



Racafé

Casa fundada en 1953.

Sustainability Report **2018**

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

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

65 years of experience in the market	8 milling plants	98 International clients in 37 countries	In 2018, we reached 93 ports	Our participation in the global market of arabic coffee in 2018: 1.64%	More than 3,600 containers exported in 2018				
Coffee bags (60 kg) sold in 2018: 1,542,844 <table border="1"> <tr> <td>COLOMBIA</td> <td>EXPORTED</td> </tr> <tr> <td>24%</td> <td>76%</td> </tr> </table>		COLOMBIA	EXPORTED	24%	76%	Coffee bags (60 kg) sold in 2018: 296,856 FROM REGIONAL, DIRECT RELATIONSHIP, CERTIFIED AND VERIFIED PROGRAMS		Clients in Colombia in 2018 141	Participation in the colombian market in 2018: 11.4% <small>*Colombian production</small>
COLOMBIA	EXPORTED								
24%	76%								
4 NEW COFFEE GRADERS 11 in total	Q certified in the year	We carried out our 3rd Logistics Symposium [Innovation and management in our supply chain]		10 New regional and direct RELATIONSHIP PROGRAMS 2,630 sold bags					

SOCIAL DIMENSION

Producers in the direct trade network in 2018 5,454	Certified and verified producers in 2018 2,879	We purchased in 234 MUNICIPALITIES OF COLOMBIA		LOCAL ASSOCIATIONS AND/OR INTERMEDIATE GROUPS 39	 Trained producers 762
Employees in 2018 41%	59%	Premiums paid over differentiated coffees in 2018: 12,406 \$ \$ \$ Million COP		Collection of coffee contribution in 2018: 27,547 Million COP	
We developed and implemented our traceability system for supply chains		Our first course for internal development of next-generation managers was carried out 11 STUDENTS 8 DAYS 70 HOURS 16 INTERNAL PROFESSORS		Participated in the 2018 Cafés de Colombia Expo National Graders Championship 3rd PLACE	We participated as judges in the Barista and Filtered Coffee championships

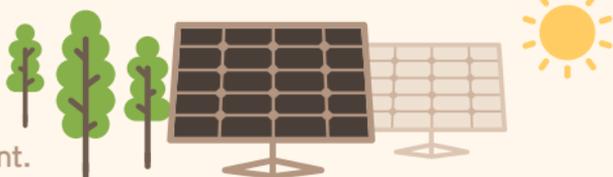
ENVIRONMENTAL DIMENSION

We milled the FIRST COFFEE in Colombia using SOLAR energy			We participated in the pilot test from La Dorada to Santa Marta transporting 550 bags by train	
REDUCTION energy consumption per coffee bag: compared to 2017 10%			REDUCTION GEI emission in 2018: 9% compared to 2017	
Environmental investment in 2018 393 Million COP				

Renewable energy generation project

DESCRIPTION	TOTAL
System capacity (kWp)	122
Reduction in CO ₂ emissions	29.16
Equivalence in new mature trees	403
Photovoltaic energy produced (kWp)	79,450
Photovoltaic energy consumed (kWp)	65,280

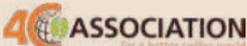
In alliance with Celsia, we developed the **solar project** in the Huila milling plant.



We promote the differentiated coffee trading

We promote sustainability in the supply chain through the compliance of the following standards:

PRODUCTS TRADED IN 2018

 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
   	 	  

Product Development and Creation Center

“ We design and develop tailored products. ”

WE DESIGN AND DEVELOP



We connected **12** new micro-lots of farms with small roasters:

4

exotic varieties

4

differentiated processes

We connected

12

NEW ORIGINS



from **8 municipalities** of Colombia with small roasters.

We created **7** cup profiles applying sensory evaluation.



We profiled

303 specialty coffees

300 standard coffees



We trained on topics of the production chain: from the seed to the cup.



