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TRANSPARENCY REPORT

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INTRO

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. With two roasting facilities and 12 Training Centers, we continue to lead the specialty coffee industry in the areas of quality, sustainability, and education. We operate wholesale, grocery, and direct-to-consumer sales and support channels.

Counter Culture was the first certified organic roastery in North Carolina (2002), created the first ever coffee Transparency Report (2009), became a certified B Corporation (2020), and has given over \$300,000 (to date) in grants to coffee producers targeting sustainability projects of their design. We donate money annually to fund [World Coffee Research](#) and the [Specialty Coffee Transaction Guide](#). In 2021, the company employed 116 full- and part-time employees and had a revenue of around \$37 million.

This Transparency Report covers metrics and highlights from January 1 to December 31, 2021 organized in the following sections: People, Planet, Products, and Finances. The coffee purchase cycle covered in the Product > Coffee section occurred between October 1 of 2020 and September 30 of 2021. We believe there is a connection between reporting these metrics and the well-being of our value stream participants. Beyond metrics, reflecting on our highlights and explaining what we are working toward is an important part of our process to continuously improve as an organization.

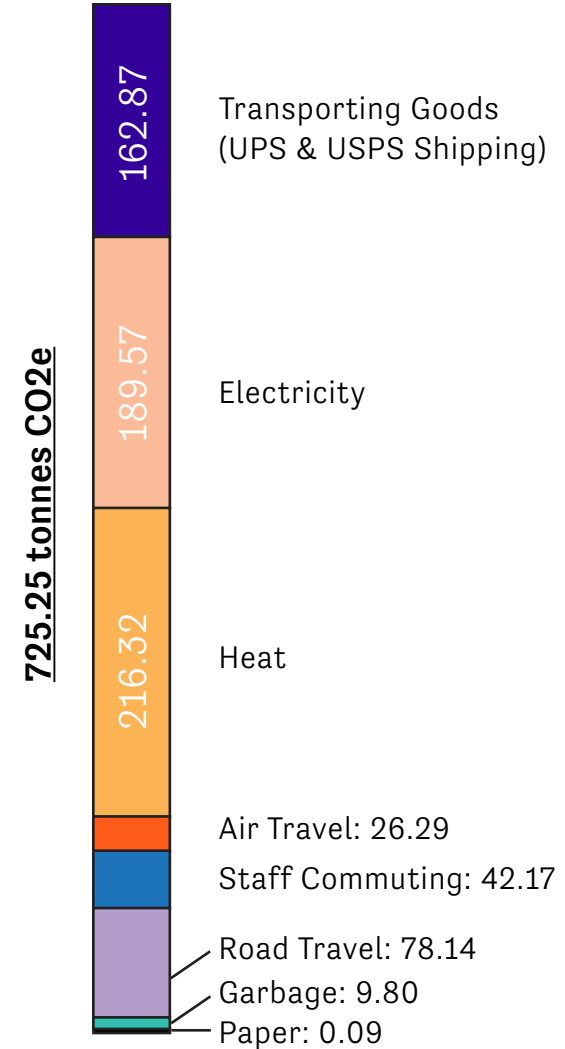
This report was created by a team of transparency-driven individuals at Counter Culture. It strives for balance, but was prepared internally and therefore has a bias. If you would like to send questions, suggestions, or comments about this report please email us at listen@counterculturecoffee.com.



Planet



CARBON FOOTPRINT



Correction: In 2020's report, we incorrectly calculated our staff commuting footprint and double counted some employees' trips. The corrected calculation reduces our 2020 emissions by 70 tonnes CO2e. This has been updated in our records for offsetting purposes.

