

2021 Sustainability Report

SUSTAINABILITY IS ALWAYS IN SEASON

Farmer Brothers®






Farmer Brothers®

110
years

CULTIVATING CONNECTIONS
THROUGH THE LOVE OF COFFEE



We believe sustainability has no finish line. Each success and shortfall we encounter today simply serves as additional motivation to bring a more sustainable cup of coffee to our valued customers tomorrow. We are proud of the work we've been doing over the decades, but we also recognize that there is always more to do.

As we mark our 110th year in business, we're confident that our foundation of sustainability programs, goals, and initiatives, combined with the rock-solid relationships we've built over the decades, has set us up to thrive for the next 110 years. **So top up your mug and see what we have in store for the future.**

*COVER IMAGE: Edier Castro and Juan Eduardo Castro, father and son from Project D.I.R.E.C.T.™ El Cairo, Valle del Cauca, Colombia.
ABOVE IMAGE: Joy Tushabe, owner of Ishema washing station, drying coffee in Rwanda.*

LEADERSHIP MESSAGE

Strengthening Our Resolve

The world is coming off a tumultuous couple of years and finds itself both savoring progress and grappling with continuing uncertainty. For 110 years Farmer Brothers has risen to the occasion by taking action in the face of challenges, and this year is no different. We were able to make significant progress in one of our boldest initiatives—reducing our carbon footprint by opening our Rialto, CA distribution center. Since beginning operations last year, it's helped reduce product delivery miles by 42%, all while more efficiently serving our largest client base. Actions like these are necessary to turn the tide against climate change.

The U.N. Intergovernmental Panel on Climate Change calls climate change “a threat to human well-being and planetary health.” Addressing this threat will take a collaborative effort that crosses borders and oceans alike. The agreements made by governments at the COP26 Climate Conference in Glasgow to limit warming to 1.5° Celsius are a much-needed step in this process. But agreements must be followed by actions and accountability. In this regard, I'm proud of the work Farmer Brothers has done over the past few years.

By aligning our carbon-reduction targets to the Science Based Targets initiative (SBTi), we are implementing programs and practices that result in real change, while also having a reliable yardstick to measure our progress toward a more sustainable way of operating. You'll see in this report that we've achieved our Science-Based Targets (SBTs). Though some of the reductions in greenhouse gas emissions can be attributed to a downturn in business during the pandemic, it's clear that these programs are moving us in the right direction toward our larger sustainability goals.

It's important to note we aren't pursuing these initiatives and programs just to secure a future for *ourselves*. We're working to secure a future for producers we've worked with around the world through our Project D.I.R.E.C.T.™ program, for customers we've built decades-long relationships with, and for everyone that makes a cup of coffee a treasured part of their routine.

As proud as I am of the progress we've made, it's clear that our path to a more sustainable future is just getting started. Sustainability has no finish line, but the work we've done so far gives us the confidence to be even more ambitious over the next 110 years. I trust you'll appreciate this comprehensive review of our progress toward achieving our sustainability targets as well as the work we've invested in making a difference in the world.

Sincerely,



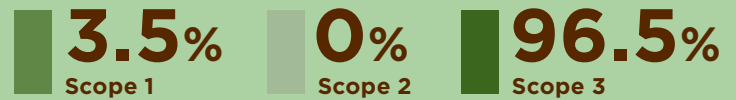
DEVERL MASERANG
President and CEO



SCIENCE-BASED TARGETS EXPLAINED

In 2017, Farmer Brothers was the first coffee-focused company to adopt SBTs to reduce Greenhouse Gases (GHGs). In 2018 we committed to an even more ambitious goal of limiting warming to 1.5°C, and we're working hard to meet those goals by 2025.

With each passing year, addressing the climate crisis is becoming more and more urgent. The most effective way to limit global warming is to drastically reduce greenhouse gas (GHG) emissions across the world. Along with nearly 1,200 companies all making a public commitment, Farmer Brothers uses a science-based framework to measure and reduce our GHG emissions. Based on a global goal of limiting warming to 1.5°C, we are actively reducing our emissions across three "Scopes."



Scope 1 (3.5% OF TOTAL EMISSIONS)

Emissions produced from burning fuel from owned or controlled buildings, vehicles, and equipment.

Company usage example

Fuel for our vans and forklifts, natural gas heating for our warehouse, and power for our roasters.

