

SUSTAINABILITY
ANNUAL REPORT

2012



In early 2008, as we compiled data for Counter Culture's first Sustainability Scorecard, we wondered whether the information would be interesting to anyone besides us. Some of the metrics in that first report, like the percentage of certified organic coffee we purchase, have continued to grow in relevance, whereas other metrics, like the percentage of delivery fuel replaced by biodiesel, have become obsolete.

In spite of metrics that have not stood the test of time, the act of measuring our progress and re-reporting on it publicly has become more and more integral to who we are as a company and how we define sustainability.

**COUNTER CULTURE DIRECT
TRADE CERTIFICATION**

.....

**GROWTH OF ORGANIC
COFFEE SALES**

.....

SEEDS

- FOOD SECURITY PROJECT
 - OUR LOCAL COMMUNITIES
-

THE GREEN FUND

.....

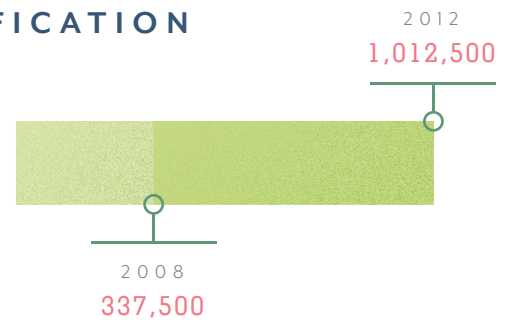
**OUR GREENHOUSE GAS
FOOTPRINT**

- HOW WE OFFSET OUR
FOOTPRINT
-

SAVE OUR SOIL

COUNTER CULTURE DIRECT TRADE CERTIFICATION

Counter Culture Direct Trade Certified coffees are a diverse bunch – we source these coffees from small farms and large farms alike in dozens of countries scattered across the major coffee-growing regions of the world – so it’s hard to make generalizations. Likewise, whether we’re talking about a decade-old relationship or a brand new supplier, we want to share the unique and special features of each one. Transparency has been a tenet of CCDTC since we created the program in 2008, and we’ve always been committed to sharing the prices we pay for our coffees, which explains why we’re presenting the 2012 weighted average (weighted by volume purchased) here. In 2010, we began publishing a Direct Trade Transparency Report to help give context to raw numbers, and we hope we have piqued your interest enough that you will read the 2012 version for more information and stories to complement price data.

