



MANAGEMENT REPORT 2019





**Federación Nacional de
Cafeteros de Colombia**

MANAGEMENT REPORT 2019

BOARD OF DIRECTORS

Roberto Vélez Vallejo
CEO

María Aparicio Cammaert
Secretary General

Juan Camilo Becerra
Chief Administrative and Financial Officer

Juan Camilo Ramos
Chief Commercial Officer

Hernando Duque Orrego
Chief Technical Officer

José Leibovich
Economic Research

Javier Mantilla
Strategy & Innovation

EDITION

Strategy & Innovation: Javier Mantilla, Andrea Orozco; Economic Research: José Leibovich, Claudia Córdoba, Nancy González, Mario Villamil, Susana Otálvaro, Federico Yepes, José D. Méndez; Communications Director: Martha Sánchez

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DESIGN & LAYOUT

Eliana Ruiz Gaviria, Andrés Herrera

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Octavio Pineda

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Colombian Coffee Growers Federation (FNC)
Calle 73 No. 8-13 | Tel.: (57+1) 313 6600 - 313 6700 | Bogotá, Colombia
www.federaciondecafeteros.org

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TOWARDS BETTER QUALITY COFFEE

ROBERTO
VÉLEZ VALLEJO,
FNC CEO

AND DIGITAL TRANSFORMATION



Profitability of coffee farming has been my main goal since I took over as CEO more than four years ago, and in this work we have been making important progress based on our strategy's four dimensions: economic, social, environmental and governance.

Despite volatility of prices in 2019, which in the first half reached the lowest level, since December 2 the reference price of Colombian coffee exceeded COP 1 million/load of dry parchment coffee (dpc) thanks to the recovery of prices on the New York "C" contract (NYKC), which rose from below USD 1/lb in 2018 and much of 2019 to USD 1.29/lb in December.

For its part, the Colombian coffee differential strengthened throughout the year and remained above USD 0.30/lb (equivalent to an additional COP 146,745 per load of dpc), confirming the significant demand for Colombian coffee in global markets. Finally, the peso-dollar exchange rate fell to levels of COP 3,500 per dollar. However, both the coffee price in the "C" contract and the exchange rate showed high volatility. Thus, we temporarily overcame a period of critically low prices that began in 2017, which allows us to look optimistically at 2020.

The “More agronomy, more productivity” program pays off

Thanks to the efforts of Colombian coffee growers, following the recommendations of the FNC Extension Service under the “More agronomy, more productivity” program, coffee production closed 2019 at **14.8 million 60-kg bags**, the fifth year in a row close to or above 14 million bags. **The most remarkable is that this production has been achieved, mainly, thanks to an increased productivity.**

Indeed, from 11.4 bags of 60 kg of green coffee/ha that the country produced in 2010, this year we reached 21.4 bags/ha, **an 88% increase in 9 years!** **Today we have a coffee farming with the best indicators in its history:** **resistant varieties in 83.1% of coffee plantations, average age of 6.6 years, and average density of 5,243 trees/ha.** Complementing the efforts aimed at higher productivity, the FNC has been spreading, among growers in all the coffee regions, a technological package that seeks to significantly reduce harvesting costs through use of meshes and the shaker machine, which can lead to significant efficiencies in labor use. We hope that coffee growers will gradually adopt this technology package.

Demand for Colombian green and industrialized coffee grows

2019 closed with a **7.2% growth in exports** and **6% in imports.** The FNC, in search of better prices for producers, used options of coffee **sales with future delivery for 72.5 million kg of dpc** at an average price of COP **972,173/load**, a figure much higher than in 2018.

In the coming years it will be necessary to scale these options to achieve better prices for coffee growers. In industrialized coffee, both Buencafé and Procafecol (which markets the Juan Valdez brand) have had very good results, with higher sales and profits.

On the other hand, to encourage consumption of quality coffee among young Colombian people, the FNC, through the country-brand **Café de Colombia**, **has been developing campaigns among millennials and centennials.**

International leadership and recognition of coffee institutions

On the international front, the FNC maintained an active agenda to win allies in the cause of the necessary shared responsibility of the different links of the global coffee chain, drawing attention to the need for the first link, made up of 25 million coffee growers in the world, to have a revenue that allows not only to cover production costs, but to have a decent quality of life and invest in innovations to improve productivity and coffee quality.

At the second World Coffee Producers Forum held in Brazil, in meetings with the main executives of the global roasting industry, and at the summit of presidents within the framework of the UN General Assembly, we insisted on the need for shared responsibility, a work that has been consolidating in an endurance race that will pay off.

Support for young people, empowerment of women and continued support to associations strengthen social development of coffee growers

The FNC, on the pillar of social development of the strategy, in 2019 organized meetings with young coffee farmers and supported the entrepreneurial and innovative spirit of over 1,300 young people (with 504 initiatives) through the “Idéate Café” project, so that, with sustainable businesses, they remain on the coffee farms and thus fulfill their dreams and life projects as pillars of future coffee farming.

Likewise, both with the country's coffee-growing women leaders and with a significant group of managers of coffee grower associations, in 2019 we developed workshops aimed at promoting empowerment of women and associations, and we hope to continue supporting them in their projects, focused on value addition to coffee produced and others for the benefit of their communities.

Striking achievements in environmental sustainability of coffee farming and FNC companies

Environmental management by coffee growers advanced in 2019 by reducing water consumption and pollution through better wet milling infrastructure and management of by-products and wastewater, with **360 farms** moving towards ecological wet milling and the goal of reaching 40,000 in the next years. With the support of the KfW bank, the Ernesto Illy Foundation and the Ministry of Agriculture and Rural Development, the work on reforestation and biodiversity conservation in coffee regions has continued. And Buencafé and Almacafé, two FNC companies, have undertaken strategies to reduce water consumption and emissions and improve energy efficiency and waste management.

An administration aware of efficient use of resources

This administration remains focused on careful use of coffee growers' resources, with the key purpose of strengthening the FNC's finances. *I am pleased to announce that we have already achieved important results. In the four years of my administration, we managed to pay off the financial debt that exceeded COP 22 billion (USD 6.7 million¹), three years in advance.*

Additionally, from 2015 to date we managed to cut our operating expenses by over **COP 10.5 billion (USD 3.2 million)**, thus being able to strengthen our assets that back long-term obligations. Today about **40%** of those obligations are backed. *The challenge continues and also the commitment of the FNC employees and this administration.*

The financial results of the National Coffee Fund (FoNC) in 2019 are positive. With its resources, it financed **COP 415.3 billion** (USD 126.6 million) in coffee public goods and services, **8% more than the previous year**. The commercial activity reported **USD 339.1 million** from the quantities of green coffee sold; the industrial activity (Buencafé freeze-dried coffee and extract) grew 2%, with sales of **USD 147.4 million**; and income from the coffee contribution grew 7% to reach **USD 101.3 million**. Thanks to the financial situation of the FoNC, the favorable environment is given for it to participate in the market through credit lines approved with the financial sector for over 2.8 trillion pesos (USD 853.4 million), which allows, if required, to leverage the purchase guarantee.

¹ For equivalences in this report, the 2019 average exchange rate of COP 3,281 per dollar is used.



Strengthened governance

It is essential to keep the union together and participating. In order to hear firsthand the feelings of coffee growers, their concerns, longings, and achievements and to give timely responses, 23 "Let's talk with the CEO" meetings were held throughout the coffee country in 2019, having been face to face with over 30,000 producers since this dynamic began. Through the *Líderes* magazine, which targets union representatives, in the six editions issued in the year we disseminated relevant and suitable information that facilitates the alignment of the organization, acting under the same guidelines in all the coffee regions. On the other hand, to keep the database of federated coffee growers up to date, improvements to the Coffee ID Card Issuance and FNC Elections apps continued.

The FNC has a respectful and collaborative relationship with the national Government, the Congress of the Republic and authorities in the territories. On the one hand, in the National Development Plan law, the Minimum Floor of Social Protection for rural workers was established in article 197 to provide comprehensive coverage of health, pension and occupational risk insurance to people who, for their economic activity, receive seasonal

revenue. In addition, the Government enacted Law 117 whereby the Coffee Price Stabilization Fund is created; work is currently underway on the details of the contract that will govern its operation. On the other hand, President Iván Duque suggested to the coffee union the construction of a **2030 action agenda to align the FNC's goals with the Sustainable Development Goals (SDGs) that the country signed within the framework of the United Nations**. Currently the FNC works with various government agencies on the goals to be achieved and the actions to be taken on that agenda. It is worth reminding that these goals are in line with the 100/100 Plan, to be completed by 2027 when the FNC will turn 100 years old and aimed at having a sustainable coffee farming in the economic sphere, satisfactory progress in the quality of life of coffee-growing families, a harmonious relationship with the environment, and a democratic and participative union.

Realization and raising of resources through projects

Due to its efficiency and transparency in execution of projects, national and international actors see the FNC as a key partner to impact quality of life of rural households. In 2019, **COP 265 billion** (USD 80.8 million) were realized in projects that aim at a profitable coffee farming, the well-being of coffee-farming families and a sustainable environment. The FNC has achieved this thanks to its ability to leverage the FoNC resources, which almost quadrupled with contributions from other sources, and its presence in the regions, a clear and efficient strength that we have wanted to optimize for adding cross-cutting value to the strategy.

Where we are going

Quality and digital transformation

After the effort made through "More agronomy, more productivity," and without letting our guard down on that front, we will focus the organization's efforts on achieving the highest quality standards for Colombian coffee, thereby achieving a unique differentiation to compete in international and domestic markets, maintaining and strengthening the image of the best coffee in the world.

For that purpose, the efforts will focus on actions that ensure quality coffee in each of the producing regions, from agronomy to bean selection, wet milling, drying, roasting, grinding, packaging, etc., developing capacities, transferring knowledge and with appropriate marketing strategies.

Finally, digital transformation becomes the tool towards an organizational change that allows generating **more value to coffee farmers in three fundamental variables: higher productivity, lower costs and higher income**. All this is supported by a technological change that allows taking advantage of ICTs to improve coffee farmers' connectivity, organizational productivity and better decision making.

"Undoubtedly 2019 was a year of important achievements; I thank the Steering Committee for their contributions and guidelines, and I highlight their continued and determined support that made this management results possible. For the Colombian coffee sector, the future will bring great challenges, but none of this would be possible without the team and joint work of all the FNC employees, who today more than ever work committedly to the well-being and sustainability of Colombian coffee-growing families."





**We advance
in the strategy**
for profitability
of coffee growers

Colombia leads mild coffee production in the world

It overtakes Honduras, its closest competitor, by 6.8 million bags. The quality of its coffee is recognized with better income for farmers. The world balance of the 2018/19 crop year closes with a surplus of 9.5 million bags.

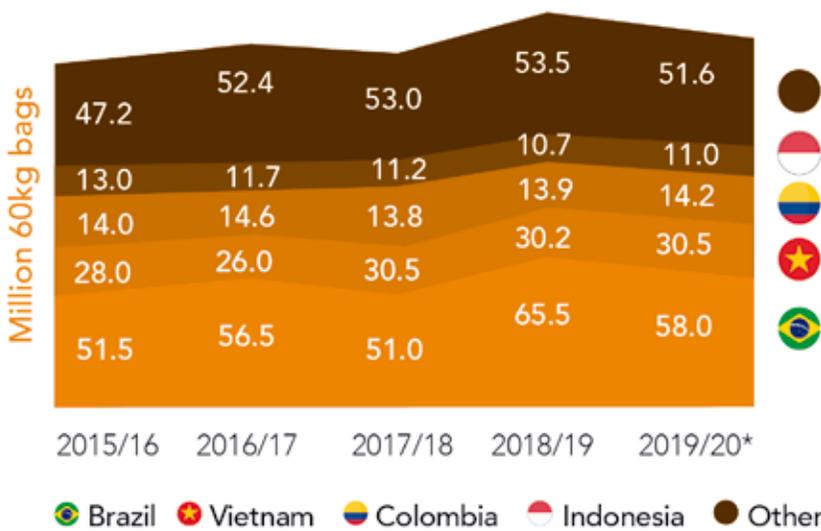
World coffee production in the 2018/19 crop year rose 8.9% over the immediately previous year to reach 173.7 million 60-kg bags of green coffee, mainly due to higher production in Brazil, from 51 million to 65.5 million bags (the highest to date). Vietnam, the second world's largest producer, produced 30.2 million bags, and Colombia remained as the third largest producer with 13.9 million bags.

Thus, **the 2018/19 crop year posted a surplus of 9.5 million bags**, that is, world production exceeded world consumption by 5.8%.

For the 2019/20 crop year, according to estimates by the LMC firm, world production will be 165.3 million bags, a drop compared to the previous period because of the lower production estimated for Brazil due to the natural characteristics of its production cycle.

On the demand side, world consumption will continue its upward trend to reach 167.8 million bags.

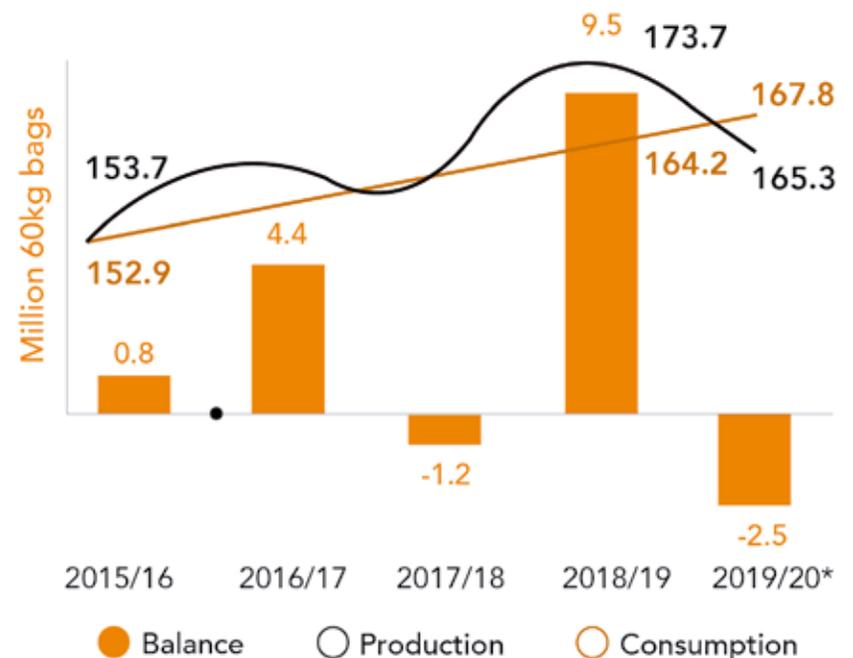
WORLD COFFEE PRODUCTION (2015-2020*)



Source: LMC. *Forecast

World coffee consumption grew 2.1% in 2018/19 compared to the previous year and reached 164.2 million bags, mainly due to the fact that importing countries increased consumption by 2.2 million bags, led by the USA, with 26.8 million bags, 3% up from the previous year. In producing countries, the most relevant growth was that of Brazil, with a consumption of 23.2 million bags, 1.3% more than the previous year.

WORLD COFFEE BALANCE

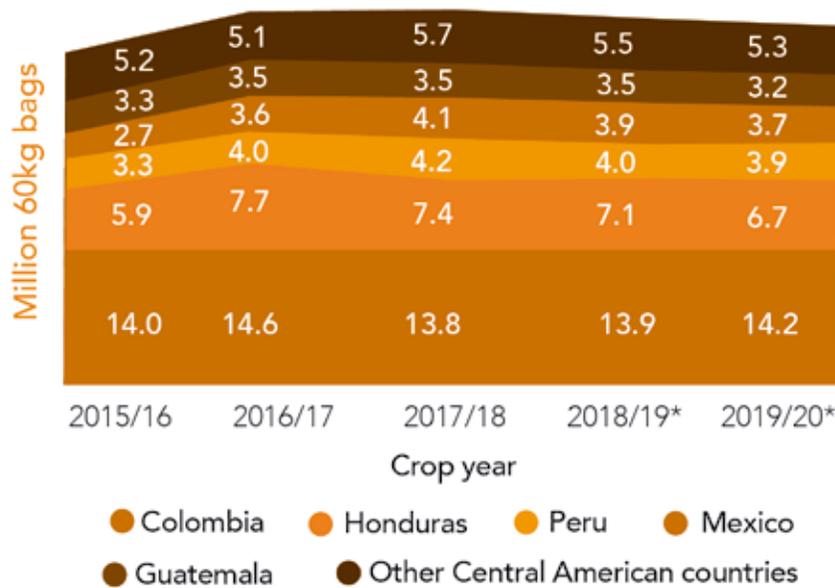


Source: LMC. Note: As coffee is a seasonal crop, statistics are collected according to harvest of producing countries. (Oct-Sept, Apr-Mar, Jul-Jun). The asterisk means forecasts.

Colombian coffee is recognized for featuring one of the highest quality standards, establishing the country as the leading producer and exporter in the mild coffee segment with 13.9 million bags in the 2018/19 crop year, confirming it as a key player in international markets. With 24.1 million bags, the producing countries of Central America and Peru, direct competitors in mild coffees, reduced their production by 3.3% in the 2018/19 crop year compared to previous year. Colombia overtakes Honduras, the second largest producer in this segment, by 6.8 million bags, followed by Peru, Mexico and Guatemala.

Domestic consumption remained at 1.8 million bags; meanwhile, coffee imports were about 1 million bags, 6% up from the previous year.

WORLD MILD COFFEE PRODUCTION (2015-2020*)



Source: LMC. *Projections. Note: Other Central American countries are Nicaragua, Costa Rica, El Salvador, Haiti, Dominican Republic, Cuba, Panama and Jamaica.

Colombia produces 14.8 million bags in 2019

This figure is 8.8% up from the previous year. Exports increase 7.2% to 13.7 million bags. The USA continues to be the main destination, with a 43% share and a 3% increase in demand.

In 2019 coffee production in Colombia increased considerably and reached 14.8 million bags, 8.8% more than in 2018. Exports grew 7.2% to 13.7 million bags compared to 12.8 million bags exported the previous year (exact % calculated on non-rounded figures).

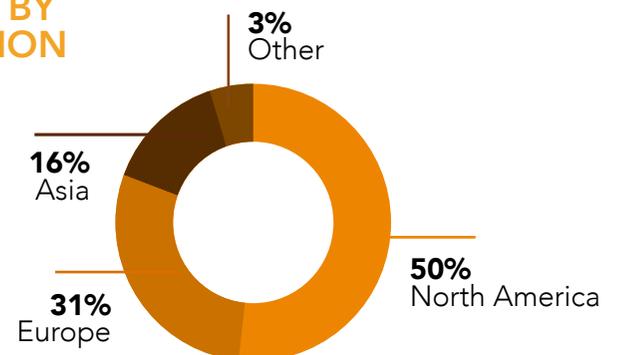
COFFEE BALANCE

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| Production and imports | 14.4 | 14.5 | 14.6 | 14.5 | 15.7 |
| Production | 14.2 | 14.2 | 14.2 | 13.6 | 14.8 |
| Imports | 0.2 | 0.3 | 0.4 | 0.9 | 1.0 |
| Exports and consumption | 14.4 | 14.6 | 14.7 | 14.6 | 15.5 |
| Exports | 12.7 | 12.9 | 13.0 | 12.8 | 13.7 |
| Domestic consumption | 1.7 | 1.7 | 1.7 | 1.8 | 1.8 |
| Balance | 0.0 | -0.1 | -0.1 | -0.1 | 0.2 |

GRI 102-6

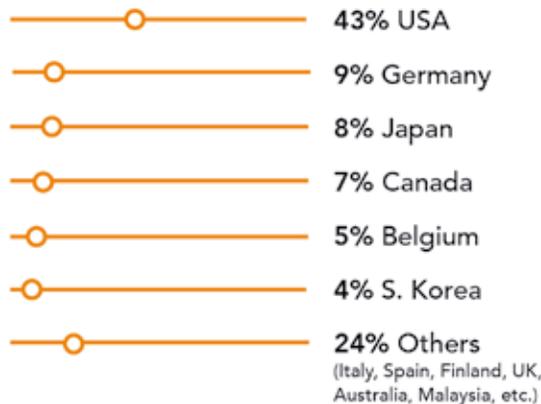
The increase in Colombian coffee exports was driven by growing demand in Germany, which contributed 18.9% to this increase, followed by the USA with 18.8% and Malaysia with 7.3%. The main export destinations were North America (USA and Canada with 5.9 million and 1 million bags respectively), Europe, with 4.2 million bags (mainly Germany and Belgium), and Asia, with 2.1 million bags (mainly Japan and South Korea).

EXPORTS BY DESTINATION



Source: FNC

EXPORTS BY DESTINATION COUNTRY



Source: FNC

Of all Colombian green coffee exports, the FNC exported 2.3 million bags, 1.2% down from the previous year, but remained the main coffee exporter in Colombia, also supporting the marketing of specialty coffee from various regions in the country.

Annual coffee crop value reaches COP 7.2 trillion (USD 2.2 billion) in 2019

Despite high volatility of international price, the high quality premium recognized to Colombian coffee and the depreciation of the peso against the dollar helped the domestic price recover.

Taking into account that on average 92% of production is exported, the behavior of the domestic price is mainly explained by the dynamics of three key variables: the coffee price in C Contract (NYKC, international price of washed arabica coffee), the quality differential for Colombian coffee, and the peso/dollar exchange rate.

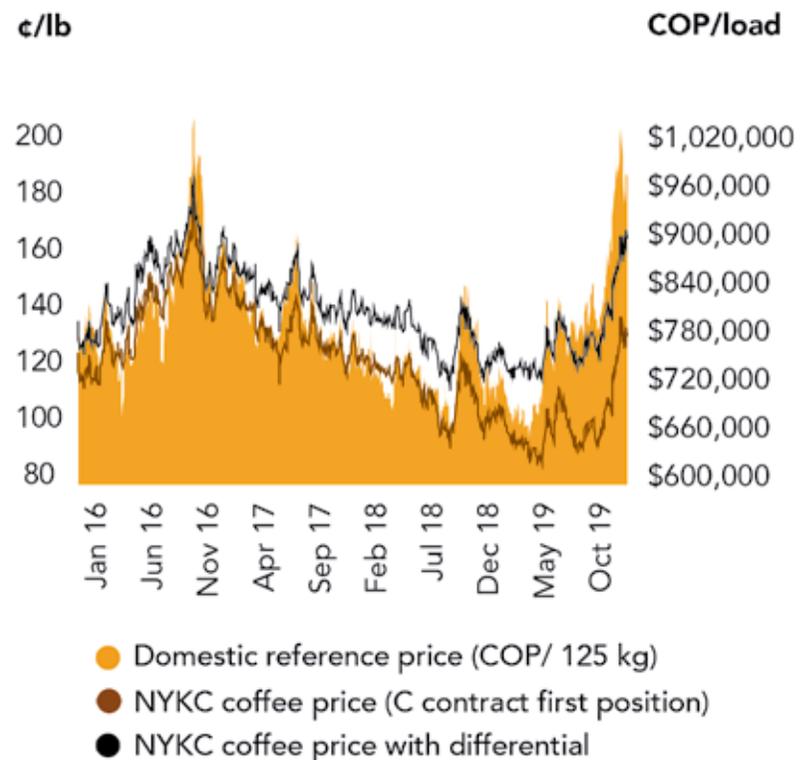
In 2019, the domestic price showed a downward trend until April, when it reached a low of COP 655,000 per load of 125kg of dry parchment coffee (dpc), and recovered throughout the year until reaching a high of COP 1,055,000 per load in December. This volatility is explained by the behavior of the international price

on the New York C Contract, which fell up to 20.8% (86.7 cents per pound, ¢/lb) in April compared to the same month of the previous year, and in December reached levels of 135.9 ¢/lb.

The downward trend of the C Contract price in the first months was explained by expectations of better weather conditions in Brazil, the devaluation of the Brazilian real, and speculative pressure with net short positions of up to 79,067 contracts in April. However, by late May, the coffee price recovered from concerns of frosts in Brazil and the liquidation of short positions, reaching ceilings of 135.9 ¢/lb in December.

In the third quarter, the price fell again due to devaluation of the real given uncertainty on the China-USA trade relations and reports that allayed fears of frosts in Brazil.

EXTERNAL COFFEE PRICE AND DOMESTIC REFERENCE PRICE (2015-2019)



Source: ICE, FNC.

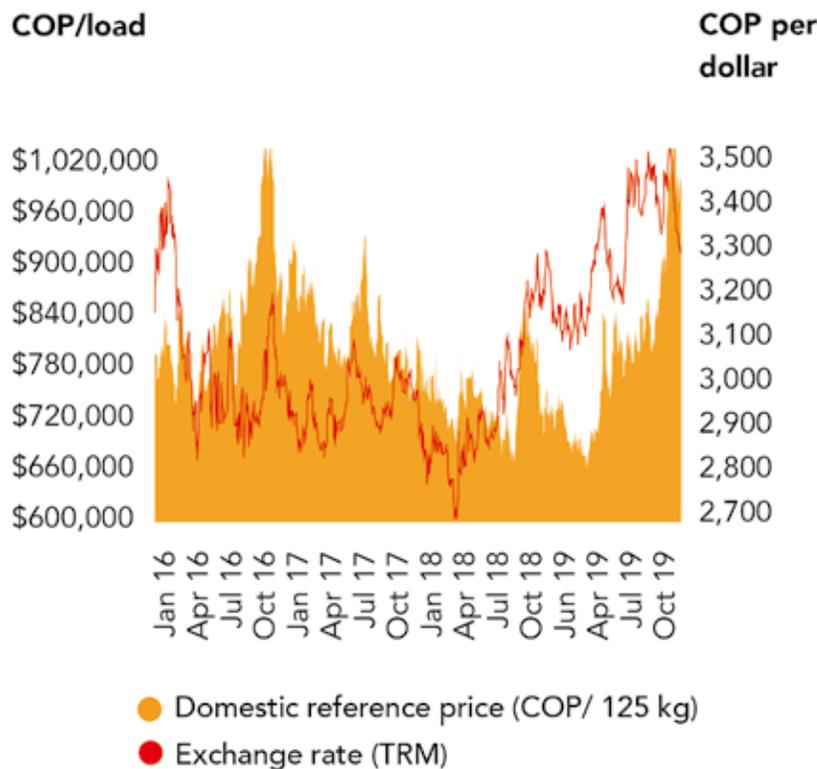
The Colombian coffee differential (UGQ) allowed the country's coffee growers to have a "buffer" despite the fall in C contract. The differential average value

in 2019 was 26.4 ¢/lb, equivalent to COP 165,996, about 21% of the domestic reference price, reflecting a recognition by international markets of high quality of our coffee. The gradual increase in the differential to 32 ¢/lb between May and December is seen as a compensation effect for low market prices.

The domestic price is also determined by fluctuations in the exchange rate. With a depreciation of the peso against the dollar, exporters' revenue increases. In 2019, the exchange rate depreciated sharply, reaching levels above COP 3,500 per dollar.

As of December, the domestic coffee price grew 37.3% compared to the same month of the previous year, a positive effect of the C contract price increase and the exchange rate depreciation. The year ended with an average reference price of COP 999,129 per 125kg load, which helped the annual crop value recover to **COP 7.2 trillion** (USD 2.2 billion), 15.8% up from the previous year.

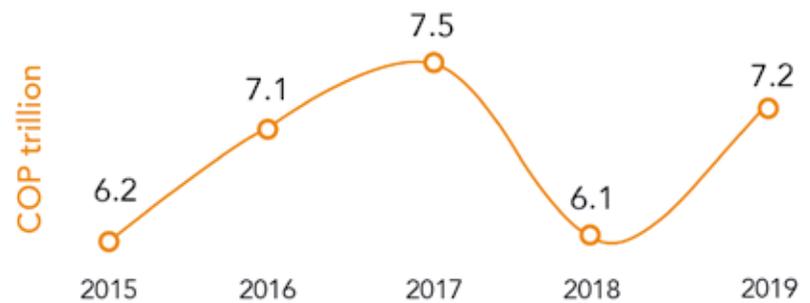
DOMESTIC COFFEE PRICE AND EXCHANGE RATE (2015-2019)



Source: Bank of the Republic, FNC

For analysts, what explains this behavior is the USA-China trade war, the projected exit of Great Britain from the EU (Brexit), the economic slowdown in Europe, and the fears of a global slowdown that have caused a capital flow from emerging economies to US Treasury bonds, seen as safer.

