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President's Message

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

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

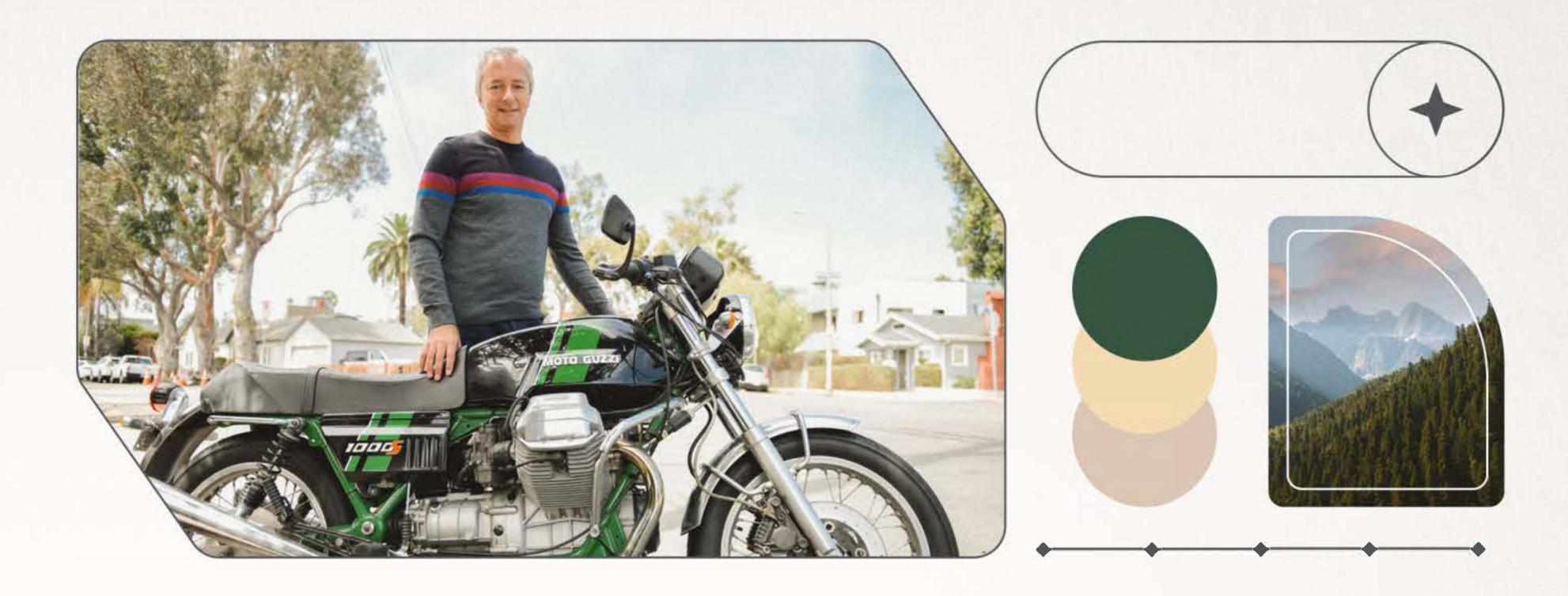
During Tourism Cares in Victoria BC we had the opportunity to listen to many Indigenous community members proudly sharing their culture and sustainable life in partnership with nature. I left Canada inspired by these wise voices and recognizing the need for more of our business actions and decision making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

My strong feeling is we are building our practice to be more inclusive in hiring and partnerships to help ensure disenfranchised voices are heard and amplified.



PROGRESS ON SUSTAINABILITY REPORT 2022





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

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

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

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



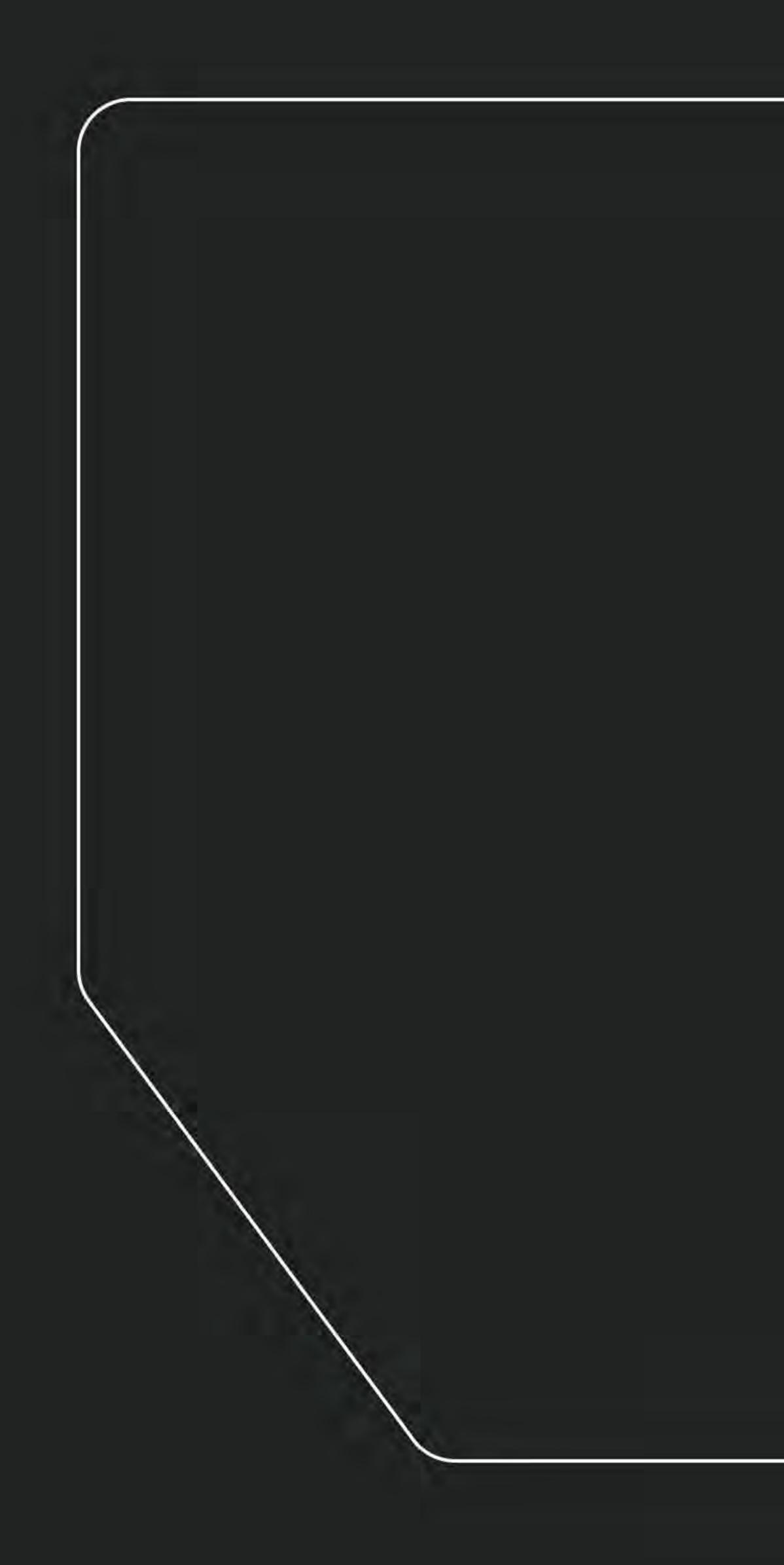
Derek Hyder. Derek Hydon





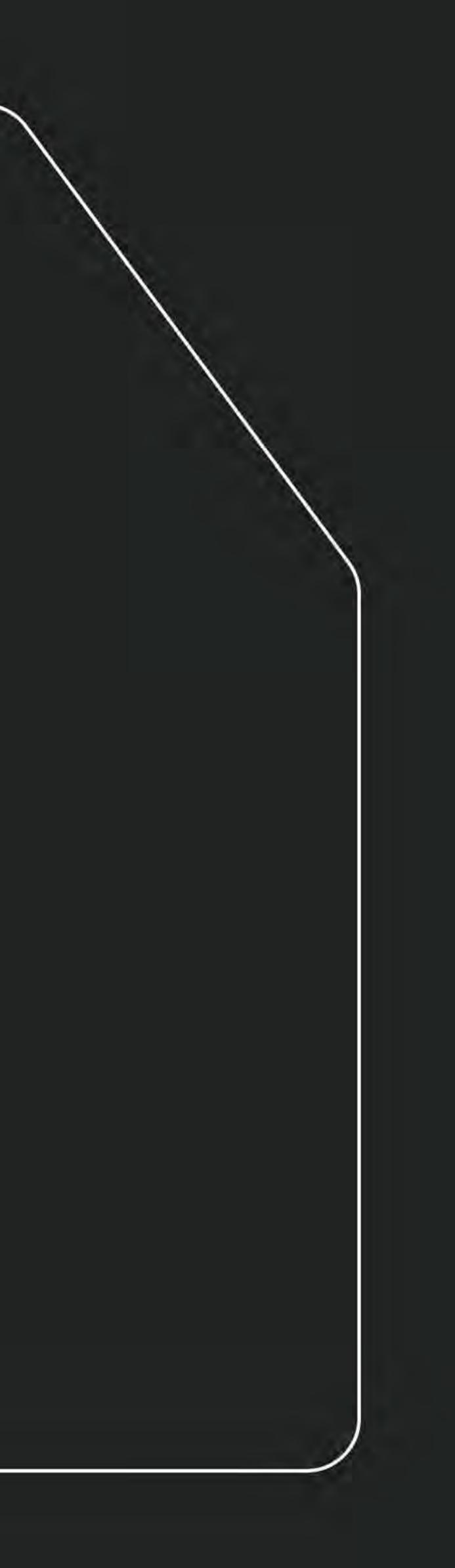






- SECTION 1 -----

Our Vision & Impact



Our Vision & Impact

Our Purpose & Culture

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

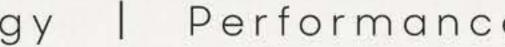
We are a certified B Corp and use our business as a force for good to provide the best workplace, care for our environment and positively help others.



PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact | Strategy | Performance | Team | Partnerships |













Our Vision & Impact

CRAFT Culture

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

Our CRAFT culture is the core of who we are.



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Vision & Impact Strategy







R



Collaboration Work together towards shared goals

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

Authenticity Bring your whole self to work

Family Pride

Get the job done, help others, and build our culture

Trust Be open, be honest, be accountable











Our Vision & Impact





PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact Strategy

Our Industry

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

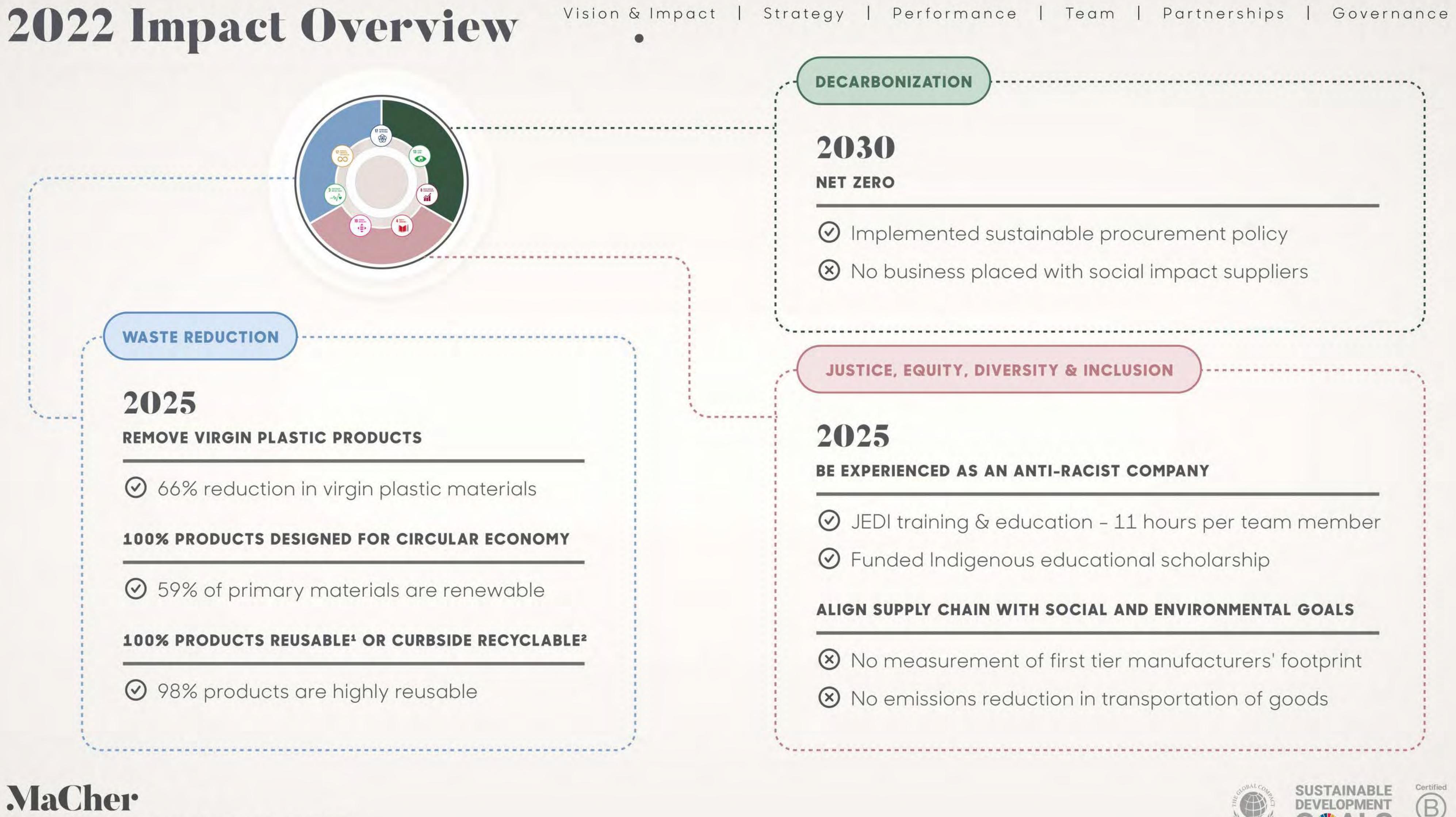
Our process is defined by understanding the 'why', this leads us to better decision-making in all areas of our work and be thoughtful in our approach. The result is more effective campaigns with greater return on investment but also products that are better for our world while elevating our clients'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

