

MANAGEMENT REPORT 2020



Federación Nacional de
Cafeteros de Colombia

**“WHEN THE WORLD
SEEMED TO STOP DUE
TO THE PANDEMIC,
WE COFFEE GROWERS
MADE IT TURN AROUND.”**

Roberto Vélez Vallejo, FNC CEO



EDITION

Economic Research

José Leibovich, Claudia Córdoba, Nancy González,
Mario Villamil, José Méndez, Juan Manuel Izquierdo

Communications Director

Martha Sánchez

PHOTOGRAPHS

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DESIGN AND LAYOUT

Andrés Herrera, Eliana Ruiz Gaviria

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**Federación Nacional de Cafeteros de Colombia
/ Colombian Coffee Growers Federation**

Calle 73 No. 8-13

Tel.: (57+1) 313 6600 - 313 6700 Bogotá, Colombia.

www.federaciondecafeteros.org

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COFFEE IS

GRI 102-14

COLOMBIA'S HOPE

In a year that challenged humankind, this noble product was a lifeline for many. And the union not only confirmed its organization capacity and resilience, but also grew in the face of adversity as an example for the rest of the country and the world.

Despite the great uncertainty and challenges that the covid-19 pandemic brought with it, Colombian coffee growers and their union organization shone with own light. **Together, we worked tirelessly to adapt to adverse circumstances, accelerated our organization's digital transformation and better prepare ourselves for the future.**

Five years have passed under my administration and I can affirm with pride

and satisfaction that we are advancing in the strategy of achieving profitable, socially and environmentally committed coffee farming, with a solid union organization united around the objectives democratically agreed upon in successive coffee congresses.

In 2020, coffee growers managed to harvest **a crop worth COP 9 trillion (USD 2.4 billion¹), the largest in 20 years.** This figure is explained by the 13.9 million 60-kg bags harvested (with a productivity of 19.8 bags/hectare), a good



**Roberto
Vélez Vallejo
FNC CEO**

¹ Unless stated otherwise, in this report a 2020 average exchange rate of 3693.4 COP/USD is used for equivalences.

international coffee price of 111.2 ¢/lb and an average quality premium for Colombian coffee of 49.1 ¢/lb, which translated into an average domestic price of COP 1,048,117 (USD 283.8) per load of 125 kg of dry parchment coffee (dpc).

Despite lockdowns, **the Extension Service continued providing support to producer families** under the strategy "More agronomy, more productivity, more quality." Between March and December, over 1.3 million virtual contacts with coffee growers were made, adapting to a new service reality based on intensive use of technology and digital tools, something unprecedented in provision of this service.

Thanks to a sound organization in the face of the pandemic, we built an **appropriate and easily understandable biosafety protocol** in a timely manner so that coffee growers and their families could continue their daily activities without major disruptions. This protocol, in line with governmental guidelines, was even adapted for other Colombian agricultural sectors and exported to other coffee-growing countries.

In this line, the FNC quickly launched an ambitious communications plan under the slogan "**Everybody's health is everybody's business,**" one of whose first and greatest successes was dissemination of the biosafety protocol. Since then, coordinated institutional work has continued uninterrupted, with great emphasis on harvest periods, when a large amount of labor is required, and it is essential to promote healthcare and prevent possible infections.

Aware of the challenge of gathering the



largest harvest of the year in the midst of the pandemic, the FNC led the implementation of a **comprehensive Harvest Plan, which guaranteed safe coffee harvesting**, privileging health care of the large coffee family, through 9 components: covid-19 protocol, labor, labor transportation, assisted harvesting, relationships with the public force, with authorities, communications plan, coffee transportation and technical harvest aspects.

All these actions made the FNC a model once again, as covid-19 cases occurred in **less than 4% of coffee rural districts**.

As part of its marketing work, which always seeks to transfer the highest value to producers, **the FNC bought 162 million kg of dpc at a price 12.3% higher than the domestic base price**, and sold 1.7 million bags at premiums of USD 17.4 million for producers. Given the impossibility to travel, innovative apps and virtual auctions and trips to the origin became very important.

Buencafé closed the year with historic sales of almost 14,500 tons, 13% more than in 2019, and revenues of over USD 162 million. What a pride for Colombian coffee growers in such a challenging year!

Finances of the National Coffee Fund (FoNC, the acronym in Spanish) remained healthy. It reached revenues of USD 652 million: USD 392 million from green coffee marketing, USD 162 million via Buencafé and USD 98 million from the institutional activity. **In this way, it was able to finance coffee public goods worth COP 378 billion (USD 102.5 million)**.

Regarding investment in producers' sustainability, the FNC realized COP 170 billion (USD 46 million) in projects within the economic (including production infrastructure), social and environmental dimensions.

With the support of the Government and other actors and partners, the permanent search for coffee growers' better living conditions never stopped, with actions on various fronts:





Our flagship
continues to
Colombia's hope.

- With Colombia's ICT Ministry, the FNC managed to have **1,228 communities in 319 coffee municipalities selected for being equipped with connectivity infrastructure.**
- The **Coffee Price Stabilization Fund (FEPC)** was launched for coffee growers to be better protected against volatility of income due to variations in price, exchange rate and productivity. In 2020, **the FoNC contributed COP 29 billion (USD 7.9 million) to finance it.**
- On the social dimension, we worked hard to build the foundations of the gender and associativity policies, we actively participated in regulation of the social protection floor, and we built the Coffee Grower Household Information System (SIHC).

In 2020, the FNC Environmental Management Area was upgraded to Directorate to strengthen care for the planet and deal with climate variability, both on coffee farms and at the organization, a sign of its real commitment in this matter.

To stay close to the union base despite restrictions derived from the pandemic, there were **18 virtual Conversemos con el Gerente (Let's talk with the CEO) out of a total of 21, managing to reach 4,500 coffee growers.** And internationally, by participating in forums and seminars, the FNC continued to be a leading voice in the industry.

So, with dedication and commitment, and no matter how adverse the times may be, we will continue supporting the 540,000 coffee-growing families with actions and projects that improve their quality of life.

We will continue paying special attention to digital transformation, coffee-growing women's empowerment, generational change and promotion of associativity, always seeking greater harmony between Colombian coffee growing and nature - because otherwise we would not have the best coffee in the world.

And we will persevere in our unity, a source of strength and resilience, because without it we are nothing.

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



FOR SECOND YEAR IN A ROW, WORLD COFFEE BALANCE YIELDS A SURPLUS

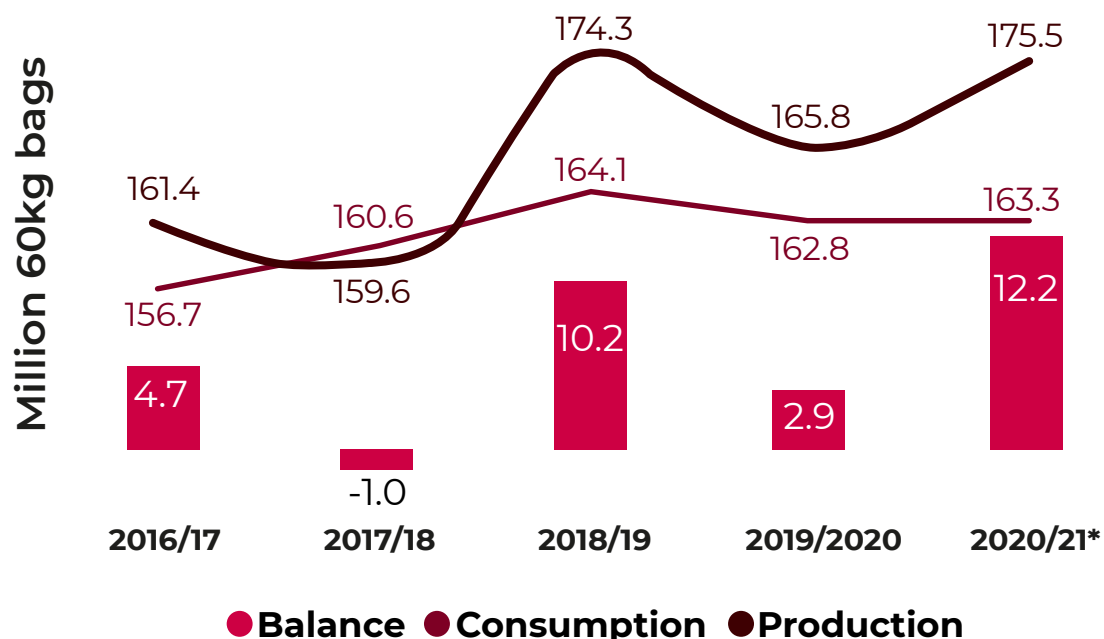


The coffee year closed with 165.8 million 60-kg bags produced, a lower share of Arabica production and a slight reduction in world consumption.

The coffee year (October 2019-September 2020) closed with a world coffee production of **165.8 million bags, down 4.9%** from the previous period (2018/19), mainly because of a 10.6% fall (from 66 to 59 million bags) in Brazil, the world's largest producer, due to its biennial production cycle and lower Arabica production (from 47.5 to 39 million bags).

A 15.5% drop in production in Honduras, from 7.1 million bags to 6 million, also had an effect. Arabica accounted for 55.6% of world production, a share lower than the 59.4% of 2018/19.

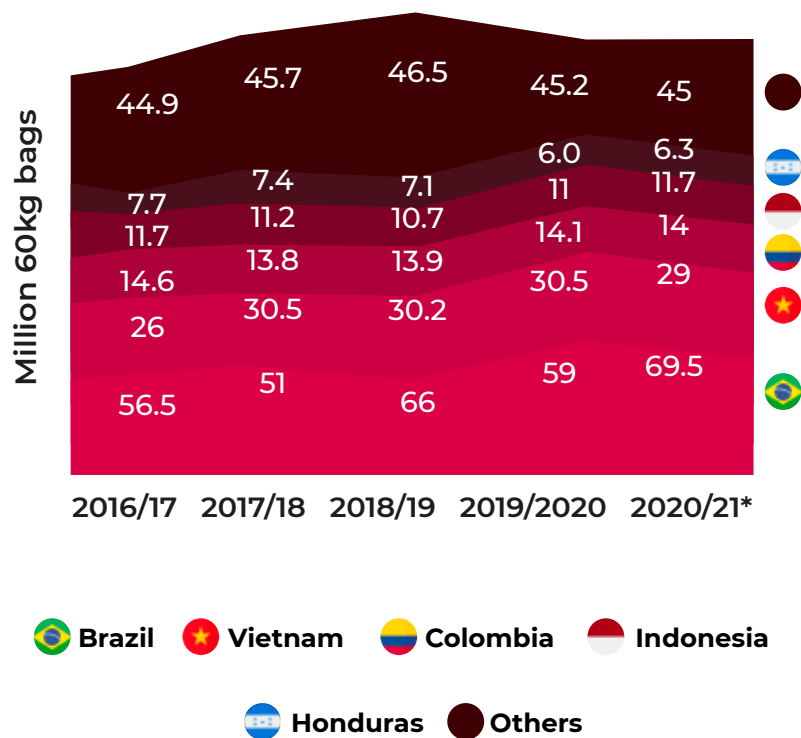
WORLD COFFEE BALANCE



● Balance ● Consumption ● Production

Source: LMC. Coffee year. *Forecast.

WORLD COFFEE PRODUCTION 2016-2021



Source: LMC. Coffee year. *Forecast.

In the same period (coffee year 2019/20), **world coffee consumption was 162.8 million bags**, a slight 0.8% decrease as a result of lockdowns in much of the world during the first half of 2020. As a result, the 2019/20 **world balance yielded a surplus of 2.9 million bags**.

For the 2020/21 coffee year, the LMC firm – in its December 2020 report – forecasts an increase in world production to 175.5 million bags, again influenced by the Brazilian production cycle, which would reach 69.5 million bags, the highest in its history.

In consumption, a slight 0.3% increase from the 2019/20 period is expected, marked by lower coffee consumption in producer countries as a result of economic impacts of covid-19. Consequently, a third consecutive year with world surplus is expected, of 12.2 million bags.

COLOMBIA PRODUCES 13.9 MILLION BAGS IN 2020

This annual volume (Jan.-Dec.) is 5.8% lower compared to the previous year. Along with higher consumption, less exports and more imports, the country's coffee balance yields surplus.

Covid-19 was not an obstacle for Colombian coffee growers to manage to produce **13.9 million** 60-kg bags of green coffee in 2020, only 5.8% less than in 2019. In the same period, coffee consumption in Colombia was **2.1 million bags**, up 12.3% from a year earlier.

The first months of 2020 were the most dynamic, despite the fact that, with the pandemic, economic growth slowed down; however, Colombian households consumed more coffee during lockdowns.

Colombian coffee, one of the best milds in the world, is recognized for its flavor and high quality, a product sought after in many markets. However, in 2020 there were some movement and transportation restrictions due to the health emergency. Even so, the FNC, together with its logistics arm, Almacafé, ensured continuous operations with proper biosafety protocols ordered by the national Government.

COFFEE BALANCE CIVIL YEAR 2020

	2016	2017	2018	2019	2020
Production and Imports	14.5	14.6	14.6	15.5	14.9
Production	14.2	14.2	13.6	14.8	13.9
Imports	0.2	0.4	1.1	0.8	1
Exports and Consumption	14.6	14.7	14.5	15.5	14.6
Exports	12.8	13	12.8	13.7	12.5
Consumption	1.7	1.7	1.8	1.9	2.1
Balance	-0.1	-0.1	0.1	0.0	0.3

Source: FNC.

In 2020, exports reached **12.5 million bags** of green coffee, down 8.4% from 2019; even so, their **value was 6.5% higher** thanks to good prices. Imports were **1,036,184 bags, up 30.7%** from 2019.

GRI 102-6

The main destination of Colombian coffee exports continues to be **North America (USA and Canada), with a 47.7% share**. According to the National Coffee Association (NCA), consumption in the US continued during the pandemic in 2020. The European market, the second destination of Colombian coffee exports, accounted for **30.7%**, while the Asian market share was **15.3%**.



CROP VALUE REACHES USD 2.4 BILLION IN 2020, THE HIGHEST IN 20 YEARS

An average international price of 111.2 ¢/lb, a high average quality premium of 49.1 ¢/lb and COP depreciation are factors that explain this historic figure.

Domestic Colombian coffee price is calculated from three key variables: the international price of washed Arabica coffee (C Contract in New York), the quality premium and the COP/USD exchange rate.

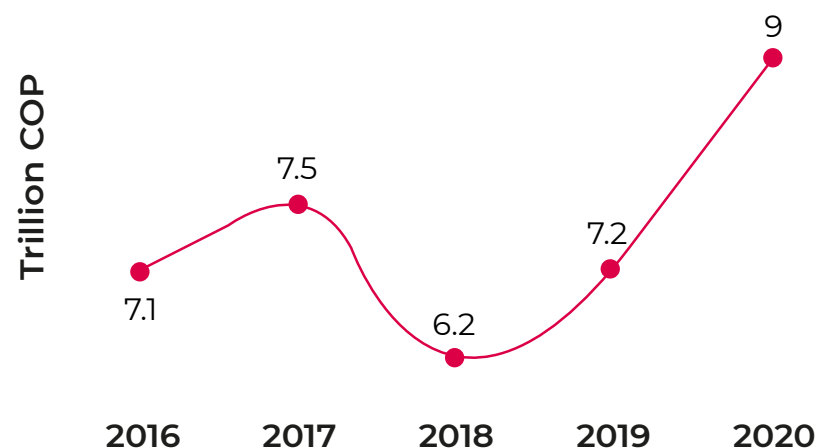
In 2020, **the international coffee price showed high volatility** as Brazil experienced excessive rainfall and little sunlight in the first quarter of 2020, as well as dry weather and low temperatures in the state of Paraná.

In addition, there were fewer exports from Central America and less labor available in producer countries. There were also forces in the opposite direction: concern about possible coffee demand destruction, uncertainty about a vaccine against covid-19, and devaluation of the Brazilian real.

The international coffee price (C Contract) was high and volatile throughout the year, with peaks in March, September and December. It reached a high of 134.8 ¢/lb and an average of **111.2 ¢/lb, up 9.6% from the previous year.**

The Colombian coffee quality premium (UGQ) **averaged 49.1 ¢/lb versus 26.7 ¢/lb in 2019, an extraordinary 83.9% increase** influenced by global consumer preferences for Colombian coffee, which is being highly appreciated, and restrictions on coffee exports due to the pandemic.

CROP VALUE

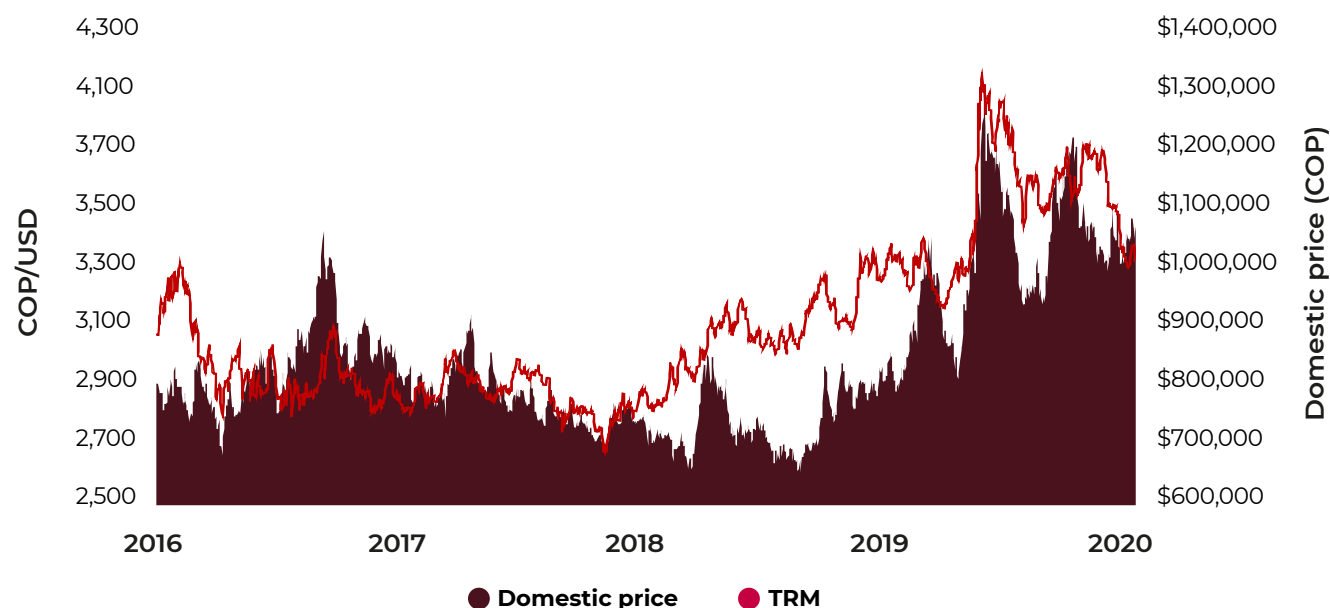


Source: FNC.

The COP/USD exchange rate also responded to uncertainty of global markets and economic slowdown. Lower oil demand caused the WTI reference price to hit negative territory in March-April, something unprecedented in the oil economy. Consequently, the representative exchange rate (TRM) reached a high of COP 4,154 per USD. Since May, with the reopening of markets and progress in developing a vaccine against covid-19, the TRM stabilized within a

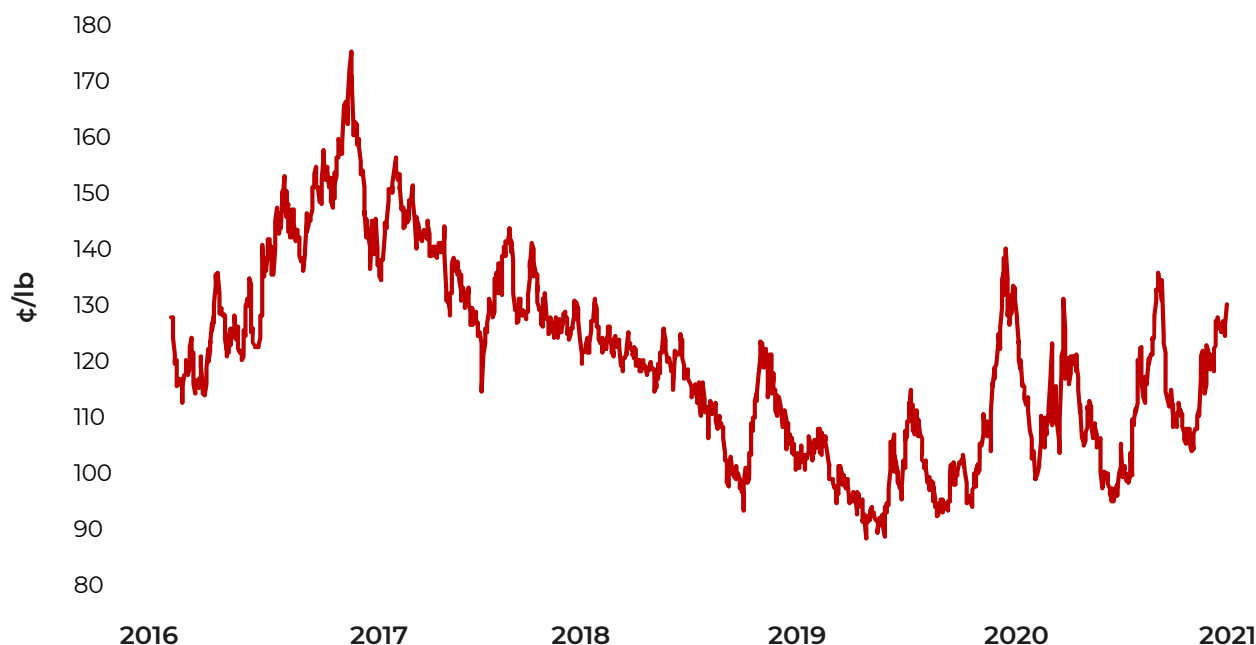
range of COP 3,600 to 3,900 per USD. **From January to December 2020, the average exchange rate fell 4.6%**, from COP 3,317 to COP 3,469 per USD.

DOMESTIC COFFEE PRICE & TRM (2016-2020)



As a result of higher international coffee prices, the quality premium and the exchange rate averaging COP 3,693, the domestic reference price in March reached a record high of COP 1,315,000 (USD 356) per 125-kg load of dry parchment coffee (dpc), whose average price in 2020 was COP 1,048,117 (USD 283.8).

COFFEE C CONTRACT



As a result of good production levels, acceptable market prices and depreciation of the COP, the **production value in 2020 was COP 9 trillion (USD 2.4 billion), up an exceptional 25.2%** from 2019 and the highest in the last 20 years.

Source: FNC.

MAIN ACTIVITIES OF THE FNC

GRI 102-2
GRI 102-4

SCIENTIFIC RESEARCH AND TECHNOLOGICAL DEVELOPMENT

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

TRANSFER OF TECHNOLOGY TO COFFEE GROWERS

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



SUSTAINABLE MARKETING AND CREATION OF MORE VALUE

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

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

ADVERTISING AND PROMOTION OF CAFÉ DE COLOMBIA

We seek to position Colombian coffee in the global industry and consolidate or open up new markets, which includes greater 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.

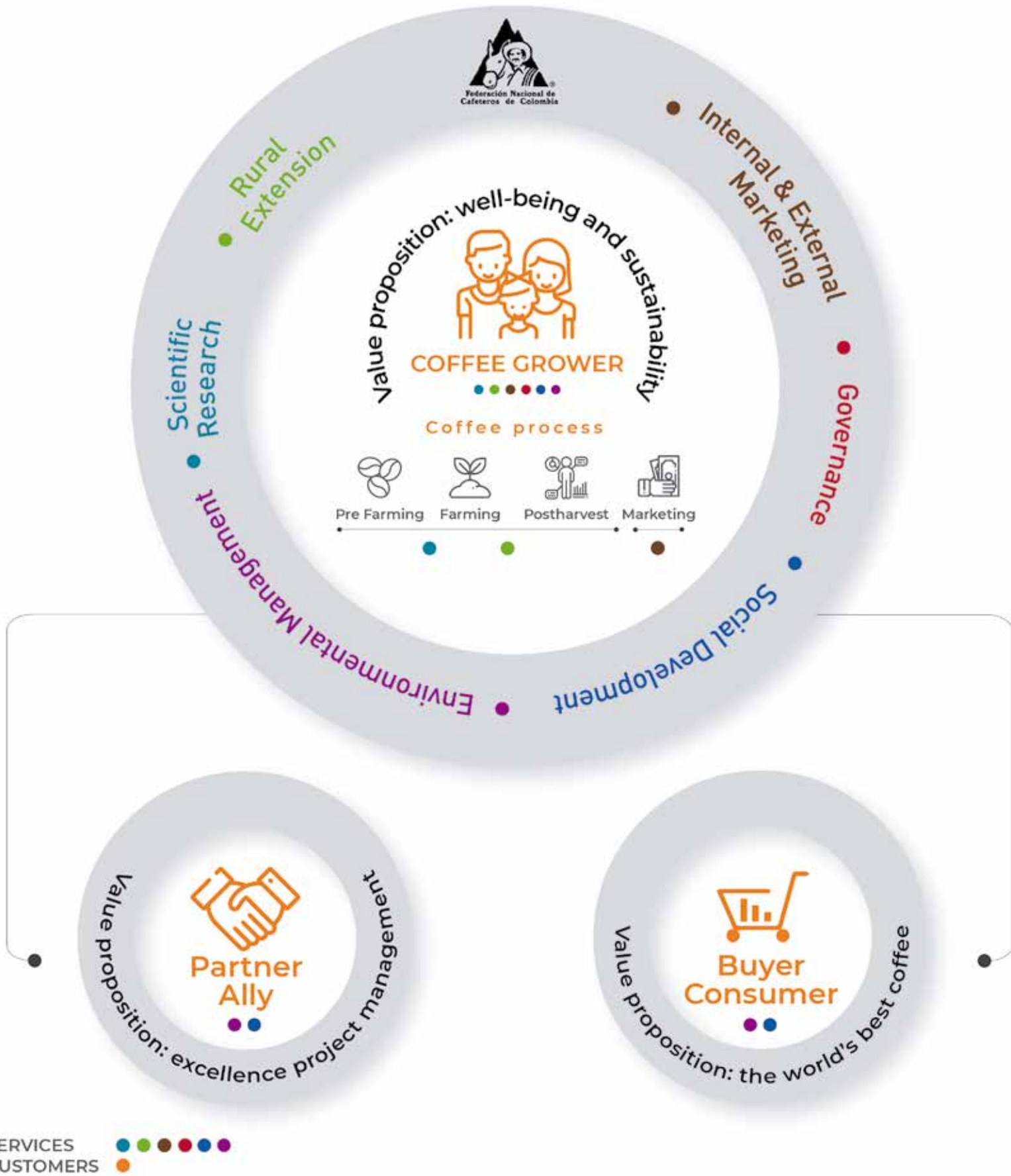
NATIONAL REGISTER OF COFFEE EXPORTERS

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 the planning, coordination and assurance that coffee export activities, such as coffee receipt in the loading/unloading area of ports; issuance of reweight certificates; liquidation, collection and billing of the coffee contribution, and the issuance of ICO (International Coffee Organization) Certificates of Origin, are performed in a timely, efficient and reliable manner, complying with current regulations issued by the National Coffee Growers Committee for Colombian coffee exports.

GRI 102-9

VALUE CHAIN



FROM FARM TO CUP

FNC'S COMMERCIAL WORK IMPROVES PRODUCERS' INCOME AND CREATES SUSTAINABLE VALUE

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

By strengthening the purchase guarantee, promoting coffee quality, seeking new market niches and innovating to adapt to the new reality, the Commercial Division, Buencafé, Procafecol and Almacafé achieve better income for coffee growers.

Our vision for the future is focused on bringing better income to producers and creating sustainable value in the world of coffee. The FNC, Procafecol, Buencafé, Almacafé and the network of 33 cooperatives are committed to strengthening their participation in the entire value chain: from the farm to the cup.

2020 was a year of great challenges due to the covid-19 pandemic, which entailed reinventing, innovating and quickly adapting to the circumstances, always ensuring continuity of the supply chain to satisfy coffee growers and customers. Commitment, coordination and continuous communication of the FNC companies and branches allowed a positive balance for coffee marketing.



Participation of the FNC in Colombian coffee exports grows

Its share in total exports grew from 17% in 2019 to 19.1% in 2020.

FNC bought 162 million kg of dry parchment coffee (dpc) and paid producers 12.3% more than the domestic base price.

With regional coffee purchasing models, strengthened forward coffee purchases, pilots with the AppCafé and consolidation of low-grade coffee ("pasilla") purchases, the Commercial Division aims at coffee diversification to achieve better prices for producers.

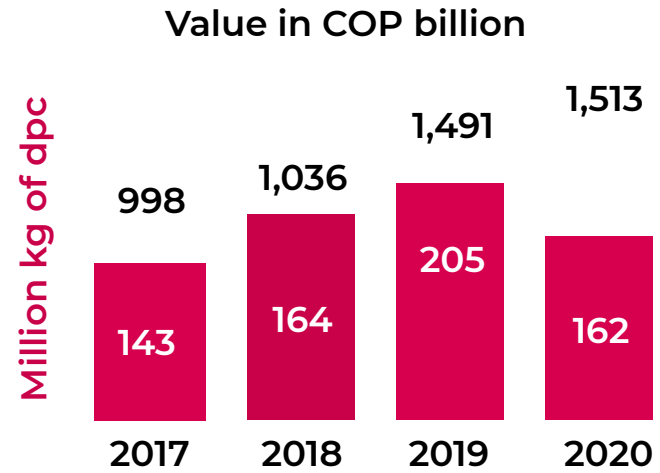
In 2020, the FNC Commercial Division, with the support of Almacafé, the departmental committees and the cooperatives, implemented a new regional coffee purchasing model, with which purchases were decentralized from the FNC Headquarters, improving knowledge of and services to local actors, taking better advantage of business opportunities and strengthening regional institutions.

Thus, with a diverse portfolio of 15 programs and 194 products, in 2020 the FNC bought **162 million kg of dry parchment coffee (dpc)** for COP 1.51 trillion (USD 409.6 million), up 2% from 2019 (COP 1.49 trillion, USD 403.7 million).

