



2023

SUSTAINABILITY REPORT
WALTER MATTER SA

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2. WALTER MATTER IN A NUTSHELL

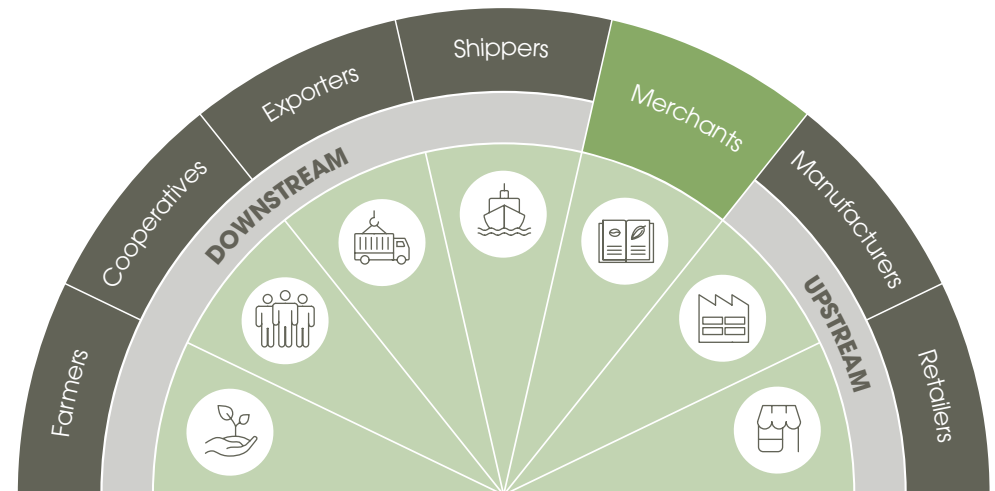
For over a century and spanning 3 generations, we have dedicated ourselves to sourcing premium coffee and cocoa beans. Today, we operate in over 30 origins through 5 offices to source 155'000 metric tons annually.

Despite significant growth, we have remained a human-sized organisation. We rely on a strong network of cooperatives, exporters, roasters, confectionary companies, retailers and financial partners, as well as logistics service providers. We strive to remain a reliable and fair counterpart, providing a high-quality service, thanks to our specialised and experienced teams.

Our Trading and Quality teams, which include three Q Graders, source quality raw coffee and cocoa, while our Logistics and Support department guarantees on-time deliveries preserved from any damage. Our Financial and Risk Management team ensures optimised flows to allow smooth operations, while our IT department safeguards any information entering or leaving our systems. Finally, our Sustainability team and Human Resources department make sure the best practices are implemented both internally and with our business partners.

OUR PIVOTAL ROLE

As merchants, we connect supply and demand, acting as a bridge between producers and consumers. We operate in complex supply chains involving a broad variety of stakeholders, from smallholders to large multinationals.



1920

Foundation of the company

The company is founded in Geneva on 11 December 1920 under the name "Société d'Importation de Café et Cacao d'Haïti".

1943

The Walter Matter brand is born.

"Société d'Importation de Café et Cacao d'Haïti" changes its name to "Walter Matter SA". The brand, Walter Matter, becomes well-established in the industry.

1958

The new generation arrives.

Walter Matter's son, Alfred, joins the company. He opens the door to Robusta and introduces new trading and risk management methods. A moderniser, he also promotes solid, lasting relationships with producers and exporters.

1987

Alfred Matter assumes the leadership.

Alfred Matter is named Chairman of the Board of Directors and takes the company reins.

30+ ORIGINS AND 5 STRATEGIC OFFICES



AMERICA

Bolivia
Brazil
Colombia
Costa Rica
Dominican Republic
Ecuador
El Salvador
Grenada

Guatemala
Haiti
Honduras
Mexico
Nicaragua
Panama
Peru
Trinidad and Tobago

AFRICA

Burundi
Cameroon
Côte d'Ivoire
D. R. of Congo
Ethiopia
Ghana
Kenya
Madagascar

Rwanda
São Tomé and Príncipe
Sierra Leone
Tanzania
Togo
Uganda

ASIA

China
India
Indonesia
Laos
Papua New Guinea
Vietnam

A FEW FIGURES

103 +
years operating

100 %
focus on raw material

30 +
countries of origin

68'000 MT
coffee sourced in 2023

87'000 MT
cocoa sourced in 2023

34 %
certified coffee and
cocoa sales in 2023

7'000 +
T.E.U. in 2023

50 +
employees across
5 countries

5
offices worldwide

1991

The third generation arrives.

Nicolas Matter joins his father Alfred. Taking the company to the next phase, he creates a liaison office in Le Havre – catering to French clients. In 2003, he also begins expansion into Asia by opening a representative office in Vietnam.

2006

Nicolas Matter becomes Chairman.

Nicolas Matter is named Chairman of the Board of Directors, thus becoming the third generation to lead the family business.

2019

Walter Matter structures its own Sustainability Department.

In addition to its historical sustainable DNA, Walter Matter recruits its first Sustainability Manager to structure its approach in terms of both projects and compliance.

2021

New offices open in Africa and the USA.

A new office opens in Addis Ababa, Ethiopia, bringing Walter Matter closer to Ethiopian partners. A second new office opens in Houston, Texas, to connect better with American clients too.



3. COFFEE AND COCOA IN A CHANGING WORLD

GLOBAL & LOCAL CHALLENGES

Demand for coffee has increased by 2% at a yearly average these past 5 years and cocoa grinding has grown by 0,8%, in line with trends seen over the past 100 years linked to population growth and consumer preferences.

While demand has grown, so have the challenges. Global crises have seriously tested the resilience of our supply chains: the COVID-19 pandemic, political unrest, crop diseases and climate change have brought major disruptions.

These challenges impact prices, which have reached historic heights. In 2023, arabica coffee prices were 13% higher than in 2022, while robusta coffee prices increased by 52%, and the cocoa market price surged by 60-70%.

Even when prices increase, farmers remain the most vulnerable to this instability, as they are often affected by inadequate working conditions, irregular income, inflation, limited access to formal land ownership, and insufficient access to health and education.

In addition, ageing trees and crop diseases, increased temperatures and changing rainfall patterns seriously impact the production and yields of both coffee and cocoa. In some cases, farmers might decide to halt production altogether and look for a more promising source of income. Their dilemma underscores the need for immediate and meaningful action to protect cocoa and coffee farmers' livelihood.

