION + MEMBERS

Accelerating the responsible renovation and rehabilitation of coffee farms and making it possible for every coffee farmer to undertake efforts as a regular part of doing business by sharing experiences, incorporating best practices and coordinating efforts + resources.

1. 35 North Coffee*
2. African Fine Coffee Association (AFCA)*
3. Arizona State University*
4. Brazil's Association of Organic Coffee (ACOB)
5. British Coffee Association*
6. Cafe au Chain
7. Cafe de Colombia
8. Cafexport*
9. Caffe Ibis Coffee Roasting Co.*
10. Castellon Coffee Group*
11. Catholic Relief Services*
12. Center for Coffee Research & Education*
13. Conservation International*
14. Counter Culture Coffee*
15. Dunkin' Brands*
16. ECOM*
17. Ecotierra*
18. Ekó Café Ético*
19. Espresso Americano
20. Fairtrade International
21. Fundacion Cohonducafe*
22. Gorilla Conservation Coffee*
23. Great Lakes Coffee Roasting Company
24. Hesselink Koffie*
25. HRNS*
26. IDH*
27. illycaffè*
28. International Center for Tropical Agriculture (CIAT)*
29. International Coffee Corporation
30. Kauai Coffee
31. Massimo Zanetti Beverage USA*
32. Mercon Group*
33. Mexico's SAGARPA*
34. Mother Parker's Tea and Coffee*
35. Moyee Coffee*
36. NCBA CLUSA*
37. Nucafe*
38. Oikocredit*
39. Olam
40. PUR Projet*
41. Rise Up Coffee Roasters*
42. RD2Vision
43. Root Capital*
44. Rwanda's NAEB*
45. Smithsonian Bird Friendly*
46. Source Trace Systems
47. Specialty Coffee Association*
48. Starbucks*
49. SupplyShift*
50. Sustainable Food Lab*
51. TATA Coffee Limited*
52. Techno Serve*
53. The Coffee Source*
54. The Sustainability Consortium*
55. TechnoServe*
56. Tuungane Women's Coffee Cooperative*
57. USDA*
58. USAID*
59. UTZ*
60. Vigilante Coffee Company*
61. Winrock International
62. World Coffee Research*

*Denotes Sustainable Coffee Challenge partner



POCKET GUIDE

RENOVATION + REHABILITATION



**SUSTAINABLE
COFFEE
CHALLENGE**

PEOPLE NEED COFFEE TO THRIVE, AND COFFEE NEEDS PEOPLE AND NATURE TO THRIVE

R&R 101

Coffee farmers rely on productive and resilient trees to maintain their place as growers in a competitive market - and to sustain their livelihoods. However, many coffee-growing regions are struggling to maintain the quality and supply of their coffee in the face of aging trees, diseases like coffee rust, and low market prices that make reinvesting challenging. Therefore, supporting coffee farm renovation and rehabilitation has become a critical

element in ensuring the longevity of the industry. To get started it's important to define what we mean by 'renovation' and 'rehabilitation' in the coffee context.

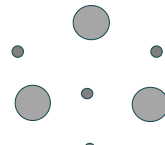
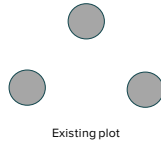
Renovation – the removal of old trees and addition of new material - and **Rehabilitation** - stumping or rejuvenation pruning of existing trees - can be undertaken to increase the production of a farming area.

Renovation

Replanting

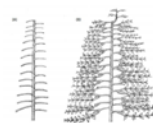


Infill planting

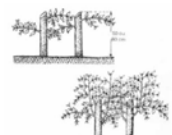
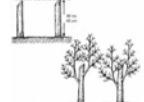


Rehabilitation

Pruning



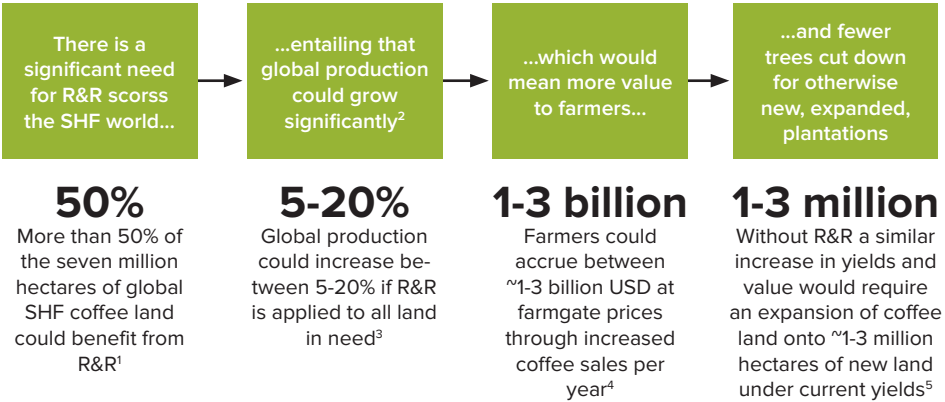
Stumping



HOW SERIOUS IS THE NEED?

So far global supply has met increasing demand, but deteriorating tree stock, particularly on smallholder farms (SFH), raises questions as to whether supply can keep up in the future.

Global need for smallholder R&R is 4 million hectares: equivalent to the entire harvested area of Brazil, Vietnam, Colombia and Ethiopia.



OLD TREE AGE

With time trees produce less coffee. At some point they can no longer be rehabilitated back to profitable yields and therefore need to be replanted¹.



CLIMATE CHANGE

Increasing temperatures can demand replanting with drought/disease-resistant varieties, or varieties that are particularly suited to yield in certain climatic conditions.



DISEASES AND PESTS

Some mild diseases and pests can be overcome without replanting (e.g. by having well-managed trees), whereas more severe outbreaks can necessitate replanting (with new resistant varieties).



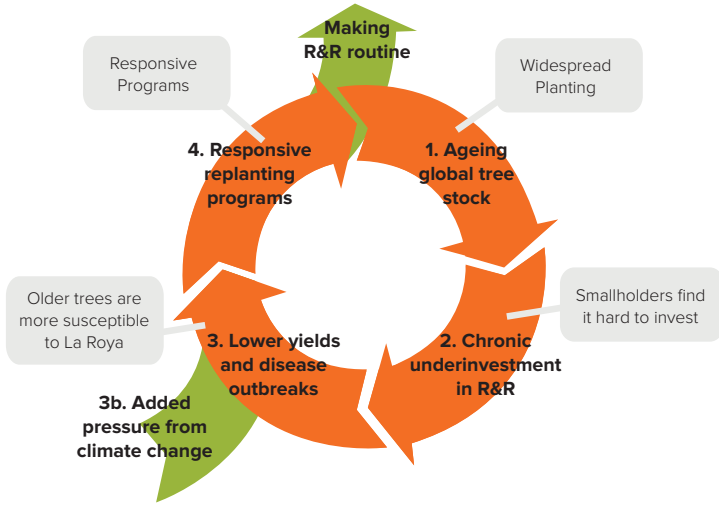
POOR AGRICULTURAL PRACTICES

Lead to the deterioration of trees to the point where they require R&R. It is important that R&R is always accompanied by GAP to prevent the same decline from happening again.

BUT WHY IS R&R NEEDED?

Coffee production suffers from aging trees, diseases and pest outbreaks and poor agricultural practices, which decreases household incomes for millions of coffee farmers. As climate change intensifies, the negative effects on coffee production are becoming more pronounced. Increasing temperatures and rainfall variability reduce suitable areas for coffee production and yields are decreasing.

Vicious Cycle of Underinvestment in R&R



BREAKING THE CYCLE

To get out of the cycle of underinvestment in replanting, we need to get over the initial hump of latent demand for R&R and make it much more routine and gradual; a preventative rather than a responsive investment.

Ideally, farmers should be gradually incentivized and trained to reinvest in their coffee land as part of standard operating procedures. This will likely require starting with the more simple and cheaper investment first, moving to more complex renovation investments next, and finally, farmers continuously reinvesting in their land.

- 1. AGRONOMIC ANALYSIS**
A natural first 'investment' step would be to conduct agronomic analysis
- 2. IMPROVE AGRICULTURAL PRACTICES**
The farmers can begin to improve their agricultural practices to optimize their yields
- 3. GRADUALLY REHABILITATE**
And at some point, rehabilitation will be needed regardless of practices
- 4. GRADUALLY RENOVATE**
And finally, renovation is relevant, before starting the cycle over again

WHAT ARE THE BENEFITS?

In addition to increasing yield per tree, implementing R&R on existing areas can ultimately avoid the expansion of coffee's spatial footprint to meet growing demand. Furthermore, renovation with new disease resistant and climate tolerant varieties can help farmers adapt to changing climate.

Of course, determining the best technique to apply comes down to the particular

conditions of the farm and farm owner. Considerations should include:

- the reason for the declining yield
- local availability of inputs
- access to technical support
- current market price and farmer finances, among other circumstances.

WHAT ARE THE CRITICAL PIECES OF A PROGRAM?

Successful R&R programs generally contain three elements.

1. Inputs: Includes planting material (for renovation), insetting trees (for shaded coffee), and other inputs such as nutrition, tools, and herbicide

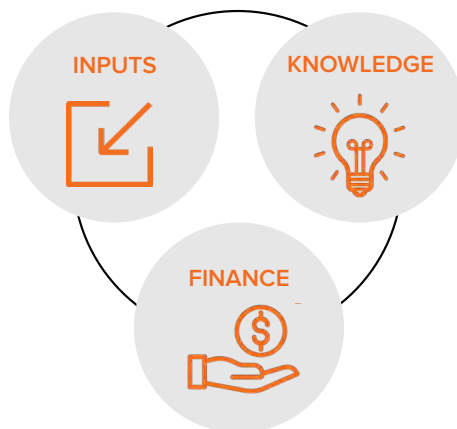
2. Knowledge: Includes technical assistance on good agricultural practices (GAP) and management of long-term loans and R&R programs

3. Finance: includes financing (loans or

grants) during the 'valley of death' to cover project components, and, sometimes, broader investments in coffee sector

It is important to note that though the key elements ring true for both renovation and rehabilitation, the sub-activities under each differ. For example, quality inputs are critical to include in renovation packages. Rehabilitation requires fewer inputs than renovation and none of the inputs are critical, though finance is needed in most cases.

Key Elements of Successful R&R Projects



CHOOSING RENOVATION VS REHABILITATION:

What is the most appropriate approach on a farm? Decision makers should first understand whether R&R is needed, and then which option is the most appropriate.

Rehabilitation should be the first choice in many contexts given:

- The smaller and shorter financing need (and associated investment horizon)
- The smaller risk of implementation failure
- The benefits of old trees (bigger and stronger roots that are more drought resistant than young trees) For example, if trees are merely old but in otherwise good condition, it may be most appropriate to rehabilitate them

But some situations require renovation:

- Trees may be irreversibly affected by diseases to the point where renovation is the only remaining option
- Superior yields and income associated with new varieties may warrant the renovation investment (and associated implementation risk)
- Climate models may suggest that there will be significant change to suitability for existing varieties, even when good agricultural practices are applied

And there are also scenarios where a mix of renovation and rehabilitation is the best way forward:- Some parts of the plot may be completely damaged and thus require renovation, whereas others areas of the plot might require rehabilitation only.



RENOVATION



REHABILITATION





www.sustaincoffee.org



BEST PRACTICE METRICS: *RENOVATION & REHABILITATION*

Partners in the Sustainable Coffee Challenge R&R Collective Action Network have set an ambitious goal of renovating or rehabilitating **1 billion coffee trees by 2025**. To accompany responsible R&R, the Network came together to discuss and determine common metrics that could be captured at the **nursery, farm** and **programmatic** level.

The metrics in this document serve as **best practice guidelines** for coffee farm renovation & rehabilitation efforts but are not exhaustive. They can be used by partners to understand reach and impacts of initiatives while also capturing some useful data that can help our Network understand the implications of R&R, both in terms of costs and performance. These metrics are relevant for program managers as a way to ensure programs are being conducted in a sustainable manner that is driving benefits for farmers and their communities.



Additionally, reporting of the ‘**program**’ metrics will be promoted via the Sustainable Coffee Challenge Commitments Hub. Results will be aggregated by Conservation International to share the reach and impacts of R&R efforts, including enabling the Challenge to report against the 1 billion tree target. Partners will also have the option to ‘opt-in’ to share progress of their individual efforts. It will be possible for partners – regardless of if they have a public commitment to crop renovation or rehabilitation – to report on an annual basis in the Commitments Hub.

