Corporate Sustainability Reporting Directive (CSRD)
Guidance for World Coffee Research Member Companies

This document explains how your investment in World Coffee Research (WCR) can be integrated into CSRD or other business risk mitigation reporting. For coffee companies that source large quantities of green coffee, the risks to coffee supplies posed by the climate crisis ("single material" risk) as well as the impact of coffee production on carbon emissions can be considered ("double material" risks). Your investment in WCR serves as a mitigation strategy for both risks, but auditors may not be aware of this.

Sample language for single-materiality disclosures

Below is climate mitigation language from an audited annual report of a European WCR member company, in line with CSRD requirements. On the following page, you will find supporting evidence for the claims from WCR.

Risk: Climate change drives a **decrease in coffee yields** due to changing precipitation, heat, and pest/disease incidence. The **area of land suitable** for producing coffee is reduced. These changes put **upward pressure on the price** of coffee and the **availability of supply** is less secure.[1,2]

Mitigation strategy: While climate change and its impacts are **likely to become more severe** over the long-term[3], we are already investing to address these challenges today. Our support of World Coffee Research **contributes to the development of coffee varieties** that are more **suitable for a changing climate.** We invest in a **diversity of origins[4]** to ensure that coffee farming remains a viable and attractive option across a broad range of countries. [Optional: Add text here regarding other mitigating investments, such as farmer training, supply chain strengthening programs, and/or advocacy]

Sample language for double-materiality disclosures

Additional language for consideration: Below is possible language addressing double-materiality risks (e.g., how your WCR investment may address climate mitigation). This language has not yet been auditor-tested.

Mitigation strategy: While climate change and its impacts are **likely to become more severe** over the long-term[3], we are already investing to address these challenges today. Our support of World Coffee Research **contributes to the development of coffee varieties** that are more **suitable for a changing climate,** more productive for farmers ("single material" risk), and that reduce carbon emissions from coffee agriculture ("double-material" risks)[5]. We invest in a **diversity of origins[6]** to ensure that coffee farming remains a viable and attractive option across a broad range of countries. [Optional: Add text here regarding other mitigating investments]

WORLD COFFEE RESEARCH

Supporting Evidence

1. A majority of published studies find direct negative impacts on coffee yield or production from climate change. Harvest losses due to drought, climate variability, and increased pest/disease incidence linked to climate change were reported mostly in the Americas and could be as much as 70%. All studies on the changing suitability of land area for growing coffee revealed decreases or losses of up to 50%, with large parts of major coffee producers such as Brazil, Vietnam, Honduras, and India becoming unsuitable.

   Source: Bilen C, El Chami D, Mereu V, Trabucco A, Marras S, Spano D. A Systematic Review on the Impacts of Climate Change on Coffee Agrosystems. Plants (Basel). 2022 Dec 25;12(1):102. doi: 10.3390/plants12010102. PMID: 36616231; PMCID: PMC9824350. **Representative Concentration Pathway (RCP) models used in cited source:** Various (RCP 2.6, 4.5, 6.0, and RCP 8.5).

2. A major modeling study found that the effects of climate change and significant gaps in average yields among countries will lead to substantial further concentration of coffee production to only two origins—Brazil and Vietnam—challenging supply security and reducing variety in origins and quality.

   Source: Sachs et al. (2019). Ensuring Economic Viability & Sustainability of Coffee Production. https://ccsi.columbia.edu/sites/default/files/content/docs/publications/Ensuring-Economic-Viability-Sustainability-of-Coffee-Production.pdf **RCP models used in cited source**: RCP 8.5.

3. The most recent assessment of the impact of climate change from the world's most authoritative scientific body on the issue (the IPCC) concluded that adverse climate impacts are already more far-reaching and extreme than anticipated and that every fraction of a degree of warming will intensify these threats.

   Source: IPCC, 2023: Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, H. Lee and J. Romero (eds.)]. IPCC, Geneva, Switzerland, pp. 35-115, doi: 10.59327/IPCC/AR6-9789291691647.

4. Our investment in WCR funds their entire portfolio of work focused on 11 countries critical for supporting origin diversity. These 11 focus countries contain 50% of the world's 12.5 million family coffee farms and produce 30% of the global supply of coffee.

   Source: https://worldcoffeeresearch.org/work#where-we-work

5. One of the most efficient ways to reduce carbon emissions from coffee agriculture is to increase productivity. WCR's breeding program focuses on improved yield as a priority trait. Using existing higher yielding varieties can reduce the carbon footprint of coffee farming by up to a third, according to modeling studies (1). Higher productivity also means producing more coffee from less land overall, avoiding land-use conversion and deforestation, which contributes 20-25% of total global carbon emissions (2). Improved productivity also allows farmers to produce more coffee with fewer inputs, enhancing incomes and savings, which helps to insulate against climate-related shocks and disruptions, enables reinvestment in climate-smart activities on the farm (such as shade tree planting or variety replacement), and provides protection against drought, advancing pests/disease, and floods/landslides.

   Sources: (1) World Coffee Research (2023). Reducing coffee carbon emissions through improved varieties [white paper]. https://worldcoffeeresearch.org/resources/reducing-carbon. (2) World Coffee Research (2022). Agricultural R&D: Impact at Scale [white paper]. https://worldcoffeeresearch.org/resources/agricultural-r-d-impact-at-scale

WORLD COFFEE RESEARCH

Legal Disclaimer

WCR has prepared this guidance document to the best of its knowledge to support member companies with their implementation efforts relating to CSRD as well as to aid auditors and Competent Authorities.

Any information, example or assessment contained in this guidance document is neither binding nor does it constitute legal advice in any way. Furthermore, the list of examples contained herein does not claim to be exhaustive, binding or exclusive.

WCR and its members expressly disclaim any responsibility or liability for representations or warranties, expressed or implied, contained in, or for omissions from, this guidance document in general and especially for (1) the relevance, accuracy, up-to-date nature and completeness of the content of this guidance document, for (2) any assessments, decisions, reports and documentation made on the basis of or derived from it; and for (3) any fines, sanctions, or other measures imposed on any entity, whether legal or natural, as a result of non-compliance with CSRD or any related contractual obligations directly or indirectly related to the use of this guidance document. This document is intended solely as a guidance tool and does not constitute a legally binding reference or advice. Users must be aware that interpretations by Competent Authorities or competent courts may deviate from the understanding applied at the time of development of this guidance document.

The guidance provided herein does not prevent WCR member companies or their affiliates, including parent companies, subsidiaries, or other related entities, from conducting a more comprehensive due diligence exercise if deemed necessary. Updates to this document are anticipated as new information and regulatory developments become available.