



2020 Sustainability Report

Why Chinese Tea Sustainability?

Firsd Tea North American and parent company Zhejiang Tea Group (ZJT) support the sustainability work of the Ethical Tea Partnership (ETP), Rainforest Alliance, and Fair Trade USA through our shared commitments to Chinese tea.

Sustainability is:

Morally right.

It is the right approach for our Earth and future generations

Good economics.

Sustainable tea continues to be an economic driver for millions living in poverty in China

Smart business.

Consumers seek and trust brands committed to sustainability

US consumers are seeking more sustainability:

48% are looking to change their consumption habits to **reduce their impact on the environment**

90% of Millennials are willing to pay more for products with **environmentally friendly ingredients**

Sustainability Organizations in China



Fair Trade USA was founded in **1998** as a nonprofit committed to setting standards, certification, and product labeling for the promotion of sustainable livelihoods and environmental protection. Fair Trade USA and ZJT have made strides in:

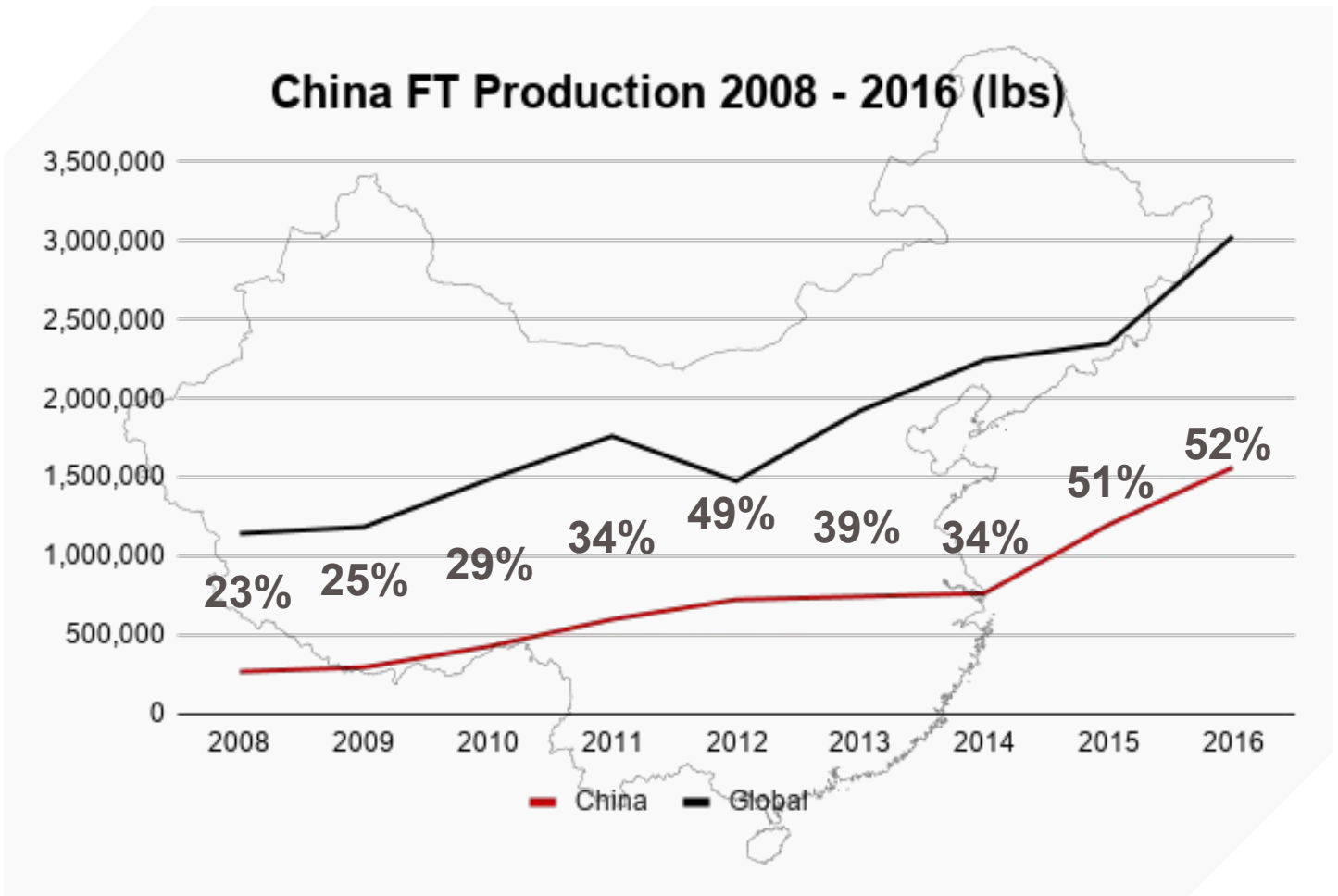
1. **Reducing poverty**
2. **Decreasing child mortality**
3. **Improving drinking water & sanitation** in rural tea villages

