

Herbalist & Alchemist, Inc.

Sustainability Report - Review of 2019

Contents

Introduction.....	2
Overview + Mission.....	3
Certified B Corporation since 2010.....	4
Sustainable Supply Chain.....	5
Office & Operations.....	7
Community.....	9



Introduction

To Our Customers and Friends in the Herbal Community,

As we reflect on our 2019 performance in the 37th year in the life of our company, we continue our commitment to sustainability of the people and the plants that David Winston wove into the company from the very beginning, back so many years ago.

This is our first formal Sustainability Report, undertaken because we want to share with you our efforts, and conduct our business with transparency. Our current focus:

- Maintaining B Corporation Certification (since 2010)
- Working toward Organic Certification of many of our simple extracts
- Working toward Zero Waste
- Commitments to the Industry's efforts on the Climate Collaborative Project

We look forward to continuing to bring you our high quality, healthy herbal products in keeping with our mission.

Sincerely,

All of Us at Herbalist & Alchemist

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Overview + Mission

Herbalist and Alchemist's mission is to develop, manufacture and distribute herbal supplements that are of the highest quality, manufactured from plant material that originates in harmony with the environment: organically grown, ethically wild-crafted or sustainably harvested.

Each employee of this company is committed to achieving the highest standards of excellence possible. The company is dedicated to continually improving its knowledge base, processes and practices in order to maintain its position in the forefront of the herbal products community. We are likewise committed to providing education and information about the health benefits and uses of herbal medicine.

Herbalist & Alchemist believes that quality is the responsibility of every employee and must never be compromised. The company achieves this goal by:

- Listening to customers, suppliers, and staff, and acting on their inputs to provide continual process improvement efforts.
- Creating an environment of teamwork that fosters efficiency of all operations, where each process is continually monitored.
- Promoting the concept that an important aspect of our commitment to quality is compliance with pertinent established national and international regulations and guidelines. We don't cut corners, and our products reflect that commitment.
- Working with Rutgers University on quality assurance, we manufacture over 250 single extracts and herbal formulas from organically grown or sustainably wild-crafted herbs. We source raw herbs from people we know, examine each batch by hand before they are processed, and make the extracts ourselves. We know, exactly, that what is in our products is on the label.



Certified B Corporation since 2010

In 2010, Herbalist & Alchemist became the **first herbal supplements company to become a Certified B-Corp**. B-Corps are companies that have undergone a rigorous assessment through the independent nonprofit B-Lab to measure various aspects of their business - environmental, social, and governmental- in order to make a positive impact on the world. We undergo a rigorous recertification process every three years to maintain this certification. We have been evaluating and measuring our social and environmental impact as a Certified B Corporation™ since 2010.

To be a Certified B Corp, a company must earn a minimum of 80 points on the B Lab Impact Assessment, which evaluates a company's performance in a wide range of areas. In 2018, we also became a **Benefit Corporation**, thus solidifying our commitment to doing business ethically and sustainably.

Impact Area	Previous (2016) Score	Most Recent Score (2018)
Governance	8.7	17.4 *
Workers	20.9	15.6*
Community	27.1	29.3
Environment	31.1	30.9*
Customers	7.3	5.6*
Overall B Score	95.5 (45 points above the 2016 median)	99 (48.1 points above the 2018 median)

***B Impact Assessment Key Performance Indicators change with each assessment version. Points are awarded based on the sum of all questions.**



