



SUSTAINABILITY REPORT

2019

Sustainability Report 2019

The term Sustainability gains more ground for each year passing by, and during 2018 it feels like it has gotten an extra notch up on the agenda for many people; the weather conditions are becoming more and more extreme, and in 2018 Denmark experienced an extraordinary hot and dry summer. As climate changes come closer and closer, people are realising the importance of this development. As we see with the farmers in Denmark, coffee farmers are also experiencing drastic changes in their weather conditions.

As such, the coffee farmers' income is heavily jeopardized by climate changes. Adding to this, the world market price for coffee, which is set on Wall Street, reached historically low levels in the summer of 2018. Since August, the world market 'C-price' for coffee has been below 1 USD/lb many times, which is below the cost of production for most coffee farmers – especially the ones making good coffee.

These factors added awareness, to how seriously we need to take the failures of the coffee market. Both out of consideration of the situation our fellow coffee farmers are facing, as well as the hope to have good coffee to enjoy in the future. There is an urgent need to increase the sustainability of the coffee business.



Above: Sous chef, Baptiste Fournier behind the bar at Godthåbsvej, 2018



Above: A handful of unripe cherries

OUR PURPOSE AND VALUES

To make a change we, as a company, are working from a set of values supporting our overall purpose:

To create exciting coffee experiences that bring better returns to the farmer

Developed through a comprehensive internal process including employees at all levels, these core values give a shared goal of who we want to be.

On a global scale, we see the normal way of trading coffee as postcolonial. This leaves a wish for ethical improvements in general. We have made it our top priority to push the coffee market in a more sustainable direction by focusing on how our coffee is traded from the farmer to the consumer:

To explore the quality of coffee - both ethically as well as flavour wise

Overall, we pursue to be sustainable in a broad sense. It derives from our belief that it is extremely important to show respect to farmers, to our employees, to our customers as well as to the environment and society in general:

To conduct business in a responsible manner

The purpose with our Sustainability Report is to have a framework summing up the work that we do within the area of sustainability on a yearly basis; what we do, why we do it and how we monitor our development. In a way, it is similar to our yearly financial report, which makes a summary from a purely financial perspective.

Initiatives

Actions taken to improve the social and environmental sustainability of our business



Above: Peter Dupont and Edwin Martinez looking at the old fermentation tanks at Finca Vista Hermosa, 2018

SOCIAL INITIATIVES

In the previous section you can read about our purpose and core values which outline an inherent dedication to improve conditions for the farmers. Our concern is related to social equity on a global scale. However, we acknowledge that we operate in a market where economic factors, such as a historically low market price on coffee, shape the industry. In that sense, we see our contribution to social and economic sustainability as intertwined.

Transparency

We believe that a major flaw in the global coffee market is a lack of transparency. This scarcity of transparency might be explained by the colonial history of the market or maybe by the interests of the big roasting companies currently dominating it. For ourselves, pushing for more transparency has been a continuous priority since we started our roastery in 2007.

In 2018, 11 years later, we were excited to witness a new and broader interest on this matter from a growing number of players in the specialty coffee industry. Particularly

recent initiatives building on the notion that a collaborative effort would be advantageous over everyone doing their own thing.

We were happy to contribute to such initiatives in 2018. One was the publication of 'Specialty Coffee Transaction Guide' - a guide that presents actual prices paid for green specialty coffees. It provides a relevant benchmark for current and future negotiations without using the stock market 'C-price' as a reference point. Another exiting project we and other volunteer specialty coffee roasters have taking part in is the development of a transparency Pledge. The aim is to create a common code of best practice in transparency reporting for the industry.

We continually try to increase transparency towards our customers. For example, facts on price transparency is stated on each coffee bag we sell. Furthermore, we were recently featured in the register of 'Transparently Traded Coffees'.

