

2023

Impact Report

Reporting period July 1st, 2022 to June 30th, 2023



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Purpose of report

The purpose of this report is to provide an **understanding of our actions toward improving** our workplace culture, our environmental impact and our responsibility across our value chain.

In our selected case studies, we aim to demonstrate how we have made an impact, our learning along the way as well as our partnership efforts to promote collective action.

Our annual impact reporting is based on our financial year July 1st to June 30th.

2023 represents:

July 1st, 2022 to June 30th, 2023



Glossary of terms

- **Broken stowage** – refers to the unused or empty spaces that remain when goods or cargo are loaded into a shipping container or storage area, which can lead to inefficiencies in transportation and storage
- **Cradle-to-gate emissions** – the carbon emissions of a product from production to the moment it enters the store
- **Curbside recyclable** – can be recycled in over 60% of US municipalities
- **FY – Financial Year.** Our financial year runs from July 1st to June 30th and we base all of our impact reporting on these dates
- **Highly reusable** – designed for indefinite reuse until the product quality degrades
- **Intersectionality** – describes the way in which systems of inequality based on gender, ethnicity, race, 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>

- **JEDI** – Justice, Equity, Diversity and Inclusion
- **Living wage** – an income level that allows people to afford appropriate shelter, food and other necessities, different from minimum wage
- **MT** – metric tonnes, universal measurement for carbon dioxide equivalent (CO₂e) emissions
- **SBTi** – Science Based Targets Initiative – defines a clear path to carbon emissions reductions and net-zero targets in line with climate science
- **Self Organized** – system of business management that relies on peer relationships. People have authority in their own area(s) of accountability. There is a hierarchy of purpose and objectives, not of people
- **Teal** – an organizational system based on self-management, wholeness and evolutionary purpose. For more information, see: <https://www.reinventingorganizations.com>
- **Team Engagement Score** – our team engagement score is based on a combined annual score of two of feedback metrics that we measure quarterly. This is a combination of two questions: Q1 'Would you recommend MaCher as a great place to work?' and Q2 'Do you see MaCher as a place to develop your career?'
- **Virgin materials** – material extracted directly in their raw form without processing

President's Letter

In today's world, I am struck by how business leaders and boards still face tensions prioritizing sustainability. Conventional governance only considers risk and opportunity whereas the mindset required for sustainable action integrates a sense of responsibility for positive impact in every aspect of a business.

The extreme issues in our world can only be navigated through shared responsibility such as collective action and partnerships. We experienced two significant opportunities to put this shared action into practice this past year. The first through USTOA and Tourism Cares sustainability platforms and the other through the B Corp Beauty Coalition.

These collaborative activities have been focused on encouraging and supporting our team to experiment, share learnings and challenges. For us, these activities pay extensive dividends. Our team learns new skills and knowledge; they broaden our access to experts and together we feel we get closer to solving some of our own challenges as well as those of the industries we are a part of. Some of these learnings are highlighted in five case studies throughout the report.

We feel proud that our sustainability efforts have been verified by third parties. A highlight of our 2023 year was our B Corp recertification where our US, UK and Swiss businesses recertified with a score of 141 points. We improved on our EcoVadis Platinum rating and we recently received Switzerland's Swisstainable label. This is all a reflection of our extraordinary team at MaCher and their dedication to building a purpose driven organization.

In January 2024, we are testing a reduced work hour week, joining many other companies testing this initiative, designed to still deliver strong business performance with improved work life balance for our team. We remain committed to asking the "why?" behind our work and ensuring that product strategies remain relevant and impactful. This means continuing to provide high ROI returns for our customers while significantly reducing waste. This year also saw us shifting away from using carbon credits for compensation and instead investing those funds into decarbonization tools for our value chain. We know there is more to learn in this space, but we are looking forward to the journey.

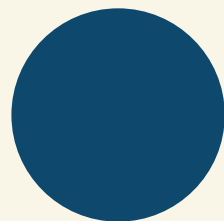
Derek Hydon – MaCher President



SECTION 1

Vision & Impact

MACHER 2023 IMPACT REPORT



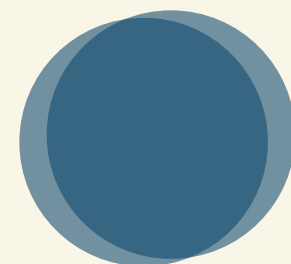
Purpose and Culture

Informed by data and research, we responsibly design and manufacture 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.



At a Glance



Our Industry

MaCher has been creating branded products for over 30 years. We take a data-led approach and use circular design principles in our aim to only produce reusable products that create value for our customers, using the most responsible materials.

We are aware that our wider industry and our business face significant challenges over the coming years. New regulations making business account for the responsible disposal of their products as well as new laws requiring consolidated sustainability reporting are being put in place in more jurisdictions. What we do has a significant impact on the environment, society and the economy and we will all have to prove we are taking far greater positive action.

We are committed to rapid progress. We will purchase goods and services that have the least negative impact on the environment and continue to develop our supply base that operates using suppliers with verified operational and governance practices and promotes social and economic development in their communities.

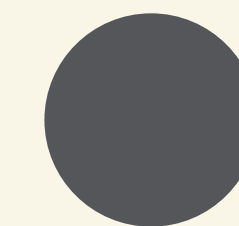
Our goal is to be a purposeful business, and encouraging others to do the same.



SECTION 2

Our Strategy

MACHER 2023 IMPACT REPORT



Our Ambition

Our ambition has been crafted through feedback from our stakeholders and understanding our global challenges. We have surveyed our team, customers, industry groups, academia, social enterprises, and our suppliers. We have also gained valuable insights from the B Impact and EcoVadis assessments.

Our goals for sustainable action have been designed to focus on where our business can have the most significant impact. We have identified three core pillars; Waste Reduction, Decarbonization and Justice, Equity, Diversity, and Inclusion which are all tied to the UN Sustainable Development Goals.

These pillars are encompassed by our central tenet of collective action through diverse partnerships. We rely on these relationships to challenge, guide and collaborate with us on responsible business practices. They include industry associations, nonprofits, and B Corp network groups.

We still don't have all the answers on how we will meet all our goals, but experience has taught us that bold ambition and embracing the fear of the unknown, creates an innovative environment where answers are found.

As we work towards our goals, we will continue to share our progress, and promise transparency around our failings and learnings.

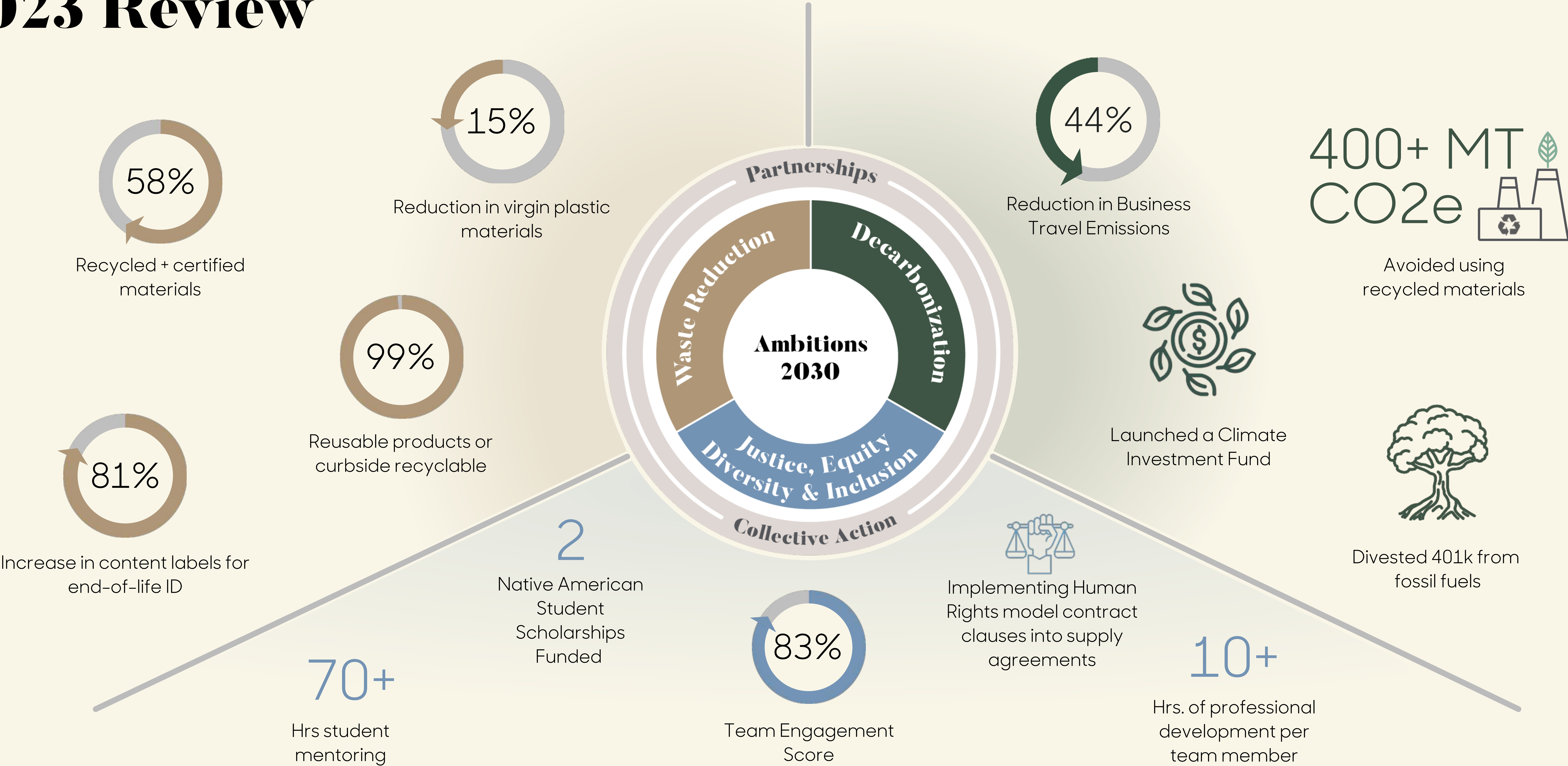


- ALL PRODUCTS DESIGNED FOR CIRCULAR ECONOMY
- REMOVE VIRGIN PLASTIC FROM PRODUCTS
- ALL PRODUCTS REUSABLE OR CURBSIDE RECYCLABLE
- EXPERIENCED AS A COMPANY THAT ACTIVELY PROMOTES EQUITY, HUMAN RIGHTS, AND ANTI-RACISM.



- NET ZERO 2030 - SCOPE 1 + 2
- ALIGN SUPPLY CHAIN WITH SOCIAL AND ENVIRONMENTAL GOALS
- PRIORITIZE FINANCIAL EQUITY
- CREATE EQUITABLE OPPORTUNITIES THROUGH OUR PRODUCTS

2023 Review



SECTION 3

Our Culture

MACHER 2023 IMPACT REPORT

Culture Practices

Our self-organized structure guides us to take ownership of our work and be accountable for our results.



MaCher's culture is self-organized, based on Teal principles

self-management

Every member of our team is a subject matter expert in a role that is integral to the goals and vision of the business.

wholeness

We all work together regardless of title or tenure to create product solutions that help our clients meet their goals and meet our impact goals.

evolutionary purpose

Our team thrives on a high level of personal accountability, collaboration, hunger for learning and celebrating diversity of thought.

CRAFT Culture

Our purpose as a business is 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



Case Study - Working toward a 32hr work week

By Breanne
Joyce



Context:

Fostering a corporate culture that balances work-life harmony, and operational efficiency is a core objective. In 2022, we introduced an initiative to operationalize and transition to a 32-hour work week.

Challenge:

To embark on this journey, we needed a thorough evaluation of the key performance indicators (KPIs) that would allow us to realize our goal. We would need strategies that would sufficiently enhance our performance and productivity for a 32-hour week to make business sense.

Analysis and Actions:

Using KPIs from team surveys and feedback, we constructed a roadmap. We understood the barriers were concentrated around communication, time management and development of interpersonal skills such as direct feedback. Cross-functional teams of subject matter experts developed strategies to optimize processes relating to these areas, yielding a substantial benefit.

Results, Outcomes and Lessons Learned:

One pivotal realization we encountered throughout this process was the critical role of **team engagement in the implementation of new practices**. It became evident that while processes could be meticulously designed, their efficacy relied on the collective dedication of the team. In the face of bustling workdays, the temptation to revert to established routines emerged. We recognized this challenge and harnessed the concept of team accountability to safeguard the adoption and continual enhancement of these practices.

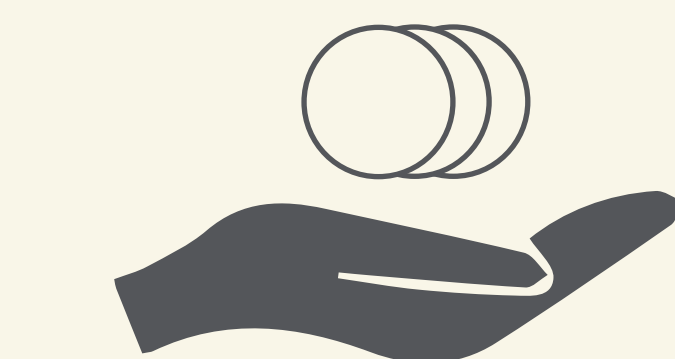
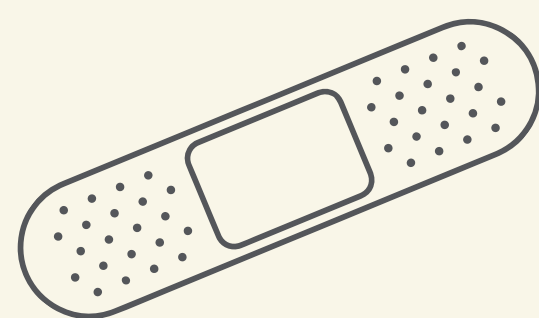
Through this journey we are aiming to align company goals with employee well-being. To date, we have progressed by forming teams that work across departments, setting clear performance goals, and encouraging everyone to take responsibility. We're confident that our shift to a 32-hour work week, starting January 2024, will create a better way of working that benefits both our company and our team. We've already noticed happier and more engaged team, plus our work is getting done faster and better, leading to happier clients.

Culture Highlights

Employee handbook
aligned with UN Convention
of Human Rights

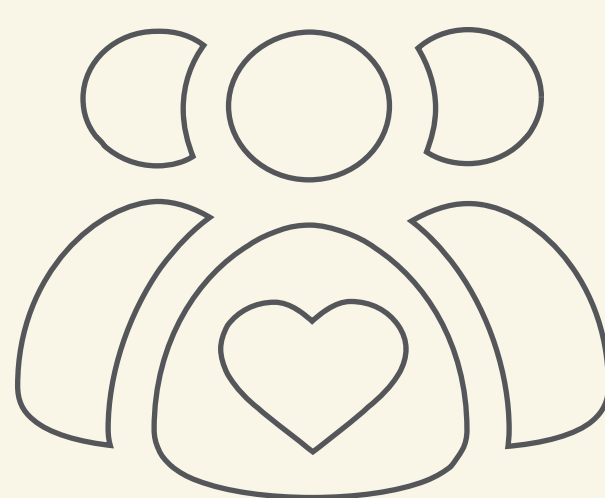


100% paid
premium on
medical insurance



Living wages and
revenue share for
all team members

Professional
leadership and
development
coaching for all
team members

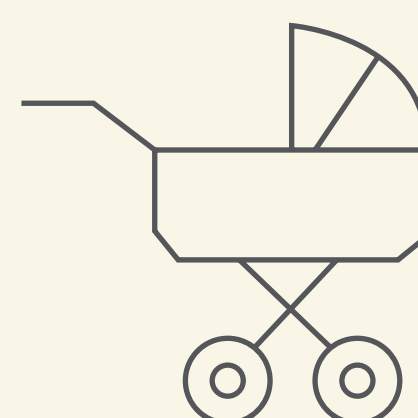


Access to legal
assistance and mental
health resources

20 paid volunteering
hours per year



Flexible work
plans for varying
lifestyles



Flexible return to
work schedules for
new parents and
paid parental leave

Average
employee tenure
of 10.2 years

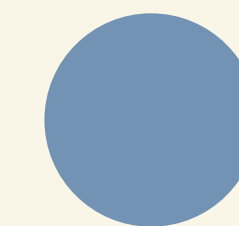


Paid life insurance

— SECTION 4 —

Justice, Equity, Diversity, and Inclusion

MACHER 2023 IMPACT REPORT



Our Commitment to Justice and Anti-Racism

We stand against oppression and racism in all forms.

We acknowledge intersectionality 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. Our team supports each other by listening to our lived experiences and working on how we can provide an environment for every person's 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.



Our 4 Pillars of Inclusion

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 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.

In order to create an inclusive organization we believe our work needs to center around 4 pillars:

Deconstructing Bias

Implicit biases can lead to others being overlooked or undervalued. By recognizing and building our awareness to the bias that exists in our thinking, we are better equipped to alter our practices and policies to be more inclusive.

Feeling welcome

To attract diversity of thought and experiences, it's important to us that we can demonstrate our workplace is where people will feel accepted for being their whole self.

