



EFICO
GREEN COFFEE

MAY 2017

EFICO Group
Communication On Progress Year 2016

Based on the COP of the United Nations Global Compact



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Foreword

This annual report, May 2017 edition, is based on the Communication On Progress (COP) requests of the United Nations Global Compact (UNGC).

It reflects our corporate engagement to their Ten Principles and our progress made in 2016.

This new EFICO COP report does not only focus on the main sustainable activities that were implemented by the EFICO Group in 2016, but it also highlights the progress of EFICO's formulated ambitions with regard to the Sustainable Development Goals, initiated by the United Nations.

EFICO has been a coffee trading company since 1926. With offices in Belgium, Germany, Switzerland, Brazil, Ethiopia and Guatemala, EFICO operates in an international context, which creates the

opportunity to look beyond the boundaries of its core activities and to share its know-how with many partners, stakeholders and approximately 450 coffee roasting companies worldwide.

As a Global Compact signatory since 2003, EFICO is committed to publicizing its implementation progress of the Ten Principles on an annual basis. Through this public communication towards our internal and external stakeholders, EFICO can transparently report on its achievements, as well as on its challenges.

We share our UNGC engagement in all our communication material and in meetings with our stakeholders.

Welcoming the exchange of ideas with people within the same and/or other sectors, we actively participate in the events of the

local UNGC Network Belgium, as well as other sustainability events, both locally and globally.

Because of this cross-pollination of thoughts and ideas, we continue to learn and improve our dynamic sustainability journey.

Sustainability is part of EFICO's DNA. At EFICO, we embed sustainability within our supply chain approach. This results in extra tools for clients and suppliers to promote responsible business practices in the coffee sector.

The UNGC provides the basis for EFICO's corporate citizenship model.

We report according to the GC ACTIVE LEVEL.

Just like the previous reports, this COP report is published on www.unglobalcompact.org and on www.efico.com/un-global-compact.



Coffee picking

Finca El Platanillo, San Marcos, Guatemala



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Planting coffee

Santander, Colombia

Statement of continued support 2016

Dear Partner,
Dear Stakeholder,
Dear Member,

The EFICO Group subscribed to the ten United Nations Global Compact Principles - covering Human Rights, Labour, the Environment and Anti-Corruption since 2003.

Founded in Antwerp, Belgium, in 1926, EFICO is a group of companies with core activities in green coffee trading and logistics. EFICO continues to drive innovation across its business, optimizing and sharing qualitative solutions, which underpin the Group's knowledge and passion. Our long-term approach combined with extensive expertise in the coffee producing countries, trading activities and logistic services, has led to the development of EFICO's sustainable Green Coffee Supply Chain.

Along our supply chain, EFICO provides tailor-made solutions "*with a personal touch*" and establishes partnerships based on mutual trust.

The United Nations Global Compact Principles constitute the cornerstones of EFICO's sustainable entrepreneurship and ethical practice. Within the framework of these UNGC Principles, EFICO integrated 5 out of the 17 Sustainable Development Goals (SDGs), an initiative of the United Nations, developed end 2015. The 5 SDGs in focus for EFICO are:

- SDG 12: Responsible Consumption & Production
- SDG 8: Decent Work & Economic Growth
- SDG 4: Quality Education
- SDG 7: Affordable & Clean Energy
- SDG 17: Global Partnership for Sustainable Development

At EFICO, both the UNGC principles and the SDGs are essential drivers towards a more sustainable coffee future.

Today, the most pressing challenges of the coffee sector are climate change and price volatility, leading to unreliable farmer income. Since coffee is a natural product, it is extremely delicate and its quality is subject to 'terroir', pre- and post-harvest practices and weather conditions. Climate change is leading to rising temperatures, more extreme weather events and changing rainfall patterns. This puts significant pressure on the availability of fertile land and gives way to pests, diseases and fungi, even on higher altitudes. Coffee leaf rust (*la roya*), for example, is one of the most common diseases, and has been gravely affecting coffee crops during recent years.

Consequently, experts predict an overall decrease in crop yields, increasingly unpredictable harvests, ripening of coffee cherries at different points in time, more defects, and a negative impact on the coffee flavor. It is clear that immediate action is required. Through investing in combating climate change, we aim to delay global warming and therefore protect our natural resources, secure their supply and drive sustainable development.

We consider EFICO's impact on the environment within the coffee supply chain as one of our responsibilities, and commit to act accordingly. This commitment is reinforced and discussed at international and local networks, such as the Sustainable Coffee Challenge and The Shift, in alliance with the UNGC Network Belgium.

All levels - private sector & companies, public institutions & government, NGOs & non-profit, local authorities & citizens - are represented and work together to achieve transition. After all, sustainable development cannot be met unless everyone contributes.

In October 2016, EFICO signed the Belgian SDG Charter, defining the role of the private sector, public sector and civil society in international development.

This EFICO Group Communication-On-Progress report reflects our actions taken in 2016 and our ambitions for the future. The continuation of our sustainable journey is mapped out below.

We kindly invite you to evaluate our progress and welcome your feedback.

Michel Germanès
Managing Director

Philip Van gestel
Executive Chairman

RESPONSIBLE ENTREPRENEURSHIP AS PART OF EFICO'S COFFEE GENES

OUR VISION

Efico is a green coffee trading company, established in 1926 and ranked among the top-ten European coffee trading houses. With headquarters in Antwerp, Belgium, and offices in Germany, Switzerland, Brazil, Ethiopia and Guatemala, we aim to provide tailor-made services to our clients *'with a personal touch'*.

