

TOPECA  
TUL USA  
COFFEE ROASTERS

TRANSPARENCY REPORT 2020

We believe supply chain transparency is important in creating a more equitable position for those at the bottom of the chain. Agriculture is a tough business, and many of the world's farmers operate at loss.

We hope that by supporting coffee farmers and supply partners by paying fair and sustainable prices, and committing to long term supply relationships, we can help to move the needle in the right direction.

Below is a report of prices Topeca paid for green coffee, per origin, over the total amount of coffee roasted in 2020. Some coffee included in this report was purchased in Q4 of 2019.

Before we dig into the numbers it is important to understand a few bits of supply chain lingo:

**C-Market:** This is the global commodity market based in Wall Street NY, that deals in Arabica green coffee futures. This market by and large sets the global price for commercial coffee. This price fluctuates daily, has no basis on the actual costs to produce that coffee, and historically has been a way to protect the interests of buyers in the global north.

**FOB (Free On Board):** This means that the dollar amount shown was paid directly to the producer or exporter at the point of origin prior to loading it on a shipping vessel. There are additional costs incurred for shipping, importing, and warehousing after this price, which generally add up to about \$0.15-0.20 per lb for a full container load of green coffee.

**FOT (Free On Truck):** This is the dollar amount paid to an importer (in the US) at the point prior to the coffee being loaded on a truck and delivered to the roastery. Additional shipping costs are incurred for shipping which are generally around \$0.15-0.20 per lb for a single full pallet of coffee.






It is also important to note that the majority of the world's coffee farmers do not produce green coffee, they produce coffee cherry, which they generally sell at a local market price to a processor. The cherry then goes on to be processed, dried, and milled before being exported.

In most cases these steps are performed by separate entities, but in the case of Topeca and the coffees from our farms, we are fully vertically integrated and perform all steps from the farm to the cup. However, each part of that integrated chain is run as an individual business, under a family umbrella.

Note also, that coffee loses 14-18% of its mass depending on the degree of roast, from green to roasted. Therefore, calculating the cost to produce the un-packaged roasted coffee, you must include the 14-18% shrinkage.



**PRICE PAID FOR GREEN COFFEE 2020**

ORIGIN	% OF TOTAL COFFEE ROASTED	AVERAGE PRICE PAID	LOWEST PRICE PAID	HIGHEST PRICE PAID	IMPORTING PARTNERS
Brazil 	26.12%	\$2.38 FOB	\$1.96	\$3.88	Odyssey
Burundi	1.05%	\$4.55 FOT	\$4.95	\$4.95	Homage Coffee
Colombia	5.93%	\$3.16 FOT	\$1.70	\$4.28	Cafe Imports, Crop to Cup, Coffee Quest
Ecuador	0.11%	\$5.86 FOT	\$5.86	\$5.86	Cafe Imports
El Salvador 	54.17%	\$3.01 FOB	\$3.00	\$12.50	Topeca Coffee
Ethiopia	7.99%	\$4.21 FOT	\$4.06	\$4.62	Cafe Imports, Royal Coffee, Trabocca
Haiti 	2.01%	\$3.50 FOB	\$3.50	\$3.50	Topeca Coffee
Kenya	1.74%	\$4.84 FOT	\$4.16	\$5.19	Cafe Imports, Crop to Cup, Royal Coffee
Mexico	0.17%	\$1.82 FOT	\$1.82	\$1.82	Cafe Imports
Sulawesi	0.30%	\$4.77 FOT	\$1.82	\$1.82	Cafe Imports
Sumatra	0.41%	\$4.50 FOT	\$3.19	\$4.95	Cafe Imports, Crop to Cup
<b>ALL TOTAL</b>	<b>100%</b>	<b>\$3.02*</b>	<b>\$1.70</b>	<b>\$12.50</b>	
*2.94 X Higher Than C Market, 2.12 X Higher Than Fair Trade, 1.75 X Higher Than Fair Trade Organic					

 = Farm Direct

**2020 MARKET COMPARISONS\***

2020 FOB Market Avgs	Market Comparisons
C Market: \$1.12	<b>2.69 x Higher than C Market</b>
Fair Trade Min** \$1.32	<b>2.29 x Higher than Fair Trade</b>
Fair Trade Organic Min*** \$1.62	<b>1.86 x Higher than Fair Trade Organic</b>

\*\*based on \$0.20 premium

\*\*\*based on \$0.20 + \$0.30 premium



**FARM ECONOMICS AT TOPECA'S FARMS***2020 average cost of goods sold per 1 LB of exportable Arabica green coffee*

PRODUCTION COSTS	USD
Agrochemicals and Supplies	\$0.62
Labor	\$0.38
Picking	\$0.35
Farm Renewal	\$0.30
<b>Total Production Cost</b>	<b>\$1.65</b>
PROCESSING COSTS	USD
Depulping	\$0.05
Drying	\$0.15
Hulling	\$0.10
Export	\$0.05
<b>Total Processing Cost</b>	<b>\$0.35</b>
MISC. COSTS	USD
Financing Cost	\$0.10
Indirect Costs	\$0.15
<b>TOTAL FCA MILL COST</b>	<b>\$2.25</b>

