

IMPACT REPORT 2022



Promoting prosperity through coffee

SUMMARY

03. Foreword

04. About Sancoffee

07. Facts and Figures | Main markets

08. Impact Overview

09. Sustainable Development Goals

10. Governance

15. Environmental

25. Community

35. Accountability

37. Future outlook



FOREWORD

We certainly enter 2023 on a more positive note than the last two years. Nonetheless, the consequences of the climatic and economic shocks and acceleration of trends observed in 2021 and 2022 have reshaped our world in profound ways.

At times of hardship, it becomes even more evident for us that a sustainable business model built on strong foundations and taking into consideration all stakeholders is our best insurance for the future. Thanks to committed producers, clients and team members we were able to keep our regular export volumes at the same quality levels in spite of the two consecutive years of low production in the fields.

In fact, when we compile the numbers, the percentage of exportable coffee lots selected in both recipes and singles categories has increased roughly by 10% during these last two years. This continuous growth in quality was also showcased in our last edition of the Best SanCup contest, with the highest ever average scores of auctioned lots.

At the same time, environmental and social matters remained high in the global agenda and even more so at Sancoffee. We are delighted to further detail in the next pages the progress made in terms of our carbon footprint and the bio recovery project as well as all community actions. There are already more activities in the pipeline and this is very exciting for the future.

Grab your coffee and enjoy the reading!

Henrique Dias Cambraia
Sancoffee's President

ABOUT SANCOFFEE



Photo 1. Sancoffee's structure

OUR VISION

"To be a platform for continuous evolution in the specialty coffee chain"

OUR MISSION

"We cultivate relationships, we harvest trust and we promote prosperity"

Sancoffee was born in 2000 as a specialty coffee coop. Since its foundation, Sancoffee has been the main driving force for quality in the Campo das Vertentes region. We strive to consistently produce amazing coffees, using the most advanced and sustainable agricultural practices, empowering coffee producers to access international markets and build long-lasting relationships with roasters and importers around the globe.

Each bean carries the soul and the hard work of a coffee producer. Each cup is the expression of our terroir. We work relentlessly to showcase these coffees and their stories around the world, staying loyal to our history and values.

