

Racafé



Sustainability report



We contribute to sustainable development in our country creating value in all our relations.

www.racafe.com

Table of contents

Our history	1
Our reach. Where we operate	2
2021 results	3
Value chain and SDGs	4
Awards and recognitions	4
Actions contributing to the SDGs	6
Coffee trade	7
Working hand in hand with coffee growers	8
Partnerships for sustainability	9
Generated economic value	10
Performance in a challenging sector in 2021	10
Our commitments for 2022	11

Our HISTORY

We are one of the main coffee traders in Colombia, focused on the purchase, milling, trading and product development of green coffee. We support the responsible consumption of coffee by integrating into our management sustainability principles, which guide our decisions and contribute to the best performance of our organization.

- 1730**
The Jesuit community starts growing coffee in Colombia.
- 1835**
Beginning of coffee exports.
- 1870**
Colombian coffee exports go from 60,000 to 600,000 bags.
- 1927**
The Federación Nacional de Cafeteros (FNC) is founded.
- 1953**
Racafé is constituted as a green coffee export company. Its name refers to its founder, Rafael Espinoza. Additionally, our first milling plant opens in Quipile, Cundinamarca.
- 1956**
We become the country's second largest exporter.
- 1962 - 1989**
Beginning and end of the International Coffee Agreement.

Racafé obtains an identity with the code



By the end of the 20TH CENTURY, coffee is Colombia's main export product and foreign currency generator.

- 1993**
 - First private exporter to open a coffee cupping laboratory in Colombia.
 - Conventional coffees (Consumo and Pasilla) begin to be sold in the national market.
- 1994**
We begin to trade special coffee and obtain our first certifications.
- 1995**
TECHNOLOGICAL TRANSFORMATION AT RACAFÉ
Set up of colorimetric machines, bulk packaging in the milling plants.
- 2001**
Racafé obtains the BASC café certification to improve safety throughout the supply chain.
- 2013**
We adopt the 26000 Ecocert Standard and our company's good RSC practices are granted two stars by a third party.

- 2014**
 - Creation and adoption of Racafé's Sustainability Policy.
 - First sustainability report under the GRI guidelines.
- 2015**
Colombia opens up to the export of products other than Exceiso.
- 2017**
We open our Product Development and Creation Center.
- 2018**
 - We adopt the 26000 Ecocert certification with three RSC stars.
 - We mill the first coffee in Colombia with solar energy.
- 2019**
Creation of Internal Sustainability Standard CRECER.
- 2021**



- 151,846 bags milled with solar energy.
- 2,706 mature trees planted.
- We avoided the emission of 195.8 tons of CO₂.

