



SUSTAINABILITY REPORT



2018

Our purpose is to connect people to the power of plants to change lives.

A LETTER FROM OUR CEO, BLAIR KELLISON

Fiscal year 2018 marked Traditional Medicinals' 44th year in business. From the very beginning, in 1974, our purpose has remained constant. We connect people to the power of plants to change lives—the lives of the growers of our herbs across the 35 countries we source from and the lives of those who drink our wellness teas to improve their health.

We're driven to increase wellness in our sourcing communities, in our work place, with our customer and in the lives of our consumers. We've been doing this for decades, but as we continue to grow, our impact grows exponentially. With this growth, we can increase the acreage of our herb collection areas, expand our number of growers, add more employees, and continue to cultivate our tribe of consumers—now in the millions. And with our focus on managing our growth, it is very appropriate that we turn to this report each year to reflect on the impact of our actions.

With growth often comes growing pains—and TM is not immune to this phenomenon. The demand for organic, ethically certified herbs is greater than ever and, in some cases, bumps up against the world's supply. This has been especially challenging for TM, as we are uncompromising on our quality standards. Our response has been to double-down on our investments in our growing communities to secure our required needs for high-quality, ethically sourced herbs. We've initiated more long-term planning with our growers and hired a medicinal plant agronomist to assist them in best agricultural practices to increase yields and acreage sustainably.

Climate change is real and is adversely affecting our sourcing communities. More than ever before, we are investing resources in our grower-communities so they can be more resilient in

these challenging times of extreme weather, especially droughts. The value of sustainable practices like organic certification, fair labor standards, and the work done by TM's Foundation will have critical impact into the distant future, from harvest to harvest, year to year, and generation to generation.

Thank you for your interest in our annual Sustainability Report. We hope our report inspires others to incorporate more sustainable practices into their business which benefit all company stakeholders, locally and globally. We look forward to finding more ways to improve so that we may continue this good work.



— Blair Kellison, CEO





2018 SUSTAINABILITY REPORT HIGHLIGHTS

100%



LOCAL RENEWABLE ELECTRICITY
used at our factory and Urban Moonshine offices

616,884 lbs
of our herb purchases were either fair- or ethical-trade herbs

99.1%
of our herb purchases were certified organic

82%



WASTE DIVERTED FROM LANDFILLS
our highest rate yet measured

200 tons carbon offsets



PURCHASED FROM
the Garcia River Forest Project

183 tons



MIXED, PLASTIC & CARDBOARD RECYCLING

URBAN MOONSHINE®



36,345 lbs
organic herbs purchased (99.3%)*

11,655 lbs
organic honey purchased*

*For Urban Moonshine and included in overall total

\$180,000
projected fair premium contributions to sourcing community projects

70%
improvement



WORKER SAFETY PROGRESS
over 3 years

50%



FEMALE MANAGERS
on staff, up from 2017

100%



INDIVIDUAL LIVING WAGE for TM Staff three years in a row

100



BEEHIVES INSTALLED for Paraguayan herb farmers to support biodiversity

125.7



CERTIFIED B CORP SCORE
minimum score of 80 for certification

\$1,041,070



INVESTED IN TOTAL SOCIAL BUSINESS INITIATIVES

OVER 2,250,000 LBS OF ORGANIC HERBS PURCHASED (99.1%)
a total of **10,500,000** pounds since fiscal year 2013

REPORTING *the Good Work* WE DO

We are not just in the business of tea.

We are in the business of changing lives, changing communities, and changing the quality of herbal remedies. Since our inception in 1974, we have infused sustainability into every aspect of our operations, from sourcing and packaging to distribution and voluntary certifications. Our community engagement philosophy requires hard work and accountability. By partnering with our stakeholders, we can help preserve and steward the environment, look out for our people, and protect the future of our planet.

FY2018 marked our first full year in our new headquarters in Rohnert Park, California, twenty minutes away from our original production facility in Sebastopol. The office building is part of Sonoma Mountain Village (SOMO), a sustainable live-work community that espouses One Planet Living's principles on sustainable living. Thanks to SOMO's 3.9-megawatt array of solar panels, we are able to take advantage of 62% renewable power for our new office, supplemented with renewable energy credits from Terrapass, to reach 100% clean power in 2018.



Two harvesters in Egypt's Nile Valley picking our organic calendula at a Fair Trade-certified farm.

This report highlights our most interesting achievements and lessons from 2018. For a more in-depth look at our commitment to sustainability, we invite you to download the 2018 Traditional Medicinals Sustainability Benefit Report Appendix on our website.

COMMUNICATING OUR SUSTAINABLE MISSION AND PRACTICES

Being accountable for the good work we do requires a strong communications platform and reporting system. In our mission to connect people to the power of plants, Traditional Medicinals prioritizes the three pillars of sustainability: **environmental stewardship, social equity, and economic development.** Recognizing the importance of transparency in measuring impact, we embrace accountability through all parts of our process, from the fields where our herbs grow to our manufacturing facility and offices in Sonoma County, CA.

To meet our high standards in our herbal wellness products and working relationships, we partner

with several third-party agencies and certification bodies, which keep us accountable and help us reach new heights in quality and social business standards.