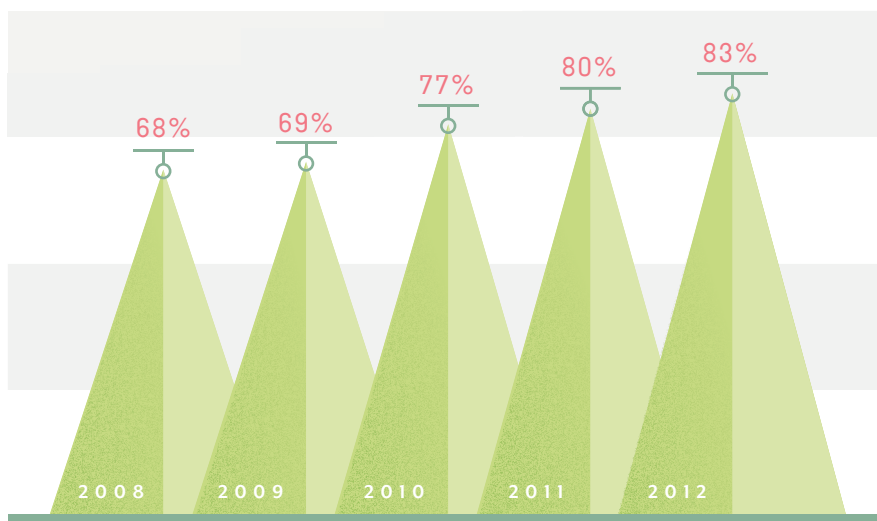


GROWTH IN LBS. OF COUNTER CULTURE DIRECT TRADE COFFEE PURCHASED

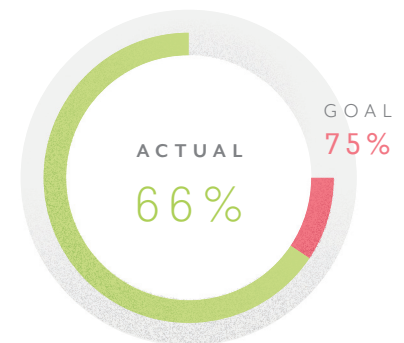
\$3.99

WEIGHTED AVERAGE PRICE FOR COUNTER CULTURE DIRECT TRADE CERTIFIED COFFEE IN 2012

GROWTH OF ORGANIC COFFEE SALES

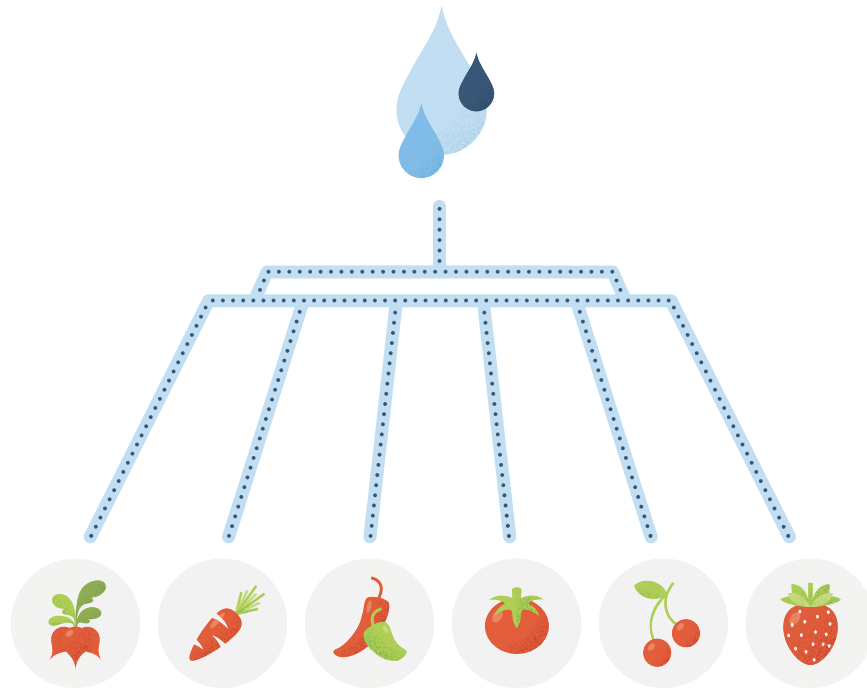


PERCENTAGE OF COFFEE PURCHASED FROM CERTIFIED ORGANIC FARMS



PERCENTAGE OF ORGANIC COFFEE SOLD AS CERTIFIED ORGANIC

i.e. not blended with conventional coffee



SEEDS

SEEDS SUSTAINING EDUCATIONAL AND ENVIRONMENTAL DEVELOPMENT AT SOURCE

Our Seeds program was created to support our supply chain partners. Since January of 2011, we've funded roughly one project every 3 months by earmarking a penny of every pound of coffee we purchase. Projects have included agricultural training programs, research projects, and a food security initiative, among others.

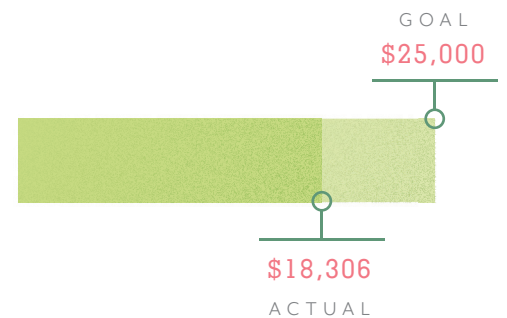
FOOD SECURITY PROJECT

FABRETTO CHILDREN'S FOUNDATION AND CINCO DE JUNIO COOPERATIVE, NICARAGUA

Training coffee farming families in fruit and vegetable production – to diversify nutrition and income – and drip irrigation to increase efficiency of water use.

"This project has been very positive for our family. We have started growing new crops on our small farm, and we are learning new ways to improve our production. This has helped us to generate more income for our family, and we can better provide for our children."

Amparro Gutierrez, participant



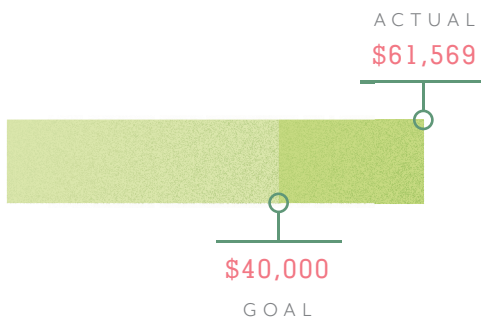
DOLLARS TO COMMUNITY AND QUALITY DEVELOPMENT AT PROJECT ORIGIN



OUR LOCAL COMMUNITIES

In each region where we live and work, we value the ability to support the work of local organizations – especially when those organizations are involved in sustainable agriculture and hunger prevention efforts, issues that tie in with ones coffee producers face around the world.

In 2012 we partnered with SEEDS, a non-profit in Durham, NC that teaches respect for life, for the earth, and for each other through gardening and growing food. This year, we brewed coffee to accompany delicious pies at their 4th Annual Pie Social. The SEEDS Pie Social benefits the Durham Inner-city Gardener Program, a youth-driven entrepreneurial and leadership program. Approximately 400 people attended.



DOLLARS AND IN-KIND DONATIONS TO COMMUNITY ORGANIZATIONS IN THE U.S.

