



ROYAL CUP
COFFEE AND TEA

2018
SUSTAINABILITY REPORT

Royal Cup Coffee & Tea's Core Values

Royal Cup Coffee and Tea is the proven leader in sourcing, roasting, blending and providing high quality coffees and fine teas since 1896 and is the chosen partner for restaurants, hotels, offices and commuters across the country.

We are a family-owned business rooted in a longstanding tradition of coffee roasting excellence who takes pride in our unparalleled dedication to customer care.

Quality

We sell high quality products and services and are proud of our work.

Customer Driven

We are a 100% customer-driven company and strive to create customer advocates.

Integrity

We maintain high integrity in all interactions and treat everyone how we would like to be treated.

Social Responsibility

We are good corporate citizens with a developed sense of social responsibility and we give back to communities our time, talent and resources.

Work for Fun & Profit

We are a profitable, growing company with a fun-loving spirit, and a great place to work.

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*At Royal Cup, we measure
sustainability success using
the Triple Bottom Line.*

This framework captures an expanded spectrum of values and criteria for measuring organizational success through **Social Responsibility, Economic Stability** and **Environmental Stewardship**.

ENVIRONMENTAL



Social Responsibility

At Royal Cup, **Corporate Social Responsibility (CSR)** is central to our core values. We conduct business in an ethical and responsible way. We are investing in a number of initiatives to maintain our strong CSR position for the future.

Economic Stability

Royal Cup recognizes the **necessity of a healthy economic state** in order to positively influence the well being of our employees, partners, and customers. We recognize and promote strategies that spur creativity, innovation, and entrepreneurship throughout the organization, which facilitates the creation of shared knowledge that impacts business and industry.

Environmental Stewardship

Royal Cup realizes the **importance of being a good corporate citizen**. We strive to make choices that positively impact our workplace and community. We believe in operational excellence. Royal Cup is committed to working towards operating in the most efficient, sustainable manner.

2017 Highlights

1. Our efforts in 2017 ensured that our National Waste and Recycling program is on target to achieve Royal Cup's Goal of 95% landfill free by 2020.