1. NURSERY LEVEL METRICS

| Metric reported | Proposed Guideline | Data Capture Frequency | Captured By | Why? |
|--|---|------------------------|---------------|---|
| # nurseries created, established or strengthened | Count of nurseries created, capacity building provided, or verified | Annual | Local partner | Indicates reach of program |
| # of nurseries sourced from | Count of # of nurseries sourced from | Annual | Local partner | Indicates reach of program |
| # of coffee seedlings produced by each nursery | Total # of healthy seedlings produced and ready for distribution per nursery regardless if related to program. This also includes grafted | Annual | Local partner | Indicates production capacity of nurseries in program and can be used to understand nursery dependence on program vs external sales |
| Size of seedlings when delivered to producers | Number of crosses | Annual | Local partner | Can serve as a proxy for product quality |
| # of trees distributed to producers per nursery | Capture # of trees distributed to farmers in the program per nursery | Annual | Local partner | Indicates reach of program |
| Types of varieties produced at nurseries (names) | Capture list of varieties produced by each nursery | Annual | Local partner | Indicates availability of different types of varieties across countries |
| # of varieties produced at nurseries | Count of varieties produced | Annual | Local partner | Indicates availability of different types of varieties across countries |
| % of seedlings free of disease | Capture a sample of seedlings at the nursery | Annual | Local partner | Indicates quality of genetic material in the program |

2. FARM LEVEL METRICS

| Metric reported | Proposed Guideline | Data Capture Frequency | Captured By | Why? |
|--|--|-----------------------------------|---|--|
| # of farms receiving trees | Count of number of farms benefiting from program and receiving trees. Captured per country | Annual | Local partner | Indicates reach of program |
| # of trees planted | Count of number of trees planted. Captured per country | Annual | Local partner | Can be used to ensure distributed trees (under 'nursery') were received by beneficiaries |
| # of hectares renovated | # of trees planted / recommended # of trees per hectare (ex: 3,500) Captured per country | Annual | Local partner | Indicates reach of program |
| # of hectares rehabilitated | Count of number of hectares rehabilitated. Captured per country | Annual | Local partner | Indicates reach of program |
| Level of shade found on renovated or rehabilitated area (range) | Visual assessment by auditor of shade in renovated / rehab area. Categories to include no shade / light shade / medium – dense shade | Annual | Verified during annual farm visits of a sample of beneficiaries | Indicates how farmers are managing shade during R&R - which can influence productivity |
| % in compliance with safeguards - No expansion into forest | Yes / No answers based on visual assessment by an auditor | Annual (for newly renovated area) | Verified during annual farm visits of a sample of beneficiaries | Ensures that program is not having negative impacts on forests. |
| % in compliance with safeguards - No removal of native trees when renovating productive area | Yes / No answers based on visual assessment by an auditor | Annual (for newly renovated area) | Verified during annual farm visits of a sample of beneficiaries | Ensures that program is not having negative impacts on forests. |
| % in compliance with safeguards - Voluntary participation | Voluntary participation measured by knowledge of plant received / program | Annual (for newly renovated area) | Verified during annual farm visits of a sample of beneficiaries | Ensure that beneficiaries understand the program and are participating voluntarily |

FARM LEVEL METRICS (CONTINUED)

| Metric reported | Proposed Guideline | Data Capture Frequency | Captured By | Why? |
|--|--|-----------------------------------|---|---|
| Coffee tree mortality (% range) | Percentage of mortality - (low <10%, med 10-40%, high >40%) | Annual | Verified during annual farm visits of a sample of beneficiaries | Provides indication of success of program (adoption of TA recommendation, quality of inputs, etc) |
| Altitude of renovated / rehabilitated land (masl) | Capture altitude in meters while standing in renovated / rehabilitated area | Annual (for newly renovated area) | Verified during annual farm visits of a sample of beneficiaries | Provides indication of where R&R is occurring. Could also be cross referenced with variety type and yield to understand performance of different varieties. |
| Additional yield (kgs/ha) from renovated ore rehabilitated areas | Capture baseline farm production at start of project, capture additional yield over baseline. Divide total additional yield by # of has. | Annual | Verified during annual farm visits of a sample of beneficiaries | Indicates impacts / benefits of program |
| Types of varieties planted (names) | Capture list of varieties distributed to project beneficiaries | Annual | Verified during annual farm visits of a sample of beneficiaries | Indicates the types of varieties in demand by farmers / countries |
| Average cost of renovation per hectare | Real costs of inputs, technical assistance, labor to renovate 1 ha | Annual | Program manager | Supports understanding of costs |
| Average cost of rehabilitation per hectare | Real costs of inputs, technical assistance, labor to renovate 1 ha | Annual | Program manager | Supports understanding of costs |
| Coffee tree mortality (% range) | Percentage of mortality - (low <10%, med 10-40%, high >40%) | Annual | Verified during annual farm visits of a sample of beneficiaries | Provides indication of success of program (adoption of TA recommendation, quality of inputs, etc) |

| Altitude of renovated / rehabilitated land (masl) | Capture altitude in meters while standing in renovated / rehabilitated area | Annual (for newly renovated area) | Verified during annual farm visits of a sample of beneficiaries | Provides indication of where R&R is occurring. Could also be cross referenced with variety type and yield to understand performance of different varieties. |
|---|---|-----------------------------------|---|---|
| | | | | |



3. PROGRAM LEVEL METRICS

| Metric reported | Proposed Guideline | Data Capture Frequency | Captured By | Why? |
|---|---|------------------------|----------------------------|--|
| Countries / Regions where there are program beneficiaries | Reporting entity to select countries from a multi-select list in Hub. | Annual | Program manager | Indicates areas of program influence. Can be compared to global need set out in R&R Guidebook. |
| # of trees distributed or sold | Sum of 'nursery' level indicator '# of trees distributed to producers by nurseries' across the program (multiple countries) | Annual | Program manager | Used to show progress against Network 1 billion tree goal |
| # of new commitments to R&R | Count of commitments related to R&R stated in Commitments Hub | Annual | Conservation International | Indicates increased investment in R&R |
| US\$ financed / invested in R&R efforts | Sum of public and private funds invested in program and stated in Commitments Hub | Annual | Conservation International | Indicates increased investment in R&R |
| # of hectares renovated or rehabilitated per year | Sum of farm level '# of hectares renovated' and '# of hectares rehabilitated' | Annual | Program manager | Indicates global reach of Challenge partners |
| # of unique farmers receiving services in support of R&R | # of unique farmers receiving services in support of R&R | Annual | Program manager | Indicates global reach of Challenge partners |
| Types of services provided by program | Reporting entity to select services provided as a direct result of the program from a multi-select list. Where possible, program manager will be asked to relate services to countries. | Annual | Program manager | Indicates what types of services are being provided and/or needed across different countries |
| Survival rates (% range) of distributed plants | Using the farm level 'mortality rates' from the sampled farms, determine the average range of survival rates. (ie: the flip side of mortality rates) | Annual | Program manager | Indicates success of program, not just reach |

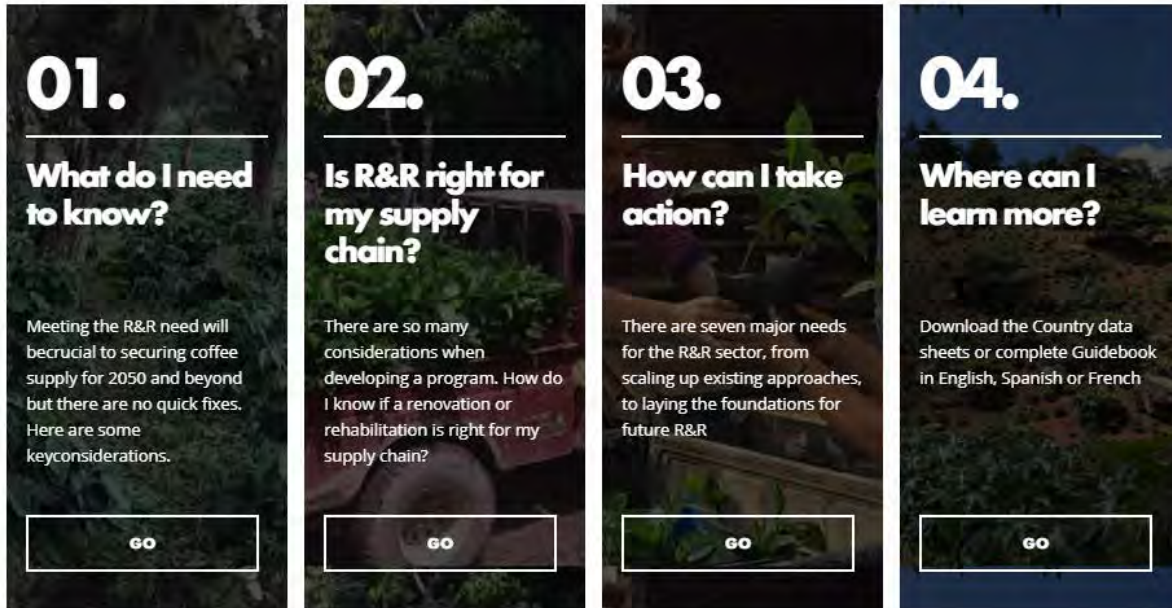
R&R Guidebook: Online Version

To increase usability and visibility of the *Renovation & Rehabilitation for Resilient Coffee Farms: A Guidebook for Roasters, Traders and Supply Chain Partners*, with funding from the SAFE Platform, we've developed interactive online content that will enable the industry, government and support NGOs to quickly evaluate the best options for their supply chains / beneficiary groups. The Guidebook, which was funded by USAID and publicly released in October 2017, unpacks the conditions in which renovation and rehabilitation are appropriate, whether from a public good, concessional or commercial perspective, explores both farmer level and investor barriers to R&R, and provides case studies to understand how best to deliver R&R. Taking a decision tree approach, the Guidebook also offers direction on the business models most appropriate for different types of farmers.

The interactive Guidebook is housed at www.sustaincoffee.org, accessible via the **R&R Collective Action Network** page.

Check out a preview of the content below and then visit the site to explore!

The content has been divided into the following four sections, which can be accessed from the R&R landing page.

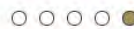


On the page on “**What do I need to know**”, the reader is provided with considerations that both farmers and investor face when decided if to invest in R&R. Here are examples of what can be explored on the page.

Farm level investment decisions are highly complex and personal given farmers needs and preferences

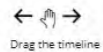


“Should I focus more on coffee and do R&R, or are other crops/economic activities better for me currently and in the future? ”



Timing Considerations

Investments are not only needed at the onset of renovation or rehabilitation. A mix of inputs and knowledge are needed until the coffee trees are producing. Explore the timeline below to better understand what is needed, when.



Technical assistance is a continuous process that is relevant for farmers and R&R supporting organizations



Smallholder Farmers



Coops



Finance Providers



Nurseries

Before: Training

- Implement renovation training programs and select approach (e.g. total/rolling)
- Select lead farmers that can function as pilot plots
- Perform/train farmers to conduct soil analysis

During: Monitoring

- Monitor replanting efforts and make sure that farmers implement good agricultural practices
- Implement follow up training programs adjusted to farmers needs (e.g. how to manage nematodes)

After: Evaluation

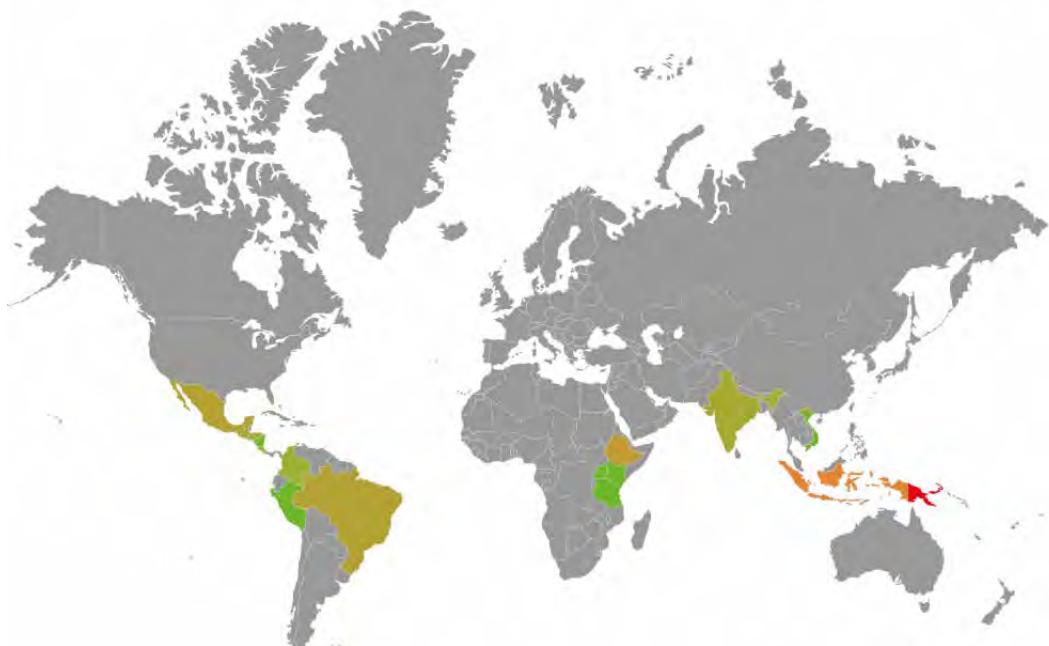
- Conduct evaluation of replanting programs and analyze data on failure and success rates

On the page on “Is R&R right for my supply chain?”, the reader can navigate through an interactive decision tree, understand the process for determining the right approach, the financing spectrum and even dive into country level needs.



Country Needs & Priorities

To better understand how countries' needs and priorities for R&R differ we have developed data sheets on the top producing countries. These sheets can help you identify what type of actions are needed where.



On the page on “**How can I take action?**”, the reader can explore the various suggestions on the various ways one can support R&R efforts.



Build Local Capacity

BUILD R&R SUPPORT SYSTEMS BY STRENGTHENING COOPS, NURSERIES, LOCAL BANKS, RESEARCH INSTITUTES ETC.

