

The Kokako logo is displayed in a white serif font on a white rectangular background. The word "Kokako" is written in a classic, slightly italicized serif typeface.

NEXT PAGE

KOKAKO ORGANIC
COFFEE

Released
October
2016

SUSTAINABILITY
REPORT



01

OUR
MANIFESTO

Operating responsibly is part of our DNA. We were the first solely organic coffee company in Auckland (established in 2001) and we've always tried to find innovative sustainable ways to package our products and ethically source ingredients.

The specialty coffee sector, like every other, is shaped by the challenges of the future: a growing population, a changing climate, and scarce resources. As a business we have an opportunity and a responsibility to respond to these challenges and seek a better way.

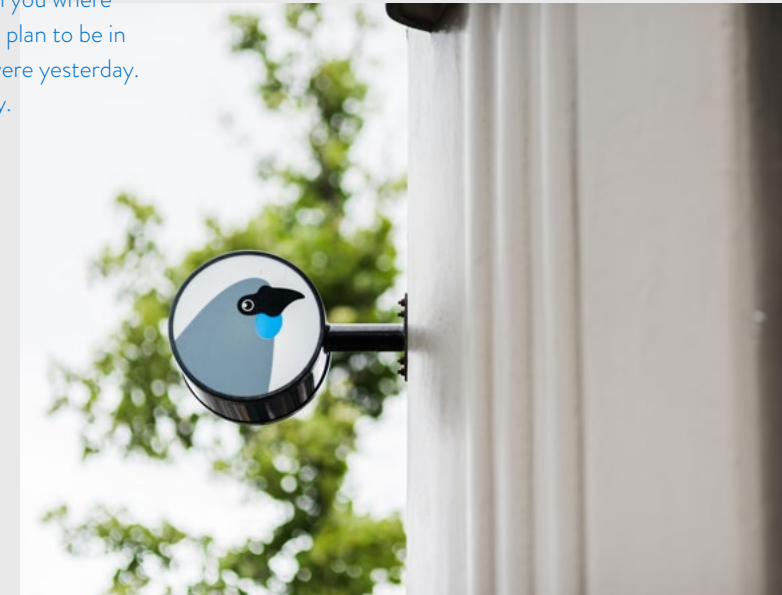
Our sector also faces some specific challenges: low coffee prices for growers, global warming impacts like droughts and diminishing soil fertility affecting productivity, income and working conditions. Together with our suppliers, collaborators and customers, we're doing our best to address these challenges.

This is what gets us up in the morning and seems to inspire people to want to join us. At Kokako we follow the Japanese principle of kaizen or 'continuous improvement'—this reflects our commitment to not following the status quo.

This report is our first. We recognise that it's near impossible to run a completely flawless business and our commitment to sustainability means we must be responsible in all 3 pillars of the concept—environmental, social and economic, we must run a financially sustainable enterprise. Here we recognise where we can improve and we share with you where we've been, where we are, and where we plan to be in the future. To be better today than we were yesterday. To be better tomorrow than we are today.

[Thanks for taking this journey with us.](#)

Mike Murphy
Managing Director
Kokako Organic Coffee Roasters



02

ABOUT
THIS
REPORT

We've put this report together for several reasons, but primarily because we think it's important to analyse our current systems, processes and procurement strategies to enable us to make improvements and run a better business.

Experience has taught us that incorporating sustainable practices into our business can have higher costs, but the medium to long term social, environmental and financial benefits can far outweigh these upfront costs. Fundamentally, this conscious business outlook has helped Kokako to foster innovation and a future-focused approach to the coffee business, that's exactly where we want to be—leading rather than following.

We haven't followed a rulebook for compiling this report. It's our first attempt at what will become an annual report, and since the coffee industry is unique we have adopted our own format and methodology based on facts about our business and several case studies. The facts are designed to give readers an overview of all the components of our business, and the case studies are more in-depth to allow you to dig deeper if you'd like to.

If you're reading this as another coffee company owner or senior manager feel free to hit us up for information if you'd like to incorporate something we're doing into your business. We'd love it if some of our proven systems were adopted by others in the industry; collectively we can provide a robust stewardship for incorporating sustainability into the coffee category.

If you think we've missed something we'd like to know too—we will do our best to incorporate more into our 2017 report. Pop us an email to beancounter@kokako.co.nz

The report is intended to be read online—there is no need to print it out as it includes hyper-linked case studies that work best on your screen.

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03

FAIRTRADE
CERTIFIED

Kokako coffee, cold brew and drinking chocolate are all Fairtrade certified. The Fairtrade Mark is more than a mark, it is a third-party certification proving that what we sell meet social, environmental and economic standards.

“Fairtrade advocates for better working conditions and improved terms of trade for farmers and workers in developing countries.”

We chose to adopt the Fairtrade Mark in 2010. We recognise that there are other ethical certifications schemes available and alternative ways for coffee companies to outline their procurement strategies (this includes direct trade relationships).

No system is perfect, but we did our research and concluded that by adopting the Fairtrade Mark our customers could rest assured that the coffee, cocoa and cane sugar we purchase meets ethical and environmental standards. Further to this, we have travelled to origin to check and verify that the Fairtrade system is effective.

We don't want to compare the Fairtrade system against others, or against other coffee companies procurement strategies. Fairtrade works for Kokako, and we'd love to see other Specialty Coffee companies purchasing more

Fairtrade certified coffee as we've seen the positive results ourselves on the ground. We have high internal quality standards, and over time have proven that you can run a 100% Fairtrade certified coffee business that meets the expectations of the specialty coffee community.

What Fairtrade means

“Fairtrade advocates for improved terms of trade, better working conditions and the empowerment of farmers and workers in developing countries.”

How it works

Fairtrade is not just about equity in a financial sense. It also promotes quality, best practice systems, organisational structure, social and environmental sustainability and a sense of empowerment for producers. It is commonly referred to at origin as a 'development tool' for coffee communities.

The market price of all globally traded green coffee is directly linked to the New York stock exchange. Therefore coffee pricing can vary widely depending on numerous external factors. The 'Fairtrade minimum price' ensures that when coffee prices drop there is a mechanism to ensure farmers continue to receive a fair price per kilo for their coffee.

As well as this, farmers receive a “Fairtrade Premium” and a price premium for organic coffee. The Fairtrade Premium is allocated to the coffee cooperatives which are chaired by a democratically elected committee. The members of the cooperative jointly decide on the allocation of Fairtrade premium spending to ensure that funds are allocated to projects which will either improve the quality of the coffee produced (by purchasing items such as coffee pulpers) or for community projects such as access to clean drinking water or the building of new schools.

Being Fairtrade certified ensures the ongoing integrity of Fairtrade certified supply chains. Fairtrade also supports coffee cooperatives to build strong businesses and farmer organisations. They provide training in remote producing communities on the importance of Fairtrade, and on best practices for good governance, environmental sustainability, gender equality, and child protection. They also provide technical support around plant husbandry, organic protocols, and improving quality and productivity.

03 FAIRTRADE



New school in Okapa, Eastern Highlands, PNG built with funds from Fairtrade Coffee Premiums.

AN ENTREPRENEURIAL TOOL FOR POSITIVE CHANGE

“Kokako has been exemplary in its commitment to Fairtrade since it started sourcing Fairtrade Coffee in 2010. The Kokako team has contributed significantly to Fairtrade in the region, going above and beyond what is required by Fairtrade standards; this is especially evident in their relationship with their coffee growing partners, the Highlands Organic Agricultural Cooperative in Papua New Guinea. They have hosted farmers at events in NZ and visited origin on a number of occasions—providing coffee equipment, training and sharing their coffee expertise with farmers. We look forward to another 10 years with Kokako as we work together to innovate new projects to help empower farmers to deepen our impact together.”

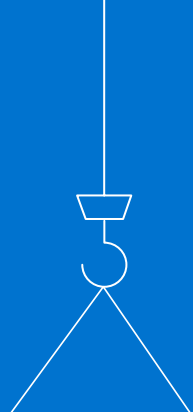
Pravin Sawmy, Business Development Manager, Fairtrade ANZ.

