



**CHARLOTTE'S WEB**  
STANLEY BROTHERS

**Annual Benefit Report**

For the Financial Year ending December 31, 2022

April 28, 2023

Hello,

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.

/s/ Jacques Tortoroli

Jacques Tortoroli  
CEO, Charlotte's Web

**CHARLOTTE’S WEB HOLDINGS, INC.**  
**BENEFIT REPORT**

For the Financial Year ending December 31, 2022

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 is a responsibly minded, sustainably driven company committed to promoting health and well-being through botanical-based products grown sustainably and in harmony with nature. We prioritize environmentally friendly and sustainable practices in our production processes and supply chain, which include using organic farming practices, reducing waste, and implementing tighter controls on our supply chain.

In addition, each year, we invest in our community through financial and product contributions and volunteer hours, demonstrating a commitment to social responsibility. Our focus on responsible and sustainable practices aligns with our mission and reflects a commitment to positively impacting the planet and its people. We harness the same mindset internally by investing in our people and developing programs and policies that align with our values.

During the year ended December 31, 2022, 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.

**B Corp**

- Why we became a B Corp:
  - At our company, authenticity is at the core of everything we do. The products we create and our impact on the world should align with our values and purpose. That’s why we decided to become a B Corp.
  - B Corp certification allows us to cultivate a business ecosystem that prioritizes social and environmental responsibility just as much as financial success. By joining this community of like-minded companies, we can measure and manage our impact and hold ourselves accountable to the highest transparency and performance standards.
  - Becoming a B Corp reflects our commitment to building a better world through business. We are proud to be part of an ecosystem that drives positive change and makes a tangible difference in communities and the environment.
- **Highlights** – 2023 is our recertification year.
  - Charlotte’s Web is on track to significantly increase our original certification score of 92.8. Charlotte’s Web remains as the largest certified CBD B Corp with the highest score among our peers.
  - The B Corp movement has gained significant momentum since our certification date on August 2020, when we became the 3,500 company to certify. Today, there are over 6,500 certified B Corp companies globally.
  - As part of our continuous improvement plan, Charlotte’s Web is developing a Climate Action plan to ensure continuous improvement across the supply chain and all areas of Environmental Impact.

- Along with the Climate Action plan, Charlotte's Web is working on an environmental strategy pursuant to circularity and environmental stewardship. Over time, Charlotte's Web will capitalize on opportunities to ensure that the company operates in an environmentally sound manner.
- In addition, we are developing a more robust supplier engagement framework to support our environmental objectives and traceability in our supply chain.
- Supporting our ongoing continuous improvement process is Charlotte's Web's B Team, a cross-functional team reporting to the CEO, COO, and Board of Directors.
- Charlotte's Web recertifies August 28th, 2023.
- Organic certification progress
  - In 2022, all Charlotte's Web tinctures that shipped to consumers were certified organic. Currently, 14% of Charlotte's Web product portfolio is certified organic. We are on track toward many more of our products being certified organic by the end of 2023.
  - In 2023, we are transitioning our legacy sleep, calm, and recovery gummies from conventional to organic, expanding our offering of organic certified products.

## **GOVERNANCE**

### **• Taking a Stand - HR 841 + Coalition for Access Now**

Our commitment to cannabis access is rooted in our belief that everyone deserves access to safe and effective wellness options. We believe that hemp-derived supplements have the potential to play a significant role in improving health outcomes and promoting wellness. This includes advocating for more inclusive policies, educating the public on the benefits of cannabis, and working with communities to overcome barriers to access.

We are dedicated to ensuring that everyone, regardless of background or location, can make informed choices about their wellness and access safe, effective, and high-quality cannabis products. Our commitment to cannabis access is not just about providing a product. It is about promoting more equitable and accessible plant-based wellness solutions for all.

