

Kōkako  
Organic  
Coffee

Released  
November 2022

Sustainability  
Report  
*Rīpoata Toitū*

kōkako



*Head Roaster, Sam McTavish on the tools.*

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# Welcome from Mike

01

**“We feel a sense of duty to keep our stakeholders informed and we continue to try and influence our industry peers to help evolve our coffee industry for the 21st Century.”**

Kia ora and welcome to our 4th Sustainability Report - the third we have aligned to the stringent GRI framework. It's also probably been the most difficult to write; Covid-19 has had an impact on our business

that has made it more challenging to drive some of the sustainable change we aspired for and the last two years has been more about 'survival' than sustainable innovation. So although we have not ticked all the boxes we would have liked, we've had to look at the business differently and this has created opportunities to innovate with our new coffee brand Everybird, which was

specifically created for the supermarket and grocery sector.

As a business leader I'm well aware that part of my role is to continue to grow the business whilst maintaining all of our values, but doing this in 2021 was like driving down the motorway with the handbrake on. It meant that some decisions were made in haste or under duress, with the fatigue of operating through multiple traffic light settings and lockdowns having a demonstrable impact on the mental wellbeing of myself and our team.

Reading through survey results that helped to inform our Materiality Topics for this report it's clear that our customers and key stakeholders expect Kōkako to be operating at an exceptionally high standard in the sustainability realm. This is a standard of doing business that we had set for ourselves before we'd ever operated in a pandemic, so I'd respectfully request that you take a pragmatic view of how life for business owners has been the last few years, knowing that despite the pandemic we have kept all of our team in meaningful employment and we are still here to sell you a great cup of joe.

Despite the challenges we have faced to our very survival, we remain committed to reporting transparently on our business operations and impacts. We feel a sense of duty to keep our stakeholders informed and we continue to try and influence our industry peers to help evolve our coffee industry for the 21st Century.

Enjoy the report, thanks in advance for reading, and if you've got any feedback, feel free to drop us an email (there's a contact page on our website) or look me up on LinkedIn.

**Mike Murphy**  
*Managing Director*



Kōkako MD, Mike Murphy.

# Ngā mihi nui mai i a Mike

Kōkako thanks kaiwhakamāori, Ratu Tibble (Ngāti Porou, Te Whānau a Apanui) for his mahi and assistance with translations.

“Tō mātau tūmanako kia tutuki pai ngā papaho ki ā mātau hunga whaipānga ā kia kaha tonu ki te whaka awe awe i ō mātau hoa aropa kia āta puta pai ai ngā ahumahi kawhe mō tēnei Rautau 21.”

Kia ora, nau mai ki tēnei, tō mātau rīpoata toitū tuawhā - ko te tuatoru kua herea ki te anga mahi Rīpoata ki te Ao i Tui Wawetia (GHRI) pūmau. Tērā pea ko tēnei te tino mahi uaua ki te tuhi; ko kowheori 19 kua pā mai ki tō mātau pakihi i tino uaua ai te ārahi i ētahi ō ngā tini toitū i tūmanakohia e mātau, ā ko ngā rua tau kua paheke nei ko te ‘noho ora’ kei tua o te whakahounga toitū. Ahakoa kāore ano kia tohua ngā pouaka katoa te hiahia e mātau, kua titiro rerekētia te pakihi ā, nā tēnei ka hangaia he kaupapa hou hei tāpae atu ki tō mātau parani hou ‘Everybird’ kawhe, i tino hangaia mō ngā toa nunui me ngā wāhanga māketē kai.

Me he kaiārahi pakihi e tino māmama ana au ki te wāhi ō āku mahi me haere tonu te whakatipu pakihi me te haere tahi anō ō ngā wāriu, otirā i te tau 2021 he rite tēnei ki te taraiwa i te huarahi matua kei te mau rā ngā pereki. Nā konā i uaua ai ētahi ō ngā mahi whakahaere, nā te whāwhai me te hēmanawa, me te whakapau kaha i te nuinga ō ngā urunga tini huringa raiti me ngā rakatanga i pā ki te oranga hinengaro ōu ake me tō mātau tīma.

E pānui nei i ngā whakaputa ruri hei āwhina hei pārongo i ngā kaupapa rongonui mō tēnei rīpoata e māmama ana ki ā mātau kiritaki me ngā tino hunga whaipānga kia mahi tino kaha a Kōkako kia tutuki te tino teiteitanga

me te rangatiratanga toitū ō aua mahi. Tēnei te kounga o te mahi pakihi i tūngia e mātau i mua tonu i te tīmatanga o te uruta. Nā te inoi kia koutou me āta whakaarohia e koutou ngā mahi ā ngā kaipakihi i roto i ngā tau tere paheke nei, nā rā ahakoa te uruta kua pupurihia ā mātau tīma kaimahi kia whiwhi mahi kiko ā, kei konei tonu mātau hei hoko i te tino kapu kawhe a Joe.

Ahakoa ngā whakatatara, kua tirohia e mātau tō mātau tino oranga kei te tutuki tonu ki ā mātau whakatutukinga rīpoata i roto i ā mātau mahi me ngā pānga pakihi. Tō mātau tūmanako kia tutuki pai ngā papaho ki ā mātau hunga whaipānga ā kia kaha tonu ki te whaka awe awe i ō mātau hoa aropa kia āta puta pai ai ngā ahumahi kawhe mō tēnei Rautau 21.

Harakoatia te rīpoata, ngā mihi mōu i pānui ai, ā tena mēnā he whakautu āu me wātea mai, tukuna mai tō īmēra (he whārangi whakapā mai kei tō mātau pae tukutuku, kimihia rānei au i LinkedIn).

Mike Murphy,  
Kaitohu Whakahaere  
– Tahu Kawhe Whaiwaro Kōkako



Beans at origin in PNG.

# About this Report

02

**“The GRI framework helps businesses, governments and other organisations understand and communicate the impact of their operations on critical sustainability issues. They were designed to guide sustainability reporting for any organisation, in any industry, allowing us (and you) to compare our performance with other organisations and sectors across the world.”**

Kia ora, and thank you for taking the time to download our fourth biennial Sustainability Report. This report is for the period of 1 July 2020 — 30 June 2022.

Any information included that sits outside the stated reporting period has been identified throughout the report. This report covers all Kōkako operations in New Zealand, and internationally. This is our third report that has been compiled with the help of locals Go Well Consulting, and continues with our biennial reporting cadence as per our GRI reports released in 2018 and 2020.

The GRI framework helps businesses, governments and other organisations understand and communicate the impact of their operations

on critical sustainability issues. They were designed to guide sustainability reporting for any organisation, in any industry, allowing us (and you) to compare our performance with other organisations and sectors across the world. To follow the GRI framework there are a number of disclosures we are required to make;

these are listed on pages [61 to 69](#). Since our last report, GRI have updated their framework to further strengthen the robustness, comparability, and transparency of the reporting. This report has been constructed in line with this new framework and so you may notice some changes from our 2018 and 2020 reports.

We have not made any changes to the material topics from our previous report. You can read more about our material topics and stakeholder engagement on pages [on page 8](#).

This report has not been externally assured but was overseen by Go Well Consulting to ensure we delivered on the GRI reporting standards. For questions about this report or feedback please contact us via [beancounter@kokako.co.nz](mailto:beancounter@kokako.co.nz) or on the phone: [+64 9 3792868](tel:+6493792868)

Trading Name: Kōkako Organic Coffee Roasters  
Limited Liability Name: Trellick Retail Innovation Limited  
Privately owned Limited Liability Company registered in New Zealand as Trellick Retail Innovation Limited.



# Sustainable Development Strategy

03

Sustainable business is integral to the mission and brand of Kōkako. The foundations for ethical and sustainable business were set by the founders of Kōkako Organic Coffee in 2001 and they have been further strengthened and added to by the current Managing Director, Mike Murphy and his team. As can be seen by this report, and our prior three Sustainability Reports (2016, 2018, 2020), the purpose, business strategy, and business model of Kōkako aims to prevent negative impacts and achieve positive impacts on the economy, environment, and people.

Where Kōkako cannot oversee the integrity of the supply chain from New Zealand, our policy to work with only certified Fairtrade coffee farms and cooperatives provides a code of conduct for complying with and respecting all internationally recognised human rights (including workers' rights), protecting the environment and public health and safety. The foundations of Fairtrade also cover combating and mitigating bribery, bribe solicitation, extortion and other forms of corruption; adhering to good tax practices; conducting due diligence to identify, prevent, mitigate and account for how the organisation addresses its negative impacts on the economy, environment and people, including impacts on their human rights.

We have provided a link to an in depth 2022 Case Study on the tangible impacts of Fairtrade on coffee cooperatives in Papua New Guinea later in this report [here](#).

Even when faced with macro-economic trends such as the Financial Crisis of 2008 and more recently the impacts on business from the 2020 and 2021 Covid-19 pandemic, Kōkako has maintained a steadfast commitment to a sustainable business model. One of the key challenges for Kōkako in the next year and in the coming three to five years will be maintaining the current business model and commitment to sustainable innovation when faced with heightened competition and a higher inflationary environment, such as we are seeing globally in 2022.

Kōkako and Everybird compete with multiple industry players across the hospitality and grocery sectors, many of which do not carry the same level of sustainable certifications and accreditations and are backed by large multinationals who can leverage superior buying power due to their collective roasting volumes. This means that our brands have to work harder to get resonance in the market and a 'rate of sale' in supermarkets that keeps us on-shelf, often where the price of our products is comparable to our competitors but where we make a lower gross margin. It's up to consumers in New Zealand to continue to support our respective brands — this sends a message to business owners who stock Kōkako or Everybird that consumers value a sustainable approach to the coffee business.

At Kōkako we recognise the United Nations Sustainable Development Goals (SDGs) as a critical framework that "provide a shared blueprint for peace and prosperity for people and the planet, now and into the future." We have

committed in our two previous reports to support the 9 Goals we believe we can have the biggest impacts on. These are displayed below. Throughout this report we have highlighted which topics relate to each these SDGs by displaying the relevant icon on the side of the page.



# Stakeholder Engagement & Material Topics

04

As we did for our 2018 and 2020 reports, we reached out to our various stakeholders to ensure we included the topics most important to them in this report. Due to Covid inflicted budget restraints, this year's engagement was reduced compared to previous years. For this report we sent out a survey to our wholesale customers and wider customers and followers\*, then had Go Well Consulting facilitate a discussion session with our staff. Following review of this feedback, and on reflection of our engagement with other stakeholders as part of business as usual, we have not made any changes to the material topics we reported on in 2020. We have however merged Climate Change Resilience with Climate Change, and Covid-19 with Financial Sustainability and Long Term Growth.

As we have done in our most recent two reports, we have split our material topics into three distinct parts, Our World — O Tātou Taiao, Our People — O Tātou Iwi, and Kind Business — Pākihi Atawhai. Also, due to the new GRI framework now requiring disclosures to be answered relating to business governance, we have provided information on this material topic in the general disclosures section, not in our material topics section.

\* You can find a list of the key topics and concerns raised by each stakeholder group in the Appendix.

## Material Topics for this Report:

### Our World — O Tātou Taiao

The impacts of our business on the world around us and the rebound effects that has.

- Climate Change – our carbon footprint and climate resilience
- Regenerative Organic – biodiversity and environmental stewardship
- Managing our Materials – what we do about waste

### Our People — O Tātou Iwi

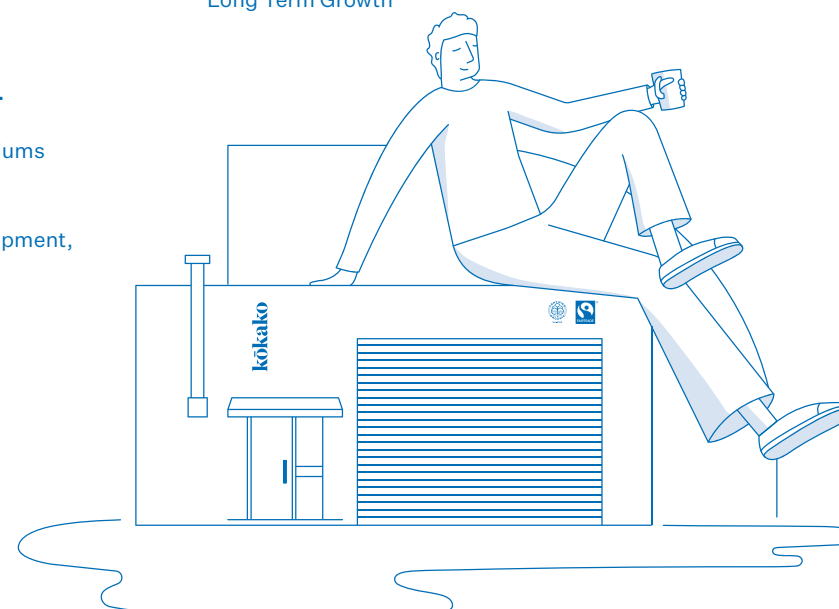
The people we impact and who impacts us.

- Fairtrade – fair price and impact of premiums
- Supplier Relationships
- Working at Kōkako – professional development, living wage, resilience, culture, safety

### Kind Business — Pākihi Atawhai

On being responsible, open- minded, empathetic, curious, open and transparent about what we do, how we do it, and why we do it.

- Governance and Decision Making
- Cultural Respect and Understanding
- Transparency
- Covid-19, Financial Sustainability and Long Term Growth



# About Kōkako

05

We are a privately owned limited liability company registered in New Zealand as Trellick Retail Innovation Limited.  
The registered company address for correspondence is C/O Bellingham Wallace Chartered Accountants, 470 Parnell Road, Parnell, Auckland, 1052.



**Our vision is to roast Fairtrade, organic, specialty coffee that is appreciated for its true value across New Zealand.**

## Our values

- We're committed
- We are innovative, venturesome, audacious and willing to 'draw lines in the sand'
- We lead by example
- We do what we say we will do with integrity and professionalism and deliver experiences that are a step above the rest
- We're playing the long game
- We care deeply about the world and our impact on it for future generations
- Coffee is a precious resource
- We respect that coffee supports the livelihood of many people
- He aha te mea nui o te ao? He tangata, he tangata, he tangata (What is the most important thing in the world? It is people, it is people)
- We're real
- Humble, authentic, transparent and inclusive
- We're in it together
- We make decisions collectively and work in partnership

From our home at 9 Charles St in Mt Eden, Auckland, we roast certified Fairtrade, organic coffee and supply this and our Fairtrade Organic Drinking Chocolate to the hospitality, retail, and corporate sectors throughout Aotearoa. This is complemented with associated training and coffee equipment, sales, and services. We also sell direct to consumers via our website, coffee subscriptions, and third party websites that stock our products. Our Nitro Cold Brew, also produced onsite at our roastery, is distributed to cafes and retailers across New Zealand.

In March 2022 we launched Everybird, a new coffee brand specifically designed for the grocery, supermarket and FMCG sector, which is now included in our broader product offering.

Everybird is sold in 200g retail packs whilst our primary brand Kōkako Organic Coffee is sold in 200g, 500g and 1kg retail and wholesale packs, and 6kg returnable buckets. Our primary products as at the 30th June 2022 consist of:

- Kōkako Aotea Blend
- Kōkako Mahana Blend
- Kōkako Swiss Water® Decaf Blend
- Kōkako Honduras Californeo Jr. Single Origin

- Kōkako Guatemala Guaya’B Single Origin
- Ethiopia Yirgacheffe Single Origin
- Kōkako Honduras Decaf Single Origin
- Everybird Everyday Blend
- Everybird Half Caf Blend

During the reporting period we continued to offer seasonal single origin coffees either as a limited release or on periodic rotation. This meant that we ceased sourcing and roasting our Ethiopia Guji Single Origin (Sep 2019) - we released Guaya’B in late 2021 and this ran through until March 2022. We released and sold Peru Single Origin Decaf (June 2019 and Feb 2020), Honduras Single Origin Decaf (Sep 2019 and Aug 2020 and still in stock at the time of this report). We released Colombia Planadas Single Origin (Nov 2019), Honduras Finca el Liquidambar Single Origin (April 2020), Mexico Single Origin Decaf (June 2020), and additionally Brazil Paço Fundo (June 2022).

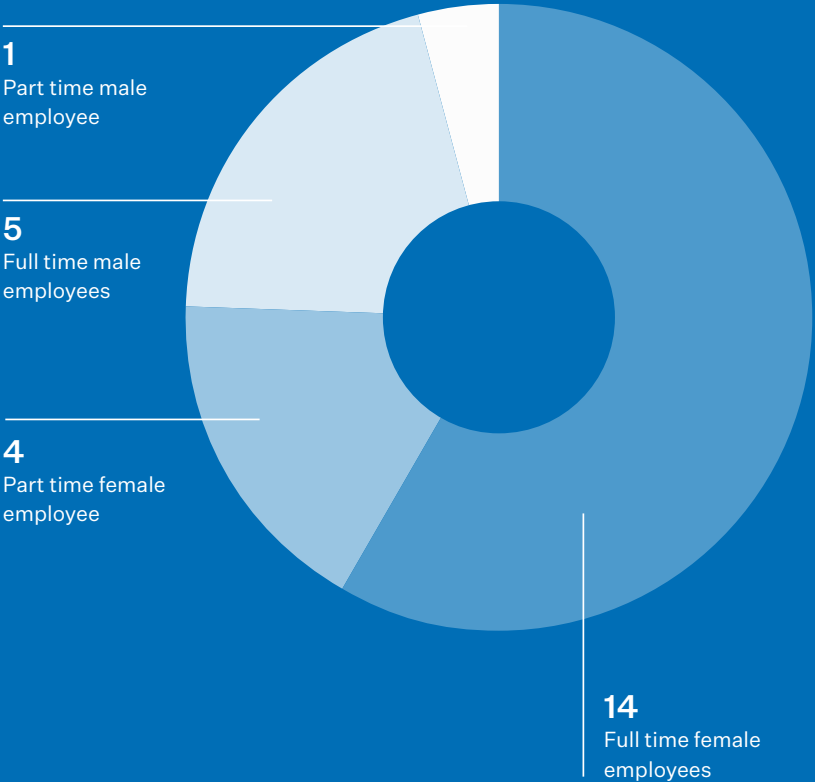
Kōkako Drinking Chocolate is sold in 2kg hospitality packs direct to cafes and to a distributor in Singapore. A 250g version of the Drinking Chocolate is distributed nationally via Ceres Organics to Health Food stores and supermarkets alongside Everybird coffee.