Clients



Universities



Racafé Team

WE EDUCATE AND TRAIN

WE RESEARCH

- Water activity and its relation with the shelf life stability of green and parchment coffee.
- How water quality affects the preparation of coffee.
- Science of pairing.
- Several brewing methods.
- Wet-milling processes in farms.
- How the other basic senses affect sensory evaluation of coffee.



We performed quality analysis for **410** coffees from the tailored made business unit.

Together with clientes, we created **19** tailored profiles.



We received **79** customer visits from the **3** business units.



We cupped **700** coffees with our clients.

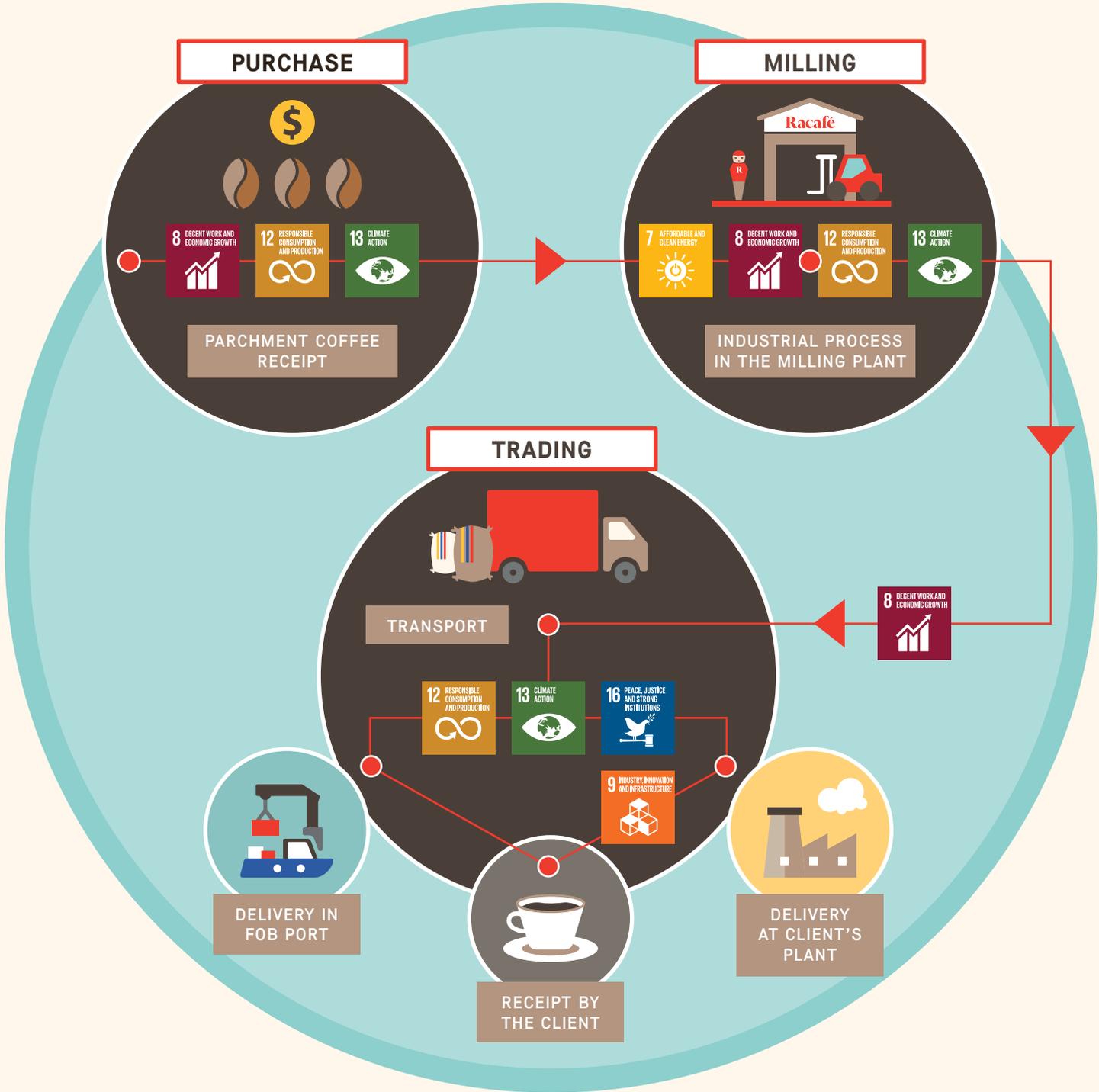


WE WORK ALONG WITH NATIONAL AND INTERNATIONAL CLIENTS

We create value

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

Priorization of Sustainable Development Goals



Contribution actions in SDG in accordance with organizational objectives and goals

