

2000-2010
AND BEYOND:
A PATH TO
SUSTAINABILITY IN
THE COFFEE
SECTOR

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Reaction to the coffee crisis at the beginning of last decade

In order to resist the possible devastating consequences of poverty, reputation, and consumption, the coffee community adopted a strategy based on:

- Increasing **pleasure** through **quality**
- **Reducing fear** by better communicating the **positive effects** of coffee on health

The role of science and knowledge

Institutional entities like **ASIC**, **ABIC**, **ISIC**, **ICO**, **NCA** and others played a key role in organizing and spreading:

- Scientific **knowledge**
- **Training** for coffee growers
- **Information** to consumers

ASIC **Association for Science and Information on Coffee/1**

Founded in 1966, **ASIC** regularly convenes specialists working in different aspects of coffee science and technology, giving opportunities to present and compare their findings

ASIC's Colloquia are the only worldwide platforms where a growing number of scientists (400 the last time) from different disciplines can meet every two years, present their results and exchange experiences

ASIC web site hosts every year 300 to 500 abstracts of scientific publications and is referenced on Google as the first site for coffee science



Workshops on coffee consumption and human health host prominent scientists who present their latest findings

Workshops on OTA have been used to communicate to the world coffee scientific community solutions to minimizing the presence of OTA in coffee



Established in 1990 by major European coffee industry leaders to develop a structured approach towards collecting scientific information on **coffee and health**, promote its own research and encourage consistent communications among sector participants

ISIC's Main Activities:

- Maintain a library of **studies** published in all leading scientific journals (in 2008-2009 over 500)
- Support independent research on topics like caffeine and addiction, chemo protective effects on antioxidants in coffee, coffee and reduced risk of diabetes type 2, coffee and increased mental performance
- Disseminate coffee and health scientific knowledge to a broader audience through two programs:
 - **The health care professions coffee education program**, which brings sound and up-to-date scientific information on coffee and health to doctors and nutritionists
 - **The positive coffee program** (in collaboration with ICO) to update coffee sectors globally in an accessible language



ISIC aims to **dispel the myths about negative effects of coffee drinking** and to promote the message that moderate coffee consumption fits in a healthy balanced diet

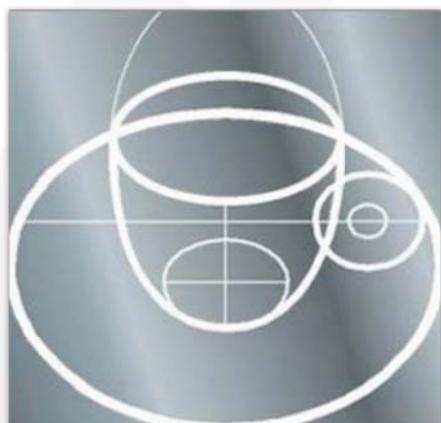
The effects are visible. In Spain, for instance, **in 2007**, more than **50%** of doctors surveyed recommended drinking less coffee

- **By 2009 the number shrank to 20%**

In **1990** in the general consumer media, **80%** of the coverage of coffee and health were **negative**

- **Currently, 80%** is balanced or **positive**

University of Coffee



Established in Trieste (Italy), in 1999 by illycaffè to promote and spread worldwide the rich and positive culture of coffee

At **16 locations worldwide** teaches **growers, hospitality professionals** and **consumers** all about quality in coffee production, preparation, consumption

Has directly instructed **40,000 people**: 13,000 in 2009, including more than 3,000 growers