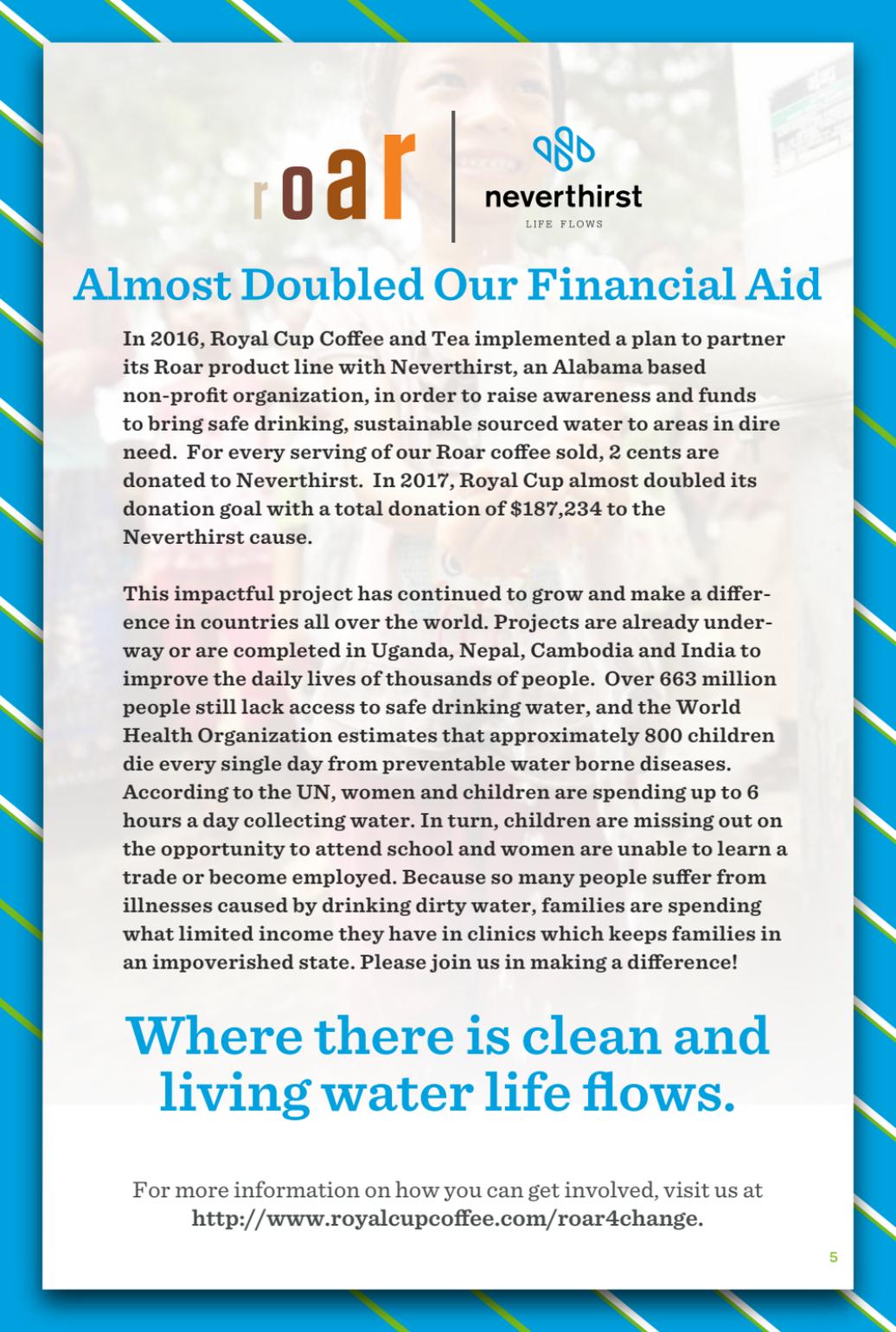
Recycling Impact

Total Tons Recycled	724.51
kW-hrs of Electricity saved (Millions)	3.23
Household's Annual Energy Consumption	103
Gallons of Oil Saved	88,611
MBTU Net Energy Reduction (Million British Thermal Unit)	11,013
Total Greenhouse Gas Reduction in Metric Tons	2,304
Gallons of Water Saved (Millions)	261,536
Landfill Airspace saved (cu yd)	2,535
Number of Mature Trees Saved	8,694

2017 Highlights

- Two cents from every cup of our ROAR coffee product line has resulted in \$187k of charitable giving in 2017. The benefactor of the funds in 2017 was the Neverthirst organization 501-3C who provides clean water solutions for underdeveloped countries.
- Continued to implement and develop a campus-wide plan to increase our impact and commitment to sustainability. This plan consists of...
 - LED lighting installed across the campus along with light motion sensors.
 - A National Waste and Recycling program was implemented.
 - Software to manage route data was installed to limit the impact on our carbon footprint.
 - Implementing a plan for the replacement of fleet to energy efficient vehicles.
 - The development and monitoring of CO2 emissions to limit our output.
 - The development and monitoring of energy (electric and gas) to reduce our usage and impact.
- Imported over a million pounds of RFA and Fair Trade coffees to ensure a better environment for the farms and farmers to sustain and grow.
- Silver level sponsor in 2017 supporting World Coffee Research (WCR), including a seat on the Board of Directors, to ensure a sustainable production of coffee will be maintained across the globe.





roar


neverthirst
LIFE FLOWS

Almost Doubled Our Financial Aid

In 2016, Royal Cup Coffee and Tea implemented a plan to partner its Roar product line with Neverthirst, an Alabama based non-profit organization, in order to raise awareness and funds to bring safe drinking, sustainable sourced water to areas in dire need. For every serving of our Roar coffee sold, 2 cents are donated to Neverthirst. In 2017, Royal Cup almost doubled its donation goal with a total donation of \$187,234 to the Neverthirst cause.

This impactful project has continued to grow and make a difference in countries all over the world. Projects are already underway or are completed in Uganda, Nepal, Cambodia and India to improve the daily lives of thousands of people. Over 663 million people still lack access to safe drinking water, and the World Health Organization estimates that approximately 800 children die every single day from preventable water borne diseases. According to the UN, women and children are spending up to 6 hours a day collecting water. In turn, children are missing out on the opportunity to attend school and women are unable to learn a trade or become employed. Because so many people suffer from illnesses caused by drinking dirty water, families are spending what limited income they have in clinics which keeps families in an impoverished state. Please join us in making a difference!

