



2022

**Sustainability
Report**

PREPARED BY





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A Message from our CEO



As Blue Sky takes its first steps toward more sustainable operations and production, we are proud to announce our first Sustainability Report, developed in collaboration with Emerger Strategies. This report documents our accomplishments in 2022 and outlines our goals for a more sustainable future.

In 2022, we assessed our sustainability performance, developed a sustainability strategy, measured our carbon footprint, and incorporated sustainability into our corporate governance. Our team has begun to expand our procurement of FSC®-Certified paper and have worked to reduce our usage of single-use plastic by 4 metric tons, simply by eliminating the use of individual polybags as packaging at Target and Walmart. If the test programs are successful, we hope to be able to remove the polybags at more retailers in the upcoming seasons.

We also set Science-Based Target initiatives (SBTi) greenhouse gas emissions reduction goals, and other sustainability-focused goals, such as using 100 percent chain of custody certified paper by RY 2025.

Sustainability is a priority for everyone at Blue Sky. Join us as we imagine new possibilities for our consumers, our partners, and ourselves.

Sincerely,
Warren Vidovich | CEO

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Who We Are

Once a small family business, we are now operating as a big family with over 70 dedicated employees who work to provide best-in-class service. We are a collaboration of creative minds, creating products of exceptional quality, right here in the heart of Orange County, California.

Giving back is in our company DNA. We believe in building community and supporting those who need it most. We team up with organizations like the Kids In Need Foundation, Wounded Warriors, Make-A-Wish, and Breastcancer.org – plus, we partner with reforestation efforts and promote sustainable forest management to do our part in encouraging corporate-social responsibility.

Blue Sky strives to live the words of our noble mission, “Plan to do more of what you love®.” We encourage our employees to interpret that mission for themselves, supporting their individuality, family, self-care and balance. Above all, we value people – our employees, our families, our community, and our customers. You make Blue Sky possible. Thank you.



The 17 Sustainable Development Goals



THE GLOBAL GOALS



We hope to leave the planet better than we found it, which is why we have aligned our business with the U.N. Sustainable Development Goals (SDGs). The U.N. SDGs are the blueprint to achieve a better and more sustainable future for all. Whether it's paying our employees a living wage, donating school supplies or measuring and reducing our carbon footprint, Blue Sky contributes to all 17 U.N. SDGs in some capacity through our corporate governance, ensuring that our employees are paid a living wage and at least 50% of our Sr. Management are women, and how we take responsibility for our environmental footprint. However, we also took the time to engage our employees on the SDGs that mattered the most to them, and which SDGs were most material to our business and going forward we will begin to align how our company operates and gives back help solve the world's biggest social and environmental problems.



Blue Sky's Priority SDGs

From the 17 UN SDGs, we have selected the following as the most material to our business, as well as shown how we contribute to each



GOOD HEALTH & WELLBEING

Ensure healthy lives and promote well-being for all at all ages.

Through our company governance, paying our employees a living wage our health and safety policies, and donations to Breastcancer.org and Wounded Warrior Project we contribute to good health & well-being.



RESPONSIBLE CONSUMPTION & PRODUCTION

Ensure sustainable consumption and production patterns.

By sourcing paper that is FSC and PEFC certified, as well as manufacturing products that are made from recycled content, and showing our customers how to recycle our products, we are continuously improving how we contribute to responsible consumption and production.



QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Through our company governance, employee wages and employment terms, and donations to Kids In Need Foundation, we contribute to quality education.



CLIMATE ACTION

Take urgent action to combat climate change and its impacts.

By measuring our Scope 1, 2 & 3 GHG emissions and setting Science-Based Targets for reducing those emissions, we are working to reduce our impact on climate change.



CLEAN WATER & SANITATION

Ensure availability and sustainable management of water and sanitation for all.

Through our company governance and our donations to One Tree Planted, we contribute to clean water and sanitation.



LIFE ON LAND

Protect, restore and promote sustainable use of terrestrial ecosystems.

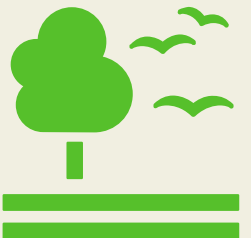
By sourcing paper that is FSC and PEFC certified, and our donations to One Tree Planted, we are continuously improving how we contribute to Life on Land.





2022 Environmental, Social & Governance Impacts

Blue Sky is committed to measuring and improving our sustainability performance, and we are proud of the progress we have made thus far. Sustainable businesses measure their environmental, social and economic bottom lines, also known as people, planet, profit, to mitigate risks, as well as ensure that future generations are able to meet their own needs. When we started our sustainability journey, we focused on our own operations, but as we continue to evolve, we will begin taking a deeper dive into our supply chain, products and packaging. The following pages will detail our governance as well as our environmental and social impacts in 2022.



