



TOGETHER WE

# THRIVE



2016 Sustainability Report



# Five years into our sustainability reporting journey, and the thrill of what's possible and what's next still energizes us like it did on day one.

That's why we're taking a deeper look inward this year—and finding all-new ways to make an impact. We're starting with employee training, so that our culture of sustainability is not lip service, but a hardwired mindset. Next, combining the bright minds of our people and partners, we're reducing packaging waste, improving transportation methods, tracking green coffee importers, and helping our growers become more productive and efficient. Together, we're helping to create a collective consciousness that can change our communities. So everyone can thrive.

## The key to advancing sustainability is through collaboration.

The world is changing, and the choices we make every day have a direct impact on its evolution. As an organization with a vested interest in the social, environmental, and economic changes and development within the coffee industry, Farmer Brothers has created a strong foundation of sustainability that extends beyond our internal processes to include our business partners and vendors within the supply chain.

At origin, we have deepened our long-standing commitment to growers through our Direct Trade Verified Sustainable (DTVS) program. Working directly with farmers, this program assesses community needs at the landscape level on a farm-by-farm basis, allowing us to form strong bonds with each coffee farmer, while taking care to invest in the communities as a whole. Within each location, farmers are encouraged to make community-led decisions, ensuring that all program decisions are considered collaboratively by a team of farmer representatives.

We invest in the future of these farming communities by supporting agricultural training and active involvement in day-to-day decision making by the sons and daughters of our DTVS partners. We believe that fostering these strong, collaborative relationships helps improve the lives and communities of our coffee farmers beyond harvest season.

Within our supply chain, we are partnering with third-party logistics providers to drive sustainability by better managing our transportation needs. We have made significant strides in optimizing truck routes and eliminating the need for “cargo-less” trucks returning to our distribution centers. In conjunction with other operational changes, this has allowed us to reduce our overall carbon footprint by 7.2% since 2014. As we look to the future, we expect to continue to reduce our carbon footprint by using alternative fuels and intermodal methods of transportation.

Additionally, we are working closely with our business partners to promote fair labor practices. A key component to selecting potential partners is their endorsement of the U.N. Global Compact principles and protection of human rights. This concept is critical to sustainable business growth, and those business partners who invest in these principles will be the ones who join our company in creating a truly ethical supply chain.

Within our offices, we are becoming more sustainable. Throughout our organization, employees are rethinking fundamental tasks with the goal of leaving a positive impact on our environment. Employees are using technology to conduct virtual meetings to minimize printing needs, reduce travel, and communicate with our customers. Our roasting plants are finding ways to recycle coffee bags from origin. Company-wide we have achieved over 70 percent of waste diverted from landfills, with a goal of zero waste to landfill by the end of 2017.

For Farmer Brothers, collaborating to promote sustainability also means serving as a strong advocate within our industry. As a founding member of World Coffee Research (WCR), we have taken a stand to actively engage our peers in creating a sustainable future for coffee. We are working with the Committee on Sustainability Assessment (COSA) to advocate for sustainability standards across the industry. And, through our partner organizations like WCR and the Specialty Coffee Association (SCA), we are advancing research that we believe will protect and enhance supplies of quality coffee and improve the lives of the families who produce it.

We are proud of our achievements and the ongoing progress we have made. In many areas, we have transformed our business; in others, we are just beginning to see positive impact. Our goals are ambitious, but attainable. We are committed and feel a strong responsibility to help create a sustainable future for our business, our shareholders, the communities we serve, and the coffee farmers with whom we work so closely.

We believe we can advance change within our industry. Working together, we can push the limits of existing standards and realize our collective potential in ways that will make a positive impact on our industry and the world around us. We will continue to move forward into a more sustainable future, a future in which Farmer Brothers' diverse teams are intensely engaged with continuous improvement from tree to cup.

Sincerely,

**Mike Keown, CEO**

**Molly Laverty, Director of Sustainability**



## AIM HIGH

# Our 2016 goals

To reinforce our commitment to continuous improvement, we're holding ourselves accountable to measurable goals that impact people, profit, and planet.



Increase employee awareness of sustainability opportunities related to resource use.



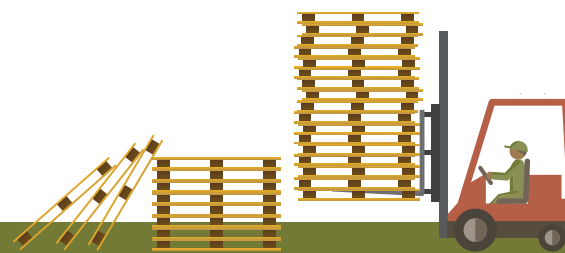
Reduce our carbon footprint by four percent annually.



Increase farmer productivity and efficiency.



Engage employees in the reduction of carbon emissions.



Continue toward zero waste to landfill by 2017.\*



Gain efficiencies in transportation.

\*Farmer Brothers uses The Zero Waste International Alliance's definition of zero waste (and zero waste to landfill), which defines it as a waste diversion of 90% or more.



# Wisdom of the workforce

If you hire great people and equip them with the right tools, they'll amaze you with what they dream up and do. This has been especially true when it comes to sustainability, and it's how we've kept old coffeemakers out of landfills, made breakrooms virtually paper-free, and found new ways to reward our sustainability superstars. With our employees generating ideas, we're seeing a growing eco-wisdom and social consciousness at our headquarters and across our branches.



# How we're reaching our goals

Harnessing innovative programs and new technologies to empower employees, we've propelled sustainability from the fringes to the center of our business. We've kept our people thinking and talking about it by setting ambitious, yet attainable goals—so we can all work together toward change.

