



MaCheir

PROGRESS ON SUSTAINABILITY REPORT 2021



SUSTAINABLE
DEVELOPMENT
GOALS





Our Design Process © MaCher

MaCher

PROGRESS ON SUSTAINABILITY REPORT 2021

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**SUSTAINABLE
DEVELOPMENT
GOALS**





Derek Hydon | Gornergrat, Switzerland © MaCher

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Welcome Message

To open my message as if these times were normal would be insensitive. To honor the challenge of these times is essential. As I reflect on 30 years in business, we have come a long way. Becoming a Certified B Corp in 2014 has provided an invaluable road map in our journey. Initially, MaCher operated as a conventional, hierarchical business. Today we are pursuing a 'teal' self-organized model, embedding a more equitable, transparent and accountable approach in all we do. Never has this quest been more purposeful.

This past year, our exceptional team has further ramped up our sustainability work with great vision and clarity. I have the privilege of being part of this group, who are all dedicated to transformation, adaptation, and resilience. We have taken a deep dive into the systems required for regenerative, circular business practices. We have developed partnerships for research with B Corps, universities, and industry leaders. Using research and data, we are gathering insight that improves the impact of what we do and, in turn, helps our clients make more informed decisions. More widely, we want to influence where we believe the branded products industry should be headed, towards greater purpose and responsibility. We are determined.

When I saw the smoke rising above the treetops surrounding my California neighborhood over the last few summers, the reality of the fragile state of our world really has become too close to home. I believe collective global action on climate and social justice must become everyone's priority, today, not tomorrow. This means making uncomfortable choices and being courageous.

For the first time, we are publishing our emissions data and are revealing our biggest challenges. We have a lot of work to do, and while we still don't have all the answers, we persist to make a positive, sustainable difference. I hope that you too will take this year as an opportunity to face your biggest challenges, acknowledge the fear of the unknown, and take more action in pursuit of a world that can sustain us.

Derek Hydon.
Derek Hydon



**SUSTAINABLE
DEVELOPMENT
GOALS**



— SECTION 1 —

WHO WE ARE



PROGRESS ON SUSTAINABILITY REPORT 2021



ThirdLove Tote Bag © MaCher

Our Purpose and Values

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.

Our Industry

Branded products remain one of the most effective ways that businesses can meaningfully advertise and market themselves. MaCher helps companies express who they are by creating thoughtful, responsibly sourced products and solutions, all the way from design through to delivery.

Yet we know that too often, our industry is inefficient and wasteful. We seek to lead by example to help clean it up. This isn't just talk. We assess, measure, and monitor all the processes within our products' life cycles, we source more sustainable manufacturing materials, and we actively refuse those that are more harmful to the environment or to the individuals involved along the way.

An important part of our work is conducting research to help our clients to see the financial and reputational benefits of making better things to make things better. With 30 years of financial strength and adhering to the highest ethical values, our team of experts offers security and peace of mind to each of our clients through best-in-class risk management, exceptional project management and quality control.



Impact Review 2020/21

IMPACT IMPROVEMENT

- Awarded EcoVadis Platinum - Top 1%
- Developed Net Zero 2030 plan
- CTPAT Tier 2 revalidation
- Built Scope 3 emissions inventory
- SBTi emissions reduction targets approved
- Paid "futureship" program in partnership with Creative Futures
- Launched "Opt-In for our Future" carbon compensation pricing
- Expanded Justice, Equity, Diversity and Inclusion (JEDI) team impact
- Launched GWP study to understand impact of our products and reduce waste

IMPACT DEFICIENCY AND LEARNINGS

33% of products made from sustainable materials, not 40%

Up from 18% in 2019/20, 33% of our products now use sustainable materials, however we missed our target of 40%. With new processes in place, we are confident we will reach our goal in the next 12 months.

Did not implement mental health assistance program

We have developed some engagement strategies and have created a blueprint for the program which we intend to implement in the next 12 months,

End of Life product instructions

Infrastructure for waste and recycling is varied and complicated across the US. Instead of creating specific instructions for all our products, we created general end-of-life instructions that cover 90% of our products and help consumers with responsible disposal.

Did not implement external stakeholder survey

We are refocusing on completing this goal in 21/22. We have been engaging with both our supply chain and clients on our impact commitments.

CRAFT Culture

Our *CRAFT* culture is the core of who we are.

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 or while 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.



Collaboration

Working together towards shared goals

Respect

Care for each other, our communities, and our environment

Authenticity

Bring your whole self to work

Family Pride

Getting the job done, helping others, and building our culture

Trust

Be open, be honest, be accountable



Contiki Hat © MaCher

AT A GLANCE



Certified B Corp
since 2014



UN Global Compact
participant since
2016

ecovadis

Platinum
EcoVadis
(Top 1%)



Zero-tolerance
to bribery and
corruption



95% of products
are reusable



Honored by B Lab as
"Best for the World"
in 2017, 2018 &
2019



100% Renewable
energy for US + UK
operations



Donate 2% of
gross revenue



CTPAT certified
since 2008



Employee tenure
of 7.9 years

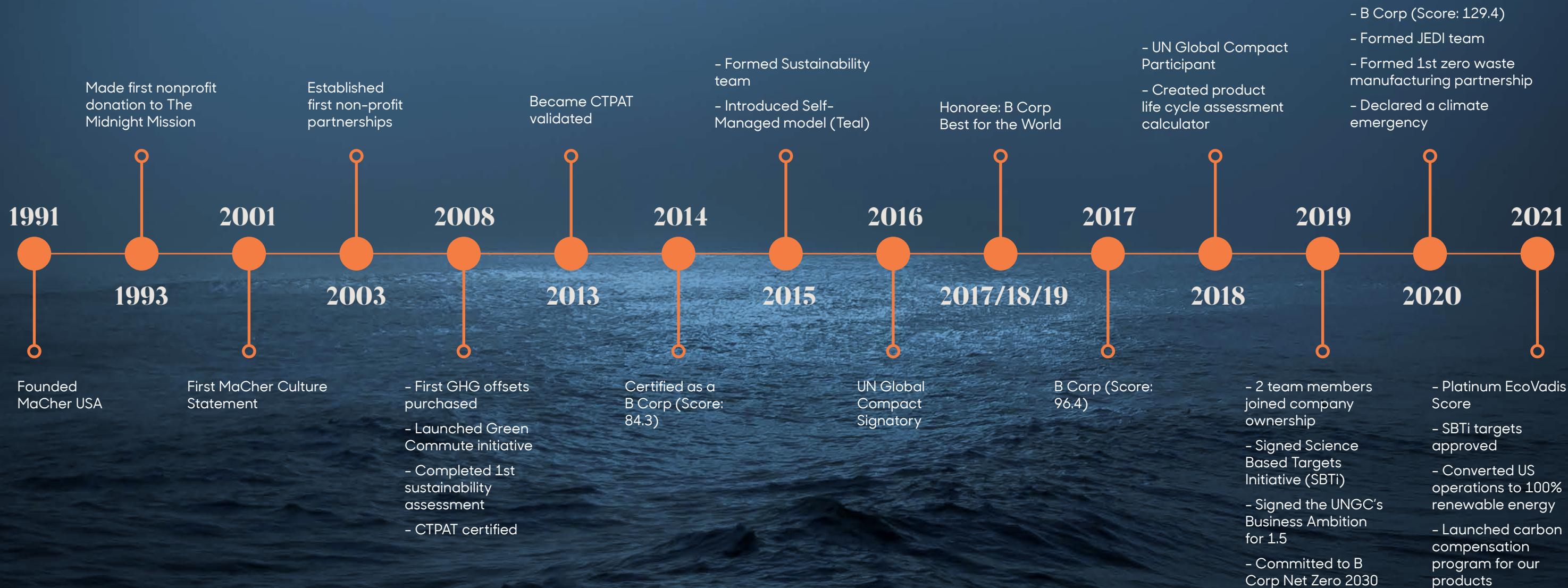


Supply chain
aligned with UN
Declaration of
Human Rights



100% pass rate
on material
compliance

OUR PAST 30 YEARS



— SECTION 2 —

SUSTAINABILITY STRATEGY



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Certified B Corp

As a purpose-led business and as a *Certified B Corp*, we are expected to hold a leadership position in our industry and within the business community. This means taking action and fulfilling our commitments to address the climate crisis and centering our work in climate justice.

