



2021

SUSTAINABILITY

REPORT



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We started 2020 by sitting down as a team and discussing where we wanted to be as an organization in ten years. While many things have changed this year, we're proud to share that our commitment to being a sustainability leader in our industry has not.

For us, sustainability is inextricably tied to our relationships with coffee farmers. Listening to farmers' stories reminds us that our work is only possible with a healthy environment. We've seen harsh reminders of this while visiting farms in Central America that have been devastated by the effects of climate change.

It's no surprise that one of our central sustainability goals originated from our visit to a coffee cooperative in Costa Rica called DOTA. In addition to producing exquisite coffees, DOTA is also the world's first carbon neutral coffee cooperative. Their leadership inspired us to learn more about our own carbon footprint. The more we learned, the more driven we were to reduce and offset our carbon footprint.

As important as it is to understand and reduce our impact, sustainability cannot be purely measured in tons of CO₂e. True sustainability starts by ensuring that farmers are paid and treated fairly, so that they're able to invest in the health of their land. We define sustainability as doing right by farmers, by the planet, and by our local community.

SECTION 1.

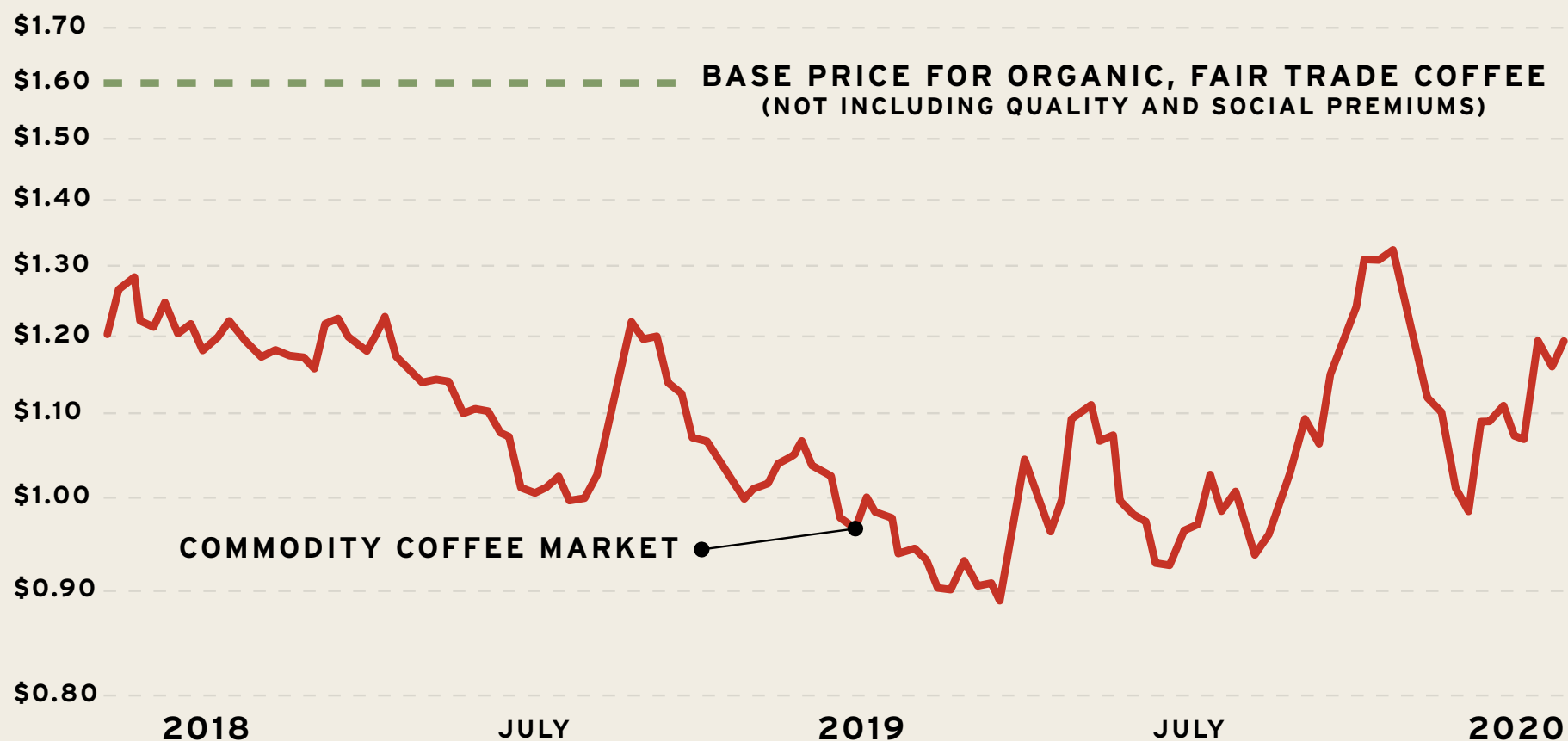
COMMITMENT TO FARMERS



THE IMPORTANCE OF FAIR TRADE

Smallholder coffee farmers face enormous obstacles. For many, the greatest challenge is increasingly unpredictable weather that's exacerbated by climate change. Many farmers lack access to the capital needed to bridge the gap between harvests. To make matters worse, farmers are often at the mercy of a notoriously volatile coffee market.

In 2018 the price of coffee reached a 12 year low, hovering at or below \$1 per pound for much of the year. In 2019, the global price for commodity coffee remained low, driving many Central American coffee farmers to abandon their farms and emigrate to neighboring countries.



