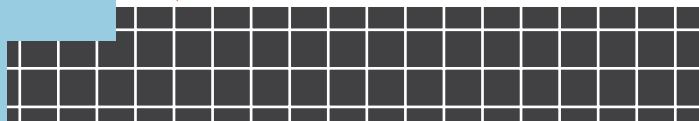
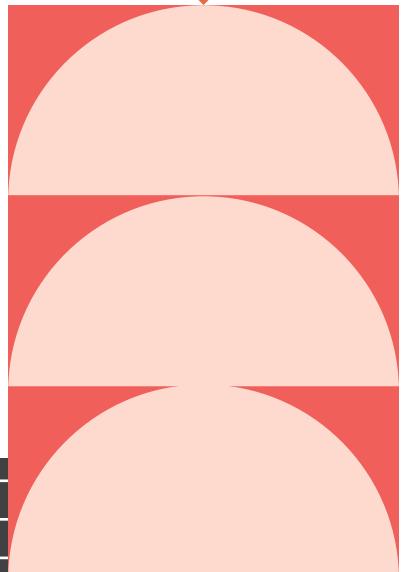


2020

TRANSPARENCY

REPORT



INTRO



WHO WE ARE

Founded in 1995, Counter Culture Coffee has evolved from a small roastery in Durham, N.C., to one of the largest independent specialty coffee roasters in the United States. Now with two roasteries and 13 training centers, we are positioned to lead the specialty coffee industry in the areas of quality, sustainability, and education. We feel that transparency provides another avenue for leadership. Counter Culture created the first ever coffee transparency report in 2009 and has published an annual report every year since. Having reached our 25th year in business in 2020, we remain committed to that transparency and improving our company's impact on our people and planet over the next quarter-century.



OUR VALUES

Quality | We cultivate business relationships with the intent of fostering quality over the long term. On the coffee-purchasing side, we recognize that coffee farms and organizations produce different levels of quality, and we strive to be a business that accepts that reality. We build on this quality through every touchpoint—from roasting and packaging to education to building relationships with customers. We are proud to offer a menu of high-quality products developed through long-term partnerships.

Sustainability | We prioritize continuous improvement. Recognizing that true sustainability is an ever-changing target, we maintain a flexible approach and believe that our decisions will make a difference. After an extensive application process that began mid-2018, we achieved B Corporation certification in 2020. Through our actions, we aim to make coffee a force for good in the world.

Education | We believe the pursuit of coffee perfection includes educating ourselves, our partners, and our customers about coffee's value stream. Our mission is to equip people with the knowledge to make great coffee. That mission permeates all of our educational offerings, from online classes to in-person tastings to this transparency report.

WHY TRANSPARENCY?

Transparency is a philosophy of sharing information freely in an effort to benefit a value stream and its participants. Our first transparency reports detailed our relationships with suppliers—our communication, the quality of the coffee we purchased from them, and the prices we paid for it. We did so to build consciousness around the connection between those metrics and the wellbeing of coffee farmers. Over the past decade, we've continuously examined and expanded what we report on as we strive to use transparency to create a better company and coffee industry. Our transparency reports have helped us understand who we are and work towards becoming the organization that we want to be.

HOW TO READ THIS REPORT

For this year's report, we have categorized content into the following sections:

PEOPLE

PLANET

PRODUCT

FINANCES

SUMMARY

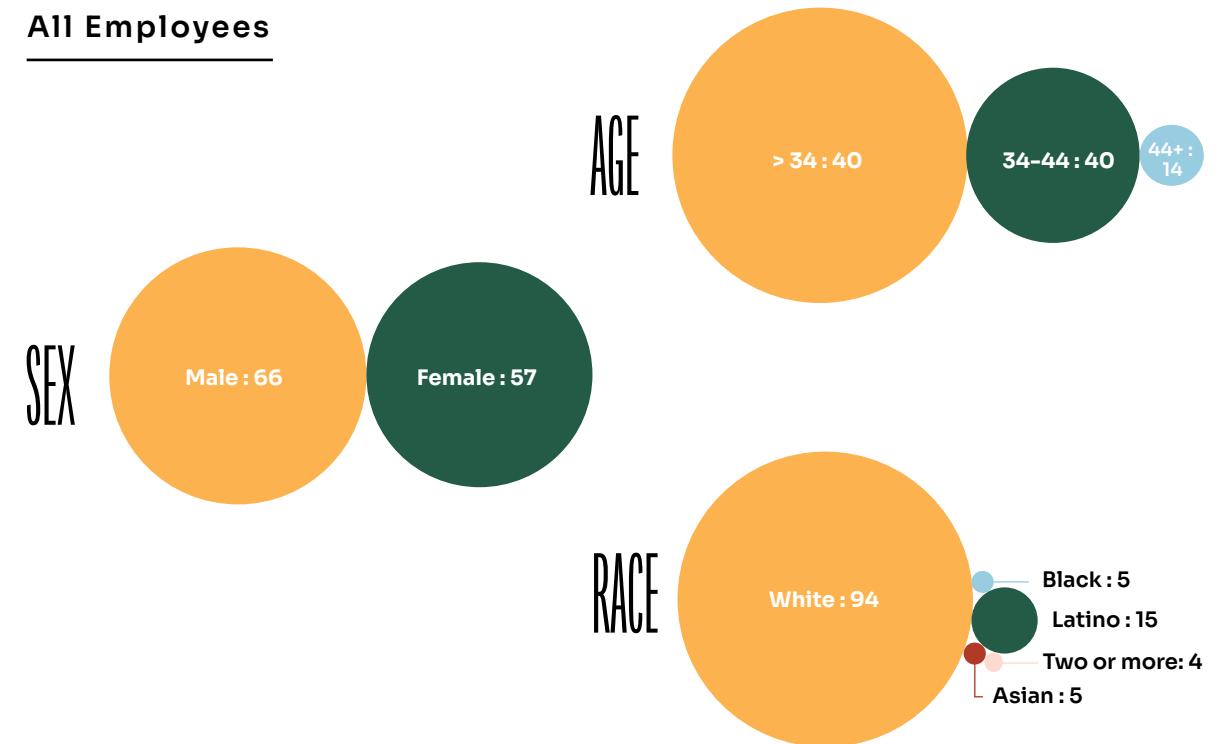
PEOPLE

DEMOGRAPHICS

Demographic information is collected by the federally required race, ethnicity, sex, and job categories through voluntary self-identification.

We recognize that some individuals may identify with categories other than those required by federal law for EEO reporting. We are exploring how to offer options to voluntarily self-identify in categories that reflect our diverse workforce while remaining in compliance with applicable federal and state laws. As of December 31, 2020, Counter Culture **employed 123 people** working full- and part-time in **13 regions** across the United States.

All Employees

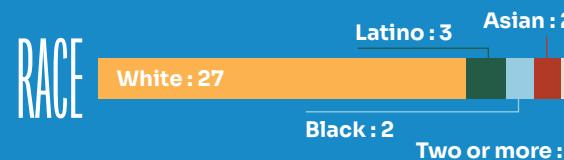


Management

EXECUTIVES & SENIOR MANAGERS



FIRST & MID MANAGERS



Retention

67.1%

Turnover

32.9%

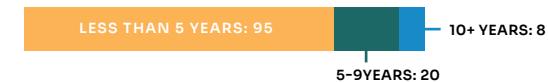
Hires/ Promotions

18 POSITIONS

WERE HIRED IN 2020, 7 OF THOSE FILLED INTERNALLY.



Tenure



Staff By Function

1 PERSON

- Coffee: 4
- Corporate: 2
- CX: 4
- Education: 10
- IT: 2
- HR and Finance: 4
- Marketing: 4
- Operations Management: 4
- Production: 30
- Roasting: 7
- Sales: 21
- Tech: 10
- Facilities Management: 1
- Brand Ambassadors: 20



SUSTAINABLE LIVING

Counter Culture provides employees with benefits to support their sustainability, learning, and healthy living. These benefits primarily take the form of reimbursements in three areas—Green Fund, Pushing Potential Fund, and CSA (Community Supported Agriculture) Fund. In 2020, Counter Culture reimbursed the following:

GREEN FUND \$32,700.39

Employee reimbursement up to \$500 to support sustainability initiatives outside of the workplace.



AMANDA HAKANSON-STACY

I used my Green Fund to purchase fruit trees and perennial vegetable plants for my garden. These allow me to grow more of my own food which is more environmentally sustainable than purchasing food from a grocery store.

PUSHING POTENTIAL FUND \$46,208.18

Employee reimbursement up to \$500 for personal or professional learning activities.



BRIAN RICE

I used my Pushing Potential to purchase a subscription to Vinyl Me, Please's monthly vinyl record club that specializes in reprinting rare, classic, or new-to-vinyl presses. I'm building my record collection, expanding my knowledge and appreciation of music, and bringing relaxation and joy to my work/life balance.

CSA FUND \$6015.08

Employee reimbursement up to \$200 for local food purchased through **Community Supported Agriculture programs** or other food providers with sustainability initiatives.

The two most used CSA's by our employees are:

TALL GRASS FOODBIX

Tall Grass Food Box is a platform to support and encourage the sustainability of Black farmers by aggregating and selling their produce, increasing their visibility, and securing space for them in the local marketplace.

TRANSPLANTING TRADITIONS CSA

Transplanting Traditions supports food sovereignty in the refugee community through access to land, education, and opportunities for refugee farmers to address community food insecurity and the barriers they face in reaching their dreams of farming.



HEALTH & SAFETY

In 2020, we had two safety visits from Encova, a workers compensation company. The purpose of these visits was to assess workplace safety and improve loss control. Based on their recommendations, we made workspace adjustments to improve forklift and electrical safety and increased training in those areas.

We installed a climate control system in our Durham roastery in the fall of 2020 to ensure more comfortable indoor temperatures throughout the year.

Our incident rate for 2020 was 4.98. We had 1 lost time accident in 2020.

VOLUNTEER HOURS

312 HOURS were reimbursed _____ in 2020.

COVID IMPACT

Sudden Changes | COVID-19 had drastic effects on our employee's experiences working at Counter Culture Coffee. In March 2020, we abruptly canceled public-facing events and scheduled travel, closed our Training Centers, shifted all non-essential employees to working remotely, and implemented enhanced safety measures in both roasteries per CDC and OSHA guidelines.