FARM MEMBERS

FAZENDA SANTA CLARA

FAZENDA ARCO ÍRIS FAZENDA CURRAL DE MINAS

FAZENDA SAMAMBAIA FAZENDA FARIA

FAZENDA PINHAL FAZENDA BOA VISTA

FAZENDA VILA BOA FAZENDA SÃO CARLOS

FAZENDA BOM JARDIM 1 FAZENDA SÃO PAULO

FAZENDA CAFÉ CITRO

FAZENDA DO CRUZEIRO FAZENDA SÃO SEBASTIÃO

FAZENDA SERRA NEGRA FAZENDA GUARIROBA

FAZENDA CERRADO GRANDE FAZENDA BOM JARDIM

FAZENDA TAQUARAL

20

coop farms



Photo 2. Fazenda São Paulo

THE TEAM



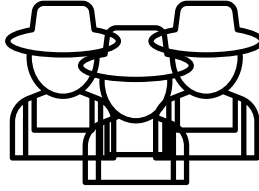
36
co-workers

FACTS AND FIGURES



20

COOP
PRODUCERS



370

BEYOND BORDERS
PRODUCERS



10

TOWNS



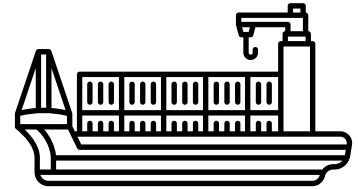
8,368

HECTARES OF COFFEE



132,995

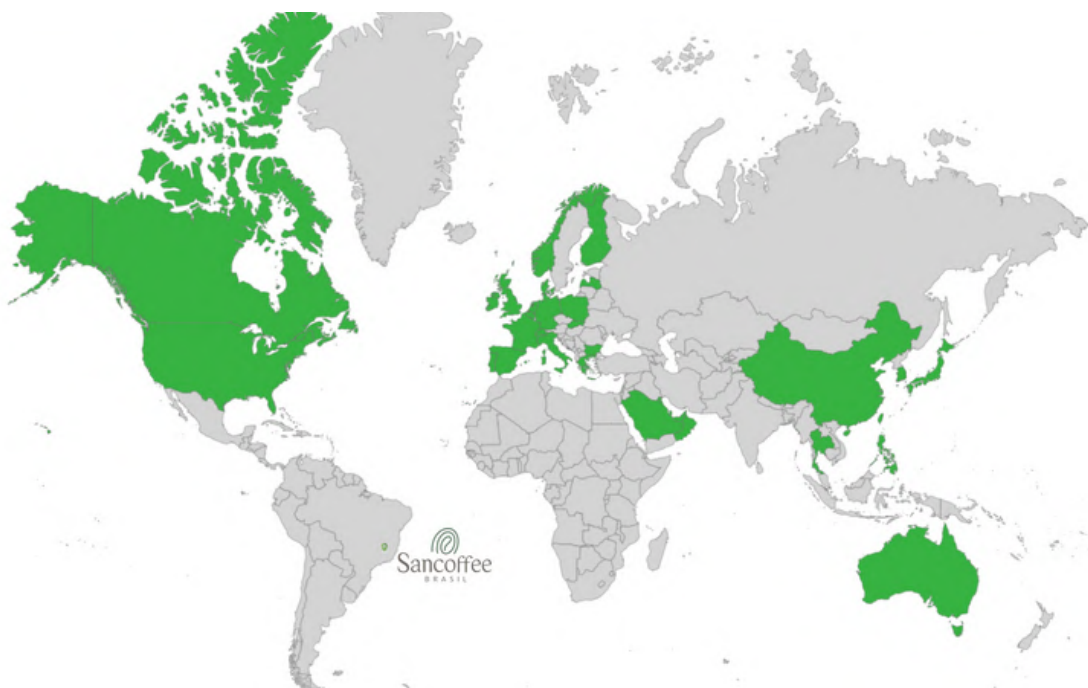
TOTAL COFFEE
RECEIVED IN BAGS (60KG)



53,501

EXPORTED BAGS 22/23
(60KG)

MAIN MARKETS



IMPACT OVERVIEW

Key directions of Sancoffee's Impact Work:

- Organizational Structure
 - Food Safety Plan
 - Certifications

- Carbon Footprint
 - Bio Recovery
 - Zero Waste



- Beyond Borders
 - Nascentes
- Sancoffee in the field
- Kindergarten Renovation
 - Best SanCup
- Community Support

SUSTAINABLE DEVELOPMENT GOALS FRAMEWORK

Sancoffee's impact projects are developed in line with our strategic planning, meeting the cooperative and our stakeholders' needs. The UN Sustainable Development Goals framework guides us in this journey towards a more sustainable and prosperous community.

According to United Nations¹ (2023) the Sustainable Development Goals are a call for action to promote prosperity while protecting the planet. They recognize that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection.

¹ United Nations, "17 Goals to Transform Our World" 2023



THE GLOBAL GOALS



GOVERNANCE



ORGANIZATIONAL STRUCTURE

Sancoffee's organizational structure aims to make it possible to consistently and reliably deliver the values and solutions our main stakeholders need and have all the goals being achieved in an efficient and transparent way.

The General Assembly is the ultimate decision making body in the cooperative. The group is composed of all the coop members. Its main functions are: deliberate and approve all major changes within the coop, such as strategy, annual budgets, structural rules.

The four boards are responsible for making sure operations and projects are undertaken according to what is approved by the general assembly and are aligned with the overall strategy and culture of the company.