We have set out to change how the branded products industry operates, putting people first and minimizing our impact on the environment.

As the first Certified B Corp in our industry, we are very encouraged by the increase in newly Certified B Corps in our category and the shift in business practices and expectations.



EcoVadis

In April 2021, MaCher received a Platinum rating from EcoVadis, putting us among the top 1% of over 75,000 rated companies, worldwide, in terms of sustainability performance.

EcoVadis is a supply chain sustainability tool used by over 450 multinationals to assess their supply chain partners' 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 are proud of this rating as it reflects our authentic commitment to ensuring transparency within our organization and our partners.



© SeaTrees by Sustainable Surf

CTPAT

Customs Trade Partnership Against Terrorism

At MaCher, we take our responsibility for pursuing ethical business practices seriously. We do all that we can to ensure that our supply chains are transparent, compliant and that our shipments are performed under safe and secure conditions.

MaCher has maintained CTPAT certification for the last 13 years. The CTPAT program, run by Customs Border Control, applies best-practice security standards to the global supply chain through a system of checks and balances, oversight, and accountability.

MaCher first became certified in July 2008, was Tier 2 validated in January 2013 and recertified in May 2021. We adhere to stringent annual recertification requirements, assuring our supply chains meet rigorous security standards that are third-party verified.



Arbonne Tote Bag © MaCher

Our Ambition

MaCher's ambition remains 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 to make things better

MAKE BETTER THINGS:

Every year millions of tons of trash end up in U.S. landfills – much of it plastic. In order to align our products with our social and environmental goals, we need to reduce waste and poor practices common in our supply chain.

Our strategy is centered around:

- Decarbonization of our operations and our supply chain
- Removal of virgin plastics
- Contribution to the circular economy
- Responsible and ethical manufacturing

MAKE THINGS BETTER:

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

Our strategy is centered around:

- Equitable, diverse and authentic workplace
- Providing opportunities for underrepresented voices
- Aligning our giving strategy with our impact focus
- Positively impacting communities where we operate

OUR GOALS

Commitment to
the UN Sustainable
Development Goals
(SDGs)

As a UN Global Compact participant, we are invested in showing leadership in advancing the SDGs that are most relevant to our business. We have selected targets under each of the chosen SDGs that are aligned with our 3 core focus areas of waste reduction, decarbonization and justice, equity, diversity and inclusion.

REMOVE VIRGIN PLASTIC PRODUCTS

100% PRODUCTS DESIGNED FOR CIRCULAR ECONOMY

100% PRODUCTS REUSABLE OR CURBSIDE RECYCLABLE

WASTE REDUCTION

3 GOOD HEALTH AND WELL-BEING



10 REDUCED INEQUALITIES



17 PARTNERSHIPS FOR THE GOALS



1 NO POVERTY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



DECARBONIZATION

13 CLIMATE ACTION



8 DECENT WORK AND ECONOMIC GROWTH



4 QUALITY EDUCATION



NET ZERO 2030

MATCH MANUFACTURING CAPABILITIES WITH ENVIRONMENTAL GOALS

MATCH MANUFACTURING CAPABILITIES WITH SOCIAL GOALS

BE EXPERIENCED AS AN ANTI-RACIST COMPANY

OUR FOCUS BY 2025

WASTE REDUCTION

Remove virgin plastic products

As part of our commitment to Net Zero 2030, we are searching for alternatives that have an improved impact or finding ways to remove virgin plastics and fossil-fuel based materials altogether.



100% products designed for circular economy

By designing for circularity and reducing or removing waste generated through manufacturing, we will minimize greenhouse gas emissions and contribute to our Net Zero 2030 ambition.



100% products reusable or curbside recyclable*

Our priority is to create products that are of excellent quality and will be used over and over. We will refuse to work with or source any single-use plastic products and 100% of our products will include the material content on the product labels.

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

DECARBONIZATION



Net Zero 2030

Helping to protect our world from the climate emergency involves measuring, reducing, and offsetting our carbon footprint and 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.



Match manufacturing capabilities with environmental goals

To reduce our risk in geopolitical and climate issues, we are expanding our production capabilities across different regions. This allows us to economically empower additional communities and reduces the distance (and GHGs) between our raw materials and final products travel to reach the end consumer.



JUSTICE, EQUITY, DIVERSITY & INCLUSION



Be experienced as an anti-racist company

In the past, we have had moments of discomfort, understanding that not all team members felt that they had the opportunity to contribute their ideas. By individually taking responsibility for listening, educating ourselves, deconstructing our personal bias in our thinking and actions, we can become an organization that provides an equitable platform for decision making, idea sharing, and economic prosperity.



Match manufacturing capabilities with social goals

We are focusing on building the social value of our products by looking for partners who embed social impact into their business models. We can ensure that local economies are supported through fostering skills based in that region.

— SECTION 3 —

SUSTAINABILITY PERFORMANCE



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2020/21 PERFORMANCE OVERVIEW

33% of products made from sustainable materials

95% products are highly reusable

Launched Circularity Design team

24.4% of products made with **circular design principles**

Launched a circularity education website centered around designing for the circular economy

70% reduction in logistics packaging (since 2019)

100% of top 10 manufacturing suppliers are self-reporting on water and energy usage

Drafted sustainable procurement policy

WASTE REDUCTION

Approved SBTi targets – SME track

30+ hours dedicated to education on environmental issues

Built relevant Scope 3 GHG inventory

Developed manufacturing partnerships in US, Colombia and Brazil to provide options for reduced logistics footprint

Implemented “Opt-In for Our Future” carbon compensation pricing to our products

20% team completed Climate Reality Leadership Corps training

DECARBONIZATION

Partnership with Creative Futures for paid internship

16 week mentoring to Creative Futures fellows

Implemented **self identification survey** for team

185 hours dedicated to education on JEDI issues

20% of team completed USF MUMA College of Business Diversity, Equity and Inclusion in the Workplace Certificate

Reviewed our onboarding processes, providing internal mentors to all new hires

Revised our job postings and sites in an attempt to increase the number of diverse candidates for open positions

Mental wellness team training

Additional mental wellness paid day off for mental health month

JUSTICE, EQUITY, DIVERSITY & INCLUSION

— FOCUS 1 —

WASTE REDUCTION



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Waste Reduction



© ThirdLove Tote Bag by MaCher

Every year, approximately 121 million tons of waste end up in U.S. landfills (29.2m tons of that is plastic). At the same time, the United Nations has determined that every year, 8 million metric tons of plastic end up in the oceans and predicted that by 2050, that unless we stop our use of single use plastics, there will be more plastic waste than fish^[1]. Further research from WWF^[2] found that as plastics break down, microplastics contaminate the air we breathe, the food we eat, and the water we drink. An average person could be consuming up to 5 grams of plastic – the size of a credit card – per week.

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

- *84% of US adults say it is important to buy sustainable products*
- *64% of US adults would rather use products made from recycled materials vs. those made from new/virgin materials*
- *1 in 3 adult consumers say they've stopped buying one or more brands recently after learning that the company's practices and values didn't match their own.*

Our waste reduction strategies are focused on removing the most damaging materials that are most prevalent in branded products; PVC, PU and single use plastics. We are approaching our work through systems thinking, looking through the lens of creating sustainable, impactful change in why we make our products, how we make them and where will they end up.

Source: MaCher and Compose[d] Online survey: March 3 – March 10, 2021 1,000 Nationwide US Adult Respondents. Ages 18-75. 50/50 Male – Female.

