

KALVE

COFFEE ROASTERS

PERFORMANCE REPORT 2021

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INTRODUCTION



**BY THE
FOUNDERS**

As our first Kalve Coffee Performance Report sees the light of day, we take a moment to look back at the beginnings of the company. For us, Gatis and Raimonds, the main motivation to start our own business was, first of all, to do things to the best of our ability. For us as the Founders and Leaders, it means to be involved in all of the business processes, aiming toward the shaping of a truly responsible business model. We believe our values are what have been shaping our work since day one. That reflects who we are as people and also the future of our product line, segments and the way we invest back in our communities. At Kalve Coffee that intention drives us - and our relationships every day.

We made a conscious decision not to follow the conventional marketing approach of deciding on our target audience and such. Whereas making our coffee accessible to various tastes and preferences is part of our essence. Coffee revives memories. It is a wonderful and diverse product and our aim is to always be completely transparent and available to all who enjoy it. And to be able to offer this experience - from farm to the cup - with less waste, more responsible trading and outstanding customer service will to the end of time remain our priority.

Since the inception of Kalve Coffee and onwards every step of the way we have and will be guided towards conscious and responsible decision-making based on our founding company values - open-mindedness, honesty, quality, courage, responsibility, and accessibility.

We tend and love to compare Kalve Coffee as it would be a person with their own characteristics and, of course, going through different stages of maturity. Now we believe we have reached the company's young adulthood with which comes big ambitions, a clear future vision and a drive to make things happen. We know where we want to be so now the question is - "Which path do we take?". With no fear of failing, we are determined to try out different paths until we reach our goal and the next stage of growth!

In our years of existence, with no hesitation, we can say that our proudest moments have always been the ones when our customers, suppliers and colleagues share positive and outstanding feedback on our work. The cherry on the top are the moments when our work is acknowledged as an inspiration to them. That is the motivation we bring with us every step of the way and which will guide us through challenging times.

Whereas in regards to the future without a doubt, 2022 and the upcoming years are going to be full of challenges for all businesses and individuals around the globe, with no exception for us. For Kalve Coffee our main goal during these challenging times and beyond will be to maintain sustained growth while keeping all the involved and influenced stakeholders satisfied. In the meantime, we keep on learning, constantly raising the bar and transitioning all our company operations to climate neutrality.

Lastly, we exist to make the coffee industry better, leading by example. We see prospects of working more closely with coffee-producing countries and strongly believe that collaboration and partnerships serve as a more effective way to face the many and various challenges we all encounter. Finally, it is critical for us to be able to provide full transparency to our customers and end-users because at the end of the day they are the ones who express their preferences with their purchases! This first Kalve Coffee Performance Report is a manifestation of all our done and future efforts to be the best and most responsible version of a company.

FOUNDERS

Gatis Zēmanis & Raimonds Selga

FACTS AND FIGURES

Key numbers of our business operations

Year

2028

*is set for reaching CO2 neutrality
across all company operations*

100%

*of our product packaging is
either reusable or recyclable*

60%

*of our B2B customers are being serviced
by following the Zero Waste principles*

80%

*of the coffee we sell
comes from Brazil*

268kg

*of plastic packaging was avoided
last year within our sales processes*

25

*Kalve Coffee team members in 2021,
which constitutes to 30% growth
compared to 2020*

LOOKING BACK





**BEFORE
HEADING
FORWARD**

1.1.

***What is a
"Performance
Report"
and why have
we created
one?***

SETTING THE SCENE

As we continue our lives with facing new challenges it might be more important than ever to increase the commitments and levels of corporate responsibility, engagement and transparency.

Past years have proven the resilience we all hold within ourselves and that also hopefully has equipped us with a fresh, however more-steel-like outlook for the future.

Since its inception, Kalve Coffee, as a company and the individuals who lead it, have always been self-aware and striving for self-improvements.

With growth comes the increasing challenge around the footprint that is created by the company's operations. The focus on this topic has only been increasing in significance, which is also reflected in this first Kalve Coffee Performance Report looking back at the year 2021.

The past year 2021 provided us with a lot of learnings and goal setting for the future which we are now happy to share with you.

