



2023



**SOURCING AND  
SUSTAINABILITY**



# Welcome!

Welcome to our fifth Sourcing & Sustainability report, looking back over 2023. An amazing year, outlined briefly below and discussed in more detail within.

- Zénsho from Tokyo visited us in June and became a new customer in August. They were already old friends, and we are absolutely delighted to be working with them now as buyers.
- Grounded Investment Company came on board as an investor in December, after a year of talks and visits. We could not wish for a better investment partner.
- The Futureproof Coffee project, focusing on regenerative agriculture and gender inclusion, started mid-year, and we employed Vivian as project officer.
- For the first time in 2023 we were able to make a profit-share payment to every farmer who supplied coffee in the 2022 harvest.
- We bought cherry from two new microstations, Pakia-Azii in Zombo district and Okavu in Arua district, bringing the number of our microstation partners to 12, plus our own at Jukia.
- We are moving forward with organic certification with ten microstations and 3,000 farmers.
- Our trade finance lender, Rabo Foundation, commissioned a study of the extent to which our farmers are thriving. Collectively they register 67 out of 100 on the index. Details within.
- We finally started to get a grip on the 7 acres of land on the slope behind the factory site, by employing Lucy as our Coffee Garden Chief.
- The European Union Deforestation Regulations (EUDR) come into force for smaller exporters in June 2025. We must comply if we want to continue selling our coffee in Europe.



The very best to you all for 2024 and beyond, from Andy, Aggrey, Bosco, Phiona, Drinah, Vivian, Lucy and all of our microstation management teams, smallholder coffee farmers and workers.



## The European Union Deforestation Regulations (EUDR)

The intention is to ensure that forest is not cut down to plant coffee which is then sold in the EU. From 2025 onwards we must prove that the coffee from our farms, which are monitored using high-resolution satellite imagery, was not grown on recently-deforested land. “Forest” is an area bigger than 0.5ha which has trees more than 5m in height and has more than 10% canopy cover.

For each contract destined for the EU the exporter must submit the individual GPS location for every farm. These are checked by satellite and compared with earlier images using AI. Any apparent deforestation since 2020 is flagged up by the software for investigation. If you know your farmers well and already have the GPS location of every farm you buy from then you are more likely to be compliant.

But if you are a bulk exporter who buys from dozens of middlemen, who buy from hundreds of petty traders, who buy from thousands of small farmers, you have a problem. The two categories of exporter require different approaches. The first category, which includes us at Zombo Coffee, will use individual farm GPS pins. The second category needs the “Territorial Approach”. This consists in assessing the broader risks, identifying and isolating problem areas in an entire coffee territory. JDE Peets (one of the global coffee giants) is partnering with UCDA to make the whole of Uganda compliant with EUDR. It has already purchased a hi-res map of Uganda at a cost of \$2.5 million (Uganda is 250,000 km<sup>2</sup> and every km<sup>2</sup> costs \$10) in order to help Uganda to meet the EUDR as a territory.

Meanwhile our field staff are busy obtaining a GPS pin for every member farm, to beef up our existing traceability system. We are not worried about our farmers destroying forest to plant coffee, we know they are not doing that; but satellite verification has to be made simple.



## Zénsho

We are extremely happy to be in a new partnership with Zénsho, Japan's leading food company, with restaurant chains around the world. In this case new comes from old. We first met Mr Saddao, the head of Zénsho's Fair Trade department, in London in 1999, a quarter-century ago. We are delighted to be working with Mr Kiyoshi and Ms Haruka now. Zénsho visited us in June, placed its first contract in July, and the coffee was shipped in August. Zénsho pays a social development premium equivalent to the Fairtrade premium, a premium for organic coffee, and a premium for coffee from women farmers. For our farmers and for us, Zénsho is a customer from Coffee Heaven.

## Grounded Investment Company

The introduction to GIC was made by our friend and first customer Lennart Clercx, founder of This Side Up Coffee, in early 2022. But it was only in 2023 that we started talking turkey with Renée Engelsman, who visited us in February. Stephie Mendelsohn and Gijs Boers arrived in May, to check us out after Renée's initial good report. By December everything was agreed and the first investment transfer was made, allowing us to import an electronic colour sorter from Japan to speed up the sorting process, cutting time from harvest to export to keep the coffee super-fresh.

