



# COLLABORATIVE COFFEE SOURCE

LIVING OUR VALUES

2017

# COLLABORATIVE COFFEE SOURCE

## 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 our roasters are seeking.

### 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.

OUR VALUES:

1. WE SEEK THE RIGHT  
QUALITY



# DEFINING QUALITY

Right: A coffee  
picker from Gesha  
Village, Ethiopia.  
Look at that  
selection!





**W**e want to define what we mean by the term quality, especially since we claim to find the truly good coffees. We search for quality through screening and scrutinizing, then we articulate the result with a list of the coffee's flavor attributes, and a numerical score out of 100. CCS sets the bar at 86 points for the coffee we buy. We recognize that this number isn't self explained, but it is an efficient and simplified way of communicating a starting point for most people in the industry.

The common denominator for an "86" coffee is its clarity, and this means more than clean coffee. Clarity is a sensorial term that describes how a coffee opens and expresses its attributes, usually with the help of a structuring acidity. This combination creates complexity in the cup and many more desired attributes.

Sharing this experience of actually tasting the qualities through cupping is key to understanding and agreeing on a value for a coffee. Thus the point of using a numeric scale to express the quality is also a way to define its monetary value. Premium is a term for the extra money paid for higher quality, which suggests that the starting point is the right one. We disagree, because that level is more often than not too low.

High quality in coffee is the result of a concrete process and a particular craft, it doesn't just happen. When certain conditions are in place, making a delicious coffee is achievable, but not easy. By setting our benchmark at 86 we mean to honor the honest craftsmanship and care that goes into making a truly special coffee.

# CELEBRATING QUALITY

Right: The awards ceremony, CCS Acevedo Cup 2016





**A**s buyers of specialty green coffee, we are not in a position to advise farmers on the finer points of coffee cultivation, we leave that to the agronomists. Instead, we contribute to the development of quality by celebrating, incentivizing and rewarding quality.

In January 2018 we will run the second CCS Acevedo Cup in Huila, Colombia, with our partners in the region, Fairfield Trading. This cupping competition is an opportunity for roasters and farmers to forge relationships, share experiences and gain knowledge, all great things. But the benefits extend well beyond the event itself.

Firstly, cupping competitions like the Acevedo Cup facilitate collaboration between farmers. Around twenty-five families attended the awards ceremony of the CCS Acevedo Cup 2016. Afterwards, community leaders met with the winners and their neighbors to discuss farm protocols and strategies that could be implemented on farms across the region.

Secondly, the CCS Acevedo Cup offers recognition, both within a farming community and among roasters, of the vision and dedication of the coffee farmers. By holding the event annually, and offering a financial reward to the winners, the CCS Acevedo Cup can be a tool for inspiring and incentivizing producers to improve quality year after year.

“I felt really proud,” said Alexander Ordoñez of Finca Los Naranjos, who won third place in the CCS Acevedo Cup 2016. “My wife and two children accompanied me [to the awards ceremony], and it was a beautiful experience because they are part of the work one does on the farm. And this third place prize motivates me to continue improving so I can win first place.”

OUR VALUES:

2. WE WORK WITH THE  
RIGHT PEOPLE



# THE COLLABORATIVE MODEL

This page: Farmers,  
roasters and  
the CCS team in  
Kirinyaga, Kenya  
November 2016



One of the founding principles for the Collaborative Coffee Source is building relationships between people, in our case the craftspeople that are making coffee. Some are working in the field, others in roasteries, and still many more hands and heads and hearts are involved, so we think it's only logical that there is a strong connection. The barista should be in the mix too, as they are the ones brewing beverages from these fruits-of-labor, they are on the frontier for all of us. We're all needed, and we all need each other.

We strive to connect roasters, baristas, exporters, farmers, cooperatives, washing stations, and everybody else working in this community in a tight web of support, communication and feedback. This is fundamentally a model for collaboration, and quite frankly, it is a good business model too. Collaboration creates opportunities for learning, in all directions. Coffee travels the world and so do we, and it is in the exchanges of ideas and preferences that the best coffees are made.

Coffee is a people business. When curious people meet, and great products are made, and beautiful understanding occurs and interdependency grows, it is the best environment for a healthy business relationship. Good Coffee deserves to be Good Business, for all parties.