## GOAL

**Increase employee awareness of sustainability opportunities related to resource use.**

**PROGRESS** With our new account setup program, we moved all our paperwork online, eliminating at least eight sheets of paper for every new account.

## PROGRESS

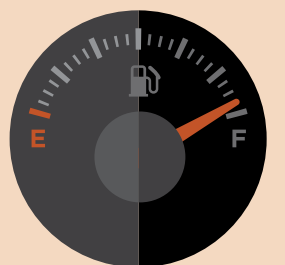
**100%**  
reduction in paper used for new account setup.



**Engage employees in the reduction of carbon emissions.**

**PROGRESS** With the help of telematics devices installed in our vehicles, delivery drivers can improve the efficiency of their routes and reduce their fuel consumption.

**3.4%**  
reduction in carbon emissions from transportation efficiencies since FY 2015.



## SUSTAINABILITY SUPERSTARS

We've got big plans for sustainability at Farmer Brothers. Like keeping trash out of landfills, dramatically shrinking our carbon footprint, and helping more people put food on their tables. But we can only succeed when we all work together, and that's why we've developed an Employee Sustainability Program that empowers everyone in our company to become a changemaker—and rewards the sustainability superstars who shine brightest. Here are just a few of the passionate and engaged employees who are helping us to do well by doing good.

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Everyone at Farmer Brothers has a role to play – no matter how small – and every contribution makes a difference.

Delbert Jordan  
National Account Manager, Farmer Brothers



**36,500 lbs**

**of scrap equipment diverted from landfill**

When Delbert Jordan looks at old brewing equipment, he doesn't see a pile of junk. He sees pounds of potential. By focusing on repairing and refurbishing used brewers, his team saves them from the landfill—and saves money in the process. And when a coffeemaker has clearly brewed its last cup, it's dismantled into scrap metal, wires, and plastic that can be sold to salvage yards. Delbert now plans to take his process company-wide.

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Farmer Brothers has sparked this passion in our workplace that extends out to all aspects of our lives.

Whitney Moore  
Data Management Manager, Farmer Brothers



**ZERO**

**sheets of paper used for account setup**

Just one year ago, Whitney Moore's data management team blazed through reams of paper to set up new accounts, averaging eight sheets per customer. Today, the process takes exactly zero sheets. After participating in employee sustainability workshops, her team has stocked breakrooms with reusable plates and utensils and found ways to recycle just about everything in the office—even used helium tanks. Next up? Getting all vendors to send electronic invoices by the end of 2017.

“

We want to do right by our people, our company, and our planet. We need all these elements in balance to succeed.

Darren Crawford  
Fleet Manager, Farmer Brothers



**3.4%**

**reduction in carbon emissions**

How do you get nearly 1,000 route salespeople to drive the speed limit, reduce engine idling, and keep their vehicles humming? You don't just ask nicely, says Darren Crawford. You show them why it matters. That's why Darren spearheaded a 2016 effort to add telematics devices to Farmer Brothers vehicles. Now drivers and managers can track routes, measure fuel consumption, detect idling, and diagnose vehicle trouble—identifying waste at every turn.

## SEEDING CHANGE

Ask ten different employees from ten different departments how we can get to zero waste to landfill, and you'll get ten different answers. We see this as a good thing. So good, in fact, that we've created a cross-departmental committee to harness sustainable ideas from every corner of our company. We call it the SEED committee, because its purpose is to identify and implement the most promising ideas for social, environmental, and economic development.

Comprised of employees from our human resources, IT, direct store delivery, green coffee, manufacturing, finance, legal, marketing, and sustainability departments, the team is intentionally designed to bring diverse perspectives and ideas to the table. Together, they've rolled out employee-generated solutions for fuel-efficient trucking across our entire fleet, cardboard recycling at our branches, and employee education and recognition programs that reward individual changemakers throughout our company.

"None of us on our own can address all the needs and opportunities in our company," says Field Auditor and SEED Committee Member Steve Lopez. "But when we all work together and do our part, we can develop truly creative and sustainable ideas." And that makes it possible to affect real change for our company, our communities, and our climate.





## EMPLOYEE ENGAGEMENT

Our big plans for sustainability are only possible when our employees get involved. That's why we're cultivating a workforce that doesn't just believe in sustainability, but who are transforming ideas into action.

## BRILLIANCE REWARDED

Our Employee Sustainability Program recognizes employees who champion environmental practices. Employees start by engaging in two ways:

1. Fun weekly sustainability activities, such as BINGO, team activities, and quizzes, which introduce employees to basic sustainability concepts.
2. Longer term initiatives, such as paper reduction, which invest employees in larger, company-wide sustainability goals.

## \$10,600 IN 26.2 MILES

On October 9, 2016, ten Farmer Brothers employees laced up their running shoes for the Chicago Marathon, raising \$10,600 for the Ronald McDonald House—and earning some well-deserved race swag and medals at the finish line.

## MAKING NEW FRIENDS IN TEXAS

In 2016, we moved our headquarters to Northlake, Texas, and started connecting with our new community. In addition to making a significant donation to the Ronald McDonald House near Fort Worth, we helped sponsor the Gear Up to End Hunger bike ride where our employees and family members provided 50,000 meals for the Tarrant Area Food Bank.

**\$10,600**

raised at the Chicago Marathon by 10 employees

**50,000**

meals provided for the Tarrant Area Food Bank





# FOCUS

## on the environment

Making a global impact on the environment doesn't always start with grand gestures and flashy programs. But it does require a community of caring—and at Farmer Brothers, this includes all the people behind our programs. Teams are working toward greater efficiency and less waste, more recycling and fewer trips to the landfill. Together, we're all digging into the nooks and crannies of our organization—so we can unearth new opportunities to reach our environmental goals.



