



Scout & Cellar

Disclosure Report
Date Submitted: May 16th, 2024



Disclosure Materials

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire that B Lab deems relevant for public stakeholders, then, as a condition of their certification, the company must:

- 1) Be transparent about details of the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue
- 3) Demonstrate that management practices are in place to avoid similar issues from arising in the future, when necessary.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit and integrity of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to a background check by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

B Lab's Public Complaints Process

Any party may submit a complaint about a current B Corp through [B Lab's Public Complaint Process](#). Grounds for complaint include:

- 1) Intentional misrepresentation of practices, policies, and/or claimed outcomes during the company's [certification process](#)
- 2) Breaches of the B Corp Community's core values as expressed in our [Declaration of Interdependence](#)

This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.



Disclosure Questionnaire

Industries and Products

	Yes	No
Please indicate if the company is involved in production or trade in any of the following. Select Yes for all options that apply.		
Animal Products or Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Biodiversity Impacts	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Chemicals	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Alcohol	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disclosure Firearms Weapons	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Mining	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Pornography	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Tobacco	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Energy and Emissions Intensive Industries	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Fossil fuels Gambling	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Genetically Modified Organisms	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Illegal Products or Subject to Phase Out	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Industries at Risk of Human Rights Violations	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Monoculture Agriculture	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Nuclear Power or Hazardous Materials	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Payday, Short Term, or High Interest Lending	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Water Intensive Industries	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tax Advisory Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Outcomes & Penalties

	Yes	No
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Breaches of Confidential Information	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Bribery, Fraud, or Corruption	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company has filed for bankruptcy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Consumer Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Financial Reporting, Taxes, Investments, or Loans	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Labor Issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Large Scale Land Conversion, Acquisition, or Relocation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Litigation or Arbitration	<input type="checkbox"/>	<input checked="" type="checkbox"/>
On-Site Fatality	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Penalties Assessed For Environmental Issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Political Contributions or International Affairs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Recalls	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Significant Layoffs	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Violation of Indigenous Peoples Rights	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>



Practices

	Yes	No
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company prohibits freedom of association/collective bargaining	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company workers are prisoners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Conduct Business in Conflict Zones	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Confirmation of Right to Work	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Does not transparently report corporate financials to government	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Employs Individuals on Zero-Hour Contracts	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Facilities located in sensitive ecosystems	<input type="checkbox"/>	<input checked="" type="checkbox"/>
ID Cards Withheld or Penalties for Resignation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
No formal Registration Under Domestic Regulations	<input type="checkbox"/>	<input checked="" type="checkbox"/>
No signed employment contracts for all workers	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Overtime For Hourly Workers Is Compulsory	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Payslips not provided to show wage calculation and deductions	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Yes	No
Sale of Data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tax Reduction Through Corporate Shells	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers cannot leave site during non-working hours	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers not Provided Clean Drinking Water or Toilets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers paid below minimum wage	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers Under Bond	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Supply Chain Disclosures

	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Child or Forced Labor	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Negative Environmental Impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Negative Social Impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Environmentally Intensive Industries - Biodiversity Impact and Monoculture Agriculture

Issue Date	Ongoing
Topic	Biodiversity Impact and Monoculture Agriculture
Summary of Issue	Scout & Cellar is involved in the production and sale of products that require the use of agricultural raw materials such as grapes for wine and coffee beans for coffee. The company does not own or manage their own land but purchases agricultural raw materials directly from farmers. As a company linked to agricultural activities, Scout & Cellar operates in an industry in which biodiversity impact is a material environmental issue.
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	Approximately 6.1% of Scout & Cellar's supplier expenses come directly from farms.
Impact on Stakeholders	Agriculture poses a risk to local ecosystems of flora and fauna as well as the potential degradation of cultivated land.
Implemented Management Practices	<p>As the company does not own or manage farmland, management practices rely on partnering with vineyards and farms that practice sustainable farming techniques to grow crops that meet the company's internal standards (i.e., the Company's Clean-Crafted Commitment requires compliance with strict standards regarding pesticide, herbicide and fungicide application, including glyphosate; additives and processing aides permitted in production; prohibits GMO inputs; and includes other standards for grapes, yeasts and coffee beans used, and sulfite concentration).</p> <p>The company requires that farmer suppliers submit to the company the same paperwork they must submit to their respective states, and often to the federal government, to support their farming practices. Finally, the company lab tests all of its products, including a pesticide panel and sulfite concentration test.</p>
Report	https://scoutandcellar.com/clean-crafted



