



NIT. 800.244.672 - 9
Carrera 11A No. 5-167
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Cartago - Valle del Cauca

FUNDACION CARCAFE

ANNUAL REPORT YEAR 2022

The CARCAFÉ foundation was founded in 1994 with the intent of supporting programs for low income, coffee-growing families in areas related to health, education, coffee production, and coffee processing. Our strategic vision promotes the implementation of sustainable practices and natural resources management amongst the growers that make up our supply chain.

This brief report aims to inform the community in general of the activities carried out by the foundation during the year 2022, the communities that have been favored by such activities, but mainly to highlight the sustainability of the families that supply coffee and the future well-being of the natural resources of their farms, as well as the profound impact that good agronomic practices have on the preservation of the environment.

1. SUSTAINABLE DEVELOPMENT FOR META COFFEE-GROWERS, PHASE FOUR. Terra Colombia Project – INCAS Global +

1.1. AREA OF INFLUENCE:

Municipalities of San Juan de Arama, Lejanías, Mesetas, Dorado, El Castillo and San Luis de Cubarral, in Meta department.

1.2. OUR WORK

Since 2015, the Lavazza and Carcafe foundations have worked together on a sustainability project in Meta, Colombia, for selected farmers located in the municipalities of Lejanías, Mesetas, and San Juan de Arama. Starting in November 2022, we started a new alliance with the German cooperation agency, GIZ, in order to include 3 more municipalities: El Dorado, El Castillo and San Luis de Cubarral, and to expand our reach to 900 coffee-growing families.

1.3. OUR ALLIES:

Lavazza Foundation, GIZ, German Cooperation Agency as main donors.
Partnerships for Execution: Colombia National University, and Solidaridad foundation.



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1.4. INVESTED BUDGET:

	2022
	(In thousands of pesos)
Accumulated investment at the beginning of the year:	92,063
Investment of the year 2022:	951,593
Cumulative investment at the end of the year:	<u>1,043,656</u>

1.5. OUR ACHIEVEMENTS:

In Phase 4 of the project, we focused on increasing the number of coffee farms to 300. The main components of the project are coffee cultivation and agroforestry as a proposal to reverse deforestation in the area. Coffee is managed with the implementation of new plantings as well as the tissue management system to renew existing crops. Within the coffee crops we have implemented an agroforestry system in association with coffee, including fruit trees such as orange, lemon and guama; and forage trees that help feed livestock, reducing costs for the farmer. The consultancy with the National University of Colombia allowed us to continue with the establishment of new hectares of agroforestry systems distributed in: silvopastorile, silvoagricolas and assisted natural regeneration. In partnership with Solidaridad Foundation we continue with the implementation of a finance program for the coffee farms with annual cash flow and budget for each one.

The associativity component allowed the strengthening of 4 coffee growers' associations, which strengthened the capacities of their associates in technology and social issues such as gender equity, elimination of child labor and workplace harassment. They also achieved the possibility of marketing their product with new buyers and integrating into the country's financial system through the banking of their affiliates.

1. CIVIL WORKS AND CONSTRUCTION OF NEW SCHOOL BLOCK FOR THE SAN CARLOS AGRICULTURE SCHOOL EN COLON, GENOVA, DEPARTMENT OF NARIÑO.

1.6. AREA OF INFLUENCE:

Village of San Carlos, Colón-Génova municipality, Nariño department.

1.7. OUR WORK



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This is the fourth school to be built in Nariño with funding from the Costa Foundation. The first was in the municipality of San Lorenzo, the second in the municipality of La Union, in the village of El Sauce; the third was built in the corregimiento of El Remolino, municipality of Taminango and this one in the village of San Carlos in the municipality of Colon-Génova. The four schools serve a total of approximately 2,000 students, including partner schools. The newly built classrooms, 8 in total, will replace facilities that had been demolished because they were close to a geological fault and represented a vital risk for the 200 students of San Carlos Agricultural School.

1.8. OUR PARTNERS:

Costa Foundation is the main donor, but there are also in-kind contributions from the student community for the construction of new gardens and rest areas, and contribution from the Secretary of Education of the Nariño government to build the bathrooms for the 8 classrooms.

1.9. INVESTED BUDGET:

	2022
	(In thousands of pesos)
Accumulated investment at the beginning of the year:	0
Investment of the year 2022:	<u>42,852</u>
Cumulative investment at the end of the year:	<u><u>42,852</u></u>

1.10. OUR ACHIEVEMENTS:

The construction process achieved good progress since its beginning in October 2022 until now. The physical structure already has the supporting infrastructure, roof, masonry, flooring, and metal carpentry for doors and windows.

2. CARBON CAPTURE FOR ABEJORRAL COFFEE FARMS.

2.1. AREA OF INFLUENCE:

Abejorral municipality, Antioquia department.

2.2. OUR WORK



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The project benefits 400 families of neighboring coffee farms in the municipality of Abejorral – Antioquia; It consists of two main components: sustainable coffee farming and carbon footprint calculation in coffee farms.

In this project we are including the measurement of the carbon footprint of coffee farms before the project and after its completion. This is with the intention of measuring the impact that the investments we have implemented in the farms has with respect to emissions / carbon sequestration.

2.3. OUR PARTNERS:

Dutch Bros. Foundation (United States), Volcafe Foundation (Switzerland) and Solidaridad Network.

