
2022
MaCher
PROGRESS ON SUSTAINABILITY REPORT
THE GLOBAL COMPACT
WE SUPPORT
SUSTAINABLE
DEVELOPMENT
GOALS
Certified
B
Corporation

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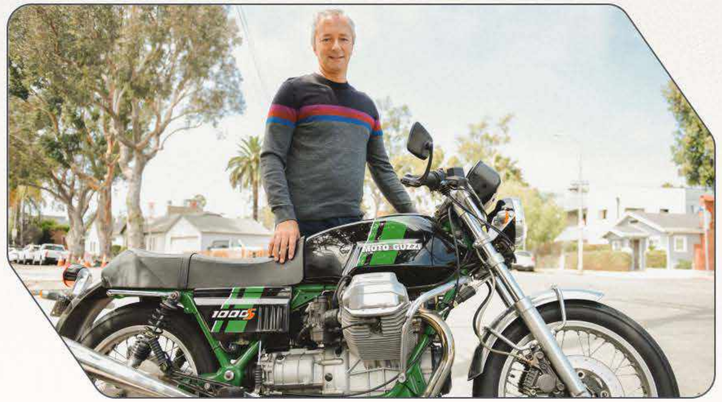
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President's Message



I have been a motorcyclist for well over 40 years and my time on a bike is a space where I value my own deep self-reflection. Only recently, my curiosity started to grow about the original custodians of the lands where I ride.

For this reason, I have begun building on my knowledge and learning of Indigenous people across the world. For us at MaCher USA, the ancestral and unceded territory, on which our headquarters stand, belongs to the Gabrieleno-Tongva people. They are survivalists and protectors, I want to acknowledge that this is their sacred land, which both our business and most of our team members occupy.

During **Tourism Cares Meaningful Travel Summit** in Victoria BC we had the opportunity to listen to many Indigenous community members proudly sharing their culture and sustainable life in partnership with nature. I left Canada inspired by these wise voices and recognizing the need for more of our business actions and decision making to be centered in areas of environmental and social justice.

Together at MaCher, we are building our practice to be more inclusive in hiring and partnerships to help ensure disenfranchised voices are heard and amplified.

This year we celebrated the significant effort from our team and our clients in our waste reduction and the substantial decrease of dangerous virgin plastics, like polyvinylchloride or PVC.

Decarbonization of our value chain remains a challenge for our business and we recognize it is on us to provide further support to our supply partners to help them identify and mitigate their own emissions.

With this report, I feel energized by the number of clients transparently sharing their struggles and successes with so many of our team. I know my late Father is smiling as these levels of collaboration are both exciting and allow us "to 'punch well about our weight' with kindness, encouragement, strategic and practical support.

Thank you for taking the time to share in our journey.

- Derek Hydon

SECTION 1

Our Vision & Impact

PROGRESS ON SUSTAINABILITY REPORT 2022

At a Glance

UN Global Compact Participant

98%

Products are reusable

Supply chain aligned with UN Declaration of Human Rights

ecovadis

Platinum EcoVadis (Top 1%)

Employee tenure of 9.5 years

Operate on 5 Continents

Certified B Corp

B Corp Best for the World 2017, 2018, 2019, 2022

C-TPAT certified

100% Renewable energy for US operations

2%

Gross revenue donated

100% Pass rate on material compliance

Our Purpose & Culture

Informed by data and research, we design and manufacture sustainable branded products that drive impactful behavior change.



We are a certified B Corp and use our business as a force for good to provide the best workplace, care for our environment and positively help others.

CRAFT Culture

We strive to provide the best workplace, to care for our environment and to positively help others. These values guide us as we navigate new terrain and when facing challenges as a team. Our CRAFT culture holds us accountable to our business, our partners and to each other as we continue to evolve and grow together.

Our CRAFT culture is the core of who we are.

C **Collaboration**
Work together towards shared goals

R **Respect**
Care for each other, our communities, and our environment

A **Authenticity**
Bring your whole self to work

F **Family Pride**
Get the job done, help others, and build our culture

T **Trust**
Be open, be honest, be accountable





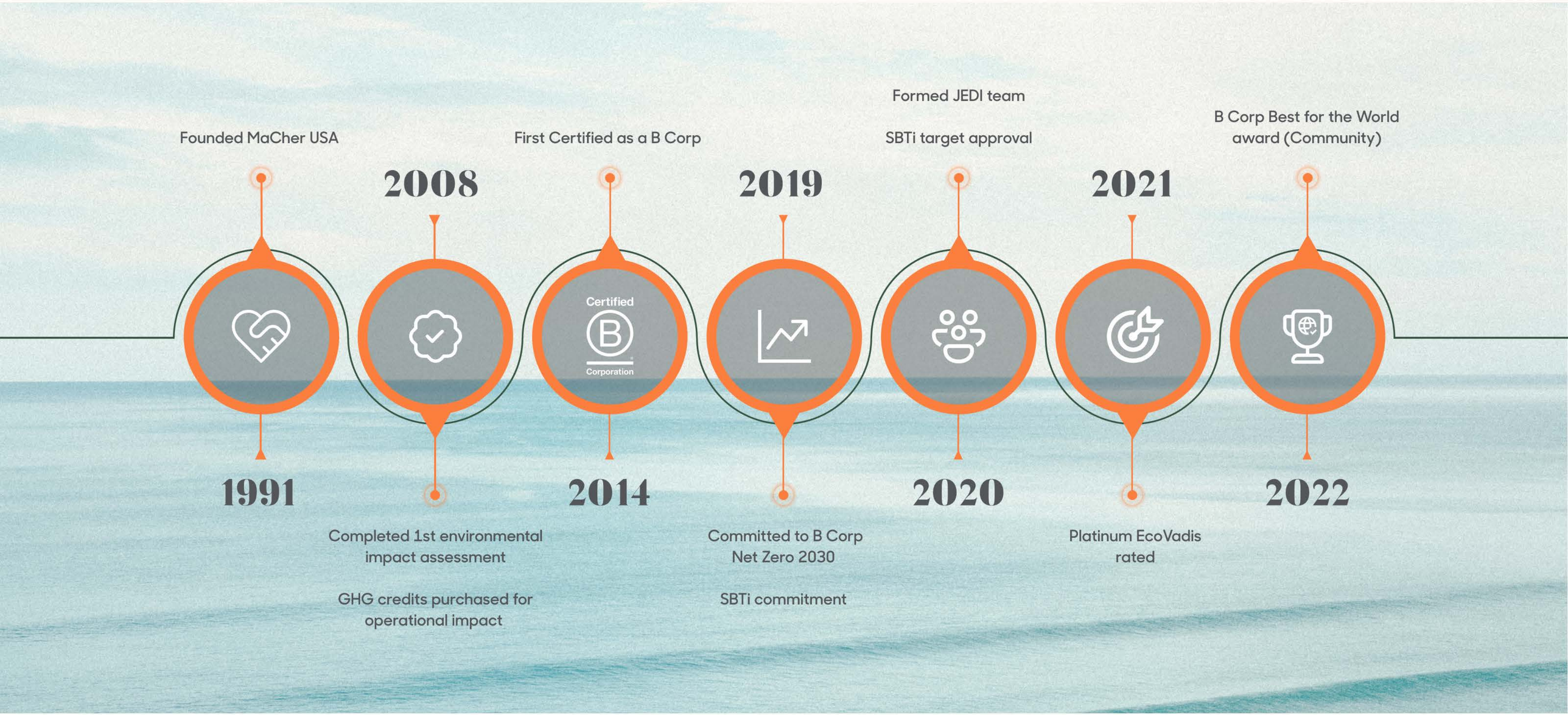
Our Industry

With over 30 years of experience in the industry of promotional and branded products, we know exactly where waste can be created. Our mission is to break this cycle of waste, by providing our clients with education on how to create effective, data-led brand campaigns using circular design principles to responsibly manufacture products.

Our process is defined by understanding the 'why', this leads us to better decision-making in all areas of our work and be thoughtful in our approach. The result is more effective campaigns with greater return on investment but also products that are better for our world while elevating our clients' brands.

We aim to operate at the highest levels of transparency, so that not only do our clients have confidence in our process but their customers can too. Supply chains are complex systems. By sharing our efforts in supply chain transparency, we can also support our clients in their endeavors and increase best practice standards across the industries we serve.

MaCher Milestones



SECTION 2

Our Strategy

PROGRESS ON SUSTAINABILITY REPORT 2022

Our Ambition

MaCher's ambition is to make better things to make things better. Our goal is to show companies that branded products with proven ROI can be made in ways that support people without exploiting the planet.

Make better things

Every year millions of tons of trash end up in U.S. landfills - much of it plastic. We need to stop both the waste and the poor practices in supply chains that make those items. We choose better materials and processes, actively refuse others and continuously measure and monitor impact.

OUR STRATEGY:

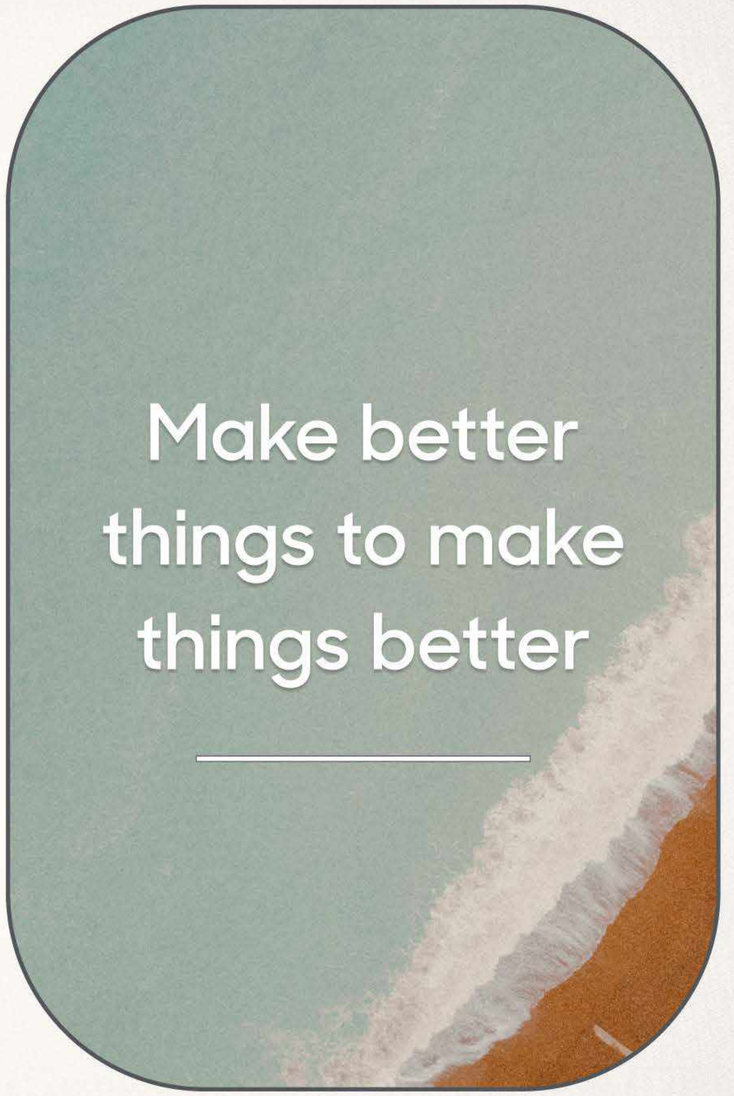
- Removal of virgin plastics
- Contribution to the circular economy
- Responsible and ethical manufacturing
- Providing opportunities for underrepresented voices

Make things better

Cutting waste, addressing our climate responsibilities and enforcing social justice are ways we all need to take action. To reach our goals, we will act to challenge citizens, our clients and our supply partners to favor and reward more thoughtful and purposeful business.

OUR STRATEGY:

- Equitable, diverse and authentic workplace
- Aligning our giving strategy with our impact focus
- Collaborating with others to amplify our impact
- Decarbonization of our operations and our supply chain



Responsible Business

As a purpose-led business and as a **certified B Corp**, we take a leadership position in our industry and business community. This means acting and fulfilling our commitments to address the climate crisis and centering our work in climate and social justice. MaCher is proud to be engaged with the **B Beauty Coalition**, **B Tourism** and **B Local LA** where we are working hard to shift business practices and industry expectations.

We are especially proud to be awarded the B Corp **'Best for the World'** for being a top performer, in contributing to the economic and social well-being of our community.

As the first Certified B Corp in our industry, we are pleased to see and welcome the increase in newly certified B Corps in our category.

Best for the world

Every year, B Lab recognizes the B Corps globally whose B Impact Assessment scores rank in the top five percent of their company size track across one or more of the five impact areas evaluated on the Assessment—community, customers, environment, governance, and workers.

- Best for the World: Community 2022
- Best for the World: Changemakers 2019
- Best for the World: Changemakers 2018
- Best for the World: Changemakers 2017

129.4

MaCher's B Impact Score

80

Qualifying Score for B Corp Certification

50.9

Median Score for Ordinary Businesses

UN Sustainable Development Goals

We have been a United Nations Global Compact Participant since 2016, and an Advanced Participant since 2021.