We sell wholesale kegs in 9L and 18L configurations of Nitrogenated Cold Brew to 30 cafes and hospitality/retail sites across New Zealand including our flagship coffee bar at Commercial Bay. These are all distributed chilled by Provida.



# Team Kōkako

## Total Number of Employees: 24



Despite the crippling impact of the global pandemic and associated lockdowns on our business we are incredibly proud to have retained all our stuff during the past 2 years. During the reporting period we had twenty four (24) total employees made up of the following – all on permanent contracts and residing and working in Auckland, New Zealand:\*

Our employees have individual employment contracts and there is no collective bargaining agreement with Kōkako employees. All full time and part time staff that had contracts with Kōkako across our roastery, Commercial Bay and West Supply sites retained their jobs through the reporting period.

In the reporting period we had a part-time Marketing Contractor come on board as a full time salaried employee.



\*Information obtained from Weekly Employee Payroll. Total FTE (Full Time Equivalent) of employees is 10 based on days worked per week over all full and part time staff. Full time and Part Time employee categories is based off what full-time work is generally considered to be (35 to 40 hours a week) according to Employment New Zealand.

# Our Suppliers & Supply Chain

Our supply chain is primarily based on the supply of green (unroasted) coffee that is sourced from global certified Fairtrade organic coffee cooperatives and procured via coffee brokers and traders in New Zealand. Kōkako maintains direct relationships with some of these coffee cooperatives but all our coffee is imported via the brokers.

To the right is a summary of the supply chain of each coffee origin from farmer cooperative via the coffee traders to us in New Zealand. The chart also includes the supply of cocoa and sugar for drinking chocolate.

| Product      | Cooperative or main supplier                                                          | Geographical Location                                      | NZ based Importer | Product Use                                                           |
|--------------|---------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------|-----------------------------------------------------------------------|
| Green Coffee | Highlands Organic Agriculture Cooperative A and AX                                    | Papua New Guinea                                           | John Burton Ltd   | Aotea Blend, Everyday Blend, Half-Caf Blend                           |
| Green Coffee | Unen Choit Cooperative Society                                                        | Papua New Guinea                                           | John Burton Ltd   | 70/30 Filter Blend                                                    |
| Green Coffee | Café Organico Marcala                                                                 | Western Honduras                                           | Trade Aid Ltd     | Californeo Junior                                                     |
| Green Coffee | Oromia Coffee Farmers Union                                                           | Oromo, Ethiopia Guji, Sidama, Limu                         | Trade Aid Ltd     | Sidama, 70/30, Guji, Aotea Blend, Mahana Blend                        |
| Green Coffee | Various cooperatives depending on availability                                        | Processed in Canada                                        | John Burton Ltd   | Cascadia Decaf                                                        |
| Green Coffee | Compania Internacional del Café & Cooperativa Agroindustrial Villa Rica Golden Coffee | Peru, Chanchamayo & Villa Rica, Pasco, Processed in Canada | John Burton Ltd   | Single Origin Decaf                                                   |
| Green Coffee | Kokowagayo Cooperative                                                                | Sumatra                                                    | John Burton Ltd   | Aotea Blend                                                           |
| Green Coffee | Capucas Limited Coffee Cooperative                                                    | Copan, Honduras                                            | John Burton Ltd   | Aotea Blend, Mahana Blend, Moata Blend, Everyday Blend, Haf-Caf Blend |
| Green coffee | Peru Cooperativa Agraria Cafe Talera                                                  | San Martin de Pangoa - Central Amazon                      | John Burton Ltd   | Everyday Blend, Haf-Caf Blend                                         |
| Green Coffee | Tsheya, Groupement de Buzi, Chefferie de Buhavu                                       | Lake Kivu, Democratic Republic of Congo                    | Trade Aid Ltd     | Manaha Blend, Moata Blend                                             |
| Green Coffee | Cooperativia Cafe Timor                                                               | Timor Leste                                                | John Burton Ltd   | Mahana Blend, Moata Blend                                             |
| Green Coffee | Kopakama Cooperative, Ejo Heza                                                        | Rustiro Rwanda                                             | Trade Aid Ltd     | Single Origin                                                         |
| Cocoa        | Pronatec Cooperative                                                                  | Ecuador                                                    | Trade Aid Ltd     | Drinking Chocolate                                                    |
| Sugar        | Manduvirá Cooperative                                                                 | Paraguay                                                   | Trade Aid Ltd     | Drinking Chocolate                                                    |

Kōkako has approximately 52 long term core suppliers that we deal with on a month-to-month basis. This is based on suppliers that we are regularly paying and have balances of \$100 or more per month. On an annualised basis approximately 44% of revenue is paid to these core suppliers, giving the business an overall Gross Margin of 56%. A breakdown of location, industry type and geographical location is shown to the right. 75% of our payables goes to our primary green bean brokers John Burton and Trade Aid.

## Our 52 Core Suppliers

- **Geographical Location:** Auckland 67%, Wellington, 11%, Waikato 2%, Christchurch 2%, Australia 4%
- **Suppliers are split into 3 categories:**
  1. Primary roastery suppliers (31%) provide high turnover bulk items to our roastery business
  2. Secondary roastery suppliers (48%) provide lower cost items such as cleaning and maintenance services
  3. Commercial Bay suppliers make up the remaining 11%
- **Our core suppliers are broken down into 9 supplier categories as follows:**
  - Green coffee beans - 4%
  - Alternative milks (oat and soy) - 3%
  - Equipment (mainly coffee machines, grinders and parts) - 25%
  - Packaging - 8%
  - Freight and logistics - 6%
  - Food and beverages for Commercial Bay - 8%
  - Finance and licensing Fees - 8%
  - Maintenance, administration and IT - 23%
  - Design and Marketing - 4%



Tom Handiside, General Manager of La Marzocco.

# Our Distribution

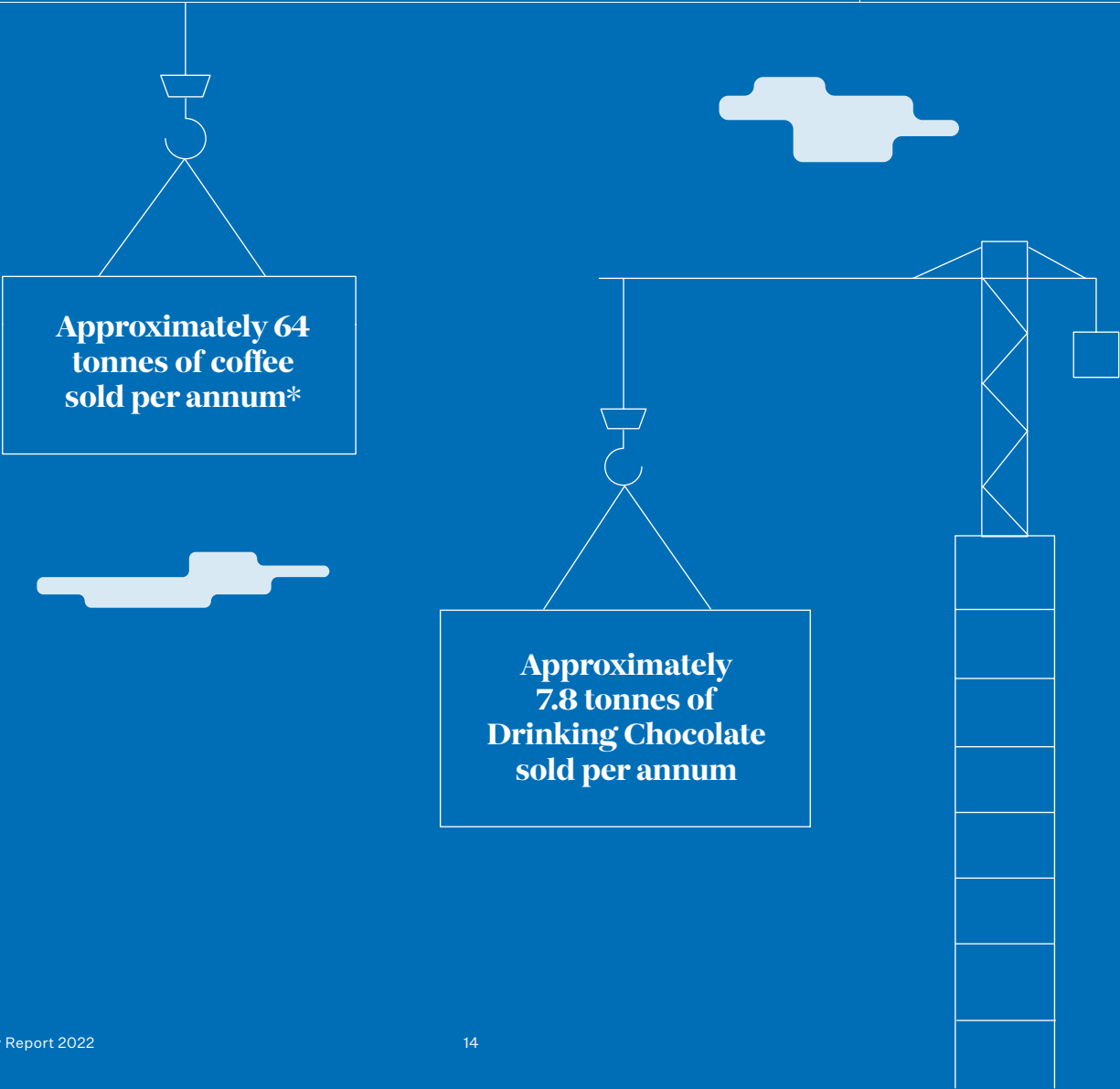
As well as our roastery in Mt Eden, Auckland the following locations and businesses are relevant to components of the business or topics that are relevant to this report:

- 1. Kōkako Coffee Bar; Level 1, 7/21 Queen Street, Auckland CBD
- 2. West Supply Coffee; 5 Waimauku Station Road, Waimauku, Auckland 0812
- 3. Ceres Organics: 82 Carbine Rd, Mount Wellington, Auckland 1060: 250g Drinking Chocolate and Everybird coffee distribution
- 4. Destination Beverage: 164 E Coast Rd, Singapore 428870 Distributors of our 2kg Drinking Chocolate in Singapore

Our coffee, Drinking Chocolate, selection of brew gear, and Kōkako branded merchandise are available to all regions of New Zealand via our website and a range of third party online retailers. Our coffee (including our Nitro Cold Brew), Drinking Chocolate, and services are currently distributed to 242 wholesale customers over 14 New Zealand regions. These include cafes, restaurants, hospitality venues, retailers, farmers markets, corporate and office customers, non-profit entities, government entities, artisan small format supermarkets (Farro, Scarecrow, Commonsense Organics & Huckleberry), and major supermarkets. This number excludes Everybird stockists.

Via our Drinking Chocolate distributor, Ceres Organics, we have 141 supermarkets and health food stores across Aotearoa stocking our 250g Fairtrade Organic Drinking Chocolate. Our Drinking Chocolate is also available in Singapore via a distributor.

\*Sales significantly impacted by Covid compared with prior reporting years.



# Since We Last Reported

## West Supply Coffee

On the 18th August 2020, we opened a second company owned coffee bar called West Supply Coffee, located within the West Supply business at 5 Waimauku Station Road, Waimauku, Auckland 0812.

**“Although opening a second retail store alongside our existing Commercial Bay store (which opened in June 2020) was not part of our strategic plan the opportunity to create a coffee destination in West Auckland was too good to turn down.”**

West Supply is owned by the founders of Feldon Shelter, and is a retail store that sells rooftop tents, camping and outdoor gear. West Supply owners Joel Hedges and Beth Eastall had worked with Kōkako back in 2016 when we gave away one of their Feldon Shelter Rooftop tents to a lucky Kōkako Coffee

Subscriber. Since then we’ve continued to support each othes’ businesses. So when it came time to open their own dedicated bricks and mortar store, Joel and Beth turned to Kōkako as their coffee partner.

You can read more at:  
[Feldonshelter](#)  
[West Supply Coffee Instagram](#)

Rather than operating the site themselves Kōkako has had a “Right to Occupy” partnership agreement that has allowed us to operate a small format coffee bar within the West Supply business. Although opening a second retail store alongside our existing Commercial Bay store (which opened in June 2020) was not part of our strategic plan the opportunity to create a coffee destination in West Auckland was too good to turn down. The timing also coincided with another lockdown in Auckland at a time when we needed to find new revenue streams and find work for existing team members.

Kōkako operated West Supply Coffee for just under two years, and as of 27th July 2022 (just out of the reporting period) handed back the reins of the business to Joel and Beth, who still serve Kōkako Organic Coffee from the location.

West Supply, the home of good times.



## Introducing Everybird

After navigating the first year of the Covid-19 pandemic and reviewing our revenue channels, the Kōkako team decided it was time to create a new, dedicated brand for the supermarket and grocery sector in New Zealand. We thought it was time to deliver something new and exciting to the coffee aisle.

**“With more people working from home and investing in their home coffee setups we could see the premiumisation of the category changing the way consumers make their purchasing decisions.”**

Everybird is a new dedicated supermarket specialty coffee — it’s the one you’ll find when you can’t get Kōkako from your local cafe. Our team have used 20 years of coffee expertise to craft two new blends, with a particular focus on quality, sustainability, innovation and new product development.

It was important to us that we delivered something new to the category to help grow sales. We also worked with FMCG specialists, Marx, on the design, which features on Econic compostable pouches made by Hamilton-based packaging producer, Convex. With more people working from home and investing in their home coffee set-ups, we could see the premiumisation of the category changing the way consumers make their purchasing decisions.

Everybird is available in two blends; Everyday and Half-Caf. The Everyday Blend is an outright crowd-pleaser; it’s bold, a bit chocolatey, a bit biscuity, suited to all brew methods and just as delicious black as it is with milk or milk alternatives.

Everybird Half-Caf is the coffee you buy when you want all the flavour, but half the caffeine. It’s made with 50% full strength Everyday Blend, and 50% Swiss Water® Decaf (decaffeinated in Canada using only time, temperature and water). It’s for those who want a little more jive and a little less jitterbug — who want to drink coffee all day, into the afternoon, without staying up all night.

We’re particularly excited about Half-Caf as it creates more opportunity for consumers to enjoy coffee throughout the day, and follows similar trends in the craft beer sector where moderation has seen low and zero alcohol beer sales soar. We expect Half-Caf to be a real category driver and appeal to a wider cross section of consumers.

Both blends have a recommended retail price of \$10.99 and are available as whole beans, plunger and espresso and come in shelf-ready shippers of 6 units. Everybird carries the same ethical certifications as Kōkako, being certified Fairtrade, organic through BioGro, and climate neutral via the Fair Climate Fund. We have partnered with Ceres Organics as our nationwide distribution partner for Everybird coffee.



The Everybird Everyday Blend.



# Our Progress

For our 2022 report, we have looked back at our goals from 2018 and 2020 in order to ensure that they fairly represent where we want to position our business. Pre-pandemic, our goals were perhaps more lofty - in the absence of a global pandemic it's much easier to focus on these goals.

Ensuring our business had continuity, was able to pay suppliers and retain staff throughout the pandemic was top of mind, and therefore we have recategorised some of the goals in the table to the right to more accurately reflect the new normal of our trading environment. Where goals have been reclassified this is noted, with the reason why. We've also added goals set at the start of 2021 and 2022 as we note these are more relevant for the business now.

Where short term goals were met and deemed no longer relevant for this report, they have been removed.

| Goal                                                                     | Date set | Achieved (and ongoing) | Not achieved | Reclassified or no longer deemed relevant | Notes                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------|----------|------------------------|--------------|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Focus our sales strategy on serviceable regions and customer clusters.   | 2021     | 😊                      |              |                                           | This strategy was initiated to ensure that we could service a critical mass of customers in predefined areas of NZ. It helps us avoid unnecessary single-trips to visit just one customer and also allows brand support to be regionalised. It has been achieved but was somewhat impacted by the Auckland and NZ Covid-19 lockdowns. |
| Grow business with existing operators.                                   | 2021     | 😊                      |              |                                           | In the reporting period we have increased the amount of multi-site hospitality operators that we work with (this is any cafe or restaurant operator who owns or operates more than 2 sites). We've also created a regular "New Site Opportunities" EDM for the sector.                                                                |
| Develop non-hospitality growth markets.                                  | 2021     | 😊                      |              |                                           | We have built on online channel revenue growth through The Market and Airpoints, negotiated for the rights to distribute Kalita brew gear in New Zealand, and diversified sales into new channels including retail/supermarkets, corporate and the accommodation sector.                                                              |
| Launch a separate retail coffee brand under a new name for supermarkets. | 2021     | 😊                      |              |                                           | As disclosed earlier in this report we worked on the development of a dedicated supermarket coffee brand, Everybird from early 2021 and launched this in late March 2022.                                                                                                                                                             |

| Goal                                                         | Date set | Achieved<br>(and ongoing) | Not achieved | Reclassified or no longer deemed relevant | Notes                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------|----------|---------------------------|--------------|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Provide better sales and support to corporate customers.     | 2021     | 😊                         |              |                                           | We created a dedicated Corporate Sales and Account Manager who has stepped up the client servicing and sales for this sector.                                                                                                                                                                                                                       |
| Provide focused sales to the hotel and accommodation sector. | 2021     | 😊                         |              |                                           | We have broadened our sales scope to focus on AirBnBs, lodges and modern hotels. This includes in-room coffee opportunities along with supply into the cafe or restaurant in each hotel.                                                                                                                                                            |
| Grow the profile of our brand(s).                            | 2021     |                           | 😞            |                                           | Although we had several initiatives planned, we focused more on growing the Everybird brand rather than the Kōkako brand. We had planned several initiatives which were impacted by Covid-19 or cashflow constraints. These included company owned retail site activations and events, and implementing a comprehensive digital marketing strategy. |
| Optimise roastery flow, efficiency and team safety.          | 2021     | 😊                         |              |                                           | Invested in additional equipment to improve productivity and safety including 3 more green bean silo's, a Floveyor green bean loader, an industrial coffee grinder and a fork hoist.                                                                                                                                                                |

