




VOLCAFE

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MAN**



COFFEE DIVISION OF ED&F MAN



**HEART OF THE
AMERICAS**



COFFEE IN LATIN AMERICA



Coffee is in Latin America's DNA. The crop has influenced the culture, socio-economic development, politics and even the arts of many Latin countries.

Coffee's effects are so far reaching that it would be hard to imagine the continent without it. In contrast to many other commodities grown in the region, coffee is predominantly in the hands of millions of small producers, who enjoy the benefit of harvesting a cash crop. The activity has provided a reliable source of income for millions of families and a healthy economic activity for whole countries.

Nevertheless, during the last decade many Latin American countries have successfully diversified their economies into other agricultural activities, and have even expanded into a larger industrial and services base. Thus coffee has been losing relevance as the primary export product that it once was, giving way to new economic models and social development.

With the exception of Brazil, who maintains a dynamic coffee activity in line with its economic growth, other countries face important challenges ahead. Rather than growth via "brute force" or indiscriminate land expansion, the Americas are aiming at higher yields, improved technologies, and sustainable models of expansion. This new approach to coffee will bring enormous advances and exciting opportunities to our worldwide coffee activity.

VOLCAFE IN LATIN AMERICA

Since its early beginnings, Volcafe saw Latin America as its primary area for expansion into origin. Brazil, Guatemala, and later Costa Rica were amongst the first countries where Volcafe set up partnerships that later became fully owned subsidiaries. All of these entities are now recognized throughout the coffee world as reliable and valuable counterparties, both for clients and suppliers.

Our local managers are business leaders in their respective countries, accumulating many years of experience and enjoying the esteem and trust from their colleagues, international customers and local dealers alike.

Because ours is a business of people, we firmly believe in creating our leaders by immersing them into a rigorous training program that covers all areas of the coffee business. We give our young talents sufficient time to absorb our coffee culture, and our Volcafe culture. Developing our younger generations is a key part of our Latin America vision, and we make sure we spend enough time and resources on this key strategic activity. Our talent base has now become more international than ever, with trainees representing almost all origin countries in the area.

Because Latin America is so advanced on the production learning curve, we are very aware that to develop further requires following sustainable models of production, milling and commercialization.

Our populations and governments now recognize the environmental challenges facing our planet, the need to eliminate social inequalities and the potential benefits of making the most out of our land resources. We have a wide portfolio of projects and work hand-in-hand with producers and buyers to make coffee production and commercialisation a model of sustainability best practice. 🌱





BRAZIL

COFFEE IN BRAZIL

Brazil is the largest country of Latin America, and the fifth largest globally. The economic dynamism of the country has attracted the attention of the whole world.

Coffee has profoundly influenced the history and development of Brazil. In the late 18th century, farmers recognised that the South-East of Brazil, with its "terra-roxa", was ideal for growing coffee. Brazil quickly became the world's largest coffee producer, a title it holds to this day, growing 30-40% of the world's supply of the bean.

With the industrialization of the country, Brazil lost its dependence on coffee cultivation, with today coffee exports accounting for a mere 5% of total exports. However, the social and cultural importance of coffee continues, securing millions of direct and indirect jobs, and it still holds a special place in Brazilian hearts.

Brazil grows both arabica and robusta (conillon) today, with the main arabica areas in the Minas Gerais and Sao Paulo states, and the main conillon areas in Espirito Santo. Coffee is also grown in another ten states across the country. The vast choice of Brazilian coffees, from many different regions and via many different processes, is a coffee connoisseur's dream.

The vital health of the coffee sector in Brazil continues, with improvements in sustainable productivity being made each year, meaning Brazilian coffee should continue to be a favourite for both Brazilians and the rest of the world for years to come.

VOLCAFE IN BRAZIL – VOLCAFE (SANTOS) LTD

GENERAL MANAGER : URS WEGMANN

Volcafé has been present in Brazil since 1954. Operating in the coastal city of Santos, in São Paulo state, it is situated in a major commercial center and port, where the majority of Brazilian exports leave the country.

Volcafé has buying representatives in towns in all the major coffee regions of Brazil: Minas Gerais: Varginha, in the south of Minas; Cerrado de Minas: Araguari; Matas de Minas: Caratinga; Espírito Santo State: Brejetuba; São Paulo State: Batatais and Pinhal, for high and low Mogiana; Paraná state: Londrina, and Bahia State: Luiz Eduardo Magalhaes.

