# 2022 Transparency Report

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This September, we celebrated our 10 year anniversary. In this, our first report, we would like to share with you why transparency has been a critical organizational focus and value for our company from day one.

Over two billion cups of coffee are consumed every day, and by and large the trading and production practices behind them negatively impacts people and planet. What brings us together as a team of coffee professionals is a dissatisfaction with this status quo and a belief that positive change and alternate models are possible, starting with how we design our very own coffee business.

Striving to do good as an outcome of our business, and operating a verifiable responsible business is as important as our fiscal bottom line. *Transparency* is a key ingredient for operating a responsible business. Information and vocalized intention allows trusting and collaborative relationships to form, and relationships within our organization whether between suppliers, employees, or customers, are what allow for positive change happen.

We hope for this annual report to be snapshot of our commitments to always do better.

Thank you for taking the time to read :).

Chrissy Durcak
Founder, Dispatch Coffee

## UN SDG Goals 1 [1]

The last decade was the warmest in recorded history. Millions of people in the world experience extreme poverty and food insecurity, and coffee is an industry that can make a tangible difference. We believe there's never been a better time for individuals, the public and the private sector to work together and try to revert the problems we created.

We see the UN SDG priorities as a strong direction for those seeking to effect positive change, so this is our chosen lens to anchor our responsible business priorities and sustainability investments.

Here are the 4 SDG goals that we prioritize, and where our business and the coffee sector has a significant impact:



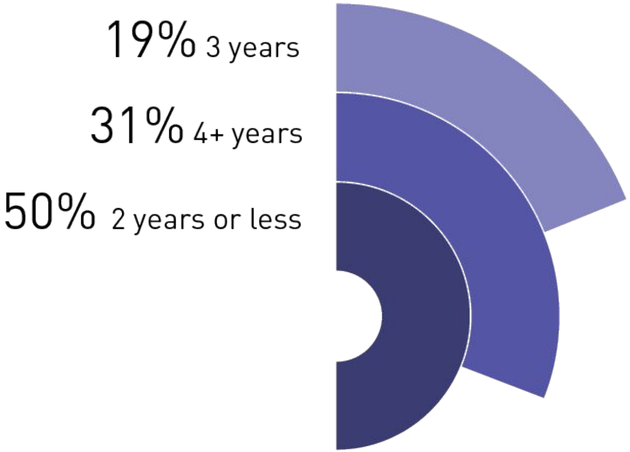


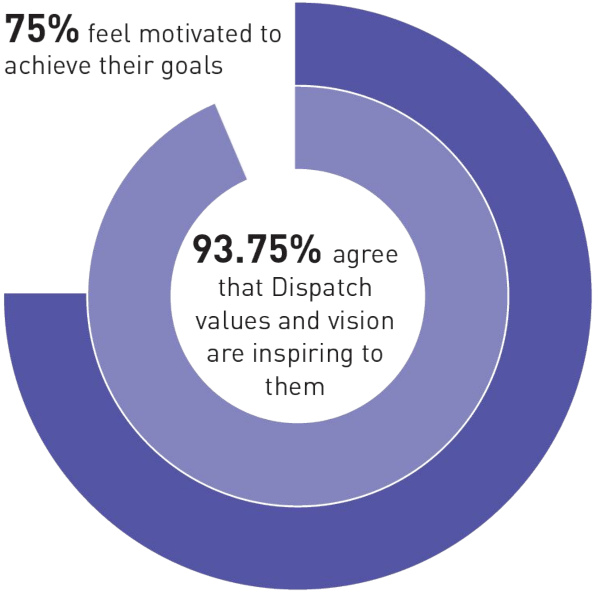
Our vision of responsible business includes how we treat our employees and the culture we cultivate in our workplaces.

We are committed to creating an inclusive and respectful environment for our team. We strive to pay competitive living wages and to empower our employees to develop professionally and to do their best work. We want Dispatch to be the best place that our team members have worked.

This is our first year attempting to measure our progress against these ambitions. In this report we share insights about our people, and feedback from our first employee experience survey.