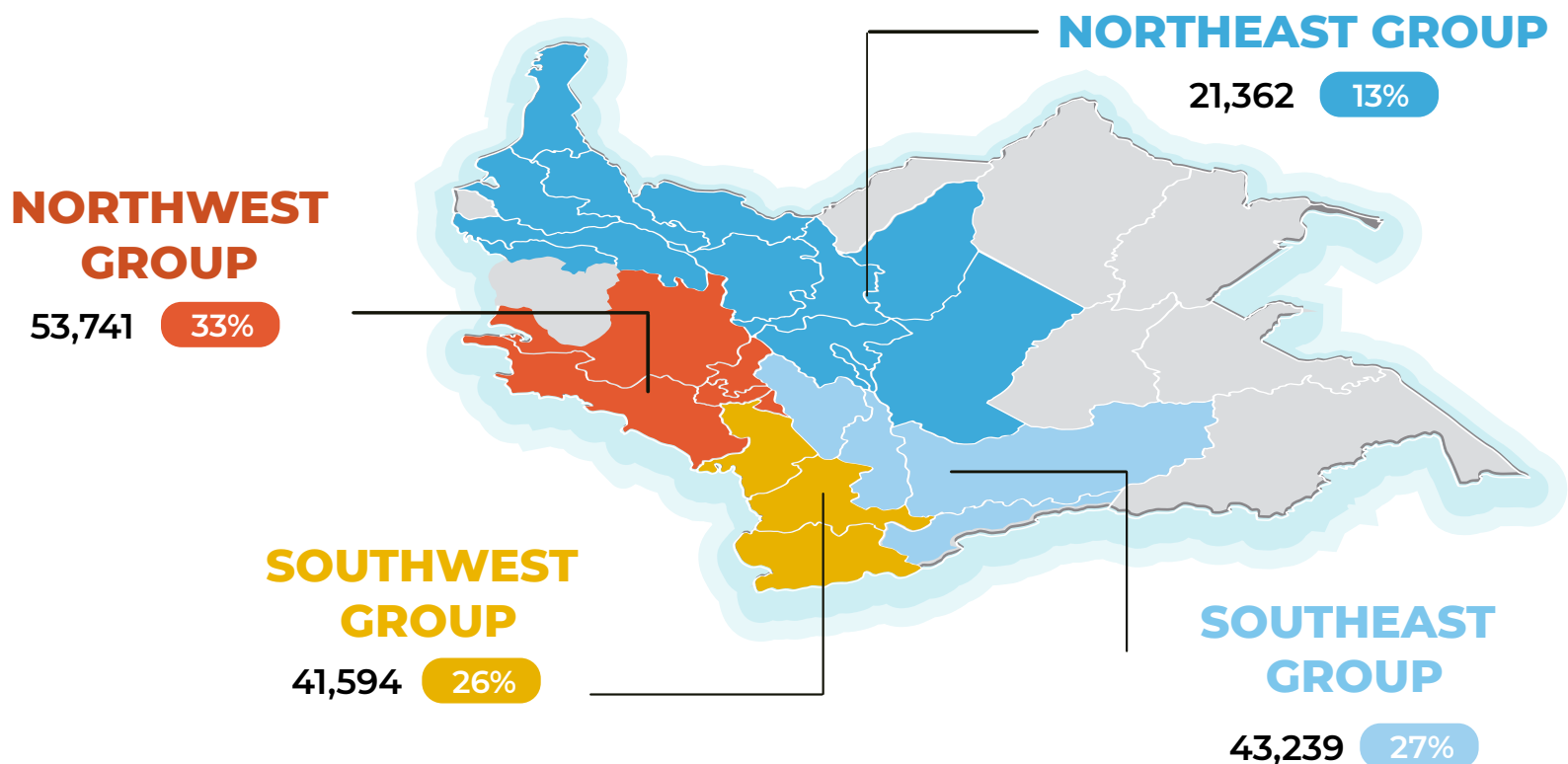
Coffee producers received on average 12.3% more than the reference base price, that is, COP 133 billion (USD 36 million), **53% more** compared to the COP 87 billion (USD 23.6 million) paid as premiums last year.

Purchases in the regions in 2020 were affected by commitments made in 2019 for delivery this year under the "forward (or future delivery)" modality. Other variables such as lower harvest in 2020 and its distribution over the end of the year also impacted final data.

COFFEE PURCHASES BY FNC



SHARE IN TOTAL PURCHASES (2020) (THOUSAND KG OF DPC / %)



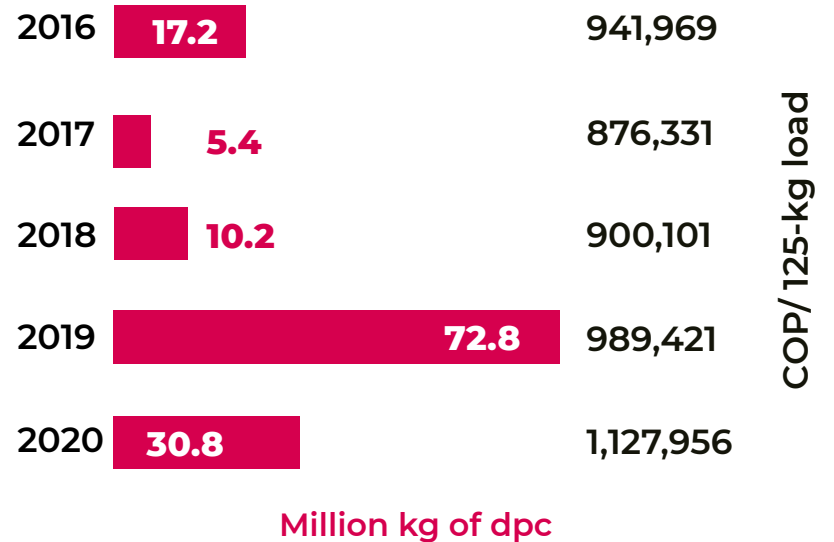
Source: FNC.

Forward coffee purchases reach 30.8 million kg of dpc

Strengthening future-delivery coffee purchases has also been crucial in the search for better prices for growers, supported by a mass dissemination campaign that began in 2019 and intensified in 2020 with webinars, video clips, videos and digital primers for coffee farmers.

As a result, in 2020 the volume of forward coffee purchases by the FNC reached **30.8 million kg of dpc** at an average price of COP 1.13 million (USD 305.4) per 125-kg load. Additionally, all the regional and sustainable coffee programs have been included, accounting for 75% of all future prices set in 2020.

FORWARD COFFEE PURCHASES BY FNC



* Price includes dpc and excelso, and is weighted.

Source: FNC.



FNC makes the most of virtuality in differentiated quality and trips to origin







The Colombia, Land of Diversity competition, virtual auctions, departmental competitions and virtual caravan of Coffee for Peace buyers contribute to greater quality differentiation, which in turn translates into better income for producers.

5TH COLOMBIA, LAND OF DIVERSITY COMPETITION ACHIEVES RECORD AUCTION

Average price reaches 11.66 USD/lb, almost 11 times the base market price.

To continue promoting specialty coffee production nationwide, in 2020 the **5th version of the national coffee quality competition Colombia, Land of Diversity** was held virtually due to the pandemic. For this edition, coffees harvested in the first half of the year were included, with 1,610 samples from 12 departments, a record figure since this competition began.

In addition to high participation, coffees registered showed the highest cup quality, since more than 350 scored 86+ in the SCA protocol, being recognized with premiums of COP 250,000 (USD 68) per load for each producer. Coffees from Antioquia, Nariño, Norte de Santander and Tolima were the winners. And to promote and publicize the best coffees, samples were sent to roasting hubs in North America, Europe and Asia, where over 80 customers received green and roasted coffee.

Acidity		NORTE DE SANTANDER	Miguel Fernando Pérez
Softness		TOLIMA	Santos Vizcaya Hernández
BigLots		ANTIOQUIA	Iván de Jesús Arango
Balance		TOLIMA	Santos Vizcaya Hernández
Body		NARIÑO	Laura Arteaga Navarro
Exotic		TOLIMA	Santos Vizcaya Hernández

The best 32 coffees (from 8 departments) were auctioned on October 29 on the first virtual auction of the competition, before more than 130 bidders. In the first 20 minutes, the 32 coffees were sold to 27 customers in 8 countries, at a record average price of 11.66 USD/lb, almost 11 times the market closing price that day.

SUPPORT TO DEPARTMENTAL COMPETITIONS

Promoting regional origins translates into differentiated sales and premiums of COP 571 million (USD 154,600) for producers.

In 2020, the Commercial Division supported 5 departmental competitions in Antioquia, Cauca, Santander, Norte de Santander and the Colombian Coast (Magdalena, Cesar and La Guajira), encouraging and recognizing coffee quality at departmental level.

276 bags were marketed as microlots at an average price of **5.71 USD/lb** and **587 70-kg bags as microlot blends** at an average price of **1.85 USD/lb**, that is, COP 571 million (USD 154,600) in premiums for coffee growers, reaching an average price at the time of purchase of COP 967,793 (USD 262) per load.

COFFEE FOR PEACE VIRTUAL BUYER CARAVAN

972 bags (35-kg each) were sold for USD 166,898 to 18 international customers.

Covid-19 was not an obstacle for marketing the best Colombian coffees. Although customer travelling was affected, for the first time in the history of the FNC a virtual tour of coffee buyers was held within the framework of the Coffee for Peace Caravan from August 11 to 14, with USAID's support.

In this activity, customers and coffee grower organizations from Cauca and Valle del Cauca held interactive conversations about coffee, production processes and quality, among others: 32 customers received samples from 44 coffee lots so that they could evaluate them in their laboratories and buy them for distribution in different markets. At the end of the caravan, **972 bags (35-kg each)** were sold for a total of USD 166,898 to 18 customers in South Korea, USA, Canada and Germany, who will be able to market Coffee for Peace.

APPCAFÉ SEEKS TO BOOST MARKETING

Since 2019, also to strengthen marketing and achieve better prices, a mobile application for coffee growers, AppCafé, has been developed. In September, the second pilot test was conducted with 29 coffee growers associated in the Cooperative of Antioquia. In the app, coffee growers find the domestic coffee price published in real time, simulations of prices paid with yield factor, future prices, etc.

In the 2020 National Coffee Growers Congress, version 1.0 of the coffee marketing app was officially launched, being downloaded and used by representatives of the departmental committees, who were able to test first-hand the following functions:

- 1. Search for purchase price for immediate delivery,** updated in real time and adjusted to receipt conditions at the Almacafé centers in each region. This provides coffee growers with commercial information, instantly and adjusted to the reality and context of each department.
- 2. Search for forward purchase price,** where producers can see the value that their coffee would have as per the future price curve

over the next 24 months and evaluate the convenience of this purchasing scheme.

- 3. As a novelty, the “sale intention button”** is introduced, which works only for coffee growers authorized to sell their coffee with future delivery via Almacafé (they have signed a contract for sale in this modality). With this button, authorized coffee growers can take the future price for the month that most attracts them, and immediately the app informs the Almacafé clerk to validate and close the business with the coffee grower.

MORE THAN 1.2 MILLION KG OF PASILLA PURCHASED

Since 2019, the pasilla (low-grade coffee) purchase program was implemented to position the FNC as a buyer of this product, taking advantage of the wide institutional network of points of purchase of the cooperatives and Almacafé. The program invites producers to apply good practices in wet milling, drying and storage of pasillas to market them at the best possible price. Pasilla purchasing began with three pilots in Antioquia, Caldas and Huila, and in 2020 the program was scaled up nationwide. **In 2020, over 1.2 million kg were purchased.**



DESPITE PHYSICAL DISTANCING FNC OPENS UP AND STRENGTHENS MARKETS IN FAVOR OF PRODUCERS

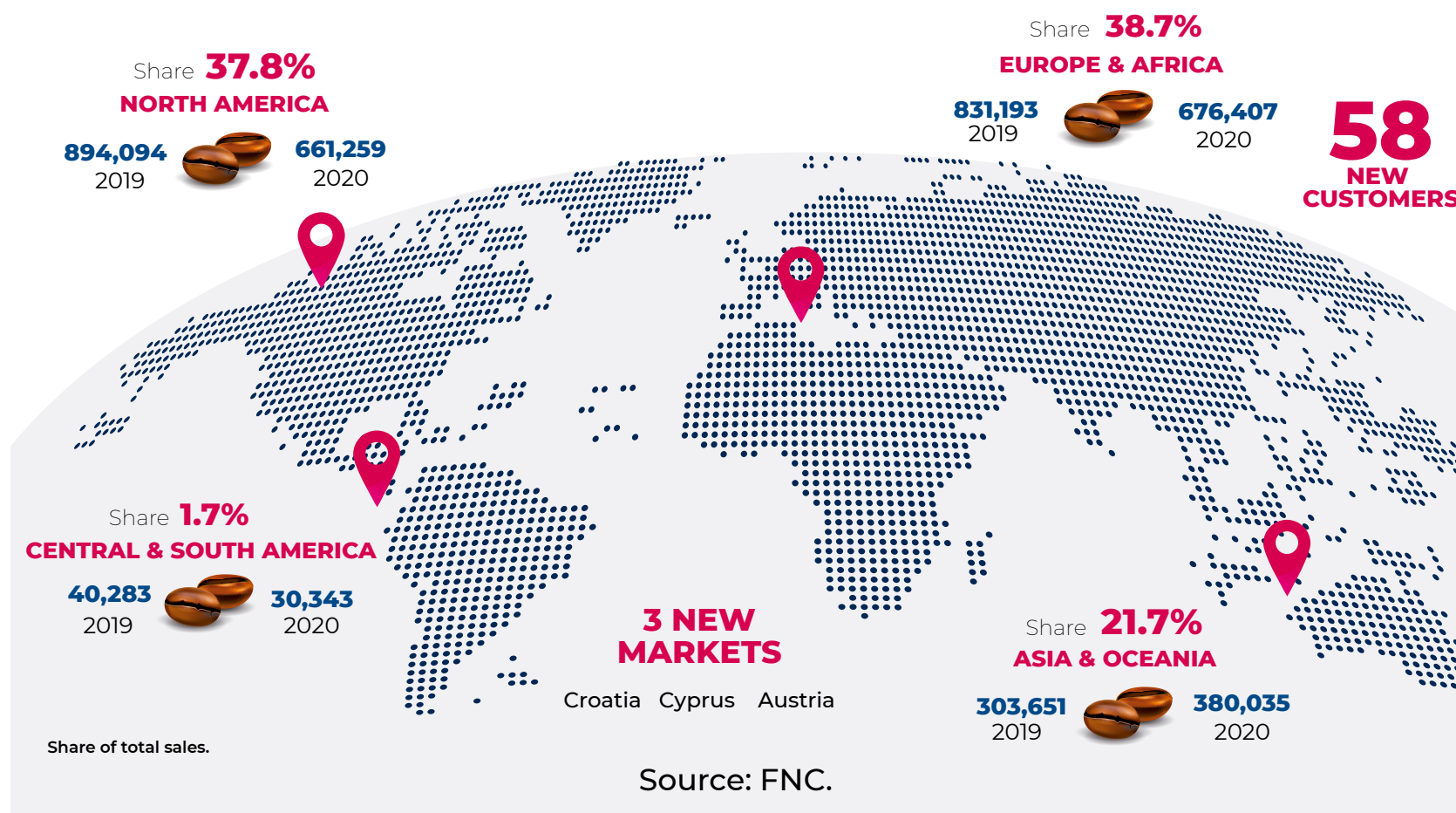
Building and strengthening relationships with recurring and new customers, innovating in the portfolio of products and services, seeking resources for sustainable projects with a commercial approach and technological transformation are key.

The Commercial Division, along with the FNC's offices abroad, focused efforts on continuing to strengthen business relations to consolidate new market niches with recurring and new customers. In 2020, relationships with **58 new customers** were built out of a base of 187 customers, and coverage was extended to **3 new markets** (Croatia, Austria and Cyprus), to reach a total of **47 destinations**.

USD 17.4 MILLION IN PREMIUMS FROM SALES OF 1.7 MILLION BAGS

Commercial work achieved sales of 1.7 million 60-kg bags at premiums worth USD 17.4 million in favor of coffee growers, including the strategy of fixed and remunerative prices for quality implemented since 2019.

FNC EXPORTS WORLDWIDE (60-KG BAGS)



Development of new products and services has been crucial in search of new markets and better prices for producers. In 2020, purchases of coffee from young producers, creation of the **FNConecta** platform, and private-label roasted coffee segments stood out.

OUTSTANDING PRODUCTS AND SERVICES

To continue buying coffee from young people, we build long-term relationships that motivate them to continue in specialty coffee production. In our portfolio, management of sustainable commercial-approach projects and technological innovation projects also stand out:

USD 3 MILLION INVESTED IN COMMERCIAL-APPROACH PROJECTS

For the benefit of 24,000 producers in 8 departments.

As a profitable differentiation/innovation strategy while caring for the environment, the FNC offers high-quality coffees that meet sustainable standards. Thanks to the efforts of its Commercial Division and offices abroad, USD 3 million were raised for sustainable investment projects with a commercial approach, implemented in various coffee regions with customers such as Nespresso, Nestlé, RGC, Mitsubishi Corporation and Fintrac, **for the benefit of 24,000 producers in 8 departments.**

190,168 FARMS WITH AT LEAST ONE SUSTAINABILITY STANDARD

In 2020, the FNC facilitated the certification and/or verification of **190,168 farms**¹ with at least one sustainability standard (a farm can meet several ones) for the benefit of **163,967 coffee growers**. In recognition of their effort and commitment to continuous quality and sustainability improvement, the FNC paid premiums worth COP 52.5 billion (**USD 14.2 million**) to producers who have marketed their sustainable and regional coffee.

TECHNOLOGICAL TRANSFORMATION PROJECTS CREATE GREATER VALUE

With the opportunities that digital transformation has brought with it, the FNC has developed new technological transformation projects to add greater value to products and be at the forefront of market needs and our customers:

¹ Does not include figures of sustainable programs by entities other than FNC, such as the FLO program.



Trace Coffee: The project "Traceability of the coffee supply chain and digital experience for end consumer" seeks to implement a traceability model for selected coffees from the program's coffee farms to end consumers with technological tools such as blockchain, an information gathering App, the internet of things, augmented reality technology and drones, among others. This project aims at implementing a pilot that will include all the supply chain links with the support of three coffee institutions (FNC, Almacafé and Procafecol) and Trace Coffee as technological partner.



connect with the supply chain and supports companies (cooperatives, exporters, importers and traders) to store and share information about their products, making each of links visible. In 2020, two complete traceability exercises from the cooperative's point of purchase to the roaster were done through strategic partnerships with coffee brands. Today the project is underway and allows consumers, through a QR code, to see the origin and the community that produces the coffee they consume. All of this on a crowdfunding platform that includes the app Thank my Farmer, which allows consumers to thank coffee growers. This new coffee traceability model promises to be one of the key services in future negotiations with customers. By 2021, we expect different FNC customers and commercial partners to show interest in developing traceability projects on this platform, benefitting coffee communities in different regions of the country.

Farmer Connect: A blockchain-technology traceability platform that helps coffee growers



BUENCAFÉ SALES VOLUME GROWS 13% TO ALMOST 14,500 TONS

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

This record figure translated into revenues of USD 162 million, thanks to first sales of products with the Sensoria by Buencafé technology, growth of the Buendía brand in Colombia and Ecuador, and portfolio innovations.

Buencafé breaks record after record. **In 2020 it posted its highest sales value, USD 162 million**, for a volume of almost 14,500 tons of its products (mainly soluble coffee and extract), 13% more than in 2019 (12,839 tons).

Sales were driven primarily by the American continent market, where the retail sector performed very well, especially due to increased consumption at home during the pandemic, as well as a favorable dynamic in the Asian market, where coffee extract sales exceeded 1,000 tons.

Over the year, producers were paid **USD 3.3 million** in premiums for certified raw materials. In the coming years, sales of higher-value products, such as those made with the new Sensoria by Buencafé technology and those with retail packaging (tars and laminated), should continue growing.

In 2020, 33% of sales (by volume) went to North America, 26% to Europe, 16% to Colombia, 13% to Central America and the rest of South America, 11% to Asia and 1% to the Middle East. In addition, the first sales of products made

with the new Sensoria by Buencafé technology materialized. This cutting-edge process allows capturing the best and most delicate aroma of roasted coffee to bring a cup of optimism to destinations as diverse as Canada, Europe, Jordan and China.

The **Buendía** brand is present in some **41,000 points of sale** (3,900 in Colombia and 37,000 in Ecuador), and in 2020 its share grew by double digits in both markets.

Participation in different channels also began to be deepened through new portfolio products (roasted ground coffee and freeze-dried coffee in sticks). Brand recognition among consumers grew **35%** in Colombia (RAC, June 2020) and it penetrated **200,000 new** households in Ecuador (Kantar, as of September 2020).

Buencafé continues innovating in its portfolio. In the last 5 years, share of sales of highest added value freeze-dried coffee (tars and laminated packaging) increased significantly from 26% of volume in 2016 to **45%** at the end of 2020, with higher income per kilogram for the FoNC.

Buencafé sales grow 13% to 14,500 tons

First sales of products with Sensoria by Buencafé technology, growth of Buendía brand in Colombia and Ecuador, and portfolio innovation contributed to this record figure.

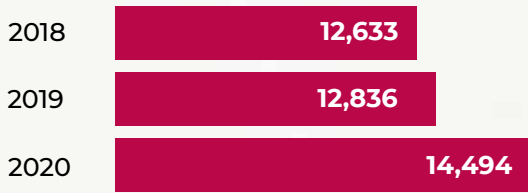
Figures in USD million



USD 3.3 million

is the amount paid by Buencafé in premiums to producers for certified raw materials.

Sales in tons

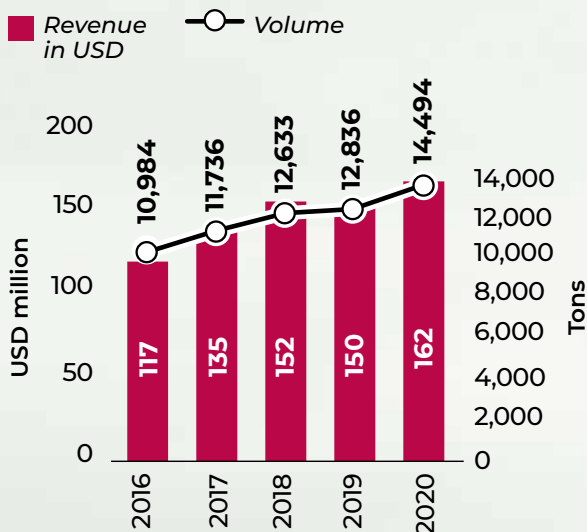


Sales were driven mainly by the American continent market, where the retail sector performed very well.

1,000+ tons

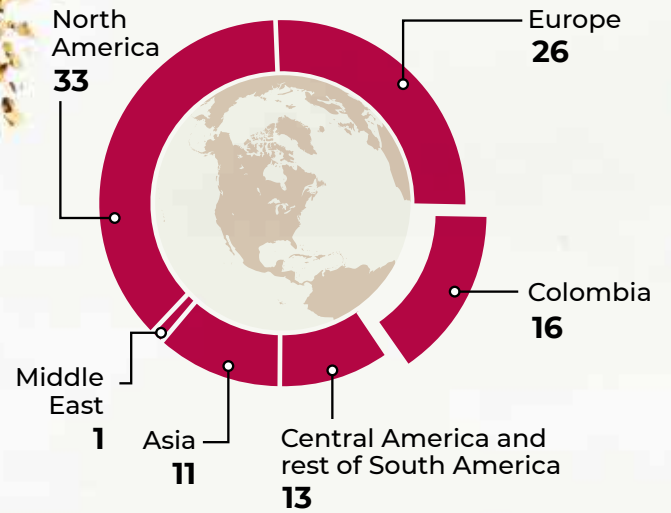
in sales of coffee extract to the Asian market, which shows very good dynamic.

Buencafé revenue and sales



Buencafé sales by destination

Percentage share



Greater share of jars & laminated pkg. in sales



Presence of the Buendía brand

No. of points of sale



35%

the Buendía brand recognition has grown in Colombia (RAC, Jun. 2020).

200,000

are the new households where the brand has penetrated in Ecuador (RAC, June 2020)

Source: Buencafé

PROCAFECOL SALES REACH USD 58.5 MILLION

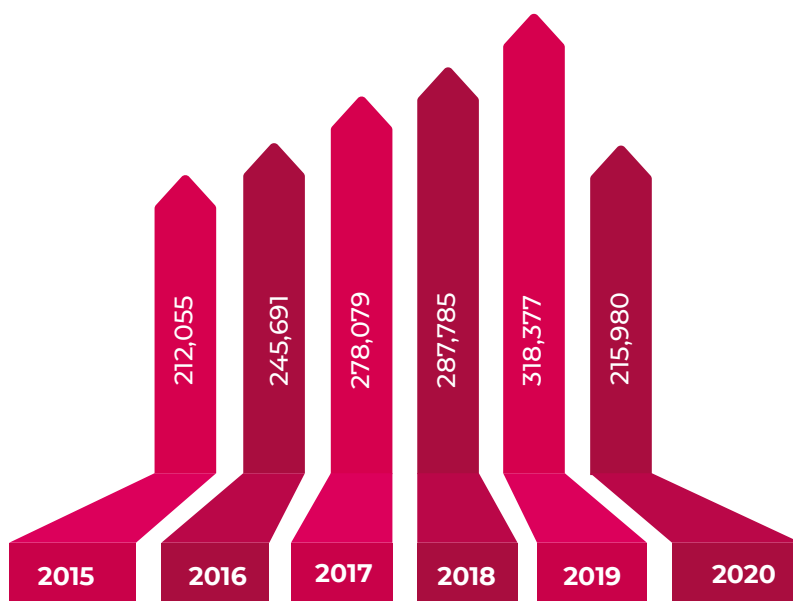
GRI 102-6
GRI 102-7
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GRI 103-2
GRI 103-3

In a year that changed the way coffee is consumed around the world, affecting sales in traditional channels such as stores, Procafecol showed creativity, strength and resilience. Gradual reopening of coffee shops and innovative solutions allowed keeping optimism. The international channel was key in the recovery.

In 2020, Procafecol sales closed at almost COP 216 billion² (USD 58.5 million), **32% less than a year earlier due to the health emergency**. This year royalties reached COP 14 billion (USD 3.8 million); since its creation, the company has transferred more than COP 130 billion (USD 35.2 million) in royalties to the FoNC.

The domestic market was the most impacted by the pandemic, especially the coffee shop channel. At the beginning of the health emergency and complying with provisions of authorities, Juan Valdez temporarily closed a large part of its stores and operated only with 13 of 335 for a couple of months.

SALES (COP MILLION)



Source: Procafecol.

Faced with this challenge, the company developed several innovative initiatives: sales channels were diversified, digital transformation made the operation evolve, and store formats were adapted to biosafety regulatory standards to protect consumers and employees. Thanks to all these actions, as the months passed sales gradually recovered to close the year at almost 70% of the previous year's figure.

The coffee shop channel posted sales of COP 118.2 billion (USD 32 million, 55% of total sales), a 45% decline from 2019 due to the health emergency.

The retail channel recorded COP 35 billion (USD 9.5 million) in sales, 11% less compared to the previous year. At the beginning of the pandemic, this channel was favored by strong consumer demand; in the following months, its

² Preliminary figures for Procafecol and its subsidiaries.

behavior was lower than expected. But month after month, and thanks to initiatives such as the “Renacer” coffee edition, the dynamic recovered until reaching pre-pandemic levels.

The institutional channel registered sales of COP 6.4 billion (USD 1.7 million), **41% less compared to 2019**. This channel, by servicing sectors whose operations and capacities were limited by the health emergency such as restaurants, hotels and offices, was also strongly affected. However, it reinvented itself with new

business models to close the year with higher than expected sales.

The international market behavior was different, as it showed an outstanding performance in sales and Ebitda, leveraged by the retail channel. In addition, new markets such as Russia, Argentina, New Zealand, Poland, Romania and Mexico were opened up. Sales in this channel reached COP 53.1 billion (USD 14.4 million), up 12% from the previous year and accounted for 25% of total sales (in 2019, it accounted for 15%).



In 2020, more than ever, the company strengthened its purpose "We captivate the world with premium Colombian coffees, creating value for Colombian coffee growers," which remained valid despite the company had to innovate in its processes in an accelerated way and reinvent itself.

Procafecol launched several initiatives that helped recover sales and conquer consumers in different ways, all aligned with the company's strategy:

- Launch of **e-commerce platform**, where consumers find coffee to be brewed at home, branded items and frozen products.
- Presence in the **main food ordering and delivery platforms**, such as Rappi, Uber Eats, Domicilios.com and Ifood.
- Evolution of our own **mobile app, Juan Valdez App**, with new functions so that customers can purchase their products at home or order before picking them up at the store, in the "take away" mode.
- **Innovation in channels** to bring products closer to consumers: in addition to the digital ones already mentioned, **drive-through sales, sales in residential complexes and to employees were launched.**
- Implementation of biosafety **protocols at points of sale** with the motto: "Drink it with confidence, we take it with responsibility."
- Change of distributors in some countries to help consolidate the market and achieve **new customers and product codes.**
- **Opening up of new markets** in the retail and e-commerce channels, such as Mexico, Russia, Argentina, New Zealand, Poland and Romania.



- **Product innovation** to meet current consumer needs and accommodate to new routines. Some of the launches were: frozen products, coffee box and entire cakes.
- **Launch of special edition RENACER, a coffee grown by young farmers** as a

symbol of hope, unity and a Colombia that is reborn. This season, it was present in large supermarket chains as packaged coffee and in stores as special drinks prepared with this coffee. This campaign was present in the media, with a moving commercial on national TV and wide presence in digital media.

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

ALMACAFÉ SALES REACH USD 20.6 MILLION

This figure is 0.4% higher than in 2019, something positive in a year in which the logistics sector in general was hit by the pandemic.

Almacafé's work, which is cross-cutting to the marketing strategies of the FNC and its subsidiaries, logistically supports the operation and assures Colombian coffee quality.

By continuing Almacafé's new value strategy, in 2020 new initiatives and processes were developed to better meet objectives of the 4 coffee-related sectors, with segmentation as commercial strategy, to deliver greater value and business sustainability:

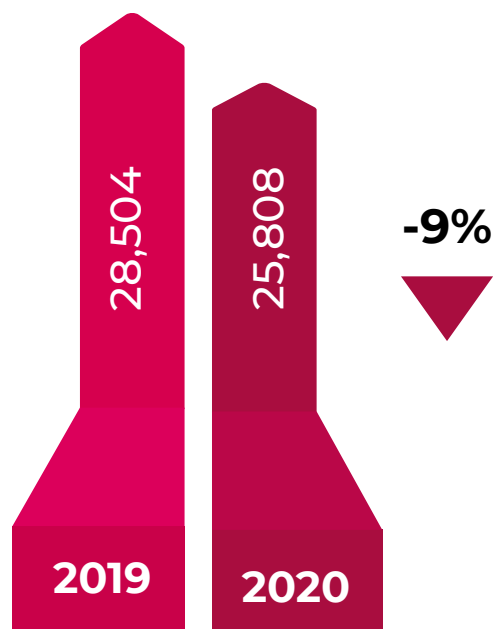
■ **Coffee:** In this segment we worked for 115 customers, of which 38 are new businesses. These services were related to: **coffee quality assessment, customs brokerage, microlot coffee threshing and logistics operation.**



- **Agribusiness:** With 19 customers for fertilizers and agricultural products to date, 2 new businesses were achieved in agricultural supplies and logistics operation.
- **Industrial:** With 11 current customers, we work with sectors such as **polyethylene, plastic, pipes and construction**; 2 new storage businesses were achieved.
- **Retail:** 30 customers, of which 8 are new businesses in logistics operation, coffee quality assessment and storage, and 7 customers are provided with storage services.

