



# Avocado Green Brands

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Disclosure Report

Date Submitted: November 27th, 2023



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## 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.

**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 type="checkbox"/>	<input checked="" type="checkbox"/>
Chemicals	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Alcohol	<input type="checkbox"/>	<input checked="" 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"/>
<a href="#">Energy and Emissions Intensive Industries</a>	<input checked="" type="checkbox"/>	<input 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 type="checkbox"/>	<input checked="" 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"/>
<a href="#">Litigation or Arbitration</a>	<input checked="" type="checkbox"/>	<input 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 type="checkbox"/>	<input checked="" 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: Litigation and Arbitration

<b>Issue Date</b>	Jan/21, Jun/21 and Jan/22
<b>Topic</b>	Labor issues
<b>Summary of Issue</b>	In the last 5 years, the company has had four litigation cases related to labor issues. Three of them are related to wrongful termination. One is a class action/PAGA lawsuit for overtime, meal period and other related wage violations.
<b>Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)</b>	<p>2 wrongful termination cases are still pending.</p> <p>1 case settled with a payment of \$30,000 to avoid further litigation, which is less than 1% of the company's revenue.</p> <p>The class action was settled with a payment of \$300,000, which is less than 1% of the company's revenue. The class size is 1,029 class members of former and current employees.</p>
<b>Impact on Stakeholders</b>	Wages violations and wrongful terminations can negatively impact the finances, well-being and health of employees, former-employees and their families.
<b>Resolution</b>	2 cases are pending resolution. 2 cases were settled out of court.
<b>Implemented Management Practices</b>	<p>The company has an active training program for managers to appropriately manage performance including progressive discipline, 1:1 feedback, and 9 Box method to properly identify and document poor performers.</p> <p>Avocado has a labor management system within the payroll that automates break premiums according to California wage and hour law. The company also runs regular audits of punches, authorize "mobile punches" via app for select remote positions.</p>
<b>Related Incidents (Yes/No)</b>	No.



# Disclosure Questionnaire Statement

## Disclosure Questionnaire Category: Environmentally Intensive Industries

<b>Topic</b>	Energy and Emissions Intensive Industries
<b>Summary of Issue</b>	<p>Avocado Green Brands has a mattress manufacturing wing that manufactures products including mattresses, pillows, and other home furnishings. Manufacturing is an energy and emissions intensive industry.</p> <p>Gas for the roasters: Natural gas Electricity: energetic national mix 2021 of Axpo (our supplier): renewable sources (19,04%), coal (11,54%), natural gas (57,36%), fossil fuels (1,23%), nuclear (6,23%) others (4,60%)</p>
<b>Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)</b>	<p>Approximately 99% of the company's revenue comes from products that are manufactured in-house. 73.3% comes from roasted coffee products.</p> <p>The company utilizes the California energy grid for its electricity use, which is generated by ~34% renewable resources. The company's current Carbon Intensity for Scopes 1 and 2, not including the use of carbon credits or offsets, is between 0-150. Including the use of carbon credits, the company's carbon intensity is 0.</p>
<b>Impact on Stakeholders</b>	Energy intensive manufacturing activities, such as mattress manufacturing, pose an environmental risk due to the emissions produced by such energy use. The extent of environmental impact is dependent on the energy sources utilised and management practices in place to manage energy use.
<b>Implemented Management Practices</b>	<p>The company has a On-site solar panel system (50Kw/h).</p> <p>In the 2022FY Avocado Green Brands purchased Renewable Energy Certificates (through Arcadia energy) for total energy usage. The company is also Certified Carbon Neutral, the first mattress brand in the world to be Climate Neutral Certified.</p> <p>The company tracks its scope 1-3 emissions, creates an Annual Reduction Action plan, and offsets all remaining emissions through the purchase of carbon credits, and sets reduction targets. According to the company's most recent Life Cycle Assessment, these choices have resulted in the brand having a 40% reduction in environmental impact than the industry average.</p>

	The company is also heavily involved in policy advocacy to support climate action legislation and sustainable business practice. Through these efforts, the company hopes to impact its scope 3 carbon emissions.
<b>Management Comments</b>	The results of the 2019 LCA showed that Avocado Green Brands has a 40% reduction in environmental impact compared to the industry average. Further, the company is the first mattress brand to be a Certified Carbon Neutral company.