Management Comments	The company works with environmentally responsible farmers who are engaged in the hard work of taking care of the land upon which their farms are located. Each of them are engaged in practices to monitor and conserve water; responsibly dispose of waste; track chemicals in their supply chain; responsibly manage pests; cultivate and care for the soil; monitor biodiversity and otherwise do their part to minimize negative impacts to the environment as a result of their farming businesses. Additionally, they hold a variety of certifications listed in the Water Intensive Disclosure.



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Environmentally Intensive Industries - Water Intensive Industries

Issue Date	Ongoing
Topic	Water Intensive Industries
Summary of Issue	As a company linked to agricultural activities, Scout & Cellar operates in an industry considered water-intensive. In addition, water is used by third-party manufacturers in the winemaking process (e.g. cleaning of barrels and bottling process) and coffee planting.
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	Approximately 6.1% of Scout & Cellar supplier expenses come directly from farms and 87.9% of revenue from the sales of water intensive products.
Impact on Stakeholders	As water intensive industries, agriculture and wine production poses risks such as water stress or depletion of local water sources if water use is not appropriately managed.
Implemented Management Practices	<p>Farming and processing grapes and coffee beans into wine and coffee use a meaningful amount of water. As the company does not own or manage farmland, management practices rely on partnering with vineyards and farms that practice sustainable farming techniques to monitor and conserve water and are certified with certifications related to this topic (Certified California Organic Farming; California Sustainable Winegrowing Alliance; Certified Sustainable; Demeter, Biodynamic Certified; Certified California Sustainable; Tier 3 Regenified Certification; Fish Friendly Farming; and Organic Certified).</p> <p>The company requires that farmer suppliers submit to the company the same paperwork they must submit to their respective states, and often to the federal government, to support their farming practices. Finally, the company lab tests all of its products, including a pesticide panel and sulfite concentration test.</p>
Management Comments	The company works with environmentally responsible farmers who are engaged in the hard work of taking care of the land upon which their farms are located. Each of them are engaged

	in practices to monitor and conserve water; responsibly dispose of waste; track chemicals in their supply chain; responsibly manage pests; cultivate and care for the soil; monitor biodiversity and otherwise do their part to minimize negative impacts to the environment as a result of their farming businesses.



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Alcohol

Issue Date	Ongoing
Topic	Alcohol
Summary of Issue	Scout & Cellar is a wine producer that earns a material amount of revenue from the sale of alcohol.
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	In the previous fiscal year, 88.9% of Scout & Cellar's revenue was earned from the sale of alcohol
Impact on Stakeholders	Alcohol may have a negative impact on the health and well-being of individuals and their communities
Implemented Management Practices	The company complies with all regulations/laws related to the sale of alcohol, including the mandatory disclosure from the Surgeon General. The company has a responsible alcohol consumption policy for both internal employees and independent consultants. Although the vast majority of the company's sales come from alcohol products, the company started a non-alcoholic product line in January 2024.



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Significant layoffs of >20% of workforce

Issue Date	January 2023
Topic	Significant layoffs due to warehouse system restructuring.
Summary of Issue	The company opted to outsource the fulfillment center in January 2023 to transform its customer order experience. The decision to outsource also helped the company combat the rising costs associated with the COVID pandemic and created new opportunities for its fulfillment services employees. The company negotiated employment opportunities for 100% of its fulfillment service employees as part of the outsourcing arrangement.
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	36 employees were laid off, representing 25% of the company's employees at that time.
Impact on Stakeholders	Primary impact was loss of employment for affected employees.
Implemented Management Practices	<ul style="list-style-type: none">• The company has coordinated with the company hired to outsource the service to hire the laid-off employees with improved benefits and payment.• The company has established a Standard Operating Procedure to address all aspects of the layoff and anticipate any questions or concerns from affected or remaining employees.
Management Comments	The company opted to outsource the fulfillment center in January 2023 to transform its business through a best-in-class customer order experience, leveraging the expertise of the leader in direct-to-consumer wine fulfillment.
Related Incidents (Yes/No)	The company faced other rounds of layoffs in 2021 and 2022, but none were considered significant.