[1] <https://news.un.org/en/story/2017/04/556132-feature-uns-mission-keep-plastics-out-oceans-and-marine-life>

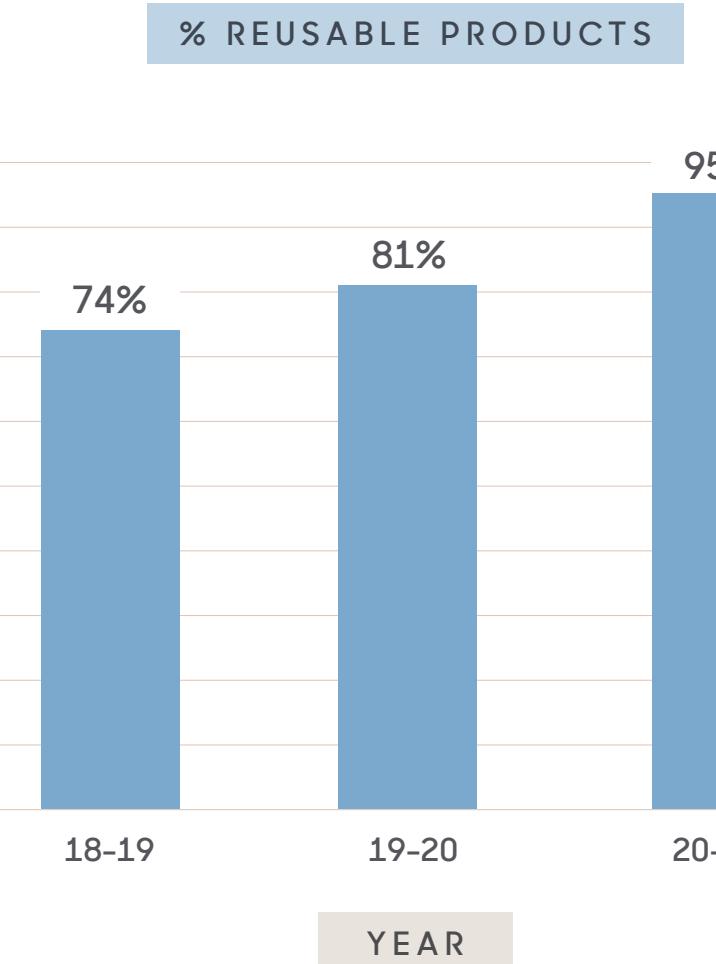
[2] https://www.wfse.cdn.triggerfish.cloud/uploads/2019/06/dalberg-advocacy-analysis_for-web.pdf

Our Material Performance

Since 2018 we have tracked our primary material usage across different material categories. In past years, our calculations were based on the number of orders. This year our analysis is based on the volume of products. The following data gives a detailed but still not an entirely accurate picture of our material usage. We are working towards accounting for all materials used by weight, including; trims, secondary body materials, internals, and decoration.

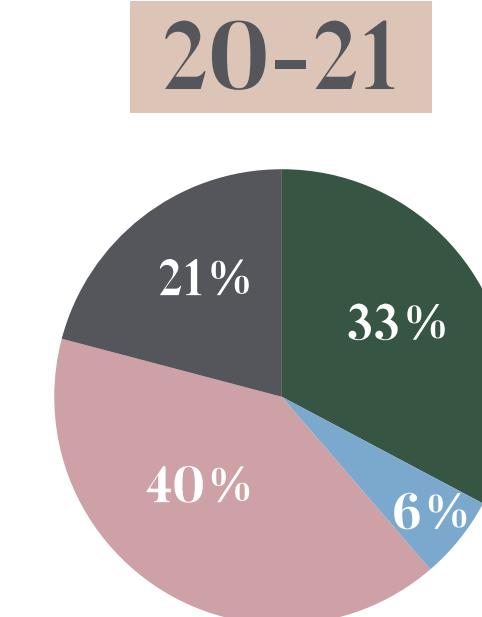
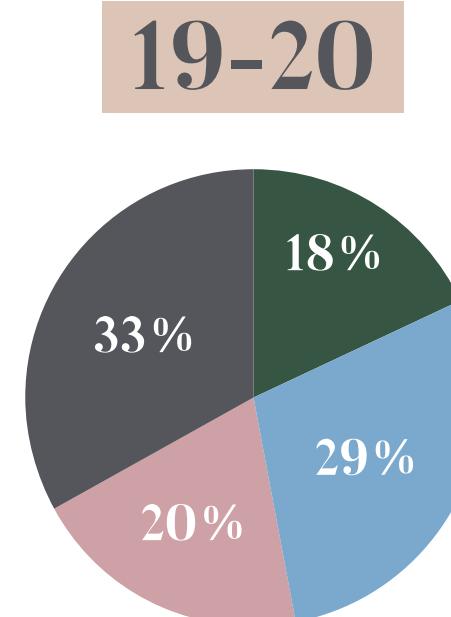
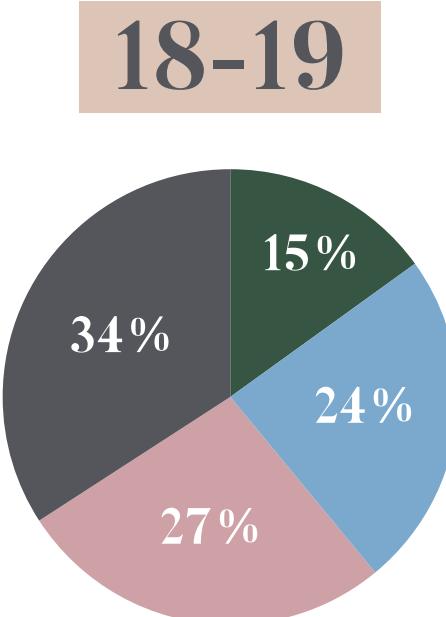
Our core focus is the shift from fossil fuel-based and virgin materials to either recycled or bio-based alternatives. We are encouraged by our increase in reusable and sustainable materials over the last three years. However, we still have many challenges in reducing our reliance on plastic and virgin materials.

To create this change we need to approach this challenge from multiple perspectives, educate our manufacturing partners, work on innovative design, and inform clients of alternative material or product options. We will also develop an internal product rating system, in the next 12 months, to identify and focus our efforts on the most challenging product categories.



Our Material Performance

"Sustainable Materials" refers to renewable or non-virgin materials in these allocations. Our "Other Non-Sustainable Materials" in 20/21 predominantly reflect stainless steel for reusable water bottles used to replace single use plastic options.



- PVC + PU
- Virgin Poly + Plastics
- Sustainable Materials
- Other Non-Sustainable Materials

Designing for Circularity



In 2020 we formed our circular design team with members representing expertise in creative, production, and sourcing fields. The focus of the team is to implement design solutions that can advance our products toward contributing to the circular economy and to provide support with education on circular principles and methodology.

Our circularity team has identified 4 design principles in recognition of our ambition to design more products that will reduce our reliance on virgin plastics, our GHG emissions, and will improve the social value of our products.

Over the next 12 months, the team will be launching our "Design For Circularity" tool that will incorporate practical implementation of these principles for our clients' products.

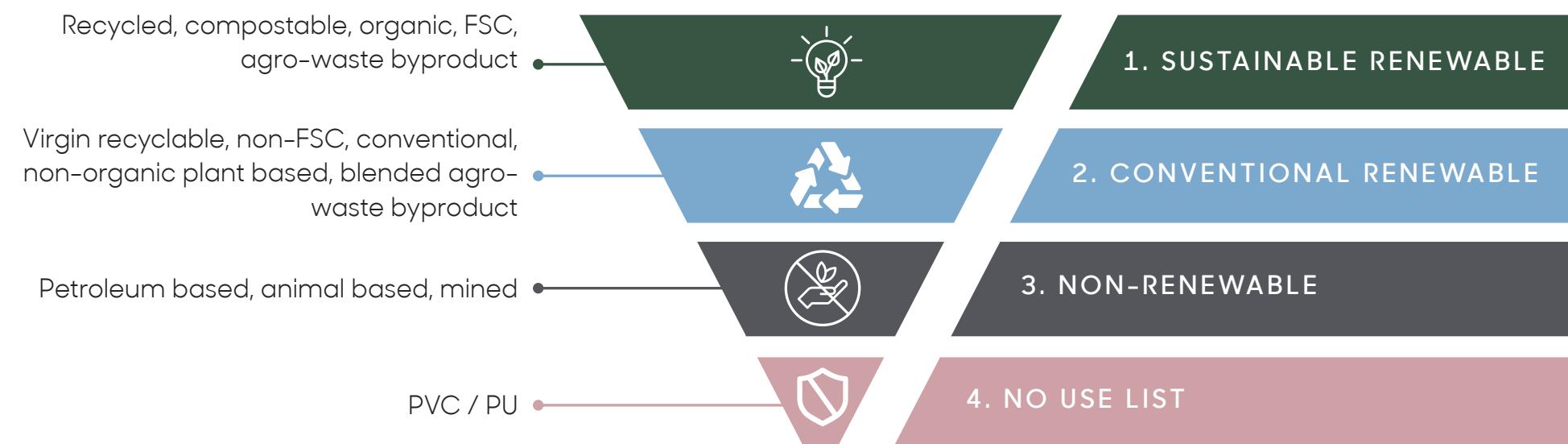


"The main rule to apply before beginning any design, is to have an intention for the product. How will it be used? Who will use it? What purpose does it fulfill? Can it fall under one of our "Design For" categories?"

