

# ANNUAL BENEFIT REPORT 2020

Charlotte's Web Holdings Inc.



**CHARLOTTE'S WEB**<sup>TM</sup>  
STANLEY BROTHERS

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# TABLE OF CONTENTS

**About Charlotte’s Web.....** Page 2

**Our Business.....** Page 3

**Promotion of Public Benefits.....** Page 4

**Our Communities.....** Page 5

**Our Stories.....** Page 6

**Our People.....** Page 7

**B Corp Certification.....** Page 8

**Our Hemp Production Process.....** Page 9

**Signed Annual Benefit Report ....** Page 11 - 14





### **Our Mission**

To unleash the healing powers of botanicals with compassion and science, benefitting the planet and all who live upon it.

### **Our Vision**

A world in which people live healthier lives through the healing powers of botanicals grown in peaceful balance with Nature.

# WE ARE AN OFFICIAL FORCE FOR GOOD.

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Charlotte's Web Holdings, Inc. became a benefit company under the laws of British Columbia on July 24, 2020, meaning that we are formally committed to conducting business in a responsible and sustainable manner.





## OUR BUSINESS

COMMITMENT TO RESPONSIBLE  
& SUSTAINABLE BUSINESS PRACTICES

***During the year ending December 31, 2020,  
Charlotte's Web has:***



Grown our hemp products on American farms, with certified organic practices.

Our farming practices reduce use of toxic or hazardous substances, prevent pollution and hazardous discharges to air, land or water thereby protecting people, biodiversity, water, and soil.



Reduced our impact on the planet by composting and recycling in our offices and processing facilities to reduce waste.



Conducted a formal assessment of our packaging design and materials to identify opportunities to minimize environmental impact.



In July 2020 we received our B Corp certification. This is our third-party standard for accountability. (More on page 8)



## PROMOTION OF PUBLIC BENEFITS

Per the articles of the company, Charlotte's Web is committed to "pioneer[ing] the way to healthier lives, stronger communities, and a more bountiful planet by making it easier for everyone to access the natural restorative power of plants".

We create focused, measured, meaningful philanthropic partnerships. From active and vibrant employee volunteerism to donating a portion of our profits to vetted charitable organizations, we use our business as a force for hope, strength and virtue.



COMPASSION



SCIENCE

**During the financial year ending December 31, 2020, to promote the Company's public benefit, the Company supported the following:**



Denver Urban Gardens



Women's Bean Project



Adaptive Training Foundation



High Fives Foundation



CHARLOTTE'S WEB  
STANLEY BROTHERS



## OUR COMMUNITIES

WE STARTED AS A MISSION TO HELP OTHERS;  
HERE'S HOW WE CONTINUE TO DO SO

### Million Dollar Giveaway

During the first half of 2020, as our state and nation were in a lockdown due to the coronavirus pandemic, we donated a million dollars' worth of Charlotte's Web product to help those who would not be able to afford it during those trying times. Our hope was that no child, mother, brother, co-worker or friend goes without the support they need when it comes to their wellness during this time.

We distributed the product via our charitable partners at the **Realm of Caring**, **Adaptive Training Foundation**, and **High Fives Foundation** so they could give Charlotte's Web™ products to their valued community members and beyond.

### Voter Initiative 2020

Partnering with B Lab, we launched a nonpartisan voter initiative through a series of social media posts with a goal to educate people on how to register to vote and reminding them of the opportunity.

### Responsible Agriculture

We are dedicated to nourishing both the earth and the farming communities who rely on it. Not only are our own farming practices sustainable, but we also support other organizations that are elevating and restoring farming in America.

### Veterans & First Responders

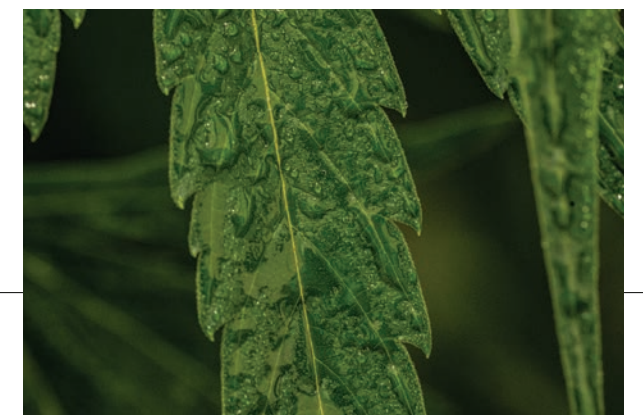
We invest in and advocate for organizations working with U.S. veterans and first responders to help them achieve a higher quality of life. Our partners, the **Adaptive Training Foundation** and the **High Fives Foundation**, work with veterans and other adaptive athletes to improve their physical, mental and emotional health, arming them with tools to continue adapting to life's challenges. The result? Stunning personal transformations.