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

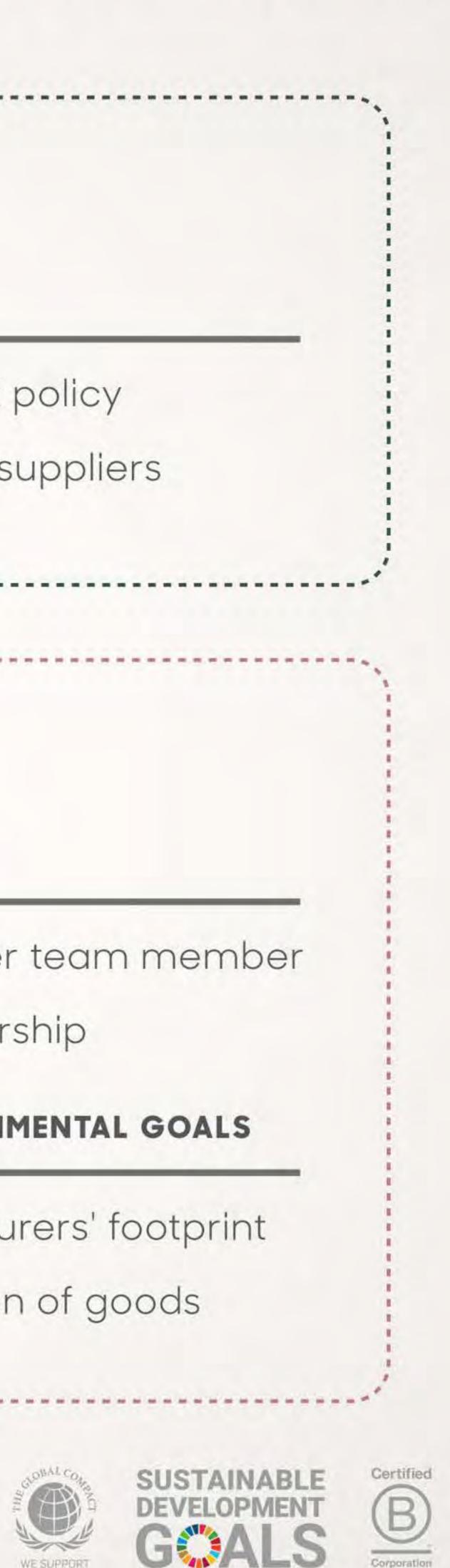










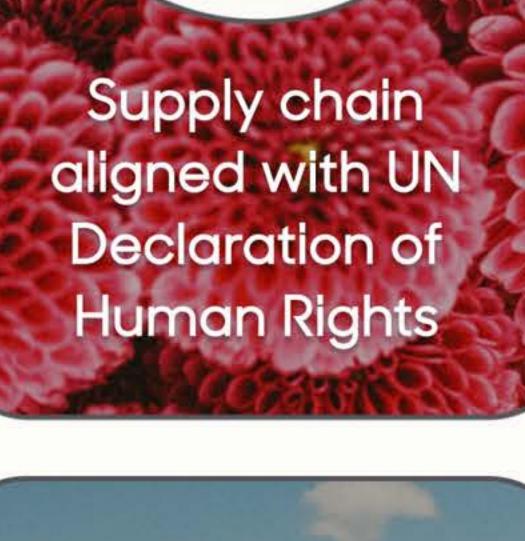


At a Glance





PROGRESS ON SUSTAINABILITY REPORT 2022

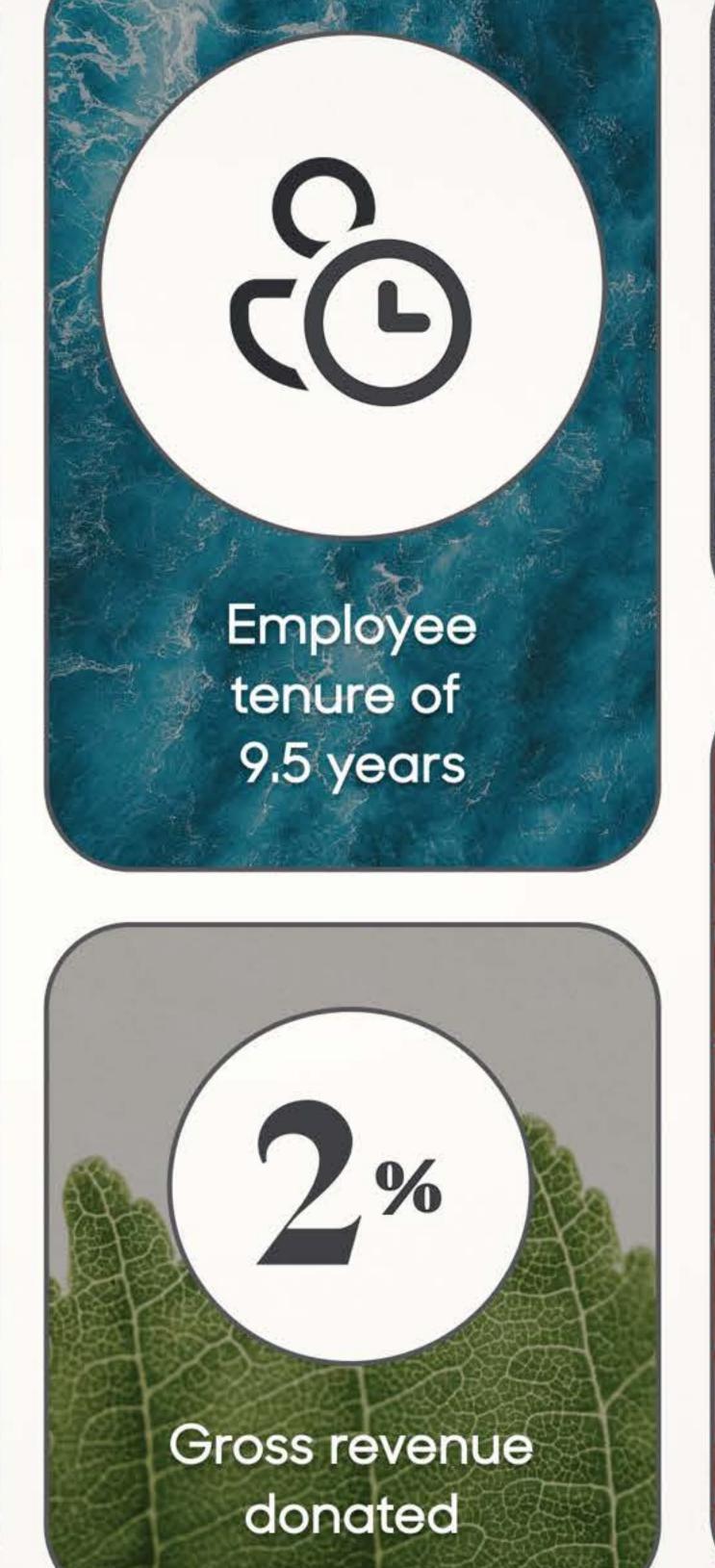




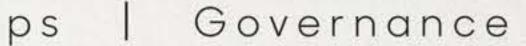




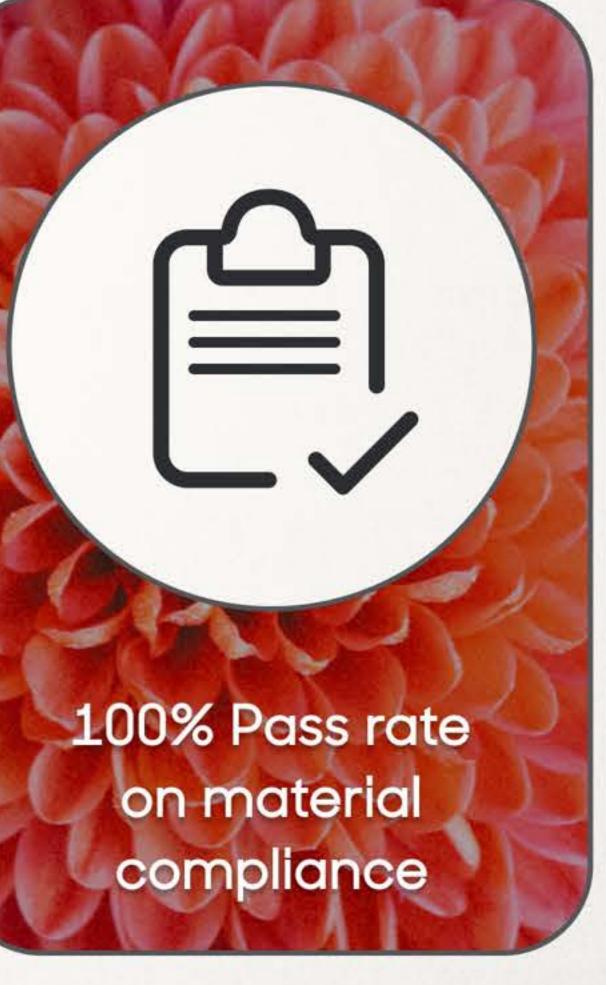
Vision & Impact | Strategy | Performance | Team | Partnerships |















MaCher Milestones

Founded MaCher USA

1991

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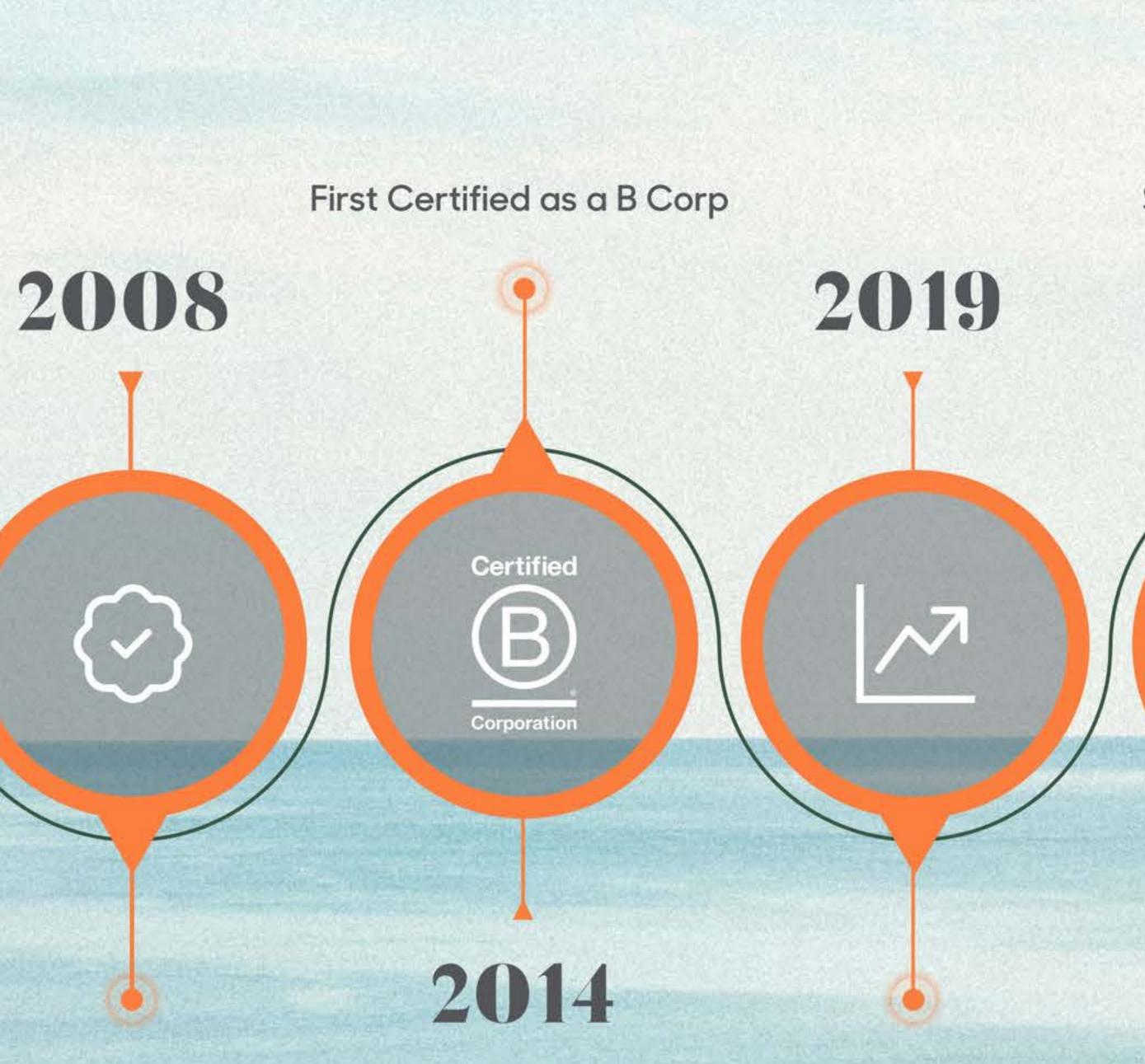
Completed 1st environmental impact assessment

GHG credits purchased for operational impact



PROGRESS ON SUSTAINABILITY REPORT 2022





Committed to B Corp Net Zero 2030

SBTi commitment

Formed JEDI team

SBTi target approval

<u>ده</u>

2020

B Corp Best for the World award (Community)

-

2022

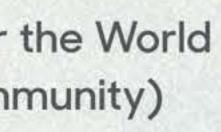
Platinum EcoVadis rated

2021

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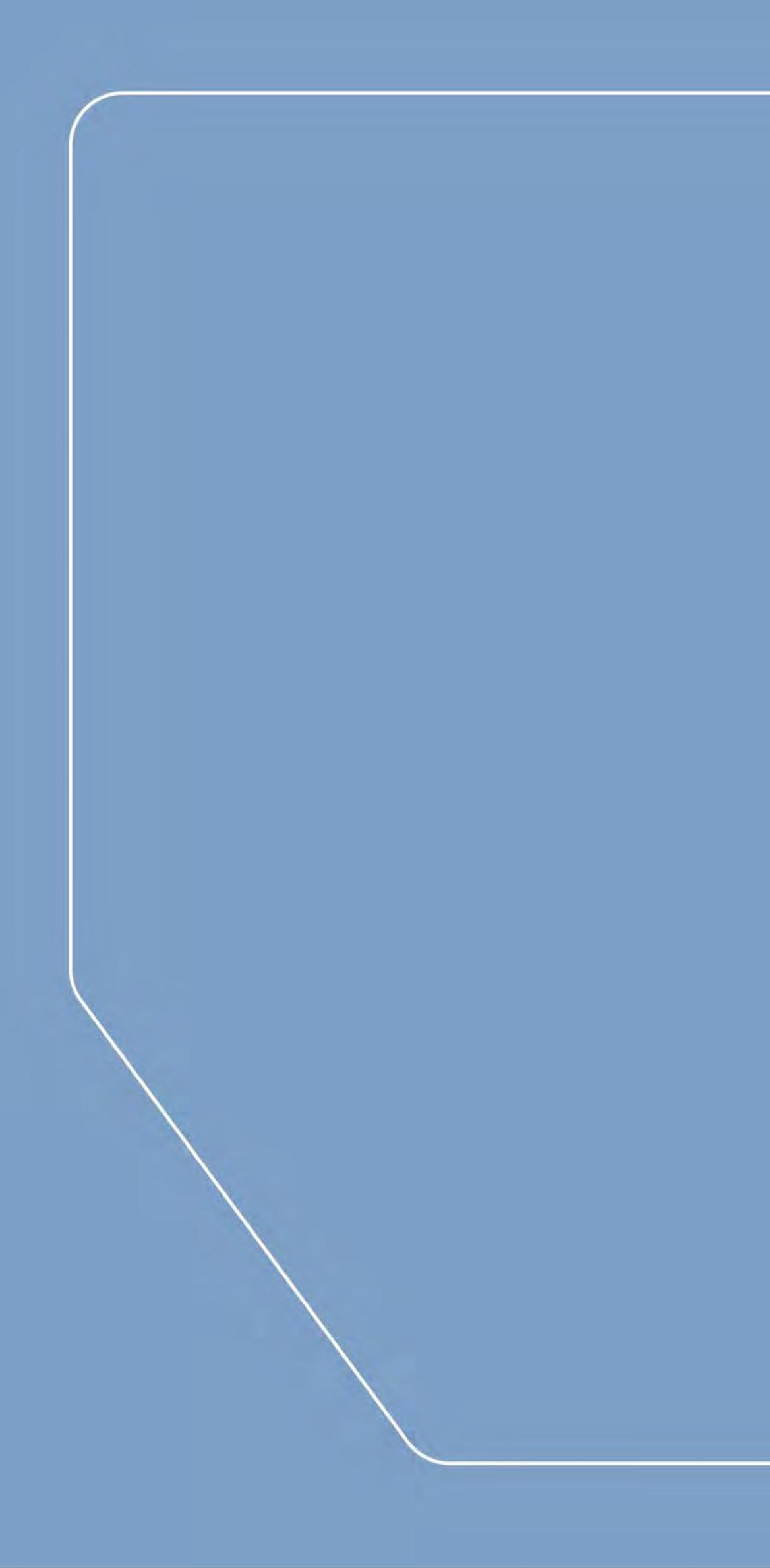












------ SECTION 2 -------

Our Strategy





Responsible Business

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

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

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

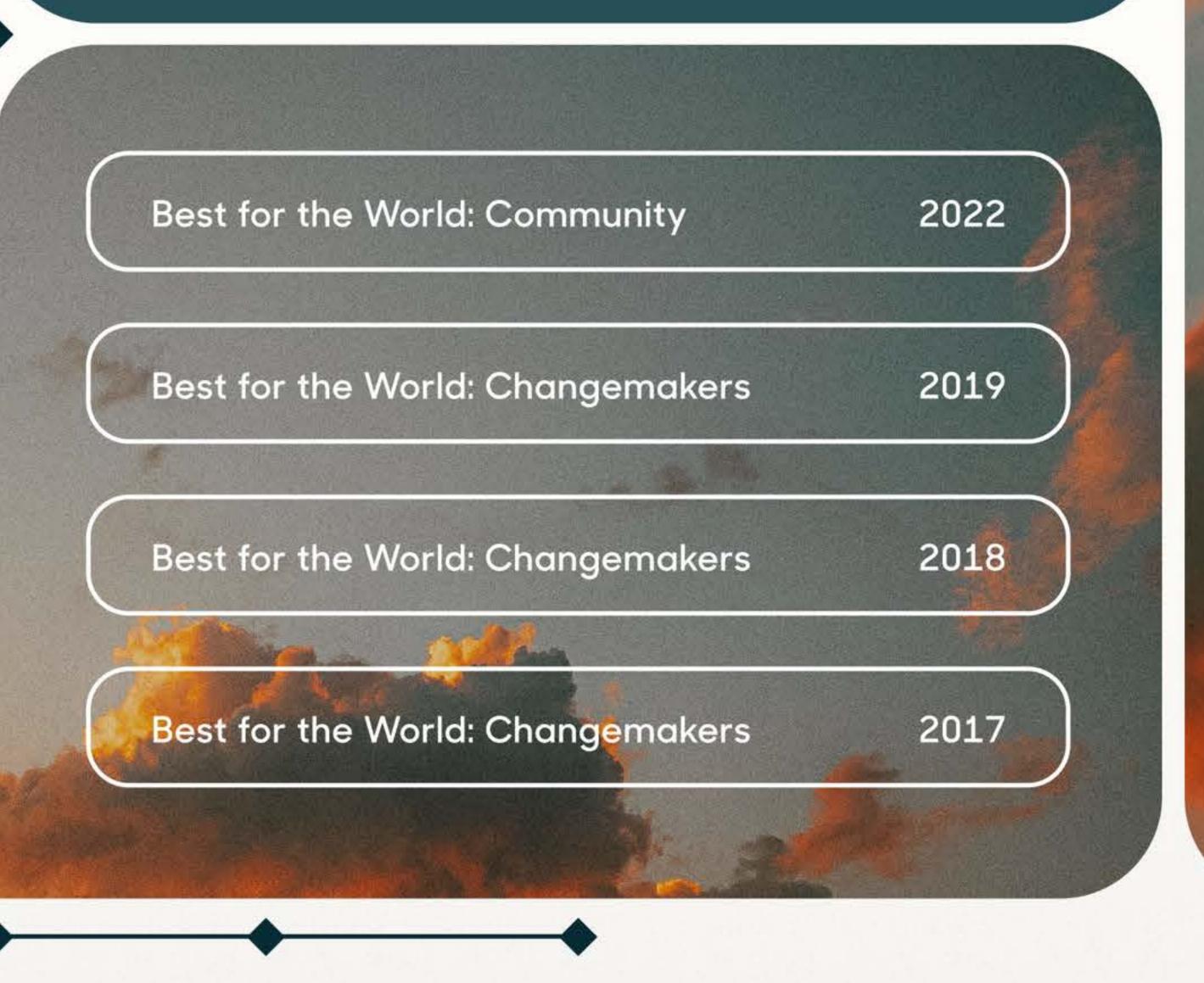


PROGRESS ON SUSTAINABILITY REPORT 2022

Certified Corporation

Best for the world

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



Partnerships



MaCher's B Impact Score

Median Score for Ordinary Businesses



129.4

Qualifying Score for **B** Corp Certification

50.9





UN Sustainable Development Goals

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

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

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



PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact | Strategy

3 AND WELL-BEING -W-

GOOD HEALTH AND WELLBEING

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

10 REDUCED Incommutes
458

REDUCED INEQUALITIES

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



PARTNERSHIPS FOR THE GOALS

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



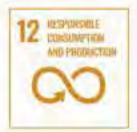
QUALITY EDUCATION

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



DECENT WORK AND ECONOMIC GROWTH

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



RESPONSIBLE CONSUMPTION AND PRODUCTION

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



CLIMATE ACTION

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



ps | Governance





Our Strategy





PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact | Strategy | Performance | Team | Partnerships | Governance

	AREAS OF INVOLVEMENT	AREAS
Health & Wellbeing	Promotion of Mental Health & Wellbeing Hazardous Chemical Safety Social Protection Systems + Paid Healthcare	ANTI
ty Education	Mentorship Program Leadership and Professional Development Self-Organized (Teal) Business Model	EC & IN
nt Work & Economic Growth	Living Wage and Revenue Share Funding Social Enterprises Supplier Social Accountability Standards and Code of Conduct	
ced Inequalities	Equal Pay and Career Progression Opportunities BIPOC Employment Opportunities and Training Accessibility Resources Funding Local Community Projects	PL Red
onsible Consumption duction	Sustainable Packaging Waste Diversion + Management Circularity Practices	
ite Action	Personal Awareness and Impact Measurement GHG Reduction	CARBO
erships for the Goals	Industry Partnership and Mentoring B Corp Community Parternship Nonprofit and Social Enterprise Collaboration Government Engagement & Activism	



S OF IMPACT

I-RACISM, QUITY, NCLUSION

LASTICS DUCTION

ON REMOVAL





Our Ambition

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

Make better things

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

OUR STRATEGY:

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

MaCher

PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact Strategy

Make better things to make things better

Make things better

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

OUR STRATEGY:

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







100% PRODUCTS DESIGNED FOR CIRCULAR ECONOMY

REMOVE VIRGIN PLASTIC PRODUCTS

100% PRODUCTS REUSABLE OR CURBSIDE RECYCLABLE

MACHER IS EXPERIENCED AS AN ANTI-RACIST COMPANY



PROGRESS ON SUSTAINABILITY REPORT 2022





NET ZERO 2030

ALIGN SUPPLY CHAIN WITH ENVIRONMENTAL GOALS

ALIGN SUPPLY CHAIN WITH SOCIAL GOALS







Our Focus by 2025



REMOVE VIRGIN PLASTICS

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



100% OF PRODUCTS DESIGNED FOR CIRCULAR ECONOMY

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



100% OF PRODUCTS REUSABLE OR CURBSIDE RECYCLABLE*

Well-made products that can be used and loved have less chance of ending up in a landfill. Our priority is to create products that are of excellent quality and will be used over and over. We refuse to work with or source any single-use plastic products. Knowing if you can recycle something is often a challenge so 100% of our products will include the material content on the product labels. *Needs to be recyclable in over 60% of US municipalities



PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact Performance Strategy Partnerships Governance Team



NET ZERO 2030

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

WASTE REDUCTION

JUSTICE, EQUITY, DIVERSITY & INCLUSION



MACHER IS EXPERIENCED AS **AN ANTI-RACIST COMPANY**

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



DECARBONIZATION



ALIGN SUPPLY CHAIN WITH SOCIAL & ENVIRONMENTAL GOALS

17 PARTINERSHIPS FOR THE GOALS

8

3 AND WELL BEING

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











----- SECTION 3 ------

Our Peformance: Waste Reduction



Waste Reduction

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

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

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

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



PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact | Strategy |







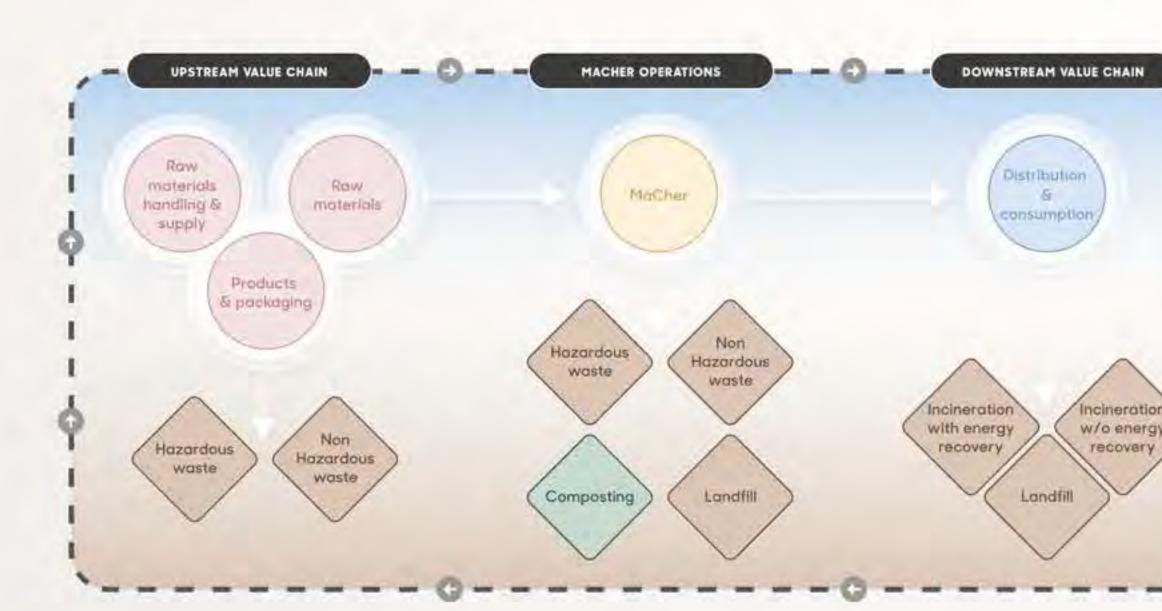




Our Performance

Waste Process Flow

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



MaCher PROGRESS ON SUSTAINABILITY REPORT 2022

Addressing waste in our...

