

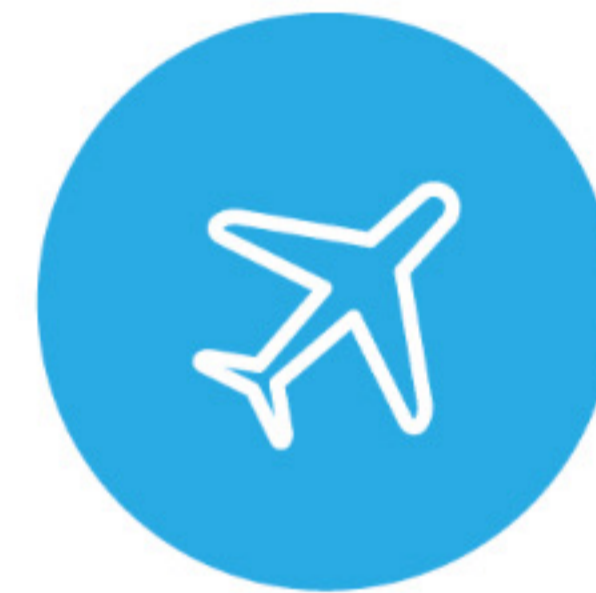
2014 GREENHOUSE GAS REPORT

Climate change is having a big impact on the coffee supply chain—making high-quality production more difficult and threatening the livelihoods of coffee farmers and the biologically diverse areas where coffee grows. The greenhouse gases causing climate change are in large part being produced at the other end of the supply chain: in the roasting, shipping, and brewing of coffee. As a business on that greenhouse-gas-production end, our goal is to continuously reduce our use of energy and to purchase offsets to account for the rest. To this end, we've calculated our carbon footprint since 2010 and purchased offsets. For our 2014 footprint, we made some big steps forward in the way we collect data that will help us formulate our first ever comprehensive reduction strategy.



BIGGEST SOURCE OF EMISSIONS

Our biggest source of direct emissions was transportation in company-owned vehicles (172.76 tonnes CO₂e)



MAJORITY OF SHIPPING EMISSIONS

The majority of our shipping emissions came from long-distance air shipments (300.8 CO₂e)



OFFSET PURCHASES

Our offset purchase will go towards planting trees and sustainably managing existing forests on about 10 hectares

WHAT IS THIS REPORT



As the earth warms, coffee farms are forced higher and higher up mountains, decreasing available land use for growing. (Narino, Colombia)

Climate change is affecting weather patterns worldwide, challenging existing agricultural practices predicated on predictable seasonality, temperatures, and rainfall patterns.

As a crop that grows best in specific microclimates, coffee farms are particularly susceptible to even small changes in weather patterns.

These small changes, in rainfall for example, affect not only the flowering and fruiting of coffee trees, they can also interfere with the drying processes that take place post-harvest.

According to [academic research](#) , as well as Counter Culture’s research into our supply chain, the bulk of greenhouse gas emissions—primarily carbon dioxide—occur at the roasting and retail end of the coffee supply chain.



Though roasting is an inevitable part of our greenhouse gas footprint, we minimize the impact by diverting the waste chaff and burlap bags into our recycling and compost waste streams. (Durham Headquarters + Roastery)

This disparity is especially large when the coffee is grown organically, without the use of chemical fertilizers. In other words, the majority of climate change impacts are being generated on one end of the supply chain and felt on the other end. Although roasting is a relatively small part of these consumption-based emissions, as an actor in the coffee supply chain we have a responsibility to reduce our own impact as much as possible.

As the old adage goes, “If you can’t measure it, you can’t manage it.” Five years in, and with good measurement systems now in place, we plan to begin implementing strategies to reduce our footprint while continuing to grow as a company.

METHODOLOGY



In 2014 we redesigned our packaging and moved to compostable bags. Our packaging will continue to evolve to be as sustainable as possible while maintaining quality standards. (Catalog cupping, Durham Training Center)

We continue to improve our systems of measurement to gather the necessary data for this carbon footprint assessment each year. We made a few significant changes in our methodology this year that helped us get more-accurate data points. This level of accuracy means some of the metrics in our footprint have changed significantly from past years and that those changes are more attributable to this refinement in data collection than any large reduction or increase in emissions.

The biggest area of increase in our carbon footprint this year was in the transportation of goods—the result of including more-extensive data about UPS shipping from our headquarters.

We have included UPS shipping information in some of our past footprints, but this year we got more-detailed data from UPS, leading to a much-more-accurate emissions estimate.

Our other large area of increase was in the transportation of people, especially in our company-owned vehicles. This increase is also at least partially attributable to more-accurate data collection.

The emissions from both our staff commuting and landfilled garbage decreased, largely due to more-accurate data collection methods.

EMISSIONS



Heating and powering the equipment used to brew coffee is a large contributor to consumption-based emissions and we're working on developing best practices at our training centers to help minimize this portion of our footprint. (Charleston, SC Training Center)

In general, carbon footprints consist of three different areas of emissions, called scopes. Scope 1 emissions are the greenhouse gases generated directly by Counter Culture-owned equipment. Scope 2 emissions are indirectly generated from the purchase of energy. And scope 3 are all other indirect emissions from sources not owned by Counter Culture. We count the following in our footprint:



Overall Emissions by Type

Overall Emissions by Type	Metric Tons
Electricity	146.88
Heat	122.51
Transporting People: CCC Owned Vehicles	172.76
Transporting People: Air Travel	168.34
Staff Commuting	112.68
Transporting Goods: UPS Shipping	300.8
Garbage	3.48
Paper	0.22

Emissions by Shipping Method

Emissions by Shipping Method	Metric Tons
Truck	89.82
Air Short Haul	33.19
Air Medium Haul	12.33
Air Long Haul	165.46

Overall Emissions by Scope

	Scope 1	Scope 2	Scope 3
Heat	122.51		
Transporting People: CCC Owned Vehicles	172.76		
Electricity		146.88	
Transporting People: Air Travel			168.34
Staff Commuting			112.68
Transporting Goods: UPS Shipping			300.8
Garbage			3.48
Paper			0.22

Compare between 2013 and 2014

Emissions by Type	2013	2014
Electricity	136.44	146.88
Heat	105.01	122.51
Transporting People: CCC Owned Vehicles	74.05	172.76
Transporting People: Air Travel	170.3	168.34
Staff Commuting	119.24	112.68
Transporting Goods: UPS Shipping	122.33	300.8
Garbage	8.81	3.48
Paper	0.99	0.22

RESULTS TO NOTE

Counter Culture roasted about 12% more coffee in 2014 compared to 2013. In the context of this growth, the most-significant sources of growth in our emissions were in the shipping of roasted coffee and the transportation of people in company owned vehicles. As noted above, some of the growth in these sources is the result of more-accurate data collection. Otherwise, the growth in shipping emissions is mostly the result of a significant increase in our west coast customer base who had their coffee shipped from Durham until our Emeryville roastery opened in June of 2015. The increase in company vehicle emissions is from a combination of a larger vehicle fleet and a new customer service strategy that resulted in more frequent visits to accounts.



