

CHARTING THE ISSUES

BIODIVERSITY

OUR VISION: BALANCED ECOSYSTEMS

Biodiversity, the total variation among life forms on earth, is integral to sustaining a habitable planet—and healthy ecosystems, dependent upon biodiversity for their resilience, are vital to our very existence. At Farmer Brothers, we are working hard with our partners to develop practices that protect natural resources while allowing us to produce great coffee.

Our ecosystems protect areas from harmful weather conditions, like flooding and drought. The animals and insects that live within them can provide both pest control and pollination, helping to protect crops. Even the bacteria and fungi in our ecosystems have a crucial role to play, recycling nutrients back into the soil and acting as natural filters of pollutants. Many species also hold cultural and aesthetic value, whether serving as beloved national symbols or simply bringing intrinsic beauty to an environment.

Farmer Brothers derives economic value from healthy ecosystems. Across the globe, these ecosystems provide the coffee beans and other raw materials that we depend on as a business. They also provide materials to build our facilities, fuel to power our trucks, and the clean water used to process our coffee. Beyond being a business imperative, Farmer Brothers believes that supporting the biodiversity of these ecosystems is our obligation.

WHY IS BIODIVERSITY IMPORTANT TO US?

A healthy, biodiverse ecosystem provides the ideal environment for growing coffee beans. From rich nutrient storage in the soil to clean, protected waterways, a thriving ecosystem recovers faster from unpredictable events and contributes greatly to climate stability. The cost of replacing an ecosystem's natural resources, if it is even possible to replace them, would be extremely expensive for Farmer Brothers. It, therefore, makes economic sense to move toward sustainability—and it makes ethical sense if we hope to protect the future of our planet.

Studies have shown that biodiversity can greatly improve both the quantity and quality of coffee harvests. Birds and bats benefit the harvest by preying on insect pests that would otherwise damage the coffee plants and reduce yields. And when pollinators, such as bees, are allowed access to coffee plants, cherries are about 7 percent heavier, which improves the quality of the coffee.¹

In addition to the direct benefits for Farmer Brothers' supply chain, we also believe effectively managing biodiversity is the right thing to do, as it provides important benefits to the planet, such as diversity in genes, species, and ecosystems. It also provides social benefits for all of us who inhabit the planet, such as advancing scientific research, providing ongoing field education, promoting recreation opportunities and tourism, and preserving rich cultural heritages.

WHAT OUR FRIENDS SAY ABOUT IT

"Without biodiversity, organisms cannot adapt to changing surroundings and coffee roasters cannot adapt to evolving markets."

Tim Schilling, *Founder & Executive Director, World Coffee Research*

"Biodiversity is a linchpin environmental indicator. When this is going well, other things tend to be going well. And vice-versa."

Daniele Giovanucci, *President, Committee on Sustainable Assessment (COSA)*

HOW WE MEASURE IT

One of the best ways for us to prioritize biodiversity is by committing to the conservation of protected areas and areas of high biodiversity value. For this reason, we track our environmental impact, from waste generated to onsite fuel consumption, in every location where we operate, and make sure none of our nearly 120 branches across the United States are located inside environmentally protected areas. Reaching beyond this goal, we have been able to keep all but one of our operational sites from being located adjacent to an area of high biodiversity.² We're prioritizing the tracking of environmental impacts on the farms

¹ Classen, Alice, et. al. *Complementary ecosystem services provided by pest predators and pollinators increase quantity and quality of coffee yields*, Royal Society Publishing, 2014.

² Farmer Bros.' 10,000 sq ft. Denver, Colorado distribution facility is located adjacent to the Rocky Mountain Arsenal, a National Wildlife Refuge (IUCN Category IV).

that participate in our rapidly growing Direct Trade Verified Sustainable (DTVS) programs in Colombia and Nicaragua. In doing this, we work to keep our business practices consistent with our sustainability values.

WHAT WE'RE DOING ABOUT IT

Our largest contribution to the promotion and preservation of biodiversity is our commitment to buying coffee that is sustainably grown.

Buying sustainably sourced coffee allows us to support coffee growers who prioritize sustainable use of natural resources. We actively encourage and reward environmentally sound farming practices, offering premiums and technical assistance to farmers who incorporate them into their cultivation of coffee. Practices have included using pulp pits and green label agrochemicals to reduce water pollution, cultivating community gardens to maintain soil health and promote food security, and adopting shade growing to reduce soil erosion and encourage the presence of on-farm wildlife. We're also making efforts to educate our customers on the benefits of buying these sustainably grown coffees, which we believe will help increase the long-term environmental, economic, and social viability of coffee farming.

Farmer Brothers believes in data-driven measurement and evaluation, which allows us to quantify our progress in key areas, like biodiversity. As such, we have partnered with other industry leaders in sustainability to create the Coalition for Coffee Communities (CCC). The CCC leverages the combined resources and influence of the participants to effect larger-scale change in the communities where we buy coffee. Currently, we're working with CCC in conjunction with Conservation International and the Committee on Sustainability Assessment (COSA) on a landscape assessment

program, which uses spatial imaging technology to track changes in the physical landscape—such as forest cover and water distribution—of our partner farms in Jinotega, Nicaragua. Beginning with a baseline map and then continuing to map the landscape at regular intervals, we can more accurately assess the impact coffee is having on the environment.

HOW WE'RE DOING

Farmer Brothers is addressing our commitment to biodiversity and sustainable coffee in a rigorous and systematic manner. Across our value chain, from bean to cup, we are tracking our environmental impact and adjusting our practices with an eye toward continuous improvement. Between 2012 and 2016, we expanded the percentage of our coffee portfolio that is sustainably sourced from 6% to 24%. We work to minimize the impact our US locations have on local wildlife, tracking our companywide waste and recycling and integrating data-driven metrics into the assessment of the environmental impact of our sustainable-coffee programs. This approach enables us to hold ourselves accountable for being an agent of positive, measurable environmental change in all the areas we work.