UPSTREAM VALUE CHAIN

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

MACHER OPERATIONS

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

DOWNSTREAM VALUE CHAIN

- Implement product labeling for material content to improve end of life recovery
- Research and implement end-of-life solutions
- Reduce 'dead miles³' in our logistics practices
- Client/Consumer education on waste reduction and end of life recovery
- B Beauty Coalition partnership
- PACT partnership

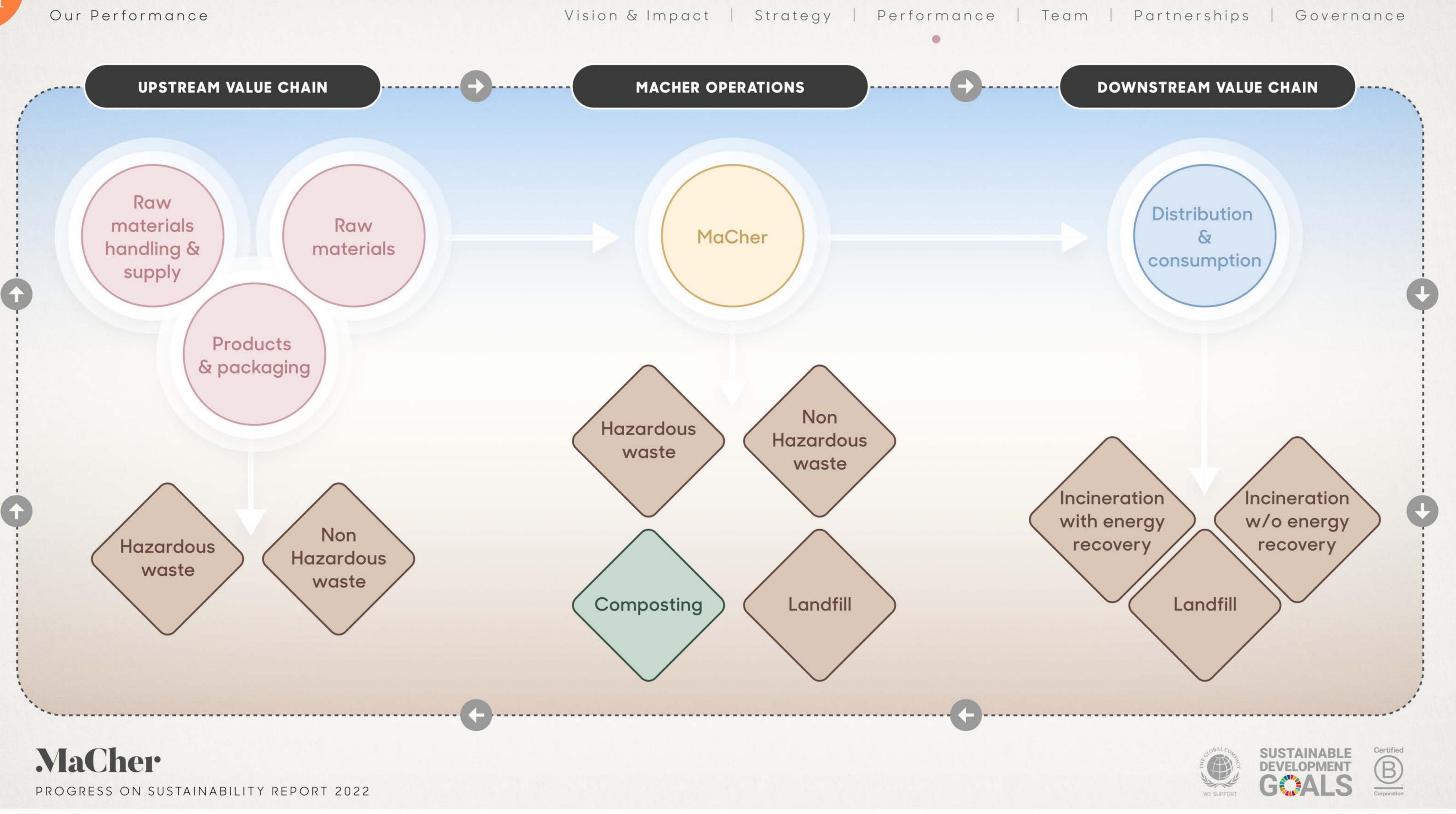
FURTHER OPPORTUNITIES FOR **REDUCING WASTE IN OUR VALUE CHAIN**

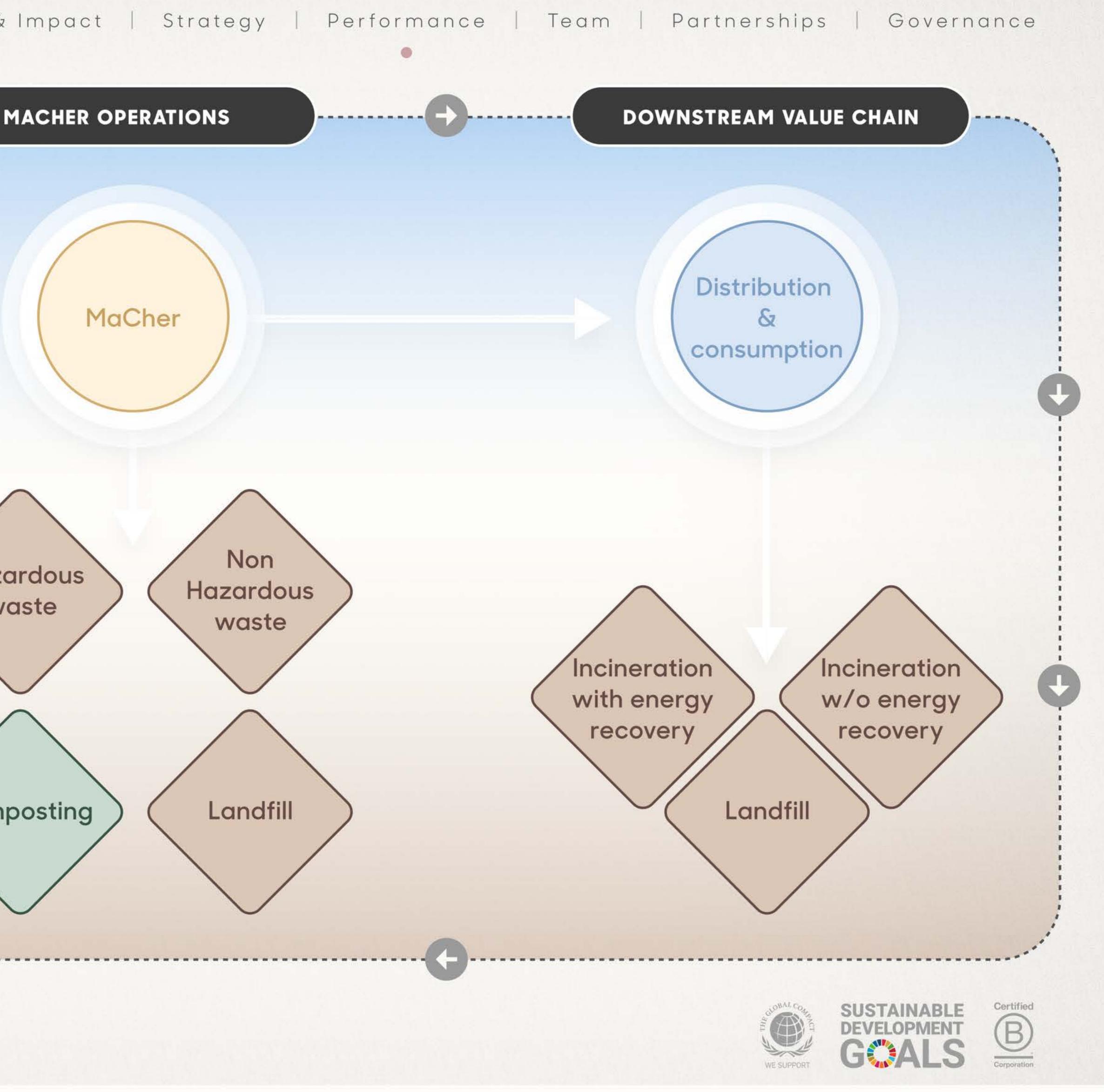
- Understanding and measuring waste in dye and print processes
- Measuring waste in manufacturing of common designs
- Measuring and reducing waste in logistics processes
- Assessing waste practices of suppliers















PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact Strategy



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

B CORP BEAUTY COALITION

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

PACT COLLECTIVE

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

Waste Reduction Partnerships









Our Performance

Designing for Circularity

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

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



PROGRESS ON SUSTAINABILITY REPORT 2022

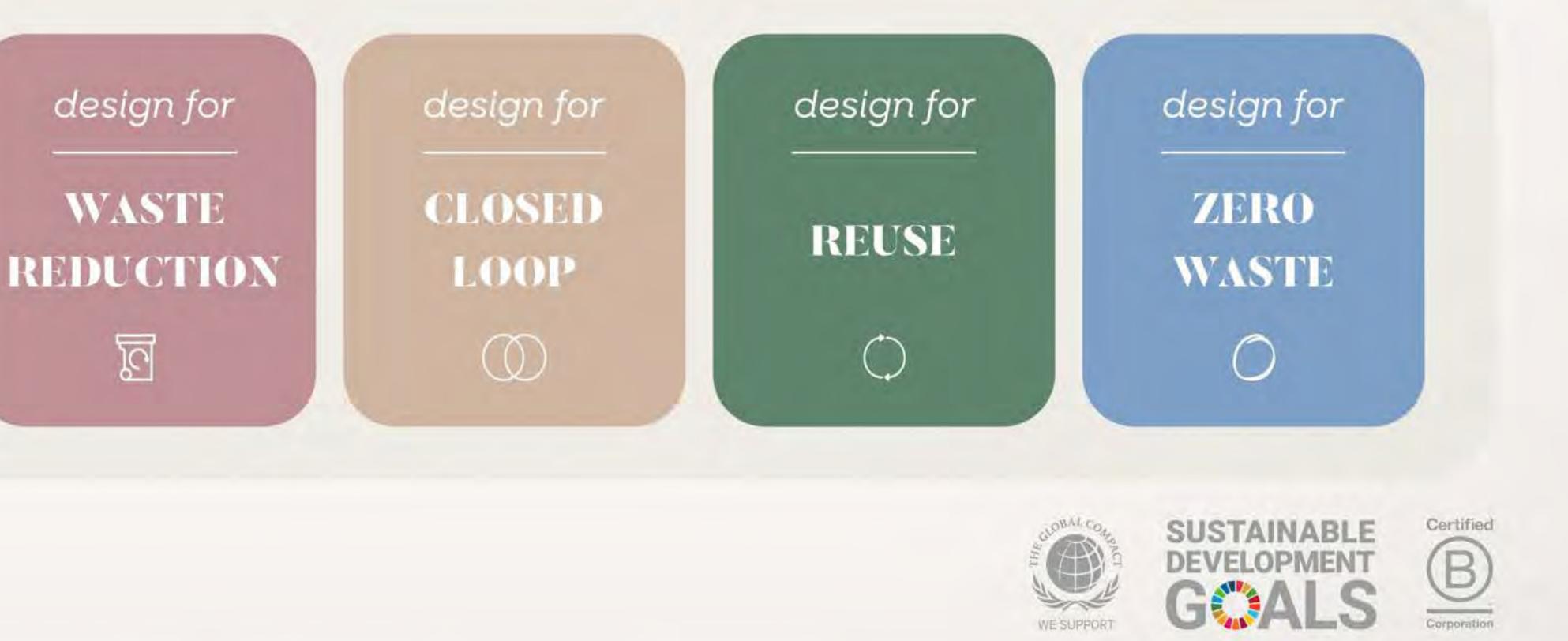
CIRCULAR DESIGN TEAM PROGRESS:

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

design for 2

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

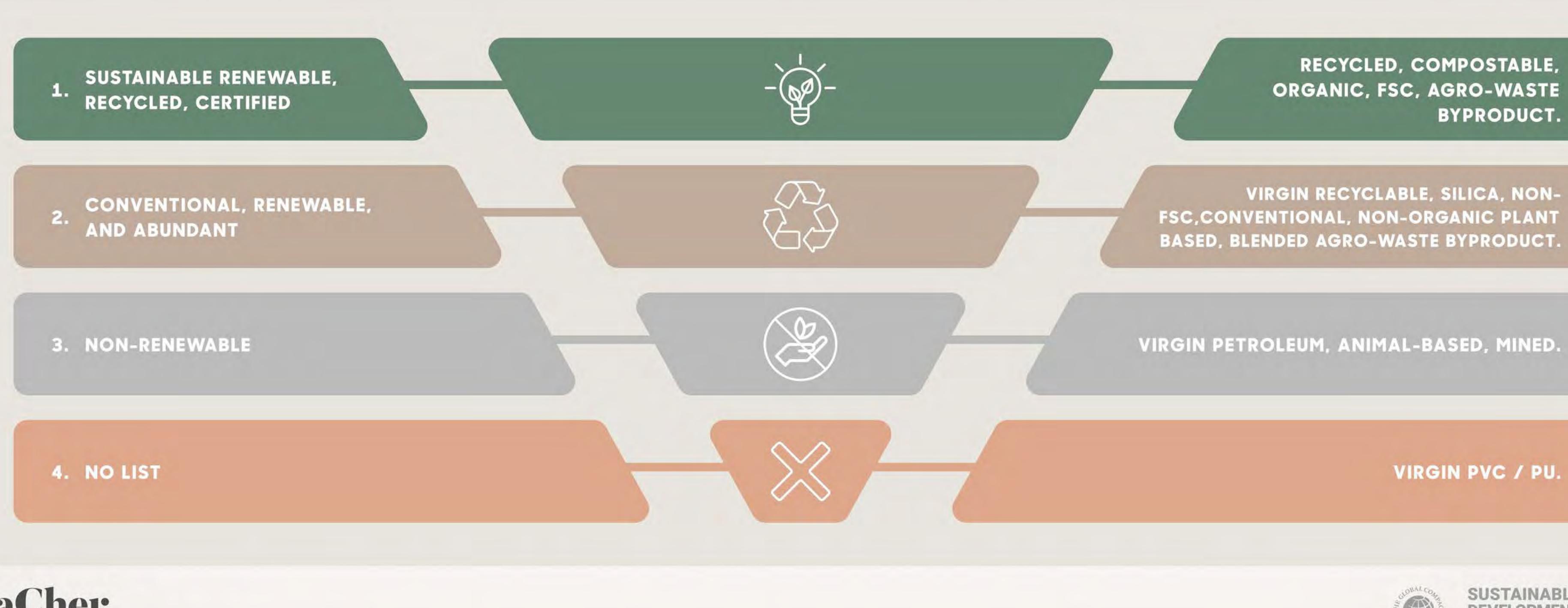
- Developing interactive tools on internal team website
- Developing suite of product designs that fit D4 Circular Designs
- Measure baseline of D4 products produced across the reporting year





Sustainable Material Hierarchy

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





PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact | Strategy | Performance | Team | Partnerships







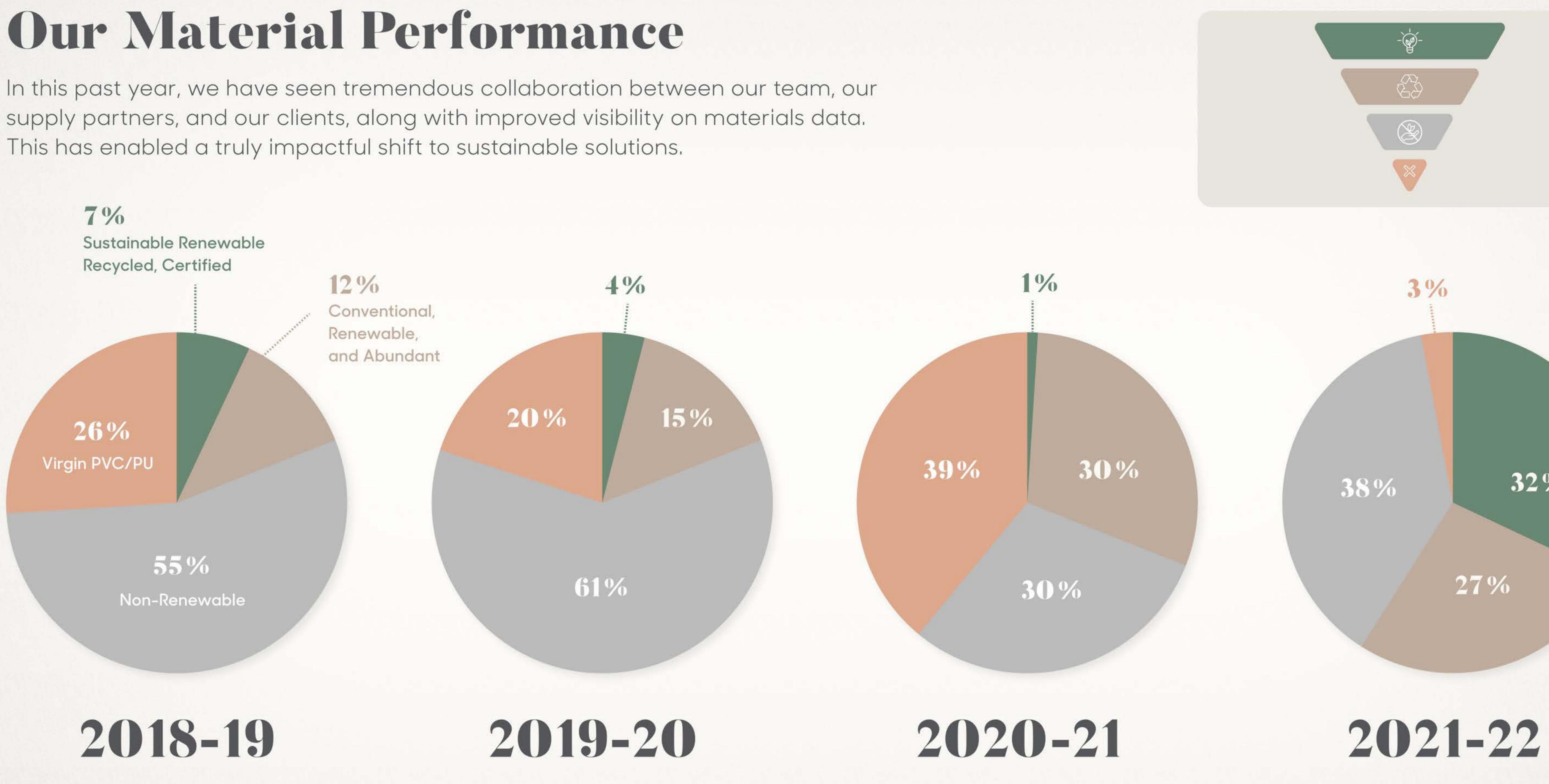


VIRGIN PVC / PU.

