

CONFIDENTIAL

YOUR BEST SOURCE OF INFORMATION ABOUT THE BRAZILIAN COFFEE AND COCOA BUSINESSES. THIS ISSUE:

- **THE MOST IMPORTANT UPDATE TO BRAZIL'S OFFICIAL COFFEE GRADING SYSTEM IN DECADES (PAGE 3)**
- **GRAVITY SEPARATOR MVF-3S FOR COFFEE, COCOA, NUTS, AND OTHER PRODUCTS (PAGE 4)**

TECHNOLOGY AND AI DISCUSSIONS AT INTERNATIONAL COFFEE SEMINAR IN SANTOS

Discussions at the 25th International Coffee Seminar in Santos included the impact of Artificial Intelligence (AI) and its ability to improve efficiency in business operations. The main applications of AI in coffee production include accurate crop forecasting, intelligent grading, identification of the exact cherry ripening stage, selective harvesting, and maintaining quality consistency. In the coffee business environment, these tools automate end-to-end processes and reduce mistakes. The debate showed that technology demands a deep change in management mindset and has direct effects on the modernization of the coffee agribusiness.

Source: Notícias Agrícolas

OVER 50% OF BRAZILIAN COFFEE GROWERS ARE SMALLHOLDERS

A study conducted by the Brazilian Agency for the Promotion of Small Business (Sebrae) shows that most Brazilian coffee growers are smallholders and own properties with less than 20 hectares. Medium-size growers, that are more common in the states of Minas Gerais and São Paulo, account for 38%, and larger growers represent only 8%. The highest percentage of smallholder growers are in the states of Rondônia (87%), Acre (83%), and Goiás and the Federal District (76%). According to the survey, smallholders are, on average, 49 years old and have 21 years of experience in the coffee sector.



Source: Peabirus

AGRIBUSINESS CELEBRATES APPROVAL OF BILL FOR SEASONAL WORKERS

The bill for seasonal workers that allows their formal hiring without losing access to federal social benefits when they sign short-term employment contracts, common during harvest periods, was approved last month. It is a sector compliance initiative that enables the formal labor market to incorporate a new group of workers who were previously unavailable for it. This provides legal certainty and mitigates potential labor-related risks that may eventually arise.

Source: CNN Brasil

STINGLESS BEES INCREASE ARABICA COFFEE PRODUCTION BY UP TO 67%

A study conducted by the Brazilian Agricultural Research Corporation (Embrapa) and partner institutions shows that the use of native stingless bees can increase Arabica coffee production by up to 67%. The research highlights the potential of managed pollination as a strategy to boost productivity and enhance the sustainability of coffee farming. Researchers introduced bee colonies into coffee farms before flowering at a density of approximately ten colonies per hectare. Production was then compared between branches located near the colonies and those farther away. The study provides data on the interaction between inputs and native pollinators under controlled conditions with direct effects on coffee production.

Source: DATAGRO

BRAZIL PROJECTS ONE OF ITS LARGEST COFFEE CROPS

Coffee production is expected to increase 18% in the 2026 crop year compared to the volume harvested in the previous season and reach an estimated 66.7 million bags. If confirmed, this will represent the largest crop ever recorded in the historical series of the Ministry of Agriculture Agency in Charge of Warehousing and Crop Estimates (Conab). The total area dedicated to coffee farming is also projected to expand 3.9% and average Brazilian productivity to recover by 13%. The result is due to an on-year combined with better rainfall distribution, especially in the months preceding flowering, as well as favorable weather conditions that provided good bean filling.

Source: Conexão Safra

ERNESTO ILLY AWARD CELEBRATES 35 YEARS OF EXCELLENCE

The Ernesto Illy Sustainable Quality Award for Espresso Coffee celebrated its 35th anniversary and reaffirmed its commitment to quality, sustainability, and innovation in the coffee sector. Producers from the state of Minas Gerais earned the top three places among the 40 finalists. The winners were Agro Fonte Alta, from the South of Minas region, Raimundo Dimas Santana Filho, from Matas de Minas, and São Mateus Agropecuária, from Cerrado Mineiro.

Source: Peabirus

GROWERS TURN DEGRADED PASTURELAND INTO NEW FINE COCOA HUB IN PARÁ

The state of Pará is emerging as a new hub for fine cocoa production in Brazil by transforming degraded pastureland into agroforestry systems focused on high-quality cocoa beans. The combination of environmental restoration, higher profitability, and growing demand for premium chocolate has attracted producers, investors, and industry players interested in a sustainable expansion model for Brazilian cocoa farming. The international premium and bean-to-bar chocolate markets have increased demand for traceable, sustainable cocoa with distinctive sensory characteristics. This trend is also changing the perception of cocoa from a commodity to a value-added product, where origin, terroir, traceability, and processing play an increasingly important role. Pará's favorable climate and available land for restoration make it well positioned to lead the growth of Brazil's fine cocoa industry.

Source: Forbes Agro

RURAL CREDIT EXPANSION CREATES NEW OPPORTUNITIES FOR BRAZIL'S COCOA SECTOR

Rural credit available to Brazilian cocoa farmers nearly tripled between 2018 and 2025, from US\$28.4 million to US\$88.5 million. The main highlight was Pronaf, a federal credit program that supports family farmers, whose financing volume grew by 930% during the period. The credit expansion has reached new producing states and has been accompanied by technical assistance programs and initiatives to facilitate access to financing. The sector is also relying on new funding mechanisms, such as the Kawá Fund that aims to provide US\$198.8 million by 2030. The figures show the importance of credit as a tool to boost productivity and profitability in Brazil's cocoa sector.

