



PROGRESS REPORT: ENVIRONMENT 2017

Reporting on our mission of environmental progress with business practices: 2016 analysis & 2017 goals/developments.

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Reporting on Environmental Progress for 2017

Here at Café Imports, we strongly believe in social, economic, and environmental responsibility. With that responsibility comes the realization that we cannot save the world, but we can make every attempt to improve it through our global business actions. For us, this means promoting social programs at origin; paying premiums and providing financing to our producer partners; and minimizing the environmental impact of our daily operations. We use the word "Progress", because it implies an evolution and movement forward. In terms of our Environmental Progress, our goal each year is to examine what we have accomplished and look for new ways we can minimize our global impact. As a Specialty Coffee importer, we realize that the foundation of our business relies heavily on travel and coffee transport. We know that the transportation industry accounts for nearly 30% of global greenhouse gas emissions. We know that the production of electricity to power our 4 offices on 4 continents has a significant environmental impact. We know that 43 people driving to work, 20 miles per day puts carbon monoxide in the atmosphere. So we have

large polluters like employee travel around the globe, ocean cargo, and trucks and trains to bring our coffee from one end of the earth to the other. We also have less substantial polluters like utilities, employee commutes, and garbage services. Once we begin to examine these footprints individually, we are able to assign value to them in terms of their carbon output. Only then can we begin to calculate the costs and effort necessary to offset them completely.



Carbon Neutrality

Café Imports Environmental Progress 2017

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"From 2005–2016, every bean of coffee that reached the Café Imports warehouse doors was carbon neutral/carbon offset by planting trees"

