## DROP COFFEE ROASTERS

# SUSTAINABILITY REPORT

2022

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## DROP COFFE ROASTERS

EST. 2009 A STOCKHOLM



#### 2ND PUBLISHED SUSTAINABILITY REPORT

Welcome to read our second sustainability report. We published our first report in 2021 after understanding, that we need to communicate more of our actions and their impacts on all areas of sustainability. On our first year we found, that reporting process was a great too internally for us to access what our impacts are as well as where we need to improve. This year again we feel important to bring forward our positive and negative impact on economical, environmental and social sustainability. The framework and content on this report has been influenced by the voluntary sustainability reporting framework of Global Reporting Initiative (GRI), but does not meet all the GRI reporting requirements like the GRI content index or stakeholder engagement. The influence by this reporting framework can be seen with some material topics chosen as well as what has been seen as important to report on. All of the GRI reporting framework data we did not have available this year, so we have not followed the framework specifically. However, we have decided to follow the framework this year to be able to compare our impact with other coffee industry leaders and other industries. This report has been written, reviewed and designed by an independent sustainability consultant Hanna Huhtonen, our long lasting Nordic coffee friend. Any feedback on this report is welcome to be sent to hello@hannahuhtonen.com and/or info@dropcoffee.se.



#### STAKEHOLDER ENGAGEMENT

This year we were not able to include our stakeholders to our reporting process, due to our limited resources. Last year we spoke with more of our coffee suppliers and we wish to do that again for the next report. For the next report we wish also to include our customers and other stakeholders. Even though we were not able to include our stakeholders in this process this year, we do regularly have conversations with our closest stakeholders about the most pressing topics within our business, industry and sustainability. Through our internal and external conversations we have identified our material topics for this report.

#### MATERIAL TOPICS

As our material topics for this report, where our roasting and brewing operations have the most impact are the following:

- Climate change, managing our emissions and materials
- Coffee price transparency development, governance and decisionmaking
- Staff wellbeing, cultural support, appreciating supplier relationships and industry leadership towards positive impact

## ABOUT US

## **Our** mission

end speciality coffee, with the focus on the product and the producer.

## **Our** values

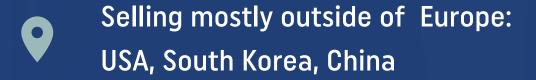
- Be truly proud of all the coffee we buy.
- A bright taste profile showcasing every coffee for what it is.

Be a leading roastery in Europe regarding flavourful, bright high-

- Make sure the producer is front and centre.
- facilities: A cafe at Mariatorget in Stockholm and coffee roastery (building owned) at Rosersberg near Stockholm, Sweden.



Selling mostly in Europe: France, Germany, Norway



## US AND GOVERNANCE

**ROASTING SINCE** 

2010

**ROASTED BEANS** 

19,097 kg

IN 2022

12 876 239 SEK

**Drop Coffee Roasters AB** 

**REVENUE IN 2022** 

TRADING AS

**DIRECTOR** 

Joanna Alm

**DEPUTY CEO** 

**Ellinore Alm** 

#### **BOARD OF DIRECTORS:**

#### **Directors**

- Joanna Alm
- Stephen Philip Leighton

#### CEO:

Joanna Alm

#### **Board members:**

- Ellinore Alm
- Dale Harris
- Joanna Alm
- Stephen Philip Leighton

## OUR WORK AND STAKEHOLDERS

Coffee producers, coffee exporters and our coffee importer 3fe in Ireland

Food and drink
suppliers locally.
Packaging and brew
equipment
suppliers globally

DROP COFFEE ROASTERS

Source, roast and dispatch one of the world's best coffee to private customers and cafés worldwide as well as showcase the coffee at our café in Stockholm.

Partners and collaborators

Clients: Cafes and consumers globally

Coffee industry

Delicious coffee with fair raw coffee prices Environmental practices Social justice

> ECONOMY SOCIETY ENVIRONMENT

- Knowledge sharing
- Coffee industry development

#### **ON YEAR 2022**

2022 was a year where our small team showed flexibility and many of them step up to grow into more responsibilities.

With maternity leave for our son, we did not intend to grow this year, just maintain and improve the quality of our coffee, served at the café and roasted at the roastery. Every box of coffee going out of the roastery in 2022, represented our values and focus on flavour in the business. From how the green coffee has been traded, manually roasted and dispatched. We only worked with producers and farms we know well, and roasted to order to our wholesale partners in Sweden, Europe and the world, as well as on our webshop shipping worldwide. We roasted how we like it the most - bright and sweet for all brewing methods, presenting most of the characters of the coffee possible and marketing it in the name of the producer back and front. However, our coffee subscriptions kept growing and we sold more coffee off the shelves at our café, our turnover increasing by a few per cent at the café and the roastery.

At Drop, we hold attention to details in roasting, logging everything and cupping the curves. In 2022, this responsibility got given to the co-owner Stephen who went over the roast curves weekly with our roastery team. His over 20 years of experience in running roasteries, made it more efficient and brought new perspectives to the team. Our two roasters grew even more into cupping and roasting, as well as taking on positions as shared managers over the roastery, and later on as a single roastery manager as well as deputy operational manager over the whole business.

For the café, we had since the Covid made even more local regulars in the Mariatorget area. This combined with coffee enthusiasts from across Sweden made it a dynamic of coffee-focused local.

The strength of the team was how well they communicated and helped each other. With increased prices and instability with a war in Europe, we decided to sit still and not increase any prices, but not doing any greater changes.

We are so grateful for knowing every single producer we work with for a minimum of six years, which made the conversation of green buying flow well. Even if it has taken more samples and logistics to ensure quality and volumes in 2022, the coffee that landed at our roastery were all excellent. We are always paying the same or more to producers for the coffees we buy, sell on our shelves and brew in our cafe.

