

Honest

MISSION HIGHLIGHTS 2016 & 2017

LETTER FROM OUR LEADERS

Honest Tea's first business plan, written in 1998, included the unconventional step of having a statement about our aspirations for social responsibility. As we approach Honest Tea's 20th birthday (wow!), it's fun to look back and reflect on how the journey has evolved.

Ever since we launched our first certified organic ready-to-drink bottled tea, Honest Tea has continued to invest in meaningful relationships with our suppliers, with the goal to find sustainable ways to empower communities as we scale our business.

As we expand the Honest brand, bringing organic products made with Fair Trade ingredients to more people, we're now in over 130,000 locations across the United States – including places like Chick-fil-A, Subway, and Wendy's – and we continue to focus on expanding our low and no-calorie drinks.

We've also started to distribute our drinks in Europe. Just as it was with Honest Tea 20 years ago, the organic drinks we launched overseas are not-yet using Fair Trade Certified™ tea leaves and cane sugar, but the Honest brand will continue to rely on the aspirations we had all those years ago to help guide the way.

We thank you for taking the time to read our latest Mission Report, and welcome our honest feedback on both this report and our efforts to stay true to what we created 20 years ago.

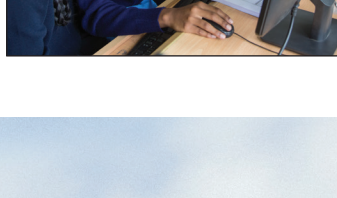
Honestly Yours,

Seth + Clare

Seth Goldman & Clare Koller
Co-founder & General Manager

We are advancing our mission on multiple fronts this year:

- Launched a new zero calorie, zero sugar (and totally delicious!) variety called Unsweet Peach Ginger Tea.
- Introduced Honest Sport®, our line of organic sports drinks.
- Partnered with Fair Trade USA to help build a school for the community on the Tonganagaon Tea Estate in Assam, India.
- Shared our company roots and commitment to Fair Trade via our Mobile Tea Garden that allows people to interact with our ingredients and our brand in a totally new way.



MISSION STATEMENT

Honest Tea seeks to create and promote great-tasting, healthy, organic beverages. We strive to grow our business with the same honesty and integrity we use to craft our recipes, with sustainability and great taste for all.



Promoting Health & Wellness



Reducing Our Environmental Footprint



Creating Economic Opportunity



Maintaining Transparency



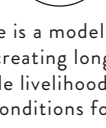
Building Community

HONEST TEA PILLARS OF SUSTAINABILITY

This report is based on the annual financial and sourcing data from January 1st through December 31st, 2016.

We also included milestones and new product spotlights from 2017.

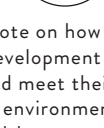
OUR FAIR TRADE JOURNEY



Fair Trade is a model of ethical trade creating long-term, sustainable livelihoods and safe working conditions for farmers.



For every product Honest Tea sells with Fair Trade Certified™ ingredients, an additional amount of money is paid into a farmer-owned Community Development Fund.



Farmers vote on how to spend the Community Development Funds to improve their lives and meet their unique social, economic, and environmental needs such as education, health care, and transportation.

HOW FAIR TRADE WORKS

The Fair Trade Certification guarantees minimum prices and wages for sourcing communities, sets standards on safe working conditions, and ensures farmer participation in the decision making process. Every time we purchase Fair Trade Certified™ ingredients, we pay an extra amount to directly support community development initiatives that

are determined by a council of farmers. Over the years, those funds have helped support the construction of schools and hospitals, eye care, and the purchase of mechanized farm equipment. Read more about Fair Trade USA at www.fairtradeusa.org.

2003

Peach Oo-La-Long Tea becomes first bottled tea in the U.S. to use Fair Trade Certified™ tea leaves

2011

Transitioned all tea leaves used in the U.S. to Fair Trade Certified™

2014

Launched Fair Trade sugar in 32 fl. oz. Honest lemonade line and 16 fl. oz. glass bottles

2016

Converted to Fair Trade sugar in all sweetened bottled tea drinks in the U.S.; reached million-dollar mark in Fair Trade premiums paid

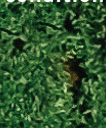
2017

Partnered with Fair Trade USA to support the construction of a brand new school at the Tonganagaon Tea Estate in Assam, India

After surpassing the 1 million dollar mark in funds paid into Fair Trade Community Development Funds from 2003-2016, we explored opportunities to expand our relationship with the Fair Trade council at the Tonganagaon Tea Estate in Assam. The council informed us that many children were not attending school due to the dilapidated conditions of the building, including uneven floors and no fans. A new school would create enthusiasm for learning among both parents and children, and potentially lower the drop-out rate creating a brighter future for children in the Tonganagaon community.

