



MaCher
AUSTRALIA

2021 CSR & SUSTAINABILITY REPORT

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Ultraceuticals Holiday Season 2021, recyclable board tube
FSC mixed paper, soy ink, biopolymer (plant based) lamination

MESSAGE FROM OUR GM

Since 2019, we have been taking measures to evolve our product offering and business culture to meet internal CSR and sustainability objectives. With this being our first report, we now look forward to formalising this process, setting measurable goals, assessing our performance year on year, and publishing the results in a yearly report.

We are excited by the position we hold, both as a team and as a business. Whilst we continue to improve the way we do business and measure our business impact, we have the ability to influence and support our clients on their sustainability journey.

We understand this is a constant learning process. With our ability to harness our team's knowledge, passion, skills and commitment in areas of design, product development and manufacturing, we are uniquely positioned to help our clients through education, innovation, creativity and capability.

Our goal is to be a source of continual information and solutions for our clients, suppliers and partners and to challenge ourselves individually and collectively to play a role in being part of a sustainable future.

Simon Back

General Manager, MaCher Australia



Red Nose Friends Collectable Plush Toys, Red Nose Day

COMPANY OVERVIEW

MaCher is a global company with over 35 years' experience designing, developing, sourcing and manufacturing gift-with-purchase products, premium packaging and promotional merchandise for the liquor, health & beauty, cosmetic, travel and FMCG industries. We work with leading brands to deliver innovative products to the highest standards.

By trade, we custom design and manufacture products and premium packaging. By talent, we create solutions that are authentic to our clients' brands. Strategically, we help them increase sales, launch new products, gain and retain consumer loyalty and raise brand awareness.

Increasingly, we consult, design, partner and work with brands to define and meet short and long term sustainability targets.

We design products that are:

REUSABLE - to be kept & valued.

RECYCLABLE - through curb side collections.

RESPONSIBLE - by making better choices with material selection.

By understanding our clients' business needs, we are able to deliver sustainable and ethical sourcing combined with total cost of ownership through our supply chain strengths.





ecovadis



HQTS



INDUSTRY MEMBERSHIPS:

Australian Packaging Covenant Organisation (APCO)

Australian Institute of Packaging (AIP)

Ecovadis

Sedex

Cosmetics NZ

SUSTAINABLE MATERIAL CERTIFICATION:

FSC Forest Stewardship Council (FSC)

Control Union Global Recycled Standard (GRS)

INSPECTIONS & TESTING:

HQTS

SGS

OUR SUSTAINABILITY STRATEGY:

1. To embed our CRAFT values in all relationships and decisions we make as a business.
2. To consider product end-life throughout the product development phase, designing products that are easily recyclable or intended for reuse (with a high perceived value by the end user).
3. To design product and packaging solutions with a considered use of raw materials, using responsibly sourced and/or recycled content where possible.
4. To reduce unnecessary materials as part of our product and packaging design process, minimising end consumer waste.
5. To maintain a diligent QC process throughout all stages of production, minimising fault rates and waste.
6. To choose factory partners that are committed to adhering to our Social Accountability Standards (SAS), Standard Operating Procedures (SOP) and the UN Sustainable Development Goals.
7. To measure and assess ongoing performance to targets.

AT A GLANCE:

ecovadis

Bronze
EcoVadis



100% pass rate on
material compliance



28% of products
recyclable*



62% of products
reusable*



4.2% of products made from
recycled content*



8% of products made
from plant-based textiles*



50% full time /
part time employees



10.4 yrs average
employee tenure



63% employees
female identifying



104 hrs
staff training



271 hrs employee social
responsibility initiatives



\$11,800 financial & in-kind
charity donations by MaCher

* % based on annual revenue, 2021 calendar year.

CRAFTE CULTURE

Our CRAFT values are at the core of our culture, as we strive to be a great workplace and have positive impact. Our CRAFT values hold us accountable to our business, our partners, our environment and to each other as we continue to evolve and grow together. These values guide us as we navigate new terrain and face new challenges.



