



Slow Brews Caffeine High From Regenerative Coffee Farms

Part of the ['Opportunity Blossoms'](#) series on real economy investments in nature

Coffee is one of the most environmentally destructive soft commodities, responsible for 1.9 million hectares of deforestation between 2001 and 2015. Many coffee producing regions experience economic instability, incentivizing landholders to clear the land and plant coffee trees to supply beans for sale and export. The crop is also highly vulnerable to climate change. Due to changes in temperature and land degradation, the UN Food and Agriculture Organization estimates half of the land where coffee beans are harvested today won't be viable in 2050.

Danish startup Slow is mitigating the nature impacts of coffee production by converting formerly monoculture plantations into biodiverse agroforests. It partners with Southeast Asian farmers to deploy regenerative practices that sequester carbon and limit biodiversity loss. The company's product line consists of predominantly coffee and cocoa, supplemented by ecological byproducts such as honey. Slow has secured at least \$8 million in contracts and generates around \$1 million in annual gross profit.

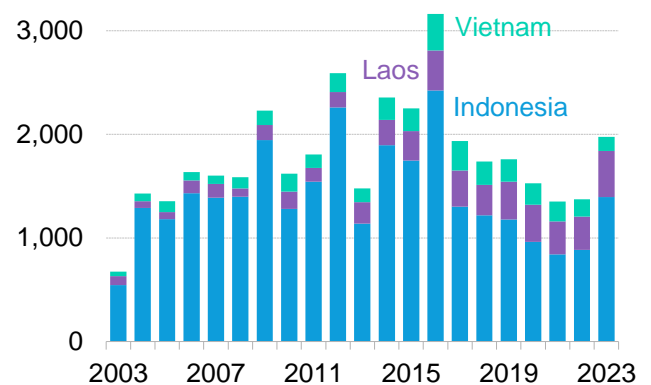
The nature-friendly product

Founded in 2018, Slow employs regenerative agroforestry with long-term offtake and supply agreements to purchase and convert low-productivity and degraded coffee plantations across Indonesia, Laos and Vietnam. The company assesses each farm to identify opportunities to improve tree cover, species diversification and soil health, before local farmers plant and harvest coffee between newly established trees, under a cooperative approach. To encourage biodiversity uplift, Slow implements practices including:

- Planting a minimum of 20 tree species per hectare, of which 19 are native to the region
- Retaining 40-50% canopy cover after annual pruning, with shade trees reaching a minimum canopy height of 12 meters to mimic the characteristics of natural forests
- Introducing fruit trees with varying flowering times to encourage pollinators

Tree cover loss in the Southeast Asian countries where Slow operates

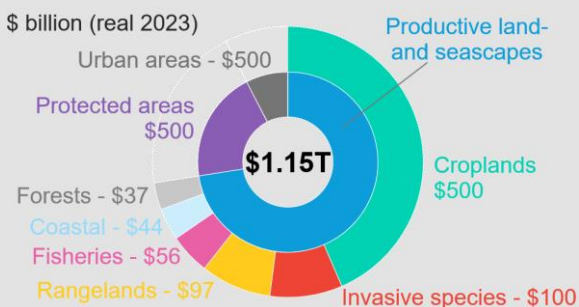
Thousand hectares



Source: Global Forest Watch, BloombergNEF.

Mitigating nature loss

Biodiversity finance has to rise to an annual \$1.15 trillion by 2030; shifting financial flows to more regenerative soft commodity production is critical.



Slow directly manages the farming operations, processing, roasting, and selling of coffee, removing many of the intermediary steps where value is lost through a typical coffee supply chain. This vertically integrated structure allows Slow to recapture value, create micro-entrepreneurship opportunities for farmers, and trace its value chain. Farmers also benefit by being financially protected from the financial loss associated with major climate events.

While regenerative agroforestry practices can reduce supply chain emissions, they can be costly and require long-term commitments to keep trees unfelled. Slow manages this by entering long-term farm management contracts with growers and supply contracts with their customers.

In 2023, Slow merged with Indonesia's Krakakoa, a chocolate producer with similar agroforestry objectives, to unlock new markets across the region. As of October 2024, the combined company operates 670 hectares of land and engages with 145 farmers across Southeast Asia.

Nature impact of coffee production

Many coffee farms have resorted to monocropping in pursuit of higher yields and efficiency, resulting in deforestation, biodiversity loss and less resilient crops and communities. By contrast, Slow's plantation management practices redress many of these harmful impacts. The company has planted approximately 177,000 trees across its smallholder farms, maintaining 430 endemic shade trees per acre. These trees provide shade for coffee production, reducing heat exposure and erosion, enhancing soil quality and attracting pollinators and other wildlife.

The trees also act as vital carbon sinks. Slow states that its farms sequester 4.5 kilograms of carbon for every kilogram of roasted coffee produced, in contrast to conventional coffee, which emits 6kgCO₂e per kilogram of coffee. One cup of coffee (15g) results in approximately 346gCO₂e of emissions across its value chain.

