



CHARTING THE ISSUES OCCUPATIONAL HEALTH & SAFETY

OUR VISION: HEALTHFUL, SAFE WORKPLACES

At Farmer Brothers, we want to offer a safe and healthful work environment for all. Our image of a safe and healthful workplace is one where employees are protected and feel secure – this is an essential aspect of the Farmer Brothers Injury, Illness, and Prevention Program. We believe that, in order to achieve optimal safety, our employees must be well informed about possible risks, and we must be diligent in minimizing—if not eliminating—foreseeable risks. We seek to accomplish this through designing safeguards for our processes, equipment, methods and procedures, and by providing employees with the training that we believe is necessary to perform their jobs safely. We know that it is our responsibility to comply with applicable safety and health regulations affecting our organization and that the health and safety of our operating environment is important to our stakeholders.

We provide job-specific Environmental, Health, & Safety (EH&S) training to our employees based on the highest standard for that area. The highest standards may be local or federal, such as the standards by Occupational Safety and Health Administration (OSHA) or the Environmental Protection Agency. EH&S standards apply to almost every aspect of our business, including our roasting operations, building design and maintenance, transportation practices, and lifting techniques and protective equipment used by our employees.

In the event that an accident does occur, our policy requires quick response to protect our employees, company assets, neighboring communities, and the environment. Employees are required to report all alleged work-related injuries, illnesses, and accidents. We investigate reported incidents to identify opportunities to implement process improvements. In 2014, our OSHA total recordable occupational injury and illness rate was 4.22 per 100 employees compared to the Bureau of Labor Statistics rate of 4.80 for the manufacturing industry.

We try to monitor the working conditions in our supply chain, particularly with the producers supplying us coffee. While we do not have a clear line of sight into all of our supply chains, transparency is increasing each year. Transparency is improved for the percentage of our portfolio that is purchased through voluntary sustainability standards (VSS) or our direct trade buying philosophy.

WHY IS HEALTH AND SAFETY IN THE WORKPLACE IMPORTANT TO US?

It's simple. Without our employees and the employees throughout our supply chain, our product could not exist. Doing our best to keep employees in good health while at work reduces our risk in a multitude of ways. At a fundamental level, compliance with regulations allows us to avoid fines and potential damage to our reputation and business. Beyond this, it helps us retain employees, keep insurance premiums low, strengthen our relationships with local communities, support the longevity of farmers' ability to supply us with their products, and uphold trust in the Farmer Brothers brand. A healthful and safe workplace is a cornerstone of our viability as a business.

WHAT OUR FRIENDS SAY ABOUT IT

"The legislative environment is changing pretty rapidly and will soon swing dramatically toward less or more regulation – most likely toward the latter. Companies need to be hyper-aware of these on-goings."

Ric Rhinehart, Executive Director, *Specialty Coffee Association of North America*

"It's up to all of us to make sure that nothing we've used is going in the trash or getting dumped down the drain. It's our job to keep communities safe."

Laurie Parker, *Director of Risk Management, Farmer Brothers*

HOW WE MEASURE IT

At Farmer Brothers' roasteries and distribution centers, we are measuring environmental health and safety through, among other things, the following activities:

- Internal audits
- Downstream audits
- Personnel training hours
- EH&S Committee meetings at all Farmer Brothers production facilities scheduled on a regular basis
- Governmental reports, such as hazardous material inventories, air quality reports, and OSHA logs
- Government agencies inspections, by departments such as the Department of Environmental Quality and the Fire Department, to confirm compliance of laws and regulations
- EH&S trainings and legal requirements integrate into certain key performance indicators for our roasteries, refurbishment center, and distribution centers

In addition to the EH&S at the roasteries and distribution centers, we track OSHA metrics and conduct internal audits and training at our other Farmer Brothers sites. We have a Fleet Safety Policy that applies to our short-haul and long-haul drivers. And, our forklift drivers are required to have Powered Industrial Truck Operator certification.

Our Fair Trade Certified™, Rainforest Alliance Certified™, and Direct Trade Verified Sustainable coffee supply chains follow voluntary sustainability standards that have zero tolerance for human rights violations on farms. For Fair Trade and Rainforest Alliance, annual audits verify that the farms have conducted a health and safety risk assessment in the last twelve months, which is based on internationally recognized labor principles. Based on that audit, the certifiers seek corrective actions where needed.

