Grounds for Action

2024 Sustainable Coffee Challenge Annual Report

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SUSTAINABLE COFFEE CHALLENGE

An initiative by Conservation International

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Our Message To You

It All Starts With Nature

Here at Conservation International, we didn't seek out coffee — we stumbled into it. When we started working in biodiversity hotspots in the 1990s, whether in Central America or Southeast Asia, teams kept running into the same challenge: coffee production was driving nature loss. This revelation was a call to action to address the intertwined crises of nature loss and climate change in coffee. By working in tandem with communities to link production and protection, we address people and planet as two sides of the same coin.

Today, we see the effects of climate change throughout the value chain, from producers to consumers and market conditions. At the same time, new regulatory requirements and industry standards set clearer expectations and level the playing field for how our industry should assess and mitigate the environmental and social footprints of our supply chains.

Fortunately, we know that coffee producers are poised to be powerful stewards for protecting and restoring forests, helping to protect biodiversity on productive lands. To be successful in enhancing climate resilience across coffee producing landscapes, the livelihoods of coffee communities must be centered at the core. We are encouraged by the renewed momentum and collaboration across the industry to scale action on climate and nature, particularly through new and innovative climate finance mechanisms.

This year's analysis of 160 active commitments stated by 99 Challenge partners – of which 65% reported annual progress – confirms that nature is top of mind:

- **Half of public commitments focus on nature, with 40% more year-over-year naming the environment as the commitments' primary focus**
- **Forest conservation and restoration interventions are the most popular (41% of commitments, followed by climate change at 37%)**
- **Since 2023, partners stated 5 new commitments related to nature with a focus on biodiversity or fresh water**

Our findings also provide a stark reminder that – especially with the due date of our collective 2025 targets in clear sight – much more is needed! While 81% of commitments directly contribute to our collective 2025 targets, we're failing to meet our targets. We need to go bigger and faster. We're in a pivotal moment to redefine leadership in coffee sustainability, broadening commitments and strategies from "doing less bad" to "doing more good." Join us on the journey!

Niels Haak

Director,
Sustainable Coffee Partnerships

About this Report

This report takes stock of the past year's progress toward the Sustainable Coffee Challenge (also referred to as "the Challenge") collective 2050 goals and 2025 targets for coffee sustainability, which were established by our community in 2020. To track annual progress, 160 commitments stated and reported on by 99 stakeholders in the Challenge's Commitments Hub were analyzed and aggregated. Expect to read about key findings and trends in the Hub organized by the Challenge's main compass points: **PEOPLE, PLANET, COFFEE** and **MARKETS**. Additionally, this year's report complements and connects the Hub analysis with Challenge activities, resources, and key milestones from the past year. Lastly, the report looks ahead at how the Challenge aims to double-down on accelerating place-based action in key landscapes and through innovative co-investment opportunities for partners.

The Challenge's Hub report is developed with financial support through the Global Environment Facility (GEF) Food Systems, Land Use and Restoration Impact Program (FOLUR) and supporting partner contributions.

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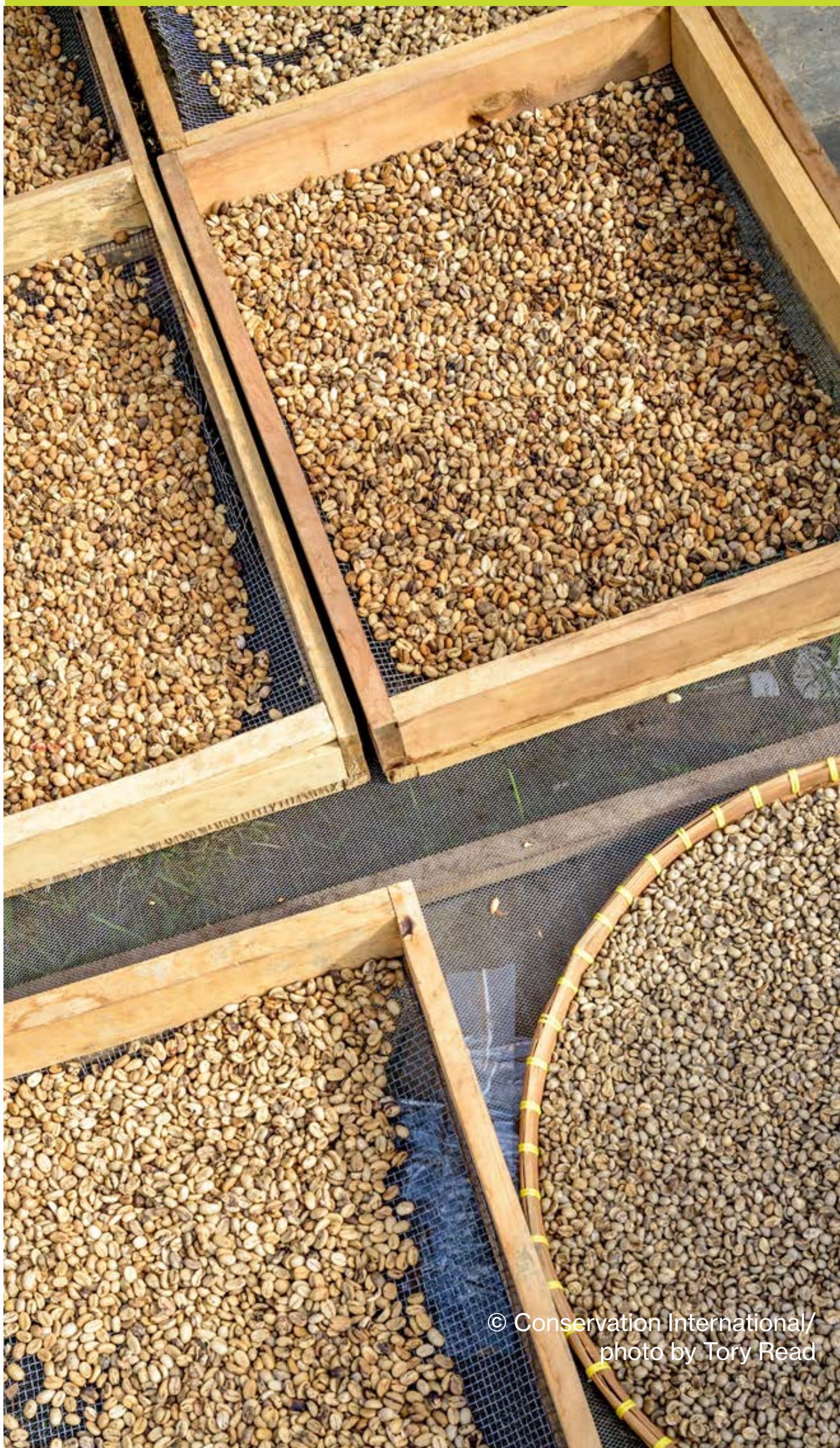
Our Community

The Sustainable Coffee Challenge is a vibrant, nimble and inclusive coalition of 122 partners from across the coffee sector. Our purpose is to drive ambitious and innovative solutions at the pace and scale needed to create a nature- and people-positive coffee sector. The subsequent list of stakeholders identifies current Challenge partners (i.e., members) in the Challenge, with bolded organizations signifying that they have completed annual reporting, and a star signaling that they stated a new public commitment to coffee sustainability in the Hub during the annual cycle (July 2023 – June 2024).

Housed within Conservation International (CI), the Challenge was born in 2015 out of a desire to rally commitments and action around a joint vision to make coffee the world's first sustainable agricultural product. The Challenge is guided by a set of collectively agreed upon 2050 goals and interim 2025 targets around four compass points (PEOPLE, PLANET, COFFEE, MARKETS) and follows three strategic areas and mechanisms for collective action:

- **Commit:** Track commitments by partners as individual partner contributions toward our collective targets and vision.
- **Inspire:** Build awareness, facilitate dialogue and provide guidance on priority topics that require innovation and alignment across the sector to remove barriers to action.
  Accelerate: Identify and broker place-based (co)investment opportunities for partners. Jointly, the Challenge is exploring innovative solutions for collective action on climate and nature across coffee producing landscapes and strategic supply sheds.



