

MANAGEMENT REPORT 2021



**COLOMBIAN
COFFEE IS
+ QUALITY AND
SUSTAINABILITY**



EDITION

Economic Research

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This document adheres to the commitment made in the National Coffee
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in article 30 paragraph 5 letter m. Under GRI sustainability standards, since
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the Industry Report.

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MESSAGE FROM THE CEO	8
MOVING FORWARD IN THE STRATEGY FOR PROFITABILITY OF COFFEE GROWERS	11
Coffee year 2021/22 would yield global deficit of 8.6 million bags	12
2021 closes with a domestic coffee production of 12.6 million bags	13
Annual crop value reaches USD 2.9 billion	14
Main activities of the FNC	16
Value chain	17
FNC overcomes logistical obstacles in coffee marketing	18
Buencafé closes 2021 with sales of USD 167.4 million	22
Procafecol income grows 62.9% to USD 103.8 million	24
Almacafé sales grow 20% to USD 8.28 million in customers other than FNC	26
Coffee forwards, a valuable marketing tool for farmers	28
Promotion of Café de Colombia is reactivated and health experts endorse benefits	29
Despite sanitary restrictions due to the pandemic, 1,152,844 contacts of the Extension Service with coffee growers	34
81,304 hectares renovated for a productive and profitable coffee farming	36
Cenicafé takes firm steps towards sustainability of coffee farming	37
FNC leads rural financial inclusion in Colombia	39
70,070 Finagro loans to producers worth USD 382.9 million	41
SOCIAL DEVELOPMENT OF COFFEE GROWER HOUSEHOLDS	44
Updating its value proposition, social development brings more holistic well-being to coffee grower families	45
INTEGRATED MANAGEMENT OF NATURAL RESOURCES	50
FNC launches new environmental strategy	51
Comprehensive environmental management is strengthened from the farms	52



FNC builds environmental performance baseline	54
Plan 100/100 makes progress with pilot projects	64
GOVERNANCE	66
FNC, a legitimate and representative union working for coffee growers' well-being	67
FNC displays national and international leadership in challenging situations	69
FNC has coffee Conpes approved, the roadmap to 2030 for the sector	72
Structuring and consolidation of the FEPC advances at good pace	76
PROJECT MANAGEMENT	79
FNC implements projects worth USD 60.8 million	80
Projects with royalty resources improve sensory coffee quality	82
Thanks to FNC's coordinated work, USD 10 million from international partners for projects	84
Recurring projects signed with commercial customers	86
Implementation of projects in the regions overcomes the pandemic and roadblocks	88
RESOURCE MANAGEMENT	97
FoNC finances USD 109.8 million in public goods & services for coffee growers	98
FoNC equity reaches USD 417 million	99
FNC central-level budget is in surplus for third year in a row	101
HR management: workers more engaged with the present and future of the FNC and the coffee sector	103
ABOUT THIS REPORT	111
ANNEXES	123
Coffee farmers approve of the FNC management	124
List of affiliations and associations	128
GRI content index	129

MESSAGE FROM THE CEO



QUALITY STANDS FOR BETTER PRICES, AND COFFEE SUSTAINABILITY STANDS FOR FUTURE

Year 2021 will be remembered as one of the best years for coffee prices in recent decades.

The droughts and frosts in Brazil at the end of 2020 and in 2021 hit its harvest, which in turn affected the normal supply of coffee to global markets and led the price of the C contract on the New York Stock Exchange for washed Arabica coffees – including Colombia's – to levels above **USD 2/lb.**

Add to this the favorable devaluation of the peso and the high-quality premium that the market pays for Colombian coffee, above **52 ¢/lb.** Thus, in 2021 the price of a load of 125 kg of dry parchment coffee in Colombia reached a record high of **COP 2.1 million** for the first time in history.

With this price, the harvest value closed 2021 at **COP 10.8 trillion (USD 2.9 billion¹)**, up 20% from the 2020 record, contributing to the country's economic growth, especially in the more than 600 municipalities and 23 departments where coffee is grown.

Coffee generates some **960.000 direct jobs** and has a multiplier effect on the other links of the chain: transportation; fertilizers and agrochemicals; tools and machinery; technical and professional services, etc. On the other hand, good domestic prices stimulate consumption in the coffee regions.

With these prices, farmers in turn are motivated to continue applying the recommended agricultural practices to

¹ Unless stated otherwise, along this report an annual average exchange rate (TRM) of 3,743 COP/USD is used.

maintain and improve their coffee plantations' productivity.

But they are not the only ones who believe in coffee farming and see a future for it. The large commercial brands that buy Colombian coffee, such as Starbucks, Nestlé and its subsidiary Nespresso, among others, have understood their responsibility to sustainability and have undertaken projects in a number of regions, with groups and associations of coffee growers, to improve coffee productivity, quality and sustainability.

And here I want to highlight the constant effort of the Colombian Coffee Growers Federation (FNC) to channel resources and works from the public and private sectors, with national and international partners, to bring development projects to the different coffee regions.

In coffee trading, **the tool of forward contracts has served to ensure coffee growers' income and profitability based on known production costs.** Committed to ensuring a fair base price as administrator of the National Coffee Fund (FoNC), the FNC will continue using and promoting this instrument, with the key condition that all interested parties, starting with producers, **comply with and honor their promises.** Coffee farming is a long-term activity, and future prices have been higher much more frequently than daily prices.

For achieving the milestone of reaching a crop value of COP 10.8 trillion, in 2021 the FNC put itself to the test again and overcame the enormous difficulties arisen in April, May and June due to protests and roadblocks, which caused great trauma in delivering coffee to buyers. Then it was the shortage of containers that had to be overcome, making it necessary to talk directly with Colombian coffee customers, and gradually the country was catching up on delivery commitments.

Another equally important challenge was to maintain the activity of the Extension Service in the new phases of the pandemic. In coordinated work with national and territorial authorities, the FNC held biosecurity campaigns among the coffee farmer population, to continue taking care of us all and encouraging mass vaccination.

And in these two years of accentuated challenges, we are proud to highlight the great work accomplished by all the FNC subsidiaries:

Buencafé, which continues breaking all records; Procafecol and Almacafé, which, thanks to the economic reactivation, grew strongly again; the Manuel Mejía Foundation (FMM), always helping train diverse audiences, and Cenicafé, whose research and development are the basis for a stronger and more competitive coffee farming, in addition to sound finances of the FoNC and the FNC, always on priority investment, debt reduction and financial strength criteria.

In October-November, COP26 was held, organized by the United Nations to try to avoid a planetary catastrophe due to climate change. And beyond the efforts to prevent the average temperature from exceeding 1.5°C, the Colombian coffee sector continues making great and real environmental contributions: it will plant over a million native trees to capture carbon, as part of Colombia's commitment to planting 180 million in 4 years.

In turn, the FNC expresses its continued support for the Global Compact, as well as the 10 principles that support it and the sustainable development goals (SDGs), ratifying its commitment to sustainability by presenting these results for each of its dimensions: economic, social, environmental and governance. This Management Report breaks down the sustainability actions and metrics for 2021.

2022 will be a year of great challenges for Colombia, coffee growers and their families.

On the one hand, we will have presidential elections, and on the other, the FNC will elect their departmental and municipal governing bodies, in a democratic and transparent process. Let this be the occasion to call on all producers and their families, with the right to vote, to do so conscientiously on both occasions, thinking about what is best for the country and for coffee farming.

As FNC, the union of Colombian coffee growers, we will continue working tirelessly to achieve better coffee quality, which stands for better prices, and for coffee farming sustainability, which is synonymous with a future for new generations.

**"Colombian coffee is
more quality and more
sustainability."**

Roberto Vélez Vallejo
FNC CEO



MOVING FORWARD IN THE STRATEGY FOR
**PROFITABILITY
OF COFFEE —
GROWERS**



COFFEE YEAR 2021/22 WOULD YIELD GLOBAL DEFICIT OF 8.6 MILLION BAGS

With a production of 178.9 million 60-kg bags, a greater share of Arabicas and a slight increase in consumption, the coffee year 2020-21 yielded surplus for the third year in a row.

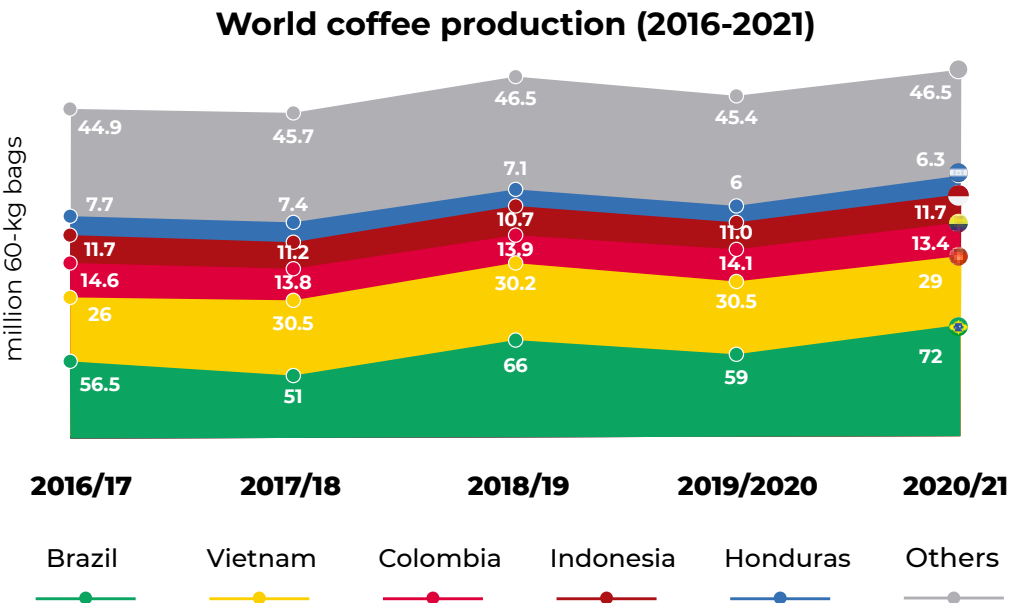
The coffee year 2020/21 yielded a global surplus of 9.6 million bags, with coffee production reaching **178.9 million bags, up 7.6% from the 2019/20** period due to a 22% growth of production, from 59 to 72 million bags, in Brazil, the world's largest producer, and a 6.4% increase in production in Indonesia, from 11 to 11.7 million bags.

The share of Arabica in world production rose from 55.9% in the coffee year 2019/20 to 59% in 2020/21.

In the same period, world coffee consumption reached **167.9 million bags**, a slight 0.64% increase year-over-year and a sign that it would return to the growth levels of the decade prior to the pandemic.

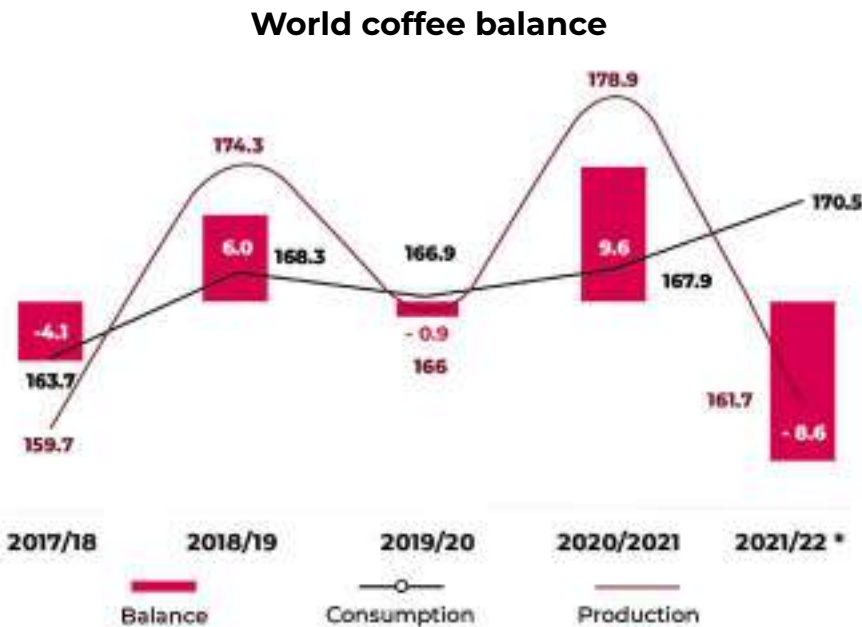
With the easing of restrictions imposed during the pandemic, global consumption is expected to continue growing.

However, for the coffee year 2021/22, the LMC firm forecasts that world production will fall 9.6% to **161.7 million bags**, mainly due to an estimated 25% drop in Brazilian production to about 54 million bags, the lowest since 2017/18, as a result of extreme weather events.



Source: LMC.

World consumption is forecast to grow 1.5% to 170.5 million bags as a result of increases in some of the main consumer countries. All of this leads to forecast a deficit of 8.6 million bags for the 2021/22 world coffee balance.



Source: LMC (*Forecast).

2021 CLOSES WITH A DOMESTIC COFFEE PRODUCTION OF 12.6 MILLION BAGS

The figure, down 9.5% year-over-year, came in along higher imports that balanced the demand for exports and domestic consumption, resulting in a slightly surplus balance.

In 2021, Colombia's production was **12.6 million bags** of 60 kg of green coffee, down 9.5% from 2020 due to decreases in May and April and the impacts in May and June of roadblocks derived from protests in the country.

In the same period, coffee consumption in Colombia was 2 million bags, down 2.1% from the previous year as a result of eased health restrictions, as in 2020 the higher-than-expected increase in at-home consumption was due to strict health measures. In that sense, consumption in 2021 returned to the trend of the years prior to the pandemic.

As for exports, in 2021 they reached **12.4 million bags**, down 0.7% year-over-year. Their value was **17% higher** than in 2020, thanks to coffee price increases influenced by frosts in Brazil, adverse weather events in general, and global logistic constraints due to the lack of containers and cargo ships. Imports were 1.8 million bags, 106% more than in 2020.

GRI 102-6

The main export market for Colombian coffee continues to be North America (United States and Canada), with a 49.5% share. According to the National Coffee Association (NCA), **75% of US consumers** say the pandemic caused no change in their coffee drinking patterns.

The European market is the second destination for Colombian coffee exports, with a 29% share, while the Asian market kept its 17% share.

COFFEE BALANCE (2021) (Million bags)

	2017	2018	2019	2020	2021
Production and imports	14.6	14.6	15.5	14.9	14.4
Production	14.2	13.6	14.8	13.9	12.6
Imports	0.4	1.1	0.8	1	1.8
Exports and consumption	14.7	14.5	15.5	14.6	14.4
Exports	13	12.8	13.7	12.5	12.4
Consumption	1.7	1.8	1.9	2.1	2
Balance*	-0.1	0.1	0	0.3	0

Source: FNC Economic Research (* the balance is equivalent to the accumulation and decumulation of inventories).

Breaking last year's record ANNUAL CROP VALUE REACHES USD 2.9 BILLION

An average price on the New York Stock Exchange of 169.1 ¢/lb, a high average quality premium of 52.1 ¢/lb and a 1.4% depreciation of the Colombian peso explain this increase.

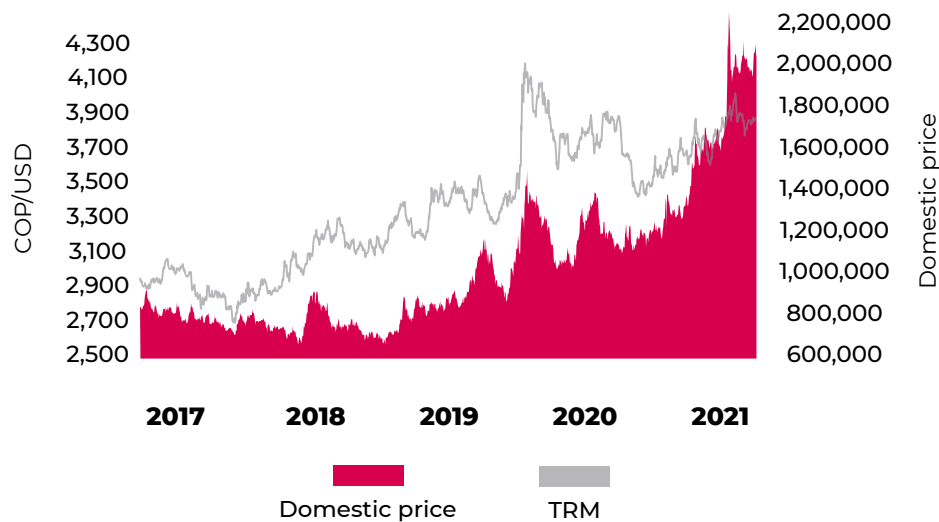
The domestic price of Colombian coffee depends on three key variables: the price of the C contract in New York, the quality premium, and the exchange rate; any variation of these factors affects it.

In 2021, the price of the C contract on the New York Stock Exchange rose **52%** to **169.1 ¢/lb** on average due to climate issues in Brazil, supply chain disruptions, and lack of containers in the main ports, among other factors. It remained high and volatile throughout the year, reaching a monthly high of 234.5 ¢/lb in December.

The Colombian coffee premium (UGQ) reached an average of **52.1 ¢/lb**, up **6.6%** from the 48.89 ¢/lb a year earlier, and remained stable throughout the year, a behavior explained by the preference of consumers worldwide for mild and quality coffees.

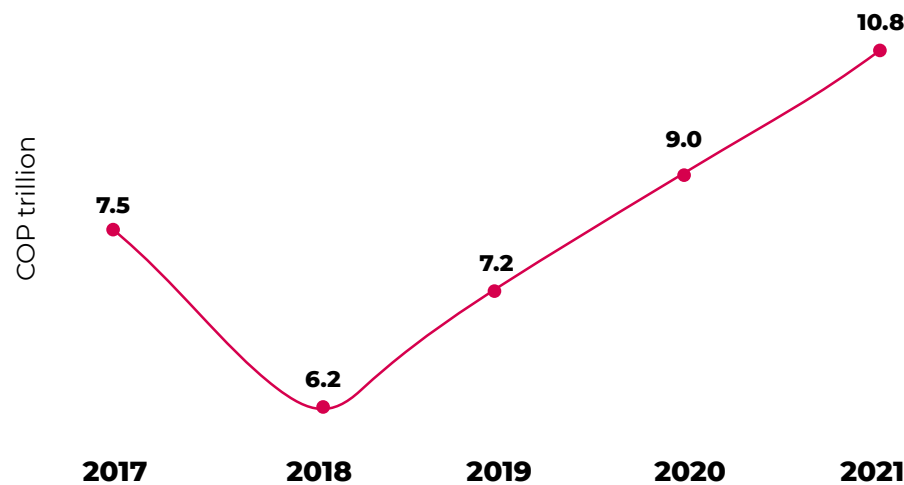
The COP/USD exchange rate (TRM) depreciated **1.4%** compared to 2020 to an average of **3,743 COP/USD** and reached its highest level in December, with an average of 3,967 COP/USD. The strength of the US currency was due in part to expectations about decisions by the US Federal Reserve (FED) on interest rates, in addition to factors related to monetary policy to curb the impacts of covid-19 on the economy.

Domestic coffee price and TRM (2017-21)



Source: FNC Economic Research.

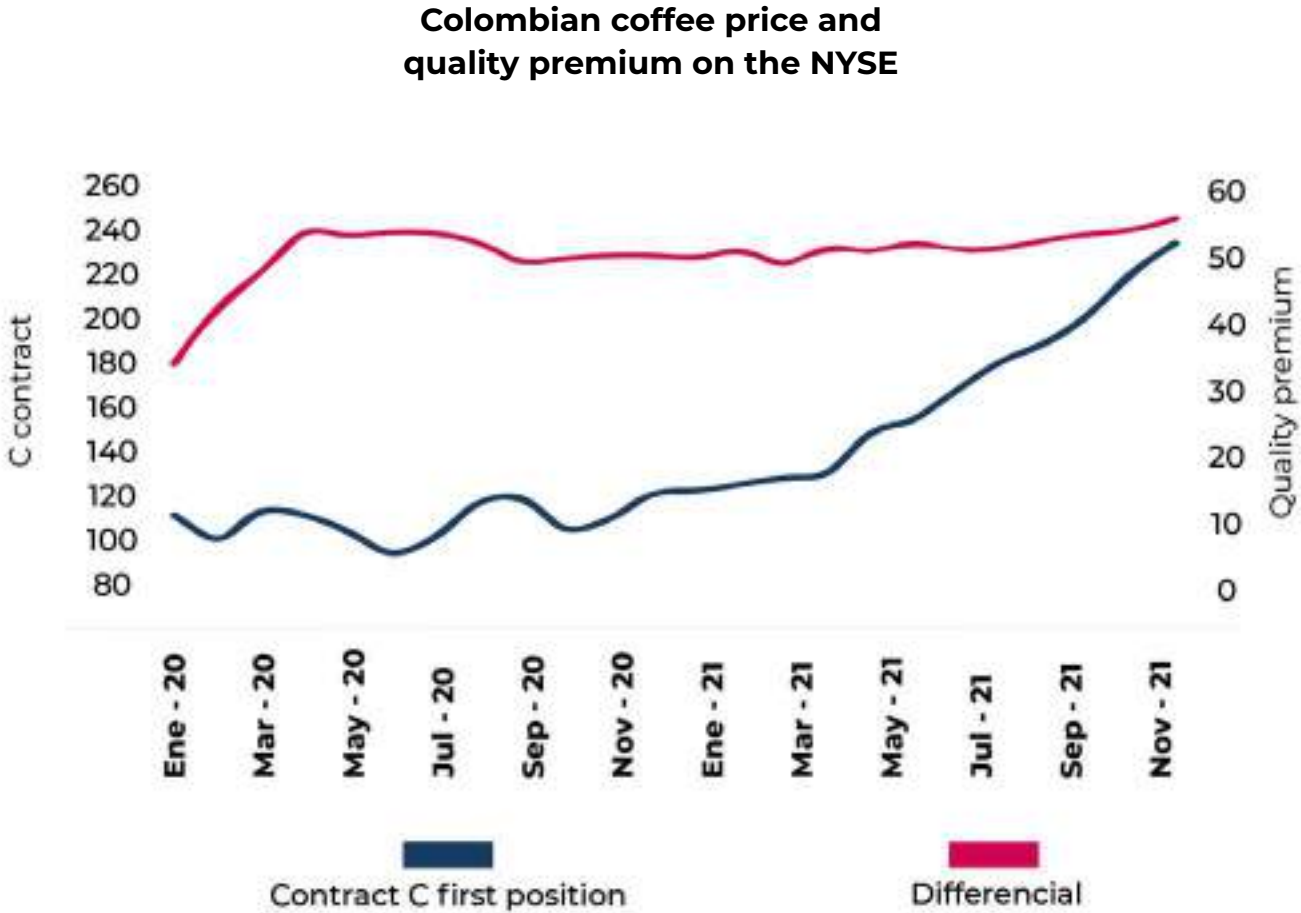
Crop value



Source: FNC Economic Research.

Due to these three factors (C contract price, quality premium and the exchange rate), the domestic reference price for buying coffee in Colombia reached an all-time high of **COP 2,116,484 in December**, with an average price of COP 1,519,050 (USD 405.8) per load of 125 kg in 2021.

Good prices, together with the FNC's efforts to strengthen the coffee sector, allowed the crop value to reach **COP 10.8 trillion (USD 2.9 billion)**, exceeding by 20% the previous year's record.



Source: ICO, FNC Economic Research.



GRI 102-2
GRI 102-4

MAIN ACTIVITIES OF THE FNC



SCIENTIFIC RESEARCH AND TECHNOLOGICAL DEVELOPMENT

The development of resistant varieties, good agricultural and harvesting practices, and environmentally friendly post-harvest technologies is part of the work of the National Coffee Research Center (Cenicafé), the scientific arm of the FNC, located in the rural area of Manizales.



TRANSFER OF TECHNOLOGY TO COFFEE GROWERS

The results of Cenicafé scientific research and technological development reach producers through the Extension Service, the main technology transfer vehicle that provides them with technical assistance through the 15 departmental coffee grower committees and coordinating offices.



SUSTAINABLE MARKETING AND CREATION OF MORE VALUE

Purchase guarantee: Coffee is bought from producers at a transparent market price, in cash and in places near their farms.

Specialty coffee marketing; industrialized coffee production and marketing (Buencafé, located in Chinchiná, Caldas).



ADVERTISING AND PROMOTION OF CAFÉ DE COLOMBIA

We seek to position Colombian coffee in the global industry and strengthen or open up new markets, which includes higher value niches.



EXCELLENCE PARTNERSHIP AND PROJECT MANAGEMENT (Sustainability Projects)

Thanks to the efficiency and transparency with which the FNC plans and implements projects for coffee growers in large rural areas of the country (in the economic, social, environmental and governance dimensions), we have become a key partner of public and private entities.



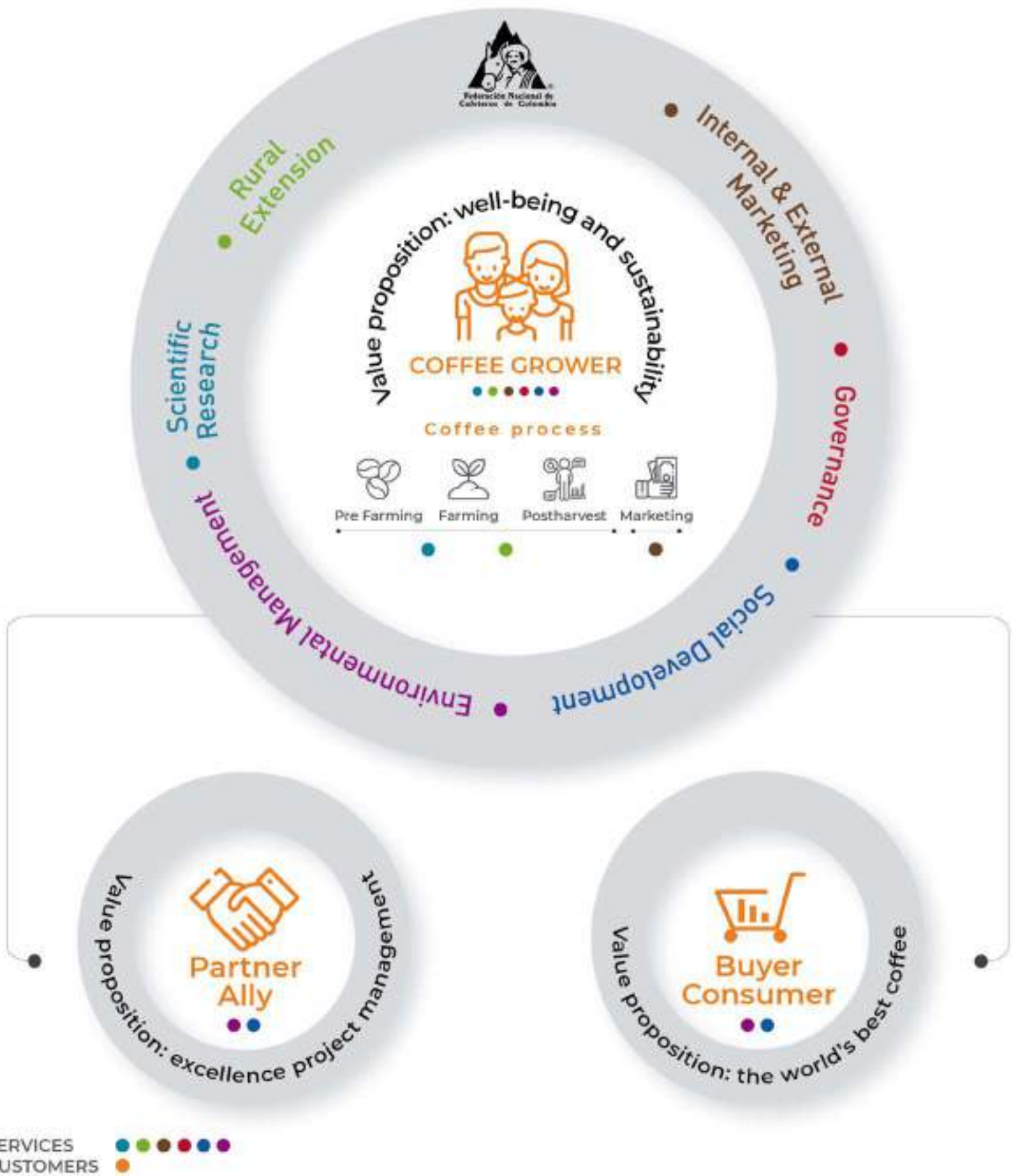
NATIONAL REGISTER OF COFFEE EXPORTERS

The FNC is in charge of keeping the National Register of Coffee Exporters by delegation of the national Government since 2009.

Exports control: It enables to plan, coordinate and ensure that coffee export activities, such as coffee receipt in the loading/unloading area of ports; issuance of reweight certificates; calculation, collection and billing of the coffee contribution (tax), and the issuance of ICO Certificates of Origin are performed in a timely, efficient and reliable manner, complying with current regulations issued by the National Coffee Growers Committee for Colombian coffee exports.

GRI 102-9

VALUE CHAIN



FNC OVERCOMES LOGISTICAL OBSTACLES IN COFFEE MARKETING

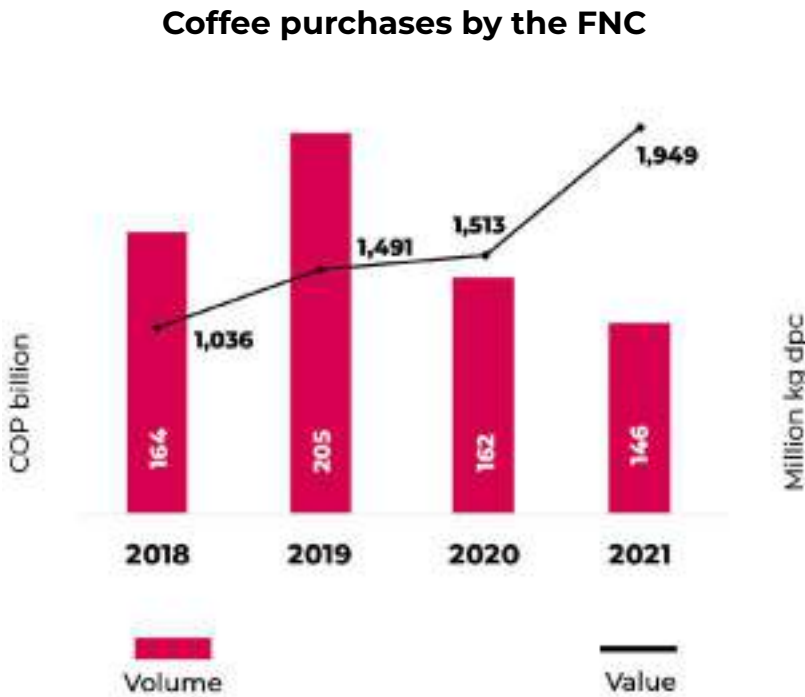
GRI 102-6
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GRI 103-3

Restrictions due to the pandemic, roadblocks in Colombia, and shortage of containers were challenges that impacted coffee marketing. Thanks to coordinated work and with different strategies, the FNC ensured continuity of the supply chain and added value in each link. The sales volume of green coffee was 9.7% higher than in 2020.

