

A photograph of a coffee branch with several large, vibrant green leaves and a small cluster of green coffee cherries on the right side. The branch is positioned diagonally across the frame. A white rectangular box is overlaid on the center of the image, containing the text 'SUSTAINABILITY REPORT' and '2018'.

# SUSTAINABILITY REPORT

2018

# Sustainability Report 2018

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In order to facilitate this, we have chosen to expand our accountable framework to encompass the three dimensions of Sustainable Development - economic, social and environmental terms. Since the beginning of The Coffee Collective we have been keeping close track of our economic development, but tracking our performance in social and environmental aspects is new for us.

We made the first draft of our sustainability report last year, in order to gather experiences and to better understand what would be relevant to publish.

This year is the first time we publish our Sustainability Report. We do not see it as a finished format, but something to improve over time. All suggestions for improvement will be gladly received on [peter@coffeecollective.dk](mailto:peter@coffeecollective.dk)

The idea of our Sustainability Report is twofold. Internally the idea is to have a framework for gathering information about our sustainability work in order for us to strategically work on improving it and to create awareness around this work.

Externally our main idea is to be as transparent as possible about our work. Hopefully this report can also help spurring the dialogue about how we can increase our sustainability.

We have structured the report in two parts. The first sums up our different initiatives with a sustainability dimension to them. The second part looks at measurable parameters related to social or environmental performance.

We believe that as a company we must strive for sustainability in order to succeed. However, at the same time, we believe that sustainability is an ideal that is difficult to claim one has reached. In reality, only time can tell if one's actions really have been sustainable.

At The Coffee Collective we strive to continuously improve our sustainability and recognize that it is more of a journey we are on than a state we will ever reach. Therefore, we operationalize sustainability by looking at our development as a business and how economic, social and environmental dimensions of our actions are improving over time. So while we might have a vision about sustainability, our measurable goal is to progress towards more sustainable direction i.e. have sustainable development.

We believe that in order to monitor and manage our sustainable development we need to look at how the three dimensions of sustainable development interact and in which way can we find a balance.

# Initiatives

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



## SOCIAL INITIATIVES

The purpose of The Coffee Collective is “To create exciting coffee experiences that bring better returns to the farmer”.

As such, it is and has always been the foundation of our work to take on social responsibility by working towards bringing better returns to the coffee farmers.

Coffee is grown in some of the regions of the world with the lowest economic activity. The history of coffee is also completely intertwined with the colonial history. It was the Colonial powers who took coffee trees from their two places of origin – Ethiopia for Arabica and Uganda for Robusta – and planted it in their colonies around the tropics. While this happened several hundred years ago, the last colonies in Africa got their independence about half a century ago.

During the last half century, the consumer price of coffee has increased fivefold, but the price paid to the producers has only doubled in the same period.

Actually just before we started The Coffee Collective in the early 00's, the world market price of coffee was in nominal terms the same as it was in the 1960'ies (if you correct for inflation it was only a fraction of what it was in the 1960'ies).

This is a good indicator that the international coffee market is not working for the benefit of the farmers.

Our basic idea is to include the farmers in the value addition of the product by working together on increasing the quality of the coffee and by our Direct Trade model guarantee the farmers to be included in this increased value of the product.

Above: Joseph Ngari and Kieni chairman Charles Murimi in talks in front of the Kieni drying tables



To have clear communications about this work we have constructed our Direct Trade model, based on two central promises:

- 1.** We pay the producer a price that is at least 25% above the Fair Trade price.
- 2.** We visit the producer every year.

If we cannot document these two criteria have been met, our Direct Trade logo will not appear on the bags of that particular coffee.

To further document the returns brought to the farmers, we have taken two additional steps. One targets all of our retail consumers and the other is targeting the more interested consumer or industry professionals.

Since 2013 we have put the FOB-price (Free on Board – the export price from the producing country) paid for each coffee directly on our retail bags. The FOB price is the most comparable price between markets and

countries even though it doesn't document what payment the producer or farmer has received.

To accommodate this short fall of the FOB-price (amongst other things), we are now publishing our first detailed Transparency Table. It is for the year of 2017. This table gives a more comprehensive picture of our how our work brings better return to the origins, by including 99,6% of all coffee we have purchased through 2017. If the price to the producer is different than the FOB price this is listed. We have also listed the total quantity bought from each producer.

Finally, the transparency table also lists the length of our relationship with each producer. This is, from our perspective, one of the most crucial components of our work, as we wish to build long-term relationships with farmers that secure their income over a number of years.