For many countries, the constellation of actors needed for successful R&R is not present and/or capable. These longer term, system-building investments are not glamorous, and hard to justify for value chain partners, but they are nonetheless essential for future R&R efforts.

Join Forces with Others

SCALE UP PROGRAMMING MODELS THAT ARE WORKING

Current programs work well at reaching certain types of smallholders and with 90% of the R&R need unmet, there is a clear and important need to scale up existing programs. Through the Guidebook case studies, you can identify programs that are already doing great work and see how you can partner with them to expand the efforts.

JOIN OTHERS IN ADVOCATING THE VALUE OF R&R TO GOVERNMENTS

And for best practice in delivering R&R. By elevating the topic with governments and promoting R&R in a way that is environmentally friendly, governments investments can target those farmers that others struggle to reach.



Invest in Research

FUND RESEARCH ON GENETIC MATERIAL PERFORMANCE

As climate changes and there are increases in temperature and erratic weather patterns in coffee-producing regions, there is a need to understand which varieties perform best where. Gathering data over time on pest and disease tolerance, quality and yield, among other variables, is essential to navigating risks when conducting R&R.

GET A BETTER UNDERSTANDING OF R&R NEED AND THE DECISION-MAKING PROCESS OF FARMERS

Data on R&R need is scarce globally, often based on expert estimates of how many smallholders there are, and what their links to markets are. Additionally, it is not always clear how farmers make

Finally, on the page ‘**Where can I learn more?**’ the reader can download the full versions of the Guidebook in English, Spanish & French, as well as review the country data sheets & case studies (both online and downloadable), or read more about what others are doing.

Click below to download an executive summary of the Guidebook, or to download the complete Guidebook in English, Spanish or French.

| | | | |
|---|--|--|--|
| <p>Renovation & Rehabilitation for Resilient Coffee Farms Guidebook</p> | <p>Renovation & Rehabilitation for Resilient Coffee Farms: A Guidebook for Roasters, Traders and Supply Chain Partners</p> | <p>La Renovación y Rehabilitación para fincas cafetaleras resilientes. Guía para tostadores, comerciantes y socios de la cadena del café</p> | <p>Rénovation & Réhabilitation des plantations de café résilient: Un guide à l'attention des torréfacteurs, négociants et partenaires de la chaîne d'approvisionnement</p> |
| Executive Summary | English | Español | Français |

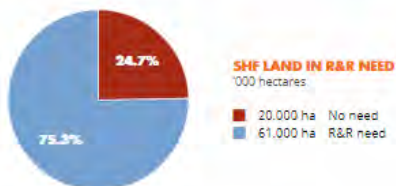
Case Studies

The following eight case studies are actual examples of renovation and rehabilitation programs. Click on each of them to get an overview of the efforts or download them in PDF to learn even more.

| | | | |
|---|---|---|--|
| <p>Long term lending in Nicaragua</p> | <p>Coffee Farmer Resilience Initiative in Latin America</p> | <p>Government blended finance program in Honduras</p> | <p>Loan and grant based renovation in Colombia</p> |
| <p>One Tree for Every Bag Commitment in Mexico, El Salvador and Guatemala</p> | <p>Coffee Initiative</p> | <p>Producer Training Project</p> | <p>Building Coffee Farmers Alliances</p> |

R&R Need

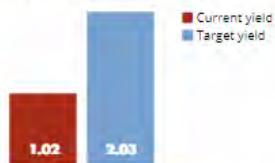
~75% of land is in need of



Need is mostly driven by high age of trees (75% of trees have passed peak productivity), but also La Roya (affects 40% of trees) and climate change.

CURRENT SHF YIELD & POTENTIAL UPLIFT

Tons per hectare



UPLIFT POTENTIAL

+100%

Significant uplift for SHFs, though little impact on supply.

POTENTIAL INCREASE IN SUPPLY

~10-50%

Total national supply could increase ~10-50% if R&R and GAP is implemented on all SHF land in need of R&R²



MISSION + MEMBERS

Enabling the coffee sector to better understand and take concrete, collective action to eradicate forced and child labor in coffee and ensure working conditions that enable all workers involved in coffee production to prosper

1. African Fine Coffees Association (AFCA)*
2. Arizona State University*
3. Boncafe International*
4. British Coffee Association*
5. Brooklyn Coffee Roasting
6. Cafe au Chain
7. Cafe de Colombia
8. Cafedirect Producers' Foundation
9. Cafexport*
10. Caffè Ibis Coffee Roasting Co.*
11. Castellon Coffee Group*
12. Catholic Relief Services*
13. CLAC
14. Conservation International*
15. Counter Culture Coffee*
16. Dalberg
17. Dunkin' Brands*
18. Fair Trade America*
19. Fairtrade International
20. Fair Trade USA*
21. Farmer Brothers*
22. Gavina
23. Hanns R Neumann Stiftung (HRNS)*
24. International Coffee Corporation
25. Keurig Green Mountain*
26. Lutheran World Relief*
27. Mercon*
28. nuJava Coffee Company*
29. Partners of the Americas
30. Rainforest Alliance*
31. Reciprocafé, LLC
32. RGC Coffee
33. SCAN*
34. SCS Global Services
35. Solidaridad*
36. Source Trace Systems
37. Specialty Coffee Association*
38. Starbucks*
39. Swiss Coffee Alliance*
40. TechnoServe*
41. True Roots
42. Tuungane Women's Coffee Cooperative*
43. United Farm Workers
44. UTZ*
45. Verite
46. Vigilante Coffee*

**Denotes Sustainable Coffee Challenge partner*



POCKET GUIDE

IMPROVING LABOR PRACTICES + SUPPLY



**SUSTAINABLE
COFFEE
CHALLENGE**

IMPROVING LABOR PRACTICES + SUPPLY

Introduction

Coffee depends on workers to maintain coffee fields, pick the ripe cherries, process them into green coffee and roast and package them.

Within the coffee production system we have a number of worker types: Full-Time, Part-Time, Temporary, Multi-Party, and Ambiguous or Disguised Employment. Each of these is further defined below.

Coffee also has a number of different labor supply systems. These can vary from informal family labor and farmer or community labor exchange systems to more formal employment of full-time, part time, and temporary workers. These workers might be employed directly or via labor brokers. The majority of labor is hired for the harvest period when the coffee is picked from the trees.

Good labor practices should be the norm for each of these categories of workers and throughout the coffee supply chain, but we continue to confront forced labor, human trafficking and child labor in coffee.

Do we really understand what these terms mean? We need to in order to begin discussions and to better detect these issues in coffee production.

This short guidance document provides and overview of key terms, sets forth principles for good labor practices in coffee and guides users through a process of considering and addressing risks. The updated annex includes a code of conduct checklist that companies can use to set clear expectations on labor practices within their supply chains.



PEOPLE NEED COFFEE TO THRIVE, AND COFFEE NEEDS PEOPLE AND NATURE TO THRIVE

TYPES OF LABOR



TEMPORARY EMPLOYMENT

Workers are engaged for a specific period of time, includes fixed-term, project or task-based contracts, as well as seasonal or casual work.



MULTI-PARTY EMPLOYMENT

Workers are not directly employed by the company to which they provide their services.



PART-TIME + ON-CALL WORK

An employed person whose normal hours of work are fewer than those of comparable full-time workers (fewer than 35 hours, or 30 hours, per week).



DISGUISED EMPLOYMENT/ DEPENDENT SELF-EMPLOYMENT

Employment instance where respective rights and obligations of the parties concerned are not clear, or when inadequacies or gaps exist in the legislation.

PRINCIPLES, CODE OF CONDUCT + TOOLS FOR GOOD LABOR PRACTICES IN COFFEE

Introduction

A key factor of success in any transaction is knowing what you want and how to ask for it. The same applies when it comes to labor conditions you want to see within your coffee supply chain. You have to first know what you want to see and then develop a clear way of asking for it.

In the coffee sector we know we want good labor conditions to all working to produce and process coffee. But what are good labor conditions? How will we know them when we see them?

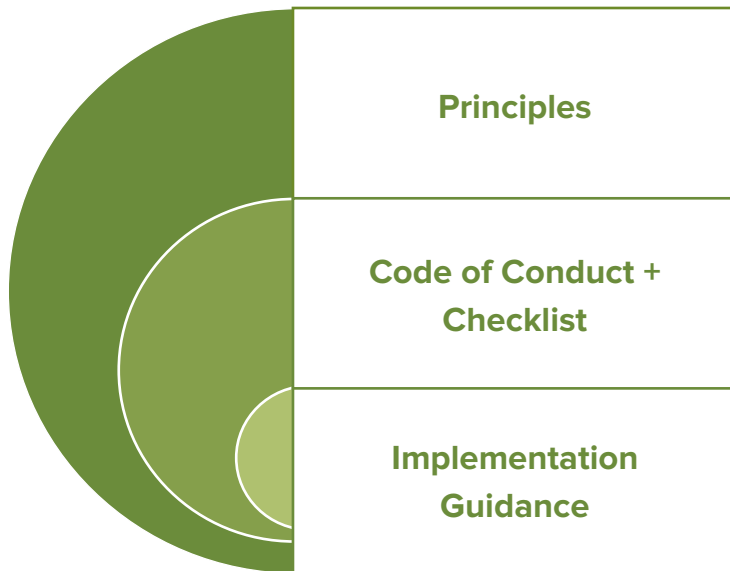
To answer this question, the Sustainable Coffee Challenge has developed a set of principles to guide the sector in promoting good labor conditions. These principles are based on International Labor

Organization conventions and standards of good practice included in most certification and verification programs.

These should inform codes of conduct used by businesses throughout the coffee supply chain.

Most companies already have codes of conduct...but it is always good to take a fresh look to see how your code compares and whether it covers the key principles identified. The checklist enables benchmarking of your existing code of conduct against the principles.

These words are only effective if they are actively implemented and monitored. To help get you started or take the next step in your ongoing process, please



PRINCIPLES FOR GOOD LABOR PRACTICES IN COFFEE

In addition to complying with national labor laws, we believe good labor practices recognize and support the rights and freedoms of all workers and enable all workers in the coffee sector to prosper.

1. Every worker should have **freedom of movement**
 2. No worker should be **indebted or coerced** to work
 3. No worker should **pay for a job**
 4. No worker should **surrender their identity papers** or other original personal documents as a condition of employment
 5. No **child*** should be required to do work that competes with attending school.
 6. No worker should earn below the **minimum wage**
 7. No worker should be **discriminated against** based on their gender, national, ethnic or racial identity.
 8. No worker should be denied the **right to establish and join organizations** of their own choosing
 9. No worker should be denied the **right to freely organize** and voluntarily negotiate their working conditions in a collective manner
 10. All workers should have **access to potable water and appropriate sanitary facilities** during work hours.
 11. No **authorized minors or pregnant women** should handle or apply agrochemicals, operate heavy machinery or do heavy lifting.
- *Under 15 years of age*



CHILD LABOR IN COFFEE

Introduction

Reports and photos of children carrying heavy sacks of coffee during the harvest season persist in the sector. No government or company wants to find these conditions. To prevent these, we need to first understand what constitutes 'child labor'. And to understand under what conditions it is acceptable to have children working on coffee farms.

The International Labor Organization (ILO) is the global authority on labor conditions. It establishes global norms via a number of conventions that governments ratify and coffee certification and verification standards reference. In addition to the ILO conventions, governments often have additional protections that take the form of prohibited tasks that may be specific to sectors.

This section provides an overview of some of the common terms used to describe child work and child labor and the conditions to look for when discussing labor practices within coffee production.

What is Child Labor?

According to the International Labor Organization (ILO), child labor is any work that "deprives children of their childhood, their potential and their dignity, and that is harmful to their physical and mental development." One of the key concerns with regard to child labor is that it can interfere with their ability to attend and perform well at school. More specifically it states that work should not interfere with children's schooling by:

- depriving them of the opportunity to attend school;

- obliging them to leave school prematurely; or
- requiring them to attempt to combine school attendance with excessively long and heavy work.

The ILO conventions also protect children from work that is "mentally, physically, socially or morally dangerous and harmful"

The ILO convention says that the minimum age for work should not be below the age for finishing compulsory schooling, and in most cases the worker should not be younger than 15 years of age. For developing countries, which include most coffee producing countries, the minimum age can be as low as 14 years of age.

The conventions do allow for children between the ages of 12 and 14 in developing countries to do "light work" as long as it does not threaten their health and safety, or hinder their education or vocational orientation and training.

In coffee, many programs refer to the 'worst forms of child labor'. When this phrase is used it refers to the following conditions as defined by Article 3 of ILO Convention No. 182:

- (a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labor, including forced or compulsory recruitment of children for use in armed conflict;
- (b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances;

(c) the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties;

(d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children (Hazardous Child Labor).

Hazardous child labor is any work that is likely to jeopardize children's physical, mental or moral health, safety or morals should not be done by anyone under the age of 18. This usually entails prohibitions on the application of pesticides, use of sharp tools and lifting heavy loads.

Sources: https://www.fairtrade.net/fileadmin/user_upload/content/2009/programmes/2015-fairtrade-child-forced-labor-guidelines.pdf

<http://www.ilo.org/ipec/facts/lang--en/index.htm>



FORCED LABOR IN COFFEE

Introduction

Forced labor often conjures images of slavery and human trafficking. Yet it can also include other means that employers use to force people into work. It can appear in various forms that range from human trafficking to retaining personal documentation or implementing practices that cause workers to become indebted to corporate-owned stores. Each of these restricts the ability of the workers to move freely and/or to discontinue their employment.

