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PURPOSE



PURPOSE

“The Transparency Report is both a reflection of our reality and a driving force to push ourselves to get better every year.”

-Brett Smith, President and Founder



Palimpsest of branding at Durham HQ when we moved, 2016.

OUR HISTORY

Counter Culture Coffee was founded in 1995 and has grown from a small roastery in Durham, North Carolina, to one of the largest independent roasters in the United States, with two Roasteries and 13 Training Centers*. Counter Culture has been continuously innovating in the coffee industry for 25 years—setting the standard for quality, sustainability, and education.

In 1995, we roasted our very first bag of coffee for Pop's Trattoria, a local restaurant in Durham. We hosted our first public cupping in 2002. In 2015 we went bicoastal with the addition of our Bay Area roastery. And in 2019, we celebrated opening the doors of our 12th Training Center in Miami, Florida. See a detailed company timeline [here](#).

This year marks our 11th Transparency Report. [Look how far it has come](#) since 2009! This report is an opportunity to reflect on 2019, as we celebrate how far we've come in our first 24 years of business, and look forward to the future.

*These numbers reflect our facilities as of October 2020.

OUR VALUES

At Counter Culture, our foundational principles are quality, sustainability, and education. These three pillars guide our decisions, both long-term and day-to-day, as we serve as a meaningful global brand that inspires positive change.

Quality | We cultivate business relationships with the intent to foster 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 is inclusive of that reality. We build on this quality through every touchpoint—from roasting and packaging, to education and our relationships with customers. We are proud to offer a high-quality menu of products, and even more proud to do so through long-term partnerships.

Sustainability | We value continuous improvement. Recognizing that true sustainability might actually be an impossible goal, we maintain a positive attitude that we *can* make decisions that *do* make a difference. 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. A true commitment to creating cutting-edge coffee people would not exist without our education programming, which equips people with the knowledge to buy great coffee and empowers them to brew it well.



Staff holiday party, 1995.





HOW TO READ THIS REPORT

Gathering the information for this report every year is a big undertaking, and it sometimes can feel like that alone is in and of itself the goal. But, the purpose of our annual Transparency Report is to build trust by sharing real data, to promote transparency in the coffee industry, and to be a physical account of how closely we have adhered to our beliefs, as well as how far we still need to go.

Our company and this report evolve every year. For this year's report, we have categorized content in three sections:



