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"I hope one day we don't need to keep writing 'Never has the time for businesses to act with environmental and social purpose been so urgent'. After all, every customer, every supplier, every team member and every shareholder needs a healthier and fairer world to live in. This report stands as testimony to what a few people can do to make a significant impact to millions of people, plants and the planet."

Sebastian Pole, Co-Founder



## we create organic and fair herbal teas for healthier and happier lives

For over 20 years, we've worked with the innate power of nature's abundance - crafting each of our herbal blends with specific wellness benefits in mind.

"Lots of companies have declared their ambition to be a 'force for good' in this troubled world of ours. But I know of no company that has more purposefully set out to demonstrate that in practice than Pukka Herbs.

Despite not meeting all its targets in 2022, Pukka's overall performance across the widest spectrum of activities, has been hugely impressive, permeated by a values-based passion that speaks to us from every page of this Impact Report.

This will be my last 'sign-off' as Chair of Pukka's Mission Council, as I pass on to my successor, Karen Hamilton. It's been an absolute privilege to carry out this role over the last six years."

Jonathon Porritt, Mission Council Chair



### a note from Anu

Our organic herbal creations create ripples of social impact with every cup; from supporting better sleep, or aiding digestion, to enabling a moment of calm in a busy day. This year, Pukka sold 900 million cups of wellbeing to people all over the world.

As we began to navigate the post-Covid era, we saw a slowing of growth in the health and herbal category compared to the previous two years. But it is Pukka's nature to embrace challenge in pursuit of creating a better future. Despite costs rising across our value chain, we have not wavered from our steadfast commitment to quality and positive impact

I think of Pukka as a jewel, one that is beautiful, organic and fair. By sharing the way we do business; our extensive work with farmers, our science-based net zero roadmap, our leadership role as a B Corp and our mission to improve societal health, we have a huge opportunity to make that jewel shine at the heart of our sector and that of our parent company, Lipton Teas and Infusions. By tending to this, we can continue to lead and inspire our industry towards a fair and regenerative future, one where we can tackle some of the world's biggest challenges together.

Of course, this isn't always easy. After more than 20 years of Pukka, we've had to take a hard look at where we were focusing our efforts, and be honest about what was working – and what wasn't. As in nature, when the seasons change, we must allow some leaves to fall to make way for the fresh new growth that will be our future foundation. And so, we've made the difficult decision to stop producing our supplements range and focus on our herbal teas which have the biggest impact.

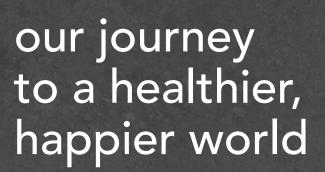
Our future is all about our herbal impact. Our mission has always been about connecting more people with powerful organic plants. Now we're taking this further with our ambition to create a movement advocating for herbs and spices. This is a huge undertaking and is not something we can do alone. We need individuals, other businesses, policymakers – everyone – to collaborate.

Find out more in the following pages and if our mission resonates, please join us. A better future can start with a cup of herbal tea – and it's a future we can all be a part of.

Anuradha Chugh, Chief Executive





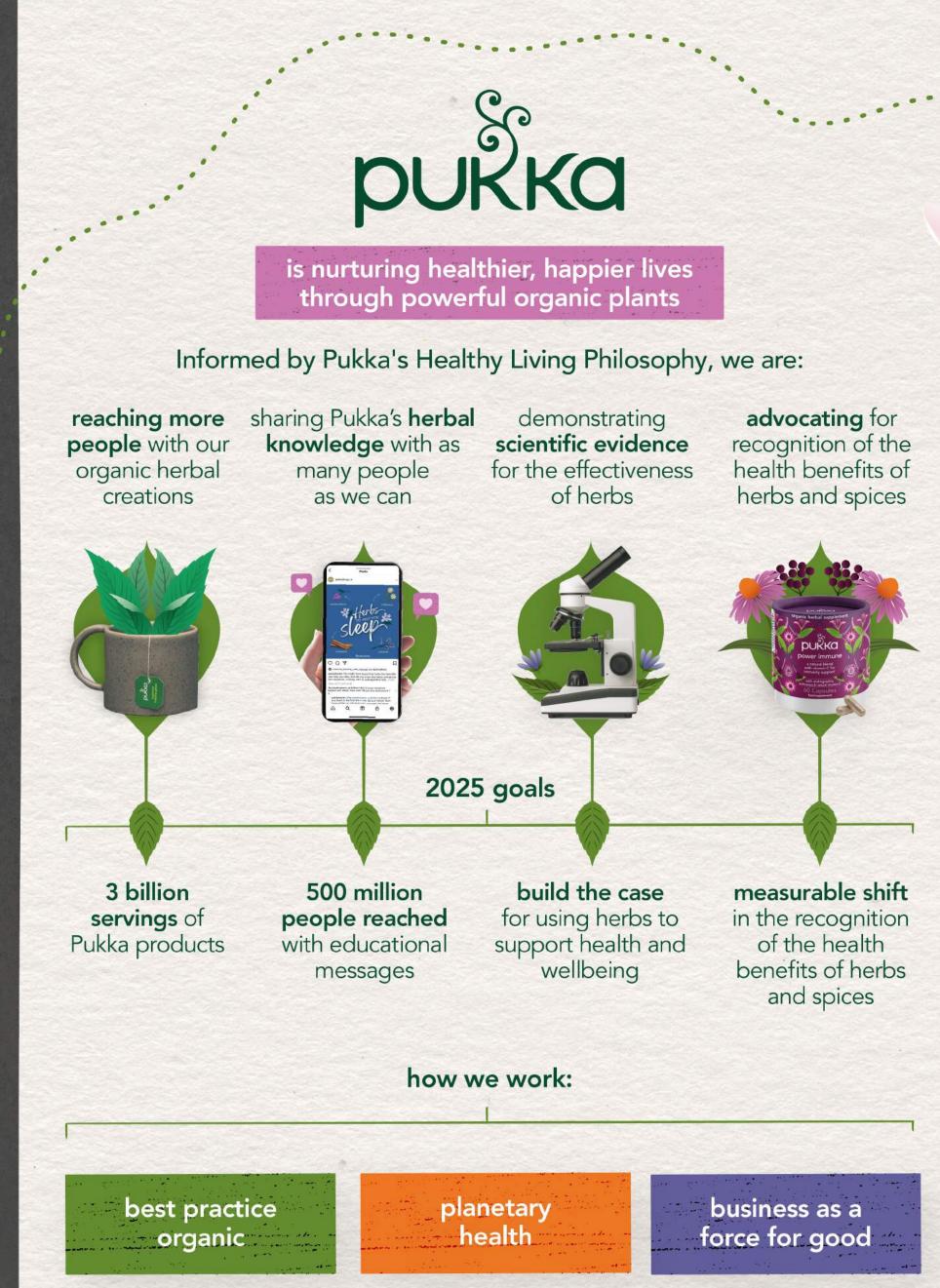


## today's challenge

# being disconnected from nature

modern life disconnects us from nature leading to a human health and wellbeing crisis. This has led to a rise in:

- mental health issues
- chronic disease
- obesity
- infectious disease





Net zero

carbon roadmap

drawn up for

2039



1,543 tonnes of organic herbs purchased

**Best Practice** Organic projects supported with farmers in our supply chain

100%

organic certification for teas and supplements - always have, always will



€281,558

paid in Fair premiums to farming and harvesting communities

49%

of our total volume of ingredients certified Fair for Life or FairWild



nuturing healthier, happier lives

98%

of our online community agree that 'Pukka supports my health and wellbeing'

448.3

million people reached with educational herbal content in the UK, **US** and Germany

20%

of the Pukka team have a qualification related to herbal medicine, health, nutrition or plant science

900

million servings of tea and supplements sold



100%

of Pukka tea packaging is recyclable or home compostable

313,334 trees planted

with TreeSisters in 2022, bringing us to a total of over 1.5 million trees planted with TreeSisters since 2017

> planetary health

Pledged to achieve zero deforestation across our herbal and packaging supply chain by

2025



of the 2022 Best Sustainable Tea Brand at the UK Marie Claire Sustainability Awards