In 2020, Almacafé posted sales of COP 76.2 billion (USD 20.6 million), 0.4% more than in 2019.

SALES TO CUSTOMERS OTHER THAN FNC (COP MILLION)



Source: Almacafé.

Due to economic effects of the pandemic, sales of logistics services to customers other than the FNC fell 9% year-over-year, but compared

to the logistics sector in general, the company performed positively by achieving growth and, for customers other than the FNC, avoiding a two-digit decline from previous year, besides growing since the beginning of the commercial strategy.

CHALLENGES

To consolidate the commercial strategy by 2023: The goal in commercial management is fully meeting the strategy, still focused on target sectors, customer service, positioning, and consolidating and deepening alliances that allow us to do business in both ways.

Use of technologies that add business value: To incorporate the 4PL solution and develop the Customs Brokerage app to give customers greater visibility of their operations.

Authorized Economic Operator (AEO) - Customs Broker User: Authorization is expected no later than the first quarter of 2021. In January 2021, the schedule ended with Almacafé meeting the standard required.

Energy efficiency: To implement photovoltaic generation in available areas, initially in Soacha over 2,200 m² not useful for operation but to place solar panels.

Strengthened assessment and analysis: Mobile labs, opening of new points of purchase and building an agrochemical analysis lab.

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

DESPITE LOCKDOWNS

CAFÉ DE COLOMBIA CONTINUES TO BE PROMOTED WORLDWIDE

Participation in fairs, the partnership with ProColombia, and advertising campaigns on the occasion of 60 years of Juan Valdez were key.

Before the pandemic was confirmed, the Café de Colombia brand was scheduled to participate in 7 international fairs. However, due to the health situation, it only participated in Coffee & Tea Russia; the rest of the fairs were postponed to 2021. In August, the brand sponsored **China’s National Roaster and Chengdu Regional Barista championships**, where Café de Colombia made presence among more than 20,000 visitors.

In 2020, the alliance with ProColombia continued, through which 30 events were scheduled for participation, but only three were held: **The Coffee Bar**, at the World Forum in Davos, Switzerland; **Fitur**, the largest tourism fair in the world in Madrid, Spain, and the **Travel Mart** business matchmaking forum in Bogotá. Thus, with ProColombia, our coffee continues to position itself as the best in the world.

In celebration of the 60 years of Juan Valdez, the international strategy for promotion of Café de Colombia focused on an advertising campaign in 8 countries, whose main objective was to **reposition the Café de Colombia logo** in the minds of consumers between 18 and 40 years old. With this, international roasters see the added value of having it on their packaging as a guarantee of quality of a product of origin and a higher value for consumers.

To keep customers of Café de Colombia updated and connected in the midst of the pandemic, we **organized online seminars** to present the state of the harvest, logistics and marketing solutions, and health care for coffee growers. Interaction spaces were generated with:

849 PARTICIPANTS
 IN FOUR SEMINARS



Domestic coffee consumption grows at home

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

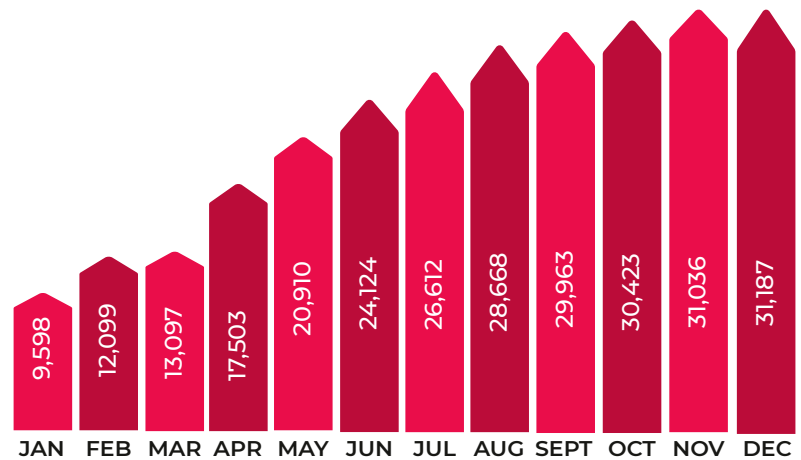
TO ENCOURAGE CONSUMPTION OF 100% COLOMBIAN COFFEE, THE FOLLOWING ACTIONS WERE CARRIED OUT:

- **Promotion of online educational platform**, whose curricular design frames several core topics (history, culture, coffee and health, diversity of origins, flavors, preparations and innovation). www.realacademiadelcafe.com

Although in stores it was hit, at home it grew. Courses on Real Academia del Café, licensees' videos on social networks, strengthened virtuality, and coffee donations to clinics and hospitals left their mark.

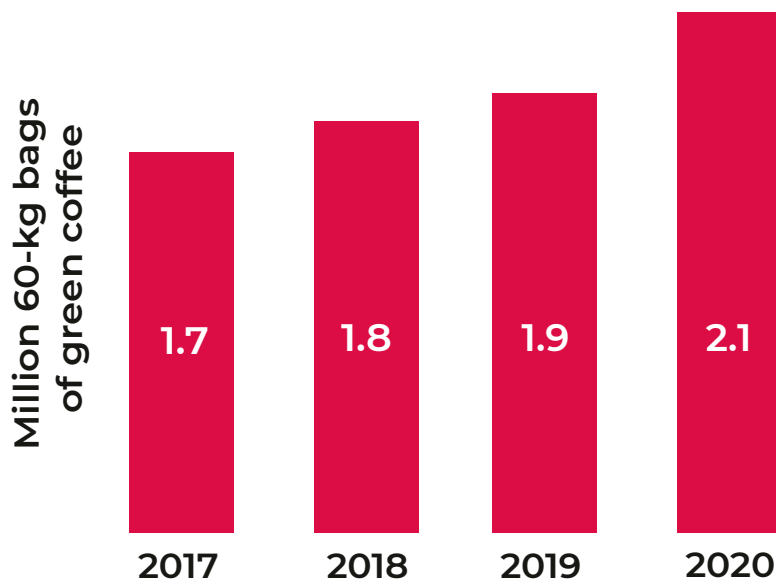
Domestic coffee consumption has grown steadily in the last two years. In 2020, the number of bags of green coffee consumed in Colombia grew more than 10% compared to 2019: although consumption in stores was hit, coffee purchases for consumption at home grew.

REAL ACADEMIA DEL CAFÉ REGISTRATIONS



Sorce: Raddar - FNC.

DOMESTIC COFFEE CONSUMPTION



Sorce: Raddar - FNC.

- Taking advantage of Café de Colombia's social media, with **505,350 followers**, spaces were opened for licensees, who sent videos of their brands to promote their coffees. In total **62 videos** were posted.
- In lockdowns, people looked for recipes and recreational activities to cope with. The Café de Colombia team shared **preparations based on 100% Colombian coffee**, and there were **14 live broadcasts** on social media with topics such as: "10 things Colombians should know about Colombian coffee," "Forward coffee sales and other tools to sell your coffee," and "Ideal Cappuccino."

■ Café de Colombia donated **4 tons of coffee to 224 clinics and hospitals** in the country, an initiative that spread to the international arena: under the leadership of the FNC New York office, **1,108 boxes of coffee with 33,240 units** were donated to hospitals in that city.

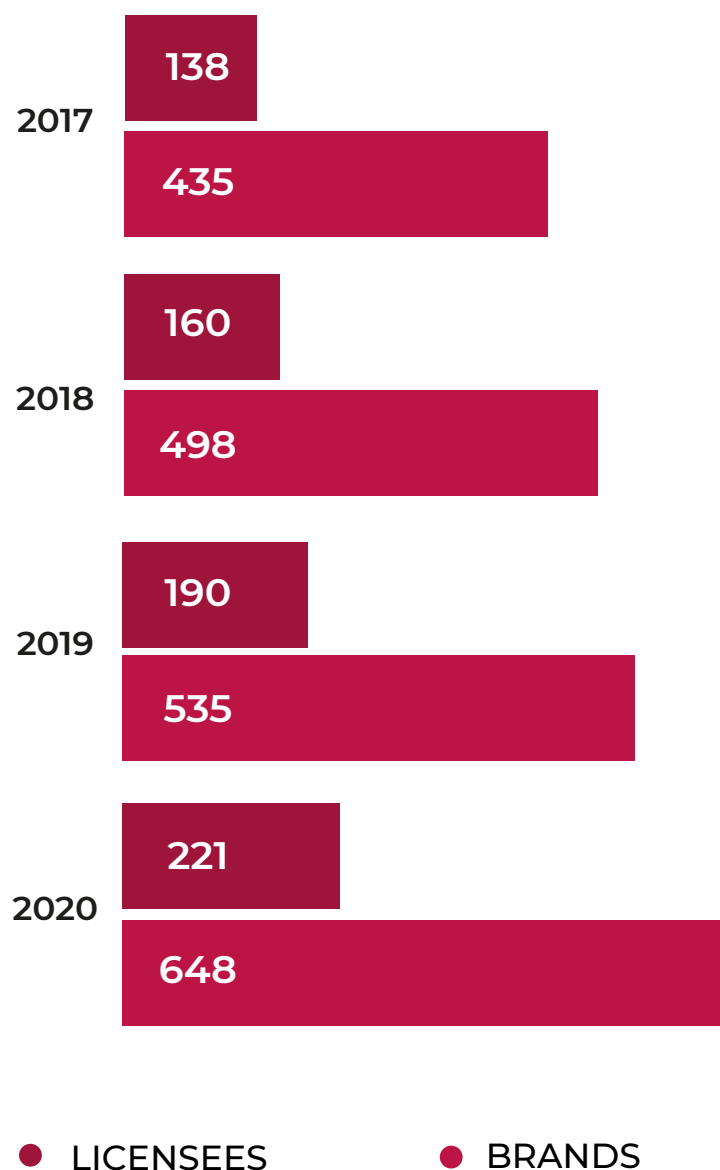
■ A creative digital activity called **eCoffeeTime** was launched, inviting people to meet up for coffee on line with friends and family.

18,561 REACTIONS & 4,761 COMMENTS

■ A directory with **discounts and promotions from licensees** of the 100% Café de Colombia Program was created on Facebook, in order to support and amplify the communication channel and sales opportunities.

■ Coffee growers/roasters were trained on the importance of being certified with the **Denomination of Origin - Protected Geographical Indication** and being part of the Brand Licensing Program. Every year more brands bear the Café de Colombia logo on their packaging.

100% CAFÉ DE COLOMBIA PROGRAM LICENSEES



Source: FNC.



CHALLENGES

To make presence again with the Café de Colombia brand in events, considering restrictions that persist with the pandemic, continuing the model of commercial platforms to bring coffee growers and buyers together, and looking for new ways to organize cupping spaces. All this to improve income of producers and shared responsibility of the whole chain.

Taking advantage of the interest that the Real Academia del Café has arisen (now with 35,000 centennials and millennials), the process for educating on the 100% Colombian coffee culture will continue, and the community will be strengthened to spread the message.

TESTIMONIALS

"Content was very good, initially focused on commercial aspects to reassure us on the situation in Colombia at the beginning of the pandemic, then trying to give a global outlook."

"Clearly the FNC and Café de Colombia showed their world leadership and more than one country in Central America is using - with some adaptations - the biosafety protocols they developed."

Orlando Garcia. Nestlé Coffee Sust. Agric. Development. Regional Manager -LATAM, on his own name.

"A course in detail, I was eager to learn more, thank you!"

Magnolia Salamanca, user of Café de Colombia social media.

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

DESPITE LOCKDOWNS

EXTENSION SERVICE KEEPS PERMANENT CONTACT WITH COFFEE GROWERS

In response to travel and movement restrictions, it adapted to a new reality for still providing continued support to producers in an unprecedented year.

Phone calls, WhatsApp, text messages and emails were used like never before, without setting aside farm visits as the only individual method for face-to-face services.

In the midst of the pandemic, the Extension Service (ES) led by example. Making the most of virtual media, it taught producer families to take care of their own health first of all to keep running their coffee businesses.

From March 20 to July 31, due to the covid-19 pandemic, the extension agents went into mandatory preventive lockdowns, but that did not prevent them from servicing producers.

In-person service gave way to continued support by **virtual means such as phone calls, WhatsApp, text messages and emails.** Their work changed for the rest of the year to unprecedented ways for servicing coffee growers.

Under the leadership of the HR Directorate and the Technical Division, the FNC developed **biosafety protocols** for the ES in order to prevent as much as possible the coronavirus spread among extensionists and coffee growers. The only face-to-face extension method was the farm visit; group activities or attention at offices were not allowed.

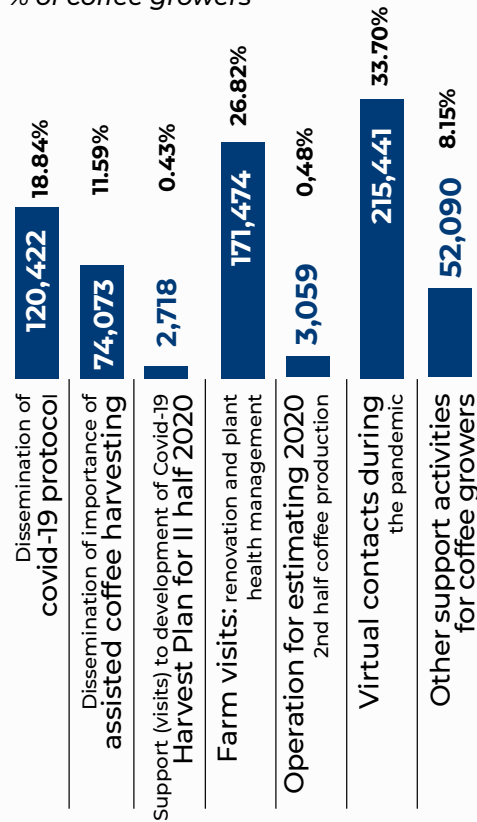
This led the National Coffee Growers Committee, in its July 8 session, to authorize a **Transitory Program for Coffee Grower Services within the Framework of the Covid-19 Pandemic**, which was implemented as of August 1 and included activities such as: dissemination of the covid-19 biosafety protocol for coffee growers; awareness-raising on importance of assisted coffee harvesting; coffee crops renovation program for smallholders; support for development of Covid-19 Harvest Plan for the second half of 2020; farm visits to support renovation; phytosanitary management and nutrition of coffee plantations; operation for estimating second-half coffee production; continued use of virtual means to communicate with coffee growers; training of producers and extensionists in 4 departments on progressive implementation of the occupational health and safety system, and virtual training of the ES.

There was also support for other activities such as specialty coffee, Plan 2000 farm visits, plant material deliveries, and participatory research on coffee, beans, corn, loans, and coffee processing.

For the activities developed by the ES before and within the Transitory Program for Coffee Grower Services within the Framework of the Covid-19 Pandemic, the following results were achieved:

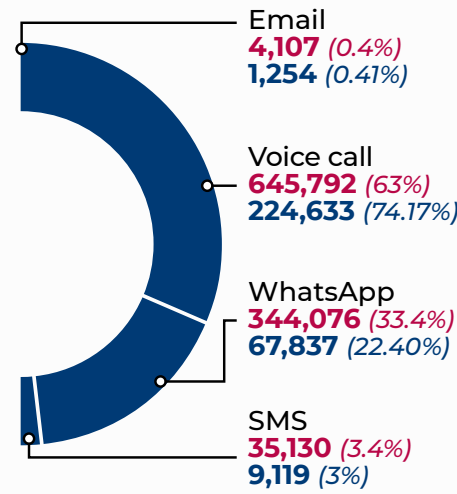
Coffee Grower Service Transitory Program

Aug. 1 to Dec. 31, 2020
No. of coffee growers served
% of coffee growers

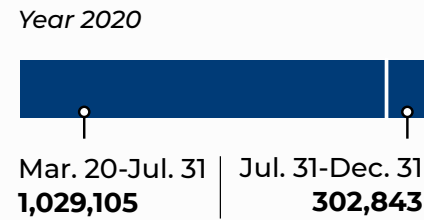


Virtual contacts during covid-19 pandemic

Mar 20-Jul 31 - Jul 31-Dec. 31
Coffee growers served

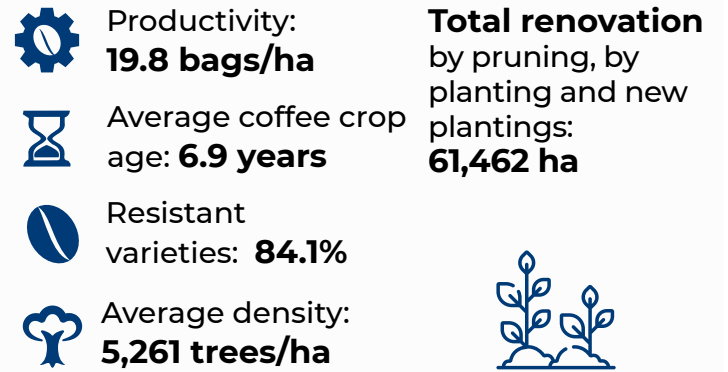


TOTAL



KEY INDICATORS

(Dec 31)

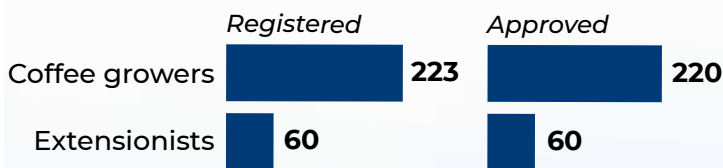


Phytosanitary status of coffee farming as of Nov.



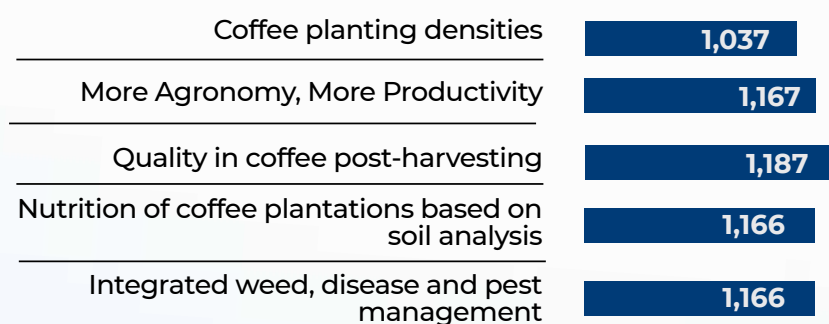
Occupational health and safety program

Virtual training in 4 departments



Virtual trainings to ES

Extensionists approved by topic



Source: FNC Technical Division

333,680

farm visits made by the Extension Service
(1st half & Trans. Program)

49,062

visits served in offices
(1st quarter)

We carried out another 8,310 support activities to serve 52,090 coffee growers.



STRATEGY IS REINFORCED

MORE AGRONOMY, MORE PRODUCTIVITY, MORE QUALITY

In 2020, the FNC Extension Service kept the strategy More Agronomy, More Productivity, but reinforced it with the additional component More Quality. It aims at coffee growers processing coffee adequately after harvesting it, with 7 key practices to achieve a product that meets quality parameters of Colombian coffee:

- 1. Ensure quality of coffee harvested.**
- 2. Process each batch separately.**
- 3. Remove fruits and beans of lower quality.**
- 4. Keep wet mill equipment clean and calibrated.**
- 5. Monitor fermentation with Fermaestro.**
- 6. Remove mucilage with good washing.**
- 7. Ensure dry parchment coffee water content is 10% to 12%.**

For this reason, the work strategy now is called More Agronomy, More Productivity, More Quality, whose adoption by producers, in addition to increasing production, allows them to bring excellent quality coffee to the market, at the best prices possible and therefore with higher income and profitability.

This strategy will maintain productivity at levels close to 21 bags of green coffee per hectare and Colombian coffee production at about 14 million bags for the sixth consecutive year.

CHALLENGES

To achieve 90% of coffee-planted area with resistant varieties, average age under 6.5 years, planting density greater than 5,500 trees per hectare, and annual renovation rates greater than 10% and hopefully close to 20% of the national coffee area (promoting a greater number of lots per farm).

With this, average productivity is expected to reach 22 bags of green coffee per hectare, with stable harvest volumes of between 13.8 and 14.2 million bags of green coffee per year.

It is also necessary to promote greater use and application of soil analysis as a key tool for proper nutrition, and disseminate the assisted coffee harvest components: handpicking with meshes on the ground and shaker machine, to make coffee harvesting more efficient and reduce costs.

AT THE PANDEMIC HEIGHT FNC LEADS COMPREHENSIVE HARVEST PLAN NATIONWIDE

Aware of what it meant to gather the largest harvest of the year at the pandemic height, the FNC led implementation of a comprehensive Harvest Plan that ensured safe coffee harvesting, prioritizing health care for producers, their families, workers and the entire community.

To meet a large part of labor demand, creation of local job listings **was promoted**, a strategy in **which unemployed people** from other sectors are hired as collectors, which avoids mass transportation of workers and economically reactivates the regions.

When collectors had to travel from one department to another, **transportation was duly accompanied by authorities**, who ensured strict compliance with safety protocols.

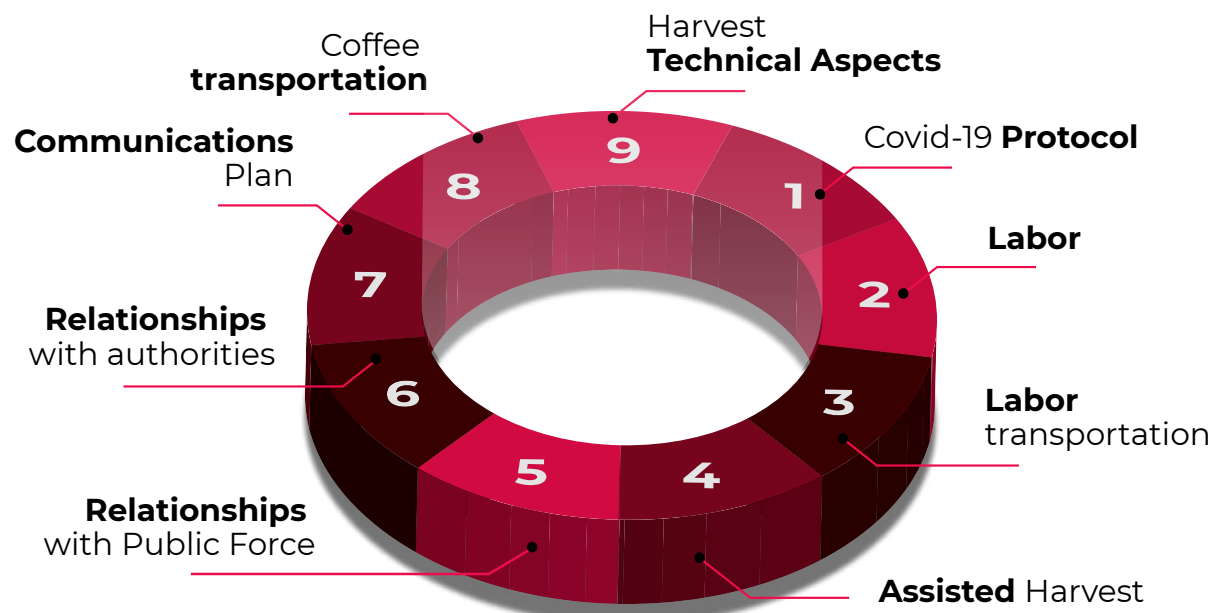
Good relationships of the coffee institutions with national, departmental and municipal authorities allowed coordinated work to curb covid-19 spreading among both coffee-growing families and collectors.

And undoubtedly a key support to the Harvest Plan was the public force: the determined accompaniment by both the Police and the National Army guaranteed public order and security in the coffee regions.

Each of these components included and developed specific actions:

In assisted harvesting, the FNC promoted among producers the practice of delaying collection passes (leaving the coffee beans a few more days on the tree to concentrate the harvest), as well as using meshes on the ground and the DSC-18 shaker as tools that reduce demand for hand pickers.

COVID-19 HARVEST PLAN - II HALF 2020



Source: FNC.

GRI 102-6
GRI 203-1

USD 2.9 MILLION FOR 32,643 PRODUCERS TO RENOVATE COFFEE PLANTATIONS

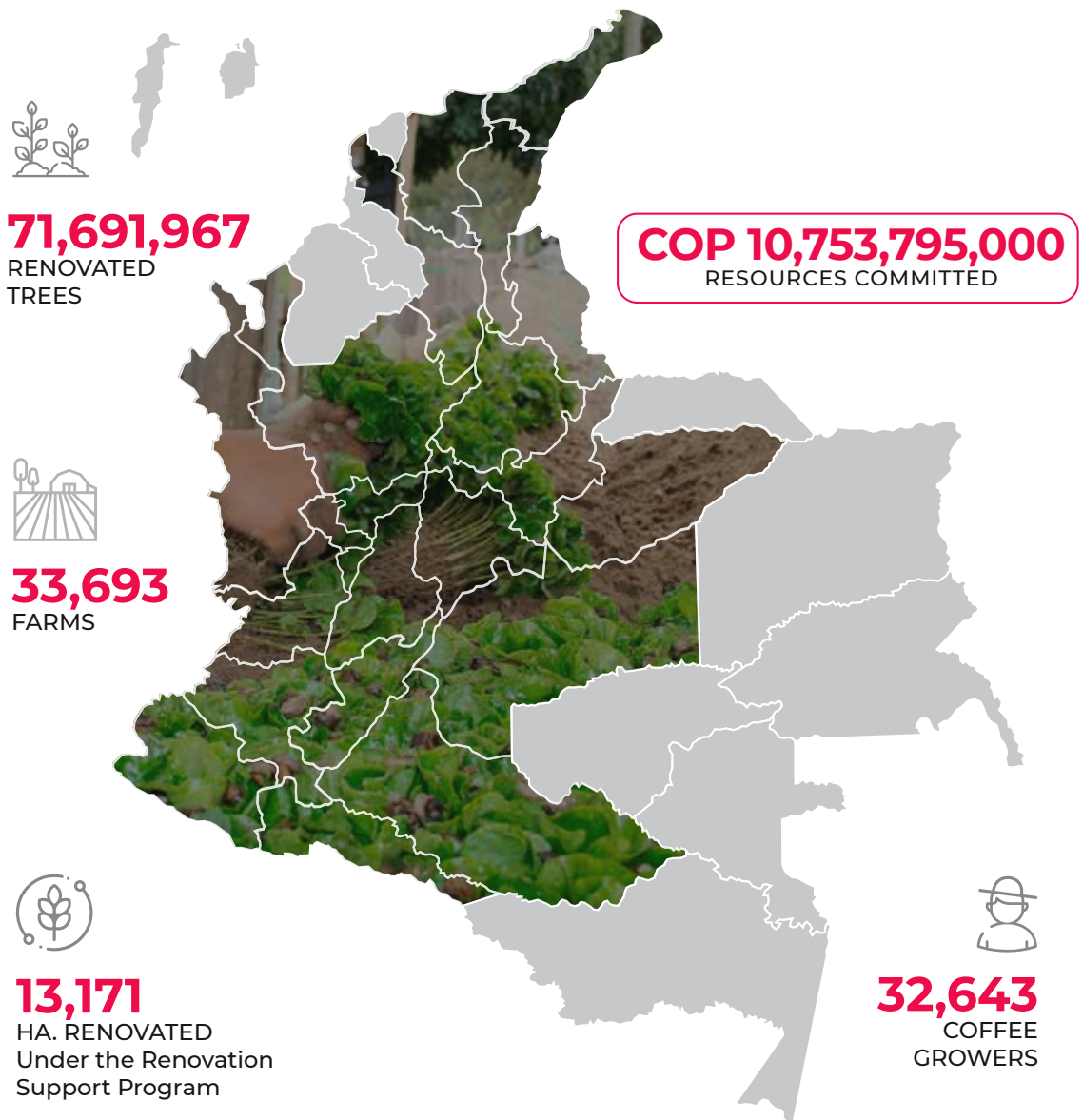
Renovation is one of the key strategies to maintain young, highly productive coffee crops, which in turn improve profitability of producers.

The Coffee Crop Renovation Support Program seeks to promote renovations by providing in-kind incentives (fertilizers) to maintain national production at adequate volumes and increase profitability per unit area. It is specifically aimed at renovation of:

- **Young coffee crops** planted with modern agricultural practices that are ending production cycles to avoid their aging.
- **Old coffee crops** planted with modern agricultural practices so that these areas become young, modernized ones.

In 2020, the program committed COP 10.8 billion (USD 2.9 million) in resources for 32,643 coffee growers.

NATIONAL FIGURES OF COFFEE CROP RENOVATION SUPPORT PROGRAM



Source: FNC.

CENICAFÉ DEVELOPS

TECHNOLOGIES THAT IMPROVE COFFEE QUALITY AS A WHOLE

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

Strengthening the economic dimension (by improving dry parchment coffee value) is a basis for developing the environmental and social ones.

The National Coffee Research Center (Cenicafé) supports the FNC's "More agronomy, more productivity, more quality" strategy, focusing on technologies that improve dry parchment coffee value through better quality, always understanding that the final result is the **sum of factors such as planting varieties of high-quality cup potential, adapting crops to environmental conditions, following best agricultural practices, harvesting ripe fruits, and processing and drying coffee in a controlled way.**

To further improve quality, 7 basic processing practices have been promoted, a must if high-quality dry parchment coffee is to be produced, and for which proven technologies are already available to coffee growers.

The outstanding results in scientific and technological research in 2020 are listed below:

- **Technical foundations to transition from taking meteorological data from conventional stations to automatic ones,** allowing continuity of the series that the Coffee Meteorological Network has recorded for 70 years. Measurements of carbon sequestration by coffee crops have been refined, showing the positive effects of coffee production on greenhouse gas reduction.



■ With coffee berry borer (CBB) infestation models, **departmental maps of areas vulnerable to the pest were published**, for both neutral years and those with events such as La Niña or El Niño. Together with monthly agrometeorological bulletins, these maps are an important guide for coffee growers to mitigate climate variability effects.

■ In the search for alternatives for integrated CBB management, **12 genera of bacteria cultivable** in the lab and living in the insect's intestine were identified, which can potentially help control the pest. Evaluation of hybrid plants where less CBB eggs are laid continues. In insect biodiversity studies, 59 species of bees that visit coffee flowers were identified, finding that insects contribute to a higher coffee fruit set.

