



Foreword

his annual report, September 2020 edition, is based on the Communication On Progress (COP) required by members of the United Nations Global Compact (UNGC).

As a global compact signatory since 2003, EFICO is committed to transparently report its progress and challenges, and share this with its partners.

This report reflects our commitment towards the ten principles of the UNGC and reports our progress made in 2019.

We are proud to again be one step further in our sustainability journey and also report our progress towards the Sustainable Development Goals for which EFICO formulated its ambition towards 2030.

This report contains our statement of continued support, and our progress towards sustainable sourcing, the impact on farmers' livelihoods and prosperity and our environmental impact.

Combining these three angles, we aim to positively drive systemic

solutions towards a sustainable coffee value chain.

As always, we are open to feedback and ideas to continue learning and improving our dynamic sustainability journey.

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.



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GREEN WAREHOUSE 10 YEARS TAKING CARE OF YOUR COFFEE



Statement of continued support 2019

Dear Valued Partner, dear Coffee Lover,

2019 is characterized by several landmarks for EFICO, amongst which SEABRIDGE green warehouse being 10 years operational (see photo), 15 years of EFICO GmbH - EFICO's German office, the advanced certification of our quality standards, including Food Defense and Food Fraud, the launch of the first ever "Cafés del Peru brand" coffee container and a recognition in Time4Society's CSR Professional of the Year.

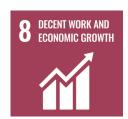
End 2019, the EU Commission launched its European Green Deal, a roadmap for making the EU's economy sustainable by turning climate and environmental challenges into opportunities. It is a growth strategy that transforms the Union into a modern, resource-efficient and competitive economy, and making the transition just and inclusive for all.

The Green Deal also comprises measures to protect our fragile ecosystem and biodiversity, ways to ensure more sustainable food systems - from Farm to Fork.

When we reflect and zoom in on our own impact, Quality and Food Safety systems play a crucial role at EFICO. Since the early beginnings of the certification of our Integrated Management Systems back in 2003, we see this as a commitment towards our suppliers and a service to our clientele. In 2019, a successful upgrade to the IFS standard took place, acknowledging our commitment.

Sustainable sourcing, positively impacting farmers' livelihoods and prosperity, and reducing our environmental impact remain key pillars of our strategy. We focus on the following 5 UN Sustainable Development Goals:











We can proudly report for 2019 that 83% of our coffees are purchased from farmers, cooperatives and local exporters - boosting local development, and 54% of our coffees sourced are certified against sustainability standards. With our EFICO Foundation, 13 projects across 7 countries positively impacted directly about 6,000 people and indirectly about 8,800 families. This was possible thanks to partnerships with 65 organisations and companies. The energy use of our operations in Europe comes for 95% from renewable sources and the solar panels of our SEABRIDGE warehouse result in a CO_2 reduction of about 1,200 MT.

We continue to emphasize the difficulties farmers are facing today. With continued low coffee prices, we have a joint global challenge. Coffee farming is in many countries not profitable anymore.

R&D and innovation in coffee and smart collaboration will form two important silver linings to transform the coffee sector. To drive this transformation, research and development is highly needed.

For EFICO, a concrete example within this framework is the participation in World Coffee Research's Global Coffee Monitoring Program since 2018.

Nevertheless we are well aware that the path towards a sustainable future remains an ever evolving process, and we keep on challenging and improving ourselves to build towards a more sustainable coffee future.

We welcome you to join us in this journey, keeping a positive, open dialogue to address challenges and turn this into opportunities for all partners and coffee community involved.

This EFICO Group Communication On Progress Report reflects our actions taken in 2019 and our ambitions for the future. We hereby invite you to evaluate our progress and welcome your feedback.

Michel Germanès Managing Director Philip Van gestel Executive Chairman

THE 10 UNGC PRINCIPLES

At EFICO we integrate the ten United Nations Global Compact principles in our strategies and actions: Additionally, we support the United Nations Guiding Principles on Business and Human Rights, following the Commodity Sector Guidance issued by the Swiss Government in November 2018.

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 UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)



The Millenium 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





SUSTAINABLE SOURCING IMPACT





OUR SUSTAINABLE SOURCING COMMITMENT

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



This commitment connects with the following SDGs and UNGC principles for impact measurement:

- SDG 12: Responsible Consumption & Production UNGC Human Rights and Labour
- SDG 8: Decent Work and Economic Growth UNGC Human Rights, Labour and Anti-Corruption
- SDG 17: Global Partnership for Sustainable Development UNGC Human Rights, Labour, Environment and Anti-Corruption

OUR POLICY

As a business with strong family values and a passion for coffee, EFICO strives for excellence in providing qualitative and sustainable products and services to its partners. EFICO aims to deliver quality products safe for consumption, compliant and traceable at all times.