### Resources For Women

Raised by a single mother, the Stanley Brothers grew up with a deep personal understanding of the demands placed on women in our society. That's why Charlotte's Web is proud to help create opportunities for women to succeed. One of our partners, the **Women's Bean Project (CO)**, is doing just that: providing steppingstones to self-sufficiency and a better quality of life.

### Children and Families

The health of children is the beating heart of our organization. We built Charlotte's Web with a deep resolve to meet the tremendous needs of the most vulnerable of our society. The **Realm of Caring (CO)** is a partner in this crusade that provides wellness solutions for children and families.







Trevon Ferguson



**Our Stories**

We brought the stories of these communities to life through our “Our Stories” campaign. We teamed up with four filmmakers and four different incredible organizations to help tell stories of true heroes in uncertain times to a large audience.





# OUR PEOPLE

HOW WE SUPPORT OUR FAMILY

## Easy Access to Vaccines

To ensure the safety of our teams, we provided multiple on-site COVID vaccination clinics for our essential workforce, our remote workforce, and all their families.

## Essential Workers

We provided our essential workforce with a \$2.00 per hour increase as an “Appreciation Incentive” between 3/14/2020 and 9/30/2020.



## Mental & Physical Work Safety

We place a high priority on supporting the mental health of our teams. From extended periods of Shelter in Place mandates to heartbreaking local incidents, we felt the need to provide onsite Critical Incident Support for our teams. We continue to increase the number of touch points and communications of mental and physical health resources to ensure our teams have the information they need and access to care when they need it.

## Maternity & Paternity Leave

Made the decision to support families by covering full scope fertility benefits and offering 9 weeks of paid bonding time for new mothers and fathers including birth, adoption, or placement of a child.

## Volunteerism

We provide paid time off for community service. Employees can take two days of paid time off to volunteer individually every year. Traditionally we also host a company-wide day of service. Charlotte’s Web uses an app called KyndHub to track volunteer hours as well as charitable giving, gratitude, and acts of kindness done by our employees.





Assessment against third-party standard

# B CORP CERTIFIED

## B Corp Certified

The Company is a B Corp certified by B Lab, a non-profit organization that administers B Corporation certification. Certified B Corps achieve a minimum verified score on the B Impact Assessment (the “BIA”) - a rigorous assessment of a company’s impact on its workers, customers, community, and environment - and make their B Impact Report transparent on the B Lab website. As a Certified B Corp we must also balance profit and purpose and be transparent in our BIA progress every three years.

### More about B Corp Certification

“The BIA is developed through a transparent process and is audited by B Lab and comprehensively covers the impact of a business on all of its stakeholders, including its workers, suppliers, community, and the environment. The BIA also captures best practices regarding mission, measurement, and governance. The last, heavily weighted, portion of the BIA identifies a company’s specific “Impact Business Models,” which include the targeted, formal focus on a benefiting a particular stakeholder through products and services or internal practices.”

<https://bcorporation.net/about-b-corps>

### How We’re Doing

Charlotte’s Web was certified by B Lab in August 2020 and received a score of 92.8. We will repeat this assessment every three years to ensure that the commitments we made in 2020 continue to be the efforts we are passionately committed to.



IMPACT AREA SCORES :

92.8

GOVERNANCE..... 16.0

WORKERS..... 21.8

COMMUNITY..... 18.7

ENVIRONMENT..... 32.6

CUSTOMERS..... 3.7







**Pre-Planting Season**

Assess the previous year’s output and prepare for the upcoming spring.

- FARM ASSESSMENT
- SOIL & WATER TESTING
- FIELD PREPARATION



**Planting Season**

Sow seed in greenhouse, then plant seedlings in our fields.

- GERMINATE SEEDS (GREENHOUSE)
- PLANT TAGGING
- PLANTING



**Growing Season**

Trust the earth to provide our plants plenty of sunshine and nutrients.

