



IMPACT
REPORT
2020





It's amazing what a plant can do.™

In Egypt, where we source Fair Trade chamomile, we created a social impact project with the community where our farmers live. Over 100 women joined a series of economic empowerment workshops.

From that workshop, 15 women have now started new businesses and have another source of income to support their earnings from seasonal farming.

It's amazing what women can do.

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Letter from Our CEO

Blair Kellison

I am incredibly proud of our team and all they have navigated this year. The global pandemic we are living through has underscored how small our world is, and how we need to take care of the planet and each other. But, I'm more optimistic than ever that together we will overcome this crisis and come out with a deeper commitment and understanding of our potential to be a positive force for good.



We are a botanical wellness company but our investments have always centered around balancing our role as a for-profit company with the needs of people and the planet. On an individual level, I think that it's critical to create a sense of welcome that builds trust. This year we were rightly challenged by the Black Lives Matter movement to start the deep, internal work needed to develop a strategy for tangible goals for representation and amplification of diverse voices. We also revisited our purpose in the world, working with key stakeholders, our executive team, and board to make sure we are continuing to make progress.

We can be proud of our impact in the 2020 Fiscal Year. We engaged our stakeholders through a materiality study and we are mapping our way to carbon neutrality, looking at our footprint and our larger impact on the world. This year we started rigorous testing of our compostable overwrap, and we also launched a new line of Wildlife Friendly™-certified black teas.

As we work to reduce our environmental footprint, increase equal opportunity and amplify the voices of our people, I know none of this would be possible without caring people committed to this work. To everyone intent on making these things a reality, I thank you, because we are all in this together and together, we can change the world for the better.

A handwritten signature in black ink, appearing to read 'BK'.



Transparency

We rely on independent certification organizations to demonstrate our corporate commitment to social business. From the fields where our herbs grow to our manufacturing facility and offices in Sonoma County, California, we prioritize and measure our environmental, social and economic impact.

We are a **certified B-Corporation**[®]. Utilizing independent audits for social and environmental performance, we measure with full public transparency.

As a **California Benefit Corporation**, we've built purpose into our by-laws to improve our impact on society and the environment.

We are proud to be certified by **CCOF** and stand with organic farmers, for a healthy, sustainable world. Our products are certified to the **USDA National Organic Program's** standards which specify practices and restrictions to protect biodiversity, farmworkers, and consumers from dangerous synthetic pesticides, fertilizers, artificial process agents, and genetically modified organisms (GMOs).

We continue to grow our **Fair Trade Certified**[™] and **FairWild**[®] products, tracking ingredients from land and farm to finished product, and paying premiums that provide equitable market access for developing agricultural producers.

Our herbal tea products are **Non-GMO Project** verified, with Genetically Modified Organisms excluded from the cultivation, ingredients, and processing of our labeled products.

Our production facility is a **California Green Business**[™] with guidelines for conservation, sustainability, non-toxic cleaning, and local purchasing.



SOURCING

2.98 MM lbs
Organic Herbs Purchased
UP 11.4% SINCE 2019

99.6%
Organic Herb Volume

782K lbs
fair and ethical trade purchases

Fair Trade and FairWild certifications support farmers and collectors with verifiable labor, social, and economic standards; promoting partnerships based on dialogue, transparency, and respect, building greater equity in the international trade system.

\$152K est.
fair trade premium contributions
UP 27.6% SINCE 2019

Fair trade premiums are paid to farmers and collectors in addition to the price paid for their crops. This premium estimate reflects supplier reporting, the adjusted number for FY19 is \$119k.

OPERATIONS

90.08%
Waste Diversion from Landfill
654 TONS DIVERTED FROM LANDFILL

221 tons
of Mixed, Plastic, and Cardboard
Recycling
UP 6% SINCE LAST YEAR

COMMUNITY

Certified
B 125.7 B Corp Score
Corporation

Best Place To Work 2020
SONOMA COUNTY, NORTH BAY
BUSINESS JOURNAL

**2020 Real Leaders
Impact Award**

94.7% Family Living Wage
1.3% increase from FY19. We are excited to be close to 100% Family Living Wage. We are working across our sites to raise all our employees' wages above the MIT standard.