| Goal                                                                                                                                                                             | Date set | Achieved<br>(and<br>ongoing)                                                        | Not<br>achieved | Reclassified<br>or no longer<br>deemed<br>relevant                                    | Notes                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-------------------------------------------------------------------------------------|-----------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Have an operational plan for the unexpected, especially Covid-19/ Omicron.                                                                                                       | 2021     |  |                 |                                                                                       | Initiated a business continuity plan and Covid-19 protocols, which included split teams during the Omicron outbreak, and having RAT tests available for all employees if required. Income has been diversified in the event of any future lockdowns.                                                                                                                                                                                                        |
| Clearly communicate our standards and expectations of quality to our customers.                                                                                                  | 2021     |  |                 |                                                                                       | We initiated a new Cafe Partnership Agreement for all new and existing customers, which outlines what Kōkako will deliver for our customers and our quality expectations to maintain our brand integrity for hospitality customers.                                                                                                                                                                                                                         |
| Review our capital expenditure for the 2020 financial year with a financial feasibility plan to replace our Probat roaster and afterburner with a more carbon efficient roaster. | 2018     |                                                                                     |                 |  | Our Probat coffee roaster was fully paid off in early 2020. Although it is an aspiration to consider a newer roaster, our current one is fit for purpose and very reliable. Furthermore Covid-19 has forced us to refocus our priorities and impacted any available capital we may have considered for this project. We have invested in other equipment to ensure our roastery is fit for purpose and this commitment is therefore no longer deemed valid. |

| Goal                                                                                                                                                                           | Date set         | Achieved<br>(and<br>ongoing)                                                        | Not<br>achieved                                                                     | Reclassified<br>or no longer<br>deemed<br>relevant | Notes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Offset all carbon emissions related to our full organisational activities and products from August 2019 onwards.                                                               | 2018             |                                                                                     |  |                                                    | During the Covid-19 trading environment the Kōkako management team was focused on survival and business continuity and did not pursue this goal over and above the existing carbon offset programme we already have in place for coffee. With our FCF Carbon Reporting Tool this will capture carbon from our business operations from 2022 onwards.                                                                                                                                                                                                    |
| Improve the uptake of professional development opportunities across our whole team by focusing on this more regularly, including discussing them at our monthly team meetings. | 2020 and Ongoing |  |                                                                                     |                                                    | We used the Covid-19 lockdown period to invest time in professional development for our staff. This included multiple internal courses for staff on excellence in customer service, how to handle difficult customers, an external digital marketing mentor for our Marketing Manager and an external Q Grader essentials course for our 2nd Roaster and Head of Dispatch. Internal coffee cupping protocols had to change due to Covid, however we trained up two additional staff to roast coffee, bringing our qualified roasters to 4 team members. |

| Goal                                                                                                                                                             | Date set | Achieved (and ongoing)                                                              | Not achieved | Reclassified or no longer deemed relevant | Notes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-------------------------------------------------------------------------------------|--------------|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Continue to respect, celebrate and normalise te reo Māori, not only as a component of our brand, but also as part of our ongoing dialogue with our stakeholders. | 2018     |  |              |                                           | <p>This is ongoing work that will never be finished. We have made good progress on this front:</p> <ul style="list-style-type: none"><li>• In 2021 we provided a company funded te reo class for all staff to voluntarily participate in and this was followed up with a second course in 2022 that was employee-funded.</li><li>• We initiated te reo Māori text rollovers on our website in December 2021.</li><li>• In 2022, we translated the majority of our website and integrated a toggle that allows users to flick a switch and view the website in te reo Māori.</li><li>• Kōkako Commercial Bay participated in the Whanau Marama exhibition as part of Matariki 2022. Māori designed t-shirts were displayed as artworks available for purchase in our space.</li></ul> |

| Goal                                                                                                                                                                                                              | Date set | Achieved (and ongoing)                                                              | Not achieved | Reclassified or no longer deemed relevant | Notes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-------------------------------------------------------------------------------------|--------------|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Normalise the importance of sustainability considerations in our sector and continue to provide a voice within our industry body, the New Zealand Specialty Coffee Association (NZSCA), on sustainability issues. | 2018     |  |              |                                           | <p>We continue to be proactive in our industry in promoting sustainability initiatives across all stakeholders. This has included:</p> <ul style="list-style-type: none"><li>• Actively promoting BYO cup events at our Commercial Bay flagship during Plastic Free July.</li><li>• Not promoting images showing single use takeaway cups online.</li><li>• Promoting the mainstreaming and normalisation of reusable cups, and installing a reusable cup rinser for customers at our Commercial Bay coffee bar.</li><li>• Promoting sustainable ideas to our wholesale customers via newsletters and annual workshops, and to consumers via events and online interaction.</li><li>• Advocating for the benefits of preparing a sustainability report with other NZ-based roasters including Coffee Supreme, Peoples and Prima Coffee.</li></ul> |

| Goal                                                                                                                                             | Date set | Achieved (and ongoing)                                                               | Not achieved                                                                        | Reclassified or no longer deemed relevant | Notes                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Generate value for all our stakeholders.</p> <p>Facilitate a return on the initial investment for our shareholders.</p>                       | 2018     |                                                                                      |  |                                           | <p>All Kōkako employees receive annual performance and salary reviews, and all staff are paid the Living Wage or higher.</p> <p>Kōkako has received periodic unsolicited Investment enquiries in the reporting period. No action has been taken on these as they are generally below the ROI shareholders would expect for their investment.</p> |
| <p>Review the performance of our website and coffee subscription service and look to improve this to grow direct business to consumer sales.</p> | 2018     |  |                                                                                     |                                           | <p>Kōkako invested heavily in a brand new website experience which was launched in late 2021, using Studio Almond as the developers. Work to grow coffee subscriptions from a rolling base of circa 250 is ongoing in 2022.</p>                                                                                                                  |



*Preparing Coffee Parchment for hulling  
at the mill in Papua New Guinea*

# Governance

One of the significant changes to the new GRI framework relates to the requirement on disclosing more about how the business is governed, and to provide more transparency about the decision making processes, and those making the decisions.

## Highest Governance Body

The business prepares quarterly board reports that are compiled by each head of department and finalised by the Managing Director. Board reports cover the four quarters of 1 April — 30th June, 1 July — 30 September, 1 October — 31 December and 1 January — 31st March. Board reports which include any critical concerns\* are shared with the board in advance of a quarterly meeting and then circulated with minutes to shareholders. In addition, the Managing Director had regular (weekly) meetings with the Co-Director, Chris Morrison, with support from the Financial Controller, Niki Nash.

The Kōkako board, who we have not created a process for evaluating the performance of, is responsible for decision making on, and overseeing the management of, the organisation’s impacts on the economy, environment, and people. The board is made up of the following representatives:

**“The participation of these additional shareholders to the Board meetings has helped to convey the sentiment of shareholders and provides the business with a greater depth of knowledge and competence, but we recognise that it fails to deliver diversity.”**

\*The number and nature of critical concerns reported to the board for the reporting period other than Covid-19 impacts were not kept.

- Chair:** Mike Murphy (M) - Kōkako Managing Director. Has been on the board since 2014.
- Niki Nash (F) - Kōkako Financial Controller. Has been on the board since May 2019.
- Chris Morrison (M) - Director and shareholder. Has been on the board since 2014.
- Matthew Maher (M) - Shareholder. Has been on the board since 2022.
- Chris Stevens (M) - Shareholder. Has been on the board since 2022.
- Major shareholders and directors: Mike Murphy (47.68%), Chris Morrison, Deborah Cairns & MK Trustee 2012 Limited (23.63%).

There is currently no formal nomination process for the Kōkako Board. Historically, it has been made up of just the Chair (Mike Murphy) along with Niki Nash and Chris Morrison. From the start of 2022, the board has had expressions of interest from shareholders Matthew Maher and Chris Stevens, who have sat in on quarterly meetings and provided feedback and advice to management.

The participation of these additional shareholders to the board meetings has helped to convey the sentiment of shareholders and provides the business with a greater depth of knowledge and competence, but we recognise that it fails to deliver diversity.

## Responsibility and Reporting

The board delegates responsibility to the Managing Director for managing the organisation’s impacts on the economy, environment and people. No other employees have been given accountability in these areas, however, through discussions with employees for what topics they wanted the company to report on, it was recommended that employees have greater access and participation in sustainability initiatives on a regular basis.

The current process for the company to report on the organisation’s impacts on the economy and people is through the quarterly board report. The process to report on progress for the environment and sustainability is through bi-annual reports, such as this one.

The Kōkako Managing Director, Mike Murphy, is responsible for reviewing and approving the reported information, including the company’s material topics. Data and information is collected by senior managers in the organisation and sent to Mike to review and compare it with data from previous sustainability reports. Mike is responsible for compiling the information for each report, with support and input from the Financial Controller and Marketing Manager.



Chris Morrison, Co-Director of Kōkako.

### Conflicts of Interest

Kōkako has not identified any conflicts of interest amongst our board. Conflicts of interest are asked to be declared by any new member joining the board and if they should arise following joining. We rely on the judgement of the individual board members.

### Collective Knowledge

Our two Directors take a keen interest in sustainable development, sharing knowledge and intelligence on sustainable innovation. Along with his role as Co-Director of Kōkako Chris Morrison is also the Chair of OANZ (Organics Aotearoa New Zealand) and through this, has been able to ensure that both he and Mike have had access to workshops that further educate on sustainability considerations for business owners.

Their most recent course participation was in a 2022 Te Tiriti o Waitangi workshop, specifically designed to give New Zealand business owners a greater understanding of Te Tiriti.

Refer to [page 43](#) for the associations and memberships that the company holds.

### Remuneration

Kōkako does not provide remuneration to board members, other than the salaries for the day-to-day running of the business, drawn by the Managing Director and the Financial Controller. The Managing Director is paid a salary that is reflective of the size, scope and revenue of the business, and this is reviewed biennially by the Co-Director and Financial Controller. Apart from the use of a company vehicle, the Managing Director receives no incentive payments or other benefits such as retirement benefits. Changes in remuneration for the Managing Director are guided primarily by financial performance and business stability.

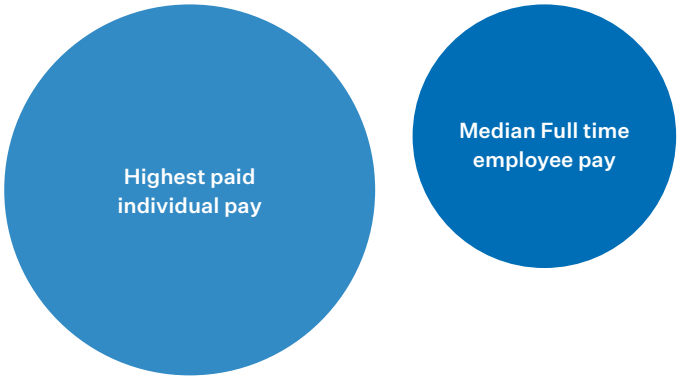
Kōkako pays the New Zealand Living Wage as a minimum and this is primarily for part time staff at the Commercial Bay coffee bar. Remuneration rates for all other roles are decided on and benchmarked by utilising criteria including:

- Annual performance reviews for team members and adherence to KPIs
- Available industry data benchmarking the salary for similar roles in New Zealand

Final remuneration for all employees is decided on by the Financial Controller and Managing Director. The Kōkako board does not oversee the process and there is no independent remuneration committee.

Compensation Ratio

The ratio of the median annual total pay for all full time Kōkako employees relative to the organisations’ highest paid individual is 1—2.6



This was calculated using the following formula:

- Annual total compensation for the organisation’s highest paid individual
- Median annual total compensation for all other full time employees

According to [research from the Otago Uni School of Business in 2013](#) “CEOs are paid 30 to 50 times more than the average wage.” Or [this report by Stuff](#) that found “chief executive pay, including benefits and incentives granted for the year, was between 16- and 36-times worker pay”, and that “of the biggest 20 companies in the benchmark NZX 50 index found only half were willing to disclose their median pay,” In the United States where [public companies must disclose their pay ratios](#), “the average S&P 500 CEO made \$15.5 million last year, 299 times the pay of the median worker.” With one business (Aptiv Plc) the CEO earned 5,294 times its median employees’ pay at the end of fiscal year 2020.<sup>(1)</sup>

The average percentage increase in annual pay for all full time employees (excluding those who had worked less than one year in the reporting period and were therefore not eligible, and excluding the organisations highest paid individual) was 7.58% in the reporting period. The highest paid individual received an average increase in annual total compensation of 9.6% within the reporting period, the first increase in 4 years.

Data was compiled by reviewing the annual FTE salaries in the weekly payroll report for all staff at the end of the reporting period (June 2022). Data for reviewing the average percentage increase in annual total compensation was obtained by reviewing the Annual Performance Reviews of 10 FTE employees in the reporting period.

<sup>(1)</sup> [www.reuters.com](http://www.reuters.com)



The Kōkako Roastery, Mt Eden.

# Coffee Globally Te Ao Kawhe

12

As it has done on all industries across the globe, Covid-19 significantly impacted the data collection and research on the coffee industry, and many of the medium and longer term impacts won't be known for some time yet. This page provides some context of coffee globally to help you understand Kōkako's place amongst it.

The coffee world is largely split in two: consuming countries, which tend to be the most economically developed, and producing countries, found geographically near the equator and which are (in many cases) also the least developed economies in the world.

**Brazil, Vietnam, and Colombia remain the planet's top coffee producers (table of volumes in article)**

[Coffee Of The North](#)

**Roughly a third of all the coffee produced in the entire world is from Brazil and is worth over \$15 billion a year in export value.**

[Coffee Of The North](#)

**2.5 billion coffee cups are used and thrown away each year in the UK - enough to stretch around the world roughly five and a half times - but less than 1 in 400 - just 0.25% - are recycled.**

[publications.parliament.uk](#)

**The ICO Composite Indicator Price (I-CIP) for green beans has increased steady over the past 24 months, averaging 200.11 US cents per pound in August 2022, up 4.9 per cent from July.**

[International Coffee Organization \(ICO\) Coffee Market Report August 2022](#)

**There are over 2,000 coffee roasting businesses in the US alone.**

[Perfect Daily Grind](#)

**Coffee prices are expected to continue to rise with extreme weather events hitting Brazilian crops.**

[Coffee Could Get Even Pricier as Brazil's Harvest Falters - WSJ](#)

**In total, approximately 150 million Americans drink 400 million cups of coffee per day -- or more than 140 billion cups per year -- making the United States the leading consumer of coffee in the world.**

[fool.com](#)

**Global exports of green beans in July 2022 totalled 9.04 million bags, compared with 9.91 million bags in the same month of the previous year, down 8.8%.**

[International Coffee Organization \(ICO\) Coffee Market Report August 2022](#)

**Around \$37bn in coffee products are traded every year.**

[International Trade Centre](#)

How we impact our  
environment and  
how it impacts us

# Our World

O Tātou Taiao

# Climate Change — Our Carbon Footprint and Climate Resilience



Kōkako recognises that our business operations are carbon intensive and that’s why we have offset the carbon on every kilogram of our coffee since 2015. But this isn’t enough. We believe that transformative change is required in the global coffee sector along with better climate adaptation as climate change is not going away anytime soon.

Since we started working with the FairClimateFund, they have expanded their offsetting offering to include other industries and in 2021 we participated in a client business case as part of our commitment to encouraging other business owners to explore how they can participate in carbon offset schemes - you can read this [here](#).

The following excerpt from the NZ Climate Commission outlines why our future choices and decisions must be seen through a climate change lens:

*Since 1990, Aotearoa’s emissions have increased, though they have been relatively stable in recent years. Aotearoa’s greenhouse gas emissions are about 80 million tonnes of CO<sub>2</sub>e each year. CO<sub>2</sub>e means ‘carbon dioxide equivalent’ and is a way of describing different greenhouse gases in a common unit. Forests remove (or sequester/lock away) slightly more than 20 million tonnes of CO<sub>2</sub>e each year.*

*We all need to consider how each choice we make increases or decreases greenhouse gas emissions and better prepares us, our families, our businesses, our communities, Aotearoa and the world for the future.*

*Every investment, every decision, every action, needs to consider its emissions contribution and impact on our progress toward a climate-resilient society. This is also about opportunities - not just what we need to give up. It’s about how we use current and new technology and innovation to reduce emissions.\**

\*Source — [Climate Commission Website](#)

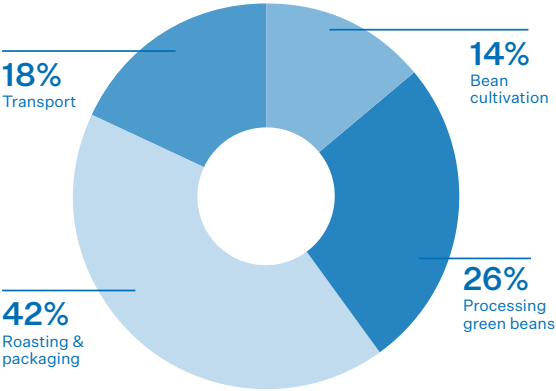


The Fair Climate Fund’s Ethiopia Cookstove project.

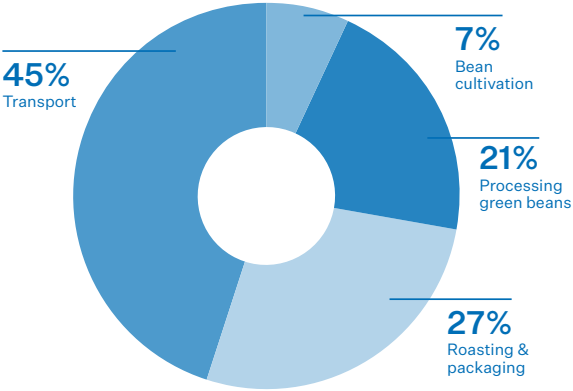
We continue to offset our Carbon Emissions for each kilogram of coffee produced via FairClimateFund.



