



# Honest<sup>®</sup>

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2018 MISSION HIGHLIGHTS



1998

# LETTER FROM OUR LEADERS

Launched lightly sweet-tasting bottled teas

'99

Launched world's 1st organic certified bottled tea

'03

Launched world's 1st Fair Trade Certified™ bottled tea

'04

Every Honest Tea product gained USDA organic certification

'06

Launched unsweetened "Just" Green & "Just" Black teas

'07

Launched Honest Kids

'10

Published our first Mission Report

'11

All teas became Fair Trade Certified™

'13

Honest Kids converted sweetener from organic sugar to fruit juice

'14

Launched Summer Refreshers and use Fair Trade Certified™ sugar for the first time

'15

Launched 0 calorie herbal teas

'16

Converted all sugar to Fair Trade Certified™

'17

Launch in Europe

2018

When Honest Tea was founded in 1998, we set out on a mission to create a bottled tea that wasn't too sweet. Over the years, our mission has evolved as we continue to look for better ways to do business. We also need to make sure that our mission stays dynamic – when we first introduced our “Just a Tad Sweet” varieties in 2003, they tasted radically less sweet than others on the market. Today, however, as consumer's tastes continue to evolve, we need to evolve as well.

One of the things we're most proud of is that as our business has grown, so too has our mission. For example, we're progressing in our efforts to democratize organic drinks by expanding awareness and access to organic beverages.

*For the first time, we showed consumers the beautiful world where our tea comes from. Our TV and online advertising campaign was filmed in the middle of the picturesque Korakundah Tea Garden in Southern India.*

While we're excited about our continued impact and growth in the United States, we are also excited to see the Honest® brand launch around the globe. See inside for some of the exciting ways our partners are expanding the Honest brand into new categories, such as coffee and sparkling teas, and innovative sustainable packaging solutions.

But we know we haven't always gotten it right. Whether it's our plastic straws or our unrecyclable pouches, we still have a lot of work to do. We're working with a dedicated team comprised of internal and external packaging and sustainability experts to continue to improve.

As always, we welcome your honest feedback on our Mission Report and thank you for taking the time to learn about our efforts and helping us keep it Honest.

Honestly yours, *Seth + Clare*

Seth Goldman & Clare Verdery | Co-Founder & General Manager



Honest  
**T**  
organic  
MOROCCAN MINT  
GREEN TEA



## OUR MISSION

*All of our products are certified USDA organic*

Honest 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.

*Working to lessen our environmental impact through packaging and recycling*

*We use Fair Trade Certified™ tea and sugar*

**PROMOTING  
HEALTH &  
WELLNESS**

**REDUCING OUR  
ENVIRONMENTAL  
FOOTPRINT**

**CREATING  
ECONOMIC  
OPPORTUNITY**

**DEMOCRATIZING  
ORGANICS**

**DID YOU KNOW?** Tea leaves aren't rinsed, so what goes on the tea leaf goes into your cup or bottle. That's why it's important to buy organic tea, which is free from unauthorized pesticides.

This report is based on the annual financial and sourcing data from January 1 through December 31, 2017.

# PROMOTING HEALTH AND WELLNESS

The idea for **Honest Tea** was built out of a thirst for a delicious but less sweet-tasting beverage option. Now more than ever before, families are prioritizing health and wellness, staying mindful of what goes in the food they eat. We're proud to maintain our commitment to better-for-you options for **both kids and adults:**

- Our Honest Tea glass bottled tea offers **13 flavors** that are 70 calories or less with 0 - 18 grams of sugar.
- Our Honest Kids juice drinks are sweetened only with fruit juice and contain  $\frac{1}{2}$  the amount of sugar of the leading kids' drink.\*
- This year, we expanded Honest Kids into several new restaurant chains, including **McDonald's** and **Boston Market**, bringing our brand into a total of more than 53,000 restaurants nationwide. With this expansion, we're helping to evolve the palates of the next generation by acclimating them to less sweet-tasting organic drinks.
- We were honored with the Catalyst for Change Award from the Partnership for a Healthier America. This award recognizes the impact Honest Tea has made to help Americans improve their diets.



\* Honest Kids contains 9g of sugar per 6.75 fl oz pouch. The leading kids' juice drinks in multi-serve packaging contain approximately 20g of sugar per 6.75 fl oz serving. (Note: many leading kids' juice drinks come in 6 fl oz pouches)



# REDUCING OUR ENVIRONMENTAL FOOTPRINT

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From plastic straws to plastic lids, consumers are demanding more sustainable options. We know the choices we make in our packaging affect the health of the planet. And we know we have more work to do in that arena – that’s the Honest truth – but we strive to incorporate more sustainable packages and practices into our business:



- Our innovation team is exploring new packaging solutions for our Honest Kids pouch and PET bottles, including use of recycled material. These efforts help drive forward The Coca-Cola Company’s “World Without Waste” initiative, which aims to collect and recycle the equivalent of a bottle, can or other package for every one that it sells by 2030.



