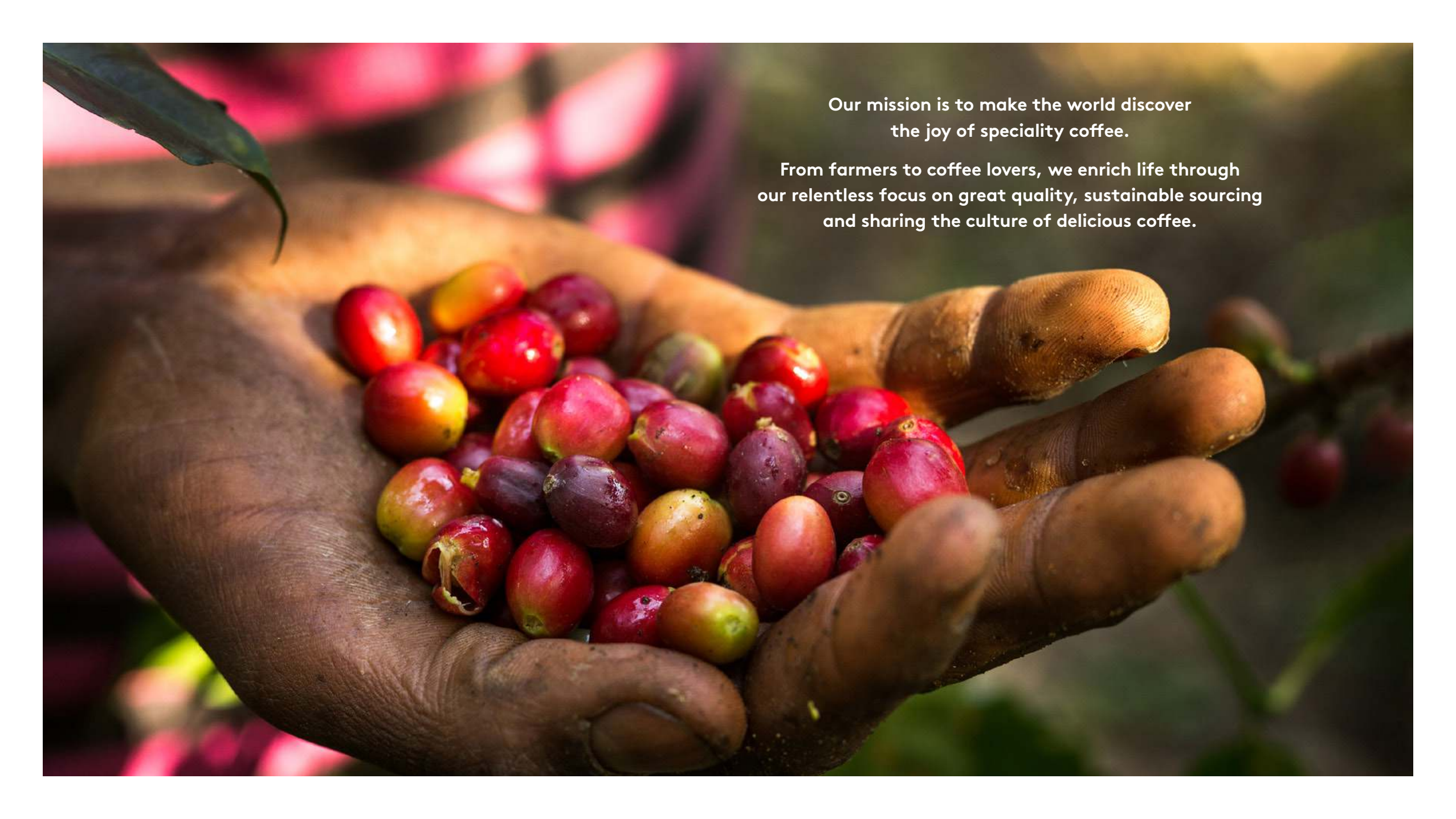


Annual Impact Report / 2021

UNITY



UNION
HAND-ROASTED
COFFEE



Our mission is to make the world discover
the joy of speciality coffee.

From farmers to coffee lovers, we enrich life through
our relentless focus on great quality, sustainable sourcing
and sharing the culture of delicious coffee.



WELCOME

As we round out another year, we've been reminded once again of the interdependencies between humanity and our planet, our climate and our prosperity, and of today's actions for tomorrow's future.

The principle of togetherness is fundamental to Union and is now more important than ever. We're in the decisive decade to act on the climate emergency. Our Annual Impact Report 2021 shares the work we're doing to ensure a brighter, sustainable future for coffee.

This year, we're aligning our report to our Impact Strategy Pillars: Quality of Life, Quality of Business, Quality of Coffee – our strategy for improving long-term livelihoods through a commitment to the future of coffee and a healthy business.

Alongside the challenges faced around the world, we've been able to create joy through coffee and provide moments of respite and pleasure. Not just the happiness from a delicious cup of high-quality coffee, but the much-needed connection and companionship that often accompanies it.

It's thanks to you, everyone in our union, right from producer partners through to coffee lovers who continue to enjoy our coffee and share our stories. We can't do what we do without you.

Join us as we look back at the past year and reflect on what we've achieved together.

This report covers Union Hand-Roasted Coffee's financial year September 2020–August 2021.



WHO WE ARE

Founded in 2001, Union Hand-Roasted Coffee was created to make coffee better for everyone. Over the last 20 years, we've stayed relentlessly true to our core beliefs: expert roasting and ethical sourcing.

It was seeing an imbalanced coffee supply chain that prompted founders Steven and Jeremy to start a roastery with a mission: to work in partnership with farmers to produce high-quality coffee and command higher prices. By paying a fair price, farmers can invest in their farms, families and livelihoods to generate a prosperous income. It's a union of togetherness that creates both delicious coffee and long-term, sustainable livelihoods.

This remains our mission today: sharing the joy of better coffee, from farmers to coffee lovers. Over the last two decades, we've expanded our partnerships and increased our impact. We trade directly with over 40 producer partners in 14 countries and our roastery is busier than ever with house blends, single origins and limited parcel microlot coffees. With every cup of coffee that we expertly source, hand-roast and share, we continue to help the world discover the joy of speciality coffee.