Below (clockwise from left): Kieni mill manager Josphat explains the drying process to bar manager Jacob; Kieni collecting station cherry sorting and approval; Klaus in Kieni looking at some cherries from the very last bit of the harvest that had just come in



99,6 Percent of our total purchase is represented in this table	Length of relationship	Quantity bought (kg)	Return To Origin (USD/lb FOB)	Market price* (USD/lb)	Producer price** (USD/lb)	Certifications
<b>Finca Vista Hermosa, Huehuetenango Guatemala</b>	11 years	6.765	3,91	1,50	Same as RTO since they do the export themselves	
<b>Dattera, Cerrado, Brazil</b>	10 years	18.392	3,21	1,30	Same as RTO since they do the export themselves	Rain Forest Alliance
<b>Hacienda La Esmeralda, Boquete, Panama</b>	8 years	136	50	1,50	Same as RTO since they do the export themselves	
<b>Kieni AA, Nyeri, Kenya</b>	7 years	8.157	6,30	1,64	5,72 (to Wetmill Coop)	
<b>Kieni AB, Nyeri, Kenya</b>	7 years	4.026	4,0	1,64	3,47 (to Wetmill Coop)	
<b>Akmei Nuri, Djimma, Ethiopia</b>	3 years	12.600	3,5	1,39	Same as RTO since he does the export himself	Organic
<b>Finca Buena Vista, Caranavi, Bolivia</b>	1 year	8.520	4,66	1,62	Same as RTO since they do the export themselves	Organic
<b>Finca Alasitas, Caranavi, Bolivia</b>	1 year	2.232	5,96	1,43	Same as RTO since they do the export themselves	
<b>Takesi, Yanacachi, Bolivia</b>	1 year	1.028	16,34	1,57	Same as RTO since they do the export themselves	
<b>Halo Beriti, Yirgacheffe, Ethiopia</b>	First year	3.600	4,62	1,60	Same as RTO since they do the export themselves	Organic
<b>Alaka, Hambela, Ethiopia</b>	First year	2.400	4,6	1,60	Same as RTO since they do the export themselves	Organic
<b>Gathugu AA, Nyeri, Kenya</b>	First year	1.764	6,30	1,64	5,72 (to Wetmill Coop)	
<b>Gathugu AB, Nyeri, Kenya</b>	First year	1.923	4,0	1,64	3,47 (to Wetmill Coop)	
<b>Total / volume weighted averages</b>		<b>71.543</b>	<b>4,48</b>	<b>1,48</b>		

Above: 2017 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.

Even though we have a rather low turnover rate of baristas relative to the business norms in Denmark, baristas are both the largest group and the group with the highest turnover rate in our company.

To raise the bar for the baristas profession we have joined a Union Agreement with 3F covering our baristas. This is to have an objective standard for the working conditions of baristas across the country. We hope other coffee companies will follow.

For everyone else, with individually negotiated terms, we offer a pension scheme, based on the same percentwise contributions as the union agreement defines for baristas. We have chosen Merkur as our partner on these pension agreements, since they are the only company who offers a guarantee that money will only be invested in projects/businesses with a high degree of sustainability (with possibilities for each employee to adapt ones own risk profile and sustainability preferences).

**“The transparency table lists the length of our relationship with each producer. This is, from our perspective, one of the most crucial components of our work, as we wish to build long-term relationships with farmers that secure their income over a number of years.”**

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## ENVIRONMENTAL INITIATIVES

All the electricity we use is 100% wind power – reducing CO2 emissions by 40% with every cup of coffee we serve.

The best way to keep the quality of green beans is in a stable and cool environment protected against oxygen and humidity. Since keeping a stable and cool temperature can use a lot of energy, we have chosen a basement warehouse for storage. Here we have a stable temperature during the day and around the year lying in the interval of 16 to 19 C, but without using energy for neither keeping cool in the summer nor heating in the winter.

Coffee deliveries in greater Copenhagen area are done with our Electric van when possible.

When Copenhagen based deliveries fall outside of our delivery offering we will utilize bike messengers where possible to reduce CO2 emissions.

Our to-go-cups are made out of 100% plant based materials and both sizes we stock are fully compostable.

The larger lid for our big take-away cups, which accounts for 75% of our take-away sales, is made of 100% plant based materials

thus making it compostable. However, the smaller lid used for our small take-away cups (representing 25% of total sales) is not compostable although we are continuing to look for a solution to this.

Additionally, we offer a re-usable to-go cup made from organic bamboo, with a silicone lid. Once a customer has bought our bamboo cup, they get it filled with coffee. When they return to buy a to-go coffee, they will get the coffee made into a clean bamboo cup which they hold on to until the next transaction. To close the loop, all cups that are damaged are returned to and replaced by us at no extra cost to the customer.