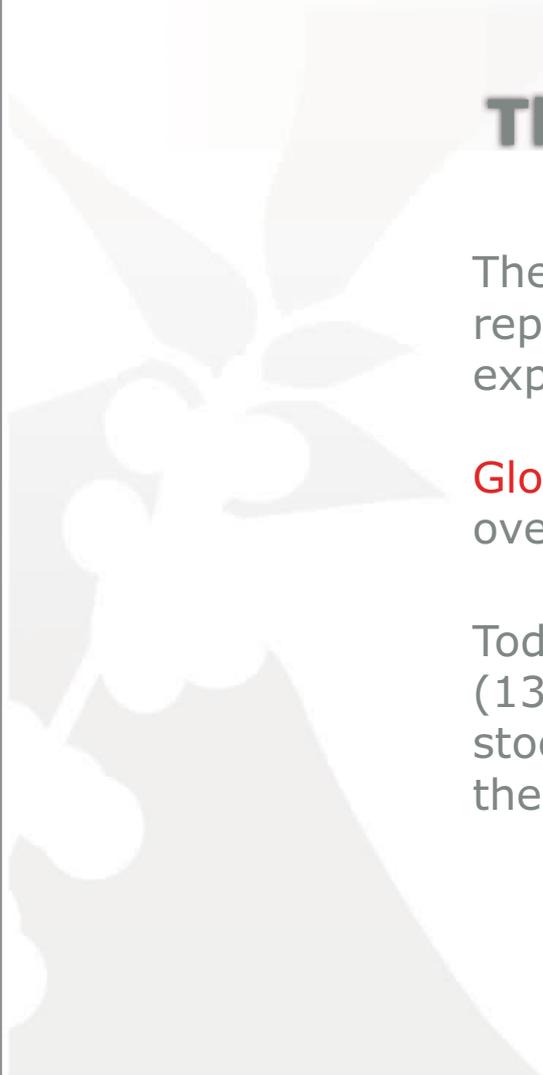


Other initiatives

A variety of coffee roasters have played an important roles in **promoting quality coffee production** over the last decade

Research institutes have contributed to excellence-seeking efforts by promoting eco-friendly production techniques

Certification bodies have supported quality improvement movement at plantations by incentivizing growers to adopt not only a sustainable approach to production, but also a structured approach to managing their business



The results of these efforts

The new **gourmet segment** now represents the 6% of total green coffee export volume(90 millions bags)

Global consumption has increased by 53% over the previous decade (Source: ICO)

Today **supply** (128-130) and **demand** (130-132) are almost in balance, and stocks are very low, potentially triggering the next coffee crisis

How to prevent a potential coffee crisis

The typical **ten-year cycle** of alternate scarcity and oversupply can potentially provoke a next crisis

In order to prevent it, the coffee sector must:

- **Capitalize** the positive cooperative results achieved so far.
- Strengthen the **pillars of sustainable** development through scientific and systematic approaches

Developing an innovative model for sustainable coffee farming



A collaboration between **illycaffè**, the **Environmental Change Institute (University of Oxford)** and several **coffee growers** in India, Brazil and Guatemala

Aimed at analyzing the **sustainability of coffee farming**, taking into consideration internal (coffee farmer assets) and external (vulnerability context and supply chains) factors

Goal is to define the **best practices for sustainable of coffee growing** in the real context of external influencing factors and supply chains

The first sustainability certification by DNV, of illycaffè practices /1



A **new standard** designed by **Det Nordske Veritas** to respond to illycaffè's desire to independently certify its supply chain model (direct and long lasting relationships with the coffee growers, transfer of knowledge, premium price for superior quality production)

Open to all players in the coffee industry, and **other sectors** as well

The first sustainability certification by DNV, modelled on illycaffè practices /2

2 protocols:

Protocol A: the whole organization has to show a **coherent approach to sustainability** throughout the value chain

Protocol B: the organization has to show a **sound and structured plan of activities aimed at promoting sustainability** amongst all its green coffee suppliers

The first sustainability certification by DNV, modelled on illycaffè practices /3

Main points of difference:

It is **the company to be certificated**, not the growers (no expenses for them)

The company applying for the standard **must show itself to be sustainable** as a whole.

Therefore it must source all the green coffee it buys in a sustainable way

Quality is the main driver



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