In the last 12 months, we participated in the SDG Ambition Accelerator with the UN Global Compact and Accenture. We introduced 100% Sustainable Material Inputs that are renewable, recyclable, or reusable by 2030 as our ambitious target.

This goal was directly in alignment with our commitment in 2021 to make 100% of our products contribute to the circular economy by 2025. The program provided a framework for us to assess the tools and resources we need to make this ambition a reality.



GOOD HEALTH AND WELLBEING

MaCher provides a safe and productive workplace for our own team members and for those in our value chain. We want to ensure that our team can balance their wellbeing needs and life outside of MaCher with their roles in the business.



REDUCED INEQUALITIES

Many people within our value chain and community are affected by unequal access to opportunity. We are always looking for areas where we can improve our practices to remove those barriers and provide a more inclusive work environment.



PARTNERSHIPS FOR THE GOALS

For our impact to be significant, we need to collaborate with value chain partners, industry professional and community-based partners. They help guide and amplify our focus on the Sustainable Development Goals.



QUALITY EDUCATION

We prioritize our team's development but also the development of people within our community who are system-impacted or suffer barriers to employment.



RESPONSIBLE CONSUMPTION AND PRODUCTION

As a producer of products, we are highly concerned with the impact of extraction and excessive use of resources. We design and manufacture our products intentionally to have the least impact possible.



DECENT WORK AND ECONOMIC GROWTH

We offer all employees a livable wage and work-life balance. Within our value chain, we encourage our suppliers to support the prosperity of both their businesses and workforce.



CLIMATE ACTION

We acknowledge that our business practices have many impacts, the most significant being the extraction of resources and in turn, emissions output. We are committed to decarbonizing our business and our products, with a goal to be Net Zero by 2030.

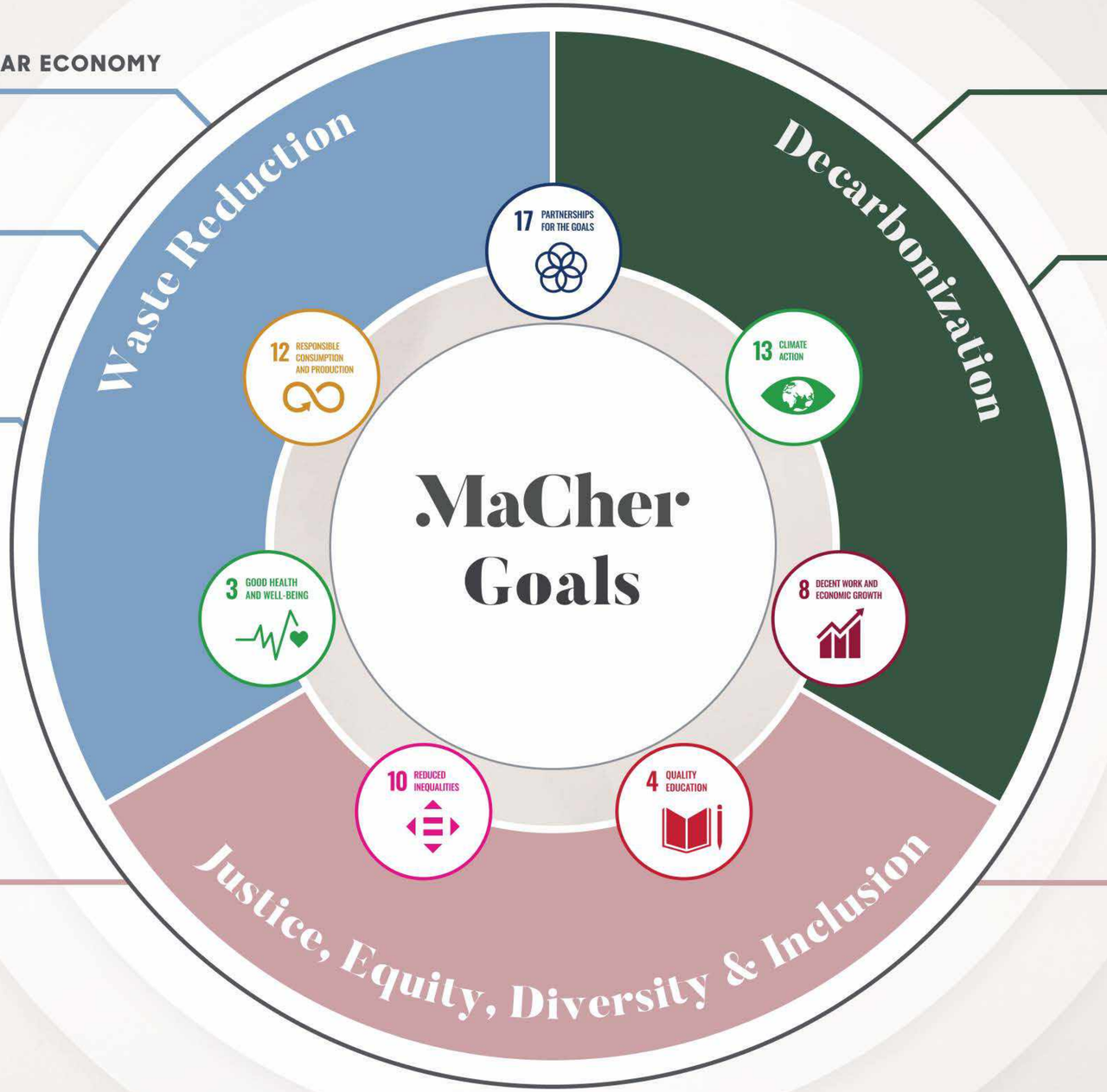
100% PRODUCTS DESIGNED FOR CIRCULAR ECONOMY

REMOVE VIRGIN PLASTIC PRODUCTS

100% PRODUCTS REUSABLE OR CURBSIDE RECYCLABLE

NET ZERO 2030

ALIGN SUPPLY CHAIN WITH ENVIRONMENTAL GOALS



MACHER IS EXPERIENCED AS AN ANTI-RACIST COMPANY

ALIGN SUPPLY CHAIN WITH SOCIAL GOALS

Our Focus by 2025

REMOVE VIRGIN PLASTICS

The branded products industry tends to rely heavily on virgin plastics and fossil-fuel based materials. They are also often difficult to recycle and contribute negatively to overall human health through manufacturing or use. As part of our commitment to Net Zero 2030, we are finding ways to remove these materials altogether.

100% OF PRODUCTS DESIGNED FOR CIRCULAR ECONOMY

We are also looking at ways to improve our products and support regenerative economic and environmental development. Materials that are responsibly produced, easily recyclable, or breakdown into organic components are less likely to contribute to landfill waste, minimize greenhouse gas emissions into the atmosphere and will contribute to our Net Zero 2030 ambition. Eventually, we would love to be able to produce climate positive products.

100% OF PRODUCTS REUSABLE OR CURBSIDE RECYCLABLE*

Well-made products that can be used and loved have less chance of ending up in a landfill. Our priority is to create products that are of excellent quality and will be used over and over. We refuse to work with or source any single-use plastic products. Knowing if you can recycle something is often a challenge so 100% of our products will include the material content on the product labels.

***Needs to be recyclable in over 60% of US municipalities**

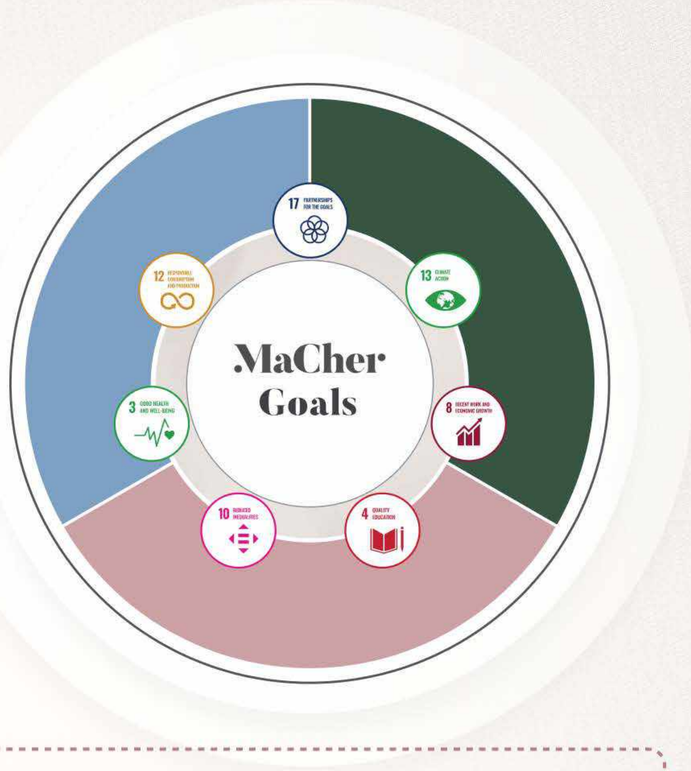
NET ZERO 2030

We believe that all companies should do all they can to help protect our world from the climate emergency we face. For MaCher, this involves measuring, reducing, and compensating for our carbon footprint. We're also helping our clients and our supply chain with their own scope 1 and 2 emissions. All of our products are now sold with a carbon compensation price included.

WASTE REDUCTION

DECARBONIZATION

JUSTICE, EQUITY, DIVERSITY & INCLUSION



MACHER IS EXPERIENCED AS AN ANTI-RACIST COMPANY

We would not exist without the valuable insights and expertise of our team. By continuing to take individual responsibility to educate ourselves and deconstruct personal bias in our thinking and actions, we can be an organization that provides an equitable platform for decision making, idea sharing, and economic prosperity.

ALIGN SUPPLY CHAIN WITH SOCIAL & ENVIRONMENTAL GOALS

We can reduce our carbon footprint by minimizing logistics both to the end consumer and minimizing the transportation of raw materials to production. We are also focusing on building the social value of our products by working with partners who embed social impact into their business models. We can ensure that local economies are supported through fostering skills based in that region.

2022 Impact Overview

IDENTIFICATION KEY

- ✓ Achieved 2022 progress goal
- ⊗ Did not achieve 2022 progress goal



DECARBONIZATION

2030

NET ZERO

- ✓ Implemented sustainable procurement policy
- ⊗ No emissions reduction in transportation of goods
- ⊗ No measurement of first tier manufacturers' footprint

WASTE REDUCTION

2025

REMOVE VIRGIN PLASTIC PRODUCTS

- ✓ 66% reduction in virgin plastic materials

100% PRODUCTS DESIGNED FOR CIRCULAR ECONOMY

- ✓ 59% of primary materials are renewable

100% PRODUCTS REUSABLE[1] OR CURBSIDE RECYCLABLE[2]

- ✓ 98% products are highly reusable

JUSTICE, EQUITY, DIVERSITY & INCLUSION (JEDI)

2025

BE EXPERIENCED AS AN ANTI-RACIST COMPANY

- ✓ JEDI training & education - 11 hours per team member
- ✓ Funded Indigenous educational scholarship

