



# 2011 Impact Report





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# A Year of Impact

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2011 was a hallmark year for Sustainable Harvest—our biggest year for sales, as well as the breadth of our farmer training programs. We spent 2011 doing what we have done for the past fifteen years: building direct, transparent connections among partners in the coffee supply chain, sourcing great coffee, and investing in the farmers who are the future of our industry.

When we have a conversation with farmers and hear firsthand that they have access to the tools they need, that their coffee is of an optimal quality, and that they feel empowered as critical members of the supply chain, we know we have succeeded in making a positive impact. In this report, we share with you the outcomes of our work towards this goal in 2011.

**DAVID GRISWOLD**

*Founder and President*

*Sustainable Harvest Coffee Importers*

# Transforming the Coffee Industry



*Our suppliers, our customers, and our company are more successful because the Relationship Coffee™ model invests in farmer training and community development at origin.*

## ■ THE CHALLENGE

Fifteen years ago, the coffee supply chain was disconnected: roasters lacked access to information about their coffee, and farmers had little idea who bought their beans each year. In response, Sustainable Harvest introduced greater transparency to the supply chain with a vision to bring roasters and growers into one conversation about the future of their business. It is a more efficient, fair way to conduct the coffee trade.

## ■ RELATIONSHIP COFFEE™

We call our way of doing business Relationship Coffee.™ We integrate our coffee sourcing and importing activities with farmer capacity building and community development at origin. As a result, our company, our suppliers, and our customers have become more successful and effective. Our commitment to innovation has made us a leading social enterprise.

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For every dollar Sustainable Harvest earns from coffee sales:

1¢ is invested in training and capacity building at origin

8¢ pays for importing costs and company operations

91¢ is paid to the coffee cooperatives for green coffee beans



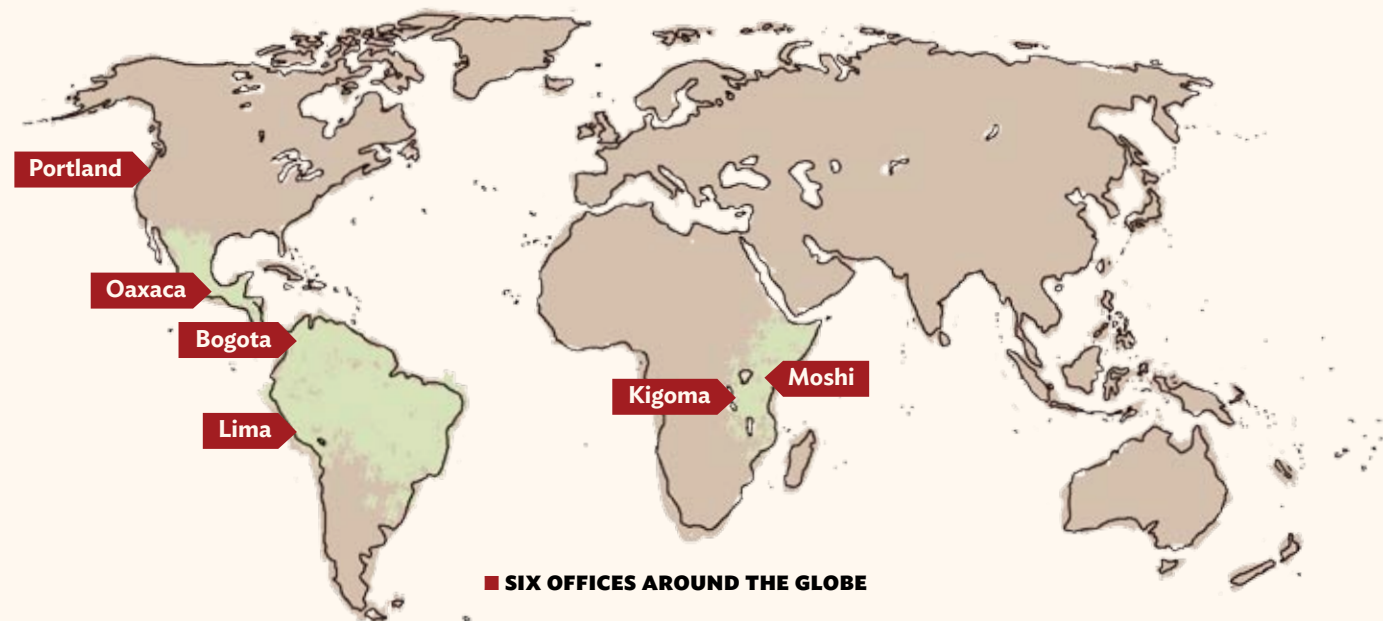
*In 2011, Sustainable Harvest purchased \$73.3 million of coffee from farmer organizations at a price that averaged \$0.65 higher than the C market.*