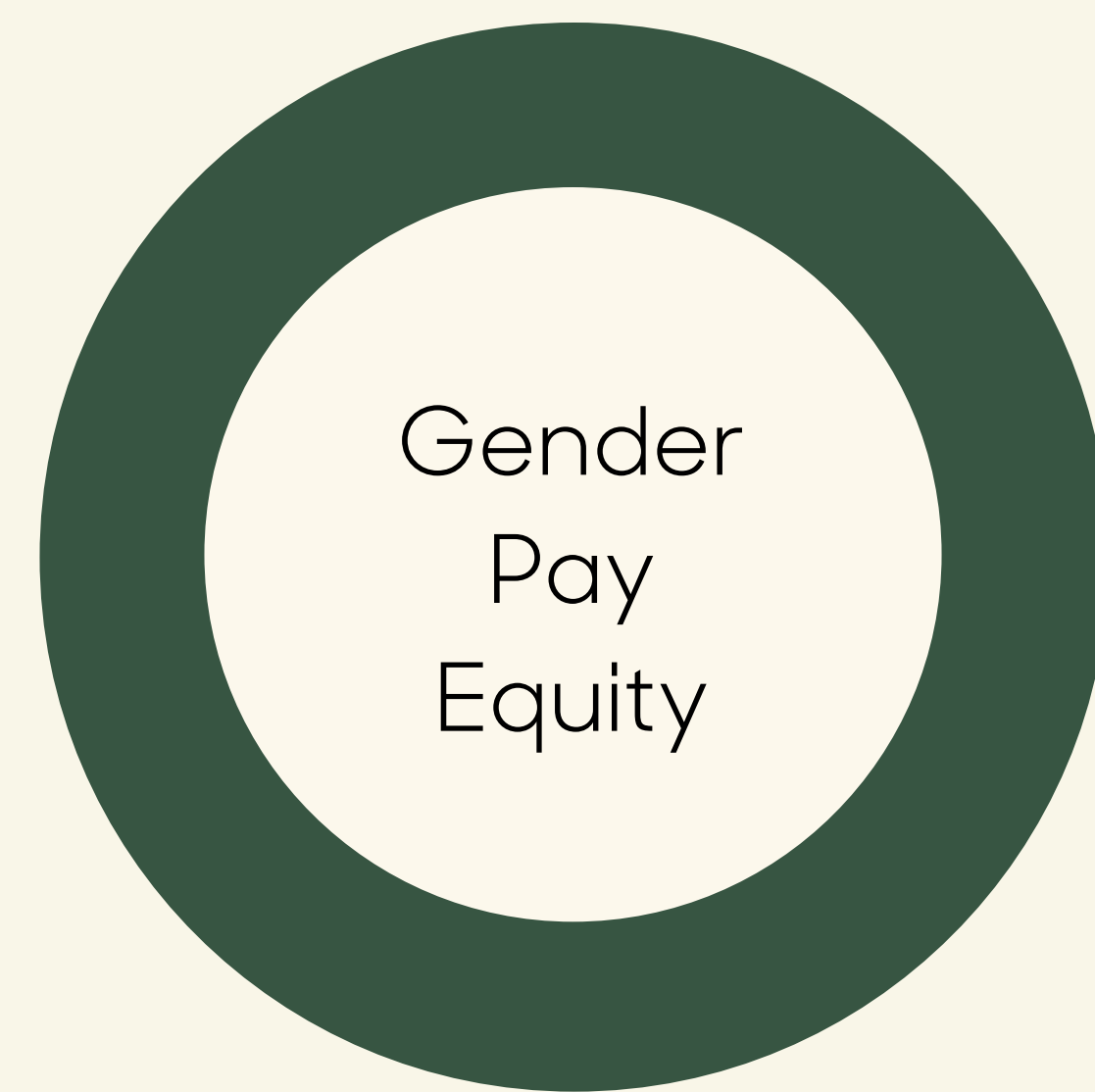
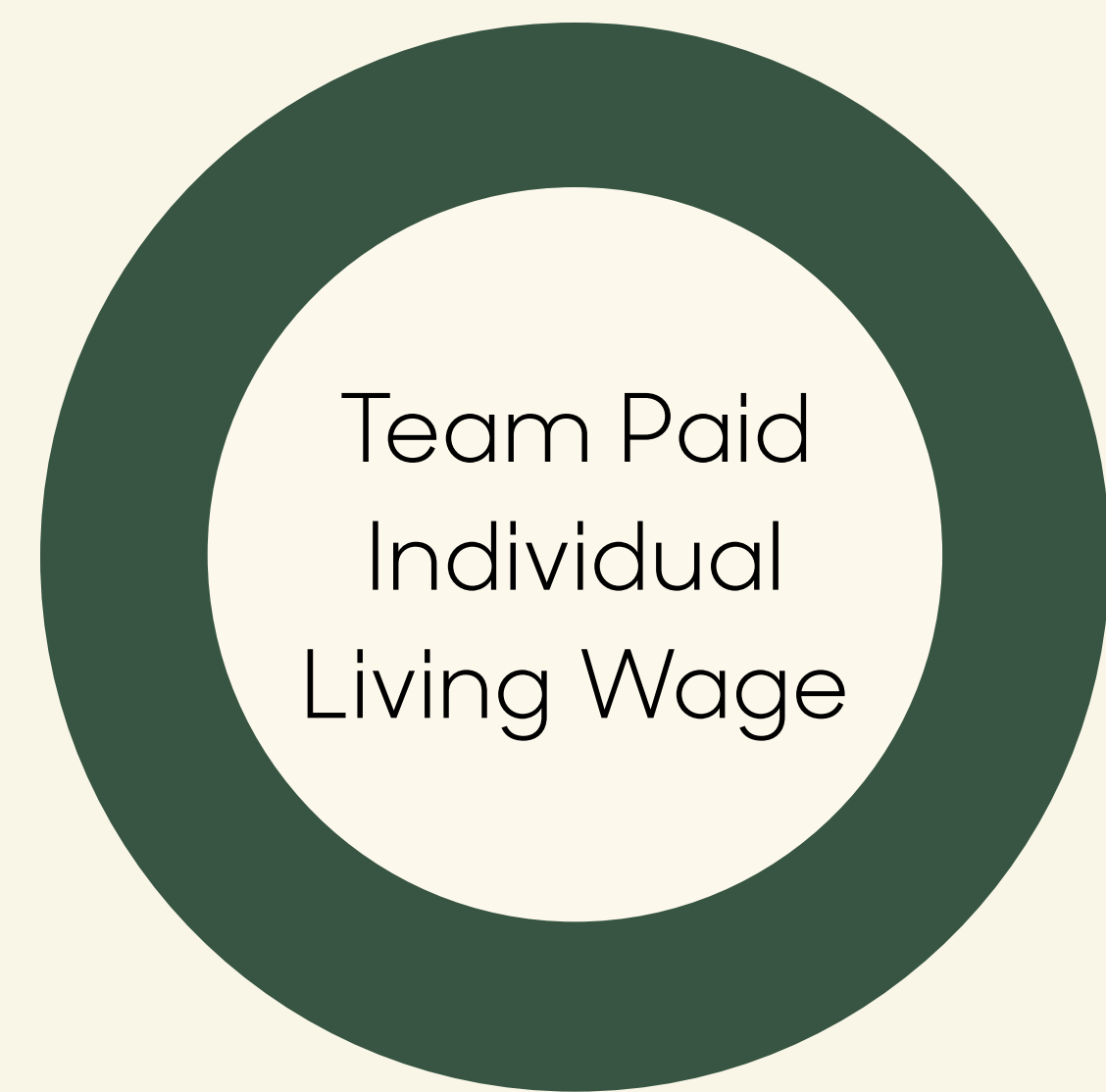
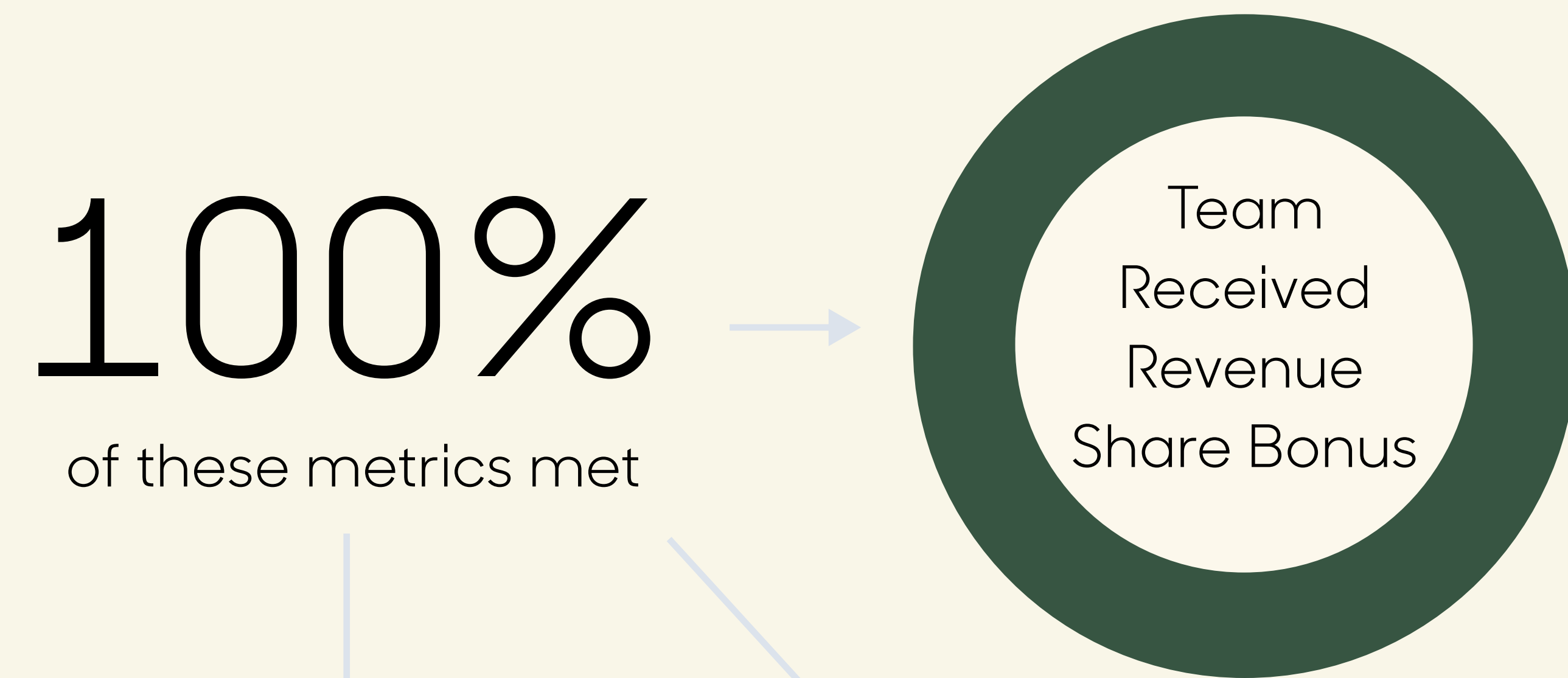
Building Empathy

We believe demonstrating empathy is a vital skill of leadership and is necessary to collaborate more effectively and improve the dynamics of our relationships.

Feeling Valued

Every team member should feel that their growth and development is our priority and we are invested equally in everyone. We want to practice leading with curiosity and drawing on multiple perspectives and life experiences.

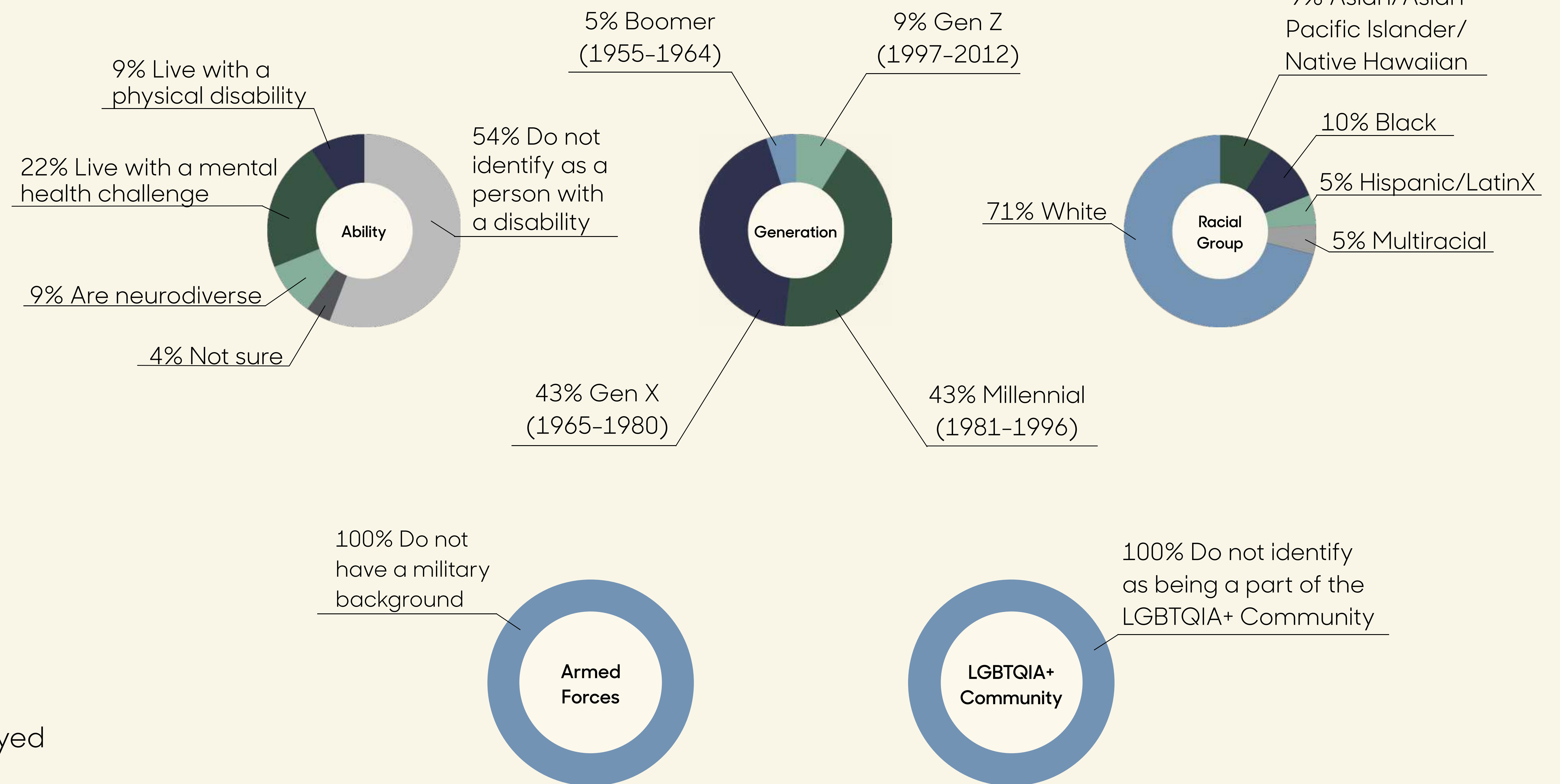
JEDI Impact in Numbers



2 Scholarships funded for Native American students at Santa Monica College

8 Stakeholder feedback surveys deployed

Team Representation Stats 21 Respondents - 16 Female, 5 Male



Case Study - Revamping our interview process

By Jamila
Jackson



Context:

As we embraced decentralized decision-making during the pandemic, we took steps to **identify inefficiencies and inconsistencies** in our interview process. Our previous interview approach posed challenges for hybrid work and ensuring equitable hiring practices. We required clearer guidelines our team now involved in the process.

Challenge:

To address these challenges and update our interview questions, we also had to increase the balance between subjective and objective evaluation. The format we had been using allowed unskilled interviewers to ask questions inconsistently which risked leading to inequitable evaluations. We also felt the process lacked transparency, causing delays and inefficiencies.

Analysis and Actions:

After pinpointing the main issues, we assessed our questions' quality and alignment with HR best practices. While the questions remained relevant, the format needed an overhaul to facilitate our hybrid work structure and guide interviewers effectively. **In September 2022, new interview evaluation templates were crafted** for each interview stage, complete with a training video to ensure understanding. These online-friendly templates featured rating dropdowns, all questions ordered on one page and checkboxes for consent or dissent. Kick-off meetings clarified usage and objectives, evaluations were shared within the team, and a regroup before offers increased transparency.

Results, Outcomes and Lessons Learned:

The revamped process **streamlined efficiency, boosted interviewer confidence, and enhanced transparency in decision-making.** Through this process, we were also able to foster inclusivity and lead candidates to share their unique needs.

Providing clear instructions and creating user-friendly forms are vital when involving individuals without formal training in a process. Our progress is significant, yet further steps lie ahead. In the coming year, we aim to host a workshop to improve our team's capabilities in interviewing skills. This is one example of using an iterative process to improve on our practices within the business.

Other Actions Towards our JEDI Goals

Supporting students from diverse backgrounds in the creative design industry

Over the past few years, some of our team have been fortunate to be paired with young people in a mentorship program run by Creative Futures Collective (CFC). Our engagement and learning spurred us to facilitate a funded scholarship aimed to support Native American representation in the design field.

Building financial equity

To address both the increasing wealth gap and long standing racial equity gap, we are creating a business that exchanges hard work, creativity and a positive mindset for financial security alongside work/life balance. We have introduced both a revenue and profit share program that distributes equally across the entire team. We have a 4% automatic 401K contribution and we are researching additional ways that we can build financial wellbeing for our team.

Leadership training on racial equity

To achieve our JEDI goals, it's crucial for everyone, especially those in influential positions, to understand where the business can play a role in building racial equity. Our owners engaged in an 8-week workshop by B Lab, the Racial Equity Impact Improvement Program. The program focused on hiring, inclusive leadership, board diversity, and employee wealth creation. These learnings led to reviews of MaCher's policies as well as advocacy with our customers.



Ambitions

Accessibility communications toolkit - 2024

An Accessibility Communications Toolkit will empower us to create content and interactions that are inclusive and accessible to all. It will aim to also enhance our engagement with a broader audience, reinforcing our commitment to diversity and inclusivity.

Ethical marketing policy - 2024

By introducing an Ethical Marketing Policy we hope to align our values and mission with our messaging. We also want to gain trust by championing transparency, responsible advertising practices, and inclusivity.

32 hr work week - 2024

The adoption of a 32 hour work week reflects our commitment to employee well-being and work-life balance. The structure is designed to contribute to a more engaged and motivated workforce, but it also aligns with our sustainability goals by reducing energy consumption and environmental impact.

Team engagement target of 85% - 2024

We want our team to feel valued and engaged in their work. A high team satisfaction rate helps us to assess our performance in relation to workplace culture and our ability to retain and attract top talent. Our current score is 83%.

SECTION 5

Waste Reduction

MACHER 2023 IMPACT REPORT

Waste Reduction Strategy

We continue our commitment to SDG 12 – Responsible Consumption and Production, and embed our circular systems thinking into the design of the products that we make.

To reduce our upstream impact we use circular design principles to design out waste and use lower impact and recycled materials where possible. This can take the form in dying and printing methods, or material optimization in cutting.