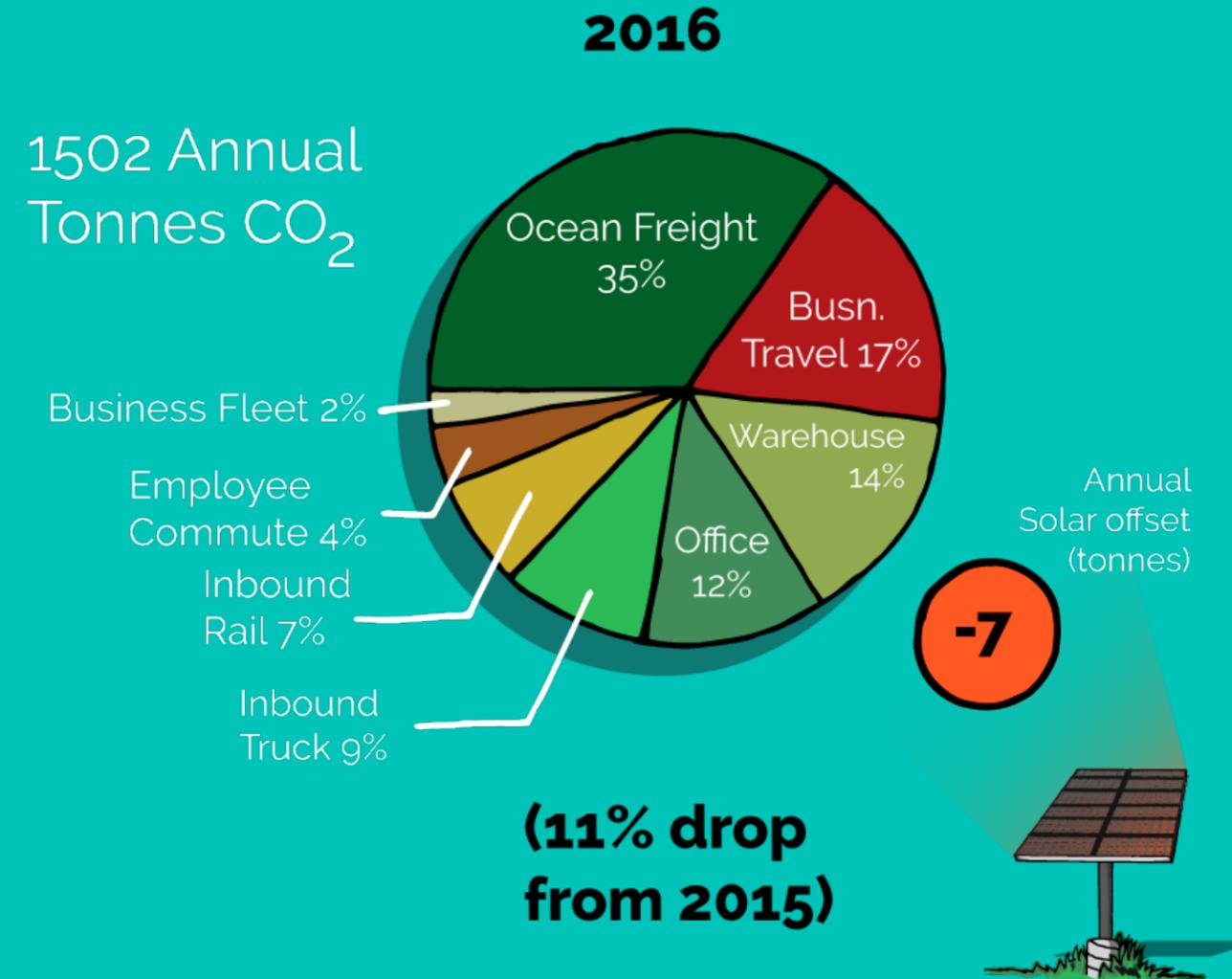
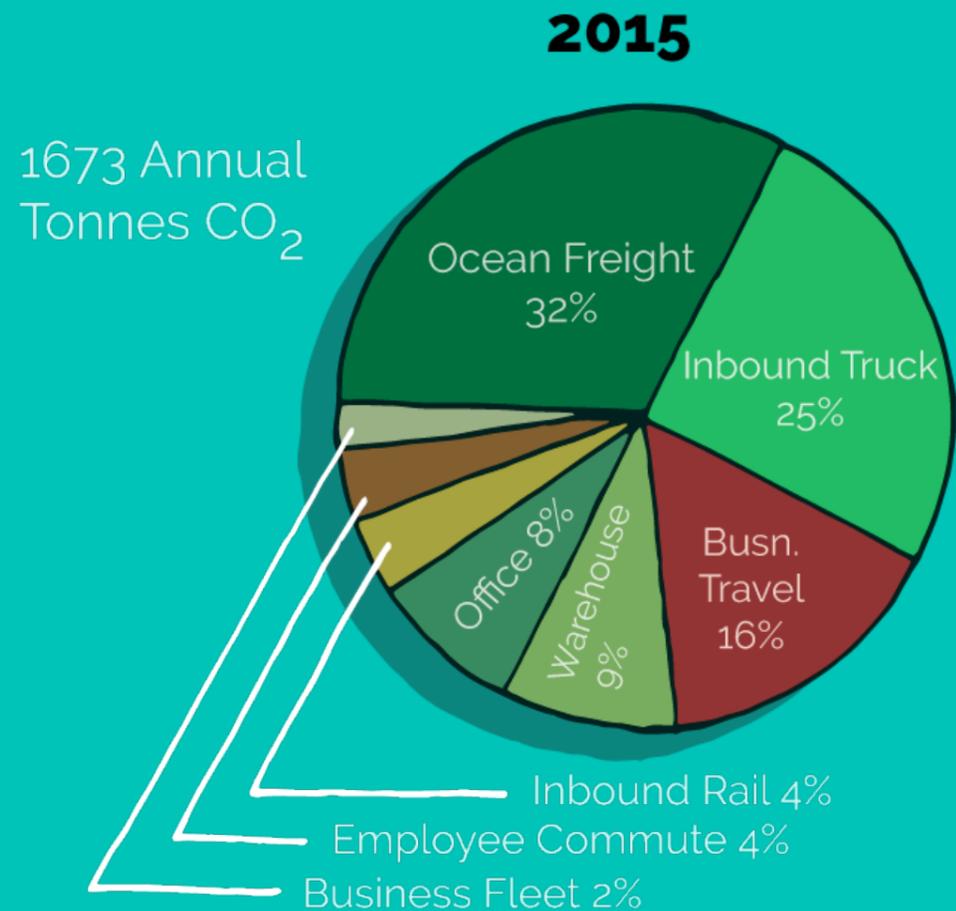
—Andrew Miller, Café Imports Founder