**54% of Company
Managers identify as female**

**5 New
Nonprofit
partnerships**

100% Local Renewable Power
Traditional Medicinals and Urban Moonshine facilities operate on 100% renewable electricity. We purchase carbon offsets for gas emissions, making our energy footprint 100% renewable.

INTERNATIONAL PROJECT STATS



31
family
bathrooms
constructed
(Paraguay)



21
cows for dairy
income generation
(Georgia)



20
children now
having fun at a
new playground
(Georgia)



952
medical
checkups and
consultations
(Egypt)



290
people attended
health awareness
workshops
(Egypt)



70
youth participated
in Youth Community
Building Initiatives
(Egypt)



Our Footprint

The Great Bear Forest Carbon Project, a forest management project, is unique with equal involvement from the First Nations and the British Columbia Government. This is more than a conservation project; it is a model for sustainable development in an economically valuable but ecologically and culturally vulnerable area.

At Traditional Medicinals, we are aware that the decisions we make on a daily basis have an impact on our environment.

In 2020 we purchased 1,250 metric tons of carbon credits, up from 750 in FY19, a 134% increase as we work toward offsetting our scope 3 emissions.

To balance our corporate footprint, we purchased carbon offsets in California and Western Canada, supporting sustainable forest management projects. In Zimbabwe and Indonesia, near some of our top herb producers, we purchased offsets supporting land conservation of forest and peatlands with socio-economic components to increase overall project sustainability.

To map our way to carbon neutrality, we must account for all the carbon we're responsible for putting into the atmosphere as a result of our business. In 2020 we conducted a materiality study with feedback from key stakeholders looking at our major areas of impact in the world. With this information we will build a map for our 2030 sustainability strategy, evaluating our scope 3 emissions, including our ingredient footprint, packaging life cycle, potential for supporting biodiversity and further opportunities for greenhouse gas reductions.

We are proud of the work we have done to reach our goal of 90% waste reduction and continue to run our corporate office and production facilities on 100% local renewable energy. Yet we know there is still work to do. We continue to work with farming communities, suppliers and partners around the world to promote sustainable agriculture, so everyone involved can thrive and the planet can, too.

SCOPE 1 EMISSIONS

are those greenhouse gases resulting from fuel combustion of equipment we own or operate—like vehicles or natural gas heating systems.

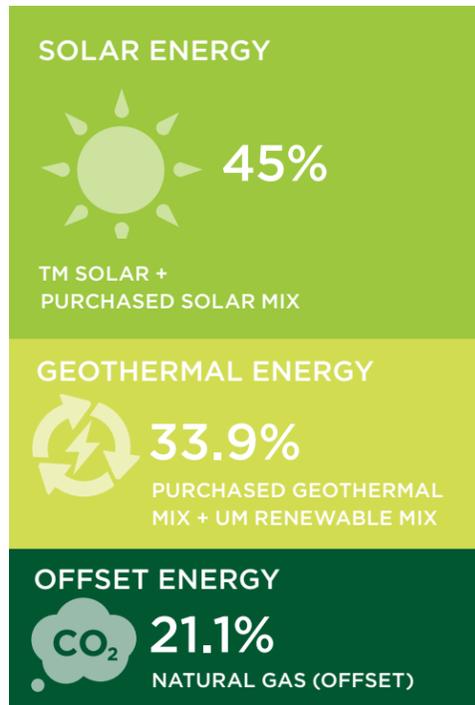
SCOPE 2 EMISSIONS

refer to those resulting from the use of electricity. Renewable energy generates minimal Scope 2 emissions.

SCOPE 3 EMISSIONS

come from the creation of all the other goods and services that we use: ingredients and packaging, transportation and distribution, waste management, travel and commuting, and use and disposal of our products.

302 million BTUs
 Traditional Medicinals Solar Array Power sold back to local grid.



100% Renewable Energy

Since 2008 we've had 1,450 solar panels powering our production facility in Sebastopol, CA the first solar-powered tea factory in the country. In 2014 we signed up for local renewable power in our area, using geothermal and solar to achieve 100%. In 2017 when we needed a new corporate headquarters, we chose one with a solar array.

We're proud of the work we've done over the last 12 years to get to 100% renewable energy. And because the cleanest energy is the energy you never use, we continue to focus on reducing our impact on the planet.

