

**DROP
COFFEE
ROASTERS**

EST. 2009 • STOCKHOLM

SUSTAINABILITY REPORT 2021

LA MARZOCCO



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DROP'S MISSION

We are driven by flavour and buy some of the most flavoursome, high-end speciality raw coffees. We want to present it at its best and hope to present a clean and clear product.

In doing so, we also challenge the Swedish commercial market in offering a product that is not dark roasted due to poor quality. We want to improve the awareness and curiosity of coffee quality the consumer. Further, we challenge the coffee market structure, on talking about coffee prices.

As an example of this we are presenting our FOB prices on all labels to create more awareness about the coffee prices towards coffee consumers, but also to push the bigger commercial roasters to improve transparency and a more distributed risk along the supply chain, which is built on colonial history.



DROP'S VALUES

A bright taste profile showcasing every coffee for what they are.

Highlighting vibrancy and sweetness in coffee and showcasing how diverse coffee flavours are. No ashy or burnt flavours. Bringing the amazing insights of the farms and the cupping table to the barista or home barista.

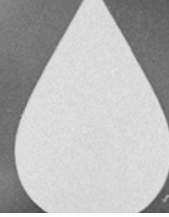
Be truly proud of all the coffee we buy

Working with amazing coffee that really excites us from producers we love to work with and know well as well as have visited. One of the owners of the business, Joanna and/or Steve, must have visited the farm we are buying from and know the producer. Making things better, not worse at the origin.

Make sure the producer is front and centre

Avoid putting the personality of the roaster into the coffee. This is why we do not roast differently for brewing methods, nor do blends, and we market the coffee as the producer's product name. This relates to shifting power structures and reducing the gap in the coffee value chain as well as creating more awareness of coffee production among the customers.





Our path towards sustainable business

Sustainability is really not doing anything that deserves a golden stars. It is about doing what is meant to last for a long time for everyone involved. It is doing the right thing. So publishing this report we just want to be transparent and open, rather than adding any applauds. Drop Coffee is a small business, in a coffee world of old structures. Some things are harder and some are easier to improve. Sustainability is an ongoing work, a path we are on, but with data that can be logged and that way compared and improved, and shared. Every year at Drop Coffee we are improving our work with these measures in mind at the café, roastery as well as sourcing.

2009 -----2011 -----2012 -----2013 -----2014 ----- 2015

Coffee bar by Mariatorget was founded. We started roasting in 2010 on our 1 kg roaster and focused on roasting omni-roast.

Moved our focus towards producers and only roasting single-origin coffees.

Started roasting for wholesale customers in 2012 when we moved into a proper roastery with a 25-kilo roaster.

We started supplying Japanese Kalita products in Sweden.

We decided to only buy coffee from farms we have visited and from producers we know well.

We started using our own sourcing template, the Impact Report to guide our sustainable sourcing practices. The same year Stephen Leighton became the part owner of Drop Coffee Roasters with Joanna.

2016 ----- 2018 ----- 2019 --- 2019 --- 2020 ----- 2020

Helped our producer friends at Finca Nejapa in El Salvador to install a solar panel and clean water system to their farm. organised a fundraising dinner together with our Sweden-based food professional friends at a Mathias Dahlgren restaurant to donate all the money collected to Finca Nejapa.¹

In June 2018 our roastery became certified organic. Meaning when we purchase organically grown coffees which are also certified, we are allowed to communicate the coffee to our customers as organically certified coffee.

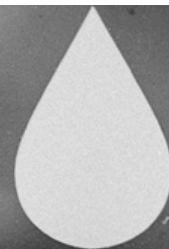
We started the collective agreements with our producers about the prices of their coffees and started communicating the FOB-prices of all our coffees on the roasted coffee boxes.

We moved our roastery to a building we own ourselves in Rosersberg, near Stockholm in Sweden.

Decided to focus on further developing our sustainability work. The same year we were certified with the Ecovadis² Certification and started calculating our CO2 emissions of our travelling. We also shifted to only using energy from renewable sources.

Supported a school in Ethiopia, at Adola washing station, at Guji Zone in the Oromia region by offering our customers a possibility to pay more for their coffee. The proceedings went directly to the use of the school for book and other consumables.³

2009



STO



Our History at Professional Coffee Championships

During the past years our staff members or owners have taken place in several coffee professional competitions nationally and internationally. We value these competitions since they develop our skills as baristas and roasters as well as bring the coffee industry together to share ideas, experiments and innovations.



Winner Swedish Roasters Championship 2018, 2015, 2014
Winner Swedish Latte Art Championship 2014, 2013
Winner Swedish Brewers Championship 2014, 2013
Winner Swedish Barista Championship 2018, 2015, 2013, 2011
World Coffee Roasters Championship 4th place 2016, 2nd place 2015, 3rd place 2014

**Additionally over the years we have been
awarded for our work at :**



Swedish Gastronomy award 2021, 2019.
Named as The Baristas Coffee experience, voted by a jury of 100 baristas.
White Guide: Coffee Bar of the year 2015, 2014

Let us tell you a little bit about year 2021

The year of 2021 was a special one, just like 2020 was, all due to the Covid-19 pandemic. The pandemic created a strong uncertainty of one's health as well as the situation of the world. In 2021 we had gotten used to the restrictions, extensive cleaning as well as wearing a mask at work. We had reduced social connections, including stopping traveling to origin to meet our producers and suppliers as well as worked more from home if possible.

The pandemic affected the coffee prices worldwide and availability of goods due to the risen production costs, labour shortages and challenges with logistics. Specialty coffee prices internationally rose due to the previous reasons as well as the rise of the coffee C-price. In 2021, Drop Coffee is paying an average of 6,34 US\$ per lbd or 4,26 US\$ as average price per lbd based on total volume, while the C-market price was an average of 1.1 US\$ over the year. We continued to pay equal or more for all our coffees, as we do every year.

We kept buying the volumes we had committed to towards our partners. Knowing all of our producers well, Skype calls and WhatsApp calls and messages have been seamless and good ways to keep on working together. With longterm relationships of an average of five years, we have a two-way-trust relationship in delivering quality and quantity. We cupped more samples than any other year to ensure the quality of the coffees we purchase and roast. However, this was also a year of containers stuck at ports and with several delays with coffee delivery times.

