



# MANAGEMENT REPORT 2022



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Colombian Coffee Growers Federation

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# TABLE OF CONTENTS

<b>MESSAGE FROM THE CEO (2022)</b>	<b>6</b>
<b>FNC VALUE STRATEGY</b>	<b>8</b>
<b>CONTRIBUTING TO COFFEE GROWERS' PROFITABILITY &amp; PROSPERITY</b>	<b>13</b>
World balance in coffee year 2022/23 would yield a surplus of 2.32 million bags	14
Colombian coffee production closes 2022 at 11.1 million bags	15
Annual crop value reaches USD 3.4 billion	16
FNC consolidates and diversifies new markets and customers	20
Buencafé achieves historic sales of more than USD 210 million	24
Procafecol operating income grows 52% to USD 130.3 billion	26
Almacafé sales to customers other than the FNC grow 32% to USD 9.6 million	28
Promotion consolidates Café de Colombia as an active and visible brand	30
1,220,000 contacts of the Extension Service with coffee growers	34
Cenicafé scientifically supports a climate-smart coffee farming	37
FNC keeps leading rural financial inclusion in Colombia	39
79,948 Finagro loans to producers worth USD 414.6 million	41
<b>PROMOTING HOLISTIC SOCIAL DEVELOPMENT OF COFFEE GROWER FAMILIES AND COMMUNITIES</b>	<b>45</b>
FNC presents women's coffee line to the international market	46
17,000 coffee grower families benefit from generational integration & gender equity actions	47
Over 25,000 beneficiaries of improved housing, basic sanitation and energization	48
<b>PROMOTING CARE OF NATURAL RESOURCES</b>	<b>53</b>
Coffee farmers work for their sustainability by planting over 1 million trees	54

Farms save water thanks to better infrastructure	55
Coffee farmers take care of biodiversity and strengthen their on-farm environmental practices	57
FNC's companies and branches advance in environmental management	59
<b>STRENGTHENING EFFECTIVE REPRESENTATIVENESS TO ENSURE LEGITIMACY</b>	<b>65</b>
Coffee growers once again confirm the FNC legitimacy	68
Colombia signs new International Coffee Agreement	70
Coffee farmers adapt to stricter import requirements to preserve key markets	73
Structuring of FEPCafé advances in risk prevention	76
<b>MANAGING PROJECTS WITH TRANSPARENCY TO TRANSFORM THE COUNTRYSIDE</b>	<b>79</b>
FNC implements projects worth USD 59.5 million	80
USD 9.44 million leveraged from international partners were executed in projects, the highest figure in recent years	83
Committees lead projects of high impact for coffee growers	87
<b>MANAGING RESOURCES TRANSPARENTLY TO TRANSFORM THE COUNTRYSIDE</b>	<b>99</b>
FoNC finances USD 95.5 million in public goods for coffee growers	100
FoNC equity reaches USD 528 million	101
Backing of FNC's long-term obligations exceeds 100%	102
We make a more sustainable world through the best of Colombia	104
<b>ABOUT THIS REPORT</b>	<b>109</b>
<b>ANNEXES</b>	<b>121</b>
List of affiliations and associations	122
GRI content index	123



# 'My coffee is of quality, my farm is productive and sustainable, my future is prosperous'



*"Let's keep our goal clear of having a coffee farming of quality, productive and environmentally sustainable".*

Year 2022 was historic for Colombian coffee growers because of the excellent economic results. The average domestic price of the coffee load (125 kg) was COP 2,150,867, **42% higher than in 2021**. This increase was explained by an average price of the KC contract in New York, which reached 214 ¢/lb, **26.7% higher than in 2021**; a differential for Colombian coffee of 67.2 ¢/lb, 28.9% higher than in 2021, and an average exchange rate of 4,255 COP/USD, 13.7% higher than the average for 2021. In real terms (discounting inflation), **the domestic price has been the highest in the last 50 years**, higher even than that in the so-called coffee boom of the mid-1970s.

The value of coffee exports reached USD 4.5 billion, **up 30% from that in 2021**, with a **16% share of the Colombian Coffee Growers Federation (FNC)** on behalf of the National Coffee Fund in the volume exported. It's also noteworthy its effort for promoting exports of specialty coffees that receive quality premiums. **Expos and auctions**, on the one hand, and the **mobile quality laboratories** and cup tests that the FNC has promoted have been key in positioning and developing excellent coffees.

Despite the 12% decline in the 2022 harvest volume to 11.1 million bags because of excessive rains due to La Niña event, its

<sup>1</sup> Unless stated otherwise, along this report an annual average exchange rate (TRM) of 4,255 COP/USD is used.

value closed the year above COP 14.5 trillion (USD 3.4 billion<sup>1</sup>), a historical record figure, **34.7%** higher than the value of 2021.

The crop value is irrigated in the country's 603 coffee municipalities, since the activity is highly labor-intensive and because of its backward (supplies, machinery) and forward (threshing, transportation) chains, bringing well-being to the coffee regions and a greater demand for goods and services that contributes to domestic economic growth.

Our coffee plantations, with over 86% of the area with resistant varieties, is an effective way to mitigate the consequences of climate change. However, the decreased harvest in 2022 is still worrying.

The contraction of production and exports of Brazil, the world's largest producer and exporter, in the last two years was the result of the subsequent droughts and frosts that hit it in 2020 and 2021, leading the KC contract coffee prices to reach historical highs. However, a recovery of Brazilian production is already in sight for the 2023/24 coffee year and, therefore, a decrease in the international price. As for the differential recognized to Colombian coffee, it reflects the market's growing preference for quality coffees. We expect that differential to hold firm in the future.

The second event that I want to highlight is the FNC elections held in September, in which 4,824 coffee grower representatives were elected in the 387 municipal and 15 departmental committees. The turnout was 55% of the electoral potential, that is, over 185,000 coffee growers who attended the polls for electing among 16,400 candidates, a record number for the last three processes. There was a significant increase in the female union representation: in the departmental committees, from 8% in 2014 to 22% in 2022, and in the municipal ones, from 16% in 2014 to 28%. I also highlight the renewal rates, of 50% in the municipal committees and of 37% in the departmental ones. The Electoral Observation

Mission (MOE) was present throughout the election and scrutiny processes, attesting to the transparency with which the elections were held. With the participation of coffee growers in this important democratic event, the FNC confirms its institutional legitimacy to defend coffee growers' interests.

With this renewed FNC, we will continue following the roadmap set by the coffee growers congress and working to achieve prosperity for producers and their families. In terms of productivity, we cannot lower our guard, we must follow the extension service's recommendations on renovation of aged coffee plantations, fertilization, and other agronomic practices. In environmental matters, we must continue caring for water sources, forests and reducing water pollution. In social matters, we must continue with projects for empowering women and youth, and implement educational projects under the School & Coffee model. In infrastructure, we must seek co-financing agreements for improving tertiary roads.

We salute the new Colombian government, democratically elected on August 7, and we wish President Gustavo Petro and his team the greatest success during his tenure. The new government's program places great emphasis on developing the Colombian countryside. We applaud that orientation and express the interest of the FNC in working together to overcome bottlenecks and increase productivity in the fields, alleviate rural poverty, and increase their population's well-being.

Towards the future, we keep our goals clear for 2027, the year of the FNC's centenary: to have a quality, productive, and environmentally sustainable coffee farming that generates prosperity for the over 542,000 coffee grower families.

**Roberto Vélez Vallejo**  
FNC CEO 2015-2022

FNC VALUE STRATEGY

MISSION

To work for Colombian coffee growers' **WELL-BEING** through an effective union, democratic and representative organization.

CUSTOMER

Promoting **holistic, sustainable social development** of coffee grower families and communities, **with a well-being approach.**

Education, infrastructure, associativity, social protection, generational integration and gender equity.

FINANCIAL

**GOVERNMENT & NATIONAL ORGANIZATIONS**  
To **partner** with the Government & national organizations in managing **projects with excellence.**

PROCESSES



STRUCTURE

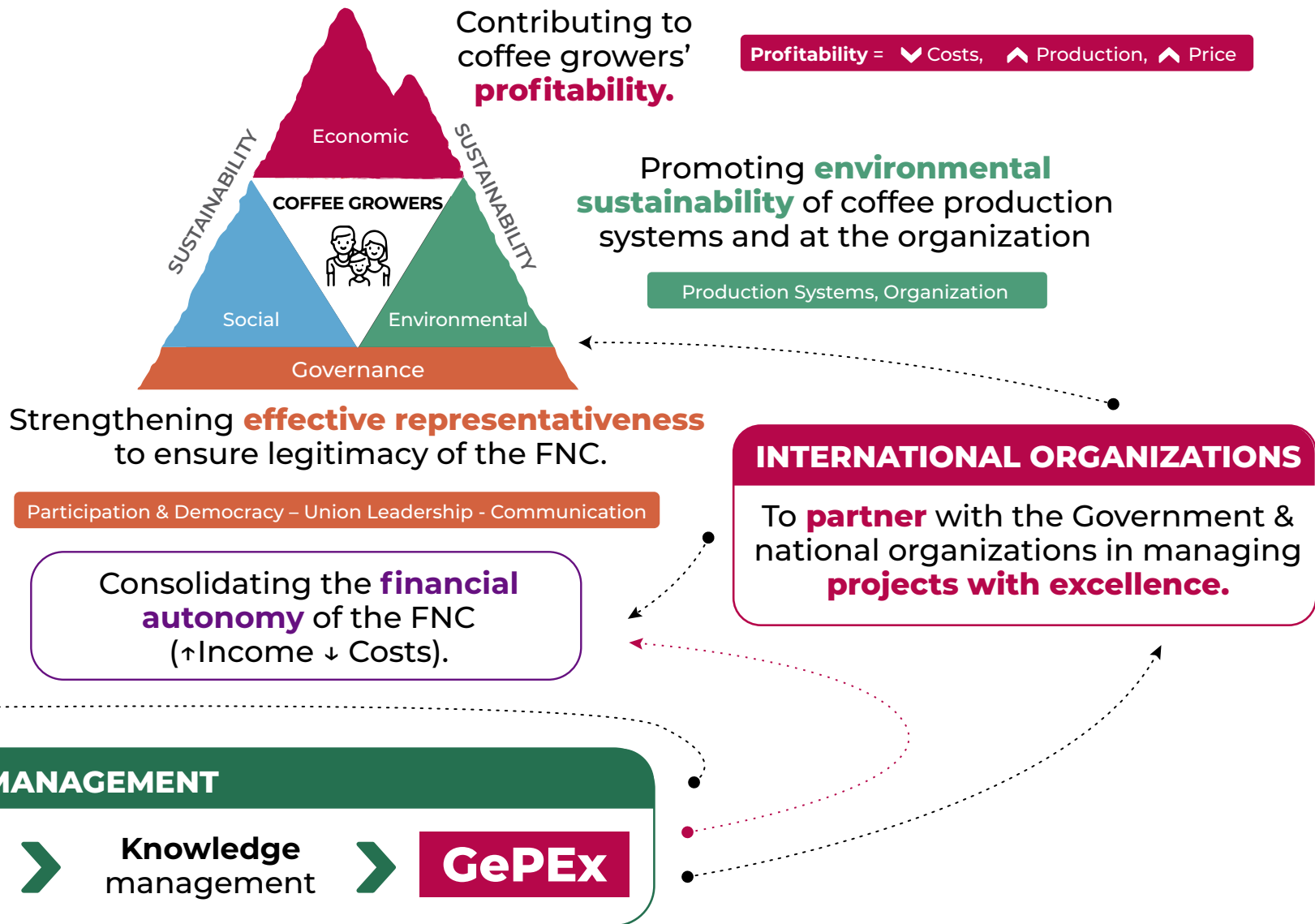
**HUMAN TALENT**  
To secure **talent that is competent and committed** to the value strategy.

**COMMUNICATIONS**  
To guide, motivate, inform and train stakeholders through an integrated & collaborative communication approach leveraged on digital transformation.



## VISION

The FNC will be a prosperous and effective union that works for an empowered **COFFEE GROWER that makes the best decisions for their economic and social development, respecting the environment.** UNITED we make the difference.



### CULTURE

To consolidate an **innovative, collaborative and effective culture.**

### TECHNOLOGY

To improve **coverage for coffee growers** and support organizational **productivity** and decision-making, safely using ICTs. To support the business in **transforming the customer value proposition and in process optimization through** the integration of digital transformation.

# FNC VALUE STRATEGY

## DELIVERING SUSTAINABILITY TO CONTRIBUTE TO COLOMBIAN COFFEE GROWERS' WELL-BEING

The purpose of the Colombian Coffee Growers Federation (FNC) is to guide, organize and promote Colombian coffee farming in such a way that it is profitable, **sustainable and globally competitive**, always aiming at producers' well-being. All this through its value strategy, which is the **roadmap** of the union and the organization, setting targets and a clear course.

This roadmap includes key concepts such as **well-being and sustainability**, and the relationship between them. We understand **well-being** as a dynamic state in which coffee farmers develop their potential, work productively and creatively, build solid relationships, and contribute to their community<sup>2</sup>, while **sustainability** is seen as a value proposition that increases Colombian coffee farmers' well-being over time in four dimensions: economic, social, environmental and governance.

The roadmap is represented by the FNC **value strategy map** shown in the previous pages, with the FNC mission and vision as the starting point.

As the heart of the strategy and main value proposition for coffee grower families appears the sustainability triangle (economic, social, environmental and governance), which allows, in a balanced way and in the short, medium and long term, to make coffee farming a **profitable** business that contributes to the **social development** of producers, taking care of **natural resources and the planet**.

Below are the so-called financial lungs, which contribute, on the one hand, to consolidating the financial autonomy of the organization, and on the other, through resources from national and international partners, to develop projects of excellence that benefit coffee growers and their families.

The last two sections show the processes and the structure necessary to fulfill the value strategy. In processes, innovation, project development and knowledge management stand out as pillars on which the FNC has been betting to project coffee farming into the future. The structure is the set of human and physical resources that allow the FNC to operate and carry out its work.

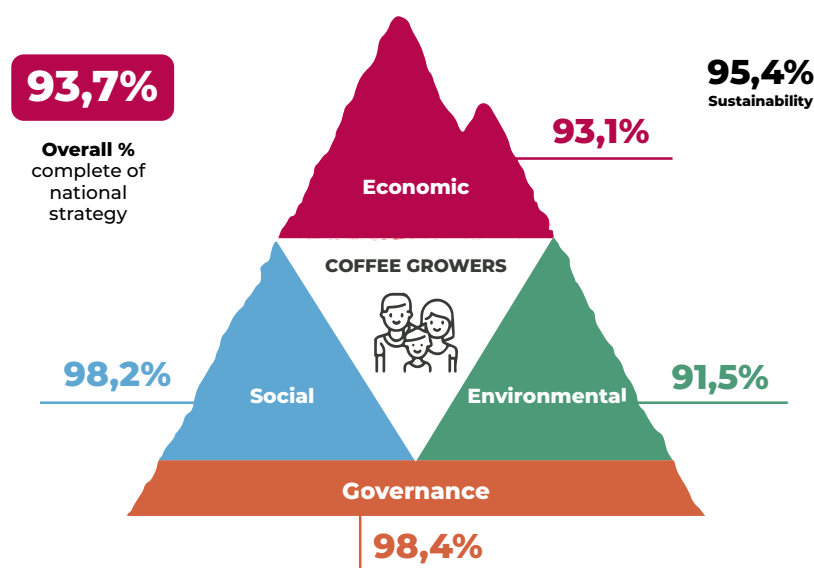
Due to its dimension and coverage, this roadmap requires tools and methodologies that define the indicators, targets, and actions that ensure its success. To this end, the FNC relies on a strategic process that defines and maintains valid the methodologies used, and monitors compliance with the proposed targets, always thinking of Colombian coffee grower families' well-being.



<sup>2</sup> The Government Office for Science. (2008). *Foresight Mental Capital and Wellbeing Project. Final Project Report*. London.

Below are the overall **results for 2022, those of the sustainability value proposition**, and those of each of its dimensions.

## % COMPLETE IN SUSTAINABILITY AND BY DIMENSION



## ACHIEVEMENTS BY DIMENSION

### ECONOMIC (93,1%)

Contributing to coffee **growers' profitability**.

#### The following targets were met:

- Planting density.
- Training plan of 2000 Farms Plan.

#### It is kept:

- A healthy coffee farming with low levels of CBB and rust, with a structure supported by resistant and young varieties.

### SOCIAL (98,2%)

Promoting **holistic, sustainable social development** of coffee grower families and communities, **with a well-being approach**.

#### The following targets were met:

- Road construction and improvement indicator.
- Indicator of number of families served in activities to promote gender equity.

#### In addition:

- The investment of resources in formal education was within what was planned.
- Food security projects were implemented to benefit coffee grower families.

### ENVIRONMENTAL (91,5%)

Promoting **environmental sustainability of coffee production systems** and at the organization

The environmental indicators were met for water saving in coffee processing, better infrastructure to prevent its contamination in coffee wet milling and in the house, planting of trees in agroforestry systems, biological corridors in coffee regions, and training in environmental practices around coffee farming.

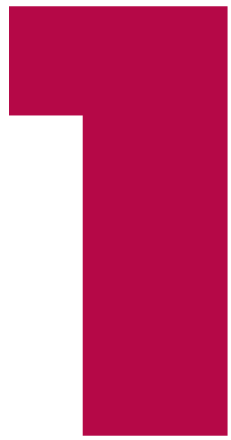
### GOVERNANCE (98,4%)

Strengthening **effective representativeness** to ensure legitimacy of the FNC.

- With tools to achieve effective communication such as the podcast, *Líderes* magazine and Let's talk with the CEO, the annual target of coverage of union leaders and coffee grower families was exceeded.
- The indicator of activities with union leaders in municipal and departmental committees exceeded the annual target in attention to this population.
- The annual target of the indicator of coffee growers updated in the ID card database was exceeded.







# 1

Contributing to  
coffee growers'  
**profitability  
& prosperity**

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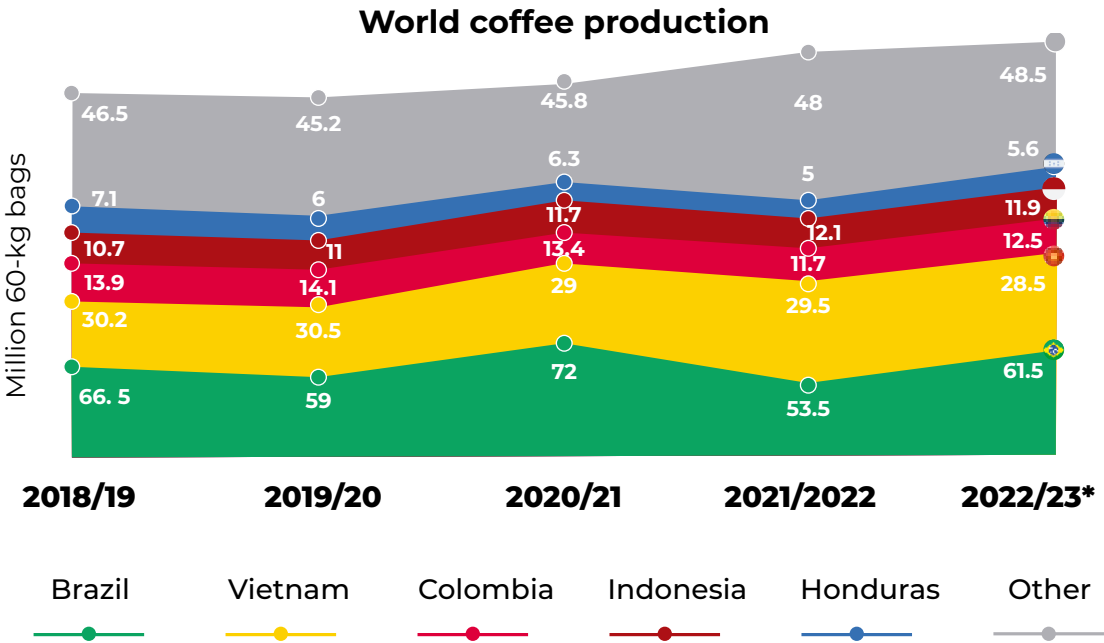
# WORLD BALANCE IN COFFEE YEAR 2022/23 WOULD YIELD A SURPLUS OF 2.32 MILLION BAGS

*Due to the recovery of Brazilian production, negative effects of inflation, and economic uncertainty regarding world demand.*

The 2021/22 coffee year closed with a deficit of 8.05 million 60-kg bags. World coffee production was **159.78 million bags**, 10.3% less than in 2020/21 due to a 25.7% drop in production of Brazil, the world's largest producer, from 72 to 53.5 million bags as a result of the biannual Arabica production cycle and adverse weather conditions. Colombia's production fell 12.8% from 13.4 to 11.7 million bags.

The share of Arabica coffee in world production was 53.3%, down from the 58.3% of 2020/21.

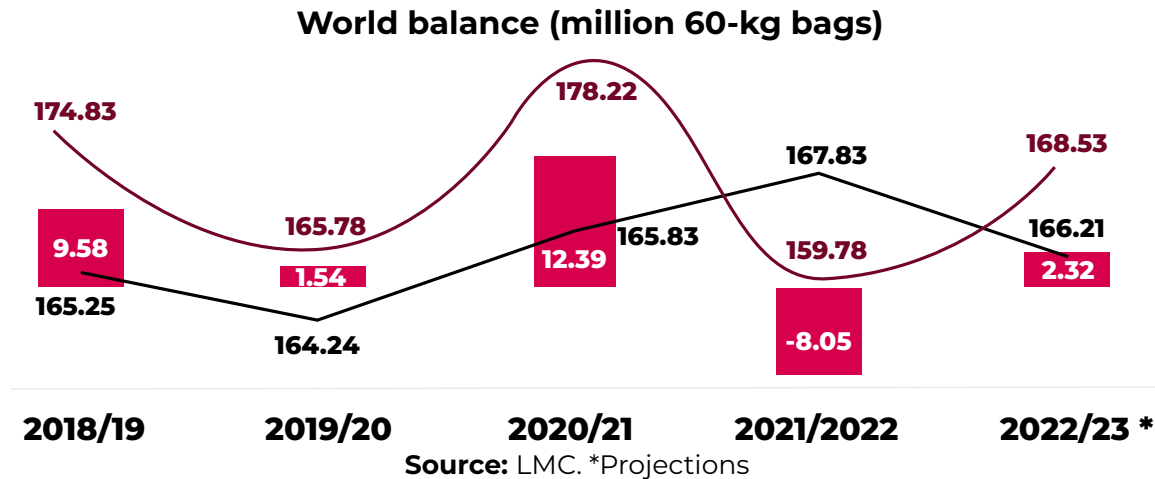
In the same period, world coffee consumption reached **167.83 million bags**, a slight 1.2% increase year over year and similar to that reported in years prior to the pandemic. However, global economic uncertainty may reverse this positive trend in 2022/23.



Source: LMC (Coffee Market Insight, January 2023).

For the 2022/23 coffee year, the LMC firm projects that world production will grow 5.48% to 168.53 million bags. As a consequence of the biannual production cycle of Arabica coffee in Brazil, its harvest is estimated to grow by 15%, while that of Colombia would grow 7%.

However, consumption is expected to fall to 166.21 million bags due to inflationary pressures and a possible world recession. Thus, the world balance for the 2022/23 coffee year would reach a surplus of 2.32 million bags.



# COLOMBIAN COFFEE PRODUCTION CLOSES 2022 AT 11.1 MILLION BAGS

*The figure was 11.9% lower than that of 2021 due to weather factors and higher imports that offset the demand for exports and domestic consumption, resulting in a slightly deficit balance.*



In 2022, Colombian coffee production was **11.1 million 60-kg bags** of green coffee, 11.9% less than in 2021, mainly due to unfavorable weather conditions for the crop that hit the country.

Coffee consumption in Colombia was **2.3 million bags<sup>1</sup>**, 2.8% less than in 2021 because, as restrictions were lifted, household consumption returned to pre-pandemic levels.

In 2022, exports reached 11.4 million bags, 8.3% less than in 2021, but their value was 12.4% higher thanks to good coffee prices, in turn the result of adverse weather conditions in producer countries, high differentials between January and October, and global logistical difficulties since the beginning of the year. Imports were 2.5 million bags, up 38.2% from those of 2021.

**GRI 102-6**

The main export market for Colombian coffee continues to be **North America (United States, Canada & Mexico)**, with 52.5% of total exports, while Europe continued as the second largest market, with a 26.6% share. Asia was the third largest market, with 17.3% of the total share.

## Coffee balance (million 60-kg bags)

	2018	2019	2020	2021	2022
<b>Production and imports</b>	<b>14.6</b>	<b>15.5</b>	<b>15</b>	<b>14.4</b>	<b>13.5</b>
Production	13.6	14.8	13.9	12.6	11.1
Imports	1.1	0.8	1.1	1.8	2.5
<b>Exports and consumption</b>	<b>14.7</b>	<b>15.7</b>	<b>14.9</b>	<b>14.8</b>	<b>13.7</b>
Exports	12.8	13.7	12.5	12.4	11.4
Consumption	1.9	2	2.3	2.3	2.3
<b>Balance</b>	<b>-0.05</b>	<b>-0.2</b>	<b>0.1</b>	<b>-0.4</b>	<b>-0.1</b>

**Source:** FNC Economic Research (the apparent balance discrepancies are due to rounding of decimals).

<sup>1</sup>Due to the methodological change in calculating domestic consumption, the data is not comparable to that used in previous years, whose balance can vary.

# Breaking previous year's record

## ANNUAL CROP VALUE REACHES USD 3.4 BILLION

*An average KC contract price of 214.2 ¢/lb, a high average quality differential of 67.2 ¢/lb, and an exchange rate variation of 13.7% explain this increase.*

The domestic price of Colombian coffee depends on three fundamental variables: the price on the KC contract, the quality differential, and the exchange rate. Any variation of these factors affects it.

In 2022, the KC contract price in New York increased **26.7%** to **214.2 ¢/lb** on average, due to difficulties in the supply chain, in shipments and difficult weather conditions in Brazil and Colombia that negatively affected the production of Arabica coffee throughout the year. The KC contract price remained high and volatile throughout the year. The monthly high occurred in February, **246.2 ¢/lb**.

The Colombian coffee differential (UGQ) reached an average of **67.20 ¢/lb**, up **28.9%** from the 52.1 ¢/lb a year earlier, and remained stable over the year, a behavior explained by the preference of consumers worldwide for mild and quality coffees.

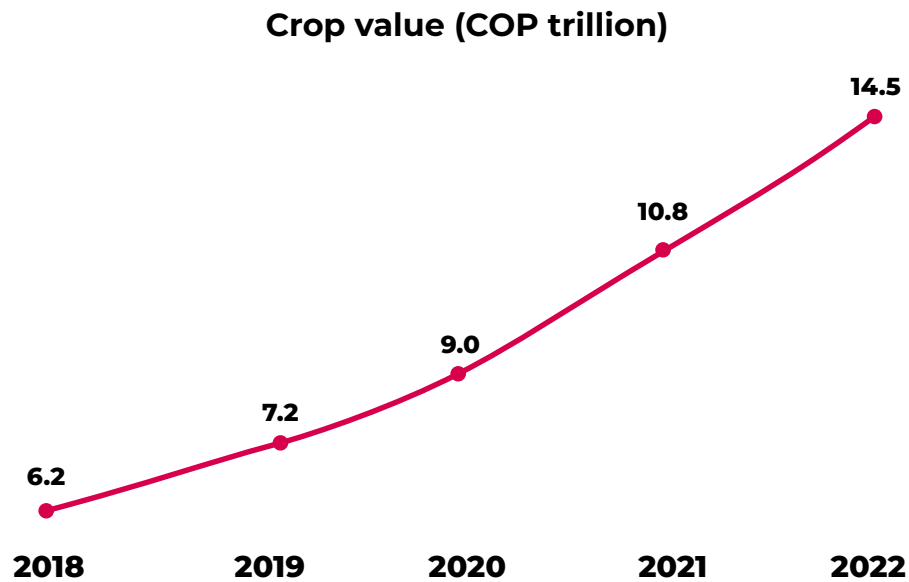
The exchange rate (TRM) depreciated **13.7%** from that of 2021 to an average of COP 4,255 per dollar, and reached its highest monthly average in November, **COP 4,922 per dollar**. The strength of the US currency was a consequence, in part, of the monetary policy decisions by the US Federal Reserve, which hiked its

interest rates throughout the year in an attempt to fight inflation, leading the Colombian currency to depreciate to historical levels.