Social Distancing | Social distancing requirements resulted in a reorganization of our Durham manufacturing space and the need for split shifts there. The Wholesale Team pivoted to providing mostly remote service and education, although they made in-person visits more frequently during the second half of 2020. The Coffee Team stopped traveling and started tasting samples in isolation from one another, communicating with suppliers through texts, email, and virtual meetings.

Benefits Extension | We paid a 50% hazard pay bonus to our roasting and production employees from March 2020–August 2020, and a 10% hazard pay bonus from August 2020–July 2021. We extended a complete waiver of cost-sharing for COVID testing and treatment under our health plan and encouraged working parents to take the time off they needed. We paid more than \$89,000 in sick and family leave time for COVID-related reasons in 2020.

Layoffs | As lockdowns went into effect and our wholesale business greatly shrank, we were able to obtain federal funding to retain the majority of our employees from March through July. In July 2020, as COVID's impact on our business became apparent, we laid off 13 people. Of those, four have rejoined Counter Culture.

Although it was a challenging year, we are incredibly proud of our resilient, agile teams and plan to carry forward many of the lessons that we learned in 2020 as we strive to continuously improve our employee experience.

PROGRESS ON TRANSFORMING OUR CULTURE

Last year, we added this section to our transparency report after receiving feedback that our organizational culture had prompted inequalities amongst our people and our teams. The process of recognizing, acknowledging, and then taking action to change our culture has been challenging and is slowly building momentum. Here are the primary actions we took in 2020 towards building a stakeholder-driven organization that is equitable for all of our people:



- ▶ Partnering with Intersections, a diversity and inclusion firm, in June 2020 to perform an in-depth cultural audit. This included hours of listening sessions, anonymous feedback forums, and staff surveys. The recommendations and ongoing collaboration includes utilizing Intersections' expertise for individual coaching, meeting facilitation, training, and strategic planning.

- ▶ Adding a Diversity, Equity, and Inclusion Specialist to our staff in August 2020. This team member spearheads cultural and structural initiatives, manages external partnerships, and contributes to employee relations decisions.

- ▶ Adopting a Grievance and Open Door Policy

- ▶ Strengthening our Equal Employment Opportunity and harassment and discrimination prevention:

- Bolstering policies and streamlining reporting to HR, while also offering alternative pathways to report claims against someone in HR or the President.
- Partnering with Kantola to provide in-depth harassment and discrimination training to all employees, including new staff. Kantola also oversaw specific training for all managers.
- Answering questions and communicating changes through several mediums, including staff Q&A sessions with HR. Providing increased education on internal and external reporting options.

- ▶ Creating space for self-reflection and dialogue about race and racialization through reading "[My Grandmother's Hands: Racialized Trauma and the Pathway to Mending our Hearts and Bodies](#)," a book by [Resmaa Menakem](#). From July through November, we hosted weekly facilitated reading and discussion groups. Approximately one-third of our staff participated in these discussions.

- ▶ Inspired by our group work with "My Grandmother's Hand's," we began hosting bi-weekly "Study Hall" discussion groups in December 2020 to identify and take action against "white body supremacy" in our organization's culture, structures, and policies.

Amidst these changes, we surveyed our employees. Slightly more than half responded, and here are the results:

Q1.

COUNTER CULTURE COFFEE IS TAKING STEPS TO CHANGE IN POSITIVE WAYS.

Disagree=1

4.1

Agree=5

Q2.

I SEE STRONG LEADERSHIP SUPPORT OF THE COMPANY'S VALUE OF DIVERSITY AND INCLUSION.

Disagree=1

3.7

Agree=5

Q3.

I WOULD LIKE TO TAKE A MORE ACTIVE ROLE IN THIS INITIATIVE.

Disagree=1

3.4

Agree=5

Q4.

I AM HOPEFUL FOR MORE CHANGE WITHIN THE ORGANIZATION.

Disagree=1

4.1

Agree=5

Q5.

IF I HAD A CONCERN ABOUT HARASSMENT OR DISCRIMINATION, I KNOW WHERE AND HOW TO REPORT THAT.

Disagree=1

4.3

Agree=5



ORGANIZATIONAL RESTRUCTURE

In 2020, two working groups initiated a deep dive to evolve our organizational structure after realizing that the prior structure was heavily weighted towards stratified leadership. Our new structure intends to include employees from all levels of the organization. Below is the improved organizational structure and the relevant work being undertaken:

Board of Directors | Outside subject matter experts appointed by the CEO to help guide and improve business strategy in an effort to reach company goals.

Executive Team | A team bringing experience and unique expertise regarding their respective areas of responsibility to the business.

B Teams | Composed of departmental leaders and five to 10 staff members, each B Team is tasked with improving Counter Culture's sustainability impact and fostering cross-departmental conversation and teamwork.

Great Game Of Business Team | 10 employees from a range of departments are receiving extensive training in the practice of open-book management and helping implement those practices throughout the organization.

DEI Council | Another cross-departmental team who observes, participates in, and guides discussion and projects meant to enhance equity and inclusion throughout the organization.

