

CONFIDENTIAL

YOUR BEST SOURCE OF INFORMATION ABOUT THE BRAZILIAN COFFEE BUSINESS. THIS ISSUE:

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☞ BRAZIL IS FIRST COUNTRY TO PRODUCE COFFEE WITH A DIGITAL FOOTPRINT

The Cerrado Mineiro coffee region is implementing fingerprint technology, a new tool in the coffee sector, to enable the scientific verification of the origin of the product and to provide more security to both producers and buyers, be they exporters, importers, or roasters, and especially to consumers. This technological innovation, that uses artificial intelligence to generate the fingerprint of the coffee, will add value to the region's already existing denomination of origin.

Source: Revista Cafeicultura

☞ METHODOLOGY FOR QUALITY ASSESSMENT OF INSTANT COFFEE PROMOTED IN SWITZERLAND

The Brazilian Soluble Coffee Industry Association (ABICS) participated in the 13th SCTA Coffee Forum & Dinner, in Geneva, last October. Traditionally more focused on the green coffee market, the SCTA Forum provided a space for ABICS' chair of the board, Fabio Sato, to address their pioneering methodology for quality assessment of instant coffee. The methodology, developed by ABICS in partnership with the Institute of Food Technology (ITAL), was created based on the evaluation of the intensity of 15 attributes of aromas and flavors. Each attribute has a specific weight within the assessment. The data are entered into a system whose algorithm indicates the product category: Excellent, Differentiated or Conventional. The official release of the methodology will take place during the International Coffee Week event, in Brazil, on November 16th to 18th.

Source: ABICS

☞ BIOTECHNOLOGICAL TOOL SPEEDS UP THE RELEASE OF NEW COFFEE CULTIVARS

The application of the genome-wide selection (GWS) technique, successfully tried for Arabica and Conilon, allows higher agility and effectiveness in the genetic improvement of coffee plants. It is estimated that the duration of the selection process is reduced by half as compared to traditional methodologies, which require trees to grow, bear fruit, and to undergo cross-breeding to identify the best products. This new tool results from the work by Embrapa Café, Federal University of Viçosa, Federal University of the Triângulo Mineiro, Federal Institute of the Triângulo Mineiro (IFTM), and Agricultural and Livestock Research Institute of Minas Gerais (Epamig).

Source: Embrapa Café

☞ PIATÃ PRODUCES THE BEST SPECIALTY COFFEE IN BRAZIL

The specialty coffee produced on Tijuco Farm, in Piatã, Chapada Diamantina region, in the state of Bahia, won the Brazilian 2022 edition of Cup of Excellence (COE), the world's main coffee quality contest, scoring 91.4 points. A coffee produced on Bonilha Farm, also in Piatã, scored 90.6 points and was ranked second. The contest had 24 winners – samples that scored equal to or higher than 87 points in the International Phase –, coming from eight producing origins in the country: Mogiana, Matas de Minas, Mantiqueira de Minas, Espírito Santo Mountains, Cerrado Mineiro, Chapada Diamantina, Volcanic Region, and South Minas.

Source: BSCA



SMALLER MINAS GERAIS PRODUCTION MAY LIMIT FALL IN PRICES

According to Fundação Procafé, the main flowering for the 2023 crop has already occurred in the main areas of South Minas Gerais and production will fall below optimistic estimates except for irrigated crops. Thus, the market should be alert that the recovery in Arabica production expected to happen will not be as significant as previously expected by the sector.

Source: Notícias Agrícolas

BRAZIL IS PREPARED TO MEET ESG REQUIREMENTS BY COFFEE MARKET

During Rio Coffee Nation 2022, event that took place in Rio de Janeiro last October, Cecafé’s director Marcos Matos presented Brazil’s ability to continue to lead the world coffee market in sustainability. In terms of the environment (E), climate change mitigation is growing and a recent study carried out by Cecafé shows that Brazilian coffee production has gone through a process that makes it a reference in reducing greenhouse gas emissions. In social (S) terms, Brazil has exemplary labor legislation, focusing on worker health and safety, and coffee farming is an activity that grants good returns to the communities that develop it. In terms of governance (G), Cecafé has a Code of Ethics and Conduct that reflects the legal provisions in force for the full coffee chain in Brazil.

Source: Cecafé

COOXUPÉ'S ROASTING OPERATION INNOVATES WITH THE IMPLEMENTATION OF B2B E-COMMERCE PLATFORM

Cooxupé implemented a new tool in its online coffee platform: B2B e-commerce. Businesses from all over Brazil – retailers, wholesalers, coffee shops, etc. – will be able to make their purchases online. Cooxupé is a pioneer in the coffee industry in providing an e-commerce platform to its corporate customers. The platform now includes 5 modules: CRM (360° view), Sales, E-commerce B2C, E-commerce B2B, and Marketing Cloud, which were designed to make the coop’s roasting even more competitive in the market.