Kokako is proud to be a key partner and licensee of Fairtrade ANZ (Fairtrade Australia and New Zealand). We focus on working with coffee growers, brokers and Fairtrade to buy high-grade specialty coffee, while championing quality, ethical procurement and organics.

We work particularly closely with HOAC to create positive change for the cooperative’s growers and their families, actively engaging with and educating them on best practice techniques and our coffee market. Further Reading [here](#) and [here](#)




Road access improvements at HOAC, Eastern Highlands, PNG.



Kokako roasts **over 60 tonnes** of Fairtrade Organic coffee per annum

WHAT DOES THIS MEAN FOR KOKAKO COFFEE GROWERS?
Fairtrade Premium—NZ \$36,445 P/A enough to:



79% of Kiwis recognise the Fairtrade Mark



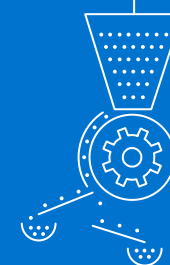
Build 2 schools

OR



Buy 60,000 coffee seedlings to improve productivity

OR



Purchase 89 coffee pulpers to improve quality

04

CERTIFIED
ORGANIC

Our coffee, cold brew and drinking chocolate are all certified organic through Biogro New Zealand. Biogro New Zealand is a third-party verification proving that what we sell meets ethical and environmental standards. A number of our flagship café suppliers are also certified organic through Biogro or other programmes such as Asurequality. You can read more about our suppliers in the [Our Place](#) section.

What this means

As a pioneer in Organic Coffee since 2001 our aim is to promote the main-streaming of high quality organic coffee. This is reinforced by our belief that the products we consume should be natural, good for us, and promote and protect the integrity of the environment in which they are grown.

The BioGro logo guarantees that a product is made without animal testing, genetic modification and the routine use of synthetic pesticides. It is the mark of a genuine organic product. The BioGro logo is the most recognised organic logo amongst New Zealanders.



05

WORKING TOWARDS BEING CLIMATE NEUTRAL

Climate change and increasing global temperatures are huge threats to the long term sustainability of many of the world’s coffee plantations. This is a complex issue and requires proactive action in consuming nations and their businesses to have any positive impact on the producing nations.

As a coffee company we are extremely conscious of this issue and our responsibility to mitigate the effects of climate change

This is now a topic regularly reported on by the Specialty Coffee Community and requires a collaborative solution across the whole supply chain.

Fairtrade has recently commissioned the Climate Institute to complete a report into the impact climate change is having on coffee. The research should make everyone sit up and take notice—the full report can be read [here](#).

As a coffee company we are extremely conscious of this issue and our responsibility to mitigate the effects of climate change. The impact of climate change on coffee growers was driven home in our trips to Papua New Guinea in 2013 and 2015 where we met with representatives of the Board of the CIC (Coffee Industry Corporation of PNG).



Coffee Farmers from HOAC sun-dry their coffee before presenting it to the Kokako team for quality control evaluation and cupping, August 2015

An example of a well constructed road in Purosa, Okapa, Eastern Highlands in PNG. Many roads in PNG are degraded and washed out which causes delays for farmers in getting their coffee to processing warehouses in Goroka.

CLIMATE CHANGE IN PAPUA NEW GUINEA

IT'S REAL



Kokako sources a considerable amount of coffee from PNG—50% of our main blend, Aotea, comes from the Highlands Organic Agriculture Cooperative in the Eastern Highlands.

The majority of coffee found in Papua New Guinea grows naturally—it is one of the few places in the world where coffee grows freely and easily. One third of the PNG population depends on coffee for their income and 80% of this is produced by small-holder farmers. Small-holder farmers can be defined as those marginal and sub-marginal farm households that own and/or cultivate small plots of land. Kokako only buys from Fairtrade cooperatives, where small-holder farmers have the opportunity to be a part of the governance of the Fairtrade system and sell their coffee as part of the cooperative. The alternative to a Fairtrade or cooperative model is less desirable for the small-holder farmer and can involve selling their coffee independently to local traders who don't guarantee a minimum price per pound. On our visit to Papua New Guinea in 2013 the government administered CIC (Coffee Industry Corporation) climate scientist briefed us on the impact climate change is having on coffee farmers in PNG.

We were told that traditionally the climate was more regular with hot and cold seasons. Over the last 5 years these seasons have become more and more erratic resulting in inconsistent flowering patterns on coffee trees. An example was provided in that in 1998 coffee grown at an altitude of 2200 meters had never flowered—due to an increase in annual temperatures it now does.

This changes the seasonal picking times for ripe coffee cherries, and increases in concentrations of rainfall in some parts of PNG have led to erosion—this is often best evidenced by the instability of roads in and out of coffee growing regions in the eastern highlands. This makes it even more difficult to get coffee out of the villages and down to coffee exporting facilities (like those in Goroka)—interrupting or delaying the channel to market for HOAC and several other cooperatives.

On our return trip to the Eastern Highlands of PNG in August 2015 the affects of climate change were further exacerbated. We saw as we flew into Goroka that the landscape had changed dramatically in the two years since our last visit—instead of lush green landscapes we witnessed a landscape in the midst of a severe drought that was more representative of outback Australia.

Our first-hand experience of the effects of climate change on coffee producers made us look for a suitable analysis tool to understand the carbon produced at origin all the way through the supply chain to the consumer. We wanted to use a tool that accurately captured this data relative to the coffee industry rather than a tool that was more generic.

Through our relationship and certification with Fairtrade ANZ we have been able to use their new tool to calculate the carbon footprint of our coffee throughout its lifecycle from farm to shelf. Kokako is one of the first New Zealand based coffee companies to use the new tool in the Australasian market. It has been a comprehensive and iterative process liaising with representatives from Fairtrade in New Zealand, Australia and the Netherlands in order to adapt the tool for New Zealand.

Aside from being able to track the amount of carbon produced in the production of Kokako coffee, we hope that other roasters will see the benefits in adopting this for their own businesses and start a wider conversation in our industry as to how we can mitigate the effects of climate change. Our commitment, now that we understand our coffee supply chain carbon footprint, is to become accredited with the Fairtrade Climate Neutral Coffee programme.

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UNDERSTANDING THE INPUTS—HOW THE CARBON CALCULATOR TOOL WORKS

How are emissions in the coffee chain measured?

Coffee supply chain emissions are calculated using Fairtrade’s tool that was commissioned by Fairtrade Netherlands for the Fairtrade system. The tool was developed by leading energy consultancy, Ecofys, and is based on methodology that meets the highest international CO₂e accounting standards. Fairtrade ANZ has supported Kokako through this process and the calculations and the compilation of relevant data for the tool.

What does CO₂e mean?

CO₂ is the gas carbon dioxide. This is a major component of greenhouse gases. When we talk about CO₂e we include all four greenhouse gases (carbon, methane, nitrous oxides, and fluorinated gases), which have been converted to their equivalent global warming potential as CO₂. So the ‘e’ in fact stands for equivalent.

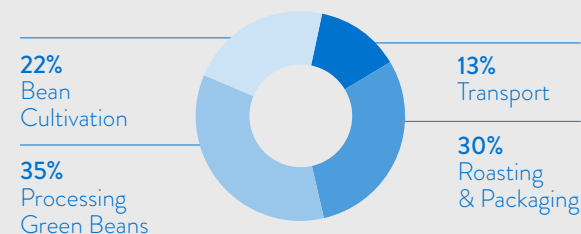
How did we calculate everything?

Over the last 3 months we have compiled data from two periods—the full calendar year for 2015 and the first 6 months of 2016. The data collected has been used to calculate the CO₂ equivalent of carbon produced for every kilogram of Kokako Organic Coffee produced .