EMBODYING THE THREE Pillars of Sustainability

Our Key Sustainability Stakeholders



BUILDING OUR IMPACT BUSINESS MODEL

In addition to voluntarily adopting the strict standards of USDA Organic, Non-GMO Project Verified®, Fair Trade, FairWild®, and pharmacopoeial-grade herbs, Traditional Medicinals is also proud to be a B Corp, a certification of corporate impact that encompasses all three pillars of sustainability.

In addition to B Corp's Annual B Impact Assessment, we are a registered California Benefit Corporation, a legal status which allows us to build beyond the profits of our shareholders to invest in our stakeholders, from our herb sourcing communities and suppliers to our employees and consumers.

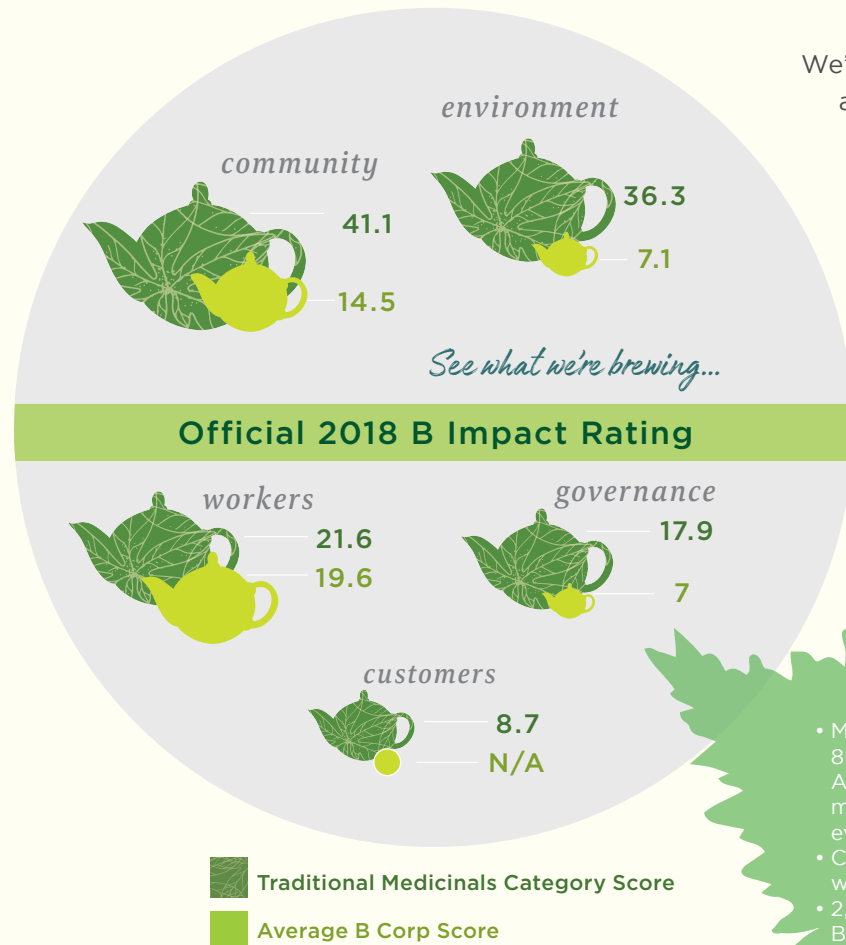
Our official FY2017 score was 125.7 out of 200 (80 is required for B Corp certification) and will be officially reviewed again in 2020. Between now and 2020, we'll be conducting additional self-assessments.

We were one of the first natural products companies to receive a B Corp certification in 2010.

B CORP VS. BENEFIT CORPORATION AND WHY WE'RE BOTH

We were one of the first natural products companies to receive a B Corp certification in 2010. Given that we've built our business for all stakeholders to benefit, we are pleased to have B Corp certification support our triple-bottom line, holding us to high standards. As a B Corp in the state of California, we are also required to register our business as a Benefit Corporation, making it legally possible for us to prioritize positive impact for all of our stakeholders—not just our shareholders—by codifying our beneficial mission into our by-laws and decision-making.

We're incredibly proud to be a certified B Corp and a registered Benefit Corporation and are grateful for the communal challenge to prioritize and communicate the impact of our mission: to transform the industry of herbal medicine from the ground up. Fewer than 400 companies bear both designations.



B CORPS

- Must score at least 80 on B Impact Assessment and must recertify every three years
- Certifying body with oversight
- 2,655 certified B Corps

BOTH

- Company leaders held accountable
- Companies commit to transparency through reporting
- Approximately 354 companies are both

BENEFIT CORPS

- Legal structure that includes stakeholders, not just shareholders
- Self-assessed and reported
- Country- and state-based legislation
- 4,400+ Benefit Corporations

OUR Sustainable SUPPLY CHAIN

To achieve our high standards in quality and sustainability, our sourcing team considers many aspects of a given source, from the plants and collecting methods to the needs of its people and the surrounding ecosystems. Being as particular as we are about these details, we can't simply rely on the open market to meet our growing demand. Rather, we have to act strategically, working hand-in-hand with our partners to plan cultivation and collection years in advance. This hard work fosters strong long-term partnerships with suppliers and herb communities and creates an opportunity for everyone to grow and thrive.

