

A photograph showing long, elevated racks made of bamboo poles, filled with a large quantity of light-colored, dried coffee beans. The racks are arranged in a long row, receding into the distance. The background shows lush green trees and a clear sky. The text 'coffee bean' is written in a large, white, serif font, and 'INTERNATIONAL' is written in a smaller, white, sans-serif font below it.

coffee bean

INTERNATIONAL



Social Environmental Economic Development

Coffee Bean International® is more than a coffee roaster. We strive to be coffee with a conscience. We take an innovative approach at every point in the supply chain—from relationships with growers to materials sourcing to product distribution to waste recycling. And, at each point, we examine the challenges so we can make a difference. In our decisions, we are guided by our values. We seek balanced solutions socially, environmentally, and economically. Do more with less. And do it as a team.

In 2009, Coffee Bean International developed Project SEED, an employee-led initiative organized to create leadership in coffee sustainability, both at coffee's origins and here at home. The team is comprised of members from every department in the 170-employee organization.

We pledge to develop strategies that link people, process, product, place, and profits, meeting the needs of the present without compromising the welfare of future generations. Through this mission, we commit to reduce waste, reduce greenhouse gas emissions, pursue renewable energy options, educate our employees and our community, unify stakeholders, affect positive social change, and foster creativity.

Celebrating Reduction...

Thank you for your attention to our sustainability report. Reflecting on this past year, we're proud of the progress we've made toward reaching our sustainability targets. Our Social, Environmental, and Economic Development (SEED) programs address fundamental problems embedded in coffee's value chain—from farmer to consumer—spanning economic, environmental, and social issues that require change due to a century of unsustainable practices. In 2011, we made our biggest investments ever in coffee sustainability, and we continued our leadership in measuring and reducing coffee's impact. We believe Project SEED is good for people and the planet, and we also believe it is good for business. Our SEED programs are reducing costs and risks, building a collective sustainability culture, motivating our employees, and improving the customer's experience.

This year, we made huge strides toward shifting our waste ratio, with the ultimate goal of hauling zero waste to the landfill. Additionally, we grew our direct trade portfolio and off-commodity-market purchases, which isolate farmers from the coffee price volatility that is driven now primarily from investors/speculators. Through these relationships we can address coffee's biggest sustainability issues. Our efforts were recognized when the City of Portland presented to us the Businesses for an Environmentally Sustainable Tomorrow (BEST) Award for a medium-sized company in the city.

We are hopeful. We agree with the Living Planet Report that there are solutions out there to ensure that Earth can sustain our growing global population, and companies play a critical role in sourcing, producing, and purchasing raw materials that are sustainably harvested. This is a journey of continuous improvement, strategic partnerships, and innovative experimentation. Ultimately, we need to connect sustainable production with sustainable consumption.

Sustainably yours,
Project SEED

Note: This report is for our fiscal year, July 2010 to June 2011.



Due to increased consumption, global coffee exports have grown 14% in the first 10 months of this crop year.

NEW PROJECT:

Global Coffee Quality Research Initiative

This was the start-up year for the GCQRI, a non-profit agricultural entity with the goal to grow, improve, and protect supplies of quality coffee to fuel the growth of the dynamic coffee industry that directly affects the livelihoods of over 100 million people. Coffee Bean International is a founding member of this organization and played an active part in getting the organization off to a great start. This year, among other things, GCQRI signed a letter of commitment to support a five-year research plan that addresses key coffee productivity and quality constraints; framed the effort to develop next generation sensory evaluation cupping methods in coffee; and led an exploratory mission to find new and undiscovered species and varieties of Arabica coffee growing wild in the forests of Sudan.

\$2/day

The daily income of more than 2 billion people in the world.

(World Bank)

50%

of the world's coffee-growing areas could be affected negatively by climate change.

(Dr. Tim Schilling of GCQRI)

by the numbers...

1.8 BILLION

The number of people using the Internet in 2010, but 1 billion people are still without access to an adequate supply of fresh water.