- We love Honest Kids. But we know that our pouch can be much better – the straw is not always easy to use and the pouch is not recyclable. One way in which we’re moving toward a solution is with our shift away from the pouch and toward Tetra Pak® packaging, which is widely recyclable in most municipalities. In 2018, about 64% of our Honest Kids product sales were from our Tetra Pak® box vs. a non-recyclable pouch, and we look forward to continuing this transition.

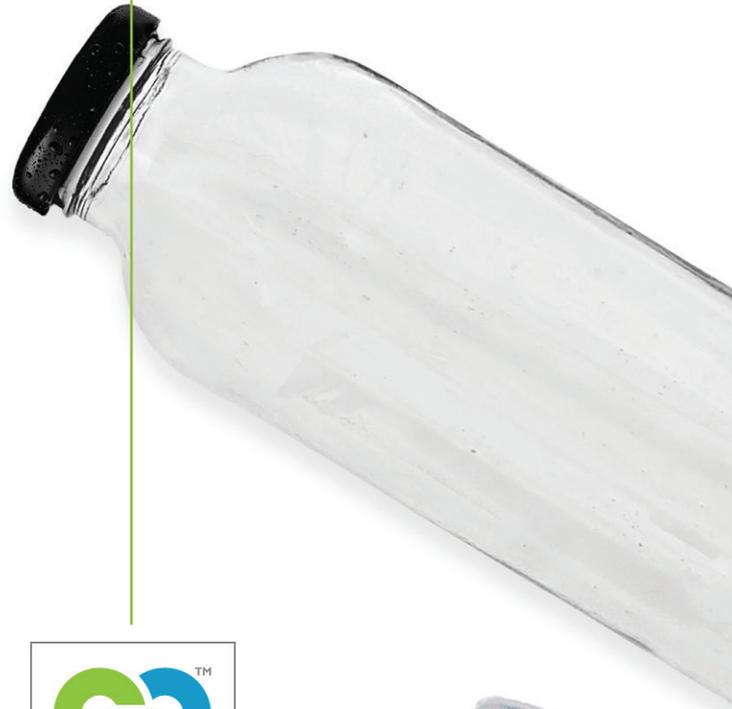
- We’re proud partners of many environmentally-focused groups including Bethesda Green, How2Recycle, the Climate Collaborative and 1% for the Planet, which means we donate 1% of our profits from our glass bottled tea to environmental causes.



**We are working hard to figure out more sustainable options across all of our packaging and to keep our stakeholders up to date on our progress and challenges.**



For the first time, our glass bottles achieved a **Cradle to Cradle Certified™** rating. The bottle, from our supplier Owens-Illinois, was rigorously inspected in five quality categories, including material health, which examines the chemical ingredients of every material in the product and optimizes towards safer materials, and material reutilization, meaning designing products with materials that come from and can safely return to nature or industry. The other three assessment categories are renewable energy use, water stewardship and social fairness.



**DID YOU KNOW?** The term “Cradle to Cradle” is a reinterpretation of the popular phrase “Cradle to Grave,” implying that the life cycle of a product should be designed in a circular, more sustainable way.



**DID YOU KNOW?** Fair Trade Certification ensures that our suppliers meet rigorous standards which drive income sustainability, community and individual well-being, women's economic empowerment, and environmental stewardship.

# CREATING ECONOMIC OPPORTUNITY

Since we began our Fair Trade journey sixteen years ago, we have paid more than \$2 million to our supplier partners in Fair Trade premiums. In 2017 alone, we contributed more than \$490,000 to premium funds. These funds are used at the discretion of the farmers, who vote on how to spend the resources. The premiums have supported the purchase of vital equipment, health care services and education:

In 2018, we purchased 8,536,790 pounds of Fair Trade ingredients, resulting in increased premium funds being invested back into our supplier communities.



We've partnered with one of our biggest tea suppliers, West Jalinga Tea Estate in Assam, India, on a project to provide the community with clean drinking water. This community has major challenges with clean water supply, so we've invested in a new well system that will create fifty drinking points along the labor line, as well as sustainable water bottles to provide additional water access for tea pluckers.

Fair Trade celebrated its twenty-year anniversary in 2018 (just like us!). We were proud to celebrate their success and honored to receive their BestTea Award for our partnership. For more information about Fair Trade USA, visit [www.FairTradeCertified.org](http://www.FairTradeCertified.org).



