



# CO-OP PURPOSES REPORT 2020

PCC began as a community of people committed to each other and to good food. Almost seven decades later, this still holds true. We are owned by and accountable to our members. Our yearly Co-op Purposes Report is in service to our members and community: showcasing how the co-op's activity this past year connects with our mission to ensure that good food nourishes the communities we serve, while cultivating vibrant, local, organic food systems.

# PCC 2020 SNAPSHOT

PCC operates on a triple bottom line, always balancing economic, social and environmental impact. In everything we do, we are inspired by the Rochdale Principles that guide all co-ops. We also strive to deliver on the areas that make PCC unique: our community ownership, dedication to organic and locally sourced products, commitment to product sustainability, and passion for healthy and delicious food made from scratch.



## MEMBERSHIP

At the start of 2020, PCC launched a new member benefit program. The goal was to better serve members with a range of exclusive offers and events and the opportunity to earn an annual dividend. More members joined the co-op last year than in the past decade, which means an increased voice from members to advocate for a more sustainable future.

**35%**

GROWTH  
Most growth in one year

**89,141**

TOTAL MEMBERS  
at end of year

**\$46.93**

AVERAGE  
MEMBER  
DIVIDEND

**\$300**

IN SAVINGS  
to members through  
34 unique offers



## COMMUNITY GIVING

Last year, it was more critical than ever to show up and support our neighbors. We stayed true to our mission, working to build resiliency in local food systems, supporting organic producers and building healthy communities.

**1.7M**

POUNDS OF  
PRODUCT  
PROVIDED TO  
COMMUNITY  
PARTNERS

including food  
and health and  
body care

**\$1M+**

IN DONATIONS AND  
FUNDRAISING  
to support food access,  
healthy communities  
and sustainable food  
systems

**16**

FOOD BANK PARTNERS  
CONNECTED WITH 14  
LOCAL FAMILY FARMS



## PANDEMIC RESPONSE

As the first region in the nation impacted by the pandemic, PCC staff and community were hit hard. Throughout the year, PCC prioritized safety and made changes, including staff member appreciation pay, in-store safety updates that included upgraded HVAC systems, and a "no mask, no entry" policy.

**\$4M+**

SPENT ON  
COVID-RELATED  
COSTS

**160,000+**

MASKS PROVIDED  
TO STAFF

**1,680**

GALLONS OF HAND  
SANITIZER  
from our local  
vendor Sun Liquor

**\$10K**

TOTAL IMMEDIATE  
FINANCIAL  
CONTRIBUTION  
to multiple  
organizations



## SOCIAL & ENVIRONMENTAL RESPONSIBILITY

When you walk through our doors, you can trust we've made fresh, local, organic, seasonal and sustainable top priority. You can also trust that our stores are as sustainable as the products we sell.

**1<sup>st</sup>**

LIVING  
BUILDING  
CHALLENGE  
PETAL  
CERTIFIED  
grocery store in  
the world

**100%**

RENEWABLE ENERGY;  
achieved carbon  
negative store ops

**38%**

REDUCTION IN  
CARBON EMISSIONS  
associated with  
refrigerant leaks

**17%**

ENERGY USE  
REDUCTION  
per square foot



## COOKING CLASSES

A commitment to educate members and shoppers is one of the Rochdale Principles held by all co-ops. The PCC Cooking Class program delivers a culinary learning experience to home chefs of all skill levels and ages. With the pandemic, we quickly pivoted to provide online classes and directly deliver a world of flavor to our community through demos and hands-on classes.

**30%**

OF COOKING  
CLASS  
INSTRUCTORS  
ARE BIPOC

**30**

DIFFERENT CUISINES  
SHOWCASED  
*Highlights include Nigerian,  
Italian, Thai, Vietnamese,  
Pakistan, Brazil, Portugal,  
Mexico, Russia, Filipino,  
Turkey, Iran.*

**600+**

COOKING CLASSES  
OFFERED



## CERTIFIED ORGANIC & LOCAL FOCUS

We're dedicated to preserving local farmland and partnering with Northwest producers and ranchers. Our passion is for good food, from our fresher-than-fresh local produce to our in-store kitchens where original recipes are made from scratch daily using fresh, seasonal ingredients.

**900+**

NEW ORGANIC  
PRODUCTS  
SINCE 2019

**300**

DISHES MADE  
FROM SCRATCH  
with all original  
PCC recipes in  
every store

**800+**

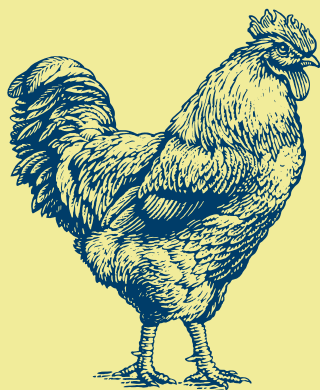
PARTNERSHIPS  
with local farmers,  
producers, fishers  
and ranchers



# A LETTER FROM THE BOARD OF TRUSTEES

“Last year was hard, but the co-op’s store teams and leadership leaned in harder. With guidance and support from the Board of Trustees, the entire organization stayed nimble and responsive in the face of rapidly changing local and federal government policies and requirements. We kept our shelves stocked by deftly navigating a struggling supply chain and leveraging our local relationships. Through it all, we prioritized the health and safety of our staff and shoppers.”

– PCC Board of Trustees



In 2020, our world changed in ways we never imagined. The pandemic hit PCC hard as an essential business, and those first months were extraordinarily challenging as the entire food system tried to get ahead of the chaos and fear. Food insecurity grew across the nation and directly impacted our neighbors. And while working through those challenges, our nation and local community experienced civil unrest ignited by the killing of George Floyd.