C

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COLLABORATION

Work together towards shared goals

RESPECT

Always act with integrity

AUTHENTICITY

Bring your best self to work

FAMILY PRIDE

Shared values and open communication

TRUST

Be clear, be honest, be accountable

ENVIRONMENT

Commitment to our sustainability goals



2021 MaCher Team Walk For WAGEC (Women's & Girls' Emergency Centre)

TEAM HIGHLIGHTS:

International Women's Day – company team breakfast to celebrate women's achievement and raise awareness against bias.

March 4 Justice – 3 staff attended the Sydney protest march, striving to transform social attitudes, so that every person is safe in their homes, their communities, and their workplaces.

Walk for WAGEC – 5km team fundraising walk for Women & Girls Emergency Centre. Proceeds go to help women and children walk away from violence, with programs that build financial independence, nurture well-being and prevent violence from happening in the first place.

Australia's Biggest Morning Tea – team event to raise vital funds for Cancer Council Australia, assisting those impacted by cancer.

Plastic Free July – team members participated in the 'Choose to Refuse' Challenge, pledging to be part of the solution to plastic pollution by avoiding single use plastics for July.

Chinese New Year Lunch – celebrating cultural diversity within our team

STAYING CONNECTED THROUGH COVID:

Staff and family virtual magic show event – Matan Magician magic show for team & families during Covid lockdown.

MaCher family cookbook – team members shared family recipes which were published and shared in a virtual cookbook.

MaCher cocktail book – team members shared their favorite cocktail recipes which were published and shared in a virtual recipe book.

DONATIONS & VOLUNTEERING:

Financial Donations

Impact for Women

Women & Girls Emergency Centre (WAGEC)

Student support program, Hunan Province, China

In-kind Donations

Share the Dignity – It's In The Bag

Red Nose Australia

Women & Girls Emergency Centre (WAGEC)

Volunteer Time

Women & Girls Emergency Centre (WAGEC)