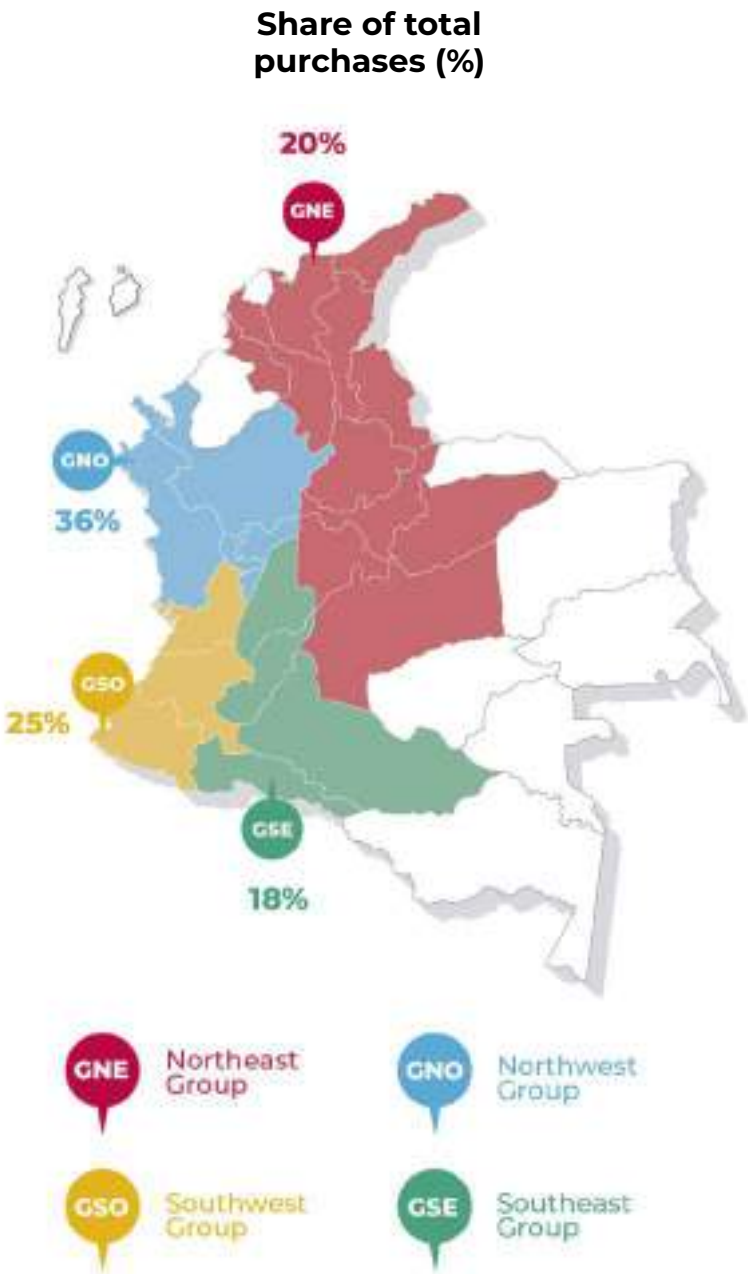
146 million kg of dpc purchased for USD 520.7 million

For developing and opening up new purchase channels, the FNC expanded its portfolio to 210 products and 15 programs thanks to regional teams' work, in coordination with Almacafé and the departmental committees.

With these actions, in 2021 the purchase volume reached 146 million kg of dry parchment coffee (dpc) for **COP 1.95 trillion (USD 520.7 million)**, 29% more than in 2020.



Source: FNC Commercial Division.



Source: FNC Commercial Division.

Average price at international auction reaches a record of 12.76 USD/lb

It was almost 11 times the base market price, as a result of the 6th competition Colombia, Land of Diversity.

In the 6th edition of the Colombia, Land of Diversity competition, 1,019 lots from 15 departments took part, of which 210 scored 86+ in the SCA protocol and received premiums of COP 250,000 (**USD 66.8**) per load, in addition to reaching the final round to participate in the online auction.

In the second year of the pandemic, the FNC took the competition to the laboratories of over 130 international judges and customers in 21 countries, sending them green and roasted coffee samples through its logistics network so that they could evaluate the best 26 coffees.

There were also virtual support and spaces for coffee growers to receive feedback from representatives from the North American, European, Asian and Colombian markets, where cupping results were discussed, and producers introduced themselves and spoke directly with the customers and judges.

The top 26 lots (from 9 departments) were auctioned online on May 14 to over 114 customers and sold to 20 from six countries at a record average price of **12.76 USD/lb**, almost 11 times the closing price of the market for that day.

Top 3

1

Norte de Santander

Domingo Torres
41 USD/lb

2

Antioquia

Eidel de Jesús Machado
21.5 USD/lb

3

Antioquia

Beatriz Helena Vélez
19 USD/lb



The winners for the 5 attributes in small lots and the one in large lots were:

ACIDITY

Cundinamarca
Neyibia Cuéllar

SOFTNESS

Norte de Santander
Domingo Torres Angulo

BALANCE

Antioquia
Eider de Jesús Machado

BODY

Cauca
Lizandro Petevi Finscué

EXOTIC

Norte de Santander
Domingo Torres Angulo

ESTATE

Antioquia
Leocadio Posada Correa

Support to 3 departmental competitions

In 2021, the Commercial Division supported **3** departmental competitions: two in Cauca and one in Huila, to encourage and recognize coffee quality at departmental level.

As a result of the first competition in Cauca, **266 bags** were sold at an average price of **3.11 USD/lb** in the respective auction, as well as **76 bags** of microlots at an average price of **5.10 USD/lb**, with premiums of **COP 174 million (USD 46,487)**. In the second competition in the same department, the virtual auction to 15 customers sold **819 bags** at an average of **3.10 USD/lb** and **89 bags** of microlots at an average of **5.03 USD/lb**. Finally, the competition in Huila translated into quality premiums of **COP 19.8 million (USD 5,290)** and the sale of 26 bags (70-kg) to two different customers.

Virtual trip of buyers to Antioquia

In February, there was a virtual buyer trip to Antioquia, with 51 customers from different countries, and **522.5 bags (70-kg)** of coffee from Amalfi, Ituango and Sonsón were sold. Of these, 134.5 bags were microlots sold at an average of **3.53 USD/lb** to 17 buyers in Europe and North America. Direct premiums paid to coffee growers reached **COP 75.6 million (USD 20,198)**.

Taza Móvil and feedback on quality

The mobile quality laboratory, Taza Móvil, provides physical and sensory quality analysis services to producers for achieving better prices and loyalty.

In addition, the producer receives personalized quality analysis and feedback services to learn

about coffee quality and activities that improve it. In 2021, Taza Móvil served **3,618 producers** in 18 coffee departments and 116 municipalities, **907,000 kg** of coffee were purchased and analyzed, and **7,000 quality reports** were delivered as part of the feedback service.

227,856 farms with at least one sustainability standard

Committed to sustainability, the FNC facilitated the certification and/or verification of **227,856 farms** with at least one sustainability standard, for the benefit of **195,970 coffee growers**. The commercialization of these coffees (including regional) led to premiums of **COP 64.4 billion (USD 17.2 million)** for producers in the year.

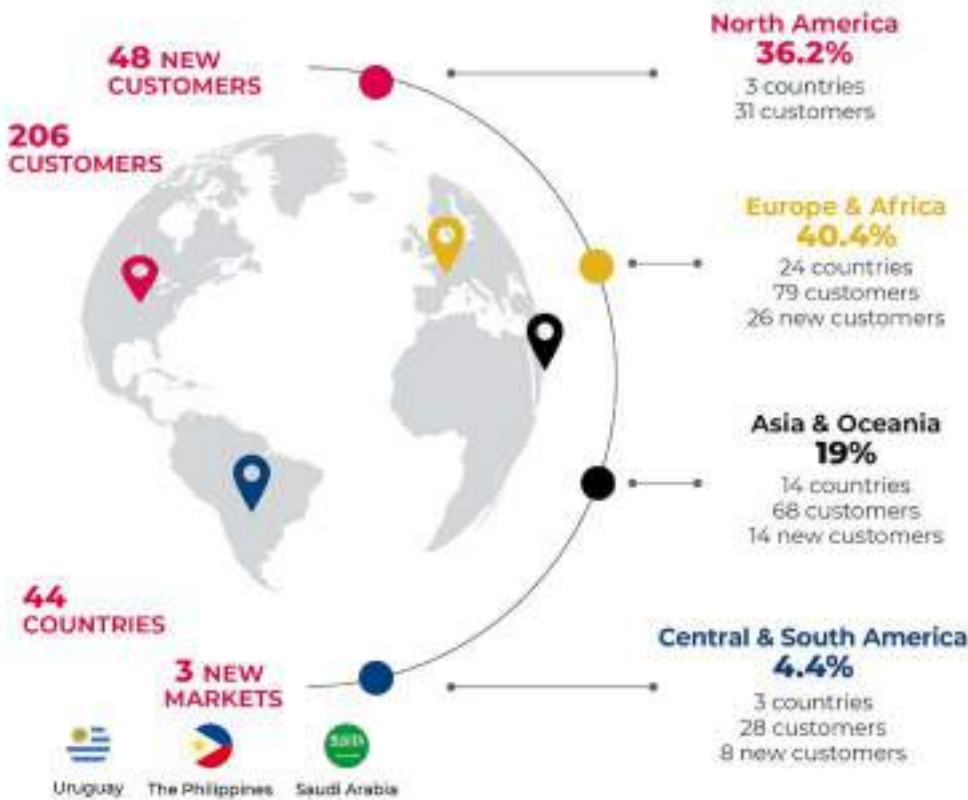
We reached 48 new customers, 3 more markets and 44 destinations

Hand in hand with the offices abroad, the Commercial Division strengthens relationships with recurring customers and searches for new market niches.

In 2021, relationships were established with **48 new customers** and 3 new markets were opened up (Uruguay, the Philippines and Saudi Arabia), for a total of **44 destinations**. This translated into sales of **1.9 million 60 kg bags**, up 9.7% from the previous year.

Lastly, the Commercial Division and the offices abroad participated in different events for building trust and long-term relationships to materialize businesses and projects that benefit coffee growers.

FNC sales of green and roasted coffee (share, 2021)



Source: FNC Commercial Division.



Asia

Emerald Mountain brand promotion campaign in Japan.

Cup tasting of Colombian coffees – Coca-Cola Japan.

3rd Western China International Fair for Investment & Trade, Chongqing.



Europe

Event with the Embassy of Ireland, Bewley's and Fairtrade.

London Coffee Festival.

World Championship of the International Cycling Union (UCI) in Belgium.



North America

Meetings with potential customers at SCA Expo, in New Orleans, USA.

Strengthening of the portfolio with new innovative products and services.

Traceability pilot project with 20 producers in Meta and Santander

Thanks to joint work with Procafécol, Almacafé and Trace Coffee, a traceability pilot was started with **20 producers** in Meta and Santander, with the support of the respective cooperatives.

In this first stage, QR codes were delivered, which go on the bags and will identify the coffee throughout the supply chain, and about 370 bags of coffee were collected from the pilot producers. The idea is to integrate all its links and guarantee physical traceability until the producer.

As part of this pilot, digital photos of the participating producers' farms were also taken to show the stories behind each cup of coffee and give visibility to the coffee growers' work on their farms.



BUENCAFÉ CLOSES 2021 WITH SALES OF USD 167.4 MILLION

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GRI 103-3

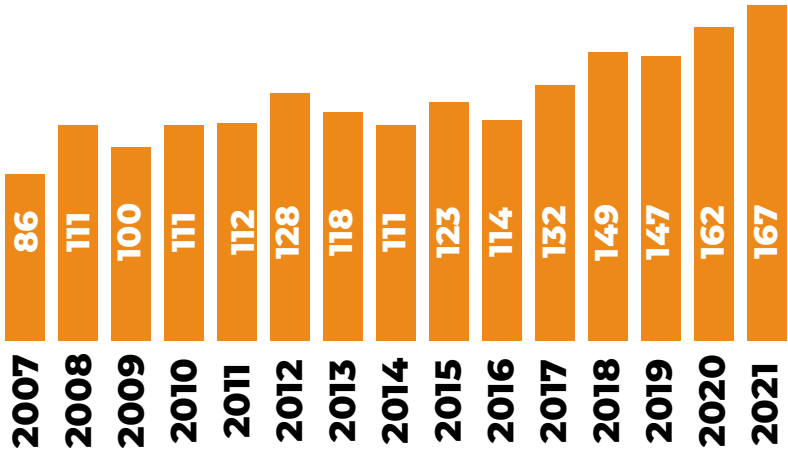
The company continues to break records and position 100% Colombian coffee in the global soluble industry. In the year, it sold over 13,000 tons, which were exported to 40 countries to then reach 60 markets.

In 2021, Buencafé sold over **13,000 tons** of coffee that were exported to 40 countries to reach, from there, nearly 60 markets, billing **USD 167.4 million** with a 6% share of the world freeze-dried coffee market.

This value was up 3% from that in 2020 and set a new historical record, mainly due to 4% more sales thanks to greater consumption of soluble coffee at home, as a result of the pandemic, and new businesses developed in China.

In the year, purchases reached 505,000 bags of coffee, and **36.8 million jars** and **80.4 million laminated units** were packed, also two new records.

Buencafé income
(USD million)



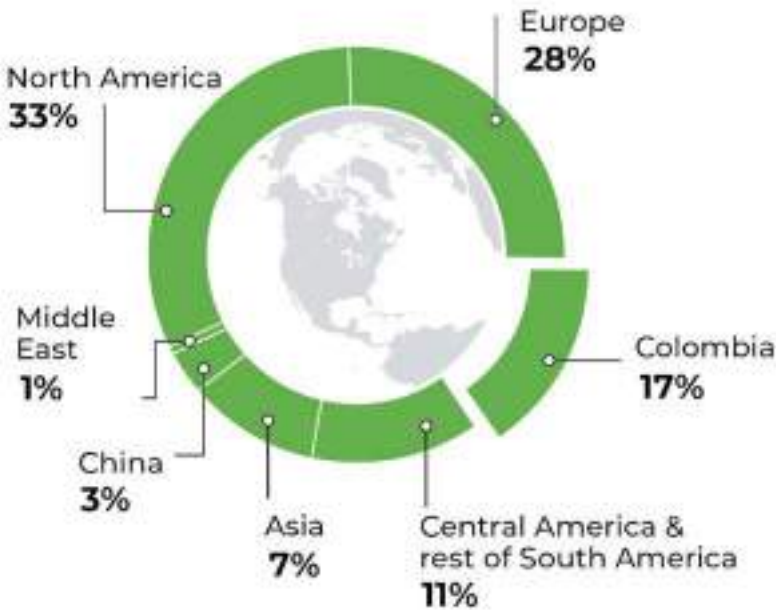
Source: Buencafé (net income discounting transportation of raw materials vs. sales in previous reports).

Argentina and the Philippines, two new markets

In 2021, Buencafé opened up two new markets: Argentina and the Philippines. And the first direct sale of coffee extract was made to South Korea, a very attractive market with high potential for Colombian coffee.



Global distribution
of Buencafé products
(by volumen 2021)

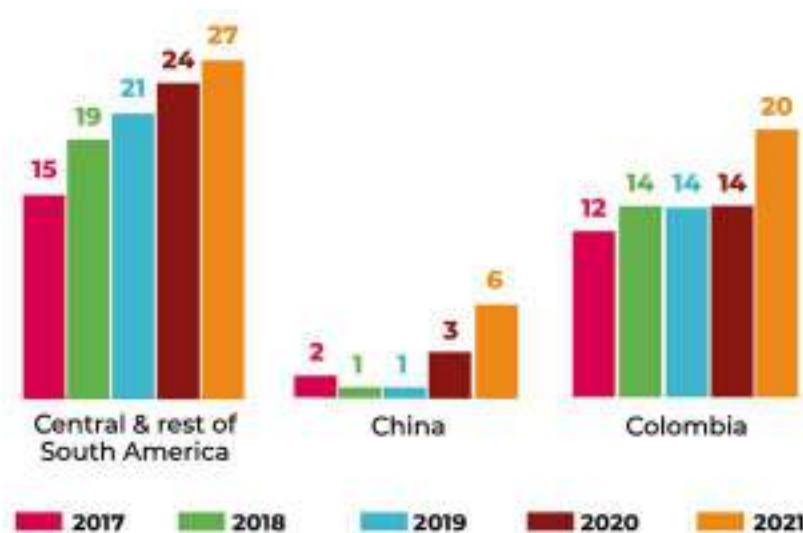


Source: Buencafé.

In addition, the markets of China, Central America and the rest of South America grew in volume and revenue. In China, sales grew **139%** year-over-year, and in Central and South America, **9%**; in both cases due to more consumption of soluble coffee at home and new private label customers.

The sales value in Colombia grew **45%** thanks to the good performance of the FoNC brands (Buendía and Juan Valdez), which have met a greater demand for soluble products at home and gained share vs. other players.

Revenue growth by market
(USD million)



Source: Buencafé.

Café Buendía established itself in both Colombia and Ecuador, with monthly sales close to **USD 1.8 million** in both countries, and **22%** more sales in distribution channels (record sales year). In 2021, over **800 million cups** of freeze-dried coffee were sold. Roasted and ground coffee sales reached a **7%** share of the brand's total portfolio in Colombia.

The brand also figures in the online store comprocafedecolombia.com to help increase consumption of 100% Colombian coffee.

New technologies increase sales

Taking advantage of the new Sensoria by Buencafé technology, the factory sold over **220 tons** of new products, including freeze-dried coffee and extract, as well as decaffeinated through the Swiss Water process, concentrated mucilage, and roasted and ground coffee, in line with the strategy for diversification of products and markets.

Premiums of USD 1.6 million for certified raw materials

In the value chain, there are more and more responsible consumers who demand products certified as organic, Fairtrade, Rainforest or UTZ. This category accounts for 10% of total sales (mostly organic and Rainforest). In 2021, Buencafé paid producers **USD 1.6 million** in premiums for certified raw materials.

In addition, the factory closed the year with **25 certifications**, of which seven are organic to meet the demand in different destinations. Certifications guarantee quality and sustainability of the factory's processes and strengthen trust with customers.

Buencafé was also part of the FNC's efforts to be certified as an Authorized Economic Operator (AEO) and thus promote a safer supply chain for business partners.

Less packaging materials

In 2021, Buencafé addressed several fronts of environmental sustainability, among which the following stand out:

Less packaging materials

11.1 tons of plastic were saved by reducing by 10% the weight of items such as lids, as well as 138 tons of single-use timber.

More sustainable packaging

More sustainable packaging was developed, including tin cans, metal lids, and a 100% recycled glass container.

CO2 reduction

Biomass (coffee grounds and hull) was used to generate steam for the boilers, preventing 18.5 tons of CO2/day emitted to the atmosphere.

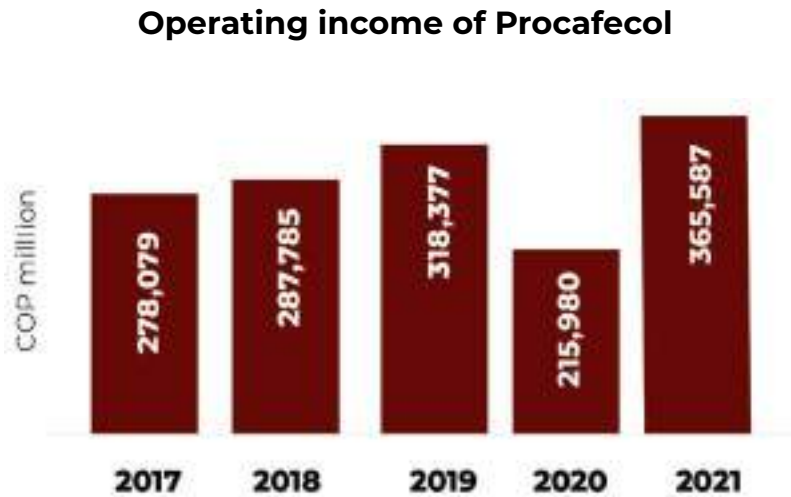
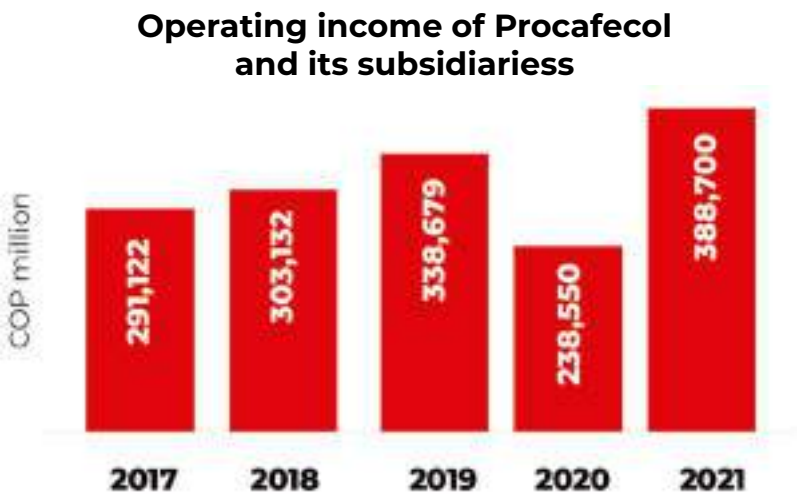
PROCAFECOL INCOME GROWS 62.9% TO USD 103.8 MILLION

The company stabilizes and makes its operation profitable after the impacts of the pandemic and lays the foundation for growth for the coming years.

GRI 102-6
GRI 102-7
GRI 103-1
GRI 103-2
GRI 103-3

In 2021, the operating income of Procafecol and its subsidiaries reached **COP 388.7 billion (USD 103.8 million)**, 62.9% more than in 2020 and 14.8% more than in 2019. With royalties of **COP 19.7 billion (USD 5.3 million)** generated in the year, they exceeded **COP 140 billion (USD 37.4 million)** paid since the creation of the company.

Despite some months of general lockdown due to covid-19 and other ones impacted by roadblocks in the first half of 2021, the company alone achieved an operating income of **COP 365.6 billion (USD 97.7 million)**, including sales and others), 69.3% more than in 2020 and 14.3% more than in 2019, thanks to the good performance of all sales channels.



Source: Procafecol (according to International Financial Reporting Standards, IFRS).

Stores in Colombia

Despite being affected by lockdowns and restrictions at the beginning of 2021, the **stores channel**, which accounts for 61.1% of the company's total sales, achieved a significant recovery in the second half and reached sales of nearly **COP 220 billion (USD 58.7 million)**, not only exceeding what was projected, but even those of 2019. Procafecol closed the year with **334 stores** in Colombia.

Mass consumption (modern and traditional channels)

In this segment, the modern channel (supermarkets) reached sales of COP 51.1 billion

(USD 13.6 million), 46% more than a year earlier and 13.9% more than in 2019, as a result of investments and key and focused actions that strengthened the brand's presence in points of sale, higher product turnover, distribution and coding of new references, and strengthened analysis to detect customer and portfolio opportunities.

The successful arrival at ARA stores also allowed for incremental sales and the opening of 790 new points to reach a total of 1,797 nationwide.

In April, Procafecol opened up the **traditional channel** and brought premium coffee to neighborhood stores and minimarkets, a channel that in 2021 reached sales of **COP 11.2 billion (USD 3 million)**, 3.1% of the company's total and

exceeding by 50% the business plan estimates. Entering this segment has been possible thanks to portfolio innovations, a partnership with two leading distributors to reach more stores and minimarkets, and advertising in national media. The year closed bringing Colombian coffee to over 78,000 customers in 90% of the country's departments and in 1 out of every two stores.

Institutional channel

In 2021, the institutional channel registered sales of **COP 9.7 billion (USD 2.6 million)**, 50.2% more than in 2020, and showed a good recovery, with a gap of just 6% from pre-pandemic levels, serving sectors that had been affected such as restaurants and hotels.

This channel not only strengthened current distributors, but also managed to incorporate a new one, opened up new coffee bars, and reactivated important customers in the business channel. In addition, vending machines were relocated to increase sales and achieve greater profitability.

International market

In 2021, the international market reached sales of **COP 65.9 billion (USD 17.6 million)**, 24.2% more than in 2020, despite logistical and operational problems in global transportation and supply chains.

The opening of 20 new Juan Valdez stores in Ecuador, Chile, Costa Rica, El Salvador, Paraguay, Florida, Kuwait and Bolivia, reaching 144 points; the good performance of the mass consumption channel in the Latam region, in countries such as Chile, El Salvador and Paraguay, and the opening up of 9 new markets such as Australia, New Zealand, Russia and Canada, among others, contributed to these good results.

Product turnover at points of sale was encouraged, we achieved new codes in important chains in the North American market such as Whole Foods and CVS (to close 2021 with 11,500 points of sale in the world), and we coded a new institutional customer, Spirit Airlines.

Digital channels

Digital channels continued their sustained growth to close the year with **COP 13.3 billion (USD 3.5 million)** in online sales: The Amigos Juan Valdez APP sold **COP 4 billion (USD 1.08 million)**, the Juan Valdez Colombia online store, **COP 1.3 billion (USD 344,400)**, and the Rappi and Ifood delivery platforms, **COP 7.9 billion (USD 2.12 million)**.

Juan Valdez is certified as a B Company

Juan Valdez became the first chain of coffee shops in the world certified by B Lab as a B Company for its social and environmental performance, an exceptional achievement because only 3% of the companies evaluated by this system achieve the recognition.



Coffee-Growing Women Line

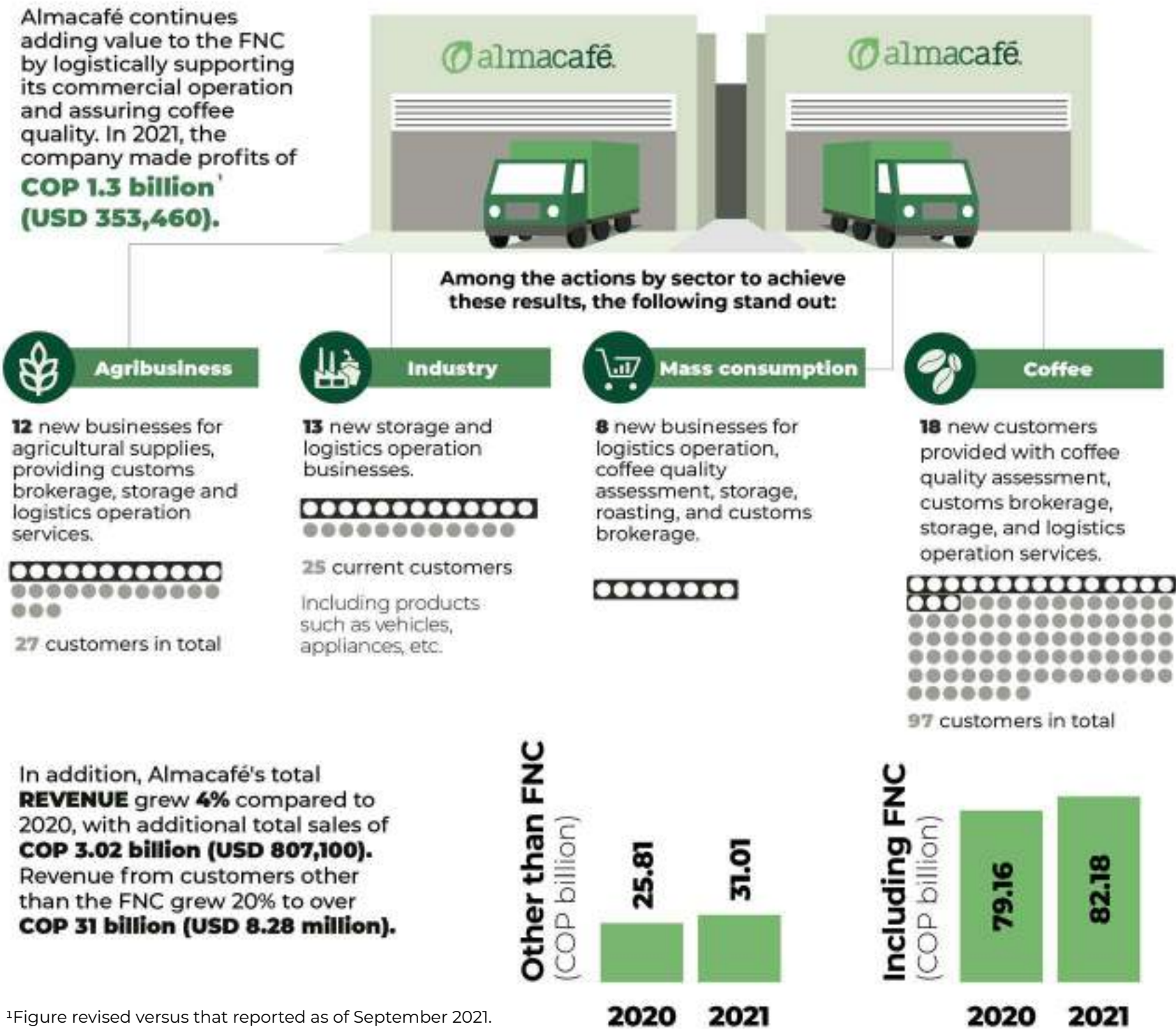
In 2021, the Coffee-Growing Women product line was launched as part of Procafecol's commitment to rural women's empowering and entrepreneurship. This line aims to make visible the importance of the 157,000 women coffee growers (30% of all producers). The launch had a mass media campaign to reinforce the gender equity approach as a pillar of the company's strategy. Coffee-Growing Women met 119% of estimated sales.



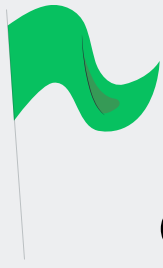
ALMACAFÉ SALES GROW 20% TO USD 8.28 MILLION IN CUSTOMERS OTHER THAN FNC

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GRI 103-3

Thanks to new customers and businesses, the company establishes itself as a logistics operator par excellence.



¹Figure revised versus that reported as of September 2021.



Progress in challenges

- ✓ **Pandemic and so-called national strike:** The great commercial and logistical challenge overcome in 2021 was, undoubtedly, the impact of the pandemic, exacerbated by the so-called national strike in the second and third quarters of the year. Almacafé closed 2021 serving its customers in the best possible way, understanding change as a natural consequence of the new logistics dynamics and, above all, meeting the planned goals.
- ✓ **Authorized Economic Operator (AEO) - Customs Agent User:** In January, Almacafé was notified by the National Tax and Customs Directorate (DIAN) it had become an Authorized Economic Operator, Customs Agent User, a permanent challenge not only for complying with the 78 legal requirements, but in the day-to-day implementation of the highest logistics standard in Colombia. This effort involves foreign trade offices, but also cross-cutting processes and, in general, the entire company, with best practices for our own benefit and that of our customers.
- ✓ **Value strategy:** Although impacted by the pandemic, progress in strategic initiatives such as the warehouse management system (WMS) has been important through pilot implementations in Soacha and Pereira. In 2022, this initiative will continue its value proposition in accordance with the target segments that we declared in the commercial strategy, allowing us to evolve towards the use of tools such as 4PL.
- ✓ **Digital marketing:** One of the goals of the commercial strategy defined in 2018 is to position the Almacafé brand as a logistics operator. In the first three years, a traditional marketing strategy started, and in 2021 it was extended to digital channels, taking the first step in the LinkedIn social media in the second half of the year, starting with 62 followers to grow 947% to 649 followers. The general communication plan scheduled 44 posts, with an average engagement rate of 6.25%.



SINCE 2004

COFFEE FORWARDS, A VALUABLE MARKETING TOOL FOR FARMERS

Negotiating coffee for future delivery is an instrument that the National Coffee Fund (FoNC) has promoted since 2004 as a mechanism to protect producers' income.

This allows them to agree, up to 24 months in advance, the price and quantity of coffee to be delivered in the future, in order to cover their production costs and obtain an estimated profit for part of their coffee.

The FoNC offers this tool to cooperatives so that they, in turn, offer it to producers, always with the support of the FNC, which has worked on wide dissemination and promotion campaigns, including on social networks.

Through videos, primers, training, podcasts and interviews, producers have been explained what the instrument consists of, how it works, and what are the commitments they make when using it, among other recommendations for use.

In 2021, due to the historic increase in coffee prices as a result of extreme weather events in Brazil, there were many delays in forward coffee deliveries agreed by producers, which in turn translated into delays of cooperatives' deliveries to customers.

This made it necessary to design and implement a number of commercial and communication strategies to insist on the need to meet these commitments.

The failed deliveries are expected to be made in the coming months.

I COMPLY!

