



TRANSPARENCY
REPORT

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2019





LETTER TO OUR COMMUNITIES,

Peixoto Coffee has been in business for 4 years this year and we are proud of what we have collectively created: a passionate community united by the coffee coming directly from our family farm in Brazil. Peixoto was created Jan 31, 2015 with the following vision in mind: to connect the community where our coffee comes from - the highlands of Southern Minas Gerais in Brazil - with the community where our coffee is consumed - the communities in Arizona we serve - with the highest quality coffee and experience, transparently, and sustainably. That same vision is still our North-star today. We have taken steps to achieve even greater levels of integration between the two sides of our business (the farming and the consumer market) over the last few years. That means more control of our coffee, less unnecessary costs and steps, and better coffee and lives for everyone involved!

We chose to trail-blaze, challenging the practices in our industry that threaten the sustainability of the coffee industry and, instead, pave a new path forward based on sustainability, relationships, and quality. For decades, roasters in the US have bought commodity-grade coffee (low-grade coffee traded in the Commodities-market) where speculation and other factors outside of farmers' control dictate the (typically extremely low) price paid for coffee. You may have heard that the C-price for coffee reached its LOWEST point in over 20 years in 2018! This is sad news for farmers and those communities in coffee-growing countries who cannot cover their cost of production, let alone live off the product their families work so hard to produce. This is exactly the type of unsustainable practice we try to challenge with our business model. We have been paying consistently above the C-market price for our coffees directly to the farmers (in our case, our own family) since the first year of our business. In some instances, we

pay as much as 300% above the C-market to ensure that our family and the community around us will be able to continue to farm coffee for generations to come, to focus on quality, while sustaining and improving the environmental and human lives dependent upon coffee. That is sustainability at its best, impacting directly the lives involved in coffee farming and consumption.

On the other side of the hemisphere, in our US Operations, we also take every step we can to improve the lives that rely on our coffee. From what we offer to our customers to our employees, everything we do strives to build something that is not ephemeral. We are building a legacy that will outlive us and leave a positive impact in our communities. We would like to share some of the steps we've taken to lay the foundation for our business model and to guide a lot of the decisions we make in regards to the day-to-day operations of our business.

Whether you are a retail customer, a wholesale customer, an employee, or just someone supporting us from afar, we thank you for supporting our vision and our stewardship of our company!

JEFF AND JULIA PETERS
CO FOUNDERS, PEIXOTO COFFEE



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OUR ORGANIZATION, AKA OUR FAMÍLIA:



- A husband and wife team who owns 100% of Peixoto Coffee
- 18 employees total, 13 of which are FTE
- No outside investment whatsoever
- We report only to You (our wholesale and retail customers, our communities) and Us (our employees, and founders), and nobody else
- Certified minority woman-owned
- Small-business and local business in every aspect of the word!

OUR FARM, FAZENDA PEIXOTO:



- Small-holder farm 100% owned and operated by the Peixoto Family
- Coffee processing waste (skin and pulp of coffee cherries) is used back in the fields
- Organic practices
- No use of irrigation whatsoever
- No water other than natural springs and rain water
- Use of low-use water depulper to produce honeys
- No water waste from water-processed coffees polluting water streams
- Water byproduct used as fertilizer for fruit trees
- Subsistence gardening and harvesting at farm
- Head farmers share in profit of production
- Most coffees dried under the sun, no carbon footprint
- Planted over 500 shade trees over the last two years (avocado, papaya)
- Invested in facilities improvement (bathrooms, food, lab area)
- Agronomist focused on sustainability and quality practices retained

COFFEE PURCHASING:



- Though C-market at its lowest in 20 years and local brokers on average pay 20% below C-price, we paid as much as 300% above C-price for coffees from our farm and neighboring farms
- Paid premium for coffees requiring more resources for harvesting and processing
- Gathered with cherry pickers and farmers and celebrated the end of the harvest
- Provided employees with a plethora of skills (documentation and organization, SOPs, computer, logging data)
- Provided farm with supplies (water fountain, office supplies, food in break room, clothing, appropriate winter and farm gear like masks, gloves, boots).



ROASTING AND PRODUCTION:



- Consolidated our roasting, brewing and distribution operations to a state-of-the-art production facility
- Became a licensed coffee importer and imported our own coffees
- Cut back on unnecessary costs involved in using an importer and storage facility
- More control, less middlemen who add costs but do not add value to the coffee supply-chain

STAFFING AND COMPANY CULTURE:



- Added 3-full time corporate positions
- Paid raises to 80% of employees
- Provide a company-funded group health insurance covering 50% of employee costs for FTE
- Implemented a generous PTO policy going above and beyond the minimum mandated by AZ laws
- 708 hours of PTO paid to employees, a cost equal to \$9,515.81
- Raised barista pay by 40% between 2015-2018
- Peixoto average barista tipped wage is 25% higher than the AZ State tipped minimum wage
- Peixoto average barista wage with tips is 2x the national average
- Sponsored 4 employees attending national coffee competitions, giving away over \$4,000.00 in grants for travel and competition costs

COFFEE SHOP SUSTAINABILITY:



- Invested in expensive “for here” ceramic and glassware (one of the only shops in AZ that has both cold and hot cups for all beverages)
- Introduced minimally processed, 100% naturally bio-degradable Hay Straws as a replacement of single-use plastic straws
- Use of high-quality local dairy in as close proximity to our shop as possible, less carbon-footprint
- Use of high-quality plant-based alternative milks
- Make all syrups in house (eliminates unnecessary packaging, carbon footprint, and unnecessary costs)

