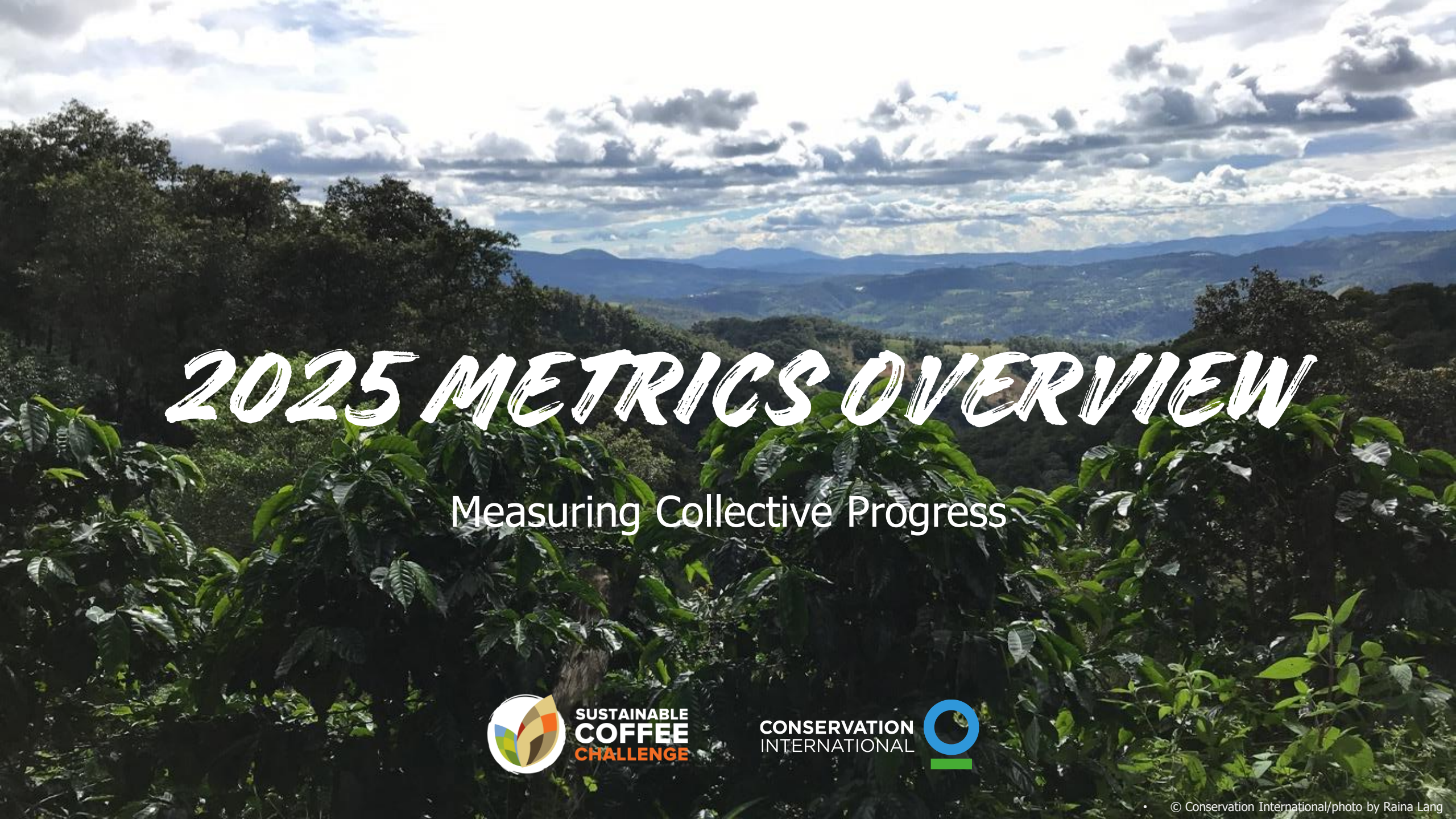

# 2025 METRICS OVERVIEW

## Measuring Collective Progress

SUSTAINABLE COFFEE CHALLENGE

CONSERVATION INTERNATIONAL

# TABLE OF CONTENTS

# Conserve Nature

**2025 TARGET:** Restore 1.5M hectares of tree cover + conserve 500,000 hectares of forest and secure 100 million tonnes of carbon.