CROP VALUE



Source: FNC

Although international prices were historically low between March and May, Colombia maintained its production and increased its exports to 13.7 million bags. Thanks to commitment to quality that the FNC has led, Colombian coffee was recognized with a differential higher than that of other origins.

“The Colombian coffee premium on the New York market is historical, it is almost over 35 ¢/lb; they are paying this because we have also demanded that price.”

**Roberto Vélez Vallejo,
FNC CEO.**

GRI 102-2
GRI 102-4

Main activities of the FNC

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, with cash payment 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.

Value Chain



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

From farm to cup, FNC's commercial work improves income of producers

Integration of marketing activities is supported on its companies Procafecol, Buencafé and Almacafé and the network of 33 cooperatives; to consolidate markets and seek new high-value niches is a priority.

The FNC is committed to achieving an effective integration of the coffee marketing activities and strengthening its participation throughout the value chain, from farm to cup; an integration supported on the FNC companies – Procafecol, Buencafé and Almacafé – and the network of 33 cooperatives.

The marketing chain begins at the cooperatives, whereby the FNC makes the purchase guarantee effective, ensuring the purchase of coffee from producers at a transparent market price, in cash, and at places close to their farms. As of December, the FNC bought **204 million kg of dry parchment coffee (dpc) of 166 qualities** in 590 municipalities in Colombia, for export through the country's three main ports.

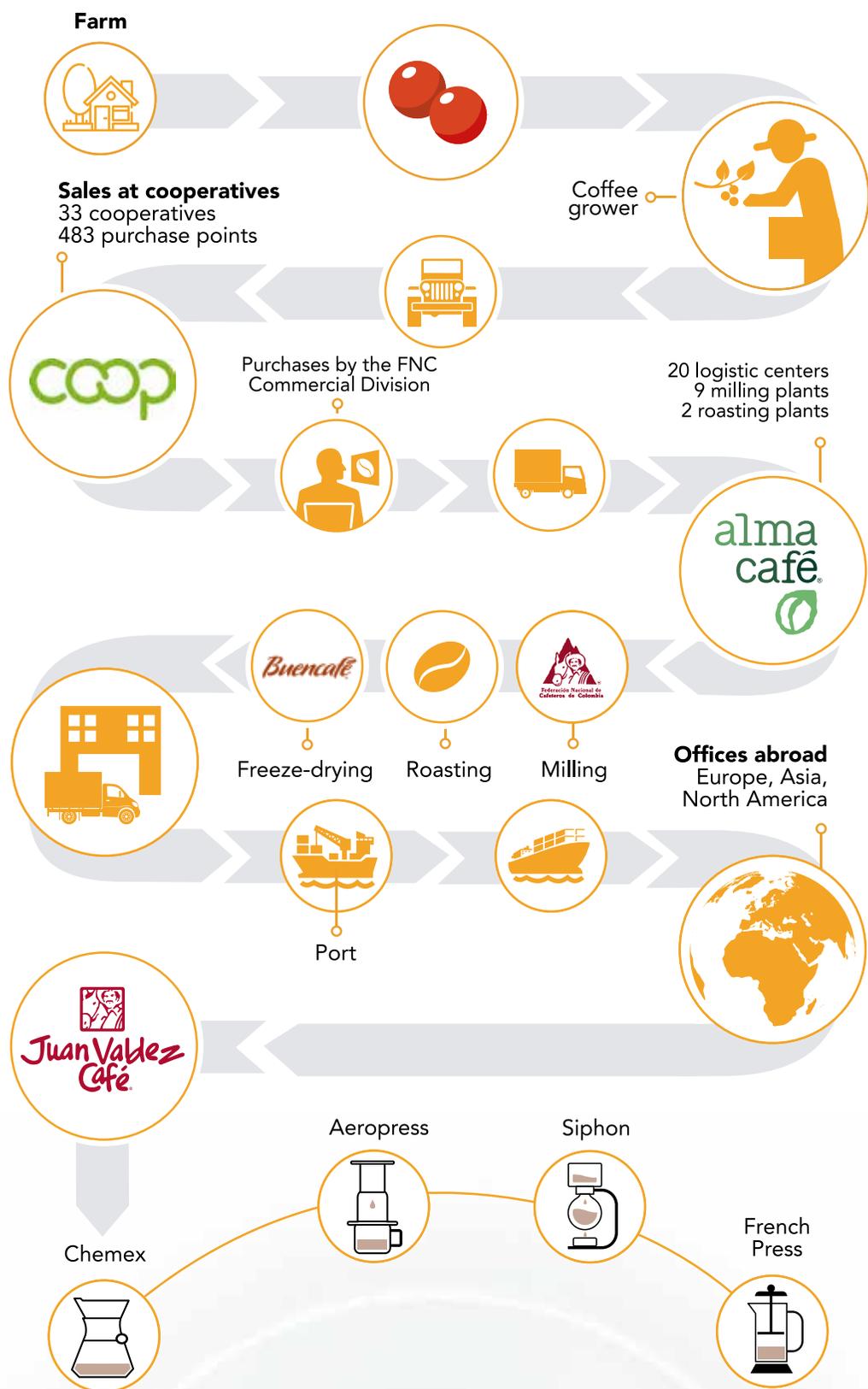
Coffee bought from farmers through the cooperatives is received at Almacafé, the FNC's logistics operator (with its 9 milling plants and 20 logistical centers), where coffee quality and safety assurance and transformation of the raw material take place.

The process continues at the Commercial Division, where, together with the offices abroad, strategies are developed to consolidate markets and seek new niches for the green and roasted coffee segments. As a result, **the FNC reached 182 customers and 53 countries in 2019.**

As part of the strategy to add value to Colombian coffee and producers, Buencafé Liofilizado de Colombia, the world's leading soluble coffee company and the only one with a social orientation, focuses on the premium segment of soluble freeze-dried coffee and coffee extract. With its Buendía brand, Buencafé is present **in about 35,000 points of sale and closed 2019 with sales of 12,836 tons of soluble freeze-dried coffee.**

The FNC product and service portfolio is completed with the value proposition of the Juan Valdez stores, which promote Colombian premium coffee and generate new consumption experiences nation- and worldwide. This year **452 stores and 7,621 points of sale** of the brand in supermarkets were reached.

From farm to cup



"Tim Hortons and the FNC are sister companies. We share values such as high social responsibility towards communities. The thread that links us is coffee. Tim Hortons is the leading roaster in Canada, with over 4,000 stores. The FNC is our strategic partner and Colombia, our main origin. We both are clear about the importance of coffee quality, and we work in our respective countries to improve it. The FNC plays a key role for the future of coffee farming in Colombia by improving quality of life of producers, productivity on their farms, coffee quality, and access to value-added markets. The future is promising; we can develop social and value-added projects to grow together."

Kevin West,
Coffee Operations Chief
Tim Hortons.



Lines of action of the commercial strategy

Better prices for producers, better quality and strengthened positioning

Through coffee marketing, the FNC contributes to **profitability** of coffee farmers with better prices and reduced costs, a strategy focused on better quality, innovation and logistical efficiency, for which three lines of action have been drawn:

1. To continue seeking better prices for producers



- ▶ To seek better prices through coffee marketing options for growers and customers.
- ▲ To develop commercial strategies aiming at greater coffee quality differentiation.
- ◀ To manage sustainable projects with a commercial approach.
- ▼ To consolidate markets and new niches that generate greater profitability for coffee farmers.

2. To improve quality by differentiating and innovating product portfolio and channels



- ▶ To develop new green, roasted and freeze-dried coffee products.
- ▲ To increase Buencafé's production capacity through new technology.
- ◀ To manage the Juan Valdez brand with new channels and increase sales in domestic stores.

3. To strengthen positioning of the Buendía and Juan Valdez brands

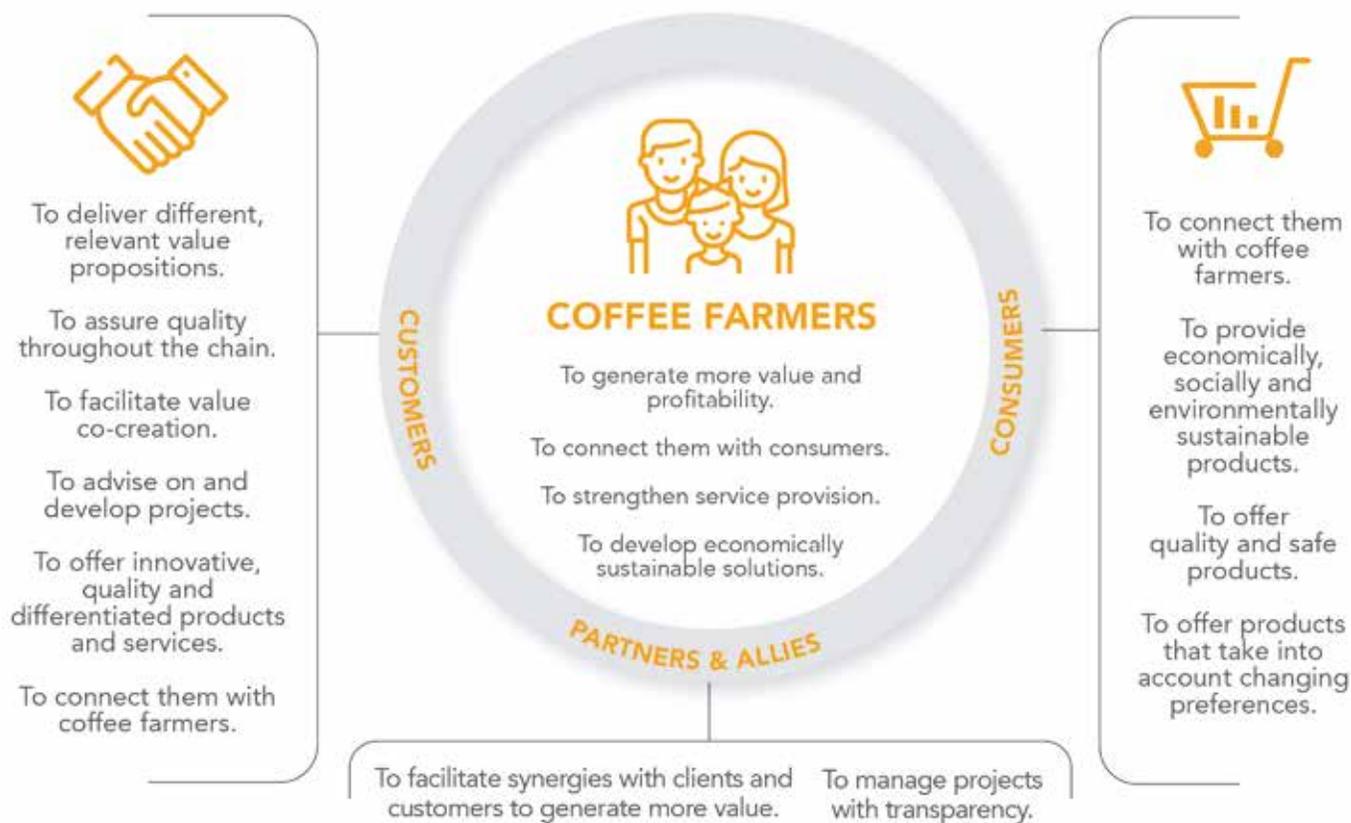


- ▶ To consolidate the Buendía and Juan Valdez brands through ad campaigns.
- ▲ To strengthen the Juan Valdez brand through participation in the World Barista Championship.
- ◀ To position Buencafé as a holistic supplier of coffee ingredients in the global industry.
- ▼ To encourage consumption of 100% Colombian coffee.

TO CO-CREATE INTEGRATED AND PROFITABLE SOLUTIONS, ENSURING EFFECTIVE AND RESPONSIBLE LOGISTIC CHAINS.

The integrated strategy of the FNC and its companies covers the entire value chain, from seed to cup, connecting producers with the market and understanding their needs and risks.

This strategy facilitates delivery of value propositions to customers, clients and stakeholders in a transparent, innovative and sustainable way.



FNC pays producers 10% more than reference base price

To continue seeking better prices for producers is the first line of action of the commercial strategy.

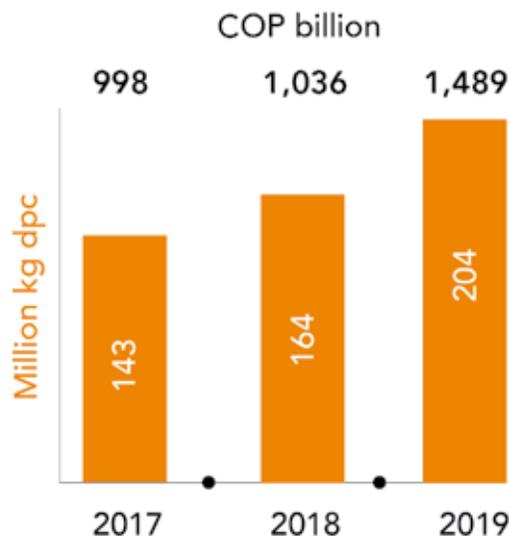
GRI 102-6
GRI 102-7
GRI 103-3

The purchase guarantee is based on the purchase and marketing of different coffee qualities in all regions of Colombia, in permanent search of the best price for producers and provision of better services.

The FNC participates in domestic marketing with a diverse portfolio of **15 programs and 166 products**, which translates into a purchase volume of **204**

million kg of dpc, 25% more than in 2018. As a result of this work, the FNC transferred on average 10% more than the reference base price, that is COP 78.6 billion (USD 24 million).

COFFEE PURCHASES BY THE FNC (2019)



Source: FNC, Commercial Division

GRI 103-2

Innovative marketing options strengthened

The first strategy within this line of action is to seek better prices by offering coffee marketing options to coffee growers and customers.

The tireless search of better prices for coffee farmers is one of the FNC's missionary tasks, for which it has worked on various marketing options: (i) coffee sales tools; (ii) fixed, remunerative quality-based prices, and (iii) purchase of farm low-grade coffee ("pasilla").

GRI 102-6

Coffee sales with future delivery exceed

72.5 MILLION KG

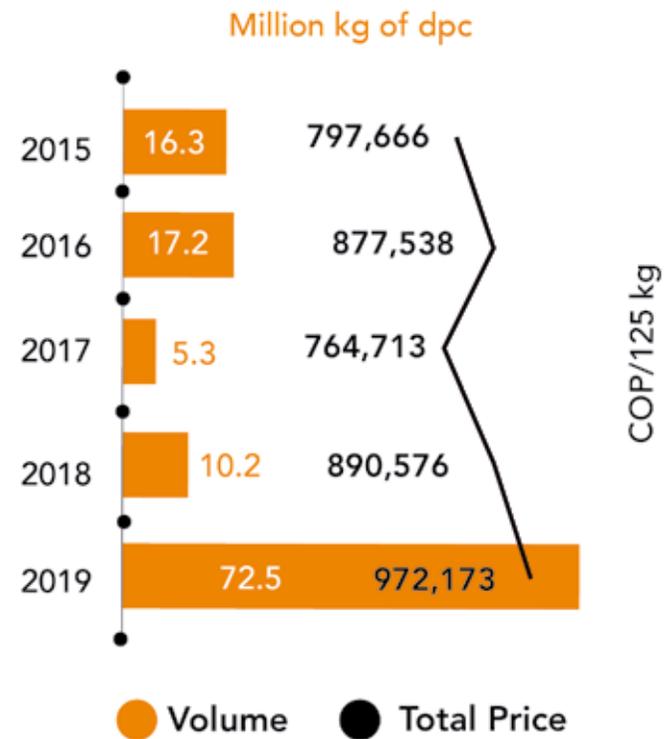
thanks to wide spread of tools for producers to sell their coffee.



This year a massive campaign began to spread the different sale modalities offered by the FNC to coffee growers at cooperatives. This initiative was developed through workshops, talks, trainings and physical material shared with all relevant actors in the chain.

As of December 31, the FNC's purchases of coffee sold with future delivery reached 72.5 million kg of dpc at an average price of COP 972,173 (USD 296.3) per load, a figure much higher than that in 2018 (10.2 million kg of dpc).

FNC'S PURCHASES OF COFFEE SOLD WITH FUTURE DELIVERY (2015-2019)



Source: FNC, Commercial Division.

1,000 people trained

6,029 Extension Service tasks

75,786 coffee growers

33 cooperatives

GRI 102-7

29,517 bags get premiums worth

USD 5.9 MILLION

thanks to the initiative of fixed, remunerative quality-based prices.

In 2019, the FNC redoubled efforts towards a marketing model whereby producers can cover their production costs and obtain profitability from the sale of their coffee. Thanks to the fixed price programs, 29,517 60-kg bags were sold at additional quality premiums of USD 5.9 million in favor of farmers' income.

GRI 102-6
GRI 103-3

Purchases of farm low-grade coffee

Another strategy implemented this year was the purchase of farm low-grade coffee ("pasilla"), which facilitates coffee farmer's delivery of coffee and "pasilla" at the same point of purchase. The purchase of farm low-grade coffee, which operates in Antioquia, Caldas and Huila, includes physical analysis and cupping, and payment is based on yield percentage. The correct wet milling and sale of "pasillas" help producers improve their profitability, hence the emphasis placed on their commercial promotion.

GRI 103-1

▲ Commercial strategies aim at greater coffee quality differentiation

In this strategy, cup profile-based purchase sessions and first auction abroad of 'Colombia, Land of Diversity' coffees were held.



Cup profile-based purchase sessions

As an innovative bet to improve marketing options and expand the product portfolio, the FNCCommercialDivision developed a mechanism for purchasing cup-differentiated coffees. With this portfolio diversification strategy, the sales team knows coffee quality and can offer it depending on profiles and preferences of each customer and market.

The aim of the cupping sessions is to find outstanding coffees to be marketed as regional blends with scores

between 84 and 86 in the SCA scale and exceptional microlots scoring 86+, which will receive a premium of COP 200,000 (USD 61). As a result, the FNC held 17 cup profile-based purchase sessions in 10 departments, complementing the purchasing mechanism based on Almacafé evaluations at national level.

In 2019, **213,103 kg of dpc** were purchased at an average price (paid when purchased) of COP 1,053,313 (USD 321) per load.

'Colombia, Land of Diversity' auction abroad

To improve producers' income, the FNC held the first auction abroad within the framework of the US Specialty Coffee Association (SCA) expo in Boston, Massachusetts, where the 23 best coffees of the 4th national coffee quality competition "Colombia, Land of Diversity" participated.

The highest bid was 54 USD/lb for the coffee of farmer Wilton Renso Benítez, from Caldas, 15 times the auction's base price (3.5 USD/lb) and almost 60 times the reference price of the New York C Contract on April 13 (90.4 ¢/lb). The weighted average price of the auctioned coffees was USD 10.62/lb, almost 11 times the market price.

1. 360 kg
54 USD/lb

WILTON RENSO

Caldas, Villamaría El Paraíso farm

2. 336 kg
35 USD/lb

DIEGO BERMÚDEZ

Caldas, Villamaría El Paraíso farm

3. 288 kg
12 USD/lb

ADRIANA BELTRÁN

Santander, Páramo La Laguna farm

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

"Collaboration between the Lavazza Foundation and the FNC confirms the close affinity of interests, including the commitment to improve well-being of producers and their communities, guarantee social development of coffee-growing families in Colombia, and raise environmental awareness to respond to effects of climate change. The FNC's experience in project development and its engagement with communities have made it a reliable partner to help us address the sustainability changes facing the coffee sector. We look forward to continuing mutual support and teamwork."

Giuseppe Lavazza
Vice President and
Director
Luigi Lavazza S.p.A.



◀ USD 4.26 million in sustainable projects managed with a commercial approach

For the benefit of over 28,000 producers in 8 departments.

The FNC Commercial Division and offices abroad continue to strengthen the management of investment projects in coffee regions, thanks to which clients such as Nespresso, Nestlé, RGC, Mitsubishi Corporation, Efico, etc., have invested about USD 3.6 million out of a total **USD 4.26 million invested in projects, benefiting over 28,000 producers in 8 departments.** Leveraging own resources, through this commercial approach in projects the FNC raised USD 4.23 million from external sources (community and other partners), including almost COP 3.9 billion (USD 1.2 million) from the FairTrade International FLO and FairTrade USA social premium.

On the other hand, the FNC facilitated the certification and/or verification of **233,840 farms under at least one sustainability standard**, which allows offering a broad product portfolio. In 2019, this sustainability, in addition to quality, allowed paying premiums worth COP 20.2 billion (**USD 6.2 million**).

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

▼ USD 20.8 million in premiums paid to coffee farmers

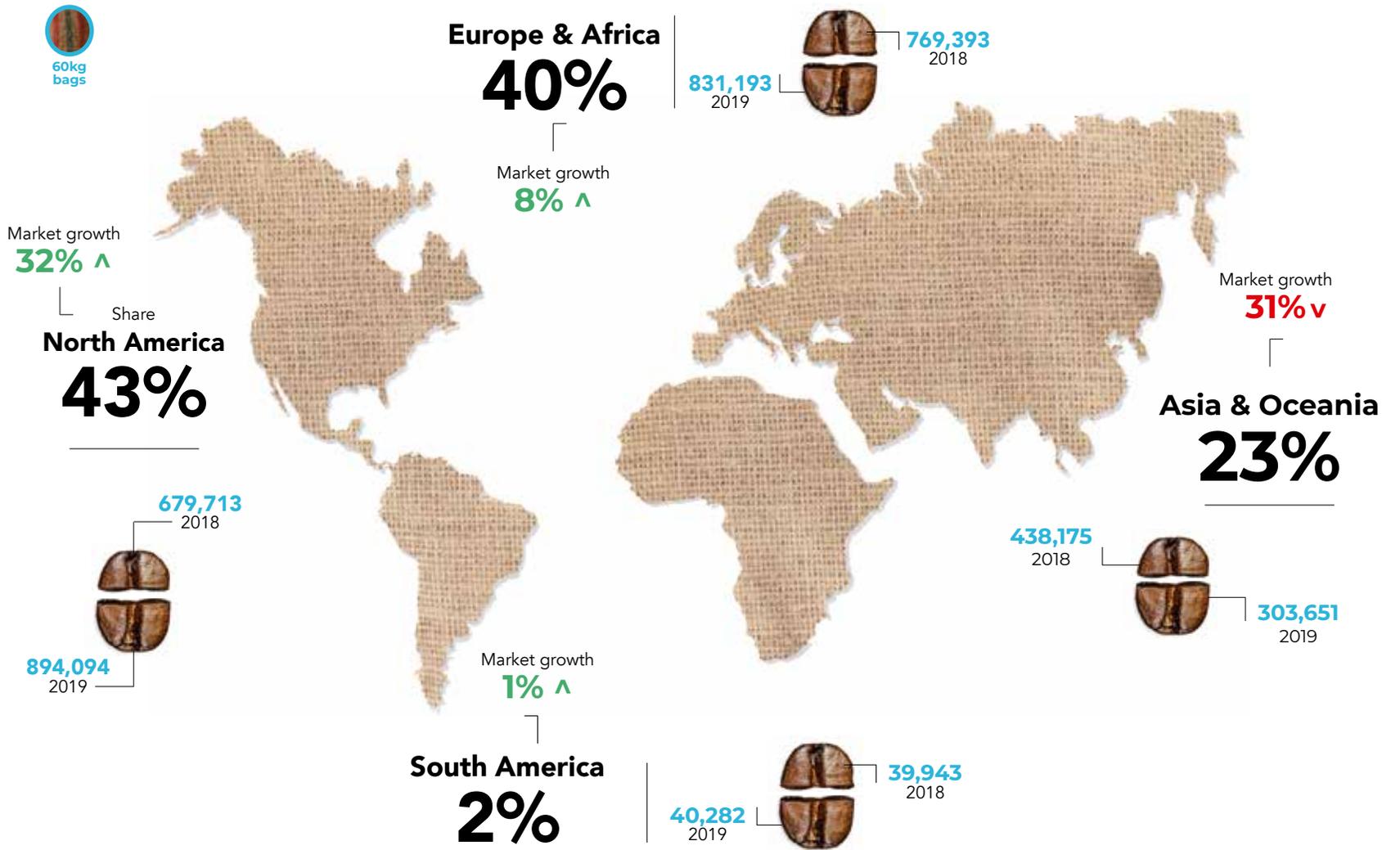
Thanks to consolidation of markets and new niches where the FNC has worked.

The FNC continues strengthening markets, looking for new niches, and expanding its portfolio with customers that generate greater profitability for coffee farmers. So, market coverage expanded to **49 countries** compared to 45 in 2018, and commercial relations have been built with **146 customers**, of which 16% are new.

GRI 103-3

This strategy, supported on a highly differentiated portfolio focused on quality, allowed the FNC's sales volume to increase 7.4% from 2018. And the commercial work allowed reaching USD 20.8 million in premiums from additional sales in favor of coffee growers' income, including the strategy of fixed, remunerative quality-based prices.

Share and growth of FNC green coffee sales



5 NEW MARKETS



FNC TOTAL GREEN COFFEE SALES



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

Buencafé sells 12,836 tons in 2019, 1.6% up from 2018

Buendía consolidates as the fastest growing brand in the country.

The Buencafé freeze-dried coffee factory consolidates its strategy and expands market coverage, closing 2019 with 12,836 tons sold, 1.6% more than in 2018. The volume of sales of the Buendía brand grew double-digit in Ecuador and Colombia compared to 2018.

According to Nielsen, it was the soluble coffee brand of fastest growth in the country, with a 5.3% share in value terms thanks to development of new customers, commercial activities, and promotion in digital and mass media.



SALES VOLUME SHARE BY MARKET



Source: FNC, Commercial Division

Eastern Europe: Being the most important market, customers were provided with continued support in expanding the product portfolio, and current businesses were consolidated. By attending expos in the UAE, the first business in Jordan was done, and Saudi Arabia showed progress as a market.

Western Europe: Partnerships with local companies were built to boost coffee extract sales, and first sale of functional products was made. Customer development with freeze-dried product with micro-ground coffee.

Asia: Due to high growth potential, models were explored to boost sales in China. A marketing agreement is being perfected in Japan, and products are being developed with a major regional customer.

North America: Strengthened relationships with recognized roasters in Canada and supermarket chains in Mexico and USA. Businesses were opened up through a new flexible packaging portfolio.

South America: This market shows high, dynamic growth thanks to a diversity of customers. The supply of packaged products adds value.



Innovative portfolio, better technology, more production and new channels improve quality and profitability

To improve quality through differentiation and innovation in the product portfolio and channels is the second line of action of the FNC's commercial division, which translates into greater profitability for coffee growers.

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

▶ FNC portfolio offers 12 new products

Developing new green, roasted and freeze-dried coffee products is the first strategy within this line of action.

As to innovation as a condition for growth, collaboration with producers and customers for developing new products was strengthened. This work allows closer connection of Colombian coffee growers with consumers through 12 new products.

WE RENEWED

Microlot portfolio

Geisha-Norte de Santander, Geisha Honey-Nariño, Yellow Bourbon Natural Anaerobic-Nariño, Castillo Honey-Cauca.



Under this new presentation (bottle can), Emerald Mountain wants to reach young people, who prefer enjoying their coffee cold at different times of the day.

WE SUPPORTED

Origin and quality coffee for the Japanese market through the BOSS product, the result of an alliance between Suntory and Mi Cafeto.



High-quality product for home consumption that highlights the select and smooth character of Colombian coffee and is certified by the Japanese expert Yoshikai Kawashima (Coffee Hunter).

This collaboration product with Starbucks and Nespresso targets home consumption with 100% recyclable capsules.



A TIERRA is a versatile, Rainforest-certified product aimed at consumers who care about origin, sustainability, and quality.

WE REACHED

A new segment

Roasted coffee for 100% Café de Colombia private labels. We are a solution for new and current green coffee customers who want Colombian roasted coffee, adding value to growers.

Emerald Mountain Café Capital was included in the Takashimaya store's exclusive product catalog, launched in Japan's gift season.



For closer connections with end consumers, Buencafé and Juan Valdez built a multi-channel and innovative portfolio that is present on different consumption occasions and provides the best fresh coffee experience. These new products embody a tradition that dates back several generations around a perfect cup of coffee.

WE LAUNCHED

Special Editions



Commemorating 200 years of the Battle of Boyacá, this product has balanced flavor, medium acidity and medium body. Its ripe peach notes create a pleasant and long aroma.

This product pays tribute to the effort, passion and dedication of leading female coffee growers. This coffee of medium-high acidity and pronounced herbal notes was harvested by eight female heads of household in Curití, Santander.