In addition, the year was marked by a tense macroeconomic environment due to political tensions between countries such as Russia and Ukraine and fears of a global recession.



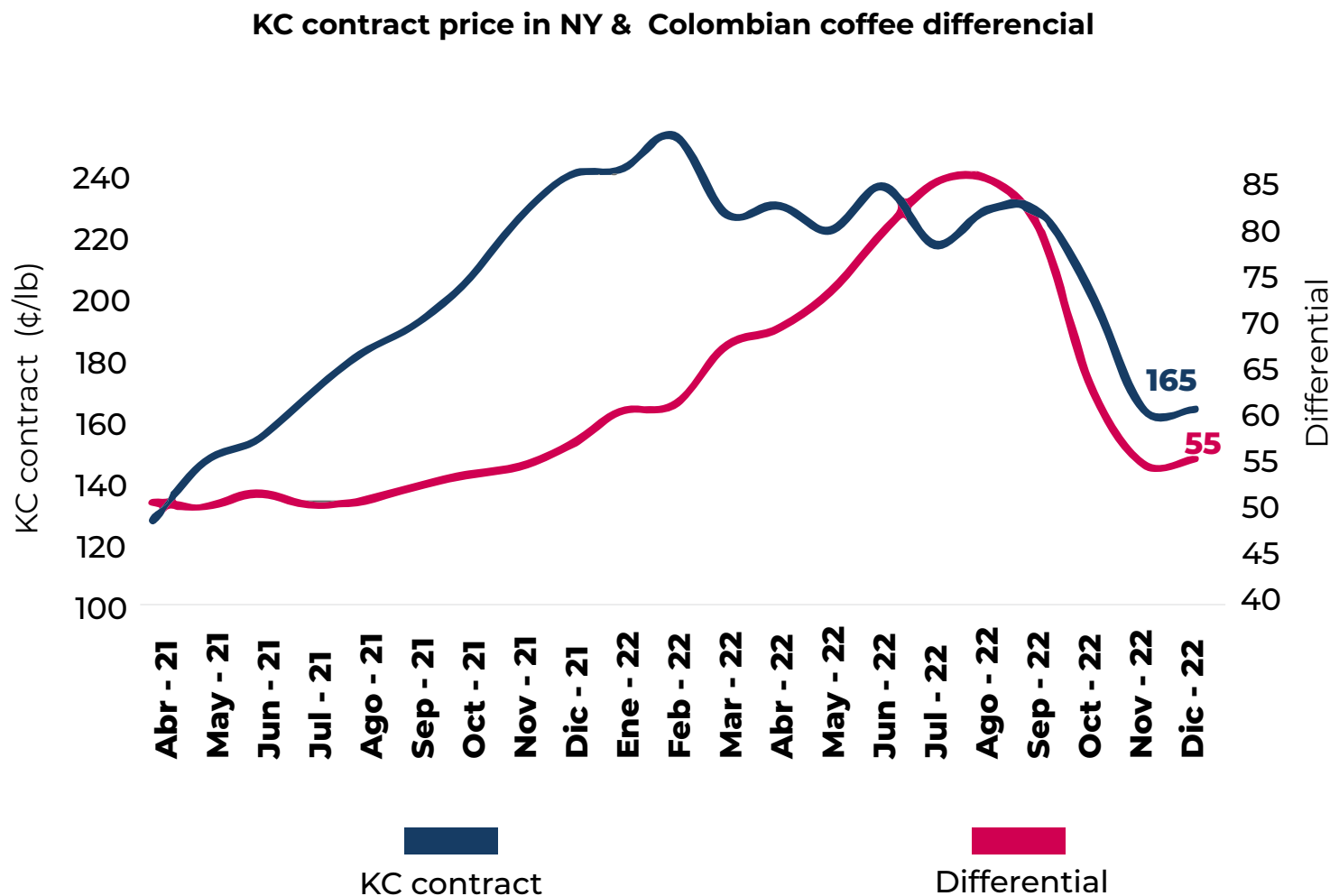




Source: FNC Economic Research.

Due to these factors (the KC contract price, the quality differentials and the exchange rate), the domestic reference price for coffee purchasing in Colombia reached a historical high of **COP 2,398,967 per load of 125 kg** in September, and closed at an average price of COP 2,150,867 (**USD 505.5**) per load in 2022.

The good prices, together with the FNC's efforts to strengthen the coffee sector, led the crop value to reach **COP 14.5 trillion (USD 3.4 billion)** and exceed the previous year's record by 34.7%.



Source: ICO, FNC Economic Research



# MAIN ACTIVITIES OF THE FNC

GRI 102-2  
GRI 102-4



## 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 Cenicafe 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.



# VALUE CHAIN

GRI 102-9



# FNC CONSOLIDATES & DIVERSIFIES NEW MARKETS AND CUSTOMERS

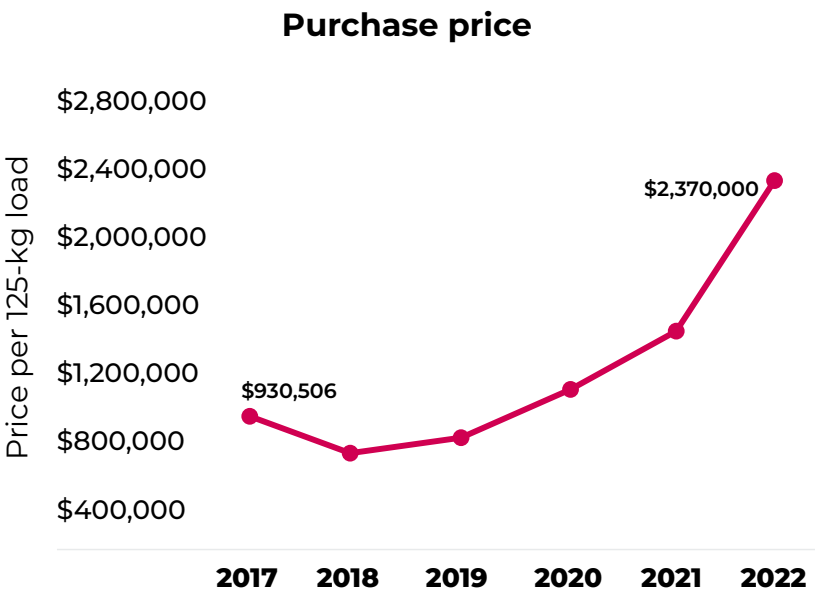
GRI 102-6  
GRI 102-7  
GRI 103-1  
GRI 103-2  
GRI 103-3

Thanks to an integrated and constant work, adding value in each of the chain links.

## Average purchase price exceeds COP 2,370,000 per load, the highest in history

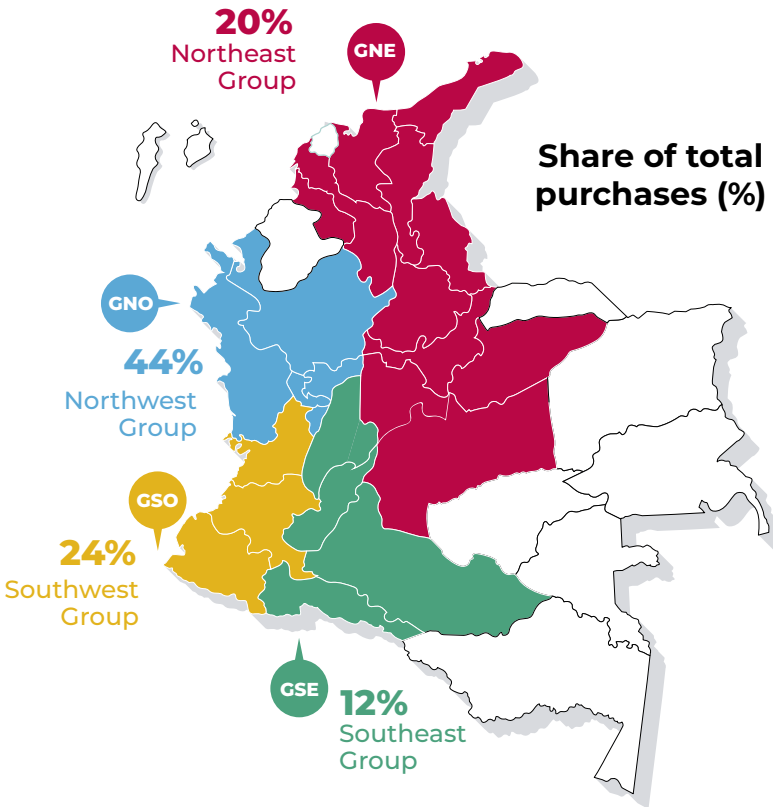
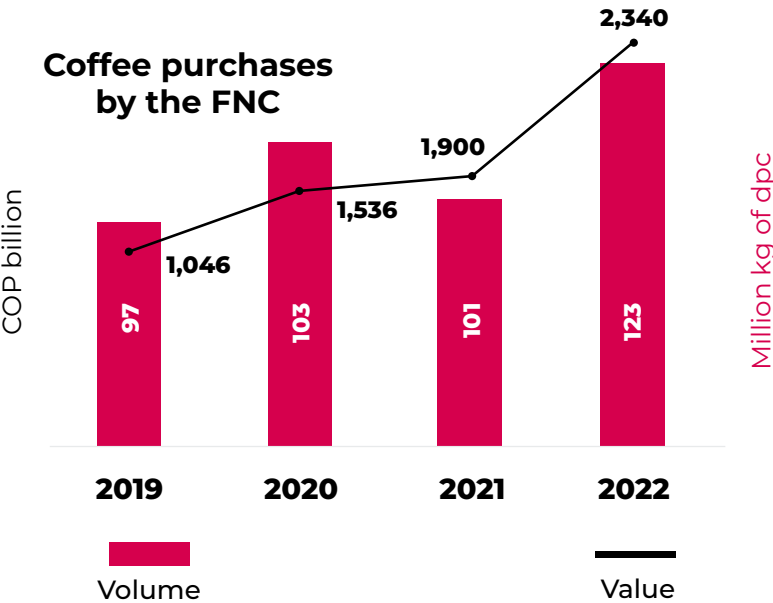
In 2022, the FNC expanded its portfolio and purchasing channels to 229 products and 14 programs as a result of the coordinated work of the regional teams and Almacafé.

Thanks to the work of the Commercial Division, coffee growers received specialty coffee premiums worth almost COP 56 billion (USD 13.16 million) and an average purchase price of **COP 2,370,000 (USD 557)** per load, the highest in history.



Source: FNC Commercial Division.

In the year, the volume of purchases reached 123 million kg of dry parchment coffee (dpc), a figure impacted by lower production in Colombia due to adverse weather conditions, but rewarded with a value of **COP 2.34 trillion (USD 549.9 million)**, 23% more than in 2021.



Source: FNC Commercial Division.

Confirming the preference of the world industry, the Colombian coffee differentials also reached historic levels, of **67.2 ¢/lb** versus 52.1 ¢/lb in 2021.



## Auction reaches record average price of 17.01 USD/lb

*The highest price paid for a Colombia, Land of Diversity coffee was also a record: 78 USD/lb.*

In the seventh version of the Colombia, Land of Diversity contest, **699 lots from 14 departments** took part, of which 213 scored more than 86 points in the Specialty Coffee Association (SCA) protocol and received premiums of up to COP 400,000 (USD 94) per load.

The contest was held within the framework of the second International Coffee, Cocoa and Agritourism Fair in Neiva, Huila, where international and national judges and customers tasted 41 finalist lots in the final round of evaluation.

### The winners of the 5 attributes were:

#### **Domingo Torres**

Ragonvalia, Norte de Santander.

**ACIDITY, BALANCE, BODY AND EXOTIC**



#### **Duberney Cifuentes**

Planadas, Tolima.

**MILDNESS**



The 17 best coffees (from 7 departments) were auctioned in person on October 1 before 25 customers. The 19 lots were sold to 13 customers from six countries at a record average price of 17.01 USD/lb, with a maximum price of **78 USD/lb** paid precisely for Torres coffee and acquired by the Amor Perfecto chain.



## Other departmental competitions

### CAUCA

At the 11th **El mejor café del Cauca** [Cauca's Best Coffee] contest, **182 lots entered**, from which a group of cup tasters from 9 specialty coffee companies selected the 14 finalists, who were auctioned virtually to more than 20 bidders from China, South Korea, the USA and Colombia, with the following results:

- Maximum FOB sale price of **18.5 USD/lb**, for coffee farmer María Nilza Garzón.
- 40 bags (70 kg) sold at an average price of **9.47 USD/lb**.
- **260 bags (70 kg)** sold as regional blends from the participating lots.
- The 3 lots with the best scores were from **women coffee growers**.

### ANTIOQUIA

The coffee grower cooperatives and the Antioquia Coffee Growers Committee organized the seventh departmental contest **La mejor taza de Antioquia** [Antioquia's Best Cup], in which 376 coffee growers from 23 municipalities participated. After several cupping rounds, 24 finalist lots were selected and participated in an online auction with customers from Colombia, South Korea, China, the USA, Taiwan, Estonia and Hong Kong.

Coffees with fruity, floral and herbal notes stood out. **Luis Álvaro Vargas**, from Urrao, was the winner with a washed Caturra Chiraso coffee, at a price of **18.50 USD/lb**. The average price of the auctioned coffees was 8.02 USD/lb

**Mobile and flexible quality laboratories in more municipalities**

*More than 9,800 producers were served directly by these laboratories, with over 12 million kg of dpc purchased.*

The mobile quality laboratory (Taza Móvil) and the flexible laboratory strategy provide physical and sensory quality analysis services for producers to achieve a better price, service and loyalty, both for cooperatives and coffee growers.

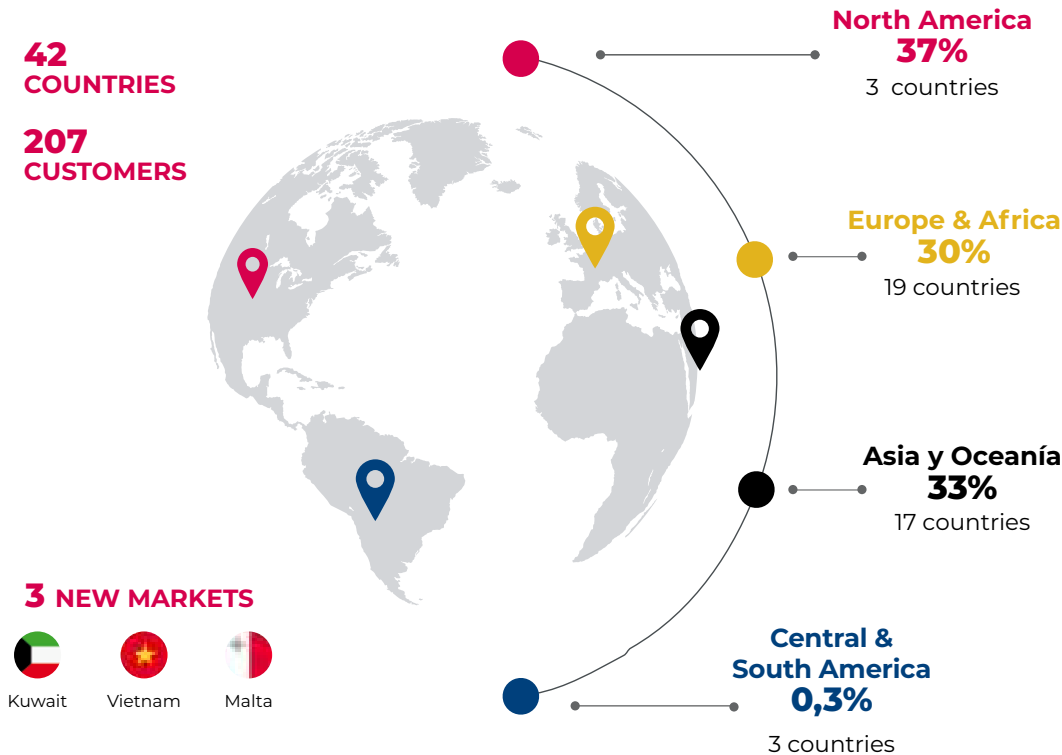
In 2022, the Taza Móvil served **2,350 producers** in 12 departments and 78 municipalities, **594,000 kg of coffee** were purchased, and over **600 quality reports** were delivered as feedback. On the other hand, **14 laboratories** have been installed in Cauca, Nariño, Tolima, Santander and Antioquia, serving over **7,500 producers** and buying about **11.5 million kg of dpc**.

**197,587 farms meet at least one sustainability standard**

The FNC facilitated the certification and/or verification of **197,587 coffee farms that meet at least one sustainability standard**, for the benefit of **170,993 coffee growers**<sup>3</sup>. Their commercialization yielded premiums worth **COP 55.98 billion (USD 13.2 million)** in 2022.

**60 new customers and 3 more markets, for a total of 42 destinations**

Together with the offices abroad, the Commercial Division continues diversifying its customer portfolio in search of new market niches and strengthening relationships with recurring customers. In 2022, relationships were established with **60 new customers** and **3 new markets** were opened up (Kuwait, Vietnam and Malta), for a total of **42 destinations** and **207 customers**. This translated into the sale of 1.47 million 60-kg bags for over **USD 585 million, 60% more** than in 2021, particularly due to 153% more sales in Colombia and Central and the rest of South America.



Source: Commercial Division.

To continue deepening the differentiation and better-price strategy (specialty coffees), different events have been held and attended with a view to building trust and long-term relationships to materialize businesses and projects that benefit coffee growers.

<sup>3</sup> Figure revised (duplicity) from the report to the coffee grower congress, because a farm or a coffee grower may meet more than one sustainability standard.



**JAPAN**

Reception for commemorating the **60th anniversary** of the FNC Tokyo office.

Launch of the Colombian **women's coffee line**.

Colombia Fair in Muji Ginza. **Independence Day**.

**CHINA**

The largest coffee chain, Luckin Coffee, with around 6,000 stores, **launched a special edition product with Colombian coffee** from El Paraíso farm, in Cauca.

Sponsorship and support to the **national barista and roaster championships**.

**EUROPE****Helsinki Coffee Festival - Sustainability panel on Colombia**

For highlighting the importance of coffee growers' prosperity and the interest in continuing to develop social, environmental and economic sustainability programs for Colombian coffee grower communities.

**World of Coffee**

Participation in the academic agenda and meeting with current and potential allies.

**Colombia Day** at the Espresso Coffee Academy - Independence Day.

**Traceability through blockchain and virtual reality**

With technologies such as **blockchain and the internet of things**, a physical and documentary coffee traceability pilot was developed with producers in Meta and Santander to highlight transparency of processes throughout the supply chain. And digital content, including virtual reality, was created for 20 producers from these departments to connect end consumers of Juan Valdez with the producers and stories behind each cup of coffee.





# BUENCAFÉ ACHIEVES HISTORIC SALES OF MORE THAN USD 210 MILLION

*This figure is 26% higher than in 2021 and was driven by retail sales. The company exports to 40 markets, with 5% of the global freeze-dried coffee market.*

In 2022, Buencafé's sales exceeded USD 210 million, 26% more than in 2021, a figure never seen before in the company's 49-year history.

Of the 13,185 tons sold, 10% were products certified under sustainability standards. As raw materials, purchases reached 460,000 bags of green coffee.

These results were achieved in a challenging global context given the scarcity of packaging materials and constraints in the supply chains, which delayed ships and containers. However, 1,863 containers with products from the factory were shipped.

The strategy of promoting higher value-added retail products was reflected in a 27% growth by volume year over year in this product segment.



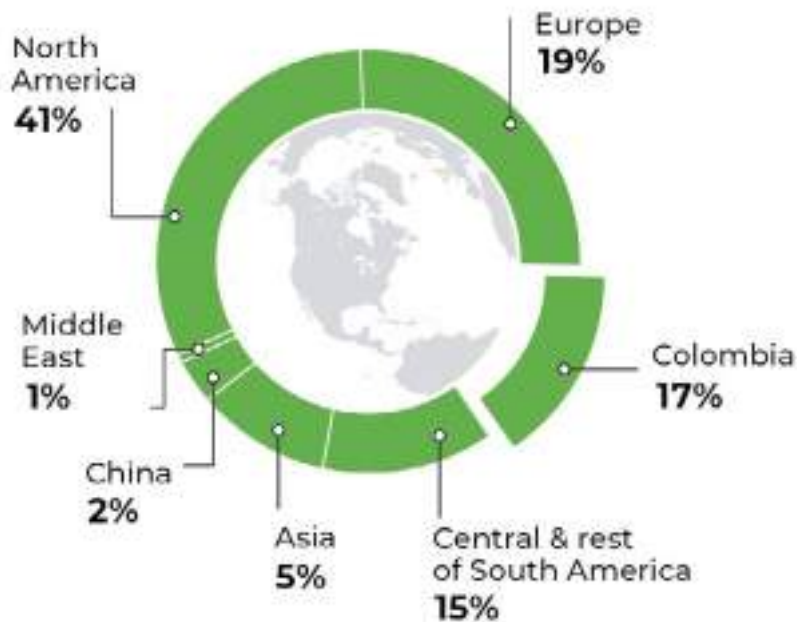
## Relevance in a new world

In 2022, Buencafé exported its products to **40 markets**, where it positioned the 100% Café de Colombia logo in 98.5% of retail sales, and consolidated its 5% share of the global freeze-dried coffee market.

Of total sales by revenue, 41% were in North America; 19% in Europe; 17% in Colombia; 15% in Central and the rest of South America, 5% in Asia, 2% in China and 1% in the Middle East.



### Distribution of the world market of Buencafé Liofilizado de Colombia



Source: Buencafé.

The freeze-dried coffee markets that grew the most in revenue, with **USD 30 million** billed, compared to 2021 were North America (with a presence in over 51,000 points of sale) and Colombia.

Worth **USD 6.8 million**, the 1,000 tons of frozen coffee extract sold meant a 106% increase in volume year over year.

Buencafé materialized the first sale of coffee oil, a versatile product, to Europe, and the first third-party-branded roast and ground coffee to Saudi Arabia (jointly with Almacafé). And the online sales platform Buencafé Market (B2B) was also launched to serve industrial customers in Colombia.

With **USD 25.7 million**, sales of the Buendía brand in Colombia and Ecuador grew 22% compared to 2021 (both in volume and revenue).

### Recognized by Monde Selection and new products

In 2022, new products were awarded. Of the seven submitted, all received the Monde Selection award, which recognizes quality and good taste. And the product portfolio is more diverse, such as Buendía Latte or freeze-dried Cold Brew, which challenge the traditional ways of consuming coffee.



### Greater packaging capacity

With investments in infrastructure, this year Buencafé increased the installed capacity of jar packaging by 35%, of can packaging by 150%, and of Doypack packaging by 55%.

Aware of climate change, Buencafé seeks an efficient use of energy, making the most of resources, minimizing impacts, and promoting the circular economy (see environmental chapter).



### Economic and social sustainability

Buencafé delivers 100% of its profits to the benefit of the 542,000 coffee grower families, and generates 1,000 jobs (430 direct and 570 indirect).

Partnering with the National Learning Service (Sena), this year it launched the Buencafé Academy program for socio-occupational orientation, with complementary and technical training in manufacturing, targeting over 1,000 young people in the last grades of 8 official schools in Chinchiná, Caldas, for preparing them for jobs in industrial plants.

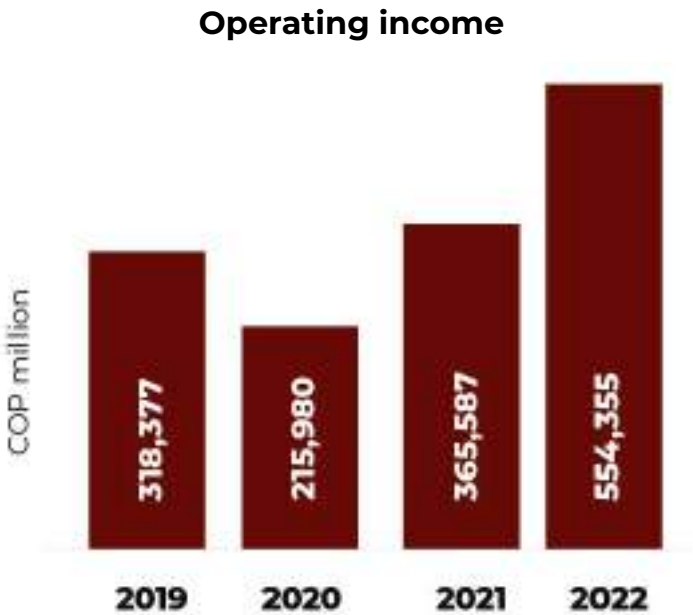
# PROCAFECOL OPERATING INCOME GROWS 52% TO USD 130.3 MILLION



*This year was one of recovery and growth. After a 2020 of pandemic and a 2021 of uncertainty, 2022 was a record year for the company.*

With final figures, operating income (including sales and others) of Procafecol was **COP 554.4 billion (USD 130.3 million)**, 52% more than in 2021; sales were 24% higher than planned.

The royalties transferred to the National Coffee Fund (FoNC) exceeded **COP 24 billion (USD 5.64 million)**, and **COP 170 billion (USD 39.95 million)** since its creation in 2002.



Source: Procafecol.

Some challenges this year were the depreciation of the currency, which affected the cost of sales and of the main raw materials, including coffee. There was a shortage of glass, and transportation problems persisted, making exports and imports difficult. Even so, the company improved its profitability, with a record EBITDA figure, through efficiencies in other expenses.

## Stores in Colombia

In 2022, the store channel reached sales of **COP 310.6 billion (USD 72.99 million)**, that is, 57% of total sales, 41% more than in 2021, and 14% more than planned.

25 new stores were opened up, in addition to remodeling and strategic relocations, to reach **357 stores in Colombia** (293 owned and 64 franchised).

## Mass consumption (modern channel)

The modern channel recorded sales of **COP 81.55 billion (USD 19.16 million)**, up 60% year over year and 45% above budget; this channel represents 15% of the company's sales, thanks to more customers among supermarkets and department stores, and more products coded by customer.

## Mass consumption (traditional channel)

Created in April 2021, in 2022 this channel sold **COP 26.99 billion (USD 6.34 million)**, up 141% year over year and 39% more than planned, and meant 5% of the company's sales thanks to excellent execution in point of sale, greater distribution and greater coverage. It has made it possible to reach over 100,000 neighborhood stores with Juan Valdez coffee.

### Institutional channel

The institutional channel reached sales of **COP 18.1 billion (USD 4.3 million)**, 88% more compared to 2021 and 32% more than planned, representing 3% of total sales. The growth was thanks to new customers and deepening in existing customers, such as WeWork, Mr Bono and Levapan.

### International market

The international channel once again showed historic results, with sales of **USD 24.3 million**, 38% more than in 2021 and 21% more than budgeted, contributing 19% of the company's sales. In this market, all channels leverage growth, including mass consumption, stores and institutional.

Covering all continents, consolidated countries such as Chile, the USA and Ecuador continued growing, and new ones such as Argentina, Qatar, Turkey and the United Arab Emirates were reached.

### Relevant actions

Among the significant actions by the Juan Valdez brand to connect more consumers are:

**Young Coffee Growers:** With a media campaign, the Young Coffee Growers product was launched, aiming to promote generational change with young producers.

**Product innovation:** With innovation as a constant, there were seasons in stores such as Colombia Flavors or Vital Flavors, offering consumers diversity and healthy trends. Partnerships were reached with brands such as Alpina and Popsy, and there were promotions such as Encanto, the Disney movie.

For the first time, a packaged coffee with 100% traceability was launched, "**Tracing the coffee route**," which shows the complete history from its cultivation and of those who produce it.





