



Chia Sisters

Impact
Report 2021

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| <p>2013 CHIA launches as a healthy beverage to fuel friends and family in Nelson.</p> | <p>2014 Chia Sisters brings on board its first full-time employee.</p> | <p>2014 CHIA wins the Health Category at the New Zealand Food Awards.</p> |  |
| <p>2016 Chia Sisters launches its sparkling coconut water range.</p> | <p>2017 Chia Sisters becomes Nelson's first Living Wage Employer.</p> | <p>2018 Solar panels are installed to make Chia Sisters New Zealand's first solar-powered juicery.</p> | <p>2018 Bottled by the Sun juice range is launched to celebrate a shift to solar power.</p> |
| <p>2019 Chia Sisters is named on Forbes 30 Under 30 list for forging a sustainability path for the beverage industry.</p> | <p>2019 Bottled by the Sun wins Best Drink in New Zealand at the Outstanding Food Producer Awards.</p> | <p>2019 Chloe and Florence are named New Zealand Women of Influence for game-changing the beverage industry.</p> | <p>2019 Chia Sisters gains Zero Carbon and Climate Positive status.</p> |
| <p>2019 Chia Sisters launches Businesses for Climate Action.</p> |  | <p>2019 Florence and Chloe named New Zealand Kiwibank local heroes for their work as climate champions.</p> | <p>2019 Hemp Protein Superfood Smoothie launches.</p> |
| <p>2019 Chia Sisters become FWD certified which recognises them as a social enterprise.</p> | <p>2019 Chia Sisters wins NZ Sustainable Business Network Transforming Food Systems Award.</p> | <p>2020 Businesses for Climate Action receives support and funding from Nelson City Council.</p> | <p>2020 Chia Sisters launches kegs as a packaging-free solution to beverages.</p> |
| <p>2020 In response to Covid-19 and a greater focus on e-Commerce Chia Sisters launches Immunity Hot Tonic and Mum's Muesli.</p> |  | <p>2020 Chia Sisters launches 750ml recycled glass bottles for their smoothies and juices to decrease packaging waste.</p> | <p>2020 For the second year, Chia Sisters measures, reduces and offsets carbon emissions by 120%.</p> |

Business timeline

Chia Sisters Impact Report 2021



Chia Sisters' core values are sustainability, nutrition and innovation. Making decisions that positively affect the well-being of people and the environment is in our DNA. It is well documented and widely accepted that it is people who are causing changes to the conditions of our planet and the natural environment. At a time when the imbalance of wealth in the world has reached alarming proportions, humans are on trend to use the equivalent of two planets' worth of resources by 2030.

Most companies are operating without including or considering the damage caused to the environment and people in their balance sheets. This has led to rising inequality and environmental destruction.¹ Doing business sustainably is a Chia Sisters core value. We are only one small player, but we want to lead by example in this space. By putting sustainability at the core of our business we are having a positive impact on the environment and the community in which we operate. Some of our proudest achievements are:

Achieving Zero Carbon and Climate Positive business operations status.

This means the overall activity of Chia Sisters business operations reduces carbon in the atmosphere. Emissions are offset by planting and maintaining native trees in the local Rameka forest, which is regenerating farmland.

Encouraging others to join us on the Zero Carbon journey.

We lead workshops and have talked to over 1000 businesses to assist them in starting their Zero Carbon process. We have an open invitation to share our story and processes with any business interested in reducing their carbon emissions.

Becoming New Zealand's first solar-powered juicery.

Our solar panels can harness up to 16,000 watts of energy per hour. Our juicery uses 8,000 watts of energy while running at full capacity. We are still connected to the grid, so when the sun is out we send the extra energy back for others to use. At night time or on rainy days we draw back energy as we need.

Producing high-nutrition products with no added sugar and no artificial ingredients.

For this we have won the Health Category at the New Zealand Food Awards and 'Best Drink in New Zealand' at the Outstanding Food Producer Awards.

Becoming Nelson's first Living Wage accredited employer.

The Living Wage is 20 per cent above the minimum wage and the amount needed to be an active citizen in society.