In 2018, Traditional Medicinals Inc. and Traditional Medicinals Foundation (TMF) staff traveled to Egypt to visit one of our longest-standing organic and Fair Trade farming partners, a source for chamomile, hibiscus, lemon balm, and several other herbs. Fair Trade premium contributions support clean water distribution, a medical center for employee families, and community recreation fields. TMF engages with and invests in herb communities to support community-led development to improve the lives of farmers and collectors.



SOURCING OUR HERBS

Traditional Medicinals sources over **100 botanical ingredients from 35 countries and six continents around the world**. Our supply partners range from the remote, FairWild-certified licorice plains of southern Kazakhstan to idyllic Trout Lake, Washington, where some of the world's best echinacea and peppermint grow. It's one thing to find an herb source; it's quite another to have it meet our quality standards. We work hard to ensure we source only the best quality of herbs possible.

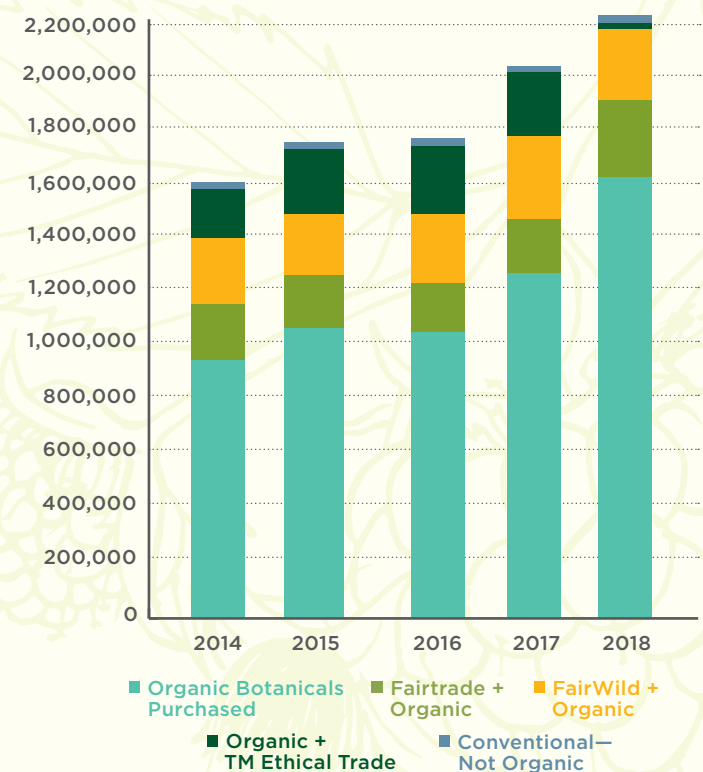
This said, never have we been more tested by our sustainable sourcing practices as we've been in 2018. Climate change, the growing demand for our products, and challenges to our quality standards in some of our herb communities forced us to reject large volumes of herbs and plan to secure our materials further in advance. While these challenges have helped us grow as a company, they have also solidified our uncompromising commitment to quality, which we base on the following factors:

HOW WE MEASURE QUALITY

- **Medicinal-grade active herbs:** we use specific quality markers used only for therapeutic plants whenever possible
- **Certified organic farming:** Non-GMO plants grown without the use of synthetic chemicals
- **Non-GMO Project Verified herbal teas and packaging**
- **Geo-authenticity:** we source herbs from their native regions whenever possible
- **Ethical Trade:** 45% our products are Fair Trade, FairWild or build ethical trade in the herb community
- **Renewable packaging:** we use recycled & FSC-certified cardboard and compostable teabags

Sustainable Herb Procurement

ORGANIC, FAIR, AND ETHICAL TRADE POUNDS



Dika is one of our wild-collectors in Bosnia-Herzegovina. She is one of 10,000 local people who depend on wild herb collection and cultivation for their livelihoods.

Certified Organic Botanicals Purchased in Pounds



ORGANIC HERBS PURCHASED

We purchased 2.25 million pounds of herbs in 2018 (+12% from FY2017), of which 99.1% were certified organic, down slightly from 99.6% in the prior year.

Since 2000, it's been our goal to get 100% of our ingredients certified organic, however some herbs have such specific quality requirements and/or low purchase volumes that make implementing organic certification difficult for supply chain partners. In 2018, we worked to bring half of our safflower crop to organic certification (with another 50% still to go), and we also transitioned from using the conventional northern schisandra berry to organic. Nevertheless, herbs like Pau d'Arco bark, sourced from tribal lands in the Peruvian Amazon, or Bi Yan Pian, a compound herb extract, remain uncertified. Sustainable sourcing is a careful balancing act, and despite its challenges, we continue to work towards our goal of organic certification for 100% of our products.

45% OF TM'S PRODUCTS ARE ETHICALLY TRADED

Ethical trade reflects our commitment to fair labor practices and a viable livelihood for all. For decades, we have built relationships with supply partners who adopt key fair standards and a baseline of equitable practices. Sometimes this means seeking Fair Trade or FairWild certifications, and in some cases, such as our senna farmers in Rajasthan, India, we work with Traditional Medicinals Foundation (TMF) to define our own standards through our widely acclaimed Revive! Project®.

By considering the well-being of collectors and farmers, we have an opportunity to ensure positive working conditions and help remove the obstacles to their empowerment. By voluntarily paying fair wages and fair premiums, or in some cases by working with TMF to address social issues within the communities, we can also help set new standards in our industry.