In 2005, Café Imports began its journey toward carbon neutrality. At the time, this was still a relatively new concept—especially for small business. [Trees for the Future](#) is a global nonprofit established in 1989 to revitalize lands by providing farmers with tree seeds, technical training, and on-site planning assistance. They are responsible for planting over 115 million trees worldwide. Partnering with Trees for the Future, we purchased 80,000 trees to be planted in Central America. Based on studies published by the EPA and Forest Services, we know that a single tree planted in the humid tropics can absorb, on average, 50 pounds of carbon dioxide annually over a 40-year lifespan. Over that 40 years, that single tree will have sequestered approximately 1 ton of CO₂ out of

the Earth's atmosphere. We also know that not all trees will live for 40 years, and some may live longer. To account for this mortality rate, we would need to plant 5 trees to ensure that 1 of them lives at least 40 years. With the help of Trees for the Future, we performed a full carbon audit of our import business. With a calculated annual carbon footprint of approximately 1300 tonnes, we can estimate that those 80,000 trees planted in the tropics would make Café Imports carbon neutral through the end of 2016. While there are many ways in which a company can attempt to offset their carbon footprint, we have found planting trees to be one of the most efficient and affordable forms of carbon sequestration. Beyond carbon storage, trees provide wildlife habitat, shade, soil retention, beauty, and employment opportunities for those involved in the planting process. In May of 2015 we began the process of reexamining our global carbon footprint. Over the last 10 years, Café Imports had grown from 10 employees to 43. We moved from a 10,000 square foot warehouse and office space to a 63,000 square foot warehouse and a separate 10,000 square foot office building. We opened additional offices in Germany, Australia, and Costa Rica. As our team grew, so did our imports, our travel plans, our utility bills, and subsequently our carbon footprint.

CARBON FOOTPRINT



Analysis

There are now a plethora of online carbon calculators, and the choices can be overwhelming. The key here is to pay close attention to the data source. We like to see calculations based on widely accepted data, such as that from the EPA, U.S. Forest Service, or other reputable international agencies. We

set out to calculate the mileage on every ocean voyage for every container of coffee. We added every road and rail mile domestically for every pound of coffee to our warehouse docks. We examined every mile on every trip to origin, trade shows, and customer visits. We calculated our utility usage for all of our offices and warehouses. We estimated the footprints of all of our events, office supplies, employee commutes, and our local deliveries. Once we were confident in

the numbers, we set out to brainstorm ways in which we could chip away at our total carbon footprint through reduction in 2016. Based on our audit, we know that shipping and travel account for nearly 75% of our carbon output. These are necessities in the import business, and reducing those numbers proves to be very difficult. We moved 70% of our inbound trucking to the railroad, reducing our domestic

footprint significantly. We installed a 10,000 Watt solar array in our parking lot to offset nearly 7 mt of CO₂ annually from our electric usage. We implemented an Employee Commuter Rewards program to encourage biking, car-pooling, public transport, and healthy lifestyles. By the end of 2016 we were able to reduce our annual carbon output by 171 metric tonnes.

Staying Carbon Neutral



"This new effort in 2017, a charitable effort by the ownership of Café Imports, guarantees again that all of our coffee is carbon neutral by the time it arrives at our warehouse"

—Andrew Miller, Café Imports Founder

Café Imports is extremely excited to announce a new carbon offset project with [Trees, Water & People](#). TWP has been planting trees, building cook stoves, and greatly increasing the quality of life for people in Central America since 1998. We have found that their mission of improving lives while helping to manage natural resources is something that aligns with Café Imports' core values and business practices. TWP is led by cofounder Richard Fox, who spent many years prior working in forestry and natural-resource conservation. In our search for a new partner for some of our environmental projects, we were looking for a history of successful projects, but also for traceability and transparency. With Trees, Water & People we have found all of these and are pleased to know that our carbon footprint will be offset through 2018 with this highly respected and reputable organization.

It is important to note that we refer to this TWP project and all of our carbon offset projects as a necessary cost of doing ethical business: They are base-line investments from Café Imports and are not connected to or reflected in the premiums of our coffee offerings.