Sustainability goals

The beverage industry – a snapshot

The beverage industry accounts for the disposal of more single-use plastic than any other product type (food or otherwise) in both the developing and developed world. Statistics in 2017 reported over one million plastic bottles a minute. ²

The World Health Organisation (WHO) has named sugar-laden soft drinks as a key cause for rising diabetes, obesity and tooth decay, among other diseases. ³

Two corporations have a global stronghold on the market, they own hundreds of beverage brands and restrict competitors from getting ahead through exclusivity contracts attached to almost every major food outlet worldwide. ⁴

Globally

- One million bottled beverages are consumed worldwide every minute.
- Between 5 and 13 million tonnes of plastic leaks into the world's oceans each year to be ingested by sea birds, fish and other organisms.
- By 2050, the ocean will contain more plastic by weight than fish.
- Coca-Cola produces over 100 billion disposable plastic bottles every year; that's 3400 a second.

- The average amount of sugar in a soft drink is six teaspoons; most 'energy' drinks have more sugar than the recommended daily intake.
- WHO has recognised the consumption of sugar-sweetened beverages as a contributing factor to the rising levels of childhood obesity in most countries.
- PepsiCo, Coca-Cola and their subsidiaries have 68.9 percent of the market share, globally. This is tied up in exclusivity contracts, which blocks others from entering the market. ⁵

New Zealand

- New Zealand spends \$700 million on soft drinks, water and juices annually.
- Fifty-two per cent of drinks purchased contain added sugar.
- Each year 252,000 tonnes of plastic waste is disposed of into New Zealand landfills.
- Coca-Cola, PepsiCo and Asahi own exclusive contracts with almost all major food outlets, including in universities, hospitals and schools.
- Soft drinks are a key cause of tooth decay and obesity in New Zealand.
- More than 96,000 New Zealand children had their teeth extracted in 2018, and over

7500 required dental treatment under general anaesthetic.

- Removing children's teeth costs New Zealand \$30 million per year.
- New Zealand has the third highest rate of obesity in the world, topped only by USA and Mexico. ⁶

We understand that Chia Sisters' sustainability goals cannot stand alone. They are interwoven and connected to other businesses, organisations and individuals locally, nationally and globally. Our impact is minimal unless we can impact others. For this reason, we have aligned our goals with the United Nations Sustainable Development Goals (SDGs), keeping them front of mind in all our business decisions. Specifically, being in the food and beverage industry, and our location being Nelson, New Zealand, we choose to focus on these five core areas:



Imagery: United Nations



SDG 13 Climate Action

New Zealand Prime Minister Jacinda Ardern has named climate change the most challenging issue of our time.

The Intergovernmental Panel on Climate Change Report released in October 2018, reinforced what we know already: "Unprecedented changes are needed to stave off dire impacts if the world warms 1.5°C beyond the pre-industrial period." ⁷

Earth's atmosphere has more carbon in it than at any point in time over three million years. It has increased from up to 290 parts of carbon per million to 407 parts of carbon per million.

The amount of carbon in the atmosphere is directly correlated with the average temperature, which is why we are living through a climate change crisis. ⁸

In January 2019, Nelson Mayor Rachel Reese declared a Climate Emergency.

In July 2019 Chia Sisters became an accredited Ekos Zero Carbon and Climate Positive company. This means the overall activity of Chia Sisters reduces carbon in the atmosphere.

We follow a four-step process to make this happen:

1. We measure our emissions, with the help of Ekos, a local social enterprise that measures carbon emissions and develops innovative approaches to financing a sustainable future.
2. After measuring our carbon emissions we recorded 56 tonne of CO² or CO² equivalent emissions were emitted in the past financial year including radiative forcing. We found the areas that we could have the most impact in reduction and implemented the following:

- Minimising waste
- Harnessing renewable energy through the installation of 32 solar panels and insulation.
- Using an electric vehicle
- Transferring air freight to sea freight

3. After reducing, we offset the remaining emissions by 120%, 67.2 tonne of CO2 by contributing to native and sustainable planting in the Rameka Forest, a Certified Carbon Emissions Trading Scheme Carbon Sink. Included in this is the ongoing upkeep and maintenance of this section of the forest.