ALIGN SUPPLY CHAIN WITH SOCIAL GOALS

- ⊗ No business placed with social impact suppliers

SECTION 3

Our Peformance: Waste Reduction

PROGRESS ON SUSTAINABILITY REPORT 2022

Waste Reduction

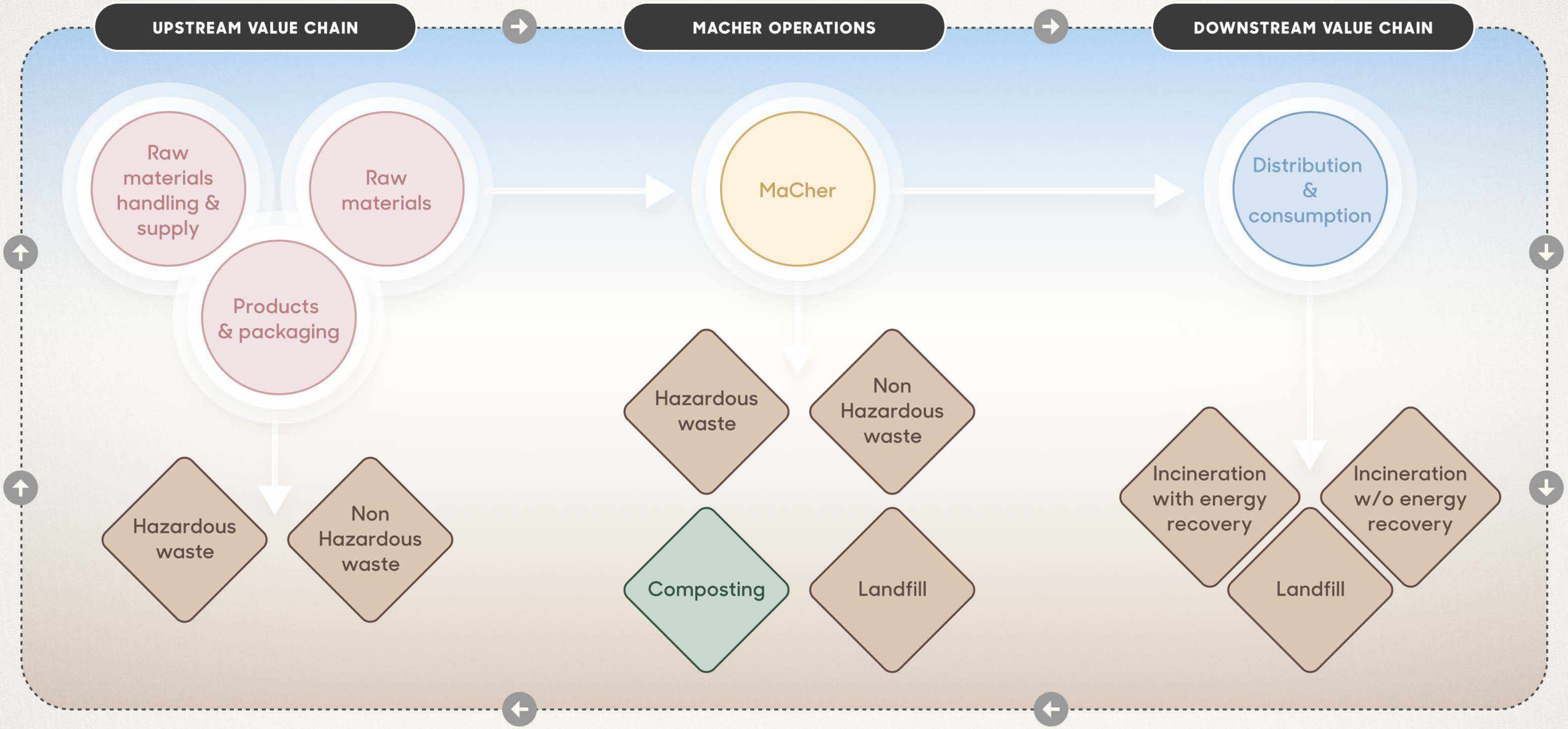
The nature of our business is making products that support brands and are loved by consumers. We are fully aware that one impact of this is waste. That's why we have been working hard to improve all our practices by embedding circular systems thinking.

Our commitment to SDG 12, **Responsible Production and Consumption**, extends to identifying and championing circular solutions in the products we make.

MaCher's waste reduction strategies are focused on designing for circularity while removing the materials most damaging to the environment; PVC, PU and single use plastics (we are on track to do this by next year). From an upstream perspective, our sourcing teams have also been focusing on using materials that come from and can go back to nature or made from recycled content. Aware of the downstream impact, our designers have been enjoying the challenge of creating products that can be remade or reused for different purposes so that they can stay out of landfill and have lower overall environmental impacts.

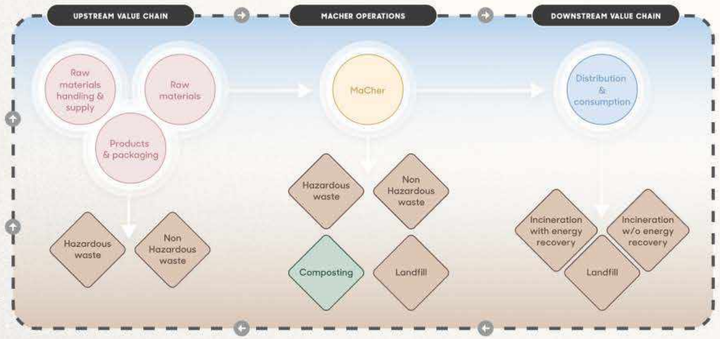
Best of all, our clients are excited by our circular approach to product design and the opportunity to develop products with a longer useful life and greater meaning in the hands of their customers.




UPSTREAM VALUE CHAIN
MACHER OPERATIONS
DOWNSTREAM VALUE CHAIN
Raw materials handling & supply
Raw materials
Products & packaging
MaCher
Distribution & consumption
Hazardous waste
Non Hazardous waste
Hazardous waste
Non Hazardous waste
Composting
Landfill
Incineration with energy recovery
Incineration w/o energy recovery
Landfill

Waste Process Flow

After examining our value chain, we identified several waste producing areas in our business. Over the years we have reduced our operational footprint after implementing waste reduction strategies in our offices. Now, our primary concern is the waste produced in the raw material production and manufacturing processes in our value chain.



Addressing waste in our...

UPSTREAM VALUE CHAIN

- Design product using circularity principles
- Prioritize using recycled, renewable and regenerated materials
- Bulk pack products for polybag reduction
- Prioritize designs with mono-materials to increase recyclability at end of life
- Partner with waste-diversion material suppliers
- Use recycled content for logistics packaging
- Remove hazardous material from product design
- Remove hard to recycle materials from product design

DOWNSTREAM VALUE CHAIN

- Implement product labeling for material content to improve end of life recovery
- Research and implement end-of-life solutions
- Reduce 'dead miles[3]' in our logistics practices
- Client/Consumer education on waste reduction and end of life recovery
- B Beauty Coalition partnership
- PACT partnership

MACHER OPERATIONS

- Measurement and collection of food waste for composting and recyclable products
- Measurement and reduction practices for utilities
- LED lighting and tech implementation to reduce electricity usage
- Water saving technology and team education on water saving
- Team education on waste reduction in design
- E-waste collection program
- Paperless office

FURTHER OPPORTUNITIES FOR REDUCING WASTE IN OUR VALUE CHAIN

- Understanding and measuring waste in dye and print processes
- Measuring waste in manufacturing of common designs
- Measuring and reducing waste in logistics processes
- Assessing waste practices of suppliers



Waste Reduction Partnerships

Helping us achieve our waste reduction goals, we are pleased to support and be supported by the following organizations:

B CORP BEAUTY COALITION

We are part of the **B Corp Beauty Coalition** – an alliance of beauty industry B Corps from all over the globe. We are all committed to working together to improve the sustainability standards of the beauty industry, help beauty customers more easily navigate beauty products and ultimately deliver 'beauty for good'. Our focus is primarily in demonstrating best practices around sustainable packaging, greener logistics and safer ingredients. We hold a position on the Steering Committee and are active participants in the working groups.

PACT COLLECTIVE

Our focus is on circular solutions and designing products without packaging waste for the beauty and wellness industries. This led us to **Pact Collective**, a nonprofit catalyzing collaboration in order to reduce, recycle, and drive towards circularity. As a member company, we've gained expert and peer insights and have benefitted from exchanges of ideas and connections with industry leaders.

Designing for Circularity

Creating products will always have an impact. Our Circular Design team focuses specifically on how we can minimize that impact across our value chain. The team conducts in-depth research on material impacts, end-of-life scenarios and design elements to develop our internal design standards. Over the last 2 years the team has been developing a circular design toolkit alongside providing education to our MaCher team on circular design best practices and current end-of-life systems.

CIRCULAR DESIGN TEAM PROGRESS:

- Developed Sustainable Materials Hierarchy to assess usage of preferred materials
- Developed "design for" categories for circular designs (D4)
- Introduced recycled content or plant-based material substitutes for virgin PU/PVC or polyester
- Introduced material content labeling standards
- Introducing end-of-life recovery instructions

OVER THE NEXT 12 MONTHS, THE CIRCULAR DESIGN TEAM WILL FOCUS ON:

- Developing interactive tools on internal team website
- Developing suite of product designs that fit D4 Circular Designs
- Measure baseline of D4 products produced across the reporting year

> *We created the "design for" or D4 categories, where we identified the 4 most effective ways we can design products that will contribute to the Circular Economy. By 2025, we are aiming to have 100% of our products fit at least 2 of the 4 categories.*



Jennifer Krischer, Product Development

design for **WASTE REDUCTION**

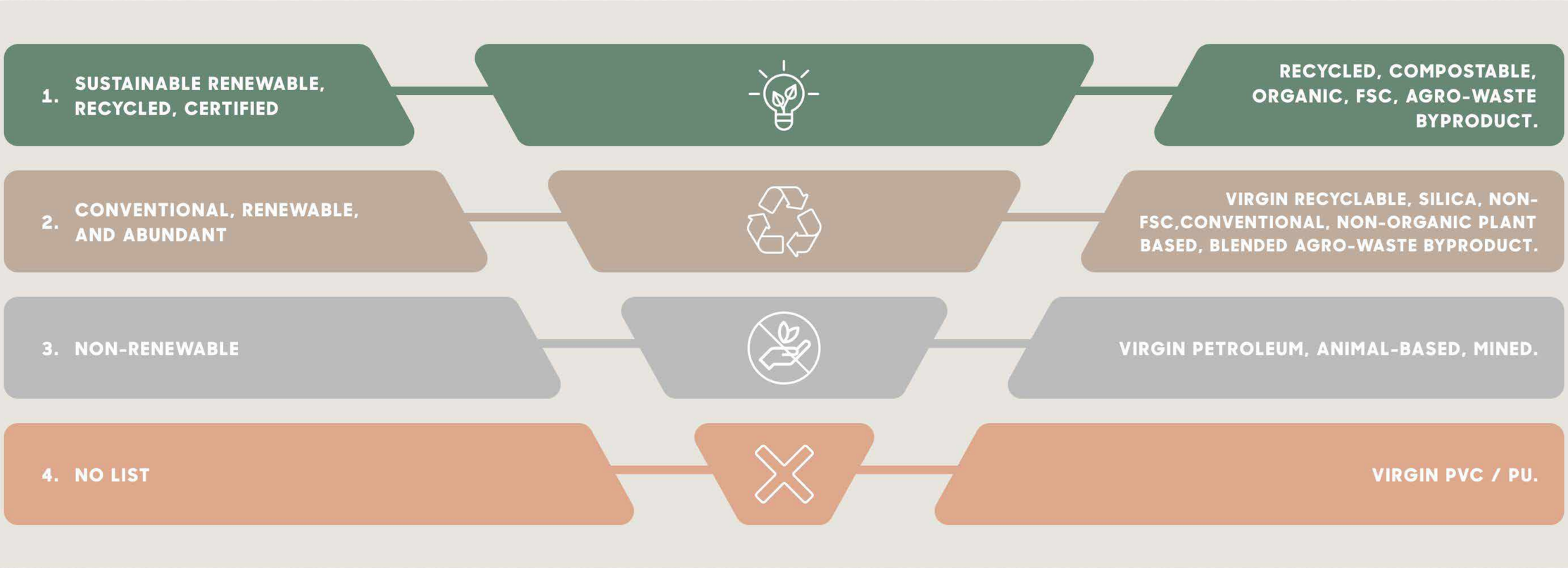
design for **CLOSED LOOP**

design for **REUSE**

design for **ZERO WASTE**

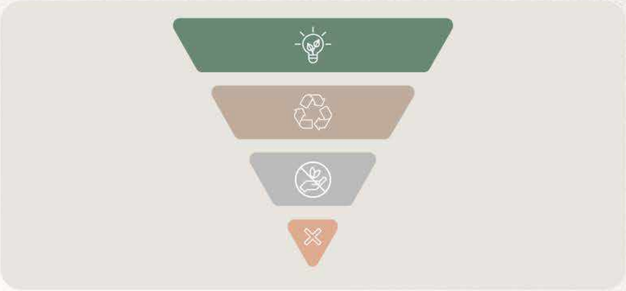
Sustainable Material Hierarchy

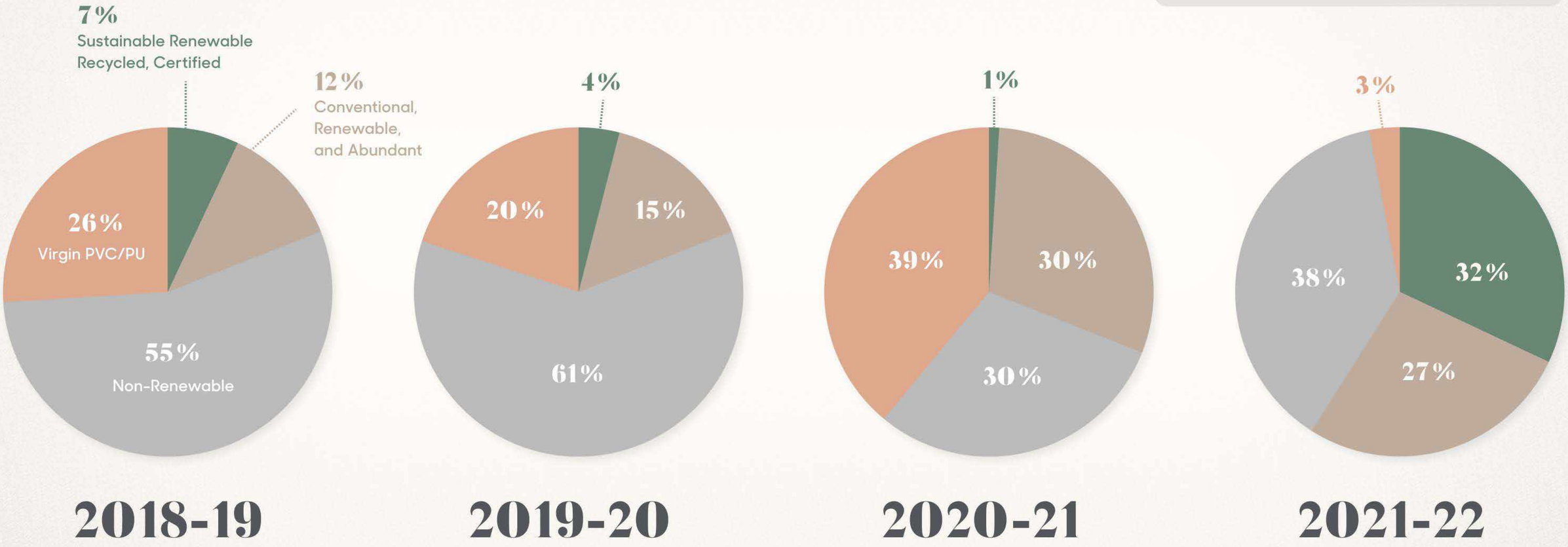
Historically we have viewed materials as sustainable or unsustainable. In 2021, we created our materials hierarchy to identify the spectrum of materials in between. Moving forward we will use this structure to categorize our material, allowing us to understand, in more detail, where our biggest materials impacts are and how we can improve.