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Our 2025 Targets

Fully protect the rights and well-being of coffee workers and establish **living income/wage benchmarks** in at least 80% of ICO member producing countries and **initiate public-private interventions** to close and surpass living income/wages gaps

Restore 1.5 M hectares of tree cover + **conserve 500,000 hectares** of forest and **secure 100 million tonnes** of carbon

Increase smallholder production by **11.9 million bags**, through **renovation, rehabilitation, and technical investments** on existing areas, to adequately meet long-term demand from a diversity of origins.

Ensure at least **50% of global coffee** purchased by roasters and retailers is **sourced according to sustainable practices**

The Challenge continues to seek alignment and coordination between the 2025 targets and other sector-wide roadmaps and strategies, particularly those of the International Coffee Organization's Public Private Task Force as well as the Global Coffee Platform (GCP).

Ultimately, the strength of our initiative sits within our community of coffee sustainability professionals. The past nine years have laid a solid, and growing, foundation of knowledge and created the comradery and trust that collaboration requires. Based on these **GROUNDS FOR ACTION,** there is an opportunity to unleash the incredible power of partnership across our community and the sector at large.

LatAm Coffee Carbon Footprint Study

The Challenge is currently leading a large-scale study to establish national carbon footprint baselines for five key coffee producing countries in Latin America: Brazil, Colombia, Honduras, Mexico, and Peru. The study will drive alignment on the methodology used across the coffee sector to calculate coffee's carbon footprint and will address a key gap in the availability of rigorous primary data – the results will inform decision-making and priority-setting for investments in addressing place-based climate impacts and risks to enhance community resilience. The study is funded by nine leading coffee companies – *Costa Coffee, JDE Peet's, Lavazza, Keurig Dr Pepper, Melitta, Mother Parkers, Nestle, Starbucks, and Tchibo* – and supported by a wide network of in-country supplier partners.

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Our Partners

4C Services, ACDI/VOCA, Adoro Caffe Limited, African Fine Coffee Association, **Aldi South Group**, Almacena Platform, **Alsea**, Arbor Day Coffee, **Arizona State University**, **Barka Coffee Statement**, Barrie House Coffee Roasters, Bay Coffee & Tea Company, **Bon Appétit Management Company**, Boncafe International, British Coffee Association, Buna Qela Charity Association, Café Africa, **Café Najjar**, **Cafinco**, Carico Café Connoisseur, Catholic Relief Services, Catur Coffee Company, ❖**CertifiCafé**,❖**Chesapeake Coffee Roasters**, **Climate Neutral Group**, Coffee Friend, Committee on Sustainability Assessment, Community Coffee Company, Conservation International, Cooperative Coffees,❖Copper Moon Coffee, ❖**Dunkin'**, ecogrounds Coffee,❖ECOM Agroindustrial Corp. Ltd.**,** **Ecotierra**,❖**Efico**, Ekó Café Etico, ❖**Enveritas**, **Fairfood**, **Fairtrade International**, **Falcon Coffees**, **Farmer Brothers**, Global Coffee Platform, Gorilla Conservation Coffee, Gorongosa Coffee, GRAS Global Risk Assessment Services, **ICO Coffee Public-Private Task Force**, **IDH Sustainable Trade Initiative**, iFinca, Instituto del Cafe de Costa Rica (ICAFE), International Institute for International Development (IISD), International Women's Coffee Alliance (IWCA), ❖Irrigation Technologies, **JDE Peet's**, **Kauai Coffee Company**, **Keurig Dr Pepper**, Lagom Coffee Roastery, **Louis Dreyfus Company**, Lutheran World Relief, **Mae Fah Luang Foundation under Royal Patronage**, **McDonald's**, **Meira**, **Mesoamerican Development Institute**, **Mi Cafeto**, **Mother Parkers Tea & Coffee**, **Mountain Harvest**, National Agricultural Export Development Board (NAEB), National Coffee Association, **National Cooperative Business Association**, **Nescafé**, ❖Nespresso, **Neumann Kaffee Gruppe**, **ofi**, **Pelican Rouge Coffee Roasters**, **Philz Coffee**, **Progreso Foundation**, **PUR**, ❖Qahwah Club, Rainforest Alliance, **Redstart Roasters**, ❖**Reily Foods**, **RGC Coffee**, Root Capital, Mexico's Secretaria de Agricultura y Desarrollo Rural/Ministry of Agriculture & Rural Development (SADER), Ritma Green, **Sakura**, ❖San Francisco Bay Coffee Company, San Martin Regional Government, Peru, **Selecta**, ❖ **Smithsonian Bird Friendly**, **SNV**, **Solidaridad**, **Starbucks**, Strategies for International Development, **Sucafina**, **Sucden Coffee**, **Summit Coffee Company**, ❖Supracafe, Sustainable Commodity Assistance Network (SCAN), Sustainable Food Lab, **Sustainable Harvest Coffee Importers**, **Target**, **Tata Coffee Limited**, Technoserve, ❖The Chain Collaborative, **The Coffee Source**, **The Kroger Company**, **The Sustainability Consortium**, **Touton**, Trilliant Food and Nutrition, Uganda Coffee Development Authority, USAID, USDA, **Walmart**, **Westrock Coffee**, **Whole Foods Market**, **World Coffee Research,** World Resources Institute

Bolded =2024 Reporting Partner
❖= New Commitment

Challenge At a Glance

The Sustainable Coffee Challenge is a vibrant and dynamic community seeking to generate ambitious commitments and stimulate shared action. This year at the Challenge featured the following milestones and highlights:

122
Partners

99
partners with commitments

51%
Industry
33% civil society and associations, 16% other[1] partners

23%
more committments
tracking progress, year-over-year

16
dedicated sessions in 2024
through our forums, the: Innovation Network, Landscapes Lab, and new Cool Farm Coffee Working Group, to foster co-learning, alignment, and collaboration

50
in-person participants
at the 2024 All-Partner Meeting who workshopped and vetted concrete opportunities for collective action

2
new "pocket guides"
on Spatial Data Collection and Achieving Living Income

9
roasters initiating
a precompetitive LatAm Coffee Carbon Footprint Baseline Study for 5 countries

3
landscape assessments supported
Alto Mayo (Peru – CI), Krong Nang (Vietnam – IDH), Mt. Kenya (Kenya – RA)

Movement on the March Towards 2025

Partner data from annual Hub surveys helps illustrate the reach of the Challenge's community. This year, the portfolio of 99 committed partners features mostly roasters. The data also shows that the 160 pledges primarily target nature, predominantly relate to and earmark funding for commitments in Latin America, and most commonly converge on SDG12: Responsible Consumption and Production. Almost half of Hub commitments are scheduled for completion in 2025 and almost half are self-reported. 39% (62) of commitments devote $1.3B USD[2] for lifespans of the pledges, across 35 countries.