Stopping Waste Before it Starts:

Compostable Overwraps

To protect the active ingredients of our medicinal quality herbs, we pack each tea bag inside a moisture proof envelope or "overwrap." Unfortunately, the poly liner inside these overwraps is not compostable. Throughout the years we have explored alternative materials for our overwraps, never finding a suitable compromise that would meet our environmental standards and maintain the quality of our tea over time.

With commitment, hard work, supplier partnership, and product innovation, a cross-functional team was able to find a solution. Working with an existing vendor, we began organoleptic testing, microbiology testing, flavor testing, runability testing, and stability testing on four products. The initial results of the testing are favorable, and we are continuing to run tests over the next year. We hope to have some compostable overwraps out in market by the end of 2021.

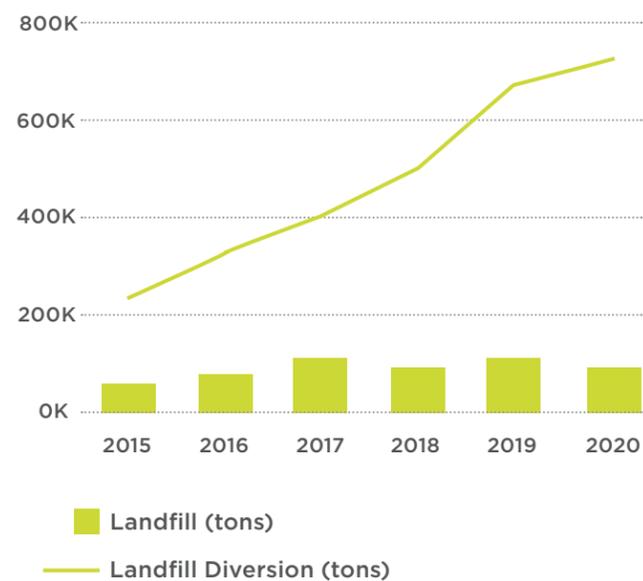


Reaching 90%

In 2016 we set a goal to achieve TRUE Zero Waste certification for our factory, committing to divert at least 90% of our waste materials from the landfill. In 2019 we reached 86%, only 4% away from the 90% threshold for TRUE Zero Waste certification. In 2020 we surpassed that 90%.

This year we expanded our employee on-boarding to incorporate zero waste training, upgraded our waste stations, and our environmentally preferred purchasing policies. We completed our annual waste audit and are working on our credit documentation for TRUE Zero Waste certification.

Materials Waste and Landfill Diversion



These achievements help propel us forward—
 with more energy and clarity to advance our goals.



Our Global Supply Chain



Calendula harvested in the field.

Plants

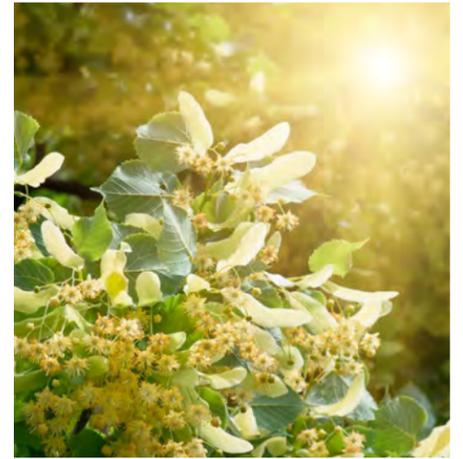
Connecting people to the power of plants to change lives is the foundation of all that we do. We serve as both keepers and catalysts of plant knowledge, honoring the healing and connective power of plants to elevate life for both people and planet.

Planet

We have a deep commitment to preserving, restoring and regenerating our planet. We're investing in innovations that allow us to reduce energy consumption and conserve our natural resources. We protect the environment with a determined spirit and focus on continuous improvement, believing that small steps today will help build a healthier tomorrow.

People

People are at the heart of everything we do, everything we create, and everything we pursue. With every action we take we consider the impact on the lives of the farmers and collectors of our herbs across 35 countries, our team members who share their time and expertise, and those who drink our wellness teas. And we continue to build on our legacy of collective commitment to right livelihood.