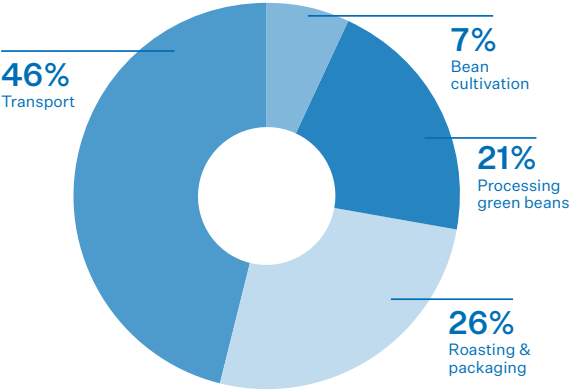
**Total emissions**  
**211 tonCO<sub>2</sub>eq in 2018**

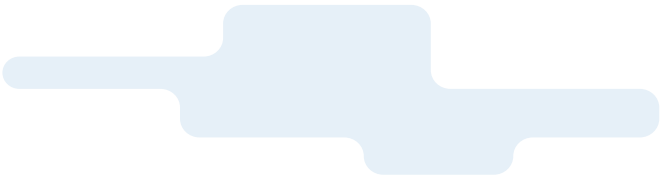


**Total emissions**  
**260 tonCO<sub>2</sub>eq in 2019**



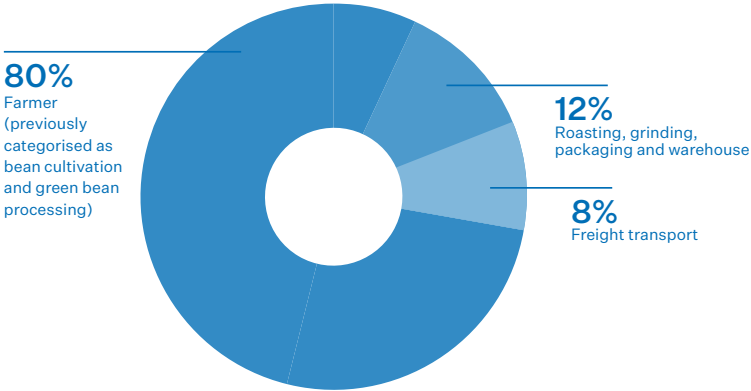
**Total emissions**  
**280 tonCO<sub>2</sub>eq in 2020**





|                                                     | Total carbon footprint<br>(kg CO <sub>2</sub> eq.) of coffee<br>production | Carbon footprint<br>(kg CO <sub>2</sub> eq.) per kg<br>packed coffee | Contribution total (%) |
|-----------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------|------------------------|
| Farmer (Total)                                      | 496,913.69                                                                 | 7.02                                                                 | 80.4%                  |
| Farmer: energy consumption                          | 37,741.14                                                                  | 0.53                                                                 | 6.1%                   |
| Farmer: fertilizer (incl. direct emissions)         | 48,239.60                                                                  | 0.68                                                                 | 7.8%                   |
| Farmer: direct land-use change (dLUC)               | 177,736.22                                                                 | 2.51                                                                 | 28.8%                  |
| Farmer: other direct emissions                      | 199,711.92                                                                 | 2.82                                                                 | 32.3%                  |
| Farmer: other inputs                                | 33,484.81                                                                  | 0.47                                                                 | 5.4%                   |
| Roasting, grinding, packaging and warehouse (Total) | 71,619.77                                                                  | 1.01                                                                 | 11.6%                  |
| Roasting+: energy consumption                       | 55,803.27                                                                  | 0.79                                                                 | 9.0%                   |
| Roasting+: packaging process                        | -                                                                          | -                                                                    | 0.0%                   |
| Roasting+: packaging materials                      | 15,499.10                                                                  | 0.22                                                                 | 2.5%                   |
| Roasting+: warehouse                                | 317.40                                                                     | 0.00                                                                 | 0.1%                   |
| Freight and Transport (Total)                       | 49,664.32                                                                  | 0.70                                                                 | 8.0%                   |
| Transport: farm - harbour origin                    | 8,341.35                                                                   | 0.12                                                                 | 1.3%                   |
| Transport: harbour origin - harbour import          | 9,381.09                                                                   | 0.13                                                                 | 1.5%                   |
| Transport: harbour import - roaster                 | 19,967.46                                                                  | 0.28                                                                 | 3.2%                   |
| Transport: roaster facilities - warehouse           | -                                                                          | -                                                                    | 0.0%                   |
| Transport: warehouse - client facility              | 11,974.42                                                                  | 0.17                                                                 | 1.9%                   |

Total emissions  
618 tonCO<sub>2</sub>eq in 2021



## Continuing on Our Climate Neutral Journey

The methodology and calculation tools we use for our climate neutral and carbon calculations are administered and overseen by Fair Climate Fund. We now have over seven years of data and coffee production carbon offsets. To see how the tool works, please refer to our [2016 report](#).

Please note that this report covers the reporting period from 1 July 2020 — 30th June 2022, however our climate neutral reporting is now aligned to a calendar year (1 January — 31 December) as per the table.

The Fair Climate Fund requires us to forecast our data in advance; we are then provided with an invoice for carbon credits from the Fair Climate Fund and a washup is done at the completion of the annual period. If our carbon emissions are higher than forecast we are required to top up the offset payment to the Fair Climate Fund.

The table on this page is a summary of carbon emissions for the reporting years 2018 to 2021, and a forecast for the reporting year to December 2022. These are shown in the pie charts on the previous page, relative to the carbon produced in each part of the supply chain.

The actual tonnes of carbon for 2021 are significantly higher than our initial forecast due to a change in the calculations around reporting on climate credits. Fair Climate Fund, the developer of the carbon calculator tool for coffee roasters, undertook a review of the data sets

for reporting and have put in place stricter rules which impact the CO2 calculations. Besides a complete update of the basic data set, new data on land use change in line with the Greenhouse Gas Protocol have been included and uncertainty factors increased to ensure a fair and accurate carbon footprint.

In this update the background data has been reviewed, updated and extended. Important aspects include a higher level of detail of farm-level direct and indirect greenhouse gas (GHG) emissions, updated emissions from land use change, extended number of origin countries for coffee, and the consideration of the effects of certification (UTZ/RFA, organic and Fairtrade). With these updates Kōkako will be reporting increases in the average carbon footprint and offsets for our 2021 washup and then from 2022 onwards. Based on a couple of samples - average CO2 footprint per kg Coffee goes up to ca 8-10 kg CO2/ kg Coffee – Farm to Shelf. Comparing our Carbon Offsets with other tools we believe that the new FCF Coffee Carbon Tool now gives a more realistic and fair outcome. In investigating the amendments to the Carbon Tool the researchers engaged by FCF, CE Delft, also noted that:

*“Organic certification has strict rules for which fertilizers are allowed. This leads to almost no synthetic fertilizer applied (and associated avoidance of climate change impact of production), but also results in a situation where organic farmers have less access to sufficient fertilizer, which is an important driver for lower yields on organic, compared to conventional farms.”*

| Financial Year                     | Volume roasted (KGs) | Total tonnes of CO <sub>2</sub> e | kg CO <sub>2</sub> e per kg roasted coffee |
|------------------------------------|----------------------|-----------------------------------|--------------------------------------------|
| April 2018 — March 2019            | 64,300               | 211                               | 3.3                                        |
| April 2019 — March 2020            | 72,646               | 260                               | 3.6                                        |
| January — December 2020            | 66,229               | 280                               | 4.2                                        |
| January — December 2021 — Forecast | 76,260               | 279                               | 3.7                                        |
| January — December 2021 — Actual   | 70,796               | 618                               | 8.7                                        |
| January — December 2022 — Forecast | 77,425               | 664                               | 8.5                                        |

To read more about how organic agriculture is key in the fight against Climate Change please refer to our [2020 report](#).



## What else needs to happen, and what might be next?

As can be seen in the data, a significant portion of the CO<sub>2</sub> produced in the coffee supply chain comes from roasting and packaging coffee. Although we recognise that offsetting is a partial solution, what we really need in our industry is more innovation in roasting technology that might allow roasters to move away from large production roasters that rely on natural gas to power them (we're not talking about the difference between hot air roasters and drum roasters, but the gas that fires them).

Gas powered roasters are used by the majority of coffee companies globally that supply to wholesale and retail customers. They allow roasters to control the gas pressure and therefore manipulate the roast profile to achieve an optimum flavour profile. Electric roasters are available but they are generally for smaller batch roasting, shop roasting or home use. Probat has released some new small electric roasters and another example of an electric alternative is the Bellweather in the USA.

They've provided one of the better summaries we have found on this topic, given that some US states are either banning or considering banning natural gas:

[bellwethercoffee.com](https://bellwethercoffee.com)

Kōkako uses a New Zealand made Kaffelagic Nano 7 Hot Air electric roaster for our sample roasting, and a natural gas powered Probat Probatone 25kg gas powered roaster for our production roasting.

[kaffelagic.com](https://kaffelagic.com)

Probat is also working on hydrogen powered roasting technology but this is still in its formative stages, as reported by [Daily Coffee News](#).

So what we really need is for someone to come up with a production roaster that can be powered electrically or with bio-gas and still roast to the same profile and consistency as a natural gas powered roaster. Who's up for it?

Meanwhile, apart from existing offsets for coffee from 2022 we will include the remainder of our business operations, and we are also in the formative stages of investigating how Carbon Insetting could make an impact here on the ground in NZ.



Gemma, hard at work in the Roastery.

# Fairtrade & Climate Resilience

All certified Fairtrade cooperatives that Kōkako purchases from must meet the Fairtrade standards, requiring producers to take steps to:

- Adapt to climate change
- Reduce greenhouse gases and increase carbon sequestration
- Avoid deforestation and protect forests
- Tackle soil erosion and increase soil fertility
- Reduce water wastage

Since it’s become clear that climate adaptation is now as important as climate change mitigation, we have observed the Fairtrade team working on the ground

“Since it’s become clear that climate adaptation is now as important as climate change mitigation we have observed the Fairtrade team working on the ground with farmers to educate them on ways they can ensure business continuity and resilience.”

with farmers to educate them on ways they can ensure business continuity and resilience. This includes maintaining coffee farms under forest canopies, which creates a microclimate for the trees and allows filtered sunlight into plantations, not to mention protecting coffee farmers and pickers from intense sunlight.

As plots of coffee trees on some farms come to the end of their useful life, they are able to be replaced with different coffee plant varieties that may be more climate resilient.

Where these are planted, they are interspersed with other cash crops such as peanuts or banana trees and more mature canopy trees, creating a more diverse permaculture environment while also providing farmers with additional cash crops that can be harvested between coffee seasons. The nurseries that many coffee farms have created help to future-proof coffee cooperatives by ensuring that new plants are available within close proximity to existing farms.

Fairtrade’s unique, two-pronged approach helps farmers become more resilient to climate change, whilst at the same time giving consumers, retailers and traders the opportunity to reduce their carbon footprint. All this is underpinned by the Fairtrade Climate Standard.

Firstly, farmers, producers and workers can spend the Fairtrade Premium – that’s the extra money they get from sales of Fairtrade certified crops and products – on projects such as tree planting, irrigation, crop diversification and clean energy, which are more sustainable on a local level but also contribute to the global fight against climate change. Fairtrade farmers and workers decide for themselves how the Premium money is spent, because it is they who know best what they need to become more resilient.

Fairtrade released a report in October 2022 outlining how their work helped to reduced the impacts of Covid-19 for the members and workers of producer organisations. You can read the full report [here](#).

Secondly, Fairtrade Carbon Credits — which Kōkako has held for the last 7 years, in partnership with the Gold Standard — enable farming communities in developing countries to benefit from access to carbon finance to tackle the effects of climate change. Farmers get a double benefit from Fairtrade Carbon Credits because they get a minimum price to cover the costs of setting up and running a project, and in addition they can use the Fairtrade Premium on every credit sold to invest in adaptation and mitigation.

To read more about how Fairtrade is addressing climate change at origin check out this link: [www.fairtrade.net/issue](http://www.fairtrade.net/issue)

| Impact of Kōkako and Everybird partnership with Fairtrade over the reporting period                              |                      |
|------------------------------------------------------------------------------------------------------------------|----------------------|
| Note: This information was added in April 2023                                                                   |                      |
| Licensee fees paid to Fairtrade ANZ (30% goes to Fairtrade International 47% is spent on producer services)      | \$72,787.55 ex GST   |
| Total Fairtrade premiums paid from coffee, cocoa and sugar purchased                                             | \$115,976.27 ex GST* |
| Total organic differential paid for coffee and cocoa purchased (there is no organic differential for cane sugar) | \$82,889.71 ex GST*  |
| TOTAL                                                                                                            | \$271,653.53 ex GST* |

\*These payments are made via our green bean, cocoa and sugar brokers. Premiums and organic differentials are calculated in USD. This has been converted to NZD by averaging out the exchange rate over the reporting period (1 Jul 2020 – 30 Jun 2022).



The offset programme meets four of the major Sustainable Development Goals:



### Update to the FairClimateFund (FRF) Carbon Reporting Tool

All carbon produced from our roasting process is still offset against the same Ethiopian Cookstove Project that we started with back in 2015 – this is administered via our accreditation partners, FairClimateFund.

In this project FairClimateFund works together with Fairtrade Netherlands or Max Havelaar, in the Fairtrade Carbon Partnership (FCP). The aim is to distribute 40,000 cleaner cookstoves to 20,000 households. Each household uses two cookstoves: one stove (Tikikil) for general use and one (Mirt) to bake the Injera, a flat round bread made of teff flour. In addition to the reduction of wood use and CO<sub>2</sub> emissions, there is less smoke in the house and women have a time gain of up to 30 minutes in the preparation of a meal. The coffee farmers pay for the stove partly in cash and partly with the CO<sub>2</sub> credits that the use yields.

For the latest updates on the programme and to understand how it works please visit: [www.fairclimatefund.nl](http://www.fairclimatefund.nl).

As noted earlier Kōkako is keen to work with our industry body and the EECA to identify ways for our whole industry to de-carbonise. The EECA has already put together an initial sector strategy for this and you can read about it [here](#).

The SCA (Specialty Coffee Association of America) has also released a Carbon and Coffee Report in 2022 — [page 34](#) has an excellent summary of what our sector needs to be doing to decarbonise: [SCA Carbon and Coffee Report 2022](#)

To read more about how organic agriculture is key in the fight against Climate Change please refer to our [2020 report](#).

The Fair Climate Fund’s Ethiopia Cookstove project.



# Our Vehicle Fleet & Emissions

Since we last reported, we have made several changes to our vehicle fleet.

The VW Caddy we had was not suitable for our Technician as it had no back seats for his whanau. Without buying a ute or another van, it is quite difficult to find a late model, reliable, good value, low emission vehicle that can be used to carry parts, a 3-group espresso machine and also have room for childrens’ car seats.

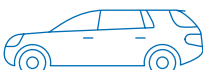
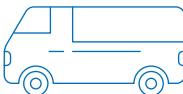
We landed on a 2020 Holden Commodore (like the ones the police used to use) and traded the Caddy for this in May 2021 as it met our tight budget and had a high safety rating. The downside is it’s projected to emit 2.28 tonnes of carbon per year compared to the Caddy’s 1.8 tonnes per year. Not ideal!

We needed to add another pool vehicle that could be used by our staff and purchased a 2017 Toyota Yaris. This vehicle was purchased in February 2022 when the second hand vehicle market pricing was very high and this limited the hybrid options in our price range.

By upgrading one vehicle in our fleet and adding another, this has increased our annual average CO2 emissions for company vehicles by 26.7% from a combined estimate of 22.04 tonnes in 2020 to a combined estimate of 30.07 tonnes in 2022.

Each vehicle is regularly tuned for optimal fuel efficiency and lower emissions and serviced as per manufacturer’s recommendations. 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.

\*Source - [www.rightcar.govt.nz](http://www.rightcar.govt.nz) and based on driving averages as outlined in the table.

| Vehicle Make, Model and Year   | Transmission/ CC/Fuel source | Fuel Economy Rating* | CO2 Emissions Notes                                                                                                   |                                                                                       |
|--------------------------------|------------------------------|----------------------|-----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 2018 Toyota Corolla Hybrid     | Auto/petrol/ electric 1.8L   | 4.1L/100 kilometers  | This vehicle emits a very small amount of CO2 gas. 94 gram/km = 1.32 tonnes/year based on driving 14,000 km per year. |    |
| 2018 Toyota Corolla Hybrid     | Auto/petrol/ electric 1.8L   | 4.1L/100 kilometers  | This vehicle emits a very small amount of CO2 gas. 94 gram/km = 1.32 tonnes/year based on driving 14,000 km per year. |    |
| 2020 Holden Commodore LT Wagon | Auto/petrol 2.0L             | 8.6L/100 kilometers  | This vehicle emits an estimated 2.73 tonnes/year of carbon dioxide (CO2) gas based on driving 14,000 km per year.     |    |
| 2017 Toyota Yaris GX           | Auto/petrol 1.3L             | 7.1L/100 kilometers  | This vehicle emits an estimated 2.28 tonnes/year of carbon dioxide (CO2) gas based on driving 14,000 km per year.     |  |
| 2011 Toyota Hiace              | Auto/Petrol 2.0L             | 11.2/100 kilometers  | This vehicle emits an average amount of CO2 gas. 250 gram/km = 3.5 tonnes/year based on driving 14,000 km per year.   |  |
| 2015 VW Golf GTI               | Auto/Petrol 2.0L             | 6.4L/100 kilometers  | This vehicle emits a small amount of CO2 gas. 147 gram/km = 2.06 tonnes/year based on driving 14,000 km per year.     |  |



# Regenerative Organics — Biodiversity & Environmental Stewardship

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**We continue to only work with certified Organic and Fairtrade cooperatives for our green coffee, cocoa and sugar. It's important to note that we don't have control of our suppliers (and their subsequent supply chains) but we do have influence the 'third party verifications' which provide some reassurance that the production of these items, and our company activities, products, and services are not causing any significant negative impacts on biodiversity.**

As we continue to learn of the biodiversity crisis we are facing both locally and globally, we remain steadfast in our commitment to regenerative organic farming and biodiversity protection. We continue to only work with certified organic and Fairtrade cooperatives for our green coffee, cocoa and sugar. It's important to note that we don't have control of our suppliers (and their subsequent supply chains) but we do have influence. The 'third party verifications' provide some reassurance that the production of these items (and our company activities, products, and services) are not causing any significant negative impacts on biodiversity. We have not taken any action against suppliers and are unaware of any negative environmental impacts in our supply chain. To read more about these certifications and their standards, see [here](#) and [here](#).

Our supply chain has not significantly changed since our [2020 report](#) and as a result of our [2018 report](#) we formalised our procurement methodology to further enhance our understanding of all goods and services supplied to Kōkako. As our supply chain has not changed materially in the reporting period, none of our existing long-term suppliers have failed to meet our standards for supply chain transparency, product integrity or environmental sustainability.

Our Sustainable Procurement policy places significant emphasis on Fairtrade and organic procurement via our certification schemes and we continue to foster collaborative partnerships with our supply chain, including packaging partners such as Innocent (compostable takeaway cups) and Convex (compostable coffee bags).

Despite the disruptions caused by Covid-19, we have remained committed to our relationship with the Rotoehu Ecological Trust to support their work in restoring kōkako populations. During the reporting period we helped raise \$2,000 from donations through the Kōkako website.

For more details on this partnership and the impacts see page 29 of our [2020 report](#).