Products- 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. [See this year's purchasing data spreadsheet.](#)

WE PURCHASED

3,951,707

LBS OF GREEN COFFEE* IN 252 UNIQUE LOTS

Counter Culture Weighted Average FOB**

All Coffee

\$3.10

Blends

\$2.97

Single-Origin***

\$3.70

Average Fair Trade minimum FOB

\$1.72

conventional

\$2.02

organic

Transparent Trade's Specialty
Coffee Transaction Guide Median

\$2.85

Average C Market

\$1.42

*Coffees harvested between October 1st, 2020 and September 30th, 2021. Most of these coffees were sold during the 2021 calendar year.

**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.

***Coffees we purchased for Single-Origin, Limited Release, or Exclusive products.

Products- Education



Our training and education philosophy is to share the why along with the how. We believe that the more we know about the beverage we consume every day, the more effective we are as stakeholders in sustaining the value stream of coffee. Creating cutting-edge coffee people ensures that the commitment to quality at origin translates all the way to the cup.

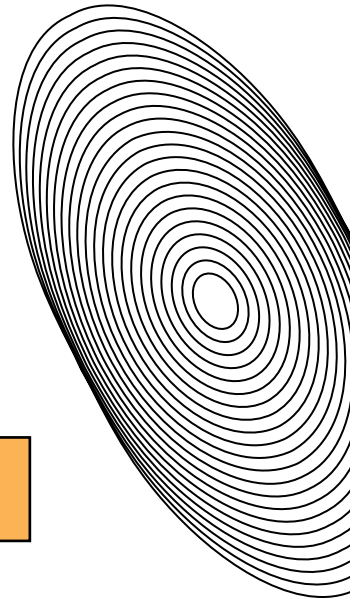
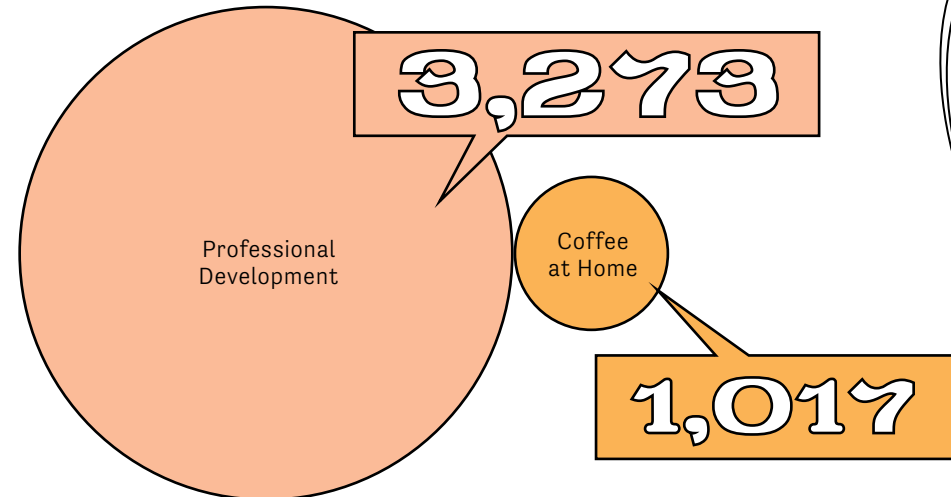
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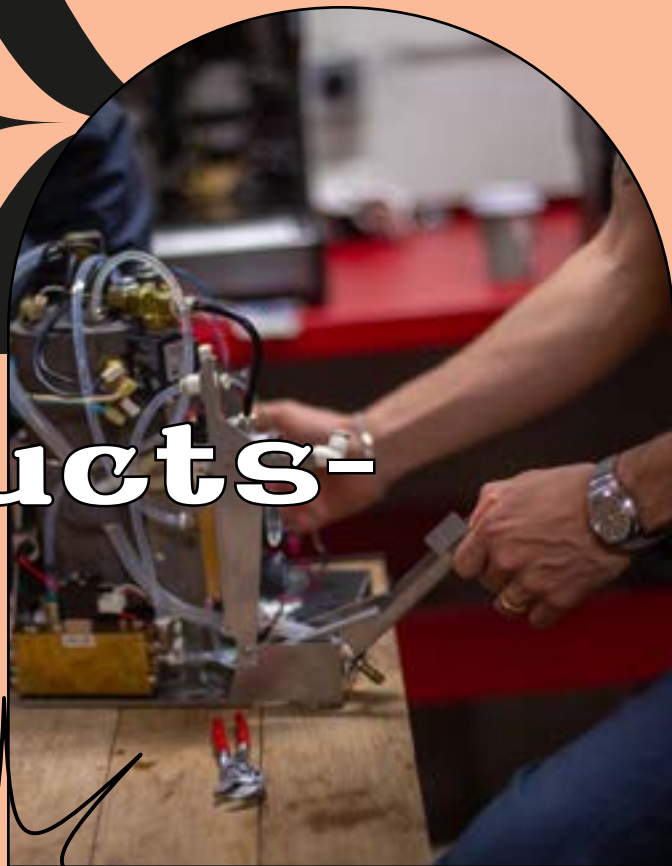
**HOURS SPENT ON THE SCA
COFFEE SKILLS PROGRAM**