REPORT STRUCTURE

Our small but mighty team knows how to dream big. Regardless of our size, we are guided by the principles of respect for the planet, care for the people and overall intentional processes.

We strive to make each of our decisions with a global perspective in mind.

Our first report is structured to present Kalve Coffee's overall company performance through the lens of 3 pillars of impact:

PLANET

PEOPLE

PROCESSES

Each of the pillars is accompanied with deep-dives into its priorities and zoom-ins into focus areas, together with the future perspective of each priority.

We put the planet first as it is where it all begins for Kalve Coffee. Earth is the source of our raw materials and it is our lifelong mission to give back more than we take. We are also in a high alliance with people – farmers, producers, vendors, distributors, suppliers, manufacturers, roasters and coffee enthusiasts. Whereas we as an organisation are continuously making an effort to be the best version of ourselves, which includes sustaining the highest awareness and responsibility of our impact - both the positive and the negative.

1.2.
Our
proudest
2021
milestones





**UPGRADING
B2B SALES
PACKAGING**

/ Since the beginning of 2021

**NEW MANUFACTURING
FACILITY, SHOWROOM
& OFFICE, ESPRESSO ROOM**

/ January–April, 2021

**INITIATION
OF CLOSING
THE LOOP**

/ June, 2021



**B CORP
CERTIFICATION
SUBMISSION**

/ December, 2021

**STRATEGIC
PARTNERSHIP
WITH SANCOFFEE**

/ September, 2021

**OUR TEAM
GROWTH**

/ Throughout 2021



WELCOME
♥ KALVE ♥
TEAM

STRATEGIC PARTNERSHIP WITH SANCOFFEE

Green coffee follows increased compliance in regards to social and environmental factors.

Brazilian coffee equals approximately 80% of the coffee we sell and thus, in September of 2021 it was a natural step for us to formalise a strategic partnership with a multi-farm cooperative Sancoffee.

Such partnership creates conditions for direct trade and support to the farmers allowing us to avoid mediators, leading to a quicker turnaround for the product acquisition.

Additionally, the partnership allows us to be consistent with our responsibility also throughout the procurement process.

Even though we are a relatively small buyer, purchasing on average 5% of all their coffee, we are also glad to make a contribution and be able to support Sancoffee's operations. We appreciate this great alternative to traditional coffee buying, which ultimately allows us to offer a better product to our customers.

This relationship is an organic progression towards a responsible growth of our company, especially due to Sancoffee being a B Corp certified and carbon neutral coffee grower.



B CORP CERTIFICATION SUBMISSION

While balancing the various key aspects across the pillars of the planet, people and processes, we believe it to be important for our efforts to be verified and recognised by a third party.

For more than 15 years of activity B Lab has gained recognition for having one of the most rigorous standards to do just so. B Corp is B Lab's standard for companies to certify their entire social and environmental impact and not being afraid of a good challenge, we went through the process of B Corp's Impact Assessment (BIA). Its comprehensive methodology looks into 5 impact areas and consists of more than 250 questions. We concluded 2021 with the submission of our BIA in December.

The first phases of the certification process required us to perform an honest and serious look at ourselves - which has led us to better understanding areas of our impact and encouraging further improvements, but more importantly identifying areas we're not delivering to the levels we believe we should.

We are convinced that gaining the B Corp status will further provide reliable assurance of Kalve Coffee's high standards of social and environmental performance, transparency, and accountability to all of our stakeholders. As we patiently await the next stages of the certification process, we are working to constantly improve and continue our impact journey.

B Corp Certification is a designation that a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials.

5 200 +

COMPANIES GLOBALLY

156

INDUSTRIES

900 +

CERTIFIED COMPANIES IN EUROPE

1

UNIFYING GOAL TO MAKE
BUSINESS A FORCE FOR GOOD



NEW MANUFACTURING FACILITY IN JAUNMARUPE, SHOWROOM, OFFICE & ESPRESSO ROOM IN THE CITY CENTRE OF RIGA

Achieving sustained growth includes consideration of the surroundings we operate in. All of our new facilities not only allow us to operate with higher standards but also in a more efficient manner.