Our Material Performance

In this past year, we have seen tremendous collaboration between our team, our supply partners, and our clients, along with improved visibility on materials data. This has enabled a truly impactful shift to sustainable solutions.





2018-19

2019-20

2020-21

2021-22

Waste Reduction Performance Overview

WASTE REDUCTION - GOALS	TIME FRAME	2022 PERFORMANCE PROGRESS
100% PRODUCTS DESIGNED FOR CIRCULAR ECONOMY	**2025**	**59% RENEWABLE MATERIALS**
25% of travel accessories are from categories 1 or 2 of our sustainable material hierarchy.	**2022**	**28%**
100% of polybags are produced from recycled content.	**2023**	**83%**
100% of cotton products sourced from China will only be organic or recycled cotton by 2025, 25% by 2022.	**25% - 2022** **100% - 2025**	**27%**
100% of domestically sourced products are from categories 1 or 2 of our sustainable material hierarchy.	**2025**	**26%**
100% PRODUCTS REUSABLE OR CURBSIDE RECYCLABLE[2]	**2025**	**98%**
100% of our products include detailed material content labeling.	**25% - 2022** **100% - 2025**	**27%**
0% PRODUCTS MADE FROM VIRGIN PLASTIC	**2025**	**14%**
0% of PVC/PU + single-use plastics from products.	**2023**	**3%**

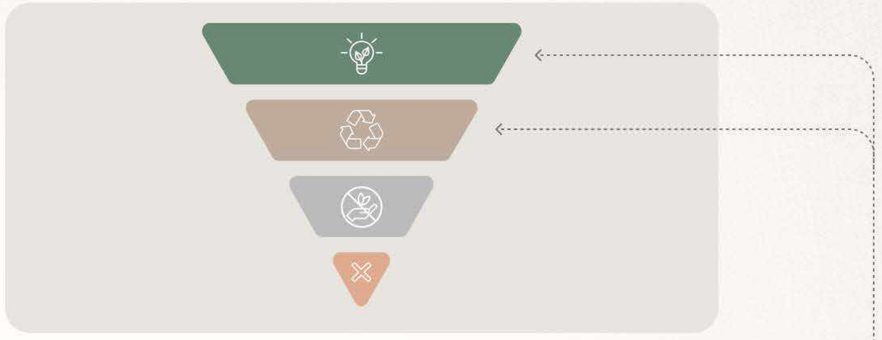
Achieved our goal On our way We need help

THE GLOBAL COMPACT WE SUPPORT
SUSTAINABLE DEVELOPMENT GOALS
Certified B Corporation

25% OF TRAVEL PRODUCTS ARE FROM CATEGORIES 1 OR 2 OF OUR SUSTAINABLE MATERIAL HIERARCHY.	2022	28%

In 2018, we made a commitment to eliminate PVC and PU from our supply chain by 2025. Over 40% of our products are travel accessories. In 2021, we identified that these products have a higher percentage of non-renewable material content such as PVC and PU. In the last fiscal year we successfully converted 28% of these products to renewable materials.

As we make a more targeted effort to convert travel products from using these materials, we set a new goal to make 50% of travel accessories from material categories 1 and 2 of our materials hierarchy. Our designers are actively focused on creative alternatives for these products to be less reliant on non-renewable materials.



28% Travel accessories transitioned to renewable materials in the last fiscal year

Our New Goal

- 50% of travel products by 2024 to be sourced from categories 1 or 2 on sustainable materials hierarchy - June, 2023

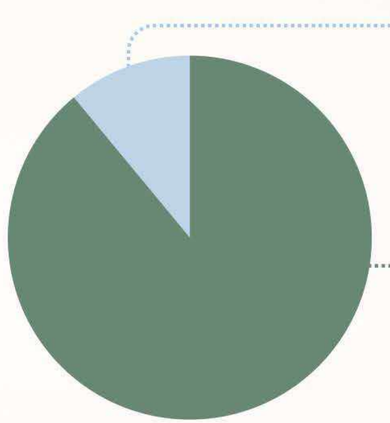
100% OF POLYBAGS ARE PRODUCED FROM RECYCLED CONTENT.	2023	83%

The default approach in our industry has been to place individual items in a polybag to keep the product clean until it arrives to the client. MaCher does not operate by default. We use bulk packing whenever possible, and we've been experimenting with alternative packing methods and different materials, including recycled paper, to cut back on our use of plastic. We are working with our suppliers and with the industry more broadly to find solutions for removing plastic for packing altogether.

Key Highlights

- We eliminated the use of 88% of polybags. 83% of the polybags we did use were made from recycled content.

POLYBAG METRICS



11%
Orders Individually Poly Bagged

89%
Orders Bulk Packed &/or Eliminated

83% Of all polybags made with recycled content

100% COTTON PRODUCTS SOURCED FROM CHINA WILL ONLY BE ORGANIC OR RECYCLED COTTON . BY 2025, 25% IN THE NEXT 12 MONTHS.	**25% - 2022 100% - 2025**	**83%**

Due to opacity of the cotton supply chain in China, it is difficult to guarantee that conventional, virgin cotton from China is produced with fair labor. The Uyghur community urgently needs the international business community to refuse to purchase materials made by Uyghur forced labor in supply chains. MaCher stands with the Uyghur people and has created a policy to reflect that support.

Currently the chain of custody cannot be guaranteed for conventional cotton. To address this, we are transitioning all cotton products produced in China, to either Certified Organic or Certified Recycled cotton where we can have more visibility across the supply chain. By 2025 we are aiming to have 100% of cotton sourced from China to be certified organic or recycled cotton.

Key Highlights

Only 2% of our total products were made from cotton sourced from China. Of that 2%, 27% was organic or recycled cotton.

2% **COTTON PRODUCTS**
% Products - China

27% **COTTON PRODUCTS**
% Products Organic/ Recycled Cotton - China

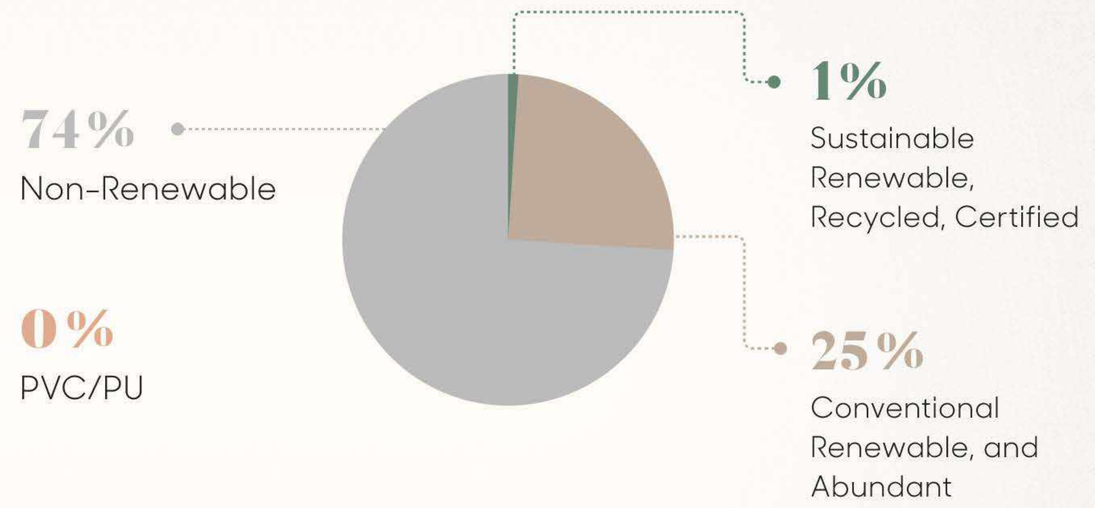
100% OF DOMESTICALLY SOURCED PRODUCTS ARE FROM CATEGORIES 1 OR 2 OF OUR SUSTAINABLE MATERIAL HIERARCHY.	2025	26%

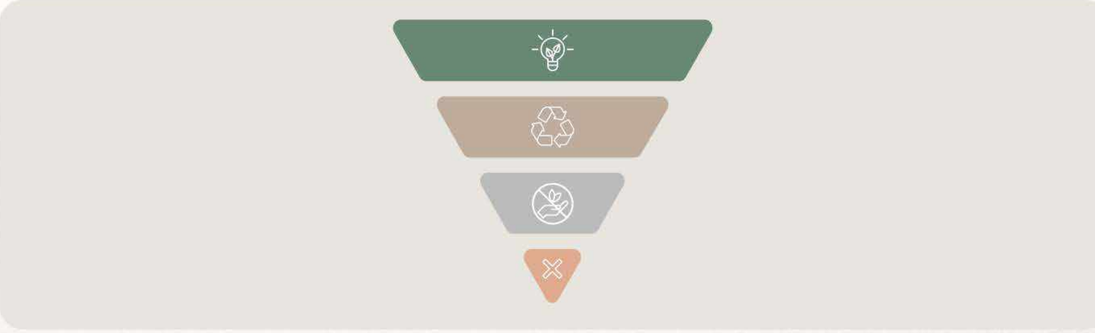
When customers require a short turnaround time we turn to the domestic local producers (ASI). ASI products are a small fraction of our business. The ASI industry has a long way to go in assuring a more transparent and certified supply chain. As we do not have any control over ASI manufacturers one of our more challenging goals is to ensure all purchases by 2025 are made out of renewable materials.

Key Highlights

- 26% of products were made with primary, renewable materials.

MATERIAL SUMMARY ASI/DOMESTIC





100% PRODUCTS REUSABLE OR CURBSIDE RECYCLABLE2	**2025**	**98%**
100% PRODUCT INCLUDES MATERIAL CONTENT LABELING.	**25% - 2022 100% - 2025**	**27%**

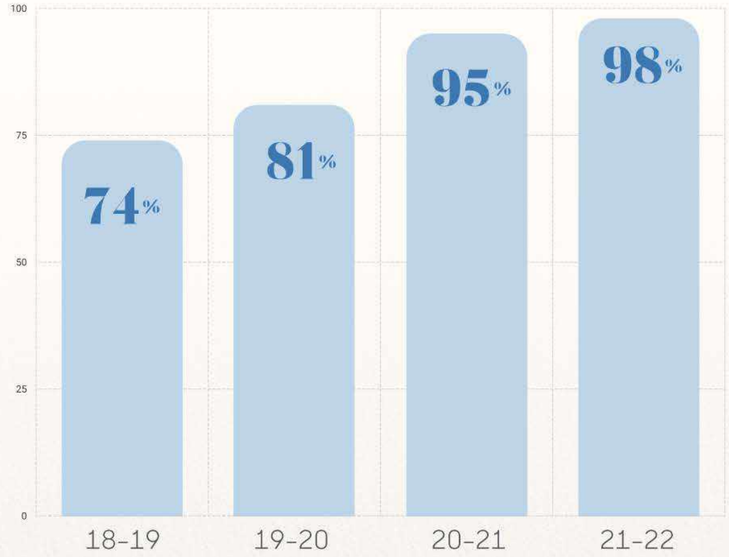
98% of our products are highly reusable or curbside recyclable. In 2021, we introduced a product labelling initiative. Since then, 27% of our products were labelled with detailed material content. Creating quality products that are going to be useful and will last, is our priority.

It is difficult to reintroduce many of our materials back into the supply chain through municipal recovery facilities. However, as technology advances for textile recycling, it is important to include detailed material content on the product so consumers and end-of-life recovery partners are better equipped to dispose of products correctly. For the products that do have a limited lifespan (less than a year) we want to ensure they can be easily recovered through curbside recycling programs.