# Promoting the Circular Economy Model

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**“As we only buy certified organic coffee the way in which the coffee we source is grown adheres to regenerative agriculture principles and promotes soil integrity and best practices in plant husbandry.”**

We have always believed that the specialty coffee sector has an exceptional opportunity to promote and celebrate the Circular Economy Model and you can read more about this in our 2020 report. As we only buy certified organic coffee, the way in which the coffee we source is grown adheres to regenerative agriculture principles and promotes soil integrity and best practices in plant husbandry. (Principle 3 of a circular economy - regenerate natural systems.)

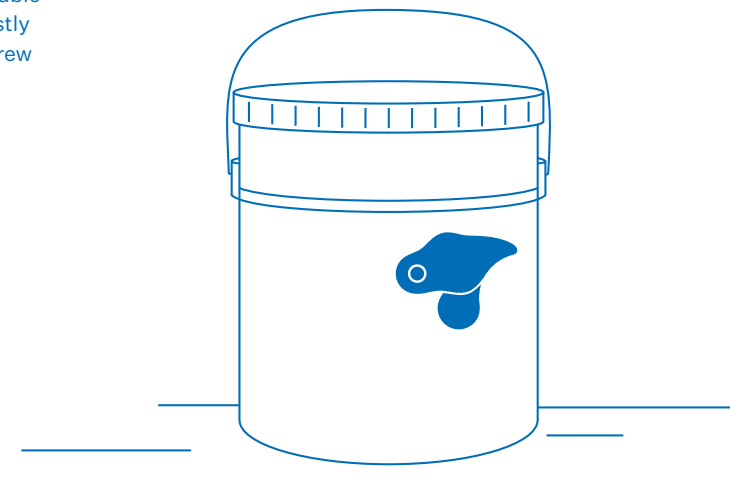
We know that a lot of our customers are engaged in sustainability and care about the principles behind the Circular Economy Model. We encourage our customers to enjoy their coffee before disposing of the packaging and used grounds via a home worm farm or composting

bin, and we have included handy hints on our website and blog outlining our recommendations for this [here](#).

Since we last reported we have continued with the same circularity steps as per prior reports. Apart from the standard Auckland Council 180L landfill bin and 240L recycling bin, we have no need for additional recycling or landfill bins. This is possible by continuing with the following initiatives:

- Utilising returnable coffee buckets for our Auckland based customers (requiring no packaging)
- Increasing the capacity of our cardboard collection so that this can continue to be recycled as we grow
- Utilising a 240L We Compost bin for all compostable items to be collected and composted (this is mostly coffee grinds, coffee grinds left over from Cold Brew and coffee chaff from the roasting process)

- Continuing with a Soft Plastic recycling collection (this is mainly for pallet wrap but we also encourage all staff to bring in their soft plastics from home)
- Collecting any polystyrene and recycling this at the Auckland Council collection centre in Henderson





### Reusable Coffee Buckets

In October 2019, we launched our first fleet of buckets to reduce packaging waste for our local Auckland customers. As we deliver directly to almost all of our Auckland network of outposts, we questioned why we were bagging their orders into 1kg bags, and if there was a better way to distribute our beans. Taking advantage of the fact that we visit them twice a week.

**In the latest reporting period (1st July 2020 — 30th June 2022) we delivered 985 4kg buckets and 5,839 6 kg buckets to customers across Auckland. These deliveries combined mean we have successfully avoided 39,019 single-use compostable bags to distribute our beans - that's 39 tonnes of coffee delivered with no packaging.**

In the prior reporting period, and as stated in the 2020 Kōkako Sustainability Report, we delivered 297 4kg buckets and 1,139 6 kg buckets to outpost customers across Auckland. As the bucket scheme only started in October 2019 and there was a gradual rollout, this did not represent the full reporting period, but still showed us successfully avoiding 8,022 single-use bags to distribute our beans.

For context, relative to the rest of the 1kg coffee sold in the reporting period (and excluding 200g retail bags) it shows that Kōkako delivered 34.5% of all 1kg coffee in returnable buckets with no packaging in the reporting period.

*Kōkako coffee buckets being loaded into the delivery van.*



# Managing Our Materials — What to Do About Waste

“A major and continuing challenge for us, and our industry, is that of the single use takeaway cup. Despite our best efforts to encourage and support our customers to enjoy their coffee in, or bring their own cups, we still distribute thousands of cups every year.”

Our primary products are made up of virgin materials (green beans sourced from around the world, cocoa and sugar) — there are no recycled or reclaimed inputs that go into their manufacturing process. There are, however,

recycled inputs in the packing and distribution of our products and we have reclaimed items in other areas of our supply chain. For example, the recycled input content of our shipping boxes ranges from 56% to 85% and the recycled input content of our compostable packaging is approximately 15%.

We continue to reclaim and rehome the hessian sacks that our green beans arrive in — these are given away for free to home composters and for tree planting initiatives.

A major and continuing challenge for us, and our industry, is that of the single use takeaway cup. Despite our best efforts to encourage and support our customers to sit in and enjoy their coffee, or bring their own cups, we still distribute thousands of cups every year. This is a direct cost to us, our wholesale customers and a considerable use of natural resources. During the reporting period, we sold the following number of consumables:

| Product                       | Units Sold      |                 |
|-------------------------------|-----------------|-----------------|
|                               | Nov 18 – Jun 20 | Jul 20 – Jun 22 |
| 4oz Cups                      | 42,780          | 41,800          |
| 4oz Lids                      | 12,300          | 16,700          |
| 6oz Cups                      | 217,308         | 275,550         |
| 8oz Cups                      | 520,620         | 546,350         |
| 6oz/8oz Lids                  | 570,540         | 683,850         |
| 10oz Cups                     | 655,500         | 629,300         |
| 10oz Lids                     | 576,840         | 640,100         |
| Nitro Cold Brew Cups          | 10,680          | 19,700          |
| Nitro Cold Brew Lids          | 16,500          | 22,050          |
| Cardboard Cup Holders – 2 cup | 15,292          | 19,888          |
| Cardboard Cup Holders – 4 cup | 14,930          | 18,359          |



### Plastic Free July

For Plastic Free July this year we introduced Friday Bean Days - one every Friday for the whole month of July 2022.

This campaign was intended to incentivise and reward customers for bringing their own cups and containers.

Here’s how it worked —

- Customers would order any beverage in a reusable cup.
- Then hand over a second vessel (e.g. tin, or mug) and we filled it up with 100g of our beans for free. We even ground it for their preferred brew method.

For the final Friday, we stopped serving single use cups altogether at our roastery roller door and Commercial Bay coffee bars (we also did this for one day during Plastic Free July in 2021). For anyone caught out, they could buy an edible cup or borrow one of our loan mugs. We encouraged people to bring whatever vessel they could find, challenging the idea of what a reusable cup could be.

Although all our consumables are certified commercially compostable and our packaging partners, Innocent Packaging have set up a collection service, we rely on consumers to responsibly dispose of their single use cup after they have had consumed their coffee. At our own flagship coffee bar in Commercial Bay we don’t hand out a takeaway coffee with a lid, giving the customer the option to add this if they wish. As we have no reliable data on the percentage of Kōkako consumables that are composted, we accept that the majority are likely to end up in landfill — not great.

The same challenge remains for the industry that has done since the invention of the takeaway coffee. Customers who want to take their coffee orders away (who constitute a considerable number of sales), and who don’t bring their own reusable cup then discard their takeaway cup and lid in any number of available bins - from their homes, to offices, and street bins. A variety of bins which are managed by any number of waste management companies, all with varying levels of capability and capacity to sort and compost the items.

### Our Compostable Packaging doesn’t contain PFAS

As we were about to publish our 2022 Sustainability report we read about Polyfluoroalkyl substances (PFAS). PFAS are a group of synthetic compounds commonly used in a range of products due to their resistance to heat, oil and water, and can be found in a range of products including some takeaway packaging. It’s not desirable as if it is contained as a component in compostable packaging it can remain in the soil, so that defeats the purpose of compostable packaging. These chemicals are very stable and do not break down in the environment. We checked with our two main Compostable Packaging suppliers, Innocent (our takeaway cup supplier) and Convex, who supply the compostable bags our coffee and drinking chocolate are packaged in.

Both suppliers confirmed that they have had the products Kōkako buys from them independently tested and confirmed that no PFAS is present in the packaging, which is good news. We will continue to try and keep up with any developments in this area.



## So, what can we do about this?

It's a conundrum. You may have noticed we don't actively repost or promote single use takeaway cups on our social media as we don't want to 'normalise' this. We have looked into not supplying takeaway cups at all, including removing them completely from our own coffee bar at Commercial Bay. After trialling this on selected days in the last two years we have determined that although we could make a noble impact, many of our customers will simply go elsewhere for their coffee and our wholesale customers would still have to find a source of cups to serve their customers. This creates another problem, which is the commercial viability of our business. After all of the Covid-related trading constraints, we need a certain volume of business to ensure that we can pay our rent, suppliers, staff, Fairtrade fees and operating costs.

We REALLY appreciate the support of customers who make an effort, day-by-day, to bring their own reusable cup, not just at our coffee bar but at the cafes we supply across Aotearoa. Like with many sustainability initiatives, there will always be early adopters, but to get single use cups removed completely (and to ensure an even playing

field for all hospitality operators) it's likely only to be a government led initiative that creates impactful change. We are seeing this starting to happen in NZ with changes to the Waste Minimisation Act; and with changes to this act impacting some single use packaging from 1 October 2022, we understand that the abolition of single use coffee cups will also be considered in the next two years.

Until this happens we will continue to promote and incentivise the use of reusable cups (like we did for Plastic Free July), encourage coffee drinkers to take the time to enjoy their coffee onsite, and work with our packaging partners and other stakeholders to find solutions to reduce the volume of cups going to landfill. From October 2022, we will also be rolling out the Again Again Cup system at our Commercial Bay coffee bar, providing a sustainable alternative for anyone who doesn't bring their own reusable.

For more detailed information on our packaging please see our [2018 report](#).



The people we impact  
and who impact us.

# Our People

# O Tātou Iwi

# Supplier Relationships

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**“98% of our supplier spend is with New Zealand based suppliers (a change from 91.7% in our previous reporting period).”**

The relationships we forge with the farmers at origin — thanks to the Fairtrade system — are extremely important to us but we wouldn’t get very far without our local suppliers here in New Zealand. 98% of our supplier spend is with New Zealand based suppliers (a change from 91.7% in our previous reporting period). The two largest suppliers to Kōkako are the green bean importers we work with, Trade Aid and John Burton Ltd, followed by our packaging supplier, Convex, and consumables supplier, Innocent Packaging. All are New Zealand owned and managed businesses who we have worked with for many years. Trade Aid and

John Burton have supplied Kōkako since our humble beginnings and we started sourcing from Innocent when they launched in 2013 and Convex in 2014. We also work with a number of small NZ suppliers - we reported on this in our [2020 report](#).

As committed to in our 2020 report, we have established a procurement policy that further strengthens our due diligence on all new and existing suppliers we work with.





Gabriel Iso, Fairtrade Liaison Officer, Papua New Guinea.

### The Impact of Fairtrade on Coffee Cooperatives in Papua New Guinea

For those of you who have supported Kōkako over the years, you’ll be aware of our strong connection to Papua New Guinea. Not being able to travel there over the pandemic has been difficult for us and the cooperatives we work with as we value the in-person connection we have built over many years.

In prior reports and on our [Journal](#), we’ve highlighted a lot of the positive work that Fairtrade has been doing in Papua New Guinea, but up until now there hasn’t been a cohesive document that outlines all of this in one place.

In July 2022 Sustineo published [this study](#) commissioned by Fairtrade assessing the impact of ten years of Fairtrade involvement on the ground in PNG. It has demonstrated that Fairtrade’s involvement has had multiple positive impacts on coffee farmers, households and communities.

One of the contributors to the report was Gabriel Iso, the Fairtrade Liaison Officer for Fairtrade in Papua New Guinea, who is based in the city of Lae but travels extensively to support and mentor Fairtrade cooperatives across the country. Gabriel has been instrumental in guiding us on our travels to PNG, in particular understanding the culture and helping us foster long-term relationships with key stakeholders.

If you don’t have time to read the full report right now, we’ve pulled out the highlights here in italics:



## Economic Impacts

- The economic benefits of Fairtrade certification are significant and have been identified across the supply chain. The primary economic impact has been the higher price that producer organisations and their member farmers receive from Fairtrade certification compared to the conventional market.
- Producer organisations can also receive a higher price under Fairtrade certification compared to Rainforest Alliance, as well as get added benefits of the organic differential and the Fairtrade Premium. Producer organisations and their member farmers connected to the Fairtrade market obtain better prices compared to conventional markets. **The difference is especially pronounced when the Fairtrade certification is combined with Organic certification with producer organisations of dual certification receiving on average a price increase of 24.91% per kg of coffee compared to the conventional market price. Producer organisations with dual certification also received an average price increase of 26.47% per kg of coffee compared to Fairtrade certification alone**
- The price benefits are particularly pronounced when Fairtrade certification is combined with the Fairtrade Organic certification, which reflects a broader industry trend of producer organisations moving towards achieving multiple certifications.

## Social Impacts (Including Gender and Empowerment)

- Fairtrade ANZ's interventions in PNG have had demonstrably positive gender impacts. The impact of Fairtrade ANZ gender training has been particularly influential at the farmer level. While the positive gender impacts at the level of the producer organisation are not quite as significant, the overall progress on women's empowerment is commendable in the context of gender relations in rural PNG, where women face significant discrimination and barriers to participation in the coffee industry.

Through one of the training programme Kōkako participated in with Fairtrade, we met Debrrah Yasu, and introduced her to Cascara. Since that meeting Debrrah has gone on to commercialise a Cascara business with other local women in PNG - you can read more about this project here:

- Another key source of empowerment engendered by Fairtrade ANZ's program in PNG derives from group membership and the formation of networks. **For farmers with limited resources and capacity levels, who live in remote settings across rural PNG, the benefits that come with being part of a producer organisation have been instrumental in improving their livelihoods and economic opportunities. Importantly, these benefits extend**

beyond the farmer level, as producer organisations are able to connect farmers with exporters and buyers who also participate in Fairtrade coffee supply chains. In doing so, farmers get connected to markets and increase their reach in a manner that would not be possible without Fairtrade certification.

If it weren't for the introductions facilitated by Fairtrade Kōkako would not have been able to forge such strong relationships with coffee producers in Papua New Guinea, host them here in New Zealand and be able to tell such deep stories about their coffee farms.

- There is also evidence of the Fairtrade Premium creating positive social impacts in farming communities with some producer organisations starting to invest more in community development initiatives as they have matured at the organisational level. Most notably, the Fairtrade Premium has been invested to build schools and contribute to school fees, as well as for building permanent houses.

Sacks of green beans ready to be exported.





Coffee farmers in PNG.

Professionalisation and capacity development

- Fairtrade ANZ’s in-country support and the training activities it provides have been integral in improving the capacity and professionalisation of producer organisations. All of the producer organisations examined in the study have in place governance arrangements that support democratic decision-making, in line with the Fairtrade Standard for Small-scale Producer Organisations (Fairtrade Standard).

Producer organisations have also been able to increase the quality of the coffee they produce as a consequence of the capacity building and training support provided by Fairtrade ANZ, as well as to processes implemented by producer organisations themselves. Underpinning these capacity development benefits is the strong in-country presence that Fairtrade ANZ has consistently maintained since commencing work in PNG.



# Working at Kōkako

Since we last reported — and through the various lockdowns and Covid-19 pandemic — our team size has stayed relatively stable when compared to the prior reporting period, where it grew due to the addition of the Commercial Bay coffee bar. The only exception was the opening of West Supply, where we operated five days with one full-timer and three part-time staff.

We continued to prioritise staff wellbeing and job security throughout this period and no jobs were lost as a result. As we reported last time, all Kōkako employees across our roastery and Commercial Bay locations are paid the Living Wage at a minimum, which in New Zealand is currently \$23.65 per hour (the current legal minimum wage is \$21.20).

All Kōkako employees are entitled to 200g of complimentary coffee each week for use at home and are fuelled by complimentary espresso or filter coffee at all three company sites. All of our employees are entitled to parental leave. Over the reporting period, one of our female staff members took this leave and returned to part-time work.



## Total number and rate of new employee hires and departing staff during the reporting period, by age group, gender and region, compared with the previous report/period:

|                   | Prior reporting period - new hires | Current reporting period - new hires | Prior reporting period - staff departed | Current reporting period - staff departed |
|-------------------|------------------------------------|--------------------------------------|-----------------------------------------|-------------------------------------------|
| Female            | 9                                  | 12                                   | 0                                       | 7                                         |
| Male              | 5                                  | 5                                    | 4                                       | 4                                         |
| Non Binary        | 0                                  | 2                                    | 0                                       | 2                                         |
| Region - Auckland | 14                                 | 19                                   | 4                                       | 13                                        |
| Age 20 - 25       | 3                                  | 8                                    | 0                                       | 1                                         |
| Age 26 - 30       | 6                                  | 7                                    | 0                                       | 5                                         |
| Age 31 - 40       | 5                                  | 2                                    | 3                                       | 7                                         |
| Age 41 +          | 0                                  | 1                                    | 1                                       | 0                                         |

HR at Kōkako is overseen and managed by the Managing Director and all recruitment is undertaken by the MD. 100% of our employees complete an annual performance review and some have also had six month reviews after the commencement of their employment.

In 2021, we updated the performance review template and have had positive feedback from our team on this, as it is now done collaboratively with each respective manager. Where appropriate, and depending on the results of the performance review, we consider an increase in remuneration alongside this review. Multiple factors are considered in this decision:

- the overall score of the employee in their performance review
- competency in the role and the overall performance of their respective division
- company performance overall

Career development is discussed and considered as part of the annual performance review and options for the employee are provided for career progression.