**We can now produce 1 kg
coffee with higher efficiency as in the
previous years, indicating an overall more
voluminous and successful production.**

Alongside, work safety is a critical aspect of our everyday life. We have performed a multitude of training to ensure such an environment now and always. We made audits and all the relevant improvements and as an example, we are proud now to perform the majority of our local deliveries in Latvia by electric vehicles.

However, we are continuing our work with further goals for future advancement across all of our facilities. That includes absolute energy efficiency and waste elimination, as an example.



KALVE Espresso Room No. 2
on Baznīcas 13, city centre of Riga





SEASONAL ESPRESSO
COFFEE BEANS

KALVE
COFFEE ROASTERS

MARMALADE

*Full bodied and jam-like texture.
Dark chocolate and dried fruit notes,
with a long, sweet finish.*

NET WEIGHT
250g

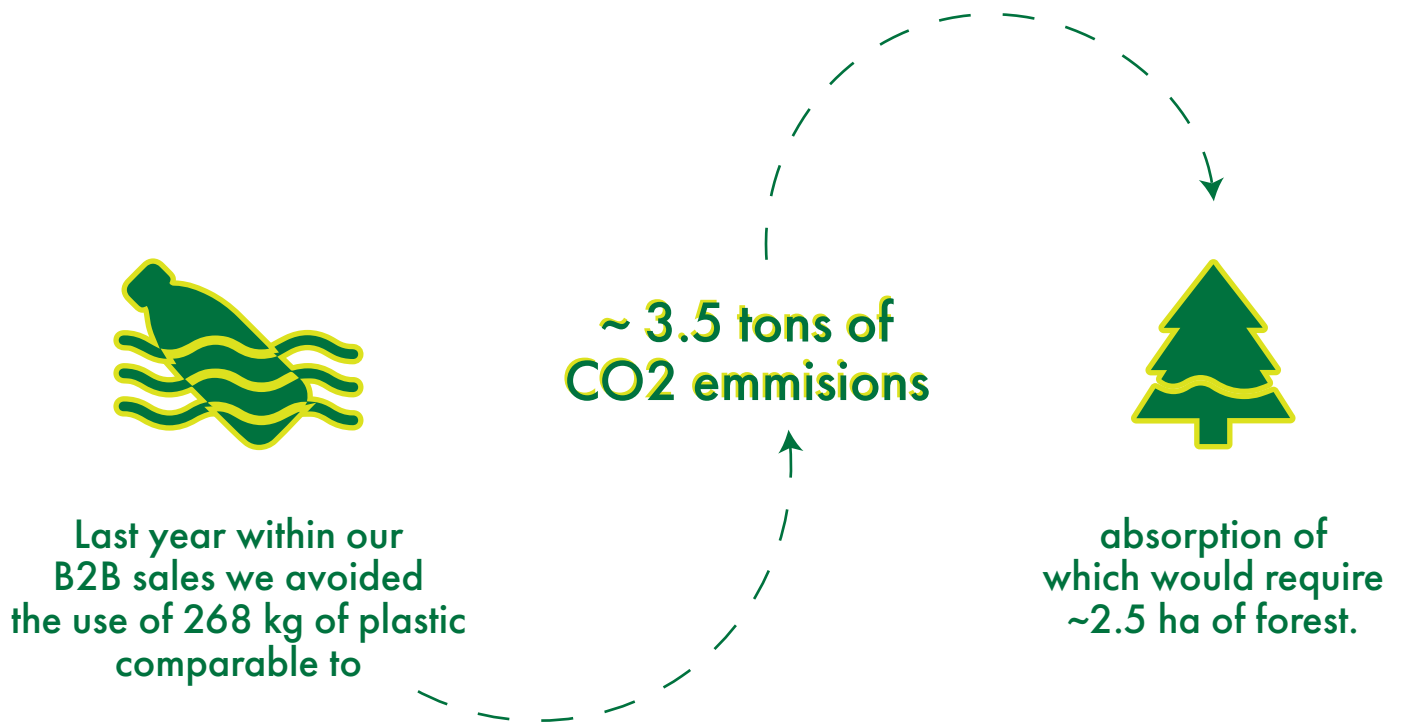


UPGRADING B2B SALES PACKAGING

Waste is still a growing issue and is seen by us as a result of inefficiency. Rather than increasing it, we do the best to minimise it.