- WATER TESTING
- HAND-TENDING & WEEDING
- PLANT NURTURING



**From us to You**

We provide consistently high-quality products to our Charlotte’s Web family.

- TO HELP SUPPORT:
- HEALTHY SLEEP CYCLES\*
- A SENSE OF CALM\*
- RECOVERY FROM EXERCISE-INDUCED INFLAMMATION\*



**Extraction, Packaging & Quality**

Harness the science of botanics to extract, test, and package the final product.

- THIRD PARTY & POTENCY TESTING
- EXTRACTION (CO2 OR ALCOHOL-BASED)
- DILUTION & BLENDING
- BOTTLING & PACKAGING



**Harvest Season**

Watch and monitor plants carefully to identify the best time to harvest.

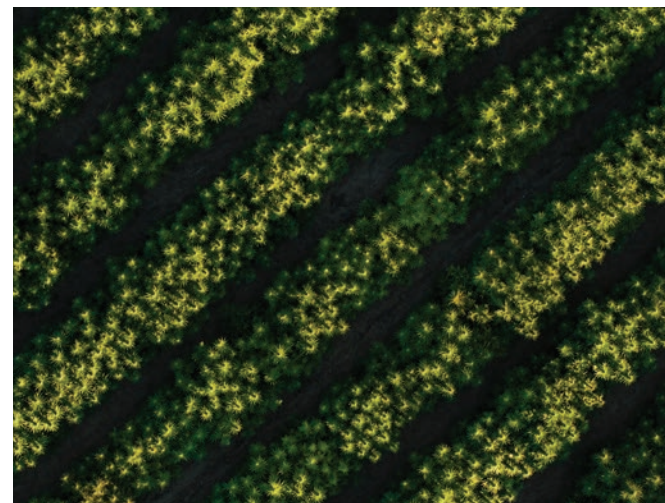
- HARVESTING
- DRYING (FACILITY)







\* These statements have not been evaluated by the Food and Drug Administration.  
This product is not intended to diagnose, treat, cure or prevent any disease.







CHARLOTTE'S WEB  
STANLEY BROTHERS

## Annual Benefit Report

For the Financial Year ending December 31, 2020

December 9, 2021

Hello,

While this is our first benefit report, it is certainly not the beginning of our journey. Charlotte's Web was a mission before it was a company. A mission to unlock the power of botanicals and provide access to cannabis wellness. At the forefront of all we do is bringing hemp extract based dietary supplements and topicals to people in a way that honors our founding families, our communities, employees, and the soil that nurtures us. We are dedicated to creating industry-leading standards for product quality, safety, and consistency. Our extracts harness powerful botanical benefits, we simply serve as nature's stewards.

Thank you for joining us on this journey to improve lives and our planet, naturally.

(signed) "Deanie Elsner"

Deanie Elsner  
CEO, Charlotte's Web

## CHARLOTTE'S WEB HOLDINGS, INC. BENEFIT REPORT

For the Financial Year ending December 31, 2020

Charlotte's Web Holdings, Inc. ("Charlotte's Web" or the "Company") became a benefit company under the laws of British Columbia on July 24, 2020, which means we are formally committed to conducting our business in a responsible and sustainable manner, and to promoting one or more public benefits. The public benefit selected by the Company is: *"[t]o pioneer the way to healthier lives, stronger communities, and a more bountiful planet by making it easier for everyone to access the natural restorative power of plants"* and the mission of Charlotte's Web is: *"to unleash the healing powers of botanicals with compassion and science, benefitting the planet and all who live upon it."*

As a benefit company, Charlotte's Web is excited to share our annual benefit report for the most recently completed financial year to promote public benefit and assess our performance against a third-party standard. The third-party standard Charlotte's Web uses is B Corp certification from B Lab.

### CONDUCT OF BUSINESS IN A RESPONSIBLE AND SUSTAINABLE MANNER

Charlotte's Web was born out of a desire to better the planet and the people living upon it. We have always envisioned a world in which people live healthier lives through the healing powers of botanicals grown in peaceful balance with Nature. Beginning with our NorthStar and the namesake of the company, Charlotte Figi, we believe that hemp based botanical products have helped improve the well-being of hundreds of thousands of people. From the outset, social responsibility was built into the DNA of the business, and that ethos has remained a cornerstone of our growth over the past eight years. Charlotte's Web has consistently committed to community investment through financial and product contributions, and volunteer hours.