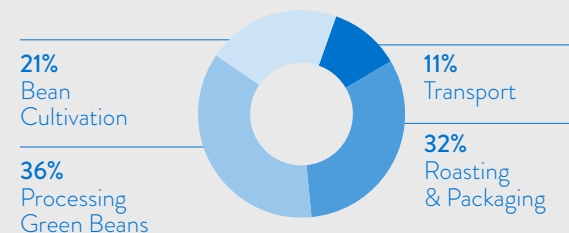
The tool enables us to calculate the carbon footprint of our Fairtrade Organic certified coffee. A Carbon Footprint represents all greenhouse gas emissions along the life cycle of a product, from the raw ingredients through to production, use and disposal. The tool illustrates the carbon footprint from farm to shelf as outlined in the illustration on the next page.

Kokako has been able to provide a range of data inputs from our own activities, which includes the specific coffee origins we buy from, the gas and electricity used in our production facilities, packaging materials (excluding compostable cups and lids), and the average distance we travel to supply our customers.

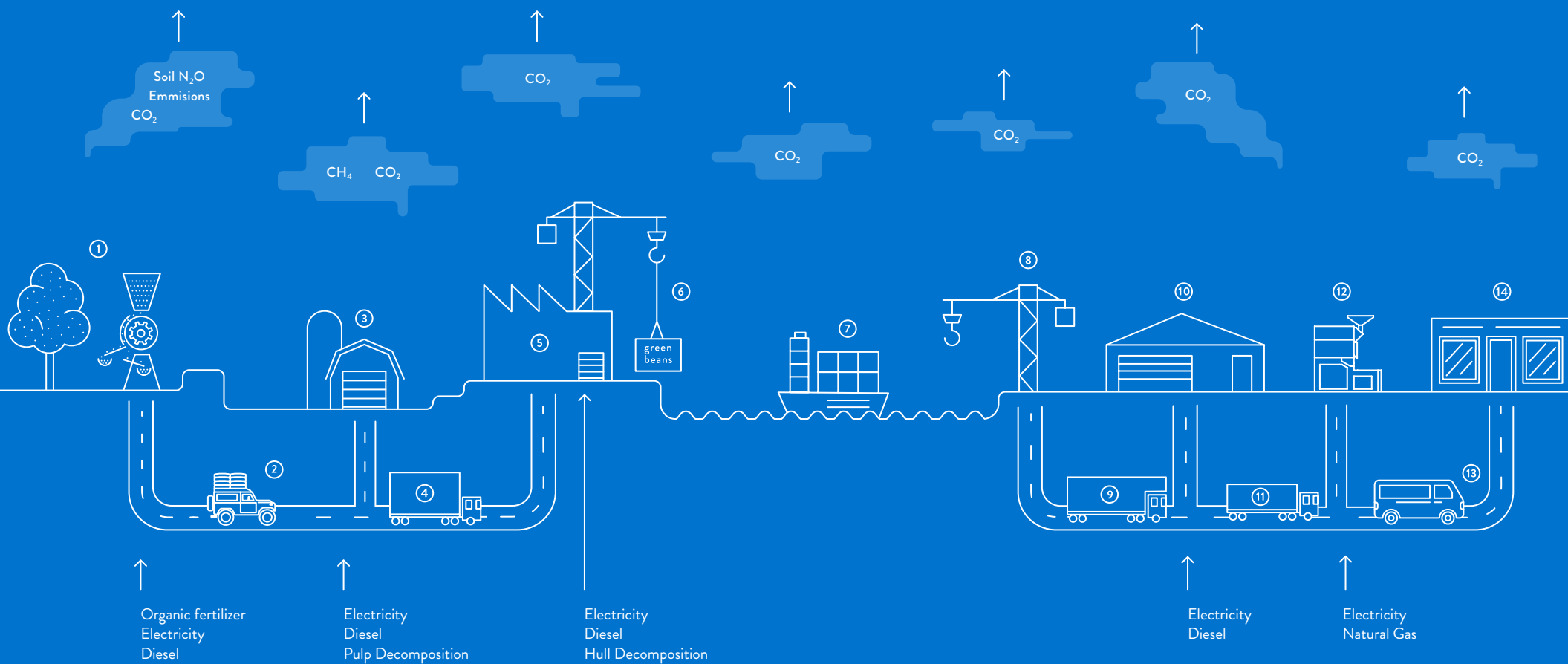
Total Emissions 105 tonCO₂eq in full year 2015



Total Emissions 62 tonCO₂eq first 6 months 2016



- ① Coffee farm cultivation & harvesting
- ② Transport to cooperative
- ③ Cooperative removing pulp, fermentation & drying
- ④ Transport to processing plant
- ⑤ Processing plant hulling, cleaning grading, & making export ready
- ⑥ Harbour country of origin
- ⑦ Transport by sea
- ⑧ Harbour import
- ⑨ Transport
- ⑩ Coffee broker /importer, storage & cupping
- ⑪ Transport truck
- ⑫ Kokako Roastery grinding, roasting, packing
- ⑬ Transport, Kokako hiace or courier van
- ⑭ Café or retailer



06

Kokako only works with coffee farmers who grow organically. We see the role of organic small holder farmers and land their land use management as pivotal in mitigating some of the climate change challenges. So our aim is to, where possible, offset some emissions produced in the transportation and distribution stages by continuing to only support organic coffee farms at the [growing stage](#).

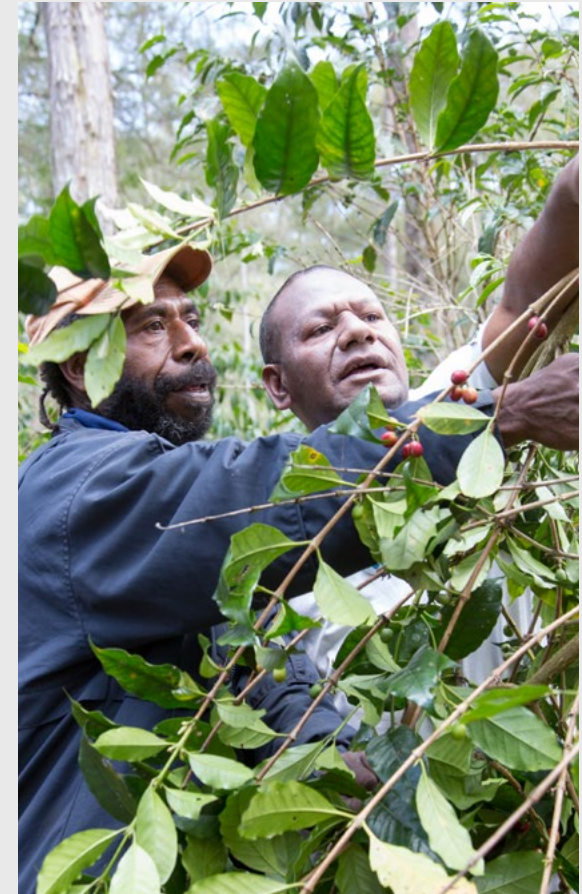
[We see an increased role for organics in the future of the worlds agricultural outputs](#) through the promotion of regenerative soil management.

Coffee has to travel much further to reach New Zealand's coffee roasters, hence the carbon equivalent per kilogram produced is increased. We don't have access to data from comparable New Zealand based coffee roasters (Fairtrade Organic or conventional), so we can't benchmark ourselves against any local companies. We hope to be able to do this in future as other NZ based coffee companies evaluate their own carbon footprint.

We have reviewed the Ministry for the Environment (MFE) 2015 report on New Zealand's Greenhouse Gas emissions as we have been seeking to determine where Kokako sits relative to other industry sectors in New Zealand. In 2013 New Zealand's net emissions were 54.2 million metric tonnes of CO₂e, as outlined in [this industry report](#)

Based on our 2015 Carbon results obtained from the Fairtrade Carbon Calculator, Kokako counts for 0.00018% of New Zealand's carbon emissions, but it should be noted that this includes the carbon produced through the whole supply chain including at our coffee origins. We recognise that our business contributes to a small percentage of New Zealand's emissions but we take our responsibility to the environment seriously. We now understand what our footprint looks like and are committed to reducing emissions where we can and offsetting emissions where we can't.

Eliza from HOAC (left) discusses coffee cherry quality with local Fairtrade Liaison Officer Gabriel Iso in PNG.