For all participants in our Direct Trade Verified Sustainable program coffee, we conduct an on-farm baseline assessment of the following indicators: use of restricted agrochemicals; use of protective gear for agrochemical application; farm injuries; access to medical services; smoke ventilation in cooking areas;

and access to safe water for domestic use. Every three years, we measure impact against these indicators. And, annually, we conduct on-farm annual performance monitoring of the ten principles of the United Nations Global Compact and three-year impact measurement.¹

WHAT WE'RE DOING ABOUT IT

We have a growing number of volunteers at our sites, who are trained in First Aid and CPR. Our internal trainings also help our employees identify the connection between on-the-job health and safety and health and safety at home. At our roasteries, all roaster operators must attend a monthly training that covers various OSHA issues to keep them safe on the job. At our distribution centers, we use the following factors, among others, to establish KPIs, plan our training and benchmark health and safety.

1. Hazard awareness, Globally Harmonized System, Hazard Communications, and Right to Know—all part of system to educate employees and the public about hazardous materials to which they are exposed.
2. Personal Protective Equipment and Fire Safety
3. Blood Borne Pathogens, CPR, and First Aid
4. Ergonomics, Back Safety, and Material Handling
5. Fall Protection
6. Environmental Permits, Stormwater, and Environmental Policy
7. Emergency Action Plan (emergency drill)
8. Electrical Safety, Hearing Protection
9. Accident Reporting and Injury, Illness, and Prevention Program
10. Lockout Tag Out, Affected, and Authorized Employees
11. Emergency Evacuation Training
12. Confined Space
13. Slips, Trips, and Falls
14. Machine Guarding
15. Eye Safety
16. Fire Extinguisher (hands on)
17. Hearing Protection
18. Hand Safety Awareness
19. Heat Stress
20. Ladder Safety

¹ The United Nations Global Compact is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labor, the environment and anti-corruption.

The future plan is to align all Farmer Brothers' locations under a set of EH&S KPIs and to have a uniform annual inspection to gather better data. We plan to have safety committees and/or site managers lead the implementation of best practices at their sites.

“There’s a need to educate people, but there’s a point you have to mandate it. Once they see a benefit, it will become part of their routine.”

Jose Ramirez, VP of Manufacturing, Farmer Brothers

This year, we implemented a Safety Alert system that sends out a company-wide memo when there has been a safety violation or unsafe act. These alerts create transparency, awareness, establish best practices, and lead to better training.

HOW WE'RE DOING

This year, there are several success stories regarding management of electronic waste (e-waste) and universal waste at Farmer Brothers. A Standard Operating Procedure is in place at our three roasteries that outlines management and recycling protocol for all e-waste and universal waste. And as of this year, our three roasteries are properly recycling fluorescent light bulbs.

After extensive research with our waste management vendor and the Department of Environmental Quality in Texas, we installed an on-site recycling system in Houston. This allows for the proper recycling and crushing of fluorescent bulbs and minimizes the risk of accidentally breaking the bulbs on-site or during transport. This protocol eliminates the impact on our landfills and allows for the recycling of the bulbs in a more responsible manner.

Our Risk Management team developed a fluorescent bulb recycling program in conjunction with our outside contractor. Risk Management provided guidance and best practices to the electrical contractor, who has since initiated proper recycling efforts at all of their contractual sites with other businesses in California.

E-waste disposal is a growing concern due to the toxic metals that leach into landfills and expose downstream workers. To combat this issue, our e-waste is now managed by a carefully selected downstream vendor that participates in Responsible Recycling (R2). This is the highest standard for the proper management and recycling of e-waste in the United States. By participating in the R2 program, the vendor assures us that toxic metals are properly disposed of and/or some of the materials are repurposed to make other products or are resold as individual parts to be reused for other electronics.

In addition to proper waste management, we have issued guidelines for proper use of cleaning supplies and environmentally safe alternatives to toxic cleaning agents. We distributed guidelines to district sales managers and equipment service personnel that outlined an approved list of products for all cleaning tasks. Hazardous material inventory and on-site audits continue to improve the safe use of cleaning products.

In our coffee supply chains, Fair Trade Certified™, Rainforest Alliance Certified™, and Direct Trade Verified Sustainable—which have verification of health and safety risk assessment and internationally recognized labor principles assessment—represent 11% of our total green coffee portfolio. This percentage has been growing steadily each year. In 2015, we are starting a process to measure compliance of a broader scope of our suppliers against the human rights requirements set forth in the United Nations Global Compact.