# ALMACAFÉ SALES TO CUSTOMERS OTHER THAN THE FNC GROW 32% TO USD 9.6 MILLION

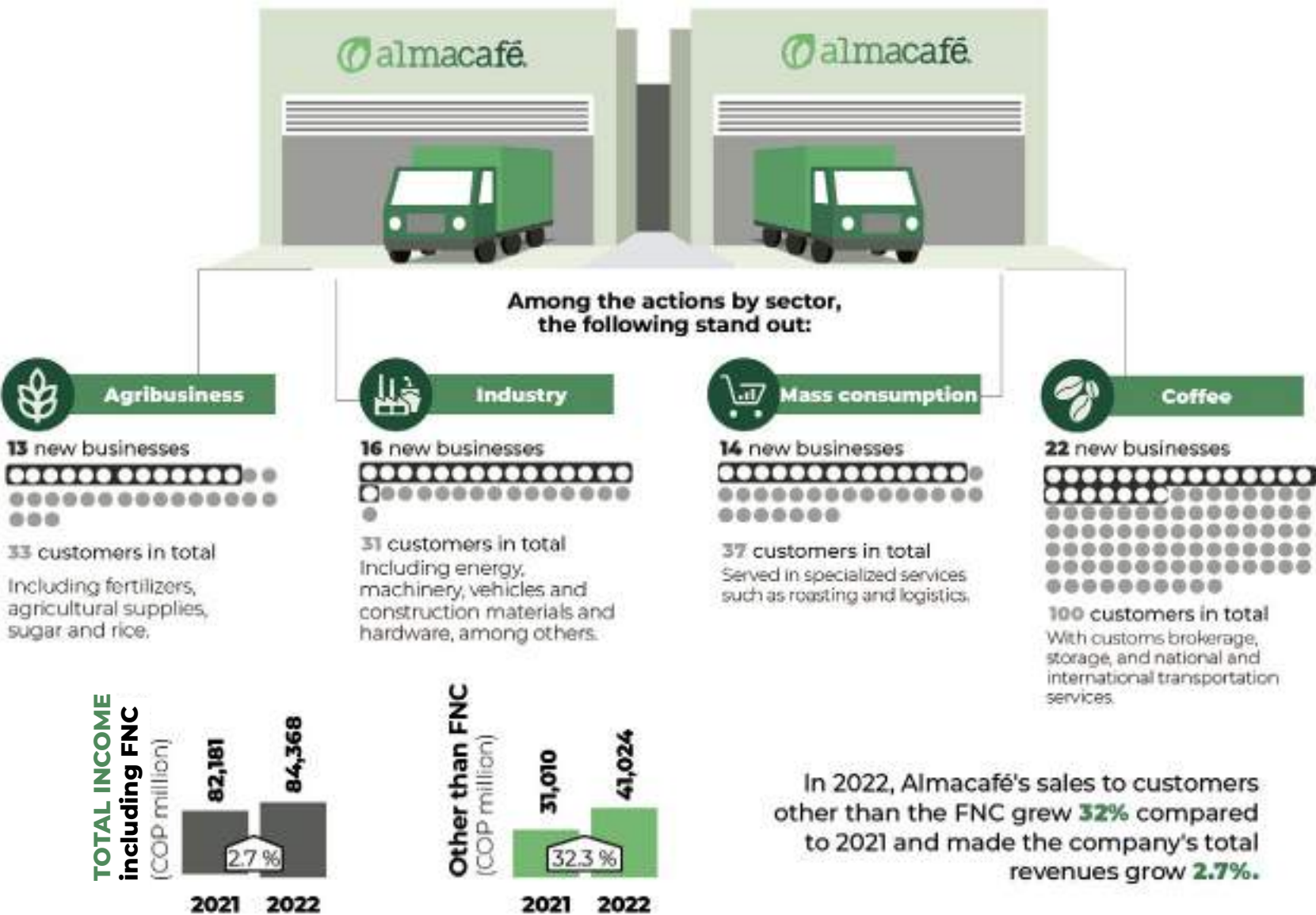
*Diversification to coffee-related sectors such as industry, agribusiness and mass consumption, and the positioning of the brand as the first 4PL logistics operator in Colombia support the good results. Revenues from customers other than FNC have doubled in the last 5 years.*

Almacafé adds value to the FNC by logistically supporting its commercial operation, assuring coffee quality and contributing profits via dividends.

In 2022, its revenue was **COP 84.4 billion (USD 19.8 million)**, of which **COP 43.4 billion (USD 10.2 million)** came from the FNC and **COP 41**

**billion (USD 9.6 million)** from other customers.

The most important milestone in recent years has been the implementation and strengthening of its commercial strategy, which adds value to customers and seeks new business, with the following progress this year:





In line with Almacafé's value strategy, the following representative aspects marked this year:

**Commercial partnerships:** The work continues to complement the portfolio of services as a logistics operator with partner companies that allow integrality in the supply chain. This item reached a revenue of COP 829 million (USD 195,000) without associated direct costs.

**Almacafé mobile app:** The Almacafé app for mobile devices was launched in September, in its first phase for the customs brokerage service for exports, providing customers with information on their operations.

**Laboratory of agrochemicals and ochratoxins:** With the chemical analysis laboratory specialized in agrochemical residues, work is being done on accreditation to serve customers who require this export coffee certification and evaluation of samples in the national market.

## Sustainability

**Non-discrimination seal:** In May the "Non-discrimination seal" is received, ratifying the commitment and work to preventing and eliminating any type or form of direct or indirect discrimination.

**Homologation of 4C and RF schemes:** For the 4C and Rainforest Alliance sustainable coffee certification schemes, in which Almacafé participates as a supplier of the FNC, the principles associated with gender equity, forced labor, non-discrimination, non-violence, and non-harassment at work were homologated.

**Climate change:** Aiming at carbon-neutrality, the measurement of the corporate carbon footprint was strengthened with the support of an international certifier, raising awareness and deepening on greenhouse gas managers.



# PROMOTION CONSOLIDATES CAFÉ DE COLOMBIA AS AN ACTIVE AND VISIBLE BRAND

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

*The brand participated in renowned events around the world and in the country, in spaces that give visibility to the brand and provide commercial platforms for Colombian coffee exporters.*

## The best coffee in the world at international expos

In 2022, Café de Colombia participated in **9 international expos:**

-  **Expo Dubai**  
From February 22 to 26.
-  **The Amsterdam Coffee Festival**  
From March 1 to 3.
-  **Specialty Coffee Expo 2022, Boston**  
April 8-10.
-  **Helsinki Coffee Festival**  
April 22 to 24.
-  **Seoul International Book Fair**  
June 1-5.
-  **World of Coffee, Milan**  
From June 23 to 25.
-  **Melbourne International Coffee Expo (MICE)**  
From September 27 to 30.
-  **World Specialty Coffee Japan (SCAJ)**  
From October 12 to 14.
-  **Seoul International Cafe Show**  
November 23-26.



Participating in these events allowed the brand to be visible and active among over **230,397 visitors**, as well as offering **22,843 cups** of Colombian coffee. In addition, **89 Colombian coffee exporters** had access to cup tasting bars or windows to show the diversity of our flagship product.



## Promoting visibility of the Café de Colombia brand

The brand's participation in national events and sponsorships allowed it to gain exposure and recognition, with the following outstanding achievements:

- **"Emotions associated with consumption of a good cup of coffee,"** on the academic agenda of the WPA World Congress of Psychiatry, Cartagena, from February 23 to 25, with the participation of **300 psychiatrists from around the world.**
- **Bogotá Marcando Estilo** (Bogotá Setting Style), on April 8, where more than **220 cups** of Colombian coffee were served.
- **Filter coffee tasting and preparation workshops** within the framework of the first specialty coffee fair in Cúcuta, from April 1 to 3, where **450 attendees** participated in the workshops.
- **Coffee Fest Colombia 2022**, Pereira, from August 26 to 28, where the brand was visible to **18,000 attendees.**
- Workshop **"How to recognize a 100% Colombian coffee,"** aimed at doctors recently graduated from the Javeriana University, Bogotá, on September 14.

• **Cafés de Colombia Expo 2022**, from October 5 to 8, drew a record of **20,392 visitors**, who got to know the commercial offer of 111 exhibitors.

• **5 regional and 2 national barista championships, 2 national cupper taster championships, and 1 national filter coffee championship**, bringing specialty coffees closer to final consumers and turning baristas, cuppers and judges into promoters of what is behind Colombian coffee.

In 2022 the partnership with ProColombia continued. The brand was present at **9 international and 3 national events**, so that consumers associate the Café de Colombia brand with events that represent value to them.

## Colombian coffee quality workshops

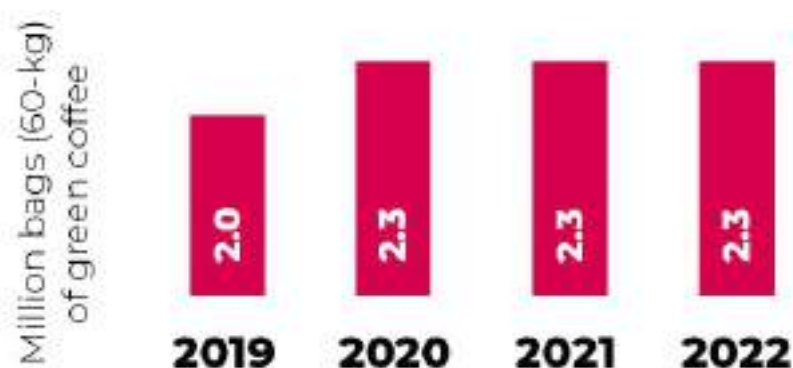
Following the recommendations of the National Congress of Coffee Growers, **the brand developed 21 coffee quality workshops through Taza Móvil (mobile coffee quality labs)** in several municipalities, which allowed **486 attendees** to learn to identify the main coffee attributes and defects to strengthen their knowledge in the industry.

## Online store [comprocafedecolombia.com](https://comprocafedecolombia.com) boosts domestic consumption

*In 2022, the positioning of the online store continued encouraging the purchase of 100% Colombian coffee and making visible the quality work of the 542,000 coffee grower families.*

In 2022, a stable domestic coffee consumption of 2.3 million bags was consolidated in the country; the activities and campaigns developed were key to reaching new audiences.

## Domestic coffee consumption



Source: Raddar - FNC.



The online store has been one of the most recent initiatives to promote consumption of Colombian coffee:

**5,251 units** were sold, 154% more than a year earlier.

The platform has more than 50 brands of 100% Colombian coffee.

In 2022, the online store consolidated as one of the most important sales channels for different brands that cannot have their own outlets, as the only requirement is to have a denomination of origin seal. In social media, @ComproCafedeColombia is present on Instagram and Facebook to reach more audiences, including the youngest.

The online store participated for the first time in Cafés de Colombia Expo, with a space at the institutional booth where attendees could browse the page, get to know the coffee brands available, make their purchase, and receive it in any destination nationwide.



## Domestic consumption campaign Café de Colombia Quality Triangle is launched

Many supermarket packages confuse consumers and are not 100% Colombian coffee (of the highest quality). The best way to be sure is to identify the Café de Colombia logo.

The Café de Colombia quality triangle represents the most important values of coffee growers, which are the same with which Colombians identify: discipline, effort, constant innovation, and love for a land that yields beans with the most excellent features.



Producing it is a source of pride for coffee growers: it is a long and highly dedicated process. That is why we want Colombians to know how to identify this wonderful brand, thanks to the **Café de Colombia Quality Triangle**.

The campaign was broadcast nationwide: ads on TV, spots, posts on social media and digital outlets, influencers, press and PR articles. In 2022, more than 3.5 million engagements were achieved on the brand's social media, including Likes, comments and clicks to [realacademiadelcafe.com](https://realacademiadelcafe.com)



## Real Academia del Café launches Module 0

As part of the Quality Triangle campaign, the brand launched a new module on **realacademiadelcafe.com** to teach Colombians how to identify and consume 100% Colombian coffee with a denomination of origin (and the Café de Colombia logo) from the 23 producing departments.

In 2022, the platform reached over 830,000 sessions of consumers who learned how to identify 100% Colombian coffee and received their certificates as ambassadors of the country's flagship product.

## 100% Colombian Coffee Program grows

Every year there are more brands worldwide that use the Café de Colombia logo as endorsement of origin and quality of their coffees. In 2022, the number of program licensees grew to 261 from 248 in 2021, and the number of brands authorized to use the Café de Colombia logo grew to 859, up 9% from the 791 brands in 2021.

This growth of the 100% Colombian Coffee Program is due to: 1. The training of producers and supply chain members on the importance of commercially differentiating their coffee by origin and quality. 2. A domestic consumption campaign that has invited consumers to look for the **Café de Colombia Quality Triangle** to ensure that they are buying 100% Colombian coffee.

## 100% Colombian Coffee Program



**Source:** FNC Intellectual Property Coordination (figures revised for 2018-20, since in previous reports they corresponded to Jan-Sep of those years).

## The brand wins prize in Switzerland

Café de Colombia and its 2021 campaign "Colombians who respect themselves drink 100% Colombian coffee" were gold winners in the Effectiveness of Academic Values subcategory of the Luum Awards, granted in Switzerland. The campaign invited consumers to register on [realacademiadelcafe.com](http://realacademiadelcafe.com) to learn and become connoisseurs of 100% Colombian coffee.

## Challenges for 2023

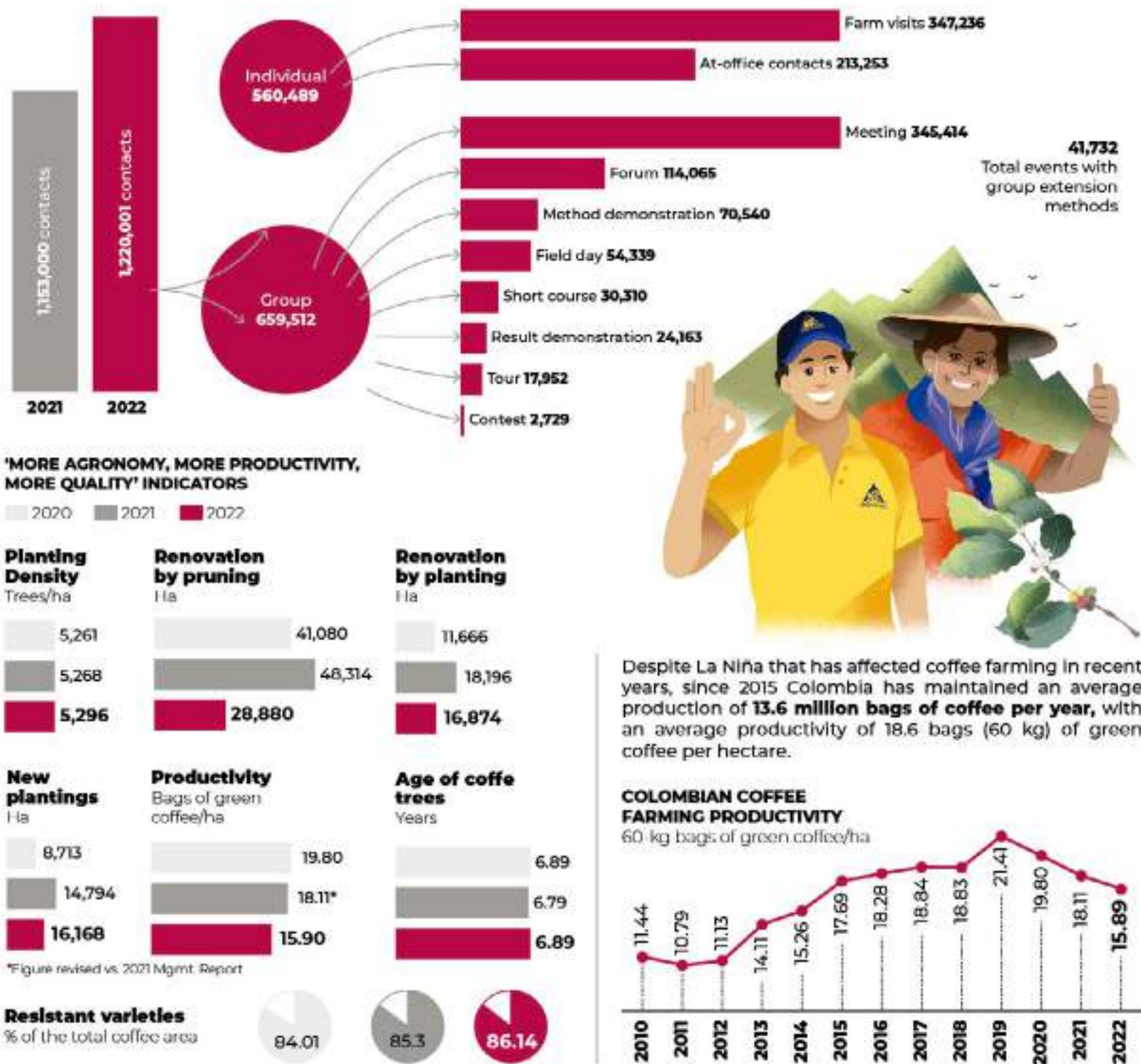
- The Café de Colombia brand wants to publicize in different events around the world how the Colombian origin stands for coffees of the highest quality, and to highlight sustainable work, aiming at coffee farming as a profitable business that contributes to economic and social development of the **542,000** Colombian coffee grower families, taking care of the environment.
- **To develop actions and campaigns to position** the online store [www.comprocafedecolombia.com](http://www.comprocafedecolombia.com) as the most reliable sales platform to ensure that the coffee purchased by consumers is 100% Colombian.
- **To strengthen the message** on the importance of consuming 100% Colombian coffee through the online learning platform [realacademiadelcafe.com](http://realacademiadelcafe.com) and our social media, and continue positioning and differentiating the Quality Triangle.
- **To continue promoting** the 100% Colombian Coffee Program to increase the number of brands authorized to use the denomination of origin, protected geographical indication, and the Café de Colombia logo.



# 1,220,000 CONTACTS OF THE EXTENSION SERVICE WITH COFFEE GROWERS

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

In 2022, the Extension Service provided 1,220,001 contact services to coffee growers through individual and group methods, up 4% from the 1,153,000 provided in 2021.





## The Business Management Program focused again on its two components:

**Group training in administrative farm management**, for which the Extension Service formed over 2,000 groups of interested coffee growers and provided three levels of training according to their knowledge of these topics.

**2,000 Farms Plan for production costs.** Over 2,000 coffee growers are providing information on costs related to cultivation and agronomic and administrative management, as well as on-farm production and income records, an exercise that allows the FNC to get to know, as a reference, cost structures and technical-economic indicators for different regions in the country.

## With 5,296 trees/ha, planting density is the highest in history

*86% of the coffee area is planted with resistant varieties, also a record percentage, thanks to the strategy 'More agronomy, more productivity, more quality.'*

Once the covid-19 pandemic was overcome, the Extension Service resumed in person its training, advisory and technical assistance activities for coffee growers, focusing on disseminating and promoting adoption of the practices defined under the strategy "**More**

**agronomy, more productivity, more quality".**

The effective adoption by coffee growers of the 8 agronomic practices in their production systems and the 7 coffee processing activities has improved productivity and coffee quality.

### 8 AGRONOMIC PRACTICES FOR COFFEE FARMING

- 1. Plant varieties** with durable resistance to rust.
- 2. Use coffee** seedlings of known origin.
- 3. Plant or renew** crops at the correct time.
- 4. Establish** the optimal planting density.
- 5. Define** renovation cycles to keep the crops young.
- 6. Adapt** sunlight for the crop to the region's conditions.
- 7. Correct** soil acidity, adjusting it to the coffee crop.
- 8. Properly** fertilize coffee plantations.



### 7 COFFEE PROCESSING ACTIVITIES

- 1. Ensure** quality of coffee harvesting.
- 2. Process** each batch of coffee separately.
- 3. Remove** fruits and beans of lower quality.
- 4. Keep** equipment clean and calibrated.
- 5. Monitor** fermentation with Fermaestro®.
- 6. Completely remove** the mucilage.
- 7. Obtain** and maintain dry parchment coffee (dpc) water content at 10% to 12%.

The implementation of these practices has yielded important results:

 **86%**  
of the area is planted with **varieties resistant to rust.**

 **Planting density**  
is the highest in the **country's coffee history.**

 **6.89 years**  
Is the average tree age, which means having **young coffee plantations.**

 **Phytosanitary state**  
Strengthened with field surveys, it remains **free from economic damage risks.**

Although there was no renovation program in 2022, coffee growers' efforts to continue this practice, which is essential to maintain productivity, stand out. In the year, **62,000 hectares** were reported as **renovated or with new plantings.**

**Future challenges  
& associated goals**

- To reach **90%** of the coffee area planted with resistant varieties, average age lower than **6.5 years**, density greater than **5,500 trees/ha**, and annual renovation rates close to **20%** of the coffee area (promoting a greater number of lots per farm).
- With this, average productivity is expected to reach **22 bags** of green coffee/ha, with stable crop volumes of **14 to 14.5 million bags** of green coffee per year.
- It is necessary to promote a greater use and application of soil analyses as a key tool for adequate nutrition, and disseminate the components of assisted coffee harvesting: selective hand-picking with meshes on the ground and selective shaker machine.



# CENICAFÉ SCIENTIFICALLY SUPPORTS A CLIMATE-SMART COFFEE FARMING

GRI 103-1  
GRI 103-2  
GRI 103-3  
GRI 203-1

*It was possible to mitigate the effects on productivity, coffee crop health and coffee quality of one of the longest and most severe rainy seasons that the La Niña event has brought in the last 20 years.*

Remaining competitive in the face of extreme weather conditions is an achievement based on the sound scientific support of the greatest technical change in Colombian coffee farming in recent years: the **release of the improved Cenicafé 1 and zonal Castillo® varieties.**

As the culmination of a unique work in the global industry, these varieties are milestone developments financed entirely by coffee growers themselves and a long-term research effort made possible by a certified seed production system that facilitates massive technology transfer.

This resilience of our coffee farming in the face of climate variability has been built by adopting the key practices of the **"More agronomy, more productivity, more quality"** strategy, which have cushioned possible productivity changes and consolidated environmental sustainability while adapting to the changing conditions of world coffee consumption.

Other important results of scientific and technological research are:

1

## **Permanent updates to coffee growers on the weather conditions**

of their regions and on agronomic practices that reduce the negative effects of more rainfall, lower temperatures and low sunlight thanks to the monitoring of La Niña in the last 27 months through the Coffee Grower Climate Network, also partnering with Colombia's Institute of Hydrology, Meteorology and Environmental Studies (IDEAM) and the International Research Institute for Climate and Society (IRI) on a global scale.

2

Strengthened rust resistance by delivering to the departmental committees **98.4 tons of seed of improved varieties**, of which 60% were Cenicafé 1 and the rest general and zonal Castillo®.

3

## **Recomposition of the Cenicafé 1 and zonal Castillo® varieties**

by adding 12 new lines that meet the conditions of excellent cup quality, resistance to rust, high productivity, and adaptation of coffee farming to the environment.

4

Identification of technological options for better **integrated management of weeds** that compete with coffee, thanks to the use of electrical equipment and pressure regulators, as well as chemical control alternatives that reduce glyphosate doses by up to 50%.

5

**Characterization of biomass of the leguminous plants** established between the



coffee rows as sufficient sources of nitrogen and potassium in the first year of vegetative growth.

6

**Exploration of new products for chemical control of rust and the coffee berry disease (CBD)** given the marketing conditions of the European Green Deal on maximum residue limits and hazard classification of agrochemicals.

7

**Validation of high yields of Cenicafé 1 under La Niña weather conditions** in experiments of densities of 9,426 and 10,412 plants/

ha, with productions of 1,137 and 1,249 arrobas of dry parchment coffee (dpc) per cycle, respectively.

8

**Development of chests** that, besides separating the green fruits in pulping by means of swing gates, double the amount of coffee processed per hour in the pulping machines and, with a modular design, can be increased to different production volumes.

9

Determination of **quality of beans produced in the coffee ecotopes**, with a share of samples without

sensory defects of 74% and an average SCA score of 81.4. Detection of defects through a validated model of near infrared spectroscopy (NIRS), with success rates of 83.5% in green almond coffee and 93.5% in dpc.

10

**Delivery of a number of research products to the Extension Service** to encourage technical change among coffee growers focused on the eight basic practices of the "More agronomy, more productivity, more quality" strategy.



# FNC KEEPS LEADING RURAL FINANCIAL INCLUSION IN COLOMBIA

GRI 102-6

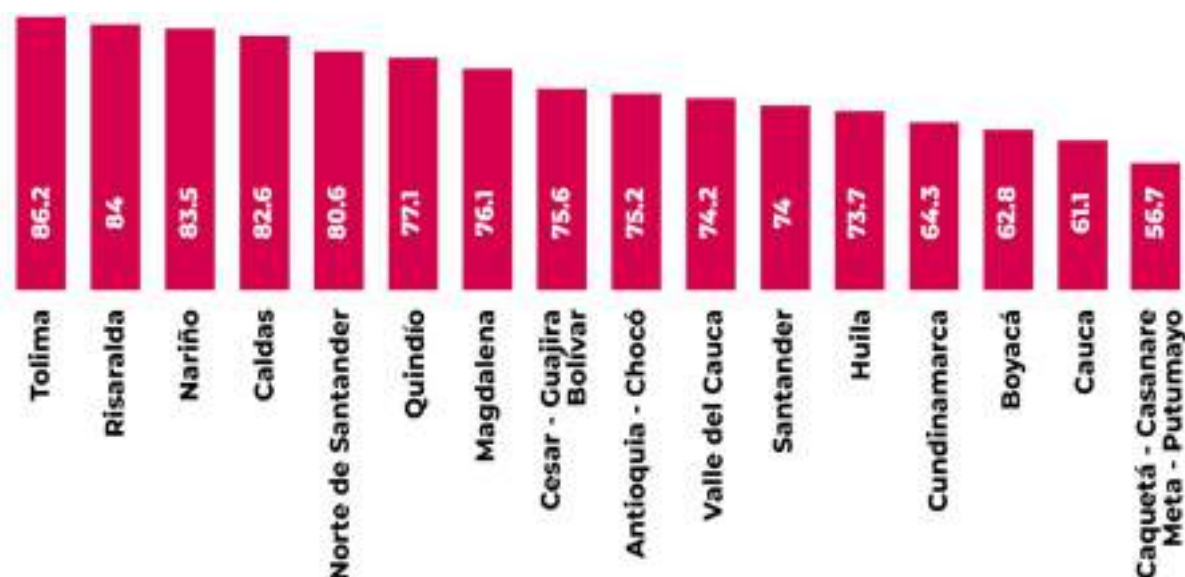
*74% of coffee growers have a Smart Coffee Grower Card or ID Card, with over 386,000 farmers having access to banking services as of 2022 compared to 51.3% of adults in Colombia with at least one active savings account.*

The **Smart Coffee Grower Card/ID Card (TCI/CCI**, the acronyms in Spanish) is a union document that the FNC delivers to coffee growers and works as: (i) an instrument to exercise their union rights, and (ii) a savings account with Banco de Bogotá to facilitate payment, savings and benefit processes.

**74% of coffee growers** have a TCI/CCI, while, according to the 2021 Financial Inclusion Report of Banca de las Oportunidades and the Financial Superintendence, in Colombia **51.3% of adults** have at least one active savings account.

In Tolima, Risaralda, Nariño, Caldas and Norte de Santander, more than 80% of producers have a TCI/CCI, a permanent support that connects them to the formal financial sector.

**% of coffee growers with access to banking services**



**Source:** Administrative and Financial Division.

By 2022, the average use rate of the CCI/TCI was 8%, and for increasing it by saving the surpluses from coffee sales, with the support of Banco de Bogotá and Agroinsumos del Café, the 3+3 recognition campaign was launched.

In April 2023, two "profitability kits" were delivered (including shaker machine, work boots, and fertilizers, among others) among coffee growers who, in the three months of harvest, save at least COP 1.5 million and keep their savings for 3 more months.