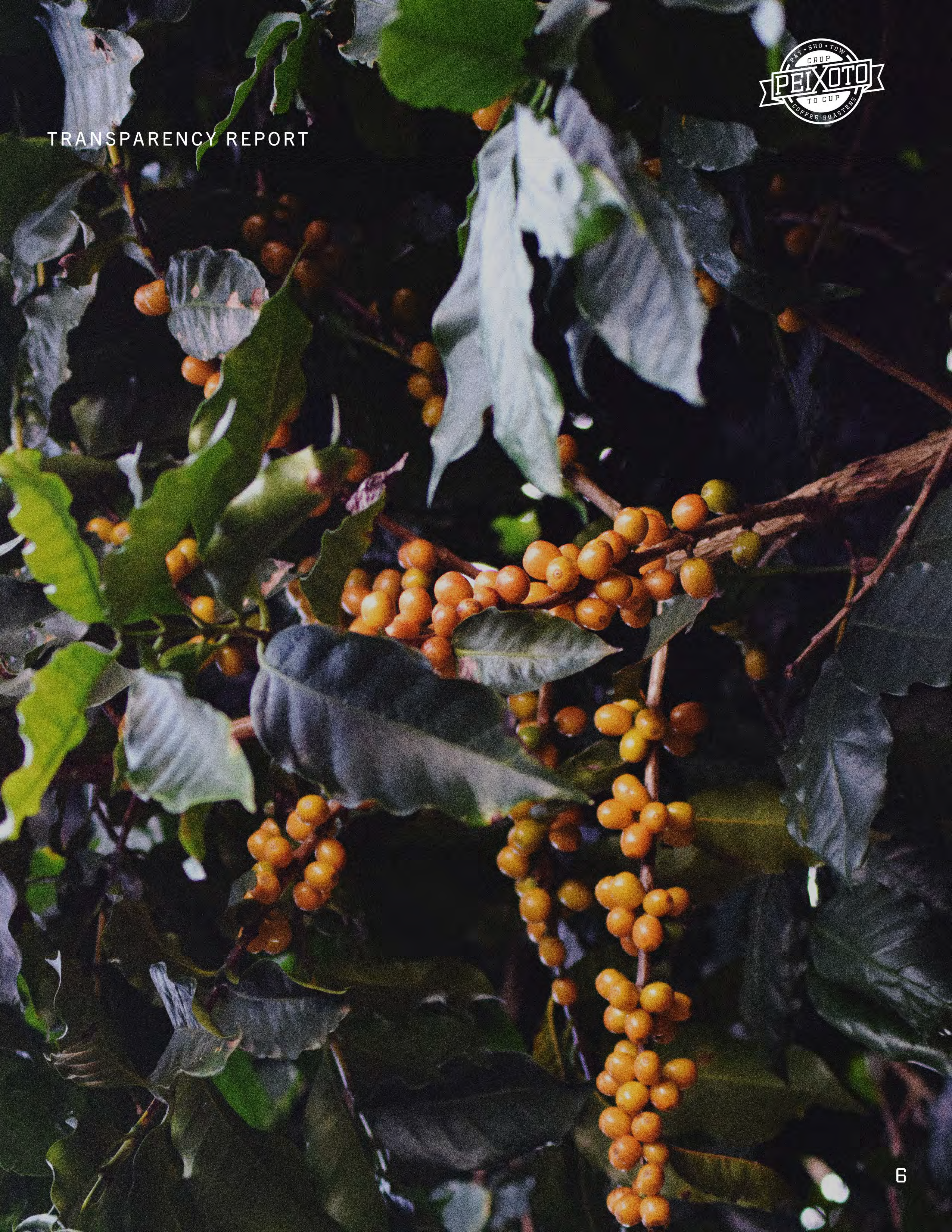
COMMUNITY IMPACT:



- Donated over \$6,000.00 in kind to local charitable causes
- Donated over \$4,300.00 on weekly bag of coffee to employees
- Organized a happy hour benefiting a local family in need, donated ingredients and labor hours, where over \$1,000 was raised and donated to the family.
- Donated time and product in kind to small businesses we partner with
- Gave away \$4,178.65 in discounts to customers in programs such as buy a bag, get a free drink Tuesdays
- Gave away \$11,656.17 to loyalty program customers (10 stars, get \$3.50 off)



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WE GO LOCAL FIRST ARIZONA

Sourcing local from AZ-based businesses not only means our products are of higher-quality (artisan, small-batch, craftly made), but it also means we are eliminating the carbon footprint of a long supply chain normally involved in sourcing products from other communities, while supporting our local AZ economy by keeping our money where it has the biggest impact: our schools, our families, our businesses, our communities!

HERE ARE SOME OF OUR LOCAL VENDORS:



- Milk: Danzeisen Dairy in Laveen, AZ
- Spices, Flavors, and Aromatics: Mount Hope in Prescott, AZ
- Teas: Maya Tea Co in Tucson, AZ
- Picket Fence Pastries (Phoenix AZ): supplies us with over 60 items fresh 3x a week and custom items like cookies for our drinks, packaged cookies and brownies
- SugarLoafLane Bakery (Gilbert AZ): supplies us with organic, vegan, and GF (when possible) baked goodies on Tuesdays and Saturdays
- Voyager Bakery (Phoenix AZ): supplies us with pastries Thursdays and Sundays
- Nutsack (Cave Creek)
- BeNaked: Tempe
- Offered space free-of-charge to local bakeries to do pop-ups at our shop
- Printing work done locally: Zonaprint in Chandler AZ
- Photography and art work done by local artists only!