WAY BACK IN 2002
WE WERE AMONG
THE FIRST

COFFEE ROASTERS TO SUPPORT

THE FAIR
TRADE



COFFEE SYSTEM

SINCE THEN

WE HAVE PURCHASED
WELL OVER

10 MILLION
POUNDS

OF FAIR TRADE
CERTIFIED COFFEE

& PAID OUT OVER

\$1.5
MILLION

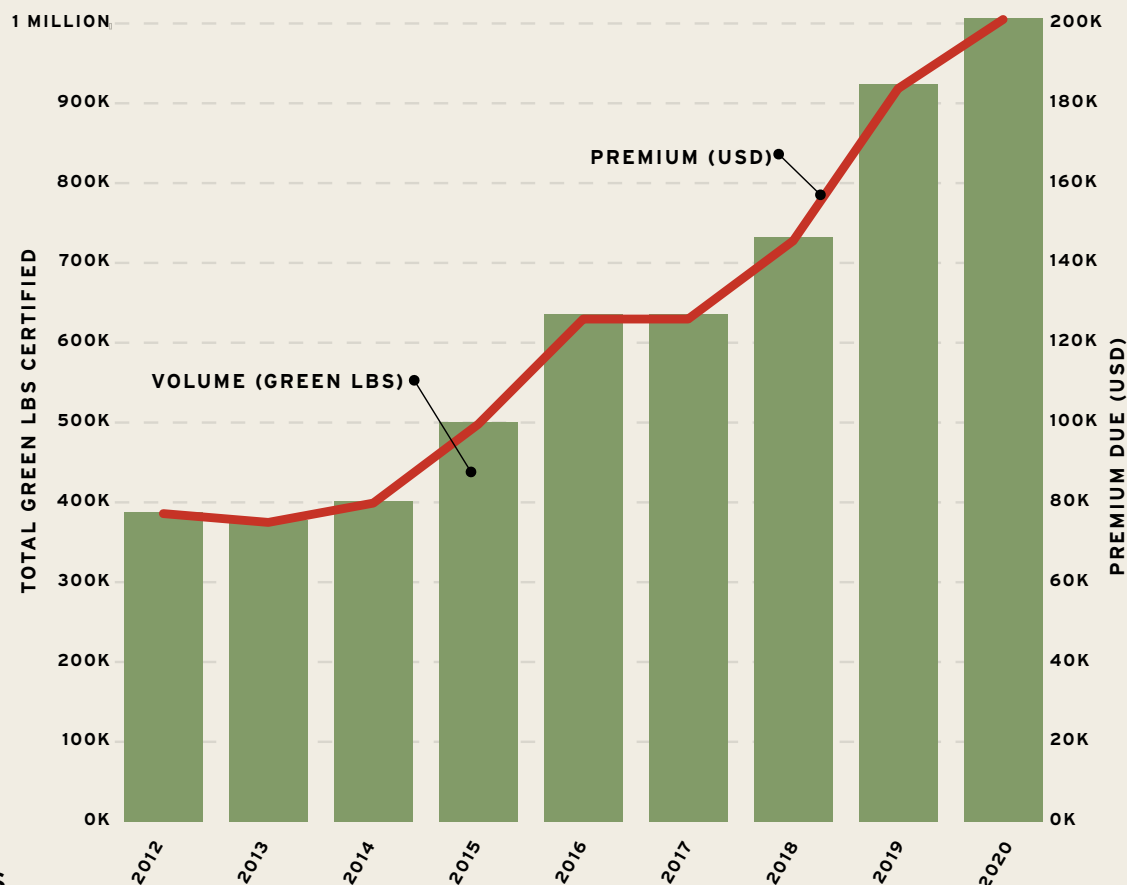
IN SOCIAL PREMIUMS
TO COFFEE FARMERS
AROUND THE WORLD

FAIR TRADE USA

The fair trade system guarantees farmers a stable price, regardless of the state of the global coffee market (also known as the Commodity or C-market). In order to ensure fairness and transparency, this price is set and enforced by an independent, third party organization known as Fair Trade USA, who conducts quarterly audits.

On top of the Fair Trade base price, we pay coffee farmers a premium for quality, as well as a social premium, which goes into community development funds. The farmer cooperatives democratically decide how they want to use these funds. Our social premium dollars have helped fund nurseries that grow more resilient, drought-resistant coffee varieties, as well as local childcare facilities and health clinics.

When we started buying fair trade certified coffees in 2002, we were one of the country's first coffee roasters to support the fair trade coffee system. Since that time, we have purchased well over six million pounds of fair trade certified coffee and paid out over 1.5 million dollars in social premiums to small scale coffee farmers around the world. We aren't the largest coffee roaster around, but we're proud of the positive impact we've been able to make, with the support of our customers.



From 2018 to 2019, our fair trade coffee purchases increased 26%. We purchased 920,000 pounds of fair trade certified green coffee in 2019, resulting in over \$184,000 in social premiums paid out to democratically-run farmer cooperatives. In 2020, our purchases grew 9% to over 1 million pounds of fair trade green coffee, resulting in a payout of over \$201,000 in social premiums to farmer cooperatives.

OUR GLOBAL REACH

We're proud to partner with coffee farmers around the world who are forging new paths to bring sustainably-grown, high-quality coffees to market.

POUNDS OF COFFEE IMPORTED PER COUNTRY OF ORIGIN

PERU	2,094,579
HONDURAS	924,239
MEXICO	798,316
NICARAGUA	703,337
INDONESIA	262,953
TIMOR-LESTE	238,872
GUATEMALA	121,992
COLOMBIA	36,405
ETHIOPIA	12,161
INDIA	4,570
BURUNDI	794
RWANDA	794
UGANDA	529

MEXICO

HONDURAS

GUATEMALA

NICARAGUA

COLOMBIA

PERU

ETHIOPIA

UGANDA

RWANDA

BURUNDI

INDIA

INDONESIA

TIMOR-LESTE

CAPUCAS, HONDURAS

We've partnered with the COCAFAL farmer cooperative in Capucas for eight years. During that time, we've purchased 458,547 pounds of green coffee from this community, resulting in \$91,709 in social premiums. The funds went toward the construction of a local health clinic. Previously, the nearest clinic was over an hour away. The co-operative also invested in crop diversification to fight soil erosion, as well as a solar dryer, which helped reduce the use of fossil fuels and improve the quality of coffee.