I negotiated a part of the harvest and **I keep my word.**

What I am is not negotiable.

The word stays, the money passes.

I am an example of values for my family and my community.

The word of honor is **my best tradition.**

We coffee growers **keep our word.**

Colombian coffee growers, **if you want to secure your customers and future, you must honor your part of the contract.**

Honoring today's commitments **ensures tomorrow's success.**

Approach your cooperative and **meet your commitment.**

Because **I secured the price of my coffee** for a while at a profit.

For my good name and that of **all Colombian coffee growers.**

I take advantage of the good price **to continue forward-selling my coffee.**

PROMOTION OF CAFÉ DE COLOMBIA IS REACTIVATED AND HEALTH EXPERTS ENDORSE BENEFITS

GRI 102-6
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GRI 103-2
GRI 103-3

The FNC resumed its participation in international fairs, sponsored national events and attended academic events to strengthen the image of Colombian coffee.



Return to fairs and events

In 2021, the Café de Colombia brand participated in **6 international fairs**, where it offered cup tastings of coffee from the 23 producing departments:



Hotelex Shanghai, China (March 29-April 1).

During the 4-day event, over 160,000 visitors enjoyed the Café de Colombia brand, at whose stand over 2,100 cups were served, and there were 13 tastings of Colombian coffee.



Specialty Coffee Expo 2021, New Orleans, USA (October 1-3)

The main objective of the brand was to publicize the diverse origins of Colombian coffee, for which 3,500 cups of coffee from the 23 departments were served. The stand was attended by 2,200 people.



Host Milano, Italy (October 22-26).

Within the framework of this fair, which received over 150,000 attendees, Café de Colombia served 1,450 cups of coffee. And for the first time, the brand took **1st place in the World Barista Championship**.



Café Show Seoul, South Korea (November 10-13).

Café de Colombia offered 2,500 cups of coffee among the 170,000 visitors during the 4 days of the event.



World Specialty Coffee Conference and Exhibition 2021 – SCAJ, Japan (November 17-19).

Café de Colombia was part of a brand exhibition event for over 35,000 attendees, serving over 5,000 cups of coffee.



Hotelex Guangzhou, China (December 16-18).

During the 3 days of this event, over 55,000 visitors enjoyed the Café de Colombia brand, at whose stand over 500 cups of coffee were served and there were 7 cup tastings of Colombian coffee.

To keep the brand active and visible in Colombia, the events **Bogotá Audiovisual Market, Coffee Fest 2021, Art Latte Challenge** (both in Bogota and Popayán), **Championship of the Olla, Coffee Corridor Expo and The World's Biggest Cup of Coffee** were sponsored, allowing consumers to associate the Café de Colombia brand with industry events that add value to them.

In 2021, thanks to the continued partnership with ProColombia, the brand attended **15 exhibitions** around the world (including Expo Dubai), where Café de Colombia achieved brand exposure and served over 9,730 cups of coffee to attendees.

Academics expose health benefits of coffee

Based on the recommendations made by the National Coffee Growers Congress, the brand has approached health experts that academically support the benefits of drinking coffee, participating in events of the specialties of cardiology, endocrinology, diabetes, metabolism, internal medicine and nutrition.

Café de Colombia participated in the following academic events:

"Coffee and cardiovascular health," within the framework of the XII International Symposium on Cardiology and Cardiovascular Surgery, attended by 440 specialists in cardiology, internal medicine, emergencies, intensive care, cardiovascular surgery, and cardiovascular anesthesiology.

"Myths and realities of cardiovascular disease," at the II Regional Congress of Internal Medicine, a lecture attended by 550 specialists and given by Dr. Efraín Gómez, a specialist in internal medicine, cardiology, intensive care and head of the Shaio Clinic Coronary Unit.

"Coffee and Health Symposium," at the XXVIII National Congress of Internal Medicine, held in August with more than 578 participating specialists.

"Errors when buying and making coffee" and "Coffee as a protective factor" at the III Congress of Family Medicine, held in September with the participation of 402 specialists.

"Coffee and happiness," within the framework of the World Congress of Psychiatry, which brought together over 3,000 doctors and psychiatrists from all over the world.

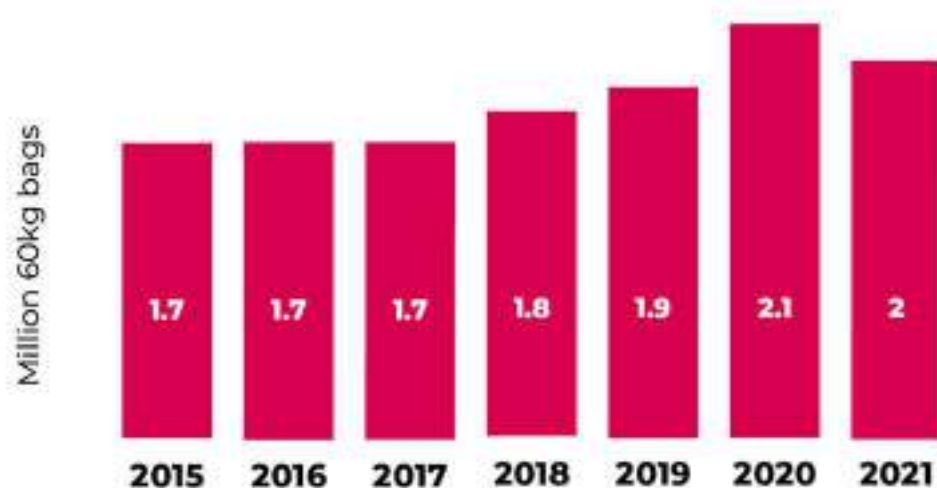


New online store **comprocafedecolombia.com** boosts domestic consumption

Its launch was a milestone that added to the Real Academia del Café and the 100% Café de Colombia program to encourage domestic consumption, which in 2021 reached 2 million bags of green coffee.

In 2021, the amount of green coffee consumed in the country reached 2 million 60-kg bags. In spite of declining from – the atypical – 2020, domestic consumption keeps the growth trend it featured before the pandemic.

Domestic coffee consumption



Source: Raddar - FNC.

The strategies implemented in 2021 to promote consumption of Colombian coffee are described below:

Online store sells **4,437 units in 2021**

To facilitate market access for more 100% Colombian coffee brands, the FNC launched **comprocafedecolombia.com**, an online store where those having their own coffee brand can market it. Registration is free, and those interested only need to have the denomination of origin. Currently, the new platform has more than 60 brands of excellent 100% Colombian coffee.



With this innovative platform, anyone interested in buying 100% Colombian coffee can access the diverse national supply, which helps increase consumption. For now, sales are only within Colombia, but work is under way to reach other markets. In addition, it is present on social media such as @ComproCafedeColombia on Instagram and Facebook to reach different audiences, including the youngest.

Real Academia del Café reaches 38,594 registered users

Under the concept "**Colombians who respect themselves drink the best coffee in the world**," the Café de Colombia brand relaunched the platform www.realacademiadelcafe.com (Royal Coffee Academy) to teach the audience how to identify and consume excelso and certified Colombian coffee with denomination of origin from the 23 producing departments.

To this end, a plan was implemented in digital media, radio and television at the national, regional and local levels to spread the message of the importance of consuming excellent 100% Colombian coffee.

The platform closed 2021 with **38,594 registered users**, who learn about the drink from origin to cup, 24% more than at the end of 2020.

100% Colombian Coffee Program gains members



Source: FNC.

Real Academia del Café



Source: Raddar - FNC.



Every year there are more brands in the world with the Café de Colombia logo on their packaging.

Thanks to virtual meetings to train and educate brands and coffee growers on the importance of the denomination of origin, the protected geographical indication and being part of the licensing program, the number of licensees grew **25%** from 199 in 2020 to 248 at the end of 2021, while the number of brands authorized to use the Café de Colombia logo rose **37%**, from 578 to 791 in the same period. This growth is the highest since 2017.



Challenges:

- ✓ **To develop activities and campaigns that position the online store comprocafedecolombia.com as the most reliable sales platform** for ensuring that the coffee purchased by consumers is 100% Colombian.
- ✓ **To resume the participation of Café de Colombia in events**, continue with the scheme of commercial platforms to connect coffee growers and buyers, and look for new cupping spaces to improve producers' income and shared responsibility throughout the chain.
- ✓ **To strengthen the community by spreading the Café de Colombia message** through the e-learning platform, our social media and a new promotional campaign to be launched in 2022.

Between June and August, a study was conducted to understand the habits of consumption and purchase of coffee at and outside home, and the perception of the Café de Colombia brand in the country, showing that consumption would have reached **2.8 kg/person** and that the percentage of the population drinking **coffee rose from 86% to 96%**. In 2022, we have the challenge of taking advantage of all these findings for brand communication.

Sellers (coffee farmers) on the online store comprocafedecolombia.com



"Thanks to the FNC for giving us the great opportunity to show our Aromas del Viento [Scents of the Wind] coffee, from Nariño, to Colombia and the whole world. Thanks, because we never thought we could have our coffee brand on an online outlet; this is how we show what truly is our coffee growers' work and our quality."

José Raimundo Cerón. Owner of the Aromas del Viento brand, Nariño.

"My most sincere thanks to the FNC for allowing us to be on this online platform, where we can show our certified coffee brands. Today, from Santander to Colombia and the world."

Yheli Licet Arena. Owner of the Ocamon Coffee brand, Santander.



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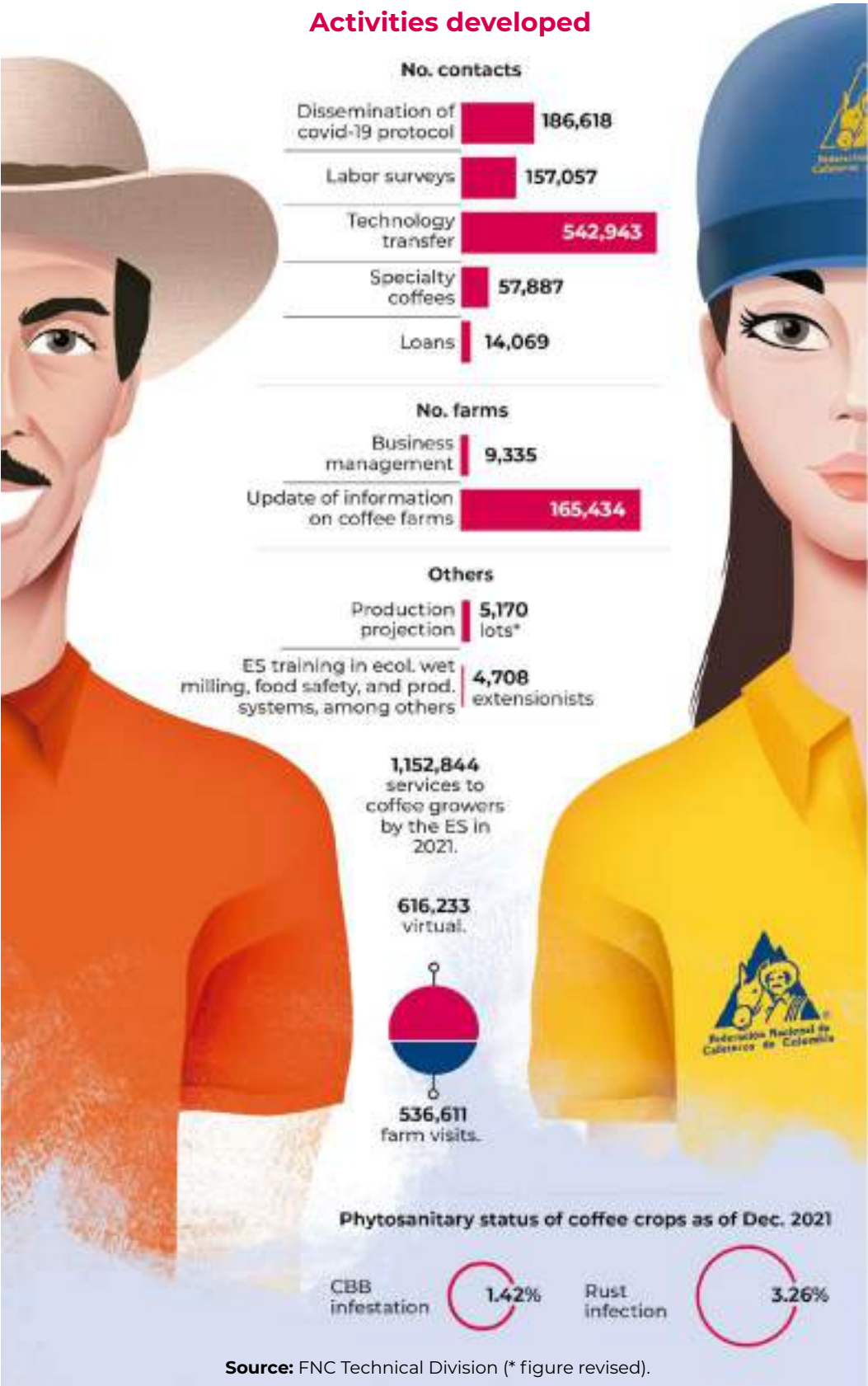
Despite sanitary restrictions due to the pandemic 1,152,844 CONTACTS OF THE EXTENSION SERVICE WITH COFFEE GROWERS

Technical assistance strongly resumed farm visits, reaching 536,611, while the rest, 616,233, were virtual contacts.

Always prioritizing the health of the large coffee-growing family, and thanks to the progress of vaccination in Colombia and reduction of covid-19 infections, in 2021 it was possible for the Extension Service (ES) to strongly resume farm visits as rural extension method.

Like in 2020, attention to coffee growers continued to be supported by virtual means such as phone calls, WhatsApp, emails and SMS messages.

According to the FNC guidelines, farm visits would be the only method of face-to-face extension, and these should meet the guidelines set by the biosafety protocol for proper management of the covid-19 pandemic.



85% of the area is planted with resistant varieties; average age is 6.79 years

The strategy 'More agronomy, more productivity, more quality,' which seeks to increase productivity and improve coffee quality for growers to obtain better income and greater profitability, consolidates agronomic indicators.

The Extension Service resorted to farm visits and virtual contacts to continue disseminating and promoting adoption of the practices defined in the "More agronomy, more productivity, more quality" strategy, seeking to increase productivity and improve coffee quality for producers to obtain better income and greater profitability.

Emphasized practices include renovation of coffee plantations to keep them as young as possible, use of resistant varieties (in both renovations and new plantings) and higher planting density of the renovated areas.

The "More agronomy, more productivity, more quality" strategy has allowed productivity to be maintained at levels close to 20 bags of green coffee per hectare/year.

Key indicators



Source: FNC Technical Division.



Challenges

The main challenges for the future of coffee farming include ensuring that:

- ✓ **90%** of the area is planted with **resistant varieties**.
- ✓ Average **age is below 6.5 years**.
- ✓ The **planting density exceeds 5,500 trees** per hectare.
- ✓ Annual **renovation rates reach 10% of the national area** (promoting a greater number of lots per farm).

It is also necessary to **increase the use and application of soil analyses** for adequate plant nutrition, and to disseminate the components of **assisted harvesting**: selective handpicking with meshes on the ground and use of the selective coffee shaker machine.

With these practices, average **productivity** is expected to reach **22 bags** of green coffee per hectare and stable harvest volumes of between **13.5 and 14 million** bags of green coffee per year (or slightly higher).

81,304 HECTARES RENOVATED FOR A PRODUCTIVE AND PROFITABLE COFFEE FARMING

GRI 102-6
GRI 203-1

Of this figure, 32,325 hectares were the result of the Renovation Support Program, with incentives worth USD 6.8 million.

Renovation is vital to maintain a young and highly productive coffee farming, which in turn improves profitability of producers. In 2021, **125,095 producers** renewed over 81,304 hectares.

The Support Program for Renovation of Coffee Plantations was key to these results, promoting renovation through incentives in kind (fertilizer) to preserve and stabilize national production at adequate volumes that favor profitability per surface unit.

The actions of the program are focused on:

Renovating the young modernized coffee crops that complete or are ending production cycles to avoid aging.

Promoting renovation of old modernized coffee drops so that these areas become young modernized plantations.

In 2021, **32,325 hectares** were renovated under the program, incentivizing



180,819,259 trees renovated by planting or pruning (“zoca”), and the program committed resources worth **COP 25.3 billion** (USD 6.8 million) for **60,560 coffee growers**.

The Extension Service is also crucial for the renovation work. Through farm visits and virtual contacts, it disseminates and promotes this good agricultural practice, including the use of rust-resistant varieties (for both renovation and new plantings of coffee plantations) and higher planting density of the renovated areas.

The support of the Extension Service and the good practices that producers have embraced in recent years were reflected in 2021 in the **48,979 hectares** renovated with their own resources.

Source: FNC Technical Division.

CENICAFÉ TAKES FIRM STEPS TOWARDS SUSTAINABILITY OF COFFEE FARMING

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GRI 103-2
GRI 103-3

In addition to delivering resistant varieties and studying diseases and pests that prevent the use of agrochemicals (integrated management), the Center focused on improving productivity of coffee farming.

The results of work of the National Coffee Research Center (Cenicafé) are the basis for decision-making under the FNC's "More agronomy, more productivity, more quality" strategy, where productivity of coffee farming is the basis for profitability.

By adopting the technical change transferred by the Extension Service, producers make more efficient use of their farm's natural resources, including soil, water and sunlight, reduce labor and input costs, and add value to their coffee with better physical and sensory quality.

Correct and timely agricultural practices in their production systems allow them to adapt to climate variability to maximize productivity and strengthen coffee farming's sustainability tradition, making Colombian coffee more competitive in the face of new demands in global markets.

The outstanding results in scientific research and technological development in 2021 include:

1

Agronomic characterization of the Colombian coffee collection, making it possible to identify Ethiopian accessions with interesting production and cup quality features, **which will enrich the genetic base of the improved varieties.**

2

As support for renovation, 107 tons of seed of improved varieties were delivered to the departmental committees, of which 49% was Cenicafe 1 variety and 51%, general and zonal Castillo®.

3

In projects developed with financing from the General System of Royalties (SGR) progress was made in biophysical characterization of the coffee departments' agroecological zones.

4

To reduce impact of plastics in coffee farming, the evaluation of biodegradable materials in the nursery phase concluded, and their behavior once planted in the field was determined.

5

Adjustments in agronomic management of coffee intercropping showed record yields of corn and beans, **improving food security and income in the first years of renovations.**

6

The characterization of insect visitors to coffee flowers identified 566 species, including 90 bees, which improve fruit set and bean weight, thus confirming **the rich biodiversity associated with coffee farming.**

7

In designing new tools to control the coffee berry borer (CBB), the expression of the insect's genes was reduced using RNA released by bacteria from the digestive tract, and F1 coffee hybrids with reduced attack levels were evaluated. **No insect resistance to chlorpyrifos was found in Colombia, confirming the rational and comprehensive use of chemical pest control.**



8

New rust breeds in Colombia were reported, and the study of the genome of the fungus causing the disease was deepened (contributing to knowing resistance in the field). **A new specific method for molecular diagnosis of the fungus that causes the coffee berry disease (CBD) was developed to prevent it from entering Colombia.**

9

Studies on interruption of drying and production of natural coffees led to recommendations to avoid defects in the cup and have less risky processing protocols. Through near infrared spectroscopy (NIRS), the models that support the regional denomination of origin were improved.

water retention and evapotranspiration, preventing discharges and increasing organic matter and macronutrients in soil.

10

The vegetation filter technology was validated for coffee washing wastewater treatment through

By virtual media, **there were training sessions and publications delivered to the Extension Service** for ensuring teamwork in transferring knowledge to coffee growers and promoting technical change, which improves farm profitability and sustainability.

11



FNC LEADS RURAL FINANCIAL INCLUSION IN COLOMBIA

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GRI 102-7

75% of coffee farmers have a smart ID card/card (over 385,000 with access to banking services as of December), while in the country only 49% of adults have active savings accounts.

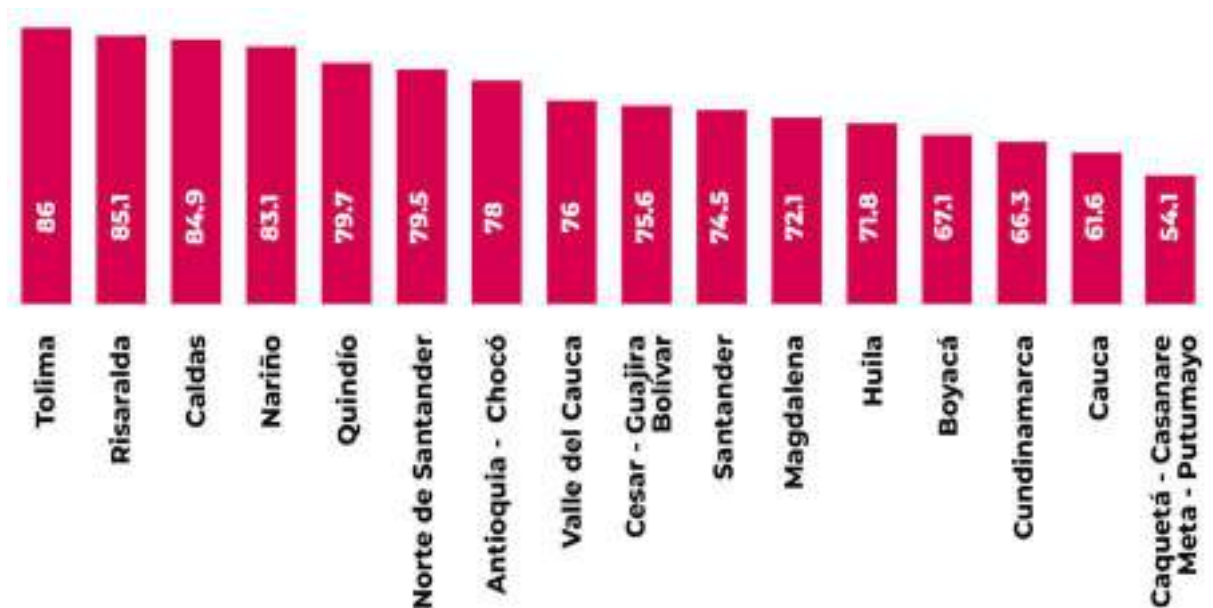
The Smart Coffee Grower ID Card/Card (CCI/TCI, Cédula/Tarjeta Cafetera Inteligente) is a union document that the FNC delivers to coffee growers and has two functions: (i) to be an instrument to exercise their union rights and (ii) to serve as a savings account with the Banco de Bogotá to facilitate payment, savings and benefit processes.

75% of coffee growers have a CCI or TCI, while, according to the 2020 Financial Inclusion Report of Banca de las Oportunidades [Opportunities Bank] and the Financial Superintendence, in Colombia only **49%** of adults have active or current savings accounts.

In Tolima, Risaralda, Caldas and Nariño, over 80% of producers have a CCI or TCI, a permanent support that connects them with the formal financial sector.

The great challenge for the FNC is to continue deepening the use of the CCI/TCI, which in 2021 remained at 12%.

% of coffee growers with access to banking services (through CCI or TCI) in 2021



Source: FNC Administrative and Financial Division.

Monthly average number of accounts used



Source: FNC Administrative and Financial Division.

FNC SAVES COFFEE FARMERS NEARLY USD 343,000 IN WITHDRAWALS FROM OTHER NETWORKS

Thanks to the benefits achieved (since March 2020), transactions increased 38% in one year.

The CCI/TCI has allowed coffee growers to access banking services and channels with benefits such as exemption from the management fee, free national deposits and free withdrawals at any ATM in the country, regardless of the bank or network.

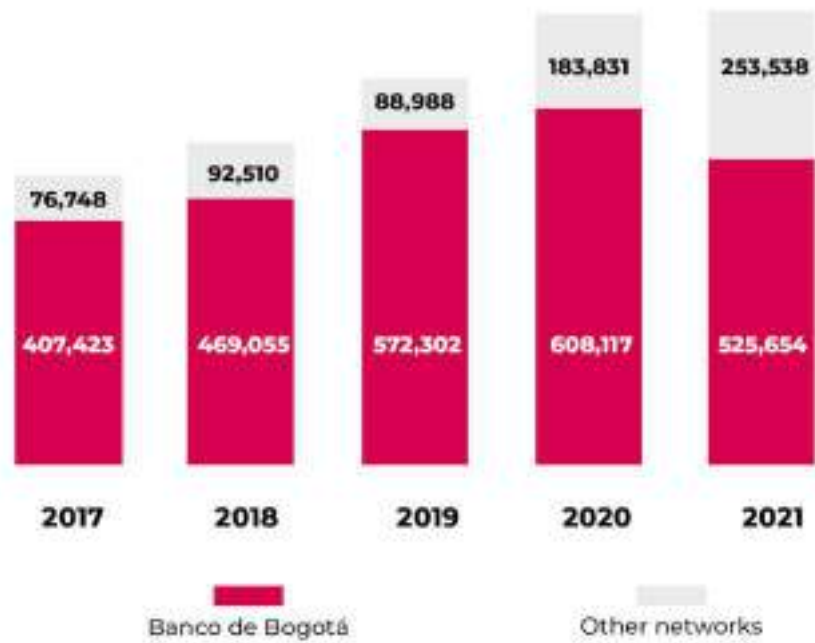
The latter benefit began in March 2020, was in force until December 31, 2021 and meant that, in the whole year, the number of transactions at ATMs other than Banco de Bogotá's grew almost 38% compared to 2020.

Compared with the same period of 2017, the figure rose 230%.

In the last five years, the total number of ATM transactions grew 61% compared to 2017.

In 2021, free withdrawals at ATMs from other networks saved coffee growers **COP 1.3 billion (USD 342,773)** in 253,538 transactions, savings 51% higher than the COP 850 million (USD 226,100¹) saved between March and December 2020, in 171,690 withdrawals.

ATM transactions with CCI/TCI



Source: FNC Administrative and Financial Division.

Use of virtual channels grows

In 2021, promoting the use of digital channels and virtual transactions, such as checking the balance by SMS, updating the cell phone number through the Coffee Grower Service Line and unlocking the password by phone (interactive voice response, IVR), was still a priority.

In the year, transactions in the Coffee Grower Service Line rose 369%, while those through Mobile Banking grew 883%, both compared to 2017.

As for the use of the Coffee Grower Channel, in 2021 the value of coffee purchases via cooperatives reached **COP 59.3 billion (USD 15.8 million)**, up **227%** from 2017, and cash withdrawals in agricultural supply warehouses topped **COP 6 billion (USD 1.6 million)**.



¹At an average exchange rate of 3,758.8 COP/USD between Mar. and Dec. 2020.

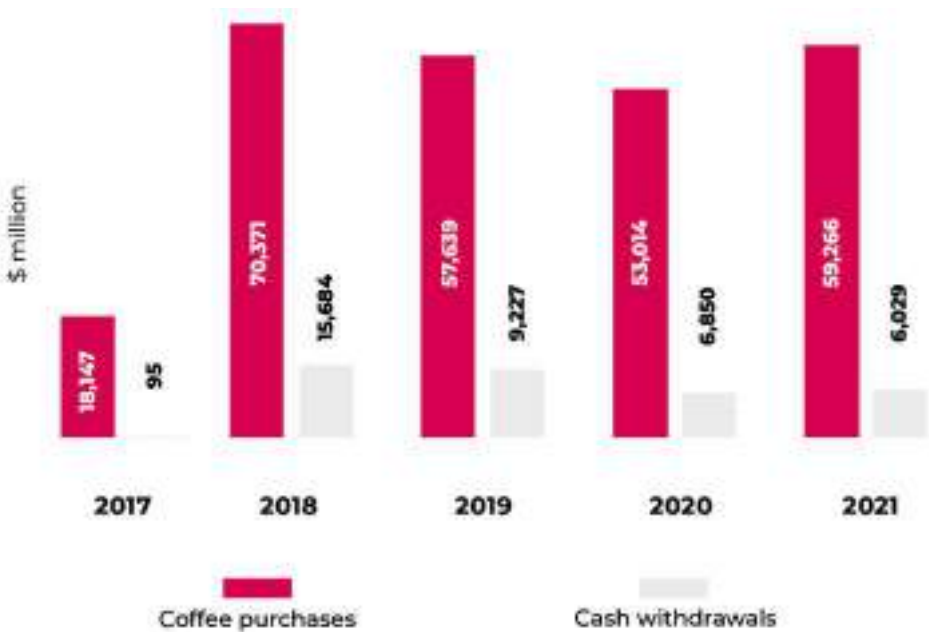
Coffee Grower Channel becomes established

The entry into force in 2018 of the Law of Access to Banking Services, which allowed payments made via financial entities to be deducted from tax obligations, triggered transactions on the Coffee Grower Channel that year.

Once the law changed, coffee growers continued using the CCI/TCI as a means of payment for trading coffee, since its use is free for both the point of purchase and the producer.

Since 2015, the trend towards free use of the CCI/TCI has translated into savings of **COP 289 billion (USD 77.2 million)** for coffee growers and the FNC.

Coffee purchases and cash withdrawals



Source: FNC Administrative and Financial Division.

70,070 FINAGRO LOANS TO PRODUCERS WORTH USD 382.9 MILLION

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GRI 102-7
GRI 203-1

It is the largest amount in seven years to finance key coffee farming activities.

In 2021, **70,070 loans** were granted to coffee growers with resources from the Fund for Financing of the Agricultural Sector (Finagro).

The value reached **COP 1.43 trillion (USD 382.9 million)**, an amount that includes all banks and the rediscount, agricultural and consolidation lines for financing different coffee farming activities (maintenance, wet mills, crop renovation and machinery).

Loans granted to coffee growers

 Year	 Loans	 Amount (COP million)
2015	62,535	573,136
2016	65,223	988,090
2017	71,076	1,051,163
2018	67,496	839,964
2019	53,940	880,724
2020	74,272	970,133
2021	70,070	1,433,090

Source: FNC Technical Division and Finagro. (Note: From 2018 to 2021, figures were taken directly from the Finagro webpage).



In 2021, via the Banco Agrario rediscount line, **56,011 loans** were granted, worth **COP 569.2 billion (USD 152 million)**, 97% of which were for small producers, 2% for medium-sized ones and 1% for large producers; 72% of the loans were allocated to investment.



Rediscount loans granted
(by Banco Agrario-Finagro line)

	 No.	 Amount (COP million)	 Share
Investment	40,434	444.2	72%
Working capital	6,765	53.2	12%
Regularization (refinancing, restructuring line)	8,812	71.8	16%
Total	56,011	569.2	100%

Source: FNC Technical Division and Finagro.

The work of the extension agents in the "More agronomy, more productivity, more quality" strategy is key for coffee growers to apply for viable projects that require financing from the Banco Agrario. In 2021, **12,461 loans** were granted, worth **COP 93.5 billion (USD 25 million)**, mainly used for maintenance, wet mills, and renovation.

Finally, **20,366 coffee growers** benefited from preferential interest rates of the Special Credit Lines (LEC) managed by Finagro, with significant savings of **COP 28.8 billion (USD 7.7 million)** thanks to interest rate subsidies.

Allocation of loans to coffee growers

Activity	Loans	Amount (COP billion)	Share
Maintenance (pest & weed control, labor)	4,552	24.4	36.5%
Renovation by planting	2,818	22.9	22.6%
Wet mills	2,480	26.4	19.9%
Renovation by pruning	872	4.2	7.0%
New plantings	1,435	13.0	11.5%
Machinery and equipment	281	2.6	2.3%
Other crops	23	82.0	0.2%
Total	12,461	93.5	100%

Source: FNC Technical Division (an application may have more than one credit line).

SOCIAL DEVELOPMENT OF **COFFEE GROWER HOUSEHOLDS**



GRI 102-6
GRI 102-7
GRI 103-1
GRI 103-2
GRI 103-3
GRI 203-1
GRI 404-2

Updating its value proposition

SOCIAL DEVELOPMENT BRINGS MORE HOLISTIC WELL-BEING TO COFFEE GROWER FAMILIES

Building a coffee grower education policy, strengthening the financing of Escuela y Café, designing a gender equity policy, implementing a food security pilot, and promoting youth leadership and entrepreneurship are some outstanding actions.