After seeing a lot of waste being created from the packaging within our B2B sales, we took a proactive route.

Today 100% of our product packaging is either reusable or recyclable.



Our ambition is to upkeep this achievement and keep exploring better options for packaging as the industry develops.

INITIATION OF CLOSING THE LOOP

Take-make-waste model needs to be eliminated at higher speeds across all industries.

By drawing inspiration from the concepts of circular processes, we started exploring the possibility of further putting to good use the waste that is created from our production. Thus far we have explored the possibilities of upcycling the coffee waste into briquettes and fertilisers.

Even though being at the very early stages and not yet of sufficient progress, we are continuing the initiated conversation with various European stakeholders, with whom we can collaborate and potentially solve these issues.



Additionally, by following the principles of zero waste we have been able to service 60% of our B2B customers without the use of traditional coffee packaging.





OUR TEAM GROWTH

Our ambitions have no limits and we are well aware we can not fulfil them alone.

**We mean it when we say it –
our people are our gold!**

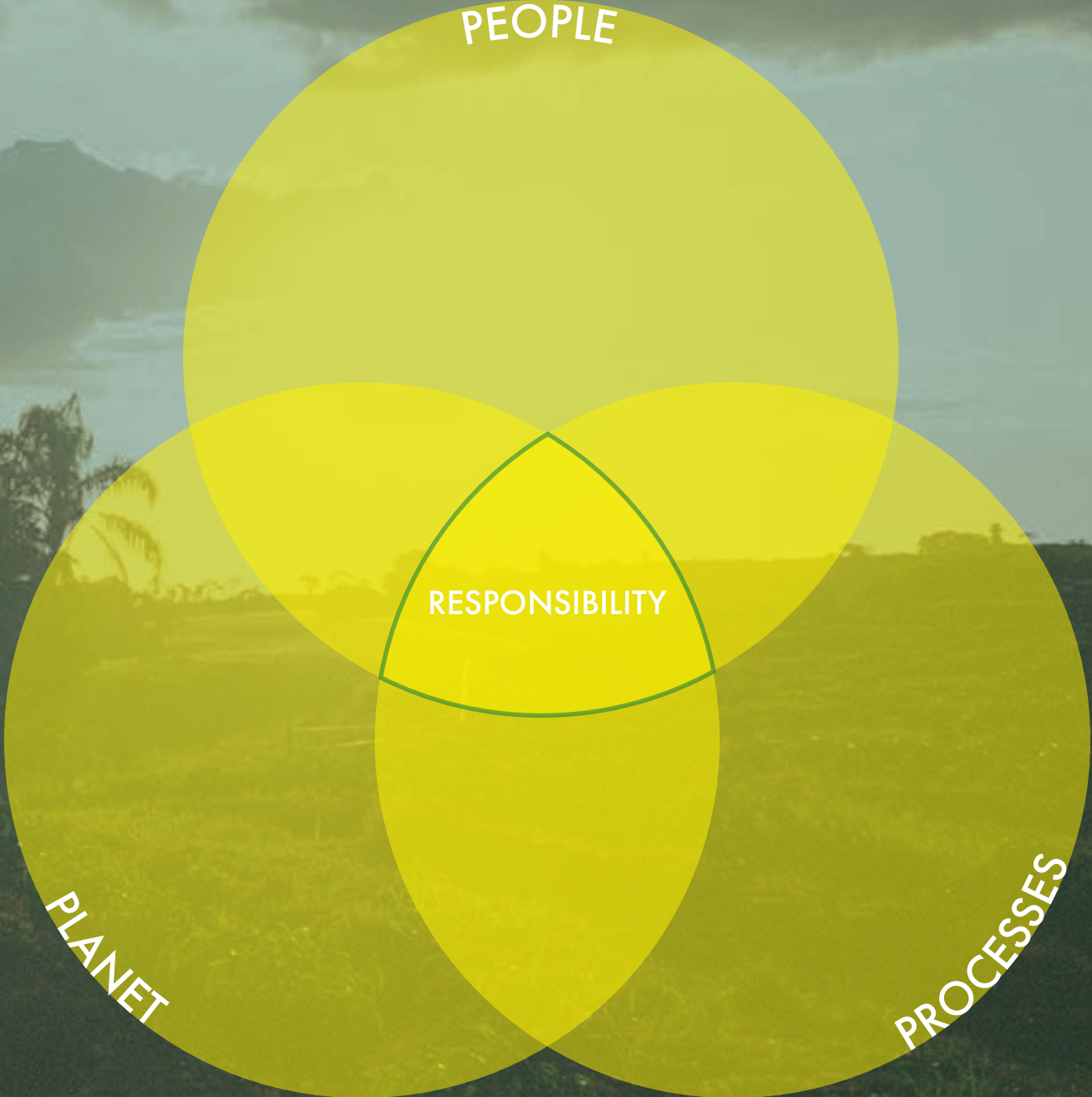
We believe that creating a truly great and inspiring work environment is the essence of achieving and maintaining sustainable growth. Thus, we make sure to invest time and resources in welcoming all new team members to the company following a comprehensive onboarding process.

