



**TONY'S**  
— COFFEE —

2022

# SUSTAINABILITY REPORT



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For us, sustainability lives at the intersection of people and the planet. Our sustainability journey can be traced back to 2002, when we began sourcing Organic, Fair Trade, Shade Grown coffee. Since then we have transitioned to 100% green power, doubled our roasting efficiency, and offset our roastery's carbon footprint.

As important as it is to understand and reduce our impact, sustainability cannot be purely measured in tons of CO<sub>2</sub>e. 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.

This year presented our industry with many unique challenges, ranging from extreme weather events, to market volatility, to supply chain disturbances. We're proud to have smart and caring folks on our team who are committed to finding solutions to difficult problems, new and old.

Each year, we look forward to sharing this report and receiving valuable feedback. Without the support and thoughtful engagement from our customers and partners, we wouldn't be the company we are today. Thank you for joining us on this journey.



## SECTION 1.

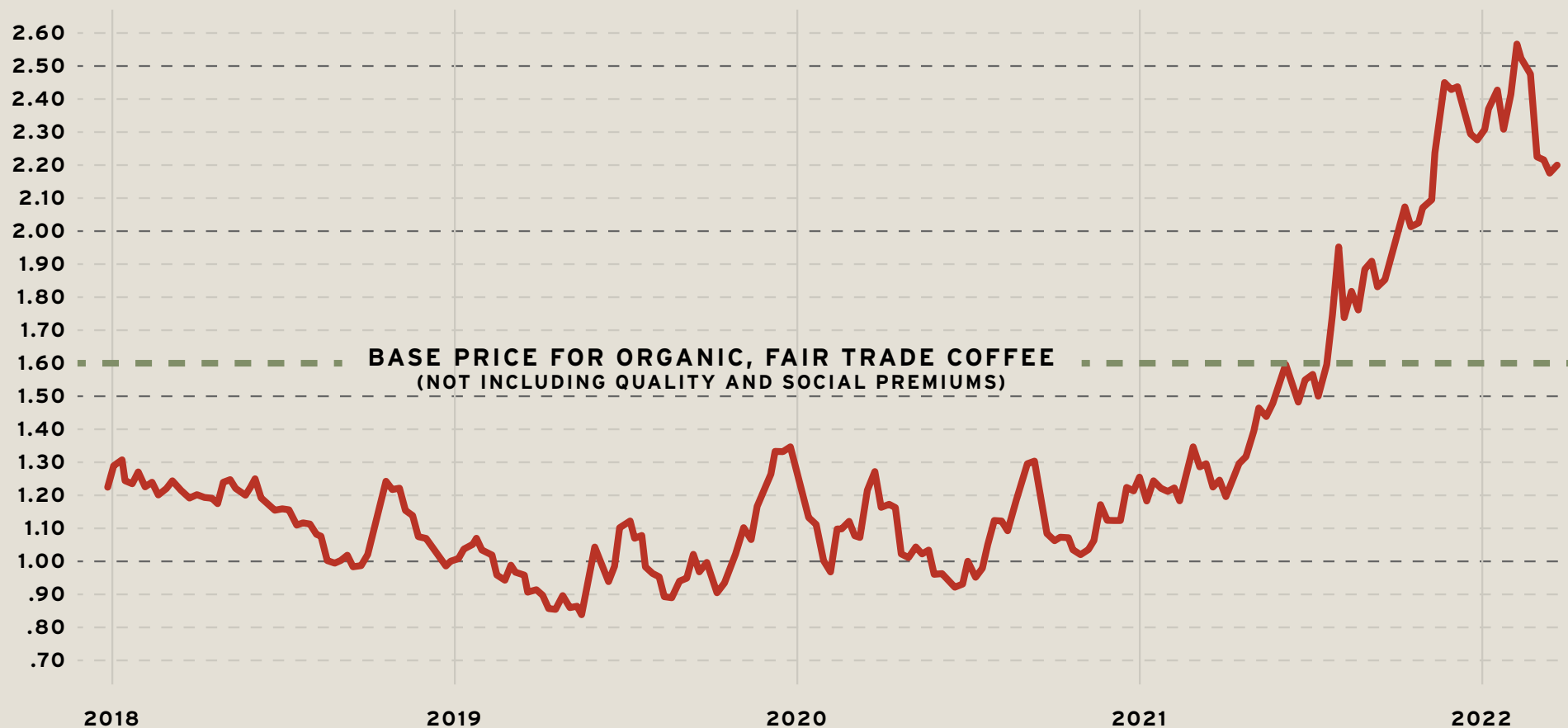
# COMMITMENT TO FARMERS



# 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 2021, the coffee market recovered from historic lows to set a 10 year high water mark. At face value, this was welcome news for coffee farmers. However, the volatility speaks to the need for the Fair Trade system, which provides long term stability.