# Training & Development

We have been able to undertake additional training and professional development in the reporting period, especially as many staff were working from home and our trade patterns were impacted by Covid-19. The training and professional development was a mixture of internal training and external courses and many were done as a result of internal promotions, as outlined below. Although we don't have specific Employee Transition Assistance Programmes we have promoted and transitioned staff (as outlined below) into new roles in the reporting period.

| Employee category                                                   | Gender                  | Total combined hours of training per year | Type of training                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------------|-------------------------|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Roastery & Operations Team                                          | 3 x Male<br>3 x Female  | 280                                       | <ul style="list-style-type: none"><li>We have trained two more roasters in the reporting period; one is from Commercial Bay and the other is our Delivery Driver and Roasting Assistant. They are trained and mentored by our Head Roaster, Sam McTavish. This brings our total trained roasters to four and includes training in Quality Control.</li><li>Four staff were trained in an external two day course on how to drive a forklift.</li><li>Our Second Roaster attended an external Coffee Q Grader's course in Wellington.</li></ul> |
| Sales, Account Management, Finance, Marketing and Managing Director | 4 x Female,<br>1 x Male | 60                                        | <ul style="list-style-type: none"><li>Our MD attended a two day online course on Te Tiriti o Waitangi.</li><li>Our Marketing Manager was mentored by an external digital marketing specialist.</li><li>Our Customer Service Manager was promoted into sales and has had training and mentoring from our Hospitality and Sales Manager.</li><li>Our Account Manager was promoted to Key Account Manager.</li></ul>                                                                                                                              |
| Commercial Bay Coffee Bar                                           | 6 x Female<br>1 x Male  | 20                                        | <ul style="list-style-type: none"><li>Multiple online trainings on specialty coffee and QC's during lockdown when we could not trade .</li><li>One in person course by the MD and Hospitality Manager on how to handle unreasonable customers.</li></ul>                                                                                                                                                                                                                                                                                       |



# Staff Wellbeing

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Kōkako maintains a very transparent relationship between all of the members who work within the organisation. Full team meetings are held periodically throughout the year, where the heads of departments present to the wider group, ensuring that every person stays in the loop and has a forum to be heard. Everything from financials, to operations, to marketing and sales is covered within these meetings.

As key stakeholders in our business, the staff were interviewed by Go Well Consulting to gain more insight about their experience of working at Kōkako. The MD was intentionally not present to encourage even more openness.

The feedback was mixed. The general sentiment was that Kōkako was an inspiring place to work, and that the company's dedication to sustainable practices made the employees want to do better in their personal lives too. As expected, it was apparent that the effects of the pandemic were wide reaching. While everyone was very grateful to have kept their job, the stress on the company (and people's lives in general) certainly had a trickle down effect. This was felt in some departments more than others, namely the roastery and Commercial Bay.

**"I noticed that the roastery team was under huge pressure, adapting to different challenges daily and coming physically into work was challenging for them. For me personally, I really like that Covid pushed us to be flexible in our way of working and move to more online meetings and video catch ups.**

**This has allowed me to put in place a different work structure than I had before commuting weekly from Northland. For my hospitality team I have encouraged them to work hours that fit within their lives – such as starting early and finishing early to beat the traffic."**

**"The last couple of years have been a real mixed bag. The impact of Covid was very stressful and the hardest period in Kōkako's history. At the same time we've grown as a team and implemented some strong new systems. We've developed a whole new brand in Everybird, which I'm super proud of. We've released some really interesting coffee for Kōkako, and team members have stood up, taking on new roles and responsibilities."**

**"Kōkako really looks after their staff. I really don't know many Managing Directors who would have gone to the extent Mike did to retain every single employee during this ongoing pandemic — pretty exceptional."**

**"I was so proud to see how Kōkako handled various lockdowns and challenges of Covid. We were on the cusp of opening Commercial Bay at the time of our first lockdown and being able to survive without losing any of our existing or new Commercial Bay staff is a huge win and credit to Mike and Niki who managed this."**

A quick Google search will reveal a plethora of studies that have begun to explore the effect of the global pandemic on personal and workplace productivity and mental wellbeing. We believe we won't understand these effects fully for some time, but this excerpt sums up what we do know well:

**"In only a few weeks, Covid-19 has profoundly changed our lives, causing tremendous human suffering and challenging the most basic foundations of societal well-being. Beyond the immediate impact on health, jobs and incomes, the epidemic is increasing people's anxiety and worry, affecting their social relations, their trust in other people and in institutions, their personal security and sense of belonging"**

*(Organisation for Economic Co-operation and Development (OECD), 2020 p.2)*

[www.oecd.org/inclusive-growth/resources/Covid-19-Protecting-people-and-societies](https://www.oecd.org/inclusive-growth/resources/Covid-19-Protecting-people-and-societies)



On being responsible, open-minded, empathetic, curious, open and transparent about what we do, how we do it, and why we do it.

# Kind Business

## Pākihi Atawhai

# Cultural Respect & Understanding

23

## Respecting our brand name and our commitment to a meaningful connection to te ao Māori

As we have noted earlier in this report, Kōkako ran a company funded te reo course for staff in 2021. This was followed up by a course in 2022 where participants could self-fund the course.

**Much of the course focused on what it takes to have and maintain a good relationship, and this is all relevant for us as a business that liaises with multiple stakeholders. Those same qualities that were vital for Te Tiriti included respect, communication, mutual benefit, manaakitanga, commitment, agreed ways of resolving conflict, shared values, and ways of valuing difference.**

We are mindful that as a brand with a connection not only to the indigenous people of Aotearoa (through our name and the country in which we are based), we also have deep connections to the indigenous people from where we source our coffee, in particular Papua New Guinea. Over the last 10 years, we have learnt that there are similarities in the world view of coffee farmers we work with in PNG to Māori here in Aotearoa, and there are learnings from this in how we do business.

In 2022 our Managing Director, Mike Murphy participated in a course facilitated by Groundwork on understanding Te Tiriti o Waitangi.

The course covered pre-Tiriti relationships, Te Tiriti context and content, colonisation and its impacts and current issues and actions.

Much of the course focused on what it takes to have and maintain a good relationship, and this is all relevant for us as a business that liaises with multiple stakeholders. Those same qualities that were vital for Te Tiriti included respect, communication, mutual benefit, manaakitanga, commitment, agreed ways of resolving conflict, shared values, and ways of valuing difference.

The course provided a valuable insight into what we can do, as both individuals and businesses, to have a greater understanding of Te Tiriti o Waitangi. Below are some suggestions of personal actions tangata Tiriti, in particular, might take in response to Te Tiriti. These recommendations are quoted from the course notes from Groundwork New Zealand:

- Find out more about the history of where you live or work with regard to Te Tiriti - who is tangata whenua and how has colonisation impacted on land ownership?
- Find out more about the histories of the people and groups/collectives you are part of e.g. your family, community groups
- Learn more about Te Tiriti and encourage others to do so too
- Use online dictionaries and resources to ensure that you are pronouncing/using te reo Māori properly
- Keep up to date with current issues via Māori media – E-Tangata, Ātea, Māori TV, iwi radio and iwi websites

- Ask others about Te Tiriti viewpoints, raise issues for discussion, listen carefully to others - at home, in community groups, at work
- Be a critical consumer of ideas, of stereotypes, of “common sense” assumptions; ask who is speaking, in whose interest, what alternative information is available
- Challenge racist assumptions and stereotypes - both your own and others
- If you have connections with your local school, check whether or how they teach about Te Tiriti
- Check out the Te Tiriti policy of the political parties or candidates you are thinking of voting for
- Contact media (or use social media) to express support for positive Te Tiriti-related media items or to challenge inappropriate commentary
- Find out about Te Tiriti and Māori-led initiatives in organisations you belong to - work, church, community groups, arts, sports and education - and support them
- In your work/community involvement/study ask, “How does this project/action/initiative/research reflect the context of Aotearoa?”
- For more information please visit: Groundwork: Facilitating Change (2020) [www.groundwork.org.nz](http://www.groundwork.org.nz)

# Translating our Website

When it came time to update our aging website in 2021, we brainstormed not only the functionality but also what we could do to be better treaty partners.

Being a New Zealand owned company with a Māori name comes with a certain responsibility. After updating the Kōkako logo in 2017 to include the macron, we decided to go all in and enable any person who visited our website to interact and order coffee in te reo Māori.

We added a toggle to the top of our website, which switches almost every page from English to Māori. It took many months, many Google docs and a significant

amount of time and patience from kaiwhakamāori, Ratu Tibble (Ngāti Porou, Te Whānau a Apanui) who studiously translated, reviewed, and guided our team on our te reo journey.

While a simple Google Translate plugin could have roughly translated our entire website, it wouldn't have been an accurate representation of the language. If we were going to do this at all, it was important that we work with a recognised translator to do it properly.

The switch is just one step in our journey to weave Aotearoa's indigenous language into our day to day business and build confidence in our team to integrate te reo into daily conversations.

Our website is a huge, ever-changing body of work so there are a few gaps and yes, probably some mistakes (even with Ratu checking, rechecking and checking again). This is an ongoing journey that will require many updates.

As of October 2022, 34,403 words have been translated on our website and 62% of those have been manually edited. The Shipping, Returns, Terms & Conditions, and Journal sections of our website remain untranslated for now.

*Ka tae te wā ki te whakahou i tō mātau pae tukutuku tawhito o tērā tau 2021, ka whakanikoniko whakaaro ehara mo te whakamahi anake engari me aha ā mātau mahi tahi me ō mātou hoa kotui o te tiriti kia pai ai.*

*Na te mea he kamupene no Aotearoa whiwhi ingoa Māori tēnā ka pā atu hei tino haepapa. I muri i te whakahounga o te waitohu a Kōkako i te tau 2017 ki mua kia mahia te tohutō, ka whakaaro mātau kia uru katoa kia mahia te tangata, ahakoa ko wai, i kuhu mai ki tō mātau pae tukutuku ki te mahi tahi ki te tono kawhe i roto i te reo Māori.*

*Ka tāpiria he pātuhi takahuri ki tō mātau pae tukutuku hei takahuri tata ki te nuinga o ngā whārangi mai i te reo Ingarihi ki te reo Māori. I puta tini marama, tini whārangi a Tuhi Google me te tini whakaputa mānawanawa mai i te kaituhi a Ratu Tibble (Ngāti Porou, Te Whānau Apanui) nāna i āta whakamāori, i tirotiro, i ārahi i tō mātou tīma haerenga reo.*

*Ahakoa te ngawari a te apa WhakaMaori a Kukara ki te whakamaori i to matau pae tukutuku katoa, kore e tutuki pai te takoto o te reo. Mēnā i hiahia mātau ki te mahi i tēnei, he mea nui i mahi tahi mātau me tētahi kaiwhakamāori whiwhi tohu kia tino tau ai te mahi.*

*Ko tā mātau pae tukutuku he tino rahi, me te kaha hurihanga o tēnei tinanatanga mahi, nā konā he nui ngā wawāhinga, āe hoki, me ētahi hapa pea (ahakoa ko Ratu kei te ētita, huri atu hoki mai). He haerenga haere tonu ka rite tonu te whakahou.*

*Mai i te 2022 o Oketopa, 34,403 kupu kua oti te whakamāori i tō mātou pae tukutuku ā, ko te 62% i ētita ā-ringatia. Ko ngā whakatukunga atu me ngā whakahokinga mai, ngā tikanga me ngā ture, ngā wāhanga tianara o tā mātou pae tukutuku ka noho whakamāori kore noa mo tēnei wā.*

# Transparency

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Transparency remains a critical value of how we do business - as is demonstrated throughout this report and our previous reports. Despite the challenges we have faced from a global pandemic and the resulting lockdowns (events that disproportionately impacted the hospitality industry), we have remained committed to delivering this, our fourth sustainability report (our third aligned to GRI) inline with the biennial reporting cadence we have committed to.

We choose to take this transparent approach to how we do business for a number of reasons. We want to inform and educate our customers, and the coffee drinking public more broadly, on the state of the global coffee industry and what impact their choices have on ecosystems and people around the world. Often these are people who have very little voice or control over how they are treated or the prices they are paid. As the saying goes - every dollar you spend is a vote on the world you want to live in.

We are also hopeful that we influence other coffee roasters to also be transparent on how they run their businesses and navigate the challenges we all collectively face. Many of these challenges, such as the impacts of climate change and biodiversity loss, the global price of green beans, or the increased cost of living, are far beyond the control of any one business. Industry collaboration is difficult to achieve at scale in an economic system that traditionally drives competition for profit and a financial return to shareholders over social and environmental impacts. However, as a collective industry we can find solutions and we are always open to engaging with our industry peers.

We also hope that we have influence beyond our own industry. Our values and beliefs on the role business should play in society does not stop just at coffee. This is why we choose to work with the suppliers and partners we do. Although cost of goods and profit margins are material to running a financially sustainable business, so do relationships, shared prosperity and care for our environment and natural resources.

Of course transparency is not just about what we communicate externally. It also involves how we communicate and what we communicate with our team. Our approach to internal transparency hasn't changed in any material way since our previous report. We continue to have:

- A weekly roastery meeting to discuss planning for the week, encouraging teamwork and collaboration and sharing of information and insights
- Bi-weekly leadership team strategy meetings, covering all major facets of the business including sales, operations, finance, HR, marketing and account management
- A monthly HR and company update via email to all employees
- Periodic company-wide meetings, made more difficult during Covid but generally quarterly

**“Who are businesses really responsible to? Their customers? Shareholders? Employees? We would argue that it’s none of the above. Fundamentally, businesses are responsible to their resource base. Without a healthy environment, there are no shareholders, no employees, no customers, and no business.”\***

*\*From a series of Patagonia advertisements from 2004. Patagonia was founded by Yvon Chouinard and this excerpt is quoted from his book “Let My People Go Surfing”*



Children play on the beach in PNG.

# Covid-19, Financial Sustainability & Long Term Growth

**Other than the Covid-19 government support outlined we have received no other government support in the reporting period and have continued to pay all PAYE, GST and other required taxes to Inland Revenue.**

The impact of the world wide Covid-19 pandemic continued to be felt throughout 2020/2021 within our business. New Zealand returned to Level 1 in June 2020, however, after several cases detected in the Auckland region in August 2020, Auckland was put into a Level 3 lockdown. To ensure we were able to retain all existing employees, we applied for the government wage subsidy in August 2020. We received two payments of \$10,544 from the wage subsidy in August 2020, which was instrumental in providing cash flow relief to the business

and allowed us to continue to pay staff during the lockdown as we tried to find innovative ways to trade despite the restrictions to business. (You can read more about these payments in our [2020 Report](#).)

The wage subsidy was put into a Business Saver account and withdrawn weekly to supplement wages and salaries. For roastery employees on a salary, the company used the wage subsidy for the bulk of the employees' payment and then topped this up. In

addition, we reduced the salaries of all Commercial Bay and West Supply staff to 90% of their standard salary, with the Managing Director further reducing his salary to 80% during this time.

In March 2021, we applied for and received the Covid-19 Resurgence Support Payment (RSP) of \$6,869, which was put in place to support viable and ongoing

businesses or organisations which have experienced a 30% drop in revenue due to a Covid-19 alert level increase to level 2 or higher.

In August 2021, New Zealand was put back into a Level 4 lockdown after the presence of the Omicron variant was discovered in the community. This lockdown has had the biggest impact on Kōkako Commercial Bay, which was fully closed, as office workers were working from home. This lockdown effectively meant almost no revenue in the last week of August, and minimal trading income in September and October. Sales did not recover to pre-lockdown levels until mid-2022. We applied for the wage subsidy at this time, and received a total of \$59,744, plus a further RSP of \$15,826 in the period August–October 2021.

Other than the Covid-19 government support outlined, we have received no other government support in the reporting period and have continued to pay all PAYE, GST and other required taxes to Inland Revenue. As a small business with a limited ability to borrow additional funds from existing shareholders or our bank, we are thankful that the government was able to provide financial support that has allowed us to retain 100% of employees who had individual employment agreements with Kōkako.

As we have noted in this and prior reports, we do not publicly disclose revenue and profitability due to the highly competitive nature of the New Zealand coffee sector. We do note however, that it is likely that most

industry professionals could estimate our average revenue based on our reporting of kilograms of coffee sold per annum.

Our management team prepares divisional reports on a quarterly basis and this information is collated by our Financial Controller and Managing Director to provide a quarterly board report for our board and shareholders.



The business was significantly impacted by Covid-19 in FY21 Q4, and this has continued into FY22 Q1. Apart from team members at all sites catching Covid, we have had additional disruption due to staff being household or close contacts. Additionally, there has been fatigue and lower morale amongst the team who have often had to do the job of two people with the same workload. We have allowed team members sick leave for mental health reasons and as we push into Q1 of FY23, are starting to get the balance back. We have also met as a team and listened to all concerns, now addressing 100% of their feedback with solutions including a contractor to cover annual leave.

As an essential business, the Kōkako Roastery continued to trade through all alert levels (albeit at lower volumes than usual) and we focused on pragmatic solutions to get through the lockdown – these included official travel exemptions for four employees, allowing some sales and servicing work to proceed out of Auckland, and more deliveries of Auckland-based website orders in our own vehicles to mitigate nationwide courier delays. With the swift move to a Level 4 lockdown in mid-August 2021, we saw solid performance decline swiftly commencing 16th August 2021 with a drop of 37.5% which was primarily due to the drop in sales from our retail sites which were not able to trade in the Level 4 lockdown.

The focus of the budget for FY22 / FY23 was changing the mix of revenue to reduce the percentage from hospitality to future guard the company from future

lockdowns or changes to the industry after the impact of Covid-19. Prior to the first lockdown in April-20, over 80% of Kōkako's total revenue came from hospitality – we have forecast for this to reduce to approximately 71%, while increasing the revenue split from online sales, supermarkets, corporate and accommodation sectors.

The price of most consumer/food and beverage items continues to increase. Covid has exacerbated our usual rate of inflation due to supply chain delays and exorbitant shipping increases. These price pressures are impacting not only coffee but all products. These macro-economic factors are not only impacting Kōkako but all other coffee roasters in NZ and overseas, we know this because our industry is great at sharing data around what is happening with green bean pricing.

To add to the complexity, most of the countries that grow, and export coffee have been severely impacted by Covid. On top of this, climate change is creating irregular crop cycles and reducing yields (something we've reported on before through our prior trips to PNG). All of these have resulted in driving up coffee prices.

Price rises in both wholesale coffee and retail (Commercial Bay) were implemented from 1 April 2022 and were very positively received. We were extremely transparent and the social media post outlining the reason for the increases was the most liked Instagram post we have ever done.

We know that our commitment to being a certified organic, Fairtrade and climate neutral roaster limits our profitability and we estimate adds around 30% to our costs compared to a similar coffee roasting business that does not roast 100% of their coffee to these standards. This is primarily due to higher cost of goods for green beans, cocoa and sugar; compliance and licence fees; and staff hours to maintain reporting and transparency protocols for the three licences and accreditations we hold.