*And, we invested nearly one-third of our annual earnings in training programs and services for our suppliers.*

*We also raised \$1.49 million in grant funding from public and private donors.*

# Transparency

*We conduct our business at origin, empowering our partners to make decisions that bring them long-term economic benefits.*



## Connecting at Origin



### ■ B CORPORATION

Sustainable Harvest is a certified B Corporation, which means that we incorporated our social and environmental values into our company bylaws. We also passed a rigorous certification process and are audited each year to ensure that we continue to meet the third-party B Corporation standards for a sustainable business with a social purpose.



### ■ GLOBAL CONNECTIONS

Sustainable Harvest operates six offices worldwide, including our newest office in Bogota, Colombia that opened in 2011. Our offices in coffee-producing countries provide a space to train farmers and help cooperatives strengthen their business. Our staff facilitates a direct dialogue among roasters, growers, and finance organizations to make our supply chain more efficient and ensure that everyone has the same information.



*Sustainable Harvest has grown 41% annually since 1997, proving the business case for Relationship Coffee™ and scaling our impact.*

Our customers in 2011 included Allegro Coffee Company (owned by Whole Foods Market), Green Mountain Coffee Roasters, Alterra, Cafe Moto, and Cafe Mystique. Many of our customers, such as Dillanos Coffee Roasters in 2011, have been selected as the Roaster of the Year by Roast Magazine.



## Sales by Origin

**% OF TOTAL VOLUME IMPORTED BY SUSTAINABLE HARVEST**

	COUNTRY	% OF TOTAL VOLUME IMPORTED BY SUSTAINABLE HARVEST
	Bolivia	0.2%
	Brazil	2.7%
	Colombia	4.9%
	Costa Rica	3.2%
	Ecuador	0.4%
	El Salvador	1.7%
	Ethiopia	1%
	Guatemala	2%
	Honduras	12.3%
	Mexico	13.5%
	Nicaragua	16%
	Peru	40.7%
	Rwanda	0.5%
	Tanzania	0.7%
	Malawi	0.2%

# Relationship Coffee™

Strengthening the Supply Chain at Every Step

## MEET THE CHIRINOS COOPERATIVE

Sustainable Harvest partners with Chirinos to bring their coffee to market.



1

## TRAINING

Chirinos farmers may not have tasted a blueberry, let alone know what flavors earn top dollar from buyers. They may not know how to navigate pricing on a complex commodities market.



In 2011, Sustainable Harvest taught 197 people how to *taste their coffee* and provided risk management seminars in 3 countries.

2

## TRANSPARENT CONTRACTS

Empowered with the knowledge to make good business decisions, Chirinos negotiates a contract with Sustainable Harvest.



Sustainable Harvest bought millions of pounds of coffee from 14 countries in 2011.

4

## THE TRAINING CONTINUES

Sustainable Harvest has a consistent presence during Chirinos' harvest, supporting the cooperative as issues arise and ensuring a high quality product.



This year Sustainable Harvest opened its sixth office at origin.



In 2011, 55% of suppliers' contracts were pre-financed by banking institutions.

3

## ACCESS TO CREDIT

Sustainable Harvest introduces Chirinos to a banker who will give them a loan for their harvest now that they have a contract with Sustainable Harvest as collateral.



