

CHARTING THE ISSUES PRODUCTS + SERVICES

OUR VISION: PRODUCTS THAT LEAVE NO TRACE

When we enjoy the earth's abundance — whether it's a walk through a tree-lined neighborhood or a cup of freshly-ground coffee — we're reminded of the importance of preserving our planet. But as a manufacturer, we realize the indelible mark products can leave behind, especially when they go from raw materials to waste with no re-use or re-entry back into the system. These products require natural resources, release emissions into the atmosphere, and leave waste materials behind. We'd like to see that change. Our vision is to develop a supply chain that has a minimal impact on the health of the planet, ultimately leaving behind no trace.

WHY ARE THE IMPACTS OF OUR PRODUCTS IMPORTANT TO US?

We love that our products can contribute positively to peoples' lifestyles. Providing excellent service is the bedrock of our company. Understanding and reducing the potential impacts of our products, from their use and on through end-of-life, reflects not only our commitment to doing what is environmentally responsible, but what makes sense for the future of our business.

The use of our products depends on access to clean water and energy. Energy is a crucial component to the brewing process for both coffee and tea, and the energy required can vary significantly depending on the efficiency of the appliance and the usage behavior. As a provider of equipment to consumers, this gives us an opportunity to help support our customers in reducing their impacts and also their operating costs.

Clean water is fundamental in creating a great cup of coffee. From washing coffee cherries, to roasting beans, to brewing grounds, to cleaning the cups and the equipment used by our consumers, the long-term vitality of Farmer Brothers depends on access to clean water. But our concern for water extends beyond our own business interests, as we recognize that a sustainable supply of potable water is necessary to sustain the human race.

While packaging helps us to deliver our products efficiently by keeping them safe and fresh, it can add to consumer waste. If our products are piling up in dumpsters and landfills, it is not only harmful to the environment; it can be harmful to our brand.

Another significant waste related to our products is coffee grounds. Grounds can contribute to climate change when they are disposed in landfills. When exposed to oxygen, coffee grounds undergo aerobic decomposition and release methane emissions, a potent greenhouse gas. More environmentally friendly methods of disposal, like composting the grounds, dramatically reduce their environmental impact. It is important to Farmer Brothers that we work with our customers to promote such practices and help mitigate these impacts where we can.

WHAT OUR FRIENDS SAY ABOUT IT

"Our new objective is to both address the efforts of our suppliers to develop and implement programs which enhance their environmental impact while at the same time reducing the amount of food waste generated when out of specification products are shipped to our company."

Timothy Biela, *Supply and Quality Manager, Farmer Brothers*

HOW WE MEASURE IT

Developing environmental improvements to our products and services requires tracking the footprint of all of the processes that allow us to deliver great customer experiences, from bean to cup. We have established performance objectives for key indicators, like the energy intensity of roasting, water and electricity use, and landfill diversion, all of which we track at our facilities. Sustainability should be practiced throughout the entire value chain, so we also look outside the realms of manufacturing and

distribution, looking to reduce outputs like the air miles traveled by our sales team and senior executives, and the paper used in operations at our headquarters. To encourage sustainable practices upstream, we inquire into the sustainability practices of our suppliers. With the adoption of our new supplier survey, we will soon be able to track and audit supplier performance.

WHAT WE'RE DOING ABOUT IT

In 2015, we inaugurated several new programs designed to help us improve the environmental impact of our products and services. Here are some of the highlights:

- We partnered with Angleboard to upcycle more than 250,000 pounds of coffee packaging into corner board.
- We implemented a supplier survey that allows us to assess the environmental impact of products we buy from other companies, empowering us to do business with only those companies sharing our commitment to sustainability.
- We signed a contract with an Oregon-based company to turn coffee chaff, one of the biggest byproducts of the coffee-roasting process, into organic fertilizer.

HOW WE'RE DOING

We are encouraged by our gains with sustainability in 2015. We diverted 48% of our waste from landfill, up from 42% in 2014. We achieved this reduction through reuse and recycling initiatives, such as repurposing 490,000 jute coffee bags for use in landscaping and gardening, and repairing or refurbishing nearly 12,000 brewers, cappuccino machines, juice dispensers and other equipment that we provide to clients.

“‘Sustainability’ and ‘responsible sourcing’ are no longer vocabulary used by a small portion of our customers and their consumers, but rather are mainstream conversations that we engage in on a daily basis. At Farmer Brothers, we have moved the words into concrete actions, that are measurable and visible to our shareholders, our customers and their consumers. In addition to providing competitive advantage for us in the marketplace, these initiatives strengthen the commitment of our employees, and allow us to do our part in protecting the planet.”

*Scott Bixby, SVP and General Manager-DSD,
Farmer Brothers*

Building on these successes, we are investigating additional possibilities for sustainability projects. One of our priorities is the creation of product reclamation programs that could allow us to promote our sustainability values among our downstream customers.

We took successful steps to increase the energy efficiency of our operations, using 15% less fuel per pound of roasted coffee than in 2014 through the use of advanced technologies like Regenerative Thermal Oxidizers (RTO).

But we're not satisfied. Informed by the latest research, we are setting ambitious objectives each year, and tracking our performance against those objectives on a quarterly basis. And to support the viability of our Farmer Brothers into the future, we are holding ourselves accountable for making meaningful improvements in our use of the earth's precious resources. Not only to sustain our business, but to sustain the planet.