Stephie is now the GIC representative on our board of directors. It's difficult enough to find an investor of any kind, but to find one who is perfectly aligned with our company's goals and culture is many times harder. We have been extraordinarily lucky to meet GIC, and we look forward to a long and fruitful partnership. Our next project using the investment funds is to build an office, so that at last we have somewhere to go to work! Details on page 24 below.





## Futureproof Coffee Uganda

The project is part-funded by the Dutch government in partnership with MVO Netherlands and our long-term customer Wakuli Coffee, to whom we supply coffee through our importer This Side Up in Amsterdam. The focus is on climate-smart, regenerative agriculture, with an emphasis on gender inclusion. Activities started with a week-long workshop in June led by Rubén Borges of RockInSoils. Rubén taught the field team how to make and apply compost manure and bioliquid foliar spray from local materials. Implementation of the training was slow at first, the original project officer went off sick and then left, which set us back. In October we promoted one of the field staff, Vivian, to project officer, and she has pushed the field activities forward with energy and focus.



WAKULI		FOR THE ASSOCIATE FARMERS	16/01/23	16/01/23
  Future Proof Coffee Uganda Champion Farm Logbook Microstation PAKIA ABO MICROSTATION Head of Household ALICE JENARO	1)	BIO-LIQUID FERTILIZER MAKING FOR THE ASSOCIATE FARMERS	16/01/23	SUCCESSFULLY DONE COSUM KAPACHU
	8/01/23	BIO-LIQUID FERTILIZER MAKING	8/01/23	SUCCESSFULLY DONE WAFUWA ALUSIHO: 400
	16/01/24	SPRINKLING OF THE BIO-LIQUID FERTILIZER	16/01/24	SUCCESSFULLY DONE
	20/01/24	PRUNING, DEWEEDING OF COFFEE	20/01/24	SUCCESSFULLY DONE
	22/01/24	MEETING WITH THE ASSOCIATE FARMERS	22/01/24	SUCCESSFULLY DONE



CHERRY PRICE IN WEST NILE  
STAYED BETWEEN 2,000/- AND  
2,300/-  
UNTIL 2ND WEEK OF NOV '22  
AFTER 2ND WK OF NOV  
PRICE DROPPED FROM  
2,300/- → 1,800/-  
THEN IN SOME AREAS  
DROPPED AGAIN TO  
1,500/- EVEN 1,200/-  
WHY DID THE PRICE  
FALL SO SUDDENLY?



# Coffee cupping

## Sample Report B - Gonyobendo microstation lot - washed

Cupped using Arabica Cupping Form

Species  
**Arabica**

Cupping date  
**12 April 2024**

Producer  
**Gonyobendo**

Process  
**Washed**

Varietals  
**-**

Crop year  
**2024**

Reference number  
**UG24-GY-W**

Country  
**UG**

Moisture  
**9.6 %**

Water activity  
**0.45**

Total Score  
**84.75**



Powered by **Tastify**

Fragrance / Aroma  Flavor

## Sample Report E - Ndhew microstation lot - natural

Cupped using Arabica Cupping Form

Species  
**Arabica**

Cupping date  
**12 April 2024**

Producer  
**Ndhew**

Process  
**Natural**

Varietals  
**-**

Crop year  
**2024**

Reference number  
**UG24-ND-N**

Country  
**UG**

Moisture  
**10.2 %**

Water activity  
**0.51**

Total Score  
**86.5**



Powered by **Tastify**

Fragrance / Aroma  Flavor

### Sensorial Analysis - QC-4713 - 2024-04-25 14:10 (Keen Coffee)

Average: 86.33 Min (Value between average and lowest score): 61.50  
 Max (Value between average and highest score): 91.17 Number of results that are taken into account for the average value: 3

Evaluator	AF	FS	AT	AO	BO	BA	LA	CI	OW	DE	CV	FIS
Roderick Schouten	8.25	8.25	8.00	8.00	8.00	8.00	10.00	10.00	10.00	0.00	8.00	86.50
borras postira	8.25	8.50	8.00	7.75	8.25	7.75	10.00	10.00	10.00	0.00	8.00	86.50
Jasper Hoving	8.25	8.25	7.50	8.50	7.75	7.75	10.00	10.00	10.00	0.00	8.00	86.00
Average	8.25	8.25	7.75	8.00	8.00	7.75	10.00	10.00	10.00	0.00	8.00	86.33