In 2018, our number of fair- and ethically traded products dropped from 2017 by 8%, while the number of pounds increased from approximately 547,634 lbs to 616,884 lbs, up 13% from 2017. This is due to the addition of several of our new pre- and postnatal support products, which are not yet fair-certified, and severe climate events which decimated 94% of our senna crop in the Revive sourcing communities. In addition, we temporarily removed the Fair Trade logo from several products when we needed to supplement our regular fair supply with organic and medicinal-grade herbs from producers who aren't Fair Trade-certified. We are as committed to Fair Trade now as ever and will continue to buy as much as possible, even if we cannot label it as such.

By voluntarily paying fair wages and fair premiums...we can help set new standards in our industry.

SUSTAINABLE HERB OF THE YEAR:

Raspberry Leaf

In 2018, we sourced more raspberry leaves than ever before, primarily from Bosnia & Herzegovina, Poland and Kazakhstan. Raspberry leaf grows in forest edges and clearings, making for a lighter collection footprint. We use this beneficial herb for several of our teas, and now our Mommy To Be™ Raspberry Leaf Chews. With 64,908 lbs purchased, growing over 25% from 2017, it is now one of our largest fair-certified herbs. We are pleased to extend our fair sourcing into more of our wellness products, including our line of pre- and postnatal support products.

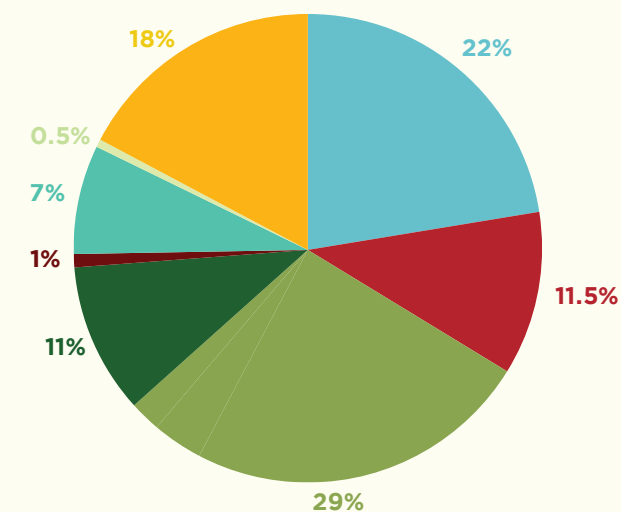
WILD ECOSYSTEM HARVESTING & FAIRWILD PRACTICES:

In our raspberry leaf communities, we work with local scientists to create adaptive resource management plans that guide our annual and projected collection plans, ensuring enough of the plants are allowed to reproduce or be consumed by native ecosystem stakeholders, including indigenous people. As adopters of the FairWild Standard in these raspberry leaf communities, we commit to fair labor practices, including safety, training, and equity. In addition, we pay annual premiums, which go directly to the sourcing communities and allow collectors to vote democratically on how they deem it best to use those funds. FairWild practices like those in our raspberry leaf communities support sustainable community development.

CARBON FOOTPRINT BREAKDOWN:

As a wild-collected herb, Raspberry Leaf has a relatively low carbon footprint. Many factors contribute to an ingredient's emissions profile, including plant part, logistics and equipment for cultivation or collection, drying, transportation, processing, and packaging. Leaves can be collected with less impact than roots or annual crops, so transportation from forests to processing points and around the world back to our production facility in California is one of the biggest emission sources. The biggest opportunities here are to support renewable energy for transport, drying, and processing.

Share of Raspberry Leaf Emissions from Field to TM



- Wild Collection Logistics & Drying: 22%
- Transport to Supplier: 11.5%
- Supplier Process & Operations Emissions: 29%
- Transport to TM: 11%
- TM Energy: 1%
- TM Travel & Transport: 7%
- TM Waste & Materials: 0.5%
- TM Packaging Materials: 18%

THE Sustainability OF OUR OPERATIONS

To fulfill our role as a socially responsible business, we balance our engagement in sourcing communities with positive impact at an operational level. At both our factory and our administrative offices in Sonoma County, California, our Operations team thoughtfully considers and manages all aspects of our impact, from the energy that powers our facilities and the fuel that delivers our materials to the packaging, working diligently to minimize our footprint.



Part of managing the sustainability of our operations includes buying verified offsets to balance the emissions from our energy use. In 2018, Traditional Medicinals purchased 200 tons of carbon offsets for Scope 1 & 2 Energy use from the Garcia River Forest Project in neighboring Mendocino County, CA. Through our partnership with the Bonneville Environmental Foundation, we were introduced to the Garcia River Forest, California's first large, nonprofit-owned working forest. The Mendocino Complex wildfire in 2018 was devastating, so we chose to support them by buying their carbon offsets.

SUSTAINABLE OPERATIONS AT TRADITIONAL MEDICINALS

Traditional Medicinals works with partners and organizations to establish operational sustainability. We're proud to be a **California Green Business** and an **EPA 100% Green Power Partner**, and a **Green America Gold Certified Business**.