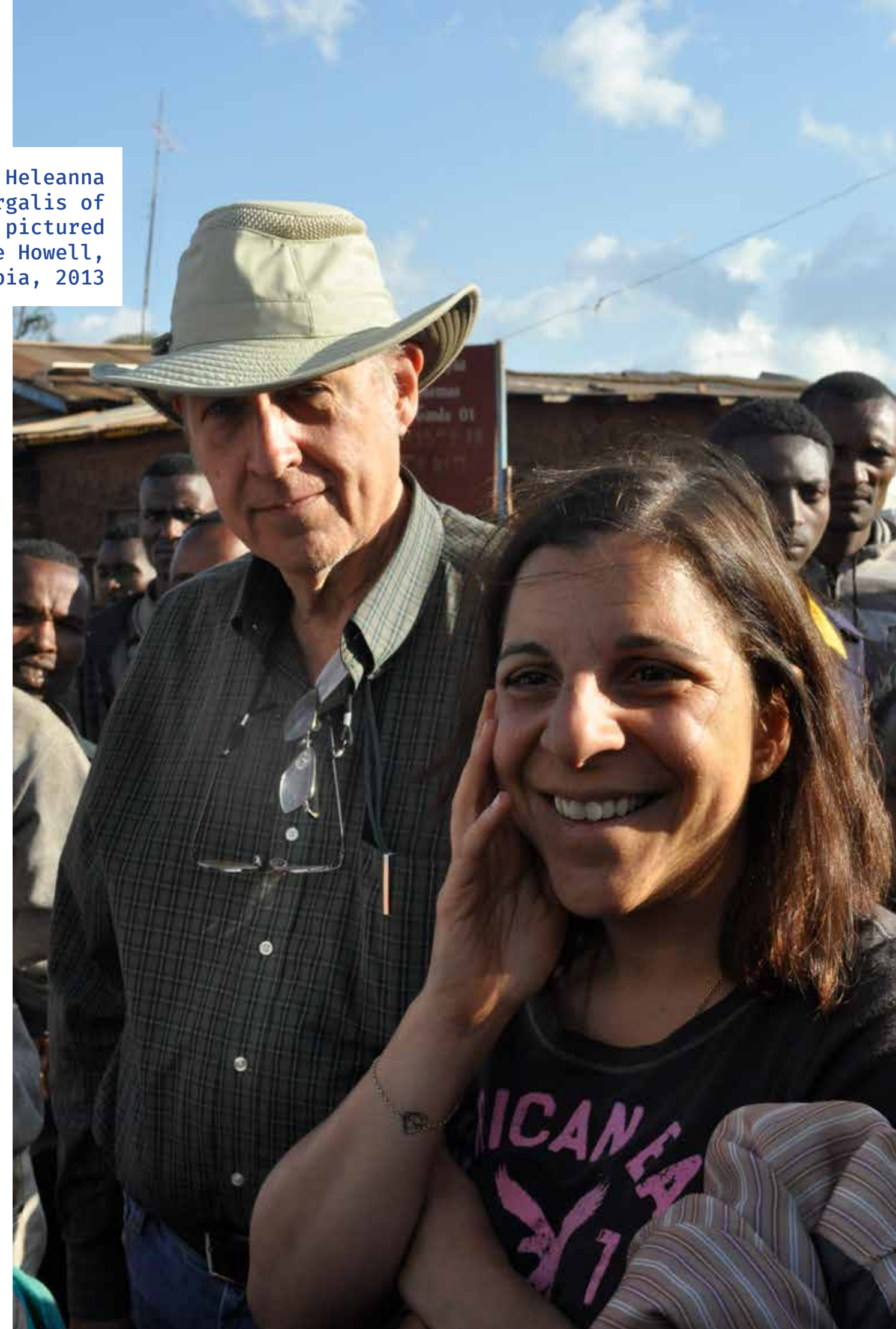
An ambitious coffee roaster who wants to stand out with a desired product needs a coffee supplier that is delivering the right coffee year after year. We strongly believe that we help both ends when we connect them, and the best way to achieve that is to know them. This is why we work with coffee professionals we respect and cherish, whose hopes and dreams we share.

We want to change the world. The process may be "poco a poco," but we're ok with that.

