

# **DAGGER COFFEE TRANSPARANCY REPORT**



**2022**

# DAGGER COFFEE

## TRANSPARENCY REPORT 2022

### Intro

Welcome to our first transparency report. We have been planning to do this, but like with most things we want to make things perfect. Which made us realize, this is never going to be perfect, because there will always be ways to improve. So we decided the ongoing way of improvement must be a part of the report: what will be working towards the upcoming year(s).

Our goal as a company has always been to know our producers. We value this throughout our entire company. We believe by knowing our producers we can appreciate their work on a deeper level, but also deepen connections and relationships. We extended this to other products of our business like chocolate, tea and dairy products. Added to this, we want to know what prices are paid and who is making money. For us sustainability is to give people the means to build a company which benefits a society. We also love farming practices which not only take from the environment but live in symbiosis. A great example is one of our farming partners from La Pradera. They farm while creating space for birds and other wildlife. Creating a safe workspace for women and producing delicious coffee.

We want to move away from (vague) certifications and we believe the only way to move forward from this is to be fully transparent. Fully transparent on our intentions, and an open communication to you how we are trying to fulfill those goals. We don't claim to give a *fair* price to farmers, because we don't believe we are the ones to decide what a *fair* price is. We believe the only way to do justice to farmers is to be transparent. That's why we decided ,from day one, to only source coffee fully transparent. By doing this we know and understand what has been paid in the producing country. We communicate this in the cafe or on our website by showing you an FOB price for all coffees we have bought. We hope this will become an industry standard, but for now it is now a standard by companies signing the pledge<sup>1</sup>. We continue to pay a higher price than c-market price, making an effort to pay farmers a living wage.