Our roadmap to reducing Scope 1 emissions

- Converting propane-powered forklifts to electric.
- Phasing out freezers that use hydrofluorocarbon (HFC) and other refrigerants such as chlorofluorocarbon (CFC) CFC-12, HCFC-22, and HFC-134a.
- Incentivizing carpooling and other alternative transportation methods, like the company-supplied bicycles in the Portland facility.
- Switching 40% of truck transportation to rail transportation will reduce Scope 1 emissions by 24% alone.¹

¹ Source: Farmer Brothers Carbon Reduction Roadmap, May 2021. Claremont Sustainability Consulting.



Group of women from Project D.I.R.E.C.T. Colombia building a coffee nursery.

HOW SBTs ENCOURAGE COLLABORATION

No company can reduce global greenhouse gas emissions alone. It takes a collaborative effort across the supply chain to influence sustainable decisions. That's why we're building relationships focused on shared goals and responsibilities because we know that one company's Scope 3 emissions are another's Scope 1 and 2. Because Farmer Brothers has already invested years of work into a transparent, traceable supply chain, we're able to collaborate with our partners to make a big impact on reducing our Scope 3 emissions.

Scope 2

(0% OF TOTAL EMISSIONS)

Electricity used in our own operations.

Company usage example

Our electric bill.

Our roadmap to reducing Scope 2 emissions

- Keep purchasing Renewable Energy Certificates (RECs) that match our total energy usage.
- Find internal efficiencies to reduce our overall energy consumption.

OUR GOAL

Reduce absolute Scope 1 and 2 GHG emissions 30% by 2025 from a 2018 base year



PROGRESS

As of today, we have reduced our Scope 1 and 2 GHG emissions by 41% from a 2018 base year

Note: While Farmer Brothers is proud of the progress we have made toward our SBTs, we also acknowledge that the pandemic has played a part in reducing our emissions. Until we can demonstrate that all emissions reductions are driven by intentional, long-lasting changes to our operations and supply chain, we are waiting to claim achievement of our SBTs. We remain committed to making lasting reductions to our carbon footprint in time to meet our 2025 targets.

Scope 3

(96.5% OF TOTAL EMISSIONS)

Every emission created up and down our supply line—from harvest to delivery—that we do not directly control.

Company usage example

Powering the mills at origin, overseas shipping, domestic transportation of our products, and brewing equipment at coffee shops.

Our roadmap to reducing Scope 3 emissions

- Buying coffee from mills that operate with renewable energy. Cooperativa de Caficultores de Salgar (Coocafisa), one of the coops from where we source Project D.I.R.E.C.T. Colombia, will be installing solar panels onto their coffee mill. So will the Piedra Grande mill in El Salvador, where our Direct Trade coffee comes from.
- Creating a pilot program with producers in Colombia to calculate the emissions from their farms using the Cool Farm Tool (a GHG calculator).
- Supplying and servicing refurbished equipment to our customers.

OUR GOAL

Reduce absolute Scope 3 GHG emissions by a total of 18% by 2025 from a 2018 base year



PROGRESS

As of today, we have reduced our Scope 3 GHG emissions by 26% from a 2018 base year

PROGRESS TOWARD A SUSTAINABLE FUTURE

At Farmer Brothers, we're committed to making sustainable changes that make a real, lasting impact on the world around us. Consistently holding ourselves accountable to the promises we make allows us to keep focused on the future, even when roadblocks or complications arise in the short term.

Zero-Waste Progress

GOAL

90%

or more waste diverted from the landfill company-wide by 2025

PROGRESS

68%

FY18

74%

FY19

75%

FY20

77%

FY21

Zero-Waste

our roasting facilities have achieved "Zero-Waste²" status from 2018 to 2021

Our roadmap to zero-waste

- Performing waste audits at our production facilities.
- Working with local organizations to donate food and upcycling goods like coffee burlap.
- Ensure every piece of our production line is re-used, recycled, or composted properly.



Conserving Natural Resources

We're proud to be a member of the TxN 20 for the third straight year. Texan by Nature showcases leaders and innovators in corporate conservation by highlighting the top companies across 12 industries. Honorees show dedication to conserving natural resources for the benefit of all Texans.

