

The Coffee Gardens 2019/2020 Transparency Report

The Coffee Gardens was established in 2017 with the goal of producing specialty coffee in an ethical way, offering a transparent and direct link between coffee farmers and coffee consumers. This transparency report allows us to share the breakdown of costs directly associated with producing our coffee with our customers and partners. This report also illustrates the number of people involved in the different stages of our coffee production, offering an insight into their contributions and levels of compensation. We invite our partners to share their experiences so we can work together to ensure a positive impact on our farming communities.



Price Transparency

The Ugandan coffee sector largely focuses on high volumes but low quality, and most coffee traders buy “mixed” coffees (red, yellow, green and black cherries) at a *market rate*. This rate varies depending on factors such as stage of season, demand, international coffee prices, competition, and locale within the Elgon sub-region. In order to provide farmers with an incentive to improve picking practices, we offer above-market prices in exchange for red cherries only. In the 2019/20 season, The Coffee Gardens purchased coffee cherries at an average price of 1,400 UGX (38 ¢ US) per KG of red cherry - equivalent to \$2.97 per KG of export green bean (excluding bonuses). Our price was a minimum of 10% above the market price - and for the majority of our farmers who live in hard to reach areas - around 30% above the rate offered by traders.

We also incentivise and reward farmers through a number of different monetary and non-monetary ways. This includes post-season bonuses, additional income-generating and employment opportunities, tree distribution and a range of all-year-round training programs. The Coffee Gardens is transparent with our partner farmers about our buying policy and prices, providing each registered farmer with a contract and a buying-record book, communicating any price changes via SMS to registered farmers, and providing receipts for every transaction.

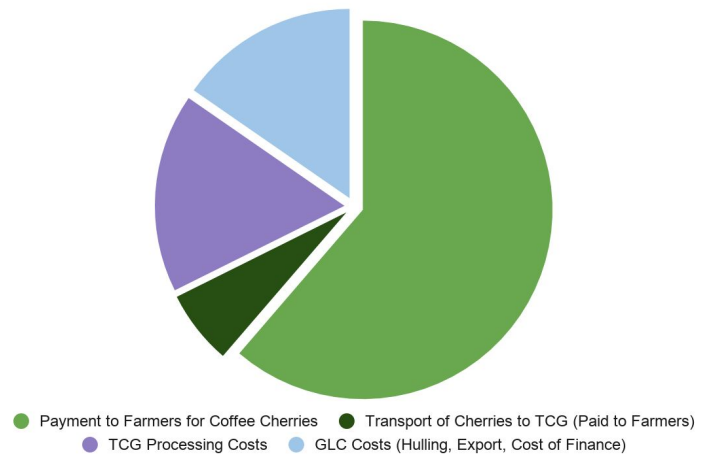
We are partnered with Great Lakes Coffee, who provide us with a range of services including hulling, exporting, access to working capital, warehousing and additional drying space. We are also included in GLC’s MasterCard Fund for Rural Prosperity program, where our agronomists are trained and supported by GLC experts as they

THE COFFEE GARDENS

DIRECT. ETHICAL. SPECIALTY

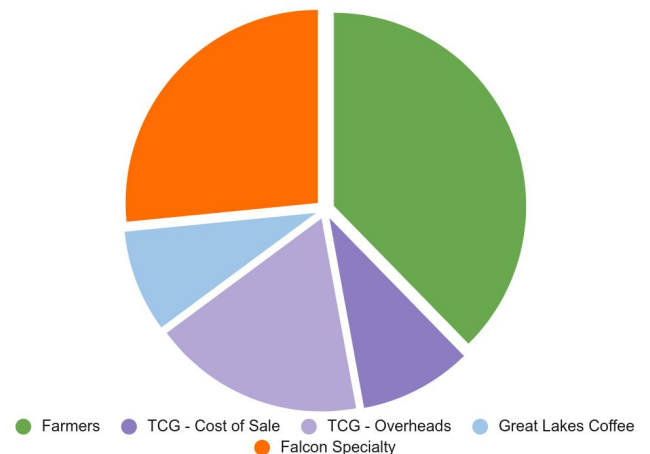
deliver training programs to registered farmers. The following is a breakdown of the direct costs associated with producing our coffees in the 2019/20 harvest:

Cost Areas	Cost Per 1 KG of Export Green
Payment to Farmers for Coffee Cherries	\$3.07
Transport of Cherries to TCG (Paid to Farmers)	\$0.32
TCG Processing Costs	\$0.85
Great Lakes Coffee Fee	\$0.77
Total Cost	\$5.02



Below is a break down of the allocation of the total sale price, based on TCG coffee scoring 85+ points (SCA score), offered by Falcon Specialty to roasters in Europe (based on the 2019 sale price):

Allocation of Sale Price	\$ USD
Farmers	\$3.39
TCG - Cost of Sale	\$0.85
TCG - Overheads & Off-Season Activities	\$1.60
Great Lakes Coffee	\$0.77
Falcon Specialty	\$2.39
Total Sale Price	\$9.00



Labour Transparency

The Coffee Gardens is an equal opportunity employer and prohibits child labour. Uganda has no minimum wage and The Coffee Gardens' policy is to pay staff at above market rate and provide additional benefits in order to ensure that the whole team is highly motivated. The following is a list of worker positions, rates and benefits:

Position	# Women	# Men	Salary Rates	Benefits
Executive Directors	1	1	N/A	Rent, Insurance, social security
Managers & Officers (Long Term Contracts)	1	2	\$165-380/m (above industry average)	Insurance, allowances, social security, savings scheme
Field & Processing Assistants (Long Term Contracts)	1	5	\$70-125/m (above industry average)	Insurance, allowances, social security, savings scheme
Coffee Runners (Workers paid per bag carried)	25	40	\$1.90-\$5.75/d (above industry average)	Meal each day worked
Processing Station Workers (Day Labourers)	16	5	\$2.20/d (above industry average)	Breakfast and lunch each day worked
Drying Yard Workers (Workers paid per bag carried/sorted)	7	6	\$2.20-\$4.40/d (above industry average)	N/A
Total	51	59		