

**STATEMENT OF THE BOARD OF DIRECTORS OF TRADITIONAL MEDICINALS, INC.**  
a California benefit corporation  
**REGARDING THE FISCAL YEAR 2022 ANNUAL BENEFIT REPORT**

Our world needs transformation. At Traditional Medicinals we believe it will take serious, structural, and expansive change to face the many systemic and pervasive challenges ahead. Our collective purpose is defined by efforts in key areas we know we can impact — places where Traditional Medicinals can produce meaningful change. We take responsibility for preserving earth’s ecosystems, supporting the abundance of medicinal herbs, growing relationships between nature and humanity, creating products with the highest ethical standards, improving lives and livelihoods for our farmers and collectors, and contributing to the well-being of everyone in our value chain. It’s all about relationships – to planet, to plant and to people.

Each year, Traditional Medicinals (TM) reports out on the commitments we have made, reflects on the challenges we have faced, and looks to the opportunities ahead of us. 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 2022 annual benefit report. A few examples of TM’s benefit impacts in the fiscal year 2022 include:

**Supply Chain and Social Business Investments**

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 as a certified B-Corp is to have an ethical, positive impact on the world.

In the 2022 Fiscal Year (FY22), TM continued evaluating our impact in the world, looking at our purpose, vision, and mission. In FY22, TM classified over \$2.14 MM of our following investments as a social business and work within our supply chain:

**Source Community Project Highlights**

Community matters. And since much of the world’s supply of medicinal plants comes from rural communities and marginalized groups, we prioritize the livelihoods of the people that cultivate and collect medicinal herbs. We work hard to ensure that our presence in their communities is equitable and contributes positively to social and environmental impacts.

We further invest in these communities by purchasing herbs that have an ethical, positive impact on people and the planet by meeting fair trade and wildlife-friendly certification standards. These standards are an internationally recognized way to affirm our social and environmental commitment. With rigorous audit systems that help us track ingredients from farm to finished product, validating labor practices and price protections, they are one of the ways we support our valued farmers and collectors, and the lands they live on. These certification organizations play a key role in our sustainability strategy by increasing our accountability to protect the people and environments that supply our herbs.

**Water Security: ZIMBABWE, Fair Trade Hibiscus**

**Theme:** Living Standards

**Project:** Installation of boreholes to ensure safe and reliable access to clean drinking water

**Impact:** In partnership with Organic Africa, USAID, and Martin Bauer, five boreholes will be installed in the Binga region of Northern Zimbabwe. The boreholes, maintained locally by women-led water committees, will provide 1,400 individuals with access to safe drinking water.

### **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:** 510 farmers received training at the newly established Farmer Field School, gaining certification in Fair for Life standards, GACPs and sustainability practices. The quantity and quality of production of Turmeric, Ginger, and Cinnamon increased significantly due to improved practices and equipment. While we only source Turmeric from Madagascar, the livelihoods of the farmers and their families depends on year-round income from a diversity of crops.

### **Economic Empowerment: EGYPT, Fair Trade Chamomile**

**Themes:** Living Standards, Equity & Capacity Building

**Description:** Our third year of investment here includes a continuation of critical economic empowerment workshops for women with an extra emphasis on literacy and entrepreneurship. This year also includes the implementation of Village Savings and Loan Associations – empowering members of the community to self-manage collective funds and access small affordable loans.

**Impact:** Three hundred women are expected to participate in the in the training programs.

### **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 \$1,187,631.72 for our Social Responsibility department, including all contributions, programming, memberships, and reporting.

### **Traditional Medicinals Foundation**

In FY22, The Traditional Medicinals Foundation continued to expand 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.

**Botanical Bus:** TMF is partnering with the Botanical Bus to launch a new Healing Harvest Program. Through the program, TMF is funding the purchase of land shares at Green Valley Mill + Farm where more than 100 varieties of medicinal herbs are being grown, and co-investment in an on-site herb dryer. Exclusive access is given to Botanical Bus Promotoras, or Community Health Care Workers, the Indigenous and Latinx women who give their time and herbal wisdom to the community. The shares provide a source of herbs for personal practice and distribution at farmworker clinics, a space for learning and sharing plant wisdom and sustainability practice, and fund part time employment for a Promotora.

**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. In FY22 TM employees participated in multiple volunteer events at the Ceres Community Garden in Sebastopol, supporting the garden transfer project and harvesting needs.