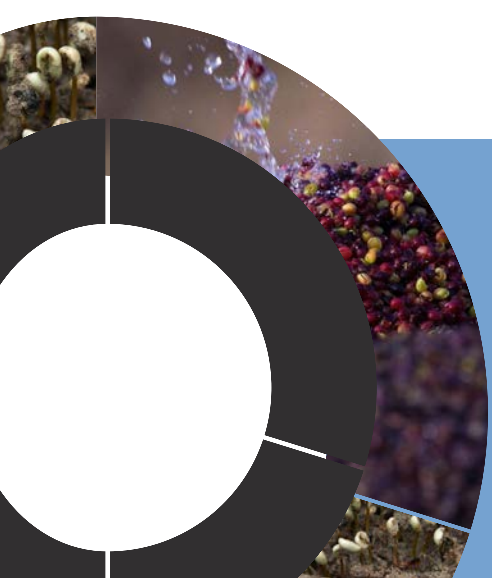
The Hub at a Glance

Key Points

99 partners with commitments	**22** new commitments	**160** commitments	**81%** of commitments ladder up to the 2025 targets	**44%** of commitments with 2025 target year	**6%** year-over-year reduction in commitments

Commitments by Stakeholder Type

5% Producers/ Co-Ops	**34%** Roasters	**16%** Nonprofits/ Institutions	**6%** Multi-stakeholder Initiatives or Associations	**21%** Retailers	**21%** Traders	**11%** Other	**0%** Government Agencies



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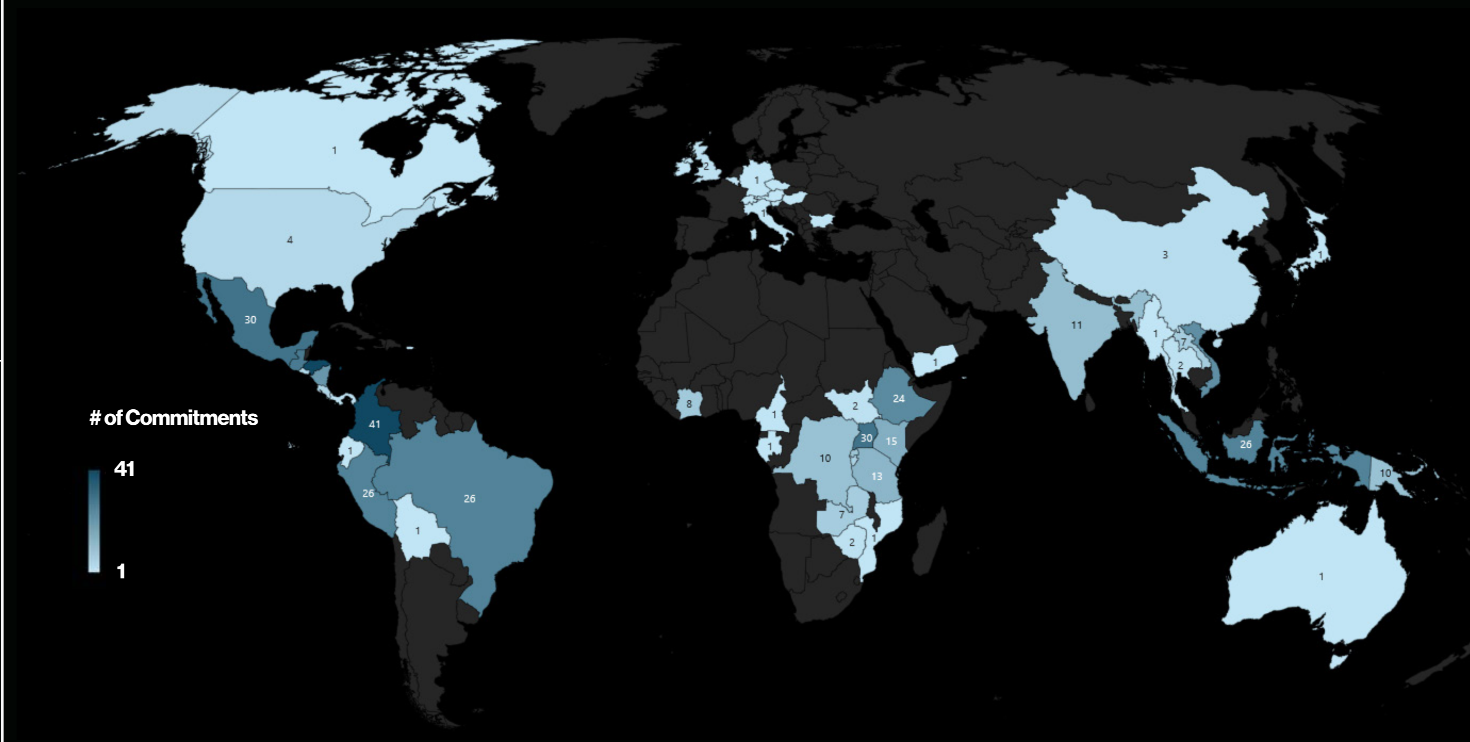
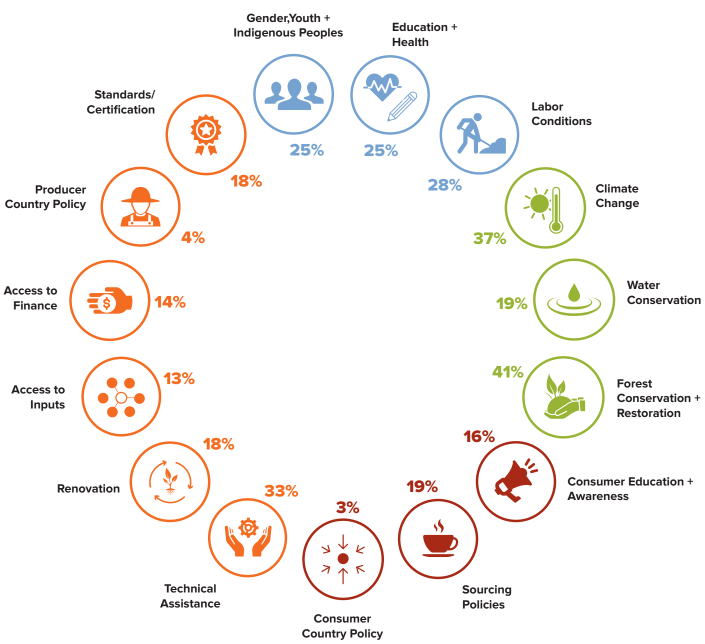
Commitments by Targeted Geography



Commitments by Intervention Pathways

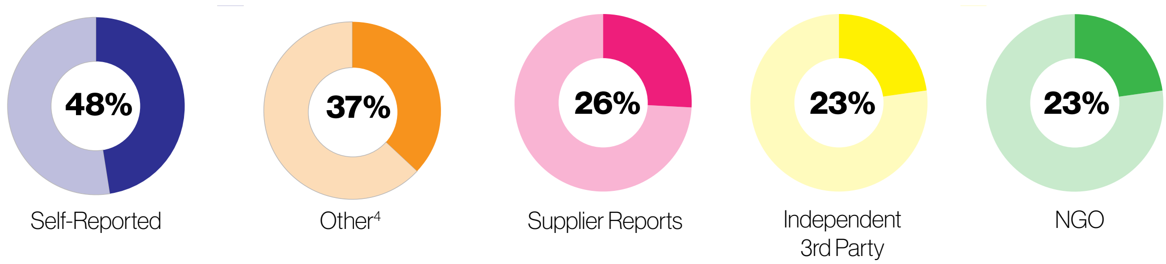


Commitments by United Nations Sustainable Development Goal

Commitments by Target Year[3]

Estimated Funds Allocated for Lifespan of Active Commitments

Assurance Methods of Active Commitments



This report marks a 46% reduction year-over-year in newly stated commitments; partners stated 41 novel commitments in 2023, yet 22 in this reporting cycle. While this may seem stark, note that in the past 5 years, reports average 35 new annual commitments, and Hub data stewardship has advanced. Nonetheless, it is important to point out the concept 'greenhushing,' which emerged in that same timeframe, where companies shy away from public commitments – and associated claims – out of fear of public scrutiny for disclosing sustainability efforts. The last decade in the coffee industry, however, marks a drastic evolution in how corporates develop strategies and commitments to address nature and climate risks in their supply chains. Whereas "yesterday" commitments and strategies were mainly centered sustainable sourcing efforts coupled with CSR-driven projects, "today" the sector seems stuck in a holding pattern. Groundbreaking regulation and forthcoming industry rules such as the European Union Deforestation-free Regulation (EUDR), Corporate Sustainability Due Diligence Directive (CSDDD), Science Based Targets initiative Forest, Land and Agriculture Target Setting Guidance (SBTi FLAG), Taskforce on Nature-related Financial Disclosures (TNFD), etc., establish new norms for corporate action.