PEOPLE



PLANET



PRODUCT



PEOPLE



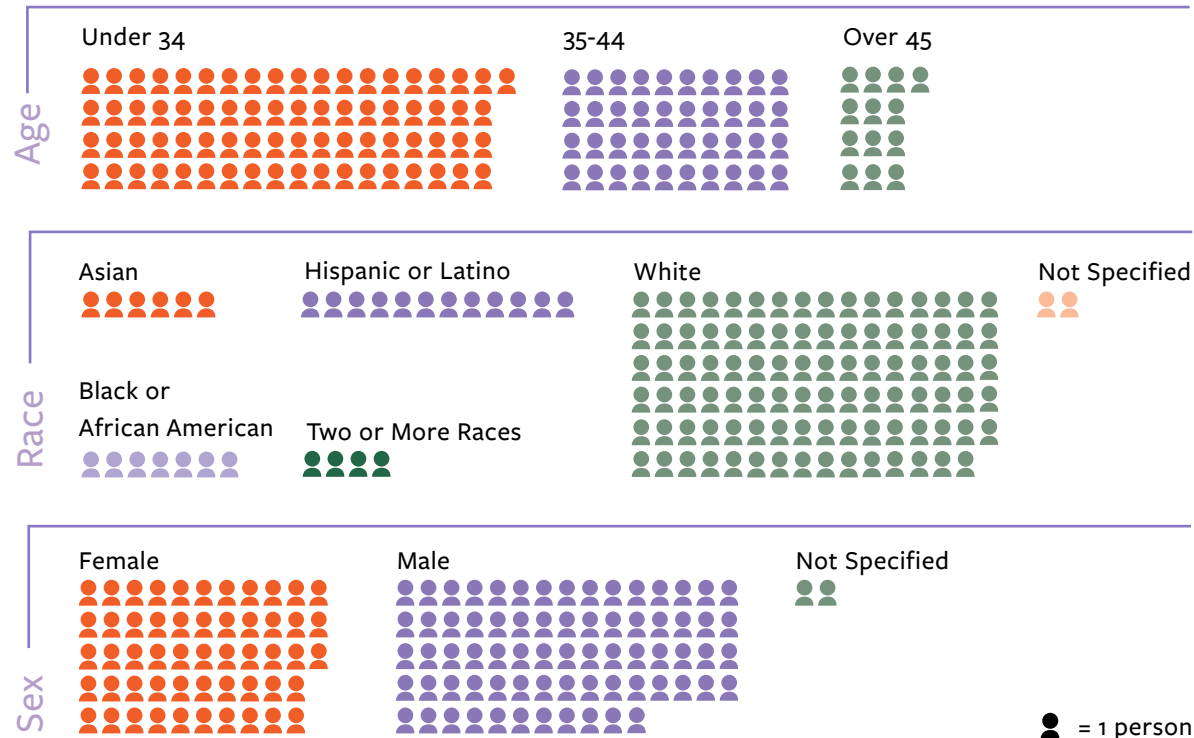
PEOPLE

What is a business but an organization that creates value for better lives and a better planet? This portion of our report is a new addition this year, and it highlights our staff at Counter Culture, or, as we say, our Coffee-Driven People bringing you People-Driven Coffee.

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, 2019, Counter Culture employed 126 full and part-time people working in 13 regions across the United States.



Management Level by Sex

Executive & Senior Management



First & Mid-Level Managers

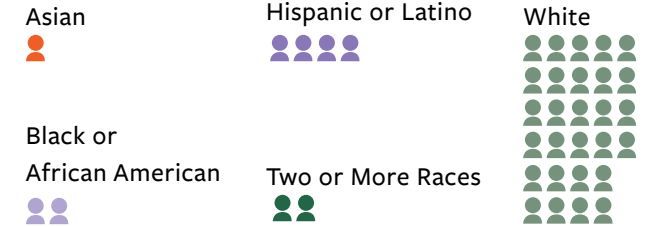


Management Level by Race

Executive & Senior Management



First & Mid-Level Managers





Staff by Function



Coffee



Corporate



Customer Support



Sustainability (part-time)



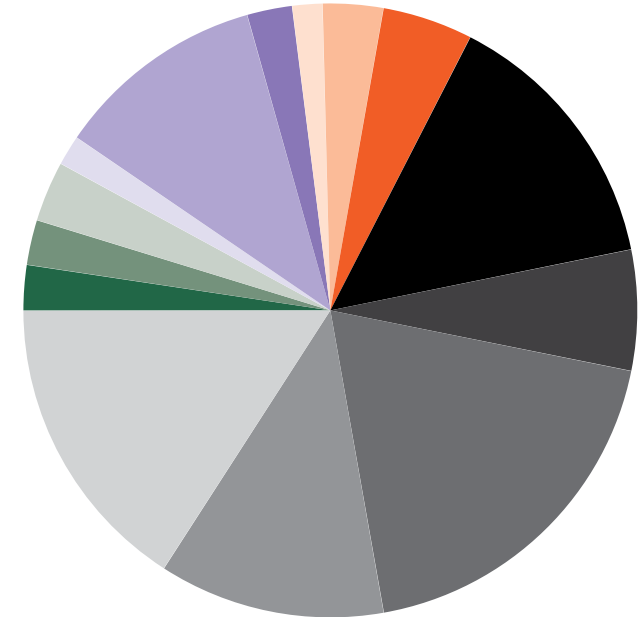
Education



HR & Finance



IT



Marketing



Operations Management



Production



Roasting



Sales



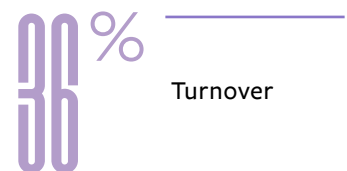
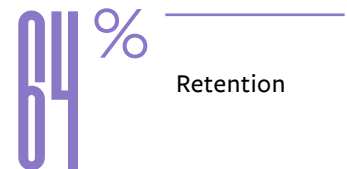
Technical Services



Brand Ambassadors (part-time)



Retention & Turnover



Tenure

Less Than 5 Years



5-9 Years



10+ Years

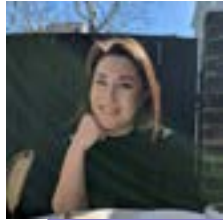


SUSTAINABLE LIVING

Counter Culture provides benefits that support sustainability, learning, and healthy living in employees lives. In 2019, Counter Culture reimbursed the following:

Green Fund - \$20,000

Employees can be reimbursed up to \$500 to support sustainability initiatives outside of the workplace.



“I used my Green Fund benefit for my **yoga practice**. This allowed me to expand on daily meditation and deal with the stress that life and work throw my way. I have enjoyed supporting a local women-owned and operated yoga studio in Charleston. I believe that sustainability starts with yourself and your daily practices—if you can truly take care of your mind and body it will allow you to look outward and extend care and other sustainable acts in every aspect of your life. Namaste!”

Audre Langbartel | Sales | Charleston



“I used my Green Fund benefit for a commercial **composting** service because it was the best fit for our lifestyle. We don’t own our place so it didn’t make sense for us to start a heap at the place we were renting. The service, Compost Now, swaps our bin bi-weekly in exchange for compost credits we can take advantage of for our container garden. We combined our compost bin with a small 2-liter trash can and municipal recycling to force us to divert as much waste as possible. We’ve been aspirational composters in the past and this system allows us to meet our waste diversion goals”.