458,547

COFFEE PURCHASED,
IN POUNDS

\$91,709

SOCIAL PREMIUMS

Jose Isidro Lara is one of the founding members of COCAFAL. Through his care and attention to detail, Jose is known for producing some of the highest quality coffee that COCAFAL has to offer. This photo was taken at the cooperative's new solar drying facility.

COOPERATIVA NORANDINO, NORTHERN PERU

We've partnered with the Norandino cooperative in Northern Peru for seven years. During that time, we've purchased 351,549 pounds of green coffee, which has produced \$70,310 in social premiums that were used to fund projects such as training programs to encourage sustainable growing practices and composting facilities to reduce the need for synthetic fertilizers.

351,549

COFFEE PURCHASED,
IN POUNDS

\$70,310

SOCIAL PREMIUMS

Jose Santos, 63, president of the local La Peña Liguasnillo organization that is a member of the Norandino cooperative, waves from his home.

MARCALA, HONDURAS

We've partnered with the COMSA farmer group in Marcala, Honduras for five years. During that time, we've purchased 114,229 pounds of green coffee, which has produced \$22,826 in social premiums. These funds went toward the creation of a local farmers market, a quality control lab and education courses, and a soil analysis lab to assist farmers in their transition to biodynamic farming.

114,229

COFFEE PURCHASED,
IN POUNDS

\$22,826

SOCIAL PREMIUMS

COMSA's farmers market grew out of the need for members to diversify their income sources after coffee leaf rust devastated their coffee farms. As of 2016, 20 members had greenhouses to more effectively grow the produce destined for the farmers markets, including Joselinda Manueles. Joselinda grows produce to sell at the farmers market, which helps supplement her family's income from coffee farming.

SECTION 2.

CARBON FOOTPRINT



DETERMINING OUR CARBON FOOTPRINT

Our understanding of sustainability is ever-evolving. One of our guiding mantras is that you can't change what you don't measure. It was with that understanding that we sought outside help to better understand our carbon footprint. Thankfully, we were able to find the expert help we needed in our own back yard. In February 2020, we began working with the Bellingham-based

Peak Sustainability Group, an environmental and sustainability consulting company. The Peak team helps companies develop and adopt more sustainable business practices.

With the expertise of the team at Peak, we poured over years of records in order to measure and quantify our carbon footprint. They examined our production output and our operational carbon footprint, including our facility and transportation emissions. By measuring what matters, we're now better able to determine our next steps on our sustainability journey.



SINCE 2006 WE HAVE PREVENTED THE EQUIVALENT CARBON OF 98 CARS



DRIVING FOR A FULL YEAR



We purchase electricity from 100% renewable sources through PSE's Green Power program, which reduces the carbon footprint associated with our electrical usage to zero. Our participation in this program began in 2006 and helps fund regional green power projects, such as wind and solar.

From 2006-2020, we abated approximately 450 tons of CO₂e. This is equivalent to taking approximately 98 passenger vehicles off the road for a year. For reference, a typical passenger vehicle emits about 4.6 tons of CO₂e per year. (Source: EPA, Green Vehicle Guide).

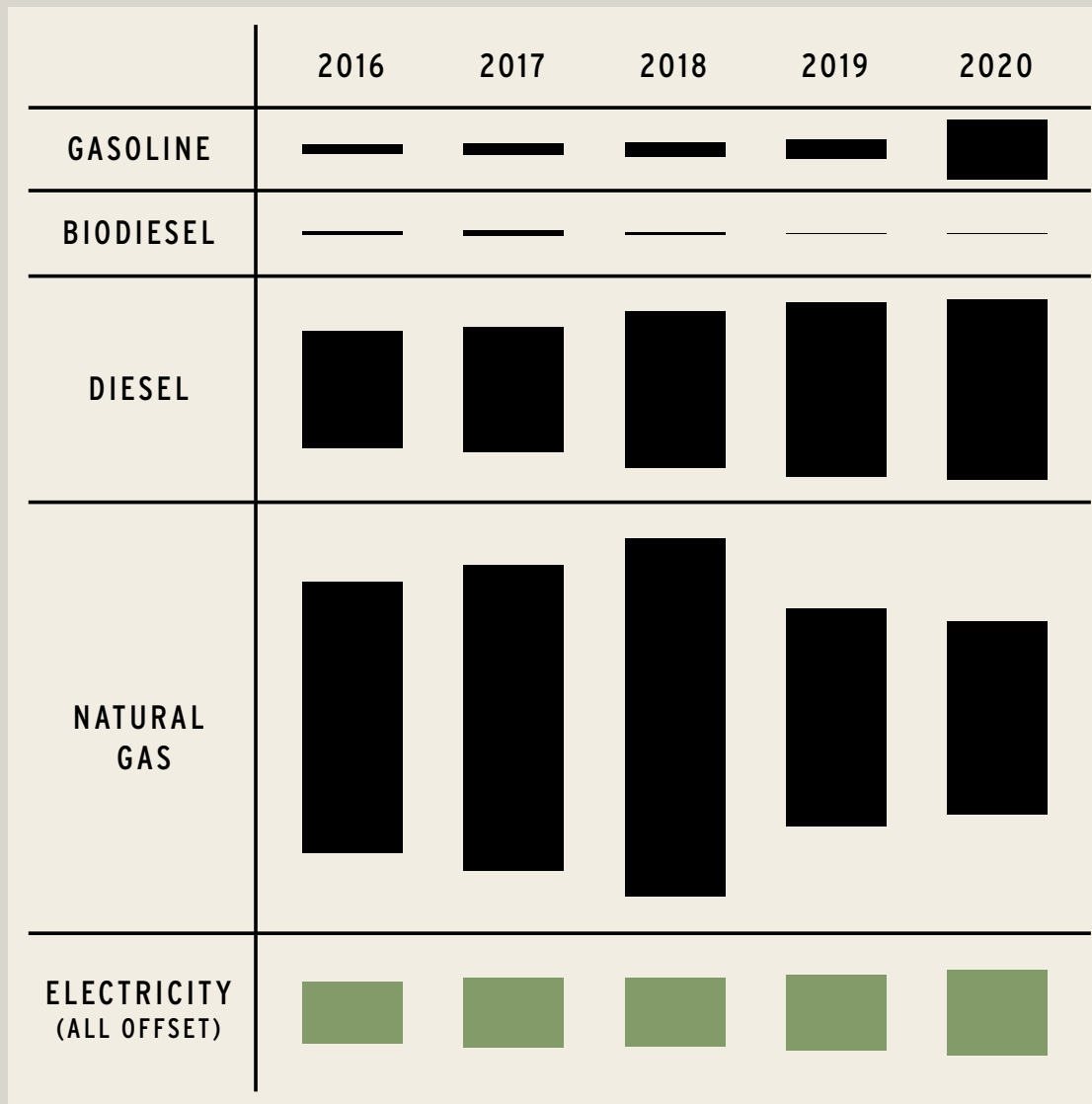
OUR ENTIRE
CARBON FOOTPRINT
IS EQUIVALENT TO
ONLY 4.75