“*Congratulations to this year's TxN 20! I am thrilled to celebrate their efforts, and I encourage other companies to follow their example. Together, we can secure a future where our economy, natural resources, and communities thrive.*”

LAURA BUSH

Texan by Nature founder and former First Lady



Responsible Sourcing

Responsibly sourced³ coffee is no longer a “nice to have.” We’re committed to being 100% responsibly sourced by 2025. Not only will this contribute to the goal of reducing Scope 3 GHG emissions, but it will also help safeguard a long-lasting supply of high-quality coffee.

GOAL

100%

responsibly sourced coffee by 2025

PROGRESS

40.3% FY21 **↑4.7%** over FY20

Our commitment to sourcing goes well beyond coffee. From tea and spices to cocoa and all our culinary products, we’re seeking responsible ways to source these vital ingredients and products. There is much work ahead of us, but the results will be worth the effort.



Product Donations in FY2021

Sitting down with others over a cup of coffee is a vital ritual we all crave. In that spirit, we’ve partnered with Feeding America, local food banks, and community organizations across the country to supply a total of \$42,048 worth of coffee and culinary products for the people most in need of a hot cup to warm body and soul.

\$42,000+

worth of coffee and culinary product donations to local food banks and community organizations across the country

Engaging our Suppliers

In 2021, for the second consecutive year, we were listed on the Carbon Disclosure Project’s (CDP) Supplier Engagement Leaderboard recognizing us as one of the best companies for our Supplier Engagement Rating (SER), indicating our commitment to collaborate with our suppliers on climate action.

While we received a “B” rating overall from CDP, we’re working diligently to meet the commitments that will lead us back to an “A” rating. You can read learn more about our CDP responses [here](#).



“*Many congratulations to the 500+ companies earning a place on CDP’s 2021 Supplier Engagement Leaderboard. As a Supplier Engagement Leader, Farmer Brothers is a trailblazer driving the transition toward a sustainable net-zero future.*”

SONYA BHONSLE

Global Head of Value Chains & Regional Director Corporations, CDP

³ Includes Rainforest Alliance Certified™, Organic, and Fair Trade Certified™, Project D.I.R.E.C.T., Direct Trade, micro-lots, and traceable to the farm level coffees.

FINDING EFFICIENCIES ALONG AN UNPREDICTABLE SUPPLY CHAIN

The strains in the global supply chain are on everyone's mind. Finding efficient solutions around these problems—solutions that can also achieve our sustainability goals—is a unique challenge.

From delivering coffee beans to less-crowded ports on both coasts to increasing our reliance on rail to move product across the country to the opening of our new West Coast distribution center and a Portland, Oregon based warehouse, we're working to find creative solutions and efficiencies that address short-term challenges while keeping an eye on a more sustainable future.

Increased Transport by Rail

Rail is a more efficient mode of transportation, compared to trucking.



New West Coast Distribution Center Open (Rialto, CA)

Our newest distribution center is significantly helping cut down on miles traveled while better serving our largest client base.

Based in Rialto, California, we can now serve 29 branches located in the seven western states (AZ, CA, ID, NV, OR, UT, WA) with increased efficiency compared to shipping from the Dallas-Fort Worth distribution center.

357mt CO₂-eq
avoided by reducing diesel fuel consumption

282,000mi.
reduction in annual miles

40,286gal.
annual reduction in the use of diesel fuel based on estimated 7 mpg semitrucks





Impact of Reducing Truck Transportation

15,143,030 mi.



FY20

13,662,096 mi.



FY21

Almost

↓ 10%

in miles driven, which equals nearly 60 trips around the Earth

1,815,158 gal.



FY20

1,402,162 gal.



FY21

Almost

↓ 23%

in fuel use, saving enough gas to send a 7 mpg semitruck on a nearly 3 million mile journey

ENSURING A BRIGHTER FUTURE AT ORIGIN

We established Direct Trade relationships back in 2010 to help improve the standard of living for the producers we work with around the world. The initiatives and programs we put in place over the years are already bearing fruit, fostering a more sustainable, equitable environment for producers to thrive in. Today we're excited to share some of what we accomplished during 2021 through these relationships at origin.

3,206

participating coffee growers to establish lasting relationships.

\$714,087

in premiums paid to Project D.I.R.E.C.T. and Direct Trade coffee growers.

6

origins distinctly spanning across two continents to increase our impact at origin.

7,108,540

pounds of green coffee purchased through Project D.I.R.E.C.T. and Direct Trade relationships to support coffee-growing communities.