In the native Swedish culture every decision for the community are built on what three generations back and three generation forward would think about a decision. This report is not meant for green washing, and as you can read, we have a lot of work left to do regarding for example our packaging and carbon emissions. However, we want to keep measuring our impact and reflecting over this.

JOANNA ALM & STEPHEN LEIGHTON



## OUR PROGRESS

#### SINCE THE LAST REPORT

Part of sustainability reporting is to view and evaluate how the company has done with our goals since our last report in mid 2022. Here is a list and progress evaluation for the KPI's we set last year in June. We acknowledge that the goals for the year were set mid-year so we had 6 months to reach them. With our owner Joanna being on a maternity leave at the moment and us having limited resources, some of our targets have not been reached yet but we keep on working towards them.

| GOAL  | DATE<br>SET  | ACHIEVED<br>OR NOT /<br>ONGOING | NOTES   |
|---|--------------|---------------------------------|---|
| We hope to better understand the impact of our work to our producers in the origin and hope to support their livelihoods to be more sustainable | June<br>2021 | Ongoing                         | We discuss with our producing partners in origin continuously for what they need and expect from us to support them in their work.  |
| How we can more support our employees to give them a fulfilling and impactful job.  | June<br>2021 | Ongoing                         | We wanted this being through higher wage, expanded quality education or Barista Championships training. We have not been able to conduct extra training in our cafe from July-December 2022.  However in 2022 we trained another operational manager (our operational manager then went on maternity leave) as well as a shop manager.  We also set this our goal to be through involvement, or/and support for their physical and mental health in and outside of work. This we have done through regular conversations with our team members and how to support their life in Sweden. |
| Reduction of the CO2 emissions of our company, tracking the emissions, evaluating them as well as offsetting them.                              | June<br>2021 | Ongoing                         | We have wanted to do this since 2021 and have been looking out for the right partners for this work. This year we calculated our cafe emissions with Oatly Carbon Calculator and had an introduction to the emissions of our roastery through the same calculator. We acknowledge that we need another calculator for the roastery side of the business and will be exploring ways to do this in 2023.  |



INVESTING IN CALCULATING AND REDUCING THE CARBON FOOTPRINT OF OUR OPERATIONS

BEING TRANSPARENT OF OUR ENVIRONMENTAL INDICATORS

REDUCING WASTE IN OUR CAFE AND ROASTERY

SOURCING CAFE PRODUCTS FROM NEARBY SUPPLIERS

# CLIMATE CHANGE: MANAGING OUR CARBON EMISSIONS AND MATERIALS

#### Investing in carbon footprint calculation

Already in 2021 we wanted to start looking at our negative impact into the environment and to find ways to reduce it. Climate crisis requiers organizations to reduce their greenhouse gas emissions now and we want to be on board with that. While we affect negatively on the climate crisis, it affects natively to our business as well. Regions producing coffee now might struggle producing coffee in the future with higher global temperatures, environmental crises and the sizes of the coffee crops are expected to drop in the future due to the climate crisis. This might be catastrophic effect on the availability of green coffee, affect our producing partners as well as eventually our organization.

This year according to the GRI reporting material topic for environmental sustainability we feel the most important to look into our carbon emissions. Calculate them, evaluate their sources and in best ways. toreduce them. Being a small roastery and cafe with limited resources we looked for a partner to work this out with us. We partnered up with the Swedish Oatly, who had just developed their Cafe Carbon Calculator in collaboration with an English consultancy company 3 Keel Consultancy.

We collected the following data for the calculator: environmental indicators, waste and recycling data, transportation details, delivery information, foods and drinks and other equipment sold in our cafe, the coffees brewed and roasted as well as the packaging details. We had a session with Oatly to input our data into their carbon calculator, separately for our cafe and our roastery.

For our cafe the calculator was a great tool for, but for the roastery operations the calculator is still lacking a few indicators. We look forward to calculating our roastery emissions more effectively in the future when the calculator is improved or we find another way to calculate our emissions for our roastery efficiently and the with the limited resources we have.

#### CO2 emission results for the cafe



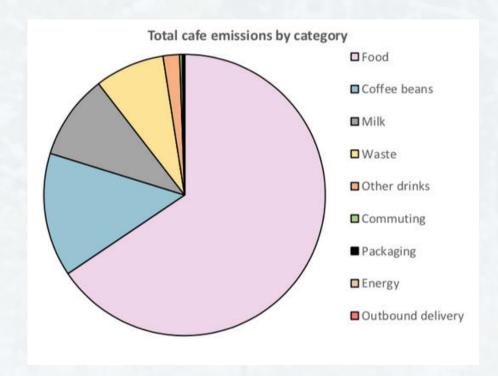




| Total emissions          |                |                                    |  |
|--------------------------|----------------|------------------------------------|--|
|                          | 29 872         | kg CO2e per year                   |  |
| This is equivalent to th | e emissions of |                                    |  |
| Ť                        | 1 325          | cotton t-shirts                    |  |
| 1                        | 25             | flights from Amsterdam to New York |  |
|                          | 4              | EU citizens' annual emissions      |  |

| Food & drink emissions by stag | <ul><li>□ Ingredients and processing</li><li>□ Waste</li><li>□ Inbound transport</li></ul> |
|--------------------------------|--|
|                                | ■ Inbound transport  ■ Packaging   |

| Emissions categories | Emissions<br>(kgCO2e) |
|----------------------|-----------------------|
| Food                 | 19 585                |
| Coffee beans         | 4 248                 |
| Milk                 | 2 909                 |
| Waste                | 2 394                 |
| Other drinks         | 568                   |
| Commuting            | 85                    |
| Packaging            | 64                    |
| Energy               | 17                    |
| Outbound delivery    | 0                     |
| Total                | 29 872                |



We collected the following data for the calculator: environmental indicators, waste and recycling data, transportation details, delivery information, foods and drinks and other equipment sold in our cafe, the coffees brewed and roasted as well as the packaging details. These were collected from both of our facilities over the year of 2022: from our cafe and our roastery. With the data at hand, we had sessions with Oatly to input our data into their Carbon Calculator. The details on this page illustrate the results of our CO2 emissions from our cafe according to the Oatly Carbon Calculator. The biggest impact in our cafe comes naturally from the food we sell, being it plant-based or not. The second biggest emissions come from the coffee beans we use for brewing our coffees as well as the milk we use for the coffee drinks.