■ In rust management, **effective doses were identified for a new fungicide mixture: although they activate defense mechanisms in the plant, there is no effect on the application of resistance inducers to control the fungus. Tests of crossed inoculation of 106 coffee genotypes with rust from different sources helped identify races of highly complex virulence.**

In the **leaf spot study**, the role of precipitation and relative humidity in the disease epidemic and aggressiveness was confirmed in two regions of Boyacá and Cauca; and the high pathogenic variability of 18 fungus isolates in different regions of the country was studied.

■ In the field, the yield of the biofortified white corn hybrid SGBIOH2, intercropped with vegetative growth coffee, was evaluated. **265 species of weeds in coffee crops were described**, 45 of which are not noxious (noble), of great sustainable importance. **A mobile app for recognizing weeds was released.**





- The application for international recognition of the varieties developed by Cenicafé-FNC continued before the National Agricultural Institute (ICA), completing 10 component variety lines and 14 in process.
- To separate harvested green fruits, **an easy-to-use and low-cost technology was developed**, modifying the pulping machine chest with partition walls and swing gates, which at the same time increases its capacity by 33%, with a 90% effectiveness in green fruit separation. A method was developed to recover commercial value of the resulting green fruits.
- Progress was made in controlling wastewater pollution through vetiver grass (vegetation) filters. And technologies developed by Cenicafé helped experimentally determine that coffee water footprint is lower than that reported externally.
- In knowledge of factors associated with coffee quality, the Castillo, Tabi and Cenicafé 1 varieties have been chemically characterized, and calibration curves were validated to identify chemical compounds by the near infrared spectroscopy (NIRS) method, as well as honey/natural coffee processing protocols, and roasting curves of the improved varieties planted in Colombia. Cenicafé also delivered a mobile app that helps monitor coffee processing.
- In improved seed production and distribution, optimal storage conditions & packaging material effects on its viability were determined, and 88 tons of seed were distributed (34% was Cenicafé 1).
- The Extension Service's continued support, in person and online, continues **ensuring transfer of scientific knowledge to coffee growers**, as well as adoption of new technologies for sustainability and competitiveness of coffee production.

GRI 102-6
GRI 102-7

75% OF COFFEE FARMERS HAVE ACCESS TO BANKING SERVICES

As of December, with over 385,000 coffee growers, the share is much higher than the country's averages, confirming the FNC's leadership in rural financial inclusion.

The Coffee Grower ID Card was created in 1931 for identifying the coffee grower union in Colombia. Since then, holders acquire the rights to elect and be elected to the union governing bodies, besides other benefits provided by the FNC. In 2006, this document started featuring access to financial services, becoming the **Smart Coffee ID Card (Cédula Cafetera Inteligente, CCI)**. Coffee growers with a CCI were able to receive payments for their coffee sales through point-of-sale terminals in the cooperatives and receive free and specific destination resources from the FNC.

In 2013, the CCI was associated with a savings account without fees and with preferential rates. This opened the formal financial inclusion doors to all coffee producers, even for those who, for their conditions, do not meet requirements for union rights.

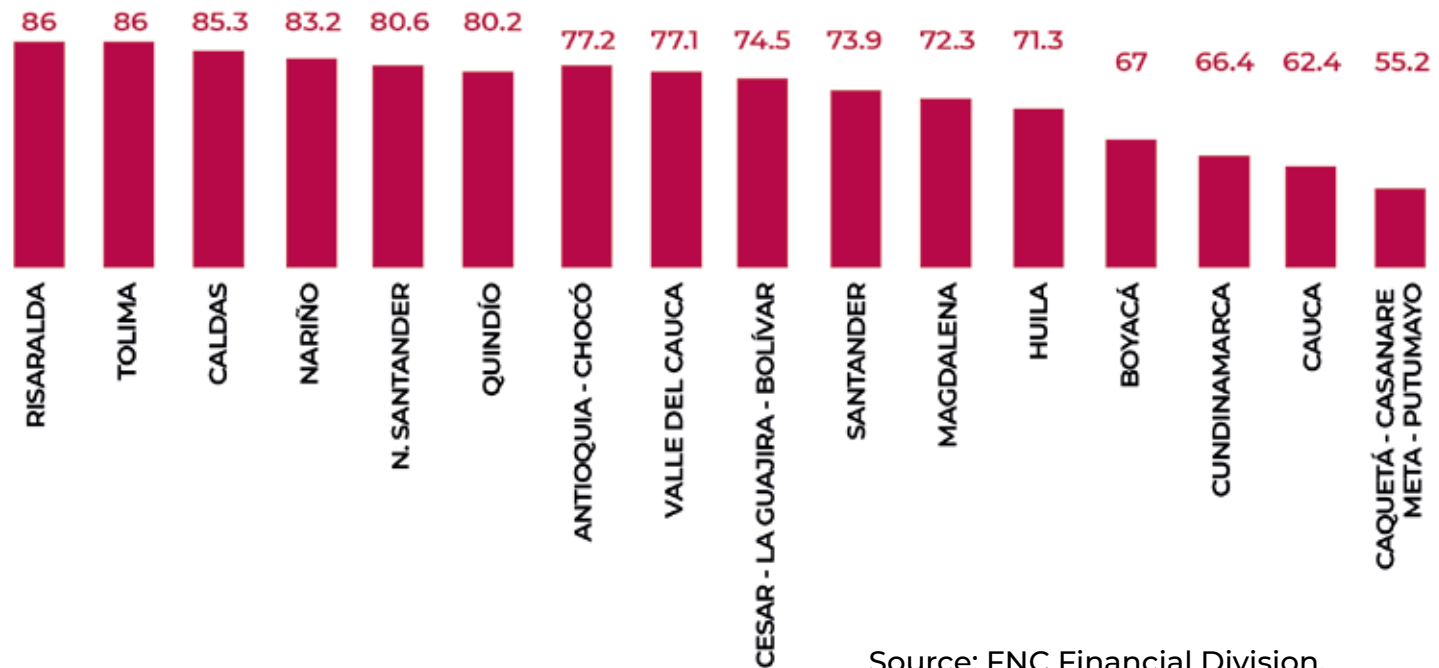
With this new CCI version, coffee growers can keep formal records of their income and savings, enjoy the security provided by banks to sell their coffee, access resources from FNC programs, make transactions at Banco de Bogotá offices and banking correspondents of Grupo Aval, and use ATMs of any network or the Coffee Channel (online platform) in stores. To benefit all coffee growers, both federated and non-federated, the **Smart Coffee Card (Tarjeta Cafetera Inteligente, TCI)** was created for the latter, with the same financial benefits.

Since then, financial inclusion of coffee farmers has not stopped. Every year progress is made, either by deepening the product or in effective use.

As a result, as of December **75%** of coffee growers had the financial product offered by the FNC, that is, over **385,000 coffee growers** with a Smart Coffee Card or ID Card. In Tolima, Risaralda, Caldas, Nariño, Norte de Santander and Quindío, over 80% of coffee growers have the product.



% OF COFFEE FARMERS WITH BANKING SERVICES (THROUGH CCI OR TCI)

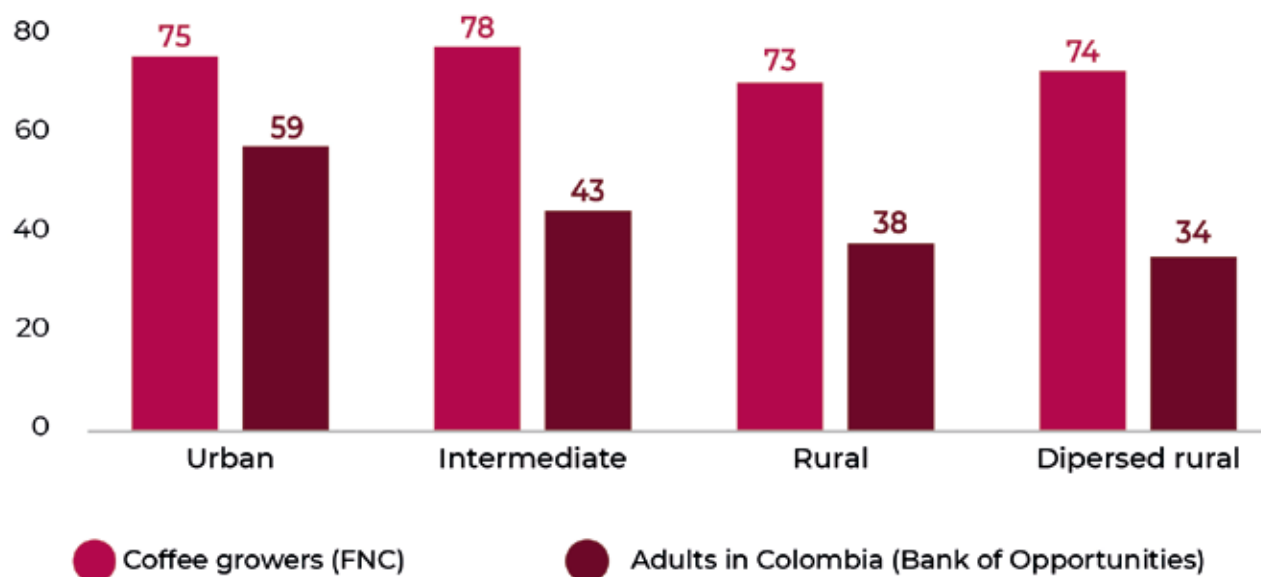


Source: FNC Financial Division.

The FNC is a leader in rural financial inclusion. The figures show it: according to Banca de las Oportunidades (Bank of Opportunities), 59% of Colombian adults had a savings account in 2019, a much lower proportion than that of coffee growers. The difference is much greater in favor of coffee growers in rural

areas. According to urban/rural categories established by the Mission for Transformation of the Countryside (2015), in the municipalities classified as dispersed rural, only 34% of adults had a savings account in 2019, less than half of the 74% reached by coffee growers as of September 2020.

% OF PEOPLE WITH SAVINGS ACCOUNTS



Source: Financial Division, with information from SICVA as of September 2020, and Banca de las Oportunidades (2019). Calculations by FNC Directorate of Economic Research.



ATM TRANSACTIONS WITH CCI/TCI GROW 64% IN 3 YEARS

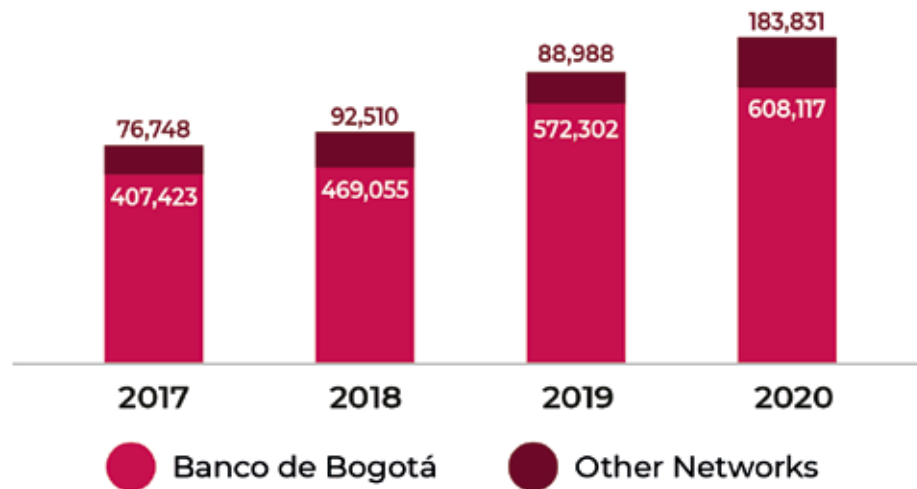
Advertising campaigns and special fees, which have saved coffee growers COP 243 billion (USD 78.1 million) since 2015, have contributed to increasing the use of this instrument thanks to the FNC efforts.

In 2017, the FNC had reached the target of 75% of coffee growers with CCI or TCI; since then, efforts have focused on increasing their use.

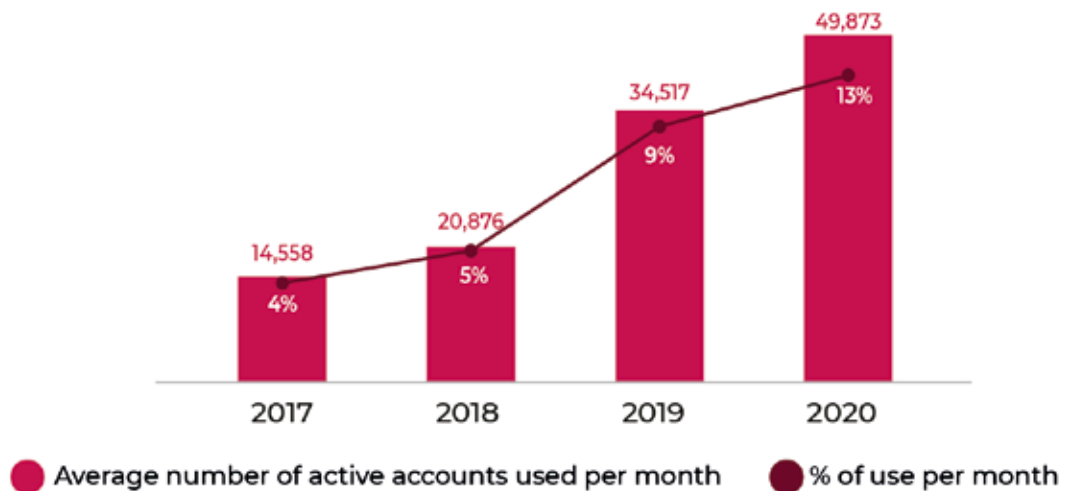
The number of ATM transactions has increased year after year. In 2020, it grew 64% from 2017. Average use of accounts per month rose **from 4% in 2017 to 13% in 2020**. To continue increasing use percentages is one of the great challenges for the FNC.

This has been the result of ad campaigns, support from coffee grower committees, and incentives such as special rates. Between January 2015 and December 2020, coffee growers saved COP 243 billion (USD 78.1 million¹) thanks to preferential fees.

ATM TRANSACTIONS WITH CCI / TCI



AVERAGE OF ACCOUNTS USED MONTHLY

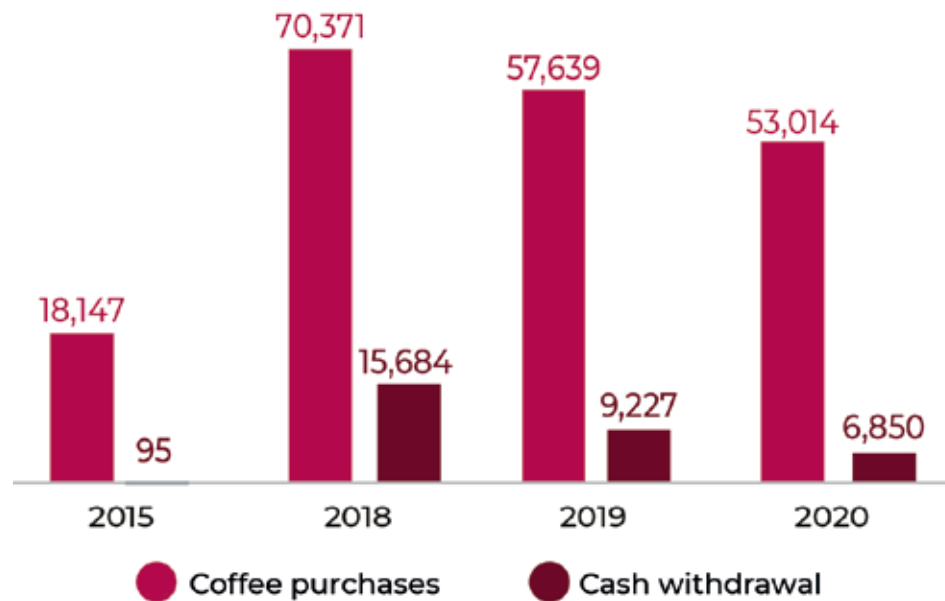


Source: FNC Financial Division.

¹ Average exchange rate of 3,113 COP/USD for the 2015-2020 period.

COFFEE CHANNEL GAINS PROMINENCE (COP MILLION)

As to use of the Coffee Channel online platform, COP 53 billion (USD14,4million) were reached in 2020 for coffee purchases via the cooperatives, up 192% from 2017. In 2020, cash withdrawals in agricultural provision stores reached almost COP 6.9 billion (USD1.85million).



Source: FNC Financial Division.

The largest number of transactions through the Coffee Channel was in 2018, as a result of the Banking Law in force, which allowed payments made via financial entities to be discounted from tax obligations. Once the law changed, the TCI continued to be used as a means of payment.



GRI 102-6

REMOTE BANKING IN THE PANDEMIC

**FNC SAVES COFFEE GROWERS
USD 226,100 IN FREE WITHDRAWALS
FROM OTHER NETWORKS**

Producers benefitted from an agreement with Banco de Bogotá, valid between March and December 2020.

To protect health of coffee growers and their families in the pandemic, and as part of an agreement with Banco de Bogotá, the FNC helped coffee growers make free withdrawals from ATMs of any network or entity throughout the country between March and December, avoiding crowds and promoting rural financial inclusion.

Between March and December, this exemption in other networks saved coffee growers COP 850 million (USD 226,100²) in 171,690 ATM withdrawals.

They can also check their balance via text message and update their cell phone number to access savings accounts or unlock the debit card PIN over the phone. The latter option prevents coffee growers from requesting re-issuance of their card if they cannot go to a bank office.



²At average exchange rate of 3,758.8 COP/USD between Mar. and Dec. 2020.

104,143 FINAGRO LOANS WORTH USD 318.7 MILLION FOR PRODUCERS

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

The extension agents' work is key in guiding and supporting producers to access these resources, granted under special conditions.

In 2020, **104,143 loans** (55% more than the previous year) worth COP 1.2 trillion (**USD 318,7 million**), with resources from the Fund for Financing of the Agricultural Sector (Finagro), were granted to coffee growers, an amount that includes all banks, lines (consolidation, rediscount and agricultural), and allocations (maintenance, wet mills, crop renovation and machinery).

LOANS GRANTED TO COFFEE GROWERS BY FINAGRO LINE

Year	Loans	Amount (COP billion)
2015	62,535	573.1
2016	65,223	988.1
2017	71,076	1,051.2
2018	70,292	864.3
2019	57,798	919.6
2020	104,143	1,177.2

Source: FNC Technical Division and Finagro.

REDISCOUNT LOANS GRANTED (BY BANCO AGRARIO-FINAGRO LINE)

	Number	Amount (COP billion)
Investment	26,696	253.7
Working capital	11,498	92.7
Regularization (refinancing, portfolio consolidation)	23,438	160.3
Total	61,632	506.7

Via rediscount lending, **61,632 loans** were disbursed worth COP 506.7 billion (**USD 137.2 million**), 97% of which were granted to smallholders (according to Finagro classification), of which 65% were men; women, 34%, and legal entities, 1%. Most of loans were destined to investment.

Source: FNC Technical Division and Finagro (as of December).

ALLOCATION OF LOANS TO COFFEE GROWERS

	Loans	Amount (COP billion)	Share
Wet mills	2,549	22.9	21%
Renovation by planting	2,804	20.5	23%
Renovation by pruning ("zoca")	1,153	4.2	10%
Maintenance (pest & weed control, labor)	5,501	26.8	46%
Total	12,007	74.4	100%

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

The extensionists' work in the strategy "More agronomy, more productivity, more quality" is key for coffee growers to apply for viable projects that require financing by Banco Agrario. In 2020, there were **11,643 applications and 12,007 loans worth COP 74.4 billion (USD 20.1 million)**, 46% of which were used to maintain coffee plantations, 23% to renew them by planting, 21% for wet mills, and 10% to renew by pruning.

Finally, **10,391 coffee growers** benefited from preferential interest rates of the Special Credit Lines (LEC), managed by Finagro, with significant savings worth **COP 14.5 billion (USD 3.9 million)** thanks to interest rate subsidies.



FNC COMMUNICATIONS STRATEGY

CURBS COVID-19 IN THE COFFEE SECTOR



Development and dissemination of its own biosafety protocol for the sector and the unprecedented modification of the logo, putting masks on Juan Valdez and the mule Conchita, are just two of the measures of great impact not only in Colombia, but abroad.

Confronted with the pandemic, the Colombian Coffee Growers Federation (FNC) did not stop. **On the contrary, it redoubled efforts to address the challenge of helping protect the health of producers,** their families and the coffee community in general, including employees and collaborators.

Its hard and continuous work allowed all the biosafety measures and protocols, designed to prevent infections and curb the coronavirus spread, to reach all the coffee chain links and become a reality on a day-to-day basis.

The challenge was to deliver communication materials to the entire coffee family in a quick, timely and efficient way. And through a coordinated exercise with the regional communication teams, this was achieved.

One of the first measures was to do remote work and avoid unnecessary travels, physical presence and crowds. For this purpose, the use of new communication technologies and virtual meetings was of great help.

To reach all coffee growers in the country with relevant information, the FNC very quickly

launched an ambitious communications plan with the slogan **EVERYBODY's health is EVERYBODY's business.** One of this plan's first and greatest successes was **dissemination of the biosafety protocol for the coffee sector** (the first developed by an agricultural union and approved by the Ministry of Health).

Since then, coordinated communications work nationwide has been consistent, with great emphases on harvest periods, when large amount of labor is required and it is essential to promote care and prevent possible infections.

Always prioritizing self-care, **910 audio pieces** were produced for coffee-growing families, including the podcast "EVERYBODY's health is EVERYBODY's business," which reached **117** editions and has proven to be a success among producer families, given its great reception (see infographic for more figures).

Privileging virtual media, neither did the FNC Extension Service – a human team highly recognized by coffee growers – stop having contact with producers and played a key role in preventing the spread of covid-19.

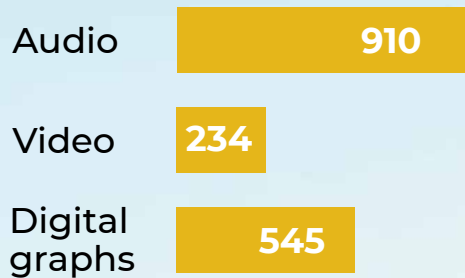


**EMPLOYEES
AND THEIR
FAMILIES,
ALSO OUR
PRIORITY**

The challenge also included protecting employees and their families, for which a biosafety protocol was developed. It was the basis for other materials prepared and disseminated by internal media such as the weekly digital newsletter Contact, which reached **39 editions** in October.

The challenge was to deliver communication materials to the entire coffee family in a quick, timely and efficient way. And through a coordinated exercise with the regional communication teams, this was achieved:

Number of pieces produced



160,868
printed graphic pieces

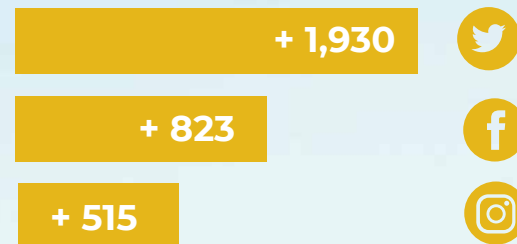
3.1 MILLION
text messages were sent to
producers' cell phones

+500 NEWS
pieces were recorded as of October
focused on the union's call to protect
everybody's health.

On social media

we amplified the self-care message

Publications between March and December



People reached



+1.6 MILLION
impressions
on Twitter

+3,268
publications



SOCIAL DEVELOPMENT OF
**COFFEE GROWER
HOUSEHOLDS**

2

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

FNC REDESIGNS SOCIAL DEVELOPMENT TO BRING MORE WELL-BEING TO COFFEE-GROWING FAMILIES

By restructuring its strategic vectors, reengineering KPIs and building the Coffee Grower Household Information System (SIHC), the FNC strengthens its strategies for comprehensive social development of coffee-growing families.

The FNC aims at social development of coffee-growing families and communities with a comprehensive well-being approach by investing in their environment, potential development of human capacities, and sustainable management of their territories.

The FNC's social development strategy is made up of six vectors: **rural education, social protection, infrastructure, coffee-growing families with gender equity and generational integration, associativity, and special projects.**

SOCIAL DEVELOPMENT VECTORS



Each develops high-impact projects through partnerships with national and international stakeholders to raise investment resources leveraged on intangible institutional assets such as the FNC’s management capacity and transparent implementations. For this reason, progress in the social dimension is the result of teamwork of the Social Development, Union Affairs, Legal and Economic Research Directorates, the Projects Factory, and the departmental committees.

Joint work has made it possible to design and implement a system for measuring and monitoring targets in each vector. This reengineering has been crucial for measuring social work in the territories and progress of KPIs, and for motivating continuous improvement of social teams nationwide, for the benefit of the producer families.

PROGRESS IN RURAL EDUCATION

This component is led by the Social Development Directorate by strengthening the **Escuela y Café (School & Coffee) Program**, whose objective is to provide new generations of Colombian coffee farmers with basic tools and knowledge for efficient and sustainable management of coffee farms.

In 2020, there were **230** rural educational institutions in the School & Coffee Program, and **9,134** young members of coffee farmer households were enrolled in this modality.

During lockdowns, departments such as Cauca and Caldas continued with the program virtually through **B-Learning**, while Huila, Tolima, Cundinamarca and Cesar-La Guajira developed materials and sought strategic partnerships.

The Social Development Directorate has been working on the program's long-term financial sustainability. In coordination with the Caldas Committee, a large forum will be held with national (the Ministries of Education and Agriculture), territorial (departmental Governments, Secretaries of Education, etc.) and private actors to achieve an alliance that sets the educational roadmap in the coffee departments. In 2021 this pilot will begin in Huila and Tolima.

In addition, through the Manuel Mejía Foundation (FMM), the FNC continues providing producer families with a wide



RURAL EDUCATION				
Segment	KPI	Implementation		
		2018	2019	2020
Formal education	# schools in the School & Coffee Program	N/A	1,061	230
Education for work and human development	# students enrolled (members of coffee grower households)	41,307	2,276	9,134

range of comprehensive education programs adapted to regional contexts' needs and the country's current situation. In 2020, **1,630** male and female coffee growers from **20** departments received training with courses such as "Identification of initiatives in project management," "At home we live in peace" and "Safety and health in the coffee business," among others.

For 2020, the FMM designed and developed a series of virtual diploma courses with topics relevant to the rural context to offer them to coffee growers and communities in general, allowing beneficiaries to receive remote training during the pandemic and lockdowns.

The table below shows the diploma courses provided and to be given in 2021, the number of enrolled beneficiaries, and their respective departments.

FMM DIPLOMA COURSE	# ENROLLED	DEPARTMENTS
Agricultural Business Management	340	Huila Committee: 330 enrolled 10 individual registrants: Antioquia, Caldas, Cauca & Quindío.
Biosafety on the Farm	50	Huila Committee: 50 enrolled
Financial Education & Marketing for Agricultural Business	1	1 individual registrant: Caldas
Leadership for Rural Women	96	Huila Committee: 95 enrolled 1 individual registrant: Magdalena
Union Leadership	420	Santander Committee: 20 enrolled Boyacá Committee: 400 enrolled
Food Security: Community Production & Exchange	20	Santander Committee: 20 enrolled
TOTAL	927	

PROGRESS IN SOCIAL PROTECTION

In 2020, to strengthen social protection of coffee grower households, **13,391** farmers were trained and made aware on regulations of and access to occupational safety and health, periodic economic benefits (BEPS), **social protection floor** and visual health, among others, and **24,923** coffee growers were trained in sanitary and biosafety measures to face covid-19 within the social dimension, through 8,275 activities.

Thanks to the FNC headquarters' work and the agreement with the International Labor Organization (ILO) "Inheriting the coffee culture, free from child labor" and the Colombia Avanza project, resources were raised for a campaign that disseminated biosafety protocols during the pandemic, implemented by Partners of the Americas.

SOCIAL PROTECTION				
Segment	KPI	Implementation		
		2018	2019	2020
Health, work and old age	# coffee growers trained & made aware	N/A	1,825	13,391
Covid-19 initiatives	# coffee growers made aware to deal with covid-19	N/A	N/A	24,923
	# activities carried out (protocols, campaigns, training, etc.)	N/A	N/A	8,275

Also partnering with ILO, the Social Development Directorate implemented the virtual course "**My farm, a healthy and safe environment,**" aimed to support coffee farmers in complying with the Occupational Health and Safety Management System (SGSST) rules.

223 coffee growers in 4 departments benefited from this program: Caldas, Nariño, Quindío and Risaralda.

The resources were realized by the FMM, including an educational kit that combined physical material, the radio soap opera "My farm, my home and my treasure," and educational spots.

PROGRESS IN INFRASTRUCTURE

Despite movement restrictions over the pandemic, in 2020 joint work of the FNC infrastructure area and the departmental committees achieved **1,958** housing improvements (energy and basic sanitation), benefiting **19,332** people.

28,974 m of strip roads (“placas-huella”) were built, and **2,698 km** of tertiary roads were improved and/or maintained, for the benefit of **126,736** people.

A total of **166 social infrastructure works** benefited **35,327** people.

In August, the health center of the Siberia rural district, in Caldono, Cauca, was inaugurated for the benefit of **6,000** coffee grower households, a work done through an agreement with the Agency for Renewal of the Territory (ART) and the Colombia in Peace Fund, within the framework of the Small Community Infrastructure (PIC) strategy, which benefits communities affected by the armed conflict.

INFRASTRUCTURE				
Segment	KPI	Implementation		
		2018	2019	2020
Housing, basic sanitation, electricity	# works improved and/or built	1,040	5,536	1,958
	# total beneficiaries	N/A	66,562	19,332
Roads	m of strip roads built	N/A	N/A	28,974
	km of rural roads improved	6,214	4,682	2,698
	# total beneficiaries	N/A	241,170	126,736
Social infrastructure	# works built or improved	317	237	166
	# total beneficiaries	N/A	51,131	35,327

PROGRESS IN FAMILIES WITH GENDER EQUITY & GENERATIONAL INTEGRATION

On this front, we worked on formulation of the FNC's **Gender Equity Policy**, which is being built with support of experts and participation of the entire coffee grower union.

The objective of the policy is to set essential guidelines for actions to be undertaken in the social dimension to provide equal conditions, treatment and opportunities to women and men, but adapted to each group's special characteristics or situations so that their access to the benefits and services provided by the coffee institutions is guaranteed without distinction.

The 88th National Congress of Coffee Growers (virtual), held from December 1 to 4, 2020, mandated the FNC to validate, through the Social Development Directorate, the Gender Equity Policy among the departmental coffee grower committees, and then each committee to appoint a delegate so that the policy is

agreed upon and approved by the Steering Committee in the first quarter of 2021.

Within the gender equity framework, empowerment and mainstreaming activities continued, with **39,091 women** participating in **8,629 activities** focused on leadership, communication, branding and coffee market, among other topics, strengthening their abilities to make better decisions for their families and coffee businesses. Complementarily, the FNC signed the **Pact for Rural Women** with the national Government and agreements with the Vice Presidency of the Republic and the Society of Farmers of Colombia (SAC) to comply with all the gender equity lines.