CHANGING REGULATIONS

In response to these pressures, regulators have recently introduced new requirements calling for more responsible sourcing practices, increased transparency and accountability.

In Switzerland, the government's counter-proposal to the **Responsible Business Initiative (RBI)**, which came into force in 2022, outlines new requirements for Swiss companies to report on «non-financial matters», especially in the areas of environment, social responsibility and human rights, in line with other existing and upcoming regulations in neighbouring countries and at European level.

The **Corporate Social Responsibility Directive (CSRD)**, which entered into force in January 2024, requires companies to comply with the European Sustainability Reporting Standards, in an effort to improve transparency and standardised sustainability reporting. This directive imposes, among others, the publication of science-based climate targets.

While these reporting obligations target larger companies primarily, they have trickle-down effects on all the value chain stakeholders. As traders, we are the connecting dot between origins - where most of the social, environmental and economic risks occur - and big manufacturers and retailers that are under the obligation to share their risk management strategies and data.

Other regulations target specific social and environmental issues. The **European Union Regulation on Deforestation (EUDR)** bans the import, trade and export of coffee and cocoa (along with another five commodities) if they were produced on recently deforested land. This demanding law requires the industry to demonstrate with verifiable evidence that coffee and cocoa imported into Europe from 30 December 2024 onwards have not caused deforestation or forest degradation.

The EUDR is followed closely by the **Forced Labour Directive (FLR)**, a similar instrument still under negotiation by European decision-makers looking to eradicate the risk of forced labour - including child forced labour - from all industrial sectors. And more will come.



4. OUR JOURNEY TOWARDS SUSTAINABILITY

SOURCING RESPONSIBLY

As merchants, we act as facilitators, connecting farmers' organisations with committed buyers to materialise supply chains with a long-term vision. We support our suppliers to ensure their continued access to the international market by buffering market shocks and strengthening their ESG processes.

In 2021, we published our first supplier code of conduct. Today, our **Responsible Business Policy** remains the cornerstone of our sustainable sourcing strategy. It states our commitment to the highest standards in terms of human rights, environmental protection, and ethics. Since it was launched, it has been broadly endorsed by our suppliers. It also aligns with the sustainability priorities and verification schemes proposed by roasters and confectionery companies to ensure responsible sourcing.

Our sustainability investments are framed by this commitment. From awareness and training to equipment and infrastructure or premiums, all support mechanisms implemented through certifications and projects target the same overarching objectives, in line with international covenants.

WORKING WITH CERTIFICATIONS

Walter Matter has worked with certification since the early 2000s, and its sister company CaféMA is fully dedicated to Fairtrade and Fairtrade organic coffees. In 2023, certified cocoa and coffee represented over 30% of Walter Matter and CaféMA coffee and cocoa business.

We remain convinced of the added value of these labels, which serve as an incentive for producers, traders and processors to enhance environmental, social, and economic practices. Therefore, we support farmers' organisations and exporters in obtaining certifications either through technical support, pre-financing or purchase commitments, as effective mechanisms to improve value chains.



OUR COMMITMENT TO SUSTAINABILITY

Our Responsible Business Policy (RBP) is aligned with international treaties and objectives and covers our business' most pressing issues:

- Compliance and business integrity
- Human rights
- Health and safety
- Environmental protection
- Collaboration and transparency

Our RBP is complemented by Human Rights and Environmental Protection statements. Because good conduct should start from within, we ask all our staff and subcontractors to uphold our Business Principles and act according to the highest ethical standards.



Walter Matter's sister company CaféMA handles exclusively Fairtrade certified coffee, sourced from smallholder farmers cooperatives, and supports them to develop on the ground projects.

CaféMA has partnered for over a decade with Malongo to support the strengthening of cooperatives in Laos, Myanmar and Bolivia to develop their Fairtrade coffee exports. CaféMA provides prefinancing, technical assistance for international marketing and manages risks. This collaboration is part of a broader initiative to promote coffee farming as an income generating alternative to other potentially illicit farming activities.

One beneficiary of this programme is the Bolaven Plateau Coffee Producers Cooperative (CPC) in Laos. Established in 2007, the cooperative consisting of 600 smallholders annually produces and sells around 600 tons of green coffee, all organic or Fairtrade certified, catering to both local and international markets.

“CaféMA plays a major role in pre-financing. We need to provide an advance payment to our members, especially during the harvest season. Pre-financing guarantees business for the producers and is based on mutual trust. With the security of a long-term partnership, the cooperative has also begun to find new markets. The cooperative has recently expanded into the specialty coffee market.”

Yannick Lamezec, CPC's Technical Advisor

SETTING UP PROJECTS AT COMMUNITY LEVEL



Coffee farmers
Sidama region, Ethiopia, 2023

Walter Matter strives to build bridges between farmers, roasters, confectionery companies and retailers to set up sustainability programmes on the ground. We facilitate project strategic design by aligning beneficiaries' needs with our customers' and our own sustainability priorities. Overtime we have played various roles in project execution, either by identifying cooperatives to join our customers' sourcing programme or by executing our own projects. From traceability to reforestation, women empowerment and improved post-harvest processes, we promote the best agricultural, environmental, economic and social practices on the ground.

Wherever possible, we partner with technical experts such as NGOs and international organisations to implement effective solutions. We also support multi-stakeholder initiatives that pool financial and human resources around a specific issue. In 2023, for the first time we joined a "landscape project", an innovative territorial approach to sustainability where a group of like-minded organisations collaborate on the ground to tackle issues at scale, beyond single supply chains.

Setting up supply chains with a long-term vision

For several years, Walter Matter has supported Valrhona in setting up of projects in Côte d'Ivoire, Ghana and Ecuador. Within the framework of tri or quadri-partite long term agreements, Valrhona has since carried out several community development projects and paid additional premiums to the farmers. We take care of the supply, quality control, price management and transportation of the cocoa, allowing this long-term partnership to navigate risks and benefit all participants.

CONTINUOUS IMPROVEMENT

While cocoa and coffee sustainability strategies have focused on voluntary schemes for a long time, setting aside so-called conventional value chains, new regulations demand responsible supply chains regardless of the existence of a certification or project.

Complying with these regulations comes at the cost of significant technical and administrative hurdles. In order to systematically mitigate ESG risks in value chains, a large amount of data must be collected, analysed and shared from farms to factories and supermarkets. This work is made easier where supply chains are integrated and farmers organised. But for the many independent smallholders who have insufficient access to information and equipment, the complexity of compliance may pose yet another risk of exclusion from value chains.