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

11 MILLION  
POUNDS

OF FAIR TRADE  
CERTIFIED COFFEE

*& PAID OUT OVER*

\$1.7  
MILLION

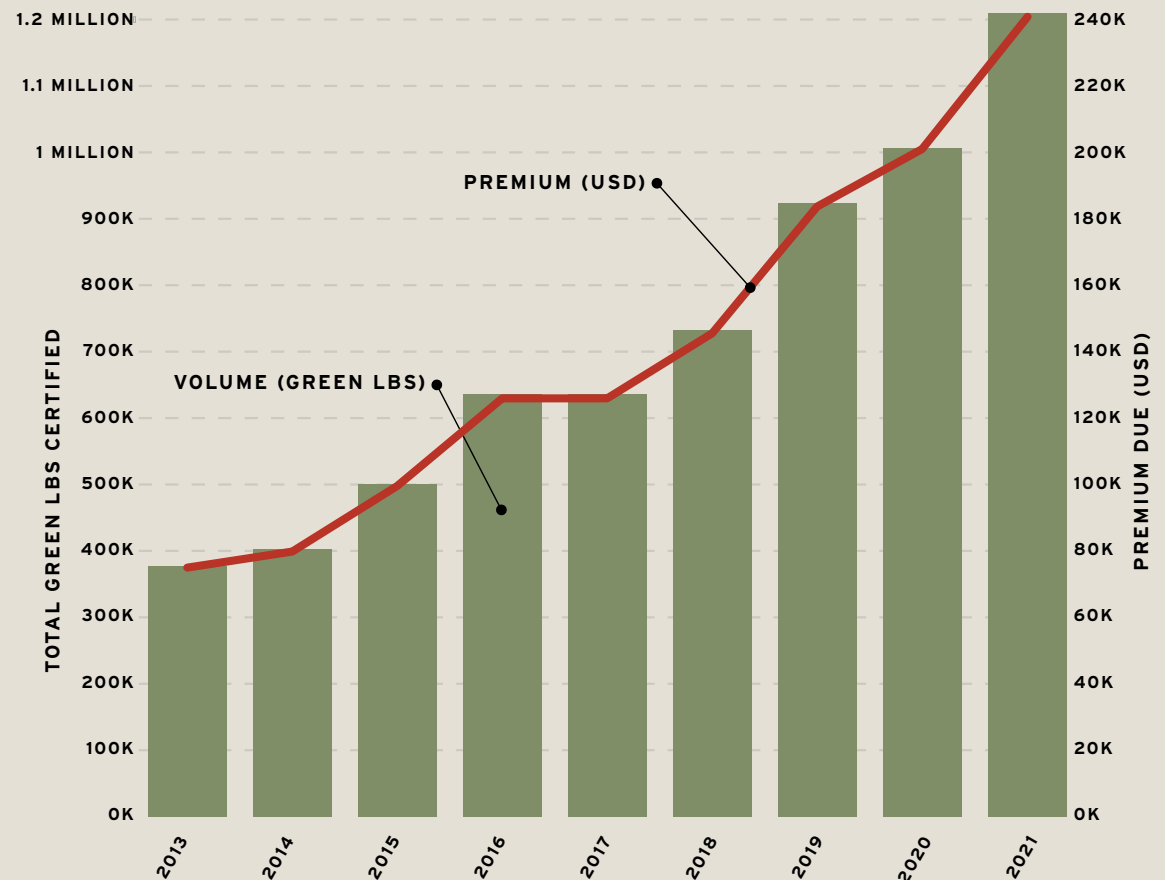
IN SOCIAL PREMIUMS  
TO COFFEE FARMERS  
AROUND THE WORLD

# 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 seven million pounds of fair trade certified coffee and paid out over \$1.7 million 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.



Last year our fair trade coffee purchases increased 20%. We purchased 1,007,094 pounds of fair trade certified green coffee in 2020, resulting in \$201,418 in social premiums paid out to democratically-run farmer cooperatives. In 2021, our fair trade green coffee purchases grew to over 1.2 million pounds, resulting in a payout of \$241,631 in social premiums.

# 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 (2020 NUMBERS)

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\*

\*numbers are through 2020 only

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.



# 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\*

\*numbers are through 2020 only

Jose Santos, 63, president of the local La Peña Liguasnillo organization that is a member of the Noradino 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\*

\*numbers are through 2020 only

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.

