

Racafé



Sustainability Report



We work to firmly integrate sustainable development to our business strategy.

www.racafe.com

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We are the present and the future

On the verge of completing 70 years of ongoing operations, at Racafé we continue to bet on the development of our country through the trade of differentiated coffee with high added value.

For us, 2022 was an opportunity to demonstrate that sustainability is present in the organization's DNA and that it has allowed us to be resilient in the midst of an international economic landscape marked by uncertainty and instability, as well as the environmental and social challenges facing our market, which were both essential triggers for us to focus our actions in a way that allows us to continue to generate value for all those who are part of our value chain.

Part of our accomplishments in terms of sustainability, were framed in the intention to continue to guarantee our product's traceability, which is why we maintained our Internal Sustainability Standard, CRECER, which received recognition. Additionally, we made our Sustainability Report for the 5th consecutive year following GRI Standard guidelines with verification by ICONTEC; we keep working on information management to improve decision making, and we joined the Colombian Corporate Council for Sustainable Development CECODES, which is the Colombian Chapter of the World Business Council for Sustainable Development (WBCSD). There, we will be working with the other associated companies on sustainability issues in the corporate vanguard based on international references such as Vision 2050, the Sustainable Development Goals (SDGs), the Paris Agreement, and others.

These aspects, amongst others, have drawn up a roadmap that we hope to continue strengthening in 2023 along with all our groups of interest.



Who we are

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 and the development of inclusive production plans as we integrate into our management sustainability principles that guide our decisions and contribute to improve our organization's performance.

Our operations



7 MILLING PLANTS

Neiva	Pereira
Popayán	Medellin
Bogotá	Bucaramanga
Armenia	

1 PREPARATION PLANT

3 PORTS

Santa Marta
Cartagena
Buensaventura

International clients

101

Clients in Colombia

234

Countries we reach

41

Participation in the Colombian market

12.4%

SALES

International

57%

National

43%

How we make it possible: from tree to cup

We understand the importance of the development of our special green coffee producers and take on our role to promote initiatives that improve social, environmental, and economic conditions in the communities in which we carry our operations, so that we can guarantee that we offer the best quality coffee.

Our coffee growing families receive income for sales of differentiated coffee at a better price.

We bet on having better infrastructure for coffee drying and on decision making based on harvest forecasting.

Clients participate in every process in the chain and are an essential part of developing a differentiated product.

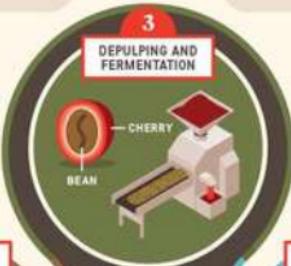
1
PLANTATION



2
PICKING AND SELECTION



3
DEPULPING AND FERMENTATION



4
WASHING



5
DRYING



6
CLEANING, MILLING, AND CLASSIFICATION



7
ROASTING AND GRINDING



8
PREPARATION IN THE CUP



69 years

contributing to the country's agroindustrial development.

5,972 providers directly associated.



We promote and foster the development of good environmental and social practices.

Racafé



In 2022 we assessed 3,787 providers in terms of sustainability.

Racafé in numbers 2022



A differentiated coffee

PRODUCTS TRADED IN 2022		
		
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	Farm coffees	Product of Colombia
Fairtrade	Special coffee by cup	Excelso
Organic (Colombia, EOS-EC, JAS, NOP-USDA)		Supremo
CERTIFICATIONS WITH PRODUCT STANDARDS AND SUPPLY CHAIN VERIFICATIONS		SOCIAL RESPONSIBILITY AND GOOD BUSINESS PRACTICES
		
		
		

AWARDS AND RECOGNITIONS

2015

NUTRESA AWARD: Large Business Exemplary Provider.

2017

Recognition by the American - Colombian Chamber of Commerce AMCHAM of our declaration of transparency and fight against corruption.

2019

Xpobles recognition.

2021

- "Exemplary Provider in Sustainability" awarded by Nutresa.
- Recognition and approval, Bogota District Environmental Secretariat Program.

2022

- "Exemplary Provider in Innovation" awarded by Nutresa.
- Recognition for Environmental Excellence at the PREAD Program - Bogota District Environmental Secretariat.
- Winners of the BritCham Award in the "Large Business Corporate Governance" category.



Working hand in hand with COFFEE GROWERS

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

Through the application of our **CRECER** Standard we determine the level of progress in terms of sustainability in each one of the coffee-growing farms and design and implement actions for improvement.