# Memberships

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Kōkako has memberships with the following organisations and industry bodies:

|                                                                                     | Organisation                                                                                                            | Position status                                                                                                                                                                                                                                                                                                             | Notes                                                                                                                                                           |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    | <b>Sustainable Business Network</b><br>Sustainable Business Network (SBN)                                               | Paid up member/investor, past mentor for emerging F&B businesses                                                                                                                                                                                                                                                            |                                                                                                                                                                 |
|    | New Zealand Specialty Coffee Association (NZSCA); provides access to the Specialty Coffee Association of America (SCAA) | Paid up member                                                                                                                                                                                                                                                                                                              | Kōkako will be participating in a working session on how we can decarbonise the coffee industry in conjunction with the NZSCA and EECA in August/September 2022 |
|    | Organics Aotearoa New Zealand (OANZ)                                                                                    | Paid up member                                                                                                                                                                                                                                                                                                              | Participated in 2021 organic sector strategy Workshop                                                                                                           |
|    | Soil and Health Association of New Zealand                                                                              | Member, past committee member of Bioro Society                                                                                                                                                                                                                                                                              | We support the Soil & Health publication, Organic NZ with regular paid advertising                                                                              |
|                                                                                     | NZ Food and Grocery Council (NZFGC)                                                                                     | Paid up member                                                                                                                                                                                                                                                                                                              | We become members at the same time we released Everybird into supermarkets                                                                                      |
|  | Supporters of Tiritiri Matangi (SoTM)                                                                                   | Member \$55, donation based on projects of up to \$700 per annum                                                                                                                                                                                                                                                            |                                                                                                                                                                 |
|  | Rotoehu Ecological Trust                                                                                                | Annual cash donation and donation of coffee/drinking chocolate and assistance with working bees. Generation of margin contribution from web sales using code word "ROTOEHU". Our annual average donation is approximately \$1,000 + we have raised an additional \$1,900 from donations on the Kōkako website (to be paid). | In support of growing the number of kōkako in the RET area of the Pongakawa Forest, Bay of Plenty                                                               |
|  | Pūkaha National Wildlife Centre                                                                                         | Donation of \$250.00 PA                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                 |

# External Initiatives

Kōkako subscribes to, adheres to or is a licensee of the following organisations, and as such, we are bound to the economic, environmental and social charters and principles that each of these organisations sets out:

|                                                                                     | Organisation                     | Covers                                                                                                                                                                                                           | Date adopted  | Geographic area                           | Stakeholders                             | Obligations              |
|-------------------------------------------------------------------------------------|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------------------------------|------------------------------------------|--------------------------|
|    | Biogro NZ                        | Organic certification                                                                                                                                                                                            | April 2009    | NZ and all countries of origin for inputs | Coffee, cocoa & sugar farmers, consumers | Mandatory for compliance |
|    | Fairtrade ANZ                    | Fairtrade certification and licence                                                                                                                                                                              | June 2008     | NZ and all countries of origin for inputs | Coffee, cocoa & sugar farmers, consumers | Mandatory for compliance |
|    | FairClimateFund                  | Carbon offset accreditation                                                                                                                                                                                      | October 2016  | NZ and all countries of origin for inputs | The world and the environment            | Mandatory for compliance |
|  | NZ Food Safety Standards for MPI | Independent annual audit: <ul style="list-style-type: none"><li>• Food Act 2014</li><li>• Food Regulations 2015</li><li>• ANZ Food Standard Code</li><li>• Food control Programme to national standard</li></ul> | November 2011 | New Zealand                               | Consumers, cafes and retailers           | Mandatory for compliance |

# GRI Content Index

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|                                 | 2-23         | Policy commitments                                              |         | Kōkako does not have written policies relating to responsible business conduct but our commitment to this is evident in our business as usual approach as outlined throughout this report and previous reports |
|                                 | 2-24         | Embedding policy commitments                                    |         | As above                                                                                                                                                                                                       |

| General Standard Disclosures    |              |                                                    |         |                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------|--------------|----------------------------------------------------|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Section                         | GRI Standard | Description                                        | Page(s) | Notes                                                                                                                                                                                                                                                                                                                           |
| GRI 2: General Disclosures 2021 | 2-25         | Processes to remediate negative impacts            |         | We rely heavily on our relationship with Fairtrade to mitigate and remediate any negative impacts identified in our supply chain, and to provide mechanisms for individuals to seek advice on implementing their policies and practices for responsible business conduct, and / or to raise concerns about our business conduct |
|                                 | 2-26         | Mechanisms for seeking advice and raising concerns | 26      |                                                                                                                                                                                                                                                                                                                                 |
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| GRI 204: Procurement Practices 2016 | 204-1        | Proportion of spending on local suppliers                                | 46      |       |
| Materials                           |              |                                                                          |         |       |
| GRI 3: Material Topics 2021         | 3-3          | Management of material topics                                            | 40–42   |       |
| GRI 301: Materials 2016             | 301-1        | Materials used by weight or volume                                       | 42      |       |
|                                     | 301-2        | Recycled input materials used                                            | 42      |       |
|                                     | 301-3        | Reclaimed products and their packaging materials                         | 40–42   |       |
| Biodiversity                        |              |                                                                          |         |       |
| GRI 3: Material Topics 2021         | 3-3          | Management of material topics                                            | 39      |       |
| GRI 304: Biodiversity 2016          | 304-2        | Significant impacts of activities, products and services on biodiversity | 39      |       |

| Emissions                   |              |                                                        |         |                         |
|-----------------------------|--------------|--------------------------------------------------------|---------|-------------------------|
| Section                     | GRI Standard | Description                                            | Page(s) | Notes                   |
| GRI 3: Material Topics 2021 | 3-3          | Management of material topics                          | 31      |                         |
| GRI 305: Emissions 2016     | 305-1        | Direct (Scope 1) GHG emissions                         | 32      |                         |
|                             | 305-2        | Energy indirect (Scope 2) GHG emissions                | 32      |                         |
|                             | 305-3        | Other indirect (Scope 3) GHG emissions                 | 32      |                         |
|                             | 305-4        | GHG emissions intensity                                | 34      |                         |
|                             | 305-5        | Reduction of GHG emissions                             |         | No reductions to report |
| Waste                       |              |                                                        |         |                         |
| GRI 3: Material Topics 2021 | 3-3          | Management of material topics                          | 40–44   |                         |
| GRI 306: Waste 2020         | 306-1        | Waste generation and significant waste-related impacts | 42      |                         |
|                             | 306-2        | Management of significant waste-related impacts        | 40–44   |                         |
|                             | 306-3        | Waste generated                                        | 42      |                         |
|                             | 306-4        | Waste diverted from disposal                           | 40–43   |                         |
|                             | 306-5        | Waste directed to disposal                             | 40      |                         |

| Supplier environmental assessment               |              |                                                                                                    |         |       |
|-------------------------------------------------|--------------|----------------------------------------------------------------------------------------------------|---------|-------|
| Section                                         | GRI Standard | Description                                                                                        | Page(s) | Notes |
| GRI 3: Material Topics 2021                     | 3-3          | Management of material topics                                                                      | 39      |       |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1        | New suppliers that were screened using environmental criteria                                      | 39      |       |
|                                                 | 308-2        | Negative environmental impacts in the supply chain and actions taken                               | 39      |       |
| Employment                                      |              |                                                                                                    |         |       |
| GRI 3: Material Topics 2021                     | 3-3          | Management of material topics                                                                      |         |       |
| GRI 401: Employment 2016                        | 401-1        | New employee hires and employee turnover                                                           | 11, 50  |       |
|                                                 | 401-2        | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 50      |       |
|                                                 | 401-3        | Parental leave                                                                                     | 50      |       |

| Labor/management relations                   |              |                                                                                      |         |                                                                                                                                                                                             |
|----------------------------------------------|--------------|--------------------------------------------------------------------------------------|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Section                                      | GRI Standard | Description                                                                          | Page(s) | Notes                                                                                                                                                                                       |
| GRI 3: Material Topics 2021                  | 3-3          | Management of material topics                                                        |         |                                                                                                                                                                                             |
| GRI 402: Labor/ Management Relations 2016    | 402-1        | Minimum notice periods regarding operational changes                                 |         | No changes to operating procedures see 2020 report for details                                                                                                                              |
| GRI 403: Occupational Health and Safety 2018 | 403-1        | Occupational health and safety management system                                     |         | We have a comprehensive Occupational Health & Safety Management system that covers all activities within our business, and complies with the New Zealand Health and Safety at Work Act 2015 |
| Training and education                       |              |                                                                                      |         |                                                                                                                                                                                             |
| GRI 3: Material Topics 2021                  | 3-3          | Management of material topics                                                        | 50–51   |                                                                                                                                                                                             |
| GRI 404: Training and Education 2016         | 404-1        | Average hours of training per year per employee                                      | 51      |                                                                                                                                                                                             |
|                                              | 404-2        | Programs for upgrading employee skills and transition assistance programs            | 51      |                                                                                                                                                                                             |
|                                              | 404-3        | Percentage of employees receiving regular performance and career development reviews | 50      |                                                                                                                                                                                             |

| Diversity and equal opportunity               |              |                                                        |         |       |
|-----------------------------------------------|--------------|--------------------------------------------------------|---------|-------|
| Section                                       | GRI Standard | Description                                            | Page(s) | Notes |
| GRI 3: Material Topics 2021                   | 3-3          | Management of material topics                          |         |       |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1        | Diversity of governance bodies and employees           | 11, 26  |       |
|                                               | 405-2        | Ratio of basic salary and remuneration of women to men |         |       |
| Supplier social assessment                    |              |                                                        |         |       |
| GRI 3: Material Topics 2021                   | 3-3          | Management of material topics                          | 46      |       |
| GRI 414: Supplier Social Assessment 2016      | 414-1        | New suppliers that were screened using social criteria | 46      |       |

# Thank You

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Thank you so much for taking the time to read this report – if you read the whole thing, we applaud your commitment! If you'd like to discuss anything in the report in more depth, we'd love to host you at our coffee bar in Commercial Bay. Get in touch with us on [beancounter@kokako.co.nz](mailto:beancounter@kokako.co.nz)

Thank you to everyone who contributed to this report, it's a big team effort. A huge thank you to —

- **Our customers** – without you we would not be here, thanks for seeing value in what we do
- **Our shareholders** – for your long term vision and ongoing support
- **Our team** – for being resolute throughout Covid and keeping us moving ahead
- **Our suppliers** – for being flexible on payment terms when cash was tight and providing great service/products
- **Our industry** – yes, we are a competitive bunch but that drives innovation and quality which is a good outcome for all
- All the Fairtrade Organic coffee, cocoa and sugar cooperatives we source from
- Go Well Consulting
- Design Dairy
- Ratu Tibble, for Te Reo translation expertise

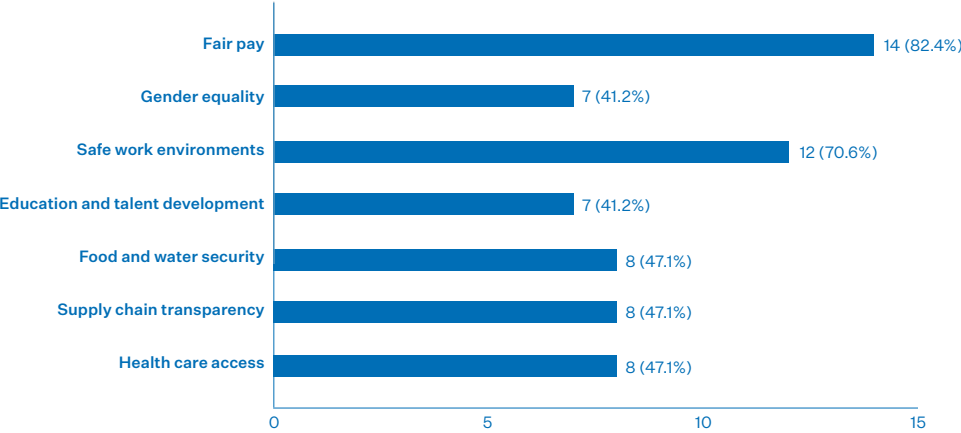




# Appendix — Wholesale Customer Feedback

Select what social impacts at our coffee origins (the farms where we source our coffee) you consider to be the most important to you and/or your business.

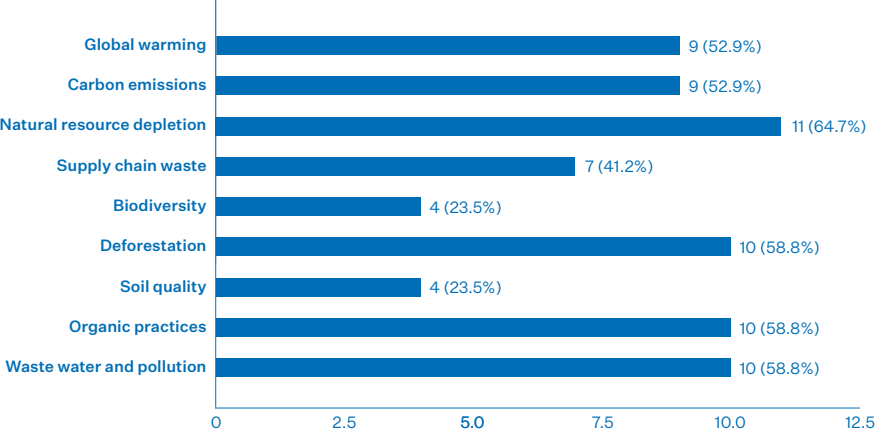
17 responses



The social impacts (at origin) considered important by the most respondents were **fair pay** and safe work environments. When asked to rank these fair pay was considered of highest importance by far.

Let us know what environmental issues at our coffee origins (the farms where we source our coffee) you consider to be the most important to you and/or your business.

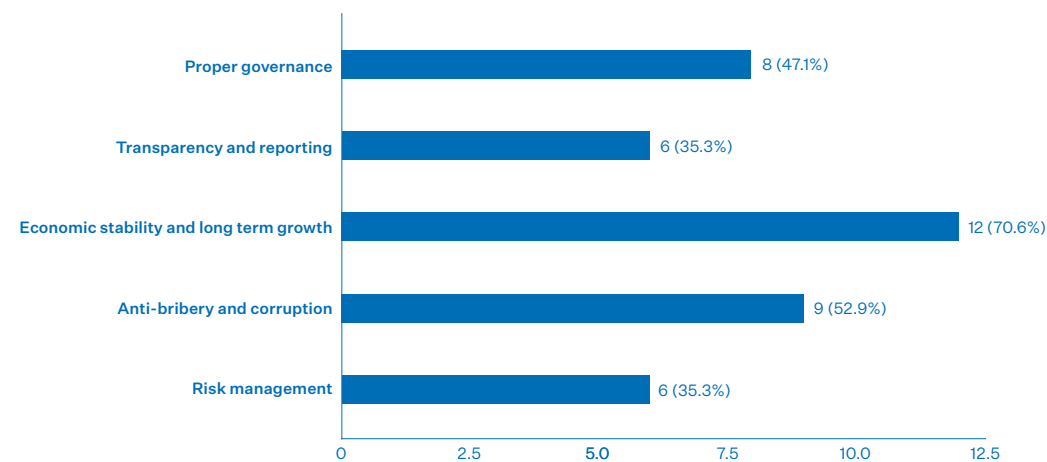
17 responses



The environmental impacts (at origin) considered important by the most respondents were **natural resource depletion**, and waste water and pollution. The impact ranked of highest importance however was **global warming**.

Let us know what economic impact at our coffee origins (the farms where we source our coffee) you consider to be the most important to you and/or your business below.

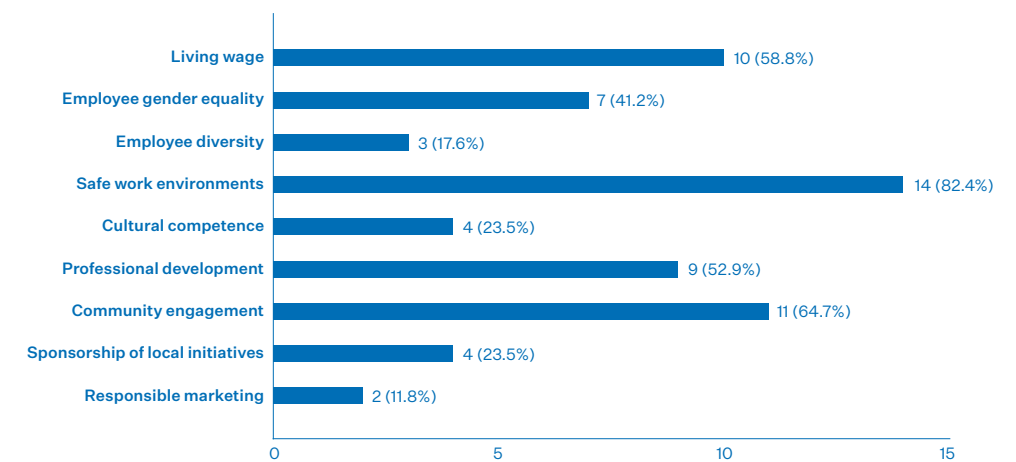
17 responses



The economic impacts (at origin) considered important by the most respondents were economic stability and long term growth, anti-bribery and corruption, and **proper governance**. Of those, proper governance was considered of highest importance.

Let us know what social impacts locally (in NZ) you consider to be the most important to you and/or your business below.

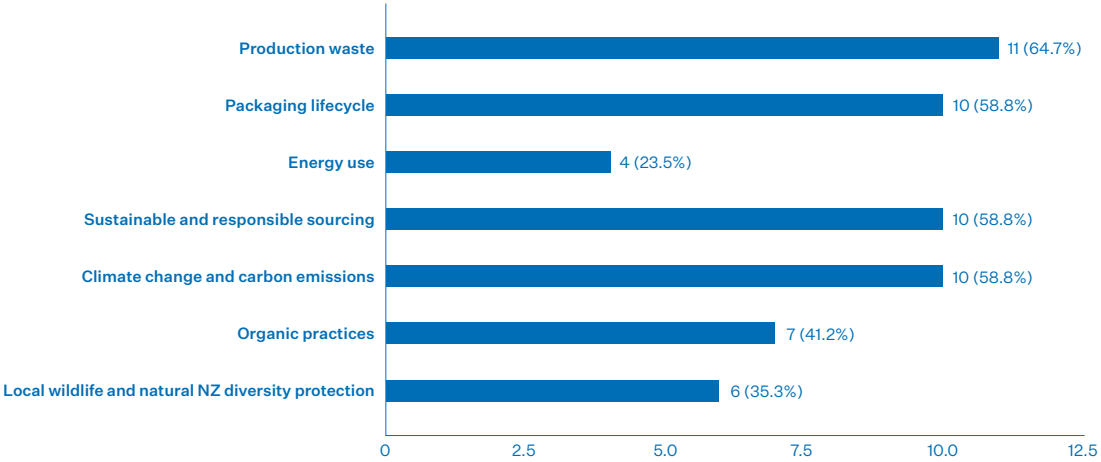
17 responses



The social impacts (locally) considered important by the most respondents was **safe working environments**, followed by living wage - although this was ranked lower.

