



ethicalswag®

Impact Report

May 7, 2020

## About the Company



Ethical Swag was founded based on a perceived gap in the market of the promotional products industry in 2010. With industry sales \$24 billion annually, it seemed amazing that it was hard to find products that would be considered “sustainable”. Equally puzzling was the disconnect between what corporations were saying about sustainability and what they were doing as it related to their marketing/promotional products.

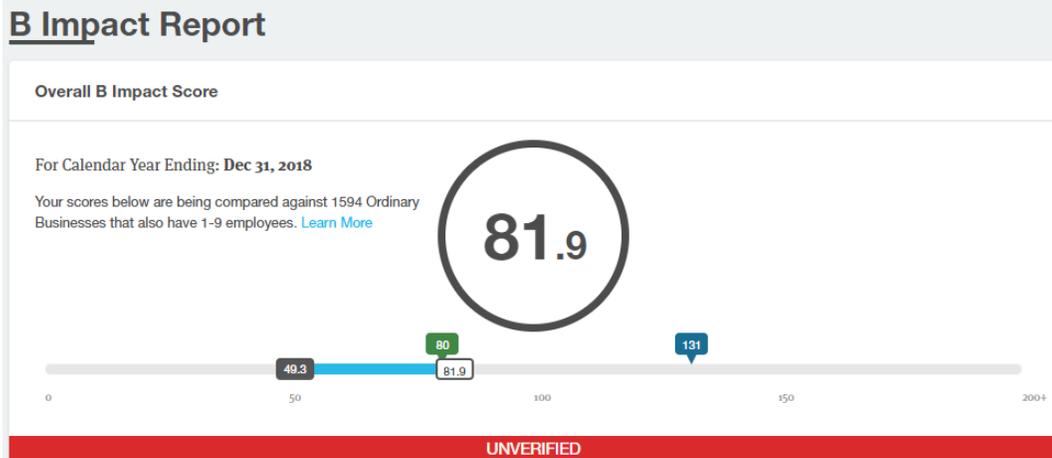
While Ethical Swag was incorporated in 2010, there was no research or focus on the business until the later part of 2017. That research uncovered a significant gap in the market for an on-line solution for branded “ethical” merchandise in North America.

Timing was good as well in 2017. A shift was happening globally toward sustainability. Never before have we seen such a perfect storm of predicaments: climate disruption, accelerating extinction of animals, plants, and eco systems, land degradation, ocean acidification, depletion of scarce resources, chemical pollution, all with the human population forecast to increase by another two billion, adding more strain [*“Reinventing Organizations” by Frederic Laloux*]. These elements were coming to the forefront of a wider market looking for solutions.

Founder and CEO, Tara Milburn, decided to go “all in” and develop Ethical Swag.

In 2017, it was decided to launch an e-commerce website to gauge customer demand and feedback before raising funds and doing a custom-built solution. In the world of fake news and bogus reviews, Ethical Swag wanted to lay a solid foundation for the business based on trust, authenticity and transparency versus fast growth.

## B Impact Report



## Highlights



Since launching in March 2018, Ethical Swag has experienced a doubling of sales, year over year with little to no advertising. We hear from clients on a weekly basis that they are “so happy to have found us”. We have had interest from various media outlets looking to highlight our products and services and our clients are true evangelists, helping us promote the company at every turn.

We have submitted our Impact Assessment to B Lab for Certified B Corporation status to provide a global standard of transparency and trust. Goal for certification May 2020 but could be delayed due to COVID-19.

## Governance



As we evolve, Ethical Swag is ensuring we set up the practices necessary for long term growth and sustainability. A significant component of that is to ensure we have the appropriate governance practices in place for employees, advisory board, corporate structure and supplier code of conduct.

In the past year, Ethical Swag has changed our articles of incorporation to reflect our focus on stakeholder interests. These changes include:

1. The Directors shall, acting fairly and responsibly, consider the short-term and the long-term interests of the corporation, including, but not limited to, the corporation's shareholders, employees, suppliers, creditors and consumers, as well as the government and the environment (the "Stakeholders"), and the community and society in which the corporation operates, to inform their decisions.
2. In discharging his or her duties, and in determining what is in the best interests of the corporation, each director may consider all of the Stakeholders (defined above) and shall not be required to regard the interests of any particular Stakeholder as determinative.
3. Nothing in this Article express or implied, is intended to create or shall create or grant any right in or for any person other than a shareholder or any cause of action by or for any person other than a shareholder.
4. Notwithstanding the foregoing, any Director is entitled to rely upon the definition of "best interests" as set forth above in enforcing his or her rights hereunder, and under province law and such reliance shall not, absent another breach, be construed as a breach of a Director's fiduciary duty of care, even in the context of a Change in Control Transaction where, as a result of weighing other Stakeholders' interests, a Director determines to accept an offer, between two competing offers, with a lower price per share.