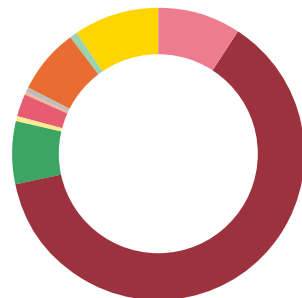
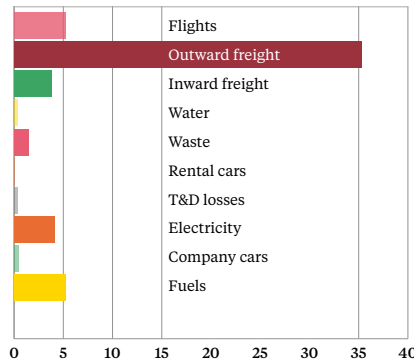
4. We incorporate this into our financial balance sheet: going forward, for every dollar we spend, we understand its true environmental cost including the impact on our carbon footprint. We believe that all businesses should pay for the negative impacts they are having on the environment.

We encourage others, particularly the businesses that are the biggest contributors of carbon emissions, to join us on the path towards Zero Carbon. We have facilitated workshops in conjunction with Bank of New Zealand, New Zealand Trade & Enterprise and the Nelson Chamber of Commerce, and currently, we have assisted over 50 businesses to become Zero Carbon certified.

We are working with a team to fulfill two goals. The short-term goal is to have 1000 businesses in Te Taihupo region measuring and reducing carbon emissions by 2021. The long-term goal is a Zero Carbon Te Taihupo by 2030. You can learn more about this project at businessesforclimateaction.co.nz

| Activity | tCO2e | % of total emissions |
|------------------|--------------|----------------------|
| Stationary fuels | 5.21 | 9% |
| Company vehicles | 0.47 | 1% |
| Electricity | 4.15 | 7% |
| T&D losses | 0.31 | 1% |
| Rental cars | 0.10 | 0% |
| Waste | 1.43 | 3% |
| Water | 0.38 | 1% |
| Accommodation | 0.02 | 0% |
| Inwards freight | 3.82 | 7% |
| Outwards freight | 35.32 | 63% |
| Flights | 5.15 | 9% |
| Total | 56.38 | 100% |

Chia Sisters' footprint in tCO2e as calculated by Ekos Ltd, for the financial year beginning 1 April 2019.



SDG 7 Affordable and Clean Energy

In 2018, we lined our factory roof with 32 solar panels to become New Zealand's first solar-powered juicery. The solar panels can harness up to 16,000 watts of energy from the sun each hour. Our factory uses 8000 watts when it is at full capacity, so we can send what we do not use back to the grid. At night and on a rainy day we can draw from the grid. In 2020 we switched to Meridian, a renewable energy provider. Any additional energy we use, including that from Meridian we offset the carbon emissions of by 120%

While most energy in New Zealand is sourced from hydro, coal plants are still being used to make electricity in New Zealand. Air pollution from coal-fired power plants includes sulfur dioxide, nitrogen oxides, carbon and heavy metals. This can lead to smog, acid rain, toxins in the environment, climate change and numerous respiratory, cardiovascular and cerebrovascular effects.

The outcome of using solar is significant. It has been named, alongside wind power, as the best future source of energy to solve climate change. The sun provides clean, virtually free energy, at a price that never changes. Climate science expert Paul Hawken has noted that "any scenario for reversing global warming includes a massive

ramp-up of solar power by mid-century. It simply makes sense." 9

University of Oxford researchers have calculated that solar could meet 20 percent of global energy needs by 2027.

We are proud to be leading the way in Nelson to show this is a viable option.

SDG 12 Responsible Consumption and Production

When we launched in 2013, we made the decision to bottle in glass. Glass is infinitely recyclable.