11

consecutive years buying coffee from our Direct Trade relationships in Las Mercedes, Nicaragua, and Buena Vista farm in El Salvador to further relationships and provide mutual support.

8

consecutive years buying coffee from our Project D.I.R.E.C.T. relationships in Colombia.

COLOMBIA IMPACTS

PROJECT D.I.R.E.C.T.

Eight years ago, we launched Project D.I.R.E.C.T. in Colombia to expand and scale our practice of working directly with producer organizations. In 2021 we conducted an impact assessment to help us measure the changes we have fostered in those communities. Here are some of the results:

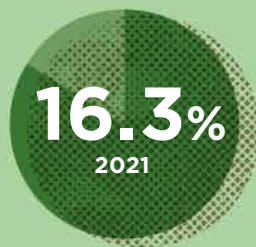
Valle del Cauca Region

To encourage more resilient coffee plots, we helped renovate coffee trees to align with FNC recommendations. Renovation entails either stumping the tree to allow new shoots to grow or completely removing the oldest trees and replacing them with new trees.

COFFEE TREE RENOVATIONS



trees renovated on the farm



trees renovated on the farm (95% of which are leaf-rust resistant varieties)

FERTILIZER USAGE

(Kg of fertilizer/hectare/year)

470kg

2013

Fertilizer use doubled, boosting coffee production

978kg

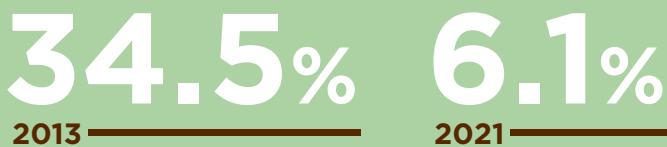
2021



Antioquia Region

To increase the level of food security in the region, we helped establish food gardens with support from local experts. We've been able to connect with 415 families in the region, giving them the tools and skills needed to be more self-sufficient.

FOOD INSECURITY



of households reported lacking enough food during a period in the year

A group of 10 households at La Virgen village in the municipality of Betulia has started to barter among themselves. Not only vegetables and fruits but also meat and labor, creating a microeconomy. Some of them have also started to proactively save the money that they would have used to buy those products in town.

THE SAVINGS ADD UP

One producer, Luz Dary, was able to save COL\$1,140,000 (approx. US\$300) in six months that she used to buy a new bed for her youngest daughter and a new stove for the kitchen.

“Producers now feel like they have an identity that’s bigger than themselves. It’s one of the reasons they want their farms in good shape; we’ve made them feel valuable. We give so much more than the tools to grow the coffee. We treat them as true partners.”

JAIME ALEXANDAR HENAO BERMÚDEZ
Cooperative Manager, Coocafisa

DID YOU KNOW

In Colombia, coffee growers sell coffee by the “carga,” which was the original amount of coffee weight that a mule could carry having one bag on each side.

WATER-EFFICIENCY INFRASTRUCTURE

We established a revolving fund for water-efficiency infrastructure improvements to make living and working conditions more sanitary.



of households with a system to treat the wet-mill wastewater



of households with a septic system to treat domestic water

Producers in the cooperative overall are more likely to reinvest in their land and the surrounding community than other growers. This raises the standard of living for everyone and positions producers as respected members of the community.

Both Regions

Composted pulp from coffee production can be re-used on coffee plots, in food gardens, to develop new coffee nurseries, or for other crops like plantains. We established a shared responsibility program that finances 60% of the construction of a pulp pit, with the producer responsible for the rest. We have built 760 pits so far.



of households composting coffee pulp

GLOBAL IMPACTS

Colombia

AGROFORESTRY

Through a multi-stakeholder project with the local municipality of Salgar, the National Coffee Growers Federation (FNC), the Coffee Growers' Cooperative of Salgar, and the Project D.I.R.E.C.T. program from Farmer Brothers, we pulled together resources to plant 20,221 trees of 13 different native species on 87 different farms spanning 5 different villages.

The program also invested in infrastructure improvements to reduce water consumption on the farms that are part of the program, including:



The project has helped save 188,176 liters of water a year (49,782 gallons). That's a savings of 12 liters of water for every person in Salgar, Antioquia, and Colombia.⁴

Brazil

PROJECT D.I.R.E.C.T.

In July of 2021, the Sul de Minas region of Brazil was hit by a historic frost event that decimated coffee trees. We provided 23,250 coffee plantlets to the producers who were most affected. The seedlings are all of varieties that are more resistant to diseases and lower temperatures.