As part of Sustainable Spring, our entire staff volunteered in our local communities earlier this year. (SEEDS Garden, Durham, NC)

In the context of our 12% growth, a few of our emissions sources still decreased in 2014, albeit only slightly. Our electricity use, emissions from air travel, and staff commuting mileage all went down—a great indicator for our future reduction efforts.

Our waste sent to landfills, although only a small part of our overall footprint, decreased by more than half in 2014.

This was mostly due to better data collection, but also reflects the work that's been done to decrease production waste and to compost at all of our training centers.

The majority of our emissions are scope 3: emissions from sources that are essential to our operations, but not company-owned and not under our direct control. Reducing these emissions will be more challenging because, while we'll need to continue making use of these sources like UPS shipping, we need to figure out how to use them more efficiently. Successful reduction strategies for our scope 3 emissions will therefore require good communication and teamwork with our supply chain partners and our employees.

We did a breakdown of our emissions from shipping this year because we made a big change in the way we gathered this data. For the first time, we requested a list of all of our 2014 shipments from UPS—broken down by mileage, weight, and type of shipping vehicle. Previously, we'd only estimated shipping emissions based on our own data and assumed all shipments were made via truck.

Based on a new level of data, we were able to see that the majority of our shipping emissions came from long-distance air shipments.

This isn't surprising given the jump in our west coast customer base in 2014 and will likely go down next year since we started roasting and shipping, via truck, from our Emeryville roastery in June 2015. While it's unfortunate that this new data-collection method resulted in us reporting more emissions, the big step forward in accuracy will help us figure out the best reduction strategies.

OFFSETS



From coffee blossoms to the coffee in your cup, there are opportunities at every step for us to improve how we work in the context of sustainability.

Counter Culture has purchased carbon offsets in the amount of our emissions since we started calculating our footprint in 2010.

Given the amount of time it takes us to collect data, finalize our footprint, and purchase offsets, we will always be reporting on the offsets purchased for the previous footprint. For this 2014 report, we combined the 2012 and 2013 emissions and pooled them together into one offset purchase.

We purchased offsets for our 2012 and 2013 emissions through Cooperative AMBIO, a non-profit organization that works with indigenous communities in Mexico to develop verified carbon offset credits through forestry projects.

Counter Culture's credits will be allocated to coffee farmers in Chiapas, Mexico, who live within the buffer zone of the Selva El Ocote Biosphere Reserve. The Reserve is home to 90 species of mammals and provides an important habitat for migratory birds. Our offset purchase, equivalent to 1,387 tonnes of carbon, will go towards planting trees and sustainably managing existing forests on about 10 hectares (10 hectares= 18.5 american football fields) and directly impact six coffee farming families.

NEXT STEPS

While we've purchased offsets for each of these years of measurement, we've never made a concentrated effort to reduce our emissions. This isn't to say we haven't made any progress—our emissions have gone down 8% per employee and 15% per 1,000lbs of coffee sold since our 2010 baseline year—we've just never had a comprehensive reduction plan. That's going to change. With the refinement of our data-collection processes and more-accurate measurement, our next step is to establish that plan.



We have a lot of opportunities to reduce our impact as we move into our new facility next year and we look forward to exploring those new projects.
(Bolted Bread, Raleigh, NC)

Since we don't anticipate any major changes to the physical aspects of our operation, our biggest opportunity is to help our employees make small behavior changes that collectively add up to big reductions.

In order to figure out the most feasible changes to make, we're forming an employee sustainability committee that will bring together environmentally-minded thinkers from each of our departments.

With the input of this committee, we're going to take a look at every aspect of our internal operations—from the materials we bring into the waste we generate—to examine where we can make the biggest reductions.

As Counter Culture grows, our impact will inevitably grow as well, driving both the need and the ability to become more efficient in our use of natural resources. Our responsibility does not begin or end with Counter Culture's activities. We value the interconnectedness of our coffee supply chains and we recognize that our coffees come from some of the most ecologically important and economically challenging places in the world. We look forward to the challenge of reducing our emissions—making use of our engaged staff and supply chain relationships to minimize our contribution to climate change.

2014 TRANSPARENCY REPORT

At Counter Culture, we take a unique approach to buying coffee. Not only do we work hard to build relationships in our supply chain, we share information to promote transparency along that supply chain, as well. This information flow is far from the norm in the coffee-buying process, but it helps us to improve coffee quality, as well as build trust in our relationships. We could write a lot about how we buy coffee, but it doesn't mean much without the data to back it up. We want to share information to help you make more-informed decisions about buying our coffee.

Of course people choose coffees based on taste, but, beyond describing flavors, we have a lot of information about the coffees we buy and the people who produce them. We owe it to you to share as much information as possible—and to put that information into context so that you can choose coffees from a more-informed point of view.

If we want to improve the sustainability of coffee-supply chains in general, sharing information—both with other companies and with consumers—is a crucial step to get everyone on the same page.



AVERAGE FOB

\$3.37 is weighted average FOB for our 2014 single-origin coffees
\$2.03 was average commodity market FOB for 2014

(“Free On Board” represents the price paid for a coffee at the point of export.)