Our designers also use circular design principles to help mitigate our downstream impact and work to introduce products that are desirable, reusable, and add value to the lives of the recipients. By prioritizing this at the design stage, we are working to give our products a long, useful life.

We aspire to implement circular product into our supply chain, but until we can take back and recycle our own products into new products, we focus on a few key concepts:

- Make less, make better
- Design out waste and inefficiency
- Use lower impact materials
- Make high quality products with a clearly defined end user



Designing for Circularity

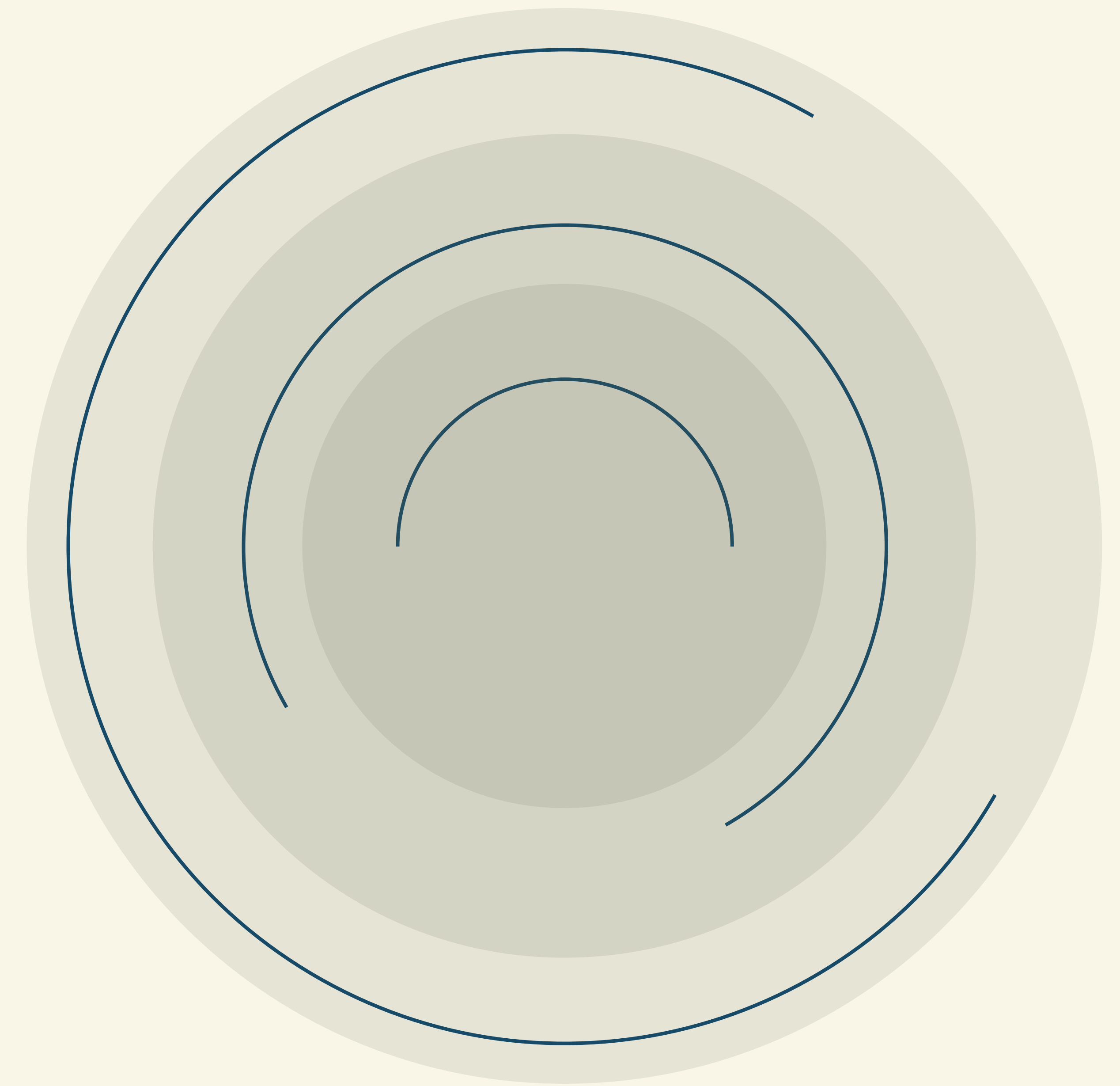
Designing for a circular economy begins with intention.

Who is the product for, what is its intended use, what is the intended end of life and does it need to be made?

How might we use circular principles to design a product that is reusable, repairable and made from recycled materials?

In our own circular design journey, we have identified four ways that we can design products for the circular economy and minimize impact across our value chain. We aim for **100%** of our products to meet at least two of these criteria by 2025:

- Design for zero waste
- Design for waste reduction
- Design for reuse
- Design for closed loop



MaCher Materials Hierarchy

Our Materials Hierarchy gives us a structure to categorize the materials we use in creating our products. It helps us understand where the biggest material impacts are and how we can improve.

We designed this hierarchy to identify our most desirable, lower impact materials at the top of our inverted pyramid to our least desirable, high impact materials at the bottom.

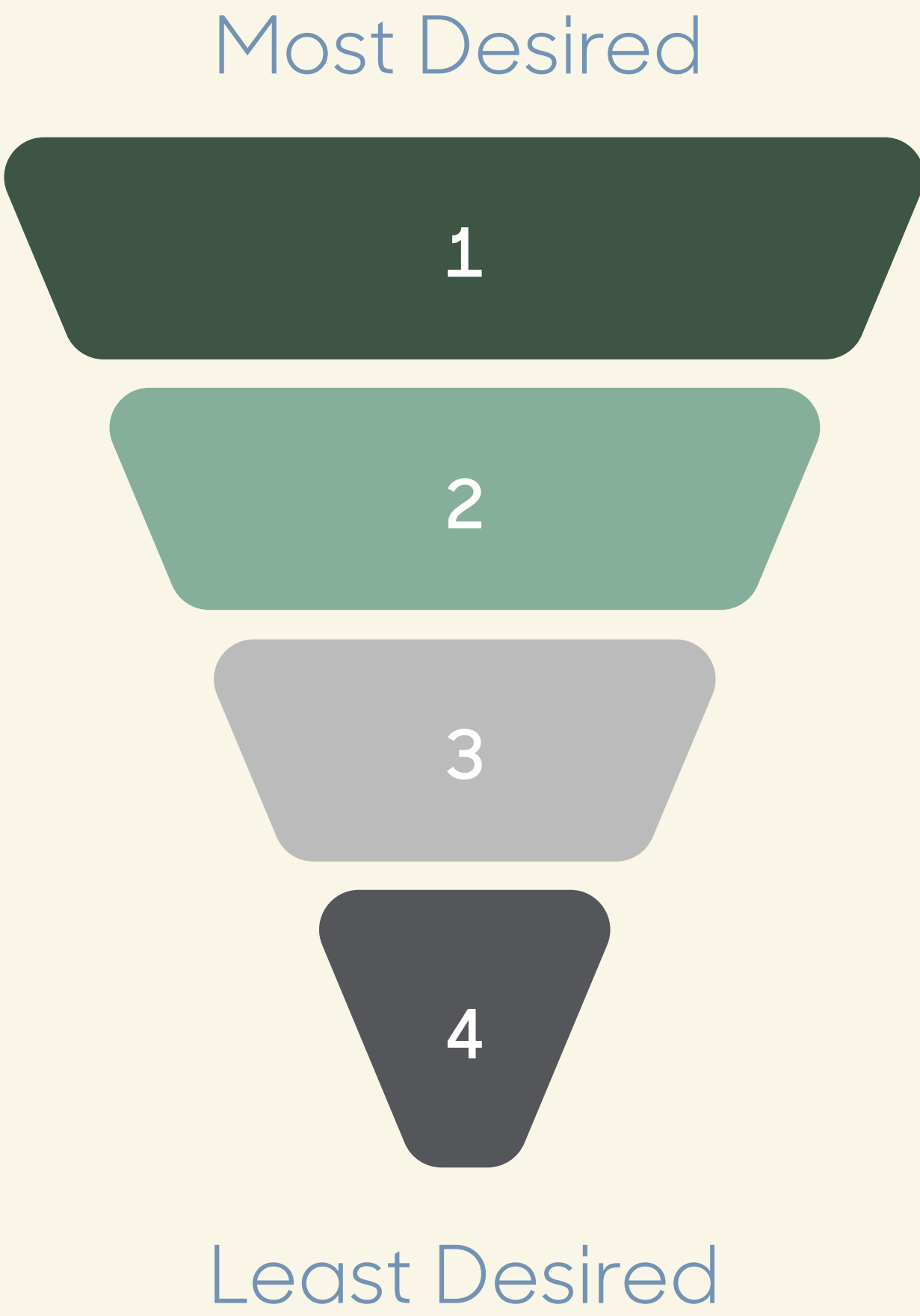
Materials hierarchy highlight

Our aim is to introduce a "Category Zero" next year, setting higher standards of transparency, traceability, robust certifications and reducing impacts like GHG emissions, water usage and social practices. Today, Category 1 is our standard as we actively seek solutions for Category Zero.

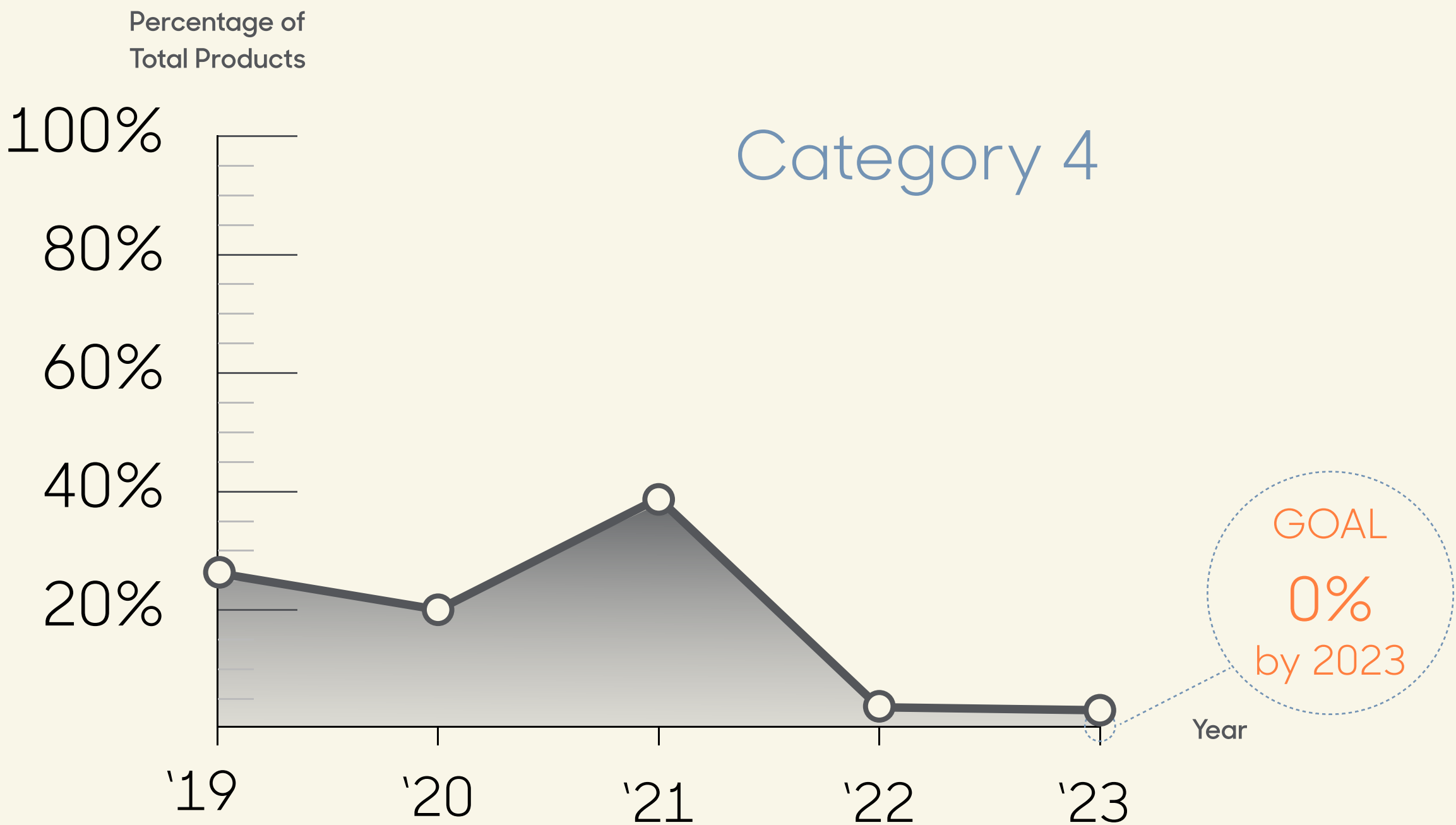
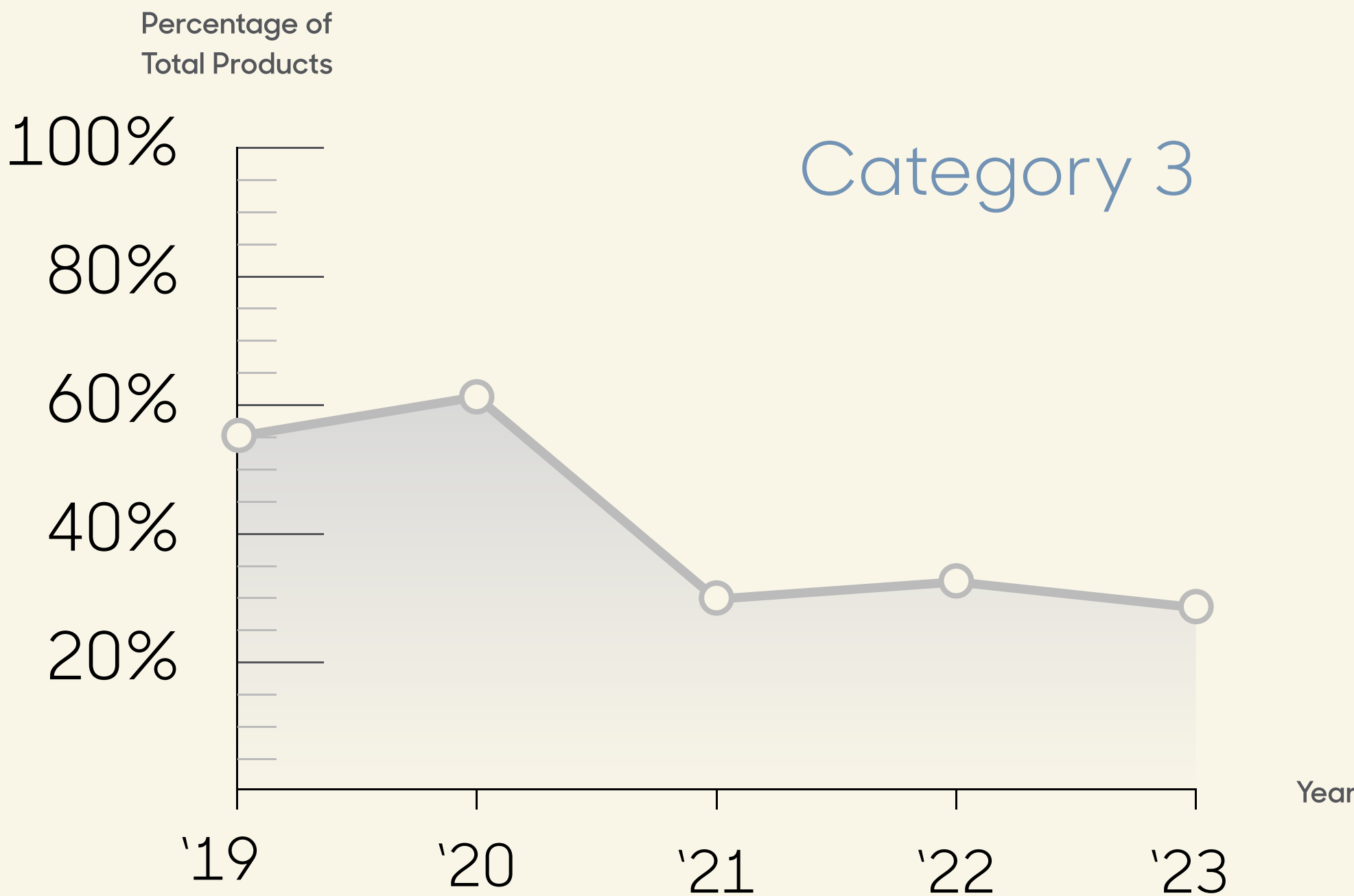
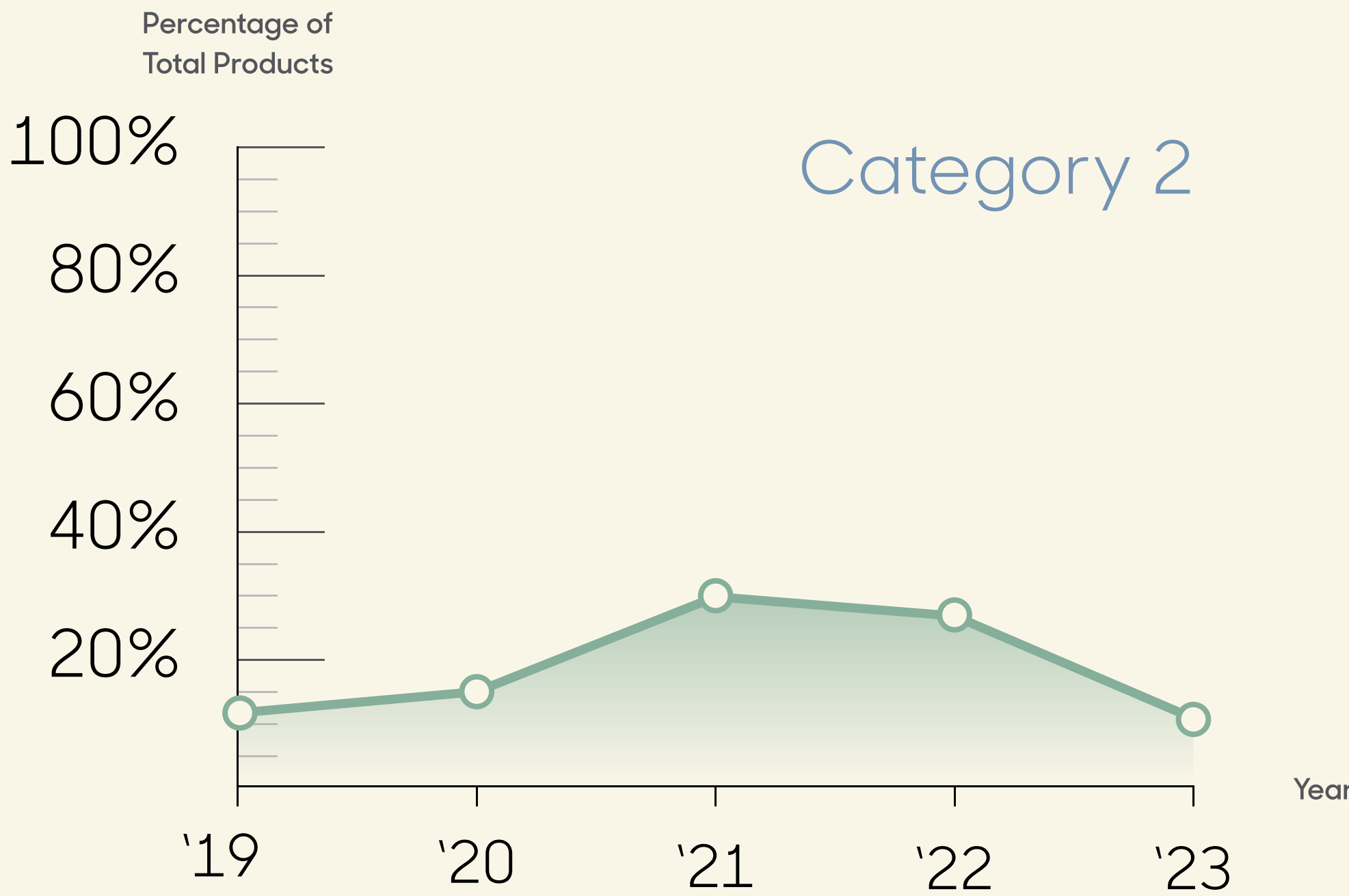
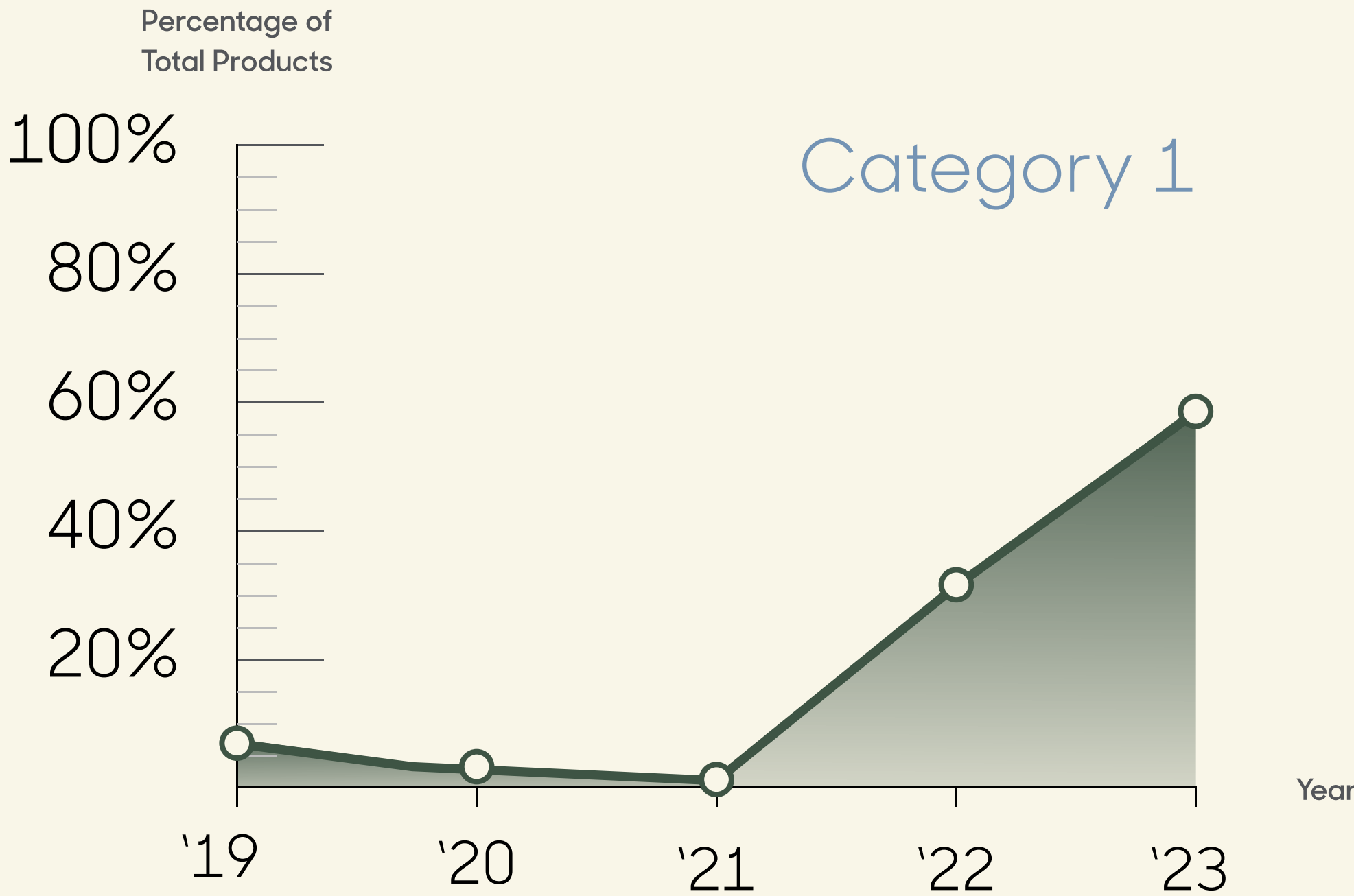


