



2018
Oregon Benefit Corporation
and Certified B-Corp Annual Report

coates kokes



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Letter from the president

An open letter to our community – clients, constituents and each other,

We've all heard the phrase, "You can't measure what you don't track." While I think Peter Drucker's actual quote was something more like, "If you can't measure it, you can't improve it," the point still stands. B-Corp certification and its assessment scoring in general have given us ways to track our actions as a company, and to make sure they're actually measuring up to the spirit of our company culture.

Here we are now, a year and four months since our original certification and this document provides our first annual report of B-Corp and Oregon Benefit Corporation activities. In addition to meeting a B-Corp requirement, this first annual report of this type gives us a chance to recap what we've done, to reflect on that body of work and to consider possibilities for further advancement of our purpose-driven approach to business.

We should note that the timeframe covered by this annual report is not quite as simple as we'd like it to be. For our original certification we used 2017 numbers – fiscal year (ending 9/30/17) numbers in most cases, but also calendar year where that was the only data we had. In this annual report, we have leaned primarily on

2018 fiscal and calendar year data, but it is worth keeping in mind that we did not receive certification until May of 2018. Some of the narrative of this report touches on activities or events that have occurred in 2019. For all data provided in this report, only a 12-month timeframe was used as the basis for these numbers.

The looking forward component of this report is important as well. This report outlines opportunities for the company's board to consider, and refocuses our roadmap for future B-Corp activity.

As a company Coates Kokes is glad to be both a Certified B-Corp and an Oregon Benefit Corporation with a mission-locked set of articles of incorporation. Getting to this point was both a long-overdue reflection of our heritage and a lot of work. That noted the work continues both in the way we support our clients and in the way we run our business to support the larger community in which we operate.

We wouldn't have it any other way.

Cheers,

A handwritten signature in dark ink that reads "Steve". The script is fluid and cursive, with the "S" being particularly large and stylized.

Steve Kokes
President and Strategic Director

Mission statement and ownership

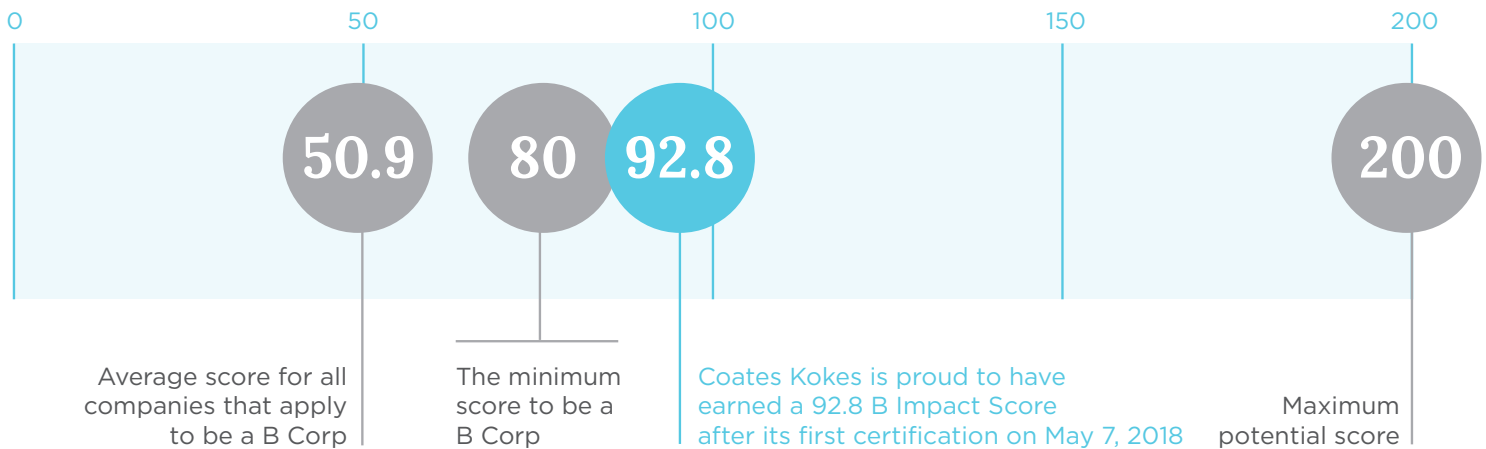


Rather than the typical “Madison Avenue” stereotype, Coates Kokes believes communications should be a force for good: This work can help activate social causes, speed adoption of environmentally friendly technologies and practices, change negative behaviors and help bring people together.