Sustainability Organizations in China



The Rainforest Alliance is a non-governmental organization founded in **1987** to conserve biodiversity and ensure sustainable livelihoods. In conjunction with the ETP, the Rainforest Alliance supports sustainability in Chinese tea via:

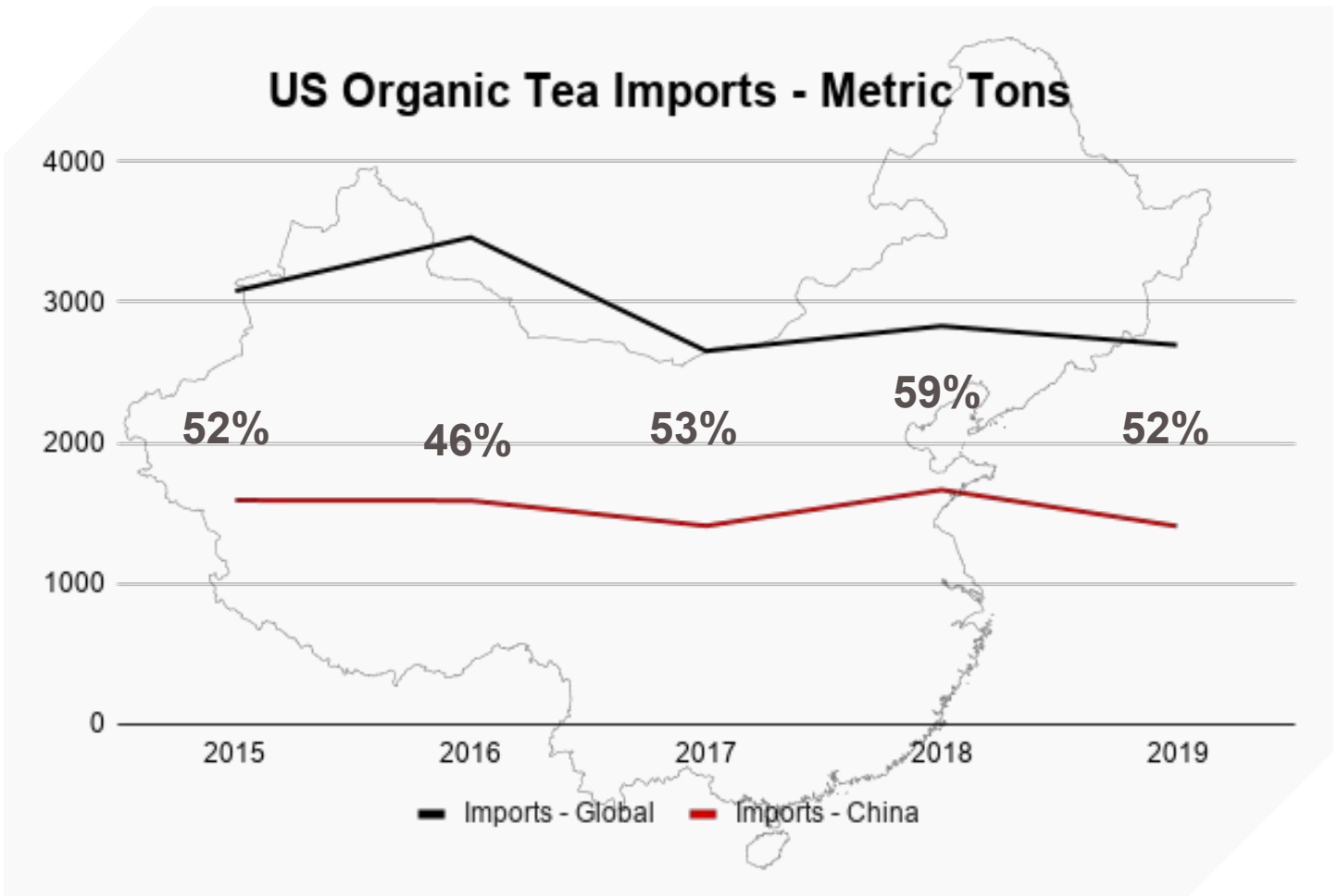
1. Increasing farm **productivity and climate-smart farming**
2. Conserving biodiversity, **wildlife protection**, GMO crop prevention
3. Conserving resources, **water/soil conservation** and management