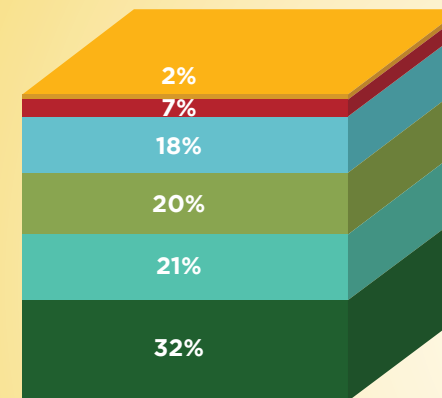


ENERGY USE

Since 2016, our factory in Sebastopol, CA has operated on 100% local, renewable electric power, sourced from our 1,450 rooftop solar panels and local geo-thermal and solar plants. In 2017 we moved our headquarters to SOMO Village, a live-work community in Rohnert Park, CA that espouses One Planet Living's principles on sustainable living. Thanks to SOMO's 3.9-megawatt array of solar panels, we are able to take advantage of 62% renewable power for our new office, supplemented with renewable energy credits from Terrapass, to reach 100% clean power in 2018.

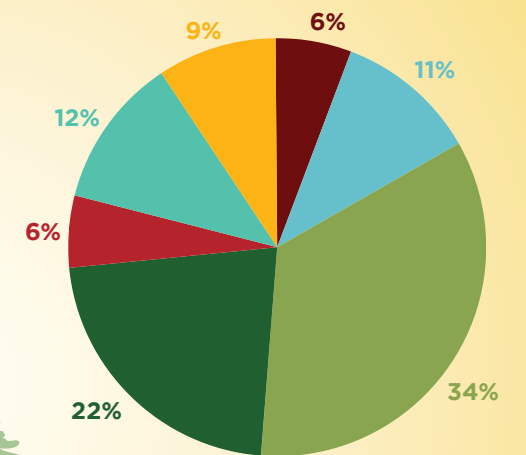
Overall Corporate Energy Use

TM US & CANADA TEA, URBAN MOONSHINE, AND DISTRIBUTION SITES



- Distribution Sites
- Urban Moonshine
- Canada Tea
- TM Natural Gas (Offset)
- TM Solar Panels
- TM Local Renewable Power (Offset to 100%)

2018 Renewable Energy in TM Facilities



- SOMO HQ Solar Power
- SOMO HQ Mixed Renewable & Offset
- TM Local Renewable Power: Solar & Geothermal
- TM Factory Solar Power Usage
- TM Factory Solar Net Generation
- TM Factory Gas—Offset
- SOMO HQ Gas—Offset

Our 1,413,469 kWh of total renewable power and credits =

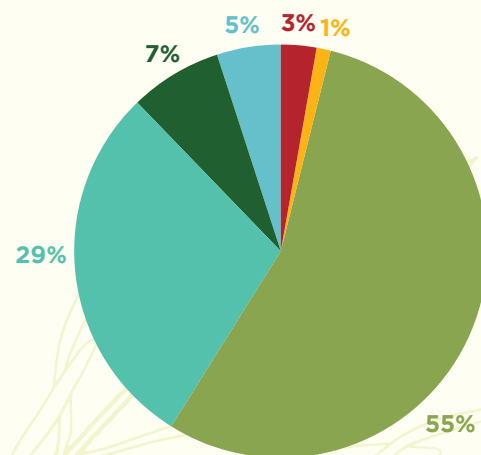
- The greenhouse gas emissions of 212 passenger vehicles for one year
- The annual energy use of 120 homes for one year
- The carbon sequestered by 1,176 acres of U.S. forests

MEASURING OUR EMISSIONS

To the same degree that we've measured supply chain footprints over the years, we've also improved our reporting of TM's greenhouse gas emissions from our overall operations. Herbs—whether wild-collected like raspberry leaf or farmed like peppermint—are the most important part of our wellness products and the largest part of our carbon footprint.

Packaging is our next largest contributor in creating a carbon footprint. As part of our sustainable packaging strategy, we make our shipping cases from 45% recycled cardboard and our tea cartons from 100% recyclable materials, 35% of which comes from post-consumer waste. However, to protect herb quality, we need very high barrier properties in our overwrap envelope, which means we use some plastic in addition to paper. We continue to search for materials and solutions that will help us achieve a renewable overwrap.

TM Carbon Footprint Projection



- Herb Supply
- Packaging Material
- Company Travel
- Commuting
- Facility energy
- Waste Materials

Investigating and promoting strong organic practices is an essential part of our sustainable mission.



OFFSETTING OUR CARBON FOOTPRINT

In 2018, we purchased 23 tons of certified carbon offsets to address our projected waste output and use of RealCup® recyclable plastic usage for our single-use tea pods. We purchased the offsets from Ambootia Estates, our organic, Fair Trade-certified green tea supplier in India, whose farming practices make them an excellent sustainability partner. Ambootia's green tea leaf cultivation captures more carbon than the tea production's carbon emissions, which helps us offset the carbon footprint created by processing and shipping.

In addition, we bought 200 tons of certified carbon offsets for energy and office paper use through the Bonneville Environmental Foundation from the Garcia River Forest Project in nearby Mendocino County, CA, home to the devastating Mendocino Complex Fire in 2018. Garcia River Forest is California's first large, nonprofit-owned working forest. It's important to us to invest in carbon sequestration in our supply chains, and it's equally important that we balance our office emissions to support stewardship in Northern California.