The best coffee, with all the power of natural ginger! A unique product in flavor, aroma and character by incorporating flavor and intense fragrance of ginger into 100% Colombian coffee. It is a bet to enter the functional products market.

WE REACHED

A technology that will offer a family of products that will surprise the world.

SENSORIA allows new luxurious, splendid and elegant cup profiles. It achieves perfect natural acidity, pronounced body, and deep character that give a genuine sensation of freshly brewed coffee.



The institutional channel through vending machines and partnerships with companies such as WeWork, Banco de Bogotá, Éxito Express, Carulla, Transmilenio, and the Presidency of the Republic.

The supermarkets channel through multi-sensorial cupping stands to turn consumers into coffee connoisseurs.



▲ Buencafé's production capacity and portfolio increase with new technology

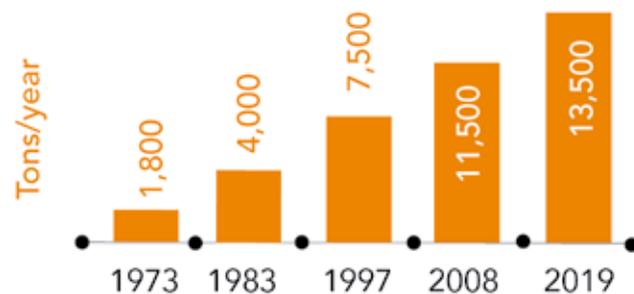
GRI 103-2

Aiming at sustainable, value-added marketing, Buencafé increased its production capacity and portfolio of differentiated products through a new technology, aspiring to be a global benchmark in premium soluble coffee.

A new technology is just a new way of making craftsmanship better



PRODUCTION CAPACITY



Source: Buencafé

Juan Valdez sales grow 13.7%

Thanks to new channels, more stores, higher sales and innovation in brand moments. Since its creation in 2002, Procafecol has transferred royalties of over COP 125 billion (USD 38.1 million) to the FoNC.



In 2019 sales of Procafecol and its subsidiaries grew 13.7% in an environment where the domestic market grows 10.7% and the international one 34.7% (in COP). Domestic market growth is explained by: 1) performance of comparable stores, 2) opening and relocation of new stores, 3) innovations and brand moments, and 4) marketing strategies for the institutional channel and supermarkets. As to the international market, an intensive commercial strategy was focused on countries and consumer education activities, strengthening relationships with distributors and brand exposure.

| STORES | RETAIL | INSTITUTIONAL |
|----------------------------------|--------------------------------|--------------------------|
| I N T E R N A T I O N A L | | |
| 138 Stores | 8,001 Points of sale | 1 Airline |
| 14 Countries | 26 Countries | 1 Cruise line |
| 4% Sales share | 10% Sales share | 1% Sales share |

Source: Juan Valdez stores

Since its creation, the company that manages the brand and chain of stores Juan Valdez **has transferred royalties of over COP 125 billion (USD 38.1 million) to the FoNC**, which finances the public goods and services that benefit all of producers. In 2019, royalties reached **COP 19.7 billion** (USD 6 million).

| STORES | RETAIL | INSTITUTIONAL |
|-------------------------------|---------------------------|------------------------------------|
| C O L O M B I A | | |
| 318 | | |
| 260 Own | 58 Franchises | 958 Points of sale |
| | | 199 Clients |
| 23 Openings 2019 | 35 Clients | 167 Own vending machines |
| 10 Relocations 2019 | 4 New in 2019 | |
| 69% Sales share | 13% Sales share | 3% Sales share |





Positioning of Buendía and Juan Valdez brands is strengthened

Innovative campaigns promote brand consolidation

The coffee of a whole country

Colombians were captivated through the campaign "The coffee of a whole country," seeking to connect with Colombian and coffee pride, and activating the sense of belonging. The campaign reached 9 million people in mass media such as TV and over 10 million in digital media, with 22 news pieces in the country's main media outlets.



Un Buendía se te nota

The campaign (You look having a Buendía), which started in 2018, continued in 2019 through different media, such as: TV, radio, print, movies, and digital.

On the other hand, to position Buencafé worldwide as a holistic supplier of 100% Colombian coffee ingredients, the campaign was kept active in international media specialized in the coffee segment, with 15 ads and 3 articles about the new product portfolio. The company also kept its digital channels active throughout the year: website, LinkedIn and blog.

▲ Juan Valdez takes part in the World Barista Championship



Colombian coffee reached the World Barista Championship through the national champion Joanni Largo, who used Tolima origin to present a soft drink with raspberry notes, sweet fruity aroma, and medium-high acidity.



▼ Participation in fairs and events encourages 100% Colombian coffee consumption

Additionally, in 2019 we participated in over 20 commercial and union events where Buencafé was presented as a holistic supplier of coffee ingredients, as well as workshops and training on coffee and preparations.

This year the Guinness record event for the world's largest cup of coffee was held in Chinchiná, Caldas: over 2,000 people gathered for drinking coffee, an event that had a great national and international coverage and gave great visibility to the Buendía brand and Buencafé.

◀ Buencafé is positioned as holistic supplier of ingredients in the global industry

GRI 102-6
GRI 102-7



Since 2013, Buencafé has developed projects with the Colegiatura Colombiana to inspire new consumption moments and use its products in different preparations.

This year, 40 drinks were developed based on trends that will define consumption habits in 2020 and will contribute to increasing consumption among young people (children, youth and young adults).



GRI 103-2
GRI 103-3

To be ahead of uncertainty with innovation: a marketing challenge

The FNC will continue implementing its strategy in a consistent and responsible manner, managing greater and better opportunities to strengthen coffee growers' income through better services and developing modern and innovative value propositions for customers, clients and stakeholders.

In 2019 its Commercial Division identified the following challenges:

- To increase coffee purchasing in the regions.
- To increase purchases of coffee sold with future delivery.
- To generate greater efficiencies in the supply chain.
- To increase microlot sales.
- To consolidate remunerative price schemes with strategic customers and clients, with an emphasis on quality.

Given that 65% of the North American consumers perceive Colombian coffee as of high quality according to the National Coffee Association (NCA), we must continue focused on increasing quality coffee exports.

The Europe office seeks to open up new markets of growing purchasing power that follow consumer trends in mature markets in Europe, Africa and the Middle East. Furthermore, it is essential to continue positioning ourselves in the specialty coffee segment

in the Asian industry and establishing a direct dialogue with roasters and their traders to propose projects that add value and allow being competitive, and to position more high-quality Colombian coffee versus other origins.

To continue the 2019 trend, **Buencafé** projects a sustained 2% growth rate, higher than the world's 1.4% growth, which will allow to:

- Focus on the sale and marketing of new added-value product lines.
- Innovate in products, packaging and business models.
- Strengthen commercial offices abroad.
- Enable online sales channels.
- Internationalize the **Buendía** brand and support initiatives that make Colombians fall in love with Colombian coffee.

In the coming years, Juan Valdez expects sales to grow at double digit, with higher profitability. The goal is to be the world's most recognized Colombian brand for achieving healthy growth and sustainable impact, generating shared value to coffee growers, employees, consumers, shareholders, and commercial allies.

- To **strengthen the brand**: with innovations and communication.
- To **consolidate the domestic market**: bringing the brand to more Colombians.
- To **grow at an accelerated rate in the international market**: with an emphasis on Latin America and North America.
- To **adopt a business culture**: starting a digital transformation, strengthening organizational health, and integrating the sustainability model into the business.



Almacafé revenues grow 18% for customers other than the FNC

Thanks to diversification. It is the result of co-creating integrated and profitable solutions that ensure effective and responsible logistic chains.

SERVICE PORTFOLIO



Source: Almacafé.

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

With Almacafé's new value strategy, new initiatives and processes were developed to leverage fulfillment of objectives of the four coffee-related sectors, continuing segmentation as a commercial strategy, seeking to deliver greater value and business sustainability:



Specialized coffee services: This line covers milling (within the required standards), roasting (with advice on product design, packaging, and storage), and coffee quality assessment (ensuring the Colombian coffee standard). As of December, cross-sales to 5 customers were made based on the current 67, and 22 new ones were added.

Agribusiness: Almacafé provides agricultural inputs such as plant nutrients, fertilizers, and extracts for crops. With 22 customers for fertilizers and agricultural products to date, 6 new businesses have been served including mills, agro-inputs and cocoa, mainly.



Industrial: Support through provision of machinery and equipment. It is the most diverse sector, with 14 customers from different industries, including 6 added in 2019 with products such as polyethylene, plastic, pipes, and construction materials.

Mass consumption: With purchase management, storage, distribution and shipment services, it supports companies that produce household consumption goods. There are currently 30 customers in this segment. In 2019, the integrated export operation was consolidated, including the storage service in Ipiales, and national and international transport for Procafecol through partnerships with Maersk and Alpopular; 9 new businesses were achieved with products such as roasted and ground coffee, wines, food and beverages.



The commercial year resulted in 18% more sales in provision and integration of logistic services to customers and clients other than the FNC compared to the previous year.

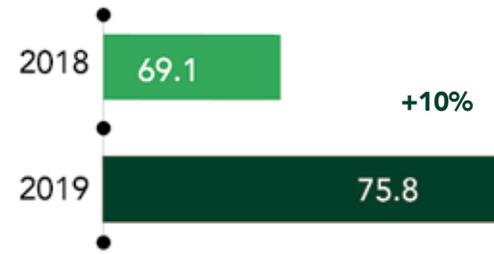
REVENUE FROM OTHER CUSTOMERS (COP BILLION)



Note: Does not include services provided to the FNC-FoNC.

Source: Almacafé.

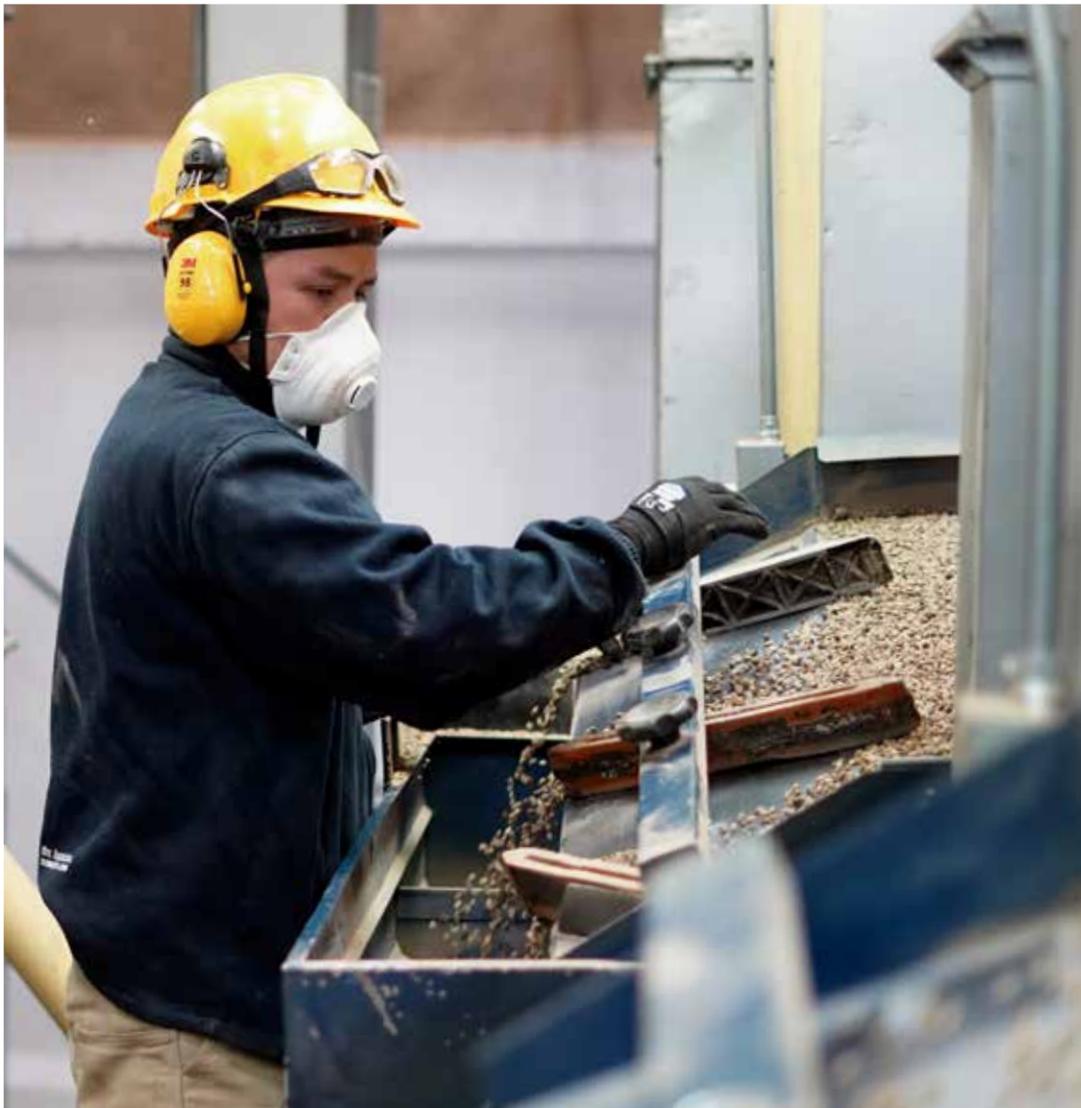
REVENUE 2018 VS 2019 (COP BILLION)



Note: Includes services provided to the FNC-FoNC.

Source: Almacafé.

At the end of the year, diversification contributed to the company's total revenue of COP 75.8 billion (USD 23.1 million), 10% more than in 2018.



Almacafé's commercial and logistic challenges ahead

To consolidate the commercial strategy by 2020: The goal in commercial management is full implementation of the strategy, incorporating the target sectors and appropriating the best practices in sales management.

To incorporate the integrator system for the purchasing management service: Having a 4PL integrator is a challenge that will allow us to automate and deliver greater value to our customers and clients. The goal is to serve them with this tool by the end of 2020.

Authorized Economic Operator (AEO) - Customs Agent User: To close gaps regarding the best practices required by the DIAN (customs authority); we hope to achieve the AEO authorization in 2020.

Expos abroad, a great showcase for 100% Colombian coffee

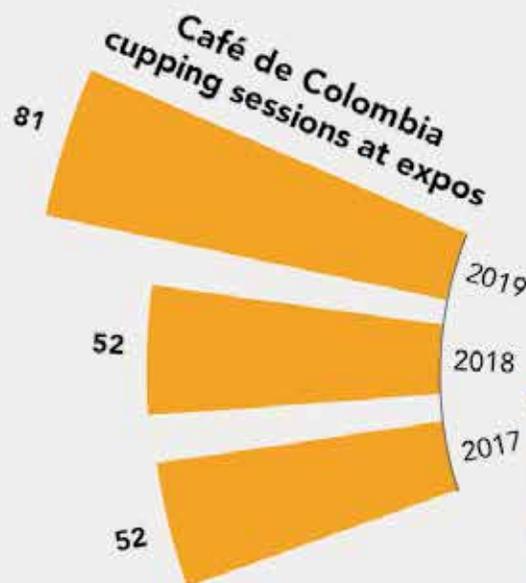
The number of participations, cupping sessions and cups served is increasing, which in turn generates greater business opportunities and builds closer bonds with high-value markets.

Café de Colombia creates commercial platforms that make the brand visible, generate business opportunities and develop emotional and rational links between buyers and producers in the long term.

These strategies facilitate the participation of coffee growers in international expos with minimal investment, since Café de Colombia provides the infrastructure needed to do business and hold coffee cuppings and tastings. This enables to continue positioning Colombian coffee as the mildest in the world, showing the country's great diversity of profiles. The main guideline for taking part in international expos is to open the Café de Colombia booth as **a space of and for all the country's coffee growers.**

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

No. international expos with participation of Café de Colombia



Cups of Colombian coffee served at expos



Source: FNC, Marketing Directorate.



In 2019 we structured a partnership with ProColombia, creating spaces where the brand normally would not be present due to budget restrictions. This has enabled Café de Colombia to be present in tourism, export and foreign investment expos around the world. So, with ProColombia, Colombian coffee continues to be positioned as the best in the world. In 2019, through this partnership, we attended **28 events**, the coffee tasting bar being the focal point of the country-brand booths.



Annual domestic coffee consumption is 1.8 million bags, still with potential to grow

New narratives and promotion strategies help Colombians understand and value unique coffee attributes to encourage domestic consumption and positively impact producers.

Café de Colombia created a story to reinvent Colombians' imaginary about their flagship product. This story moves from images and situations typically associated with coffee and brings the brand and the product to a territory close to new generations: millennials and centennials, target audiences of the campaign for being the new purchasing power and in age ranges where their consumption habits can be influenced.

To strengthen international presence is one of the challenges: The main challenge for 2020 is to maintain brand presence and participation in expos with fewer resources.

Although reduced participation in expos is imminent, the events we will attend will be the most relevant in the industry in order to keep our strategy and increase profitability of coffee growers.

The resources invested will focus even more on building direct connections between coffee growers and buyers to continue raising awareness throughout the industry and achieve better income for producers and shared responsibility of the whole chain.

International consumers will continue to be educated on quality, Café de Colombia's unique attributes, and the importance of choosing brands whose mainstay is producers' economic sustainability.



All Colombians know that Café de Colombia is deemed the best in the world. However, most don't know why it receives this distinction. With the communication strategy, Café de Colombia seeks to educate Colombians about the product and thus generate both economic and emotional recognition that impacts coffee growers' work, highlighting 100% Colombian coffee quality and attributes and the importance to choose brands that support Colombian coffee farming.

Annual domestic coffee consumption in Colombia is **2.2 kg per person**, 2.9 times less than per capita consumption in Brazil, the producer country with highest per capita consumption, 6.4 kg per person. This shows the great potential that Colombia still has to increase its per capita domestic consumption, taking advantage of the continuous growth it has shown in recent years.

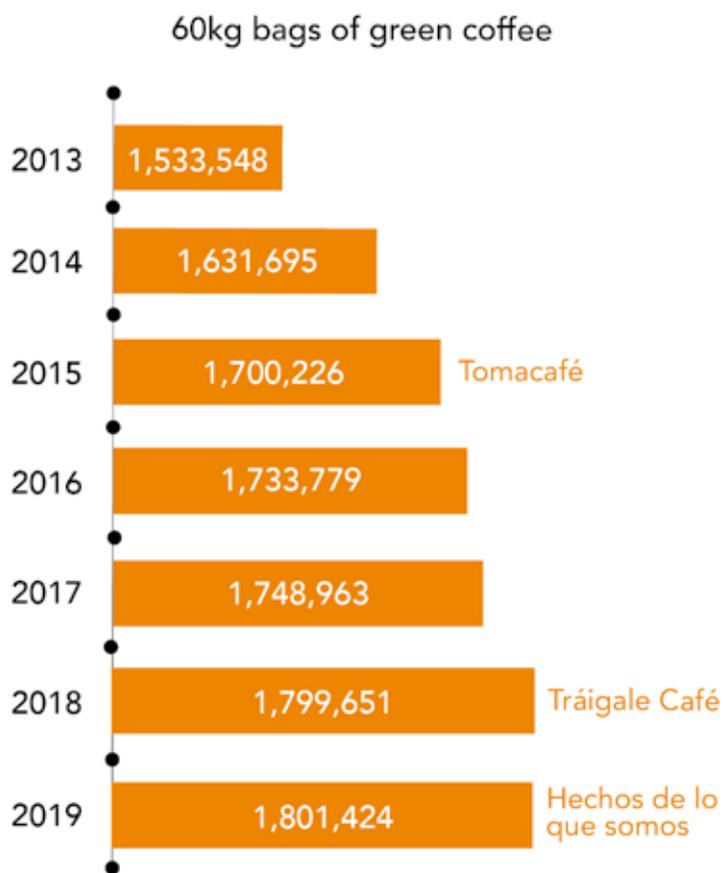
health, diversity of origins, flavors, preparations and innovation).

2. Educational campaign with the Café de Colombia logo on packaging to ensure and guarantee consumers that the product is 100% Colombian.

3. Training of coffee growers/roasters on the importance of being certified with a Denomination of Origin and being part of the Brand Licensing Program.

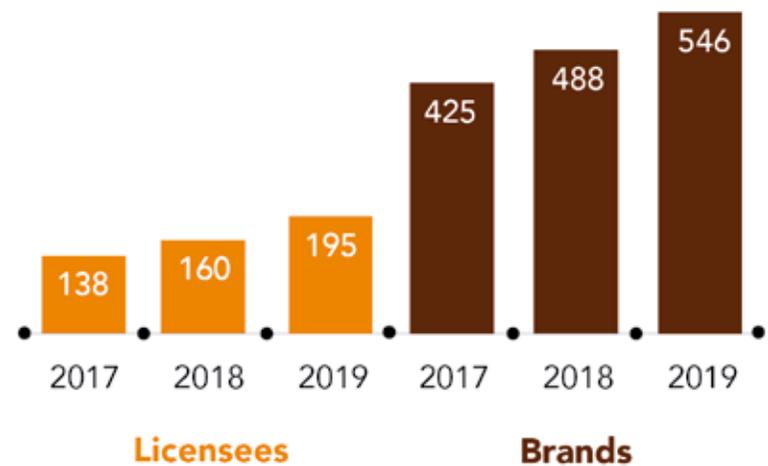
4. Nationwide activities targeting multipliers in the coffee industry (baristas, judges, roasters, cup tasters, etc.) to get closer to end consumer.

DOMESTIC CONSUMPTION



Source: Raddar, FNC Economic Research.

100% CAFÉ DE COLOMBIA PROGRAM



Source: Marketing Directorate, FNC.

To encourage consumption of 100% Colombian coffee, the following actions have been taken:

1. An online educational platform (realacademiadelcafe.com), whose curriculum design addresses various subjects (history, culture, coffee and

Higher consumption, a challenge ahead. Challenges and goals for the future include:

1. The online platform will be brought to a more experiential level, where people can interact with information. Quality coffee consumption is directly related to product tasting.

2. Increasing the number of Café de Colombia licensees and achieving a greater supply of 100% Colombian origin coffees in the domestic market.

3. Nationwide continued activities to strengthen knowledge of multipliers and therefore bring end consumers closer.

The FNC's main goal is to keep the increasing coffee consumption trend, reducing imports for a greater supply of 100% Colombian coffee.

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

Productivity reaches 21.4 bags/ha and density, 5,243 trees/ha, the highest in history

The strategy "More agronomy, more productivity" continues improving the main coffee farming indicators, including use of resistant varieties and age of coffee plantations.

The Extension Service has focused its work on improving productivity and profitability of coffee growers through the strategy "More agronomy, more productivity," which includes eight agronomic practices that coffee farmers must correctly implement:

1. **Planting of resistant varieties.**
2. **Renewing or planting at correct times.**
3. **Planting of known-origin seedlings.**
4. **Correct planting density.**
5. **Adequate renovation cycles.**
6. **Appropriate soil acidity.**
7. **Correct crop nutrition, and**
8. **Adequate brightness.**

Higher productivity improves coffee farmers' income

As coffee farmers correctly adopt these 8 agronomic practices, they will improve coffee production systems on their farms, productivity, income and profitability, as long as they rationally manage production costs.

Colombia has shown steady growth in productivity, from 11.4 bags of green coffee per hectare in 2010 to 21.4 bags per hectare on December 31, 2019.

This is the result of high resistant variety adoption rates, younger coffee crops, the highest average density in history, and adequate renovation rates close to the technical optimum, with the support of coffee crop health surveys to reinforce technical messages and extension campaigns. For the latter, the farm visit method was strengthened to encourage adoption of the "More agronomy, more productivity" strategy.

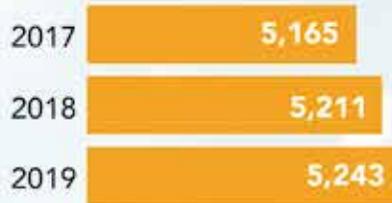
**Extension Service tops
1.8 million farm visits**

GRI 102-6

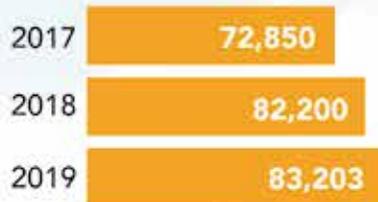
These results have been achieved thanks to wide dissemination, at country level, of the "More agronomy, more productivity" strategy by the Extension Service, which has focused on it. Equally important were continued support by Cenicafé and its delivery of scientific knowledge and new technologies, the Extension Service's coffee farming knowledge based on the Coffee Information System (SICA), reduced gaps in all critical productivity variables, and programs to support renovation, a practice that contributes to reducing average age.

'More agronomy, more productivity' indicators

Planting density (trees/ha)



Renovation by cutting ("zoca"), by planting and new plantings in ha



14.2 million bags of coffee on average for five consecutive years, something unprecedented in Colombian coffee farming.

Coffee farming productivity in Colombia

60kg bags of green coffee/ha



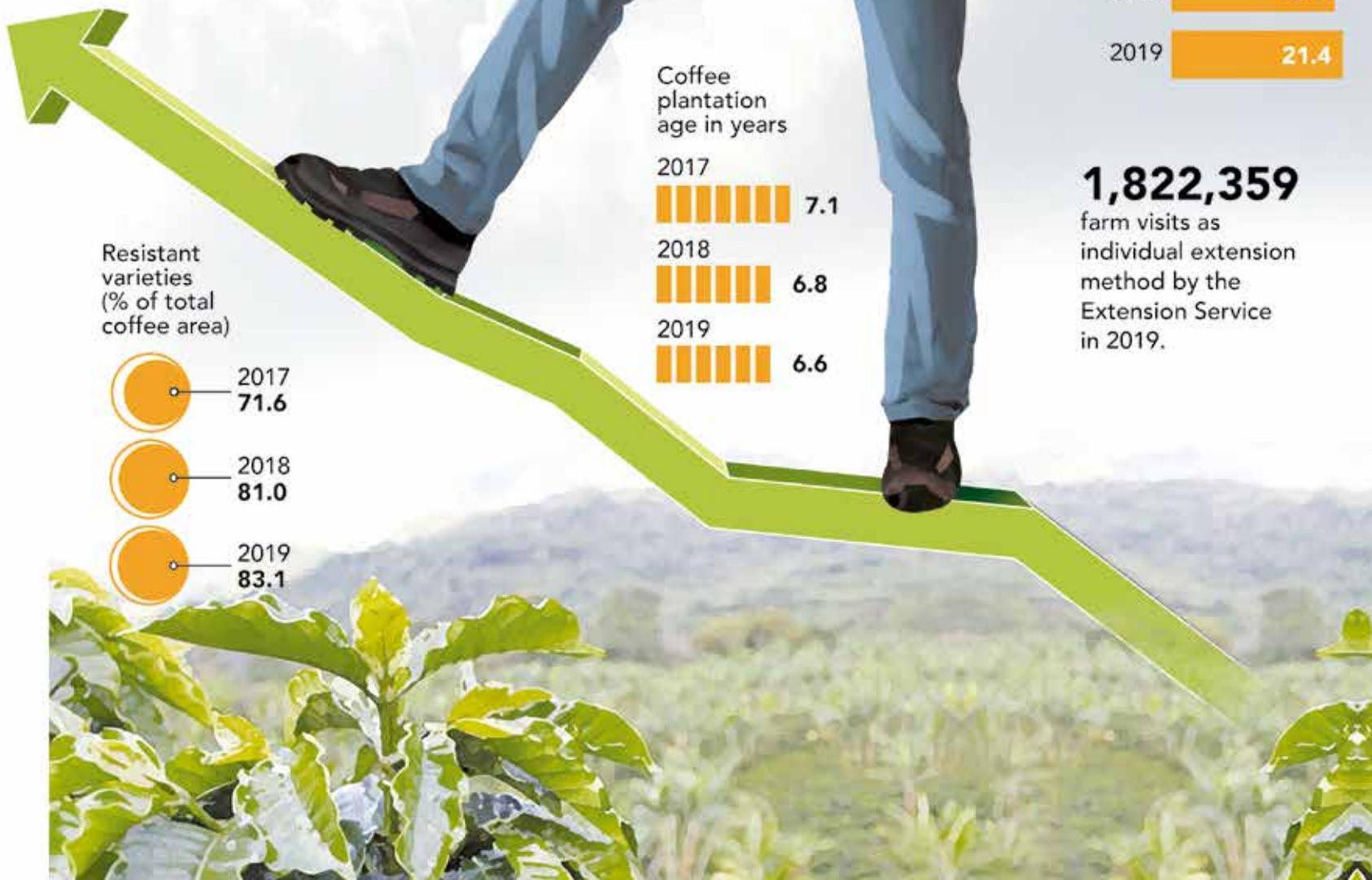
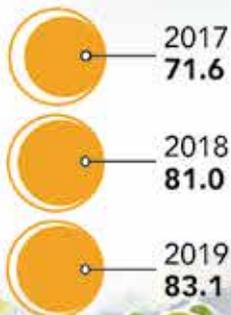
1,822,359

farm visits as individual extension method by the Extension Service in 2019.