Last year was hard, but the co-op’s store teams and leadership leaned in harder. With guidance and support from the Board of Trustees, the entire organization stayed nimble and responsive in the face of rapidly changing local and federal government policies and requirements. We kept our shelves stocked by deftly navigating a struggling supply chain and leveraging our local relationships. Through it all, we prioritized the health and safety of our staff and shoppers.

We allowed innovation to flourish as we transformed our 30-year-old food bank program to a “Farm to Food Bank” model that helps local farms get their food into the hands of those in need. We opened two new stores, first in the Central District and then we expanded our presence on the Eastside, opening our 15th store with Bellevue PCC. Both of these new stores continue to bring sustainably sourced food, excellent job opportunities and an influx of giving to those communities. And our Ballard store was certified as the first grocery store in the world to achieve Living Building Challenge Petal Certification, a rigorous green building standard.

We listened closely to members and community leaders who challenged us to create a Board that is more racially diverse and reflects the communities we serve. We agree, and our work is underway. You will see changes to the Board in 2021 that move us closer to a goal of 30-40% of our Board composed of persons of color.

In the midst of 2020’s profound uncertainty, we also addressed two critical needs to set up the co-op for success. First, we completed an extensive six-month search to recruit a new CEO who embodied the values of the co-op and brought the experience, skills and cultural appreciation desired to lead PCC. That work culminated in December when we welcomed Suzy Monford as PCC’s President and CEO. Suzy brings to the co-op decades of relevant experience in the grocery and restaurant industries as well as a passion for creating healthy communities, a dedication to health and wellness, and a focus on innovation.

Second, we chose to take a necessary look inward at our vision, mission and values. What better time to get clear about how we hope to impact the world and conduct our business? While members and staff often reference a perceived mission or set of values, the co-op needed to update and clarify our purpose. So, the Board and leadership team worked together with an expert consultant to seek input from staff, members, vendors and nonprofit partners throughout a year-long, iterative process of crystalizing the co-op’s vision, mission and values.










The PCC community can now unite in support of the co-op’s vision: to inspire and advance the health and well-being of people, their communities and our planet. This guiding principle isn’t necessarily new to the co-op; it simply puts a fine point on our purpose. It was with this vision in mind that we navigated the challenges of 2020 while staying true to PCC’s values. It will likewise be our North Star as we support the co-op into the future.

All of us – the store teams, office staff, leadership team and the Board – thank you, the co-op’s members, for your support, dedication and patience through this unprecedented year. Together we did important work, which you will read about in this report. The achievements, often earned in the face of what felt like insurmountable challenges, prove the strength and resilience of this community. We look forward to continuing to journey with you.

Catherine Walker  
Chair, PCC Board of Trustees



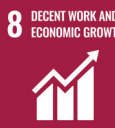








# SOCIAL & ENVIRONMENTAL RESPONSIBILITY GOALS

From achieving carbon positive store operations to increasing our selection of organic products, check out our progress on our 5-year sustainability goals.

PCC 5-year goal (2018-2022)	UN Sustainable Development Goals	2017 UPDATED baseline	2018	2019	2020	PROGRESS FROM 2017 BASELINE	NOTES
ADD 1,000 NEW ORGANIC GROCERY PRODUCTS TO OUR SHELVES' (#SKUS)	 	6,752	7,482	7,197	8,105	Goal Achieved	As we reset our shelves, we are focused on adding more organic products. We have added a net of 1,353 new organic products to our shelves since 2017, achieving our 5-year goal.
PROVIDE ELECTRIC VEHICLE CHARGING ACCESS IN EVERY STORE (# STORES)	 	1	1	1	2	+1	Our Bellevue and Edmonds stores have electric vehicle (EV) charging stations. We remain committed to installing EV chargers at our remaining stores.
ACHIEVE ZERO WASTE (DIVERSION RATE OF 90%) (%)		79	82	84 <sup>2</sup>	82	+3%	We achieved an 82% landfill diversion rate, which is a 3% improvement compared to our baseline. We were no longer able to compost waxed cardboard in 2020 and had to landfill it (not accepted in recycling), causing our landfill diversion rate to decrease by 2% from 2019. We continue to pursue our zero waste goal through ongoing waste audits, recycling program improvements, and garbage reduction efforts.
REDUCE OUR WATER USE BY 5% (CCF/SQ FT)	 	0.138	0.133	0.118	0.107	-22%	We decreased our water use per square foot by 22% compared to our baseline. We attribute this to high-efficiency fixtures and equipment in our new Ballard and West Seattle stores, in addition to plumbing retrofits that we implemented at existing stores through our green store audit program.
DECREASE OUR ENERGY USE BY 10% (SITE EUI - KBTUS/SQ FT)	 	364	366	334	304	-17%	Our average store EUI decreased by 17% compared to our baseline. We attribute this to high-efficiency fixtures and equipment in our new Ballard and West Seattle stores, as well as energy retrofits that we implemented at existing stores through our green store audit program.