#### **Legislation We Support: Coalition for Access Now**

H.R. 841 clarifies that FDA can regulate hemp, cannabidiol derived from hemp, and any other ingredient derived from hemp, as a dietary supplement under the Federal Food, Drug, and Cosmetic Act. It would provide patients with more confidence that their CBD products are properly prepared and labeled, and it would also help set standards that help manufacturers and producers provide high-quality products within the bounds of the law.

Charlotte's Web is committed to making this option accessible to as many people as possible.

## **WORKERS**

### **Promotion of Public Benefits & Organizational development**

As set out in the Company's 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 forge focused, measured, meaningful, long-term 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 Corporate Social Responsibility (CSR) initiatives. An engaged workforce promotes stewardship of our planet and its resources, 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; veterans and first responders; Adaptive Athletes; canine service animals; and empowering women and others.

- Charlotte's Web pays time off for community service. Employees can take two days (sixteen hours) of paid time off to volunteer individually every year. In addition, 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. In 2022, Charlotte's Web employees donated over 1228 volunteer hours into our local communities.
- We raised hourly compensation to reflect a \$20-hour minimum wage. Most employees make more than this.
- Starting January 1, 2023, Charlotte's Web began offering a match of 100% of employee deferrals up to 3% of compensation plus 50% of employee deferrals between 3% –5% of compensation, for a maximum match of 4% of eligible compensation. Employer Safe Harbor Matching is 100% vested immediately. In conjunction, we established the Employee Emergency Assistance Fund for employees experiencing hardship
- Healthcare costs across the nation skyrocketed in 2022. Charlotte's Web picked up the 13% increase in Health/Life/Dental/Vision benefits for employees. Employees experienced no increase.
- In 2022, Charlotte's Web leadership implemented managerial training for all people leaders.
- We also implemented medical care and travel reimbursement for employees who must travel to another state to seek healthcare treatment if the proper healthcare is unavailable in their state.
- In addition, we implemented three additional holidays: Martin Luther King, Juneteenth, and a flex holiday of the employee's choosing.

### **Internal Culture at Charlotte's Web**

We are dedicated to fostering an inclusive culture that values all individuals' unique perspectives and experiences and provides equal opportunities for all employees.

Our company is committed to promoting diversity and equity in all aspects of our business, including recruitment, promotion, and professional development. We are also dedicated to working with and supporting diverse communities and being an ally in the fight against all forms of discrimination and prejudice. Our commitment to diversity, equity, and inclusion is not just a corporate responsibility. It reflects our values and belief in creating a more just and equitable world.

### **Multicultural Affinity Group**

The Mission of Charlotte's Web Culture Committees (MCAG) is a strategic partner with Charlotte's Web leadership team to promote a culture of belonging and inclusion through continual learning. The MCAG advances the understanding and inclusion of employees with a common background, set of interests, and/or goals.

The MCAG is a valuable mechanism to (1) build a culture that fosters innovation; (2) offer employees access to leadership opportunities; (3) establish programs and activities aligned with the mission of CW; (4) provide employees opportunities to develop and grow, and for managers to access innovative concepts and unique solutions to challenges faced by CW employees.

- In 2022, CW's Multicultural Affinity Group launched four cross functional subcommittees to ensure engagement and cultivation of a healthy culture.
- These include:
  - Volunteer Committee – Compassion in Action
    - Company employees volunteered 1223+hours in 2022
      - On July 19, 2022, the Company declared a Corporate Day of Giving where employees participated in a pre-organized volunteer activity designed to benefit the surrounding community
        - Employees are allotted 16 hours of volunteer time each calendar year.
  - Veteran's Committee – Team Calvary

- Key 2022 partnerships include:
  - Revital Colorado – Responders
  - Hero Grows – Veterans
  - Irreverent Warriors – Veterans
  - Adaptive Training Foundation – Veterans
- STEM & Women in Leadership:
  - a cross-functional, roundtable team that generates, develops, and communicates new ideas and outreach programs for Empowering Women & Girls and fosters diversity and Inclusion at CW and within our communities.
    - Key Partner: STEM Generation
  - Employee Assistance Fund - Continued support for employees in need.