For the latter, licenses were achieved for women coffee growers on the SENA-LinkedIn virtual platform, which offers over 1,500 courses in Spanish in different fields.

COFFEE-GROWING FAMILIES WITH GENDER EQUITY & GENERATIONAL INTEGRATION				
Segment	KPI	Implementation		
		2018	2019	2020
Empowerment & mainstreaming	# women participating in activities	N/A	13,386	39,091
	# activities performed	663	N/A	8,629
Leadership & entrepreneurship	# young people participating in activities	N/A	2,850	7,772
	# activities performed	N/A	N/A	1,510

In another differentiating aspect this year, the Social Development Directorate supported coffee-growing families, especially women, so that they could take advantage of selling low-grade coffee (“pasilla”), which the FNC had already been purchasing since 2019. Under its leadership, the program was given a new profile, since it is women who generally earn their income from this by-product. Since 2020 the pasilla price began to be published, the FNC’s role as a buyer was widely publicized, and methods to obtain the best pasilla and how to calculate its price were disseminated.

Young people have also participated importantly in leadership and entrepreneurship activities. In 2020, **7,772 young people** took part in **1,510 activities** carried out by the committees. All this has been strengthened through the **Digital community of young Colombian coffee growers** on Facebook, with 1,300 members; and there, through live interviews, topics of interest have been discussed such as use and positioning of the Café de Colombia brand, coffee brand strategies in the pandemic, and how to obtain the Denomination of Origin and Protected Geographical Indication, among others.

To continue strengthening the strategy for youth entrepreneurship in rural areas, the FNC continued the process started with the **Idéate Café** project through **brand mentoring** of two undertakings in Caldas and Huila, support for architectural design of a coffee truffle factory in Cauca, and equipment, training and start-up of an assisted harvesting venture in Cauca.

PROGRESS IN ASSOCIATIVITY

Obeying coffee growers’ mandate in the Congress 2019 and under the leadership of the Directorate of Economic Research (DIE, the acronym in Spanish), the FNC formulated the bases of the associativity policy, aiming to “support the strengthening of coffee grower associations in commercialization and those aspects related to its social purpose.” The policy’s strategies focus on:

- **Creating** a formal protocol for registration of coffee grower associations before the FNC.
- **Promoting** development of the associations’ capacities.
- **Strengthening** their marketing services to complement cooperatives’ work in the purchase guarantee service in the territories.
- **Supporting** them to add value in the coffee chain.

In line with the first strategy, and with the support of the Cooperatives Directorate and the Social Development Directorate, a registration form was designed for a Coffee Grower Associations Information System (SIAC), in order for having a single register of associations with which the FNC can work more directly in marketing matters and integrate them into the coffee institutional framework as allies in generation of well-being for the entire union.

At territorial level, **209 associations** were supported by the departmental committees through **1,081 activities** aimed at marketing strengthening, financial education, conflict resolution and teamwork, among others.

SPECIAL PROJECTS

Finally, in this component the FNC works on food security programs, attention to coffee grower households who are victims of the armed conflict or in a situation of disability, and land formalization.

In food security, the Technical Directorate has encouraged the planting of beans and corn combined with coffee. In 2020, **2,824** coffee-growing families benefited from delivery of seeds. And the Social Development Directorate has been working on design of kitchen gardens and nutrition. By 2021, this Directorate will implement the food security pilot in Nariño with 200 female coffee growers, aiming at a replicable successful model that empowers women and strengthens their skills as leaders for improving their families' living conditions.

Coffee growers who are victims of the armed conflict have been served under the framework agreement between the FNC and Colombia's Victims Unit: 120,000 coffee growers are officially in the Unique Registry of Victims. In 2020, two projects were carried out to support coffee marketing of the indigenous communities Kitek and Kiwe, in Cauca, and Inga from the Aponte reservation, in Nariño.

As for coffee growers with disabilities, young people with hearing impairments are supported for marketing their coffee, improving their corporate image and preparing them for a business matchmaking forum organized by the Ministry of Agriculture.

In **land titling**, the FNC seeks to facilitate coffee growers' access to missionary programs of the National Land Agency. In 2020, three FISO sessions (Registration Form for Subjects to Land Ordering) were held in Agustín Codazzi with 91 coffee growers (3 processes of formalization of private properties and 27 of access to vacant properties).

NEW COFFEE GROWER HOUSEHOLD INFORMATION SYSTEM (SIHC)

As cross-cutting support to comprehensive design of the social dimension of the FNC's value strategy, the CEO's Office, with the leadership of the DIE, launched the **Coffee Grower Household Information System (SIHC)**, which provides sociodemographic information of coffee grower household members at departmental and municipal level.

The system was built based on the information exchange agreement between the National Planning Department (DNP) and the FNC, combining the Sica and Sisbén information systems along with the DNP's core database of social programs (social registry). As a result, the FNC now has access to variables of **demography, education, housing conditions, vulnerability, and to social programs of coffee grower households and their members.**

All the information was built so that the FNC has strategic information to continue working for social development of coffee grower households and, in particular, to effectively focus efforts on the neediest ones.

So that the information can be used by the entire union, dynamic dashboards were created in the G Suite Data Studio tool, from which all users can download and use information for designing and implementing social programs in their territories.



WHO ARE WE?



HOW WE LIVE?

ed:



hamlet:

at:

QUALITATIVE HOUSING DEFICIT: 12%

e overcrowding:



n:



walls:



housing:



AGE DISTRIBUTION



< 6 years old: **10.4%**



7 < 17 years old: **19.6%**



18 < 28 years old: **13.9%**



29 < 44 years old: **20.4%**



45 < 59 years old: **19.8%**

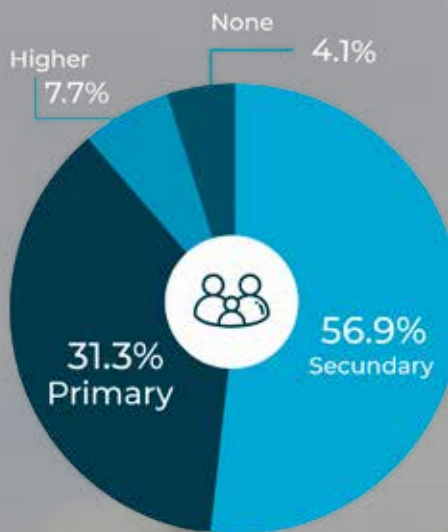


60 < 79 years old: **14.1%**

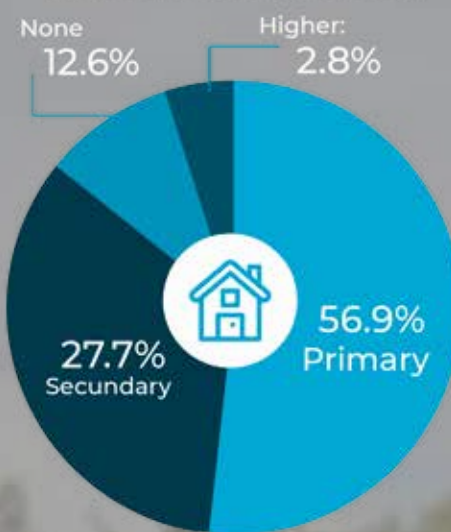


+80 years old: **1.8%**

EDUCATION LEVEL OF YOUTH IN COFFEE GROWER HOUSEHOLDS:



EDUCATION LEVEL OF COFFEE GROWER HOUSEHOLD MEMBERS:



QUALITATIVE HOUSING DEFICIT: 77.4%

Mitigable overcrowding:

15.3%

Without electric power

8.2%

Inadequate excreta disposal:

36.7%

Without aqueduct:

55.9%

Without exclusive place to cook:

23.7%

PRODUCERS PER HOUSEHOLD: 1.1

Household size:

3.1 people

Households headed by women:

24.7%

Aging rate:

44%

IN COFFEE GROWER HOUSEHOLDS

Men:

54.1%

Women:

45.9%

ACCESS TO SOCIAL PROGRAMS:

330,811 coffee grower households are beneficiaries of the transfer programs.

More Families in Action: 28.4% (147,151 households)

VAT refund:

12.1% (62,777 households)

Elderly Colombia: 19.4% (100,258 households)

Youth in Action:

1.5% (7,628 households)

Supportive Income: 13.1% (67,821 households)

INTEGRATED
**NATURAL
RESOURCE
MANAGEMENT**

3

GRI 103-1
GRI 103-2

WITH NEW ENVIRONMENTAL DIRECTORATE

FNC STRENGTHENS NATURAL RESOURCE CARE

In 2020, by instruction of the CEO, this area was upgraded as a directorate to strengthen care of natural resources and deal with climate variability, both on the coffee farms and within the organization.

In recent years, the national and international community's concerns for environmental care and conservation have become more evident. Actions to address climate variability, deforestation, pollution, and protection of soils and biodiversity, among others, occupy an increasingly important place on governments' and organizations' agendas.

The FNC and the Colombian coffee growers have great potential for mitigating actions that damage the environment, and the Environmental Management Directorate was created to strengthen this potential. This institutional change is aimed to:

- **Promote** design and monitoring of projects that address priority issues responding to the value strategy in the environmental dimension.
- **Increase** visibility of the FNC's environmental actions.
- **Have** direct dialogue in environmental discussion spaces to support resource management.





ENVIRONMENTAL MANAGEMENT STRATEGY

To promote environmental sustainability in the coffee production chain and responsible environmental practices within the organization.

COFFEE FARMS

To work for coffee production systems to develop in harmony with natural resources and be resilient to climate variability.

Natural resources

To reduce impact on natural resources.

To prevent **water** pollution.

To protect **soil**.

To conserve & recover **biodiversity**.

Climate variability

To increase crop resilience.

To increase **reforestation**.

To improve **fertilization**.

ORGANIZATION

To implement actions, by the organization and employees, to reduce environmental impact.

Natural resources

To reduce impact on natural resources.

To reduce **water** pollution.

To reduce **energy** consumption.

To dispose of waste properly.

AWARENESS-RAISING & TRAINING ACTIVITIES

COFFEE FARMS



TO PREVENT WATER POLLUTION

To reduce water consumption in coffee wet milling.

To properly treat and/or dispose of coffee wet milling wastewater.

To reduce water consumption at home.

To properly treat and/or dispose of domestic wastewater.

To properly treat and/or dispose of agricultural and domestic solid waste.

TO PROTECT SOIL

To keep soil covers and prevent erosion.

TO CONSERVE & RECOVER BIODIVERSITY

To conserve forests and stream channels.

To promote biological connectivity.

To protect the fauna.

TO INCREASE REFORESTATION

To favor micro-climatic conditions for coffee production and increase the capacity to capture greenhouse gases (GHG).

TO IMPROVE FERTILIZATION

To increase production and reduce GHG emissions.

ORGANIZATION



TO REDUCE WATER POLLUTION

To improve handling of cleaning products.

To reduce consumption in the facilities.

TO REDUCE ENERGY CONSUMPTION

To modernize lighting systems.

Energy self-generation.

TO DISPOSE OF WASTE PROPERLY

To reduce and properly dispose of solid waste.



MORE FARMS REFOREST AND REDUCE WATER POLLUTION

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

Soil care, biodiversity conservation and environmental education are other priority actions among producers.

With the support of the Ministry of Agriculture and Rural Development (MADR, the acronym in Spanish), reforestation and soil care actions have been carried out in prioritized river basins. Thus, on **1,266 farms** in Antioquia, Caldas, Cauca, Huila, Risaralda, Santander and Tolima, education and awareness-raising campaigns were carried out so that coffee farming is combined with agroforestry, forest plantations, hedgerows and natural forest conservation and care actions, **for an accumulated total of 4,070 hectares.**

In addition, **forest plantations** were established on **1,805 hectares** to contribute to soil protection, GHG capture and strengthening of timber production as an economically viable alternative for rural communities. The creation of forest systems in **1,745 hectares** was supported. Thus, **1.4 million trees** were established in coffee regions to contribute to the microclimatic regulation required by coffee farming to make it resilient to climate variability and avoid erosion.

As to **water care**, post-harvesting and domestic wastewater treatment systems were installed to avoid water contamination, so that its disposal meets current environmental regulations; **59 farms** benefited from these systems.

Biodiversity conservation corridors were developed to reduce forest fragmentation. For this purpose, the FNC has been combining native species trees with agricultural crops and land uses other than natural forests, so that these trees, strategically located, improve connection between forest remnants. So, **520 new hectares of conservation corridors** were established in coffee regions as of September, for an accumulated **3,770 hectares** since 2015.

Formation of these corridors required planting **88,718 native trees** on riverbanks. And coffee growers that in 2019 established 227 hectares of conservation corridors were supported, so that they continue with their care.

Environmental education and awareness-raising days held by the FNC seek to strengthen social capital by creating spaces for joint and collaborative work. With training modules, posters and other tools, topics such as biodiversity and water resource conservation, solid waste management, campaigns to reduce, reuse and recycle, creation of collection centers, and campaigns to properly dispose of agrochemical waste are addressed. They also seek to complement projects such as construction of community bus stops, murals and adaptation of common areas, among

others. As of December, there were **126 work events with 2,681 coffee growers** from communities in river basins.

In implementation of local and regional agreements, the departmental committees have made progress in activities that contribute to the environmental dimension. Some worked on construction and improvement of coffee processing infrastructure, for a total of **361 wet**

mills. And reforestation activities were carried out on **412 ha**, as well as forest conservation activities on another **1,906 ha**.

As to basic sanitation projects, **64 water purification systems** and 128 Wastewater Treatment Systems (STAR) were installed on farm households and 16 water storage tanks were delivered. In addition, **504 coffee growers** were trained.



FNC IS A MORE ECO-CONSCIOUS ORGANIZATION

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

Awareness-raising campaigns, making the most of digital tools, were essential.

The second pillar of the FNC's environmental strategy is focused on the organization's environmental sustainability, a purpose for which different projects to improve its facilities were implemented, and the internal awareness-raising campaign "FNCConscious" was launched, promoting responsible consumption practices among employees.

Launched in June 2020, "FNCConscious" seeks to raise awareness, educate and inspire employees to lead an eco-friendlier lifestyle and be more aware of their consumption habits' impact on the planet. For this aim, the use of digital platforms was intensive:

VIRTUAL SEMINARS AND OPEN CLASSES

"Coffee water footprint," "The Zero Waste trend," "Consumption of plastics," and "Circular economy," with more than:

1,270 ATTENDEES

FACEBOOK GROUP

155 MEMBERS
and **60 publications**, with an average 200% interaction rate.

FNC CONSCIOUS WEBSITE

576 SESSIONS **341** VISITS

1,150 PAGE VISITS
between Aug. and Dec.

CREATION OF CHALLENGES

"July without plastics" and "No more food waste."

CAMPAIGNS IN PRENSA AL DÍA [DAILY PRESS] NEWSLETTER AND DIRECT MAILINGS.

GRI 103-2
GRI 103-3

To **reduce water consumption** at the FNC HQ, through the company ELA SUSTENTABLE COLOMBIA, a water saving pilot was implemented, installing savers in different parts of the building that allowed saving an average 30% in the measurement period (temporarily suspended by covid-19).

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

Power generation efficiency also improved. The Tolima Coffee Growers Committee inaugurated a rooftop solar plant: a photovoltaic system that generates about 147,000 kW/h per year (thanks to the 300 panels installed by the Celsia company over 582 m²) and avoids emitting 56 tons of CO₂ per year. With this innovation, more than half of its energy used will now be non-conventional renewable. And as if that were not enough, thanks to outsourcing of the energy produced, the Committee will also have an economic compensation to be deducted from the energy service billing.

In waste management, there are still important advances in the coffee institutions as a whole, beyond disruption in normal operations that covid-19 brought with it in most of the FNC companies and subsidiaries.

TESTIMONIAL

“With our solar power plant, we show the over 61,000 coffee-growing families in Tolima that adapting to technology and being environmentally sustainable is possible. The example begins at home, and we hope that they will adopt good conservation practices in their coffee businesses, so that all together we take care of the environment and natural resources and become more productive and profitable.”

**Gildardo
Monroy Guerrero**

**Executive Director of the Tolima
Coffee Growers Committee.**



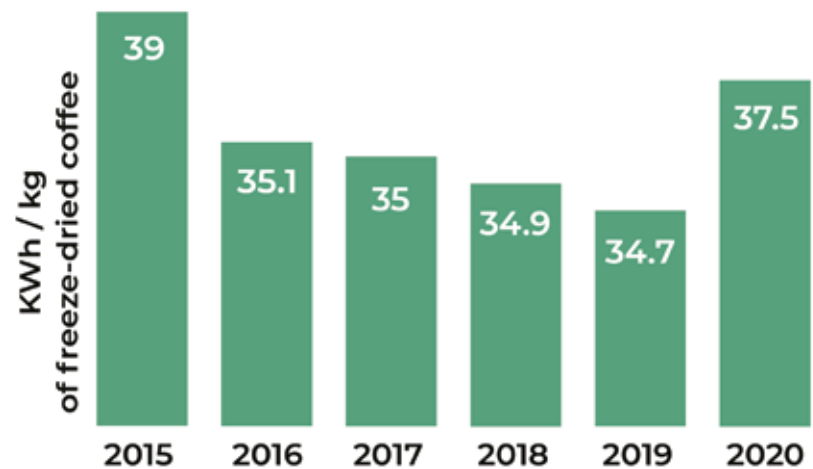
Other specific results on waste and wastewater management and consumption of energy and water in Cenicafé and Buencafé are detailed below.

BUENCAFÉ

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

As regards **production energy efficiency**, in 2020 an energy intensity of 37.5 kWh/kg of freeze-dried coffee was achieved, 8.1% more due to greater capacity in the production process that required more energy and maintenance of freeze-drying plants.

Despite this higher energy intensity, COP 2 billion (USD 541,506) was saved in natural gas consumption by increasing the share of renewable fuels from 19% to 26%, thanks to use of the new biomass boiler (which produces heat by combustion of coffee grounds and hull); COP 800 million (USD 216,603) was also saved by avoiding disposal of grounds to landfill.



Source: Buencafé Liofilizado de Colombia.

CENICAFÉ

GRI 306-2

WASTE MANAGEMENT

Waste in kg	2019	2020
Non-recyclable solid waste	11,902	8,390
Recyclable solid waste	8,543	5,846
Solid waste generated	20,445	14,236
Total annual solid waste recycling (%)	42%	41%

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

WATER & ENERGY CONSUMPTION

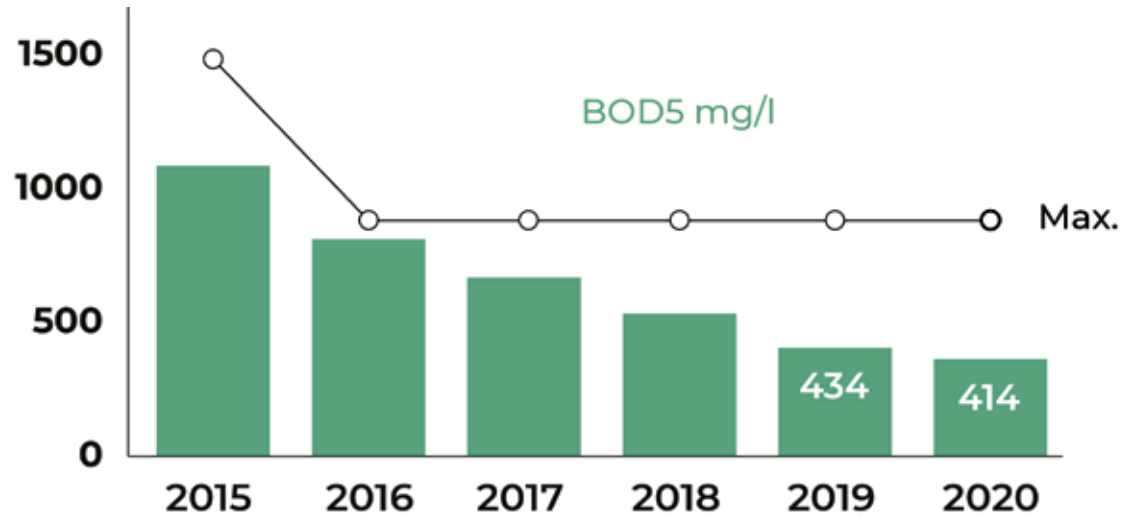
Consumption	2018	2019	2020
Water consumption (m3)	9,304	4,905	4,220
Energy consumption (kW)	703,476	742,600	701,600

Source: Cenicafé.

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

In 2020, wastewater management improved even more by reducing biological oxygen demand (BOD), which measures water pollution after being treated and before being discharged to the sewer. The **411 mg/L** figure is well below the maximum allowed of 900 mg/L.

BIOLOGICAL OXYGEN DEMAND IN FINAL EFFLUENT



Source: Buencafé.

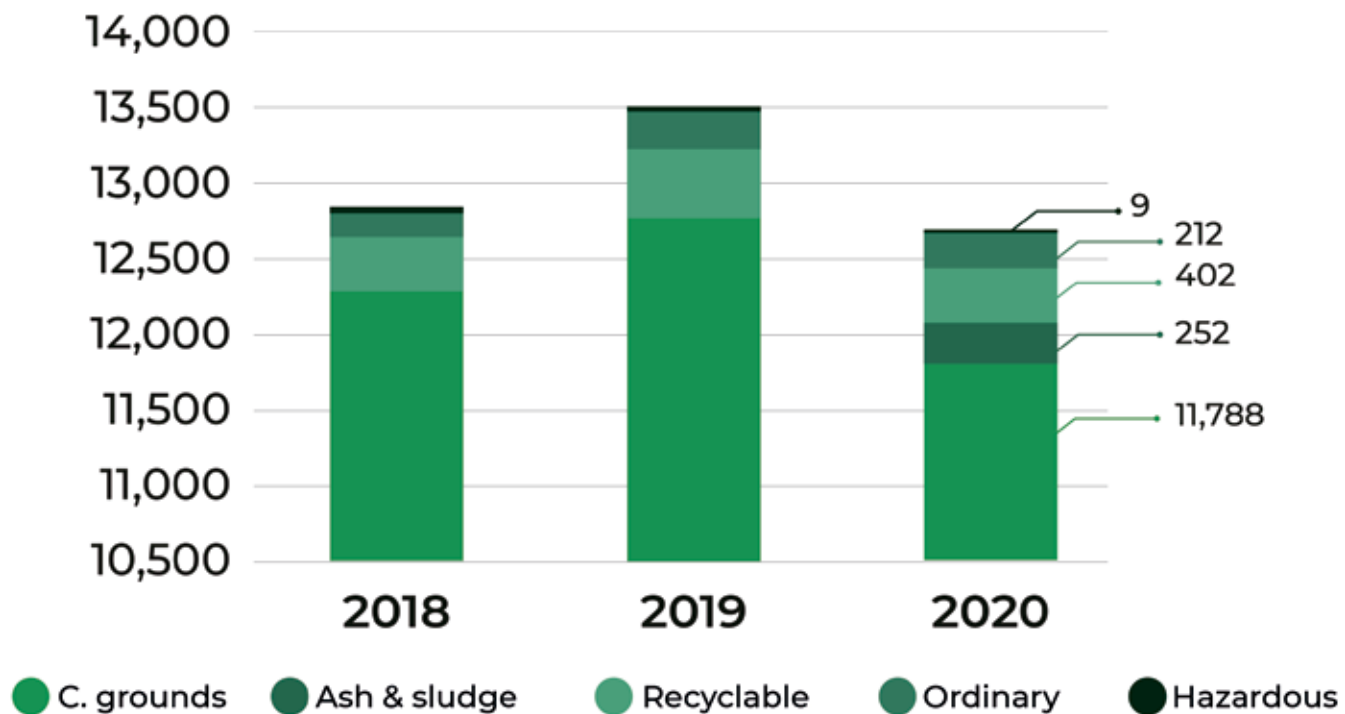
GRI 103-3
GRI 303-1

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

On the other hand, with the start-up of the rainwater project and its use in the cooling towers, 18,000 m³ was used in 2020, accounting for 75 households' consumption and saving COP 40.8 million (USD 11,047).

As for waste generation, coffee grounds remain the main one; however, 99% of this waste was used in the new biomass boiler in 2020, as well as 3,143 tons of coffee hull.

WASTE GENERATION (TONS)

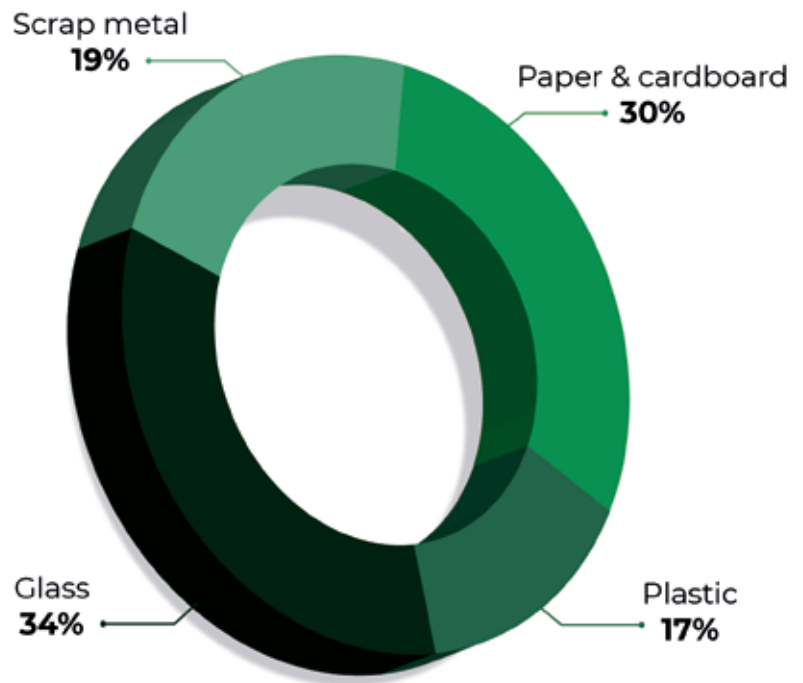




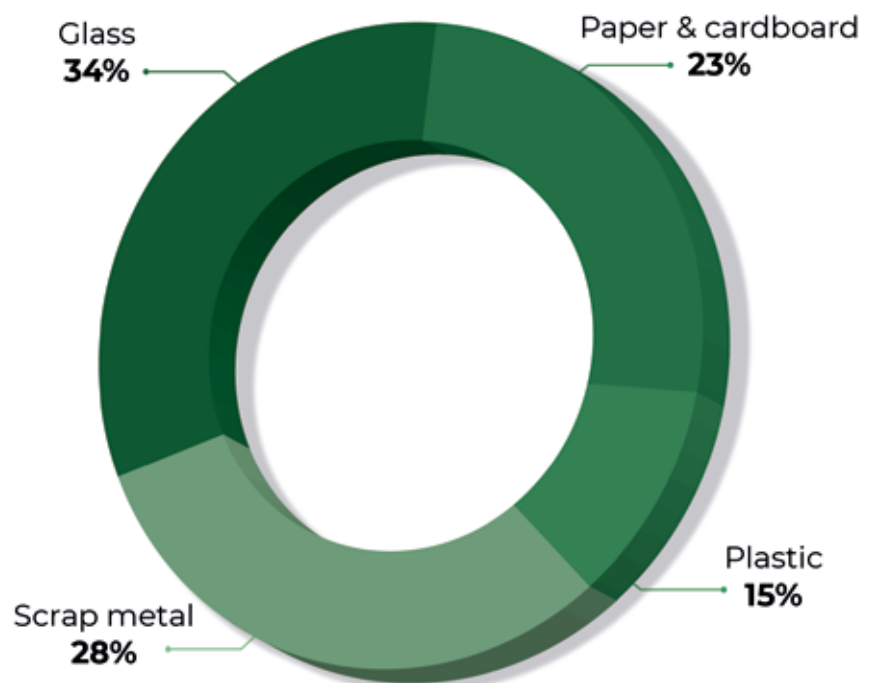
In 2020, recycling of paper and cardboard grew to 30% from 23% in 2019. Recycling of glass remained at 34%, and that of plastic, at levels similar to those of 2019.

RECYCLABLES

2020



2019



Source: Buencafé.

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

Regarding consumption of resources per kg of freeze-dried coffee, overall increase in 2020 was mainly due to maintenance of plant 3 in the first three months and scheduled reduction in production of plants 4 and 5 between October and December. A 0.5% reduction in electricity consumption stands out, while water consumption rose 6%.

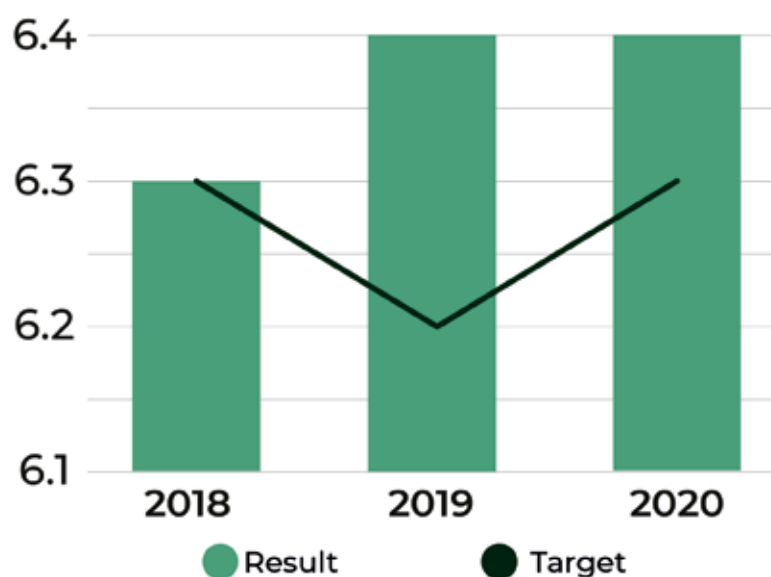
Indicator	Units	2019	2020	Variation
Natural gas consumption	m3/kg	1.97	1.97	0%
Electrical consumption	kWh/kg	6.4	6.37	-0.5%
Water consumption	l/kg	99.1	105	6%
Total energy consumption	kWh/kg	34.7	37.5	8.1%

Source: Buencafé.

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

Greenhouse gas (GHG) emissions include consumption of fuels and electricity throughout the process, from green coffee transportation to delivery of finished product to the warehouse, including emissions from roasted coffee and the wastewater treatment plant. These emissions are divided by freeze-dried coffee produced to measure Buencafé’s overall performance, which in 2020 stood at **6.4 kg of equivalent CO2 per kg of freeze-dried coffee**, with a target of 6.3 kg of equivalent CO2/kg.

GHG emission
(kg CO2eq/kg of freeze-dried coffee)



Source: Buencafé.



ENVIRONMENTAL CHALLENGES AT BUENCAFÉ

To implement circular economy models through a Zero Waste Management System, including use of coffee by-products (hull and mucilage), waste valorization (composting and use of ash), and implementation of producer's extended responsibility on containers and packaging, among others.