### ***Advisory Board***

Ethical Swag has developed an Advisory Board to provide strategic advice on the management of the corporation. As we grow, it is our intention to seek expertise from outside the company from trusted and experienced individuals.

We are very excited about our first members and look forward to adding to this Board as the proper fit for requirements evolve.

***Our initial Advisory Board members include:***

1. **Paula Minnikin - Minnikin Resources Inc.** Paula's 30 year career in Governance, Technology, Strategic Assessment and Planning, Program and Project Management has benefitted organizations from tech startups to publicly traded international organizations. She knows how to strike the appropriate balance between avoiding risk and embracing opportunity through the appropriate use of people, process and technology. She currently serves on the boards of a Tech Incubator in Bermuda, a privately held company and a community organization.

Some of the companies she has worked for in the past include xwave, Bell Aliant, Jacques Whitford, Pictorius, Prograph, and she has served on the boards in the educational sector such NSCAD University, the public sector such as the NSLC, professional associations such as Digital Nova Scotia, Community organizations such as the German Heritage Language School.

An ardent supporter in the art, sailing, skiing, basketball and music communities, Paula volunteers with a number of organizations committed to supporting and growing Atlantic Canada.

2. **Michael Korenberg - Board Chair of University of British Columbia, GCT Global Containers, Director HSBC Bank of Canada and past Deputy Chair and Managing Director of Jim Pattison Group.** Michael is a Canadian business executive, lawyer, board member and board chair with 35+ years of corporate and board leadership, governance, M & A and legal experience within a range of sectors including retail, industrial, financial, higher education, entertainment, advertising, media, forest products, real estate and distribution/logistics/port services.

## **Workers**



Ethical Swag hired the first, full time permanent staff member in January 2019. In preparation for training and on-boarding staff, a robust document was developed that addresses all things “Ethical Swag” including onboarding, supplier compliance, supplier relations, corporate information, workflows and technology.

Ethical Swag has also implemented a training component to each job that includes a requirement for certification in the industry. PPAI, the Promotional Products Association International, has certification courses and it is now mandatory for employees to gain certification and ongoing training as part of their employment with Ethical Swag.

## **Community**



Our vision at Ethical Swag is to expand the supply chain for producers of sustainable products to reach corporations, governments, not-for-profits and educational institutions.

We are continuously expanding our suppliers to include products that would otherwise be difficult to source. We want to provide markets for producers that would otherwise find it difficult to expand into this industry.

In the last year, we have expanded our supply chain to include more Certified B Corp products, have source products from manufacturers who are investing in sustainable communities and have featured products with a dedicated section of our website called “Goods that do Good”.

On the local front, we made a small donation to Hope House, a live-in recovery home for women seeking healing from addictions in Cape Breton, Nova Scotia. We continue to work on our Storylines project, a project to raise funds for grassroots environmental organizations.

## Environment



Ethical Swag continues to make decisions corporately to support the environment. The following are a few key strategic areas of focus.

1. Providing workstations for home use with flexible work hours.
  - a. Providing this option allows for us to reduce greenhouse gas emissions with limited commutes, reduce fuel usage and contributes to less office waste.
2. Technology decisions are always focused on providing access from anywhere for all areas of the business.
  - a. Staff training documents developed on-line for remote access.
  - b. Production software is cloud based for remote access.
  - c. Document storage is entirely soft copies minimizing the use of paper.

## Customers



Ethical Swag is a trusted source for non-profit organizations, government, corporations and educational institutions looking to address purchasing with purpose. Our customers are evangelists, thanking us continuously for providing products they can trust. We have a growing list of first nations communities and organizations that are using business as a force for good. Together, we are making sure our impact is amplified in this industry.

## Goals



We are in very uncertain times today. We are newly into the COVID-19 pandemic with global response and economic impacts being felt daily. It is next to impossible to predict what our immediate future holds. While we don't know what normal will look like in the coming year, we do know that there will be a new normal. Ethical Swag is well positioned as we transition post-pandemic. A heightened awareness for a sustainable future, how we conduct business has changed in the short term and will likely have long term implications.

Ethical Swag is developing services to address this new normal and forging partnerships with other like-minded companies to collectively address the new and emerging needs in the market.

***Ethical Swag's goals include:***

1. Certified B Corp status by July 1, 2020.
2. Partnerships: Ethical Swag intends on partnering to enable efficient procurement and delivery of swag packs to virtual meetings/events and work-from-home new employees.
3. Our #1 goal is to be a company that continues to help, not hinder, progress in building better businesses and communities.

