



MARCH 2019 – MARCH 2020

Sustainability Report

T2TM

Introduction 05

Message from our Managing Director 06

Highlights 08

UN Sustainable Development Goals 10

B Corp™ certification 12

Supply chain 13

Our tea 14

Our teawares 18

Packaging & consumables 22

Our impact 27

Carbon footprint 28

Bondi green store 30

T2 HQ 32

QANTAS Future Planet 34

Introduction

**Everything in life is best enjoyed
with a cuppa, so brew up your
favourite, settle in, and see what
we've been up to!**

Message from our Managing Director



Derek Muirhead
Global Managing Director

Welcome to T2 Tea's sustainability impact report for 2019.

Over the past two years, we have revolutionised the way we do business to ensure we are playing our role in creating a future that puts people and planet first.

On our journey we've learned a lot about what it means to be a brand redefining success in business, in an effort to build a more inclusive and sustainable economy. It's required us to make dramatic shifts in the ways we operate, and we couldn't be prouder of how much we've changed since we began. This report is all about sharing the great progress we've made, as well as what's on the horizon as we continue to close the gap on our remaining goals.

Our entire focus to become a more conscious brand is underpinned by our recent BCorp certification. We join a global community of over 3,000 B Corp companies doing business that reduces inequality, lowers levels of poverty, creates healthier environments, builds stronger communities and imbues jobs with dignity and purpose.

In partnership with BCorp, we are helping to drive a global movement of people using business as a force for good. The following pages reveal the milestones and achievements on our sustainability journey, and the ongoing effort across the entire T2 business towards building a truly planet and people friendly business.

Why sustainability for T2?

Conscious of everything we do, from first leaf, to last sip, we're always striving to reduce our footprint and give back to the ground that gives us so much.

As a commodity, tea throughout history hasn't had a great track record in caring for the wellbeing of the environment, and this extends to the livelihoods and prosperity of the people and communities who make up the tea industry.

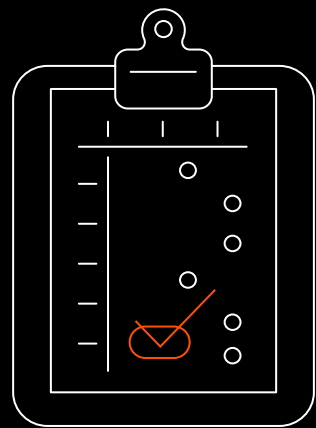
We're a global tea brand, so we knew we needed to step up and lead the change. This inspired us to embark on a bold mission to do business in the most sustainable way possible and to do so with all of our creativity, passion, and innovation.

As a brewing force for good, every cup of T2 is an opportunity to have a positive environmental impact.

Freshly picked tea

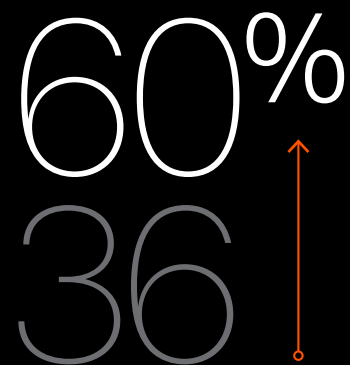


Highlights



B Corp certified? Tick.

We joined a global fleet of brands committed to doing business in a way that benefits all.



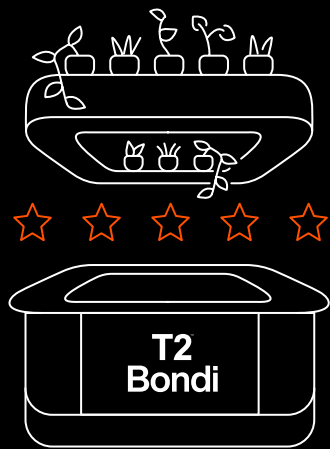
Sustainable sinensis

Our *Camellia sinensis* sourcing jumped from 36% sustainable to 60%.



Carbon emissions drop

Our carbon emissions are down 8.2% from last year, and 100% offset.