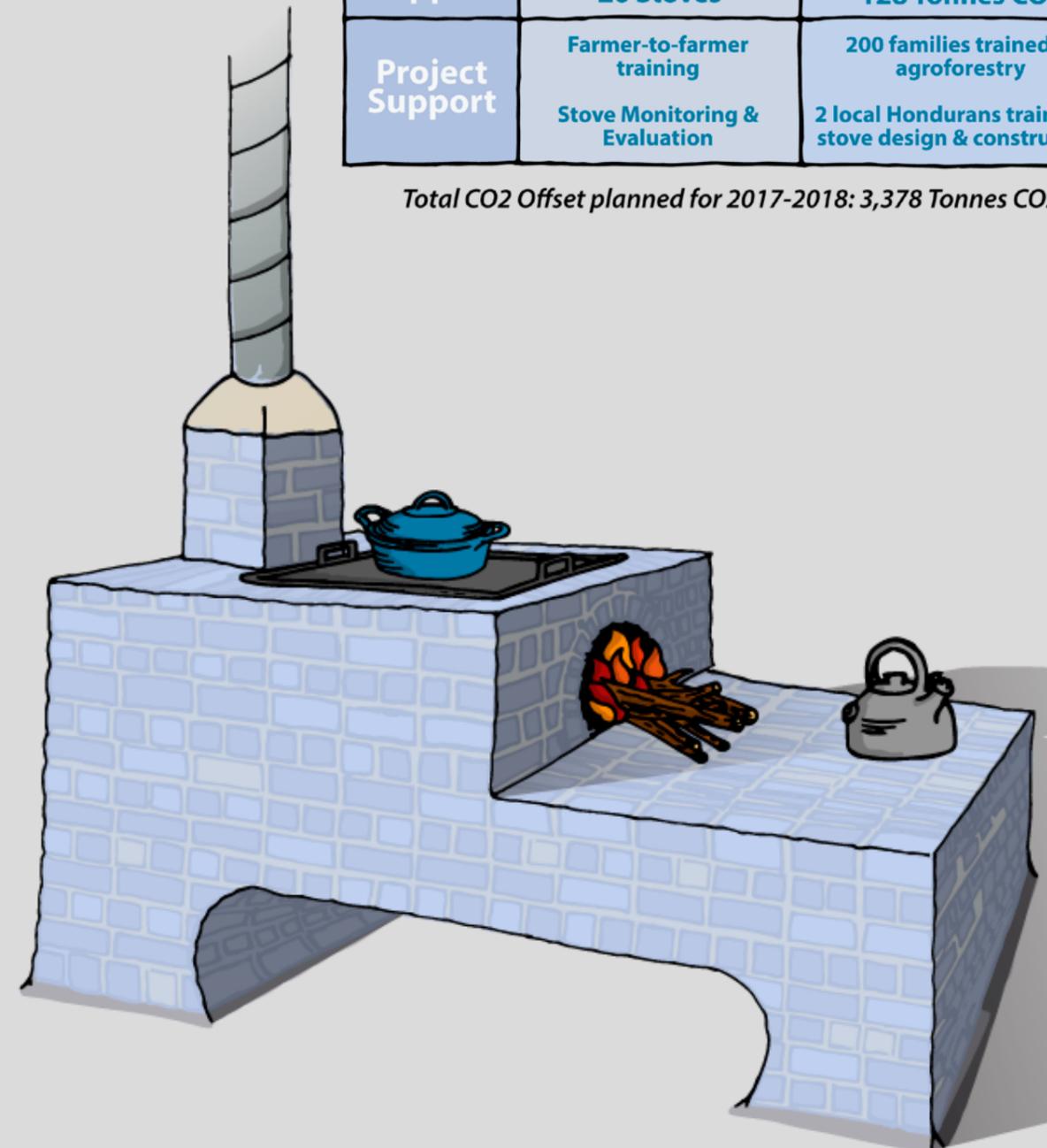
Our partnership with Trees, Water & People focuses on improving farmer livelihoods and

replenishing the forest canopy in the Honduran Highlands. In the Department of Comayagua, Honduras, we will be working with 220 families in 12 coffee-producing communities that face food insecurity, poverty, and the ongoing threats of climate change. The local economy is struggling to recover from the spread of Roya fungus, which devastated coffee plantations in 2013 and 2014. Through TWP's forestry program, we will be planting 7500 canopy fruit and nut trees to diversify coffee farms, as well as 7500 pine and oak trees in forests that have been devastated by pine beetle.

