



TONY'S
— COFFEE —

2024

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.

2023 was marked by increased market volatility, which highlighted the need for the stability that the Fair Trade system ensures 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

14 MILLION
POUNDS

OF FAIR TRADE
CERTIFIED COFFEE

& PAID OUT OVER

\$2.7
MILLION

IN SOCIAL PREMIUMS
TO COFFEE FARMERS
AROUND THE WORLD

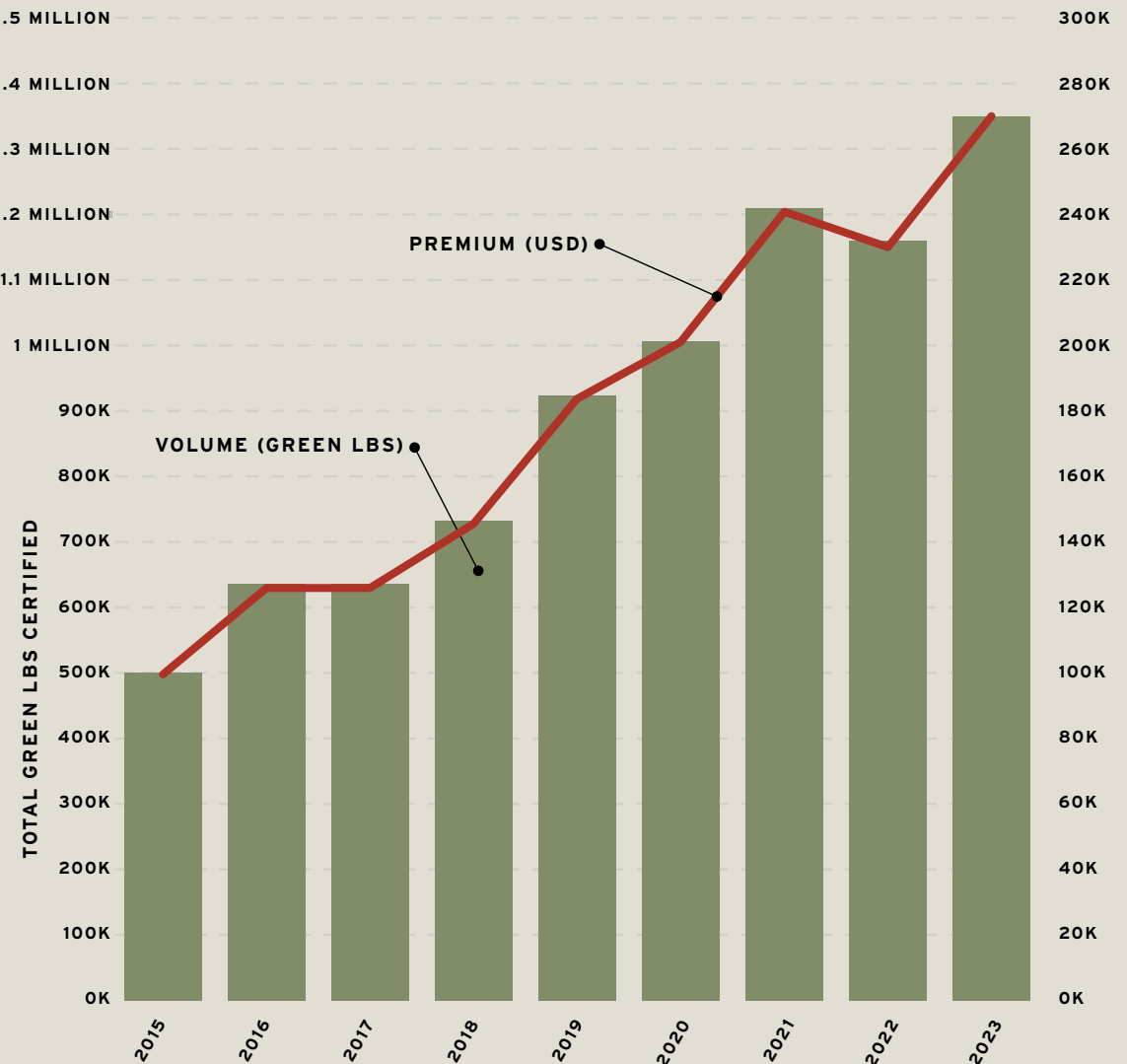
FAIR TRADE USA

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 14 million pounds of fair trade certified coffee and paid out over \$2.7 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.