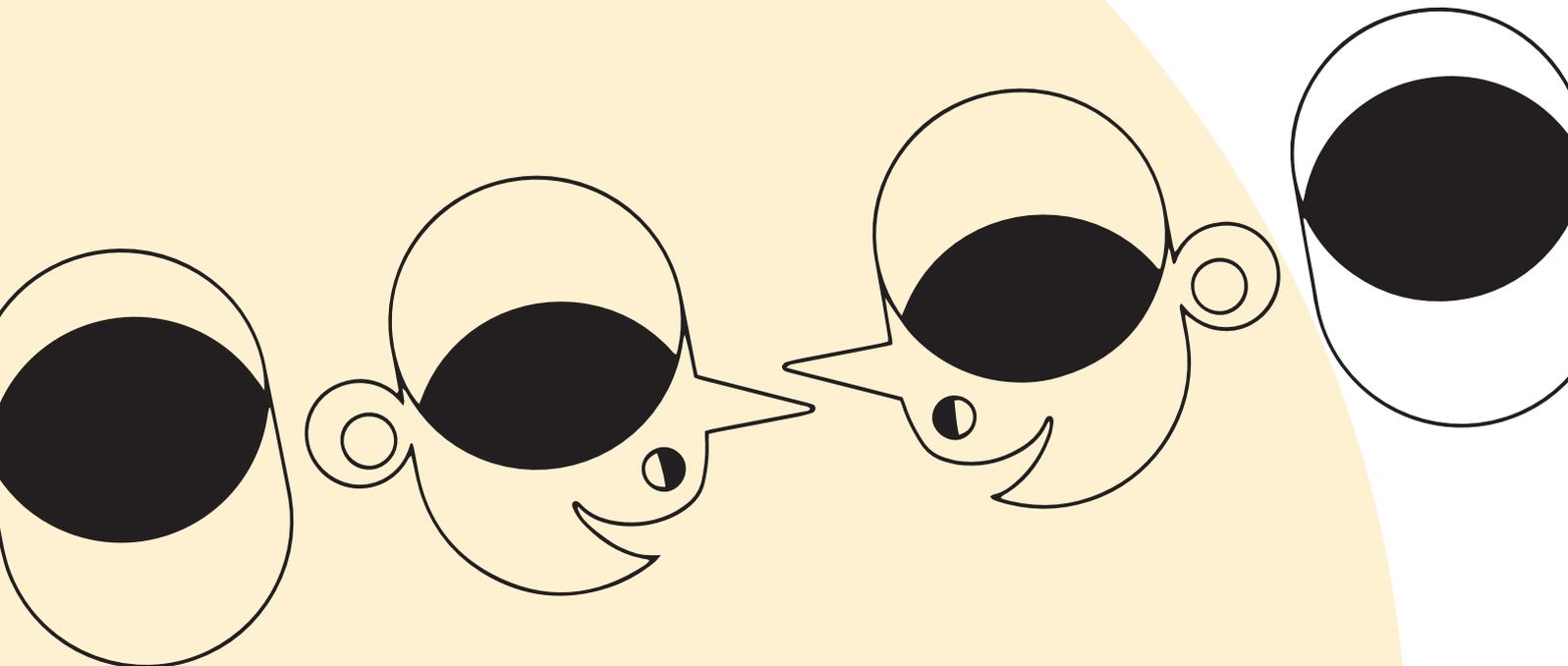


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<sup>1</sup> <https://www.transparency.coffee/pledge/>

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## Numbers we value table

	2020	2021	2022
Coffees bought transparant	100%	100%	100%
Coffees bought of a producer focussing on emancipation of women, or where <50% of the farm(s) are owned by women	31%	36%	18%
Coffees working organically // of which are certified.	68% // 32%	56% // 33%	19% // 0%
Average FOB price of coffees we bought	€7,22	€7,30	€8,74
Average c-market price that year <sup>2</sup>	€2,79	€4,40	€4,86 <sup>3</sup>
Amount of coffee bought	657	1278	1583

<sup>2</sup> Since the coffee price is USD to pound, we always calculate from pound to kilos. We also convert USD to EUR, by taking the average of the exchange rate of a given year.

To calculate the coffee price from Dollar to Euro for the year 2020 and 2021 we took the average c-market price of a given year. This is good to note, since coffee prices can also fluctuate especially with major incidents like forst, drought or tension in a producing country or just stock market in general. The c-market prices we list on our coffee information, on our website and information cards, is the c-market price at the moment of when we bought the coffee. While to FOB price could be from a previous time, when the c-market might have had a different value. From 2022 we have calculated this prices with data at the time of purchase.

<sup>3</sup> Current data until September 2022

## Transparency table

2022	Farm focussed on emancipation	Organic practices	FOB price	Commodity market price (at the time of our purchase)	Amount bought (kg)
Uraga Raro	No	Yes (not certified)	€6,58	€4,54	180
El Encanto	No	No	€6,77	€4,54	140
Caballero	Yes,	No	€8,79	€5,39	138
Benti Nenka	No	Yes (not certified)	€9,07	€5,39	180
El Zorro Azul	No	No, but working towards organic	€7,30	€4,54	140
El zorro Azul	No	No, but working towards organic	€8,25	€4,82	210
Decaf (frutas Prohibidas)	No	No	€5,37	€4,66	25
El Paraíso (cauca)	No	No	€16,75	€4,66	140
El Paraíso (huila)	No	No	€8,19	€4,66	140
Cordillera de Fuego	No	No	€14,87	€3,41	30
Mama Sierrieta	Yes	No	€7,98	€3,41	140
Shantawene village coffee	No	Yes (not certified)	€7,67	€3,41	120

## Curating our coffee

### Flavor

We buy the coffee in three flavor profiles. We have a “blue” flavor profile, which has more chocolaty notes, has a more creamy and full body. We have a “yellow” flavor profile, where we are looking for more stone fruit notes in the coffee. This coffee is usually a bit less creamy but more juicy or silky in mouthfeel. And we offer a “pink” flavor profile where we are looking for more funky, berry-like flavors. Often with more juiciness and sometimes creaminess. In all our coffees we are looking for clean flavor. Which for us means a lingering (mouthwatering) finish, sweetness and a pleasant mouthfeel. We like our coffees to be consistent.