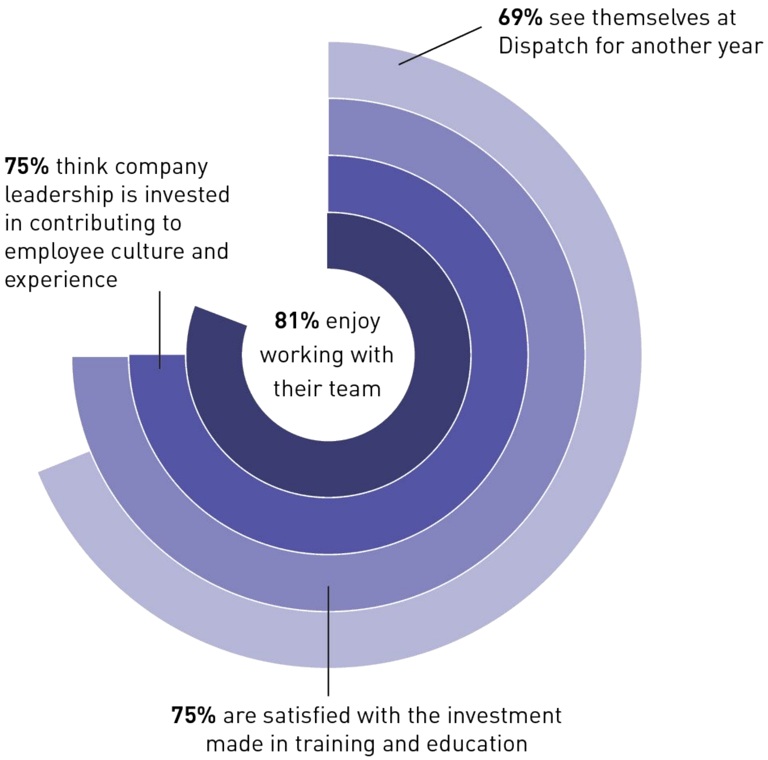
## Average years with the company:




## 50 Employee Net Promoter score

An organization's eNPS score can range from -100 to +100. According to SurveyMonkey's global benchmark data of more than 150,000 organizations, the average NPS score is +32. > 50 is excellent and +80 or higher is best-in-class.




## Glassdoor employee review score Count (2)

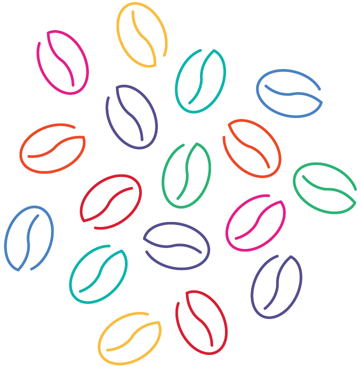
These reported glassdoor reviews are unsolicited. Our current review count is small! We aspire to invite employees to review their experience honestly in exit interviews in future.

Over time we will track trends in our rating and collect feedback from this channel.

How we source coffee was one of the first operating processes for which we established ethical guidelines.

Our buying practice prioritizes more than a cup quality score. We commit our purchasing dollars to mostly small scale farmers, a minimum % of annual contracts to women producers or women-led-businesses, and pay premiums for our raw coffee above the commercial market floor.

We will expand on some of how we buy and contextualize the “why” where we can in the next few pages of this report.



# 17

coffees contracted from **11** unique countries.

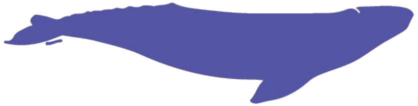
We favour buying coffee from regions where smallholder farmers have higher barriers to access the specialty market.

# 41%

Of contracts from women-driven supply chains

Women in coffee have lower access to resources, such as land credit and information, than men.[2]

We strive to increase gender equity in coffee growing communities by  support women-led businesses which we define as women-owned farms, co-ops with majority women management, or women-led businesses at the last stage of export (washing station or exporter).



# 31, 000

Kilograms of green coffee roasted YTD

(or the same weight as a grey whale)

We purchase year after year from many producing partners, this helps mitigate risk needed to invest in their operations.

# 65%

Of contracts from repeat relationship coffees

We define a repeat relationship coffee as one that appears on our menu each year during its particular season. Committing our volumes before the harvest season through our importers and to the producer is one tangible way to reduce unpredictability for producers who often rely on one pay for their crop each year.

# How much do we pay for coffee?

One driving reason we wanted to roast our own coffee was to increase certainty around a burning question: Does the coffee we buy and serve our customers pay farmers a fiscally sustainable price? Often in our industry, a premium price for coffee may not mean a higher return to the producer.  it often means inflated profits for those who intermediate between producers and buyers. A requirement for us to purchase a coffee through an importer is access to transactions and pricing traceability from the producer up to us.  We've been keeping and analyzing a database of prices from coffees we've purchased since 2015.