| INDICATOR OF SUCCESS | CORE METRIC | RATIONALE[1] |
|---|---|---|
| Area restored with increased tree cover | # of hectares restored | This indicator looks at the total area with increased tree cover on coffee farms and their immediate surroundings. |
| Area of forest protected | # of hectares of forest area conserved | This indicator looks at the # hectares of forests that are at-risk of deforestation and that are put under a formalized forest protection system (i.e. government and/or community-led) |
| CO2 secured (from conservation or restoration) | tCO2 removed (i.e. sequestration)<br>tCO2 emissions avoided | This indicator accumulates the carbon benefits of investments that seek to maintain current carbon stocks through forest protection in coffee landscapes (i.e. avoided deforestation), drive additional carbon storage (i.e. restoration) on and off-farm. When reporting investments, the reporting entity should describe the methods and/or standards used to validate and verify to carbon secured. |
| CO2e secured (from reduced emissions) | tCO2e emissions reduced on farm | This indicator accumulates the carbon benefits of investments that reduce emissions through improved on farm practices. When reporting investments, the reporting entity should describe the methods and/or standards used to validate and verify to carbon secured. |

**PROXY METRICS:** To count the contribution of investments that contribute to the forest restoration and conservation target, but where the partner is unable to measure the total area in # hectares or CO2 secured, the Sustainable Coffee Challenge is proposing the use of proxies. The metrics, rationale & calculations behind each are laid out below.

| PROXY METRIC | RATIONALE | INPUT FOR CALCULATION | WHEN IT WOULD COUNT |
|---|---|---|---|
| # of trees (i.e. non-coffee) distributed to increase tree cover on farms[2] | Climate/ carbon targets are sometimes stated or tracked based on # tree seedlings that are distributed | Baseline average trees / ha, assuming % mortality rate<br>Assumption of average CO2 stored / ha | Upon reporting in the Commitments Hub as it assumes that the |

[1] SCC partners are expected to use internationally recognized definitions and rigorous methodologies to define and track forest restoration and conservation as well as investments in carbon sequestration and emission reductions.

[2] Proxy for "hectares restored"

| | | | |
|---|---|---|---|
| | | | distribution has already occurred |
| # Voluntary Carbon Units (VCUs) purchased from certified carbon credit programs | Companies increasingly compensate for residual emissions (after reduction efforts) through the purchase of carbon credits on the voluntary market or (co)invest in a carbon project | Certificate of VCU – each VCU represents a reduction or removal of one tonne of CO2e achieved by a project. In reporting on commitments, partners are expected to identify whether the carbon offset project is focused on emission reductions or carbon removals. | Upon issuance and retirement of the VCU, and when reported in the Commitments Hub |

**ADDITIONAL METRICS:** To provide a broader narrative around commitments that contribute to the 'Conserve Nature' target and monitor for relevant, co-benefits, trends and innovations in this space, we will use the following 'additional metrics'.

| ADDITIONAL METRIC | RATIONALE | INPUT FOR CALCULATION | WHEN IT WOULD COUNT |
|---|---|---|---|
| # of new commitments focusing on biodiversity | This indicator aims to capture commitments that focus on climate and nature, with specific/ reported (co)benefits to biodiversity improvements | Commitment stated + reported via Commitments Hub, using biodiversity indicators (e.g. # animal, trees, plant species) and preferable biodiversity assessments in progress monitoring | Upon stating + reporting in the Commitments Hub |
| # of new commitments focusing on freshwater (quality + quantity) | This indicator aims to capture commitments that focus on climate and nature, with specific/ reported (co)benefits to freshwater | Commitment stated + reported via Commitments Hub, which includes the reduction of freshwater in coffee production and processing and/or improvements to freshwater sources in progress reporting | Upon stating + reporting in the Commitments Hub |