EFICO's family tradition of being a medium-sized company gives us the advantage of being able to establish long-term strategies and partnerships based on mutual trust and respect. We hold these policies in high regard. Likewise, at EFICO "a personal approach" is key.

Every stage of our business is important to us and is considered as an integral part of the whole process that we call the *"Green Coffee supply chain."*

This process involves the selection and flow of raw materials from origin up to delivery including, but not limited to: Quality and Food Safety controls, understanding a customer's request, knowledge of the product or the analysis of needs and markets, and the logistical, financial and administrative aspects related to our activities.

The EFICO Group has a longstanding family history and *differentiates* itself by offering a *complete concept throughout the Green Coffee Supply Chain, From Flower to Cup*.

Tradition and technology go hand in hand. Quality, Food Safety, Traceability and Sustainability are Efico's cornerstones.

These cornerstones are deeply rooted in each entity of our Group.

Our ambition towards a sustainable coffee supply chain is reflected in the investment in *Seabridge*, a state-of-the-art sustainable warehouse and distribution center for green coffee in the port of Zeebrugge, where green and high-qualitative logistics prevail.

With the *Efico Foundation* we make a difference by supporting sustainable multi-stakeholder projects in coffee producing countries with the aim to improve hereby the livelihoods of many.

The Efico team strongly believes in the United Nations Global Compact (UNGC) Principles, to which we were the first to sign up to in the coffee sector in 2003.

We are proud responsible entrepreneurship is part of our 'Coffee Genes'.

OUR COMMITMENT

Efico strives for excellence in providing correct and safe products, that are traceable at all times, together with a personalized service to our key stakeholders. By committing to the 10 UNGC principles and to 5 out of the 17 SDGs, we aim to take up our responsibility and track our progress.

International and local initiatives add up impact to achieve transition: by signing the *Belgian SDG charter* for example, EFICO acknowledges the importance of the role and shared responsibilities of the private and public sector and civil society towards the implementation of the SDGs. *Working together - as true partners - in crafting impactful solutions to common global challenges is key.*

Photo : Philip Van gestel together with Minister Alexander De Croo during the signing of the charter



EFICO GROUP'S INTERNAL CODE OF CONDUCT

INSPIRED BY THE UNGC FRAMEWORK

EFICO's corporate values "**IMPROVE**" describe what we strive for and shape the ethical personality of our Group. These values are inspired by the UNGC Framework.

They guide and determine the way we trade, the services and products we offer and the support we provide to our stakeholders.

This **internal Code of Conduct** lays out the principles and expectations our EFICO Team strives to comply with:

Integrity
Tailor-Made
Passion
Respect
Open minded
Values
Ensure Quality



(I) INTEGRITY

Act respectfully towards internal and external stakeholders.
Care for an open and honest communication towards internal and external contacts.
Deliver a trustworthy service.
Act consequently in accordance to the EFICO Group company values.
Confidentiality and discretion are a requirement.



(M) TAILOR-MADE

Adjust the offer of services and products to our clients' needs through continuous dialogue.
Continue to inform clients via a state of affairs, actions and adaptations in order to reach agreed results.
In doing so, ensuring an even better service from the EFICO Group towards the client.



(P) PASSION

Express a personal engagement to the Group.
Show your commitment towards your own specific professional field.
Keep a drive to explore new insights and opportunities.
Permanently improve personal expertise and competences.



(R) RESPECT

Address clients on an equal base and with required respect. Accept mutual differences.
Stimulate and value the mix of different talents, visions and experiences.
Encourage teamwork through active listening, constructive feedback and a good working climate.



(O) OPEN-MINDED / FLEXIBLE

Adapt attitude and ideas to changing circumstances - in view of improvement and quick response to altering needs. Help to make colleagues realize challenges in their job function – through dialogue and pro-active actions.

(V) VALUES

Our VALUES are the basis to support each EFICO team member, appreciate and motivate their further development.



(E) ENSURE QUALITY

Continuously improve high professional standards and working methods.
Permanently strive for required quality via a proactive approach.
Take on new opportunities and challenges using creative ideas.

Making
a difference,
TOGETHER.

THE 10 UNGC PRINCIPLES

EFICO integrates the ten United Nations Global Compact principles in its strategies and actions:

HUMAN RIGHTS - Principles based on the Universal Declaration

Principle 1: Businesses should support and respect the protection of international proclaimed human rights

Principle 2: Businesses should ensure that they are not complicit in human rights abuses

LABOUR - Principles resulting from the International Labour organization's Declaration

Principle 3: Businesses should uphold the freedom of association and recognize effectively the right to collective bargaining

Principle 4: Elimination of all forms of forced or compulsory labour

Principle 5: Effective abolition of child labour

Principle 6: Elimination of discrimination in respect of employment and occupation



ENVIRONMENT - Principles derived from the Rio Declaration principles

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility

Principle 9: Encourage the development and diffusion of environmentally-friendly technologies

ANTI-CORRUPTION - Principle based on the UN Convention against Corruption

Principle 10: Businesses should work against corruption in all its forms including extortion and bribery

THE 17 SUSTAINABLE DEVELOPMENT GOALS (SDGs)



The **Millennium Development Goals** were transformed into the **post-2015 Sustainable Development Goals**.