2021 WORK IN PROGRESS

Exploring Wage Transparency

Counter Culture believes in the connection between transparency and equity. We are challenging ourselves to expand the information we share about our overall compensation strategy. In 2020, we began holding interactive conversations with employees to discuss the payscale benchmarks that guide the compensation ranges for their position and base salary. In 2021 and 2022, a cross-departmental team will work to brainstorm, research, and ideate ways we can improve pay equity and wage transparency—both internally and externally—in the future.

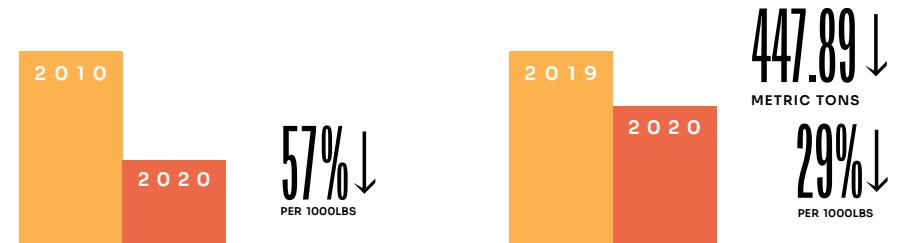
Continuing to Improve our Culture

Counter Culture will continue to measure employee satisfaction and improve the employee experience using the insights gleaned from frequent and in-depth surveys. We will supplement Intersections and Kantola's work with additional training to generate a psychologically-safe and harassment-free culture.

PLANET

CARBON FOOTPRINT

Compared to 2019, Counter Culture Coffee's 2020 carbon footprint decreased 447.89 metric tons or 29% on a per-pound basis. This is not surprising, considering how much less we traveled and used our facilities in 2020. Compared to a 2010 baseline measurement, we have reduced our emissions per 1,000 pounds of coffee sold by 57%.



Total Emissions by Type (Metric Tonnes CO2e): 743.4





LDPE PLASTIC (GRAINPRO/ECOTACT)

LDPE Plastic (GrainPro/ECotact) baled and diverted from landfills **17,165lbs**



B CORP CERTIFICATION

After 25 years in business, 11 years of transparency reporting, and an extensive two-year application process, Counter Culture received B Corporation certification in 2020. B Lab, like us, believes that business can be used as a force for good, and their B Corp certification requires high performance standards when assessing a company's impact. Through our new organizational structure, we are working to raise our score—currently 80.3—before the next assessment period in 2023.

COVID IMPACT

COVID prompted changes that ultimately reduced certain areas of our carbon footprint. We greatly limited business travel in February 2020, slashing our air travel impact by 95.5%. Because we canceled in-person events and many employees were working from home, we used 14% less energy in our facilities.

2021 WORK IN PROGRESS

Sustainability in Teams | Annual transparency reports have helped us improve our sustainability efforts, historically prioritized within our carbon footprint and coffee sourcing. The B Corp framework provides an opportunity to expand our sustainability focus by providing insight into our impact on employees, communities, customers, environment, and governance. Yet, we will only become more sustainable by adding resources to our efforts. By creating and working in cross-departmental B Teams, we are working to improve our B Corp score and our sustainability impact.

Offsets | Over the next two years, we are offsetting our carbon footprint by working with Trees, Water & People (TWP) to implement clean cookstoves in rural Honduran households. The installation of TWP's cookstoves creates jobs in rural communities and reduces both indoor and outdoor pollution, adding healthy years to many lives.

Continuing the Reduction Trend | 2020 forced us to reconsider business practices once deemed essential, and a reduction in some of those activities shrank our overall carbon footprint. Though we are eager to spend time face-to-face with our colleagues and partners, we will critically review when travel is essential. Our goal is to minimize it—within reason—to maintain a diminished carbon footprint.

Optical Sorter
Pound Donated **6,620lbs**



PRODUCT

COFFEE

Since 2009, this annual transparency report has served as a blueprint for our green coffee purchasing practices and a response to chronically low prices in the coffee industry. We believe paying more for green coffee is an important investment in the long-term viability of our coffee-growing partners' businesses and our supply.



PRICES

During the 2019–2020 harvest period Counter Culture bought **3,278,501 pounds of green coffee**. We paid:

- ▶ \$3.12 per pound weighted average FOB* price
- ▶ \$3.00 per pound weighted average FOB for coffees we used in blends
- ▶ \$3.60 per pound weighted average FOB for the highest-quality coffees—coffees we sold as Single-Origin, Limited Release, or Exclusive products

View this year's purchasing data as an [interactive map](#) or a [spreadsheet](#).



2020 FOB* Prices Per lb

*FOB or Free on Board refers to the contracted price of a coffee at the time of export from a country or area of origin.



DIFFERENT BUSINESS PRACTICES

In addition to paying premium prices, we **forward contract** virtually all of our purchases—**99.7%** during this period. That means we enter into a contract to buy the coffee before it leaves its country of origin, in many cases before the coffee is harvested. Sharing our purchase intentions with suppliers ahead of time allows everyone to better plan for costs.

Many roasters buy from different vendors annually depending on quality. Counter Culture takes a different approach. We build **long-term relationships** with producers and producer groups, providing them with the stability and risk mitigation needed to invest in their operations and the quality of their product. During this purchasing period, we purchased **71%** of our coffee from suppliers we've worked with for over 5 years.