06

Now we understand our Carbon Footprint, what are we going to do about it?

Apart from understanding more about our supply chain and how we can run a more efficient business, we now clearly understand that for every kilogram of coffee we produce, 2.5kg of carbon is produced. We want to act on this finding to ensure all emissions associated with our coffee are reduced and neutralised, we'll do this by investing in carbon mitigation projects at our coffee producing origins. We intend to purchase Fairtrade Carbon Credits to work towards Kokako's coffee production becoming Climate Neutral. The process is outlined below and in this short [Youtube clip](#) compiled by Fairtrade ANZ.

What is Fairtrade Climate Neutral Coffee?

Growing, processing, transporting and roasting coffee uses energy and produces greenhouse gas emissions, causing damage to the environment and contributing to climate change. Fairtrade Climate Neutral Coffee is coffee that has had the emissions from its production reduced and offset, meaning the production's harmful effect on the environment is lessened.

How does coffee become Climate Neutral?

First, steps are taken to reduce the emissions generated in the supply chain, from the four greenhouse gases (carbon, methane, nitrous oxides, and fluorinated gases). Then the remaining emissions are offset through the purchasing of Fairtrade Carbon Credits. When emissions throughout the coffee supply chain are offset and/or reduced to zero, the coffee is said to be Climate Neutral.

What is different about Fairtrade Climate Neutral Coffee?

Fairtrade Climate Neutral Coffee is unique because it is facilitated by the Fairtrade system we are already a part of, therefore the carbon credits used to offset the unavoidable emissions our coffee production is responsible for are Fairtrade certified too. The Fairtrade Carbon Credits are generated by Fairtrade certified coffee farmers through carbon credit projects – these projects enable the farmers to contribute to climate change mitigation whilst being supported in their adaptation to rising temperatures.



How were Fairtrade Carbon Credits developed?

Fairtrade International worked with the Gold Standard on the development and launch of the Fairtrade Climate Standard as a way to support small-holder farmers and rural communities to produce and trade Fairtrade Carbon Credits, gaining access to the carbon market.

This means that Fairtrade farmers can not only benefit from the sale of their products such as coffee and cocoa, but also from projects that generate Fairtrade Carbon Credits, helping the farmers secure much needed additional income.

What is Gold Standard?

Gold Standard is an organisation specialising in climate security and sustainable development. They work to maximise the impact of climate and development interventions by creating robust standards that lead to responsible management of the planet's resources and life-changing benefits to communities around the world.

06

Where do our Fairtrade carbon credits come from?

Our Fairtrade Carbon Credits come from a Fairtrade climate project in the Ghimbi region of Ethiopia. The project is located within the Oromia Fairtrade Coffee Cooperative. The community is paid a fair price for the Carbon Credits they earn working to reduce their emissions. Kokako already sources a proportion of coffee from the Oromia region of Ethiopia, we choose to purchase our carbon credits from this region to further support the farmers there. We are also working with Fairtrade ANZ to investigate how we may be able to develop climate projects to generate Fairtrade Carbon Credits for Fairtrade farmers in Papua New Guinea too.

How do Ethiopian coffee farmers acquire carbon credits they can sell?

Ethiopian coffee farmers can acquire credits by replacing traditional three-stone open wood fires with energy efficient stoves. By doing so the farmers in the Ghimbi area are reducing the amount of wood they use for cooking and thus CO₂e in the air.

Why was the project established?

Ethiopian households use firewood for cooking which is a major cause of deforestation in their country. By replacing open fires with efficient stoves households need only half the amount of firewood. Moreover,

the coffee farmers can use their land more efficiently by saving the shade trees that are crucial to coffee cultivation. Forest management and the prevention of felling also contributes to the fight against global climate change. With more energy efficient stoves, women spend less time gathering firewood and can prepare meals faster, meaning they have more time for their families and other work. These stoves also produce less smoke so families benefit from cleaner air, preventing previously common headaches and eye irritations. In these ways this project helps coffee farmers improve their yield and livelihood. A cottage industry involving a local women's groups has also been created to make and distribute the new energy efficient stoves.

How many people benefit from this project?

Approximately 20,000 households are involved and positively affected by this project.

How is the project run?

This project is overseen and facilitated by FairClimateFund, an independent carbon credit organisation. The project is implemented with the help of Fairtrade coffee cooperative Oromia, Fairtrade International and Gold Standard.



07 OUR COMMITMENT TO BECOMING CARBON NEUTRAL

So this is serious—we need to act and show some leadership in the hope others will follow. We want to protect and respect the people who grow our coffee, we want to ensure that our business has longevity and shows a high degree of corporate responsibility, and we want to mitigate the negative impacts of climate change and actively drive us toward achieving the [Sustainable Development Goals \(SDGs\)](#).



Kokako MD Mike Murphy and QC Manager Hannah Cho inspect coffee cherry quality with HOAC Farmer Eliza.

OUR TIMELINE

October 2016

Kokako sign the Fairtrade Carbon Neutral Certification agreement.

Late October 2016

Kokako will forecast our carbon emissions for the trading year from July 2016 to June 2017.

November 2016

We provide a commitment to purchase Fairtrade Carbon Credits, where one carbon credit will equal one tonne of CO₂ equivalent.

Late November 2016

All Kokako coffee will be certified Fairtrade Climate Neutral. This will be audited and monitored by Fairtrade ANZ.

08

THE COOPERATIVES
WE SOURCE FROM

Our core input is green coffee beans and our core output is roasted coffee.

So these are the areas where we can have the greatest impact.



From our origin visits we have seen first-hand the benefits of growing coffee organically

'Model gardens' within coffee villages showcase best-practice techniques for planting and maintaining coffee trees

Organic nurseries grow diverse coffee plant varieties to allow replanting of older coffee plantations. There are 86,000 seedlings at the Purosa Nursery in the Eastern Highlands of HOAC (Highlands Organic Agriculture Cooperative)

Red cherry skins removed during the pulping process are composted and used to feed new trees

Planting food crops around the base of coffee trees has a double benefit—providing food for farmers (eg. peanuts plants and banana trees) and acting as natural weed barriers



Coffee Cherry Pulp which is composted and used as fertilizer.

Coffee Nursery in Purosa, Eastern Highlands, PNG.

Choosing to source, roast and serve Fairtrade organic coffee enables us to promote Sustainable Development in the coffee supply chain. The Brundtland Report defines Sustainable Development as: 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs.'

This encompasses economic development, social development and environmental protection. Within the coffee sector, equitable prices should be paid, production should improve farmers' communities all while minimising impact on ecosystems and wildlife.

We buy our coffee through two major importing partners—John Burton Limited (JBL) and Trade Aid (TA). Brokers allow us access to coffees that we may not otherwise be able to access on our own. They also provide valuable expertise in global trading, logistics, tasting notes and most importantly the opportunity to evaluate and taste individual coffees prior to committing to large volumes.