Materials Performance

Materials Hierarchy

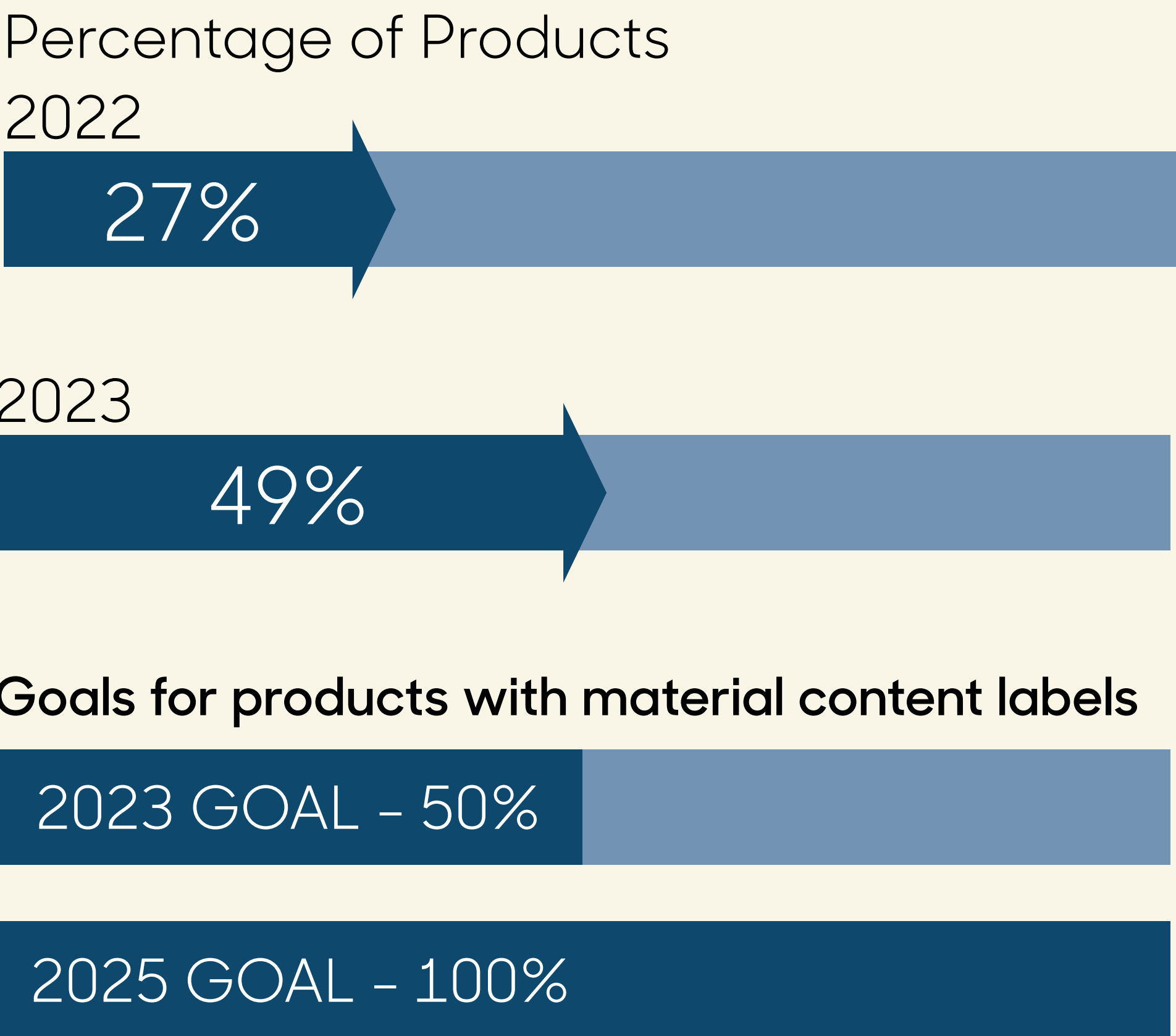


Materials Performance - Primary Material

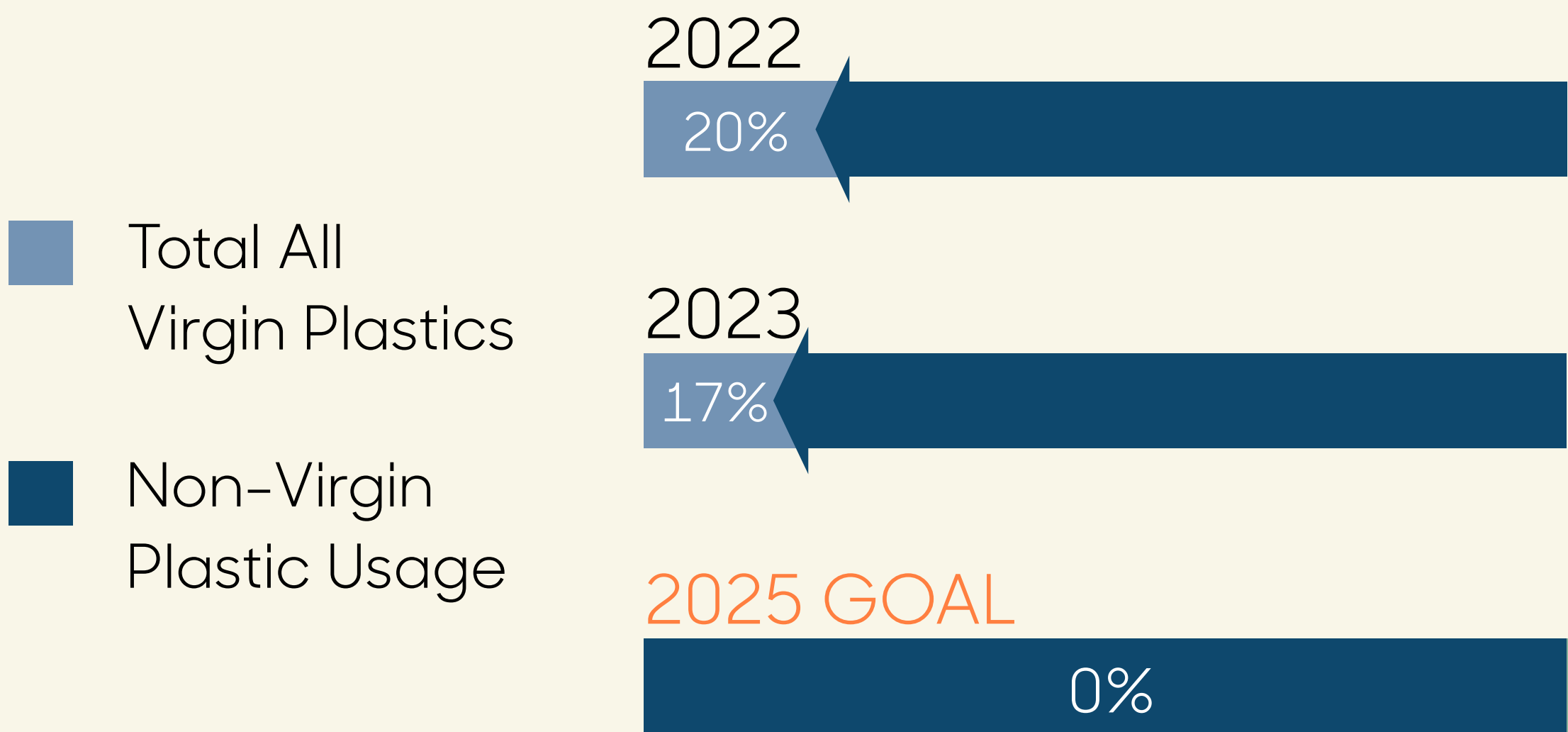


Designing for Circularity

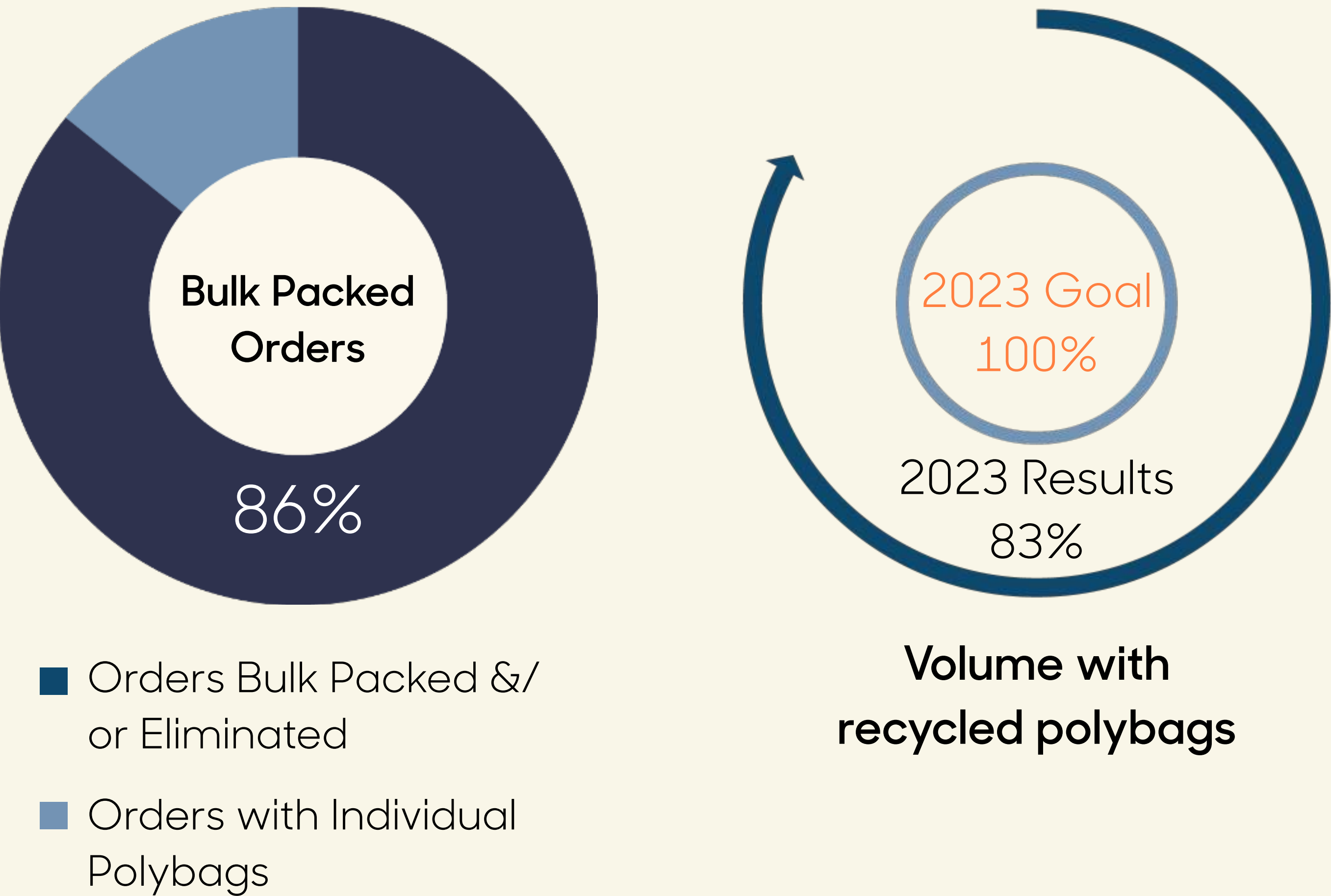
Material content labelling



Virgin plastic in products



Virgin plastic in packaging



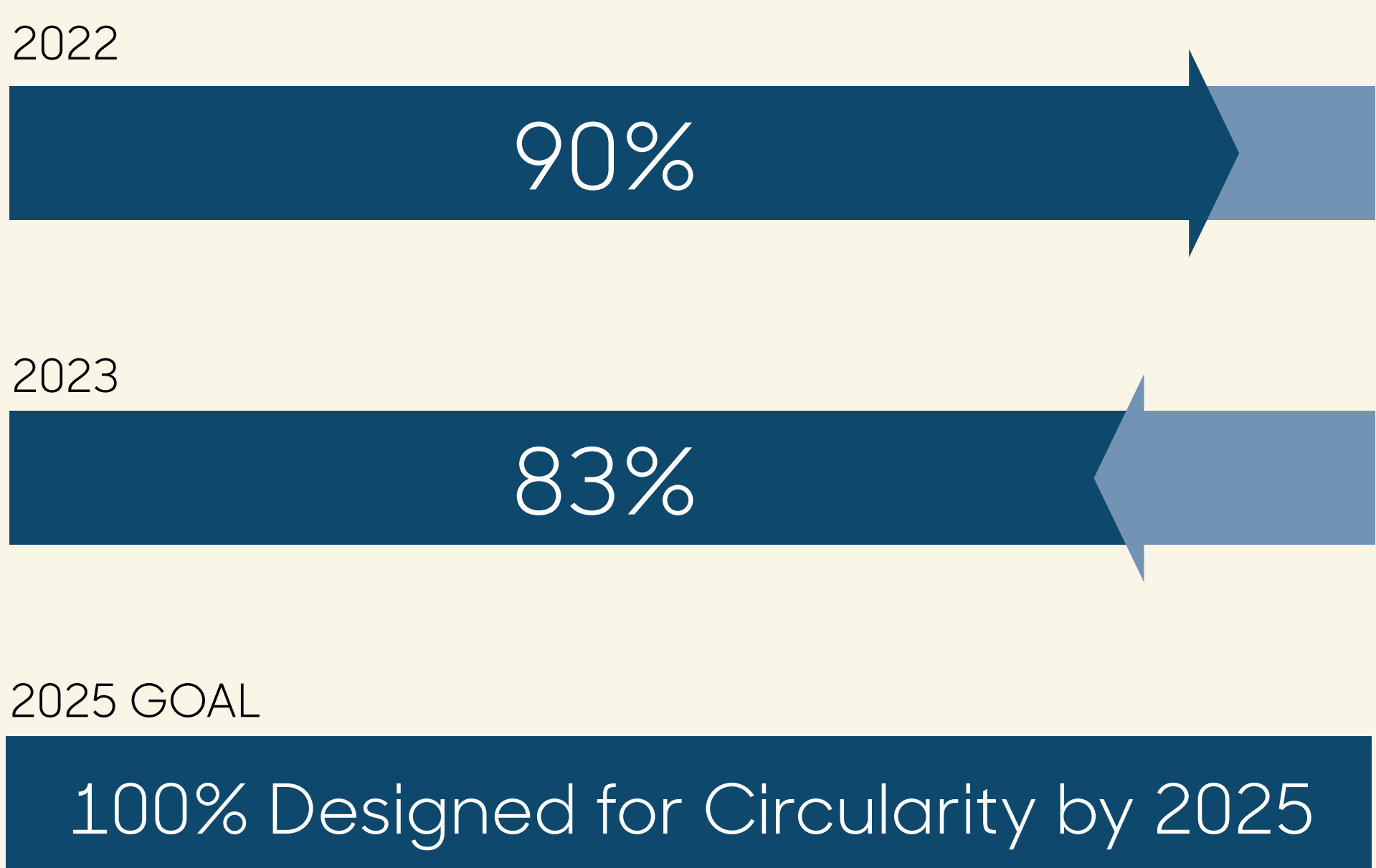
Circular Product Assessment

Circular Product Assessment

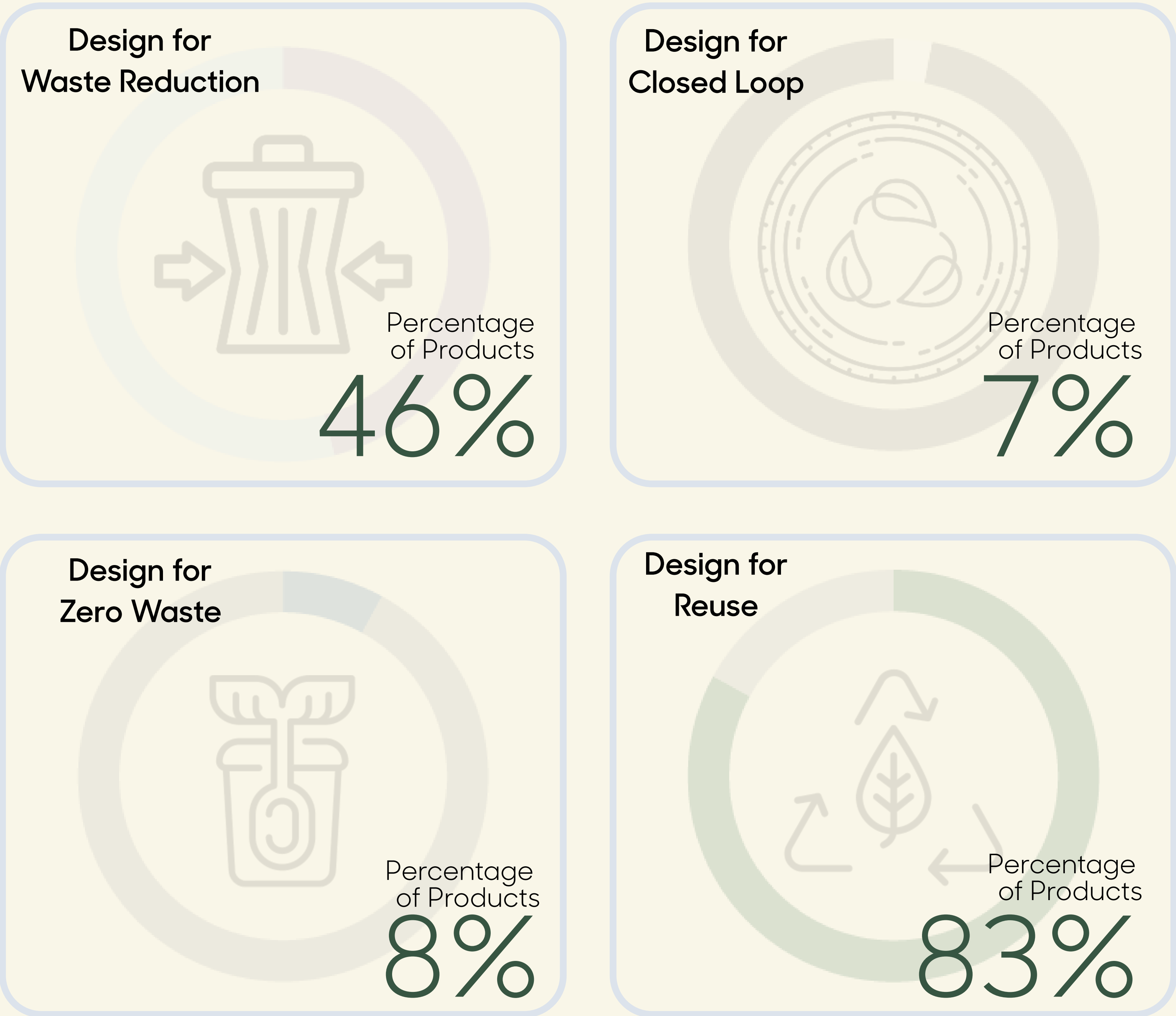
Many of our products can be classified into multiple "Designed for Circularity" categories. While we want to measure where our products are performing for each category, our main focus is achieving minimum of two circular design features for every product by 2025.

Designed for Circularity

- Products Designed for Circularity
- Products not Designed for Circularity



Designed for Circularity



Our Action - Eliminating PVC in our Products

By Jennifer
Krischer



Context:

In 2018 we made **a commitment to start eliminating PVC as a main or secondary component** in all our products by 2023. PVC (Polyvinyl Chloride) is a fossil-fuel based material which is known to contain toxic additives harmful to both human and environmental health. By eliminating this material, we reduce environmental impacts and support our clients in choosing better materials.

Challenge:

Our industry has been slow at taking action to eliminate PVC. It is widely used in promotional products and for items that need to be clear, like TSA compliant products and bags required for entering a stadium. This goal required us to engage our suppliers' help to identify available alternative materials that met key factors such as quality, functionality, and environmental impact. Existing alternatives, like EVA and TPU, are still from virgin petroleum inputs. We needed to ensure we could source these materials with recycled content and be sure the material wouldn't degrade quickly with normal use.

Analysis and Actions:

By setting a goal to stop using PVC, we **initiated a comprehensive client education campaign** to highlight the environmental and health concerns associated with PVC, creating additional consumer brand trust.

Simultaneously, we tasked our suppliers to source material options with recycled content and conducted rigorous tests on new materials, including prolonged exposure to sunlight and everyday use. These tests revealed acceptable levels of wear and tear that showed that the performance of EVA and TPU was comparable to the PVC counterpart.

Results, Outcomes and Lessons Learned:

Our commitment to replace PVC and reduce our reliance on virgin petroleum-based materials is based on a desire to improve our environmental impact. When we set the reduction target in 2018, we weren't sure of its attainability given the nature of our products.

A target makes a difference, however, and since 2018 **we have steadily reduced the presence of PVC in our supply chain**. In that first year, 26% of our orders were made with PVC, this number reduced to 2% last fiscal year.

Ultimately we hope to minimize the production of clear bags altogether. We are actively advocating for industry changes, encouraging event organizers and regulators to consider transparent mesh bag options as alternatives to traditional clear vinyl. Until then, **we are committed to testing and assessing alternative materials** to ensure long-term sustainability and product quality.

Examples of non-PVC solutions can be seen in our product posts [here](#).

Other Actions Towards our Waste Reduction Goals

Understanding the why?

We discourage making a product for the sake of making a product. Instead, we work with our clients on the "why" behind a campaign to understand how we can make fewer, more effective and higher quality products. Our aim is to avoid making more product than is needed, making undesirable and low value product, and keeping our products out of landfill.