Through these uncertain times, we have been happy to have a strong team effort to keep things running and safe for all involved. We have hoped to make our cafe a safe place to work, both physically and emotionally for our staff. Directly in March 2020, we had to unfortunately cut two barista positions and one sales job due to Covid. However, since then we have been able to keep all positions steady, and we worked hard internally to make up for money we lost due to lack of café customers vs. fixed costs and staffing.





What has been lacking for us that we really value, is taking part in Barista and other Coffee Championships nationally and internationally. Several of our current and past baristas as well as our owners have excelled in these competitions, brought back home a wealth of new knowledge and invested in the development of the coffee industry. We look forward to supporting our staff take part in these competitions again as well as educating the local community about the delicious coffees and the world of coffee in general. We have also made some important learnings during this time of our processes and have changed some to be more hygienic and smaller in size. One of these changes are any public tastings and other cupping protocol changes we have put into place. Prior to Covid, we had an open and free “Friday Cupping” at the café with our café guests every week. This is something that yet does not feel safe to do. But we really miss it.

What has been an important realization from this time, has been that we can get through difficult times together. The employee engagement and the flexibility that our staff has shown up with this year has been remarkable. We have also strengthened the local community at the café, with more regulars and guests we see now several times a week.

We have learned through our own mistakes and created important resilience. When the company faces challenges, it might show up as even more creative, and that’s what happened to us. We created a free shipping offer within Sweden to supply the Swedish people with delicious coffees to their homes during the pandemic. We decided to eventually extend it to free shipping offer worldwide if a specific amount of coffees were ordered. We started doing our own physical home deliveries of the coffee and our cinnamon buns around our cafe in Stockholm, this being an idea of one of our resilient and clever staff members. Additionally, we created new payment options to keep the transactions mostly contactless and online-based.

This year has been like no other, and some of its challenges we do not miss, but would not change a thing. We have been grateful for the amazing team we have, our sustainability efforts as well as our ability to grow from our own mistakes. We look forward to you reading this report and getting to know us even better than you already do. Thank you for this year,

and everyone at Drop Coffee

ON SUSTAINABILITY



THE MEANING FOR DROP COFFEE

Sustainability for us means evaluating our situations every day and making conscious decisions based on the effects of those actions. This includes the sustainability of the planet, people and the profit of the businesses as well as people connected to our operations. To us, sustainability means to use the resources available to us to do our core business: source and roast delicious coffee in a way that will preserve them for the next generations, and not take away from the opportunities of the next generations.

We acknowledge our place in the complex coffee value and supply chain as a Nordic roaster, who sources its raw coffee beans from the countries located in the global South. We understand, that the way for a coffee bean from the farm through an exporting and importing business as well as to the roastery, is long and colourful. Within this process, challenges occur and we have needed to make decisions, on how to run a company, which we can be truly proud of and be happy with. We want to be sure that we do not cause unnecessary harm to those involved with our business. Rather we would hope that the planet, people and profit would gain from our actions.



STRUCTURE OF THIS REPORT

We have decided to structure this report and its data around the three pillars of sustainability: Economical, social and environmental.

We believe that all these pillars are connected and sustainability work can not be done or achieved without all three.

Economical

Economical sustainability for us means fair prices paid for the coffee and the work invested in the production of the coffee.

Social

Social sustainability for us means the well-being of the humans in the scope of work we are involved in. This means the well-being of our own employees, producers and stakeholders. With our own employees, we focus on offering equal opportunities for all employees as well as working against harassment and discrimination at work. For our producers, we work towards valuing the work of women in the coffee value chain as well as investing in long-lasting and face-to-face producer relationships.

Environmental

Environmental sustainability means to us the practices, which take care of our planet and do not cause it unnecessary harm. Work towards environmental sustainability shows up for us as creating an environmental policy for our company, sourcing our cafe products from local producers and working with coffee producers who value the environmental practices.



REPORTINGS AS A SUSTAINABILITY STRATEGY AND COMMUNICATION TOOL

We have two goals for this report:

To communicate to our customers and other main stakeholders the work we are doing and its impact on sustainability.

To understand where we are at now and where do we want to be with our sustainability work next and following years.

We feel often that we are so taken by our work and busy fulfilling it, that our communication of it suffers. We have done multiple improvements to our work with producers or the way we work with our coffee or our staff in the past years, but most of these improvements have stayed internal. Since this report only focuses on the year 2021, we are not able to communicate them all in this report but wish to start the yearly process to be able to bring out the changes in our operations, our priorities, and what we value as well as when possible, the impact of our work. We hope that after reading this report, you, our reader, will have a better understanding of our work.






The reporting process is challenging and requires vulnerability and honesty in the work of your organisation. You need to be transparent about where you are thriving and where you have perhaps forgotten to focus on, where your personal biases are and critically look at your operations. The process is uncomfortable but pays off in the end. The process shows and has already shown us where we want to focus on next year and have made us more excited about improvements to be made. We can't wait to share more of our work next year. If you as our stakeholder or collaborator have ideas on how to improve our work or what you'd like to see from us, please do be in touch.

OUR INTERNAL SOURCING TOOL, the impact report, STEERS OUR ETHICAL SOURCING PRACTICES

In 2014, we were purchasing coffees from several origins and even though the coffees were delicious by taste, we could not feel entirely sure about the sustainability practices going on at the farms. We were given some information, but we felt this wasn't enough. We also knew that we weren't the experts to create a system to access sustainability at the farm level or through our supply chain. We eventually worked together with the UN Sustainability lawyer in import and export, Parul Sharma to create a tool to be able to buy more sustainable coffees. We call this tool an impact report. It's an internal guide to supply chain compliance, basically an Excel template containing information on several aspects on sustainability at the farms. We began to use it during our farm visits steering our conversations with the producers as well as guiding our decisions if concerns or needs for improvement occurred.

This template approaches sustainability at the farm level with several categories such as human rights, work & employment conditions, environment, emergency preparedness & fire protection, and business ethics. The template uses several ways to log the the information that is collected, from physically evaluated situations (seen or heard) or interviews with producers or farm managers.





I.5 WORKER ACCOMMODATION			
    	STANDARD	4.5.1 a	Is accommodation that is provided by the coffee producer secure and of a good standard?
		4.5.1 b	Is the accommodation supplied with a bed or mattress to sleep on, and is it ventilated and/or heated on the basis of local climate conditions?
	CLEANING	4.5.2	Are all areas cleaned regularly, are they well maintained and are there an appropriate number of toilets and washing areas that are well looked after and well equipped?
	SAFETY	4.5.3 a	Are there at least two evacuation routes and unlocked exits per floor, to ensure rapid and safe evacuation of all employees?