The first roastery 94-97, a shed in Steven's Mum's house

Early roasts on the San Franciscan roaster

Receiving the Queen's Award for Industry: Sustainable Development



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HIGHLIGHTS

> \$1 MILLION



paid through price premiums for high-quality coffee and invested into coffee-producing communities

SCIENTIFIC RESEARCH

Published peer-reviewed academic research paper in collaboration with Royal Botanic Gardens, Kew on preservation of wild Arabica in Yayu, Ethiopia

PAYING ABOVE

On average we paid our producer partners:

+36%

36% above Fairtrade minimum price of \$1.60/lb

+18%

18% above the average international world market price of \$1.84/lb (based on ICO data)

COMMITMENT

Sustainable livelihoods need sustainable relationships

This year:

10 YEARS

39% of our coffee was bought from partners we've worked with for over 10 years

39%

5 YEARS

72% from partners we've worked with for over 5 years

72%

3 IMPACT PROJECTS

We responded to producer partners' challenges at origin with projects related to traceability, forest preservation and Covid-19

£37,509

raised through on-pack donations to invest back into producer communities

\$2,500

donated to World Coffee Research



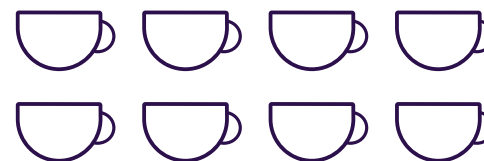
PEOPLE

13,000+ farms

65,000+ individuals

Over 13,000 coffee-producing families in 14 countries benefited from our purchasing model

500,000+



Over 500,000 cups of coffee donated to FareShare, a charity dedicated to fighting hunger and food waste in the UK

NEW COFFEES

Thanks to our talented producer partners, we sourced 17 extra special limited parcel microlots this year

17 x



PLANET



For another year running, we've been awarded the First Mile Gold Recycler Award

100%



100% of our office and roastery waste was recycled meaning:

40 TONS



CO₂ EMISSIONS SAVED =

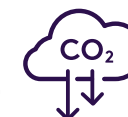
305

TREES SAVED



300 TONS

OF CARBON OFFSET



TRAINING

482



Professional baristas trained

254



Home brewers trained through online masterclasses

A NOTE FROM

VIOLETA STEVENS

MANAGING DIRECTOR

This year we celebrate 20 years of Union. Twenty years of bringing people together through great coffee.

Union was born out of purpose, and 20 years on we're still a mission-driven business. Our mission is to share the joy of better coffee with everyone, from coffee producers to coffee lovers. That's why we are called Union – we start with great partnerships and you end up with a delicious coffee!

The last couple of years have been a rollercoaster but we've shown that we can adapt and find solutions to the numerous challenges we faced. We've continued our journey thanks to the enormous efforts of everyone at Union, and thanks to you – our customers and consumers. Your loyalty and support has allowed us to make great strides towards our mission of changing the dynamic in the coffee industry, making it fairer for everyone involved.

Our Annual Impact Report 2021 shares highlights of our achievements and aspirations.

Health and Wellbeing for People and Planet

Union would not exist without our coffee partners – the people who grow the exclusive gems we share with you. 2021 was a challenging year for everyone in the coffee industry. The global pandemic, a shortage of shipping containers, and a drought in Brazil all caused disruption ►



- ▶ and added further challenges for the coffee producers. Through our unique sourcing initiative, Union Direct Trade, we continued to offer support to our partners during these challenging times. Great relationships often become even stronger at times of hardship.

At Union, we want to be a key part of the transition to a more sustainable world, and we continue to act. Our focus is on first protecting and restoring the natural world so that humanity can thrive. We have also introduced new carbon reduction targets ensuring that we are doing our part to reduce our footprint and shift towards a low carbon operation. We have a target to be net-zero by 2035.

Future-Proofing Speciality Coffee

As a coffee company, we're committed to preserving high-quality coffee and origin diversity in the face of the climate crisis. We know this is a complex problem and the most efficient way to approach it is through collaboration. In 2021, we continued our long-standing partnership with farmers at Yaya Ethiopia, developed from our collaboration with the Royal Botanic Gardens, Kew. Through this work, we help preserve biodiversity, improve the quality of coffee, and therefore, producers' incomes.

We also continued our support for the World Coffee Research, focused on accelerating innovation for coffee agriculture and increasing climate resilience for producers.

Building Stronger Communities

Our philosophy of coffee sourcing is more than just paying a fair price. We work in partnership with our coffee

partners to improve both the quality of coffee and people's livelihoods, long term. Through our purchases, and continuous work at origin to help tackle issues that our coffee partners face, we continued to make a difference to over 13,000 coffee farming families across the world.

Strengthening our talent and continuing to build a culture that is safe, respectful, fair, and inclusive for all is a key priority for us. To recognise the passion, commitment, and hard work of everyone at Union, in 2021 we introduced a company-wide profit share scheme. We believe the people who skilfully craft your coffee experience should share in Union's success. It is the right thing to do.

We're also investing in strengthening the communities in which we live and work. Our new volunteering programme encourages all employees to support mission-driven causes and organisations.

At Union, we believe that a business should be a force for good and we'll never stop striving for better. We have a clear sense of purpose, and our values will always push us forward – toward that better future we all believe in.

As you read on you will find out even more about all of the great initiatives and impact our wonderful union has delivered in 2021.

It is thanks to you—our customers and consumers—that we have the privilege to continue our journey.

Thank you for being part of our UNION!

OUR IMPACT STRATEGY

HEALTH AND WELLBEING FOR PEOPLE AND PLANET

- We prioritise the health and wellbeing of everyone in our value chain from origin to the UK
- We protect our planet by committing to sustainable practices across our value chain

FUTURE PROOFING SPECIALITY COFFEE

- We continue to pioneer a sustainable future for speciality coffee through our trading initiative and by driving consumer demand



BUILDING STRONGER COMMUNITIES

- We build sustainable livelihoods at origin
- We are active and engaged in our local community

To be true to our mission we must understand our influence and hold ourselves accountable for our actions. Our Impact Strategy – a dashboard that tracks all our various outcomes – ensures we do this.

Quality of Life, Quality of Business and Quality of Coffee. Our Impact Strategy focuses on the health and well-being of people and planet, building stronger communities and future-proofing our supply of speciality coffee. Through this platform, we've established specific goals and initiatives as we continue to positively affect our team, communities and the environment. Our award-winning sourcing initiative, Union Direct Trade, encompasses and touches on all these pillars with a focus on farmers at origin. We continue to be a business for the future, for everyone.

We use the Sustainable Development Goals to keep ourselves on track. These are a series of goals, adopted by the United Nations in 2015, that set out where we all need to focus our efforts if we want to end poverty, protect the planet and provide peace and prosperity to all by 2030. Our Impact Strategy supports the following Sustainable Development Goals:







OUR SOURCING INITIATIVE, UNION DIRECT TRADE

Our philosophy of coffee sourcing is more than just paying a fair price. It means we work in partnership with farmers to improve both quality of coffee and livelihoods, long term. This is what Union Direct Trade is about.

- ① You can find out exactly where, how and by whom your coffee is produced.
- ② The farmer always receives a fair, sustainable price, always covering the cost of production.
- ③ Your coffee comes from farmers committed to sustainable agricultural practices and labour rights.
- ④ You get access to unique coffees through our direct sourcing and long-term relationships, where we can discover exclusive, hard-to-find gems.
- ⑤ You're guaranteed to drink a delicious cup of 100 per cent Arabica, speciality coffee

Alongside Union's UK business, the Seattle Coffee Company in South Africa and our sister roastery Union in Cape Town, have each contributed to our environmental and social impact. They've pioneered the growth of speciality coffee in South Africa over the last 25 years and through supporting Union Direct Trade.