Length of Partnership



QUALITY

Quality stems from exemplary practices at every point in a supply stream. The coffee industry consensus is that "specialty coffees" are those which score 80 points or higher on a 100-point scale and contain minimum defects. Our quality assessment team scored the coffees we purchased a weighted average of **86 points**.



PRODUCER SUPPORT

Our Seeds program offers financial grants to producers and producer organizations we work with to implement sustainability projects that they identify as beneficial. We fund this program annually by collecting 1 cent from each pound of coffee sold. In 2019, we also directed \$1 from each pound of Iridescent sold into Seeds. Those two sources accumulated a whopping \$53,310, which funded these 11 projects in 2020. Read more about the projects [here](#) and below:

Avocado Nursery at Kanelite Estate, Kenya

Kanelite Estate created an avocado nursery on their farm with their Seeds grant. Avocado farming is quickly becoming popular in Kenya's agricultural sector, and seedlings and agronomical knowledge are in high demand. The nursery will provide business opportunities to Kanelite's workers to diversify their earnings by teaching them to graft and propagate avocado seedlings for sale in the local market.



Nelson Muchiri, owner of Kanelite Estate

Gender Equity Training for Cenfrocafe, Peru

Longtime Counter Culture partner Cenfrocafe used Seeds grant funding to participate in the Partnership for Gender Equity's Virtual Learning Journey sessions. The program brought together members of coffee and cacao producer organizations throughout Latin America to share experiences and deepen their understanding of how gender equity policies benefit their members and communities.



Community Garden at Bufcoffee, Rwanda

Our longtime partner in Rwanda, created a school garden with its Seeds grant. Bufcoffee, built the garden at the Umumvumu Kindergarten to provide food for school meals and for distribution to the nearby community. Additionally, training in garden maintenance and composting will help families increase the quality and yields of their home gardens—often a major food source for producers in the region.



Apiaries at Valle de Incahuasi, Peru

Through the Seeds grant, the Valle de Incahuasi cooperative invested in apiaries for 24 of its coffee-producing members. Beekeeping complements coffee production, as the presence of pollinators increases the productivity of coffee trees and the health and conservation of other nearby flora and forest plants. Additionally, honey production provides steady, supplemental income for members.



Organic Fertilizer at La Golondrina, Colombia

La Golondrina used its Seeds grant to construct a "biofabrica" to produce liquid organic fertilizers from production excess. Capturing these organic inputs returns nutrients to the soil and helps the farmers in the area of Guayabal increase their yields while producing high-quality coffee.



Organic Compost at Concepción Huista, Guatemala

Concepción Huista used Seeds funding to construct a compost facility that serves 40 producers. The facility will recycle coffee cherry husks and the water used during coffee processing into a useful soil amendment. An agronomist will oversee the process and train the cooperative's members on effective land application of the finished product.



Water Treatment at Idido, Ethiopia

The Idido and Koke Cooperatives used Seeds grant funding to improve their wastewater treatment systems, which had previously overflowed during peak harvest. The Cooperatives used funds from this grant to plant vetiver, a deep-rooting grass capable of tolerating and absorbing pollutants in wastewater. As a result, the coffee processed by more than 3,000 smallholder farmers is more sustainable, and its production won't contaminate its surroundings.



Fruit Trees at Cinco De Junio, Nicaragua

The Cinco de Junio cooperative received funding to distribute grafted fruit trees to roughly a third of its members. Many of the recipients are single mothers and heads of their households. This project will increase food security and diversify income sources, as the fruit produced will either be consumed in the home or sold locally. Additionally, the project will provide materials and training on worm composting to increase soil health, benefitting both the collective's fruit and coffee trees.



Water Treatment at K'uychi, Colombia

This grant helped the 29 members of K'uychi construct water treatment systems on their farms. This shift not only prevents contaminated water from entering water sources downstream, but will also allow the purified water to eventually be reused to nurture crops.



Members of the K'uychi group

Quality Training at Mountain Harvest, Uganda

The 36 farmers in Nakayombo village installed drying infrastructure and are undergoing processing training through their Seeds grant. These farmers work with Counter Culture's partner, Mountain Harvest, to boost profits through enhanced quality. Mountain Harvest will gather and share insights gleaned from this project with similar producers in the region.



Plant Nursery at Intango, Rwanda

Intango used Seeds funding to plant a nursery, which will distribute both coffee and shade trees to farmers working with Roots Origin in Karongi, Rwanda. Coffee trees in this region are often older and less productive. Using these seedlings, farmers are renovating their plots to increase both yields and quality.



IMPACT ASSESSMENT

We strive to source coffee in a way that enables sustainable production. We've partnered with Enveritas to help us understand how close we are to achieving that ever-evolving goal. Enveritas verification measures farm-level performance across dozens of sustainability indicators. During this reporting period, Enveritas surveyed farmers selling coffee to four certified organic cooperatives we work with in Guatemala and Peru, representing 26% of our purchases. These high-level results give a glimpse into the sustainability of the coffee sector in these regions of Guatemala and Peru and how our partners and our sourcing model impacts it.

Sustainability Scorecard



Workers can leave freely. Spouses and children are not required to work. Personal property is not withheld.



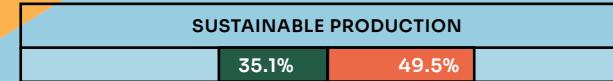
No one under the legal minimum age is employed or engaging in dangerous work. Farmwork does not interfere with school.



