

## MESSAGE FROM MESSAGE FROM

2012 was an incredible year for Caribou Coffee. We celebrated our 20th anniversary and provided extraordinary experiences, exceptional beverages and innovative food offerings to our guests.

In early 2013, we were acquired by our new owners, Joh. A. Benckiser (JAB). Our unique brand and culture, which is grounded in the hearts and minds of our team members and guests, fit perfectly with JAB's philosophy of investing in premium growth categories like coffee. This is an exciting chapter in our journey, as the changes have ensured our strength and profitability in our home market, which, in turn, enhance our Do Good efforts and allow us to give back to our communities.

Regarding our Do Good efforts, we have worked hard to ensure our guests not only get the highest quality coffee but also the peace of mind that their coffee is sourced in an environmentally, socially, and economically sustainable manner. While our accomplishments are shared throughout the report, we achieved three key Do Good milestones in 2012:

When it comes to sourcing, we are proud that we were the first major coffeehouse in the United States to source 100 percent of our coffee and espresso beans from Rainforest Alliance Certified farms. In doing so, we've helped improve coffee-farming communities around the world.

- Recycling is a complex issue for our industry, but we are happy to share that 80 percent of our corporate stores do some form of recycling.
- On the community front, we raised \$250,000 for CancerCare. CancerCare is a national nonprofit organization designed to help patients live in the absence of a cure for cancer by helping to pay for medical bills, transportation and other costs related to their disease.

I am proud of the work our team has done around Do Good. While I've only highlighted the milestones, we have much more to celebrate! I am also confident that we will work as a team, and enlist the help of external partners, to find solutions to our biggest challenges.

Love, Mike



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Caribou Strategies Industry Leading Brand Value Proposition A+ Customer and Operations Excellence

Thriving Commercial Businesses







Our aspiration at Caribou Coffee is to be the Community Place I Love. This means making a positive difference in our local and global communities. To help us achieve this aspiration, we created Do Good.

Do Good is one of six company strategies.
Each strategy includes Wildly Important Goals
(WIGs). Our WIGs break down each strategy into achievable goals.

In the spirit of our culture, our Do Good report isn't full of Corporate Social Responsibility (CSR) speak. We're a coffeehouse at heart. A coffeehouse committed to providing our guests with an extraordinary experience that feeds their soul.

That experience includes knowing our guests' names, their favorite drinks, and the stories that make up their lives. It also means challenging ourselves to make business decisions that are in the best interest of our guests, our communities, and the environment.

The purpose of our Do Good report is to: provide team members, guests, consumers and our suppliers with a scorecard of our WIG progress, celebrate our accomplishments, hear from friends that have helped us along the way, and outline what we're trying to do differently.



DO GOOD TEAM: (noun) A volunteer-based and collaborative cross-functional team dedicated to achieving sustainability goals that make our communities better.

From left to right — Seated: Karen McBride, Gretchen Fernelius — Front Row: Laura Brunke, Jeremy Ely, Sheila Roering, Karen Francois — Back Row: Alfredo Martel, Jeff Lane, Wyatt Yeater, Dave Fredrickson, Brett Struwe, Brian Aliffi, Nate Hrobak, Dan Lee — Not pictured: Jennifer Esnough, Jon Olsen, Laurie VanWinkle and Mandi Torrenga.

#### WHO'S BEHIND DO GOOD?

While we have coffeehouses around the world and product on grocery shelves throughout the United States, you may be surprised to learn that we don't have a Corporate Social Responsibility department driving our sustainability efforts at Caribou Coffee. Instead, we created a volunteer-based cross-functional team, made up of Support Center and Store team members, who are passionate about Doing Good.

The cross-functional team is divided into subteams focused on three primary areas: Sourcing, Environment and Community. In addition to doing their day jobs, they dedicate several hours a month to define Do Good goals as well as partner throughout the organization to ensure those goals are achieved. We want to take a moment to thank them for all the work they've done in 2012 and 2013. Without them, Do Good would indeed just be corporate speak.

"The Do Good team has given me the ability to take on a broader leadership role within Caribou Coffee. Our group of volunteers from across the organization have an inspiring responsibility to make meaningful change on behalf of the entire Caribou team. It's such a rewarding opportunity to take their ideas from concept to reality, knowing our efforts are making a difference in our local and global communities."

-Jeremy Ely, District Manager

## DO GOOD WIGS

Do Good is made up of three sub-committees: Sourcing, Environment and Community. Each team is responsible for creating goals under each of their WIGs to ensure continual progress in our Do Good efforts. The 2012 Scorecard provides a high-level snapshot of how successful each team was in achieving their goals. Specific details about each of the goals are provided on Pages 6–8.

## THE 2012 SCORECARD

999

3 cups = the sub-committee achieved their goals.

2 cups = to achie

2 cups = the sub-committee was able to achieve a portion of their goals.

1 cup = the sub-committee was not able to achieve their goals.





#### **COFFEE SOURCING**

The team focused on integrating social, economic, and environmental considerations into the coffee we purchased.



The coffee sourcing team was able to achieve their 2012 WIGs!

#### PRODUCT SOURCING

The team focused on integrating social, economic, and environmental considerations into every product we purchased throughout the supply chain.



The product sourcing team was able to achieve their 2012 WIGs!

#### **ENVIRONMENT**

The team focused their efforts around recycling, water conservation, waste reduction and energy efficiency.



The coffee industry faces unique challenges regarding the volume and disposability of consumables. While we are proud of the progress we made in 2012 when it comes to the environment, we know there is more work to be done, which is why we gave ourselves two cups.

#### **COMMUNITY**

The team focused on our giving efforts including volunteering and, monetary/product donations.



We gave ourselves 2.5 cups as we achieved a number of our WIGs, but not all.

#### **2012 SOURCING GOALS & PROGRESS**

#### **GOALS**

The sourcing team focused on integrating social, economic, and environmental considerations in every product purchased throughout the supply chain.

**COFFEE SOURCING** – Our coffee sourcing team focused their efforts in two areas:

- Engage supplier base to educate and reinforce the Rainforest Alliance principles and standards for Kenya and Sumatra coffees as well as reintroduce Colombian coffee as part of our blending portfolio.
- Leverage supplier relationship to expand into East Africa origins and Papua New Guinea, and reengage with Java.

**PRODUCT SOURCING** — Our product sourcing team focused their efforts in three areas:

- Increase the amount of Rainforest Alliance Certified tea for existing products and ensure all new teas are Rainforest Alliance Certified.
- Test cup alternatives to reduce usage of material.
- Identify alternative packaging solutions to reduce waste, usage or material.

#### **PROGRESS**

Shown below are details about the progress the teams made on each of their goals.





- The team educated and reinforced the Rainforest Alliance principles and standards and reintroduced small amounts of Colombia into our blending portfolio.
- The coffee sourcing team traveled to East Africa and Indonesia to help diversify our supply of Rainforest Alliance coffee and was successful in reengaging with Java.

#### PRODUCT SOURCING



- At the end of 2012, we partnered with Harney & Sons to achieve our goal of ensuring fifty percent of our existing tea products were Rainforest Alliance Certified (eight out of fifteen teas).
- We tested three different cup solutions and are continuing to explore options.
- We decreased the weight of our sandwich bag by 10 percent which reduced the amount of paper material.