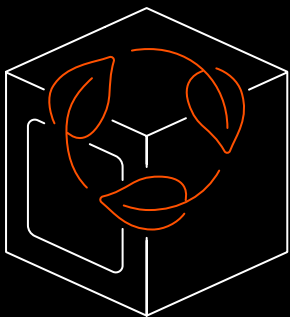
The Bondi green store

We threw open the doors on our eco concept store in Bondi, Sydney.



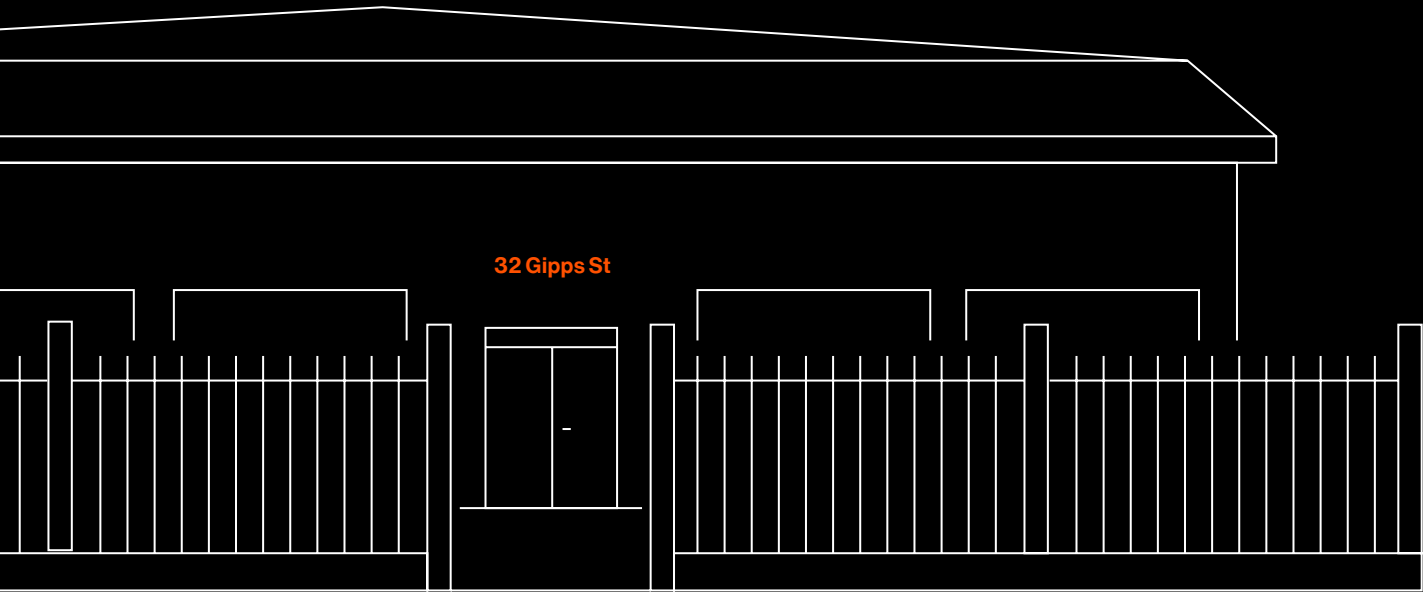
QANTAS Future Planet partnership

QANTAS helped us offset all those emissions, funding community projects in India.



Packs an eco punch

92% of our packaging is now reusable, recyclable or compostable.



New digs

Our new head office has over 40% of its electricity use generated by solar panels on the roof.

01. No poverty

02. Zero hunger

03. Good health & well-being

04. Quality education

05. Gender equality

06. Clean water & sanitation

07. Affordable & clean energy

08. Decent work & economic growth

09. Industry, innovation & infrastructure

10. Reduced inequalities

11. Sustainable cities & communities

12. Responsible consumption & production

13. Climate action

14. Life below water

15. Life on land

16. Peace, justice & strong institutions

17. Partnership for the goals

The United Nations Sustainable Development Goals (SDGs) are 17 different goals adopted by the UN in 2015. These goals are a roadmap to a more sustainable and equal future for all people and the planet. The UN SDGs addresses challenges that we all face collectively, such as environmental sustainability, climate, inequality and poverty.

