COLLABORATIVE
COFFEE SOURCE

2019
TRANSPARENCY REPORT

OUR VISION

Radically transform trade to create quality, community and prosperity for everyone in coffee.

OUR MISSION

Source the right coffee the right way.

OUR VALUES

1   WE SEEK THE RIGHT QUALITY

We collaborate with carefully chosen partners at origin to source and develop distinguished coffees for our roasters.

2   WE WORK WITH THE RIGHT PEOPLE

We invest in relationships with coffee professionals we respect and cherish. We create community by connecting, learning and sharing.

3   WE DO BUSINESS THE RIGHT WAY

We commit to long term business relationships. We recognise and reward value. We strive to achieve transparency in the coffee supply chain.

TABLE OF CONTENTS

WHO WE ARE
BY ROBERT WILLIAM THORESEN

Collaborative Coffee Source (CCS) is a sourcing company. Sourcing specialty coffee has been the focus since our very beginning. At the same time, CCS connects people by facilitating sustainable and long-term commercial relationships with coffee. In our humble opinion, sourcing and trading specialty coffee requires a particular experience, in-sight and overview, and it comes with responsibility. CCS' ambition is as simple as it is challenging: transparency and equity for everyone in our trade.

Fortunately for us, many share our ambition; however, succeeding with this approach is another matter. This year we offer yet another honest presentation of where we stand as a company, the way we see the specialty coffee trade today, and where we see ourselves in it now -- and going forward. Inevitably, we are intermediaries, and as such we are emphasizing "the origin side of things." We seek out farmers and partners to work with in each country, assessing the lots offered, while at the same time seeking homes for them with similarly ambitious craftspeople, namely the coffee roasters. That is our business.

This is a necessary service for farmers in order to get their coffee presented in the marketplace at all. We believe that CCS also adds value for coffee roasters by making curated lists of farms and their best products accessible, through

research, network, traveling, screening, assessing and advising on quality — ultimately connecting all the dots. As with any business model, in any value chain, we always ask ourselves; what our place is, how do we add value, and to whom is that important.

Since we started out in the specialty coffee trade, many have joined in sharing the gospel of building relationships. Anyone who has tried knows how difficult it can be to make the right fit, and to make it last. What is a sensible definition of a (true) commitment, what does (long term) relationship mean, how is risk (vs. cost) distributed, what is consistent (sharing of) information, what is (the format of) good communication like?

CCS has always and will always have the following stance: as a principle, the maker of a product, the coffee farmer, should set the price. This is something we have insisted upon, and it has maintained our reputation in ten producing countries. Everyone after that point in the chain must explain the value and defend the charges added, including CCS and our origin partners.

Currently, specialty coffee pricing seems to be "fixed" at consumer level. From there, one is making the calculation backwards to get to a suggested "value" at farmgate. In that scenario

everyone is squeezed, not only the middle, but specifically those at the very origin of the value chain. It is a disappointingly old school way of thinking in an industry that prides itself on progressive ideals. This way of thinking is widespread and systematic, grounded in the belief that this is the only way. We are grateful for those who have chosen to work with us, who have chosen to build their businesses differently because we share the same commitment to both theory and practice. That working differently is not only possible, but both profitable and necessary. We're inviting everyone, including roasters, to help establish a market pricing model for specialty coffee that can work for all.

We are not only cognizant of these matters; we want to do something about them. Since long before the pandemic hit, we have been determined to improve our way of working. Now that is needed more than ever, we are therefore developing new technology to help us become better organized, more efficient and transparent in handling data and information from farm level and onwards, helping it flow freely between all participants throughout the entire value chain, and back. At this point in our shared history, it should be evident that we need to change a few things, again, for the sake of transparency and an equitable trade — for us all.