Top: Linden flower in Georgia.
Middle: Orange peel collectors in Paraguay.
Bottom: Farmers in the tea fields in Ambootia, India.



Organic echinacea fields,
Washington, USA

Organic Matters

We invest in organic because we strongly believe in the benefits to consumers, farmers, and ecosystems.

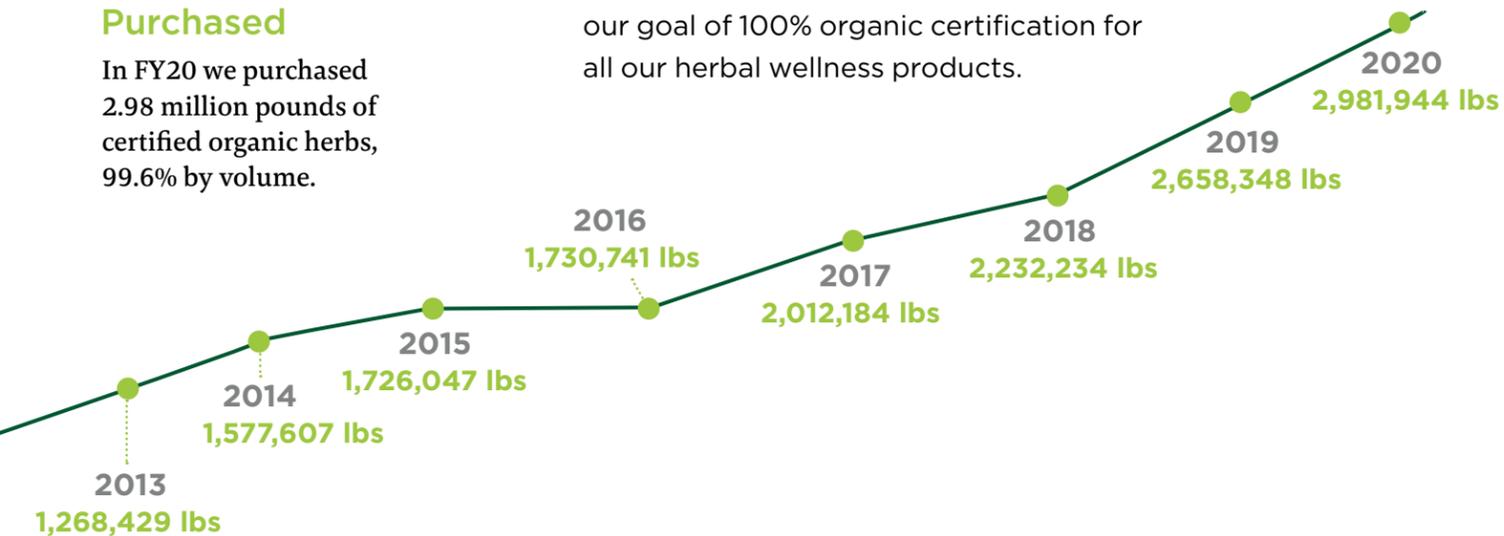
Organic farming is about more than minimizing synthetic pesticides; it's implementing practices that build upon the organic standards to yield healthier soil, improved water quality, more biodiversity, climate change mitigation, and healthier farmers.

Our commitment to organic comes to life through the relationships we build with suppliers and farmers.

In FY20 we purchased 2.98 MM lbs. of organic herbs, an increase of 11.4% since FY19. Our overall organic volume decreased slightly from 99.7% to 99.6%. We continue to work to build out our supply partners to reach our goal of 100% organic certification for all our herbal wellness products.

Organic Botanicals Purchased

In FY20 we purchased 2.98 million pounds of certified organic herbs, 99.6% by volume.



Fair Trade



Farming and collecting is challenging, often unfair work, and one of the most dangerous jobs in the world. Fair trade was developed to support small farmers, workers, and collectors with verifiable labor, social, and economic standards to connect global consumers with the farms and companies who commit to improved supply practices.

In FY20 fair trade accounted for over 26% of our botanical purchases, over 780,000 lbs. We also paid an estimated \$152,000 in fair premiums. Over and above the set fair trade price, these premiums are an additional sum that go into a communal fund for workers and farmers to use—as they see fit—to improve their social, economic, and environmental conditions.