At T2, we have used the SDG's as our compass in defining our people and planet ambitions. We have selected 5 goals in particular where we believe we can have the biggest impact.

Our approach

We want to take responsibility for our actions and business practices and do what we can to help deliver these SDGs. We have heard the call to action and joined the global community of like-minded people and organisations to take responsibility for our actions.

The UN Sustainable Development goals have helped shape our people and planet priorities. Using the same framework as many businesses, governments, organisations and people we believe we can have the biggest impact in shaping our collective future.

We have focused on areas that we feel that we can have the biggest impact. These 5 goals are the underlying principles for our sustainability ambition.

No poverty — end poverty in all its forms everywhere

At T2, we want to ensure that our suppliers and their workers are benefiting from their relationship with T2. Our ambition is that all of our teawares and accessories will come from suppliers that are ethically certified by the end of 2019.

More details on pages 15, 18.

Gender equality — achieve gender equality and empower all women and girls

T2 believes in the equality and empowerment of all women and girls. Over half of the leadership positions, and over 3 quarters of the global workforce are filled by women.

Responsible consumption and production — ensure sustainable consumption and production patterns

We are on a journey to convert all of our packaging and consumables to be either reusable, recyclable or compostable, as well as reducing our waste output. Check out page 22 to see the changes in our packaging and consumables.

Climate action — take urgent action to combat climate change and its impacts

We have measured our carbon footprint for the first time this year. This calculation will help us identify where we can improve to reduce our operational emissions — See page 31 for more about our emissions. We have only just begun our task of reducing our carbon footprint will be implementing many other initiatives in 2020!

Life on land — protect, restore and promote sustainable use of terrestrial ecosystems

We are committed fully to transforming our entire range of tea and herbal & fruit infusions from conventional to 100% sustainably certified ingredients. We source the many different ingredients from all over the world and are using various different certifications as a definition of sustainably sourced. Find out more on page 19.



We are proudly part of a global community of over 3,000 companies doing business that puts people and place first – by reducing inequality, lowering levels of poverty, creating healthier environments, building stronger communities and imbuing jobs with dignity and purpose.

We’ve made some radical changes and we’ve now got the top certification in the world to prove it.

What is a B Corp?

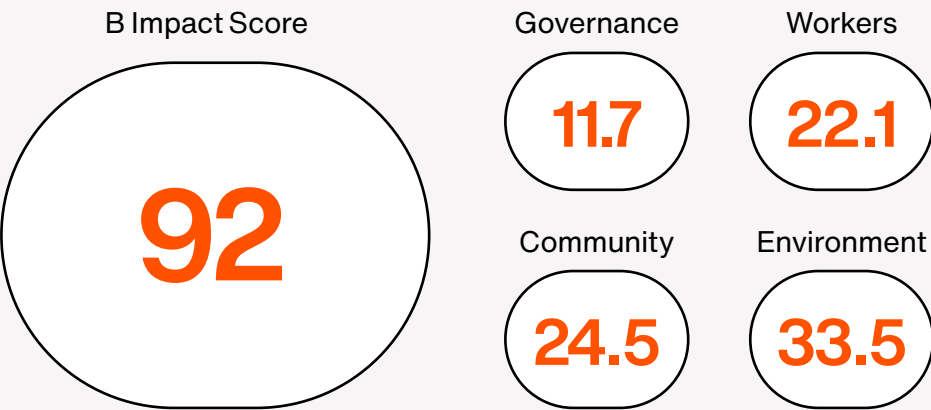
Certified B Corporations are businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. B Corps are accelerating a global culture shift to redefine success in business and build a more inclusive and sustainable economy.

B Corps form a community of leaders and drive a global movement of people using business as a force for good. The values and aspirations of the B Corp community are embedded in the B Corp Declaration of Interdependence.