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# THE RIGHT PEOPLE AT ORIGIN

Right: Heleanna Georgalis of Moplaco, pictured with George Howell, Ethiopia, 2013





A romanticized idea of coffee trading is that one is sourcing from a farmer who is equipped and empowered to offer coffee from their field, and bringing it to your market, and all other parties in-between are helping to make it happen. It isn't always quite like that.

CCS' relationship with Ethiopia as a coffee origin is like any other passionate relationship: it can be fantastic and fantastically challenging at the same time. The country offers coffees that are as unique as the many ways of handling them. Our source for guidance and relief has often times been Heleanna Georgalis of Moplaco.

She has, since CCS' inception, presented strategies and solutions for dealing with Ethiopia as a multi-faceted origin. She is a coffee farmer. She processes her own coffee. She buys cherries and processes coffee from other growers. She buys lots from ECX and cleans them. She has a great dry mill, which makes all the difference. She is an exporter. She is a reliable partner. She reminds us again and again that coffee is not only people, but also politics and culture.

Heleanna is constantly teaching us the complexities of the trade, which has emboldened us to broaden our scope. We are now working with many more and very different partners in Ethiopia; farmers and millers, agronomists and researchers. The next step for CCS is to open our own lab in Addis, thus staying closer while also working more independently.

We are continuing our business relationship with Moplaco, getting the best services possible on milling and quality control, while nourishing personal connections with Heleanna's team. That's coffee romance to us.



Right: Sidney Kao  
tries the fruit  
of a Gesha coffee  
cherry for the  
first time.

# THE RIGHT PEOPLE IN THE MARKET





Core to our way of doing business is building long-term relationships with producers and roasters, and between producers and roasters. Here are a few of our cherished roasters who share in this mission.

#### **Robert Kao (Sweet Beans)**

Sidney Kao, founder and owner of Robert Kao, was one of CCS' very first customers, certainly our first in East Asia, and since the beginning he has been one of our most ardent and loyal supporters. We were first introduced by Pèi-Yuan Hsu, a mutual Taiwanese friend who lived in Oslo. Sid immediately understood our mission to develop long-term partnerships with producers, and he has remained faithful to many of the producers of the coffees he first purchased five years ago.

Sid is a pioneer and leading coffee professional in Taiwan, and a true coffee craftsman (though he would feel deeply embarrassed to read this). His meticulousness and passion in both roasting and brewing coffee is unmatched. To have Sid prepare you a syphon brew is quite simply to experience coffee magic.

#### **Belleville Brûlerie**

Thomas Lehoux and David Flynn co-founded Belleville Brûlerie in 2013, after a frustrated search for roasted coffee that met their needs. Paris is an espresso-loving city but Thomas and David wanted to provide Paris coffee drinkers with great coffees that expressed their best selves in every preparation.

Belleville's roasting and brewing philosophy is keep things simple: use high quality green coffee and roast it in such a way that highlights sweetness and lets the coffee's best characteristics shine. To this end, Belleville doesn't push its customers to adopt varied or complicated brew methods.

#### **Parlor Coffee**

In true Brooklyn style, Parlor began as an espresso bar in the back of a barbershop. Today it is one of Brooklyn's most iconic coffee roasters. We were introduced to Parlor's founder, Dillon Edwards, by David Stallings, CCS' former Director of Purchasing and Parlor's first Director of Coffee. David met Robert (CCS' co-founder) at the Pulley Collective, a shared roasting facility in Red Hook, Brooklyn.

It makes sense that Parlor became one of CCS' first North American roasting partners, given that both David and Dillon share CCS' vision that coffee sourcing is about finding beautiful coffees from cherished producers.



OUR VALUES:

3. WE DO BUSINESS  
THE RIGHT WAY

# DEVELOPING POTENTIAL: BURUNDI

Right: Felicity -  
a cherry producer  
delivering to Long  
Miles' Bukeye washing  
station





**B**urundi is a difficult place to work. It is one of the ten poorest countries in the world with serious corruption and a lack of infrastructure that make sourcing, purchasing, storing and shipping coffee extremely challenging. So why are we there?

The short answer: CCS is driven to discover new gems, be they origins or individual coffees. The best Burundian coffees exhibit intense sweetness and elegance, with balance and a honey-like mouthfeel.