2022 Environmental Impact

We know that every product that we make has an environmental impact, but we try our best to minimize our environmental footprint. That's why we have measured our carbon footprint, conducted a waste audit and have begun sourcing paper that is FSC® and PEFC certified, amongst other initiatives to improve our sustainability performance.

2022 Environmental Facts

Sustainability Facts

Environmental Impact

Carbon Footprint: 31,602.09 mtCO₂e

Scope 1 GHG Emissions: 23.72 mtCO₂e

Scope 2 GHG Emissions: 25.23 mtCO₂e

Scope 3 GHG Emissions: 31, 553.14 mtCO₂e

Office Energy Usage

Heating: 446.55 mmBtu

Purchased Electricity: 111, 558.3 kWh

Office Waste: 3,775.5 lbs

Waste Sent to Landfill: 1,981 lbs

Waste Recycled: 1,794 lbs

Waste Composted: 0 lbs

Waste Diversion Percentage: 48%

Office Water Use: n/a

Products

% of Products FSC or PEFC Certified: 23%

% of Products 100% Recyclable: 10%

Packaging

% of Packaging made from

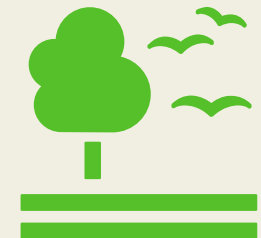
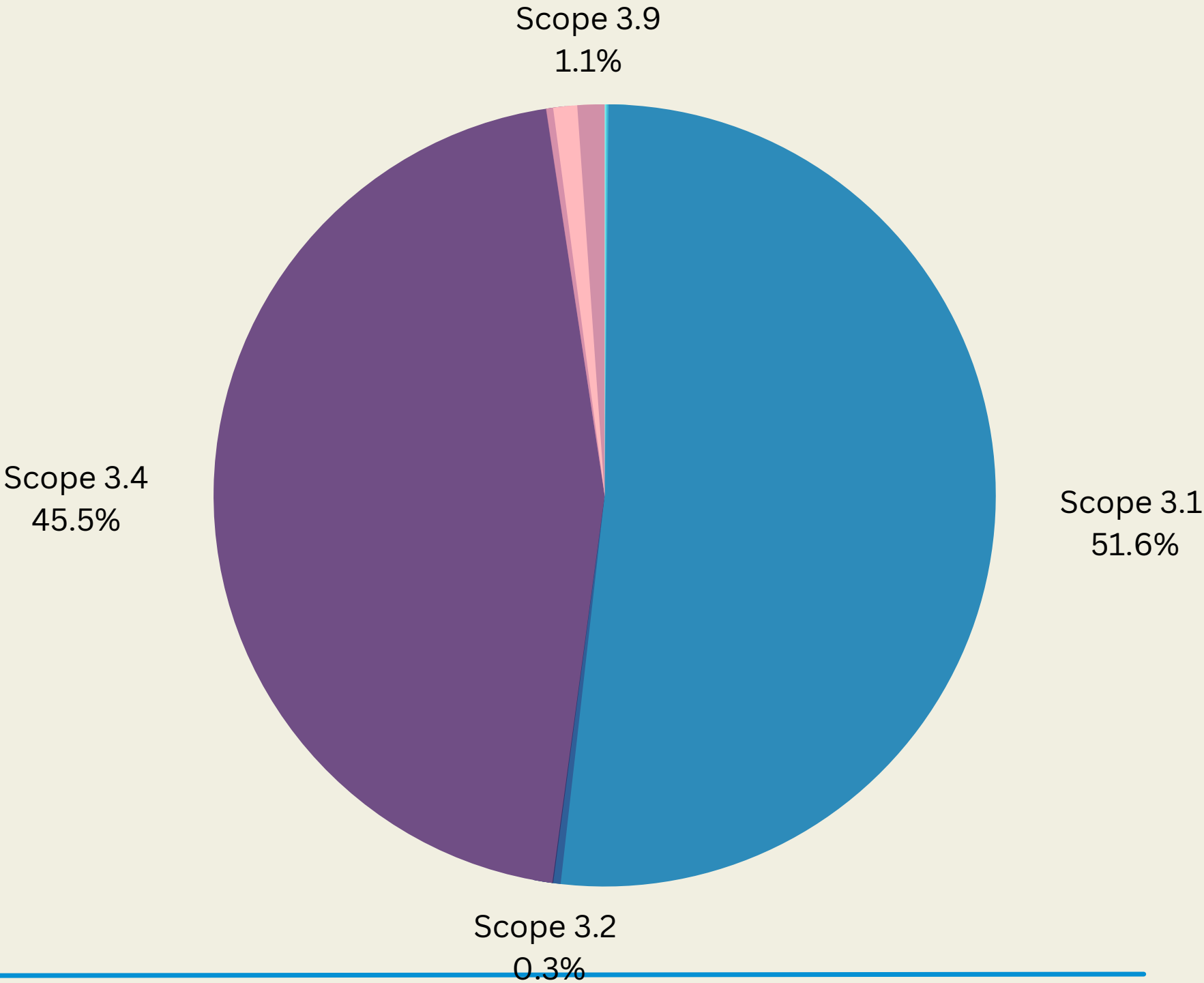
Recycled Materials: 22%