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PCC 5-year goal (2018-2022)	UN Sustainable Development Goals	2017 UPDATED baseline	2018	2019	2020	PROGRESS FROM 2017 BASELINE	NOTES
<b>ELIMINATE PETROLEUM-BASED PLASTICS FROM OUR DELI PACKAGING</b>		N/A	Not Yet Achieved	Not Yet Achieved	Not Yet Achieved	In Process	We continue to work on replacing the remaining petroleum-based plastic deli packaging with compostable options.
<b>DEVELOP A SUPPLIER DIVERSITY AND INCLUSION PROGRAM</b>	  	N/A	Not Yet Achieved	Not Yet Achieved	Goal Achieved	Goal Achieved	We continued our diverse vendor incubator program in partnership with Ventures. This included a “Scaling for Success” class with merchandisers, a pitch day and holiday shelf space for Ventures clients. This year, we also launched our new Diverse Entrepreneur grants that helps diverse entrepreneurs scale their business. We mark this “complete” while acknowledging that we will continue the effort to build a more diverse supply chain.
<b>REDUCE CARBON EMISSIONS ASSOCIATED WITH REFRIGERANT LEAKS BY 50% (METRIC TONS CO2 EQUIVALENT)</b>	 	1,990 <sup>3</sup>	1,320 <sup>3</sup>	1,896 <sup>3</sup>	1,230	-38%	We reduced total carbon emissions associated with leaks by 38% compared to our baseline. Our West Seattle, Bellevue and Ballard stores use carbon dioxide as a low-impact natural refrigerant.
<b>ACHIEVE CARBON NEGATIVE STORE OPERATIONS (SCOPE 1 AND 2) (METRIC TONS CO<sub>2</sub> EQUIVALENT)</b>	 	5,943 <sup>3</sup>	0	-357 <sup>3</sup>	-346	Goal Achieved	We achieved carbon negative store operations in 2020, which means we removed more carbon from the atmosphere than what we contributed. We did this by reducing our overall emissions and by purchasing carbon offsets greater than our 2020 carbon footprint. Our carbon offsets directly supported the planting of over 1,000 trees in Marysville, WA through Forterra's Evergreen Carbon Capture (ECC) program.
<b>PURCHASE 100% RENEWABLE ENERGY, OR THE EQUIVALENT ENERGY CREDITS, FOR OUR STORES (%)</b>	 	55	100	100	100	Goal Achieved	We purchased certified Green-e renewable energy credits equivalent to 100% of our electricity consumption. Our credits supported wind power projects in the United States.
<b>DONATE ONE MILLION MEALS TO OUR NEIGHBORS VIA OUR FOOD BANK PROGRAM (# MEALS)</b>		N/A	433,051	1,753,187	3,128,443	Goal Achieved	We donated a cumulative total of 3,128,443 meals since we began tracking. 228,016 meals were donated through our food bank bulk donation program and 2,900,428 meals were donated through our grocery rescue program.

<sup>1</sup> Does not include health and body care, deli, and merch items.

<sup>2</sup> We updated this metric to reflect improved tracking and analyses.

<sup>3</sup> We updated our refrigerants' global warming potential (GWP) conversion factors for all years to reflect IPCC's latest report (ar5) and other industry-accepted sources.

# THE HIGHLIGHTS OF OUR YEAR

We view all aspects of our business through a sustainable lens, whether it's providing sustainable and transparent products, advocating for organic food systems, designing green stores or supporting the communities we serve. Here you will find stories, most of which were told in our Sound Consumer newspaper, that illustrate our steadfast efforts to preserve our triple bottom line this year in the face of a life-altering pandemic.



Photo by Marcus Badgley

## SUPPORTING ORGANIC FARMERS, FARMLAND AND PRODUCERS

As a certified organic grocer, PCC is committed to supporting local and organic food systems — especially in its own backyard. From protecting threatened farmland through ongoing work with Washington Farmland Trust to supporting organic producers through Organic Producer Grants, PCC looks for meaningful ways to support local farms and producers to ensure a healthy food system for years to come.

### FURTHER READING IN THE SOUND CONSUMER:

- PCC Farmland Trust celebrates 20 years, *January 2020*
- New PCC grants support organic farming, *March 2020*
- Opening doors for new farmers, *July 2020*
- Grants support farms and local food, *July 2020*



Photo by Meryl Schenker

## PROVIDING FOOD ACCESS & COVID-19 EMERGENCY RELIEF SUPPORT

Working to provide good food to nourish its community is part of PCC's overall mission. The onset of the COVID-19 pandemic created a disruption to the emergency food system never seen before. PCC acted quickly to support its community, including adjusting its Food Bank Program to connect local farms and food banks, and donating 1.4 million meals to neighborhood food bank and grocery rescue partners.

### FURTHER READING IN THE SOUND CONSUMER:

- New challenges and new ways to connect, *May 2020*
- Working together with our community farmers markets, *July 2020*
- The evolution of Seattle's food banks, *November 2020*
- How You Can Support Local Food Banks This Season, *December 2020*



Photo courtesy of EarthGen

## SUPPORTING HEALTHY COMMUNITIES

In 2020, PCC continued its work to foster vibrant and healthy communities through strategic partnerships, robust neighborhood and regional giving programs, and community grants. The co-op provided \$710,000 in support to dozens of area partners focused on sustainability and social impact. Through a partnership with Ventures, PCC introduced a Diverse Entrepreneur Grant to support BIPOC, female and LGBTQIA+ entrepreneurs.

### FURTHER READING IN THE SOUND CONSUMER:

- Our co-op community: School-sized apples for a fruitful future, *January 2020*
- Soul of Seattle: For Love of Seattle's Community, *May 2020*
- Sweet success of Ventures partnership, *November 2020*
- PCC Community Markets' 2020 Giving Efforts, *February 2021*



# THE HIGHLIGHTS OF OUR YEAR CONTINUED

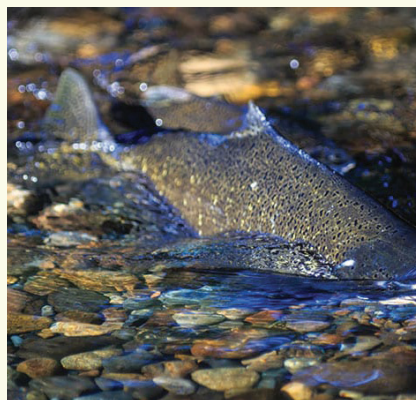


Photo courtesy of PCC Community Markets

## SUSTAINING THE ENVIRONMENT AND COMMUNITIES THROUGH STRONG PRODUCT STANDARDS

The co-op constantly evaluates its products and product standards to be a trusted leader in social and environmental sustainability. PCC introduced new standards for its fresh chicken eggs that require all suppliers' hens have access to the outdoors, and the PCC Chinook Sourcing Standard to ensure the co-op only offers Chinook salmon sourced to protect Southern Residents' main food supply and overall Chinook populations.