# How we're reaching our goals

When we set out to do the seemingly impossible, it starts with finding ways to make small environmental changes that have an exponential impact over time. And in the process, we discover new possibilities.

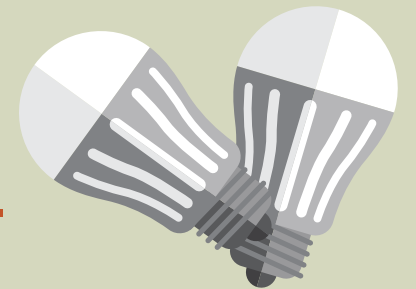
## GOAL

**Reduce our carbon footprint by four percent annually.**

**PROGRESS** By focusing on our production plants, we've identified new areas for carbon reduction, like replacing old light bulbs with energy-efficient LED bulbs.

## PROGRESS

**180,000 kWh saved annually.**

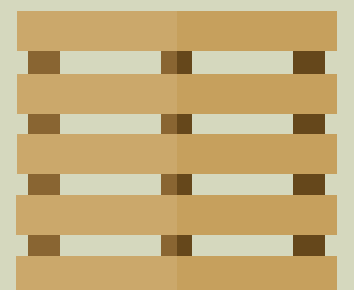


**Continue toward zero waste to landfill by 2017.**

**PROGRESS** To accelerate our progress toward zero waste to landfill by the end of 2017, we've implemented a pallet recycling program to keep broken and unrepairable pallets out of the dumpster.

**4k**

**unusable pallets diverted from the landfill in just six months.**



## THE INCREDIBLE, SHRINKING FOOTPRINT

Five years ago, when it was suggested that we could reduce energy use while maintaining productivity and profitability, the concept seemed unattainable. But with our commitment to protecting the climate driving us, we forged ahead. We started with a short-term goal of reducing our carbon footprint by four percent each year. Ultimately, we intend to move the needle much farther to reduce our carbon footprint 80 percent by 2050.

With measurable goals in place, we're now working to identify areas for those four percent reductions. Sometimes we find big-impact, obvious places, like powering down electronics and switching off lights. Other times, we have to sleuth out hidden gems, like purchasing renewable energy credits to power our facilities. Along the way, we're beginning to understand and address potential roadblocks from upfront investment costs to technology limitations to the boon of rapid growth.

Reaching the 80 percent mark won't come easy. But guided by the principles of the Carbon Disclosure Project and the wisdom of our analytics partner Quantis, we're on a positive path.

## HOW WE'RE DOING IT

In 2016, we looked at carbon reduction opportunities across all of our production plants and identified key areas for improvement.

### Better bulbs

In Portland, we moved from metal halide bulbs (250 watts) to CFL lamps (150 watts), producing a savings of 180,000 kilowatt-hours (kWh) annually.

### Smarter fleet

By retiring our long-haul fleet and aligning with a third-party logistics partner who can more efficiently manage routing, we were able to keep 250,000 gallons of diesel pollution out of the atmosphere.

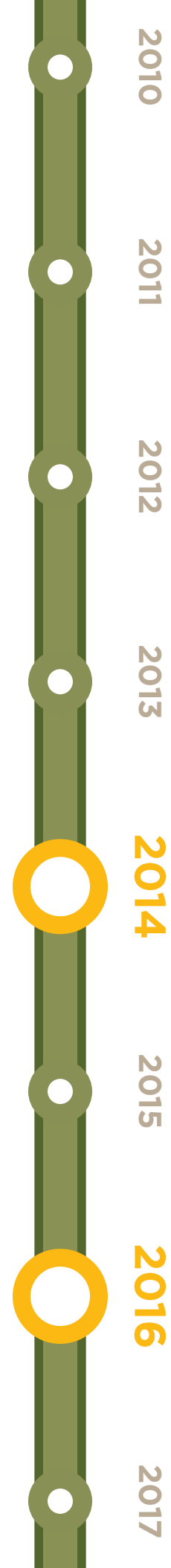
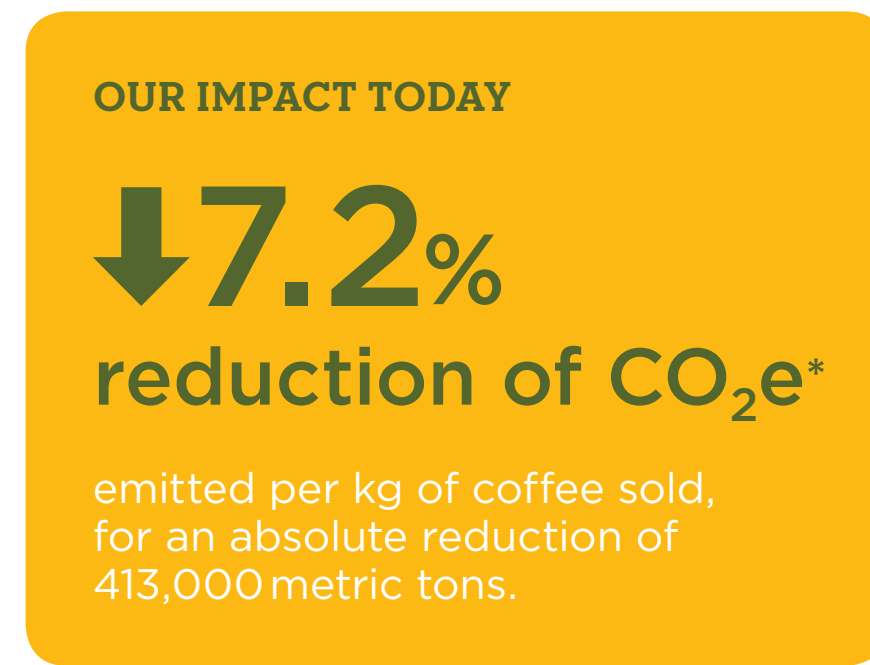
We know that to make our carbon footprint smaller, our impact must be bigger — not just for now, but for generations to come.