“Our concern is related to social equity on a global scale. However, we acknowledge that we operate in a market where economic factors, such as a historically low market price on coffee, shape the industry”

Communicating this directly to our customers, facts on price transparency is stated on each coffee bag we sell. You can always read about our latest work with producers and farmers, which is shared more frequently through social media and [in-depth blog series](#).

Human Resources

At Coffee Collective, we are very dedicated to creating a good workplace. We are aware that the baristas who make up the biggest group of employees in Coffee Collective are also the ones with the highest turnover rate. One step we have taken to address this is joining a union agreement with 3F covering our baristas. For everyone not covered by such agreement, we offer Merkur as a health care & pension scheme, since they can offer a guarantee that pension contributions only will be invested in projects/businesses with a high degree of sustainability. Also, it is possible for each employee to adapt one's own risk profile and sustainability preferences.

Furthermore, 2018 saw the launch of various initiatives aiming at equipping employees with an even broader skill-set. Our internal Barista Development Program offered 5 workshops on various topics, while another workshop for managers focused on how to acknowledge, prevent and work with stress and difficult life situations that colleagues and employees face.

Combining the goals of creating a good workplace and increasing transparency, 11 of our staff members got to travel in 2018 to meet coffee producers we work with around the world. Read more about the purpose of these trips further on.

Below from left: Co-founder Klaus Thomsen teaching our baristas at an internal Extraction Workshop, 2018. Cupping at Godthåbsvej. Peter Ebdrup and Lukas Kragelund visiting farmer Edilfonso Yara Vela in Colombia, 2018



ENVIRONMENTAL INITIATIVES

We strive to be as efficient in our use of resources as possible, without compromising on our high-quality product and service. This is why our entire electricity use is 100% powered by wind and deliveries are done by bike messengers or our electric van when possible. Also, a basement warehouse has been chosen as storage for our green beans, since it naturally provides the optimal stable and cool environment to maintain bean quality.

The material used for our to go cups is completely plant-based and compostable. The same goes for the larger lid of our big to go cups, which accounts for 75% of our take-away sales. As an alternative to go option, we offer a re-usable, organic bamboo cup. After the initial purchase of the bamboo cup, a circular model allows customers to exchange the cup for a clean one whenever they buy a to go coffee.

For our coffee bags, we have worked with our suppliers and developed a bag material that burns as 'clean' as possible. The result is that only CO₂ and H₂O gasses are discharged when the bag is burned as residual waste, avoiding the toxic gasses (e.g. dioxin) released by average plastic.

Producing Kombucha from our excess batch brewed filter coffee is just one way we tried to reduce our waste in 2018. During autumn, we reviewed how waste was managed in all our locations and realized that an on-going process is needed to change externally fixed sorting setups and long-term binding contracts on waste pick-up. We could confirm that effective systems for waste sorting and recycling were already in place for most bars. In some cases, improvements were made by initiating sorting of organic waste, enabling us to make better use of recycled coffee grounds in the future. In addition, written waste policies were created for the roastery, office and bars to align efforts.



Peter Ebdrup visiting Duver Rojas and Salomé Puentes from Caravela, Colombia, 2017

“By meeting the coffee producers face-to-face, we build strong and close relationships that enable us to improve quality through dialogue”



Above: Peter Ebdrup serving a coffee in the bamboo cup

Left: Simone Henriksen picking coffee cherries at Jaime Casallas' farm in Colombia, 2018

An essential activity that makes it possible for us to continuously offer a high-quality product to our customers, is our yearly origin visits. By meeting the coffee producers face-to-face, we build strong and close relationships that enable us to improve quality through dialogue. The trips also bring more value to the interaction between barista and customer, since personal stories from producer visits can be shared. Though an indispensable and positive element in our work with producers, we are aware that these trips affect our environment negatively.