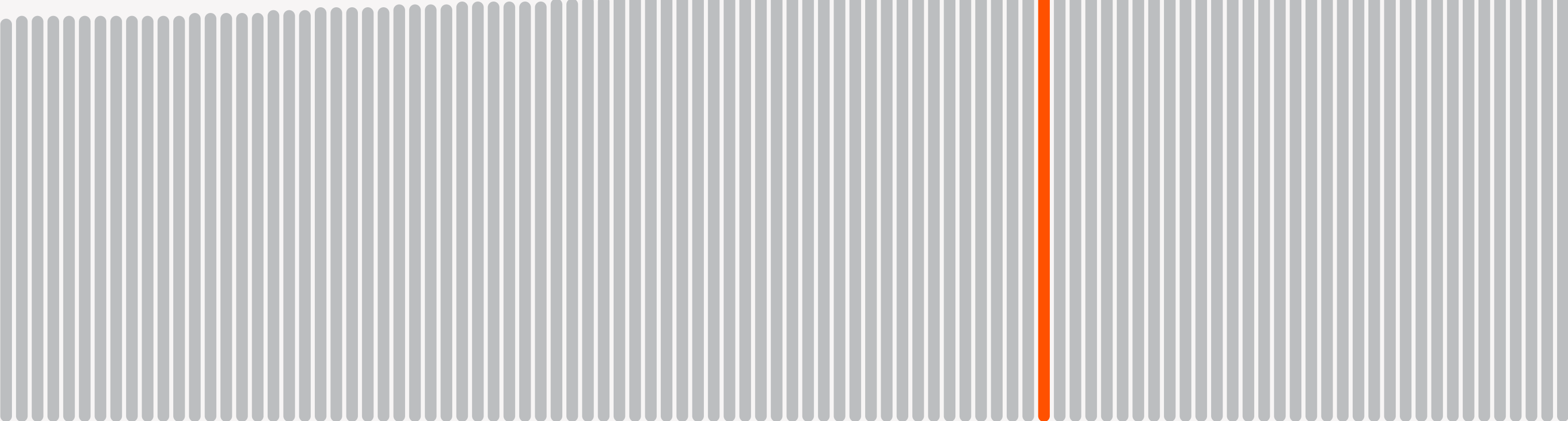
Graph: T2’s score of 92 shown in comparison to B Impact Scores for 99 most recently certified companies (at 13 August 2020). To certify as a B Corp, a company must achieve a minimum verified score of 80 points on the B Impact Assessment.

Our B Corp creds

Check it out! This was our final result, and the numbers that got us our B Corp certification.



| 80



Supply chain

**We have been working diligently
on ensuring all of our products
are ethically sourced**

At T2, we believe that people and community are the beating heart of what makes tea so special.



Our tea

In order for tea cultures to continue to thrive, we must ensure that we source from suppliers that treat workers fairly, support communities, and contribute to improving the health and wellbeing of all people involved in bringing us this magical elixir.

Our definition of sustainably sourced tea is in line with the Unilever Responsible Sourcing Policy. We look for teas, herbs, fruits and spices that fulfil a number of different certification schemes including UTZ, Rainforest Alliance, Fair for Life and organics certifications. We only have one planet, and we want to ensure that we contribute to improving it and caring for it in every way possible.

We have worked tirelessly to switch all of our current blends to those that are sustainably sourced. Whilst this is a time consuming and often difficult process, we have made great strides with all of our *Camellia sinensis*-based blends as a starting point. In 2019 we've grown this from 38% to 60% sustainably sourced *Camellia sinensis*. This will increase to 100% in 2020.

Furthermore, we are working ingredient by ingredient through each herbal, fruit and spice ingredient so that by 2021 we will be 100% sustainably sourced. At the moment, we've transitioned from 4% sustainably sourced tisanes to 10%, so there's a long way to go, with a lot of work to be done, but we are committed, as are our suppliers, to finding sustainable solutions that will deliver the same quality T2 experience.