Descriptors: Af ... Aroma, Fl ... Flavor, At ... Aftertaste, Ac ... Acidity, Bo ... Body, Ba ... Balance, Un ... Uniformity, Ci ... Clean Cup, Sw ... Sweetness, De ... Defects, Cv ... Overall, Fis ... Final Score

Evaluator	Descriptors	Notes
Roderick Schouten	(+) Tropical Fruit	
borras postira	(+) Rum raisins, Bonbon, Papaya, Dark Chocolate, Tamarind	Good but delicious, rich rummy choco vibe
Jasper Hoving	(-) Dried fruit	Subtle?





## Farmer profit share & two new microstations

In 2023 we paid out \$6,515 in profit share payments to 1,376 farmers, 969 men and 404 women, according to the volume of coffee cherry they delivered during the 2022 harvest. 75% of the money went to individual farmers, 25% went to the ten microstations which operated during the 2022 harvest, as funds for investment in their business.

Microstation	Kgs of cherry delivered in the 2022 harvest				Profit-share	
	Men	Women	Groups	Total	Rate	Total
Ajere	13,014	2,050	37,135	52,199	60	3,131,940
Ambe	11,117	3,606		14,723	60	883,380
Ayaka	10,113	2,129		12,242	60	734,520
Ayanyunga	7,151	1,840		8,991	60	539,460
Culamuk	47,316	2,770		50,086	60	3,005,160
Gonyobendo	125,656	32,377	884	158,917	60	9,535,020
Leda	11,659	4,259		15,918	60	955,080
Mitapila	18,553	3,060		21,613	60	1,296,780
Ndhew	40,732	12,002		52,734	60	3,164,040
Pamitu	15,660	1,927		17,587	60	1,055,220
10	300,971	66,020	38,019	405,010		24,300,600
Members	969	404	3	1,376		\$6,515

We have made profit-share payments based on export lot prices to the farmers from some microstations in previous years, but this was a general payment to all farmers. We've promised that we will always share our profits with our farmers. Now we have to make sure we always make profits!





During the 2022 harvest we had 10 microstation partners operating. In 2023 farmers built two new microstations, Pakia-Azii in Zombo district and Okavu in Arua district. Pakia-Azii is our eighth microstation in Zombo. Okavu is our first in Arua.



## Organic conversion

We are working with ten microstations and 3,000 farmers to convert them to certified organic production. The main driver for this is our new customer Zénsho, but the exercise is useful in itself. It reinforces traceability by requiring a detailed paper-trail for all coffee back to the individual farmer. It helps compliance with the new EUDR regulations already mentioned on page 4. The fact that organic certification requires an inspection of every farm every year gives us a much more detailed understanding of the issues facing individual farmers on their farms. This all contributes to a closer and better relationship with the farmers who are the beating heart of our coffee.

## The Index' Dimensions

Dimensions	Indicators
 Living Standards	<ul style="list-style-type: none"> <li>• Consumption</li> </ul>
 Resilience	<ul style="list-style-type: none"> <li>• Financial resilience</li> <li>• Savings behavior</li> <li>• Access to enabling services</li> <li>• Resilient agronomic practices</li> </ul>
 Coffee Farming Outlook	<ul style="list-style-type: none"> <li>• Perceived profitability</li> <li>• Fair purchase price</li> <li>• Investment in farm</li> <li>• Livelihood longevity</li> <li>• Intergenerational outlook</li> </ul>
 Food Security	<ul style="list-style-type: none"> <li>• Reduced Coping Strategy Index (rCSI)</li> </ul>

## Performance Summary

On a scale of 0 to 100, a typical farmer we spoke to scores 67, suggesting that Zombo's farmers are thriving.

### 4 in 5 farmers report consumption patterns reflective of earning a living income.

Farmers also report low levels of food insecurity. However, only about half say they earned a profit from their coffee this year, a third say the price they received was poor, and most say this year was worse from the average. This suggests that high levels of reported consumption may be due to more than half of the households having income sources beyond coffee and having more cash on hand while in the midst of the harvest season.