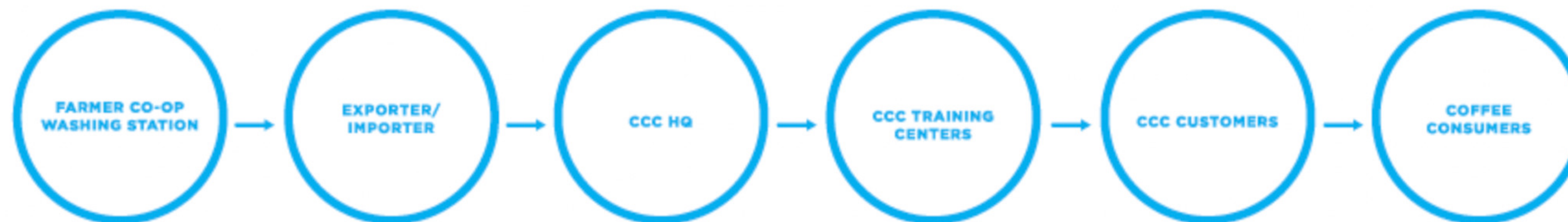
AVERAGE CUPPING SCORE

87.5 is our weighted average cupping score



LONGEST RELATIONSHIP

12 years is our longest relationship, which is with Finca Pashapa.



What is This Report



Charles and Ramadhan, the owners of Buziraguhindwa, with green buyer Tim Hill. To improve quality and quantity, Charles and Ramadhan paid 20–30% more to the producers than the other washing station in the area.

Reporting on the coffees we buy is nothing new for Counter Culture. We've always shared information about the coffees we're selling and have created formal, end-of-year reports on some of our coffees since we started Direct Trade Certification in 2008. Over time, the type of information we share—and how we share it—has evolved as we've refined the way we buy coffee. We started out as storytellers, and, when we were no longer able to capture our coffee-buying philosophy in that format, we codified our purchasing principles in our Direct Trade Certification in 2008. With that certification, we began our path toward increased transparency, sharing more data about the coffees in our annual reporting—including FOB prices and cupping scores.

- Our average FOB price paid for a single-origin coffee, weighted by poundage, was \$3.37. The average commodity market price for coffee in 2014 was \$2.03.
- 97% (by weight) of our single-origin coffee for 2014 came from existing relationships. The longest of those relationships is with Finca Pashapa in Marcala, Honduras. We've been buying from Robert Salazar and his family since 2002.
- Our average cupping score for our single origin coffees, weighted by poundage, was 87.5

How to Use This Information

Our buying relationships are built on communication and that communication shouldn't stop at Counter Culture.

Our customers and consumers are an integral part of the coffee-supply chain, too, and this report is intended to facilitate the flow of information from Counter Culture to the people who are drinking our coffee.

Knowing the “free on board” (FOB) price, for example, might not change anything for a consumer, but it can start a conversation. We want everyone to want better coffee, and, in order to drive improvement on the consumer end of the coffee-supply chain, we have to provide information so that people can ask better questions.

How We Buy Coffee



Luis Huayhua is an instrumental leader and source of motivation within the CENAPROC cooperative—having had a number of COE wins, traveled to other countries, and served previously as president for a number of years. With 34 years of farming under his belt, he and his wife Zenobia are in alignment with our tireless pursuit of quality.

When we look for new coffees, we don't look for coffee that's already nearly perfect. We look for coffees that we think have potential and supply chain participants who are willing to work to develop that potential. Once we find a coffee with these characteristics, we work to build communication along with farmers, co-op management, mill operators, exporters, importers, and other along the supply chain. Through the process of cupping coffee, visiting farms, and talking to the various supply chain participants, we start to identify what changes can be made to improve that coffee. Sometimes these changes are simple, like recalibrating a depulping machine, and, other times, they are much more complex, like the need to replant with different coffee varieties to adapt to climate change.

Sometimes they are changes that have to happen at the farm level, and other times, they have nothing to do with the farming of a coffee and everything to do with how that coffee is processed at the mill. Any of these changes require coordination among the actors in the supply chain and are more likely to happen efficiently and benefit everyone if they happen in the context of an existing relationship with good communication.

Why Transparency is Important

An ideal coffee-supply chain is one in which every entity involved gets paid a fair price, coffee is grown in resilient communities by farmers who are good environmental stewards of their land, and the resulting coffee is high quality.

We believe that the best way to move along the spectrum towards this ideal is to build relationships and share information up and down the supply chain. That sharing of information is what we mean by transparency. In order to have everyone in the supply chain working toward the same goals and implementing equitable solutions, everyone needs to be looking at the same information.

Without this transparency, it's difficult to build trust, and, without trust, it's difficult to build relationships that allow movement along the spectrum toward better supply chains.

How This Report Shows Transparency



Justina Ramos succeeded in having two separate lots of her coffee approved as microlot quality within 3 months of one another. She and her husband Isidro Coronel were some of the original members of the CENAPROC cooperative and have been producing coffee together for about 25 years.

The purpose of this report is to provide evidence in support of our coffee-buying philosophy. There's an important difference that's worth highlighting here:

Transparency in how we buy coffee is different from transparency in how we source coffee. Most specialty coffee roasters, ourselves included, are pretty transparent about where their coffee comes from at this point—often listing farmer and co-op information on the bag itself. Knowing where a coffee comes from is great, but it doesn't do anything to improve the coffee-supply chain. Long-term relationships, built on trust garnered from transparently sharing information, are where meaningful improvement to the supply chain is made.

How This Relates to Direct Trade Certified



Marysabel Caballero of Finca El Puente inspecting a pulped natural lot. We have one of our best and longest producer relationships with her and her husband Moisés Herrera.



Over the past few years, Moisés has distinguished himself among our partners with his passion for different coffee varieties.

As our coffee buying practices evolve, we also need to change the way we talk about those practices. Back in 2008, we created the Counter Culture Direct Trade Certification as a way to codify our buying practices at the time. Now, seven years later, we still believe in and practice the tenets of our certification: quality, price transparency, direct communication, and fair prices; but we've come to understand the process of buying directly and building relationships as movement along a spectrum of continuous improvement rather than a set of "yes/no" boxes to check.

With Direct Trade Certification, we were only sharing information about our "best" relationships; the reality of coffee buying is much messier.