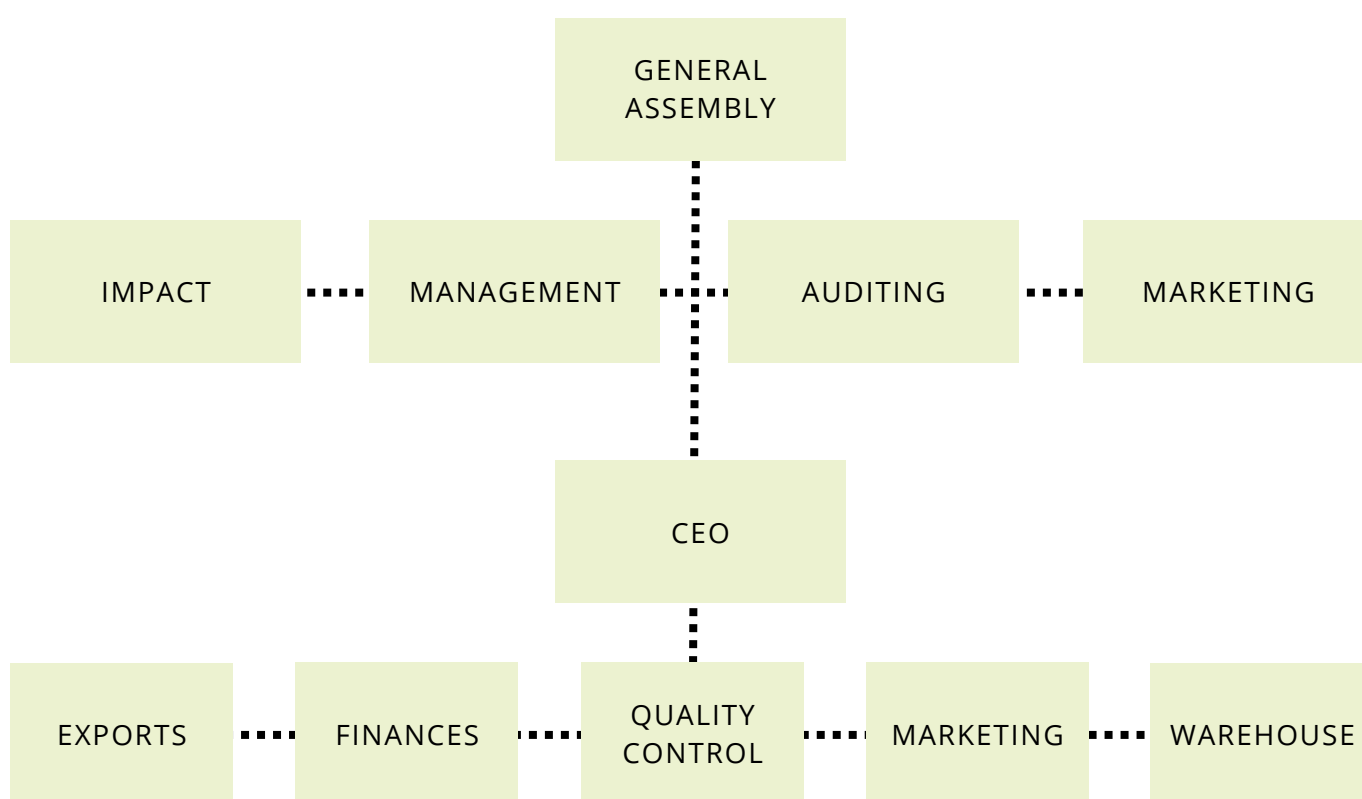


Chart 1. Sancoffee's organizational structure

FOOD SAFETY PLAN

The Food Safety Plan was adopted by Sancoffee in order to comply with United States Food and Drug Administration (FDA) regulations and requirements from roasters and importers. The focus is to identify contamination risks of physical, chemical, and biological agents. This will contribute to disseminating the food safety culture among the stakeholders and adopting preventive measures.

Main points delivered:

- Manual of good manufacturing practices;
- Team training focused on food safety;
- Annual chemical analysis by sampling;
- Improvements in the infrastructure and machinery for preventive control of contamination risks (physical, chemical, and biological).

GOALS IN 2023

- External auditing;
- Infrastructure improvements;
- Training about Food Safety Plan with stakeholders.



Photo 3. Sancoffee's warehouse

CERTIFICATIONS



The Rainforest Alliance seal promotes collective action for people and nature. It amplifies and reinforces the beneficial impacts of responsible choices.

Sancoffee's farms are certified, meaning that our coffees are produced using methods that support the three pillars of sustainability: social, economic, and environmental.

KEY RESULTS

- First time audited in the new 2020 standard
- 100% approval in the verified items

Certifica Minas Café is a program created in 2008 by the Government of Minas Gerais and managed by EMATER to promote the adoption of sustainable practices ensuring coffee quality and traceability. In the **Beyond Borders Program**, we count on the partnership of qualified technicians to support the participants' families to achieve the certification.



KEY NUMBERS

29

Certified properties

99

Audited properties

226

Properties in the process of certification

17 PARTNERSHIPS FOR THE GOALS



CERTIFICATIONS



B Corp Certification is a designation that a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials.

Certified B Corporations are leaders in the global movement for an inclusive, equitable, and regenerative economy.

Since 2019 Sancoffee has been a B-certified company achieving an overall score of 88.9.

In all, there are 5 impact areas evaluated that make up the overall impact.



GOALS IN 2023

- Renewal of the certification.

17 PARTNERSHIPS
FOR THE GOALS



ENVIRONMENTAL



CARBON FOOTPRINT

Sancoffee has been committed to sustainability since its foundation, whether in terms of environmental preservation or social responsibility, aiming to improve living conditions in the surrounding communities and contribute to the future of the generations to come.

In 2020 for the first time, we measured and offset Sancoffee's GHG emissions (warehouse + office), becoming the first Carbon Neutral coffee cooperative in Brazil.

In 2021 as a next step we conducted a carbon balance study (emissions and removals) for two of our farms. The results were inspiring, they demonstrated that both farms are Carbon Negative. Therefore, in 2022 we went even further and undertook a Carbon Balance study of all 20 farms. All farms were deemed Carbon Negative, and the project's outcomes will guide Sancoffee and the farms toward more sustainable agriculture.

Production + Processing
(Sancoffee farms)



Warehouse + Dry Mill + Exports
(Sancoffee office)



Photo 5. member farm

CARBON BALANCE - FARMS

In the last years, it was possible to observe that the coffee industry at the origin level has been directly affected by severe droughts, hailstorms, frosts, and storms, which interfered with the physiological cycle of the coffee plants, and consequently with the production.

