
Olympia Coffee Transparency Report 2017

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Introduction

In 2017, we continued our mission to improve the quality of life for farmers in each of the origins in which we work. Every coffee we purchased in 2017 met or exceeded our Direct Trade criteria. We also began the process of documenting and following our updated sourcing protocol: Fair for All. We purchased just over 1,100 bags of coffee at an average price of \$4.05 per lb.

2017 Highlights

We sourced coffees from nine countries: United States, Costa Rica, El Salvador, Guatemala, Colombia, Rwanda, Ethiopia, Kenya, and Burundi.

In addition to our ongoing, quality-focused work, we invested significantly in two projects: La Pastora micro-mill in Costa Rica and the farmer Melvin Flores in El Salvador.

At La Pastora in Tarrazu, Costa Rica we gained full access to their entire production, cupping coffees from each day of the 2017 harvest. Cupping day lots gave us access to the very best of the harvest, enabling us to make noteworthy improvements to our Costa Rican coffees.

With Melvin Flores in Chalatenago, El Salvador we aimed to retain the quality we knew he was producing. This came down to drying the coffee at a slower rate, helping preserve and balance out the moisture content so that the coffee was cured and stable for export. We purchased shade cloth, wood, and wire to construct canopied raised beds to slow the drying time. We gave these materials as a gift, but also as an investment. This investment cost Olympia Coffee \$2,000, but yielded the best harvest results we have ever seen from Melvin Flores. His Pacas varietal skyrocketed from a cupping score of 87 in past years, to a stellar 91 in 2017.

Understanding the Terms

The table below documents our purchases for the 2017 year. Following are some terms to understand before you take a look at the table. Unless otherwise noted, all coffee is paid per lb in US dollars.

Producer Name: This is the farmer's name, the cooperative, or a project name such as in the case of San Fermin.

Exporter: An Exporter is a company responsible for coffee's export from its country of origin. Exporters provide service from the farm or collection point to the Port of Export. Prices

include dry milling, preparation, bagging in Grain Pro, proper legal protocol, and the completion of related paperwork.

Importer: The Importer is a company responsible for bringing the exported green coffee into a US Port of Entry and through Customs. The Importer must provide documentation and transport from the Port of Entry to the end warehouse. Our coffees are most often brought into the Ports of Oakland or Seattle.

Producer Price: The Producer Price is the the take-home price for the coffee farmer, including farmers who are a part of a cooperative. For small farms where the farmer has no employees, this is also the Fair for All price.

Pickers Price: The Pickers Price represents the documented commitment our farmers made, for what they would pay farm laborers, including pickers and processors at per lb price. Olympia Coffee's Fair for All standards require, farmers that hire labor, pay a fair and competitive wage within their community. A skilled picker can, on average, harvest about 100 lbs of coffee cherry per day. N/A indicates that the Producer picked and processed the coffee themselves.

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.

FOT Price: FOT stands for Free on Truck. Free on Truck is a coffee that has been exported, imported, and is sitting in a warehouse in the United States ready for shipment to the roaster. The vast majority of specialty coffee roasters start their sourcing from coffees already brought to the FOT stage by an Importer. The FOT Price includes the Producer Price, plus Exporter and Importer costs. It may also include financing charges.

C Price and Fair Trade 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 early 2017, the C Market set prices at \$1.60/lb, but steadily declined throughout the year and ended at about \$1.20. The Fair Trade price in 2017 was \$1.40 with an additional \$0.30 for Organic Certified coffees. Notably, all of our Organic Certified coffees in 2017 were also Certified Fair Trade, but as you will see in the table below, the coffee farmers we work with always earned more than double the Fair Trade price. Olympia Coffee paid higher prices to producers based on their coffee quality and our Fair for All standards.

Volumes: We base our volume projections on bags and/or boxes. However, bag/box sizes vary by origin. In Colombia, Costa Rica, and El Salvador a bag weighs 152 lbs. In Guatemala

it's an even 150 lbs. In Burundi, Kenya, and Ethiopia a bag weighs 132 lbs. Also in Colombia, vacuum-packed boxes weigh 77 lbs.