5

## TECHNOLOGY FOR TRACEABILITY

Sustainable Harvest uses our Relationship Information Tracking System (RITS) to follow Chirinos' coffee from farm to port.



6

## THE QUALITY ARRIVES

The coffee roaster receives Chirinos' coffee on time and has access to rich information about the cooperative to enhance the consumer's experience.



For the last 3 years, Sustainable Harvest's customers have won 'Roaster of the Year' from Roast Magazine.

## THE PROCESS REPEATS ITSELF

Roasters receive consistent quality year after year.

Feedback from all parties allows everyone to improve and target training.

Cooperatives know that Sustainable Harvest is a long-term business partner.

379 growers, roasters, and financiers met at **Let's Talk Coffee 2011** to discuss business details and foster strong relationships.

7

## OPEN LINES OF COMMUNICATION

Chirinos doesn't send their coffee into a vacuum. Sustainable Harvest facilitates communication among all partners, so Chirinos can receive feedback from the roaster and work to improve their product.



# Quality

*Teaching producers to evaluate the quality of their coffee gives them the tools to grow, select, and deliver the exact lots that roasters are looking for.*

*In 2011, Sustainable Harvest trained 197 cuppers worldwide.*



#### CUPPERS GUILD

In 2011, we created the Cuppers Guild, a network of the people trained in coffee quality evaluation in our supply chain. The Guild serves as a forum for calibration and support between roasters and suppliers. 35 cuppers kicked off the first Cuppers Guild event in October.

In a year when price volatility in the coffee market made delivering consistent quality coffee a challenge, our investments helped keep our supply chain stable:

**0.2**

Average difference in points on the quality scale between coffees before and after shipment in 2011.

**.008%**

Rate of roaster rejection of coffee shipments in 2011. We had zero defaults.

**14**

Number of Q graders on a staff of 38 in 2011.

Our investment in coffee quality results in a consistent product and reliable volume, the basis for a cooperative to engage in a long-term business relationship with a roaster customer.

#### 2011'S STANDOUT COFFEES

Our quality control team is constantly cupping and communicating with producer groups. Some outstanding results of this work in 2011:



#### ■ HUATUSCO UNION, MEXICO

It was a great year for our longest-standing Mexican supplier. The Veracruz cooperative produced a huge volume of coffee with excellent quality.



#### ■ FEDERACION CAMPESINA DEL CAUCA, COLOMBIA

Despite constant rain, this cooperative produced an amazing coffee with bright citric acidity and stone fruit flavors.



#### ■ KINUNU, RWANDA

From the shores of Lake Kivu, this incredible coffee tastes of butterscotch, bittersweet lemon, and peach.

# Traceability

*With the Relationship Information Tracking System (RITS), Sustainable Harvest tracks all of its coffee back to the producers to foster relationships and measure impact.*



## ■ TRACKING COFFEE FROM FARM TO MARKET

In 2011, we used RITS to send the first coffee sample from the Kilicafe Cooperative in Tanzania labelled with a fully traceable QR code to Allegro Coffee Company. When scanned, the QR code displayed information about the individual farmers who grew that specific lot of coffee, bringing a new level of connectivity between Allegro and Kilicafe and strengthening their relationship for next year's shipments.

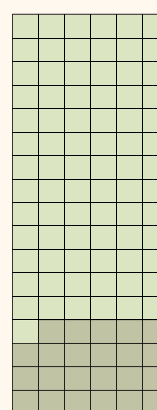
## ■ BRINGING TECHNOLOGY TO THE FARMER

The Kilicafe Cooperative used RITS to harness data on coffee deliveries from 3,154 farmers in 2011, tracking \$110,000 in farmer payments. Kilicafe says RITS decreases operational costs. One cooperative manager explained, "Farmers hear about RITS, and they are much more certain that their data is being stored safely compared to the paper-based recording system we used before."