Beyond the coffee, however, we love developing potential and Burundi has it in spades: high altitudes, suitable cultivars, good soils and good rainfall. While exploring this origin, we met professionals from two pioneering coffee companies who also recognized Burundi's great potential. Our relationships with Ben Carlson of Long Miles Coffee Project, and Luis Garcia and Maxime Acien of Greenco are what make our work in Burundi possible.

The entire Carlson family moved to Bujumbura, Burundi to start the Long Miles Coffee Project, and built two beautiful washing stations that process cherries from over 3000 neighboring families. They are uncompromisingly selective about the cherries they accept, and have implemented innovative agricultural programs. Their "Coffee Scout Teams" for example, travel from village to village to teach farmers best agricultural practices and disease management, like avoiding the potato defect by hand picking antestia bugs from the coffee trees.

Luis Garcia moved to Burundi after many years working in finance and coffee trading in Switzerland to take a job managing thirteen washing stations for Greenco. He immediately began methodically revising the entire Greenco organization to focus on quality. Luis has since moved on to another challenging role, as the manager of Sucafina's dry mill. Since the 2016 harvest, Maxime, who also comes from the trading floor, has energetically taken on the role as Greenco's Managing Director. From speculating coffee futures on your computer to overseeing the operations of washing stations that serve thousands of farming families, it's not for the faint of heart.

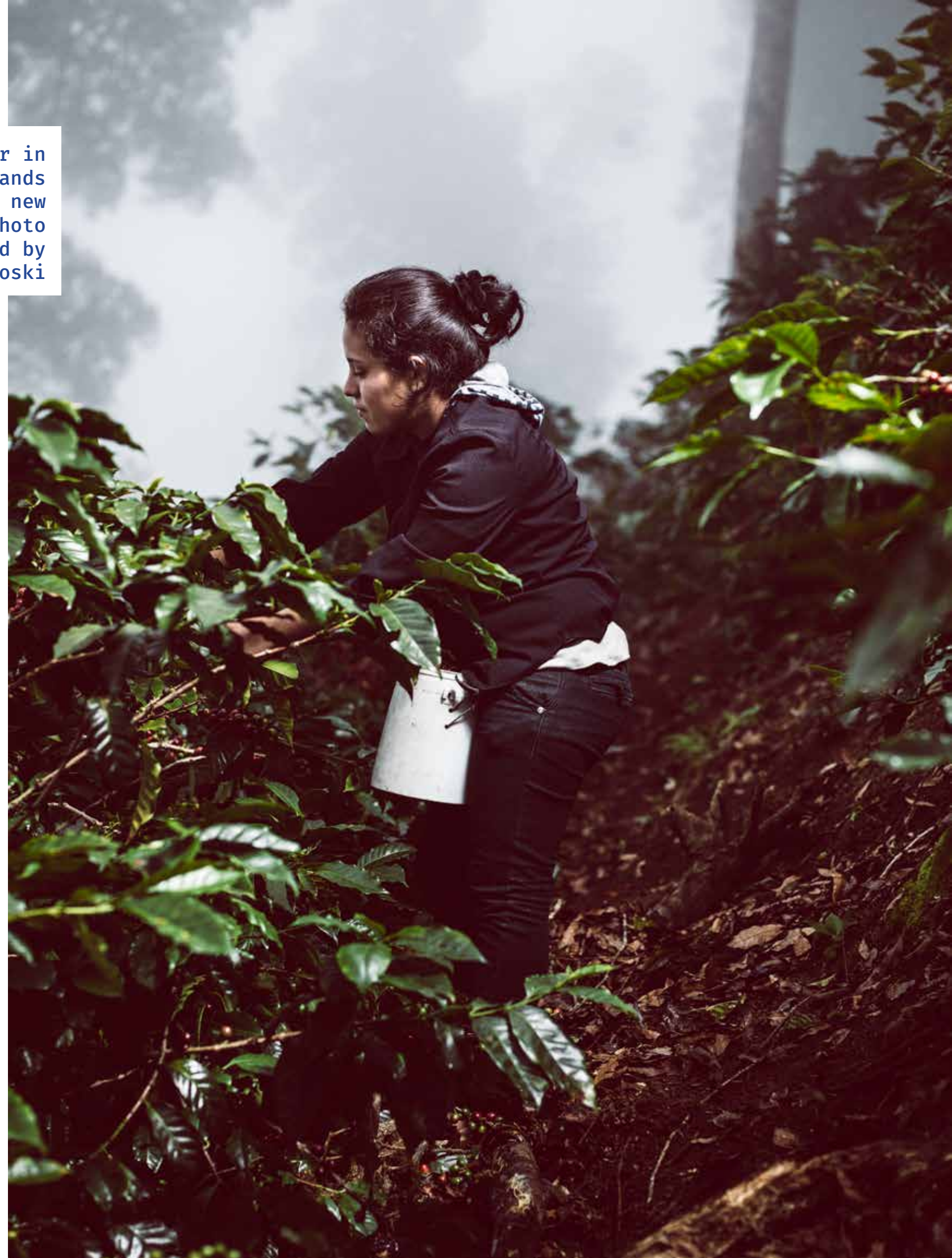
Burundi's poverty and sometimes harsh and difficult export environment has been challenging since the beginning of our work there in 2012. It's important to acknowledge these realities. We keep coming back year-after-year because it's a stunningly beautiful country with beautiful coffee, and because we believe in our friends, partners and farmers, and the potential they are working so hard to realize.



