



TONY'S
— COFFEE —

2023

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 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.

Coffee farmers, and the industry as a whole, face many 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.

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.

2022 was marked by increased market volatility, which highlighted the need for stability, which the Fair Trade system provides farmers.



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

12 MILLION
POUNDS

OF FAIR TRADE
CERTIFIED COFFEE

& PAID OUT OVER

\$2.5
MILLION

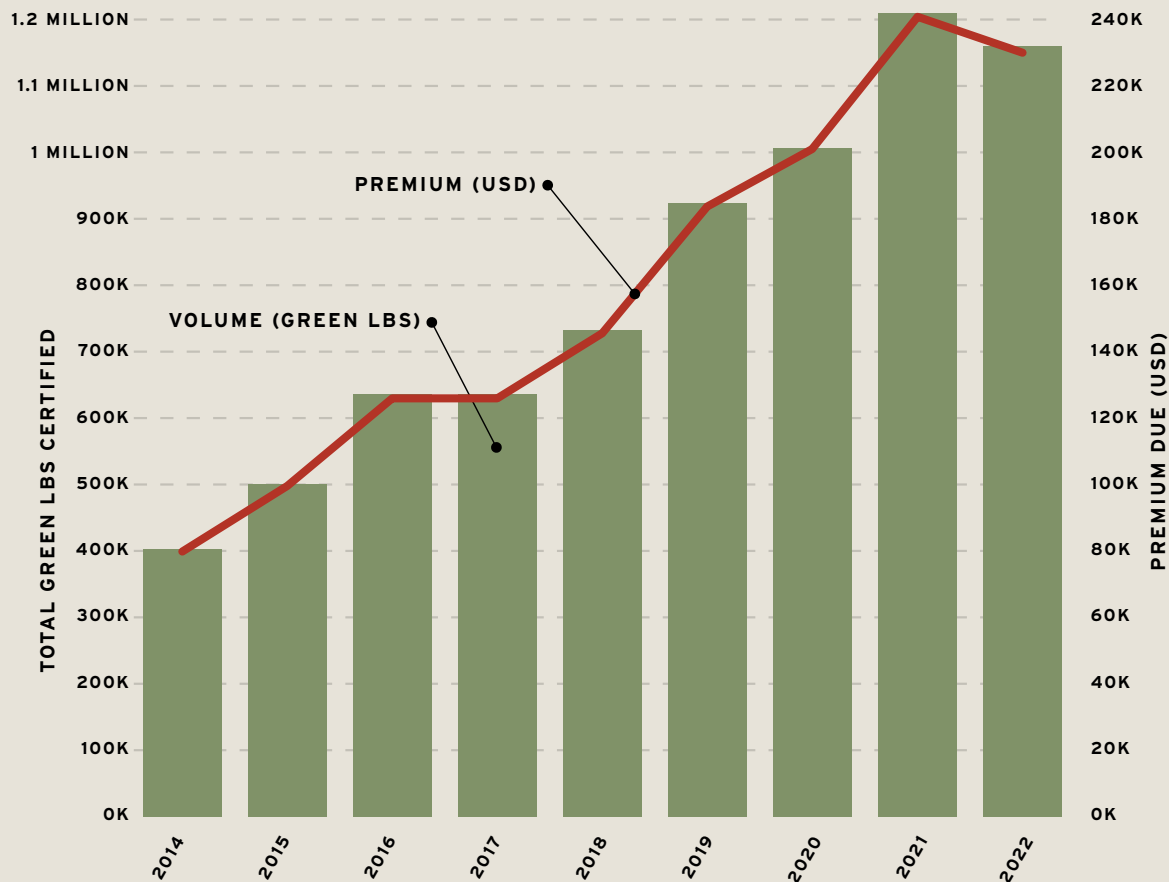
IN SOCIAL PREMIUMS
TO COFFEE FARMERS
AROUND THE WORLD

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 12 million pounds of fair trade certified coffee and paid out over \$2.5 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.



In 2022, we purchased 1,161,582 pounds of fair trade certified green coffee, resulting in \$232,316 in social premiums paid out to democratically-run farmer cooperatives.