Source: Mercado do Cacau

Brazilian Prices

Main Producing Regions / Farm Gate

May 29, 2026

Arabica Naturals (R\$/ 60 kg bag)		Conilon / Robusta (R\$/ 60 kg bag)	
Cerrado MG	1,705.00 ↓	Colatina-ES fair average price 980.00 ↓	
Mogiana	1,700.00 ↓		
South Minas	1,700.00 ↓		
Arabica Pulped Naturals (R\$/ 60 kg bag)		B3 (US\$/60kg Arabica bag)	
Cerrado MG	1,805.00 ↓	Sep 2026	314.60 ↓
South Minas	1,800.00 ↓	Dec 2026	319.25 ↓
		Mar 2027	315.75 ↓
		Real R\$ / Dollar US\$	
		May 29, 2026	5.04 ↑

+ 6.2%

Source:

www.qualicafex.com.br

THE MOST IMPORTANT UPDATE TO BRAZIL'S OFFICIAL COFFEE GRADING SYSTEM IN DECADES

The revision of Brazil's Official Coffee Grading System for green coffee (COB for its initials in Portuguese) was initiated by the Ministry of Agriculture and Livestock (MAPA) in response to the need to update and modernize the country's official coffee grading standards. Throughout this process, the Ministry worked closely with specialists, research institutions and representatives of the coffee sector in a technically robust and participatory process.

To lead this effort, MAPA established a Working Group composed of government agricultural experts and invited external collaborators, including researchers, coffee graders, marketing specialists and other professionals with recognized expertise in the Brazilian coffee sector.

The proposal, based on broad technical and scientific foundations, resulted from extensive collaborative work supported by data, studies, and discussions that involved different segments of the coffee value chain. The objective was to create a regulation capable of strengthening the identity, quality, competitiveness, and consumer protection associated with Brazilian coffees.

The revision aimed at modernizing a system designed for a very different reality from that of today's Brazilian coffee sector. The Normative Instruction No. 08, issued in 2003, played a fundamental role in organizing the industry but no longer fully reflects the current demands of production, trade, industry, research, international markets, and consumers.

The updated COB introduces a new grading framework developed specifically for today's Brazilian coffee. The proposed physical and sensory evaluation methodology has no parallel anywhere in the world and was designed to encompass the full diversity of coffees produced in Brazil, including different species of the *Coffea* genus and the entire range of quality levels found in national production.

Among the main advances are:

- Simplification of the grading structure;
- Replacement of the defect-equivalence system with percentage-by-mass evaluation;
- Expansion and modernization of the physical defects considered;
- A new approach to critical defects;
- Reduction of the sample from 300 g to 100 g;
- Unification of sensory grading for Arabica and Canephora coffees;
- Creation of five sensory categories: Specialty, Fine, Superior, Commercial, and Inferior;
- Introduction of descriptive and affective beverage evaluation;
- Adoption of a 0-to-100-point scoring scale;
- Inclusion of traceability and labeling criteria;
- Greater alignment with scientific advances and the current demands of domestic and international markets; and
- Strengthening of agricultural inspection and consumer protection.

Another significant aspect is that the New COB is no longer a system focused exclusively on identifying defects and now also considers positive beverage attributes. This change brings the official grading system closer to the transformations that have taken place in Brazilian coffee farming over recent decades, particularly the growing emphasis on quality and product differentiation.

The proposal was supported by a comprehensive dataset obtained from the evaluation of coffee samples collected from Brazil's main producing states and complemented by statistical studies conducted by the Federal University of Lavras (UFLA) and consultations with different stakeholders across the coffee value chain.

The updated COB improves communication by players in the supply chain, provides greater transparency in commercial transactions and increases reliability in coffee inspection and trading processes. It represents a significant advancement for producers, graders, researchers, cooperatives, traders, exporters, industry, and consumers. The New COB seeks to establish a more modern, transparent, objective, and coherent technical language that reflects the diversity, complexity, and quality of Brazilian coffee today.

Brazilian coffee has undergone profound changes over the past decades. The New COB represents an important step toward ensuring that the official grading system keeps pace with this evolution and continues to contribute to the value, identity, and competitiveness of Brazilian coffees.

GRAVITY SEPARATOR MVF-3S FOR COFFEE, COCOA, NUTS, BLACK PEPPER AND OTHER SPICES, ANDEAN SEEDS, GRAINS AND SEEDS, AND OTHER PRODUCTS

The MVF-3S is equipped with a ventilation system that provides greater airflow. This increases processing capacity and improves sorting efficiency.



ADVANTAGES

MVF-3

MVF-3S

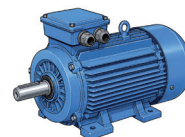
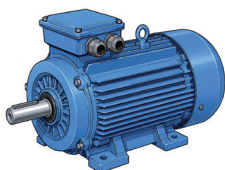
Larger Capacity

5.0 to 6.8 tons/h*



6 to 8 tons/h*

Lower Power Consumption and Maintenance Costs



Better Separation of Defective Beans



+ 8%
defects out

*Capacities presented are for green coffee (density = 0.7 tons/m³)