On top of that, we are now able to facilitate a yearly kick-off company gathering at the beginning of a year, as well as annual summer parties.

The Kalve Coffee team grew by 30% in 2021 compared to 2020. And we are also proud that the majority (25 of 35) of our amazing team members are female.



OUR PILLARS OF IMPACT



2.1.

Planet

As a company, we acknowledge our environmental footprint all throughout the product's life cycle and take responsibility along with proactive steps towards minimising the impact of our business activities.



MADE IN THE U.S.A.
SUN-DRIED
KALVE
WHITE COASTERS

NATURAL RECIPE
SCREEN 16 UP

2-2/0052
HOOKS

Certified
(B)
CertiFlour®

PLANET FROM THE PERSPECTIVE OF OUR SUPPLY CHAIN

A topic of high importance within the coffee industry is the matter of biodiversity and deforestation.

When we select our suppliers, we choose to work with those who have a comprehensive biodiversity policy in place, which includes aspects such as conservation of forests, native trees and fauna.

It is important for us to work with suppliers who are aware and considerate and include nature conservation as a part of their approach to coffee production.

Within the upcoming years, our goal is to reach high levels of quality assurance of both our and our supplier's impact.

PLANET IN MIND WITHIN OUR WORK & PRODUCTION FACILITIES IN LATVIA

Roasting coffee demands more than just raw materials. It takes energy, water and much more. Last year with moving to new facilities it was also important to be able to manufacture our products creating the least negative impact possible. In compliance with our goal of achieving carbon neutrality by 2028, our facilities play a big part in that.

We will continue our work towards high efficiency within each step of our manufacturing and aim to reach our set goal of carbon neutrality and later carbon insetting for all our operations.





KALVE Roastery in Jaunmarupe





ESPRESSO
PUPINAS

VALVE

chocolate bar

helisku
gummu,
es

PLANET IN MIND AMONGST OUR CUSTOMERS

We know how difficult and overwhelming it can be to understand and follow the topic of climate change. However, it is something important to be aware of. As a company, we take on the responsibility to initiate conversations and be proactive.

We use both our communication channels and others to inform and inspire people in the local communities to take action.

We continue to increase our efforts of communicating these topics on both our and earned channels.

2.2.

People

We as a company extend beyond the interest of our shareholders by taking into consideration anyone's voice who is impacted by our business. And by doing that we are hopefully contributing to building a more fair and just world.





PEOPLE ARE OUR SUPPLIERS

It is important for us to establish meaningful relationships throughout our supply chains. It is also important for us that those companies with whom we cooperate have long-standing, honest and consensus-oriented traders.

Thus, we have put in place practices, allowing us to screen our suppliers and select the ones whose values match ours.

Overall, we examine them based on their social performance, in order to assure we work with the one with the least impact. We are as well open to sharing our best practices, while also seeking inspiration from others.

Our goal for the upcoming years is to increase the number of our suppliers who offer job placements in the local economic context.

PEOPLE MAKE OUR ORGANISATION

We are dedicated to creating a work environment that stimulates personal and professional growth and provides an exciting career for all those involved.

We commit to creating a diverse and inclusive team, which represents various views, backgrounds and manners of thought.

Open-mindedness is a fundamental policy at Kalve Coffee, so we never discriminate on any basis.