WHERE WE BUY OUR COFFEE



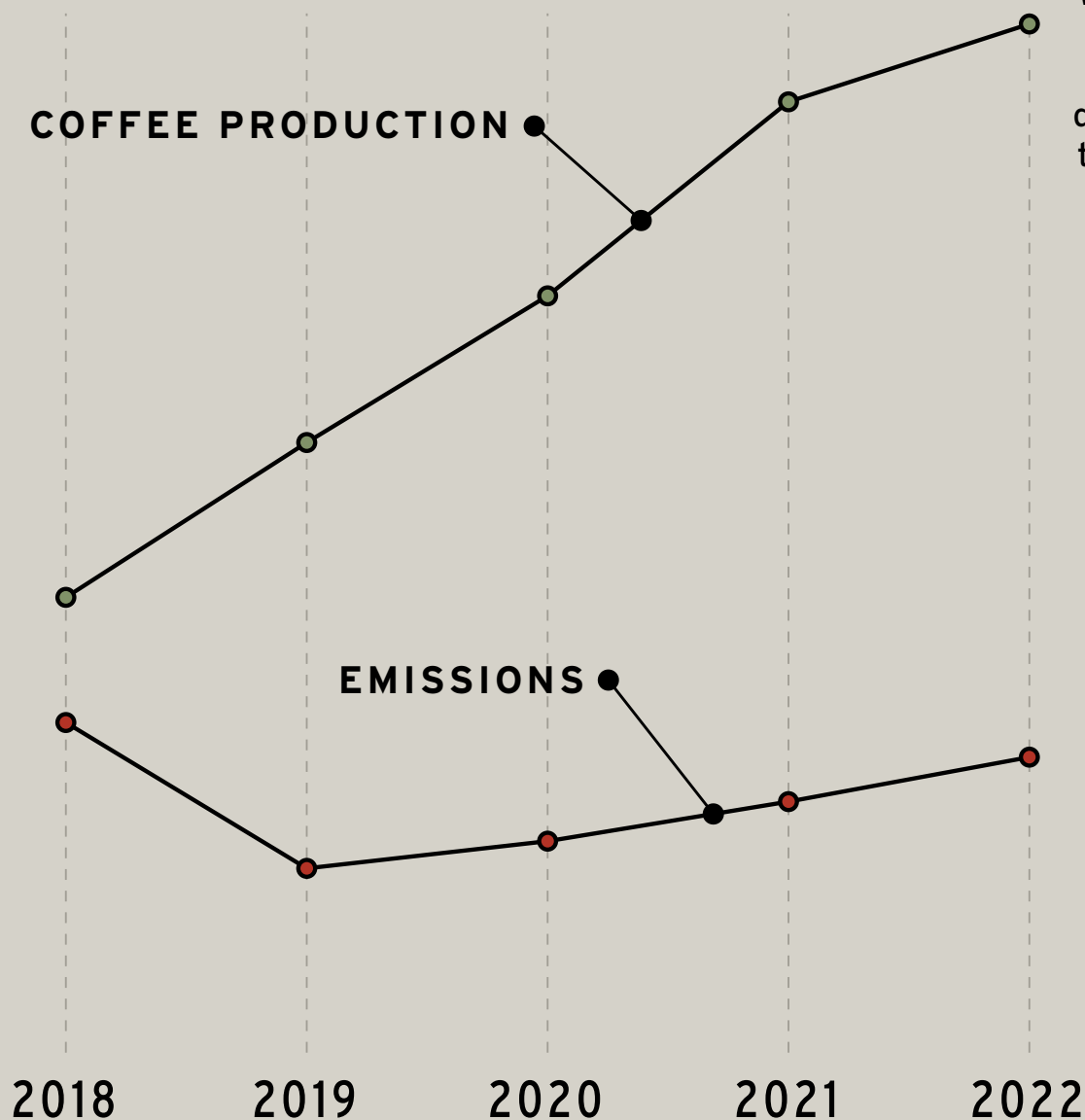
Pictured Above: Jose Santos, Norandino, Peru | Joselinda Manueles, COMSA, Honduras | Banko Gotiti, Ethiopia | Ketiara Cooperative, Indonesia

SECTION 2.