| Producer Name | Exporter | Importer | Producer | Pickers | FOB | FOT | Volume |
|---|------------|--------------|----------|---------|---------|---------|----------|
| Burundi Long Miles Special Reserve Mikuba Red Honey 1 micro lot | Long Miles | Olam | \$3.42 | N/A | \$4.89 | \$5.19 | 10 bags |
| Burundi Long Miles Special Reserve Mikuba 2 Micro Lot | Long Miles | Olam | \$3.10 | N/A | \$4.44 | \$4.79 | 9 bags |
| Burundi Long Miles-Reserve Gishubi SS1 Sweetheart | Long Miles | Olam | \$3.10 | N/A | \$4.44 | \$4.79 | 9 bags |
| Burundi Long Miles Special Reserve Munyinya 4 Sweetheart | Long Miles | Olam | \$3.10 | N/A | \$4.44 | \$4.79 | 7 bags |
| Burundi Long Miles Special Reserve Gitwe Natural 1 Micro Lot | Long Miles | Olam | \$4.00 | N/A | \$5.70 | \$6.04 | 9 bags |
| Burundi Long Miles Special Reserve Gishubi Red Honey 2 micro Lot | Long Miles | Olam | \$3.38 | N/A | \$4.84 | 5.19 | 14 bags |
| Burundi Long Miles Munyinya 5 Sweetheart | Long Miles | Olam | \$3.10 | N/A | \$4.44 | \$4.79 | 8 bags |
| Burundi Long Miles Gishubi 4 Sweetheart | Long Miles | Olam | \$3.03 | N/A | \$4.34 | \$4.69 | 11 bags |
| Burundi Long Miles Gitwe7 Sweetheart | Long Miles | Olam | \$3.03 | N/A | \$4.34 | \$4.69 | 13 bags |
| Colombia San Fermin AA Organic | Caravela | Caravela | \$2.96 | N/A | \$3.70 | \$3.90 | 140 bags |
| Colombia San Fermin A Organic | Caravela | Caravela | \$2.80 | N/A | \$3.50 | \$3.70 | 200 bags |
| Colombia La Negrita Geisha MC-0001542 | Caravela | Caravela | \$30.00 | \$1.40 | \$32.00 | \$36.00 | 2 boxes |
| Colombia La Negrita Geisha Natural MCOli-0001498 | Caravela | Caravela | \$40.00 | \$1.40 | \$42.00 | \$56.00 | 2 boxes |
| Colombia La Negrita Geisha MC-0001543 | Caravela | Caravela | \$30.00 | \$1.40 | \$32.00 | \$36.00 | 2 boxes |
| Decaf Rwanda Birembo Lot 2 Toll Decaf | Olam | Swiss Water | \$2.31 | N/A | \$3.31 | \$4.24 | 51 bags |
| Kenya Tekangu 11/1307 Auction Lot Tegu Factory | Dormans | Cafe Imports | \$3.78 | N/A | \$5.40 | \$5.80 | 20 bags |
| Kenya Kamwangi AA 18CK0006 | Dormant | Cafe Imports | \$4.08 | N/A | \$5.84 | \$6.24 | 10 bags |
| Kuguyu AA - Baragwi F.C.S - Kirinyaga (GrainPro) – P10403 | Dormans | Cafe Imports | \$3.92 | N/A | \$5.60 | \$6.00 | 7 bags |
| Kenya Kuguyu AB - Baragwi F.C.S - Kirinyaga (GrainPro) – P10404 | Dormans | Cafe Imports | \$3.78 | N/A | \$5.40 | \$5.80 | 28 bags |
| Colombia San Sebastian AAA Las Mingas Reserva | Caravela | Caravela | \$3.56 | N/A | \$4.45 | \$4.65 | 70 boxes |
| Colombia Faber Mulcue Micro Lot | Caravela | Caravela | \$4.40 | N/A | \$5.50 | \$5.70 | 3 boxes |
| Colombia Parmenio Musse Micro Lot | Caravela | Caravela | \$4.40 | N/A | \$5.50 | \$5.70 | 6 boxes |
| Ethiopia YCFUCU Ethiopia Yirgacheffe Organic Grade 1 Hama Lot 003 | YCFUCU | Royal | \$3.08 | N/A | \$4.40 | \$4.70 | 30 bags |