We are happy to review our emissions and find ways to reduce them, by for example adding more plant-based foods on our menu. We are grateful for the collaboration with Oatly for the use of the Carbon Calculator for the calculation of our CO2 emissions of our cafe.

Since the calculator does not take into account the emissions for growing and processing coffee nor the emissions of plastic coffee bags and carton, or other kind of waste produced at the roastery, this calculator does not serve the purposes for measuring the emissions produced at the roastery. We look forward to calculating our roastery emissions more effectively in the future if the calculator is developed for this purpose or we find another way to calculate our emissions for our roastery efficiently. We anticipate our CO2 emissions to be bigger for our roastery and our cafe.

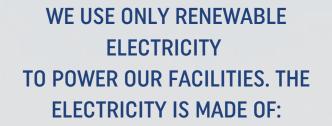
#### BEING TRANSPARENT OF OUR ENVIRONMENTAL INDICATORS

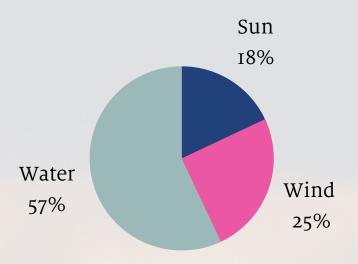
#### - transportation, electricity, heat and water usage

Transportation at Drop in total

| FLIGHTS TAKEN FOR BUSINESS IN 2022*                                       | O    |
|---|------|
| KM DRIVEN WITH OUR ROASTERY PETROL CAR                                    | 5700 |
| KM DISTANCE STAFF COMMUTE TO WORK BY CAR IN TOTAL (ONE TIME)              | 50   |
| KM DISTANCE STAFF COMMUTE TO WORK BY BIKE OR WALK IN TOTAL (ONE TIME)     | 7,3  |
| KM DISTANCE STAFF COMMUTE TO WORK BY PUBLIC TRANSPORT IN TOTAL (ONE TIME) | 34,5 |

| Energy and water usage | ROASTERY | CAFE  |
|------------------------|----------|-------|
| ELECTRICITY USAGE, KWH | 11244    | 19202 |
| WATER USAGE, M3        | NA       | NA    |
| GAS USAGE, KG OF LPG   | 1539     | О     |





Our choices of which kind of electricity and gas we use to power our operations as well as the amount of how much we are using these resources has and impact on the environment. Last year we already reported on our flight kilometers as well as our Drop petrol car usage. We also told last year about how we use only renewable electricity. This year we are also reporting our electricity and gas usage. Unfortunately the water usage data was not available to us and we will work towards having this being reported in the next year's report. This year we collected details from our staff how and where from do they commute to work, since that has an impact on our green house gas emissions as well. Naturally the options available for transport, electricity or heat affect our business as well from price to efficiency as well as being able to choose from more environmentally friendly options for our operations and staff.

<sup>\*</sup>Even though we did not take any flights in 2022, we will be looking to take some in the future to foster our coffee producing relationships overseas. We look forward to making these trips as impactful and efficient as possible to keep our negative impact on the climate crisis as low as possible.

# BEING TRANSPARENT OF OUR ENVIRONMENTAL INDICATORS - WASTE CREATION AND MANAGEMENT

#### Waste made at the cafe in 2022 (estimate)

| 264 BAGS OF RECYCLING, IN TOTAL= | 18480<br>liter |
|----------------------------------|----------------|
| 288 BAGS TO LANDFILL, IN TOTAL=  | 20160<br>liter |

Waste has a negative affect into the environmental impact and our operations are no different from that. Even though Sweden has an efficient recycling system and almost every food and material item we use is recyclable or reusable, we do generate landfill waste as well in both of our locations, cafe and roastery. We try to make as less waste as possible, but in our business it is unavoidable.

We have now for the first time estimated our landfill and recycling waste amounts and we are continuously looking for ways to reduce our waste going to landfill. We do this by selective sourcing, recycling efforts and reusing multiple items. In 2022 we were for the first time able to compost our food waste in our cafe. This has been estimated as a part of the recycled waste.