winner

104.1



our current B Corp score

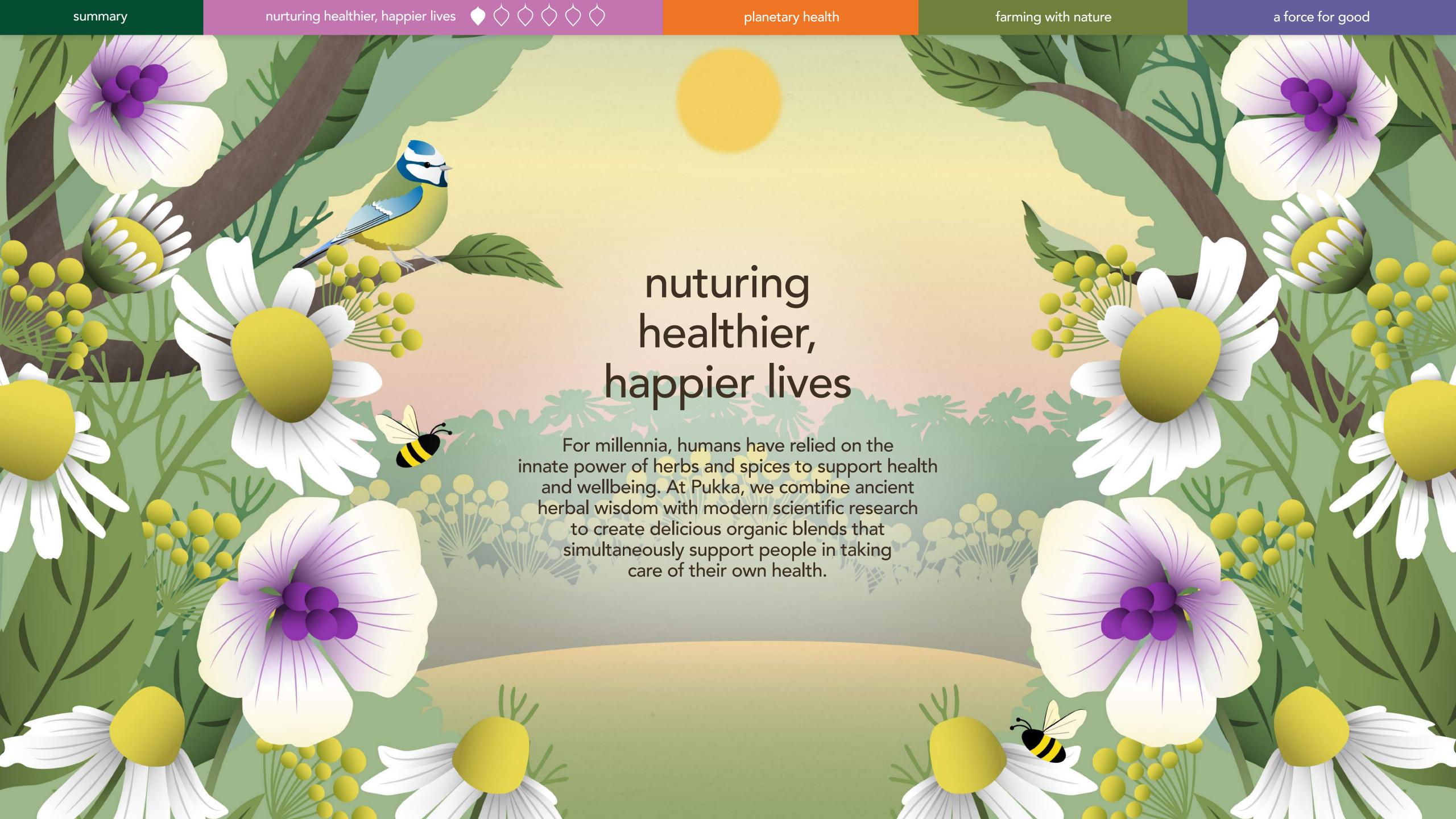
business as a force for good

€1,002,048 given to environmental

and social projects through our commitment to 1% for the Planet

93.5%

of Pukka people reported that they can bring their authentic self to work



# impact summary

what we are doing	our goals	what we did in 2022
Helping people experience physical and emotional benefits through our herbal creations	<ul> <li>Ensure 3bn servings of Pukka herbal creations are consumed in 2025</li> <li>Demonstrate that people report experiencing physical and emotional benefits through Pukka creations</li> </ul>	<ul> <li>Pukka sold 900 million servings of tea and supplements in 2022</li> <li>98% of Pukka consumers said Pukka supports their health and wellbeing (survey of 527 UK Instagram followers Jan-Feb 2023)</li> <li>From Pukka website poll respondents the average score was 8.2/10 for Pukka helping them feel good physically and emotionally</li> </ul>
Inspiring millions of people to learn about herbal health and wellbeing	Reach 500m people with educational content about how herbs can support health and wellbeing by 2025	448.3 million people reached in 2022 with educational content including web page views (globally), email opens (US, DE, UK) and organic social reach (globally)
Investing in and promoting research and expertise on the use of herbs to support health and wellbeing	Build the case for using herbs to support health and wellbeing, drawing on Pukka and other external research  Become recognised as a global leader in herbal research and build the case for using herbs to support health and wellbeing	14 peer-reviewed Pukka research papers published to date, which were cited 196 times in international peer-reviewed journals and have been read 50,562 times  Pukka grew its reputation for high quality herbal research by receiving €141,830 in external funding  and match-funding for two new PhD studentships by UK universities, bringing us to a total of €734,413 in external funding to date
Campaigning for more people to use powerful organic plants to support health and wellbeing	Advocacy to achieve a measurable shift in the recognition of the health benefits of herbs and spices	Pukka worked with key stakeholders to confirm our advocacy objective: to achieve widescale recognition of the health benefits of herbs and spices as an important tool to improve human health.  We started work with public affairs experts to identify how best to achieve this. We shared our knowledge about herbs and spices on the Doctor's Kitchen podcast of GP and influencer, Dr Rupy Aujla, and at the Integrative and Personalised Medicine Congress 2022

## sharing our herbal expertise

Our in-house team of herbal experts hold qualifications, decades of experience and in-depth knowledge of traditional medicine systems and the healing power of plants. As part of our herbal mission, we aim to reach more than 500 million people around the world by 2025 with information on how particular herbs and spices delivered in the right ways can support healthy living.

This year we focused on helping the world to both sleep better and feel calmer.



This campaign reached more than 5.34 million people in the UK in digital and print media – bringing a little more calm to people's lives.

- Sleep and Calm hubs can be found on our website, containing resources, articles and daily practices to help people combat stress, reduce anxiety and get better sleep.
- The Pukka Collective is a free global online community of people with whom Pukka shares helpful herbal wellbeing and lifestyle content. More than 300,000 people have signed up so far.
- Our local herbal experts work in eight countries around the world. From sharing herbal updates on social media in local languages to running in-person nature immersion events, our local herbal experts are helping people understand the connection between herbs, our natural environment and wellness.

### 98% of our followers\* agree that Pukka supports their health and wellbeing

\*Results from Pukka Instagram poll run in Jan-Feb 2023 with 527 respondents



Did you know? Lavender is a traditional herb for supporting restful sleep. A 2015 study showed that lavender reduced fatigue and depression in post-natal women. Its aromatic essential oil invokes a sense of calm in our Night Time, Love and Peace teas, among others.







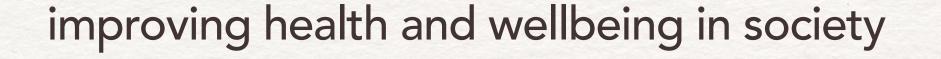
Did you know? Chamomile helps soothe stress and nervous tension. A 2016 scientific study showed that long-term use of chamomile significantly reduced moderate to severe symptoms of anxiety. It can be found in many of our blends, including Relax and Chamomile, Vanilla and Manuka Honey.











Herbs and spices add more than just flavour to meals; they are a rich source of nutrients that can contribute to a healthy lifestyle. After 20 years of Pukka, we're building on our approach to raise global awareness of the benefits of a diet rich in herbs and spices, so that more people can access the health benefits they can bring.

### The challenge

Our food systems are making us sick. In the UK today, two-thirds of adults are overweight or obese and poor diets have been linked to the rise in chronic diseases like heart disease, stroke and type 2 diabetes. The Western diet is one of the unhealthiest in the world, with more than half the calories on average coming from ultra-processed foods that are high in sugar, other refined carbohydrates, unhealthy fats and salt - as well as being low in digestible and indigestible fibre. As well as reducing life expectancy, poor diets put a huge burden on our strained healthcare systems, with huge societal and personal costs.

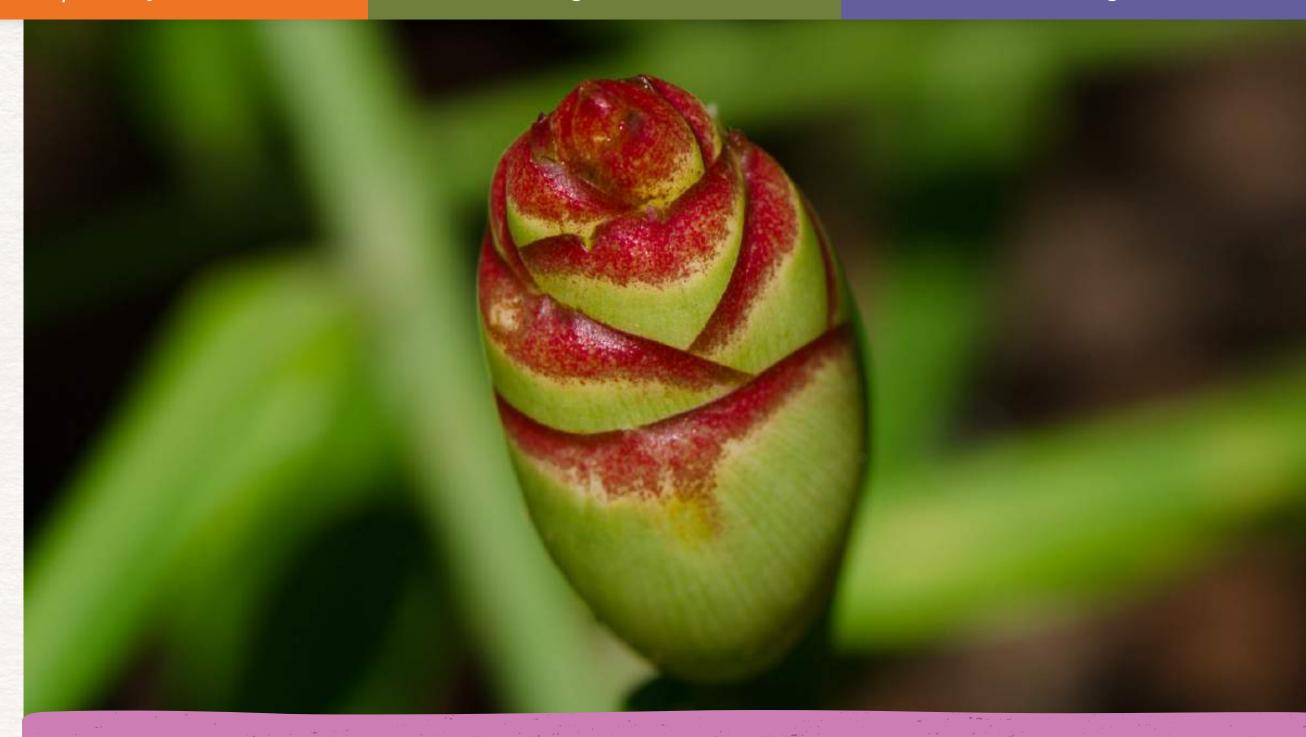
What's more, the current cost-of-living crisis is making it harder than ever to make ends meet. Fresh healthy food is becoming more expensive and therefore more challenging to access, with food poverty driving malnourishment and health inequality. It's a vicious cycle which urgently needs a new approach.