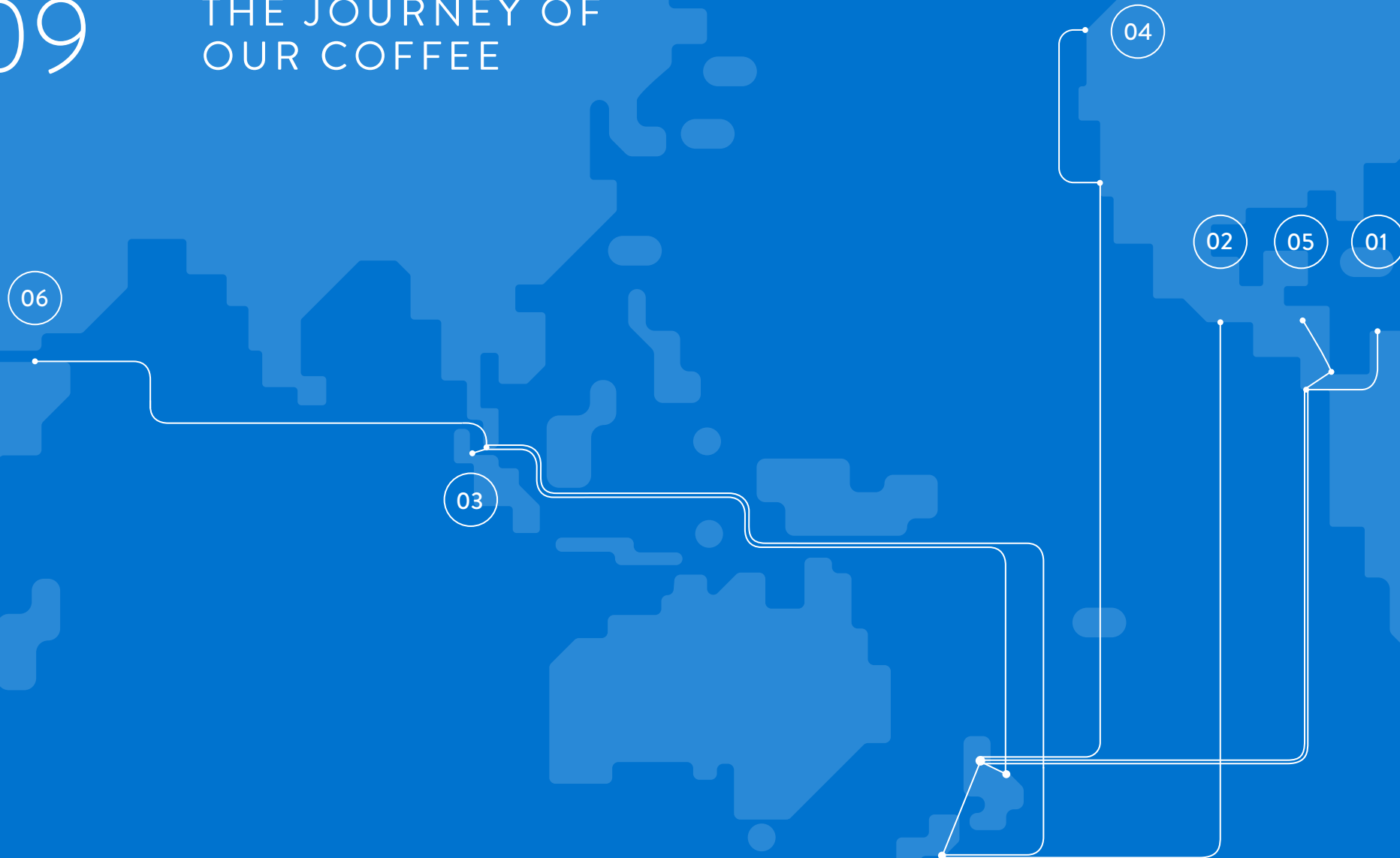
So that you understand the journey of our coffee and where we source from over the next few pages we outline some of the origins and cooperatives we source from.



Daniel Kinne, Chairman,
Highlands Organic
Agriculture Cooperative,
Eastern Highlands, PNG

09

THE JOURNEY OF OUR COFFEE



01

ASOANEI Organic Coffee Cooperative

Sourced through
John Burton Limited

Sierra Nevada de Santa Marta and the Serrania del Perija regions, Colombia

Altitude
1400–1800 metres above sea level

Founded in 1996, ASOANEI is an organic farming programme that preserves indigenous cultures in northeastern Colombia. More than 600 indigenous families make up the cooperative, belonging to four distinct ethnic groups: the Arhuacos, Koguis, Wiwas, and Kankuamos, as well as small-scale farmers who share a holistic view of the natural environment and value sustainable agriculture. Through the care of natural resources, ASOANEI seeks to improve livelihood of its communities whilst upholding ancestral values.

Members
600 (less than 6ha each)

Its journey
Cartagena, Colombia
> Balboa Port Terminal, Panama
> Auckland, NZ

The co-op’s strategic plan incorporates social, environmental, and cultural initiatives, improving food security, education, and infrastructure. They strive to protect the traditional values of indigenous communities by purchasing land for the Mamos (traditional indigenous authorities) and by reconstructing ceremonial sites for ancestral cultural practices.

Shipping time
21 to 28 days

A commitment to maintaining the harmony between humans and nature has led them to develop many environmental protection initiatives, including soil recovery, integrated solid waste management and wildlife preservation.

02

Asobagri

Sourced through
Trade Aid NZ

Asociacion Barillense De Agricultores Huehuetenango Region, Guatemala

Altitude
1200 and 1600m

ASOBAGRI was founded in 1989 by 20 K’Anjob’Al Mayan coffee and cardamom farmers, to improve social and economic conditions during a time of violence and financial destitution when many small-scale farmers were abandoning their land. The cooperative is incredibly diverse, representing 67 different Mayan communities. The cooperative members grow high-quality, shade-grown coffee using organic compost. A high percentage of the cooperative’s landowners are women who produce and process their own coffee. They make up a branch of the cooperative called “Café con Manos de Mujer” (“Coffee from women’s hands”). Café con Manos de Mujer helps these women generate income to supplement their household and make it easier to look after their dependents.

Members
1100+ certified organic,
200+ transitioning to organic

Its journey
Barillas, Guatemala
> Puerto Quetzal, Guatemala
> Christchurch, NZ
> (truck) Auckland, NZ

Shipping time
Approx 45 days

ASOBAGRI’s members decided to invest their Fairtrade Premium in scholarships, in 2013, a total of 82 women and 175 men were able to get grants for education. The co-op also operate an emergency fund the supports members through natural disasters including extreme weather conditions and road landslides.

“A tree fell over my house and destroyed it completely. ASOBAGRI supported me with funds and I was able to reconstruct my house. This type of support encourages us to work in coffee and with ASOBAGRI.” Tomas Mateo, ASOBAGRI member

Today the co-op is Fairtrade Certified, Organic, Café Feminino and Bird Friendly.

03

KSU Arinagata**Sourced through**

John Burton Limited

Members

1,600

Founded

2006

It's journeyBelawan, North Sumatra,
Indonesia

- > Singapore
- > Tauranga, NZ
- > (Rail) Auckland, NZ

Shipping time

Approx 30 days

Koperasi Serba Usaha Arinagata Gayo Mountains, Aceh, Sumatra

Koperasi Serba Usaha "Arinagata" (KSU Arinagata) is an Indonesian coffee-producing cooperative that was established in 2006 with 800 small-scale farmer founding members. These farmers banded together after unsatisfactory sales with other co-ops. KSU Arinagata became certified organic in 2007, gained Fairtrade certification in 2008, and had its first exports by early 2009.

The recent increase in demand for coffee from the Gayo Mountains has invigorated business in the area and the cooperative has used their Fairtrade and Organic premiums to invest in community needs such as common washing areas. Additionally, the co-op has also used funds to help farming families to hire labourers rather than employ their children, so they can attend school.

04

Cascadia Swiss Water Decaf Blend FTO**Sourced through**

Ethically-sourced,
Fairtrade certified organic
coffees from the world's
finests growing regions.

It's journey

From various co-ops
> Vancouver, Canada
> Long Beach, California
> Auckland, NZ

Shipping schedule

37 days

Kokako uses Fairtrade Organic Cascadia Swiss Water decaf blend. Swiss Water is a patented process for removing caffeine from coffee and this is done in a state of the art facility in Canada. The Swiss Water process is consciously chemical free which means that Methylene Chloride and Ethyl Acetate are kept out of their facility and away from your coffee. If you'd like to know more about the process please visit [here](#).

05

COMSA Cafe Organico Marcala, S.A

Sourced through
Trade Aid

Marcala region, Western Honduras

Members
850

Café Orgânico Marcala, S.A. (COMSA) is an association of over 850 coffee farmers in the Marcala region of La Paz, Honduras. It was founded in 2001 with just 49 farmers and 7,000 lempiras of capital (around \$400NZD). At that time conventional (chemical) practise to grow crops were common in the region – one of the primary objectives of COMSA from day one was to seek new ways of production, moving away from conventional to organic practises. The vast majority of COMSA’s farmers have ancient Lenca indigenous roots and through this organic transformation the group have revived their peoples traditional agricultural practises.