**AVERAGE U.S.
HOUSEHOLDS**

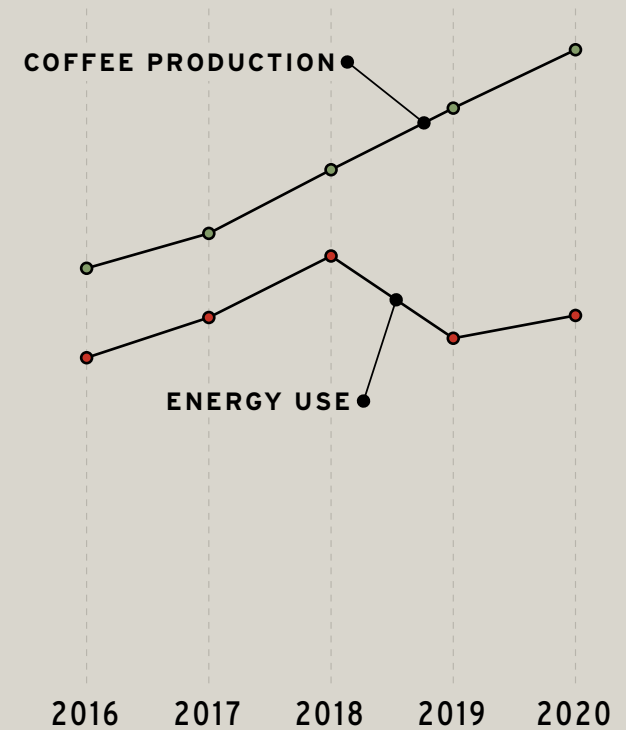
For the three-year time period of 2018-2020, our roastery and delivery fleet of seven vehicles produced a total of 686 tons of CO₂e or an average of 228.75 tons of CO₂e per year. For reference, a typical U.S. household has a carbon footprint of 48 tons of CO₂e per year, making our carbon footprint equivalent to 4.75 average US homes. (Source: University of Michigan, Center for Sustainable Systems).

ENERGY USAGE BREAKDOWN



We produced 82 tons fewer emissions in 2020 compared to 2018, and our natural gas usage decreased by 46%. What's most impressive is that during this same period of time our output grew by 25%.

PRODUCTION VS ENERGY USE

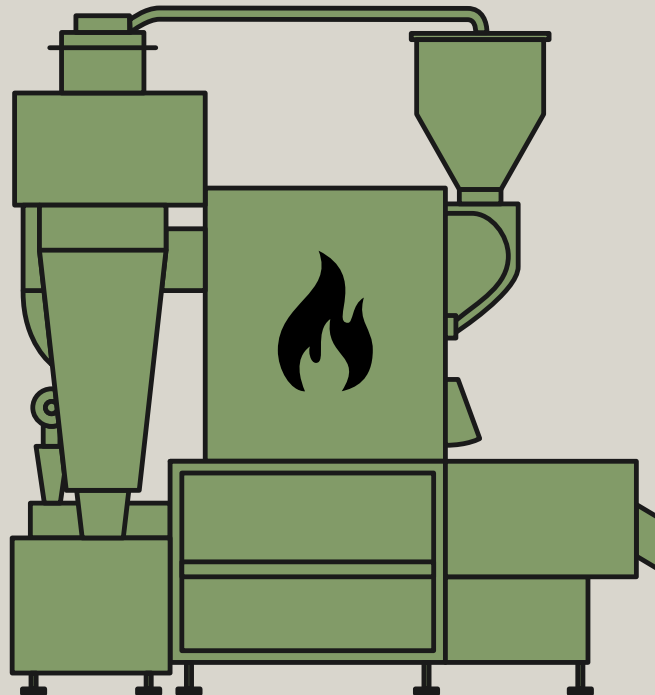


OUR NEW HIGH-EFFICIENCY ROASTING MACHINE

*CUT ROASTERY
EMISSIONS BY*

57%

FROM 2018 TO 2020



The decrease in natural gas usage was made possible by the installation of a new, hyper-efficient roasting machine. After years of growth and planning, we installed a Loring Peregrine S70 roasting machine in late 2018. This machine's ability to capture and reuse heat helped us double the the energy efficiency of our roasting from 2018 to 2020 and decrease roastery emissions by 57%.

SECTION 3.