### Despite the recent poor coffee season, farmers are optimistic about farming coffee in the future.

Nearly all expect to remain a coffee farmer in the next 5-10 years and most want their children to grow coffee as adults. 3 in 4 farmers plan to increase their investments for the next season, primarily by expanding their farmland.

### Coffee producers report good agricultural practices but have low overall resilience to climate shocks.

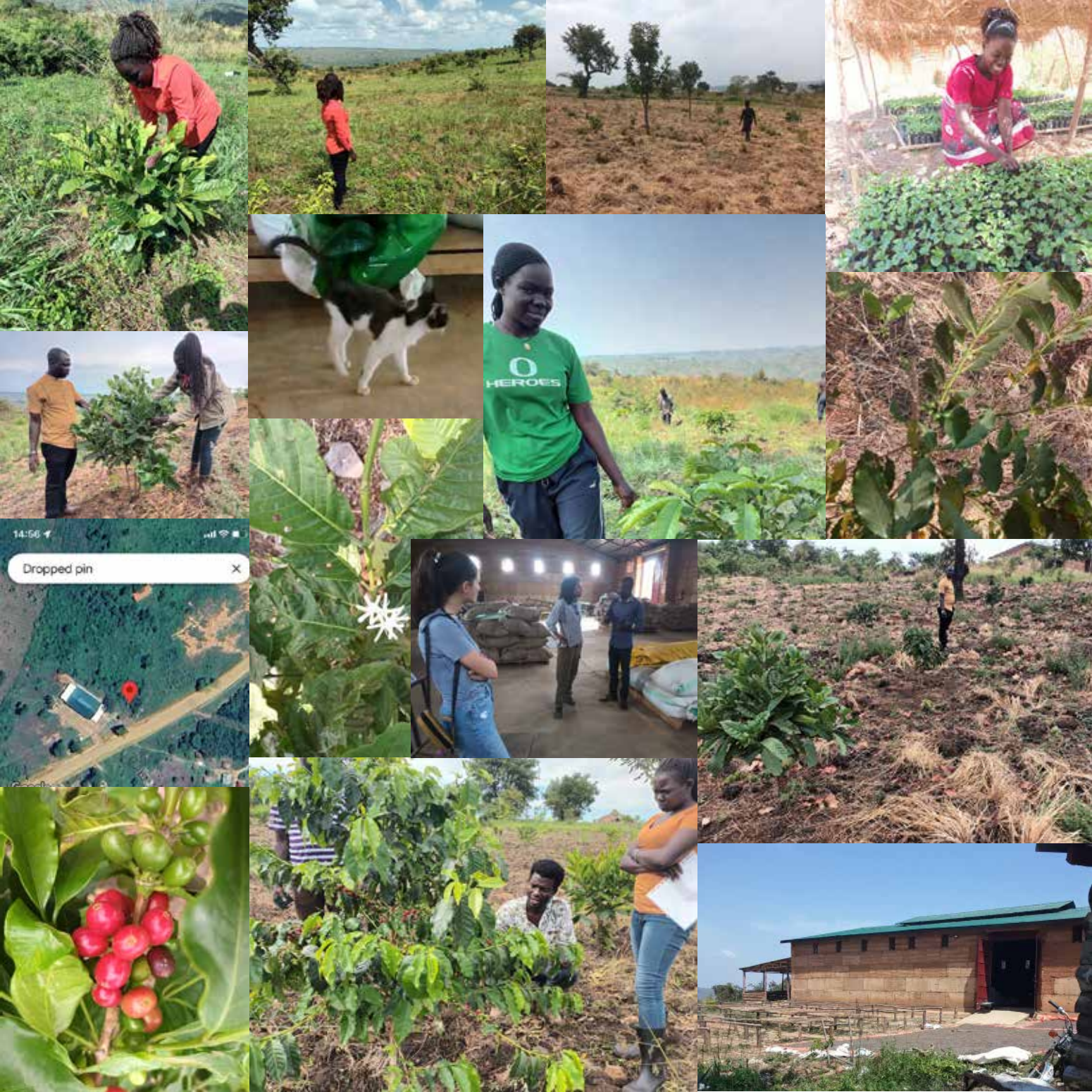
Farmers report high use of weeding, pruning, mulching, and removing diseased pods, and low use of agrochemicals (although 1 in 4 plan to invest more in fertilizer next year). No farmers report expanding their farm into forest this year. However, farmers have low financial resilience and limited access to resilience-enabling services like agricultural extension, weather information, and credit. Nearly half do not participate in any type of farmer organization, which is often a channel for such services, and 50% report not having any certifications.