In **2022** we accomplished:

666 FARMS

accompanied in the C.A.F.E. practices reverification process.

We accompanied several of our clients to visit producers that provide them with

RAW MATERIALS.

3 HARVEST FORECAST TOURS

Forecast made **16 MONTHS** in advance.

3 AUDITS

- **666 PRODUCERS RECERTIFIED** (Santander, Cundinamarca and Boyacá).
- Reverification of the **C.A.F.E. practices** chain in the Coffee Axis.
- **4C** 4,266 producers, 33 warehouses.



Implemented in
179
farms
and completed
70
follow-up visits.

171 BONUSES

given to **COFFEE GROWING WOMEN.**

WE DONATED 350 PRESENTS

to children of the communities of Monserrate, la Mesa, Alto Patico and la Muralia in the municipality of La Plata Huila.

261 providers

updated in RainForest regulation.

122 trained

in "Quality Induction", with the participation of associations such as: ASOPROCASINES, ASOPROCAFE, PROAGROMIL and producer groups.

14 TRAININGS HELD

for field teams.



We partnered to develop 2 projects:

1. "Carbon Footprint Reduction"
2. "Water Consumption Reduction".

We held the
1st Symposium
FIELD TEAMS/SPECIAL COFFEES
to continue to strengthen
knowledge and skills.

3,404 PRODUCERS TRAINED

in environmental, social, and economic aspects: good agricultural and manufacturing practices, soil analysis, coffee renovation, management and trade, personnel protection, and climate change, amongst others.

We implemented the
RAINFOREST ALLIANCE in
48 farms / 288.8 ha. in the
process of being certified.



How we guarantee our coffee's sustainability: OUR 3 BIG BETS

We develop diverse projects in order to improve coffee production and reduce water, ground and air contamination. We implement good agricultural practices in the associated farms so they can be sustainable.

Our value chain can contribute to fighting climate change, which is why we carried out a pilot as a start point to take informed decisions oriented towards carbon footprint reduction.

We work in favor of improving in decision-making abilities based on transparent and systematic information management.

TRANSFORMING OBJECTIVES INTO ACTIONS - PROJECTS

Carbon footprint reduction	1,572 soil samples and delivery of analysis results.
Water consumption reduction during the wet milling process	68 ECOMIL wet milling benefit systems delivered. Before the implementation, water consumption was around 16 liters of water per 2 lbs. of dry parchment coffee. With the equipment delivered there is an approximate consumption of 1.2 liters per kg of coffee.
More productive C.A.F.E. Practices farms in Colombia	Through the project, 1,502,200 coffee seedlings were delivered to encourage coffee plantation renovation and improve productivity.
Implementation of coffee pulp compost pits	Benefiting producers from the municipality of Caldas who can now reduce the use of inorganic fertilizers and produce less waste.
Rainforest Alliance Implementation	48 farms located in Hulla and Cauca with a reach of 249.85 ha.

COMMITMENT WITH CLIMATE CHANGE

We measured the product's carbon footprint for C.A.F.E. Practices production and trade line, including RACAFE's direct and indirect GHG emissions in the processes related to coffee cultivation, post-harvest, benefice, milling and transportation.

MAIN RESULTS:

Total emissions reached a value of 2.81E-03 Ton CO₂e/kg.

If carbon absorptions were taken into account, the footprint would be -0.9x10E-4 Ton CO₂e/kg, which means that more carbon is being absorbed than emitted.



DATA MANAGEMENT AND USE

We started a transformation to become a data driven company where each member has access to information relevant to completing their tasks so that decision making is based on analysis, innovation, collaboration, and communication.

THIS HAS BEEN PARTICULARLY RELEVANT IN THE FOLLOWING ASPECTS:

1. SUPPORT IN DECISION MAKING.

Thanks to changes in its culture, Racafé is capable of making decisions based on historic data evidence rather than intuition.