Our reach

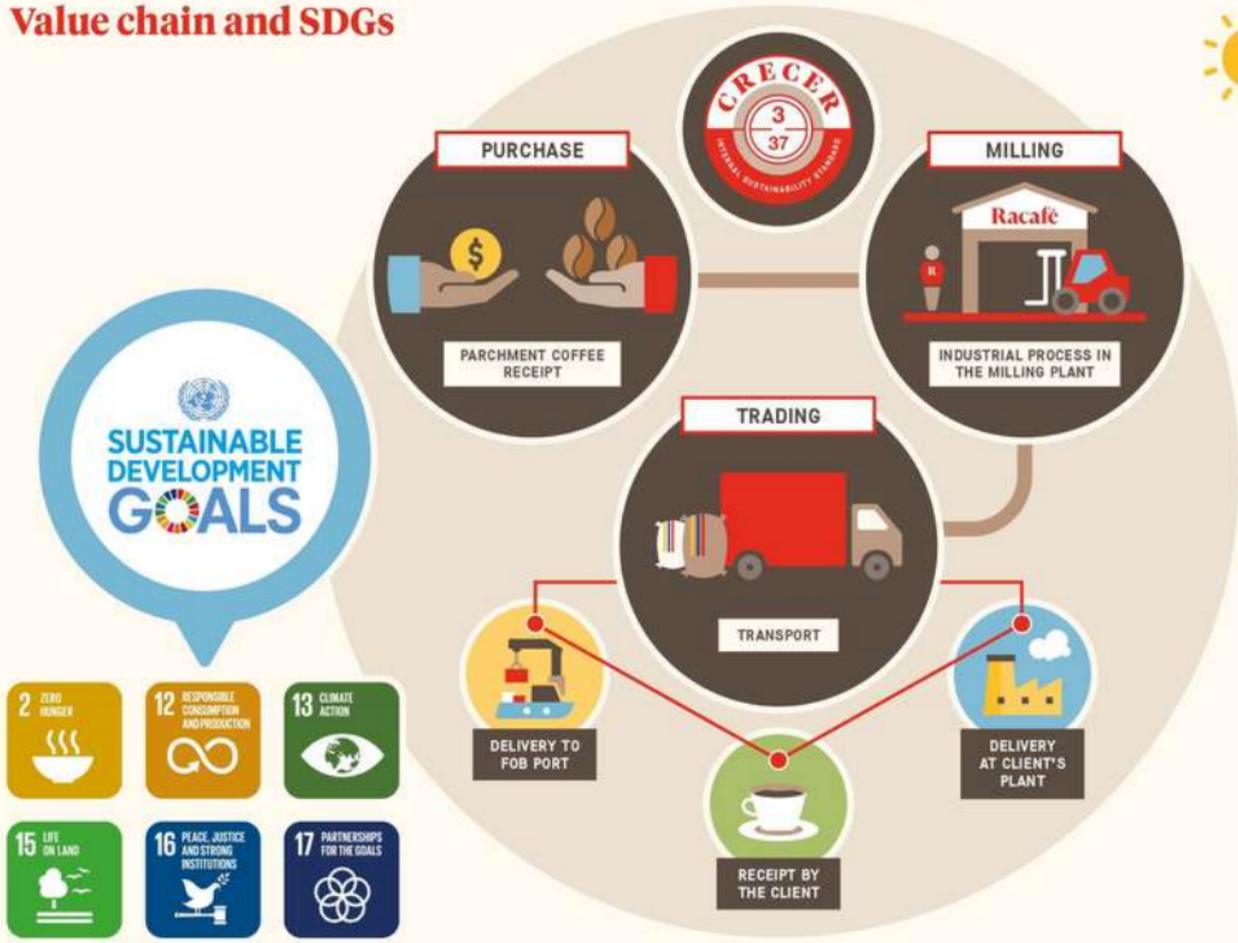


DESTINATION	2021
United States	30.3%
Europe	14.9%
Japan	4.8%
Australia	2.5%
Canada	2.7%
Israel	1.7%
South Korea	0.5%
Russia	0.2%
Others	4.9%
International sales	63%
National sales	37%

2021 results

ECONOMIC DIMENSION	68 years of experience in the market	7 milling plants 1 preparation plant	101 international clients in 37 countries	We reached 97 PORTS	Our participation in the GLOBAL market of Arabic coffee 1.61%	More than 3,370 containers EXPORTED	Q certified in 2021 4 RECERTIFIED 12 IN TOTAL
	1,449,991 bags National sales 37% International sales 63%	443,825 bags from regional, direct relationship, certified and verified programs:	188 clients in Colombia	Our share in the colombian market 11.5%	6th Logistics symposium Analysis and assessment of processes preceding Racafé's exports.	37 new regional and direct relationship PROGRAMS	We implemented the traceability module for 14 special coffees within the system CAFESYS
SOCIAL DIMENSION	5,105 PRODUCERS in the direct trade network	4,309 Certified and verified PRODUCERS	We purchased in 214 municipalities of Colombia	We purchased from 35 local associations and/or intermediate groups	We trained 2,470 producers 17 warehouses	# Employees 40% 60%	Investments in the COMMUNITY 1,483 million COP
	14,484 million COP Premiums paid over differentiated coffee	27,982 million COP Collection of coffee contribution	ADAPTATION TO COVID-19: 89% of direct collaborators FULLY VACCINATED 64% of indirect collaborators FULLY VACCINATED			496 associate properties	8 associate warehouses Antioquia 6 Valledupar 1 Santander 1
ENVIRONMENTAL DIMENSION	5.6% REDUCTION of energy consumption per coffee bag compared to 2020	0.38 kgCO ₂ /milled bag GEI emissions (REACH I AND II):	WE GENERATED 129,443 kWh SOLAR energy	We supported the installation of 121 WATER treatment systems in south Bolívar through a partnership with ASOCAFÉ	We milled 39,897 bags using renewable (solar) energy	ENVIRONMENTAL investment 109 million COP	

