

# Impact Report



# Impact Report

We would like to welcome you to Lykke Coffee Farms annual Impact Report, the first of its kind, covering the year of 2022. Last year we started off with defining and writing our Sustainability mission\*, a document that should be seen as a backbone to this and our future impacts reports. In this report of 2022, we emphasize on giving you, our stakeholders, a transparent picture of what we've achieved during the year, along with the struggles and challenges we are facing

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\*Read more in our Sustainability mission 2022

## THE PAST YEAR

2022 was a turbulent year for Europe and the world. Besides the apparent immediate crisis in Ukraine, with millions on people fleeing their homes, Russia's invasion also halted global food supplies. Due to the war the world has experienced a shortage of wheat that together with accelerating climate change has contributed to increasing hunger and starvation amongst many countries in the global south. The high inflations has also weakened economies globally and we've seen rising prices regarding basically everything. During the year, our cooperation with the Swedish NGO We Effect took off and our project Lunar Coffee Ltd in Uganda has been one of our primary focuses. The fruits of hard labour became apparent once we initiated the construction of our own washing station and our coffee scouts started visiting and training farmers across the Mount Rwenzoris. From fresh coffee cherries arriving daily at the site in western Uganda, to an inauguration of a brand new dry mill in Peru, the year has been filled with events that we're eager to summarise. And, with another year of global challenges and hardships, we believe our work with coffee as a tool to make positive impact has never been more important.



## OUR MISSION

Lykke Coffee Farms was born out of the idea that nothing or no-one should suffer for us to enjoy a good cup of coffee. It is a project by coffee farmers, roasters, baristas, and overall disruptive coffee people covering everything from the soil it grows in, to the final cup being served.

Our work begins at the farms. By setting up small experimental coffee farms and base-camps in locations suitable for great coffee, this becomes our playground where we work to develop best practices farming. Through these farms and our all-year-round presence, we can work with and assist our many coffee farming neighbours with knowledge. How to produce better coffee, and more of it, towards organic farming and in harmony with people and nature. And when we also commit to buying their coffee, we give them a highway to the consuming market – without any unnecessary middlemen.

## HOW WE DEFINE SUSTAINABILITY

Sustainability for Lykke is first and foremost the importance to ensure to provide economic and social stability for our farming neighbors. Because doing so is the only way to then be able to care about the environment and climate, which is a critical aspect when working towards a sustainable future for generations to come.

Sustainability in our perspective is also to care for all the coffee beans being produced on our and our neighboring farms. Meaning that not only the perfect coffee beans should be presented in our product portfolio. By offering products\* in different quality tiers we can minimize waste\*\* in production, reach a wider target group and in that way contribute to a change of the industry – towards a more democratic and resilient value chain.

Sustainability to us is also to be constantly balancing information regarding the three pillars of sustainability\*\*\* when making decisions in our daily work. Such decision-making could be to choose a more expensive material in order to make less impact on the environment but we are also humble to the fact that we are not perfect and are therefore always ready to change our minds and ways of doing things when science based facts tells us to.



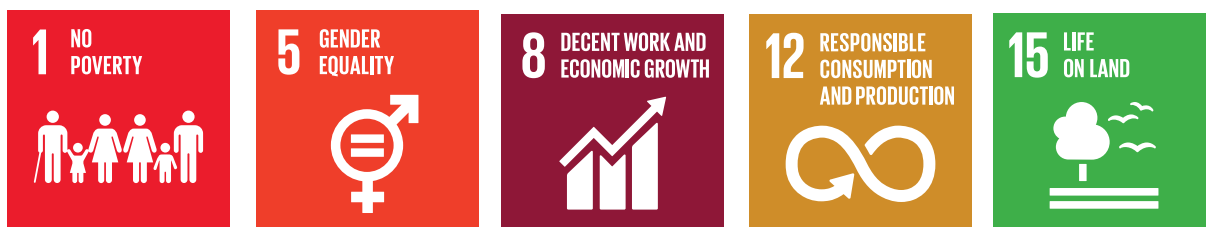
\*Read more about this under the section “Our training program: Farmers tail” in our “Sustainability mission 2022”

\*\*Read more about about this under the section “[12]Responsible consumption and production” in our “Sustainability mission 2022”

\*\*\*Economical, Social & Environmental

## LYKKE AND THE SUSTAINABLE DEVELOPMENT GOALS

We work towards the United Nations Sustainable Development Goals [SDG]. Out of all the goals\* we consider contributing to, we have chosen five focus goals that we especially have integrated within our operational work



Using the SDG:s as an overall framework provides us a science based, and holistic way of approaching and reporting the work and impact we are doing.

Our efforts with Lykke Coffee Farms presently spans over five countries including Sweden. Prerequisites and challenges are different in each country. Based on SDG performance, and how they correlate to our business model, we can tailor our efforts and impact both in smaller and bigger scale.