### Fewer backhauls

By partnering with a pallet recycler, we now repurpose pallets when they get to their final distribution location. By eliminating the need to haul these pallets back to our distribution centers, we've saved 6,102 gallons of diesel and reduced our carbon emissions by 122,036 pounds.

\* Symbol for "carbon dioxide equivalent," an internationally recognized measure of greenhouse emissions.

\*\* Absolute reduction refers to decreases in the total quantity of carbon emitted. Intensity reduction refers to the quantity of carbon emitted per unit produced and is a measure of efficiency, like miles per gallon (MPG).



## WATCHING OUR WASTE-LINE

When we set a goal for zero waste to landfill back in 2014, we made an immediate dent by tackling our highest volume sources of waste. Now that the low-hanging fruit has been picked and gobbled up, we're working twice as hard to make just a few percentage points of difference. But reaching zero waste to landfill is a challenge worth chasing, and a Vendor Managed Inventory (VMI) program is helping us get there.

Our VMI program began as a cost savings and inventory reduction opportunity, but we realized early on that with these savings came sustainability wins. Using shared information like inventory data, we began assessing the corrugate we used in shipping and the waste it generates. We found that by configuring the cardboard in a new way, we would produce

less duplication. The result was the same strength packaging made with less material, which reduced our overall corrugate usage and waste by 40 percent. And we're just getting started.

With the guidance of our VMI partner Landsberg Orora, future opportunities will come from consolidating inventory, assessing supplier packaging, centralizing office supply orders, and more. "The biggest bang for the buck lies in reducing film used in the packaging of finished goods," says Rachael Carranza, National Procurement VMI Sales at Landsberg. With the VMI program now in place, we're positioned to take advantage of these newly identified opportunities—and some we haven't discovered yet.

## DECONSTRUCTING VMI

While VMI has become more common in recent years, it's not new. Most restaurants use this system in one form or another to maintain a fresh supply of the foods. Consider a sandwich shop who allows their "bread guy" to peek in the storage pantry a few times a week and see what breads are low. He then restocks the shelves from a supply in his truck while the restaurant owner serves a hungry lunch crowd. For today's bigger companies, data and VMI platforms are driving the process, but at its core the result is the same—a collaborative approach to inventory management that streamlines supply chain operations.



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When I joined Farmer Brothers and saw the commitment to sustainability literally being built in our corporate office and production facility, I knew this was the kind of program that would be embraced across the company.



**Jason Neatrou**  
*Transportation Supervisor, Farmer Brothers*

## DUMPSTER DODGING

When Jason Neatrou joined Farmer Brothers in February of 2016 as a transportation supervisor, big change was brewing. Our long-haul trucking fleet was shifting to a third-party logistics company to increase operational efficiency and reduce carbon emissions, but it wasn't a perfect solution. Without trucks returning back to their origin, used pallets began stacking up at branches. To save them from death by dumpster and save the environment, Jason needed a solution.

He scoured his resources and discovered that most pallet recycling companies didn't want to pick up less than half of a truckload. Then Jason found Ongweoweh, who could not only serve all of the Farmer Brothers' branches across the United States, but would also pick up as few as 75 pallets at a time. A partnership was forged, and now 90 percent of Farmer Brothers' pallets are repaired and reused, while the remaining 10 percent are ground up and used as sawdust. By working toward a better way, we're making a lasting environmental and economic impact.