Good isn’t something you just try on. Good is built with a deliberate, sustained effort. But good is also contagious. Delivering good work and working with good clients has a way of attracting more good workers and more good clients. Sure, our industry has evolved. But it’s not that complex. Sometimes people want the whole narrative, sometimes they don’t have the bandwidth and they need a shorter version. #condensed. But through it all, we’ve stayed true to a core tenet – the desire to work with partners who build, preserve, heal, and bring people together. We’re proud to hang our hats on that, on working for good. We’ve been privileged to have good partners, and we have grown right along with them. We were never in this for fleeting glory. We’re in it for good.

We are a woman-owned business certified by the State of Oregon with three partners: founder and CEO, Jeanie Coates; president and strategic director, Steve Kokes; secretary/treasurer and vice president of operations, Lindsay Frank.

Measuring progress and impact



Governance:

10.9 points earned out of 24.9 possible points. 44% earned.

Key ongoing activities:

We at Coates Kokes continue our commitment to social and environmental responsibility and stewardship, including the integration of training for our sustainability practices into new employee hiring, a written whistleblower policy in the employee handbook, and the first annual review of our social and environmental performance by our board of directors in 2019.

We have been a proud women-owned business since our incorporation and are certified as such by the State of Oregon, with 65% of our company ownership held by women.

Opportunities for growth:

Governance was our lowest scoring Impact Area in the B-Corp assessment; however, as of this summer, CK has received certification from the state as an Oregon Benefit Corporation with mission-locked articles of incorporation. These activities will boost our Impact Score by 10 points in future certification efforts, making this our strongest Impact Area from the perspective of share of potential points.

We also are discussing, and the board will consider, an annual meeting with the entire staff to share the company's progress and goals for the future. Coates Kokes does not yet have a time frame for implementation.

Workers:

25.5 points earned out of 49.6 possible points. 51% earned.

Key ongoing activities:

CK offers all full-time employees a competitive health care plan, a retirement plan with employer matching, and additional health and wellness initiatives such as fitness event rebates, sit-to-stand desks for most employees, opportunities for walking and outdoor meetings, and on-premises access to a gym and fitness classes. Our employees are offered paid time off for volunteer service, which contributes to our community and fosters a positive work environment. Additionally, as a form of profit sharing, Coates Kokes has provided all-staff bonuses at the end of the fiscal year for three years running.

We contribute to employees' professional growth through informational lunches called "Slice Advice." In 2018, our Slice Advice topics were recaps of the Digital Marketing Summit, the Social Media Camp in Victoria, BC, and a DEI best practices presentation that we utilized internally and shared with Energy Trust of Oregon and the City of Portland. In 2019 we watched films relevant to our industry and B-Corp topics such as Minding the Gap and Fyre Fraud, and held a Slice Advice on the Crisis Management Summit for public relations. CK regularly holds department meetings for account services, public relations, and creatives to share their work and industry trends.

During the 2018 calendar year, CK spent 298.25 hours on employee training, including internal training and conferences on industry trends and niche topics.

Opportunities for growth:

The B Corp team at CK is suggesting that Coates Kokes consider the creation and execution of an annual employee satisfaction survey, the implementation of a formal employee exit interview process, and the increased flexibility of a measured work-from-home policy. In fact the last two employees to leave on their own terms, have had exit interviews of sorts. These opportunities are ideas the board will consider in 2019 but do not have specific implementation time frames.