### Our response

These societal problems are complex, but could part of the answer be hiding in our kitchen cupboards, and specifically, in the humble herb and spice rack? There is a growing body of evidence to show that a multitude of plant compounds, found within good quality herbs and spices, can play a huge role in supporting healthy diets and lifestyles (see next page.) At Pukka, we want to shine a light on the health potential of these plants and unlock their benefits to millions of people.

### How can herbs and spices help?

Herbs and spices provide a simple and accessible way for people to look after their own health on a daily, preventative basis. For example, certain spices promote circulation, enabling blood to carry oxygen around the body which helps the organs to function properly. A Japanese study published in the Nutrition Journal 2014 showed that just one curry meal was enough to significantly increase blood flow over the next hour in healthy male subjects, compared with the same meal without spices. There is much more research to be done in this area to understand the true potential of these plants.



### How are we making a difference?

The evidence base for the benefits of herbs and spices is incomplete but increasingly persuasive. Over the coming years, we will be working in several ways to raise the profile of herbs and spices, including:

- Raising our voice sharing our herbal knowledge across a number of channels (see our recent appearance on the Doctor's Kitchen podcast) and at industry events and conferences.
- Continuing our own research programme we already have three research projects underway which are directly related to our advocacy work; read about two of them in the research section below.
- Writing a white paper to collate all the existing research which demonstrates how dietary herbs and spices can help transform health outcomes. The paper is due for release later in 2023.
- Calling on governments to amend policy and regulation in recognition of the health benefits of herbs and spices to improve human health.

### six hero herbs for wellbeing



Source: Phenol-Explorer: an online comprehensive database on polyphenol contents in foods (2010), Neveu V, Perez-Jiménez J, Vos F, Crespy V, du Chaffaut L, Mennen L, Knox C, Eisner R, Cruz J, Wishart D, Scalbert A and the International Journal of Plant & Soil Science (2022 34 (20).

"For generations, indeed since the dawn of recorded history, humans have used herbs and spices to support health and optimise wellbeing. Research is showing us that this traditional wisdom has an important role to play in the future health of both our global population and our beautiful planet. It's time for the language around herbal health to change and for its value to be recognised."

### our herbal science centre

Humans have harnessed the healing powers of herbs and spices for thousands of years. But herbal science is an underfunded area, and more good quality studies and peer-reviewed publications are needed to confirm the health benefits of herbs.

Our in-house research programme is here to change that. We are partnering with a number of research institutes to collate and build the evidence base of how herbs and spices can help to nurture healthier lives and improve societal wellbeing. Our research is at the heart of our education and advocacy work, and underpins development of our herbal creations.

Since 2018 we have collaborated with 37 global university partners and 41 students, including 8 PhDs. To date, our programme has produced 43 outputs including research papers, conference presentations and other talks. We intend to broaden and deepen our work through partnership with our parent company and its scientific network.

### Some examples of ongoing research projects:

- Evidence shows that many Afro-Caribbean communities use natural remedies to manage their own health. A study with the University of Southampton is working with the UK's Afro-Caribbean communities to establish how herbs are already being used in food and as medicine. The results will be used to create a culturally sensitive and evidence-based guide aimed at these same communities, explaining how natural remedies may help to prevent metabolic disorders such as type 2 diabetes.
- Phytonutrients are substances found in plants; there is evidence to show that consuming them regularly is beneficial for human health. The Pukka research team is continuing to investigate the type and amounts of these phytonutrients in Pukka teas. These findings shape our guidance and recommendations to optimise health and wellness, while helping to reduce the risk of chronic illness.



"Pukka's herbal research programme is causing an explosion of interest amongst students looking to pursue herbal science as a career path – it's fantastic to see the fresh talent that is pouring into this growing area of science."

Dr Anthony Booker, Senior Lecturer in Chinese Herbal Medicine and Medicinal Plant Science at University of Westminster



# impact summary

what we are doing	our goals	what we did in 2022
Taking action to be net zero carbon	Achieve net zero carbon emissions by 2039  Reduce absolute carbon emissions by 56% by 2030	<ul> <li>Developed Pukka's net zero roadmap with close involvement of Pukka Leadership Team,         Climate Champions Network and the wider Pukka team. Identified key projects to deliver our         net zero goal     </li> <li>Increased engagement with primary herbal supplier to drive decarbonisation in Pukka's         ingredient supply chains     </li> <li>Completed and externally verified 2021 carbon footprint using Makersite software     </li> <li>Balanced Pukka's 2021 carbon footprint through support of nature-based projects with         TreeSisters and World Land Trust     </li> <li>Joined Lipton Teas &amp; Infusions net zero working group meetings to work towards climate action         across tea brands owned by our parent company</li> </ul>
Innovating for more sustainable herbal creations and packaging, and reducing waste	<ul> <li>All Pukka packaging will be made from 95% renewable or recycled materials per product by weight by 2025</li> <li>Eliminate use of single-use plastic by 2025</li> <li>Join global efforts to ensure that all packaging is recyclable, reusable or certified compostable in practice, by 2025</li> </ul>	Tea and gifting 100% compliant with goals 1 and 2. Goal 3 is a work in progress, with actions already underway  Pledged to achieve zero deforestation across our herbal and packaging supply chain by 2025  Joined Canopy's Pack4Good Initiative and updated Pukka's packaging policy in line with requirements  Finished adding detailed end-of-life guidance to all our supplement packaging  Worked with Portfolio and Market teams on three projects to embed sustainability into the innovation process for new product development  Refreshed Pukka's internal packaging module for employee learning and development
Regenerating nature through how we do business	Only use organic ingredients - organic farms have 50% more abundant wildlife, with a third more species on average, than non-organic farms. This includes almost 50% more pollinator species and 75% more plant species  Support biodiversity through how we operate - e.g. Best Practice Organic programme, giving 1% for the Planet, carbon removals achieved through nature based-solutions (see below)	<ul> <li>Sourced only organic certified herbs (we always have, and we always will)</li> <li>Funded the planting of 313,334 trees in Brazil and Madagascar in 2022. Pukka has now planted over 1.5 million trees with <a href="TreeSisters">TreeSisters</a> since 2017</li> <li>We continued protecting thousands of acres of forest with <a href="World Land Trust">World Land Trust</a> in Guatemala and Mexico</li> </ul>

### our climate action journey

We've been taking climate action for years and were the first herbal tea brand in the world to set a science-based carbon target in 2018.

Our approach is to **drastically reduce** our greenhouse gas (GHG) emissions and reach net zero. For Pukka, net zero means reducing our absolute GHG emissions by 90% (scope 1, 2 and 3) which is what the science says is required to keep global warming within 1.5°C.

We follow the best practice **net zero standard** from the <u>Science Based Targets Initiative</u> (SBTi). This allows for carbon removals to 'neutralise' a small amount of residual emissions (10%) at our target date. Our targets include emissions across our whole value chain – from crop to compost. This year we took a big step forward by creating a **detailed roadmap** to achieve our climate action strategy. We updated our net zero target as a result, changing the target year to 2039 from 2030.

### Why have we changed our net zero target date?

Achieving net zero requires far-reaching changes in our supply chain and beyond. Reducing our emissions by 90% is a huge task – and we now understand we can't realistically achieve this until 2039. Like many companies targeting net zero, collectively we'll need widespread shifts to lower carbon living in our society.