Staff Fundraising

WAGEC team walk

Cancer Council – Aust Biggest Morning Tea

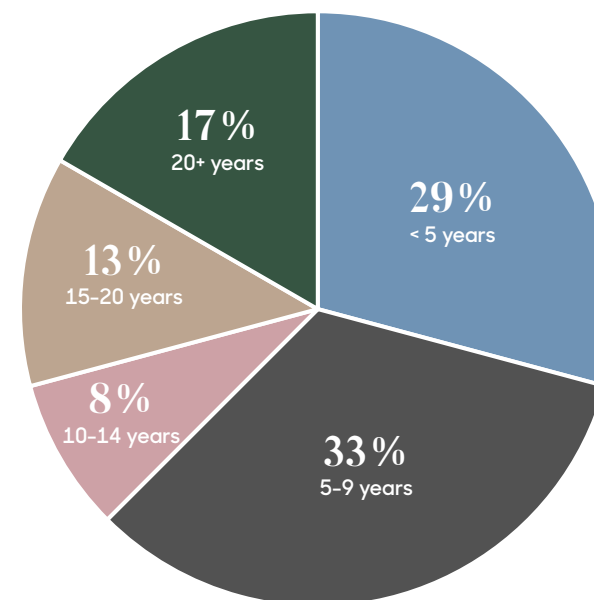


2021 WAGEC Tote Bag Donation for 'Walk for WAGEC' participants

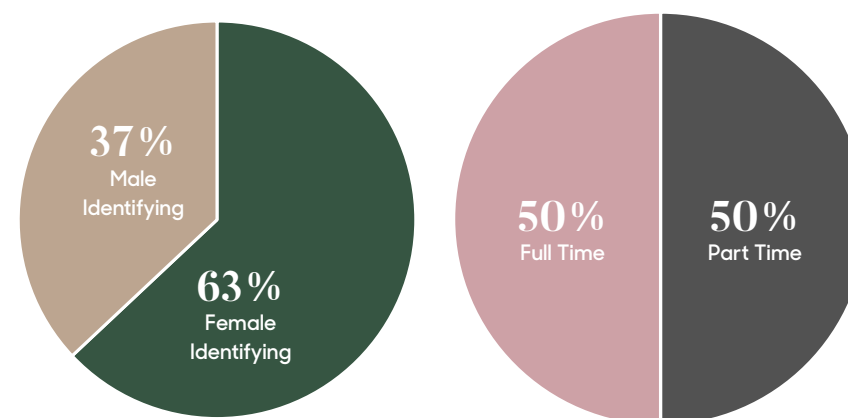
HR METRICS

Headcount	
Number of Staff	24 staff
Employee Retention	
Average Tenure	10.4 years
New Staff	6 staff
Staff exit	3 staff
Engagement & Wellbeing	
Remote Working - % of staff able to RW	96%
Employee hours social responsibility initiatives (during work time)	271 hours
Absenteeism	
% staff who took Paid Annual Leave	100%
	Av 14 days pp
% staff who took Paid Sick/Carers leave	90%
	Av. 5 days pp
Paid Long Service Leave days taken	46 days
	2 staff
Staff eligible for Paid Long Service Leave	8 staff
Days lost due to absenteeism	0 days
Learning & Development	
Training - Sustainability	24 hours / \$1,700
Training - Skills (not onboarding)	80 hours / \$27,000
Training - onboarding program	82 hours
Carbon Offset on flights	2 flights
Compensation	
Staff paid above minimum wage	100%
Work Safe / Work Cover claims	0

STAFF TENURE - DETAIL



DIVERSITY, EQUITY, INCLUSION





Plantation Rum, reusable straw set in recyclable box.

SUSTAINABILITY HIGHLIGHTS:

Sustainable Product Innovation

Launch of Flexi-Hex sustainable protective packaging & The Sustainable Packaging Store.

Award Winning

Silver (Beverage Packaging Design) & Bronze (Sustainable Packaging Design) for Flexi-Hex at the Packaging Innovation & Design (PIDA) Awards.

Certifications

Sedex Certification

Ecovadis Bronze Certification

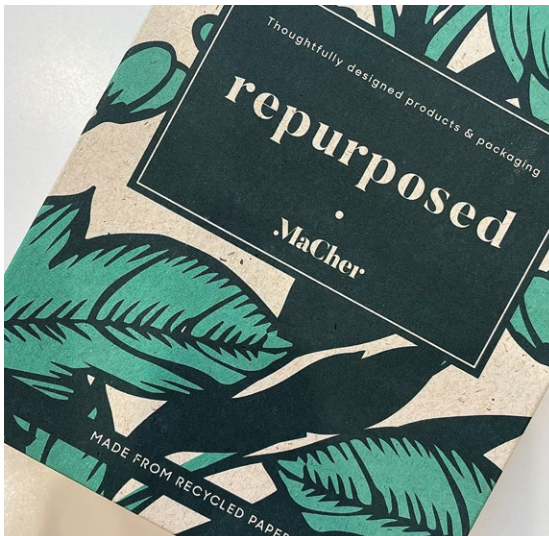
Recycled Content

Release of 'Repurposed' recycled content paper range and staff training.

Increased use of recycled content textiles for reusable bag products.

SUSTAINABILITY PROGRESS: MATERIAL SOLUTIONS

Throughout 2021, we continued to expand our range of sustainable material solutions across all product categories.