Annual reports from Fair Trade USA shows China's contribution to Fair Trade imports to the US have increased from 23% of total imports in 2008 to over half (52%) in 2016. Requested data for 2017-2019 was unavailable at time of writing.

China has risen to contribute over half of all US Fair Trade imports

Firsd Tea carries many these Fair Trade certified teas in our regular US inventory.



US imports of **USDA certified organic teas**, as tracked by import (HS) code, shows that **China accounts for over half** of all organic tea brought into the US. With the exception of one year, this has held true **for the past five years**. China is a major supplier of organic teas, particularly organic green teas.

China accounts for over half of all USDA Organic tea imports



SUSTAINABLE DEVELOPMENT GOALS

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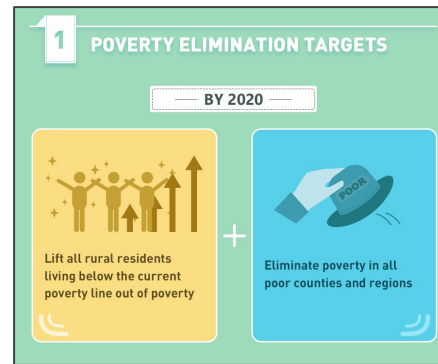
Sustainable development begins at the top in China. The country's own sustainability goals are patterned after UN Sustainable Development Goals. These goals include 17 areas of targeted improvement areas. China's own Number 1 Central Document is released every 5 years, and usually prioritizes: poverty alleviation, rural development, agriculture, and food security.

The UN's Sustainable Development Goals share China's No. 1 Document's concerns for poverty alleviation, rural development, and sustainable agriculture.

Achieving UN/China Sustainability



HIGHLIGHTS OF CHINA'S
'NO. 1 CENTRAL DOCUMENT'



The UN and China have set sustainability goals that include eliminating poverty

According to the World Bank:

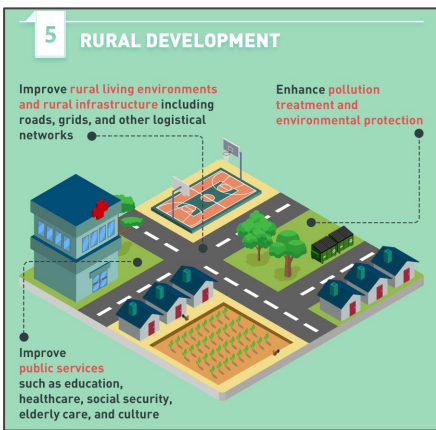
China's poverty rate dropped from 88% in 1981 to 0.7% in 2015, accounting for more than **75% of total global poverty reduction** during that period.