The new school will provide a safe, clean facility for children of all ages during the day, and will be used for adult classes in the evening.

THE SCHOOL INCLUDES:



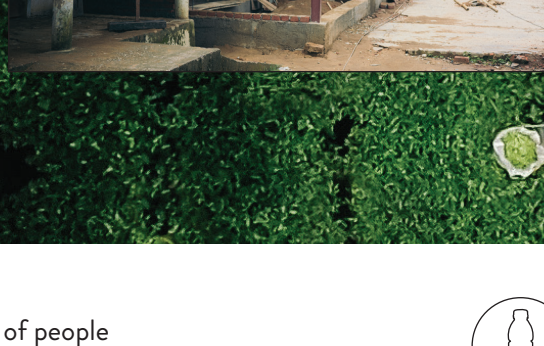
A small kitchen for food to be cooked under sanitary conditions



Classrooms to accommodate 300 children, with access to desks, chairs, and chalkboards



Access to solar power so the building can be used any time of day



It takes a lot of people believing in our mission to make our brand a success, from tea pluckers to brokers to our loyal customers all over the world.

After our partnership with The Coca-Cola Company, we expanded our global community exponentially – more than tripling the annual servings sold since the acquisition in 2011 – all while continuing our commitment to Honest Tea's mission.



Servings Sold



Annual Pounds of Organic Ingredients Purchased



Annual Pounds of Fair Trade Ingredients Purchased



Annual Amount Paid Into Fair Trade Community Development Funds

	2007	2011*	2015	2016
Servings Sold	34,033,275	144,344,292	367,817,713	522,370,245
Annual Pounds of Organic Ingredients Purchased	790,000	4,367,000	17,698,963	24,216,926
Annual Pounds of Fair Trade Ingredients Purchased	72,997	324,487	3,716,057	10,080,224
Annual Amount Paid Into Fair Trade Community Development Funds	\$29,313	\$111,506	\$315,592	\$529,126



*Honest Tea was fully acquired by The Coca-Cola Company in 2011, following an initial minority investment in 2008.

GROWING OUR COMMUNITY-TEA

BREWING SUSTAINABLE IMPACT

HOW DOES FAIR TRADE WORK?

When you purchase Fair Trade products, you are supporting a fair and equitable trading partnership that promotes sustainable livelihoods for producers and workers. Fair Trade products are certified by Fair Trade USA, a non-profit organization that works to ensure that producers and workers receive a fair price for their goods and services.

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SPREADING THE HONEST MISSION - MOBILE TEA GARDEN

The trips to our tea gardens are magical, but since we can't take all of our consumers to India or China, we launched our "Mobile Tea Garden." Our tea garden on wheels travels across the country to provide a firsthand look at the incredible process of growing organic, Fair Trade tea leaves. Visitors learn about tea gardens, what it means to be organic, and how Fair Trade funds help our sourcing communities. They are also able to interact with actual ingredients, try a sample of Honest Tea, take (and share) a photo at the photo wall, create a custom printed tote, and relax in the tea lounge.

We search the world for quality tea, great-tasting ingredients and are committed to supporting the communities from which we source. Take a look at this map to see where we purchase many of our key ingredients!*