Over the past
20 years, we've had
a positive impact
on the livelihoods of
over 65,000 people

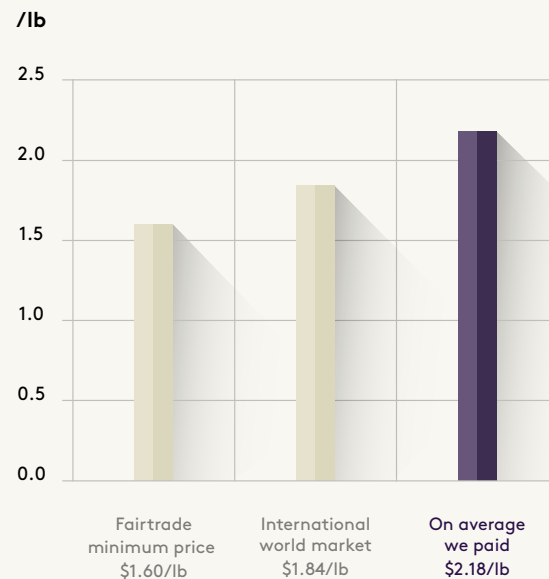


WHAT IS A FAIR PRICE?

Commercial coffee is traded on the world market, which is volatile and often offers farmers a price that does not cover their cost of production. The cost of production varies from country to country and even within countries. We don't get hung up on the calculation, we do the right thing.

We don't publish the prices we pay to individual farms. We made this decision after speaking with our farmer partners about how comfortable they are with us publishing the prices we pay to them. But as we explain here, wherever possible we publish data on average prices to be as transparent as possible while respecting farmers' wishes.

IN 2021



HOW DO WE GUARANTEE A FAIR PRICE?

NEVER LESS – We never pay less than the Fairtrade minimum price for Arabica coffee of \$1.60 / lb (\$1.40 plus \$0.20 / lb of Fairtrade social premium).

BUT MORE – We target ourselves to pay on average 30% above the Fairtrade minimum. In 2021, we paid 36% above the minimum Fairtrade price of \$1.60 / lb.

BE TRANSPARENT – Coffee from different countries and of differing qualities require different price premiums. We report the average prices we paid for coffees that we use for our blends, single origins and microlots.

BUY MORE – We can increase our impact by purchasing more coffee from more producer partners. We never buy more than 50% of a producer partner's harvest. This avoids mutual dependency, spreads risk and maintains an equal power balance.

BENCHMARK – We benchmark ourselves against the world market, the Fairtrade minimum price and Specialty Coffee Transaction Guide, to which we also contribute data. This means we make these pricing decisions with detailed information about the market.

“

We believe that paying sustainable prices for our green (unroasted) coffee is an important investment in the long-term future of our coffee farmer partners and our supply chain.

During 2021 we purchased over a million kilos of green coffee and we paid an average of 36% above the Fairtrade price.

We want to ensure our farmer partners are paid a fair, sustainable price so they can plan and invest for the future, creating stronger livelihoods for both individual families and communities.

VIOLETA STEVENS

Managing Director

Higher quality coffees demand higher prices

Here's what we paid on average for our limited parcel microlots, single origins and blend coffees in 2021

MICROLOTS

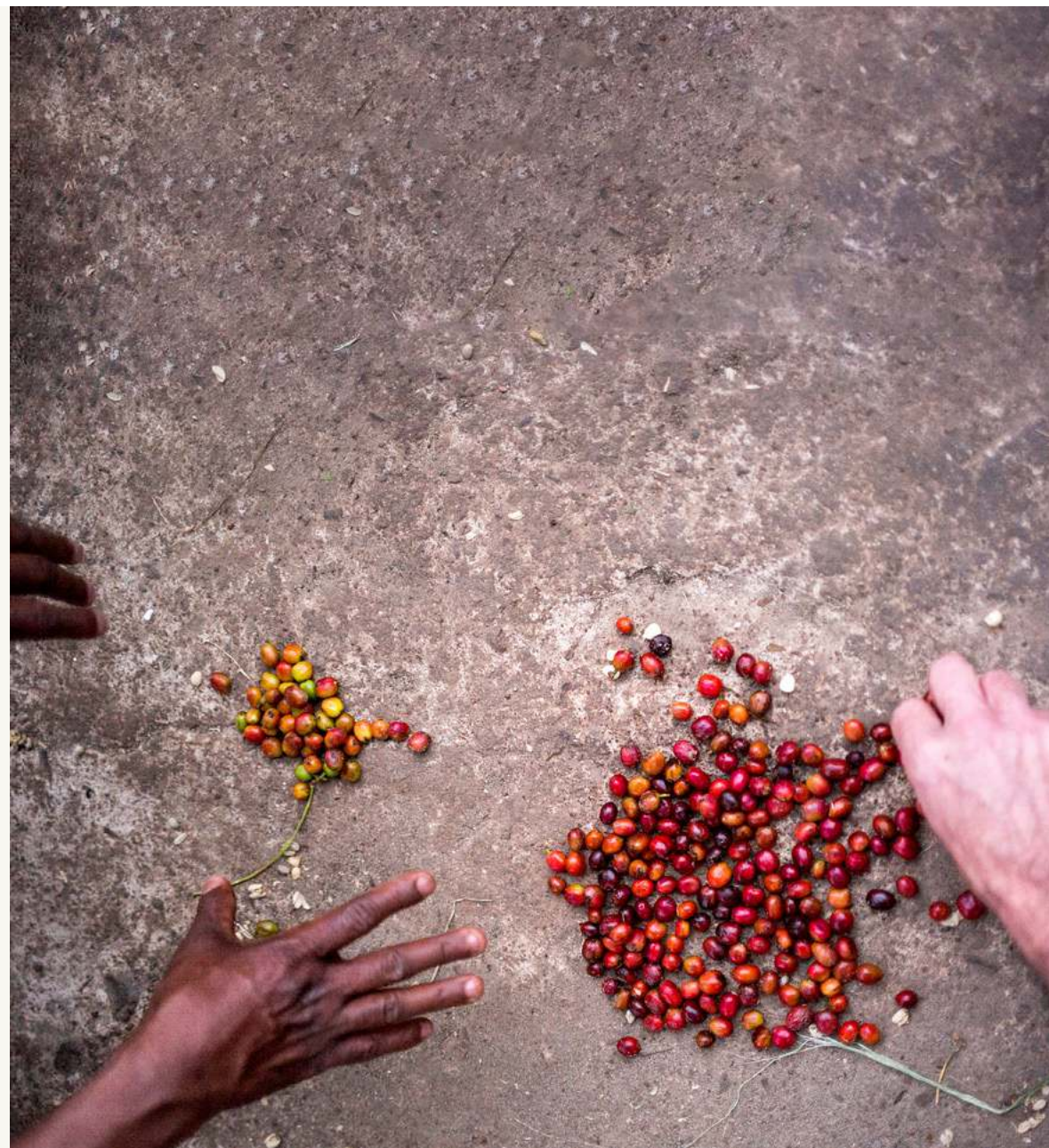
\$3.25 / lb

SINGLE ORIGINS

\$2.37 / lb

BLENDS

\$2.05 / lb



WHERE WE SOURCE FROM

We roast over a million
kilos of coffee each year

Top 3 countries we
sourced from in 2021:

Rwanda (23%)