### FURTHER READING IN THE *SOUND CONSUMER*:

- PCC sets a new standard for sustainable eggs, *March 2020*
- Behind the bulk: PCC adds "closed loop" body care products and more, *March 2020*
- New PCC chocolate is "sourced the way it should be," *May 2020*
- Sourcing a fish: Another look at Chinook, *September 2020*



Photo courtesy of Ralph's Greenhouse

## ADVOCATING FOR CHANGE IN OUR BACKYARD AND BEYOND

A healthy food system is possible only if there are policies, infrastructure and resources to support it. Last year, PCC endorsed the Soil Health Initiative, continued to push for alternatives to plastic packaging, and addressed the issue of organic fraud to help improve the integrity of the organic supply chain.

### FURTHER READING IN THE *SOUND CONSUMER*:

- Support for Washington State Soil Health Initiative, *January 2020*
- Comments on Proposed Food Safety Rule, *September 2020*
- PCC Advocates for Stronger Organic Regulations, *October 2020*
- Policy Report: Fighting for true GE transparency, *November 2020*



Photo courtesy of PCC Community Markets

## MATCHING BUILDING STANDARDS TO THE PRODUCTS ON OUR SHELVES

PCC's vision is to inspire and advance the health and well-being of people and their communities as well as the planet. To that end, the co-op ensures its stores meet just as high of standards as its products. PCC's Ballard location was recognized as the first Living Building Challenge Petal Certified grocery store in the world — meeting the most rigorous green building standard.

### FURTHER READING IN THE *SOUND CONSUMER*:

- Bringing carbon offsets closer to home, *May 2020*
- Materiality Assessment, *September 2020*
- PCC Ballard is World's First Living Building Challenge Petal Certified Grocery Store, *January 2021*

# PCC DIVERSITY, EQUITY AND INCLUSION UPDATE

PCC is actively making efforts to become a more inclusive place for staff and shoppers. This past year, we focused on developing a culture of learning, compassion and inclusion. As we put in the work, one of our most valuable lessons learned was that it's important to take a step forward and get started. We won't be perfect, but by working together and learning along the way, each step adds up to meaningful progress.



Diversity, Equity and Inclusion (DEI) is essential to our co-op's success. In addition, a diverse, equitable and inclusive organization is aligned with our values. PCC aims to inspire and advance the health and well-being of people, their communities and our planet. Our work to support that vision was more crucial than ever this past year when in addition to the health pandemic, we also faced a pandemic of racial and social injustices.

## BOARD DIVERSITY

We are committed to having our Board of Trustees reflect the communities we serve. Our Board currently is made up of 60 percent women, with a woman chair and three of the four standing committees led by women. We know we need to do more to improve the racial diversity of the Board. As a first step, last year we partnered with BoardReady, a nonprofit that specializes in recruitment of diverse candidates. Through their network and the Board's continuous recruiting efforts, we identified qualified candidates of diverse racial backgrounds and invited them into the process. There is a BIPOC candidate on the slate for the Board election in 2021.

## STAFF GROWTH OPPORTUNITIES

We are committed to the leadership development of our staff and providing career growth opportunities. In 2020, we evaluated paths to leadership roles to build equitable access for our diverse staff. In addition, we amplified and increased our recruiting efforts in BIPOC communities. To support that work, we created and filled the role of Staffing and Diversity, Equity and Inclusion Manager. The responsibilities of this role include development of a strategy to recruit diverse candidates, as well as partnering with leadership to develop a clear path to career growth for existing BIPOC staff, and cultivating an inclusive environment for our staff.

## IMPLICIT BIAS AND EQUITY TRAINING

We are committed to operating stores that are inclusive and welcoming places to work and shop. This year, in collaboration with the Seattle-based consultancy Becoming Justice, we rolled out implicit bias training at our new store locations, including Bellevue and the Central District. We tailored the training for each store based on its needs. The training included a range of topics, from retail racism to implicit bias and microaggressions. In addition, we trained all of our store leadership in a two-day, "Leading for Racial Equity" training centered on race and racism. The goal was to build competencies in eliminating implicit bias in hiring and creating a more equitable and inclusive workplace to better support our staff.

## COMMUNITY OUTREACH + SUPPORT

We care about the communities we serve. In 2020, we opened our Central District store, a fully built grocery store that had been abandoned by another grocer. We kicked off our announcement in a community meeting, organized community listening sessions, held job fairs and met face-to-face with local nonprofits and community leaders. We learned a lot from the community, and continue to, applying these learnings to our store operations and our giving strategy. We identified Byrd Barr Place — a Black-led nonprofit — as our food bank community partner. We donate thousands of pounds of organic and sustainable groceries to their operation from our Central District store to Byrd Barr Place on an ongoing basis. We also support our local economy by carrying a wide variety of locally made products that are highlighted in our stores, including products from BIPOC-owned businesses.