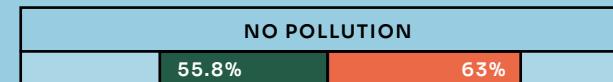
The price farmers report receiving from selling coffee. This price is inclusive of what farmers receive from selling coffee to Counter Culture, but not exclusive to those lots.



Families have an income above \$3.10/day per person.



Farm yields are at local best practice levels. Trees are upkeep. Processing facilities are at efficient capacity levels.



Effluent waste is treated to prevent contamination of water bodies. Byproducts are recycled. Trash is properly disposed of.

*  Regional Average *  CCC Supplier Average

While there are no simple solutions to the complicated sustainability challenges of coffee production, we believe sourcing practices—ours and our industry's—can make a difference. Gathering and sharing this information is part of our commitment to building better supply chains for our customers and a better specialty coffee industry.

**The percentages shown reflect the average number of farmers in the different survey pools meeting all criteria for the standards.*



WORLD COFFEE RESEARCH SUPPORT

We continued our support of World Coffee Research (WCR) in 2020 by contributing **\$13,196** to fund their organization. An additional **\$2,720** was matched by our Importer partners.

We also helped WCR execute an important project in September of 2020. Core to WCR's work is increasing farmers' access to coffee varieties with higher productivity, disease resistance, and cup quality. Since 2015, WCR's researchers have facilitated a global variety exchange and developed new hybrids, monitoring these plants' environmental resilience on research plots around the world. The next step in their trials was gathering information on the quality of the coffees in order to determine their market potential. Counter Culture roasted the sample kits of 29 F1 coffee varieties and sent them to professional cuppers around the world for tasting feedback. This was integral work to facilitate a project that aims to create better farmer livelihoods and a stronger coffee sector.

COVID IMPACT

COVID brought us to the realization that life can reach extremes we never thought possible. The worst effects have been on the people that provide part-time labour to the coffee farms, as many other employment options have closed. Kamavindi has supported our neighbors by giving them free water from our coffee processing tank to use on their farms when we are off-season. It's illegal in Kenya to use tap water for irrigation and agriculture, and providing irrigation water from our tank allows our neighbors to make extra income from horticulture.

-Peter Mbaturo, Kamavindi Estate

Caravela, by having people on the ground in Latin America and at every step along the way, has been able to maintain operations during the pandemic. We don't need to travel to Latin America to buy coffee, because we're already there. We implemented protocols in our facilities to ensure the safety of our staff and have increased the frequency of communication with our customers to make sure that everyone is well connected and informed.

-Badi Bradley, Caravela Coffee

When COVID hit, I lost one of my clients whose business slowed down significantly. There was a lot of uncertainty—not a good space to be in while running a business. I was worried for my staff/team in the event that they or their families got sick.

-Gilbert Gatali, Roots Origin/Intango

When the pandemic started, we were in the last pick of the harvest and shipments had started. With the country in lockdown, we had to reinvent everything. We needed to get special permits and figure out a way to comply with all health protection regulations in order to fulfill our commitments to our clients and continue to provide work for our employees. Perhaps the most difficult part of 2020 was when we found out that, despite all the protections, everyone in our family tested positive for COVID. At that time, there was no free space in any public or private hospital. Even more difficult was isolating ourselves to protect the people who work with and are close to us. They were not infected, thank God.

-Marysabel and Moisés Herrera, Finca El Puente

Stories from our Suppliers

The COVID-19 pandemic was an unexpected crisis that brought many challenges with it. We had some issues during the exporting season due to the closure and delays of all shipping companies and the shortage of containers at a global level. That forced us to have to hold our inventory for a longer period, increasing our financial costs and decreasing our profit margins. Undoubtedly, the pandemic has caused great hardships to everyone around the world. But we have great partners and clients that have stood by us during these difficult times, and we are grateful to them for their continued support and trust.

-Tania Ferrufino, Sabio Coffee/Finca Aurora

COVID-19 hit right when I joined YCFCU. I was responsible for working through the situation and following safety procedures I wasn't sure of or confident in. In the community, there was the same feeling of frustration. Some members were afraid to come to Addis Ababa (where our warehouse is located) and truck drivers were not willing to go to Djibouti (an epicenter of the virus in March) to export coffee. Because of that, some of our shipments were delayed.

-Erkehun Woldegiorgis Hirbaye, Yirgacheffe Coffee Farmers Cooperative Union

In August 2020, when the pandemic was very difficult in Guatemala, the board of directors of Manos Campesinas decided to use the common budget to support farmers, transferring the equivalent of \$75,000 amongst all members to enable farmers to help themselves and their family in case they became sick. Manos Campesinas also delivered masks and sanitizer kits to each member. COVID restrictions did not significantly impact coffee production, but travel restrictions made it difficult to access food.

-Miguel Mateo, Manos Campesinas

Maintaining Relationships Long-Distance | Since February 2020, in lieu of traveling to coffee-producing countries for in-person visits, we've kept in touch with our supply partners via texts, video chats, and emails. Our model of working with the same suppliers year after year alleviated the difficulties of communicating through these less-personal mediums.