**ASSUMPTIONS & DATA CONTEXT:**

To arrive at the 2050 goal and 2025 targets for the *Conserve Nature* compass point, the Challenge team combined coffee production datasets (e.g. FAO for volume + hectares; Dalhberg for renovation) with climate datasets and sources (e.g. CIAT for suitability; Global Forest Watch for forest cover; Jha et al. and Rikxvoort et al. for carbon in coffee systems). Based on calculations using this combined dataset, the team arrived at the 1.5 gigaton 2050 goal as well as the **100M tonnes carbon 2025 target**. The latter can be met through 3 key interventions:

- **Protect –** Renovating at least 286,000 hectares of smallholder farms in countries with a high R&R need[3], would increase production by over 224,000 MT and **avoid clearing of nearly 500,000 hectares** (according to Dalberg report). These efforts to avoid deforestation has a potential **carbon benefit of 75M MT**.
- **Restore -** Introducing additional trees on farms on at least **1.5M hectares** by introducing up to 25% of shade in full-sun systems[4]. These restoration efforts could already **store an additional 19M tons** of carbon (according to Jha et al 2012 and Rikxoort et al 2014) in coffee systems.
- **Manage –** improved landscape management and the implementation of on-farm climate smart agricultural practices, is key to reduce GHG emissions (e.g. reduced fertilizer use). Given the lack of reliable data and wide variety in production systems across coffee producing countries, it difficult to measure, compare, verify and aggregate reduced carbon footprint at sector-wide level (as opposed to individual company footprint). However, specific project-based investments made to reduce on-farm GHG emissions can be accounted for and aggregated. As such, these investments should at least reduce overall emissions with 6M tons CO2e (baseline = 0) to reach our overall target of 100M (i.e. 75M + 19M + 6M = 100M)

While the calculations behind the 2050 goals and 2025 targets for 'Conserve Nature' were based on simplified scenarios for investments in specific countries, there is a clear need for investments across all coffee producing countries.

[3] Based on a calculation addressing 25% of the R&R need in Indonesia, Ethiopia, Uganda, Mexico and Peru.
[4] For the purpose of calculation, the 1.5M hectares were spread over Brazil, Indonesia, Vietnam and Mexico.

# Strengthen Demand

**2025 TARGET:** Ensure at least **50% of global coffee** purchased by roasters and retailers is sourced according to sustainable practices.

| INDICATOR OF SUCCESS | CORE METRIC | RATIONALE |
|---|---|---|
| Total volume purchased according to sustainable sourcing practices | **# of metric tons (MT) of Green Bean Equivalent (GBE) coffee** sourced via recognized voluntary sustainability standards (VSS) | When aggregating individual volume sourced as sustainable, the Challenge will be able to share the total % of global production that is sourced according to sustainability efforts. |

**The Scope and Evolution of Sustainable Sourcing:** The success and increase in adoption of voluntary sustainability standards (VSS) – at farm level as well as by supply chain actors – over the past decades has shaped the concept of 'sustainable sourcing' across the coffee sector. As such, sustainably sourced coffee is commonly defined as those coffees that are grown in compliance with recognized voluntary sustainability standards. The main standards at the international level in coffee include Fairtrade, Rainforest Alliance/ Utz, 4C, Organic, and Bird Friendly. This list is often complemented with company-owned verification programs such as Nespresso's AAA and Starbucks' C.A.F.E. Practices.

In 2016, the Global Coffee Platform developed the 'Equivalence Mechanism' – a benchmark tool that assesses VSS according to a set of basic principles and practices for sustainable coffee production known as the 'GCP Baseline Coffee Code' (GCP BCC). In recent years, the GCP has widened the scope and range of sustainability schemes that are assessed and deemed as 'equivalent', to allow for the inclusion of more private sector programs (e.g., 2$^{nd}$ party verified) beyond the traditional VSS (3$^{rd}$ party verified).