2019 OVERVIEW

ORIGINS
10
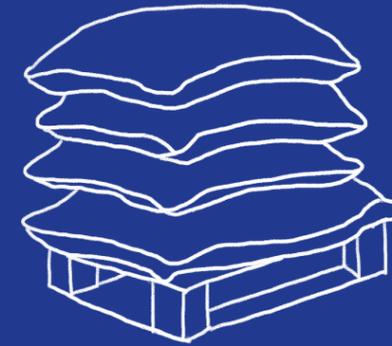
EXPORTERS
19

IMPORTED
823,030KG
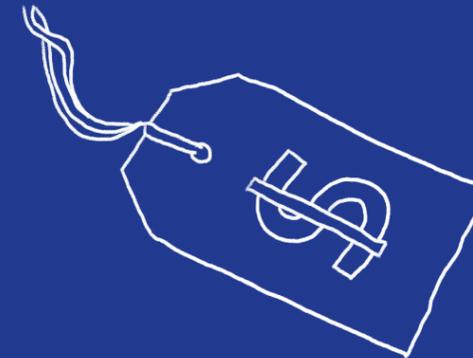
AVERAGE FOB PRICE
$3.16/LB USD

HIDDEN VALUE 2019

SELECTIONS AND REJECTIONS

COFFEES CUPPED
FOR QUALITY CONTROL
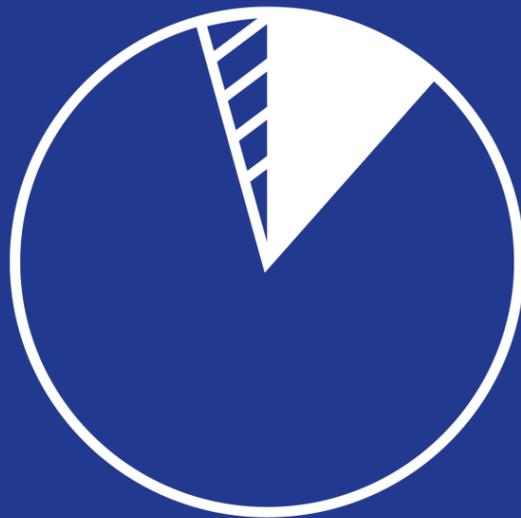
1212

MICROLOTS PURCHASED

■ **287**

COMMUNITY BLENDS PURCHASED

◨ **16**

TOTAL OFFER COFFEES CUPPED

☐ **2,175**

SAMPLES PULLED
FOR QUALITY CONTROL

420.5KG
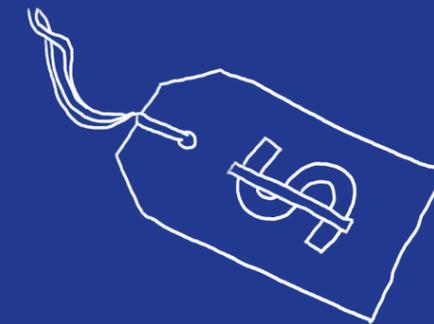
WAREHOUSE FEES & TRANSPORT OF
SAMPLES PULLED FOR QUALITY CONTROL

$10,947.51

ROEST: HELPING COFFEES REACH THEIR FULL POTENTIAL
BY MATT HASSELL

At CCS, we are always looking for ways to improve and refine day-to-day operations. Complacency is a killer, after all, and the technology in our chosen industry moves rapidly these days. With more money being injected into studies at top-tier research institutes, and coffee's ever-expanding dependency making its way into our lives, the benefits can and did certainly include rapid expansion of tools. Some time in early 2019, we decided to take a closer look at some of those tools being offered, to see if it could help bring us closer to achieving all of our quality-based goals.

For years, we used the Ikawa sample roaster with unwavering dependability, for both our quality and efficiency needs. The Ikawa had a lot of positive features that gave us the flexibility necessary for operating a decentralized, small team with extensive travel on tight schedules (see: hands off roasting). Over time, we felt that the functionality of said auto-roast feature took away some of the finer aspects of roasting that are so important to proper analysis. We felt that we had possibly outgrown the Ikawa, both in terms of knowledgeable growth and volume. The attention that needed to be paid to the roast profile, weeks or months after dialing-in or perfecting a roast, seemed to have superseded any time benefit we were salvaging by the set-it-and-forget-it approach. Whether it was physical change in the beans over time, or just simply limitations of the machine, we found that we were in a constant game of catch-up with our results.

A pattern I noticed was perceiving a possible roasting issue while the Ikawa was in process, but I was unable to intervene because of the auto-function. I simply had to finish the roast, then cup the coffee for confirmation. In most cases, a re-roast was required, wasting precious time - a disappointment from something that was previously ultra-efficient. I don't know if our machine's operational consistency drifted over time, or I was misinterpreting what was happening and there was user-error involved, but I just felt like I no longer had an intuitive feel for what was happening.