Where there is clean and living water life flows.

For more information on how you can get involved, visit us at <http://www.royalcupcoffee.com/roar4change>.

roar



2017 – 2018 Projects

Projects addressed by funds raised through ROAR coffee sales in 2017 include....

- 2 Cambodia School WASH Projects
- 4 Cambodia Wells
- 16 Cambodia Bio-Sand Filters
- 45 Cambodia Bio-Sand Filters
- 30 Cambodia Bio-Sand Filters with a Latrine
- 2 India Wells
- 2 Uganda Wells
- 2 Uganda Well Rehabilitations
- 15 Uganda Bio-Sand Filters
- 1 Nepal Tapstand
- 15 Nepal Bio-Sand Filters

For more information on how you can get involved, complete listing of fund options and upcoming projects, please visit us at
<http://www.royalcupcoffee.com/roar4change>.
#roar4change

A Gender Project in a Prior War Torn Region

Given that the bulk of the world's coffee production is produced by small holders and then “bulked” at various stages of commercialization – providing traceability down to the producer level has proven very challenging, time consuming, and expensive to the coffee industry.

In 2017 Royal Cup took on this traceability and transparency challenge with a partnership to empower a gender based project in the Huila (“wee- lah”) region of Colombia. Over the past half-century their civil war has killed over 220,000 people including many men who ran coffee farms. This has forced the widows on these farms to take control and provide for their families.

The Huila region is prized amongst coffee connoisseurs for its high-quality coffees grown at high altitudes on rich and fertile soils. The coffees exhibit great milk chocolate notes and pronounced sweetness with “juicy orange-like acidity”.

Royal Cup set out to showcase these women coffee producer groups to a customer seeking to bring forward a coffee program that would honor their commitment to serving the best coffee in their restaurants, while also making an impact in the growing regions.



Connecting the Face of the Farmer to the Voice of the Brand.

Royal Cup understood how critical it was to our customer to ensure our exporter partners could identify and separate the women's coffees from all the rest. We had to show that we could successfully execute "separation" at harvest time. This would mean that we could identify the female growers by *name* and thus ensure that any premiums we paid reached those female growers.

And so the Mujeres en Café project was born.

In short - a traceable gender based, green coffee sourcing program; where premiums are being paid to the women growers who contribute.

But that's not all. In addition to the premiums the female producers get at the time of delivery - our customer has stepped forward and offered a Quality Incentive Payment for exceptional quality. For any coffees scoring 85 and over on the SCA scale; an additional premium is going to be paid at the end of the season.



Century in the Fair Trade Movement

Overall, Royal Cup has purchased 3,443,516 lbs since joining the Fair Trade movement in 2008. This has resulted in \$678,477.20 of Community Development Premiums for farmer communities to invest in quality and put towards the betterment of their communities.

Last year, Fair Trade premiums contributed \$8,366.54 towards development in regions served by APESI, a farmers' cooperative in Peru. The APESI has used this pool of community funding to match infrastructure and quality improvement projects in collaboration with the government of Peru – effectively doubling the ability of this organization to benefit their community.

Premiums raised also benefited FEDECOCAGUA, a cooperative from Guatemala. This cooperative used their premiums to improve the productivity and quality of their members' trees, including soil conservation and erosion mitigation, as well as the deployment of “rust brigades” to help members combat and control the effects of coffee leaf rust (known in Spanish as “roya”).

All Fair Trade Certified™ products are made with respect to people and planet. Rigorous social, environmental and economic standards work to promote safe, healthy working conditions, protect the environment, enable transparency, and empower communities to build strong, thriving businesses.



Rainforest Alliance From the Beginning

As one of the first coffee companies to partner with the Rainforest Alliance, Royal Cup has always been committed to sourcing coffees which make a difference in the regions in which we buy coffee and tea.