2.4. INVESTED BUDGET:

	2022
	<u>(In thousands of pesos)</u>
Accumulated investment at the beginning of the year:	141,745
Investment of the year 2022:	<u>504,119</u>
Cumulative investment at the end of the year:	<u><u>645,865</u></u>

2.5. OUR ACHIEVEMENTS:

The total beneficiary population has been trained in topics of "Coffee as foodstuff – Improvement of post-harvest practices". Coffee mill residual water treatment systems were installed in 50% of the project population. Native beehives were installed in 26 farms of the municipality to try to improve the pollination of the plants in the area, negatively affected due to the critical increase in avocado cultivation for export. The training of coffee-growers in topics of "Finances of the coffee farm" allowed a comparative analysis of their finances for the year 2022. This training allowed farmers to receive feedback with their own data on how the increase in the cost of fertilizers, climate change, and high coffee prices affected their farm directly.

3. PROJECT PEOPLE AND PLANET POSITIVE (PPP).

3.1. AREA OF INFLUENCE:

Taminango and San Lorenzo Municipalities, Nariño Department.

3.2. OUR WORK



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Since 2020, Starbucks and Carcafe Foundation have worked together on a People and Planet Positive project in the department of Nariño, Colombia, for selected farmers located in the municipalities of Taminango and San Lorenzo.

3.3. OUR PARTNERS:

Starbucks as a major donor.

Partnerships for implementation: Solidaridad Network, Cool Farm Alliance, Penagos Hermanos, Industrias Gallego, ARBU Construcciones, Innovakit, Posse Herrera Ruiz, Yara, Starbucks Foundation, Mercy Corps.

3.4. INVESTED BUDGET:

	2022
	(In thousands of pesos)
Accumulated investment at the beginning of the year:	1,661,200
Investment of the year 2022:	2,289,310
Cumulative investment at the end of the year:	<u>3,950,510</u>

3.5. OUR ACHIEVEMENTS:

100 coffee farmers under 45 years of age from the municipalities of Taminango and San Lorenzo were involved in an integral management strategy for their farm and coffee-making business. Intensive technical assistance is being provided for the construction of a detailed agronomic plan based on the VolcafeWay methodology. The nutrition plan of each farm was supported with 100 soil analyses and annually the project donates 25% of the total fertilization 2020-2022 and 2022-2022. The donated fertilizer is produced in carbon-neutral factories, which reduces the carbon footprint of the participating farms.

In addition to this, 40 wet and dry ecological benefit stations have been built, 28 of these stations are collective. The processing stations built include a handling system for both solid and liquid by-products that not only allow coffee productions in an environmentally friendly way, but has also allowed a significant reduction in production costs related to wages.

The project includes the commercial strengthening that meant the delivery of packaging for coffee and the collection and transport of coffee to the warehouses of the buyers, which allows to obtain a better price in its commercialization.



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To measure the environmental impact of the project, the carbon and water footprints of the participating farms were measured before the project interventions (baseline and year 2).

5. PROJECT STARBUCKS SUSTAINABILITY INITIATIVE (SSI).

5.1. AREA OF INFLUENCE:

Cauca department: Calondo, Morales, Popayan and Tambo Municipalities
Huila department: Garzón, Isnos, Pital, Tamañá, Iquira, Pitalito and Rivera Municipalities
Risaralda department: Anserma Nuevo municipality.
Antioquia department: Amagá, Caldas, Andes, Betania and Ciudad Bolívar Municipalities.
Santander department: Valle de San José municipality
Nariño department: La Unión, Buesaco, Taminango and San Lorenzo Municipalities.

5.2. OUR WORK

Since 2022, Starbucks and Carcafe Foundation have worked together on a Starbucks Sustainability Initiative project in the departments of Cauca, Huila, Risaralda, Antioquia and Santander in Colombia.

5.3. OUR PARTNERS:

Starbucks as a major donor

Partnerships for implementation: Penagos Hermanos, Multilab Agroanalítica

5.4. INVESTED BUDGET:

	2022
	(In thousands of pesos)
Accumulated investment at the beginning of the year:	0
Investment of the year 2022:	802,209
Cumulative investment at the end of the year:	802,209

5.5. OUR ACHIEVEMENTS:

858 soil analyses have been carried out in the 6 departments of influence of the project.

42 ecological benefits (Ecoline) were installed and implemented in the departments of Cauca, Huila, Risaralda, Antioquia and Santander.



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1. OTHER MINOR PROJECTS

5.6. AREA OF INFLUENCE:

Municipality of San Pedro de Cartago, Nariño Department.

5.7. OUR WORK

A new project in the first half of 2022 consisted of the construction of an eco-friendly stove prototype, in the municipality of San Pedro de Cartago, Nariño. The stove uses a fraction of the wood that the farm used in the past and also has an exhaust that removes from the house the smoke produced by the burning that also affects the lungs of our farmers. It is expected that this model will serve as a sample to be replicated in the coffee farms of the region and thereby obtain an improvement in the health of the producers of the grain and a lower environmental impact with the adoption of this technology.

Finally, the Fondo Rotatorio project with "Fertilizer for coffee" had its ninth version in 2022 to provide fertilizer to approximately 100 families in the department of Nariño.

5.8. OUR PARTNERS:

Amber Boersma and Catholic Relief Services (CRS)

5.9. INVESTED BUDGET:

	2022
	<u>(In thousands of pesos)</u>
Accumulated investment at the beginning of the year:	0
Investment of the year 2022:	<u>180,970</u>
Cumulative investment at the end of the year:	<u><u>180,970</u></u>

5.10. OUR ACHIEVEMENTS:

This first stove was made as a pilot project and then we aim to replicate it in more coffee farms in Colombia.

The cycle of fertilizers for coffee has been repeated for 9 years so that there are already about 900 smallholder families who have benefited from a greater production of coffee on their farms. Its parchment is bought at market price and the payment of the debt is made without the charging of any additional interest. Coffee-farming families have also learned the importance of the nutrition of their crops to achieve greater productivity, so that after having benefited from



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the program, they show an adoption of practices that lead them to improve their economic viability through the cultivation of coffee and its nutrition.

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Director