Therefore, it was necessary to understand the main sources of emissions and removals from Sancoffee farms so that actions can be taken to mitigate Climate Change.

The methodology used was the Greenhouse Gases Protocol (GHG protocol) followed by the guidelines of UN's Intergovernmental Panel on Climate Change (IPCC), and also coffee growing scientific literature.

KEY NUMBERS

20

farms

15,827.81

Total farms area
(hectares)

6,752.34

Total coffee
area
(hectares)

13 CLIMATE
ACTION



Photo 6. Coffee field

CARBON BALANCE - FARMS

RESULTS

The results were promising and brought the knowledge to take action in the pursuit of more sustainable agriculture. The main sources of emissions were:

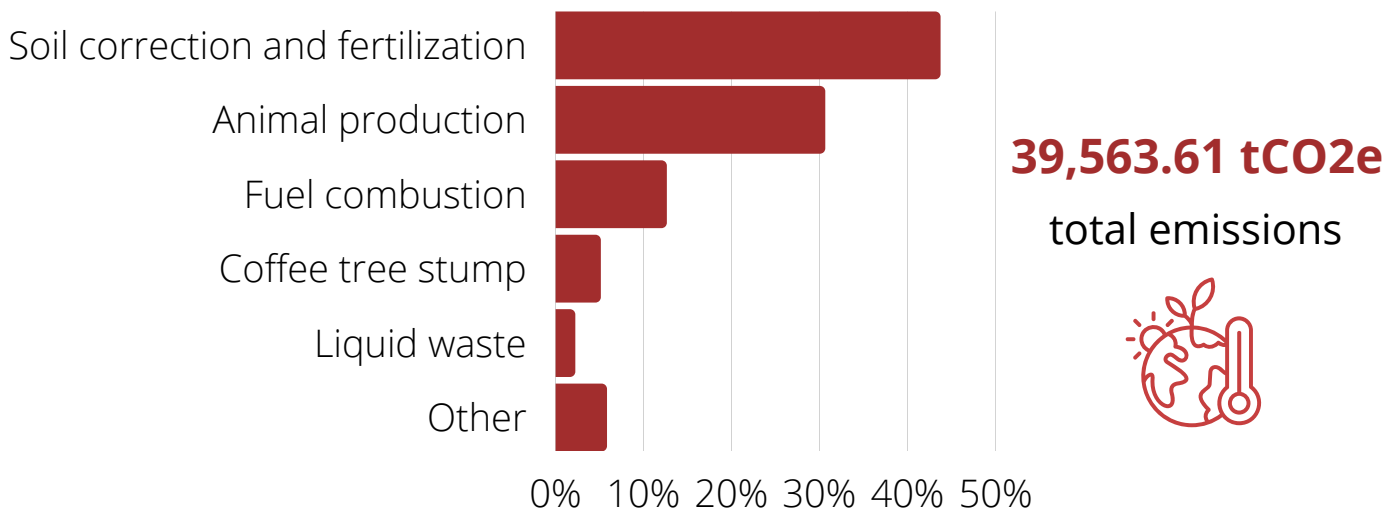


Figure 1. Main emissions of the 20 farms

The main sources of removals were:

