



# Racafé

Casa fundada en 1953.

## Sustainability Report 2019

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

[www.racafe.com](http://www.racafe.com)



# Who are we?

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 sustainability principles into our management, which guide our decisions and contribute to the best performance of our organization.

## Where do we operate?



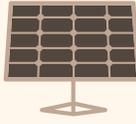
ECONOMIC DIMENSION

<b>66</b> years of experience in the market	<b>8</b> milling plants	<b>98</b> international clients in <b>37</b> countries	In 2019 we reached <b>101</b> ports	Our participation in the <b>global</b> market of arabica coffee in 2019: <b>1.78%</b>	More than <b>3,624</b> containers exported in 2019				
 <b>Coffe bags (60 kg)</b> sold in 2019 <b>1,648,019</b> bags <table border="1"> <tr> <td>COLOMBIA</td> <td>EXPORTED</td> </tr> <tr> <td><b>37.3%</b></td> <td><b>62.7%</b></td> </tr> </table>		COLOMBIA	EXPORTED	<b>37.3%</b>	<b>62.7%</b>	 <b>Coffe bags (60 kg)</b> sold in 2019 <b>379,717</b> bags FROM REGIONAL, DIRECT RELATIONSHIP, CERTIFIED AND VERIFIED PROGRAMS		Clients in <b>Colombia</b> in 2019 <b>151</b>	Our participation in the <b>colombian</b> market in 2019 <b>11.2%</b> <small>*Colombian production</small>
COLOMBIA	EXPORTED								
<b>37.3%</b>	<b>62.7%</b>								
<b>Q</b> certified in 2019 <b>2</b> NEW <b>14</b> IN TOTAL 	We implemented our <b>Logistics Project</b> for freight consolidation with other <b>exporters</b> 	We held our <b>4<sup>th</sup></b> <b>Logistics Symposium</b> [ Safety in the supply chain ]	<b>12</b> NEW REGIONAL AND DIRECT RELATIONSHIP <b>programs</b> <b>1,576</b> sold bags 	In 2019 we received the <b>BASC</b> <b>Version 5</b> Certification					

SOCIAL DIMENSION

<b>Producers</b> in the <b>direct trade</b> <b>network</b> <b>4,254</b>	<b>Certified and</b> <b>verified</b> <b>producers</b> in 2019 <b>2,817</b>	<b>We purchased in</b> <b>246</b> MUNICIPALITIES OF COLOMBIA 	LOCAL ASSOCIATIONS AND/OR INTERMEDIATE GROUPS <b>86</b>	In 2019 we trained <b>1,637</b> PRODUCERS <b>36</b> WAREHOUSES 
<b>Employees</b> in 2019  <b>43%</b>  <b>57%</b>	<b>Premiums paid</b> over differentiated coffee in 2019: <b>15,216</b>  million COP	<b>Collection</b> of coffee contribution in 2019: <b>29,666</b>  million COP		
We recognized and supported <b>LOCAL</b> <b>INITIATIVES</b> in every farm and community with our 	 INTERNAL SUSTAINABILITY STANDARD	<b>Investments in the</b> <b>COMMUNITY</b> in 2019 <b>2,015</b> million COP 		

ENVIRONMENTAL DIMENSION

We generated <b>137,018 kWh</b> <b>of solar</b> <b>energy</b> 	We milled <b>45,367 BAGS</b> using <b>renewable energy</b> 	We delivered <b>23</b> WATER TREATMENT PLANTS in the Monserrate region 
<b>REDUCTION OF ENERGY</b> consumption per coffee bag <b>4%</b> compared to 2018 	Reduction of GEI <b>emissions</b> <b>2.4%</b> compared to 2018* <small>*I y II reach</small> 	<b>Environmental</b> investment in 2019 <b>884</b> million COP 

# Internal Sustainability Standard CRECER



## What for?

To promote sustainable forms of continuous participation throughout the coffee production chain. Racafé implements an **INTERNAL SUSTAINABILITY STANDARD** to support communities.



In order to develop local strategies which add differential value to coffees with a

**SUSTAINABLE PURPOSE.**

## For whom?

Improve the quality of life of coffee growers families in terms of:

ENVIRONMENTAL

SOCIAL

ECONOMIC



EFFICIENT USE OF NATURAL RESOURCES

IMPROVE LIFE QUALITY OF COFFEE GROWERS FAMILIES

IMPROVE QUALITY

# We promote differentiated coffee trading

We promote sustainability in the supply chain by complying with the following standards:

PRODUCTS TRADED IN 2019		
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		Consumo
Rainforest Alliance Certified™	Coffees from producers association or group	Product of Colombia
UTZ Certified		Excelso
Fairtrade	Single-estate coffees	Supremo
Organic (Colombia, EOS-EC, JAS, NOP-USDA)	Special cup score or profile	
CERTIFICATIONS WITH PRODUCT SEALS	VERIFICATIONS OF SUPPLY CHAIN	SOCIAL RESPONSIBILITY AND GOOD BUSINESS PRACTICES
   	 	   

# We innovate for sustainable development

We use technology to optimize information capture during monitoring visits.