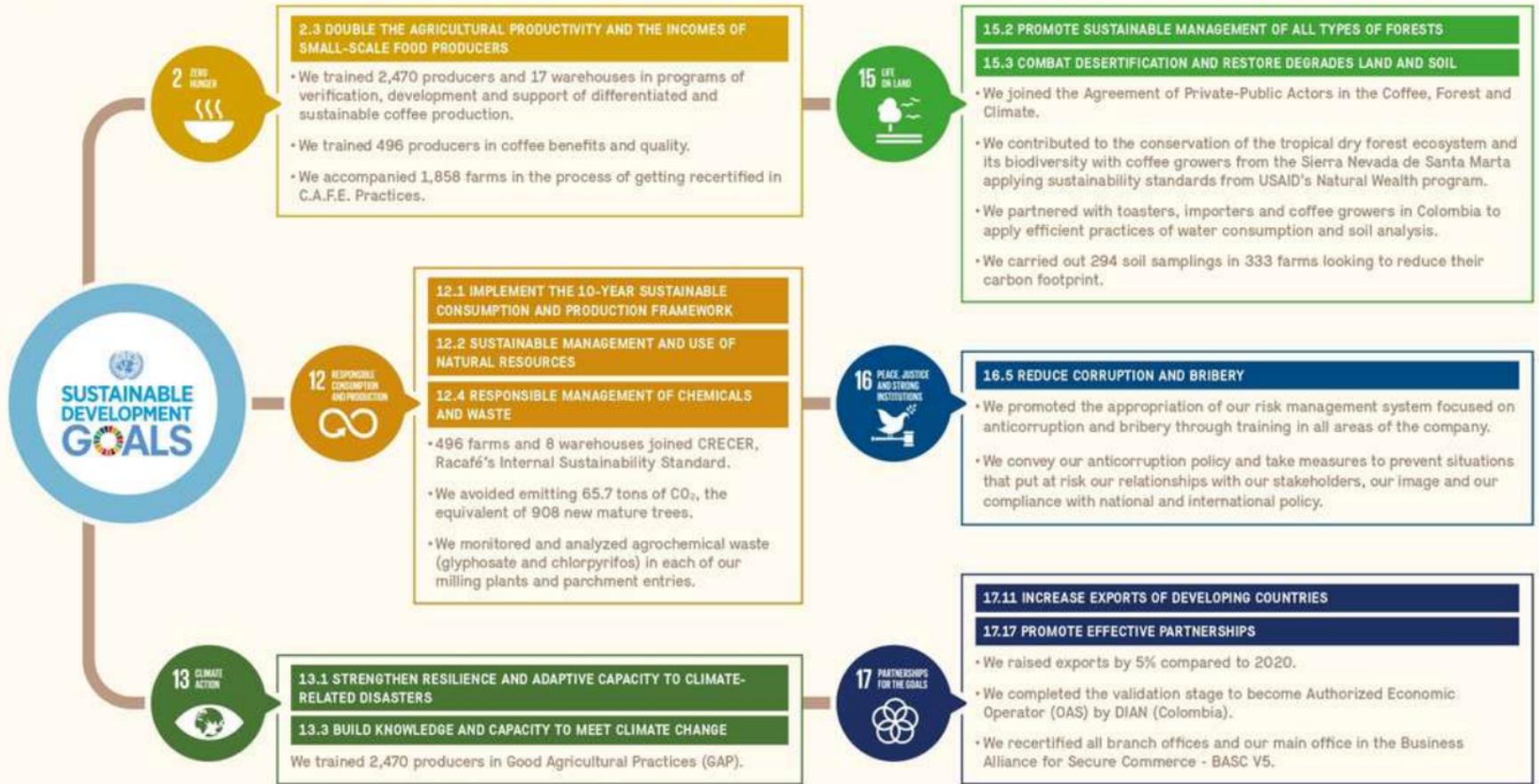
Value chain and SDGs



Awards and recognitions

- 2008**
Coffee of the Year Award SCAA event.
- 2015**
NUTRESA AWARD: Exemplary Provider in the Large Company Category 2015.
- 2017**
Recognition by the Colombian American Chamber of Commerce - AMCHAM Colombia, for our transparency and fight against corruption Statement.
- 2019**
Xposable recognition.
- 2021**
"EXEMPLARY PROVIDER IN SUSTAINABILITY" awarded by Grupo Nutresa.
- 2021**
Recognition and approval of the ACERCAR program from the Bogotá District Environmental Secretary.

Value chain and SDGs



Actions contributing to the SUSTAINABLE DEVELOPMENT GOALS

ACTIONS CONTRIBUTING TO THE SDGS, ACCORDING TO ORGANIZATIONAL OBJECTIVES AND GOALS

OBJECTIVE	2021 GOAL	2021 REAL	2022 GOAL	SUSTAINABLE DEVELOPMENT GOALS
Storage cost per bag	 9% decrease	 4% decrease	 3% decrease	
Freight efficiency	94%	94%	95%	 
Obtain the Authorized Economic Operator (AEO) and BASC Certifications	Obtain OAS certification	Final validation stage by DIAN	Obtain OAS certification	 
Develop new coffee programs	 10%	 20%	 10%	
Maintain handling cost per bag	Maintain same cost	Same cost was maintained	Maintain same cost	 
Contribute to the continuity of the business	Maintain seedbed at 100%	Maintained at 100%	3 supervisors ready for promotion	   
Maintain the kW cost per milled bag of coffee	Maintain same consumption	Consumption was maintained	Maintain same consumption	
Reduce carbon footprint	 5% decrease	Was maintained	 3% decrease	
Reduce extra hours in milling plants	 60% decrease	 55% decrease	 60% decrease	 
Implement CRECER (our internal sustainability standard)	600 farms	Implemented in 82.7%	500 farms	   

Coffee trade

PRODUCTS TRADED IN 2021		