If we have any concerns of the situations at the farm, we log them as reg or orange flags on the report. That is how we remember and see where there are improvements to be made or where we should direct more discussions to.

It has a section to log your answer on to the templates and then guides which requirements are necessary to meet this section. It also guides how to ask these challenging questions to create conversation.



Assessment of Coffee Producer

Answer	Requirements	Guidance for Drop Coffee
	Accommodation that is provided by the employer must be secure and of a good standard. Single women and men must be offered accommodation together with other employees of the same gender. The employees must be completely free to leave the accommodation 24 hours a day, and must have use of an area measuring at least 3.8 m2.	Check the accommodation and ask open questions regarding the accommodation during the interviews that are carried out.
	The accommodation must be supplied with a bed or mattress to sleep on, and must be ventilated and/or heated on the basis of local climate conditions. Sleeping areas must be lockable from both inside and outside, and each employee must have access to an individually lockable storage unit for their personal belongings.	Check the accommodation and ask open questions regarding the accommodation during the interviews that are carried out.
	All areas must be cleaned regularly and be well maintained. There must be an appropriate number of toilets and washing areas, which must be well looked after and well equipped. The areas where food is served must conform to local requirements regarding sanitation and hygiene.	Check the accommodation and ask open questions regarding the accommodation during the interviews that are carried out.
	There must be at least two evacuation routes and exits per floor, to ensure rapid and safe evacuation of all employees. These must be unlocked from the inside. The fire protection must conform to the requirements set out in sections 6.1 – 6.7 below.	Check the accommodation and ask open questions regarding the accommodation during the interviews that are carried out.

The template basically gives you details on what and where to look, which situations are to be careful about and what's necessary to expect to know that you are buying from a responsible producer. This might sound and look like a lot of work, which it is, but it is very handy when you can rely on documented data of the practices when navigating complex sustainable green coffee purchasing. We still use this great tool this day when we meet producers to discuss the practices and processes taking place at the farms.



We do not buy from farms which have any red or yellow flags on the impact report, our sourcing template



We try to acknowledge our cultural and personal biases in this process and try to be careful not to come across too requiring to our partners to de-colonialize our situation in coffee. Nonetheless, this tool has shown itself as very helpful to understand where our producers are excelling and where they have still challenges. We hope that this has proven to be a good business development tool for them as well. This is the most useful tool of our ethical sourcing practices.

Through this impact report in use, we have been able to collect most of our data on which kind of producers we work with and which kind of sustainability efforts we support by purchasing their coffees. We also use this tool to advocate change, but do all the discussions in collaboration with the producer. Producers always do the decisions of changes themselves since they are the ones knowing their own community better than us. We are also very happy to answer similar questions about our local business in Sweden and are always happy to share these kind of details of our business with our international and national partners. We hope to report more on the use of this tool in the future and are working on it for our next 2022 report.

“During the time of its use, we have updated the way to use it for it to be the less burdensome on our producers as well as divide using it for several years during our visits, meaning we don't dump the need for hours-long conversations on our partners the first year. We try to build our relationships with them and vice versa hope they do as well.”

Joanna Alm,
Managing Director,
Drop Coffee



ECONOMICAL SUSTAINABILITY



ECONOMICAL SUSTAINABILITY SHOWCASED AT DROP AS:

1

PRICING TRANSPARENCY

We are transparent of the prices we pay for our producers and are happy to communicate them through our reports, online and on our coffee boxes for every single coffee.

2

INVESTING IN TRANSPARENT VALUE CHAINS

We invest to the development of the transparent value chains at the specialty coffee industry by donating our coffee lot pricing information for the use of research. From this data several industry-wide resources for coffee pricing development is created.

3

MOVING AWAY FROM THE COFFEE C-PRICE

We invest time and money to pay our producers the price they feel right for their coffees. We do not follow in our purchases the regular coffee commodity C-price, since it does not illustrate the cost of production nor do provide a sustainable income for the producer of their coffees.

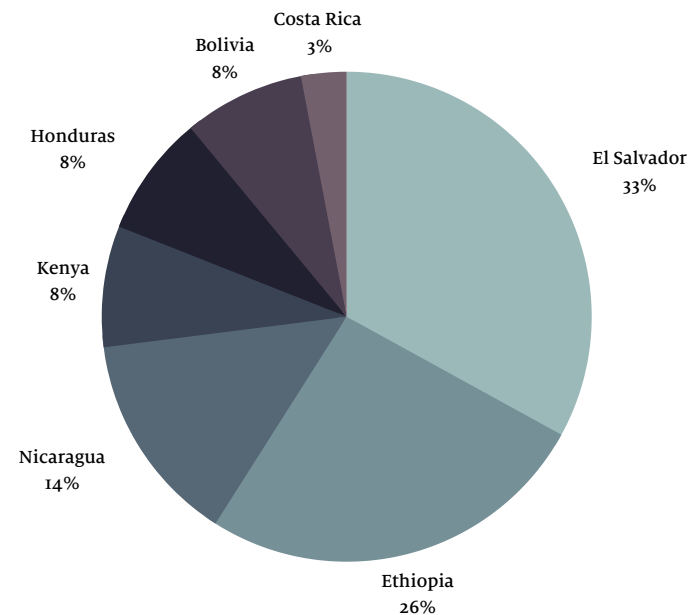
1 PRICING TRANSPARENCY

Pricing transparency is an essential part of our work with coffee. Since one of our values is not to make more harm at the origin but try to do good, we also believe in fair pricing for producers and transparency of it. Being transparent of pricing is also acknowledging that we are not perfect, but trying to strive towards developing the way we operate with our appreciated producing partners, and how we value their work through paying a fair price for their coffees.

Since 2018 we have added the FOB prices of our coffees to every coffee package label and our website. We believe this is an important way to communicate to the consumers and other fellow coffee professionals about our transparency work and our work in general.



We bought our coffees in 2021 from the following countries with these volumes:





How to read the pricing data and terminology:

FOB Price

The price when "Free On Board", meaning when the coffee is delivered to the port for exporting by our producer. This price includes the production and processing of the coffee as well as bagging it and transportations.