(Living Planet Report 2011)

9 BILLION

Global population by 2050— all resources will be stressed.

(World Business Council of Sustainable Development)

10 metric tons

Average CO₂ emissions per person annually from personal choices.

Average industrial and commercial entity creates 19.2 metric tons of CO₂ emissions per capita.

(Emissions of Greenhouse Gases Report)

coffee's journey is complex

1 One hand-picked tree yields 1-2 lbs of coffee.



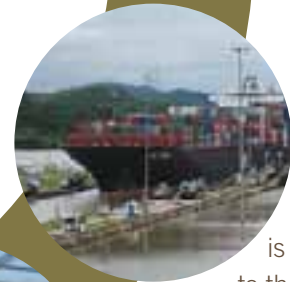
2 Most coffee is first taken to a wet mill.



3 Then, to a dry mill where it is sorted by hand...



4 ...before it is transported to the port...



5 ...and shipped thousands of miles to the U.S.



6 Coffee is shipped domestically by rail or by truck...



7 ...to a roasting facility where it is roasted and packed.



8 Packaged coffee is trucked to a warehouse...



9 ...then trucked to a store.



10 Finally, coffee is brewed for consumption.



social

Coffee Bean International® encourages respect for humanity throughout the entire value chain. We promote fair, safe, and healthful environments within the company, within our local community, and beyond. Through our business practices we aspire to unify stakeholders (employees, customers, suppliers, peers, and shareholders) to affect positive social change and foster creativity. We believe our biggest impact will be a large-scale effort to improve coffee quality globally, which will improve the social equity of millions of coffee growers and increase the attention paid to critical elements of high-quality coffee, such as green canopy, natural fertilizer, water quality, and organic composting. (See page 6 for our Sustainability Scorecard.)



Internal

Our Zero Waste Task Force and Transportation Task Force celebrated Earth Day for an entire week, which culminated in an energetic celebration. Our “Conservation Tree” was a challenge to all employees on all three shifts to perform and log Eco-Deeds, such deeds as biking or carpooling to work, shopping with re-usable bags, packing a waste-free lunch, giving up the desk trash can, switching to CFL bulbs, and using cold water for laundry.



Local

Coffee Bean International was among seven companies from the Portland metropolitan region who were honored at the 19th Annual BEST Awards ceremony held during Earth Week. The City of Portland Bureau of Planning and Sustainability presents BEST Awards to businesses demonstrating an extraordinary commitment to sound environmental, social, and economic practices. We received the Best Practices in Sustainability award in the category of medium-sized business. Additionally, we participated again in the Bike Commute Challenge and increased the number of participants by 50%. We continued to support several local non-profit organizations with coffee and merchandise donations.



Global

We maintained the level of Fair Trade Certified™ and organic coffee purchased from the previous year and grew our Direct Trade Portfolio from two to six regions. Patrick Criteser, CEO, has played a critical role in the start-up of the Global Coffee Quality Research Initiative (GCQRI). (See the GCQRI side bar.) Additionally, we helped to launch the Sustainability Tracking and Reporting Tool (START), an initiative to track and report the social and environmental impact of the Specialty Coffee Association of America (SCAA). And, we have several members of our extended leadership team in elected positions on the SCAA: Paul Thornton, VP of the SCAA; Chris Wade, Roasters Guild; Bruce Mullins, Coffee Quality Institute; Sarah Beaubien, Sustainability Council.

environmental & economic

Coffee Bean International® moved in September 2008 to a new facility, which is a repurposed warehouse that was customized around our core competency: artisan batch coffee roasting at scale. We are the first coffee roaster in the Northwest and second nationally to achieve LEED® certification for a roastery. In addition to the efficiencies of our LEED-certified building, we are proud of the massive reduction of pounds (75%) delivered into the waste stream and a reduction in our greenhouse gas emissions per pound of roasted coffee. Thanks to the guidance of the City of Portland Bureau of Planning and Sustainability and Climate Smart, we are moving in the right direction to lessen our impact. *(See page 6 for our Sustainability Scorecard.)*