| Producer Name | Exporter | Importer | Producer | Pickers | FOB | FOT | Volume |
|--|--------------|--------------|----------|-----------|---------|---------|----------|
| Ethiopia Ethiopia Yirgacheffe Organic Grade 1 Adamegorbata Lot 009 | YCFCU | Royal | \$3.08 | N/A | \$4.40 | \$4.70 | 30 bags |
| Ethiopia Adisu Kidane Natural Organic | YCFCU | Royal | \$3.23 | N/A | \$4.62 | \$4.92 | 110 bags |
| Ethiopia Yirgacheffe Organic Grade 2 Adamegorbata Lot 009 | YCFCU | Royal | \$2.94 | N/A | \$4.20 | \$4.50 | 50 bags |
| Ethiopia Halo Bariti Natural Organic Grade 2 | YCFCU | Royal | \$3.24 | N/A | \$4.65 | \$4.85 | 150 bags |
| Ethiopia Banko Gotiti Organic Washed Grade 2 Lot 004 | YCFCU | Royal | \$2.75 | N/A | \$3.93 | \$4.23 | 10 bags |
| Costa Rica Perla del Cafe SL-28 | PanAmerican | La Minita | \$15.50 | \$1.10 | \$15.75 | \$16.10 | 1 bag |
| El Salvador El Aguila Bourbon Raised Beds micro lot | Caravela | Caravela | \$3.20 | \$1.00 | \$3.50 | \$3.55 | 25 bags |
| El Salvador El Aguila Bourbon Natural micro lot | Caravela | Caravela | \$3.20 | \$1.00 | \$3.50 | \$3.75 | 25 bags |
| El Salvador El Aguila Bourbon Honey raised beds micro lot | Caravela | Caravela | \$3.20 | \$1.00 | \$3.50 | \$3.75 | 5 bags |
| El Salvador El Aguila Kenya Varietal raised beds | Caravela | Caravela | \$5.50 | \$1.00 | \$5.85 | \$6.05 | 10 bags |
| El Salvador El Aguila Pacamara raised beds | Caravela | Caravela | \$4.50 | \$1.00 | \$4.85 | \$5.05 | 10 bags |
| El Salvador Melvin Flores Pacas | Caravela | Caravela | \$5.50 | N/A | \$5.80 | \$6.10 | 10 bags |
| El Salvador Melvin Flores Pacamara | Caravela | Caravela | \$5.50 | N/A | \$5.80 | \$6.10 | 3 boxes |
| Costa Rica La Pastora African Washed Micro Lot | La Minita | La Minita | \$3.52 | \$1.05 | \$4.40 | \$4.65 | 12 bags |
| Costa Rica La Pastora African Washed Blend-Sweetheart | La Minita | La Minita | \$2.96 | \$1.05 | \$3.70 | \$3.90 | 36 bags |
| Costa Rica La Pastora Honey Process Blend-Sweetheart | La Minita | La Minita | \$2.96 | \$1.05 | \$3.70 | \$3.90 | 25 bags |
| Guatemala El Socorro Maracaturra Santa Teresa lot | Cercol | Caravela | \$6.00 | \$1.00 | \$6.25 | \$6.50 | 5 bags |
| Guatemala El Socorro Maracaturra Honey Lot 1 | Cercol | Caravela | \$6.00 | \$1.00 | \$6.25 | \$6.50 | 5 bags |
| Hawaii Best of Ka'u 1st place Winner | Cafe Imports | Cafe Imports | \$25.00 | \$9.25/hr | USA | \$32.00 | 20kg |

2018 Goals: Fair for All

As we start 2018, we continue to believe that we can improve our world through coffee. We believe that everyone in the story of our coffees—from farm laborers to cafe customers and all those in between—should find satisfaction by being a part of what we do. We view ourselves

as a Quality of Life company. High-quality coffee is our passion, but seeking a higher quality of life for our farmers, staff, and customers is our mission.



We've witnessed that the coffee trade at origin has the most room for improvement in this story. Both historically and currently, the global coffee trade has exploited the poorest and most vulnerable people in the supply chain to benefit those who wield power. Fair Trade was an early answer to this injustice, offering a farmer about 20 cents more than commodity pricing for every pound of coffee. However, we've also witnessed that Fair Trade is limiting. It includes only cooperatives and large estates and does not benefit small-scale, individual farmers. It also lacks the level of transparency we value and doesn't incentivize high-quality or innovation at the farm level. Fair Trade pays the same rate for the very highest and lowest quality coffees.

Olympia Coffee, therefore, became an early adopter of the Direct Trade model. Direct Trade is a term used liberally in our industry, but typically implies that a coffee buyer agrees to a fair price directly with the coffee farmer and based on quality. In 2010, Olympia Coffee began using this model and developing our own standards to ensure that farmers were rewarded for high-quality coffee. Currently, all of our farmers are paid more than double the Fair Trade rate, and as of 2016, every coffee we purchased met this requirement. While answering the injustice of sustainability for the farm owner, we are now ready to take a critical next step.



Simply put, no Direct Trade system has ever ensured a minimum wage or safe working conditions for coffee pickers, processors, or other laborers within the farm itself. So, in 2018 we are leading our industry by ensuring that our coffee is *Fair for All*. We want to provide a higher quality of life for every individual in the story, including every part of the supply chain. We seek to be pioneers in this effort, setting an example we hope that many companies will follow.

This is our commitment to our customers, producers, and all who are involved in the production of our Fair for All coffees:

- We **pay more than double the Fair Trade** rate for all of our coffees. Our minimum price (FOB) will remain at \$3.50 per pound.
- We will **set coffee prices directly with the farmer**, to ensure transparency.

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- We will now **guarantee a sustainable minimum wage** to all laborers involved the production of our coffee (pickers, processors, and farm workers), set seasonally with the farm owner or cooperative board.
 - We will **work only with farmers who provide safe working conditions** free of unnecessary danger, oppression, and violence and with access to clean water and healthy foods.
 - We will **visit each farm or producer group every year** to provide feedback for improved quality and opportunity for growth.
 - We will **purchase coffees with quality standards of 85 points or higher** according to SCA cupping standards.



Fair for All coffees will be marked in 2018 by a small stamp on coffee labels. The majority of our coffees will meet this standard this year and we will continue to actively work toward this goal with each of our partners worldwide until 100% of our coffees are Fair for All.