C-Price

The coffee C-price is the price of the coffee on the commodities market in New York. This includes the coffee price only, not the transportation. This is determined by the supply of the current coffee crops and demand by the roasting and drinking countries. In this report we have used the average C-price of the year 2021 to compare it with our paid FOB-prices. We do acknowledge this is not the best comparison, since the prices do not match with the workload of each of these prices.

To note

Coffee prices are extremely complex to communicate about and the systems change massively comparing with commodity and specialty coffees or between origins. We acknowledge the best would be to communicate the farm gate price, meaning the price what the producer gets solely for the production of their coffee and then compare it with the cost of production in that region. But to do that, we would need to ask all this time consuming information from all our producers and perhaps this possible next year, but not at the moment. To even calculate the cost of production properly is a lot of work and to even compare that to the cost of living in the area is challenging. But we hope to work together with our producers in the future to even more focus on the transparency and the sustainable development of their income of their work with their coffees.

On the different weights and currencies

Coffee is locally sold and bought in the producing countries in the local weights or bag contents which differ between country to country. Coffee is then sold to an importer or roaster as USD/lbs or another currency. Lbs means pound unit of mass. We convert this into kg's which we use in Sweden. 1 lbs = 0,453592 KG and 1 kg = 2,20462 lbs

Since coffee is traded internationally, it deals with several currencies and currency conversion plays a big role in the purchasing. Our company deals locally with Swedish krona but buy coffees in USD. We have converted the USD into average krona of 2021 which was 1 USD = 8,58 SEK.



Details of our coffees purchased year 2021

DROP COFFE TRANSPARENCY REPORT			Coffees bought 2021 Jan - Dec							
Country and producer	Comment	Drop Coffee has visited farm and know producer	Process / Varietal	Years of relationship (2019)	Kg bought	lbs bought	USD / lbs	SEK / lbs*	Total USD paid	Comparison C-market / Drop Coffee FOB
EL SALVADOR										
Finca Nejapa**	Installed solar panel and water filters. Roma lot exclusively. Female producer/owner	YES	Washed, Pacamara	7	207	455.4	4,5	38,6	2049	404 %
El Sunzita	Drop Coffee buys exclusive	YES	Washed, El Pasti Hybrid	6	690	1518	3,5	30,0	5313	314 %
El Sunzita	Drop Coffee buys exclusive	YES	Washed, Red Bourbon	6	1173	2580,6	3,5	30,0	9032	314 %
El Sunzita	Drop Coffee buys exclusive	YES	Washed, Pacas	6	828	1821,6	3,5	30,0	6376	314 %
El Sunzita	Drop Coffee buys exclusive	YES	Washed, Yellow Bourbon	6	740	1628	3,5	30,0	5698	314 %
Los Andes**	Drop Coffee buys exclusive, all coffee from farm	YES	Natural, Bourbon	7	345	759	5,5	47,2	4175	494 %
Los Andes**	Drop Coffee buys exclusive, all coffee from farm	YES	Washed, SL28	7	1035	2277	5,5	47,2	12524	494 %
Los Andes**	Drop Coffee buys exclusive, all coffee from farm	YES	Washed, Bourbon	7	2415	5313	5,5	47,2	29222	494 %
San Cayetano**	Partly female owned	YES	Natural, Catimor	6	1035	2277	3,7	31,3	8311	328 %
San Cayetano**	Partly female owned	YES	Natural, Red Caturra	6	207	455.4	4,0	34,3	1822	359 %
San Cayetano**	Partly female owned	YES	Natural, Yellow Caturra	6	69	151,8	4,5	38,6	683	404 %
San Cayetano**	Partly female owned	YES	Washed, Red Caturra	6	276	607,2	3,8	32,2	2277	337 %
KENYA										
Chorongi		YES	Washed, SL28	2	240	528	6,2	53,2	3274	557 %
Kamwangi AA	Change of importer, Drop Coffee staying loyal buyer towards cooperative	YES	Washed, SL28	9	1800	3960	5,0	42,9	19800	449 %
Kamwangi AB	Change of importer, Drop Coffee staying loyal buyer towards cooperative	YES	Washed, SL28	9	120	264	4,7	40,2	1236	420 %
COSTA RICA										
Dona Daisy	Partly female owned	YES	Red Honey Gesha	5	138	303,6	25,0	214,5	7590	2245 %
Dona Daisy	Partly female owned	YES	White Honey, Gesha	5	137	301,4	18,0	170,3	5425	1616 %
Don Mayo		YES	Yellow Honey Catuai	5	565	1243	3,0	28,4	3729	269 %
HONDURAS										
Cerro Azul**	Partly female owned	YES	Natural, Java	2	828	1821,6	4,5	38,6	8197	404 %
Cerro Azul**	Partly female owned	YES	Washed Catuai	2	1380	3036	2,5	21,5	7590	224 %
NICARAGUA										
Las Delicias**	Highest scoring farm and producer on our sustainability impact report. Female owner	YES	Washed, Java	4	690	1518	4,8	41,2	7286	431 %
Las Delicias**	Highest scoring farm and producer on our sustainability impact report. Female owner	YES	Natural, Java	4	1242	2732,4	4,8	41,2	13116	431 %
Los Favoritos**	Auction lot, Joanna & Steve sensory judges	YES	Natural, Java	4	104	228,8	18,2	156,2	4164	1634 %
Limoncillo**		YES	Washed, Caturra	3	1725	3795	2,2	18,9	8349	198 %



ETHIOPIA										
Ana Sora**		YES	Natural, Mixed local varieties	6	1,2	2,64	3,4	29,2	9	305 %
Ana Sora		YES	Washed, Mixed local varieties	6	600	1320	3,3	28,3	4356	296 %
Uruga**		YES	Natural, Mixed local varieties	3	4680	10296	3,4	29,2	35006	305 %
Hunkute	Change of importer, Drop Coffee staying loyal buyer towards cooperative	YES	Washed, Mixed local varieties	11	1200	2640	3,7	31,7	9768	332 %
Wote	First visited in 2010	YES	Washed, Mixed local varieties	4	600	1320	3,4	28,9	4448	303 %
BOLIVIA										
Alasitas	Partly female owned	YES	Anaerobic, Caturra	7	300	660	4,4	37,8	2904	395 %
Alasitas	Partly female owned	YES	Lactic, Gesha	7	20	44	35,0	300,3	1540	3142 %
Carmelita	Drop Coffee shares exclusivity with one more buyer. Female producer/owner	YES	Washed, Java	7	480	1056	6,0	51,5	6336	539 %
Carmelita	Drop Coffee shares exclusivity with one more buyer. Female producer/owner	YES	Anaerobic, Caturra	7	1200	2640	4,4	37,8	11616	395 %
Carmelita	Drop Coffee shares exclusivity with one more buyer. Female producer/owner	YES	Natural, Caturra	7	300	660	5,0	42,9	3300	449 %