Innovative management gives us:  
Traceability in our activities

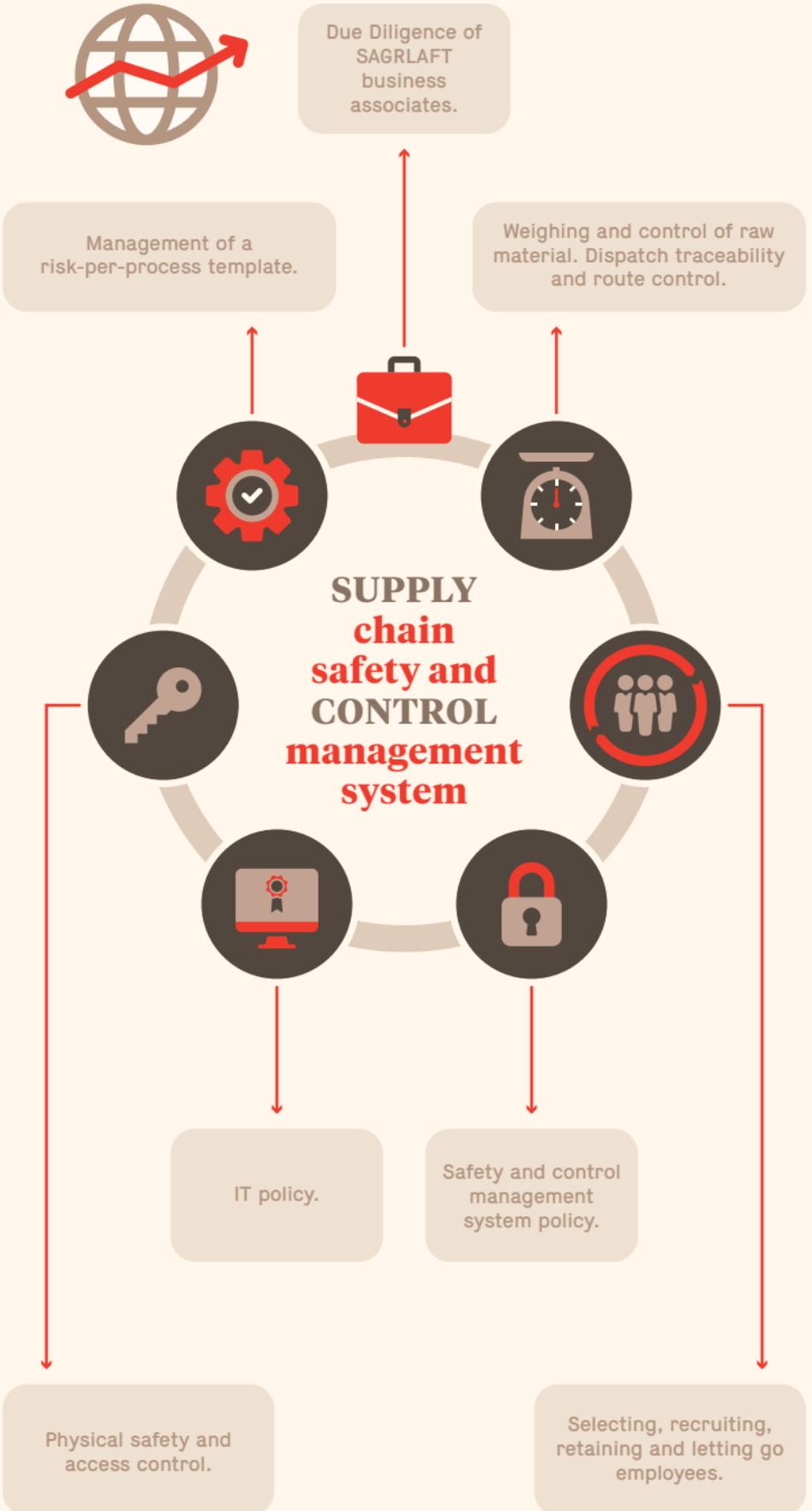
Georeferencing of our coffees' origins

Real time information

Monitoring of personnel in the field

# Safety and control in the supply chain

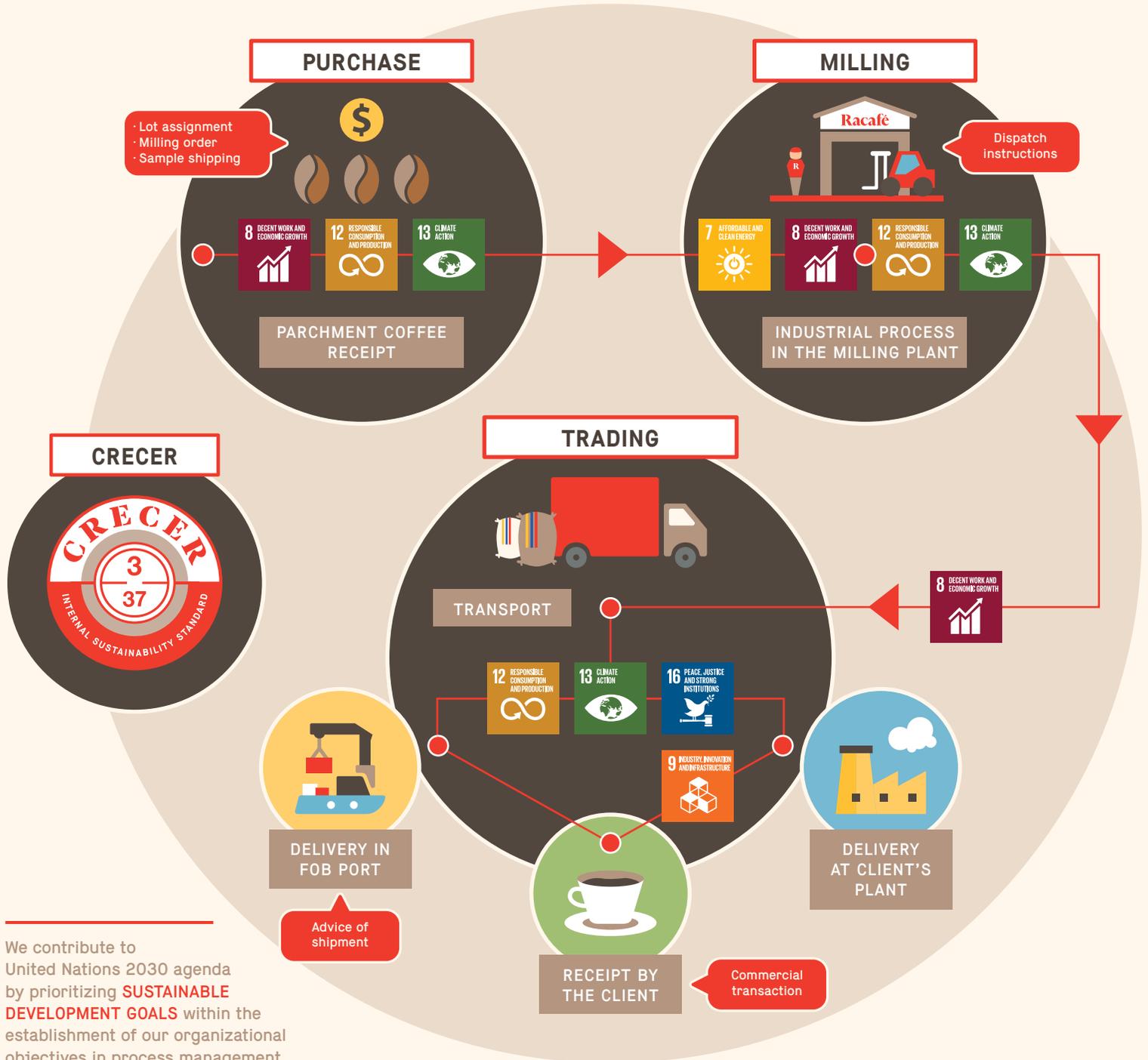
We have a **Supply Chain Safety and Control Management System** based on our **BASC V5 CERTIFICATION** and on the implementation of the DIAN's **AUTHORIZED ECONOMIC OPERATOR** requirements.



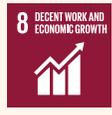
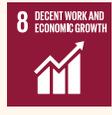
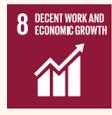
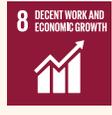
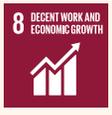
# We create value

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

In a globalized market, the most valuable contribution we make to the supply chain is to develop an inclusive business by creating bonds and fostering relations between coffee producers and the national and international coffee industry. By developing and implementing our internal sustainability standard **CRECER**, we guarantee that all our actions respond to good practices in the economic, environmental and social levels.