Pukka has grown to over three times the size since our baseline in 2017 which makes achieving net zero incredibly difficult. With over 99% of our carbon footprint outside our direct control (scope 3 emissions), we are also heavily dependent on others in our value chain making reductions, for instance:

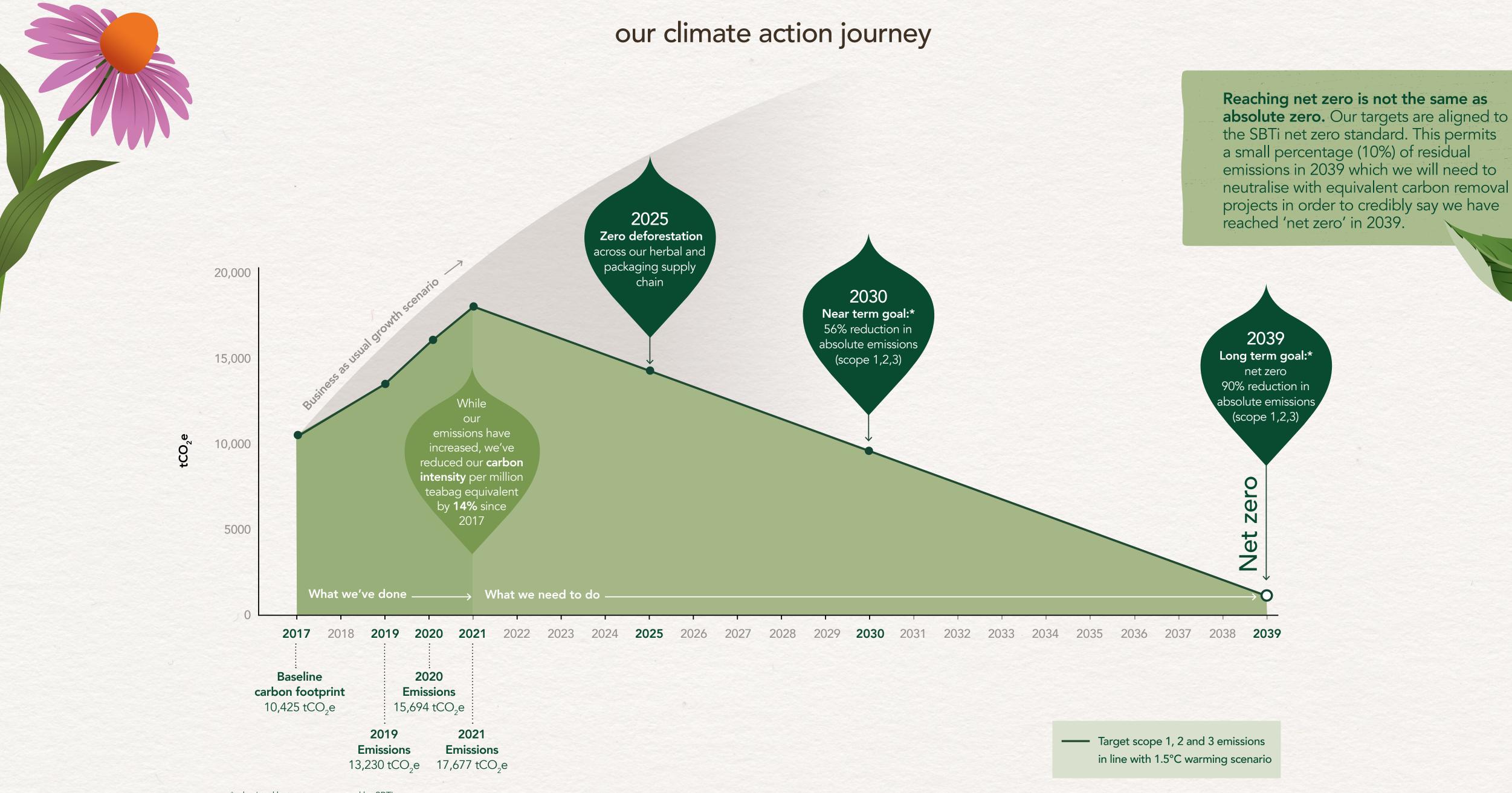
- Transport requires huge investment in global infrastructure by governments and businesses
- Reducing emissions from packaging requires collaboration across suppliers and brands to invest and scale innovations at pace
- Reducing farming emissions relies on communities being empowered and financially incentivised to lead change on the ground and at the pace needed

We have resubmitted our targets to the SBTi this year for their approval. We also improved the quality of our data, meaning our carbon footprint has changed as a result (see below).

Protecting nature is at the heart of our climate action approach. That's why we remain dedicated to only using organic ingredients, and why we have clarified our commitment to zero deforestation across our herbal and packaging supply chain. We joined other leaders at COP15 to call for all businesses to disclose their impact on nature through the <u>Business For Nature</u> coalition this year.

In 2022, whilst we focused on reducing carbon, we continued to balance our carbon footprint by supporting nature-based carbon removal projects to help with urgent climate action today (see below).





\*submitted but not yet approved by SBTi

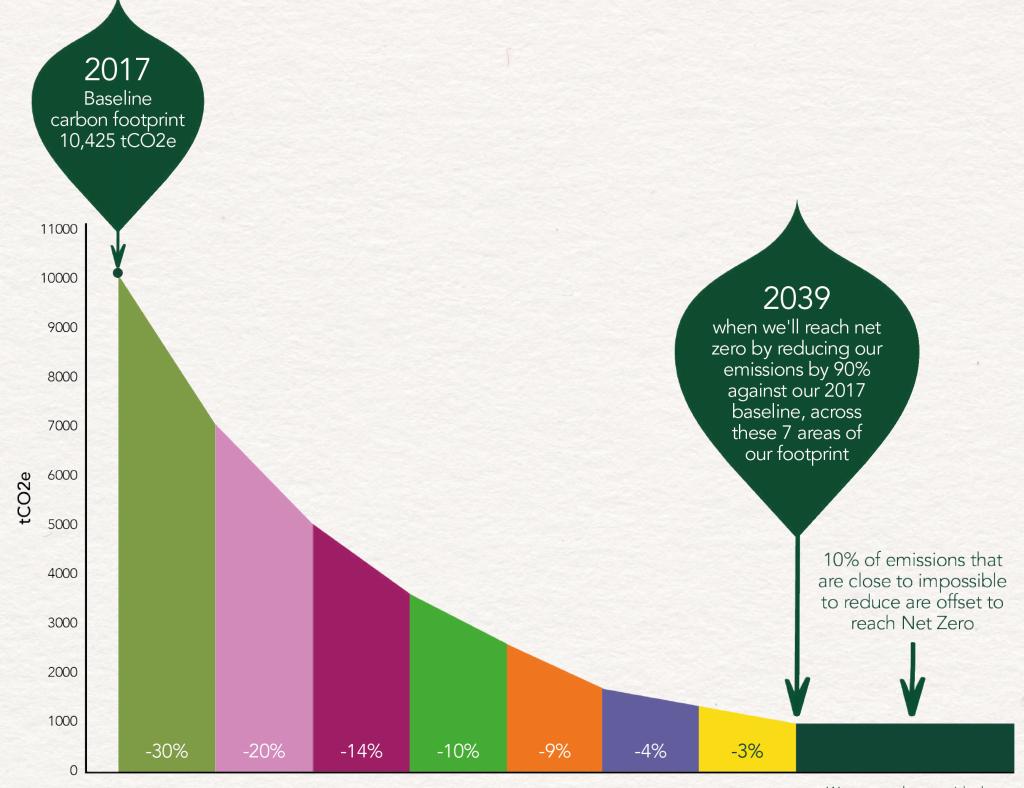
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### our net zero roadmap to 2039

Our net zero roadmap identifies key actions we must take and support our suppliers to take, to reduce our emissions by 90%. We'll only achieve our goals by collaborating closely with our suppliers and other partners to achieve emissions reductions together.

We're targeting the biggest areas of our footprint where we can make the greatest carbon reductions: ingredients and farming, processing and packing our herbal blends, and transporting them.

Like all companies, we're on a journey and we're learning as we go which actions are achievable and most impactful. We expect this roadmap to change over time as we get better data and learn important lessons, and while society shifts to more sustainable systems.



#### We expect these residual emissions to be mostly from transport and purchased packaging

#### Actions we'll take to reach net zero include:

### Purchased packaging (-30%)



- Reducing emissions from packaging by exploring alternative materials, and reducing packaging by removing sachets, switching to refills or loose-leaf tea.
  Ensuring all packaging can be reused, recycled or composted at its end of life.
- Working with our parent company, Lipton Teas & Infusions, to lobby for better recycling infrastructure in our markets.
- Supporting our suppliers to set science-based targets.



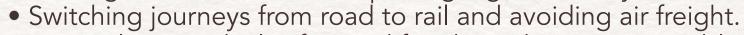
### Farming - herbal ingredients (-20%)

• Building on our 100% organic sourcing by working with suppliers to roll out our Best Practice Organic techniques to all farms in our supply chain. This will help to sequester more carbon in soils, trees and other plants.



#### Logistics (-14%)

Reducing emissions from transporting ingredients by:



- Using electric vehicles for road freight and more sustainable sea freight.
- Working with suppliers to use low-emission vehicles for transporting herbs from farms to suppliers.
- Sourcing ingredients closer to where they are blended.



### Blending & packing (-10%)

• Encouraging suppliers that process and pack our herbs to switch to renewable energy at their facilities.



### Purchased goods & services (-9%)

• Working with suppliers to reduce emissions from other services we buy, not related to tea production (such as advertising.)



### Distribution (-4%)

Reducing emissions from transporting Pukka creations to our packing sites and your cup by:

- Packing teas closer to where they are purchased.
- Avoiding air freight and switching journeys from road to rail, and finding more sustainable transport options.



### Pukka warehouses & offices (-3%)

• Reducing emissions from Pukka people flying for business and working from home.