China's State Council Poverty Alleviation Office lists over 300 counties across multiple provinces in need of significant economic development

Achieving UN/China Sustainability



HIGHLIGHTS OF CHINA'S
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Both UN and China goals for sustainability include rural and infrastructure development.

Improvements in water, sanitation, transportation infrastructure, pre-processing facilities with related labor, pension, health care, and education, contribute to **sustainable industry and communities**

Investments in infrastructure – including transport, sanitation, and power grids are crucial to achieving sustainable development and empowering communities.

Sustainability with Firsd Tea and Zhejiang Tea Group (ZJT)

ZJT became **China's first USDA certified organic tea producer** in 1989, and maintains those high standards

ZJT has been a partner of the **Ethical Tea Partnership (ETP) since 2009**. The ETP provides training and monitoring of environmental, welfare, and working conditions of ZJT farms and facilities.

ZJT is China's first USDA certified organic tea producer.

Ethical Tea Partnership (ETP) since 2009

Our Sustainable Programs

Many, if not all ZJT farms and facilities have benefited from the work of the ETP, Fair Trade and Rainforest Alliance. Below are a few of the specific locations where successful sustainability initiatives are happening:



Jiulong Mountain Tea Base



Jiulong Mountain Tea Base (Zhejiang Province) is Rainforest certified to produce over **1.2 million kilograms** of Rainforest certified tea. Working under Rainforest's guidelines, Jiulong enhanced their sustainable agriculture practices and pesticide management. The programs included proper use of personal protection equipment (PPE), and responsible agrochemical application, storage, and disposal.



Rainforest certified Jiulong Mountain Tea Base produces over 1.2 million Kg of Rainforest certified tea.

Zhejiang Anji Huada Tea Factory



ZJT's Anji Huada Tea Factory is a recognized participant in **Ethical Tea Partnership** programs. These programs focus on the safety and protection of employees, equitable compensation, and environmental protection practices. The Huada facility processes **Rainforest and Fair Trade certified** Gunpowder and Chunmee green teas.



Anji Huada Tea Factory is an ETP participant and processes Rainforest and Fair Trade certified teas