**LandPaths:** With funding from TMF, LandPaths continued to lead outdoor youth programs and restore wildlands impacted by fires in Sonoma County. TM employees participated in multiple volunteer events supporting fire mitigation efforts at the Rancho Mark West preserve in Santa Rosa.

**Redwood Empire Food Bank:** In FY22, TM employees have participated in volunteering with group and individual volunteer opportunities. TM employees also deferred their Thanksgiving gift with a matching donation from TM, resulting in an additional \$8,800 donation.

## Product Donations

In FY22, we continued our product donation program supporting nonprofit and community partners across the US. Examples of some of our contributions include Breathe Easy and Throat Coat donations for first responders fighting wildfires, Mother's Milk donations for a doula collective supporting underserved mothers, tea for care packages being sent to breast cancer patients, stocking wellness centers at schools and health departments, and supporting herbal conferences and events.

In FY22, we donated:

- 10,313 Lozenge bags
- 223 Tinctures
- 109,817 Bags of tea

## Sustainability

TM submits an annual self-assessment audited by B Lab every three years. Due to the record numbers of certifications and recertifications at B-Corp, TM's FY20 audit was postponed to FY22. Our review period with B Lab began in June 2022 and finished in December 2022. After months of collecting verification documents and navigating question interpretations, TM received a score of 115.1 for 2022. Our last verified score was 125.7 in 2018. As is the responsibility of standard-setting organizations, B Lab has continued to increase the requirements of its standards to reflect the needs of the communities they serve. TM is committed to continuously improving alongside our valued partners.

This cycle, B Lab changed its methodology for determining which purchases can apply to the Community section for trading practices in underserved communities. TM subsequently dropped 19.7 points. In FY21, TM committed to increasing certified fair trade purchases to 80% by 2030 and recently began the Fair For Life certification process to support existing communities while expanding to new sourcing communities. The increased points for fair trade certified products in TMs next assessment will better reflect our current state of business practice.

Despite losing points in the community section, TM gained a combined 11 points in the Workers, Environment, and Customers portions of the assessment. A gap assessment is underway and will implement improved practices over the next three years.

### **Organic Agriculture and Wild Collection**

TM continues to support biodiversity through its sourcing practices. In FY22, TM procured 3.054 million pounds of certified organic herbs, and this volume represents 99.5% of purchased herbs.

### **Fair for Life Certification**

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.

After completing an assessment of engagement and fair purchasing history in FY21, TM committed to growing Fair herb purchases to 80% by FY30. This commitment is one way TM will contribute to the global sustainability of medicinal plant ecosystems and meaningfully support equity, justice, living standards, and the ability to thrive in fair certified source communities.

The best way to realize this goal is through participation in the Fair for Life standard. In FY22, TM submitted its application for Fair for Life certification, and conducted the audit in Q1 of FY23. With this certification likely to be confirmed early in Q2 FY23, we should expect significant growth in our Fair herb volume in FY23 reporting.

### **Carbon Offsets**

The Traditional Medicinals production facility runs on local renewable power to minimize our carbon footprint at home. In FY22, TM purchased 1,900MT of carbon offsets, fully offsetting emissions generated in TM's production process (scopes 1 and 2) and partially offsetting those generated through upstream and downstream supply chain.

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

In FY22, TM continued to divert over 90%, maintaining True Zero Waste Silver Certification for the Sebastopol factory. TM expanded Zero Waste efforts in FY22 by improving existing practices and identifying new waste streams, including:

- Updated Zero Waste Training in English and Spanish for all employees.
- Provided a new Universal Electronic Waste bin in the office area.
- Updated waste station bins and signage to fill gaps in our practice and accuracy, particularly for disposing of compostable material in the breakroom.

- Identified and tracked a new waste stream of recyclable metal, generated from on-site construction.
- Conducted a waste audit in August as part of annual practice to identify compliance issues and update best practices.

### Compostable Overwraps

After final material approval in the FY21 fiscal year, the compostable overwrap working group shifted focus in FY22 to achieving compostability certification through the Biodegradable Products Institute (BPI) before new material rollout. Through continued partnership with the packaging supplier, TM registered designs and additional material components with BPI awaiting the stringent compostability testing results. BPI certification was achieved at the end of the fiscal year, making TM the first bagged tea company to enter market with BPI labeled compostable packaging after launch in Q2 of FY23.

### Conclusion

TM uses the B Corp 'B Impact Assessment' (BIA) for certification and analysis, with a 2022 audited score of 115.1.

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

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Nioma Sadler

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John Elstrott

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Mark Retzloff

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Tripp Baird

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Stephen Hohenrieder

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