CARBON OFFSETS



Image Credit: Fair Trade USA, Ketiará

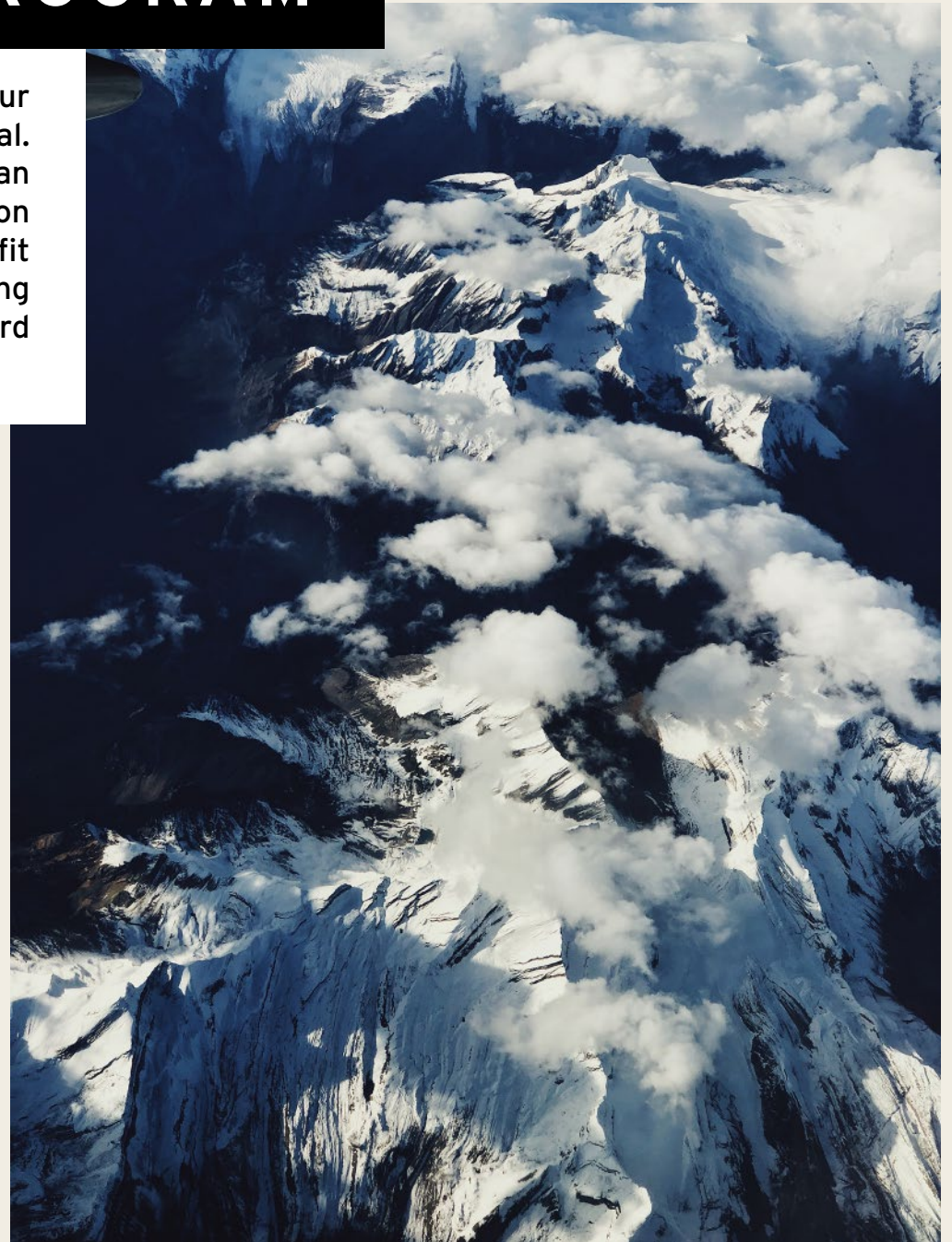
CARBON OFFSET PROGRAM

In early 2020, we set the goal of making our roastery and delivery fleet 100% carbon neutral. After measuring our energy usage, we began researching methods for offsetting our carbon footprint. After looking into multiple non-profit organizations that facilitate carbon offsetting projects, we decided to work with Gold Standard on projects in coffee-growing regions.

Gold Standard[®]

Climate Security & Sustainable Development

Gold standard was established in 2003 by the World Wildlife Fund and other international NGOs to ensure projects that reduced carbon emissions featured the highest levels of environmental integrity and also contributed to sustainable development. With the adoption of the Paris Climate Agreement and the Sustainable Development Goals, we launched a best practice standard for climate and sustainable development interventions, Gold Standard for the Global Goals, to maximise impact, creating value for people around the world and the planet we share.



2019 CARBON OFFSET

In 2019, we generated 206 tons of CO₂e. To offset these emissions, we helped fund a Gold Standard project in Rwanda that delivers clean, safe water by identifying and rehabilitating broken-down boreholes. Not only does this mitigate emissions and improve social well-being, it also empowers women and children, which is one of the top ten ways to impact climate change. The 12 micro-projects under this program prevent 10,000 tons of CO₂ equivalent emissions.

WHAT THIS MEANS FOR LOCAL PEOPLE:

- Reducing emissions and helping our climate
- Reduced incidence of waterborne diseases
- A supply of clean safe water for communities
- Less time and effort spent collecting wood to boil and sanitize water
- Reduced expenditure on wood fuel, leaving money free for other household expenses
- Reduced pressure on local wildlife and ecosystems due to reduced deforestation

In conjunction with Gold Standard, this project is financed by Likano Project Development and Open Circle Investments under CO₂balance's Global Micro Programme of Activities.