Pending current revision of the GCP Baseline Coffee Code as well as the Equivalence Mechanisms – provided that the need for improved framing of these tools as well as increased transparency in the benchmark approach and results are being addressed – the Sustainable Coffee Challenge is keen to explore alignment with the GCP's approach by including those programs that are 'recognized' as equivalent (3$^{rd}$ party or 2$^{nd}$ party) to the GCP's BCC in the Challenge' definition of what counts towards our 2025 target to *"Ensure at least 50% of global coffee purchased by roasters and retailers is sourced according to sustainable practices".* Currently, the schemes (2$^{nd}$ and 3$^{rd}$ party) programs that are considered equivalent to the GCP's BCC include: 4C, Starbucks' C.A.F.E. Practices, Certifica Minas, Fairtrade International, Rainforest/UTZ, ECOM's SMS Verified, Nespresso AAA, Olam's AtSource Entry Verified and AtSource Plus.

However, in recent years, there has been a growing interest in non-standard based approaches to sustainable sourcing, because while there is a broad recognition that VSS are a critical component of sustainable sourcing, companies have also begun devising ways to reach beyond assurance in order to address systemic and fundamental challenges in coffee production and sourcing. In this context, coffee roasters and retailers explore innovative business models and associated themes (e.g. direct trade, value distribution, landscape or jurisdictional sourcing, transparency and traceability, payment for ecosystem services, etc.) with the ultimate aim to incentivize sustainable production practices and increase the uptake of sustainable sourcing by buyers. In addition, companies are increasingly pressured – by customer expectations as well as regulatory measures – to put rigorous accountability in place to provide backing to supply chain due diligence as well as fair business conduct.

While in our 2025 target we primarily track the quantitative progress towards our target of '50% of global coffee purchased', we are keen to also capture the wide range of innovative but (often) qualitative strategies and approaches to sustainable sourcing and business conduct. As such, we provide a secondary 'tier' of metrics, which will help us demonstrate how sustainable sourcing is evolving, and which suggest the shape that future commitments by sustainability leaders will take.

**PROXY METRICS:** no proxy metrics have been identified around our 'Strengthen Demand' collective 2025 target.

**ADDITIONAL METRICS:** To help tell the story of industry progress related to sustainable sourcing, the Challenge will monitor a set of additional indicators beyond the core metric noted above. Even though these are supplemental metrics that won't directly track progress towards the 50% quantitative target, we encourage partners to use these additional metrics to track their effort and share data on progress so that the Challenge may begin to understand the breadth of efforts around sustainable sourcing. While only the following indicators will be formally tracked, CI encourages partners who are capturing additional, relevant data to 'write-in' their metric when stating and reporting on efforts. It is only with this type of knowledge that we will be able to expand, evolve and innovate our collective understanding of sustainable sourcing.

| METRIC | RATIONALE | WHEN IT WOULD COUNT |
|---|---|---|
| # of new commitments made to sustainable sourcing | New commitments indicate that there is growing interest in sustainable sourcing, using both traditional (i.e. VSS at minimum equivalent to GCP BCC) approaches as well as new innovative approaches. | When aggregated and analyzed by CI on an annual basis for the Commitments Hub Report |
| # of new commitments focused on increasing % of total value across the supply chain returned to origin | Transparency on revenue sharing indicates that a company is keen to ensure that the distribution of wealth across the supply chain is fair. | When paid and reported in the Commitments Hub |
| # of new commitments focused on the increase of volume of coffee or % of a company's supply chains fully traceable to farm | Traceability of coffee back to the farm sets the conditions for supply chain engagement – and enables long-term relationships, focused investments, premiums, impact monitoring, etc. | When reported in the Commitments Hub on an annual basis |