\*Read more about this under the section “Our work with the Sustainable Development Goals” in our “Sustainability mission 2022”

## LYKKE'S COOPERATION WITH ENVERITAS

Lykke has initiated a cooperation with Enveritas Inc. in order to assess our work and impact over time. Together with Enveritas we will set up targets and follow-ups on our own farms but more importantly on the work we are doing together with our neighbours – in the mission to make a greater positive impact. Enveritas is a non-profit organization working internationally as an independent observer of companies within the coffee sector. Their mission is to end the global poverty within the coffee sector by 2030.

As the majority of the small holder producers lack access to the market of high-value coffee, Enveritas focus is on them and the single small holder farmer. Enveritas work in coffee producing regions together with partners and people that speak the local languages and dialects. By conducting voluntary and eye to eye surveys with small holder farmers they can capture more than 500 unique data points from each farm.

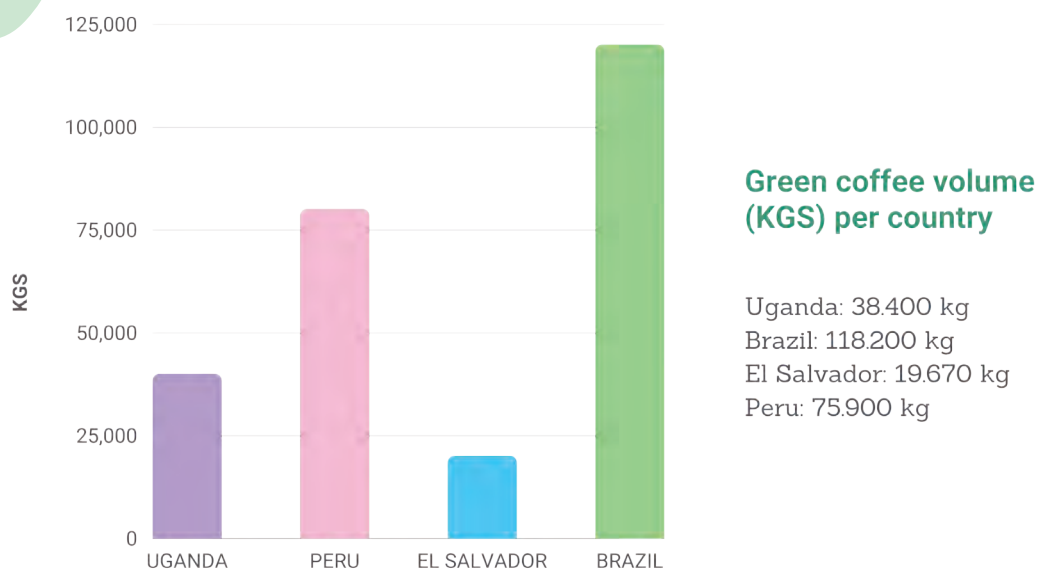
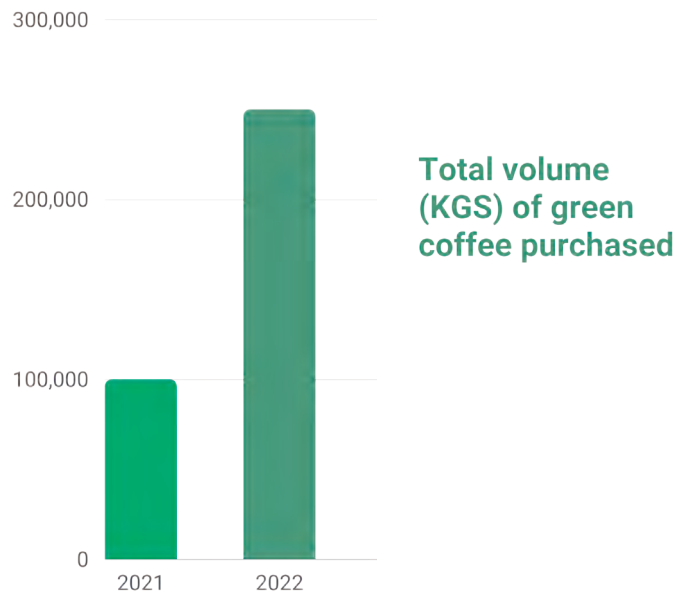
The cost of running these surveys, collecting and compiling all data is solely on our books, instead of putting the farmer at a financial risk. We pay for their services as we see it as a valuable tool to get a transparent overview of each and every situation – and not in the way of a traditional audit, being a “yes or no” situation. With the help from Enveritas, our goal is to go beyond what traditional certifications\* mean.

\*Read more about this under the section “Lykke about ecology and certifications” in our “Sustainability Mission 2022”.