## Contribution actions in SDG in accordance with organizational objectives and goals

OBJECTIVES	2019 GOAL	ACTUAL 2019 RESULTS	2020 GOAL	SDG PRIORITIZATION
Reduce the storage cost per bag.	 15% decrease	 27% decrease	 To reduce it by 15%	
Reduce the cost of freight to port per bag.	 5% decrease	 2% decrease	To maintain the same cost	
Obtain the Authorized Economic Operator (AEO) and BASC Version 5 certifications.	To obtain certification for office and milling plants	We obtained the BASC V5 for office and milling plants	To obtain AEO	
Develop new coffee programs.	133%	129%	137%	
Reduce handling cost per bag.	 15% decrease	 9% decrease	To maintain the same cost	
Contribute to the continuity of the business.	1 successor	1 successor	Keep the successor pool at its 100%	
Reduce the kW consumption per milled bag of coffee.	 12% decrease	 4% decrease	 To reduce it by 8%	 
Reduce the carbon footprint.	 5% decrease	 2.4% decrease (I and II reach)	 To reduce it by 5%	 
Reduce extra hours in milling plants.	-	-	 To reduce it by 60%	
Implement CRECER (our internal sustainability standard).	-	-	20% of the producers	 

# 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*	2018		2019	
Generated	100%	\$781,674	100%	\$855,041
Distributed	99.1%	\$774,367	99.3%	\$849,239
Retained	0.9%	\$7,307	0.7%	\$5,802

### DISTRIBUTED ECONOMIC VALUE\*

2018

2019

	Operational costs	<b>\$741,773</b>	<b>\$812,025</b>
	Employee's salaries and benefits	<b>\$16,370</b>	<b>\$16,512</b>
	Payments to creditors	<b>\$7,360</b>	<b>\$9,084</b>
	Taxes	<b>\$7,832</b>	<b>\$9,603</b>
	Investments in the community	<b>\$1,030</b>	<b>\$2,015</b>

\*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.

## 2020 Commitments

### SUSTAINABLE DEVELOPMENT MANAGEMENT

#### CHALLENGES

- Keep up the strategic partnership to create value in the value chain.
- Implement our Internal Sustainability Standard CRECER among 20% of producers.
- Sign the sustainability manifesto with the ACCS (Alliance for Competitiveness in the Supply Chain).
- Update the carbon footprint methodology to meet the NTC 5947 Colombian Technical Norm.

## LOCAL LOGISTICS MANAGEMENT

### CHALLENGES

- Develop a project to systematize the logistic process for real time visualization.
- Implement the use of electronic documents with our clients.
- Define KPI to monitor carriers and shipping companies.

## MANAGEMENT OF PRODUCERS IN THE SUPPLY CHAIN

### CHALLENGES

- Maintain the C.A.F.E. Practices and 4C chains and begin implementing our internal sustainability standard, CRECER.
- Repeat chain verification processes in Santander and Cundinamarca with a base of 1,328 producers.
- Continue developing differentiated coffee origins.
- Install 40 water treatment plants.

## SAFETY AND HEALTH AT WORK MANAGEMENT

### CHALLENGES

- Launch and implement the “We are all safety guardians 2.0” program.
- Hold the second Safety and Health at Work Symposium.
- Carry out a psychosocial risk assessment in all company offices with a minimum 80% coverage.

## HUMAN RESOURCES MANAGEMENT

### CHALLENGES

- Structure our diversity policy and make it known to process leaders.
- Start making performance and talent assessments of process coordinators.
- Implement the wellbeing plan “Racafé helps you accomplish your goals”.
- Execute the “Better Leaders” program.
- Evaluate the Human Rights Policy.

## PRODUCT DEVELOPMENT MANAGEMENT

### CHALLENGES

- Encourage the development of coffees that meet differentiation characteristics in the cup.
- Encourage the search of new coffees of origin or new projects.
- Hold 20 classes and experiences from the Development Center.

## QUALITY MANAGEMENT

### CHALLENGES

- Certify all millings plants personnel in food manipulation.
- Monitor programs and procedures implemented in milling plants.
- Verify that improvements advised in inspections have been made.
- Analyze water quality once a year in every milling plant.

## FINANCIAL AND ECONOMIC MANAGEMENT

### CHALLENGES

- Maintain financial strength and competitiveness of resources.
- Strengthen profit growth via higher differentiation.
- Increase the use of raw materials for the production and sale of superior qualities.
- Continue with the management strategy to reduce financial risks and guarantee financial sustainability in the long term.

## RISK AND INTERNAL CONTROL MANAGEMENT

### CHALLENGES

- Obtain the Authorized Economic Operator (AEO) recognition from the DIAN and maintain the BASC V5 certification.
- Strengthen risk management with the Racafé's Risk Management System, SIGRACAFE.
- Take part in the evolution of the traceability system for differentiated coffees.