## SUPPLIERS

**205,000+**  
Farmers in our network



## LAND AREA

**244,644**  
Hectares in Latin America

**74,268**  
Hectares in Africa

**318,912**  
Hectares in total

**93% Certified**

Coffee we imported in 2011

**64%** Fair Trade Organic

**26%** Fair Trade only

**3%** Organic only

## ■ GATHERING FARM-LEVEL DATA

Our traceability technology is a powerful tool that we use to gather data from individual households in our supplier network. We use the information to tailor our training programs to best help growers improve their

coffee quality, increase their incomes, and ensure their food security year round. In 2011, we used the iPad to survey hundreds of farmers in Central America, Peru and Tanzania to evaluate their needs and measure impact on their livelihoods.



## Tanzanian Survey Results

Men own more land and have a higher coffee yield per hectare than women. In 2011, Sustainable Harvest trained 499 women in Tanzania.

27% of the 390 families surveyed experienced food shortages in 2010. In 2011, Sustainable Harvest conducted projects in drip irrigation and family gardens to target food insecurity in coffee communities.

Those families who experienced no food shortages earned 19% more from their coffee than those who experienced food shortages. In 2011, Sustainable Harvest hosted a Let's Talk Coffee® regional event in Africa that trained farmers in quality control and risk management to help farmers raise the prices of their coffee.

# Training

*In 2011, our capacity-building initiatives supported the long-term viability of small-scale coffee producers in the global coffee market.*



Sustainable Harvest has developed a network of the best experts and tools available to help coffee farmers achieve sustainable livelihoods. Our long-term business presence at origin puts us in an ideal position to bring this expertise to coffee communities.

## ■ FOOD SECURITY

In December, we hosted the annual Food Security Forum in Peru. Approximately 70 women and agronomists attended the event, which strengthened their leadership skills and taught them techniques to diversify their farm production. Nineteen of the participants volunteered to form an extension network to train others in their communities in 2012.

## ■ FARM PRODUCTIVITY

Increasing productivity is often the most effective way to increase farmers' incomes and ensure a consistent supply of coffee. Yet, smallholder coffee farmers face major challenges maintaining healthy soil and productive coffee plants. In 2011, Sustainable Harvest trained farmers in East Africa and Latin America to produce their own organic compost fertilizer, which is cheap, efficient, and improves soil structure. We also trained farmers in best practices for caring for their coffee plants and combating pests and disease.

## ■ RISK MANAGEMENT

The coffee market in 2011 was marked by volatility. To help suppliers and roasters weather the price fluctuations, Sustainable Harvest conducted introductory and advanced financial risk management courses for 50 cooperative managers in Peru, Tanzania, and El Salvador. The participants learned how to negotiate open contracts to minimize risk and how to use futures to protect their investments.

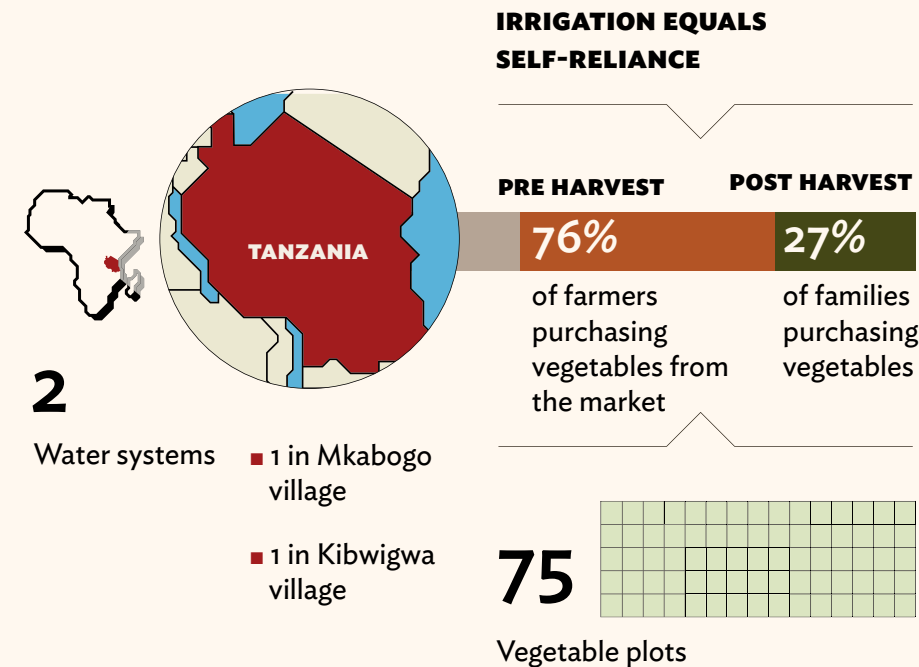
## ■ DRIP IRRIGATION PROJECT IN TANZANIA