EFICO is aware of its business impact and commits to act in a socially, economically and environmentally responsible way, in line with the United Nations Global Compact Principles and Sustainable Development Goals.

EFICO's policy consists in acting transparently in its business activities and maintaining a personalized approach. We aim to meet the expectations of our business partners and employees, to continuously improve the quality and safety of our products, services, and sustainability strategy, linking our economic, social and environmental commitment. Coffee is much more than a commodity. We aim to differentiate in our business through innovation, sharing knowledge and a passion for coffee and invest in a sustainable coffee chain and meaningful value creation.

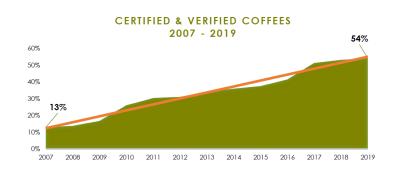


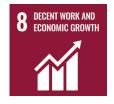


Ambition: 40% sustainable sourcing by 2020 and 50% latest by 2025

In 2019, **54%** of our coffee sourced was verified or certified according to various sustainability standards.

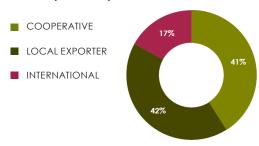
Over the last 10+ years, this volume quadrupled from 13% to 54%.





Ambition: more than 80% sourcing from cooperatives or local exporters by 2020

At EFICO, personal relations with our suppliers are key. In 2019, we sourced about **83%** directly from cooperatives, unions or local exporters, boosting local development and economic growth.





Ambition: think global, act local

We stimulate our suppliers and our clients towards a more sustainable coffee future. By actively listening to the needs of our partners, we build partnerships amongst private, public and civil society actors and join efforts to **drive change & impact**.

ABOUT EFICO GROUP



Green coffee specialist since 1926, sourcing from over 40 countries and serving over 400 clients worldwide



Offices in Belgium, Switzerland, Germany, USA, Brazil, Ethiopia and Guatemala



Quality & Sustainability are in our 'Coffee Genes': e.g. EFICO Foundation since 2003 & SEABRIDGE since 2008



First coffee trader to sign up to **10 United Nations Global Compact principles** in 2003, commitment towards 5 out of the 17 Sustainable Development Goals since early 2016



Following the highest standards in Quality, Safety, Health and Environment; ISO 9001 / IFS / ISO 22000 / ISO 26000 / AEO



POSITIVELY IMPACTING FARMERS' LIVELIHOODS & PROSPERITY





COFFEE FOR PEOPLE, PEOPLE FOR COFFEE

At EFICO, **sourcing sustainably** and establishing **long-term partnerships** with our customers and suppliers, facilitated by our local offices, is key.

Our sustainable sourcing commitment goes hand in hand with **(re-)investment in a sustainable coffee future** through our EFICO Foundation.

By supporting **innovative and scalable projects** in coffee producing countries, along with the coffee roasting community and institutional partners, a positive ripple effect is put into motion.

Established as a private foundation in 2003, the EFICO Foundation's goal is to positively impact coffee farmers' **livelihoods**, **prosperity** and **environment**. The multi-stakeholder approach adopted is unique and is a dynamic tool to foster partnerships.

The EFICO Foundation is about **PEOPLE** - from coffee farmers, their families and local communities to coffee roasters and coffee lovers.



This commitment connects with the following SDGs and UNGC principles for impact measurement:

- SDG 4: Quality Education UNGC Human Rights and Labour
- **SDG 17: Global Partnership for Sustainable Development** UNGC Human Rights, Labour, Environment and Anti-Corruption

COFFEE FOR PEOPLE, PEOPLE FOR COFFEE

To date, we report back on more than **70 projects in 17 producing countries**. Discover them all on our **website**.