## Our impact

Our trade finance lender, Rabo Foundation, in 2023 commissioned a study of the farmers who supply our coffee. The study used four “dimensions” to measure how our farmers are thriving. The results are on the facing page. They are encouraging, but there is always room for improvement. Resilience of our farmers is something we want to focus on, going forward.

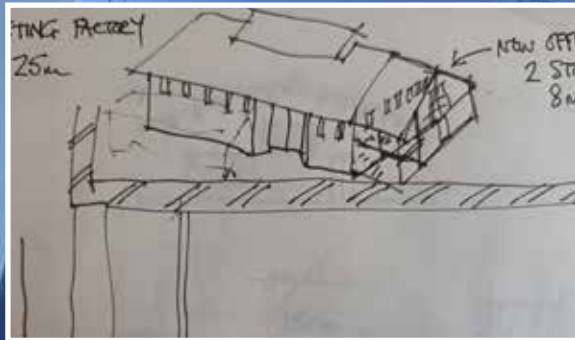
We have our own ideas about our impact, of course. Some statistical, some less easily measured:

- We guarantee to our farmers and buyers that we will pay a minimum price of USD 0.60 per kg for fresh cherry, whatever is happening in the international market.
- We guarantee to our farmers and buyers to share our profits with our farmers.
- Microstations create reliable employment deep in the village, where paid work is very scarce.
- Members learn to handle large sums of money and to account accurately for them.
- They learn how to be in a long-term partnership with a commercial company.
- They develop knowledge of coffee quality and skills in the organisation of collective work, record-keeping, financial management.
- They build permanent houses, buy land, motorbikes, smartphones, wear good clothes.
- Prominent members, women and men, go into local politics, after gaining confidence and self-esteem working on the microstation.



## Jukia Coffee Park

Back in 2021 we cleared four acres of land behind the coffee store and planted it with robusta, SL14, SL28 and Excelsa. Then we got distracted by the need to survive as an export business. No-one was looking after the garden. The environment is quite harsh for young coffee, the soil is full of stones and is thin in places. The garden is just below the top of a high ridge and there is a more-or-less constant wind across it. The wind dries out the leaves and the young coffee trees burn up in the sun. More than half the seedlings we planted died. We realised that we had to get someone to manage the garden properly if it was ever going to do anything. Enter Lucy, recommended to us by her college-mate Vivian, who runs the Futureproof Coffee project. Lucy's brief is to turn our rocky, windswept coffee garden into paradise. We like to give our staff easy tasks. She is ably assisted by our team of eight seasonal workers and their supervisor, Brian, whenever they are not busy in the coffee store.