# COFFEE VOLUMES

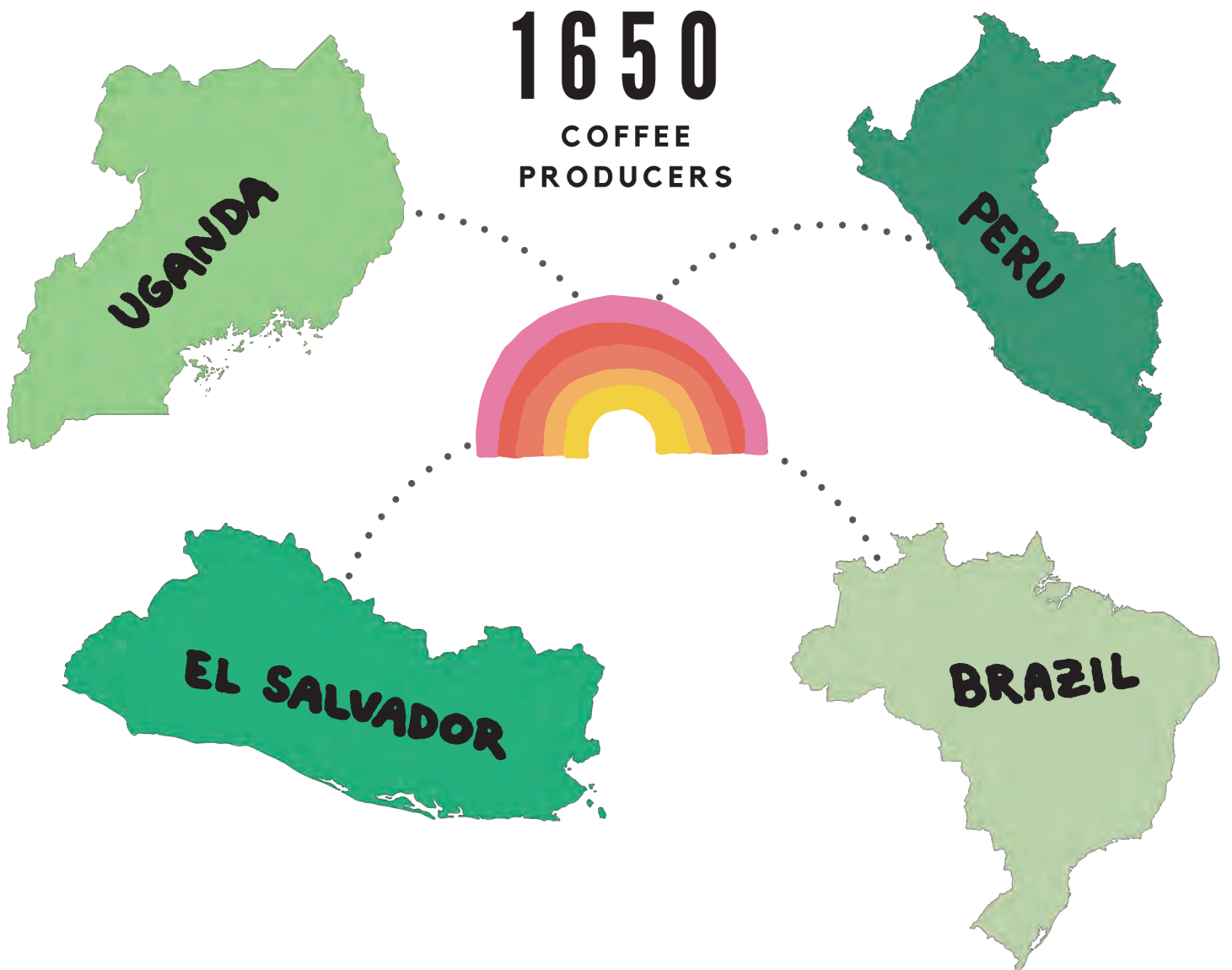
During the 2022 crop year we were able to increase our purchases by 147% now totaling over 250.000kgs of green beans\*.

\*. Purchase volumes differ from volumes roasted as the crop cycle year will always be ahead of the volumes roasted.



## COFFEE PRODUCERS

We now collectively work with over 1650 producers throughout the four countries we operate in globally: Uganda, Peru, El Salvador and Brazil.





# OUR WORK IN THE DIFFERENT ORIGINS

## UGANDA

Lykke's primary focus in Uganda is on financial impact. Our project is situated in the Rwenzori region where our goal is to drastically increase coffee quality and yields. In doing so we are aiming to create positive impact for thousands of farmers and their families. **SDG:s in focus: 1 No Poverty, 5 Gender Equality, 8 Decent Work and economic growth.**

### Achievements of 2022



Employed 120 people from the local communities for the construction of the washing station. 60% men 40% being women.



Built and started operating our washing station.



Employed 16 permanent staff for the work with our coffee at Lunar. 10 men and 6 women. Employed 30 seasonal staff during the peak periods. 65% women and 35% men.



Coffee scout program provided training for 1.500 small holder producers.