"Acknowledging the significance of every decision we make for our planet, we aim to provide our students and staff with items that are reusable, cherished, and instill a sense of pride— a commitment to lasting use over the years."

—Miriam Olszewski, Art Director EF High School Exchange Year

End of life

Our goal is to design products for a durable life and eventually enable materials to be reintroduced to the value chain. To reuse materials, we are reliant on effective recycling infrastructure. We can support this action through material content labelling for identification during the sorting process. In 2022 we introduced material content labelling for our products. 49% of our products included labelling this past year, an 81% increase from the previous year.



Ambitions for Waste Reduction

Category Zero - 2024

We have created a new category of materials for us to aspire to. Over the next few months, we will work to accurately define the materials that fit into this category and understand barriers to their use.

Paper packing tape - 2025

Currently most cardboard cartons used for transporting goods use plastic tape to seal the cartons. This makes it difficult to recycle the cartons. We have tested the use of paper tape on our cartons and believe we can transition all our shipping cartons to paper tape by 2025.

Lanyards - 2025

Create a circular solution for lanyards that allows our customers to collect and reuse or have an additional purpose to extend the life span of the lanyard.

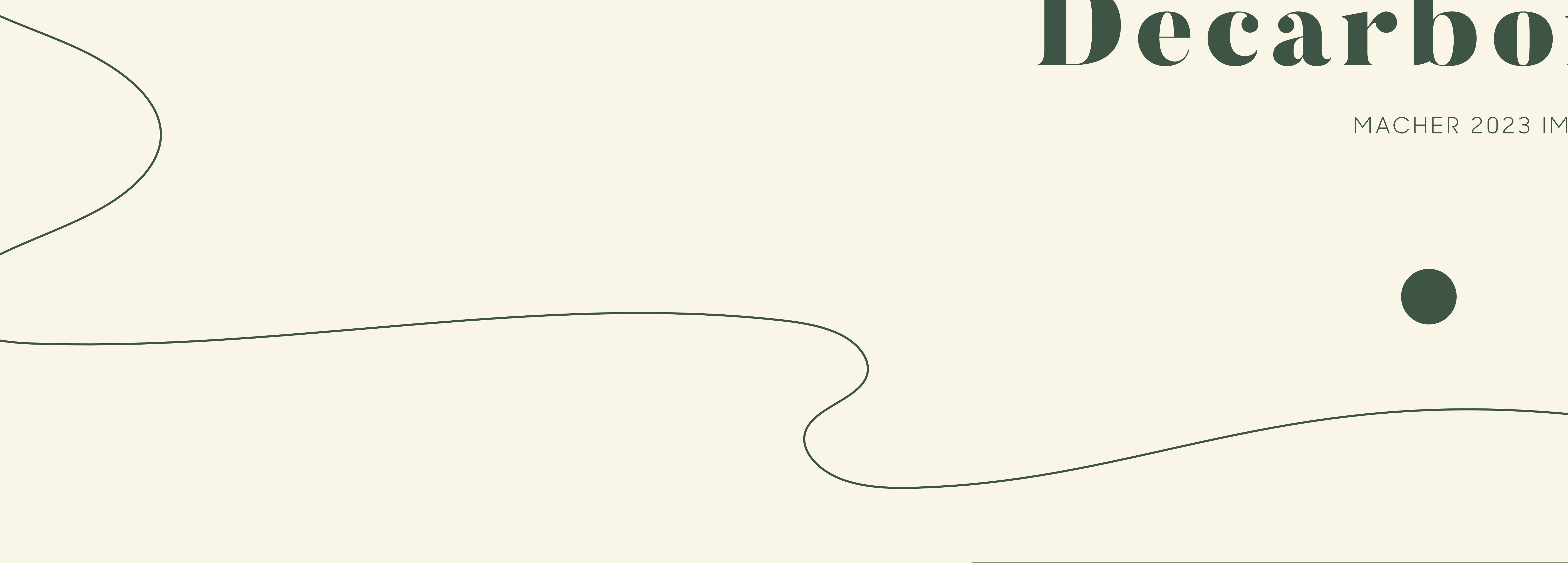
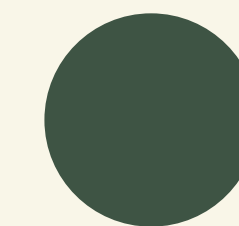
Takeback program - 2025

To further contribute to the circular economy, we want to find partnerships that have the technology to separate materials from our products and regenerate them into new yarns, fabrics or products that either ourselves or others can use again.

— SECTION 6 —

Decarbonization

MACHER 2023 IMPACT REPORT



Decarbonization Strategy

MaCher set verified Science Based targets that commits our business to reduce greenhouse gas emissions in line with a 1.5 degree trajectory above pre-industrial levels. Our plan is to be Net Zero by 2030 for our Scope 1 and 2 emissions and have proven reductions across our Scope 3 emissions. We have laid out our progress towards those important goals.

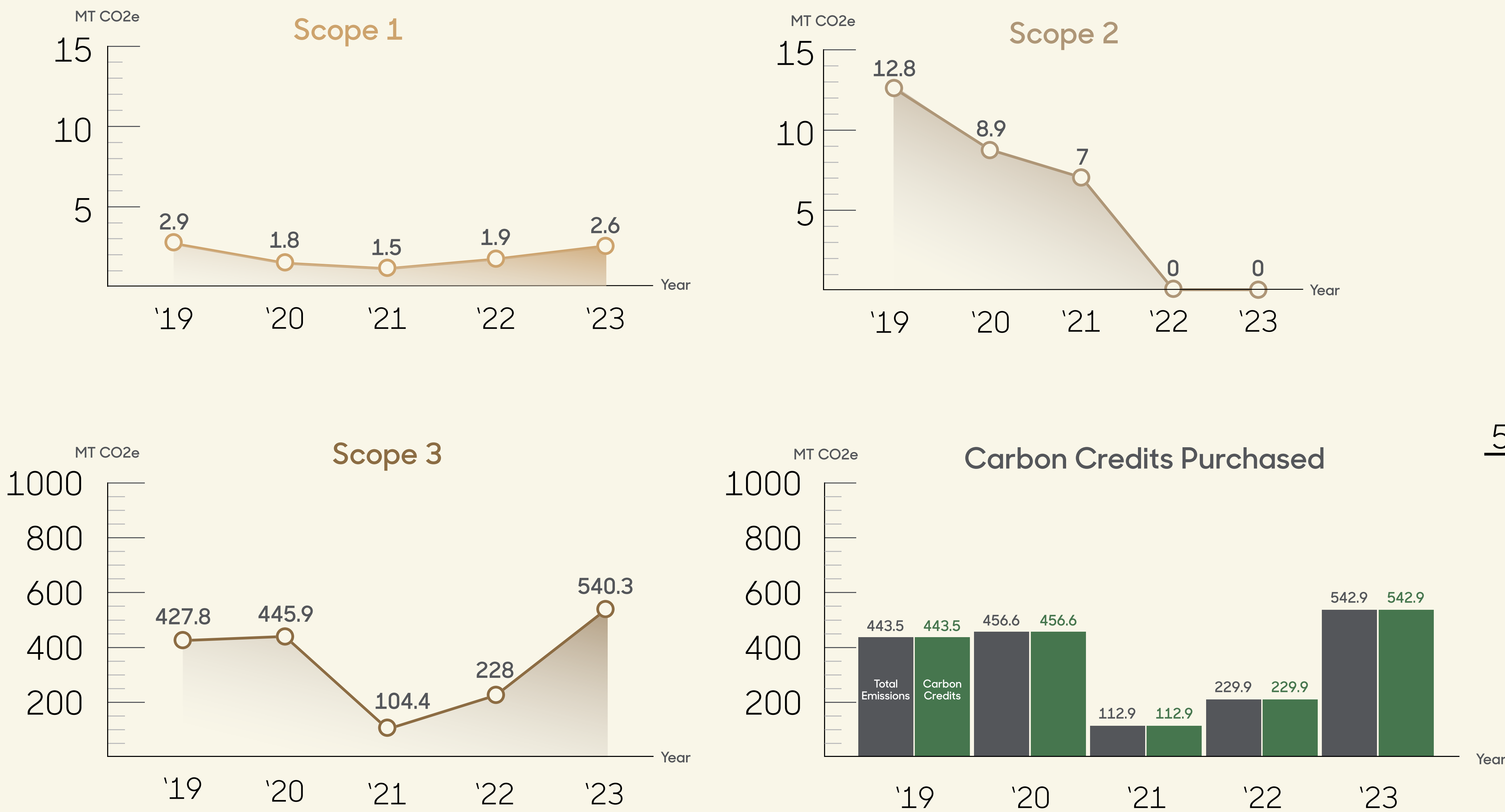
Our Approach:

- **Commit** – MaCher has committed to the following global calls for climate action:
 - B Corp Climate Collective Net Zero 2030
 - Science Based Targets Initiative
 - Business Ambition 1.5
 - SME Climate Hub
- **Measure** – we measure our Scope 1, 2 and 3 emissions based on the GHG protocol. This includes:
 - Upstream and downstream transportation, electricity purchased, natural gas burned, employee commuting, business travel, waste generated and paper consumption.We exclude (due to difficulty in collecting accurate and/or reliable data):
 - Emissions from primary manufacturing suppliers, emissions from product end of life and emissions from remote offices.
- **Act** –
 - We are radically decarbonizing our operations and value chain in line with our SBTi pathway.
 - This year, for example, we have avoided over 400 MT of CO₂e by using recycled materials.
 - Through our partner, SeaTrees, we also contribute to natural carbon sinks and supporting communities that plant and protect blue carbon coastal ecosystems, removing carbon from the atmosphere.
- **Publish, advocate and evaluate** –
 - Every year, we publish our emissions and compare our progress to our 2018 baseline year.
 - We advocate for our stakeholders to have access to affordable clean energy through endorsing policy change and supporting green infrastructure spending.
 - Commit to re-evaluate our targets every five years to align with the latest climate science.