Let us know what environmental issues locally (in NZ) you consider to be the most important to you and/or your business below.

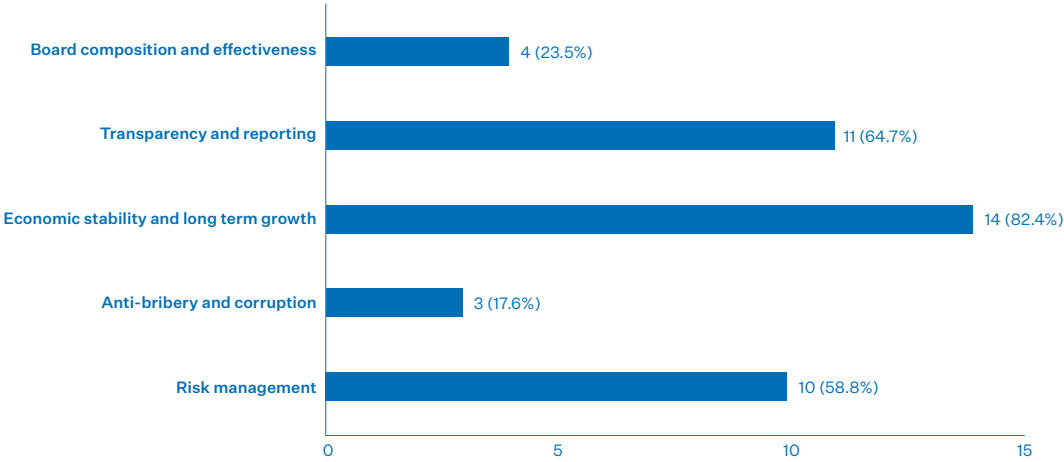
17 responses



The environmental impact (locally) considered important by the most respondents was **sustainable and responsible sourcing**. This was also ranked of highest importance. Production waste was also considered important by many respondents.

Let us know what economic impact locally (in NZ) you consider to be the most important to your and/or your business.

17 responses



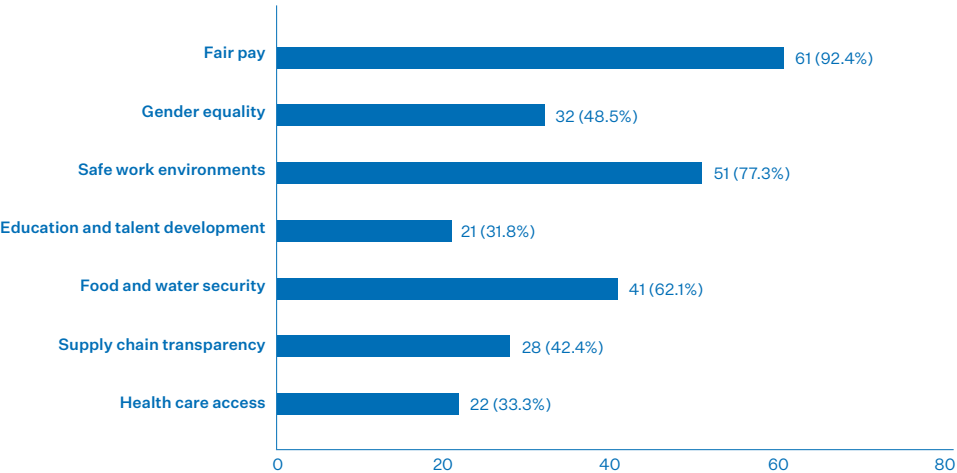
The economic impacts (locally) considered important by the most respondents were economic stability and long term growth, and transparency and reporting. **Economic stability and long term growth** was considered of highest importance.

# Wider/Public Stakeholder Feedback

This group was predominantly Kōkako fans, and also includes employees, baristas, retailers, suppliers, and collaborators.

Select what social impacts at our coffee origins (the farms where we source our coffee) you consider to be the most important to you.

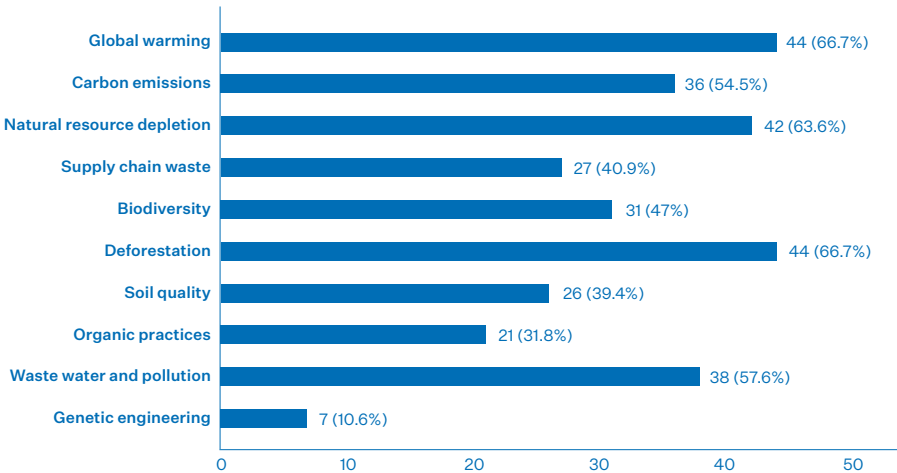
66 responses



The social impacts (at origin) considered important by the most respondents were fair pay, safe work environments and food and water security. When asked to rank these, **fair pay** and **safe work environments** were considered of highest importance.

Let us know what environmental issues at our coffee origins (the farms where we source our coffee) you consider to be the most important to you.

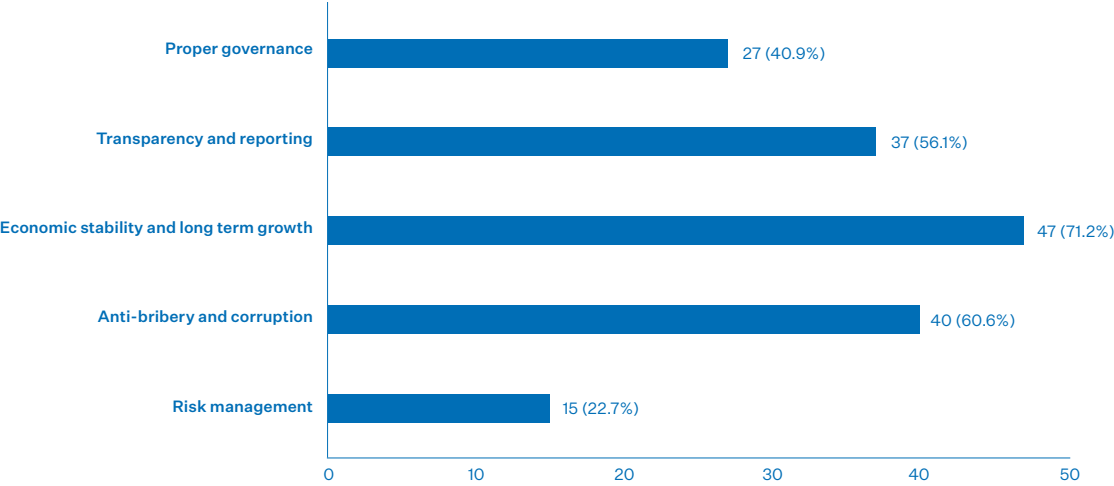
66 responses



The environmental impacts (at origin) considered important by the most respondents were global warming, deforestation, natural resource depletion and wastewater and pollution. When asked to rank, **global warming** was considered of highest importance by far.

Let us know what economic impact at our coffee origins (the farms where we source our coffee) you consider to be the most important to you.

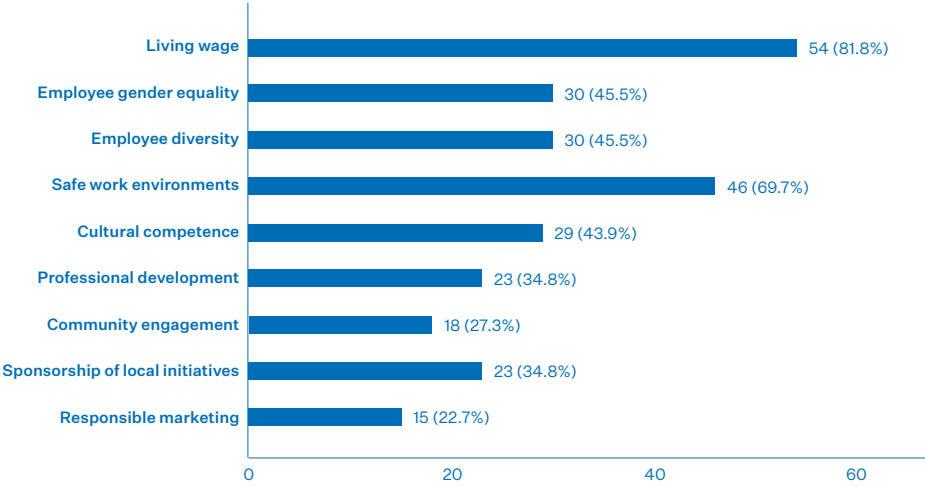
66 responses



The economic impacts (at origin) considered important by the most respondents were economic stability and long term growth, anti-bribery and corruption, and transparency and reporting. Of these, **economic stability and long term growth** was considered of highest importance.

Let us know what social impacts locally (in NZ) you consider to be the most important to you.

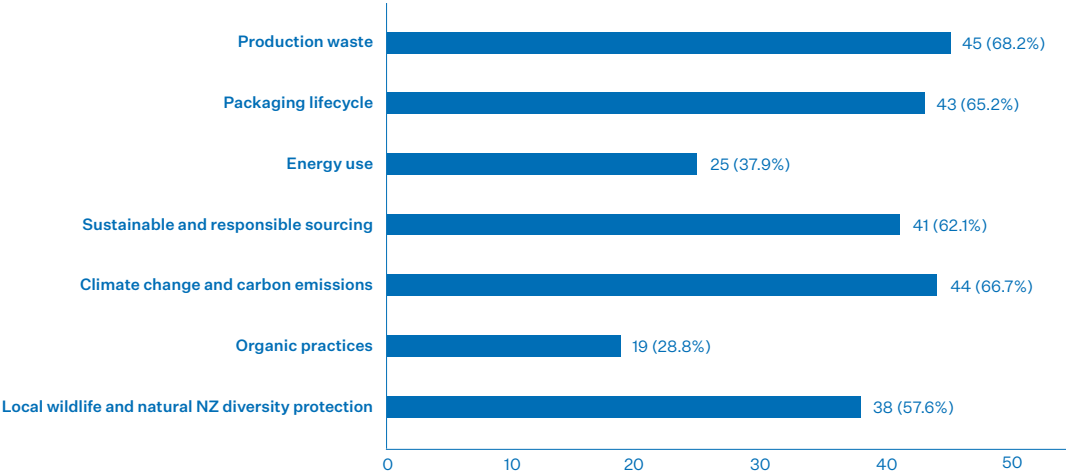
66 responses



The social impacts (locally) considered important by the most respondents were **living wage** and **safe work environments** - these were all ranked as highest importance. Many respondents also considered employee gender equality, diversity and cultural competence as important.

Let us know what environmental issues locally (in NZ) you consider to be the most important to you.

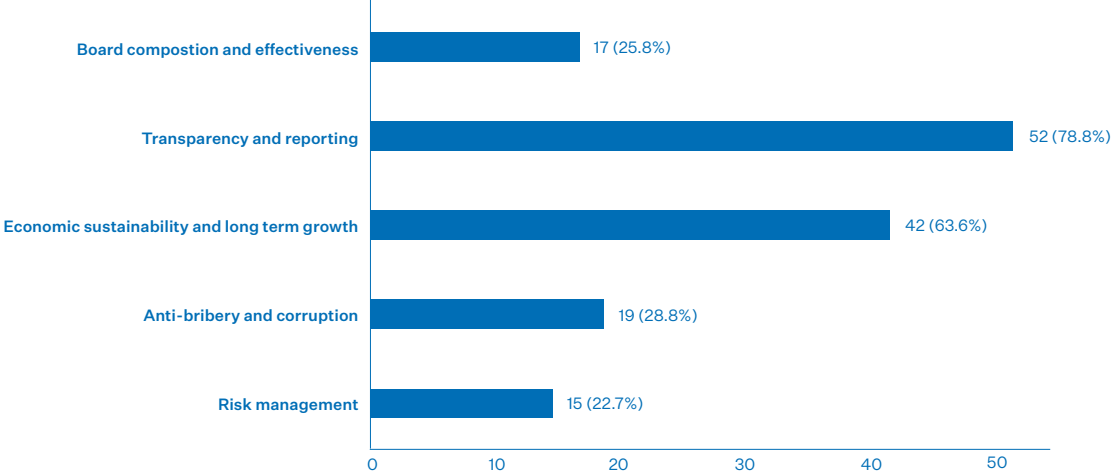
66 responses



The environmental impacts (locally) considered important by the most respondents were production waste, climate change and carbon emissions, packaging lifecycle and sustainable and responsible sourcing. **Climate change and carbon emissions** and **sustainable and responsible sourcing** were ranked as highest importance.

Let us know what economic impact locally (in NZ) you consider to be the most important to you.

66 responses



The economic impacts (locally) considered important by the most respondents were **transparency and reporting**, and **economic stability and long term growth**. Both were also ranked of equally highest importance.

# Summary & Identifying Material Topics

Similar trends were seen between the two stakeholder groups. The impacts considered most important to these respondents were:

Fair pay / Living wage

Global warming / Climate change and carbon emissions

Safe work environments

Sustainable and responsible sourcing

Natural resource depletion

Economic stability and long term growth

Proper governance

Transparency and reporting



Pallets stacked at an exporter in Papua New Guinea.

# Summary of Impact Topics from Stakeholders

| Wholesale Customers      |                                                                                                                                                                                                                                                                                                                                                     | Wider/Public Stakeholders (includes Kōkako fans, employees, baristas, retailers, suppliers, and collaborators)                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Social impacts at origin | <ul style="list-style-type: none"><li>• Safe work environments</li><li>• Fair pay</li><li>• Food and water security</li><li>• Health care access</li><li>• Supply chain transparency</li><li>• Gender equality</li><li>• Education / talent development</li><li>• Human rights</li></ul>                                                            | <ul style="list-style-type: none"><li>• Fair pay</li><li>• Safe work environments</li><li>• Food and water security</li><li>• Gender equality</li><li>• Supply chain transparency</li><li>• Health care access</li><li>• Education and talent development</li><li>• Wider social impacts of changing land use to coffee crop</li><li>• Slave and child labour</li><li>• Community involvement</li></ul>                                                                                        |
| Social impacts locally   | <ul style="list-style-type: none"><li>• Safe work environments</li><li>• Living wage</li><li>• Community engagement</li><li>• Employee gender equality</li><li>• Sponsorship of local initiatives and investment in local public projects</li><li>• Employee diversity</li><li>• Responsible marketing</li><li>• Professional development</li></ul> | <ul style="list-style-type: none"><li>• Living wage</li><li>• Safe work environments</li><li>• Employee gender equality</li><li>• Employee diversity and safe spaces for all</li><li>• Cultural competence</li><li>• Sponsorship of local initiatives</li><li>• Professional development</li><li>• Community engagement</li><li>• Responsible marketing</li><li>• Engagement with mana whenua (indigenous engagement)</li><li>• Education about sourcing and responsible consumption</li></ul> |

| Wholesale Customers             |                                                                                                                                                                                                                                                                                               | Wider/Public Stakeholders (includes Kōkako fans, employees, baristas, retailers, suppliers, and collaborators)                                                                                                                                                                                                                          |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Environmental impacts at origin | <ul style="list-style-type: none"><li>Natural resource depletion</li><li>Wastewater and pollution</li><li>Global warming</li><li>Organic practices</li><li>Deforestation</li><li>Carbon emissions</li><li>Supply chain waste</li><li>Biodiversity</li><li>Genetic engineering</li></ul>       | <ul style="list-style-type: none"><li>Global warming</li><li>Deforestation</li><li>Natural resource depletion</li><li>Wastewater and pollution</li><li>Carbon emissions</li><li>Biodiversity</li><li>Supply chain waste</li><li>Soil quality</li><li>Organic practices</li><li>Genetic engineering</li></ul>                            |
| Environmental impacts locally   | <ul style="list-style-type: none"><li>Sustainable and responsible sourcing</li><li>Production waste</li><li>Packaging lifecycle</li><li>Climate change and carbon emissions</li><li>Organic practices</li><li>Local wildlife and natural NZ diversity protection</li><li>Energy use</li></ul> | <ul style="list-style-type: none"><li>Production waste</li><li>Climate change and carbon emissions</li><li>Packaging lifecycle</li><li>Sustainable and responsible sourcing</li><li>Local wildlife and natural NZ diversity and protection</li><li>Energy use</li><li>Organic practices</li><li>Pollution</li><li>Air quality</li></ul> |

| Wholesale Customers        |                                                                                                                                                                                                                                                                             | Wider/Public Stakeholders (includes Kōkako fans, employees, baristas, retailers, suppliers, and collaborators)                                                                                                                                                       |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Economic impacts at origin | <ul style="list-style-type: none"><li>• Economic stability and long term growth</li><li>• Anti-bribery and corruption</li><li>• Proper governance</li><li>• Transparency and reporting</li><li>• Risk management</li></ul>                                                  | <ul style="list-style-type: none"><li>• Economic stability and long term growth</li><li>• Anti-bribery and corruption</li><li>• Transparency and reporting</li><li>• Proper governance</li><li>• Risk management</li><li>• Profit sharing</li></ul>                  |
| Economic impacts locally   | <ul style="list-style-type: none"><li>• Economic stability and long term growth</li><li>• Transparency and reporting</li><li>• Risk management</li><li>• Board composition and effectiveness</li><li>• Anti-bribery and corruption</li><li>• Effective leadership</li></ul> | <ul style="list-style-type: none"><li>• Transparency and reporting</li><li>• Economic stability and long term growth</li><li>• Anti-bribery and corruption</li><li>• Board composition and effectiveness</li><li>• Risk management</li><li>• Coffee prices</li></ul> |