This year Sustainable Harvest brought drip irrigation to coffee communities in Kigoma, Tanzania to increase vegetable production in the dry season and improve food security. With support from Green Mountain Coffee Roasters, we built two community water systems and taught 75 families to irrigate their vegetables. Thanks to the irrigation and agronomy training, the families now eat and sell several new, nutritious crops, including tomatoes, collard greens, cucumbers, and spinach.

## Essau Ntilampebha

Kibwigwa Village

*"Prior to drip irrigation, a small plot of half an acre would provide a meager harvest. With drip irrigation, we realized that even in a small plot of 15 meters by 15 meters, we can benefit a lot."*



## NEW CROPS BRING BUYING POWER

**300** Number of Tanzanian Shillings a farmer can sell two cucumbers for at the market



**300** Cost of a bag of fish a farmer can buy with his profit from the cucumbers

## THE WHOLE COMMUNITY BENEFITS

**17** Number of training sessions carried out with farmers in 2011

**425** Number of plots planned for drip irrigation next year



**278** Men trained in drip irrigation



**100** Women trained in drip irrigation



**100%** INCREASED THEIR INCOMES  
Every project participant sold some vegetables at the market after installing drip irrigation



# Expanding Reach

*We used technology and peer training in 2011 to scale the number of farmers who benefited from our training programs.*

## ■ INCREASING ACCESS TO TRAINING

Every farmer should have access to the best tools available to help him succeed. That is why Sustainable Harvest invests in ways to share this information as broadly as possible. We foster a network of farmers who receive training from us and are responsible for passing that training along to their peers. We also use the latest mobile technology to help us extend the reach and impact of the trainings we carry out for growers.



## ■ MOBILE TRAINING WITH iPADS

Sustainable Harvest's newest training tool, RITS Ed, is an interactive iPad application that houses a library of educational videos created by experts in

our supply chain. RITS Ed allows organizations to tap into our network of trainers no matter where they are. The videos are accessible without an internet connection, making it easy to bring training content into the

hands of farmers, especially women, who often stay close to home. The iPad is a powerful tool that gives cooperatives the resources to improve the breadth and consistency of the trainings they provide member farmers.



4

Number of languages that the app is available in (English, Spanish, Swahili, French)



18

Number of RITS Ed-loaded iPads currently in the field



106

People trained in one month by 7 farmers taught to use RITS Ed



388

Producers surveyed using COSA metrics from 5 Kilicafe groups



2

Days of training to get a farmer to use RITS on an iPad, as compared with 7 on a computer



## Peer Trainers: Spreading Great Ideas



**1** Andre (staff agronomist) trains Mr. Mushi in composting/microorganism technique, which saves farmers money by decreasing input costs and increasing productivity.

**2** Mr. Mushi goes home and creates his own compost piles and uses them on his farm.

**3** Mr. Mushi's neighbors are so impressed by the health of Mr. Mushi's plants and soil that they ask him to teach them how to compost.

**4** Because Mr. Mushi has had success teaching his neighbors, he is invited to teach a group of 58 women at SH headquarters.

**5** Mr. Mushi teaches the women how to compost, and also how to properly train their neighbors, who will inevitably want to learn the techniques as well.