Unfortunately there continue to be reports of forced labor in coffee. This is unacceptable and presents tremendous risks to stakeholders throughout the coffee value chain.

This brief provides an overview of global definitions of forced labor based on ILO conventions to help raise awareness of the issue and how to better detect and address it by pointing out some practices that are known to present risks.

What is Forced Labor?

In its most legal form, forced, or compulsory labor refers to “all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily”.

This definition is concerned about forced labor in all types of employment, both formal and informal and the penalties employers use to compel the person to work.

Forced labor is in direct contrast to work that is offered voluntarily in which the

worker has given his or her free and informed consent to accept a job and has the ability to end the employment at any time.

How is Forced Labor Detected in Coffee?

Forced labor is very difficult to detect, but there are certain practices in coffee that are known to be good indicators of its potential. When these indicators are detected, efforts should be made to investigate them by engaging directly with suppliers.

Specific indicators that can serve as red flags for forced labor include the following:

Labor brokers + recruitment fees:

Some farms use labor brokers to source temporary workers during the harvest season. Some labor brokers may charge workers recruitment fees that result in high indebtedness and bondage. The use of labor brokers also results in less transparency of labor practices on the farm.

Document Retention: Farm managers may hold identification papers (e.g. government issued ID) on behalf of the workers and refuse to give them back to the workers upon request.

Indebtedness to the farm or to a company store: Workers may be forced to purchase goods at a company store that extends credit, which can result in indebtedness that renders their work involuntary.

Source: <http://www.ilo.org/global/topics/forced-labour/lang-en/index.htm>



Quick Reference to producing countries that have not ratified key ILO labor conventions

The following table identifies those coffee producing countries and territories that have not ratified one or more of the key ILO labor conventions that protect workers. Orange represents the conventions that

have not been ratified by the country. This list also includes countries that have reported incidents of child and/or forced labor in coffee based on the US Department of Labor analysis.

Practices to eliminate

- Forced Labor (C29 and C105)
- Worst form of Child Labor (C182)
- Discrimination (C111)

Practices to promote

- Freedom of Association (C87)
- Right to Organize & Collective Bargaining (C98)
- Equal Remuneration (C100)
- Minimum age (C138)v

| Country | 2017 Production (tonnes) | Child Labor (US Dept. of Labor) | Forced Labor (US Dept. of Labor) | Forced Labor (suppress in shortest time possible-C29) | Forced Labor (abolish-C105) | Worst Forms of Child Labor (C182) | Discrimination (C111) | Freedom of Association (C87) | Right to Organize + Collective Bargaining (C98) | Equal Remuneration (C100) | Minimum Age (C138) |
|----------------------------------|--------------------------|---------------------------------|----------------------------------|---|-----------------------------|-----------------------------------|-----------------------|------------------------------|---|---------------------------|--------------------|
| Brazil | 2,680,515 | Orange | | | | | | Orange | | | |
| China, mainland | 115,150 | | | Orange | Orange | | | | Orange | | |
| Colombia | 75,4276 | Orange | | | | | | | | | |
| Costa Rica | 90,390 | Orange | | | | | | | | | |
| Côte d'Ivoire | 103,514 | Orange | Orange | | | | | | | | |
| Dominican Republic | 15,241 | Orange | | | | | | | | | |
| El Salvador | 39,460 | Orange | | | | | | | | | |
| Guatemala | 245,441 | Orange | | | | | | | | | |
| Guinea | 17,813 | Orange | | | | | | | | | |
| Honduras | 475,042 | Orange | | | | | | | | | |
| India | 312,000 | | | | | | | Orange | Orange | | |
| Kenya | 40,800 | Orange | | | Orange | | | Orange | | | |
| Lao People's Democratic Republic | 150,795 | | | | | | | | Orange | | |
| Liberia | 594 | | | | | | | | | Orange | Orange |
| Malaysia | 8,109 | | | | Orange | | Orange | Orange | | | |
| Mexico | 153,794 | Orange | | | | | | | | | |
| Myanmar | 8,546 | | | | Orange | | Orange | Orange | | Orange | |
| Nepal | 466 | | | | | | | Orange | | | |
| Nicaragua | 128,111 | Orange | | | | | | | | | |
| Peru | 346,466 | Orange | | | | | | | | | |
| Puerto Rico | 3,868 | | | Orange | | | Orange | Orange | Orange | Orange | |
| Sierra Leone | 35,720 | | | | | | | | | | |
| Thailand | 34,312 | | | | | | | Orange | | | |
| Timor-Leste | 10,827 | | | | Orange | | | | | | Orange |
| Tonga | 16 | | | Orange | | | Orange | Orange | Orange | Orange | |
| Uganda | 209,325 | Orange | | | | | | | | | |
| United Republic of Tanzania | 55,789 | Orange | | | | | | | | | |
| United States of America | 2,200 | | | Orange | | | Orange | Orange | Orange | Orange | |
| Vanuatu | 26 | | | | | | | | | | Orange |
| Viet Nam | 1,542,398 | Orange | | | Orange | | | Orange | Orange | | |

NATIONAL ACTION PLANS ON FORCED AND CHILD LABOR

Some coffee producing countries have developed and are implementing national action plans to address forced and child labor concerns. It is important to understand where these exist as there may be opportunities to leverage them and form partnerships with the government to enhance their enforcement in the coffee sector.

While these policies are important they do not signify that there are no forced or child labor risks in coffee production within that country. It is important to understand

the effectiveness of these policies and their level of implementation. If they are not effectively implemented, there may be opportunities to work with local stakeholders to strengthen existing programs.

The following table categorizes coffee producing countries according to whether they have national action plans in place for forced and/or child labor. In many cases the policies and strategies in place to address the issues are not referred to as 'National Action Plans' which makes it difficult to clearly demarcate which category

a country fits within. This table takes an inclusive approach and counts policies and strategies as action plans as long as they made reference to forced labor/ human trafficking and/or child labor. These plans are not specific to coffee, but we believe this information can help start the dialogue with local actors to ask questions, learn more and find opportunities to work together to eradicate these practices from the coffee sector.

| Countries with NAP for Child and Forced Labor | | Countries with NAP for Child Labor Only | | Countries with NAP for Forced Labor Only | Countries without National Action Plans |
|---|------------------|---|-----------------------------|--|---|
| Brazil | Madagascar | Angola | Kenya | Bolivia | Central African Republic |
| Burundi | Nepal | Belize | Malawi | Fiji | Dominica |
| China | Nigeria | Benin | Mozambique | Guinea | Equatorial Guinea |
| Colombia | Panama | Cambodia | Nicaragua | Guyana | Laos |
| Comoros | Papua New Guinea | Cameroon | Thailand | Haiti | Mayanmar |
| Costa Rica | Paraguay | Congo | Timor-Leste | Jamaica | Samoa |
| Côte d'Ivoire | Peru | Democratic Republic of the Congo | Togo | Malaysia | Sao Tome and Principe |
| Cuba | Philippines | Dominican Republic | Trinidad and Tobago | Mexico | Suriname |
| Ecuador | Rwanda | El Salvador | United Republic of Tanzania | Saint Vincent and the Grenadines | Tonga |
| Ethiopia | Uganda | Gabon | | Sierra Leone | Venezuela |
| Honduras | Vanuatu | Ghana | | Sri Lanka | Yemen |
| Indonesia | Vietnam | Guatemala | | | Zambia |
| Liberia | Zimbabwe | India | | | |

IDENTIFYING + ADDRESSING POTENTIAL LABOR SUPPLY CHAIN RISKS

- Review/Create** a CSR policy that includes labor principles and post on your website
- Develop or enhance** your code of conduct to cover labor conditions throughout the supply chain (including @ farm level)
- Map** your supply chain
- Assess risks** (supply country, direct suppliers, farm)
- Identify and implement** corrective actions
- Publicly report** on progress
- Seek opportunities** to address root causes via partnerships and collective action



LABOR: MAKING SENSE OF THE EXISTING WORK

| | Name | Purpose | Scale/ Geography |
|--------------|---|---------------------|------------------|
| Tools | Improving supply chain transparency, monitoring and accountability in Guatemala's coffee sector | Grievance Mechanism | Guatemala |
| | Responsible sourcing tool | Risk Assessment | Global |
| | Fair hiring toolkit | Best Practice Guide | Global |
| | Forced labor priority principles | Principles | Global |
| | Commodity mapping tool | Risk Assessment | Global |

| | Name | Purpose | Scale/ Geography |
|-------------------------|---|------------------------|--|
| Reports/ Studies | Farmworker Protections and Labor Conditions in Brazil's Coffee Sector | Country Assessment | Brazil |
| | Fairtrade coffee farmer income assessment | Income Benchmark | Rwanda, Tanzania, Uganda, Kenya, India, Indonesia, & Vietnam |
| | Understanding the situation of workers in corporate and family coffee farms | Country Assessment | Colombia, Nicaragua |
| | A Blueprint for farmworker inclusion | Guidance on Key Issues | Global |
| | Global living wage coalition | Income Benchmark | Global (?) |
| | Sweat and Toil app | Risk Assessment | Global |
| Comply Chain app | Risk Assessment | Global | |

| | Name | Purpose | Scale/ Geography |
|-----------------|---------------------------|----------------------|------------------|
| Projects | Aquadas Farmworkers Pilot | Project Intervention | Colombia |
| | La Revancha | Project Intervention | Nicaragua |

A CODE OF CONDUCT FOR GOOD LABOR PRACTICES

A code of conduct helps align business partners around expectations for ethical business practices. Whether you are just establishing your first code of conduct or reviewing an existing one, it's important to leverage these documents to set clear expectations and establish clear processes for communicating and monitoring for key issues.

The following code of conduct serves as a reference for any coffee company wishing to make sure theirs covers the principles of good labor practices in coffee. It also includes additional sections on environmental performance and implementation that are also recommended.

If you have an existing code of conduct, review the checklist first and then look at language in the model to see how it compares with your own. If you are developing a new code of conduct, you can model yours off of the complete one available here.



ANNEX A: CODE OF CONDUCT CHECKLIST

The following checklist provides a list of topics that should be included in a code of conduct for the coffee sector, followed by text that can be incorporated into existing codes of conduct. For a complete model code of conduct please visit <https://www.sustaincoffee.org/improved-labor-practices-and-supply-group/>.

1. Labor + Human Rights

1.1 Freely Chosen, At-Will Employment

- No recruitment fees / paying for a job
- No debt bondage
- No retention of identification papers
- No coercion / deception of employment terms
- Freedom of movement (freedom from isolation)

Freely Chosen Employment: All forms of involuntary labor – including forced, coerced, bonded (including debt bondage), involuntary or exploitative prison, slavery, trafficked or indentured or other forms – are prohibited.

- All work must be voluntary and workers shall be free to leave work at any time or terminate their employment.
- There shall be no unreasonable restrictions on workers' freedom of movement at the workplace or at company- or agent-provided housing.
- To minimize isolation, workers will not have mobile phones confiscated.
- Employment agreements shall meet local law, inform workers of their legal rights and employment conditions in a

language understood by the worker, and be concluded before work has commenced. If employment contracts are not legally required, workers shall at the very least be informed of the terms and conditions of employment, in a language understood by them, prior to starting work.

- Employers and agents may not hold or otherwise deny access by employees to their identity or immigration documents unless such holdings are required by law.
- Workers shall not pay recruitment fees or other related expenses for their employment. If it is discovered that workers have paid fees, the supplier shall ensure that the workers are repaid in full.

1.2 Child Labor + Young Workers

- Comply with local laws on minimum age + schooling
- Young worker protections
- Light work on family farms

Child Labor and Young Workers: Child labor shall not be used. The term “child” refers to any person under the age of 15, or under the minimum age for employment in the country, whichever is greatest.

- All employment of young workers, including apprentices or vocational students, must comply with laws and regulations on the minimum working age and the compulsory age for schooling. In any case, apprenticeship or vocation arrangements must be of educational benefit and be consistent with Article 6 of ILO Minimum Age

Convention No. 138, or light work consistent with Article 7 of ILO Minimum Age Convention No. 138.

- Young worker protections are in place, where applicable (including for the children of farmers), so that young workers under the age of 18 do not experience conditions in relation to their work that are mentally, physically, socially or morally dangerous or harmful, or that interfere with their schooling.
- A child may help at their family’s business only if they perform light work and meet the requirements above.

1.3 Wages + Benefits

- Meet or exceed minimum wage
- Paid overtime at legal rate or premium wage
- Equal pay for equal work
- No disciplinary pay reductions
- Wage statements

Wages and Benefits: Suppliers shall ensure workers receive wages and benefits that meet, at a minimum, national legal standards.

- We encourage our suppliers to go beyond legal minimum standards and to ensure wages are sufficient to meet basic needs and provide discretionary income.
- All overtime work must be paid at the legally mandated overtime rate, or in the absence of this, a premium wage.

- Equal work shall be compensated with equal pay.
- Disciplinary pay deductions are prohibited.
- For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed.

1.4 Freedom of Association + Collective Bargaining

- Right to form and join trade unions
- Right to bargain collectively + peaceful assembly

Freedom of Association and Collective Bargaining: Suppliers shall respect workers’ legal rights to freedom of association and collective bargaining.