With our long-standing partnerships at origins and hard-earned trust among players down the value chain, we are committed to building suppliers' capacities and facilitating the necessary collaboration to meet the ambitions of new regulations, which are a much needed step towards more transparent and sustainable value chains.

With this in mind, we started performing systematic data collection on our purchases to better understand and mitigate ESG risks, by leveraging technology and expert service providers. Our growing Sustainability team works hand in hand with other departments to ensure maintenance of the highest ESG standards throughout the company, including our commercial, financial and logistics operations.

GRIEVANCE PROCEDURE

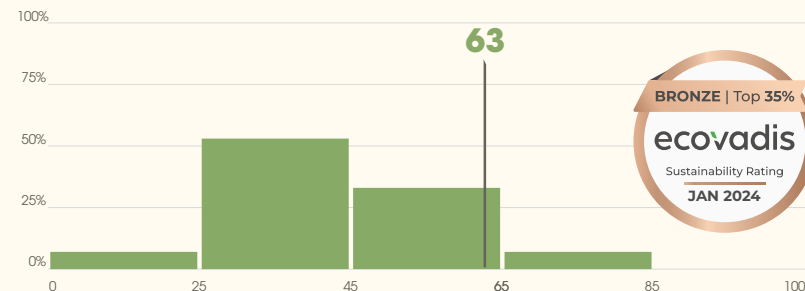
Despite our best efforts, we know our operations may be linked to environmental and human rights issues. Because a problem can only be addressed when it is identified, we have set up a grievance procedure to address any situation that consists in a breach of standard related to Walter Matter's Business Principles and Responsible Business Policy.

The objective of this procedure is to receive, record and address any grievance or claim raised by individuals or communities that may occur at our offices and in our supply chains.

External stakeholders can raise issues in writing by using ethics@wama.ch, even anonymously. Grievances are dealt with confidentiality and in line with the highest ethical standards.

ECOVADIS BRONZE MEDAL

In 2023, we have renewed our assessment by Ecovadis, which rates and benchmarks environmental, social and ethical performance, looking at the practices implemented in our own operations and in our supply chains. We obtained an overall score of 63/100, placing us in the top 35% in our sector. At just 2 points from the silver medal, we are proud of the progress achieved thus far and remain committed to keep improving our performance in the future.



ORGANIZATIONS

Complex sustainability challenges cannot be solved by a single company. There is strength in collective action, however, which is why we have become members of several multistakeholder associations.

Swiss Platform for Sustainable Cocoa (SWISSCO)

The Swiss Platform for Sustainable Cocoa (SWISSCO) fosters collaboration between the cocoa and chocolate industry, the public sector, non-governmental organisations, and research institutes for more sustainability in the cocoa value chain.

European Cocoa Association (ECA)

The European Cocoa Association (ECA) groups the major companies involved in the cocoa bean trade and processing, in warehousing and related logistical activities in Europe. ECA monitors and reports on regulatory and scientific developments impacting the cocoa sector and is actively engaged in European and International fora related to the industry's contribution to a sustainable cocoa economy.

International Cocoa Initiative (ICI)

The International Cocoa Initiative (ICI) is a non-profit foundation that works to protect the rights of children and adults in cocoa-growing areas in West Africa.

Initiative for coffee & climate (c&c)

coffee & climate (c&c) is based on the mutual interest of coffee companies and public partners to react to climate change and to develop solutions for smallholder coffee farming.

Swiss Coffee Trade Association (SCTA)

The Swiss Coffee Trade Association (SCTA) is the representation of the green coffee trade in Switzerland. It acts as a platform to encourage best practices in the areas of human rights and sustainability and helps to roll out programs to its members.

European Coffee Federation (ECF)

The European Coffee Federation (ECF) is the single voice of the European coffee trade and industry, facilitating the development of an environment in which the industry can meet the needs of consumers and society, while competing effectively to ensure the resilience and long-term sustainability of the coffee supply chain, from farm to cup.

Global Coffee Platform (GCP)

The Global Coffee Platform (GCP) is a multi-stakeholder membership association dedicated to advancing coffee sustainability towards the vision of a thriving, sustainable coffee sector for generations to come.



SHAPING THE FUTURE OF SWISS SUSTAINABLE COFFEE

In 2023, Walter Matter contributed to shaping the **Swiss Sustainable Coffee Platform (SSCP)**, a multi-stakeholder initiative for a socially, economically, and environmentally responsible coffee value chain. The SSCP gathers coffee companies and other interested stakeholders from the public sector, civil society and academia that share common objectives. Supported by SECO, the SSCP will be launched officially in 2024.



Swiss Sustainable Coffee Platform

- 1 Promote sustainable development
- 2 Multi-Stakeholder initiative
- 3 Impact-oriented targets and projects
- 4 Platform for knowledge and exchange
- 5 Inclusion of Swiss SMEs
- 6 **Launch of SSCP: 6 June 2024**



The Swiss coffee sector is deeply committed to sustainability, which is why we proudly support the launch of the Swiss Sustainable Coffee Platform (SSCP). The challenges faced by coffee producers and the industry as a whole demand a collaborative effort. The SSCP embodies this spirit of collaboration, uniting a diverse set of stakeholders to drive positive change and create a more sustainable future for coffee producers, consumers, and the industry alike

**Krisztina Szalai, Secretary General, Swiss Coffee Trade Association
& Chairman of CI Coffee Switzerland**



5. PROVIDING FOR PEOPLE

PROMOTING ECONOMIC DEVELOPMENT FOR FARMERS

Cocoa and coffee provide an essential income for millions of smallholder farmers. Around 5 to 6 million smallholder households produce 90% of the world's cocoa, with approximately 50 million people worldwide dependent on the cocoa supply chain for their livelihoods, while 80% of coffee is produced by 25 million smallholders, with around 125 million people depending on coffee for their income or employment. Yet, the people at the heart of these industries often live in very challenging socio-economic conditions, complicated by the lack of access to schools, hospitals, and decent infrastructure.

When smallholder farmers cannot earn a decent living, some of them may stop farming and search for another economic opportunity. Others may look for ways to increase farming incomes, for example, by using cheaper labour or by expanding their farm, which may eventually lead to deforestation.