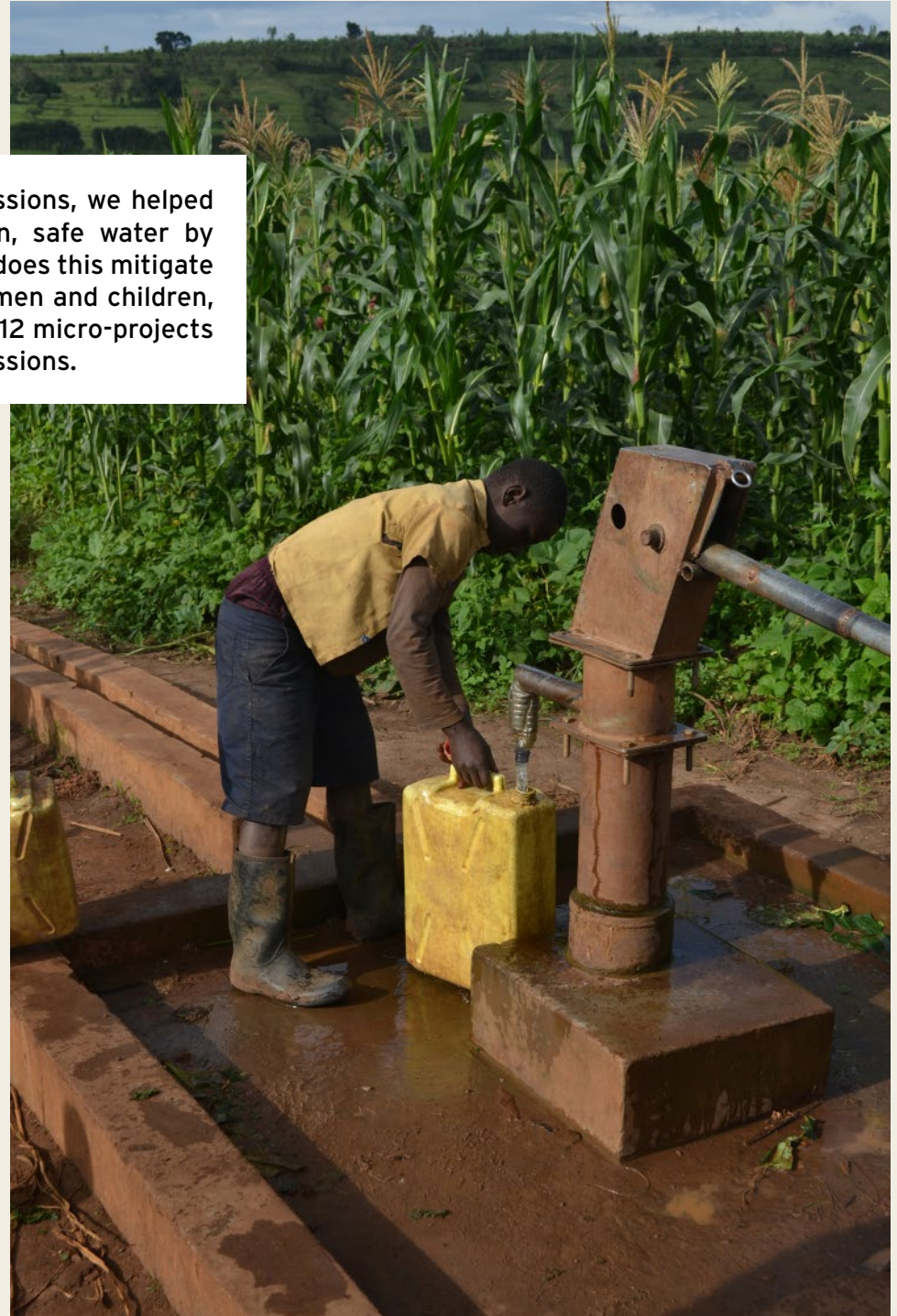


Image Credit: CO₂Balance

2020 CARBON OFFSET

In 2020, we generated 216 tons of CO2e. We found an offset opportunity with Gold Standard to supply more efficient cookstoves to coffee farmers in Ethiopia, the home of many of our farmer partners. Nearly 20,000 households are benefiting from this project, reducing the use of wood and CO2e emissions by 40%. Not only does this mitigate emissions and improve social well-being, it also empowers women and children, which is one of the top ten ways to impact climate change.

WHAT THIS MEANS FOR LOCAL PEOPLE:

- **Health:** Clean cooking prevents the inhalation of harmful smoke and people experience less physical strain because less wood is collected for cooking
- **Environment:** Decrease in carbon emissions and deforestation
- **Social:** Women are less exposed to harassment, experience more convenience, and can spend more time on family and education
- **Economic:** Women have more opportunity to generate income and there are more local jobs through the production and maintenance of cookstoves

In conjunction with Gold Standard, this project is developed by Fairclimate Fund.



Image credit: FairClimateFund

SECTION 4.

GIVE

BACK



Image Credit: Fair Trade USA, COCAFCAL

OUR COMMITMENT TO GIVING BACK

Donating to our local community and non-profit organizations that share our values is an important part of our business. We are constantly learning about new causes that create positive change in our communities. Each year, we support a handful of organizations that are working towards a better future in our local community, our environment, coffee farming, and social equity. Issues like climate change, deforestation, and gender parity are real issues that we are committed to tackling over time. We want the best future for the next generation.

AS WE GROW, OUR SUPPORT GROWS.



We're proud to be a founding member of World Coffee Research. This collaborative organization helps find science-based solutions to the challenges facing coffee farmers. WCR continues to support the development of new, resilient coffee varieties that increase farmers' income, prevent deforestation, and mitigate over reliance on synthetic agrochemicals. F1 varieties have allowed farmers to grow higher yields in shade conditions. To this day, we participate in World Coffee Research's penny-per-pound checkoff program alongside our distributors, which supports their ongoing research and education efforts. In 2020, we donated over \$4,000 to World Coffee Research.



Seedlings getting some tender loving care at the Rocael Vasquez residence. Small, on-farm nursery. Image Credit: Devon Barker (@devonbbarker)

2020 DONATIONS

Like many businesses, we've been donating to organizations for years without curating a list. In 2020, we started tracking our support so we could share it with you. Outside of our support for Fair Trade USA and World Coffee Research, we donated over \$13,000 in cash, and 2,631 lbs of coffee, valued at \$36,834. Below you'll see the organizations we supported in each of our focused areas.