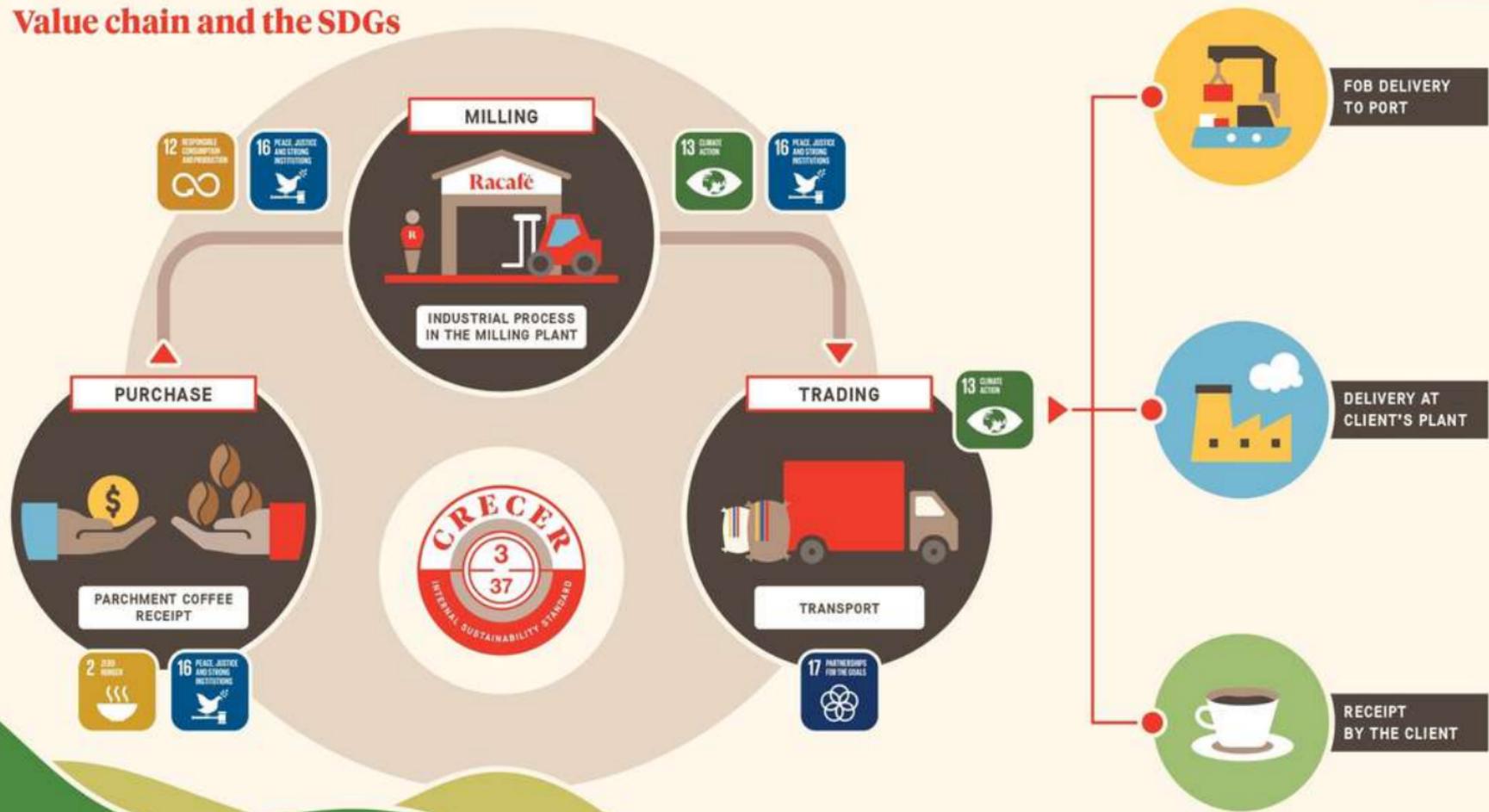
2. PROBLEM RESOLUTION AND BUSINESS REQUIREMENTS.

Consolidated and centralized data has allowed us to answer business questions more efficiently and diligently. Additionally, we have a more comprehensive vision of the business cycle and the life cycle of data.