# COFFEE GROWERS SAVE USD 288,836 IN WITHDRAWALS THANKS TO FNC

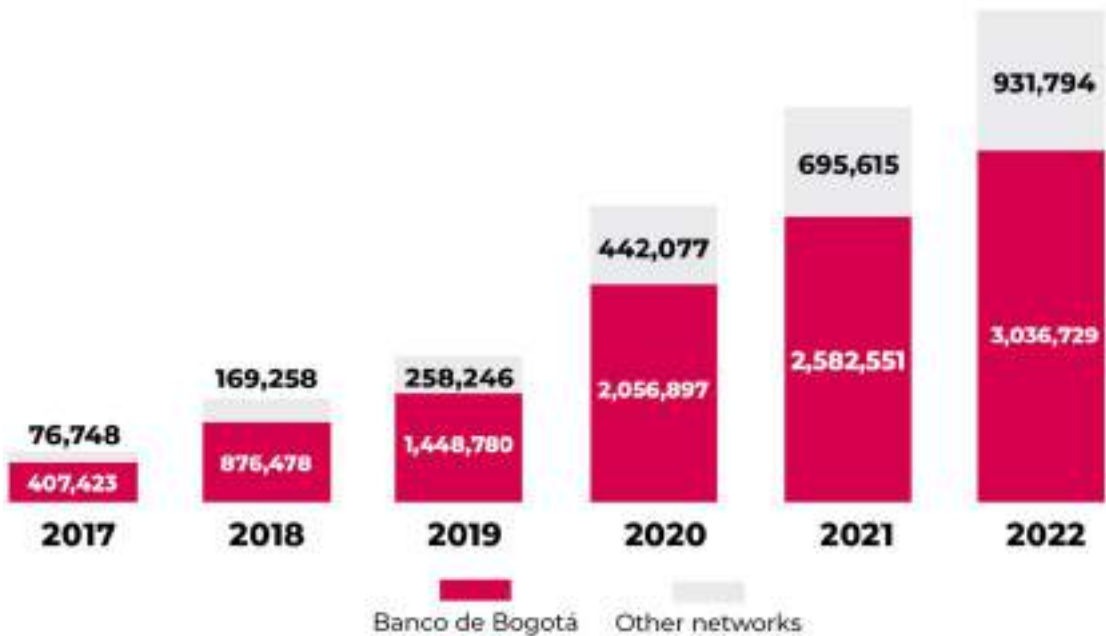
GRI 203-1

*Because of the benefits achieved, transactions at ATMs from other networks have grown 28% since 2020.*

The CCI/TCI has given coffee growers access to banking services and channels at preferential rates and 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, which initially was in force between March 2020 and December 31, 2022 (it would be renewed as of January 1, 2023), has increased the use of ATMs among coffee farmers, with over 3.9 million transactions in the last 6 years.

Accumulated transactions in ATMs



Source: Administrative and Financial Division.

In 2022, the payment exemption for withdrawals at ATMs from other networks saved coffee growers **COP 1.2 billion (USD 288,836)** in 236,179 transactions.



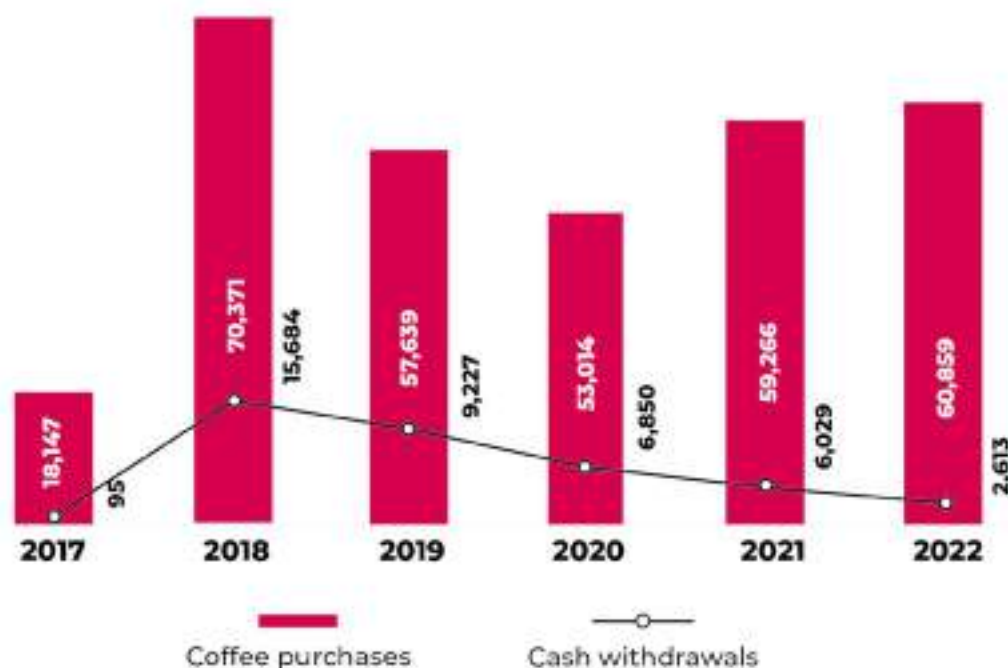


## Increased use of digital channels

In 2022, promoting the use of digital channels continued to be a priority; following a recommendation from the 2021 Coffee Grower Congress on financial inclusion, online purchases with the CCI/TCI through the PSE platform were enabled, allowing coffee farmers to make transactions and payments online.

As to the use of the CCI/TCI in the Coffee Grower Channel of the cooperatives, coffee purchases reached **COP 60.9 billion (USD 14.3 million)**, and cash withdrawals were worth **COP 2.6 billion (USD 614,101)**.

## Coffee purchases & cash withdrawals through the Coffee Grower Channel (COP million)



Source: Administrative and Financial Division.

Since 2015, the CCI/TCI preferential rates have translated into savings of **COP 336 billion (USD 79 million)** for coffee growers and the coffee institutions

## 79,948 FINAGRO LOANS TO PRODUCERS WORTH USD 414.6 MILLION

GRI 102-6  
GRI 102-7  
GRI 203-1

*It is the largest amount in eight years to finance key coffee production activities with resources from the Fund for the Financing of the Agricultural Sector (Finagro).*

In 2022, **79,948 Finagro loans** were granted to producers, worth COP 1.76 trillion (**USD 414.6 million**), the highest amount in the last 8 years. This amount includes all banks and rediscount and consolidation lines for financing different production activities such as maintenance, wet mills, renovation and machinery.



## Loans granted to coffee growers

Year	No. of loans	Amount (COP million)
2015	62,535	573,136
2016	65,223	988,090
2017	71,076	1,051,163
2018	70,292	864,262
2019	57,798	919,647
2020	74,247	969,162
2021	70,070	1,433,090
2022	79,948	1,763,948

Source: Finagro.

Of the loans granted, 89.2% went to small producers, 10% to medium-sized producers, and 0.8% to large producers; 65% of the loans were for investment purposes.

**14,374 coffee growers** benefited from preferential interest rates of the Special Credit Lines (LEC) managed by Finagro, with significant savings from interest rate subsidies worth **COP 20.7 billion (USD 4.86 million)**. Small producers were the ones who benefited the most, with **97%** of the resources, invested mainly in renovation of coffee plantations.

The work of the FNC extension service under the strategy "More agronomy, more productivity, more quality" has been key for coffee growers to file viable projects requiring financing to the Banco Agrario. In 2022, **18,058 loans** worth **COP 165.7 billion (USD 38.9 million)** were granted, mainly for maintenance, new plantings and construction of wet mills.

## Allocation of loans to coffee growers

Activity	Loans	Amount (COP thousand)	Share
Maintenance	5,435	34,269,339	30.10%
New crops	4,614	49,546,342.4	25.55%
Construction of wet mills	2,688	35,488,161.96	14.89%
Renovation of young modernized coffee plantations (<9 years in the sun/12 years shade-grown and semi-shade-grown)	2,355	22,937,675.00	13.04%
Renovation by pruning of young modernized coffee plantations (>54 months)	1,249	6,906,655.40	6.92%
Renovation by planting of aged coffee plantations (≥ 9 years in sun/12 years shade-grown and semi-shade-grown)	850	8,283,947.10	4.71%
Machinery and equipment	797	7,834,065.29	4.41%
Yellow corn	41	161,612.00	0.23%
Beans	18	203,750.80	0.10%
White corn	11	52,751.90	0.06%
<b>TOTAL</b>	<b>18,058</b>	<b>165,684,301.06</b>	<b>100%</b>

Source: FNC Technical Division.



# COFFEE FARMER PORTFOLIO OF BANCO AGRARIO GROWS 11.5% TO OVER COP 1.6 TRILLION

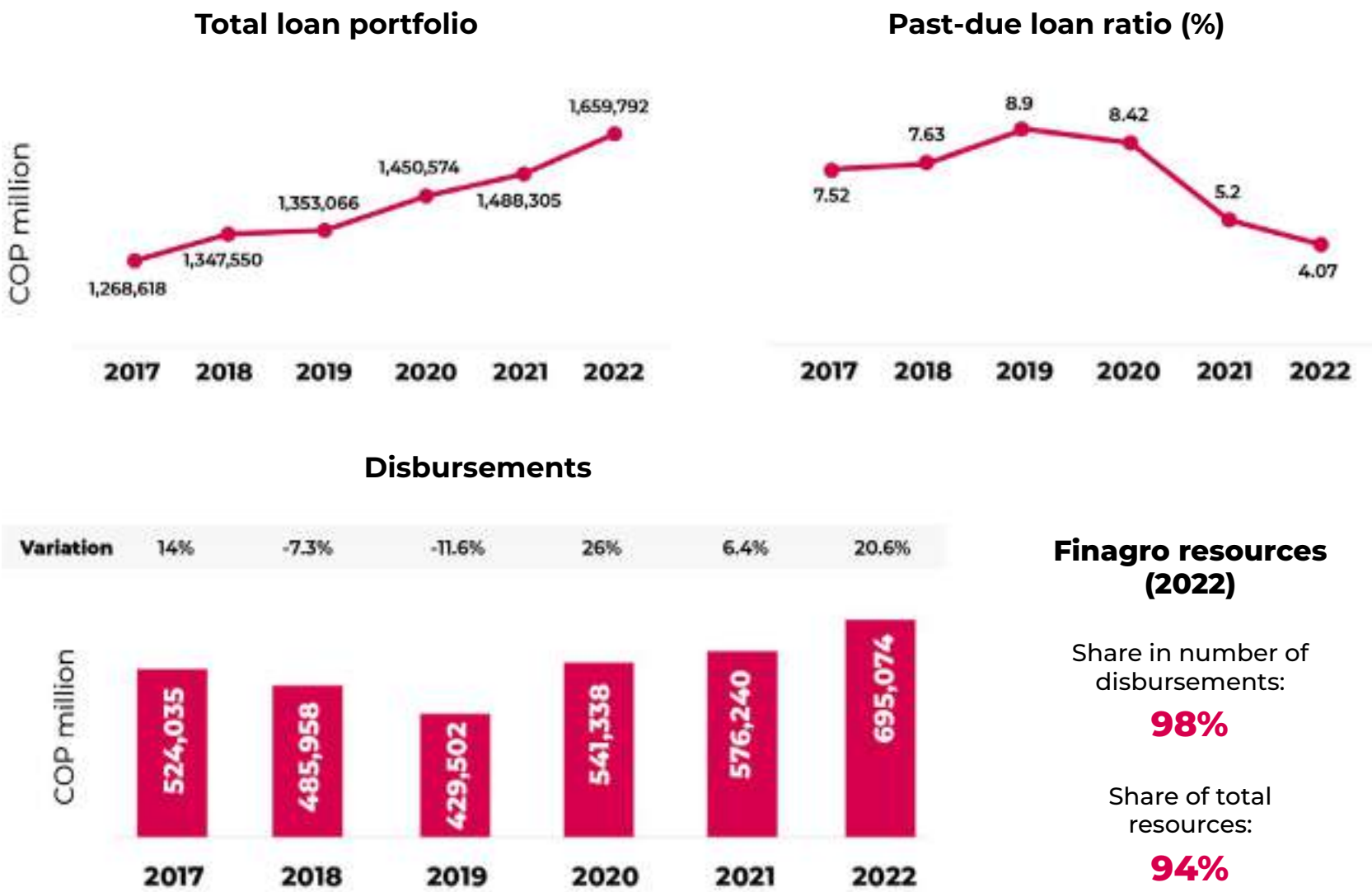
*Coordinated work with the FNC, with the support of the Extension Service, ensures credit conditions that match the production cycle. Past-due loans fell to 4.1%.*

In 2022, Banco Agrario and the FNC continued working together to ensure coffee growers' access to loans tailored to their needs and specific context.

The success of this partnership has ensured that the credit conditions match the production cycle of crops and the financial behavior of producers as to savings, investment, and payment of obligations.

The support of the Extension Service has been key in coordinating the process.

As a result, growth of the **total loan portfolio** stands out, exceeding **COP 1.6 trillion (USD 376 million)**, while the past-due loan portfolio fell to **4.1%**, the best indicator in 6 years.



Source: Banco Agrario de Colombia.





# 2

Promoting **holistic social development** of coffee grower families and communities

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# FNC PRESENTS WOMEN'S COFFEE LINE TO THE INTERNATIONAL MARKET

*Empowering through passion for the bean, this line highlights the great female contributions to the value chain.*

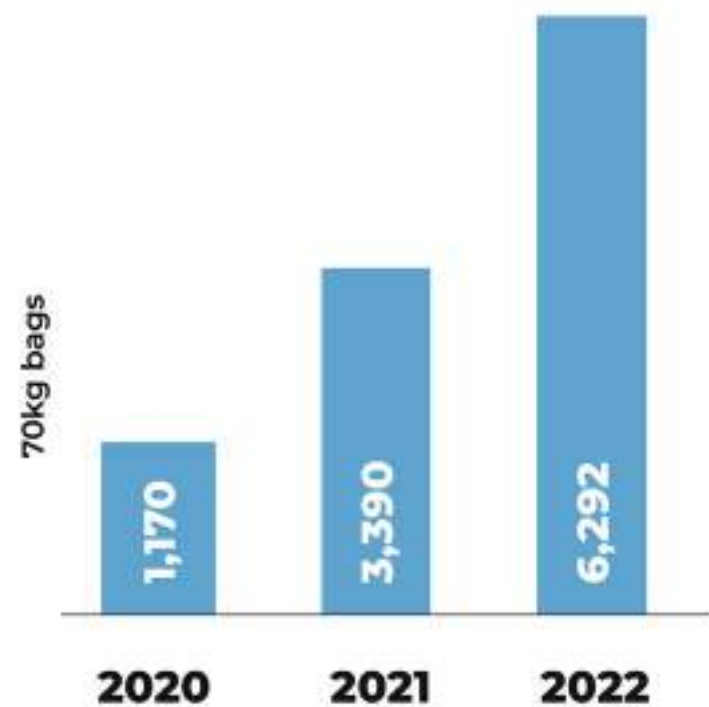
- GRI 102-6
- GRI 102-7
- GRI 103-1
- GRI 103-2
- GRI 103-3
- GRI 203-1
- GRI 404-2

With the attendance of the President of the Republic, the Vice President and union leaders, on May 17, 2022 the Colombian women's coffee line was launched internationally, an event that connected online 14 embassies and a number of customers around the world to highlight that purchasing it contributes to more families' well-being and to coffee farming sustainability.

This line of coffee produced by women had been launched in December 2021, within the framework of the National Congress of Coffee Growers, but in May 2022 it was presented on a global scale.

For several years, the FNC has promoted the production of women's coffee, and in 2022 these sales exceeded by 85.6% those of 2021. Its promotion has helped make visible the role of women as active members of the coffee value chain and opened the doors to the sale of not only green coffee, but roasted and freeze-dried.

Women's coffee sales



Source: Commercial Division.

## Social dimension strengthens female leadership, reducing committees' equity gap

*Female participation in the FNC's decision-making bodies has steadily increased in the last 8 years.*

With meetings in 19 departments that brought together 1,015 women, the Social Development Directorate organized workshops to encourage female participation in the FNC elections.

There were 4,389 women candidates for municipal committees and 70 for departmental ones, a significant increase compared to previous elections. And female representation increased to 28% in the municipal committees and to 22% in the departmental ones, with over 1,300 women elected.



## 3 free online microlearning courses for coffee grower families

To offer coffee grower families free training courses and develop skills that allow them to improve their well-being, Social Development designed 3 virtual microlearning courses, that is, training compressed into small capsules via WhatsApp and Google Meet, focusing on topics such as leadership, personal finances, and occupational safety and health.

The use of WhatsApp expands effective coverage at a low cost, since most coffee growers do not have access to a computer or

permanent internet signal on their farms. Complemented with the offer of the Manuel Mejía Foundation (FMM) and the committees, this training offer yielded the following results:

COURSE	MODALITY	DURATION	GRADUATES
LIDERA (leadership)	Virtual	8 weeks - 2 hours/week	400
Cuentas sin cuento (Untangled Accounts)	WhatsApp	8 weeks - 15 minutes/day	558
My farm, a healthy and safe environment	WhatsApp/Virtual	4 weeks - 15 minutes/day	1,356
	FMM Platform	40 hours	

**Source:** Social Development Directorate.

## 17,000 COFFEE GROWER FAMILIES BENEFIT FROM GENERATIONAL INTEGRATION & GENDER EQUITY ACTIONS

*The departmental committees' commitment to expand the coverage of social programs has been key.*

As a result of the efforts of the Social Development Directorate, 4,667 coffee grower households participated in activities to promote generational integration, up 417% from the 903 families in 2021.

Generational integration was also promoted directly among 2,103 young people to strengthen their life project in the coffee sector.

In total, **16,960 families** were served in actions that promote gender equity and generational

integration (up 57% from the 10,825 served in 2021), with a significant increase (31%) in the 10,190 coffee grower families that participated in gender equity activities vs. 7,802 in 2021.

The departmental committees' commitment to the FNC CEO to raise, in the next 5 years, the goals of the social dimension and expand the coverage of social programs has been key to these results.

COFFEE GROWER FAMILIES WITH GENDER EQUITY AND GENERATIONAL INTEGRATION	2021	2022
Global indicator: Coffee grower families participating in actions to promote gender equity and generational integration	10,825	16,960
Coffee grower families participating in actions to promote gender equity.	7,802	10,190
Coffee grower families participating in actions to promote generational integration.	903	4,667
Young Sica (coffee information system) coffee growers participating in actions to promote generational integration.	2,120	2,103

Source: FNC KPI Dashboard (CMI) 2022.

### Strategic partnership with Ecopetrol improves infrastructure in rural coffee area

The FNC and the oil company Ecopetrol signed a cooperation agreement that will benefit over 650 students from 15 schools in the rural coffee areas of the municipality of Yopal, Casanare, with an investment of \$2.8 billion (USD 659,690).

The partnership will improve the living conditions of the inhabitants of these rural areas and strengthen the institutional presence of the FNC Coordinating Offices.



### Over 25,000 beneficiaries of improved housing, basic sanitation and energization

*This figure exceeds the more than 14,900 beneficiaries in the same period of 2021.*

In 2022, the FNC implemented **619 projects** worth **over COP 108 billion (USD 25.4 million)**, focusing on road improvement and rural housing.

The FNC completed **2,699** housing improvement, basic sanitation (aqueducts, water supply, drinking water and sewerage)

and energization works, benefiting **25,194 people**.

It built more than **25.6 km** of strip roads (13.5% more than in 2021), while the number of kilometers improved on rural roads declined by 52.3% mainly due to price increases and scarcity of materials.

The main results on the national scale are detailed below:

INFRASTRUCTURE			
Segment	KPI	Execution	
		2021	2022
Housing, basic sanitation & energization	No. of works improved and/or built	2,153	<b>2,699</b>
	Total no. of beneficiaries	22,260	<b>25,194</b>
Roads	m of strip roads built	22,621	<b>25,674</b>
	km improved on rural roads	10,575	<b>5,034</b>
Social infrastructure	No. of works built or improved	175	<b>171</b>

Source: CMI 2022.

## Public-private partnerships strengthen the School & Coffee program

*This year, through the departmental committees, more than 240 rural schools are part of the program.*

The **School & Coffee** (or Entrepreneurship from School) program aims at relevant vocational training of children and young people in rural schools so that they develop competitiveness and sustainability skills, and thus promote generational integration in the agricultural sector.

The program teaches practical tools for efficient and sustainable management of the coffee farm, strengthening production projects and technical knowledge for business.

The strategy was promoted by Social Development with the support of the Caldas Coffee Growers Committee, in coordination

with the departmental Government, Education Secretariats and private actors, promoting public-private partnerships in the coffee departments. Today the program, in addition to **Caldas** as a pioneer and advisor, seeks to extend to another 6 departments: **Huila, Tolima, Santander, Cesar-La Guajira and Nariño**.

Over **5,524 coffee growers** have benefited from formal education, higher education, and technical-job training programs (education for work and human development [ETDH] - job certificate) that contribute to coffee farming, and more than **21,654 families** have been trained in personal and coffee farming development.



## Coffee Grower Education Policy Document, in consultation process

In 2022, the Coffee Grower Education Policy document was created to respond to the recommendation of the National Congress of Coffee Growers and the guidelines proposed at the 2021 Coffee Grower Education Summit.

This document, in the process of consultation and adjusted with the comments and observations from different internal actors of the FNC, was presented to the Steering Committee in November 2022 and later to the Social Development Commission of the 2022 Coffee Growers Congress. In 2023, the departmental committees will also be consulted, as established in the commission's mandatory recommendation.

This educational policy will be cross-cutting to the whole institution and has four strategic lines:

DIMENSION	CHAPTER
Economic	Education for sustainable productivity of the coffee business: production and commercialization.
Social	Education for human development.
Environmental	Environmental education for sustainability of production systems.
Governance	Education for empowerment, leadership and union participation.

## 40 employees are trained as trainers to strengthen coffee grower associations

The Social Development Directorate promotes training of coffee grower associations in three components: 1. administrative and financial, 2. project formulation, and 3. leadership.

Under the **Program to Strengthen Coffee Grower Associations**, developed by the FMM, trainers of trainers are prepared: **40 employees of the departmental committees will be trained virtually** with the permanent support, by WhatsApp, of the FMM and FNC HQ.

These in turn, starting in 2023, will train coffee grower associations for free in their department.



## 'My farm, a healthy and safe environment' reaches its third year

Partnering with the International Labor Organization (ILO) and Colombia's Ministry of Labor, the implementation of the strategy **"My farm, a healthy and safe environment"** has reached its third year.

In addition to delivering educational materials (primer, flipchart, radio soap operas, and signage), a virtual course through WhatsApp supports coffee grower families to comply with the Occupational Health and Safety Management System (SGSST) standards.

The results in 2022 were:



Topic	No. of communication pieces	People reached
Occupational Health and Safety (SST)	29	18,300
Prevention of child labor	27	4,639
Covid and other health issues	12	1,557
Coffee grower families in gender equity and generational integration	19	214,060
Other	9	10,000
<b>Total</b>	<b>96</b>	<b>248,566</b>



Within the framework of the agreement with Partners of the Americas and the Colombia Avanza project, the promotion of and awareness-raising about the message "Inheriting the coffee culture free of child labor" continued, with training of young coffee growers on leadership and entrepreneurship skills, and a short story writing contest for children from coffee grower families in Huila and Tolima.

With the support of the Communications Directorate, the radio soap opera "My farm, my home and my treasure" reached **43 chapters**, where the most important aspects of child labor prevention, occupational health and safety on the coffee farm, and gender equity are disseminated.







# 3

Promoting  
**care of  
natural  
resources**

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# COFFEE FARMERS WORK FOR THEIR SUSTAINABILITY BY PLANTING OVER 1 MILLION TREES

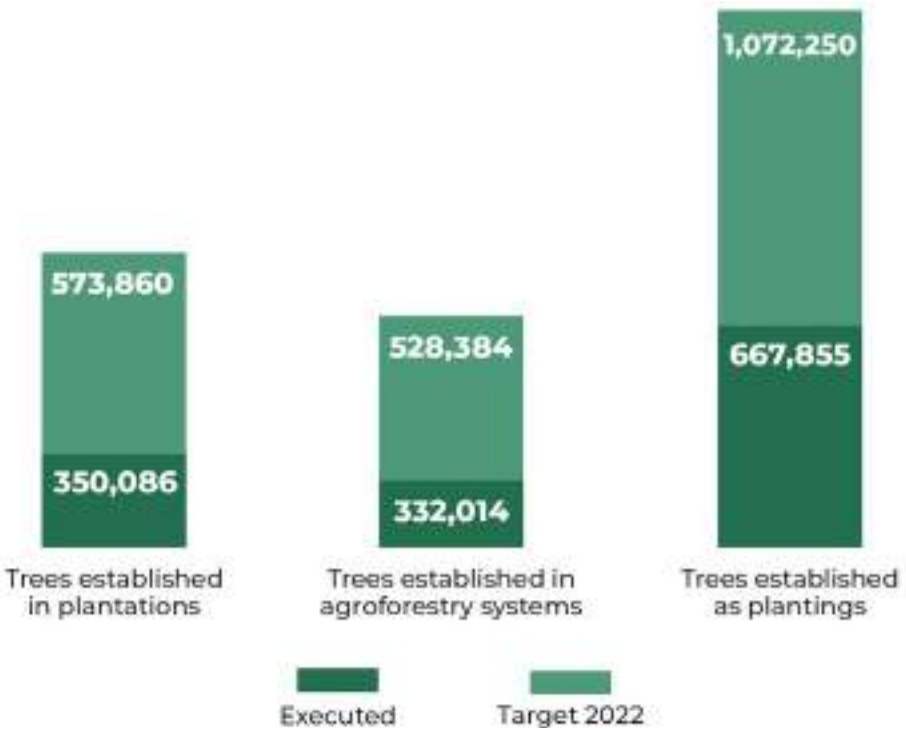
*In 2022, almost 1,350,000 trees were established in forestry and agroforestry systems, and the first 319,000 trees were already planted on farms as part of a partnership with Nestlé to plant 7.5 million trees.*



Following the FNC CEO's proposal, in 2022 coffee growers made a commitment to plant at least 1 million trees for achieving **a more sustainable coffee farming** and strengthening the capacity for carbon sequestration in coffee production systems.

In April, the **“1 million reasons to plant a tree”** campaign was launched, and 1,000 promotional posters were distributed in the coffee grower committees and strategic partners at the regional level, along with 9 testimonial videos and 5 communications shared in media such as the podcast, the *Coffee Grower Panorama* radio program, and the TV show *The Adventures of Professor Yarumo*.

Forestry and agroforestry systems on farms are one of the main mechanisms to capture more carbon and conserve biodiversity, all under the concept of ecosystem services in coffee production systems. In 2022, **1,349,955 trees** were established, and efforts are being redoubled to meet the planned targets.



In this line, the reforestation and soil care actions in river basins carried out with the support of the Ministry of Agriculture and Rural Development (MADR) in **481.2 hectares** have contributed to producing timber as an economically viable and environmentally sustainable alternative for rural populations. The recognition of 15 different native species of high ecological value to conserve diversity stands out.

In March 2022, the **FNC and Nestlé** made public their partnership to plant **7.5 million trees** in the coffee regions of **Antioquia, Risaralda and Valle del Cauca**, and the first 318,988 trees were planted on farms.

And as part of the government initiative **"Sembrar nos une (Planting brings us together)"**, between 2019 and 2022 coffee growers registered **1,188,290 trees** on the platform of the Ministry of Environment and Sustainable Development (MADS).



## Farms save water thanks to better infrastructure

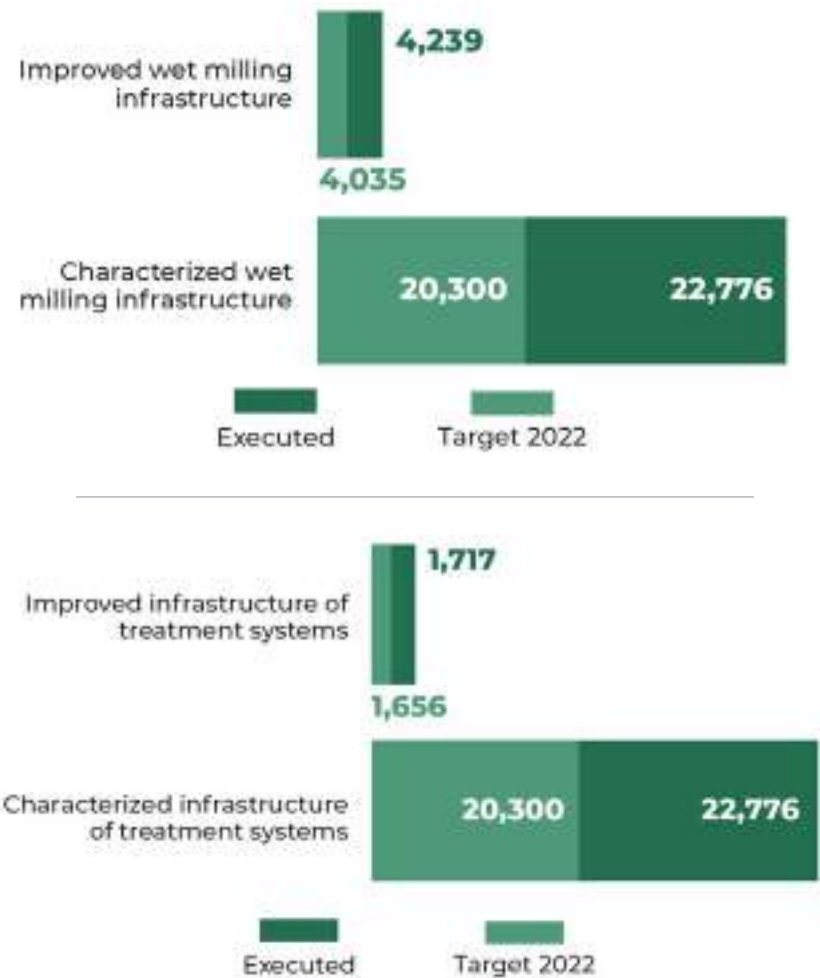
GRI 103-1  
GRI 103-2  
GRI 103-3  
GRI 306-2  
GRI 404-2

Aware of the impact of coffee farming on water resources, mainly in post-harvesting, water saving has been promoted through good use practices, focusing efforts on two fronts:

- 1. Characterizing **20,300 wastewater treatment and wet milling systems**.
- 2. Improving the efficiency of **4,035 existing infrastructure units without affecting coffee quality**.