Some relationships work well and others don't, but, if our impetus is to show how we buy coffee, we need to show both the good and the not-so-good. Stepping away from our Direct Trade Certification will allow us to report on more things about more coffees—and represents our commitment to full transparency.

Conclusion



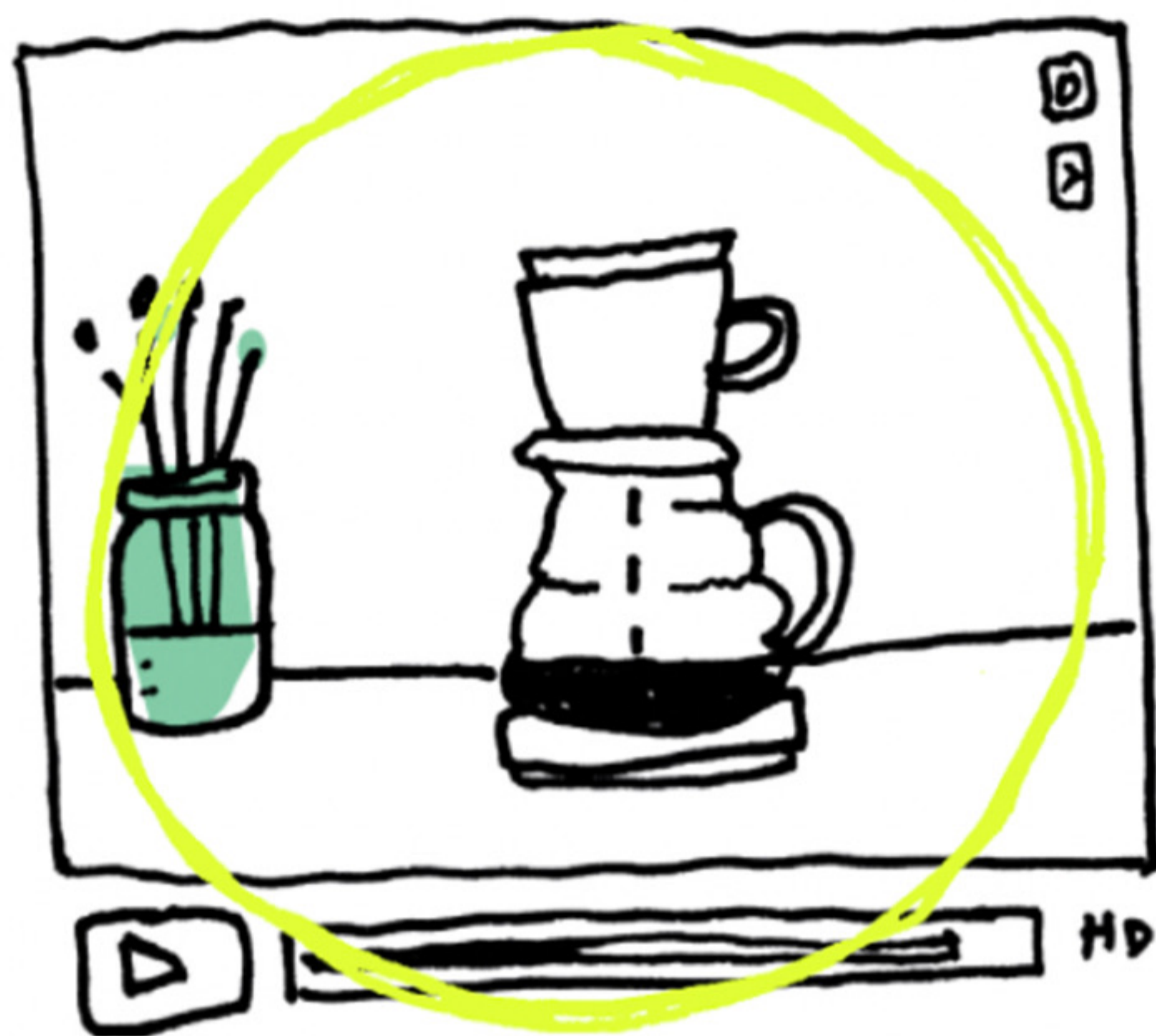
Some of the team at Baroida in the Eastern Highlands of Papua New Guinea. Baroida is owned and operated by the Colbran family. They continue to be one of our most inventive and driven producer partners and are continuously improving.

We're really excited to be able to share this Transparency Report. Next year's report will be even more robust, including information on all of the coffee's we sold in 2015. The longer we report on all of our coffees, the more we'll be able to look at trends over time. This long-view is really where you'll see our purchasing principles reflected. Good coffee doesn't happen accidentally. It's the product of a lot of hard work and a lot of incremental changes that aren't necessarily captured when we try to fit everything into a yes/no dichotomy. Sharing information is the key to creating the long-term relationships that allow us to offer increasingly-high-quality coffees. We encourage you to take what you see here and use it to start meaningful conversations about the coffee-supply chain—and where we can go in the future.

~~COUNTER CULTURE~~
ANNUAL REPORT
2014

Our 2014 Annual Report offers a snapshot of what was happening at Counter Culture last year—from coffee buying to our education curriculum to manufacturing. In this report, you'll get a look into who we are and how we're doing on our path to improvement in every aspect of our business.

To mark our 20th anniversary, we included historical context for some of these stats as a way to look back at our beginnings.



Video Brewed the Ratio Star

We debuted two new brewing videos in 2014! Our [Quick + Easy Pourover Brewing](#) had **28,979 views** last year, and our [Quick + Easy Iced Coffee](#) had **14,789**. All of our videos combined were viewed 114,393 times in 2014. Stay tuned for more videos later this year!

Most views (Top 5): USA 45%, Japan 31%, Canada 3%, UK 2%, AU 1.5%



A Brand New Bag

In September of 2014, we made a substantial change to our 12 oz bags. Along with visual changes, we switched from foil-lined bags that could only be disposed of in a landfill—though a few clever people made them into wallets or used them to start seedlings—to a compostable material called Biotre. Beyond the visual and materials changes, we also changed some of our most-loved product names. So, naturally, we were nervous about how these changes would be received by our loyal customers. We're delighted to say that we increased sales by more than **16,000 pounds** after the change (after adjustments for projected sales growth). Whew!