As supply chain actors come to terms with new realities, it is hoped that the short-term burden on corporates to comply will have long-term payoffs. A new era will emerge in which the coffee sector will leverage its collective ability to assess and mitigate social and environmental risks in coffee supply chains. But arguably most important, the bar will be raised on voluntary leadership, where holistic strategies will unlock innovative investments, ultimately driving positive impact at scale for the people living in coffee-producing ecosystems.

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Data and Assurance
In this year's data analysis, 32 commitments were retired and removed from the Hub. Like previous years, commitments were retired if: (1) successfully achieved (100%) prior to the year 2022 with annual reporting; (2) set to mature prior to the year 2022 with no annual reporting; (3) commitments from an organization that is no longer in business or stated in error. Importantly, stating and reporting on commitments relies entirely on self-disclosure by partners.

CI does not conduct audits or verifications of commitments or reported progress. In stating and reporting on commitments, partners are requested to indicate the type of verification that is used. Corporate due diligence regulation and disclosure frameworks increasingly require that sustainability claims meet external verification standards. Almost half (48%) of the commitments in the Hub rely on first-party reporting (e.g., with no external verification), often citing company-owned programs and/or CSR reports, indicating an area for increased future guidance from the Challenge.

The 2025 Target Dashboards

The 2025 targets for PEOPLE, PLANET, COFFEE and MARKETS, are crucial markers of trends, gaps, and opportunities on the path towards making coffee the world's first sustainable agricultural product. Our annual analysis reviews the progress made against those targets via how commitments tag the Challenge's compass points. This year, **most commitments tagged PLANET** (54% of commitments), followed closely by COFFEE (51%), PEOPLE (46%), and then MARKETS (28%). Percentages do not add up to 100 as partners can multi-select focal areas. The **biggest change year-over-year** was a 15% reduction in commitments tagging PEOPLE.

Markedly, when asked about the **primary focal area** for the commitment, 99 commitments (62% of the total active commitments in the Hub) responded. **Nearly half of active commitments (42%) focus principally on PLANET**, followed by COFFEE (27%), PEOPLE (17%) and MARKETS (10%). PLANET-featured commitments observed the largest change year-over-year, growing by 40%. This growth again exhibits stakeholders acknowledging nature as an asset to solving climate change, like last year's report.

The following section features dashboards summarizing partner progress toward the associated 2025 targets, along with pertinent annual Challenge updates and resources. On average, the targets are 38.5% complete.

A Note About the Data
Due to continued uptake of the standardized metrics co-developed by Challenge partners in relation to the 2025 targets, as well as further training for partners on how to use the metrics, some figures published in last year's report have shifted. For instance, if a partner transitioned a non-standardized metric to a standardized metric where the two were interchangeable, their historical data was transferred to the standardized metric too, causing last year's numbers to go up. The figures and trends below are based on the latest data in the Hub as of September 2024.

PEOPLE

2025 Target

Establish living income/living wage benchmarks in 80% of ICO member producing countries; contribute to public and private and other partnerships to close living income/living wage gaps; and fully protect the rights and wellbeing of coffee farmer households and coffee farm workers. .

The general trend displayed through the 74 active commitments in the in the PEOPLE dashboard, is an upward trajectory. The most notable datapoint is a more than threefold increase in the number of farmers or farm workers who benefit directly from efforts to close the gap on living wage/income, increasing by 312% year-over-year, to 25,216 people. This increase is largely due to one commitment and stakeholder. Additionally, 77% of ICO member coffee-producing countries now have ICO Living Income Benchmarks, reference value, or other studies. Markedly, Sierra Leone's benchmark status is forthcoming, and Burundi and Uganda were both reported by a corporate stakeholder, meaning that the living wage or income study is funded by the private sector. Partners are clearly still on-track to reach the 2025 target for those studies.

Ten PEOPLE commitments were new to this year's analysis, expecting to reach at least 2,400[5] additional coffee workers, globally, via farm-level investments or trainings on worker rights and wellbeing. Of the novel commitments, four specifically tag themselves as supporting new and verifiable steps to close the gap on living income and wage. The metric funding facilitated at the farm level (beyond certifications) rose 12% year-over-year to more than $95M. One new commitment used their own write-in metric related to the PEOPLE focal area, % of global coffee purchases at or above Fairtrade minimum price, yet most commitments use Challenge metrics.

In 2024, the Challenge updated data in its evergreen Improving Labor Practices and Supply pocket guide, including classifying whether coffee-producing countries have ratified or not ratified key International Labor Organization conventions or have National Action Plans for child and forced labor. Ratification of a

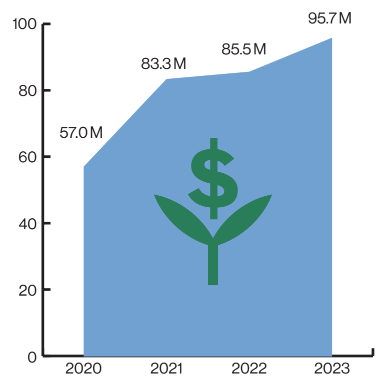
2024
04
# of new commitments that support new and verifiable steps to close the gap on living income and living wage

Total farmers & farm workers impacted

2024

145.7k	*From investments at the farm level*
9.6k	*By training on worker rights and wellbeing*
25.2k	*From efforts to close the gap on living wage/income*

ICO member producing countries with Living Income Benchmarks under development **77%**



Total **funding** (US$) facilitated towards programs, projects, or facilities - **beyond certifications** - at the farm level

Countries &/or regions in which SCC members participate in the development of new Living Income/Living Wage Studies convention or National Action Plan does not signify that national labor risks in coffee are absent, and effectiveness of legislation is dependent on implementation. The guide features an update to coffee production figures (using the latest Food and Agricultural Organization data), and a refresh of the legislation, tools and programs table.

There is an evident increased focus on coffee supply chain transparency in 2024, thanks to European legislation, including the EUDR and CSDDD, which have drawn sharp focus to overarching systemic human rights challenges in coffee, and agriculture. Recognizing this need for pointed collective action to quickly detect and remediate human rights violations, and generally educate coffee workers on coffee community safety and wellbeing, the Challenge invited Nossa Voz to the annual All-Partner Meeting. Representatives from Nossa Voz, a Brazilian worker hotline developed in collaboration with LRQA, directed breakout sessions related to social compliance. 50 meeting attendees brainstormed the limitations to effective grievance mechanisms and social auditor training.

Discussions touched upon the larger systemic social topics, including that coffee farm workers are likely unaware of their legal labor rights on farm, and/or fear retaliation when thinking about reporting labor difficulties, plus the need to consider local farm context and include the producer community in programmatic transparency. Shortly after the All-Partner Meeting, the Challenge invited LRQA to pitch Nossa Voz to the Innovation Network as an opportunity for on-going collective action in Brazil. The Challenge continues to identify gaps in social compliance thematic action across the Latin American region, and globally.

Trends Beyond the Hub

A thread exists between income and deforestation in the tapestry of coffee sustainability, both within the Challenge vision, and in global legislation. To illustrate, both EUDR and CSDDD directly discuss fair price, living income, and/or poverty. As the EUDR-affected sectors prepare for compliance by the end of 2024, it could be predicted that CSDDD-affected corporates will capture key learnings from the implementation process and could adjust accordingly. In the interim, the Challenge published a new pocket guide on living income, co-created with Sustainable Food Lab and the Living Income Community of Practice, which introduces the concepts of living income and living wage, plus specific recommendations to influence stakeholder strategy, like a draft matrix of model social commitments, page 13, with lagging, on parr and leader groupings. The Guide highlights two 2024 Challenge partners with living income strategies: Nestlé and ofi. Find their commitments, along with those of all the active partners, on www.sustaincoffee.org/commitments.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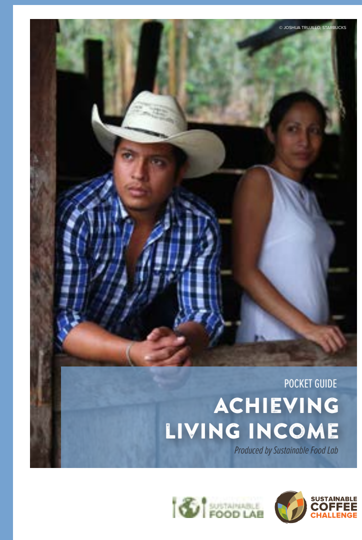
It's critical the coffee sector has clarity on the concept of a decent standard of living and its links to the serious challenges facing farmers and workers in today's environment. The increasing cost of compliance, the need for faster and more effective climate solutions and the critical need to distribute value more equitably across the supply chain are all core challenges in building pathways to prosperity for all." – Stephanie Daniels, Sustainable Food Lab, Co-Leads of Sustainable Coffee Challenge Innovation Network.