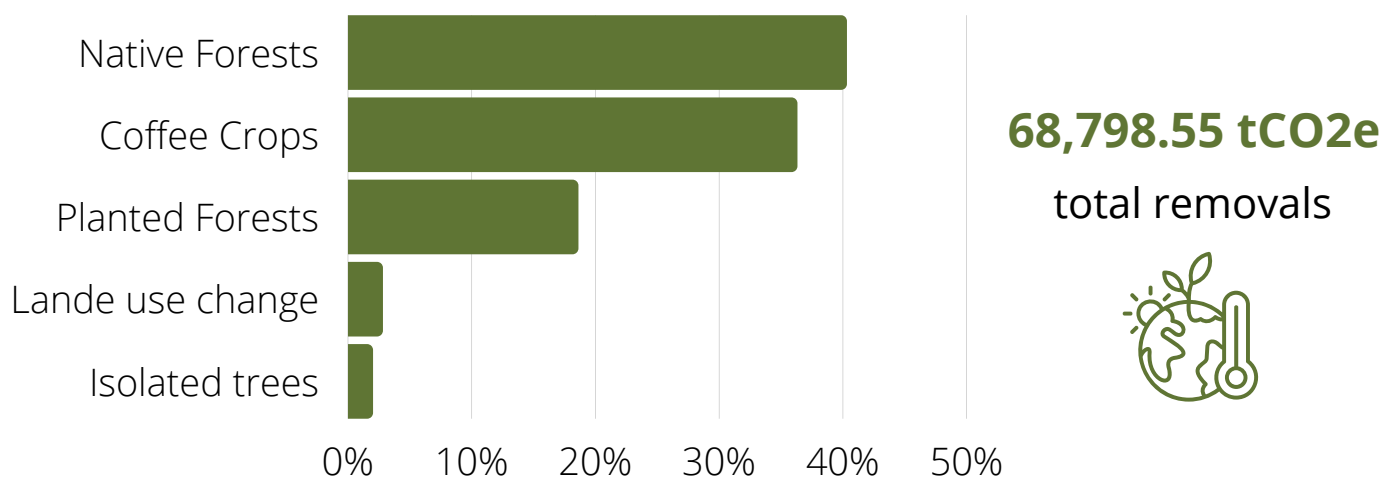


Figure 2. Main removals sources of the 20 farms

CARBON BALANCE

- FARMS



SANCOFFEE FARMS' BALANCE

39,563.61 tCO₂e **68,798.55 tCO₂e**
EMISSIONS - REMOVALS

- 29,234.94tCO₂e

CARBON NEGATIVE

GOALS IN 2023

- Perform the carbon balance in three different platforms seeking to identify a viable tool to expand the project to Beyond Borders producers;
- Keep the producers engaged in implementing new techniques for carbon emissions reduction;
- Understand how to connect our Carbon Footprint with Roasters/Importers' Carbon Footprint.

"We see Sancoffee as pioneers in the coffee industry, with their work for the people and the planet. The collaboration with Sancoffee has made it possible for us to launch our first Netzero carbon neutral coffee. As a transparent roastery every person in the chain matters and it is a pleasure to work with ambitious people who share the idea that great taste correlates with responsibility."

Lindy Nordentoft
Clever Coffee



CARBON NEUTRAL

- SANCOFFEE (OFFICE+WAREHOUSE)

Sancoffee's carbon assessment conducted in 2022, by the Brazilian company Green Solutions, refers to the 2021 emissions. Sancoffee's total emissions correspond to **166 tons of CO₂e**. The methodology used was the Greenhouse Gases Protocol (GHG protocol) followed by the guidelines of the UN's Intergovernmental Panel on Climate Change (IPCC).

MAIN EMISSIONS

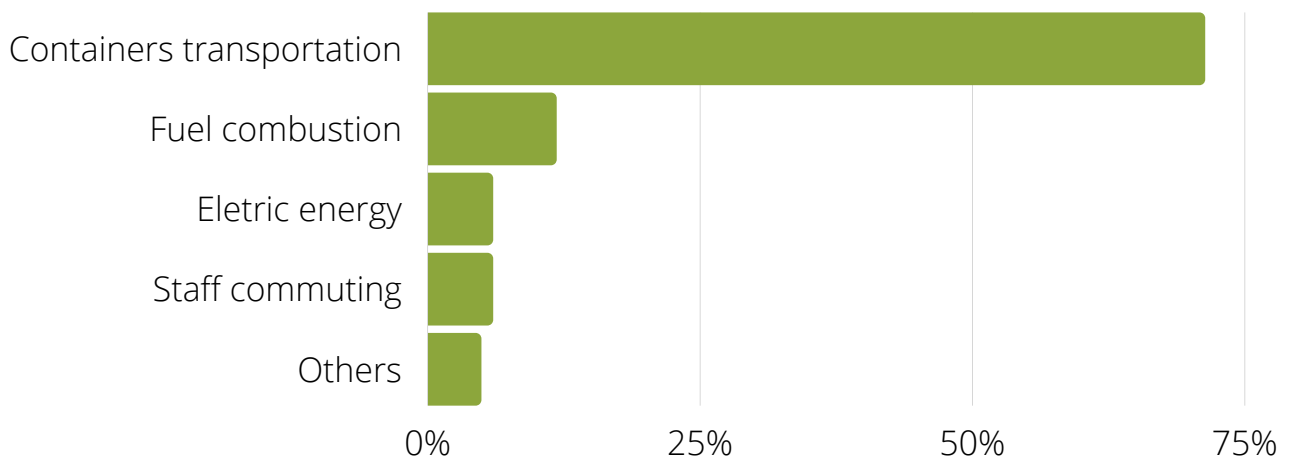


Figure 3. Sancoffee's GHG emissions

OFFSETING

To offset its emissions, Sancoffee purchased **166 credits** from The Envira Amazonia Project - A Tropical Forest Conservation Project in Acre, Brazil, validated and verified by **Verra Carbon Standard**, becoming a Carbon Neutral company.

