

STATEMENT OF THE BOARD OF DIRECTORS OF TRADITIONAL MEDICINALS, INC.,

a California benefit corporation

REGARDING THE FISCAL YEAR 2020 ANNUAL BENEFIT REPORT

Traditional Medicinals (TM) is committed to sourcing and producing high quality herbal medicine, social justice, environmental activism, and prioritizing sustainability for all stakeholders. The Board of Directors has reviewed TM's 2020 annual benefit report. A few examples of TM's benefit impacts in fiscal year 2020 include:

Supply Chain and Social Business Investments

Traditional Medicinals(TM) is actively working to protect and restore the pathways to wellness found in the wild. Blending traditional botanical knowledge with advanced plant science to formulate effective self-care solutions, TM formulates accessible herbal wellness products using organic and fair trade-certificated botanicals. Our greatest priority at TM as a certified B-Corp is to have an ethical, positive impact in the world.

In the 2021 Fiscal Year (FY21), TM continued evaluating our impact in the world, looking at our purpose, vision, and mission. In FY21, TM classified over \$2.21 MM of our following investments as a social business and work within our supply chain:

Source Community Project Highlights

In collaboration with farmers and collectors, harvesting and foraging around the world, TM is a strong advocate for sustainable growth within our herb sourcing communities. Continuing to increase our fair trade and FairWild herb sources, TM is helping to build economic stability with fair compensation and incomes that farmers and collectors can rely on. Building long-term relationships, TM supports local traditions and provides opportunities for future generations while securing high quality plants on the planet for years to come.

COVID-19 Emergency Relief: GEORGIA & ZIMBABWE, Rosehip, Licorice Root, & Lemon Balm Leaf

Theme: Emergency Response

Project: Farmers and collectors are facing extreme hardship during this pandemic.

Impact: In response to survey data collected by our supply partner, we provided emergency food, hygiene products, and nutritional supplements to over 2,500 farmers, collectors, and their families.

Sustainable Cultivation Training: INDIA, SENNA FARMERS

Theme: Equity & Capacity Building

Project: Driving sustainable farming practices by implementing Good Agricultural and Collection Practices (GACPs) with an incentive-based mentoring program for female farmers.

Impact Goals: Social and Economic Empowerment for women farmers and building sustainable agricultural practices.

Nonprofit partner: WomenServe

Cooperative Exchange & Infrastructure MADAGASCAR, TURMERIC

Theme: Equity & Capacity Building

Project: Improving the living conditions of 650 households through investments in equipment, trainings, and peer-to-peer farmer exchanges. **Impact Goals:** Construct turmeric nurseries for twelve farmer cooperatives and drying and storage for six farmer cooperatives. Formation of farmer exchange visits to enhance local technical capacities. Establish farmer field schools to increase good agricultural practices.

Healthcare & Economic Empowerment: EGYPT, CHAMOMILE FARMERS

Themes: Living Standards, Equity & Capacity Building

Description: Two Medical Caravans provided community members with appointments from a range of medical specialties. Six months of recurring workshops focused on Economic Empowerment for Women and Family Health themes.

Impact: Three hundred people attended Health Awareness Workshops, and 100 women completed Economic Empowerment trainings.

Sanitation: Family Bathrooms: PARAGUAY, LEMONGRASS FARMERS

Theme: Living Standards

Project: 31 Farmers were given materials and instruction to build and maintain basic, modern bathroom facilities.

Impact: Improved hygiene and sanitation practices and reduced risk of water contamination, 31 bathroom facilities completed.

Voluntary Standards and Industry Investments

TM tea drinkers contributed to premium payments to fair and organic producers, funding worker, farmer, and collector-led community benefit investments.

Voluntary sustainability standards like USDA Organic, Fair Trade, and FairWild supported TM products with their logo for a total of \$165,755 as we communicate our sustainability. The growth of our labeled product sales directly contributes to the organizations helping reach and activate purposeful consumers like ours.

TM allocated \$1,274,213 for our Social Responsibility department, including all contributions, programming, memberships, and reporting.

Traditional Medicinals Foundation

In FY21, The Traditional Medicinal Foundation continued to expand on programs in Sonoma County. In addition to \$10,000 non-restricted grant funding, the following nonprofit partners received product donations and partnered with TM employees for unique opportunities for volunteering, including group, individual, and skills-based.

- The Botanical Bus
- Ceres Community Project
- Community Action Partnership
- LandPaths
- Redwood Empire Food Bank

Community Action Partnership of Sonoma County (CAP): TM used team members' expertise to design and restore the garden at Sloan House, serving women and children in need of short-term shelter. The garden will provide year-round fruits, vegetables, herbs, and flowers to the residents. TM also sponsored CAP families during the holidays donated tea and computers.

Botanical Bus: Throughout the pandemic, TM coordinated socially distanced team volunteer events and regular employee engagement support with translation services, helping to fill garden kits for farmworker medicinal clinic clients. In addition to funding to support their farmworker clinics, TM also donated products to distribute during their farmworker clinics.