Graph: Improvements in sustainable sourcing, CY 2019

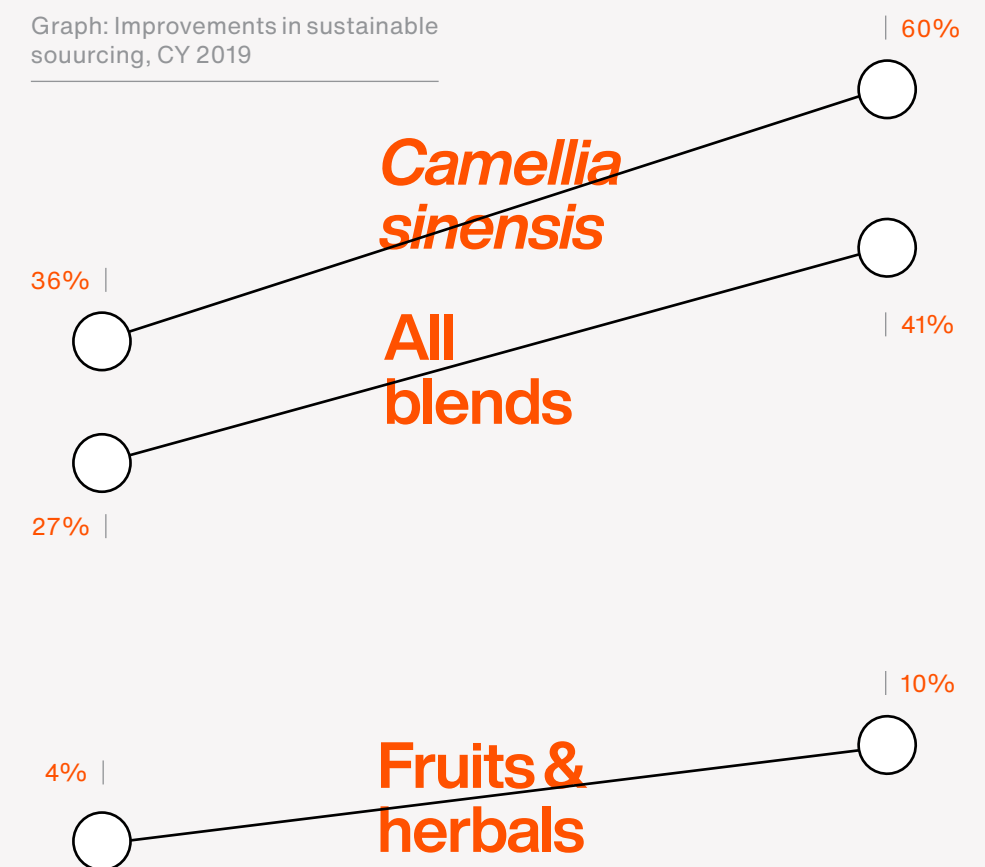


Image: Our Matcha is sourced from Kagoshima and Shizuoka, in Japan

What has been the process to get to 60% sustainably sourced *Camellia sinensis*?

“Maintaining the flavour profile is critical.”

How challenging was it to keep the quality and taste profile consistent during this transition?

On average how many teas would you taste before you commit to a new tea?

When we first started the quest to make our teas 100% sustainably sourced, we focused on the blends that contained *Camellia sinensis*, specifically focusing on the teas with the highest volume so this would have the biggest impact. Some of the blends were relatively pain free to source and maintain flavour profile while some of them have been harder.

From Sri Lanka, our English Breakfast and Earl Grey probably took 5-8 rounds of samples whereas the Irish Breakfast took a lot longer and there were less estates to choose from that would provide the flavour and sustainability. Sourcing pure teas has been very challenging as the amount of estates offering a sustainable

Maintaining the flavour profile is critical. If a customer drinks a particular blend every single day, they are an expert on that tea and will notice any difference in flavour. As tea is a natural product it is always challenging to maintain flavour profile, and sometimes harvest

On average I would taste 15-20 versions of each blend before committing to it as a perfect replica of the original.

certification is more limited, especially out of China. Now we're onto the trickier part of trying to finalise the fruit/herbal blends.

We work in partnership with our tea suppliers with an aligned priority to reach our sustainable sourcing ambitions. We have been developing all new teas and blends as sustainably sourced while working through many hundreds of samples of sustainable alternatives for our range of over 110 core teas. Each step towards converting blends requires multiple tasting sessions, tweaks, feedback and re-sampling to ensure that we maintain the flavour and personality of the tea with ingredients from new, sustainable sources.

conditions mean it is just not possible. On top of that, the complexity of changing the source created some big hurdles for us. Then we had to make sure we maintained the visual aspect. It's a very complicated process with a lot of hoops to jump through!