That is why we decided to annually calculate

the CO₂ emitted from all employee air travel paid by Coffee Collective. In 2018, these missions amounted to 19 tons. The calculation is based on ICAO's official [carbon emission calculator](#) using the best publicly available industry data. These CO₂ emissions have been offset via a donation to [carbonfund.org](#) - a non-profit organization dedicated to reducing the negative impacts of climate change.

Measurable sustainability parameters

Below: 2018 Transparency Table

*) Market price is found at ICO.org as the average price for the month of the contract, for the relevant world market category

**) Producer price is defined as the price paid to either the farmer, or the entity doing the primary post-harvest processing (washing, drying for Naturals etc.). Calculated equivalent to export green USD/lb. The producer price is the same as the FOB price when the producer also takes care of export

***) SCA quality score is based on the 'Total Score Quality Classification' from SCA's Cupping Protocol: Below Specialty Quality [<80,0], Very Good [80-84,99], Excellent [85-89,99] and Outstanding [90-100]

TRANSPARENCY TABLE

93,7% of our total purchase is represented in this table	Years of relationship (2018)	Quantity bought (kg)	Return To Origin (USD/lb FOB)	Market price* (USD/lb)	Producer price** (USD/lb)	Certifications	SCA Quality Score***
Finca Vista Hermosa, Huehuetenango, Guatemala	12	10.344	3,45	1,36	Same as FOB		Excellent
Daterra, Cerrado, Brazil	11	18.395	3,16	1,16	Same as FOB	Rain Forest Alliance	Very Good
Kieni AA, Nyeri, Kenya	8	12.051	6,04	1,39	5,53 (to wet mill coop)		Outstanding
Kieni AB, Nyeri, Kenya	8	3.135	3,81	1,39	3,35 (to wet mill coop)		Excellent
Jaime Casallas, Huila, Colombia	6	1.610	4,11	1,51	2,37		Excellent
Duver Rojas, Huila, Colombia	6	1.120	4,18	1,51	2,51	Rain Forest Alliance	Excellent
Edilfonso Yara, Huila, Colombia	6	105	4,20	1,51	2,06		Excellent
El Desarrollo, Huila, Colombia	6	2.590	3,85	1,48	n/a		Excellent
Akmei Nuri, Djimma, Ethiopia	4	12.000	3,75	1,34	Same as FOB	Organic	Very Good
Finca Buena Vista, Caravani, Bolivia	2	5.520	3,93	1,37	Same as FOB	Organic	Excellent
Fincas los Rodriguez, Caravani, Bolivia	2	2.840	5,63	1,37	Same as FOB		Excellent
Takesi, Yanacachi, Bolivia	2	630	27,87	1,37	Same as FOB		Outstanding
Halo Berite, Yirgacheffe, Ethiopia	1	6.600	4,98	1,34	Same as FOB	Organic	Outstanding
Alaka, Hambela, Ethiopia	1	5.400	4,95	1,34	Same as FOB	Organic	Excellent
Tegu AA, Nyeri, Kenya	First year	2.100	5,47	1,15	4,97 (to wetmill coop)		Outstanding
Total volume / weighted averages		84.440	4,40	1,32			

SOCIAL INDICATORS

Coffee Purchase and Sale	2016	2017	2018
Total coffee purchases (kg)	76.898	71.823	90.144
Direct Trade Coffee (%)	92,7	99,6	93,7
Organic Certified Coffee (%)	24,4	39,0	35,5
Weighted average FOB price of DT coffee (USD/lb)	3,92	4,48	4,40
Total roasted coffee sold (kg)	56.739	65.719	73.480

Human Resources	2016	2017	2018
Amount of full-time employees (in contract hours) covered by union or improved terms	33	41	42
Number of nationalities in the employee group	7	12	10
Percentage female employees	33	41	48
Females in "white-collar-like" positions (% wage difference compared to male colleagues)	+0,16	+1,97	-2,00
Female baristas (% wage difference compared to male colleagues)	+0,6	+0,8	-0,7

Inspiration

When selecting which measurable parameters to use as indicators, we were inspired by UN's Global Compact, B Corp and the scientific discipline Ecological Economics.