To optimize water use by recovering rainwater and that resulting from the process.

To reduce natural gas consumption by ensuring steady biomass supply (grounds and hull) to optimize distribution of cold and steam in the production plant.

GOVERNANCE

4

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

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

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 general interest of the country's 540,000 coffee producers (federated and non-federated) and their families; 96% of producers are small (up to 5 ha), 3% are medium-sized (from 5 to 10 ha) and 1%, large (10+ ha).

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

GRI 102-18

FNC STRUCTURE

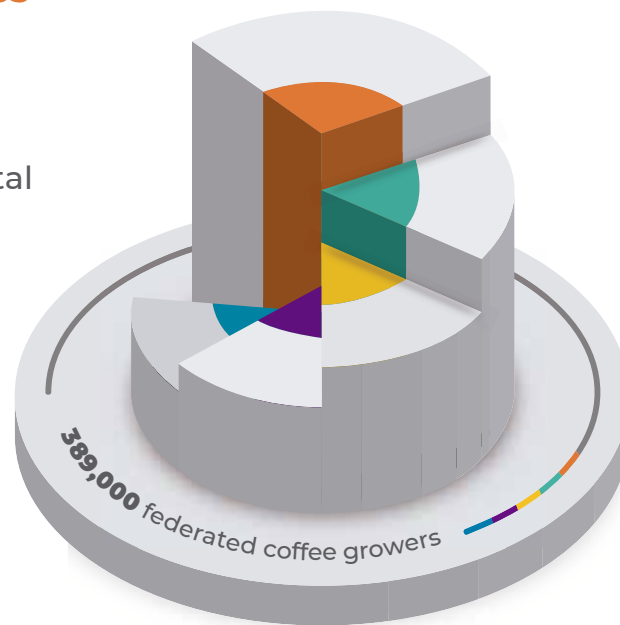
NATIONAL COFFEE GROWERS CONGRESS

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

NATIONAL COFFEE GROWERS COMMITTEE

Steering Committee + Colombian Government representatives.

383 MUNICIPAL COMMITTEES
with **4,596** representatives.



15 DEPARTMENTAL COMMITTEES
with **180** representatives.

STEERING COMMITTEE
1 representative of each departmental committee + FNC CEO.

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

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 related parties. It is articulated around the following values:

Transparency

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

Respect

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

Integrity

Act correctly, in accordance with ethical and social standards.

Search for common good

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

Probity

Act in a fair, upright and honest manner.

Morality

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

Commitment

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

Equity

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

Good faith and loyalty

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

Responsibility

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



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

AMIDST THE PANDEMIC, THE FNC STRENGTHENS ITS PRESENCE AND LEADERSHIP IN COLOMBIA AND THE WORLD

Movement restrictions and physical distancing were not an obstacle for the FNC to grow in the face of adversity and make its leadership clear as a union and key player in the industry, taking advantage of virtual channels.

Faced with the covid-19 emergency, the FNC made its leadership clear as a union in Colombia and as a key player in the global industry like never before, with actions that mitigated the pandemic effects while managing to gather the coffee harvest, always prioritizing health of all actors in the chain and working tirelessly for the needs and interests of coffee growers.

Taking full advantage of new technologies, the FNC held international virtual meetings and gave continuity to meetings of the CEO with producers to stay very close to the coffee grower base and the rest of the institutional framework.

A REFERENCE AND KEY PLAYER THAT STRENGTHENS ITS POSITION IN THE GLOBAL INDUSTRY

The FNC sets the standard in virtual communications and dialogue with the whole chain amidst the health emergency.

To keep the entire chain informed about the reality of Colombia in terms of production, harvest, marketing and logistics, with the

leadership of its New York office, during the pandemic the FNC designed and launched:

4 interactive webinars aimed at coffee buyers and industry players in general. With the motto "If you cannot come to Colombia, we'll bring you Colombia," our country was the first producer to develop an event of this scope. Reception by the chain members was immediate and very positive, with **849** attendees.

Virtual meetings helped to give the world a clear outlook of Colombian coffee and made it possible to poll the attendees' opinions on issues of interest for coffee growing.

Colombia was the first and only producer country at that time to hold information and participation sessions with the entire chain, and it positioned itself as a reference for other countries that started similar communication strategies.

With **2,554 virtual attendees from 55 countries**, the FNC led and actively participated in webinars held within the

framework of the World Coffee Producers Forum. Producer and consumer countries analyzed the situation of coffee growing in the world, along with global actors in the midst of the pandemic, to identify successful actions, challenges, points of convergence and possible common actions for the benefit of producers.

- **1st - May 19:** It addressed production prospects, during the covid-19 crisis, of leaders from the main producer countries, including Brazil, Vietnam, Colombia, Central America and Africa.
- **2nd - May 26:** Focused on the situation of the world coffee industry, it featured points of view of industry leaders from the USA, Europe, UK, Switzerland, South Korea and Japan. It was attended by the general roasting and trading industry, including the US National Coffee Association (NCA) and British Coffee Association, specialty coffee key players such as the Specialty Coffee Association (SCA) and the Japan Specialty Coffee Association, green coffee traders such as Swiss Coffee Traders Association (SCTA) and Global, and the largest retail chain in the USA (and 26 other countries).
- **3rd - July 29:** With an emphasis on analyzing local markets in South and Central America, representatives from Colombia, Mexico and Peru talked about how to produce coffee during and after the pandemic.
- **4th - August 27:** Covering the African coffee market, leaders from the region talked about the challenges and actions implemented to overcome the pandemic.

Colombia leads the discussion of renewal of the International Coffee Agreement to achieve a better organization for all its members and strengthen the International Coffee Organization (ICO) as a global key player, attending sessions 126, 127 and 128 (virtual) of the International Coffee Council

held on June 4 and 5, September 10 and 11, and October 28.

In the face of physical distance, the FNC CEO meets virtually with over 4,500 producers

In an unprecedented exercise, this dynamic sought to continue accompanying and being close to coffee growers despite movement restrictions.

21 CONVERSEMOS

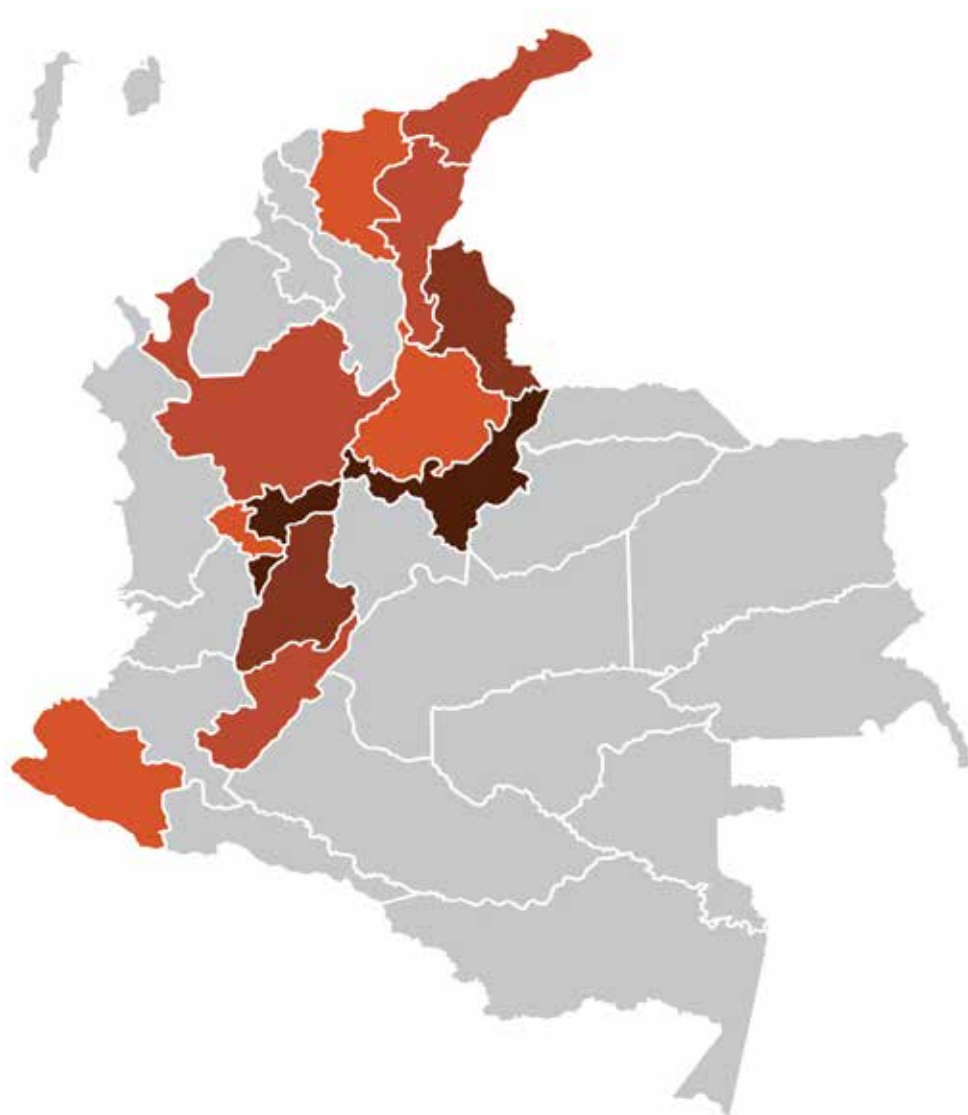
In 2020, **21 Conversemos con el Gerente** (Let's Talk to the CEO) were held. Before lockdowns forced by the pandemic, 3 were face-to-face; the other 18 were virtual, with more than 4,500 producers from all over the country.

34,000 COFFEE GROWERS

Have been addressed directly by the FNC CEO, Roberto Vélez, since this dynamic began in 2015 to strengthen two-way communication



between the FNC and producers, who are its reason for being. In this space, actions developed by the institution and current coffee issues are explained, while producers express their concerns, problems and proposals.



20 OF THE 21

Conversemos were attended by departmental and municipal union representatives from:

Antioquia, Nariño, Huila, Quindío, Magdalena, Norte de Santander, Santander, Tolima, Risaralda, Boyacá, Coordinating Offices, Caldas and Cesar-La Guajira.

2 NATIONWIDE

including the outstanding session held within the framework of the National Coffee Growers Congress, with more than

1,100 participants.

4 of the Conversemos were held in regional groups, with the participation of departmental committee representatives, cooperative managers and board chairmen, Almacafé managers, Steering Committee representatives, executive directors of said departments and FNC executives.

55 WORKSHOPS STRENGTHEN DIGITAL CAPACITIES

In the health emergency, issues such as digital transformation and connectivity were key to empowering producers and employees.

Given the situation, workshops focused on digital transformation and connectivity were held, aiming at union leaders being clear about their importance and how to potentiate these tools in the future by exercising their leadership, an essential work to empower them in making decisions for the benefit of their communities.

In 2020 there were **30** workshops with 7,649 union representatives and coffee growers, **18** with 2,272 employees, and 7 virtual ones with 204 young coffee growers from Cauca, Norte de Santander, Quindío, Valle del Cauca and Magdalena (focused on digital transformation, their role as young people on coffee farming

and during the pandemic, and how to take advantage of digital transformation to educate themselves, sell coffee, etc.).

To strengthen the union base, these workshops also address topics such as coffee institutions, by-laws, code of ethics, guidelines for good corporate governance and functioning of the Disciplinary Tribunal.

ONLINE UPDATE OF APPLICATIONS

To keep the database up-to-date and make it more robust, improvements were made to the Coffee Grower ID Card and Coffee Grower Elections applications. This information is relevant for institutional governance, seeking online and continuous update of data on federated members and elected union representatives. Reliable and accurate information makes it possible to better meet the union's needs.

'CAFENECTADOS' REVEALS INTEREST IN VIRTUAL TRAINING

79% of union leaders are willing to receive virtual training, according to a survey.

By implementing the "Cafenectados" strategy, a diagnosis conducted in 16 departments with 1,746 union representatives – to find out their access to connectivity and willingness to virtual training – showed that 57% have 2 hours available a week to receive this kind of training.

LÍDERES MAGAZINE REACHES ISSUE 8

This publication, which strengthens communication with union leaders, reached its 8th edition and has also made room for new formats, such as the podcast, which have privileged health care of the great coffee family.

Podcast 'Everybody's health is everybody's business'

We approach coffee growers in their day to day with outstanding news, including coffee, message of the day, music, humor, reflections and much more.

As a novel communication strategy, under the leadership of the Communications and Union Affairs directorates, the FNC launched the podcast "Everybody's health is everybody's business," with contents that inform, accompany and entertain the coffee farmer population, union leaders and general public.

The programs, with outstanding news, including coffee, message of the day, music, humor and reflections, have been very well received by farmers. In 2020, **117 podcasts** were broadcast for close communication between the institutions and coffee growers in the midst of the pandemic.



FNC MAKES KEY CONTRIBUTIONS TO COFFEE PUBLIC POLICY AND SOCIAL WELFARE



Public food purchases, Supportive Income, launch of the Coffee Price Stabilization Fund and new documentary process to export coffee are some of the many relevant subjects for producers that show important progress.

As the legitimate representative of coffee growers' interests, the FNC exhaustively monitors initiatives addressed in the Congress of the Republic and other regulations that impact the sector.

Given the situation caused by covid-19, the FNC led actions to defend coffee growers' rights, working for their interests and health. Below we refer some of the most representative:

Approval of Law 2046 of 2020, which establishes mechanisms that favor participation of peasant, family and community agriculture in public food purchase markets. This law will promote participation of regional producers in public purchases.

Monitoring of different legislative initiatives on measures that contribute to well-being of the coffee sector, reliefs for the agricultural sector, agritourism, rural women, agricultural insurance, rural land ownership, agricultural and rural loans, pension liabilities of the National Coffee Fund (FoNC), rural entrepreneurship and 2021 budget, among others.

Together with the Society of Farmers of Colombia (SAC), work is being done on tertiary road improvement plans, labor reforms, international issues of Colombian agriculture, legal security of rural property, credit system reform, creation of the Inter-sectoral Superior Council, regulation of the National Development Plan, and budget for the agricultural sector and connectivity, among others.

Thanks to the FNC's work since the beginning of the pandemic in Colombia, the national Government, through Resolution 678 of 2020 of the Ministry of Health and Social Protection, approved the **biosafety protocol for management and control of risk of covid-19 in the coffee sector.**

As the country's most important union, the FNC is in permanent contact with the national Government and the President of the Republic, informing about the coffee harvest, renovation programs, loans, connectivity, and food security. These close ties were essential for implementing the Harvest Plan and the biosafety protocol.

The FNC approached the National Planning Department (DNP) and the Department for Social Prosperity to help locate coffee grower households that, despite having been selected as beneficiaries of Ingreso Solidario (Supportive Income), had not received it. Thus, the Government was able to locate 60% of the missing households and transfer them a total of COP 2.8 billion (USD 762,441).

The Coffee Price Stabilization Fund (FEPC) was launched so that Colombian producers are better protected against volatility of their

income due to variations in price, exchange rate and productivity (See Market Balance). Another major project in which the FNC made progress was digital transformation of the Colombian coffee export process. In 2020, within the framework of the digital transformation strategy, the FNC presented to exporters the new documentary process to export Colombian coffee in order to simplify, optimize and make these operations more efficient. Documentation in the entire process now is online and via email, avoiding in-person procedures.

NEW COLOMBIAN COFFEE EXPORT PROCESS FLOWS



This important progress in documentary procedures for coffee export translates into less time and costs and optimizes manual and face-to-face work of the different actors. It is also aligned with current customs provisions of Decree 1165 of 2019 and the recent public policy on logistics to reduce foreign trade procedures, and technological advances and digital technologies within the framework of the logistics Conpes 3982/2020 and Conpes 3993/2020 to modernize the Colombian Tax and Customs Authority (DIAN).

This optimized process helped mitigate the impact of covid-19, favoring health and well-being of participants, and maintain normal flow of Colombian coffee exports.

As to general electronic invoicing provisions, work is underway to make it easier for coffee growers to comply with the December 15 deadline. Any extension requires a law, but the DIAN and the Ministry of Agriculture and Rural Development (MADR) accompany the FNC and the SAC to reach a successful conclusion.

Finally, the FNC had an active participation in construction of the technical regulation on occupational safety and health (OSH) in

the agricultural sector, in compliance with Resolution 312 of 2019; provided key inputs to regulate article 193 of Law 1955 of 2019 on the social protection floor, which as per Decree 1174 of 2020 will be in force as of February 1, 2021; and worked closely with the Pension and Parafiscal Management Unit (UGPP) for clarifying income in the coffee sector to reach a Base Contribution Income in accordance with the reality of coffee growers for social security payments.

CHALLENGES

To continue developing actions so that a fair price is recognized to producers and Colombian coffee for quality; to advance in the 2030 Agenda and materialize the coffee Strategic Policy Document (Conpes) with the national Government; to improve connectivity in rural areas; to achieve food security programs; to continue empowering coffee farmers as leaders, and to continue providing relevant information and tools to coffee leaders and producers.



COFFEE PRICE STABILIZATION FUND FULFILLS COFFEE GROWERS' ASPIRATION

Issuance of Law 1969 of 2019 was a milestone in the long history of coffee institutions. Creation of the Coffee Price Stabilization Fund (FEPC) meant fulfilling an old desire of Colombian coffee growers in the face of production and price shocks that undermine their income and put their quality of life at risk.

Since its appointment and fulfilling its functions, the Technical Secretariat defined a 4-stage management model:

1. Getting ready and planning.
2. Start up.
3. Strengthening.
4. Projection.

With the following major progress:

Getting ready and planning, June-August.

Presentation of and consultations on the FEPC to involve all relevant actors of the coffee value chain, identify needs and opportunities, and align expectations about the mechanism's nature and scope, as well as define the role that each can have in implementing potential stabilization mechanisms.

For this, there were multiple virtual meetings with the 15 departmental coffee grower committees, some cooperatives, representatives of the private sector and exporters unionized in Asoexport, the

national Government through the Ministry of Agriculture and Rural Development (MADR), the Ministry of Finance, Finagro, the Colombian Mercantile Exchange (BMC) and the different FNC areas. There were also approaches with MADR, Finagro, BMC and Fasesolda as the leaders of the Contract Agriculture and 360° Risk Management policies, and several insurers interested in venturing with insurance products for the coffee sector.

The state of the art on agricultural insurance tools and legal and technical references on operation of other price stabilization funds in the agricultural sector (palm oil, sugar, cocoa, cotton, meat and milk) were reviewed.

At the initiative of the FEPC Technical Secretariat, the MADR created a Technical Council of Price Stabilization Funds for the agricultural sector to share good practices and lessons learned on the role of these funds in implementing the sector public policy.

Start-up: It began in September by standardizing a model for reporting on dynamics of the world and domestic coffee markets to anticipate possible risks that could alter operation of the stabilization mechanisms. From the inputs obtained in the getting-ready stage, the FEPC strategic objectives were determined, with 5 systemic components: i) To manage production insurance, ii) To manage domestic price, iii) To manage saving capacity, iv) To manage production costs, and v) To build financial capabilities.

This made it possible to draft alternatives for design of stabilization mechanisms, considering both what can be done in the short term and what requires more time for being developed.

With the support of the FNC, now the FEPC Technical Secretariat works on structuring two mechanisms: one based on insurance schemes and the other based on price protection with financial derivatives.

JAN-SEP 2015 TO DEC 2020 BALANCE

5 YEARS MAKING PROGRESS

When the course is clear, it is difficult to divert the route, no matter how strong the gale is, as it happened in this challenging 2020. And if this route is based on a clear strategy, it is easier to achieve the goals set.

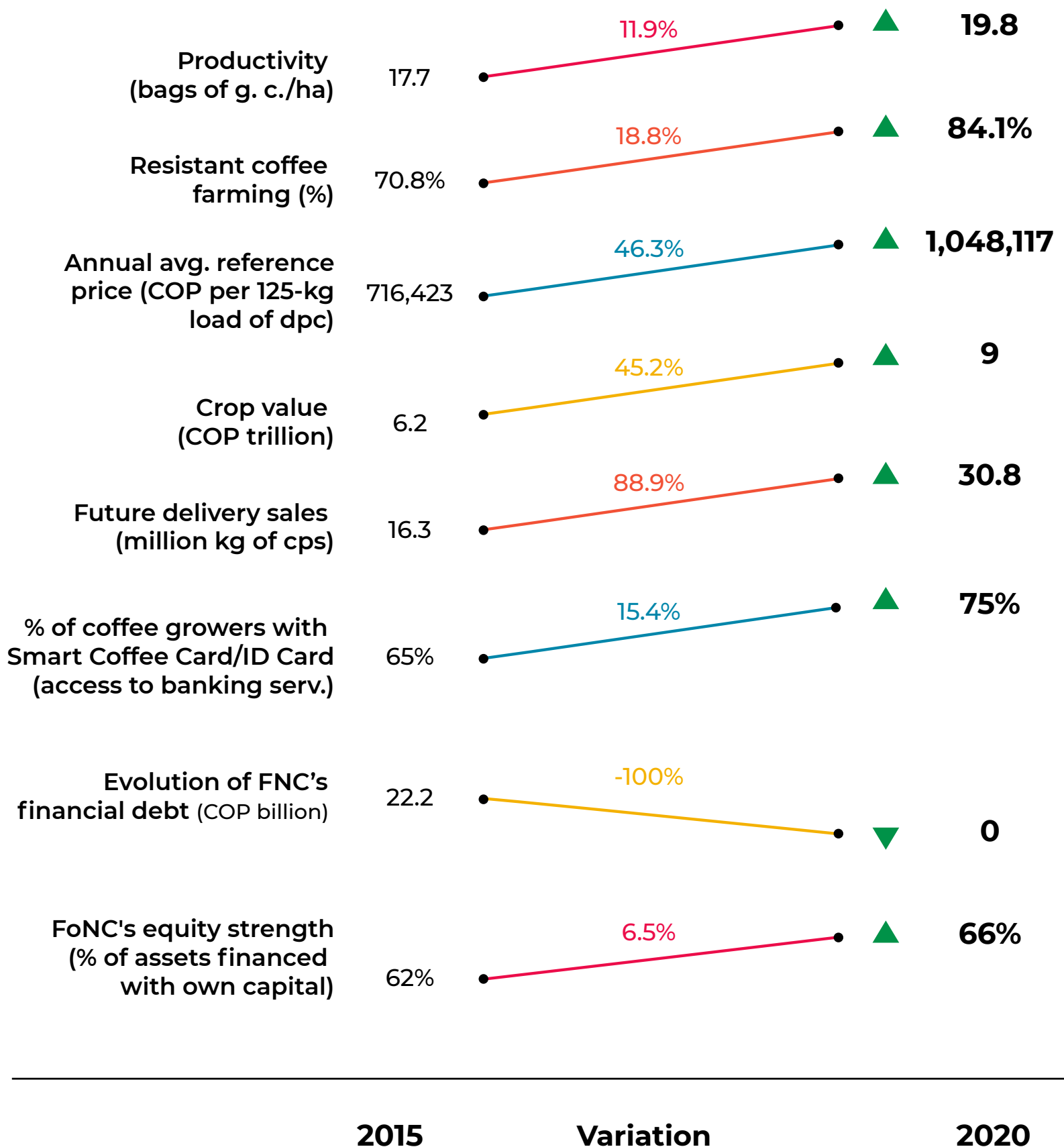
As the current administration reached its fifth year, I can affirm with **pride and satisfaction** that we are advancing in the strategy of achieving profitable, socially and environmentally committed coffee farming, with a strong union organization, united around objectives democratically agreed in the coffee grower congresses.

We committed ourselves to working for the union unity, and today we are a united one, working for profitability of the coffee sector and well-being of the **540,000 coffee-producing families.**

We set out to be anew the global leading voice, and today we are again a benchmark, amplifying the voice of more than **25 million coffee growers in the world.** We will keep working and won't stop until these farmers have an income they can thrive on and not just survive on.



We agreed to improve the finances of the National Coffee Fund (FoNC) and of the FNC, and we have made good progress.





**SOME OF OUR
SHORT-TERM
CHALLENGES**

**TO KEEP
UNION UNITY**

and increase participation in the 2022 FNC elections, with greater representation of women and youth.

**TO STRENGTHEN THE FNC
AS A PARTNER TO
MANAGE & IMPLEMENT
PROJECTS**

with the General Royalties System & other sources of national and international financing.

**TO MODERNIZE THE
HARVESTING**

model and reduce labor costs.

**TO ADVANCE IN DIGITAL
TRANSFORMATION**

to bring connectivity to coffee regions, allowing producers to strengthen and boost their coffee businesses.

**TO INCREASE
PRODUCTIVITY**

to reach 22 bags of green coffee per ha, with stable crop volumes of between 13.8 and 14.2 million.

Something key in all we have achieved so far is that our value strategy is firmly based on the economic, social, environmental and governance pillars, as we conceive sustainability, a concept that for many is no more than a narrative, but we assume with real commitment and it has paid off.

**TO INCREASE INCENTIVES TO
FERTILIZATION**

so that farmers have better support for renovation.

TO KEEP FINANCIAL PROSPERITY OF THE FONC & THE FNC

TO KEEP RENOVATING

to prevent aging of coffee farming, at an annual rate higher than 10% & hopefully close to 20% of the national coffee area.

TO STRENGTHEN TOOLS FOR MARKETING

COFFEE,
such as forward sales & virtual auctions, to achieve better prices.

TO REACH **90%** OF THE PLANTED AREA

with resistant varieties under 6.5 years old as average age & a planting density of over 5,500 trees per ha.

TO STRENGTHEN PROGRAMS FOR SOCIAL

DEVELOPMENT
of coffee-growing families, providing pertinent attention to those who need it most.

TO PROMOTE & PUBLICIZE THE ENVIRONMENTAL MANAGEMENT

strategy to have coffee crops more resilient to climate variability & continue to be leaders in caring for the environment and the planet.

TO SUPPORT cooperatives in paying farmers premiums for coffee with the best

CUP PROFILE,
allowing better international prices for their benefit.

PROJECT
MANAGEMENT

5

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

DESPITE LOCKDOWNS

FNC IMPLEMENTS PROJECTS WORTH USD 46 MILLION

The pandemic brought with it some restrictions, but the coffee institutions managed to implement important projects that improve living conditions of rural households.

Recognized for its execution efficiency and transparency, the FNC leveraged FoNC resources with those from other sources in a 1 to 2.2 ratio.

The FNC strengthens its project management capacity under the principles of organization and efficiency. Each project managed within the coffee institutional framework is aligned with its objectives and value strategy and aims at sustainability of the coffee sector, with concrete actions that ensure profitable, environmentally sustainable coffee farming and coffee-growing families' well-being.

Partnership management by the FNC is nationwide and global with public and private organizations, not only to raise resources, but to strengthen positioning of the coffee sector on issues such as **connectivity and digital transformation**, accessing intangible assets such as knowledge.

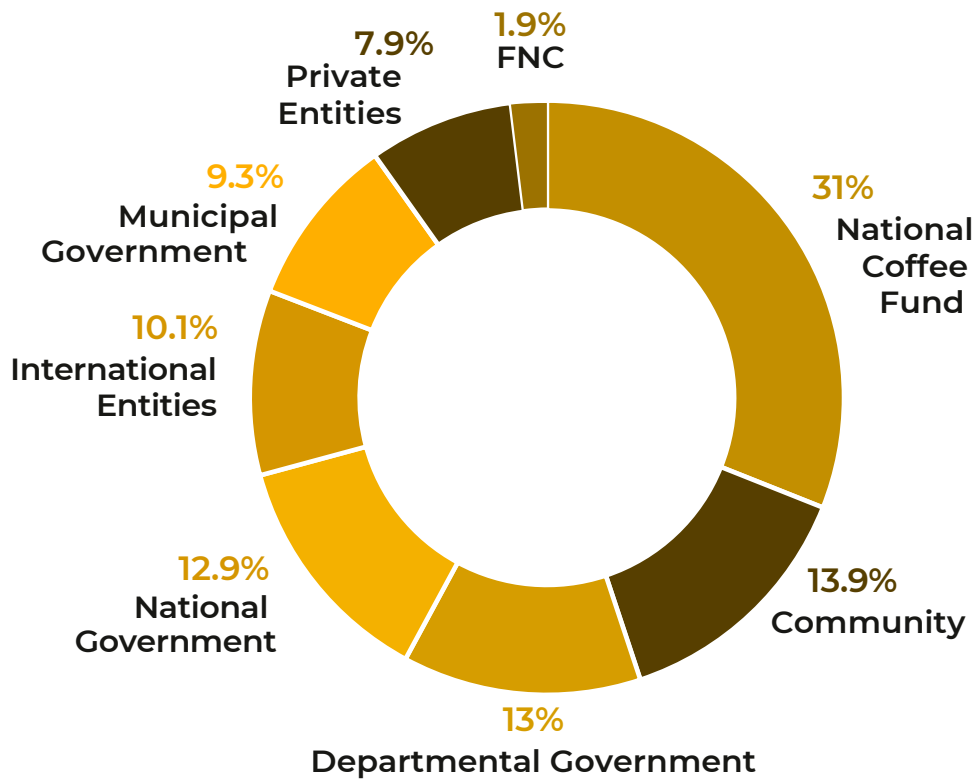
In 2020, the FNC strictly adhered to biosecurity protocols and physical distancing. Therefore, project implementation reached **COP 170 billion (USD 46 million)**, down from COP 265 billion (USD 71.7 million) in 2019.

The 67% of resources came from national or international organizations. Through the General Royalty System (SGR), public partnerships led by the municipal and departmental committees were the main co-funding sources for investing in coffee communities, as well as budgets of municipal and departmental administrations.

The National Coffee Fund (FoNC) contributed 31% of resources for investment projects, and 69% came from other sources, such as governments, public-private entities, and communities themselves. Thus, for each COP contributed by the FoNC, the FNC raised COP 2.2 from additional sources.

Most of resources (56.8% in 2020) were allocated to strengthening the economic dimension through projects that boost productivity (62%), seek better prices for producers (15%) and reduce production costs (23%).