Blue Sky



2022 Carbon Footprint: 31,389.58 mtCO2e

We have taken a big step on our sustainability journey by estimating our Scope 1, 2 & 3 greenhouse gas emissions as well as set a reduction target percentage of 29.4% for our Scope 1 & 2 GHG emissions by 2027 in accordance with the Science-Based Targets Initiative. As we refine and improve the quality of our data collection, we anticipate there to be an increase in our carbon footprint, but will stay on target to achieve our reduction target through the purchase of Renewable Energy Certificates (RECs). To the right is our 2022 Carbon Footprint:



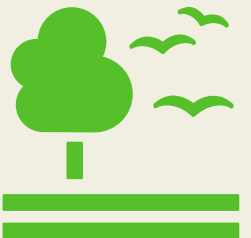
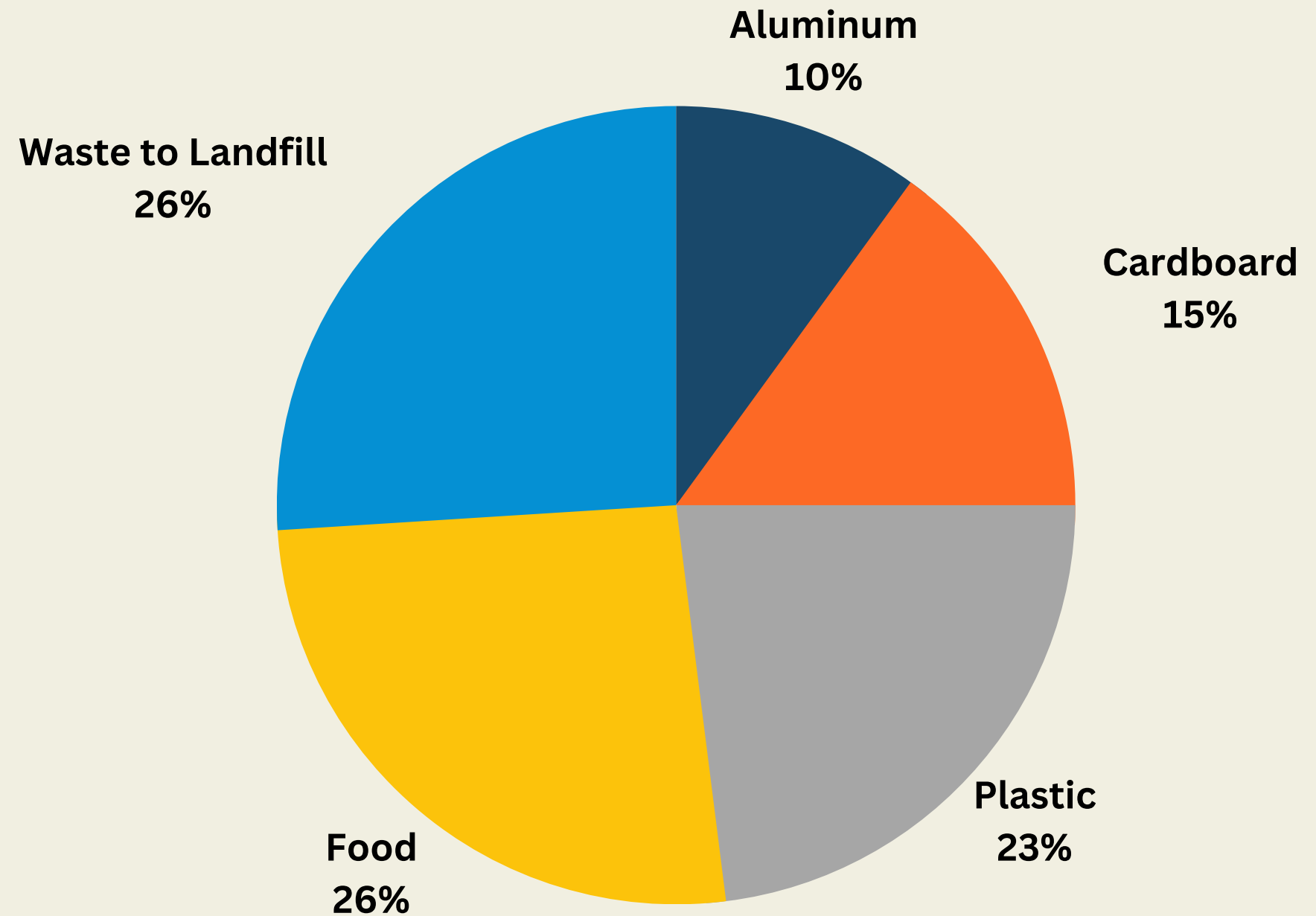
2022 Carbon Footprint Breakdown