C-Market price, 2021 average, USD/lbs		US\$ 1,11
Drop Coffee average		US\$ 6,34
Total amount kg purchased		27370
Total amount pounds purchased		60214
Total USD paid FOB		US\$ 256520
Average FOB based on total volume purchased		US\$ 4,26
Amount of kg/Country		
ETHIOPIA		7081
EL SALVADOR		9020
BOLIVIA		2300
KENYA		2160
COSTA RICA		840
NICARAGUA		3761
HONDURAS		2208
*Exchange rate 2021 average		1 USD = 8,58 SEK
1 lbs = KG		0,45
1 kg = lbs		2,20
** The coffee producer also exports the coffee		

2

INVESTING IN TRANSPARENT VALUE CHAINS



34 coffee lot details with pricing were communicated on our website and on the coffee boxes in year 2021

Since 2019 we have communicated the prices of our coffee lots on our website as well as on every single coffee box we sell to consumers or wholesale clients. You can find the pricing details on the labels on the coffee boxes as well as on every single coffee page on our website. This impacts on the awareness on the transparent pricing and value chains on the specialty coffee industry and hopefully generated conversation amongst the consumers about the coffee value chains.

We have been fortunate enough to share our coffee pricing data with the Speciality Coffee Transaction Guide for two 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.



2 years of collaboration



62 coffee lot details of the purchased lots donated for the use of SCG.

SPECIALTY
COFFEE
TRANSACTION
GUIDE

3

INVESTING IN MOVING AWAY FROM THE DOMINATION OF 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.



In the year 2021, we bought 34 coffees with the price all more than 200% above the average c-price of the same year.



The FOB pricing of our coffees in 2021 averages 586% over the average c-price of the year.



The C-Market price for 2021 average was 1,1 USD/Ibs. We paid our coffees the same year on average 6,5 USD/Ibs.



Our lowest price was 2.2 USD/Ibs and the highest 35.00 USD/Ibs.

SOCIAL SUSTAINABILITY



SOCIAL SUSTAINABILITY SHOWCASED AT DROP AS:

1

INVESTING IN EQUALITY DEVELOPMENT INTERNALLY

We have EDI, anti-harassment and discrimination policy in place through which we invest into equality development at work internally.

2

VALUING THE WORK OF WOMEN IN THE COFFEE VALUE CHAIN

We value and invest into coffee produced by women to address the gender equity at producing communities.

3

INVESTING IN DEVELOPMENT OF SUSTAINABILITY TOOLS AND COFFEE INDUSTRY LEADERSHIP

We invest our time to take part in developing tools for coffee businesses to approach sustainability work as well as lead the way for the future coffee industry.

4

INVESTING IN LONG-LASTING AND PERSONAL PRODUCER RELATIONSHIPS

We value and invest into long-term and personal relationships with our coffee producers and partners.

1

INVESTING IN EQUALITY DEVELOPMENT INTERNALLY

We have an EDI, anti-harassment and discrimination policy at work at Drop and our owner Joanna Alm and general manager Lisa Hall have both signed it. It explains how we increase diversity and prevent discrimination in the company. The policies aim is to protect our employees, customers and stakeholders from offensive and harmful behaviors. This policy supports our overall commitment to creating a safe and happy workplace for everyone.

The policy applies to all employees, contractors, visitors, customers and stakeholders during work and work-related hours and all activity at our café at Mariatorget and roastery location in Rosersberg, but also when representing Drop Coffee at customers, producers, coffee events and work-related gatherings.

Policy elements include to name a few: age, gender identity, religion, ethnicity, nationality, pregnancy and sexual orientation.

TO STRIVE FOR ED&I DROP COFFEE IS FOR EXAMPLE:

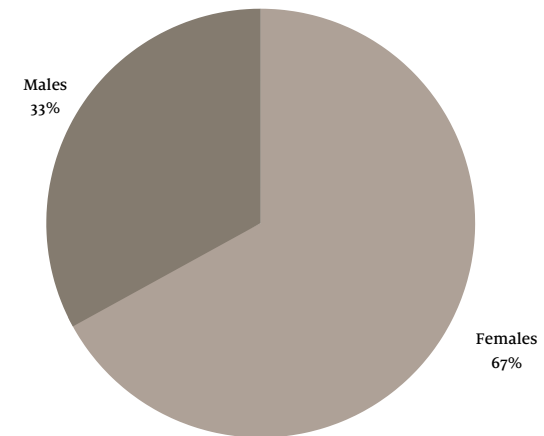
Working with Arbetsförmedlingen, the unemployment office to hire newly arrived immigrants

We have hire one staff member through this process and hope to find more staff this in the next years. Note that our team is small and we have rarely open new vacancies.

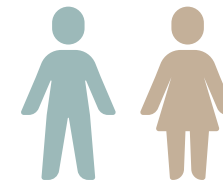


Aiming for a balance of gender in the workplace

In management positions, we have persons who identify themselves as 2 males (33%) and 4 females (67%).



Our owners identify themselves as 1 female and 1 male = 50%/50%



Showcasing coffee producers of different genders

Read more of this work in the next section of this report.

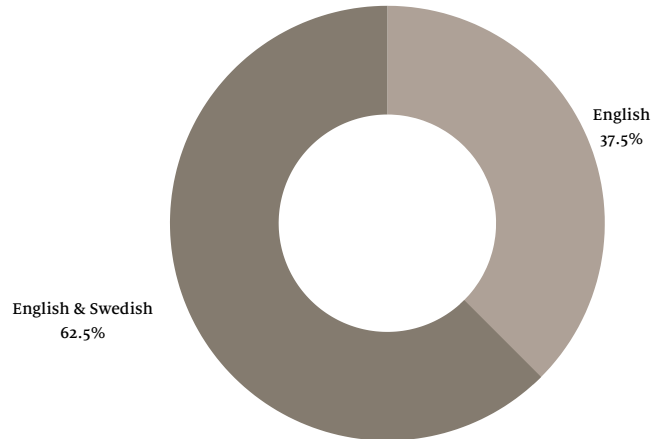


Not forcing any staff to speak both Swedish and English, however, one of those are needed for communication internally and on the board.