Altitude
1200–1700 m

Today, in order to assure the best quality control, COMSA now manages their own wet and dry processing plants. Their sophisticated organic production systems mean they are now considered leaders in organic agriculture in Central America and dedicate time to training and educating other organic producer co-ops throughout the region.

It’s journey
Puerto Cortes
Terminal, Honduras
> Manzanillo Terminal, Panama
> Balboa Port
Terminal, Panama
> Auckland, NZ
> Christchurch, NZ
> Auckland NZ (truck)

Shipping time
33 days

06

Co-op Oromia Coffee Farmers Cooperative Union

Sourced through
Trade Aid

Sidamo Provence, Southern Ethiopia

Members
357

The OCFCU is a small-hold farmer owned co-operative established in 1999 in Southern Ethiopia. The unions main objective was to bypass many on of the middlemen that populate the international coffee trade, sorting, processing and exporting their own beans. The Oromia Union now export traceable, Fairtrade certified, organic and Rain Forest Alliance certified coffee. The Fairtrade premium and price of their coffee supports 365 different projects in the region - from new schools and medical clinics to clean water and new bridges.

Altitude
1700-1900m

It’s journey
Djibouti, Ethiopia
> Singapore
> Christchurch, NZ
> Auckland, NZ (truck)

Ethiopia is a very diverse country with more than 80 different ethnic groups who are fiercely and proudly tribal. For many years the Guji Oromo people have been forced, by the Ethiopian governments’ naming regulations, to sell their coffee under the name Sidamo – a large coffee growing region where the dominate tribe is the Sidama people. The Oromia Union farmers wanted their coffee to carry their own tribes name and for many years have petitioned the government to allow them to sell it as Guji. Finally they’ve succeeded. In the Guji Oromo farms are unique in the Sidamo region because the main rains finish only a few weeks before the coffee is ripe, so when the first fruit ripens it is still full and juicy.

Shipping time
38 –43 days

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IMPORTING
& SHIPPING

To source our green beans, we work closely with our coffee importing partners, based in Auckland and Christchurch.

Each container is shipped as full as possible: 19,200kg, packed as 275 x 69–70kg sacks, or 320 x 60kg sacks. Some ships dock at the port of Tauranga and come by rail to Auckland, while others dock at the Lyttleton port in Christchurch and come to Auckland by road. The rest dock directly into Auckland.

Empty jute (a natural plant fibre) sacks are donated to Auckland zoo where they are reused and then biodegrade. For longer journeys, multi-layered polyethylene (PE) Grain-pro bags made to prolong the storage life of dried grains and seeds, are needed to keep the coffee dry and fresh during transit and storage. These are recyclable and are collected by Rubbish Direct for re-use.

Wooden pallets are picked up and returned to the warehouse at John Burton to be reused. Pallet wrapping is placed with grain-pro plastic in specific receptacles for recycling.

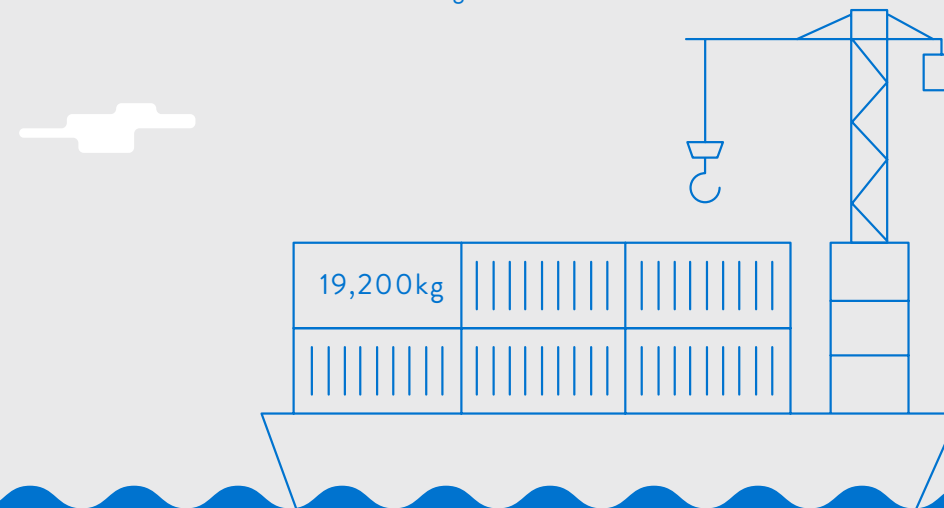
**Each container is shipped
as full as possible**

19,200kg packed as

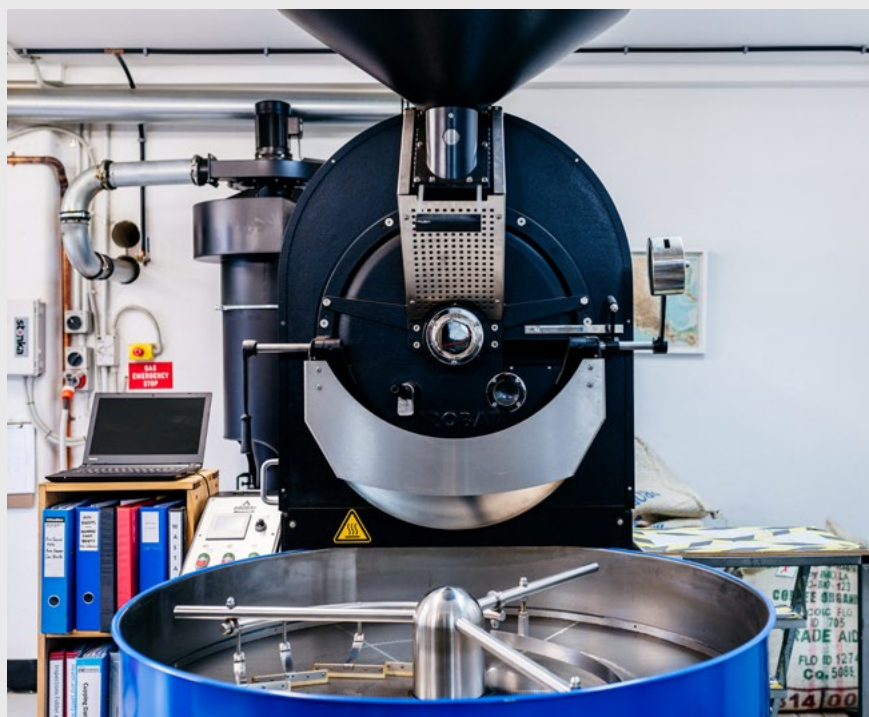
275 x 69–70kg sacks

or

320 x 60kg sacks



11 ROASTING

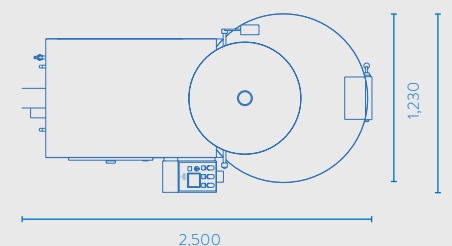
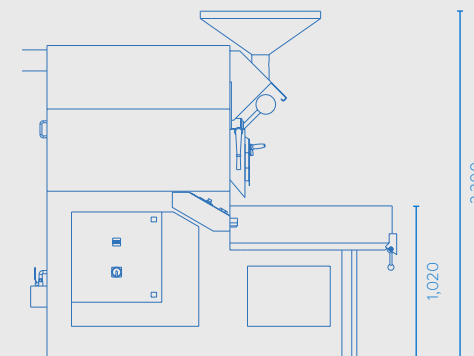


↑
MEET
GUNTHER

Our 25kg Probat Roaster (called Gunther) is one of the most important pieces of equipment that we own. It was chosen for longevity, durability and consistency of roast profile.

The roasting process uses one main input—natural gas. Natural gas is the second cleanest energy source for New Zealand after renewable energy. It contributes to sustainable energy development by providing reliable security of supply.

