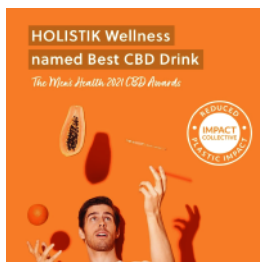
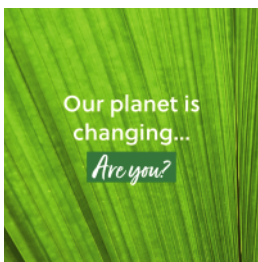
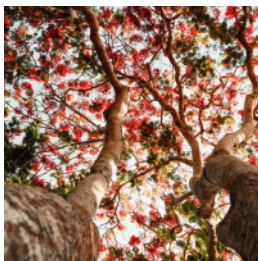
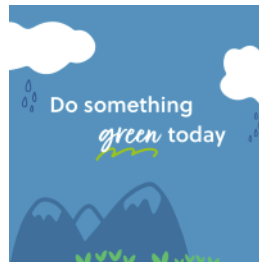


CPG SUSTAINABILITY WHITE PAPER



DEVELOPING A SUSTAINABLE BUSINESS ROADMAP

Companies are matching their business objectives with an effective and simple sustainability plan, meeting goals while also providing transparency to their customers.

Now more than ever, consumers are demanding supply chain transparency and more environmentally friendly packaging. Additionally, demand is rising for organic, grass-fed meats and plant-based foods. Today, customers are leaning into these trends more than ever. In fact, according to the 2022 Business of Sustainability Index, published by PDI Sustainability Solutions, 75% of Americans are concerned about the environmental impact of products they buy and 69% reported that a product's environmental friendliness is important in their purchasing decision. From all angles, it's clear that consumers care about the environment, and sustainability has become a strong driver of purchases and consumption.

Companies in the natural products industry realize that sustainability must be embedded in their DNA. But taking on such initiatives is not always so straightforward. Significant costs, intensive research and operational disruptions can leave brands of all sizes feeling overwhelmed and alone. While the data supports that consumers are seeking environmentally friendly products, over three-quarters of respondents revealed that they don't know how to identify environmentally friendly products, and 68% said they use a third-party source to validate if a company is sustainable. So, how can companies create meaningful environmental impact, without massive operational disruption and providing transparency to consumers?

IMPACT COLLECTIVE is one solution.



DOES BEING GREEN MATTER?

In June 2022, PDI Sustainability Solutions reported the results of its annual consumer study, "The Business of Sustainability Index." The Index tracks sentiment surrounding sustainability in the economy, including how climate consciousness impacts consumer preference and perceptions of companies and their products, as well as the overall effectiveness of the sustainability benchmarking ecosystem across various sectors and demographics. The key takeaway from the annual survey: Over two thirds of Americans say a product's environmental friendliness is important to their purchasing decision. The demand to buy from environmentally friendly companies is there— but not all know how to identify those companies.



THE IMPACT COLLECTIVE

IMPACT COLLECTIVE is a community made up of forward-thinking brands, representing a wide range of products, who are committed to taking positive action to reduce their carbon, plastic, water, and energy footprints. These brands are leveraging investments in global certified projects to offset their environmental footprints as well as other advancements in sustainable innovation.

Created by **PDI Sustainability Solutions**, a division of PDI Technologies, the program is designed as a turnkey solution for consumer packaged goods (CPGs), aimed at making it simple and convenient for brands to mitigate their environmental footprint with minimal disruptions to their business operations and without costly investments in new equipment or technology.

WHERE TO START?

IMPACT COLLECTIVE not only helps companies reduce their environmental footprint, it also provides a system for brands to showcase the impact they are making. Members are provided with a toolkit of resources to ensure their efforts don't go unnoticed. Resources include messaging and approved copy for employees, customers, media, distributors, and investors as well as campaign strategy ideas and digital and social assets to help reach and engage with purpose-driven consumers.

Ultimately, IMPACT members are committing to measure, reduce and offset their environmental footprints. Members can use IMPACT seals on their product packaging and labels to outwardly indicate their commitment to sustainability. However, members must meet the program's product life cycle analysis standards, annual offsets & reduction requirements, and documentation & reporting standards in order to use and retain seals.

Each brand's journey on the sustainability path is different. To develop a plan of action, brands complete an Environmental Input-Output Life Cycle Analysis (EIO-LCA) to measure the

carbon, energy, water, waste, and toxic impact throughout their supply chain for each participating product. Each participating product is required to offset a minimum of 50% of their measured CO₂e (carbon dioxide equivalent) emissions in at least one of the four environmental focus areas: carbon, plastic, water, or energy. Companies can get started on this path with the help of IMPACT COLLECTIVE's portfolio of certified offset projects.

Not only do IMPACT COLLECTIVE members benefit from sharing a sustainability program, there are also shared benefits to working together as a group. As of June 2022, the IMPACT COLLECTIVE has offset 6,190 metric tons of CO₂, that's the equivalent of the carbon sequestered by 7,325 acres of forest, and removed 2,714 kgs of plastic from oceans, the equivalent of 4,854,800 plastic bottles, and reclaimed 75,557 gallons of water.

IMPACT COLLECTIVE's curated project portfolio includes global certified carbon reduction projects that support the UN Sustainable Development Goals and address these key areas:

Clean Water & Sanitation

To ensure availability and sustainable management of water and sanitation for all.

Decent Work & Economic Growth

To promote sustained, inclusive, sustainable economic growth, full and productive employment and decent work for all.