Financial performance

While still in its infancy, Slow's financial performance is encouraging given market competitiveness and its comparatively small Nordics consumer base. After five years of sustainable coffee production, it recorded around \$1 million gross profit in 2023. Though it has not disclosed fundraising activity beyond a \$340,000 round in 2022, the company has attracted several notable investors and advisors including Lombard Odier, Systemiq, The Landbanking Group and Palladium. Partnerships with P4G, an impact investor network, and the World Wildlife Foundation, resulted in a \$321,000 grant to conduct feasibility studies for replicating their vertical-integration model in Indonesia, Vietnam, Ethiopia and Laos.

Meeting the growing consumer demand for sustainable coffee, Slow has secured contracts to supply its products to several large Nordic corporations. In 2021, it signed a 7-year deal with Coor – a Danish food and beverage supplier for businesses, hospitals and schools – worth \$8 million. It also signed an offtake agreement with Maersk in 2022 to supply offices with sustainable coffee and reduce its indirect emissions.

In late 2023, the company merged with chocolate producer Krakakoa, retaining Slow's name and branding, to expand regenerative practices into cocoa farming. The company states that a related \$5 million investment from groups including Indika Nature will facilitate this strategic move.

Broader opportunities within the sector

With soft commodities such as coffee and chocolate closely linked to deforestation and land-use change, Slow's vertically integrated business model, with its focus on biodiversity conservation and uplift, provides a useful reference point for companies operating in the sector. Firms throughout the agri-food value chain are increasingly setting more ambitious targets to reduce their nature impact, including through the use of regenerative practices, although there remains little standardization or even agreement on definitions.

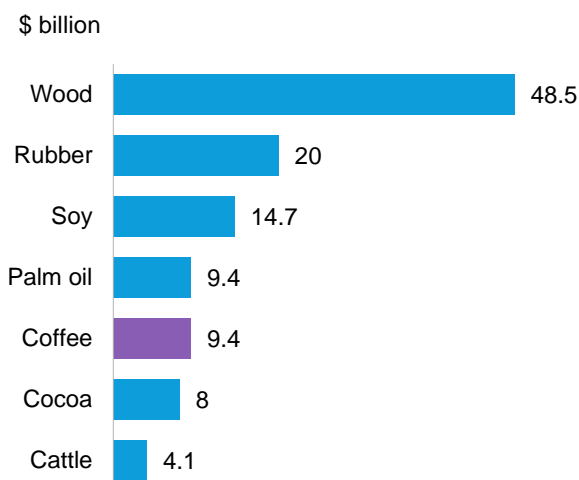
Land and sea use change	Resource exploitation	Climate change	Pollution	Invasive alien species
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Several global coffee traders have developed their own internal standards and partner with external companies to administer and certify practices. Starbucks and SCS Global Services do so through their CAFÉ Practices program, using 200 indicators to score environmental, social and economic impacts of their supply chain.

Sustainable agroforestry can bring additional revenue streams through the creation of carbon credits. According to BloombergNEF research, demand for agricultural offsets tripled in 2023, signaling expansion opportunities for nature-based projects. Alternatively, the sequestered carbon could instead be inset against the emissions of the farmer suppliers or customers.

Regulatory shifts are a key driver of investment into sustainable soft commodities, exemplified by the European Union's Deforestation Regulation. Though implementation of the law is likely to be delayed until the end of 2025, it is slated to prohibit the sale, import or export of seven deforestation-linked soft commodities (cattle, cocoa, coffee, oil palm, rubber, soy and wood, including their derivatives) in the bloc, unless they can be proved to be deforestation-free. Over \$9 billion of EU coffee imports will be subject to the regulations.

European Union imports of commodities covered by the EU, annual averages 2018-2022



Source: BloombergNEF, UN Comtrade, Bloomberg News.
Note: Trade totals include raw materials and relevant derivatives.

Large coffee traders Sucafina, Ecom Agroindustrial, Louis Dreyfus and Cofco International have signed deals with deforestation-free coffee suppliers in compliance with the rule.

Other coffee and chocolate producers with reduced nature impacts

Company	Description	Financial gain
Green Coffee Company	Founded in 2017, the startup is Colombia's largest coffee producer, with a vertically integrated supply chain to control traceability and nature impacts. Currently controls 45 farms across 4,000 hectares.	Raised \$78.4 million across five rounds, profitable since 2023.
GoodSam	US-based chocolate, coffee and snacks brand manufactures products with ingredients sourced from regenerative farming practices.	At least \$7.4 million in fundraising.
Nestle	The world's largest coffee company has committed to invest \$1 billion by 2030 to encourage uptake of regenerative farming practices.	The company's market cap is \$250 billion as of October 2024.

Source: Company reports, Pitchbook.

Analyst take

Integrating regenerative practices into the cultivation of soft commodities can improve on-farm biodiversity but often requires long-term contracts to support the transition. Coffee producers such as Slow derive revenue from less harmful coffee using a variety of agroforestry techniques. It grows crops with climate resiliency by shading coffee trees, limiting heat exposure, enhancing soil quality and attracting various fauna. As regulations on deforestation-linked soft commodities continue to tighten, at-risk companies can learn from Slow's business model and practices.

More from BNEF:

Carbon Offset Buyers Should Learn From Coffee Connoisseurs ([web](#) | [terminal](#))

Sustainable and Regenerative Agriculture: Company Targets ([web](#) | [terminal](#))

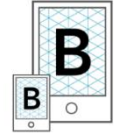
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