Diego Castro | Tech Services | Durham

Pushing Potential Fund - \$26,343

Employees can be reimbursed up to \$500 for personal or professional learning activities.



“I used my Pushing Potential funds to cover entry into the **Court of Master Sommeliers level 1 exam**. I like wine for many of the same reasons I like coffee—there is an amazingly complex beverage that represents the people that make it and the place it comes from. As an educator, I spend my time talking to baristas and consumers about the smell, flavor, and texture of coffee, and it was incredible to practice focusing those sensory skills on understanding wine instead.”

Travis Beckett
Education | Seattle



“My Pushing Potential fund was a great way for me to invest in my passion project of **music production**. My new monitors and controller completed my mobile DJ setup, which allows me to perform and collaborate with other artists outside of the studio.”

Jana Baburek
Customer Support | Durham



“I combined my Green and Pushing Potential Funds to build myself a go-anywhere **bike for commuting** to work. I’ve been assembling and maintaining my own bikes for years, but the Pushing Potential aspect encouraged me to try out components that were new to me. The bike’s front wheel has a built in generator that powers super bright front and rear lights, and provides electricity for charging devices. Early morning (and recently evening) trips to HQ now feel much safer.”

Rex McMurry
Production | Durham



CSA Fund - \$6,726

Employees can be reimbursed up to \$200 for food purchased through Community Supported Agriculture programs or other food providers with sustainability goals.



“I used the CSA Fund to purchase a CSA with **Riverdog Farm**. Riverdog Farm is a certified organic farm in Northern California that grows over 80 different crops and a diversity of varieties. They raise chickens and use an integrated pasture grazing system to naturally fertilize trees in their fruit and nut orchard. I first learned about the farm by visiting their stand at the Berkeley farmers market and this benefit helps me forward purchase some of the best produce in the world.”

Katie Carguilo

Coffee | Emeryville



“I’ve been using my CSA Fund for seasonal shares from **Owls Nest** since the farm’s first season in 2016. Liz, the owner, introduced me to a ton of foods that weren’t really in my pantry before (ground cherries! sweet potato greens! kohlrabi!), and also introduced me to my dear friend Jady. She even had me over for dinner at the farm! I got to see how magical exurban nights can be and how tenuous and worthy of investment local agriculture is.”

Lenora Yerkes

Sales | Washington, D.C.



“Our CSA Fund is the reason I’m able to subscribe to the **607 CSA**, which works with several farms from the Catskill region in upstate New York. We pick up our share from a coffee shop a few blocks away from our apartment. Admittedly, I am not a big vegetable eater so this CSA has been really helpful upping the vegetables in my diet. So far my favorite dish has been beet salads! I love beets; they really are nature’s candy.”

Jenna Gotthelf

Education | New York



HEALTH & SAFETY

- ▶ In 2019, we installed new conveyor systems, relocated the shipping station, and added a conveyor belt to our operations floor to improve the ergonomics of our operations process.
- ▶ We reorganized the production floor in August 2019, which laid groundwork for additional online training through [Gemba Academy](#) at both Roasteries. We started training in 2019 and plan for changes to take effect in 2020.
- ▶ [Encova](#) visits our Durham roastery twice a year to identify potential occupational health and safety hazards and recommended solutions. In 2019, these included increased training and formalized safety checklists.
- ▶ Our incident rate for 2019 was 5.25. We had zero lost-time accidents in 2019.





WORK IN PROGRESS

Transforming Our Culture | We added the people section as we are reckoning with feedback we received that our organizational culture has created inequities, inequities that get in the way of creating better lives. To address this, we are working with [Intersections](#) and have hired an internal full-time DE&I specialist. Through this process, we will create a framework to better integrate the values of diversity, equity, and inclusion throughout the organization.

Developing Coffee Leaders | By leveraging our online learning platform for leadership training and more—we are making educational and training opportunities more accessible for every employee at Counter Culture.

Evolving Our Volunteer Time Off Policy | After realizing challenges with a company-wide volunteer day, in 2019, we added 8-hours of Volunteer Time Off for all staff to volunteer with an organization of their choice—with the goal of being more inclusive and adaptive for all staff members.

At Counter Culture Coffee:

Diversity is: Acknowledging, accepting, and embracing the expanse of our human experience. Our differences manifest physically, mentally, culturally. All of these differences can, and must, enrich our lives, our environments, our communities, and our business.

Inclusion is: Ensuring that there are spaces and environments where a diverse group of people are creating culture together. These environments must be created, fostered, maintained, and supported by the institution and the people therein.