During the year ended December 31, 2020, we made every effort to conduct our business in a responsible and regenerative manner, considering the well-being of people and communities affected by the operations of the Company, while also endeavoring to use a fair and proportionate share of available environmental, social, and economic resources and capacities.



Specifically, Charlotte's Web has:

- Grown our hemp products on American farms, with certified organic practices. Our farming practices reduce the use of toxic substances, prevent pollution and hazardous discharges to air, land or water thereby protecting people, biodiversity, water, and soil.
- Reduced our impact on the planet by composting and recycling in our offices and processing facilities to reduce waste.
- We diverted 214,508 lbs of post extraction hemp (raffinate) from landfills.
- We conducted a formal assessment of our packaging design and materials to identify opportunities to minimize environmental impact.
- In July 2020, we received our B Corp certification. This is our third-party standard for accountability.

### **PROMOTION OF PUBLIC BENEFITS**

As set out in the Articles, Charlotte's Web is committed to promoting the public benefit of: *"pioneer[ing] the way to healthier lives, stronger communities, and a more bountiful planet by making it easier for everyone to access the natural restorative power of plants"*.

We create focused, measured, meaningful philanthropic partnerships. From active and vibrant employee volunteerism to donating a portion of our profits to vetted charitable organizations, we use our business as a force for hope, strength, and virtue. Charlotte's Web has an engaged employee base that places a high value on corporate citizenship and is willing and eager to participate in the company's CSR (Corporate Social Responsibility) initiatives. We have found that good stewardship of our planet and its resources is an engagement tool that contributes to certain key business drivers, namely attracting, retaining, and growing a high-performing workforce.

Our main philanthropic endeavors are in the areas of responsible agriculture, the environment, and conservation; empowering women and children; veterans and first responders; and canine service animals.

Specifically, Charlotte's Web:

- Pays time off for community service. Employees can take two days of paid time off to volunteer individually every year. Traditionally we also host a company-wide

day of service. Charlotte's Web uses an app called KyndHub to track volunteer hours as well as charitable giving, gratitude, and acts of kindness done by our employees.

- Raised by a single mother, the Stanley Brothers grew up with a deep personal understanding of the demands placed on many women in our society. That is why Charlotte's Web is proud to help create opportunities for women to succeed. One of our charitable partners, the Women's Bean Project (CO), is doing just that: providing steppingstones to self-sufficiency and a better quality of life.
- We invest in and advocate for organizations working with U.S. veterans and first responders to help them achieve a higher quality of life. Our partners, the Adaptive Training Foundation and High Fives, work with veterans and other adaptive athletes to improve their physical, mental, and emotional health, arming them with tools to continue adapting to life's challenges. The result? Stunning personal transformations.
- We are dedicated to nourishing both the earth and the farming communities who rely on it. Not only are our own farming practices sustainable, but we also support other organizations that are elevating and restoring farming in America.
- The health of children is the beating heart of our organization. We built Charlotte's Web with a deep resolve to meet the tremendous needs of the most vulnerable of our society.
- Our Company helped our non-profit partners by elevating them through:
  - *Participation in charitable product distribution.* During first half of 2020, as our state and nation were in a lockdown due to COVID, we donated a million dollars' worth of Charlotte's Web products to help those who would not be able to afford it during those trying times. Our hope was that no child, mother, brother, co-worker, or friend goes without the support they need when it comes to their wellness during this time. We distributed the product via our charitable partners at the Realm of Caring, Adaptive Training Foundation, and High Fives Foundation so they could give Charlotte's Web products to those in their communities and beyond.



- *The "Our Stories" Campaign.* We have teamed up with four filmmakers and four different incredible organizations to bring you stories of true heroes in uncertain times.
- Made the decision to support our employees and their families by covering full scope fertility benefits and offering 9 weeks of paid bonding time for new mothers and fathers including birth, adoption, or placement of a child.
- To ensure the safety of our teams, we provided onsite COVID vaccination clinics for our essential workforce, our remote workforce, and all their families. In addition, the company provided the essential workforce with a \$2.00 per hour pay increase as an "Appreciation Incentive" between 3/14/2020 and 9/30/2020.
- We place a high priority on supporting the mental wellbeing of our teams. From extended periods of Shelter in Place mandates to heart breaking local incidents, we felt the need to provide onsite Critical Incident Support for our teams. We also engaged in a companywide Mental Health Awareness Week which consisted of manager training on how to have conversations with employees regarding mental wellness, a series of "community chats" to learn about statewide policies, resources, and pragmatic tips on mental wellness in our state. We created a Mental Health Benefits & Resources Summary for our employees to educate them on benefits available to support them and their families during difficult times. We continue to increase the number of touch points and communications of mental and physical health resources to ensure our teams have the information they need and access to care when they need it.
- We launched a nonpartisan voter initiative, partnering with B Lab, through a series of social media posts with a goal to educate people on how to register to vote and reminding them of the opportunity.