Employee Sustainability

In an effort to support the sustainability efforts of our staff, Counter Culture provides up to \$500 in matching funds per employee annually for individual projects that contribute to environmental or personal well-being. In 2014, **\$10,514.70** was distributed through the Green Fund—an increase of 23% over 2013.



Coffee Flavor Taster's Wheel

Our [Coffee Flavor Taster's Wheel](#) started out as a handmade drawing made by coffee buyer [Tim Hill](#) and wound up on the cover of [The Wall Street Journal](#). We were honestly a bit surprised by how well-received it was: the Flavor Wheel was **downloaded 64,103 times** in 2014.



Organic Certification

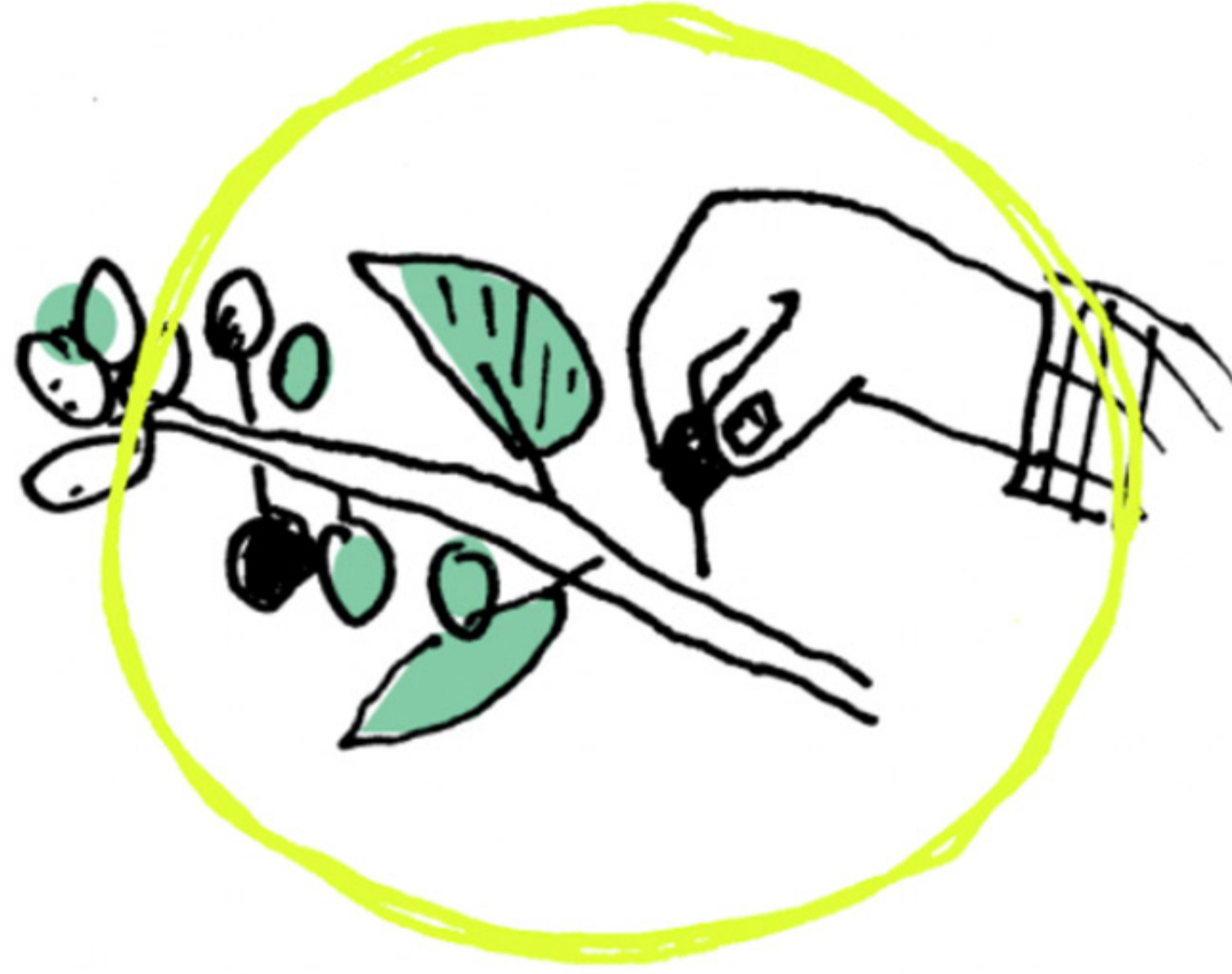
Our commitment to buying organic coffee remains strong, as does our commitment to our coffee-producing partners as they continue to explore and adopt increasingly sustainable agricultural practices. In 2014, **78.6%** of the 2,361,822.33 pounds we bought was certified organic, which is roughly the same percentage as 2002—our first year certified—when we bought a total of 78,000 pounds of coffee.



Our Greatest Resource

Over the course of Counter Culture's 20 year history, we've had dozens—probably hundreds, but we lost track somewhere along the way—of talented people on Team Counter Culture. At the end of 2014, there were **65** coffee-driven people on our staff, including **16 new hires**.

At the end of 1995—Counter Culture's first year in business—there were four employees: company president and co-founder Brett Smith, co-founder Fred Houk, now-sales manager Daryn Berlin, and delivery driver Eric Bridges.



Purchasing Principles

Direct Trade Certification principles increasingly reflect our philosophy on all coffee buying; and we'll continue, with increasing transparency, to share the development of our purchasing relationships. In 2014, **22** of our coffee-buying relationships were Direct Trade Certified. The year that we started the program, 2008, there were five.