### Producers

We strive to seek out female producers, or producers who value emancipation in the work (life). We found it important to help the emancipation of women, especially in coffee. This in combination with our flavor profile and transparent sourcing limits us at this point. A lot of the female led coffees we have been finding have been from group lots, which didn't bring the clarity in flavor we are looking for. This would also mean we have to try a little harder in the future to

find these coffees. While we know women are usually also participating in coffee production, we try to highlight these stories in our description of our coffees.

### **Importers**

We have only worked with importers that can handle selling us coffee fully transparent. We have mostly worked with Nordic Approach and the Coffee Quest. We are also very interested in working with Algrano, which we have done for the first time in 2021 but Philippe from El Zorro Azul is using them as an export partner as well. What is nice about Algrano, is we buy “directly” from the farmer through the platform of Algrano. Of course they also get a margin, since they offer the platform, handle the samples and arrange the import, export and warehousing. However, since we buy directly from the farmer we have to plan our coffee buying schedule months ahead. This means we have to make a yearly plan on our green bean sourcing. Something we would like to incorporate more in 2023.

### **Background on some numbers**

#### **Rising FOB prices**

We have seen the rise of the FOB payments going up. While on paper it looks like farmers are getting paid more, it is good to make some remarks.

Coffee is paid in USD. That means the price of the coffee we are calculating in Euros fluctuates depending on the exchange rates. This year in 2022, we are closer to the dollar than for instance last year. In 2022 the average exchange rate so far has been around \$1 = €1,06, while back in 2021 it has been \$1 = €1,18 on average.

Inflation has also built up the price of coffee. Just like it does in Europe, an increase in pricing doesn't necessarily mean an increase in profits. As an example: the cost of energy has gone up in producing countries, just like it has in Europe. Which means, the cost of production has gone up for coffee in general. And you can imagine how this works throughout the entire chain. For now it has made the commodity market price go up, together with some other major incidents in coffee producing countries (like the frost in Brazil from 2021, which coffee farms are still recovering from and probably will for at least the next harvest). While the pricing of specialty coffee is separate from the c-market, they are still linked.

In 2022 we bought a more expensive coffee (Finca El Paraíso by Diego Bermudez), which has made our average FOB price rise a bit as well

#### **C-market price when we bought coffee**

The c-market can fluctuate a lot. It's good to know that the c-market price could have been higher or lower from the point when we bought the coffee, compared to when one of our partners bought the coffee. We don't always have the correct data on this, so we have decided to list the c-market price when we have made the purchase.

## Future

We want to look further into resources to make sure we actually pay a “living wage” to farmers. We are also looking forward to a discussion about a living wage, since it’s worth a conversation about what a living wage actually means, how you would determine it, and what its value would be to communicate. It might be more interesting to maybe break down the cost of production, and what would be considered a healthy business model for a coffee farm, and what FOB would contribute to a healthy business. We have been paying a higher price, regarding the c-market price. But we have not put enough effort into understanding what a living wage is for different countries. Right now we have put in the trust with the importers we work with, but we would be more comfortable to have more data to know if we are indeed on the right track. We would love to incorporate more information in our next report. We also are striving to make it more readable for people having a different background than sourcing or even working in coffee. Hereby we would like to simplify terminology or try to give more background information on topics we feel like deserve to get more information.

Another step we would like to investigate is to break down the costs. Can we be more clear in the finances of an FOB price, like dividing a farm gate price or payments to exporters? Of course this only applies to producers where this is possible.

This transparency report is just about the coffee we use, but with our next edition, we would love to incorporate more of the beliefs we have as a company. For instance more information about our employees or our sustainability in the cafe (e.g. our energy usage). But also ways in which we are becoming more sustainable as a business and lower our footprint.

This transparency made us very aware we have decreased buying coffee from female entrepreneurs. Something we are actively regaining in 2023. We are very much looking forward to our next transparency report to see where we went!