

CHARTING THE ISSUES HUMAN RIGHTS + LABOR PRACTICES

OUR VISION: PRIORITIZE PEOPLE/FAIR PRACTICE FOR PRODUCERS

At Farmer Brothers, it's not enough to just deliver a great cup of coffee. That's why from farm to cup, we believe that everyone should be treated safely, fairly, and freely regardless of nationality, ethnic origin, religion, or gender. Because when it comes to the making of our products, we prioritize people before profit.

Human rights and labor practices are a concern in countries that grow coffee and tea. There are potential risks relating to employment practices, health and safety, physical and verbal abuse, discrimination, poor wages, child labor, and long working hours. In some places, laws are in place that provide workers' rights and can help mitigate these issues. However, sometimes these laws are not effectively enforced by local governments. And because of the rural nature of the industry, which limits access to farms, it can be difficult for local law enforcement to ensure that they are being met.

Pickers, migrant workers and children are particularly vulnerable to exploitation. We want to help protect our supply chain from these risks, and we have a risk-based examination of hot spots in our supply chain. It's our hope that this will support improved working conditions and fairer practices for all our producers.

WHY ARE LABOR PRACTICES IN OUR SUPPLY CHAIN IMPORTANT TO US?

The coffee producers we collaborate with are not only a key component of our supply chain, but we view them as part of the Farmer Brothers family. When producers and their families operate in a positive and reliable work environment, we believe that they are more likely to remain in the industry now and for generations to come — sustaining their livelihood while maintaining the labor and expertise required for our viability. By supporting a positive environment for our suppliers, we believe we will help safeguard long-term availability of the high-quality ingredients our products require.

In many of the countries where we source tea, coffee, and other ingredients, the legal minimum wage may not be sufficient to meet the basic needs of producers. Consequently, these producers may abandon farming for an alternative career that can better provide for them. This would strip us and the broader coffee

industry of the labor and farming knowledge that we depend on to deliver quality products.

While 80 percent of all farm activities are performed by women, they own only 15-20 percent of farms.¹ They are often paid less than their male counterparts and have limited opportunities to progress with their careers. We aim to protect the rights of women, and to support their social mobility.

Another issue facing our industry is the use of forced labor and child labor. To protect the people in our producing communities, we engage at the household level to provide the necessary support for our producers and their families to identify the risk of illegal labor and to support positive local labor markets. For example, a sudden rise in demand for coffee can result in children being taken out of school to assist with the family farm, potentially jeopardizing their education and future earning potential. To protect our people and sustain our company, we work with organizations, such as Fair Trade™ cooperatives, who share our commitment to ethical labor practices. In Colombia, we partner with The Regional Center for Coffee Producers and Growers (CRECE), who assist us in monitoring and preventing forced labor from occurring in the Colombian communities we work with.

WHAT OUR FRIENDS SAY ABOUT IT

"Forced labor and the viability of smallholder farms are top issues. We need deeper engagement at the household level."

Michael Sheridan, Borderlands Coffee Project Director, Catholic Relief Services

"Ecolabels can be an effective means for changing the discussion, but many 'certify poverty.'"

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

¹ A Blueprint for Gender Equality in the Coffeelands." SCAA Sustainability Council (2015).

HOW WE MEASURE IT

At Farmer Brothers we assess labor practices by surveying our suppliers on their supply chain to evaluate whether their operations are likely to result in violations of human rights or labor practices. In partnership with the Committee on Sustainability Assessment (COSA), we conduct survey assessments of producers involved in our Direct Trade Verified Sustainable programs (DTVS). These surveys specifically address issues such as gender equality, fair pay, and child labor. Our commitment to respecting human rights and fair labor practices is unchanging, regardless of the geographical context. It's our intent is to only do business with suppliers who share these values.

100%
green coffee suppliers screened
for both labor practices and
human rights

We use supplier surveys that include questions on human rights and labor practices to inform our decisions about supplier partnerships. We are looking to build adherence to human rights and labor practices into our contractual agreements with suppliers that would allow us to audit their operations. That's how we build our operational network ethically and sustainably.

WHAT WE'RE DOING ABOUT IT

Our commitment to paying higher-than-market wages is how we support fair labor practices. We source from organizations like Fair Trade™ and Rainforest Alliance™ who have well-established policies on human rights and fair labor. As a part of our own DTVS program, we track and audit all financial transactions with suppliers to encourage fairness and accountability.

We work with producers and development organizations to conduct vulnerability assessments and make data-driven investments designed to effect improvements in those areas. Examples of key areas include food security, productive farming techniques and strategies, and education on financial management. Wherever we operate, we comply with local law.

We encourage all of our suppliers to publicly endorse the UN's Global Compact principles. We also expect our suppliers to operate in compliance with the law, comply with established human rights standards, and promote fair labor practices. If we have a reasonable suspicion that a supplier does not operate in such a way, we will investigate and, if the issue is substantiated, we will terminate our relationship with that supplier. We actively seek to do business with suppliers who approach these issues proactively. The implementation of our supplier survey allows us to be increasingly exacting in our selection of potential partners.

HOW WE'RE DOING

One of our main priorities when it comes to sourcing our coffee is transparency. Coffee drinkers are increasingly discerning and want to know where their coffee is coming from, down to the name of farmer who produced it. We want our customers to understand that ethics are a key factor in our value chain—this is the impetus behind our push for traceability and transparency with our suppliers. It is why we employ surveys that allow us to screen our suppliers, measuring their human rights and fair labor practices. As we continue down the path of complete transparency, the next step is accountability—beginning to audit our suppliers on a regular basis, ensuring that they are operating in a way consistent with our values.

100%
of green coffee suppliers were
surveyed to assess compliance
with global labor standards

83.9%
have made commitments to
conduct their businesses according
to all ten of the principles from the
U.N. Global Compact