#### **2012 ENVIRONMENT GOALS & PROGRESS**

#### **GOALS**

The environment team focused their efforts around recycling, water conservation, waste reduction and energy efficiency.

#### **RECYCLING**

- · 90 percent of our stores do some form of recycling.
- Develop a recycling action plan for stores that identifies capabilities and eliminates obstacles.
- Partner with real estate team to incorporate recycling into existing and new store leases, and store design.
- Test store "front of house" recycling logistics.
- Increase recycling efforts at the Support Center.

#### **WASTE REDUCTION & ENERGY CONSUMPTION**

- 1 Work with external partners to evaluate, engage key stakeholders, and implement strategy for phased national roll-out of waste and energy reduction programs.
- 2 Test LED lighting technology as part of a new store opening in Minneapolis, Minn.
- 3 Test waste reduction program at the Support Center.

#### **BROADER SUSTAINABILITY STRATEGY**

• Identify a partner who can help us develop a strategy for implementing green energy programs.



Shown below are details about the progress the team made on each of their goals.

#### **RECYCLING**

- We missed our goal of 90 percent, but we are happy to report that 80 percent of stores do some form of
  recycling! We were able to increase our recycling percentage by creating an action plan that helps store
  managers implement recycling at their locations by engaging landlords and co-tenants.
- As part of the real estate process, we share with all our landlords our commitment to recycling. We also implemented eco-friendly fixtures into our new stores.
- We learned that most of our store waste is generated behind the counter so we focused our efforts on "back of house" recycling. However, we look forward to tackling "front of house" recycling logistics later this year.
- We increased our recycling efforts at the Support Center by providing a recycling receptacle at each desk and educating team members about what can be recycled.

#### WASTE REDUCTION & ENERGY CONSUMPTION

- We worked with Paydirt, a company focused on sustainability strategies, to identify waste management opportunities and set realistic waste reduction goals for our stores.
- We also conducted an energy audit at a store district in Minneapolis, Minn. using the Specialty Coffee
  Association of America (SCAA) best practices draft for café energy usage.

#### **BROADER SUSTAINABILITY STRATEGY**

 We conducted initial meetings with external partners to explore Leadership in Energy and Environmental Design (LEED), a program that provides third-party verification of green buildings.

#### **2012 COMMUNITY GOALS & PROGRESS**

#### **GOALS**

The community team focused on our giving efforts including volunteering and monetary/product donations.

#### **VOLUNTEERING**

- Implement a volunteer hours program to full-time store team members.
- Create cross-company tools and events to support the growth of volunteerism.

#### **COMMUNITY DONATIONS**

- Raise \$225,000 for CancerCαre through sales of Amy's Blend.
- Increase team member participation to 15 percent and raise \$20,000 for Caribou Cares.
- Continue contributing to Coffee Kids, El Paraiso Clinic and Grounds for Health.

#### COMMUNITY GIVING

- Donate 150,000 pounds to the Food Donation Program and increase store participation to 100 percent.
- Continue donating product from warehouse and stores to local organizations.



Shown below are details about the progress the team made on each of their goals.

#### **VOLUNTEERING**

- The community team partnered with HR, IT and Store Operations to build a volunteer program for stores.
   We completed a system upgrade to capture volunteer hours in the field starting in 2013. In 2012, Support
   Center team members spent over 975 hours volunteering in their communities a monetary impact of over \$39,000!
- The team held numerous volunteer events at the Support Center and launched a page on Caribou
  Connection, our company intranet, to provide information and promote volunteer events across
  the company.

#### COMMUNITY DONATIONS

- Amy's Blend We achieved the goal and then some! We raised \$250,000 for CancerCαre!
- Caribou Cares We didn't reach our 15 percent participation goal, but we surpassed our monetary goal by raising \$24,500!
- We contributed to Coffee Kids, El Paraiso Clinic and Grounds for Health.

#### **COMMUNITY GIVING**

- Food Donation Program While we fell shy of our goal of 100 percent, 68 percent of our stores donated over 160,000 pounds of bakery goods, which resulted in \$439,000 in tax deductible donations.
- We donated over \$10,500 in coffee, 75 cases of cocoa and 15 cases of honey products to one local
  partner Simpson Housing Services an organization that houses, supports and advocates for people
  experiencing homelessness.



#### **2013 SOURCING GOALS**

#### **COFFEE & TEA**

- Engage with key suppliers to diversify supply of Rainforest Alliance Kenya.
- Explore other East African coffee producing countries to find a consistent supply of quality coffee.
- Continue certification for existing and new teas.

#### **HOT & COLD CUPS**

- Introduce PerfecTouch 8oz cup into stores for kids' cup program.
- Continue to review the clutch-less cup innovations and Polypropylene options for cold cups.

#### **SUPPLIERS**

- Continue to educate team members and suppliers about our supplier diversity program.
- Implement a holistic scorecard for suppliers that includes corporate social responsibility scoring.

#### **2013 ENVIRONMENT GOALS**

- · 95 percent of our stores do some form of recycling.
- Enhance our recycling toolkit for store leadership.
- · Reduce our energy consumption.



#### 2013 COMMUNITY GOALS

- Continue to expand our volunteering, community donations, and giving contributions including volunteer hours, Amy's Blend and CancerCαre, Caribou Cares, Coffee Kids, El Paraiso Clinic, Grounds for Health, and the Food Donation program.
- Launch Do Good Community Recognition Program and Externships.



We knew we couldn't achieve our Do Good WIGs without a little help from our friends, including academics and third-party organizations.

#### **ACADEMIC COMMUNITY**

Since 2010, we've partnered with Robert Strand, Ph.D. — Assistant Professor of Leadership & Sustainability with the Copenhagen Business School and adjunct with the University of Minnesota — to envision our Do Good strategy and goals. In 2012, Robert proposed creating a sustainability course at the University of Minnesota Carlson School of Management in partnership with Caribou Coffee and the Rainforest Alliance. We thought it was a great idea! The class took place in early 2013, and we asked Robert to share his thoughts about it.



I spent two weeks in Costa Rica with representatives from Caribou, the Rainforest Alliance, and 25 undergraduate students. While there, we immersed ourselves in life at coffee origin and learned about the

Rainforest Alliance and their certification processes. From there, we followed the entire value chain back to our home in Minneapolis, Minn. where we continued to work with Caribou. As part of the class, the students developed content for the Do Good report to help Caribou move toward a "stakeholder involvement strategy" for developing and communicating Caribou's Do Good efforts. We hope that our experiences provide you with an external perspective and that our stories engage and inspire you to Do Good.

-Robert Strand



We asked students from the sustainability course to share their perspective about Caribou's Do Good efforts. As part of the course, the students spent time at a coffee farm in Costa Rica.



After returning from our visit to Costa Rica, we went to a Caribou coffeehouse. As we visited with the assistant manager regarding the last Do Good Report she asked the question, "Is it real?"

I could identify with this question. A lot of companies have jumped on the sustainability bandwagon.

During our stay in Costa Rica, we spent time with Meriwether Hardie, an executive associate from the Rainforest Alliance. Through conversations and site visits, I came to understand the Rainforest Alliance's vital third-party role.