Connected to our coffee roaster is an afterburner which is also powered by natural gas. The job of the afterburner is to burn off the smoke and chaff created from the roasting process. It is set at a higher temperature than the roaster and typically operates at 350 to 400 degrees celcius.



System Voltage (three-phase)	400 V/50 Hz	
	230 V/60 Hz	
	others on request	
Consumption Per Selected Heating Type (at nominal output)	Natural gas	<1.38 M ³ /batch
	Propane gas	<1.07 Kg/batch
	Electricity	—

Power Consumption Of Motors	< 0.7 kwh/batch
Length	2,500 mm
Width	1,280 mm
Height	2,300 mm
Min. Ceiling Height	3,000 mm
Weight	930 kg

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PACKAGING

Econic® has 97% compostable components

Sustainable Packaging is packaging that is made from reused or renewable resources. It should be produced in the most energy efficient and environmentally friendly ways currently possible, and able to be composted or recycled after use.

Compostable packaging is any packaging made entirely from plant based materials that composts into carbon, nitrogen, water and other organic material within a specific amount of time.

What's so great about using renewable resources?

By using plants to package our products we are capitalizing on nature's natural cycle of growth and decay. Every living thing grows, dies, decays, then grows again. Furthermore plants photosynthesise as they grow. This means they take carbon out of the air (in the form of CO₂) and release oxygen. The contrast to this is fossil fuel use which bring carbon from out of the ground and emit it into the atmosphere causing CO₂ levels to rise.

Econic Packaging

Our coffee and drinking chocolate are packaged in Econic packaging. Econic® provides the same functionality as traditional fossil fuel-based films with the added advantage of being compostable. Econic® packaging is made from 3 compostable films that are laminated together to lock in the freshness, taste and flavour of our coffee and drinking chocolate. The films used to make Econic® are derived from sustainably-produced wood pulp and GM-free corn sources. Each film has been internationally certified to the European and American compostability standards (EN 13432 and ASTM6400).

According to in-house testing by the manufacturer, Econic® has 97% compostable components, which is within the EN 13432 guidelines. At the time of testing, the non-compostable components were printing inks and adhesives. Econic® bags are compostable when disposed of in a composting environment containing heat, water, oxygen, soil and micro-organisms.

See Econic bags break down in compost.



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Innocent Packaging

Our custom printed takeaway cups are sourced from Innocent Packaging—they are compostable, including their lids. Their products are certified by the American and European standards.



How long does the packaging take to compost?

We recommend 12 weeks in a commercial compost environment. For compost to be classed organic and to kill off pathogens it needs to be at a temperature of 60 degrees for 21 days. The speed of the composting process depends on what the product is (e.g. wheat straw composts much quicker than Poly Lactic Acid) and the quality, size and average temperature of the composting site. Composting is all about creating the best environment possible for naturally occurring microorganisms to do what they have been doing since the beginning of time. For more information on optimal composting conditions [follow this link](#). For more info on the phases of composting and time frames [follow this link](#).

To give you an indication of composting time the European composting certification standards require that “the packaging sample is mixed with organic waste and maintained under test scale composting conditions for 12 weeks after which time no more than 10% of material fragments are allowed to be larger than 2 mm.”

What happens if our packaging ends up in landfill?

Landfills are designed to pack in as much material as possible in the minimum amount of space, which can create a very toxic environment without any air, water light or heat and therefore no microorganism can survive. Thus everything takes a very, very long time to breakdown. There are even cases where old landfills have been core drilled and 40 year old vegetables still considered edible have been brought up. This is why we are working with our packaging supplier Innocent to ensure as much of our product as possible ends up at commercial composting sites.

What does commercially compostable mean?

Our Econic packaging and the cups we source from Innocent are termed “commercially compostable”. If your home compost bin is not well managed and there isn’t much air, water, heat, light and the carbon to nitrogen ratios are incorrect then these products (like anything compostable) will take much longer to break down. In a commercial compost environment our products are composted in the optimal conditions and will compost at the fastest possible rate. See [this link](#) for creating optimal composting conditions.

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What is PLA?

Innocent crystallise poly lactic acid (CPLA) so it can handle the temperature of hot drinks. The cups we use are lined with a very thin PLA coating. PLA stands for Poly Lactic Acid, it's probably the most recognised bioplastic and is produced predominantly by NatureWorks. NatureWorks market PLA under the name Ingeo and produce it in Blair, Nebraska, USA. It is a bioplastic made from naturally-occurring plant sugar (i.e. it contains no oil). [See here](#) for a detailed explanation of how it is produced.

Where are our takeaway cups made?

Our hot paper cups are all made in China. Our supplier Innocent Packaging have personally visited the manufacturers on three separate occasions to ensure that they meet professional standards. All paper used in our hot paper cups comes from managed plantations.

How are our takeaway cups whitened?

Our takeaway cups are whitened using a method called Elemental Chlorine Free (ECF)—a technique that uses chlorine dioxide for the bleaching of wood pulp. There is no use of elemental chlorine gas during the bleaching process and this prevents the formation of dioxins and dioxin-like compounds, carcinogens. The cups are then printed using the Flexography printing process, which utilizes a flexible relief plate. The ink we use is water based and compostable.

All our packaging is food safety certified.



Image thanks to Tracey Creed

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WASTE MINIMISATION

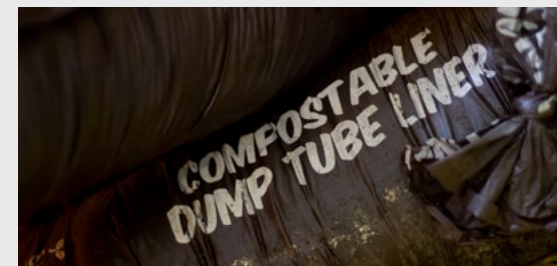
Since the beginning we have always been conscious of minimizing our waste footprint. We have worked with some of New Zealand's industry pioneers to find ways to re-use or add value to what would typically be considered a waste or landfill product.

Currently across our business we have multiple collection and sorting mechanisms for minimizing waste to landfill. These are all clearly labelled and the Kokako commitment to waste—stream sorting is part of the induction plan for every new staff member.

Both our sites have mini bins in operational areas that make it simple and effective for our staff to sort waste streams. We reduce our coffee waste through precise measuring and our used coffee grounds are collected by Steve Rickerby of We Compost, Emerge Aotearoa

(which contribute to wonderful fine compost for their organic vegetable gardens) and we happily give them away to any composting customer who asks. Across our business we use biodegradable bin liners from Friendlypak and minimise our consumption of paper by printing on FSC paper on both sides when needed.

To understand how much waste both our café and coffee roastery sites produce, and to ensure that our systems have integrity, we undertook a basic internal waste audit in July 2016. For our café we found that we can significantly reduce our landfill by better sorting the items that go into the landfill bins. We found a large amount of waste in the landfill bins could be recycled or composted, which will not only reduce landfill contribution but also waste collection costs.



We have taken the following steps after conducting our waste audit



Re-trained our staff in what can be recycled, composted and land-filled

Put up new signage outlining which items can be placed in each bin

Started a new soft-plastics recycling programme after identifying that this was a large category in our land-fill bin that now can be recycled

Spoken to key suppliers about ways to reduce packaging, in particular soft plastics and non-recyclables

Made more suppliers responsible for collecting empty packaging, this includes our empty café milk bottles and pallets from coffee bean suppliers so they can be re-used.

We have added a second 240L compost bin to allow us to compost more paper towels and reduce landfill and recycling.

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OUR PLACE

[Our aim is for the Kokako flagship café to be an innovative design and service led café that champions the principles of sustainability and quality.](#)

Ingredient Sourcing

The way we source our ingredients ensures Kokako Café works for both our customers and us. We source as many organic ingredients as possible, but we also know the importance of keeping our prices fair and reasonable. Base ingredients for most meals are organic

and as a general rule we try to ensure that at least 70% of the components of a meal are organic. [Click to find out](#) more about our flagship café's ingredient sourcing policy.