Coffee plantation age in years



Resistant varieties (% of total coffee area)



The Extension Service encourages adoption of these agronomic practices. From 2015 to December 2019, the farm visit as individual extension method has had greater emphasis, with **1,822,359 visits**. In group methods, there have been **209,149 activities** in the same period, with an emphasis on "More agronomy, more productivity." The coffee crop renovation programs with incentives have been a great stimulus for this activity.

From January to December 31, 2019 there were **197,610 farmer visits to offices and 417,619 farm visits**. In group methods, there were 41,150 events with 651,558 coffee growers, meetings being the most used method with **22,714 activities and 314,513 coffee farmers**.

Because of all this, harvest volumes of over 13.5 million coffee bags have been reached for five consecutive years, **with an average of 14.2 million bags**, something unprecedented in Colombian coffee farming.

The Business Management Program was focused on two components: group training in farm management and 2000 Farms Plan. For the former, the Extension Service formed 2,000 groups of coffee growers and held three activities (i. Annual coffee budgeting, monthly cash flow and financing; ii) Farm diagnosis and action plan, and iii) Renovation-production stabilization plan). For the latter, nearly 2,000 coffee growers were involved, who, in a joint work with the Extension Service, provided economic information on their farms, administrative costs and expenses, technical-economic indicators of their coffee crops, and production records.

Challenges ahead & associated goals

Future challenges of coffee farming are to achieve **90%** of the area cultivated with resistant varieties, average age under **6.5 years**, planting density of over 5,500 trees per hectare, and annual renovation rates close to **20%** of the country's coffee area (promoting a greater number of coffee lots per farm).

Average productivity is thus expected to reach **22 bags** of green coffee per hectare, with stable harvest volumes of **14 to 14.5 million bags** of green coffee per year.

It is necessary to promote greater use and application of soil analyses as a key tool for adequate nutrition and to spread the components of assisted coffee harvesting: selective handpicking with meshes on the ground and use of selective shaking machine.

"I thank the Extension Service of the Manizales Coffee Growers Committee for the advice they give me, focused on resistant varieties, planting density (as I manage my farm, with over 7,000 trees per hectare), timely fertilization, weed control, and proper management of pests and diseases such as CBB and rust. Thanks to this, I have managed to take my farm forward and achieve good production results."

Joaquín Arias,
coffee farmer in
Santa Rita rural
district ("vereda")



Cenicafé strengthens strategy 'More agronomy, more productivity'

It shows important progress in pest and disease management, efficient use of inputs and labor, coffee quality, wastewater treatment, and adaptation to climate variability.

To achieve sustainability of profitability over time, it is necessary to strengthen mainly those components that result in higher productivity per hectare, lower production costs and higher added value to dry parchment coffee in quality terms.

This must generate a technological change in coffee growers, with innovations in production processes based on reliable, repeatable and viable results, and short-, medium- and long-term scientific research tested in the different conditions of coffee production in Colombia.

R&D translates into higher productivity and profitability

Scientific and technological advances give competitive advantages to coffee producers, not only economically due to higher productivity, but also due to environmental effects that allow for their work's sustainability and make their prod-



uct more attractive to international markets and increasingly demanding consumers, who, in addition to safe and high-quality coffee, seek the preservation of natural resources and a positive global impact on climate.

The main scientific and technological advances include:

Given its environmental impact, pest and disease control contributes to profitability of coffee farmers; research was conducted on integrated CBB control with alternatives to chemical synthesis insecticides for an eco-friendlier management, less risky for health; and integrated management of coffee root mealybugs was validated.

For potential use of drones in coffee farming, their efficiency in applying pest control products in crops was evaluated. To understand ecological interactions in production systems, **181 species of insects visiting coffee flowers in Colombia were identified.** And to systematize the collection of information to estimate national production, as well as levels of rust, CBB and other potential coffee issues, **a new computer platform** was implemented, which operates in real time across the country.

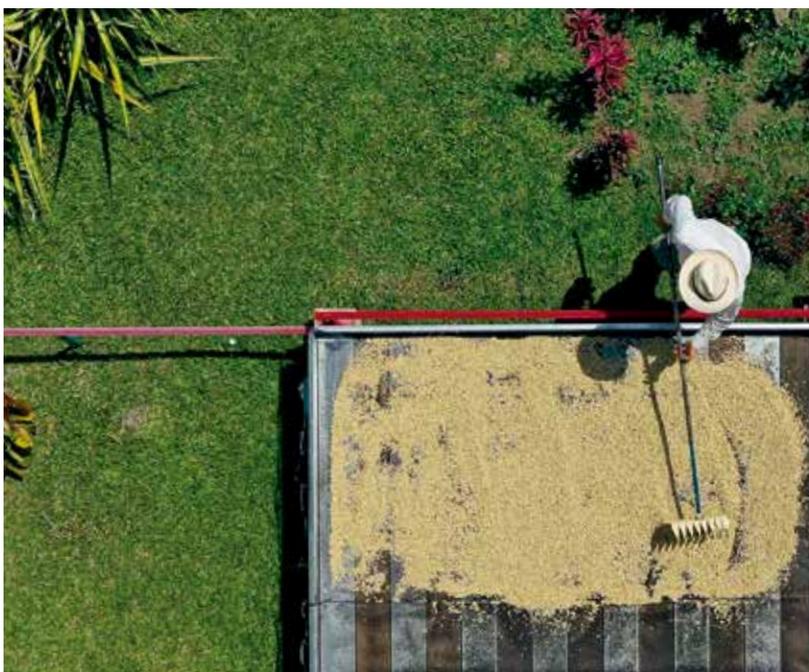
In development of resistant, resilient and profitable varieties, new coffee rust resistance genes were incorporated for long-lasting protection from new breeds of the fungus causing this disease. To preserve the new plants obtained, as well as the Colombian

Coffee Collection, protocols were evaluated to keep coffee seeds indefinitely viable at very low temperatures. Of the coffee varieties released, **over 80 tons of improved seed** was delivered to departmental committees for planting renovations.

To increase efficiency in use of inputs and labor, we finished evaluating in nurseries biodegradable containers with turf substrate that can replace the use of earth. Efficiency and economic aspects of assisted harvesting with meshes and the DSC-18 shaker were analyzed, and commercially available soil conditioners were assessed to determine which ones are suitable for improving soil acidity in coffee regions.

To improve cup quality, the machine that selects fruits by color, with a capacity of **250 kg/hour of cherry coffee**, was perfected; and in fermented coffee washing, we finished evaluating the LH600 horizontal washer, which has a capacity of **600 kg/hour of washed coffee and uses 0.5L of water per kg of coffee**. The importance of bean moisture and water activity in coffee quality was determined, and to close the life cycle of water used in washing, new water quality indices were generated in 25 coffee river basins to characterize the state of surface waters, and new techniques were validated to treat coffee wastewaters with vegetation filters of easy implementation and maintenance and low cost.

As to climate variability, the monthly agrometeorological bulletin no. 50 was issued, with agronomic recommendations for the three main coffee zones in Colombia.



Challenges ahead & associated goals

Increasing productivity continues to be Cenicafé's main goal, so we continue working on plant genetics to reach higher production ceilings with the new varieties, as well as greater efficiency in use of inputs, especially fertilizers.

Pest and disease management is increasingly limited by international regulations on use of insecticides and fungicides and tolerance to presence of increasingly lower traces in coffee beans. This implies looking for efficient, reliable and competitive alternatives to chemical synthesis products.

Due to environmental concerns and to respond to national legislation on wastewater discharges, Cenicafé is working to close the cycle of water used in wet milling under a "zero pollution" concept. And to complement the "More agronomy, more productivity" strategy, "More quality" research is being done to provide producers with wet milling tools that increase supply of high-quality coffee in a repeatable and reliable way.

"As a scientist, it is very satisfying to see the impact of our work reflected in coffee farming transformation and improved profitability of coffee growers."

Zulma Nancy Gil, PhD
Scientific Researcher II,
Entomology Discipline

USD 113.7 million in 44,915 Finagro loans to coffee growers

They were granted in favorable conditions and with resources from the national Government (Finagro) thanks to the FNC's continued support to producers. The Extension Service supported the filing of 5,314 credit applications worth COP 30.5 billion (USD 9.3 million) at Banco Agrario.

With timely economic resources and adequate financial conditions, coffee growers can manage well their production systems, mainly in crop maintenance, renovation of coffee plantations and access to different ecological wet milling systems and post-harvest work tools.

Subsidies such as the Special Credit Line (LEC, the acronym in Spanish) allow coffee growers to save on financial costs of loans, while incentives support and stimulate activities to increase their productivity and profitability, reducing costs of different production activities.

Before the Ministry of Agriculture and Rural Development (MADR) and the Fund for Financing of

the Agricultural Sector (FINAGRO), the FNC provides continued support so coffee growers have access to loans, subsidies and incentives under favorable conditions to finance their different activities in the coffee production system.

With the national Government's support, coffee farmers have financed their activities through loans under special conditions, such as grace periods according to production cycles, subsidized interest rates, and support from the Agricultural Guarantee Fund (FAG), and been able to pay their obligations on time. **At the end of 2019, the national Government granted 44,915 coffee loans worth COP 373 billion (USD 113.7 million).**

FINAGRO COFFEE LOANS (AS OF DECEMBER)

| Credit Line | No. loans | | Value of loans (COP billion) | |
|----------------|---------------|---------------|---------------------------------|----------------|
| | 2018 | 2019 | 2018 | 2019 |
| Maintenance | 13,687 | 10,346 | \$62.9 | \$70.5 |
| Cultivation | 37,655 | 27,497 | \$294 | \$234.2 |
| Infrastructure | 7,165 | 7,072 | \$70 | \$68.6 |
| Total | 58,507 | 44,915 | \$426.9 | \$373.3 |

Source: FINAGRO.

Within the framework of the Credit Program and in agreement with the Banco Agrario, the Extension Service supports the filing of viable projects with technical recommendations to improve productivity through different means of communication and

information sessions in field days, tours, and attention at offices. In 2019, it supported the filing of **5,314 credit applications worth COP 30.5 billion (USD 9.3 million).**

SUPPORT IN CREDIT LINE APPLICATIONS (AS OF DECEMBER)

| Item | Quantity | | Value (COP billion) | |
|-----------------------------|--------------|--------------|------------------------|---------------|
| | 2018 | 2019 | 2018 | 2019 |
| Coffee wet mill | 683 | 1,151 | \$6 | \$10.1 |
| Renovation through planting | 1,757 | 1,595 | \$11.3 | \$10.8 |
| Renovation through cutting | 643 | 537 | \$2 | \$1.8 |
| Maintenance | 2,193 | 2,127 | \$6.9 | \$7.8 |
| Total | 5,152 | 5,314 | \$26.2 | \$30.5 |

Source: FNC - An application may have more than one credit line.

"Thanks to a Banco Agrario loan, with the support of the Coffee Growers Committee, I managed to renovate, through planting, the old coffee plantation for getting better income and higher productivity and improve my family's quality of life."

Alba Lucía González, coffee farmer in Aguadas, Caldas



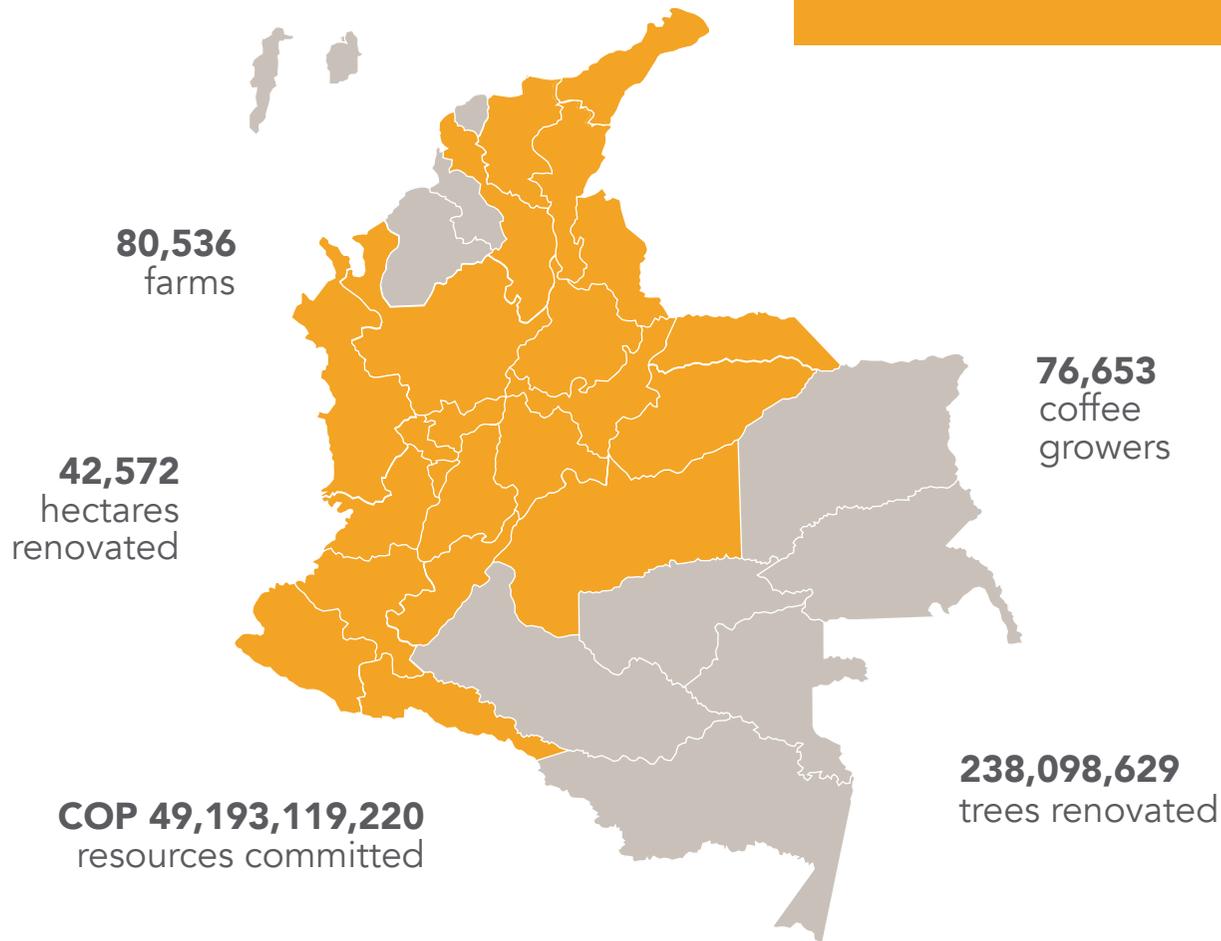
GRI 102-6
GRI 102-7
GRI 103-2

USD 14.9 million for 76,653 coffee growers to renovate 42,572 ha

Additionally, the Coffee Plantation Renovation Support Program seeks to incentivize renovations with an in-kind incentive (fertilizer) to conserve and stabilize national production volumes at good levels aiming at profitability. It seeks to renew two types of coffee farming: 1) Young with modern agricultural practices that ends or is ending production cycles to prevent aging, and 2) Old with modern agricultural practices to turn it young with modern agricultural practices.

In 2019, the program committed national resources to 76,653 coffee growers for over COP 49 billion (USD 14.9 million) to renovate 42,572 hectares.

NATIONAL FIGURES OF THE COFFEE CROP RENOVATION SUPPORT PROGRAM



Source: FNC

“As a program beneficiary, I think it is excellent support; due to high costs of fertilizers, maintaining the farm is a challenge. I hope it continues for me to have higher productivity, sustainability and profitability, and thus provide well-being to my family.”

Luz Clemencia Lucero,
coffee farmer in Yotoco,
Valle del Cauca.

Public policy of financial support to coffee growers is crucial

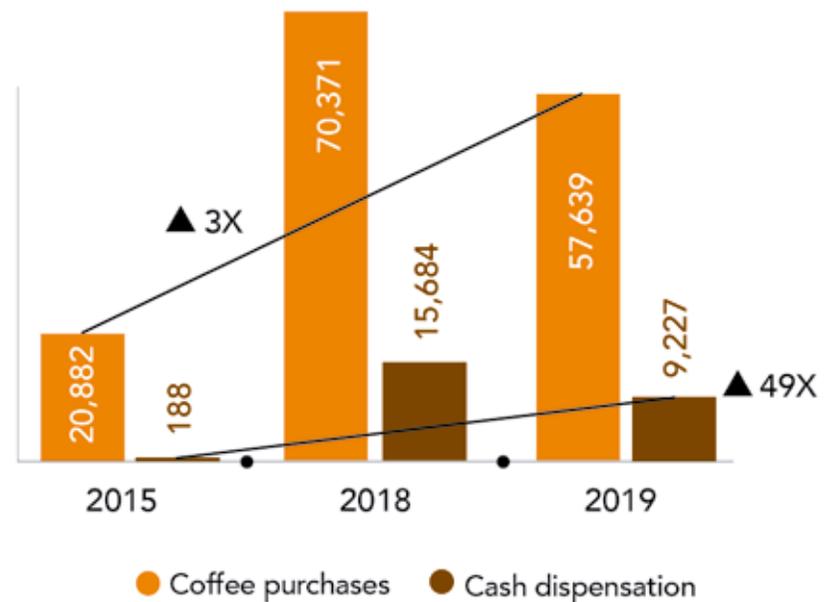
In the future, the national Government is expected to continue supporting, through public policy, coffee growers with financing, subsidies and incentives for renovation of coffee plantations to reduce their age, increase planting densities with resistant varieties, achieve optimal productivity and quality in coffee crops, and ultimately improve profitability of coffee growers.

389,000 coffee growers have access to banking services: a true financial inclusion

Over the last 5 years, over COP 197 billion (USD 60 million) has been saved in fees. The Coffee Channel in cooperatives consolidates as an effective tool for coffee purchases and cash withdrawal.

As a result, the use of the Coffee Channel up to December 2019 reached COP 57.6 billion (USD 17.6 million) as a means to purchase coffee and COP 9.2 billion (USD 2.8 million) for cash dispensing. Thus, more and more coffee growers are accessing safe and free payment mechanisms in selling their coffee.

COFFEE PURCHASES AND CASH DISPENSATION VIA THE COFFEE CHANNEL IN COOPERATIVES (COP MILLION)



Source: FNC, Banco de Bogotá.

GRI 102-6

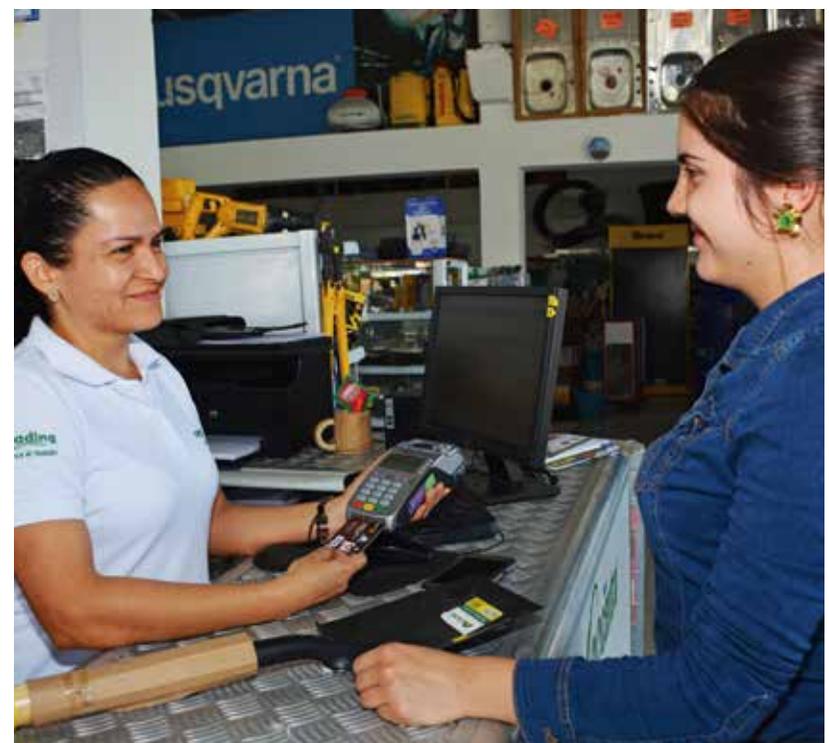
With the coordinated effort and national presence of the FNC, 389,000 coffee growers have managed to have access to banking services through the Smart Coffee ID Card/Smart Coffee Card as of December 2019.

To favor profitability of coffee farmers, preferential fees have been achieved for their use, which in the last five years **has saved producers over COP 197 billion (USD 60 million) in management and use fees.**

GRI 102-6

Novel internet Coffee Channel consolidates

Since 2017 there have been uninterrupted training campaigns in cooperatives and committees in most coffee departments to disseminate general information and transactions available on the Coffee Channel (Banco de Bogotá platform) and promote its use. In the last year, emphasis was placed on remote areas such as the Catatumbo region and the Sierra Nevada de Santa Marta.







Development of coffee grower households

our priority

FNC strengthens social dimension of its strategy

It works in the vectors of education, social protection, infrastructure, gender equity, generational integration (including the "Idéate Café" initiative) and associativity, in line with strategic objectives, coffee growers' well-being and sustainability.

The FNC CEO's commitment to prioritize and integrate social aspects of greatest relevance to the coffee-growing families, along with a clear alignment with the value strategy social dimension, has resulted in structuring and highlighting the FNC Social Development Directorate, which reports directly to the CEO.

raising investment resources leveraged on intangible institutional assets such as the FNC's management capacity and transparent realization.



○ GRI 103-1

It aims at **social development of the coffee-growing families and communities, strengthening their coordination capacities** and looking for new opportunities to improve their well-being, living conditions, and sustainable management of their territories.

○ GRI 103-2

Social Development integrates six vectors: Education, Social Protection, Infrastructure, Gender Equity, Generational Integration and Associativity, which interact and complement each other, having the producer families at the heart; this interaction implies working as a team with the Projects Factory and the Union Affairs Directorate.

Joint work of the FNC headquarters and departmental coffee grower committees has allowed designing and implementing a system for measuring and monitoring each vector's goals. This tool has been essential to highlight social work in the territories and progress in indicators and to encourage continuous improvement of social teams at national level, for the benefit of coffee-growing families.

Each vector develops **high-impact projects** through partnerships with national and international entities,

The rural education component is led by Social Development and the Manuel Mejía Foundation (FMM), which has provided continued support to coffee-growing families for 58 years by implementing comprehensive education projects, taking into account context needs, the country's current situation and the Colombian agricultural sector. These programs are complemented with gender equity, associativity and generational integration meetings and trainings organized by Social Development.

To achieve better levels of social protection in health, seniors' income and labor insurance, we have the Legal Directorate, which advocates them before the national Government to achieve laws more favorable to their reality. And to enjoy better housing conditions and social infrastructure, we have the project and partnership management of the Social Development Directorate.

GRI 103-2
GRI 404-2

Education for more coffee growers, employees and extensionists

Through the educational processes implemented by the Manuel Mejía Foundation (FMM) in 2019, we have achieved:

- **Online training of 1,232 workers of the Extension Service**, through the Virtual Coffee Classroom program of the Technical Division, which strengthens technical competencies on agronomic basics of the "More agronomy, more productivity" strategy and new technologies.
- Online training of **63 employees of the Antioquia Committee** in time management (prioritization, planning, execution, effective meetings, and email management).
- Implementation of modules on coffee institutions, labor coexistence, path to Integrated Management System and the environmental component, supporting the induction process of FNC employees, in which **468 people** have participated.
- "Meeting of Women Coffee Growers" organized by the Cesar-Guajira Committee, in which 40 women took part to strengthen their personal and leadership skills, develop team work skills, promote associative actions, strengthen comprehensive human development, develop business abilities, and contribute to consolidation of production projects.
- Implementation of the "Third regional meeting of Cesar-La Guajira young people," organized by the respective Committee, where 40 young people participated and we managed to promote and boost spaces for exchanging experiences with the Extension Service around "More agronomy, more

productivity," establishing strategies to develop production projects and strengthening associative competencies.

- Within the framework of the Idéate Café project:
 - The Social Development Directorate was supported in registration and selection of business and entrepreneurship ideas.
 - The process for selection and evaluation of the **504 ideas (1,356 young people)** and entrepreneurships registered was provided with continued support.
 - The entrepreneurship camp was held at the educational venue of the FMM during four days with 98 young participants.
- Continued support to coordination of the School & Coffee project of the Cesar-Guajira Committee in three schools in both departments.
- Implementation of the FNC training program "Path to excellence in project management" for all employees; **1,640 registrations** by 2019.
- Implementation of the technical-job training program Coffee Agricultural Worker for 22 young coffee growers from Cesar, La Guajira and Magdalena. This project trains these young people as agricultural workers for sustainable and profitable coffee production.



- Implementation of the Coffee Park “Niños Pilos” (Smart Children) program, which contributes to generational integration in Colombian coffee farming, strengthening the coffee institutions, sense of belonging, leadership and ties with extensionists. This year **408 children of coffee-growing families** took part, reaching a total of 1,604 participants in four years of implementation.
- In-person training of **499 extensionists** in the FNC Technical Division’s course-workshop “Updating in coffee technology and rural extension.”
- Start of design and development of training program “My coffee farm, a healthy and safe environment,” benefiting 180 coffee growers, 60 extensionists, and 60 certifiers.
- The Cauca Departmental Committee showed outstanding results in the School & Coffee program, with 18,000 students enrolled, and 1,700 young people in higher education. In the Job Training program, there are 8 groups of young coffee growers with 230 people, 450 young people trained in coffee quality, and 140 people certified by the Coffee Quality Institute (CQI) in Tecnicafé.
- In the Caldas Committee's educational program, through the New School model, there are **40,741 students enrolled**, 969 schools and 2,539 teachers trained and provided with continued support by the Committee, with presence in 27 municipalities. In this department, 86% of young people remain in the educational program, only 3% have dropped out and illiteracy reaches 3%.

National Development Plan 2018-2022 to include said guarantee with force of law of the Republic in the legal system.

Such as it is in force, the social protection floor means that people receiving less than a monthly minimum wage (SMMLV, the acronym in Spanish) may have access to an integrated coverage subsystem for health, pension and occupational risks, made up of the General Subsidized Health System, Periodic Economic Benefits (BEPS) and Rural Inclusive Insurance (SIR). By including BEPS among its components, the protection floor will increase the number of coffee growers affiliated with this voluntary savings program designed for those without enough resources to contribute to a pension, and will put on the Government's agenda the need to offer greater care and service coverage for the rural population.

To date, the Government is issuing regulatory decrees of the social protection floor, convening relevant actors. Within these calls, the FNC has participated in negotiation tables with different agricultural unions, the Colombian Farmers Society (SAC), Colpensiones, the National Planning Department (DNP), the Ministries of Finance, Labor, Health and Agriculture, and the Pension and Parafiscal Management Unit (UGPP), among others. And more than once it submitted comments to the draft decrees that were circulated by the ministries.

In order to publicize the figure of the social protection floor among coffee growers, since 2017 the FNC has organized conferences and trainings on its main elements, characteristics and effects in the different municipal and departmental coffee grower committees. For example, talks have been given to coffee growers in the Antioquia, Valle, Risaralda, Santander, Huila, Caldas and Norte de Santander committees.

○ GRI 103-2

FNC, a key player in social protection floor for coffee growers

With the Legal Directorate’s advice, the FNC actively participated in identifying the problems arisen from Bill 193 of 2018 (Senate) and Bill 123 of 2017 (House of Representatives), whereby provisions were issued to set a social protection floor and create the integrated rural daily wage. Although the bill did not reach final approval, it was the basis for Law 1955 of 2019 of the



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

Infrastructure works benefit almost 380,000 coffee growers

These include tertiary roads, basic sanitation, housing, schools and community infrastructure.