 CERTIFIED AND VERIFIED COFFEES	 COFFEES FROM REGIONAL AND DIRECT RELATIONSHIP PROGRAMS	 CONVENTIONAL COFFEES
4C	Regional coffees (per province and municipality)	Pasilla
C.A.F.E. Practices	Coffees from producers' association or group	Consumo
Rainforest Alliance Certified™	Single-estate coffees	Product of Colombia
UTZ Certified	Special cup score	Excelso
Fairtrade		Supremo
Organic (Colombia, EOS-EC, JAS, NOP-USDA)		
CERTIFICATIONS WITH PRODUCT SEALS AND VERIFICATIONS OF SUPPLY CHAIN		SOCIAL RESPONSIBILITY AND GOOD BUSINESS PRACTICES
		
		
		
		<small>BUSINESS ALLIANCE FOR SECURE COMMERCE</small>

Working hand in hand with coffee growers

Our green coffee purchase operations are based on a close relationship with producers, which allows us to develop and support sustainable agriculture practices.

WORKING HAND IN HAND WITH COFFEE GROWERS

WE TRAINED
2,470 producers
17 warehouses
 in programs of verification, development, and support in the production of differentiated and sustainable coffee.

1,858 FARMS
 supported in obtaining **C.A.F.E. Practices** recertification

3 Harvest forecast TOURS,
 16 months in advance

2,470 Producers trained in **Good Agricultural Practices (GAP)**

WE DONATED 550 presents
 to children from the village of Monserrate, Huila

666 Shade KITS delivered to producers

We supported the installation of **121 water treatment systems** in South Bolivar through a partnership with **ASOCAFÉ**

Regions reached by our work group in the **COUNTRY**

7 milling plants
1 preparation plant

Joined **CRECER** Standard

496 PRODUCERS | **8 WAREHOUSES**

394 SOIL SAMPLES in **333 FARMS**
 to reduce the **CARBON FOOTPRINT** at the source

496 producers trained in coffee benefits and quality

“We are a **bridge** between Colombian producers and the coffee industry around the world”.