While we saw a 4% increase in our overall fair volume from FY19, our percentage of fair trade as a proportion of our total botanical purchases in FY20 dropped by 7%. Over the next year we will be taking a deep look at our fair trade purchases and how we engage and support our source communities.

782k lbs
of fair trade
botanical
purchases

\$152k
fair premiums
paid into
communal funds

Farmers & Collectors

Farmers and collectors are at the heart of our company. By prioritizing the livelihoods of the people that cultivate the medicinal herbs that allow our business to exist, we ensure that our presence in their communities is bringing wellbeing and empowerment. We choose to invest in communities not only because it mitigates risk and builds lasting business relationships, but because it is the right thing to do.



ADDITIONAL COMMUNITY INVESTMENTS IN 2020

Egypt



Medical Caravans and Workshop Series

Herb: Chamomile, Fairtrade

Impact Area: Health, Economic Wellbeing

Egypt is home to farmers who grow Organic Fair Trade chamomile that can be found in many of our well-known products. To address the needs of this community, we partnered with local community leaders, and designed a series of medical caravans and health awareness workshops for families and economic empowerment trainings for women.



Doctors and specialists completed 952 checkups, and nearly 300 community members regularly attended family health awareness workshops. 70 youth participated in Youth Community Initiatives, and over 100 women completed the economic empowerment training which led to the creation of new women-led small business operations in the community.



Georgia



Dairy Cattle and Playgrounds

Herb: Licorice, Rosehips, Blackberry leaf, FairWild

Impact Area: Income generation, Children



Rural Georgia is home to collectors who gather FairWild certified rosehips, licorice root, and blackberry leaves. FairWild premiums paid to collectors help address many social needs in the community, but many collectors still face underemployment. Household income is largely dependent on seasonal collecting, and limited income in the winter months can force families to take out high-interest loans to meet their immediate expenses or leave their community in search of alternative income opportunities. To address these challenges, we worked in partnership with the supplier, producer, and collectors to identify viable income earning opportunities.

All interested collectors received a dairy cow, and workshops in animal husbandry, livestock health and hygiene, and traditional Georgian cheese making. The local school did not have a safe outdoor play space for their children. To support these families, we sponsored a playground installation, providing children with a safe place to play while their families are at work.

Paraguay



Sanitation Improvements

Herb: Lemongrass and Lemon Verbena

Impact Area: Household health and sanitation

In 2018 and 2019 we worked with farmers and collectors in Paraguay to create an income generating bee keeping project. In 2020 we went back to Paraguay to support another community with materials and instructions to build 31 bathrooms and sanitation facilities. The new facilities have dramatically improved the hygiene, health and sanitary conditions for the farmers and their families and reduced the risk of water contamination and disease spread.



Investing in our Local Community



In the face of this pandemic, we are building connections.

Despite the uncertainties we may all be facing, one thing is clear: the world needs us to come together, now more than ever. For almost five decades we have based our work on the principles of right livelihood—ethical practices and equitable relationships.

In 2020, while Traditional Medicinals continued our work investing in farmers and collectors around the world, the Traditional Medicinals Foundation expanded programs in Sonoma County, creating strong nonprofit partnerships and volunteer opportunities for our employees.

We continue to dig deep and look back to our founding purpose to engage and support the communities we are connected to: our sourcing communities, trade partners, nonprofits, our employees and our stakeholders. Because we are all in this together. And together we can change the world for the better.

Individually we make a choice. Together we make a difference.

Opposite:

NONPROFIT PARTNERS

The Traditional Medicinals Foundation is proud to support The Botanical Bus, a bilingual mobile herb clinic empowering holistic health through culturally relevant, community driven programs. Their clinic changes the paradigm of top-down health care, taking community-based action to meet the demands of growing health disparity in Sonoma County.

Photo by: Talia Herrman.

Our Team

We're committed to helping our team reach their full potential both inside and outside the workplace. With over 200 employees in Sonoma County, across the USA, and Canada, we know that our skilled, passionate, and committed team is our greatest asset. And we continue to work hard to be a diverse and inclusive workplace where people with purpose thrive. Our 2020 Benefit Report discusses our worker performance metrics in more detail, but we are pleased to share a few highlights:

Better Health and Wellbeing

The health and wellbeing of our employees matters, which is why we offer affordable healthcare options for our employees and their dependents. Recognizing the importance of supporting new parents we offer up to 12 weeks of paid leave.