# PCC DIVERSITY, EQUITY AND INCLUSION UPDATE CONTINUED

## DIVERSE GIVING

For decades, we have donated to community organizations who, like us, are strengthening their community, working toward more sustainable, equitable food systems and protecting the environment with a focus on BIPOC-led organizations. We provided donations, sponsorships and support to BIPOC community groups, including the Urban League of Metropolitan Seattle, BIPOC Organic Food Bank, Northwest African American Museum, and Soul of Seattle, which highlights Black chefs' culinary talents. We provided organizations that work on equitable and organic food systems with up to \$4,000 in grant funding, including EarthCorps/Black Farmers Collective, FEEST, Viva Farms, and Food Innovation Network. We also provided in-kind use of our kitchen to diverse local nonprofits for community-led food access and cooking classes. In addition, we sponsored Pride, provided staff PCC Pride pins, and distributed pronoun pins in allyship with our LGBTQIA+ staff and community.

## DIVERSE ENTREPRENEUR INCUBATION PROGRAM

We continued to invest in our diverse vendor incubation program in partnership with Ventures. Our program, which has been in place since 2018, helps diverse entrepreneurs scale their business and uniquely provides clients with space on our shelves. Our Scaling for Success class, offered through Ventures, helps entrepreneurs scale up successfully to wholesale sales. Our merchandisers mentor the clients in attendance every step of the way — from briefing them on our standards to mentoring on the intricacies of wholesale — culminating in a pitch night. We featured six new Ventures' products on our shelves this past holiday season, with many more already having found placement on our shelves through the program. Last year, we expanded our partnership to help with the most frequent challenge diverse entrepreneurs face — access to free capital. We issued \$8,000 in microgrants to diverse entrepreneurs (BIPOC, female and LGBTQIA+) in partnership with Ventures.

## LOOKING FORWARD

We are making progress on our DEI journey, but we have much work to do. In 2021, we are committed to continuing to advance DEI through a number of initiatives across our co-op in order to further build inclusion and equity into the fabric of who we are. We recognize the need to bring more diversity into our staff at every level, and also the importance of creating environments in which our staff feel like they belong at PCC. In 2021, we have initiatives planned to address recruitment, outlining career pathways, building an inclusive culture, more staff education, expanding our diverse vendor program, and continuing to support our community through giving in BIPOC communities.

## STAFF DIVERSITY METRICS

### STAFF BY ETHNICITY

	American Indian or Alaska Native (not Hispanic or Latinx)	Asian (not Hispanic or Latinx)	Black or African American (not Hispanic or Latinx)	Hispanic or Latinx	Native Hawaiian or Other Pacific Islander (not Hispanic or Latinx)	Two or More Races (not Hispanic or Latinx)	White alone (not Hispanic or Latinx)	Declined to answer or did not answer
<b>Non-Management<sup>1</sup></b>	0.8%	12.0%	4.0%	10.7%	1.1%	3.7%	64.2%	3.0%
<b>Management<sup>2</sup></b>	0.0%	5.1%	1.0%	4.1%	1.0%	4.1%	81.6%	3.0%
<b>Our service territory demographics<sup>3</sup></b>	1.3%	15.9%	5.4%	10.3%	0.8%	5.1%	63.1%	n/a

### STAFF BY GENDER

	F	M	Non-Binary	Not Answered
<b>Non-Management<sup>4</sup></b>	46%	51%	2%	1%
<b>Management<sup>2,4</sup></b>	44%	56%	0%	0%

<sup>1</sup> Stores and Office Combined

<sup>2</sup> Management is defined as members of the store operating committee, persons in charge, assistant store directors, store directors, office staff who have direct reports, and the leadership team.

<sup>3</sup> Based on King and Snohomish County 2010 Census

<sup>4</sup> Estimated based on self-disclosure

# PEOPLE & PLANET STATEMENT

From membership to green stores, learn more about how the co-op performed in 2020.

METRIC	RESULT	COMMENTS
<b>CO-OP MEMBERSHIP</b>		
Total members	89,141	Under the new membership program, we've grown membership from 66k members at the start of the year and have had more members join this year than in the past 10 years.
New members (% growth)	35%	This was the most growth in one year and follows the introduction of a new membership program that introduced the opportunity for a dividend and exclusive member offers, deals from partners and events.
Average dividend back to members (\$)	\$46.93	As a result of the new membership program, PCC is providing members its first-ever member dividend. The PCC dividend is a sum of money paid to active co-op members out of the profit the co-op makes specifically from member sales. The PCC Board of Trustees determines if a dividend will be issued for each fiscal year based on the co-op's financial results and the needs of the business.
Members- only offers (\$)	~\$300 in value	With the new membership program, members are provided exclusive offers for a range of products. In 2020, members were provided 34 offers for free products including buy-one-get-one salmon, free PCC organic yogurt and free olive oil.
Members who participated in events (#members)	1,300+ Registrants (530+ attendees)	PCC was able to hold two member events in-person at the start of the year in Green Lake Village and Redmond stores. We pivoted with the pandemic to host experiences via Zoom which allowed us to reach even more members. The BECU financial webinar was our best attended experience of the year. And one of the most interesting and entertaining was the August wine tasting, which included PCC's beer and wine merchandiser, Jeff Cox, and two Washington wine makers that we have exclusive wines with.
<b>EDUCATION</b>		
Sound Consumer article page views (# page views)	247,137	This is an increase from 187,332 page views in 2019.
PCC Cooking Classes (# classes)	600+	With the impact of COVID-19, PCC quickly updated its Cooking Class program and moved classes online. Last year, the co-op provided over 1,000 hours of instruction.
PCC Cooking Classes number of different cuisines taught (# cuisines)	30	PCC classes showcased cuisines from around the world, including Nigeria, Italy, Thailand, Vietnam, Pakistan, Brazil, Portugal, Mexico, Russia, Philippines, Turkey and Iran.
<b>GREEN STORES</b>		
Green building certified stores (# stores)	4	Three of our stores are LEED-certified: Redmond, Edmonds, and Burien. In 2020, our Ballard location became the first grocery store in the world to achieve LBC Petal Certification, the world's most rigorous green building standard. Our West Seattle, Bellevue, Downtown, Kirkland (new), and Madison Valley stores will also be pursuing LBC Petal Certification.
Carbon footprint (scope 1 & 2) (metric tons CO <sub>2</sub> equivalent)	-346	We achieved carbon negative store operations in 2020 by reducing our overall emissions and by purchasing carbon offsets. These offsets directly supported the planting of over 1,000 trees in Marysville, WA through Forterra's Evergreen Carbon Capture program. Without the offsets, our carbon emissions amounted to 5,460 metric tons CO <sub>2</sub> e. This is an 8% reduction compared to our 2017 baseline year, despite opening five new stores.
Store energy use intensity (site EUI - kBTU/Sq ft)	304	Our average store energy use intensity (EUI) decreased by 17% compared to our 2017 baseline year. We attribute this to high-efficiency fixtures and equipment in our new Ballard and West Seattle stores, as well as energy retrofits that we implemented at existing stores through our green store audit program.