- **UN's Global Compact** represents an overall global framework that sets ambitious goals for the global development.
- **B Corp** is an organization providing a global framework for business to measure their sustainability.
- **Ecological Economics** is a scientific discipline dedicated to studying Sustainability, and has as such been an important source of inspiration.

ENVIRONMENTAL INDICATORS

Electricity in kWh (100% wind power)	2016	2017	2018
Godthåbsvej 34B	45.180	49.560	50.135
Jægersborggade *	17.951	26.028	27.920
Kristen Bernikowsgade	n/a	24.358	22.162
Booth in Torvehallerne	32.187	30.958	27.325
Warehouse at Esromgade 15	5.280	2.122	1.955

Water in m³	2016	2017	2018
Godthåbsvej 34B	n/a	323	n/a
Jægersborggade *	478	n/a	n/a
Kristen Bernikowsgade	-	-	725
Booth in Torvehallerne	318	309	273
Warehouse at Esromgade 15	-	-	-

*) Jægersborggade Nr. 10 in 2016;
Nr. 10 and 57 in 2017

Heat in kWh	2016	2017	2018
Godthåbsvej 34B	n/a	n/a	n/a
Jægersborggade Nr. 10 i 2016	816	6.327	n/a
Kristen Bernikowsegade	n/a	n/a	559
Booth in Torvehallerne	No heating in the booth		
Warehouse at Esromgade 15	0	0	0

Recycling Indicator	2016	2017	2018
Number of 5 kg cardboard box (can contain 4-5kg roasted coffee) purchased	8.750	10.560	10.176
Kgs of coffee sold, per 5 kg cardboard box purchased	6,5	6.2	7.2

CO ₂ emitting inputs for the operations	2016	2017	2018
Diesel purchase for the non-electrical	3.233	4.416	4.327
– Pr. Kg of sold coffee	0,057	0,068	0,059
Gas used for roasting in DKK	38.278	41.448	55.613
– Pr. Kg of sold coffee	0,675	0,639	0,757
Air travel (kg CO ₂ emission)	n/a	n/a	18.626

Comments

Reviewing the Transparency Table, we see a 25% increase of total coffee purchase and a slight decrease in FOB price for 2018. This can partly be explained by timing, as our Colombian coffees were included in the 2016 and 2018 statistics, but not in 2017 due to a later harvest. Another contributing factor is a general growth in our coffee sale. Moreover, responding to requests from our wholesale customers, we had to buy some additional organic coffees in 2018. Since we did not have full transparency down to the producer level on these purchases, it lowered our proportion of Direct Trade coffees.

The 2% lower payment to female in “white-collar-like” positions, should be seen in the context that the current group of females on average has 3 years of seniority in the company, whereas the current group of males on average has 5 years of seniority.

Though reducing our overall electricity use by 2,65% we continue to keep an eye on the locations where usage has increased. Unfortunately, some numbers related to water and heat were unavailable due to the timing of the report's release. The 16,5% efficiency increase in our use of cardboard boxes can be explained by a strong focus on recycling.

This year, we were excited to continue, and even expand, our reporting related to various sustainability parameters. We will constantly work on pushing transparency, improve our positive societal impact and minimize the environmental footprint of our organization.



Above: Fincas los Rodriguez,
Bolivia, 2018

IDEAS FOR FUTURE IMPROVEMENTS

- Making the Sustainability Report more of an active tool for working with sustainability throughout the organization.
- Going through all our product purchases to see if we can buy a more sustainable substitute.
- Looking at possibilities for improving our water filtration systems to be more water efficient.
- Investigating possibilities to decrease the CO₂ emissions from our roastery.
- Improving the sustainability of our coffee bags.
- Follow the standards we will commit to when eventually signing the Transparency Pledge.

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You can read [last year's sustainability report](#) on our website.