### RESULTS AFTER SIX MONTHS

**\$50K**

rebates generated

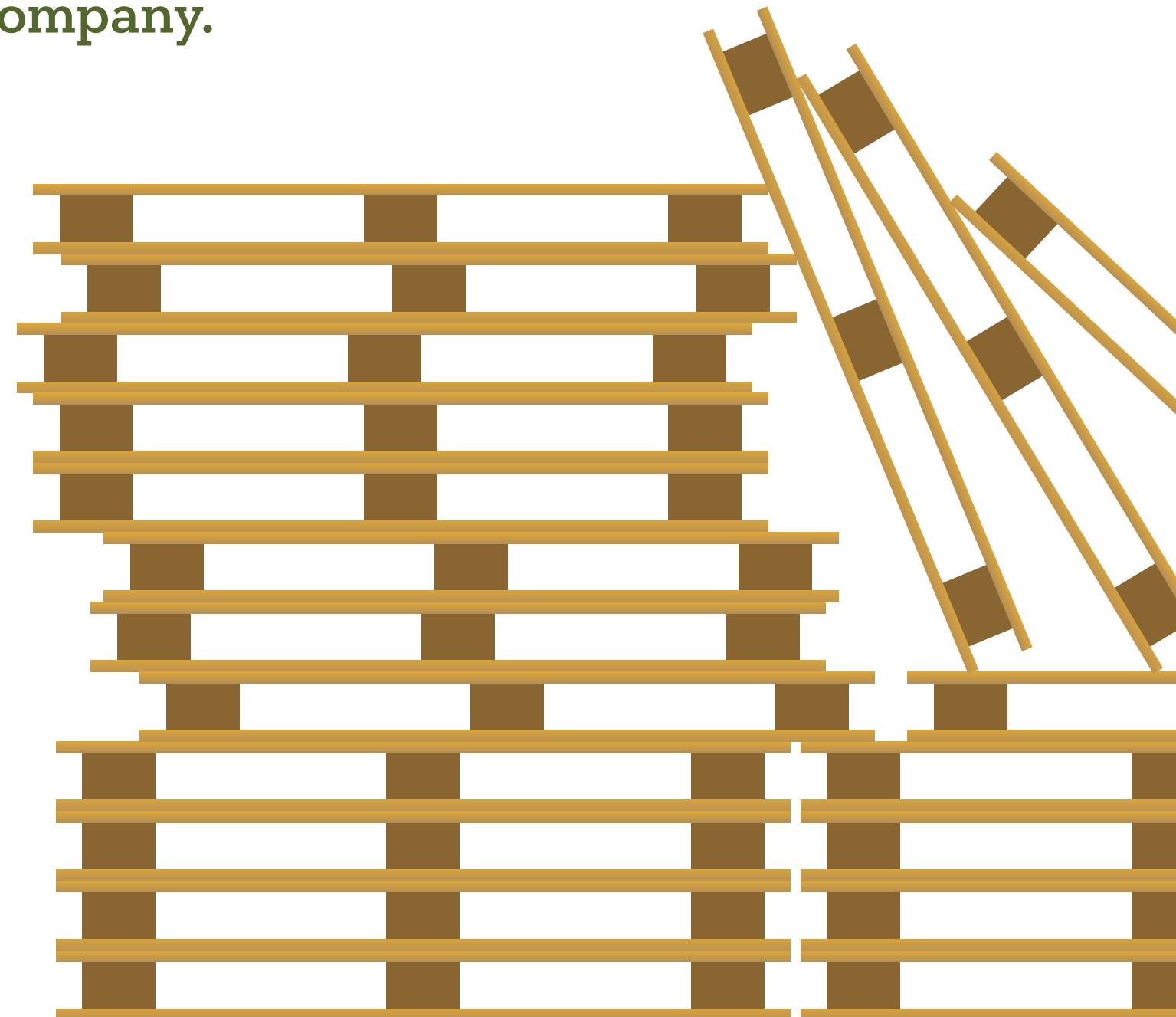
**\$200K+**

in deferred freight

cost savings

**4K/mo**

pallets diverted from landfill





ECONOMIC

# Power

to our partners

It's great to see our profits growing. It's even better when we can share prosperity with our stakeholders. That's why we're helping our farmers build stronger businesses, working with green coffee suppliers to develop sustainable practices, and making sure our customers can get high-quality, ethical coffee. As our businesses continue to work together, we're strengthening our collective focus on building a healthier planet—and a better way of life for people everywhere.



# How we're reaching our goals

We believe profitability can coexist with sustainability. And as we continue our sustainability journey, we've discovered that some of our best business practices are those grounded in what's good for people and planet.

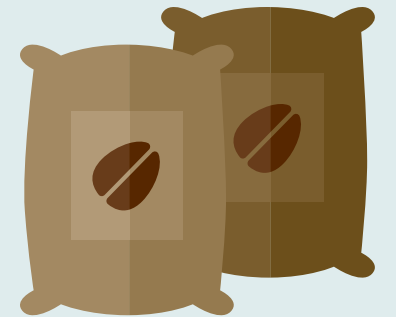
## GOAL

### Increase producer profitability.

**PROGRESS** In Colombia and Nicaragua, through our Direct Trade Verified Sustainable program, we're providing education to farmers on pest management, planting techniques, and financial planning — to help increase their yields and build more effective businesses.

## PROGRESS

**\$890,984**  
invested in farmers  
through DTVS.

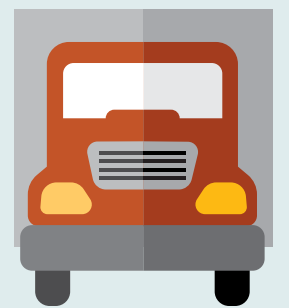


### Gain efficiencies in transportation.

**PROGRESS** Through our third-party logistics (3PL) partnership, we eliminated our long-haul fleet to maximize efficiency in miles traveled, fuel consumed, and carbon emitted into the atmosphere — all while saving money.

**10%**

reduction in fuel  
consumption from  
our long-haul fleet  
since FY 2015.







## THE BUSINESS-SAVVY FARMER

Over many years of partnership, we've developed deep friendships with our farmers and their families. We've toured their coffee farms. Visited their homes. Met their children. So naturally, we care about much more than the transaction of purchasing coffee. We care about their lives. And their livelihood.

Through our Direct Trade Verified Sustainable program, we've found a real way to help. In addition to supporting the training of farmers to protect their waterways and manage their crops, we're also helping them with resources and knowledge to build their coffee businesses and boost their profits.

This starts by understanding how much they're making in the first place — not an easy task when record keeping is often incomplete and access to financial training is limited at best. But by adding farmer income to our DTVS tracking data, we've developed a better snapshot of the financial health of our farmers.

This year, we'll be implementing specific training programs that pair technical assistance partners with farmers to help improve efficiencies in the coffee production process. Together, they'll conduct soil analyses to ensure correct fertilizers are used; replant aging coffee trees with productive, disease-resilient varieties; and implement Integrated Pest Management techniques to reduce the need for pesticides. Through these practices, we hope to get even better quality coffee from some of the regions' strongest farmers. We also expect that farmers will be able to improve their yields — and, ultimately, their incomes.

### NICARAGUA

**\$0.43/  
pound**

baseline profit  
per pound

### COLOMBIA

**\$0.23/  
pound**

baseline profit  
per pound

IMAGE: Janie Page from our marketing department shares our final direct trade product with farmer Oscar Jaime Restrepo Londoño on his farm in Colombia.