The infrastructure vector shows the following results:

241,170
beneficiaries of **4,682 km of tertiary roads improved.**

60,542
beneficiaries of **3,791 basic sanitation works.**

5,130
beneficiaries of **1,591 households improved.**

51,131
beneficiaries of **237 social infrastructure works intervened.**

27,890
beneficiaries of **84 schools improved.**

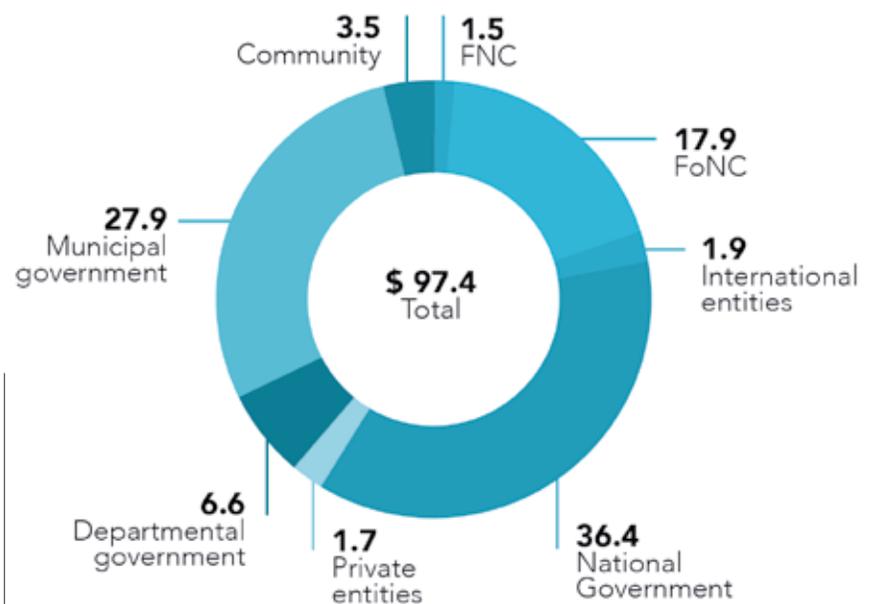
Credibility of the FNC's and its committees' management has drawn resources from strategic partnerships with national public, international private entities and other donors to raise fivefold resources invested in well-being of coffee-growing families.

GRI 102-7
GRI 103-2

With the FNC's support, community associations and groups have led community processes and transformations:

- An association baseline is being built: detailed information on 267 associations in 10 departments is already available, with the goal of completing information on a national scale by 2020.
- The First National Meeting of Associations of Coffee Growers was attended by 98 representatives of associations (with over 9,000 members in 18 departments), identifying their interests in marketing, organizational strengthening

SHARE OF RESOURCES BY CONTRIBUTOR SOCIAL DIMENSION PROJECTS: INFRASTRUCTURE (COP BILLION)



Source: FNC.

and management capacity, promoting exchange of experiences, and drawing attention to the need to design an institutional policy that defines the framework of work with the associations, which represent, according to estimates, about 37,000 people.

- Training activities to strengthen community groups and associations served 6,321 people and provided continued support to 324 community groups and associations.

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



Colombian coffee farming advances in gender equity

- In 2019, **1,640 people** participated in gender equity training activities, developed in 11 coffee grower committees, and **12,511 coffee growers** took part in empowerment and gender equity training and promotion activities.
- **875 female representatives'** leadership skills were strengthened to have a more proactive and purposeful profile in union and community decision instances.
- The First National Meeting of Union Female Leaders was attended by **29 women** elected at departmental level in 2018. The conclusions set the roadmap to build the FNC's gender equity policy.

- **15 committees** developed gender equity actions, including field days, peasant markets, forums, workshops, talks, and panel discussions, in which 3,399 coffee farmers (men and women) participated. And 24 projects were managed to promote gender equity in the regions, strengthening commercial and social aspects of women and their families.

Young entrepreneurship and leadership is strengthened

The Idéate Café project has awakened and/or recognized the entrepreneurial and innovative spirit of over 1,300 young coffee growers.

- To promote youth entrepreneurship, the Idéate Café project was launched, a national call to identify business ideas and ongoing ventures of young coffee growers. Over 1,300 young people registered 504 projects in the categories of tourism, marketing, technology and agricultural services, among others, revealing an entrepreneurship dynamic that the FNC strengthened at a camp that hosted the ideas with the greatest potential.

With the guidance of expert mentors, the young participants designed the roadmap of their ventures and developed skills to sell them to potential funders such as the SENA Entrepreneurial Fund. The initiative aims at institutional continued support, value addition, and the drive to develop their ventures, stay on the farms with sustainable businesses, and thus fulfill their dreams and life projects as pillars of coffee farming of the future.

- In 2019, **4,208 young coffee growers** were trained and participated in activities for promotion of leadership and entrepreneurship in generational integration.
- To strengthen leadership, the "Leadership School" for young coffee growers was launched, a pilot developed in Tolima within the framework of the "Flor de mi Tierra" project, where 150 young people have been trained in life projects, action planning, assertive communication and coffee institutions.

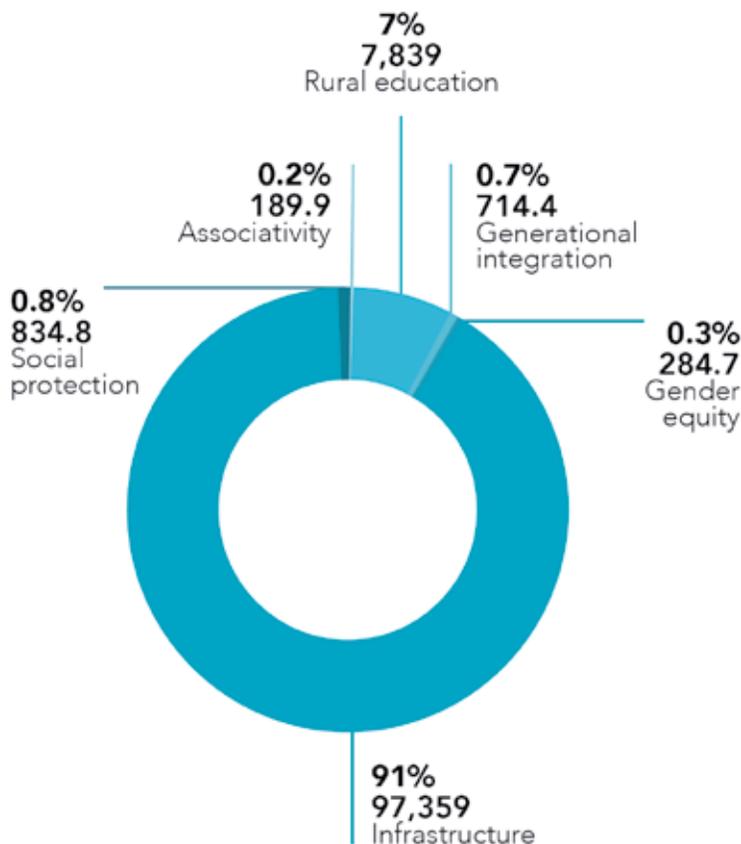


- In 2019, **3,233 young coffee growers** joined coffee production activities to strengthen entrepreneurship or generate opportunities around it.
- In partnership with Procafecol, the Café Renacer special edition was launched for sale, making the stories of 5 young coffee growers visible.

Investment of resources
Social Dimension:

GRI 203-1

RESOURCE SHARE BY VECTOR (2019)
SOCIAL DIMENSION (COP MILLION)



Source: FNC.

Challenges ahead

GRI 103-3

Education:

- To build an education policy for the coffee sector that includes different types (formal and informal) of education aligned with the strategic plan that governs us.
- To achieve a 10% annual coverage of producers and extensionists trained in each department to improve capabilities in coffee business management.

Social protection:

- To achieve universal coverage in health insurance for producers and their families in coordination with the Ministry of Education (ENHC 2018 baseline: 96.7%).
- To seek what is pertinent for producers to be insured in the social protection floor modality.

Infrastructure:

- To increase resource leverage to carry out infrastructure projects, mainly in improvement of tertiary roads, community infrastructure, basic sanitation and electrification.

Associativity, gender equity and generational integration:

- To build a policy so that coffee producer associations are strengthened through additional marketing processes, a major need expressed by the existing associations in the country.
- To build a gender equity and generational integration policy for defining the strategic intervention route for women and young coffee growers.
- To achieve a participation of women in the union bodies that is representative of the coffee population, that is, 30% of women in coffee grower committees in the next FNC elections. To do this, the number of departmental women meetings will grow to continue promoting leadership training, generate profitability and improve quality of life of their families, so that they become an example for their families and coffee communities.
- To promote the entry of young people between 18

and 28 years old into coffee farming to prevent coffee growers' average age (55 years) from continuing to increase in the medium term (5 years) and to reverse the trend in the long term (10 years).

Special projects

As part of the Social Development Directorate strategy, and aligned with well-being of coffee farmers and their families, the purpose is to work on three special projects:

1. Complementary revenue: To increase producer families' profitability through better coffee farming.
2. Coffee ID card issuance: To make producer families visible and generate sense of belonging and roots to the union.
3. Lands.

"I hope to continue working and showing my knowledge and experiences in everything that has to do with coffee, to thus implement it on my farm, something that in fact I'm already doing."

Sandra Milena Guerrero,
student of technical-job
training program Coffee
Agricultural Worker,
Villanueva, La Guajira





Integrated natural resource management and responsible consumption

essential elements for environmental
care and sustainability of the sector

FNC takes more and more care of natural resources, including biodiversity in coffee regions

Coffee institutions as a whole have important environmental results to show, including 12,147 ha of forest plantations and agroforestry systems since 2015.

Protection of natural resources, adaptation of production systems to climate variability and organizational efficiency towards responsible consumption contribute to environmental sustainability of the coffee sector. To this end, each member of the coffee family has made the commitment to responsibly interacting with the environment.

In this sense, the FNC provides continued support for coffee growers to adopt environmental sustainability standards, promoting appropriate natural resource management in different links of the value chain, as well as sustainable behaviors within the organization.



More ha for reforestation, biodiversity conservation and care of water sources

The FNC Environment Program contributes to care of ecosystems and adaptation of production systems to climate variability by channeling and focusing its efforts on implementing land uses that combine coffee farming with agroforestry, forest plantations and hedges, along with actions for conservation and care of natural forests under a management and planning approach that favors connectivity of the biodiversity habitat in coffee regions. Sustainable production practices have also been implemented to reduce water use and pollution, rationalize use of agrochemicals, reduce organic and inorganic waste, and conserve soil.

Why it is important. Thanks to the actions performed by the FNC with coffee growers, it is possible to prevent: 1) soil and biodiversity losses as a result of deforestation; 2) lower production and productivity as a consequence of climate variability, erosion and poor soil management; 3) health issues, pollution, inadequate coffee wet milling and higher production costs due to water resource scarcity or solid waste mismanagement; and 4) increased greenhouse gas (GHG) emissions due to indiscriminate use of agrochemicals. In addition, projects that favor biodiversity connectivity and adaptation of production systems to climate variability generate income diversification alternatives, helping offset coffee families' environmental efforts.

Progress in figures. Environmental management policies with coffee farmers fall into three main categories: forestry activities focused on adaptation of coffee growing to climate variability, integrated natural resource management, and environmental education and awareness of people. In 2019, with resources from agreements with financing entities such as Germany's KfW bank, Italy's Ernesto Illy Foundation and Colombia's Ministry of Agriculture and Rural Development, **the FNC established:**

247 ha
for conservation of forests associated with water sources and biodiverse environments.

197 ha
of conservation corridors on coffee farms, improving wildlife habitat and strengthening connectivity between remnants of native forests.

788 ha
of forest plantations, helping reduce erosion, capture CO₂ and produce wood.

782 ha
of agroforestry systems in areas where, due to environmental supply, coffee requires shade to stabilize production.

Reforestation organizations have been strengthened through continued support to coffee growers, so that timber production is an alternative to diversify income, and timber transformation and commercialization was supported by providing three companies with equipment and tools.

In Integrated Natural Resource Management, **100 farms improved their wet mills,** to reach the ecological category, estimated to reduce water use by 75% from 40 liters per kg of dry parchment coffee to less than 10 liters and allowing proper byproduct handling. In this line, **200 additional farms have improved their byproduct handling infrastructure,** reducing the pollution caused by bad pulp disposal practices. Of these, **in 30 farms the built infrastructure allows recirculation of wet milling water,** avoiding wastewater.

And **60 farms** received support to build septic systems for domestic wastewater treatment, along with **183 farms** supported for installing modular coffee wastewater treatment systems. All this with training to **60 coffee growers** in rational use of agrochemicals and integrated management of forest pests and diseases, and **260 coffee farmers** trained in collection, classification and proper disposal of solid waste.

We have raised awareness and trained **15 communities** (organized around their territories and river basins) on the main aspects of natural resource management, **3.200 people** on natural resource care and climate variability, and **550 children** from different rural schools on fauna and flora protection and water decontamination.

Challenges ahead

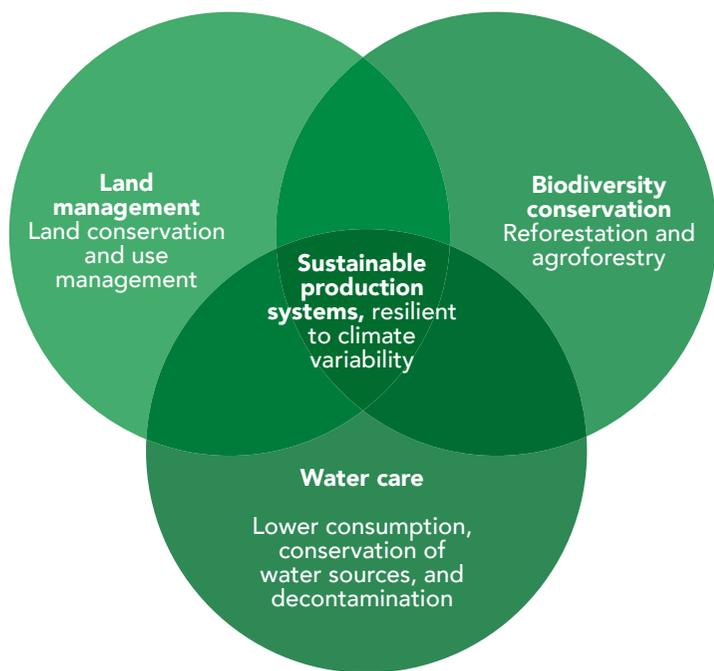
In the environmental dimension of the FNC's value strategy, the objective is to continue promoting environmental sustainability of the coffee production chain through specific actions with coffee growers and on their farms:

38,000 coffee growers will continue in training processes for incorporation and management of agroforestry systems and shade-grown coffee.

40,000 wet milling and wastewater treatment systems will be characterized every year to build a baseline that facilitates formulation of fundraising projects and programs for financing adoption of technologies in ecological wet milling, water decontamination, shade-grown coffee and environmental awareness and education activities.

These activities will guide multi-stakeholder coordination and efforts to get external resources and carry out projects that contribute to environmental sustainability of the coffee production chain.

ENVIRONMENTAL MANAGEMENT AT THE PRODUCTION UNIT



Training and awareness raising for rural communities

Source: FNC.

Environmental management within FNC is optimized

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

The FNC's value strategy is framed within environmental sustainability of coffee farming, caring not only for coffee crops, but as part of the commitment of the entities that participate in coffee production. This is a guarantee of coherence and commitment along the value chain. Therefore, the FNC headquarters, Almacafé, Buencafé, Cenicafe and Procafecol have been implementing initiatives to promote responsible resource use and consumption among employees.

Why it is important. Implementing initiatives for responsible use and consumption within the

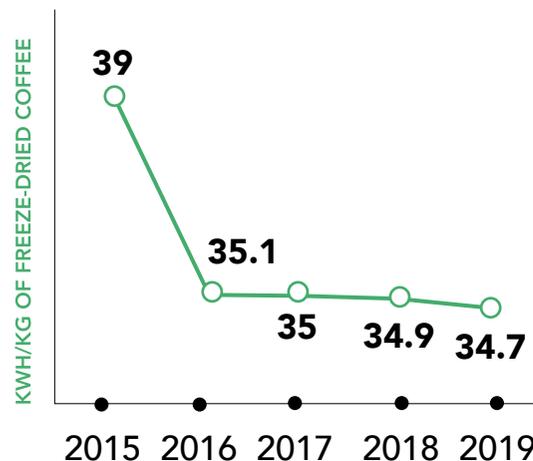
organization allows: 1) incorporating into the company's actions the national circular economy strategy and thus reducing negative environmental impacts, increasing social impacts and avoiding/reducing administrative costs, and 2) being consistent as a company and union.

GRI 302-1
GRI 302-3

Progress in figures. The FNC, its branches and associated companies have been developing responsible use and consumption strategies under three main components: **water consumption, efficient energy use and good management of recyclable and/or dangerous waste.** In water consumption, in 2019 Almacafé implemented campaigns that reduced consumption in logistics centers by 1.6% compared to the same period of previous year, reaching an optimal consumption of **36.7 liters/person*day.** And actions were taken to reuse treated wastewater at the Bucaramanga logistics center, optimizing the use of **1,300 m3 for irrigation of green areas.**

In energy consumption stands out the pilot program developed by Buencafé to provide energy to common areas of the production plant through hydraulic energy micro-generation, reducing energy consumption by **72 kWh/day and saving about COP 7.2 million (USD 2,200) a year.** In this line, Buencafé changed all fluorescent lamps and now is a **100% mercury-free company.**

KWH/KG OF FREEZE-DRIED COFFEE



Source: Buencafé.

As to production energy efficiency, **an energy intensity of 34.7 kWh/kg of freeze-dried coffee was achieved** in 2019.

For its part, Cenicafé has been replacing fluorescent lights with LED lighting since 2015, a **97% progress** as of December 2019, reducing energy consumption and hazardous mercury-containing waste.

Almacafé reduced its electricity consumption rate by **20% in merchandise movement**.

Cenicafé

GRI 306-2

SOLID WASTE MANAGEMENT

| Waste in kg | 2018* | 2019 |
|---|------------|------------|
| Non-recyclable solid waste | 11,169 | 11,902 |
| Recyclable solid waste | 18,460 | 8,543 |
| Total solid waste | 29,630 | 20,445 |
| Recycling of total solid waste (%) | 62% | 42% |

* Data updated on an annual basis; in previous report it was as of November 2018.

Source: FNC, Cenicafé

GRI 306-2

In waste management, the FNC, its subsidiaries and associated companies **donated 23,294 tons of recyclable waste in 2019**, avoiding their disposal as ordinary waste to landfill. Besides reducing environmental impacts, this generated positive social impacts through support of foundations that invest revenues from selling such materials in medical supplies for childcare, food and improvement of parks; **323.6 tons** of coffee grounds generated by Almacafé, Juan Valdez stores and FNC cafes was segregated and delivered for composting.

At the FNC headquarters, **47.5 tons of waste electrical and electronic equipment (WEEE)** was delivered for use and reuse, making recovery possible and avoiding negative impacts of wrong disposal. And through the ANDI's "Pilas con el ambiente (Be smart with the environment)" program, **82 kg** of batteries was delivered, avoiding wrong disposal of mercury-containing waste. In addition, as part of our social work, **156 toners** were segregated and delivered to the Niños de los Andes Foundation to support investment in child protection and educate young people who have been forced to live on the streets.

Other specific results in waste management and energy and water consumption in Cenicafé and Buencafé are detailed below:

WATER AND ENERGY CONSUMPTION

| Consumption | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------|---------|---------|---------|---------|---------|
| Water (m3) | 4,204 | 9,101 | 17,163 | 9,304** | 4,737 |
| Energy (kW)* | 980,972 | 932,910 | 779,541 | 703,476 | 750,916 |

* Information updated because in previous report the year was added by mistake to energy consumption.

** Annual figure updated; in previous report, it was as of November

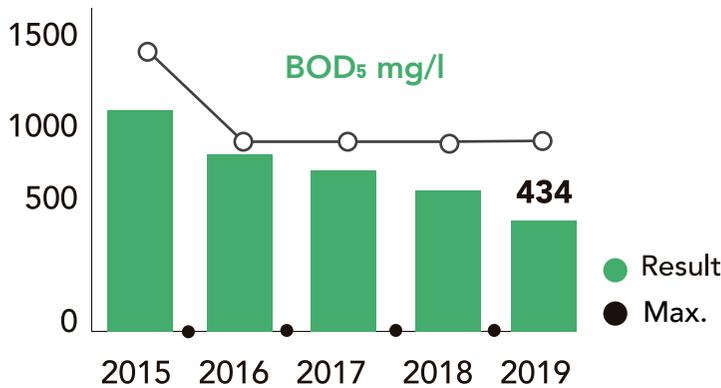
Source: FNC.

Buencafé

GRI 306-2

In wastewater management, in 2019 the freeze-dried coffee factory achieved a reduction in Biological Oxygen Demand (BOD), which measures pollution after treatment and before discharging wastewater into the sewage system. The **434 mg/l** figure is below half the maximum allowed, **900 mg/l**.

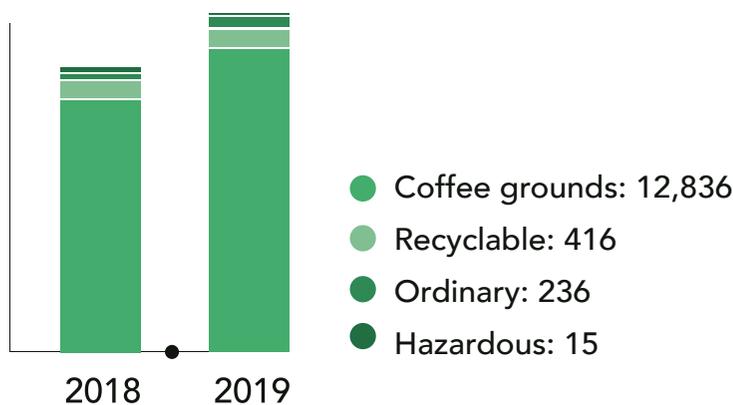
BOD₅ IN FINAL EFFLUENT (MG/L)



Source: Buencafé.

In waste generation by type (mostly coffee grounds, which is reused as fuel for boilers), there was a year-over-year increase because of growing demand and operation of new equipment.

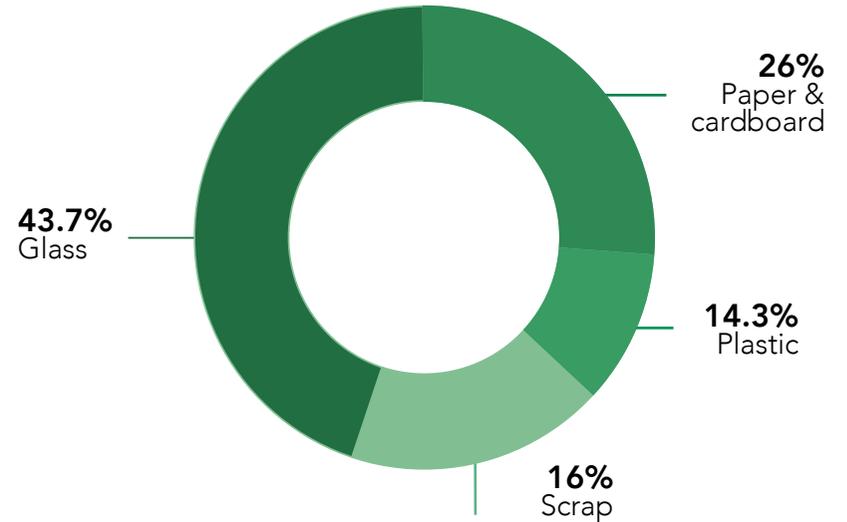
WASTE GENERATION (TONS)



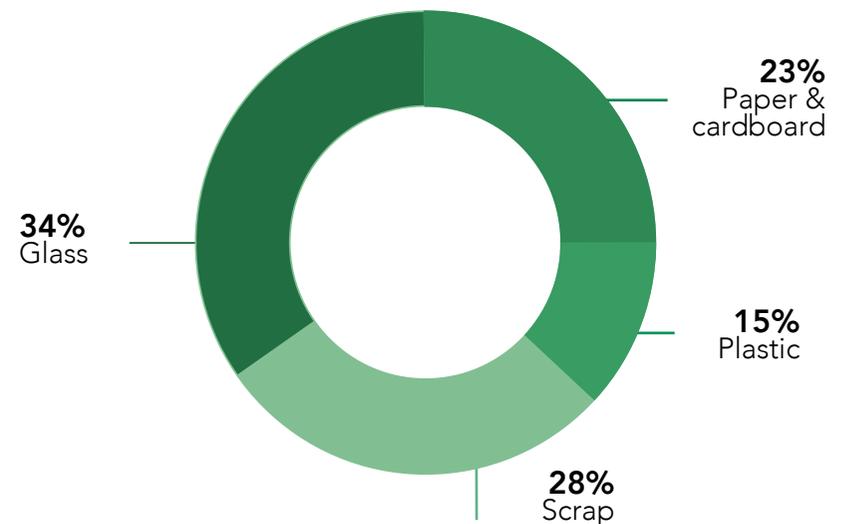
Source: Buencafé.

RECYCLABLES

2018



2019



Source: Buencafé.

GRI 302-1

Growing resource consumption per kg of freeze-dried coffee in 2019 was due to start-up of new equipment (Extraction 5, biomass boiler) and maintenance of Plant 1.

ENERGY AND WATER CONSUMPTION

| Indicator | Units | 2018 | 2019 | Variation |
|--------------------------|--------|------|------|-----------|
| Natural gas consumption | m3/kg | 1.92 | 1.97 | 2.6% |
| Electricity consumption | kWh/kg | 6.34 | 6.4 | 0.95% |
| Water consumption | l/kg | 95 | 99.1 | 4.3% |
| Total energy consumption | kWh/kg | 33.9 | 34.7 | 2.4% |

Source: Buencafé.

Challenges ahead

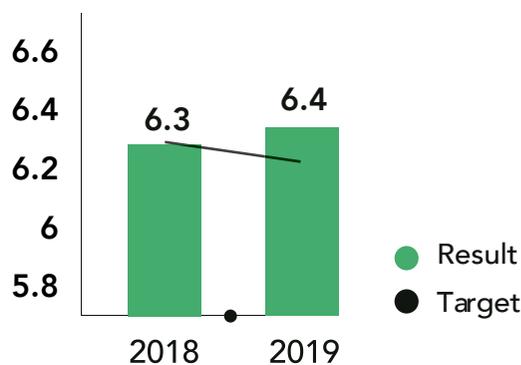
In line with the Sustainable Development Goals (SDGs) and aware of the importance of an organization committed to caring for the environment, the most important challenges for the FNC, its branches and associated companies are:

- To reduce water consumption by 10% to 30% by 2020 by installing flow reduction and control technologies at headquarters, aiming at a consumption rate of less than 50 l/person*day vs. current estimate of 69 l/person*day.
- In energy efficiency, to continue with energy micro-generation and responsible resource consumption programs in 2020.
- In solid waste management, to achieve 1) a 15% recycling rate, Colombia's rate being 8.6% this year (Ministry of Environment and Sustainable Development) and the EU's about 45% (Eurostat), and 2) 0% of waste disposed of into landfill by 2030 at Buencafé.
- In climate change mitigation, to: 1) measure Almacafé's annual carbon footprint of production processes, and 2) reduce GHG emissions by 14% by 2020 and 22% by 2030 at Buencafé, according to its own estimates.

GRI 305-1

Greenhouse gas (GHG) emissions take into account consumption of fuels and electricity in the whole process, from green coffee transportation to finished product delivery to warehouses, including emissions from coffee roasting and wastewater treatment. These emissions (divided by produced freeze-dried coffee to measure Buencafé's overall performance) reached **6.4 kg of CO2 equivalent per kg of freeze-dried coffee in 2019**, with 6.2 kg of CO2 eq/kg as target.