Helped the community to get access to a well located on our land, increasing the access to fresh water for the villages.

### Focus 2023/2024



Initiate the "Kitchen garden program" where coffee producers get training in best practices on how to grow vegetables in their gardens. This is an important step toward self-sufficiency that help strengthen local food security.



Budget 2023 is to double the scout team and increase farmers trained to 5.000.



## JULIET KABUGHO

Juliet Kabugho is 24 years old, works as a coffee scout in the district Bukonza East since one year ago and is very proud of her work. She is a single mother of a son and live with her mother on their small family farm with some 100 coffee trees and half a hectare of land.



Juliet gave birth at the age of 16 and had to jump out of school. She managed however at a later stage to finish high school and take a course to become a secretary.

- I couldn't find a job as a secretary but was volunteering at a farmers cooperative when I saw the opportunity to apply for the job as a coffee scout.

Today her dream is to educate herself to become an agronomist.

- I have noticed that I am very good at what I do and that farmers listen to me and my advice. Coffee farming is traditionally an area where men make the decisions but when they see what I achieve at our own farm by using the practices I've learned in the project they want me to teach them too.

Earlier I used to strip the coffee cherries from the bush branch by branch but now I've learned that it harms the tree and affects the regrowth. Already after one year my trees produce more coffee cherries than before and that is something my neighbours see too.

- Too me it is also a big win not having to think of the security of when the coffee is to be dried. Before I used to spread my coffee outside of our house for it to dry, but as a single mother it was tough to guard the coffee until it was fully dried. It happened multiple times that the coffee was destroyed or stolen, resulting in a loss of important income for our family.

# BRAZIL

Lykke's first focus in Brazil is on environmental impact. Our goal is to inspire and help farmers to minimize the use of synthetic inputs and increase biodiversity within their farms. By doing so they also increase their resilience against climate change and help fight the ongoing deforestation in the country.

**SDG:s in focus: 12 Responsible Production and consumption and 15 Life on Land**

## Achievements of 2022



Grew our volumes from 59.400kg to 118.200kg



Initiated a new partnership with a producer in the area Pinhal, which is a new region to us.\*



During 2022 we have further collected data points to better understand how to develop our projects to make the best possible impact.

## Focus 2023/2024



This has now resulted in an investment plan for our project on building a processing facility for specialty coffee in the heart of Caparaó. Together with Felipe Croce and Clayton Barossa, both ambassadors for sustainable coffee practices.

\*This purchased coffee volume represents coffee from a farm with a background in commercial- and conventional agricultural practices, meaning that the type of farming is more mechanized and more monocultural. This farmer however is eager to learn more sustainable ways of farming and have begun planting cover crops to revive the health of the soil. This is in line with our objective to teach the importance of biodiversity and no deforestation. Following our SDG Focus sub goal 15:2 and 15:15



# EL SALVADOR

Lykke's primary focus in El Salvador is on social impact as we strive to build a well tied-together network of neighbouring farmers.

**SDG:s in focus: 1 No Poverty, 5 Gender Equality, 8 Decent Work and economic growth**

## Achievements of 2022



Grew our coffee farmer community from 7 to 13 producers



Grew our volumes of green coffee from 4900 kg to 19.670 kg



Initiated quality trainings with partner farmers to improve quality on delivered coffee.



Gained access to financing for up-front cash-payments to producers, securing their financial situation as we buy their coffee.

## Focus 2023/2024



Working towards the goal to be self-sufficient on homemade organic fertilizer at our own farm. And to teach these techniques to our neighbouring farmers.



Hire an agronomist with great experience from technical support for coffee farmers that will help increase knowledge to raise yields and quality.



Further grow the coffee farmer community towards 20 producers



# PERU

Lykke's primary focus in Peru is on financial stability. We're located in one of the country's biggest producing regions where we work to give our neighboring producers a stable and reliable income. To better sustain their families and help promote further investments into the farms to help guarantee a future of coffee in the regions. **SDG:s in focus: 1 No Poverty, 5 Gender Equality, 8 Decent Work and economic growth**

Within our Peruvian supply chain Enveritas has conducted on site surveys in the region of Agua De Nieve. This gives us a very precise level of detail and the ability to compare our own supply chain with the regional data.

## Achievements of 2022



Grew our volumes of green coffee from 37 950 kg to 75 900 kg (Doubled our volumes)



Attended as a guest of honor at the inauguration of the ACPC dry mill (our milling partner) in Pichanaki. A dry mill that will ensure a high and consistent quality of all coffees we process and export.



Planted a couple symbolic coffee trees, as the first ones, at our own farm in Agua de Nieve

## Focus 2023/2024



Work to grow the coffee farmer community with more producers.



Through Enveritas surveys we clearly identify a need for our training program to be set in motion in the area. This include the need for an agronomist. Planning to set this in motion the coming year(s).