Giving guidance to the staff in both English and Swedish.

3 of 8 of our staff speaks English but not Swedish
5 of 8 of our staff speaks English and Swedish



"I find this policy very good. There have been a few customers who have reacted to someone not speaking both of the languages, but when you as a staff member know what is expected of us, you feel safe in these situations. In this situation the policy has been very handy to have."

Drop Coffee Cafe Manager Sergei Minakov



Our roaster Erik Burman cupping roast samples at our roastery.



Our staff member Sahsa Hrynkevich



Strive to hire minor groups less presented in the society, from gender, ethnicity and religion



Same right to hiring no matter maternity/ paternity



Allowing everyone into our café and treat all guests respectfully



“When someone new starts in our team, we send them the documents with our policies to read. It’s up to them if they read it or not, but it gives the staff member a chance to know how to behave at work as well as what to do if situations arise. We also hold a copy of the policy at the cafe and talk about the content of the policy at our 1 on 1 half-yearly meetings with the staff”

Drop Coffee Cafe Manager Sergei Minakov



We are connected to the collective agreement of hotels and restaurants (HRF) which protects our staff and ensures higher wages, holiday pay and a more secure employment.



2 VALUING THE WORK OF WOMEN IN THE COFFEE VALUE CHAIN

Coffee production is unequal between the sexes worldwide. This is linked to the unequal status of women and men in history and is reflected today in the inequality and quantity of work, the lack of respect for women and the limitations of their opportunities.

At Drop, valuing the work of women in the coffee value chain has been in the core of our work. We have collaborated with female producers from several countries as continue to do so to do our part in highlighting the female producers and their work.

Supporting women producers is important, as there is a strong gender imbalance in coffee production. For example, women do not have as good access to loans or training in coffee farming, and they do not inherit land nearly as often as men.⁴ Women are also seen to work more for “a double burden”, meaning the women being responsible of home work but also working at the farms.⁵ Attitudes towards female coffee producers also affect on these challenges. Women are usually not seen as the head of the family taking care of the financials or decisions of the farms.

Research shows that when women are empowered to make decisions, including economic decisions, families and communities are more successful and their needs are better met.⁶

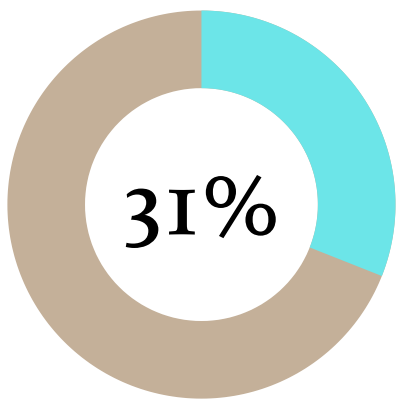


Eleane Mierisch from Las Delicias with Joanna in Nicaragua

We buy coffees from El Salvador, Costa Rica, Honduras, Nicaragua and Bolivia. All these countries are regions, where women have fewer possibilities in their life compared to men. In Latin America, Bolivia counts the highest figures of physical and sexualised violence against women.⁷ El Salvador has one of the toughest abortion laws of the world and is also one of the most dangerous countries to be a woman, with the rate of women murdered among the highest in the world.⁸ In Honduras in 2018, 7.2% of women aged 15-49 years reported that they had been subject to physical and/or sexual violence by a current or former intimate partner in the previous 12 months. Also, women and girls aged 15+ spend 17.3% of their time on unpaid care and domestic work, compared to 4.3% spent by men.⁹ In Nicaragua, 35.2% of women aged 20-24 years old were married or in a union before age 18.¹⁰ In Costa Rica, women and girls aged 10+ spend 23.5% of their time on unpaid care and domestic work, compared to 8.2% spent by men.¹¹



In total of Drop's coffees purchased, 31% were fully or partly produced by a female



During the year 2021 Drop Coffee bought coffees from 9 female producers and in a total of 16 separate lots



In total we bought 6209 kg of these coffees meaning we in total invested in female produced coffees 64346 USD

INVESTING IN WOMEN IN THE VALUE CHAIN: A LOOK INTO OUR COLLABORATION WITH LAS DELICIAS, NICARAGUA

In Nicaragua we have been buying coffees for 4 years in total from the owners of Las Delicias, the highest scoring coffee according to our internal sourcing tool, our Impact Report. This farm is owned by a female producer Eleane Mierisch at the Lipululu in Jinotega Region in the North West of Nicaragua. Eleane is one of the leading lights in coffee processing in Nicaragua. Much of the reason the coffee from the family Mierisch is tasting so clear and sweet, is thanks to their great processing, and Eleane is the one in charge of it. Head of processing is a job title dominated by men in Nicaragua. She is coming from a well-established coffee family that have several farms in Honduras and Nicaragua, but Las Delicias is the first one that is hers alone and this coffee is just the second harvest coming out of her farm.

Eleane is working with a lot of respect for nature and "to be grateful to mother nature" as she says it herself. The Mierisch family are very active in social projects around the farms. They have a full time kitchen team at their farms to make breakfast and lunch as well as they have built daycare centers and schools for the workers, located at the farms. Children helping their families at the farms is common in Nicaragua, but instead they are asked to go to the school or leaving the kids at the caretaker as they are working. The workers are also offered help with family planning and medical advice from specialized staff.



*The FOB price we have paid for this coffee is
USD per pound 4,75 USD/lb*



Eleane Mierisch

3

INVESTING IN THE DEVELOPMENT OF SUSTAINABILITY TOOLS AND COFFEE INDUSTRY LEADERSHIP

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 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 2021 Joanna invested her time in:



75 hours on the 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 the first part of it has been now published.¹²



65 hours as the Board of Director at SCA to represent the members of the organisation.