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PEOPLE & PLANET STATEMENT *CONTINUED*

METRIC	RESULT	COMMENTS
<b>GREEN STORES cont.</b>		
Electricity use (kWH)	14,717,880	Since measuring our baseline in 2017, we have opened five new stores. Our total square footage increased by 47%, while our electricity use only increased by 26%. We attribute this to our new stores' high energy efficiency, as well as energy retrofits that we made at existing stores.
Natural gas use (therms)	404,324	Since measuring our baseline in 2017, we have opened five new stores. Our total square footage increased by 47%, while our natural gas use only increased by 6%. We attribute this to our new stores' high energy efficiency, as well as energy retrofits that we made at existing stores.
Water use (CCFS)	31,368	Since measuring our baseline in 2017, we have opened five new stores. Our total square footage increased by 47%, while our water use only increased by 7%. We attribute this to our new stores' high water efficiency, as well as plumbing retrofits made to our existing stores.
Landfill diversion rate (%)	82	In 2020, we diverted 82% of our waste from the landfill into composting, biodigestion (WISErg System), recycling and food donation. This is an improvement of 3% compared to our 2017 baseline year. Our goal is to achieve zero waste (90% diversion rate) by 2022.
Solid waste to landfill (tons)	1,686	The amount of landfill waste generated in 2020 increased by 41% compared to our 2017 baseline year. Two factors contributed to this. We were no longer able to compost waxed cardboard in 2020 and had to landfill it (not accepted in recycling). We also opened five new stores since 2017. We remain focused on reducing landfill waste generation through source reduction, improved recycling programs, and ongoing waste audits.
Hauled and processed compost waste (tons)	2,699	We saw around a 39% increase in composted waste in 2020 compared to our 2017 baseline year due to improve sorting of compostables and additional volume from five new stores that we opened since 2017. We sort compostable waste, such as organic trimmings and compostable packaging, to ensure that it doesn't end up in the landfill. Once it's sorted, we either haul it to commercial composting plants or process it in our WISErg biodigestion systems at three of our stores.
Recycled waste (tons)	3,965	We saw around a 63% increase in recycled waste in 2020 compared to our 2017 baseline year. This is likely due to improved sorting of recyclables and increased volume from five new stores that we opened since 2017.
<b>PRODUCT SUSTAINABILITY</b>		
Organic grocery products* (# SKUs)	8,105	Our total number of organic products increased by around 13% in 2020 compared to the previous year. We have since added 1,353 new organic products to our shelves over our 2017 baseline.
Fair Trade products (# SKUs)	593	The number of Fair Trade certified products increased by around 22% in 2020 compared to the previous year.
Local products** (# SKUs)	9,803	Our local economy is important to the co-op and our community. The number of local products in our stores increased by 4% in 2020 compared to the previous year.

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PEOPLE & PLANET STATEMENT *CONTINUED*

METRIC	RESULT	COMMENTS
<b>COMMUNITY + GIVING / SOCIAL IMPACT</b>		
Financial and in-kind support to bolster organic and sustainable food systems and healthy communities (\$)	710,000	<ul style="list-style-type: none"> <li>Despite the myriad of challenges brought forth during the pandemic, we continued our work to build healthy, communities and sustainable food systems across the Puget Sound and beyond.</li> <li>In partnership with Ventures, we introduced a new Diverse Entrepreneur Grant to support BIPOC, female and LGBTQIA+ Ventures' entrepreneurs.</li> <li>We furthered our commitment to farms, farmland and organic producers across Washington through our ongoing partnership with Washington Farmland Trust (formerly PCC Farmland Trust) and our second annual Organic Producer Grants.</li> <li>We also supported turnkey pandemic relief efforts to local nonprofits like Northwest Harvest.</li> </ul>
Funds raised by the community to support the community (\$)	384,000	<ul style="list-style-type: none"> <li>The PCC community came together to raise more than \$250,000 for the member- and shopper-funded PCC Food Bank Program.</li> <li>We also provided partners with retail space to raise funds for nonprofits focused on sustainable food systems, including for the Center for Whale Research, Long Live the Kings, and Washington Farmland Trust.</li> <li>In partnership with Organically Grown Company, we sold bagged apples whose proceeds benefitted farm-to-school programs at Oxbow Farm &amp; Conservation Center, Green Plate Special.</li> </ul>
Food bank donations (# meals)	1,400,000	We continued our focus to make high-quality, organic, local food accessible to more people. We contributed 1.7 million pounds of food and product to 40 grocery rescue partners.
<b>ADVOCACY</b>		
Regulatory & legislative advocacy (# PCC actions)	50	From sign-on letters to joining petitions, we had a full year of making sure that PCC was seen and heard on the issues we know our members care about. Over the course of the year, PCC advocated on organic and sustainable food systems to municipal, state, and federal officials, organized meetings with state and federal legislators, participated in stakeholder policy development forums, and testified before legislators and other government officials.
Policy recommendations (# topics)	35	This year, we weighed in on numerous topics and issues, including advocating for COVID-19 aid to smaller farmers and producers, supporting protections for Chinook salmon and Southern Resident Killer Whales, contending unclear GE labeling rules, reaffirming our commitment to climate action, and supporting policy to strengthen the organic label.
PCC Advocates emails (# topics)	15	Our alert emails encouraged action on submitting comments to the National Organic Standards Board, funding the organic cost share program, supporting equity in farming, improving WA State's proposed food safety rule, urging the USDA to implement organic animal welfare standards, strengthening organic enforcement, and helping to pass the Washington State Soil Health Initiative.