#### Waste made at the roastery in 2022 (estimate)

| PLASTIC RECYCLING         | 12 x 360<br>liter bags | around<br>4 320 L |
|---------------------------|------------------------|-------------------|
| CARDBOARD RECYCLING       | 12 x 660<br>liter bags | around<br>7 920 L |
| COMPOST (including chaff) | 48 x 120<br>liter bags | around<br>5 760 L |
| LANDFILL                  | 48 x 30<br>liter bags  | around<br>1 440 L |



### BEING TRANSPARENT OF OUR ENVIRONMENTAL INDICATORS - DROP COFFEE CAFE

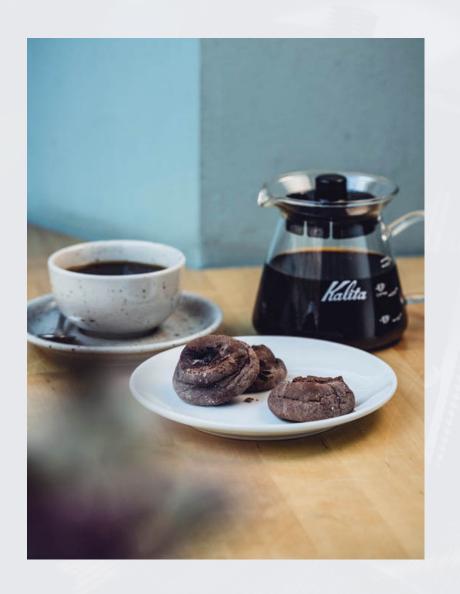
addition to waste creation as well as heat, electricity and water used in our cafe, the product we sell and how we package them, have an impact on the environment. Our main purpose is to sell coffee beans and brewed coffees either to be drank in-house or taken to go. At the moment 50% of our coffees are bought with cow or plant- based milk. We use several packaging materials to serve the coffees or other food products we sell. Most of the food we sell are vegetarian.

| COFFEES SERVED IN TOTAL IN 2022                          | 61741<br>COFFEES |
|--|------------------|
| BLACK COFFEES SERVED OF ALL DRINKS                       | 50%              |
| COFFEES SERVED WITH MILK OF ALL DRINKS                   | 50%              |
| ESPRESSO BASED COFFEES SERVED WITH OAT MILK              | 20%              |
| OTHER DRINKS SOLD (TEA, KOMBUCHA) OF ALL DRINKS IN TOTAL | 20%              |

#### Coffees made and served in 2022 Packaging materials used in the cafe

| TAKE AWAY CUPS | Paper with PE coating         | Paper<br>recycling   |
|----------------|-------------------------------|----------------------|
| TAKE AWAY LIDS | Plast PS (polysturene)        | Plastic recycling    |
| NAPKINS        | Minimum 80% recyclable paper  | Landfill             |
| STRAWS         | Minimum 80% recyclable source | Paper<br>recycling   |
| PLASTIC CUP    | PET                           | Plastic<br>recycling |

# BEING TRANSPARENT OF OUR ENVIRONMENTAL INDICATORS - DROP COFFEE CAFE FOOD



#### Food items used in the cafe:

We serve food and other drinks than coffee in our cafe and try to approach those items with similar approach than our coffee. Even though coffee is our focus, other ingredients are as important. Here is a list of our food products and where we source them from. The km means how far they come from to us to our cafe.

| Bread - Svedjan                               | 1 km   |
|---|--------|
| Cold Brew - Sidekick (made with our coffee)   | 6 km   |
| Kombucha - Kombucheriet<br>(with our Cascara) | 9 km   |
| Organic beer -<br>Sthlm Brewing Co            | 17 km  |
| Organic Nectar -<br>Hans Naess                | 126 km |
| Organic milk - Roslagsmjölk                   | 133 km |
| Organic tonic and sodas -<br>Ekobryggeriet    | 154 km |

# BEING TRANSPARENT OF OUR ENVIRONMENTAL INDICATORS - ROASTERY AND OUR COFFEE BEAN PACKAGING



At our roastery we try to keep our packaging waste minimal by recycling our incoming materials as well as offering recyclable packages for our coffee beans. We reuse many incoming materials such as jutebags inside boxes as cushioning. We roast coffee only for order and we manage the roast quantities through calculating the orders precisely. This means we are able to use all the coffee and if there are some leftover coffees, they are used for brewing coffees at our own cafe.

We currently use a double packaging solution for our coffee beans for retail and online store as well as for wholesale clients ordering the 250g bags. 1000g quantity of beans we pack in singular plastic bags.

Even though we love the box and our packaging, we acknowledge that our current packaging choice is not the best solution from the waste production point of view. We are currently exploring ways we could reduce our packaging waste with new packaging using less plastic, cardboard and packaging materials in general.

#### Packaging materials and waste reduction by recycling

| PACKAGING            | MATERIAL  | RECYCLING            | PRODUCTION |
|----------------------|-----------|----------------------|------------|
| 250g COFFEE<br>BOXES | Cardboard | Cardboard recycling  | Estonia    |
| 250g BEAN BAGS*      | Plastic   | Plastic<br>recycling | China      |
| 1000g BEAN<br>BAGS*  | Plastic   | Plastic<br>recycling | Sweden     |
| SHIPPING BOXES       | Cardboard | Cardboard recycling  | Sweden     |

\*Does not contain aluminium.

## ECONOMICAL SUSTAINABILITY

Coffee price transparency development, governance and decision-making

## CONTINUING RAW COFFEE PRICE TRANSPARENCY

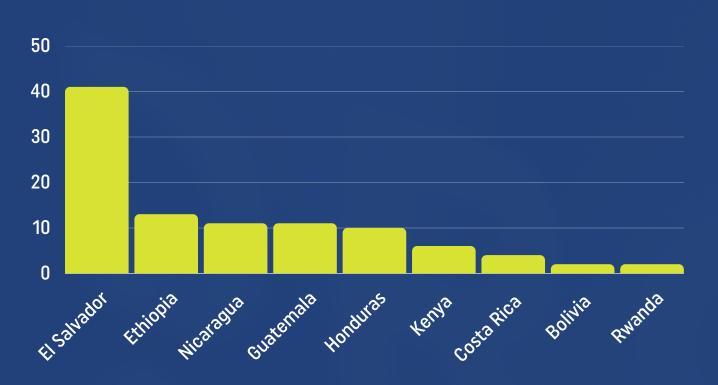
- WITHIN OUR COMPANY
- WITH THE INDUSTRY

CONTINUING TO MOVE AWAY FROM THE COFFEE C-PRICE

# CONTINUING RAW COFFEE PRICE TRANSPARENCY - within our company

Since 2018 we have added the FOB prices of our coffees to our website and on every coffee package we sell. We believe this is an important way to communicate to the consumers and other fellow coffee professionals about the prices we pay to our producing partners. This is also important for other coffee producers to know how to price their coffees to get the fair compensation for their products. Price transparency affects us as well by being able to make fair buying decisions correctly now and in the future. Every year we evaluate the way we report on our coffee prices and are open towards the industry changes and new practices for transparency. You can see from the template for the details of all of our coffees purchased during the year of 2022.