With a modern logistics network, the company has strategically located warehouses in the main coffee regions. In Caratinga, in the Matas de Minas region, the company has a storage capacity for more than 130,000 bags. In Araguari, Volcafé is part of a cooperative partnership with a capacity to receive more than 140,000 bags. It also receives and processes coffees from around the entire Cerrado de Minas region.

The main warehouse for storing and processing coffee beans is located in Brazil's largest coffee-producing region, the south of Minas, in the town of Varginha. Copag has the latest equipment to process and standardize coffees according to the most varied customer requirements, with a processing capacity of 3,500 bags per day and storage capacity for 150,000 bags in easy-to-handle, practical "big bags".

This warehouse is Utz Certified, following strict standards of conformity with social, economic and environmental aspects, and is able to offer full traceability. The storage unit can operate the entire logistical process in an integrated manner, allowing the coffee to arrive at its port destination by way of stuffed containers, guaranteeing full customer service and traceability.

Volcafe Santos boasts one of the largest 4C Units in the world, and is a reliable partner for all sustainability schemes, including Fairtrade, RFA and Utz. ☪





COLOMBIA

COFFEE IN COLOMBIA

Colombia has long been regarded as one of the premium mild arabica origins. There are approximately 850,000 hectares in the country dedicated to coffee and more than 500,000 coffee farmers who derive their income from it.

During the 1990s and most of the 2000s, annual Colombian production averaged 12 mio bags per year. Unfortunately, production levels during recent years have declined and last year the country produced one of the lowest crops in 30 years.

Colombia is still unique in being able to produce fresh washed premium arabicas every month of the year in sizeable volumes and diverse qualities. This is largely due to the incredible diversity of microclimates generated by Colombian's topographic and climatic conditions.

Colombia is also the only country in South America with ports accessing two oceans, with Cartagena and Santa Marta ports on the Atlantic coast, and the port of Buenaventura serving the Pacific.

Coffee is grown in one of three mountain systems derived from the Andes, plus one isolated mountain range called Sierra Nevada de Santa Marta. At an altitude of 1,300 to 2,000m, in a variety of soils, mostly volcanic, the majority of the coffee communities growing coffee are comprised of smallholders with less than 5 hectares.

Cherries are picked by hand and wet milled on the farm. The main harvest takes place from October to March, and the fly-crop (or "Mitaca") occurs between April and July.

There are several cup profiles: from mainstream Excelso and Supremo, characterized by their balanced body and acidity, to the perfumed, citric notes and velvety bodies observed in the Southern coffee areas of Nariño, Cauca and Huila. In the Northern areas, such as Santander and Sierra Nevada, one finds chocolate and nutty notes, with typically strong body.



VOLCAFE IN COLOMBIA – CARCAFE LTDA

GENERAL MANAGER : NICOLAS RUEDA

The Carcafe group was established in Colombia in 1983. Today the group comprises three distinct entities:

- Carcafe Ltda, with commercial presence in the entire coffee landscape
- Empresas de Nariño, specializing in high-end coffees from the country's far South
- The Carcafe Foundation

With its headquarters in Bogota, the company currently holds a total market share of around 10% of exports. Milling operations are dotted throughout the production zones, and Carcafe prides itself on being able to exert full control over its processing chain.

The group has played an important and pioneering role in sustainability in Colombia, encouraging an active participation from farmer associations in all of the major commercial seals.

Today the group sources Fairtrade, Organic, Rainforest Alliance, UTZ Certified, and 4C, as well as hard-to-find double certified coffees such as Fairtrade/ Organic and UTZ/ Organic. ☪



COSTA RICA

COFFEE IN COSTA RICA

The first Central America country to grow coffee, Costa Rica has proven to be ideal for it; the diverse and beautiful landscape, coupled with the variety of micro-climates found in the country, allow for multiple coffee flavors to be created.

The country produces roughly 1.6 mio bags (60kg) of green coffee each year coming from 8 producing regions. These regions are divided into lowlands, and highlands (over 1,200 meters).

In order to ensure coffee production of the highest quality, only arabica beans are cultivated in Costa Rica with the ICAFE spending much time and resources in selecting and improving varieties of Caturra and Catuai. High quality coffee is achieved through harvesting and processing only the finest and ripest beans.