– Jennifer Krischer | Product Development & Circular Innovation

Sustainable Material Hierarchy

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



Waste Reduction Goals

100% PRODUCTS DESIGNED FOR CIRCULAR ECONOMY

2025

25% of travel products are from categories 1 or 2 of our sustainable material hierarchy

12 months

100% of polybags produced from recycled content (priority is to eliminate polybags where possible)

2023

100% cotton products sourced from China will only be organic or recycled cotton by 2025, 25% in the next 12 months

25% - 12 months // 100% - 2025

100% of domestically sourced products are from categories 1 or 2 of our sustainable material hierarchy

2025

100% PRODUCTS REUSABLE OR CURBSIDE RECYCLABLE*

2025

Introduce material content to all product labelling

25% - 12 months // 100% - 2025

REMOVE VIRGIN PLASTIC PRODUCTS

2025

Eliminate PVC/PU + single use plastics from products

2023

— FOCUS 2 —

DECARBONIZATION



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Our Plan for Net Zero 2030

"It is unequivocal that human influence has warmed the atmosphere, ocean and land." IPCC, 2021

In the last 2 years, we have been preparing our strategy to reduce our emissions in line with 1.5 degree trajectory above pre-industrial levels. Our plan is outlined in the coming pages and we acknowledge gaps may exist due to unreliable data or blind spots. We welcome feedback on where we could improve.

Without urgent action to address the climate emergency, our business and our team will face many challenges. We have identified these as the greatest risks as average surface temperatures continue to rise.

CLIMATE RISKS TO OUR BUSINESS:

- Increase in wildfire, flood, and storm severity 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 our global supply chain and distribution networks from increased intensity in weather
- Risk to business operations due to water scarcity - particularly to the production of raw materials that our products are made from
- Disruptions to power supplies affecting ICT, cooling and transport infrastructure affecting home and office working and overall productivity levels

Pledge**Measure****Prioritize****Abate****Compensate****Publish****Advocate****Evaluate**

"We feel a great responsibility to put our efforts towards reducing the greenhouse gases we emit through our operations as fast as possible. While we know that this will not be a linear journey, these are the stages required for us to work towards decarbonization."

- Genevieve Lawrence | Sustainability & Impact



Pledge

B Corp Climate Collective Net Zero 2030

We are part of a group of 1500+ Certified B Corporations committed to Net Zero 2030.

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.

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.

Tourism Declares

Tourism Declares is a global community of organizations, companies, and professionals committed to aligning plans with the need to cut global emissions in half by 2030.

Measure

With the help of [Climate Smart](#), a fellow B Corp, **we have verified our baseline emissions for scope 1, 2 and 3** for the 2018/2019 fiscal year based on the GHG Protocol.

WHAT'S INCLUDED:

- **Natural gas burned (scope 1):** For heating in our office.
- **Electricity purchased (scope 2):** Electricity that literally keeps our lights on in our office.
- **Upstream and downstream transportation (scope 3):** Sea, air, rail, and trucking to get all of our products delivered to our customers, this also includes our samples.
- **Employee commuting (scope 3):** Travel from our teams' home to our Venice, CA headquarters. Including public transportation.
- **Business travel (scope 3):** Our clients are all over the world and we often meet them in person. This also takes into account hotel nights and taxi/ride share services.
- **Waste generated (scope 3):** Waste that we cannot compost or recycle in our HQ operations that will ultimately end up in landfill.
- **Paper consumption (scope 3):** Paper that we consume in our HQ for printing.

WHAT HAVE WE EXCLUDED:

- **Emissions from primary manufacturing suppliers (scope 3):** At this time we are unable to collect accurate, complete or reliable data suitable to include in our scope 3 boundary. We do plan to launch a pilot program in the coming 12 months to understand if we can build a more accurate inventory from these partners.
- **Emissions for product end-of-life (scope 3):** Our products are sold through clients to consumers. We have very little visibility on their performance at this stage. To combat this we are putting our focus into designing for circularity and ease of reintroduction of materials back into the supply chain.

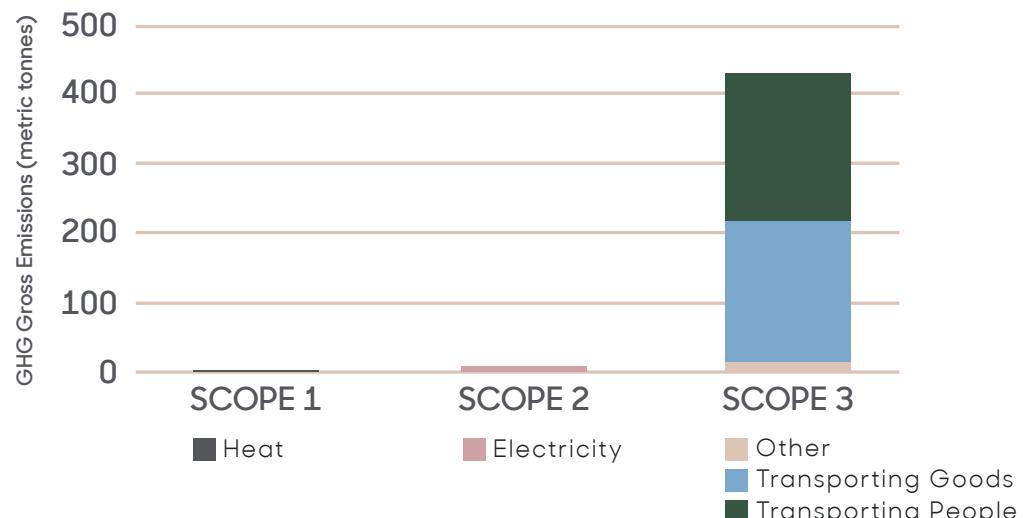
Measure

2018/19 GHG Emissions Baseline

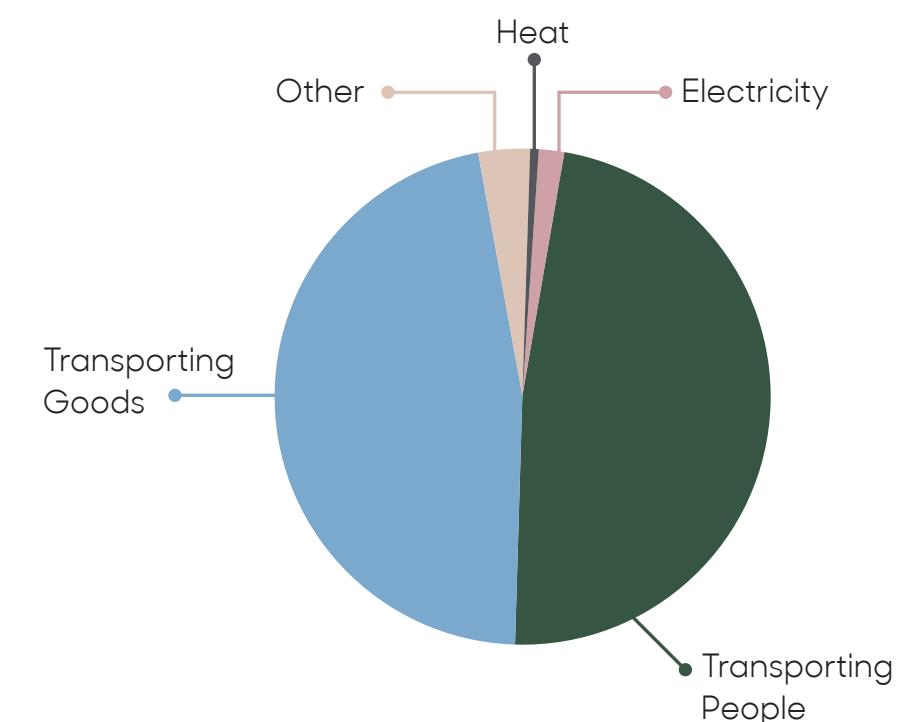
To align our emissions reductions with science-based targets, we are using our 2018/19 inventory baseline. This is a more accurate reflection of our business footprint during usual times and will give us the best indication of where our most material impacts are. Over the next 12 months we will validate our 19/20 and 20/21 inventories.