As we further evaluate our supply chain carbon footprint, we'll continue to offset our corporate natural gas use by buying certified carbon credits, which are verified against carbon sequestration activities like reforestation, composting projects, or those at Ambootia. Because plants take carbon out of the atmosphere as they grow above ground and below, regenerative practices like biodiversity and composting build better, more carbon-rich soil that also holds more water for stronger ecosystems. Investigating and promoting strong organic or regenerative practices is an essential part of our sustainable mission.

ZERO WASTE ACTIVITIES

Starting in 2016, TM set a goal to achieve Zero Waste Certification. Minimum certification requires at least 90% diversion of waste materials from landfill and a commitment to progress in a variety of categories. In 2018, our Operations team moved us forward in several Zero Waste practice areas. Among our achievements, we calculated material reduction by digitizing forms, increased the reuse of shipping pallets, improved compost management, and capitalizing on production waste management from 2017. Overall, we created 5% less landfill in 2018 than we did in 2017, while increasing tea production at the factory, for a landfill diversion rate of 82%—our highest yet!

In 2018, we purchased our carbon offsets from Ambootia Estates, our organic, Fair Trade-certified green tea supplier in India, whose farming practices make them an excellent sustainability partner.

Annual Waste Streams

(TOTAL TONS OR %)

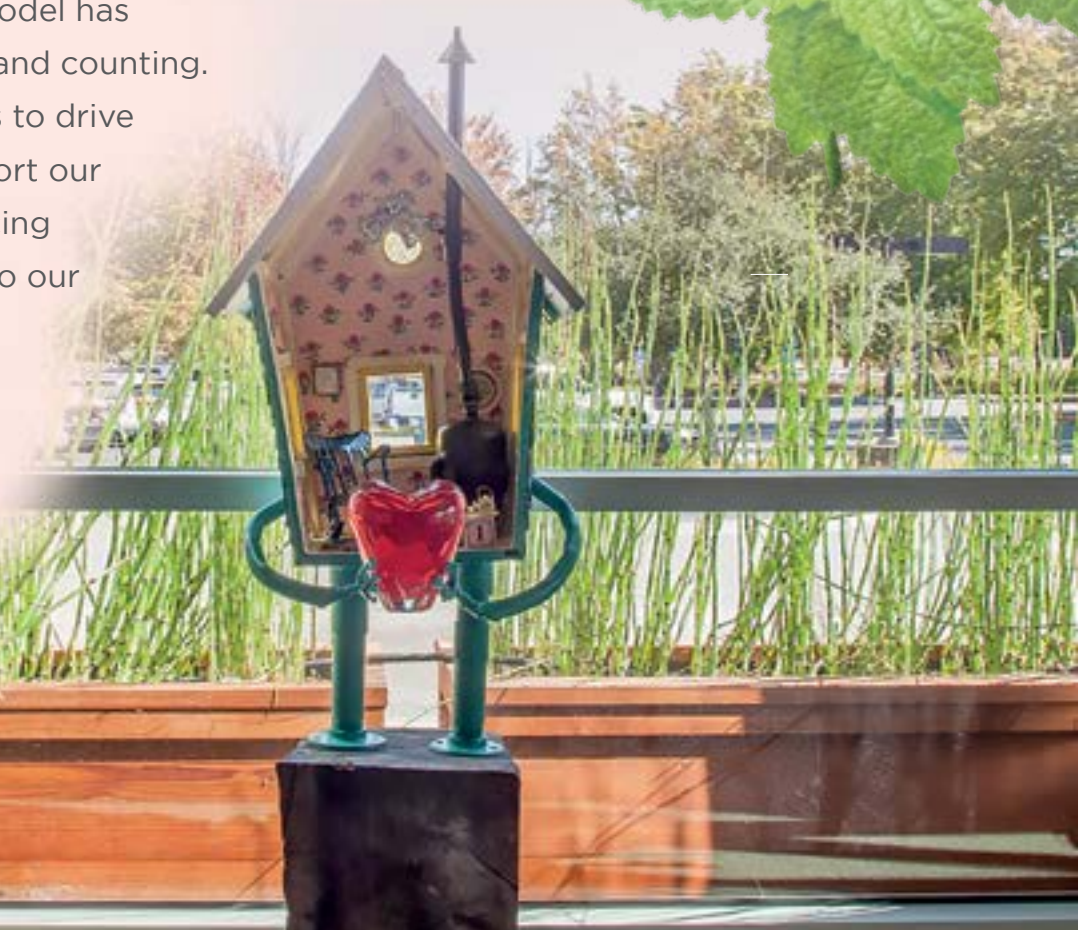
	2017	2018	% Change	What we're doing to reduce our waste output.
Recycling/Reuse	237	318	34%	As we grow, our cardboard & plastic recycling and pallet reuse grows too
Landfill	94	89	-5.2%	Our main drivers of landfill are the teabag envelopes and scrapped teabags in those envelopes
Compost	72	85	18%	All our tea herb blend, paper, and string scrap are composted along with our kitchen and landscape organics
Hazardous Waste	0.4	0.2	-44%	We safely dispose of chemicals and materials used for quality testing
Total Annual Waste	402	492	22%	Improved Zero Waste reporting and continuous improvement in production push us further toward our goal of 90% diversion and Zero Waste Certification.
% of waste diverted from landfill	76.5%	81.8%	7%	



OUR Community

To fulfill our mission of connecting

people to the power of plants, we must focus on the well-being of people as much as plants. Our community engagement philosophy takes its roots from our early days, when Traditional Medicinals' Co-Founder Drake Sadler built the business on ethical practices and equitable relationships—a notion called right livelihood. That same social business model has endured at TM for 44 years and counting. Today, our mission continues to drive us to engage with and support our stakeholders, from the sourcing communities and suppliers to our employees and non-profit partners. It's not only a smart business practice; it's the right thing to do.