The Rainforest Alliance is like a bridge able to intersect with everyone along the supply chain. For example, I didn't realize they helped farmers write a business plan and offer education on sound farming practices.

Through my interactions I found Hardie and the Rainforest Alliance team to be refreshingly practical, authentic and trustworthy.

Caribou Coffee did not just jump on the bandwagon. Caribou has been an industry leader when it comes to responsibly sourcing its coffee beans. During one site visit a farmer said, "I have others come to me to buy my premium coffee, but I tell them no. I work with Caribou because they have always treated me fair."

After sharing our experiences with the assistant manager she was happy. She said, "It's not that I ever doubted Caribou. It's just nice to hear it from you."

#### -Wendy Hanson



My trip to Costa Rica was the first time I ever experienced what Corporate Social Responsibility looked like, especially to people so far from corporate. Caribou's effect on the families of farmers will always be

a shining example to me of the impact that big business should have on the global community.

#### -John Ballesteros



After traveling to coffee origins in Costa Rica, I learned it is increasingly important to understand the impact that consumer purchases will have on the environment and the community where it was created.

-Becca Hussong



I really enjoyed seeing some of the Rainforest Alliance Certified coffee farms that Caribou buys coffee from. What I found most interesting was that in order to be certified, the farm sets aside a piece of the land as a

nature preserve. What is also unique about the Rainforest Alliance Certified farms is the natural foliage that grows alongside the coffee plants. As our class was riding in our bus past non-certified farms, we noticed that there were no trees in the coffee fields. But, on Caribou's Rainforest Alliance Certified farms, fruit trees grow alongside the coffee plants, providing food for wildlife and shade for workers. Coffee farmers told us that the natural diverse plant ecosystem is actually much better for the coffee plants compared to bare fields with just coffee.

#### -Alexandra Feeken



Traveling to Costa Rica with Caribou Coffee and the Rainforest Alliance was truly an eye-opening experience. It was reassuring to know that Caribou cares about the livelihood of the people and places that it sources

from and is setting trends in the coffee industry.

-Ashley Hay



#### THE RAINFOREST ALLIANCE

The Rainforest Alliance has been our partner throughout our ten year journey to achieve 100 percent responsibly sourced coffees and espresso—and we couldn't have asked for a better partner.

#### WHO THEY ARE

The Rainforest Alliance is a nonprofit conservation organization with global programs in sustainable forestry, agriculture, tourism, climate change and education. The organization has played a critical role in ensuring the farms we source our coffee from are committed to social responsibility.

Certification is built on three pillars of sustainability: environmental, economic and social.

#### WHY WE JOINED FORCES

The practices of the Rainforest Alliance certification introduce a level of understanding of how things can be done more responsibly. This understanding has improved performance and pride throughout entire farms. The Rainforest Alliance principles ensure each cup we serve promotes decent, safe, and healthy working conditions for farm workers as well as long-term success of individual farms.







As the first major coffee company in the U.S. to source 100 percent of its coffee and espresso beans from Rainforest Alliance Certified farms, Caribou Coffee is truly

a leader in the industry. Their achievement highlights the significant benefits large companies can bring to both farming communities and the environment, and provides a shining example to other companies.

-Meriwether Hardie, The Rainforest Alliance

#### 100 PERCENT CERTIFIED

Reaching 100 percent coffee certification is an achievement we are incredibly proud of. The principles of certification struck a pragmatic and effective balance of protecting the environment, ensuring social welfare, and improving business practices.

The gradual approach to certification allowed us to work with established partners and support them through the certification process rather than transition our partnerships to certified competitors. The collective efforts of Caribou, the Rainforest Alliance and our partners at origin, have enabled coffee farmers to increase their incomes and their quality of life, positively impact the environment, and support the communities that depend on it.

THE RAINFOREST ALLIANCE believes the best way to keep forests standing is by ensuring they are profitable for businesses and communities to do so. That means helping farmers, forest managers, and tourism businesses realize greater economic benefits by ensuring ecosystems within and around their operations are protected, and their workers are well-trained, enjoy safe conditions, proper sanitation, healthcare and housing. Once businesses meet certain environmental and social standards, the Rainforest Alliance links them to the global marketplace demand for sustainable goods — which is on the rise.

Want to learn more about the Rainforest Alliance? Go to rainforestalliance.com. Interested in following the frog? Watch the "Follow the Frog" video on youtube.com to find out more.





#### **FARMERS AND WORKERS**

According to the Fair Trade Foundation, 125 million people depend on coffee for their livelihood, and an estimated 1.6 billion cups of coffee are drunk worldwide every day. That's why we think coffee is a vehicle for change.

#### **FARMERS ARE OUR FOUNDATION**

For the individuals and communities working to put coffee in our cups every day, coffee is more than just a job — it's a way of life. Many of the farmers and their families have been involved in coffee production for generations, which is a tradition we hope to foster and sustain for generations to come.

One of the most memorable interactions I had in Costa Rica was with a man named Luis. Luis gave us a tour of the farm and helped educate the class about how Rainforest Alliance certification ensures the farm will remain profitable for years to come.

After the tour, I thanked Luis and shook his hand. In the process, he put his other hand over mine and said, "Gracias para usted. Thank you for you." I was surprised that he thanked me. He was the one who had given so much! He was saying thank you for noticing, for taking a genuine interest in his farm and for taking a step toward making a difference.

After reflecting on the day, I thought about how much power we have as consumers. We learned that consumers drink coffee for purely the enjoyment of drinking it. However, in Costa Rica, it was easy to see that enjoyment can go further than just drinking coffee. It can be the pride of knowing you are helping farm workers have a better life and that the environment is being taken care of by the brand you choose. This is what Caribou stands for.

-Anonymous student

#### **COFFEE COOPERATIVES**

Coffee cooperatives unite individual farmers around the world. They increase a farmer's bargaining power with buyers, as well as educate farmers by providing information on sustainable, high-yielding agricultural practices.

#### WHO THEY ARE

Groups of small, individual farmers within a region that join forces to share costs and best practices.

#### WHAT THEY DO

The co-ops are designed to help cover many of the significant costs involved in coffee bean processing while bringing innovative farming techniques to the farms.

#### WHY WE TEAM UP

The cooperatives allow Caribou Coffee to purchase coffee beans from individual farmers while still being able to purchase a large amount. Each of the farmers receive a fair price for their crop, along with education and training on best practices.

As a group of students, we were able to see the relationship between Caribou and their coffee suppliers in Costa Rica. We were impressed with the partnership they formed and how Caribou took care of the famers in consistently purchasing the coffee beans and offering a premium price.

#### -Andrew Norberg

We were told if we saw a soccer field, it was a good sign of a healthy community. Soccer represents play and is an important part of the culture. It did my heart good to see lots of soccer fields. – Wendy Hanson



The sourcing team is focused on integrating social and environmental considerations in every product purchased throughout the supply chain.

In addition to focusing on their 2012 coffee and product sourcing WIGs, the team developed and implemented new processes designed to assess and diversify our supplier partnerships.