*"My neighbors come here and are surprised with how my crop looks like and ask me how I am treating it. I talk to them about composting. And if they want, I teach them. And whoever is doing it is saying that their crops are coming up like mine."*

—Mr. Mushi



# Let's Talk Coffee®

*Sustainable Harvest's Let's Talk Coffee® event brought hundreds of roasters and growers together for direct conversations in an innovative, transparent forum.*



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Currently in its 10<sup>th</sup> year, Let's Talk Coffee® is our annual event for the specialty coffee supply chain. Participants gather to gain an understanding of collective, practical actions that we can take to ensure a future for specialty coffee. This year's program focused on price risk management, quality calibration, and farmer income diversification. Let's Talk Coffee® is a chance for the supply chain to have open, face-to-face conversations that result in successful, long-term business relationships.

Let's Talk Coffee® 2011 was held in El Salvador. Its theme was 'Redesigning the Coffee Supply Chain.' The event featured:

- Hands-on financial literacy workshops
- Re-creation of 2011 World Barista Champion Alejandro Mendez's winning performance
- Discussion with the leaders of the Fair Trade movement, brought together for the first time since the split of Fair Trade USA and FLO



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## Let's Talk Coffee® 2011

**379**

Attendees representing producer organizations, roasters, non-profit organizations, and financial institutions

**22**

Countries represented

**11 Million**

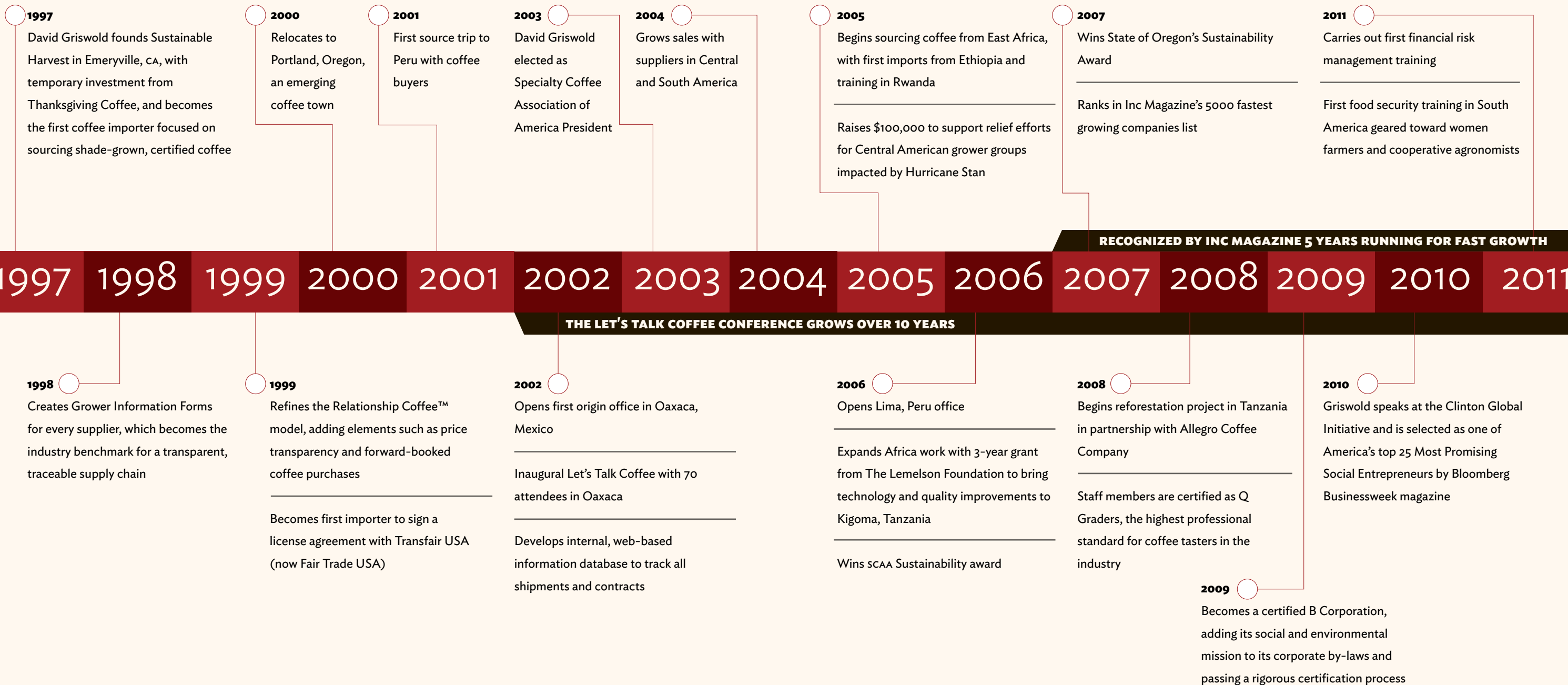
Pounds of coffee sales negotiated during meetings at the event