## OUR OPERATIONS IN SWEDEN

Lykke's primary focus in Sweden is to be a responsible and respected employer that has a clear caring for the environment and offers high quality, sustainable products with impeccable design to our growing customer base.

**SDG:s in focus: 5 Gender Equality, 12 Responsible Production and consumption and 15 Life on Land**

### THE ROASTERY

COFFEE VOLUMES ROASTED BY LYKKE AND OUR PARTNER ROASTERY



**DURING 2022 WE'VE  
ROASTED AND SOLD  
102.290 KG  
OF COFFEE**

# PACKAGING & MATERIALS



B R Ett ha påse om v

HAI NE

som vill undvika krusiduller och bara vara glad Eller bara sitta leendes och tomglo ner i kaffekoppen.  
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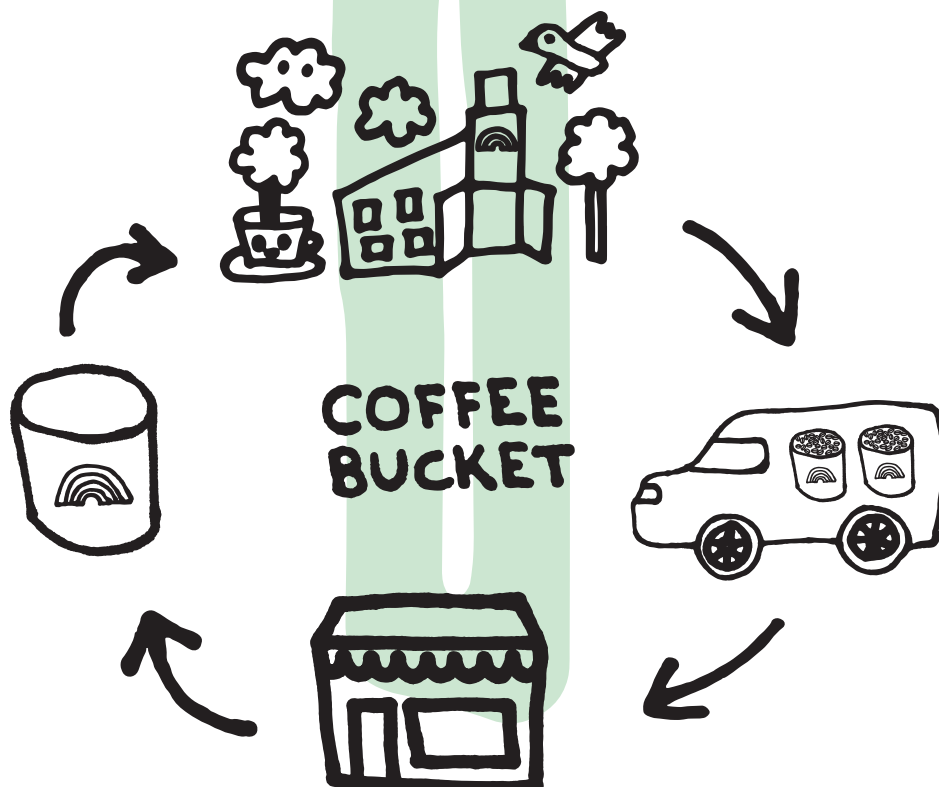
Lykke kaffegårdar

## Coffee Bags and Buckets

During 2022 we purchased 1.425kg of Kraft paper and 2.012kg PLA bioplastic for our over 200.000 Lykke coffee bags. All of our bags are biodegradable and produced using electricity from solar generated on the factory rooftop.



We delivered, during the same period 15.891 kg of coffee in our returnable bucket system meaning that we saved over 30.000 of coffee bags.





## Tea and tea bags

Our tea is fully organic\* and the tea bags are made of a PLA bioplastic material that is industrial compostable. The outer envelope is made of paper with an aroma barrier of PLA. PLA is a polyester made from fermenting starch from corn, cassava, sugar cane or sugar beet. When the sugars are fermented it turns into lactic acid that is later used to make bioplastic. PLA is considered environmental friendly when a proper end-of-life scenario is followed. Such an example is industrial composting, where thanks to the higher temperature of compost, the material degrades.



## Coffee Cans

In April 2022 we launched our Lykke Cans as our limited edition features of coffees. Pioneering the traditional aluminum cans, most often used in soda and beer but now for coffee beans, the aluminum packaging is forever recyclable. In fact 95% of the aluminum packaging ever released in Sweden is still rotating in the system.