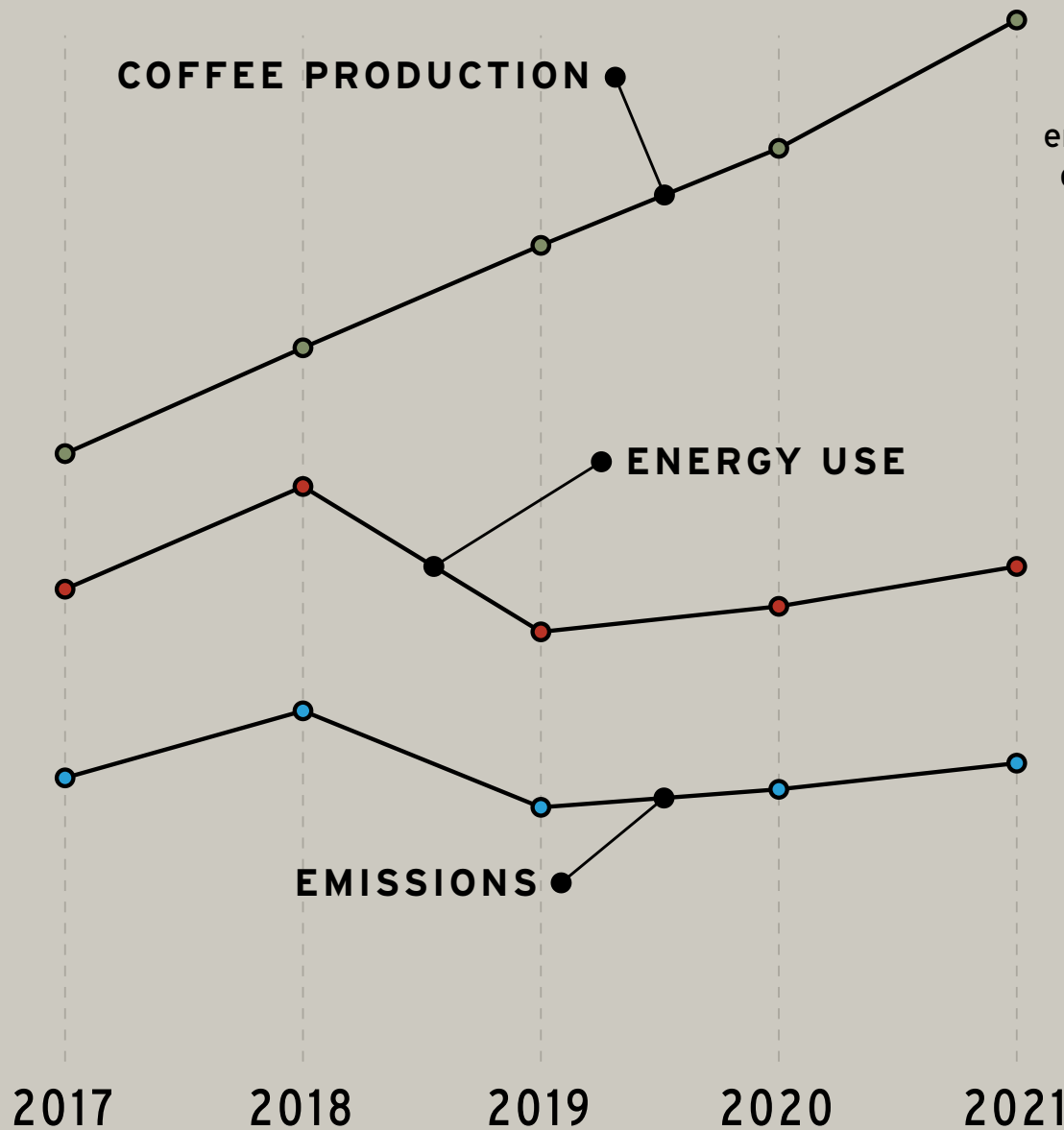
# CARBON FOOTPRINT



Image Credit: Fair Trade USA

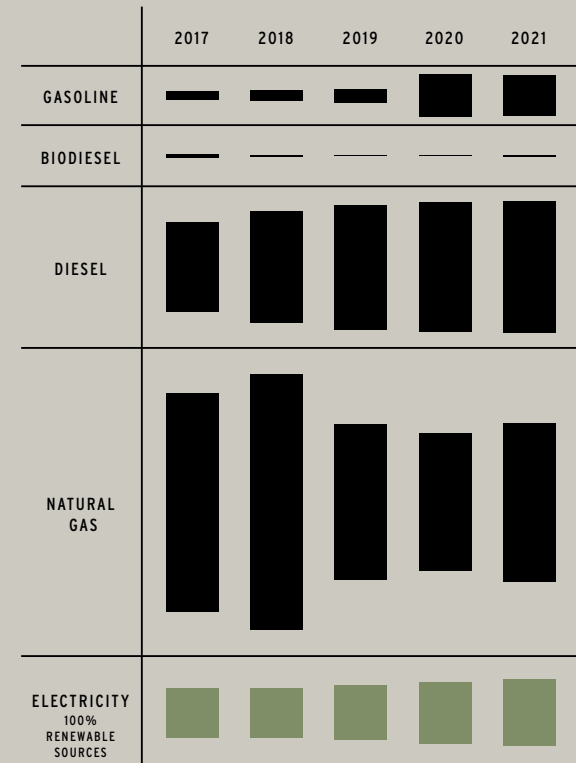


# PRODUCTION VS ENERGY USAGE



We produced 15% more coffee in 2021, resulting in 15% increase in natural gas, but only a 7% increase in overall emissions. This efficiency gain is due to our delivery changes. While we deliver roughly the same volume locally with our in-house fleet, we continue to deliver more coffee nationally with distributor partners.

## ENERGY USAGE BREAKDOWN



# THE CARBON FOOTPRINT OF OUR ROASTERY & DELIVERY FLEET IS EQUIVALENT TO ONLY 4.8



## AVERAGE U.S. HOUSEHOLDS

In 2021, our roastery and delivery fleet of seven vehicles produced 232 tons of CO<sub>2</sub>e. For reference, a typical U.S. household has a carbon footprint of 48 tons of CO<sub>2</sub>e per year, making our carbon footprint equivalent to 4.8 average US homes.

(Source: University of Michigan, Center for Sustainable Systems).

# SINCE 2006 WE HAVE PREVENTED THE EQUIVALENT CARBON OF 108 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.