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PLANET

2025 Target

Restore 1.5M hectares of tree cover, conserve 500,000 hectares of forest, and secure 100 million tons of carbon.

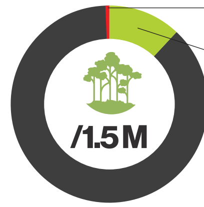
Since 2020, Challenge partners have restored 24% of the 1.5M hectare target (including non-coffee trees planted as a proxy*), *conserved* 24% of the 500k hectare target, and secured 0.4% of the 100M tons of carbon target (including non-coffee trees planted as a proxy**). Non-coffee trees planted remains the most-used standardized metric for the PLANET focus area. As further described in the Proxy Data Assumptions callout box, the number of non-coffee trees planted by partners can be expected to sequester approximately 350k tCO2 per year. According to U.S. Environmental Protection Agency figures, this is equivalent to taking 77,000 — the population of a small city — of cars off the road. If partners stopped here, via the trees planted, it would take 263 more years to reach our 2025 target of sequestering 100 million tCO2.

The popularity of the tree planting metric is in line with an overall trend: partners are still largely reporting on activities rather than impacts of activities. However, through other types of commitments, such as sourcing according to voluntary sustainability standards, technical assistance provided to farmers, the provision of or financing for less carbon-intensive inputs, etc., many partners are investing in activities that can reduce the emissions associated with coffee production.

This activities-based reporting is largely because companies a lack of clarity and logistical challenges around how to quantify their carbon footprints, nonetheless the impacts of their mitigation actions, See the callout box on page #6 for a recap of the LatAm Coffee Carbon Footprint Baseline Study: an industry-supported Challenge effort to improve access to reliable primary data on coffee's carbon footprint and drive toward industry alignment on a methodology for on-farm data collection. To even further advance industry alignment on coffee carbon footprint accounting, the Challenge also recently began co-facilitating a new Coffee Working Group with the Cool Farm Alliance for coffee-sector carbon experts.

Lastly from the Hub, this year, there were four new commitments stated related to biodiversity and one stated related to freshwater. Partners with PLANET-related metrics not using standardized metrics included efforts such as carbon baselining and environmental efforts embedded in sustainable sourcing schemes.

Cumulative hectares restored

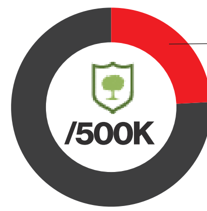


4k: Reported progress

177k: Additional progress incl. proxy data (non-coffee trees planted)

~46k ha this year

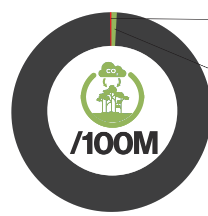
Cumulative hectares conserved



121k: Reported progress

31 ha this year

Cumulative tons of carbon secured

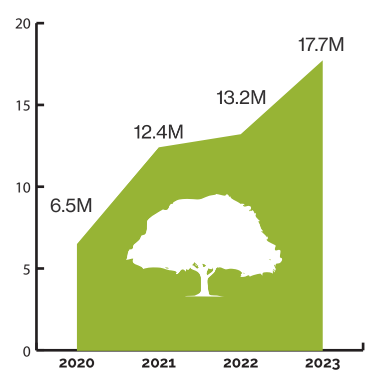


77k: Reported target progress

354k: Additional progress incl. proxy data (non-coffee trees planted)

≈164k tCO_2 this year

Cumulative non-coffee trees distributed



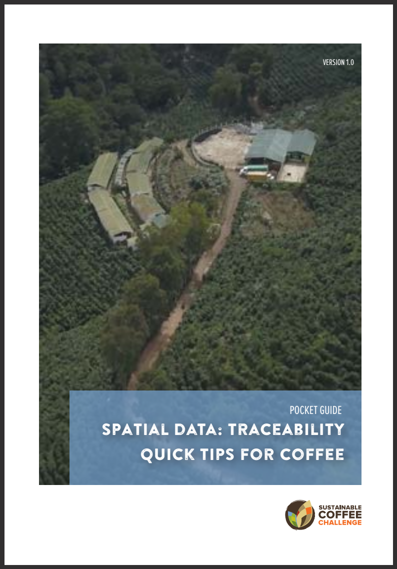
≈ 177k ha as a proxy for hectares restored*

≈ 354k tCO2 /year as a proxy for carbon secured*

05 # of new commitments to biodiversity or freshwater

Trends Beyond the Hub

Zooming out from the Commitments Hub, the 2023 Coffee Barometer noted several key trends related to coffee brands' environmental efforts, including 1) improved climate targets and reporting due to the standardized guidance and requirements from SBTi, the Greenhouse Gas Protocol, and Carbon Disclosure Project (CDP); 2) that climate targets rarely extend to comprehensive policies for nature/biodiversity and freshwater; and 3) varying quality of no-deforestation policies and apprehension around EUDR.



Looking beyond coffee alone, CDP and the Accountability Framework initiative (AFi) optimistically reported in 2024 that new data reveals company progress on deforestation, with 64 companies eliminating deforestation from at least one supply chain; however, only one of those was coffee. In the same report, AFi and CDP note that beyond EUDR, SBTi and the Science Based Targets Network (SBTN) also require eliminating deforestation from commodities, increasing the pressure to do so from multiple angles. To offer practical guidance to meet the traceability requirements entailed, the Challenge published a pocket guide on Spatial Data: Traceability Quick Tips for Coffee.

Also, across industries, the number of companies with Science-Based Targets has continued to rise rapidly. Interestingly, at the time of writing, SBTi has announced that it is revising its corporate standard and suggested that it may open the door for further use of removals to meet targets beyond those for land-based emissions (SBTi, 2024). This change could increase incentives for investing in nature-based solutions alongside coffee.

However, despite the continued evolution of standards and guidance, the Challenge reaffirms that companies cannot wait for final guidance to act. In the short term, companies can navigate the shifting playing field by partnering with credible organizations, *reducing* the footprint of the areas of business they can directly control, and recognizing supply chain resilience as a business case for action.

Looking ahead, in addition to continuing to develop and share resources, as systemic issues require systemic solutions, the Challenge is actively exploring innovative approaches to unlock the immense scaling of efforts required to get anywhere near our 2025 targets. For example, a current Challenge priority is determining the feasibility of *a collective supply shed program for coffee decarbonization in Huila, Colombia* (see page 24); such opportunities for radical collaboration are key to moving from an insufficient linear trajectory to exponential impact.

Proxy Data Assumptions

The number of non-coffee trees planted by partners acts as a proxy metric for both hectares restored and carbon sequestered. Note that the following conversions are highly simplified and generate extremely rough estimates:

**To convert # of non-coffee trees planted to hectares restored, it is assumed that these trees are planted at a density of 100 trees per hectare, which is at the mid-low end for shade tree density in coffee agroforestry systems. As such, the 17.7 M coffee trees planted by Challenge partners yield approximately 177k hectares restored.*

***To convert # of non-coffee trees planted to tCO2 sequestered/removed, the average rate that trees sequester carbon, 0.02 tons per year (Bernal et al., 2018), was applied to the total number of trees planted by partners This results in approximately 350,000 tCO2 removed.*

COFFEE

2025 Target

Increase smallholder production by 11.9 million bags through renovation, rehabilitation, and technical investments on existing areas to adequately meet long-term demand from a diversity of origins..