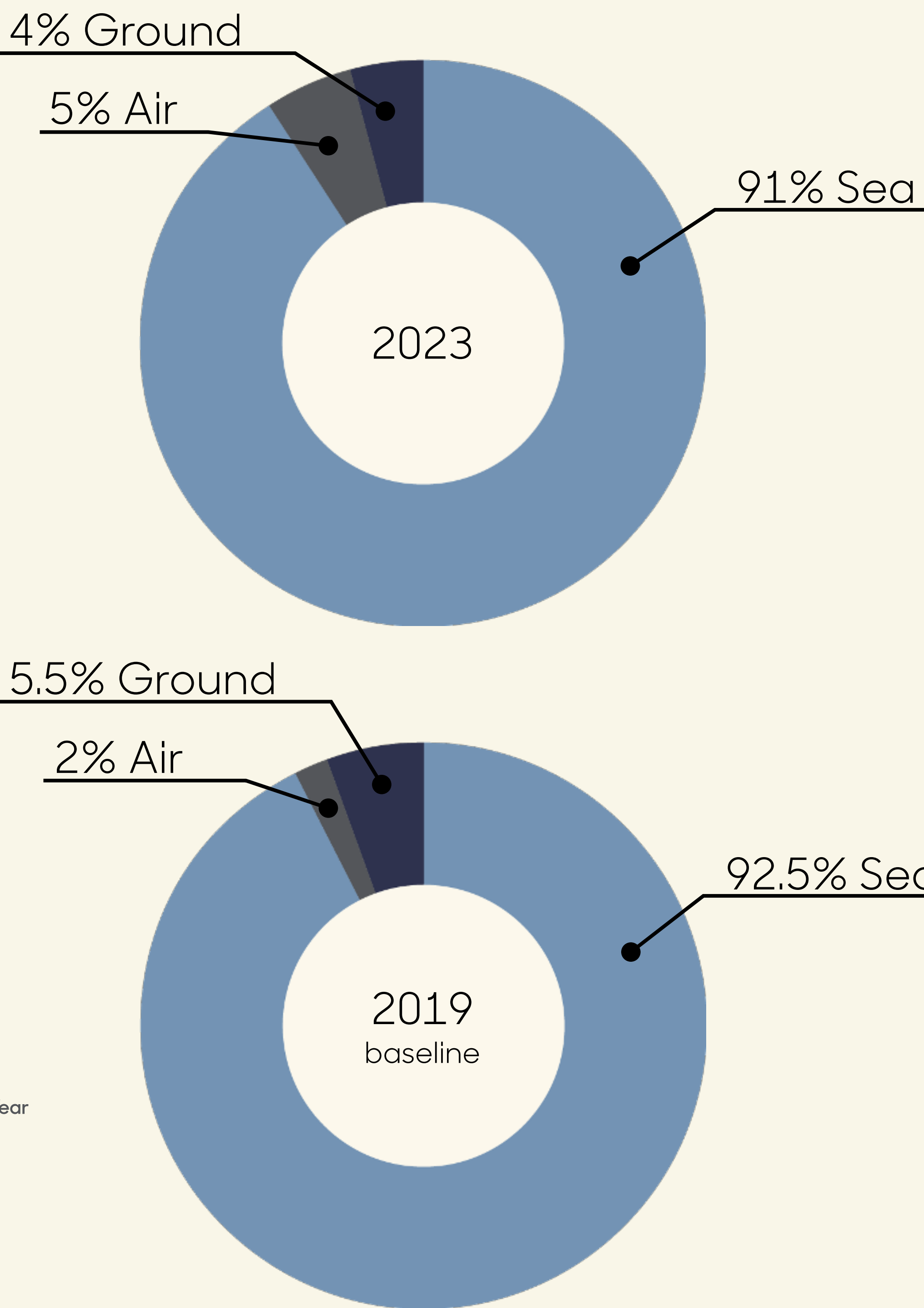


Decarbonization Impact in Numbers

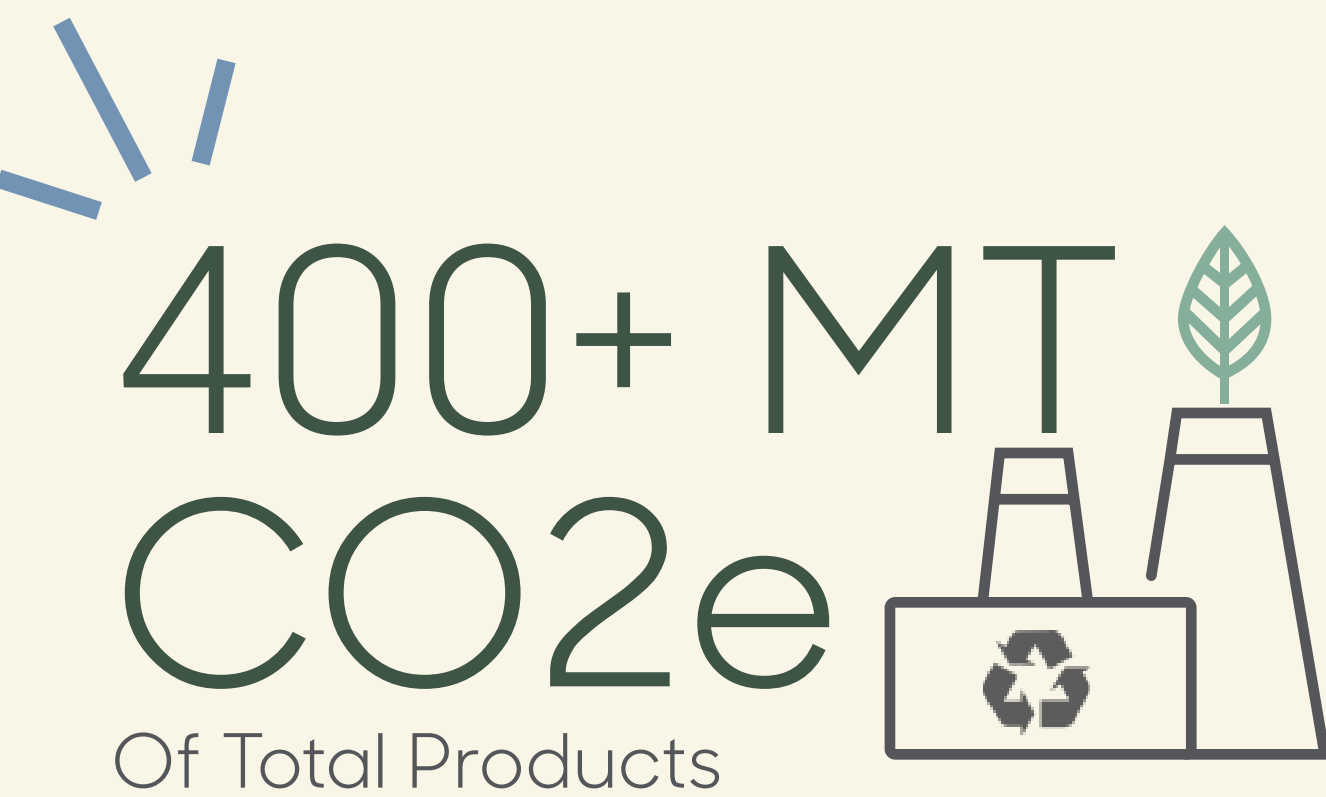
GHG Emissions Inventory
Measured in Metric Tonnes (MT)



% of Shipments
(tonne-kilometers):



CO2 Emissions Avoided by using Recycled Materials



Consolidated Shipments

2023 Consolidated Shipments

↓
31%

2020 baseline Consolidated Shipments

45%

Case Study - MaCher's Climate Fund

By Genevieve
Lawrence



Context:

Being in the business of making products, **a concern for us is the carbon footprint of our value chain.** From raw material extraction to shipping there are plenty of opportunities to lower our emissions. We have spent years measuring the emissions of our products through our Life Cycle Analysis (LCA) calculator and promoting the option for customers to compensate for emissions produced by purchasing carbon credits.

Challenge:

In our last fiscal year, only 21% of our clients purchased carbon credits, despite us changing the program to an "Opt-out" instead of "Opt-In" model. To achieve our SBTi and Net Zero commitments, we needed to go beyond the purchase of carbon credits and find investment solutions in our value chain to dramatically reduce our emissions. **Many of the emissions reduction solutions in our scope 3 value chain include an increased cost to implement,** for example converting a manufacturing site to solar energy.

Analysis and Actions:

Currently our carbon credits are invested in certified natural sequestration tools like mangrove forests, a great way to draw down carbon dioxide but not one that directly addresses emissions within our value chain.

In addition to natural sequestration, we need to invest in other solutions that mitigate or prevent emissions in the value chain of our business. **Through the support of experts, we are planning direct investments in solutions** that would lead to emissions reductions.

Results, Outcomes and Lessons Learned:

Utilizing recycled materials is proving to be a useful way for use to reduce emissions output. In the last year **we have avoided 400 MT of CO2e** through the use of recycled materials, compared to their conventional, virgin counterparts. **We have also committed to creating a Climate Fund,** a budget of 1% of our revenue will be allocated to spend on both compensation and mitigation. The fund will be spent on integrating emissions reductions tools and resources within our value chain. In addition, for every product we make in the next year, we commit to purchasing carbon credits to compensate for the cradle-to-gate emissions. We aim to report further on how we have progressed with this fund in 12 months.

Other Actions Towards our Decarbonization Goals

Divesting from fossil fuel funds –

Choosing our financial partners responsibly can be a powerful way for us to reduce our reliance on fossil fuels, specifically how and who we bank with and where we choose to invest. After careful evaluation in all aspects of the business, our primary focus has been on our 401(k) investments. We worked collaboratively with our provider, selecting ESG investments that help divest away from fossil fuels.

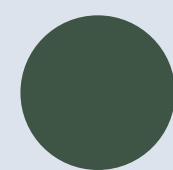
Logistics emissions –

The transportation of our products from our manufacturing partners to our clients contributes to our overall emissions footprint that we must reduce. We have adopted practices through our packing and delivery to maximize efficiency and reduce the percentage of 'broken stowage'. In some cases, moving our manufacturing closer to our clients has also allowed us to reduce the total shipping miles required.

Business travel emissions –

While the pandemic showed us that working remotely was feasible, meetings, conferences and events are often far richer when people are face to face. Our team now travels much more efficiently, reducing our travel emissions by 44% in 2023, compared to our baseline year, 2019.





Ambitions

Responsible Business Travel Policy - 2024

With the aim to balance the necessity of business travel with minimizing its carbon footprint and supporting the well-being of our team and the communities visited.

Allocate resources within our Climate Fund - 2024

Now that the Climate Fund has been established, we need to implement our first round of funding towards carbon reduction initiatives in our supply chain.

Seek low carbon shipping methods - 2025

To further reduce our logistics footprint, we will need to utilize shipping methods or technologies that have a lower carbon emissions than our current methods.

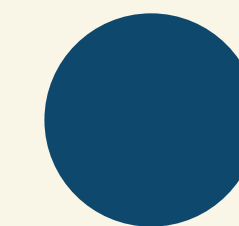
All suppliers reporting through ESG software - 2025

We are looking for a standardized and comprehensive sustainability assessment that can support our suppliers in collecting and reporting on their environmental impact metrics.

SECTION 7

Value Chain

MACHER 2023 IMPACT REPORT



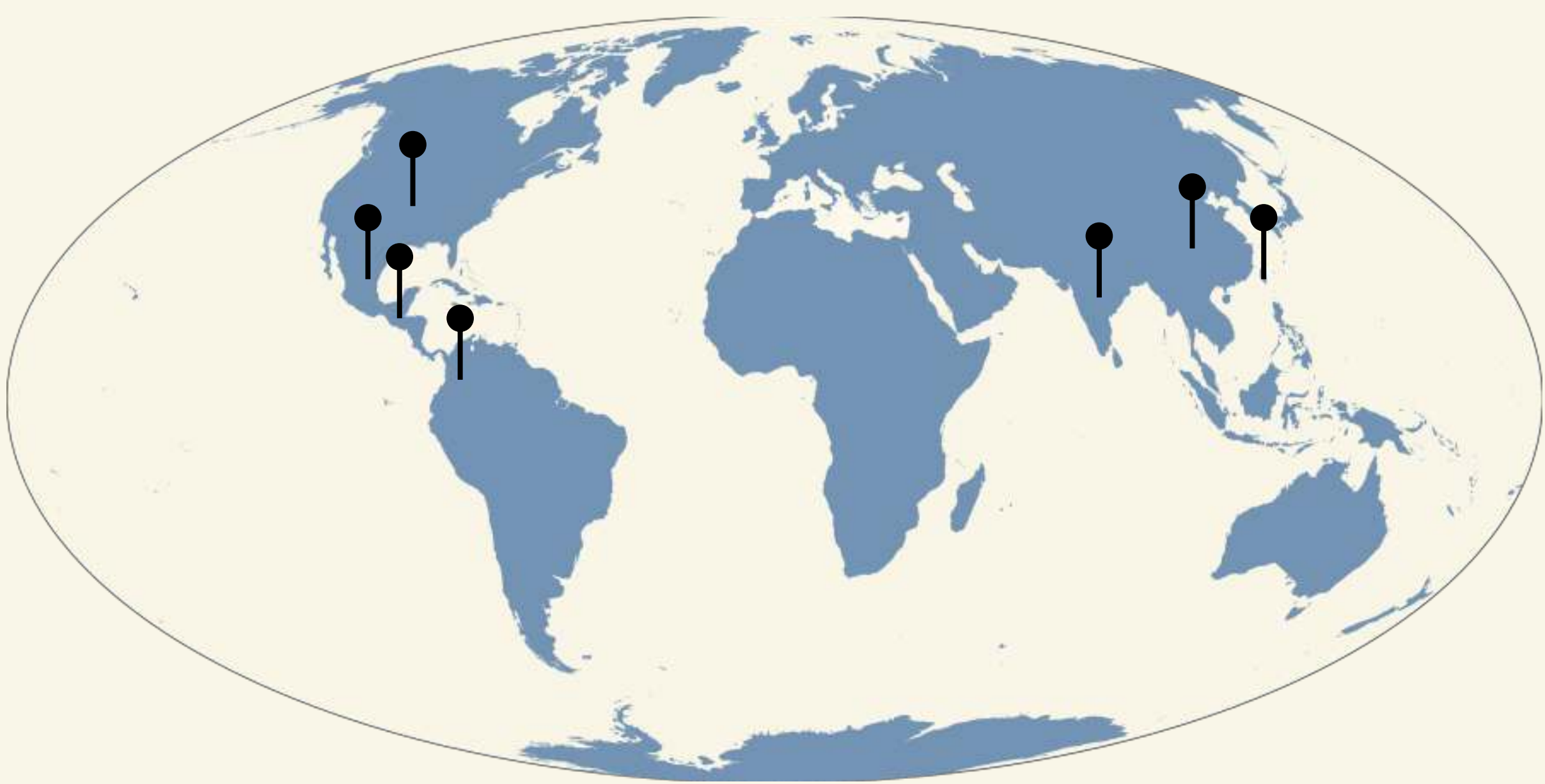
Our Value Chain Strategy

Our success depends on everyone involved in the creation and delivery of our products.