In addition to these reforestation efforts, we will be funding the construction and installation of 20 clean cook stoves within the Comayagua community. These cook stoves are highly efficient and specially designed by TWP. The stoves provide cleaner air for families, versus cooking over open fires, and reduce the pressure on local forests for fuel. TWP has successfully built and installed more than 70,000 of these clean stoves since 1998. Café Imports is proud to continue our status as a carbon-neutral company and to begin this sustainable project with such an influential partner as Trees, Water & People.

Café Imports		Improving Farmer Livelihoods & Forest Canopy in the Honduran Highlands (Impact Summary plan for 2017-2018)		Trees, Water & People	
		Item	Impact		
Offset Support	13,000 Trees	3,250 Tonnes CO2			
	20 Stoves	128 Tonnes CO2			
Project Support	Farmer-to-farmer training	200 families trained in agroforestry			
	Stove Monitoring & Evaluation	2 local Hondurans trained in stove design & construction			

Total CO2 Offset planned for 2017-2018: 3,378 Tonnes CO2



CONTINUED SUSTAINABLE PRACTICES



Recycling // Café Imports makes every attempt to recycle all plastic, paper, cardboard, glass, and metal. We use a no-sort recycling program through our local waste-management company, as well as a plastic film and bag recycling program through a nearby vendor. With employee management and participation, we remove roughly 7000 pounds of waste from landfill per year via recycling.



Composting // We currently have an employee-managed, on-site composting program. All degradable food scraps, coffee waste, and other organic materials are routed directly to our backyard composter. In 2016, we turned 4000 pounds of organic material into healthy black compost to be used as fertilizer on our home gardens.

Energy Efficient Lighting // As part of our ongoing Environmental Progress, Café Imports is making the move to LED lighting in our entire 10,000 square foot office and coffee lab facility. LED lightbulbs use nearly 70% less energy than conventional bulbs and last 20 times as long. In our new warehouse facility we are running 100-percent motion sensed lighting. This means our lights are on only when we are working in a specific area, which has resulted in a significant reduction in electrical consumption.

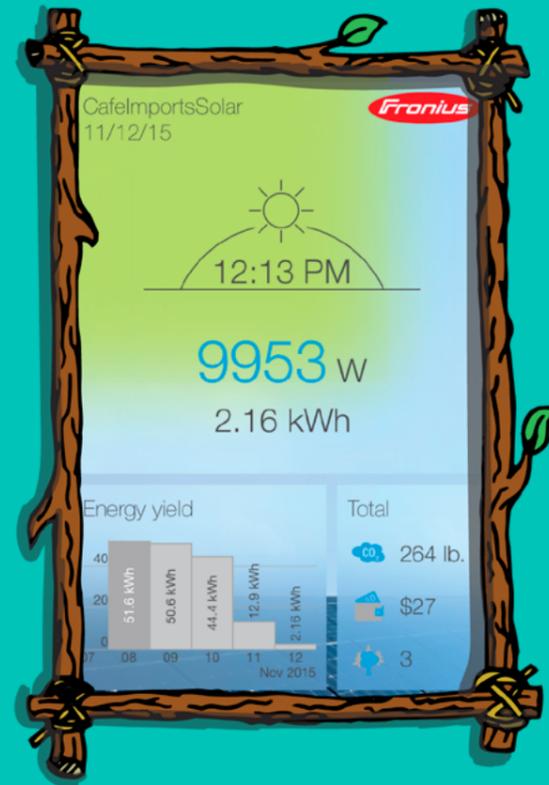


Earthchoice Office Paper // While we continue to reduce our paper usage by moving to all-electronic billing, there are still times when we need to print that hard copy. At Café Imports, all of our office paper is certified by the Forest Stewardship Council. The FSC sets standards for forest products and certifies that these standards have been met.

Commuter Rewards Program // Café Imports is pleased to offer cash rewards for any and all employees who reduce their carbon emissions daily by using public transportation, car-pooling, walking, or biking to work. The goal of this program is to reduce carbon emissions, traffic congestion and auto repair costs, and to promote healthy lifestyles for our employees.



