



METRIC

2020 Transparency Report



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Our mission is to champion quality, transparency, and sustainability in Specialty Coffee.



Chicago, 2012. It began over late-night beer and tacos at Big Star in Wicker Park. Our conversation about what we were doing shifted to what we would love to do: launch our own brand. We didn't have money, much less equipment, to make the coffee brown, but we had visions of developing meaningful relationships with coffee producers, establishing a solid roasting program and building the cafe of our dreams.

In March of 2013, we found a space in Chicago's West Fulton neighborhood and officially launched Metric as a wholesaler and online retailer. In the years since, we've grown organically into a roaster and retailer with a strong emphasis on sourcing, quality roasting and service. Today, Metric employs a small staff of coffee professionals dedicated to quality engagements, education and authenticity.



Best Practices

Sourcing Protocols

Building a reputable buying program requires having established buying protocols in order to meet the needs of our business. The decisions we make in order to reject or approve a coffee have a major impact on everyone participating in the coffee supply chain and are deeply significant to the coffee producer. Judgment calls around value vs. quality, and commitments to environmental and social purchasing (strategies we employ to protect ourselves financially in a volatile marketplace) as well as the accountability we uphold for managing inventory needs properly and paying bills in a timely manner all greatly affect our ability to create the positive change we wish to see in the coffee industry. As coffee buyers, we need to make good, sound, and ethical decisions in each of these areas.

Metric Green Buying Criteria

- Source exceptional, high quality coffees from established producing partners.
- Pay fair prices.
- Establish and foster direct relationships with coffee producers.
- Pay them annual farm visits to encourage connection and express our commitment.

Transparency

Transparency in the supply chain is simply a way by which exporters, importers and roasters can share open information that helps consumers understand the breakdown of the costs associated with their coffees. For Metric, full and equitable transparency throughout the chain means a stronger sense of just how your money is being spent, as well as the empowerment of coffee farmers with market knowledge which they can utilize when negotiating with green coffee buyers.

Additionally, understanding the full social, environmental and economic impacts of coffee, from the field to the cup, means that producers, consumers, and all in between, are empowered with information to make sustainable choices at the retail level.

Still, transparency in the supply chain is only as good as the data that supports it. This requires the industry to come together in order to accurately put the data into context. When coffee companies

share the true cost of the coffee with their customers, it can better help them understand how and if the coffees they are buying are sourced in a sustainable way or contributing to poverty wages.

The challenge with sharing farm gate pricing and F.O.B figures alone is that the dollar amounts do not tell the entire story. They do not indicate the quality, quantity or cost of production for a particular coffee, nor communicate its unique supply chain, which will vary greatly from country to country, region to region, and producer to producer. They also do not account for variations in the cost of living, exchange rate fluctuations, or the costs associated with delivering the coffee, and there is no insight into the communities that grew and processed this coffee, or the types of social initiatives that may be undertaken within those communities by a producer, cooperative or exporter.

A Better Price

Sustainability has three components: environmental, social, and economic.

Environmental sustainability encompasses two broad issues: the continued availability of resilient ecosystem services, and the maintenance of conserved nature. More broadly, it requires climate resiliency.

Social sustainability considers impacts on people. This includes the avoidance of harms—no child labor, no land grabbing—as well as positive steps, such as increasing food security. We look for partners who have a continually positive impact within the communities they farm.

For coffee producers, economic sustainability requires decent work and adequate “living wages.” A living wage is a wage that is sufficient to afford a decent standard of living for food, housing, education, and healthcare including the farming of non-coffee crops and to off-farm work to help supplement their income.



The Power of Information

Being “Transparent” about the price that we pay for coffee is our form of accountability and responsibility. We manage this by publishing our prices via a QR code with every bag. Why is this important to us? Our hope is for consumers providing access to the price paid to the producer which includes all of the costs for all the services in between the farm and their cup, the cost of production and the living wage in order to provide you, the coffee consumer the information you need to make better decisions at the retail level.

In promoting transparency in pricing, we firmly believe it will help to address the specialty market’s most pressing problems. With more supply-chain transparency, green coffee negotiations will be based on consistent information that is shared among sellers and buyers. With more sector-wide transparency, markets

will provide appropriate and credible pricing benchmarks. With more customer-facing transparency, consumers will include appropriate farmer compensation among their key buying criteria. By cultivating a specialty coffee market that encourages prices to adjust to more appropriate levels, transparency programs will ensure that talented individuals remain interested in coffee farming. They will ensure that funds are available for much-needed investments. And they will ensure that real economic opportunities are presented to individuals at every step along the coffee value chain. Ultimately, while noble, there are a myriad of challenges with transparency and there’s no easy way to gather the necessary data to prove if the prices paid to producers are in fact “fair” but we meet this challenge by asking ourselves and the producers we work with- what is your cost of production?

Cost of Production

Cost of production refers to the total cost incurred by a business to produce a specific quantity of a product or offer a service. Production costs may include things such as labor, raw materials, or consumable supplies. In economics, the cost of production is defined as the expenditures incurred to obtain the factors of production such as labor, land, and capital, that are needed in the production process of a product.