Premium Packaging

- Packaging suitable for curbside recycling
- FSC & recycled content boards & papers
- Recyclable varnishes & plant-based laminations
- Rigid core, art card, kraft board and corrugate
- Paper 'ribbons', textured papers and boards
- Tin & timber
- Molded fibre pulp



Bags + Accessories

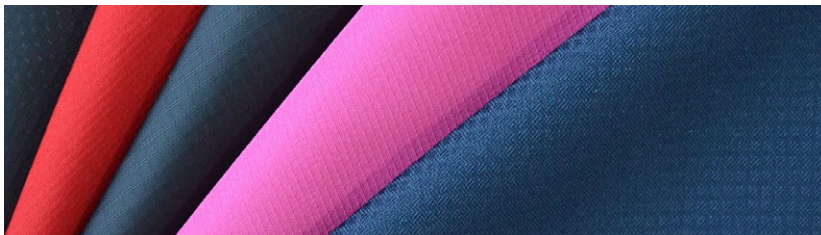
- Plant based fibres – cotton & jute
- Post-consumer recycled polyester
- Organic & recycled content cotton
- Paper 'straw'
- PU's with % recycled content
- PVC free PEVA and TPU



Lifestyle

- Bamboo & FSC Timber
- Semi-precious stones
- Recycled content textiles
- Soy wax candles
- Reusable, on-trend product design

MATERIAL INNOVATION: POST-CONSUMER RECYCLED POLYESTER



Recycled polyethylene terephthalate (RPET) is a textile made from recycled post-consumer plastic waste such as water bottles.

We've done the groundwork in-house and we are able to procure this material from authentic certified sources. Our detailed research and testing have ensured the products produced are genuine and fit for purpose.

The popularity of products made from RPET is increasing. A growth in consumer awareness, prompted by high profile brands including Samsonite, Nike, Patagonia, H&M, Puma, Adidas and G-Star, has attracted media attention through environmentally focused advertising campaigns.



PRODUCT INNOVATION: FLEXI-HEX PROTECTIVE PACKAGING



Flexi-Hex is designed to replace problematic plastic packaging for the safe shipping of breakable bottles. The patented, honeycomb design of our Flexi-Hex Sleeve is strong, adaptable, and recyclable. When paired with our Pinch-top Mailer box (available for one, two and three bottles), clients can feel confident that bottles will arrive safely.

Launched on our ecommerce site 'The Sustainable Packaging Store', Flexi-Hex is changing the way fragile bottles are shipped in Australia and New Zealand.

Flexi-Hex was the winner of Silver (Beverage Packaging Design) & Bronze (Sustainable Packaging Design) awards at the 2021 Packaging Innovation & Design (PIDA) Awards.