In water treatment systems, by 2022 the target of improving 1,656 infrastructure units was set.

This means that in the 2022 harvest, the water saved by coffee growers' good practices was 20.7 million m3/year, equivalent to the basic annual consumption of 130,000 families\*.

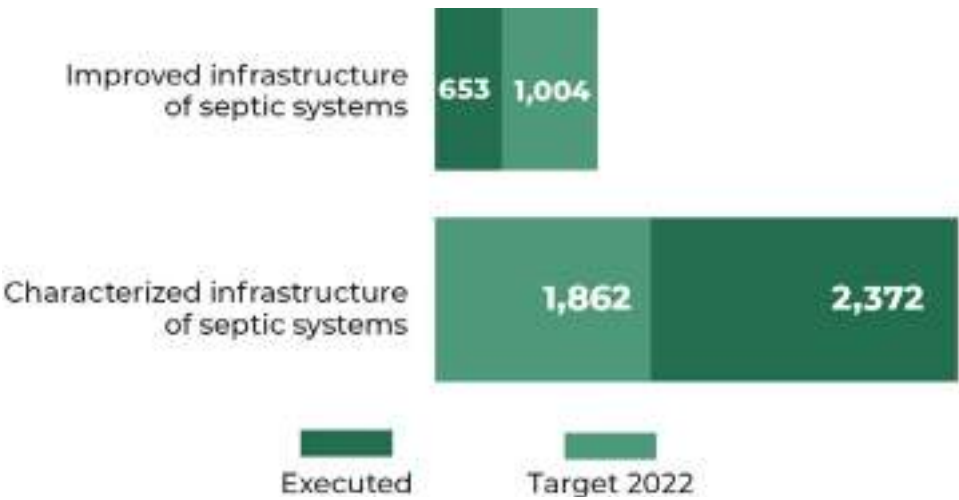


\* Calculated according to the basic consumption per household determined by Resolution 750 of 2016 and the number of households per municipality and department in the last DANE census (2018).





Improvement of wet milling infrastructure as part of the 100/100 Plan.



In households, **1,080 water savers** were installed in taps and toilets, and solid waste management was improved on 3,587 farms, which with 6,487 trained coffee growers reduces the impact of human activities on water, soil and air resources. Both the characterization of septic systems and the investment in improving them progressed satisfactorily vs. the annual target.

A complementary goal is improved access to safe drinking water. With the project Alliance for the Progress of the 100/100 Plan, 552 drinking water filters were delivered to both rural schools and coffee grower families in Antioquia, Huila, and Santander.

## Over 23,000 farms improve soil conservation practices

Understanding the importance of fertile and healthy soil for proper growth of coffee plants, soil conservation practices were strengthened on **23,065 farms**, exceeding the target of 20,300

set at the beginning of the year. Some of these practices are: **contour farming, “noble” weed management, and land clearing without burning.**

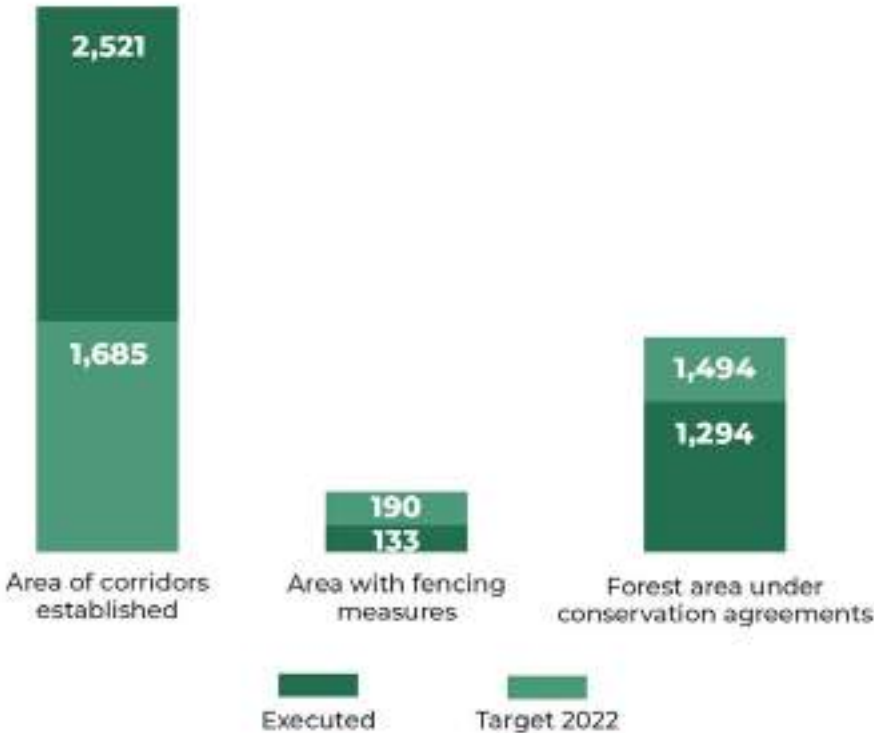


# Coffee farmers take care of biodiversity and strengthen their on-farm environmental practices

GRI 404-2

With the commitment to conserve and recover biodiversity in the coffee regions, **3,369 hectares of natural forests** remained under coffee growers' conservation agreements in 2022, exceeding the proposed annual target. And **1,670 participants**, in 18 departments and 182 municipalities, obtained their certificate from the virtual diploma course in **Integrated Environmental Management of Coffee Farming**.

Seeking a more efficient use of fertilizers and less air pollution, **20,331 coffee growers** were trained in good fertilization practices, with **455 soil analyses** in Huila, Santander and Antioquia, topping the annual target. And **700 redeemable bonds** were delivered for the purchase of fertilizers at authorized points of sale.



## Employees planted 2,274 trees as institutional volunteers

For the 2022 version of the institutional volunteering “Building smiles, a million reasons to plant trees,” 875 employees planted 2,274 trees nationwide, contributing to the capture of 38 tons of CO2 eq/year thanks to coffee growers’ caring.





Committed as an organization to efficiency in the use of electricity and water, **255 offices** were monitored nationwide in 2022, with a **10% saving** vs. 2019 (base year for in-person work at offices).

GRI 404-2

Together with the Colegio de Estudios Superiores de Administración (CESA) and thanks to the Specialized Continued Training Program signed between the FNC and the National Learning Service (Sena), a total of **913 FNC employees** were trained, including **210**

**national leaders**, who received practical tools to turn knowledge into applicable actions in the company and at home.

As a complement, the **FNC Consciente** environmental education strategy continued providing monthly communications and group training to employees on environmental sustainability, helping meet **100% of the target** to install water savers nationwide and adequately dispose of e-waste. **70%** of the efficient energy systems were installed, according to the committed target, and waste segregation was improved in the **17 HQs and offices** of the departmental committees.

100% of waste material from FNC elections delivered for recycling

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

For the first time in the history of the FNC elections, the goal in 2022 was that **100% of the material used and left over from the electoral process** was properly disposed of: it was delivered to recyclers in each region to contribute to circular economy, support the country's recyclers, and prevent the emission of greenhouse gases (GHG).

We also participated in the **Global Compact National Recycling Day**, where the FNC HQ and the committees of Magdalena, Cesar-La Guajira, Caldas, Quindío, Risaralda and Huila delivered recyclable materials, e-waste, batteries, and lamps to recyclers in each region to recover and transform about **2 tons of waste**.

And for preventing items that are difficult to reuse and/or recycle, **Styrofoam and plastic cups and mixers** were removed from the FNC shopping list, including events at the HQ and its offices.



Huila Committee



Cesar - La Guajira Committee



Quindío Committee



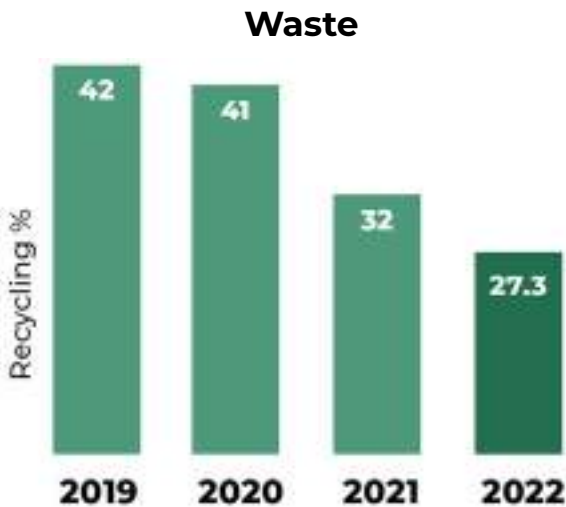
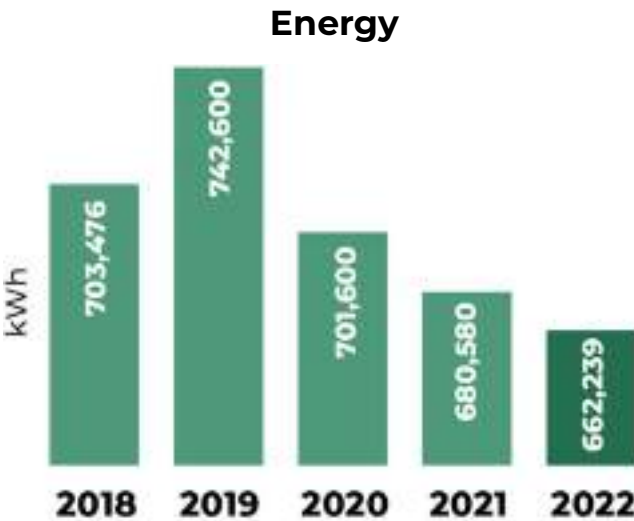
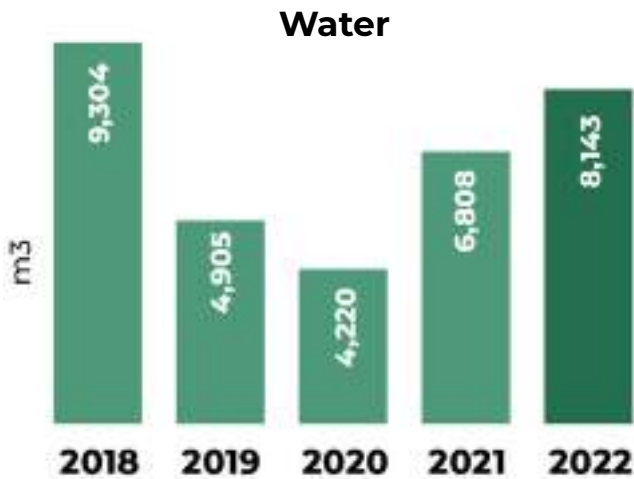
# FNC’s companies and branches advance in environmental management

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

At the **National Coffee Research Center (Cenicafé)**, awareness-raising campaigns continued based on its 6 environmental management programs: with permanent communications, continued support days to encourage eco-friendly behaviors, workstation inspections, and delivery of incentives, improving energy consumption.

And as part of its environmental culture, tips on how to contribute to natural resource conservation were spread quarterly, a campaign to learn about the Planalto Protected Forest Reserve was launched on social media, and a 2023 calendar with photos of the reserve was delivered to the surrounding community and workers.

Indicators of water and energy consumption and waste are shown below:

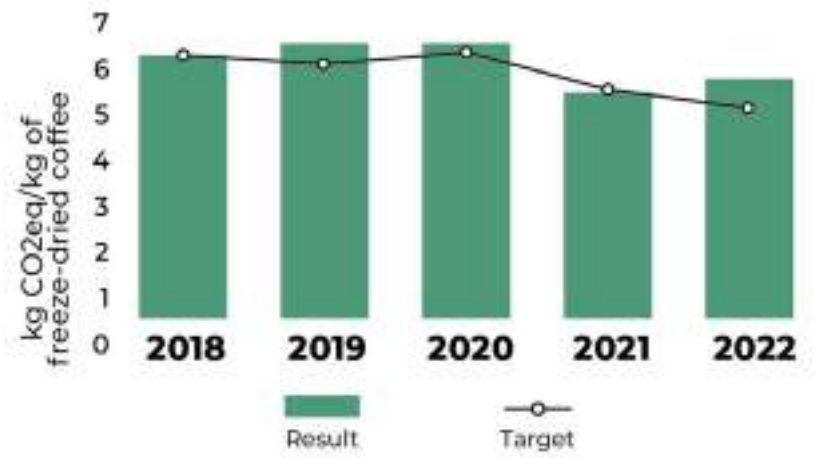


- GRI 103-1
- GRI 103-2
- GRI 103-3
- GRI 305-1

**BUENCAFÉ** continues working for its processes' productivity by doing more with less. Since 2019, with the biomass boilers, it began the path towards decarbonization by reducing the use of fossil fuels (natural gas) and **increasing the use of renewable energy: biomass (coffee husk) and electricity.**

The emission of GHG increased slightly to 5.6 kg CO2 eq/kg of freeze-dried coffee vs. an annual target of 5.1 kg CO2 eq/kg, but reduction actions are already being taken, reaching a husk consumption of up to **22,000 kg/day** to replace natural gas.

GHG emission



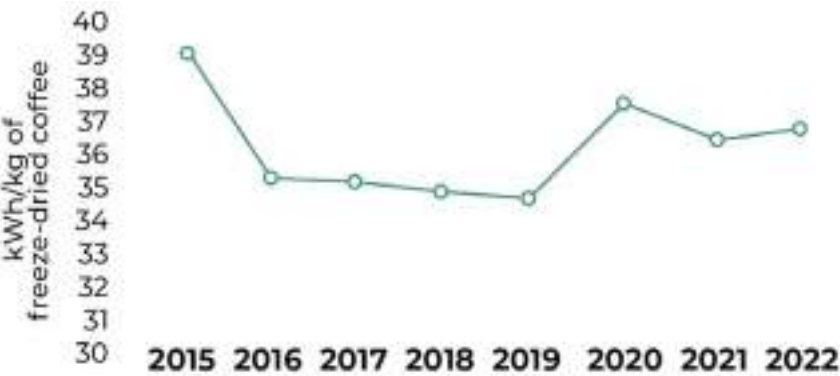
- GRI 103-1
- GRI 103-2
- GRI 103-3
- GRI 302-1
- GRI 302-3

By 2022, corrective maintenance of the new boiler was carried out in the factory, and there was a general decrease in coffee husk. These conditions impacted the energy efficiency (intensity) indicator of 36.9 kWh/kg of freeze-dried coffee, 1.6% more than in

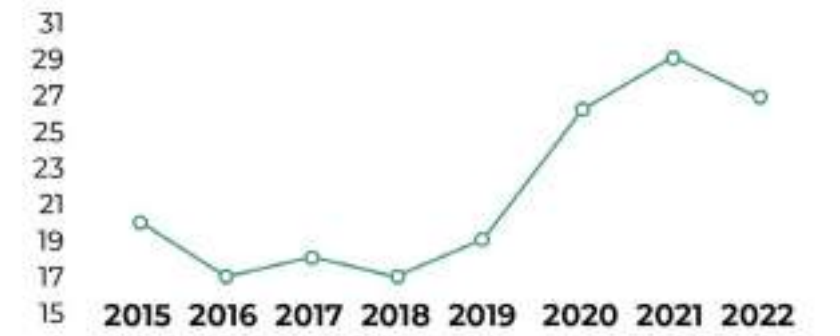
2021, and reduced by 2% (from 29% to 27%) the percentage of renewable fuels.

With panels, solar energy generation grew to 24 kWp (kilowatts peak), 100% of which is used for consumption at the factory, thus preventing the emission of **5.4 t** of CO2 equivalent.

Energy efficiency



% of renovable fuels

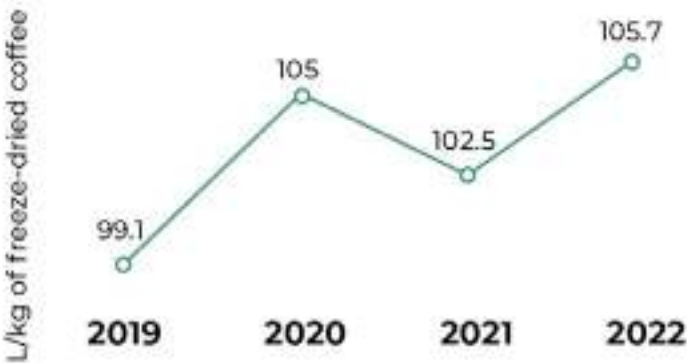


- GRI 103-1
- GRI 103-2
- GRI 103-3
- GRI 303-1

The operation of the boilers with coffee husk to generate steam and the non-disposal of coffee grounds to landfill saved over **COP 2.7 billion (USD 634,548)** in 2022, while the use of rainwater (16,924 m3) for replacement in cooling of the towers saved **COP 46.3 million (USD 10,881).**

Overall water consumption increased slightly, 3% vs. 2021, to 105.7 L/kg of freeze-dried coffee.

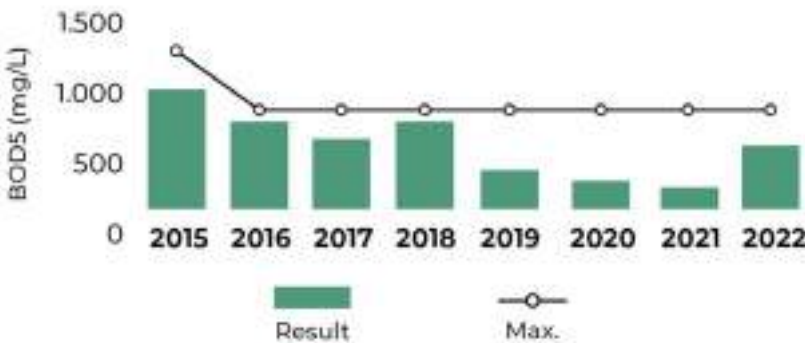
Water consumption



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

Thanks to wastewater treatment and good management, the biological oxygen demand indicator was 687 mg/L, well below the national requirement of 900 mg/L.

Wastewater management



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

Aiming at circularity and zero waste, **200 tons of waste that was previously sent to landfill** was used: the boiler ashes and the wastewater treatment plant sludge are used to produce fertilizer and municipal composting; and laminated plastic, waxed paper (label rolls) and strapping were included in recycling.

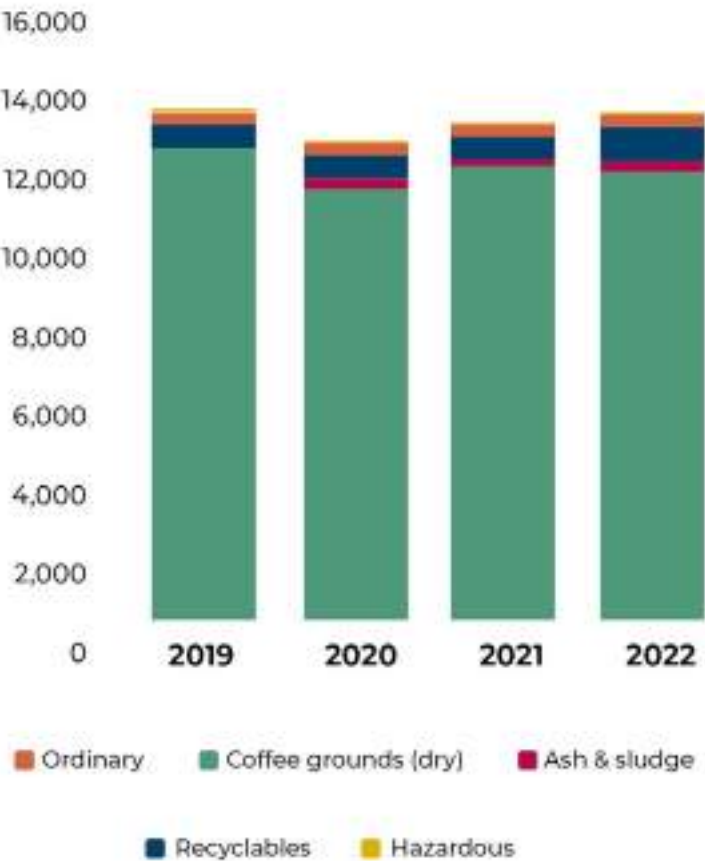
More eco-friendly packaging

To positively impact the consumer market, in 2022 a lid for organic coffee jars was developed as a mixture of PLA resin and avocado seed.

Buencafé reduced by **540 t** the weight of packaging materials, including plastic, cardboard, single-use timber and glass. In biodegradable packaging, bags for roasted and ground or freeze-dried coffee were developed. And a 100% recyclable bag for freeze-dried coffee is being also developed.

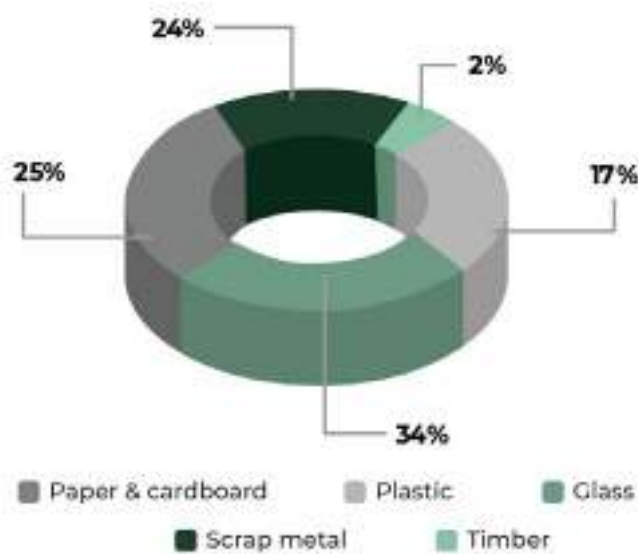
Although the factory has reached historic production levels, in 2022 the total on-site generation of waste decreased vs. 2021; 98% of the dry coffee grounds were used as fuel for the boilers, saving **13,879 t of CO2 equivalent**.

Waste generation (t)

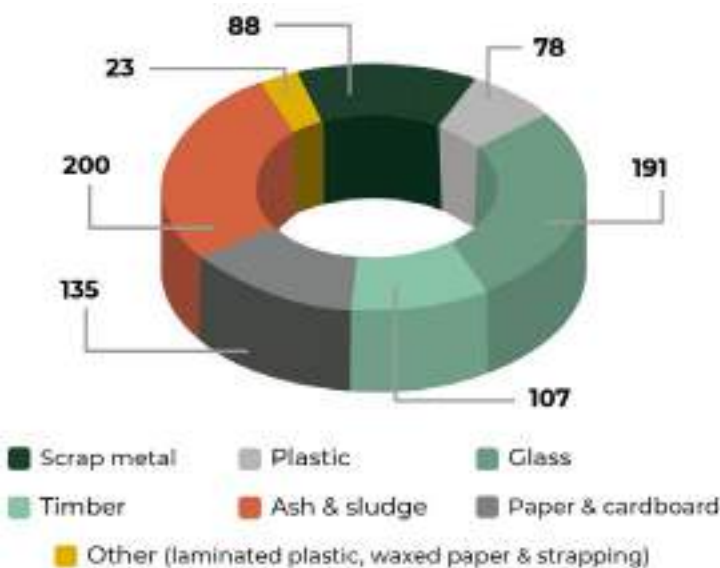




Recyclables 2021



Recyclables 2022 (by weight in tons)

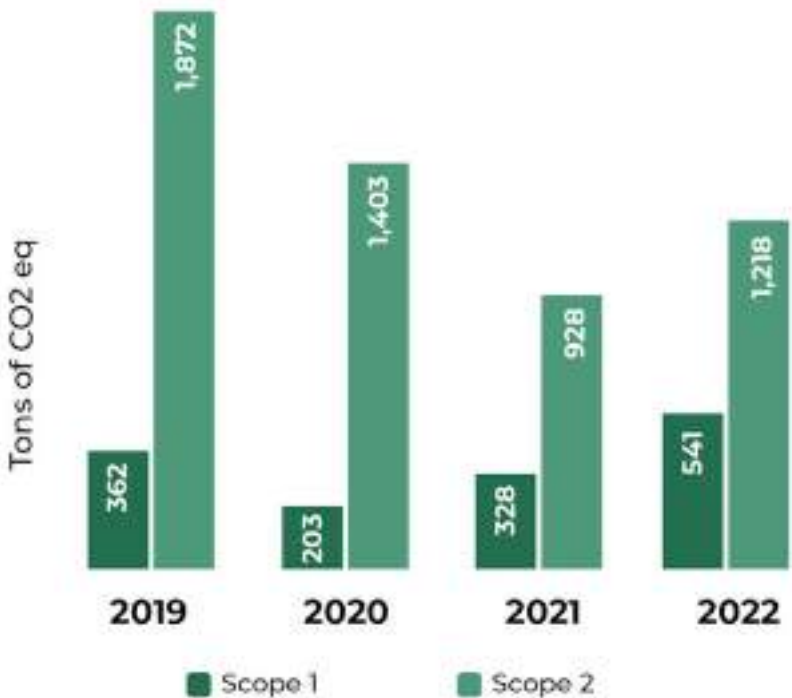


**ALMACAFÉ** begins the path towards **carbon-neutrality by 2050** with its inclusion in the organization's value strategy, the participation in the National Carbon Neutrality Program led by the MADS, and the training in missionary processes on GHG dictated by Bureau Veritas to raise awareness and improve the **measurement of the corporate carbon footprint** and define more concrete actions to mitigate climate change impacts.

In environmental management, the **targets for training** all the staff on the environmental component of the Integrated Management System (SGI) and the carbon footprint were strengthened. And by updating the assessment of environmental aspects, the generation of atmospheric emissions/ noise/air quality is prioritized in the 2023-2024 strategy.

**PROCAFECOL** calculated its carbon footprint for the third time and was able to measure scopes 1, 2 and 3, counting the emissions from all its channels and extended supply chain with a view to creating a **strategy for prevention, correction, mitigation and/or compensation of GHG emissions**.

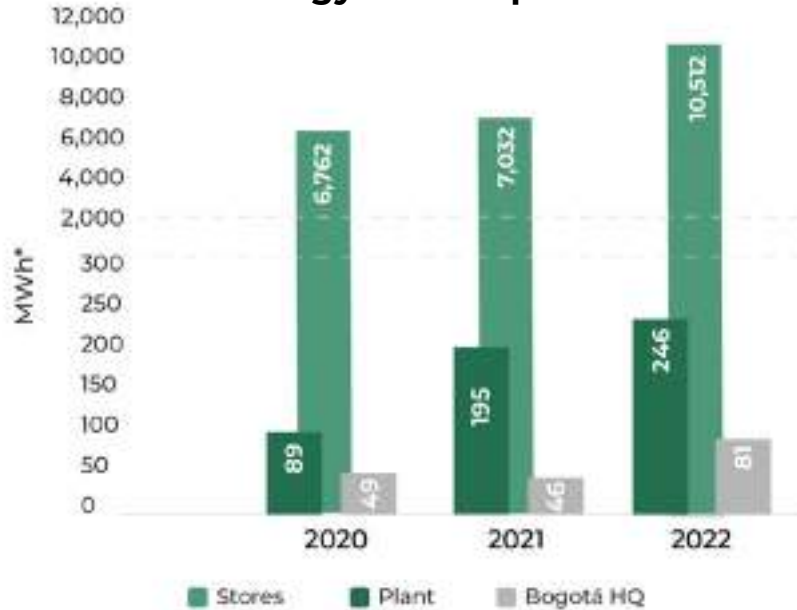
Direct emissions of the organization



For this purpose, the company committed to the NetZero Science-Based Targets standard and the Race to Zero global campaign; these initiatives establish short-, medium-, and long-term emission reduction targets adjusted to the pace and scale that humanity requires to prevent major catastrophes derived from climate change.