RECYCLED, COMPOSTABLE, BYPRODUCT.

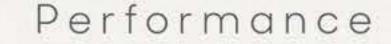
Our Performance

supply partners, and our clients, along with improved visibility on materials data. This has enabled a truly impactful shift to sustainable solutions.





PROGRESS ON SUSTAINABILITY REPORT 2022















WASTE REDUCTION - GOALS

100% PRODUCTS DESIGNED FOR CIRCULAR ECONOMY

100% of polybags are produced from recycled content.

by 2025, 25% by 2022.

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

100% PRODUCTS REUSABLE OR CURBSIDE RECYCLABLE²

100% of our products include detailed material content labeling.

0% PRODUCTS MADE FROM VIRGIN PLASTIC

0% of PVC/PU + single-use plastics from products.



PROGRESS ON SUSTAINABILITY REPORT 2022

Waste Reduction Performance Overview

- 25% of travel accessories are from categories 1 or 2 of our sustainable material hierd
- 100% of cotton products sourced from China will only be organic or recycled cotton

Vision & Impact | Strategy | Performance | Team | Partnerships |

	TIME FRAME	2022 PERFORMA
	2025	59% RENEWABLE
archy.	2022	28%
	2023	83%
	25% - 2022 100% - 2025	27%
	2025	26%
	2025	98%
	25% - 2022 100% - 2025	27%
	2025	14%
	2023	3%



ANCE PROGRESS

E MATERIALS





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

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

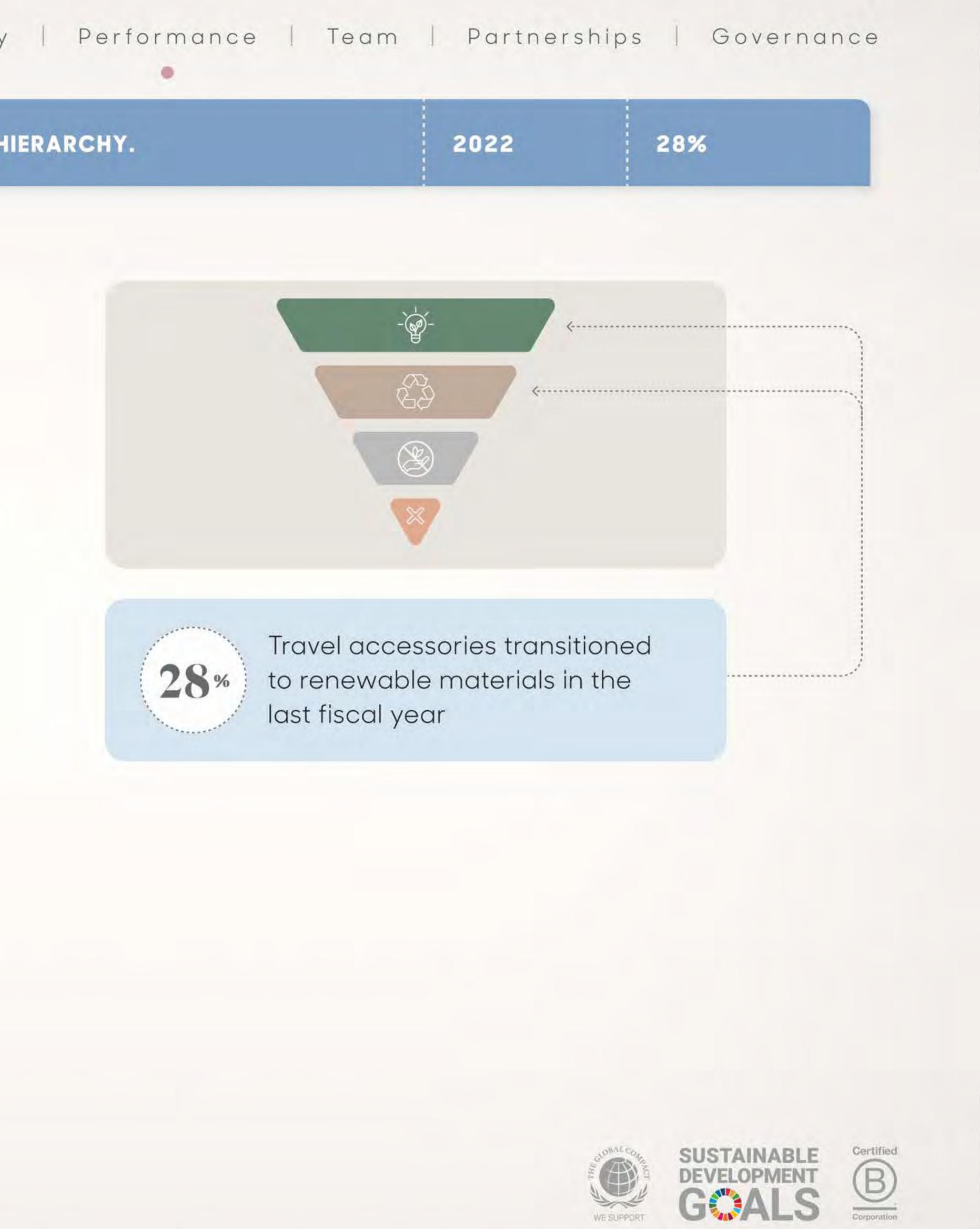
As we make a more targeted effort to convert travel products from using these materials, we set a new goal to make 50% of travel accessories from material categories 1 and 2 of our materials hierarchy. Our designers are actively focused on creative alternatives for these products to be less reliant on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

Our New Goal



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







100% OF POLYBAGS ARE PRODUCED FROM RECYCLED CONTENT.

The default approach in our industry has been to place individual items in a polybag to keep the product clean until it arrives to the client. MaCher's default is now bulk packing whenever possible, and we've been experimenting with alternative packing methods and different materials, including recycled paper, to cut back on our use of plastic. We are working with our suppliers and with the industry more broadly to find solutions for removing plastic for packing altogether.

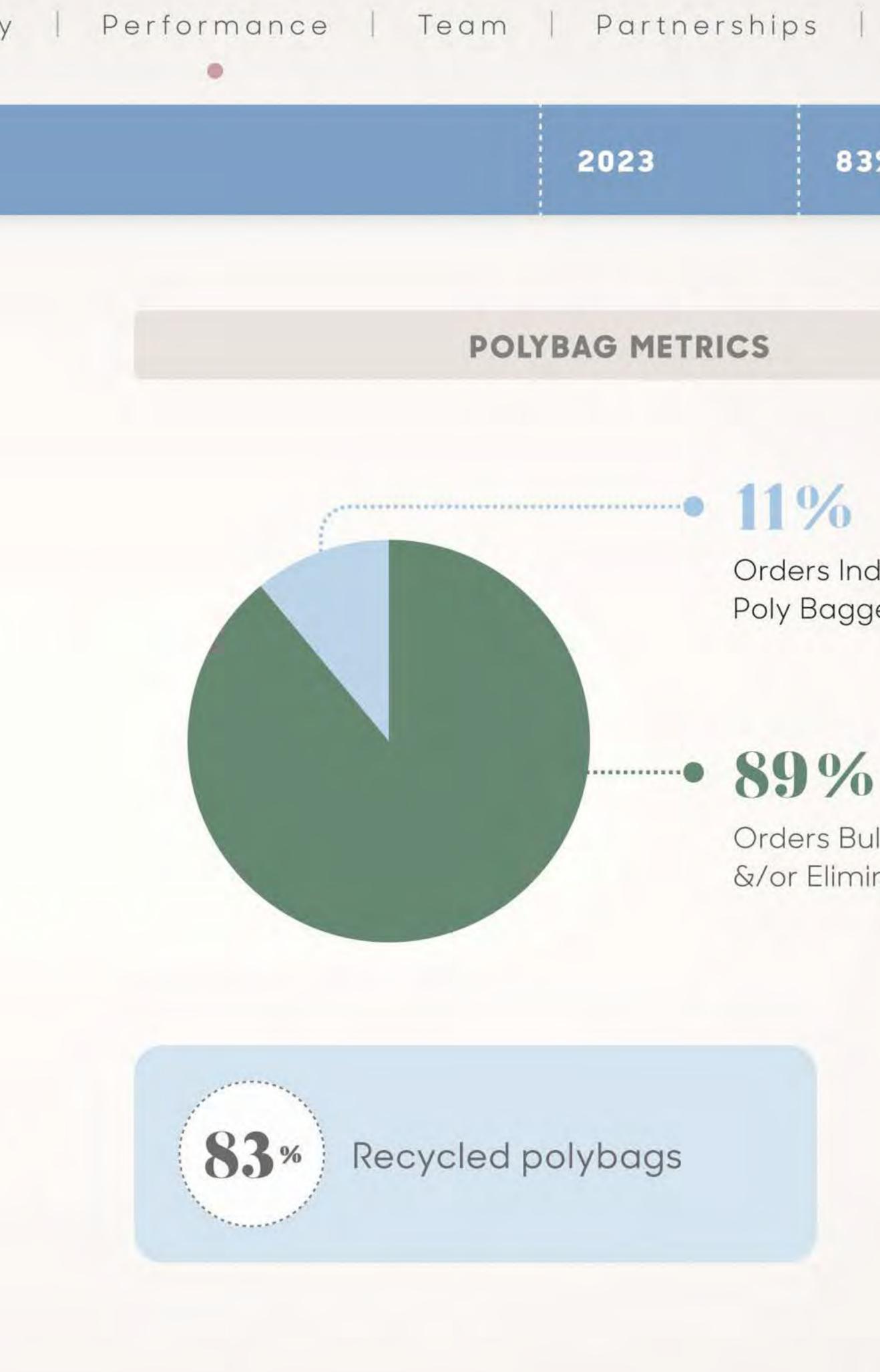
TY Key Highlights



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



PROGRESS ON SUSTAINABILITY REPORT 2022





Governance

83%



Orders Individually Poly Bagged

Orders Bulk Packed &/or Eliminated





BY 2025, 25% IN THE NEXT 12 MONTHS.

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

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



PROGRESS ON SUSTAINABILITY REPORT 2022

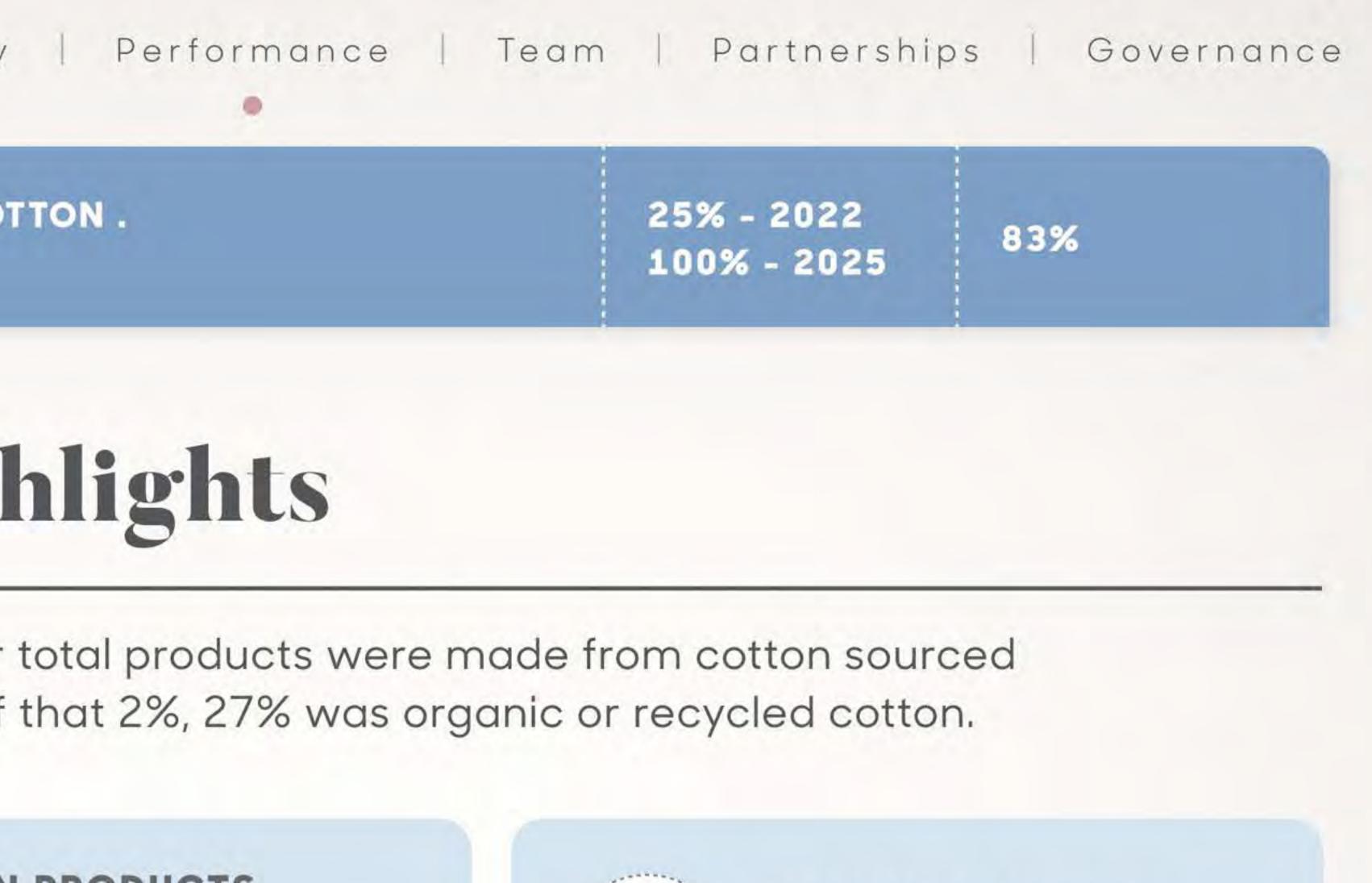
100% COTTON PRODUCTS SOURCED FROM CHINA WILL ONLY BE ORGANIC OR RECYCLED COTTON.



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



COTTON PRODUCTS % Products Organic/ Recycled Cotton - China





COTTON PRODUCTS % Products - China







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

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

Key Highlights

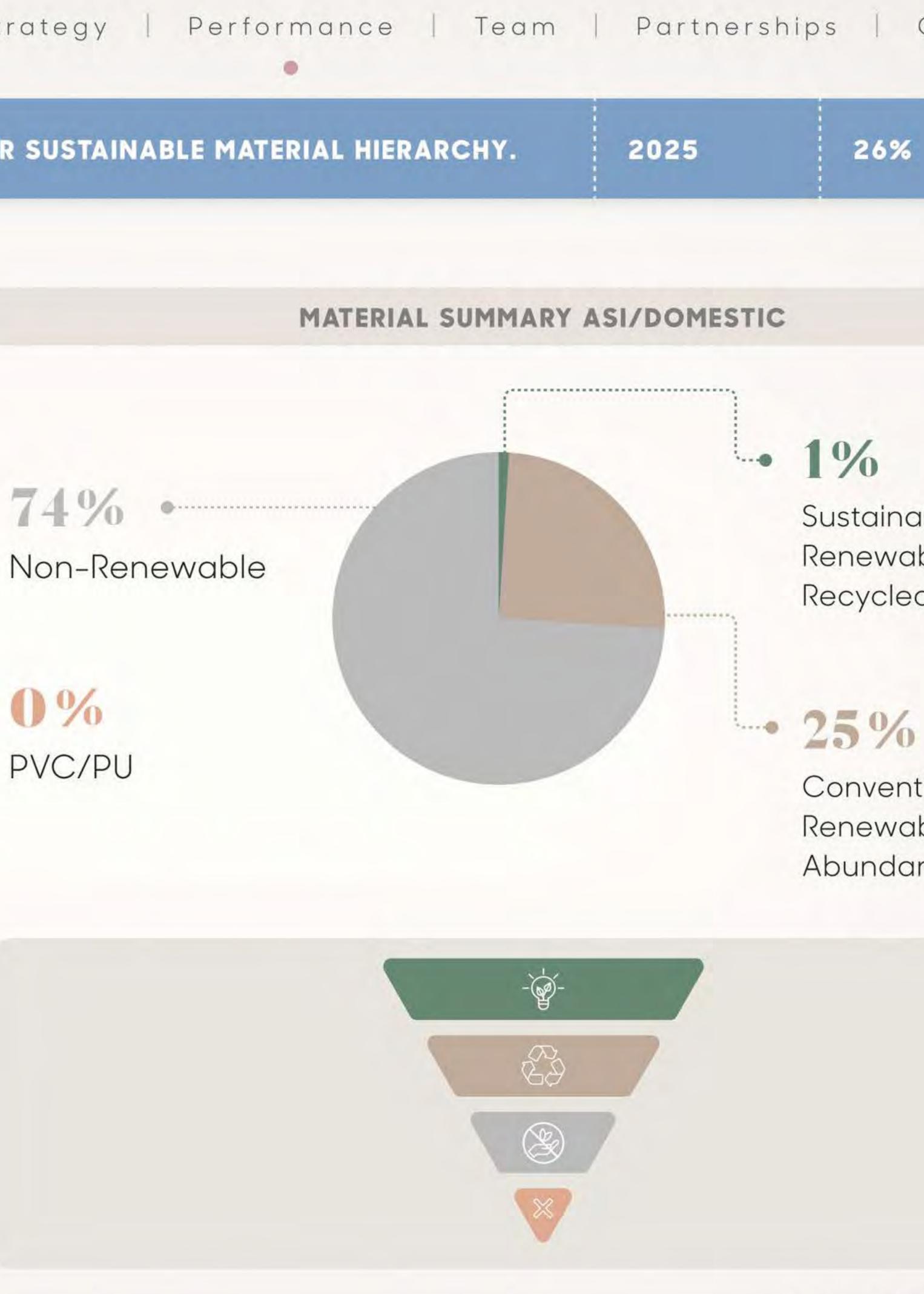


26% of products were made with primary, renewable materials.



PROGRESS ON SUSTAINABILITY REPORT 2022

0% PVC/PU





Governance

26%

Sustainable Renewable, Recycled, Certified

Conventional Renewable, and Abundant





100% PRODUCTS REUSABLE OR CURBSIDE RECYCLABLE2

100% PRODUCT INCLUDES MATERIAL CONTENT LABELING.