Equity is: Taking into account the institutional and personal aspects of the dominant culture that has created exclusion and wounds (physical and emotional) and doing the work to unearth, unravel, and undo ingrained aspects of supremacy culture.



PLANET



PLANET

There are so many touchpoints in a coffee's value stream. We are committed to measuring our carbon footprint—from when green coffee gets to our door to when it reaches our customer—something we've done every year since 2010. We work towards reducing our own impact, as well as supporting efforts that have a positive environmental impact in our supply streams, wherever and whenever possible.

CARBON FOOTPRINT

Compared to 2018, our carbon footprint on a per-pound-basis did not change. Our biggest increase was in Transporting Goods. This year’s calculation includes USPS shipments in our Transporting Goods footprint, an update from last year’s reporting, which included only what we shipped via UPS. Our biggest decrease was in air travel.

In 2019 we shipped more green coffee directly to warehouses close to our two coffee roasting facilities. This reduced our over-the-road shipments from Charleston, SC to Emeryville, CA by 75%—from 16 loads in 2018 to 4 in 2019. Since we don’t currently track the emissions of inbound shipping, this reduction is not reflected in the graph on the right.

Compared to the 2010 baseline, we have reduced emissions per 1,000 lbs coffee sold by 43%.

Total Emissions by Type (Metric tons of CO₂e):

Transporting Goods (UPS & USPS shipping): 331.62

Electricity: 204.56

Heat: 190.87

Air Travel: 137.21

Staff Commuting: 94.49

Road Travel (Staff): 35.1

Garbage: 10.35

Paper: 1.43



A worker repairing GrainPro bags at Caravela’s coffee processing mill in Armenia, Colombia.

We diverted roughly 14,000 lbs of plastic from landfills in 2019.

LDPE PLASTIC | GREEN COFFEE LINERS

Almost every bag of green coffee we receive is lined with a GrainPro or Ecotact plastic bag, an important barrier that prevents moisture and scents from infiltrating coffee on its journey from country of origin to us. These bags have amazing benefits for quality, but unfortunately they are made of LDPE plastic, which is not easily recyclable in most municipalities. The [EPA estimates](#) 5.7% of LDPE is recycled in the United States. Last year, we purchased a baler which allowed us to condense several hundred bags in order to ship them to a recycling center that accepts this type of plastic. Using this system we diverted roughly 14,000 lbs of plastic from landfills in 2019.





In 2019, we donated over 12,000 lbs of re-roasted coffee.

USING EVERY BIT OF COFFEE

Every coffee bean is the product of hard work and we don't want any of it to go to waste. At our roasting facilities, the biggest contributor to our roasted coffee waste stream is the discard from our Optical Sorting machines, like the one pictured above (left). These machines use an electronic eye to sort out the quakers—the immature and underdeveloped beans present in all roasted coffee—from some of our offerings. Eliminating these beans makes the remaining product taste better, but it creates unsellable coffee. We collect the quakers and re-roast them so they taste more like dark roasted coffee, an improvement over the popcorn tasting note that is common of quakers. In 2019, we donated over 12,000 lbs of this re-roasted coffee to Healing Transitions, Trosa, and the Alameda County Food Bank near our Durham and Emeryville locations.



WORK IN PROGRESS

Reducing Our Carbon Footprint | Reduction is the best path forward, but it's not an easy path. To get there, we would like to continue working to shrink our overall carbon footprint on a per-pound basis.

Minimizing Waste In Our Facilities | In 2019, the teams at all 12 of our Training Centers composted their biodegradable waste and recycled. The local teams arranged to donate coffee leftover from tastings and training sessions to organizations like food banks and shelters. Additionally, seven of these teams even kept track of how many pounds of trash went into landfills. We see an opportunity to identify best practices and support creative reduction efforts across all facilities.

Impacting Less While Buying More | Almost 4 million pounds of coffee means more than 25,000 GrainPro and Ecotact bags and packaging materials for more than 2,500 pallets of coffee. Moving forward, we want to explore packaging formats that reduce overall materials used per-pound.

Reassessing 12 oz Packaging | When considering the waste produced by selling roasted coffee, packaging is a big source. This packaging is important: the materials can maintain or degrade the freshness of the product, an important consideration for quality. The look and feel is an important conveyance point of the premium product it contains. We are in the process of auditing our 12 oz bag options and are working towards making a decision that weighs the complex sustainability considerations of the choices.



COFFEE

Since 2009, this annual Transparency Report has served as a blueprint of our green coffee purchasing practices and both a **contrast** and a **response** to chronically low prices in the coffee industry. Though low prices for green coffee have been a persistent issue in the coffee sector, the 2018-2019 harvest period saw [historically low coffee market prices](#). For millions of coffee producers, this price was too low to cover costs of production and the situation threatened to drive many smallholder farmers out of business.