CARBON FOOTPRINT

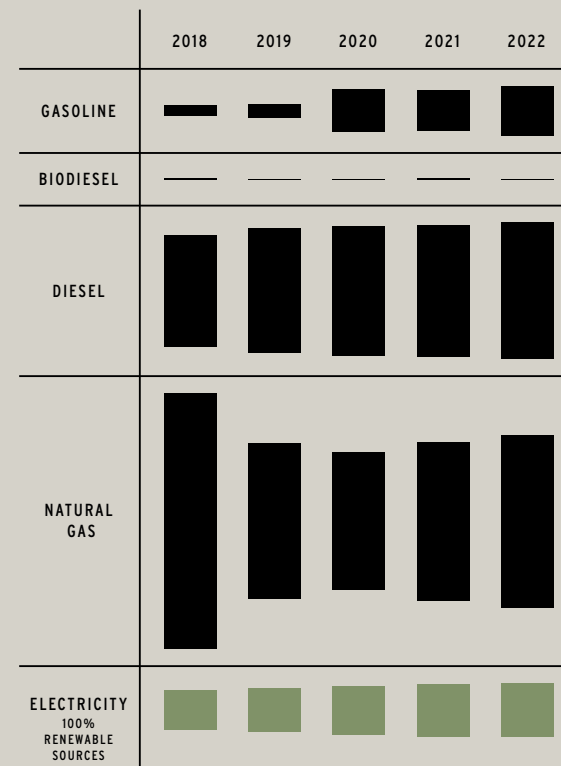


PRODUCTION VS EMISSIONS



We produced 5% more coffee in 2022 and used 9% more natural gas; our overall emissions increased only 7% 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.

EMISSIONS BREAKDOWN



THE CARBON FOOTPRINT OF OUR ROASTERY & DELIVERY FLEET IS EQUIVALENT TO **ONLY 5.2**



AVERAGE U.S. HOUSEHOLDS

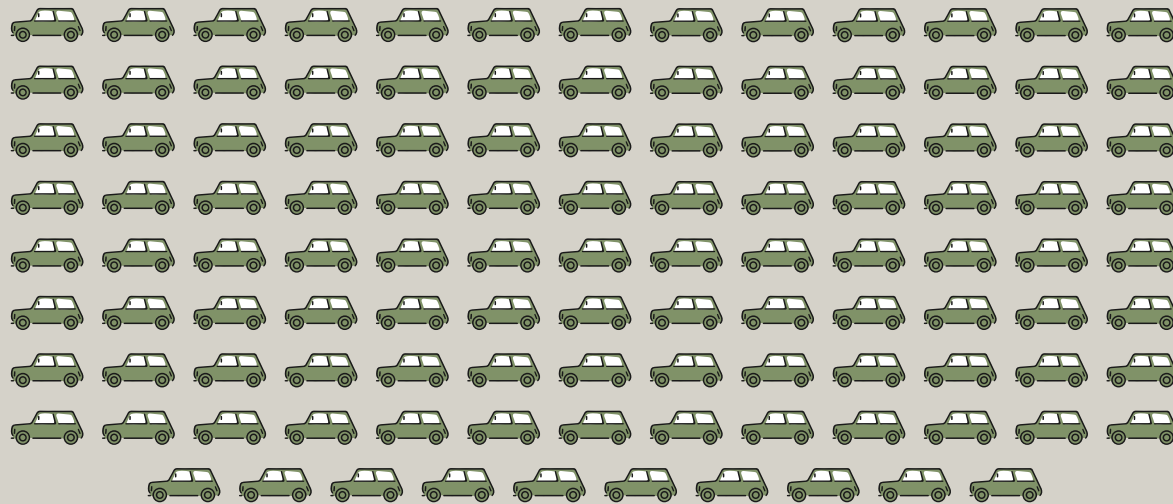
In 2022, our roastery and delivery fleet of eight vehicles produced 250 tons of CO₂e. For reference, a typical U.S. household has a carbon footprint of 48 tons of CO₂e per year, making our carbon footprint equivalent to 5.2 average US homes.