The company has set aside \$17,000 for employee emergency needs.

  - Employee Policy Committee
    - Employees with specific interests in policy decisions around employment to propose and draft policies for the organization on behalf of all employees.

### **Diversity, Equity, and Inclusion: DE&I**

Our commitment to diversity, equity, and inclusion is rooted in our belief that everyone deserves to be treated with dignity and respect. We believe that a diverse and inclusive workplace leads to better decision-making, stronger relationships, and a more creative and innovative environment.

Charlotte's Web believes each team member has unique strengths, skills, perspectives, and talents that bolster and grow our mission and strategy. Further, we believe diversity is a superpower that fuels the CW culture and drives momentum across the organization.

Our business is improved by fostering an open, respectful workplace infused with trust, care, and connection. When inclusivity is a core value, our business outcomes include a safer work environment, developing the highest quality products, and overall better business performance. The results are improved problem-solving, higher levels of creativity, and elevated enjoyment of work.

#### **Goals include:**

- Allyship – supporting colleagues from historically marginalized communities to advance opportunities, build partnerships, raise awareness, offer mentoring, and advocate on behalf of marginalized coworkers.
- Equity - policies, processes, and programs that appreciate differences and create a fair, safe, and just working environment for staff.
- Diversity - age, race, ethnicity, gender identity, sexual orientation, physical or mental ability, neurocognition, and lived experience
- Inclusion - a culture where everyone feels their perspectives are valued.
- For 2023, Focus on: Equity and Allyship
  - Equity: is giving everyone what they need to be successful, which is very individual.
  - Allyship: A good ally goes one step further and seeks to understand what equity looks like for those they serve.

DEI Leadership Training: the entire leadership team is required to attend and participate in DEI leadership training

### **Charlotte Figi Day Celebration 2022**

On April 7th, 2020, Charlotte Figi succumbed to medical complications with pneumonia, which then caused seizures, respiratory failure, and cardiac arrest. She died on April 7, 2020, at the age of 13, leaving behind her twin sister, Chase, her older brother Max, her parents, Paige and Matt Figi, and her stepfather, Greg Iafelice. Ten days after her death, Colorado State Governor, Jared

Polis, declared April 7th “Charlotte Figi Day” in Colorado. Charlotte Figi’s influence cannot be understated. Her impact extends far beyond the company that was named for her; it has truly spread across the world.

By the courageous act of living, Charlotte changed lives, expanded hope and shattered expectations. In her short life, she grew, protected by love and demanding that the world witness her suffering so that they might find a solution. Charlotte’s experience became a shared experience. The light she held up for the world to see — that a plant compound could drastically change her life and the lives of thousands of others —changed laws in almost every single state legislature, helped establish two meaningful national farm bills that changed access to hemp for all Americans and continues to shine on the lives of thousands worldwide.

On April 7th, 2022, Charlotte’s Web announced the newly formed “Charlotte Figi Family Grant Program.” Ten family grants were awarded free CBD for one year. Now, each year on Charlotte Figi Day, we will announce new family grantees, increasing the number of grants by one annually. This year, eleven families will receive a year’s supply of Charlotte’s Web product to support each family’s overall health and wellness.

## **ADVOCACY & COMMUNITY**

At Charlotte’s Web, we are committed to giving back to our community in meaningful ways. We understand that our success is intertwined with the well-being of the communities in which we operate, and we believe it is our responsibility to contribute to improving these communities.

We are proud to partner with organizations that share our values and mission, and we actively seek opportunities to support initiatives that positively impact the world around us. In addition, we give back in various ways, including donating a portion of our profits to charitable organizations, volunteering our time and resources to support community projects, and partnering with other businesses to drive positive change.

Our commitment to giving back is not just a part of our corporate culture but a core component of who we are as an organization. By working with our community partners, we can create a better future for everyone and are dedicated to positively impacting the world.