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

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



PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact



50% of products have material content labels - June, 2023 (公)

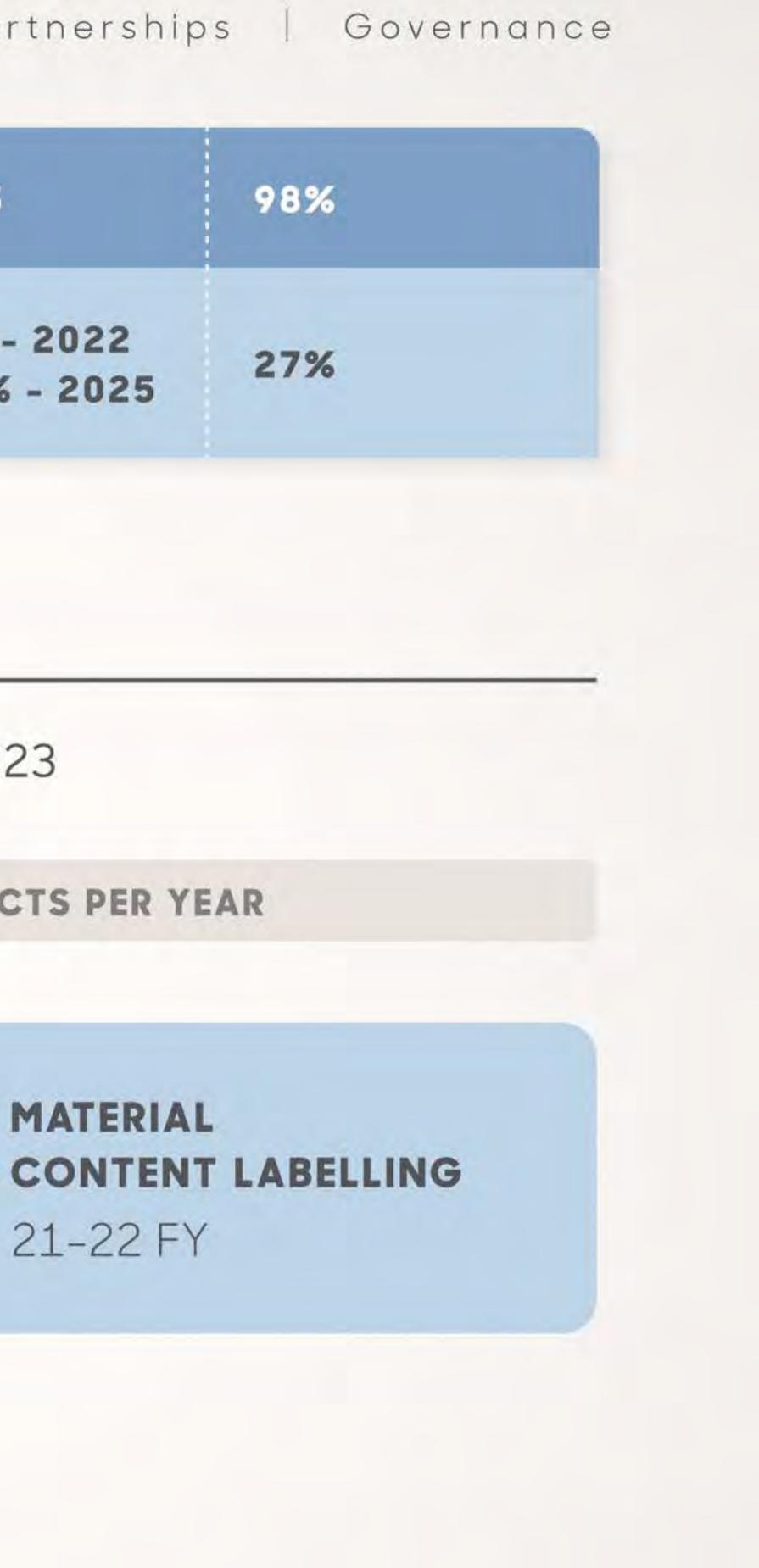


Strategy | Performance | Team | Partnerships

2025
25% - 2022 100% - 2025

OUR PERCENTAGE OF REUSABLE/RECYCLABLE PRODUCTS PER YEAR









0% PRODUCTS MADE FROM VIRGIN PLASTIC

0% OF PVC/PU + SINGLE-USE PLASTICS FROM PRODUCTS.

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

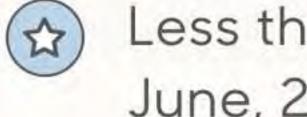
Petroleum-based plastics are a cost-effective material in the branded products industry, and they are also hugely problematic to both the health and safety of people and our environment. PVC and PU are two of the most prolific materials but also the most difficult to manage for endof-life recovery. We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

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

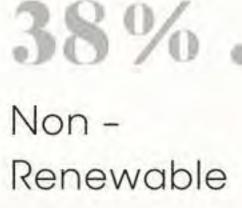


PROGRESS ON SUSTAINABILITY REPORT 2022

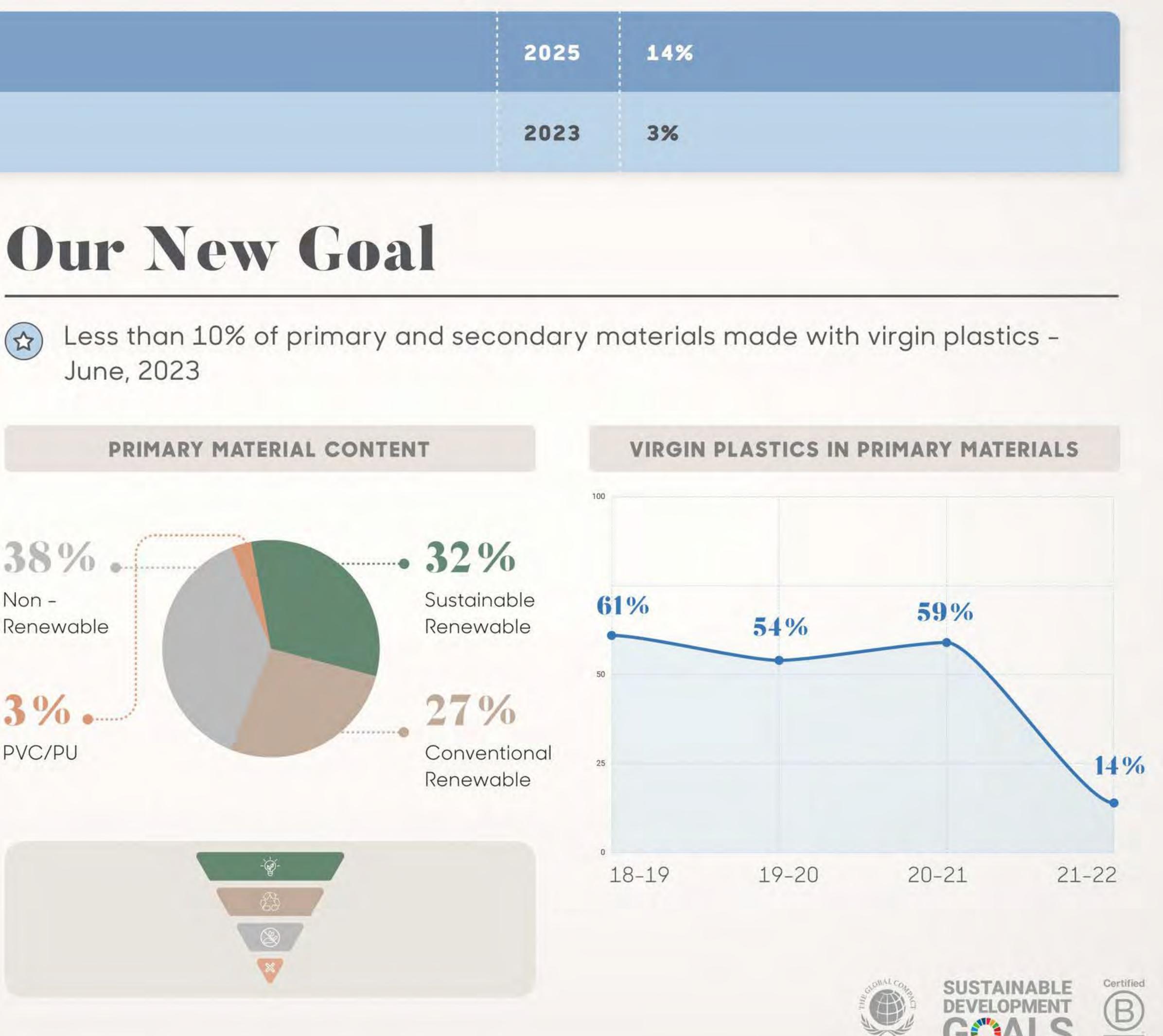




June, 2023







WE SUPPO

Strategy | Performance | Team | Partnerships

2025	14%	
2023	3%	



----- SECTION 4 ------

Decarbonization



Our plan for Net Zero 2030

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

Our plan, together with detail on our scope 1, 2, and 3 emissions, is set out on the following pages.







PROGRESS ON SUSTAINABILITY REPORT 2022

Prioritize



Compensate

Climate Risks to our Business

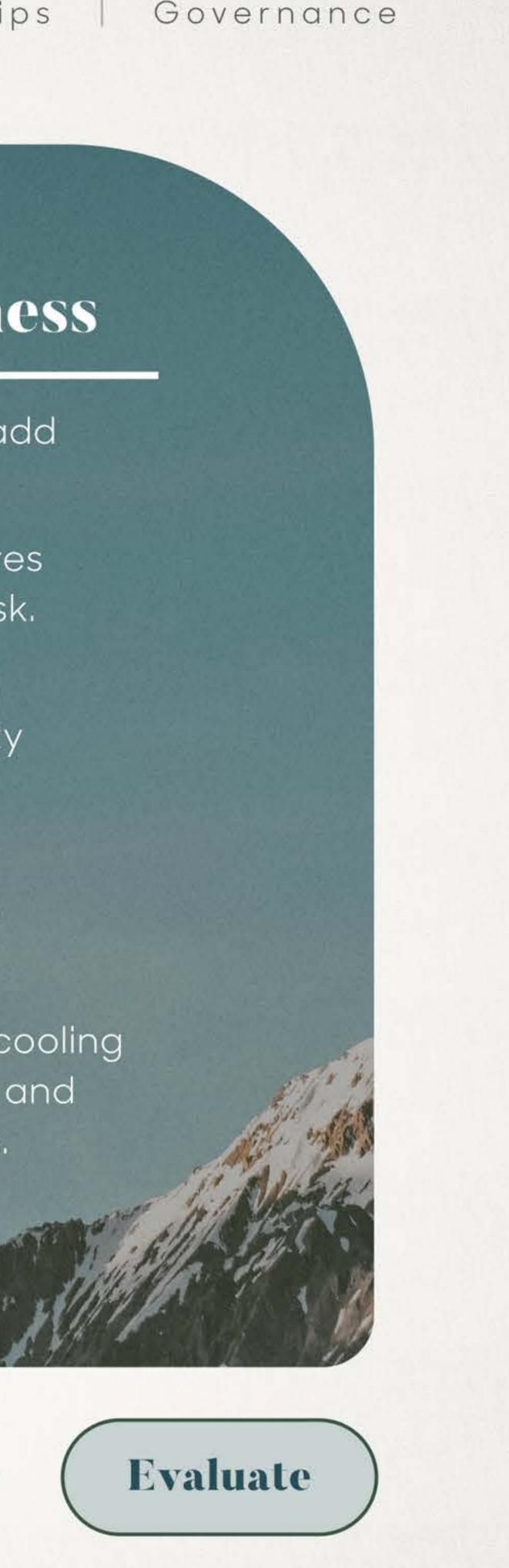
- Increase in wildfire severity close to HQ will add to employee health and living risks.
- Rise in air pollution and intensity of heat waves will put employees at an increased health risk.
- Major disruptions to global supply chain and distribution networks from increased intensity in weather.
- Risk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



















MACHER HAS COMMITTED TO THE FOLLOWING CALLS FOR CLIMATE ACTION.



B Corp Climate **Collective Net Zero 2030**

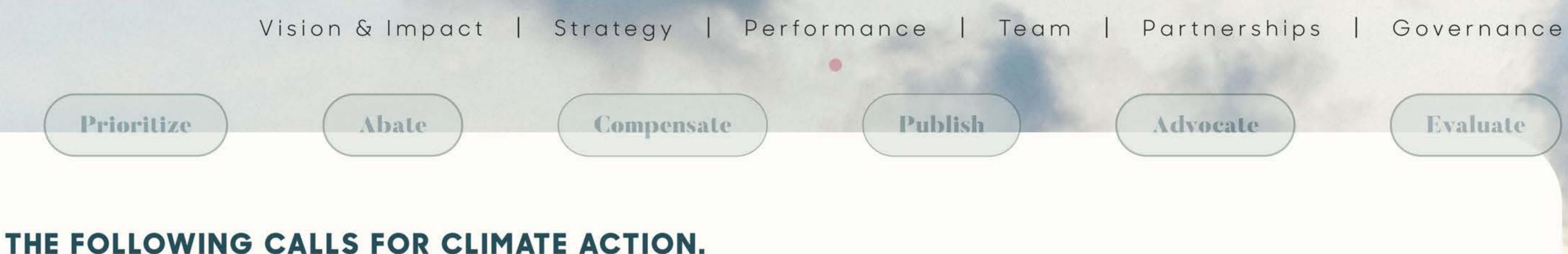
The <u>B Corp Climate Collective</u> is a group of Certified B Corporations working together to address the climate emergency. We are part of 1500+ companies committed to Net Zero 2030, "demonstrating leadership in eliminating emissions, drawing down carbon, and ensuring a just transition for displaced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

- B Corp Climate Collective

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.



PROGRESS ON SUSTAINABILITY REPORT 2022



Science Based Targets initiative (SBTi)





Business Ambition 1.5

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

- Science Based Targets Initiative

SME Climate Hub

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







Decarbonization







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

What's included:

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



PROGRESS ON SUSTAINABILITY REPORT 2022



Publish



What's excluded:

Emissions from primary manufacturing suppliers:

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

Emissions for product end-of-life:

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

Emissions from remote offices:

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











Measure







PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact









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















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



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





PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact



















Commit

We also recognize the need for carbon to be sequestered and the preservation of natural carbon sinks. We will continue to make contributions to carbon sequestration³ projects as a necessary step in compensating for our current emissions.

Measure



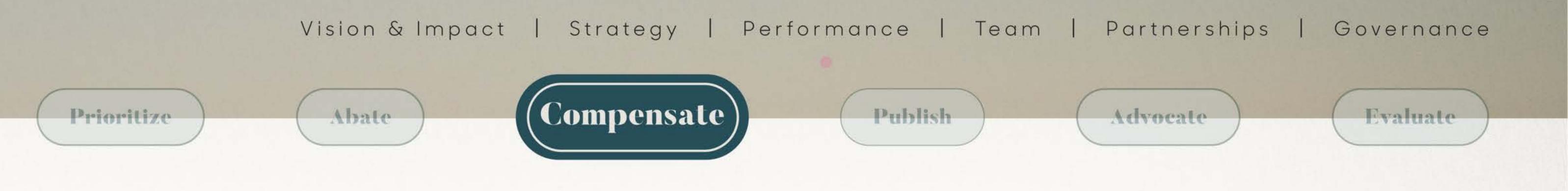
For unavoidable emissions, we purchase carbon credits through responsible and highly accredited carbon sequestration programs that also support economic development.



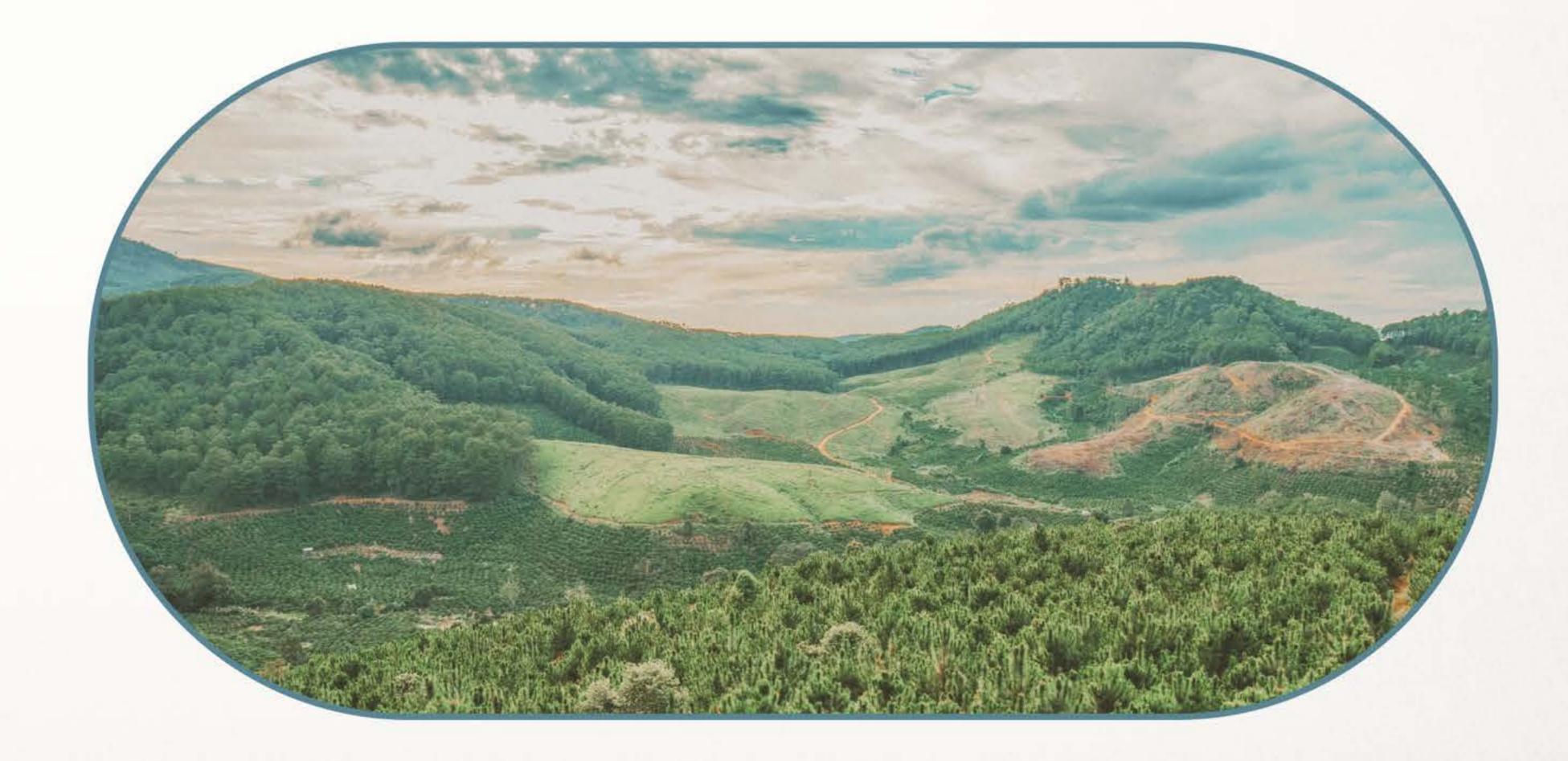
In 2021 we launched "Opt in for our Future" carbon compensation pricing, which automatically includes the cost of purchasing carbon credits for every order. The amount of credits equates to the carbon footprint for raw material production, manufacturing, packaging and transportation of goods to our clients.