“Poverty plays a major role in decision-making. Deforestation and child labour are usually the last resort that the farmers turn to. If plots are unproductive, then farmers often expand their farmland by clearing forested areas, for example. Or if they cannot afford to pay any wages, then they will feel the pressure to use child labour. That in turn compounds the poor yields and low incomes.

Christian Robin, Executive Director of the Swiss Platform for Sustainable Cocoa (SWISSCO)

Poverty and lack of access to basic services are complex issues no single company can solve on its own. Certifications like Fairtrade guarantee a minimum price for farmers, while others provide at least a premium on top of the market value. While these mechanisms contribute to providing farmers and their communities with increased economic resilience, simply paying more is often not sufficient. Therefore, we also work with our partners to implement projects on income diversification, access to education or safe drinking water, support for women entrepreneurs, among others.



Wet mill
Ethiopia, Sidama region, 2023

PROJECT MADAGASCAR

PROJECT

KAKAO SAMBIRANO (KASAM) IN MADAGASCAR

The KASAM project was launched in 2017 as part of the Lindt & Sprüngli Farming Program. It is the result of a collaboration between Lindt & Sprüngli AG, Walter Matter, the Société Commerciale et Industrielle de Madagascar (SCIM) and Helvetas for technical assistance on the ground. It targets 996 farmers (210 women) from the region of Diana in the Sambirano Valley which are organised in 34 producer groups. The project brings a variety of benefits to farmers.



Training Center and cocoa drying area
Diana region, Sambirano Valley, Madagascar, 2019



They are trained on good environmental, social, economic and agricultural practices including agroforestry and crop diversification, enhancing their resilience towards poverty, climate change, soil degradation, pest and diseases and strengthening their capacity to manage their farms as profitable businesses. SCIM conducts individual or group coachings throughout the year, from good maintenance practices of plots to harvest and post-harvest management. Demo plots are also used to teach by example and promote farmer to farmer exchanges. Furthermore, the project enhances the cocoa traceability through digital data collection methods and farm plots GPS polygon mapping.

A notable aspect of the project is the focus on improving producers' income. While farmers receive both cash premiums and in-kind contributions (farming equipment for instance), emphasis is put upon providing them diversified income sources. Producers are given the opportunity to purchase subsidised cocoa trees and other seedlings, such as coffee, vanilla, avocado, tamarind, mango, cinnamon, pepper, among others. As Malagasy farmers tend to have small farm plots, diversification allows them to mitigate their dependency on a good cocoa harvest and stable market prices to make a living.

As of 2024, the project is still going strong and a new phase extension is discussed for 2025 with key activities such as the introduction of a Community Child Protection System (CCPS), school rehabilitations in 4 villages, new income generating activities and additional efforts on agroforestry.

ENSURING THE RESPECT OF HUMAN RIGHTS

Fueled for the most part by rural poverty, human rights violations including child and forced labour, gender inequality and other discriminations are still recurrent in the cocoa and coffee supply chain. Tackling these systemic issues requires a profound understanding of local contexts to put effective monitoring and remediation systems in place.

In 2023, we decided to enhance our human-rights due diligence process by partnering with Sedex, a leading supply chain risk assessment platform to collect and analyse data on risks linked to workers rights, health and safety, human rights and environment management systems. By onboarding our suppliers on this platform, we aim to identify salient risks and set up mitigation measures throughout our supply chains.

TACKLING CHILD LABOUR

Businesses – as well as government and civil society – have been looking to cut child labour, a key human rights issue in the coffee and cocoa sectors, for decades. Looking at Côte d'Ivoire for instance - the largest producer of cocoa in the world, responsible for close to 40 percent of the global export - as many as one in three children in cocoa-growing regions may be in child labour, sometimes performing physically demanding tasks while exposed to a range of hazards such as pesticides or dangerous tools. Similar situations are observed in other countries.

Addressing child labour is a sensitive process where legal requirements sometimes conflict with social norms. In some

circumstances, child work is considered an acceptable contribution to the household's activities. However, a line must be drawn when children perform tasks that are harmful to their healthy physical and mental development. Addressing, preventing and remediating child labour not only requires knowledge of the local legal framework, but also extensive work in the field with companies, families, communities, and educational and social services. It requires specific skills and cultural appropriateness.

The International Cocoa Initiative (ICI), of which Walter Matter is a member, works closely with governments and communities, to implement targeted interventions to address drivers of child labour in cocoa-growing communities. They have also been able to build capacity and understanding of strategies that will help to prevent child labour.

Following ICI guidelines, Walter Matter and its business partners initiated in 2023 the implementation of child labour monitoring and remediation systems (CLMRS) in key areas of our supply chain. Implementation will begin in 2024 in three countries: Ghana, Côte d'Ivoire and Madagascar.

“Child labour typically involves children on their family farms, carrying heavy loads, using sharp tools, or harvesting overhead. It can take time to figure out where the problems are, but traceability and transparency are core to the solution.”

Sarah Dekkiche, Director of Policy and Partnerships at the International Cocoa Initiative (ICI)



Ghanaian pupils

Photography credit: AUGUST STORCK KG



Ghanaian pupils

Photography credit: AUGUST STORCK KG

PROJECT GHANA

PROJECT

SUPPORTING ACCESS TO EDUCATION AND WATER IN GHANA



1. Clear water tank / 2. Renovated school

Photography credit: AUGUST STORCK KG

Joining forces with August Storck KG and Federated Commodities Ltd (FEDCO), Walter Matter coordinates an initiative that promotes access to quality education in cocoa-farming communities in Ghana. As part of this project, two refurbished schools were inaugurated in September 2023 for the benefit of children and their families in the Domeabra and Kwamang communities.

Before the works started, teachers and pupils commented on the “deplorable state” of the school infrastructure: “whenever it rains, classes have to be suspended due to concerns that the school structure might become unsafe” said Theresa, a young student of Domeabra.

In the village of Domeabra, the refurbished primary school is now equipped with a library and IT equipment that should benefit 230 children. The school now also offers proper washroom facilities with clean water replacing pit latrines. In Kwamang, the kindergarten has a brand new 3-classroom block and is equipped with the same IT equipment, washing facilities and borehole. It benefits 4 teachers and at least 71 children. These improvements should greatly reduce absenteeism and improve the working conditions of teachers.

This was achieved in addition to improvements made to another three educational facilities in Supanso, Yirase and Odumase in previous years.

ADDRESSING GENDER GAPS

Gender gaps in the coffee and cocoa supply chain are still prevalent, with women facing multiple gender-based challenges. The origin and severity of these gender imbalances vary across coffee and cocoa growing regions, but recurring issues can be identified.