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### our carbon footprint from crop to compost

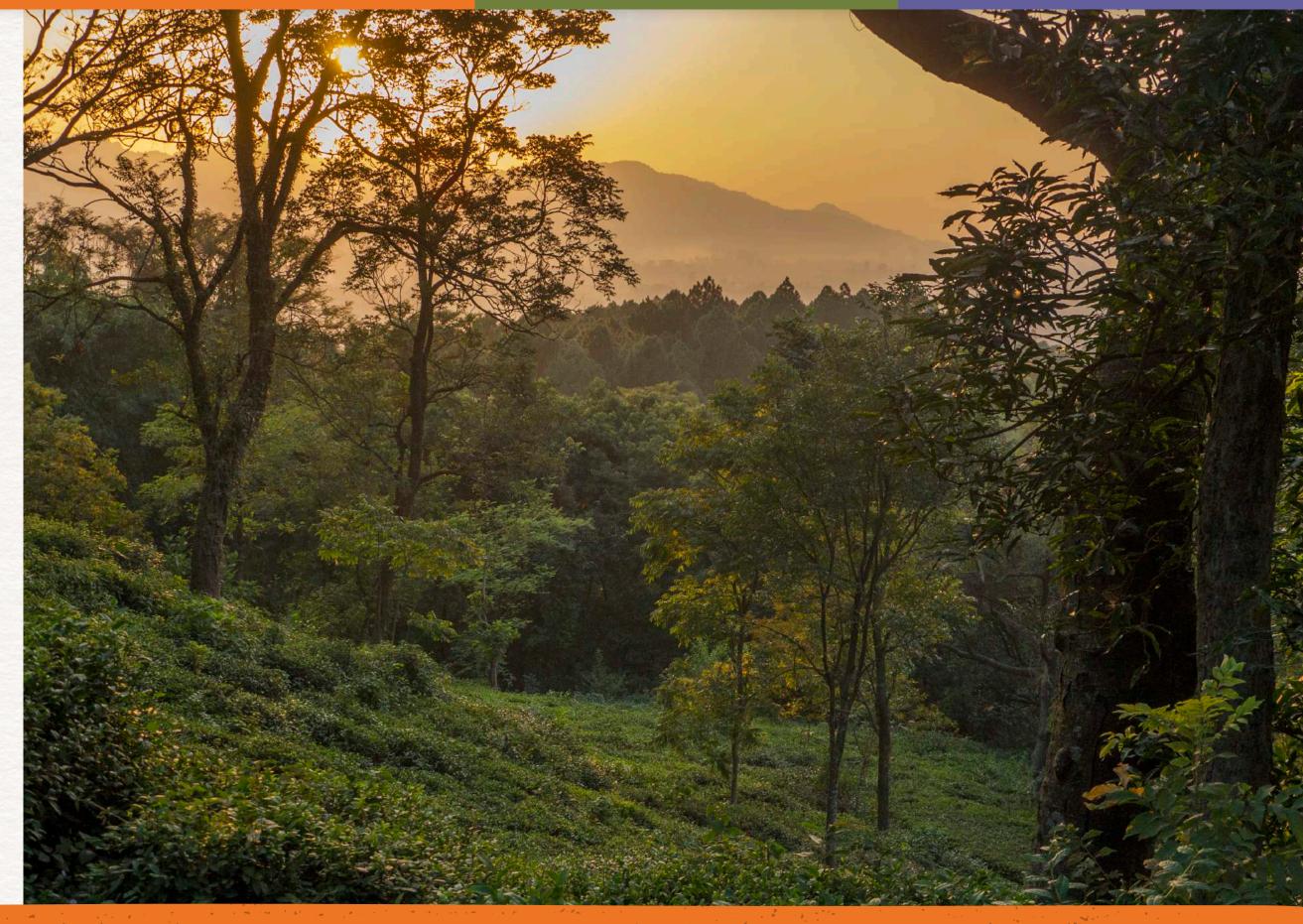
Most of our carbon emissions across the lifecycle of our products – from crop to compost – come from our supply chain. This includes emissions from farming our organic herbs, buying packaging and other goods and services, and transporting herbs and finished products in our supply chain.

As we created our detailed net zero roadmap, we improved emissions data, meaning our footprint has changed significantly. This helps us understand the best actions we can take to reduce it. We have removed emissions from kettle boiling from our footprint (see below), and we collected better quality data on ingredients, packaging and transport in our supply chain.

To compare like with like, we've recalculated our emissions from previous years using the new methodology. We calculate our carbon data one year in arrears so the most recent data we have is for 2021. Our emissions increased by 13% in 2021 compared with 2020, roughly in line with a 19% increase in our sales in that period. Our emissions from purchased packaging, end of life and buying machinery increased. However, emissions from farming ingredients reduced significantly, which helped slow the growth in our overall footprint. This was because we got more accurate data directly from suppliers about emissions from farming liquorice, one of our most-used herbs.

In 2021, <u>Pukka's emissions</u> intensity remained stable with 2020 at 17 tonnes of CO2e per million tea bag equivalent, and we have achieved a 14% reduction in emissions intensity from our 2017 base year.

It's best practice to update our data and net zero roadmap as the quality of information we have improves, and we know there will be more updates in future. You can see the detail of our current and historical carbon footprint data on our website here.



### To make progress on our climate goals in 2022 we:

- Developed Pukka's net zero roadmap and key projects to deliver our climate goals with regular involvement of the leadership team and our Climate Champions Network an internal team leading carbon reduction projects across the business.
- Moved where our tea is packed in Europe from a site in the UK to Poland, which is closer to where our herbal blends are created in Germany. This reduces carbon emissions by 3% as ingredients and final tea products travel fewer miles between our suppliers, retailers and our consumers in Europe<sup>1</sup>.
- Signed a new contract to purchase the energy for our UK operations from London-based community benefit society Energy Garden. Additionally, we have increased our support by paying a 'social premium' for the community-owned renewable energy which will help fund Energy Garden's community engagement programmes and gardens on rail platforms.
- Joined Lipton Teas & Infusions' net zero working group meetings to work towards climate action across tea brands owned by our parent company.

## our carbon footprint from crop to compost

24%

### Purchased packaging

The embodied carbon from packaging that we purchase from suppliers for our products

22%

### **Farming**

Greenhouse gas emissions related to growing and farming our organic herbs



 % change in 2021 vs 2017 baseline
 2017
 2019
 2020
 2021

 Emissions intensity (tCO2e / mn tea bag equivalent)
 -14%
 19
 18
 17
 17

16%

### Logistics

Upstream transport required to move our herbs from the fields to our suppliers' blending sites and onto our packing sites

11%

### Blending & packing

Emissions from the process of turning raw ingredients into Pukka herbal creations



### Purchased goods & services

11%

The embodied carbon from everything we buy that's not related to our herbs



### End of life

Emissions from the recycling, composting and disposing of Pukka teas, supplements and their packaging

5%

### Distribution & shopping

Downstream emissions from getting Pukka creations from our packing sites and warehouses to your cup 1%

#### Pukka warehouses & offices

This includes business travel, commuting and the carbon impact of our office and warehouse waste management





# why have we removed kettle boiling emissions from our carbon footprint?

In the past, the energy used by people to boil water to make tea was a big part of our carbon footprint (36%). This year we removed these emissions from our footprint calculation – although we will continue to measure and report them separately. This helps us to focus our efforts on areas where we have more influence to reduce carbon emissions, including ingredients, packaging and transport.

We have very little control over kettle boiling emissions, and it's very hard to accurately measure how much energy people use at home. While we can encourage people to change their behaviour and boil only the water they need, we can't control which energy provider people choose, or how energy-efficient their kettles are.

The most effective way to reduce these emissions is for every home to be powered with renewable energy. We need a much bigger global shift to renewable energy, which we will do our best to support and accelerate.

### In the meantime, we're doing several things to try and tackle these emissions:

- We print 'boil only what you need' guidance on every tea envelope.
- We post tips on how to boil the right amount of water on social media.
- We partnered with the UK Tea & Infusions Association to launch a 'Smart Boil' campaign encouraging UK tea drinkers to boil only what they need.
- We promote guidance on how to switch to a renewable energy provider at home, like with the UK's Big Clean Switch.
- We continue to offset Pukka's kettle boiling emissions by funding nature-based carbon-removal projects this year.



# our approach to carbon removals

Pukka strongly believes in investing to remove excess carbon emissions from the atmosphere now because we can't wait decades to tackle rapidly accelerating emissions.

This is why we choose to invest in nature-based carbon removal projects each year, funding communities to protect and restore biodiverse ecosystems which can soak up and store large amounts of carbon dioxide.

We fund a range of nature and biodiversity-focused carbon removal projects and were delighted to keep supporting TreeSisters and World Land Trust this year.

We've been working with **TreeSisters** since 2017, and value their carefully considered approach to reforestation projects through women's empowerment and deep listening with Original Peoples.

Our second partner, **World Land Trust**, has been protecting some of the world's most threatened habitats and animals since 1989, and works with a multitude of trusted organisations to protect over 2 million acres of land.

We have selected some projects that are not certified 'carbon offsets', but we carefully choose partners located in countries where we source our herbs, with a strong focus on climate justice and empowering communities at their core.

In the longer term we are also working to develop carbon removal projects within our own supply chain (known as 'insetting', rather than 'offsetting' through projects outside our supply chain). Our biggest opportunity is to scale up our Best Practice Organic projects, but this relies on long term work with suppliers and farmers, and takes time.



# Restoring biodiversity in Brazil

Growing forest corridors in Pontal do Paranapanema to reconnect areas of the Atlantic rainforest and restore biodiversity in one of the most biodiverse regions on Earth. TreeSisters is aiming to convert 20% of landowners' farmlands into forests and register them as protected areas. This project directly supports the migration of endangered species and also provides employment for local women.