Workplaces for Everyone

Becoming a truly diverse and inclusive organization—one where everyone feels they can bring their whole self to work—is a

priority for us. This is not just the right thing to do. It also benefits business, as diversity contributes to innovation and performance.

Best of the Best

We were proud to be included again as one of "The Best Places to Work" by The North Bay Business Journal and to be awarded the 2020 Real Leaders Impact Award. We love our community and are proud to support local families, the economy, and the environment through our sustainable business decisions.



Herbal Education at Traditional Medicinals

In 2020 we developed an exciting new training course, The Herbal Products of Traditional Medicinals, designed specifically for our employees by a Phytotherapist and a Clinical Herbalist from our R&D department. While many of our employees have a background or passion for herbalism, health, and nutrition, this course was designed around our herbal product line, looking at the herbal actions and body systems. With 14 hours of online lectures, recommended reading, and on demand video recordings, it is offered at no cost to our employees as part of their professional development. Our aim in offering this course in 2021 is to build out a language and perspective that all our employees can share, creating bridges of understanding, and strengthening our team.



Guido Masé
RH (AHG),
Senior
Scientist



David Hoffmann B.Sc., F.N.I.M.H.,
RH (AHG) Principle Scientist

Innovation Department

Zoe Kissam



I used to think innovation was coming up with an idea, developing a plan and trying to get from A to B in as much of a straight line as possible. Now I know, it's like putting together tiny pieces of an enormous puzzle. Innovation requires dedication and determination, patience and efficiency, and being very comfortable with ambiguity.

What I love most about innovation is that it's not just about developing new, efficacious products. It's learning everyday from a team of talented herbalists and scientists, offering our herbal wellness products at accessible prices in more markets, and constantly challenging ourselves to do better and be better.

As we continue to develop innovation and especially new herbal formats—we will look for how we fit this puzzle together in a way that represents who we are what we stand for at Traditional Medicinals.

Community Engagement

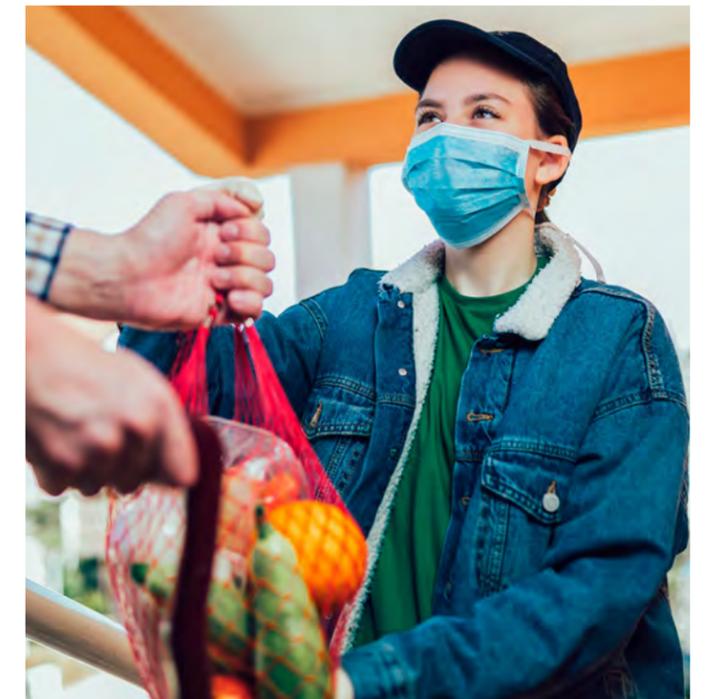
As we deepen our positive impact in the world, we're also thinking critically about the change we want to drive inside Traditional Medicinals. This year we began to lay the groundwork for exciting new programs to support our employees and local community.

TRADITIONAL MEDICINALS FOUNDATION:

Local Nonprofit Partnerships In 2020 we invited our employees to cast their vote for local nonprofits with a focus on Plant Power, Housing & Homelessness, Health & Wellbeing, Food Security, and Environment/Sustainability. Over 50% of our employees shared their opinions and with that feedback the Traditional Medicinals Foundation selected 5 nonprofit partners for a \$10,000 annual grant.

