

CHARTING THE ISSUES

CUSTOMER HEALTH + SAFETY

OUR VISION: PRODUCT SAFETY AS A TOP PRIORITY

For over one hundred years, our company has remained true to the vision of Roy E. Farmer — to pour an excellent cup of coffee. Without great coffee and customer service, there is no Farmer Brothers.

At Farmer Brothers, product safety and quality are the foundations of delivering products that our customers enjoy and trust. That's why we believe it's our obligation to provide our consumers with safe, high quality products.

We provide our customers with coffee and tea products as well as equipment, like coffee grinders and brewers. We also sell a full range of restaurant kitchen supplies like spices, seasonings, baking mixes, soups and gravy bases. Because we know our customers rely on us to safeguard the quality of not only coffee, but also tea, equipment and restaurant supplies available to them, we continue to take steps to meet and exceed their expectations.

WHY IS CUSTOMER HEALTH AND SAFETY IMPORTANT TO US?

At Farmer Brothers, the relationships we have with our customers impact their daily lives - whether it's a cup of coffee at their favorite breakfast café or after a dinner out with friends. We want these experiences to be exceptional. Our customers are like family and we are committed to supplying them with safe, high quality products every day.

We start by engaging in and being certified under the Global Food Safety Standards. [The Global Food Safety Initiative](#) (GFSI) is a business driven initiative for the continuous improvement of food safety management systems. This food safety standard helps to ensure confidence in the delivery of safe food to consumers worldwide. GFSI provides a standardized platform for collaboration between some of the world's leading food safety experts from retailers, manufacturers and food service companies, to service providers associated with the food supply chain, international organizations, academia and government.

WHAT OUR FRIENDS SAY ABOUT IT

"The safety of our products is a crucial issue for us that has big implications for our profitability and stability."

Brett Hollingsworth, VP, Tax/Asst. Treasurer, Farmer Brothers

"We are now at a crossroads in our efforts and have to engage our suppliers in addressing and developing solutions to improve our product safety, quality and sustainability programs."

Timothy Biela, Supplier & Co-Manufacturing Quality Manager, Farmer Brothers

HOW WE MEASURE IT

We believe safety is an essential pillar of a quality product. One way we distinguish our premium products from every other competitive product in the marketplace is through comparative quality. We have Standard Operating Procedures (SOPs) in place which clearly define what steps we take to manufacture and evaluate every finished product we produce every day. Annually, we engage an independent third-party audit agency to verify that we are in fact following all of our policies and procedures. These third-party verification audits continue to provide us insights into how we can improve our processes, our management systems and our employee training to achieve our vision of "pouring a great cup of coffee."

For our other suppliers, we begin by providing them with our company expectations as they relate to food safety, quality and sustainability. These expectations outline exactly what we expect from each and every supplier to provide our company with coffee, tea and food products. We require these suppliers to also utilize third-party audit verification on an annual basis and to address audit deficiencies by performing effective Root Cause Analysis. Using this analysis, suppliers should develop specific preventive and corrective actions to address any deficiencies noted during these audits.

Additionally, we have a defined team that works with our suppliers to help address concerns. Utilizing the audit results alongside any customer or field complaints we receive, we can identify negative supplier trends and react to those as we work to continue providing quality, safe products every day.

WHAT WE'RE DOING ABOUT IT

Over the past century, as food safety management across the entire food supply has changed and evolved, so has Farmer Brothers. We have developed a rigorous system for qualifying and aligning suppliers to our vision as we consider food safety throughout the entire supply chain. From the procurement of raw materials to the last-mile distribution of finished goods, we protect the safety and quality of the products reaching our customers.

In light of the recent overhaul to food safety legislation in the U.S., the Food Safety and Modernization Act (FSMA), and consistent with our proactive approach to customer safety, we have made numerous updates to our product management system, which include:

- Incorporating improved supplier diligence in the management of our supplier relationships: We recently launched a new web based portal which allows us to better receive and manage documents from our suppliers, including laboratory certificates of analysis, audits and certifications, product specifications, nutritional information, as well as labeling and storage details.
- Our passion for innovation and evolution has led us to build a state-of-the-art production facility in Northlake, Texas that will feature an industry-leading Research & Development laboratory and which will strive to achieve SQF certification.

We understand that customer health and safety is about more than responding to a negative experience with one of our products. That's why we take the long-term view, which includes the environmental and social impact of our product on our stakeholders' health. We value the idea of a "circular economy" — one in which our operations are ecologically, socially, and economically sustainable. As a result, we have committed to employing sustainable management approaches toward end-of-life disposal, with the goal of achieving zero waste-to-landfill¹ by 2017. We view zero waste as a key feature of the safe environment we want for our employees and customers.

HOW WE'RE DOING

We care deeply about the well-being of the customers we serve. We have made improvements to our management of stakeholder health and safety by implementing programs that allow us to track our performance and make continual revisions to processes throughout our supply chain, so that we may continue to deliver quality, safe products that meet high standards. We invite certifying and regulating organizations as well as certain customers to conduct regular audits of our facilities as a part of our commitment to transparency and accountability. At Farmer Brothers we believe it is our collective responsibility to "pour an excellent cup of coffee!"

2015 METRICS

Percentage of significant product & service category for which health and safety impacts are assessed for improvement

100%

¹ We use the Zero Waste International Alliance's definition of zero waste-to-landfill — 90% or more waste diverted from landfill.