#### SUPPLIER DIVERSITY PROGRAM

#### **DEFINED**

Supplier Diversity at

Caribou: A business program and proactive business process that encourages the use of suppliers that are defined as small businesses, minority-owned/disadvantaged, women-owned, veteran-owned or historically underutilized.

While supplier diversity has always been important to Caribou, in 2012, we created an official program and process to ensure diversity within our supplier base.

During the development of the program, we knew we had an opportunity to connect it to Do Good because who we buy from is as important as what we buy. We also believe that creating "The Community Place I Love" means doing the right thing in every aspect of our business.

#### **OUR SUPPLIER DIVERSITY STATEMENT**

- We value the skills, experiences and perspectives that characterize our employees, partners and customers.
- We believe a diverse supply base fosters increased competition and innovation.
- We believe it makes our guest experience even more extraordinary.
- We believe these suppliers help grow the economic health and diversity of communities throughout the world.







### WHAT ABOUT THE SOURCING OF CHOCOLATE?

As a coffee company, we buy chocolate for several drinks. Cocoa is one of three commodities that make up the chocolate we buy. While cocoa makes up just a small fraction of Caribou's overall buy, we are aware that many social and environmental challenges are present in the cocoa supply chain. Our supplier selection processes help to better ensure we align ourselves with suppliers who have the highest regard for quality, service, and social responsibility. That said, our work to promote responsibility in the supply chain is never complete.

### BARRY ( ) CALLEBAUT

Barry Callebaut — our chocolate supplier — is a member of the World Cocoa Foundation and International Cocoa initiative. Barry Callebaut has a CEO-led Corporate Social Responsibility program that emphasizes long-term partnerships with cocoa farmers and cooperatives to increase incomes, improve family livelihoods and sustain crops for the future. We are proud of this partnership, and the company's commitment to the continued improvements in the sustainability of cocoa and the communities in which it's farmed.

## ADDRESSING ANIMAL WELL-BEING IN OUR SUPPLY CHAIN

While our Do Good Report is primarily focused on our activities in 2012, we wanted to share an exciting development taking place this month that addresses animal well-being in our food offering. Our most popular breakfast sandwich, Chicken Apple Sausage, which represents 20 percent of our breakfast sales, is now being served with 100 percent cage-free eggs!

As part of Do Good, we believe we can, and should, ensure the proper treatment of animals throughout our food offering. Making the transition to cage-free eggs is naturally aligned with our core values of providing quality food at reasonable prices. We also know this is just one step in our larger efforts for more responsible practices, so we look forward to continuing to explore important initiatives like this one going forward.

Our recent actions have been recognized by The Humane Society of the United States: "We applaud Caribou for its move to use eggs from more humane sources," said Kristie Middleton, food policy manager for the Humane Society of the United States. "The company's leadership in improving the treatment of farm animals within its supply chain is laudable."



The environment team focused their efforts around recycling, water conservation, waste reduction and energy efficiency. The team faces unique challenges regarding the volume and disposability of consumables. They are proud of the progress made in 2012 when it comes to the environment, but they know there is more work to be done.

#### IT TAKES A VILLAGE!

The Environment 2012 WIGs were exactly that, wildly important BIG goals. The team knew they needed the help and insight of store team members to accomplish them.

With that in mind, they recruited over 40 store team members to help. Once on board, the group was split into task forces with specific purposes: cardboard recycling, plastic recycling, commercial composting, innovation, and communication. Each task force was led by a member of the Environment Team. The teams met monthly to talk about how they could make an impact within their specific area — everything from researching ideas and vendors to providing knowledge about how change would impact operational processes at the store level.

Thank you to the following store team members for your time, energy and enthusiasm in making Do Good a reality at Caribou!

Aaron Koeritz Abby Ricci **April Slieff Becky Crowe** Beth Woldt **Brad Ahrens** Brian Wheeler Britt Hall Cassie Kazeck Chris Starling Cindy Davis Connor Kelly Dan Clayton Dan Polski Dave Haas Dylan Morgan Jacqui Sands Jen Taylor Jenna Suits Jessica Stewart Jodi Pechonick

Josh Wander Kaiti Johnson Kat Denne Kayla Racine Kristin Olsen Langdon Perry Larry Geronsin Lauren Callahan Leslie Lozano Linda Yeager Lindsay Schade Marc Lewallen Nikki Antongiovanni Norma Valenzi Rianna Matter Rich Bares-Passow Rob Ward Steve Anderson Tiffany Swift Tom Sapp Travis Aultman







"At our store, we recycle plastics and cardboard boxes. I think recycling is important for companies (especially ones that are part of both the local and global market) to have an awareness of their impact on sustainability."

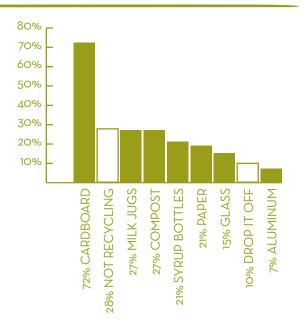
-Kay Printy, Caribou Coffee Barista

#### **RECYCLING**

The team kicked-off their environment work in 2012 with a store survey. The purpose of the survey was to better understand what each store was able to recycle as well as to identify options they may have to increase the type and amount of materials they could recycle.

Survey results revealed that 72 percent of our stores were recycling cardboard, followed by 27 percent recycling milk jugs (complete results shown to the right).

Using the results as a guide, the team delved deep to understand the reason behind the 28 percent of stores that were not recycling and the 10 percent that were dropping off their recycling. They talked to store managers and discovered there was something they could do to help.



While we are working on improving our store recycling efforts, our team members have taken on some of the responsibility by gathering recyclable products and bringing them to a recycling center. A shift supervisor, Bleeker, at store 1279 in Minneapolis, Minn., brings home coffee grounds in the summer months to use in her garden.

Connor Kelly, a Senior Training Store
Manager, was a member of the recycling
task force. When it came to laying the
groundwork for our company-wide
recycling efforts, Kelly shared, "It's all
about breaking down barriers. While
many of our stores have the same types
of waste to dispose of, each store presents
its own unique set of challenges and
constraints." According to Kelly, the
idea is to find what works and use that
information to educate store managers on
how to approach their specific problems.

Kelly feels a strong commitment to his work at Caribou because environmental stewardship is something he practices every day. He rides his bike to work each morning and does his best to make sustainable choices at the grocery store, or anywhere else he shops. "Personally, I just feel it's a better way," said Kelly, "and, as a company, our responsibilities are more than just financial. Sustainability is part of who we are."





#### INITIATING CONVERSATIONS

Many of our store locations are leased. The team realized certain store locations may be able to change their recycling outcome by simply initiating a conversation with their landlord. The team partnered with Paydirt, an organization committed to developing sustainability strategies, to create a toolkit to help store managers speak with their landlords about adding recycling services at their location.

And it worked! Often times, the landlord was open to implementing recycling services or was already offering recycling to other tenants and we just needed to request recycling bins. In addition, for those stores only recycling cardboard, the talking points helped expand recycling services at those locations, as some landlords and municipalities were offering co-mingling solutions.

As a result of these conversations, the team increased the percentage of cardboard recycling to 80 percent!