\* Excludes mercantile, deli, and health &amp; body care products

\*\* All local products, including mercantile

# FINANCIAL STATEMENT

## CONSOLIDATED INCOME STATEMENT

	2020	2019
SALES, NET	\$ 383,194,788	\$ 303,964,833
COST OF GOODS SOLD	231,631,384	182,759,230
Gross profit	151,563,404	121,205,603
% of Sales	39.6%	39.9%
OPERATING EXPENSES		
Wages, benefits and taxes	97,149,650	82,688,550
General and administrative expenses	17,538,958	12,489,467
Occupancy expenses	28,546,466	20,558,117
Marketing and outreach expenses	2,704,562	3,574,891
(Gain) loss on disposal of assets	(2,460)	178,701
Total operating expenses	145,937,176	119,489,726
Income from operations	5,626,228	1,715,877
OTHER INCOME (EXPENSE)		
Interest income	43,674	96,623
Interest expense	(15,150)	(2,004)
Investment income	522,259	450,142
Other income (expense)	(152,096)	559,392
Total other income, net	398,687	1,104,153
Income before patronage dividends and provision for income taxes	6,024,915	2,820,030
PATRONAGE DIVIDENDS	3,872,219	
Income before provision for income taxes	2,152,696	2,820,030
PROVISION FOR INCOME TAXES		
Current (benefit) expense	(2,691,636)	20,179
Deferred expense	2,176,695	689,587
NET INCOME	\$ 2,667,637	\$ 2,110,264
% of Sales	0.7%	0.7%

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## CONSOLIDATED BALANCE SHEET

	ASSETS		
	2020	2019	
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 38,617,432	\$ 10,242,263	
Receivables, net	2,048,490	2,321,255	
Inventories	9,118,962	9,002,485	
Prepaid expenses and other assets	2,714,543	2,210,318	
Income tax receivable		525,000	
Total current assets	52,499,427	24,301,321	
PROPERTY AND EQUIPMENT, net	81,572,419	73,426,855	
<b>LONG-TERM ASSETS</b>			
Other assets	701,916	781,741	
Investments	2,369,945	2,243,145	
Total long-term assets	3,071,861	3,024,886	
Total assets	\$ 137,143,707	\$ 100,753,062	
<b>LIABILITIES AND MEMBERSHIP EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 16,512,638	\$ 11,329,025	
Accrued wages and benefits	11,717,032	6,453,814	
Other accrued expenses	2,505,830	2,068,025	
Income tax payable	336,017		
Contract liabilities	1,232,576	1,048,280	
Patronage dividends payable	3,872,219		
Current portion of long-term debt	1,266,037		
Total current liabilities	37,442,349	20,899,144	
<b>LONG-TERM LIABILITIES</b>			
Deferred income taxes	6,693,518	4,516,823	
Deferred rent	4,522,741	3,164,134	
Deferred lease incentives	8,413,187	6,486,033	
Long-term debt, net of current portion	10,789,300	71,870	
Total long-term liabilities	30,418,746	14,238,860	
<b>MEMBERSHIP EQUITY</b>			
Membership certificates	9,832,891	8,832,974	
Retained earnings	59,449,721	56,782,084	
Total membership equity	69,282,612	65,615,058	
Total liabilities and membership equity	\$ 137,143,707	\$ 100,753,062	



# COMPENSATION STRUCTURE AND PHILOSOPHY

PCC believes in being open and transparent with its community. Accordingly, you can learn more here about the co-op's compensation philosophy and structure.

PCC is the nation's largest grocery cooperative, and as such is guided by cooperative principles, which include openness, transparency and accountability. In the spirit of those principles, the Management Development and Compensation Committee (MDCC) of PCC's Board of Trustees is providing for the following disclosures about PCC's compensation philosophy and structure.

As of December 31, 2020, PCC had 1,645 total employees. When discussing PCC's compensation structure for its employees, it's easiest to break the total staff into three distinct compensation groups:

- Nonmanagerial, unionized store staff, which consists of 1,455 people or 88% of total staff
- Office staff (including office managerial staff), which consists of 160 people or 9.5% of total staff
- Managerial staff, which consists of 96 people or 6% of total staff; this group includes store management — Store Directors, Assistant Store Directors and Deli Managers — and the co-op's CEO, leadership team and those with supervisory responsibilities in the PCC office

## COMPENSATION PHILOSOPHY

PCC seeks to attract and retain competent, qualified staff in its stores and office, who are looking for a workplace that supports their passion for good food, our communities and PCC, in addition to finding a well-paying job. Compensation is just one piece of PCC's attractiveness as a place to work — our culture; the support we provide to our local communities, farmers and product suppliers; the commitment to our environment; and all the other parts that make PCC unique help us attract and retain dedicated, capable staff.