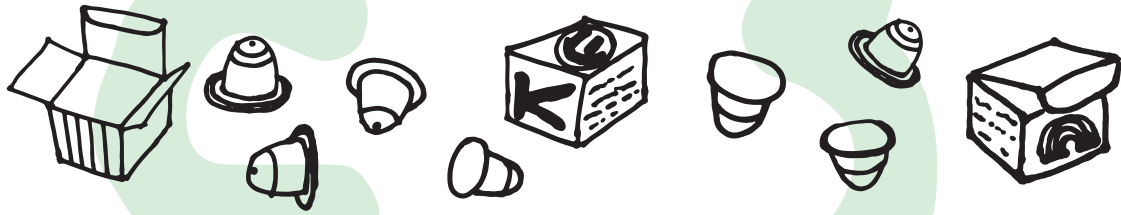
(During the year we launched in the Swedish Pant-system, that offers a 1 Swedish Krona refund when brought back to the supermarkets. A truly fantastic system that incentivizes the consumer in a manner that's triggering the three pillars of social, economic and environmental sustainability. For a few months our cans were in this system, but from March 2023 however we got shut out due to the fact that the system only operates with beverages, and our cans are filled with coffee beans.)



\*Read more about this under the section "Packaging" in our "Sustainability mission 2022"

## Coffee capsules

During 2022 we changed from industrial compostable capsules of PLA bioplastic to a home compostable material. The new material is a PHA biopolymer that composts in all environmental areas; soil, fresh water, sea.



## Take away Cups

In August 2022 we changed our take away cups to a completely plastic free option 100% plant based.



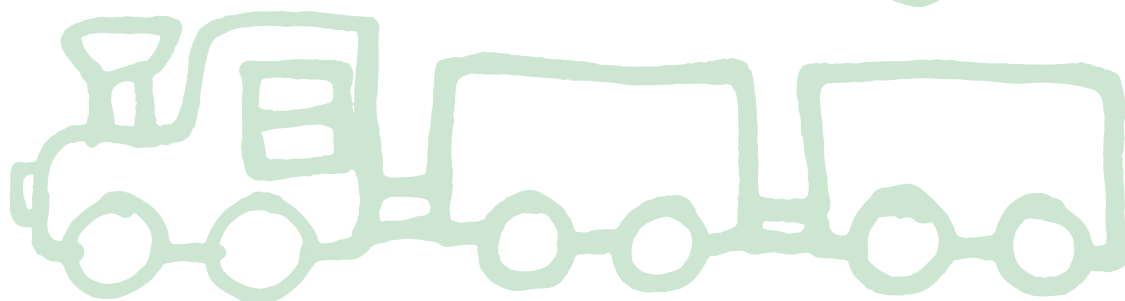
## TRANSPORTATION

Travelling is an important part of our business model since we operate in several countries. We do however not take the impact we make with our travels lightly and are always thinking of ways to reduce the amounts of CO2 emitted. That means trying to stay away on longer trips when flying, planning the trips wisely and by striving to only travel with electric cars or by train within the Nordic region.

One good thing coming out of the pandemic has been the rapid development of digital tools to better communicate remotely. The majority of our work and meetings can be done by connecting digitally and thanks to our business model, with having local staff and partners 100% present in origin all year round, we are able to do a minimum of traveling, while at the same time ensuring progress in the work we're doing.

During 2022 we traveled 4 times to origin and plan to do 6 origin trips during 2023.

In 2023 we will initiate a program to CO2 compensate for our origin trips by calculating the emissions and sequester the equivalent amount of CO2 by planting trees and other crops that has the ability to bind significant CO2.



### Company cars

Our electric delivery van consumed 6296kWh during 2022 on the ca 21.000km that were driven delivering Lykke coffee around the Stockholm area.

We had 3 fossil fuel cars driven by the sales team during 2022. They traveled 43 550 km during the year. During 2023 we will start to replace these vehicles with electric.