#### **BROADENING THE CONVERSATION**

While the team realized the work being done in existing locations around recycling was leading to real change, they also knew a proactive approach was needed when it came to new store development. The team partnered with the real estate department to ensure the recycling talking points were included when researching a new site, negotiating a lease or renegotiating an existing lease.









#### **ENERGY REDUCTION**

To get a better understanding of our energy consumption, the team conducted an energy audit in 12 stores in a Minneapolis store district. The test audited the energy used by the refrigeration appliance, computer monitor, thermostat and store lighting.

From the test, we realized there were simple things we could do to decrease the amount of energy we used. Store managers partnered with their teams to increase conscientious behaviors including reducing the amount of time refrigerator doors were kept open as well as decreasing the number of repeat trips. To ensure optimal operational procedures, we increased the time spent on checking equipment and cleaning gaskets and coils; and also began ordering energy efficient lighting rather than replacing with compact fluorescent bulbs.

From a process perspective, we updated our Preventative Maintenance Tech Checklist to ensure that gaskets and coils are checked throughout the year. If maintenance technicians determine that something needs to be replaced, we do not defer the maintenance, we replace the item as quickly as we can.

#### COMMERCIAL COMPOSTING

Our store teams frequently provide coffee grounds to our guests with a green thumb. While the weather in the Midwest limits our ability to distribute coffee grounds for gardening year-round, the Composting Task Force was aware of the numerous benefits of commercial composting and wanted to learn more.

With a little research, the team discovered that by partnering with a commercial composting company, they could decrease the amount of waste in our stores. With that, the team didn't "waste" any time testing out the theory.

The team worked with two commercial composting companies to initiate and manage a commercial preconsumer composting test in 10 of our stores and at the Support Center. The test is still in progress, but preliminary results show a 50 percent reduction in landfill waste.

#### **REUSING OUR BURLAP**

In June of 2009, we began partnering with a local bag supplier, Berg Bags, to create a solution for reusing the burlap bags that are used to ship coffee to our warehouse.

Once we are finished with the bags, the bags are picked up, sorted and cleaned, and resold by Berg Bags to companies across the United States for landscaping projects or storage needs.

In 2012, 92,000 bags were reused, which is over 129,000 pounds of burlap!



#### LOCAL GIVING

#### AMY'S



Many companies devote time to supporting breast cancer awareness, but what sets us apart is our very real and deeply rooted personal connection to this cause through Amy Erickson.

Amy Erickson was more than a Roastmaster. She was fun, spirited and unyielding when it came to coffee. Her commitment and high expectations helped create the standards for excellence we use today. Her passion for coffee was only exceeded by her zeal for life — a life she lost to breast cancer.

In 1995, at just 33 years of age, Amy lost her battle with breast cancer. Those who worked alongside of Amy wanted to honor her in a special way. To keep her vision and spirit alive, Amy's Blend was created. Amy's legacy can be found in our coffee and our culture. She inspired our commitment to delivering innovative, quality products with passion and authenticity. She believed in living life to the fullest, and through her, we appreciate — and embrace — "Extraordinary Experiences that Feed the Soul."

#### **OUR PARTNERS**



As part of our 2012 Amy's campaign, we were excited to announce a new partnership with Cancer $Care^{\circ}$ , the leading national organization committed to helping people manage the emotional and financial challenges of cancer. We were proud to offer the Amy's Blend collection in honor of Amy, and to donate 10 percent of all proceeds from collection sales to support CancerCare's free services for those affected by breast cancer in Caribou Coffee communities.

Giving back to the community is part of who we are, and we were moved by CancerCare's approach to personalized support services, including both emotional and financial assistance. Our partnership is a natural fit, as we both care passionately about the services we deliver.

As part of the campaign, we encouraged everyone to learn about Amy and access valuable Cancer Care resources from our dedicated Facebook page. For every new "Like" on our Facebook page, we donated an additional \$1 to Cancer Care.

Thanks to our store teams and our guests, we were able to raise \$250,000 for Cancer $C\alpha re!$  As a result, Cancer $C\alpha re'$ s professional oncology social workers realized a total of 20,612 personal client interactions with breast cancer patients and caregivers in target states. These interactions included individual counseling and support groups (over the phone and online), financial and copay assistance, information about cancer and its treatment, and referrals to additional resources.

#### LOCAL GIVING (CONTINUED)















#### 2012 AMY'S BLEND CAMPAIGN AWARDS

Caribou Coffee and Ruder Finn, Caribou's Public Relations firm, were honored by The Public Relations Society of America (PRSA) this past spring for our 2012 Amy's Blend Campaign.

- WINNER! Public Service Campaigns with Budgets of \$100,000 Less
- WINNER! Corporate Social Responsibility: Campaigns with Budgets of \$100,000 or Less
- HONORABLE MENTION!
   New Media/Social Media Campaign:
   Campaigns with Budgets of \$100,000 or Less

We are very excited that Caribou Coffee, CancerCαre, Ruder Finn and RFI were recognized in 2012, and we are looking forward to carrying the momentum forward to the Amy's Blend campaign in 2013!

## KOMEN RACE FOR THE CURE

On Mother's Day, 50,000 people flocked to the Mall of America in Minneapolis, Minn. to participate in the annual Susan G. Komen Race for the Cure — either by walking, running, volunteering, or cheering on the participants.

Caribou volunteers were on hand throughout the day to brew coffee and lend tons of smiles and support. In total, they brewed more than 400 gallons of coffee and served over 14,000 cups!

Organizers report that the event raised \$2.5 million. Three quarters of that sum will stay in Minnesota to help uninsured or underinsured women receive treatment for breast cancer and one quarter will go towards breast cancer research.

#### FOOD DONATION CONNECTION

#### WHO THEY ARE

Food Donation Connection provides an alternative to discarding surplus wholesome food by linking food service donors to local hunger relief agencies.

#### WHAT THEY DO

Food Donation Connection creates and maintains an efficient communication and reporting network that connects available sources of food to those in need through existing charitable organizations.

#### WHY WE PARTNER

We began partnering with Food Donation Connection in 2011 to help us distribute discarded bakery product. In 2012, 68 percent of our stores donated over 160,000 pounds to local nonprofits, which was roughly 13,000 pounds per month, and over \$439,000 in tax deductible donations.

As for the remaining 32 percent of stores, Food Donation Connection has been working to find a local nonprofit for those stores to partner with.

#### TEAM MEMBER GIVING





#### **CARIBOU CARES**

In 2011, we launched our very own nonprofit organization designed to help and support Caribou Coffee families. Caribou Cares is dedicated to providing financial assistance to Caribou Coffee team members in the wake of:

- natural disaster or catastrophic event flood, tornado, fire or other occurrence outside of a team member's control.
- serious illness affecting themselves or an immediate family member including spouse, qualified domestic partner, child, or other qualified dependent.
- death of spouse, qualified domestic partner, child or other qualified dependent.

To grow the fund in 2012, we launched our first-ever match program. For one month, Caribou matched 100 percent of team member donations up to \$20,000. That meant, team members donated a \$1 - Caribou donated \$1. We're happy to share that we raised \$3,250 in team member donations and with the Caribou match we raised a total of \$6,500!

We also held events throughout the year to raise additional funds. Between the match program, team member donations and events, we raised over \$24,000 to help team members. Through grants from the fund, we've distributed \$23,795 to 10 team members.