Ceres: Grant funding from TMF went towards the food and packaging costs to prepare 3,450 organic, whole food meals providing weekly nourishment to 30 medically fragile, low-income clients for an average of 16 weeks. The funding also positively impacted 30-40* young volunteers, who serve as the primary gardeners and chefs growing organic produce and preparing medically tailored meals for their most vulnerable neighbors.

LandPaths: With funding from TMF, LandPaths continued to lead outdoor youth programs and restore wildlands impacted by fires in Sonoma County. TM employees plan to lead online webinars for LandPaths employees and volunteers using their skills in herbalism and Spanish in FY22.

Redwood Empire Food Bank: In FY21, TM employees have participated in socially distanced volunteering with group and individual volunteer opportunities. TM employees also deferred their Thanksgiving Donation, with a matching donation from TM, resulting in an additional \$8,300 donation. TM also donated more than 59,000 individual teabags and over 10,500 cartons of tea in FY21.

Product Donations

In FY21, we increased our product donations to nonprofits and herbal schools. We performed additional outreach to ensure that any overstock or products nearing expiration found their way to food banks in urgent need. Herbal wellness products we donated were used in farmworker clinics, as relief for firefighters and first responders, herbal education courses, and in care packages for cancer patients. In FY21, we donated:

- 37,098 cartons and carton-equivalents
- 788 tinctures

Sustainability

In 2021 we submitted our data for review by the B-Corp. TM submits an annual self-assessment audited by B Lab every three years. Due to record numbers of certifications and recertifications at B-Corp, TM's FY20 audit was postponed to FY22. In TM's FY21 recertification assessment, we added the Land and Wildlife Conservation category to assess and review our impact in resource management and conservation and continue to hold ourselves accountable in our commitment to sustainable plant collection. Our last verified score was 125.7. TM's next validated score will be available in FY22.

Organic Agriculture and Wild Collection

TM continues to support biodiversity through its sourcing practices. In FY21, TM procured 2.728 million pounds of certified organic herbs, and this volume represents 99.7% of purchased herbs, an increase of .14% in organic herb purchases over FY20.

Fair Assessment

Fair labor and trade help producers, consumers, and brands build ethical commerce relationships for food, textiles, and other products around the world. Participation in Fair systems ensures a minimum wage and human rights standards for farmers and collectors.

In FY21, after completing an assessment of our engagement and fair purchasing history, TM made a commitment to grow our Fair herb purchase to 80% by FY30. This commitment is one way we will contribute to the global sustainability of medicinal plant ecosystems as well as meaningfully support equity, justice, living standards, and the ability to thrive in our source communities.

Carbon Offsets

The Traditional Medicinals production facility runs on local renewable power to minimize our carbon footprint at home. In FY21, we purchased 1,400MT of carbon offsets, fully offsetting emissions generated in TM's production process (scopes 1 and 2) and partially offsetting those generated through our upstream and downstream supply chain.

Zero Waste: Reduce, Reuse, Recycle, Compost, and Landfill

In FY21, we achieved True Zero Waste Silver Certification for the Sebastopol factory, increasing our waste diversion rate from 86% to over 90%, meeting our goal of the 90% required for certification. Key initiatives included:

- First full fiscal year of separating scrap teabags into overwrap material for landfill and organic matter for compost, diverting 40% of this waste stream to compost.
- Created Zero Waste Training in English and Spanish for all employees.
- Updated Waste station bins and signage to fill gaps in our practice and accuracy.
- Performed waste audit in September as part of annual practice to identify compliance issues and update best practices.

Compostable Overwraps

During the FY21 fiscal year, a cross-functional team tested out new compostable overwraps. Exploring quality challenges, we continued organoleptic testing, microbiology testing, flavor testing, runability testing and stability testing on three products. We plan to have preliminary SKUs with composability certification in market in FY22. The compostable overwraps will come in a box with a scannable QR code linking to tradmed.com with the following information:

- Share the location of appropriate composting facilities
- Illustrate the benefits/challenges of compostable packaging
- Communicate our next steps towards eliminating fossil fuels
- Broadcast upcoming legislation to increase composting facilities

TM uses the B Corp 'B Impact Assessment' (BIA) for certification and analysis, with a 2020 self-assessed score of 142.3, subject to audit in 2021 as we complete the triennial recertification process.

After careful review and analysis, it is the Board's opinion that the Benefit Corporation pursued its general purpose during the period covered by the report.

In accordance with California Corporations Code §14621, the undersigned directors of the Benefit Corporation have executed this statement as of the date first set forth above.

STATEMENT TO BE REVIEWED AND RATIFIED February 2022

DIRECTORS:

Drake Sadler

Blair Kellison

Tripp Baird

Melanie Dulbecco

John Elstrott

Mark Retzloff