Individual Volunteer Grants These nonprofit partnerships with the Traditional Medicinals Foundation helped to pave the way to launch our Individual Volunteer Grants. For every 10

hours they spend volunteering, TM employees are now able to request a grant from the Traditional Medicinals Foundation to gift to a charity of their choice. Employees can gift up to 5 grants each fiscal year.





Interview with Mickle Carpenter

Director of Talent Acquisition & Inclusion

This past year was a challenging one, but it was also inspiring to me, as a human and as the Director of Talent Acquisition & Inclusion at Traditional Medicinals. It was marked by growth and learning and an increased focus on our culture and our employees' wellbeing.

This year we have made new commitments to strengthen our culture of inclusion, empowerment, and respect, including increasing the awareness of the importance of diversity across our organization. We now have a Diversity, Equity, and Inclusion Council (DEI) comprised of various employees throughout the organization who are committed to building a DEI framework that will provide us with the principles and practices that support our values.

I know that we are at our absolute best when each and every member of our team feels included and heard and can show up, fully as themselves. I consider this work to be a marathon, and we have just stepped up to the starting line. We are committed to this race, and we will continue to invest in the change we want to see within our team and in the world.

We will continue to work together, creating trusted spaces to build new behaviors and beliefs, to learn through dialogue, problem-solving, and goal setting, empowering our team to be their own catalysts of change.



TM employees answered the call to action to Walk for Girls and Water this past fall. In celebration of the UN International Day of the Girl, WomenServe, our nonprofit partner in Rajasthan, India, designed the Walk for Girls and Water to raise awareness of the time that women and girls spend walking to collect clean water for their families. 78 TM employees signed up to participate in the 10-day virtual event and the Traditional Medicinals Foundation donated over \$7,000 to WomenServe.



Social Business

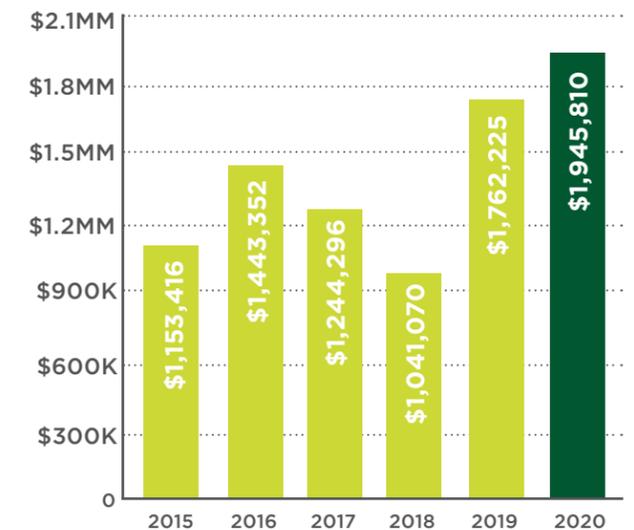
Our social business investments have centered around balancing our role as a for-profit company with the betterment of people and the planet. That means we invest in people, especially our partners, so they in turn can support people in the communities where we work and live.

Over the last six years, we've invested over \$8.5 million in our social business model. This includes our community led projects in herb source communities, support for nonprofits at home and around the world, including the Traditional Medicinals Foundation, WomenServe, Whole Foods' Whole Planet Foundation and other local and global NGOs. It also includes the costs for certification, inspection, and fair premium costs for USDA Organic, Fairtrade International (FLO), Fair Trade USA, and FairWild.

We know that living up to our potential means earning it every day. That's really what

Social Business is all about. It's about leading with actions, not words. It's showing up for our teammates and for our communities. It's about accepting nothing less than our very best and continuing to ask ourselves how we can do even better.

Social Business Investment





Love and Serve

Nioma Narissa Sadler, Goodwill Ambassador

Nioma is the co-founder of the Traditional Medicinals Foundation and the founder of WomenServe.

Nioma has turned her life passion into a powerful force for change.