## REWRITING THE SCORECARD

From promoting clean water to gender equality, our Direct Trade Verified Sustainable initiatives are starting to make measurable impact in the communities where our farmers work and live. But one company alone can only take a coffee village so far. That's why we're looking beyond our own DTVS initiatives to see what all our green coffee importers are doing to bring about social and environmental change.

Our first step this year was to send out an online sustainability survey, asking our green coffee importers about their social and environmental initiatives, their carbon footprint, and their food safety practices. Now, we're using their answers alongside traditional scorecard data to rank importers not only by price and quality, but also by their commitment to doing more good in the world.

### HOW OUR GREEN COFFEE IMPORTERS STACK UP

**90.3%**

have company-wide environmental initiatives

**19.4%**

are women- or minority-owned businesses

**83.9%**

have made commitments to conduct their businesses according to all 10 of the principles from the U.N. Global Compact

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It's great to be in a situation that's win-win. We're creating shareholder value and value we can all share in.



**Doug Binford**  
Vice President of Logistics and Warehousing,  
Farmer Brothers

## DRIVING CHANGE

Doug Binford knows how to deliver the goods. After all, he's been in the transportation industry for decades. But these days, as our vice president of Logistics and Warehousing, he's thinking a lot more about how to deliver them efficiently—not only to save money for the business, but also to help save the environment.

Doug's creative problem-solving was one of the factors that led Farmer Brothers to switch to a 3PL solution for our long-haul fleet in 2016. Without our own trucks to maintain and manage, we've been able to slash empty miles, reduce carbon emissions, and dramatically cut costs—reducing our own fuel consumption by more than 10% and keeping the equivalent of 250,000 gallons of diesel emissions out of the atmosphere.

### KEEP ON TRUCKIN'. EFFICIENTLY.

Moving to a 3PL solution for shipping makes sense economically and environmentally. Here's how it works.

#### IMMEDIATE IMPACT

##### Shave off miles.

With a 3PL partner, we don't pay to drive empty trucks back to the transport hub, which means we don't emit unnecessary carbon into the atmosphere.

##### Max out payloads.

3PL trucks are packed more efficiently than our private trucks could be, so we can deliver much more freight at once, significantly reducing our fuel costs and carbon footprint.

#### FUTURE PLANS

##### Use alternative fuels.

With biodiesel trucks in its fleet, our 3PL partner has the ability to improve air quality and the environment with a clean-burning, renewable fuel source.

##### Ship by train.

Our 3PL partner specializes in "intermodal transport," so we're not just limited to a trucking fleet. We're also able to use much less carbon-intensive modes, like rail and water.

# Scorecard



Improved



Working on it

GOAL	UNIT OF MEASURE	2014	2015	2016	YEAR/YEAR CHANGE	STATUS
Reduce CO <sub>2</sub> emissions	metric tons/roasted kg	N/A	0.0125	<b>0.0124</b>	▼ 1%	
Reduce on-road fuel consumption	liters/roasted kg	0.4012	0.4095	<b>0.3436</b>	▼ 16%	
Reduce on-site fuel consumption	kWh/roasted kg	1.4567	1.2216	<b>1.021</b>	▼ 16%	
Reduce electricity consumption	kWh/roasted kg	0.7884	0.7773	<b>0.6657</b>	▼ 14%	
Increase percent of renewable energy equivalent to electricity	% of total kWh	71.27%	69.34%	<b>67.16%</b>	▼ 2%	
Reduce water consumption	liters/roasted kg	1.7445	1.6481	<b>1.3431</b>	▼ 18%	
Increase percent of responsibly sourced coffee in portfolio	% of total green kg	11.88%	16.46%	<b>23.96%</b>	▲ 7%	
Shift waste ratio toward zero waste to landfill (landfill diversion)	% of total waste kg	42.67%	49.20%	<b>71.13%</b>	▲ 22%	
Shift waste ratio toward zero waste to landfill (landfill)	% of total waste kg	57.33%	51.80%	<b>29.87%</b>	▼ 22%	
Increase percentage of biodegradable/recyclable packaging (finished)	% of total pkg kg	62.19%	93.47%	<b>90.79%</b>	▼ 2%	
Increase percentage of biodegradable/recyclable packaging (shipping)	% of total pkg kg	99.21%	100%	<b>100%</b>	FLAT	
Increase investment in supply chain stability and food security	dollar/roasted kg	0.0117	0.0090	<b>0.0062</b>	▼ 31%*	

\*Substantial decrease is related to decline in product donations because of better inventory management and food waste prevention measures.

# Measure of Success

For two years, we've held ourselves accountable to specific sustainability goals called material aspects, which are centered around human capital, natural capital, and financial capital. These material aspects have guided our decisions, influenced our initiatives, and produced inventive new programs. Now, we're beginning a new chapter to focus our efforts on continuously improving upon these goals. Because sustainability is not a destination, but a constant, never-ending journey.

## **Reduce our environmental impact**

We're assessing and addressing the environmental impact of our products and services at each stage of our supply chain—from expanding our DTVS program to improving efficiencies in roasting and distributing.

## **Elevate farmers' human rights**

By conducting supplier sustainability surveys, we expanded our commitment to the U.N. Global Compact principles by focusing on protecting human rights and promoting fair labor practices.

## **Promote biodiversity**

Everywhere we operate, we're upholding our commitment to biodiversity by leaving protected lands untouched.

## **Strengthen local communities**

We remain committed to the communities in which we work, at home and abroad, donating more than \$200,000 to local causes during 2016.

## **Protect customer health and safety**

At our new home in Texas, two state-of-the-art quality assurance labs allow us to evaluate everything from coffee color, flavor, and consistency to packaging and ingredient integrity.