OVERVIEW IMPACT 2019:



Ambition: quality education, knowledge transfer, climate change & sustainable income increase

In 2019:

- 13 projects supported in Africa, Central & South America
- **5,975 direct** beneficiaries with improved possibilities, empowerment and prosperity
- Indirectly generating a positive impact on the lives of over 8,797 coffee families



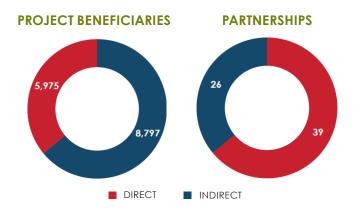
Burundi

Ambition: foster partnership building

In 2019:

Ingoma, Agasimbo,

- 39 partners directly involved
- 26 indirect partners



IN 2019, 13 PROJECTS IN AFRICA, CENTRAL & SOUTH AMERICA:



For this 2019 reporting, we focus on **newly initiated projects** and 1 **special progress report** from projects initiated in 2018:

We can get there

	Intore and Umuyebe	
Colombia	Santander	A new generation of coffee entrepreneurs
DR Congo	Ituri and South Kivu Province	Strengthening of two smallholder coffee cooperatives beyond their break-even towards full financial autonomy
Ethiopia	Dale Woreda, Southern Nations Ethiopia	Improve quality education in primary schools of coffee producing communities
Guatemala	13 locations in total	World Coffee Research Global Coffee Monitoring Program
& Honduras		
Guatemala	Santa Rosa & Jalapa	Water purification for safe consumption by the coffee community
Guatemala	Buena Vista Las Flores	Healthy Home Kits for the Buena Vista Las Flores Coffee Community
Guatemala	Huehuetenango	Foundations for Growth : Healthy Home Kits
Guatemala	San Rafael Pie de la Cuesta; San Marcos	Scholarships, school maintenance, vegetable gardens and edible mushrooms for the 'El Platanillo' community
Guatemala	San Rafael Pie de la Cuesta; San Marcos	Knowledge transfer and quality education as a driver for women smallholder coffee producers and youth
Guatemala	Santa Rosa	Bachelors in coffee
Guatemala	Valle de las Flores, Palin, Esquintla	Emergency volcano project
Nicaragua	Jinotega	Aldea Certification as a Pilot Model with rural youth

EFICO FOUNDATION NEW PROJECTS 2019

A NEW GENERATION OF COFFEE ENTREPRENEURS



Santander, Colombia



May 2019 to December 2021



150 young students, indirectly generating a positive impact for 6,600 community members



Continued cooperation between:

- National Coffee Growers Federation of Colombia
- Colombian Technical Education Platform (SENA)
- local government
- Collibri Foundation / Colruyt
- EFICO Foundation / EFICO

This project is a continued cooperation between partners for over 15 years. This next gen of coffee entrepreneurs will become regional and national models of rural entrepreneurship. In 2019, phase 2 was initiated, adding 70 young coffee entrepreneurs. 150 students in total are trained in leadership, entrepreneurship, environmental-friendly technology, certification, quality, coexistence, post-conflict and associativity. The students are supported to establish coffee plantations with 3 different ages in production cycles. High yielding coffee varieties resistant to climate change are planted. At the end of the project, 50 farms will be Rainforest Alliance certified.

This project aims to provide better perspectives for the young coffee growers community. Productive and leadership potential of 150 young coffee growers is promoted. 150 coffee plantations will stand out for their profitability and sustainability and will be known as 'model coffee farms'. Through this project, the students will be empowered and will see their coffee business grow whilst implementing good and sustainable agricultural practices. The youngsters will have their own enterprise, avoiding migration to the cities.







This project contributes to:















A wide range of projects are covered: from daily basic essentials such as clean water provision up to quality improvement



WATER PURIFICATION FOR SAFE CONSUMPTION BY THE COFFEE COMMUNITY



Santa Rosa & Jalapa, Guatemala



August 2019 to October 2020



370 coffee farmer partner families



Continued cooperation between:

- Fedecocagua
- Habitat for Humanity Guatemala
- Nespresso
- EFICO Central America / EFICO Foundation

The long-term financial success and wellbeing of any family begins with a good health. With this project, about 370 coffee farmer partner families are provided with water filters, having a direct positive impact on their daily lives.

Besides training on the installation, use, and maintenance of the filters, the families also receive training on Financial Education (encourage savings), Risk Management, and Healthy Homes.

The families will continue to enjoy using their water filters, equipped with the tools to clean and care for them. In the long run, the project will be self-sustaining as families will be supported in developing savings plans to purchase future replacement cartridges (approx. US\$20), every 12 to 18 months, starting two years after the project is complete (as the first replacement cartridge will be provided through the project).

Discover the film about the project here.