Ensuring consistent, high-quality coffee supply from existing land across diverse regions remains at the heart of our mission. The Hub currently showcases 81 commitments related to COFFEE, reflecting a 2% increase year-over-year. Leadership in COFFEE commitments mean a continued prioritization of climate-resilient coffee varietals, research and development, and regenerative agricultural practices aimed at reversing productivity declines.

Impressively, while this report displays a 201% increase year-over-year in funding facilitated in renovation, rehabilitation and technical assistance ($6.1M), bringing the total invested to $9,226,611, a gap remains in reporting additional yield produced thanks to these practices. Additionally, while partners reported roughly $740k of funding directed toward R&D in 2023, a 30% increase year-over-year, the Challenge secretariat believes the total of $2.7M underrepresents the amount of funding invested in the topic since 2020.

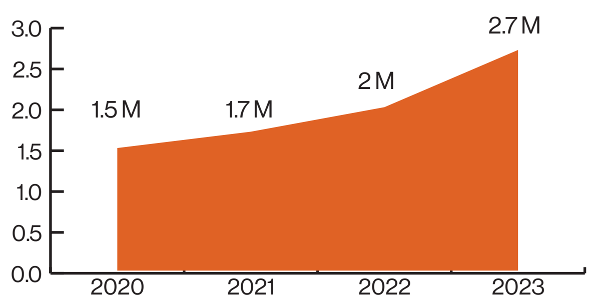
As noted in last year's report, the Challenge emphasizes crop renovation and rehabilitation to enhance yields, support climate adaptation, and reduce deforestation risks by curbing coffee's expansion into new areas. The industry continues to track the number of coffee trees distributed or sold as a manner to communicate impact; the metric was the most used. During the 2023 reporting

Countries where **technical and/ or financial support** was provided

Countries reported in past years

China	Kenya	Rwanda
Ethiopia	Laos	Tanzania
Guatemala	Mexico	Vietnam
India	Papua New Guinea	Zambia

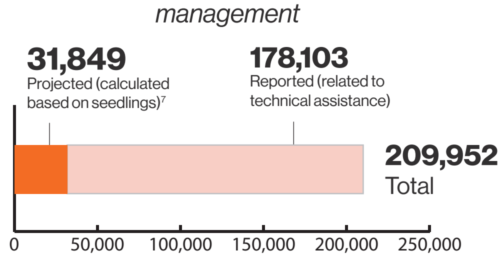
Funding
US$ facilitated in **R&R** and **technical assistance**



Funding
US$ facilitated in **R&D** that could impact future production

712k
Total people trained on practices that lead to improved yield

Estimated # of hectares with improved management



cycle, an additional 18.4 million coffee seedlings were distributed, positively impacting 5,250[6] hectares. This marks a 19.6% increase from the previous reporting year and raises the total of coffee seedlings distributed since the start of the 2025 target tracking, to 111.5 million.

Financial or specialized support for R&D, coffee seedlings and technical assistance was mainly provided to Latin America (Honduras, Brazil, Colombia, Nicaragua, Peru – each named by 3 or more commitments) and Africa (Uganda – cited by 3 commitments). This year, 166,318 people were trained; a 30% increase in trainings related improvements that impact farm yield, equating to a total of 711,964 people since 2020.

In addition to the area impacted from new coffee seedlings, cumulatively, partners reported a total of 178,103 hectares under improved management, directly related to technical assistance or on farm support. Combined with the calculated area impacted from new coffee seedlings, 31,849 hectares, this increases the total area under improved management to 209,952 hectares since the onset of reporting, or roughly 2% of global coffee lands.

The Challenge encourages industry stakeholders to better trace and disclose productivity improvements on-farm prior to 2025 to properly demonstrate the impact of investments against the 11.9 billion export bags target.

Trends Beyond the Hub

Climate change is nothing new, nor is fluctuation in supply. However, this year marks another cycle of lower than anticipated outputs from some of the top producing countries. Extreme weather events – excessive rainfall, frost, droughts, and fires – have impeded production in Colombia, Brazil and Vietnam. Coupled with transportation challenges amid geopolitical tensions, global supply conditions have resulted in price pressure on short term coffee pricing. In August, the International Coffee Organization's composite indicator4 price (I-CIP) averaged 238.92 US/cents lb, 54.6% above the August 2023 price. While 2024/25 forecasts looks favorable, higher costs are beginning to work their way to consumers, who in the US, are spending up to 20% more on ground coffee than in 2023, though rarely does that translate to more cash in farmers pockets.

Luckily, over the past decade, the coffee industry and producing governments have been increasingly investing in efforts to improve yields and support R&D, with several large-scale crop renovation programs seen predominantly throughout Latin America and progressively in Africa. Once seen as a response to coffee leaf rust, there is growing recognition that to ensure the future of coffee, in addition to the introduction of new varietals, investments in regenerative agriculture, including the promotion of soil health, erosion controls and other adaptation measures are paramount. This more holistic vision for building farm resilience, ensures that farms can at minimum, maintain yields, as climatic disturbances continue and at best, sustain quality coffee from the millions of smallholder farmers who rely on the crop as their primary source of income. To preserve origin diversity, last year, World Coffee Research suggested that much more needs to be done: an almost four-fold increase ($452 million more per year) in current R&D efforts alone. And while we applaud new commitments and investments in adaptation measures, the Challenge echoes the sentiment that investment in adaptation measures must be expanded, and quickly. It seems that coffee is on the cusp of an influx of support. There is an increased recognition that climate finance and public-private partnerships are the way to multiply the reach of traditional project funding. This year, for example, the ICO partnered with the G7 and other development organizations to elevate the topic of climate resilience, in addition to the efforts of the Global Environment Facility through FOLUR, and the Green Climate Fund to assist mechanisms that would drive funding to producing regions. Alternatively, if investment in adaptation runs-a-muck and technology outpaces the transition to regenerative farming, solutions to ensure future demand is satisfied could be found in a lab!

MARKETS

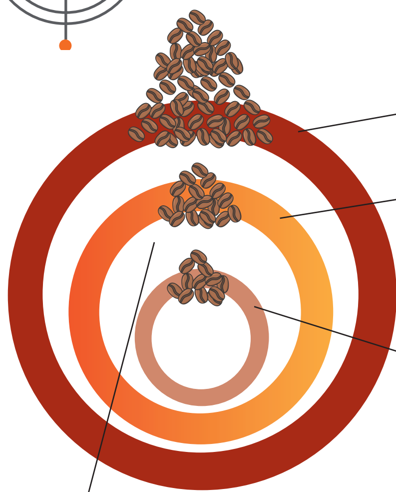
2025 Target

Ensure at least 50% of global coffee purchased by roasters and retailers is sourced according to sustainable practices..

The volume of sourced coffee through Voluntary Sustainability Schemes (VSS), including both 3rd party and 2nd party, continues to be a generally accepted yardstick of success for coffee sustainability, at least directionally in absence of a better proxy. While limitations around these programs are widely recognized, reported, and debated, for many industry actors, VSS rightfully provides a foundational building block for sustainable sourcing programs and strategies.

The continued interest across the Challenge community in commitments that promote sourcing in a sustainable and responsible manner is also reflected in the Hub analysis. More than a quarter (6) of the 22 newly stated commitments this year aim to increase sustainable sourcing, with Bird Friendly, Fairtrade and Organic chiefly referenced. This brings the total share of active commitments that relate to MARKETS to 28%. Notably, 10 commitments tagged MARKETS as their primary focal area, or 10% of the commitments answering the question, representing a 25% increase year-over-year.

A total of 15 roaster and retailers reported on 2023 purchases through the Challenge' Commitments Hub and/or the GCP's Collective Reporting, which collectively sourced approximately 22% (2.27M MT) of global coffee consumption in 2022/'23. When aggregated, 78-84% of their reported volumes was purchased as "sustainable coffee" (see explanatory note below dashboard).