Greenhouse Gas (GHG) Emissions (metric tonnes)	
Gross Emissions	438.7
Scope 1	2.93
Scope 2	7.96
Scope 3	427.81
Purchased Reductions	-333
Net Emissions	105.7

Gross GHG Emissions by Scope
Year ending June 30, 2019
(metric tonnes)



Gross GHG Emissions by Activity Type
Year ending June 30, 2019
(metric tonnes)



Prioritize**Abate****Compensate**

We will prioritize the most material impacts of emissions based on our influence and risk to the environment, our health, and our business.

ABATE

- We will radically decarbonize our operations and our value chain, shifting to renewable energy sources and reductions in consumption of resources overall.
- By aligning with the Science-Based Targets initiative, 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% wind generated energy.

COMPENSATE

- We also recognize the need for carbon to be sequestered and natural carbon sinks to be preserved and 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.

Compensate



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SeaTrees

Some of the energy that we use in our operations produces greenhouse gas emissions. We use as much energy as we can from renewable sources (our LA head office converted to 100% wind energy in May 2021, for example), while other sources still rely on fossil fuels.

To help balance these polluting emissions, we support [SeaTrees](#), a not-for-profit company that invests in ocean health by planting and protecting 'blue-carbon' coastal ecosystems. Coastal and marine ecosystems capture and store more carbon per unit area than any ecosystem on land. These coastal ecosystems not only capture and store the carbon we emit, but also provide essential habitats for plants and animals and support sustainable jobs.

SeaTrees invests in a number of projects where we operate or are significant to the industries we represent. We're particularly excited that one of the projects we are supporting includes 125,000 sq ft of kelp restoration in Palos Verdes, California, just down the beach from our head office in Venice. Since our partnership we have purchased 700 tonnes of carbon credits through their REDD+ project in Cambodia, compensating for MaCher's operational footprint.



A photograph showing three dark glass bottles with dropper caps resting inside a black, textured travel pouch. The pouch is partially open, revealing the bottles. The background is dark and out of focus.

Vintner's Daughter Travel Pouch © MaCher

Publish

Advocate

Evaluate

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

To limit global warming to 1.5 degrees, we apply principles of SDG 17, Partnerships for the Goals, to create trusted collaborations with our customers, suppliers and other stakeholders. We call on every business to do the same.

EVALUATE

Every 5 years to ensure our targets are aligned with the Science Based Targets initiative recommendation and most up to date science.

Decarbonization Goals

NET ZERO

2030

Provide client impact reports for all clients using "Opt-In for Our Future" carbon compensation scheme

12 months

Launch first tier manufacturing supplier GHG reduction pilot program

12 months

Reduce team commuting by 30% from 2018 baseline

2023

Establish future reduction target using 2020 baselines for our manufacturing partners

2023

Reduce air business travel by 40% from 2018 baseline

2025

1 supplier from top 10 manufacturing partners converted to renewable energy

2025

— FOCUS 3 —

JUSTICE, EQUITY, DIVERSITY & INCLUSION



PROGRESS ON SUSTAINABILITY REPORT 2021

Our Commitment to Justice and Anti-Racism

At MaCher, we stand against anti-Black, anti-Asian, anti-Indigenous racism and all forms of oppression.

We commit to putting practices in place that support People of Color team members; cultivating a culture that minimizes bias and recognizes and addresses systemic inequities.

Our bold support of the Black, Asian and Indigenous communities aligns with specific initiatives and goals we are currently holding ourselves accountable to.

It is not meant to diminish any other community. As we continue to learn about the inequities, inequalities and injustice deeply rooted in our society, we will focus on transforming our dialogue and discussion into action.

JEDI Goals

We believe inclusive representation encourages diversity of thought which not only allows 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.

Building a diverse team that feels valued, understood and empowered to make decisions is an ongoing effort, but one that we are invested in. We love to celebrate and acknowledge our differences. We are also committed to learning and developing our understanding of each other and what barriers we may unintentionally create that don't allow for all voices to be represented. We are committed to understanding the diversity of our value chain and how we can support inclusion in the creation of our products.

In order to achieve these ambitions, we feel our work needs to be centered around 4 pillars:

Feeling Welcome

In order 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.

Deconstructing Bias

Implicit biases can lead to people 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 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.



Arbonne Water Bottle Sling Bag © MaCher

Soleil Toujours Belt Bag © MaCher

JEDI Intentions

There are many methods to build more equitable systems that we can use to enhance and improve our own business. To be intentional and have meaningful impact, we have decided to select areas of focus where we feel we are best resourced to make an impact and will have the most beneficial outcomes. As our practice evolves, so too will our areas of focus.

We are focused on being experienced as an anti-racist organization and deepening the social value of our products.

WHILE THEY DO NOT HAVE SPECIFIC METRICS, SOME OF OUR OTHER INTENTIONS OVER THE NEXT 5 YEARS WILL BE TO:

- Maintain representation of team that identify as belonging to the LGBTQIA+ community, in line with that of the general population.
- Improve accessibility in our operations, training materials and product design.
- Increase our partnerships with brands who service minority and underrepresented communities.
- Focus our community investments on organizations that are servicing diverse populations.