In order to become certified, farms must meet criteria set by the Sustainable Agriculture Network (SAN), a coalition of leading conservation groups that work to promote sustainability agriculture. The SAN standard encompasses all three pillars of sustainability—social, economic, and environmental. Rainforest Alliance Certified™ farms are audited regularly to verify that farmers are complying with the SAN standard's comprehensive guidelines, which require continual improvement on the journey to sustainable agriculture. The SAN standard is built on these important principles of sustainable farming:

- **Biodiversity conservation**
- **Improved livelihoods and human well-being**
- **Natural resource conservation**
- **Effective planning and farm management system**

In addition to importing more than 300,000 pounds of Rainforest Alliance Certified coffees, Royal Cup also introduced its first Rainforest Alliance Certified tea in 2016.

Royal Cup Goals

2018 Sustainable Goals Social

1. Continue giving a minimum of 5% pre-tax profits to charity
2. 90% of headquarters employees donate to United Way
3. Increase partnerships with MWBE (Minority and Women Businesses) Certified organizations as we continue to expand our Supplier Diversification Plan
4. Increase our purchases from the Mujeres en Cafe associations in Colombia by a minimum of 5%.
5. Increase efforts to ensure transparency through our supply chain with the development of a Supplier Transparency Program to ensure Royal Cup and its partners are engaging in the fight against child labor, forced labor and human trafficking
6. Continue to be an active sponsor in all of our local markets across the United States by giving to local charities in the communities where we do business.

2018 Sustainable Goals

Economic

1. Continue to increase our donation level to Neverthirst through our Roar partnership
2. Quantify the impact of Fair Trade purchases at Royal Cup supplying regions for coffee and tea.
3. Provide an annual update on the sustainable initiatives at Royal Cup's Rainforest Alliance Certified coffee and tea farm producers.
4. Continue to hold an active seat on the board of the World Coffee Research and offer continued financial contributions.

2018 Sustainable Goals

Environmental

1. Continue to implement a waste removal program for all Royal Cup facilities nationwide with the goal of diverting 95% of the waste away from a landfill by 2020.
2. Continue to monitor our energy consumption in our facilities to ensure we are measuring favorably year over year.
3. Continue to measure emissions in our production facility against our established base-lines to ensure we are able to target areas with improvement opportunities.
4. Continue to expand our EDI transmissions to limit and potentially eliminate all paper transactions to our customers.
5. Continue to investigate and implement water conservation programs in 2017 through our partnership with Neverthirst.
6. Continue to foster transparent relationships between our origin suppliers and our customers, through joint origin travel.



A Founding Member

As a founding member and annual sponsor, Royal Cup Coffee and Tea is proud of the work that World Coffee Research (WCR) is accomplishing. In addition to having a member on the Board of Directors, Marc Schonland, the Company is dedicated to providing assistance and insight in a collaborative nature on the Industry side of the supply chain.

The WCR was founded in 2012 by the coffee industry to grow, protect, and enhance supplies of quality coffee while improving the livelihoods of the families who produce it. It's vision is to create a "toolbox" of coffee varieties, genetic resources and accompanying technologies and to disseminate them strategically and collaboratively in producing countries to alleviate constraints to the supply chain of high quality coffee. Simply put, they are working to ensure through technology we all can continue to drink great coffee for many years to come!

Projects to Ensure we will have Coffee

In 2017, World Coffee Research was involved in many great projects around the globe including.....

- **Transferred the first wave of 46 new F1 hybrid varieties to the field in Central America. These plants were also sent to Rwanda and Zambia for local adaptation trials. The dry heat that these plants will experience there will provide a picture of how these hybrids are able to adapt to a warmer climate which is expected in the future.**
- **The WCR's International Multilocation Variety Trial is the world's largest coffee seed exchange research trial. Spread over 23 countries, the world's top varieties are being observed to see how local conditions affect the expression of genetic traits. This trial has taken over 3 years of logistics and planning to implement, but in 2017 the first vegetative growth measurements were taken. Analyzation of this data will help the industry understand which varieties will have the highest potential for local farmers.**
- **The WCR verified program was launched as the first global standard to certify that coffee seed producers and nurseries are producing healthy and genetically pure plants.**



ROYAL CUP[®]

COFFEE AND TEA

SUSTAINABILITY COMMITMENT

Royal Cup is committed to developing and implementing sustainable efforts to ensure we are always conscious of our Social, Economic and Environmental impact on our Company, our employees and the communities we serve.

RoyalCupCoffee.com



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