Project Register:

<https://registry.verra.org/myModule/rpt/myrpt.asp?r=206&h=175889>

13 CLIMATE ACTION



15 LIFE ON LAND



BIO RECOVERY

As an effort to protect and preserve the environment and natural resources on our coop farms, in 2018 we established the Bio Recovery project. The project aims to recover degraded and vulnerable springs, as well as areas with erosion and sparse vegetation.

KEY NUMBERS

"Areas currently being recovered"

2021

2022

20.3 hectares

Recovered area

08

Recovering Gullies

11

Springs recovered

10,595

Native trees
planted

21.3 hectares

Recovered area

09

Recovering Gullies

14

Springs recovered

23,432

Native trees
planted

13 CLIMATE
ACTION



15 LIFE
ON LAND



14 LIFE
BELOW WATER



Photo 8. Planted Mahogany Forest

SANCOFFEE

// IMPACT REPORT 2022

BIO RECOVERY



BIO RECOVERY



RESULTS OF 2022 DIAGNOSIS

15,827.81	6,752.34	347	
total area (hectares)	coffee hectares	Springs	
109	149	1,628.20	4,713.93
Gullies	Dams	Hectares of Permanent Preserved Area*	hectares of Native vegetation

* PPAs (under Brazilian law 12.651) are natural protected areas, with rigid limits of exploitation, that is, direct economic exploitation is not allowed ([COFFEE & CLIMATE, 2023](#))

AREAS TO BE RECOVERED

496.86	227	146	53
hectares of degraded area	Springs	dams	Active Gullies

GOALS IN 2023

- Seek partners to help us funding the implementation phase;
- Make a diagnosis of a partner association of the Beyond Borders program.

"Our farm received Sancoffee's support through a field visit from the forest engineer Taís who helped us map all the environmental areas of the property, including springs, legal reserve and erosion spots. The project highlighted the environmental aspect, showing us the current reality and proposing improvements in some areas".

Gilmar Rodrigues
Fazenda São Paulo



Photo 9. Planted trees monitoring

ZERO WASTE PROJECT

In order to correctly manage the solid waste generated in our operations, in 2022 we developed a Waste Management plan aiming at "Zero Waste".

To this end, we identified all waste generation points in our operations (warehouse + office), adapted collection methods and identified locations, and companies for the final destination of this waste.



Photo 10. Training with Sancoffee's team about the Zero Waste program

KEY NUMBERS

36

People trained

12

Recycle bins installed

8

tons of residual dust from warehouse operations incorporated into farm compost



GOALS IN 2023

- Keep measuring and reducing the waste generated at Sancoffee;
- Improve awareness among our producers and Sancoffee team.

A close-up photograph of an older man and a woman smiling. The man, on the left, wears a dark blue baseball cap with a white fingerprint logo and glasses. The woman, on the right, wears a wide-brimmed straw hat. They are outdoors with trees in the background.

SOCIAL

BEYOND BORDERS

In 2012, Sancoffee and partners decided to promote a coffee quality contest among the members of one small producer's association. The outcomes were good and Sancoffee decided to open its doors to non-member producers through the Beyond Borders program.

The small producers and their associations are offered the same direct export structure with the same scheme, costs, and opportunities as Sancoffee's own members. The program is highly aligned with Sancoffee's strategy, which is to promote prosperity through coffee and a good business model.

KEY NUMBERS

09

ASSOCIATIONS

350

PRODUCERS

5,458

EXPORTED BAGS
(60KG)