How are these costs estimated? The estimation of a producer's costs of production takes into account these two factors- Fixed & Variable. Fixed costs referred to costs that stay the same no matter how much you produce. In other words, if a producer spends the same amount of money on fixed costs whether you produce 1 bag or 50 bags each harvest that would be considered a fixed cost. Variable costs are costs that change with the changes in the level of production. That is, they rise as the production volume increases and decrease as the production volume decreases. If the production volume is zero, then no variable costs are incurred. Examples of variable costs include, utility costs, raw materials, and direct labor costs.



Future Goals — Cost of Living vs. Cost of Production



While we are making progress on transparency, cost of production is still not a perfect one size fits all model in most of the countries we buy coffee from. For the most part, the information provided by our intermediary partners only explains one side of the story but doesn't take into account all the necessary data needed to prove or disprove if the price paid is fair or not. So what's the solution? Our friends and partners in Colombia, Azahar, gather data in 3 different departments in Colombia to determine 3 different tiers of pricing per carga of parchment. The three tiers in pricing cover what a) poverty, b) minimum, and c) sustainable income would be by aggregating information from all 3 departments to give coffee buyers the information to make better and more informed decisions.

For Metric, our Future Goal is to approach each purchase decision by utilizing the same or similar metrics developed by Azahar in every country we work with because a better price means social, environmental and economic improvements by virtue of a fair price.



2020 Coffee Purchases

LOT NAME	COUNTRY	VOLUME	FOB PRICE	YEARS	RELATIONSHIP
La Communi3n	Honduras	28 x 69kg bag	4.00 \$ / lb	4	Direct Trade
Alma Pineda	Honduras	25 x 69kg bag	4.50 \$ / lb	4	Direct Trade
Remigio Castellanos	Honduras	6 x 69kg bag	4.50 \$ / lb	3	Direct Trade
Evin Moreno	Honduras	12 x 69kg bag	4.50 \$ / lb	1	Direct Trade
Cecilio Aguilar	Honduras	10 x 69kg bag	4.00 \$ / lb	4	Direct Trade
Las Peñitas	Honduras	175 x 69kg bag	2.77 \$ / lb	2	Direct Trade
Proyecto Cabanas	Honduras	275 x 69kg bag	2.77 \$ / lb	4	Direct Trade
Benjamin Paz El Brujo	Honduras	7 x 69kg bag	4.25 \$ / lb	4	Direct Trade
Benjamin Paz Pacas Honey	Honduras	8 x 69kg bag	4.25 \$ / lb	2	Direct Trade
Honduras Proyecto Cabanas Washed Lot 5	Honduras	50 x 69kg bag	2.98 \$ / lb	5	Direct Trade

LOT NAME	COUNTRY	VOLUME	FOB PRICE	YEARS	RELATIONSHIP
Honduras Proyecto Cabanas Washed Lot 6	Honduras	20 x 69kg bag	2.98 \$ / lb	5	Direct Trade
Remigio Castellanos	Honduras	7 x 69kg bag	4.50 \$ / lb	5	Direct Trade
Alma Pineda	Honduras	20 x 69kg bag	4.50 \$ / lb	5	Direct Trade
Alma Pineda – Parainema Anaerobic 48hr	Honduras	5 x 69kg bag	4.35 \$ / lb	5	Direct Trade
Alma Pineda – Honey	Honduras	5 x 69kg bag	3.85 \$ / lb	5	Direct Trade
Alma Pineda – Parainema Anaerobic 48hr	Honduras	5 x 69kg bag	4.35 \$ / lb	5	Direct Trade
Alma Pineda – Parainema Natural	Honduras	5 x 69kg bag	3.85 \$ / lb	5	Direct Trade
Denis Enamorado	Honduras	5 x 69kg bag	4.85 \$ / lb	6	Direct Trade
La Ventana	Guatemala	25 x 69kg bag	3.60 \$ / lb	3	Direct Trade
Soberano	Guatemala	2 x 69kg bag	4.35 \$ / lb	3	Direct Trade

LOT NAME	COUNTRY	VOLUME	FOB PRICE	YEARS	RELATIONSHIP
La Danta	Guatemala	65 x 69kg bag	3.20 \$ / lb	3	Direct Trade
Joya Verde	Guatemala	3 x 69kg bag	4.10 \$ / lb	3	Direct Trade
Pedregal	Guatemala	11 x 69kg bag	3.60 \$ / lb	3	Direct Trade
Hamacas	Guatemala	12 x 69kg bag	3.90 \$ / lb	3	Direct Trade
El Tropicico	Guatemala	2 x 69kg bag	4.35 \$ / lb	3	Direct Trade
La Barranca	Guatemala	20 x 69kg bag	N/A	3	Direct Trade
Lisandro Cardenas Las Brisas Lot 1	Colombia	12 x 70kg bag	3.69 \$ / lb	4	Direct Trade
Maria Elsy Chavez El Arrayan	Colombia	5 x 70kg bag	4.50 \$ / lb	4	Direct Trade
Nariño	Colombia	50 x 70kg bag	3.38 \$ / lb	5	Direct Trade
Funes	Colombia	20 x 70kg bag	3.38 \$ / lb	5	Direct Trade