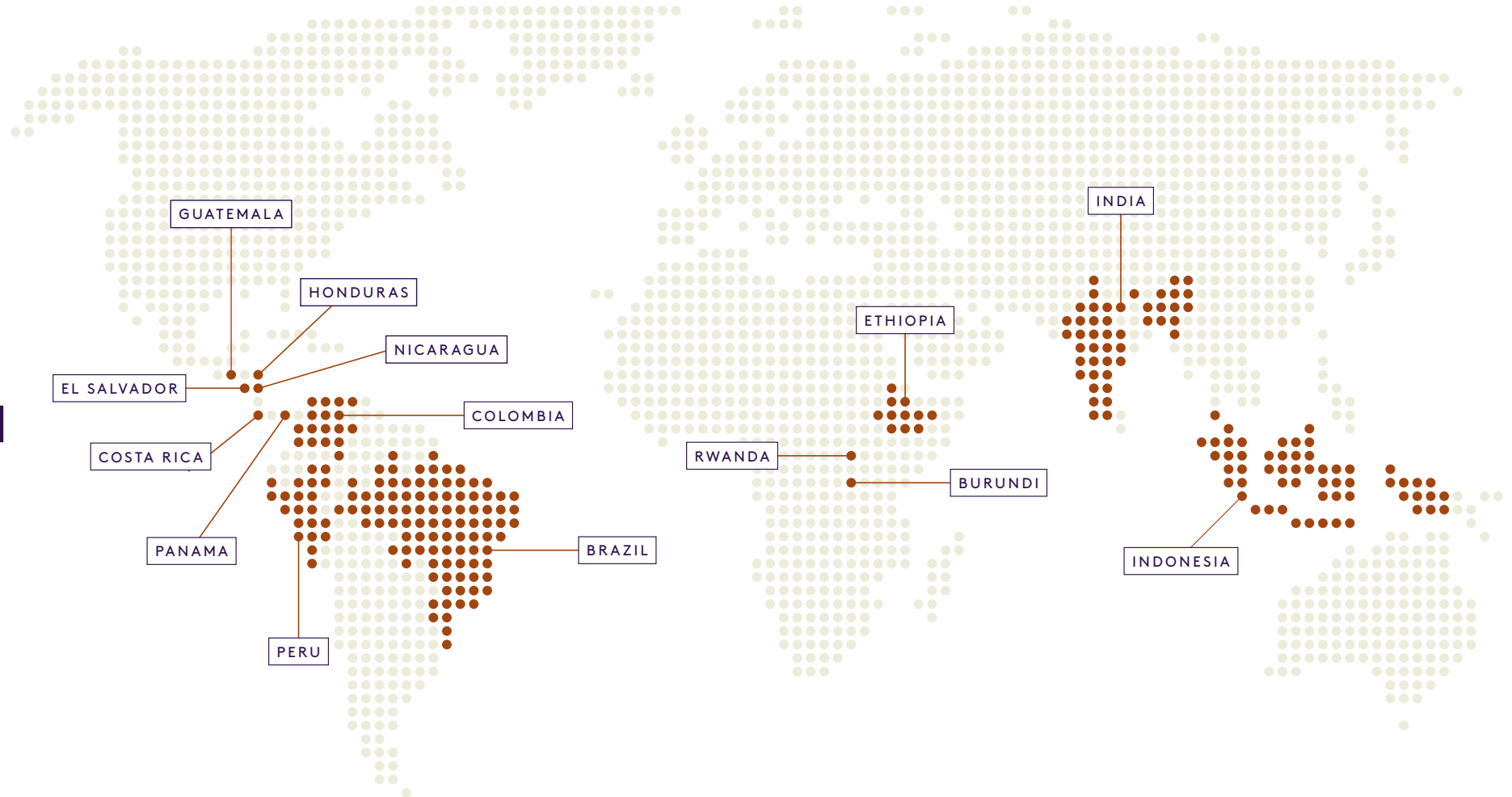
Brazil (17%)

Colombia (16%)

13,000+ farms

75% smallholders

14 countries



OUR TRUSTED PARTNERSHIPS ARE BUILT ON TWO-WAY COMMUNICATION

For the last 20 years our focus has been on building strong, long-term relationships with our coffee producer partners. We, therefore, made multiple visits to origin every year. Since the onset of Covid-19, we've been unable to visit our farmer partners so instead we have stayed in touch using email, Zoom, Skype, WhatsApp and other online channels.

It's important to give farmers the opportunity to provide feedback on our partnership and purchasing practices. As such, in April 2021 we completed our annual producer partner survey. This feedback helps us to improve Union Direct Trade and forms part of our review of its effectiveness.

We circulated a list of 18 questions in English and Spanish to 35 of our producer partners, 19 (54%) replied. We know there are a number of barriers for response including internet accessibility and language barriers and we're working to increase the level of participation in the future.

These limitations aside, there are still some key takeaways we can gather from the survey:

- **The producers value our long-term relationship and communication**
- **100% of survey respondents agreed that quantity and quality expectations are clear from the contract**
- **100% of the survey respondents indicated they have the same sustainability values as Union**
- **When asked "What is the biggest opportunity in our relationship?", the most common answer was "The opportunity to grow together"**
- **Two questions raised by several respondents were "Can you purchase more from us, and when are you visiting us again?"**



Pascale Schuit, Sustainable Sourcing Manager, with Mulugeta, Export Manager in Yayu, Ethiopia, 2018

The pandemic did limit our green coffee purchasing volumes, but we plan to keep growing and increasing positive influence at origin countries. Visiting our farmer partners is a key priority for us and we hope to resume our travel soon. In the meantime, we maintain regular communication as we navigate together through the current challenges and opportunities.



— FEEDBACK FROM OUR FARMER PARTNERS

“

We value the friendship and relationships we've had for years.

We worked together for many years and we have a deep understanding of Union.

Union is a very important buyer for our co-operative.

Can you increase the quantity of coffee you purchase from us?

Can you guarantee the volume of coffee you purchase in the future?

Please don't decrease the volume or price of coffee.

We wish that Union may expand the market and increase the volume of coffee they buy from us.

We both share common goals and could together unify our discourse and maximise how clearly we communicate to final customers.

Our major opportunity is the sustainable relationship between Union and our organisation, which permits us to grow together.

A photograph of four women standing in a rural, outdoor setting. The woman on the far left is wearing a green shirt and a yellow headscarf, leaning against a wooden post. The woman next to her is wearing an orange shirt and a wide-brimmed straw hat. The woman in the center is wearing a pink top and a striped headscarf. The woman on the right is wearing a blue patterned top and a floral skirt, with a yellow headscarf. They are all looking towards the camera. The background shows a grassy field with some trees and a wooden fence. The text "OUR IMPACT STRATEGY IN ACTION" is overlaid in a white box in the center of the image.

OUR IMPACT STRATEGY IN ACTION

18 YEAR PARTNERSHIP WITH MARABA

The Abahuzamugambi Ba Kawa Co-operative in Rwanda (or “Maraba” for short) is woven into the history and fabric of Union. They’ve been farmer partners of ours since 2003. During our 18 years of commitment to one another, we’ve witnessed a community transformation with major developments in healthcare, schooling and housing... and of course, coffee quality. This has been achieved by paying price premiums to Maraba for our coffee, alongside navigating the complexities of the coffee industry.

AN 18-YEAR RELATIONSHIP IN NUMBERS

- Union have purchased **815,640 kg** of coffee beans, or a whopping **32.6 million** espresso shots!
- Maraba farmers have received **\$1,376,691** in Union Direct Trade premium for investment in farms, families and livelihoods



Maraba have won 11 Great Taste Awards since 2011





SUPPORTING WOMEN AT MARABA, RWANDA

As an extension of this partnership with Maraba, and as part of our commitment to Sustainable Development Goal 5, in 2021, we began purchasing from the Maraba women's groups, paying a price premium for their coffee.