In 2021, we prevented 46 tons of emissions, bringing our cumulative total to 496 tons of emissions since we started purchasing green power in 2006. This is equivalent to taking approximately 108 passenger vehicles off the road for a year. For reference, a typical passenger vehicle emits about 4.6 tons of CO<sub>2</sub>e per year. (Source: EPA, Green Vehicle Guide)

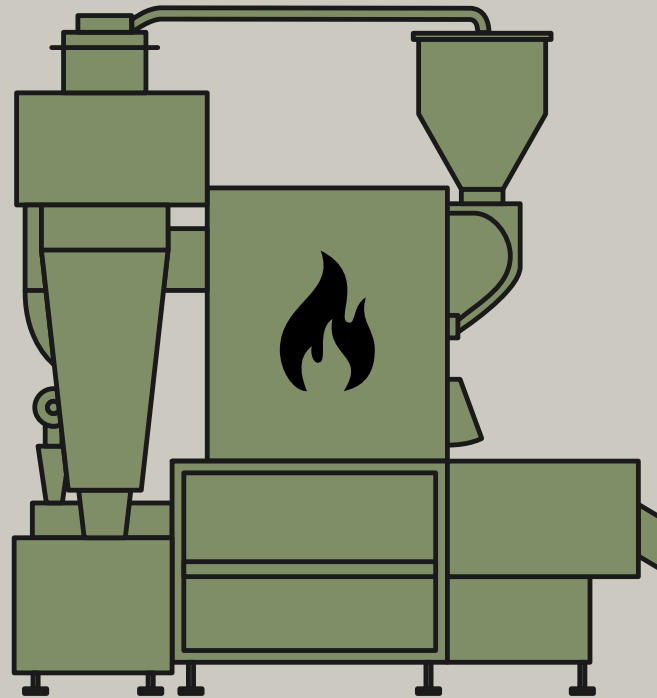


# OUR NEW HIGH-EFFICIENCY ROASTING MACHINE

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PREVENTED  
**136** TONS  
OF EMISSIONS  
*IN 2021 ALONE*

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Roasting with the Loring S70 Peregrine continues to minimize our natural gas use. In 2021 we prevented 136 tons of emissions, bringing our cumulative total to 259 tons of CO<sub>2</sub>e emissions since the 2019 install. This reduces our annual carbon footprint by about 2.8 households per year from about 7.7 to about 4.8.

## SECTION 3.

# CARBON OFFSETS



## 2021 CARBON OFFSET

In 2021, we generated 232 tons of CO<sub>2</sub>e. To offset these emissions, we helped fund a Hydroelectric Power Plant in Honduras that supplies renewable energy to the grid and improves the quality of electricity for the local community. This Gold Standard Project reduces the dependency on fuel wood and relieves deforestation pressures in the local environment.