## ASSESSMENT AGAINST THIRD-PARTY STANDARD

### Third Party Standard

British Columbia's public benefit legislation requires benefit companies to assess and report on their overall performance in conducting their business in a responsible and sustainable manner and in promoting the selected public benefits, against an independent "third-party standard" that meets certain statutory criteria relating to transparency and credibility.

The Company is a B Corp certified by B Lab, a non-profit organization that administers B Corporation certification. Certified B Corps achieve a minimum verified score on the B Impact Assessment (the "BIA") - a rigorous assessment of a company's impact on its workers, customers, community, and environment - and make their B Impact Report transparent on the B Lab website. Certified B Corporations also amend their legal governing documents to require their board of directors to balance profit and purpose. The combination of third-party validation, public transparency, and legal accountability helps Certified B Corps build trust and value. The Company must re-certify as a B Corp every three years.

The BIA is developed through a transparent process and is audited by B Lab and comprehensively covers the impact of a business on all its stakeholders, including its workers, suppliers, community, and the environment. The BIA also captures best practices regarding mission, measurement, and governance. The last, heavily weighted, portion of the BIA identifies a company's specific "Impact Business Models," which include the targeted, formal focus on a benefiting a particular stakeholder through products and services or internal practices.<sup>1</sup>

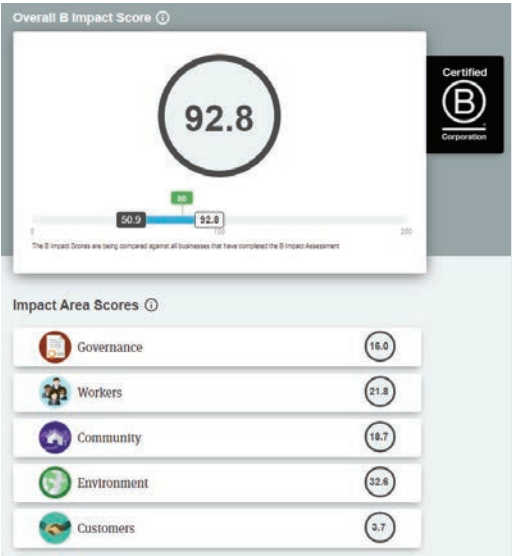
Given our familiarity with the BIA and the respect which the standard is accorded in the industry, Charlotte's Web has selected B Lab's BIA as our independent "third-party standard" under the British Columbia benefit company legislation. This Benefit Report is for the first financial year in which the Charlotte's Web has been a benefit company under British Columbia law, and therefore it is the first Benefit Report for which this standard has been selected and applied.

<sup>1</sup> [https://bimpactassessment.net/how-it-works/frequently-asked-questions/the-b-impact-score?\\_ga=2.221312216.1535717208.1635284699-1743387036.1635284699#what-does-the-assessment-cover](https://bimpactassessment.net/how-it-works/frequently-asked-questions/the-b-impact-score?_ga=2.221312216.1535717208.1635284699-1743387036.1635284699#what-does-the-assessment-cover)



Assessment

Charlotte's Web was certified by B Lab in August 2020 and received a score of 92.8.



APPROVAL BY THE BOARD OF DIRECTORS

The undersigned, a director of Charlotte's Web, hereby confirms that the above Benefit Report was approved by the Board of Directors of the Company by written consent resolution on December 9, 2021.

BY ORDER OF THE BOARD OF DIRECTORS OF CHARLOTTE'S WEB HOLDINGS, INC.

(signed) "Deanie Elsner"  
Deanie Elsner  
President, Chief Executive Officer and a Director  
Charlotte's Web Holdings, Inc.



CHARLOTTE'S WEB<sup>TM</sup>  
STANLEY BROTHERS