The FNC updated its value proposition for the social area to promote comprehensive and sustainable social development of coffee grower families and communities through investments in their territories, potential development of their human capacities, empowerment to earn decent income, and access to the social protection system.

The strategy consists of 6 components: rural education, social protection, infrastructure, coffee grower families with gender equity and generational integration, associativity, and special projects.

There were also changes in the system for measuring indicators and monitoring the social development strategy to more accurately evaluate the departmental committees' teams, whose work, in coordination with the FNC HQ, is the basis for meeting the goals proposed in the value strategy.

Construction of the coffee grower educational policy moves on

In 2021, the Social Development and Strategy and Innovation directorates worked on building an educational policy for the coffee grower families.

With a comprehensive approach, understanding the Colombian territory's heterogeneity, the objective is to present a proposal that strengthens the skills and abilities of coffee farmers and their families (contributing to developing their intellectual potential) through education processes for sustainable competitiveness (social, economic, environmental and union-related).

To build this policy, the Coffee Grower Education Summit was held, during which panelists showed the state of rural education in Colombia and in the coffee sector, the results of the impact evaluations for the Escuela y Café [School & Coffee] program, and the balance of the main results of different educational policies in developing countries (an issue for which the participation of Dr. Felipe Barrera, a Vanderbilt University researcher, was key).

There were also sessions with the departmental and municipal committees to collect information on the main educational concerns. In total, 160 people from the coffee institutions participated in drafting proposals and lines of work, which resulted in the objective and main lines of action of the educational policy for coffee growers. In 2021, the expert consultant in rural education was hired so that, together with an FNC interdisciplinary team, the educational policy document is built and structured.

Financing of School & Coffee begins to be strengthened

The **Escuela y Café [School and Coffee] Program** seeks to teach practical and useful tools for efficient and sustainable management of the coffee farm.

18,403 students have been reached, mainly in Caldas, Cauca, Huila, Risaralda and Cesar. Due to the pandemic, Cauca and Caldas continued the program virtually with the B-learning methodology, while Huila, Tolima, Cesar-La Guajira and Santander developed materials and sought strategic partnerships.

Today Escuela y Café has **379 schools engaged**, **5,484 students** who implement production projects, **52** strategic partners and **721** teachers trained under this model.

In 2021, by designing and developing virtual diploma courses, the Manuel Mejía Foundation (FMM) benefited **3,413 coffee growers from 19 coffee departments**, with outstanding diploma courses in Agribusiness Management, Financial Education and Marketing, and Leadership for Rural Women.

Escuela y Café has been the flagship program in coffee grower education. That is why Social Development, with the advice and experience of the Caldas Coffee Growers Committee, designed a project that builds public-private partnerships to strengthen the medium- and long-term financing of the program.

Its implementation has already begun in 6 coffee departments (Huila, Tolima, Santander, Cesar-La Guajira-Bolívar), with the advice of the Caldas Committee, which has been leading this program in its department for 40 years.

In Huila, the project began as the result of a collaborative agreement between the departmental Secretary of Education, those of Neiva and Pitalito, and the departmental committee. The Tolima, César-La Guajira-Bolívar and Santander committees joined the initiative and implement the project in their coffee regions thanks to the efforts of the FNC and public-private partnerships for financing.

On the other hand, the FMM designed and implemented the distance-learning Niños Pilos [Smart Children]-Parque del Café Program, supported on digital tools. The objective is to recognize the leadership of boys and girls from coffee regions to build a greater sense of belonging

and identification with the coffee production activity and generational integration.

Safety, health, biosafety and prevention of child labor for more producers

In 2021, to strengthen social protection of coffee grower households, **3,072 coffee growers** were trained in and made aware of regulations and access to occupational safety and health, periodic economic benefits (BEPS) and the social protection floor.

With the pandemic, there was special attention to health issues: **36,224 activities** were carried out to raise awareness for **40,151 coffee growers** on health and biosafety measures to deal with covid-19.

And partnering with the International Labor Organization (ILO), the virtual course "My farm, a healthy and safe environment" was implemented for nearly **800 coffee growers** to support them in complying with the standards of Colombia's Occupational Health and Safety Management System (SGSST, the acronym in Spanish).

Within the framework of the agreement with Partners of the Americas and the Colombia Avanza project, the promotion and dissemination of the message "Inheriting the coffee culture, free of child labor" continued, with training for young coffee growers in leadership and entrepreneurship skills, and a contest for the children of Huila and Tolima to write stories.

And with the support of the Communications Directorate, the radio soap opera "**My farm, my home and treasure**" was produced to spread the most important aspects of child labor prevention, occupational safety and health on the coffee farm, and gender equity.



SOCIAL PROTECTION				
Segment	KPI	Implementation		
		2019	2020	2021
Health, work and old age	# coffee growers trained & made aware	1,825	13,391	3,072
Covid-19 initiatives	# coffee growers made aware to deal with covid-19	N/A	24,923	40,151
	# activities carried out (protocols, campaigns, training, etc.)	N/A	8,275	36,224

22,260 families benefit from housing, power supply and basic sanitation

In 2021, the FNC carried out **2,153 housing improvement, power supply and basic sanitation works** for the benefit of **22,260 coffee grower families**. **22,621 meters** of strip roads were also built, and **10,575 km** of tertiary roads were improved and/or maintained, benefitting **610,984 people**.

In social infrastructure, **175 works** were carried out, benefitting **27,923 people**.

INFRASTRUCTURE				
Segment	KPI	Implementation		
		2019	2020*	2020
Housing, power supply & basic sanitation	# works improved and/or built	5,536	1,652	2,153
	# total beneficiaries	66,562	13,467	22,260
Roads	m of strip roads built	N/A	18,529	22,621
	km of rural roads improved	4,682	1,498	10,575
	# total beneficiaries	241,170	62,045	610,984
Social infrastructure	# works built or improved	237	56	175
	# total beneficiaries	51,131	12,008	27,923

Source: FNC Social Development Directorate (* figures revised vs. 2020 report).

FNC designs gender equity policy

Year 2021 marked a milestone in this matter: the FNC's team of Coffee Grower Families with Gender Equity and Generational Integration presented the gender equity policy, whose objective is "to contribute to developing opportunities for women coffee growers by reducing gender gaps that impact coffee grower families' well-being and the union's productivity and competitiveness."

Within the framework of the women's economic empowerment component, the line of coffee produced by women was launched during the 89th Coffee Grower Congress to be marketed in international

markets, highlighting their talent, dedication and quality to empower them economically.

Under the same component, in Nariño a food security pilot was implemented with women coffee growers to find new ways to generate income while improving their eating habits.

There were also empowerment and cross-cutting activities for **2,592 women and 5,210 coffee grower households** by developing leadership skills, financial education and coffee market, among others.

COFFEE GROWER FAMILIES WITH GENDER EQUITY AND GENERATIONAL INTEGRATION				
Segment	KPI	Implementation		
		2019	2020*	2021
Empowerment and cross-cutting activities	Women coffee growers (Sica and non-Sica) participating in activities that promote gender equity.	13,386	33,124	2,592
	Coffee grower households participating in activities that promote gender equity.	N/A	2,699	5,210
Leadership and entrepreneurship	Young coffee growers (Sica and non-Sica) participating in activities that promote generational integration.	2,850	6,229	2,120
	Coffee grower households participating in activities that promote generational integration.	N/A	1,128	903

Source: FNC Social Development Directorate (*figures revised).

Young people have also had an important participation in leadership and entrepreneurship activities. In 2021, **2,120 young people** participated in activities carried out by the committees and the FNC HQ.

This has been complemented by the **Digital Community of Young Coffee Growers** on Facebook, which today has over 2,000 members. There, in live events, topics such as use and positioning of the Café de Colombia brand, strategy for coffee brands during the pandemic, and process to obtain the denomination of origin and protected geographical indication, among others, are discussed.

To continue strengthening the youth entrepreneurship strategy in rural areas, the FNC continued the Idéate Café project, where young

people from the Flor de mi Tierra project have been trained to structure their business initiatives and seed capital obtained thanks to the creation of a revolving fund (as a result of selling their coffee).

Lastly, with the Directorate of Economic Research, a complete diagnosis of coffee growers' associations was conducted to support associativity in the sector. The results of this analysis allowed structuring the Strengthening Associations diploma course, designed by the FMM, with the 3 priority topics identified in the diagnosis: project formulation, financial education, and leadership.

The diploma course is to be implemented in 2022, as well as the "Trainer of trainers" course, to improve the skills of workers who handle social topics in the departmental committees.

INTEGRATED MANAGEMENT **OF NATURAL RESOURCES**



FNC LAUNCHES NEW ENVIRONMENTAL STRATEGY

Greater coordination strengthens the efforts that have been made for years, and the actions begin to multiply.



The FNC and Colombian coffee growers continue strengthening their great potential to mitigate actions that harm the environment.

Thanks to the formation of the Environmental Management Directorate (DGA, the acronym in Spanish) in 2020, in 2021 the FNC launched a new environmental strategy based on:

- Implementing work nodes to strengthen and make visible environmental actions.
- Strengthening conservation, reforestation and water saving on coffee farms.
- Promoting environmental management within the organization.

For decades, the sector has been concerned with implementing initiatives that care for natural resources, hence in 2021 the DGA committed to coordinating all environmental strategies within the framework of the FNC's value strategy.

Work nodes help strengthen and make environmental actions visible

This institutional change managed to identify and structure the following work nodes, which work in a cross-cutting way:

1. Organizational: To improve coordination between the FNC's branches and companies (Cenicafé, Almacafé, Buencafé and Procafecol), enabling the use of resources for environmental projects and extending their action horizons.

2. Communications: To implement an environmental awareness-raising strategy with coffee growers and workers, disseminating the different programs, projects, activities and initiatives of the FNC to adopt sustainable habits and strengthen environmental practices.

3. Partnerships: To promote environmental projects with the support of the New York and Europe offices, National and International Partnership areas, and Project Management, coordinating the formulation and execution of programs and projects for complying with the environmental strategy.



GRI 103-1
GRI 103-2
GRI 103-3
GRI 306-2

IN TERMS OF WATER, SOIL, FORESTS AND WASTE

COMPREHENSIVE ENVIRONMENTAL MANAGEMENT IS STRENGTHENED FROM THE FARMS

Better wet mills and water treatment systems, water savers, training in land use and waste management, reforestation and tree planting are some of the actions implemented.

For preventing water pollution, **23,151** wet mills and wastewater treatment systems were characterized, as well as **640** septic systems.

With the support of the FNC, **914** wet mills, **384** coffee wastewater treatment systems and **362** septic systems were improved, saving **24** liters of water per kg of dry parchment coffee (dpc) produced on the farms, also preventing **270g** of polluting substances dumped into water bodies per kg of coffee. **144** water savers were installed in coffee growers' households.

To properly manage and dispose of solid waste from agricultural and domestic activities, **226** projects on management and proper disposal of such waste were implemented on the same number of farms.

In soil care, **2,564 coffee growers** were made aware and trained in soil analyses and proper use of fertilizers.

In 2021, reforestation and soil care activities impacted **2,807 hectares** in prioritized river basins of Antioquia, Caldas, Cauca, Huila, Risaralda, Quindío, Santander and Tolima.

Thus, the capture of greenhouse gases (GHG) was favored and timber production was strengthened as an economically viable and environmentally sustainable alternative for rural populations.



More agroforestry systems, tree planting and biodiversity care

The environmental recovery and care actions are coordinated with the present and future goals of coffee farming.

With the support of the Ministry of Agriculture and other local financiers, the establishment of **6,566 hectares** of agroforestry systems in coffee regions was promoted by planting **250,000 shade trees**, which improve microclimatic conditions for coffee production. The use of more than 92 different native species of high ecological value to conserve diversity stands out.

Over **497,266 trees** were planted as hedges or by roads, contributing to GHG capture, soil and water source protection, and generation of habitats for fauna. These trees will also favor timber production, which, in turn, will prevent coffee growers from obtaining it from natural forests.

The FNC joined the government initiative Sembrar nos Une [Planting Brings Us Together] and planted **350,872** trees in 2021.



Participation of the Cauca Committee in the national Sembratón (October 2021).



For biodiversity conservation and recovery, there were activities in **4,754 hectares of natural forests**, and **184 ha** of the most threatened forests or riparian zones were isolated (enclosures), along with biological connectivity actions by establishing **4,530 ha of conservation corridors**.

The FNC signed three important environmental agreements. The first was a memorandum of understanding with private and public actors for forest conservation and actions against climate change in the coffee value chain. Another was an agreement with Nestlé to plant 7.5 million trees in areas that are part of its coffee supply chain. And lastly, an agreement with the UNDP to design a pilot payment for environmental services under innovative financial instruments in the carbon market.

Finally, the “Integrated Environmental Management of Coffee Farming” diploma course was designed, with which, in the first quarter of 2022, 1,000 coffee growers will strengthen their knowledge of good practices for use and management of natural resources on the farms.

FNC BUILDS ENVIRONMENTAL PERFORMANCE BASELINE

This will allow better guiding and measuring its specific actions, along with those already implemented by its different companies.

At the internal organizational level, the **baseline for the environmental performance** of the 344¹ venues of the 15 departmental committees, Coordinating Offices and HQ was built, considering variables such as water and energy consumption, lighting systems and solid waste management. The "**FNC Consciente** [Conscious FNC]" strategy is kept to raise environmental awareness and encourage responsible consumption among workers.

And with a team of 35 rural development promoters, training spaces and conferences were designed to stimulate local

leadership and decision-making towards care and protection of natural resources.

The ISO 14001 certification of the Integrated Management System (SGI) was also renewed for 3 years, which includes the Planalto and Naranjal Central Station facilities of the National Coffee Research Center (Cenicafé).



¹ Figure revised from the report to the 89th Coffee Grower Congress.

- GRI 103-1
- GRI 103-2
- GRI 103-3
- GRI 302-1
- GRI 306-2

CENICAFÉ

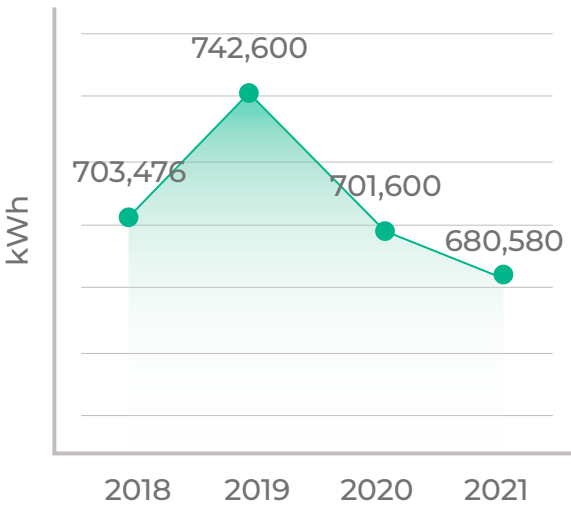
At Cenicafé, 6 internal environmental management programs have made it possible to maintain water consumption below that of 2018, when measuring began, and steadily reduce energy consumption, as well as waste generation.

As its HQ is in a protective forest reserve, it was necessary to carry out awareness-raising campaigns with workers and the community.

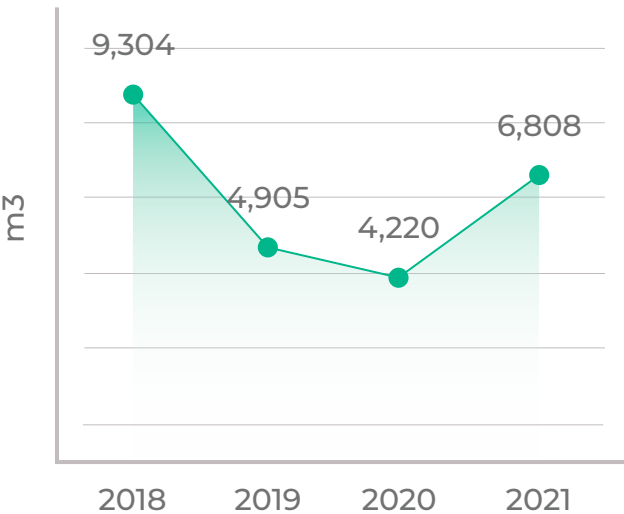


Cenicafé Consumptions

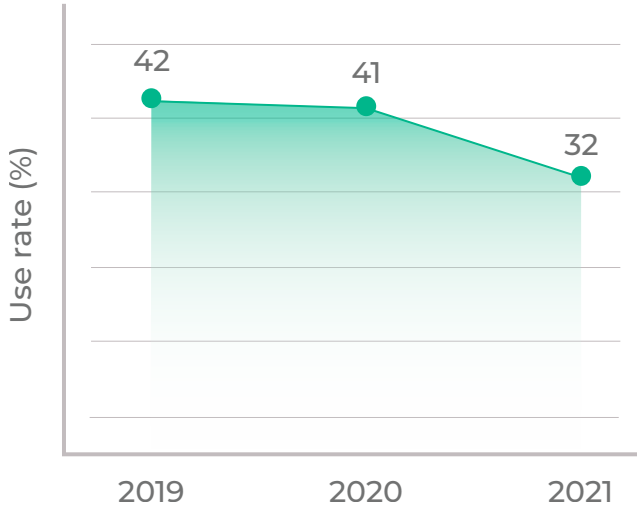
Energy



Water



Waste



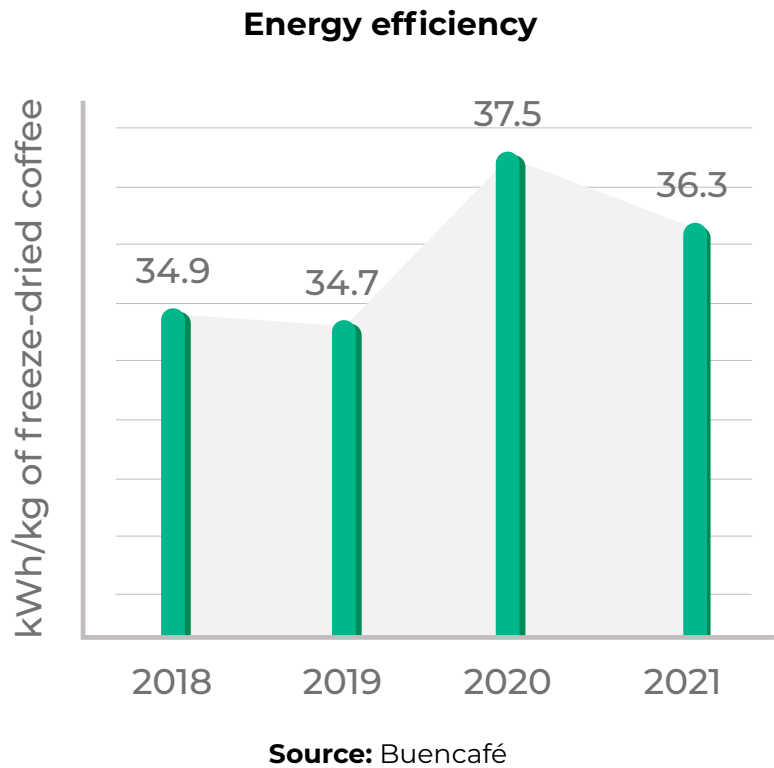
BUENCAFÉ

- GRI 103-1
- GRI 103-2
- GRI 103-3
- GRI 302-1
- GRI 302-3

Better energy efficiency

In 2021, Buencafé improved the energy efficiency of its systems by 3.3% compared to 2020, achieving **36.3 kWh/kg** of freeze-dried coffee.

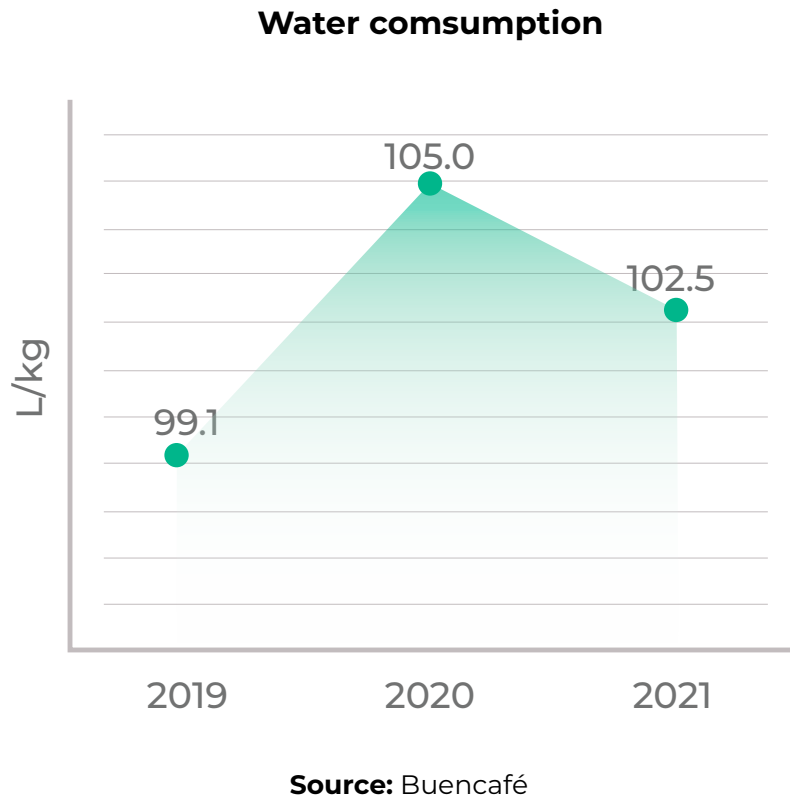
This progress was made possible thanks to operational adjustments that increased from 26% (2020) to 29% the use of renewable fuels (biomass: coffee grounds and husk) for generating steam for the boilers, with the consequent saving of **COP 2.8 billion (USD 744,056)** from replacing natural gas and almost **COP 1.1 billion (USD 280,791)** from not sending sludge to landfill.



- GRI 103-1
- GRI 103-2
- GRI 103-3
- GRI 303-1

Less water consumption

In 2021, rainwater continued to be used as replacement in the cooling towers, for a total of **17,687 m3**, saving COP 40 million (USD 10,686).



GRI 103-1

GRI 103-2

GRI 103-3

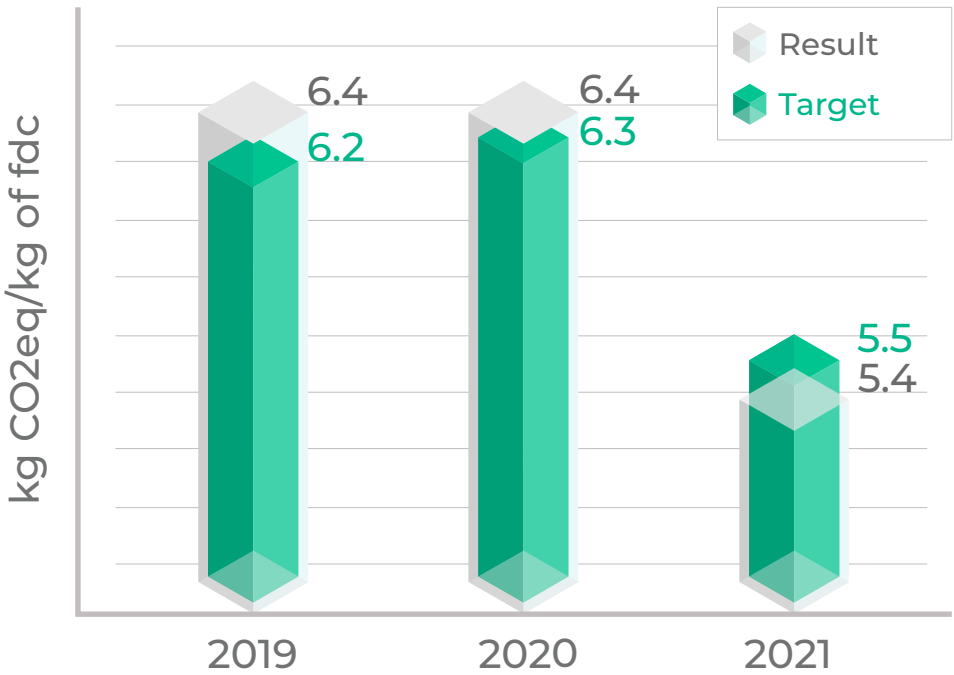
GRI 305-1

Less GHG emissions

In 2021, with **5.41 kg of CO₂eq/kg of freeze-dried coffee** (or 4,179 t CO₂/year), GHG emissions were reduced below the annual target of **5.5 kg CO₂eq/kg of freeze-dried coffee (fdc)**, thanks to actions such as:

- Higher consumption of husk to replace natural gas, despite shutdown of plants 4 and 5 as a result of the so-called national strike.
- Acquisition of technology to improve energy efficiency in the refrigeration systems.
- Expansion of the solar energy system from 5 kWp to 29 kWp.

GHG emissions



Source: Buencafé



GRI 103-1
GRI 103-2
GRI 103-3
GRI 306-2

Towards Zero Waste

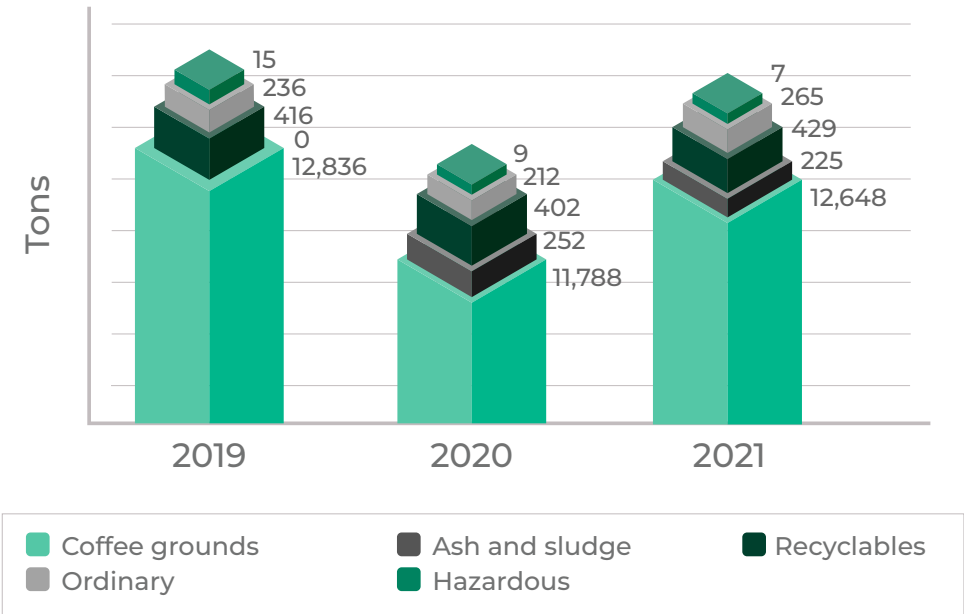
With a view to obtaining the global Zero Waste standard certification in 2022, Buencafé has established methodologies, goals and indicators for the reduction, reuse and use of waste to prevent sending it to the landfill.

The identification of solid waste was strengthened, and management was coordinated with companies in the region for its use.

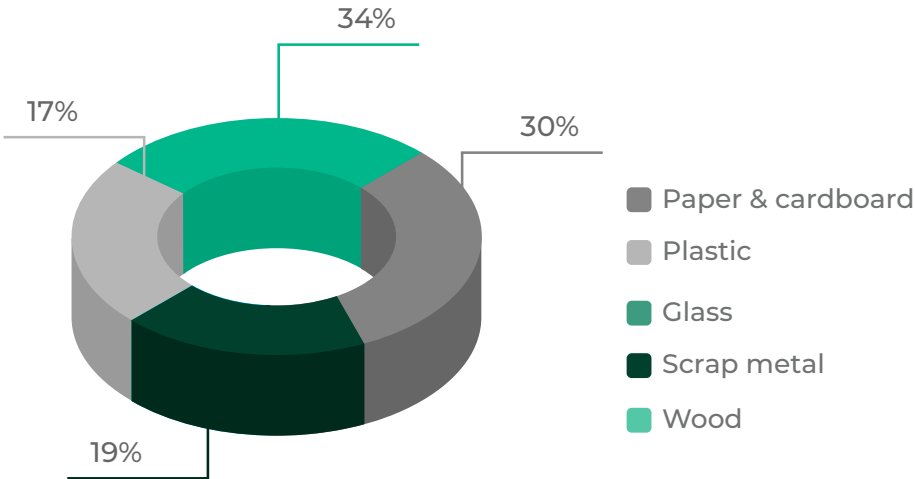
And a percentage of the ashes generated in biomass combustion – as a way to extend its life cycle – was handed over to a company that produces fertilizers for agribusinesses.



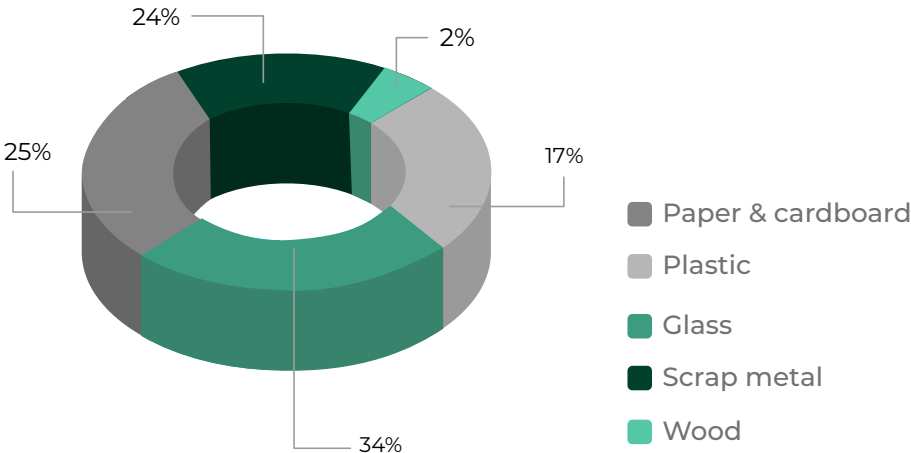
Waste generation



Recyclables 2020



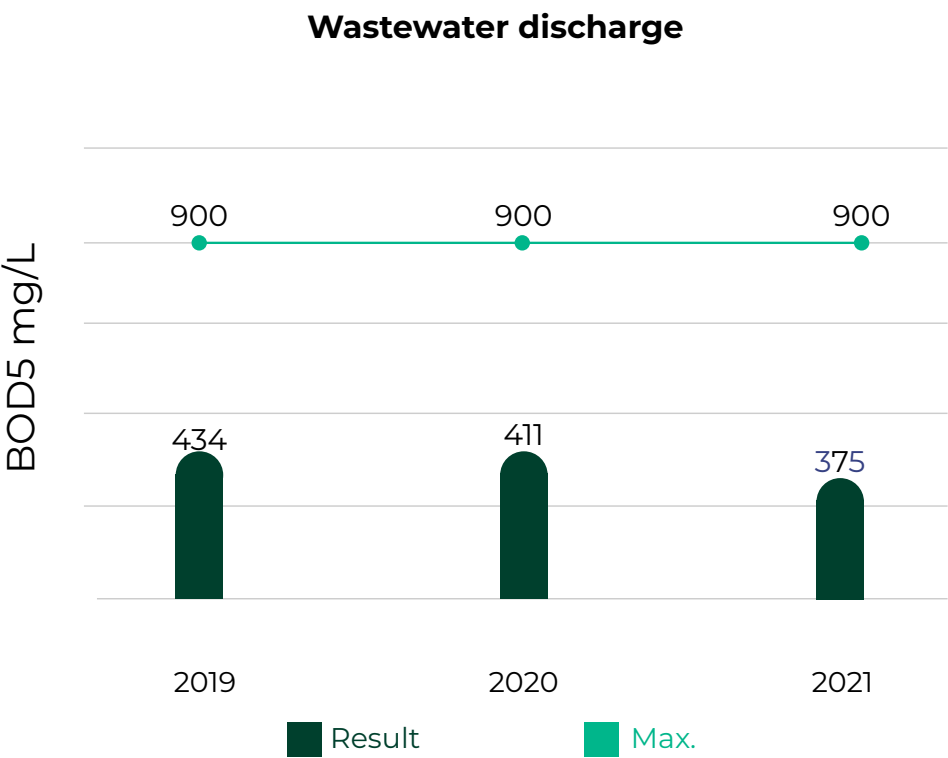
Recyclables 2021



GRI 103-1
GRI 103-2
GRI 103-3
GRI 306-2

Better wastewater management

Wastewater treatment at the plant to reduce pollution improved the biological oxygen demand metric: 375 mg/L, well below the 900 mg/L requirement for sewage disposal and even better than in 2020.