Responsible Consumption & Production

To ensure sustainable consumption and production patterns.

Life on Land

To protect, restore, and promote sustainable use of terrestrial ecosystems, combat desertification, and halt biodiversity loss.

FOCUS ON

PLASTIC

By 2050, there will be more plastic in the oceans than there are fish (by weight). IMPACT COLLECTIVE manages a portfolio of third party certified plastic collection and recycling projects in Haiti, Indonesia, the Philippines, India and more, to reclaim oceanbound plastic from the environment. IMPACT COLLECTIVE's plastic projects are concentrated to reflect the flow of plastic based on ocean currents and patterns. It focuses on communities that see the highest influx of plastic waste disposed of globally.

WATER

In response to growing global water scarcity, IMPACT COLLECTIVE brands offset their water usage by working with The Nature Conservancy's water projects and farmers in California who are saving billions of gallons annually. Current projects focus on Middle Deschutes River, Central Oregon; Flint River, Spring Creek, Georgia; and San Joaquin Valley, California.

ENERGY

A future with more sustainable energy sources will require diversifying the current energy grid by investing in renewables including solar, wind, and geothermal energy, landfill gas biogas, and hydropower. Renewable energy projects generate energy from both renewable and non-renewable sources in a blended grid of electricity. In order to track and claim energy from renewable sources, companies purchase Energy Attribute Certificates (EACs), also known as Renewable Energy Certificates (RECs), Guarantees of Origin (GOs) or International RECs (I-RECs). IMPACT COLLECTIVE invests in all of these and other relevant renewable projects around the world to match up to 100% of the energy used by a business.

CARBON

Carbon offsetting balances out greenhouse gas impact in the environment. IMPACT COLLECTIVE begins by neutralizing carbon dioxide equivalent emissions through proportionate investments in carbon offset projects across the globe from Oklahoma to Mongolia and from Brazil to Canada.



OVERCOMING BARRIERS



It can be difficult to know where to start when embracing a sustainability plan. “The volume of information and items to consider when you contemplate sustainability is vast. There is not one standard program. And the seriousness of the issues, including climate change, can make it difficult to navigate as a brand. It demands devoting time and resources to navigating this whole new world, while at the same time remaining steadfast on your business,” explains Amanda Kardosh, Senior Director of Sustainability at PDI Technologies. “Often, brands regard sustainability plans as an additional cost or requirement, rather than as the opportunity that it is,” says Kardosh.

The following **IMPACT COLLECTIVE** partners are leaning into those opportunities:



THE PLASTIC CONUNDRUM

When TJ Stouder, CEO and Co-Founder of **HOLISTIK Wellness**, set about to identify and procure the leading materials available to create a clean, easy-to-use and effective CBD product, he targeted all-natural formulas with zero added sugar and a supply chain he knew was safe and transparent from seed to STIK. But what about the plastic? The company uses fully recyclable plastic while also offsetting the plastic in each STIK. Currently, HOLISTIK Wellness removes 4x the plastic weight of each STIK from the environment, which equates to removing one plastic bottle or 20 grams of plastic, for every 5 gram STIK sold. The company is committed to going beyond neutralizing its plastic footprint to become plastic negative through global projects with IMPACT COLLECTIVE.



CHANGING AN INDUSTRY, ONE DROP AT A TIME

On a global scale, the clothing and textile industry sits right behind oil as the largest polluter in the world. The industry as a whole creates 208 million pounds of waste, and nearly 20 percent of the global wastewater comes from fashion. It can actually take more than 5,000 gallons of water just to make one T-shirt and a pair of jeans. That's why KADA CEO and Founder, Kassia Davis and her team are constantly exploring ways to keep waste at a minimum while ensuring every piece of clothing the brand makes is built to last.

When prioritizing sustainability initiatives where the brand can reduce the waste it produces, the brand has focused on water, partnering with IMPACT COLLECTIVE to invest in global water projects. Doing so has enabled **KADA** to offset a percentage of the water used to make its garments, decreasing the company's overall footprint when it comes to waste. Through its work with IMPACT COLLECTIVE, the brand is offsetting 100% of the water used to make its tees and camis, and 10% of water waste in garments of additional lengths.



OFFSETTING CARBON IMPACT

Dinesh Tadeipalli's “a-ha moment” came when he looked in the garbage can at an ice cream shop and saw hundreds of plastic spoons. Since then, the co-founder of **Incredible Eats**, the first mass-manufactured edible spoon, has focused on solving for the fact that roughly 100 million plastic spoons are used and disposed of every day in the U.S. Incredible Eats edible spoons are made from non-GMO whole grains. If consumers don't have the appetite to eat them, the spoons are 100% compostable. The packaging and paper sleeves are recyclable and biodegradable.

In a consumer study conducted by the brand, 91% of respondents said they would prefer to use an edible spoon and 70% said they are willing to pay for it. While priced higher than a plastic spoon, Tadeipalli notes that this is an opportunity to tap into the consumer desire for more sustainable products. Ice cream shops for instance, could price the edible spoon the same as a topping to help mitigate costs. Incredible Eats has partnered with IMPACT COLLECTIVE to offset its carbon footprint and to recover an equal amount of plastic from the oceans that the brand uses in its supply chain. As Tadeipalli notes, “We are trying to do something at every point along the supply chain.” Referring to the number of plastic spoons used every day, he adds, “As people, we have a responsibility to work together and replace that with something more innovative.”

“Climate change is an issue that all brands will have to respond to. Trying to navigate how-to can be difficult.”

Amanda Kardosh, Senior Director of Sustainability at PDI Technologies