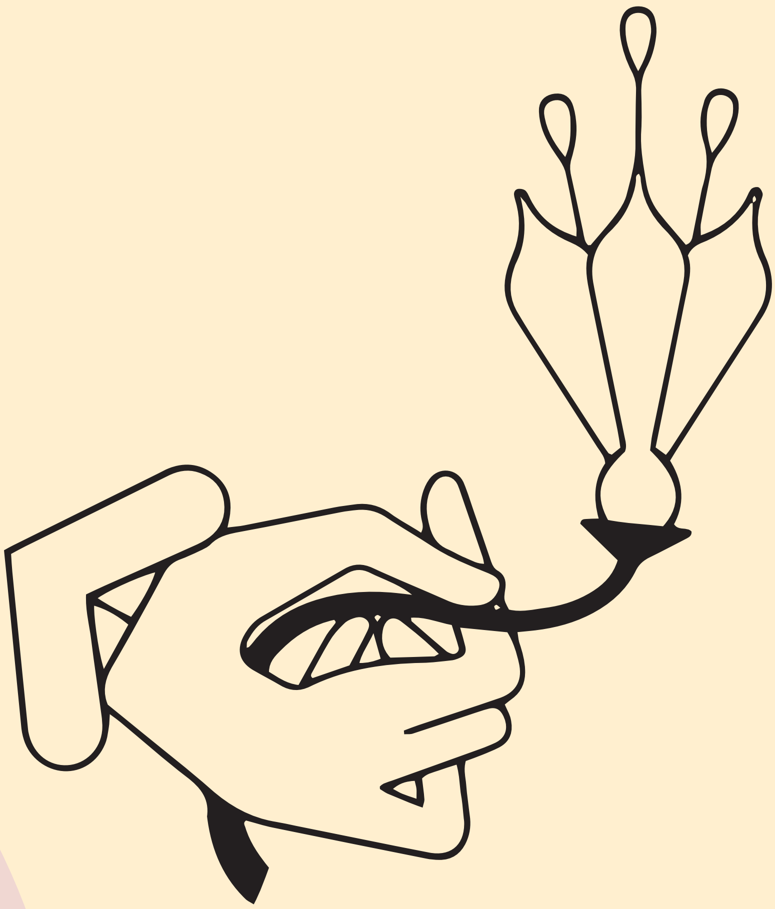
DAGGER COFFEE TRANSPARENCY REPORT



2023

DAGGER COFFEE
TRANSPARENCY REPORT 2023

Intro

The goal of this report stays the same as last year's report. We want to report on the goals we set as a company. We've decided to not build the company on certifications that don't always have a meaning to us.

For instance, we love to work with farmers who are working organically. However, certifications cost money. Which we rather spend on paying higher prices to people in our chain, than to the certification company. For instance, (almost?) all coffees in Ethiopia are grown organically. But just a few washing stations have purchased a certification that they are in fact producing organically. There is really no difference in the farming practices of an organic certified coffee, or non certified. At least not in Ethiopia.

Our consideration in other countries mainly is that we want to support farms that want to do better. Which can mean they grow different crops around the farm to naturally create a healthy ecosystem on their farm. The less additives you can use for your farm, the less costs you'll need to harvest and produce the coffee. So all of the producers we buy from already will use the bare minimum of additives. Simply because coffee is not yielding so much money you can just splurge with chemicals on your farm since this will lower your income. Working strictly organic means a farmer can lose its entire farm due to a fungus going around the farm, with the consequence there will be no coffee harvest for at least 5-7 years. We would love to encourage the farmers to save their income with whatever they found important. History has seen this happening in El Salvador, which forced many coffee farmers to quit the coffee business. Keeping the soil and the environment is as important to us, as it is to the farmer. Since the quality and the yield of the coffee can also be improved by proper farm management. Hence we like to know what practices the farmers we buy from are doing. And therefore we also think this transparency report is a great tool for us to communicate with the public on how we are doing this. Coffee is still a delicate crop to grow, with climate change on the rise and little genetic diversity.

Our goals for 2023 were: Seek out more female producers, ideally working towards a long lasting sustainable relationship Get to visit a part of the coffee chain, hopefully for relations but potentially to understand the chain in greater detail. Create more understanding of what we would like to pay as a minimum price point for the coffee we buy.