28 884

TOTAL AMOUNT KG PURCHASED

63 545

TOTAL AMOUNT POUNDS PURCHASED

\$275215

TOTAL USD PAID FOB

Exchange rate 2022 average: 1 USD = 10,12 SEK 1/Lbs=Kg 0,45 1 Kg = 1/LBS 2,20

#### DROP COFFEE TRANSPARENCY REPORT

| Country and producer | Process / Varietal       | Years of<br>relationship<br>(2022) | Kg bought  | lbs bought | USD / Ibs | SEK / lbs* | Total USD paid | Comparison<br>C-market /<br>Drop Coffee<br>FOB |
|----------------------|--------------------------|------------------------------------|------------|------------|-----------|------------|----------------|--|
|                      |                          |                                    | EL SALVADO | R          |           |            |                |  |
| El Sunzita           | Natural, El Pasti Hybrid | 7                                  | 552        | 1214.4     | 3.5       | 35.4       | 4250           | 163%   |
| El Sunzita           | Washed, El Pasti Hybrid  | 7                                  | 759        | 1669.8     | 3.5       | 35.4       | 5844           | 163%   |
| El Sunzita           | Washed, Red Bourbon      | 7                                  | 759        | 1669.8     | 3.5       | 35.4       | 5844           | 163%   |
| El Sunzita           | Natural, Red Bourbon     | 7                                  | 552        | 1214.4     | 3.5       | 35.4       | 4250           | 163%   |
| El Sunzita           | Washed, Pacas            | 7                                  | 690        | 1518       | 3.5       | 35.4       | 4313           | 163%   |
| El Sunzita           | Washed, Yellow Bourbon   | 7                                  | 552        | 1214.4     | 3.5       | 35.4       | 4250           | 163%   |
| Los Andes            | Natural, Bourbon         | 8                                  | 345        | 759        | 4.2       | 42.5       | 3188           | 196%   |
| Los Andes            | Washed, SL28             | 8                                  | 690        | 1518       | 5.0       | 50.6       | 7590           | 233%   |
| Los Andes            | Washed, Bourbon          | 8                                  | 1725       | 3795       | 4.2       | 42.5       | 15939          | 196%   |
| Los Brumas           | Natural, SL28            | 8                                  | 345        | 759        | 5.0       | 50.6       | 3795           | 233%   |
| Los Brumas           | Natural, Pacamara/SL28   | 8                                  | 345        | 759        | 5.2       | 52.6       | 3947           | 243%   |
| San Cayetano         | Natural, Catimor         | 7                                  | 1035       | 2277       | 4.5       | 45.5       | 10247          | 210%   |
| San Cayetano         | Natural, Red Caturra     | 7                                  | 138        | 303.6      | 6.0       | 60.7       | 1822           | 280%   |
| La Fany              | Natural, Orange Bourbon  | 7                                  | 276        | 607.2      | 4.5       | 45.5       | 2732           | 210%   |
| Finca Nejapa         | Washed, Yellow Caturra   | 8                                  | 552        | 1214.4     | 3.5       | 35.4       | 4250           | 163%   |
| Finca Nejapa         | Washed, Elefante         | 8                                  | 276        | 607.2      | 7.0       | 70.8       | 4250           | 326%   |
| Finca Nejapa         | Natural, Elefante        | 8                                  | 69         | 151.8      | 7.0       | 70.8       | 1063           | 326%   |
| Nueva Granada Estate | Washed, Caturra          | 8                                  | 2070       | 4554       | 2.5       | 25.3       | 11385          | 117%   |