Plastic-Free



Recyclable



Compact



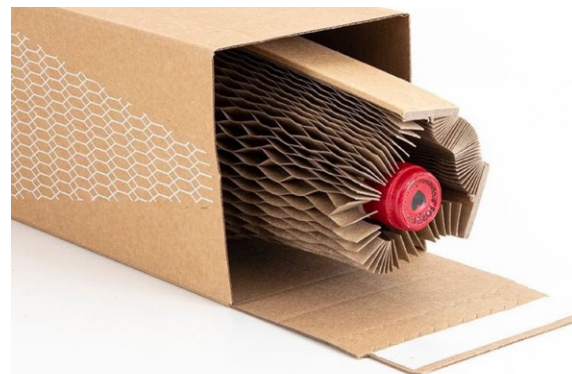
Flexible



Protective



Easy to Assemble



PROJECT INNOVATION: ULTRACEUTICALS HOLIDAY SEASON 21

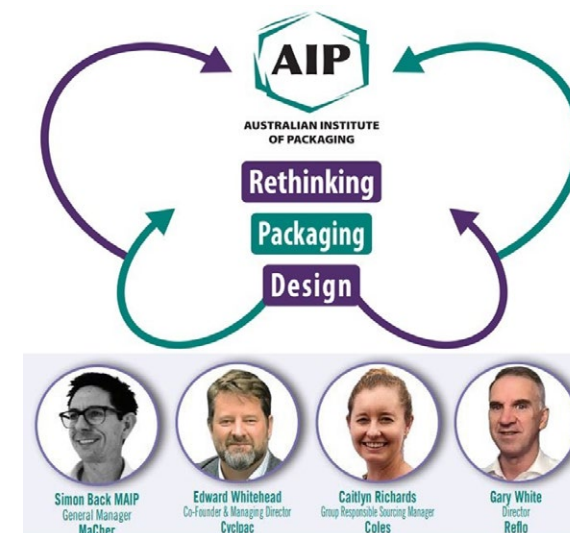
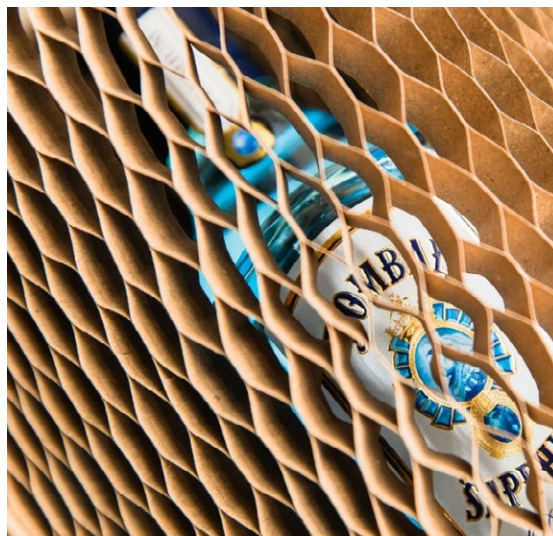


We created this sustainably produced, limited-edition range for Ultraceuticals' global holiday 2021 campaign in response to their brief to re-envision Christmas packaging with sustainability top of mind.

Virgin petroleum textiles were completely removed and replaced with post-consumer, recycled polyester to create reusable cosmetic bags. Recyclable, FSC board boxes completed the range, which was available in multiple pack configurations and created a dynamic instore and online campaign.



SUSTAINABILITY PROGRESS: INDUSTRY LEADERSHIP & STAFF TRAINING



Business Initiatives

- Investment in resources to enable growth of 'sustainable innovation' product category & launch of The Sustainable Packaging Store
- Creation of sustainable materials swatch library, with accessible in-office samples (available for staff and client use) and educational tools to assist implementation

Staff Training

- Internal team training on Australian National 2025 Packaging Targets
- Attendance by multiple team members to 'The Creativity Conference' Adobe Max
- Attendance by multiple team members to Australian Packaging Covenant Organisation (APCO) training webinars:
 - 'Labeling, materials compliance and the future of soft plastic recycling'
 - 'Taking Action on Single Use Plastic Packaging'
 - 'National Compostable Packaging Webinar'

Talks & Memberships

- Simon Back, General Manager, keynote panelist, "Rethinking Packaging Design", Australasian Packaging conference
- Simon Back, speaker, 'Door-to-Pour', Shout Media Bloody Big Drinks Summit
- Nadia Klaczewicz, Creative Manager, forum participant, (APCO) Sustainable Design National Working Group
- Individual staff memberships to Australian Institute of Packaging (AIP)

SUPPLY CHAIN SOCIAL ACCOUNTABILITY, COMPLIANCE & CERTIFICATIONS:

8 years

average tenure with our
top 10 supply chain partners

100 %

of our supply partners are
committed to adhering to our
Social Accountability Standards
(SAS) & Standard Operating
Procedures (SOP)

80 %

of our business has been placed
with strategic supply partners
who have accredited 3rd party
audits measuring social and/or
environmental performance.

We pride ourselves in our qualified, sustainable, and compliant manufacturing supply base which consists of a CORE group of factories that work directly with MaCher. Partnering with a CORE supplier network allows us to maintain successful relationships, manage quality, understand factory capacity/flexibility, drive innovation and ensure successful service levels. Our suppliers must operate in full compliance with the laws of their respective country and with any other applicable laws, rules and regulations.

We require all suppliers to adhere to the SA8000 standards for Social Accountability. The supplier must allow MaCher and/or any of its representatives or agent's unrestricted access to its facilities and to all relevant records at all times, whether or not advance notice is provided.

We have in place a Supplier Compliance Program which our suppliers must adhere to. The completion of these documents is a safe guard for MaCher and our clients. Ethics and integrity define who we are, so building and maintaining relationships with suppliers is imperative to confidently know we are doing the right thing.