⁴ Based on a 2018 population of 15,782.

Nicaragua

PROJECT D.I.R.E.C.T.

Agroforestry Project

We've helped establish a total of 67 hectares of intercropped coffee plots. Intercropping coffee plants with high-value timber tree species and fruit trees with high market potential like bananas and citrus has benefits in the short, medium and long term. Not only does it raise a family's income, it also positively impacts the environment, increasing the resilience capacity of coffee cultivation in the face of risk factors due to climate change.

Empowering Women in the Community

We've worked to financially empower women in the communities where we source our coffee. Two hundred women have been trained in topics such as self-esteem, fundamentals of business management, budget and loan management, and communication skills.

92 of those women have applied for loans to start their own small businesses

The loans range between US\$50 and US\$150 and have been used for enterprises such as small grocery stores, a bakery, raising piglets and poultry, among others. As of today, 91% of the loans have been paid, and only 2% are overdue.

In these very difficult times, I am very grateful to the Program that is helping us to recover the areas hit by the frost.

ADAUTO COELHO

from Andradas, Minas Gerais, who received 500 trees



DID YOU KNOW

Brazil has been the largest producer of coffee in the world for the last 150 years.

Peru

DIRECT TRADE

Since establishing a relationship with the Unión y Fe cooperative in 2016, we've been excited to witness their growth as an organization. We are empowering local organizations to be more resilient to promote a long-term supply of high-quality coffee.

Through the premiums we pay for their coffee, the producers have been able to build 90 solar driers servicing 27% of the cooperative members.

Other premiums received, like the Fair Trade social premium, fund an organic soil fertilizer program that uses every single "waste" stream (including grounds and water from the cupping lab), two community nurseries designed to produce up to 300,000 seedlings, and two "bio-huertos" (food gardens) where producers can grow healthy, organic food.

Rwanda

DIRECT TRADE

Using the premiums she received from the coffee processing at Ishema washing station in Rwanda, Joy Tushabe funded a sewing training center in her community. Since opening in 2019, 39 women between the ages of 15 and 25 have completed training. Once some of the lowest income members of the community, these women are now able to make clothes for their families and some are even selling the clothes that they create. In addition, Joy has been able to employ one of the first graduates as an instructor at the training center.

In 2021, Joy took on the additional task of improving husbandry practices in the region. She prioritized tree renovation, delivering 6,000 seedlings to producers selling to Ishema, thereby ensuring a more resilient crop for future harvests.

Las Mercedes, Nicaragua

DIRECT TRADE

We've been buying from the same group of producers in this region for 11 years. In that time, we've seen the money they receive create a massive change in their life. Their earnings are more likely to be recirculated into the local economy, including securing a quality education for their children, repairing pulping machines, and paying day laborers fairer wages. The entire community is getting a much-needed boost.

Most impressively, producers are setting aside savings to be used during "el tiempo de silencio," the coffee harvesting off-season. Their ability to build a nest egg will enable them to be more resilient no matter what the future brings.

El Salvador

DIRECT TRADE

In El Salvador, young people abandon coffee farms lured by gangs promising money and community. Our friends in the country have worked tirelessly to provide a reliable, year-round source of employment for 120 families as well as seasonal harvest work for an additional 300+ families. This stability has stemmed the flow of youths into gangs, thereby creating a healthier community in the area.

Piedra Grande, the Menendez family's coffee processing mill, now relies solely on rainwater and is becoming self-sufficient in terms of water usage. In the next year, they plan on installing solar panels to be self-sufficient in terms of energy as well.

BUILT TO LAST

By far the most important reason we've thrived over the past 110 years is because of the relationships we've built.

From customers who we've been serving for generations to 25 employees who have been with Farmer Brothers for over three decades, our shared commitment to making warm memories over a hot cup of coffee is key to our longevity. Today, and for the next 110 years.



Customer Spotlight

Brian & Siobhan Smart

Wagon Train Station, Truckee, CA

“Farmer Brothers has been our partner for over 60 years, from building a batter and creating a soup stock to canning house-made jams and making the roux for the best gumbo this side of the Mississippi. Farmer Brothers coffee has helped us to be a staple in our community for almost 70 years.”