Right: A coffee picker in Santa Barbara who stands to benefit from the new payment structure. Photo taken on a Hasselblad by Tuuka Koski

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# SUPPORTING FARM LABOUR AT ORIGIN



**I**n 2017, CCS and our sister company Kaffa celebrated twelve years of working with San Vicente and the farmers of Santa Barbara, Honduras. These relationships have been fruitful, yields have never been higher, quality has never been better.

These are great achievements, and we take great pride in the dedication of these farmers, and our small contribution as long-term buyers. But a relationship like this holds an even greater power.

After twelve years of working together, we can speak differently in Santa Barbara. There is a level of trust, an understanding that we are all working to grow and sell delicious coffee, which means we can be more direct. With our friends in Santa Barbara we have been able to discuss delicate issues like poverty and the livelihoods of coffee pickers and farm workers.

There is a fine line between a suggestion and a requirement. It is one thing to expose ignorance, it is entirely another to disrespect cultural differences and inter-relational dynamics in the communities that we only visit for a few days each year. We have to acknowledge that we don't live our farming partners' lives.

Still, our vision is to bring quality, prosperity and community to everyone in coffee, and that includes farm employees, many of whom are friends and neighbors of the farmers.

From a frank conversation with our longest standing friends in Santa Barbara, a new initiative was born. In 2017 we increased the FOB price to \$4.25/4.50 per pound as the base price for an 86-point lot, and farm gate prices increased proportionally. We asked the farmers to use that premium to pay their farm-workers and pickers more.

It is not a condition, rather a request. This increase of \$0.50/lb. from last season is intended to give farmers the financial means to distribute some of their profits to their workers. When we visit Honduras again in 2018 we will report to you the progress of this initiative.



# SUPPORTING FARM LABOUR IN THE MARKET

Right: Tutto and Emilio Gamboa, father and son, of Montes de Oro in Costa Rica, one of the farms producing coffee for the Kolonihagen brand this year.



This year Collaborative Coffee Source's sister-company, Kaffa, began a new partnership with one of Norway's largest grocery chains, Rema 1000.

Rema 1000, as part of its mission to become one of Norway's leading suppliers of organic and sustainable food products, recently bought a farm-to-table restaurant chain in Norway called Kolonihagen. Kaffa now supplies Rema 1000 with specialty roasted coffee under the Kolonihagen brand, and CCS is sourcing the green coffee.

We are excited about this endeavor for many reasons. The large distribution network of Rema 1000 gives CCS, Kaffa and our partners and producers at origin the opportunity to engage a very large base of coffee consumers with high quality sustainable coffee. Additionally it offers a unique opportunity to directly impact on the lives of coffee pickers by charging the consumers just a little bit extra.

Despite the industry's best attempts at transparency, we rarely know how much is paid to coffee pickers, beyond that it is very little. For this reason, CCS and Rema 1000 created a pricing structure to improve incomes for those at the very base of the coffee supply chain.

For each bag of Kolonihagen coffee sold, 2 NOK will be paid directly to the coffee pickers. This premium will mean an additional \$1 USD per kilo of green coffee for the pickers of any coffee sold under the Kolonihagen brand.