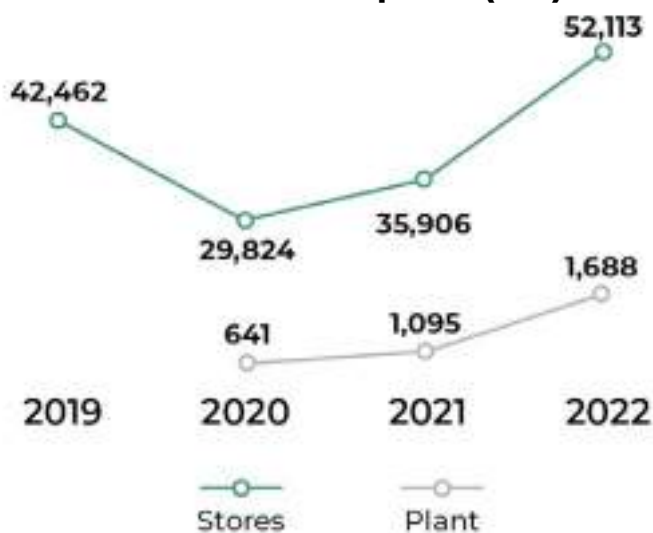
With the higher sales and the return to normality, in 2022 the energy consumption increased 49% in stores, 26% at the plant and 76% in HQ, while water consumption increased 45% in stores and 54% at the plant.

### Energy consumption



\*Unit of measure revised vs. MR 2021.

### Water consumption (m3)



Work was done on customer awareness-raising and pedagogy via the brand's communication platform to improve waste separation at the source and to teach them good environmental practices (**1,632 people were trained in 16 virtual courses**).

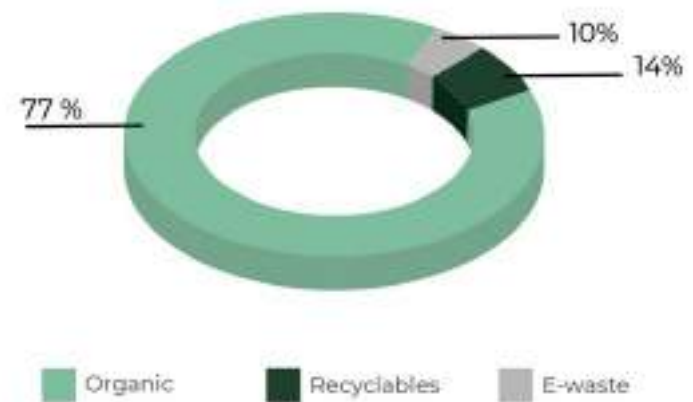
Through the **"Don't break the sustainability cycle"** program, **43.5 tons** of recyclable waste and **129 tons** of organic waste were managed in 38 stores and the production plant by partnering with 5 recycling organizations; and with the **"We reuse everything that is possible"** program, partnering with organizations such as Recupera

tu Silla and A Mano Lab, **557 woven chairs, 614 wooden chairs and sofa-type armchairs, and 554 steel and wood tables** (in total, 17.68 t of furniture) were restored, saving 4,333 m3 of water and preventing 45.4 tons of CO2 eq.

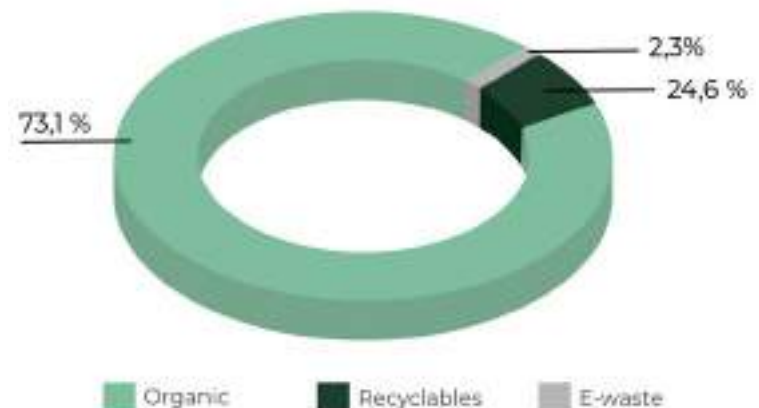
With the Vaso Reúso [Cup Reuse] program in 2022, **13,696 reuses were reached in Colombia**, promoting an active role of consumers to reduce single-use cups.

And by gradually substituting plastic straws and mixers with those made of plant material and wood, respectively, **2.4 t** of plastic was avoided.

### Waste by type (2021)



### Waste by type (2022)







# 4

Strengthening  
**effective**  
**representativeness**  
to ensure legitimacy

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

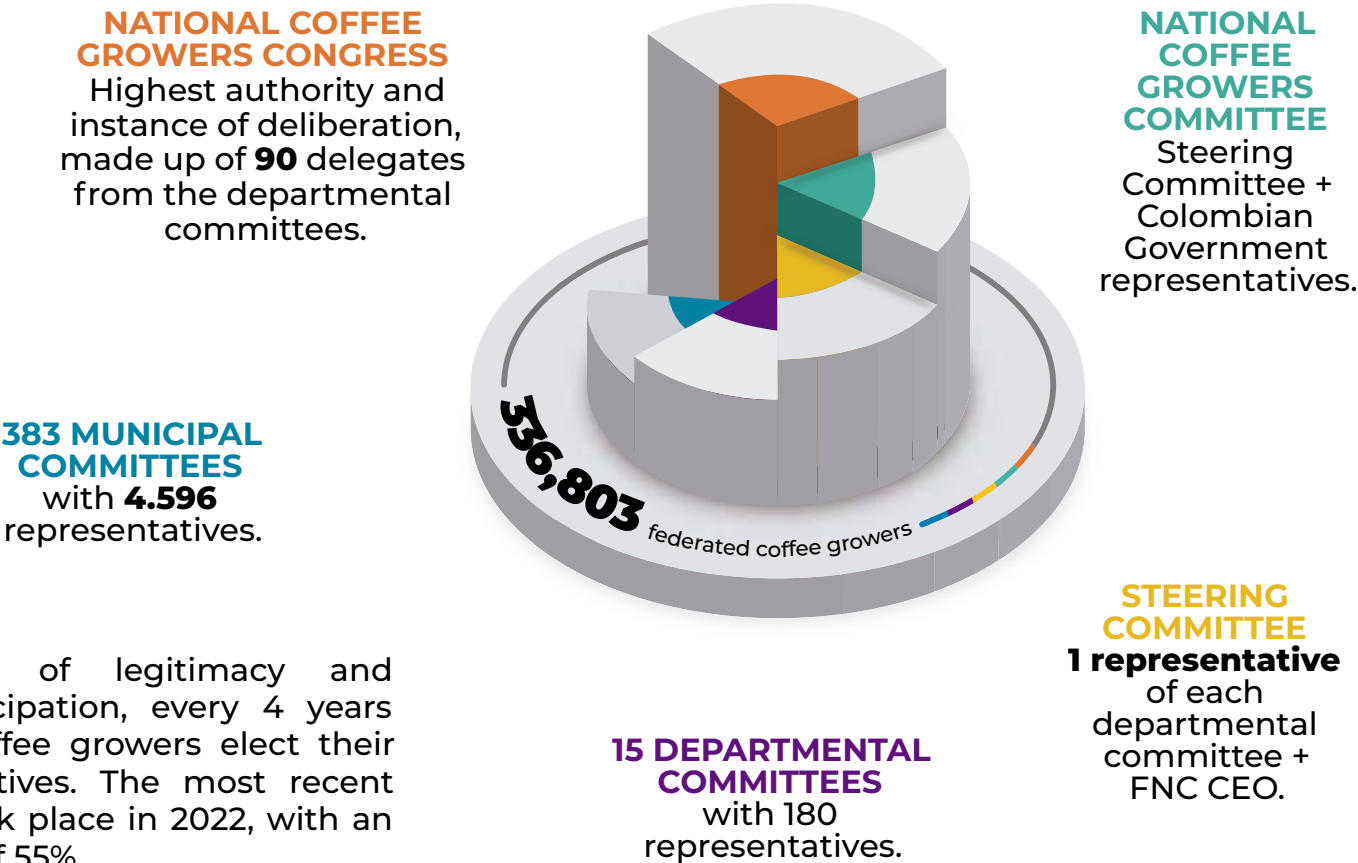
# FNC, A LEGITIMATE AND REPRESENTATIVE UNION WORKING FOR COFFEE GROWERS' WELL-BEING

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 542,000 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



In an exercise of legitimacy and democratic participation, every 4 years the federated coffee growers elect their union representatives. The most recent FNC elections took place in 2022, with an average turnout of 55%.

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 organized 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.





# COFFEE GROWERS ONCE AGAIN CONFIRM THE FNC LEGITIMACY

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

*Continuing with a long tradition of participatory democracy, almost 185,000 federated coffee growers went to the polls to elect their 4,824 union representatives at the 387 municipal and 15 departmental committees. Female representation continues growing.*

With a 55% turnout, **16,400 candidates** registered in the electoral process, that is, 1.8 candidates for each departmental committee position and 3.5 candidates for municipal committee positions, a sign of healthy competition.

The key pillars of the 2022 elections were **participation, transparency and legitimacy**, and the following preparation actions were developed:

**1. 130 training workshops with 8,847 coffee growers and candidates:**

- 12 workshops for potential leaders, with 1,671 coffee growers benefited, explaining the coffee institutions' benefits to encourage leadership.
- 12 workshops for 917 workers of different committees, raising awareness in the Extension Service and administrative staff to design the strategic plan in each coffee region. The importance of union coordinators to encourage participation was emphasized.
- 45 workshops for 3,502 candidates registered for departmental and municipal committees. Through in-person, online and hybrid means, knowledge about the coffee institutions and political marketing was strengthened.
- 61 workshops for 2,757 polling station jurors. To ensure electoral transparency, external people were trained so that they could perform well.

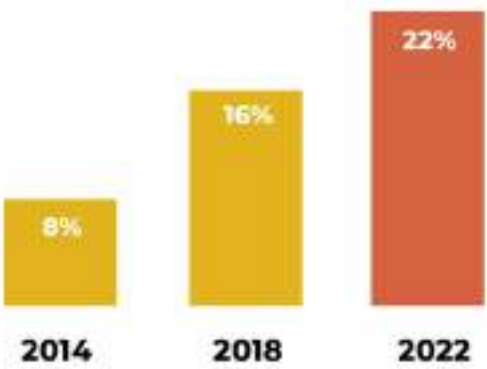
**2. Greater coverage of polling stations:**

In 2022, 2,895 polling stations were installed, 198 more than in 2018. They were of three types: 634 mobile polling stations to travel in the rural districts that were far from the municipal seat, 297 multiple ones to serve coffee growers voting in a municipality other than their own, and 1,963 fixed stations in the municipal seats.

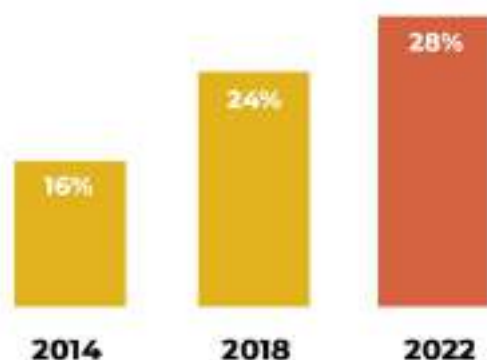
**3. Promotion of female participation in the FNC government bodies:**

With the support of the Social Development Directorate, and within the framework of the FNC's gender equity policy, female representation in the FNC decision-making bodies grew in the last 8 years: from 8% in 2014 to 22% in 2022 in the departmental committees, and from 16% to 28% in the municipal ones. The elected FNC government will have **40 women** in the departmental committees and **1,300** in the municipal ones.

**Female representation in departmental committees**



### Female representation in municipal committees



#### 4. Promotion of renovation rate of candidates elected:

In the departmental committees, 68 of their elected members were new (37%), and in the municipal ones, 2,312 of the representatives, or 50%, were new. The elected leaders began their administration on November 1 and were in charge of proposing and designing policies at the 90th National Congress of Coffee Growers.

Thus, the objectives and principles of the 2022 FNC electoral process were met.



#### Participation = Democracy

**184,633** federated coffee growers voted, i.e. **55%** of the electoral register, responsibly exercising their right to elect and be elected.



#### Legitimation = Representativeness

**4,824** federated representatives were elected in 15 departmental and 387 municipal committees, a result that empowers those elected to represent the coffee growers' interests.



#### Transparency = Trust

Rules are based on the constitutional principles of due process, good faith, and self-regulation of the FNC. With

the participation of jurors, electoral observers, and external and independent witnesses and scrutineers, the FNC democracy was strengthened, and the exercise of rights was guaranteed.

#### 5. Guarantee of transparency in the electoral process:

To this end, the FNC elections had the participation of the Electoral Observation Mission (MOE), a civil society platform that allows candidates and voters to report cases that violate the honesty of the elections, building trust among candidates and voters. The mission was present on both voting days with **406 observers** in 20 coffee departments, covering 189 municipalities and 406 polling stations.

In addition, it was present in the scrutiny commissions and, for candidates, federated coffee growers and all interested parties, it used different free channels to receive complaints or reports. About the process, the MOE gave a message of reassurance and highlighted the transparency and large participation of voters.

The scrutiny commissions were guaranteed to be independent. In each circumscription of the departmental committees, the scrutiny was conducted from September 13 to 20 by 45 people, all of them professionals of recognized experience in positions of responsibility in the public or private sectors, and independent from the FNC; principals, vice rectors or deans of universities, directors of chambers of commerce, notaries, and representatives of non-coffee unions also participated.



Video testimonials from scrutiny commissions.



Once the FNC elections were over, the elected departmental committee representatives symbolically took office, with training workshops on relevant institutional issues to exercise their role as leaders. And given the high renovation rate in the departmental committees, there were also leveling workshops for them: 9 workshops that trained 180 departmental representatives.

## FNC CEO listened directly to almost 40,000 producers from 2015 to 2022

In 2022 there were **19 Conversemos con el Gerente (Let's Talk with the CEO)**, with more than 3,500 coffee growers connected.

From 2015 to 2022, almost **40,000 coffee growers** were heard directly by the leader in meetings where the actions of the FNC were explained, coffee grower issues were addressed, producers expressed their concerns and suggestions, and proposals and recommendations were discussed to deal with the great challenges of coffee farming.

## Podcast reaches 309th broadcast

*In this space, the FNC accompanies coffee growers in their daily activities with outstanding news, message of the day, music, humor, reflections, and more.*

With the leadership and commitment of the Communications and Union Affairs directorates, the podcast "Everybody's health and life are everybody's commitment" produces digital content that informs, accompanies and entertains the coffee grower population, union leaders and the general public with current information, outstanding coffee news, music, humor, reflections, and more.



## Colombia signs new International Coffee Agreement

For the second time in the organization's history, Colombia hosted the 134th annual meeting of the International Coffee Organization (ICO), where the FNC CEO, on behalf of the coffee grower families and of Colombia, signed the International Coffee Agreement (Bogotá 2022), which it also helped promote.

The then Minister of Finance and Public Credit, José Antonio Ocampo, participated in the ceremony, among other witnesses.

The agreement strengthens the organization with a more active and committed participation of private actors, with a view to achieving a more sustainable global industry for the entire chain, starting from producers.



## Registration of coffee exporters and industrialists is automated



Within the framework of the digital transformation strategy, the FNC began the process of automating the registration of coffee exporters and industrialists by developing an online technological platform that allows exporters, threshers, roasters and soluble coffee factories to manage their registration, including application and renovation, downloading of documents and updating their information.

Any individual or legal person that exports or intends to export coffee from Colombia must

have a valid exporter registration, according to article 25 of Law 9 of 1991 and Resolution 5 of 2015 of the National Committee of Coffee Growers, which regulates it.

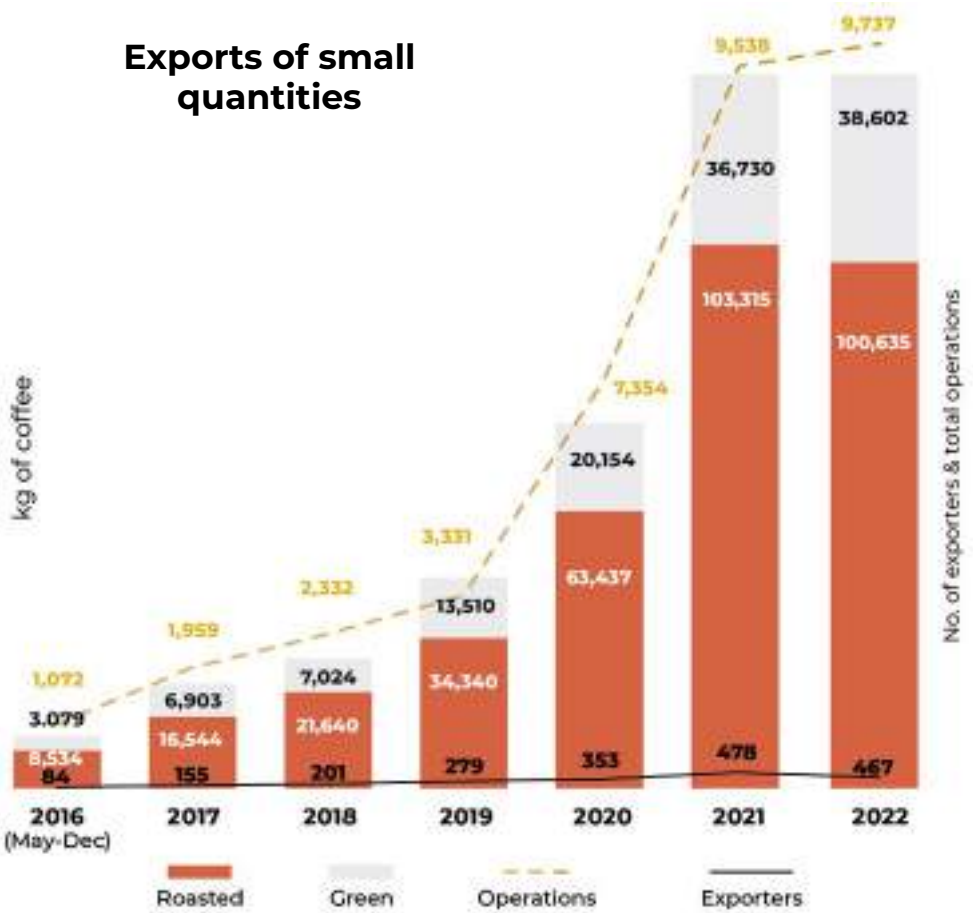
And all threshers, roasters and soluble coffee factories in the national territory must register with the FNC in compliance with article 421 of Decree 1165 of 2019 and Resolution 1 of 2002 of the National Committee of Coffee Growers, which sets the requirements for this purpose.

## 140,984 kg of coffee was exported in small quantities

Since its launch in 2016, the express or simplified export of coffee has added value to small and medium-sized producers that seek to deliver a high-quality product to customers and consumers in a short time and without intermediaries, through express couriers or the national post service.

The maximum quantity per shipment is 60 kg of green coffee or its processed equivalent, that is, 50.4 kg of roasted coffee or 23 kg of soluble coffee or extract.

In 2022, with **140,984 kg**, exports of green, roasted, soluble coffee and extract maintained the same levels of 2021, with more than 9,737 operations by 467 exporters throughout the country.



# The Cafix platform materializes first coffee exports with door-to-door shipments

GRI 102-6



also shipments to Europe, specifically to Malta, where we supported, advised and guided the coffee grower for 5 shipments, each of 50 kg of processed coffee at an average price of 7.81 USD/lb.

Officially launched at the 89th National Congress of Coffee Growers, this FNC platform complements the export of small quantities of coffee for the benefit of growers wanting to expedite the process by simply dealing with finding a buyer abroad, without having to get entangled in legal processes and operations required by Colombian laws.

In 2022, Cafix completed 3 exports of green coffee and 11 of processed coffee with coffee growers of Cundinamarca, Quindío and Caldas.

With the United States enabled as the initial destination, 121.3 kg of processed coffee was exported at an average price of 10.74 USD/lb and 99 kg of green coffee at an average of 5.64 USD/lb. As a platform initiative, there were

60 sellers (coffee growers) and 21 buyers (customers) have registered on the platform to review their businesses' viability, understand the process and costs associated with the service, and finally define the export.

***“I want to congratulate you on this initiative, which helps our coffee growers climb in the value chain, and thank you for your great support in this process.”***

Raúl Gómez  
Encanto Specialty Coffee, USA.



# Coffee farmers adapt to stricter import requirements to preserve key markets

GRI 102-6

Faced with stricter regulations, the Colombian coffee growers have taken relevant measures and controls to preserve these key markets.

## JAPAN

Since 2017, the Japanese market has set strict controls and requirements for importing food products, including coffee, to guarantee quality and food safety, specifically for the chlorpyrifos molecule, according to provisions of Japan's Ministry of Health, Labor and Welfare.

The National Committee of Coffee Growers, via the Resolution 3 of 2017, established temporary prevention, control and self-control measures that guarantee the quality of coffee exported to Japan. Since 2017, all shipments to that country must be accompanied by a chlorpyrifos analysis that shows that they meet the required food safety criteria.



## EUROPEAN UNION

The European Union issued Regulation (EU) 2020/1085 that modified annexes II and V of Regulation (EC) 396/2005 on maximum chlorpyrifos and chlorpyrifos-methyl residue limits, thus revoking all current authorizations for agricultural products that contained them, including coffee as of November 13, 2020.

For this reason, the National Committee of Coffee Growers, through Resolution 6 of 2020, established prevention and self-control measures that guarantee quality of coffee exported to the EU market.

On the other hand, on December 5, the European Parliament, the EU Council and the European Commission issued a provisional agreement on the text of the rules that prohibit and discourage trade in the EU market of products associated with deforestation: coffee,

palm oil, cocoa, timber, beef, rubber and soy, in addition to ensuring that companies comply with local legislation and regulations on human rights and indigenous peoples. It is even proposed that they have not been produced on deforested lands as of December 31, 2019.

Companies will need to use satellite monitoring tools, field audits, or supplier capacity building to verify the origin of products.



## USA

In August 2021, the Environmental Protection Agency (EPA) issued Final Rule 86 (FR 48315), revoking all chlorpyrifos residue tolerances in food effective February 28, 2022, a regulation that all shipments of coffee must comply with.

The FNC, together with the Colombian Embassy in the USA and the Ministry of Commerce, Industry and Tourism, has taken steps to appeal this measure, given its impact, and to avoid affecting Colombian coffee.



## CHINA

In 2021, through its General Administration of Customs (GACC), China issued Decree 248 (registration rules) and Decree 249 (administrative measures), whereby all shipments of unroasted coffee arriving at its ports from January 1, 2022 must be processed by a threshing plant having a GACC registration number, which must be marked on the packages.

The Colombian Agricultural and Livestock Institute (ICA), as the competent authority in Colombia, and the FNC worked on the initial registrations and coordinate the registration of the new threshers interested in registering with the GACC, while roasters and soluble



coffee factories must register directly with the GACC (self-registration), as provided by this authority.

## Other instances and measures that help get ready

To deal with these new regulations, in addition to the specific actions already mentioned, other actions of a more general nature have been taken.

Since 2017, through Resolution 3 of the National Coffee Growers Committee, the Internal Work Group was created, made up of the Technical and Commercial divisions, Cenicafe and the Almacafe Quality Office, coordinated by the FNC Secretary General, to monitor, investigate, study and define the actions for controlling chlorpyrifos in coffee cultivation and processing.

And the External Work Group was also created, led by the Ministry of Agriculture and Rural Development and made up of the Ministry of Commerce, Industry and Tourism; the ICA; the FNC; Almacafe, and Asoexport, with public and private entities as guests, to study actions in the medium and long term with a view to developing preventive and control measures on the effects of chlorpyrifos on coffee.

Via Resolution 5 of 2018 of the National Committee, the prevention, control and self-control policy was also created, with guidelines supported by five strategies:

- 1 Education**, for compliance with preharvest intervals, promotion of good management practices and safe use of pesticides, and proper handling of floats and low-grade coffee ("pasillas"), among others.
- 2 Evaluation** of preharvest intervals and appropriate use of agrochemicals commonly used in coffee farming, via Cenicafe.
- 3 Monitoring** of the supply chain.

**4 Definition and implementation** of control measures for coffee exports, if applicable.

**5 Prevention** in coffee quality management with government authorities and the private sector.

Thus, through the External Work Group, the FNC has worked hand in hand with other entities to develop joint strategies and remain competitive in the main international markets.

## FNC monitors and accompanies legislative initiatives that impact the coffee sector

During the 2022-23 legislature, the FNC accompanied the approval of 11 laws that seek better results for the 542,000 coffee grower families and the Colombian Coffee Cultural Landscape (PCCC). In the areas of sustainability, credit, budget, taxes, production chain, agricultural inputs and transparent contracting, these laws mean improvements for coffee growers' comprehensive development.

For the bills being processed, the FNC Legal Directorate is attentive to 26 initiatives and 5 ongoing reforms to comment and contribute on what is pertinent, always focused on improving coffee growers' living conditions.

The following laws were approved in the last legislature with the FNC's accompaniment and monitoring:

- **Law 2232 of 2022:** Alternatives to the use of single-use plastics in the coffee production chain.

- **Law 2245 of 2022:** Recognition of the PCCC as Cultural Heritage of the Nation, which must join efforts with the departments and municipalities to finance programs and projects that strengthen its preservation.

- **Law 2249 of 2022:** Creation of the National Countryside and Harvest Feast to encourage Colombian agriculture through marketing of agricultural products.

- **Law 2183 of 2022:** Creation of the National System of Agricultural Inputs, its policy and the fund for accessing these inputs.

- **Law 2195 of 2022:** Law on transparency of public contracting, with special monitoring of provisions on management of resources of the National Coffee Fund in contracts signed for the benefit of coffee growers.

- **Law 2276 of 2022:** General Budget of the Nation, with special attention to investment allocations for the agricultural sector through the Ministry of Agriculture and the ICA.

- **Law 2277 of 2022:** Tax reform whereby the FNC managed to remove the provision that repealed article 66-1 of the Tax Code, maintaining the presumed cost for coffee growers.

As of February 2023, we included the bills being discussed under the FNC's analysis and monitoring:



- **Bill 331 of 2021, House of Representative:** Strengthening of marketing channels for small and medium-sized producers.

- **Bill 235 of 2021, House:** Whereby coffee growers' well-being is improved and measures are adopted for protection, promotion and increase of domestic coffee consumption. In addition, it seeks to train rural young people and women as coffee experts through courses and entrepreneurship around the coffee gastronomy.

- **Bill 110 of 2021, House - 228 of 2021, Senate:** It exalts the PCCC, seeking to increase budget allocations to its promotion and to improve execution of its management plan.

- **Bill 270 of 2021, Senate:** It establishes coffee as the national flagship product, with several chapters on coffee farming marketing and promotion.

- **Bill 258 of 2022, House:** It reforms articles 34 and 35 of the Mining Code to convert said territory into a mega-mining-free zone.

During the administration of President Gustavo Petro (2022-2026), the Legal Directorate has worked with other areas of the FNC to obtain the best results, for the benefit of coffee growers, in the reforms filed or mentioned by the national government to date:

1. National Development Plan.
2. Health reform.
3. Labor reform.
4. Comprehensive rural reform.
5. Pension reform.

# AS A TOOL TO PROTECT COFFEE GROWERS' INCOME STRUCTURING OF FEPCAFÉ ADVANCES IN RISK PREVENTION

GRI 102-6

*To structure insurance against breach of forward coffee contracts is also an objective.*

Multiple factors associated with instability of production, marketing issues and volatility of the domestic price make coffee growers uncertain about their expected income or their profitability.

Therefore, developing protection mechanisms is the best way to effectively address the factors that put the stability of producers' income at risk. The operation model that is being structured for the Coffee Price Stabilization Fund (FEPCafé) includes **not only compensatory mechanisms to stabilize the price, but also risk management mechanisms to preventively stabilize income.**

As a result of this, the national Government issued Decree 1612 of 2022, which regulates the delivery of two possible types of

subsidies to FEPCafé beneficiaries: **(I) as a temporary monetary transfer derived from compensation mechanisms, (II) as lower costs when taking insurance, coverage or financial options managed by the fund for the benefit of producers.** In both cases, and by provisions of Law 1969 of 2019, these subsidies will only be activated when the domestic price of coffee has fallen below the production cost parameter established by FEPCafé.