It was like a wave of purpose washed over me as a young woman. I knew I wanted to focus my life on issues women and girls face around the world. When I came to Traditional Medicinals, I connected with others who shared the same passion for social change. Together we knew the change we envisioned would require courageous people who love and trust each other. Strategy and ideas would not be enough. We would need to build relationships and integrity deep into the ethos of our business to paint a picture of the world we wanted to see.

As the Traditional Medicinals Goodwill Ambassador, Nioma is always looking for opportunities to support social equity projects in TM's herb source communities around the world.

In my 20 years at Traditional Medicinals I've been able to travel the world and help develop social projects hand in hand with our farmers and collectors. And I have loved every moment of it.

Everywhere I travel, I see women, farming in the field, collecting in the forests, and yet at village meetings I often only see and hear the men speak. But I find that the time I spend talking to the women, listening to their stories, holding their hands, and rocking their babies tells a more complete story of each community that I visit.

In 2006 I visited senna farming communities in Rajasthan, India and again I saw women, working in the fields.

While listening to the hardships of these women and girls Nioma began developing initiatives around gender equality, education, and water security.

We started with water because I was heartbroken that so many women needed this vital, life-sustaining, and yet simple thing. We did what we could as part of Traditional Medicinals work in sourcing communities. But I saw the need in the communities beyond our senna farmers, and so I formed the nonprofit WomenServe. That's how we launched. I just couldn't walk away from these women.

Ten years later, her work in rural Rajasthan with Traditional Medicinals and then with WomenServe has been deeply rewarding.

With funding from a generous donor base, including Traditional Medicinals, WomenServe has been able to help establish 22 self-help groups with more than 300 women, a Village Health Worker program that focuses on health and hygiene trainings for adolescent girls, 740 water projects, the construction of five primary schools, a high school library, the employment of women teachers (a first for the region), and hundreds of bicycle scholarships to help girls travel the long distances to school.



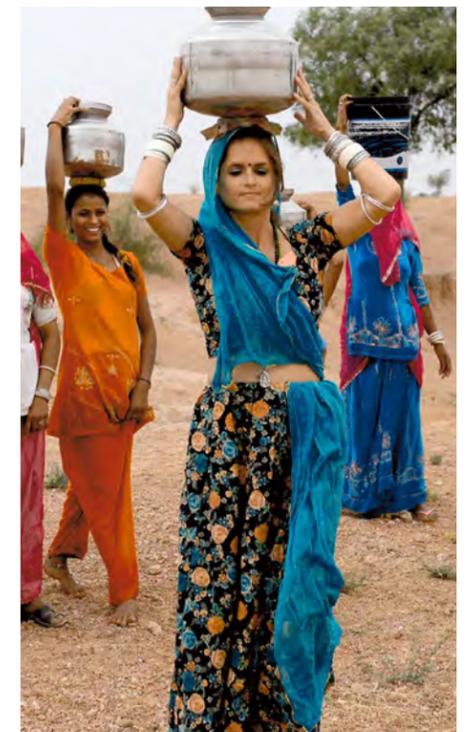
Nioma bases her community development philosophy on the teachings of Mahatma Gandhi and Dr. Martin Luther King, Jr. She takes her life mantra, "Love and Serve," from India's spiritual leader, Amma.

In this challenging year, I have learned so much. I have been changed, we all have been changed. I know now more than ever that we are all here to love and to serve. We all miss the connection of human touch, of catching up over a cup of tea together in our kitchen at Traditional Medicinals, sharing a hug in congratulations or in sorrow. I am so proud of our production team, for showing up each day, for parents at home with their children calling into zoom meetings, for others isolated at home to keep our community safe. This is truly what it means to love and serve.



She shares advice on what she thinks it will take from all of us to continue our trajectory of social change at Traditional Medicinals.

Be yourself, unapologetically. It's what makes you unique. Each stage of my life has altered me in some way. No matter where you are in your life or what level you are in your work or education, know that who you are is the most important thing. You must be fearless, consistent, and know that if you didn't try you've already failed. Make the choice to thrive in your authenticity and walk toward your dreams.



Together we can accomplish anything.



It's amazing
what a plant
can do.™

Traditional Medicinals

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Visit www.traditionalmedicinals.com
to learn more.



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Pinterest, Instagram, and Twitter — **#tradmed**

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