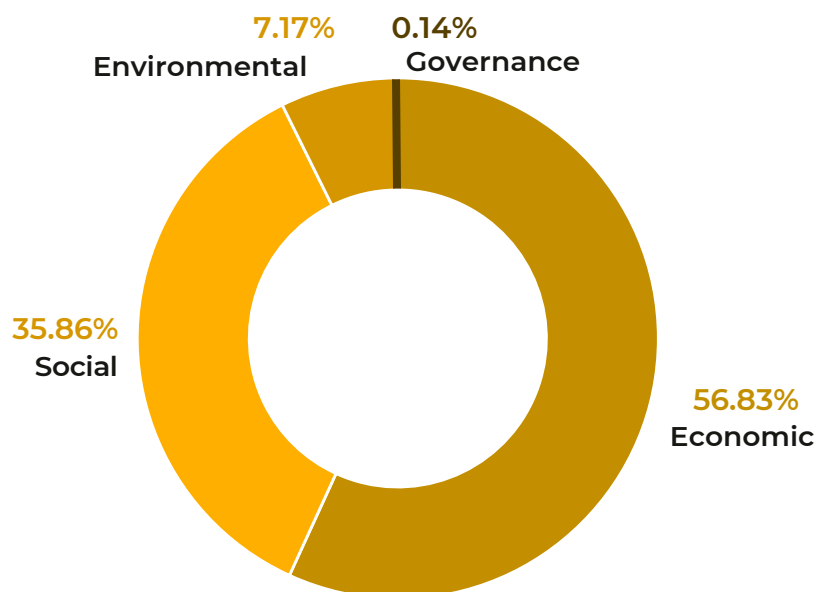
SHARE IN VALUE BY CONTRIBUTOR TYPE



Of the social dimension share (35.9% of the total), 82% of the resources were invested in infrastructure projects, 9.5% in rural education and 4.4% in social protection, mainly.

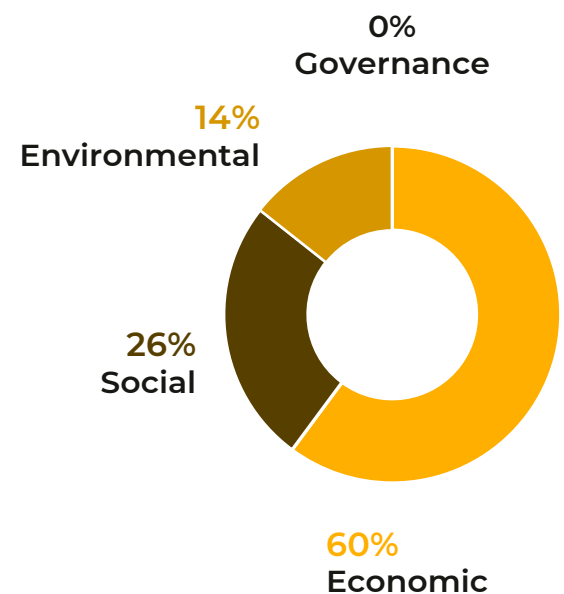
Of investment in the environmental dimension (7.2%), 53% was allocated to adaptability to climate variability and the rest to care of natural resources. And of the investment in governance (logistically affected by the pandemic), 100% went to training and union leadership.

SHARE BY VALUE STRATEGY COMPONENT



INVESTMENT BY STRATEGIC DIMENSION

INTERNATIONAL PARTNERS



Source: FNC-Projects Office

FNC prioritizes rural connectivity with royalties & national partners

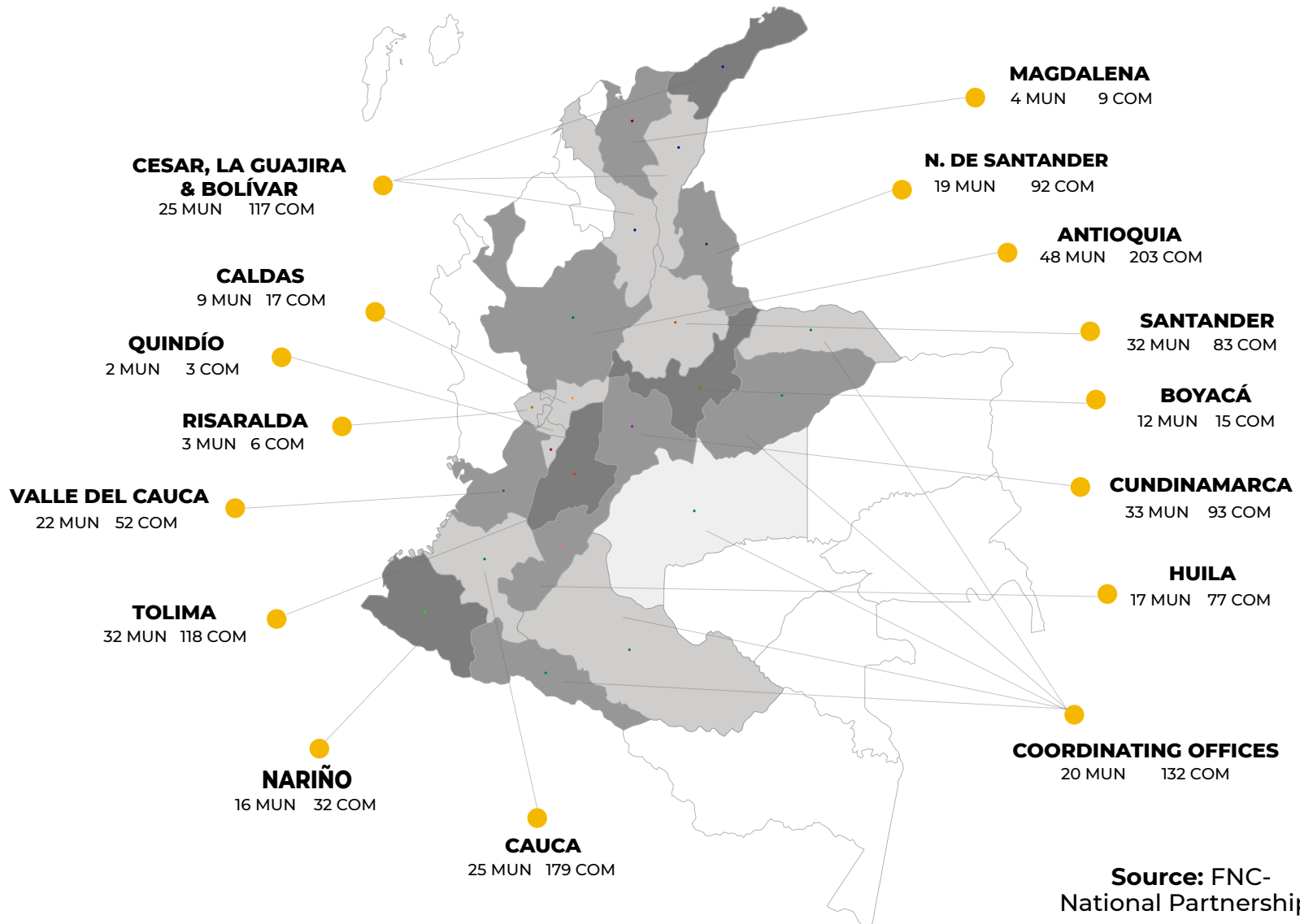
The General Royalty System (SGR) has become the best opportunity to finance projects in the territories. There are outstanding projects in Cesar, with COP 13.9 billion (**USD 3.8 million**), Quindío, with COP 10.8 billion (**USD 2.9 million**), Cundinamarca, with COP 13.7 billion (**USD 3.7**

million) (the latter approved by OCAD Ctei and underway), and two in Huila (with regional development and compensation funds): one worth COP 1.9 billion (**USD 513,890**) (of which COP 550 million were already realized) and a second project of COP 550 million.

The partnership with the ICT Ministry (MinTIC) also stands out. In the public spectrum auction process, the FNC formally requested the inclusion of rural coffee areas to be equipped with all the connectivity infrastructure, which includes towers, technology and adaptation of the environment for successful access to the entire web connection network.

SELECTED COMMUNITIES IN RURAL AREAS TO BE EQUIPPED WITH CONNECTIVITY INFRASTRUCTURE

319 MUNICIPALITIES (MUN) **1,228** COMMUNITIES (COM)



Source: FNC-National Partnerships

The companies that will operate in the territories will be, so far, Claro, Tigo and Partners, who will have to implement the projects in the next 5 years. As a result, the FNC had **1,228 communities in 319 municipalities selected**, i.e. 52% of all communities in coffee regions.

FNC raises USD 10 million from international partners

Thanks to teamwork, these resources will be realized in projects in the next 3 years, benefiting over 13,000 coffee-growing families in 14 departments.

The investments will be allocated mainly to improving tertiary roads, renovation of coffee plantations, production infrastructure, fertilization, food security and education.

In 2020, the FNC, with the support of its offices abroad, the International Partnerships team and the Commercial Division, in coordinated work with the departmental committees, managed to raise over **COP 40 billion (USD 10 million)** from international organizations for implementation in the next 3 years, with projects that will impact over 13,000 producer families in 14 departments.

Seeking to improve coffee-growing families' living conditions and increase their income, the investments will be mainly allocated to improvement of tertiary roads, renovation of coffee plantations, production infrastructure, fertilization, food security and education, among others.

As in the first phase in 2018, the New York office led and worked jointly with the FNC International Partnerships to close the second financing phase of the project with the Howard G. Buffett Foundation in **El Rosario, Nariño**, ensuring, during the pandemic, over COP 26

billion (**USD 7 million**) additional to the COP 5 billion (USD 1.4 million) of the first phase. This is the largest international cooperation amount that the FNC has achieved for a Colombian municipality. And the NY office is working to materialize a large-scale cooperation project for the Catatumbo region with the same organization.

In 2020, the FNC office in Europe raised about COP 11 billion (**USD 3 million**), especially focused on renovation of coffee plantations and initiatives to support young coffee growers in 10 departments.

The project CAFE Practices Farms in Colombia is the largest agreement signed by Starbucks Coffee Company and the FNC. Starbucks contribution to the project is up to USD 3 million (COP 10.7 billion), which highlights its permanent interest in improving coffee growers' living conditions and economic sustainability, and confirms it as a strategic partner of Colombian coffee farming under the CAFE Practices sustainability standard.

On the other hand, to celebrate 10 years of the Nescafé Plan and the delivery of 60 million coffee plantlets and seedlings between 2010 and 2020, the FNC and Nestlé signed an extension of this successful renovation program for five more years.

The FNC office in Japan secured a first project with the multinational Ajinomoto, worth USD 286,000, to strengthen coffee producer families that have achieved restitution of their lands in Valle del Cauca.

In addition, the FNC Commercial Division directly stroke and implemented projects with customers such as Nespresso, Nestlé, RGC and others, most of which have been replicated for several years and guaranteed beneficiaries to be part of a production chain, better prices, training, infrastructure, and continued support, among others. In 2020, these agreements totaled over **USD 3 million** and will impact over 24,000 coffee growers in different regions of the country.

RECURRING PROJECTS SIGNED

NAME

OBJECTIVE



**NESPRESSO
AAA**

To build a high-quality green coffee supply chain that contributes to sustainability of the sector and improves living conditions of producer communities, respecting and protecting the environment.



**NESCAFÉ PLAN
COLOMBIA**

To ensure long-term sustainability of the supply chain in the coffee sector and strengthen economic position of coffee growers, increasing their income, improving their productivity and hence coffee quality while respecting people and the environment.



**PUR
PROJET**

To implement a program aimed at planting and maintaining trees on and around farms.

RGC

To encourage implementation of practices that favor sustainability of the coffee-growing families benefited by the project.



**RGC FLOR DE
MI TIERRA**
[FLOWER OF
MY LAND]

Production, quality, environmental and generational strengthening through support in educational and production aspects to create new business opportunities and coffee marketing in the Project's area of influence.

**RGC
MUJERES**

To encourage implementation of practices that favor sustainability of the coffee-growing families benefited by the project.



MITSUBISHI

To promote an advanced level of good agricultural practices that allow reaching economic and social development in harmony with nature among new generations of coffee growers and the families of the benefited regions.



**COMMERCIAL
ALLIANCES PROGRAM
(USAID)**

Sustainable commercial alliance in the municipalities of San Vicente del Caguán and Florencia, Caquetá, with 876 coffee-growing families within the Nespresso AAA Sustainable Quality Program.

WITH COMMERCIAL CUSTOMERS

DEPARTMENT(S)

COFFEE GROWERS BENEFITED

Cauca: Seccional Oriente, Bordo & Macizo.
Nariño: Seccional La Unión, Juanambú, Occidente
& Sandoná. Santander: San Gil & El Socorro.
Caquetá: San Vicente & Florencia.

17,815

Risaralda: Apía, Balboa, Belén de Umbría, La Celia,
Santuario. Huila: Pitalito, San Agustín, Acevedo &
La Plata. Antioquia: Abejorral, Cocorná, El Retiro,
Fredonia, Granada, La Ceja, Montebello, San Carlos,
San Rafael, Santa Bárbara & Sonsón.

1,200

Cauca: Macizo & Tambo.
Nariño: Peñol.

2,720

Antioquia:
Abejorral.

371

Tolima:
Río Blanco.

166

Cauca &
Huila.

150

Cauca &
Huila.

1,000

Caquetá: Florencia
& San Vicente.

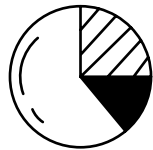
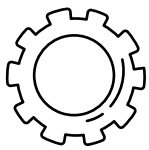
876

TOTAL 24,298

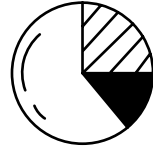
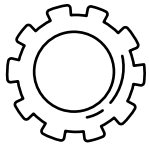
GRI 102-6
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 GRI 103-3
 GRI 203-1

DEPARTMENTAL COMMITTEES LEAD HIGH-IMPACT PROJECTS

Thanks to their knowledge of coffee growers' specific needs and key stakeholders in the regions, as well as their implementation capacity, important projects of economic, social and environmental impact were carried out through the coffee grower committees.



PROJECT	COMMITTEE/ PARTNER	INVESTMENT (COP MILLION)	ACHIEVEMENTS
Strengthening and sustainability of coffee farming in the department of Antioquia	ANTIOQUIA	4,319 (USD 1.2 million)	<p>17,000 coffee growers benefited in sustainability issues.</p> <p>4.4 million coffee plantlets, 2.4 million seedlings, and 8,000 kg of seed for renovation of coffee plantations.</p> <p>Fertilization for 13.6 million trees and 300 soil analyses.</p> <p>1,850 plastic roofs for drying coffee in the sun and 145 integrated modules for wet milling.</p> <p>277 composters and 198 coffee wastewater treatment systems, which contribute to care of natural resources.</p>
	Expocafé		
	RGC - Farmer Brothers		
	Andes, Antioquia, Occidente & Salgar coffee grower cooperatives		
	Continental Gold		
	Fintrac		
	Fundación Ideas para la Paz (FIP)		
	Nescafé		
	Corantioquia		
	CorpoUrabá		
Comunidad			



PROJECT

**COMMITTEE/
PARTNER**

**INVESTMENT
(COP MILLION)**

ACHIEVEMENTS

Strengthening of coffee farming & competitiveness in the department of Boyacá

BOYACÁ

287
(USD
77,706)

727 coffee growers benefited from comprehensive actions in renovation, plant material delivery and construction of community seedbeds.

247 coffee growers benefited from a 30% subsidy for purchasing fungicide to control leaf spot, Agrolene plastic for coffee dryers, fungus for CBB biological control and meshes for coffee harvesting.

47 soil analyses.

Fertilization for **320,000** coffee trees.

225 ha of coffee renovated.

1,500 kg of certified seed for renovation.

Rural education with Escuela Nueva [New School]

CALDAS

26 public-private partners

4,632
(USD 1.25 million)

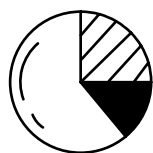
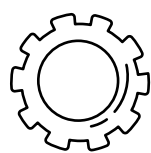
32,000 rural children benefited and 15,000 children with the School & Coffee model.

1,200 coffee models implemented.

993 young coffee entrepreneurs.

New School at home, an outstanding education experience in times of pandemic.

Recognition by UNESCO Global Compact.



PROJECT

**COMMITTEE/
PARTNER**

**INVESTMENT
(COP MILLION)**

ACHIEVEMENTS

Strengthening of family coffee growing as a model for construction of stable and lasting peace, in 34 municipalities of Cauca

CAUCA

Cauca Government & 34 municipal administrations

24,300
(USD 6.6 million)

19,900 coffee growers benefited.

Establishment of biodiverse agroforestry systems by planting **5,000 ha** of coffee, with delivery of timber trees and corn and bean seeds.

Strengthened generational integration with School & Coffee **in 45 schools.**

5,400 wet milling modules, 4,450 coffee growers trained in improving coffee quality and marketing capabilities.

5,400 people trained in human, social & business development.

6 youth associative ventures supported.

CESAR-GUAJIRA

Conservation of forests in the Sicarare and Fernambuco river basins' altitudinal corridor

CHEMONICS INC – USAID

Cesar Government

ASOANEI

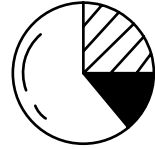
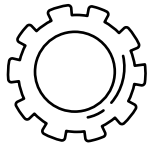
Coffee community

3,528
(USD 955,217)

172 coffee farms favor ecosystem connectivity through coffee agroforestry (landscape management tools).

100 ha of passive restoration, 50 ha of active restoration, and 78 ha renovated.

4,500ha with better management in the project area thanks to participatory property planning processes.



PROJECT

**COMMITTEE/
PARTNER**

**INVESTMENT
(COP MILLION)**

ACHIEVEMENTS

Improving productivity and profitability of coffee growers

CUNDINAMARCA

Cundinamarca Government
30 municipal administrations

1,432
(USD 387,719)

2,072 coffee growers benefited from fertilizer and drying equipment.

16,797 bags of fertilizer for coffee plantations in vegetative growth.

952 ha renovated and **21** on-gas mechanical drying systems.

Support in assisted harvesting through use of meshes (on the ground)

HUILA

Huila Government
FNC
2 municipal administrations

923
(USD 249,905)

2,061 coffee growers benefited from comprehensive actions.

2,807 pairs of meshes delivered for assisted harvesting.

Reduction of negative environmental impacts of coffee farming and quality improvement in the Sierra Nevada de Santa Marta

MAGDALENA

Fondo de Adaptación [Adaptation Fund]

972
(USD 263,172)

600 coffee-growing families in the municipalities of Ciénaga, Santa Marta, Fundación and Aracataca, which were affected by heavy rains in 2010-2011.

Adoption of assisted harvesting in the department

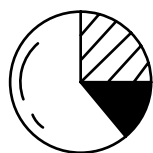
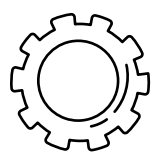
RISARALDA

Coffee growers, matching contribution of COP 100,000 (USD 27) each

460
(USD 124,546)

1,345 coffee growers benefited.

1,345 pairs of meshes to improve coffee harvesting efficiency.



PROJECT

**COMMITTEE/
PARTNER**

**INVESTMENT
(COP MILLION)**

ACHIEVEMENTS

Integrated project to strengthen coffee farming in the municipality of El Rosario

NARIÑO

The Howard G. Buffet Foundation

**USD
1 million**

24.57 ha of coca eradicated.

19.85 ha of Castillo variety coffee planted.

100 coffee growers with wet milling infrastructure.

Fertilization for **330,287** coffee trees and **5,191** forest trees planted.

100 coffee growers with tools, supplies and seeds for production of vegetables, beans and corn.

100 coffee growers with sheds, poultry and supplies for egg production and trained in coffee production and wet milling.

1 warehouse built for storing coffee and **128,690 kg** of coffee purchased by the Nespresso AAA Program.

QUINDÍO

Experimental development for competitiveness of the coffee sector in the department

Quindío Government

Cenicafé
Universidad del Quindío

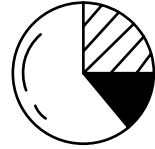
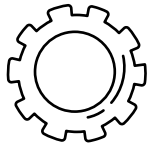
Quindío Coffee Growers Cooperative

10,808
(USD 2.9 million)

900 coffee growers strengthened in high-quality coffee production skills.

300 women coffee growers strengthened in skills.

200 young coffee growers strengthened in business skills.



PROJECT

**COMMITTEE/
PARTNER**

**INVESTMENT
(COP MILLION)**

ACHIEVEMENTS

Strengthening of coffee farming & competitiveness in the department

NORTE DE SANTANDER

18 municipal administrations

Catatumbo Coffee Growers Cooperative

Patrimonio Natural [Natural Heritage]

Fondo para la Biodiversidad [Fund for Biodiversity] & Natural National Parks

2,484
(USD 672,551)

3,899 coffee growers benefited from holistic actions in renovation, plant material delivery, post-harvest equipment, forest trees and food security.

869 ha renovated, 3.5 million trees planted, 609 soil analyses, and 1,097 ha of young coffee plantations fertilized.

4,754 kg of certified seed (rust-resistant varieties) delivered.

125 coffee growers with harvesting meshes and parabolic solar dryers.

45 coffee growers with water storage tanks for coffee.

853 coffee growers with corn and beans plantings for food security.

SANTANDER

Efico

King Baudouin Foundation

Coffee community

National Learning Service (SENA)

278
(USD 75,269)

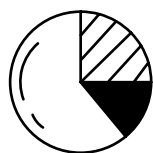
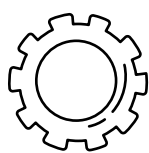
150 young coffee growers produce seedlings for establishing **105,000** coffee plants, with delivery of supplies.

150 coffee farms with soil analyses and fertilization plans.

150 coffee-growing families received food security support (hens and feed).

150 biosafety kits and **150** young coffee growers trained in agronomic management by SENA.

A new generation of coffee entrepreneurs



PROJECT

**COMMITTEE/
PARTNER**

**INVESTMENT
(COP MILLION)**

ACHIEVEMENTS

Water at the heart of coffee communities in Tolima (and Cauca)

TOLIMA

Jacobs Douwe Egbert (JDE)

Keurig

FNC

1,191
(USD 322,467)

354 coffee growers benefited from drinking water filters and storage tanks.

60 coffee growers benefited from construction of solar dryers.

65 coffee growers with materials for installing ecological wet mills, pulp processors and vegetation filters.

90 coffee growers received sanitary units.

40 ha of coffee renovated and 6,000 native trees planted in riparian zones.

20 coffee growers trained as environmental observers.

Farmer Brothers Program 2020

VALLE DEL CAUCA

RGC Américas Expocafé S.A

1,985
(USD 537,445)

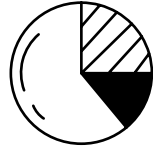
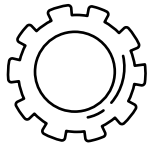
687 coffee growers benefited.

300 soil analyses.

245 ha of coffee renovated.

112 bags of fertilizers.

41 pulping machines repaired.



PROJECT

**COMMITTEE/
PARTNER**

**INVESTMENT
(COP MILLION)**

ACHIEVEMENTS

Strategy for conservation & recovery of strategic ecosystems in coffee landscapes

**COORDINATING
OFFICES**

Patrimonio Natural [Natural Heritage, USAID agent], through the Conservation & Governance Program

1,095
(USD 296,474)

105 coffee growers benefited from integrated actions: construction of 60 solar dryers and improvement of 45 wet mills.

105 beneficiaries trained in best agricultural practices and 105 conservation agreements signed.

Strengthening of Nespresso AAA coffee cluster (**888 producers**).

Marketing of **5,506 kg** of coffee for the Nespresso AAA Program.



RESOURCE
MANAGEMENT

6

GRI 102-7
GRI 203-1

FONC FINANCES COFFEE PUBLIC GOODS WORTH USD 102.5 MILLION

In a particularly challenging year, the financial stability of the FoNC, which obtained revenues of USD 652 million, makes it possible to provide public goods and services that are not only a competitive advantage for Colombian coffee farming, but also a buffer for producers.

Despite the challenges derived from the pandemic, revenues of the National Coffee Fund (FoNC) in 2020 were **USD 652 million**, of which **USD 392 million** came from green coffee marketing, **USD 162 million** from the Buencafé freeze-dried coffee factory, and **USD 98 million** from the institutional activity.

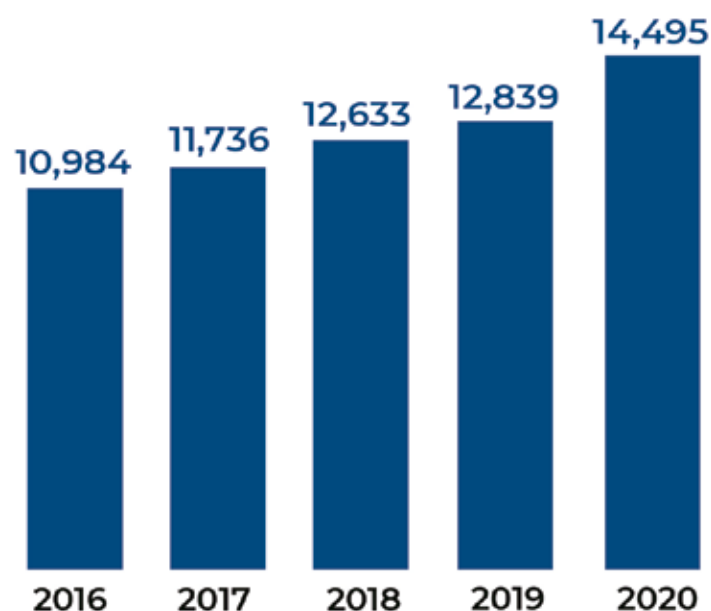
A total of **1.9 million 60-kg bags of green coffee** were marketed, which translated into the income of USD 392 million for the FoNC. Buencafé, with total sales of **14,495 tons** (1,656 tons more than in 2019), reached record revenue of USD 162 million and a net result of USD 38.5 million.

From the institutional activity, the FoNC received **USD 98 million**, whose main source is the so-called coffee contribution (tax), which reached **USD 91 million** and contributes the most to financing coffee public goods.

With the coffee contribution and the surplus from commercial activities, the FoNC financed coffee public goods worth **USD 102.5 million (COP 378 billion)**. It should also be noted that, since 2020, the FoNC contributed **COP 29 billion (USD 7.85 million)** to finance the Coffee

Price Stabilization Fund (FEPC, the acronym in Spanish), in accordance with provisions of Law 1969 of 2019.

BUENCAFÉ SALES (TONS)



Source: Buencafé

FONC STRENGTHENS EQUITY OF USD 515 MILLION

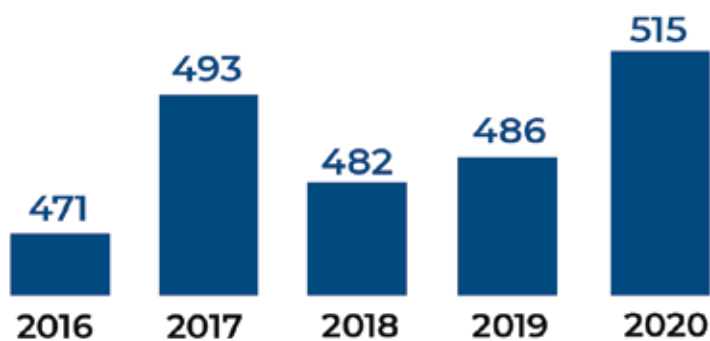
At the end of 2020, the figure is up USD 29 million from that at the end of 2019 and almost USD 44 million from equity at the end of 2016, a key measure of its financial prosperity.

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

To ensure stability and continuity in provision of coffee public goods, the FoNC's financial prosperity policy requires efforts of commercial activities to finance institutional spending without putting its financial health at risk. In other words, the surpluses from Buencafé and green coffee marketing finance a good part of the institutional activity.

In its financial results, the FoNC equity reached a solid USD 515 million in 2020, an increase of USD 29 million year-over-year and of almost USD 44 million from equity at the end of 2016.

FONC EQUITY* (USD MILLION)



* Does not include the effect of provision for the Flota Mercante Gran Colombiana [Great Colombian Merchant Fleet].

Source: FNC

The **portfolio turnover**, which measures efficient management of operating capital resources, continued improving from 23 days at the end of 2019 to an average of **22 days in 2020**, generating more cash for the FoNC.

Liquidity indicators are also stable, in line with positive results. The current ratio remains above 1, that is, current assets back all short-term liabilities.

And thanks to the FoNC's financial health, approved credit lines by the financial sector worth COP 2.8 trillion (USD 758.1 million) are available, which allow, if required, leveraging the main coffee public good, the purchase guarantee.



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

FNC FINANCIAL PROSPERITY IS STRENGTHENED

Two years with budget surplus at central level, first year of surplus in budget of departmental committees, structural debt paid off since 2019, pension liabilities increasingly backed, and growing equity strength confirm it.

The FNC financial prosperity challenge is based on three objectives: investment priority, structural debt reduction, and financial strength, all of which have been met. And in 2020, the goals set by the coffee grower union established themselves.

INVESTMENT PRIORITY

To achieve budget surplus for both FNC HQ and departmental committees.



DEBT REDUCTION

To reduce structural debt that allowed financing periods when a budget deficit accumulated.

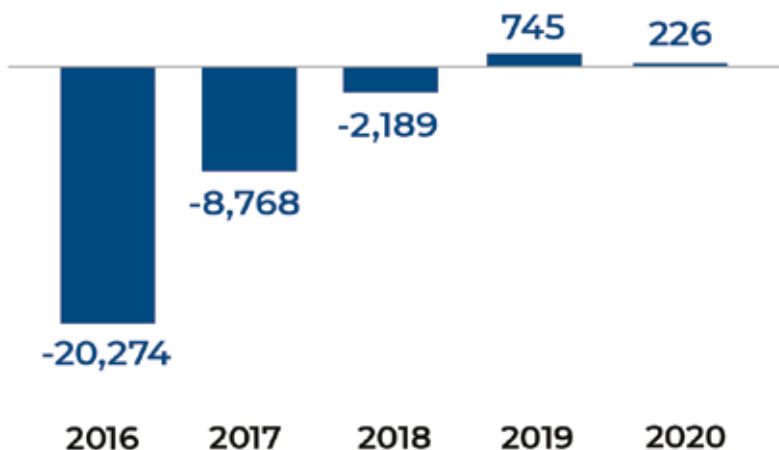
FINANCIAL STRENGTH

To achieve by 2027 assets that allow backing the pension liabilities and obligations to third parties.

INVESTMENT PRIORITY: 2 YEARS WITH BUDGET SURPLUS

Thanks to management, effort and commitment of different areas at the FNC Headquarters, concrete actions allowed reducing by over COP 10.5 billion (USD 2.84 million) the resources allocated to its operation. And in the last two years, the FNC's budget has yielded surpluses, as shown below.