JEDI Goals

BE EXPERIENCED AS AN ANTI-RACIST COMPANY

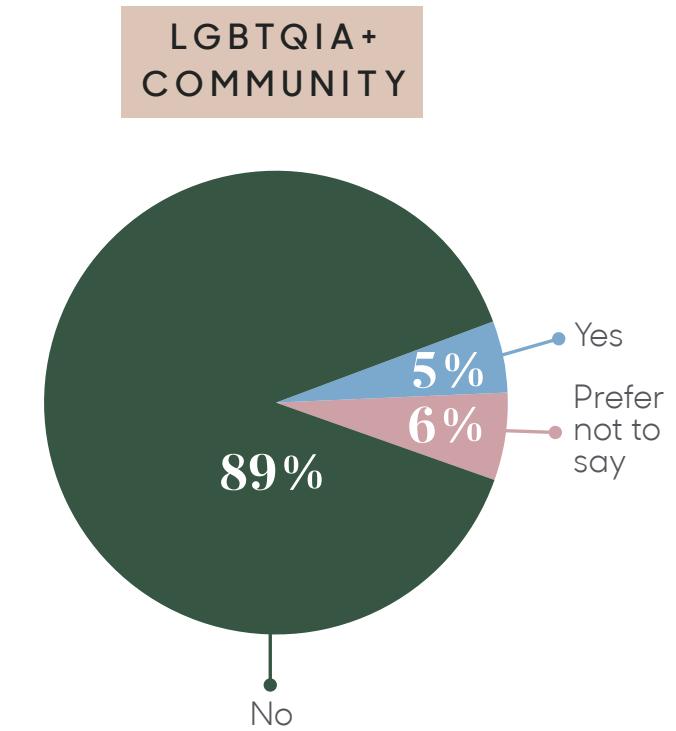
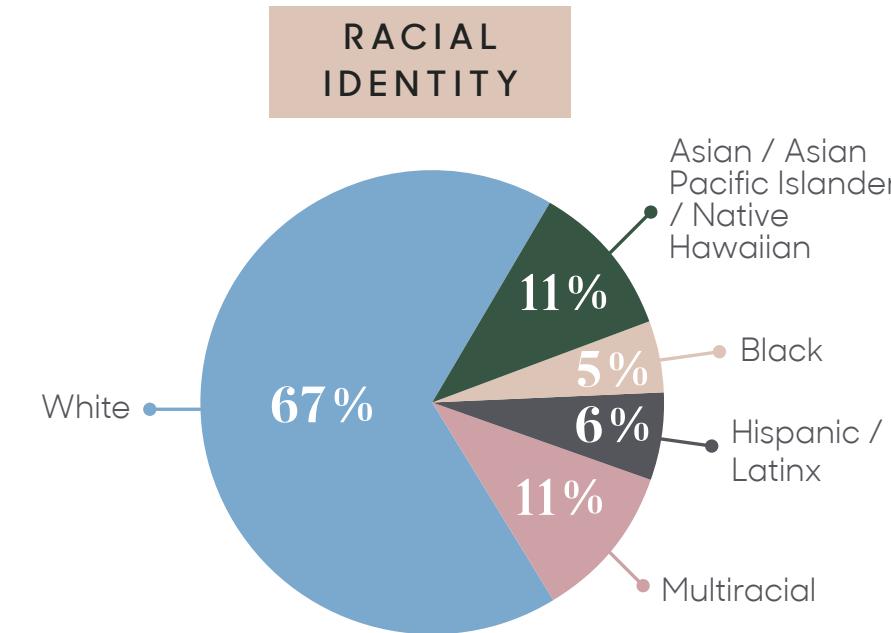
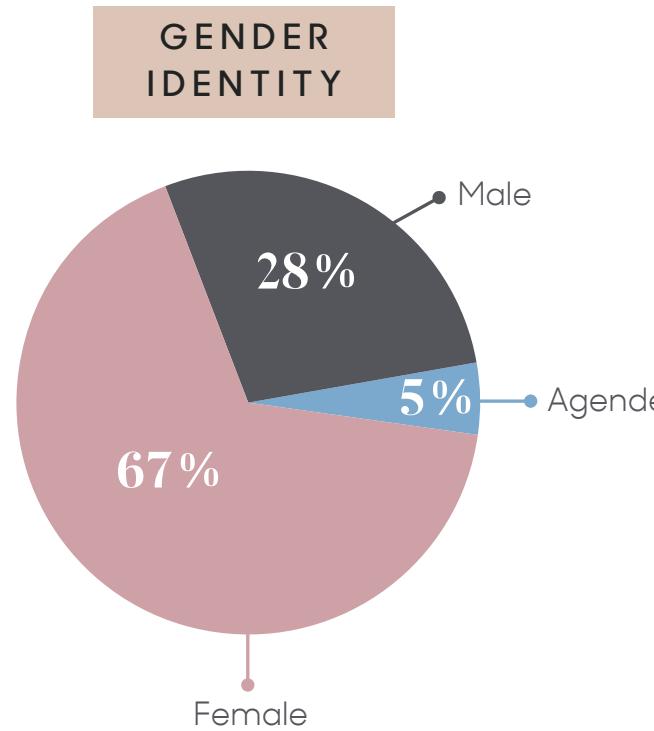
2025

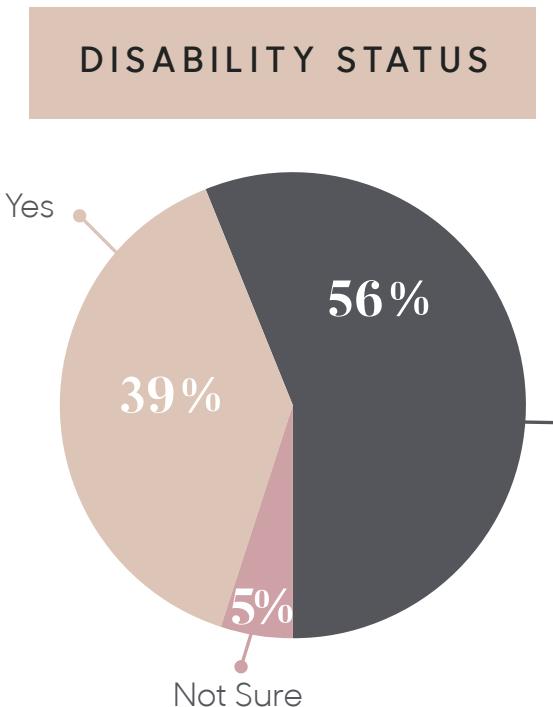
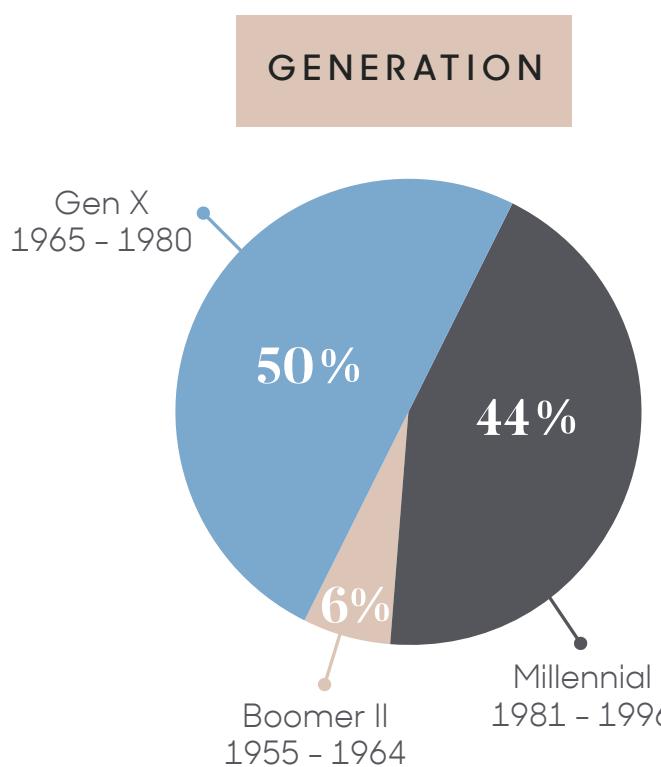
5 hours of training for every team member on JEDI topics per year	12 months
Use internal 'Venice Speech' platform to highlight social and environmental justice topics	12 months
Commit to learning and implement changes based on best practices for Indigenous land acknowledgments	12 months
Consistently survey our stakeholders on representation, feelings and experiences under our 4 pillars	2023
Evaluate our recruitment partners' talent pool and diversity goals	2023
Increase BIPOC representation in our team to 50%, specifically Black representation to 12.4%*	2025

* 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>

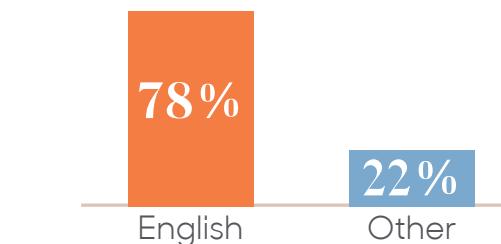
Self Identification Results

This year we conducted our inaugural self-identification survey. It was designed to understand representation in our team, how we can best accommodate our current team members and where we can focus our efforts and improve our hiring and training practices.