The UN Member States agreed on the proposed 17 goals at the UN Summit in September 2015; the new framework came into effect as from January 2016:

These new goals give an overview on how to tackle the world's most pressing problems, including poverty, inequality and environmental destruction:

Goal 1 - End poverty in all its forms everywhere

Goal 2 - End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Goal 3 - Ensure healthy lives and promote well-being for all at all ages

Goal 4 - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 5 - Achieve gender equality and empower all women and girls

Goal 6 - Ensure availability and sustainable management of water and sanitation for all

Goal 7 - Ensure access to affordable, reliable, sustainable and modern energy for all

Goal 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work

Goal 9 - Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Goal 10 - Reduce inequality within and among countries

Goal 11 - Make cities and human settlements inclusive, safe, resilient and sustainable

Goal 12 - Ensure sustainable consumption and production patterns

Goal 13 - Take urgent action to combat climate change and its impacts

Goal 14 - Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Goal 15 - Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Goal 16 - Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Goal 17 - Strengthen the means of implementation and revitalize the global partnership for sustainable development



ACTIONS & AMBITIONS EFICO GROUP

IMPLEMENTATION UNGC PRINCIPLES AND SDGS THROUGHOUT EFICO GROUP'S SUPPLY CHAIN

PLANTATION



PROCESSING



TRANSPORT, SHIPPING & UNLOADING FROM VESSEL



TRADING



WAREHOUSING & VALUE-ADDED SERVICES



TRANSPORT TO CLIENTS



MANUFACTURING



ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

UNGC HUMAN RIGHTS, LABOUR & ENVIRONMENT

**Ambition: 40% sustainable sourcing by 2020
50% latest by 2025**

In March 2016, EFICO formulated the ambition to have 40% of our volume sustainably sourced by 2020.

By implementing a **sustainable sourcing policy**, we aim to support the long-term supply of quality coffee, whilst preserving ecosystem services for future generations.

We are proud to announce that **in 2016 already 41% of our coffee** sourced is verified or certified according to various sustainability standards.

We apply an **inclusive approach** where several sustainability standards are supported and promoted. Depending on the local context, infrastructure and skills some stan-

dards might fit better than others.

We share our responsible business code, including our commitment towards sustainable sourcing with our coffee partners – coffee cooperatives, local exports and international exporters – to encourage and motivate further efforts towards more **sustainable production**.

With our **customers**, we work together and support them in responsible consumption by providing and discussing several options on sustainable sourcing and supply chain.

Within the broad range of coffees that we offer, from about 40 countries, and according to different certification schemes, **solutions** can be found **regardless of the size and requirements** of our customers.



PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

UNGC HUMAN RIGHTS, LABOUR & ANTI-CORRUPTION

Ambition: Decouple economic growth from environmental degradation

Create win-win partnerships within the supply chain

At EFICO we have a policy of **responsible sourcing** and personal relations with our suppliers. In 2016, we sourced **90% of all our coffees directly** from cooperatives, unions or local exporters.

We believe that thanks to the close link with several actors in the supply chain, where everybody builds on his or her expertise, added value is brought into the chain. Our offices in Guatemala, Brazil and Ethiopia are key in building personal relations and partnership with our suppliers.

Thanks to this close contact we understand the local context, and the related needs of our suppliers and help them to further develop their business. This creates **win-win partnerships** where we buy the right product at the right price.

At EFICO sustainability and economic growth go hand in hand. By using safe, environment-friendly products and sound technologies, **we aim to decouple economic growth from environmental degradation**.

EFICO's corporate values "**IMPROVE**" describe what we strive for and shape the ethical personality of our Group. We expect our stakeholders and the EFICO Team to take ownership of these values, hereby implementing a **future-oriented approach**.



ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL

UNGC HUMAN RIGHTS & LABOUR

Ambition: Access to education, reinforcement & empowerment via EFICO Foundation projects

Investment in training Efico Team

Education is the most powerful tool to allow change and progress to occur. Via our **EFICO Foundation**, several projects focus on training and education. Gender equality is key.

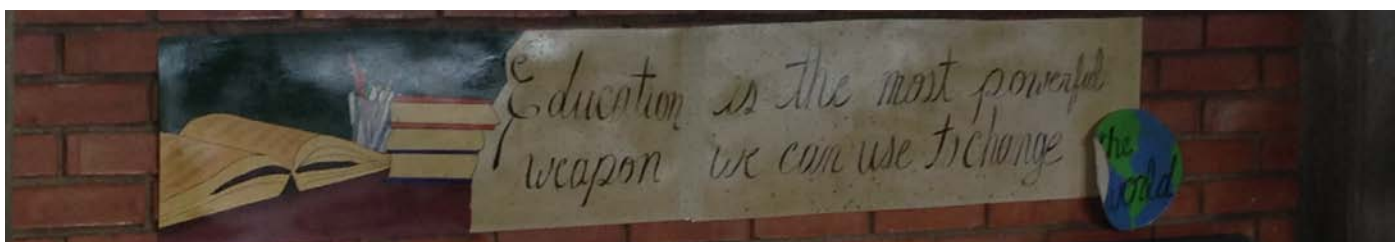
Obtaining quality education is the foundation to improve people's lives and their own sustainable development. By sharing knowledge, **skills and abilities** can be **developed** and one's life goal can be fully discovered. **Confidence** and **feel-good** are very

important factors to further work on personal and professional development and can be stimulated through social workshops, in addition to the technical trainings.

Training and teambuilding is equally important within the EFICO Team. By providing both internal and external trainings on different important topics, each EFICO co-worker can improve his or her current knowledge.