This project contributes to:







This project contributes to:









FOUNDATIONS FOR GROWTH: HEALTHY HOME KITS



Huehuetenango, Guatemala



June to December 2019 (Phase 2)



27 coffee partner families



Continued cooperation between:

- Habitat for Humanity Guatemala
- Local Community Development Council
- Mocca d'Or Foundation
- EFICO Central America / EFICO Foundation

By introducing Healthy Home Kits, Habitat for Humanity Guatemala believes that the health of a family can make a life-transforming difference, improving the wellbeing and overall environment.

The long-term goal is to see each and every family in Guatemala with a safe and decent home to call their own.

A Healthy Home Kit consists of a water filter, a wood efficient stove and a sanitary latrine. The coffee partner families join building the stoves and latrines. The wood efficient stoves result in a reduction of firewood usage/indoor air pollution, a decrease of burn accidents, less deforestation and more efficiency. The water filters and latrines contribute to improvement of health and less diseases.

Training is also given about health and nutrition, financial responsibility and savings, and appropriate use of the Healthy Home Kits.

SPECIAL PROJECT IN THE PICTURE

THE FUTURE OF COFFEE - WORLD COFFEE RESEARCH GLOBAL COFFEE MONITORING PROGRAM



13 locations in Guatemala & Honduras

July 2018 to December 2022



Cooperation between:

- World Coffee Research
- Fedecocagua
- CoHonducafé
- EFICO Central America / EFICO Foundation

13 farmers managing the OFTTs, and 60 farmers trained during the Farmer Field Days, indirectly 365 people

The nature of this project is to conduct research and to build the body of knowledge on profitability and climate smart agricultural practices. Information generated through the network of trials is open to the coffee industry globally and is intended to reach coffee farmers globally.

In order to enhance their programs with the latest knowledge on coffee farming, World Coffee Research will share knowledge generated from our trials with national ag extension systems and with programs that provide training to farmers.



13 On-Farm Technology Trials (OFTT) were established in Honduras and Guatemala to allow farmers to experience the impact of investing in new technologies (improved varieties and climate-smart agronomic practices).

This is part of the Global Coffee Monitoring Program, an open-source platform to track the impact of climate change on coffee quality and production, and pest and disease infestation to advance scientific knowledge about coffee variety performance and agricultural treatments. This project can be replicated in other coffee regions.

Knowledge transfer of new coffee varieties resilient to climate change is key to lift coffee farmers' profitability. Today, the most pressing challenges of the coffee sector are climate change and price volatility, leading to unreliable farmer income.

Partners as World Coffee Research (WCR) are essential in the support towards finding solutions: by carrying out fundamental research and developing coffee varieties that are rust resistant, WCR is working upon tackling not only climate change and low yields, but also diseases and pests & barriers to quality.

EFICO's commitment towards the coffee community is strong and this is our way to show our support: new modern producing tools to ensure better income for the future are essential to invest in today.



This project contributes to:











ABOUT EFICO FOUNDATION



Private foundation, established in 2003



Co-designs and supports projects that create a **positive impact** on coffee farmers' livelihoods, prosperity and environment



Projects are selected by an independent jury of experts



A flexible tool to build a sustainable supply chain: support by sourcing coffee with EFICO contributing 0.25 EUR/kg or direct transfer to the EFICO Fund: www.eficofoundation.org/donate



100% of the contribution goes **directly to the project**s, EFICO covers operational expenses, funds are managed independently and **transparently** by the King Baudouin Foundation



Working together: a multi-stakeholder approach, fostering partnerships



REDUCING OUR ENVIRONMENTAL IMPACT





SEABRIDGE - GREEN CENTER OF EXCELLENCE

SEABRIDGE is a high-end green warehouse - solely dedicated to green coffee - combining excellence in quality, sustainability and traceability. It is one of our major achievements during the last decade as **innovator in the development of sustainable supply chain solutions**, to meet our stakeholders' concerns and setting a standard for the future. In 2019, SEABRIDGE entered its 10th year being operational and taking care of green coffee in the best conditions. With SEABRIDGE, the EFICO group actively contributes to its ambition to use **100% green energy** and recycle **95%** of the waste streams.



This commitment connects with the following SDGs and UNGC principles for impact measurement:

- SDG 7: Affordable & Clean Energy - UNGC Environment



Ambition: 100% green energy use within the EFICO Group and recycling of 95% of all waste streams

In 2019, we report a **95% green energy use** at our offices & SEABRIDGE warehouse.