#### **HOW TO DONATE**

Team members interested in donating to Caribou Cares can check out Employee Self-Service (ESS) at https://portal.adp.com to find out more about the program, how to request fund assistance, or to set up bi-weekly payroll deductions for as little as \$1 per paycheck (all donations are tax deductible).

"A few years ago, before Caribou Cares existed, my husband was diagnosed with a brain tumor and needed major surgery to remove it. After a successful surgery (his tumor was benign) and a week-long hospital stay, we headed home happy knowing he would be back on his feet within a few weeks. However, that first night home, he had a hard time eating because his medications were making him sick. The only thing that sounded good was a chocolate shake. I literally had to search couch cushions and car cup holders to find \$2 for a shake because the medical bills had completely wiped out our savings.

My Caribou family was such a huge support to me during that time! They sent me encouragement and cards; and a couple of team members even dropped off meals and stayed at the house for an hour so I could take a break while my husband needed round-the-clock care. I was so grateful for all that Caribou was able to do for me!

Caribou Cares takes that love a step further. I know that sometimes a couple thousand dollars is the difference between frantically looking for a quarter under the driver's seat and being able to relax and truly count your blessings. I'm so happy to give to Caribou Cares knowing that my few dollars a week might buy someone a chocolate shake after a hospital stay, or help replace a cherished toy for someone's child after a flood, or maybe even pay someone's mortgage for a month after an injury."

- An anonymous team member, on why she donates to Caribou Cares

#### TEAM MEMBER GIVING (CONTINUED)







#### GIVING OUR TEAM MEMBERS A VOLUNTEER ADVENTURE

We're excited to provide our team members an opportunity to give their time to a cause that might not be in their local community.

In 2013, we we will be expanding our community giving efforts by offering two Do Good externships!

#### WHAT'S AN EXTERNSHIP?

**Dictionary Definition:** a learning opportunity, similar to an internship, that gives students short practical experiences in their field of study.

Caribou's Definition: a week-long volunteer experience with an organization of a team member's choice in which their pay and \$1,000 in qualified expenses is completely covered by Caribou.

The externship program will launch this coming fall. Interested team members will be asked to complete an application which will be reviewed by the Do Good Committee. Information about the program and the application can be found on the Do Good site of Caribou Connection, which is located under the Core Values page.

#### MAKING DREAMS A REALITY

Getting an education can be expensive. In 2012, we began exploring how we could help team members achieve their academic dreams. The Caribou Coffee Scholarship Program was launched in 2013, and we're happy to report that eight team members are one step closer to graduation, thanks to \$4,000 individual scholarships!

#### GIVING THE GIFT OF TIME

We have a policy in place that allows team members to donate their accrued Paid Time Off (PTO) to another team member for absences resulting from a serious medical condition of a team member or a team member's immediate family member.

In 2012, our team members set aside their own vacation wishes and donated over 212 hours of paid time off to help ease the stress of those needing additional recovery time.

We've already shared the impact we make in our communities through the Rainforest Alliance, but our commitment doesn't stop there. While the Rainforest Alliance helps to improve working conditions, we partner with other organizations to keep coffee communities happy and healthy.





#### **PROJECT 7**

#### JHH PROJECT 7

#### WHO THEY ARE

Project 7 partners with nonprofits to help provide financial support, as well as raise awareness for each organization and educate about global issues. These organizations provide aid, programs, and relief specific to the seven areas of need that are Project 7's core focus including: Feed the Hungry, Heal the Sick, Hope for Peace, House the Homeless, Quench the Thirsty, Save the Earth, and Teach them Well.

#### WHAT THEY DO

Project 7 makes everyday products for good that help fund seven areas of need across the globe.

#### WHY WE PARTNER

Caribou and Project 7 share a commitment to both community and sustainability. This year, understanding that many of our passionate and generous fans live beyond the communities in which we have coffeehouses, we launched a special social media initiative for Earth Month so that fans everywhere could show their commitment to the environment.

For every new "Like" on our Facebook page during the month of April, we planted a fruit tree in Central or South America. Together we planted fruit trees to not only help restore the earth, but to provide a great source of food for the local community, that they can use for trading purposes to improve their economy. Our campaign didn't end at Facebook. We also planted a fruit tree in Central or South America for every "Save the Earth" water, mints or gum that was purchased at our U.S. stores in April.

While this was a unique campaign, we have a year-round partnership with Project 7. The results of our partnership are shown below on our 2012 Impact Report.



#### GLOBAL GIVING (CONTINUED)

#### **COFFEE KIDS**

## Coffee Kids.

#### WHO THEY ARE

Coffee Kids works with coffee-farming families to improve their lives and livelihoods.

#### WHAT THEY DO

Coffee Kids works with organizations in coffee-farming communities throughout Latin America to create projects in the areas of education, health care, economic diversification, food security and capacity building. These efforts allow coffee farmers to reduce their dependence on the volatile coffee market and confront their communities' most pressing needs.

#### WHY WE PARTNER

In much of Central America, the coffee harvest ends around the end of February. Three months later, most families have spent what they earned and must find a way to feed their families for the remainder of the year. Coffee-farming families face three to eight months of hunger every year. Seasonal hunger leads to chronic disease and malnutrition. In communities where basic health services are hard to come by, these conditions are not easily treated.

On our behalf, Coffee Kids contributes funds to their partner The Association for the Sustainable Development of Paraxaj (ADESPA). ADESPA was created to address a lack of health care and educational services in and around Paraxaj and Acatenango, Guatemala. ADESPA's overall goal is to improve socioeconomic conditions through education and has become a valued support system for impoverished coffee farmers and their families.

With the help of Coffee Kids, ADESPA has established social initiatives in adult literacy, textile and handicraft production, footwear production, and economic diversification through the creation of a local bakery. Furthermore, in 2010 ADESPA established an afterschool center known as Las Nubes to provide supplementary educational opportunities to local children and child care options for working parents. In 2012, Caribou Coffee contributed \$5,000 to ADESPA.

The executive director of Coffee Kids, Carolyn Fairman, shared her observations about Las Nubes.

Thank you for coming on board with Coffee Kids. I just got back from visiting ADESPA and it was amazing. You should know how successfully the program is going. It has great support from the entire town, the mayor and so many moms of extreme poverty are benefitting. The after school program has about 40 kids, no more than three per family, up to age 12 and they are doing great!

It's so incredible what these families, these women in particular, go through on a daily basis and to get to talk, listen and hear the impact of programs like this, is so moving. I wish I could have brought you with me to experience it.

Thanks for all your effort!

- Carolyn Fairman, Executive Director of Coffee Kids

#### GLOBAL GIVING (CONTINUED)





#### **EL PARAISO**

In 2004, we partnered with our exporter to build and open a medical clinic in El Paraiso, La Libertad in Huehuetenango, Guatemala. We helped to fund this project to show our support and commitment to the very important sourcing community where our first Rainforest Alliance Certification efforts began.

Over the years, we have seen many positive changes in the community. People no longer have to walk for half-a-day to get medical care, and the clinic has expanded with two additional exam rooms to help even more people. We were also pleased to see the facility has evolved and is now being used as an educational and community center with new desks and computers set up in a classroom. We help to cover the ongoing annual expenses of these facilities through the price we pay for our green coffee.