Our New Goal

50% of products have material content labels – June, 2023

OUR PERCENTAGE OF REUSABLE/RECYCLABLE PRODUCTS PER YEAR



27% **MATERIAL CONTENT LABELLING**
21-22 FY

0% PRODUCTS MADE FROM VIRGIN PLASTIC	**2025**	**14%**
0% OF PVC/PU + SINGLE-USE PLASTICS FROM PRODUCTS.	**2023**	**3%**

Only 3% of our primary materials were made from PVC and PU. Less than 0.5% of our products were made from single-use plastics in the last 12 months.

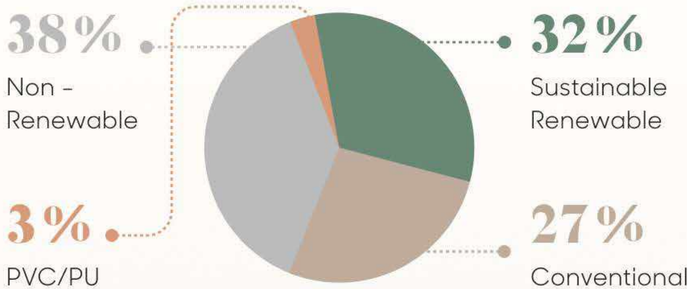
Petroleum-based plastics are a cost-effective material in the branded products industry, and they are also hugely problematic to both the health and safety of people and our environment. PVC and PU are two of the most prolific materials but also the most difficult to manage for end-of-life recovery. We dramatically decreased our usage of virgin plastics as primary materials to 14% in the last year.

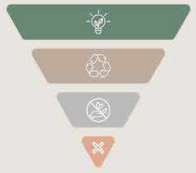
One of the challenges our industry faces is the increased demand for transparent bags and accessories as well as "vegan leathers". Part of our role is to educate the industry on why these are not suitable materials.

Our New Goal

Less than 10% of primary and secondary materials made with virgin plastics - June, 2023

PRIMARY MATERIAL CONTENT





VIRGIN PLASTICS IN PRIMARY MATERIALS



SECTION 4

Decarbonization

PROGRESS ON SUSTAINABILITY REPORT 2022

Our plan for Net Zero 2030

In August 2022, the US made the single largest investment in climate action history with the adoption of the Inflation Reduction Act. It is a significant opportunity for the country to begin addressing the climate emergency. In 2019, MaCher had already agreed to reduce our greenhouse gas emissions in line with a 1.5 degree trajectory above pre-industrial levels and be Net Zero by 2030. We welcome this legislation that supports accelerated action towards a clean energy transition.



Climate Risks to our Business

- Increase in wildfire severity close to HQ will add to employee health and living risks.
- Rise in air pollution and intensity of heat waves will put employees at an increased health risk.
- Major disruptions to global supply chain and distribution networks from increased intensity in weather.
- Risk to supply chain due to water scarcity - particularly effects on communities that are affected near raw material production.
- Disruptions to power supplies affecting ICT, cooling and transport infrastructure affecting home and office working and overall productivity levels.

Commit | Measure | Prioritize | Abate | Compensate | Publish | Advocate | Evaluate

MACHER HAS COMMITTED TO THE FOLLOWING CALLS FOR CLIMATE ACTION.

B Corp Climate Collective Net Zero 2030

The B Corp Climate Collective is a group of Certified B Corporations working together to address the climate emergency. We are part of 1500+ companies committed to Net Zero 2030, "demonstrating leadership in eliminating emissions, drawing down carbon, and ensuring a just transition for displaced workers and communities to a net-zero emissions economy."

- B Corp Climate Collective

Business Ambition 1.5

"Business Ambition for 1.5°C" is an urgent call to action from a global coalition of UN agencies, business, and industry leaders, in partnership with the Race to Zero. By setting a net-zero target in line with a 1.5°C future – our only future – businesses can make their critical contribution to limiting the worst impacts of climate change."

- Science Based Targets Initiative

Science Based Targets initiative (SBTi)

Science-based targets align our business with the most ambitious targets of the Paris Agreement and pursue efforts to limit the global average temperature to 1.5 above pre-industrial levels based on the IPCC report.

SME Climate Hub

The SME Climate Hub is a global initiative that empowers small to medium sized companies to take climate action and build resilient businesses for the future.



With the help of Climate Smart, a fellow B Corp, we created our emissions baseline for scope 1, 2 and 3 for the 2018/2019 fiscal year (July 1st to June 30th) based on the GHG Protocol.

What's included:

- Upstream and downstream transportation
- Electricity purchased
- Natural gas burned
- Employee commuting
- Business travel
- Waste generated
- Paper consumption

What's excluded:

Emissions from primary manufacturing suppliers:
At this time we are unable to collect accurate, complete or reliable data suitable to include in our scope 3 boundary. We continue to work with our partners to help them measure and reduce their emissions.

Emissions for product end-of-life:
As a B2B company, we have little visibility on our product performance once it reaches the end user. To combat this we are putting our focus into designing for circularity and best practices for high chances of material recovery.

Emissions from remote offices:
Due to the pandemic, our team transitioned to mostly remote work for between 2020-2022. While these emissions will be relatively small, we will need to account for our remote work practices in future calculations.



We will prioritize our reductions based on our most material emission impacts. These are decided by our business influence and the risks to the environment and our health.

We will radically decarbonize our operations and our value chain by shifting to renewable energy sources and by reducing consumption of resources overall.

By having our targets verified by the **Science Based Targets** initiative in 2020, we have committed to reduce our absolute scope 1 and scope 2 GHG emissions 50% by 2030 from a 2018 base year and to measure and reduce our scope 3 emissions.

As of May 2021, our headquarters in Venice are powered by 100% renewable energy.



We also recognize the need for carbon to be sequestered[3] and the preservation of natural carbon sinks. We will continue to make contributions to carbon sequestration projects as a necessary step in compensating for our current emissions.

For unavoidable emissions, we purchase carbon credits through responsible and highly accredited carbon sequestration programs that also support economic development.

In 2021 we launched "Opt in for our Future" carbon compensation pricing, which automatically includes the cost of purchasing carbon credits for every order. The amount of credits equates to the carbon footprint for raw material production, manufacturing, packaging and transportation of goods to our clients.

Our current primary partner for these credits is SeaTrees, whose work supports communities planting and protecting blue-carbon coastal ecosystems.

We are currently investigating carbon capture and ways to invest in making our own operations carbon positive.



Publish

For transparency and accountability, every year we will publish our emissions and provide updates on our progress in comparison to our baseline year of 2018.

Advocate

For us to achieve the ambition of the Paris Agreement and limit warming to 1.5 degrees, we need everyone to be included in the solutions and have equitable access to clean energy.

Evaluate

We will re-evaluate every 5 years to ensure our targets are aligned with the Science Based Targets initiative recommendation and most up-to-date science.

> *Our Net Zero 2030 pledge is going to require us all to think and act differently.*
>
> *We've all come up with ideas for different supply partners, products and materials, and I believe our Teal approach has given us the strength and support to make things happen at incredible speed.*



Genevieve Lawrence.
Sustainability and Impact



Climate Action Partnerships

In helping us achieve our decarbonization goals, we are pleased to support and be supported by **SeaTrees**. SeaTrees, a not-for-profit company, helps us balance our polluting emissions and compensate our residual emissions. Not only do they invest in ocean health through planting and protecting 'blue-carbon' coastal ecosystems, their work has the added benefit of supporting sustainable jobs.

We also partner with SeaTrees for our wider carbon compensation program, 'Opt in for our Future'. With support from our clients, we calculate and then compensate emissions from the products that we make for them.

For the 2021/22 year, we have purchased 2,645 tonnes of carbon credits through their REDD+ projects in Cambodia, Kenya and Colombia, compensating for 100% of MaCher's scope 1 and 2 emissions and our relevant scope 3 emissions.

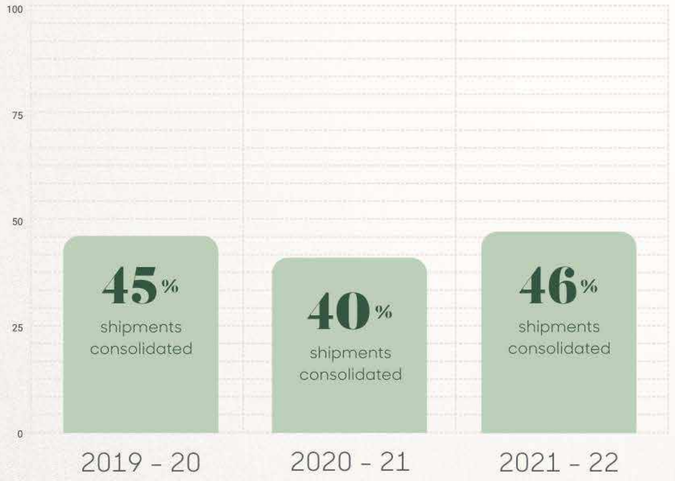
We know that to remove GHG emissions, we need to make changes to further reduce emissions and also directly invest in carbon sequestration. Offsets alone cannot solve our climate crisis. Other examples of how we are working to reduce our carbon footprint can be found throughout this report.

Logistics Practices

Transportation of our products from our manufacturing partners to our clients, contributes significantly to our overall emissions footprint. We have adopted practices to improve our efficiency and to minimize dead miles[4].

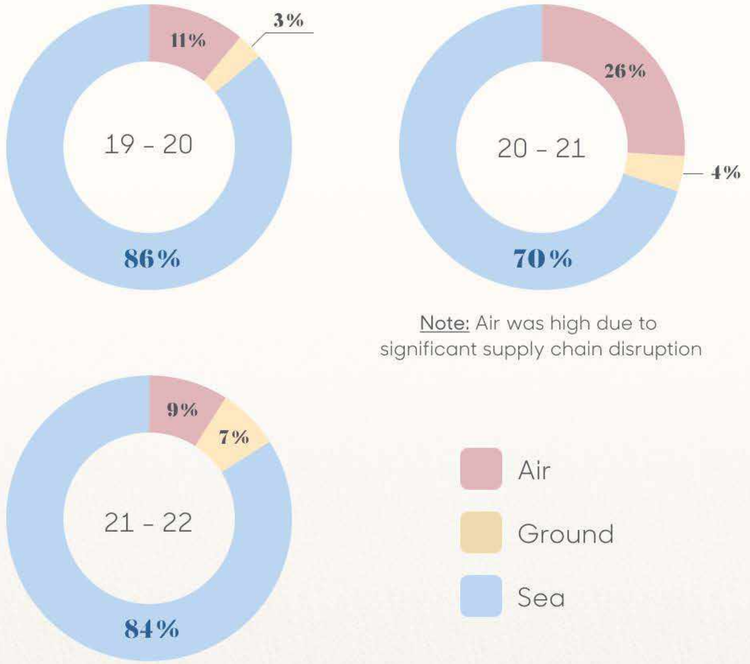
CONSOLIDATED SEA SHIPMENTS

We aim to consolidate our shipments whenever possible, to reduce our shipping footprint.



SHIPPING METHOD

Sea and ground shipments produce less emissions than air.



Note: Air was high due to significant supply chain disruption

Packing

- We provide carton size specifications for optimal palletization.
- We load loose cartons for sea and air shipments to utilize full container space.
- We avoid individual polybag packing to maximize packing space and minimize packaging waste.
- We reuse and repair our pallets.

Delivery

- We provide detailed confirmation processes to avoid re-routing of goods.
- We assess our client's supply chain to minimize repacking of goods.
- Consolidated trucking to avoid dead miles.

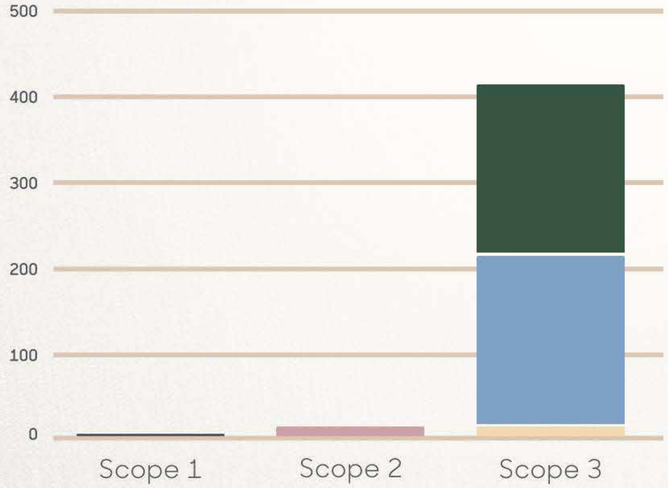
2018/19 GHG Emissions Baseline

To align our emissions reductions with science based targets, we are using our 2018/19 inventory baseline. This is a more accurate reflection of our business footprint during usual times and will give us the best indication of where our most material impacts are. The following pages include our 2019/20 and 2020/21 inventories. Our emissions mapping to the GHG protocol can be found in our **appendix**.