This adds up to their competencies, skills and values. By giving opportunities to grow on-the-job, people also receive opportunities to grow as a person.

This eventually results in **continuous improvement**, and can have a positive impact on the company's results.



ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

UNGC ENVIRONMENT

Ambition: Use 100% green energy

Expand our own production of green energy by 2020 to compensate total energy use of the Group ~ SEABRIDGE

Recycling of minimum 95% of all waste streams

Transport optimization

Promote renewable energy in remote areas in coffee countries and climate adaptation and mitigation strategies

EFICO's commitment towards affordable and clean energy fits within a broader concept, launched in 2008:

CO₂ reduction and compensation within the green coffee supply chain.

We are convinced that **action** should be taken at the place **where emissions occur**, but we should look further than our direct sphere of influence.

EFICO's offices and warehouses operate 100% on certified green energy.

Additionally, our premises at Seabridge have **4,600 photovoltaic panels**, or 1 MW peak production of green energy annually. This means **more than 60%** of the **total green energy** use is produced at Seabridge, resulting in a **CO₂ reduction of 1,190 tonnes**.

With regard to transport we promote **green logistics** by optimization and barge & train transports between the Belgian ports.

Regarding **waste management**, we apply the cradle-to-cradle principles where we aim to **reduce waste and upcycle it to the maximum**.

In 2016, **91%** of all our waste streams are upgraded and recycled for new materials.

For the remaining 9%, energy is recuperated but no new materials are developed.

Also in coffee producing countries, EFICO promotes renewable energy in remote areas and climate adaptation and mitigation strategies.

In 2009, a Pilot Project was initiated by EFICO, the Rainforest Alliance and Anacafé: "**Climate-Friendly Practices** at Finca El Platanillo, Guatemala".

Thanks to this project:

- El Platanillo Farm **saves 15,080,173 liters of water per year**, equivalent to the water consumption of 20,660 persons;
- The farm's emission has been decreased by **1,360 kilograms of CO₂**;
- The farm **saves up to 38,327 liters of fuel annually** in comparison with a traditional coffee processing station.

We are proud to announce that this pioneer project was the only one of its kind since it was the **start to integrate** climate mitigation and adaptation within the SAN (Sustainable Agriculture Network) standard, also known as the **basis for establishing a standard for Climate Friendly Products**.

During the **period 2011-2016**, the optional climate criteria were defined in a generic module called "**Climate Module**" on top of the generic standard.



In **September 2016**, the SAN and Rainforest Alliance announced a **newly revised certification standard**, encompassing best practices and recent innovation in sustainable agriculture.

Amongst the changes were the **inclusion of the Climate Module criteria** co-developed by EFICO and Anacafé. This **new standard** will be **applicable as from July 2017**.



STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

UNGC HUMAN RIGHTS, LABOUR, ENVIRONMENT & ANTI-CORRUPTION

Ambition: Think global, act local

Be an inspiration within the coffee industry and beyond

Active participant of CSR events and discussions

Federate and stimulate public-private partnerships with our Efico Foundation

Together you can achieve more.

EFICO considers its impact on the environment within the coffee supply chain as one of its responsibilities, and commits to act accordingly.

This commitment is reinforced and discussed at **international and local networks**,

such as the **Sustainable Coffee Challenge** and **The Shift**, in alliance with the **UNGC Network Belgium**.

All levels - private sector & companies, public institutions & government, NGOs & non-profit, local authorities & citizens - are represented and work together to achieve transition.

A **multi-stakeholder approach** is needed to take on this international challenge.

We stimulate our suppliers and our clients towards a more sustainable coffee future.

By actively listening to the needs of our partners, we aim to bring built-up partnerships amongst private, public and civil society actors and join efforts to **make change**.



Harvesting coffee

Santa Cruz, Bolivia



EFICO KEY FACTS

-  **Trading green coffee** since 1926
-  **Sourcing** from around **40 countries**
-  Offering more than 300 coffee varieties and blends - of **which more than 40% verified/certified coffee** - to about 450 coffee roasters worldwide
-  **Product and market knowledge**, ensuring quality at competitive prices
-  **Sustainability** is in our **'Coffee Genes'**:
 - * Stable and long-term partnerships
 - * Vision and advice on Supply Chain Management
-  **Following the highest standards**
Conform ISO 9001 / 22 000 / HACCP
ISO 26 000 / AEO / ISO 45001 progress
-  One of the **finalists/Nominees** for **SDG Voice** by The Shift

RESPONSIBLE SOURCING

Sourcing our raw materials responsibly is key to EFICO.

EFICO's family tradition of being a medium-sized company empowers us to establish long-term strategies and partnerships based on mutual trust and respect. Herein, a personal approach is important to us.

The **selection of our business partners** has always been a **special focus**. At EFICO, we are convinced that we can only make progress in the long run when **all actors in the coffee supply chain can make a sustainable living out of their work**.

EFICO sources coffee from around 40 coffee producing countries.

With **strategic offices in Central America, Brazil and Ethiopia** we have sources all over the world to closely assess and monitor the performance of our suppliers and exporters in an efficient and effective way.

This presence in origin allows us to make **accurate decisions** according to the market needs.

We receive thorough reporting and detailed information of the market situation, production levels, weather conditions, stocks and so on.

In doing so, the EFICO trading team can provide its clients **relevant market information, and the various coffee products required by our customers**.