Formed in 2020, these groups use microfinance programmes to enable the women to challenge the barriers they face

gaining their own independent incomes – a significant issue in rural Rwanda. As 35% of Maraba members are women, this is a significant step in challenging traditional paradigms, giving women more autonomy in their finances and livelihoods...and producing unique lots of coffee, too.



SUPPORTING WOMEN-GROWN COFFEE AT MARABA - 2021

- **38,400 kg** of coffee was purchased from Maraba, **19,200 kg** of which – 50% – was from the women's groups
- We paid 0.75¢ / lb more than the world market price. 0.05¢ of that goes directly to the women's group, and this has provided them with an additional **\$2,000 USD**
- We plan to purchase more women's coffee next year

THE ROLE OF THE WOMEN'S GROUP

- There are **640** women members split into **23** groups
- The groups meet once per week and each member brings between £0.36 and £3.60, which is added together to create the microfund (RWF 500-5000)
- These microfunds can be used in two ways. They're either loaned to two or three members, or given to whoever may need to be prioritised. The funds are then used for everything from paying doctor's bills to investing in alternative incomes. The loan is paid back with 2% interest at the next meeting and the funds are then recirculated and used again.
- Over the course of the year, savings from the group (along with interest) are paid back to the members



This project is a significant step in challenging traditional paradigms, giving women more autonomy in their finances and livelihood



Collecting money for the microfund at the weekly meeting



Beltilde from the women's group used microfunds to set up a shop for additional income



Clautilde Niyonsaba, Maraba Women's Group member at her farm

MEET CLAUTILDE, BELTILDE AND VENANTIE: MEMBERS OF THE MARABA WOMEN'S GROUP



CLAUTILDE NIYONSABA

10 ACRES / 240 TREES

Cyarumbo Washing Station

"In June this year, I borrowed RWF 60,000 to stock up on beans. I then sold them. After paying back the loan, I'd made an extra RWF 40,000."



BELTILDE NYANDWI

12.4 ACRES / 2,000 COFFEE TREES

Cyarumbo Washing Station

"I'm happy to be part of our co-operative because we get to meet and share our ideas and challenges which inspires me to keep on working hard. I never feel alone because I meet my colleagues every week!"

We take good care of our coffee with love and passion therefore I encourage you to keep on buying Maraba women's coffee and enjoy its great taste. As we sing here, the coffee is sweet and has very good flavours!"

VENANTIE MUKAKALISA

½ ACRE / 800 COFFEE TREES

Kabuye Washing Station

Venantie has worked with Union since 2003, even being pictured on the first bags of Maraba.



Our co-founder, Jeremy, and Venantie in 2016

What does coffee mean to you and your family?

Coffee means life to me and my family. I've met good people who've changed my life through coffee. Now, we have better life and hope for tomorrow because I am a coffee farmer.

What role does the co-operative play in your life?

Our co-operative's agronomists give advice on how to take good care of my coffee trees to get a good harvest. I also get a second payment as a member of the co-operative every year.

The co-operative lends me money very low interest whenever I need it. Last year, my daughter was ill and I needed money for her to see a good doctor so I requested a loan from the co-operative through the farmers' group of my village and quickly received it. My daughter survived a breast tumour because I could pay for her surgery on time.

How did speciality coffee change your life?

We used to sell our coffee cherries to random people who used to pass by our village. The price was very low and I didn't know where my coffee was sent afterwards or how great it tasted! My children and I had a very difficult life due to a lack of means of living.

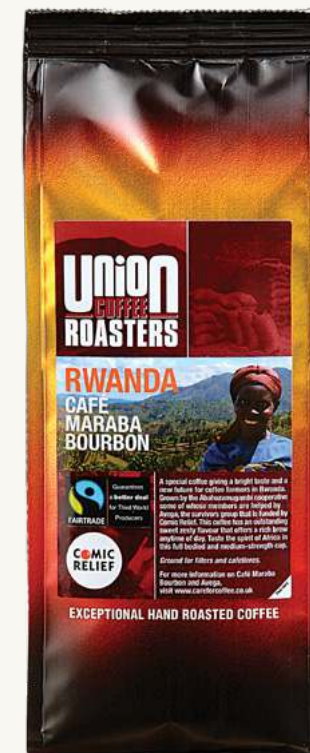
When the co-operative started in our region, I joined and started to deliver my coffee cherries to the washing station. I saw how coffee is processed, learned more about high-value speciality coffee and the price of my cherries got increased. So, I planted more coffee trees – increasing from 400 to 800.

“

The best thing that happened to me was meeting Jeremy and Steven from Union back in 2002. They have been supporting us since then, helping us build the foundations for a good livelihood.

Now, we look forward to getting better and better. My family and I are very thankful for the support we got through coffee.

VENANTIE MUKAKALISA



First bag of Maraba featuring Venantie sold in Sainsbury's in 2003



Venantie at her farm, 2021

HOW GROWING AND DRINKING COFFEE HELPS TO PROTECT FORESTS

Agriculture is estimated to be the direct driver for around 80% of deforestation worldwide. While coffee production may play a smaller role in this, it is important to monitor coffee production in relation to forest cover.

Climate change is already affecting land suitable for coffee production, which often means farmers may drive production into new areas, such as untouched forests. Encroaching into these spaces means damaging critical ecosystems and removing irreplaceable habitats.

It's for these reasons that Union supports research and development to prevent further deforestation caused by the coffee sector. Here's what we're doing:

- We support farmers in Yayu Biosphere Reserve, Ethiopia, by strengthening their supply chain with our commitment to purchase 54 tons of wild forest coffee every year. The reserve is one of the last remaining mountain forest fragments of Arabica coffee in the world, a biodiverse space essential to the preservation of speciality coffee.

- We collaborated with Forest Mind on the design of a satellite-data-driven service to monitor deforestation and forest conversion in supply chains. This allows companies to understand and act upon deforestation risk.
- Approximately 95% of the coffee we purchase is shade-grown, ranging from monoshade (the coffee grows beneath just one tree type) to agroforestry systems with several different canopy layers and tree types. This use of shade benefits those farmers who maintain other varieties of trees on their land. The trees serve many purposes: they shade the coffee, but they also create mini-ecosystems and stabilise the land through their root system, providing protection against extreme climate events.
- We include standards for shade-grown coffee in our Code of Conduct.





THE BENEFITS OF GROWING HIGH QUALITY FOREST COFFEE IN YAYU, ETHIOPIA

In 2014, we began working on a project to protect the Wild Coffee Forest in Yayu Ethiopia, with Royal Botanic Gardens, Kew and The Darwin Initiative.

We asked: Can deforestation be reduced, if farmers income is increased by producing high quality coffee?

This work was directed by Dr Aaron Davis, (Senior Research Leader, Crops and Global Change, Royal Botanic Gardens, Kew) in collaboration with Pascale Schuit (Union's Sustainable Sourcing Manager) and the results were published in a peer-reviewed study in February 2021 in PeerJ journal. This research paper was one of the top 5 most viewed articles in PeerJ in 2021.