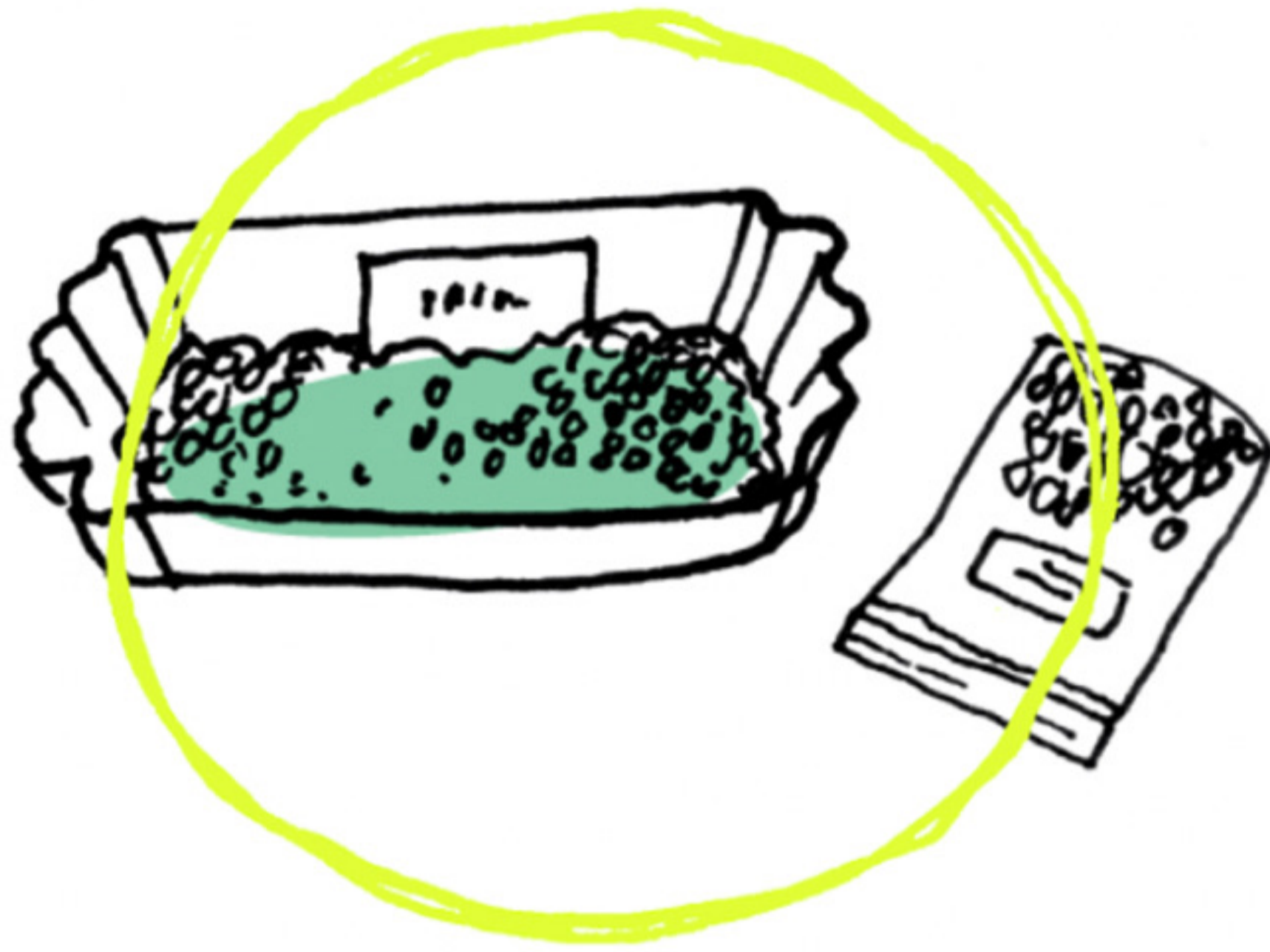
Espresso Fundamentals

Popular with both beginner baristas and home enthusiasts, we hosted **995** people at [our regional training centers](#) in 2014 for our Beginner Espresso Lab, which we updated to [Espresso Fundamentals](#) in 2014, as well.