We believe paying more for green coffee and ensuring coffee producers receive greater economic value for their product is an important investment in the long-term viability of our supply.

During the 2018-2019 harvest period Counter Culture bought **3,998,285 pounds** of green coffee.

We paid:

- ▶ \$3.01 per pound weighted average FOB* price
- ▶ \$2.85 per pound weighted average FOB for coffees we used in blends
- ▶ \$3.52 per pound weighted average FOB for the highest-quality coffees—coffees we sold as Single Origin, Limited Release, or Exclusive products

For comparison, the minimum FOB Fair Trade price is \$1.60 and \$1.90 per pound conventional and certified organic coffee, respectively.

**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.*

58

We purchased the nearly 4 million pounds of green coffee from 58 supply streams, in total representing the product of thousands of coffee farmers.

22

Of these 58 partners, we've worked with 22 for more than five years.



We saw the biggest increase in pounds purchased for the coffees that we use in our blends, which are priced lower than our single-origin offerings. Blends are the products that are highest-in-demand from our customers—they made up 77.5% of our sales in 2019. Even though we didn't lower the FOB prices paid for specific types of coffees, purchasing more coffee for the lower-priced blend category resulted in our weighted average FOB price decreasing slightly from the prior year. We forward contracted ~96% of this volume, meaning we entered into a contract to purchase the coffee before it left its country of origin, in many cases before the coffee was harvested. Sharing our purchase intentions with suppliers ahead of time allowed everyone to better plan costs.



Specialty coffee is the result of excellent practices at every point in a supply stream. In terms of quality, the industry widely agrees that specialty coffees are those which score 80 points or above on a 100-point scale and contain minimum defects.

To give you an idea of how we interpret the scores included in this report, we use the following scale when evaluating the sensory characteristics of a coffee:

- 97–100** Near Perfect to Perfect
- 94–96** Outstanding
- 90–93** Excellent
- 87–89** Very Good
- 85–86** Good
- 83–84** OK
- 80–82** Marginal



VERIFICATION

A driving factor behind this report every year is to show the impacts of our purchasing model. For many reasons, this has been challenging for us to assess with confidence. Last year, we made progress by starting to work with a third party verification company called **Enveritas**.

Enveritas verification measures farm level performance across dozens of [sustainability indicators](#); this allows for truthful and impartial sustainability highlights and challenges to be identified.



“El reporte es imparcial, ético, genera confianza y se ajusta a la realidad de nuestra caficultura, lo cual nos satisface mucho, como organización.” “The report is impartial, ethical, generates trust, and is in line with the reality of our coffee growing, which is very satisfying for us, as an organization.”

- Nelson Melo, Orgánica’s leader, reflecting on Enveritas’ work

86

Our quality assessment team scored the coffees we purchased a weighted average 86 points.

95

The highest quality coffee we sold scored 95 points. We sourced this coffee from Finca Nuguo in Panama.

Enveritas’ verifications have deepened the level of objective, transparent information available concerning farm-level sustainability of the coffees we source and sell. This information will help us work closer with organizations to understand how we can both celebrate the successes and support the improvements farmers seek.



111,663 lbs purchased

Coffee exporter, Caravela, first introduced us to the Orgánica Cooperative in 2007 and we've been purchasing their coffee for our La Golondrina offering ever since. Over the years, Counter Culture has noted Orgánica's deep commitment to environmental stewardship, Caravela's investment in trainings with the group, and Counter Culture's payment of over-market premiums throughout the decade plus duration of the partnership.



Enveritas' verification showed Orgánica is performing as good or, in many cases, better than farms in Central Cauca in all the standards. Highlights include:

Farm Management Practices | Orgánica farmers practice rejuvenation, soil erosion control, and integrated organic pest management. Coffee processing byproducts are recycled.

Yields | The farms in Orgánica are small, but these farms' yields are **30% higher** than the average farm in the region.

Financial Well-Being | Orgánica's producers have savings accounts, are not over-indebted, and have access to credit at reasonable interest rates.

199,429 lbs purchased

We've been purchasing coffee from the CODECH Cooperative in Concepción Huista, Guatemala since 2010. Over the years, the group has applied for and Counter Culture has funded several Seeds grants to improve soil health, conserve water, and access agronomic training. With these funds, CODECH has invested in increasing productivity, fostering coffee quality, and advancing environmental stewardship within the organization.



CODECH has over 500 members spread out across a rural mountainous landscape in Huehuetenango, Guatemala. This can make it difficult to take the pulse of the organization as a whole, and even harder to get a sense of how things at the cooperative compare to the greater region. Enveritas' verification shows CODECH performing higher in most categories than the average of farms in Huehuetenango. Highlights include:

Financial Well-Being | CODECH producers earn well above the national average, due to slightly larger farms, higher yields, and better prices received for their coffee.