Since we encouraged Rainforest Alliance Certification, the community has transformed itself well beyond this clinic project. Cooperative community efforts, inspired by the Rainforest Alliance principles of sustainability and environmental responsibility, have addressed issues such as waste disposal, education and potable water, thereby improving quality of life for all who live there.

The community has continued to excel in their coffee production work as well, providing Caribou with important Guatemalan coffees. It is with sincere pride that many of the farmers tell of the continual benefits of improved quality, production, prices, and worker satisfaction that they now feel through their support and appreciation for wildlife and water conservation.

We are proud and happy to encourage our global farmers to achieve Rainforest Alliance Certification because we know what a life-changing difference it makes for our producing communities, and we recognize that a good cup of coffee goes beyond taste — it starts with farming practices that are environmentally and socially responsible.

#### GLOBAL GIVING (CONTINUED)

## Srounds health







#### **GROUNDS FOR HEALTH**

#### WHO THEY ARE

Cervical cancer is one of the only preventable cancers, yet worldwide it claims more women's lives than pregnancy and childbirth. The overwhelming majority of these untimely deaths occur in lowand middle-income countries—many of which are coffeeproducing—where access to basic preventive health services is slim to none.

Grounds for Health is working to change all this. Since 1996, Grounds for Health has partnered with coffee-farming communities to develop low-cost, effective and locally sustainable cervical cancer prevention programs.

#### WHAT THEY DO

As a nonprofit, Grounds for Health currently focuses on prevention through the Screen-and-Treat Approach, which is an innovative and proven model that links screening with treatment. This approach is highly effective, costs just pennies and is doable in any setting. Grounds for Health trains and equips local doctors and nurses to ensure a long-term solution that stops this major killer of women. In addition, Grounds for Health enlists the help of community health promoters to champion the importance of cervical cancer prevention to their friends and neighbors. Years of experience with these community leaders have given Grounds for Health the insight to develop a comprehensive training program for community health promoters. Active community engagement is essential to long-term success of programs.

In the global public health arena, Grounds for Health advocates for the "woman at the end of the road," helping to influence policy and decision-making that ultimately increases access to life-saving services. In this way, Grounds for Health can have impact far beyond coffee-growing communities—lessons learned from community involvement can be applied throughout the world in cervical cancer prevention programs. For example, because of its experience in developing sustainable programs, Grounds for Health was invited to serve as a Technical Advisor to the World Health Organization in creating the new global guidelines on cervical cancer prevention. Grounds for Health has also been asked to present at numerous conferences around the world from Rome to Washington D.C. to Kuala Lumpur. Through the financial support of the coffee industry, Grounds for Health has undergone strategic and planned growth in response to increased global interest and commitment to the prevention of cervical cancer.

Grounds for Health continues to advocate for engaging the community and choosing truly sustainable solutions that are available now.

#### WHY WE PARTNER

Our partnership with Grounds for Health helps facilitate much-needed access to cervical cancer prevention programs in coffee-growing regions. Cervical cancer affects women in the prime of their lives, ages 40-50, and a woman's premature death has widespread repercussions on her family, her work and her community. Through our ongoing relationship with Grounds for Health, we have learned that no woman should die from cervical cancer—the world has the knowledge and tools to save tens of thousands of women coffee farmers from a preventable death. In 2012, we donated \$15,000 to the nonprofit organization to help decrease cervical cancer rates at coffee origin.







#### **OUR CHALLENGES**

Our industry faces unique challenges regarding corporate social responsibility, including agricultural challenges at origin, a large carbon footprint within the supply chain and at coffeehouses, and concerns about the volume and disposability of consumables. For the past ten years, Caribou Coffee has been focused on making an impact at origin by maintaining a supportive presence in coffee-producing communities. We travel the globe to understand the conditions where our beans our grown as well as what the quality of life is for the people dedicated to growing them.

Highlighted are two challenges we faced in 2012 and how our partnership with the Rainforest Alliance helped to mitigate them.

#### **COFFEE PRICE VOLATILITY**

Coffee price volatility is a major challenge for our industry. Changes in global weather patterns and price speculation drive the price of coffee beans up and down from year-to-year, impacting both farmers and consumers.

Caribou works to ensure farmers have more economic security by partnering with the Rainforest Alliance. Certified farmers are required to pay their workers full wages regardless of coffee price and can receive a premium for their certified coffee.

#### LA ROYA DISEASE

Coffee leaf rust, or  $la\ roya$  in Spanish, is a fungus that was first found in Asia in the 1800s. Since that time, it has been discovered in the Americas, and due to its means of spreading spores via wind, moisture, machinery or humans, la roya exists today in all coffee plantings. It has had a minimal impact on production, but a recent outbreak in Central America estimates the potential for a 15–30 percent reduction in crops.

The recent outbreak has been blamed on changing climate patterns, including intense moisture during dry periods followed by warm, often windy conditions. This humidity followed by warming temperature acts as a breeding ground for the fungus.

Treatments for coffee rust exist but come at a cost and require ideal timing of application and climate cooperation in order to achieve optimal effectiveness.

The good news is that our work with the Rainforest Alliance can help mitigate the issue. The required farm management certification plan leads to more responsible business practices in agricultural operations which can result in early detection of disease outbreaks. Working with Rainforest Alliance certification in the field, agricultural requirements have helped facilitate understanding and responsibility in the production and processing of coffee.

Discovering the right balance of responsibility in business is one key to meeting the needs of future generations, and the early detection of problems like coffee rust is part of that. We are proud that our work with the Rainforest Alliance helps to support the coffee supply chain during this difficult time.



















As a form of recognition, we give team members the opportunity to further their coffee education by visiting a farm at coffee origin. We asked one of those team members to share his experience.

My name is Jeff Lane and I work at the Support Center. I started my coffee journey in one of our Roseville, Minn. stores. I fell in love with coffee, thanks to the rich smells and complex flavors of the different roasts. No two coffees are the same; and it is a bit of an adventure to drink something grown in the mountainous regions of a faraway country. It is amazing how much heart and work goes into making this unique product.

#### **COFFEE FARMING**

When I think of farming in the United States, mass production is the name of the game, but that is not always the case when it comes to coffee. In most parts of the world, harvesting must be done by hand because not all of the fruit on the tree ripens at the same time. It is important to remember the setting and tradition of the coffee farm, as we dig into the actual processing of the coffee fruit.

Coffee growing is often passed down through the generations. When I was in Costa Rica visiting Hacienda La Minita, I met José. He is one of the managers of the farm and has been working in those same fields since he was a boy. In his fifties now, he takes great pride in the tradition of his work.

I realized the value of initiatives like Grounds for Health and the Rainforest Alliance. Practical things like providing housing for migrant workers and their families are a big deal and the farms are getting reputations for being great places to work.

















#### **PROCESSING**

- 1 First things first, coffee is the fruit of a tree. The fruit is often referred to as a cherry but it looks more like a red grape and has the flavor of a mix between a sweet yellow pepper and a fresh green bean. The "bean" we usually refer to is actually the pit or seed of the fruit.
- 2 Once the fruit is picked, there is a race against time to process it before defects develop. The coffee travels via cart, donkey, tractor, bicycle or semi-truck from the fields to the mills. The milling stage removes the fleshy hull and gooey mucilage, leaving a clean, green bean that's ready to be sold.