Our teams in origin visit the cooperatives, farmer organizations and private exports to continuously improve product performance and proactively work on alignment of service requirements.

They play an **essential role** in selecting the desired coffee flavor and also organize visits of our team, customers or partners willing to gain some field experience.

Photo on next page illustrates a cupping at KURU, Efico's office in Addis Ababa, Ethiopia. Ethiopia is known as the birth-

place for Arabica coffee and has many delicious coffees to offer with taste pallets varying from floral up to citrusy.



Our offices in origin also follow-up several sustainability projects, e.g. EFICO Foundation projects, projects following our client's special sustainable programs, UNGC supplier audits and so on.

Our offices in origin are also actively involved in participating in and contributing to coffee science and CSR events.

In February 2016 for example, EFICO Central America's Renaud Cuchet spoke at the Second Coffee Rust Summit in Guatemala City. See photos below.

A report was set up, including Renaud's contributions. Click [link](#) to read.

As mentioned in this COP's Statement of Continued Support, coffee leaf rust (*la roya*) is one of the most known coffee diseases and has been affecting coffee crops heavily during the past years.

Changing weather conditions have even strengthened the appearance of coffee rust. Therefore, it is important to seek solutions together.

Amongst others, a lot of scientific research leads to the development of rust-resistant coffee varieties, contributing to the assurance of a sustainable coffee future.

In EFICO's view, you can only create such a future when realizing your own impact on the environment, and subsequently limit and reduce this impact and take action, either via partnerships or multi-lateral relationships.

More and more people are becoming aware of the consequences of climate change, realize they can do something about this, and are motivated to act accordingly. This is what is needed for collective action.



In addition to research, assistance in the field, including training and guidance of coffee farmers, it is essential to fully put good agricultural practices into action.

Photo above illustrates EFICO Central America's agronomist Elmer Nij during field assistance.



EFICO Brazil field visit

SECURING A RELIABLE SUPPLY CHAIN

EFICO's trading team has daily contact with both its suppliers and customers.

To highlight the importance of our choice of business partners, EFICO implements a Responsible Business Conduct Policy.

When the EFICO Group acquires raw materials, the choice of our partner relationships is based on:

- Risk assessment of the supplier
- Quality, food safety and traceability in a free, competitive market
- Willingness to improve responsible agriculture practices
- Well-managed and reliable partners operating ethically and following the local and international legislation and the standard European Coffee Contract of the European Coffee Federation (ECF)
- Business integrity and transparency, that can be used by all our customers
- Openness to welcome all our requests and those of our partners



Green coffee,

EFICO Antwerp



DELIVERING QUALITY COFFEE

EFICO's multilingual traders are not only excellent negotiators who thoroughly understand the market, they also possess a vast know-how about the underlying commodity. Every day, coffee is tasted and verified on its sensorial and physical aspects.

Coffee quality is the basis for EFICO's buying and selling activities. We assess this quality systematically, from harvest up to delivery.

EFICO has two cupping laboratories for these controls - one in Antwerp and one at SEABRIDGE in Zeebrugge, see page 17 - where coffee samples from around the world are verified and tasted.

These cupping and sample rooms are unique in Europe. They store the samples of all coffee varieties that EFICO can deliver. Samples from previous deliveries are gathered in this coffee library as well. This library has evolved into a true treasure box for the coffee connoisseur.

The sensorial appreciation that a consumer experiences is very personal.

This is why we select and offer a very wide range of coffees from various regions, climates and with different taste sensations. We have more than 300 coffee varieties and blends from different origins for our clients to choose from.

Each year, there are different local and international fairs where coffee knowledge and passion is shared and additional knowledge is gathered.



At the SCAA Fair



EFICO SA Swiss colleagues at French coffee Fair in Nantes

In 2016, EFICO was a.o. represented at both the SCAA event in America and the SCAE event in Dublin, Europe, as well as at COTECA Messe in Germany, the French Coffee Fair in Nantes and Sintercafé in Costa Rica.



EFICO GmbH represented at COTECA Hamburg, Germany

SPECIAL COFFEES

Apart from the conventional coffees, our team selects a wide range of "Special Coffees" every day: coffees that are grown in particular and ideal climates and that are distinctive because of their unique flavor and taste.

They range from niche market coffees such as micro-lots, to specialty coffees and single estates up to gourmet coffees.

Similar to wine, this is the result of the "terroir" where the coffee grows.

EFICO also offers certified or verified sustainable coffee. Throughout the past years, we reported a substantial increase of demand in these coffees, as well as in blends.

EFICO has close contacts with 4C, Rainforest Alliance, Organic, UTZ, Fair Trade and so on - and can provide all. Through the EFICO FOUNDATION, we also support certification and verification programs.

As mentioned earlier in this report, EFICO has set up an ambition to increase this sustainable coffee volume in the coming years. We actively promote this growing consciousness and choice for sustainable coffee.

EXPERT EVALUATION

All coffees that are sourced are cupped at several moments in the supply chain.

This detailed evaluation by our experienced Quality Control and Trade Team includes physical, sensorial and micro-biological analysis. Our range of products is described in Product Specification Sheets, available upon request.

Our Trading Team and our Green Coffee Quality Expert Team are very competent. To keep their knowledge level accurate, they attend scientific coffee events. Ivan Lamilla Muñoz for example, attended the 26th International Conference on Coffee Science - ASIC - in China. Photo below



Internal trainings are organized to keep the EFICO Team up-to-date on the knowledge in the different coffee topics. Cuppings according to the SCAA standards or in-house cupping sessions with our clients ensure passion is sparked.