# Coastal mangrove forest restoration in Madagascar

The regeneration of mangrove forests to restore coastal ecosystems, provide nurseries for vital fish stocks, stabilise soil and provide a buffer against rising sea levels and storms in the remote area of Kalamboro. By providing fair employment, the project also supports the local community to increase their incomes and escape modern slavery in the fishing industry.



# Protecting precious ecosystems in Guatemala

Protecting 316,000 acres of biodiverse tropical forest at risk from unsustainable agriculture and illegal logging, this project supports local indigenous communities to obtain land titles to manage and protect land. The project also provides reproductive health services and education for women's empowerment, as well as education on sustainable farming for local families.

# Preventing forest fires and illegal logging in Mexico

a force for good

Protecting cherished forests in one of the most eco-diverse regions in Mexico, the Sierra Madre Oriental, by funding rangers and fire management measures to help prevent illegal logging and wildfires. This community-based forest management project helps to mitigate the impacts of climate change in this important area.

"TreeSisters stands for life, advocating for the inherent rights of nature. We do not participate in the monetisation of nature and, therefore, do not fund projects which include the generation and trade of carbon credits.

"Our findings show that carbon accounting may perpetuate harm to humans and ecosystems by attempting to solve a problem with the mindset that created it and does not add up to the long-term care of life. In addition, we recognise the pitfalls of carbon accreditation and carbon markets including, infringement upon land rights, double counting, and inaccurate carbon calculations.

"TreeSisters works in collaboration and close consultation with our planting partners and Original Peoples, to support communities, biodiversity and entire ecosystems – beyond a narrow focus on only reducing carbon. We are incredibly grateful for the support of partners like Pukka who are standing with us to champion the rights and wellbeing of nature and the communities we work with."

Georgina Gorman, Executive Director, TreeSisters



## more sustainable packaging

We put a lot of care into creating beautiful, sustainable packaging. We want minimal and sustainable packaging to become the norm, with infrastructure in place across the world to responsibly recycle materials. Finding better ways to package our products is an important part of our roadmap to reach net zero.

Today, 100% of our tea packaging is fully recyclable. Including supplements and gifts, 98% of our packaging is recyclable and we are working hard on the remaining 2%.

We've set bold packaging commitments to meet by the end of 2025, which we updated this year to include our zero deforestation approach.

### Making it easy to recycle and compost Pukka products

We know people need clear guidance on what to do with our tea bags and packaging once they've enjoyed our delicious blends. We included end-of-life guidance on almost all packs in 2022 as planned, so customers across our global markets can check which bins to use to avoid landfill. We didn't do this for blends that are being discontinued or redeveloped by mid 2023.

We finished adding detailed end-of-life guidance to all our supplement packaging this year. Our gifts have a recycling logo on pack, but we're still working on adding detailed end-of-life guidance, and we're looking for other opportunities to switch to 100% recycled paper and board for gifts. We also reduced the amount of packaging material used to deliver our products to retailers.

### Have you stopped sourcing FSC certified materials?

Some of our eagle-eyed customers may have spotted tea boxes without the FSC certified logo on them this year. We temporarily removed it from some packs as a precautionary measure, as FSC certified paper and board was in short supply this year, making it harder to source. Despite this, we continued to source FSC certified packaging throughout 2022, with the logo now back on all packs.



Packaging is one of the biggest sources (34%) of our carbon emissions. This includes the embodied carbon in the materials we buy and emissions from recycling, composting or disposing of packaging after use.

To reach our ambitious climate action goals and support nature and biodiversity, we must change how we package products. Reducing carbon emissions is our priority, but we look at other factors too, such as protecting biodiversity, vital forests and ecosystems, responsible water use, and avoiding harmful chemicals.

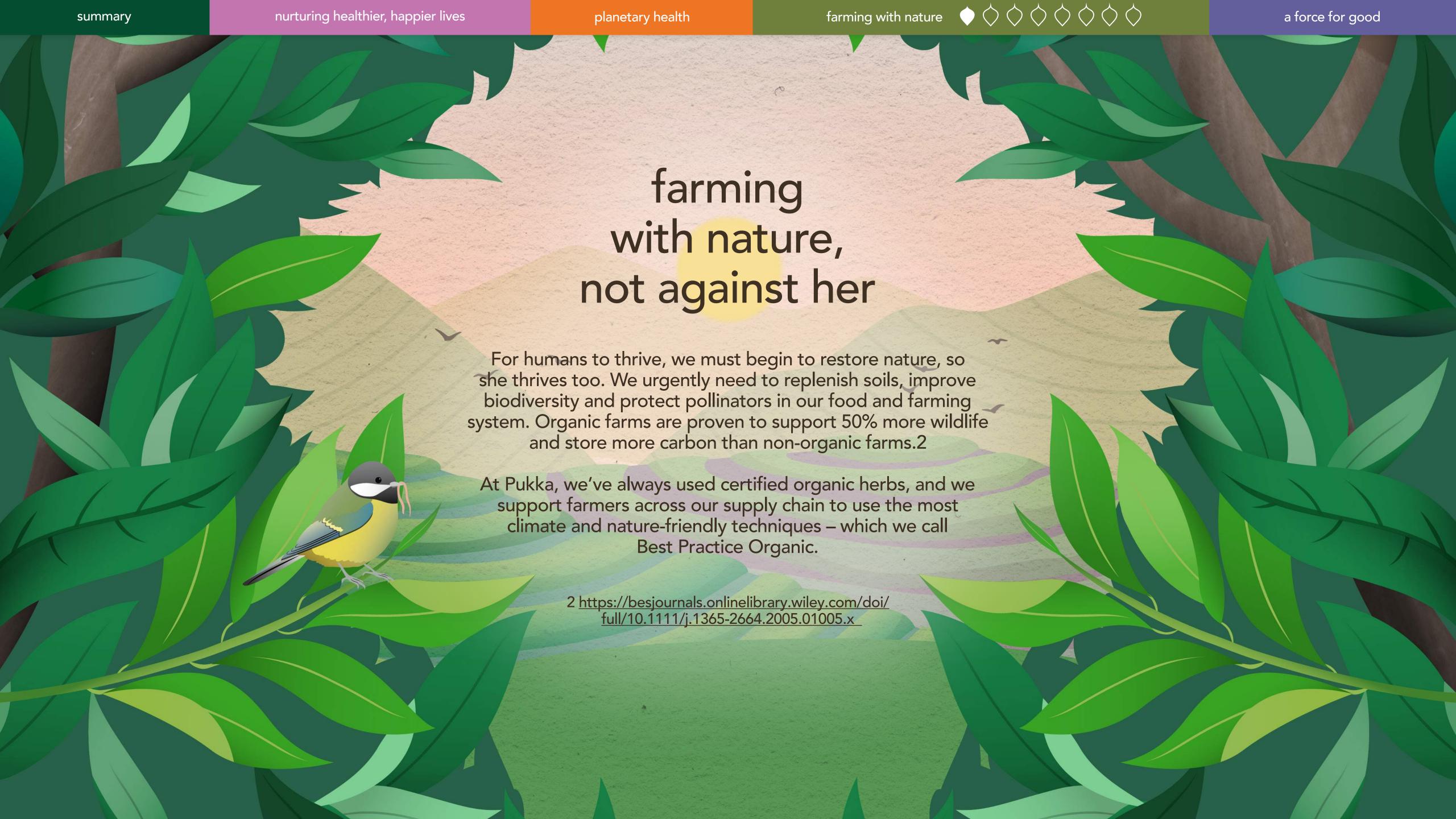
This year we committed to no deforestation by the end of 2025. This is across our primary deforestation-linked commodities, which are paper and cardboard. Stopping deforestation is an enormous challenge that we can't tackle alone. We've taken steps to join Pack4Good, an NGO-backed campaign to make paper packaging supply chains radically more sustainable and save our forests.

### New ideas for net zero packaging

We're exploring lots of ideas on new ways to share our herbal blends. Our Pukka Packaging Working Group brings experts together from across our business to make progress.

We don't yet know which sustainable packaging solutions will work best. We're in the early stages of exploring a range of options for products, packaging and disposal. Changing packaging can be tricky as whatever we do, we must maintain the quality of the organic herbs and spices we source, retaining the essential oils and health benefits of our blends.





# impact summary

what we are doing	our goals	what we did in 2022
♠ Increasing organic land	<ul> <li>Purchase 4,000 tonnes of organic herbs in 2025</li> <li>Maintain 100% organic certification for teas and supplements</li> </ul>	Purchased 1,543 tonnes of organic components. This is lower than 2,200 tonnes in 2021 due to reduced sales  Maintained 100% organic certification for teas and supplements
Increasing take up of Best Practice  Organic farming methods in the Pukka supply chain	Increase the number of Pukka  supplier farmers who use Best Practice Organic methods on their farms	Pukka supported four projects with farmers in our supply chain. We protected 170 acres of biodiverse forest in India; supported 700+ farmers in Nepal through our project to increase food security; partnered with Ege University in Turkey on our fennel cover crop trial to improve soil health, yields and reduce weeds; improved water security by supporting the building of two water ponds at Putharjhora tea gardens, India
Improving lives in farmer and wild collector communities	Increase fair premiums to farming and harvesting communities.  We'll do this by increasing the % of Fair for Life and FairWild certified organic ingredients we buy to 60% by the end of 2025	Paid €281,558 in Fair For Life and FairWild premiums to farming and harvesting communities, sourcing 49% of our total volume of ingredients with fair certification

# our global organic supply chain

We source over 200 ingredients from exceptional suppliers all around the world. With our key suppliers, we are connected to a community of approximately one million incredible farmers, growers and wild collectors. Together, there's so much we can do to help nature thrive and support communities to improve people's lives and incomes.