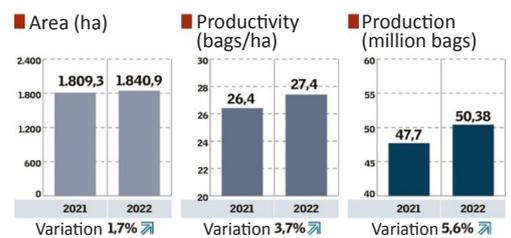
Source: Cooxupé

BRAZILIAN COFFEE EXPORT REVENUES INCREASE 60% BUT VOLUME FALLS

According to the Ministry of Agriculture agency in charge of warehousing and crop estimates, CONAB, Brazilian production may reach 50.38 million bags, an increase of 5.6% compared to 2021. Coffee exports reached 28.8 million bags from January to September 2022, a decrease of 8.9% over the same period of 2021. Revenues, in turn, reached US\$ 6.7 billion, an increase of 60.4% compared to US\$ 4.197 billion in the same period in 2021. The lower supply of coffee in 2021, due to adverse weather that hit important producing regions in Brazil, lowered the volume of coffee in warehouses in early 2022 and resulted in a significant increase in prices.

Source: Valor Econômico

BRAZILIAN COFFEE PRODUCTION



Fonte: Secex-Ministério da Economia e Conab. *de 60 quilos

Brazilian Prices

Main Producing Regions / Farm Gate

October 31, 2022

Arabica Naturals (R\$/ 60 kg bag)		Conilon / Robusta (R\$/ 60 kg bag)	
Cerrado MG	965,00 ↓	Colatina-ES fair average price	572,00 ↓
Mogiana	960,00 ↓		
South Minas	960,00 ↓		
Arabica Pulped Naturals (R\$/ 60 kg bag)		BM&F (US\$/60kg Arabica bag)	
Cerrado MG	1055,00 ↓	Dec 2022	208,80 ↓
South Minas	1050,00 ↓	Mar 2023	209,35 ↓
		May 2023	210,05 ↓
		Real R\$ / Dolar US\$	
		Oct 31, 2022	5,17 ↓

+ 7.5%

Source: www.qualicafex.com.br

10 YEARS OF GCP BRAZIL GOVERNANCE CELEBRATED AT SIC EVENT

The two-level governance of today's Global Coffee Platform Brazil was established 10 years ago. The National Advisory Board (NAB) is composed of the chief executive officers of the main coffee associations in the country – CNC and CNA (growers), Cecafé (traders), ABIC (roasters) and ABICS (soluble industries) and directors of trader ofi and roasters JDE Peets and Nestlé. The Brazil Working Group (BWG) brings together technical representatives of the federal and state training and extension services, certification systems, growers' and traders' associations, cooperatives, traders and industries.

The NAB, that operates at the national political and leadership level, has strategic and policy roles and decides whether to validate the recommendations of the BWG. This technical body, that operates at the coffee growers' level and designs and proposes activities to address sustainability gaps, creates ownership for GCP's initiatives in the country.

This innovative NAB-BWG two-level structure has played an important role to make Brazil's National Sustainability Platform and its initiatives one the most successful of the GCP operations in the world. The governance is recognized for creating room for coffee stakeholders to discuss common challenges, to share responsibility and to build collective solutions for complex issues.

GCP Brazil's Collective Action Initiatives (CAIs) – Responsible use of Agrochemicals and Social Well Being –, funded by coffee and agrochemical industries, traders and retailers, have extension services, cooperatives and traders as implementing partners that ensure that findings and results are incorporated into the everyday activities of coffee growers in order to ensure perennial results and impact.

The Responsible Use of Agrochemicals CAI addresses the proper use of Personal Protective Equipment (PPE), proper storage of agrochemicals, spraying technology training and proper disposal of agrochemical packages. The Social Well Being CAI's main goals are to improve living and working conditions of coffee farmers and workers, to create awareness and to promote education about decent working conditions, and to eliminate unacceptable social practices where found. It also includes a living income study in Brazilian coffee growing areas that will be also presented in the International Coffee Week and whose report will be released in December 2022. These two CAI's, that have raised almost US\$ 3 million and include 28 funding and implementing partners, together cover the main coffee producing areas of Brazil.