### **Products donated**

- In 2022, Charlotte’s Web donated 89,224 individual products directly to our community and in collaboration with our core partners.
  - Ex. Conscious Alliance – 24,000 units donated to “serve the increased demand of food insecurity we are seeing due to the pandemic. With your support, we are able to bring healthy food and critical resources into underserved areas across the U.S., feeding kids and families who need it most.” - Conscious A.
  - Adaptive Training Give-Away – In February 2022, we partnered with Adaptive Training Foundation to donate 5,414 products directly to veterans and the adaptive athlete community.

### **Total Grants/giving**

- In 2022, Charlotte’s Web donated \$1,246,525.35 to our community and our partners.

### **Social Impact & Community Partnerships**

- **Advocacy**
  - Angle City Football Club + L.A. LGBTQ Center
  - STEM Generation – focus on kids in Title 1 Schools ▪ Women’s Bean Project
  - Women’s Bean Project
  - The Great Rise
- **Families& Research**
  - Realm of Caring

**Our commitment to cannabis research** is driven by our belief in the importance of collaborating with Nature. We believe that research is crucial for shaping policies, guiding clinical practice, and improving the quality and safety of cannabis products.

Our company is dedicated to investing in cutting-edge research and to collaborating with leading experts in the field to expand our knowledge and promote evidence-based decision-making. Whether through funding studies, supporting academic programs, or fostering collaborations with scientists, we are committed to playing a leading role in advancing the science of cannabis and its potential benefits for human health. Our commitment to research is not just a corporate responsibility, it is a reflection of our belief in the importance of science-driven decision-making and evidence-based policies. Research We Support:

- Hemp Research and Development at Charlotte's Web
- Full List of Charlotte's Web sponsored research.

**Supporting veterans** is at the core of our mission because we believe that those who have served our country deserve our utmost gratitude and respect. Veterans have made sacrifices and put themselves in harm's way to protect our freedom and way of life, and it is our duty to ensure they have access to the resources and support they need to lead fulfilling and successful lives. Our company is committed to making a positive impact on the lives of veterans and their families, and we view it as a privilege to give back to those who have given so much for our country. Whether through hiring initiatives, community outreach programs, or the bonds of collaboration with our partners, we strive to make a meaningful difference in the lives of veterans and to show our appreciation for their service.

Supporting veterans is more than a corporate responsibility for us, it is a fundamental aspect of our values and mission.

- **Veterans and Responders**
  - Adaptive Training Foundation
  - High Fives Foundation
  - Revital Colorado
  - Irreverent Warriors
  - Hero Grown
- **Environment**

## **RESPONSIBLE AGRICULTURE**

**Our commitment to soil health** is rooted in our belief in the importance of organic and responsible agriculture practices. We believe that our soil's health is fundamental to our planet's health and the quality of the food we produce. By embracing organic, regenerative, and responsible agriculture practices, we aim to create a sustainable and symbiotic relationship with the earth. We believe in the power of organic farming to promote soil health, reduce pollution, and conserve natural resources. Our company is dedicated to using sustainable methods that promote soil health and to sourcing our ingredients from farmers who share our commitment to responsible agriculture. We believe that by working in harmony with the earth, we can cultivate healthy soils that produce healthy hemp while preserving the ecosystem's natural balance. Our commitment to soil health is not just about producing quality products but about creating a more sustainable and harmonious relationship with the earth.

- Garden to Table, Boulder – Focus on Title 1 Schools
- **Waste reduction**
  - From 2021 to 2022, we went from 510,180 lbs. of waste to 167,920 lbs. – a 67% decrease.
  - Other programs
    - Recycle/Compost/Efficiencies
- **Adaptive Athletes**

**Supporting adaptive athletes** is at the core of our hearts because we believe in the power of sports to inspire and transform lives. Adaptive athletes face unique challenges in their pursuit of athletic excellence, and we are honored to play a role in supporting and empowering them. Whether through financial assistance, in-kind donations, or volunteering, we believe that every adaptive athlete deserves the opportunity to reach their full potential and achieve their dreams.