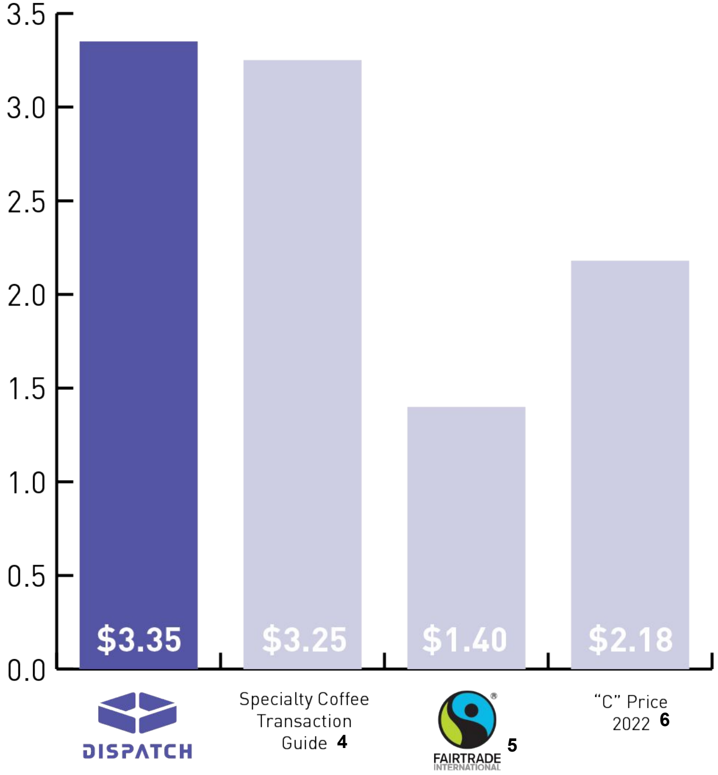
Today, we look at two benchmarks as indicators of a sustainable price that we pay for coffee. Our price paid FOB for coffee against known FOB price benchmarks, and our Farmgate price against well-researched costs to produce a pound of coffee.

# Our average FOB price: $3.35/lb

Here we compare our average FOB price from seventeen coffees launched this year against three FOB benchmarks: The Specialty Coffee Transaction Guide (we are thrilled to be one of 100+ coffee companies donating pricing data since 2019!), Fair Trade Minimum price for Arabica Coffee, and the New York exchange “C-Price”.

Note that the C-Price notoriously fails to cover costs to sustainably produce a pound of coffee. In 2022 the C hit an unprecedented high, but has generally hovered around the $1.00 USD/LB range since the 1970’s up until a few[3] years ago. This low price has been at the heart of an endemic poverty crisis facing coffee farmers.

Dispatch FOB vs. Fair Trade Minimum (USD/lb)

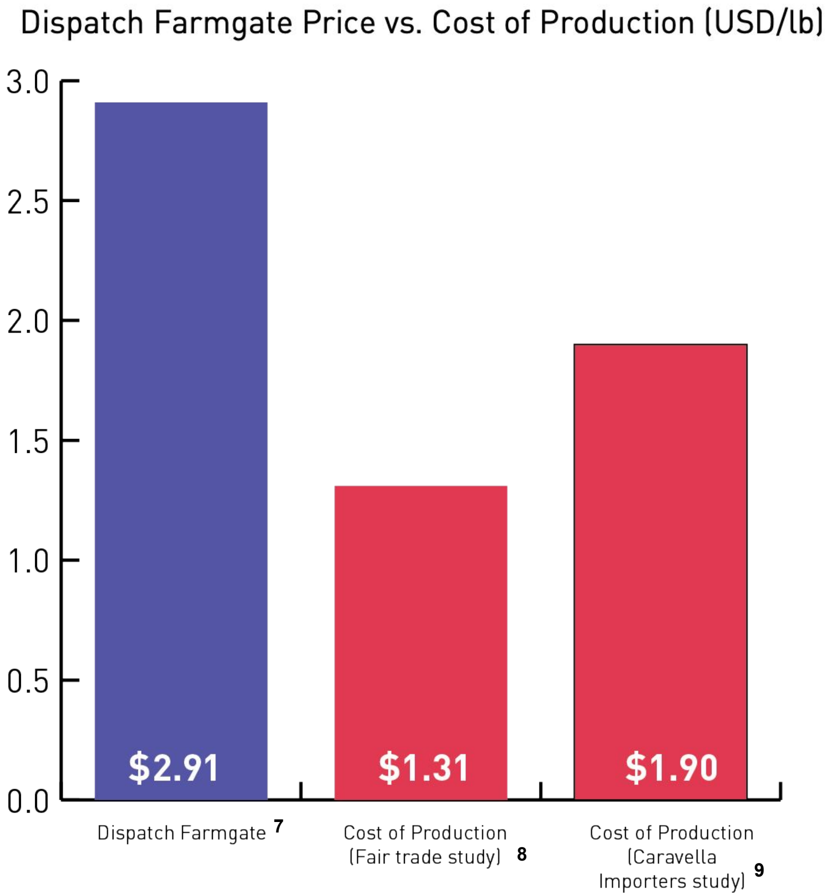


# Our average Farmgate price was $2.91

Here we benchmark our Farmgate price from seven coffees contracted in 2022 against researched costs to produce a pound of specialty coffee.