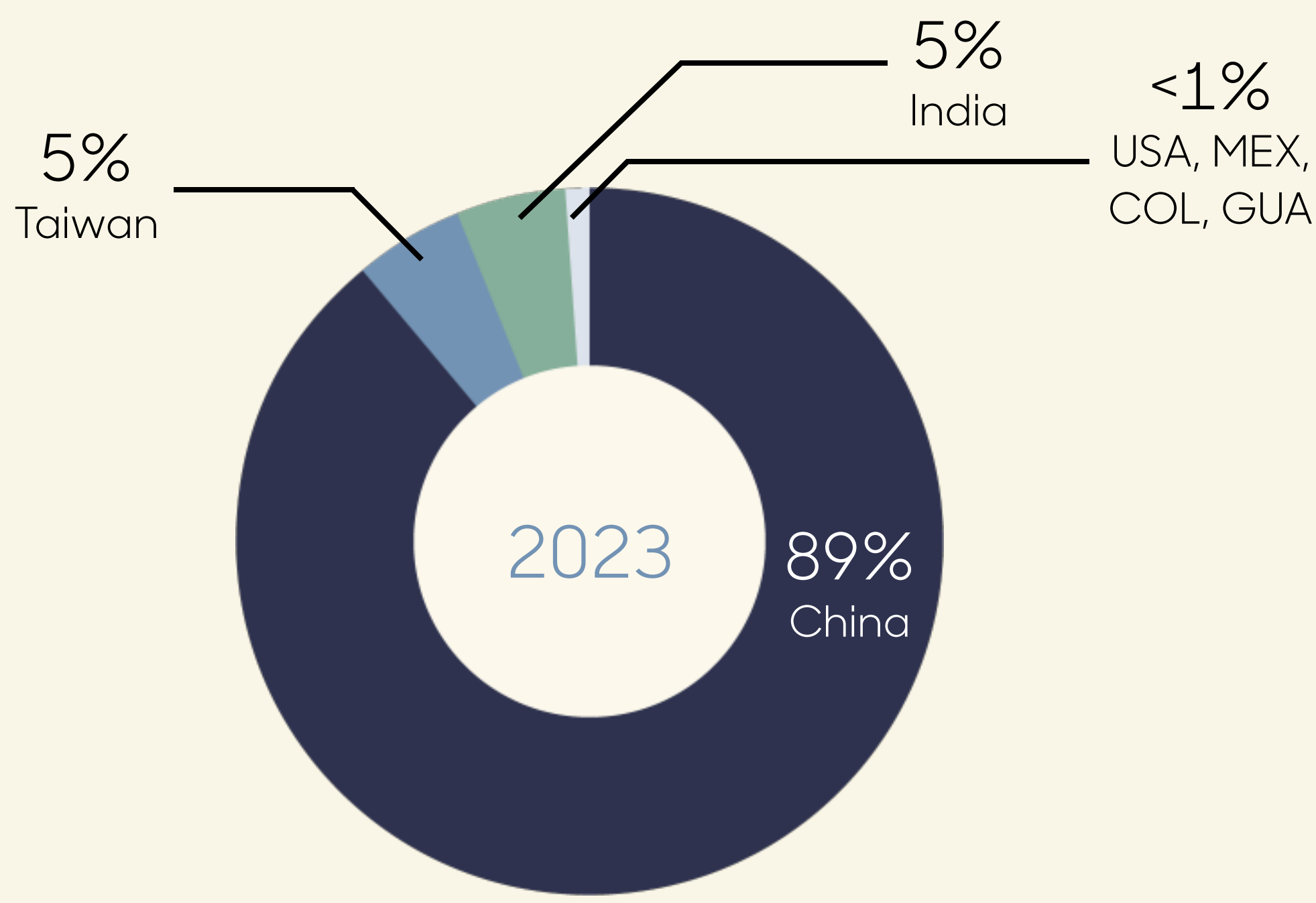
We are proud of our long-standing factory relationships. Our supply partners are more than vendors to us, they are an extension of our team and align with our values. We work together in our commitment for continuous improvement to uphold standards for safe and fair working conditions and improve our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

Our Standard Operating Procedures and Social Accountability Standards are 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. Through trusted collaboration, we support our partners' efforts on their sustainability journey.

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.



Countries of Origin

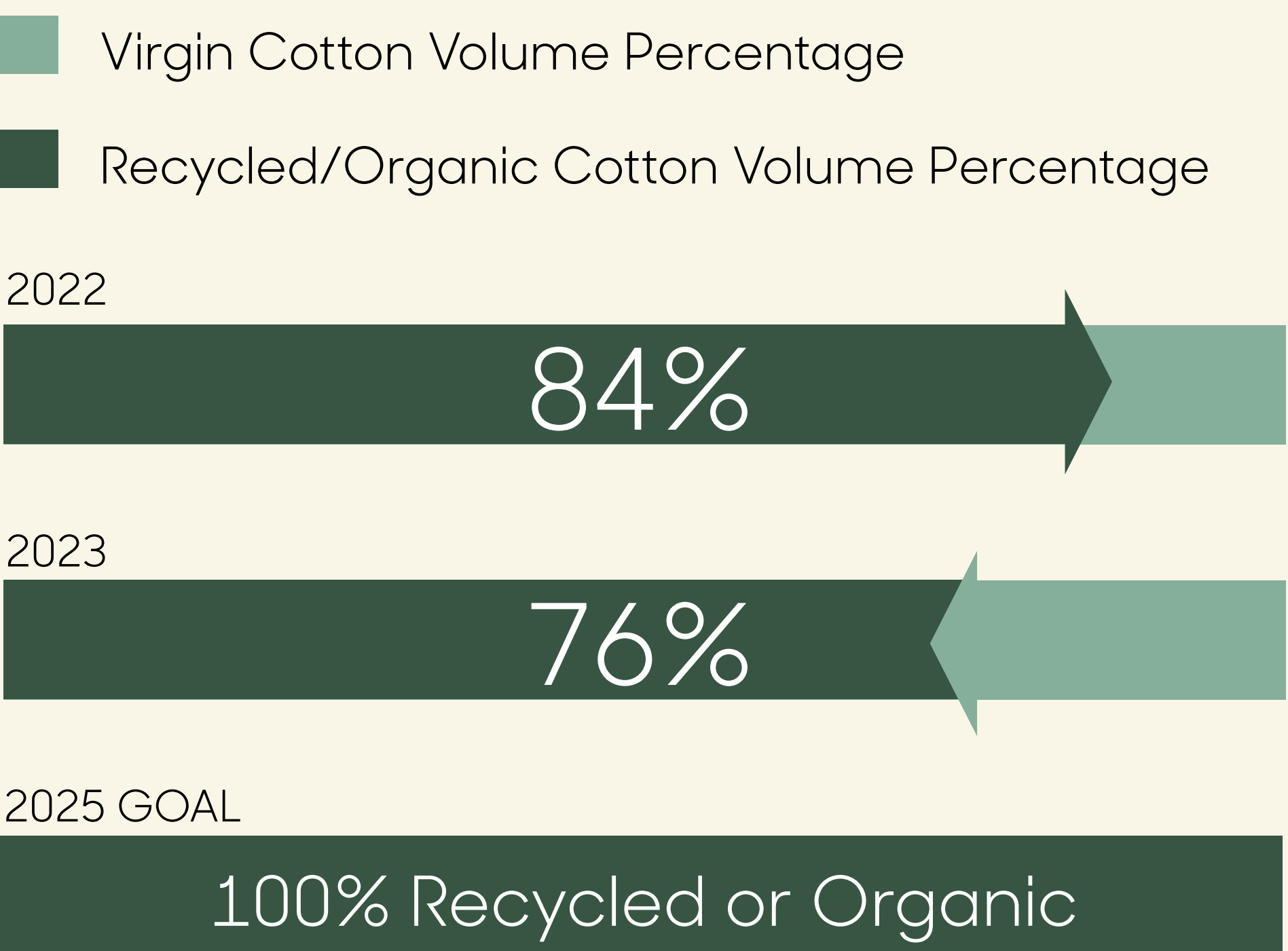


Value Chain Impact in Numbers

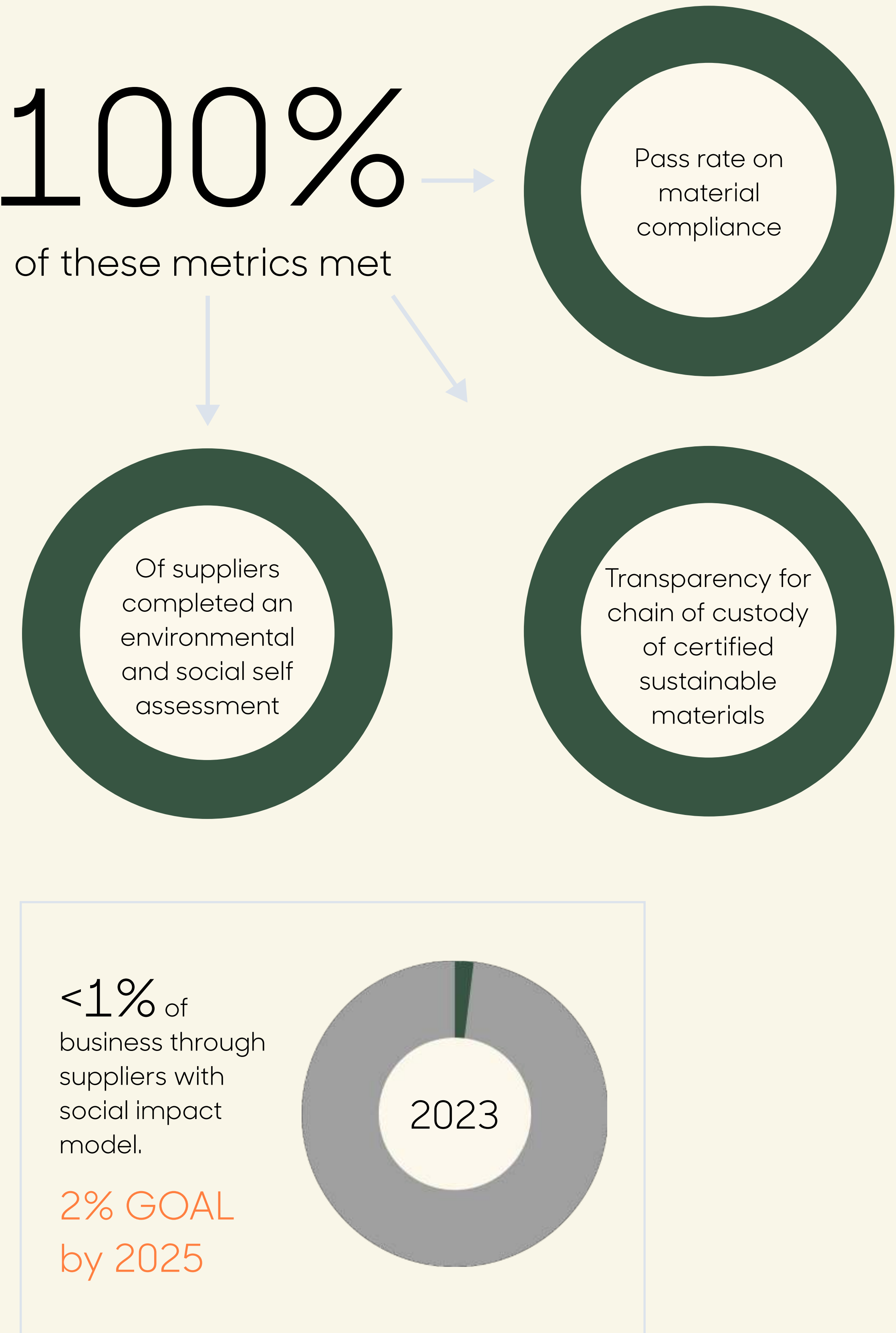
Supply Partner Metrics -



Cotton Sourcing



Due to the use of Uyghur forced labor in the Chinese cotton supply chain, we have a goal to completely eliminate cotton that can't be easily traced such as virgin, conventional cotton. We are applying this across our global supply chain for cotton.



Case Study - Seeking Nearshore Partnerships

By Jon
Lund



Context:

A key metric for our 2023 company vision was to **reduce emissions by near-shoring some of our manufacturing partnerships.** The global landscape is shifting, and there are also geopolitical risks that we are considering.

It is imperative that we are actively mitigating these risks so that we can provide the best service to our clients and reduce our environmental footprint. We have been working directly with factory partners in Latin America and in North America who can help us diversify our supply chain while maintaining the highest standards of responsible sourcing.

Challenge:

As manufacturing moved offshore from USA over the past several decades, it can be more **difficult to always ensure human rights and environmental protections.** When developing our supply chain partnerships, we have invested in checks and balances to establish a top tier, transparent and ethical supply chain.

China specifically has invested in developing the required skills and technology that meet the demands and expectations of our customers. Our challenge as we expand into Latin America is finding the partners with the right mix of these elements and price value.

Analysis and Actions:

We are committed to adding social enterprise businesses (including some fellow B Corps) among our manufacturing partners and have started working with some companies in Colombia, Guatemala, Mexico, and right here in the USA. While our cost of goods increase, the additional impact value from these new enterprise partners is something that some of our clients are focused on as part of their own sustainability plan.

Results, Outcomes and Lessons Learned:

While we are still in the early phases of onboarding these new suppliers, **we have been pleased with their ability to manufacture excellent quality products that are also aligned with our social and environmental practices.** Shorter lead times are also a crucial benefit for many of our clients, who want the flexibility for shorter lead times.

Other Actions Within our Value Chain

Environmental performance –

Our Self-Assessment Environmental Questionnaire (SEQ) is designed to help move all of our suppliers along the path of measuring impact and then work with them on improvement strategies. We achieved our target of 100% survey completion from our supply chain partners in 2022.

Third-party verification –

Over the past three years, we have consistently achieved our goal of 100% transparency in our Tier 1 manufacturing partners. At the same time, we had a goal to place 95% of our business with our partners who have committed to improve their social and environmental performance and undergo accredited third party audits. This year marks a significant achievement as we reached 97% of our total business dedicated to such partners. By 2025, we are looking for 100% of our products to be placed with suppliers who have committed to improving their social and environmental performance and hold accredited third-party audits.



Ambitions

Improve our nearshore business to 10% of spend - 2025

We want to develop the relationships further with our manufacturing partners who are closest to our end customer to support reducing our transit emissions.

Supply chain living wage gap analysis - 2025

A living wage is the minimum income required for a person to meet their basic needs and maintain a decent standard of living in a specific region or community. We want to understand the risk areas of our supply chain where this can be improved.

Human rights risk mapping - 2025

We have completed human rights risk mapping for some materials like cotton, but want to expand this further across regions and for other materials. Long term, we are looking for solutions that mitigate any human rights abuse within our supply chain such as modern slavery.

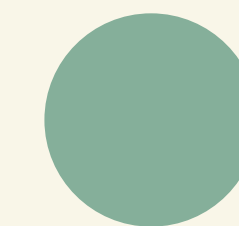
Audit logistics suppliers for environmental and social practices - 2025

Understanding where our logistics partners can help us improve our emissions reductions and the support they need to improve their social and environmental practices.

SECTION 8

Partnerships for Scalable Change

MACHER 2023 IMPACT REPORT



Our Partnerships Strategy

We have long held the belief that our business should play a role in being a positive contribution to society and the planet.

Our mission specifically has an emphasis on helping others, to create ripples of change through collaboration.

Every year, we donate hundreds of pro bono hours to support industry partnerships. Each team member is encouraged to use their 20 paid volunteer hours each year to contribute to the wellbeing of their own communities as well, developing their skills away from our business, is also a benefit to our business.

In addition to donating time and talent, we also allocate 2% of our revenue to non-profit organizations aligned with the industries we work in.



Industry Collaboration

Tourism Cares -

Our team has been working with Tourism Cares for many years. We provide leadership training, mentoring and advice for sustainability practices as well as resources that support the transition of the travel industry towards more regenerative practices. Three of our team members also contribute time as sustainability coaches.

B Beauty Coalition -

Our volunteer role as part of the B Beauty Coalition is to collaborate with other B Corp beauty brands and suppliers to support the transition of the beauty industry. We are dedicated to knowledge sharing and building resources to genuinely benefit our customers, communities, and the planet.

Travel by B Corp -

We joined this coalition of consumer and B2B travel B Corps in order to grow wider industry and consumer awareness of travel businesses with purpose. A large focus of the group's advocacy is on supply, rather than demand-driven sustainability.

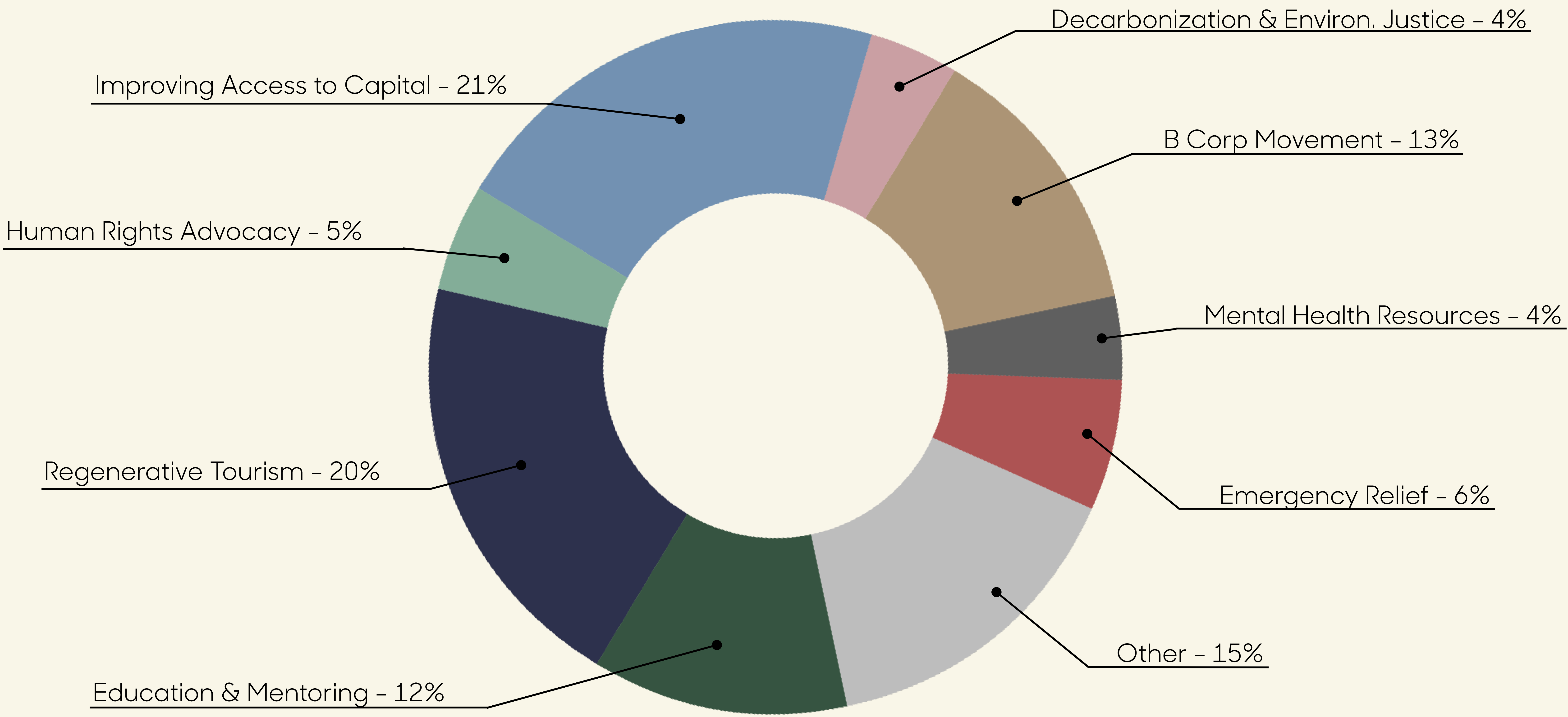
USTOA Sustainability Committee -

Serving on USTOA Board's Sustainability Committee, we have contributed to a sustainability eco-system through workshops, webinars and 1:1 mentoring, advancing industry learning and action around sustainability topics.