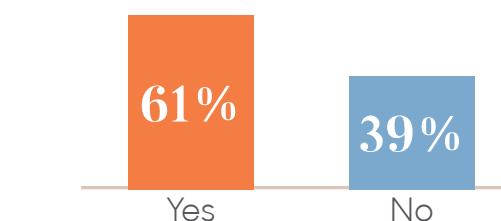




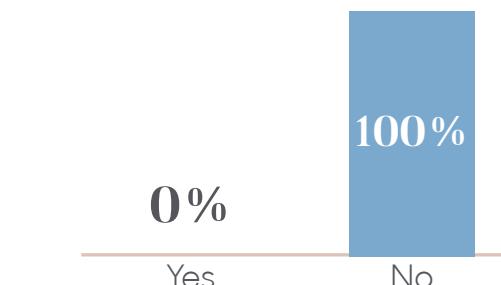
1ST LANGUAGE SPOKEN



MULTILINGUAL



VETERAN STATUS



LANGUAGES SPOKEN

	ខ្មែរទេសកម្មពួជា
	我会说粤语
	I speak english
	Je parle français
	Parlo italiano
	私は日本語を話します
	普通话
	Hablo español

John Masters Organics
Drawstring Bag © MaCher



Creative Futures Collective

In the past year, we have spent some time evaluating our practices in hiring and onboarding team members to broaden the diversity of thought and perspectives of team members in our business. We are also focused on improving the tenure of team members with diverse lived experiences. We acknowledge that our past practices limited our scope of candidates and therefore limited our ability to attract candidates that could add to the diversity of our team. We implemented a policy that all internships are paid and can only be filled by candidates from underrepresented groups, among our new practices.

To help us attract the best talent for our internships, we partnered with *Creative Futures Collective*. They are on a mission "to unearth the next generation of creative leaders from disenfranchised communities". Their work is well aligned with our ambitions around access and retention of talent as well as our core pillars of building empathy and deconstructing bias.

This year our team members provided mentoring to Creative Futures fellows and we launched our first paid "Futureship" through their program.

We also hired Creative Futures graduate, Dominique Ross, as our photographer for this report. We hope that Dominique will be the first of many graduates that we have the opportunity to work with. View his [portfolio here](#) to learn more about his story.

We encourage you to use Creative Futures to help create more equal opportunities.

— SECTION 4 —

MACHER TEAM



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Loved+Blessed Cosmetic Bag © MaCher



"In the last year, I have been most proud in our shift in thinking during our hiring process. Instead of looking for the candidate who will be the best "fit", we are now focused on what talent and diversity they will add to our team."

– Jamila Jackson | Culture & Talent

Our Culture

We have taken on an incredible transformation towards a self-organized, or what we call Teal culture. Teal is all about removing traditional hierarchical structures, being more responsible for our work, being accountable to each other and decentralizing decision making. We have been on a journey of unlearning old habits, embracing vulnerability and wholeness in the workplace, and learning to give and receive feedback, among other skills. This practice has helped build trust and be agile in navigating the business landscape during the pandemic.

We have used various tools to stay connected and ensure everyone on the team feels seen, heard, and included as we've continued to work remotely. Our new practices include:

- Sharing the history behind different religious and cultural holidays.
- Improving our education and understanding of lived experiences.
- Recognizing cultural bias.
- Sharing preferred work style, communication preferences and personal stories.

We have been aligning our hiring and professional development methods with our CRAFT core values, Teal operating system, and JEDI goals. There is still ongoing work to do, but in the last year, we have focused on:

- Reflecting the Teal principle of wholeness in our recruitment by redefining "culture fit" to "what talent and diversity will they add" to the team.
- Promoting diversity and establishing our baseline through conducting our first anonymous "Self-Identification Team Member survey."
- Reinforcing the Teal principle of self-organization by successfully conducting advice and consent processes on topics such as removing hierarchy from role titles, 360 feedback and performance review process, proposed internship programs, and more.



© Bakery Two Nine

Our Culture Practices

Our team culture is paramount. We work hard towards developing a welcoming family environment. Our Teal structure guides us to take ownership and be accountable and responsible. No hierarchy, no 'bosses'.

- Living wages for **all** team members
- Access to **Employee Assistance** program
- Flexible return to work schedules and paid time off for parental leave
- Flexible accommodation for nursing mothers
- Flexible paid sick leave policy
- **100% paid premium on medical insurance** + additional paid optical and dental program
- Our employee handbook is in accordance to 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
- Team-led education platform for sharing knowledge on social & environmental issues

— SECTION 5 —

SUPPLY CHAIN PARTNERS



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Our Supply Chain Partnerships

Our success depends on everyone involved in the creation of our products. Our supplier partners are of equal value to us and we are committed to ensuring an ethical and respectful treatment of all.

Our supply chain partners are more than vendors to us, they are an extension of our team and align with the MaCher CRAFT culture (Collaboration, Respect, Authenticity, Family Pride, and Trust). We work together in our commitment for continuous improvement to uphold standards for safe and fair working conditions and reduction of our 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 visitations.

We realize there is no "perfect" in an imperfect world, however our goal is to bring everyone along on our continuous progression of improvement for towards sustainable best practices.





Supergoop! x Gray Malin Cosmetic Bag © MaCher

Our Supply Chain Partnerships

The pandemic has been a challenging time for everyone. We made the decision to scale down and support our closest supplier relationships. In doing so we have been able to innovate and progress on our goals together. With this approach, we have been rewarded with phenomenal performance from our partners.

- 100% of our top 10 partners are reporting on water and resource usage - **achieved our 2020 goal**
- 7 of our top 10 partners are SEDEX audited (6 with 4 pillar) - **achieved our 2020 goal**
- **100% transparency** at first tier manufacturing level
- 14.6 years tenure with our top 8 supply chain partners
- **100% of our manufacturing supply 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)
- 91.6% of our business has been placed directly with strategic supply partners who have committed to transparent, accredited 3rd party audits measuring social and/or environmental performance
- **100% transparency** for chain of custody and certification of all sustainable material

Supply Chain Goals

In order to achieve our goals around waste reduction and our commitment to Net Zero 2030 we need to work closely with our partners. To move forward in our progress of these goals we are focused on the following in the next 12 months.

MATCH MANUFACTURING CAPABILITIES WITH SOCIAL AND ENVIRONMENTAL GOALS

2025

100% of suppliers to complete our Environmental Performance Self-Assessment, measuring resource usage and waste/recycling streams	12 months
Implement our Sustainable Procurement Policy for both domestic and international suppliers	12 months
Increase number of our top 10 suppliers with SEDEX 4 Pillar to 8 (currently at 6)	12 months
95% of total spend awarded to suppliers based on their commitment to social and/or environmental performance (up from 91.6% in 2020)	12 months
2% of business through suppliers with social impact model*	2025

— SECTION 6 —

PARTNERSHIPS FOR SCALABLE CHANGE



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Partnerships for Scalable Change

Progress across all Sustainable Development Goals can only be achieved through partnerships of both the private and public sectors and the vision of SDG 17, Partnerships for the Goals. Using our business as a force for good includes encouraging and amplifying the voices of others and looking for ripples of change beyond our business and circle of influence. While harder to measure, we see shifts in conversations and business action taken.

This past year we've been proud to provide our support and resources to build and scale impact with organizations and on projects that share our aims:

Shape up the Vote

We firmly believe that the voices of all people should be represented by government. When we discovered African American voting participation had declined significantly in 2016, we gave our resources to support the Shape up the Vote campaign leading up to the 2020 Presidential Election.

Tourism Cares + USTOA + NTA

Through sustainability workshops and mentoring, together with Tourism Cares, we spent over 100+ hours advising tourism company members of USTOA and NTA.

B Tourism + TravelbyBCorp

B Tourism and TravelbyBCorp (UK) were established to raise the profile of B Corp companies in travel and to share best practices so that we can all get better at doing better. We give our time to provide a coordinated voice for representatives in the UK and Europe.

Ceres

For significant reductions to happen in global emissions, we need policy change from all governments. In 2020 we joined LEAD on Climate to call on US Congress for an economic recovery plan that includes climate solutions.

We've used opportunities to speak at a number of industry events and share consumer and market insights on issues such as sustainability in the tourism and beauty industries and on corporate responsibility and citizenry more broadly.

Giving Partnerships

We consistently and substantially give to various organizations that are actively and measurably making a meaningful difference. 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 where 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 our community.

Tourism Cares

Tourism Cares unites the travel industry and is a catalyst of positive social, environmental and economic impact for the people and places of travel. Tourism Cares believes it is in our best interest to support the destinations we all depend on so that communities, travelers and businesses can prosper. Our support is varied from workshop facilitation, cash and product donations as well as pro bono support from multiple MaCher team members.