VOLCAFE IN COSTA RICA

Volcafe Costa Rica is the leader in procuring, processing, commercializing and exporting Costa Rican coffee. Our operations in the country are divided between Beneficios Volcafe S.A., in charge of our milling operations, and Cafe Capris, the country's leading exporter.

BENEFICIO VOLCAFE (COSTA RICA) S.A.

GENERAL MANAGER : KENNETH WAUGH

In the main coffee areas, such as Brunca, Central and West Valley, Tarrazú and Tres Ríos, Beneficios Volcafe enjoys an extensive presence. Between these regions, our mills Beneficio El General, Beneficio Santo Domingo and Beneficio San Diego receive and process fruit from over 7,500 coffee farmers.

- In the Brunca region, roughly 35,000 bags (60kg) of a well-balanced and smooth Hard Bean are processed each year.
- Our Santo Domingo mill, located in the Central Valley, processes 75,000 bags coming from well-known regions such as Heredia, Poas and Naranjo. The coffees are characterized by a well-defined citric acidity, full-body and pleasant finish.
- San Diego specializes in the world-famous Tarrazú and Tres Ríos areas, processed around 115,000 bags per year. These fine coffees boast an exceptional acidity and body, with complex fruit (berry) and chocolate notes.

Beneficios Volcafe takes pride in striving for ever increasing efficiency and quality standards, whilst at the same time working strongly with producers to ensure good community relations and sustainable production for years to come.

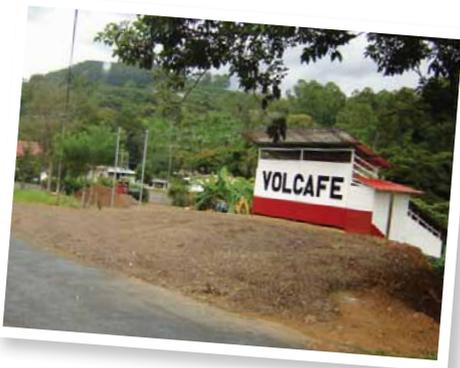
Currently over half our production is sourced from farms certified under various sustainability schemes.

CAFÉ CAPRIS

GENERAL MANAGER : JUERGEN PLATE

Café Capris was recently named the Agricultural Exporter of the year 2011 by the Costa Rican Chamber of Exporters (CADEXCO). This prize recognizes Cafe Capris' continued standing as Costa Rica's foremost coffee exporter. Each year, Cafe Capris handles and exports 1 in 3 of all bags of Costa Rican coffee.

Our business philosophy lies in the knowledge and experience to source coffees tailor-made to our clients' requirements, from all main coffee regions. ☺





GUATEMALA

COFFEE IN GUATEMALA

Coffee in Guatemala, the cradle of the Mayan civilization, is as diverse as its culture, people and geography. There are eight well defined coffee producing regions, each with their own distinct aromatics, wonderful cups and great complexity.

Guatemalan coffee is handpicked, fully washed and mostly sundried on patios. Coffee is then stored and conditioned in parchment for several weeks before being hulled and sorted for export. There are about 95,000 producers, mostly smallholders. Most of these smallholders sell their coffee in cherry, while medium and large producers sell parchment coffee after careful processing in their own mills. There are warehouses strategically located throughout the coffee regions, where producers deliver their coffee.

The specialty coffee business in Guatemala has been growing extremely rapidly over the past decade. Producers are justifiably proud of their quality and are making great efforts to improve their farming and milling practices in order to "raise the bar" on specialty coffees.

Guatemalan coffee production has been stable over the past years, showing little variation between off and on cycles.



VOLCAFE IN GUATEMALA – Waelti Schoenfeld S.A.

GENERAL MANAGER : HANSJOERG BRANDENBERGER

The origins of Waelti-Schoenfeld lie in two companies founded in the 1960s: one by Juan Waelti (a Swiss national) and the other by Peter Schoenfeld, a German. Volkart Ltd was a minority shareholder in the two companies.

In 1989 it was decided to merge the companies and re-name them Waelti-Schoenfeld (WSG). During the same year Volcafe Ltd took a 95 % stake in the combined company

WSG has a well-established infrastructure, running two large dry mills close to Guatemala City and the famous Pastores wet mill in Antigua. WSG is well known for its reliability and reputation and has the benefit of having long-serving employees in key positions.