In 2023, we purchased 1,347,371 pounds of Fair Trade Certified green coffee, resulting in \$274,874 in social premiums paid out to democratically-run farmer cooperatives.



WHERE WE BUY OUR COFFEE



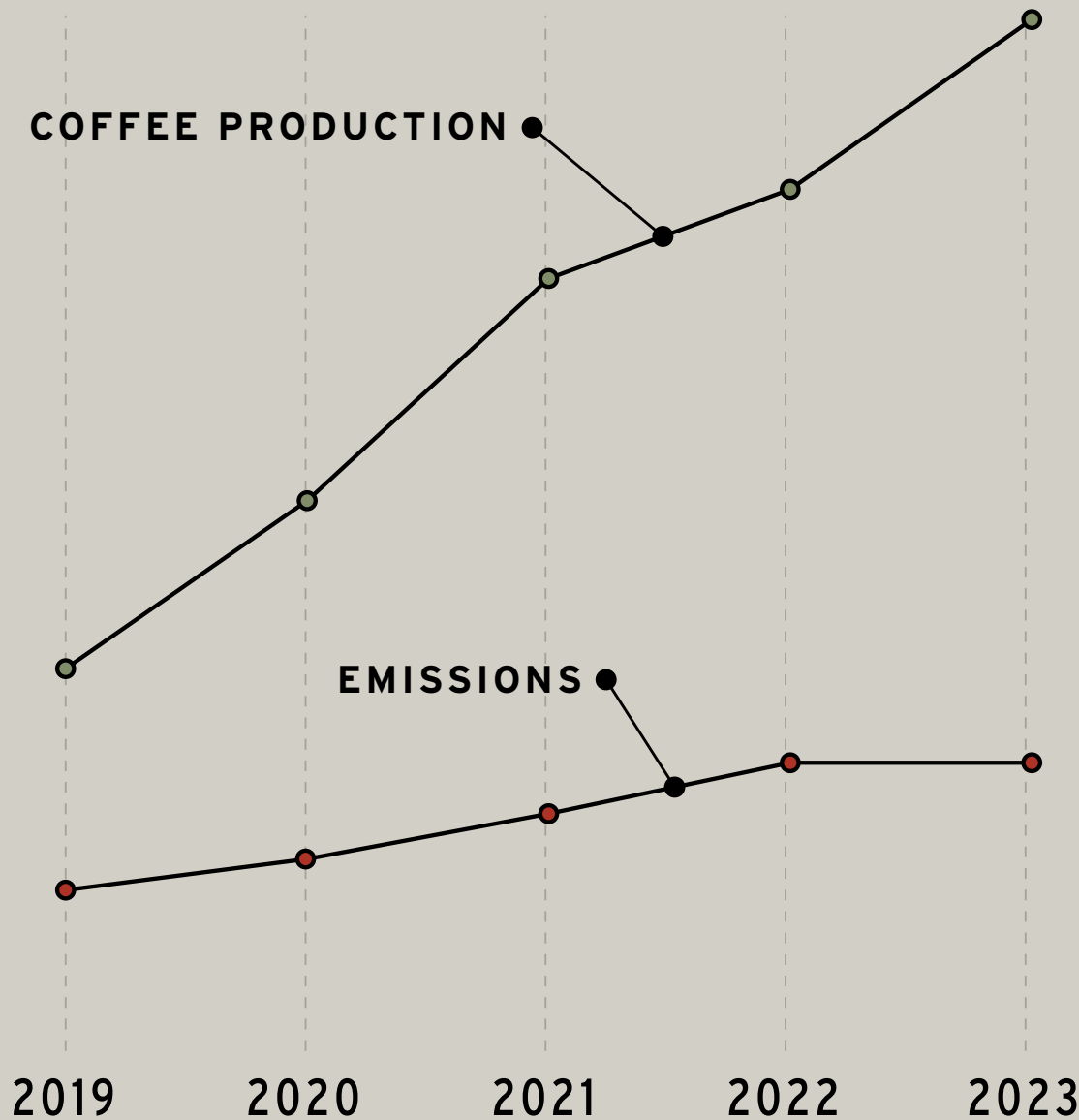
Pictured Above: Jose Santos, Norandino, Peru | Joselinda Manueles, COMSA, Honduras | Banko Gotiti, Ethiopia | Ketiara Cooperative, Indonesia

SECTION 2.