**DATA COLLECTION PLAN:** Below is an overview of the proposed data collection plan for each metric. This serves as guidance for Sustainable Coffee Challenge partners who are interested in understanding the where, how and when behind the various metrics. The sources, frequency and reporting party could change based on the needs of the entity stating the commitment.

| METRIC | UNIT | SOURCE | DATA CAPTURE FREQUENCY | RESPONSIBLE PARTY | REPORTING FREQUENCY |
|---|---|---|---|---|---|
| **# of MT of green coffee** sourced via recognized voluntary sustainability standards (VSS) | MT (kg) green coffee | Corporate analysis + sector reporting (e.g. Coffee Barometer) | Annual | Reporting entity | Annual |
| # of new commitments made to sustainable sourcing | Number | Commitments Hub | N/A | CI | Annual |
| % of total revenue returned to origin | Percentage | Corporate analysis + Commitments Hub | Annual | Reporting entity | Annual |
| % of coffee fully traceable to farm | Percentage | Commitments Hub | Annual | Reporting entity | Annual |

# Resilient Supply

**2025 TARGET:** Increase smallholder production by **11.9 million bags**, through **renovation, rehabilitation**, **and technical investments** on existing areas, to adequately meet long-term demand from a diversity of origins.

| INDICATOR OF SUCCESS | CORE METRIC | RATIONALE |
|---|---|---|
| Additional volume produced due to renovation, rehabilitation or technical assistance | Total additional production **(MT Green Bean Equivalent (GBE))** | This indicator looks at the total additional production generated, above the baseline, from an intervention. This indicator should be used to report the change in yield from activities such as new varietals, stumping or improved agronomic management. |
| Origin diversity | **Names of countries** where technical and/or financial support was provided | When reporting investments, the reporting entity should indicate where assistance is provided so that the Challenge can identify if there are certain geographical trends / preferences. |

**PROXY METRICS:** To count the contribution of investments that have the potential to impact production, but where the donor is unable to track actual changes in yield per hectare, the Sustainable Coffee Challenge is proposing the use of proxies. The proxies, description & calculations behind each are laid out below. These metrics are for "Additional yield (MT GBE/ha) or total additional production"

| METRIC | RATIONALE | INPUT FOR CALCULATION | WHEN IT WOULD COUNT[1] |
|---|---|---|---|
| # of hectares with improved management | Changes in practices or management of a cultivated area can generate additional yield per hectare. | Baseline global average of yield / ha<br>Assumption of additional potential yield / ha<br>% of adoption rate | Upon reporting as it assumes that the improvement has already occurred |
| # of trees distributed or sold | New coffee trees provide an opportunity to upgrade a farm's production, enabling additional yield per tree. | Additional yield potential per tree<br>Current average yield per tree<br>% success rate | Two years post reporting as yield improvements would not be immediate |
| # of people trained | Training leads to increased knowledge that when put in practice can generate farm improvements that impact farm yield. | Baseline global average of yield / ha<br>Assumption of additional potential yield / ha<br>% of adoption rate | One year post reporting as any related yield improvements would not likely be immediate |
| $ funding facilitated | Money invested in renovation, rehabilitation and technical assistance can increase performance of a farm, generating additional yield. | Link $ to one of the above categories<br>Follow the calculation of each category | Based on the related investment (ie: training, trees, etc) |

**ADDITIONAL METRICS:** In addition to the core metrics and proxies for total production, we are interested in understanding investments in R&D that have the potential to impact future production.