- Suppliers shall respect the right of all workers to form and join trade unions of their own choosing, to bargain

collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Suppliers shall permit workers to carry out such activities without fear of discrimination, intimidation, or reprisal.

1.5 No Discrimination

- Based on race, gender, ethnicity or on pregnancy or medical test results

Discrimination: Suppliers shall commit to a workforce free of discrimination.

- All employment decisions (including hiring, termination, compensation, promotion and discipline) must be based exclusively on ability and willingness to do the job.
- There shall be no discrimination on the basis of race, color, sex, national or social origin, religion, age, disability,

sexual orientation, gender identity, marital status, political affiliation, pregnancy status, or past or present union affiliation.

- Supplier shall not require pregnancy or medical tests, except where required by applicable laws or regulations or prudent for workplace safety, and shall not improperly discriminate based on test results.

1.6 Humane Treatment

- Respect + dignity

Humane Treatment: All workers are to be treated with respect and dignity.

There is to be no harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental

or physical coercion or verbal abuse of workers; nor is there to be the threat of any such treatment.

1.7 Regular Employment Status

- Recognized employment status
- Meet legal obligations re: benefits for fixed-term employment

Regular Employment Status: Work performed must be on the basis of a recognized employment relationship. Obligations to employees under labor or social security laws and regulations arising from a regular employment relationship shall not be avoided, such as through

sub-contracting, excessive use of fixed-term employment contracts, or through apprenticeship schemes with no real intent to impart skills or provide regular employment.

1.8 Working Hours

- Adhere to legal limits or 48 hours per week
- Rest days
- Voluntary overtime

Working Hours: Regular and overtime working hours must comply with the law and not be excessive.

- Regular working hours shall not exceed the legal limit or 48 hours per week, whichever is lower.
- Rest days shall comply with legal

requirements or, in the absence such a requirement, workers shall be provided one day off in seven. This may be amended in unusual or emergency circumstances.

- All overtime shall be voluntary.

1.8 Community Rights to Land

- Rights and titles to property
- Free, prior and informed consent
- Contract transparency + disclosure

Respect for Community Rights to Land: Suppliers shall respect the rights and titles to property and land of individuals, indigenous peoples and local communities. Negotiations

regarding property and land shall adhere to principles of free, prior and informed consent, as well as contract transparency and disclosure.

2. Health + Safety

2.1 Working Conditions

- Accident prevention
- Training
- Personal protective equipment
- Right to refuse unsafe work
- Access to basic social services

Working conditions: Suppliers shall provide a safe and hygienic work environment, as appropriate for the industry, geography and workforce.

- Adequate steps shall be taken to prevent accidents and injuries to health arising out of, associated with, or occurring in the course of work, by minimizing, so far as is reasonable practicable, the causes of hazards inherent in the work environment.

- Workers shall receive regular health and safety training.
- Where needed, workers are to be provided free of charge with appropriate, well-maintained, personal protective equipment and educational materials about risks to them associated with these hazards.
- Suppliers shall respect workers' right to refuse unsafe work and to report unhealthy working conditions.

2.2 Basic Services (sanitation)

- Potable water + toilet facilities at all times
- Sanitary food areas for preparing and eating food

Basic services: Workers shall have access to potable drinking water and clean toilet facilities at all times at the workplace and at any company- or third party-

provided housing, as well as sanitary food preparation, storage and consumption areas.

2.3 Accommodation (housing)

- Safe, clean housing
- Freedom to enter and leave

Accommodation: Accommodation, where provided, is clean, safe, meets the basic needs of workers, and conforms to the country's laws. Accommodation should

meet or exceed the basic levels afforded in the local community. Workers shall have freedom to enter and leave at will.

2.4 Emergency Preparedness

- Emergency plans
- Exits unlocked and unblocked

Emergency Preparedness: Potential emergency situations and events (such as fires, earthquakes, and chemical exposures) are to be identified and assessed, and their impact minimized

by implementing emergency plans and response procedures. In buildings, emergency exits must be unlocked and unblocked at all times.

ADDITIONAL KEY ISSUES TO COVER IN A CODE OF CONDUCT

In addition to labor conditions, a code of conduct should cover business ethics expectations and explain how the policy will be implemented. We recommend that it also cover environmental expectations. Draft text for each of these sections can be found at <https://www.sustaincoffee.org/improved-labor-practices-and-supply-group/>.

Business Ethics

- Legal Compliance
- Bribery / Corruption
- Gifts / Hospitality
- Conflict of Interest
- Intellectual Property
- Traceability
- Materials + Facility Disclosure

Environmental Sustainability

- Resource Consumption
- Pollution Prevention
- Waste Minimization
- Environmental Impact Management
- Hazardous Materials + Product Safety

Policy Implementation

- Management Systems
- Grievance Mechanisms
- Audits + Corrective Actions
- Continuous Improvement



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INTRODUCTION

Many companies have their own supplier codes of conduct that address labor practices within their supply chains. The purpose of this document is not to replace those codes, but to set forth a “model” that compiles the elements typically found in such codes that would form the basis for the “checklist” for companies with codes in place; it can also be adopted wholesale or adapted for use.

The intention of this document, therefore, is not to achieve uniform adoption of this Sample Code, but to support the work of companies with their suppliers and customers to develop, implement, and agree to common ethical and practical business standards and work processes, within the

context of their own operations and unique circumstances.

The model consists of a purpose statement, the scope of its application and specific code elements that lay out the specific requirements and expectations of suppliers. The final section on policy implementation puts forth the process by which the code would be implemented. We encourage all companies working in coffee to review this document and update their codes and to engage in active, meaningful dialogue with suppliers about good labor practices as a first step towards improving labor conditions on coffee farms and in coffee processing facilities.

SUPPLIER CODE OF CONDUCT

[Supplier's Legal Name] and [Customer's Legal Name] are mutually committed to combating forced or child labor. We whole-heartedly agree to abide by the Responsible Sourcing Code of Conduct and agree to proactively follow the steps outlined below to promote good social and environmental practices throughout the supply chain.

PURPOSE

[The Supplier] and [The Customer] are committed to high standards of social and environmental responsibility and ethical conduct. We have created this Code as an extension of our own Corporate Code of Conduct to form the cornerstone of our commitment to responsibly source our products. This Code defines the universal standards that we require our suppliers to adhere to when conducting business with us. The requirements laid out in the Code are based on internationally recognized standards, including the UN Guiding Principles on Business and Human Rights, the UN Global Compact Principles and the International Labour Organisation (ILO) Declaration on Fundamental Rights and Principles at Work.

SCOPE

The term "Supplier" or "Suppliers" means any person or entity that is the source for goods or services, back to the primary production level. The Code is applicable to all workers and employees of any of those suppliers (including permanent, temporary, contract agency and migrant workers). This includes all workers providing work at a supplier location, such as under an employment agency or service provider. It also applies to any subcontractors and third-party labor agencies. We expect our direct Suppliers to support our commitment to full compliance with this Code via the development and implementation of a similar policy and risk-based due diligence process over their own supply chains.

By agreeing to adhere to this Code, Suppliers agree to adhere to any corresponding Product-Specific Standards, where applicable. If no product-specific standard is applicable, Suppliers shall follow this Code or propose an auditable standard for review.

We reserve the right to regularly ask Suppliers to confirm adherence to this Code.

1. BUSINESS ETHICS

Compliance with Law: Suppliers' business activities shall comply with applicable laws and regulations in the countries and jurisdictions in which they operate. They shall also comply with all other applicable international laws and regulations, including those relating to international trade, sanctions, export controls, antitrust/competition and data protection. Where local law and this Code address the same topic, the supplier shall meet the requirement which affords greater protection.

Bribery/Corruption: All forms of bribery, kickbacks, corruption, extortion, embezzlement and unethical practices are prohibited, and Suppliers must have a zero-tolerance policy to prohibit any such behavior. Suppliers shall not take any action that would violate, or cause us to violate, any applicable anti-bribery law or regulation, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act.

Gifts/hospitality: Any business entertainment or hospitality with our staff, auditors or other third parties must be reasonable in nature and not intended to influence in any way our business decisions.

Conflicts of interest: Suppliers will declare any conflict of interest in any business dealings with us and will actively seek to avoid such conflicts.

Intellectual Property: Our confidential information and intellectual property must be safeguarded and must not be shared with any third party unless expressly permitted by us. Suppliers will not divulge to us any information about its competitors that is not in the public domain. Any authorized transfer of confidential information is to be done in a way that protects intellectual property rights.

Traceability, materials and facility disclosure: Suppliers shall be able to disclose the country of origin for the primary materials for all deliveries made. We reserve the right to ask suppliers for a full supply chain map in order to facilitate risk assessment and gauge compliance in the upstream supply chain. Suppliers shall be transparent about all known facilities used to produce products or services for us and provide such information upon request. At our request, suppliers are expected to provide to us reports on the occurrence of substances in any materials supplied to us that may be restricted by, or require disclosure to, governmental bodies, customers and/or recyclers.

2. LABOR AND HUMAN RIGHTS

Freely Chosen Employment: All forms of involuntary labor – including forced, coerced, bonded (including debt bondage), involuntary or exploitative prison, slavery, trafficked or indentured or other forms – are prohibited.

- All work must be voluntary, or at-will, and workers shall be free to leave work at any time or terminate their contract or terms of employment.
- There shall be no unreasonable restrictions on workers' freedom of movement at the workplace or at company- or agent-provided housing. Workers are working without being coerced, duped, misled and are not being held hostage.
- To minimize isolation, workers will not have mobile phones confiscated.
- Employment agreements shall comply with local laws and regulations, inform workers of their legal rights and employment conditions in a language understood by the worker, and be concluded before work has commenced. If employment contracts are not legally required, workers shall at the very least be informed of the terms and conditions of employment, in a language understood by them, prior to starting work.
- Employers and agents may not hold or otherwise deny access by employees to their identity or immigration documents unless such holdings are required by law.
- Workers shall not pay recruitment fees or other related expenses for their employment. If it is discovered that workers have paid fees, the supplier shall ensure that the workers are repaid in full.

Child Labor and Young Workers: Child labor shall not be used. The term "child" refers to any person under the age of 15, or under the minimum age for employment in the country, whichever is greatest.

- All employment of young workers, including apprentices or vocational students, must comply with laws and regulations on the minimum working age and the compulsory age for schooling. In any case, apprenticeship or vocation arrangements must be of educational benefit and be consistent with Article

6 of ILO Minimum Age Convention No. 138, or light work consistent with Article 7 of ILO Minimum Age Convention No. 138.

- Young worker protections are in place, where applicable (including for the children of farmers), so that young workers under the age of 18 do not experience conditions in relation to their work that are mentally, physically, socially or morally dangerous or harmful, or that interfere with their schooling.
- A child may help at their family's business only if they perform light work and meet the requirements above.

Freedom of Association and Collective Bargaining: Suppliers shall respect workers' legal rights to freedom of association and collective bargaining.

- Suppliers shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Suppliers shall permit workers to carry out such activities without fear of discrimination, intimidation, or reprisal as specified in ILO Conventions 87 and 98.

Regular Employment Status: Work performed must be on the basis of a recognized employment relationship. Obligations to employees under labor or social security laws and regulations arising from a regular employment relationship shall not be avoided, such as through sub-contracting, excessive use of fixed-term employment contracts, or through apprenticeship schemes with no real intent to impart skills or provide regular employment.

Wages and Benefits: Suppliers shall ensure workers receive wages and benefits that meet, at a minimum, national legal standards.

- We encourage our suppliers to go beyond legal minimum standards and to ensure wages are sufficient to meet basic needs and provide discretionary income.
- All overtime work must be paid at the legally mandated overtime rate, or in the absence of this, a premium wage.
- Equal work shall be compensated with equal pay.
- Disciplinary pay deductions are prohibited.
- For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed.
- Workers should be charged fair prices, where applicable, for job uniforms, protective gear, food, toiletries and other essential items and transportation. The collective cost of living expenses and transportation costs shall not exceed the amount paid for the duration/term length of employment (e.g. avoiding debt bondage).

Working Hours: Regular and overtime working hours must comply with the law and not be excessive.

- Regular working hours shall not exceed the legal limit or 48 hours per week, whichever is lower.
- Rest days shall comply with legal requirements or, in the absence of such a requirement, workers shall be provided one day off in seven. This may be amended in unusual or emergency circumstances.

- All overtime shall be voluntary.

Humane Treatment: All workers are to be treated with respect and dignity.

There is to be no harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers; nor is there to be the threat of any such treatment.

Discrimination: Suppliers shall commit to a workforce free of discrimination.

- All employment decisions (including hiring, termination, compensation, promotion and discipline) must be based exclusively on ability and willingness to do the job.
- There shall be no discrimination on the basis of race, color, sex, national or social origin, religion, age, disability, sexual orientation, gender identity, marital status, political affiliation, pregnancy status, or past or present union affiliation.
- Supplier shall not require pregnancy or medical tests, except where required by applicable laws or regulations or prudent for workplace safety, and shall not improperly discriminate based on test results.

Respect for Community Rights to Land: Suppliers shall respect the rights and titles to property and land of individuals, indigenous peoples and local communities. Negotiations regarding property and land shall adhere to principles of free, prior and informed consent, as well as contract transparency and disclosure.