WASHINGTON

CONCORD GRAPE

CHINA

GREEN TEA LEAVES

PARAGUAY

CANE SUGAR

INDIA

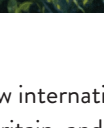
TULSI

NORTH AMERICA • SOUTH AMERICA • EUROPE • AFRICA • ASIA PACIFIC

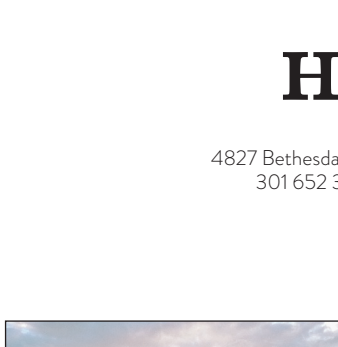
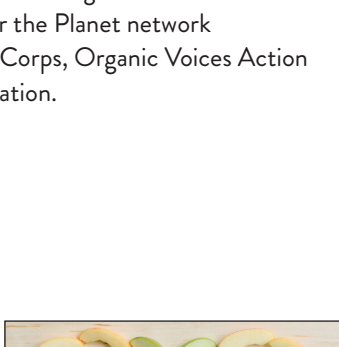
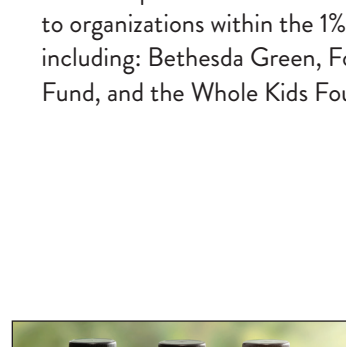
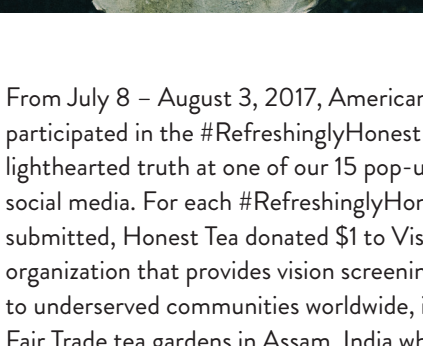
- Agave Syrup (Mexico)
- Blueberry Juice Concentrate (Canada)
- Concord Grape Juice Concentrate (USA)
- Cranberry Juice Concentrate (USA)
- Lime Juice Concentrate (Mexico)
- Maple Syrup (USA)
- Orange Juice Concentrate (Mexico)
- Peach Puree (USA)
- Peppermint (USA)
- Spearmint (USA)
- Watermelon Juice Concentrate (USA)
- Cane Sugar (Paraguay)
- Honey (Brazil)
- Mango Puree (Colombia)
- Mangosteen Puree (Brazil)
- Orange Peel (Paraguay (also Ghana))
- Apple Juice Concentrate (Turkey (also Argentina, China))
- Blackberry Leaves (Bulgaria)
- Lemon Balm (Austria (also Germany))
- Pomegranate Juice Concentrate (Turkey)
- White Grape Juice Concentrate (Spain (also Argentina, USA))
- Hibiscus (Zimbabwe)
- Honeybush (South Africa)
- Lemongrass (Egypt)
- Rooibos (South Africa)
- Black Tea Leaves (All Types) (India)
- Ginger Root (India)
- Oolong Tea Leaves (India)
- Tulsi (India)
- Cinnamon (Vietnam)
- Green Tea Leaves (All Types) (China)
- White Tea Leaves (China)

*As of November 2017. Our sources sometimes change from year to year. For a complete listing of ingredients used in our beverages, visit www.honesttea.com.

SOURCING MAP



All ingredients listed are certified organic by Pennsylvania Certified Organic



EXPANDING OUR IMPACT

- 2017 saw international expansion in Europe to Belgium, France, Great Britain, and the Netherlands. As our brand expands across the world, we adapt our products to local needs and preferences while staying true to our Honest roots. The reception to date has been tea-rrific!
- Honest Kids is now available in Subway® restaurants across the country, providing kids with a 40 calorie drink that is sweetened only with fruit juice, organic, and tastes great.
- Through our partnership with 1% For the Planet, we donate at least one percent of sales of our 16 fl. oz. glass bottle varieties to organizations within the 1% For the Planet network including: Bethesda Green, FoodCorps, Organic Voices Action Fund, and the Whole Kids Foundation.

- From July 8 – August 3, 2017, Americans across the country participated in the #RefreshinglyHonest Project, sharing a lighthearted truth at one of our 15 pop-ups or online via social media. For each #RefreshinglyHonest moment submitted, Honest Tea donated \$1 to VisionSpring, an organization that provides vision screenings and eye glasses to underserved communities worldwide, including two of the Fair Trade tea gardens in Assam, India where Honest sources some of its organic black tea leaves. \$10,819 was donated!

Honest
tea

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