[1] Requires further discussion as part of the Resilient Supply CAN

| METRIC | RATIONALE | INPUT FOR CALCULATION | WHEN IT WOULD COUNT |
|---|---|---|---|
| $ funding facilitated | Money invested in research & development that could impact production. | This total value will be tracked separate from the other metrics to help tell the story of investments in actions that consider the future of coffee production. | As reported in the Commitments Hub |

**DATA COLLECTION PLAN:** Below is an overview of the proposed data collection plan for each metric. This serves as guidance for Sustainable Coffee Challenge partners who are interested in understanding the where, how and when behind the various metric. The sources, frequency and reporting party could change based on the needs of the entity stating the commitment.

| METRIC | UNIT | POTENTIAL SOURCE OF DATA | DATA CAPTURE FREQUENCY | RESPONSIBLE PARTY |
|---|---|---|---|---|
| Additional volume produced due to renovation, rehabilitation or technical assistance | MT GBE | Baseline yield | Annual | Local partner |
| Origin diversity | Country name | Places where investment is directed | Once upfront | Reporting entity |
| # of hectares with improved management | Hectares | Count of number of hectares where investments have occurred | Semi-annual or annual | Local partner |
| # of trees distributed or sold | Trees | Nursery logs | Annual | Local partner |
| # of people trained | People | Training logs | Semi-annual or annual | Local partner |
| $ funding facilitated | USD $ | Donor | Annual | Reporting entity |

**ASSUMPTIONS & DATA LIMITATIONS:**

In the interest of understanding how investments ladder up to collective progress, the Challenge has taken the liberty to develop several data assumptions. While assumptions hold an inherent set of challenges, they serve the purpose of creating a common reference point for calculations.

For the Resilient Supply category, the baseline averages are based on raw data collected in 2017 by Dalberg during the development of "*Renovation & Rehabilitation for Resilient Coffee Farms: A Guidebook for Roasters, Traders and Supply Chain Partners*".

To create the most accurate averages possible, CI used the country data to calculate regional averages, as shown in the table to the right.

The assumption behind adoption / success rates for training, tree provision and agronomic technical assistance is based on only half of actions (50%) generating a positive return on yield.

| | Regional Average (kg/ha) | Assumed increase kg/ha (50%) |
|---|---|---|
| Asia | 934 | 467 |
| Africa | 357 | 178 |
| Latin America | 501 | 251 |
| Global average | 533 | 267 |
| Global average (w/out Brazil & Vietnam) | 427 | 214 |

# Farmer + Worker Wellbeing + Prosperity

**2025 TARGET:** Establish living income /living wage benchmarks in 80% of ICO member producing countries; contribute to public and private and other partnerships to close living income and living wage gaps; and fully protect the rights and well-being of coffee farmer households and coffee farm workers.

| INDICATOR OF SUCCESS | CORE METRIC | EXAMPLES |
|---|---|---|
| Participation in development or updating of living income/living wage studies | Names of countries and/or regions in which SCC members participate in the development of new living income/living wage studies | Reporting entity should use, preferably, the Anker Methodology or, if not possible, other internationally recognized methodologies. |
| Steps taken to close the gap between established benchmarks and actual farmer household incomes/farm worker wages | # SCC commitments that support new and verifiable steps to close the gap on living income and living wage | • A public commitment to address farmer household incomes/farm worker wages<br>• Inclusion of living income/living wage payment in a code of conduct for suppliers or a human rights policy<br>• A system in place at farm level to assess/monitor/document farmer household income and/or workers' wages; and/or building capacity of local actors/organizations to do so<br>• A specific strategy in place to raise farmer household incomes/farm worker wages in supply chains or landscapes; could include focus on income diversification, access to financial services, financial education for producers, or other strategies<br>• Financial investments made or facilitated to close the gap between current incomes/wages and living income/living wage, such as by paying a living income reference price<br>• Implementing purchasing practices that demonstrably support higher farmer household income /farm worker wages<br>• $ invested in public-private partnerships that address farmer household incomes/farm worker wages<br>• Advocating for policies that support and create an enabling environment to improve farmer household income/ worker wages (at both the producer and importing country level where applicable) |
| Investments in activities at farm level to promote worker rights and well-being | $ funding facilitated toward programs, projects, or facilities— beyond certifications— at the farm level | • Research on labor issues (e.g., forced labor, child labor, gender discrimination, etc.) and root causes in specific countries or regions<br>• Systems in place at farm level to assess/monitor/document farmers'/workers' well-being and/or to build capacity of local actors/organizations to do so<br>• Remediation of violations of worker rights<br>• Promotion of collective bargaining, including the right to organize in free and independent trade unions |