At SEABRIDGE:

- 4,600 solar panels produce 93% of the total energy need, a CO₂ reduction of 1,190 MT
- 87% of all waste is up/recycled,
 11% has energy recuperation
- 98% of our inbound volume is sustainably transported



TAKING CARE OF YOUR COFFEE



COFFEE STORAGE IN THE BEST CONDITIONS

As from the moment of growing and harvesting coffee beans, meticulous care is given by our coffee farmer partners. The SEABRIDGE warehouse is dedicated and designed to store coffee in the best conditions, and handle the beloved green coffee beans with the same care as in origin. To reach these conditions, temperature, humidity, air ventilation and filtration are continuously regulated and monitored. At this point, shelf life will be at its longest.

A team of experts in coffee handling takes care of reworking, screening, drying, blending and repackaging of coffee in boxes, bags, big bags, according to our customers' requirements.

A unique track-and-trace system allows real-time stock visibility. All batches are barcoded and scanned, allowing instant traceability. Interfacing is possible.



FIRST BELGIAN SCA CERTIFIED PREMIER TRAINING CAMPUS - ORGANIZATION Q GRADING COURSES

Our quality team works in a dedicated laboratory for physical, sensorial and microbiological analysis of coffee samples. Each sample is taken automatically on bag-per-bag basis during unloading of the containers. They are barcoded, analyzed and stored for minimum 14 months.

The laboratory is not only used for daily control of samples but also offers a customized service towards our clients for quality training sessions by our Q graders, in partnership with the CQI. In 2018, SEABRIDGE became the first Belgian SCA Certified Premier Training Campus.



ABOUT SEABRIDGE



Established in 2008, part of the EFICO Group of companies



 $20,\!000\,m^2$ warehouse solely dedicated to green coffee - customs warehouse EU



Strategic location in the Port of Zeebrugge, with fast connections into Europe and the UK



Following the **highest standards** in Quality, Safety, Health and Environment; compliant with ISO 9001 / ISO 22000 / ISO 26000 and AEO



Developing long-term business partnerships, sharing the same vision

WHAT IS NEXT?

At EFICO, we firmly believe it is our duty to take our responsibility, to monitor and (re-)assess our own impact on society, business, the environment, our coffee partners and the action we take to thrive. Continuous improvement during this sustainability journey, keeping open dialogue with all actors involved and moving forward together, remains key to us.

For 2020, we set our vision into a **3-TIER ACTION PLAN**, for an Integrated Coffee Value Chain approach, in tune with the EU Green Deal, our commitment to the UN Global Compact and the SDGs:

1/ PROMOTE FLAVOR DIVERSITY AND ECONOMIC VIABILITY

Early 2020, COVID-19 impacted the daily lives of our (coffee) community. Extra pressure is added to the economic, social and environmental reality, besides the existing climate change and price crisis. Within these circumstances, it is more likely we risk loosing origin and flavor diversity and a series of amazing coffee people.

At EFICO, we launched CUPRIMA Coffee - our specialty coffee division - as additional response to this growing need to promote flavor and origin diversity, and foster stable and sustainable supply chains that make sense in today's challenging environment.

2/ CONNECTING THE VALUE CHAIN

As a green coffee specialist, part of our role is to be the connector in the value chain. Our local offices play a crucial role in sourcing sustainably and facilitating the connection between coffee farmers and coffee roasters.



"At EFICO, we envision a coffee future where origin and flavor diversity, economic viability and stability are key."

"Because we love coffee, valuing all people on the journey!"



In 2019, our process-based, integrated management system was certified according to the International Food Standard including Food Defense and Food Fraud. And we continue to go even further in fully traceable and sustainable value chains, from farm to fork. Food integrity, guaranteeing the quality, safety and authenticity of the coffees we buy and offer is fundamental. The factor for success however is a collaborative approach, where all stakeholders involved are essential to progress.

3/ A BALANCED SOURCING APPROACH, WHERE STABILITY IS KEY

As a family company, our sourcing policy is based on trust, respect and long-term partnerships. Sharing the same values is the starting point. A sustainable business partnership is one that sustains now and in the future. In this volatile market environment, climate change continuing to impact many coffee areas and additional global pandemic crisis, it is more than ever imperative to create stable and economically viable partnerships, including living income. Our daily activities and sourcing strategy, and our EFICO Foundation embrace this. We continue to support R&D and innovation in coffee quality and resilience, fostering a positive impact and coffee legacy.

We are looking forward to working with you on the development of qualitative and sustainable coffee, valuing all people on the journey!



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