The study found **that growing high-quality coffee can increase farmer income by 30% compared to non-speciality coffee**, and this directly correlates with a reduction in the level of deforestation.

- Over time, investing in growing speciality coffee with a higher quality grade results in higher prices paid to farmers
- Higher prices from speciality coffee means farmers no longer have to switch to alternative agriculture which often requires deforestation

“

If farmers sold just a proportion (around 25%) of their harvest for use as speciality coffee, their annual income from coffee increased by 30%.

Importantly, the increases in income via speciality coffee were achieved without the need for more land, or increased inputs such as artificial fertilisers, irrigation, herbicides and pesticides.

Dr. Aaron Davis, lead-author and Senior Researcher at Kew

For more details on the study **“The potential for income improvement and biodiversity conservation via speciality coffee in Ethiopia”** and each of its 5 key findings visit: unionroasted.com/yayu-study





SUPPORTING COFFEE PRODUCERS IN ETHIOPIA DURING COVID-19

The Covid-19 crisis has caused a multitude of negative effects around the world, with many producers now facing barriers to safe and secure employment.

We were able to assist our producer partners in Yayu to recover from and remain resilient to the economic and social impacts of Covid-19. This was achieved by leveraging reach and influence of responsible businesses through partnering with the Ethical Trading Initiative (ETI) and the Foreign, Commonwealth & Development Office Business Partnerships for Global Goals (BP4GG).

An assessment by Partner Africa, an NGO, was completed, with local staff travelling to the Illubabor region to select organisations for the training. The three co-operatives selected were Baro, Yayu and Geri.



TECHNICAL ASSISTANCE AND TRAINING TO REBUILD DAMAGED BUSINESSES

- **23 co-operative leaders** trained over a two-day practical course covering 4 topics: **Financial Management, Gender Integration, Coffee Quality Control and Marketing**
- **183 co-operative members** trained over a one day course covering three topics: **Good Governance, Gender Integration and Coffee Quality Control**

As the coffee industry continues to face the consequences of Covid-19, in Ethiopia we supported coffee farmers learning to work safely and training on how to rebuild their businesses.





The project also resulted in a Covid-19 outbreak resource pack for East African Suppliers. Available in 4 languages, the pack ensures co-operatives are better equipped to ensure safer work environments in any future outbreaks. <https://www.ethicaltrade.org/programmes/covid-19-outbreak-resource-pack-african-agricultural-suppliers>

“

I’ve got more confidence from this training to do my accounting job properly at the co operative, such as daily record keeping, documentation, identifying different receipts.

“

This training enables us to understand more about the co-operative’s committee leadership roles and responsibilities. It encourages the participation of women in leadership and governance which has pushed us to increase the number of women participants in the leadership.

FEEDBACK FROM CO-OPERATIVE MEMBERS AFTER TRAINING



IMPLEMENTING BLOCKCHAIN TECHNOLOGY TO PROVIDE DIGITAL SUPPLY CHAIN TRACEABILITY

Traceability and transparency are key to our Union Direct Trade coffee sourcing initiative.

Technology developments offer more effective opportunities to trace and track coffee from seed to cup, creating more control and trust – a step we’re excited to explore.

In 2021, we started a pilot project with farmers in **Rwanda and Honduras** to track the movement of coffee in our supply chain using blockchain technology.

What is the technology?

INATrace uses **digital blockchain to increase the exchange of information along the supply chain**. This includes provenance information, prices paid, and all supply chain steps such as processing, transport and coffee quality characteristics. It’s open-source, meaning it’s transferable and adaptable.

This pilot project is live in Rwanda and Honduras, and in each country the system needs to be adjusted to the local context. In the future, we’d like to see INATrace connected to a mobile data collection app that also works offline, available for farmers to collect data and create a geo map that represents the layout of their farm. We’re excited about the opportunities this will present.

BLOCKCHAIN BENEFITS FOR COFFEE PRODUCERS

- Transaction data and payments are stored digitally, meaning a reduction in paper-based collection
- The value of the specific lot of coffee is accessible along the entire supply chain – giving farmers real-time transparency
- Coffee producers can have better control over their own data, which in turn helps them save resources and eliminate inefficiencies
- Digital information may create opportunities to access new markets
- Increased quality control due to increased transparency

BLOCKCHAIN BENEFITS FOR CONSUMERS

- Greater transparency means more information about the coffee you drink
- The consumer connects to the farmer in a way that wasn’t possible before





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Blockchain technology provides an exciting opportunity for producers and consumers to gain transparency of the whole supply chain as it traces the journey of coffee from seed to cup.



A ROADMAP TO NET ZERO BY 2035

The 2021, COP26 conference in Glasgow was clear in its primary aim: to secure global net zero by 2050 and keep 1.5° within reach. At Union, we know that we all have an active role to play in keeping 1.5° within reach so we have made a commitment to be net zero by 2035.

2021 saw us achieve further progress and make a deeper commitment to reduce our emissions. Our approach follows 4 key activities.

- ① **ACTIVITY 1**
Calculate our current greenhouse gas (GHG) emissions to create baseline data
- ② **ACTIVITY 2**
70% emissions reduction by 2030
- ③ **ACTIVITY 3**
Offset our scope 1 & 2 emissions (that is, both our direct and indirect emissions)
- ④ **ACTIVITY 4**
Build a roadmap to net zero by 2035

In 2020-21 we measured our Greenhouse Gas emissions as 2,970 CO₂e (carbon dioxide equivalent)

This was measured to Greenhouse Gas Protocol standards and includes scope 1, 2 and 3 emissions. It also includes all six GHG emissions: carbon dioxide, methane, nitrous oxide, Hydrofluorocarbons, Perfluorocarbons and Sulphur hexafluoride.

ACTIVITY 1: CALCULATE OUR CURRENT GHG EMISSIONS TO CREATE BASELINE DATA

| SCOPE 1 Direct activities | SCOPE 2 Indirect emissions from electricity or heat | SCOPE 3 Indirect emissions in our value chain- both upstream and downstream |
|---|---|---|
| <ul style="list-style-type: none">• Emissions from company owned vehicles• Gas purchased | <ul style="list-style-type: none">• Electricity purchased | <ul style="list-style-type: none">• Coffee growing & processing• Export and import logistics• Packaging (GrainPro and final)• Waste• Water & Sewage |
| 221 TONS CO ₂ e | | 2749 TONS CO ₂ e |



ACTIVITY 2: 70% EMISSIONS REDUCTION BY 2030

Here are the steps we've taken so far:

- 10 tons of CO₂ saved by using our Loring roaster for coffee ordered direct from our roastery via our website
- 100% green electricity and LED lights throughout our roastery
- 148 reels of plastic bubble wrap saved by moving to recycled cardboard padding
- 95% of our hessian sacks upcycled
- 100% of our coffee chaff (8481kg) is recycled as an underlayer for dairy cow bedding at Northiam Dairy – our barista milk supplier
- We offer a cycle to work scheme and electric car scheme
- 877kg of material saved by focusing on reducing packaging
- Our operations in the roastery are zero waste to landfill





TAKING ROOT

Reforestation with Impact

ACTIVITY 3: SUPPORTING REFORESTATION IN NICARAGUA

We partnered with Taking Root, an award-winning CommuniTree Carbon Program which is the largest reforestation initiative in Nicaragua, who work with thousands of smallholder coffee farmers to create long-term income opportunities from growing shade trees for coffee plants on underused parts of their land.