CARBON FOOTPRINT

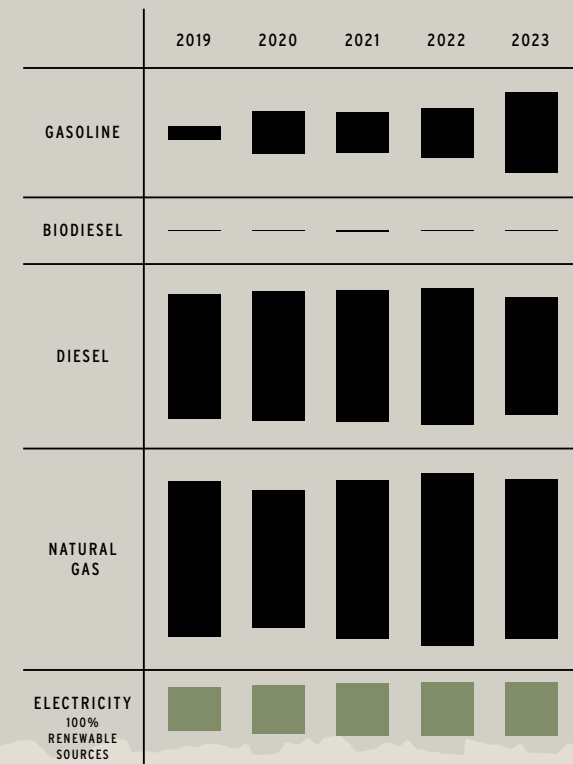


PRODUCTION VS EMISSIONS



We produced 8% more coffee in 2023, yet we used 8% less natural gas due to the installation of our second high-efficiency Loring roaster. Our local delivery volume increased, making our total emissions the same as last year. We recently installed electric charging stations in our parking lot and look forward to the day when we can add an electric vehicle to our local delivery fleet.

