

Mercon Coffee Group

Critical transitions:



Productive & Regenerative Agriculture



Stronger Rural Livelihoods

Innovation: Sustainability linked debt

Geographic focus: Latin America, South East Asia

\$: \$450 million



In 2019 Mercon, a global leading and purpose-led integrated coffee supplier with an annual volume of more than 4.5 million coffee bags per year, closed a US\$450 million Sustainability-Linked Credit Facility. This has been the first in the commodity sector in the U.S. and the first coffee-only sustainability facility globally. Rabobank acts as the Sustainability Structuring Agent and International Finance Corporation and ING Capital LLC as the Sustainability Coordinators.

Mercon’s purpose to build a better coffee world is the very center of its long-term strategy. The Company has expanded its sourcing channels to all its integrated Origins by developing its own sustainability production program called LIFT. The LIFT program, which has first been implemented in Nicaragua and then rolled out to Guatemala, Honduras, Brazil, and Vietnam, is an integrated and impact-driven service delivery platform including training and technical assistance, farm management, climate-smart agriculture, best socio-environmental practices, certifications, renovation, access to credit, financial risk management and community development. The LIFT impact is measured by an Index covering the economic, social, and environmental performances at the farm level.

The LIFT program is currently reaching more than 3,000 farmers globally, producing more than 300k bags of sustainable coffee. In 2019, Mercon has not only been able to continue to expand the LIFT program to reach more farmers but also to improve the LIFT Index from 50/100 to an average of 72/100.

Based on the achievement of third-party verified LIFT targets, a discount has been applied to the pricing on the Facility to boost the growth of the LIFT program and to support the work done in rural coffee communities by Seeds for Progress Foundation – non-profit created by Mercon in 2013 aimed at improving access to high-quality education in the rural coffee communities of Nicaragua and Guatemala. Mercon estimates that the discount will generate US\$250k to improve the life of coffee farmers and coffee communities.

“As a Group, we are extremely proud to be a part of this ground-breaking facility which allows us to reaffirm our commitment to source and deliver the right quality of coffee and to do so while adding value to everyone in the supply chain,” said Oscar Sevilla, Chief Executive Officer, Mercon Coffee Corporation.

Stakeholders:

Mercon Coffee Group;
Amerra Capital Management

Status:

● Operational