3,777

**HOURS TRAINING
STUDENTS**

Number of Students Taught



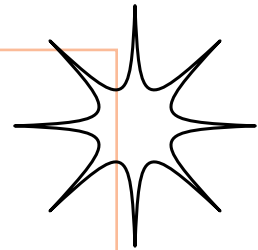


Products- Tech



Our technical services program keeps wholesale partners brewing. Our technicians are committed to repairing old equipment, instead of replacing it—an ethos that is financially sustainable for our customers and friendlier to the environment. Additionally, the approach of preventative service reduces emergencies and unexpected downtimes. In 2021, the team spent more time doing preventative maintenance for our customers than unexpected service calls.

1019 SERVICE CALLS

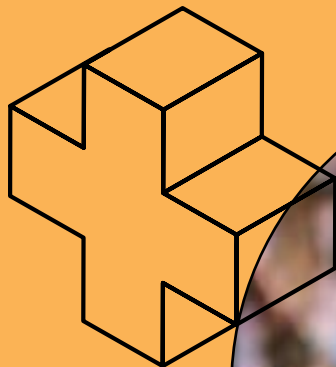


820 PREVENTATIVE MAINTENANCE VISITS

162 INSTALLS IN **253** NEW LOCATIONS



Finances



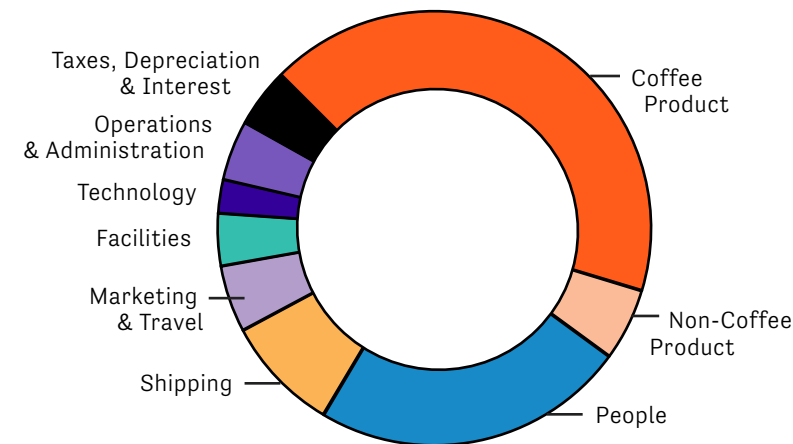
2021 continued to be a volatile year for many businesses, including Counter Culture. Throughout the year, we saw multiple increases on our costs of raw materials as well as delivery delays due to supply chain issues. In order to maintain a sustainable business, our teams thoughtfully evaluated how to navigate the changes without compromising our values. These opportunities came in many forms, from sourcing raw materials—like bags and boxes—from multiple locations, to re-evaluating thresholds, to implementing a price increase—effective Q1 2022—across all channels—our first price increase since 2017.