Although they play a central role in the farming and processing of coffee and cocoa, women are often excluded from decision-making and leadership roles, on top of having trouble accessing economical or capacity-related resources such as training, income or property.

Women are often relegated from an early age to domestic roles such as childcare, water and wood collection and cooking, which leaves little time to attend training programs or further their education. This also leads to unequal representation in communities or cooperative leadership, with these positions majorly occupied by men.

Women tend to earn lower incomes, have less financial literacy and typically struggle to sustain their livelihoods through economic independence and have a more restricted access to land ownership.

Walter Matter therefore supports projects tackling gender equity issues. Our aim is to enhance the access of these women to training and education, land, markets and financial services, leading to empowerment and economic resilience.



Women coffee farmers
El Salvador, 2022

PROJECT EL SALVADOR

PROJECT

EMPOWERING WOMEN COFFEE FARMERS IN EL SALVADOR

In 2017, Walter Matter launched a project in El Salvador with the Siglo XXI cooperative to create an association of women coffee farmers. With the support of Strauss Coffee's "More Than a Cup" program, our objective was to support women in the Cordillera del Balsamo area to renovate their coffee plots, build knowledge about coffee farming best practices and improve their access to the market. At project start, the beneficiaries' plots were mostly abandoned and unfit for efficient coffee production. Beneficiaries had very basic knowledge of coffee farming and a relatively low interest in investing in coffee growing. In July 2017, the Association of women coffee producers of the Balsamo mountain range was founded as an "ADESCO", a community development association recognized under Salvadoran law.

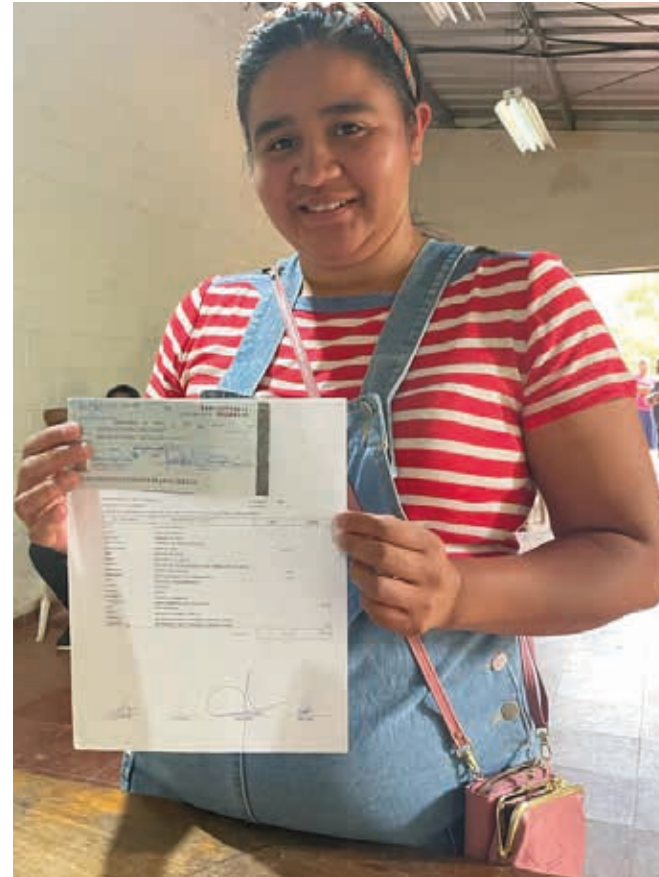
By 2023, the project empowered 45 women and increased their capacity and knowledge to manage their coffee plot. On average, 80% of coffee plots have been renovated with improved seedlings - for instance with the Marsellesa, a highly productive and rust resistant variety - and following agroforestry practices, while existing coffee plants have been valorized with pruning techniques. The prevalence of pests, mostly coffee berry borers, and diseases have been greatly reduced. Technical interventions from Siglo XXI agronomist have also emphasised the importance for soil conservation and climate resilience, advocating to farmers for the rational use of fertilisers and phytosanitary products.

“Over the years, I have seen my plot being renovated, enabling it to grow and produce more coffee. Thanks to the training and to the agronomist's assistance in my plot, I have developed useful technical and scientific knowledge on coffee farming. Being part of this project has come to greatly benefit my life and the one of my family. Indeed, my daughter also became a member of the group.

**Claudia Delmi de Fuentes, founding member
of the women coffee farmers association**



Project beneficiaries
El Salvador, 2022





6. REDUCING ENVIRONMENTAL IMPACT

Coffee and cocoa supply chains face a range of environmental issues, including deforestation, biodiversity loss, excessive use of pesticides, soil degradation and unsustainable water usage. These issues have broad implications for ecosystems, communities, production and contribute to exacerbating the negative impacts of climate change. Walter Matter is committed to addressing these challenges by improving agricultural practices, enhancing farmer resilience to climate change, and mitigating deforestation risks within our supply chain.

IMPROVING AGRICULTURAL AND ENVIRONMENTAL PRACTICES

Walter Matter has adopted a multifaceted approach centred on the promotion of Good Agricultural Practices (GAP) and Good Environmental Practices (GEP), working with partners to train producers in origins around the world.

Good agricultural practices

Good Agricultural Practices are a set of principles aimed at making farming more sustainable by improving crop yields while reducing farming's environmental impact, for example. GAPs include techniques to protect soil health, minimise water wastage and pollution, use chemicals safely, and protect the safety of farmers. For coffee and cocoa, more specific GAPs include techniques such as planting shading trees, or putting mulch and other organic matter on the soil so that it can hold humidity for longer. Since coffee and cocoa thrive under shade, agroforestry systems where cocoa or coffee are associated with other crops is often promoted as the best model to maximise income and food security for farmers, as well as positive ecological impact through increased biodiversity and resilience to climate change.

Good environmental practices

Good Environmental Practices are defined as actions that seek to reduce the negative environmental impact caused by activities and processes. In coffee and cocoa production, GEPs and GAPs intersect when they target positive environmental impact. However, GEP also includes practices not directly related to agriculture, such as the safe disposal of household waste, the use of efficient cookstoves to reduce the use of firewood or the conservation of ecosystems and wildlife beyond the farm.