<sup>\*</sup> The coffee producer also exports the coffee

#### DROP COFFEE TRANSPARENCY REPORT

| Country and producer | Process / Varietal      | Years of<br>relationship<br>(2022) | Kg bought | lbs bought | USD / Ibs | SEK / Ibs* | Total USD paid | Comparison<br>C-market /<br>Drop Coffee<br>FOB |
|----------------------|-------------------------|------------------------------------|-----------|------------|-----------|------------|----------------|--|
|                      |                         |                                    | KENYA     |            |           |            |                |  |
| Kamwangi AA          | Washed, SL28            | 11                                 | 1800      | 3960       | 5.0       | 50.6       | 19800          | 233%   |
|                      |                         |                                    | COSTA RIC | CA         |           |            |                |  |
| La Pira              | Anaerobic, Typica       | 4                                  | 240       | 528        | 11.0      | 111.3      | 5808           | 113%   |
| La Pira              | Natural, Catuaí         | 4                                  | 120       | 264        | 7.3       | 73.4       | 1914           | 338%   |
| Don Mayo             | Yellow Honey, Catuaí    | 6                                  | 690       | 1518       | 3.8       | 38.5       | 5768           | 177%   |
| Sin Limitas          | Red Honey, Gesha        | First year                         | 69        | 151.8      | 22.0      | 222.6      | 3340           | 1026%  |
|                      |                         |                                    | HONDURA   | AS         |           |            |                |  |
| Cerro Azul*          | Natural, Java           | 3                                  | 1242      | 2732.4     | 4.5       | 45.5       | 12296          | 210%   |
| Cerro Azul           | Washed, Java            | 3                                  | 345       | 759        | 4.0       | 40.5       | 3036           | 187%   |
| Cerro Azul           | Washed, Red Catuaí      | 3                                  | 1380      | 3036       | 2.25      | 22.8       | 6831           | 105%   |
| Santa Lucia          | Washed, Gesha           | 3                                  | 60        | 132        | 20        | 202.4      | 2640           | 933%   |
|                      |                         |                                    | NICARAGI  | UA         |           |            |                |  |
| Las Delicias*        | Washed, Java            | 5                                  | 690       | 1518       | 4.6       | 46.0       | 6907           | 212%   |
| Las Delicias         | Natural, Java           | 5                                  | 690       | 1518       | 5.1       | 51.1       | 7666           | 236%   |
| Las Delicias         | Natural, Javanica       | 5                                  | 138       | 303.6      | 20.0      | 202.4      | 6072           | 933%   |
| Limoncillo*          | Washed, Caturra         | 4                                  | 1725      | 3795       | 2.6       | 26.3       | 9867           | 121%   |
|                      |                         |                                    | ETHIOPIA  | A          |           |            |                |  |
| Ana Sora*            | Natural, 11/714         | 7                                  | 900       | 1980       | 5.0       | 50.1       | 9801           | 231%   |
| Adola*               | Natural, 11/714 & 74110 | 7                                  | 900       | 1980       | 4.9       | 49.1       | 9603           | 226%   |
| Hunkute              | Washed, 74110 & 74112   | 12                                 | 1800      | 3960       | 3.7       | 37.4       | 14652          | 173%   |

<sup>\*</sup> The coffee producer also exports the coffee

#### DROP COFFEE TRANSPARENCY REPORT

| Country and producer | Comment                    | Process / Varietal           | Years of<br>relationship<br>(2022) | Kg bought | lbs bought | USD / Ibs | SEK / Ibs* | Total USD paid | Comparison<br>C-market /<br>Drop Coffee<br>FOB |
|----------------------|----------------------------|------------------------------|------------------------------------|-----------|------------|-----------|------------|----------------|--|
|                      |                            |                              | BOLIVIA                            |           |            |           |            |                |  |
| Alasitas             |                            | Washed, Gesha                | 8                                  | 100       | 220        | 15.0      | 151.8      | 3300           | 700%   |
| Samaichacha          |                            | Washed, Gesha                | 8                                  | 20        | 44         | 10.0      | 101.2      | 440            | 466%   |
| Samaichacha          |                            | Washed, Java                 | 8                                  | 40        | 88         | 4.8       | 48.6       | 422            | 227%   |
| Los Rodriguez        | From La Linda, Samaichacha | Anaerobic, Peaberry Java     | 8                                  | 80        | 176        | 5.0       | 50.6       | 880            | 233%   |
| Los Rodriguez        |                            | Natural, Peaberry Gesha      | 8                                  | 60        | 132        | 15.0      | 151.8      | 1980           | 700%   |
| Los Rodriguez        |                            | Washed, Pacamara             | 8                                  | 40        | 88         | 6.0       | 60.7       | 528            | 280%   |
| Carmelita            |                            | Natural, Java                | 8                                  | 200       | 440        | 5.0       | 50.6       | 2200           | 233%   |
| La Llama             |                            | Coco Natural, Yellow Caturra | 8                                  | 120       | 264        | 4.4       | 44.5       | 1162           | 205%   |
|                      |                            | G                            | UATEMALA                           |           |            |           |            |                |  |
| Calahual             |                            | Natural, Pacamara            | First year                         | 1035      | 2277       | 4.8       | 49.0       | 11021          | 226%   |
| Calahual             |                            | Anaerobic, Washed Caturra    | First year                         | 690       | 1518       | 4.8       | 49.0       | 7347           | 226%   |
| Calahual             |                            | Anaerobic, Natural Caturra   | First year                         | 690       | 1518       | 4.9       | 50.0       | 7499           | 230%   |
| La Soledad           |                            | Washed, Catuaí               | 5                                  | 621       | 1366.2     | 3.9       | 39.9       | 5383           | 184%   |
| La Soledad           |                            | Washed, Gesha                | 5                                  | 69        | 151.8      | 16.3      | 164.9      | 2473           | 760%   |
|                      |                            |                              | RWANDA                             |           |            |           |            |                |  |
| Remera               |                            | Natura, Red Bourbon          | First year                         | 300       | 660        | 3.8       | 38.5       | 2508           | 177%   |
| Ubumwe               |                            | Washed, Red Bourbon          | First year                         | 300       | 660        | 3.2       | 32.4       | 2112           | 149%   |
|                      |                            |                              |                                    |           |            |           |            |                |  |

# CONTINUING RAW COFFEE PRICE TRANSPARENCY - with the industry

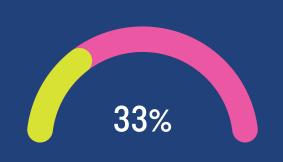
We have been fortunate enough to share our coffee pricing data with the Speciality Coffee Transaction Guide for three years now to increase price awareness among producers and give them more data in negotiations with buyers. SCG collects pricing data from roasters, exporters and importers to analyse it and bring forward analysed material of the current price development, non-related to the C-price. We are happy to take part in the development of the transparent value chains and the transparent conversations about coffee prices. Transparency affects every part positively, when everyone is able to make informed decisions in their organisation or business. Price transparency in the industry motivates us to keep on being transparent of the prices we pay for the coffees we roast as well as in other parts of our business.