PCC's overall philosophy is to offer total compensation (wages, benefits and incentive pay) that is competitive within the grocery industry and the Puget Sound region in which our stores operate. This means the Seattle market is an important factor in how PCC establishes wages and benefits for all employees. Compensation philosophy, the components of compensation at PCC and how the philosophy is applied are overseen by the MDCC on behalf of the Board of Trustees. How compensation is set, and the elements of compensation, differ between our unionized store staff and nonunion staff, as outlined below.

PCC believes that its compensation packages for store and office staff, together with its mission-driven business, are industry competitive. This is demonstrated by the fact that PCC's average turnover rate is consistently lower than national averages — in 2020, for store staff, PCC's turnover rate was about two-thirds of the 2018 reported national average turnover rate for grocery store employees, while the turnover rate for nonunion PCC employees was about one-quarter of that national average. Another indicator of competitiveness is that in 2020, the average tenure of PCC staff across stores and office is almost 1.5 times longer than the 2020 average tenure of a service industry employee.

As a benefit to our staff, all PCC employees are provided with a free membership in PCC during the duration of their employment, and enjoy the same benefits received by other members, such as free "surprise and delight" offerings and special discounts through "members-only" deals. Staff also receive a 15% discount on all PCC purchases made by the employee or members of their household.

# COMPENSATION STRUCTURE AND PHILOSOPHY *CONTINUED*

## NONMANAGERIAL STORE STAFF

Nonmanagerial store staff are members of the United Food and Commercial Workers Union, Local 21 and are compensated in accordance with collective bargaining agreements negotiated between PCC and UFCW and ratified by our unionized staff. In general, while PCC only has 15 total stores, we pay store staff hourly wage rates comparable to or slightly higher in some categories than wages offered by much larger unionized grocers in the region, and PCC's wage rates are generally higher than nonunion grocers.

In addition to the wages called for under PCC's collective bargaining agreements, in the past year, PCC has provided all hourly store staff with the following additional elements of compensation:

- \$2.00/hour additional hazard pay for four months, in appreciation for staff efforts in the early months of the COVID-19 pandemic to institute new safety procedures
- \$4.00/hour additional hazard pay commencing February 3, 2021
- \$300 "thank you" gift card bonuses in December 2020
- Free membership in the co-op
- 15% discount for staff and their households on all purchases from PCC
- Contribution to pension plans through UFCW
- Heavily subsidized premiums for comprehensive medical, dental and vision coverage
- Recognition bonuses for milestone work anniversaries

## OFFICE STAFF

PCC's office staff — which includes managerial and nonmanagerial staff in finance and accounting, marketing, merchandising, sustainability, information technology, human resources, and store development departments — are primarily salaried employees. In addition to wages, in the past year PCC provided all office staff with the following additional compensation:

- Free membership in the co-op
- 15% discount for staff and their households on all purchases from PCC
- 5-8% matching contributions for participation in PCC's 401(k) Retirement Plan
- Heavily subsidized premiums for comprehensive medical, dental and vision coverage
- \$300 "thank you" gift card bonuses in December 2020 to all nonmanagerial staff
- Recognition bonuses for milestone work anniversaries

## MANAGERIAL STAFF

Managerial staff includes PCC's CEO, the Vice Presidents who make up PCC's Leadership Team, Store Directors, Assistant Store Directors and Deli Managers, and office staff with supervisory responsibilities. All managerial staff receive a set salary and are not eligible for additional compensation for overtime work. In addition to the salaries and other compensation elements outlined above for office staff, managerial employees participate in bonus programs to encourage achievement of PCC's goals. Through the bonus programs, managers can earn compensation that directly relates to their performance in helping PCC achieve annual financial and other goals within the context of the co-op's values. Bonuses under these plans are paid only if PCC achieves or exceeds its annual financial performance targets, which are set by the Board of Trustees. The bonus potential is a set percentage of the manager's annual salary and based on the achievement of financial and other goals.

## COMPENSATION STRUCTURE AND PHILOSOPHY *CONTINUED*

PCC competes with other retailers, including larger national grocers, for talented managerial staff. Larger competitors routinely offer stock, stock options or long-term, equity-based compensation packages as part of their compensation packages, which can represent significant additional compensation value to recruited employees. PCC, as a cooperative, does not have the ability to offer equity-based compensation, and as a result, the managerial bonus programs were created to provide a competitive compensation tool for PCC to use in recruiting managerial talent.

### BOARD OF TRUSTEES COMPENSATION

PCC's Board of Trustees oversees the setting of strategic financial, social and environmental goals for the co-op and monitors the organization's performance to such goals. The Board currently is made up of 10 members — nine "outside" trustees (i.e. not employed by PCC) and the CEO, who is an ex officio member of the Board. Trustees are recruited to the Board based on annual evaluations of skills, backgrounds and experience needed to guide PCC's complex and growing organization. Trustees participate in a minimum of four Board meetings and an additional four or more committee meetings each year, plus time-to-time participation in task forces. Trustees also provide advice and guidance to management throughout the year and participate in events with members and staff.

In recognition of the considerable duties, time and effort trustees commit to PCC, outside trustees receive a stipend for their service to the co-op. The chairs of the Board and each of the Board's standing committees (other than the Executive Committee) receive an additional stipend for their leadership roles, which rotate every few years. Trustees who are employees of the co-op ("inside" trustees) receive no additional compensation for their service on the Board. The stipends currently paid to outside trustees are below the average compensation paid to directors of comparably sized businesses, based on survey data compiled in early 2020.