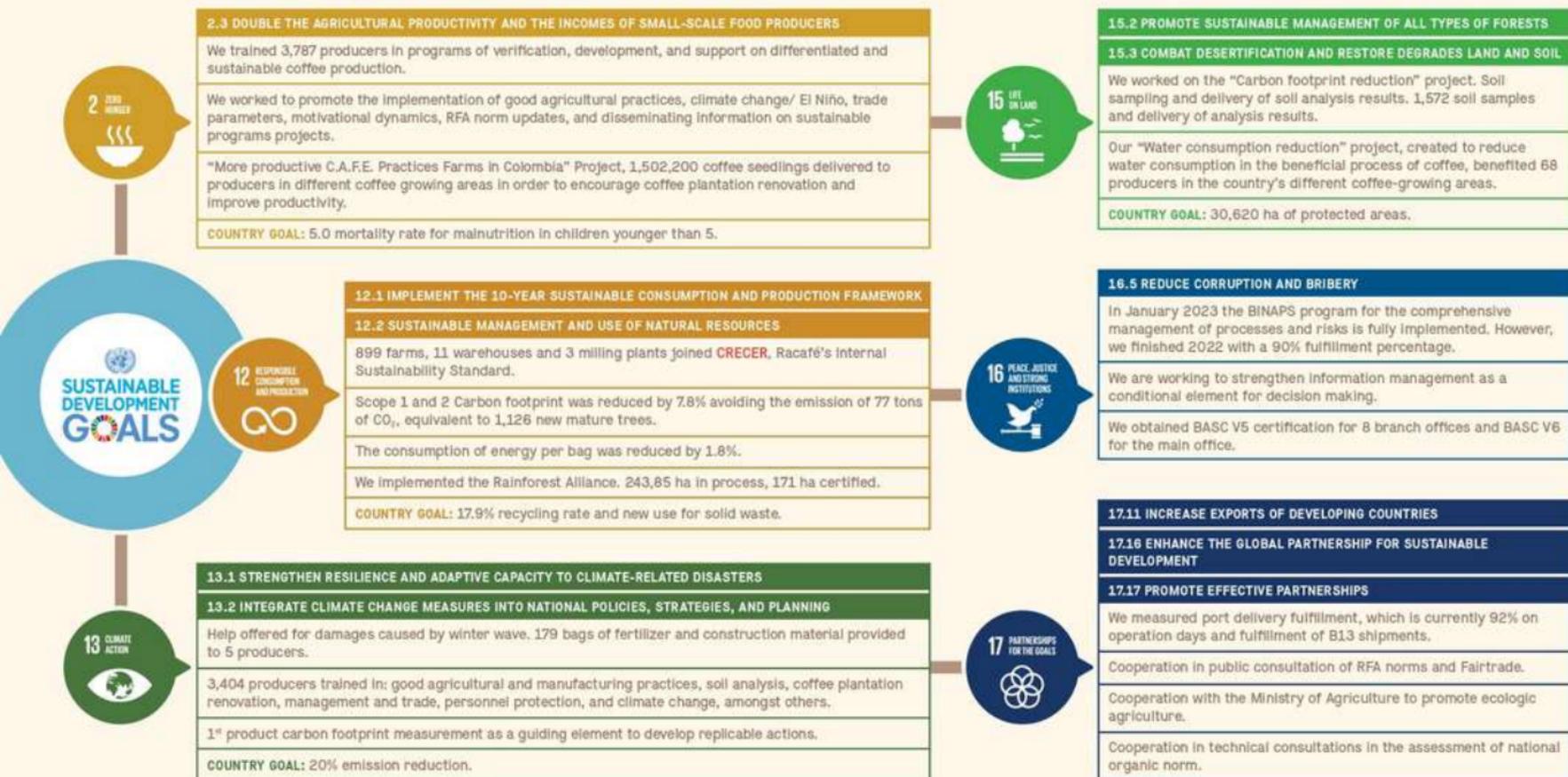
3. ONGOING IMPROVEMENT OF THE ANALYTIC PROCESS.

By providing them with valuable information, company members can dedicate their efforts to analysis and therefore propose new business questions and identify possible risks.