Foundation for UN Global Compact

The world's largest corporate sustainability initiative. The UN Global Compact calls on companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals. They are driving change across all aspects of corporate sustainability. Inspiring, guiding and supporting companies to do business responsibly and take action for a more sustainable future. Our support for the foundation is through cash donations.

Creative Futures

The mission of Creative Futures is to unearth the next generation of creative industry leaders from disenfranchised backgrounds and empower them to break cycles of systemic inequalities they've experienced. A hybrid social enterprise, they are also recognized as a 501c3 non profit to provide education, employment and scholarship. This year, our team has had valuable opportunities to mentor and work with a number of Creative Futures' Fellows.

SeaTrees

In addition to partnering with SeaTrees for our own scope 1 and 2 emissions offsetting, we have also partnered with them for our carbon compensation scheme for the emissions produced in the products made for our clients. SeaTrees not only have high quality VCS certified projects, part of our contributions are also supporting their blue carbon projects such as kelp forest restoration and sea urchin removal.



Caring for our Community

We are proud to report that this year we have spent 600+ hours on giving back to our community through our personal passion 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.

Examples of our team involvement this past year include:

- 280+ collective team hours in community fundraising and support
- 100+ collective team hours in business mentorship
- 30+ collective team hours for kids coaching and mentoring
- 20+ collective team hours supporting get out the vote



— SECTION 7 —

GOVERNANCE



PROGRESS ON SUSTAINABILITY REPORT 2021



Our Governance

As a certified B Corp, we have a legal commitment to consider all the stakeholders affected by the decisions we make as a business, including decisions relating to 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 affect, such as the communities within which we work and the industries impacted by our business operations.

OUR STAKEHOLDERS INCLUDE:

- *Boards Members*
- *Clients*
- *Industry Peers*
- *Non-profits, Environmental and Social Enterprises*
- *Our B Corp and Global Compact Communities*
- *Our Local Communities*
- *Supply Partners*
- *Team Members*
- *Travel, Beauty, Retail and other Industry Associations in which we operate*

Haus Tote Bag © MaCher



Feedback Mechanisms

We use multiple strategies to collect feedback from our stakeholders and we are always looking to improve our reach and depth of understanding of what is important to them.

SOME CURRENT FEEDBACK MECHANISMS INCLUDE:

- 360 reviews for all team members
- Company, department and team member meetings
- Exit interviews
- Glassdoor reviews
- Industry roundtables
- Internal Slack feedback channel
- MaCher's Board
- New hire orientation
- Peer reviews of our annual Progress on Sustainability Report
- Quarterly employee happiness surveys
- Social Media - LinkedIn and Instagram
- Supply partner annual feedback reviews and visits

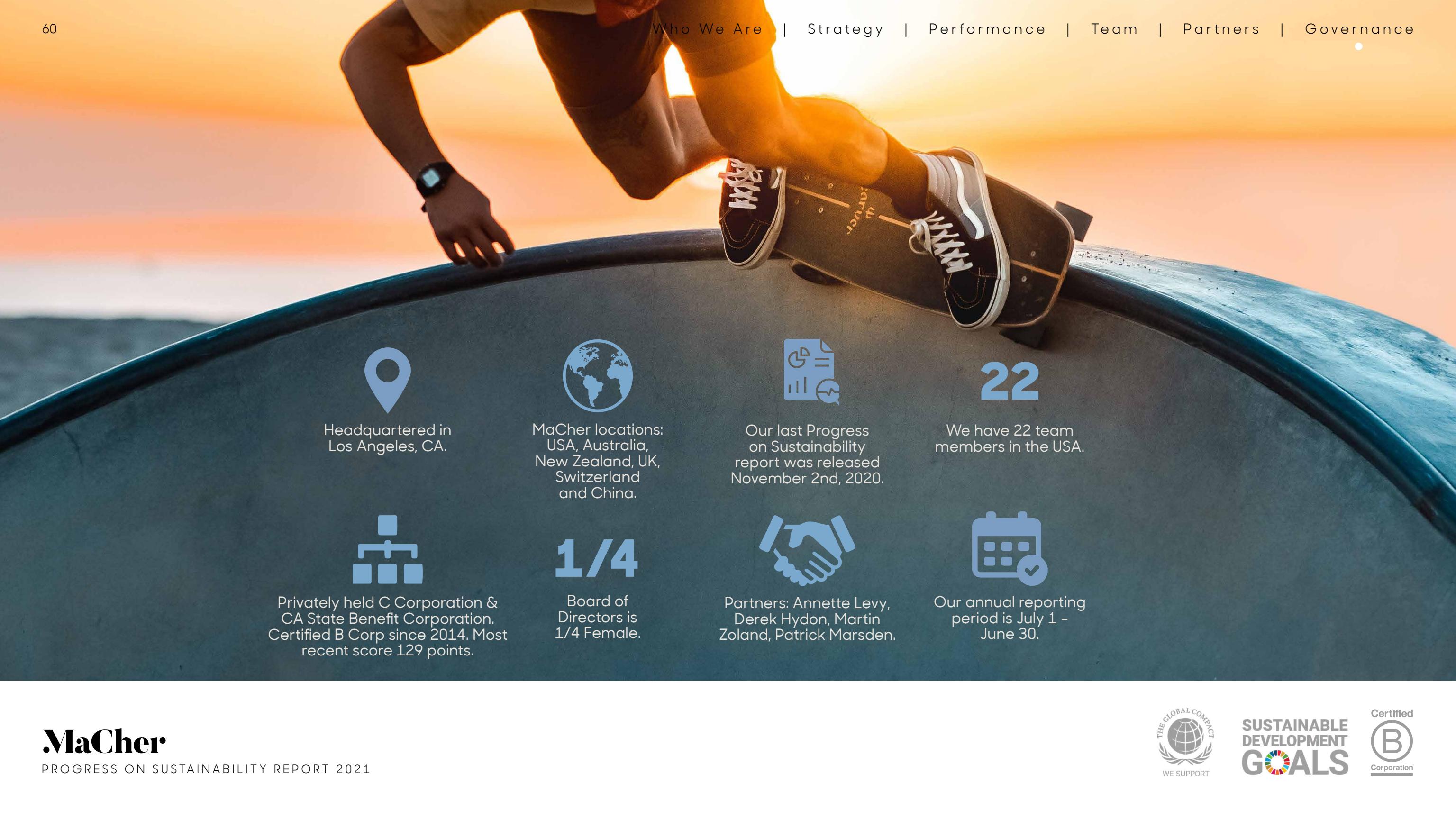
Communication of Progress

Sharing both our progress on our successes as well as the targets we continue to strive for, holds us accountable to our commitments. Our transition towards an inclusive economy makes this all the more important. Some of the many ways we share our progress on our sustainability goals include:

- Annual progress on sustainability report
- Association and not-for-profit involvement
- Company, department and team member meetings
- Directly with our clients
- Industry roundtables
- New hire orientation
- Public speaking and facilitation
- Social media
- Supply partner visits
- Team member training
- Our website www.macher.com



Brooks Running Dog Leash © MaCher



Headquartered in
Los Angeles, CA.



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.

1/4

Board of
Directors is
1/4 Female.



Our last Progress
on Sustainability
report was released
November 2nd, 2020.



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

22

We have 22 team
members in the USA.



Our annual reporting
period is July 1 -
June 30.

Appendix

Science Based Targets initiative - <https://sciencebasedtargets.org/business-ambition-for-1-5c>

B Corp Climate Collective - <https://www.bcorpclimatecollective.org/>

Creative Futures Collective - <https://creativefuturescollective.com/>

SeaTrees - <https://sea-trees.org/>

TEAL - <http://www.iterationsofjason.com/2017/07/reinventing-organizations-by-frederic-laloux/>

Creative Direction - Ciara Zeolla

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PHOTOGRAPHER BIO:

[Dominique Ross](#) is a proud Black man born and raised in South Los Angeles. He is a former foster youth, LGBTQ+ advocate and photographer. The challenges that he faced have only fueled his creativity and pursuit of success. He lives by the philosophy that no matter what, with good intentions and consistency, you'll make it far.

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

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310.581.5222

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MaCher

PROGRESS ON SUSTAINABILITY REPORT 2021