Behind Michelle:
Just Peppermint, herbal tisane

Our teawares

By the end of 2019, 97% of all teawares and accessories was ethically sourced.

Image: Moroccan Tealeidcope
Remix teaset

We have been working diligently on ensuring all of our teawares are ethically sourced through our manufacturers using auditing standards SMETA 6.0 and BSCI. Sedex Member Ethical Trade Audit (SMETA) and Business Social Compliance Initiative (BSCI) are social audits that look at a company's business and environmental practices. This includes no forced and child labour, fair wages and environmental impacts.

By the end 2019, 97% of all teawares and accessories was ethically sourced according to strict SMETA or BSCI auditing standards. We are working solidly with the remaining suppliers and will have a 100% ethically certified supplier base by the end of 2020.

We have removed 53% of plastic from future production of our teawares packaging.





Behind Wendy:
Buddha's Tears, scented green tea

“We are always on the lookout for innovative, sustainable or recycled materials.”

What has been the process to get to 97% ethically sourced teawares?

We started by having open and honest conversations with our suppliers. We talked them through our plans and why they were so important for our brand. Our plans meant we needed to ‘audit’ our supply chains, so we discussed this with them and then embarked on organising the audits to begin the process.

The whole process required lots of open communication and many Excel spreadsheets, but our suppliers were very supportive and most saw this as an opportunity to dig deeper and improve, so it was great to be able to work side by side with a common goal.

Are there any plans to work with more sustainable materials in the future?

Absolutely. We are always on the lookout for innovative sustainable or recycled materials. In the meantime, we always try to stick with materials like stainless steel and glass instead of plastic.

How challenging was it to get suppliers accredited with SMETA and BSCI?

Very challenging! There is naturally a significant cost involved, and in most cases follow up and further actions are required. It’s relatively rare for a supplier to be graded 100% on the first go. This is usually due to things like issues with salary paperwork, not enough fire

extinguishers, issues with materials sourcing etc. This then means a second audit is required, after giving the supplier enough time to action the amendments or updates, so it is a long and complicated process.

Achievements so far



We are transitioning our petroleum-based plastic polybags to plant based, compostable bags, diverting over 80 tonnes of plastic per year. Natureflex production began in 2019 and will fully transition in 2020.

All 15,000,000 tasting cups consumed yearly in-store are now made with a PLA (corn starch) lining which allows these cups to be compostable. This change will divert up to 30 tonnes of cups annually containing fossil fuel plastics from landfill.



We transitioned our retail bags to uncoated paper without any plastic lamination - these bags are now 100% recyclable. We go through approximately 2,000,000 retail bags per year, meaning this change will divert over 250 tonnes of waste from landfill annually.



T2 was one of the early adopters of the Australasian Recycling Label. The ARL is an evidence-based system that provides consumers with easy to understand recycling information when they need it most—those few seconds when working out which bin their packaging goes in.



Our approach to packaging has always centred on fusing innovation with quality to deliver a product experience that is best in class. With an increasing focus on our sustainability credentials, we're working diligently with all our suppliers and materials to ensure we deliver on our goals.

In the sustainable packaging space, our goal is twofold: first, to remove any unnecessary packaging from our products and consumables. Second, for the packaging that we do need, it must be either recyclable, reusable or compostable. Additionally, we aim to be free of all conventional plastic derived from fossil fuels.

We're working towards these being met and implemented by the end of 2020. Currently, at least 92% of our packaging and consumables are either reusable, recyclable or compostable.

“Sustainability is at the centre of everything that we do”

Behind Chris:
Green Rose, flavoured green tea

How important is it to be sustainable in this space?

Sustainability is at the centre of everything that we do — it’s one of the 3 pillars that drive our company. We have been evolving in this space for the past few years and I’m extremely excited and motivated by how far we’ve come, and the possibilities the future holds in this space.

It’s not just one product that will define us, it’s the collection of everything we do and the process of how we do it. We

choose to work with suppliers and materials that respect the environment and minimise our impact. Our iconic orange boxes are the perfect example: The paper is FSC® certified and for every tree harvested, four new seedlings are planted. Also, 99% of the water used in paper production is returned to waterways after careful cleaning – often cleaner than what it originally was!