Other volunteer positions of Joanna in previous years:



Chair of the Coffee Roasters Guild Sustainability 2019-2020

SCA Sustainability Advisory Council 2018-2020



4

INVESTING IN LONG-LASTING AND PERSONAL PRODUCER RELATIONSHIPS

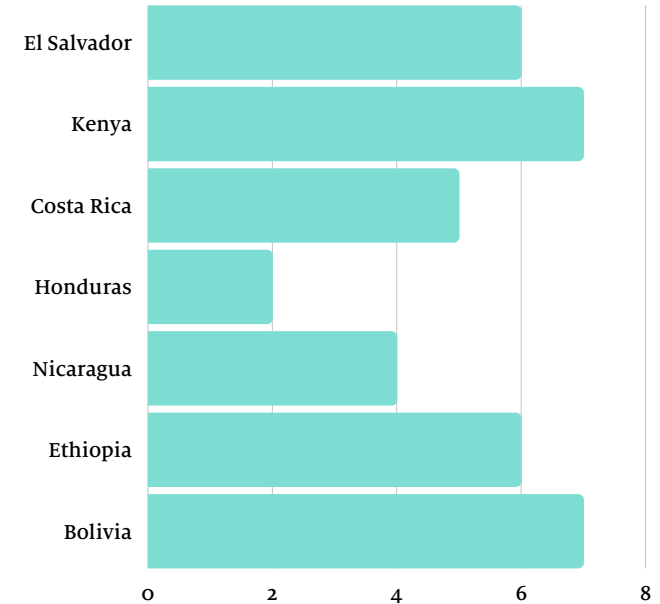
We have a coffee buying policy according to which we need to meet every producer before we buy their coffee. We believe in strong mutual relationships when doing business and believe that we can help one another when we have met face to face. We have a buying impact report in place, which we use to assess the sustainability and responsibility practices of the farms and producers to guide our buying decisions and practices. When we visit the producers, we understand we are receiving a snapshot of the reality of the farms and processing facilities. We still value these experiences and part of our Impact report assessment 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.

The average number of years we bought from the same producer or cooperative coffee for 2021 was 5,7 years

Our longest relationship is with the coffee lot from Hunkute, Ethiopia which we have been buying and representing for 11 years. Even when the importer of this coffee has changed along the way, we have stayed loyal to the cooperative to buy their coffee.

The average length of the relationships with producer comparing between origins (years)



The long-term relationships demonstrates our commitment to the ethical sourcing practises we carry out as well as for our producing partners we are fortunate to collaborate with.



"Drop visits us every year, they have a long partnership with one producer and with us! They pay good prices and present our coffees well. They have been a big support to us in the last years; When Bolivian production was in the lowest years. We have a longterm partnership with stable prices and friendship."

Tells Daniela Rodriquez from Bolivia, who exports our Bolivians coffees and partly owns the farm of Alasitas.





ENVIRONMENTAL SUSTAINABILITY

ENVIRONMENTAL SUSTAINABILITY SHOWCASED AT DROP AS:

1

BUILDING ENVIRONMENTAL PROCESSES AND SHARED VALUES - ENVIRONMENTAL POLICY

We use environmental policy with ourselves and our staff to create awareness and guidance on environmental practices.

2

SOURCING THE CAFE PRODUCTS FROM OUT LOCAL PRODUCERS IN SWEDEN

We use locally produced products when available.

3

SOURCING COFFEES FROM ENVIRONMENTALLY CONSCIOUS PRODUCERS

We value producers who in their work respect the nature and prioritize their farm practices accordingly.

1

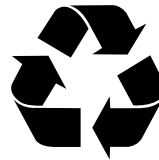
BUILDING ENVIRONMENTAL PROCESSES AND SHARED VALUES AT WORK - ENVIRONMENTAL POLICY

We believe in the power of policies and would like to have time to create even more of them. To enforce the change and our own responsibility with reducing the carbon from our processes as well as to reduce our negative impact on the climate and natural diversity, we have made an environmental policy. This has been signed by our owner Joanna Alm as well as our general manager Lisa Hall as well as is sent to the every new employee when they start their position at the cafe or roastery. A physical copy of this policy is also found at the roastery and cafe. The purpose of this policy is to inform the company about its decisions including purchases, travels and operations at the cafe and roastery.

THE POLICY INCLUDES FOR EXAMPLE:



Compliance with conscious recycling efforts



“We try our best to minimise the risk created at the cafe and roastery. We recycle all the normal waste such a paper, carton, metal, glass and plastic. We do not recycle or compost our coffee grounds at the moment, but I am actually working on this at the moment. It’s part of our future goals”

Drop Coffee Cafe Manager Sergei Minakov



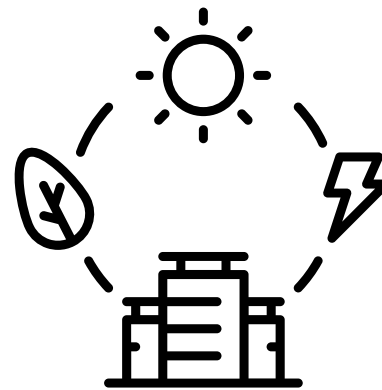


To lower our energy carbon emissions, we use renewable electricity at our roastery and cafe

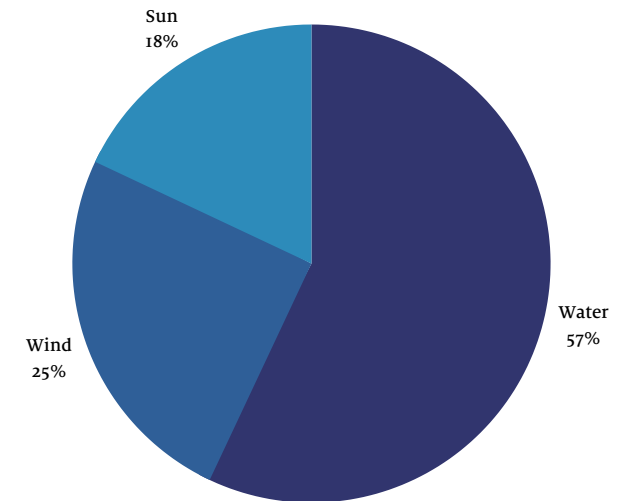


at the cafe in the year 2021, we used a total of 23 010 kilowatt hours of electricity

our roastery used in the same time total of 14 522 kilowatt hours of electricity



Our renewable electricity comes from the following sources:



Using renewable energy as a business is important, since the electricity accounts to 29% of the global warming emissions at some parts of the world. Most of these emissions come from fossil fuels like coal and natural gas. In contrast, most renewable energy sources produce little to no global warming emissions.¹³ Renewable energy sources replenish themselves naturally without being depleted in the earth and are the most outstanding alternative and the only solution to the growing challenges of the climate change.¹⁴



We strive to lower our food waste:

We use the Karma App at our cafe, which is an app for food and drinks companies to sell their surplus products to consumers at a lower price. During the year 2021 we:

sold 385 items through the app

saved 134750 food grams from going to waste

and saved 202125 CO2 grams from being created through the wasted food



We reduce our travelling needs to lower our carbon footprint



During 2021 we didn't fly due to the Covid-19 pandemic. This is 21 flights less than during the year 2020. We normally travel yearly to meet our producing partners in the origins and look forward to meeting them again. We acknowledge that this is heavy on the environment and our planet, so we reassess the situation of our relationships yearly for the need to visit or if the alternative relationship building tools could be used instead, such as Zoom-meetings and WhatsApp messages.