10.4M MT
Global consumption 2022/23 (ICO)

2.27M MT
Aggregate of conventional and sustainable volumes reported through Commitments Hub and GCP's Collective Reporting

2.18M MT
Aggregate of sustainable volumes reported through Commitments Hub and GCP's Collective Reporting

- **17%** of global consumption
- **78-84%** of reported figures

22%
of total global consumption

06 # new commitments made to sustainable sourcing

02 # of new commitments focused on increasing % of total value across the supply chain returned to origin

02 # of new commitments focused on the increase of volume of coffee or % of a company's supply chain fully traceable to farm

***Note**: The figures above reflect reported data by roasters and retailers through 2024 Challenge's Hub, combined with publicly available data from the GCP's Sustainable Coffee Purchases Report 2023. To avoid double counting volumes reported by traders through the Hub were excluded from the analysis. Additional public disclosure (e.g. CDP Corporate Questionnaire) was used to further triangulate and complete the dataset.*

For this calculation, "sustainable purchased" considers coffee sourced through Voluntary Sustainability Schemes (VSS), which includes standards and programs recognized under the GCP Equivalence Mechanism complemented with a select set of additional schemes (e.g. C.A.F.E. Practices, Bird Friendly, Organic) that companies reported on through the Challenge' Commitments Hub and/or that historically have been included in recognized industry publications (e.g. Coffee Barometer).

To foster and enhance alignment with the GCP, we leveraged GCP reported volumes (i.e. total vs. sustainable) for companies that reported both through both the Challenge and the GCP. It should be noted that JDE Peet's and Nestle reported (both to Challenge and GCP) that a portion of their "sustainable" volumes is sourced through schemes that are currently not recognized under GCP's equivalence mechanism. When excluding this "unrecognized" portion of JDE Peet's and Nestle, the aggregate sustainable purchased volume of the 15 reporting roasters and retailers is approximately 78% and when incorporating that portion the figure jumps up to more than 84%.

Whereas in past years "total global exports" (ICO) was used as the reference point, it was felt that this does not accurately reflect "global coffee purchased" as noted in the 2025 MARKETS target. By using "total global exports", we would largely exclude domestic consumption in producing origins in our analysis and as such contribute to perpetuating an outdated North-South divide. Therefore, the analysis is focused on the share of sustainable coffee purchases against "total global consumption" in coffee year 2022/23 (ICO).

Assessing progress toward the collective 2025 target — and the aligned 2030 target (i.e., 70%) under the ICO CPPTF Roadmap — it is estimated that in 2023, globally only around 17-19% of total global consumption was purchased by roasters and retailers as sustainable. This shows a clear gap to reach our collective target of 50% by 2025.

Increased transparency on sustainable sourcing across the industry will be critical to better understand and track progress towards our sector target. Therefore, the Challenge highly encourages industry partners to annually disclose progress on sustainable sourcing, either through the Challenge' Commitments Hub and/or through GCP's Collective Reporting initiative, or other industry reporting initiatives such as the Coffee Barometer. To allow data to be aggregated, it is essential that companies report on volumes (in MT) rather than other units (e.g. percentages, SKUs, products, etc.)

Commitments in this category often stretch beyond compliance with VSS only. Increasingly, partners place emphasis on and set ambitions around 1) leveraging sourcing to promote the uptake of regenerative agriculture and agroforestry practices at farm-level; 2) stimulating responsible business conduct through increased supply chain transparency and traceability; or 3) innovative price mechanisms. The latter reflects a broader dialogue across the industry on value (re) distribution in coffee supply chains (see text box below).

Trends Beyond the Hub

While the concept of *sustainable sourcing* (interchangeably used across the industry with ethical and responsible sourcing) has been evolving for decades, the pace has picked up in recent years. On the one hand, sustainable sourcing seems to be in fashion! As noted before, over the past years the Challenge has seen a continued uptick in sustainable sourcing commitments from players who had never publicly committed to sustainable purchases. Additionally, the GCP recently reported an increase in the number of schemes that are recognized as equivalent to the GCP's Coffee Sustainability Reference Code, particularly through a proliferation of *2nd* party in-house schemes by coffee traders. On the other hand, companies are under increased regulatory pressure as well as scrutiny around associated claims. Recent regulatory requirements will shift much of the voluntary efforts into the mandatory space, establishing a newfound industry status quo. Additionally, a spike in companies getting sued for sustainable sourcing efforts, has seemingly resulted in a decreased level of corporate comfort in publicly communicating quantitative goals. While increased advocacy and scrutiny can be effective triggers to stimulate sourcing program rigor and accountability, the result is counterproductive if companies shy away from setting ambitious and innovative sourcing approaches that elevate the industry status quo and send clear demand signals and incentives to coffee producers. This marks an interesting time for the industry, in which both the floor (i.e., baseline) as well as the ceiling (i.e., leadership) in sustainable coffee sourcing are poised to be elevated.

Grounds for Sharing

In June, GCP, IDH, and Solidaridad Network, published "The Grounds for Sharing: A study of value distribution in the coffee industry." Conducted by BASIC (Bureau d'Analyse Sociétale d'Intérêt Collectif), the study sheds light on the value created, costs, and margins at each stage of the supply chain—from farmers in Brazil, Colombia, Ethiopia, and Vietnam, to retail consumers in Germany—to inform and inspire further ways to improve farmer prosperity that address value and risk distribution in the sector. During the Challenge's 2024 All-Partner Meeting in Nashville, USA, colleagues from IDH led a hackathon session during which participants discussed preliminary findings of the study and explored how to put the study's recommended interventions in action, specially focused on industry aligned principles on sourcing practices that enable value redistribution and mechanisms for value transfer from downstream to upstream.

05

What Partners Are Up To:

A Sampling of New Commitments Contributing to Our 2025 Targets

This year, 22 new commitments were stated in the Hub and 100% of partners that stated new commitments aligned them with the 2025 targets. Partners with new commitments are highlighted in the partner overview on page #7. Adjacent and below are three examples of new commitments that are also SMART (Specific, Measurable, Achievable, Relevant, Time-bound).

THE CHAIN COLLABORATIVE

Stakeholder Type: Nonprofit

New commitment, contributing to the PEOPLE target: By the end of 2025, The Chain Collaborative will invest $180,000 in community-led initiatives by locally-led organizations in coffee-growing regions to achieve improved livelihoods for coffee producers.

Partner Page: The Chain Collaborative - Sustainable Coffee Challenge

ECOM AGROINDUSTRIAL CORP. LTD.

Stakeholder Type: Trader

New commitment, contributing to the PLANET target: Establish 150 ha of agroforestry in Nicaragua with enhanced biodiversity monitoring by 2027.

Partner Page: Partner Profile: ECOM - Sustainable Coffee Challenge

SAN FRANCISOCO BAY COFFEE CO.

Stakeholder Type: Roaster

New commitment, contributing to the COFFEE target: Create a Sustainable Profitability farmer training program for our supply chain and geographic area of influence including Latin America, Asia, Africa, and Indonesia with the objective of reducing agro-inputs, cost of farming, labor requirements, and at the same time, increase productivity by 2027.

Partner Page: San Francisco Bay Coffee Co. - Sustainable Coffee Challenge

06

Our Journey Ahead

The Challenge's ability to leap progress on our collective 2025 targets (and beyond) will require our community to step up its pace and scale. Despite a clear commitment to the long-term resilience and prosperity of people, planet and coffee, investments are not nearly at the scale required. As our journey unfolds, the Challenge will continue steering its partners toward what is dire, healthy collaboration and unprecedented innovation, by...

1. Advocating for a continued surge in and maturing of corporate nature and climate commitments that are people centric. These commitments are the industry catalyst to get us to our collective goals and are powered by emerging regulatory requirements and evolving industry standards.

2. Continuing to guide partners in untangling barriers and navigating trends when shaping and executing ambitious commitments and strategies.

