

Coffee Crisis Report

WHEREAS:

Shareholders increasingly evaluate companies on their financial, environmental and social performance -- the triple bottom line. Some companies have published sustainability reports and are taking a long-term approach to creating shareholder value by embracing opportunities and managing risks derived from economic, environmental and social developments;

We believe the sustainability of corporations is connected to the economic sustainability of their workers and the communities where corporations operate and sell products. Workers need to have the purchasing power to meet their basic needs. Effective corporate policies can benefit both communities and corporations.

We believe xxx faces a serious threat to the long-term sustainability and profitability of its coffee business in the areas of fair trade and commodity pricing;

Coffee farmers, mostly poor smallholders, are now often forced to sell their coffee for less than it costs to produce. Millions of coffee farmers now cannot afford basic necessities, including medicine and education for their children. In nations dependent on coffee exports, governments lack funds to maintain basic infrastructure, including hospitals and schools, The *Wall Street Journal* reported in July 2002 that the coffee crisis has forced many farmers to abandon their traditional land and even to emigrate;

Fair Trade Certified coffee guarantees farmers a decent price, allowing farmers to feed their families, educate their children, and avoid cost-cutting practices that sacrifice coffee quality. College students are increasingly organizing to switch their campuses to our competitors' Fair Trade Certified coffee;

Procter & Gamble told online publication *Eldis*: "One of our biggest concerns is the long-term supply of high quality coffee beans. At this point the farmers are unable to reinvest funds into improving quality, they're not getting a strong return for their coffee beans. That's a concern for us, we have the no. 1 coffee brand in North America, we did that by giving consumers very high quality coffee and we're concerned that that might not be available.";

House Resolution 604 and Senate Resolution 368, both passed unanimously in November 2002, stated that world coffee prices have declined nearly 70% since 1997, recently reaching their lowest level in a century;

We believe our company's lack of leadership in addressing this coffee crisis damages shareholder value by hurting its reputation with important stakeholders, including customers and key U.S. government officials concerned about stability in coffee-producing regions, and even threatening the reputation of xxx other products;

RESOLVED:

That the shareholders request the Board of Directors to review its policies related to the effects of the steep decline in coffee prices and publish a report prepared at reasonable expense, omitting proprietary information, and made available to shareholders by October 2005.

SUPPORTING STATEMENT

To ensure the continued quality of its coffee, the sustained profitability of its business, and its reputation for corporate responsibility, we believe that xxx must help ensure a sustainable livelihood for the farmers who grow its coffee.