CLOSE COLLABORATION WITH OUR CLIENTS AND PARTNERS

At EFICO we have a wide range of clients, all with very different requirements.



Cupping session with clients

With a personal approach we always aim to meet our client's requirements and deliver tailor-made services.

Our coffee suppliers are evaluated on their global performance.

The results of this analysis are used to improve our collaboration.

The root-cause analysis allows the EFICO Group to optimize Claims Management, KPI monitoring and improve customer satisfaction.

On frequent basis, Traders can look into the detailed analyses and action can be taken where necessary so that EFICO's relation towards suppliers and customers can be optimized.



Efico Antwerp Trade Desk



Efico SA and Central America colleagues at Finca Las Brisas, Guatemala

Besides claim management, liquidity optimization is key.

An accurate follow-up of EFICO's account receivables and full screening of (new) suppliers and clients allows us to limit possible risks.

This is part of our risk management policy.

FOLLOWING THE HIGHEST STANDARDS

INTEGRATED MANAGEMENT SYSTEMS

Quality and Food Safety are two of EFICO's cornerstones.

Since 2003, EFICO is ISO 9001 certified for its management systems (Quality).

The EFICO Group wants to provide its clients with solutions and answers to legislative questions, and towards a more demanding consumer profile.

SEABRIDGE, the logistics services provider within the Group, also possesses an ISO 9001 certificate, an ISO 22 000 certificate (Food Safety), including HACCP Team, an AEO certificate and succeeded for an Ethical Audit based on ISO 26 000 (SMETA).

Safety and Security are also very important. Therefore the EFICO Group is working to obtain an OHSAS or ISO 45 001 certificate on occupational health and safety for SEABRIDGE.

To counter the trafficking of drugs and all illegal substances, EFICO established a Memorandum of Understanding with the customs authorities in 2001 and in 2011 anew with SEABRIDGE.

Several external parties reviewed our processes and working methods: clients, external auditors, federal authorities etc. In November 2016, both EFICO and Seabridge succeeded for the external ISO audits. Also Chain of Custody audits such as Rainforest Alliance, UTZ, BIO and FairTrade resulted positively.

All EFICO Group's certifications are available on www.efico.com/certifications and www.seabridge.eu/certifications.

HUMAN RESOURCES SUPPORT

People Management, also known as Human Resources Management (HRM), is a very important aspect when it comes to getting the most out of your Team and eventually your company's success.

At EFICO, we believe that our success is based on human capital.

The motivation, enthusiasm and satisfaction of our Team is directly linked to business results, since it are the main drivers towards result-oriented attitude, tailor-made services and problem solving.

EFICO's Human Resources Department is therefore a supportive factor in this process.

Yearly, an employee evaluation is carried out. EFICO's corporate values "IMPROVE" describe what we strive for and shape the ethical personality of our Group.

These values are weighed together with all employees. Additionally, other topics such as Performance evaluation, defining future growth and training requirements are discussed.

This yearly evaluation also allows to measure employee satisfaction.

During the past years, the EFICO Group's internal training program has also been re-developed and 'Teambuilding' activities have been integrated.



Internal Trade Training



EFICO Central America Training on-the-job

Encouragement, People Empowerment and Coaching are all part of Human Resources. Employees are "Partners in the Business".

The good practices of the UNGC are based on transparency, partnership, dialogue, voluntary commitment and communication.

EFICO shares this vision and adopts the same approach, not only with its Team, but with all its stakeholders.

EFICO GROUP COMMUNICATION

Besides HR, Communication is also considered as a supportive process within the EFICO Group.

Good internal communication is key to provide professional external communication and a good service towards our multi-stakeholders.

EFICO disposes of a Sharepoint platform to share information internally. Set-up of a yearly Corporate Communication Plan is important to monitor and adjust communication.

Externally, EFICO disposes of many different communication tools:

To keep our clients informed, EFICO sends a 'Daily Market News' report. This can be downloaded from our website: www.efico.com/market-news.

EFICO also disposes of a 'Coffee Quality Information & Origins Library': Grading sheets, sensorial and organoleptic information, farm info and so on can be discovered.

EFICO also has solid backgrounds in sustainability programs. We guide our partners through the process of becoming a sustainable actor in the coffee sector. EFICO gives advice on Certification and Verification Programs, EFICO FOUNDATION projects, Climate Change, Green Coffee Supply Chain training and other topics.

Tailor-made PowerPoint presentations are provided upon request. Additionally, brochures including this COP report are handed out to explain our vision and strategy. Our website,

Social Media Channels Youtube, Facebook and LinkedIn, allow customers to follow our activities. Contact with international and local press is also maintained, as well as blogs.







EFICO is member of numerous organizations and was also in 2016 present at different coffee related events, working on coffee and sustainability related topics. See photo below



At the SDG Voices Event, The Shift



SEABRIDGE KEY FACTS

-  20,000 m² warehouse - only - dedicated to green coffee
-  Conditioned warehouse; clean air, temperature & humidity controlled
-  Track-and-Trace System
-  100% green energy used; 1,190 tonnes annual CO₂ reduction
-  Waste Management
-  Automatic reception
-  On-site Quality Laboratory
-  Railway and barge connection
-  Following the highest standards ISO 9001 / ISO 22 000 / HACCP / AEO ISO 26 000 / ISO 45001 progress

STATE-OF-THE-ART WAREHOUSE

SEABRIDGE is one of the major achievements during the last decade that allow EFICO to position itself as innovator in the development of sustainable solutions to meet our stakeholders' concerns and illustrate ambition towards a sustainable supply chain and involvement in our sector.