Access to Training | Across Guatemala, few farmers (14%) have been trained recently on good agricultural practices. Meanwhile 88% of CODECH farmers report participating in at least four coffee training sessions in the past two years.

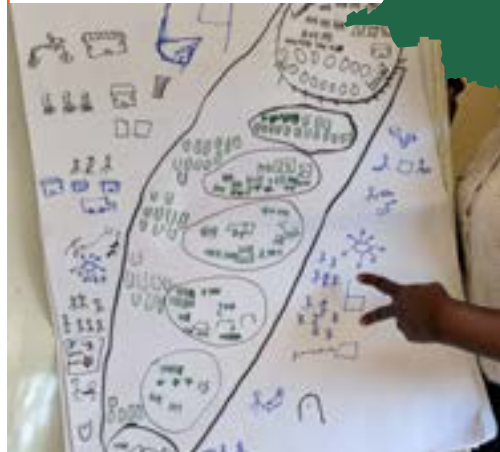
Record Keeping | Nearly 40% of CODECH farmers maintain records of sales, expenses, and farm activities, an important cornerstone of financial well-being. In comparison, Enveritas data shows only 8% of farmers in the greater region keep such records.



2019 SEEDS PROJECTS

Each year, we collect \$0.01 from each pound of coffee we sell throughout the year to fund our Seeds program. Seeds offers financial grants to producers and producer organizations we work with to implement sustainability projects they identify as beneficial.

2018 sales collected more than **\$25,000** to fund the following projects in 2019:



Muungano syr Plan.

Buchiro (Muungano Cooperative) Democratic Republic of Congo

This Seeds grant supported the Muungano Cooperative, based in South Kivu, Democratic Republic of Congo, with funding to produce and distribute 50,000 coffee plants and 10,000 erosion-controlling trees to over 500 of its members. In South Kivu, many coffee farmers tend trees that are more than 60 years old, which are less productive and less profitable than younger trees. The project supports both the economic and environmental sustainability of producers in a region historically lacking in development funding.



Escuela Aurora.
Photo courtesy of Finca Aurora.

Finca Aurora | Nicaragua

Escuela Aurora is a small school located on the grounds of Finca Aurora and offers classes to the children of farm workers at the estate located in Matagalpa, Nicaragua. This Seeds grant supported teachers' salaries and transportation costs, as well as food and school supplies for the 2020 school year.

Cueva de los Llanos (Agrounidos) | Colombia

This Seeds grant funded the construction of 6 apiaries (a place where bees live) with 4 hives each. Bees will increase pollination of coffee and food crops, generating income for farmers through increased yields as well as from sales of bee products like honey. This project was identified as an impactful climate change adaptation solution during the group's [climate change adaptation workshop](#).



Beekeeper at Cueva de los Llanos.
Photo courtesy of Andres Mauricio Moncayo.





Kuichi (Asocafe La Esmeralda) | Colombia

This Seeds grant funded a nursery for reforestation trees. The group has previously used community funds to purchase land near their water source in order to protect the natural resource from further deforestation, mining, and contamination. Trees grown in the nursery will be planted to restore the parcel. This project was identified as an impactful climate change adaptation solution during the group's [climate change adaptation workshop](#).

*Kuichi group.
Photo courtesy of Carlos Rodriguez.*



Nuevo Amanecer (Agrocafe El Tambo) Colombia

This Seeds grant funded a nursery for coffee trees and shade/reforestation trees. The nursery will also produce biofertilizers, train members in good agricultural practices, and teach the physical and sensory analysis of coffee. This project was identified as an impactful climate change adaptation solution during the group's [climate change adaptation workshop](#).



Biofertilizer production. Photo courtesy of Miller Lopez



Faith Estates | Kenya

Cecilia Wanjiku, the owner/proprietor of Faith Estates, works with 22 small estates in the region of Kirinyaga, helping them improve their coffee quality. This grant funded the purchase of a moisture meter to help Cecilia and farmers monitor and control the moisture levels of coffee during drying and storage, a key factor for quality preservation and improvement.

Cecilia Haniel of Faith Estates measuring the moisture of drying coffee. Photo courtesy of Cecilia Haniel.



Kushikamana | Kenya

This grant funded a training from the International Centre of Insect Physiology and Ecology to help Kushikamana members learn how to scout for and manage pests and diseases without excessive chemical use. During Kushikamana's [climate change adaptation workshop](#), the group identified pests as one of their biggest issues. With the changes in the climate, farmers in Kushikamana are encountering new pests that they are unfamiliar with, as well as increased levels of more familiar pests like the coffee borer beetle.



Agronomist Peter Nyaga at Kushikamana's climate change adaptation workshop.



EDUCATION

Our **Professional Development** curriculum supports our wholesale partners through training, education, and [certification](#). Courses cover topics ranging from the origin of coffee to milk chemistry.