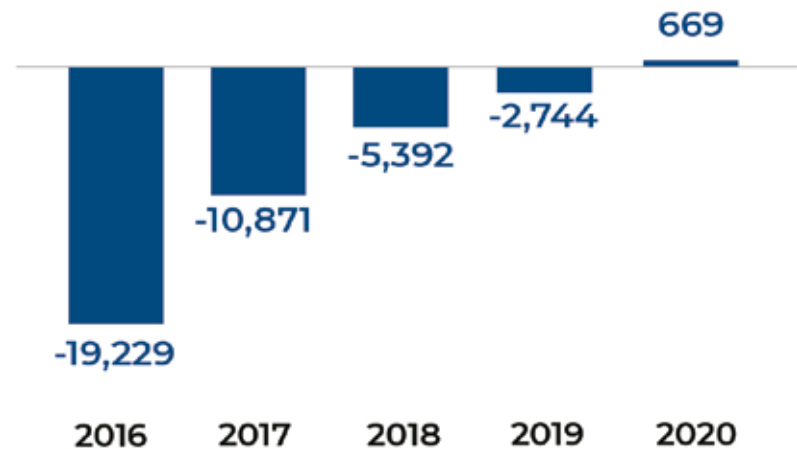
FNC BUDGET AT CENTRAL LEVEL (COP MILLION)



Source: FNC

The departmental committees also showed progress in their budgets: for 2020, a surplus budget of COP 669 million (USD 181,136) was approved thanks to new income sources and efficiencies in spending structures. From a deficit of almost COP 20 billion (USD 5.2 million) in 2016, a surplus was achieved for the first time in 2020.

BUDGET OF DEPARTMENTAL COMMITTEES (COP MILLION)



Fuente: FNC

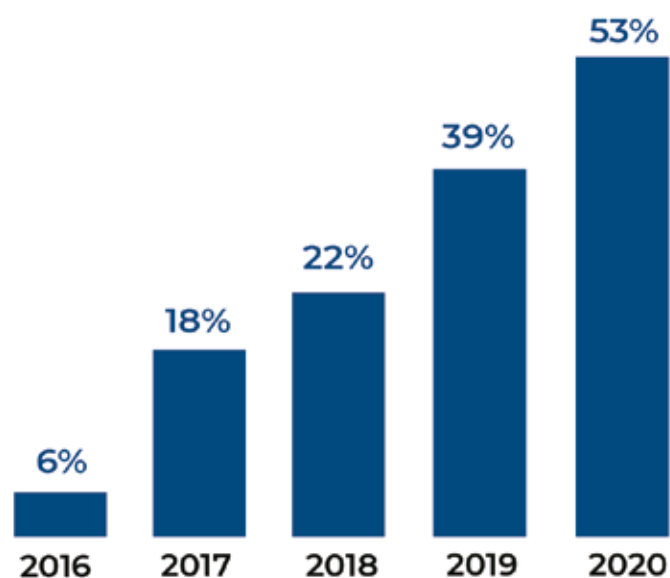
STRUCTURAL DEBT PAID OFF SINCE 2019

The goal set by this administration was to reduce the FNC structural debt, which at the time financed the accumulated deficit. As of 2016, the debt with the financial system had reached a high of **COP 22.4 billion (USD 6.1 million)**. Since 2019, as a result of the efforts made, all of this debt was paid off, three years before the target set.

FINANCIAL STRENGTH: PENSION LIABILITIES INCREASINGLY BACKED

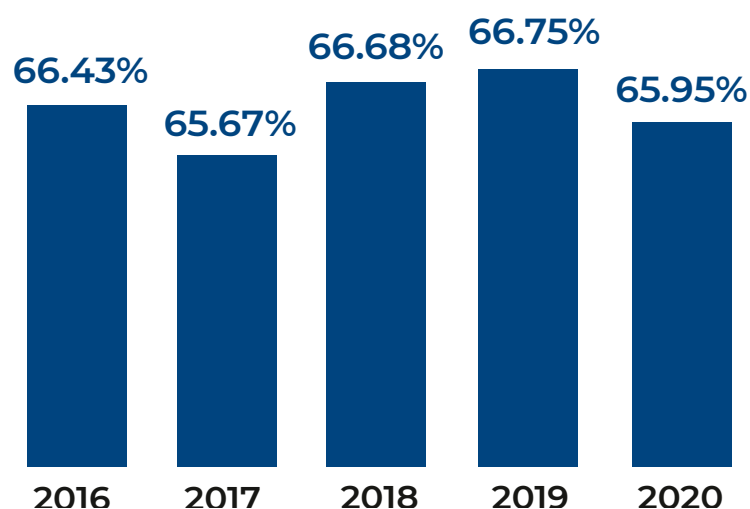
To ensure financial strength of the FNC, between 2016 and 2020 financial assets have improved for backing all pension liabilities of the FNC by 2027.

FINANCIAL BACKING OF LONG-TERM LIABILITIES



This, added to efficient resource management, has improved the FNC’s financial indicators. One very telling is equity strength (ratio), that is, the proportion of the company’s assets financed with its own equity, which was 65.95% in 2020.

STRONG FNC EQUITY RATIO



This year the FNC continued being able to react by implementing online models to deal with the new reality derived from the pandemic, key lessons for the FNC budget to continue on the positive path of meeting its financial goals.



Real estate is 4.5% profitable

To have other income sources that contribute to financial stability of the FoNC and the FNC, in 2017 we adopted the real estate management policy, whose objective is to optimize use of properties and make them profitable.

And to make this initiative a reality, organizational changes, diagnoses and prioritizations were made to generate profitability and business opportunities for real estate, with business alternatives aimed at this objective.

Within this framework, goals and strategies were defined to make these assets profitable. Two real estate projects were structured and approved for the municipalities of Moniquirá and Caicedonia, generating income of COP **6.7 billion (USD 1.8 million)**, under models that maximize use of these assets and mitigate risks associated with their execution.

In 2020, profitability of managed properties reached 4.5%, 1 percentage point more than in 2016 despite the difficulties in the real estate market and the economy in general due to the pandemic.

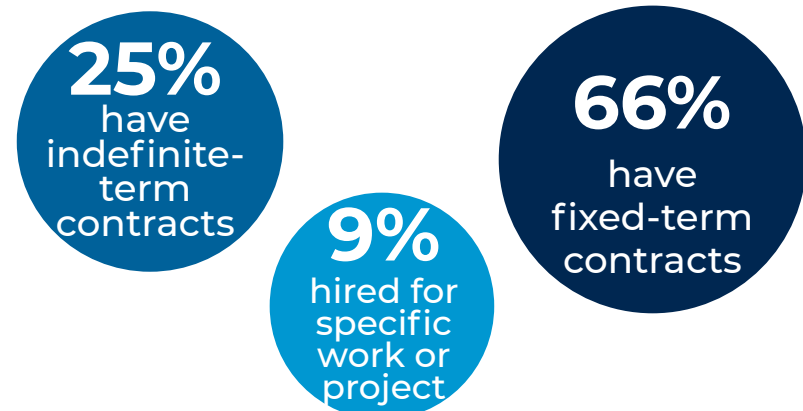
HR MANAGEMENT, CLOSER THAN EVER TO EMPLOYEES

GRI 103-1
GRI 103-2

In 2020 we experienced unprecedented changes, which committed us even more to our employees. In times of pandemic, we reinvented ourselves to continue supporting and accompanying them in adaptation processes, ensuring their well-being and safety, and always keeping in mind our commitment to coffee growers and their families.

With timely and close communication, development and implementation of biosafety protocols, and support activities for employees (GH+cerca), HR Management faced the challenge of having 100% of employees working from home, always attentive to well-being of all the company's human team.

All this with the permanent challenge of continuing strengthening its value strategy in line with the company's main objectives and guidelines, within a good organizational climate.



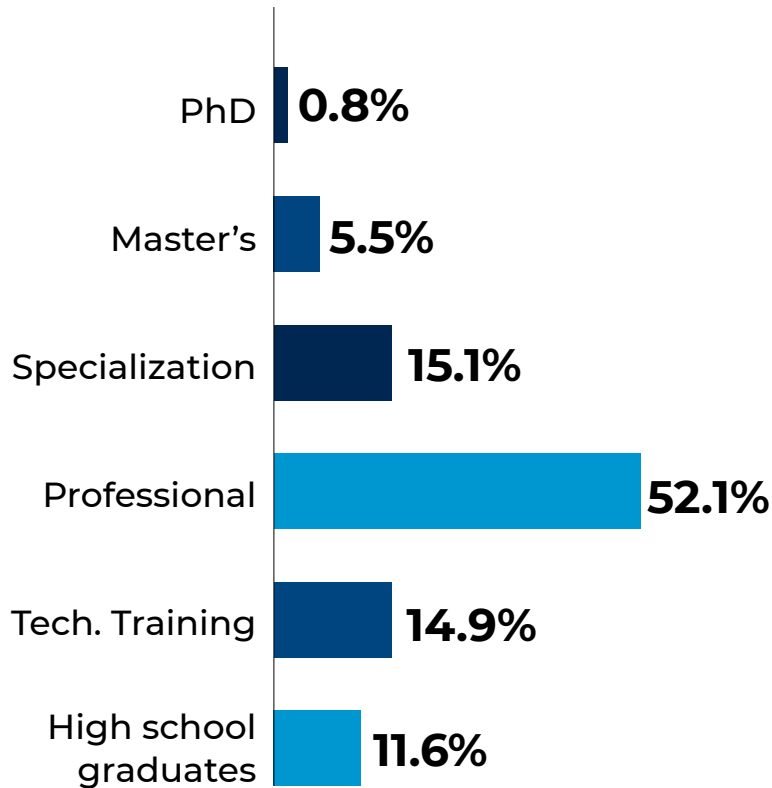
2,951
employees at the FNC.

67%
work in the
departmental
committees.

35%
are extension
workers.

15%
are part of
Buencafé.

GRI 102-7
GRI 102-8



GRI 103-3
GRI 404-2

Timely and close communication

To keep employees informed about all the measures implemented and achieve adoption of the new biosafety protocols, a communication plan developed with the Communications Directorate materialized into: (i) publication of **32 newsletters**, (2) graphic material for **signs in offices**, and (3) press releases required at different times of the pandemic.

Biosafety protocol developed & implemented



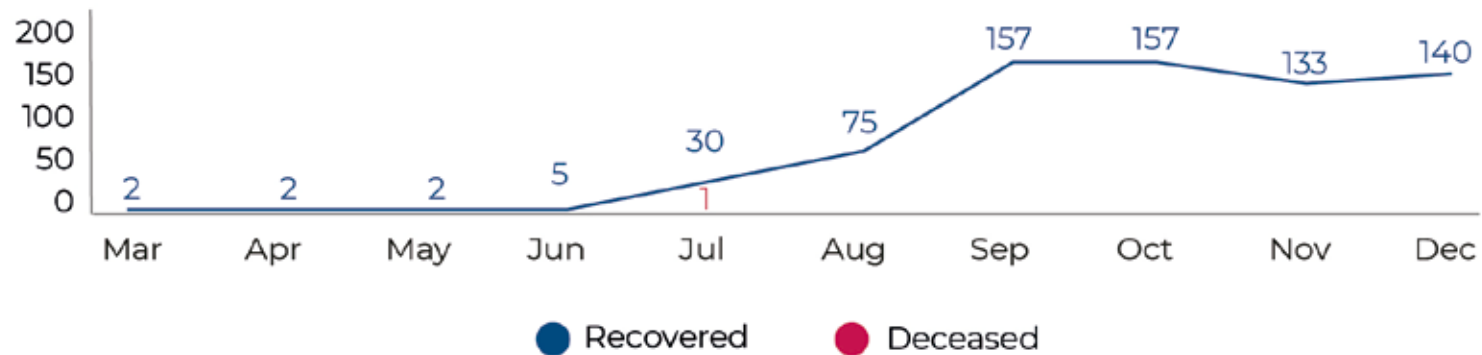
Biosafety protocols were implemented (according to Resolution 666 of April 2020 by the Ministry of Health and Social Protection) through the following actions:

- 1. Evaluation of risk of workers against covid-19.**
- 2. App for daily reporting of health conditions.**
- 3. Biosafety protocol development and dissemination.**
- 4. Validation and delivery of personal protection equipment (PPE) such as face masks, alcohol solution, glycerinated alcohol, etc.**

This allowed having real-time diagnoses on suspected or confirmed covid-19 cases to adopt the necessary measures and take care of all of us:



EVOLUTION OF CASES



As annexes of the FNC Biosafety Protocol, the following were developed:

- **Extension Service Biosafety Protocol.**
- **Infrastructure Biosafety Protocol.**
- **Biosafety Protocol for Rural Development Promoters.**
- **Cenicafé Biosafety Protocol.**

We also contributed to developing the Biosafety Protocol for the Coffee Sector (Resolution 678 of April 24, 2020, of the Ministry of Health and Social Protection), dissemination of these measures to coffee growers and continued support for the entire communications plan: primers, audios, videos, radio and TV programs, as well as to development of the Biosafety Protocol for Cooperatives.

Employee support activities

The pandemic brought with it situations such as lockdowns, remote work and study, economic challenges, etc., which might have caused stress, anxiety and concern in workers about public health, virtual work, interaction with their families and fulfilling their responsibilities; that's why we created **GH+cerca (HR closer)**, an initiative with two objectives:



- **To give psychosocial support to workers in the situations they faced.**
- **To support employees virtually through well-being activities at family and national level.**

We created positive, segmented experiences that generated knowledge, recreation and leisure spaces; with company and brand presence, we reached our employees' households.

GRI 103-3
GRI 404-2

INITIATIVE

RESULT

Psychosocial support

- The team of psychologists of FNC, Almacafé and Procafecol received training in psychosocial support.
- The mailbox GH.MasCerca@cafedecolombia.com was created to provide emotional support and psychological first aid.

Well-being activities



Bienestar ConSentido [Meaningful Well-being] was created for all workers and their families, with recognition, learning, integration and recreation activities such as: bingos, special celebrations, chef mornings, recreational vacations, finances at home, "Let's give ourselves a minute to ..." and Stellar December, with which we closed a year full of challenges.

We reached workers' households with surprises and gifts to make the FNC present on each special date and time of the year.

We aim at employees' well-being by facilitating better working conditions at home: computer, keyboard, chair, among others.

Implementation of financial relief measures

663 workers benefited from financial relief for postponed installments of payroll loans with banks.

An agreement was signed with insurer Protección on the health emergency, so that, under the **My Savings, my Family Plan**, workers could withdraw part of their savings.

Support in design & implementation of cell phone support

Along with the FNC Technical Division, extension workers were provided with cell phone support for servicing coffee growers via phone calls.

HR MANAGEMENT STRENGTHENS ITS VALUE STRATEGY

GRI 103-3
GRI 404-2

Initiatives and programs enhance human capital, in line with the company’s main objectives and guidelines, with good organizational climate.



CONTRIBUTION

INITIATIVE	OBJECTIVE	RESULTS
<p>Development of digital transformation skills</p>	<p>To strengthen FNC workers’ digital skills.</p>	<p>COP 35 million (USD 9,476) were co-financed with the MINTIC to develop courses on:</p> <ul style="list-style-type: none"> · Docker (80-hour), data analysis for decision-making (90-hour), and cybersecurity (80-hour). · 21 FNC employees were certified.
<p>Talent management in the commercial team</p>	<p>To formalize organizational structure of the Commercial Division.</p>	<p>Skills in negotiation, decision making, communication, empathy, flexibility and initiative were assessed.</p>

CONTRIBUTION

INITIATIVE	OBJECTIVE	RESULTS
<p>FNC’s policy of diversity, inclusion and gender equity, a component to organization</p>	<p>To have a corporate guideline for implementing initiatives in response to diversity, inclusion and gender equity issues.</p>	<p>The policy principles were established: non-discrimination, multiculturalism, accessibility and social responsibility.</p> <p>Lines of action: management and coordination, culture and human talent.</p>
<p>Leadership Development Program</p>	<p>This year, we adjusted the objective so that leaders had tools in the current context.</p>	<p>Workshops on effective empowerment, virtual teams and collaborative networks, and transformation and adaptive intelligence, with 94% of leaders attending the 3 workshops held this year.</p>

COMMITMENT AND COMPETENCIES

Organizational Climate (OC) Management



Presentation of OC results and identification, with work teams, of the causes to jointly build the plan for maintaining and/or improving organizational climate.

38 work sessions to share the OC results, with a 95% compliance.

COMMITMENT AND COMPETENCIES

INITIATIVE

OBJECTIVE

RESULTS

Training program

Extension Service

Project management

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

G-Suite change management

To strengthen employees' skills.

1,186 extension workers trained via the Manuel Mejía Foundation (FMM) platform.

554 employees trained in: financial indicators, project implementation, impact assessment and risk management.

1,228 employees attended the course Our Integrated Management System (SGI) Adds Value for Us, emphasizing the risk component.

440 employees trained in security and control, AEO and BASC.

1,619 employees trained in collaboration tools.

CHALLENGES

Aware that human talent is the engine that drives the organization to higher levels in this new environment, we must focus our efforts on:

Supporting the company's definitions on digital transformation.

Improving employees' **experience** with initiatives such as: work at home, diversity, inclusion and gender equity, process effectiveness, national well-being plan, voluntary work program, and organizational climate measurement, among others.

Assessing people's performance based on fulfillment of individual objectives and goals.

Delving into needs of the extension team, who are in direct contact with coffee growers across the Colombian geography. Our great challenge with this team is to design a differentiated value proposition that facilitates their daily work and strengthens their commitment to the FNC's mission.

ABOUT THIS
REPORT

7

GRI 102-54

GRI 102-40

GRI 102-42

GRI 102-43

GRI 102-44

This report was prepared in accordance with the GRI standards (core option) and presents the 2020 FNC management results.

STAKEHOLDERS

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

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

COFFEE GROWERS

Subgroups

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

RELATIONSHIP APPROACH

The mission of the FNC is to ensure Colombian coffee growers' well-being. For this purpose, we have established and strengthened communication channels and continuous relationships to understand the needs of the union and transfer 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, Extension Service satisfaction 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, and podcast.

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-growing families and ensure sustainability of the sector. We are also committed to complying with regulations and the National Coffee Fund Administration Contract and more recently with those of the Coffee Price Stabilization Fund (FEPC).

RELEVANT TOPICS

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

COMMUNICATION CHANNELS

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

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 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 or efficiently.

Commitment, which is the will to do work.

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

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

COMMUNICATION CHANNELS

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

ASSOCIATIONS & UNIONS

Subgroups:

4C (Common Code for the Coffee Community)

Coffee Association of Canada

Colombia's National Association of Foreign Trade
(Analdex)

Colombian-American Commerce Chamber

Colombian-Chinese Chamber of
Investment and Commerce

Colombian Farmers Society (SAC)

Colombian Institute of Technical Standards and
Certification (Icontec)

Colombian-Japanese Chamber of
Commerce and Industry

Consejo Privado de Competitividad

Corporación Colombia Internacional (CCI)

Corporación Colombiana de Inversiones
Agropecuarias Agrosavia (former Corpoica)

Corporación Colombiana de Logística S.A

Corporación Reconciliación Colombia

Empresarios por la Educación

Fundación Asociación de Amigos
del Museo Nacional

Fundación Colombiana del Pacífico

Fundación Museo de los Niños

Fundación para la Enseñanza de Oficios

Fundación Técnico Manual

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

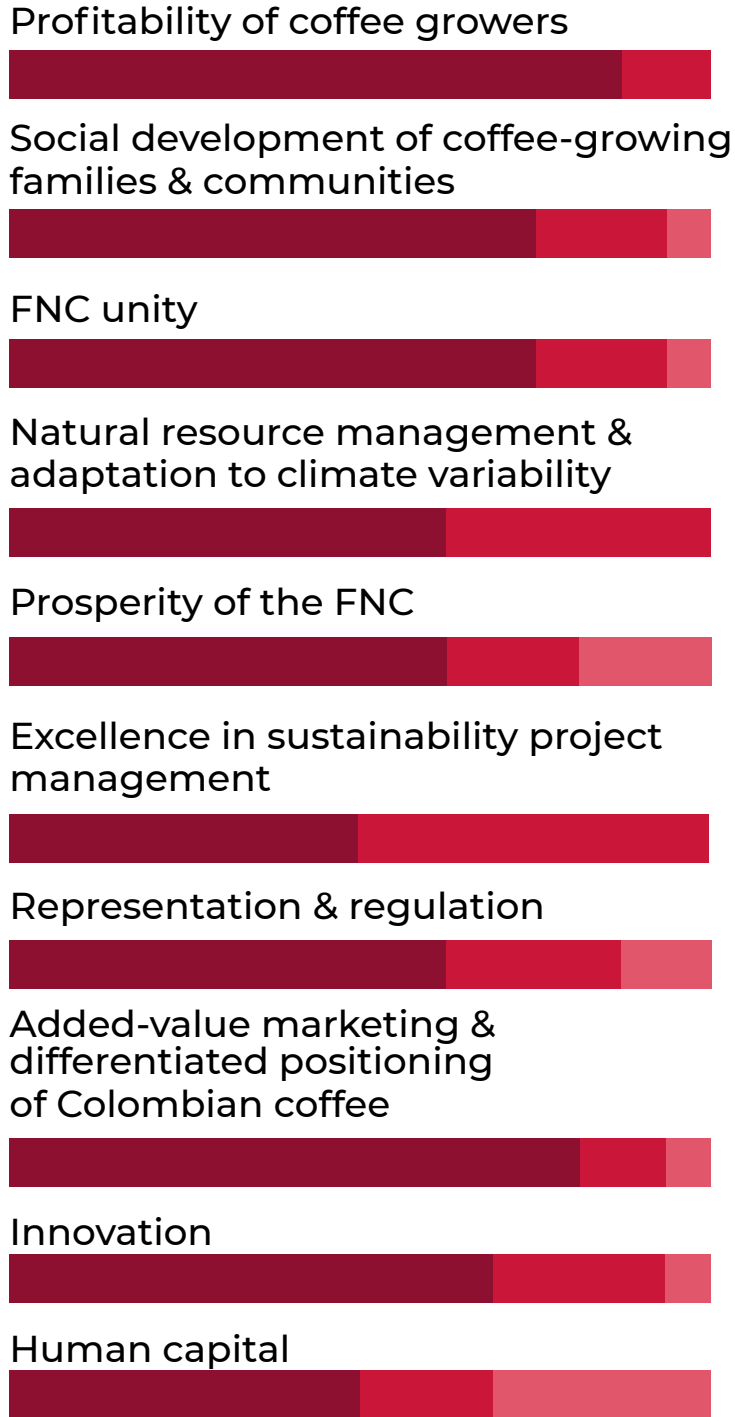
At the end of 2018, we did an exercise to update the FNC's materiality analysis and validate the most relevant topics for sustainability of the organization from an internal (business strategy, corporate policies, impacts) and external perspective (stakeholders). This materiality has been reflected in the successive sustainability and management reports. Validated in annual controls of the FNC's value strategy, it remained valid in 2020.

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-growing families & communities



FNC unity



Natural resource management & adaptation to climate variability



Prosperity of the FNC



Excellence in sustainability project management



Representation & regulation



Added-value marketing & differentiated positioning of Colombian coffee



Innovation



Human capital



● High ● Medium ● Low

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

ECONOMIC DIMENSION

CONTRIBUTING TO PROFITABILITY OF COFFEE GROWERS

PRODUCTIVITY

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

PRICE

- 4. More differentiation by quality.
- 5. Stabilization of prices and income.
- 6. Coffee roasted at origin.
- 7. New markets and expansion of the domestic market.

PRODUCTION COSTS

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

SDG ALIGNMENT



SOCIAL DIMENSION

SEEKING FAMILIES' SOCIAL DEVELOPMENT

- 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-Growing Families with Gender Equity & Generational Integration.
- 14. Associativity: United we do more.
- 15. Special Projects

SDG ALIGNMENT

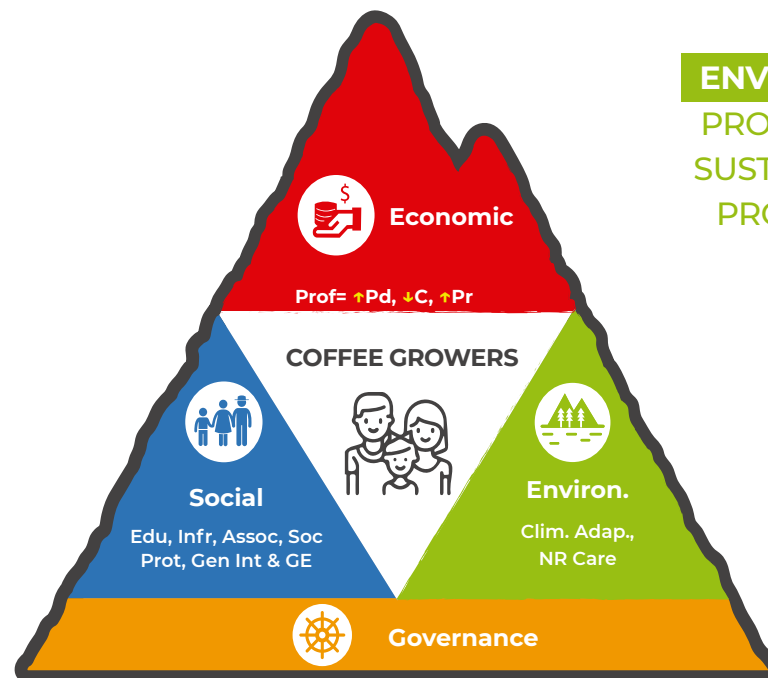


ENVIRONMENTAL DIMENSION:

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

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

SDG ALIGNMENT



GOVERNANCE DIMENSION:

STRENGTHENING THE FNC UNITY

- 19. To encourage leadership, associativity and participation.

SDG ALIGNMENT



ANNEXES

GRI 102-13

GRI 102-12

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

GRI CONTENT INDEX

GENERAL DISCLOSURES

GRI STANDARD	DISCLOSURE	PAGE NO.	OMISSION	
ORGANIZATIONAL PROFILE				
GRI 102 GENERAL DISCLOSURES 2016	102-1	Name of the organization.	82	
	102-2	Activities, brands, products, and services.	17	
	102-3	Location of headquarters.	82	
	102-4	Location of operations.	17	
	102-5	Ownership and legal form.	82	
	102-6	Markets served.	14, 19, 27, 29, 32, 34, 35, 38, 42, 46, 48, 50, 51, 58, 98, 104	
	102-7	Scale of the organization.	19, 27, 29, 32, 38, 46, 51, 58, 114, 119	
	102-8	Information on employees and other workers.	119	
	102-9	Supply chain.	18	
	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

GRI STANDARD	DISCLOSURE	PAGE NO.	OMISSION	
GRI 102 GENERAL DISCLOSURES 2016	102-12 External initiatives.	140		
	102-13 Membership of associations.	140		
	STRATEGY			
	102-14 Statement from senior decision-maker.	6		
	ETHICS & INTEGRITY			
	102-16 Values, principles, standards, and norms of behavior.	83		
	GOVERNANCE			
	102-18 Governance structure.	82		
	STAKEHOLDER ENGAGEMENT			
	102-40 List of stakeholder groups.	128		
	102-41 Collective bargaining agreements.		As of December 31, 2020, 5.9% of workers were part of the union organization.	
	102-42 Identifying and selecting stakeholders.	128		
	102-43 Approach to stakeholder engagement.	128		
	102-44 Key topics and concerns raised.	128		
	REPORTING PRACTICE			
102-45 Entities included in the consolidated financial statements.		The FNC, as a private-law, non-profit, unionized legal person, consolidates its financial results with		

GENERAL DISCLOSURES

GRI STANDARD	DISCLOSURE	PAGE NO.	OMISSION
GRI 102 GENERAL DISCLOSURES 2016	102-45	Entities included in the consolidated financial statements.	the equity investments where it holds at least a 50% participation of capital: Almacenes Generales de Depósito de Café S.A. (Almacafé). Promotora de Café de Colombia S.A. (Procafecol) and its branches. Offices abroad. Sociedad Forestal Cafetera del Valle S.A. (Soforestal). Sociedad Promotora Agroindustrial S.A.S. (Proagrocafé). Pretensados de Concreto de Oriente Ltda. (Pretecor). Coffee Grower Committees' warehouses.
	102-46	Defining report content and topic boundaries.	133
	102-47	List of material topics.	133
	102-48	Restatements of information.	There was no information restated in this report.
	102-49	Changes in reporting.	With GRI standards, since 2019 the annual Management Report incorporates the sustainability & industry reports.
	102-50	Reporting period.	January 1 to December 31.
	102-51	Date of most recent report.	2019.
	102-52	Reporting cycle.	Annual.

GENERAL DISCLOSURES

GRI STANDARD	DISCLOSURE	PAGE NO.	OMISSION
GRI 102 GENERAL DISCLOSURES 2016	102-53 Contact point for questions regarding the report.	informacion.fnc@cafedecolombia.com	
	102-54 Claims of reporting in accordance with the GRI standards.	128	
	102-55 GRI content index.	141	
	102-56 External assurance.		This report was not submitted to external verification.

MATERIAL TOPICS

INDIRECT ECONOMIC IMPACTS

GRI 103 MANAGEMENT APPROACH 2016	103-01 Explanation of the material topic and its boundary.	19, 27, 29, 32, 34, 35, 38, 43, 58, 84 (88-91), 98, 104, 115, 116, 119, 122	
	103-02 The management approach and its components.		
GRI 203 INDIRECT ECONOMIC IMPACTS 2016	103-03 Evaluation of the management approach.		42, 51, 58, 98, 104, 114
	203-01 Infrastructure investments and services supported.		

GRI STANDARD	DISCLOSURE	PAGE NO.	OMISSION
	ENERGY		
GRI 103 MANAGEMENT APPROACH 2016	103-01 Explanation of the material topic and its boundary.	68, 73, 74, 75, 78	
	103-02 The management approach and its components.		
	103-03 Evaluation of the management approach.		
GRI 302 ENERGY 2016	302-01 Energy consumption within the organization.	74, 75, 78	
	302-03 Energy intensity.	75	
	WATER		
GRI 103 MANAGEMENT APPROACH 2016	103-01 Explanation of the material topic and its boundary.	68, 71, 73, 75, 76, 78	
	103-02 The management approach and its components.		
	103-03 Evaluation of the management approach.		
GRI 303 WATER 2018	303-01 Water withdrawal by source.	76	
	EMISSIONS		
GRI 103 MANAGEMENT APPROACH 2016	103-01 Explanation of the material topic and its boundary.	68, 71, 73, 78	
	103-02 The management approach and its components.		
	103-03 Evaluation of the management approach.		
GRI 305 EMISSIONS 2016	305-01 Direct (Scope 1) GHG emissions.	78	

GRI STANDARD	DISCLOSURE	PAGE NO.	OMISSION
EFFLUENTS & WASTE			
GRI 103 MANAGEMENT APPROACH 2016	103-01 Explanation of the material topic and its boundary.	68, 71, 73, 76	
	103-02 The management approach and its components.		
	103-03 Evaluation of the management approach.		
GRI 306 EFFLUENTS & WASTE 2016	306-02 Waste by type and disposal method.	75, 76	
TRAINING & EDUCATION			
GRI 103 MANAGEMENT APPROACH 2016	103-01 Explanation of the material topic and its boundary.	73, 119, 120, 122, 123	
	103-02 The management approach and its components.		
	103-03 Evaluation of the management approach.		
GRI 404 TRAINING & EDUCATION 2016	404-02 Programs for upgrading employee skills & transition assistance programs.	58, 120, 122, 123	



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