A company's culture resides in the heart and soul of its people.
From its early beginnings, Janine Levijarvi brought heart and soul to the people and culture at Traditional Medicinals.
Janine created a warm & safe place to work where employees thrived, prospered and discovered purpose in their professions.

In 2018, Janine Levijarvi retired after 38 years of service to Traditional Medicinals. From being an office administrator when we were just a small company, to helping us move into our new headquarters in 2017 as the VP of Human Resources, Janine's career tells the story of TM's growth. Nicknamed "the Keeper of the Good Vibes," Janine brought heart and soul to TM. To keep her spirit with us, we commissioned this sculpture from local artist Patrick Amiot and created a Values in Action Award in her name for employees who share her sense of service.

OUR CORE VALUES

In 2015, we organized representatives from all departments to partake in defining the company's core values—the natural extension of our mission and culture. Our six core values are:

- Quality
- Respect
- Innovation
- Collaboration
- Humility
- Sustainability

OUR VALUES IN ACTION AWARD

In 2017, when we moved into our new headquarters in Rohnert Park, CA, we created a wall showcasing these values in large print—a physical reminder to all of TM's sustainable mission, vision, and purpose.

In 2018, Janine Levijarvi, our Vice President of Human Resources, retired after 38 years with TM. To solidify her legacy, we added to our core values wall and created the Janine Levijarvi Values in Action Award Wall to honor employees who share her sense of service and leadership.



In 2018, we awarded two longtime TM employees, Judith Yera and Eddie Barajas. At the beginning of our fiscal year, the North Bay's wildfires were ravaging the region. During this difficult time in our community, Judith and Eddie exemplified the caring and love we have for our employees. Thirty-five TM employees were forced to evacuate, and four lost their homes completely. Eddie and Judith worked tirelessly to account for, support, and advocate for the affected families. Their care and generosity were contagious. TM financially supported displaced and evacuated employees, and TM herbalists created tea kits for donation to temporary clinics, shelters, and churches. What's more, over half of TM employees donated to those families. Their acts of kindness brought the whole TM community together.



OUR TEAM

As we've grown from a small family business to a family-owned corporation with 186 employees in Sonoma County and across the USA and Canada, we've learned that a skilled, passionate, and committed team is our greatest asset. Our FY 2018 Benefit Report discusses our worker performance metrics in more detail, but we are pleased to share a few highlights:

- We paid 100% of our full-time team members a living wage (per MIT's Living Wage Calculator), an important metric for a manufacturing company in our home of Sonoma County, California.
- We paid employees a \$5 per day sustainable commuting subsidy for team members who use carpools, public transit, or bike or walk to work.
- As we've grown, we have had three consecutive years of employee safety improvements, with a 70% accident rate reduction in that time. In addition, we hired a Health, Safety & Training Manager to facilitate best practices in our operations.
- We were proud to be included as one of "The Best Places to Work" by The North Bay Business Journal. We love our community and are proud to support local families, the economy, and the environment through our sustainable business decisions.



FY18 Employee Metrics			
	2016	2017	2018
Female Managers	36%	44%	50%
Employees Making a Living Wage	100%	100%	100%
Employee Health Insurance Enrollment	96%	100%	100%
Employee Turnover Rate	11%	14%	18%
Injury Frequency Ratio (per 100k hours)	3.1	2.1	1.4



Members of our team accepting one of The North Bay Business Journal's "Best Places to Work" awards.

COMMUNITY ENGAGEMENT

We define our community not only by our employee families, our facilities, and physical surroundings, but also by our sourcing and supply relationships, as well as those with our customers and consumers.

Fair trade organizations like Fair Trade International® (FLO), Fair Trade USA®, and FairWild play a key role in our sustainability strategy. By voluntarily subscribing to these rigorous standards and organic certification, we are not only able to help protect the environment, but also workers' rights. Through these certification bodies, we also pay premiums directly back to the workers and management, who administer the FairWild premium funds through democratic decision-making processes, allowing us to address all three pillars of sustainability. **In 2018, we paid an estimated \$184,844 in fair premium funds to certified producer and worker groups for capacity and community development—up \$71,413 from 2017.**

SOCIAL BUSINESS CONTRIBUTIONS

As a purpose-driven business, we rely on the good work of nonprofit and charitable organizations to inform and engage like-minded communities both at home and around the world. **Over the last five years, we've invested over \$6 million in our social business model,** with investments like:

- Global community and supply chain investment work with Traditional Medicinals Foundation, WomenServe, and Whole Foods' Whole Planet Foundation
- Sourcing, agricultural and other supply chain engagement
- Certification, inspection and fair premium costs for sustainability standards organizations like USDA Organic, Fairtrade International (FLO), Fair Trade USA, and FairWild.
- Sustainability department reporting and offsets