We track our impact in three key areas:



Energy / Water

We measured our carbon emissions in three scopes and have committed to take action to reduce them: 1) Direct on-site emissions; 2) Indirect emissions from our facility's activity; and 3) Indirect emissions from commuting and suppliers. Our two regenerative thermal oxidizers have dramatically reduced natural gas usage and offer superior heat recovery characteristics. We continue to reduce our natural gas, electricity, and water usage per coffee pound. Where we cannot reduce energy usage, we have purchased Renewable Energy Credits (RECs) and offsets. On an ongoing basis, we work with our supplier partners to reduce their impact by innovating in the materials and methods they use to produce our inputs.



Waste

In 2011, our two SEED Task Forces were hard at work on shifting our waste ratio. The Zero Waste Task Force collaborated with the World Class Manufacturing (WCM) team to audit our waste stream, fine tune our waste separation procedures, improve procedures to reduce waste, and more effectively recycle film, cardboard, and metal. Through collaboration with our partners, we found a source to recycle our film waste. This change also led to fewer hauls per week from our facility. Additionally, we found a source to repurpose our waste coffee, which closes the loop on our coffee lifecycle. We took a giant leap this year toward being a zero waste company. We consolidated intra-office garbage cans to create waste awareness and created a copy-paper re-use program.



Transportation Transformation

This year, our Transportation Task Force gained traction in reducing commuter miles. And, we saw a dramatic reduction in air miles traveled. We promoted numerous alternative transportation days throughout the year to celebrate efforts to get to work in any way except in a car alone, including carpooling, biking, public transit, and walking. We increased rider participation in the citywide Bike Commute Challenge by 50% and encouraged bikers to utilize a mileage tracking system. We organized the First Annual Trimet Challenge to inspire employees to explore and use our city's award-winning transit system.

sustainability scorecard

	GOAL	KEY INDICATOR	2009 RESULTS	2010 RESULTS	2011 RESULTS
SOCIAL	Support coffee grower quality of life	Percentage of coffee from Fair Trade Certified™ farms	5%	8%	7%
		Percentage of coffee from Direct Trade farms	0%	1%	1%
		Coffee stewardship—donation per employee, annually	\$55	\$150	\$326
		Farm visits	30	35	57
	Support our local community	Donated coffee & merchandise- donation per employee, annually	\$64	\$83	\$23
	Employee satisfaction	Percentage of employees involved in sustainability task forces	3%	15%	15%
		Employee retention rate	80%	80%	80%
		Health and safety — injury rate/loss of work days*	3/0	7/8	4/0
ENVIRONMENTAL	Support ecologically healthful farming techniques	Percentage of coffee from organic farms	6%	8%	8%
	Establish environmental footprint	Track metrics and measure carbon footprint	✓	✓	✓
	Reduce energy consumption	Percentage change in electricity/lb from prior year	40%	-9%	-5%
		Percentage change in natural gas/lb from prior year	-40%	-18%	-5%
		Mandatory power management settings on computers	—	✓	✓
	Reduce waste to landfill	Percentage of burlap bags diverted	<25%	100%	100%
		Percentage of total waste composted	44%	49%	56%
		Percentage of waste per lb produced	4%	3%	2%
		Progress toward eliminating paper cups in office area	90%	90%	100%
	Reduce auto trips	Percentage reduction in auto trips since 2006 survey	12%	no survey	—
		Commenced twice/quarter alternative transportation days	NA	✓	✓
		Percentage increase in Bike Commute Challenge riders from prior year	—	10%	50%
	Support renewable energy	Percentage of electricity offset by renewable energy credits (RECs)	50%	50%	34%
ECONOMIC	Manage inputs and waste	Enforced sustainable purchasing policy	—	✓	✓
		Repurposed waste coffee	—	—	✓
		Repurposed waste film	—	—	✓

*The method of reporting change from previous years. Now, we measure all injuries versus OSHA-only injuries.