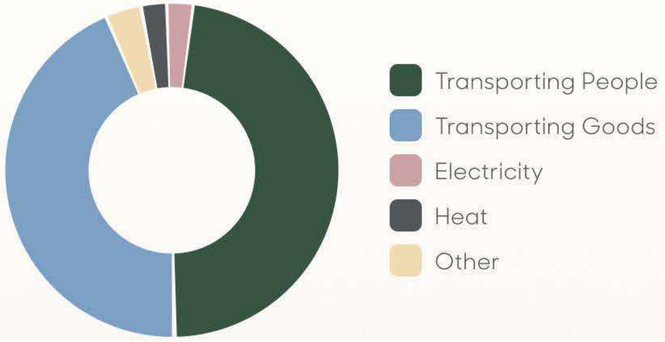
GROSS GHG EMISSIONS BY SCOPE

(MaCher, year ending June 30, 2019) | Metric Tonnes



GROSS GHG EMISSIONS BY ACTIVITY TYPE

(MaCher, year ending June 30, 2019) | Metric Tonnes



METRIC TONNES

GROSS EMISSIONS	443.6
SCOPE 1	2.9
SCOPE 2	12.8
SCOPE 3	427.8
PURCHASED REDUCTIONS	-333
NET EMISSIONS	110.6

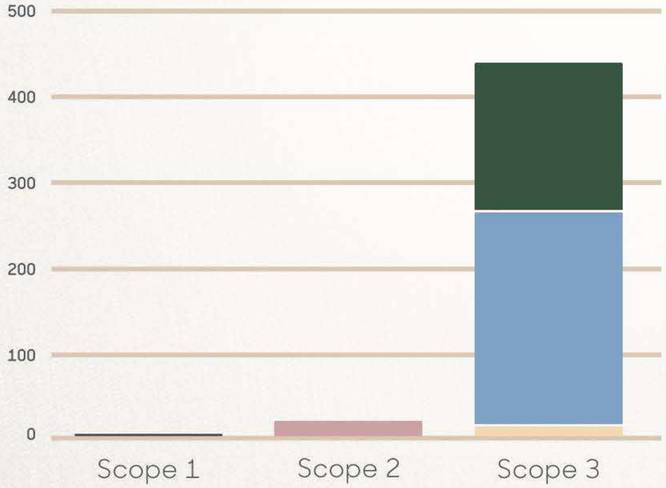
2019/20 GHG Emissions

Our emissions were on a trajectory to far exceed our 18/19 baseline. The effects of the early days during the pandemic played a significant role in curbing our end of year emissions.



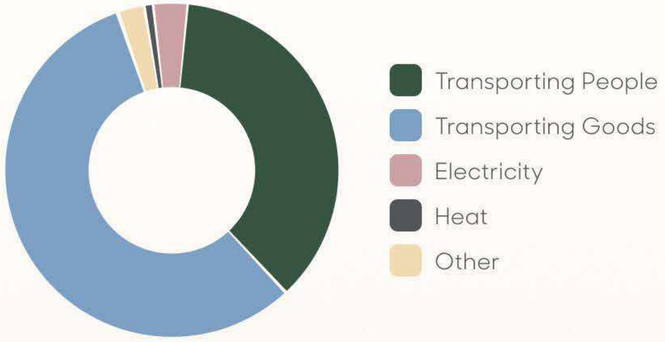
GROSS GHG EMISSIONS BY SCOPE

(MaCher, year ending June 30, 2020) | Metric Tonnes



GROSS GHG EMISSIONS BY ACTIVITY TYPE

(MaCher, year ending June 30, 2020) | Metric Tonnes



METRIC TONNES

GROSS EMISSIONS	456.6
SCOPE 1	1.8
SCOPE 2	8.9
SCOPE 3	445.9
PURCHASED REDUCTIONS	-400
NET EMISSIONS	56.6

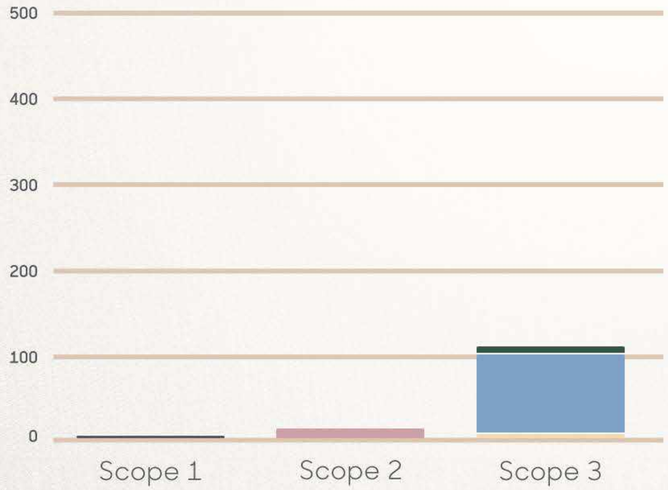
2020/21 GHG Emissions

In this year, we reflected on our baseline and the actions we would need to take to reach our Net Zero and SBTi commitments. We began planning for how we can implement reductions in the business. This included converting to renewable energy, reducing business travel once the pandemic subsided and looking for manufacturing partners closer to our customers.



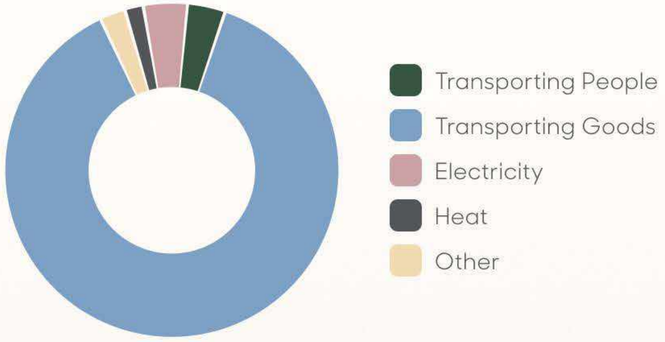
GROSS GHG EMISSIONS BY SCOPE

(MaCher, year ending June 30, 2021) | Metric Tonnes



GROSS GHG EMISSIONS BY ACTIVITY TYPE

(MaCher, year ending June 30, 2021) | Metric Tonnes



METRIC TONNES

GROSS EMISSIONS	112.9
SCOPE 1	1.5
SCOPE 2	7.0
SCOPE 3	104.4
PURCHASED REDUCTIONS	-112.9
NET EMISSIONS	0

Decarbonization Performance Overview

DECARBONIZATION - GOALS	TIME FRAME	2022 PERFORMANCE PROGRESS
NET ZERO	**2030**	
Provide client impact reports for all clients using "Opt in for our Future" carbon compensation scheme	2022	100%
Launch first tier manufacturing supplier GHG reduction pilot program	2022	NOT STARTED
Reduce team commuting (fossil-fuel based) by 30% from 2018 baseline	2023	99% REDUCTION
Reduce air business travel by 50% from 2018 baseline	2025	97% REDUCTION
1 supplier from top 10 manufacturing partners converted to solar	2025	0/10

Achieved our goal On our way We need help

Provide client impact reports for all clients using "Opt in for our Future" carbon compensation scheme	2022	100%

100% of our clients who opted into our carbon credits or responsible products program received impact reports. Providing an accessible way for our clients to see the value in our partnership is a priority. By using impact reports, we can demonstrate the value of using better materials selection, packaging solutions and our carbon credits program.

Launch first tier manufacturing supplier GHG reduction pilot program	2022	NOT STARTED

Did not complete. The decarbonization of our business activities heavily relies on what can be achieved through our value chain. Our pilot program was intended to support a manufacturing partner through the phases of measuring and exploring reduction opportunities. Due to the ongoing effects of the pandemic, our focus was on ensuring our supply partners' businesses could continue.

Reduce team commuting (fossil-fuel based) by 30% from 2018 baseline	2023	99% REDUCTION

In the past 2 reporting years, we have had a significant reduction in commuting emissions due to the pandemic and transitioning to fully remote offices. While this won't be as consistently low in the future, we do expect that our emissions will continue to be reduced from our 18/19 baseline year. We now need to account for, albeit small, emissions of our remote workspaces.

Reduce air business travel by 50% from 2018 baseline	2025	97% REDUCTION

A significant portion of our emissions inventory lies in travel for our business. During the pandemic, we adopted more technology to help us connect with our clients and partners. As we emerge from this period, we will continue to apply the lessons learned and have become more strategic about how and where we travel. We do expect this figure to rise in the next few years but our team members remain committed to being thoughtful about travel needs and reducing travel whenever possible.

1 supplier from top 10 manufacturing partners converted to solar	2025	0/10

As we learn more about what it will take to decarbonize our business, we recognize the importance of decarbonizing our value chain. It's more likely that our suppliers will succeed in decarbonizing their business if their local energy suppliers transfer to renewable energy. It may not be feasible that converting a manufacturing site to solar will be an effective energy source for that type of operation. We ask our manufacturers to share their adoption of different renewable energies in our tender process and will give higher consideration in our choice assessment to those using renewables. We will continue to monitor and report on the adoption of renewable energy among our factory partners.

Our New Goal

- Assess energy transition timelines across manufacturing countries (2023)
- Update our purchasing policy to prioritize suppliers who source renewable energy (2023)
- Report on top 10 manufacturing partners using renewable energy sources (2025)

SECTION 5

Justice, Equity, Diversity and Inclusion

PROGRESS ON SUSTAINABILITY REPORT 2022

OUR COMMITMENT TO:

Justice and Anti-Racism

We stand against oppression and racism in all forms.
We acknowledge intersectionality[5] and how that plays a role in the access to opportunity as well as in experiences of discrimination.

At MaCher, we are on a journey to address systemic racism and practices that oppress or discriminate. We are supporting our team members by listening to lived experiences and working on how we can provide an environment for every persons' perspective to be welcomed and valued.

We are committed to building awareness of the biases we may hold and the ways we can practice allyship, dismantle patriarchal and white supremacist actions and commit to creating a culture of lifelong learning.

Inclusive Representation

We believe inclusive representation encourages diversity of thought. Not only does this allow us to create a safe space for our team, but also to engage in the kind of collaboration and conversation that helps us create solutions for our clients.

We love to celebrate and acknowledge our differences. We are committed to building a team filled with diverse experiences, where team members feel valued, understood and empowered. We are learning and understanding what barriers we unintentionally create that do not allow for all voices to be represented.

We need to better understand the diversity of our value chain and learn how we can support inclusion in the creation of our products.

In order to create an anti-racist organization we believe our work needs to center around 4 pillars.



Intentions

We intend to help build more equitable systems. We are concentrating our efforts where we can have the most meaningful impact and the most beneficial outcomes. As our practice evolves, so too will our areas of focus. Our priority is to be experienced as an anti-racist organization and deepen the social value of our products.

In the last 24 months, we have focused on internal education. 40% of our team have completed external training on diversity and inclusion practices in the workplace and the learnings have been shared internally with the entire team. We have focused on uncovering biases that exist and learning where we can improve how we interact with those in our operations and value chain.

We are also deliberate about our support for our team members who are part of the LGBTQIA+ community, with internal educational sessions on lived experiences and why intentional language such as acknowledging pronouns is an important practice.

Through our feedback surveys, we now understand we need to expand accessibility in our communications. The JEDI team has begun to develop an accessibility toolkit to improve these practices in our operations, training materials and product design.

We have spent time developing our hiring practices, including:

- Improving language in job postings to be more equitable and inclusive
- Using affinity sites for job postings to increase applicant diversity
- All applications driven through Applicant Tracking System, no referral policy
- Improving access and accommodations during interviews
- Removing bias practices during screening and interviewing

Community Partnerships

We are actively investing in the young people in our community through partnerships with **Creative Futures Collective** and **Santa Monica College**. We know that equity directly corresponds to access to opportunity. By engaging with these organizations dedicated to breaking the barriers to accessing opportunity, we are learning how to improve our own practices.

We are addressing these barriers by providing real work experience and a network before they start considering their career moves. We hope this will provide a better foundation for access to new opportunities when they are ready to embark on their career and that some of them will join our own team some day.

In the last 2 years, we provided one-on-one mentoring to 13 students through programs with Creative Futures Collective and Santa Monica College.

Homelessness is, unfortunately, a significant issue in our local neighborhood. We've donated funding and have spent time volunteering to support **Safe Place for Youth, Venice**, an organization providing much needed care and community support for vulnerable young people experiencing homelessness.



MaCher has valued its travel industry clients for over 30 years. Our team, too, has greatly benefitted from their own travel experiences and gained great appreciation and awareness of their own privilege as a result. We're proud to support **The Too Fly Foundation** which aims to inspire students from under-resourced communities with the curiosity to travel abroad and passports, travel grants and educational experiences so that they can see the world.

Self-Identification Results 2022

Our team is the heart of MaCher, therefore understanding representation within our team is critical. We conduct an annual self-identification survey to guide us in this process. From these results, we seek to understand how we can best support each other, and how our recruitment efforts can attract diverse talent.

At end September 2022, just under one-third of our employees were racially diverse, and 72% of our employees identified as female or non-binary.