There are a number of ways to remove the fruit from around the bean. Each method affects the final flavor of the coffee in a different way. There's a good chance your favorite coffee flavors have more to do with the processing than the roast. Here is a quick break down:

- 3 Natural/Dry Process: The whole fruit is dried in the sun for a few days and then milled off of the bean.
- 4 Washed Process/Fermentation: After the bean is squeezed from the hull, it goes into a tank of water for 12-36 hours. Natural enzymes eat away at the mucilage still stuck on the beans. The beans are washed out of the tank and dried.
- 5 Eco-pulper: This is essentially a drum that spins and presses the coffee beans against a grate to scrape off the mucilage. It uses much less water than the washed process and takes less time.

There are many different variations to these methods. Producers will customize their processing to the local economic/infrastructure needs. Processing of coffee is the unsung hero of quality. You could bring coffee fruit down from the most amazing farm, grown in all the right conditions, and still end up with crummy brew if it isn't processed right. That's why Caribou has a team of coffee buying experts who visit farms and mills, and taste coffee samples every day to make sure quality is in check.















#### SOURCING

6 I've imagined green coffee buyers Brian Aliffi, Nate Hrobak and Jake Anderson being like Indiana Jones: tough and intellectual men trekking around the world, searching for coffees of legend. In reality, they rely on the relationships developed with importers and farmers over the years to connect them to the right coffees. After the team procures the right green coffee beans, they evaluate potential roast degrees or blend components. "All of our buying decisions come down to a sensory evaluation," Nate said.

#### ROASTING

After purchasing the coffee, the next step is to transform it from a raw product to an aromatic and flavorful delight ready to be taken home by a guest or brewed in one of our stores.

"Our roasting differs from other companies in that we roast across the spectrum of roast degrees, depending on what flavors we want to achieve in the cup." Paul Rader, one of our expert Roastmasters shared.

7 There are three key stages of roasting. Coffee starts out as green beans; dried but with a relatively high amount of moisture. The beans are poured into a rotating drum over a gas burner. The heat drives the excess moisture out of the beans, turning them from pale green to golden orange. This first stage is referred to as the "pumpkin" stage.

Once pumpkin stage is reached, the molecular makeup of the coffee begins to change, releasing gasses and creating the flavor compounds that give coffee its signature taste. But there is still some moisture trapped on the inside of the bean. As the moisture vaporizes, the pressure builds until the bean pops! The roastmasters listen, as they stand next to the roaster, for the pop to tell them how the beans are developing.

8 The first pop signals the lightest point of being brew-able. As the roasting continues, it reaches a "second pop." This is when most of our medium and darker roasts are done. There is a narrow margin of error between dark roasts and on-fire roasts. At precisely the right moment, the hot beans are quenched with a fine spray of water and dumped into a cooling pan.

#### THE COFFEEHOUSE

Coffeehouses have always been places that bring people together. In the 15th century (when coffeehouses were the newest thing in the Near East) they were known as "schools of the wise" and were places to meet, talk and listen to music. More than 600 years later, people are still meeting, talking and listening to music at coffeehouses! It is fitting that such a unique product is found in so unique of a place.

Our baristas are curators of the entire coffee experience. They answer the questions, prepare the final product, and interact with our guests. It is hard work to deliver that high level of interaction, especially at 6 a.m., but there is a lot at stake. They aim to deliver an experience worthy of all the work that goes into the bean.

In this setting, people can truly appreciate that special product brought from the other side of the globe, expertly selected, roasted and served. That's what makes Caribou Coffee special.



# THE TEAM SURVEY IS COMING







#### FEEDBACK FROM OUR TEAM MEMBERS

Our team members are passionate about Doing Good! To ensure we have a solid understanding of their perception of our Do Good efforts, we updated the questions on our annual team member survey. The updated language is intended to help us better understand their concerns as well as target our programs to better meet their expectations:

- I am aware of Caribou's Do Good initiatives and accomplishments.
- I feel that Caribou Coffee is making a positive difference in the global communities where we do business.
- Caribou Coffee plays an active role in our local community through our volunteering and giving initiatives.

#### **BOU GOODING**

As you've read, our aspiration is to be the "Community Place I Love." This year, we got one step closer to that aspiration by making it easier for our store team members to volunteer.

In early 2013, all full-time team members became eligible to use eight hours throughout the year to volunteer. Full-time team members are those who are eligible for Paid Time Off (work 32 hours or more with six months of employment). Team members can divide up the time however they want — they can use eight hours in one day or an hour a month — it's entirely up to them.

The best news of all is that once team members have completed eight hours of service at an organization of their choice, they receive a Bou Gooder t-shirt! Support Center team members receive the Bou Gooder t-shirt after completing 16 hours of service.

Talk about not only Doing Good, but looking good while doing it!









## HOW TEAM MEMBERS CAN DO GOOD

- Read and share information from our Do Good report with fellow team members, guests, friends and family.
- Donate to the Caribou Cares Fund at https://
  portal.adp.com. If each team member gave \$1 per
  paycheck that would add up to \$128,000 per year!
- Donate your Paid Time Off (PTO) to team members in need.
- If you work more than 32 hours, volunteer! You can volunteer up to eight hours per year so find a cause and get involved!
- Share your Do Good stories, ideas and feedback on the Do Good page of Caribou Connection.

## HOW GUESTS AND CONSUMERS CAN DO GOOD

- Read and share information from our Do Good report – located on cariboucoffee.com – with fellow guests, friends and family.
- Bring in your reusable mug or tumbler and receive 10% off your purchase.
- Follow our Do Good efforts on Facebook.
- Follow the Frog! Purchase Rainforest Alliance Certified products, including our certified coffees.
- Buy Project 7 products and support their cause.
- Dedicate your Amy's Blend purchase to someone special and tell us about it.
- Share your ideas and feedback on our Facebook page.

## WANT TO KNOW MORE ABOUT DO GOOD?

Check out the Do Good page on our internal website, Caribou Connection!

While you're there:

- share photos and stories from your latest volunteer event (or heck, just a photo of you looking fab in your Bou Gooder t-shirt)!
- · connect with a local organization.
- · learn more about our partners.
- send us your ideas for Doing Good!



Our team members, guests, consumers and suppliers share our concern about the environment. This Do Good Report was printed on FSC certified, 100% post-consumer waste recycled paper, which is also Process Chlorine-Free (PCF). No chlorine or chlorine derivatives are used in the de-inking or papermaking process. This archival paper is acid free and also manufactured with wind power. The inks used are UV inks which cure instantly, resulting in no release of Volatile Organic Compounds (VOCs) into the atmosphere. All waste materials were recycled in compliance with PIM environmental initiative.

The FSC is a worldwide organization that certifies sustainable forestry practices. To earn FSC certification, a forest must be managed in a way that respects the forest's natural ecosystem and habitats, as well as the rights and interests of indigenous people.

While we encourage you to keep the report to share our Do Good messages, if needed, please recycle this report in a recycling receptacle.