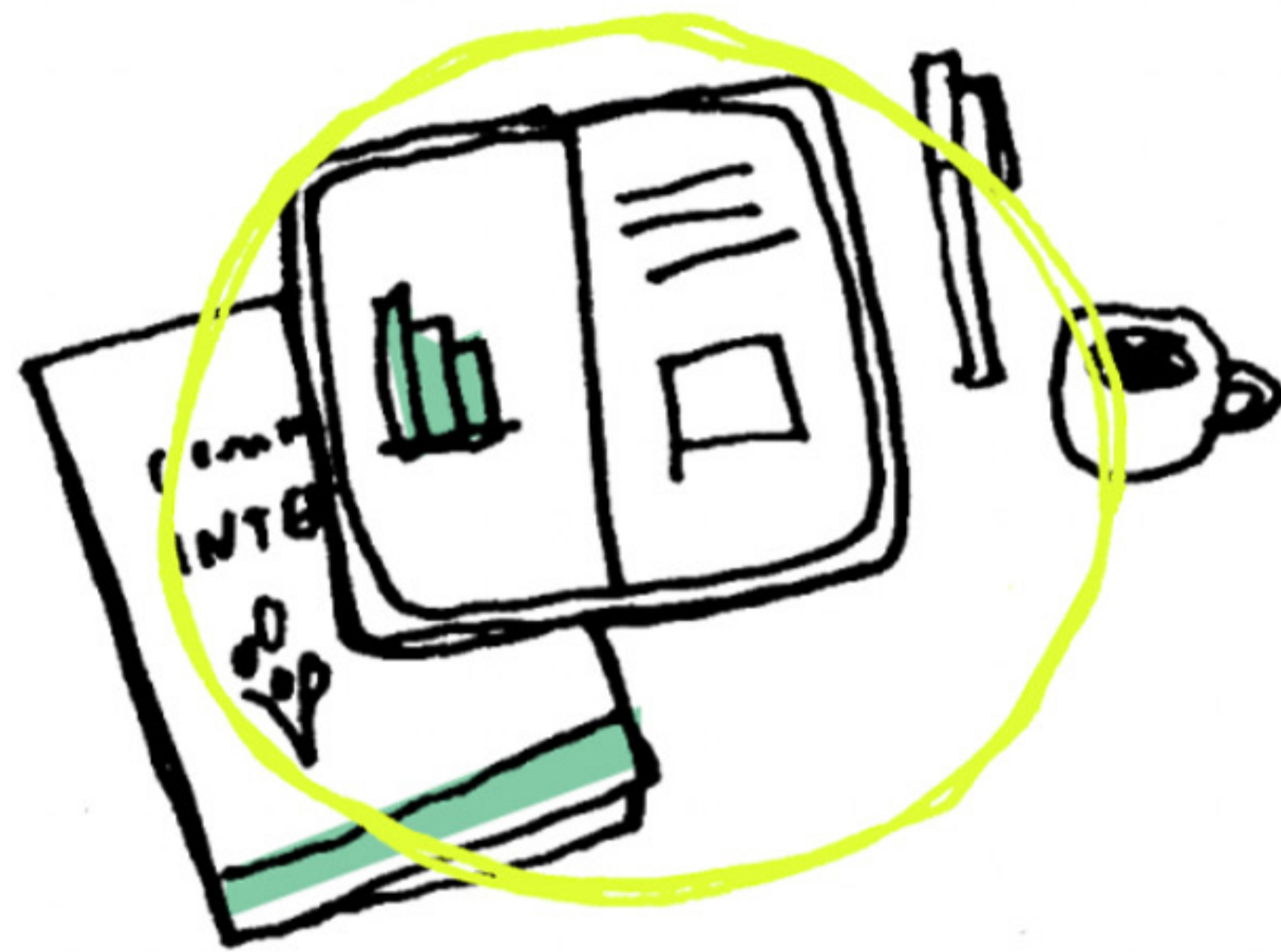
Taking a Coffee Break

Our web store is open 24-7, but traffic ebbs and flows through the week with a surprising regularity. Perhaps not-surprisingly, **Monday at 2 p.m. ET** was the busiest day/time. The post-lunch-fade is in full effect. Maybe coffee was running low at home after a lovely weekend. Drowsy thoughts drift to getting through the work week and on to another lovely weekend. Time to order coffee. Thanks for thinking of us!



Green Coffee

Of the **2,361,822.33** pounds of coffee we purchased in 2014, 22% came from Guatemala. In 2013, we purchased 1,667,070 pounds of coffee with 31% coming from Peru and Ethiopia.



Loving Learning

We love that folks are eager to [learn more about coffee](#) and happy to send **2,789** coffee enthusiasts out into the world in 2014 with knowledge from the **516** labs we taught.



Computing Lite

In December 2013, we installed NComputing's vSpace virtualization hardware and software in our production facility in Durham. As a result, we now have many workstations running from a single desktop. Each of these workstations runs on less than 10 percent of the electricity used by a normal PC. In 2014, we used **20,288.16 kWh** less electricity with this system. Plus our operational and managerial IT costs for roasting and production have been significantly reduced!

We also saved **60,000 kWh** in 2014 by using cloud servers rather than having physical servers in our headquarters.

The total energy savings could power a little **more than 7 average American households** for an entire year.



The Biggest Week

The week of **December 14–20** was our biggest single week. A lot of people give our coffee to their friends and families at the holidays—and some pick up a little something nice for themselves. What can we say? Our **subscriptions** make great gifts!



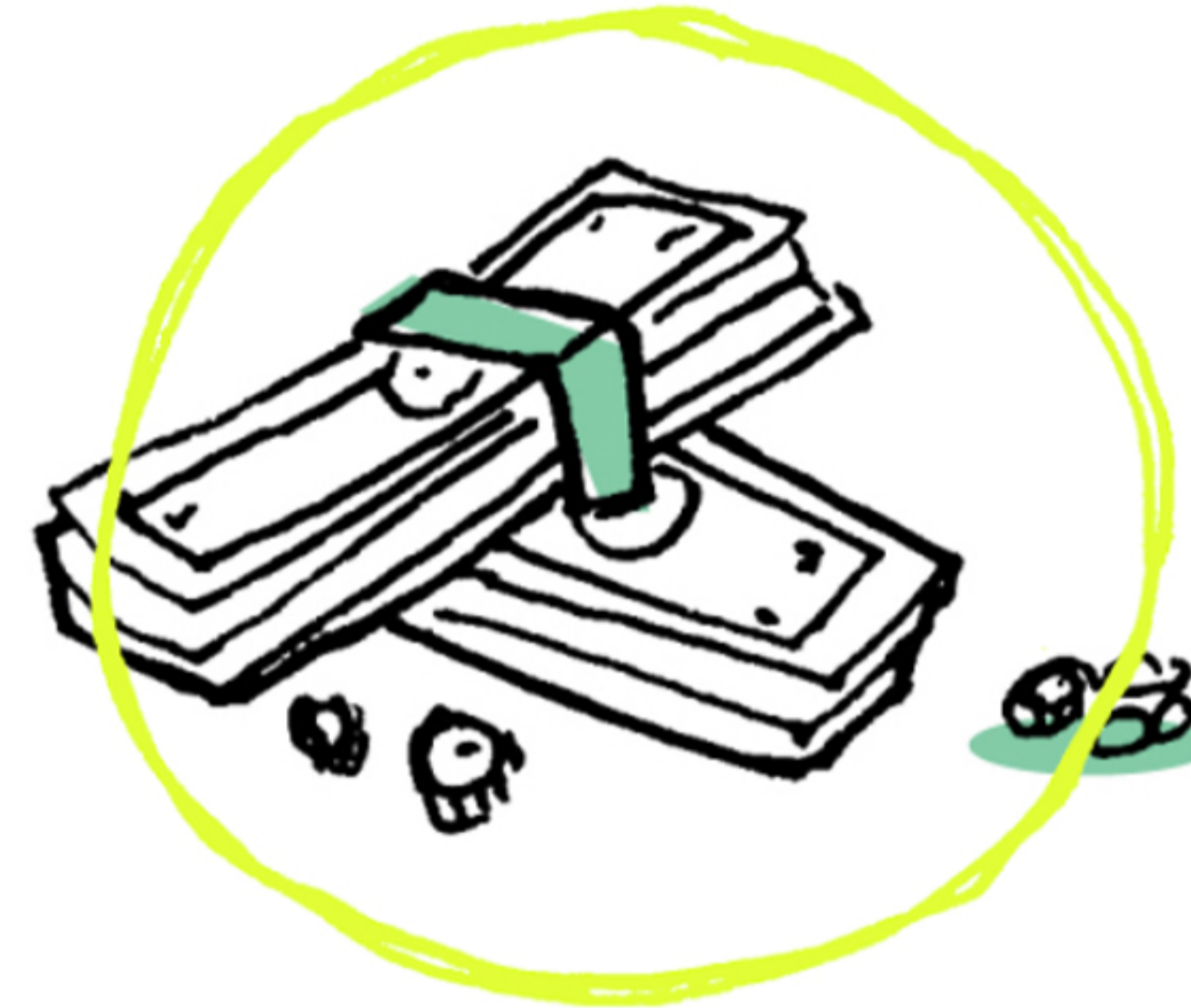
Community Support

In recent years, we've aligned our charitable donations to focus on supporting sustainable agriculture and food security—both domestically and in the communities where we buy coffee. In 2014, we increased our local donations by **11%** to support organizations including the Durham County Sustainability Office, Code for Asheville, and SEEDS Community Garden, among others. We also gave \$35,000 in grants to support projects where we buy coffee, including organic composting programs in Burundi and Guatemala and a crop diversification initiative in Rwanda, among many others.