PROGRESS ON SUSTAINABILITY REPORT 2022







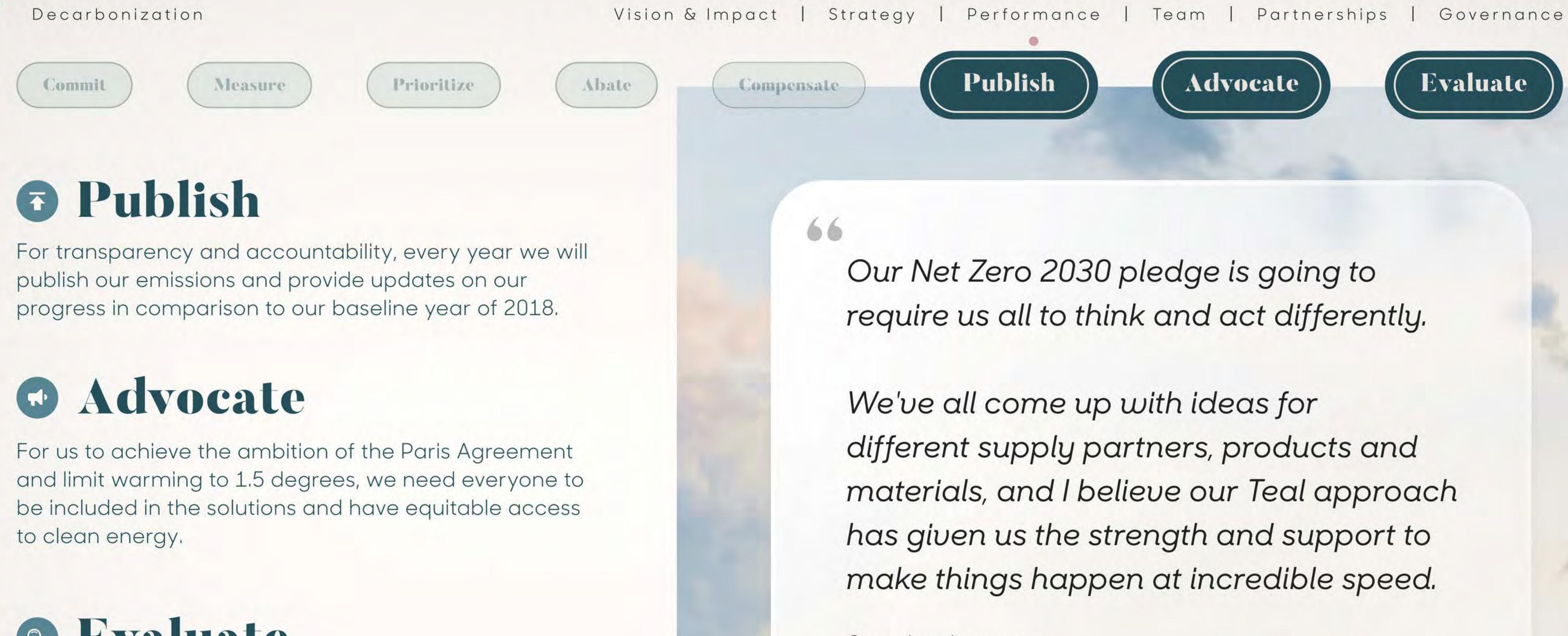
Our current primary partner for these credits is SeaTrees, whose work supports communities planting and protecting blue-carbon coastal ecosystems.

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











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



PROGRESS ON SUSTAINABILITY REPORT 2022

Genevieve Lawrence. Sustainability and Impact





99







PROGRESS ON SUSTAINABILITY REPORT 2022

Climate Action Partnerships

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

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

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

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





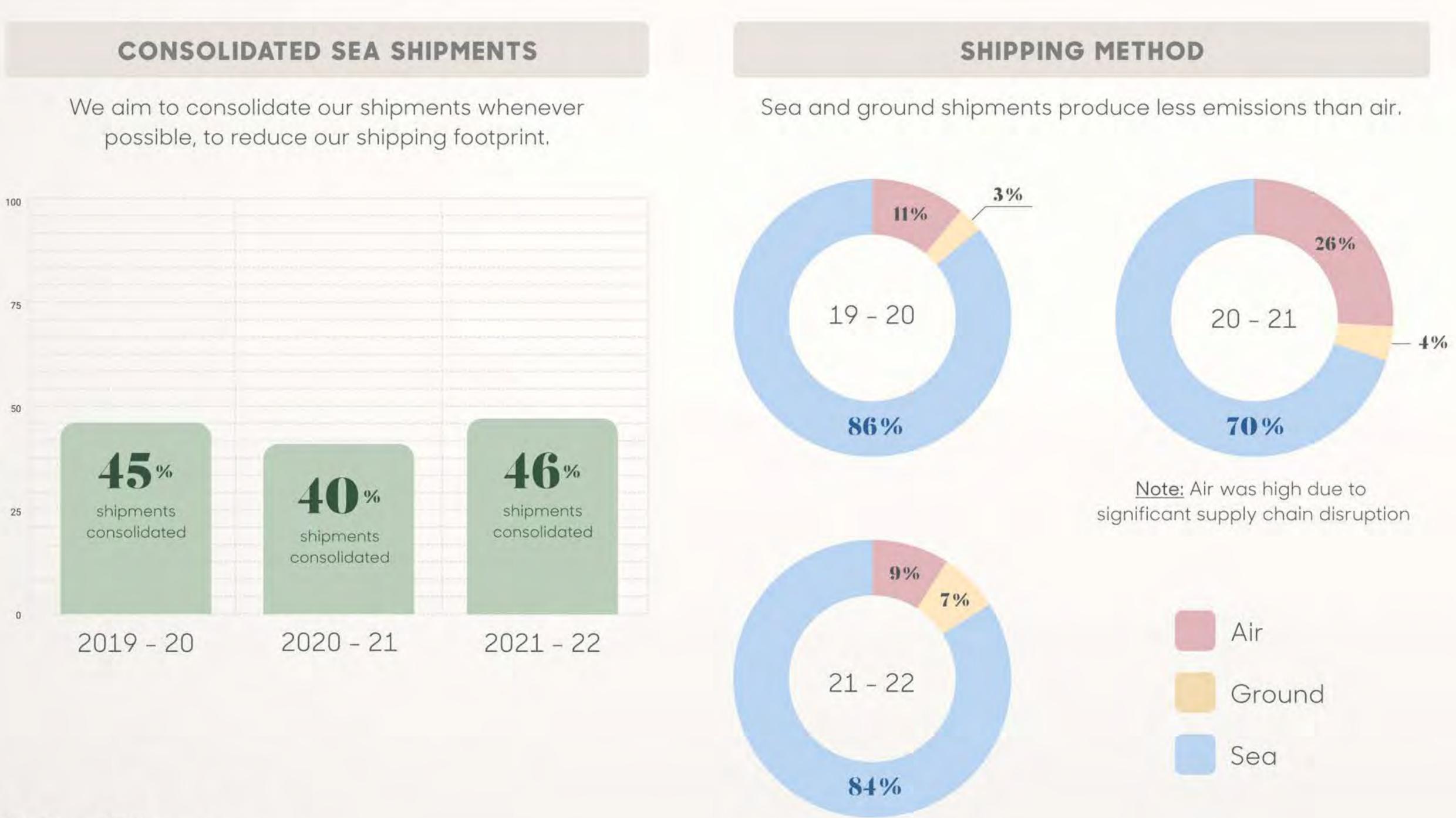




Logistics Practices

Transportation of our products from our manufacturing partners to our clients, contributes significantly to our overall emissions footprint. We have adopted practices to improve our efficiency and to minimize dead miles⁴.

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





Vision & Impact Strategy

Packing

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

Delivery

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



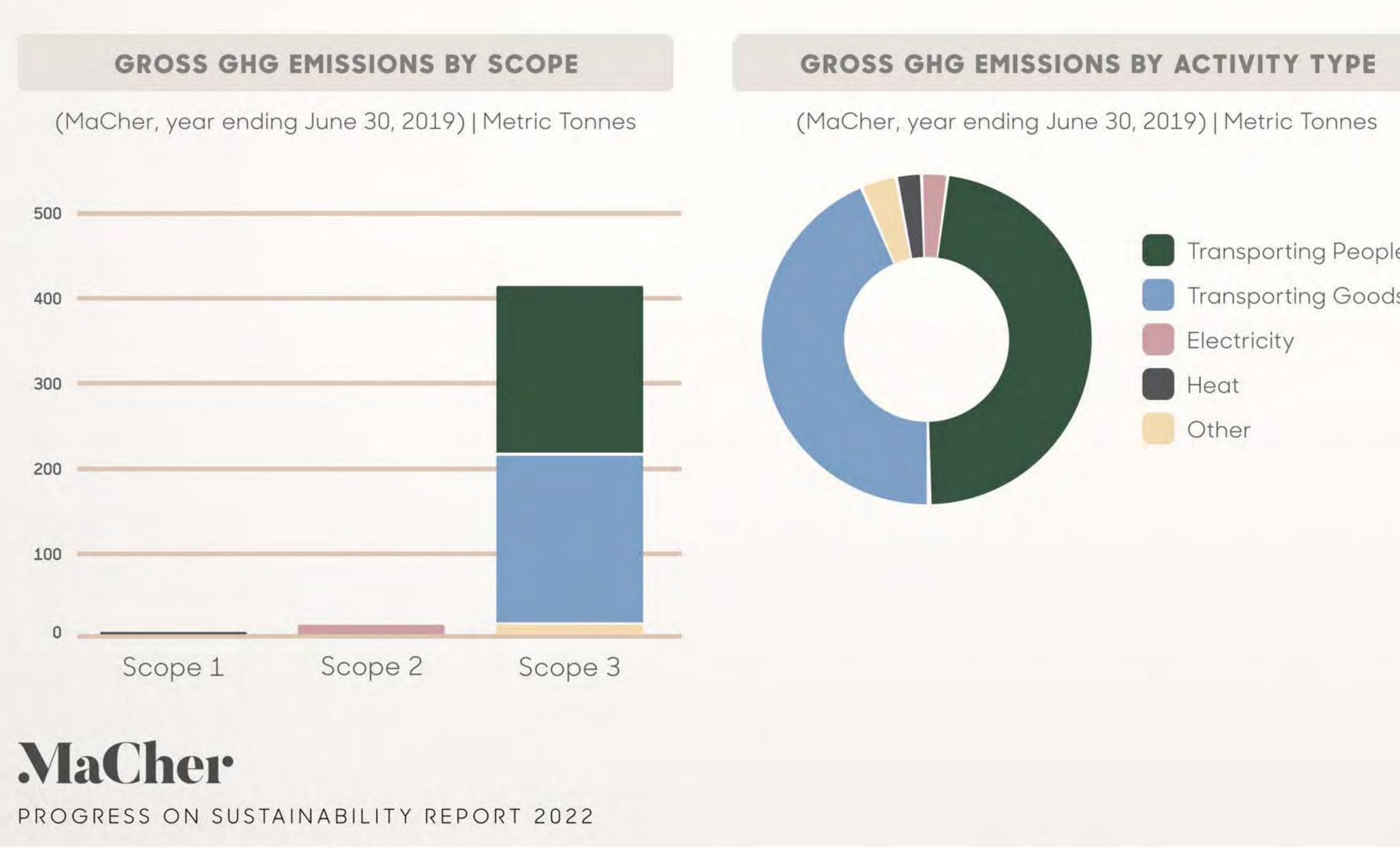




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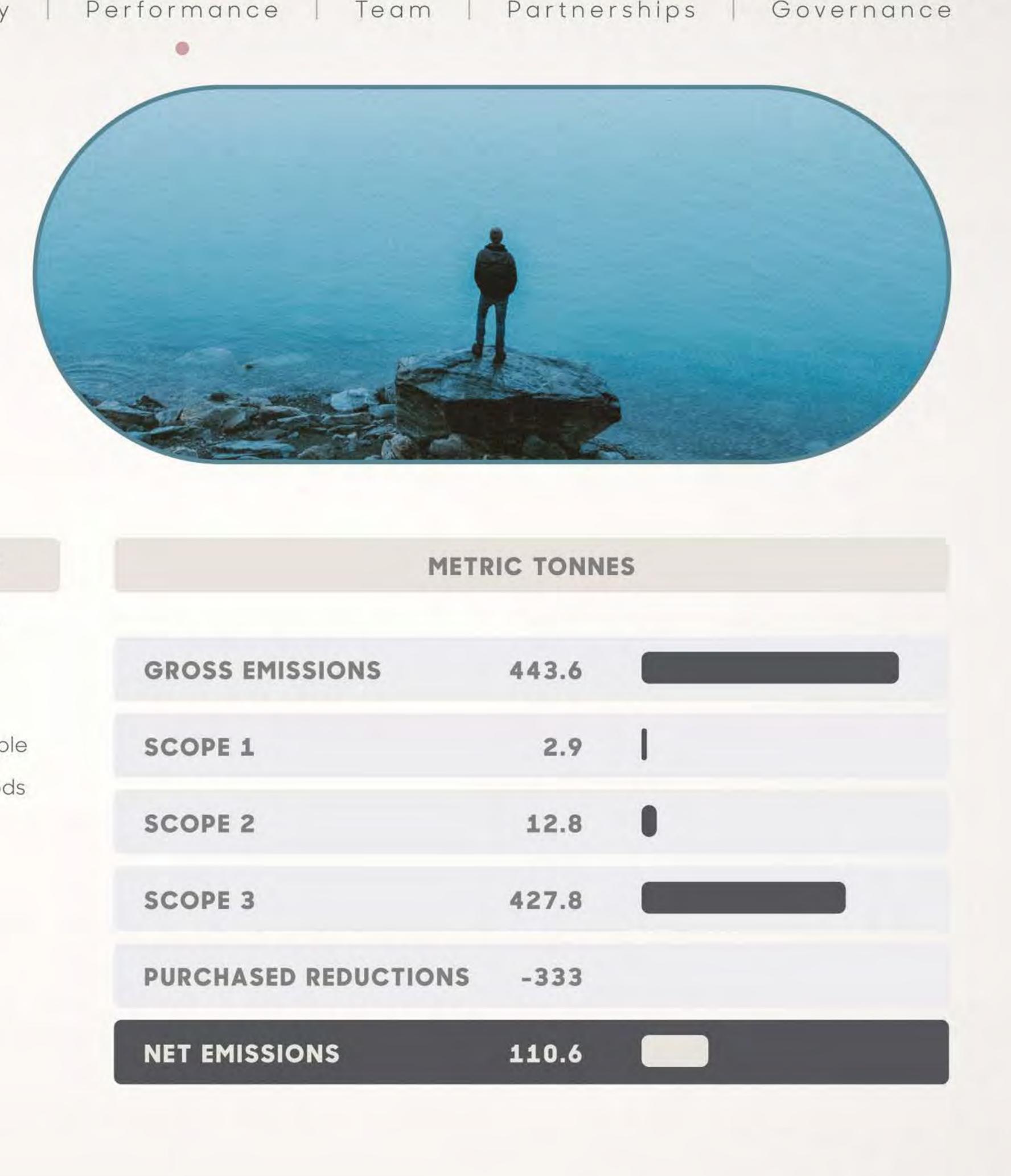
2018/19 GHG Emissions Baseline

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





	NET EMISSIONS	110.6	
	PURCHASED REDUCTIONS	-333	
	SCOPE 3	427.8	
12	SCOPE 2	12.8	0
ds	SCOPE 1	2.9	I
	GROSS EMISSIONS	443.6	
	METI	RIC TONNE	S
			Name of Street
			a service of



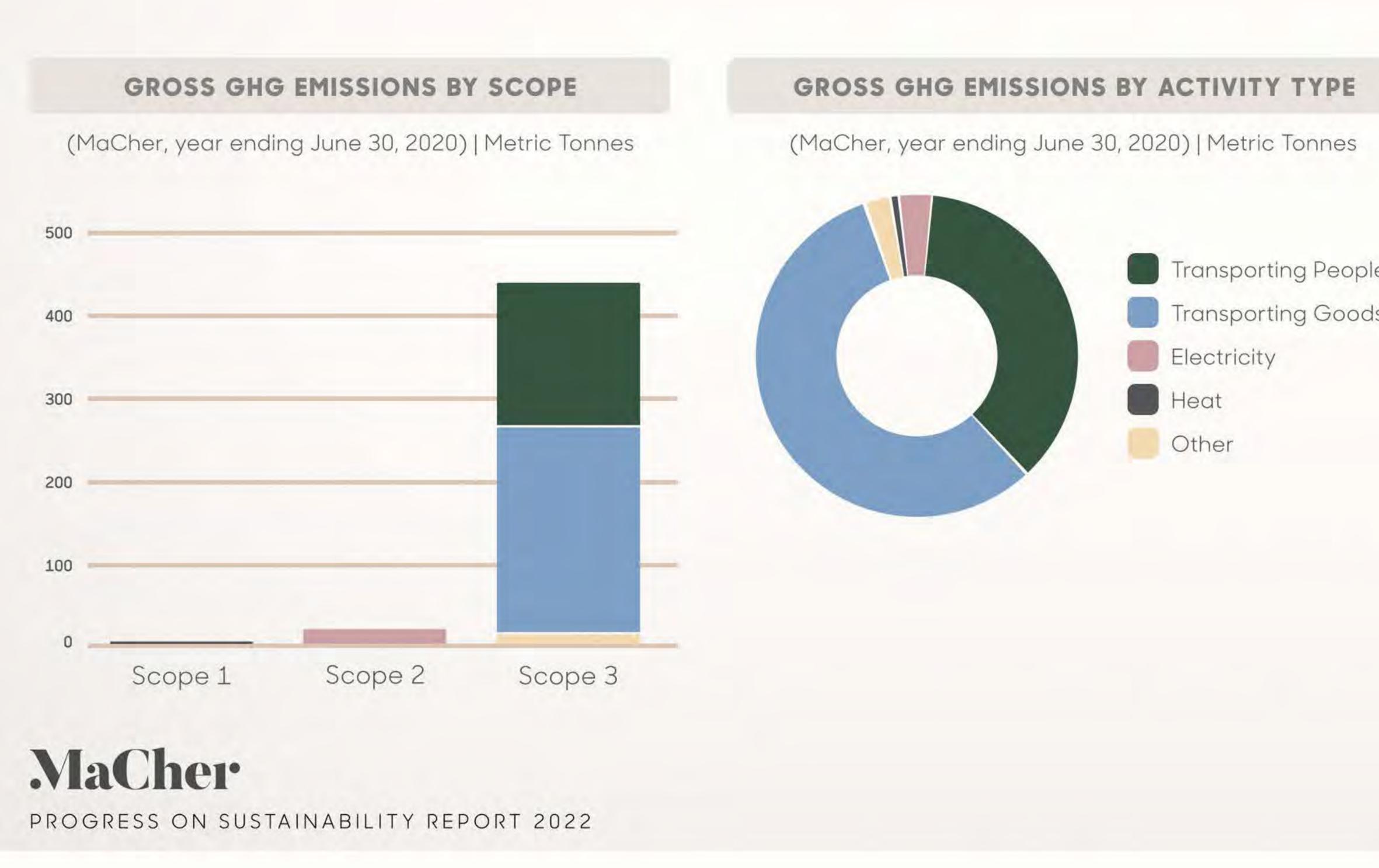
Vision & Impact | Strategy | Performance | Team | Partnerships





2019/20 GHG Emissions

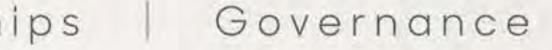
To align our emissions reductions with science based targets, we are using our 2018/19 inventory baseline. This is a more accurate reflection of our business footprint during usual times and will give us the best indication of where our most material impacts are. Over the next 12 months we will build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





	METI	RIC TONN	ES
	GROSS EMISSIONS	456.6	
e	SCOPE 1	1.8	ļ
S	SCOPE 2	8.9	1
	SCOPE 3	445.9	
	PURCHASED REDUCTIONS	-400	
	NET EMISSIONS	56.6	











2020/21 GHG Emissions

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 build our 19/20 and 20/21 inventories.