EMISSIONS BREAKDOWN



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



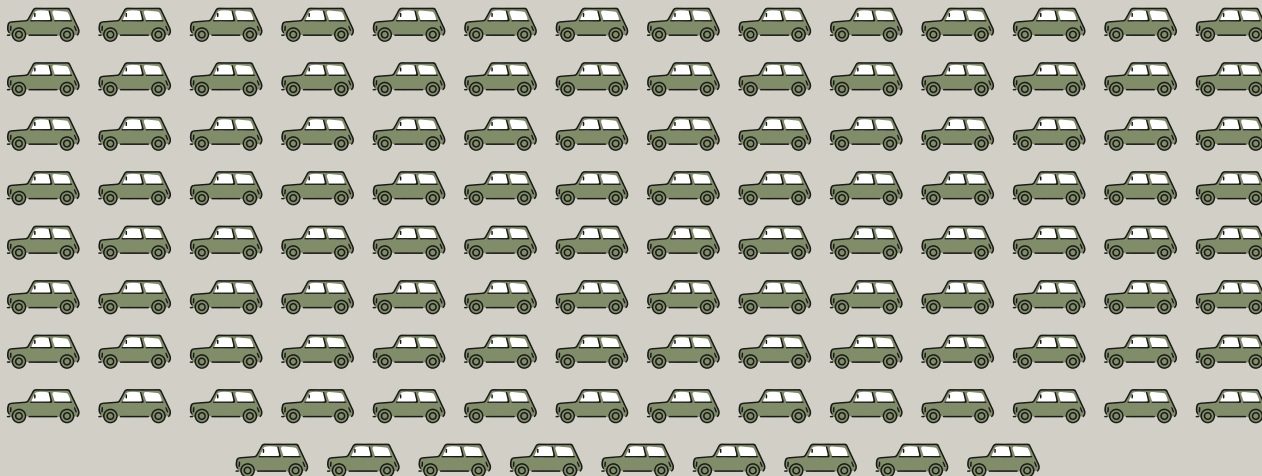
AVERAGE U.S. HOUSEHOLDS

In 2023, 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**

 **121 CARS**
DRIVING FOR A FULL YEAR



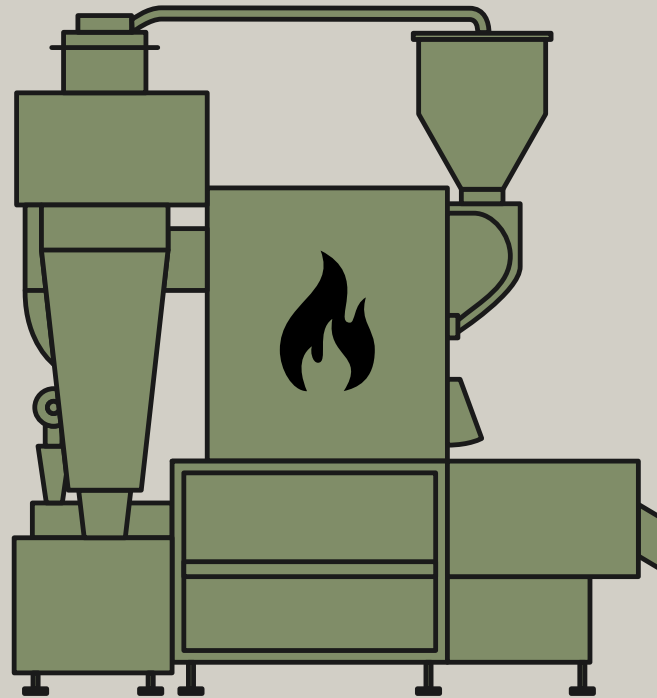
We purchase electricity from 100% renewable sources through PSE's Green Power program, which reduces the carbon footprint associated with our electrical usage to zero. Our participation in this program began in 2006 and helps fund regional green power projects, such as wind and solar.

In 2023, we prevented 35 tons of emissions, bringing our cumulative total to 559 tons of emissions since we started purchasing green power in 2006. This is equivalent to taking approximately 121 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 MACHINES

PREVENTED
168 TONS
OF EMISSIONS
IN 2023 ALONE



Roasting with the Loring S70 Peregrine continues to minimize our natural gas use and in 2023 we replaced our less efficient Probat roaster with a second Loring S70 Peregrine. In 2023, we prevented 168 tons of emissions, bringing our cumulative total to 565 tons of CO2e emissions since the 2019 install. This reduced our total carbon footprint by about 3.5 households this year.

SECTION 3.

CARBON OFFSETS



Image Credit: Fair Trade USA

2023 CARBON OFFSET

In 2023, we generated 250 tons of emissions. To offset these emissions, we helped fund a Gold Standard project in Kenya bringing the JIKOKOA, the world's most fuel-efficient stoves to Kenyan families. In a country where more than 90% of the population still relies on biomass fuels for cooking, deforestation rates are alarmingly high.

LOCAL IMPACTS FOR THIS ONGOING PROJECT:

- Reduces fuel consumption by 65%, resulting in a decrease of emissions from cooking.
- Saves Kenyan families time and money on cooking fuel, which is often reinvested in education and other economic activities.
- Reduces indoor air pollution by 65%; cooking related smoke-inhalation is responsible for approximately 3 million premature deaths each year.
- Since inception, the project has generated over 1,500 jobs in BURN Manufacturing's solar-powered facilities in Kenya.



Image credit: Gold Standard

HISTORICAL CARBON OFFSET

We generated an average of 65.8 tons of emissions per year in our operations dating back to 1971. We offset 5 years, or 329 tons of emissions by supporting the Ceará Renewable Energy Project in Brazil. This initiative tackles one of the major causes of deforestation in Brazil: illegal logging. Native firewood and charcoal account for 30% of the total energy utilized in the region, which intensifies the local deforestation.

LOCAL IMPACTS:

- Biodiversity conservation: native seedlings planting and reforestation initiatives.
- Donation of food, fish, building materials, and construction of homes for the rural community.
- Increase the availability of water to a community battling severe droughts
- Income and improved working conditions for local communities.
- Avoidance of deforestation and greenhouse gas emissions



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

2023 DONATIONS

Like many businesses, we've been donating to organizations for years without curating a list. In 2023, we donated over \$40,000 and nearly 1,645 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 donated 1,377 trees to be planted in Rwanda.