### WHAT THIS MEANS FOR LOCAL PEOPLE:

- This small run-of-river hydroelectric generating power plant has a 6.8 MW turbine capacity
- Generate up to 23,000 MWh green energy per year - the amount of energy consumed by 5000 western style families each year
- Provide Financial aid for local community projects such as improved roads, bridges, and schools
- Reforestation of land area with 6,000 mahogany plants and 5,000 more plants are in the nursery development process
- Creation of 12 jobs, including 8 local employees to operate and maintain the plant



HONDURAS



Image credit: Gold Standard



## 2021 CARBON OFFSET

We generated an average of 65.8 tons of CO<sub>2</sub>e per year in our operations dating back to 1971. We offset 5 years, or 329 tons of emissions, by supporting two Gold Standard projects bringing improved cookstoves to families in rural Peru and Guatemala. The new stoves are more efficient than their counterparts, require less firewood, and reduce CO<sub>2</sub> emissions. They were constructed with local materials by local people and installed with a chimney to reduce smoke exposure inside the home. Women now spend less time collecting wood, and more time playing with and educating children.

### WHAT THIS MEANS FOR LOCAL PEOPLE:

- Enabled over 140,000 families in Peru and 22,00 families in Central America to gain access to these technologies
- Reduced carbon emissions by over two million tonnes of CO<sub>2</sub>
- Reduced an average of 1.9 tonnes in wood consumption, which corresponds to reducing wood consumption by 39%
- Saved up to \$39 a month in fuel expenditure, or six hours time for wood collection



Image credit: Gold Standard

## SECTION 4.

# GIVE

# BACK





# 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.**

## OUR FOUR PILLARS OF GIVING



### COMMUNITY

Supporting causes we love in our community



### SOCIAL EQUITY

Helping all people thrive, locally and abroad



### COFFEE FARMING

Building resilience at the farm-level



### ENVIRONMENT

Tackling climate change and deforestation



## 2021 DONATIONS

Like many businesses, we've been donating to organizations for years without curating a list. In 2021, we donated about \$20,000 and 1,700 pounds of coffee to a variety of incredible organizations. These organizations are changing lives, advancing communities, and paving a more sustainable and equitable path forward. We're proud of their work, and honored to share them with you.



With your support in Earth Month, we planted 1,211 trees in Peru and taught local farmers the benefits of agroforestry.



## COMMUNITY

- Whatcom Community Foundation Resilience Fund
- North Cascades Institute
- Sustainable Connections
- Galbraith Gravity Racing
- Vamos Outdoors Project
- Animals as Natural Therapy
- Bridges Beans
- Homegrown Racing
- Lynden Community Transitions
- Mercy House
- Brigid Collins

## SOCIAL EQUITY

- Bellingham Food Bank
- Lighthouse Mission Ministries
- Northwest Youth Services
- Creative Justice NW
- Whatcom Peace & Justice
- Grounds for Health
- Gold Standard

## COFFEE FARMING

- World Coffee Research

## ENVIRONMENT

- Gold Standard
- One Tree Planted
- WA Farmland Trust
- Nooksack Salmon Enhancement Association

## 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

**2030**  
The year by which we've pledged to offset our entire historic carbon footprint

**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





# OUR HISTORICAL CARBON FOOTPRINT

12.5

MILLIONS OF POUNDS  
OF COFFEE ROASTED  
SINCE 1971

3,293

TONS OF CO<sub>2</sub>E  
PRODUCED FROM  
1971 - 2018

9

YEARS UNTIL WE ERASE  
OUR ENTIRE HISTORICAL  
CARBON FOOTPRINT

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, which we revisit and refine every quarter.

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 our impact. 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 CO<sub>2</sub>e. Our efficiency coefficient spells out how many tons of CO<sub>2</sub>e 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 CO<sub>2</sub>e during this time period.

It's worth noting that our 2021 efficiency coefficient was 0.34, which means that we generate 684 pounds of CO<sub>2</sub>e 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 CO<sub>2</sub>e 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 CO<sub>2</sub>e 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 MATERIALS

- ☐ 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 COOPS TO SUPPORT SUSTAINABLE FARMING & 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.

## FACILITY & 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 2020 and 608 trips in 2021. These trips eliminated 8,670 single occupancy vehicle miles and helped prevent roughly 4.7 tons of CO<sub>2</sub>e.



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

**TONY'S**  
— COFFEE —