T2 was one of the first brands to implement the Australasian Recycling Label, why is this so important?

The ARL is an evidence-based system that provides consumers with easy to understand recycling information when they need it most – those few seconds when working out which bin their packaging goes in. When we dispose of packaging correctly, we keep contamination out of recycling streams and ensure that recyclable material is not thrown into landfill.

What’s next? How far can you innovate in this space?

We’re working hard to first of all reduce the amount of packaging we need, while also recognising that many of our teawares require some sort of packaging that is secure and protective.

To help us balance this, we’re working with our suppliers to develop new sustainable

materials. Innovation, curiosity and seeing possibility have always driven us as a brand, so we love applying this philosophy to come up with creative new ways to package our products. Most recently, we have been researching packaging made from mushrooms and seaweed!

Our impact

**Every cup of T2 is an
opportunity to have a
positive environmental impact.**



Image: After picking, fresh tea leaves are allowed to wither

Carbon footprint

At T2, we want to do business responsibly and be mindful of our environmental impacts.

In 2018 we formally measured our carbon footprint for the year as a baseline measurement to use as our reference point moving forward. We engaged Pangolin Associates, an Australian owned and accredited energy and carbon management consultancy, to measure our full organisational carbon footprint, which included operations within our head offices, Australian distribution centre and retail stores around the globe. The findings were a 4671 tonne CO₂-eq carbon footprint per year.

This was 100% offset, and we got busy working out how to reduce this number even further.

In 2019, our emissions dropped to 4288 tonnes CO₂-eq, meaning an 8.2% reduction, or 383 tonnes, from the year before. This was driven by a move to renewable energy, as well as reducing stationery usage, employee commuting and business flights. The remaining operational emissions were again 100% offset by a verified carbon offset project that

meets strict international standards including Verified Carbon Standard and the Gold Standard. As we continue to transform our packaging and consumables it is important for us to look at the waste generated and recycled in our stores, distribution centre and head office. We have reviewed our waste disposal and recycling processes at our office and distribution centre and are confident we will be able to continue to decrease the volume of waste to landfill and increase our recycling.

A carbon dioxide equivalent or CO₂ equivalent, abbreviated as CO₂-eq is a metric measure used to compare the emissions from various greenhouse gases on the basis of their global-warming potential (GWP), by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming.

BONDI GREEN STORE

In March 2020, we opened our very first Green Store in Bondi, Sydney. The Green Star Design Review's 5-star rating means that our Bondi store represents "Australian Excellence" in environmentally sustainable building practices.

Images:

Refurbishment of T2 Bondi, completed 2020

Living plants in-store

Signage highlighting green energy



Born out of our desire to live and breathe our sustainability message, this project also gave us the opportunity to support local business and ethical practices. We've come to see our little Green Store as a physical expression of our commitment to doing right by the planet.

Customer experience is at the heart of everything we do,

so we also made sure every element was based not only on the sustainable credentials of the material, but the sensory message it sends our customers.

A trip into our Bondi store will serve up an emphasis on natural materials and finishes, including using a combination of recycled materials, Australian-made materials and innovative

sustainable materials such as Betta Stone (made entirely from recycled glass!).

And if that wasn't green enough, for the first time ever, customers will be able to stock-up on their favourite teas using a reusable container at the store's very own T2 Refill station, helping us reduce the demand on packaging solutions.



Becoming the world's most sustainable tea brand isn't just about knowing where our tea comes from or the story behind our teacups. It's also about making sure all of our stores, warehouses and head office are having a positive impact too, so we've been making some changes to this area of our business as well.



T2 HQ

Images:
Reception desk at T2 HQ, with surface made from recycled glass
Communal kitchen and lunch area
The new office features living plant walls throughout

Our main HQ in Melbourne recently moved into some new digs, and this gave us the opportunity to make some positive changes and give our new space plenty of sustainability cred.

We installed solar panels, which will generate 43.7% of our electricity, with another 7.8% to be exported to the grid. Over 20 years, this will mean we reduce our carbon emissions by 798 tonnes.