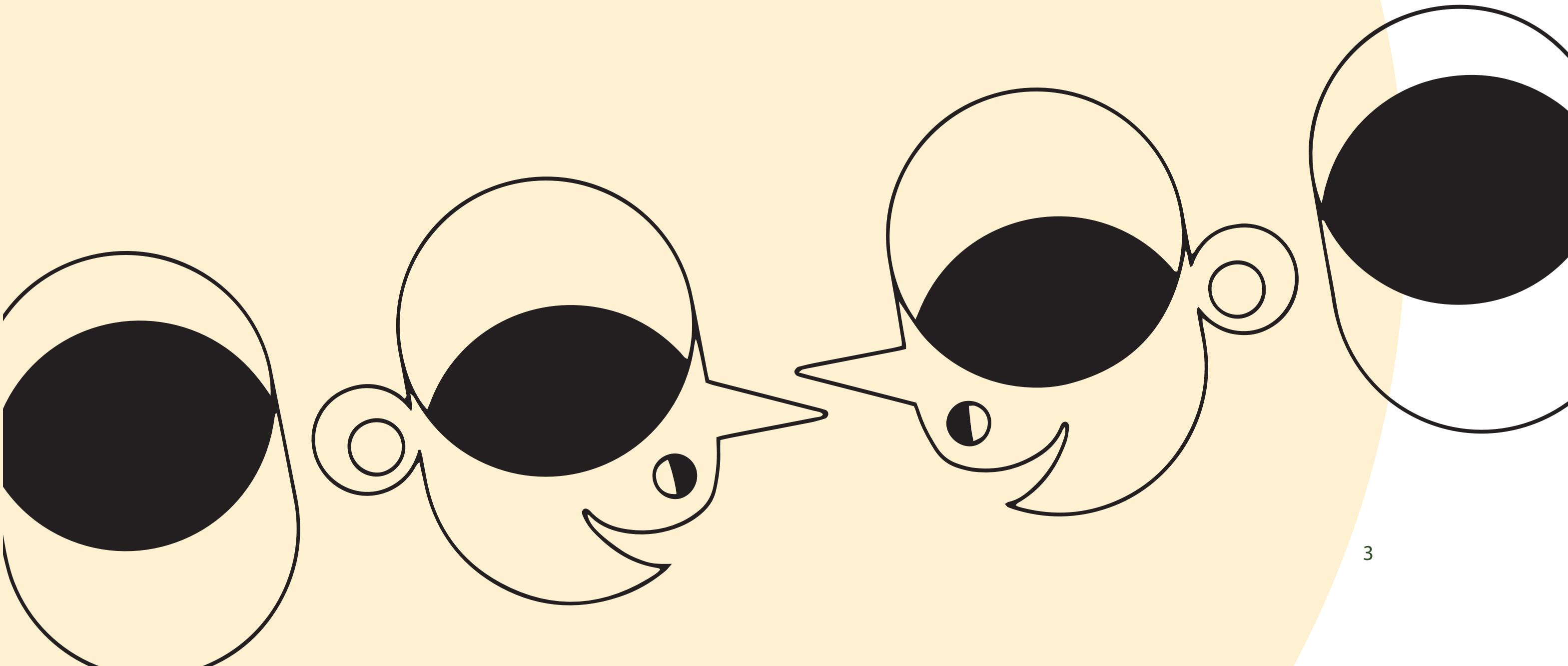
As a business we grew a lot this year. We opened an extra cafe next to our other cafe at the Europalaan in collaboration with Dotslash. We had Noëlle who competed for the first time in the barista championships and who progressed to the finals(!). And we had the pleasure of joining Nordic Approach to visit coffee sites in Ethiopia. Overall we had a very exciting year.

Let's dive into the report!

Contents

Constructing the new bar at Europalaan 93

Team outing with big part of the team



Numbers we value table

	2020	2021	2022	2023
Coffees we bought transparent	100%*	100%*	100%*	100%[1]
Coffees bought from a producer focussing on emancipation of women or where <= of the farm(s) are owned by women	31%	36%	18%	59%
Coffees working organically // of which are certified	68% // 32%	56 // 33%	19% / 0%	46% // 30%
Average FOB price of coffees we bought	€7,22	€7,30	€8,74	€7,80
Average c-market price of that year [2]	€2,15	€3,15	€4,49	€3,34
Amount of coffee bought	657	1278	1583	2219

Noëlle at the finals of the Dutch Barista Championships using Rodolfo Ruffatti's coffee.
photo courtesy of SCA The Netherlands

[1] We bought Noëlle's competition coffee from Friedhats, in direct contact with the producer Rodolfo Ruffatti. He only could supply us with financial data of the total costs, and not the FOB price. We still qualify this as transparent, although technically we don't have to FOB price. Only the price: including export, shipping and import.

[2] 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.

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 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 frost, 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 these prices with data at the time of purchase. Sources used: https://www.macrotrends.net/2535/coffee-prices-historical-chart-data for average c-market coffee prices and for the exchange rates https://www.exchangerates.org.uk/. To calculate from pound to kilo, we simplified by multiplying by 2.2.