Partnerships for sustainability

1 COFFEE, FOREST AND CLIMATE AGREEMENT WITH PRIVATE-PUBLIC ACTORS



Solidaridad

Racafé

In 2020 we joined the Agreement of Private-Public Actors from the coffee value chain to promote production and sustainable livelihoods for farmers, contribute to the protection and restoration of Colombian forests averting the degradation and deforestation of forests in coffee-growing systems, and implement actions to promote the adaptation, mitigation and resilience of coffee-growing communities to climate change.

COMMITMENTS:

- Promote the conservation and management of forest and reforestation areas as a strategy to achieve sustainable coffee production based on ecosystem services.
- Favor tree planting in coffee-growing systems in order to increase GHG capture.
- Promote productive restoration in coffee-growing systems to support the Plan Nacional de Restauración Ecológica, Rehabilitación y Recuperación de Áreas Degradadas - PNR.
- Promote the preservation of the country's strategic conservation areas.
- Set quantitative and progressive goals for the short (2023), medium (2025) and long term (2027).
- Communicate to markets that coffee growers are committed to **ZERO DEFORESTATION** sustainable coffee production systems.



2 NATURAL WEALTH IN THE SIERRA NEVADA DE SANTA MARTA

In 2020 we joined **USAID's Natural Wealth** program as commercial allies of the Asociación de Productores Agroecológicos Indígenas Kankuamos de la Sierra Nevada de Santa Marta - **ASOPROKAN**, and of the Asociación de Productores Orgánicos de la Sierra Nevada - **ASOPROSIN**, to: promote good agricultural practices, apply sustainability standards, preserve the dry tropical forest ecosystem and its biodiversity, and grant them access to differentiated markets with higher added value. In 2021, with an investment of more than 2,730 million COP, the program has yielded:

- **85 PRESERVATION AGREEMENTS** signed with coffee-growing Kankuama families over an area of 3,871 intervened hectares and 60,000 seedlings.
- **95 ASSOCIATED PRODUCERS**, 75 in Cesar and 20 in Magdalena, over an area of 1,400 intervened hectares and an average trade of 187,836 kg of parchment coffee per year.

3 STRENGTHENING SUSTAINABLE CROP SKILLS AMONG COMMUNITY GROUPS IN HUILA

In 2019 we participated in the cooperation agreement for the Project to contribute to the improvement of the socio-organizational corporate and productive conditions of organizations dedicated to passionflower and coffee production in the department of Huila. Although this project ended in 2020 and required investments of over 510 million COP, its benefits transcend time because:

- It left an installed capacity in seven farmer associations from the region such as the Asociación de Productores Agropecuarios Nuevo Milenio **PROAGROMIL** and the Asociación de Mujeres Cafeteras de Villa Mercedes - **ASMUCAVIME**.
- It benefited over 200 farmer families.

4 REDUCE CARBON FOOTPRINT AND SAVE WATER IN TRADITIONAL COFFEE-GROWING AREAS

In 2021 we partnered with Starbucks, Mercon and some Colombian coffee growers under the following guidelines:

- Mitigate economic and socio-environmental impact in the area.
- Promote amongst farmers the implementation of efficient practices with the installation of new benefit systems wet process module that include depulper and demucilaginador machines to reduce water usages in coffee production and conduct soil analysis to reduce loss of fertilizers and its environmental impact.
- Intervene 68 farms (408 hectares extension) for water saving and 3,240 producers (15,234 hectares extension) for fertilizers reduction and sustainable management.



Back to the start



Racafé



Fundación Bolívar Davivienda

Racafé



Racafé

Generated economic value

The growth of our business is supported by Risk Management, Internal Control, and the implementation of International Financial Reporting Standards, IFRS, which guide our financial operations.