USD 150,875.00

PREMIUM PAID TO PRODUCERS
18% NET ABOVE LOCAL MARKET
PRICES

USD 55,189.00

PREMIUM PAID TO THE
ASSOCIATIONS

USD 18,488.78

PARTNERS DONATIONS

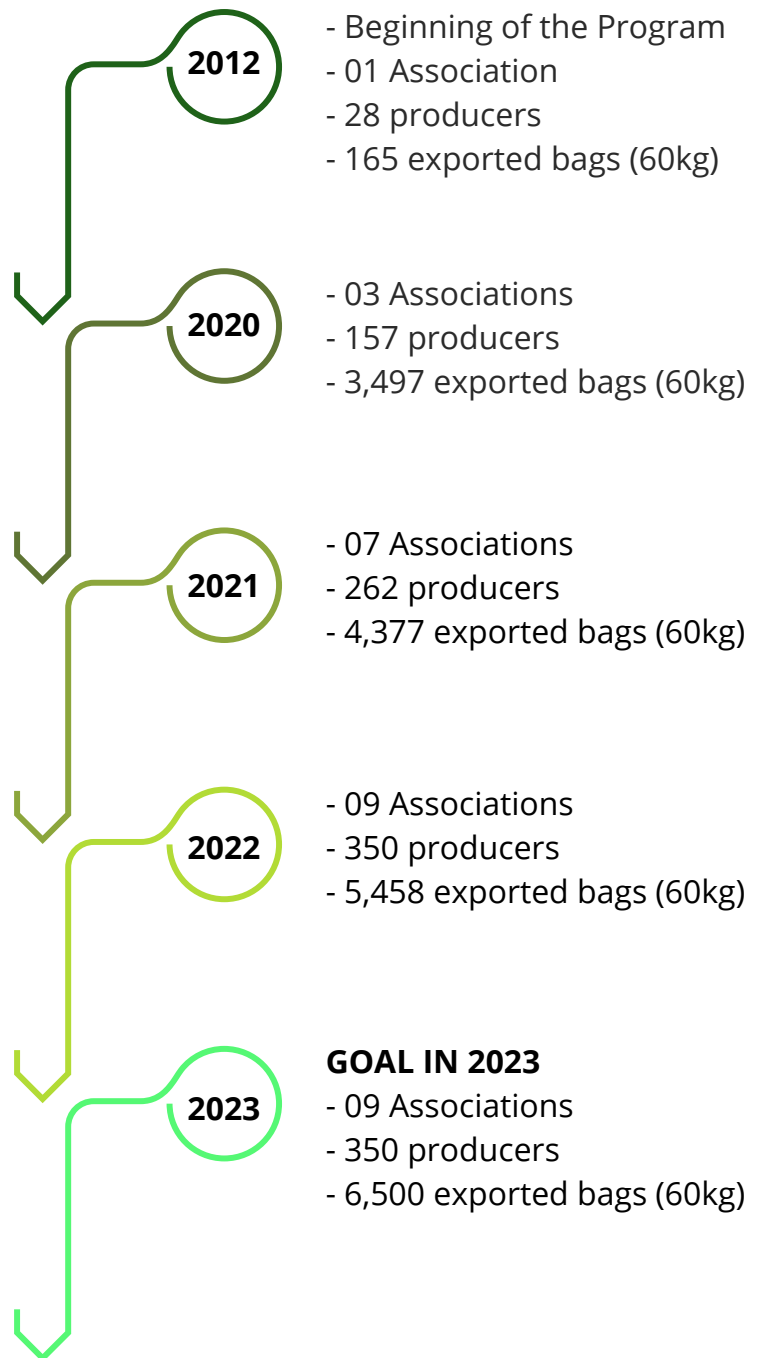


Photo 11. Arlindo Lelis - Beyond Borders member

BEYOND BORDERS



TIMELINE



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



17 PARTNERSHIPS FOR THE GOALS



Photo 12. ASCOFFEE association -
Beyond Borders member

NASCENTES

Nascentes project was born from the strength of female coffee producers in Campo das Vertentes. Inspired by the water springs that turn into rivers and create some of the greatest water basins in Brazil, these women have gathered in their diversity to better showcase their essential work within coffee.

By creating an inclusive platform in which women are empowered to take central stage, the Nascentes project provides equal learning opportunities to these coffee producers and helps grow the quality of their product so they can thrive and ultimately have a positive impact in their families and surrounding communities.



NASCENTES
Sancoffee

KEY NUMBERS

100

women
producers

757

exported bags
(60kg)

2

meetings



GOALS IN 2023

- Export 1,000 bags;
- Increase the coffee quality;
- Actions to build up more engagement between producers.



Photo 13. Ana Carolina Borges - Nascentes member

NASCENTES

"As a participant of the project, I received a lot of support from Sancoffee's co-workers. They referred us to lectures of utmost importance in our environment. As a result of my participation in this project I got an award in which my coffee was sold outside of Brazil."



Anderleia Lopes
Fazenda Lagoa

"The Nascentes name, brand and story allows customers to easily identify that the coffee comes from a project that empowers women. The cup-profile of the coffees we've sourced from Nascentes is also very appealing to customers. There is always a demand for coffees that are clean, full-bodied and balanced."

Laurel Carmichael
Vote Coffee Roastery



Photo 14. Renata Targino

SANCOFFEE IN THE FIELD

Created to share knowledge and technology among our producers, co-workers, and community, the "Sancoffee in the Field" program brings courses, training, and lectures on relevant topics for more sustainable and high quality coffee production.



Photo 15. Post Harvest Training

KEY NUMBERS

05
webinars

02
workshops

34
coursers

636
benefited
people

GOALS IN 2023

- To promote courses, workshops, and training for member producers, partners, Sancoffee co-workers, farm co-workers, and the community;
- Increase the number of benefited people.

4 QUALITY
EDUCATION



8 DECENT WORK AND
ECONOMIC GROWTH



17 PARTNERSHIPS
FOR THE GOALS



KINDERGARTEN RENOVATION

Part of our community, the "Vovó Liquinha" kindergarten serves 60 children from 0 to 4 years old every year. The institution is a place for learning for the children, and also where parents can leave them safe to go to work.