# ENERGY

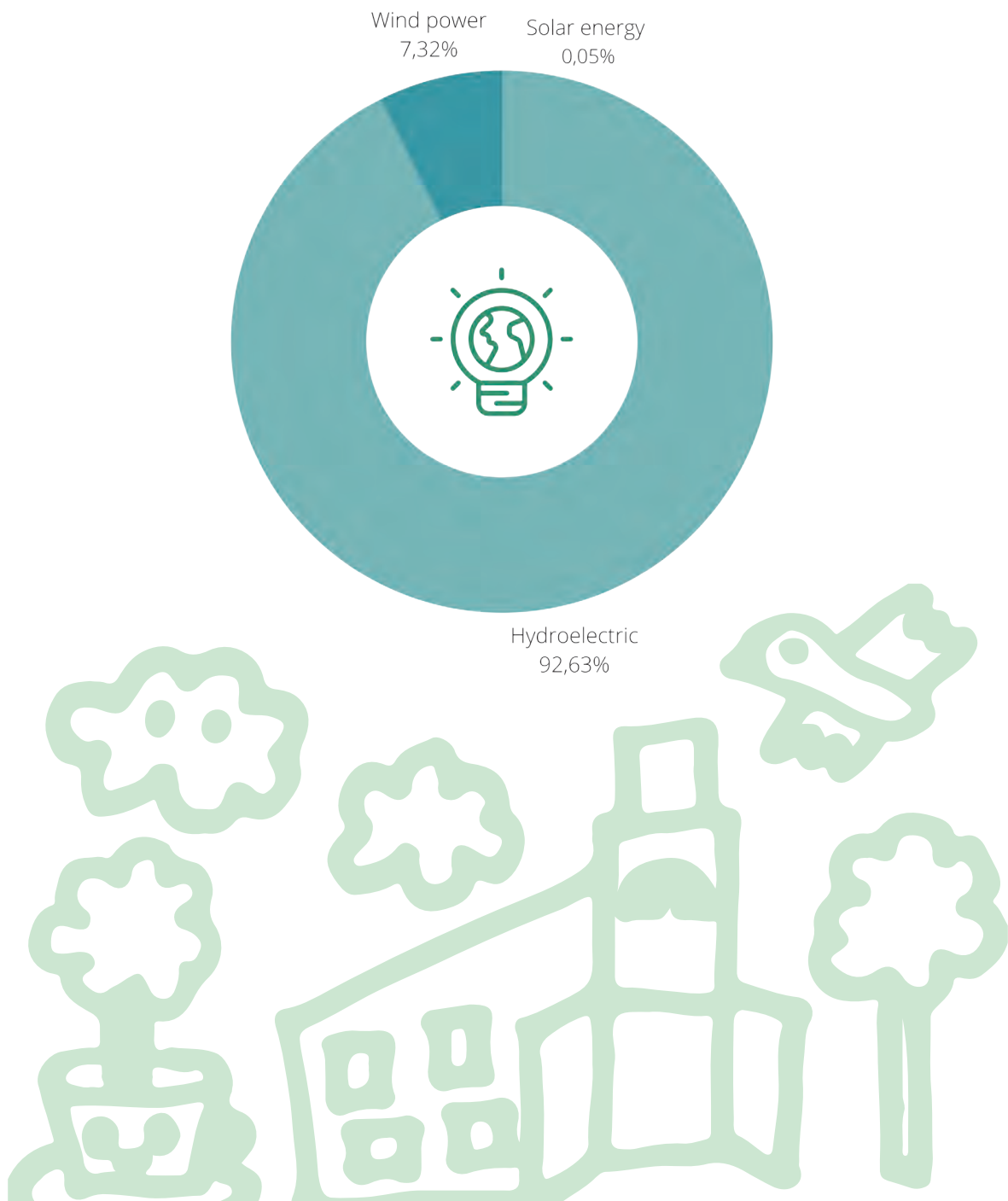
Our roastery is run with 100% renewable electricity

Our roasting machines are run on Propane gas, manufactured in Norway and the USA. During 2022 our roaster at Kolverket in Hökarängen consumed 3.940kg of Propane on the 43.000kg of coffee roasted.

Our roasting at Björklunds Kafferosteri consumed 4.950kg of Propane on the 54.000kg of coffee roasted.

In 2023 we will start measuring our scope 1 & 2 GHG-emissions for our Swedish operations and also include scope 3 for our origin business.

Total energy consumption 24.333 kwh divided between the different energy types used:





# LYKKE NYTORGET 3.0

## RENOVATION

In august 2022 the store closed for renovation to open up with a new venue in the spring of 2023. During the renovations we focused on reusing materials when it comes to furniture and interior decorations and to create a more work-friendly environment for our staff. That includes for example better personnel spaces and a bigger kitchen. The majority of the furniture is purchased either second hand or built with reused materials. Building of the interior followed two main principles, either the use of reused composite materials or only using materials that will last for at least 50 years.

Some suppliers that have helped us with re-use of materials: Vega Stiltberg – working with turning old fabric into new designs, Watt & Volt – Helped us with stage sound where the sound system is built upon a pair of JBL speakers originated from 1974.



### MENU AND SUPPLIERS

The menu after the reopening will focus on sustainable, seasonal, mostly vegetarian food delivered mainly by local suppliers, and we are working with suppliers like Bageriet BAK, Pärkans Konfektyr and Rscued Fruits. We are striving to minimize food waste by planning the menu in a way that enable us to use excess to produce other products. The kitchen has been installed with a food waste mill that handles the food waste that cannot be saved in any other way, this mill helps minimize the garbage disposal and the transportation of waste.

Our store should mirror Lykke's overall business model meaning that we should always care for the producers and production of our food products toward a more sustainable food chain.

# LYSTRA

Lykke Nytorget 3.0 also includes a “Listening bar” – opening in spring 2023.

The concept originally comes from Seoul, South Korea and the story is that a sound lover could not listen to his new massive speakers at home as the neighbors were going mad. So he asked his friend who had a bar if he could install them at the venue and this became a popular attraction for music and sound lovers like him. This spread to Europe and is now a growing concept.