THE GREEN FUND

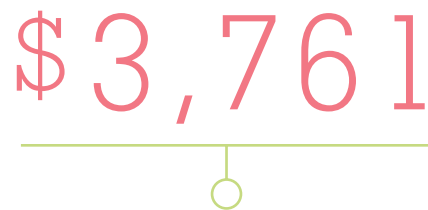


In 2011, our Sustainability Committee introduced the Counter Culture Employee Green Fund, which offers each employee the opportunity to apply for up to \$500 a year in matching funds toward a personal sustainability-related project. Projects have included gym memberships, a rain-water garden irrigation system, home fitness equipment, and more. In 2012, The Green Fund contributed \$3,761.42 in matching funds.

“I am not a gardener,” admits Atlanta Wholesale Sales Representative David LaMont. “At best, my thumbs are the pale green of dead grass.”

That lack of aptitude didn’t stop David from applying for Counter Culture’s employee matching “Green Fund” program to buy cedar planks and posts to build raised garden beds in the yard of his Sugar Hill, GA, home – to spend more time outdoors with his kids and growing a bit of their own food.

“I was a little late in getting everything built and planted,” David acknowledged, “but with the mildest spring in recent memory, we’ve been able to harvest a few snacks from the garden.”



DOLLARS ALLOCATED BY THE GREEN FUND IN 2012

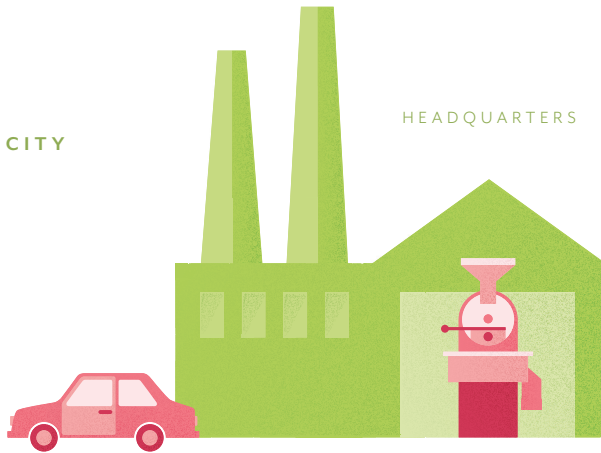
OUR GREENHOUSE GAS FOOTPRINT

SCOPE 1
DIRECT EMISSIONS

SCOPE 2
PURCHASED ELECTRICITY

SCOPE 3
EVERYTHING ELSE
Flexible and unregulated

CCC-OWNED CARS (8)
And other company trips/fuel



ROASTERS (3)
Propane and CNG



AIR TRAVEL
Domestic and International



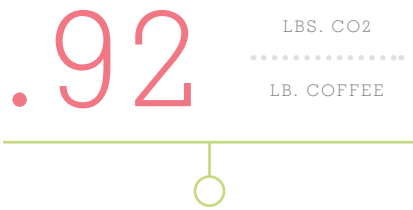
UPS
Shipment to customers



EMPLOYEE COMMUTING



EMPLOYEE COMMUTING
Reduced/zero emissions



GHG FOOTPRINT
PER POUND OF COFFEE SOLD



GHG TOTAL IN TONNES CO_{2e}

HOW WE OFFSET OUR FOOTPRINT

In 2012, we worked with Trees, Water, and People to offset our 2011 carbon footprint by connecting them with our partners at the Café Orgánico Marcala (COMSA) co-operative of Marcala, Honduras, to build fuel-efficient stoves in the homes of grower members. In all, 626 family members of COMSA producers in and around Marcala benefit from cleaner indoor air, more disposable income, and will use less than half the wood required by their former cookstoves. Over the lifespan of these cookstoves, 645 tons of CO₂ will be avoided, reducing the amount of hazardous greenhouse gases in our global atmosphere.



A similar offset will be arranged for our 2012 footprint.



..... **SAVE OUR SOIL**

Save Our Soil is a step in a new direction for us: we are taking action as a business and as individuals, and encouraging others to do the same, to support organic and sustainable agriculture because we recognize that healthy soil is fundamental to producing quality coffee. As a tangible demonstration of our commitment to building soil, we set up worm composting in six of our eight training centers and use California redworms – the same kind of worm used by coffee growers we work with worldwide – to help us turn food scraps and coffee waste into rich, nutritious compost for our gardens.

21

EDUCATIONAL WORKSHOPS HOSTED

32

GROWERS TRAINED IN
COMPOSTING WITH THE DONATION
FROM OUR HOLIDAY BLEND

138

PETITION SIGNATURES

PETITIONERS AGREED TO:

-
- 1 Demand organic coffee.
 - 2 Choose milk and food from small, organic farms.
 - 3 Learn about organic agriculture in their community.
 - 4 Compost coffee and food waste.
 - 5 Support pro-organic legislation.