STRENGTHENING RESILIENCE TO CLIMATE CHANGE



Climate change has become one of the most critical concerns for the coffee and cocoa industries, impacting production worldwide. Rising temperatures, changing rainfall patterns, and extreme weather events disrupt farming conditions, resulting in decreased yields and lower quality. Additionally, shifting climate conditions elevate the risk of pests and diseases, further threatening crop productivity and posing risks to smallholder farmers' livelihoods.

“Warming temperatures will cause coffee quality and production to suffer. It will also cause more frequent natural disasters. Maybe in 20 or 30 years, we won't be talking about sustainability anymore. We will be talking only about risk management. It's already happening, in fact.”

Stefan Ruge, Program Manager of the initiative for coffee&climate

To tackle these challenges, we are collaborating with our suppliers and customers to promote the adoption of agroforestry systems and reforestation in production, enhancing biodiversity, improving soil health, and increasing climate resilience within farming communities.

Certifications schemes also contribute to enhancing farming practices and safeguarding the environment. For instance, the Rainforest Alliance (RA) certification standard requires producers to meet environmental criteria, such as the rational use of fertilisers and pesticides to help prevent pollution. It also promotes responsible land management methods by safeguarding forests and protected areas.

PROJECT PERU

PROJECT

IMPROVING COFFEE AGRICULTURAL PRACTICES IN PERU

With the support of ICA's I Love Eco program and Löffbergs, our sustainable coffee farming project in Peru has benefitted roughly **500 producers** so far in the Amazonas and Cajamarca regions. They were provided with equipment, materials, training and technical support through Aproexport and Sol y Café, two Rainforest Alliance Organic certified cooperatives. The project aims to enhance productivity and quality, promote environmental protection, and strengthen producers' farm management capacities.

To allow them to increase their income by focusing on improving coffee productivity and quality, farmers were provided with training and technical assistance on a wide range of sustainable practices, from coffee plantation renovation to shade management and pruning. Group training sessions were also conducted to enhance farmers' harvest and post-harvest management

practices, such as maintenance of equipment, efficient coffee drying methods using solar coffee dryers, and segregated storage.

Farmers' knowledge of agroecological practices was enhanced. They received training on integrated pest management and organic bio-fertilizers production to promote soil health and avoid the use of harmful agrochemicals. As part of these training sessions, coffee berry borer traps were installed, and more than 70 hectares of land were fertilised with organic fertilisers. Technical interventions were also carried out to install well filters, preventing the release of coffee wastewater into the environment.

The project also aimed to reinforce farmers' financial management skills. Women actively participated in training sessions.

To date **289** farmers including **118** women have received direct technical assistance thanks to the project

Increasing productivity

58+
hectares renovated (57 plots)
199'000+
seedlings planted

Promoting environmental protection

1
nursery established for reforestation purpose
162,5
hectares of land reforested with 5 varieties of native trees



Project beneficiaries
Peru, 2022



PROJECT GHANA

PROJECT

ADVANCING AGROFORESTRY IN GHANA



Cocoa pod
Ghana, 2023

In 2024, we will collaborate with Storck and our Ghanaian partner Federated Commodities Limited (FEDCO) to facilitate the transition to agroforestry systems in cocoa plantations. The project aims to prevent deforestation, increase carbon sequestration through agroforestry, and train farmers in adopting climate-smart practices.

PROJECT CÔTE D'IVOIRE

PROJECT

DRIVING AGROFORESTRY TRANSFORMATION & REFORESTATION IN COCOA PRODUCTION IN CÔTE D'IVOIRE



Agroforestry training

Ivory Coast, 2023

In 2023, August Storck KG and Walter Matter collaborated with Ecookim, a union of cooperatives in Côte d'Ivoire, IDH's ISLA program, and FOA, a local implementing partner, to create a premium mechanism to pre-finance agroforestry and reforestation in cocoa production within the COA-COHOPIE cooperative. The project aims to transform cocoa monocultures into agroforestry plots by integrating different types of trees into farming systems, thus improving biodiversity, carbon capture, natural agronomic conditions of plantations and income diversification. To reward farmers for their commitment to this partnership, they received payments for ecosystem services (PES) after transforming their cocoa production plots into agroforestry systems. The project also supports beneficiaries involved in reforestation practices by facilitating the acquisition of land title certificates.

The project was successful in 2023, and premium payments will be extended in 2024, enabling Ecookim to broaden the scope of the project activities to include more producers.

Training

311 farmers including **47** women trained on deforestation, agroforestry, reforestation, the national forestry code and land tenure certificates

Agroforestry

10'396

trees produced and planted on plots belonging to 213 farmers

Reforestation

12'384

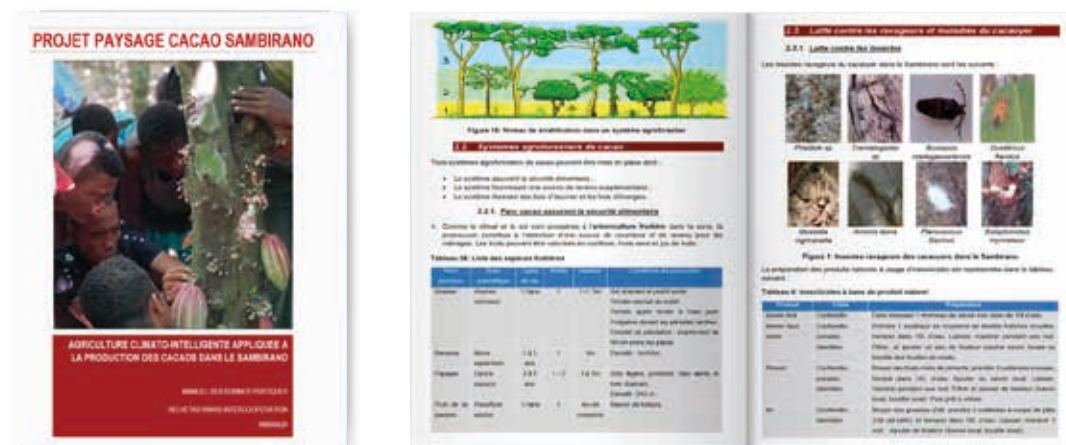
trees produced and planted on plots belonging to 6 farmers

PROJECT MADAGASCAR

PROJECT

ENHANCING CLIMATE RESILIENCE OF COCOA PRODUCERS IN MADAGASCAR

In 2023, we joined a project aimed at increasing the climate resilience of cocoa-producing communities in the Sambirano valley in northern Madagascar. Co-funded by SECO through Swissco, this joint initiative is implemented by a group of nine industry and academic partners led by HELVETAS. The project follows a landscape approach, where companies combine their efforts within a geographical area to address issues beyond their supply chains.