In 2022, we purchased 1,543 tonnes of certified organic herbs. This was a 30% decrease from the previous year, due to significant supply and demand challenges across the herbal tea industry. While annual fluctuations occur, we know our success depends on partnering with suppliers and growers to increase certified organic and fair sources for our herbs in the long term.



## our Best Practice Organic approach

We've always used certified organic herbs, and now we're going even further by encouraging the use of best practice organic farming methods, which at Pukka we call Best Practice Organic. This approach brings together a range of nature and climate-friendly organic farming techniques, which enable wildlife and the soil to thrive, and benefit farmers and wild collectors too.

With more than a fifth of our carbon emissions (22%) coming from farming ingredients, our organic approach is important to reach our climate goals.

Organic farming helps reduce reliance on fossil fuels, pesticides and chemicals, and improves biodiversity and soil health, soaking up and storing more carbon than non-organic methods.3

<sup>3</sup> https://www.soilassociation.org/take-action/organic-living/why-organic/

### benefits of Best Practice Organic

We support farmers and collectors to help them achieve six key social and environmental outcomes:



# biodiversity and soil health

improving soil health and protecting biodiversity



# climate mitigation and adaptation

reducing carbon emissions in our supply chain and increasing resilience to climate change



### farmer livelihoods

sourcing more fair certified ingredients, building long term relationships with farmers and ensuring they're paid fairly



### water security

improving water quality and tackling water scarcity with communities



### knowledge sharing

collaborating and sharing knowledge to improve and scale-up organic farming practices



# empowering the next generation

empowering women and young people to create opportunities to thrive within agriculture

## our Best Practice Organic toolbox

# increasing organic ginger yields in Nepal



### reducing tillage

Farmers can reduce carbon emissions, support soil health and lower their costs by reducing how much they plough their fields.

### rotating crops

Growing different types of crops throughout the year, using the same land, helps to improve soil health, manage pests and weeds, and diversify farmer incomes.



### using fertility-building crops

Planting legumes – like clover, beans, peas and lentils – is great for soil health and fertility, and also creates new habitats and food sources for pollinating insects.

### monitoring soil health

Farmers can see how their farming methods are affecting soil health by measuring the amount of organic matter in it. The more organic matter there is, the better.

### creating compost

Adding compost to soil improves its structure, nutrition, water retention and temperature, making it easier for farmers to grow thriving crops year after year without the need for chemical fertilisers.

# improving water security in an Indian tea garden





### encouraging biodiversity

Organic farming relies on natural ecosystem cycles, so we must create and protect space for wildlife on farms.

Biodiverse farms are more resilient and adaptable to our changing climate.

# improving water and energy efficiency

Introducing energy saving and renewable practices, like more efficient ways to water crops, will help reduce water and energy use in the farming industry.

### tales from the field: Best Practice Organic projects

In 2022 we funded four Best Practice Organic projects across India, Nepal and Turkey. The funding enables farming and growing communities to learn new skills, share best practice and buy equipment to put techniques into practice.

We prioritise projects where we can have the greatest positive impact for people and nature, focusing on our most-used ingredients, and where we can scale-up Best Practice Organic techniques. This also increases the capacity and resilience of our supply chain as we need more herbs grown on organic land as our business grows.

### projects we supported this year include:

### Fennel intercropping for healthier soil in Turkey

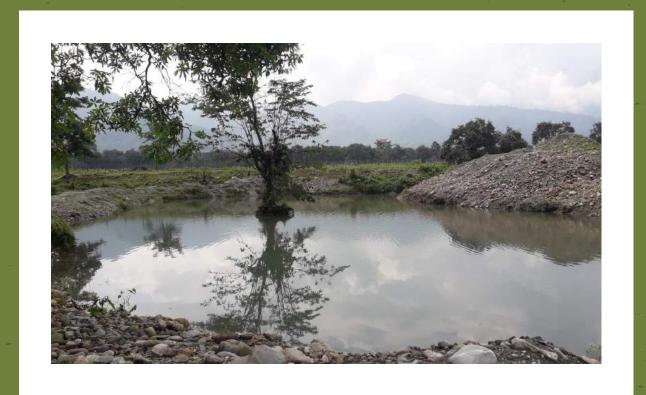
Sweet fennel seed is a key ingredient in many of our herbal blends, including Feel New and Vanilla Chai, and each year we source over 120,000 tonnes of this beneficial plant. We're supporting our farmers in Turkey to improve soil health and carbon absorption on their fennel farms by using a technique called intercropping. Sowing legume crops, in this case a plant called vetch, underneath the fennel helps to retain moisture in the soil, reducing soil erosion and water use, and suppressing weeds. It also fixes nitrogen in the soil, reducing reliance on fertilisers and increasing soil organic matter.



In June 2022 we visited our fennel farmers at Tefenni in southern Turkey, to share knowledge about intercropping and encourage local farmers to join the trial. Over 30 farmers joined us, and the community are keen to explore the technique further.

### Improving water security in an Indian tea garden

The Putharjhora tea gardens are in a beautiful area of northern India, where wildlife migrates between the rolling hills of Bhutan and the vast forests of Nepal. Here, they grow black and green tea for a variety of our herbal blends, however record droughts and significant changes in weather patterns have affected local communities and wildlife. In 2022 we provided funding to build natural water reservoirs that support biodiversity, reduce drought and provide a rainwater storage system for local people.



The ponds at
Putharjhora tea
gardens help
tackle drought and
support people
and wildlife.



### Increasing organic ginger yields in Nepal

Ginger has incredible medicinal benefits, from helping digestion to easing nausea, and we use this powerful root in lots of our teas including Three Ginger and Breathe In.

Nepal is one of the biggest producers of ginger worldwide. For many remote communities in the Nepalese hills, growing ginger root is their main source of income. We're working with communities in Doti, a mountainous region in West Nepal, where droughts and unpredictable intense rains are affecting the productivity and quality of their crop, making it increasingly hard to earn an income.

In pre-competitive collaboration with our project partners Martin Bauer, The Organic Valley and Yogi Tea, we're training farmers on Best Practice Organic farming techniques and other crops they can grow. Over the next four years, the project will expand to four Nepalese regions to help over 1,200 farmers to improve their food security, boost soil health and increase their income.

### So far, the project has supported:

- 351 households with training in Best Practice Organic farming techniques
- 155 households to create a kitchen garden to improve food security and nutrition
- Construction of 59 livestock sheds, with training on how to make compost and fertiliser from farm animal waste, to build soil health and increase crop yields

### Pre-competitive collaboration

We are excited to work with one of our competitors, Yogi Tea, on this project. Collaboration is key, and we share a common commitment to sustainability, and finding solutions to the climate and ecological crises we all face. By working together, we can go further and faster to improve outcomes for people and planet.



1. Farmers plant ginger and mulch the ground to retain moisture and prevent weeds



2. The roots thrive underground in warm climates



3. Farmers have to wait for the ground to dry before they can harvest the ginger



4. Workers wash the ginger roots



5. Then they process them



6. Roots are left in the sun to dry out before they're transported to be blended into our herbal teas

# supporting the people who grow and harvest our herbs

Pukka wouldn't exist without the incredible network of farmers and collectors around the world who grow and gather the herbs we use in our blends. We want to make sure they're paid fairly for all their hard work. We source ingredients that are certified Fair for Life and FairWild – two of the most robust fair-trade certifications available. It means we pay farmers a fair price for their herbs, and we pay an extra premium directly to local communities who decide how to spend it themselves.

In 2022, Pukka paid €281,558 in fair premiums to our farming and wild collecting communities. This is less than we anticipated for the year, which was due to significant supply and demand challenges across the herbal tea industry. The proportion of Fair for Life or FairWild certified ingredients we purchased increased to 49% in 2022, up from 46% last year. Our goal is to reach 60% by 2025.

### How did communities spend their fair premiums in 2022?

This year our farming communities chose to spend Pukka's Fair for Life and FairWild premiums on:

- Farming equipment such as irrigation systems and rainwater harvesting.
- Installing solar panels.
- Planting trees in the local area.
- Purchasing vehicles to help herb collectors move around more easily.
- Funding community transport such as ambulances and school buses.
- Providing education and training.
- Building local infrastructure, including community halls, roads and bridges.
- Providing items such as warm clothes, kitchen utensils and reusable menstrual pads to lower-income families.



### How FairWild certification helps liquorice growers

The root of the flowering liquorice plant has been used in traditional medicine for thousands of years, with its incredible anti-inflammatory and antibacterial properties.

We only source FairWild certified liquorice, which guarantees collectors have a higher and more stable income. Most liquorice is collected by hand in remote regions, and it can take 3-5 years for the roots to regenerate after harvesting. It's important that collectors receive a fair income from harvesting liquorice at a sustainable rate, keeping soils healthy and yields high. By sourcing FairWild, growers are also compensated for the additional work that sustainable harvesting entails.