3. HEALTH AND SAFETY

Working conditions: Suppliers shall provide a safe and hygienic work environment, as appropriate for the industry, geography and workforce.

- Adequate steps shall be taken to prevent accidents and injuries to health arising out of, associated with, or occurring in the course of work, by minimizing, so far as is reasonable and practicable, the causes of hazards inherent in the work environment.
- Workers shall receive regular health and safety training.
- Where needed, workers are to be provided free of charge with appropriate, well-maintained, personal protective equipment and educational materials about risks to them associated with these hazards.
- Suppliers shall respect workers' right to refuse unsafe work and to report unhealthy working conditions.
- Workers shall have access to basic social services such as basic medical care and social services. If these services are not immediately available within the local area, then there is accommodation available for transportation to access such services, as needed.

Emergency Preparedness: Potential emergency situations and events (such as fires, earthquakes, and chemical exposures) are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures. In buildings, emergency exits must be unlocked and unblocked at all times.

Basic services: Workers shall have access to potable drinking water and clean toilet facilities at all times at the workplace and at any company - or third party - provided housing, as well as sanitary food preparation, storage and consumption areas.

Accommodation: Accommodation, where provided, is clean, safe, affordable, meets the basic needs of workers, and conforms to the country's laws. Accommodation should meet or exceed the basic levels afforded in the local community. Workers shall have freedom to enter and leave at will.

4. ENVIRONMENTAL SUSTAINABILITY

Resource consumption, pollution prevention and waste minimization: Business is conducted in a manner which proactively embraces sustainability. Suppliers shall optimize their consumption of natural resources, including energy and water.

Environmental impact management: Business is conducted in a manner which reduces environmental impact. As such, suppliers will measure and minimize the environmental impact of their facilities and operations, including air and greenhouse gas emissions, water (whether in a production process, for irrigation, or for other uses), contamination and waste.

Hazardous materials and product safety: Suppliers shall identify and reduce the use of hazardous materials, chemicals and substances. Suppliers will also ensure their safe handling, storage and disposal. All applicable employees shall be aware of and trained in related safety procedures.

5. POLICY IMPLEMENTATION

Management Systems: Suppliers will develop and enforce policies and procedures to ensure compliance with all aspects of this Code. This includes ensuring transparent and accurate record-keeping to demonstrate compliance with applicable laws and this Policy.

Grievance mechanisms: Suppliers shall have systems in place to enable fair, confidential and anonymous grievance reporting and follow-up without fear of reprisal. This includes worker whistleblower protections.

Audits and Corrective Action Process: We reserve the right to verify compliance with the Code through internal or third-party assessments and to require implementation of corrective actions toward meeting the Policy.

Continuous Improvement: We also recognize that achieving the requirements of this Code is a dynamic process and encourages continuous improvement within its supply chain. In cases where improvement is required, we will support the supplier to establish clear milestones and processes to support their achievement. Suppliers who ultimately fail to comply may be subject to consequences up to and including termination of business.

We are hereby committed to preventing child, forced, or involuntary labor and agree to abide by the responsible sourcing practices and Code of Conduct principles described in this document. By signing and dating this document, you attest to having read, understood, and will follow the terms set forth as long as a contractual supply or trade obligation / commitment is in effect between both parties.

Signed and Executed on the _____ (Day) of _____ (Month), 20____ (Year).

Supplier:

(Signature)

(Print First & Last Name / Surname)

(Title / Position)

(Company Name)

Supplier - Mailing Address:

(First & Last Name / Surname)

(Company Name)

(House Number & Street Name)

(Apt / Suite)

(City / Town) (State / Province)

(Country) (Postal Code)

(Telephone Number, incl. country code)

(E-Mail Address)

Customer:

(Signature)

(Print First & Name / Surname)

(Title / Position)

(Company Name)

Customer – Mailing Address:

(First & Last Name / Surname)

(Company Name)

(House Number & Street Name)

(Apt / Suite)

(City / Town) (State / Province)

(Country) (Postal Code)

(Telephone Number, incl. country code)

(E-Mail Address)

CONCEPT: DEVELOPING A DECENT FARM WORK AGENDA FOR COFFEE

Objective

Develop a common approach for identifying and addressing root causes of poor labor conditions in coffee by establishing and implementing an integrated agenda for decent farm work in coffee at a national or sub-national level as a model for replication across coffee producing origins

Principles

- Inclusive of producers, government agencies, corporations, civil society and other stakeholders.
- Action and solution oriented
- Committed to addressing root causes (e.g. long-term solutions)
- Integrated, multi-faceted approach
- Willingness to share lessons learned
- Based on honest dialogue about what we can solve today and what will take more time

Approach / Key Steps

1. Establish dialogue with government, industry, civil society and other actors
2. Identify key labor concerns (thematic and geographic)
3. Identify root causes of poor labor practices
4. Establish decent farm work targets for the jurisdiction
5. Develop and implement an integrated agenda for decent farm work
6. Monitor and report on progress towards the decent farm work targets

04.

Mapping + Monitoring of Coffee and Forests

MISSION + MEMBERS

To better understand the current coffee production footprint and monitor how this is changing over time in order to identify areas of greatest risk to deforestation and those presenting the greatest opportunity for coffee to contribute to reforestation.

- | | |
|---|---|
| 1. 35 North Coffee* | 23. Mercon Group* |
| 2. African Fine Coffee Association (AFCA)* | 24. Pur Projet* |
| 3. Arizona State University* | 25. Rainforest Alliance* |
| 4. British Coffee Association* | 26. San Martin Regional Government, Peru* |
| 5. Cafe au Chain | 27. Smithsonian Bird Friendly* |
| 6. Cafe de Colombia | 28. Source Trace Systems |
| 7. Cafexport* | 29. Starbucks* |
| 8. Caffe Ibis Coffee Roasting Co.* | 30. TATA Coffee Limited* |
| 9. Castellon Coffee Group* | 31. The Coffee Source* |
| 10. Center for Coffee Research and Education* | 32. The Sustainability Consortium* |
| 11. Conservation International* | 33. Tuungane Women's Coffee Cooperative* |
| 12. Dunkin' Brands* | 34. Uganda Coffee Development Authority (UCDA)* |
| 13. Ecotierra* | 35. UTZ* |
| 14. Ekó Café Ético* | 36. Valuing Nature |
| 15. Fairtrade International | |
| 16. Farmer Brothers* | |
| 17. Gorilla Conservation Coffee* | |
| 18. Hesselink Koffie* | |
| 19. International Center for Tropical Agriculture (CIAT)* | |
| 20. International Coffee Corporation | |
| 21. Kauai Coffee Company | |
| 22. Massimo Zanetti Beverage USA* | |

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SUSTAINING COFFEE AND FORESTS IN COLOMBIA + INDONESIA

Climate change could cut in half the total suitable area for coffee farming by 2050. Areas remaining suitable for coffee will shift to higher altitudes — areas that often harbor the last remaining intact tropical forests. Coffee has the potential to help conserve these areas or to push into them and drive forest loss.

To ensure coffee works towards forest conservation, Conservation International (CI), The International Center for Tropical Agriculture (CIAT), International Coffee Organization (ICO), The Sustainability Consortium (TSC), and the Rainforest Alliance (RA) have joined forces within the Sustainable Coffee Challenge to map and monitor coffee's footprint in relation to forests in Colombia and Indonesia. The results of the analysis will guide us to address the problem.

This 2.5-year partnership will identify landscapes of greatest risk and opportunity and work with local stakeholders to develop collective action plans. The partnership will develop a protocol to distinguish shade coffee and forest as well as deforestation through coffee. This collaboration will develop a model for replication across coffee producing countries.

This information will enable actors to target key landscapes, identify deforestation in their supply chains and align on coffee and forest action plans. The initiative will work with local government agencies, partner organizations and coffee growing communities and through the Sustainable Coffee Challenge engage coffee traders, roasters and retailers in developing action plans and integrating the findings into sustainability programs. It will also enable companies to better assess forest conservation performance of sourcing regions to meet zero deforestation commitments embedded in sourcing policies.

Convened and facilitated by Conservation International, the **Sustainable Coffee Challenge** is a sector-wide coalition of more than 115 partners working to make coffee the world's first sustainable agricultural product. The Challenge encourages the coffee sector to work together to find effective solutions that address the key challenges facing coffee. Ensuring the ability of coffee to conserve tropical forests is essential to the long-term sustainability of the sector.

Sustainable Coffee Challenge
MAPPING + MONITORING OF COFFEE AND FORESTS IN COLOMBIA + INDONESIA



The main objective of the program is develop a state of the art method for identifying landscapes where coffee has an opportunity to contribute to reforestation and where it poses the greatest risk for deforestation to target collective action. The three core activities of the program include:

- 1. Develop an advanced methodology for assessing the interplay between coffee and forests** Facilitating collective investment in forest conservation and reforestation requires prioritizing landscapes based on sound science. Remote sensing detects some coffee systems, but often counts shade systems as forest. To better understand the extent of coffee, we will develop an innovative methodology using the latest technologies to better distinguish between coffee and forest systems and track change over time.
- 2. Pilot a forest assessment methodology and action plans in Colombia and Indonesia** The coalition will use the coffee extent maps developed as the basis for assessing the role of coffee in forest cover change in Colombia and Indonesia. Colombia is a data-rich, highly organized coffee country needing to mitigate risks of coffee-driven deforestation in post-conflict regions. Indonesia is a highly complex, decentralized context with a variety of production systems across multiple islands. Through a participatory approach, an Action Plan will be developed for the respective countries to effectively address risks and opportunities in Colombia and Indonesia.
- 3. Integrate learnings into decision-making processes via user-friendly tools, resources and outreach** For success, the results of this work must inform the production, policy, investment and sourcing decisions of farmers, governments, donors, corporations (including financiers) and civil society. To achieve this, we will integrate the outputs into existing tools to enable stakeholders to commit to forest conservation and track progress.



This program is made possible through the generous support of the Walmart Foundation.

Our goal is to expand the program to all major coffee producing countries. We welcome additional support to make this possible.

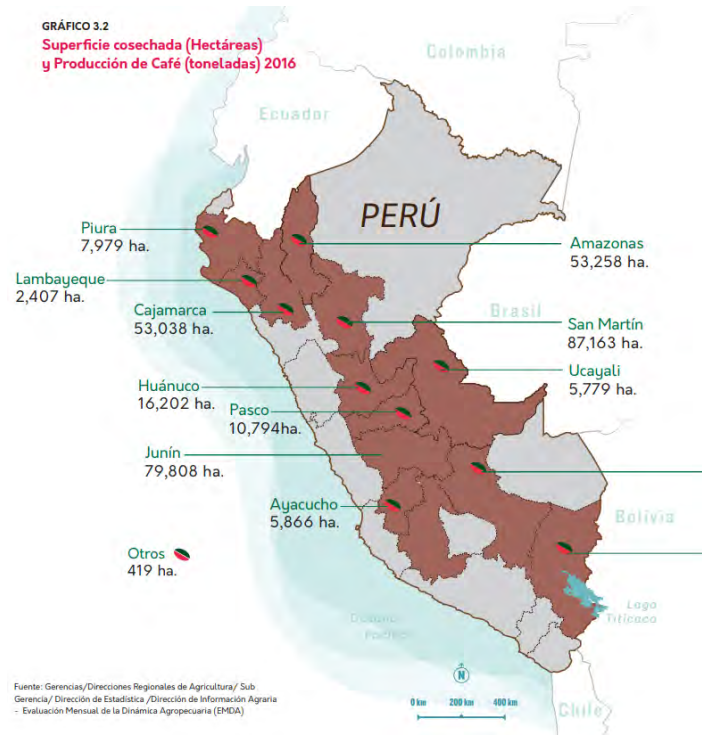
For more information, please contact:

Bambi Semroc / scc@conservation.org



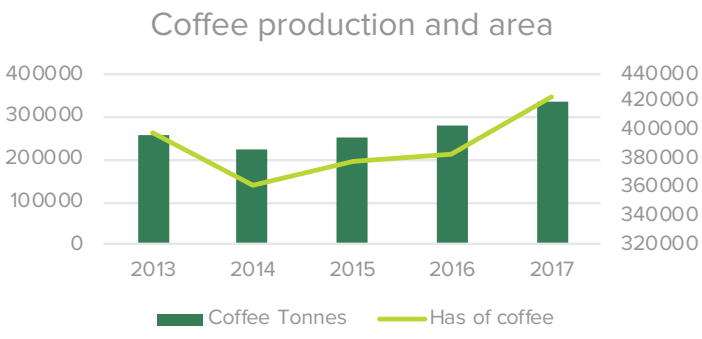
COFFEE AND FORESTS IN PERU

In Peru coffee is produced on **425,000 hectares** spanning **11 regions**.