SIOBHAN SMART

The Wagon Train Station Coffee Shop has been rolling since 1947, when Brian's father purchased Good Fellow's in downtown Truckee. It became the Wagon Train when they moved the restaurant a couple doors down. Farmer Brothers is their longest-running vendor, and we have been serving them more than just coffee—without interruption—for over 60 years.



Grower Spotlight

Deisy Moreno

“My father taught me that to achieve something, you have to have a strong foundation. I believe it and practice it—that’s why I have built strong relationships with the community.”

DEISY MORENO

Along with her siblings, Deisy took stewardship of a coffee lot on the family farm. She embraced the challenge immediately, and today Deisy has 1,300 coffee trees and her son, Juan Angel, has 250 coffee trees. She makes decisions with her Dad regarding the family coffee—they decide jointly about the future of the lots, the renovation, the work, the sales, and the future of their coffee. Outside her home, she has become a leader in the community, dispensing advice to other women looking to grow their own roles in coffee production.

COFFEE SUCCESSION

If children of coffee growers show any interest in coffee, it’s in the “commercial” aspect of coffee—dreaming of opening a coffee shop in a big city. The producers involved in Project D.I.R.E.C.T. report their children are much more interested in continuing the family business as they reap the benefits of an improved standard of living and more efficient, profitable operations. They view this as an exciting, viable business to be in.

DID YOU KNOW

Opened in 1720, Caffè Florian in Venice, Italy, is the oldest café still running in Europe, and it was the only meeting place admitting women at the time.



Grower Spotlight

Victor Alfonso Gil Londoño

Quality is what makes us competitive today—it determines the price.

Victor is building on the experience his father has passed down to him with a more empirical eye toward the farm's operations. His studies in agricultural production help him better understand coffee management and apply his learning throughout the process. Victor doesn't want to simply "take over" the family business. He wants to improve upon it, creating higher-quality coffee for decades to come.

I visit a producer who has never planted coffee before. And he tells me that all the work he does on the farm he learned with the program. He adopted good sustainability practices and has maintained good production. It has even become a model farm in terms of productivity.

Before inheriting a piece of land from his father, Baru enrolled in the Farmer Brothers' sustainable coffee program as a promoter, learning about coffee pests and diseases as well as the newest sustainability practices. Today he cultivates the land with a vigilant eye toward maintaining healthy, productive trees, incorporating agroforestry practices, wastewater treatment, and strict maintenance of equipment. Those good habits are spreading to other producers, too.

Grower Spotlight

Baru Castro



Refurbished Equipment Spotlight

Revive!

The relationships we've built over the decades aren't just with the people we meet. Through this new, independent arm of Farmer Brothers, we will be able to continue helping our customers extend the life of their equipment as well as restore aging equipment to its former glory.

Revive! Service and Restoration is a key component of building a circular economy that aims to eliminate waste and prolong the lifecycle of everything we use. We already work to give many of our materials a second life, from reusing

burlap bags and wood pallets to reusing coffee grounds and other coffee chaff in compost. Furthermore, we expect that Revive! will contribute to our zero-waste goal by 2025.

Revive! Service and Restoration is the new brand name for Farmer Brothers' equipment service technicians working with equipment manufacturers and distributors, strengthening these valuable relationships through a steadfast commitment to the high-quality service customers have come to rely on.

81%

2021

of equipment demand was for remanufactured, rather than purchasing new

3%

2020

AS COMPARED TO

17%

2021

increase we saw in refurbished unit demand of beverage accessories (coffee and iced tea servers, satellites, and thermal servers)



75%+

RESULTS IN

1,450

of core materials are restored during the equipment restoration process

units rescued from landfills and reduces the demand of raw materials



WHAT'S NEXT

Here's to the next 110 years.

Our love of coffee goes way beyond what's in the cup. That's what has set us apart over the decades and bolstered our commitment to sustainability. We can't wait to see what connections we can form—and deepen—with coffee growers, partners, and customers over the next 110 years.

GRI ISSUE BRIEFS

- [Biodiversity](#)
- [Economic Performance](#)
- [Energy and Climate Change](#)
- [Human Rights and Labor Practices](#)
- [Local Communities](#)
- [Occupational Health and Safety](#)
- [Procurement Practices](#)
- [Product and Social Compliance](#)
- [Products and Services](#)
- [Waste](#)
- [Water and Effluents](#)

IMAGE: Coffee drying on a patio at a coffee farm in Ouro Fino, Minas Gerais, Brazil.

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