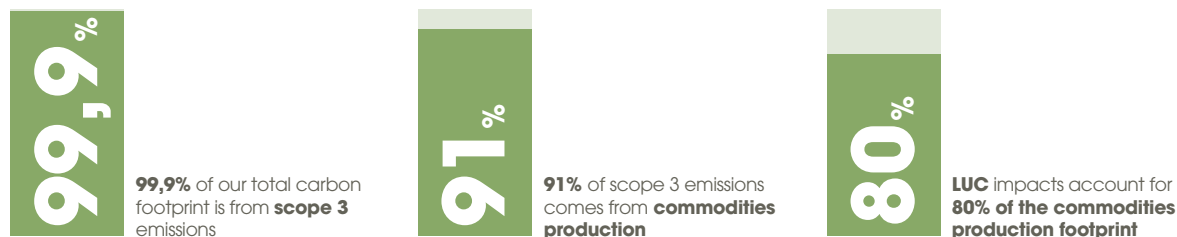
Agroforestry manual distributed to project's farmers

This 4-year project (2023-2027) aims to:

- Preserve key ecosystem functions through reforestation, agroforestry, and anti-erosion practices in priority areas
- Reduce carbon emissions from deforestation by promoting the use of efficient cooking stoves, saving up to 75,000 metric tons of CO₂ emissions
- Enhance the livelihoods of cocoa farmers through diverse income opportunities and encouraging the adoption of climate-resilient farming methods
- Create incentives to maintain sustainably managed cocoa plantations by expanding farmers' access to land titles and land certificate

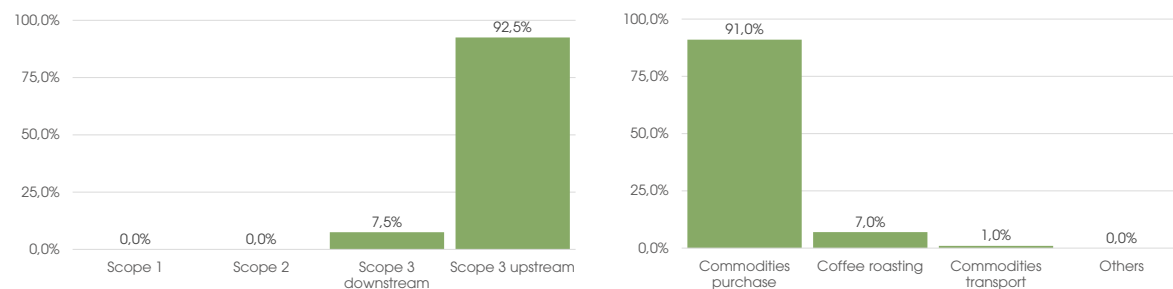
UNDERSTANDING AND REDUCING OUR EMISSIONS

Greenhouse gas emissions from human activities are the primary drivers of rising temperatures and climate change. Reducing emissions along our supply chain and addressing the effects of climate change is therefore essential to ensure the sustainability and resilience of coffee and cocoa production and to meet the growing demand in consuming countries.



Land Use Change (LUC) emissions: CO₂ emissions resulting from the conversion of one specific area of land from one use to another by humans (for instance, deforestation).

To better understand our emissions and climate impact, we analysed our carbon footprint in 2021. The results showed that our scope 1 and scope 2 emissions - the direct emissions from our office operations and the indirect emissions created by the production of the energy we purchase - are minimal. Rather, 99.9 percent of our footprint is attributed to scope 3 emissions, which include indirect emissions from various activities within our supply chain, such as on-farm production, transportation, and final processing. This part of our assessment relies strongly on secondary data from the Food and Agriculture Organization of the United Nations (FAO). Further analysis revealed that 91 percent of these scope 3 emissions originate from raw material production, with 80 percent attributed to land use changes (LUC) associated with agricultural expansion.



Walter Matter's carbon footprint

Walter Matter's Scope 3 emissions per subcategory

Moving forward, we will update this calculation with more recent emissions data and concentrate our emission reduction efforts at the origin, where they can have the greatest impact.

MONITORING DEFORESTATION RISKS AND SAFEGUARDING BIODIVERSITY



Cocoa farm
Peru, 2023

Deforestation and forest degradation are key drivers of climate change and biodiversity loss. They occur largely due to agricultural expansion, which drives nearly 90 percent of global deforestation according to the FAO. Addressing deforestation is crucial to safeguard biodiversity in coffee and cocoa production and mitigate CO₂ emissions.

In 2024, we will integrate technology into our sustainability approach by partnering with Picterra, a company specialising in geospatial data analysis. This collaboration will enable us to monitor the deforestation risks in our coffee and cocoa supply chains and work towards deforestation-free sourcing. This work will also provide valuable insights into our carbon footprint, particularly in identifying the primary sources of emissions associated with deforestation.



7. MAKING SUPPLY CHAINS **MORE TRANSPARENT**

New regulations in Switzerland and the European Union will go a long way to improve transparency along the supply chain, requiring full traceability of coffee and cocoa back to individual plots of land.