## **Enhance occupational health and safety**

As of FY 2016, our Occupational Safety and Health Administration (OSHA) total recordable occupational injury and illness rate was 5.14, better than average for our industry.

## **Reduce effluents and wastes**

To advance our progress toward zero waste, we launched a new partnership with WestRock, a nationwide recycler.

## **Establish responsible procurement practices**

Our responsibly sourced coffee now constitutes 24 percent of our portfolio, up from 17 percent in 2015.

## **Be socially and environmentally compliant**

With our clean record of social and environmental product compliance, we're doing our part to protect the people and places where we operate.

## **Conserve water**

Through targeted changes in the production process, we continue to improve our water usage, reducing water intensity by 18 percent compared to last year.

## **Boost economic performance**

With a focus on increasing efficiencies, we significantly reduced our cost of goods sold.

## **Optimize energy use**

We continued to prioritize the environmental sustainability of our products by decreasing the energy intensity of our roasting by 15 percent.

## **Minimize emissions**

Our move to third-party logistics, introduction of telematics to our fleet, and increased roasting efficiency helped us to reduce our CO<sub>2</sub> emissions by 7.2% since 2014.



- Completed for Core compliance
- Completion planned for 2017—in development for Comprehensive compliance
- In progress for future disclosures

INDICATOR AND INDICATOR DESCRIPTION		STATUS	EXTERNAL ASSURANCE	LOCATION
<b>GENERAL STANDARD DISCLOSURES</b>				
<b>Strategy and Analysis</b>				
G4-1	Statement from the most senior decision-maker of the organization	●	●	<a href="#">This report, pg. 3</a>
<b>Organization Profile</b>				
G4-3	Name of the organization	●	●	<a href="#">General Standard Disclosures</a>
G4-4	Primary brands, products, and services	●	●	<a href="#">General Standard Disclosures</a>
G4-5	Location of the organization's headquarters	●	●	<a href="#">General Standard Disclosures</a>
G4-6	Number of countries where the organization operates, and names of countries where the organization either has significant operations or is specifically relevant to the sustainability topics covered in the report	●	●	<a href="#">General Standard Disclosures</a>
G4-7	Nature of ownership and legal form	●	●	<a href="#">General Standard Disclosures</a>
G4-8	Markets served	●	●	<a href="#">General Standard Disclosures</a>
G4-9	Scale of the organization	●	●	<a href="#">General Standard Disclosures</a>
G4-10	Total number of employees by employment contract and gender	●	●	<a href="#">General Standard Disclosures</a>
G4-11	Percentage of total employees covered by collective bargaining agreements	●	●	<a href="#">General Standard Disclosures</a>
G4-12	Describe the organization's supply chain	●	●	<a href="#">General Standard Disclosures</a>
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	●	●	<a href="#">General Standard Disclosures</a>
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	●	●	<a href="#">General Standard Disclosures</a>
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	●	<a href="#">General Standard Disclosures</a>
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations	●	●	<a href="#">General Standard Disclosures</a>
<b>Identified Material Aspects and Boundaries</b>				
G4-17	Entities included in the organization's consolidated financial statements or equivalent document	●	●	<a href="#">General Standard Disclosures</a>

## GRI (cont'd)

INDICATOR AND INDICATOR DESCRIPTION		STATUS	EXTERNAL ASSURANCE	LOCATION
G4-18	Explain the process for defining the report content and the Aspect Boundaries and how the organization has implemented the Reporting Principles for Defining Report Content	●	●	<a href="#">General Standard Disclosures</a>
G4-19	List all the Material Aspects identified in the process for defining report content	●	●	<a href="#">General Standard Disclosures</a>
G4-20	For each Material Aspect, report the Aspect Boundary within the organization	●	●	<a href="#">General Standard Disclosures</a>
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	●	●	<a href="#">General Standard Disclosures</a>
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	●	●	<a href="#">General Standard Disclosures</a>
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	●	●	<a href="#">General Standard Disclosures</a>
<b>Stakeholder Engagement</b>				
G4-24	Provide a list of stakeholder groups engaged by the organization	●	●	<a href="#">General Standard Disclosures</a>
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	●	●	<a href="#">General Standard Disclosures</a>
G4-26	Report the organization's approach to stakeholder engagement	●	●	<a href="#">General Standard Disclosures</a>
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded	●	●	<a href="#">General Standard Disclosures</a>
<b>Report Profile</b>				
G4-28	Reporting period	●	●	<a href="#">General Standard Disclosures</a>
G4-29	Date of most recent previous report	●	●	<a href="#">General Standard Disclosures</a>
G4-30	Reporting cycle	●	●	<a href="#">General Standard Disclosures</a>
G4-31	The contact point for questions regarding the report or its contents	●	●	<a href="#">General Standard Disclosures</a>
G4-32	The 'in accordance' option the organization has chosen	●	●	<a href="#">General Standard Disclosures</a>
G4-33	The organization's policy and current practice with regard to seeking external assurance	●	●	<a href="#">General Standard Disclosures</a>
<b>Governance</b>				
G4-34	The governance structure of the organization	●	●	<a href="#">General Standard Disclosures</a>
<b>Ethics and Integrity</b>				
G4-56	The organization's values, principles, standards, and norms of behavior such as codes of conduct and codes of ethics	●	●	<a href="#">General Standard Disclosures</a>