SCOPE 11.5SCOPE 27.0SCOPE 3104.4PURCHASED REDUCTIONS-0
SCOPE 2 7.0
SCOPE 1 1.5
GROSS EMISSIONS 112.9

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Decarbonization Performance Overview

DECARBONIZATION - GOALS

NET ZERO

carbon compensation scheme

Reduce air business travel by 50% from 2018 baseline



PROGRESS ON SUSTAINABILITY REPORT 2022

- Provide client impact reports for all clients using "Opt in for our Future"
- Launch first tier manufacturing supplier GHG reduction pilot program
- Reduce team commuting (fossil-fuel based) by 30% from 2018 baseline
- 1 supplier from top 10 manufacturing partners converted to solar

Vision & Impact | Strategy | Performance | Team | Partnerships | Governance

TIME FRAME	2022 PERFORMANCE PR
2030	
2022	100%
2022	NOT STARTED
2023	99% REDUCTION
2025	97% REDUCTION
2025	0/10

0









Decarbonization Performance Overview

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

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

Launch first tier manufacturing supplier GHG reduction pilot program

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

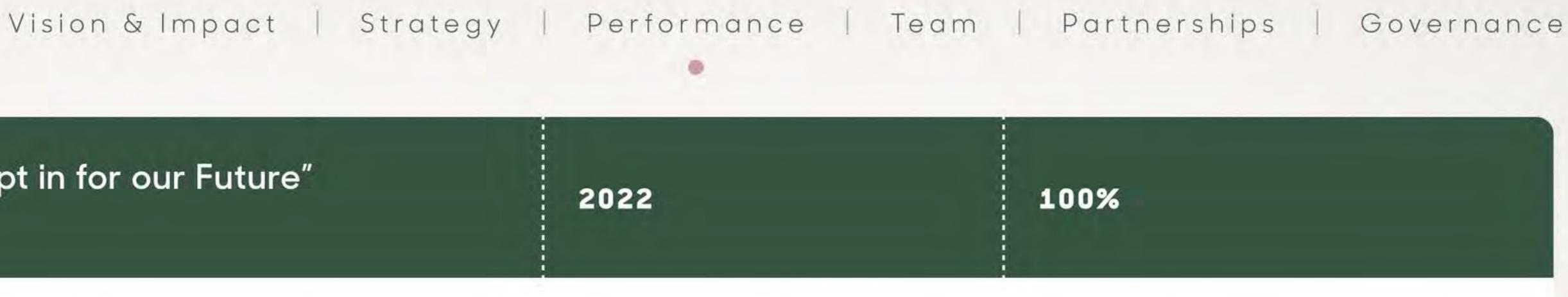
Reduce team commuting (fossil-fuel based) by 30% from 2018 baseline

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



PROGRESS ON SUSTAINABILITY REPORT 2022















Reduce air business travel by 50% from 2018 baseline

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

1 supplier from top 10 manufacturing partners converted to solar

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

Our New Goal

Assess energy transition timelines across manufacturing countries (2023)



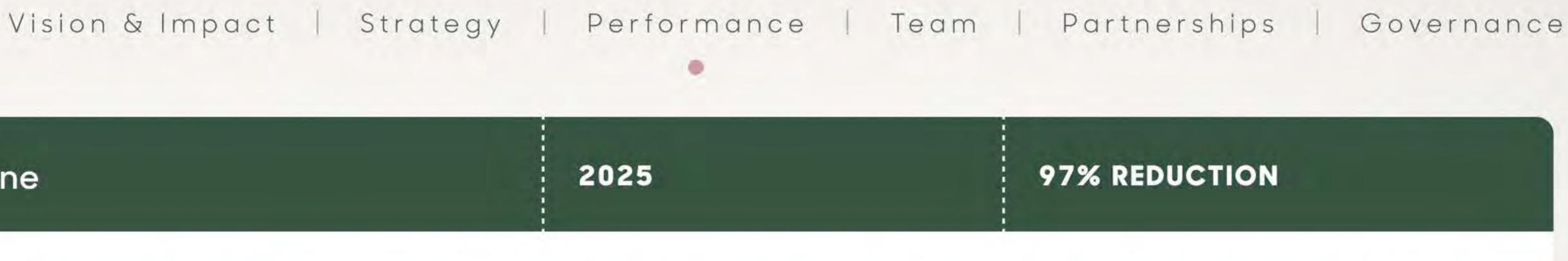
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PROGRESS ON SUSTAINABILITY REPORT 2022

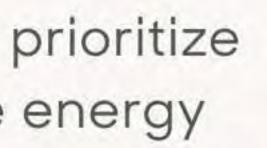


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Update our purchasing policy to prioritize suppliers who source renewable energy (2023)









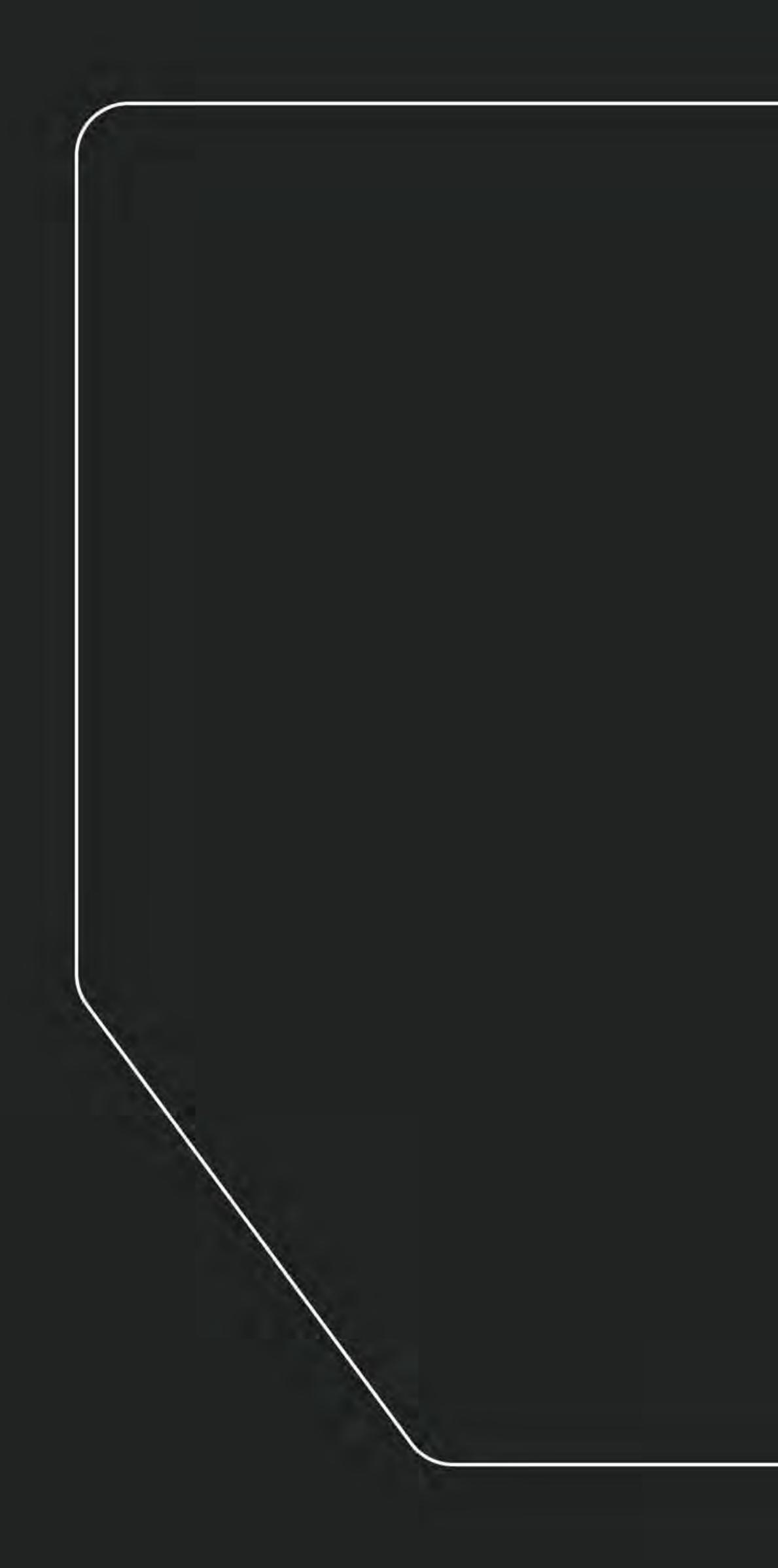
Report on top 10 manufacturing partners using renewable energy sources (2025)







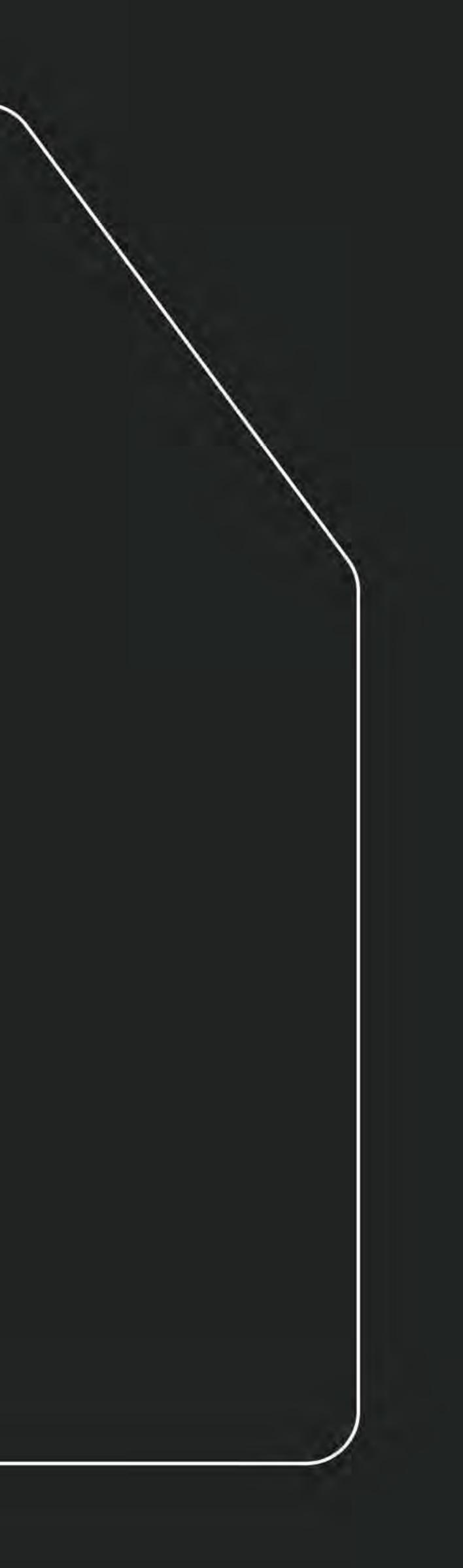




- SECTION 5 -----

Justice, Equity, Diversity and Inclusion

PROGRESS ON SUSTAINABILITY REPORT 2022



OUR COMMITMENT TO:

Justice and Anti-Racism

We stand against oppression and racism in all forms. We acknowledge intersectionality⁵ and how that plays a role in the access to opportunity as well as in experiences of discrimination.

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

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



PROGRESS ON SUSTAINABILITY REPORT 2022









Inclusive Representation

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

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

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

In order to achieve these ambitions, we continue to center our work around 4 pillars.



PROGRESS ON SUSTAINABILITY REPORT 2022

Performance Partnerships Governance Team

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.

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 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.







Intentions

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

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

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

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



PROGRESS ON SUSTAINABILITY REPORT 2022

We have spent time developing our hiring practices, including:

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









Community Partnerships

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

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

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

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



PROGRESS ON SUSTAINABILITY REPORT 2022

gy | Performance | Team | Partnerships | Governance



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







Self-Identification Results 2022

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

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

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

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



PROGRESS ON SUSTAINABILITY REPORT 2022



Performance Partnerships Team



LANGUAGES SPOKEN:

Cantonese

English

French

German

Khmer

Mandarin



Governance

Spanish







JEDI - GOALS

BE EXPERIENCED AS AN ANTI-RACIST CO

5 hours of training for every team m

Use internal 'Venice Speech' platform and environmental justice stories an

Develop land acknowledgement pro

Consistently survey our stakeholder feelings and experiences under our

Evaluate our recruitment partners'

Increase BIPOC representation in ou Black representation to 12.4%⁵



PROGRESS ON SUSTAINABILITY REPORT 2022

Justice, Equity, Diversity and **Inclusion Performance Overview**

	TI
OMPANY	20
nember on JEDI topics per year	20
m to center social nd issues	20
actices	20
rs on representation, 4 pillars	20
talent pool and diversity goals	20
ur team to 50%, specifically	20

Vision & Impact | Strategy | Performance | Team | Partnerships | Governance

	2022 PERFORMANCE PROC
025	ONGOING
022	COMPLETE - 11 HOURS PE
022	100%
022	COMPLETE
023	COMPLETE - 8 SURVEYS
023	COMPLETE
025	27%



GRESS

ER TEAM MEMBER





5 hours of training for every team member on JEDI topics per year

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

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

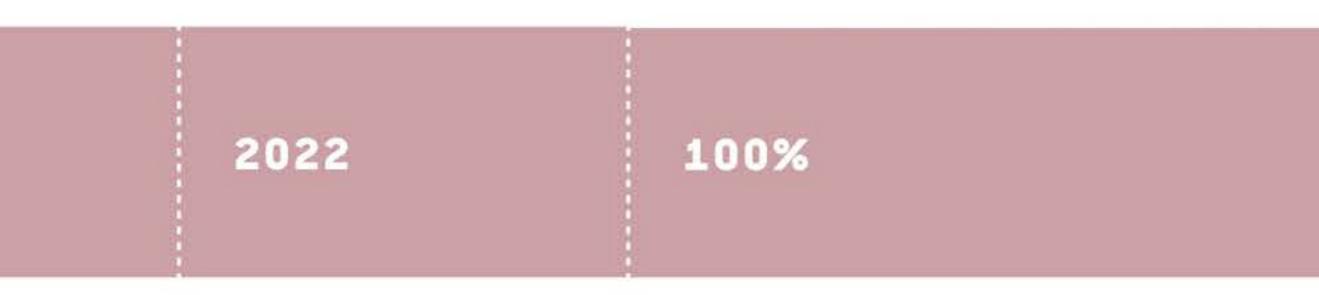
Our Venice Speech platform was launched 2 years ago to help our team with confidence and building public speaking skills. It has also been a platform to provide education from both external partners and internal team members and a space to share lived experiences. In the last 12 months, we used the platform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



PROGRESS ON SUSTAINABILITY REPORT 2022

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











Develop land acknowledgement practices

Funded Indigenous education scholarship.

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

Consistently survey our stakeholder feelings and experiences under our

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

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

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



PROGRESS ON SUSTAINABILITY REPORT 2022

rs on representation, • 4 pillars	2(
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Evaluate our recruitment partners' talent pool and diversity goals

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

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

Increase BIPOC representation in o specifically Black representation to

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

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

Our New Goal

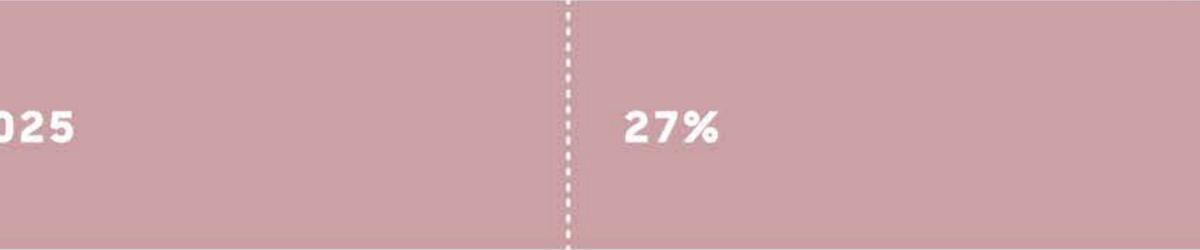
Create a communications toolkit for accessibility - 2023



PROGRESS ON SUSTAINABILITY REPORT 2022

our team to 50%, o 12.4%6	20











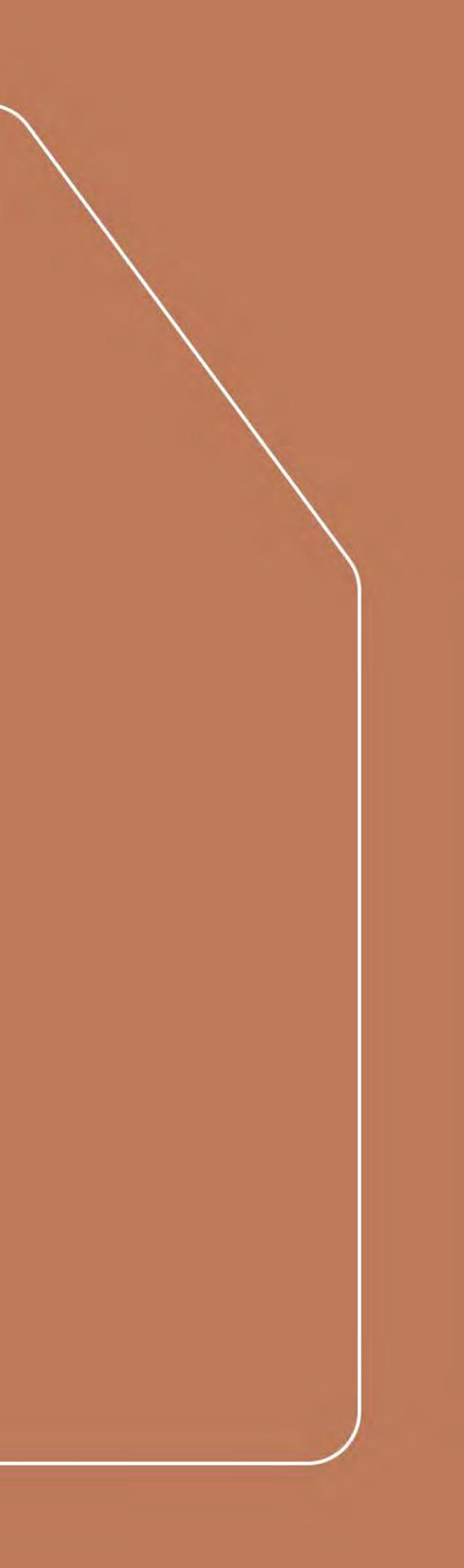




----- SECTION 6 ------

Our Team and Culture

PROGRESS ON SUSTAINABILITY REPORT 2022



Our Culture

MaCher is not a traditional company. We are now a self-organized company. We have successfully integrated Teal⁶ practices into our business and are on a continued journey towards being more individually accountable for our work, deeply trusting of each others' expertise and decentralizing decision making. As we grow, we continue embracing vulnerability and wholeness in the workplace, while giving and receiving honest feedback. This practice helps us use empathy to sense and respond while navigating the business landscape and our changing world.

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



PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact Performance Strategy Partnerships Team Governance



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

Our Culture Team Focus

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

Areas We Are Addressing

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









Our Culture Practices

No hierarchy, no 'bosses'.