Just as we were troubleshooting these issues, we heard about a new sample roaster from Norway: the Roest. We were able to demo the new machine at SCA-Expo in Boston, and we were intrigued with the additional functionality that it possessed compared to the Ikawa. The Roest allowed me to replicate custom made roast profiles from the database, AND allowed me to make minute adjustments along the way to compensate for changes in the bean itself. I felt that we may have had a new key piece to our operation. The only question of course, was well… "How did it taste?"

We put together a small experiment that compared the two machines. The plan was pretty simple: take our best Ikawa profiles with some coffees that we were very familiar with, roast them to what we would consider a bullseye, and, well...sit down with the Roest and see if we could beat it.

It became immediately evident after only 5 test roasts: the Roest was capable of so much more.

It was remarkably intuitive and felt natural to use — from the standpoint of someone who cut their teeth on production and sample drum roasters. The cup scores were reaching a full point higher than the Ikawa set. These were results we couldn't ignore.

Initially, of course my first instinct was to be excited. A better roaster! Tastier cups! Adjustability! REPRODUCIBLE RESULTS! But the excitement quickly faded.

I couldn't help but feel uneasy about what this could potentially mean for not only us, but for the coffee community in general — especially in countries where cup score is the sole determining factor for price paid. Our floor price of $2.50/lb FOB ensures that a farmer who works with us will never be paid below cost of production, but potential premiums lost because of a poor roast is hard to think about. There's no coincidence that all of our longest standing and most successful relationships with suppliers have remarkably talented Roasters working in their own respective Quality Control departments.

But — as the saying goes, to err is human. No one is perfect, mistakes happen. We work in an industry where small differences like this can lead to thousands of dollars not exchanging hands. Specialty Coffee is in desperate need of paying higher prices to farmers to ensure long term viability and sustainability for all involved. By roasting on the Roest, we ensure that the value is honored at every point in the chain.