OBJECTIVES	2019 GOALS	SDG PRIORITY
Reduce the port storage cost per bag.	 15%	
Reduce the cost of freight to port per bag.	 5%	
Obtain the Authorized Economic Operator (AEO) and BASC version 5 certifications.	Certification in main office and milling plants.	
Develop new coffee programs differentiated by cup profile.	133%	
Reduce the cost of handling labor per bag.	 15%	
Contribute to the continuity of the business by developing succession plans for next-generation managers.	1 manager successor per milling plant.	
Reduce the kW cost per milled bag of coffee.	 12%	
Reduce the carbon footprint.	 5%	
Install a solar plant.	1	

Generated economic value

For the year 2018, we maintained the increase of the economic value as well as the distributed one contributing this way to the profitability of our business and the growth of our employees, producers, and other actors of the value chain.

GENERATED, DISTRIBUTED AND RETAINED ECONOMIC VALUE

ECONOMIC VALUE*	2018	
Generated	100%	\$781,674
Distributed	93.3%	\$774,367
Retained	0.88%	\$7,307

DISTRIBUTED ECONOMIC VALUE*

2018

	Operational costs	\$741,773
	Employee's salaries and benefits	\$16,370
	Payments to creditors	\$7,360
	Government taxes	\$7,832
	Investments in the community	\$1,030

*Data in COP million

Commitments

SUSTAINABLE DEVELOPMENT MANAGEMENT

- CHALLENGES**
- Make a study on the identification of the social-environmental baseline for the implementation of sustainable projects.
 - Create strategic alliances for the implementation of projects that generate sustainability to the value chain.

HUMAN RESOURCES MANAGEMENT

- CHALLENGES**
- Launch a human resources strategic plan and the CRESER program.
 - Guarantee that level I and II successors have a development plan in order to consolidate succession plans.
 - Strengthen the existing pool of next-generation managers.
 - Hold a second course for internal development of next-generation managers.

LOGISTICS MANAGEMENT

CHALLENGES

- Increase cross-docking operations by 40%.
- Increase land freight efficiency by 96%.
- Implement a cargo consolidation project with other exporters.
- Evaluate alternatives for packing and bag materials.

SUPPLY CHAIN MANAGEMENT

CHALLENGES

- Increase the scope of the C.A.F.E. Practices Program.
- Carry out the re-verification of the Practices and 4C chains.
- Continue promoting single-estate coffees.

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.

SAFETY AND HEALTH AT WORK MANAGEMENT

CHALLENGES

- Launch the "We are all safety guardians" campaign.
- Standardize all safety and health at work processes and train the leaders.
- Empower safety and health at work as a strategic ally that contributes to the sustainability of the business.

QUALITY MANAGEMENT

CHALLENGES

- Strengthen the processes, documentation and training in Good Manufacturing Practices (GMP).
- Consolidate the food safety program in our processes.

PRODUCT DEVELOPMENT MANAGEMENT

CHALLENGES

- Consolidate and strengthen the communication of special cup profile coffee programs.
- Create and consolidate new regional offerings in each milling plant.
- Develop new courses offered by the Development Center.

RISK AND INTERNAL CONTROL MANAGEMENT

CHALLENGES

- Obtain the Authorized Economic Operator (AEO) and BASC version 5 certifications.
- Ensure risk management through the daily monitoring of the compliance of market risks.
- Update, measure and monitor the risk matrix.