Source: Buencafé

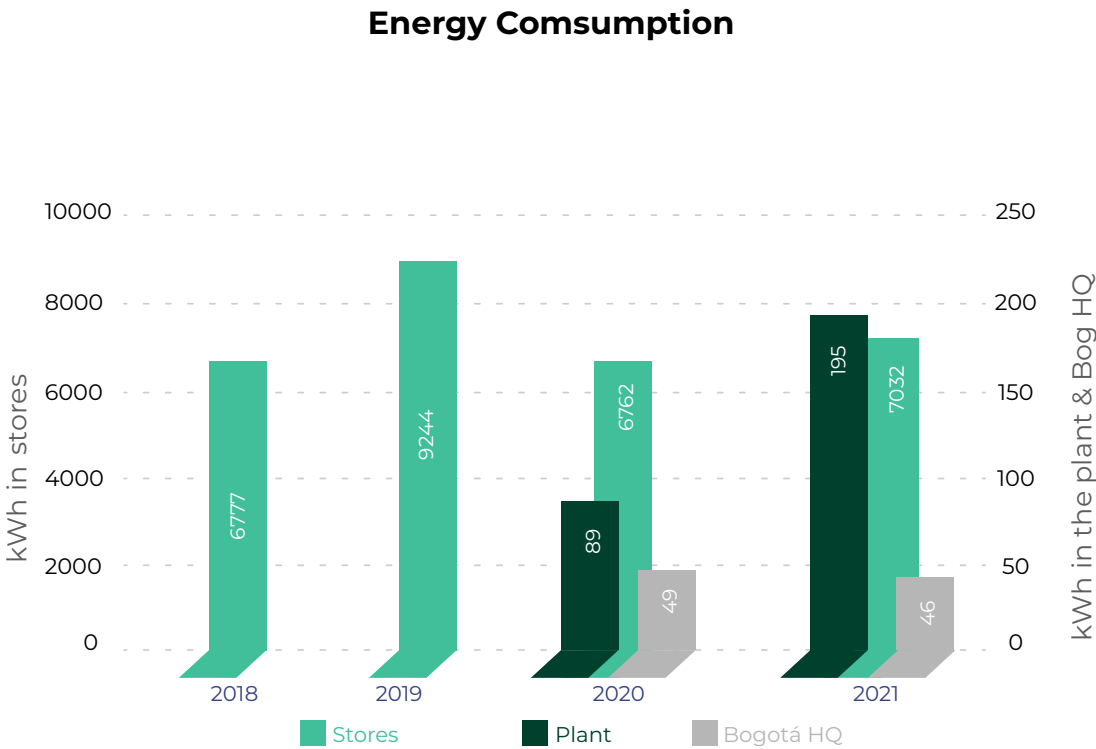
PROCAFECOL

GRI 103-1
GRI 103-2
GRI 103-3
GRI 302-1

Energy consumption grows

In 2021, Procafecol's energy consumption grew 3.9% in stores and 119% in the plant over 2020, while it decreased 6.1% in its HQ facilities.

To strengthen its workers' environmental management and improve its metrics, 1,230 people were trained through the Juan Valdez Virtual University, and knowledge was also reinforced virtually.

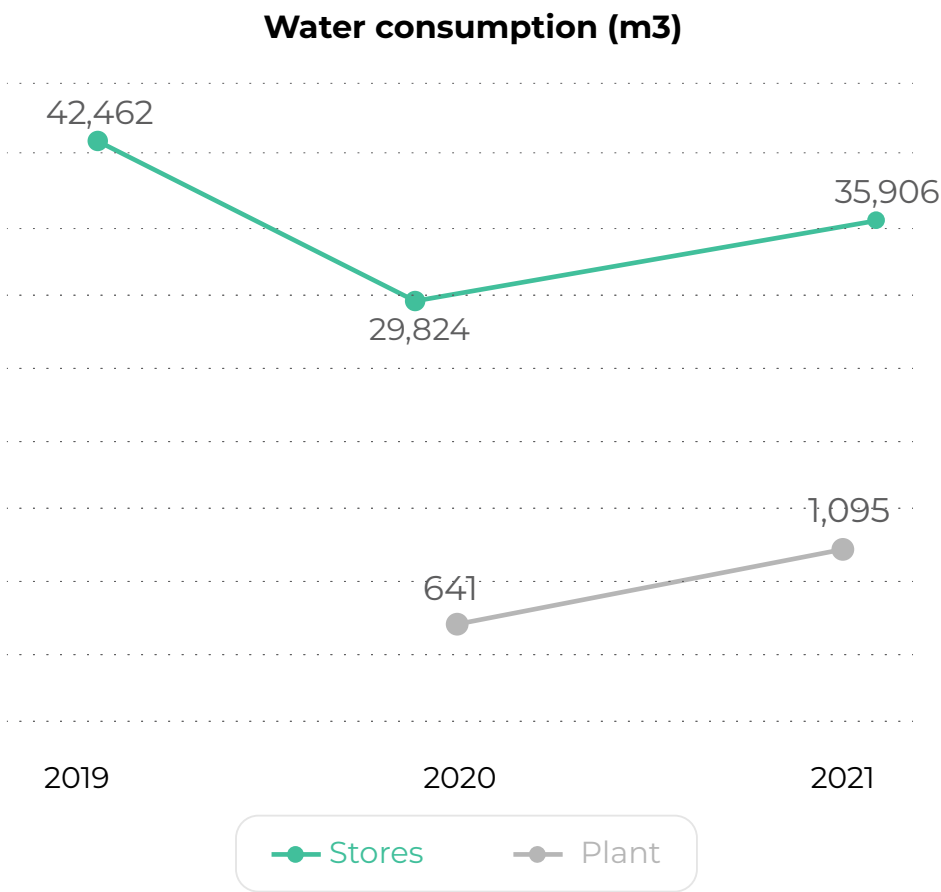


Source: Procafecol

GRI 103-1
GRI 103-2
GRI 103-3

Water consumption
grows

In 2021, water consumption in stores increased 20% to 35,906 m3, and in the plant, 70%, to 1,095 m3.



Source: Procafecol.



GRI 103-1

GRI 103-2

GRI 103-3

GRI 306-2

More coffee grounds are used

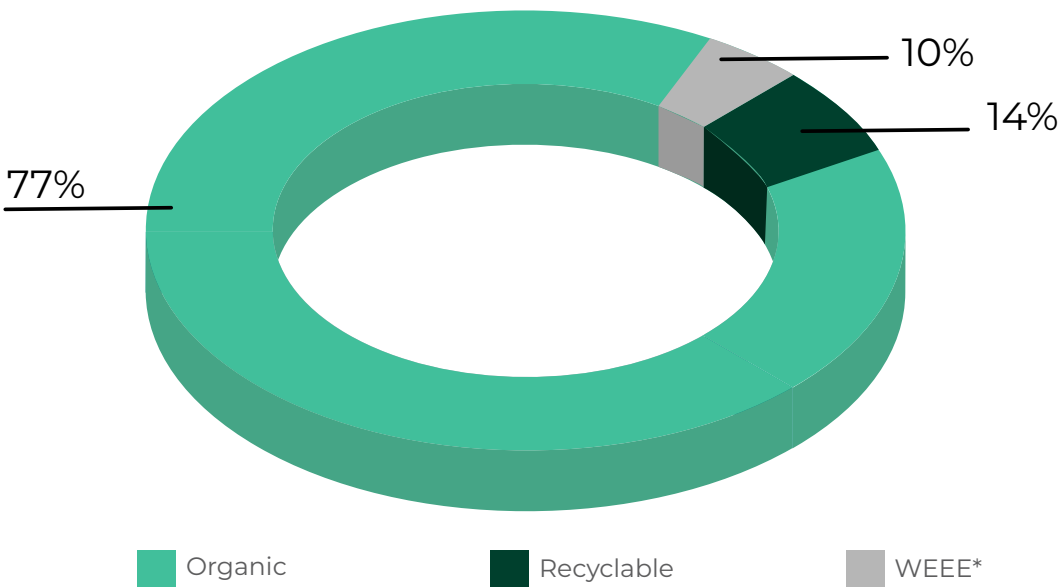
In 2021, Procafecol generated 79.6 tons of waste, of which 77% was organic, especially coffee grounds, which reached its highest level of use in the Bogotá HQ since 2017.

Two more actions aim to improve waste management:

- In October the program Vaso Reúso [Reuse Cup] was reactivated, and in the last quarter 2,591 cardboard cups were reused, which not only makes the customer's purchase cheaper, but also reduces the company's carbon foot print.
- 19 professional recyclers were involved in the recycling chain of 37 stores.

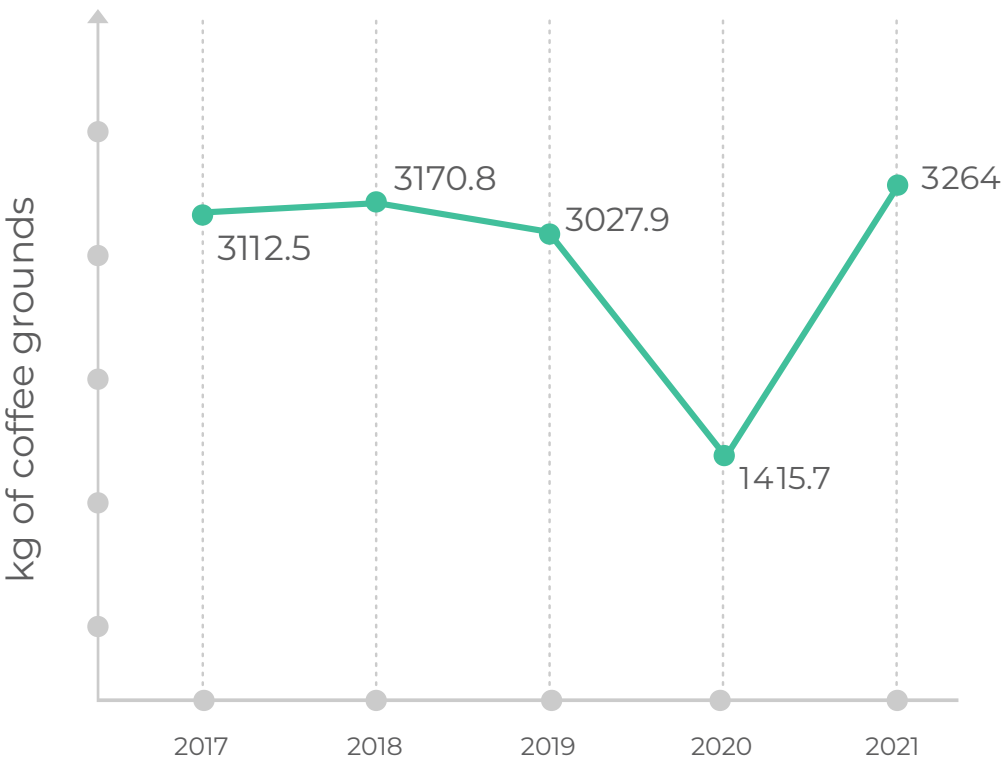


Waste by type (2021)



*WEEE= Waste electrical and electronic equipment and hazardous waste.

Use of coffee grounds - Bogotá Office



Source: Procafecol

Other milestones

Procafecol worked on awareness-raising and pedagogy, with content for customers on source segregation practices and the company's environmental management: 9 posts on social media generated 1,143 interactions.

And in October, the Coffee, Forest and Climate agreement was signed, whereby Procafecol joined the main players in the coffee sector with the commitment to support suppliers in mitigating and adapting to climate change, and protecting and restoring forests.

ALMACAFÉ

Multiple actions showed Almacafé's environmental commitment, meeting 91% of the FNC's integrated performance indicator.

From Origin to Evolution category

With results of 88% in the social, environmental and economic dimensions, Almacafé climbed from Origin to Evolution in the

category of the Icontec sustainability seal, an achievement that supports its practices of resource consumption, waste management, and care and preservation of the environment.

In October, at its Soacha industrial complex, the construction of a 216kW photovoltaic solar system – made up of 540 solar panels and 9 inverters – was completed, which will guarantee self-sufficiency of between 25% and 30% of the energy required for operation.

And on the World Tree Day (October 12), its logistics center in Armenia, with the support of the Quindío Coffee Growers Committee, planted 100 native trees to recover the existing forest, as a contribution to the Sembrar nos Une [Planting Brings Us Together] initiative.

GRI 103-1

GRI 103-2

GRI 103-3

GRI 302-1

Energy consumption

Consumption index (CI) of milling plants (kWh/bags of coffee)	4.23
CI of warehouses (kWh/movement of goods)	22.2
Total energy consumed (MWh)	7842
Self-generated energy (photovoltaic system) (MWh)	60.14
Compensated energy (green energy contracts with EPM)	2432



GRI 103-1

GRI 103-2

GRI 103-3

GRI 306-2

Solid waste generation

Type	Tons	%
Usable	685	2.9
Usable organic	22,825	96.8
Not usable	79	0.3
Total	23,589	100

GRI 103-1

GRI 103-2

GRI 103-3

GRI 306-2

Water consumption

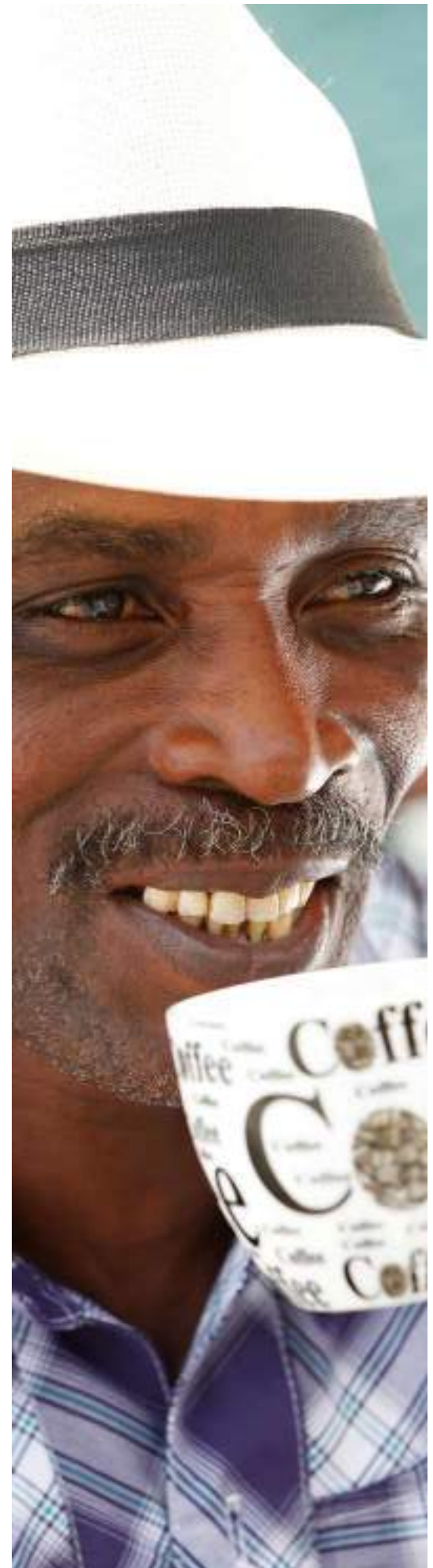
Drinking water consumption

Total consumed (m3)	20,081
CI per capita (L/person*day)	34.2

Wastewater

Total generated (m3)	16,064
Treated (m3)	6,459

Source: Almacafé



PLAN 100/100 MAKES PROGRESS WITH PILOT PROJECTS

International key actors have tuned in through specific actions in different regions to contribute to meeting the plan.

In 2027 the FNC will be 100 years old, and as part of its commitment to sustainability it works for a large part of coffee farms to have incorporated sustainability criteria by that time.

Accordingly, in 2021, with the Canadian chain **Tim Hortons**, pilot activities began for improving sustainability of coffee farms in Antioquia, Huila and Santander.

The targets of this project are: 1,400 farms fertilized based on soil analyses, 200 farms with better wet mills, 1,000 ha of natural forests with voluntary

conservation agreements, 1,415 drinking water filters installed (to benefit over 5,900 people), and 2,500 coffee growers trained to improve on-farm health and safety conditions, as well as in coffee production practices and technologies.

When the FNC turns 100, all the activities and indicators included in the strategy are expected to be managed by every coffee grower committee, recognizing the differences and heterogeneities of each region.

“The environmental dimension is one of the strongest of sustainability, and if our Plan 100/100 seeks a totally sustainable coffee farming by the time the FNC turns 100 in 2027, it shall focus on keeping and maintaining forests and nature.”

Roberto Vélez, FNC CEO



GOVERNANCE



GRI 102-1
GRI 102-3
GRI 102-5

FNC, A LEGITIMATE AND REPRESENTATIVE UNION WORKING FOR COFFEE GROWERS' WELL-BEING

The Colombian Coffee Growers Federation (FNC) is a **private-law, non-for-profit union**. It is a democratic, participatory, pluralist, multi-ethnic, multicultural, deliberative and non-partisan organization that works for prosperity and the general interest of the country's 540,000 coffee producers (federated and non-federated) and their families; 96% of producers are small (up to 5 ha), 3% are medium-sized (from 5 to 10 ha) and 1%, large (10+ ha).

It is recognized as the union representing coffee producers, permanently working for their well-being and being aware of the political, social, economic and legal environment of the sector. It is headquartered in Bogotá D.C. and is present in all the country's coffee regions, with representation offices in the US, the Netherlands, Japan and China.

GRI 102-18

FNC STRUCTURE

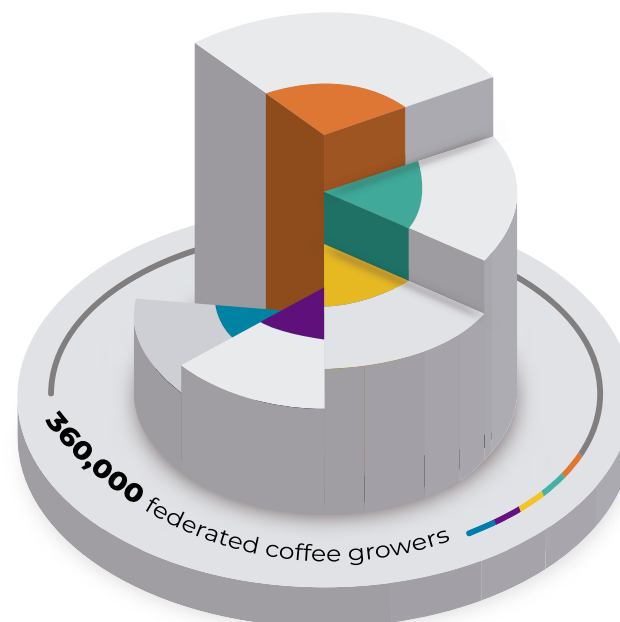
NATIONAL COFFEE GROWERS CONGRESS

Highest authority and instance of deliberation, made up of **90** delegates from the departmental committees.

383 MUNICIPAL COMMITTEES

with **4,596** representatives.

In an exercise of legitimacy and democratic participation, every 4 years the federated coffee growers elect their union representatives. The next FNC elections will be held in 2022, and work is already underway to increase participation and representation of women and youth in the union.



NATIONAL COFFEE GROWERS COMMITTEE

Steering Committee + Colombian Government representatives.

STEERING COMMITTEE

1 representative of each departmental committee + FNC CEO.

15 DEPARTMENTAL COMMITTEES

with **180** representatives.

GRI 102-16

Code of Ethics & Good Governance

To strengthen our union’s governance and ethical behavior, both internally and externally, we have a Code of Ethics and Good Governance that states the principles and values that govern the actions, relationships and behavior of the FNC, federated coffee growers, union representatives and other stakeholders. It is articulated around the following values:

Transparency

Disclose information in a clear, timely and correct manner, without revealing industrial secrets, and sensitive, reserved or privileged information.

Respect

Seek individual and collective respect among people and their rights, as well as for the institution, its assets, values and norms.

Integrity

Act correctly, in accordance with ethical and social standards.

Search for common good

Work for coffee growers’ well-being and serve and promote the public interest.

Probity

Act in a fair, upright and honest manner.

Morality

Act consistently with precepts of the established and accepted morality, as well as with awareness of which actions are right or good and which are not.

Commitment

Commitment to the entity’s purposes, mission, vision, objectives, and image, and a clear focus on service and on acting for the benefit of coffee growers.

Equity

Promote the value of people regardless of cultural, social or gender differences.

Good faith and loyalty

Act with honesty, fidelity, honor, and truthful conviction.

Responsibility

Assume and fulfill responsibilities with diligence and care, make decisions to mitigate risks, and implement effective and austere administrative measures.



GRI 103-1
GRI 103-2
GRI 103-3

FNC DISPLAYS NATIONAL AND INTERNATIONAL LEADERSHIP IN CHALLENGING SITUATIONS

The pandemic remained a challenge, in addition to roadblocks in Colombia, but the FNC took full advantage of its legitimacy, power of dialogue, experience and organizational capacity to deal with them in the best way.

With its leadership, the FNC coordinated actions so that coffee production and trading were not importantly affected by the third wave of the pandemic and helped overcome the complex situation caused by blockades in access roads to the ports.

The FNC's work was also key in preventing travel and movement restrictions and physical distancing from being an obstacle to bringing coffee to Colombian households and to customers and consumers around the world.

The institution remained close to the coffee grower base, actively participating in discussions of crucial issues for the global industry.

To observe physical distancing

FNC CEO meets virtually with over 3,700 producers

Since 2015, over 37,000 coffee growers, including women and young people, have been heard directly by the union leader.

In 2021, there were **22 Conversemos con el Gerente** (Let's Talk with the CEO), with more than 3,700 coffee farmers connected.

In these spaces, the FNC maintained close communication with producers, and two-way proposals and recommendations were discussed to address the great challenges to be overcome.



Since 2015, over **37,000 coffee growers** have been heard directly by the FNC CEO. In these meetings the FNC's actions are explained, current coffee issues are addressed, and producers express their concerns and suggestions.

The August session was dedicated to young coffee growers, including union leaders, whose proposals and needs were heard. These inputs are expected to help draft a policy to promote generational integration.

In second year, podcast reaches its 213th broadcast

Through this space, the FNC accompanies coffee growers in their daily lives with relevant news, messages, music, humor, reflections and more.

With the commitment of the Communications and Union Affairs directorates, the podcast *Everybody's health is everybody's business* reached its 213th broadcast, already in its second year.

This innovative communication strategy produces digital content that informs, accompanies and entertains the coffee grower population, union leaders and the general public.

With outstanding news about coffee, message of the day, music, humor and reflections, the programs have been very well received by producers.

Líderes magazine reaches 12th edition

This publication, which strengthens communication with union leaders and provides them with timely information, reached its 12th edition, with a special issue on the 6 years of the current administration.

The magazine offers advice on good corporate governance, messages from the FNC CEO, interviews with leaders, information on the coffee grower ID, and news from relevant events, such as the 3rd World Coffee Producers Forum.

Ensayos de Economía Cafetera journal No. 34

This journal [Essays on Coffee Economy] is an annual publication that disseminates, among different stakeholders, academic articles that contribute to the analysis and better understanding of the coffee sector in Colombia and the world. In 2021, it presented studies on demography, social inclusion and poverty of coffee grower households between 1993-2020, assisted coffee harvesting and its impact on the farm's economy, an environmental characterization of the coffee sector in Colombia and another, socioeconomic, of the coffee growers who participated in the 2018 union elections.

**WORLD
COFFEE
PRODUCERS
FORUM**

Virtual Meeting, July 15, 2021



3rd (virtual) World Coffee Producers Forum brings together 3,330 participants from 67 countries

As a key player in the industry, the FNC continues leading initiatives and discussions on crucial issues.

With the international leadership of the FNC in search of prosperity of the world's coffee growers, the **3rd World Coffee Producers Forum** was held virtually, with Rwanda as the host country.

More than **3,330 people from 67 countries** signed up. With their contributions, they confirmed the need for producing countries and the industry to work together to achieve a prosperous coffee industry that allows future generations to continue producing coffee.

Three topics stood out in the forum: 1) the importance of **shared responsibility of the entire value chain** to achieve fair prices for producers, the weakest link; 2) the need for **more support from governments** regarding public policy for development of the sector, and 3) the importance of **addressing the sector's challenges in a sustainable and multidimensional way**.

To make progress in these issues, an Action Plan was agreed for member countries to formulate national coffee prosperity plans, which will be presented in 2022 in Kigali, Rwanda, during the second part of the forum.

With important panelists, including the FNC CEO and the US office director, the keynote

speaker was Professor Jeffrey D. Sachs, a global reference in sustainability, who proposed building a multidimensional index map in the coffee regions as a starting point to prioritize actions that improve producers' living conditions.

Active role in other major discussions

The FNC actively participated in sessions 129 and 130 of the International Coffee Council, between April 15 and 16 and September 9 and 10, respectively. Colombia led the discussion on renewing the

International Coffee Agreement to achieve a better organization of all its members and strengthen the International Coffee Organization (ICO).

It also led changes to statistical regulations on certificates of origin, in line with the Colombian Government's strategy "Simple State, Agile Colombia" and with the current customs regulations (Decree 1165 of 2019), in a process of staggered changes to its computer systems to facilitate international trade and make Colombia a more competitive country.



FNC gets ready for union elections in 2022

With 51 workshops, producers began to be prepared, including young people and women, for the most important democratic process of their union.

With **51** virtual workshops "Legitimacy, everybody's commitment," where 5,535 coffee growers from 210 municipalities took part, the preparation for the FNC elections – the most important meeting of producers with democracy – began.

Core topics included institutional legitimacy, good corporate governance, the national situation, and economic news. They seek to empower coffee grower leaders and motivate adult, youth and women producers to be candidates in 2022.

These activities were complemented with traditional workshops on the FNC.

In 2021, there were **24** virtual workshops with workers and strategic partners and **18** also virtual with more than 550 young coffee growers from Santander, Cesar-La Guajira, Caldas, Risaralda, Huila, Valle del Cauca and Norte de Santander.

Coffee Grower ID and FNC Elections systems are updated

Getting ready for the union elections, the Coffee Grower ID and FNC Elections systems, already under construction, underwent a technological update to be modernized and improve the relationship between the databases of federated coffee growers and those enabled to vote.

They are expected to be more agile and robust for pre-electoral and post-electoral processes.



FNC HAS COFFEE CONPES APPROVED, THE ROADMAP TO 2030 FOR THE SECTOR

Defending coffee growers' rights, safeguarding their interests, promoting their prosperity, and consolidating regulations in accordance with the sector's reality are permanent tasks of the institution.

As the legitimate representative of coffee growers' interests, the FNC constantly makes important contributions to the public coffee policy and social welfare, which includes closely monitoring initiatives in the Congress of the Republic and other regulatory projects of major potential impact on the sector.

In a joint effort with the Government, in 2021 the **Policy for sustainability of Colombian coffee farming (Conpes 4052 document)**, was approved, a roadmap to 2030 of public action for the sector, which seeks to address:

- 1 High uncertainty of producers' income.**
- 2 Susceptibility of coffee production and quality** to climatic factors.
- 3 Vulnerability of coffee grower households** depending on social programs and monetary transfers from the Government.

With the commitments made by the Ministries of Finance, Agriculture, Environment, Transport and ICT, strategies will be implemented so that in the next nine years the following is achieved:



To promote

Access to production assets that increase productivity.



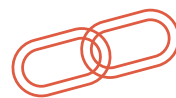
To stabilize

Income by reducing impacts of external factors that influence coffee prices and production.



To promote

Domestic and external trading of green and processed coffee (by quality).



To strengthen

The supply of public goods along the links of the coffee chain.

Other relevant initiatives that were monitored include:

Law 2155 of 2021 (on Social Investment), ensuring that the tax benefits applicable to the coffee sector (income tax, VAT and formal obligations) and monetary transfers for coffee growers are maintained.

Law 2111 of 2021, whereby new environmental crimes were established, with possible impacts on shade management for coffee.

Law 2108 of 2021, which, among other things, stipulates that internet access is an essential public service.

Law 2142 of 2021, so that research institutes and centers recognized by the Ministry of Sciences can obtain qualified registration of master's and doctoral academic programs.

Statutory justice reform laws, including a chapter on rural justice and the law of final point in credit history, which has just been sanctioned.

2022 Budget Law, with special monitoring of the budget allocated to the agricultural sector.

Law 2071 of 2020 (issued on December 31), and special comments to Decree 596 of 2021, which modifies and adds the Single Regulatory Decree of the Agricultural, Fisheries and Rural Development Administrative Sector in relation to agreements for recovering and restructuring agricultural loans, special relief measures for debtors from the Agricultural Solidarity Fund and the National Agricultural Reactivation Program.

Implementation and operation of the social protection floor and regulations on the Occupational Health and Safety Management System for the coffee sector, with special biosafety actions for the 2021 harvest.

DIGITAL TRANSFORMATION ADDS VALUE THROUGHOUT THE COFFEE CHAIN

Process optimization and automation make progres

Within the framework of the digital transformation strategy, the FNC continues simplifying and optimizing its processes.

In 2021, the registers of milling and roasting plants and soluble coffee factories, as well as the National Registry of Coffee Exporters, underwent a process of automation, which will reduce time and management of the registry by coffee exporters and manufacturers.

This transformation aims to facilitate compliance with internal and external standards that must be followed by processing plants, coffee exporters, governmental entities and others involved in coffee transformation and export.

All of this is in line with the national government's plan to reduce foreign trade procedures.

The export of small quantities of coffee and the Cafix platform (the latter, with its own robust technological component) are two initiatives that make access to foreign markets easier.

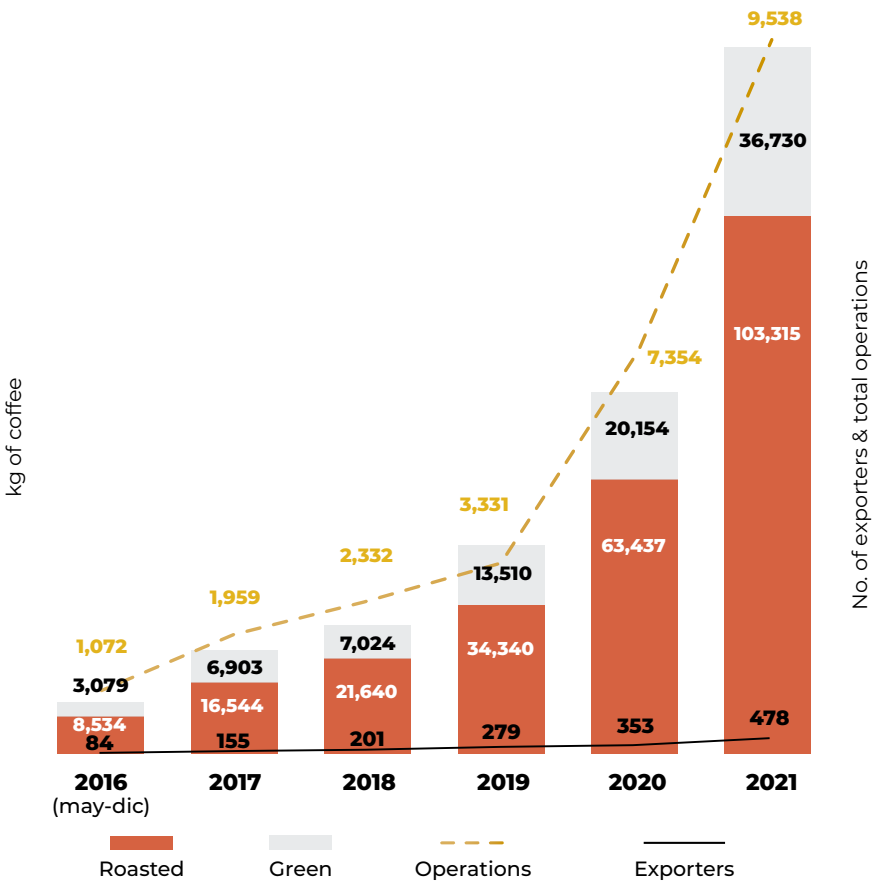
Export of small quantities skyrockets 1300% since 2016

In 2021 it grew 67% in kg exported compared to 2020.