# impact summary

what we are doing	our goals	what we did in 2022
Demonstrating Pukka is commercially successful and a force for good B Corp	Demonstrate Pukka is commercially successful and a force or good B Corp	Pukka completed its third B Impact Assessment in Q1 and worked with B Lab throughout the year to progress our certification. We expect the outcome soon in 2023  We encouraged the team to use their four volunteering days with Pukka organised volunteering  Everyone at Pukka completed learning about improving sustainable travel and managing waste
Increasing environmental giving as the business grows	Give 1% of our sales to environmental and social projects with 1% for the Planet (€13.9m in a decade, 2015-2025)	Gave €1,002,048 to environmental and social projects in 2022, down from €1,079,893 <sup>4</sup> in 2021, due to reduced sales. Giving includes fair premiums, global carbon removal projects (with TreeSisters and World Land Trust), local market non-profit projects and certification fees
Continuing to build an inclusive culture	By 2024:  Ensure that 100% of Pukka people report that they can bring their authentic self to work  Achieve gender balance at all levels (+/-10%)  Ensure that a minimum of 45% of our workforce is international  Increase ethnic diversity in our team  Increase the number of people in our team who identify as having a disability	<ul> <li>91% would recommend Pukka as a great place to work, down from 94% in 2021</li> <li>93.5% of Pukka people reported that they can bring their authentic self to work</li> <li>Maintained gender balance at Leadership Team &amp; People Leaders (+/- 10%)</li> <li>5% of people identify as having a disability, which is the same figure reported in 2020</li> <li>Educating our people through I&amp;D e-learning modules, Nourish Minds talks and other learning activations</li> <li>Accreditations: became Living Wage Accredited, achieved Stage 1 Disability Confident committed, achieved bronze in TIDE submission for second year running (2021 &amp; 2022) and committed to Halo Collective</li> </ul>
Inspiring other businesses to act	Inspire more businesses to address their social and environmental impact by 2025 - through becoming organic, B Corp, 1% for the Planet, Fair for Life and FairWild certified	Our Pukka Impact Report reached thousands of people in 2022  We've continued to be an active member of all our certification communities, including speaking at industry and sustainability events and inspiring other businesses

# part of a 1,000+ strong community of B Corps in the UK

Pukka joined the B Corp community in 2015 as one of the founding first cohort of businesses who brought the movement to the UK. In 2022 we reached a huge milestone as we celebrated the UK community growing to 1,000 B Corps.

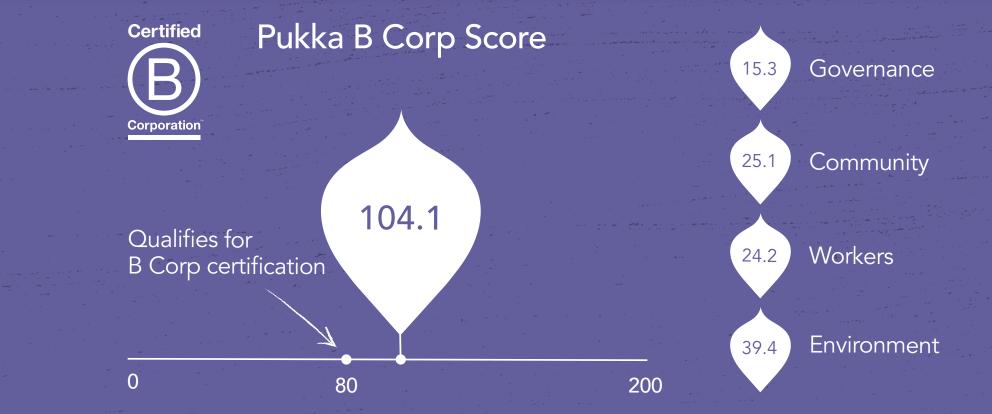
Every new B Corp brings us closer to a more inclusive, equitable and regenerative economy. We're actively involved in the B Corp community, sharing our passion for the B Corp movement with other businesses at every opportunity. We share our knowledge and lessons learned with other B Corps in working groups on topics like regenerative agriculture and sustainable packaging.

Each year, we ask the Pukka team to take part in three B Corp-related projects to be eligible for their annual bonus. In 2022, this included:

- Learning about sustainable travel
- Exploring how to reduce waste
- Completing at least one of their four available volunteering days









#### **Best Sustainable Tea Brand 2022**

We were thrilled to be crowned the winner of the 2022 Best Sustainable Tea Brand in the UK at the Marie Claire Sustainability Awards. It's an honour to be recognised by an award that celebrates businesses creating a positive environmental impact for a better and brighter future.

"Pukka remains a beacon of ethical and sustainable business within the Lipton Teas & Infusions group. We're absolutely committed to enabling Pukka to uphold its high standards and pursue its important mission, and we're excited to learn from Pukka's journey as a B Corp and a force for good."

Aparna Sundaresh, Global Chief Marketing and Digital Officer, Lipton Teas & Infusions

### giving 1% for the Planet

As a member of 1% for the Planet, we give 1% of revenues from everything we sell to support environmental and social initiatives. This has been an integral part of our campaign for positive change since we joined the 1% community in 2015, and to date we've given more than €5.4 million. We see environmental giving as a cost of doing business that scales as the company grows, rather than an optional extra, which is why we champion it through our business model.

The scale of challenges our planet faces is vast, yet globally, only 3% of philanthropic giving goes to the environment each year. 1% for the Planet is on a mission to change that, by accelerating smart environmental giving. Their members fund a range of organisations working to solve the world's most pressing environmental problems.

"1% for the Planet is a global movement, creating change through a unique collective action model. Our thousands of business members donate annually to environmental organisations, forming powerful partnerships that span the globe to build a thriving future for our planet and future generations. We're delighted to have had Pukka's support since 2015 as a leading voice in the movement in the UK."

Kate Williams, CEO of 1% for the Planet

### we give our 1% in four ways: Certification fees Paid to our certifiers organisations working tirelessly to engage others in protecting the environment Carbon removals **Country partners** Paid to local country Paid to nature-based non-profits in Pukka's carbon removal projects largest markets. e.g. UK Eden with TreeSisters & World Land Trust to balance our scope Project and German **FOR THE** GemüseAckerdemie 1-3 (crop to compost) partnerships emissions **PLANET** \* Fair premiums Paid to farming & wild fair for life harvesting communities when we purchase ingredients, for them to spend on self-managed community

a force for good

### nurturing a diverse and inclusive culture

Our amazing team is the passionate driving force of achieving our mission to nurture healthier, happier lives. We want to nurture our team to be part of a healthy and happy workplace too.

#### Our culture

We want all our people to love working at Pukka. We work hard to create a culture that's inclusive, supportive and prioritises people's wellbeing.

We're pleased that 91% of our people would recommend Pukka as a great place to work. While this is slightly down from 94% in 2021, we had 10% more of our team answer the survey this year, so the result reflects more people.

#### To continue creating a nourishing place to work, in 2022 we:

- Held a week-long Wellness Festival with webinars, resources and free health checks
- Funded 127 people to claim back £53,350 in costs from personal wellbeing and development activity, so they can access what nourishes them the most
- Continued to have a fifth of Pukka people trained as Mental Health First Aiders to support our community we call them our Pukka Friends
- Held a free Nourish Lunch weekly, bringing Pukka people together in person at the Herb House
- Supported our people to give 1,168 hours to volunteer for a cause they care about

This year has also been a time for reflection and change. As we adjust to being part of a new parent company, Lipton Teas & Infusions, we're going through a period of transition in our journey to grow the business, increase our reach, and ultimately improve the wellbeing of more people across the world. While we navigate these changes, which include shifts in the structure of our team and consequently some redundancies, we are committed to a fair and transparent process. We are using a collective consultation process to ensure everyone feels their voice is heard, and that concerns are raised and addressed.



summary nurturing healthier, happier lives planetary health farming with nature a force for good 🗼 🗼 🗼

### Supporting people to learn and thrive

We offer everyone at Pukka opportunities to learn, develop and grow. This year, to support our team to thrive we:

- Matched 14 Pukka people with mentors or mentees from our team or from fellow B Corps including Lily's Kitchen, Ella's Kitchen and Cook
- Helped our leaders to become better managers with additional leadership training.

  This year 5% more Pukka people reported that they had quality conversations with their manager than last year
- Refreshed the values at the heart of our culture, called our wisdom seeds (Truth, Respect, Clarity & Courage), to help people feel more connected to our mission

#### Diversity and inclusion

We want Pukka to be a welcoming and inclusive place for all, always. This year, 93.5% of our team said they feel they can be their authentic self at work in our employee survey.

#### In 2022:

- Our CEO led a cross-functional leadership group on diversity and inclusion, overseeing our progress on diversity and inclusion metrics and goals
- We launched a race affinity group for colleagues from ethnic minorities to support each other and share lived experiences
- Continued our anti-racism learning journey, holding eight anti-racism in the workplace workshops with the Employer's Network for Equality and Inclusion
- 100% of our team completed an online course on unconscious bias and anti-racism
- Completed the Talent, Inclusion & Diversity Evaluation, achieving a bronze award for a second year
- Celebrated Black History Month in the UK, International Day of People with Disabilities, PRIDE month and Transgender Day of Visibility to raise awareness and educate our team
- Ran two training sessions with UNBOXD on LGBTQI+ inclusion, with a focus on trans inclusion
- Achieved Stage 1 'Disability Confident committed' and signed up to Evenbreak, a job board for candidates with disabilities
- Benchmarked all salaries across Pukka to ensure they are fair, and formalised our commitment to paying a living wage by becoming an accredited Living Wage employer



### Celebrating the women of Pukka

We have incredible women at Pukka – our CEO, board chair, mission and sustainability team and 57% of our leadership team are women. We're committed to gender balance, but we know that there's still a long way to go to achieve a gender equal world that's free from bias and discrimination.

This year, for International Women's Day 2022, we created a <u>short film</u> to celebrate some of the inspiring women on our team and explore their experience as women in leadership, science, sustainability and beyond.