27 lot prices and details donated in 2022 for

SPECIALTY
COFFEE
TRANSACTION
GUIDE

#### CONTINUING TO MOVE AWAY FROM THE COFFEE C-PRICE

As we work with our producers we like to pay them a fair price for their coffees. We ask for the specific price they want for their coffees, or what the exporter needs to be paid for the coffees to further then bring the fair price for their producers. We do this, since the coffee prices paid to the producers haven't been fair nor fulfilled the cost of production of the coffees for a long time. The commodity coffee trade uses the coffee commodity, C-price, which changes due to the bidding behaviors of traders. These are effected by the speculations of the current or coming coffee harvests as well as the consumer's needs for coffee. In this case, the supply and demand as well as individuals who have no contact with coffee production or its essence, dictate the price the producer is being paid for their work. We try to circulate these behaviors like so many other coffee companies in the coffee industry, by paying higher premiums either for quality or having conversations with the producers or exporters for the fair price of the coffee. The ideal coffee price would be fulfilling the price of the coffee being produced and allow the producer to have an opportunity for a thriving livelihood.



- Average C-market price on the Arabica Coffee World Market in 2022 was \$2,14/lbs.
- Drop Coffee average FOB-price paid was \$6,37/lbs.
- C-price average was 33% of the Drop average.

297%

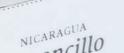
paid on average above the average C-Price

105%

all coffees minimum above C-Price

Lowest price we paid was for Zerro Azul Washed Red Catuaí from Honduras at \$2,25/lbs. This was 105% more than the average C-Price.

Highest price was for Sin Limitas Red Honey Gesha from Costa Rica for \$22,00/lbs. This was 1026% more than the average C-Price.



# SOCIAL SUSTAINABILITY

Staff wellbeing, cultural support, appreciating supplier relationships and industry leadership towards positive impact INVESTING IN DIVERSE, INCLUSIVE AND SUPPORTIVE WORKPLACE

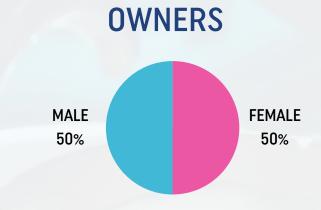
INVESTING IN LONG EQUITABLE RELATIONSHIPS WITH OUR PRODUCING PARTNERS

SUPPORTING NEW INITIATIVES OF OLD PARTNERSHIPS: GUATEMALA CALAHUA

INVESTING IN LEADERSHIP AND DEVELOPMENT OF SUSTAINABILITY TOOLKIT FOR THE COFFEE INDUSTRY

#### INVESTING IN DIVERSE, INCLUSIVE AND SUPPORTIVE WORKPLACE

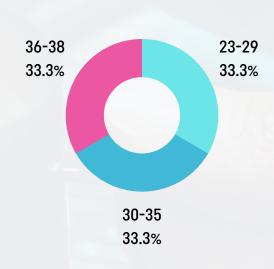
| NUMBER OF FULL TIME<br>EMPLOYEES CURRENTLY | 6   |
|--|-----|
| NUMBER OF PART TIME<br>EMPLOYEES CURRENTLY | 4   |
| DIFFERENT NATIONALITIES                    | IO  |
| DIFFERENT LANGUAGES SPOKEN                 | 9   |
| DIFFERENT POTITIONS                        | 6   |
| STAFF AT THE ROASTERY<br>(% of total)      | 11% |
| STAFF AT THE CAFE<br>(% of total)          | 89% |



As a company we value multicultural and diverse approach to business. Most of our employees are from various cultures and national backgrounds. We are proud to have people in our staff from 10 different nationalities. From our staff only three persons are Swedish. Our staff speaks multiple languages and we expect our staff to speak well at least one of the two languages: english or swedish.

We regularly talk about normal life situations at work and try to offer the physical and mental health support for our staff members. We invest time and conscious thought into making them feel like at home in Sweden.

# AGE OF OUR STAFF (years)

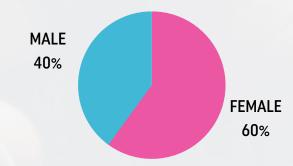


Our staff member's age diversity seems to sit between 23-38 years of age, meaning the ages differ within maximum of 16 years. We identify that we could improve in this, to offer employment for older or younger persons.

## STAFF GENDER BALANCE (persons)



# GENDER BALANCE IN MANAGERIAL POTITIONS (persons)



This is our assumption of our staff's gender identifications. We know this is not enough and agree that for the future we need to ask the questions of our staff how they identify themselves.

## A SMALL GROUP THRIVING TOWARDS A HAPPY TEAM

"

"We are different but we work in it together. I like it. It effects the whole atmosphere, the guests see how we work together."

- Sergei Minakov, Cafe Manager

77

- EMPLOYEES IN TOTAL IN 2022
- EMPLOYEES MOVED ON IN 2022
- EMPLOYEES HIRED IN 2022
- STAFF ON MATERNITY LEAVE IN 2022
- OWNERS ON MATERNITY LEAVE IN 2022

46

"We catch up weekly between the cafe and roastery to work smoother. We chat about do we need to change something or not."

-Laura Blackwell, Roastery Manager

44

"Our staff has (from my point of view) a very warm and kind feel."

- Joanna Alm, Owner and director

77

44

"Since we are such a small company, it (having conversations) is also something that I think is crucial for the growing and also wellbeing of Drop, without it we would not be taking steps forward."

- Erik Burman, General Manager

66

"Trust. Responsibility. That takes a lot in such a small place. We have talked (within the staff) how good that feels- the trust."

-Laura Blackwell, Roastery Manager

"

"It's a real honor to work with Joanna and Steve, and not just because of their great knowledge in coffee, but primarily because I really admire how they value everyone throughout the whole coffee chain.