A key way we can extend our positive impact is by working with others who share our values. These relationships create opportunities for creative problem solving and the development of more sustainable products, methods and systems. Some of our café's likeminded suppliers include Fine & Dandy, Ceres Organics, All Good Organics, Karma Cola, Organic Mechanic and Frenz Eggs.

Fit out

Both our roastery and café use upcycling in their design. Local manufacturers fabricated bespoke metal joinery and furniture and we used a local reclamation yard to source lighting, sash windows, doors and fixtures. We use our café to showcase local design and craftsmanship from Simon James Design, Dryburgh Pottery and fixtures and fittings from suppliers such as RH King who are stainless steel fabricators in Morningside.

Energy

We reduce energy consumption by using natural gas as much as possible, exterior and bathroom sensor lights, and by using a high quality La Marzocco Linea PB espresso machine that has an insulated double boiler system which increases energy efficiency over conventional espresso machines by 20%. La Marzocco's Linea PB model is also equipped with programming that allows the machine to enter a "stand-by" mode.



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CONSCIOUS
CONSUMERS

Both our wholesale coffee roastery and flagship Grey Lynn café are accredited by Conscious Consumers — a trusted third party verification for sustainable New Zealand businesses. We're appraised annually by Conscious Consumers to meet each of their sustainability benchmarks. Our badges reflect practices that support local community and businesses, minimise harm to our environment, treat people fairly and ensure animal welfare.

We are also an active member of the Conscious Consumer network by way of involvement in their recently launched app 'The Good Spend Counter'. Consumers using the app can activate our coupon that gives \$5 to the Rotoehu Ecological Trust for every \$100 they spend (accumulatively) in our café.



Grey Lynn Sustainable Business Walk

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HOW WE GET AROUND

Our fleet of leased delivery and work vehicles are pool cars used Monday to Friday. Our Managing Director uses a leased 2015 VW Golf (petrol, auto). This is used 6 to 7 days per week.

For meetings in Auckland Central we prefer to use Uber, as this is more efficient enabling us to get closer to meeting locations, saving on parking and reducing our own vehicle fleet use. Most Uber vehicles are Toyota Prius Hybrids.

Each vehicle is regularly tuned for optimal fuel efficiency and lower emissions. Tyres are kept inflated to manufacturer’s specifications. Where possible we minimise our emissions through the use of communication technologies, travelling outside peak traffic times, efficient delivery mapping and reducing unnecessary loads.



01

2013 Toyota Corolla 1.8 GX Hatch CVT ZRHX

Auto—Petrol

Fuel economy rating 4.5/6

Pollutants rating 5/6

CO₂ emissions 4.5/6

This vehicle emits a small amount of CO₂ gas
152 gram/km
=2.12 tonnes/year
based on driving 14,000 km per year. Rated by rightcar.govt.nz



02

2012 Toyota Corolla 1.8 GX Hatch CVT ZRHX

Auto—Petrol

Fuel economy rating 4.5/6

Pollutants rating 5/6

CO₂ emissions 4.5/6

This vehicle emits a small amount of CO₂ gas
152 gram/km
=2.12 tonnes/year
based on driving 14,000 km per year. Rated by rightcar.govt.nz



03

2015 VW Golf

Auto—Petrol

Fuel economy rating 5.5/6

Pollutants rating 5/6

CO₂ emissions 5/6

This vehicle emits a very small amount of CO₂ gas
102 gram/km
=1.02 tonnes/year
based on driving 10,000 km per year. Rated by rightcar.govt.nz



04

2011 Toyota Hiace Van 2.0L DX

Auto—Petrol

(used primarily for Auckland deliveries Tuesdays and Thursdays, 6.30am—3pm)

Fuel economy rating 3/6

Pollutants rating 4.5/6

CO₂ emissions 3/6

This vehicle emits an average amount of CO₂ gas.
250 gram/km
=5.01 tonnes/year
based on driving 20,000 km per year. Rated by rightcar.govt.nz

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OUR
PEOPLE

We believe business can be a great incubator of talent and a way to provide opportunities for growth and success. Our employees are granted room and resources to grow their career with us. We hire good people and help them to develop personally and professionally. For our Senior staff members this includes Key Performance Indicators and performance management tools that encourage personal growth and experience in employees respective roles.

Depending on the role, staff are encouraged to be proactive with their professional development. This can include external courses relative to their role, attendance at industry events, or research trips to coffee producing origins or other countries to learn about specialty coffee trends.

We share all of Kokako sustainability protocols with new team members during their inductions and at staff meetings, so everyone can follow the systems that are in place.



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LOCAL
SUPPORT

We showcase, collaborate, and support other likeminded sustainable businesses in our community and we are proud members of the [Sustainable Business Network](#).

We aim to have a positive ripple effect that extends well beyond our business. People we support or have supported and/or sponsored in the past year:

Think Global. Act (very) Local

We were active in our immediate community in 2015. The Grey Lynn Business Association, in conjunction with Auckland Council and the Sustainable Business Network, held a [‘walk and talk’](#) event for local business owners focused on connecting like-minded sustainable business initiatives, creating awareness local community gardens and creating greater promotion of sustainable business in the area. We hosted guests in our roastery, giving speakers an opportunity to share and celebrate their sustainable initiatives.

Kelmarna Gardens

We support the volunteers at our local organic community garden, Kelmarna. We supply the team with a 200g bag of coffee every week to keep them chipper as we really appreciate the work they do. They run workshops on composting and organic gardening methods and are beautiful breath of fresh air in our neighbourhood.

Rotoehu Ecological Trust

The volunteers at Rotoehu Ecological Trust work tirelessly to protect our namesake bird, the native Kokako. We support their efforts to revieve the bird population in the Pongakawa forest by way of regular donation and once a year we head down to help them with their work in person. Our customers can currently raise the fund we donate by using the ROTOEHU coupon at the checkout on our website or by way of the Conscious Consumers Good Spend Counter app. We constantly are looking for new avenues to support the trust’s work and will have more active fundraising campaigns in the near future.



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WHAT'S
NEXT?

Preparing this report has reinforced to us that we are doing some good things, but we can be doing lots more. Our aim is to show that you can be a good business that focuses on quality, and through continually refining internal systems and processes can create not only positive sustainable outcomes but also a more financially sustainable enterprise.

We see three key areas that we can continue to drive change

1. Climate Change

Kokako has mapped the crop to cup journey of our coffee and we are committed to becoming climate neutral for our coffee supply chain by November 2017. Climate change is a significant issue not just for the environment, but also for the long term sustainability of our industry. We seek to lead our industry by addressing the issue through Fairtrade Carbon Credits.

2. Education of coffee farmers

Education and upskilling of coffee farmers is an issue in our industry. Not only are many farmers getting older but we are also seeing younger generations move away from coffee farming. To mitigate this we are working with Fairtrade to educate coffee farmers on how to get quality in the cup. Stage one of this commenced in August

2015 where we held the first ever coffee cupping at origin for coffee farmers in the Eastern Highlands of PNG. Stage two will see two Kokako staff members travel to Indonesia in November 2016 to undertake a comprehensive Coffee Cupping Training with coffee farmers from across Asia and India in conjunction with Fairtrade ANZ. Education will enable better quality coffee, better quality coffee will enable farmers and their families to increase their income.

3. Waste Minimisation and Diversion from Landfill

We recognise that at a consumer level convenience is key. But we also recognise that convenience can mean waste in the form of takeaway coffee cups. We must be part of the solution and educate consumers on the benefits of either using re-usable cups, consuming their coffee 'in house', and/or ensuring the correct disposal of our compostable takeaway coffee cups through genuine commercial composting facilities. This requires a collaborative approach through working with local government and key industry partners such as We Compost and Innocent Packaging. At an internal level we have also undertaken a Waste Audit of both our café and roastery and this has allowed us to further improve our diversion from landfill.

THANK
YOU

Thank you to the following contributors for their assistance with this report

Steve—WeCompost
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 Johnny—Design Dairy
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 Kokako Team Members