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

SINCE 2006
WE HAVE PREVENTED
THE EQUIVALENT CARBON OF



DRIVING FOR A FULL YEAR

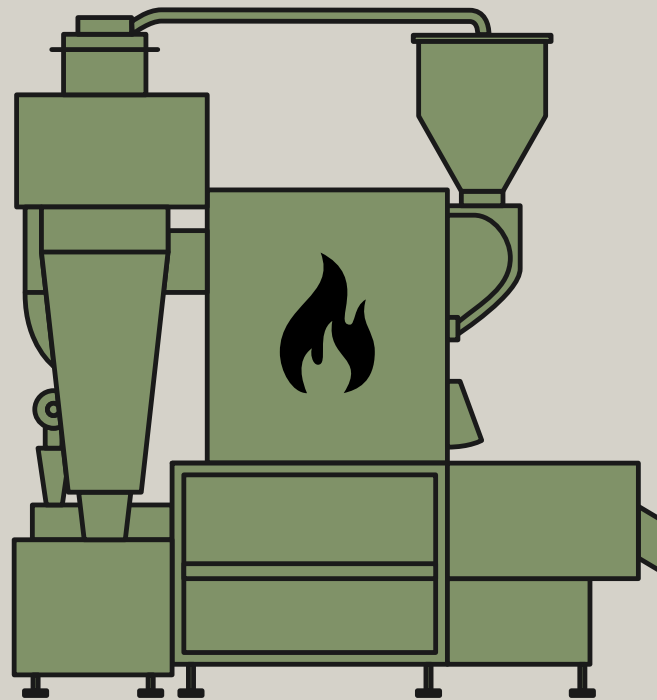


We purchase electricity from 100% renewable sources through PSE's Green Power program, which reduces the carbon footprint associated with our electrical usage to zero. Our participation in this program began in 2006 and helps fund regional green power projects, such as wind and solar.

In 2022, we prevented 37 tons of emissions, bringing our cumulative total to 524 tons of emissions since we started purchasing green power in 2006. This is equivalent to taking approximately 114 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 NEW HIGH-EFFICIENCY *ROASTING MACHINE*

PREVENTED
138 TONS
OF EMISSIONS
IN 2022 ALONE



Roasting with the Loring S70
Peregrine continues to
minimize our natural gas use.

In 2022, we prevented 138
tons of emissions, bringing our
cumulative total to 397 tons of
CO2e emissions since the
2019 install. This reduces our
annual carbon footprint by
about 2.9 households per year
from about 8.1 to about 5.2.

SECTION 3.

CARBON OFFSETS



Image Credit: Fair Trade USA

2022 CARBON OFFSET

In 2022, we generated 250 tons of emissions. To offset these emissions, we helped fund a Gold Standard project in Mexico bringing improved cookstoves to rural families, an extension of the Guatemala project we supported last year. The new stoves are more efficient than their counterparts, require less firewood, and reduce CO2 emissions.

LOCAL IMPACTS FOR THIS ONGOING PROJECT:

- 16,608 tons of wood are saved per year, thus preventing deforestation, forest degradation, and maintaining biodiversity.
- 46,229 surveyed beneficiaries living in poverty can now access basic services (related to sanitation, clean water and education) more easily.
- 9,535 improved cookstoves were monitored to be benefiting families in their daily lives.
- 98,842 tCO2 saved from being released into the atmosphere.
- 54 permanent jobs created for local people.



Image credit: Microsol

HISTORICAL CARBON OFFSET

We generated an average of 65.8 tons of CO₂e per year in our operations dating back to 1971. We offset 5 years, or 329 tons of emissions by supporting the Sidrap Wind Farm project. This is Indonesia's first utility scale wind farm, producing 253,000 MWh of renewable energy per year to the South Sulawesi national grid - enough to power over 70,000 local homes.

LOCAL IMPACTS:

- Reduces Indonesia's dependence on fossil fuels for power generation, providing clean electricity to a nation in need of power.
- Provides local employment opportunities (35 new jobs) and promotes equal pay for work of equal value.
- Reduces air pollution by replacing coal and other fossil fuel fired power plants with clean, renewable power.
- Raises awareness and provides capacity for climate change mitigation, adaptation, and impact reduction.



Image credit: Gold Standard

SECTION 4.

GIVING BACK



Image Credit: Fair Trade USA

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

2022 DONATIONS

Like many businesses, we've been donating to organizations for years without curating a list. In 2022, we donated over \$39,500 and nearly 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 1,375 trees in Oregon to help restore forests from wild fires.



ONETREEPLANTED

COMMUNITY

- Sustainable Connections
- Galbraith Gravity Racing
- Animals as Natural Therapy
- Bridges Beans
- Homegrown Racing
- Lynden Community Transitions
- The Goodtime Project
- SPARK Museum
- Roller Betties
- PeaceHealth Cancer Center
- Whatcom Humane Society

SOCIAL EQUITY

- Bellingham Food Bank
- Lighthouse Mission Ministries
- Northwest Youth Services
- Creative Justice NW
- Whatcom Peace & Justice
- Grounds for Health
- Whatcom Center for Early Learning
- Washington Vocational Services
- Washington Autism Alliance
- TRAC Camas

COFFEE FARMING

- World Coffee Research

ENVIRONMENT

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

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 CO₂E
PRODUCED FROM
1971 - 2018

8

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 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 2022 efficiency coefficient was 0.35, which means that we generate 700 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 with members from every department in our company. After several company-wide conversations, we established our five-year sustainability goals. Each year we revisit and fine-tune our goals.