We continue to bring more awareness about the importance of Fair Trade ingredients through our Mobile Tea Garden, which provides a firsthand look at how Fair Trade funds help our sourcing communities.



# DEMOCRATIZING ORGANICS

Every product in our portfolio is made with USDA certified organic ingredients, meaning they are grown without unauthorized chemical pesticides or fertilizers, genetically modified organisms, sewage sludge and irradiation.

## If it's not organic, it's not Honest.

But we never set out to just sell organic beverages. A key part of our mission is to make sure all families have access to organics by making our product widely available across the country, whether it's the neighborhood bodega, your favorite fast food restaurant or a natural foods store at an affordable price point. Here's what we've been up to in our mission to "democratize organics":

In December 2017, our Honest Kids "Appley Ever After" juice drink became the first organic product to be carried at McDonald's, putting our product in the hands of millions of more consumers each year.

Our mission to democratize organics is spreading around the globe, with the Honest brand launching in 40 European markets, Singapore and Mexico. For many of these areas, Honest is the first organic product being distributed by the Coca-Cola system.





In 2018, we purchased 8,585,871 pounds of organic ingredients. This includes green tea from China, peach puree from California and turmeric from India.

**DID YOU KNOW?** Turmeric grows underground for nine months and as soon as it's picked it comes out as a large root ball.

# SOURCE MAP

One of the things that makes Honest Tea so special is the care we take to source quality ingredients. Check out the latest version of our source map to see some of the communities where our ingredients come from. We highlight our source map in our Mobile Tea Garden, an interactive exhibit that travels across the country. In 2018, it made 23 stops and handed out more than 123,000 organic samples.

## NORTH AMERICA

-  Agave Syrup: Mexico
-  Blueberry Juice Concentrate: Canada
-  Concord Grape Juice Concentrate: USA
-  Cranberry Juice Concentrate: USA
-  Maple Syrup: USA
-  Orange Juice Concentrate: Mexico
-  Peach Puree: USA
-  Peppermint: USA
-  Spearmint: USA
-  Watermelon Juice Concentrate: USA
-  White Grape Juice Concentrate: USA

## SOUTH AMERICA

-  Cane Sugar: Brazil
-  Honey: Brazil, Canada, Mexico
-  Lime Juice Concentrate: Brazil
-  Mango Puree: Colombia
-  Orange Peel: Paraguay, Egypt

## EUROPE

-  Apple Juice Concentrate: Turkey, Argentina
-  Blackberry Leaves: Hungary, Romania, Poland, Germany, Croatia
-  Pomegranate Juice Concentrate: Austria

## AFRICA

-  Hibiscus: Egypt
-  Honeybush: South Africa
-  Lemongrass: Egypt, Thailand, Bangladesh, Australia, India, Europe, USA
-  Rooibos: South Africa, Cape Peninsula

## ASIA PACIFIC

-  Black Tea Leaves (All Types): India
-  Ginger Root: India, China
-  Green Tea Leaves (All Types): China
-  Mangosteen Puree: Thailand
-  Oolong Tea Leaves: India
-  Pineapple Juice: Thailand
-  Tulsi: India, South Africa, Egypt, Thailand
-  Turmeric: India
-  White Tea Leaves: India



## BRAZIL

Cane Sugar





## WASHINGTON

*Concord Grape*



## CHINA

*Green Tea Leaves*



## INDIA

*Turmeric*

\*Certified Organic ingredients are authorized by various organic certifiers.

\*As of December 2018. Our sources sometimes change from year to year. For a complete listing of ingredients used in our beverages, visit [www.honesttea.com](http://www.honesttea.com).

# WATCH OUR MISSION GROW

As we work to make our packaging here in the US more sustainable, we're taking hints from our partners overseas who are getting it right. For example, Honest products in Germany are available in refillable glass bottles that are picked up, cleaned, refilled at the plant and redistributed to new consumers.

We're working to develop on-pack technology called Sip & Scan that will provide consumers with more information about what goes into their beverage, including detailed ingredient sourcing information and origin stories.

We're premiering a new marketing campaign this year that puts mission and impact at the heart of the story. After all, it's been part of our journey since day one. The new campaign is all about how our small decisions, such as choosing an Honest beverage, can make a big impact on yourself and the world, whether it's your personal health or a more sustainable global community. We're excited to premiere this campaign in the coming year!

We're innovating into new beverage categories that will help us expand our mission to democratize organics and increase our Fair Trade impact in new communities around the world.





**Thank you** for joining us on our journey over the past twenty years.

**CHEERS TO MANY MORE!**

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