2017 was our pilot year for this program, so we will soon organize a series of Town Hall meetings with producers and representatives of their employees to determine the best way to distribute the first round of premiums. Our long-term goal is to distribute the premium as a wage increase but we are realistic about its impact. While the percentage increase in their current earnings may be high, their salaries are still much too low for specialty coffee to be a sustainable industry. It doesn't address our deep concerns for the inequities in the supply chain, but it is a beginning.

# 2017, THE YEAR IN REVIEW

Below are some numbers that we can confirm and share, detailing our achievements in 2017. We are very proud of these figures, and the team that worked so hard to realize them, but there is so much that is missing.

Reporting on the FOB price is important, without doubt, but the FOB price says so little about the livelihoods of the farmers and their employees. While we know some of the financial information for some origins, we couldn't source enough to compile a comprehensive list, and for this we are saddened and frustrated. We are working to improve on this.

For our 2018 report we aim to include ALL the financial information, not only the FOB per kilo, but also the cost of shipping, insurance and finance, the exporter's margin, the wet mill margin, the price paid to the farmer and the price the farmer pays to their employees.

This is an extremely ambitious goal, and we admit it is unlikely we will achieve it for every single farm from which we buy coffee. Regardless, our commitment to all our friends and partners across the entire supply chain is that we will strive to make sharing this information a standard part of doing business in specialty coffee.

# CCS IMPACT 2017



# ORIGINS

10



# EXPORTERS

15



KG GREEN COFFEE  
IMPORTED

499 105



# FARMING FAMILIES  
WE SUPPORT

> 1500

# EXPORT COUNTRIES

27



EUROPE

17



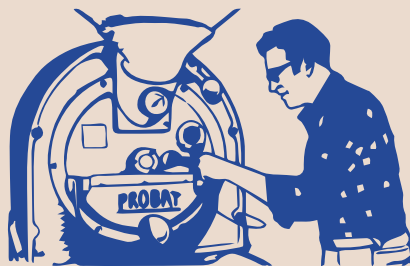
ASIA

8



AMERICAS

2



# ROASTERS WHO  
PURCHASED FROM CCS

139



AVERAGE FOB  
PRICE PER KG

7,30



OUR FIXED  
MARGIN PER KG

2,65

**Origins:** See details in the table below.

**Export countries, Europe:** Norway, Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Netherlands, Poland, Spain, Sweden, Switzerland & UK

**Export countries, Asia:** China, Indonesia, Japan, Kazakhstan, Malaysia, Singapore, Taiwan & Turkey

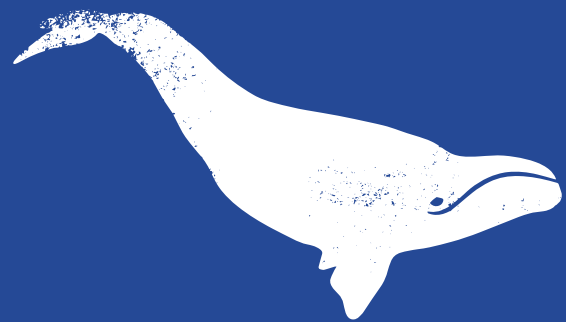
**Export countries, Americas:** US & Canada

**FOB:** Our average weighted FOB in 2017 was \$7,3/kg for all of our coffees.

The average Arabica market price during this time was \$3,1/kg.



ORIGINS /	EXPORTER /	KG IMPORTED IN 2017
Brazil	Carmo	76 655
Burundi	Long Miles Coffee Project	46 260
Colombia	Fairfield	37 500
Colombia	LPET	4 315
Costa Rica	Exclusive	16 949
Ethiopia	Addis Exporter	18 000
Ethiopia	Moplaco	45 780
Ethiopia	Mormora	15 600
Guatemala	El Injerto	300
Guatemala	Zelcafé	85 845
Honduras	San Vincente	60 214
Kenya	Dormans	24 000
Kenya	Kenyacof	42 060
Mexico	Café Finca Los Azahares	140
Panama	Elida	7487
10	15	499 105



COLLABORATIVE  
COFFEE SOURCE

SOURCE THE  
RIGHT COFFEE  
THE RIGHT WAY.