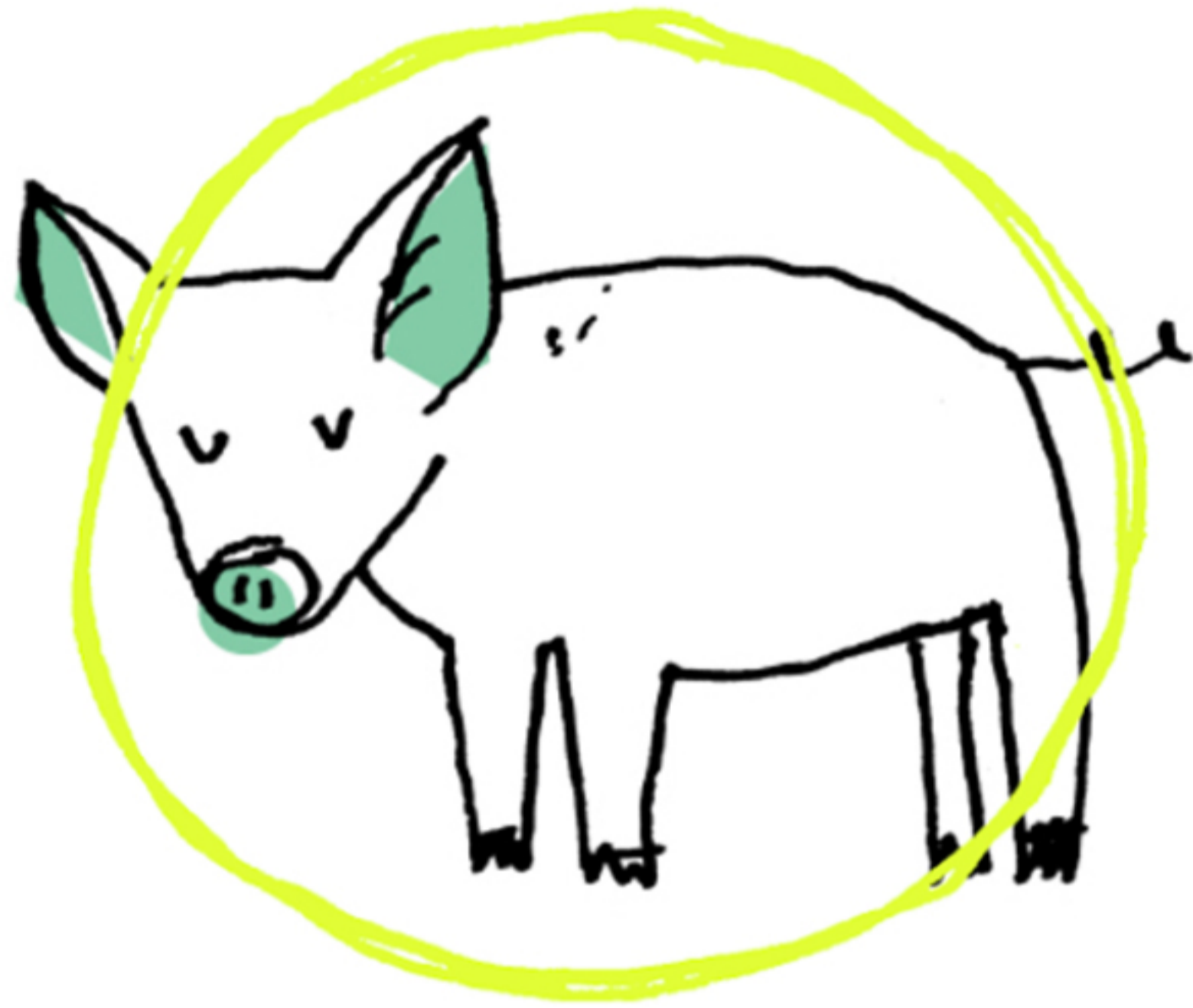
Little Boxes

In 2014, we used 132,600 shipping boxes for a total of 122,500 pounds of (recycled) cardboard. In an effort to bring that cardboard total down, we worked with our box vendor to make a smaller retail shipping box, which we introduced in the fall. We saw only modest cardboard savings during that time—**800 pounds**—but anticipate the ongoing decrease to be more significant in 2015.



Moving on Up

In 2014, our coffee sales grew by **21%** (based on revenue) compared with 2013. And our commercial equipment sales grew by **28%** over 2013. After 20 years in business, our model of quality, sustainability, and education still drives us, and we're thrilled to see this holistic model continue to be successful in practice.



Spreading the Love for Organic

With funding from sales of our 2013 Holiday Coffee, we held two workshops with coffee farmers in Burundi in 2014. Through these workshops, roughly **350 farmers** had the opportunity to learn about how to make organic compost—a crucial step on the path towards fully organic farming. We also sponsored the purchase of pigs and goats!



Certified Coffee Professionals

For those looking to put their coffee knowledge to the test, we offer [barista and coffee steward certifications](#), both of which require lab-based written and practical exams. In 2014, we certified **67 baristas and 19 coffee stewards**—compared against 2013's 51 and 18, respectively.



Thank You!

Thanks for checking out our progress in **2014**. In celebrating our 20th anniversary this year, we're proud and excited to have reached this point in our life as a company, and we are very-much looking forward to the next 20 years.