We will continue growing our team with the highest employee satisfaction rate possible.





PEOPLE ARE OUR CUSTOMERS

Whether our B2B or B2C clients, we take care of you to the highest standards. We are guided by the belief that we can provide a product and service that will work as a foundation for a long working relationship, and we attend to our client's needs as if they were our own.

**Within the upcoming years,
we aim to create an external
advisory board, where our B2B
and B2C customers will also have
a representation.**

2.3.

Processes

Coffee production is resource demanding, long and complex process, which presents a fair share of potential shortcomings. We hold ourselves aware of that and work hard to change and increase the industry standards.



ZOOMING IN ON OUR SUPPLY CHAIN

Transparency being a highly important aspect within our responsibility journey, we make sure to seek the highest level of it for our full supply chain.

We work hard to make our processes, data and information transparent.

**We are as open as possible
in sharing both the know-how
and the craft.**

We are building an effective and efficient company, and we are aware that we are at the sole beginning of our path.

Currently we are working on mapping our suppliers and for the upcoming years we have set the goal of achieving 100% transparency of our full supply chain. Through knowledge-sharing, we will subsequently partner and collaborate with our suppliers on furthering their social & environmental responsibility.

OUR GOAL

100%

TRANSPARENCY OF OUR
FULL SUPPLY CHAIN UNTIL 2025*

*Currently, we have already reached 70% of this goal.



EXAMINING OF OUR LOCAL OPERATIONS

To ensure good and structured governance, we have developed a company responsibility structure – every member of the team knows exactly the processes they are responsible for, and to whom they should address their recommendations, concerns and feedback.

This creates healthy feedback-loops within our company, which allows for continuous and efficient growth and improvement.

We thrive on diversity, equality, responsiveness and ethical business practices.

We celebrate a diverse workforce and we provide everyone equal opportunities.

We continuously work to increase efficiency across all of the organisational aspects. Additionally, for the past year we have been working on finding scalable solutions of what can be done with the by-product of our coffee and closing the loop of our production, which we aim to achieve in the upcoming years.

PROVIDING HIGH QUALITY CUSTOMER EXPERIENCE

Quality of the delivered product is uncompromisable, thus, the best quality packaging is an important component of coffee.

We have invested a lot of resources to minimise the negative impact of our packaging. We started with identifying the main issue of coffee packaging - it being used for a short time and that resulting in unnecessary landfills. To counter this, we started with a deposit system for the local deliveries, refillable coffee tins for consumers and fully recyclable packaging for our B2B orders. As of now, we exclusively offer either refillable or recyclable packaging, and this element alone allows us to save resources.

We are working hard with industry collaborations, in order to further innovate and advance our Kalve Coffee packaging processes.

Additionally, our customers appreciate our responsive manner of cooperation and our suppliers enjoy a consensus-oriented way of communication. We strive to continuously be able to offer customers great quality products with an increased positive impact, while not compromising its price.



**Welcome along –
we're happy to
have you with us**





**on a path
of a highly
responsible
coffee concept!**

ABOUT THE COMPANY

We are “Kalve Coffee Roasters” – a speciality coffee roasting company that stays true to all involved parties in all that we do. Our core values are honesty, open-mindedness, an easy and quality-oriented approach as well as sustainability.

We strive to leave a positive impact in all that we do so that we can create a legacy that will span generations. We offer efficient coffee solutions for both B2C and B2B segments - we can cover this wide range by having a diverse coffee portfolio, equipment for both home and business, as well as an advanced and educated team to be able to make great things happen.

When Gatis and Raimonds decided on establishing a coffee company they started with values and only then came the name and product. We wanted to solve the issue of accessibility in the speciality coffee market - create coffee experiences that allow for a smooth transition from commercial to speciality, and on the other hand - offer a unique taste experience for those who already are immersed in the speciality coffee culture.

By dropping the conventional marketing approach of deciding on our target audience, we wanted to focus on having a range of coffees that everyone could enjoy. Coffee is such a wonderful and diverse product, so limiting it to a niche was not our aim - until this day and onward we want to be completely transparent, open and available to anyone and everyone who enjoys coffee, with strong values and top-notch customer service always being a priority.