LOCAL COMMUNITY

- Whatcom County Meals on Wheels
- Whatcom County Bike Club
- Jansen Art Center
- Bellingham Food Bank
- Sustainable Connections
- Cloud Mountain Farm

ENVIRONMENT

- Nooksack Salmon Enhancement Association
- Gold Standard

COFFEE FARMING

- Grounds for Health

SOCIAL EQUITY

- Whatcom Peace & Justice
- Bill Reed African American Scholarship
- Lighthouse Mission Ministries
- Northwest Youth Services
- Trans Women of Color Solidarity Network



SECTION 5.

SUSTAINABILITY GOALS



SUSTAINABILITY GOALS

We're committed to a more sustainable future for our environment, business, community, and farmer partners. Sustainability is more than fighting climate change; it's our culture of continuous improvement. Below you'll find our sustainability journey defined by a ten year pledge and five year goals.

2030 CARBON NEUTRAL PLEDGE

In addition to offsetting the annual carbon footprint of our roastery and delivery fleet, our team has set the ambitious goal of offsetting our company's entire historic carbon footprint (from 1971-2018) by the end of 2030.

OUR COMMITMENT TO BOLD ACTION

1971 Began roasting fine coffees and serving espresso at our Fairhaven coffeehouse

2006
Began purchasing 100% Green Power from renewable sources

2015
Received Platinum Recognition from the NW Clean Air Agency

2019
Installed Loring Roaster, which cut our roastery's carbon footprint in half

2021
Won Roaster of the Year competition

2020
Made our roastery and delivery fleet 100% carbon neutral

2018
\$1,000,000 in Fair Trade Social Premiums paid out to farmers

2012
Became a founding member of World Coffee Research

2002
Began sourcing Certified Organic, Fair Trade Coffees

2030

The year by which we've pledged to offset our entire historic carbon footprint



OUR HISTORICAL CARBON FOOTPRINT

12.5

MILLIONS OF POUNDS
OF COFFEE ROASTED
SINCE 1971

3,293

TONS OF CO₂E
PRODUCED FROM
1971 - 2018

10

YEARS UNTIL WE ERASE
OUR ENTIRE HISTORICAL
CARBON FOOTPRINT

The first step in calculating our historic carbon footprint was estimating the cumulative pounds of coffee that we've roasted since 1971 and partnering with Peak Sustainability Group to measure. We have records for every pound of coffee that we've roasted since 2006, which provided a good starting point. For pre-2006 figures, we consulted our longtime employees to compile an estimate, which included a healthy buffer. Our historical estimate came out to 12,469,834 pounds.

In order to calculate our carbon footprint over the years, we broke our operation into two time periods. The first period, 1971-2006, predates the existence of Puget Sound Energy's Green Power program. For this period, our efficiency coefficient was 0.59 and we generated 1,191 tons of CO₂e. Our efficiency coefficient spells out how many tons of CO₂e we generated for every ton of coffee we roasted. A smaller coefficient translates to lower emissions.

The second time period, 2006-2018, marks the beginning of our participation in Puget Sound Energy's Green Power program. For this period, our efficiency coefficient had improved to 0.50, since we were buying electricity from 100% renewable sources. We generated 2,102 tons of CO₂e during this time period.

It's worth noting that our 2020 efficiency coefficient was 0.36, which means that we generate 710 pounds of CO₂e for every ton of coffee we roast and deliver. We're proud that this represents a 30% improvement from our pre-2006 operation.

When we combine the subtotals from the two time periods of our operation, we arrive at 3,293 tons of CO₂e produced from 1971-2018. In order to reach our goal of becoming historically carbon neutral by the end of 2030, we'll need to offset an additional 329.3 tons of CO₂e every year.

5-YEAR SUSTAINABILITY GOALS

In 2020 we formed a Sustainability Committee, which has members from every department in our company. After a number of company-wide conversations, we established our five year sustainability goals.



FLEET

- Over time, we plan to supplement our existing delivery vehicles with hybrid/electric alternatives.

GREEN COMMUTES

- Increase the number of employees who bike or use alternative means of transportation.
- Create improved bike storage facilities.
- Stock a bike repair kit and offer bike maintenance classes at the roastery.

SUSTAINABLE PACKAGING

- We're constantly searching for more sustainable packaging options that meet our freshness needs (e.g. one-way degassing valve). While there is progress being made, we have yet to find a packaging solution that would be accepted in the municipal compost facilities where our coffee is sold.

COMMUNITY SUPPORT & ENGAGEMENT

- Our team is committed to supporting non-profit organizations that are working for greater environmental and social justice.
- In addition to monetary support and in-kind donations, we're going to increase our hands-on support, in the form of volunteer hours.

ROASTING EQUIPMENT UPGRADES

- As we grow, we're planning to add an additional, high-efficiency roaster.
- We are researching early-stage developments in after-burner technology, which could significantly reduce our natural gas usage.

PARTNERING WITH FARMER COOPERATIVES TO SUPPORT SUSTAINABLE FARMING AND MILLING PRACTICES

- The largest carbon footprint contributor in the coffee supply chain is the use of fertilizers. We're exploring how we can help farmers reduce the use of synthetic fertilizers, which would also provide greater resiliency and financial stability.
- The disposal of wastewater from coffee processing is also a key concern in coffee producing regions. Coffee pulp wastewater can actually be converted into biogas to power local facilities. We're researching opportunities to support projects that assist this conversion.
- We're also researching opportunities to support the conversion of coffee dryers from wood or gas powered to solar powered.

OTHER FACILITY AND EQUIPMENT UPGRADES

- We plan to transition to an electric forklift and scissor lift.
- We're researching improvements we can make to our heating system, as well as converting to electric water heaters.



A worker at COCAFAL works to produce dried cascara - the fruit that has been removed from the coffee beans. In 2016 COCAFAL exported a container's worth of cascara, utilizing a byproduct of coffee production.