Value chain and the SDGs

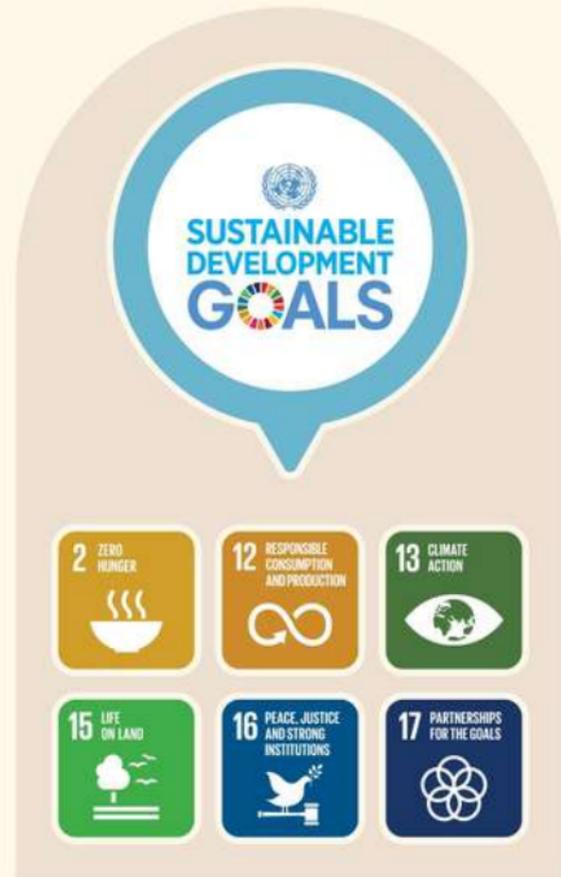


Actions contributing to the SDGs



Actions contributing to the SDGs

ACTIONS CONTRIBUTING TO THE SDGS, ACCORDING TO ORGANIZATIONAL OBJECTIVES AND GOALS			
OBJECTIVE	2022 GOAL	2022 REAL	2023 GOAL
Storage cost per bag	 3% decrease	 25% decrease	Maintain
Freight efficiency	95%	93%	93%
Obtain the Authorized Economic Operator (AEO) and BASC Certifications	Obtain AEO certification	AEO certification	Maintain AEO Certification
Develop new coffee programs	 10% increase	 8% increase	 10% increase
Maintain the handling cost per bag	Maintain same cost	 8% decrease	Maintain
Contribute to the continuity of the business	3 supervisors ready for promotion	100% - 3 supervisors are ready for promotion	5 supervisors ready for promotion
Maintain the kW consumption per bag	Maintain same consumption	 1.98% decrease	Maintain same consumption
Reduce carbon footprint	 3% decrease	 7.8% decrease	 3% decrease
Reduce extra hours in milling plants	 60% decrease	 53% decrease	 55% decrease
Implement CRECER (our internal sustainability standard)	500 farms	179 farms	500 farms



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*	2021		2022	
Generated	100%	\$1,372,944	100%	\$1,975,900
Distributed	99.1%	\$1,362,679	98.7%	\$1,952,461
Retained	0.9%	\$10,265	1.3%	\$23,438

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

DISTRIBUTED ECONOMIC VALUE*

	2021	2022
 OPERATIONAL COSTS: - Investments in fixed assets, environmental, operation, infrastructure - Sustainability	\$1,326,150	\$1,881,591
 Employee's salaries and benefits	\$17,720	\$20,229
 Payments to creditors	\$5,181	\$16,019
 Government taxes	\$12,144	\$31,654
 Investments in the community	\$1,483	\$2,967

*Numbers in million COP

“WE ARE A **BRIDGE**
BETWEEN COLOMBIAN
PRODUCERS AND THE
COFFEE INDUSTRY
WORLDWIDE”



Our commitments for 2023



ENVIRONMENTAL

CHALLENGES

Racafé maintains its commitment to continue with its operations and promote, amongst its groups of interest, its declared sustainable development principles, an efficient use of resources and waste, climate mitigation, and respect and promotion of biodiversity.

IN 2023 WE HAVE SET OUT TO:

Continue in PREAD's Environmental Excellence Program and achieve Elite category.

Reduce our carbon footprint by 3% as a contribution to the reduction of greenhouse gases and their impact on climate.

Maintain efficiency in the use of energy with the consumption of 3kw per bag.

Implement RACAFE's Internal Sustainability Standard **CRECER** (economic, social and environmental criteria) in at least 500 new farms.



SOCIAL

CHALLENGES

Racafé maintains its commitment to provide wellbeing, development and fair treatment to all its collaborators and promote, amongst its groups of interest, sustainable development plans that contribute to improve their economic, social and natural environment preservation conditions.

IN 2023 WE HAVE SET OUT TO:

Reduce accidents by 10%

Design and implement a Culture Plan based on safe behavior.

Adjust the Fall Protection Program and implement a Work in Confined Spaces Program following updated regulation.

Strengthen RACAFE's volunteering program.

Develop activities in milling plants, covering at least 66% of existing workforce.

Strengthen Futuro V program in which we teach practices to save water and energy at home.

Strengthen the employee leadership program so that they can continue to develop decision making and conflict resolution skills amongst others.



ECONOMIC

CHALLENGES

Racafé maintains its commitment to operate with high standards of transparency and cost-operational efficiency to generate value inside the organization and for its groups of interest.

IN 2023 WE HAVE SET OUT TO:

Prepare for AEO recertification and update to BASC version 6 in milling plants, by maintaining our Supply Chain Control and Security Management System and its ongoing improvement.

Integrate different management systems that the company has implemented within the BINAPS program.

Maintain the commercial distribution and strengthen market diversification plans.

Continue to keep up our value promise following the terms and timelines agreed with all our groups of interest.