In **2019**:

- ▶ We expanded our education opportunities by launching self-paced courses online
- ▶ 2,258 wholesale partners attended classes at our Training Centers
- ▶ Our educators spent an additional 4,482 hours in custom training sessions with wholesale partners
- ▶ We certified [34 baristas](#)
- ▶ Three staff members and seven wholesale partners attended our Origin Field Lab in Honduras

Our **Coffee at Home** program is designed to empower coffee lovers to brew great coffee at home. We do hands-on training for many brew methods from pourovers to espresso-based drinks.

In **2019**:

- ▶ 1,138 consumers attended Coffee at Home classes in our Training Centers

Our Educators host weekly **Tasting at Ten** events on Friday mornings where we share coffee and discuss everything from Counter Culture's supply streams to new brew methods like cold coffee. In **2019**:

- ▶ 11,446 people attended Tastings at Ten events



WORK IN PROGRESS

Advancing Transparency | In the past few years, there has been increasing coffee price transparency within and throughout the coffee value stream. [The Specialty Coffee Transaction Guide](#) published by Transparent Trade describes FOB prices paid for different types of specialty coffee by 70 specialty coffee companies. While we don't think price transparency will solve for every cause of low green coffee prices, we believe that better reference points for coffee trading are needed. [Transparent Trade's guide](#) intends to provide this type of information and we are excited to be a part of it.

Cultivating Impact | We're proud of our Seeds program and how it supports projects that producers identify as being impactful to their communities. In order to grow the program, in both 2019 and 2020 we're directing \$1 per pound of Iridescent coffee sales to the fund, which will add an estimated additional \$20,000 per year to the pool.

Connecting with the SCA | In an effort to make our education programming more accessible, connect our wholesale partners to the [Specialty Coffee Association](#) (SCA), and provide our Educators with a globally recognized training certificate, we are investing in [AST Certification](#) for each of our Educators. This endeavor will take two years to complete and will streamline our curriculum with that of the [SCA](#).

SUMMARY

SUMMARY

While the scope of reporting has changed, our Transparency Report illustrates a core belief that has always stayed the same: coffee matters.



SUMMARY

Whether you're starting here or wrapping up here, this summary is an opportunity to look back at each section and share some closing remarks.

Our first report 11 years ago provided the FOB prices paid for 12 of our coffees. This year's report details 58 supply streams behind almost 4,000,000 pounds of coffee, the people behind our operations, and our impact on the planet.

We view the Transparency Report as an act of trust. A trust that transparency, while making ourselves vulnerable, enables our company and our industry to improve. That we have continued to improve our sustainability efforts each year reinforces the great value of this approach.



PEOPLE

+ What We're Most Proud Of

Transparency goes beyond just coffee and our carbon footprint. The addition of the People section in this report will give us an annual opportunity to reflect on the past year and set intentions for improving our culture in the future.

- Priority For Improvement

Ongoing communications within our company. Transparency is not just about *what* we share in our Transparency Report, but *how* we share our celebrations and shortcomings as a company. Moving forward, we look forward to communicating on these topics on a more frequent cadence.

- Priority For Improvement

Advancing our diversity, equity, and inclusion efforts through proactively gathering employee feedback, and more thorough reporting as the People section of this report continues to evolve.





PLANET

+ What We're Most Proud Of

Minimizing waste in our facilities through composting biodegradable waste, recycling, and ensuring that all of our delicious coffee finds a cup to fill—whether that be through food banks, shelters, or sponsored events.

- Priority For Improvement

Reducing our carbon footprint per pound. Arranging our logistics to reduce our waste streams in order to improve the sustainability of our operations.



PRODUCT

+ What We're Most Proud Of

Offering a high quality product through amazing partnerships. During the 2018–2019 harvest period, Counter Culture bought 3,998,225 pounds of green coffee and paid a weighted average FOB price of \$3.01 per pound. We forward-contracted roughly 96% of these purchases. Our quality assessment team scored the coffees a weighted average 86 points.

+ What We're Most Proud Of

Welcoming 14,842 people to educational events at our Training Centers.

- Priority For Improvement

Ensuring that producers and workers in our supply streams receive not just a higher price than the industry average, but a living wage. Managing this at the same time our lower-priced blends drive much of our business growth will require us to understand the impact of our purchasing model and seek efficiencies elsewhere in our business.

- Priority For Improvement

Expanding education opportunities and technical services to more people.