DATA BY ORIGIN 2019
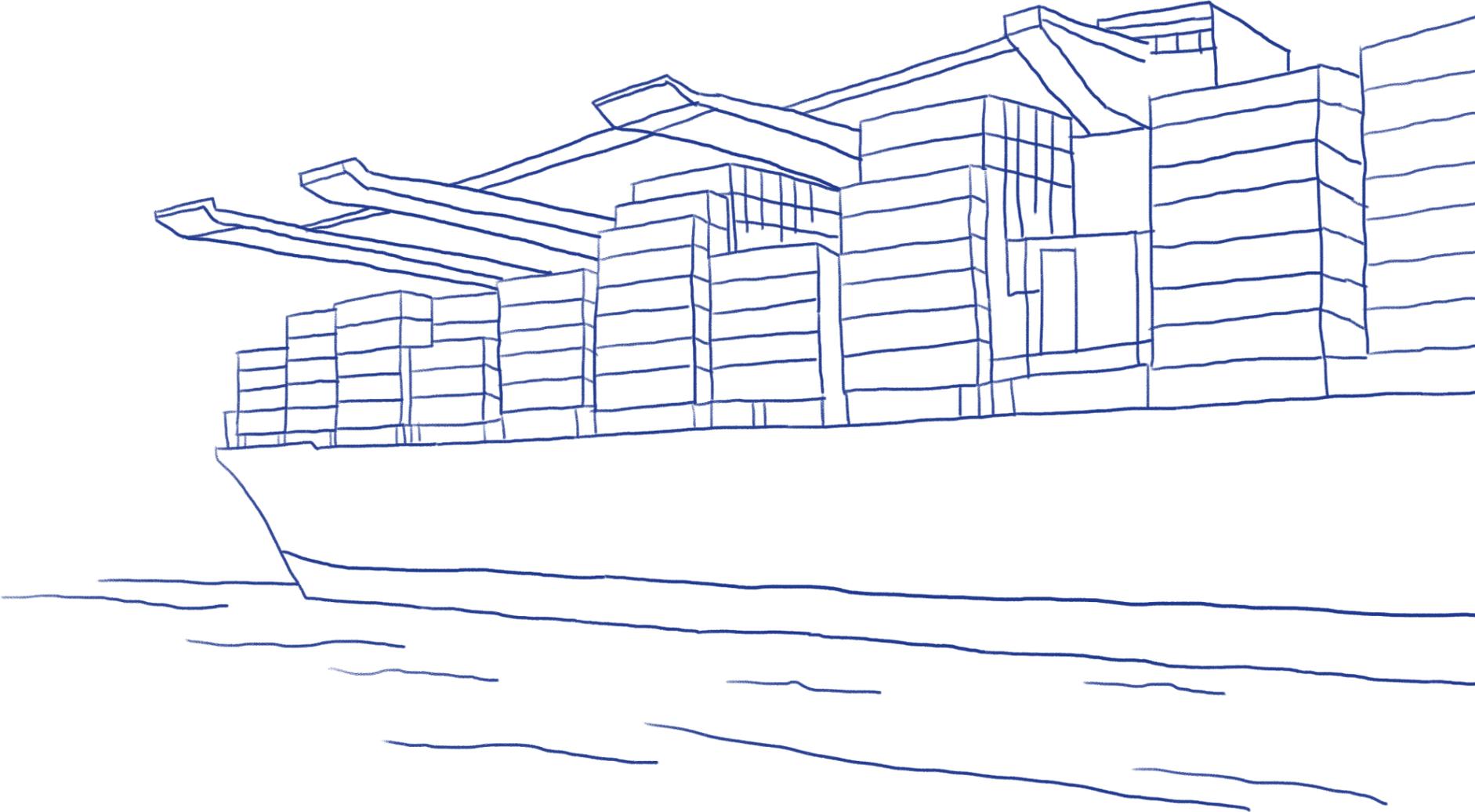
BRAZIL

WAREHOUSE FACILITY - CARMO DE MINAS, BRAZIL

Exporter

CARMO COFFEE

Average FOB

$3.21/LB USD

Transport, Insurance, Finance Costs

.35/LB USD

Relationship Since

2006 | 13 YEARS

BURUNDI

KABINGO CWS - KAYANZA, BURUNDI

Exporter

GREEN CO

Average FOB

$3.05/LB USD

Transport, Insurance, Finance Costs

.30/LB USD

Relationship Since

2012 | 7 YEARS

COLOMBIA

Exporter

FAIRFIELD TRADING

Average FOB

$3.79/LB USD

Transport, Insurance, Finance Costs

.31/LB USD

Relationship Since

2014 | 5 YEARS

MARIA BERCELLIA MARTINEZ & JOSÉ VIANEY ERAZO GURRERO - ACEVEDO, COLOMBIA

COSTA RICA

Exporter

EXCLUSIVE COFFEES

Average FOB

$4.34/LB USD

Transport, Insurance, Finance Costs

.31/LB USD

Relationship Since

2009 | 10 YEARS

HECTOR BONILLA - TARRAZÚ, COSTA RICA

ETHIOPIA

Exporter

SNAP, MOPLACO

Average FOB

$3.49/LB USD

Transport, Insurance, Finance Costs

.31/LB USD

Relationship Since

SNAP — 2017 | 2 YEARS
MOPLACO — 2010 | 9 YEARS

EYASU WORASA, GODUBA CWS OWNER - GUJI, ETHIOPIA

GUATEMALA

ANTIGUA, GUATEMALA

Exporter

ZELCAFE

Average FOB

$3.49/LB USD

Transport, Insurance, Finance Costs

.30/LB USD

Relationship Since

2009 | 10 YEARS

HONDURAS

Exporter

SAN VICENTE

Average FOB

$4.07/LB USD

Transport, Insurance, Finance Costs

.30/LB USD

Relationship Since

2004 | 15 YEARS

OLVIN MORENO - SANTA BARBARA, HONDURAS

KENYA

SAMPLE LAB, NAIROBI, KENYA

Exporter

DORMANS

Average FOB

$4.62/LB USD

Transport, Insurance, Finance Costs

.30/LB USD

Relationship Since

2005 | 14 YEARS

PANAMA

ELIDA ESTATE, BOQUETE, LOS NARANJOS, PANAMA

Exporter

LAMASTUS FAMILY ESTATES

Average FOB

$6.50/LB USD

Transport, Insurance, Finance Costs

.31/LB USD

Relationship Since

2007 | 12 YEARS

PERU

ALEX JULCA, AND JOSÉ RIVERA - JAEN, PERU

Exporter

ORIGIN COFFEE LAB

Average FOB

$2.97/LB USD

Transport, Insurance, Finance Costs

.35/LB USD

Relationship Since

2017 | 2 YEARS

2019 DONATION: NORTHEAST ROASTER FORUM

Amount donated

480KG

Produced By

MARIA EDILMA MUNOZ

Origin

NARIÑO, COLOMBIA

Total value of donation

$4,972.60

CCS was proud to participate in the first ever Northeast Roaster Forum in the spring of 2019! The event's founder, Amaris Gutierrez-Ray, looked to our friends in Scandinavia as a model. The event aimed to bring together a diverse group of people involved in roasting and tasting coffee in the Northeastern United States.