Our company is committed to making a positive impact on the lives of adaptive athletes and their families, and we view it as a privilege to give back to those who have overcome incredible obstacles and continue to inspire us all.

Supporting adaptive athletes is more than just a corporate responsibility for us, it reflects our commitment to creating a more inclusive and supportive world.

- **Partnership highlights**

- Realm of Caring – 10 years of support for the Realm of Caring community while furthering cannabinoid research
- Adaptive Training Foundation – 2022 marks our fifth year of support for this powerful and agile organization.
- High Fives Foundation – 2022 marks our fifth year of support for professional adaptive athletes
- Freedom Service Dogs – 2022 marks our fourth year of support for this far reaching

## ***CUSTOMERS***

- **QUALITY**

- Our company is dedicated to delivering the highest quality products to our customers. We have a rigorous research, testing, and product development approach to ensure our products are safe, effective, and meet the highest quality standards. We work with leading experts in the industry and conduct extensive testing and analysis at every stage of the product development process.
- Our quality assurance program is designed to ensure that every product we sell meets our strict quality standards. We have a team of dedicated quality assurance professionals who monitor every aspect of our production process, from sourcing raw materials to packaging and shipping. In addition, we use state-of-the-art testing equipment and techniques to verify our products' purity, potency, and safety. We continuously evaluate and improve our processes to meet or exceed industry standards.
- Our commitment to our customers' health and well-being drives our focus on quality. By delivering the highest quality products, we can positively impact our customers' lives and contribute to the broader mission of promoting health and wellness.
  - In 2022, Charlotte's Web passed the annual ISO 17025 assessment to maintain accreditation. This accreditation gives our customers assurance that results from our in-house lab can be trusted.
  - In 2022, we saved an estimated \$393,000 by testing samples in-house instead of at third-party labs. This accounts for lab costs and salaries; meaning, if the QC lab did not exist, the company would have spent an additional \$393,000 last year.
  - In 2022, four new methods were developed: in-process potency, residual solvents, UPLC potency, and olive oil ID. These methods allow us to perform more testing in-house, which saves more money and time.
  - Initiated 70 in-house stability studies. Stability studies provide the data used to support product expiration dates. The company saves money by storing samples in temperature and humidity-controlled chambers at our facilities instead of paying for storage space at a third-party lab.
  - We attained NSF Sport certification for our products to be used by MLB. This is in addition to the NSF certification we received and maintained for GMP.
  - We maintain Organic and Kosher certifications through stringent quality control processes.
  - We also maintain our US Hemp Authority Certification (The seal of stringent self-regulatory standards for the Hemp industry)

## ***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.



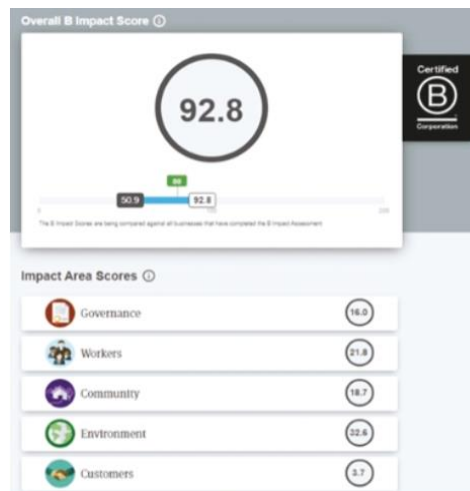
The Company is a B Corp certified by B Lab, a non-profit organization that administers B Corporation certification. Certified B Corps achieve a minimum verified score on the B Impact Assessment (the “BIA”) - a rigorous assessment of a company’s impact on its workers, customers, community, and environment - 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>2</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.

## 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 on April 25, 2023.

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

/s/ Jacques Tortoroli

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**Jacques Tortoroli**

Chief Executive Officer and a Director

Charlotte’s Web Holdings, Inc.