Source: Plan Nacional de Acción del Café (PNAC) 2018

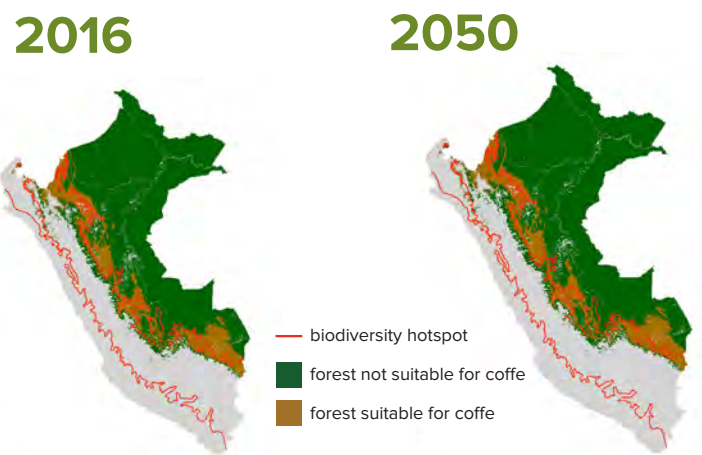
In recent years increased coffee production has correlated to an increase in the total area under coffee cultivation, suggesting an overall expansion of the coffee footprint in Peru.



Source: MINAGRI-2017

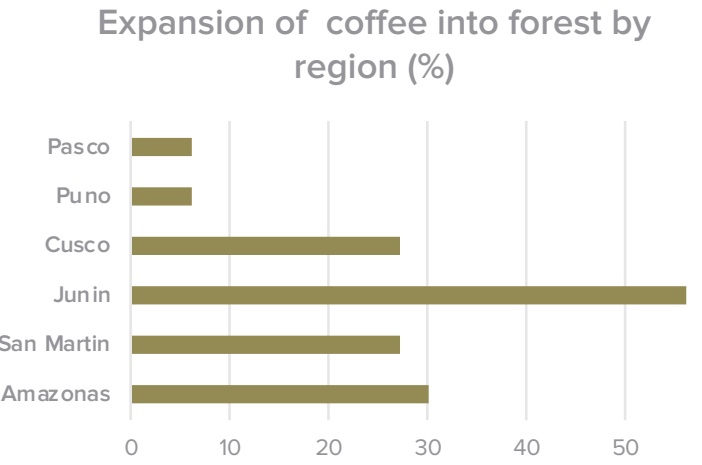
By 2050 **13-40%** of the área currently suitable for coffee production is expected to no longer be suitable for Coffee due to climate change.

Most of the área remaining suitable is in high priority áreas for biodiversity conservation that are natural forests. As Coffee suitability shifts to higher altitudes, these forests could be increasingly at risk from coffee expansion.



Source: Adapted from Killeen, Timothy J. and Grady Harper. 2016. "Coffee in the 21st Century: Will Climate Change and Increased Demand lead to New Deforestation?"

Six regions saw coffee expand into forests between 2002 and 2012. In four of these regions, coffee accounted for at least 20% of deforestation.

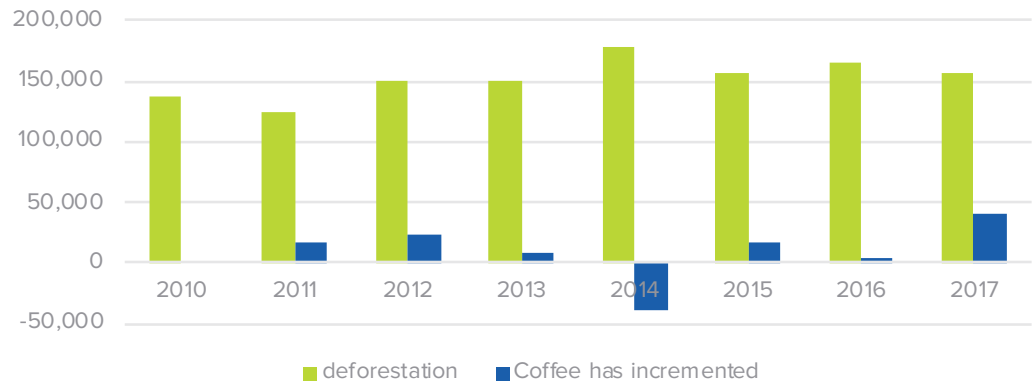


Source: FIP (Forest Investments Program) Report 2012



Deforestation in Peru peaked in 2014 when 178,000 hectares were lost during that year alone, an area the size of Jamaica.

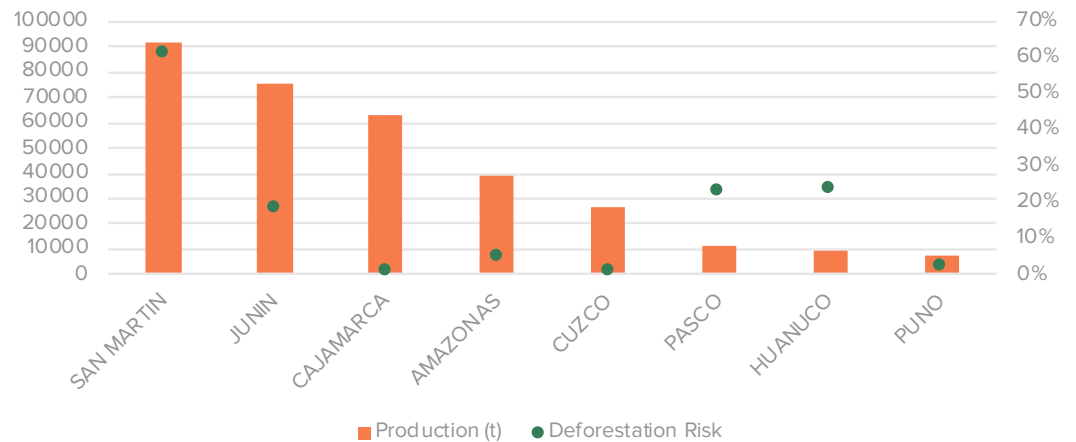
Coffee and deforestation (Has)



Source: MINAGRI-2017

In Peru, the regions that produce more coffee also have the highest risk of deforestation from coffee.

Coffee Production and % of risk of deforestation by Region

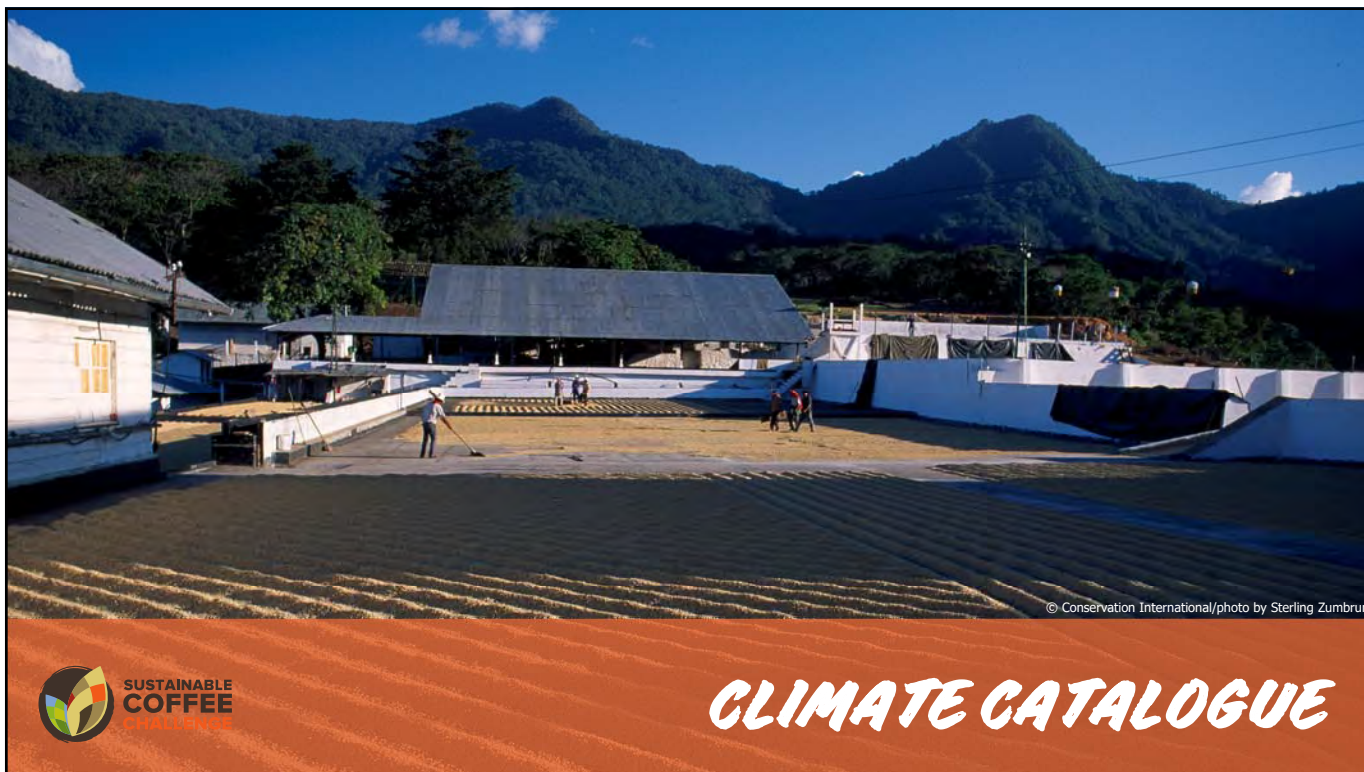


Source: The Sustainability Consortium

Certification programs are prevalent in Peru and may provide some assurance against deforestation from coffee. The most common are Fairtrade and organic.

| Certification | Area (ha) | Share of total coffee area [%] | Production volume | Producers [no.] | Source: |
|------------------------------|-----------|--------------------------------|-------------------|-----------------|----------------------------------|
| 4C 2016 | 48854 | 12.7 | 48940 | 12364 | Coffee Assurance Services, 2018. |
| Organic 2016 | 99050 | 25.8 | 57300 | | FiBL, 2018.. |
| Rainforest Alliance 2016 | 35149 | 9% | 37494 | 9924 | Rainforest Alliance, 2018. |
| Fairtrade International 2015 | 159953 | 40 | 87473 | 45710 | Fairtrade International, 2017. |
| UTZ 2016 | 80589 | 21 | 75551 | 21207 | UTZ, 2018. |

Due to farms having multiple certifications and the different years for which data was available, the totals do not add up to 100%.



COFFEE AND CLIMATE INVESTMENT CATALOGUE

INVESTMENT OPPORTUNITIES FOR A CLIMATE RESILIENT COFFEE SECTOR

A multi-layered catalogue

- Background report for the sector
- Pitch book for investors
- Country factsheets

Key messages

- There is an urgency to act – business as usual is no longer an option for the sector
- Adapting business practices – there is a clear business case for addressing climate change and for offering support to the producer community in particular at the bottom of the pyramid
- Scaling best-practices, financing & collaboration – current efforts within supply-chains should be scaled to landscape approaches to systematically address challenges and.



coffee & climate
enabling effective response

Consortium partners

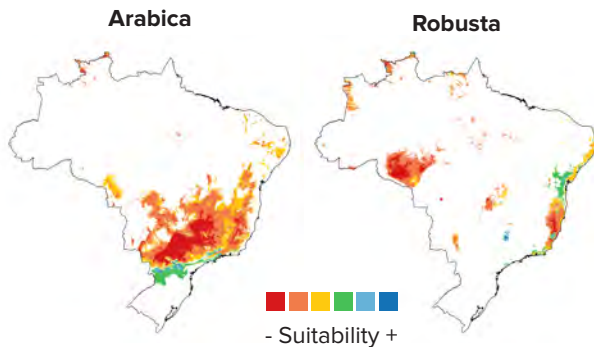
IDH, the Sustainable Trade Initiative
Global Coffee Platform
Specialty Coffee Association
Initiative for coffee&climate, implemented by HRNS
Conservation International

COFFEE PRODUCTION IN THE FACE OF CLIMATE CHANGE: BRAZIL

KEY PRODUCTION AREAS IN BRAZIL



The state of Minas Gerais accounts for 53% of overall and 70% of Arabica coffee production. About 30% of Brazil's small coffee producers are located in the state.