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

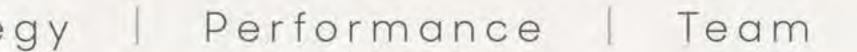
- Long and short term disability and life insurance
- Flexible work plans for varying lifestyles
- Extensive onboarding training including antiharassment and unconscious bias training
- 20 paid company hours dedicated to volunteering
- Professional leadership and development coaching for all team members



PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact Strategy

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



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









Insights from our Teal Journey

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

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

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



PROGRESS ON SUSTAINABILITY REPORT 2022

Performance Vision & Impact Partnerships Strategy Team Governance



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

- Jon Lund



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

- Alex Roncal

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

- Daphane Sok

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





- Ben Denzinger



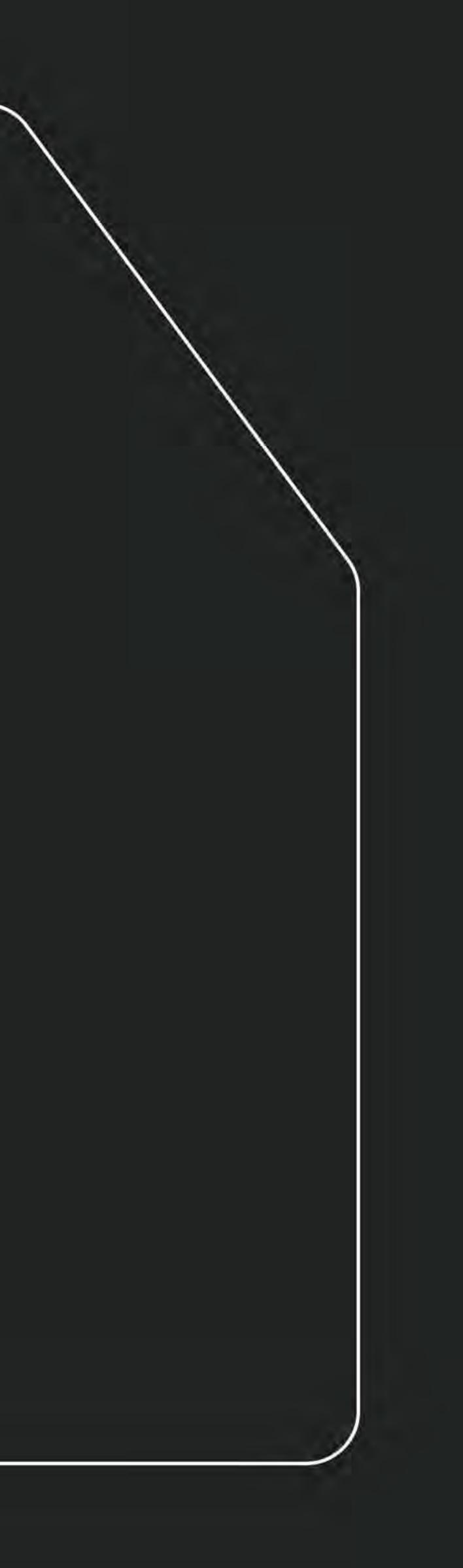




- SECTION 7 ------

Our Partnerships: Value Chain

PROGRESS ON SUSTAINABILITY REPORT 2022



Risk Management

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

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



PROGRESS ON SUSTAINABILITY REPORT 2022





Team

Partnerships







Partnerships for Scalable Change





PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact | Strate

C-TPAT

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

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

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

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



ps | Governance





EcoVadis

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

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

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



PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact Strategy







Team

Partnerships







Value Chain Partnerships

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

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

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



PROGRESS ON SUSTAINABILITY REPORT 2022

Performance Partnerships Team Governance



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



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

Richard Flores, Sourcing Partnerships









DID YOU KNOW?

Facts about our supply chain partners

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





Vision & Impact Strategy

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

1000%

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







VALUE CHAIN - GOALS

ALIGN VALUE CHAIN WITH SOCIAL AND ENVIRONMENTAL GOALS

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

Implement our Sustainable Procurement Policy for both domestic and international

Increase # of our top 10 suppliers with SEDEX 4 Pillar to 8 (currently at 6)

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

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



PROGRESS ON SUSTAINABILITY REPORT 2022

Value Chain Performance Overview

	TIME FRAME	2022 PERFORMA
	2025	
asuring	2022	65%
al suppliers	2022	COMPLETE
	2022	6/10
	2022	92.1%
	2025	0%









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

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

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

Implement our Sustainable Procurement Policy for both domestic and internationc

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



PROGRESS ON SUSTAINABILITY REPORT 2022

easuring	2022	65%
gy Performo	nce Team	Partnership

al suppliers	2022	COMPLET











Increase # of our top 10 suppliers with SEDEX 4 Pillar to 8 (currently at 6)

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

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

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

92.1% of our spend in our reporting year was made with suppliers who completed an accredited third-party social and environmental impact audit that was current for the reporting year. This was a slight increase on 20/21 when 91.6% of our spend was among these suppliers. Rewarding our supply partners for offering transparency into their operations will encourage our partners to be diligent about impact measurement and will prove the benefits of having a commitment to social and environmental impact.



PROGRESS ON SUSTAINABILITY REPORT 2022



2022	92.1%







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

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

Our New Goal



Lead 2 suppliers through the SEDEX 4 pillar audit. (12 months)



PROGRESS ON SUSTAINABILITY REPORT 2022

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



Update our Supplier Standard Operating Procedures to include Sustainable Procurement Practices. (12 months)





Develop Buyer Code of Conduct and introduce Model Contract Clauses to our Purchase Agreements. (12 months)









----- SECTION 8 ------

Partnerships for Scalable Change

PROGRESS ON SUSTAINABILITY REPORT 2022



Partnerships for Scalable Change

MaCher•

Action For Scalable Change

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



PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact | Strategy



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



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

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

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





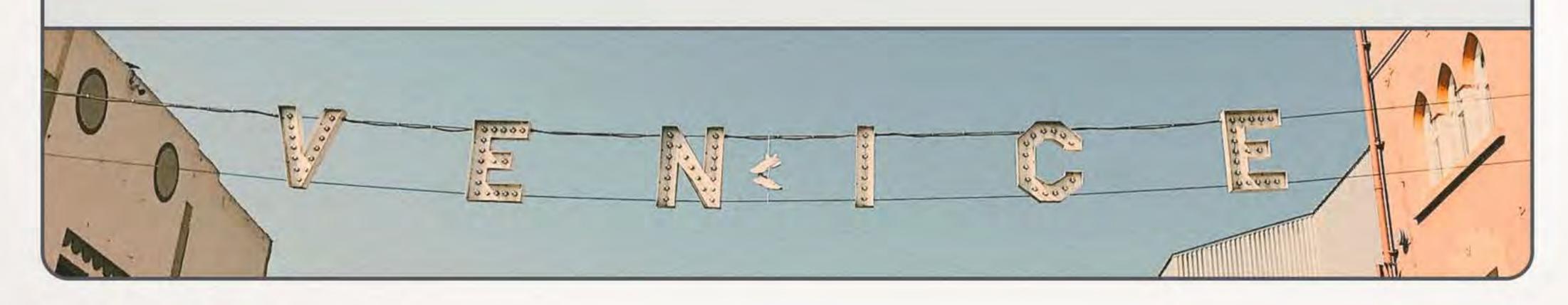


ps | Governance

Giving Partnerships

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

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





PROGRESS ON SUSTAINABILITY REPORT 2022

Carbon Renewal

- ✓ Net Zero emissions by 2030 / Decarbonizing

Plastics Removal

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

Equity, Diversity & Inclusion

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







Partnerships for Scalable Change

Our Ambitions For Our Giving Partnerships



Long term relationship can be established

CLARITY

Clear outcomes are stated and known

Impact tracking for individual events and annual impact

SUPPORT

Supports our mission, sustainability objectives and SDG focus





PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact Strategy

CONSISTENCY



ACCOUNTABILITY

COLLABORATIVE

Participation, connection, and stakeholder engagement

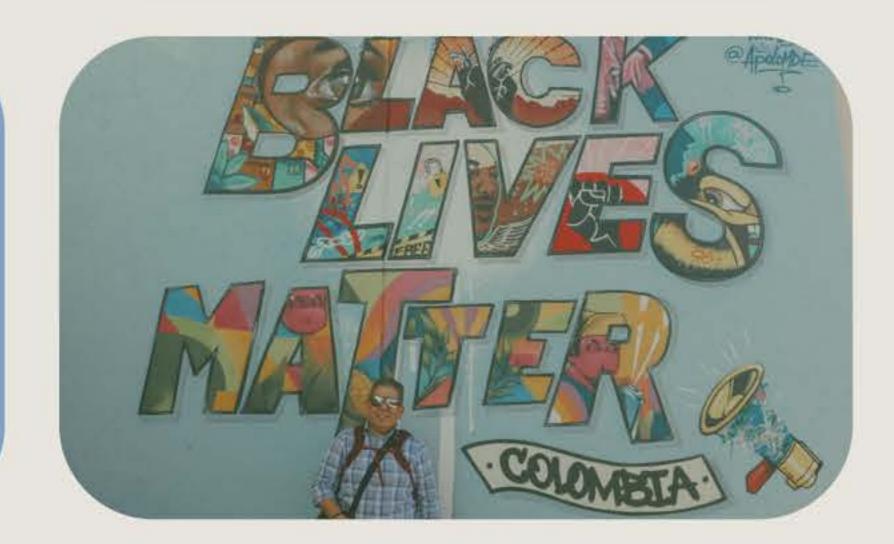


LOCAL

Benefits stakeholders that are part of our operational footprint

INCLUSIVE

Welcoming and supportive of all backgrounds and creeds





Governance

ALIGNMENT

Aligned to supporting **UN Sustainable** Development Goals

AMPLIFY

Voices that have been previously ignored





Caring for our Community

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

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

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



Collective team hours in community development



Collective team hours in industry education and collaboration



PROGRESS ON SUSTAINABILITY REPORT 2022

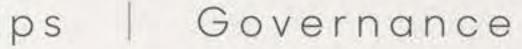
Collective team hours for mentoring students

5(**U**)



Performance Partnerships Team

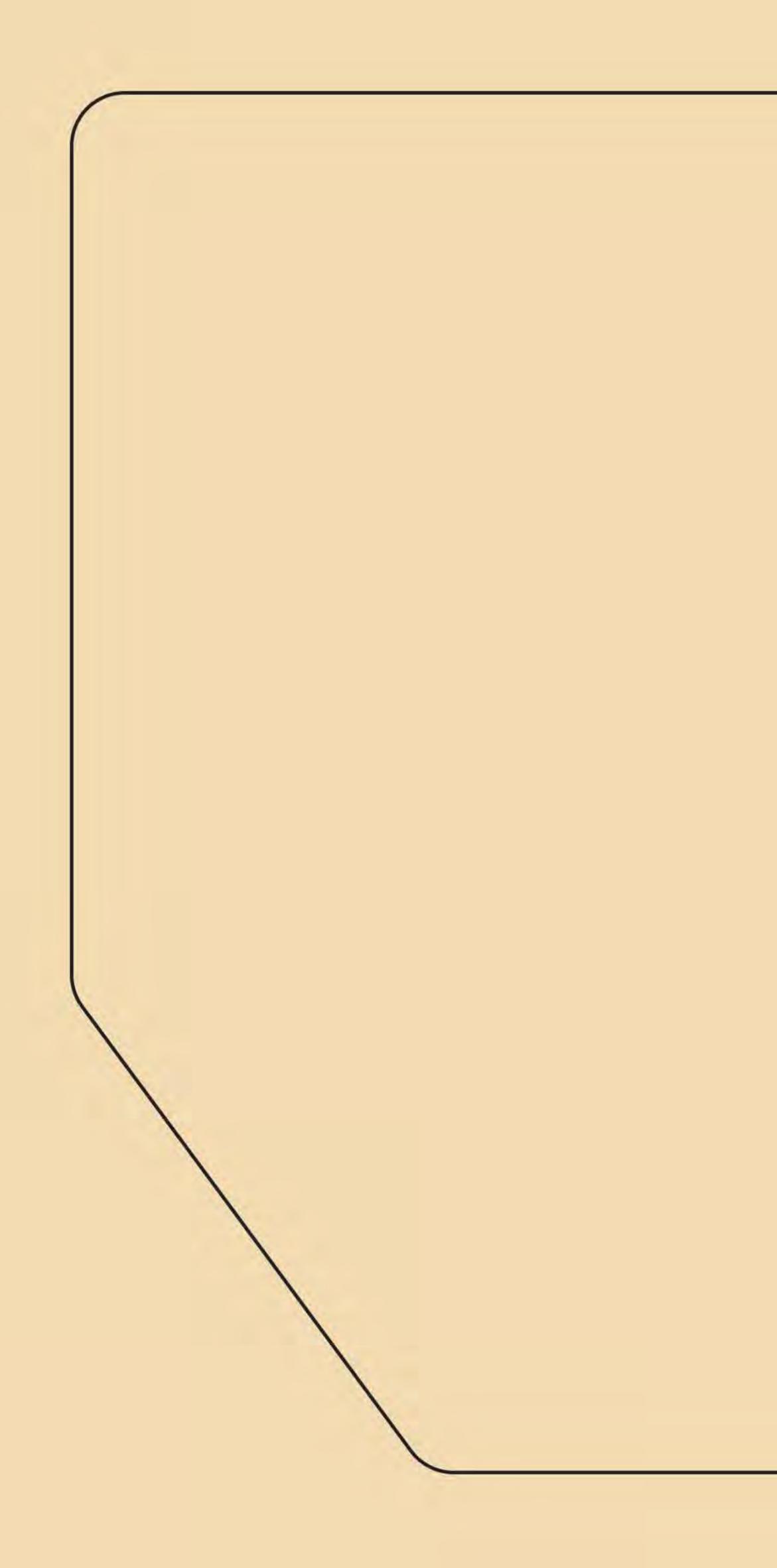










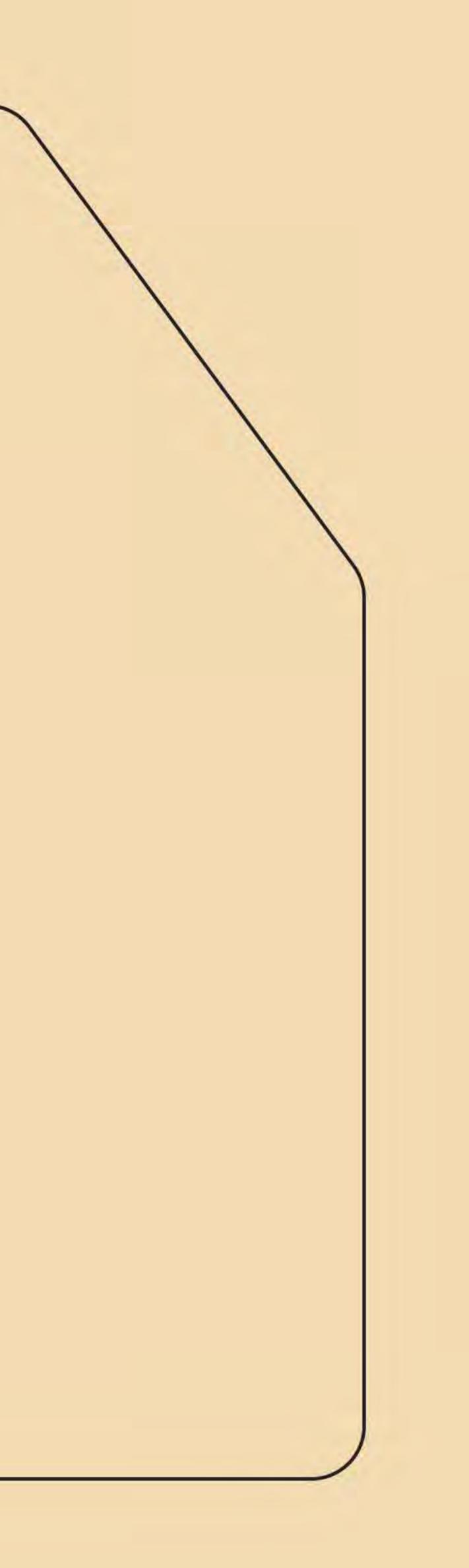


- SECTION 9 -----

Governance

PROGRESS ON SUSTAINABILITY REPORT 2022





Dur Governance

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



PROGRESS ON SUSTAINABILITY REPORT 2022

Vision & Impact Performance Partnerships Strategy Team Governance



Headquartered in Los Angeles, CA.



We have 20 team members in the USA.



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



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



Board of Directors is 1/4 Female.



Our annual reporting period is July 1 - June 30.



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



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







STAKEHOLDER GROUPS	FEEDE
Founders and shareholders	Ann
Clients	Cor
Industry peers	Exit
Non-profits, environmental and social enterprises	Gla
	Inte
Our B Corp and UN Global Compact communities	Wh
Our local community	Indu
	Ma
Supply partners	Nev
Team members	Pee Sus
Travel, beauty, retail and other industry associations in which we operate	Quo
	Soc
	Sup



PROGRESS ON SUSTAINABILITY REPORT 2022

BACK MECHANISMS

- nual 360 reviews for all team members
- mpany, department and team member meetings
- t interviews
- assdoor reviews
- ernal feedback channel
- nistleblower feedback policy
- lustry roundtables
- Cher's board
- w hire orientation
- er reviews of our annual Progress on stainability report
- arterly employee happiness surveys
- cial media LinkedIn and Instagram
- pply partner annual feedback reviews and visits

COMMUNICATION OF PROGRESS

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 onboarding

Public speaking and facilitation

LinkedIn

Supply partner visits and feedback meetings

Team member training

www.macher.com







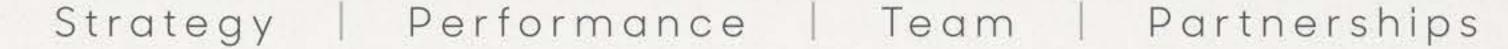


- 1. Highly reusable designed for indefinite reuse until the product quality degrades
- 2. Curbside recyclable needs to be recyclable in over 60% of US municipalities
- 3. Dead miles miles that are driven without any cargo
- 4. Intersectionality describes the ways in which systems of inequality based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



PROGRESS ON SUSTAINABILITY REPORT 2022













Scope 3 Emissions Mapping

Relevant + Quantified

Category 04: Upstream transportation and distribution

Category 09: Downstream transportation and distribution

Category 06: Business travel

Category 07: Employee commuting

Category 05: Waste generated in operations

Relevant + Not Quantified

Category 01: Purchased goods and services

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



PROGRESS ON SUSTAINABILITY REPORT 2022

Not Relevant

Category 02: Capital goods

Category 03: Fuel- and energy-related activities

Category 08: Upstream leased assets

Category 10: Processing of sold products

Category 11: Use of sold products

Category 13: Downstream leased assets

Category 14: Franchises

Category 15: Investments



Performance Partnerships Team











Credits

Written by: Genevieve Lawrence and Rochelle Turner

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

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



PROGRESS ON SUSTAINABILITY REPORT 2022

Protography Credits:

- Page 1 Ciara Zeolla Namibia / Jake Orens Page 2 - Abercrombie & Kent Safari Bag / Kelly Robyn Page 3 - Derek / Dominique Ross Page 5 - Stainless steel water bottle in rPET bottle carrier/ Dominique Ross Page 6 - Betsy & Emily / Dominique Ross Page 7 - Venice Picnic / Dominique Ross Page 9 - Clockwise: Magda Ehlers, Aphiwat ChuangChoem, Karolina Grabowska, Karolina Grabowska, BTGL, Invisible Power, Phyenix, Karolina Grabowska, FW Studio, Uncredited Pixabay, Leigh Patrick, Uncredited Pixabay / Pexels & Pixabay Page 10 - Mathyas Kurmann / Unsplash Page 12 - Left to Right: Omer Aydin & Oleksandr Lytvynov / Pexels Page 19 - Norwegian Prima notebook in rPBV / Dominique Ross Page 22 - KVD Compact Mirror / Dominique Ross Page 34 - Left to Right: Ignacio Pales & Stephan Seeber / Pexels Page 36 - Stainless steel water bottle / Dominique Ross Page 37 - Kudos diaper pouch in rPET / Dominique Ross Page 38 - Grey Malin + Supergoop! pouch in rPET / MaCher Page 39 - This is Zun / Pexels Page 40 - Davies Designs Studio / Unsplash Page 41 - Planting Mangroves / SeaTrees Page 43 - Yoal Desumont / Unsplash Page 44 - Olena Bohovyk / Pexels Page 45 - Bianca / Pexels Page 53 - EF backpacks / EF Tours Page 54 - MaCher team / MaCher Page 62 - Jon, Alex, Daphane, Ben / Dominique Ross Page 64 - Rochelle / Dominque Ross Page 65 - Hair comb and bottle opener / 18.21 Manmade Page 66 - Michael Olsen / Unsplash Page 75 - Shanna Camilleri / Unsplash Page 76 - Genevieve Lawrence, Jamila jackson, Tarina Stasi, Cindy Lou, Jennifer Krischer & Breanne Joyce / Dominique Ross; Richard Flores / MaCher Page 77 - Jon Lund and Richard Flores / MaCher
- Page 81 Annette, Emma and Henry Levy / Dominque Ross
- Page 83 Amy Humphries / Unsplash
- Page 84 1988 Mum and Dad Overlooking Woolacombe Bay Devon / MaCher













PROGRESS ON SUSTAINABILITY REPORT 2022

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

Special Credits

















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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Thank You