Cupping | Tasting coffees is a vital part of our work. In our two roasting facilities, strict social distancing policies were enacted and our personnel cupped samples in isolation from one another, communicating scores and notes through email and virtual meetings.

EDUCATION

The goal of our education program is to create cutting-edge coffee people. Prior to March 2020, much of our education happened in hands-on, local classes. In March 2020, our Education Team, along with educators across the globe, made an impressive and necessary pivot due to COVID: we eliminated all in-person classes in favor of online learning. Here's how our educators disseminated knowledge throughout 2020:

TASTINGS AT TEN

JAN-MAR 14



2,359 ATTENDEES

PROFESSIONAL
DEVELOPMENT

2,359

STUDENTS

COFFEE AT HOME

387

IN PERSON

377

10

VIRTUALLY

STUDENTS

ONLINE COURSES/
TRAININGS

32

LIVE LEARNING
SESSIONS

3,276

COURSES
COMPLETED
IN COUNTER
INTELLIGENCE
ONLINE

TOTAL EDUCATOR HOURS TRAINING

2,823 HOURS

2,632

WHOLESALE

191

HOME

COVID IMPACT

- ▶ On March 13, 2020, we hosted our last Tasting at Ten in our Training Centers. By March 17, the Education Team had launched virtual Live Learning Sessions to continue supporting our wholesale partners from a safe distance using Counter Intelligence Online.
- ▶ The pandemic delayed our plan to complete AST Licensure in each region. We had hoped to be launching three modules (Barista, Brewing, and Sensory Skills) in 2021, but the events of the past year forced us to adjust our plan. Our goal with AST Licensure is to make our programming more accessible to all levels of coffee interest, connect our wholesale partners to the Specialty Coffee Association (SCA), and provide our educators with a globally-recognized training certificate.

2021 WORK IN PROGRESS

Enveritas Verification | During the next harvest cycle, Enveritas will verify and assess the sustainability of more than 1 million pounds of coffee we purchase. These verification results will be shared with our suppliers and the industry via future transparency reports. Through these results, we aim to encourage a deeper understanding of and commitment to addressing the sustainability challenges confronting our suppliers and our industry.

Launching New Coffee Training and Education Programs | Though we had to adjust our timeline due to the pandemic, we're still planning to offer Authorized SCA Training. We are in the process of becoming licensed to bring the SCA curriculum to both our wholesale partners and online customers in 2021. We plan to launch the Barista Module in Q1 of 2022. We are also obtaining licenses for the Brewing and Sensory Skills Modules to begin later in 2022.