New Sustainability Projects



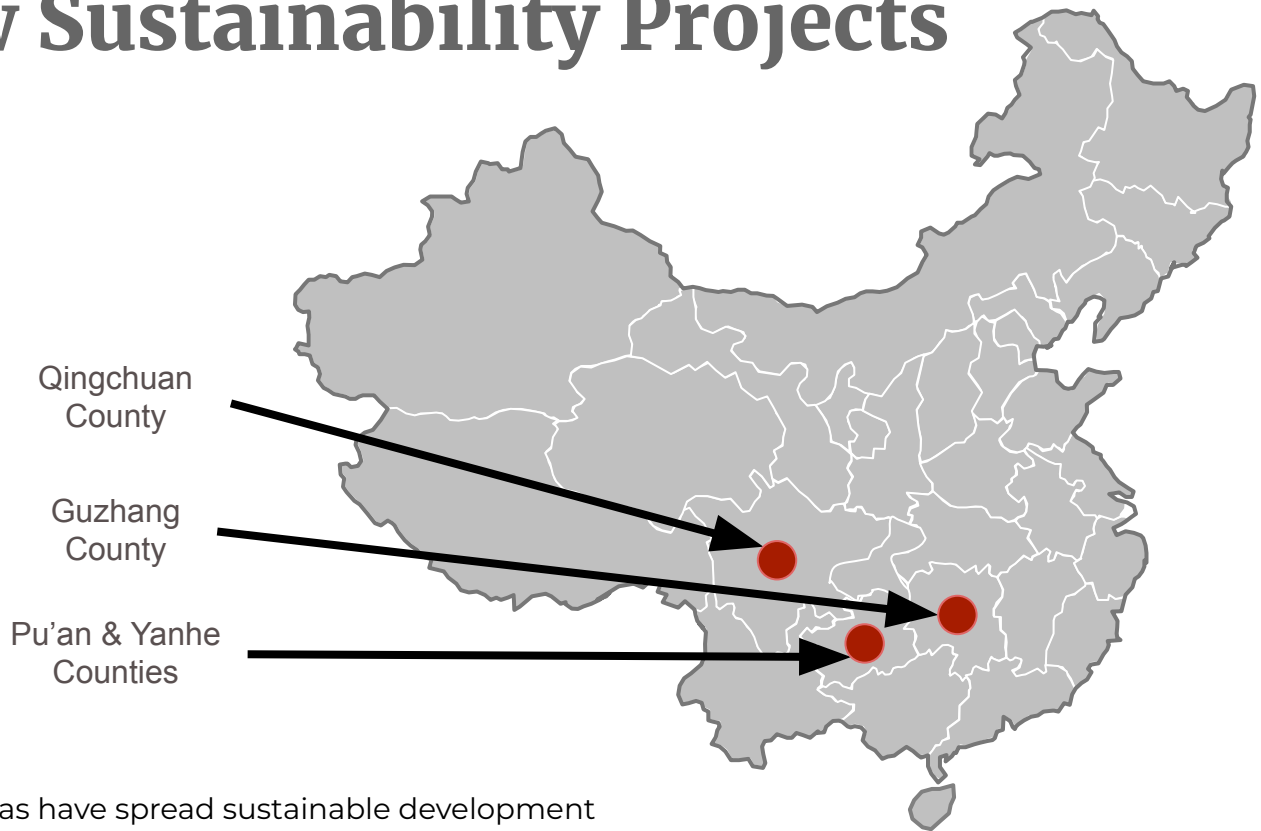
In April 2018, Huangdu Village, Zhejiang Province coordinated with ZJT to donate **15 million tea plants** to poverty stricken areas.

Recipients included **34 villages** across impoverished areas targeted for development. The donation of tea plants and creation of tea farms aims to further ZJT and China's sustainable tea programs.



Donation of 15 million tea plants

New Sustainability Projects



Donated teas have spread sustainable development

Guzhang County, Hunan Province

1.5 million tea plants have been established in the 660-acre "Baiye No. 1" demonstration garden. Harvesting occurred on March 25, 2020. In the past two years, 116 households and 430 people in 3 poverty-stricken villages have seen sustainable economic gains.

Qingchuan County, Sichuan Province

5.4 million tea plants were set, to raise incomes of 2,064 people from 663 households in 18 villages

Yanhe County, Guizhou Province

3.6 million tea plants established in 3 villages. The first harvest occurred this Spring 2020

Pu'an County, Guizhou Province

Encouraged by the success of the first round of planting, the county planted an additional 733 hectares to support more than 2,577 people in 862 impoverished households.

Sustainable Development:

- *859 acres of in development*
- *34 villages uplifted*
- *3,839+ households improved*

This ambitious sustainability program, stretching across multiple counties and provinces, is lifting 3,839 households out of poverty while protecting the environment.

New Sustainability Projects



Rendering of completed Pu'an Industrial Park



Pu'an, Guizhou Province

One of the recipient areas of tea plant donations is Pu'an County, Guizhou Province.

The sustainable development program for Pu'an includes an industrial park (processing facility) that began production in Spring 2020. Output is projected to reach **10,000 tons of dry leaf per year**, and **134 hectares of tea fields** were completed as of Spring of 2019.

Sustainable Development:

- **Creating over 1,000 jobs**
- **Lifting over 5,839 people out of poverty**
- **Contributing over 400 million RMB (\$56 mil USD) in economic value**

For More Information

Firsd Tea and ZJT are proud to share in the sustainability work in China of these organizations, and we endeavor to make the stories of Chinese tea sustainability a part of our clients' sustainability message. For more information on how Firsd Tea's sustainable teas can be part of your story of sustainability, please contact:



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