The company offers a wide range of services to producers and intermediaries (financing, budgeting, certification, agricultural practices, know-how in wet milling) in order to ensure it receives excellent coffees from all over the country.

WSG is specialized in the high quality segment and is able to offer different estate coffees and actively sources and trades certified coffees such as 4C, Utz, Rainforest Alliance and organic coffees. ☪



HONDURAS

COFFEE IN HONDURAS

Honduras coffee production has been a notable recent success story, with crops now 50% larger than they were ten years ago. The impact of government technical assistance to the coffee sector in Honduras has been strong. Average yields have climbed to impressive levels, among the highest in the region.

The country has some very dynamic large coffee farmers, but the government investment in coffee smallholder schemes has also done a lot to invigorate the sector. Area expansion is also helping to grow output. Intermediaries continue to play a large role, with over 75% of the coffee negotiated by them.

With 4.2 mio bags produced in 2010/11, Honduras is Central America's largest coffee producer. Coffee continues to play an important role in the economy, being the country's leading agricultural export and accounting for some 3% of overall GDP.

VOLCAFE IN HONDURAS – MOLINOS DE HONDURAS

GENERAL MANAGER : TONY ARBE

Molinos de Honduras was founded in 1961, originally as a family-run corn and rice miller. By 1967 the company had been bought by Volcafe, and was soon transformed into one of the most successful coffee exporters in the country.



Today, the company operates a country-wide procurement and processing network, with extensive drying and milling capacity. Three main hubs of Comayagua, Santa Rosa and San Perdo Sula are complemented by further buying stations in San Nicolas and El Paraiso. In addition, the company has wet milling projects under development.

Molinos has a strong link with producers, providing support through company-employed agronomists, able to advise and assist in implementation of good agricultural practices. With several large supply chains being sustainably certified and/or verified, we aim to guarantee long-term production, good environmental practices and improved traceability, along with social responsibility. 🌱



PERU

COFFEE IN PERU

Peru has always been a crucial summer crop providing fresh coffee when it is needed most. And now, with expanding production, quality upgrades, and global leadership in sustainable coffee sales, Peru is stepping further into the limelight, ensuring its growing importance in the world's coffee blend.

In contrast to most arabica producers, Peru has been expanding its coffee-growing area for several years now. We estimate that since 1997, area has been expanding, mostly in the north, and that this expansion has accelerated since 2003, with a 50% increase in planted area by 2011. The country is blessed with an extremely large area that is environmentally suitable for cultivating coffee. The improvement of infrastructure is also helping the ease of access to the coffee areas; a decade ago, Peru had 87,000 km of roads, and today it has 127,000 km.

Around 90% of Peru coffee is produced by a non-technified method; by this style there is no agronomic management, no inputs, and the only husbandry is some weeding once or twice before the harvest. Thus, although there are many technified farms in Peru, the average productivity in the country is a mere 7 bags per hectare.

We have seen Peru move from annual production of around 1.5 mio bags in the mid-1990s, to almost 3 mio bags a decade ago. In the last couple of years, production over 4 mio bags has been the rule, and we can look forward to coffee output reaching 4.5 mio bags sooner rather than later.



VOLCAFE IN PERU – PRODELSUR

GENERAL MANAGER : HARRY ODIO

For more than a decade, our origin house, ProdelSur, has been focused on providing our customers with the best coffee that Peru has to offer, and on helping Peru fulfil its potential in becoming a principal supplier of top quality arabica for years to come.

Our staff have been working hand-in-hand with local communities to enhance the supply of Peru coffee, both through farming practices, processing and logistics. Improving yields in an environmentally responsible way is key to ensuring long-term economic success for Peru's coffee farmers, and for a sustainable coffee supply expansion.

As outlined above, an increase in the productivity of coffee farms in some areas of the country is possible, and can benefit farmers, trade and consumers long-term. Our 15-strong field team of agronomists and sustainability experts are forging strong links with farming communities. Pruning, promoting contour plantations for soil conservation, and fertilization are all important practices to share. Improving quality is also key, through sharing knowledge of selective harvesting and wet-milling, and also through investment into new dry-milling facilities.

The difficult logistics in Peru are legendary, and these have to be tackled efficiently to ensure the journey from farm to mill to port does not compromise the quality of the coffee in any of its forms.