3. Fostering sector-wide alignment on approaches and methodologies to address gaps and inefficiencies. These efforts lay the foundation to boost place-based investments in sourcing landscapes and supply sheds.

Landscapes Lab
Through quarterly sessions, the Challenge sheds light on new research, guidance, and resources that enhance the sector's understanding and awareness of how to design and invest in landscape action. In addition, the Lab showcases best-practice landscape initiatives with the aim of matchmaking tailored co-investments opportunities for public-private partnerships. Specific emphasis is placed on company guidance for how to credibly engage in landscape action, including diving into claims and attribution of impacts of collective landscape investments. The Landscape Lab is financially supported through the World Bank-led GEF FOLUR program and facilitated as a community of practice in collaboration with the International Coffee Organization's (ICO) Coffee Public-Private Taskforce (CPPTF).

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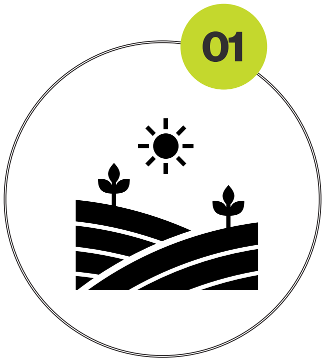
2025 priorities that are brewing include:



Elevate Landscape Opportunities

Building on our efforts to drive sector-wide dialogue (see Landscapes Lab text box), and to support landscape actors in action planning in prioritized landscapes (see LandScale text box), the Challenge will broker concrete opportunities for co-investment in existing landscape and jurisdictional programs.

For instance, an emerging opportunity for co-investment by Challenge partners is through the Global Environment Facility (GEF) Food Systems, Land Use and Restoration Impact Program (FOLUR) Impact Program. This $345M program led by the World Bank promotes sustainable, integrated landscapes and efficient food value & supply chains at scale. CI – through the UNDP-led Good Growth Partnership (GGP) – is actively supporting coffee-focused country projects in Burundi, Ethiopia, Guatemala, Kenya, Indonesia, Madagascar, Mexico, Peru, Uganda to articulate needs and opportunities for private sector co-investment. Concrete opportunities will be showcased and discussed through the Landscapes Lab, in collaboration with the ICO Task Force.

Innovate Supply Shed Decarbonization

Challenge partners are invited to co-design a collective supply-shed program to drive net-zero coffee and climate resilience in Huila, Colombia. By coordinating decarbonization efforts at the supply shed level, through mechanisms like an interoperable MRV, shared registry, and agreed practices, the initiative aims to unlock:

1. High integrity decarbonization of coffee farming at scale and improved climate resilience for farmers: Enable credible scope 3 claims and supply chain resilience
2. Farmer partnership: Provide info and support to ensure farmers are equal partners and that investments increase incomes, improve resilience, strengthen livelihoods
3. Nature benefits: Promote practices that support landscape goals

This program is spearheaded by CI and IDH and will leverage the HYLEA jurisdictional initiative in Huila and complement the forthcoming results of the LatAm Coffee Carbon Footprint Study in Brazil, Colombia, Honduras, Mexico, and Peru (see text box).

If successfully implemented, it could be subsequently adapted in other supply sheds to scale decarbonization efforts within and beyond the coffee sector.

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03

Co-design Finance Mechanism(s)

Leveraging the industry's momentum, the Challenge is exploring novel ways and mechanisms of mobilizing and blending public and private finance that propels sustainable production alongside long-term protection of nature. For instance, financed by the GCF, CI, as supported by local partners Technoserve, UCDA and CI's field teams, is developing a $118m coffee program with will focus on increasing the resilience of coffee communities while mitigating the risk of expansion of coffee's carbon footprint across five countries in Latin America & Africa. It is expected that implementation will commence in 2026.

To accompany the AROMA program, CI envisions co-designing a parallel finance mechanism that matches public & private resources and leverages the Challenge to identify and unlock innovations and industry investments that scale low-emission supply chains and nature-based solutions for climate change in coffee landscapes.

LandScale Assessments: Landscape assessments are vital for initiating and scaling landscape or jurisdictional initiatives. They provide data-driven insights into current conditions, helping companies, governments, and other stakeholders design coordinated actions and investments. Supported by GIZ and through our collaboration with the ICO CPPPTF, we supported three assessments utilizing the LandScale tool: Krong Nang (Vietnam), Alto Mayo (Peru), and Mount Kenya. Local consultants, with backing from CI, IDH, and Rainforest Alliance, led these efforts. Reports for Alto Mayo and Krong Nang are published on the LandScale Platform (registration required), with Krong Nang's report pending wider release after local consultations and Kenya's assessment is nearing completion. In Alto Mayo, a set of follow-on activities were implemented to engage public and private stakeholders in the development a LandScale roadmap as well as analysis of EUDR compliance risks and opportunities for the region. Results were captured is a series of publications, downloadable here.

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Conclusion

The coffee sector is at a pivotal moment.

Despite an increase in the number of commitments reporting progress and on average, the 2025 targets at 38.5% completed, so much more work needs to be done. While 81% of active commitments in this report's analysis directly contribute to the Challenge's 2025 targets, and 65% of partners reported annual progress, representing more than a quarter increase year-over-year, many individual targets are still lacking. Progress figures for the 2025 metrics are needed to move the needle of our sector towards sustainability, towards transformation, towards regeneration.

Sustainability reporting has evolved lightyears since the pandemic, with the culture navigating its own maturity matrix – from green hushing to meeting requirements of international legislation. Corporates, and the coffee industry cannot escape the media, legislation, nor the conscious consumer. Given that EUDR compliance is required by the end of 2024, all eyes are on sustainability reporting as we enter 2025. It's time that Challenge partners across the coffee value chain hit their strides in this race to 2025. The final stretch is approaching, and reporting is essential.

Clearly, partners again demonstrated that nature is an asset in the fight against climate change. Through commitment data, evidence demonstrates that stakeholders recognize the urgency and opportunity to halt and reverse nature loss to ensure a sustainable future for coffee production and for the planet. Coffee's resilience is dependent upon nature and people. In addition to sound reporting, the Challenge calls on industry leaders to make additional SMART commitments. This year in the Hub marked 22 new commitments, a reduction compared to last year. Novel corporate pledges should trickle down throughout the value chain, creating the much-needed incentives that promote resilience and prosperity of coffee producing communities. With challenges like climate change, deforestation, and farmer livelihoods at risk, it is essential to move beyond generalized sustainability efforts.

Here at the Challenge, we look forward to holistic approaches to sustainability and landscape-level positive impacts in the years to come. The vibrant community of the Challenge continues to grow, and we hope that you will join us in our Innovation Network, Landscapes Lab, and at our annual All-Partner Meeting. In the meantime, start your commitment today – see you in the Hub!

07

Notes

1 E.g., service providers, governments
2 $308M USD of investment from commitments is allocated toward 35 specific countries. If stakeholders selected multiple countries, investment was divided equally across the number of countries. Please note that Nescafé is publicly communicating their $1B USD investment by 2030 into the sector, leaving $324M USD from additional stakeholders, not necessarily targeting a specific geography.
3 Five commitments state target years while also marking their commitments as on-going. Two commitments targeting 2023 were reported as achieved (100%), while two more reported between 90-99% of completion. 70% of commitments targeting 2023, however, did not report progress, making it difficult to understand their status.
4 Partners who selected other assurance methods provided examples such as, review of published literature, website publication, technical review, manuals, data validation protocols, training materials, certification data, and other internal sources.
5 While the Hub's 2024 reporting cycle data points to a total of 3,400 coffee workers, Challenge-aligned metrics for investments and trainings are used by the same stakeholder and double counting was not confirmed by the time of this report's publication.
6 Calculated based on the estimated area with improved management due to coffee seedlings, 111,472,113 / 3500 seedlings per ha = 31,849.
7 Estimated area impacted by renovation is calculated using the total seedlings distributed divided by an assumption of 3,500 seedlings per hectare.

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