GCP Brazil has also been active in the implementation of the Coffee Sustainability Curriculum (CSC) that it developed in a bottom-up multistakeholder process that involved most relevant players in the Brazilian coffee supply chain. The CSC and its app are used to identify sustainability gaps, like the ones addressed by the CAIs above. The CSC is now gaining additional importance with the release of GCP's Coffee Sustainability Reference Code (CSRC) and its Equivalence Mechanism 2.0. The benchmarking of the CSC with the CSRC will open up interesting opportunities for the certification of sustainable coffees by Brazilian cooperatives and traders.

Statements and testimonies by members of GCP Brazil's National Advisory Board mention the high level of alignment developed by the governance over the years and how it has supported the achievements of the Brazilian Sustainability Platform. A joint meeting of the National Advisory Board and the Brazil Working Group will be convened to celebrate the 10th Anniversary of this governance at the International Coffee Week (SIC), in Belo Horizonte. The platform succeeded in building trust and partnerships to unlock investments, creating synergies between the different levels of the coffee chain, and connecting companies to work in the pre-competitive arena. It is remarkable to see how the governance maturity has continuously grown during the last 10 years.

This 10th Anniversary achievements also demonstrate that GCP Brazil can in several aspects be considered a learning hub for other platforms. For example, it shows the importance of a good enabling environment beyond farm gate, that growers profit is the first step to achieve sustainability but social and environmental challenges may remain because of cultural aspects, and that continuous training and capacity building are needed to adapt production and to ensure continuous improvement. The Brazil Living Income study does show that it is possible to make a good living out of coffee production at times of good prices but gains are not uniform across growing sizes and production regions.

NATURAL, PULPED NATURAL / HONEY AND WASHED COFFEES... AND MORE

Post-harvest processing technology has created a new coffee world, with many more alternatives than the traditional natural and washed coffees: pulped natural / honey coffee (from ripe, semi-ripe and over-ripe cherries) and coffees that have undergone unconventional fermentation (with or without inoculation, aerobic or anaerobic). Conventional fermentation is that of recently pulped parchment coffee, with water or without (dry).

With all these novel types of coffee, a frequent question asked by visitors to P&A and Pinhalense is about pulped natural coffees, known as honey in Central America, semi-washed in a few countries and CD (for **Cereja Descascado**) in Brazil. What are they? How are they obtained? These questions have become even more frequent after Brazil delivered over one million bags of pulped natural / honey to the New York ICE Arabic Coffee Exchange in 2021.

The scheme below facilitates the understanding of what natural, pulped natural / honey and washed coffees are.

Before the steps/arrows in the scheme above are addressed, it is useful to know how these three types of coffee are defined.

Natural coffee cherries: produced by drying the coffee with the pulp and mucilage retained around the beans.

Pulped natural or honey coffee: obtained by drying parchment coffee without the pulp but with some or all of the mucilage.

Washed coffee: produced by drying parchment coffee without the pulp and the mucilage.

Cherries today arrive at the mills mixed because even with selective hand picking a usual 3 to 5% unripe cherries are harvested and must be separated. In some countries and at given times this percentage may be as high as 10 or even 15% with selective picking due to lack of trained labor and/or its costs.

Cherries with a mixed degree of maturation are received at an ecological mechanical siphon that recycles all the water used. Besides separating impurities larger and smaller than the coffee cherries and stones, the mechanical syphon separates the over-ripe and partially dry cherries – “floaters” –, that float along with hallow and other defective less dense (“light”) cherries, from the ripe and unripe denser (“heavier”) cherries, that sink.

These two types of cherries may go straight into drying to produce natural coffees. Why separate the cherries if they are going to be dried right away? To dry them separately because “floaters” and “sinkers” have very different moisture contents, to accelerate the drying process and to obtain more homogeneous final products.

If the idea is to pulp the ripe cherries, the ripe and unripe cherries are fed to a pulper with an unripe/green cherry separator while the floaters are dried as naturals. After the unripe cherries are separated, the ripe cherries are pulped. If they go straight into drying, pulped natural with all mucilage attached, i.e. black honey coffee, will be produced.

Parchment with all the mucilage attached may be further processed before drying. One option is to ferment it without water – more ecologically friendly – or with water to remove the mucilage and to produce washed coffee. The more ecologically friendly, practical, profitable and efficient way to remove the mucilage is mechanically, in a mucilage remover.

If most or all mucilage is removed, washed coffee is produced. If some mucilage is left behind attached to parchment, pulped natural coffee is also produced. It is either darker color red honey or lighter color yellow honey depending on the amount of mucilage left behind attached to the parchment. Either washed coffee or yellow or red honey goes on to be dried.

Isn't it amazing how the same cherries may end up becoming different products with different cup qualities? In a rough way, these new possibilities fill up the space between a full body, sweet cup natural coffee and an aromatic more acidic cup of a washed coffee.