Finally, paying premiums for each great coffee we cup at all of our buying offices is the most important way of securing the increased supply of these coffees. We are working to help Peru position itself as a strongly reliable, key supplier of top quality washed arabicas - an essential addition to the global coffee blend. 🌱



For more information on our Latin American coffees and operations, please contact:

BRAZIL
VOLCAFE LTDA

Caixa Postal 3 CEP 11 001-970
Santos – SP
BRAZIL
Phone: + 55 13 321 392 00
e-mail: volcafe@volcafe.com.br

COLOMBIA
CARCAFE S.A.

Edificio Seguros Colmena
Ed. Liberty Seguros
Calle 72 no. 10-07, Of. 1301
Santafé de Bogotá,
COLOMBIA
Phone: + 57 1 313 74 74
e-mail: carcafe@carcafe.com.co

COSTA RICA
CAFÉ CAPRIS S.A.

Apartado Postal 3568-1000
San José
COSTA RICA
Phone: + 506 2 261 60 60
e-mail: trading@volcafe.co.cr

GUATEMALA
WAEITI-SCHOENFELD S.A.

Apartado Postal 174-A
01909 Guatemala City
GUATEMALA
Phone: + 502 2 427 12 00
e-mail: wssa@waeltischoenfeld.com.gt

HONDURAS
MOLINOS DE HONDURAS S.A.

Apartado Postal 167
San Pedro Sula
HONDURAS
Phone: + 504 25 56 66 61
e-mail: mdhgm@mdh.hn

PERU
PROCESADORA DEL SUR S.A.

Av. Pedro Ruiz Gallo Lt 124 C
125A Urb. Fundo la Estrella
Ate Lima 3
PERU
Phone: + 51 1 356 44 54
e-mail: hodio@prodelsur.com



FERNANDO BARZUNA
(Director, Latin America and Europe)

It is a pleasure to revisit the great coffee tradition of Latin America through this booklet - and to share with you a few facts about Volcafe's important contribution to coffee in the Americas. Please feel free to contact me or our companies listed here for more information.

Volcafe distribution companies

Volcafe has a network of sales and trading offices throughout the major consuming regions of the world. We are able to discuss with roasters directly their specifications, and ensure that the agricultural product we source meets their industrial requirements. Given the unpredictable nature of commodity markets, we are also able to provide comprehensive price risk management services, as well as supply and demand research data.

VOLCAFE SPECIALTY COFFEE, USA

25 Western Avenue, 3rd Floor
Petaluma, CA 94952
USA
Phone: +1 707 769 26 80
e-mail: sales@volcafespecialty.com
General Manager : Heinz Zipsin

VOLCAFE USA

80 Cottontail Lane
Somerset, NJ 08873
USA
Phone: +1 732 469 96 22
e-mail: trading@volcafe-usa.com
General Manager : John de Muria

VOLCAFE LTD, SWITZERLAND

Gertrudstrasse 1
Winterthur 8401
SWITZERLAND
Phone: +41 52 264 9494

GOLLUECKE & ROTHFOS GMBH

P.O. Box 105426
DE-28054 Bremen
GERMANY
Phone: +49 421 33 97 33
e-mail: trade@grbccoffee.com
General Manager : Tom Fuelles

VOLCAFE FRANCE

27 - 29, Rue Chateaubriand
75008 Paris
FRANCE
Phone: + 33 1 42 99 05 46
e-mail: adesaintseine@volcafe.fr
General Manager : Antoine de Saint Seine

VOLCAFE IBERIA

Calle Sagasta 27
28004 Madrid
SPAIN
Phone: +34 91 448 51 62
e-mail: francisco.gimeno@volcafe.com
General Manager : Francisco (Kiko) Gimeno

VOLCAFE JAPAN

5F Create Kobe
80 Kyomachi, Chuo-ku
Kobe, Hyogo 650-0034
JAPAN
Phone: +81 78 392 5570
e-mail: dtashiro@volcafe.com
General Manager : Daisuke Tashiro

COFI-COM AUSTRALIA

67 Ryedale Road
West Ryde NSW 2114
AUSTRALIA
Phone: +61 2 9809 6266
e-mail: info@coficom.com.au
General Manager : Andrew Mackay

ED&F MAN SHANGHAI

Rm 2406, No. 1701,
Beijing road west, Jing an district
Shanghai
CHINA
Phone: +86 [21] 61457100
e-mail: mfurniss@volcafe.ch