Studying available research and industry conversations on the subject, our current opinion is that farmgate price relative to the cost of production is one of the strongest indicators for a sustainable price paid for coffee. If the farmgate price exceeds the cost to produce, we can assume that a farmer's likelihood of profitability is greater.

It is important to note that 1) cost of production cited here was conducted before 2021 and likely subject to great inflation. 2) There are hidden costs not consistently incorporated in these cost of production studies such as unpaid family labour and household expenses, fixed expenses or farm renovation costs, so income from coffee alone, depending on the producer archetype, farm size, region and many other contexts, does not necessarily equal a "living income".



There are so many touchpoints in a coffee's path from farm to cup which makes coffee as a finished beverage one of the most carbon intensive foods in the world.[10]

We are committed to reducing our negative environmental impacts. On the next page we share a few areas of focus for the 2022 year.

## 7600

Kilograms of coffee grounds composted

## 5000

Cartons of oat milk redirected from landfill Shifting using [DAM](#) milk


## 52,483

Biodegradable coffee bags redirected from long term landfill. Four years ago we transitioned to biodegradable packaging for our 333g retail coffee bags.

## 46%

Ecom deliveries were distributed via net-zero methods

We define net-zero methods as pick-up in store option, bike delivery or our shipping partners who provide delivery via electric vehicle.

## $888

Donated to World Coffee Research org.

**C-Price:** Similar to a financial or stock market, the C-market is a global exchange for buying and selling (trading) green unroasted Arabica Coffee. The price is set based on global supply and demand principles: if there is more coffee in production and decreased demand, prices will drop, if there is decreasing supply, prices will rise. Regardless of its origin or supply chain structure, coffee sold and bought on this market is treated with an equal price as a raw material. Coffee on this market is traded in units of 37,500 kgs (or one shipping container of green unroasted coffee) The C-price is not the price a farmer earns for coffee directly, but that is included in the price. The C-price has become an industry benchmark for price to pay for coffee (It is not how we buy coffee at Dispatch). This is highly problematic when we consider that most smallholder farmers production costs fall below the Cprice. [3]

On September 30th, the World Coffee Producers Forum (WCPF) sent an open letter to the CEOs of major coffee companies and stated, “Some may argue that ‘the market is the market and it does what it has to do’. For some products, that may be the case. However, in the case of coffee, where you have the livelihood of more than 25 million families at stake, many of which are facing a pauperization process that is taking them to a situation of misery, that is nothing short of inhumane.”

**Coffee contract:** an agreement between a buyer and seller. In the case of our business, a coffee contract is effected between us and our import partners, mostly based in the US.

**ENPS:** A standardized way for companies to evaluate how employees feel about working for a company based on one question: “How likely are you to recommend a friend work for this company?”.

**Farmgate:** The closest equivalent to the price paid for coffee to the producer of the coffee.
Most of our world’s coffee is produced on very small farms. Most of these farms are very remote, and the farmers do not earn their income from a buyer directly at their farm. Often, farmers must bring their coffee to centralized collection centers or mills where they are paid the local published farmgate price in their given geography or exchange point context.

**FOB:** Free-on-board. This is the price of a coffee at export which includes the exporter profit, and includes the price includes paid to a farmer. Typically the farmer will see 60-85% of the FOB price. The “C” market price is expressed in terms of FOB, as is the Fairtrade Labeling Organization’s minimum price.

**Relationship Coffee:** A coffee that has been featured on our menu for more than one calendar year.

1: UN SDG Goals: https://sdgs.un.org/goals

2: http://www.ico.org/documents/cy2017-18/icc-122-11e-gender-equality.pdf

3: Coffee Producers Demand Immediate Action Amidst Price Crisis, Daily Coffee News (2019)

4:Specialty coffee transaction guide price 2021. *The Specialty Coffee Transaction guide seeks to provide benchmarks for alternative and more sustainable pricing models for coffee than the C-Price. It is a collaboration between researchers at Emory University and roasters and importers that publishes benchmarks for price paid for specialty coffee FOB across various dimensions: geography, lot size, quality score and other. (we are thrilled to be one of 100+ coffee companies donating pricing data since 2019!)* We selected an FOB price benchmark from page 9 “FOB prices for specialty coffee 2020/2021”, section “median and 85-86 scoring coffees and 1000-3000 lb contract size.

5: Fair Trade minimum price 2022

6: ICE “C price” 2022

7: The Cost of Financially Sustainable Coffee Production, Fair Trade and Cornell University (2017)

8: A Study on Costs of Production in Latin America, Caravella Coffee (2019). We referenced cost of production per lb in Guatemala, on page 9

9: The Cost Conundrum, SCA Magazine - Issue 11 (2019) We referenced cost of production for Colombian coffee in the case study

10: https://ourworldindata.org/environmental-impacts-of-food#the-carbon-footprint-of-eu-diets-where-do-emissions-come-from


# Until next year!

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