These contracts are constantly monitored and reviewed through internal and external auditing processes and cover standards, policies and procedures. Our Global Standard Operating Procedure (SOP) and Social Accountability Standards (SAS) ensure our suppliers are compliant to the following:

- Ethical sourcing
- Quality Control
- Independent Testing
- Continuous Improvement
- Confidentiality

SUSTAINABILITY PROGRESS: SUPPLY CHAIN INFLUENCE & INITIATIVES

Supplier Training

Ongoing training for offshore suppliers on Australasian sustainability requirements, including the 2025 National Packaging Targets and single use plastics ban.

Removal of Unnecessary Plastics

We have replaced single-use soft plastic protective packaging with tissue paper where possible and transitioned from individually packaged products to bulk packaging. When single-use soft plastic protective packaging is necessary, we use recyclable plastics.

Material Certification

Ongoing diligence with supply-chain certification for FSC, recycled content and organic materials.



Protective packaging for cosmetic bag shipment, 2021.



MaCher, Sydney, Australia

SUSTAINABILITY PROGRESS: ONSITE INITIATIVES

Onsite Recycling & Waste Management

Separate waste collections for:

- Curbside recycling
- Recyclable soft plastics
- Compostables
- Landfill

Supply Purchasing Policy

Preferred suppliers list for office supplies, all required to have published sustainability credentials.

Charity Donations

Textile based product samples & bags donated to local charities.

Measurement & Reporting of Office Utilities

Water- Yearly: 105.50kL | Av. Daily: 0.29kL

Energy- Yearly Emissions 12.05 t | Av. Daily: 40.96 kWh

Printing - Yearly 3,007 PCM

DOCUMENTED COMPANY POLICIES:

- Employee Volunteering
- Gender Pronoun
- Leave
- Supply purchasing
- Travel (includes carbon offset requirement for all air travel)
- Remote working
- Equal Opportunity
- IT and Equipment Usage
- Anti-Bribery and Corruption

In Progress:

- Whistleblower
- Escalation procedure



MOVING FORWARD: TARGETS & ONGOING INITIATIVES

1. Formalised strategy for the engagement of clients on packaging and product sustainability by end 2023.
 - Clear & accurate communication on website and social media
 - Include client /project specific sustainability recommendations on all brief submissions.
 - Provide ongoing client education on relevant pack claims and labeling, including ARL.
 - Apply clear on-pack messaging to assist appropriate end-of-life product / packaging disposal by consumer.
2. Identify problematic products and transition brand owners to sustainable alternatives. Provide client guidance on APCO Prep Tool.
3. Offer clients the option to carbon offset freight by end 2023.
4. Ongoing membership and involvement with key industry bodies – APCO, AIP, Ecovadis, Sedex, Cosmetics NZ.
5. Continue to work closely with factory partners to source and develop sustainable material alternatives.
6. Environmental assessment of Tier 1* suppliers by 2025. Document yearly performance on material recovery & recycling, water recycling & management, clean energy and energy efficiency.
7. Maximise paper material recovery through curbside recycling collections with removal of PP laminations from all non-reusable for packaging by end 2023.
8. Reduce % of products manufactured with landfill end-life from 10% of annual revenue in 2021 to less than 5% in 2023.
9. Achieve average 60% recycled content in paper products by 2025.
10. Remove problematic plastics (PVC & PS) from supply chain by end 2023.
11. Achieve av. 30% recycled content in remaining plastics by 2025.
12. Reduce flexible plastic from protective shipping packaging. Ensure all remaining soft plastic is made from recyclable, recycled content (target min.10% by 2025) LDPE(4), HDPE(2), PP(5).
13. Phase out all virgin polyester textiles and replace with recycled polyester (RPET) by end 2023.
14. Present organic & recycled content cottons to brand owners as an alternative to traditional cotton.

— LET'S MAKE SOMETHING —

AMAZING TOGETHER

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