This export mechanism has allowed small exporters to sell their coffee abroad in a simpler way. Since the launch of the program in 2016, it has shown significant annual growth.

In 2021, **140,735 kg** of green, roasted, soluble and extract coffee were exported, up **67%** from the 84,036 kg of coffee exported in 2020, with roasted showing the highest share (73.4% of total exports in 2021).

Every year, the number of exporters who use this mechanism grows 33% on average; 2021 closed with 478 exporters registered in this modality. And the operations, 9,538, rose 30% compared to 2020.



Source: FNC

Note: The graph does not include the exported quantities of soluble coffee and extract.



New platform that connects producers with markets abroad

The technological platform **Integrated Coffee Growers and Families for Coffee Exportation (Cafix, in Spanish)** was also designed for directly connecting any producer who wants to sell small quantities of green or processed coffee to customers abroad.

This mechanism allows the sale to be easier, more direct, agile and more competitive. It has very attractive features such as different trading conditions and advisory services.

THROUGH CAFIX, THE FNC SEEKS TO:



Make it easier for small producers to directly export coffee at the lowest cost.



Facilitate the payment process for customers and coffee growers.



Generate additional income for producers.



Encourage exports among coffee growers.

HOW DOES IT WORK?



STRUCTURING AND CONSOLIDATION OF THE FEPC ADVANCES AT GOOD PACE

This mechanism aims to stabilizing the domestic coffee price and producers' income by managing financing sources, in line with the five strategic goals set in 2020.

The year 2021 marked a decisive stage in the process of structuring and consolidating the Coffee Price Stabilization Fund (FEPC, the acronym in Spanish).

In line with the five strategic goals outlined in 2020, its Technical Secretariat made progress in making

studies and proposals for designing both income and price stabilization mechanisms, with a strategic plan for managing resources that nourish the FEPC by developing and implementing the following mechanisms:



To manage production insurance: The pilot project of the **Safe Forward Coffee (CFS)** mechanism was structured and regulated, integrating climate and compliance insurance to strengthen the use of coffee sales contracts with future delivery and provide greater guarantees and confidence for both producers and buyers. The CFS pilot project will start operating in 2022 in five targeted departments (Antioquia, Caldas, Quindío, Risaralda and Huila) to be tested before being expanded to other production areas. For implementing this pilot, resources will be available from the FEPC and the Ministry of Agriculture, via the Agricultural Insurance Incentive (ISA).



To manage the financial risk of price: Studies were conducted for a methodological design that allows producers to set a floor price for the sale of their harvest through a financial coverage system built on the C Contract and the exchange rate. The technical proposal is being validated to be submitted to the FEPC National Committee.



To manage production costs: Under the FEPC regulations, the price stabilization mechanisms are strategies to compensate producers when the domestic coffee price falls to extreme values below production costs, for which it is key to set a triggering reference parameter. In 2021 a study began to identify an appropriate methodology when setting benchmark coffee production costs – statistically representative nationwide – to be used in stabilization mechanisms. The results are to be released in 2022 to implement the methodology and update data regularly.



To manage financial education: An important, cross-cutting aspect in implementing stabilization mechanisms is to build financial skills for coffee growers. In 2021 we made progress in structuring a proposal for coffee farmer communication and training to be applied along with the implementation of mechanisms, so that they better understand the instruments and manage three types of major risks in coffee production: climate and market, the latter with its double component of external price and exchange rate.



To manage the FEPC financial prosperity: Having the FEPC regulatory framework is an essential advance to ensure economic sustainability of coffee farming. However, resources always seem scarce when dealing with possible price crises, given the magnitude of Colombian coffee production (14 million bags per year on average in the last 6 years), generating important budgetary restrictions to cover all the production and price risks of such harvest volume.

Finally, in 2021, the FEPC National Committee approved the methodology for structuring the coffee grower mechanism Advance Income Protection (PAI). With resources from the financial returns of the FEPC, the PAI seeks to encourage savings in producers for them to allocate a very low percentage of their current income to a collective investment fund.

These resources will be used to finance stabilization mechanisms that producers may choose in the future, voluntarily, to stabilize their own income. This instrument is being regulated to start being implemented in 2022.



PROJECT

MANAGEMENT



GRI 102-6
GRI 103-1
GRI 103-2
GRI 103-3
GRI 203-1

FNC IMPLEMENTS PROJECTS WORTH USD 60.8 MILLION

The figure is 34% higher than that of 2020, leveraging resources from the FoNC (whose share grew) with those from other sources in a 1-to-1.9 ratio.

Under the principles of organization and efficiency, the FNC manages projects aligned with its value strategy, aimed at the sector’s sustainability, coffee farming’s profitability, and coffee grower families’ well-being while caring for the environment.

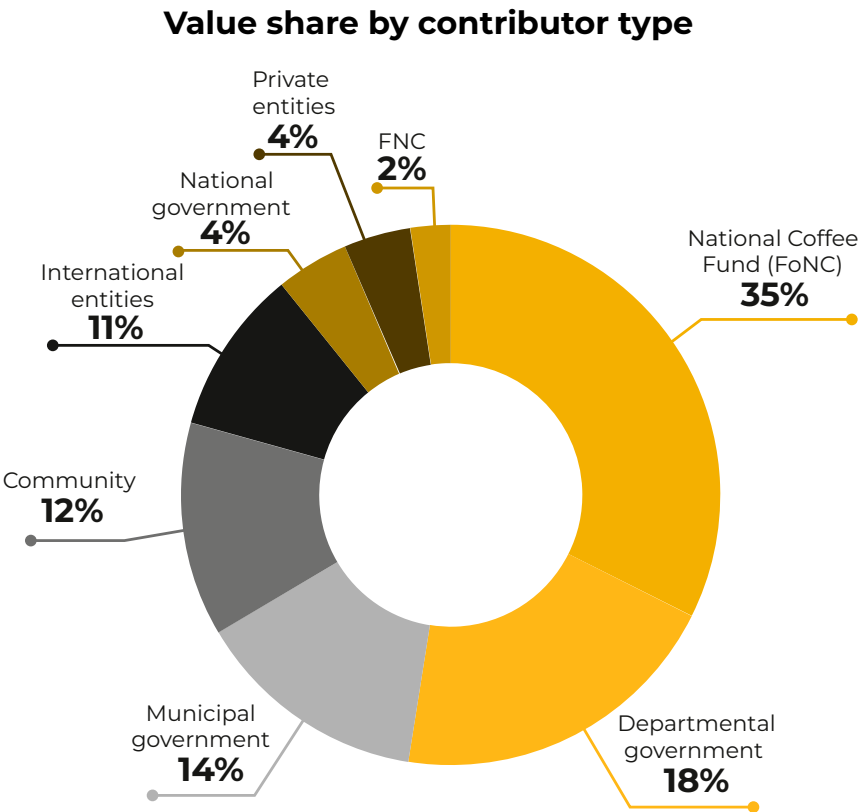
These projects are possible thanks to national and international partnerships with public and private organizations for raising funds and strengthening the sector in strategic issues such as

connectivity and digital transformation, accessing intangible assets such as knowledge.

In 2021, project management reached **COP 227.5 billion (USD 60.8 million)**, a figure 34% higher than that of 2020, COP 169.8 billion (USD 45.4 million).

63% of the resources executed are contributions from national or international organizations; public partnerships led by the municipal and departmental committees are the main co-financing sources for investing in the coffee community.

The National Coffee Fund (FoNC) contributed 35% of the resources for investment projects, which are complemented by other sources (governments, public-private entities, community) that contributed the remaining 65%. Thus, for each peso contributed by the FoNC, the FNC raised **1.9 pesos from additional sources**.

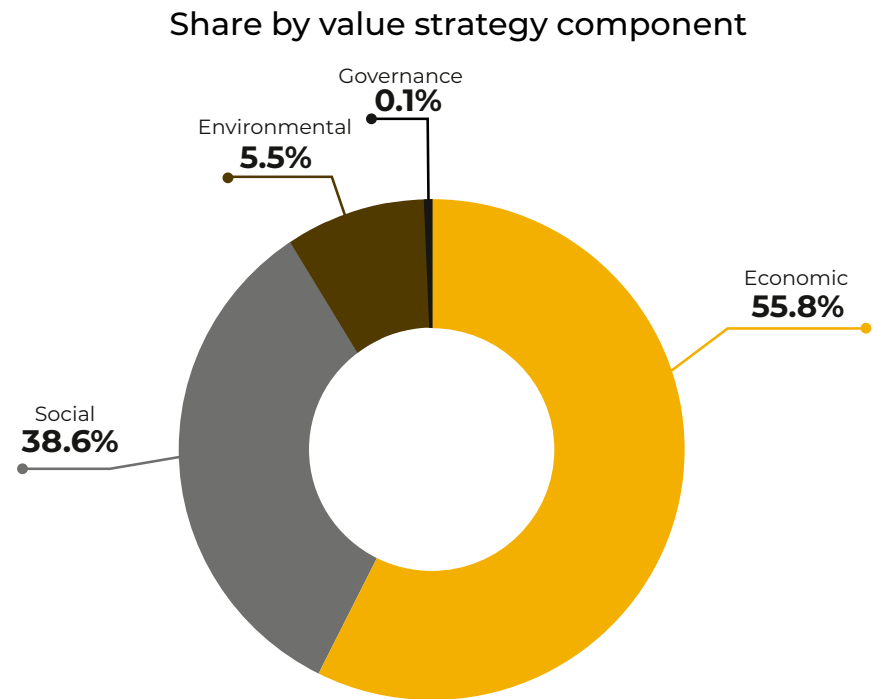


Source: FNC Projects Office.

Most of resources, 55.8%, were allocated to strengthening the economic dimension through projects that boost productivity (64.6%), seek better prices for producers (11.7%), or reduce production costs (23.6%).

The share of the social dimension in distribution of resources was 38.6%, invested in infrastructure projects (84.8%), rural education (6.9%) and other projects (8.2%).

5.5% of the resources were allocated to the environmental dimension, mainly care of natural resources (55.8%) and adaptation to climate variability (44.2%). The investment in governance was 0.1%, of which 100% was allocated to training and union leadership.



Source: ONC Projects Office.





PROJECTS WITH ROYALTY RESOURCES IMPROVE SENSORY COFFEE QUALITY




The General Royalties System (SGR) has become a great opportunity to finance projects in the territories. In particular, Colombia’s Science, Technology and Innovation Fund (FCTel) has been a management instrument for the departmental committees to access territorial budgets and finance projects that improve sensory quality of coffee.

The general objective of these projects is to promote technology transfer through coffee

laboratories, agroclimatology studies, coffee profiling, and cupping training. The projects are supported with educational processes to build knowledge about sensory quality of coffee, focused on young people and women. The committees are expected to have a coffee sensory map of their territory.

In 2021, the following projects were structured and managed for strengthening sensory quality of coffee:

Departmental committee	Project	Value	Components	Beneficiaries & coverage
 Cesar, La Guajira, Bolívar	Experimental development to improve competitiveness of the coffee sector in Cesar.	COP 13.8 billion (USD 3.68 million)	<ol style="list-style-type: none">1. Agroclimatology.2. Laboratory equipment.3. Cupping training4. Profiling.5. Physical-chemical composition.6. Specialized continued support.7. Technology transfer.	<ul style="list-style-type: none">• 1600 families.• 12 coffee municipalities.
 Cundinamarca	Transfer of innovative technologies to coffee growers with an impact on coffee quality and water resource management during wet milling in the coffee regions.	COP 13.8 billion (USD 3.68 million)	<ol style="list-style-type: none">1. Agroclimatology.2. Laboratory equipment.3. Cupping training.4. Profiling.5. Specialized continued support.6. Technology transfer.	<ul style="list-style-type: none">• 841 families.• 42 coffee municipalities.

 <p>Quindío</p>	<p>Experimental development to improve competitiveness of the coffee sector</p>	<p>COP 10.8 billion (USD 2.90 million)</p>	<ol style="list-style-type: none"> 1. Agroclimatology. 2. Laboratory equipment. 3. Cupping training 4. Profiling. 5. Physical-chemical composition. 6. Specialized continued support. 7. Technology transfer. <ul style="list-style-type: none"> • 1600 families. • 12 coffee municipalities.
 <p>Santander</p>	<p>Implementation of innovative technologies for coffee growers during wet milling with an impact on quality.</p>	<p>COP 4.5 billion (USD 1.19 million)</p>	<ol style="list-style-type: none"> 1. Agroclimatology. 2. Laboratory equipment. 3. Cupping training 4. Profiling. 5. Specialized continued support. 6. Technology transfer. <ul style="list-style-type: none"> • 996 families. • 24 coffee municipalities.
 <p>Tolima</p>	<p>Implementation of technological innovations in post-harvest processes to improve quality and sustainability of coffee.</p>	<p>COP 16.7 billion (USD 4.45 million)</p>	<ol style="list-style-type: none"> 1. Sensory analysis. 2. Technology transfer. 3. Specialized continued support. 4. Two community wet mills. 5. Specialized training. <ul style="list-style-type: none"> • 1230 families. • 20 municipalities.
<p>Total</p>		<p>COP 58.9 billion (USD 15.7 million)</p>	<ul style="list-style-type: none"> • 6,267 coffee grower families. • 110 coffee municipalities.

These projects were structured in an integrated way, since they involved the National Coffee Research Center (Cenicafé), which builds a research network with regional universities to strengthen the coffee grower committees' collaborative network. In addition to these projects, another one was negotiated through the FCTel with SGR resources for Huila.

1. Project to strengthen post-harvest processes in Tolima for COP 12.5 billion (USD 3.3 million), financed by the Agricultural Development Fund.
2. Project to strengthen coffee farming in Norte de Santander, for COP 10.8 billion (USD 2.9 million), financed by the SGR Compensation and Regional Development Funds.

The following two projects were reached from the SGR:

RURAL CONNECTIVITY MAKES PROGRESS WITH MINTIC AND OPERATORS

More coffee communities have coverage; with Claro, 92 were added in 2021.

The partnership with the Ministry of Information Technologies and Communications (MinTIC) continues advancing to improve connectivity in rural areas.

The FNC was an important player in prioritizing the areas to be benefited from the public spectrum auction, where it requested the inclusion of areas

with a high concentration of coffee production.

And in coordination with the company Claro, 92 new coffee locations have better connectivity. According to the business expansion plans of Tigo and Claro, the coffee regions have a 4G coverage of 47% and 36%, respectively.

THANKS TO FNC’S COORDINATED WORK USD 10 MILLION FROM INTERNATIONAL PARTNERS FOR PROJECTS

Improvement of tertiary roads, renovation of coffee plantations, production infrastucture, fertilization, food security, and education are some of the allocations.

Thanks to the coordinated work of the offices abroad, International Partnerships, the Commercial Division, and the departmental committees, in 2021 the FNC raised **USD 10 million** from international partners to be realized in the coming years and benefit thousands of coffee grower families.

The investments will be mainly in production infrastructure, renovation of coffee plantations, fertilization, food security, education, and improvement of tertiary roads, among others.

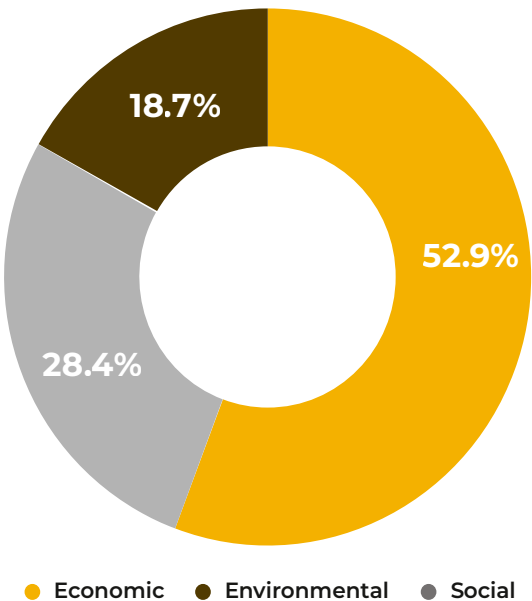
A large percentage of these resources comes from the international private sector, as the FNC has been successful in aligning coffee-growing families’ needs with the global industry’s sustainability and social responsibility strategies.

And the work with organizations or international cooperation agencies such as USAID, IDB, IOM and others is an essential source of resources

and a window of great work and management opportunities for the departmental committees.

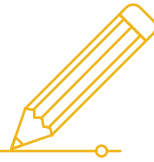
In 2021, an effective execution of projects with international partners of **COP 24.5 billion (USD 6.6 million)** was achieved, allocating 52.9% to the economic dimension (especially for improving production infrastructure and new plantings); 28.4% to social (road infrastructure, education, training and focus on women), and 18.7% to the environmental dimension (coffee wastewater management, etc.).

Investment by strategic dimension



Source: FNC Projects Office.

MAIN PROJECTS



In late 2020, the second phase of the coca-for-coffee crop substitution project was approved with the **Howard G. Buffett Foundation** in El Rosario (Nariño), materialized thanks to the FNC New York office's and International Partnerships' work. This project, which started in 2021, will invest more than **COP 26.6 billion (USD 7.1 million)** in renovation and new coffee plantings, technical assistance, food security, marketing, and improvement of production infrastructure on farms and tertiary road networks. In parallel, with the same funding partner, a similar project is being negotiated for Catatumbo.

Also led by the New York office, a project was negotiated with **Tim Hortons** (one of the main buyers of Colombian coffee in Canada), which will contribute to sustainability of farms and therefore to the 100/100 plan, with more than 7,000 direct beneficiaries and over 11,500 indirect. Tim Hortons will contribute **USD 2,040,000** and the beneficiaries USD 864,499. The project will be implemented in the municipalities of Garzón (Huila), Bolívar (Antioquia), and Socorro (Santander), which produce coffee of the profile they buy.

Some outstanding projects include one in the Sierra Nevada de Santa Marta, partnering with **Luna Coffee Roasters and The Coffee Source**, aiming to improve infrastructure of the Zikuta school, and another with roaster **J.M. Smucker** for delivering drinking water filters to 10 schools in Caldas, for the benefit of over 800 students.

With the leadership of the office in Europe, Starbucks and the FNC HQ expanded and extended the project More Productive C.A.F.E. Practices Farms in Colombia, which supports coffee growers of these chains in 12 departments. In 2021, Starbucks increased its investment from USD 3 million to **USD 7.2 million** to acquire an additional 45.7 million coffee plantlets ("chapolas"), which will be donated and distributed by 2023. The project includes direct delivery of funds to beneficiaries to support fertilization plans during the vegetative growth stage of coffee plantations.

In addition, this office, the Environmental Management Directorate, and the Commercial

Division strengthened the cooperation relationship between the FNC and **Nestlé**, which in 2021 signed an agreement to establish **188,000 trees** as part of a large reforestation plan to plant more than **7.5 million trees** in three coffee departments.

The FNC Japan office achieved a project with **Ajinomoto and Mitsui**, two of its main customers, to contribute to the social and production development of 55 coffee-growing families in land restitution processes in Valle del Cauca..

Recurring projects of the Commercial Division

With the support of the offices abroad, the Commercial Division directly stroke and implemented projects with commercial customers (Nespresso, Nestlé, etc.), most of which have been replicated for several years and guaranteed the beneficiaries better prices, training, infrastructure, and continued support.

In 2021, these agreements totaled **USD 4 million** and will impact almost **32,000 coffee growers** in different regions. These commercial approach projects add a differentiating factor to coffee, with profitability and environmental conservation.



RECURRING PROJECTS SIGNED WITH COMMERCIAL CUSTOMERS

Name	Purpose	Department	No. coffee growers
Nespresso AAA	To build a high-quality green coffee supply chain that contributes to sustainability of the sector and improves living conditions of producer communities, respecting and protecting the environment.	Cauca: Seccional Oriente, Bordo & Macizo [Adm. Section] Nariño: Seccional La Unión, Juanambú, Occidente & Sandoná Santander: Seccional San Gil & El Socorro Caquetá: Seccional San Vicente & Florencia	19,400
Nescafé Plan Colombia	To ensure long-term sustainability of the supply chain in the coffee sector and strengthen economic position of coffee growers, increasing their income, improving their productivity, and hence coffee quality, while respecting people and the environment.	Risaralda: Apía, Balboa, Belén de Umbría, La Celia, Santuario Huila: Pitalito, San Agustín, Acevedo & La Plata Antioquia: Abejorral, Cocorná, El Retiro, Fredonia, Granada, La Ceja, Montebello, San Carlos, San Rafael, Santa Bárbara & Sonsón	4,632
Pur Projet	To implement a program aimed at planting and maintaining trees on and around farms.	Cauca: Macizo & Tambo Nariño: Peñol	2,720

Mitsubishi	To promote an advanced level of good agricultural practices for achieving economic and social development, in harmony with nature, among new generations of coffee growers and families of the benefited regions.	Cauca & Huila	1,000
Commercial Alliances Program (USAID)	Sustainable commercial alliance in the municipalities of San Vicente del Caguán and Florencia, Caquetá, with 876 coffee-growing families within the Nespresso AAA Sustainable Quality Program.	Caquetá: Florencia & San Vicente	430
Starbucks	To contribute to increasing business opportunities, improving income of C.A.F.E. Practices families from selling good quality coffee harvested on young and productive coffee plantations with sustainable agricultural practices	Cauca, N. Santander, Valle del Cauca, Tolima, C/marca, Santander & Quindío	3,217
4C DeveloPPP	To establish sustainable agricultural systems that contribute to long-term economic and ecological viability of coffee farmers	Magdalena	500 (200 young people)
TOTAL:			31,899

GRI 102-6
GRI 103-1
GRI 103-2
GRI 103-3
GRI 203-1

IMPLEMENTATION OF PROJECTS IN THE REGIONS OVERCOMES THE PANDEMIC AND ROADBLOCKS

The health restrictions gradually eased, but roadblocks were a challenge that the departmental committees, with their experience, managed to overcome to continue implementing projects of great economic, social and environmental impact.¹



COMMITTEE/ PARTNER	PROJECT	INVESTMENT (COP million) ²	ACHIEVEMENTS ³
ANTIOQUIA Expocafé RGC - Farmer Brothers Andes, Antioquia, Occidente & Salgar coffee grower cooperatives Continental Gold Fintrac EPM DEVIMED Celsia Nescafé Corantioquia Corpourabá Antioquia government Municipalities Community	Strengthening and sustainability of coffee farming in Antioquia	11,467 (USD 3.1 million)	18,578 coffee growers benefited. 3,682,500 coffee plantlets ("chapolas"), 6 90,000 seedlings, and 12,655 kg of seed for renovation of coffee plantations. Fertilization for 18.2 million trees and 269 soil analyses. 518 plastic-roofed dryers for drying coffee in the sun and 78 integrated wet milling modules. 22 composter pits and 20 coffee wastewater treatment systems that contribute to care of natural resources. Food security thanks to 2,725 kits of vegetable & corn seeds and beans.

¹ This section shows the most important project for each committee.

² Figures realized through December

³ Idem.

<p>BOYACÁ</p> <p>15 municipal administrations</p>	<p>Strengthening of coffee farming & competitiveness in the department of Boyacá</p>	<p>1,276</p> <p>(USD 341,000)</p>	<p>1,547 coffee growers benefited from comprehensive renovation actions, delivery of plant material, and construction of community seedbeds.</p> <p>228 coffee growers benefited from a 30% subsidy for buying fungicide to control leaf spot, Agrolene plastic for coffee dryers, fungus for CBB biological control, and meshes for coffee harvesting.</p> <p>376 soil analyses.</p> <p>Fertilization for 610,000 coffee trees.</p> <p>619 ha of coffee renovated.</p> <p>1,700 kg of certified seed for renovation.</p> <p>801 coffee wet mills improved, by delivering parabolic dryers, semi-integrated modules, pulpers and tub-tanks for coffee fermentation.</p>
<p>CALDAS</p> <p>Departmental government (General Royalty System)</p>	<p>Implementation of the food & nutritional security program “Merque en su finca, le conviene [Buy groceries on your farm, it suits you].”</p>	<p>1,535</p> <p>(USD 410,100)</p>	<p>725 families benefited from subsistence crops.</p> <p>542 coffee grower families benefited from subsistence crops (corn or beans) intercropped with coffee.</p> <p>268 rural young people acquire skills for food and nutritional security to be self-sufficient in food production.</p>



<p>CAUCA</p> <p>Coffee Growers Committee Nespresso AAA, Fair Trade USA, Fair Trade Cauca Massif</p>	<p>Community management of drinking water in coffee regions</p>	<p>3,250 (USD 868,300)</p>	<p>4,900 coffee grower families benefited from drinking water.</p> <p>55 drinking water treatment systems (SAB technology) in the same number of rural aqueducts in 6 AAA municipalities of the Cauca Massif.</p> <p>Community sustainable model for purification process through two strategies: social continued support and awareness-raising, and strengthening of the aqueduct network.</p> <p>Use of the premium during the covid-19 emergency (death, hospitalization, food, prevention) for project participants.</p> <p>Creation of the AAA Fair Trade coffee grower solidarity fund.</p>
<p>CESAR-LA GUAJIRA -BOLÍVAR</p> <p>Cesar government Cenicafé, Universidad de Santander, Almacafé, Caficosta & 7 specialty coffee associations</p>	<p>Experimental development to improve competitiveness of the coffee sector in Cesar</p>	<p>13,970 (USD 3.7 million)</p>	<p>1,600 coffee growers trained in high-quality coffee production processes.</p> <p>1 coffee quality laboratory equipped and 1 technological platform for capturing information.</p> <p>Profiling of 1,600 coffee samples from the department.</p> <p>20 layers for a dynamic map with climatic, topographic and soil information of the Cesar coffee regions.</p> <p>733 technologies for production (wet mills) and drying processes (plastic-roofed solar dryers).</p> <p>4 sub-regional meetings for women and 4 for young people.</p> <p>1 protocol for production of differentiated coffee (sensory attributes), 4 scientific articles, and 1 scientific-technical publication.</p>

<p>CUNDINAMARCA</p> <p>FNC-C/marca Committee. Fundación Bancolombia, Fundación Solidaria Latinoamericana, Procafecol</p>	<p>Inclusion and recognition of coffee-growing women as catalysts for social development and production processes in the rural coffee regions of Viotá / Juan Valdez coffee-growing women edition</p>	<p>176 (USD 47,020)</p>	<p>Coffee processing improved on 21 farms through tub-tank and dry hopper technology.</p> <p>21 pulp pits with coffee wastewater recirculation system.</p> <p>21 coffee-growing women benefited from financial education.</p> <p>30 women trained in the “Depends on me” workshop.</p> <p>80 beneficiaries trained in gender equity and reforestation & pollution reduction strategies.</p> <p>24 extensionists trained in gender equity.</p> <p>1 thematic map for environmental diagnosis of the Asomucavit association.</p> <p>Delivery of 1 Ecomill® to Asomucavit.</p> <p>Support for 44,144 coffee trees renovated by replanting or new planting for Asomucavit.</p>
<p>HUILA</p> <p>Coffee Growers Committee</p>	<p>Project to support coffee farming in renovation of coffee plantations</p>	<p>1,483 (USD 396,200)</p>	<p>1,198,890 coffee seedlings of Cenicafé 1 certified seed that will support renovation in 10 municipalities and the renovation incentive project through delivery of fertilizer to benefit 2,160 coffee growers.</p>



<p>MAGDALENA</p> <p>4C Services, Mellitas & KfW DEG</p>	<p>Improving the living conditions of small coffee farmers in Colombia</p>	<p>368</p> <p>(USD 98,320)</p>	<p>500 coffee grower families and 250 young coffee growers from Ciénaga, Santa Marta, Fundación & Aracataca.</p> <p>500 coffee growers implement and are trained in good agricultural practices (GAP).</p> <p>250 young people improve their living conditions and their relationship with the business.</p> <p>500 coffee growers improve their business opportunities in the European market.</p>
<p>NARIÑO</p> <p>The Howard G. Buffet Foundation</p>	<p>A comprehensive and scalable model for illicit crop substitution in Colombia (El Rosario)</p>	<p>4,290</p> <p>(USD 1.15 million)</p>	<p>75.04 ha of coca eradicated.</p> <p>100 community seedbeds built.</p> <p>300 coffee growers have access to soil analyses, fertilizers for nurseries and agricultural tool kits.</p> <p>87 plastic-roofed dryers installed.</p> <p>300 coffee growers have access to tools, supplies and seeds for production of vegetables, beans, corn and fruit trees.</p> <p>300 coffee growers have access to sheds, poultry and supplies for egg production.</p> <p>6,776 forest trees supplied.</p> <p>300 coffee growers trained in coffee production and processing and food security.</p> <p>233,929 kg of Nespresso AAA coffee collected from 355 coffee growers (87 in phase 1 and 268 in phase 2)</p> <p>17,384 kg of LH coffee purchased from 34 coffee growers.</p> <p>1 studies and designs for building 4.55 km of strip roads in El Rosario.</p>

N. SANTANDER 16 municipal administrations, Catatumbo Coffee Growers Cooperative, Patrimonio Natural [Natural Heritage], Fondo para la Biodiversidad [Fund for Biodiversity] & National Natural Parks German Corporation for International Cooperation (GIZ)	Strengthening of coffee farming & competitiveness in the department	3,106 (USD 829,800)	2,544 coffee growers benefited from comprehensive actions in renovation, plant material delivery, post-harvest equipment, forest trees and food security. 1,235 ha renovated, 1,216 soil analyses, 985 ha of young coffee plantations fertilized. 6,010 kg of certified seed (rust-resistant variety) delivered to 2,251 coffee growers. 293 coffee growers with plastic-roofed solar dryers. 750 coffee farmers planting corn and beans for food security.
QUINDÍO Resources from the National Coffee Fund & the Armenia municipal administration	Asphalt paving for El Caimo-Portugalito road	350 (USD 93,500)	Asphalt paving of 2,560 m² on El Caimo-Portugalito road, for the benefit of 410 families in the sector.
RISARALDA Coffee Growers Committee Reg. Autonomous Corp. (Carder) Ministry of Agriculture Departmental government	More productive and sustainable Risaralda. Risaralda, a forest model for the world	2,692 (USD 719,200)	16 ha reforested in protection areas and fencing of water sources. 5 green business initiatives strengthened. 9 beekeeping units for promotion of pollinators. Establishment of 222 ha of agroforestry systems and forest plantations for climate change mitigation. 2,504 ha for ecological restoration and conservation lands maintenance through landscape management tools.