ADDING IT ALL UP

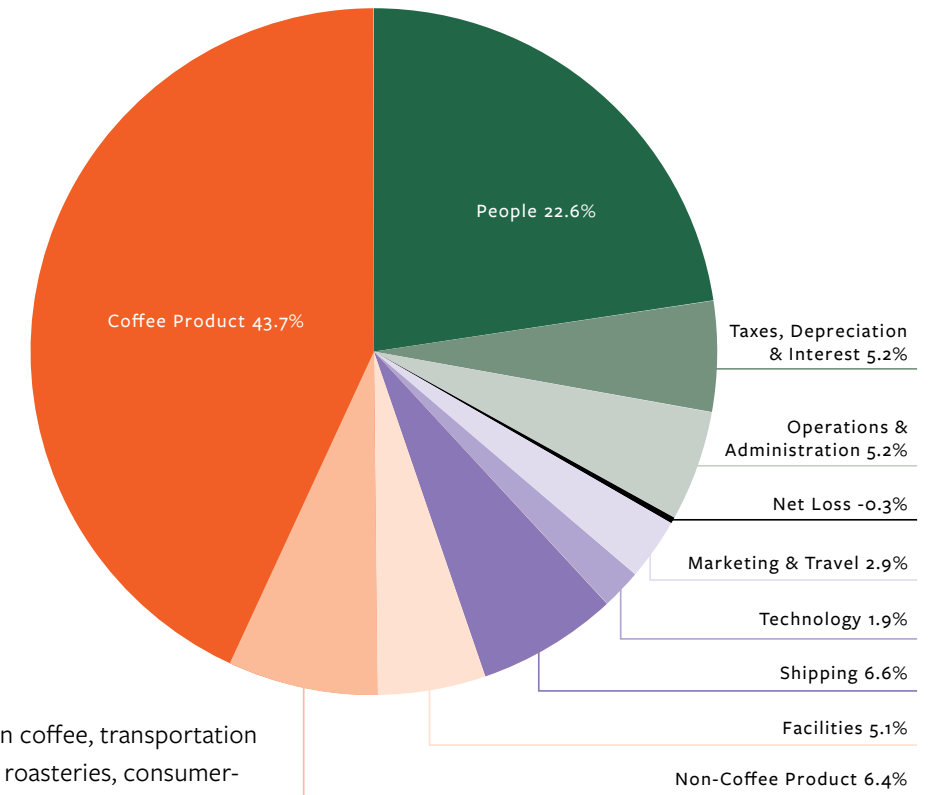
Creating a sustainable business, one that can add value to people's lives over the long-term, means more than building durable partnerships with growers and consistently creating quality products that our customers love. We have long shared FOB prices as a metric for our investment in sustainability.

Now, as we push ourselves to expand our concept of transparency, we believe we should add more detail to that picture.

We combed through our 2019 income statement and the pie chart (right) shows how we spent the money received from our sales—every pound of coffee, piece of equipment, educational class, and merchandise sold. This snapshot begins to paint a picture of the value of Counter Culture—to the people working within our supply streams, to our employees and our partners, and to any person drinking the coffee we are so proud to produce.



Expanding our financial transparency and embracing transparency on non-financial factors are both crucial steps in achieving the systemic change we want to see—both internally and in the coffee industry. This report is part of a commitment to building a better specialty coffee industry for everyone.



Coffee Product: Green coffee, transportation of green coffee to our roasteries, consumer-ready packaging

Non-Coffee Product: Non-coffee products we sell, such as equipment and merchandise

People: Employee salaries and benefits

Shipping: UPS and USPS shipping to send product to customers

Facilities: Rent, utilities, and maintenance expenses at 12 Training Centers and 2 roasting facilities

Marketing & Travel: Advertising and employee travel, e.g. attendance at our company conference and visits with growers and partners in coffee-producing countries

Technology: IT services and computer equipment
Operations & Administration: Educational and lab materials, tech supplies, office supplies, professional fees, Seeds Fund, and World Coffee Research contributions

Taxes, Depreciation & Interest: Sales and business taxes, interest, and depreciation of assets

Net Loss: Although we had some profitable quarters—and were able to share that profit in Q4 with staff—we did experience a small loss when looking back at the total of the 2019 fiscal year.

LOOKING FORWARD

Next Year's 2020 Transparency Report | As we're writing this 2019 report in 2020, we have the advantage of being able to see into our "future." And, well, 2020 looks a bit different than anyone imagined it to be. COVID-19 has, as of October 2020, claimed the lives of over 200,000 Americans and 1,000,000 people worldwide. It has touched every community we work with, domestically and globally. With closure of so many shared spaces that we all love and interruptions in many aspects of global trade, we're experiencing changes that will no doubt be reflected in our reporting next year—from our people to our coffee volume—both currently reduced from pre-pandemic levels. Despite these changes, we are proud to continue providing our customers with great services and purchasing green coffee with the same sourcing principles.

THANK YOU!

The Transparency Report represents a team effort that spans across our coffee-driven people. Thank you to everyone at Counter Culture for being dedicated to sustainability and, through your efforts, making a report like this possible.

Email listen@counterculturecoffee.com if you'd like us to hear comments about this 2019 Transparency Report.