-Susanne Eriksson, CFO

7

"

# STAFF SUPPORTING ONE ANOTHER TO CREATE A SAFE SPACE FOR ALL

In 2022 we hired an Ukrainian barista Alina Yarosh, to come and move for work to Sweden, to work in our cafe. She moved her whole family from Ukraine to Stockholm and had a job with us from the moment she landed in Sweden. We are happy to have a coffee professional in our team from this country, going thought so much with the war currently.

"I am proud to work in a cafe, which is known worldwide for its specialty coffee. Working with coffee enthusiasts is a real pleasure. Our international team creates a unique vibe in the cafe that I used to have in Ukraine, and that gives me a sense of home," shares Yarosh.

Later Yarosh got unfortunately scammed with an apartment in Stockholm, when our cafe manager Sergei Minakov took action to organise collection of donations at our cafe. This was to gather enough money for her to replace what she had lost. This was a personal effort from our employee which we were only as a helping factor spreading the information of the GoFundme on our socials and allowing him to use our cafe as a physical place for the donations. We think that this kind of action is a good example how individuals and businesses can work together for greater impact in a local, and international matter.

"We are an international team and as Ukrainian and Russian working together, it shows that we stand for good things. We are trying to create a safe space here for people to work and come in as clients. Us having people from international backgrounds and working together, is a good way to show people where we stand and what we promote here", Minakov says.



# INVESTING IN LONG AND EQUITABLE RELATIONSHIPS WITH OUR PRODUCING PARTNERS

We have a coffee buying policy according to which we need to meet every producer before we buy their coffee. We believe in strong mutual relationships when doing business and believe that we can help one another when have met face to face. When we visit the producers, we understand we are receiving only a snapshot of the reality of the farms and processing facilities. We still value these experiences and part of our purchasing practices is to see with our own eyes parts of the farm operations and evaluate if the farm practices connect with our company values or not. From the farms, regions and washing stations we work with we have usually been buying coffees for several years, but have also started collaborating with producers who are new to us.

years is our longest relationship with Hunkute, Ethiopia.

year is our shortest relationship. We started buying this year from Sin Limitas from Costa Rica, Calahual from Guatemala as well as Remera and Ubumwe washing stations from Rwanda owned by Epiphany & Samuel Muhirwa.

years is our average relationship time with our producing partners.

## SUPPORTING NEW INITIATIVES OF OLD PARTNERSHIPS: GUATEMALA CALAHUA

This is a very first harvest from the this brand new farm, Calahual. The farm Calahual is located in the small town Palencia, east of Guatemala City. We have previously worked with a farm called El Limon, which is next door to this farm, and we first got to visit what come to be Calahual, long before it was bought and replanted by Alberto Reyes. On this farm, the Reyes family has a vision of building more exclusive and tasty varietals, but it will also is a journey to learn what is working in the micro climate. A journey that Joanna and Steve is highly involved in, talking about varietals and processes. The plants been taking four years to give a first commercial harvest. So this very coffee, which was delivered to us in early 2023, is the a very first crop ever from Calahual.

This is an example of supporting and investing money and time on innovation, new endeavours and coffee cultivation in not famous coffee regions. It's also an example of a relationship where both parties experiment and support each other.



# INVESTING IN LEADERSHIP AND DEVELOPMENT OF SUSTAINABILITY TOOLKIT FOR THE COFFEE INDUSTRY

We volunteer our time and sometimes money to the industry work to collaborate with other colleagues to create a better coffee industry for all. Our owner Joanna Alm has been part of several coffee professional organisations over the years as a board member or volunteered her time as a coffee competitions judge.

In 2022 our owner and director Joanna Alm invested her time in:

• Estimate of 120 HOURS AS THE BOARD OF DIRECTOR AT SPECIALTY COFFEE ASSOCIATION TO REPRESENT THE MEMBERS OF THE ORGANISATION



• Estimate of 25 HOURS ON DEVELOPMENT OF THE COFFEE ROASTERS GUILD SUSTAINABILITY TOOLKIT

Within this project,
Joanna has been part of
the team of roasters
developing a toolkit for
coffee roasters to be
able to easier approach
sustainability efforts.
The toolkit has been in
development since
2019 and has now been
published.





#### **ECONOMICAL SUSTAINABILITY**

Continuing to be transparent of the coffee prices we pay and lead the way to communicate the prices on bags and the website. Continue to donate the lot price details in favour of the industry development.

#### SOCIAL SUSTAINABILITY

Fostering a socially just workplace for our staff with psychological satefy and a family feel. Investing in long term and equitable producing relationships as well as supporting new initiatives or washing stations while holding the relationships in the center. Coffee industry development through investing time on coffee leadership and sustainability tools developent.

#### **ENVIRONMENTAL SUSTAINABILITY**

Calculating our cafe carbon footprint and exploring calculations for the roastery. Collecting data and understanding our emissions. Improving our waste reduction and recycling practices. Using only renewable energy.



#### **ECONOMICAL SUSTAINABILITY**

- Continuing to pay fairly for the green coffee for our producing partners
- Being completely transparent of the prices we pay to our suppliers

#### SOCIAL SUSTAINABILITY

- Supporting our staff and their individual needs and educational development
- Updating our existing EDI, anti-harassment and discrimination policy

#### **ENVIRONMENTAL SUSTAINABILITY**

- Reducing our packaging waste by launching new coffee bean packaging. This will create less waste in general and will move us more away from plastic.
- How to roast tasty coffee with non-polluting heat? Exploring options.
- How to focus on long-distance relationships without meeting face to face?
- Sourcing and offering more plant-based products in our cafe