This independent company within the EFICO Group - located in the port of Zeebrugge - shares the same values of tailor-made services, expertise, quality, and sustainable entrepreneurship. Here, green and high-qualitative logistics prevail.



The 20,000 m² warehouse is a solid construction with state-of-the-art machinery and high-qualitative laboratory equipment and is solely dedicated to green coffee.

REDUCING OUR CO₂ FOOTPRINT

SEABRIDGE's energy policy combines energy reduction and compensation. Energy efficient building materials, sound tracking systems and green energy production on-site result in a substantial decrease of our ecological footprint.

The 4,600 solar panels on SEABRIDGE's roof surface supply more than 60% of the energy need of SEABRIDGE. The remaining part is certified green energy from the grid.

In 2016, we record a reduction of 1,190 tonnes CO₂, or the energy use of 355 households.

A further focus on waste management resulted in the recycling of 91% of all waste streams. See also page 8 SDG 7.

For these combined measurements, we received a **Green Building Certificate and Award** from the European Commission.

By applying "smart logistics", or intermodal transport for both in and outbound, we further limited our global CO₂ footprint.

TAILOR-MADE LOGISTICS

Coffee travels a long way before arriving at our customers' roasting plant.

Each and every step within the green coffee supply chain is **duly controlled** by our logistic team to make sure that coffee batches are stored, loaded and transported according to our customers' requirements.

We strive for **continuous improvement** in **efficient** and **just-in-time deliveries**.



A **unique track-and-trace system** which is developed by our in-house IT team, allows full traceability of all coffee batches up to delivery to our final customers.

All batches are labelled with unique reference codes, allowing additional controls. See *photo*

Next to the state-of-the art warehouse in Zeebrugge, SEABRIDGE also operates a warehouse in Antwerp: **NOORDKAAI**.

With the same services, two different locations allow a greater flexibility and efficiency.

FOCUS ON QUALITY

The driver and differentiator of SEABRIDGE is quality.

Highest quality, food hygiene, occupational health and safety standards are combined in an integrated management system.

The warehouses, solely dedicated to handling and storage of coffee, are designed to **store coffee in the best conditions**.



Here, **temperature, relative humidity and air ventilation and filtration** are **continuously monitored** and adapted to the product requirements to prevent (cross)-contamination.

A dedicated team is trained to rework, screen, dry, blend and package green coffee according to our customers' requirements.

Our quality team uses a **dedicated coffee laboratory** for physical and sensorial analysis of coffee samples.

This laboratory is not only used for daily control of our coffee samples and tests of the reworked coffee, but also offers a **customized service** towards our clients, as well as quality training sessions that can be organized on request. See *photos*

Automatic sampling is made on bag per bag basis and homogenized to get a representative sample.

Every sample is **barcoded** and part of the laboratory inventory.

Samples are **stored under the same temperature and relative humidity** as in the storage zone, for two years.

This allows our customers to recall samples at any time to eventually control their conformity.

As mentioned earlier, **safety** is one of the key elements at SEABRIDGE.

In 2016, SEABRIDGE implemented an **action plan to reduce stress effects at work** after a survey in cooperation with Cewez VZW.

Job rotation is encouraged on the floor and further investment in automation took place to improve ergonomics for loading containers.

In 2017 a gap analysis will be made with the OSHAS 18001 guidelines and draft guidelines on ISO 45001 - Occupational health and safety.



Europe is more and more known as a Special(ty) Coffee hot-spot.

At EFICO and SEABRIDGE, we are convinced that quality will generate the ultimate consumer satisfaction for a cup of coffee.

Therefore we believe it is our duty to deliver such a special high-qualitative coffee and service, on which our clients can rely.

After all, a **high-quality coffee** deserves to be **stored in a high-quality environment**.



EFICO FOUNDATION KEY FACTS

- Private Foundation, initiated in 2003
- Improving the environment and livelihoods of many coffee families
- Today, about 60 multi-stakeholder development projects in producing countries
- 60 coffee roasters spread over 7 countries joined to support
- Efico Fund within King Baudouin Foundation, initiated in 2005:
 - * Management financial means
 - * Jury of experts
- 100% of funds go directly to projects

With the EFICO Foundation we make a difference by supporting sustainable multi-stakeholder development projects in coffee producing countries with the aim to improve hereby the livelihoods of many.

Established in 2003 as a private foundation, the EFICO Foundation is an open initiative, independent, apolitical, philosophically and ideologically neutral.

Today, about 60 projects are supported in 16 producing countries. 60 coffee roasters spread over 7 countries joined, 4 governments participate financially or through their development agencies, together with about 70 different organizations.

TRANSPARENCY

In 2005, the EFICO Fund was established within the King Baudouin Foundation. This fund manages, finances, selects and monitors projects based on pre-

determined criteria, through an independent jury of experts.

100% of the generated funds goes directly to the selected projects as operational costs of the structure are financed by the EFICO Group.

This unique and strong model guarantees 100% transparency and 100% funds allocation to the selected projects.

MULTI-STAKEHOLDER PROJECTS

We work together with various organizations, including NGOs, research institutes, universities, national coffee associations, local partners, cooperatives or producing countries. There is no commercial obligation between the beneficiary of a project and EFICO.