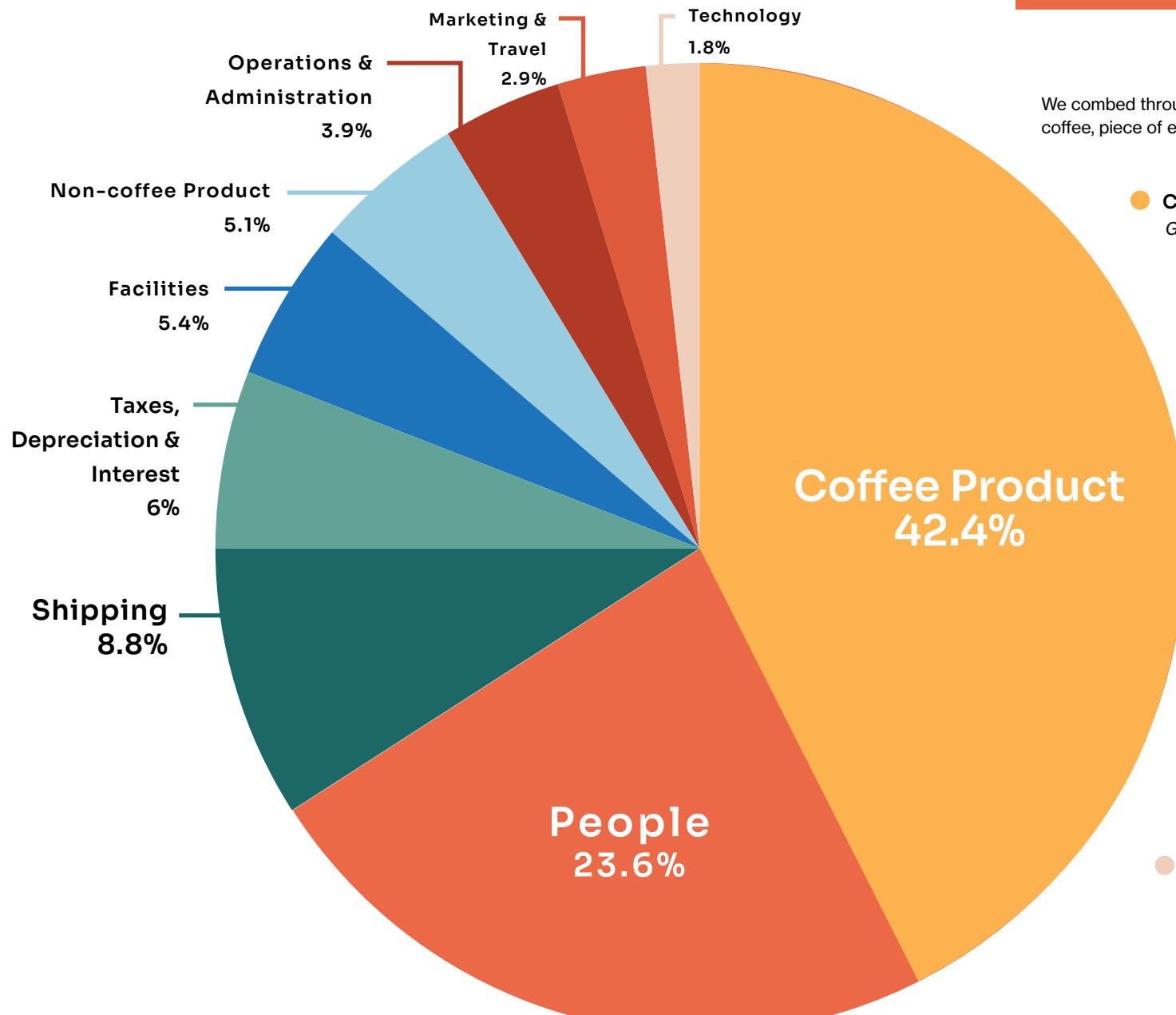
FINANCES



This past year was a volatile one for most businesses, and Counter Culture was no exception. In March 2020, when shelter in place orders went into effect in many U.S. cities, we saw a sharp decline in overall pounds of coffee sold. That decline in sales coincided with an immediate shift in the configuration and fulfillment of the remaining pounds. Grocery and online business surged, but increased costs associated with materials, shipping, and hazard pay reduced margins. Additionally, our fixed costs for facilities as a percentage of sales increased because overall sales volume had decreased.

The stress of the situation sapped employee morale. Every aspect of our business was challenged. In April 2020, Counter Culture applied for a Paycheck Protection Program (“PPP”) loan through the U.S. Small Business Administration. We used \$1.3 million in PPP funds to keep our full staff on payroll as long as possible, until July 2020.

In 2020, Counter Culture saw a Net Ordinary Loss of \$827,000, without taking into consideration PPP loan forgiveness—obtained in April 2021. The process to receive full forgiveness involved a diligent review of specific criteria by both the lender and U.S. Small Business Administration.



We combed through our 2020 financials to show how we spent our income—from every pound of coffee, piece of equipment, class of coffee education, and item of merchandise sold:

- **Coffee Product**
Green coffee, transportation of green coffee to our roasteries, consumer-ready packaging
- **People**
Employee salaries and benefits
- **Shipping**
UPS and USPS shipping to send product to customers
- **Taxes, Depreciation & Interest**
Sales and business taxes, interest, and depreciation of assets
- **Facilities**
Rent, utilities, and maintenance expenses at 13 Training Centers and 2 roasting facilities
- **Non-coffee Product**
Non-coffee products we sell, such as equipment and merchandise
- **Operations & Administration**
Educational and lab materials, tech supplies, office supplies, professional fees, Seeds Fund, and World Coffee Research contributions
- **Marketing & Travel**
Advertising, commissions, and employee travel
- **Technology**
IT services and computer equipment

SUMMARY

2020 was immeasurably hard on our people, our operations, our partnerships, and our humanity. We faced unprecedented challenges that brought difficult decisions, not all of which we got right. We're proud of the resilience of our people and partners. We're proud that we still found ways for our business to do good during challenging times. Looking ahead, we're incredibly invigorated to collaborate, innovate, and improve.

PEOPLE

WHAT WE'RE MOST PROUD OF

- ▶ Advancing our diversity, equity, and inclusion efforts through new policies, partnerships, and cultural and structural initiatives.

PRIORITY FOR IMPROVEMENT

- ▶ Continuously improving our employee experience. Proactively gathering employee feedback. Reflecting on our culture via more thorough reporting.

PLANET

WHAT WE'RE MOST PROUD OF

- ▶ Reducing our carbon footprint
- ▶ Becoming a Certified B Corp!

PRIORITY FOR IMPROVEMENT

- ▶ Improving our B Corp Impact Assessment score, currently 80.3, and becoming more sustainable.

PRODUCT

WHAT WE'RE MOST PROUD OF

- ▶ Maintaining the quality of our coffee, education, and customer support during unprecedented and challenging times.
- ▶ Funding 11 Seeds Projects in coffee-producing countries and providing farmers with sustainability verification and resources through our partnership with Enveritas.

PRIORITY FOR IMPROVEMENT

- ▶ Helping suppliers address their sustainability issues through third-party verifications. Increasing awareness of and demand for coffees from more sustainable sources.
- ▶ Completing AST Licensure in each region, which will bring the Specialty Coffee Association's Coffee Skills Program to our customers and provide our educators with a globally-recognized training certificate.

THANK YOU

THIS TRANSPARENCY REPORT REPRESENTS A TEAM EFFORT FROM MANY OF OUR COFFEE-DRIVEN PEOPLE.
THANK YOU FOR READING IT, AND PLEASE DON'T HESITATE TO SHARE YOUR COMMENTS OR QUESTIONS WITH
THOSE COFFEE-DRIVEN PEOPLE! YOU CAN EMAIL YOUR FEEDBACK TO LISTEN@COUNTERCULTURECOFFEE.COM.