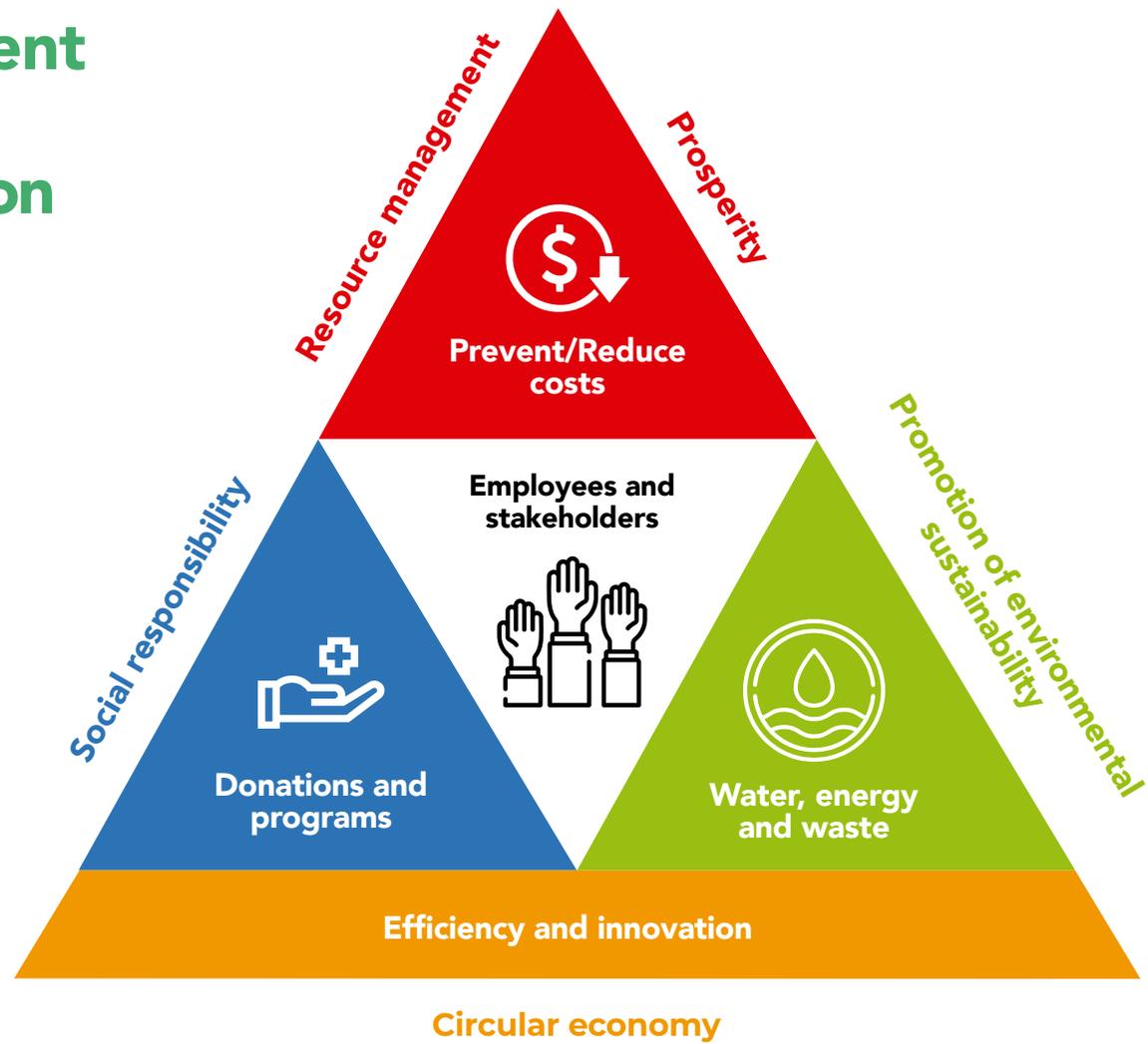
GHG EMISSIONS (KG CO2/KG FD COFFEE)



Source: Buencafé.

Additionally, we work to strengthen internal culture on responsible consumption and care of natural resources, obtain the ISO 14001:2015 certification for the environmental component of Almacafé's Integrated Management System, and improve environmental results by joining efforts of the different FNC companies and branches.

Environmental Management at our Organization







Governance

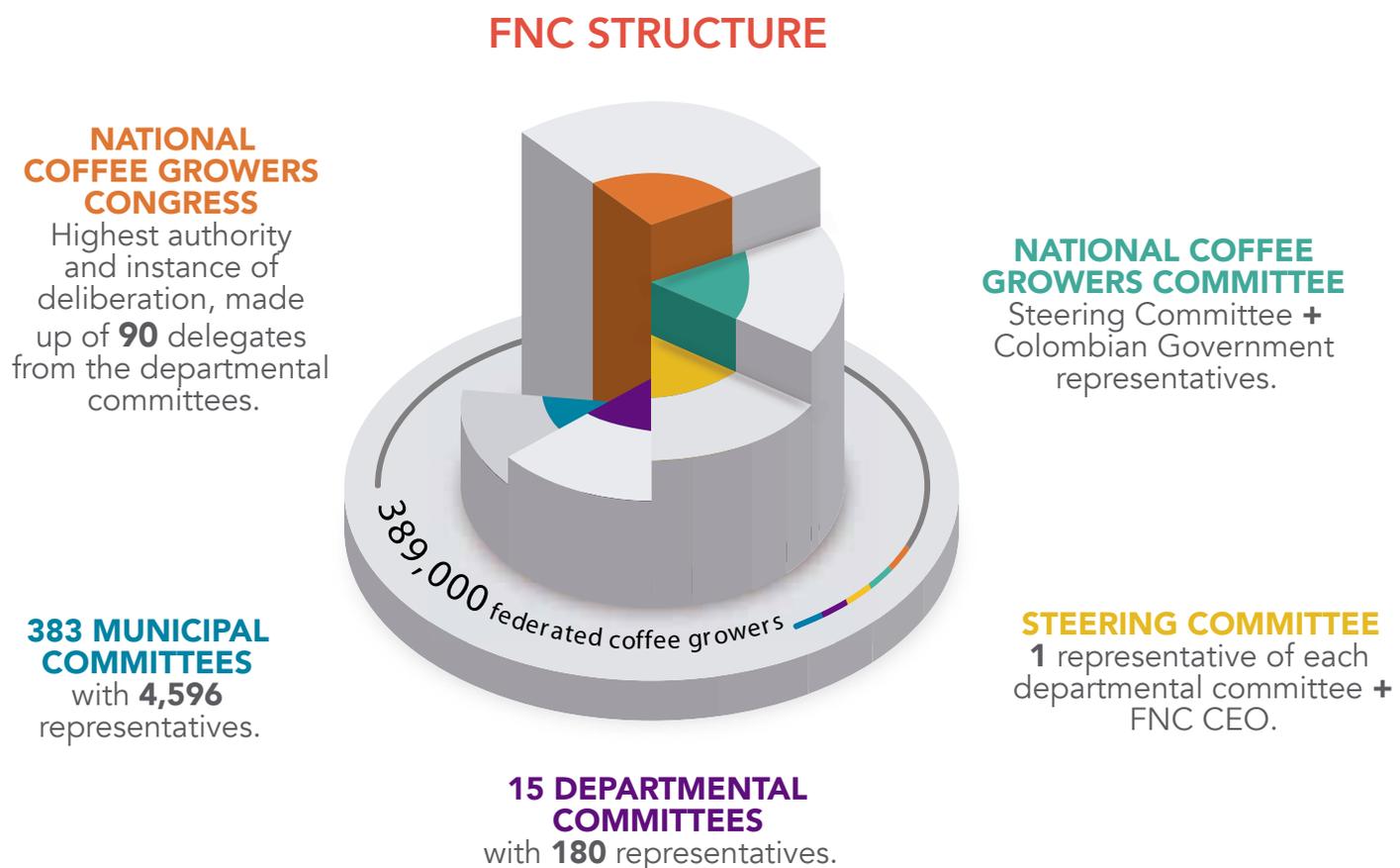
FNC, a legitimate and representative union working for well-being of coffee growers

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

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



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 and 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.



FNC meets active national and international agenda

As the most important union in Colombia and with a leadership voice in the global industry, the FNC listens to the coffee growers base to improve their living conditions and defend their interests, which includes improving their profitability.

With sustainability of coffee growing as its lodestar, the FNC has taken a series of actions to achieve remunerative prices for coffee growers, raising awareness about shared responsibility of the different links in the coffee production chain:

International

The active agenda of the FNC CEO and executives has begun to bear significant fruit, with buyers and marketers increasingly tuned in.

- a.** Meetings of the FNC CEO with those of Starbucks, Nestlé, JDE, Costa Coffee, Lavazza and UCC Japan.

- b.** Meetings with the president of the New York ICE exchange, Tim Bowler, and the vice president of operations, Dave Farrell.

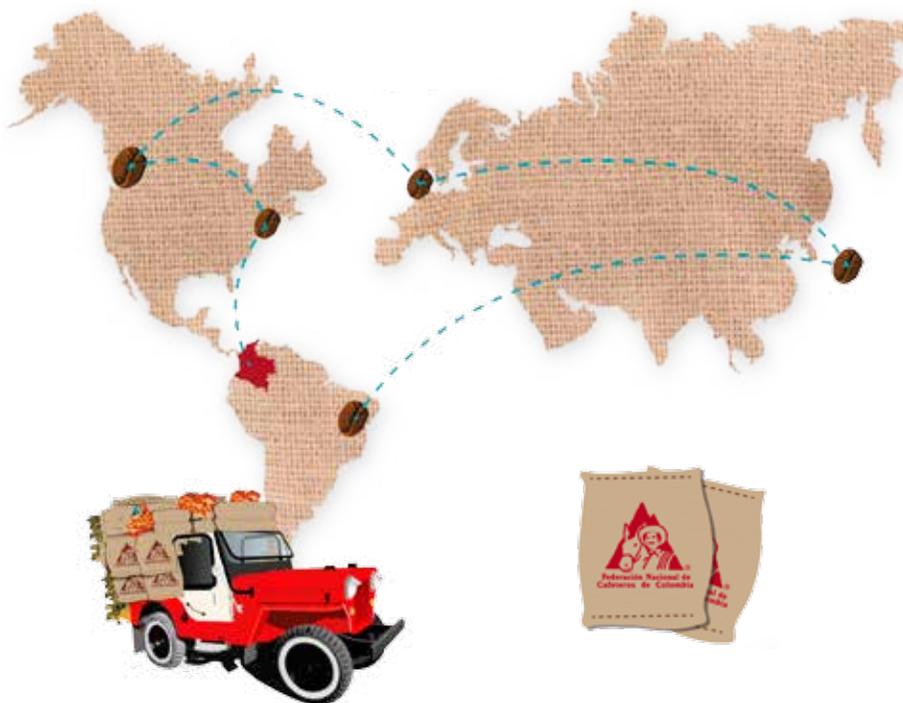
- c.** Meeting during the sessions of the International Coffee Organization (ICO) in London to address the price crisis.

- d.** Updated ICO Resolution 465 on coffee price levels.

- e.** Letters from the association of producer countries to the industry CEOs.

- f.** Second World Coffee Producers Forum in July 2019, in Campinas, Brazil.

- g.** Within the framework of the UN General Assembly in September, Heads of State, of Government, diplomatic delegations and coffee grower associations from producer countries met to demand fair prices that ensure economic sustainability of coffee farming. Colombian President, Iván Duque, proposed making the coffee chain the first sustainable in the world, with an emphasis on coffee growers' economic profitability.



National

23

direct meetings of the FNC CEO with coffee growers.

“Conversemos con el Gerente (Let’s talk with the CEO)” is a space for direct dialog with coffee growers to explain the actions taken by the FNC to address coffee issues, where farmers in turn express their concerns, problems and proposals.

30,000

coffee growers have directly been listened to by the FNC CEO since this dynamic began in 2015.

- 16 meetings with coffee growers in Huila, Caldas, Risaralda, Quindío, Norte de Santander, Nariño, Boyacá, Magdalena, Cauca and Bogotá, including one at the Manuel Mejía Foundation with young innovators from all over the country (Idéate Café) and another within the framework of the National Coffee Growers Congress.

- 7 with boards of directors and associates of cooperatives in Meta, Huila, Antioquia, Nariño, Cesar-Guajira, Caquetá and Valle del Cauca (in the latter, within the framework of the Cooperative Meeting, the country's **33 cooperatives took part**).

67 workshops strengthen union capacities

Activities have been carried out to strengthen the union base on issues such as coffee institutions, statutes, code of ethics, good corporate governance guidelines and operation of the Disciplinary Tribunal.

This work is essential to empower leaders in relevant decision-making for the benefit of their communities.

As of December 2019, there were 24 workshops with **2,500 union representatives**, 30 workshops with **1,100 coffee growers**, and 13 workshops with **455 employees**.

35%
of union
leaders'
children

want to
continue
coffee
farming.

In generational integration, a first diagnosis in 16 coffee departments to find out what percentage of young children or close relatives of union representatives (elected in the last FNC elections) have any interest in staying in coffee farming showed that 35% of the 4,776 union leaders reported having children wanting to continue the coffee activity.

As of December 2019, **13 pilot workshops** were held in Caldas, Risaralda, Nariño, Huila, Valle del Cauca, Tolima and Norte de Santander, **with 254 young participants**, to identify their needs and see how the FNC can support their ventures and projects. Interests in barismo, cupping, coffee tourism, and digital entrepreneurship were identified.

Líderes magazine achieves great response

As a way of facilitating union communication, the magazine *Líderes* (Leaders), aimed at union representatives, was launched, with the aim of providing relevant and timely information to help them make decisions. With great response from the target audience, to date 6 editions have been published.

Union information is strengthened via coffee ID card

In order to keep the database robust and permanently updated, improvements were made to the Coffee ID Card Issuance y FNC Elections apps, which provide relevant information on institutional governance, including federated coffee growers, compliance with requirements to be federated, and union representatives, as well as boards of directors of the committees across the country.

"The FNC has given me a lot of stability, because this is my livelihood, and they have always supported us. We have much to thank for: power supply, roads ... it has benefited coffee growers and communities in general. I very much appreciate the training the FNC has given us, and I invite producers to continue fighting for coffee farming. If one leaves for another crop, it's difficult to sell it. With coffee, be it in cherry, washed or dry, one sells it and meets a current need. Its subsistence value is huge. We hope the FNC continues working committedly."

Edelmira Arias, 92-year-old coffee farmer, representative of the municipal committee of Palestina, Caldas, since 1991.

Active participation in coffee public policy and social welfare

The FNC, as the legitimate representative of coffee growers' interests, closely monitors bills in the Congress of the Republic and other regulations that impact the sector. In this line, to defend coffee growers' rights and interests, in 2019 various proposals were presented, accompanied and analyzed, with the following results:

- **2018-2022 National Development Plan:** Thanks to the FNC's work, it was possible to include in Law 1955 of 2019, whereby the 2018-2022 National Development Plan "Pact for Colombia, Pact for Equity" was issued, the topics related to:

- **Social protection floor** (Art. 197), which aims at offering comprehensive coverage to those who, due to their economic activity, receive less than a current legal monthly minimum wage.

- **Differentiated qualification in public food purchases** (Art. 229), which establishes that decentralized public entities shall prioritize purchases of agricultural products for institutional food service programs.

- Within the framework of the National Development Plan, **the FNC partnered with Colombia Productiva** for farmers to supply coffee to the State.

- **Agricultural Insurance** (Art. 176), which seeks to encourage and protect food production, economically improve the agricultural sector, promote economic management thereof, and work as a strategy to contribute to the country's development.

- **Coffee Price Stabilization Fund** (Law 117 of 2019): Created as a special account without legal status to adopt various mechanisms that stabilize income of Colombian coffee producers and protect it from extremely low prices.

- **Resolution 312 of 2019**, "whereby minimum standards of the Occupational Safety and Health Management System (SGSST) are defined," which recognizes the existence of Agricultural Production Units and sets three minimum standards for said units of 10 or less permanent workers, seeking to protect coffee growers from risks derived from their activity without excessive or onerous management burdens.

- Work continues on training on and analysis of regulations on child labor prohibition so that inspection, supervision and control authorities of the Ministry of Labor guide coffee growers on children protection, but allowing and overseeing that coffee farming may be known by minors without missing school, in a family environment and properly cared for and protected. All this in developing provisions of Resolution 1796 of 2018 by the Ministry of Labor.

- We worked on the 2030 Coffee Agenda from the proposal made by President Duque at the meeting with the Steering Committee in July, delivered by him at the 87 National Coffee Growers Congress, announcing that it would become a CONPES (National Council for Economic and Social Policy) document, and jointly signed by the Minister of Agriculture in the National Committee of Coffee Growers on December 18, 2019. This agenda is in line with the FNC's value strategy in the economic, social, environmental and governance dimensions and the Government's major goals by 2030, such as the Sustainable Development Goals (SDGs), the 2018-2022 National Development Plan, and the National Agenda for Competitiveness and Innovation.



Challenges ahead

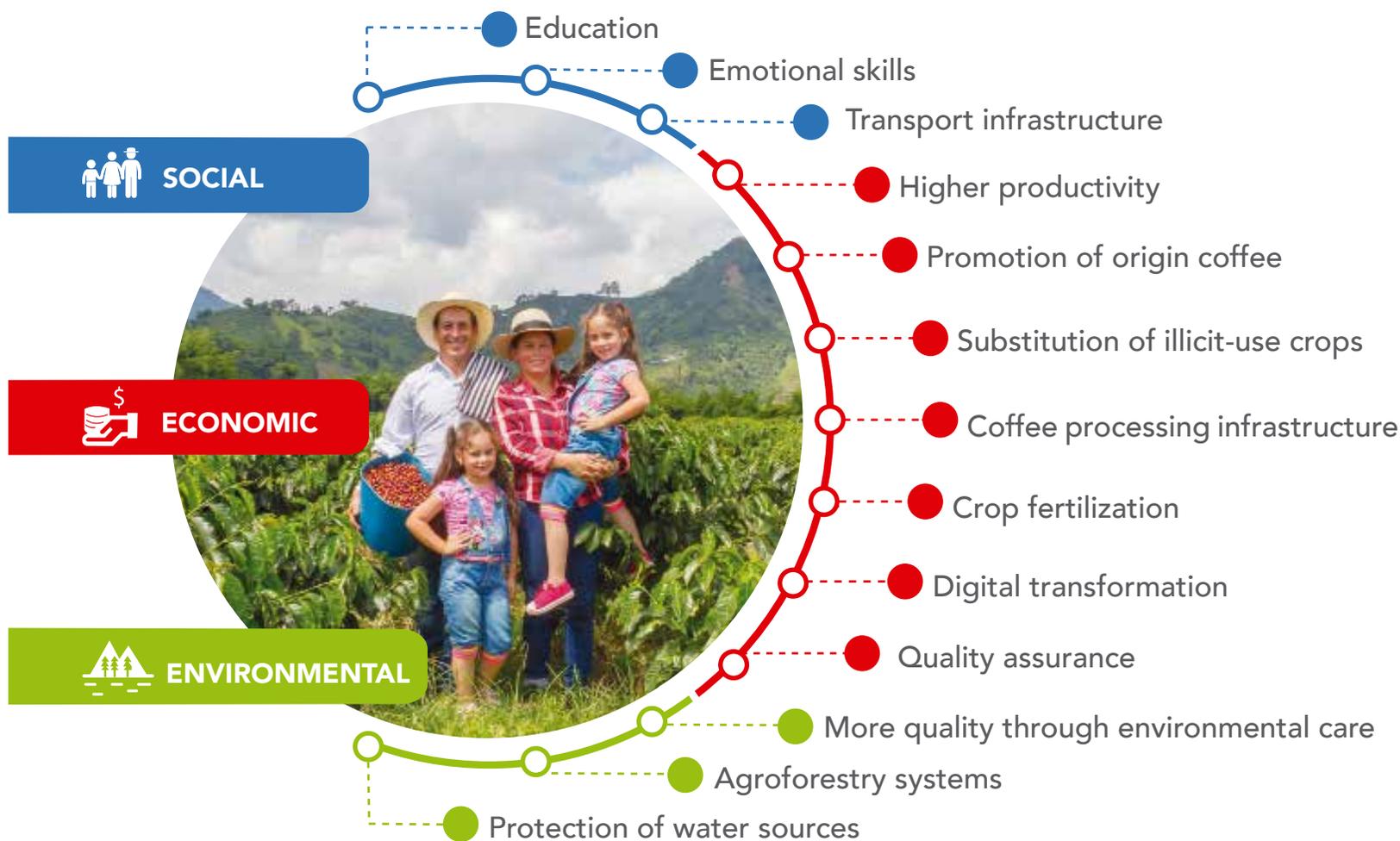
The major challenges ahead for the FNC as union include: i) To continue developing actions so that a fair price is recognized to Colombian coffee for its quality, ii) To launch the Coffee Price Stabilization Fund, iii) Regulatory and legislative development of the National Development Plan as to the social protection floor and agricultural insurance, iv) Implementation of the 2030 Agenda, v) To continue empowering coffee growers in their roles as leaders, and vi) To continue providing relevant information and tools to coffee leaders and producers.

With programs and projects, coffee grower committees improve sustainability of producers

The departmental and municipal committees implement programs and projects prioritized by the union members in their region according to needs. So, in a decentralized way, the FNC meets each region's specific needs. All of these efforts are aimed at fulfilling the institutional value strategy.

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

PROGRAMS AND PROJECTS PRIORITIZED BY COMMITTEES IN 2019



Source: FNC, Economic Research Directorate, based on information from the 15 departmental committees and coordinating office.

53% of the projects prioritized by the committees are focused on strengthening the **economic component**, 25% on the **environmental component** and 22% on the **social component**.

In the **economic** component, projects mainly seek: (i) higher productivity, (ii) crop fertilization, (iii) better coffee processing infrastructure, (iv) promotion of origin coffee, and (v) investments to improve quality. This dimension also includes digital transformation initiatives to improve productivity and projects focused on crop renovation that translate into more cultivated areas.

In the **social component** are mainly projects for development of transport infrastructure (strip roads and aerial cables) and educational projects in agro-

economic activities and socio-emotional skills (empowerment, leadership and community work).

The **environmental component** includes mainly projects to improve agroforestry systems, protection of water sources and better coffee quality through environmental conservation.

It's worth highlighting the ability of the committees to achieve strategic partnerships with stakeholders that contribute resources and human capacity to projects, complementing each committee's own resources and human capital.

The following table shows a brief description of the two main projects carried out by the committees in 2019:

| ECONOMIC DIMENSION | | | | |
|--|---|---|---|--|
| OBJECTIVE OF THE PROJECT: ACTIONS FOR INTEGRATED IMPROVEMENT OF PRODUCTIVITY | | | | |
|  |  |  |  |  |
| PROJECT'S NAME | COMMITTEE | PARTNER | INVESTMENT (COP MILLION) | MAIN RESULTS |
| Strengthening of coffee farming and competitiveness in the Caldas department. | Caldas | 17 municipal administrations and 4 coffee grower cooperatives. | 1,490 | 1,670 coffee farmers benefited from integrated actions in renovation, delivery of plant material and post-harvest equipment. |
| Improvement of productivity of coffee farming in the departments of Cesar, La Guajira and Bolívar, 2019. | Cesar, La Guajira and Bolívar | PRODECO | 498 | 270 soil analyses. 1,3 million trees fertilized. 900 ha of coffee crops renovated. 5,100 kg of certified seed for renovation. |

ECONOMIC DIMENSION

OBJECTIVE OF THE PROJECT: ACTIONS FOR INTEGRATED IMPROVEMENT OF PRODUCTIVITY



PROJECT'S NAME

COMMITTEE

PARTNER

INVESTMENT
(COP MILLION)

MAIN RESULTS

Improvement of productivity and profitability of coffee growers in Cundinamarca.

Cundinamarca

Cundinamarca
Government and
30 municipal
administrations

3,600

2,100 ha fertilized.

334 drying systems.

60 samples in cupping laboratory.

Strengthening of technical assistance for renovation and reconversion of coffee farming and improvement of productivity with economic, social and environmental sustainability in Huila's coffee regions

Huila

Huila department
with General System
of Royalties (SGR)

8,863

5,967 ha renovated
with rust-resistant varieties.

5,433 people
trained in Good
Agricultural Practices.

1,738 people trained
in social, business and
financial strengthening
through associative
groups.

Coffee: a model of prosperity and peace in Huila. Improving environmental protection, productivity and social fabric of coffee communities.

Huila

Lavazza Foundation

1,049

3 associative groups
strengthened in technical,
administrative, market,
social and environmental
management.

3 Ecomill wet mills built for
water treatment.

ECONOMIC DIMENSION

OBJECTIVE OF THE PROJECT: ACTIONS FOR INTEGRATED IMPROVEMENT OF PRODUCTIVITY



PROJECT'S NAME

COMMITTEE

PARTNER

INVESTMENT
(COP MILLION)

MAIN RESULTS

Production strengthening in coffee farming.

Coordinating offices

Coordinating offices (Caquetá, Casanare, Meta, Chocó and Putumayo).

219

2,640 kg of seed for renovation.

745 m² of new community **germinators**.

4.82 million sprouts.

50 eco-efficient **stoves**.

Increase of income of small producers who are part of organizations dedicated to production of specialty coffee in the Río Mayo sub region (Albán, El Tablón, San Bernardo, Belén, Colón, San Pablo and La Cruz).

Nariño

IOM-Nariño Government (SGR)

4,326

1,096 technical supports.

1,096 farms improved their wet milling and post-harvest processes.

OBJECTIVE OF THE PROJECT: CROP FERTILIZATION

Incentive for coffee growers to buy fertilizer for coffee vegetative growth.

Boyacá

Municipal administrations (Miraflores, Rondón, Maripí, Pauna and Otanche)

120

380 fertilizers delivered to coffee farmers.

ECONOMIC DIMENSION

OBJECTIVE OF THE PROJECT: CROP FERTILIZATION



PROJECT'S NAME



COMMITTEE



PARTNER



**INVESTMENT
(COP MILLION)**



MAIN RESULTS

Revolving fund for fertilization.

Norte de Santander

Adaptation Fund, GIZ

518

1,378 ha fertilized.

OBJECTIVE OF THE PROJECT: BETTER COFFEE PROCESSING INFRASTRUCTURE

Improvement of coffee processing infrastructure on coffee farms.

Boyacá

Municipal administrations

Santana, Páez, Berbeo, San Eduardo, Zetaquirá, Miraflores, Rondón, Briceño, Tununguá.

379

39 semi-integrated **modules** for coffee processing.

249 **pulping machines.**

165 **tub-tanks** of 700 liters.

120 **coffee growers** benefited from fertilizer.

ECONOMIC DIMENSION

OBJECTIVE OF THE PROJECT: BETTER COFFEE PROCESSING INFRASTRUCTURE



PROJECT'S NAME



COMMITTEE



PARTNER



INVESTMENT
(COP MILLION)



MAIN RESULTS

Strengthening in production, environmental practices and staying in coffee farming in Risaralda.

Risaralda

Risaralda
department

655

295 coffee-growing families improved their wet (178 semi-integrated modules) and dry (117 tunnel-type solar driers) processing infrastructure.

OBJECTIVE OF THE PROJECT: SUBSTITUTION OF ILLICIT-USE CROPS

Promotion of coffee farming as an alternative for replacing illicit-use crops in the municipality of Briceño.

Antioquia

Colombia in Peace
Fund

10,705

420 coffee production projects (one per beneficiary).

197 food security **projects** with home gardens.

3,983 people trained in technical management of coffee farming.

70 drier domes built.

70 ecological wet milling **modules** installed.

ECONOMIC DIMENSION

OBJECTIVE OF THE PROJECT: SUBSTITUTION OF ILLICIT-USE CROPS



PROJECT'S NAME

COMMITTEE

PARTNER

INVESTMENT
(COP MILLION)

MAIN RESULTS

| | | | | |
|---|---------------|-------------------------------------|--------------|--|
| <p>Integrated project to strengthen families in the municipality of El Rosario.</p> | <p>Nariño</p> | <p>Howard G. Buffett Foundation</p> | <p>2,800</p> | <p>24.7 ha of coca eradicated.</p> <p>100 producers trained in business management.</p> <p>100 farms' infrastructure improved.</p> <p>100 food security plots implemented.</p> <p>Progress in construction of coffee warehouse.</p> |
|---|---------------|-------------------------------------|--------------|--|

OBJECTIVE OF THE PROJECT: PROMOTION OF ORIGIN COFFEE

| | | | | |
|---|---------------|--|------------|--|
| <p>Coffee contests and fairs "Best coffee in Cauca 2019" and "Cauca coffee is drunk in the Holy Week" and Gastronomic Festival.</p> | <p>Cauca</p> | <p>FINTRAC Inc., USAID.</p> | <p>234</p> | <p>20 lots auctioned at prices between 4 and 19 USD/lb.</p> <p>51 lots sold at 1.50 to 1.75 USD/lb.</p> <p>61 lots sold at 2.25 to 2.50 USD/lb.</p> |
| <p>Ibagué coffee promotion strategy.</p> | <p>Tolima</p> | <p>Ibagué municipal administration</p> | <p>314</p> | <p>Promotion of coffee among 10,000 people.</p> <p>Awards to five best-quality coffee lots.</p> <p>Recognition of the five best coffee shops in the municipality of Ibagué, out of 27 registered.</p> |

ECONOMIC DIMENSION

OBJECTIVE OF THE PROJECT: PROMOTION OF ORIGIN COFFEE



PROJECT'S NAME



COMMITTEE



PARTNER



INVESTMENT
(COP MILLION)



MAIN RESULTS

Ibagué coffee promotion strategy.