As one of the poorest countries in the Americas, the programme is specifically designed so that the forests improve the lives of Nicaraguan farmers traditionally earning less than \$2 per day. The programme does this by creating new forms of income for coffee farmers including:

- Receiving direct payments for planting trees (carbon credits)
- Helping farmers build forest enterprises by creating and selling products from the forests such as high value woodcrafts, biochar, and sustainable shade-grown coffee

- Creating large-scale employment opportunities by creating thousands of local seasonal jobs to support the operations of the programme such as seed gathering, nursery building, and tree planting
- Climate adaptation and resilience provided by the forests helps mitigate the risk to crops from extreme weather such as droughts, flooding and increased temperatures; events caused by climate change
- Income consistency as the activities from maintaining the forests take place in off-season, helping farmers get a consistent source of income during the times of the year when it is most needed

**In 2021, we purchased 300 carbon credits
to offset our Scope 1 and 2 emissions**



HAVE YOU EVER CONSIDERED THE CARBON FOOTPRINT OF YOUR CUP OF COFFEE?

We provided data about our coffee supply chain, from agronomy, transport and roasting to a leading environmental footprint measuring platform, Foodsteps who calculated the environmental impact of a cup of coffee. The study was commissioned by our customer Gather & Gather.

The study found that a single espresso has a carbon footprint of 68 grams of CO₂e per cup, of which 60.7% can be attributed to origin (cultivation, processing and transport to roastery), 11.6% to Union (roasting and distribution) and 27.7% to the customer (brewing, final packaging and consumption).

The study also found that much of the impact of a cup of coffee stems from the milk choice. For example, a black americano has just 14.5% of the footprint of a latte containing dairy milk.





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Heading out for a coffee or brewing at home? Try yours without milk to reduce the carbon footprint of your cup. Trying coffee with and without milk also allows you to discover the unmasked flavours of coffee!

A single espresso has a carbon footprint of 68g of CO₂e

Coffee with no milk has just 14.5% of the carbon footprint of a latte containing dairy milk

PROGRESS TOWARDS MORE SUSTAINABLE PACKAGING

Coffee packaging accounts for 5% of the total carbon footprint of the coffee supply chain. Although this might seem low, we want to reduce our environmental impact at every stage of the coffee journey. Following 18 months of research and trials, we're happy to announce we're launching fully recyclable coffee bags in 2022.

- **100% recyclable paper** bags for coffee ordered direct from our roastery via our website. The bags are **recyclable in kerbside collections at home** with regular paper recycling. As paper does not protect the coffee from oxygen, we will be offering storage tins to keep coffee fresh at home.
- **100% recyclable monoplactic** bags for coffee sold at retailers and to our café customers to protect the coffee against oxygen where a longer shelf life is needed. **They're recyclable in-store in soft plastic recycling and in some kerbside collections.** The material is carbon neutral via www.myclimate.org and made of 90% biobased content via ISCC using the mass balance approach (www.iscc-system.org).

All our shipping corrugates and cartons are recyclable and FSC certified.

We're committed to working with the industry and beyond to continue improving sustainability of our packaging.

Beyond ensuring our packaging is recyclable, we constantly strive to decrease the amount of packaging used overall. Here are a few of the initiatives we have undertaken to reduce our packaging:

- We have reduced the packaging used on our retail bags by 10% and removed the plastic re-closure
- We offer our trade customers a bulk "coffee-in-a-box" format, which is a fully recyclable carton with a recyclable plastic food grade liner
- We offer a refill scheme at our Edinburgh coffee shop, Union Brew Lab, where customers can purchase their coffee beans in a reusable aluminium tin or bring their own container

RECYCLABLE

All of our packaging will be 100% recyclable by the end of 2022



LIFE AT UNION

At Union, we aim to create a happy and healthy work environment – a space where our brilliant Unionistas are empowered and inspired. We want to encourage a culture that champions our values of teamwork and doing the right thing and inspires Unionistas to work collaboratively; seek, learn and share information, while having some good fun along the way. Here are some ways in which we built and maintained the Union culture:

STAYING CONNECTED

- Weekly huddles and monthly business updates to catch up and stay in the loop
- **Spilling The Beans** – our monthly internal newsletter sharing news about account openings, exciting campaigns and team updates
- **Unionista of the Month** – every month we nominate and award a Unionista who has championed our values with recognition in our newsletter and a bottle of bubbly
- **Summer party** – we got the team together to celebrate in the sunshine (and some rain) our 20th anniversary, at Jeremy and Steven's field

EQUALITY

- Women make up 45.9% of our team and 45.5% in managerial positions
- In April, we had an LGBTQ+ presentation from external members of the community to increase awareness with a panel discussion to discuss next steps for the company
- We are an equal opportunities employer and believe that diversity is a strength

SOME OF THE UNIONISTAS PERKS

- **Free coffee** – every Unionista gets an allowance so they can order their freshly-roasted favourites to enjoy at home (and try out our latest microlots, of course!)
- **Volunteer days** – Unionistas can take 3 paid days per year to volunteer for their chosen organisations
- **Cycle to work and electric car scheme** to encourage sustainable commute





WHAT OUR UNIONISTAS HAD TO SAY...



ROB

NORTHERN ACCOUNT MANAGER
AND TRAINER

Although 2021 produced more challenges this year, I've been able to jump into some exciting new projects with our customers. Namely, our virtual online masterclasses which are free and open to everyone. We've been getting great attendance and engagement from our customers – a reminder that a lot of people are interested to know to know where their food, drink and products come from.

I also manage our accounts in the north of England. Staffing across hospitality this year has been very difficult – but I've witnessed a really hands-on attitude from accounts to keep on top of it.



KEYSHA

BUSINESS OPERATION SUPPORT

I went on maternity leave in September 2020 and returned end of June 2021 in a new Business Support role. Union gave me the support after returning with a flexible part time schedule. This has allowed me to do the school run before and after school, meaning I don't have to pay for extra childcare.

I feel supported by my manager in allowing me to do these hours and it's given me a more family-friendly life balance after returning.



JOSH

PRODUCTION ROASTER

It's been a pretty busy year at Union! We launched a whole new bunch of coffees and we moved over to a new, bigger roastery, making more space to freshly-roast more coffee for our customers at home. Despite how busy it was, we all managed to pull together as a team and kept striving to improve our roasts to really get the best out of the coffee – you can really taste that in the coffee in my opinion.

Hopefully, next year will be more of the same! I'm looking forward to profiling and trying some new coffees in 2022 as well as introducing our new, more sustainable packaging.



HALINA

HEAD OF TRAINING & DEVELOPMENT

This year has been a year of challenges, changes and adjustments. It has also been a year of opportunities. We haven't fully transformed our way of working in training with our café customers. It's still early days, but we're slowly transforming the way we think about it – about what is and isn't possible.

Running online masterclasses and presenting to 90 people? Yes, we can do it. It is possible to connect with a large number of our customers who are scattered across the country, excite them about our coffee and teach them how to brew at home. We're excited and ready for the next chapter of challenges and opportunities in 2022. Watch this space!