Transparency table

	Farm focusses on emancipation	Quality score	Organically produced?	FOB price per kilo	C-market price when purchased	Amount bought in kilo's
Decaf El dragon	No	86	No	€ 8,83	€ 3,57	70
Frisa Collective	Yes	86	No	€ 10,02	€ 3,57	120
Peru La Colmena	Yes	85,75	Yes	€ 8,25	€ 3,57	207
La Pradera	Yes	87	Yes	€ 11,51	€ 3,74	210
Danche	No	88	Yes, but not certified	€ 8,78	€ 3,05	240
El Zorro Azul	No	85.5	No, but working towards	€ 9,25	€ 3,82	175
La Sierrieta	Yes	85	No	€ 5,89	€ 3,93	280
Hambela Wamena (Boku)	No	87,5	Yes, but not certified	€ 9,03	€ 3,93	300
JOV coffee	Yes	85	No	€ 7,50	€ 3,87	280
Konga	No	87,5	Yes, but not certified	€ 8,58	€ 3,05	60
Caballero	Yes	86,5	No	€ 8,17	€ 3,05	207
Finca El Salvador	No	87	No	€ 8,56	€ 3,82	70

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. Last year we noticed we only favored washed Ethiopians in the Yellow flavor profile, so for 2024 we want to elaborate on this profile a little more and create more diversity within this flavor group.

Producers

We are so happy to see that the producers we bought from have been from the majority of female (co-owned) farms. We really made that as a goal as a result of last year's numbers. For 2024 we want to look for more stable relationships with these farms.

We also are very excited about all the producers we are representing, since all of them are either creating a sustainable environment or creating more social stability for the community and/or women from the community.

We also had the pleasure of joining Nordic Approach this year to visit Ethiopia at the end of harvesting season. Adham showed us around and taught us a lot about the dynamics and politics in Ethiopian coffee. Ethiopia had a very interesting year, since the cherry prices skyrocketed. The minimum coffee price in Ethiopia is not completely determined by the c-market price, but by the Ethiopian government. Thet set minimum prices for different qualities in Ethiopia, where importers can negotiate with exporters on the final price. Overall it has been very insightful to visit the sites in Ethiopia and it really deepened our understanding how important partnerships are.

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. This year we bought El Zorro Azul without help from Algrano, but only with the Colombian Coffee Federation as an exporter. La Pradera was still purchased with the help from Algrano.

Background on some numbers

Just like last year, the FOB prices have still been rising. We believe in general this is a good thing. While we look at the average data of the FOB price we paid, you might have seen the price dropped however. This is because we haven't bought as high end exclusive green coffee in 2023, compared to 2022. Like Finca El Paraiso From Diego Bermudez or Cordillera de Fuego.

Vistiting coffee sites around the Gedeo zone. Pictured here is the exporter of the site with Dagmar inspecting the cherries

Future

Last year we stated we wanted to have more insight in paying “a living wage”. We certainly have gotten into a lot of conversations about this topic.

We had a huge conversation with our importer of La Sierrieta, since the price of this coffee compared to other coffees we have bought from Colombia significantly dropped. We still decided to buy the coffee, but it also put us in a spot where we had to think of what we want for upcoming seasons. In this case we had decided to seek out a different partner who is closer to our values of being more detached from the c-market pricing. And more into paying directly to farmers instead of paying to projects to sustain and educate the region. So we are excited about that shift. We still haven't managed to calculate or form what our minimum price set should be for specific coffees. This is because in reality it is pretty hard to determine. For producers who work in more difficult area’s the price of producing will be different. The same holds for different varieties, different farming practices, the amount of experiments while producing. So for now we have decided on keeping the conversation going, and trying to be aware of these differences.

We also had different conversations on our Ethiopian coffees where we had learned more insight on what we should consider as a minimum coffee cherry price. In order to provide a “living wage” for the farmers Right now we believe that from an FOB price in Ethiopia around €5 should have been spent on the cherry prices. Which gives us a great baseline on what prices to look out for. To give a bit more insight, this is the price for only harvested cherries, when arriving at a production station. After arrival in a station coffee cherries will be sorted, fermented, sorted again, milled and checked for quality before they will be exported and put on a ship. The FOB price covers everything before the coffee is shipped.

Next year we like to include more visual data in producing coffees, from the farmer to eventually in the bar. So this report can function as a guide for more information. We don’t strive to do this with every producer, but by doing this for at least one, we believe it created great insights in the chain of coffee and why it is important to provide this data.