When designing the fit out, we also prioritised locally made and recycled materials, including our carpet – which is made from repurposed plastic removed from the ocean and our reception desk, which is made from recycled glass. We also installed plenty of bike storage to encourage our team to ride to work instead of driving or taking public transport.

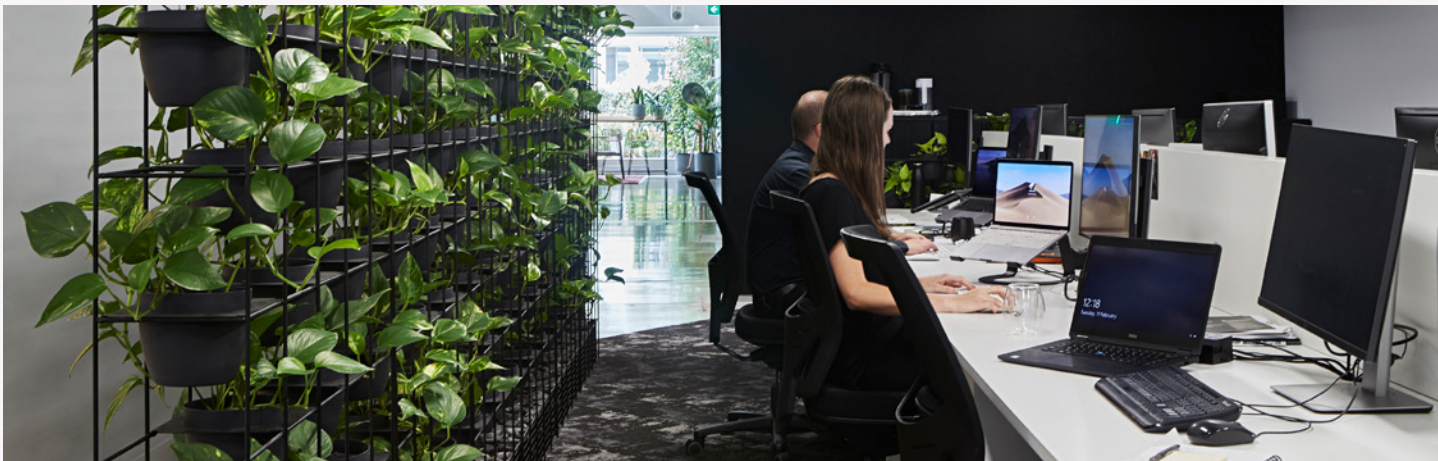




Image: QANTAS Future Planet supports the construction of wind turbines in areas such as Rajasthan in northern India



TAKING ACTION: QANTAS FUTURE PLANET

The planet won't change if we don't act and joining Qantas Future Planet is one of the ways we've turned our words into action.

Through our partnership with Future Planet we're supporting the Winds of Change renewable energy program and for every carbon credit we buy, we reduce 1 tonne of carbon dioxide from the atmosphere. So far we have purchased 4,670 carbon credits to offset our emissions at T2 and be carbon neutral across our global operational footprint.

Carbon credits from Winds of Change fund the installation of wind turbines in farming communities in Madurai, India. These turbines prevent power outages for these communities, and create revenue to fund water wells which bring irrigation to crops in areas that may otherwise experience drought each year. Each wind farm is positioned to provide social support where it's needed most – which means funding local schools, establishing a vaccination program and supporting equal employment opportunities for local people without an education.

But it doesn't stop there. These wind farms introduce clean energy to the grid which would otherwise be generated by a coal-fired power station. Wind power is clean in two ways: it produces no emissions and also avoids the local air pollutants associated with fossil fuels. Additionally, in constructing the turbines, new roads have been built, improving accessibility for locals. The boost in local employment by people engaged as engineers, maintenance technicians, 24-hour on-site operators and security guards also boosts local economies and village services. Importantly, 5% of revenue earned by investment in these projects, goes directly to the community's temples, schools and health services.



**If you have any
questions regarding
this report,
please contact us at:**

**T2 Tea
32 Gipps St
Collingwood
Victoria 3066 Australia**

**AU 1300 832 866
NZ 0800 833 866**

[T2tea.com](https://www.t2tea.com)