The Fund currently has the following supporting studies, which have made it possible to draft not only the operation model guidelines, but also to identify the current challenges faced and that it is necessary to address in a timely manner to ensure its objective:



**Market instruments for risk protection in the coffee sector:** This analysis accounts for the different financial and insurance products that can be used for preventive management of risks that affect coffee growers' income. The signing, in September, of a confidentiality agreement with a renowned insurance firm to structure insurance against breach of forward coffee contracts in the face of price risks is a specific advance this year.



**FEPCafé's financing sources:** This analysis makes an exhaustive study of the nine financing sources established in article 13 of Law 1969, determining their requirements and characteristics, as well as their feasibility for the Fund's purposes. Six of these sources are potential, but they are not binding or not specifically determined by this law, while only one is clearly defined, but it is fixed and not associated with the coffee price dynamics, so the **contributions or savings by producers** at favorable price moments will continue to be essential to finance the Fund.





**Production costs:** With the support of an expert consultant, a study is being conducted to define a statistical methodology that determines a parameter of unit cost-means of production that is representative of the Colombian coffee farming and responds to the purposes of FEPCafé. This parameter is aimed at working on the basis of the information yielded by the 2000-Farm Plan, developed by the FNC for the methodology to be based on producers throughout the country who keep records of their costs in an orderly, systematic manner and with the Extension Service's continued support.

Consolidating the FEPCafé operation model has not been easy work, given the complex nature of its purpose, "To stabilize income of Colombian coffee producers," but it is achievable with the cooperation of all stakeholders by promoting regulatory adjustments that allow addressing, in the immediate future, the two fundamental challenges already analyzed in depth by the 90th National Congress of Coffee

Growers: **I)** To establish an own financing source associated with the market dynamics that generates sufficient savings for producers to face eventual price drops. **II)** To establish an incentive structure that allows expanding the scope of the fund to promote producer access to preventive instruments, not only to act when the price is below costs, but precisely to prevent this from happening.







# 5

Managing  
**projects with  
transparency**  
to transform the  
countryside

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# FNC IMPLEMENTS PROJECTS WORTH USD 59.5 MILLION

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

*The figure is 11.4% higher than that of 2021, leveraging FoNC resources with those from other sources in a 1-to-3.8 ratio.*

Under the principles of organization and efficiency, the FNC manages projects aligned with the value strategy aimed at sustainability of the sector, profitability of coffee farming, and coffee grower families' well-being.

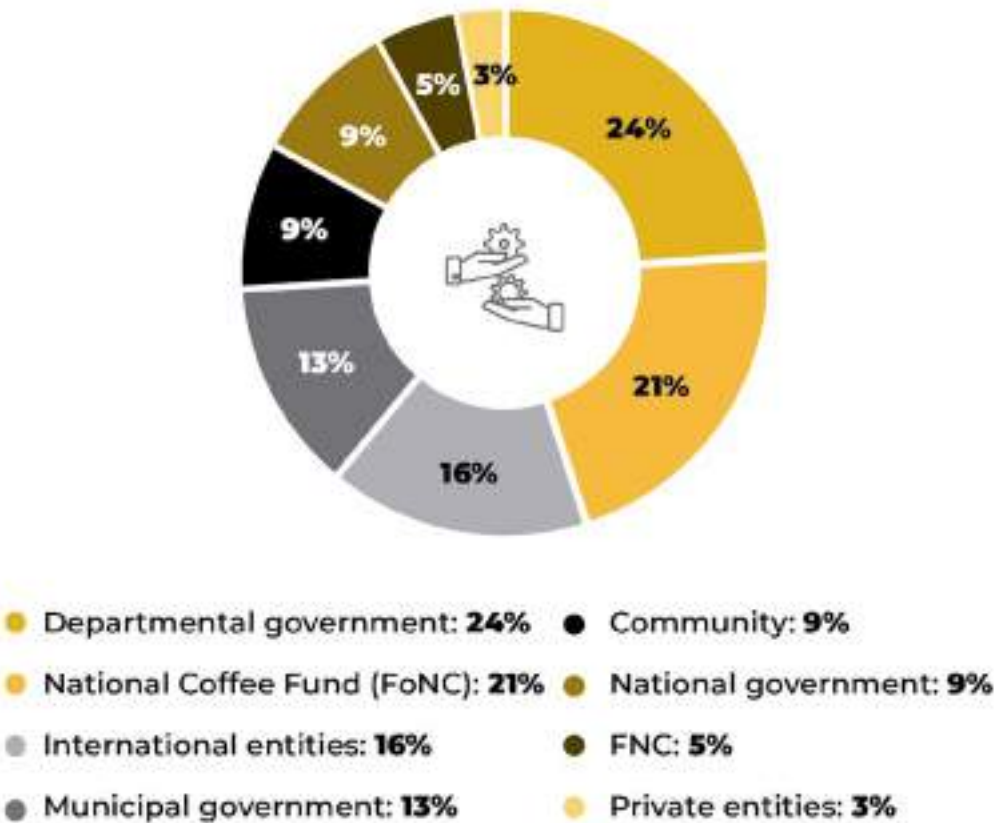
These projects are possible thanks to national and international partnerships with public and private organizations, which contribute significant resources.

In 2022, the FNC executed projects worth **COP 253.3 billion (USD 59.5 million)**, a figure 11.4% higher than that of 2021.

74% of the resources came from national or international organizations, and public partnerships led by the municipal and departmental coffee grower committees are the main co-financing sources.

The National Coffee Fund (FoNC) contributed 21% of the resources, complemented by other sources (governments, public-private entities, community) that contributed the remaining 79%. Thus, per each Colombian peso contributed by the FoNC, the FNC achieved **3.8 pesos from additional sources**.

Value share by contributor type



Source: FNC Projects Office.

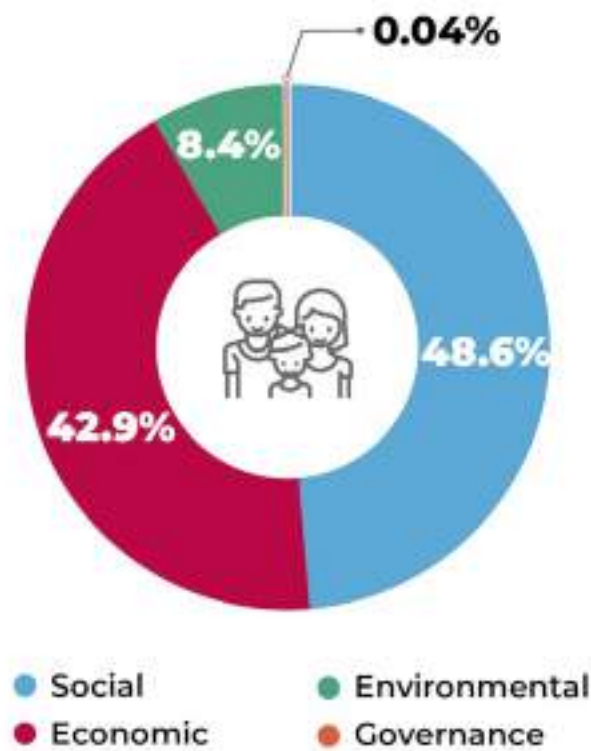
Most of the resources, 48.6%, were allocated to strengthening the social dimension, invested in infrastructure projects (88%), rural education (6%), and other projects (6%).

42.9% of the resources were allocated to the economic dimension, with projects that improve productivity (47.3%), reduce production and logistical costs (35.6%), and seek better prices for producers (17.1%).

To the environmental dimension, 8.4% of the resources were allocated, invested in care of natural resources (68.5%) and adaptation to climate variability (31.5%).

And 0.04% went to governance, allocating 100% to coffee grower training and leadership.

Share by value strategy component



Source: FNC Projects Office.



SGR helps improve sensory coffee quality

The General Royalty System (SGR), via the Science, Technology and Innovation Fund (FCTel), helps finance projects in the territories that improve sensory quality of coffee.

As knowledge and technology transfer, these projects favor the creation of coffee quality laboratories, agroclimatology studies, coffee profiling, and cupping and sensory quality courses, focused on young people and women, for the committees to have a coffee sensory map of their territories.

In 2022, the following new projects were structured and managed for strengthening the sensory quality of coffee:

PROJECT	INVESTMENT (COP MILLION)	COMPONENTS	BENEFICIARIES & COVERAGE
HUILA			
Research + development to strengthen production of quality coffees, tailored to the agroecological zones of Huila.	8,762 (USD 2.06 million)	<div>1. Agroecological zones.</div> <div>2. Equipment of laboratories.</div> <div>3. Cupping training.</div> <div>4. Profiling.</div> <div>5. Specialized continued support.</div> <div>6. Technology transfer.</div>	<div>1,102 families</div> <div>35 coffee municipalities</div>
NORTE DE SANTANDER			
Restoration of coffee farming in Norte de Santander.	10,799 (USD 2.54 million)	<div>1. Renovation (new plantings &amp; pruning).</div> <div>2. Training in entrepreneurship &amp; gender equity for young people and women.</div> <div>3. Specialized continued support.</div>	<div>3,404 families</div> <div>34 coffee municipalities</div>
TOLIMA			
Implementation of technological innovations in post-harvesting to improve coffee quality and sustainability in Tolima.	16,677 (USD 3.92 million)	<div>1. Sensory analysis of coffee.</div> <div>2. Community wet mills.</div> <div>5. Specialized continued support.</div> <div>6. Technology transfer.</div>	<div>1,230 families</div> <div>20 coffee municipalities</div>
TOTAL	36,228 (USD 8.52 MILLION)	5,736 COFFEE GROWER FAMILIES 89 COFFEE MUNICIPALITIES	



In addition, work was done on projects in Cesar-La Guajira-Bolívar, Cundinamarca, Quindío and Santander worth **COP 43.1 billion (USD 10.1 million)** that benefit **4,997 families in 90 coffee municipalities**.

These projects are structured in an integrated way, as they involve Cenicafé, which builds a research network with regional universities to strengthen the coffee grower committees' collaborative network.

## USD 9.44 MILLION LEVERAGED FROM INTERNATIONAL PARTNERS WERE EXECUTED IN PROJECTS, THE HIGHEST FIGURE IN RECENT YEARS

*It is COP 15 billion (USD 3.5 million) higher than in 2021. Strategic cooperation roadmaps were established for new projects with agencies or organizations such as USAID, CAF and UNDP.*

The international context led to formulate new investment international cooperation strategies in both the public and private spheres. Within this new cooperation framework, where agencies of the main countries that offer official development assistance (ODA), multilateral entities and the private sector see Colombia as a partner for investing and leveraging resources, the FNC must strengthen the strategic relationships with these actors and define clear work roadmaps to access resources aimed at sustainability of coffee farming in the future.

Led by its **New York office**, the FNC signed three key memorandums of understanding (MoU) with the US Agency for International Development (**USAID**), the Development Bank of Latin America (**CAF**) and the UN Development Program (**UNDP**) to **ensure future investments that benefit Colombian coffee growers**. The formal participation of the FNC as a UN Partner Portal was also encouraged, with the Sustainable Colombia Fund of the Inter-American Development

Bank (IDB) and with the UN Agency for Refugees (Acnur), enabling a future path to new cooperation opportunities and resources available through the different agencies and potential calls in the coming years.

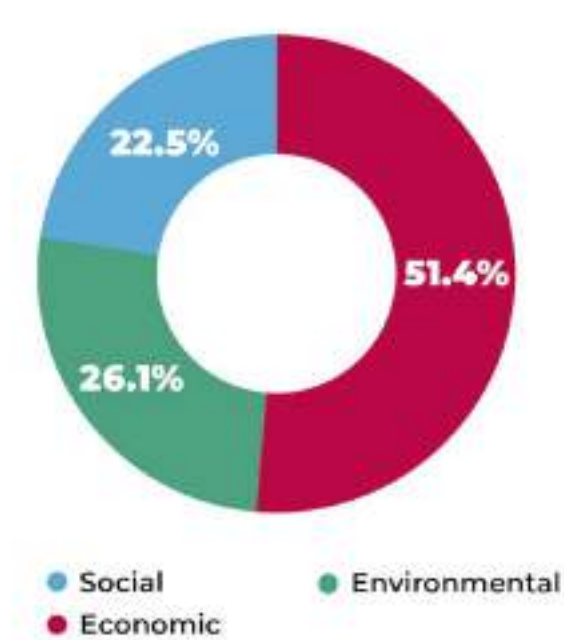
A clear example of this roadmap is the **design and implementation of the National Digital Literacy Plan (PNAD, in Spanish) for coffee regions**, led by FNC International Partnerships within the framework of the MoU signed with Microsoft in 2019 to ensure that coffee growers and/or their family members receive basic training in digital tools and skills for the future that allow them to overcome barriers, empower themselves, and promote individual and collective processes of knowledge, learning and creativity.

Thus, two **pilot projects started with the support of the departmental committees of Risaralda and Huila**, the latter within the framework of the Juan Valdez Renacer Program, implemented in partnership with Microsoft and FAO.

In addition, International Partnerships designed a project with **Nuestra Tierra Próspera (Our Prosperous Land, a land formalization program financed by USAID), the Union Affairs Directorate and the Cauca Coffee Growers Committee**, to support land formalization processes under the aggregate demand mechanism in the municipality of Caldono and other coffee regions in northern Cauca. The project is to be presented to over 800 people, so that at least 300 can receive their land titles. This initiative positions the FNC as a success story in promoting land formalization from the private sector, seeking to replicate it in other departments and with other international partners.

Thanks to coordinated work between its offices abroad, the Commercial Division, International Partnerships and the departmental committees, the FNC achieved an effective execution of **COP 39.7 billion (USD 9.34 million), COP 15 billion (USD 3.5 million) more than in 2021**, allocating 51.4% to the economic dimension, 22.5% to social, and 26.1% to environmental management.

Investment by strategic dimension



Source: FNC Projects Office.

Main projects

As first pilot of the FNC 100/100 Plan, the New York office managed the project with **Tim Hortons, and in coordination with the Environmental Management Directorate and the departmental committees of Antioquia, Huila and Santander**, COP2.5billion (USD 590,360) were executed for the delivery of fertilization plans, integrated modules for ecological wet milling, drinking water filters, technical assistance, and productivity training, among others.

For coffee grower families' prosperity, **a project worth USD 820,000 was achieved with the CAF** for a study of the coffee sector that allows **creating and developing the National Coffee Grower Sustainability Plans framed within the SDGs**, to be presented by the World Coffee Producers Forum and to be implemented by coffee-producing countries.

With **J.M. Smucker Company**, this office raised USD 5,000 to rebroadcast the radio program *My farm, my home and treasure* throughout the national coffee territory.

In 2022, the **FNC Europe office** strengthened the monitoring and review of the budget execution and detailed validation of the activities to be implemented as part of 11 current projects, including those with **Starbucks for renovation of coffee plantations and water**. For the first, the **addition of 4.3 million coffee plantlets was approved for a total delivery goal of 50 million plantlets** in the 13 departments of the project. With Nestlé, this office has delivered **over 60,000 coffee plantlets to growers in the 25 municipalities**.

Given the growing interest in developing direct support projects for coffee growers and contributing to environmental conservation, the **FNC Japan office** stroke 5 projects in 2022 that seek to leverage **over USD 100,000**. With the partner **Imperfect-MCAA**, there is a food security project to deliver seeds

that secure food and improve quality of life. And with **Ishimitsu**, there are two projects underway: one on coffee varieties to support handicapped coffee growers through quality

premiums, and another on measuring the CO2 footprint of Colombian coffee farming, with which the partner expects to contribute to a 30% reduction.

## USD 8.5 million for recurring projects of sustainable coffee

With the support and work of the offices abroad, the Commercial Division continued implementing recurring projects with customers such as Nespresso, Nestlé and Starbucks, whose beneficiaries obtain better purchase prices, coffee plantlets, training, technical assistance or production infrastructure support, aiming at greater sustainability.

In addition to projects from previous years with partners such as Pur Projet, Mitsubishi, Nescafé and Starbucks, which impact 12,514 producers, new ones have been reached to benefit over 21,000 coffee growers.

With Starbucks, in 2022 started the implementation of the project Water Saving and Soil Understanding on C.A.F.E Practices Farms, in Santander and Valle del Cauca, and in Caquetá one was supported to donate school kits.

In total, the managed projects leveraged USD 8.5 million and have impacted close to 34,000 producers in 13 departments.

### Main new projects signed by the Commercial Division

NAME	PURPOSE	DEPARTMENT(S)	COFFEE GROWERS
Pur Projet	Specialized work in the agroforestry program with AAA coffee growers of planting waves 1, 2 and 3, of years 2014, 2015 and 2016.	Cauca: Almaguer, Balboa, Bolívar, Florencia, Inzá, La Sierra, La Vega, Mercaderes, Rosas, San Sebastián and Sotará.	<b>1,736</b>
Fintrac	Sustainable commercial partnership with 430 coffee grower families of the Nespresso AAA sustainable quality program.	Caquetá: Florencia and San Vicente.	<b>430</b>



NAME	PURPOSE	DEPARTMENT(S)	COFFEE GROWERS
FTUSA technical support for expansion	To support the fair-trade certification of 16,865 coffee growers in municipalities of the sections La Unión, Juanambú and Occidente, in Nariño, and of El Bordo and Oriente, in Cauca.	<b>Cauca:</b> Inzá, Páez, Bolívar, Balboa, Patía, Florencia, Mercaderes, Sotará, Rosas, La Sierra, La Vega, Almaguer, San Sebastián.  <b>Nariño:</b> La Unión, San Pablo, San Lorenzo, Colón, La Cruz, Arboleda, San Pedro de Cartago, San José de Albán, Buesaco, El Tablón de Gómez, Samaniego, Linares, Los Andes, Sandoná, Consacá, El Tambo, El Peñol, Ancuya, Pasto, Chachagüí, La Florida.	<b>16,865</b>
Support from Korea Nespresso to Carmen and El Recaibo schools	Donation of school supplies and kits to schools in Caquetá.	Caquetá: Florencia & San Vicente	<b>28</b>
Starbucks	Water Saving and Soil Understanding.	Santander & Valle del Cauca	<b>2,200</b>
MCAA	Quality kits	Cauca	<b>25</b>
<b>TOTAL</b>			<b>21,284</b>

# COMMITTEES LEAD PROJECTS OF HIGH IMPACT FOR COFFEE GROWERS

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

*Their knowledge of producers' needs in the regions, their relationships with key partners, and their execution capacity allowed them to implement important projects of economic, social, and environmental impact.*

**The most important projects of each committee are shown below, with their respective funding partners:**

ANTIOQUIA	PROJECT	INVESTMENT (COP MILLION)	ACHIEVEMENTS
Expocafé			
RGC - Farmer Brothers			<b>14,750</b> coffee growers benefited.
Coffee grower cooperatives of Antioquia, Occidente and Salgar			<b>2,725,000</b> coffee plantlets ("chapolas"), <b>1,584,000</b> seedlings, and <b>342 kg</b> of seed for coffee plantation renovation.
Continental Gold			
Fintrac	Strengthening and sustainability of coffee farming in Antioquia*	<b>14,687 (USD 3.45 million)</b>	Fertilization for <b>11.7 million</b> trees and <b>366</b> soil analyses.
EPM			<b>832</b> plastic roofs for drying coffee in the sun and 219 integrated wet milling modules.
Devimed			
Celsia			
Nescafé			<b>249,467</b> forest trees planted, <b>16</b> pulp pits, <b>748</b> efficient stoves, <b>114</b> coffee wastewater treatment systems.
Corantioquia			
Corpourabá			
Government of Antioquia			<b>1,746 food security kits</b> with vegetable, fruit tree, corn and bean seeds.
Municipalities Community			

\*Under this initiative are several projects of the committee with different implementations and funding partners.

BOYACÁ	PROJECT	INVESTMENT (COP MILLION)	ACHIEVEMENTS
15 municipal administrations	Strengthening of coffee farming and competitiveness of the department	1,292 (USD 303,643)	<p>1,150 coffee growers benefited from comprehensive actions in renovation, delivery of plant material, and construction of community seedbeds.</p> <p>335 coffee growers with a 30% subsidy to purchase fungicide, Agrolene plastic for coffee dryers, and shaker machines for coffee harvesting.</p> <p>264 soil analyses, fertilization for 1.2 million coffee trees.</p> <p>522 ha of coffee renovated.</p> <p>1,600 kg of certified seed for renovation.</p> <p>246 wet mills improved through delivery of plastic-roofed dryers, semi-integrated modules, pulping machines, and tub-tanks for coffee fermentation.</p>
CALDAS	PROJECT	INVESTMENT (COP MILLION)	ACHIEVEMENTS
Departmental Government  Manizales Coffee Grower Cooperative  6 municipal administrations of eastern Caldas	Plan for improvement of productivity in eastern Caldas	1,000 (USD 235,018)	<p>To encourage renovation of 558 ha (47 ha of new plantings, 443.7 ha of renovation by planting, 68.1 ha of renovation by pruning) by delivering 674,200 coffee plantlets, 312,000 seedlings of rust-resistant varieties, and fertilizer incentives to 500 coffee growers.</p>



CAUCA	PROJECT	INVESTMENT (COP MILLION)	ACHIEVEMENTS
USAID Producers to Markets Alliance (Fintrac operator)  Caginorte Caficauca  FNC Craft Coffees  Almacafé	Internationali- zation of Cauca coffee	<b>300</b> <b>(USD 70,505)</b>	<p><b>2</b> international auctions at events of the best Cauca coffee.</p> <p><b>369</b> microlots sold at differential prices that exceeded <b>COP 2 billion (USD 470,035)</b>.</p> <p><b>49</b> international customers participated in the two events. Consolidation of the event “El Cauca sabe a café [Cauca tastes like coffee]” and the challenge “Latte art in the region”.</p>

CESAR, LA GUAJIRA & BOLÍVAR	PROJECT	INVESTMENT (COP MILLION)	ACHIEVEMENTS
Government of La Guajira  Coffee grower community	Technical assistance and social development for small and medium-sized coffee growers on the Colombian- Venezuelan border, Serranía del Perijá, La Guajira	<b>14,910</b> <b>(USD 3.5 million)</b>	<p><b>450</b> sanitary units and 450 ecological stoves for household improvement.</p> <p><b>380</b> plastic-roofed dryers and <b>380</b> wet mills to improve production infrastructure.</p> <p><b>450</b> families trained in economic, social and environmental topics.</p> <p><b>20</b> rural district committees strengthened.</p> <p><b>155 ha</b> set up for food security.</p> <p><b>450 ha</b> of coffee renovated.</p> <p><b>225</b> farms certified under C.A.F.E. Practices.</p>

CUNDINA-MARCA	PROJECT	INVESTMENT (COP MILLION)	ACHIEVEMENTS
Departmental Government	Strengthening of the coffee production chains in the department.	1,869 (USD 439,248)	<p>Cundinamarca Coffee Growers Cooperative strengthened with threshing, roasting and packaging equipment.</p> <p>30 brands improved on their designs; 30 photopolymers delivered; 30,000 bags printed</p> <p>Support in paperwork with roasters for 80 coffee growers in Colombian coffee and DO seals, among others.</p> <p>15 coffee growers equipped with Ecomill® technology and 215 coffee growers equipped with mechanical dryers (10@ silos).</p> <p>3 coffee growers with an initiative to export roasted and green coffee supported on foreign trade.</p> <p>5 associations supported in accounting, legal and social topics.</p>

HUILA	PROJECT	INVESTMENT (COP MILLION)	ACHIEVEMENTS
	Huila 2021 Coffee Plantation Renovation Program	<b>1,439 (USD 338,190)</b>	<p><b>2,431</b> coffee growers benefited.</p> <p><b>1,084 ha</b> of coffee renovated through an incentive.</p> <p>Improvement of density and age of coffee plantations.</p> <p>Increases in varieties resistant to rust, production per hectare, and family income.</p>
MAGDALENA	PROJECT	INVESTMENT (COP MILLION)	ACHIEVEMENTS
Colombia in Peace Fund, Corpamag, National Army, PDET, Sustainable Colombia Program	Strengthening of small coffee producers through implementation of agroforestry systems and environmental conservation in the Sierra Nevada de Santa Marta	<b>1,059 (USD 248,884)</b>	<p><b>65</b> coffee grower families have renovated their coffee plantations with resistant varieties.</p> <p><b>65</b> tub-tanks installed for wet milling.</p> <p><b>65</b> vegetation filters built for management and treatment of coffee wastewater (zero discharges).</p> <p><b>14,300</b> timber trees planted.</p> <p><b>65</b> families trained in Good Agricultural Practices.</p> <p><b>65</b> soil analyses.</p> <p><b>2</b> rural development promoters and 1 project professional hired.</p> <p><b>1</b> women coffee growers association strengthened.</p>



NARIÑO	PROJECT	INVESTMENT (COP MILLION)	ACHIEVEMENTS
Resources from the National Coffee Fund.	Improvement and maintenance of road conditions of the tertiary network and adaptation of educational, sports and recreation facilities	1,481 (USD 348,061)	<p>12,811 coffee growers benefited in 19 municipalities.</p> <p>143 km of roads improved.</p> <p>1,643 linear meters of strip roads built.</p> <p>19 facilities improved and adapted in 13 municipalities.</p> <p>2,632 coffee farmers benefited.</p> <p>360 students benefited.</p>

N. DE SAN-TANDER	PROJECT	INVESTMENT (COP MILLION)	ACHIEVEMENTS
Departmental Government	Restoration of coffee farming in Norte de Santander	10,799 (USD 2.54 million)	<p>3,404 coffee growers benefited from comprehensive actions in technical assistance, renovation of coffee plantations, delivery of plant material, seedling bags, soil analyses, soil amendments, and fertilizers.</p> <p>Renovation of 2,404 ha with soil analyses and young coffee plantations fertilized.</p> <p>Delivery of 13.5 million coffee plantlets with varieties resistant to rust.</p> <p>Strengthening of local capacities of 600 women and young coffee growers</p>

QUINDÍO	PROJECT	INVESTMENT (COP MILLION)	ACHIEVEMENTS
Municipal administrations, Departmental Government	Departmental productivity	<b>1,317 (USD 309,518)</b>	<p><b>2,329,353</b> coffee seedlings.</p> <p><b>740,424</b> coffee plantlets.</p> <p><b>740,000</b> bags.</p> <p>Delivery of fertilizer worth <b>COP 402.6 million (USD 94,629)</b>.</p> <p><b>458 kg</b> of beans, <b>458 kg</b> of corn, <b>32</b> vegetable kits.</p> <p><b>1,516</b> beneficiaries.</p>

RISARALDA	PROJECT	INVESTMENT (COP MILLION)	ACHIEVEMENTS
Government  CHEC –EPM Group  Risaralda Coffee Growers Cooperative  Risaralda specialty coffee cluster  Coffee shops  Associations of producers in the department  National Learning Service (Sena)	Risaralda, Diversity of Profiles Strategy	<b>2,777 (USD 652,644)</b>	<p><b>5</b> Q Grader certified cuppers, benefiting associations of high-quality coffee producers.</p> <p><b>96</b> disabled people and 136 students and teachers from schools in the department trained in barismo.</p> <p><b>57</b> young people with agricultural business plans and 250 young people studying professional-technical and technological programs.</p> <p><b>25</b> schools implementing educational production projects.</p> <p><b>10</b> high-quality coffee laboratories in operation which have allowed the analysis of quality with <b>790</b> samples, and training of over 6,000 people in agreement with Sena.</p> <p>Value addition to 1,323 coffee growers and sales of more than <b>COP 3.5 billion (USD 822,562)</b>.</p>

SANTANDER	PROJECT	INVESTMENT (COP MILLION)	ACHIEVEMENTS
Efico Foundation King Baudouin Foundation Colibri Foundation Sena Coffee grower communities	<b>A new generation of coffee entrepreneurs,</b> municipalities of Suaíta, Gámbita, Oiba, Guadalupe, Guapotá, Zapatoca, Betulia, Galán, San Vicente, and El Carmen de Chucurí.	<b>1,245 (USD 292,597)</b>	<b>150</b> young coffee growers with 467,622 coffee plants on 84.72 ha.  <b>150</b> coffee farms with soil analyses and fertilization plans.  <b>150</b> coffee grower families received support in food security (hens and feed).  <b>150</b> biosafety kits delivered.  <b>150</b> young coffee growers are trained in agronomic crop management.  <b>150</b> families of young coffee growers sell dry parchment coffee.
TOLIMA	PROJECT	INVESTMENT (COP MILLION)	ACHIEVEMENTS
Jacobs Douwe Egbert (JDE) Keurig DrPepper FNC	Water at the heart of the coffee grower communities* in Tolima (and Cauca)	<b>1,210 (USD 284,371)</b>	<b>105</b> coffee farmers benefited from ecological wet mills, pulp processors, and vegetation filters built.  <b>29</b> coffee growers with sanitary units & septic systems.  <b>97</b> coffee growers with fertilizer incentive for <b>48.68 ha</b> of new plantings or renovation of coffee plantations.