GOING PAPERLESS

- We're exploring EDI systems that can help us reduce paper waste.
- We're also working to reduce our cardboard use, both in the warehouse and on our delivery routes.

ONE OF THE INITIATIVES THAT WE'RE MOST PROUD OF IS OUR GREEN COMMUTE PROGRAM.

- To incentivize environmentally-friendly commuting, we offer employees \$4 per round trip that utilizes a non-single occupancy vehicle (carpooling, bicycling, walking, or taking mass transit to work). Plus, employees who participate in the program are entered into a raffle to win prizes.
- We instituted this program in September 2020 and our team logged 372 trips in the final four months of 2020. These trips eliminated 1,617 single occupancy vehicle miles and helped mitigate roughly 1,500 pounds of CO₂e.



We're also happy to report that our roastery's backyard garden is thriving, under the stewardship of Lucy and Jeremiah.

CLIMATE COLLABORATIVE

In 2018, we pledged our support to the Climate Collaborative, a community of businesses who have joined forces to create pathways to action and solutions to reverse climate change. We have made pledges to track our impact and make improvements in the following areas:

AGRICULTURE

Integrate carbon farming into the agricultural supply chain

ENERGY EFFICIENCY

Increase energy efficiency

FOOD WASTE

Reduce food waste in the supply chain

FORESTS

Remove commodity-driven deforestation from supply chains

PACKAGING

Reduce the climate impact of packaging

POLICY

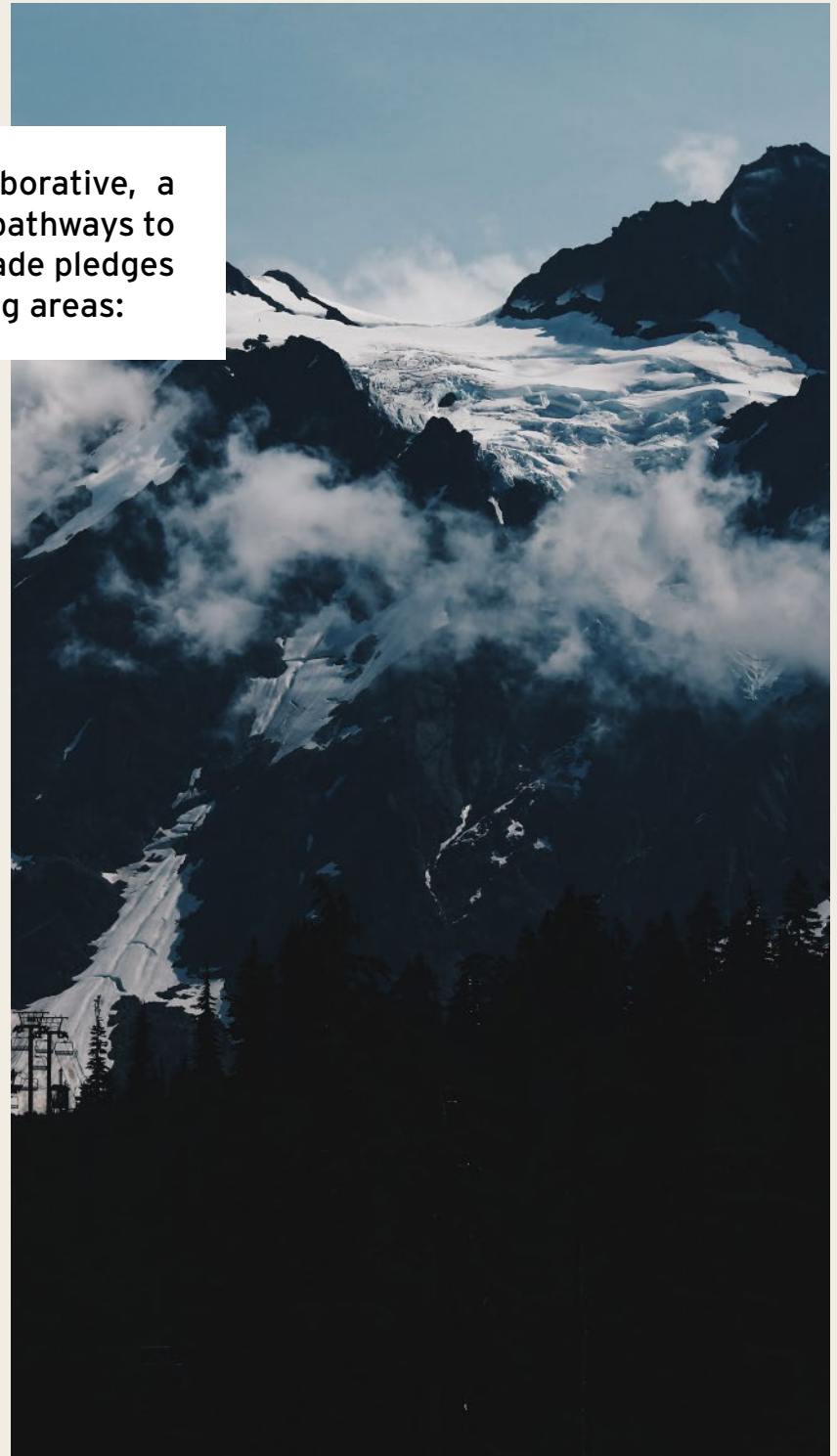
Responsible engagement in climate policy

RENEWABLE ENERGY

Commit to 100% renewable power

TRANSPORTATION

Reduce the climate impact of transportation



A MESSAGE FROM OUR CREW

2020 was a remarkable year, one that we will always remember. It was the year we became carbon neutral. It was the year we were nominated Roaster of the Year. It was the year much of the world shut down and people started perfecting their coffee brewing at home. Thank you for your support last year and every year. We promise to keep sustainability at our center. We promise to report our progress next year. We hope this report provides you resources and inspires you to start your own sustainability journey.