In Barcelona you have Nica, in London there is Spiritland, in Miami you have Dante’s HiFi and many more. In Sweden the first ever listening bar was created by Victor Sanchez at Petter Stordalens hotel ”At Six”. The space was acoustically perfect, the room was full of cozy sofas, chairs and big puffy pillows. The guests were silent, the bar was a point and choose (to not speak loudly) and the two main piece speakers were handmade super expensive Japan made. But still, why a listening bar at Lykke?

**By making a listening bar in the Lykke basement we can stay within our vibe, activate the venue around music, still have live music and clubs, just not as regularly but still meet around the joy of listening to music. Cultivating happiness.**



# OUR SWEDISH STAFF AND THOUGHTS ON SOCIAL SUSTAINABILITY

Lykke Nytorget is connected to a collective agreement with Visita and HRF to ensure that our staff have access to the latest agreements regarding salary, holidays and employment security.

Working at Lykke means being a part of a company with colleagues not only in Sweden but all over the world – from Stockholm to Finland to Uganda to Peru! We all strive for the same thing – cultivating happiness!

Simply put, we want to do good. With focus on quality, sustainability and joy we help create a better world not only for ourselves.

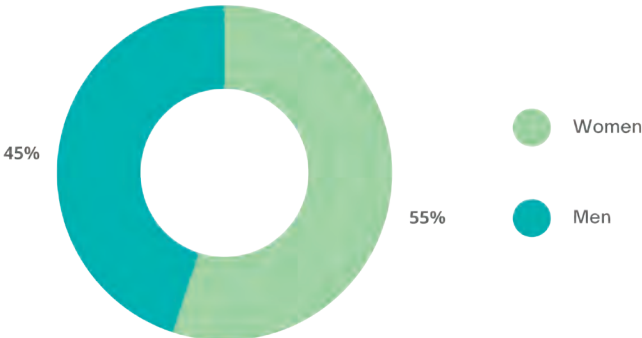




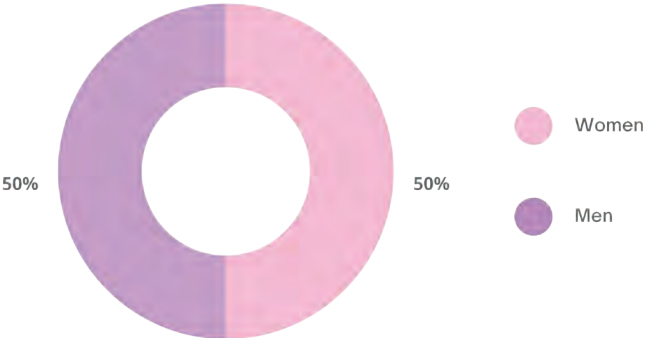
At Lykke as a whole we have a zero tolerance policy against any form of discrimination, harassments, sexual harassments or any discrimination related to gender identity, expressions, ethnicity, religion or other beliefs, sexual orientation or age. At Lykke everyone, no matter who you are, should feel welcome and respected – as a co-worker, customer, cooperating partner or competitor.

At Lykke we constantly strive to be an equal number of women and men working in the different departments. Existing in what is traditionally a man’s-dominated business we strategically need to work to better attract and include diversity among our employees.

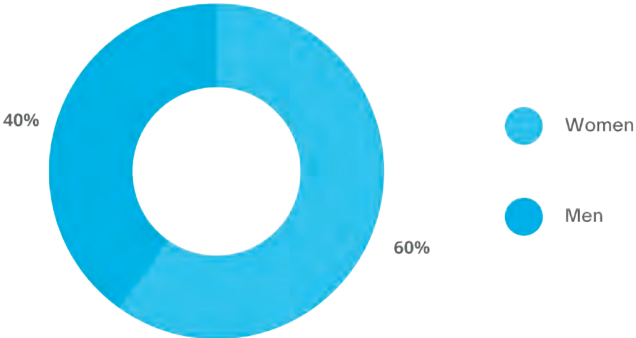
**STAFF WORKING IN SWEDISH OPERATIONS**



**MEMBERS OF LYKKE'S MANAGEMENT TEAM**



**BOARD MEMBERS OF LYKKE**



## LOOKING INTO THE FUTURE

2022 has been an incredible year and despite all global challenges there's great hope that we can actually do good. In 2023 we strive to see growing volumes and improved quality of coffee, a higher knowledge in farming techniques with the help from our agronomists and coffee scouts and some new projects on the horizon - to further increase our presence and the impact we make.

Our Sustainability mission is an ongoing project where we break new ground every day. We will always strive to improve.

We are a small and young company, having operated now for 3 years, but the ambition to fully report on our impact has been there since day one. We stay humble to the fact that we have a long way to go, but feel increasingly confident that we are on the right path.

For the year 2023 we wish for stability in the world. To help us and our farming partners to focus on the future.

Lastly we would like to extend our gratitude to you for reading this far and for being a part of our journey. Together we change the coffee industry into something better – for the farmer, the environment and future generations.

Cultivating happiness!

/Lykke Coffee farms