Above: Colombia July 2017

**“All the electricity we use is 100% wind power – reducing CO2 emissions by 40% with every cup of coffee we serve.”**





Above: Coffee Kombucha produced in collaboration with and Læsk

Left: Low-toxin producing bags

Because the majority of our coffee bags will end up as residual waste (which is burned in Denmark) we have, together with the supplier, developed a bag material that burns as “clean” as possible. By clean we refer to only CO<sub>2</sub> and H<sub>2</sub>O gasses discharging, and not to toxic gases (e.g dioxin) that average plastic will discharge when burned.

We have a fortnightly pick up organized for roasting chaff and coffee grounds to be taken to recycling.

We are working within our roastery, bars and office on minimizing and improving our waste sorting systems.

To reduce waste, we produce Kombucha from our excess batch brewed filter coffee.

Cardboard boxes are reused and repacked to deliver roasted coffee to our own 4 coffee shops and wholesale customers within greater Copenhagen area (via our own delivery service).

# Measurable sustainability parameters

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 trying to provide a global framework for business can run measure their sustainability.
- **Ecological Economics** is a scientific discipline dedicated to studying Sustainability, and has as such been an important source of inspiration.

## SOCIAL INDICATORS

Direct Trade	2016	2017
Total coffee purchases in kgs	76.898	71.823
Direct Trade Coffee	92,7%	99,6%
Organic Certified Coffee	24,4%	39%
Weighted average FOB price paid USD/lb	3,92	4,48

Employees	2016	2017
Amount of full-time employees (in man hours) covered by union or improved terms	33	41
Number of nationalities in the employee group	7	12
Percentage female employees	33	41



Gender related wage equality	2016	2017
The percentage that females in “funktionærlignende” positions on average got higher wage than male colleagues.	1,6	1,97
The percentage female baristas got higher hourly wage than male colleagues.Nr. 10 i 2016	0,6	0,8

## ENVIRONMENTAL INDICATORS

Electricity in kWh. (100% wind power)	2016	2017
Godthåbsvej 34B	45.180	49.560
Jægersborggade *	17.951	26.028
Kristen Bernikowsgade		24.358
Booth in Torvehallerne	32.187	30.958
Warehouse at Esromgade 15	5.280	2.122

Water in m³	2016	2017
Godthåbsvej 34B	n/a	323
Jægersborggade *	478	n/a
Kristen Bernikowsgade		no numbers yet
Booth in Torvehallerne	318	309
Warehouse at Esromgade 15	0	0

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

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

Recycling indicator	2016	2017
5 kg cardboard box (can contain 4-5 kg roasted coffee) purchases number of pieces	8.750	10.560
Kgs of coffee sold, per 5 kg cardboard box purchased	6,5	6,2

CO2 emitting inputs for the operations	2016	2017
Diesel purchase for the non-electrical company car in DKK	3.233	4.416
– Pr. Kg of sold coffee	0,057	0,068
Gas used for roasting in DKK	38.278	41.448,34
– Pr. Kg of sold coffee	0,675	0,639

These indicators are showing different aspects of our activities that affects our sustainability. Some numbers are difficult to get, some are difficult to interpretate, but now we have a baseline and a one year development to look at. As such they are the start of a new level of work, where we can use them internally to monitor our activities and look at possibilities for optimization of the social and environmental dimensions of our work.

What is a fundamentally positive development is to see the average weighted FOB price (Return to Origin), we have paid has increased from 3,92 to 4,48 USD/lb.

Its also good to see that we have almost equal wage between male and female employees and even have slightly higher wage average wage for females.

But we also have a few indicators going the wrong way, where we should look at how we can improve this for the coming years especially within some of the environmental indicators.

All in all we are very happy to have been able to take this step of reporting on our sustainability work, and look forward to work more on improving this in the coming years. Improving this report, but of course mainly working on improving our positive impact in society and minimizing our environmental footprint here on earth.



Above: A coffee nursery for young plants, Costa Rica

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## IDEAS FOR FUTURE IMPROVEMENTS

- Improving waste sorting / recycling.
- Develop 5 sustainability questions to ask the coffee producers we work with about their production, derived UN's Global Compact.
- From 2018 we will be using airlines possibility for compensating the CO2 emissions related to our travels by air.

**“All in all we are very happy to have been able to take this step of reporting on our sustainability work, and look forward to work more on improving this in the coming years. Improving this report, but of course mainly working on improving our positive impact in society and minimizing our environmental footprint here on earth.”**