CCS presented alongside our partners, Enveritas, and donated a 86-point caturra from Maria Edilma Munoz. This coffee tied into the Forum's fundraising efforts to bring female identified leaders from a wide range of roles and origins to participate. This was part of an ongoing effort to learn more directly from voices at origin and promote gender equity. Moreover, with the assistance of funds raised through the Northeast Roaster Forum, the Women in Coffee

Project's first inaugural panel event was a great success. Four female leaders from Nicaragua and Guatemala were sponsored to travel to NYC for a speaking event and community cuppings in April — just a few weeks after the Forum took place.

On April 6th, attendees gathered at Pulley Collective in Brooklyn, NY. The weekend included educational talks, panels, workshops, and a roasting competition. After evaluating, judges crowned Sylvie Flanagan as the 2019 Northeast Roaster Forum Winner. She then went on to found Dump Truck Coffee out of Brooklyn, NY the following year. Local organizing and crowdsourcing education revitalizes enthusiasm for continued reflection and improvement for the complex issues we face in our industry. Thank you to everyone who participated!

USING TECHNOLOGY FOR TRADE
BY RAJ BALACHANDRAN

Data, just like coffee, is a commodity that is always in demand. At the heart of coffee trade is data.. volumes of it.

Right from where coffee is grown to the point where it is brewed by a barista at your favorite cafe, there are so many datasets that are assessed and processed to make key decisions that help in determining the quality and price of any coffee.

Unlike other trades that are also heavy in logistics, the coffee trade is a little more intricate as there are multiple stakeholders involved which include coffee growers, exporters, suppliers, warehouses, roasters and traders.

Initially, when CCS started introducing tech in the coffee trade, we were motivated and keen on solving one thing and one thing only — transparency. The only way we could maintain transparency across all these different stakeholders is by seamless transfer of data across the coffee value chain.

Thus, we ventured to build our Connect.Coffee platform by experimenting with a small feature where we connected coffee growers and roasters into our platform. On the one hand, the purpose of this platform was to help roasters procure coffee lots. We were able to help them in their decision making process by presenting them with data and information about the coffee, the growers and their family, the growing conditions like altitude and soil, and the relevant cupping notes and scores in a consumable manner that made sense. On the other hand, the platform was to also help coffee growers understand where and how their coffee was being procured and consumed.

We handheld the stakeholders in this process by facilitating a fair and transparent assessment of the coffee and making available all the assessment data on our Connect platform. We slowly progressed towards building a system which was automated, self-sustaining and reliable with information filled out by both the roasters and the growers.

As we built and launched this system, it became evident that the visibility and transparency needs to be across the value chain and not just with these two stakeholders. Coffee, as it moves from origin, has different sets of data attached to it. And data needs to be collected and presented in different stages. This transfer of data across the value chain helped CCS in maintaining fair trade practices with an emphasis on transparency.

Hence, we started building Connect Version 2 where we presented all information from a grower but also made it easier for the exporter to present their information as well. We were able to then combine all information about a single coffee lot from different stakeholders, which helped in validating the cupping score and flavor attributes of the coffee.

As we were envisioning and building our Connect platform with a renewed focus, we were helping all stakeholders understand the importance of data, going digital, and the need for transparency to follow fair trade practices.

In the not-so-distant future, we envision extrapolating such rich and verified data sets to build Machine Learning Models for a unique coffee centered blockchain. Blockchain technologies would see wide applications in the coffee trade as the trade is heavily revolved around data verified in different stages. The authenticity and validity of data (cupping score and notes) can be easily transmitted across the value chain adding immense value along the way.

Such blockchain technologies could not only help in determining a fair price for the coffee but improve the fair practices followed in the coffee trade. At the end of the day, data is key to transparency. And the truth is always in the data!

CCS