We had learned from last year's survey that several team members had accessibility requirements. This year we spent time researching and working on tools to better support them.

Even as a small team of 20, we believe it is essential that our representation in terms of race, accessibility and thought reflects that of our wider community. This is an area that we will want to continue to focus and improve on in the coming years.



LANGUAGES SPOKEN:

Cantonese	German	Spanish
English	Khmer	
French	Mandarin	

Justice, Equity, Diversity and Inclusion Performance Overview

JEDI - GOALS	TIME FRAME	2022 PERFORMANCE PROGRESS
BE EXPERIENCED AS AN ANTI-RACIST COMPANY	**2025**	**ONGOING**
5 hours of training for every team member on JEDI topics per year	**2022**	**COMPLETE - 11 HOURS PER TEAM MEMBER**
Use internal 'Venice Speech' platform to center social and environmental justice stories and issues	**2022**	**100%**
Develop land acknowledgement practices	**2022**	**COMPLETE**
Consistently survey our stakeholders on representation, feelings and experiences under our 4 pillars	**2023**	**COMPLETE - 8 SURVEYS**
Evaluate our recruitment partners' talent pool and diversity goals	**2023**	**COMPLETE**
Increase BIPOC representation in our team to 50%, specifically Black representation to 12.4%[6]	**2025**	**27%**

5 hours of training for every team member on JEDI topics per year	2022	COMPLETE - 11 HOURS PER TEAM MEMBER

Our team averaged 22.3 hours of training last year per team member. Of this, 11 hours on average were spent on JEDI topics. Continuing our journey of education on JEDI topics will enhance our progress on strengthening our 4 pillars of our Justice, Equity, Diversity and Inclusion work. It's critical to the success of our culture at MaCher that all our team develop their cultural competency skills.

Use internal 'Venice Speech' platform to center social and environmental justice stories and issues	2022	100%

100% of our Venice Speech sessions were centered on social and environmental justice topics.

Our Venice Speech platform was launched 2 years ago to help our team with confidence and building public speaking skills. It has also been a platform to provide education from both external partners and internal team members and a space to share lived experiences. In the last 12 months, we used the platform to center stories of our team, from personal struggles to triumph as well as providing education on issues that affect our LGBTQIA+ community members and how we can become better allies.

Develop land acknowledgement practices	2022	COMPLETE

Funded Indigenous education scholarship.

This year, we spent time understanding the purpose and place for land acknowledgments. Through the help of Redbud Resource Group, we were able to look beyond these practices to provide further tangible support to the North American Indigenous community. The Santa Monica College Interaction Design program will be providing a fully funded place for an Indigenous student to obtain their bachelor's degree in their program through our funding.

Consistently survey our stakeholders on representation, feelings and experiences under our 4 pillars	2023	COMPLETE - 8 SURVEYS

Understanding how our stakeholders feel about their inclusion and representation helps us to define our areas of focus and the feedback is critical to our improvement. This year in our anonymous team survey, well over 90% of the responding team members agreed they felt MaCher is a great place to work and develop in their careers. In the spirit of continuous improvement, over two-thirds of our team also agreed that MaCher was a 'better place today than 3 months ago'.

This year, for the first time, we also included a benchmarking survey around our four JEDI focus areas. The team felt most strongly that we focused on building empathy, they also felt that more focus was needed on deconstructing bias. As this is a newer practice within the team, we are still building a baseline and hope in the future it will help us to understand where we can improve our practices.

In the next 12 months, we hope to improve this feedback process and add some more mechanisms that improve feedback opportunities.

Evaluate our recruitment partners' talent pool and diversity goals	2023	COMPLETE

As our business recovers from the impacts of the pandemic years, we will increase focus on our hiring practices. We have found that many traditional recruitment partners have been unable to provide evidence of understanding the diversity of their talent pool. Our focus has therefore shifted to alternative practices to improve hiring such as by building relationships with community partners who can connect us with diverse talent opportunities in our sector.

We believe our partnerships with Santa Monica College and Creative Futures will support us in recruiting future talent.

Increase BIPOC representation in our team to 50%, specifically Black representation to 12.4%6	2025	27%

27% of our team identify as Black, Indigenous or a Person of Color.

We want our business to reflect the richness and diversity of our community. Our focus on inclusive and equitable practices is aimed at improving the representation of our team by 2025. We feel that the more we can advance our knowledge, our hiring practices, and our teams' experiences, the more likely we will be able to achieve that ambition.

Our New Goal

- Create a communications toolkit for accessibility – 2023

SECTION 6

Our Team and Culture

PROGRESS ON SUSTAINABILITY REPORT 2022

Our Culture

MaCher is not a traditional company. We are now a self-organized company. We have successfully integrated Teal[7] practices into our business and are on a continued journey towards being more individually accountable for our work, deeply trusting of each others' expertise and decentralizing decision making. As we grow, we continue embracing vulnerability and wholeness in the workplace, while giving and receiving honest feedback. This practice helps us use empathy to sense and respond while navigating the business landscape and our changing world.

We believe that a self-organized structure allows our team to grow and bring their best selves to work and the business to stay nimble and agile in difficult times.

As a team we are embracing the flexibility of hybrid work and exploring how we can work more efficiently as we see a "4-day work week" as the standard of the future.

Our Culture Team Focus

- Plan the transition to "4 Day Work Week"
- Build network of other Culture, Talent and Human Resources professionals
- Provide education on improving accessibility within the workplace
- Provide educational resources and support to the team around anxiety and other mental health issues

Areas We Are Addressing

- Identifying our inefficiencies
- Streamlining our processes
- Clarifying roles and accountability
- Finding the best tech integration for communication and project management
- Experimenting with the cadence of in-person vs virtual meetings

Our Culture Practices

No hierarchy, no 'bosses'.

Our team culture is paramount, and we work hard to develop a welcoming environment. Our self-organized structure guides us to take ownership and be accountable and responsible.

- 100% paid premium on medical insurance & additional paid optical and dental program
- Living wages and revenue share for all team members
- Access to Employee Assistance program
- Flexible return to work schedules for new parents and paid parental leave
- Private office space for nursing mothers
- Flexible paid sick leave policy
- Employee handbook accords with the UN Convention of Human Rights

- Long and short term disability and life insurance
- Flexible work plans for varying lifestyles
- Extensive onboarding training including anti-harassment and unconscious bias training
- 20 paid company hours dedicated to volunteering
- Professional leadership and development coaching for all team members

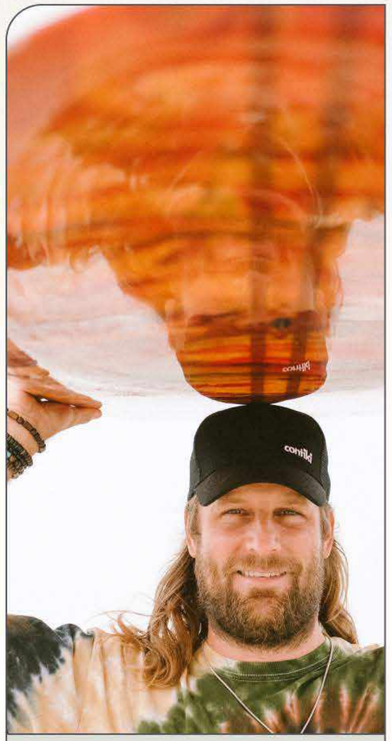
As a self-organized business, MaCher team members regularly give each other honest and timely feedback on their performance. Teammates share ideas and examples of specific skills that will increase efficiency and overall impact within the business.

Insights from our Teal Journey

The introduction of our self-organized model and Teal principles allow our team to come forward with their superpowers and not be inhibited by hierarchy or titles.

Some of these hidden superpowers allow us to excel in the following areas:

- Design thinking
- Designing for circularity
- Mentoring and team onboarding
- Navigating complex logistics situations
- LATAM sourcing and supplier development
- Presentations and Public Speaking
- New business development
- Inclusive hiring practices



It's been exciting to fuse my passion for learning about circular systems and my expertise in sourcing and apply it to our business in a way that amplifies our company purpose.

- Jon Lund



My official role in the business is deep in the operations, I've always enjoyed creating experiences and getting to know people on a deeper level. So being a member of our Culture and Talent team allows me to bring that joy to so many people in our business.

- Alex Roncal



Logistics problems have been legendary over the past couple of years. I've been trusted to navigate these obstacles and work out routing alternatives as they are needed, knowing that time is critical and everyone in the company trusts and supports my expertise.

- Daphane Sok



The team has really engaged around our internal presentation and public speaking platform, Venice Speech. I've become so much more confident about sharing my ideas and welcoming and learning from honest feedback from my team members.

- Ben Denzinger

SECTION 7

Our Partnerships: Value Chain

PROGRESS ON SUSTAINABILITY REPORT 2022

Risk Management

At MaCher, we do all that we can to ensure that our supply chain is transparent and robust, that our shipments are performed under safe and secure conditions and that our business operations are secure from physical or cyber threats. We take our responsibility for pursuing ethical business practices seriously.

We conduct annual, system-wide cyber security vulnerability scans as well as physical building security assessments. Last year, we adjusted our procedures to further tighten our security process. With many of us working more from home due to the pandemic, we installed an upgraded building security and monitoring system. We also updated our Written Information Security Policy and implemented a cyber security data breach response plan to protect our operations and our stakeholders. Every member of our team has mandatory cyber security training every year that incorporates examples of data and cyber security best practices.





C-TPAT

The shipment of our products is an area where we place a lot of focus on risk mitigation. Our participation, since 2008, in CBP's **Customs Trade Partnership Against Terrorism (C-TPAT)** program is a significant part of that. C-TPAT applies best-practice security standards to the global supply chain through a system of checks and balances, oversight, and accountability.

MaCher is Level 2 validated by CBP, and we adhere to stringent annual recertification requirements.

We want to assure our customers and team that we have met rigorous and third-party verified supply chain security standards that involve container loading inspections to prevent unauthorized content from entering our containers.

From both a risk mitigation and on-time delivery standpoint, we hope that more companies in our industry recognize the importance of becoming C-TPAT certified.

EcoVadis

For the past two years, MaCher has been rated through the **EcoVadis platform** and received a Platinum rating each time, putting us among the top 1% of their best scoring companies in terms of sustainability performance.

EcoVadis is a supply chain sustainability tool used by over 450 multinationals to assess over 100,000 supply chain partners on their efficacy around sustainability. It looks at how a company scores on environmental impact, labor and human rights, ethics, and sustainable purchasing policy and uses international CSR standards such as the Global Reporting Initiative, United Nations Global Compact, and ISO 26000.

We were thrilled with this rating, reflecting our authentic commitment to ensuring transparency within our organization and our partners.



Value Chain Partnerships

We are proud of our long-standing factory relationships, which are audited regularly by established and verified systems. Our supply partners are more than vendors to us, they are an extension of our team and align with our MaCher values. We work together in our commitment for continuous improvement to uphold standards for safe and fair working conditions and improve our environmental and social impact.

Our Standard Operating Procedures and Social Accountability Standards are best in class and based on the United Nations Universal Declaration of Human Rights and International Labor Organization conventions (SA8000 Standard). Our rigorous onboarding practices include self-assessments, onsite visits and third party auditing. We also support the efforts of our partners on their journey of continuous improvement through ongoing, frequent and periodic audits and on-site visits.

We realize there is no perfect in an imperfect world, however our goal is to bring everyone along on our journey to improve sustainable best practices.

Our success depends on everyone involved in the creation of our products. Our supply partners are a huge contributor to that success and we are committed to ensuring ethical and respectful treatment of all.

> *We want to reduce our transportation emissions by developing new partnerships in the LATAM region. I've been given so much freedom to use my business knowledge and language skills to grow my role and help the team with these exciting opportunities.*
>
> 
> Richard Flores, Sourcing Partnerships

DID YOU KNOW?

Facts about our supply chain partners

100% of our manufacturing supply partners, including all new manufacturing partners, commit and adhere to our Social Accountability Standards and Code of Conduct—based on the UN Universal Declaration of Human Rights and the International Labor Organization conventions (SA8000).



- Our top 10 partners report on water and resource usage
- 7 of our top 10 partners are SEDEX audited (6 with 4 pillar)
- We have 100% transparency at first tier manufacturing level
- Our top 8 supply chain partners have an average 14.6 year tenure
- 92.1% of our business has been placed with supply partners who have committed to accredited 3rd party audits measuring social and/or environmental performance.