## GRI (cont'd)

INDICATOR AND INDICATOR DESCRIPTION		STATUS	EXTERNAL ASSURANCE	LOCATION
<b>CATEGORY: SOCIAL</b>				
<b>Sub-Category: Labor Practices and Decent Work</b>				
<b>Aspect: Occupational Health and Safety</b>				
G4-DMA	Generic Disclosures on Management Approach	●	●	<a href="#">Charting the Issues: Occupational Health + Safety</a>
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	●	●	<a href="#">Charting the Issues: Occupational Health + Safety</a>
<b>Aspect: Supplier Assessment for Labor Practices</b>				
G4-DMA	Generic Disclosures on Management Approach	●	●	<a href="#">Charting the Issues: Human Rights + Labor Practices</a>
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	●	●	<a href="#">Charting the Issues: Human Rights + Labor Practices</a>
<b>Sub-Category: Human Rights</b>				
<b>Aspect: Supplier Human Rights Assessment</b>				
G4-DMA	Generic Disclosures on Management Approach	●	●	<a href="#">Charting the Issues: Human Rights + Labor Practices</a>
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	●	●	<a href="#">Charting the Issues: Human Rights + Labor Practices</a>
<b>Sub-Category: Society</b>				
<b>Aspect: Local Communities</b>				
G4-DMA	Generic Disclosures on Management Approach	●	●	<a href="#">Charting the Issues: Local Communities</a>
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	●	●	<a href="#">Charting the Issues: Local Communities</a>
<b>Aspect: Compliance</b>				
G4-DMA	Generic Disclosures on Management Approach	●	●	<a href="#">Charting the Issues: Product + Social Compliance</a>
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	●	<a href="#">Charting the Issues: Product + Social Compliance</a>



## GRI (cont'd)

INDICATOR AND INDICATOR DESCRIPTION		STATUS	EXTERNAL ASSURANCE	LOCATION
<b>Sub-Category: Product Responsibility</b>				
<b>Aspect: Customer Health and Safety</b>				
G4-DMA	Generic Disclosures on Management Approach	●	●	<a href="#">Charting the Issues: Customer Health + Safety</a>
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	●	●	<a href="#">Charting the Issues: Customer Health + Safety</a>
<b>Aspect: Compliance</b>				
G4-DMA	Generic Disclosures on Management Approach	●	●	<a href="#">Charting the Issues: Product + Social Compliance</a>
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	●	<a href="#">Charting the Issues: Product + Social Compliance</a>
<b>CATEGORY: ENVIRONMENTAL</b>				
<b>Aspect: Energy</b>				
G4-DMA	Generic Disclosures on Management Approach	●	●	<a href="#">Charting the Issues: Energy + Climate Change</a>
G4-EN3	Energy consumption within the organization	●	●	<a href="#">Charting the Issues: Energy + Climate Change</a>
<b>Aspect: Water</b>				
G4-DMA	Generic Disclosures on Management Approach	●	●	<a href="#">Charting the Issues: Water</a>
G4-EN8	Total water withdrawal by source	●	●	<a href="#">Charting the Issues: Water</a>
<b>Aspect: Biodiversity</b>				
G4-DMA	Generic Disclosures on Management Approach	●	●	<a href="#">Charting the Issues: Biodiversity</a>
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	●	●	<a href="#">Charting the Issues: Biodiversity</a>
<b>Aspect: Emissions</b>				
G4-DMA	Generic Disclosures on Management Approach	●	●	<a href="#">Charting the Issues: Energy + Climate Change</a>
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	●	●	<a href="#">Charting the Issues: Energy + Climate Change</a>

## GRI (cont'd)

INDICATOR AND INDICATOR DESCRIPTION		STATUS	EXTERNAL ASSURANCE	LOCATION
<b>Aspect: Effluents and Waste</b>				
G4-DMA	Generic Disclosures on Management Approach	●	●	<a href="#">Charting the Issues: Effluents + Waste</a>
G4-EN22	Total water discharge by quality and destination	●	●	<a href="#">Charting the Issues: Effluents + Waste</a>
<b>Aspect: Products and Services</b>				
G4-DMA	Generic Disclosures on Management Approach	●	●	<a href="#">Charting the Issues: Products + Services</a>
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	●	●	<a href="#">Charting the Issues: Products + Services</a>
<b>Aspect: Compliance</b>				
G4-DMA	Generic Disclosures on Management Approach	●	●	<a href="#">Charting the Issues: Product + Social Compliance</a>
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	●	●	<a href="#">Charting the Issues: Product + Social Compliance</a>
<b>CATEGORY: ECONOMIC</b>				
<b>Aspect: Economic Performance</b>				
G4-DMA	Generic Disclosures on Management Approach	●	●	<a href="#">Charting the Issues: Economic Performance</a>
G4-EC1	Direct economic value generated and distributed	●	●	<a href="#">Charting the Issues: Economic Performance</a>
<b>Aspect: Procurement Practices</b>				
G4-DMA	Generic Disclosures on Management Approach	●	●	<a href="#">Charting the Issues: Procurement Practices</a>
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	●	●	<a href="#">Charting the Issues: Procurement Practices</a>

# What's Brewing

## 2017 GOALS

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Report in accordance with the Comprehensive option of the new GRI reporting standards.

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Conduct sustainability surveys of our top 100 non-coffee suppliers to serve as a baseline for supplier decision making criteria.

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Increase the volume of responsibly sourced coffees in our portfolio to over 30%.

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Publicly report and align our carbon reduction goals with the Science Based Targets initiative.

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Divert 90% of the waste from our manufacturing facilities from the landfill.

Tell us what you think of this year's goals—and let us know what else you'd like to see Farmer Brothers doing to create a more responsible business, and a more sustainable world.

Questions regarding this report can be directed to our sustainability team at: [sustainability@farmerbros.com](mailto:sustainability@farmerbros.com)