On-site gym



Teaching cooking classes for the Oregon Food Bank

Community:

28 points earned out of 54.8 possible points. 51% earned.

Key ongoing activities:

Coates Kokes' landmark community activity in 2018 was the formalization of our paid volunteerism policy. Our volunteer efforts fall into three categories:

1. Company-wide volunteer events.
2. Employee-driven opportunities utilizing personal skills or interests.
3. Employee-driven initiatives that utilize professional skills and may involve multiple CK employees.

During the 2018 calendar year, Coates Kokes volunteered for 49.25 hours, including a company-wide SOLVE trash pick-up and donations to Clackamas Service Center for underserved populations. Additionally, CK provided no-cost community contribution services to Oregon Council on Developmental Disabilities for 13.25 hours in 2018. We also completed community contribution services to the ACLU, Stempathy, and Friends of Frog Ferry and offered personal community contribution time to the Oregon Food Bank, City Club of Portland, and Portland Parks and Recreation board.

In 2019 CK has continued to offer no-cost community contribution services to State of Safety, State of Safety Action, Catholic Schools Endowment Foundation, and Friends of Frog Ferry. CK employees continued their individual contribution efforts with Oregon Food Bank and City Club of Portland. These will be totaled for our 2019 annual report.

CK's additional community activities include transit and bike-commuter reimbursement and the incorporation of social/environmental feedback on annual performance reviews.

Opportunities for growth:

CK joined the Noble Hour volunteer coordination app in 2019, but has experienced low employee participation. In general, we'd like to revive/maintain interest in employee-initiated volunteerism. With that in mind, the board may benefit from gathering employee feedback – positive and negative – and make possible adjustments to the volunteer program, including incentives, badging, and encouraging a “virtuous circle.” CK intends to encourage 100% participation by celebrating volunteer accomplishments in the weekly staff meetings, fostering greater awareness and a greater sense of community.



Environment:

9.8 points earned out of 19.6 possible points. 50% earned.

Key ongoing activities:

Coates Kokes works out of a LEED Gold certified building with low-flow faucets and waterless urinals, energy-efficient lighting, Energy Star® Appliances, and a comprehensive recycling program with paper, cardboard, plastic, and glass recycling, and composting. One of the company's partners drives an electric car, which is financed by the company.

Opportunities for growth:

To improve our internal sustainability practices in 2019, Coates Kokes has started ordering lunch and catering only from B-Corps, people-of-color-owned vendors, or vendors that participate in GO Box, a reusable takeout container program.



Customers:

18.5 points earned out of 26.4 possible points. 70% earned.

Key ongoing activities:

Our clients tend to fit one of four categories:

1. Cause-driven clients, such as Oregon Health Authority, Metro, and Oregon Health Insurance Marketplace.
2. Pro-bono work, such as Frog Ferry, a more sustainable transportation solution for the Portland-Vancouver area.
3. Clients at various stages of moving toward B Corp activities, such as Pelican Brewing, who helps fund and support the Salmon SuperHwy Project on Oregon's north coast, and also pursued environmentally progressive initiatives and partnered with B-Corp Elephants Delicatessen in 2019.
4. Employee-initiated cause-oriented work, such as the ACLU. Coates Kokes is particularly proud of the pro-bono work we did for Stempathy, which included brand elements, typography, color, photo style, and collateral design, including business cards, letterhead, and email signatures.

Opportunities for growth:

A significant portion of our client base is comprised of public organizations involved in public health and the service of underserved populations. To our disappointment, in our assessment, CK did not receive credit for working with these organizations while we were awarded points for having a client in the B-Corp community, AllCare Health. In the future, CK intends to establish more partnerships and seek more clients in the B-Corp community, while remaking our case for the value of public health organizations as we approach recertification in 2021.