Changes in suitability between today and 2050⁽²⁰⁾

OBSERVED AND PREDICTED EFFECTS OF CLIMATE CHANGE IN COFFEE PRODUCING AREAS^(8,9,10,27)



Rising Temperatures

- Temperature projections vary widely
- The average of 21 models projects increases of up to 3.5°C over most of the country by 2100



Changing Seasonality

- The dry season in the Amazon will likely get longer and precipitation decrease, especially in the dry season



Changing Rainfall

- 5% increase in rainfall in the west Brazil
- Rainfall decreases of up to 5% in central, north and southeast Brazil



Extreme Weather Events

- Increased drought and increased length of dry period are expected due to stronger and frequent ENSO events

LIKELY IMPACTS OF CLIMATE CHANGE ON COFFEE PRODUCTION

Predicted changes in coffee producing areas:

- Land suitable for coffee production is estimated to be reduced by 18% by 2050 and by 27% by 2070.⁽¹⁰⁾
- Other sources estimate loss of suitability for 25%⁽¹⁸⁾ and 84%⁽¹⁹⁾ of areas where Arabica coffee is cultivated currently.
- The Robusta producing states Rondonia and Espírito Santo may face losses of suitable areas of about 60%.⁽²⁰⁾
 - The potential of shifting coffee production to high elevations is very limited. Southward latitudinal migration may be a possibility but is limited by high temperature variability (including frost) in sub-tropical regions.^(21,21)

THE IMPORTANCE OF COFFEE IN THE BRAZILIAN AGRICULTURAL SECTOR^(1,2,3,4,5,6,7,14,25)

Coffee production and export in 2017/2018

- Arabica: 2.3 million tons
- Robusta: 750,000 tons
- 1.9 million tons (> 60% of production) were exported
- 10% of exports in form of soluble coffee

Area under coffee production

Arabica
1.7 million ha

Robusta
410,000 ha

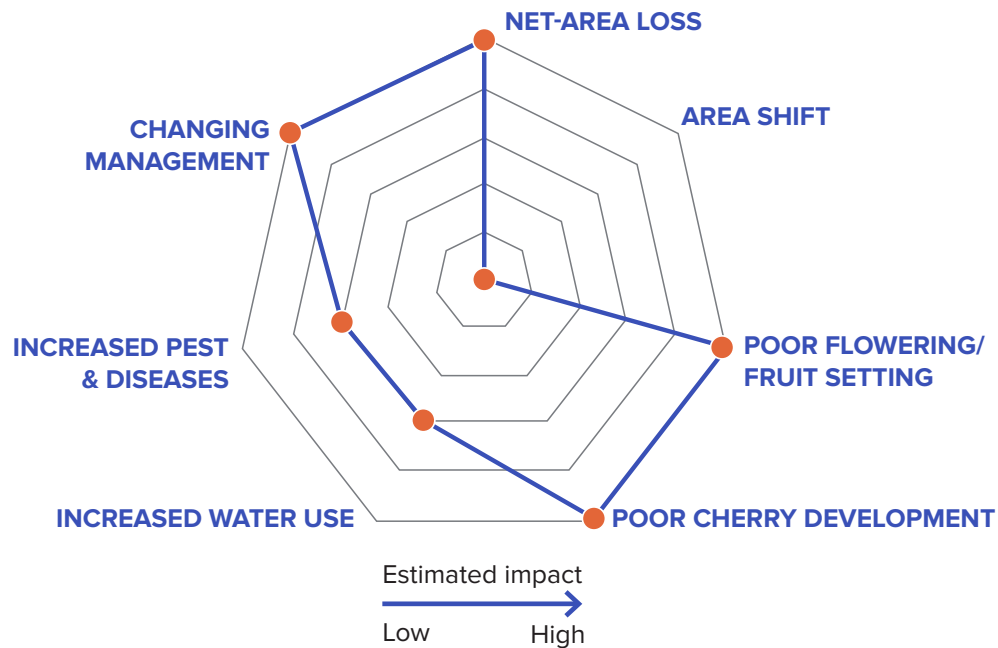
Farms

- 300,000 smallholders (~ 5 ha) represent 75% of coffee grower
- Medium-sized (≥ 10 ha) and large (> 100 ha) producers account for 62% of total production.

Importance in the national economy Coffee generates:

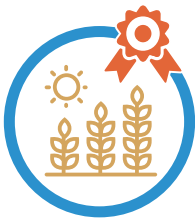
- 3% of export revenues
 - 0.3% of gross domestic product

LIKELY IMPACTS OF CLIMATE CHANGE ON COFFEE PRODUCTION



- Stress caused by heat and drought increases the susceptibility of coffee trees to pests and diseases
 - Large areas will require investments into shade trees and irrigation to cope with the higher evapotranspiration and decreasing rainfall.
 - Lack of rainfall during the cherry development period will result in smaller bean sizes, i.e. lower quantity and quality.
- With higher temperatures, cherries ripen very fast. Farmers may experience difficulties to harve and process the entire crop in a shorter time period and may need to invest in additional labor or mechanization.

PRODUCTION STANDARDS AND PRACTICES



CERTIFIED PRODUCTION

- **Brazil is the largest supplier of UTZ and of Rainforest Alliance coffee worldwide.**
 - The certificate holders are main medium and large scale coffee producers.
- Approximately 12% of the total export is sold as certified.



FARM PRACTICES

- Productivity and levels of technology vary from region to region and with farm size. Only larger farms are mechanized.
- In most parts of Brazil (especially Minas Gerais), coffee is grown in an intensive, high input system and under full sun.
 - On about 25% to 30% of the area, modern irrigation methods are used.
- Cooperatives are the main distribution channel for lime, fertilizers, agro-chemicals, and seed.



FARM ECONOMY

- **Productivity is high, with 1.6 tons/ha for non-mechanized Arabica farmers.⁽³⁾**
- Production costs have increased over the past years due to rising input and labor costs, affecting the competitiveness of small and medium sized farms especially.
- **Farmers receive 85% of export price.⁽³⁾**

CLIMATE CHANGE ADAPTATION:

STRENGTHS

Technical aspects

New varieties and clones have been developed by Café EMBRAPA Research, partly in partnership with private companies. The new varieties are resistant to Coffee leaf Rust and highly productive.^(11,15) Varieties are multiplied by private nurseries.

Positive experiences using cover crops in coffee production have been made, e.g. with Signal Grass (*Brachiaria decumbens*). The cover crops improve water infiltration, nutrient availability, and soil carbon sequestration.^(12,13)

Economic aspects

Coffee producers have access to crop insurance and finance in the form of subsidies and loans. The National Fund for the Defense of the Coffee Economy (FUNCAFE) offers a special credit line for coffee growers, to finance harvesting, warehousing and transport.

Around 10% of smallholder producers are members of the circa 90 coffee cooperatives. The cooperatives provide access to markets and technology.⁽¹⁵⁾

Political and organizational aspects

Brazil's coffee sector is well organized: the Brazil Global Coffee Platform is governed by the National Advisory Board (public and private sector institutions) and Brazil Working Group (state extension services, standards and roasters). The platform performs advisory functions and seeks to improve sustainability of the coffee sector.⁽²⁾

WEAKNESSES

Technical aspects

Many coffee farms are located in mountainous areas that cannot be mechanized easily and are not suitable for other cost-saving technologies.⁽⁴⁾

The often excessive use of fertilizers by coffee growers can result in accelerated land degradation and soil fertility decline.^(14,15) Getting farmers to optimize fertilizer use in combination with other soil management options will be crucial for continued production.

An estimated 70% of land cultivated with coffee is managed by smallholders. Yet, these farmers produce only between 40 and 50% of coffee.^(3,15) Lower production of smallholders is partly linked to lower degree of mechanization.⁽¹⁴⁾

Economic aspects

Labor costs have risen due to social policies introducing minimum wage. The labor costs have risen two to three times faster than inflation. In conjunction with rising input costs, many of the small producers struggle to remain profitable.^(4,15)

The already high production costs and low coffee prices (especially for Arabica coffee and Brazilian Special) leave little room for additional investments in sustainable practices.

OPPORTUNITIES

Technical aspects

The promotion of good agricultural practices for weed management, soil management and erosion control have clear adaptation co-benefits. These measures will also improve water infiltration and retention and reduce soil temperature, thereby helping to reduce water stress and the need for irrigation.

Economic aspects

Brazil has a very dynamic internal market for coffee, in particular for Robusta coffee. Internal consumption represents around 40% of Brazil's total sales. In combination with the narrow export price differential between Arabica and Robusta, and rising production costs for Arabica shifting production from Arabica to Robusta is an economically viable alternative.⁽⁴⁾

Coffee projects can be funded in the framework of the Low Carbon Agriculture Plan of Brazil (ABC, created in 2010). The ABC plan finances agricultural practices with high productivity and low greenhouse gas emissions.

Organizational aspects

Certifica Minas Gerais, an initiative of the Minas Gerais Government (SEAPA-IMA-EMATER), is a local certification scheme focusing on good agricultural practices and socio-environmental responsibility in coffee production. It offers certification at low cost in comparison to international standards. It is implemented in partnership with UTZ, ensuring international recognition. Sustainable coffee production and climate change adaptation practices can be further promoted with Certifica Minas Gerais.

THREATS

Technical aspects

Coffee leaf Rust continues to threaten coffee production with losses in the range from 30 to 50%. Coffee leaf Rust is most severe at elevations below 1,200 meter and for Arabica coffee.⁽¹⁶⁾

Coffee producers mistrust promises of increased performance of new varieties. In the past new varieties performed well initially, but production declined rapidly. In combination with the high cost for replanting, this mistrust might slow down rejuvenation with adapted varieties. Delays in establishing varieties suited to the changing climate, pests, and diseases could be disastrous for farmers.

Economic and political aspects

Policies and finance for the sustainable development of the agricultural sector (e.g. the FUNCAFE credit line) are driven by factors such as Brazil's 2015 economic crisis or disasters like the severe droughts in southern Minas Gerais and Espírito Santo in 2014/15 and 2015/16 respectively. Proactive and reliable policies and funding are needed adequately address climate change adaptation.

The frequent changes of leadership on national and state level is a challenge for promoting sustainability in the Brazilian coffee sector.



© Carol Bergallo

RURAL CREDIT FOR COFFEE PRODUCERS AND CLIMATE CHANGE ADAPTATION IN BRAZIL ^(17,23,24,28,29)

The Brazilian government has supported the agriculture sector through rural credit programs since the 1960s. These programs are part of Brazil’s enabling environment for climate change adaptation.

Two key programs are the Agricultural Plan (Plano Agrícola e Pecuário - PAP) and the National Plan for Family Farming (Programa Nacional de Fortalecimento da Agricultura Familiar - PRONAF). The annual funding available to farmers through these two plans is in the range of USD 60 billion and USD 9 billion respectively.*

A financing program specifically for the coffee sector is the Fund for the Defense of the Coffee Industry (FUNCAFE), amounting to 1.6% of rural credit programs in 2016/17. Financing under FUNCAFE is limited to activities related to harvesting, storage, and coffee trade. Lending rates are between 8.5%-11.25%. Additionally, the program supports coffee farms damaged by e.g. hail, frost and wind, where at least 10% of the farm area was affected

Medium sized farm businesses can also apply to the National Program to Support Medium Producers (PRONAP). The program has different credit lines for investments into green technologies (e.g. renewables, recycling, soil, and water conservation), establishment of organic production, and related to forestry (including set-aside areas, forest restoration, and agroforestry). Interest varies between 2.5%-5.5%.

Since 2006, Brazil has the Crop Insurance Program (PSR). The program provides subsidies to farmers for agricultural insurance policies. The subsidies range between 35% and 40% of the insurance cost. About 4% of the insurance subsidies for crop insurance paid between 2006 and 2015 was applicable to coffee.

While various financing options are available for the coffee sector in Brazil, in practice access is complicated. The many different and partially overlapping credit lines make it hard for producers and local credit institutes to identify the best option for a given investment and region. Access to credit and conditions vary with credit purpose, location, farm size, and farm revenues. The difficulty in identifying and accessing the most suitable financial product poses a challenge for investments into adaptation and risk management.

An extended overview of financing sources for coffee producers are available in two practical guides in Portuguese by the Global Coffee Platform⁽²⁴⁾ and the Coffee and Climate Initiative ⁽²⁸⁾.

*Values for the financial year 2017/201

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OUR SUSTAINABILITY FRAMEWORK

Introduction

We identified early on the need for a common sustainability framework for the coffee sector.

Having a common sustainability framework for the sector will enable us to **better understand how the investments and actions we are making in sustainability are contributing to a common set of outcomes.**

These outcomes contribute to the United Nations Sustainable Development Goals (SDGs), thereby demonstrating the contribution of the coffee sector to development. The SDGs serve as our impact areas and are guided by **4 compass points: improve livelihoods, sustain coffee, strengthen market demand and conserve nature**

A common framework will enable us to transition the coffee sector towards becoming the first sustainable agricultural product by:

- **Communicating more effectively** about our collective efforts
- **Tracking and reporting** on our collective progress and promote accountability
- **Inspiring** new and more ambitious interventions
- **Assessing effectiveness** + identifying where additional innovation, interventions and investments may be needed
- **Identifying opportunities** for enhanced collaboration

Definition of Success

We will have achieved our vision of making coffee the first sustainable agricultural product when **ALL** coffee is produced and traded according to sustainable practices.

To achieve this we will work together to:



Ensure coffee contributes to improved income and profitability that advances sustainable development opportunities for the 25 million coffee growers, workers and their families;



Implement sustainable agricultural practices to sustain supply and enable the sector to meet rising consumption and the growing demand for coffee in a socially and environmentally responsible way;



Conserve primary and secondary forests, high conservation value areas and other natural resources for enhanced coffee production.

We believe that **market demand** from Challenge participants plays a critical role in sparking this transition, and look to a future when sustainable coffee becomes so prevalent that there is no longer a choice between sustainable and non-sustainable coffee in the market.

Producer and Consumer Country Governments have a clear role in promoting policies that incentivize sustainable practices.

Market actors also have a role to play in promoting, supporting and investing in context-relevant and specific interventions that provide the necessary incentives and shared value throughout the value chain.

Our Guiding Compass

The coffee sector is investing in a number of interventions aimed at addressing the key challenges facing coffee.

These investments take place both individually and as pre-competitive alliances.

The interventions can be grouped around the Compass Points, with market demand acting as a driver of investments into the other 3 points.

In this way we can show how these interventions work together to drive sustainability. We can also demonstrate the linkages between the interventions, our common outcomes, collective impacts and the Compass Points.



Our Intervention Pathways

Although we are investing in a variety of different interventions, together they form the basis for a strong sustainability framework for the coffee sector.

We identified 15 initial interventions that represent areas of current investment and/or priorities for the future.

These interventions align with the common outcomes, impacts and compass points. They also consist of concrete actions and outputs that are often unique to each intervention.



SAMPLE INTERVENTION PATHWAY