<p>SANTANDER</p> <p>Coffee Growers Committee Efico Foundation King Baudouin Foundation Colibri Foundation SENA Coffee grower community</p>	<p>A new generation of coffee entrepreneurs</p>	<p>580 (USD 154,960)</p>	<p>150 young people with 403,411 plants established.</p> <p>150 coffee farms with soil analyses.</p> <p>150 farms with fertilization plans.</p> <p>150 young people nourished their coffee plantations with fertilizer provided by the project.</p> <p>70 young people with stick-like fertilizer spreaders.</p> <p>80 young people with granulate fertilizer spreaders.</p> <p>150 young people with 900 laying hens.</p> <p>80 youth with 800 citrus trees.</p> <p>150 young people with personal protective gear for safe handling of agrochemicals.</p> <p>150 coffee grower families received a biosafety kit vs. covid-19.</p>
<p>TOLIMA</p> <p>Jacobs Douwe Egberts (JDE) Keurig Dr Pepper FNC</p>	<p>Water at the heart of the coffee grower communities in Tolima (and Cauca)</p>	<p>835 (USD 223,100)</p>	<p>144 coffee growers benefited from drinking water filters and storage tanks for domestic use.</p> <p>50 coffee growers benefitted from ecological wet mills, pulp pit processors, and vegetation filters.</p> <p>39 coffee growers with sanitary units with septic system built.</p> <p>48 coffee growers received a fertilizer incentive for 22 ha of new plantings or renovation of coffee plantations.</p> <p>349 coffee grower families directly impacted through strengthening of 14 ha of riparian zones, 16,000 native trees established, 10 ha delimited with fences, and water quality monitoring.</p>

			<p>800 coffee growers trained in natural resource conservation and climate-smart agriculture.</p> <p>24 coffee growers trained as environmental observers.</p> <p>2nd monitoring of point-source domestic wastewater (septic system of sanitary unit).</p> <p>2nd monitoring of point-source non-domestic wastewater from agribusiness production activities (ecological wet mills)</p>
<p>VALLE DEL CAUCA</p> <p>Departmental government</p>	Improved passability of rural roads by improving and maintaining the department's road network	<p>13,167</p> <p>(USD 3.5 million)</p>	<p>167,619 beneficiaries.</p> <p>3,612 km of roads improved.</p>
<p>COORDINATING OFFICES</p> <p>Fintrac (USAID operator), through the Producers to Markets Alliance (PMA)</p>	Strengthening of the coffee chain in the municipalities of San Juan de Arama, Mesetas and Uribe, in Meta	<p>1,578</p> <p>(USD 421,590)</p>	<p>230 coffee growers benefited from comprehensive actions: construction of 104 solar dryers and improvement of 104 wet mills.</p> <p>230 beneficiaries trained in best agricultural practices.</p> <p>Delivery of fertilizers for renovation by pruning or by planting: 79,429 trees incentivized (29 coffee growers).</p> <ul style="list-style-type: none"> - 100 coffee samples for physical and sensory analyses. - 40 soil analyses. <p>Purchasing of coffee by yield factor: 73,910 kg worth COP 863.6 million (USD 230,730)</p>

RESOURCE

MANAGEMENT



GRI 102-7
GRI 203-1

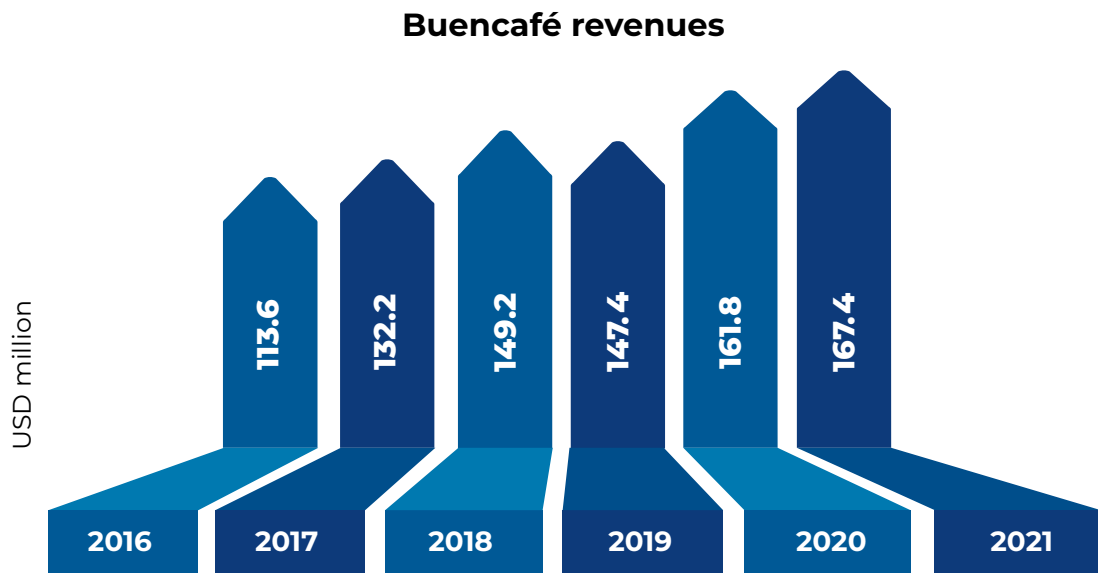
FONC FINANCES USD 109.8 MILLION IN PUBLIC GOODS & SERVICES FOR COFFEE FARMERS

In a challenging year for coffee trading, this figure is up 9% from the USD 100.4 million¹ of 2020.

Revenues of USD 778.5 million grew 19.5% from USD 651.6 million in 2020, thanks in large part to commercial activities.

In 2021, revenue of the National Coffee Fund (FoNC) was **USD 778.5 million**, of which **USD 509.7 million** came from green coffee trading, **USD 167.4 million** from Buencafé, and **USD 101.5 million** from the institutional activity.

The Fund’s growing income from both green coffee trading and the Buencafé freeze-dried coffee factory stands out.

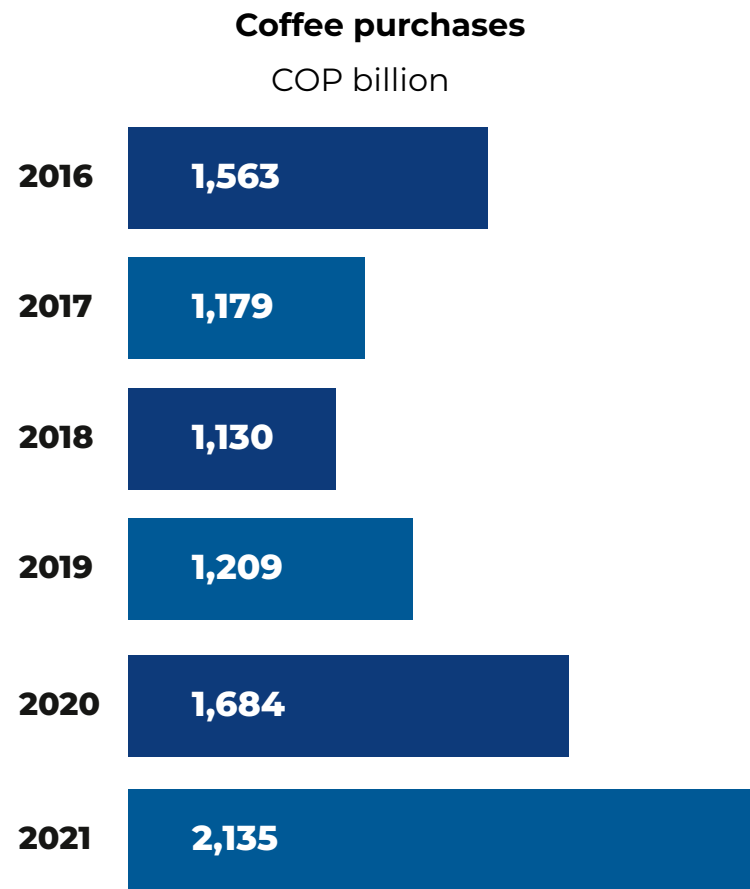


Source: Buencafé

In 2021, the FoNC bought coffee for more than **COP 2.1 trillion (USD 561 million)**, 27% more than in 2020, an increase mainly explained by the higher prices of the 125-kg load of dry parchment coffee.

¹ The figure reflects depuration of some programs vs. the 2020 Management Report.





Source: FNC Commercial Division.



For revenues from the institutional activity, USD 101.5 million, the main source was the coffee contribution (tax), **USD 91.8 million.**

With its revenues, the FoNC was able to finance coffee grower public goods worth **USD 109.8**

million, nearly **COP 411 billion.**

It should be noted that the FoNC contributed resources to the national crop renovation program worth **COP 25 billion (USD 6.7 million).**

GRI 103-1
GRI 103-2
GRI 103-3

FONC EQUITY REACHES USD 417 MILLION

Any disruption in the trading cycle impacts this indicator and the financial stability of the Fund.

The FoNC financial prosperity policy is based on the good behavior of the commercial activities to ensure the stable and continuous provision of public goods: income from Buencafé and green coffee trading finance a good part of the institutional activity.

In turn, commercial results depend on the trading cycle of the entire chain, from coffee delivery by

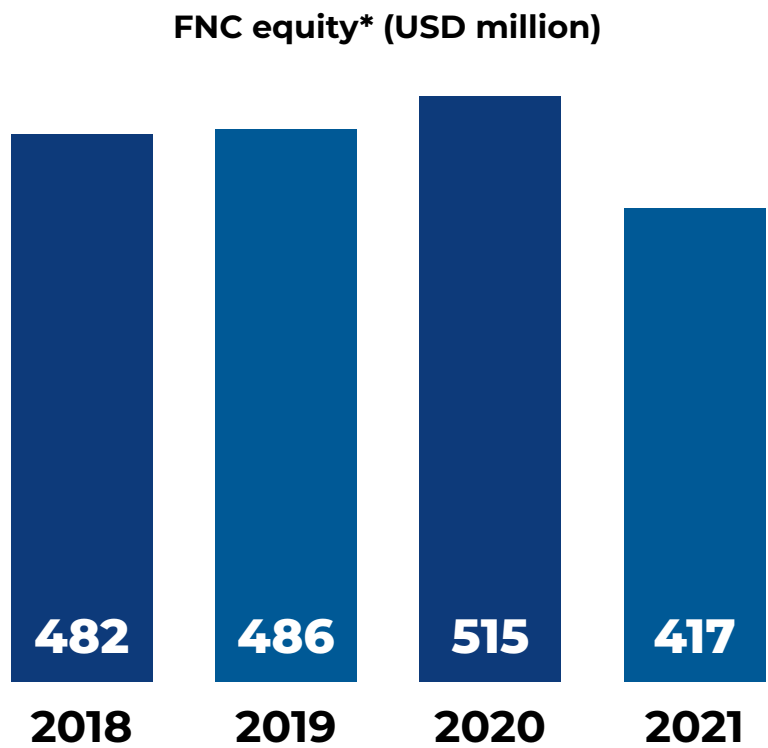
growers and cooperatives to sales by the FoNC to customers abroad.

Any disruption in the trading cycle can impact the financial stability of the FoNC and put at risk the access to credits from national and international banks, which finance the working capital required by the FoNC and the purchase guarantee.

In its financial results, the FoNC consolidated equity of **USD 417 million** in 2021 (excluding the provision for the Gran Colombiana Merchant Fleet).

The portfolio turnover, which measures efficient management of the operating capital resources, remains at an average of **21 days**, which generates more cash resources for the FoNC.

Thanks to the financial health of the FoNC, there are credit lines available with the financial sector worth **COP 3.3 trillion (USD 881.6 million)**, which allow, if required, to leverage the main public good: the purchase guarantee.



* Excluding the provision for the Gran Colombiana Merchant Fleet

Source: FNC.

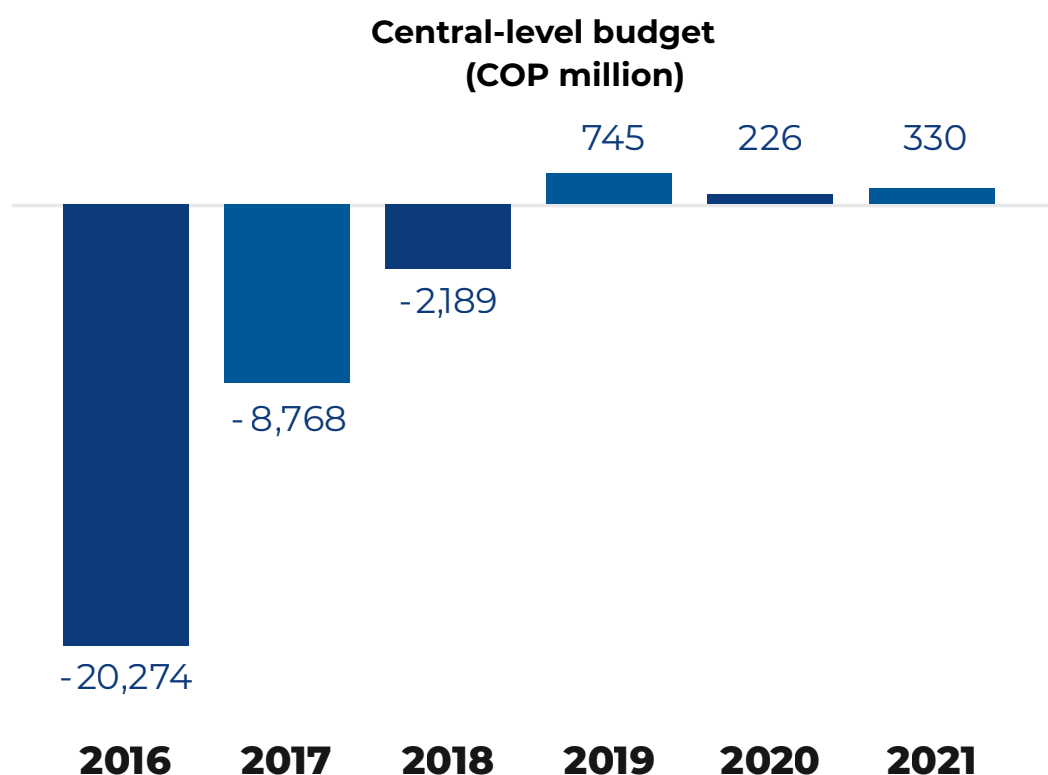


FNC CENTRAL-LEVEL BUDGET IS IN SURPLUS FOR THIRD YEAR IN A ROW

Zero debts with the financial system since 2019, growing backing of pension liabilities and a higher current ratio consolidate its financial prosperity.

The prosperity of the FNC is based on consolidating its financial autonomy by identifying and making the most of new income sources to deliver value propositions and ensure long-term liabilities and its operation.

This financial prosperity challenge is still based on three objectives: investment priority, structural debt reduction, and financial strength, all of which have been met.



Source: FNC Administrative and Financial Division.

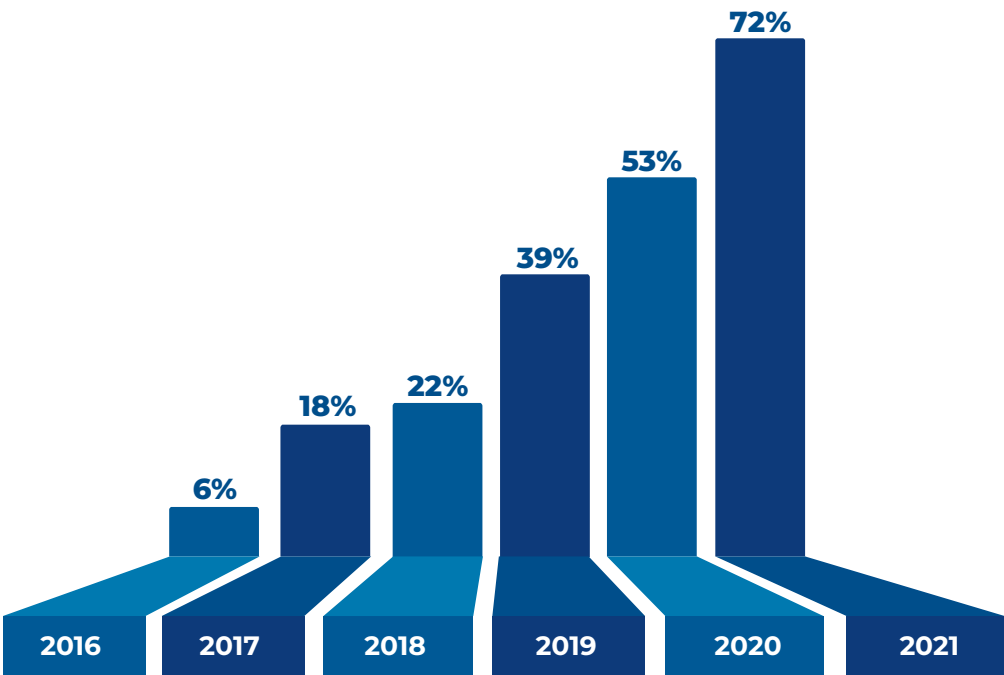


Prioritization of the expenditure budget, together with income management, allowed the central-level budget to remain in surplus for the third consecutive year.

Financial backing of the pension liabilities has also continued improving. The FNC has proposed to back 100% of these liabilities by 2027. At the end of 2021, the goal is **72%** met, a constant increase since 2016.



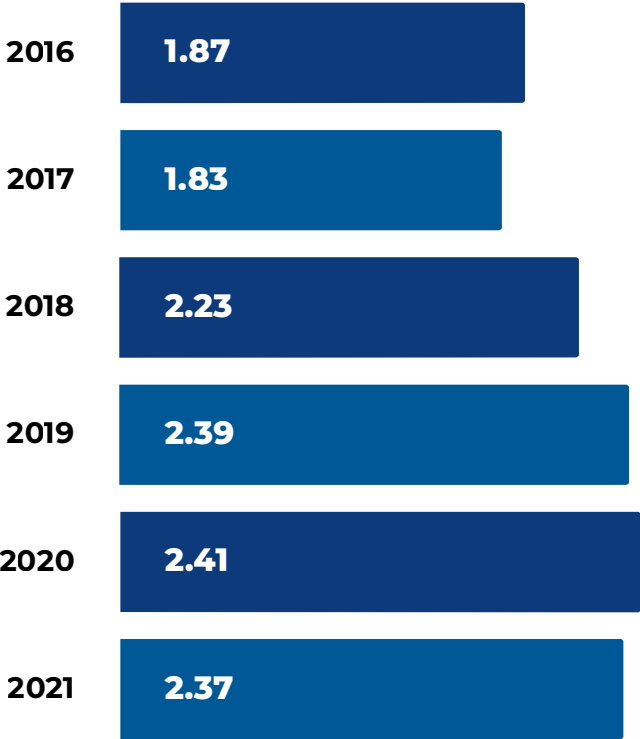
Financial backing of long-term liabilities



Source: FNC Administrative and Financial Division.

The sum of these results has allowed a positive evolution of the FNC’s financial indicators, including the current ratio (current assets / short-term liabilities), which increased from 1.87 in 2016 to 2.37 in 2021.

Current ratio



Source: FNC Administrative and Financial Division.

REAL ESTATE PROFITABILITY IS 4.4%

Thanks to the FNC's work, the result is remarkable considering how hard the real estate sector was hit during the pandemic.

To have other income sources that contribute to the financial stability of the FoNC and the FNC, in 2017 the real estate management policy was adopted to optimize use and profitability.

Considering the pandemic's impact on the real estate market, the administration's objectives have been to keep properties leased, avoiding possible returns and idleness for a long time, and

to try to set rental rates that at least cover the associated costs.

In 2021, more than 30 lease contracts were renewed and new ones were achieved, and profitability of the properties managed was **4.4%**.

Work has also continued for reorganizing the properties of the FoNC and the FNC.

HR MANAGEMENT

GRI 103-1

GRI 103-2

WORKERS MORE ENGAGED WITH THE PRESENT AND FUTURE OF THE FNC AND THE COFFEE SECTOR

Approval of the diversity, inclusion and equity policy, development of competencies aligned with the value strategy, and gradual and safe return to work in the field and offices were three of the main challenges in 2021.

In HR management, the action plans are based on three fundamental pillars:

CONTRIBUTION

It implies that workers feel connected with a higher purpose and who they work with to transcend and leave a mark, feeling how their strengths and capabilities contribute to significant work goals and the strategic challenges of the organization.

COMMITMENT

One of the most important challenges for HR is to achieve workers' emotional connection and sense of belonging with their daily work, where giving the best of oneself and working with passion is built on all the experiences that they live at the organization.

COMPETENCIES

Where workers' training and development in new knowledge, methodologies and skills are essential for both responding to the challenges of the value strategy and dealing with changes in the environment. That's why, within the framework of employability, this has been a priority.

GRI 102-7
GRI 102-8

HUMAN TEAM

- 3,067 employees | 63% men | 37% women
- 67% work in the departmental committees.
- 33% are extensionists.
- 14% work in Buencafé.
- 6% in Cenicafé.
- 66% with a fixed-term contract, 22% with an indefinite-term contract, and 12% hired for specific work or project.

EDUCATIONAL LEVEL

- 0.7% PhD.
- 5.5% master's degree.
- 16.1% specialization.
- 49.4% professionals.
- 15.4% technical training.
- 12.8% high school graduates.



Source: FNC HR Management.



GRI 103-3

GRI 404-2

The main achievements in the year include:

- Approval of the FNC's diversity, inclusion and equity policy.

Within the framework of this policy, there have been awareness-raising spaces for all workers, such as: "New masculinities," "Unconscious biases," "Many voices in a struggle where men were lacking," "Equity, diversity and inclusion," and "Let's communicate in a tone of equity."

In addition, we joined the Work Spaces without Harassment (ELSA) diagnosis developed by the IDB and GenderLab, a tool that will allow us to manage actions and interventions in one of the most relevant issues related to equity.

- Within the framework of the National Learning Service (Sena) specialized training program, the FNC managed to co-finance over **COP 431 million (USD 115,148)** to develop 6 relevant training actions for our challenges. Over 500 workers participated in these actions.
- The Revolving Fund for Employees (FRCE) was created, with the objective of offering them credit alternatives for housing and education for their children.
- The employer brand concept was designed as a means to attract talent: "We are the FNC, Colombia's pride for the world," which will allow us to position ourselves on social media such as LinkedIn and on job portals to communicate our purpose, mission and achievements.
- The FNC was certified under the international standard ISO 45001 in Occupational Health and Safety Management Systems (SGSST).
- In 2021, we prepared for the transition from the British standard OHSAS 18001 to ISO 45001; after an in-depth audit, the transition was endorsed.

- Gradual return to in-person activities has been successful, thanks also to covid-19 vaccination.

- The skills and capacities of workers for a safe return to work in the field and offices were strengthened. With the institutional campaign "EVERYBODY's health and life, EVERYBODY's commitments" and under the principle of shared responsibility, all workers committed to gradually returning to in-person activities.

With biosafety protocols, the Extension Service fully resumed its field activities since the beginning of the year.

Then, the administrative workers began to return to the departmental and municipal committees and the FNC HQ, thanks to the vaccination coverage and adaptations in the facilities.

- **93% of workers with at least one dose.**
- **65% fully vaccinated.**

- With the support of the Communications Directorate, the FNC was permanently in contact with workers and their homes. Digital content, such as the Contact newsletter, gained prominence in informing, motivating and accompanying workers.



GRI 103-3
GRI 404-2

CLOSER THAN EVER TO WORKERS

OTHER SUPPORT ACTIVITIES

CONTRIBUTION

INITIATIVE	OBJECTIVE	RESULTS
To build an inspiring higher purpose for the FNC	To ask workers of the entire union for building the higher purpose	There was a survey for 100% of workers, 10 focus groups with 180 leaders, and 10 interviews with each member of the Steering Committee. As a result, we declared our higher purpose: “We make a more sustainable world through the best of Colombia.”

Competency
evaluation

To establish clear evaluation & feedback mechanisms between workers and their leaders to strengthen their contributions to the organization

- 94% of the evaluations enabled.
- 2,374 workers evaluated.
- The results show organizational competencies scoring above 90/100.

COMPETENCY	RESULTS
Service vocation	95.05
Result-oriented	94.11
Teamwork	93.12
Innovation	91.06

COMMITMENT

INITIATIVE	OBJECTIVE	RESULTS
GH+cerca [HR is closer]- Charlas Consentido [Meaning Talks]	To develop spaces that provide tools on mental health, well-being and happiness at work	<ul style="list-style-type: none"> ● 17 talks on topics such as family, children, grandparents, gratitude, trust, healthy spaces, and management of thoughts and emotions.
Organizational climate and commitment survey	To establish the FNC workers' degree of connection and commitment	<ul style="list-style-type: none"> ● A 90% participation. ● Result: 83.5% in work environment. ● Engagement rate: 85.4%
Modernization of induction plan	To update courses on induction to the digital environment	<ul style="list-style-type: none"> ● The reading documents were replaced by videos and didactic exercises online, so that new workers learn about the coffee institutions. The updated courses are: <ul style="list-style-type: none"> ● Coffee institutions ● Safety ● Labor coexistence ● Policies and regulations

COMPETENCIES

INITIATIVE	OBJECTIVE	RESULTS
Bootcamp in agile methodologies	To encourage agile responsiveness in the FNC, strengthening the ability to do quick and quality actions aligned with the strategy	<ul style="list-style-type: none"> ● 408 hours of training ● 24 hours per person ● 17 employees ● Sena agreement

Data analysis for decision making	To develop data processing and analysis skills	<ul style="list-style-type: none">● 1,680 hours of training● 21 workers● 80 hours per person● Sena agreement
Agile methodologies and innovation for executive directors	To strengthen innovation capabilities through agile methodologies	<ul style="list-style-type: none">● 216 hours of training● 8 hours per person● 27 workers● Sena agreement
Advanced negotiation techniques	To strengthen business skills in the Commercial Division	<ul style="list-style-type: none">● 700 hours of training● 35 workers from the Commercial Division● Sena agreement
Leader Development Program	To transfer to our leaders the knowledge and tools that allow them to effectively manage human teams in an environment of new challenges and new realities	<ul style="list-style-type: none">● 9,600 hours of training● 400 leaders● 120 virtual synchronous sessions● Sena agreement

Specialized training programs:

“Key concepts and practices for good coffee processing.”

Workspace Change Management

Integrated Mgmt. System (SGI) risk management reinduction course

Security and control, Authorized Economic Operator (AEO) and BASC-SGI

Internal auditors 45001:2018

“Towards a healthy coexistence” workshop

Academic training

To strengthen workers' specific technical knowledge according to their role and job requirements, including regulatory and legal knowledge

- 57,456 hours of training
- 1,197 workers
- COP 275 million (USD 73,470) invested



ABOUT THIS

REPORT



GRI 102-54

GRI 102-40
GRI 102-42
GRI 102-43
GRI 102-44

This report was prepared in accordance with the GRI standards (core option) and presents the 2021 FNC management results.

STAKEHOLDERS

The FNC has a structure that keeps open and permanent channels with all its stakeholders; without them, achieving our value strategy would not be possible.

From information gathered on a continuous basis through participation mechanisms and instances, a list of important and relevant topics was consolidated for each stakeholder group. Below are the different communication channels and participation mechanisms used for the different stakeholders and the topics that they consider relevant.

COFFEE GROWERS

Subgroups

Large, medium-sized and small coffee growers; coffee-growing women, youth and families.

RELATIONSHIP APPROACH

The mission of the FNC is to ensure Colombian coffee growers' well-being. For this purpose, we have established and strengthened communication channels and continuous relationships to understand the needs of the union and transfer the best practices and technologies to coffee growers to support their production processes, contribute to their social development, and increase their profitability.

RELEVANT TOPICS

Technology transfer, purchase guarantee, higher productivity, coffee quality, and value creation propositions.

COMMUNICATION CHANNELS

National Coffee Growers Congress, Steering Committee, departmental and municipal committees, FNC web page, social media, *Conversemos con el Gerente* (Let's talk with the CEO) meetings, *Líderes* magazine, comprehensive perception survey, departmental committees' web pages, group and individual methods applied by the Extension Service, union leadership meetings, radio programs, regional newspapers, TV program *The Adventures of Professor Yarumo*, SMS, podcast and chatbot.

GOVERNMENT

Subgroups:

Presidency of the Republic

Ministries

Administrative Departments

Presidential advisories and
decentralized institutes

Office of the Comptroller
General of the Republic

Office of the Inspector
General of the Nation

Departmental & municipal
administrations

Congressmen

Office of Government Advisors
for Coffee Matters of the Ministry
of Finance and Public Credit

RELATIONSHIP APPROACH

We seek to maintain respectful and constructive dialogue to create and sustain partnerships that support our mission, protect income of coffee-growing families and ensure sustainability of the sector. We are also committed to complying with regulations and the National Coffee Fund Administration Contract and more recently with those of the Coffee Price Stabilization Fund (FEPC).

RELEVANT TOPICS

Community and projects of high social, environmental and economic impact.

COMMUNICATION CHANNELS

National Coffee Growers Committee, National Coffee Growers Congress, meetings with departmental and municipal committees, social media, web page, and press releases.

PARTNERS

Subgroups:

Government(s)

National organizations/NGOs

Private companies

International
organizations/NGOs

Embassies

Public/private funds

RELATIONSHIP APPROACH

A proactive and sound relationship with our partners is key to implementation of our value creation strategy and excellence project management.

RELEVANT TOPICS

Adoption of quality standards, knowledge exchange, and production, social and environmental project management.

COMMUNICATION CHANNELS

Direct relationship, social media, web page, and press releases.

**COFFEE BUYERS
& CONSUMERS**

Subgroups:

Marketers/Traders

Roasters

Supermarkets

Coffee shops

End consumers

RELATIONSHIP APPROACH

We build trust and long-term relationships to maintain high-value businesses and ensure sustainability of the purchase guarantee.

RELEVANT TOPICS

High-quality added-value products.

COMMUNICATION CHANNELS

Direct personal contact, external customer satisfaction survey by the Commercial Division, customer satisfaction survey by Buencafé, FNC commercial offices in the US, Asia and Europe, consumer satisfaction surveys by Procafecol, consumer surveys and focus groups, press releases, web page, emailing, participation and/or presence in international expos, social media, and Juan Valdez character.

WORKERS

RELATIONSHIP APPROACH & RELEVANT TOPICS

All that we do and our positive impacts would not be possible without our human capital. So, we have based our HR management on 3 main components:

Competencies, understood as the ability to do work well and efficiently.

Commitment, which is the will to do work.

Contribution, which implies finding a meaning in what our workers do.

In this way, we seek to ensure that the work done by HR Management contributes to the value creation strategy through workers who put their talent and skills at the service of the FNC, and they, in turn, find in the organization a place where their personal life, professional and purpose expectations are reciprocated.

COMMUNICATION CHANNELS

Al Día con el Gerente (Up to date with the CEO), institutional intranet, workplace harassment mailbox, online billboards, Occupational Health Committees (COPASTs), *Contacto* newsletter, mailings by HR Management and Communications, *Prensa al Día* and podcast.

ASSOCIATIONS & UNIONS

Subgroups:

4C (Common Code for the Coffee Community)

Coffee Association of Canada

Colombia's National Association of Foreign Trade
(Analdex)

Colombian-American Commerce Chamber

Colombian-Chinese Chamber of
Investment and Commerce

Colombian Farmers Society (SAC)

Colombian Institute of Technical Standards and
Certification (Icontec)

Colombian-Japanese Chamber of
Commerce and Industry

Consejo Privado de Competitividad

Corporación Colombia Internacional (CCI)

Corporación Colombiana de Inversiones
Agropecuarias Agrosavia (former Corpoica)

Corporación Colombiana de Logística S.A

Corporación Reconciliación Colombia

Empresarios por la Educación

Fundación Asociación de Amigos
del Museo Nacional

Fundación Colombiana del Pacífico

Fundación Museo de los Niños

Fundación para la Enseñanza de Oficios

Global Compact (since 2003)

International Coffee Organization (ICO)

National Coffee Association (NCA)

Origin

Specialty Coffee Association (SCA)

RELEVANT TOPICS

Representation of interests of
Colombian coffee growers.

Sustainability promotion.

Relevant positioning of the FNC
as a union.

Strengthening of the sector.

COMMUNICATION CHANNELS

Direct relationship.

Social media.

Web page.

MEDIA & COMMUNICATION

RELATIONSHIP APPROACH

We want to be a source of reliable and first-hand information on coffee institutions, and we always seek transparency and media coverage of our activities.