LOT NAME	COUNTRY	VOLUME	FOB PRICE	YEARS	RELATIONSHIP
Recolectores	Colombia	50 x 70kg bag	3.19 \$ / lb	5	Direct Trade
Afrutado	Colombia	40 x 70kg bag	3.22 \$ / lb	1	Direct Trade
Eduardo Urquina Sanchez – San Carlos	Colombia	5 x 35kg bag	4.46 \$ / lb	2	Direct Trade
Luis Eduardo Tulcan – Bella Vista	Colombia	3 x 24kg box	4.45 \$ / lb	2	Direct Trade
Bernardo Chavez Rosero Caturra	Colombia	7 x 70kg bag	4.66 \$ / lb	5	Direct Trade
Lisandro Cardenas Pink Bourbon	Colombia	8 x 24kg box	4.65 \$ / lb	5	Direct Trade
Nelson Chaves	Colombia	5 x 70kg bag	4.62 \$ / lb	5	Direct Trade
Nelson Chavez Special Prep	Colombia	7 x 70kg bag	4.71 \$ / lb	5	Direct Trade
Decaf Pioneers	Colombia	N/A	4.00 \$ / lb	2	Direct Trade
Javier Solis Catuai Black Honey	Costa Rica	8 x 69kg bag	4.95 \$ / lb	1	Direct Trade

LOT NAME	COUNTRY	VOLUME	FOB PRICE	YEARS	RELATIONSHIP
Juanra Montero Mokka	Costa Rica	2 x 69kg bag	6.30 \$ / lb	1	Direct Trade
La Gaviota	Perú	20 x 69kg bag	4.00 \$ / lb	4	Direct Trade
Jose Rivera — El Rejo Lot 1	Perú	40 x 69kg bag	4.50 \$ / lb	N/A	Direct Trade
Dionisio Pintado	Perú	15 x 69kg bag	3.75 \$ / lb	4	Direct Trade
Efrain Carhualloclo	Perú	5 x 69kg bag	4.40 \$ / lb	1	Direct Trade
Tabaconas	Perú	200 x 69kg bag	3.09 \$ / lb	3	Direct Trade
Agua Azul	Perú	75 x 69kg bag	3.09 \$ / lb	1	Direct Trade
Dionisio Pintado	Perú	20 x 69kg bag	3.75 \$ / lb	3	Direct Trade
Gesha	Perú	1 x 69kg bag	12.00 \$ / lb	3	Direct Trade
Worka Chelbessa CM	Ethiopia	9 x 60kg bag	4.68 \$ /lb	1	Atlantic

LOT NAME	COUNTRY	VOLUME	FOB PRICE	YEARS	RELATIONSHIP
Worka Chelbessa	Ethiopia	10 x 60kg bag	3.85 \$ / lb	1	Atlantic
Worka Sakaro	Ethiopia	10 x 60kg bag	3.11 \$ / lb	1	Atlantic
Wote Gogugu	Ethiopia	10 x 60kg bag	4.00 \$ / lb	1	Atlantic
Halo Hartume	Ethiopia	10 x 60kg bag	3.75 \$ / lb	2	Atlantic
Halo Beriti	Ethiopia	20 x 60kg bag	4.00 \$ / lb	3	Atlantic
Wolichu Wachu	Ethiopia	6 x 60kg bag	3.75 \$ / lb	1	Atlantic
Yabitu Tome	Ethiopia	20 x 60kg bag	3.75 \$ / lb	1	Atlantic
Sollomo	Ethiopia	40 x 60kg bag	3.75 \$ / lb	1	Direct Trade
Githimbe Kirika	Kenya	6 x 60kg bag	6.16 \$ / lb	1	Dorman's

C-Market Data for 2020

AVERAGE CLOSING PRICE	YEAR OPEN	YEAR HIGH	YEAR LOW	YEAR CLOSE	ANNUAL % CHANGE
\$1.1138	\$1.2710	\$1.3400	\$0.9365	\$1.2825	-1.12%



Name	Producer, Cooperative or Union Name.
Country	Origin where the coffee is from.
Volume	The total weight of the purchased coffee in pounds.
FOB Price	FOB stands for Free on Board, a term that means a coffee is ready for export, such as being “onboard” a ship. It represents that price paid to the Producer and Exporter. FOB prices are what are often mistakenly thought of as what the farmer was paid.
Years	The number of consecutive years Metric has worked with the producer, cooperative or union.

DT/IP	Direct Trade refers to coffees brokered directly with a coffee producer and IP refers to Importing Partner.
C Price	All coffee is traded as a commodity on the C Market. C Market trading determines a global base FOB price for green coffee and it fluctuates daily as it’s traded. In 2020, the C-market averaged at \$1.11/lb.
RTO	Prices set by the Fair Trade standard. The Fair Trade price in 2018 was \$1.40 with an additional \$0.30 for Certified Organic coffees.
Farm Gate	Farm Gate is the price paid the moment the coffee leaves their hands.

METTRIC

Thank you.

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