In April of 2021, the PPP loan Counter Culture received through the U.S. Small Business Administration was forgiven. In July 2021, Counter Culture applied for the Employee Retention Credit ("ERC") under the CARES Act, a process which included a diligent review of specific criteria as established by the IRS. In both cases, the funds were used to employ staff while sustaining the effects of lost business. Both were recognized in the 2021 fiscal year as \$2,000,000 in other income.

THE BOTTOM LINE

Overall in 2021, Counter Culture saw a Net Ordinary Loss of \$707,000. Due to the other income received from Federal Relief funds, the financial statements present a Net Income of \$1,200,000.

What We Spent Our Money On



Coffee Product: Green coffee, transportation of green coffee to our roasteries, consumer-ready packaging (42.2%) Non-Coffee Product: Non-coffee products we sell, such as equipment and merchandise (5.4%) People: Employee salaries and benefits (23.5%) Shipping: UPS and USPS shipping to send product to customers (8.7%) Marketing & Travel: Advertising and employee travel, e.g. attendance at our company conference and visits with growers and partners in coffee producing countries (3.9%) Facilities: Rent, utilities, and maintenance expenses at 12 Training Centers and 2 roasting facilities (5%) Technology: IT services and computer equipment (2.5%) Operations & Administration: Educational and lab materials, tech supplies, office supplies, professional fees, Seeds Fund, and World Coffee Research contributions (4.5%) Taxes, Depreciation & Interest: Sales and business taxes, interest, and depreciation of assets (4.4%)

Summary

PEOPLE

What We're Most Proud Of:

- > Going beyond EEOC requirements by creating and running an engagement and inclusion survey to report on a broader definition of diversity.
- > Rolling out stock options to all full-time employees.

Priority For Improvement:

- > Increasing participation in surveys to gather employee feedback and inform our diversity, equity, and inclusion strategy.
- > Working in teams to improve our B Corp Impact Assessment score.

PLANET

What We're Most Proud Of:

- > Our partnership with Trees, Water, & People—installing 196 clean cookstoves in rural Honduras.
- > Maintaining a diminished footprint from travel.

Priority For Improvement:

- > Being more thoughtful about managing the waste at our 12 facilities.
- > Reducing and offsetting our carbon footprint.

PRODUCTS- COFFEE

What We're Most Proud Of:

- > What We're Most Proud Of: Funding 10 Seeds Projects in coffee-producing countries and providing farmers with sustainability verification and resources through our partnership with Enveritas.
- > Paying more for coffee—\$3.10 weighted average FOB price during a time when the average C market price was \$1.42.
- > Offering a high quality product through amazing partnership—the coffees we purchased scored an average of 86.5 points and 71% were from partners we've worked with for over 5 years.

Priority For Improvement:

- > Mindfully managing the rising cost of green coffee.

PRODUCTS- EDUCATION

What We're Most Proud Of:

- > Spending thousands of hours in classes and trainings and facilitating the Licensure of 10 of our Educators as Authorized SCA Trainers.

Priority For Improvement:

- > Increasing participation in the Specialty Coffee Association's Coffee Skills Program in each of our regions.
- > Gathering with and positively impacting our communities through in-person events at our Training Centers.

PRODUCTS- TECH

What We're Most Proud Of:

- > Keeping people brewing—spending more time doing preventative technical services maintenance for our customers than unexpected service calls.

Priority For Improvement:

- > Promoting career sustainability by continuing to improve our technical services program.

FINANCES

What We're Most Proud Of:

- > Rolling out Great Game of Business, an operating system designed to teach financial literacy and give everyone in the company a voice in how the business is run.

Priority For Improvement:

- > Achieving 2% profit before tax.

Thank you!

**YOU READ THE WHOLE THING,
YOU DESERVE A CUP OF COFFEE.**