We have one company car in use. In 2021 we drove a total of 4103 kilometres.

Our 2021 travel carbon emissions total as 852060,44 grams, which converts to 85,20 tons. Using the carbon compensation company Compensate's compensation calculator, this equals to purchasing a little less than 1 carbon credit to offset these emissions. We are currently investigating a meaningful way to increase our data collection on our carbon emissions as well as a reliable and effective way to offset these missions.





We strive to lower our carbon footprint by using climate-conscious shipping alternative

We offer as part of our product shipping possibilities an carbon-offset shipping through DHL Go Green Climate Neutral,¹⁶ which is a shipping service where DHL have calculated and offset the transport and logistics-related emissions through contributions to their climate protection projects. These practises undergo a third-party verification process.

In 2021 88% of our total outgoing orders where shipped with DHL Go Green Climate Neutral.

The environmental policy has been in use since 2019 and is reviewed yearly.



“We send this policy as a part of a larger document to every new staff member. Through this we create awareness of how we should focus on and what is expected of us”

Drop Coffee Cafe Manager Sergei Minakov



“We know we are not perfect in what we do. We are critical of what we are doing and looking for ways to improve. This reporting process has pointed out many new improvement areas in our sustainability work, which we will focus on this and next year”

Drop Coffee General Manager Lisa Hall



2

SOURCING OUR CAFE PRODUCTS FROM THE LOCAL PRODUCERS IN SWEDEN

We use locally produced products when available

We have amazing local food producers in our area in Sweden and are lucky enough to use their products in our cafe. Here is a list of the producers with the distance to our cafe:

Bread - Svedjan 1 km

Organic Nectar - Hans Naess 126 km

Organic tonic and sodas - Ekobryggeriet 154 km

Kombucha - Kombucheriet (with our Cascara) 9 km

Cold Brew - Sidekick (made with our coffee) 6 km

Organic beer - Sthlm Brewing Co 17 km

Barista chocolate - Österlen 600 km

Organic milk - Roslagsmjölk 133 km



Sergei Minakov,
The Cafe Manager

3

SOURCING COFFEES FROM ENVIRONMENTALLY CONSCIOUS PRODUCERS

Our producer partners use the highest integrity when producing their coffees and taking care of the surrounding environment. Through the usage of our Impact Report, we have been happy to make decisions to source our coffees 100% from farms where:



The pulp is reused or composted sufficiently after de-pulping

Additional water management and soil management practises are taken place at most of the farms we buy from.



This is Carmelita from northern part of Bolivia near Caranavi. She is part of the "Sol De Mañana" (tomorrow's sun) sustainability project by the Rodriguez family and we have been purchasing her coffee now for 7 years.



In our own and our recommended farming practices to our producers we: focus on reforestation with 50 different varieties of trees, concentrate the processing of the cherries in just one wet mill, provide good camps for the pickers so they can have a dignified lifestyle and look for ways to improve the conditions of living of our producers, farm managers and mill employees.

Daniela Rodriguez from Agricafe Bolivia. In the picture with her brother, Pedro Pablo Rodriguez.





SUMMARY

Economical sustainability

We are the most proud of maintaining a strong business during difficult times. The past two years have been inconsistent, unpredictable and difficult for a small business sourcing their main raw product globally. We managed to keep our clients, expand our clients online as well as keep our staff working safely through this time. This experience has taught us resilience, trust in our staff and our relationships as well as risk management and creativity

Social sustainability

We are proud to be using our own sustainability assessment template to understand what's happening at the beginning of the coffee supply chain and to make our decisions and eventually, the impact of our actions, based on it. Through this tool, we know where to look, what to ask and know how to record it. We use this with all of our current and new suppliers we buy from and are happy to continue working with it.

Environmental sustainability

Our various and detail-oriented recycling efforts are something that we are proud of this year. We focus on creating less waste, but the unavoidable waste we do create through our business, we try to recycle in our cafe, roastery and home office. We look forward to finding more ways to create less waste and to up-cycle and grow the lifecycle of our products.



**WHAT WE ARE
THE MOST
PROUD OF**

WHAT WE ARE FOCUSING ON IN 2022



Economical sustainability

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. We believe the price to be paid of coffee should be above the cost of production of the coffee at the origin and the wellbeing of the producer means the wellbeing of the roaster.

Social sustainability

How we can more support our employees to give them a fulfilling and impactful job. Be this through higher wage, expanded quality education or Barista Championships training and involvement, or/and support for their physical and mental health in and outside of work.

Environmental sustainability

Reduction of the CO2 emissions of our company, tracking the emissions, evaluating them as well as offsetting them. We have wanted to do this already during 2021 and have started the process, and look forward to sharing the results with you next year. This is a long and challenging process, but we look forward to finding good partners and impactful, third-party evaluated offsetting projects for it.

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THANK YOU

dropcoffee.com

[@dropcoffeeroasters](https://twitter.com/dropcoffeeroasters)
[@dropcoffeeshop](https://twitter.com/dropcoffeeshop)

Our locations

Café
Drop Coffee
Wollmar Yxkullsgatan 10
118 50 Stockholm
Sweden
(Metro: Mariatorget)
sergei@dropcoffee.se

GRACIAS

Roastery
Sales, Wholesale inquiries,
General requests and Web orders

Drop Coffee Roastery
Tenggatan 27B
195 72 Rosersberg
Sweden
info@dropcoffee.se
+46 70-423 92 29

TACK



Made in collaboration with
Hanna Huhtonen
hello@hannahuhtonen.com