100%

We maintain 100% transparency for chain of custody and certification of all sustainable materials

Value Chain Performance Overview

VALUE CHAIN - GOALS	TIME FRAME	2022 PERFORMANCE PROGRESS
ALIGN VALUE CHAIN WITH SOCIAL AND ENVIRONMENTAL GOALS	**2025**	
100% of suppliers complete our Environmental Performance Self-Assessment, measuring resource usage and waste/recycling streams	2022	65%
Implement our Sustainable Procurement Policy for both domestic and international suppliers	2022	COMPLETE
Increase # of our top 10 suppliers with SEDEX 4 Pillar audit to 8/10	2022	6/10
95% of total spend awarded to suppliers based on their commitment to social and/or environmental performance	2022	92.1%
2% of business through suppliers with social impact model* * suppliers that have a give back model or support underrepresented populations	2025	0%

Achieved our goal On our way We need help

THE GLOBAL COMPACT WE SUPPORT
SUSTAINABLE DEVELOPMENT GOALS
Certified B Corporation

100% of suppliers complete our Environmental Performance Self-Assessment, measuring resource usage and waste/recycling streams	2022	65%

65% of our suppliers from the reporting year completed our environmental self-assessment. This 65% of suppliers represent more than 95% of our spend for the year.

Our Environmental Self-Assessment is designed to introduce our suppliers to the practice of measuring. We hope that over time we can work with them to create an impact baseline and improvement strategies. As we are not always the only client using our manufacturing partners' facilities, we hope this will improve the impact of all products made by these partners. Our assessment is thorough, it includes key environmental reporting components of both SEDEX and Higg Index frameworks. We have ascertained that more support is needed for our partners on measurement practices and we will be providing this over the year ahead.

Implement our Sustainable Procurement Policy for both domestic and international suppliers	2022	COMPLETE

Our Sustainable Procurement policy was designed to align our purchasing practices with our impact goals and the expectations that we have of our supply partners. It covers both our direct and indirect purchases. The policy was created in consultation with all our operations-focused team members and will be shared with our supply partners annually.

Increase # of our top 10 suppliers with SEDEX 4 Pillar audit to 8/10	2022	6/10

6 out of 10 of our top suppliers (by spend) have completed SEDEX Smeta 4 Pillar audit.

Increasing our suppliers using the SEDEX 4 pillar standards will enable more visibility on the areas where our first tier supply partners need our support and focus. The SEDEX audit consists of 4 key pillars – Labour Standards, Health & Safety, Environment and Business Ethics and all account for legal requirements, international standards and good practice. This is currently considered one of the best practice frameworks in our industry and is our preferred method to evaluate all our suppliers on a uniform standard.

95% of total spend awarded to suppliers based on their commitment to social and/or environmental performance	2022	92.1%

92.1% of our spend in our reporting year was made with suppliers who completed an accredited third-party social and environmental impact audit that was current for the reporting year. This was a slight increase from 2021 when 91.6% of our spend was among these suppliers. Rewarding our supply partners for offering transparency into their operations will encourage our partners to be diligent about impact measurement and will prove the benefits of having a commitment to social and environmental impact.

2% of business through suppliers with social impact model* * suppliers that have a give back model or support underrepresented populations	2025	0%

0% of our business was placed with suppliers that have a social impact model this reporting year.

Introducing suppliers with a social impact model is a way that we can expand our purpose beyond our own operations. As a Certified B Corp, we believe in stakeholder and purpose driven business models and would like our partners to also reflect those values. The past 24 months, we continued expanding our supply chain into Latin America. During this process we are seeking partners that can fulfill not only manufacturing capabilities but also meet our social and environmental goals. We are onboarding four new partners with social impact business models and expect to see significant improvement in this area over the next 12 months.

Our New Goal

- Lead 2 suppliers through the SEDEX 4 pillar audit. (12 months)
- Update our Supplier Standard Operating Procedures to include Sustainable Procurement Practices. (12 months)
- Develop Buyer Code of Conduct and introduce Model Contract Clauses to our Purchase Agreements. (12 months)

SECTION 8

Partnerships for Scalable Change

PROGRESS ON SUSTAINABILITY REPORT 2022

MaCher

Action For Scalable Change

This past year we proudly provided support and resources to build and scale impact with organizations and on projects that share our aims.

In 2021, we worked alongside our partner **Tourism Cares** to develop a program for business leaders to drive sustainability through their organizations. Looking specifically at impact measurement and purpose-driven business practices, the 6-month program engaged a cohort of both NTA and USTOA members. The collaborative nature allowed leaders to share learnings and best practices, be challenged and build on their knowledge through peer mentorship.

Acting on the climate crisis requires the collaboration of both the public and private sectors. Governments play a critical role in creating policy and investing in infrastructure that supports climate action, especially the G20 leaders. This year we supported the **We Mean Business Coalition Letter to G20 leaders at COP26.**

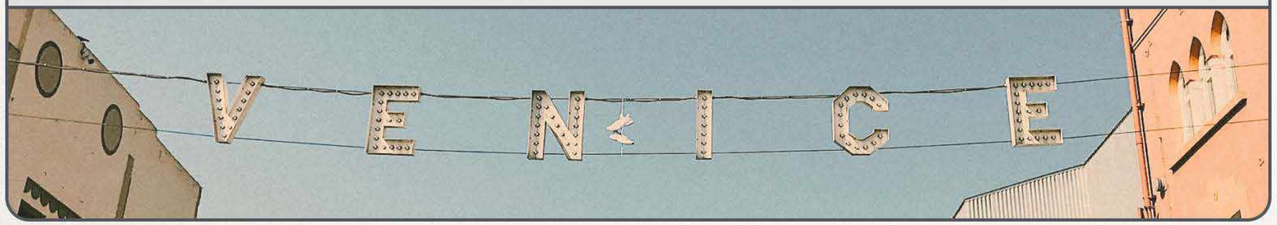
We don't ever want our team to have to choose between voting and their paycheck. Not only do we have paid time off for team members to participate in the democratic process, but we've also lent our voice to the business community by joining **Time to Vote** and **Civic Alliance.**

MaCher stands against policies that limit people's health, independence and ability to fully succeed in the workplace. Restricting access to comprehensive reproductive care, including abortion, threatens the health, independence and economic stability of our employees and customers. We are proud to support **Don't Ban Equality** for these critical reasons.

Giving Partnerships

Since our first donation to The Midnight Mission in 1992, MaCher has always made financial donations and investments as well as donating time, talent and in-kind products. We have consistently grown our giving partnerships through an informal program to invest back in to our community through nonprofit organizations and industry groups. In early 2020, we publicly announced our formal commitment to distribute at least 2% of our annual gross revenue to our nonprofit and social enterprise partners.

In particular, we want to support those organizations who are helping advance social and environmental change across the industries that we operate. These include travel, retail and beauty. We are also looking to invest in organizations that help further our goals around Justice, Equity, Diversity and Inclusion in our workplace and in our community.



Carbon Renewal

- Net Zero emissions by 2030 / Decarbonizing
- Resource protection – forests and oceans, local economies

Plastics Removal

- Resource protection – forests and oceans, local economies
- Circular / Regenerative solutions for product creation

Equity, Diversity & Inclusion

- Promotion of active citizenry
- Amplification of disenfranchised voices through product creation
- Environmental solutions that support underrepresented groups from our stakeholder footprint
- Ethical supply chains
- Mental Health

Our Ambitions for our Giving Partnerships



CONSISTENCY

Long term relationship can be established





ALIGNMENT

Aligned to supporting UN Sustainable Development Goals

CLARITY

Clear outcomes are stated and known

ACCOUNTABILITY

Impact tracking for individual events and annual impact

COLLABORATIVE

Participation, connection, and stakeholder engagement

LOCAL

Benefits stakeholders that are part of our operational footprint

AMPLIFY

Voices that have been previously ignored

SUPPORT

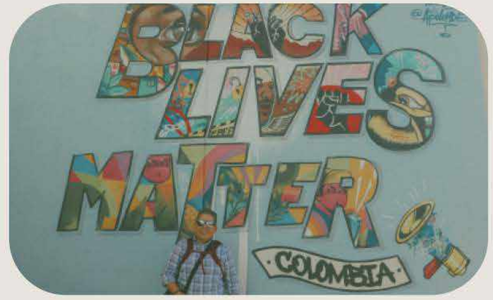
Supports our mission, sustainability objectives and SDG focus





INCLUSIVE

Welcoming and supportive of all backgrounds and creeds



Caring for our Community

This year we have spent 470 hours on giving back to our community through a combination of volunteer and pro bono projects. We have a formal commitment of 20 paid volunteer hours offered to every team member per year. Individuals can choose how they use these hours in giving back time to their communities or on pursuing issues that resonate with them personally.

As a B Corp, we also think that it's our responsibility to give our time to develop our community and support the industries we belong to, to drive positive impact.

Areas our team has given their time to this past year include:

158

Collective team hours in community development

72

Collective team hours in industry education and collaboration

50

Collective team hours for mentoring students



SECTION 9

Governance

PROGRESS ON SUSTAINABILITY REPORT 2022

Our Governance

As a Certified B Corp, we made a commitment to consider all the stakeholders affected by the decisions we make as a business, including our environment. Our Benefit Corporation structure is a legal obligation for us to pursue positive stakeholder impact alongside profit. Our stakeholders are those who directly influence and/or are influenced by our day-to-day operations. We also consider those who our business operations, such as the communities and industries we impact.

Headquartered in Los Angeles, CA.

Board of Directors is 1/4 Female.

We have 20 team members in the USA.

Our annual reporting period is July 1 - June 30.

Partners: Annette Levy, Derek Hydon, Martin Zoland, Patrick Marsden.

Our last Progress on Sustainability report was released November 2nd, 2021.

MaCher locations: USA, Australia, New Zealand, UK, Switzerland and China

Privately held C Corporation & CA State Benefit Corporation. Certified B Corp since 2014. Most recent score 129 points.

STAKEHOLDER GROUPS	FEEDBACK MECHANISMS	COMMUNICATION OF PROGRESS
Founders and shareholders	Annual 360 reviews for all team members	Annual Progress on Sustainability report
Clients	Company, department and team member meetings	Association and not-for-profit involvement
Industry peers	Exit interviews	Company, department and team member meetings
Non-profits, environmental and social enterprises	Glassdoor reviews	Directly with our clients
Our B Corp and UN Global Compact communities	Internal feedback channel	Industry roundtables
Our local community	Whistleblower feedback policy	New hire onboarding
Supply partners	Industry roundtables	Public speaking and facilitation
Team members	MaCher's board	LinkedIn
Travel, beauty, retail and other industry associations in which we operate	New hire orientation	Supply partner visits and feedback meetings
	Peer reviews of our annual Progress on Sustainability report	Team member training
	Quarterly employee happiness surveys	www.macher.com
	Social media - LinkedIn and Instagram	
	Supply partner annual feedback reviews and visits	

Footnotes

1. Highly reusable – designed for indefinite reuse until the product quality degrades
2. Curbside recyclable - needs to be recyclable in over 60% of US municipalities
3. Carbon Sequestration - process of capturing and storing atmospheric carbon dioxide
4. Dead miles - miles that are driven without any cargo
5. Intersectionality – describes the ways in which systems of inequality based on gender, race, ethnicity, sexual orientation, gender identity, disability, class and other forms of discrimination "intersect" to create unique dynamics and effects. For more information, see: **https://www.intersectionaljustice.org/what-is-intersectionality**
6. Aligned with 2020 Census Data - **https://www.census.gov/library/stories/2021/08/improved-race-ethnicity-measures-reveal-united-states-population-much-more-multiracial.html**
7. Teal – an organizational system based on self-management. For more information, see **https://www.reinventingorganizations.com**



Scope 3 Emissions Mapping

Relevant + Quantified

Category 04:
Upstream transportation and distribution

Category 09:
Downstream transportation and distribution

Category 06:
Business travel

Category 07:
Employee commuting

Category 05:
Waste generated in operations

Relevant + Not Quantified

Category 01:
Purchased goods and services

Category 12:
End-of-life treatment of sold products

Not Relevant

Category 02:
Capital goods

Category 03:
Fuel- and energy-related activities

Category 08:
Upstream leased assets

Category 10:
Processing of sold products

Category 11:
Use of sold products

Category 13:
Downstream leased assets

Category 14:
Franchises

Category 15:
Investments



Credits

Written by:
Genevieve Lawrence and Rochelle Turner

Designed by:
Ben Denzinger and Viktoriya Kim

Contributors:
Alex Roncal - Content Editing
Ciara Zeolla - Photography Editing
Cindy Lou - Content Editing
Derek Hydon - Content Editing
Domnique Ross - Photography
Jamila Jackson - Content Editing
Jennifer Krischer - Content Editing
Jon Lund - Content Editing

And the many peer reviewers and sustainability practitioners that we're so proud to call partners.

Protography Credits:

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Special Credits

This report is dedicated to the life of Michael Hydon, a lifelong learner and teacher. He was integral to the development and implementation of our Giving Strategy. Even up until his passing in 2022, he was our biggest cheerleader, recognizing and encouraging the impact we can have well beyond our business. He helped us understand what it means to "punch well above your weight" when it comes to creating positive change.



Thank You

We hope that our continued progress has inspired you, creating at least one or two actionable ideas for your own team. We are happy to answer any questions about our progress and our work. We are also here to freely help businesses review and develop their own sustainability journey.

- Genevieve Lawrence, *Sustainability & Impact*

Macher.com | *info@macher.com*
310.581.5222 | *glawrence@macher.com*