In 2018, our social business investment in these initiatives totaled \$1.04mm, down from \$1.24mm in 2017, including a reduction in nonprofit contributions. In a year with herb supply issues, natural disasters, and growing pains, we nevertheless increased our funding commitment to Traditional

Fair Premium Contributions

\$184,844 (2018 ESTIMATE)



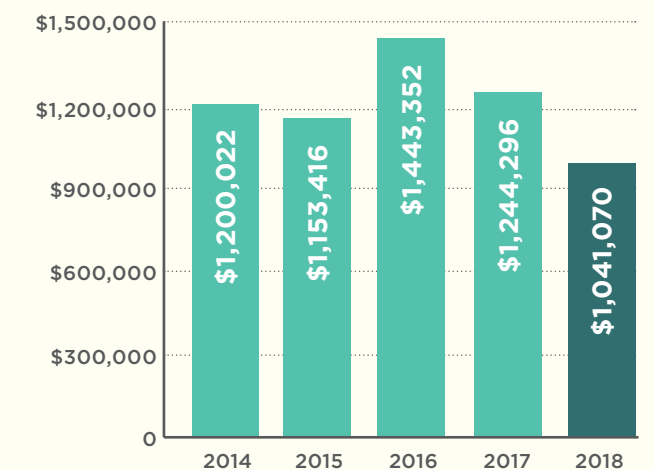
Medicinals Foundation, our partner in improving the lives of herb farmers and collectors around the world, so that these supply communities thrive.

In addition to launching and monitoring these deep partnership-based social development programs, the foundation is also pioneering the development of assessment tools and projects to help us build wellness in all of our sourcing relationships. As a result, we reduced some of our nonprofit contributions for 2018.

Global climate change and its related crises greatly affected our business and contributions in 2018, and we expect those challenges to persist. As we manage yearly shortfalls, we continue to prioritize wellness and resiliency in our supply and local communities.

Social Business Investment

GLOBAL COMMUNITY & SUPPLY CHAIN INVESTMENT, SUSTAINABILITY STANDARDS SUPPORT, DEPARTMENT COSTS





Community Engagement

IN ACTION

Beehives & Herbs in Paraguay



Farming is an important source of income for many in northeastern Paraguay, but the herb farmers and wild collectors remain economically disadvantaged. With little access to education and health care, many survive off a limited diet of mainly cassava, beans and corn. Although the farmers and collectors have created a strong, family-minded community in this corner of Paraguay, most live below the poverty line.

Organic and fair-certified crops—including farmed and wild-collected herbs used in Traditional Medicinals tea —offer a more sustainable source of income for small landowners and disenfranchised communities, and a chance to narrow the social inequity gap. Some of the best orange peel, lemongrass and lemon verbena come from a group of collectors and farmers in the region, who have met the high quality standards for Traditional Medicinals’ herbal products, year after year. Given that their hard work is the reason so many people enjoy our teas, we are committed to supporting community development initiatives which improve their lives.



The Traditional Medicinals Foundation (TMF) sent a team of international development professionals to the region to assess the needs of the farmers, collectors and their families, and to determine the scope of potential projects. There they learned that locals have long used beekeeping as a secondary stream of income, but many rely on wild-collection to source their honey. To expand upon this income opportunity, TMF is providing beehives, along with technical training, to 100 participating families, positively impacting 600 community members. Each hive can produce three harvests per year, yielding up to 60 liters of honey!



While TMF has generated much enthusiasm for the project, a social development initiative of this kind is without precedent in the region, and there are still many unknowns. Once participating families receive their hives this fall, TMF will be working with them to track their progress, provide sales training, and help them find markets for their honey.

Please track TMF’s progress in Paraguay by following them on their Facebook or Instagram pages. We’ll keep you updated as the project unfolds.

The herbs that these farmers and collectors harvest (orange peel, lemon verbena, and lemongrass) can be found in many Traditional Medicinals teas, including Nighty Night®, Echinacea Plus®, Hibiscus, Healthy Cycle®, Pregnancy® Tea, Green Tea with Lemongrass, and Smooth Move®.

ENVISIONING THE FUTURE FOR TM



Traditional Medicinals was conceived with a sacred purpose. The founders’ vision was to create a business based on right livelihood that valued herbal education and empowered impoverished herb supply communities.

Five decades later, we have significantly elevated the legitimacy of herbalism in North America. No other herbal medicine company is in more households, more cupboards, or using its brand, packaging and media more effectively to educate consumers about the benefits of herbal medicine.

In the time it takes you to read this brief note, 10,000 TM consumers will make a cup of our tea, and every time they do, we are educating them with our stories about plants and the people who cultivate and collect them...a very powerful influence indeed!

Traditional Medicinals’ early vision holders—like Janine Levijarvi, who was with us for nearly four decades—are now looking to the company’s future and the preservation of its purpose going forward. This is an organizational rite of passage, and TM is well served by the next generation of stewards. Reflecting upon the importance of this shared stakeholder journey, Blair Kellison reminded us, “This is the work we shall do together for the rest of our lives.”

We invite your participation and are grateful for your contribution,

Drake Sadler, Co-founder



Traditional Medicinals

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Visit www.traditionalmedicinals.com to learn more.



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