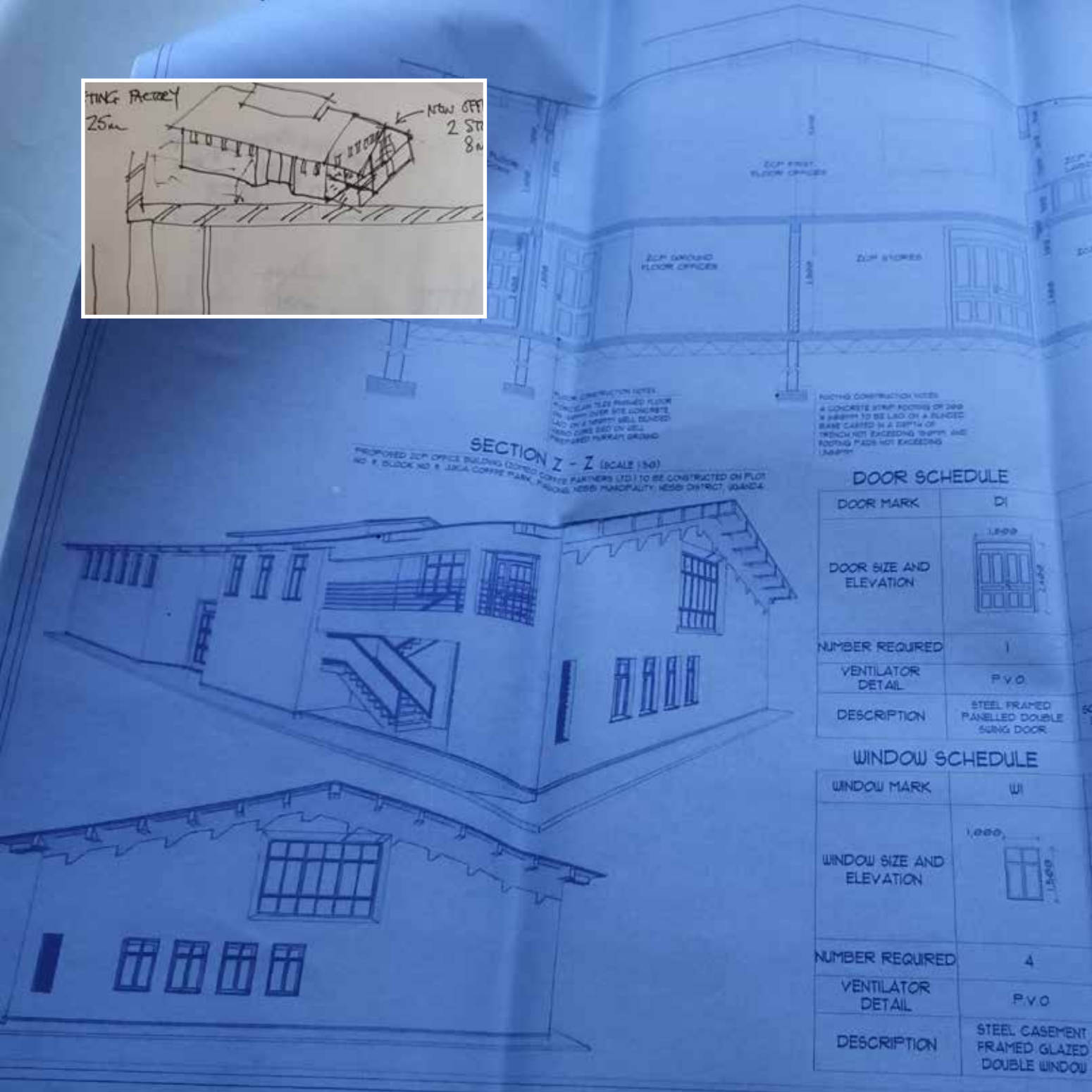


## Jukia Factory & Office plans

We built our own factory at Jukia Coffee Park and started using it in February 2022 to hull and grade coffee from the 2021 harvest. So 2023 was our third harvest using our own factory. We installed a combined huller-polisher-grader when the factory was built, to do our own coffee dry-processing. We had been using factories in Kampala and Mbale but they were expensive, slow and unreliable.

We've been employing the womenfolk from the farms around the factory to do our handsorting for export. Properly supervised they do a good job, but they are not used to the fine work of sorting specialty coffee, so they are quite slow. It takes them about 6 weeks to handsort a full container. And then when the rains come they want to be out on their farms and gardens growing food, so they don't turn up for paid work. These bottlenecks limit the volume of coffee we can process. We had to find a quicker way to remove the "triage", the defective beans, from the export coffee. Using part of the investment by Grounded, we installed an electronic colour sorter from Japan. The sorting has speeded up, allowing us to process more coffee. We still need the women for the defects that the colour-sorter misses, so there is still employment for them, which we are very happy about.

There is no office at Jukia factory. We've been working out of home and from Aggrey's office at the Agency For Community Empowerment, our local NGO partner in Nebbi town. We've had no central meeting place, no proper cupping lab, no training space, no storage or office space. That is about to change. Using investment funds, in 2024 we're building a new two-storey office by extending the coffee factory walls and roof about 8 metres towards the main road. At last, we'll have somewhere to go to work!







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