



BENEFIT COATINGS 2018 ANNUAL BENEFIT REPORT



INTRODUCTION

Benefit Coatings Inc. incorporated in February of 2018. Our mission was simple, but compelling: promoting good health and well-being for all. This mission was echoed in our decision to incorporate as a public benefit corporation, a legal status that ties us to that mission and requires us to find a balance between profit and our values. Every decision we make as a company passes through two filters: a quality filter and a sustainability filter. As a medical device, pharmaceutical, and nutritional manufacturing company, quality and the continuation of our quality systems is of utmost importance; this is a mutual way of thinking across our industry. However, passing all our decisions through a sustainability filter is a slightly more progressive way of thinking. This means that our mission sits side-by-side with our quality statement, guaranteeing that every decision we make is both quality-based and mission-based.

How do we define sustainability? At Benefit Coatings, we take a triple-bottom-line (TBL) approach to sustainability that stresses a balance between three things—**People**, **Planet**, and **Profit**. Without all three of these core values being addressed, Benefit Coatings does not consider a product or an action to be sustainable.

1. The *people* bucket of the TBL approach ties into the social value that our products and company aim to create.
2. The *planet* bucket of the TBL approach ties into the environmental value that our products and company create.
3. And finally, the *profit* piece does not reflect the traditional mindset of a company maximizing profit, but rather our company doing everything we can to ensure our customers, employees, and stakeholders share in our profits.

The beauty of a TBL approach is that all three of these core values can work in harmony with one another without compromise. Traditional corporations have one goal in mind: maximize profit to shareholders. Because of this, corporations tend to forget that the environment and the people around them are equally as important. Now, we know that in order to bring maximum good to the environment and society we need to stay in business and make a profit. However, this does not mean any more importance is placed on profit than society or our planet. If a small startup company can make profit with a TBL mindset, then we challenge traditional corporations to do the same!

RECYCLING

When Benefit Coatings opened its doors, we were fully furnished and supplied through an asset purchase agreement with a pharmaceutical company based out of New York State. We like to think of this asset purchase agreement as the ultimate form of recycling. Without us purchasing used equipment, used cleaning supplies, used lab equipment, used furniture, and even our kitchen sink, everything would have been discarded and never used again. We were able to breathe new life into these old items and use them to grow a budding small business. One of the great things about trying to re-utilize old and used items is that we were able to keep our costs down when initially starting the business. Because of this, we were able to charge reasonable prices for our products and our consulting time, passing on the savings to our customers.

As the year went on, we continued this mindset by buying a used coating oven that was, for all intents and purposes, brand new. Again, our costs were not considerable for making this capital investment, and our customers benefited. We were able to lower the price of the products we manufacture, won a bid to manufacture a pharmaceutical product for a non-profit company, and also gained a new project from our primary customer for the second generation of product they sell. High quality and low price do not tend to go hand-in-hand, but in this case they did!

WAGES

The two officers of Benefit Coatings, Adam Berry (CEO) and Craig Berry (COO), each have a gross annual salary of \$75,000 a year. The next highest paid employee also receives a gross annual salary of \$75,000 a year. On December 31st, 2018, we had one employee receiving our minimum wage of \$13.50 an hour. We knew it was important to raise this minimum wage and lessen the gap between the lowest paid employees and the highest paid employees. We raised our minimum wage on January 1st, 2019 to \$15 an hour, an increase of over 11%. We were also able to offer significant raises on January 1st, 2019 to all of our employees. Our three highest paid employees received a pay increase of 3% of their gross annual salary where the rest of our employees received an average increase of 8%. As Benefit Coatings grows, we aim to continue lessening this gap.

SPRINGLINGS

In 2018 we began development on a line of therapeutic edible thin films to be used by children. These include, but are not limited to: a children's teething film, a sore throat film, a gas and upset stomach relief film, and a children's daily multivitamin film. A trademark was filed and accepted in 2018 for the brand name Springlings. The aim of Springlings is to offer a gentle, yet effective delivery system for helping the growth and betterment of young children. An edible thin film is easily applied to a child's tongue where it sticks and slowly dissolves to release the ingredients that help soothe a child. There are no messy gels to administer, no difficult small tablets, and no hard to swallow pills—just a simple dissolving film. Springlings is being developed to contain minimal ingredients with an all-natural and organic formulation. While still in the ideation phase, packaging for the Springlings brand of products is looking to be either completely recyclable or completely compostable, helping to create a lighter carbon footprint.

2019 AND BEYOND

As Benefit Coatings moves into its second year of existence, we will continue abiding by our mission while never compromising our quality standards. Looking forward, we hope to outline our projects in more detail, as they play a huge role in our ability to exist as a benefit corporation. Specific detail on our projects and customers was omitted from this report due to confidentiality concerns, however, we have reached out to receive permission to feature these projects in future reports.

If you have any questions or comments regarding our 2018 annual benefit report, please contact Adam Berry at Adamberry@BenefitCoatings.com. For more information, please visit our website at www.BenefitCoatings.com