Sourcing Botanicals & Raw Materials— Sustainable Supply Chain

171

*Botanicals sourced
from around the world*

15 years

*Average tenure of
grower
relationships*

70%

*Certified Organic, the
remainder sustainably
& ecologically sourced.*

35%

*Raw Materials
locally sourced*

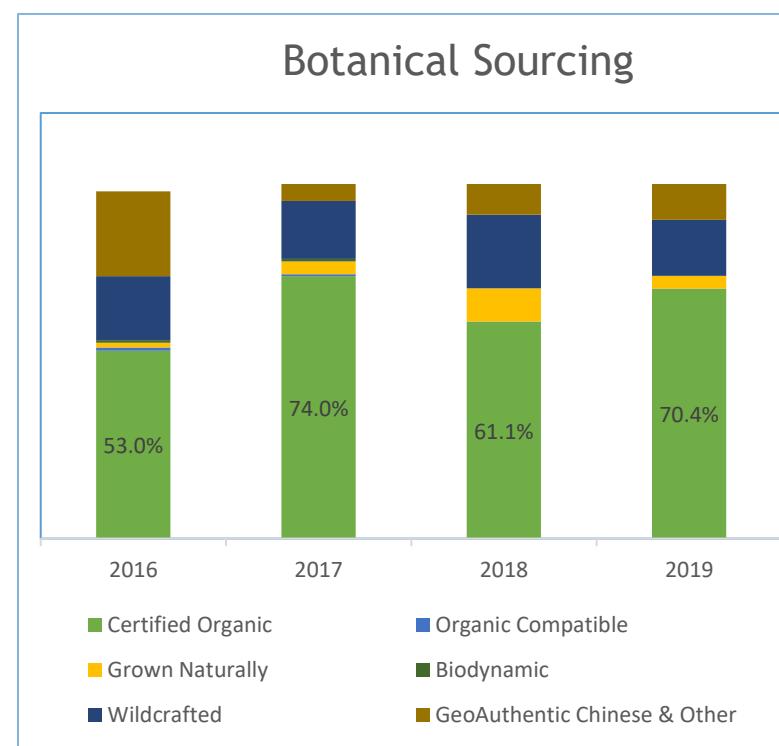
Nurturing Relationships

We support Organic farmers and sustainable wild-crafters, giving preference to local suppliers whenever possible. Many are friends through the farming and permaculture communities. We are proud of these long-term relationships, nurtured through fair and honest business transactions.

Sustainably Sourced

H&A sources herbs from around the world, pulling from several herbal traditions.

- We source raw materials based on seasonal availability, finding the highest quality botanicals free from heavy metals and pesticides.
- We require that herbs be of high quality, prioritizing organically grown or sustainably wild-crafted herbs for optimal vitality.
- We use certified organic, pharmaceutical grade alcohol in our extractions.
- About 70% of our botanicals are certified organic.



Wild-Crafted and Traditional Chinese Herbs

We are an "Herbalist's Company" that offers more 150 botanicals, some of which can only be found in the wild.

- Wild-crafted plants, around 20% of the herbs we use, are more difficult to certify than cultivated herbs.
- Some of the herbs we use are biodynamic or grown by small farmers who have signed a pledge to cultivate by organic methods.

Committed to Regenerative Farming

In partnership with the Climate Collaborative, we are committed to reducing the carbon impact of the natural products industry.

- We have a short-term goal to compile & share robust information from our herb suppliers about how they farm, and what regenerative practices they already use so that we can build on that knowledge to make improvements.
- Our organic and biodynamic growers practice regenerative methods that keep carbon in the soil, and some of our growers are members of the Northeast Organic Farming Association (NOFA), the Pennsylvania Sustainable Agriculture Association (PASA) and other grower organizations committed to sustainable agriculture practices.

Our primary sources of imported herbs:

- Traditional Chinese botanicals - Our main source is a multi-generational business with impeccable supply chain management practices. Committed to quality & purity with a large selection of Certified Organic herbs, their Geo-Authentic Chinese Botanicals are pure, safe and effective.
- European botanicals - A rural group sourcing from Southern France, Eastern Europe and the Middle East.
- Canadian Grower organization - representing a collective of farmers.

Office & Operations

Working Towards Zero-Waste

In 2019, we set a goal to become zero waste in our operations. We are still working towards this goal, starting by identifying waste streams and finding creative ways to re-use or dispose of them responsibly. With our manufacturing & office space, the day-to-day operations inevitably generate waste. We search for sustainable alternatives and ways to recycle & reuse materials we cannot do without.