Tolima

Ibagué municipal administration

314

Promotion of commercial **samples** from 38 associations and public and/or private institutions.

OBJECTIVE OF THE PROJECT: QUALITY ASSURANCE

Quality assurance.

Quindío

Quindío government and municipal administrations

712

4,532 coffee farmers benefited from partnerships and strategic projects focused on increasing competitiveness through better processes to produce higher-quality coffee.

OBJECTIVE OF THE PROJECT: DIGITAL TRANSFORMATION APPLIED TO COFFEE FARMING

Application of science, technology and innovation in coffee production tailored to specific conditions of coffee farming in Huila.

Huila

Huila department, Cenicafé

14,868

Agroecological **zoning maps**.

Study on response of different densities.

Identification of optimal shade type and level.

Variety evaluation study.

ECONOMIC DIMENSION

OBJECTIVE OF THE PROJECT: DIGITAL TRANSFORMATION APPLIED TO COFFEE FARMING



PROJECT'S NAME



COMMITTEE



PARTNER



INVESTMENT
(COP MILLION)



MAIN RESULTS

Application of science, technology and innovation in coffee production tailored to specific conditions of coffee farming in Huila.

Huila

Huila department, Cenicafé.

14,868

Integrated coffee **management programs.**

Regional map of physicochemical and biological properties.

Regional coffee crop nutrition program, based on natural fertility of each agro-ecological zone and integrated with use of ICTs.

Early warning system for coffee farming in the department, integrated with use of ICTs.

SOCIAL DIMENSION

OBJECTIVE OF THE PROJECT: TRANSPORT INFRASTRUCTURE

Strip roads.

Caldas

Invías, 14 municipal administrations.

103,573

7 km of strip roads ("placas-huella").

Maintenance and conservation of tertiary roads in the corregimientos of Santa Clara and Sacramento, municipality of Fundación.

Magdalena

Fundación municipal administration

80

77 km of roads improved.

SOCIAL DIMENSION

OBJECTIVE OF THE PROJECT: TRANSPORT INFRASTRUCTURE



PROJECT'S NAME

COMMITTEE

PARTNER

INVESTMENT
(COP MILLION)

MAIN RESULTS

Aerial cables.

Risaralda

La Celia, Guática
and Balboa municipal
administrations

399

5 aerial cables installed.

Improvement of
trafficability of
Valle del Cauca
roads through
rehabilitation,
demarcation,
signaling, protection
and maintenance.

Valle del
Cauca

Valle del Cauca
Government.

2,528

928,048 people
benefited from
better roads.

OBJECTIVE OF THE PROJECT: COFFEE FARMER EDUCATION

Building Resilience:
Educational
opportunities for
sustainable peace in
San Juan de Rioseco,
Cundinamarca, Santa
Teresa school.

Cundinamarca

Costa Coffee
Foundation - San
Juan de Rioseco
municipal
administration

720

500 m² of educational
infrastructure.

5 production projects
developed by students.

School farm with
food security processes.

Coffee farm worker
training.

Magdalena

Caficosta
and Red
Ecolsierra.

65

12 young people
trained in sustainable
production and business
management.

SOCIAL DIMENSION

OBJECTIVE OF THE PROJECT: STRENGTHENING OF SOCIO-EMOTIONAL SKILLS



PROJECT'S NAME

COMMITTEE

PARTNER

INVESTMENT
(COP MILLION)

MAIN RESULTS

Technical and social strengthening for 80 coffee-growing families in El Danubio, Florencia, Caquetá, a Nespresso area of influence.

Coordinating offices (Caquetá, Casanare, Meta, Chocó and Putumayo)

Acdi/Voca
(USAID operator).

497

80 coffee-farming families improved their socio-economic conditions.

On 80 coffee farms, producer families were empowered as agents of social transformation and peace building.

ENVIRONMENTAL DIMENSION

OBJECTIVE OF THE PROJECT: MAINTENANCE OF AGROFORESTRY SYSTEMS

Maintenance of coffee agroforestry systems in the sub basin of the Tocuy and Sororia rivers.

Cesar, La Guajira and Bolívar.

Prodeco Group

1,232

151 ha renewed through planting and cutting.

121.5 ha for coffee production.

74 farmers trained in better productivity, management of agroforestry systems, and lower impact of coffee farming on the basins.

Establishment of 1,350 ha of coffee with agroforestry systems and higher biological connectivity in the department.

Santander

Santander Government

11,222

1,956 coffee farmers established 1,350 ha of coffee with agroforestry systems.

ENVIRONMENTAL DIMENSION

OBJECTIVE OF THE PROJECT: MAINTENANCE OF AGROFORESTRY SYSTEMS



PROJECT'S NAME



COMMITTEE



PARTNER



INVESTMENT
(COP MILLION)



MAIN RESULTS

"Manos a la obra"
(Let's do it).

Norte de
Santander

Municipal
administrations

513

461 ha renovated that benefited 1,662 coffee growers.

OBJECTIVE OF THE PROJECT: PROTECTION OF WATER SOURCES

Water source
protection program

Quindío

Competitive Quindío
Corporation (CQC)

Quindío Energy
Company (EDEQ)

236

**82 ha of strategic
zones for:**

Water regulation.

Coffee Cultural Landscape
environmental sustainability.

Ecological connectivity.

Planning taking into
account 80 species native
to the Andean region.

Support for
implementation
of ecological wet
mills without
wastewater and
efficient use
of water in 20
municipalities of
the department

Santander

Santander
Government

1,610

317 coffee farmers trained and equipped with integrated ecological wet milling modules.

ENVIRONMENTAL DIMENSION

OBJECTIVE OF THE PROJECT: MAINTENANCE OF AGROFORESTRY SYSTEMS



PROJECT'S NAME

COMMITTEE

PARTNER

INVESTMENT
(COP MILLION)

MAIN RESULTS

Water in the Heart of Coffee Communities in Tolima and Cauca.

Tolima

Jacobs Douwe Egberts (JDE)

2,479

154 diagnostic visits.

1,065 coffee farmers benefited from identification of fit-for-reforestation areas and water sources.

OBJECTIVE OF THE PROJECT: ENVIRONMENTAL CARE FOCUSED ON QUALITY

Farmer Brother Program

Valle del Cauca

Expocafé Farmer Brothers, RGC AMERICAS.

2,359

753 families thoroughly served in productivity, quality in specialty coffee production, restoration of river basins (landscape tools established), technological upgrading, and pollution reduction.

Organic Coffee for Peace.

Cauca

Pur Projet and ECOSIA.

1,900

242,000 trees of native species.

482 ha of organic coffee renovated (including new plantings) thanks to the project's support.

1,044 coffee farmers benefited.

TESTIMONIALS

"Our fertilizer for coffee arrived on time; sometimes one has few resources, but with these supports you work with more love. I invite my coffee grower friends not to drop our crops. Let's grow coffee and keep it in good maintenance."

Julio Vicente Acosta, coffee grower leader in Pauna, Boyacá, and beneficiary of the FNC-municipality agreement.

"The program 'Coffee: a model of prosperity and peace in Huila' has generated spaces for community construction in the post-conflict, allowing communities to recognize their strengths through cooperation and support in processes for innovation and entrepreneurship of an associative model business."

Huila Committee.

"We are very happy because they alleviate a lot of our work load and favor the marketing of our products, especially coffee. Thank you to those who made this work possible, because definitely they improve our lives."

Jhon Fredy Giraldo, beneficiary of aerial cable in La Celia, Risaralda.

"The pilot project of voluntary eradication by 100 coffee producers in El Rosario shows that licit economies can be supported in illicit-use crop areas. It is the communities who protect and defend projects against different actors and interests, responding to the needs identified and agreed on with each beneficiary."

Nariño Committee.

"With these two strategies (1. fairs and auctions to show Cauca coffee internationally and 2. participation in large national events), it has been possible to show over 50,000 people in Colombia and the world this coffee's characteristics and quality. Domestic consumption is encouraged, high-quality coffee is rewarded, and buyers are connected directly with coffee growers."

Cauca Committee.

"With these projects in the economic and social dimensions, the Coffee Growers Committee improves productivity and profitability of coffee farming in the department and supports training of the next generations that will continue the coffee industry."

Cundinamarca Committee.





Resource management

FoNC finances coffee public goods and services worth USD 125.9 million

In 2019, this figure grew 8% from previous year. Surpluses of industrial and commercial activities finance institutional activity deficit, the result of imbalance between coffee contribution and institutional expenses.

GRI 102-7
GRI 203-1

In 2019, revenue of the National Coffee Fund (FoNC) was USD 609.2 million, most of it from the commercial activity, which reported USD 339.1 million from green coffee marketing, with sales of 1.9 million 60-kg bags.

Industrial activity sales (Buencafé freeze-dried coffee and extract) reached USD 147.4 million, yielding net income of USD 22.2 million. In this period, Buencafé reached sales of 12,839 tons, a 2% increase over the previous year.

As a result of more Colombian coffee exports, the coffee contribution (tax) revenue grew 7% in the same period to USD 101.3 million.

The coffee public goods and services, which contribute to coffee farmer's well-being, are financed mainly by the coffee contribution; however, the surpluses of the green and industrial coffee commercialization activities led by Buencafé financed the deficit as a result of the imbalance of revenue and expenses in the institutional activity, thus guaranteeing the FoNC financial prosperity.

In 2019, coffee public goods and services worth USD 125.9 million (COP 415.3 billion) were financed, 8% more than in 2018. The FoNC has focused its efforts on programs such as Support for Renovation of Coffee Plantations, with about USD 16.7 million allocated.

FONC REVENUE AND INVESTMENTS

| REVENUE | | INVESTMENTS |
|-------------------------------|--|----------------------------|
| INSTITUTIONAL ACTIVITY | | Purchase guarantee |
| Coffee contribution (tax) | | Marketing work |
| Transfers and grants |  National Coffee Fund (FoNC) 2019 | Rural extension |
| Brand use royalties | | R&D |
| COMMERCIAL ACTIVITY | | Quality assurance |
| Coffee sales | | Café de Colombia promotion |
| INDUSTRIAL ACTIVITY | | Social investment |
| Industrial coffee production | | |



FoNC indicators confirm its soundness, good management and financial health

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

To understand the FoNC results, it is pertinent to resort to analysis of financial indicators.

Efficiency of operating capital management is measured through portfolio turnover, an indicator that improved by decreasing from an average of 29 days in 2018 to 22 days in 2019.

The FoNC shows stable liquidity indicators, in line with its positive results. The current ratio remains at 1.1 (above 1), that is, current assets can cover all of the short-term liabilities.

To achieve the FoNC financial objectives, different resources are gathered to finance investments in coffee public goods that foster a competitive domestic coffee market, favor Colombian coffee positioning abroad, and improve living conditions in coffee regions. For this reason, the FoNC financial prosperity is essential to guarantee its stability and continuity of investments in these public goods and services.

This financial prosperity policy requires the efforts of the FoNC commercial activities to generate the resources needed to finance institutional expenses without jeopardizing the FoNC financial health. In other words, the Buencafé and green coffee marketing surpluses finance the institutional activity deficit, the result of the imbalance between the coffee contribution and institutional expenses.

Last but not least, thanks to the FoNC financial situation, the favorable environment is given for it to participate in the market through credit lines approved by the national and international financial sectors for over **COP 2.8 trillion (USD 853.4 million)**, which allows, if required, to leverage the main coffee public good, the purchase guarantee.

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

FNC budget shows surplus in last 2 years

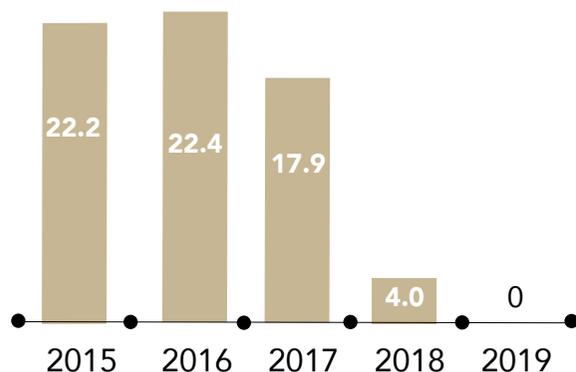
The strategic objective of financial prosperity of the Colombian Coffee Growers Federation (FNC) has focused on specific actions to ensure that at least balanced budgets are built and maintained nationwide.

Implementing this strategy from central level has been a major challenge, especially when the 2015 Coffee Growers Congress (the FNC highest authority), with an unprecedented vote of confidence in the current administration, approved a budget with a deficit of **COP 10.7 billion (USD 3.3 million)**.

The efficiency, effort and commitment of the FNC HQ areas allowed in recent years to reduce resources allocated to its operation by over COP 10.5 billion (USD 3.2 million). Thanks to a number of actions, **the current FNC budget has been in surplus for the last two years**, thus fulfilling the mandate that the Coffee Growers Congress gave in 2016.

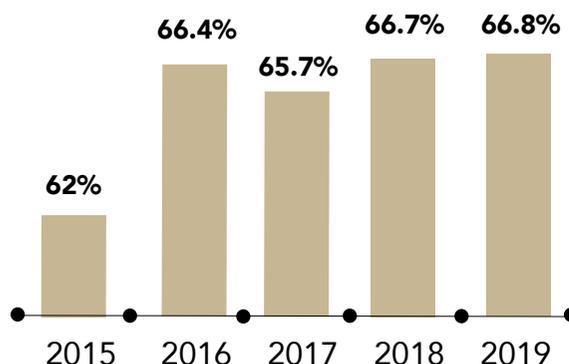
In addition, the administration set itself the objective of reducing the FNC structural debt, which at the time allowed to finance the accumulated deficit. At the end of 2016, this debt to the financial system reached a high of COP 22.4 billion (USD 6.8 million). Today, also as a result of the efforts made, the union is given a message of reassurance because in the first half of the year **the debt to the financial sector was pay off, three years before the committed date**. This, along with efficient management of assigned resources, has allowed improving the FNC financial indicators.

FINANCIAL DEBT (COP BILLION)



A fairly telling indicator of positive results is equity strength, understood as the share of a company's assets financed with its own capital; this indicator rose from 62% in 2015 to 66.8% as of December 2019.

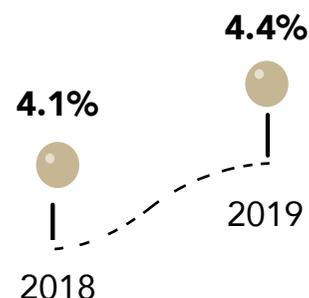
FNC EQUITY STRENGTH



Source: FNC, Administrative and Financial Division.

Lastly, the FNC has a broad portfolio of over 500 real estate assets, some of them operational and others available to be managed. Looking for their efficient use, in 2017 the Real Estate Management Program was approved, aiming to generate additional revenue. As of December 2019, profitability of the managed properties rose to 4.4%.

FNC Real Estate Program Profitability





USD 80.8 million in projects that benefit over 100,000 coffee-growing families

For its efficiency and transparency in project implementation, national and international partners see the FNC as a key ally to impact quality of life of rural households.

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



The FNC has leveraged the FoNC resources with other sources in a ratio of

1 to 3.7



Coordinated work between departmental committees, FNC offices abroad, the Commercial Division and the International Partnerships Management team will allow the realization of

USD 11.4 million

over the next 2 to 3 years.

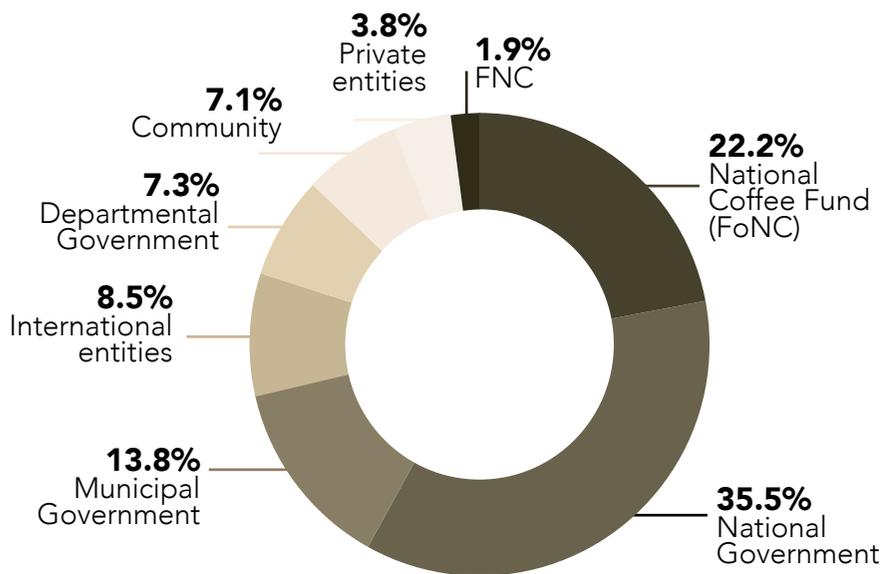


The FNC consolidates and strengthens its project management capacity under the principles of organization and efficiency. Each project managed by the FNC is aligned with its objectives and value strategy, and points to sustainability of the coffee sector and concrete actions that ensure profitable and environmentally sustainable coffee farming for the benefit of grower families. The FNC's partnerships are managed at national and international levels with public and private organizations, not only to raise resources, but also to access intangible assets such as knowledge and project management best practices.

In 2019, the FNC realized projects worth COP 265 billion (USD 80.8 million), of which 76% come from contributions by national or international organizations. Public partnerships led by the municipal and departmental committees were the major co-financing sources for investing in the coffee community, through the General Royalty System, as well as budgets of the municipal and departmental administrations.

Per each peso contributed by the National Coffee Fund (FoNC), the FNC managed to raise 3.7 pesos from additional sources.

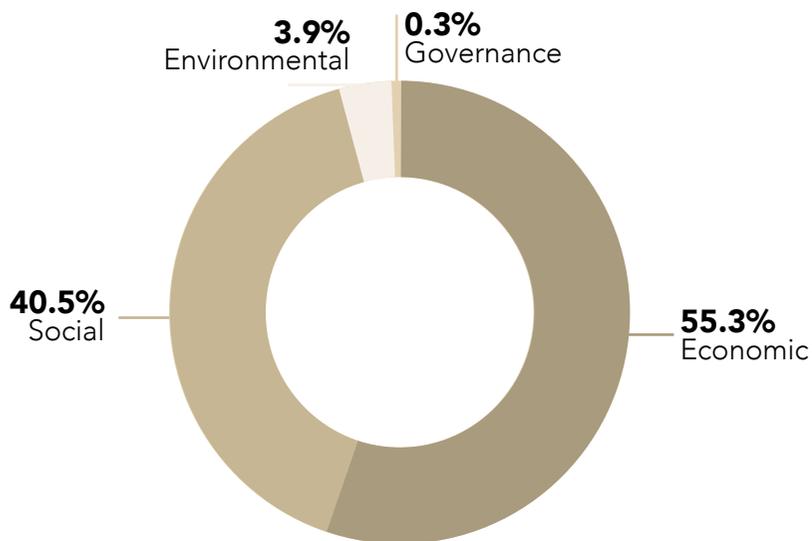
VALUE SHARE BY CONTRIBUTOR TYPE (2019)



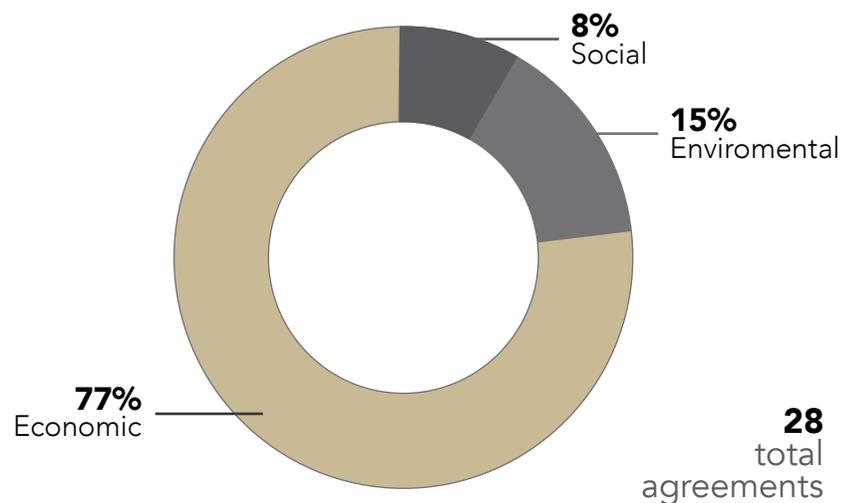
The second largest allocation was to social dimension, with 40.5%, 91% of resources being invested in infrastructure projects, and 7.3% in rural education. Of investment in the environmental dimension (3.9%), 76.3% went to care of natural resources and the rest to adaptability to climate variability. And of the investment in governance, 68.4% went to union training and leadership, and the rest to participation and democracy.

In 2019, with the support of its offices abroad, the Commercial Division and the International Partnership Management team, in coordinated work with the departmental committees, the FNC raised resources from international organizations worth over COP 37.3 billion (**USD 11.4 million**) for realization in the next 2 to 3 years, with projects that will impact over 26,600 coffee-growing families in 12 departments through investments in production infrastructure, coffee crop renovation, fertilization, education, housing improvement and drinking water, among others, seeking to improve quality of lives of these families and increase their income.

SHARE BY VALUE STRATEGY DIMENSION (2019)



INVESTMENT BY STRATEGIC DIMENSION IN PROJECTS WITH INTERNATIONAL PARTNERS



Source: FNC, Projects Office.

Most of resources (55.3% in 2019) were allocated to strengthening the economic dimension through projects that boost productivity (65.5%), seek better prices for producers (21%) and reduce production costs (13.1%).

Over 35% of this amount comes from agreements signed with the US Agency for International Development (USAID), leveraged with resources from third parties and communities, the USAID thus being the main international partner of the FNC for developing integrated production projects. In 2019 and the coming years, the FNC and USAID

will work together in six programs in five departments: Antioquia, Cauca, Caquetá, Bolívar and Meta, and will directly impact over 8,200 coffee-growing families (about 32,000 people). All this under the memorandum of understanding signed by the FNC New York Office and the USAID HQ in Washington.

In addition, the FNC Commercial Division directly manages and implements projects with clients such as Nespresso, Nestlé, RGC and others, most of them replicated for several years and guaranteeing beneficiaries' belonging to production chains, better prices, training, infrastructure and continued support. In 2019, these agreements totaled over COP 11 billion (USD 3.4 million) and will impact over 28,000 farmers in different regions of the country.

OUR INTERNATIONAL PARTNERS:



RECURRING COMMERCIAL PROJECTS SIGNED WITH FNC CLIENTS IN 2019

| PARTNER | DEPART. COMMITTEE | PROJECT | # COFFEE FARMERS |
|---|------------------------------------|--|------------------|
| Nespresso AAA Program | Cauca, Nariño, Santander & Caquetá | To build a high-quality green coffee supply chain that contributes to sustainability of the sector and improves quality of life of producer communities, respecting and protecting the environment. | 17,709 |
| Nescafé Plan | Huila & Risaralda | To ensure long-term sustainability of the coffee supply chain and strengthen economic position of coffee growers, increasing their income and improving their productivity and coffee quality, respecting people and the environment. | 7,000 |
| Pur Projet- Nespresso | Nariño & Cauca | To implement a program aimed at introducing and maintaining trees on and around farms. | 2,720 |
| RGC Abejorral | Antioquia | To boost implementation of practices that favor sustainability of coffee-growing families benefited by the project. | 360 |
| RGC Flor de mi Tierra (Flower of my Land) | Tolima | Production, quality, environmental and generational integration strengthening through continued support in educational and production topics to create new business and coffee marketing opportunities in the project's area of influence. | 166 |
| TOTAL | | | 27,955 |

HR management: permanent creation of productive talent

Through various internal initiatives, we have contributed to creating a better work environment that translates into more productive human capital.

GRI 103-1
GRI 103-2

HR Management team's continued support to employees for they to develop better behaviors and attitudes has been crucial in the FNC's achievements in 2019.

This continued support is based on the **productive talent** concept, seeking to draw the human capital required by the organization while maintaining high levels of performance, satisfaction and purpose among employees.

Total employees:
3,038

68% works in the departmental committees

39% of our workers are extensionists.

75% with fixed-term contracts or hired for specific work or project (2,278).

25% with indefinite-term contract (760).

Source: FNC, HR Management.