| | | |
|---|---|---|
| | | • Grievance mechanisms, strengthening social dialogue and collective bargaining for workers and other mechanisms to enhance worker voice/agency<br>• Personal Protective Equipment (PPE)/safety equipment<br>• Health services<br>• Improvement of housing conditions for migrant workers<br>• Safe drinking water<br>• Provision of educational opportunities/services for workers' children<br>• Activities to promote workers entrepreneurship and workers formalization, as a way to improve living wage<br>• Initiatives or projects aimed at addressing the root causes of forced labor, child labor, and/or other types of labor exploitation in specific countries or regions |

**ADDITIONAL METRICS:** To help tell the story of industry progress related to people – farmers and farm workers - the Challenge will monitor several other indicators. Even though these are supplemental metrics, we ask partners who are tracking such data to share so that the Challenge can provide additional context to the efforts related to farmer and worker prosperity & well-being. The following indicators that will be tracked are:

| METRIC | RATIONALE / EXAMPLES | WHEN IT WOULD COUNT |
|---|---|---|
| # of coffee farm workers impacted from investments at the farm level | Rather than tracking "$ facilitated," this metric provides an alternate way to measure activities at farm level to promote worker rights and well-being | Upon reporting |
| # of coffee farm workers who are provided training on topics related to worker right and wellbeing | • Training on general worker rights, wages, working conditions, health & safety, child labor, women's rights, grievance channels, technical or business skills to improve their livelihoods, other issues related to worker well-being and prosperity<br>• Training for other actors that indirectly benefits workers, such as training to farmers, auditors, or labor brokers about how to protect workers' rights | Upon reporting. (Note that reports could include questions to assess demonstrable proof of trainings being applied, e.g. trainee conducted X audits, or X meetings were convened by field staff on labor issues to negotiate contacts, etc.) |
| # of farmers or farm workers who benefit directly from efforts to close the gap on living wage / income | Rather than measuring #SCC commitments, this metric offers an alternate way to measure steps taken to close the gap between established benchmarks and actual farmer household incomes/farm worker wages | Upon reporting |
| Participation in PPPs to close income gaps | The provision and review of benchmarks and actual incomes through multi-stakeholder processes is key, as well as actively developing and participating in strategies to close income gaps. | Upon reporting |

**DATA COLLECTION PLAN:** Below is an overview of the proposed data collection plan for each metric. This serves as guidance for Sustainable Coffee Challenge partners who are interested in understanding the where, how and when behind the various metric. The sources, frequency and reporting party could change based on the needs of the entity stating the commitment.

| METRIC | UNIT | SOURCE | DATA CAPTURE FREQUENCY | RESPONSIBLE PARTY | REPORTING FREQUENCY |
|---|---|---|---|---|---|
| # countries in which SCC members participate in the development of new living income/living wage studies | Country name | Places where studies are directed (preferably using Anker Methodology) | Once upfront | Reporting entity | Once at time of reporting |
| # countries in which SCC members actively participate in PPPs to close income gaps | Country name | PPP activity report | Annual | Reporting entity | Annual |
| # SCC commitments that support new and verifiable steps to close the gap on living income and living wage | SCC partner name | SCC Commitments Hub forms | Once upfront | Reporting entity | Once at time of reporting |
| $ funding facilitated | USD $ | Donor | Annual | Reporting entity | Annual |
| # of coffee farm workers impacted from investments at the farm level | People | Training logs | Semi-annual or annual | Local partner | Annual |
| # of coffee farm workers who are provided training on topics related to worker right and wellbeing | People | Training logs | Semi-annual or annual | Local partner | Annual |
| # of farmers or farm workers who benefit directly from efforts to close the gap on living wage / income | People | Training logs | Semi-annual or annual | Local partner | Annual |