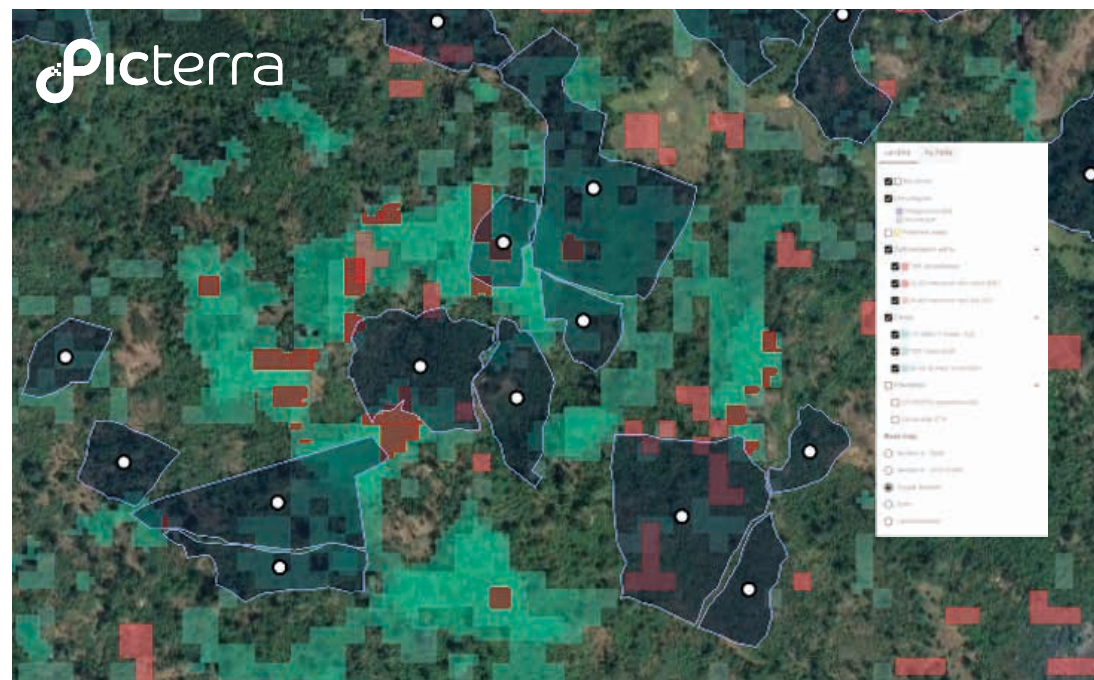
However, costs of implementation are significant and unevenly spread. These regulations require financial and time investments all along supply chains, which are complex, involve thousands of smallholder farmers, as well as local brokers, exporters, and more. Reaching full digital transparency is also complicated by the often low levels of IT literacy and limited access to hardware and internet of the first supply chain actors.

With this in mind, we are looking to improve the way we collect and manage the necessary but sizable amounts of data. In 2022, we began an 18-month coffee Traceability Project in Ethiopia, with financial support from the Swiss Development Agency (SDC). The initiative focused on the technical and economic challenges of first-mile traceability in Ethiopia's fragmented coffee supply chains.

In 2023, we participated in traceability trials with Fairtrade International. These trials test lot numbers to see whether they can enhance coffee traceability among Fairtrade certified companies without significant additional workload. According to Fairtrade International, this pilot paved the way for enhanced systematic lot traceability in their system.,

In 2024, our pilot program with Picterra to establish a deforestation risk analysis system for all coffee and cocoa imports into Europe will enable us to collect and process thousands of farm plot geolocation data points.

This partnership is the cornerstone of our strategy to comply with the new EU Deforestation Regulation that came into force in June 2023. However, while this pilot focuses mainly on ensuring deforestation-free coffee and cocoa import, it will give us a much deeper insight into our coffee and cocoa supply chains and sets the basis for other sustainability intervention such as carbon insetting. We expect SIG-based technologies to play a much bigger role in ESG management and reporting in coming years.



Deforestation risk assessment map
By Picterra, 2024

PROJECT ETHIOPIA



PROJECT

ENHANCING COFFEE TRACEABILITY AT WELL MILL LEVEL IN ETHIOPIA

With the support of the Swiss Agency for Development and Cooperation (SDC), Walter Matter and S.A. Bagersh have partnered to support three wet mills in the Sidama region in establishing a scalable coffee traceability model that allows to link farmers to the international market and ensure added value for all stakeholders in the value chain.

The Ethiopia Traceability Project has allowed shifting to move from a paper-based recording of coffee cherries purchases to a digital traceability system using an open-source application to share data in real time with exporters and international buyers, including the price paid to farmers. The system can be used off-line on mobile devices for data recording and then synchronise in a cloud infrastructure for data sharing with other users.

The model is scalable and based on accessible IT systems. However, the main factor for the success of the traceability model is to incentivize millers, collectors, and farmers to commit to this data sharing exercise. In the project, this was materialised by offering training and inputs to farmers and enhancing the competitiveness of mills by increasing their IT literacy and access to technology.

1'215

tons of coffee cherries traced

1'300+

beneficiaries

8

wet mill staff

17

collectors

13

public agents

88'200

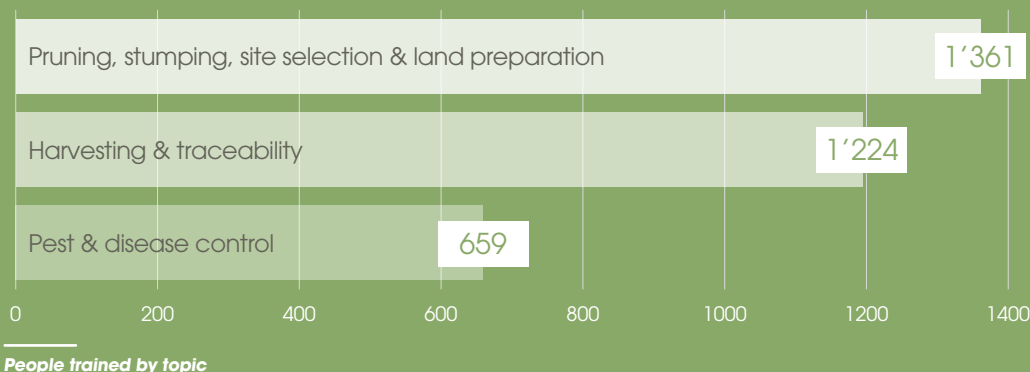
coffee seedlings to **600+** farmers

18'000

shading seedlings to **600+** farmers

13'200

avocado seedlings to **600+** farmers



“The small action implemented in collaboration with Walter Matter and other local partners in Ethiopia corresponds to Swiss interests as it promotes sustainable agriculture and inclusive value chains. [...] The big majority of coffee in Ethiopia is produced by small scale farmers, and the introduction of traceability is very challenging due to many factors such as remoteness, illiteracy, no access to internet, no computers or smartphones, etc. [...] Cooperation between the private and public sectors is needed. This is even more true in coffee, where the private sector plays a crucial role in almost any aspect of the value chain.

**Daniel Valenghi (VLD), Program Officer, Food System Section/
Thematic Cooperation, Swiss Agency for Development Cooperation,
Addis Abeba (Ethiopia)**



For over a century, we have firmly believed in the power of commitment and loyalty.

We would like to sincerely thank all our partners, suppliers, clients, and employees, without whom nothing would be possible. Thanks to the strength of the collective, we have been able to offer the best in coffee and cocoa since 1920.

Confident in the longevity of our relationships and in the goal of shared success, we approach the coming year with the certainty of being surrounded by the best.



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