PRODUCTIVE TALENT

=



Contribution
Finding meaning at work

+



Competencies
Ability to do work

+



Commitment
Will to do work

GRI 102-7
GRI 102-8

FNC WORKERS



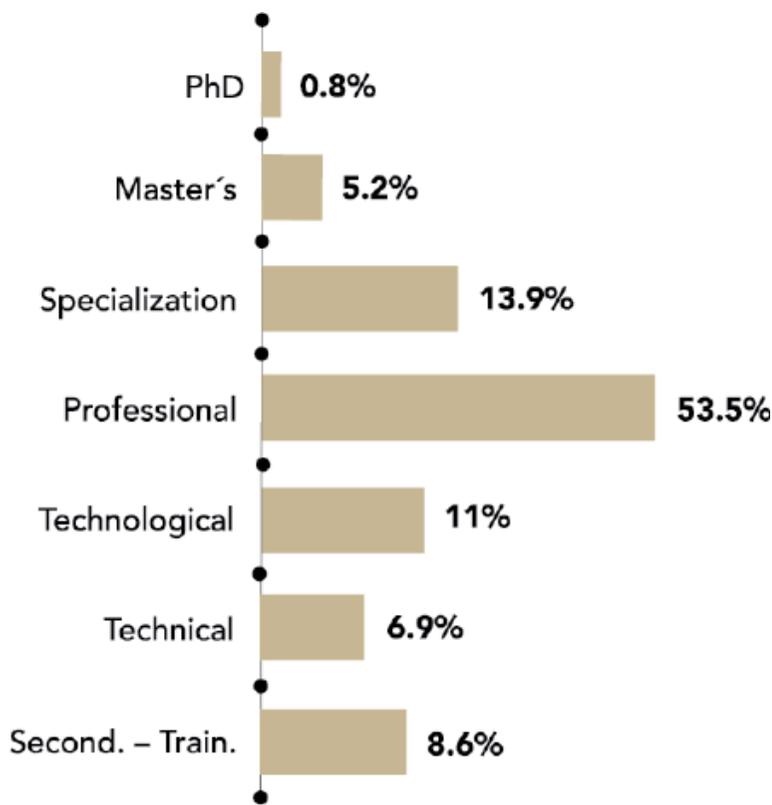
36%
women
(1,086)



64%
men
(1,952)



EDUCATION LEVEL



CONTRIBUTION

| INITIATIVE | OBJECTIVES | RESULTS |
|--|---|---|
| <p>Voluntary work</p> | <p>To connect employees with the true <i>raison d'être</i> of the FNC, coffee growers, building and living together an experience full of purpose and meaning regarding daily work.</p> | <p>470 employees from the departmental committees of Cundinamarca, Cesar-Guajira, Huila, FNC HQ, Almacafé and Procafecol accompanied the delivery of locative improvements in three schools in the municipalities of San Juan de Rioseco (Cundinamarca), La Paz (Cesar-Guajira) and Pitalito (Huila).</p> |
| <p>Raising awareness about gender equity within the company</p> | <p>To implement the gender equity component within the coffee institutional framework.</p> | <p>In the 10th implementation year, initial training in gender equity issues for HR Management, Communications and Social Development teams to recognize the importance, challenges and actions to be undertaken in gender equity.</p> |
| <p>Domestic consumption program for employees</p> | <p>To contribute to better appreciating the national drink and increase domestic consumption.</p> | <p>We developed the program "I want to learn about coffee" with three special moments: (i) Cupping and basic concepts workshop, (ii) Coffee brewing, and (iii) Test the knowledge acquired in the CafeX2 championship.</p> |

CONTRIBUTION

| INITIATIVE | OBJECTIVES | RESULTS |
|--|--|--|
| <p>Occupational safety and health</p> | <p>To contribute to complying with Resolution 312 of February 19, 2019 by the Ministry of Labor.</p> | <p>Recertification of the FNC Occupational Safety and Health Management System in the OHSAS 18.001 version 2007 by the certifying entity ICONTEC, and start of preparations for transition to the ISO 45.001 standard from 2020.</p> <p>Support to coffee growers in complying with this law requirement, for which we started the campaign "My coffee farm, a healthy and safe workplace," which works on different fronts such as: (i) Rural Extension Service, (ii) radio programs, (iii) information workshops with union leaders, (iv) signing of agreement with ILO/ Ministry of Labor to implement these measures among coffee growers, and (v) generation of teaching materials.</p> |

○ GRI 404-2

COMPETENCIES

| INITIATIVE | OBJECTIVES | RESULTS |
|--|--|--|
| <p>Leadership Development Program</p>  | <p>To provide continued support to FNC leaders in a personal transformation process to develop tools that allow them to influence their work teams and achieve the organization's results.</p> | <p>68 workshops, 410 participants that strengthened their relationships, shared best practices in work team management and used as a tool a common language aligned with leadership competencies and value strategy.</p> |
| <p>Online diploma course in strategic HR management</p> | <p>To offer a vision of strategic evolution of the HR management areas to add value in the business challenges and agility to the organization.</p> | <p>54 participants: administrative and financial directors, HR management coordinators and national teams were trained.</p> |
| <p>Management & personal productivity at the FNC</p> | <p>To provide management and self-management tools to impact effectiveness of employees in their jobs.</p> | <p>155 employees participated, plus individual sessions with 5 people in the workplace.</p> |

COMPETENCIES

| INITIATIVE | OBJECTIVES | RESULTS |
|--|--|--|
| <p>Strengthening of the Extension Service's competencies</p> | <p>To train the Extension Service on coffee productivity techniques.</p> | <p>1,198 extensionists participated in 6 (in-person and virtual) workshops of 220 hours.</p> |
| <p>Online training in excellence project management</p> | <p>To contribute to the strategic objective of managing projects with excellence.</p> | <p>570 employees in 3 virtual courses were trained in project formulation, business case formulation and project implementation.</p> |
| <p>Training in compliance with the security and control component - AEO Authorization. BASC recertification</p> | <p>To achieve employees' internalization of issues associated with risk prevention and management in their daily work.</p> | <p>270 employees 35-hour-trained in topics such as: SGI security and control component, continuity of operations, risk management at the FNC, prevention of money laundering, financing of terrorism and smuggling, information technology security, identification of seals, inspection of containers and transport units, physical mail management, physical security and access control, practices for preventing corruption and bribery and internal conspiracies, and hiring and monitoring processes associated with business clients.</p> |

COMMITMENT

| INITIATIVE | OBJECTIVES | RESULTS |
|--------------------------------------|---|--|
| <p>Organizational climate</p> | <p>To know the current state of the FNC's organizational climate and aspects requiring attention to create strategies that contribute to their improvement.</p> | <p>2,550 employees surveyed; 87.7% of total population took part. Quality of climate at the FNC improved 5 points over the previous measurement, a favorable result since all attributes evaluated are within the average range of the reference group (between 40 and 60). It is necessary to continue the management process by identifying good practices and specific needs in specific groups.</p> |

Challenges ahead in digital transformation and with extensionists

Although maintaining what we have started, continuing to increase our value proposition and improving effectiveness of our process are important challenges, two points deserve the most relevance:

1. To provide continue support to digital transformation initiatives that arise in response to a global business reality, which implies rethinking people's competencies and new ways of working.
2. To get to know more closely everyday life of our extensionists, who represent 39% of staff, aiming at a value proposition more suitable for their daily reality.



Domestic coffee consumption for employees



Building Smiles voluntary work

Quality and digital transformation: key challenges for coffee sustainability

Within the economic, social, environmental and governance dimensions of the FNC's value strategy.

GRI 103-01
GRI 103-02

The FNC has great challenges for the coming years. To address them, it will require joint, enthusiastic, innovative and committed work of all its members. **The 2027 vision is that all producers reach a profitability level in coffee farming that guarantees them sufficient income for a decent standard of living and allows them to save for the future and grow in all aspects of social development,** in a harmonious interaction with the environment by efficiently using natural resources.

For this purpose, the FNC has set the goal of achieving the highest quality standards for Colombian coffee, aiming at unique differentiation to compete in international markets and maintaining its image as the best coffee in the world. So it will focus its efforts on developing actions that ensure high-quality coffee in every region of the country, developing skills, transferring knowledge and following marketing strategies that allow it to compete in the market.

2019 is the fifth year in a row that production is about 14 million bags thanks to the efforts of coffee growers, who have positively responded to the "More agronomy, more productivity" strategy, which will continue in the future, as we cannot let our guard down on that front to maintain and increase productivity.

A similar effort must be made on other fronts to achieve higher quality standards: improving post-

harvest processes, incorporating technological improvements throughout the production process, consolidating the approach of producers to consumer niches that value quality, promoting satellite or mobile cupping laboratories in all the coffee regions, and lastly, and perhaps most importantly, empowering farmers so quality of their coffee is recognized.

In this regard, it will be essential to continue working to achieve the strategic goals of the four dimensions of the FNC's value strategy.

Taking advantage of new ICT developments is a crucial pillar to improve coffee quality, allowing greater coffee farmer coverage, which must translate into higher productivity and greater competitiveness.

For the FNC, digital transformation becomes the tool to achieve an organizational change that allows generating more value to coffee growers and other stakeholders. All this has been supported on a technological change for taking advantage of ICTs to improve coffee grower coverage, competitiveness, organizational productivity, and timely decision-making.

In recent years, the FNC has been working to structure, execute and assist different projects that benefit coffee communities.

Productivity

1. Deepening of the strategy "More agronomy, more productivity and more quality."
2. More technological development for the Extension Service. 3. Support for new production areas.

Price

4. More quality differentiation. 5. Stabilization of prices and revenue. 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



ECONOMIC DIMENSION: CONTRIBUTING TO PROFITABILITY OF COFFEE GROWERS

SOCIAL DIMENSION: SEEKING SOCIAL DEVELOPMENT OF COFFEE-GROWING FAMILIES AND COMMUNITIES

10. Social protection of coffee growers: Promoting our well-being.
11. Rural education: Forming lives.
12. Infrastructure: Building a future.
13. Gender equity: Social fabric with equity.
14. Associativity: Together we do more.
15. Generational integration: Youth forging the future.

SDG ALIGNMENT



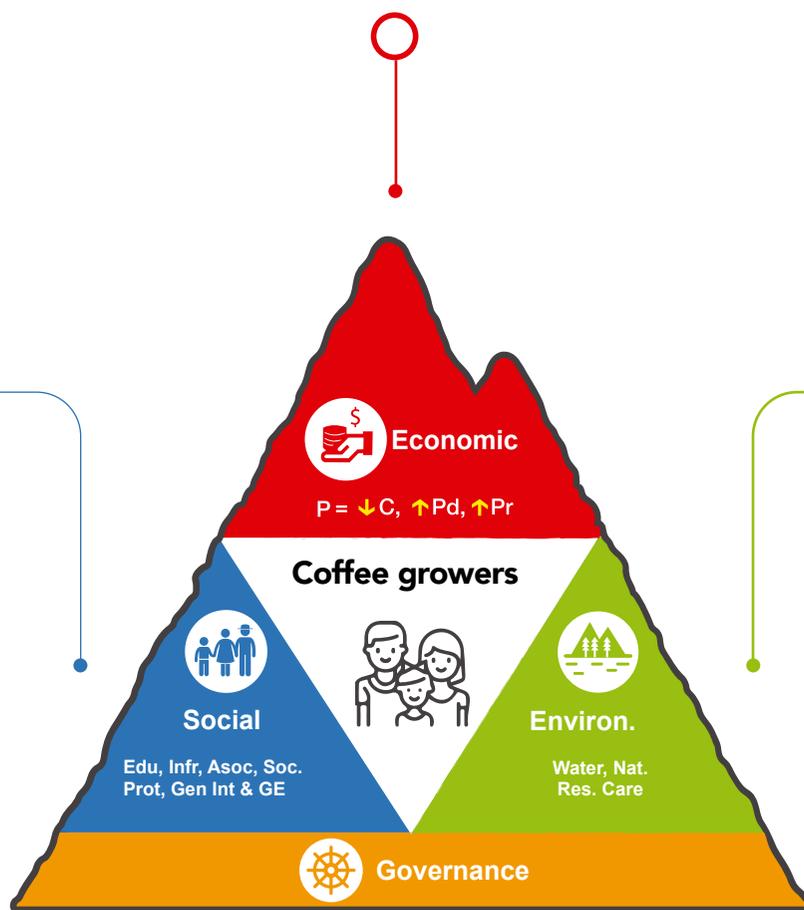
SDG ALIGNMENT



ENVIRONMENTAL DIMENSION: PROMOTING ENVIRONMENTAL SUSTAINABILITY IN THE COFFEE PRODUCTION CHAIN

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.

Specific technological development and digital transformation actions support the strategy

- Second phase of the Coffee Information System (SICA) Reengineering project began, whose main objective is to implement a new functional and technical architecture that responds in a timely manner to the business needs. The project will contribute to strengthening the system in information security, service availability, integration with other information sources and business intelligence as the basis for effective decision-making that contributes to well-being of coffee growers.
 - Implementation of the information system that supported the 2019 Coffee Plantation Renovation Program.
 - Implementation of the model for capturing coffee cup tastings using mobile devices. With this initiative, information quality was improved, use of paper was reduced, and the processing time was reduced by about 3 hours a day with barcode reading.
 - Design of a mobile app (MEGA I project) that integrates information on coffee quality, connectivity, coffee education, tourism, and other uses.
 - Evaluation of the FNC's "Farmer Connect" solution, which allows for better traceability from farm to cup using blockchain technology.
 - Evaluation of an FNC web platform that connects producers with roasters or end consumers using crowdfunding, which allows initiatives to come true (without having to resort to the financial system) through donations by roasters or investors.
 - Pilot project of a mobile app for producers to consult the reference coffee price; information on future prices will be provided, and there will be a price simulator depending on the yield factor.
 - Technological developments in the National Register of Coffee Exporters in 2019.
 - Optimization of processes in the SAP ERP system to generate the documents required to export coffee;
- likewise, the reception and weighing process in the unloading zone of the Buenaventura coffee operator was automated for reducing manual errors and time.
- The FNC website now features a function so that, in the coffee inspection activity, exporters enter the information required in the physical transit guides, allowing Almacafé to print them quickly so they are available for delivery to exporters.
 - Since October, the SAP portal for large coffee exporters allows electronically paying the coffee contribution through the Secure Online Payments (PSE) button or by charging it to the Visa credit card created with Davivienda for this purpose.
- Technological supports that improve governance of coffee institutions:
 - Recommendations for technological improvement to the Cauca and Magdalena coffee grower committees.
 - Implementation of new business processes for Procafecol in the SAP ERP system, including the NFCGC branch operating in the USA, the new CABSAs production structure for bakery and frozen products, and compliance with consumption tax regulations.
 - Through the shared services model, the business processes related to coffee shops for the Huila Departmental Committee were integrated to the FNC headquarters. Buencafé's local technological platform, with its respective business continuity model in the event of contingencies, was also integrated.
 - Renewal of the national telecommunications network and strengthening of the computer security infrastructure.
 - Redesign and update of the FNC website and those of the 15 departmental coffee grower committees.
 - With continued support by Colombia's ICT Ministry (MinTIC), we work on three challenges: 1) efficient use of coffee quality data, 2) development of a digital community that transcends and integrates our value chain, and 3) an industry that captures the voice of customers for providing them with better consumer experiences.
 - Aligned with digital transformation of the customs authority (DIAN), the electronic billing model was implemented with prior validation for over 120 scenarios of the FNC, the National Coffee Fund (FoNC) and four more branches.





About this report

○ GRI 102-54

This report was prepared in accordance with the GRI standards (core option) and presents the 2019 FNC management results.

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

STAKEHOLDERS

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

From information gathered continuously 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 towards stakeholders and the issues that they consider relevant.

COFFEE GROWERS

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

RELATIONSHIP APPROACH AND RELEVANT TOPICS

The mission of the FNC is to ensure the well-being of Colombian coffee growers. To achieve this, we have consolidated communication channels and maintained continuous relationships to understand the needs of the union and transfer best practices and technologies to coffee growers in order 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, "Conversemos con el Gerente" (Let's talk with the CEO) meetings, *Líderes* magazine, Extension Service satisfaction survey, web pages of departmental committees, group and individual methods applied by the Extension Service, union leadership meetings, radio programs, regional newspapers, TV program "The adventures of Professor Yarumo," text messages via celucafé and social media.

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 and 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 AND RELEVANT TOPICS

We seek to maintain respectful and constructive dialogue to create and sustain partnerships that support our mission, protect income of coffee-growing families and guarantee 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.

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 AND RELEVANT TOPICS

A proactive and solid 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 management of production, social and environmental projects.

COMMUNICATION CHANNELS

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

COFFEE BUYERS AND CONSUMERS

Subgroups:

Marketers/Traders

Roaster industry

Supermarkets

Coffee shops

Final consumer

RELATIONSHIP APPROACH AND RELEVANT TOPICS

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

RELEVANT TOPICS

High-quality added-value product.

COMMUNICATION CHANNELS

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

EMPLOYEES

RELATIONSHIP APPROACH AND 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 employees do.

In this way, we seek to ensure that the work done by HR Management contributes to the value creation strategy through employees 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 (COPAST), corporate mailings of HR Management and Communications.

ASSOCIATIONS AND UNIONS

Subgroups:

International Coffee Organization (ICO)

Sustainable coffee associations

National Association of
Foreign Trade (Analdex)

Colombian-Chinese Chamber of
Investment and Commerce

Colombian-Japanese Chamber
of Commerce and Industry

Colombian-American Commerce Chamber

Coffee Association of Canada

Colfuturo

Private Council of Competitiveness

Corporación Colombia Internacional (CCI)

Corporación Colombiana de Logística S.A.

Excellence in Justice

Maloka Corporation (Interactive Center
of Science and Technology)

Colombia Reconciliation Corporation

Businessmen for Education

Association of Friends of the
National Museum Foundation

Colombian Foundation of the Pacific

Children's Museum Foundation

Rafael Pombo Foundation

National Coffee Association (NCA)

Origin

Colombian Farmers Society (SAC)

Specialty Coffee Association (SCA)

Global Compact

RELEVANT TOPICS

Representation of the interests of
Colombian coffee growers.

Promotion of sustainability.

Relevant positioning of the FNC
as a union.

Strengthening of the sector.

COMMUNICATION CHANNELS

Direct relationship.

Social media.

Web page.

MEDIA**RELATIONSHIP APPROACH AND RELEVANT TOPICS**

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, social media, and direct relationship.

COFFEE INSTITUTIONS

Subgroups:

Almacafé

Procafecol

Offices abroad

Manuel Mejía Foundation

Cooperatives

RELATIONSHIP APPROACH AND RELEVANT TOPICS

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, emails, Al Día TV show, and social media.

SUPPLIERS AND CONTRACTORS

Subgroups:

National suppliers

International suppliers

RELATIONSHIP APPROACH AND RELEVANT TOPICS

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

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.

GRI 102-46
GRI 102-47

MATERIALITY

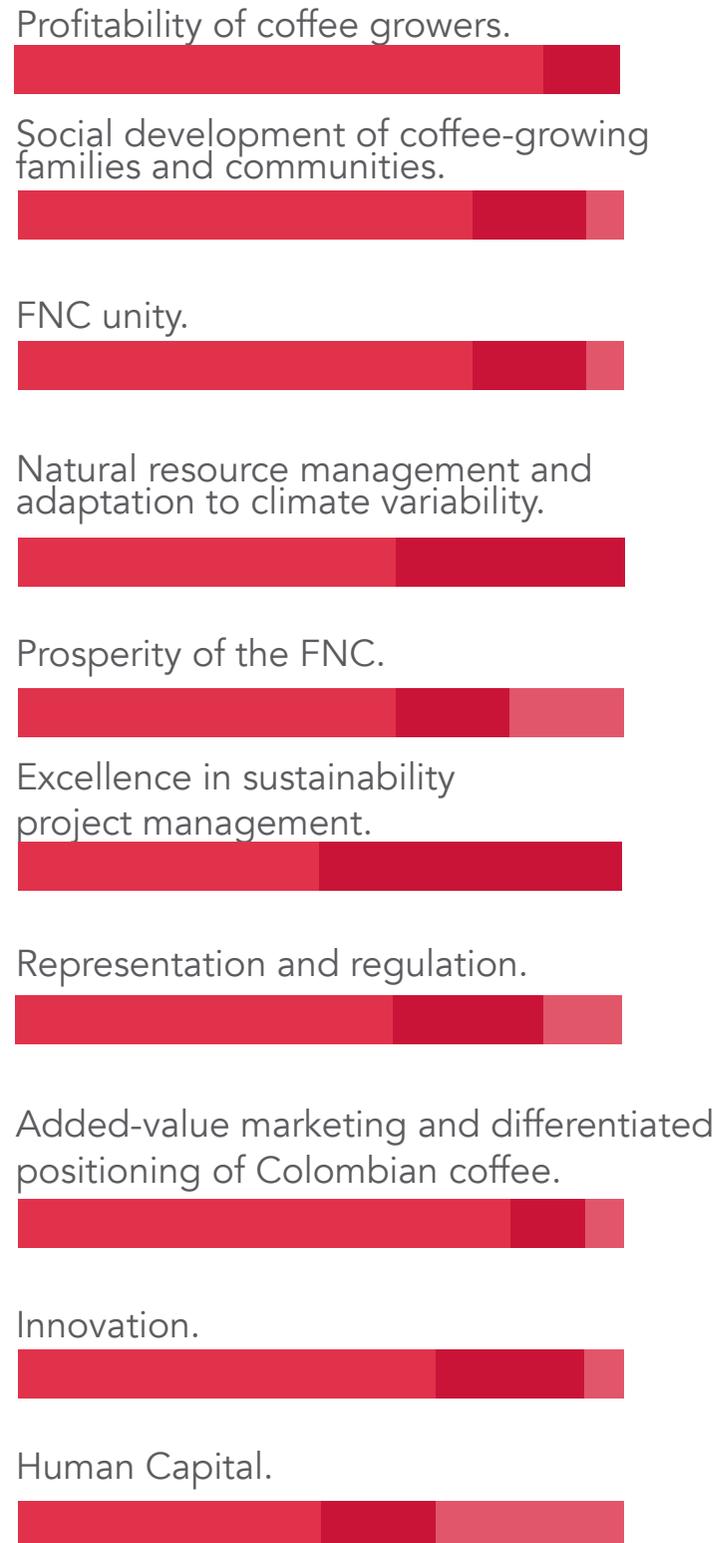
At the end of 2018, we did an exercise to update the FNC’s materiality analysis whereby the most relevant topics for sustainability of the organization were validated from the internal perspective (business strategy, corporate policies, impacts of the FNC) and the external one (stakeholders’). This materiality was described in the 2015-18 Sustainability Report, and once the issues were validated in the strategy controls at the beginning of the year, we concluded that they are still valid in 2019.

To complete this exercise, a workshop had been held with leaders of the 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 in order to confirm them, identify possible missing topics or eliminate the ones that were no longer relevant.

From this exercise we obtained a list of material topics that were prioritized according to their importance to stakeholders and the significant impacts of the FNC through a survey answered by the workshop participants. The survey confirmed that all issues were relevant and should be included in the sustainability report. The structure of the report was based on results of the materiality exercise, and although some issues are not discussed in a dedicated chapter, the management of each by the FNC is reported.

The result of this exercise is shown below:

IMPORTANCE TO STAKEHOLDERS



● High ● Medium ● Low

IMPORTANCE ACCORDING TO FNC IMPACTS

Profitability of coffee growers.



Social development of coffee-growing families and communities.



FNC unity.



Natural resource management and adaptation to climate variability.



Prosperity of the FNC.



Excellence in sustainability project management.



Representation and regulation.



Added-value marketing and 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 and communities | Coffee growers Government Partners |
| FNC unity (Governance, participation and democracy) | Coffee growers Government Coffee institutions Media |
| Natural resource management and adaptation to climate variability | Coffee growers Government Partners |
| Prosperity of the FNC | Coffee growers Government Partners Coffee institutions Suppliers and contractors Employees |
| Excellence in sustainability project management | Coffee growers Government Partners Coffee institutions |
| Representation and regulation | Coffee growers Government Coffee buyers and consumers Producing countries |
| Added-value marketing and differentiated positioning | Coffee buyers Consumers |
| Innovation | Coffee growers Government Partners Coffee institutions |
| Human Capital | Employees |





Annexes

GRI 102-13
GRI 102-12

| NAME | BOARD OF DIRECTORS | |
|--|--------------------|------------|
| | Principal | Substitute |
| Common Code for the Coffee Community (4C) | | |
| Colombia's National Association of Foreign Trade (Analdex) | 1 | |
| Colombian-Chinese Chamber of Investment and Commerce | | |
| Colombian-Japanese Chamber of Commerce and Industry | 1 | |
| Colombian-American Chamber of Commerce | | |
| Coffee Association of Canada | | |
| Colfuturo | 1 | |
| Private Competitiveness Council | 1 | |
| Corporación Colombia Internacional (CCI) | | |
| Corporación Colombiana de Logística S.A. | | |
| Excellence in Justice Corporation | | |
| Maloka Corporation - Interactive Center of Science and Technology | | |
| Colombia Reconciliation Corporation | 1 | |
| Businessmen for Education | | |
| Association of Friends of the National Museum Foundation | | |
| Colombian Foundation of the Pacific | | |
| Children's Museum Foundation | | |
| Rafael Pombo Foundation | | |
| Colombian Institute of Technical Standards and Certification (Icontec) | | |
| National Coffee Association (NCA) | | |
| International Coffee Organization (ICO) | | |
| Origin | | |
| Colombian Farmers Society (SAC) | 1 | 1 |
| Specialty Coffee Association (SCA) | | |
| Global Compact (Since 2003) | | |

GRI CONTENT INDEX

GENERAL DISCLOSURES

| GRI Standard | Disclosure | Page No. | Omission |
|--|---|--|----------|
| Organizational Profile | | | |
| GRI 102: General Disclosures 2016 | 102-1 Name of the organization. | Page 68 | |
| | 102-2 Activities, brands, products, and services. | Page 18 | |
| | 102-3 Location of headquarters. | Page 68 | |
| | 102-4 Location of operations. | Page 18 | |
| | 102-5 Ownership and legal form. | Page 68 | |
| | 102-6 Markets served. | Page 15, 20, 23-26, 28, 33, 40, 45, 47, 48, 54, 55, 73, 92 | |
| | 102-7 Scale of the organization. | Page 20, 23, 24, 26, 28, 33, 40, 43, 45, 47, 54, 55, 89, 95 | |
| | 102-8 Information on employees and other workers. | Page 95 | |
| | 102-9 Supply chain. | Page 19 | |
| | 102-10 Significant changes to the organization and its supply chain. | No significant changes in the organization and its supply chain in the reporting period. | |
| | 102-11 Precautionary principle or approach. | Through the FNC Integrated Management System, the risks are identified and prioritized in different categories, and the actions are focused on mitigating the risks and achieving the expected objectives. | |

GENERAL DISCLOSURES

| GRI Standard | Disclosure | Page No. | Omission | |
|---|---|--|----------|--|
| GRI 102: General Disclosures 2016 | 102-12 External initiatives. | Page 115 | | |
| | 102-13 Membership of associations. | Page 115 | | |
| | Strategy | | | |
| | 102-14 Statement from senior decision-maker. | Page 8 | | |
| | Ethics and Integrity | | | |
| | 102-16 Values, principles, standards, and norms of behavior. | Page 69 | | |
| | Governance | | | |
| | 102-18 Governance structure. | Page 68 | | |
| | Stakeholder engagement | | | |
| | 102-40 List of stakeholder groups. | Page 105 | | |
| 102-41 Collective bargaining agreements. | | As of December 31, 2019, 5.7% of workers are part of the union organization. | | |
| 102-42 Identifying and selecting stakeholders. | Page 105 | | | |
| 102-43 Approach to stakeholder engagement. | Page 105 | | | |
| 102-44 Key topics and concerns raised. | Page 105 | | | |

GENERAL DISCLOSURES

| GRI Standard | Disclosure | Page No. | Omission |
|--|---|---|----------|
| Reporting practice | | | |
| GRI 102: General Disclosures 2016 | 102-45 Entities included in the consolidated financial statements. | <p>The FNC, as a private-law, non-profit, unionized legal person, consolidates its financial results with the equity investments where it holds at least a 50% participation of capital:</p> <p>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 SAS (Proagrocafé). Pretensados de Concreto de Oriente Ltda (Pretecor). Coffee Grower Committees' Warehouses.</p> | |
| | 102-46 Defining report content and topic boundaries. | Page 110 | |
| | 102-47 List of material topics. | Page 110 | |
| | 102-48 Restatements of information. | There was no information restated in this report. | |
| | 102-49 Changes in reporting | In accordance with GRI standards, the 2019 Management Report includes specific sustainability standards. Since 2019, the Sustainability & Industry reports are an integrated part of the Management Report. | |

| GRI Standard | Disclosure | Page No. | Omission |
|--|---|---|----------|
| GRI 102: General Disclosures 2016 | 102-50 Reporting period. | January 1 to December 31, 2019. | |
| | 102-51 Date of most recent report. | 2019 (2015-2018). | |
| | 102-52 Reporting cycle. | Annual since 2019 | |
| | 102-53 Contact point for questions regarding the report. | informacion.fnc@cafedecolombia.com | |
| | 102-54 Claims of reporting in accordance with the GRI Standards. | Page 105 | |
| | 102-55 GRI content index. | Page 116 | |
| | 102-56 External assurance. | This report was not submitted to external verification. | |

MATERIAL TOPICS

| GRI Standard | Disclosure | Page No | Omission |
|--------------|------------|---------|----------|
|--------------|------------|---------|----------|

Indirect Economic Impacts

| | | | |
|--|---|-------------------------|--|
| GRI 103: Management Approach 2016 | 103-01 Explanation of the material topic and its boundary. | Page 37, 43, 51, 73, 92 | |
| | 103-02 The management approach and its components. | | |
| | 103-03 Evaluation of the management approach. | | |

| GRI Standard | Disclosure | Page No. | Omission |
|---|---|---|----------|
| GRI 203: Indirect Economic Impacts 2016 | 203-01 Infrastructure investments and services supported. | Page 54, 56, 73, 89, 92 | |
| | Energy | | |
| GRI 103: Management Approach 2016 | 103-01 Explanation of the material topic and its boundary. | Page 61, 62, 64 | |
| | 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. | Page 61, 63 | |
| | 302-03 Energy intensity. | Page 61 | |
| Water | | | |
| GRI 103: Management Approach 2016 | 103-01 Explanation of the material topic and its boundary. | Page 59, 61-64, 85 | |
| | 103-02 The management approach and its components. | | |
| | 103-03 Evaluation of the management approach. | | |
| GRI 303: Water 2016 | 303-01 Interactions with water as a shared resource. | The disaggregated information is not available. | |
| Emissions | | | |
| GRI 103: Management Approach 2016 | 103-01 Explanation of the material topic and its boundary. | Page. 61, 64 | |
| | 103-02 The management approach and its components. | | |
| | 103-03 Evaluation of the management approach. | | |

| | | |
|--|--|--|
| | Emissions | |
| GRI 305: Emissions 2016 | 305-01 Direct (Scope 1) GHG emissions. | Page 64 |
| | Effluents and Waste | |
| GRI 103: Management Approach 2016 | 103-01 Explanation of the material topic and its boundary. | Page 59-64 |
| | 103-02 The management approach and its components. | |
| | 103-03 Evaluation of the management approach. | |
| GRI 306: Effluents and Waste 2016 | 306-02 Waste by type and disposal method. | Page 62-63 |
| | Training and Education | |
| GRI 103: Management Approach 2016 | 103-01 Explanation of the material topic and its boundary. | Page 31, 38-40, 51-56, 60, 62, 73, 74, 82, 93-95 |
| | 103-02 The management approach and its components. | |
| | 103-03 Evaluation of the management approach. | |
| GRI 404: Training and Education 2016 | 404-02 Programs for upgrading employee skills and transition assistance programs. | Page 52, 97 |



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