The Efico Foundation projects require close monitoring and control for the best results, which is possible thanks to the support of all our project partners,

our Team in Central America and the KURU Team in Ethiopia.

MAIN ACHIEVEMENTS 2016

EDUCATION FOR A SUSTAINABLE FUTURE

In **Coromoro, Colombia**, a cooperation between the Colibri Foundation, the Regional Coffee Grower Committee of Santander; the Colombian Technical Education Platform (SENA), Florentino Gonzales Rural School and the EFICO Foundation was set up end of 2014. This is already the third partnership together in Colombia in more than 10 years time.

'Education for the Future' is a local initiative to foster capacity building, peaceful coexistence and income generation for 100 youngsters and their families (+/- 300 family members). Indirectly, younger students and teachers of the school and 200 neighbour farmer families of the beneficiaries benefit from the actions and improvement of education programs (+800 people).

In three years time - the project will end in October 2017 - an innovative education and training program for young students and graduates is implemented that integrates the use of IT technologies, practical training on the field, family support and certification of technical skills. - See photo page 18

In **Sidama Zone, Ethiopia**, access to schooling, quality education and structural development of 4 primary schools was initiated early 2016.

This project is the third phase of the collaboration between Fero Cooperative, Sidama Union, a Dutch coffee roaster and the EFICO Foundation. For this new 3-year phase, new partner AFSR - Action for Self Reliance Organisation - joined.

442 school children are supported in 4 selected schools (Gejaba, Hanafa, Fero and Halekena primary schools) to complete their

primary education. Also the skills of the teachers, stakeholders and communities will be enhanced.

IMPROVING WASTE WATER MANAGEMENT

In 4 coffee communities in **Huehuetenango, Guatemala**, the finalization of the construction of a coffee wet mill module considers the right technology for small coffee producers, which reduces the water consumption with 60%.

Waste water is processed in an evaporation pool and is later on used for organic fertilizer. Thanks to the standardization of coffee processing, improved coffee quality is obtained. Thanks to reduced water use and clean water, the communities directly see and feel the benefits in their daily life: cleaner water in the river and less water use. On the long run this leads to an improved health situation. Training also focuses on preventive health and optimization of coffee knowledge.

An additional training phase in the project, running from July up to November 2016, focused on governance, strengthening of administrative management, associative marketing, gender difference & youngsters and integral system for entrepreneurial development.

The partners in this project are ANACAFÉ, FUNCAFÉ and Cruz Grande Integral Agriculture Cooperative. EFICO Central America provides project follow-up and a Danish coffee roasting company is the funding partner.

IMPROVED LIVING CONDITIONS

In **San Marcos, Guatemala**, the project that was set up earlier in 2014 at El Platanillo was finished, focusing on improving the health of 25 adults and 35 children living there.

The installation of the vegetables production garden and wood efficient stoves, increased the quality of nutrition and at the same time less resources have to be used to cook. There is a reduced consumption in kg of wood per family, which is good for the environment too. Increasing the level of education of the children gives them better opportunities. This project was supported by a Belgian coffee roaster and follow-up provided by EFICO Central America. In 2017, there is a follow-up project, with the continuation of the vegetables garden and edible mushrooms, focus on quality education including scholarships and school maintenance.

In **La Campa, Lempira, Western Honduras**, the quality of life of 50 coffee families was improved by providing them with a concrete kitchen floor, a wood-efficient stove and water filter per family. Also 7 workshops were given, focusing a.o on disinfection and storage of water, food hygiene and so on.

This project was carried out by Fundación Amigos del Café and supported by a Dutch coffee roaster.

WOMEN EMPOWERMENT AND INCOME DIVERSIFICATION

In **Jinotega, Nicaragua**, micro-credits or small loans are provided to 25 women coffee smallholder producing members of Aldea Global.

The funds are used to invest in the purchase of agricultural inputs, work tools and equipment for maintenance of plantations.

The aim of this project is to address the unmet need for working capital for individual farmers and for farmers in solidarity groups in the coffee sector. Follow-up by EFICO Central America and project support by a French roaster.

WHAT IS NEXT ?

In 2016, we reached some major **milestones** even though we still have quite some challenges and ambitious goals ahead of us.

We will **continue our actions** as formulated in our ambition up to 2030 for the **Sustainable Development Goals** and provide a **stronger voice in the call for international collaboration** and action to tackle sectoral challenges.

An important focus area in 2017 and 2018 will be to **review and reorganize our integrated management systems** towards a practical and bottom-up approach:

risk-assessment, product requirements, food safety and occupational health will drive these systems.

Given the sectoral challenges of climate change and price fluctuations in the international market, we will **continue to focus on partnership building** with both our customers and suppliers, as well as with institutional parties.

We look at a coffee future where all actors within the coffee supply chain can benefit **without harming the potential for the future generations**. This vision goes hand in hand with our continued focus

on **responsible production and consumption**.

We aim to apply an inclusive strategy that also reaches the most vulnerable farmers and empower them towards sustainable income creation.

With the EFICO Foundation we will continue to invest in **quality education** for a.o. children and youngsters in coffee communities since they are the future of our society.

This long-term investment will guide us towards a transformational, **sustainable coffee future**.



www.efico.com



www.youtube.com/eficogroup



www.facebook.com/EFICO-218238252574/



www.linkedin.com/company/efico

This EFICO report is also available on the United Nations Global Compact Website
and on www.efico.com/un-global-compact.



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