ONETREEPLANTED

COMMUNITY

- Animals as Natural Therapy
- Bellingham Bay Outrigger Paddlers
- Blue Skies for Children
- The Bread Lab
- Bridges Beans
- Cascade Connections
- The Children's School
- Chuckanut 50k
- Galbraith Gravity Racing
- The Goodtime Project
- Homegrown Racing
- Lydia Place
- Lynden Community Transitions
- Max Higbee Center
- PeaceHealth Cancer Center
- Roller Betties
- Sustainable Connections
- West Woodland Elementary
- Whatcom Dispute Resolution Center
- Whatcom Humane Society
- Whatcom Mountain Bike Coalition
- Whatcom YMCA

SOCIAL EQUITY

- Adult Transition to Independence Center (ATTIC)
- Bellingham Food Bank
- Lighthouse Mission Ministries
- Northwest Youth Services
- Whatcom Peace & Justice
- Grounds for Health
- Whatcom Center for Early Learning
- TRAC Camas

COFFEE FARMING

- World Coffee Research

ENVIRONMENT

- Cloud Mountain Farm Center
- Gold Standard
- One Tree Planted
- WA Farmland Trust
- Nooksack Salmon Enhancement Association
- Whatcom Land Trust

SECTION 5.

SUSTAINABILITY GOALS



Image Credit: Fair Trade USA

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
FROM 1971 - 2018

3,293

TONS OF CO₂E
PRODUCED FROM
1971 - 2018

7

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.

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

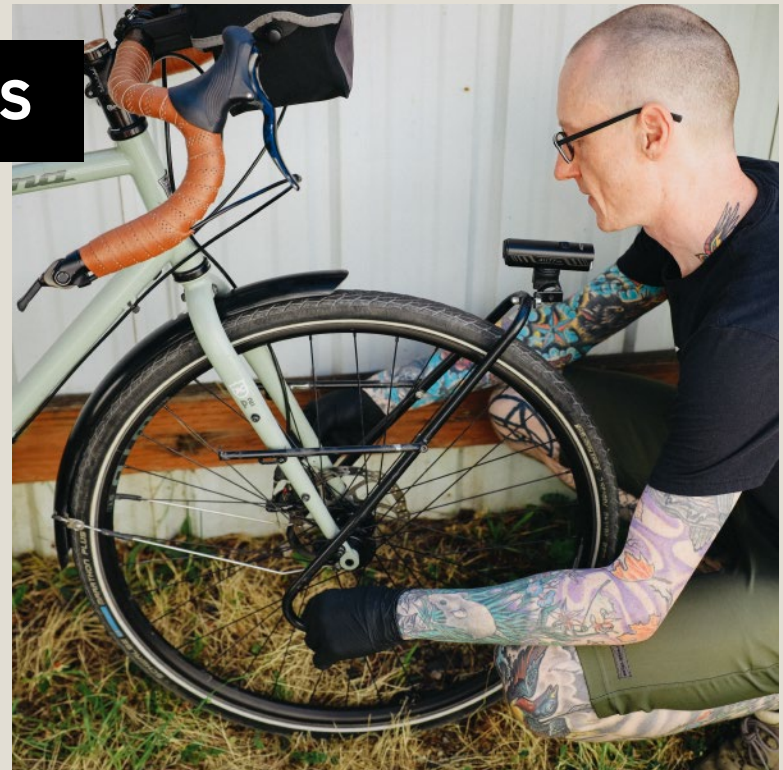
- Over time, we plan to supplement our existing delivery vehicles with hybrid/electric alternatives.

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.

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.
- We installed a large fan and oversized screendoor in the warehouse to help with temperature control during hot summer days.



GOING PAPERLESS

- We're exploring EDI systems that can help us reduce paper waste. We continue to reduce our paper usage; in 2020 we purchased 180 reams of paper and in 2023 we're down to 120 reams purchased. This is a 33% decrease in paper usage despite our 28% increase in coffee roasted.
- In 2022, we replaced our paper towel dispensers with hand dryers, further reducing our paper usage.

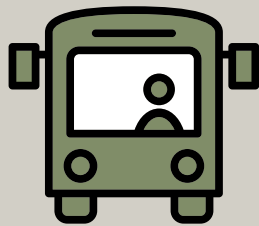
GREEN TRIPS

22 EMPLOYEES

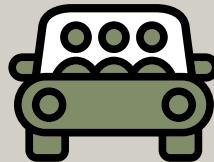
TOOK FOR A TOTAL OF
1,527 **10,952**
TRIPS **MILES** ALL IN 2023



27,169



651



4,579



1,214

33,613 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 4,270 trips. These trips eliminated 33,613 single occupancy vehicle miles, preventing over 14 tons of CO2 emissions. For reference, an average passenger vehicle produces 400 grams of CO2 per mile. (Source: EPA Green Vehicle Guide)

TONY'S
— COFFEE —