FLEET

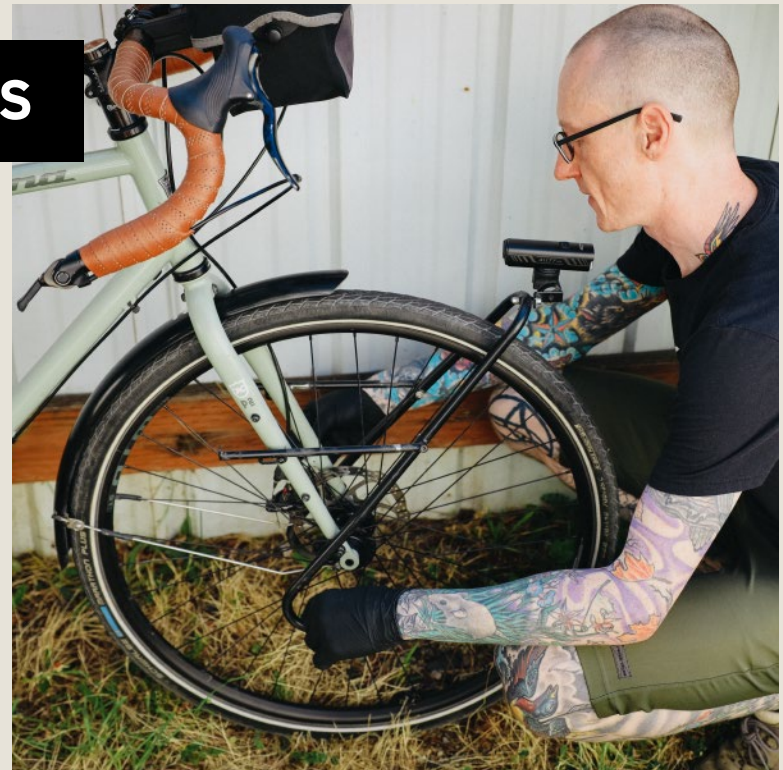
- Over time, we plan to supplement our existing delivery vehicles with hybrid/electric alternatives.

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 we are making progress, we have yet to find a packaging solution that will be accepted in the municipal compost facilities where our coffee is sold.



COMMUNITY SUPPORT & ENGAGEMENT

- Our team is committed to supporting non-profit organizations working for greater environmental and social justice.
- In addition to monetary support and in-kind donations, we will increase our hands-on support through volunteer hours.

ROASTING EQUIPMENT UPGRADES

- As we grow, we plan to add an additional high-efficiency roaster.

PARTNERING WITH FARMER COOPS TO SUPPORT SUSTAINABLE FARMING & MILLING PRACTICES

- The most significant carbon footprint contributor in the coffee supply chain is fertilizers. We're exploring how we can help farmers reduce the use of synthetic fertilizers, which would also provide greater resiliency and financial stability.
- We're also researching opportunities to support the conversion of coffee dryers from wood or gas-powered to solar-powered. Disposing of wastewater from coffee processing is also a key concern in coffee-producing regions. Coffee pulp wastewater can 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.
- We're researching improvements we can make to our heating system, as well as converting to electric water heaters.

GOING PAPERLESS

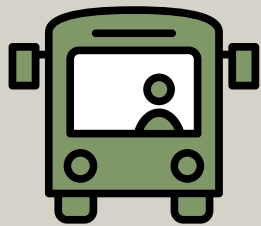
- We're exploring EDI systems that can help us reduce paper waste.
- We're also working to reduce our cardboard use in the warehouse and delivery trucks.

GREEN TRIPS

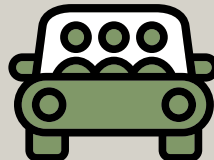
35 PERCENT OF 1,266
OUR EMPLOYEES' TRIPS
FOR A TOTAL OF
9,778 MILES *ALL IN 2022*



20,368



567



1,180



547

22,662 TOTAL MILES SINCE 2020

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 has since logged 2,749 trips. These trips eliminated 22,661 single occupancy vehicle miles and helped prevent roughly 9 tons of carbon dioxide emissions.

TONY'S
— COFFEE —