Reflections – challenges in 2018



The spirit of B-Corp has been part of the agency culture for two decades – prior to the inception of B-Lab. The desire to advance worthwhile causes is the paramount source of motivation for this effort across the agency. To that point, purpose-driven clients continue to make up about 70% of Coates Kokes' business. This provides the foundation for all our other B-Corp activity.

Becoming and operating as a Certified B-Corp has required an investment of time and energy. It can be hard to do while you're still attending to your day job – especially for the people pushing the initiative through the agency. To that point, one takeaway from 2018 is that we can do more to integrate B-Corp and Oregon Benefit Corporation activity into the hard-wired functioning of the agency.

Steve Kokes, the agency's president, was interviewed as part of a PSU capstone project to provide a strategic plan for B-Local PDX – the local association for Certified B-Corps. One of the primary observations from the PSU team was that CK had not pushed the implementation of B-Corp activities through the agency as far as some other firms they had interviewed. While the leadership for efforts like this needs to come from the partners, the implementation and administration would ideally become more distributed throughout the agency.

Adding an assessment of participation in environmental and socially conscious activities to reviews during the certification process was a big step forward. It's the kind of rigor that

moves things from theoretical to behavioral, and holds all of us accountable. While some people have embraced the opportunity for paid time for volunteering or participation more than others, the agency could probably do more to make the specific guidelines for these efforts more clear and to increase the visibility of those who do participate.

Hiring is still a challenge. Improving and even maintaining the diversity of the staff is not easy, although, we continue to recruit and interview candidates who are people of color for all new positions as they arise.

In 2018, several employee reviews were for the first time based on input gathered from beyond the management team, although this wasn't done with perfect uniformity. Additionally, maintaining the anonymity of the input in such a small company can be challenging. In general, we're working toward broadening the base of input for reviews moving forward.

The business cycle was solid at the agency in 2018 and in the year since certification, but to be honest, it has been a little bit down from previous years. As with other challenges such as employee advancement, growth in B-Corp activities would get easier in an environment of growth. In the meantime the CK management continues to view the investment in Certified B-Corp and Oregon Benefit Corporation activities as an investment in the agency's future in a world that increasingly expects and needs more from its corporate citizens.

Looking forward – 2019 goals



This annual report has identified several areas for growth and improvement. The partners in the agency will hold a B-Corp-focused board of directors meeting, our second board of directors meeting this year, to discuss issues and opportunities raised in this annual report as well as others the management team has already been discussing. Together these should give us a more firm roadmap for the agency's continued evolution as a purpose driven entity.

Among the priorities to address in 2019 and our second annual cycle as a Certified B-Corp (through May of 2020), CK will aim to provide more communication to staff on ongoing activities by either the company or by specific individuals and their contributions through paid volunteer efforts. Moving forward, we'd like to make B-Corp related communication more frequent and more tangible. It has to be both those things to reinforce the sense that it is central to the agency's identity.

While there are hassles to all the tracking that is involved, the rigor of that work helps to keep our actions in step with our words.

In the year ahead we aim to further institutionalize things we've begun this year, such as exit interviews; to take action on things we've talked about for a while, such as some form of staff suggestion box.

By the end of our second 12-month cycle as a Certified B-Corp in May of 2020, we will want to begin to look at the recertification process to reduce the weight of the burden on the team completing the assessment.

Continued involvement with B-Local PDX should serve us in three ways:

- Networking with other like-minded B-Corps, possibly for new business opportunities
- Understanding leading edge practices that are shared at the monthly meetings
- Identifying resources to help with or to minimize the burden of recertification

Lastly, through our departmental meetings and the trends report in the weekly staff meeting the agency will work to stay on top of trends, opportunities and threats in the evolving landscape of social and environmental innovation, particularly with regard to the realm of communications. Our clients will benefit from our continued efforts to stay on top of and to contribute to the leading edge of social and environmental engagement of the public.



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421 SW 6th Ave., Suite 1300, Portland, OR 97204
503.241.1124 | coateskokes.com