RELEVANT TOPICS

News about the sector and the union, management results.

COMMUNICATION CHANNELS

Websites, press releases, press conferences (including virtual), social media, and direct relationship.

COFFEE INSTITUTIONS

Subgroups:

Almacafé

Procafecol

Offices abroad

Manuel Mejía Foundation

Cooperatives

RELATIONSHIP APPROACH

Constant and coordinated relationship with all the FNC branches and companies is crucial to achieving our mission; without them we could not impact all links of the coffee value chain.

RELEVANT TOPICS

Commercial management, price, and market.

COMMUNICATION CHANNELS

Coordination meetings, billboards, *Al Día con el Gerente*, emails, *Al Día TV show*, *Prensa al Día*, social media, and podcast.

SUPPLIERS & CONTRACTORS

Subgroups:

National suppliers

International suppliers

RELATIONSHIP APPROACH

Efficiently managing the sourcing of goods and services aims to meet the needs of stakeholders, ensuring compliance with legal requirements and FNC rules.

RELEVANT TOPICS

Purchase management: from registration of the supplier to generation of the contract or purchase/service order.

COMMUNICATION CHANNELS

Direct contact, mailing by Purchasing and Contracting, and participants in the purchasing logistics cycle.

MATERIALITY

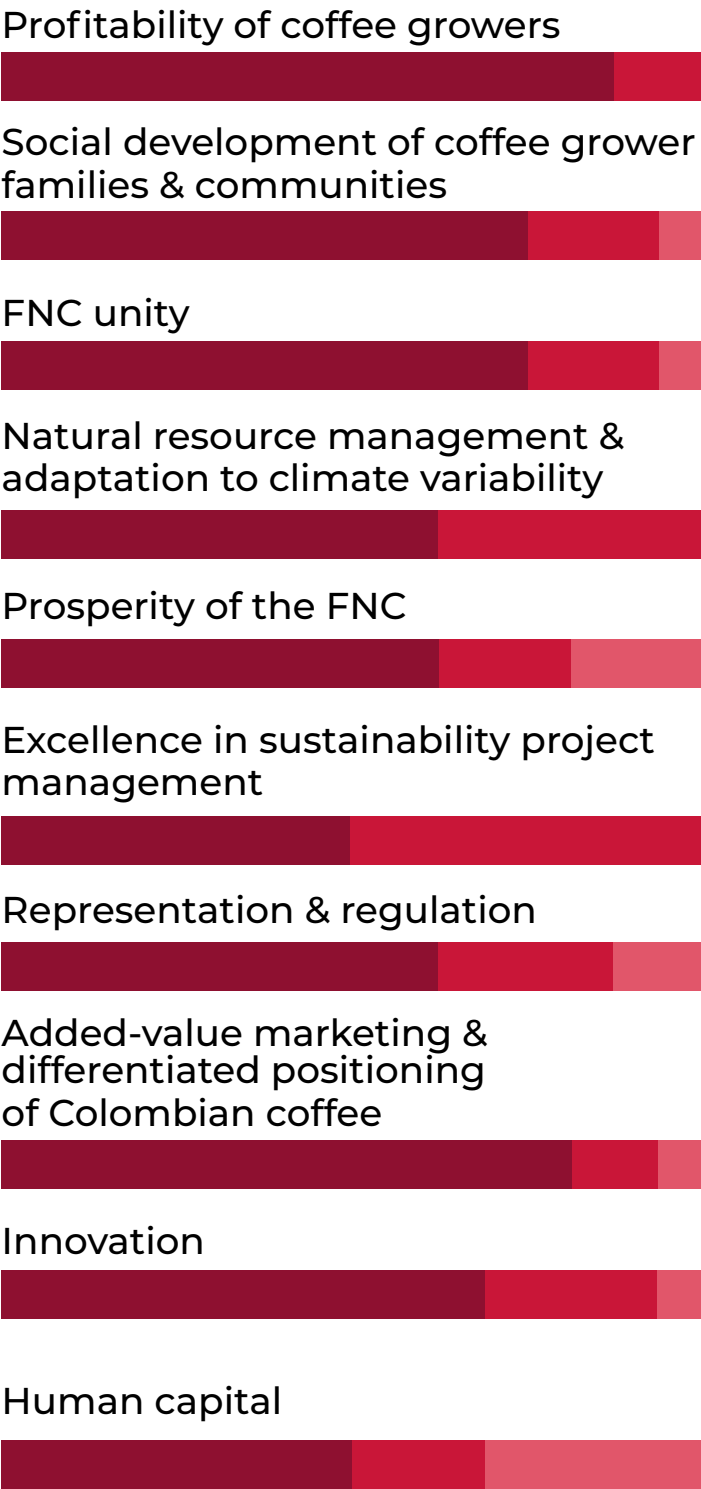
At the end of 2018, we did an exercise to update the FNC's materiality analysis and validate the most relevant topics for sustainability of the organization from an internal (business strategy, corporate policies, impacts) and external perspective (stakeholders). This materiality has been reflected in the successive sustainability and management reports. Validated in annual controls of the FNC's value strategy, it remained valid in 2021.

For the 2018 update, a workshop was held with leaders of different areas of the FNC. First, the participants identified the significant economic, environmental and social impacts of and on the FNC. Once identified, they matched them with the existing material topics to confirm them, identify possible missing topics, or remove the ones no longer relevant.

From this exercise, we obtained a list of material topics that were prioritized according to their importance to stakeholders and significant impacts of the FNC through a survey answered by the workshop participants. The survey confirmed that all topics were relevant and had to be reported.

The results of this exercise are shown below:

IMPORTANCE TO STAKEHOLDERS



● High ● Medium ● Low





IMPORTANCE ACCORDING TO FNC IMPACTS

Profitability of coffee growers



Social development of coffee grower families & communities



FNC unity



Natural resource management & adaptation to climate variability



Prosperity of the FNC



Excellence in sustainability project management



Representation & regulation



Added-value marketing & differentiated positioning of Colombian coffee



Innovation



Human capital



● High ● Medium ● Low

MATERIAL TOPIC	Boundaries
Profitability of coffee growers	Coffee growers Government / Partners
Social development of coffee grower families & communities	Coffee growers Government Partners / Coffee institutions
FNC unity (Governance, participation & democracy)	Coffee growers Government Coffee institutions Media
Natural resource management & adaptation to climate variability	Coffee growers Government Partners / Coffee institutions
Prosperity of the FNC	Coffee growers Government Partners Coffee institutions Suppliers and contractors Workers
Excellence in sustainability project management	Coffee growers Government Partners Coffee institutions
Representation & regulation	Coffee growers Government Coffee buyers and consumers Producing countries
Added-value marketing & differentiated positioning	Coffee buyers Consumers Coffee institutions
Innovation	Coffee growers Government Partners Coffee institutions
Human capital	Workers

ECONOMIC DIMENSION**CONTRIBUTING TO PROFITABILITY OF COFFEE GROWERS****PRODUCTIVITY**

1. Deepening of the strategy More Agronomy, More Productivity, More Quality.
2. More technological development for the Extension Service.
3. Support for new production areas.

PRICE

4. More differentiation by quality.
5. Stabilization of prices and income.
6. Coffee roasted at origin.
7. New markets and more domestic consumption.

PRODUCTION COSTS

8. Efficient farm management and new technologies.
9. Lower logistics costs.

SDG ALIGNMENT**SOCIAL DIMENSION**

PROMOTING HOLISTIC, SUSTAINABLE SOCIAL DEVELOPMENT OF COFFEE GROWER FAMILIES

10. Social protection: Promoting our well-being in health, work and old age.
11. Rural education: Forming Lives.
12. Infrastructure: Building a Future.
13. Coffee Grower Families with Gender Equity & Generational Integration.
14. Associativity: United we do more.
15. Special Projects

SDG ALIGNMENT**ENVIRONMENTAL DIMENSION:**

PROMOTING ENVIRONMENTAL SUSTAINABILITY IN THE COFFEE PRODUCTION CHAIN AND AT THE ORGANIZATION

16. Reforestation in coffee regions.
17. Soil and water care.
18. Waste management / Circular economy.

SDG ALIGNMENT**GOVERNANCE DIMENSION**

STRENGTHENING EFFECTIVE REPRESENTATIVENESS TO ENSURE THE FNC LEGITIMACY

19. To encourage leadership, associativity and participation.

SDG ALIGNMENT

ANNEXES



COFFEE FARMERS APPROVE OF THE FNC MANAGEMENT

On average, the institution met 94.7% of its targets and achieved an 8.2 management score, according to a comprehensive perception survey.

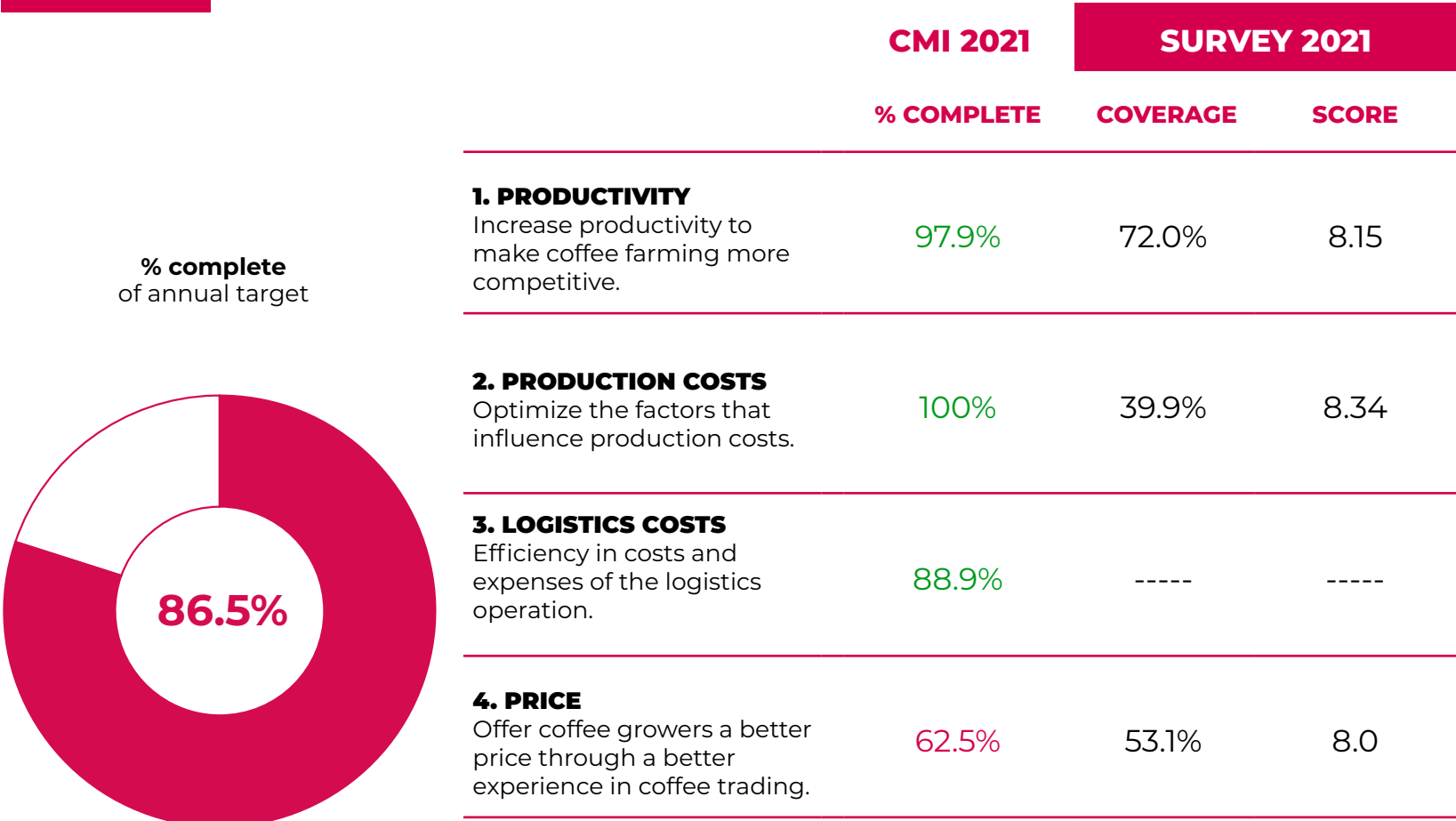
In 2021, the Comprehensive Perception Survey was conducted for coffee growers to evaluate performance of the Colombian Coffee Growers Federation (FNC). These results will provide inputs to strengthen coffee grower service strategies and compare the objective results of the FNC management (according to the Scorecard of Indicators, CMI) with coffee growers' subjective perception of the services received.

The survey was conducted in November by the consulting firm CRECE on a random sample of 1,591 coffee farmers. On average, the FNC met 94.7% of the targets set for 2021, and its management was rated 8.2 out of 10 by coffee growers.

The results for each dimension of the value strategy are shown below.

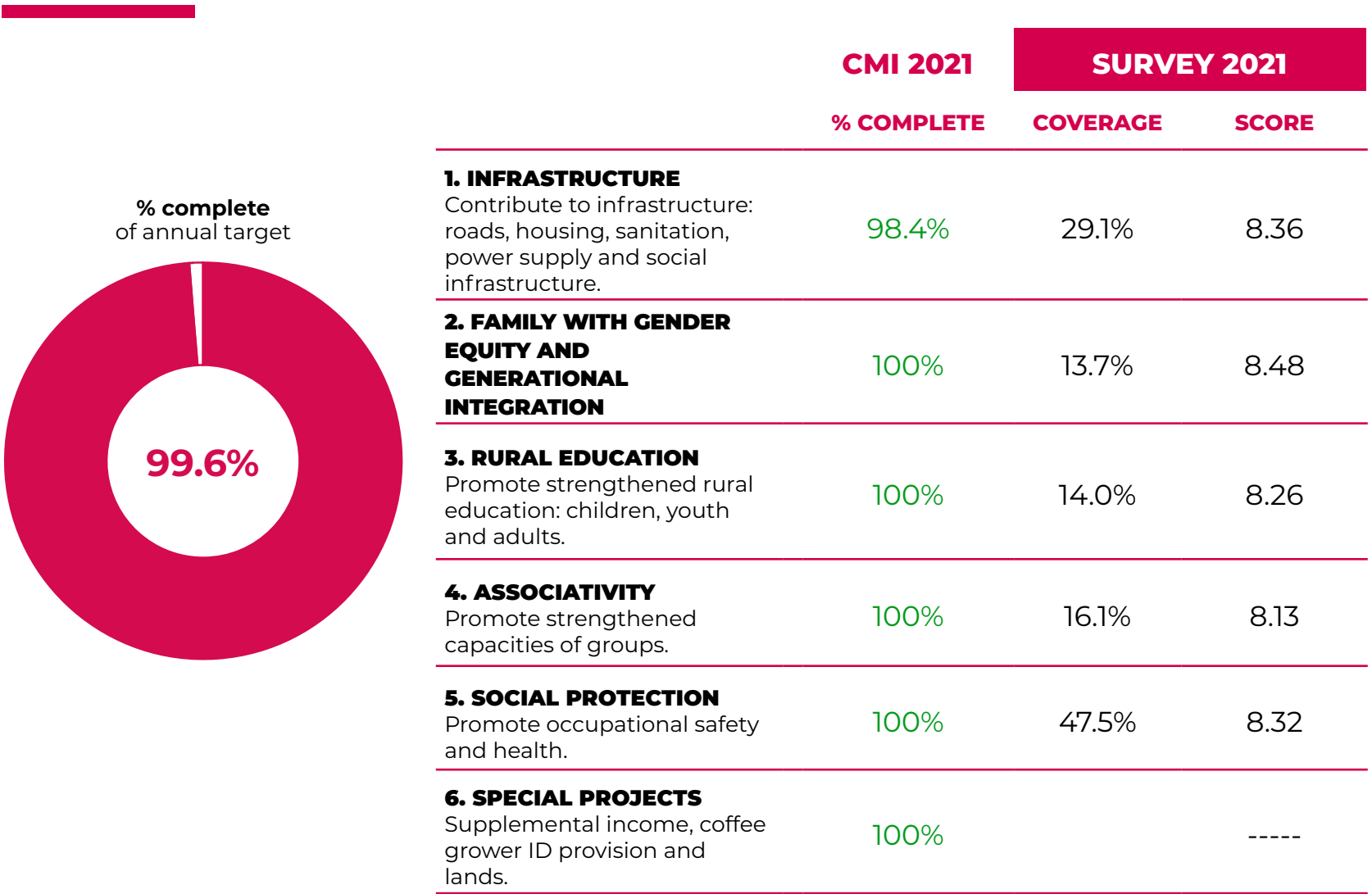
ECONOMIC DIMENSION

Contributing to **coffee growers' profitability**



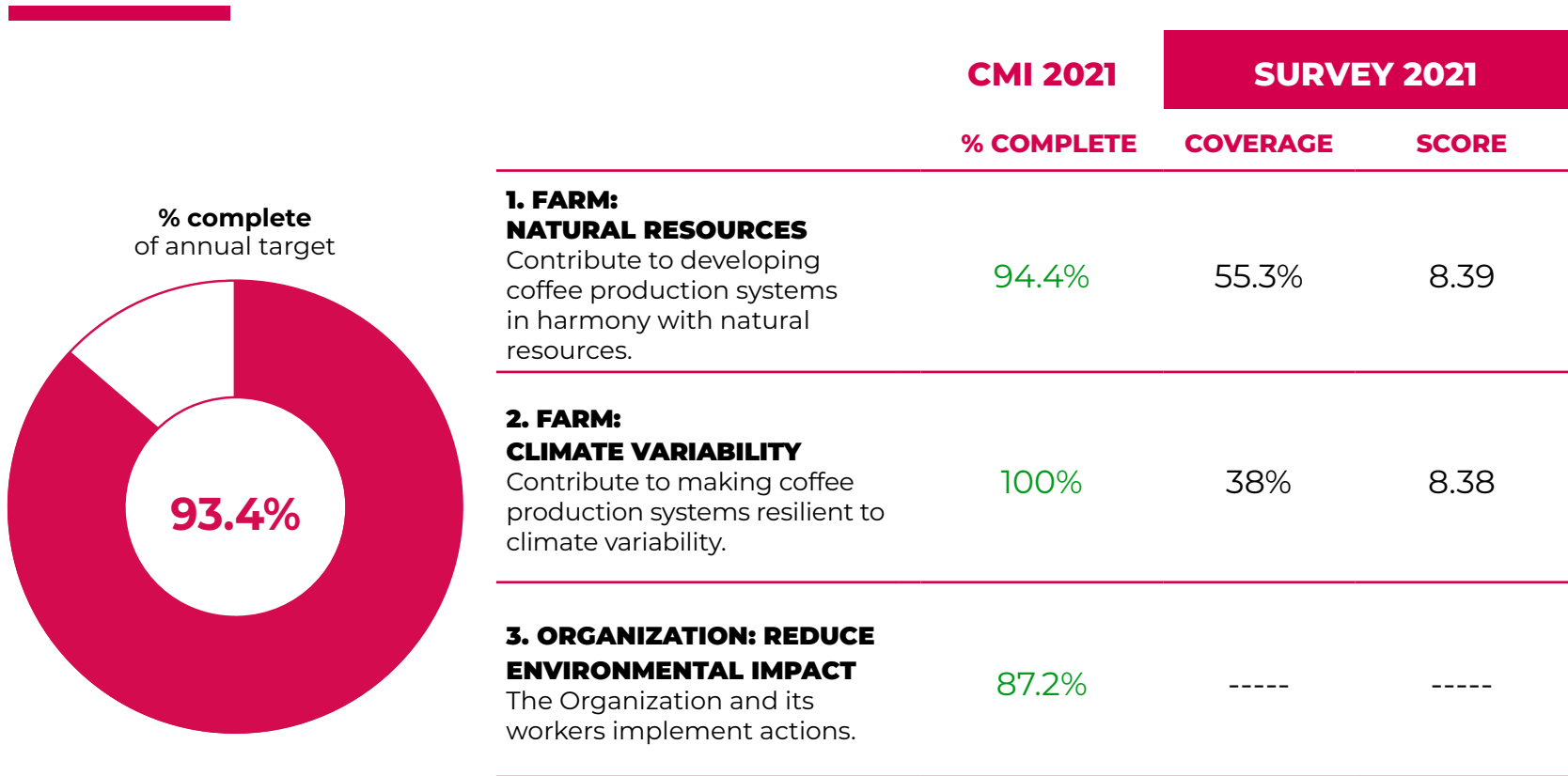
SOCIAL DIMENSION

Promoting the comprehensive and sustainable social development of coffee-growing families and communities, with a focus on well-being.



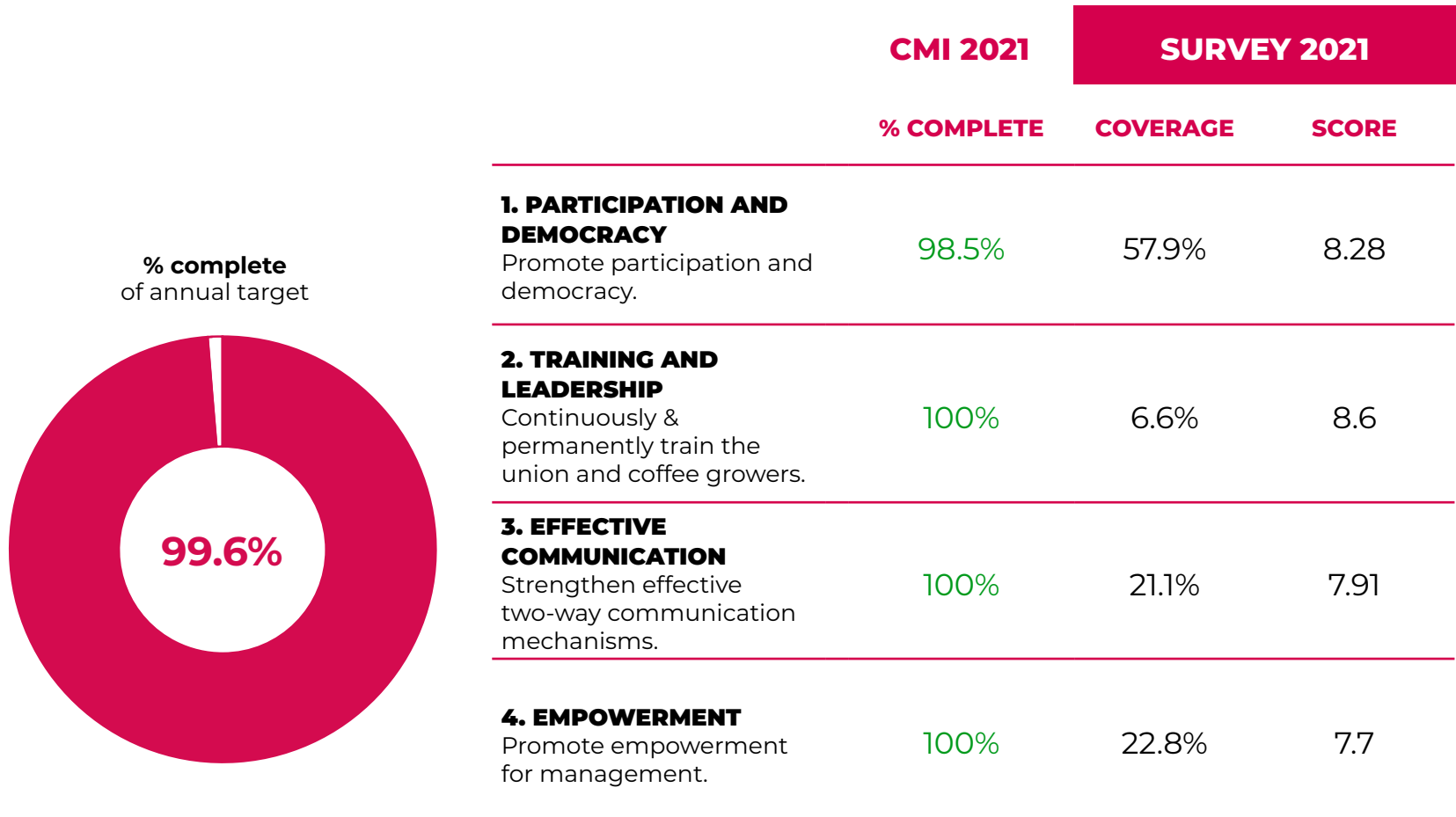
ENVIRONMENTAL DIMENSION

Promoting environmental sustainability in coffee production systems and within the organization.



GOVERNANCE DIMENSION

Strengthening effective representation to ensure the FNC's legitimacy.



GRI 102-13
GRI 102-12

LIST OF AFFILIATIONS AND ASSOCIATIONS

NAME	BOARD OF DIRECTORS	
	PRINCIPAL	SUBSTITUTE
4C (Common Code for the Coffee Community)		
Asociación Nacional de Comercio Exterior (Analdex)	1	
Cámara Colombo China de Inversión y Comercio		
Cámara Colombo Japonesa de Comercio e Industria	1	
Cámara de Comercio Colombo Americana	1	
Coffee Association of Canadá		
Consejo Privado de Competitividad	1	
Corporación Colombia Internacional (CCI)		
Corporación Colombiana de Inversiones Agropecuarias Agrosavia (antes Corpoica)		1
Corporación Colombiana de Logística S.A		
Corporación Reconciliación Colombia	1	
Empresarios por la Educación		1
Fundación Asociación de Amigos del Museo Nacional		
Fundación Colombiana del Pacífico		
Fundación Museo de los Niños		
Fundación para la Enseñanza de Oficios	1	
Global Compact (since 2003)		
Instituto Colombiano de Normas Técnicas y Certificación (Icontec)		
International Coffee Organization (ICO)		
National Coffee Association (NCA)		
Origin		
Sociedad de Agricultores de Colombia (SAC)	1	1
Specialty Coffee Association (SCA)		

GRI CONTENT INDEX

GENERAL DISCLOSURES

STANDARD	GRI	DISCLOSURE	PAGE NO.	OMISSION
ORGANIZATIONAL PROFILE				
GRI 102 GENERAL DISCLOSURES 2016	102-1	Name of the organization.	67	
	102-2	Activities, brands, products, and services.	16	
	102-3	Location of headquarters.	67	
	102-4	Location of operations.	16	
	102-5	Ownership and legal form.	67	
	102-6	Markets served.	13, 18, 22, 24, 26, 29, 34, 36, 41, 45, 80, 88	
	102-7	Scale of the organization.	18, 22, 24, 26, 34, 41, 45, 98, 104	
	102-8	Information on employees and other workers.	104	
	102-9	Supply chain.	17	
	102-10	Significant changes to the organization and its supply chain.	No significant changes in the organization and its supply chain in the reporting period.	
	102-11	Precautionary principle or approach.	Through the FNC Integrated Management System, the risks are identified and prioritized in different categories, and the actions are focused on mitigating the risks and achieving the expected objectives.	

GENERAL DISCLOSURES

STANDARD	GRI	DISCLOSURE	PAGE NO.	OMISSION
GRI 102 GENERAL DISCLOSURES 2016	102-12	External initiatives.	128	
	102-13	Membership of associations.	128	
	STRATEGY			
	102-14	Statement from senior decision-maker.	8	
	ETHICS & INTEGRITY			
	102-16	Values, principles, standards, and norms of behavior.	68	
	GOVERNANCE			
	102-18	Governance structure.	67	
	STAKEHOLDER ENGAGEMENT			
	102-40	List of stakeholder groups.	112	
	102-41	Collective bargaining agreements.	As of December 31, 2021, 4.8% of workers were part of the union organization.	
	102-42	Identifying and selecting stakeholders.	112	
	102-43	Approach to stakeholder engagement.	112	
	102-44	Key topics and concerns raised.	112	
	REPORTING PRACTICE			
	102-45	Entities included in the consolidated financial statements.	The FNC, as a private-law, non-profit, unionized legal person, consolidates its financial results with	

GENERAL DISCLOSURES

STANDARD	GRI	DISCLOSURE	PAGE NO.	OMISSION
GRI 102 GENERAL DISCLOSURES 2016	102-45	Entities included in the consolidated financial statements.		the equity investments where it holds at least a 50% participation of capital: Almacenes Generales de Depósito de Café S.A. (Almacafé). Promotora de Café de Colombia S.A. (Procafecol) and its branches. Offices abroad. Sociedad Forestal Cafetera del Valle S.A. (Soforestal). Sociedad Promotora Agroindustrial S.A.S. (Proagrocafé). Pretensados de Concreto de Oriente Ltda. (Pretecor). Coffee Grower Committees' warehouses.
	102-46	Defining report content and topic boundaries.	117	
	102-47	List of material topics.	117	
	102-48	Restatements of information.		There was no information restated in this report.
	102-49	Changes in reporting.		With GRI standards, since 2019 the annual Management Report incorporates the sustainability & industry reports.
	102-50	Reporting period.		January 1 to December 31.
	102-51	Date of most recent report.		2020
	102-52	Reporting cycle.		Annual

GENERAL DISCLOSURES

STANDARD	GRI	DISCLOSURE	PAGE NO.	OMISSION
GRI 102 GENERAL DISCLOSURES 2016	102-53	Contact point for questions regarding the report.	informacion.fnc@cafedecolombia.com	
	102-54	Claims of reporting in accordance with the GRI standards.	112	
	102-55	GRI content index.	129	
	102-56	External assurance.	This report was not submitted to external verification.	

MATERIAL TOPICS

INDIRECT ECONOMIC IMPACTS

GRI 103 MANAGEMENT APPROACH 2016	103-01	Explanation of the material topic and its boundary.	18, 22, 24, 26, 29, 80, 88, 99
	103-02	The management approach and its components.	
	103-03	Evaluation of the management approach.	
	203-01	Infrastructure investments and services supported.	36, 41, 45, 80, 88, 98
GRI 203 INDIRECT ECONOMIC IMPACTS 2016			

STANDARD	GRI	DISCLOSURE	PAGE NO.	OMISSION
GRI 103 MANAGEMENT APPROACH 2016 GRI 302 ENERGY 2016	ENERGY			
	103-01	Explanation of the material topic and its boundary.	55, 56, 59, 62	
	103-02	The management approach and its components.		
	103-03	Evaluation of the management approach.		
	302-01	Energy consumption within the organization.	55, 56, 59, 62	
	302-03	Energy intensity.	56	
GRI 103 MANAGEMENT APPROACH 2016 GRI 303 WATER 2018	WATER			
	103-01	Explanation of the material topic and its boundary.	52, 55, 56, 60, 63, 64	
	103-02	The management approach and its components.		
	103-03	Evaluation of the management approach.		
GRI 103 MANAGEMENT APPROACH 2016 GRI 305 EMISSIONS 2016	303-01	Water withdrawal by source.	56	
	EMISSIONS			
	103-01	Explanation of the material topic and its boundary.	52, 56, 57, 62	
	103-02	The management approach and its components.		
	103-03	Evaluation of the management approach.		
	305-01	Direct (Scope 1) GHG emissions.	57	

STANDARD	GRI	DISCLOSURE	PAGE NO.	OMISSION
GRI 103 MANAGEMENT APPROACH 2016 GRI 306 EFFLUENTS & WASTE 2016 GRI 103 MANAGEMENT APPROACH 2016 GRI 404 TRAINING & EDUCATION 2016	EFFLUENTS & WASTE			
	103-01	Explanation of the material topic and its boundary.	52, 55, 58, 59, 61, 63	
	103-02	The management approach and its components.		
	103-03	Evaluation of the management approach.		
	306-02	Waste by type and disposal method.	52, 55, 58, 59, 61, 63	
	TRAINING & EDUCATION			
	103-01	Explanation of the material topic and its boundary.	34, 37, 45, 69, 88, 103	
	103-02	The management approach and its components.		
	103-03	Evaluation of the management approach.		
	404-02	Programs for upgrading employee skills & transition assistance programs.	45, 105, 106	



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