Giving in Numbers

Donations by activity



How We Support

Education and Mentoring

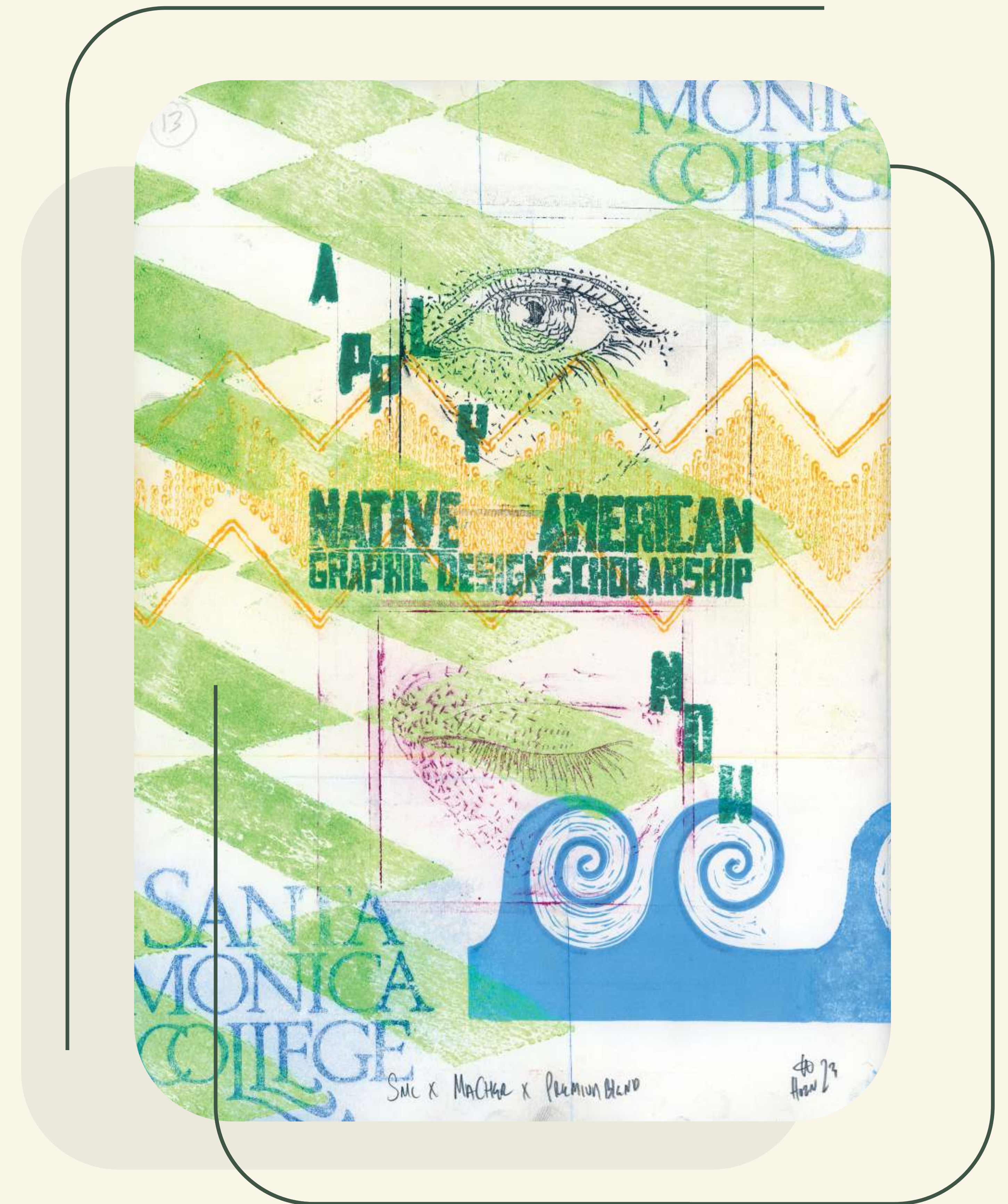
- **Santa Monica College Foundation** – Funding for Native American Scholarships in design and providing student mentoring.
- **Safe Place for Youth** – Volunteering at the Community Garden and providing paid internships for at-risk youth.
- **Creative Futures Collective** – Providing funding to the Creative Futures Diversity Platform and supporting graduates through paid projects.
- **Too Fly Foundation** – Providing funding and designing custom luggage for grant recipients, improving access to travel for education.

Improving Access to Capital

- **Grid110** – Providing financial support to foster innovation and economic growth in Los Angeles.
- **Untours Foundation: Reset Tourism Fund** – Providing financial capital to support projects and initiatives in tourism that prioritize sustainability, equity, and social impact.

Human Rights Protection and Policy Advocacy

- **NAACP** – Providing annual financial support to address systemic racism.
- **Indigenous Women Rising** – Financially supporting reproductive justice, advocacy, and empowerment within Indigenous communities.



How We Support

Regenerative Tourism

- **Tourism Cares** – Providing financial support including business grants and co-collaboration on educational sustainability workshops.

Decarbonization and Environmental Justice

- **SeaTrees** – Providing financial support to SeaTrees program to fund blue carbon projects.
- **Dig Deep** – Financially supporting access to clean, running water and sanitation for all Americans.

Supporting the B Corp Movement

- **B Local LA** – Board volunteering, managing beach cleanups and providing a space to convene for educational panels to promote responsible businesses in Los Angeles.
- **B Lab US/Canada** – Both in kind and financially supporting the advancement of the B Corp movement.

Mental Health

- **Loveland Foundation** – Providing annual funding for mental health services, healing, and therapy support to Black women and girls in the United States.
- **It Gets Better** – Providing annual funding for resources to empower and support LGBTQ+ youth.



Case Study - Supporting the Next Generation

By Ben
Denzinger



Context:

Santa Monica College (SMC) is a renowned community college in Santa Monica, California. Among its offerings, the Interaction Design (IxD) program stands out for its focus on fostering innovative and user-centric design solutions. The IxD program provides students the opportunity to earn a fully accredited bachelor's degree from a community college and was built to fill an equity gap in Interaction Design.

Challenge:

Students on vocational courses often find it difficult to understand some of the commercial challenges of their conceptual designs and difficult to find companies willing to help them gain experience outside the classroom walls.

Analysis and Actions:

In pursuit of providing its students with real-world experiences and industry exposure, **we established a partnership with Santa Monica College.** We wanted to help the students by developing a hands-on learning experience and real-world project based on the design needs of our business. At the same time, we were clear to engage SMC faculty in the partnership to strengthen the tie between academic knowledge and industry application.

We created an opportunity for the students to collaborate on a project. In opening our doors, we organized studio tours for the students to observe the design process and for their initial ideas, our designers provided valuable project critiques, offering constructive feedback to help them refine their skills.

Results, Outcomes and Lessons Learned:

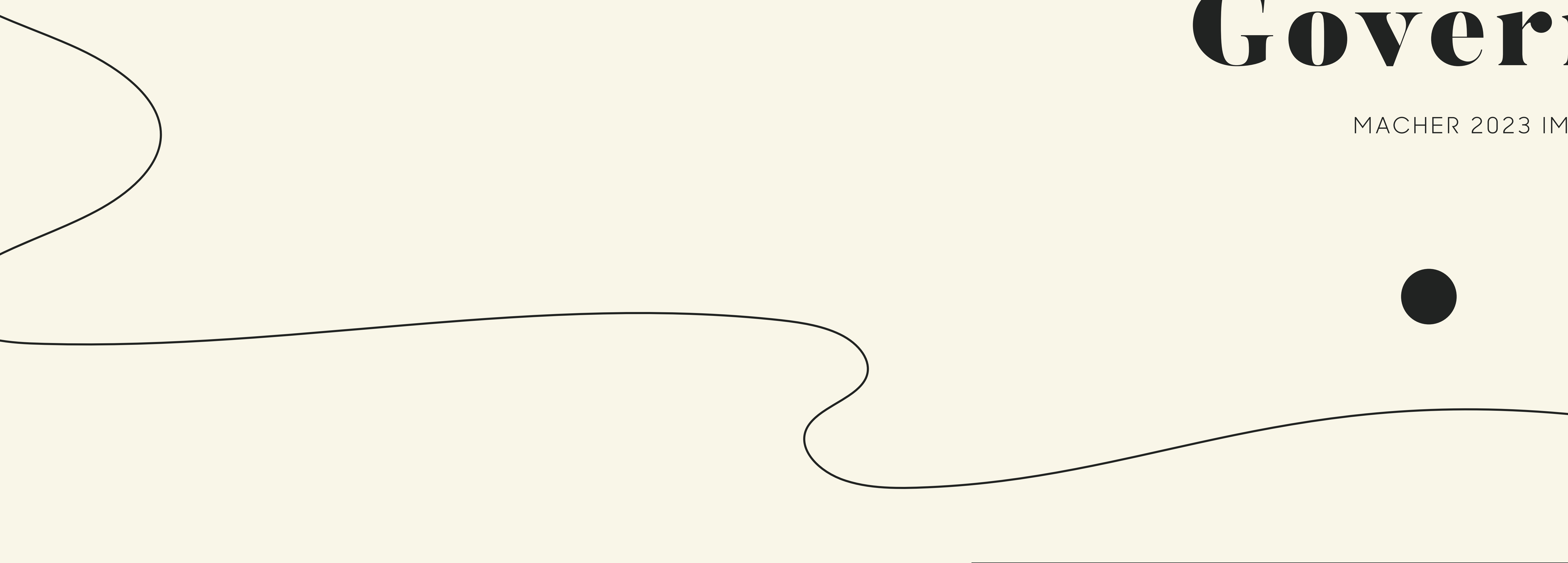
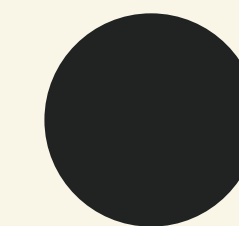
The partnership allowed for SMC students to gain valuable real-world experience by working on industry-sponsored design challenges and paid freelance projects. Through studio tours and mentorship, students developed meaningful connections within the design industry, opening doors for potential career opportunities. **We believe this has helped them enhance their professional capabilities** and build a stronger portfolio to help them stand out in the job market and hope the collaboration enriched the educational experience and empowered students to become well-rounded and socially conscious designers.

MaCher also benefited from the collaboration by gaining fresh perspectives and creative ideas from the talented pool of SMC students. **We enjoyed the opportunity to foster a partnership in this way to create a thriving ecosystem of learning, innovation, and positive community impact.**

— SECTION 9 —

Governance

MACHER 2023 IMPACT REPORT



Our Governance Strategy

This Report details multiple innovations, practices and performance around our business activities.

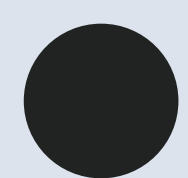
These activities are based on the simple premise, that MaCher aims to use business as a force for good and encourage other businesses to do the same. This can only happen when great governance practices exist that support Stakeholder Primacy, not Shareholder Primacy.

When MaCher became a certified B Corp In 2014, we signed our first Declaration of Interdependence. In 2015, MaCher “Mission Locked” our business by filing amended Articles of Incorporation, something we have subsequently adopted in our UK and Swiss businesses.

To be “mission locked” means that in our decision making, we will always consider the best interests of all our stakeholders.

Good governance also relies on validation and auditing of our practices by third-party groups. The following pages show our certifications and key milestones along our journey.





Certifications



B Corp Certification

We first achieved B Corp certification in 2014. The assessment evaluates how a company's operations and business model impact its workers, community, environment, customers, and governance. **B Corp Certification validates a business is meeting the highest standards of verified performance**, commits companies to their mission for the long term, and provides a framework for continuous impact improvement. The B Corp community has also allowed us to build collaborative partnerships addressing topics such as regenerative travel, decarbonizing finances, racial equity and improving standards in the beauty industry.

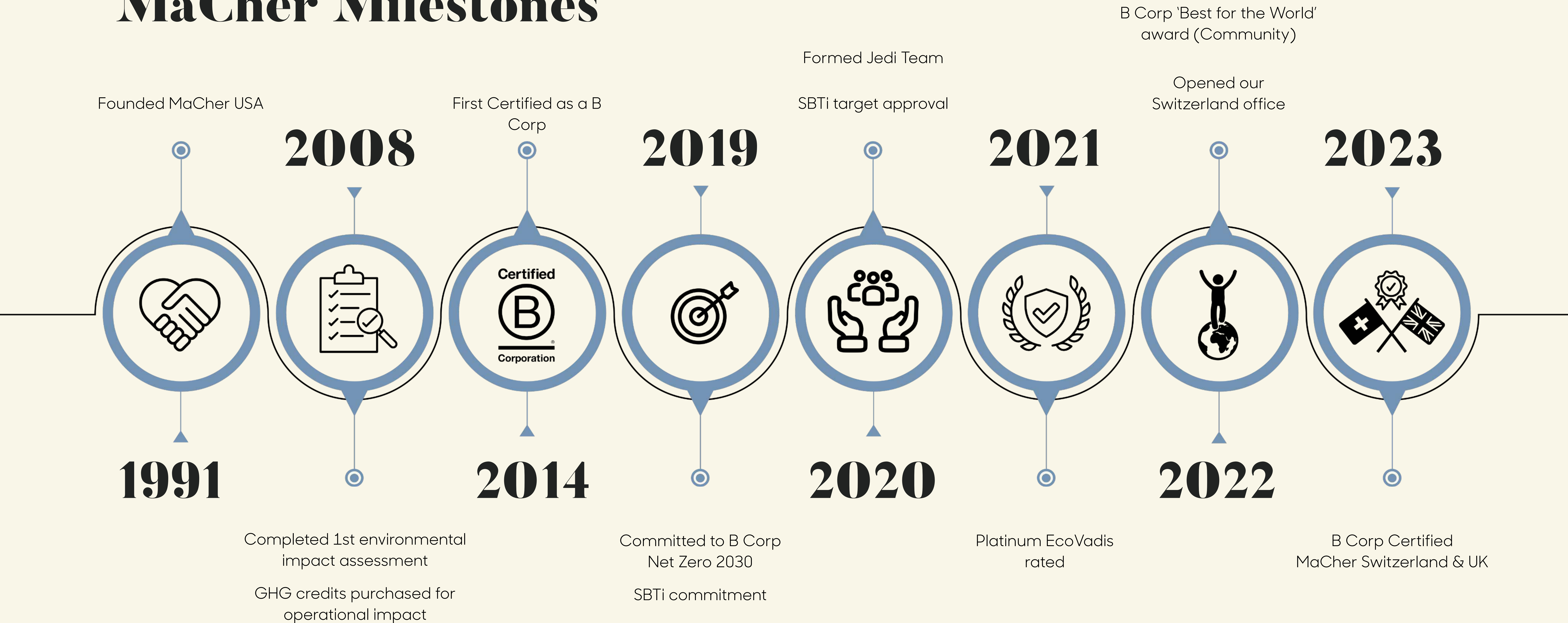
EcoVadis

MaCher has been rated as Platinum through the EcoVadis evaluation the last 3 years, **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. This third-party validation has given our clients confidence in our practices and we have been able to benchmark our monitor our performance against the industry.

CTPAT

Our participation, since 2008, in CBP's Customs Trade Partnership Against Terrorism (C-TPAT) program is a significant part of our risk mitigation strategy for our clients. 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.

MaCher Milestones



Credits

Words:

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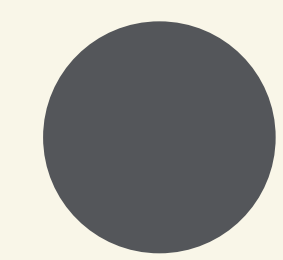
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Photography

Page 01 : Lea Föttinger – Norwegian Cruise Line Waist Bag by MaCher
Page 02 : Ariel / soona – Supergoop x Loveshackfancy Cosmetic Bag by MaCher
Page 03 : Kalynn Porter, Nicholas Palomino, Lisa Veta, Hawa Camara – MaCher x Santa Monica College Student Project
Page 05 : Debbie Hydon – Derek Hydon in Norway
Page 07 : Alex Roncal – MaCher Team in Front of Venice, CA Office
Page 09 : Ariel / soona – Citizen Watches Holiday Tote by MaCher
Page 11 : Maddison Nielsen, Kris Bumford, and Anna Larionova – MaCher x Santa Monica College Student Project
Page 15 : Alex Roncal – MaCher Team at SPY Garden in Venice, CA
Page 16 : Jamila Jackson – MaCher x Rivian Design Thinking Event @ Rivian Venice Hub
Page 17 : Dominique Ross – Breanne Joyce
Page 23 : Dominique Ross – Jamila Jackson
Page 24 : Jon Lund – MaCher Port of Los Angeles Tour
Page 27 : Genevieve Lawrence – MaCher x Ambercycle Tour
Page 34 : MaCher – EF High School Exchange Year Product Collection by MaCher
Page 37 : Filip Zrnzević / Unsplash – Goč, Serbia Forest
Page 39 : Sherrae Rucker – Genevieve Lawrence
Page 40 : Eighth Generation – Eighth Generation Waist Bag by MaCher
Page 45 : Dominique Ross – Jon Lund
Page 46 : Genevieve Lawrence – MaCher x Ambercycle Tour
Page 49 : Grace Smith – MaCher x SMC IxD Collaboration Project Team
Page 50 : Ben Denzinger – USTOA SDG Water Bottle by MaCher
Page 52 : Jimmy Dean Horn Jr. – MaCher x SMC Native American Scholarship Poster
Page 53 : Too Fly – Too Fly Duffel Bag by MaCher
Page 54 : Dominique Ross – Ben Denzinger
Page 56 : Patrick Marsden – MaCher Team Members
Page 60 : Sherrae Rucker – Tauck Tours Packing Cube Set by MaCher



2023

Impact Report

We welcome your questions on our reported content or any opportunities you see for us to improve our impact.

Contact: glawrence@macher.com



MaCher