SOLAR ENERGY



In early 2014, we began exploring ways in which we could use alternative energy sources at our home facility in Minneapolis. We set out with the intent of having solar paneling cover our roof; solar power is clean, scalable, silent, and efficient energy -- an absolute frontrunner in our quest for renewable energy. Many weeks, months, and engineering reports later we found that the structural design of our building was not going to allow for the weight of the installation. Down, but not out, Café Imports explored every

viable option for harnessing the sun's energy for our offices. It was determined that a small strip of land at the back of our building could support solar paneling, as long as the panels were installed at a high enough elevation. The resulting 10,000 Watt, pole mounted solar power installation is the largest of its kind inside the City of Minneapolis. It generates an average of 50 kilowatt hours per day, offsetting nearly 7 metric tonnes of Co2 annually.

It should be noted that the City of Minneapolis is a huge proponent of solar installs and is making it

very easy for residents and businesses to take advantage of this renewable resource. While the system will not offset all of our power from the electric company, we will be generating roughly 25% of our electricity from the 36 Solar Panels mounted in our back yard.

We've seen the cost of Solar Energy begin to drop significantly over the last few years. More contractors are taking on the installation process, cost of equipment continues to drop, and energy companies are jumping on board with

incentives and rebates making solar installation a viable alternative to coal-based non-renewable electricity. As more and more businesses and homeowners make the financial commitment to renewable energy sources, we can expect the costs to continue to fall. With the incentives from Xcel energy, the 30% Federal Tax Credit, as well as the monthly return on our electric bill, we hope to have the system completely paid for by 2020.

CERTIFICATIONS



Continuing Certifications for 2017



We carry a number of certifications within our coffee offerings with programs that promote sustainability, business ethics, or transparency in their farming & supply chain practices. These certifications include Organic coffees, Fair Trade, Fairtrade U.S.A., Rainforest Alliance, and Non-GMO project verified. As an importer, it is our responsibility to carry forward these certifications and to meet all qualifying standards so that coffees coming in and

out of our warehouse remain certified, all the way to the next link in the chain.

Since 2002, we have been certified as an organic handler at our U.S. warehouse by the Minnesota Crop Improvement Association (MCIA). As of 2015, Cafe Imports Europe and our European warehousing facility are certified as an organic handler by PCU Deutschland and Organic Farmers & Growers (OF&G) in the UK, respectively.

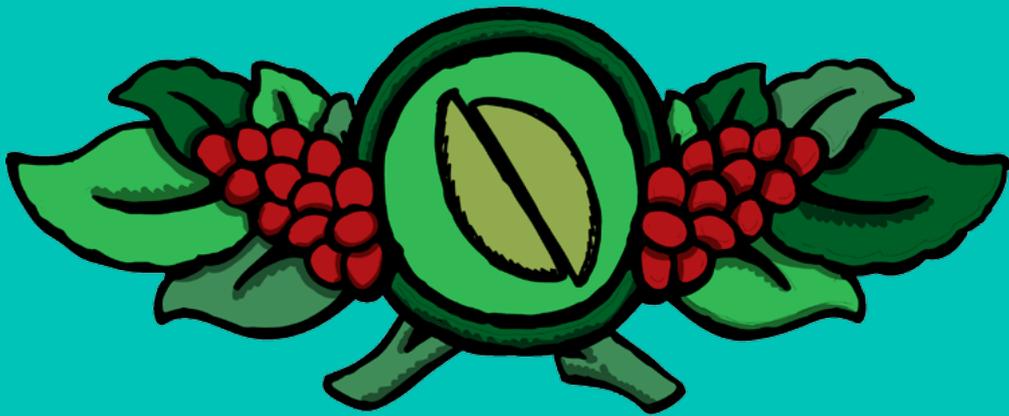


CI HEADQUARTERS

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The environmental commitments we have integrated into our business practices are here to stay. We know there is plenty of room for improvement, but we take pride knowing there are efforts in place. Moving forward, we plan to continue expanding our eco-conscious practices by consistently reviewing our current operations and exploring areas that we can improve. If you have any suggestions, please e-mail environment@cafeimports.com and we will happily consider your input.





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