Reduce

- We divert an estimated 50% of all the waste generated by our business from the landfill by composting with local farmers.
- Reduced use of copy paper by redesigning order confirmations to print on fewer pages
- Reduced the size of our printed catalogs to save paper; implemented a policy of sending catalogs electronically where possible and paper by request only, which reduced the number of catalogs printed
- Energy use was down 2% from previous year.
- Average monthly electricity use is 3% less than the national average
- Employees encouraged to conserve electricity & water
- Introduced a smaller shipping box to decrease secondary packaging
- 56% of our suppliers are local to the H&A headquarters. We prioritize locally based suppliers, when possible. This helps reduce the impact of transport.



Re-Use

- In fall 2019, we started re-using boxes to ship our products, which extended the lifecycle of hundreds of cardboard boxes before they ultimately get recycled.
- We donate / upcycle 55-gallon barrels
- Donated 140 ice packs (used to keep herbs shipped to us fresh in transport) to members of the community
- Jar lids and handles: 120 jar lids and handles donated to children's' art projects
- H&A promotional product gift baskets assembled with 60% reused/upcycled wrapping materials

Recycle

- Total 1,900 lbs. of paper & cardboard were recycled or re-used
- Tape dispenser rings and broken dispensers collected thru TerraCycle
- Plastic Bags & Film
- Pens & pencils collected with TerraCycle
- Hair Nets collected with TerraCycle
- Electronics & Printer Toner - recycling refurbishing programs
- **New program:** In December, we joined the R&B Supplement Packaging TerraCycle Brigade and employees were able to collect 15.35 lbs. of supplement packaging.

Our Compost Story

Unusable plant material that is garbled out before we make our extracts, as well as the Marc, a fine plant material left over from the extraction process, are composted.

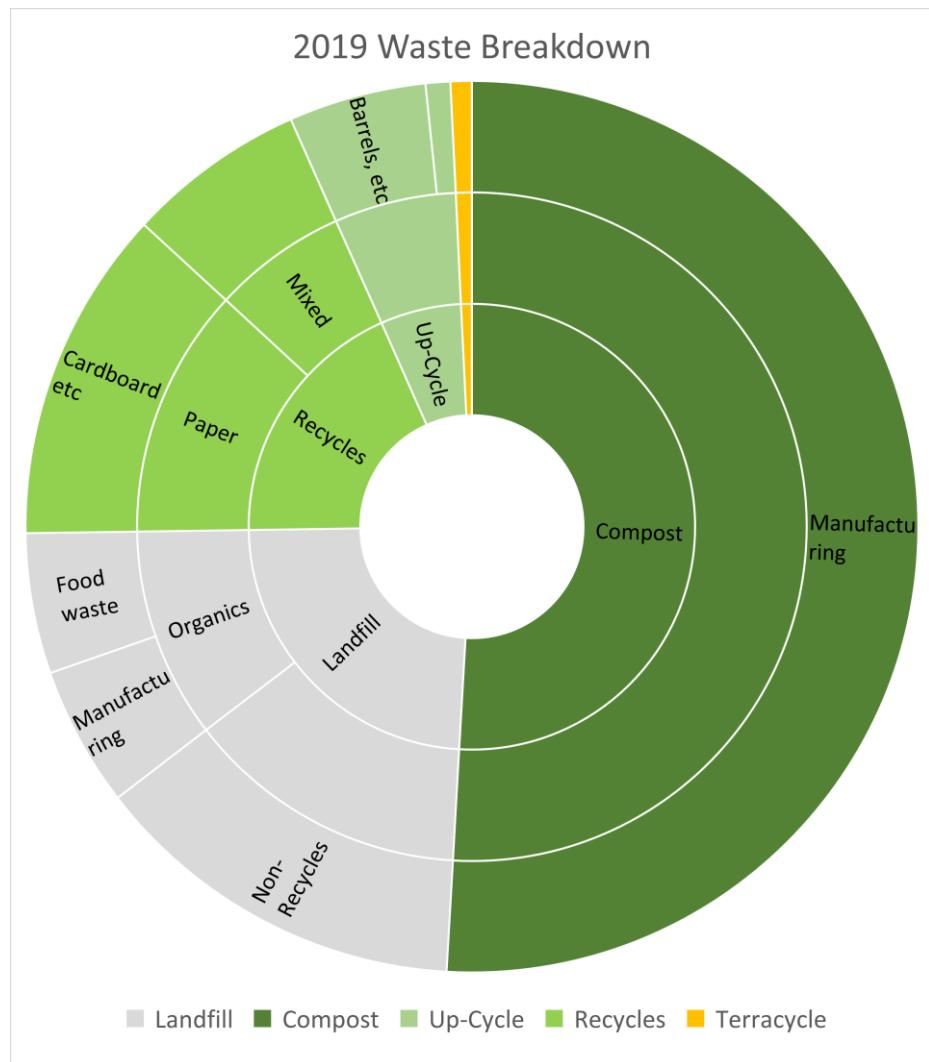
We have been composting these byproducts of our herbal extracts for years.