GENERATED, DISTRIBUTED AND RETAINED ECONOMIC VALUE

ECONOMIC VALUE*	2020		2021	
Generated	100%	\$1,025,000	100%	\$1,372,000
Distributed	99.1%	\$1,016,000	99.3%	\$1,362,000
Retained	0.9%	\$9,158	0.7%	\$10,265

DISTRIBUTED ECONOMIC VALUE*

	2020	2021
Operational costs: - Investments in fixed assets, infrastructure, environmental, operation - Sustainability	\$979,036	\$1,326,150
Employee's salaries and benefits	\$16,999	\$17,720
Payments to creditors	\$6,876	\$5,181
Government taxes	\$11,740	\$12,144
Investments in the community	\$1,727	\$1,483

*Data in COP million

We generate economic value in a **SUSTAINABLE** way for the benefit of our collaborators, clients, shareholders, providers, the community and our country.

Performance in a challenging sector in 2021



Coffee production **DECREASED** by 9.5% compared to 2020.

- Weather events that affected production in some of the country's regions.



Price **VOLATILITY**

- Coffee price surges.
- Impact of negotiations of futures contracts.
- 51.4% rise in the international coffee quote compared to 2020.



DISRUPTIONS in the logistics chain:

NATIONAL

- Closures and blockades due to national strikes that began on April 28.
- Increase of land freights.

- Cargo accumulation - closed ports. 16,900 tons of coffee accumulated in the port of Buenaventura. Higher storage costs and longer export times.

INTERNATIONAL

- Global container crisis.
- Fall of coffee exports by 1% - 75,000 less bags sold compared to 2020.

2021 was a challenging year for Racafé. The challenges facing our country, centered on a safe return to work and economic reactivation, as well as the challenges pertaining to the coffee sector, demanded from our organization a larger use of strengths and skills to uphold its commitment to generate value for our business and its stakeholders. Foresight, adaptation to change and resiliency, especially in the supply and logistics chain, allowed Racafé to conduct an operation in surplus without affecting the value generated for producers and their clients. Sustainability actions, along with successful long-term relations effectively contributed to the achieved results.



Our 2022 commitments



ENVIRONMENTAL

Racafé upholds its commitment to continue its operations and promote amongst its stakeholders its declared principles of sustainable development, efficient use of resources and waste, climate mitigation, and respect and promotion of biodiversity.

IN 2022 WE HAVE RESOLVED TO:

- Implement Racafé's internal sustainability standard CRECER (economic social and environmental criteria) in at least 500 new farms.
- Maintain energy use efficiency by consuming 3kW per bag.
- Reduce the carbon footprint by 3% to contribute to the reduction of Greenhouse gases and their impact on climate.



SOCIAL

Racafé upholds its commitment to provide wellbeing, development and fair treatment to all its collaborators and promote amongst its stakeholders sustainable development frameworks that contribute to the improvement of their economic and social conditions and to the preservation of their natural environment.

IN 2022 WE HAVE RESOLVED TO:

- Execute the work environment assessment action plan.
- Measure organizational culture.
- Carry out the first exercise for the inclusion of people with disabilities.
- Keep 100% of the workforce that is part of the seedbed program.
- Strengthen courses and training activities of Escuela Racafé's internal training program.
- Reduce by 60% extra hours in milling plants in order to give back quality free time to those who carry out these activities.
- Continue strengthening the Centro de Investigación y Desarrollo to improve service and support for clients and farmers.
- Potentiate new product development.



ECONOMIC

Racafé upholds its commitment to operate with the transparency and cost-operative efficiency to generate value within the organization and for its stakeholders.

IN 2022 WE HAVE RESOLVED TO:

- Maintain and strengthen product quality through Q grader certification of three new cuppers.
- Recertify four cuppers.
- Develop 10% new coffee programs.
- Implement the HACCP food safety system in our milling plants.
- Strengthen the Product quality management system in our milling plants.
- Carry out 2 annual internal audits in each milling plant.
- Implement the system in Arenales homogenization plant.
- Strengthen the safety management and supply chain control system through recognition as Authorized Economic Operator (OAS) by DIAN (Colombia).
- Maintain the BASC 5 certification.
- Implement an automated IT system for a comprehensive management of processes and risk.
- Improve logistic chain performance through the implementation of phase II of the shipping company management indicators in foreign trade project.
- Systematize processes in the logistic platform to increase freight efficiency to 95%.
- Reduce by 3% the costs of storage per bag.