# History

*A look at 15 years of innovation.*



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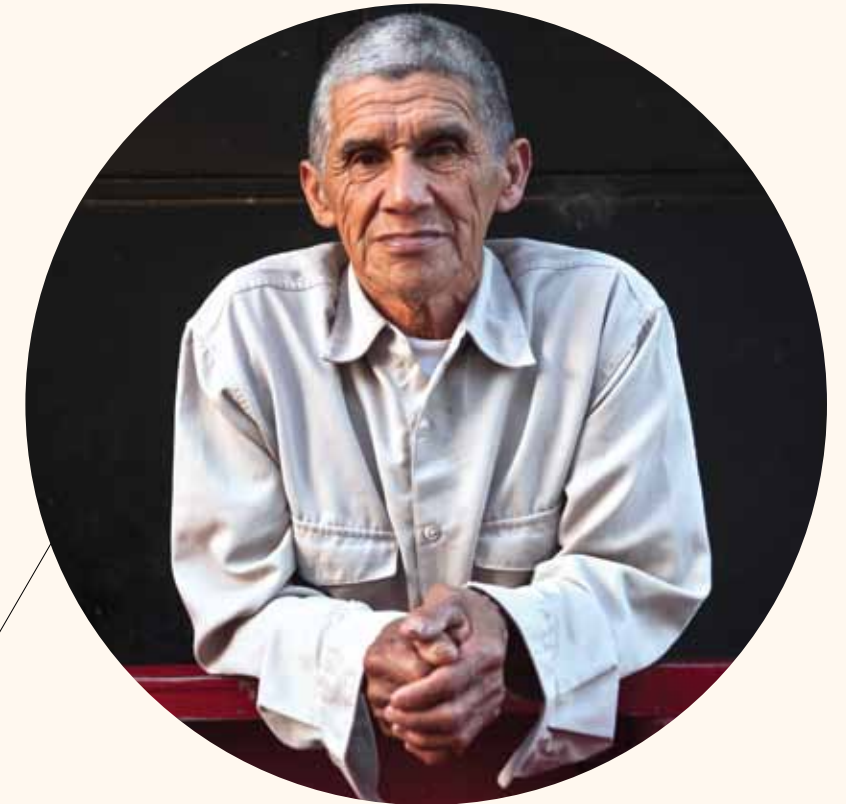




# A Vision for 2012

*The future of coffee is in personal connections.*

In 2012, we will continue to bring people together across organizations and countries to harness the power of the human side of our business.



## ■ IMPROVE FARM YIELDS TO INCREASE INCOMES

We will help growers increase the productivity of their farms by providing training in agronomy and organic composting. The goal is to help our partners double their yields over the next few years.

## ■ LEVERAGE TECHNOLOGY TO EXTEND OUR IMPACT

Our plans for technology revolve around farmer education at origin and increasing efficiency. We will expand the use of the RITS Ed iPad app to train farmers, gather data, and manage quality. We will add content to RITS Ed, developing new training videos about financial management, coffee cupping, and more.

## ■ TAKE QUALITY CONTROL TO THE NEXT LEVEL

Starting in early 2012, we will visit coffee mills to conduct extensive training on quality during post-harvest processing. A new protocol for quality control is in development, and we will also use the iPad to roll out a new app we built to share quality control and cupping data in real time with our partners.

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**SUSTAINABLE HARVEST COFFEE IMPORTERS**

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*With offices in Mexico, Peru, Colombia, and Tanzania*

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