- From the beginning, our Founder David Winston used these materials in his beautiful gardens.
- As we grew, we added a local zero waste gardener, and
- Now, we supply a local farm.

We are happy to keep this material out of the landfill and turn it into rich soil. In the past six years...

49,000 lbs. of Marc diverted from landfill and composted into healthy soil! That means an estimated 11 tons of CO² were sequestered.¹

¹ (Brown, 2013)



Our Community

Our People

- The majority of our employees live less than 15 miles from the company. Many choose to work here to
 - be close to their families,
 - reduce their commuting time and
 - have more free time for other pursuits.
- Most of our employees have been with us for many years

Benefits include:

- Discounts on Herbalist & Alchemist Products to promote wellbeing
- H&A pays 50% of Health Insurance for the employee, and a family plan is available as an option
- Generous 401-K program, H&A matches 100% of employee contributions up to 3% of salary. If employees choose to contribute more, H&A matches an additional 50% up to 5%.
- Full scholarships to employees who enroll in David Winston's Center for Herbal Studies 2-Year Herbalist Training Program. The majority of our employees have

taken this course and as of 2019, 100% of management had completed the course.

- Professional Development opportunities include seminars held by David Winston, educational sessions at trade shows & conferences, trade associations, cross-training, skills-based trainings related to job responsibilities
- H&A employees and wholesale customers can tune in to the monthly Herbal Salon with David Winston: the opportunity to expand their knowledge of herbal medicine through educational sessions focused on specific topics.

Volunteering 2019

- **13% of Employees took PTO to volunteer and**
- **38% of employees spent time volunteering outside of work.²**
- **In total, H&A employees donated 570 hours of their time to the community!**

² Employee Survey

Leadership - in the Community

- David Winston, RH (AHG), founder and President:
 - Chair of the American Herbalists Guild (AHG) admissions review committee for 29 years.
 - Serves on American Herbal Products Association (AHPA) Botanical Safety Handbook expert advisory committee, working on the 3rd edition of the Botanical Safety Handbook.
 - Advisor and reviewer for the American Herbal Pharmacopoeia.
 - Serves on the American Botanical Council advisory board.
 - Founder and dean of David Winston's Center for Herbal Studies, and
 - Speaks at conferences and symposiums around the world.
 - Author of several definitive books on herbs
- Beth Lambert, CEO:
 - Serves on the Board and Executive Committee of the American Herbal Products Association (AHPA)
 - Chairs the Board of the AHPA Herb Foundation
 - Serves as Chair of AHPA's Education Committee and is a member of several other working committees.
 - Serves on the Board of the Veterinary Botanical Medicine Association (VBMA).

References

Brown, S. (2013, August). *Connections: CO2 Math For Compost Benefits*. Retrieved from biocycle.net: <https://www.biocycle.net/connection-co2-math-for-compost-benefits/>