\*The project began on March 20, 2019, which is why it has been reported several terms.



TOLIMA	PROJECT	INVESTMENT (COP MILLION)	ACHIEVEMENTS
			<p><b>972</b> coffee farmers trained in natural resource conservation and climate-smart agriculture.</p> <p><b>24</b> coffee growers trained as environmental observers and in sustainable and quality coffee production.</p> <p><b>4</b> rural schools with implementation of comprehensive environmental training plans and provision of sustainable infrastructure, drinking water filters, and teaching material.</p>

VALLE DEL CAUCA	PROJECT	INVESTMENT (COP MILLION)	ACHIEVEMENTS
Valle del Cauca Regional Autonomous Corporation (CVC)	Training and implementation of production reconversion processes and strengthening of agricultural and animal production to support food security	<b>2,185</b> <b>(USD 513,514)</b>	<p><b>1,500</b> beneficiaries (900 coffee farmers).</p> <p><b>900</b> pulp processors.</p> <p><b>1,499</b> sites for habilitation of organic material.</p>

COORDINATING OFFICES	PROJECT	INVESTMENT (COP MILLION)	ACHIEVEMENTS
Fintrac (financed by USAID) through the Producers to Markets Alliance (PMA)	Strengthening of the coffee chain in the municipalities of San Juan de Arama, Mesetas and Uribe, Meta	1,578 (USD 370,858)	<p>230 coffee farmers benefited.</p> <p>Construction of 104 solar dryers and improvement of 104 wet mills.</p> <p>79,429 trees incentivized (29 farms).</p> <p>100 coffee samples for physical and sensory analyses.</p> <p>40 soil analyses.</p> <p>COP 863 million (USD 202,820) in local sales.</p> <p>73,909.50 kg.</p> <p>230 beneficiaries trained in best agricultural practices.</p>







# 6

Managing  
**resources**  
**transparently**  
to transform the  
countryside

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# FoNC FINANCES USD 95.5 MILLION IN PUBLIC GOODS FOR COFFEE GROWERS

GRI 102-7  
GRI 203-1

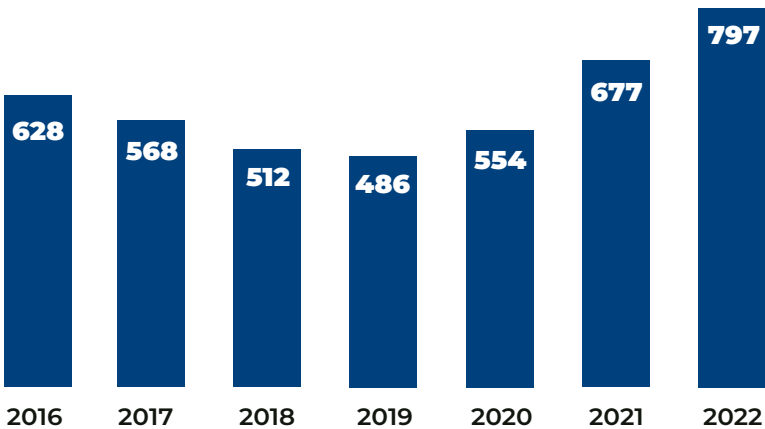
*Because of the high prices of coffee, the FoNC income reached USD 890 million, but more was also paid for coffee purchases.*

In 2022, income of the National Coffee Fund (FoNC) was **USD 890 million**, of which **USD 585.7 million** came from green coffee sales, **USD 210.9 million** from Buencafé, and **USD 93.4 million** from the institutional activity.

With green and processed coffee sales of **USD 796.6 million** (up 18% from USD 677 million in 2021), coffee commercialization and the freeze-dried coffee factory establish themselves as income generation engines for the Fund.



Coffee sales  
(USD million)

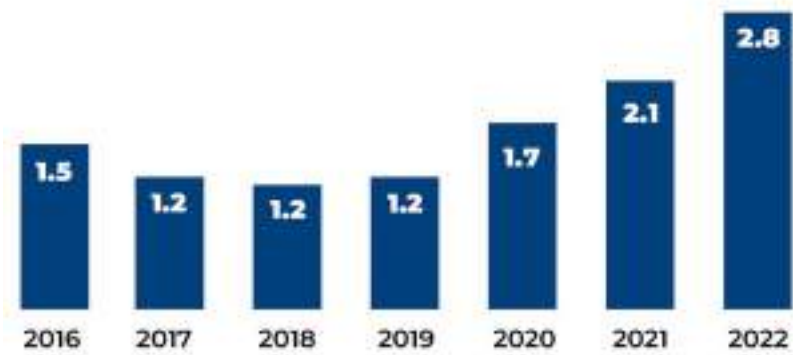


Includes Buencafé and green coffee sales.

Source: FNC Commercial Division.

As part of the commercialization cycle, the FoNC bought coffee for **COP 2.8 trillion (USD 658 million)**, 29% more than in 2021.

Coffee purchases  
(COP trillion)



Source: FNC Commercial Division.

Of the income worth USD 93.4 million from the institutional activity, **USD 82.1 million** came from the coffee contribution and **USD 7.1 million** from royalties, which increased 39% compared to 2021.

With this income and commercial activity surpluses, the FoNC financed **USD 95.5 million**, equivalent to **COP 403 billion**, in public goods and services for coffee growers.

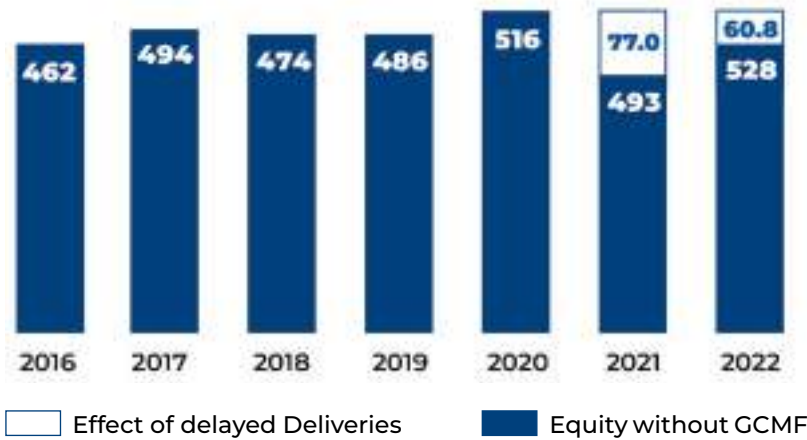


# FoNC EQUITY REACHES USD 528 MILLION

*Although the indicator is higher than that of 2021, it has been affected by USD -61 million due to failed coffee deliveries under forward contracts, hence the importance of producers honoring their commitments.*

In 2022, the **FoNC equity reached USD 528 million** (excluding the provision for the Gran Colombiana Merchant Fleet and the effects of delayed deliveries of forward contract coffee).

FoNC equity  
(USD million)



Source: FNC Administrative & Financial Division.

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

As a result of both the local and the international financial sector's trust in the FNC, the FoNC has available credit lines of **USD 852 million (COP 4.1 trillion)** that allow, if required, to leverage the main public good for



coffee growers, the purchase guarantee. The indicator is USD 25 million (3%) higher than that of 2021.

To keep this trust and to afford the working capital required by the FoNC and the public goods provision, the good financial health of the FoNC is essential, highly dependent on behavior of the commercial activities.

Therefore, the delivery of coffee by producers and cooperatives within the agreed terms and times sustains the normal commercial cycle and safeguards the finances of the FoNC, whose equity was affected by **USD -61 million** in 2022 due to failed deliveries of forward contract coffee.

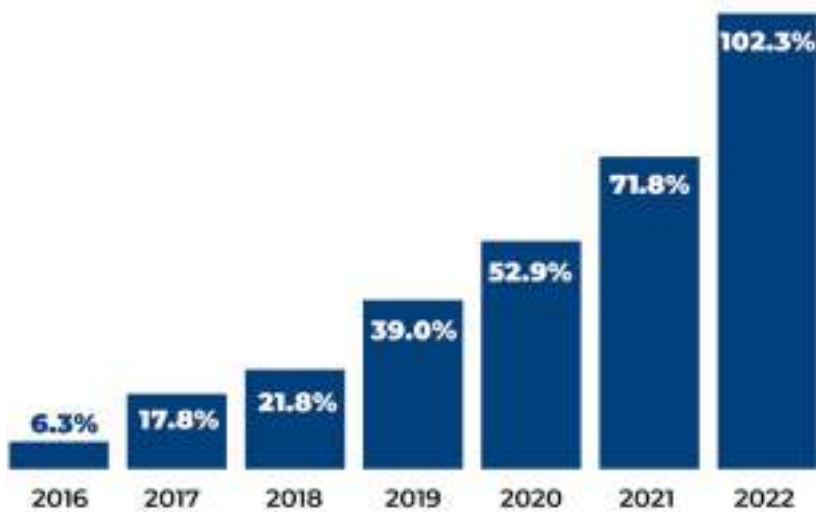


# BACKING OF FNC’S LONG-TERM OBLIGATIONS EXCEEDS 100%

*It was the fourth consecutive year with a surplus budget at the central level, with no debt to the financial system and a stable financial structure that consolidates the financial prosperity of the FNC.*

Complying with the FNC's financial prosperity policy approved by the Coffee Growers Congress and endorsed by the Steering Committee in 2017, in the last 7 years the backing of the FNC's pension obligations has increased steadily and in 2022 it exceeded 100%, reaching the target five years earlier than proposed in the policy.

Backing of FNC's long-term obligations



Source: FNC Administrative & Financial Division.

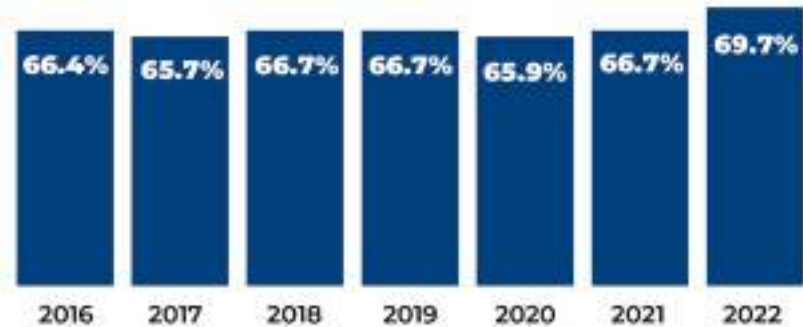
Thanks to the careful and diligent formulation of the FNC's budgets as a private entity, the efficient use of resources and income management, since 2019 the FNC has kept a

surplus budget exercise at the central level and remains debt-free to the financial system.

This healthy situation remains even if the pay for managing the FoNC has not been increased in 5 years, in addition to the inflationary and exchange rate pressures that impact expenditures.

Hence the equity strength of the FNC, with assets backed by **69.7% of its equity (the highest rate in the last 7 years)** and a current ratio showing, since 2018, that its current assets more than double its current liabilities.

FNC equity strenght



Source: FNC Administrative & Financial Division.



**Real estate profitability  
is 4.54%**

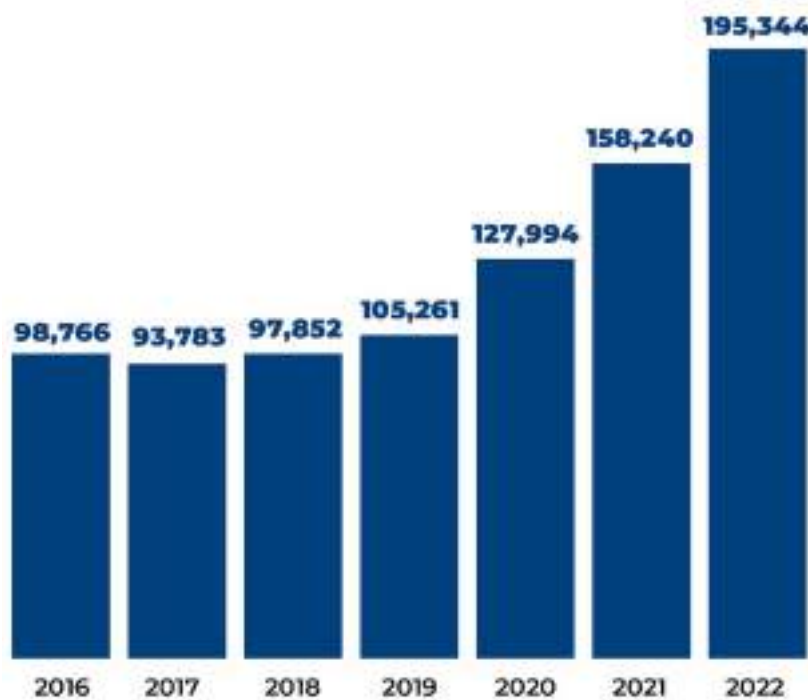
In 2022, 34 lease contracts were renovated, 2 were transferred, and 2 new ones were signed, yielding a return of **4.54%** on the properties managed by the FNC.

**Sales of agricultural supply  
stores exceed USD 45.83 million**

*These stores play a key role in providing quality inputs to coffee businesses.*

In 2022, the agricultural supply stores in the departmental committees of Caldas, Quindío and Santander reached sales of **COP 195.3 billion (USD 45.83 million)**, **23.4%** more than in 2021.

**Sales of agricultural supply stores  
(COP million)**



These business units reached over **COP 5 billion (USD 1.2 million)** in profits in 2022, or **3%**, and are a key source of resources to strengthen the finances of the departmental committees.







GRI 102-7  
GRI 102-8  
GRI 404-2

HR MANAGEMENT

# WE MAKE A MORE SUSTAINABLE WORLD THROUGH THE BEST OF COLOMBIA

*In 2022, the higher purpose of the FNC was built collectively. To connect it with that of each of our workers is a challenge that inspires us every day to build new capabilities.*

At the Colombian Coffee Growers Federation (FNC), we promote diverse and inclusive participation environments, the development of skills of being and doing, two-way communication, leadership strengthening, and a balanced life for all our workers.



**3,069**  
employees  
63% are men and  
37%, women.

Educational level

- 1% Ph.D.
- 7% master's degree
- 11% high school
- 14% technical training
- 16% specialization
- 50% professionals

165 work at Cenicafé (5.4%)

434 work at Buencafé (14.1%)

1,008 are extension workers (32.8%)

2,102 work in the departmental committees (68.5%)

## In HR Management, the actions are framed within three fundamental pillars:



Among the highlights of this year are:

### Definition and launch of the higher purpose

Year 2022 hit a great milestone in organizational matters with the collective construction of our higher, inspiring and high-impact purpose for the entire team of workers.

**"We make a more sustainable world through the best of Colombia"** connects with our desire to transcend and leave a mark through our day-to-day actions, contributes to coffee grower families' well-being, and strengthens our employer brand.

**1,800 employees participated in its construction**, and 80 facilitators were trained, who held over 90 workshops nationwide to

spread and internalize our higher purpose with all the FNC workers, which we now take everywhere.

### Building Smiles volunteering

*A million reasons to plant trees.*

Convinced of the importance of trees in carbon capture, oxygen production, air purification, preservation of fertile soils and clean rivers, and in general better ecosystems, an environmental experience was built with workers within the framework of the national campaign **"A million reasons to plant a tree"** that contributes to oxygenate the planet. More than **875** volunteers nationwide participated.



Over 2,274 trees of different native species were planted on coffee growers' farms and lands of the FNC branches, contributing to capturing 38 t of CO<sub>2</sub> eq/year.

Volunteering also targeted the sustainable development goals (SDG) set in the Paris Agreement, Agenda 2030, raising awareness among our workers on climate change and its adaptation.



## Welfare policy

To keep a positive work climate and a healthy environment, based on the balance of needs that generate satisfaction, strengthen workers' commitment and contributions, and consolidate the FNC as the best place to work, the welfare policy was designed.

The portfolio includes unified benefits at the national level that create the same experience for workers and their families in terms of time flexibility, economic benefits, living conditions, well-being, diversity, inclusion, and equity, to reconcile personal, family and work life.

## Measurement of Workplaces without Harassment (ELSA)

Committed to gender equity and to contribute to the SDGs, we diagnosed work harassment at the organization through the ELSA tool, with a nationwide participation of **1,803 workers**. The results are presented to the Extended CEO's

Office Committee, and all the coexistence committee members are trained in handling and identification of harassment cases.

## Loans and lines of credit for workers

We promote our workers' quality of life, well-being and tranquility through easier conditions to meet their economic, personal and family needs. In 2022, **loans worth COP 2.2 billion (USD 507,403) were granted to 334 people**, an average of **COP 6,470,000 (USD 1,520.6) per person**.

The Revolving Credit Fund for FNC and Almacafé Employees (FRCE) is one of the most important alternatives for our workers, as it accounts for **52% of the disbursed resources** and allows them to access loans to acquire, build or remodel housing, or for paying or paying off a mortgage loan or housing leasing, or for the undergraduate and postgraduate studies of their children.



## Leaders Development Program

For a fourth straight year, the Leaders Development program continues strengthening the skills, knowledge and tools that allow our leaders to successfully manage their work teams.

Visionary leaders who communicate effectively and lead by example are what make the difference in our organization.

This year we reached over **380 leaders** nationwide with two 100% virtual training actions that strengthen two of the dimensions in which the program is framed: Leadership for the people and Leadership for the organization. In total, 20 hours of training were given per person.

## Education and training program 2022

At the national level, the training actions promoted from the FNC HQ include the following.

DESCRIPTION	PARTICIPANTS & AVERAGE TRAINING HOURS
8 training actions in leadership, environmental sustainability and appropriation of new ways of working, leveraged on technologies and digital skills for data analysis and decision-making.	<b>1,671 people:</b>  1,535 workers and 136 women coffee growers.  <b>35</b> hours/person.
Training and updating actions on the Integrated Occupational Health and Safety Management System (OSH), control and security, projects and strategy, among others.	<b>2,680</b> workers.  <b>10</b> hours/person.
Specialized training for the Extension Service on topics such as Ecomill®, assisted harvesting, and business management.	<b>2,804</b> workers.  <b>21</b> hours/person.



# 7

## About this **report**

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This report was prepared in accordance with the GRI standards (core option) and presents the 2022 FNC management results..

GRI 102-54

GRI 102-40

GRI 102-42

GRI 102-43

GRI 102-44

## 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

**PARTNERS**

## Subgroups:

Government(s)

National organizations/NGOs

Private companies

International  
organizations/NGOs

Embassies

Public/private funds

**RELATIONSHIP APPROACH**

We seek to maintain respectful and constructive dialogue to create and sustain partnerships that support our mission, protect income of coffee grower 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 (FEPCafé).

**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.

**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, and 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 Connect Bogotá

Corporación Reconciliación Colombia

Empresarios por la Educación

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 2022.

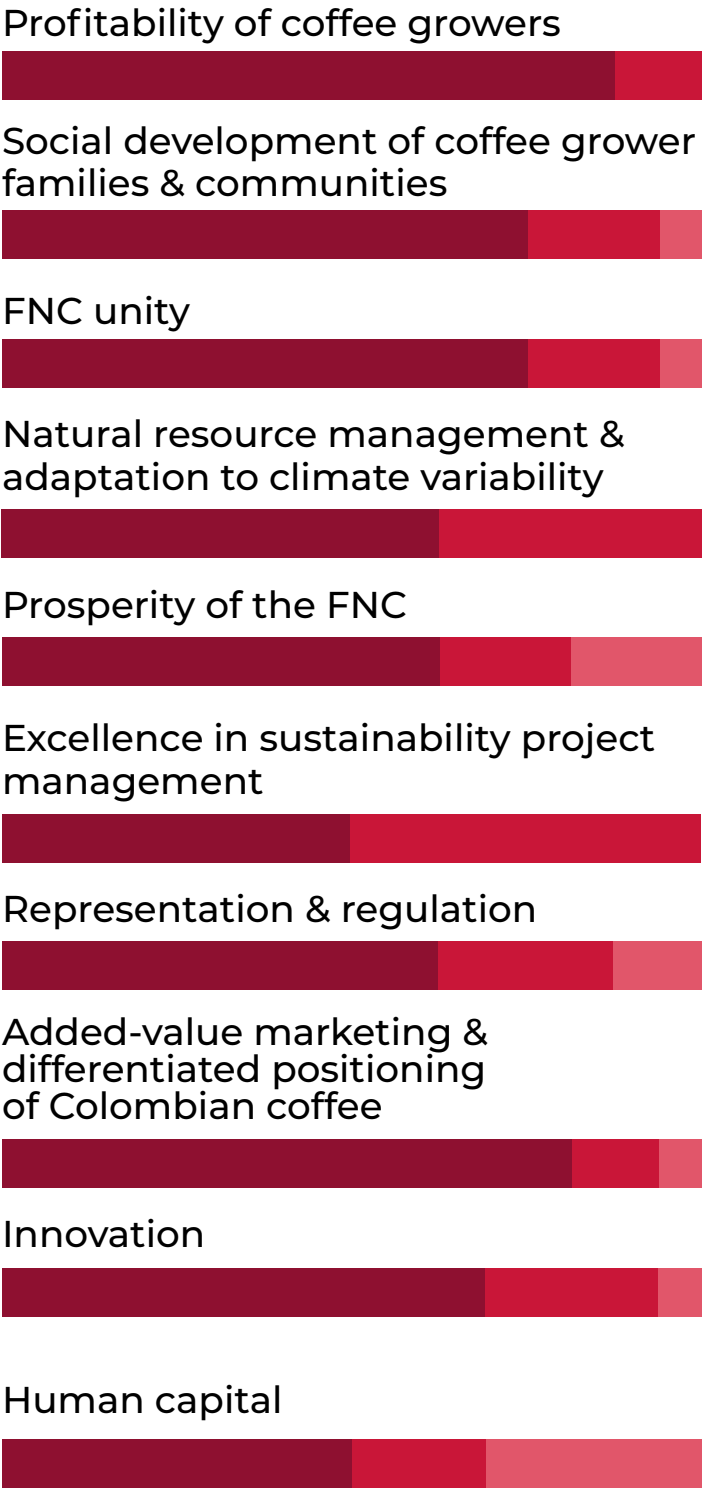
For the 2018 update, a workshop was held with leaders of different areas of the FNC. First, the participants identified the significant economic, environmental and social impacts of and on the FNC. Once identified, they matched them with the existing material topics to confirm them, identify possible 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

<b>MATERIAL TOPIC</b>	<b>Boundaries</b>
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	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



# AT THE FNC WE CONTRIBUTE TO 16 OF THE 17 SUSTAINABLE DEVELOPMENT GOALS (SDGs), BY IMPACTING **105 TARGETS**: 82 DIRECTLY AND 23 INDIRECTLY

## 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.

## 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.**

## PRICE

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

## PRODUCTION COSTS

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



## ENVIRONMENTAL DIMENSION

Promoting **environmental sustainability** in the coffee production systems and at the organization.

**17. Reforestation** in coffee regions.

**18. Soil & water care.**

**19. Waste management / Circular economy.**

## GOVERNANCE DIMENSION

Strengthening **effective representativeness** to ensure the **FNC legitimacy**.

**16. To encourage leadership, associativity & participation.**



# 8

## **Annexes**

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# 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		
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 Connect Bogotá		
Corporación Reconciliación Colombia	1	
Empresarios por la Educación		
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		
Specialty Coffee Association (SCA)		
Sociedad de Agricultores de Colombia (SAC)	1	1

# GRI CONTENT INDEX

## GENERAL DISCLOSURES

STANDARD	GRI	DISCLOSURE	PAGE NO.	OMISSION
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## ORGANIZATIONAL PROFILE

GRI 102 GENERAL DISCLOSURES 2016	102-1	Name of the organization.	66	
	102-2	Activities, brands, products, and services.	10, 18	
	102-3	Location of headquarters.	66	
	102-4	Location of operations.	18	
	102-5	Ownership and legal form.	66	
	102-6	Markets served.	20, 26, 30, 34, 39, 41, 46, 72, 73, 76, 80, 87	
	102-7	Scale of the organization.	20, 41, 46, 68, 100, 104	
	102-8	Information on employees and other workers..	104	
	102-9	Supply chain.	19	
	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.	122	
	102-13	Membership of associations.	122	
	STRATEGY			
	102-14	Statement from senior decision-maker.	6	
	ETHICS & INTEGRITY			
	102-16	Values, principles, standards, and norms of behavior.	67	
	GOVERNANCE			
	102-18	Governance structure.	66	
	STAKEHOLDER ENGAGEMENT			
	102-40	List of stakeholder groups.	110	
	102-41	Collective bargaining agreements.	As of December 31, 2022, 4.3% of workers were part of the union organization..	
	102-42	Identifying and selecting stakeholders..	110	
	102-43	Approach to stakeholder engagement.	110	
	102-44	Key topics and concerns raised.	110	
	REPORTING PRACTICE			
	102-45	Entities included in the consolidated financial statements.	The FNC, as a private-law, non-profit, unionized legal person, consolidates its	



## GENERAL DISCLOSURES

STANDARD	GRI	DISCLOSURE	PAGE NO.	OMISSION
<b>GRI 102</b> GENERAL DISCLOSURES 2016	<b>102-45</b>	Entities included in the consolidated financial statements..		financial results with 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.
	<b>102-46</b>	Defining report content and topic boundaries.	115	
	<b>102-47</b>	List of material topics.	115	
	<b>102-48</b>	Restatements of information.		There was no information restated in this report.
	<b>102-49</b>	Changes in reporting.		With GRI standards, since 2019 the annual Management Report incorporates the sustainability & industry reports.
	<b>102-50</b>	Reporting period.		January 1 to December 31.
	<b>102-51</b>	Date of most recent report.	2021	
	<b>102-52</b>	Reporting cycle.	Annual	

## GENERAL DISCLOSURES

STANDARD	GRI	DISCLOSURE	PAGE NO.	OMISSION
<b>GRI 102</b> GENERAL DISCLOSURES 2016	<b>102-53</b>	Contact point for questions regarding the report.	informacion.fnc@cafedecolombia.com	
	<b>102-54</b>	Claims of reporting in accordance with the GRI standards.	110	
	<b>102-55</b>	GRI content index.	123	
	<b>102-56</b>	External assurance.	This report was not submitted to external verification.	

## MATERIAL TOPICS

## INDIRECT ECONOMIC IMPACTS

<b>GRI 103</b> MANAGEMENT APPROACH 2016	<b>103-01</b>	Explanation of the material topic and its boundary.	20, 30, 34, 37, 46, 80, 87, 101
	<b>103-02</b>	The management approach and its components.	
	<b>103-03</b>	Evaluation of the management approach.	
<b>GRI 203</b> INDIRECT ECONOMIC IMPACTS 2016	<b>203-01</b>	Infrastructure investments and services supported.	34, 37, 40, 41, 46, 68, 80, 87, 100







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



STANDARD	GRI	DISCLOSURE	PAGE NO.	OMISSION
EFFLUENTS & WASTE				
<b>GRI 103</b> MANAGEMENT APPROACH 2016	<b>103-01</b>	Explanation of the material topic and its boundary.	58, 59, 61, 63	
	<b>103-02</b>	The management approach and its components.		
	<b>103-03</b>	Evaluation of the management approach.		
<b>GRI 306</b> EFFLUENTS & WASTE 2016	<b>306-02</b>	Waste by type and disposal method.	55, 58, 59, 61	
TRAINING & EDUCATION				
<b>GRI 103</b> MANAGEMENT APPROACH 2016	<b>103-01</b>	Explanation of the material topic and its boundary.	34, 37, 46, 56, 68, 80, 87	
	<b>103-02</b>	The management approach and its components.		
	<b>103-03</b>	Evaluation of the management approach.		
<b>GRI 404</b> TRAINING & EDUCATION 2016	<b>404-02</b>	Programs for upgrading employee skills & transition assistance programs.	46, 55, 57, 58, 68, 104	





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