

FROM DISTANT LANDS COFFEE ROASTER

Position Paper

On Sustainable Coffee Production

This is information regarding coffee production's relevance to questions that are of social and environmental importance to consumers.

Distant Lands Coffee Roaster is part of a vertically integrated organization that has at its heart Hacienda La Minita, considered to be perhaps the world's most socially conscious and environmentally sound coffee farm. This is nothing new. We have decades of history demonstrating the progressive evolution of our farming model. For example:

Environmental Resource Management

- 1) We use no herbicides or insecticides. All of the weed cleaning is done by hand. This is a massive undertaking and along with protecting the environment it provides added employment for hundreds of people.
- 2) Although we use chemical fertilizer, we soil test the entire farm twice a year, and design our formulas accordingly. The fertilizer is applied carefully and in minimal amounts in order to keep the soil in proper harmony.
- 3) We have a 300-acre forest reserve of old growth woodlands that we set aside more than 20 years ago as a nature refuge.
- 4) Designed into the shade-covered coffee groves are blocks of interlocking natural forest. A bird, mammal, or insect can travel virtually the entire farm without leaving the cover of the natural environment.
- 5) Terraced coffee groves, defensively planted natural vegetation, and an intricate and carefully maintained drainage system guard against erosion.
- 6) Our coffee processing mill was designed with environmental protection as a key objective. This includes a residual water-treatment plant and our own hydro-electrical turbine creating renewable and nonpolluting power. The mill has been awarded the "Bandera Blanca" by the government of Costa Rica for its progressive environmental operation.
- 7) We have taken the initiative in developing biomass coffee drying furnaces that burn only the waste residue from the coffee fruit. Our investment in this technology has paved the way for a future in which no forest is sacrificed to burn wood in order to dry coffee.

Human Resource Management

- 1) We pay significantly higher wages than other growers. Our employees are financially rewarded for their skilled and conscientious labor.
- 2) We have our own fully equipped dental and medical clinic. It has been operating since 1995 and all of our workers and their immediate family are enrolled in a preventative medical and dental program that screens for potential health problems.
- 3) For any catastrophic health care problem that cannot be coped with by either our own physician, or the Costa Rican National Health Service, we pay for private specialist care in San Jose.
- 4) Management founded and continues to support our workers association. E.g., we contribute matching funds to the workers savings plans and offer financial management advice when asked.
- 5) Although, many workers have their own houses and live off of the farm, we also provide modern housing that comes with our own hydroelectric power and piped in spring water.
- 6) We have an “at cost” commissary that purchases basic staples at volume discounts. These goods are passed on to our employees at cost.
- 7) In our vegetable garden we grow our own healthy fresh produce for distribution to workers and their families.
- 8) We have a life-estate housing program for retiring workers that have no home of their own. Although by retirement age, most of our workers have their own farms, all workers know that this option is available if needed.
- 9) We provide workers children with school uniforms and annually assist the local schools with didactic materials.
- 10) We are active supporters of surrounding communities’ public works.
- 11) We support the leisure activities of our workers by funding three football teams and a ladies choir, as well as annual workers association outings.

Most importantly, this is not some sort of charitable lunacy. Coffee is produced from the earth by hard work. To grow great coffee you must have a balanced, harmonious environment and a healthy, strong, confident, and contented labor force. All of the above merely represents Distant Land Coffee Roaster’s vision of a sustainable agricultural business. It is, of necessity, both environmentally and socially progressive, and contributes to the real and measurable success of our economically viable model. Our management practices are fundamental to the quality of our product and a principal reason for our success.

Our clients are proud of their relationship with us and they are not at all shy about publicly identifying La Minita as their coffee source. For example, The Second Cup, (the largest specialty coffee retailer in Canada), ran a promotion called “La Minita Day”. They donated to Foster Parents Plan \$1.00 per cup of La Minita sold at Second Cup outlets across Canada. Bill McAlpin traveled to Canada for a media tour and did five national television broadcasts, eight radio interviews and four print interviews. In every instance there was, to some degree, a focus on the above issues. He enjoyed the opportunity to describe our farming practices to such a wide audience and to support Second Cup’s efforts with Foster Parent’s Plan.

Along with the La Minita trademark, we also supply Second Cup with something like 80% of all of their coffees. It is reassuring to them, as well as to all of our other clients, that we are directly involved in the producing countries with all of the coffees that we sell.

Calling on our own coffee farming and processing experience, we have developed strict quality standards that we require to be employed in the production of our other trademarks. We know where

the coffee is produced, and in what manner. Our clients, that use our other trademarks, are rightfully confident that their coffee was grown properly, humanely, and that the financial premium that we pay farmers for producing great coffee has, over the years, benefited literally tens of thousands of people whose livelihoods are dependent upon coffee production.

The substantial quality premium that Distant Lands' pays for coffee has been publicly acknowledged by the Government of Costa Rica in a proclamation of thanksgiving made at Sintercafe international coffee congress held in San Jose. Distant Lands has paid, is now paying, and has made a long-term commitment to always pay significantly more for their coffee than the current world price!

In the case of Narino, Colombia, we pay farmers a premium for their product. This premium is based on a simple quid pro quo, if the farmer produces higher quality, we pay higher prices. For farmers who choose not to produce quality, there is the Colombian Federation who will pay a minimum price.

It is interesting to note, that our program has been so successful that:

- The Colombian Federation has been forced to raise the minimum price paid for Narino coffee to 5% above that paid to any other coffee-producing region of Colombia.
- Narino is the only region of Colombia that is experiencing production increases on a year to year basis.

In addition, the success of our program has allowed us to participate in community resource projects including the building of schools in towns where our coffee is grown.

We do not believe that there is any other coffee roaster that can honestly offer such assurance of first-hand knowledge and participation in the advancement of living standards in coffee producing regions. The vertical integration of our roasting, trading, processing, and farming companies make Distant Lands and La Minita unique in the world's coffee industry. No one else can really bring coffee from seed to cup. We have decades of history and our track record on environmental and social issues is both transparent and unassailable.

Our progressive and pro-active approach to these important issues is documented by many years of published interviews, news articles, essays, and speeches. We have been public advocates of sustainable agriculture for decades.