Thus, it is essential that the kindergarten has well-structured facilities to take care of the children. To address this need, in partnership with Japanese customers we launched the project of renovation of the "Vovó Liquinha" kindergarten .

The project started in 2022 with helping to finish the construction of the wall around the kindergarten. Other construction and maintenance works are planned to be finished in 2023.



Photo 16. Caio Flores - student at kindergarten "Vovó Liquinha"

GOALS IN 2023

- Paint the kindergarten, external and internal areas;
- Implement coverage at the entrance to the kindergarten;
- Construction of a new kitchen with a dining room.

3 GOOD HEALTH
AND WELL-BEING



4 QUALITY
EDUCATION



17 PARTNERSHIPS
FOR THE GOALS



KINDERGARTEN RENOVATION

CONSTRUCTION OF THE WALL IN THE CULTURAL SPACE AREA



BEST SANCUP

Celebrating Sancoffee's 20 years, in 2020 we held the first edition of our quality contest Best SanCup selecting the best coffees from Sancoffee producers and offering them in an auction.

With promising results, Best SanCup became a showcase for the best coffees of each harvest. The program is also an incentive for the coop producers and partners to introduce their best coffees.

In the competition producers submit samples of natural, pulped natural and fermented coffees. The lots are blind cupped by 5 national q-graders (from other companies) selecting the best coffees which are then cupped by international customers (24 roasters/importers) ranking the lots. The best coffees are auctioned on an online platform.



KEY NUMBERS

370

producers

38

samples qualified for
the national phase

11

winning lots

25

number of bidders

15.85 usd/lb

highest Bid

7.26 usd/lb

average Bid

302

total bids

USD 44.260,88

total value

Photo 17. Best SanCup selection

COMMUNITY'S SUPPORT



Photo 18. Nursing Home

NURSING HOME

Institution: Nursing Home "Vovô Nunuca" at Santo Antônio do Amparo - MG

Assisted people: 45

3 GOOD HEALTH AND WELL-BEING



Photo 19. Delivery of the corbertores

BLANKETS

Institution: Social Assistance Reference Center at Santo Antônio do Amparo - MG

Assisted families: 180



Photo 20. Event with family producers from Bom Sucesso

PRODUCER EVENTS IN THE REGION

Institutions: Emater and Amagri

Benefited people: 200

4 QUALITY EDUCATION



ACCOUNTABILITY



SUSTAINABILITY FUND

The Sancoffee's Sustainability Fund sponsors social and environmental projects under the scope of the Impact Committee. The fund is maintained by 10% of Sancoffee's annual surplus, clients' donations, and producers support.

We'd like to express our enormous gratitude to all the parties who contributed!

Total in 2022 = **USD 76,410.80**

MAIN PROJECTS

Project	Cost
Trainnings	USD 1,285.10
Kindergarten's Renovation	USD 3,327.50
Nursery Home	USD 6,334.00
Donations	USD 1,064.80
Sancoffee's Carbon Neutral	USD 3,429.80
Farms' Carbon Balance	USD 23,120.20
Bio Recovery Project	USD 18,235.00

FUTURE OUTLOOK

A new year comes with multiple business perspectives. Even if the scenario looks much smoother than what we all faced in the last couple years, many lessons were learned and we are constantly reminded of the fragile natural and geopolitical balances that support our economic activities.

Coffee-wise the 2023 harvest is projected to be somewhat more regular volumes and promising in terms of quality. Although climate patterns are still very far from usual, the current cycle has enjoyed well distributed rainfall and no major shocks. Stable production levels are essential for farmers when it comes to cost control and should be reflected in more stability on prices as well.

On the environmental front, Sancoffee has dedicated a lot of resources to a better understanding and eventually a mitigation of our carbon footprint, as noted throughout this impact report. We hope to continue on this path towards a lower carbon economy and more actions are being designed to integrate environmental services in every single coffee cup of Sancoffee.

In 2023, we also plan to keep evolving our quality standards. Not only at the cup per se but also the full scope of activities undertaken before coffee arrives at that stage. In order to do so we are implementing a new program called "86+" in which a quality expert will collect and analyze data from all producers in the network, providing real-time feedback and necessary training on post harvest. At the same time, our traceability systems are becoming more integrated and automated, and our warehouse is obtaining a food-grade certificate.

After all, it feels good to be back on the road. We expect to see many of you in the tradeshow during the year or in Brazil down into the ground of our farms!

Yours faithfully,
Sancoffee team



Sancoffee

B R A S I L

*Would you like to know more about our projects or
support any initiative?*

Please contact:
Fabício Teixeira Andrade
CEO

fabricao@sancoffee.com

+55 35 9 9935-3958