GAIL's

CUSTOMER CATCH UP

JESSICA WORDEN

HEAD OF COFFEE AT GAIL'S

Union has been roasting and sourcing coffee for Gail's since day one.

Can you tell us a bit about the Union and Gail's partnership?

I started working at Gail's when we had just 3 bakeries. We were using Union's Revelation, a great blend which tastes good and has a consistent flavour profile. As we grew as a business and became more associated with great coffee, we decided to take the next step and develop a bespoke Gail's blend.

Together with Union, we created a high-quality coffee, roasted for sweetness and body, which both suited our brand vision and paired well with the type of food we offer.

At the beginning of 2020, I travelled to Costa Rica with Pascale, Kerttu and Ash from Union. Although I've visited coffee farms many times before – this trip really drove home how interlinked the craft of the barista is with the craft of the farmer – and how important it is that the coffee you drink honours the craft of the producer, roaster and barista.

Gail's places high importance on sourcing its ingredients. How do you approach coffee sourcing and why is sustainable sourcing important to you?

At Gail's, part of our definition of quality is that it's sustainable. We partner with small, high-quality and craft producers who champion the same values in sustainability and traceability. When sourcing from producing countries, these values are particularly important due to the ingrained imbalances which remain in supply chains. We look for partners who have exceptional ethics when sourcing to challenge these imbalances, something which Union has always done. We also source ingredients from partners who want to grow with our business, as we believe growth and scaling up can be meaningful and a create more positive impact.

What challenges has Gail's faced over the past 18 months?

Union was pivotal in helping us manage fluctuating volume requirements as we reopened our bakeries in the early days of the first Lockdown. They ensured we had enough coffee by meeting our evolving needs and rapidly scaling up production.

In a time of many changes, we worked collaboratively to ensure that the quality our brand is known for remained consistent. Our bakeries became vital sites of connection and community for our customers. Covid really underlined the importance in these relationships. Providing something that consistently tasted great and acted as a source of daily joy was something our customers really valued.

What do you see as the biggest challenges for speciality coffee in the future?

Changing mindsets around the value of high quality coffee and growing consumer understanding of the true cost of a delicious flat white. Making speciality coffee accessible is central to what we do, and part of this is in how we bring to life for our customers – everyday – the amount of craft, care and time that is invested across the supply chain in each and every drink.

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This trip drove home
how interlinked the
craft of the barista
is with the craft of
the farmer

— JESSICA WORDEN —



Jessica (second from right) with Kerttu, Ash and Pascale from Union at Aprocetu association, Costa Rica, 2020

A NOTE FROM THE FOUNDERS

STEVEN MACATONIA & JEREMY TORZ

2021 was a very important year as we celebrated 20 years of Union, and paused to reflect on our effect across the globe.

In current language, we describe Union Hand-Roasted Coffee as an impact business, but far from being something that has come suddenly to us, **it's a philosophy we committed to since our inception, and it is still a work in progress.**

The reality of producing change amongst coffee farming communities is not about a fast-moving wave crashing through, but a series of slow, steady enhancements of trust between producer and buyer. Much of this depends upon developing a shared sense of the challenges as well as opportunities.

In the early years of Union, when our ethical coffee buying initiative (Union Direct Trade) was in its evolution, it took Pascale Schuit, our Sustainable Sourcing Manager an extended visit of several months to a rural farming community in Guatemala, to fully understand, build rapport and integrate. These communities of indigenous people, some not speaking Spanish, only their indigenous language and often suffering from discrimination, had been blocked from market access by established industry players. We could support the co-operative, helping to remove their

barriers to trade, resulting in them retaining a greater share of the value of their coffee.

This investment in time created a secure foundation that we have built on over the following years. In those early days, it was difficult to achieve effective interaction with producers without being there, physically. Now, with changes in technology, much of our work can be developed in advance of visits, and importantly allows us to participate in real time with communities throughout the year as they move through growing, harvesting and shipping seasons – each of which brings particular questions. Throughout Covid-19, technology has been our lifeline.

In 2013, a few months preceding the harvest, we learned that a major outbreak of Coffee Rust Disease had occurred in Central America and potentially much of the harvest could be lost.

As we were involved in a number of community actions with small-scale farmers in Guatemala, we had agreed with the co-operative to be 'on hand' to help them quantify the effects and to provide timely financial support. Farmers took action to mitigate the worst effects which resulted in retaining 70% of coffee production. This enabled the farmers to recover rapidly from the potential near total crop failure that had been predicted.



Steven & Jeremy – celebrating 20 years of Union with a cake baked by our very own Unionista, Carol

Understanding the structures within rural communities and how to work considerately with diverse cultures, observing and recording the benefits so that impact can be honestly assessed is a long journey of trial and error, constant communication and personal investment in time to build trusting relationships.

Since 2014 we've been working with and buying coffee from Illubabor, a novel area of western Ethiopia, not previously identified as a distinct locale by the Ethiopian coffee authority. This area, now a United Nations protected biosphere, is one of the last Montaine forests in the region and is important as a natural bank to house the genetic diversity of coffee.

Our work here has been to support farmers to improve coffee quality so that it achieves higher prices. **By increasing earnings from coffee, we see a reduction in deforestation because farmers do not destroy primary forest to grow other crops to increase their income.**

Today, we use technologies that would not have been available just a few years ago such as satellite remote sensing to map coffee trees within a wild forest canopy, health of coffee trees, as well as tools such as GPS to verify farming boundaries and productivity.

Technology whilst being helpful in extending the scope of our capabilities still requires human buy-in and good

practices that may not be recognised as necessary by producers who have previously been exploited. It's here that we have to remember that impact takes time.

Our experience in Rwanda from 2002 all the way up to 2009 was a chequered journey but one we're honoured to have remained committed to and continues to be a useful reflection upon as we chart the challenging course to sustainability in Ethiopia. It can be a frustrating process but worth remembering that with perseverance things do change. **Our purchasing there has grown to represent over \$1million + in value which has been returned to smallholder communities as prices well in excess of market or Fairtrade certified prices.** Rwanda, previously unknown to coffee lovers is now in demand globally as a true source of amazing quality coffee.

Over the 20 years of Union, we have tried to understand the structures within rural communities and how to work considerately with diverse cultures. Observing and recording our experiences so that impact can be honestly assessed is a long journey of trial and error. **We believe that it is our personal investment in time, to build trusting relationships that will stand us in good stead for the next 20 years, and beyond.**



— WHAT UNION COFFEE LOVERS AT HOME HAVE TO SAY

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We've been buying Union coffee for about 10 years and have always found service and support (not to mention the coffee!) to be excellent.

Having the opportunity to try different coffees every week is just brilliant.

Union Coffee's customer service is as good as the coffee and their ethical business model - as I tell all my nearest and dearest whenever I have the chance.

Just wanted to say, as someone that can't drink much caffeine, your decaf coffee is far superior than any other I have tried to date. Keep up the good Coffee!

I love your coffee and I commend you on your wonderful work in and on this troubled planet of ours. It is caring, thoughtful and innovative people such as you are, that make a defined difference to this planet and world that we all share.



20

YEARS
OF
PIONEERING
COFFEE



20 YEARS OF SOURCING, ROASTING AND
SPREADING THE JOY OF SPECIALITY COFFEE