By 2025, our goal is to have 50 per cent of all our sales come from kegs, on tap, into refillable vessels. This is a work in progress. Our first kegs of fresh-pressed juice and sparkling coconut water were sold in July 2019. The shift has been slower than we expected, as it requires our customers to have the space and equipment to serve kegged products. Despite this, we are committed to helping our customers in cafes, hospitals and grocery stores make this transition by contributing to the costs of installing infrastructure such as fridges and taps, in order to make waste-free products an option. The outcome of this will be a circular beverage economy. In 2020 we launched larger bottles for a number of our smoothies and juices to further minimise our waste footprint.





Chloe and Florence Van Dyke, launching the Bottled by the Sun juice range to celebrate the company's shift to solar power. The juice went on to win Best Drink in New Zealand for 2019. (Photo: Stuff)

Bottled by the Sun

To celebrate our shift to solar, we created a fresh-pressed juice range called 'Bottled by the Sun'. Bottled by the Sun won Best Drink in New Zealand for 2019 and later that year Chia

Sisters won the Sustainable Business Network Transforming Food Award for transforming food systems to create a positive impact on people and the environment.

SDG 8 Decent Work and Economic Growth

Our team is our most important asset. One way we value them is by paying each employee above Living Wage. This is the amount needed to provide workers and their families with basic necessities and to live and participate as active citizens in society. We decided to become accredited with Living Wage Aotearoa, an organisation that tackles poverty and inequality.

We believe that our team is our most important asset. Paying them well means that they have more money to spend on creating a quality lifestyle. We know that the majority of this excess is spent in Nelson, helping our community to thrive. It also means our team have less financial stress and feel more committed as valued members of the Chia Sisters company.

SDG 3 Good Health and Well-being

We are proud to produce New Zealand's most nutritious beverages. We believe health is about more than what is not in a product. All Chia Sisters beverages are rich in nutrition. Our current range consists of:

CHIA beverages, rich in protein, calcium, natural electrolytes, selenium, antioxidants, magnesium, omega 3, 6 and 9, fibre.

Hemp smoothies, rich in protein, calcium, manganese, omega 3, 6 and 9.

Sparkling coconut water, rich in natural electrolytes, magnesium and potassium.

Bottled by the Sun fresh-pressed fruit, rich in vitamin C.

Hot Tonic made with immunity-boosting local Mānuka honey, Kerikeri lemon, ginger and turmeric.

Smoothie made with fresh fruit, rich in vitamin C.

Chia Sisters' beverages have no added sugar and no artificial colours, flavours or preservatives. All are made entirely from plants. In a sector where an 'energy' drink has, on average, six teaspoons of refined sugar,¹⁰ we are proud to be one of the exceptions in contributing to a healthier planet.



CHIA range



Sparkling range



Bottled by the Sun range



Smoothie range



Hemp protein smoothie range

Hot Tonic



Concluding Remarks

People are having a negative impact on the natural environment, and most of this is caused by the actions of businesses. We firmly believe it is possible for businesses to act ethically while still being profitable.

Although we are trying hard to make a difference, we also acknowledge that Chia Sisters has work to do. Given our commitments to sustainability we feel it is important to hold ourselves accountable. Transparency plays an important role in this. We recognise that it is near impossible to run a perfect business. We need to be continuously analysing our values, systems and processes in all areas, to set standards for future improvement.

Our goal is to have a waste-free company by 2025. This is an area that will require shifts in our outlook and policies over the coming months. We also know that this report is not complete, but we believe we are doing the best job we can with the resources at hand.

Please be in touch if you would like to piggy-back off our ideas, give feedback or are interested in our commitments to sustainability: hello@chia.co.nz.

Most importantly, we acknowledge that Chia Sisters is one small player in an interconnected world. Our true impact will come by sharing our stories and lessons with others, inspiring them to follow suit, and by us being inspired by others working on their impact on the planet.

To make the planet a better place, we need to work collectively.

Florence Van Dyke

CEO and Co-owner of Chia Sisters

Endnotes

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A Certified Carbon Emissions Trading Scheme Carbon Sink. Image: Ekos Ltd.