- Scope 1 Stationary Combustion: *23.72 mtCO2e*
- Scope 2 Purchased Electricity: *25.23 mtCO2e*
- Scope 3.1 Purchased Goods & Services: *16,210.26 mtCO2e*
- Scope 3.2 Capital Goods: *95.96 mtCO2e*
- Scope 3.3 Fuel & Energy Related Activities: *11 mtCO2e*
- Scope 3.4 Inbound Shipments: *14,269.23 mtCO2e*
- Scope 3.5 Waste in Operations: *0*
- Scope 3.6 Business Travel: *3.84 mtCO2e*
- Scope 3.7 Employee Commute: *88.78 mtCO2e*
- Scope 3.8 Upstream Leased Assets: *310.21 mtCO2e*
- Scope 3.9 Downstream Transport: *351.35 mtCO2e*
- TOTAL Carbon Footprint: *31,389.58 mtCO2e*



2022 Waste Stream Breakdown

We conducted a waste audit from our office to determine the different waste streams to get a baseline, as well as see how we might be able to achieve Zero Waste operations. We collected the trash and recycling from our office for one week and we are currently diverting 48% of our waste from the landfill. The chart to the right shows our 2022 Waste Streams by percentage.



2022 Governance Impact

Sustainable organizations embed sustainability considerations in their governance and management systems. They ensure that ESG-related risks and opportunities are duly included in key systems and processes. Blue Sky has taken steps to ensure the governance of the organization is aligned with the metrics of a sustainable organization.

2022 Social & Governance Facts

Sustainability Facts

Social Impact

Employee Wages

% of Making a Living Wage: 100%

Employee Health & Safety

Number of Workplace Health & Safety Issues: 0

Giving Back

Donations to our Nonprofit Partners: \$152,000

Governance Impact

Equity-Seeking Populations

% in Senior Management: 50%

Risks & Opportunities

% of Strategic Planning that includes Sustainability Impact: 100%

Reporting Transparency

% of Public Reports that include Sustainability Performance: 100%

Blue Sky



2022 Social Impact

There are a variety of ways to measure social impact, but we measure and report on the fact that we pay our employees a living wage, ensure their health & safety, demonstrate how much we give back to nonprofit partners, such as: Kids in Need Foundation, One Tree Planted, National Urban League, Wounded Warrior Project, Innocence Project, Breastcancer.org and Make-A-Wish.

We are proud to pay our employees a living wage, which is more than just minimum wage, it is “a socially acceptable level of income that provides adequate coverage for basic necessities such as food, shelter, child services, and healthcare.” We are also proud to report that there were zero health & safety incidents in 2022.

By ensuring that our employees are paid a living wage and have a safe place to work and by supporting nonprofits working to solve the world’s greatest social challenges, we are proud to do our part to make a positive impact on people around the world.

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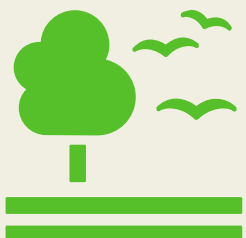
% in Senior Management: 50%

Risks & Opportunities

% of Strategic Planning that includes Sustainability Impact: 100%

Reporting Transparency

% of Public Reports that include Sustainability Performance: 100%



Sustainability Goals: Where We are Headed

As we look towards the future and our mid- to long-term sustainability goals, we will continue to **Donate** measure and improve our sustainability performance. We are not perfect, but we will continue to strive to protect what we love by using our business as a way to solve social and environmental problems. Here are our mid-term and long-term Sustainability Goals:



2025

- Achieve Zero Waste Operations
- 100% of Products made with FSC or PEFC Certified Paper
- Donate \$500K to Nonprofit Partners
- Volunteer 2,000 Hours

2027

- Reduce Scope 1 & 2 GHG Emissions 29.4%

2030

- 100% Responsible Sourcing
- 100% Responsible Packaging

2050

- Net-Zero GHG Emissions

Thank you

We look forward to continuing to measure the success of our business in large part by how much we can give back and by reducing our carbon footprint, while improving the livelihoods of the people who are making our products.

Thank you for your support as we work to protect what we love!

