

Sustainability Toolkit

For the Benefit of the Sportfishing Industry and Future Generations

Prepared by Emerger Strategies



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Sustainability encompasses various concepts aimed at promoting long-term environmental, social, and economic well-being. The principles of sustainability include, but are not limited to:

- There are limits to the expansion of human development on the carrying capacity of the natural environment, which must be accounted for in planning and decision-making.
- The environment and the ways we interact with it are interconnected and interdependent, often in ways that are hard to detect.
- Sustainability requires balancing economic, social, and environmental priorities. Economic growth alone should not be the exclusive justification for development.

Sustainability provides a pathway to positively impact operations, products, and packaging. For example, conducting an <u>EPA Energy Star Audit</u> may reveal opportunities to lower costs and reduce emissions. Incorporating more biodegradable or sustainable materials, such as <u>recycled plastics</u>, <u>bamboo</u>, or <u>natural dyes</u>, into products could collectively lessen the environmental footprint while also reducing excess waste. Using recyclable or biodegradable packaging could limit the amount of plastic entering our waterways and reduce shipping costs.

The Business Case for Sustainability

What is Sustainable Business? Businesses are increasingly being asked by regulators, customers and investors to measure social and environmental impact, in addition to profits, to combat threats to the environment. Coined in 1994 by John Elkington, an author and sustainability expert, this is known as the <u>triple bottom line</u>, or *People, Planet, Profit*. The triple bottom line illustrates that a sustainable business not only looks to ensure financial health but also positive social and environmental impacts, as well.

What are the main drivers of Sustainability? Companies in every industry are increasingly feeling pressure to demonstrate their commitment to sustainability. Studies have shown that people want to work for companies and support brands that align with their values. According to the Harvard Business Review, embracing and building a culture around sustainability can prove beneficial in the following categories:

- <u>Risk Mitigation</u>: By implementing sustainable business practices, the sportfishing industry can reduce collective greenhouse gas emissions, strengthen the resilience of fisheries to climate-related disasters, and improve credibility as the leader in habitat conservation and resource protection.
- Employees: In a recent survey by Qualtrics, more than half of U.S. employees 54% said they would be willing to take a pay cut to work at a company that shares their values. 56% said they would not even consider a job at a company that has values they disagree with.



- <u>Customers</u>: According to a 2021 World Economic Forum report, <u>more than half of U.S.</u> consumers support brands that align with their values and make purchasing choices based on the brand's environmental impact.
- <u>Retailers: Walmart, Target, REI</u>, and other major retailers are now requiring their suppliers to calculate and report their carbon footprint, set <u>Science-Based Targets</u>, and disclose other sustainability-related practices.
- Regulators: Companies face increased regulatory pressure to disclose climate-related information. In the United States, California's Climate Corporate Data Accountability Act (SB 253) mandates that U.S. and multinational corporations operating in California, with revenues exceeding \$1 billion, must annually report their comprehensive greenhouse gas (GHG) emissions to a third-party emissions reporting organization contracted by the California Air Resources Board (CARB). Additionally, under the Climate-Related Risk Disclosure Act (SB 261), U.S. and multinational companies conducting business in California, with revenues of at least \$500 million, are obligated to biennially formulate and publish a climate-related financial risk report by January 1, 2026. The SEC recently passed a regulation that will begin requiring publicly traded companies to disclose climate-related risks and provide accounting for their greenhouse gas emissions (carbon footprint).
- Access to Capital: Investors are increasingly considering environmental, social, and governance (ESG) factors when making investment decisions. Companies with strong sustainability performance may have better access to capital, as investors seek to align their portfolios with their values and long-term sustainability goals.

Case Study: AFTCO

Conservation has been a core value of the American Fishing Tackle Company (AFTCO) for decades. AFTCO's sustainability policy dictates that durability and long-lasting products are their top priority and will never be substituted. Through its quality-driven product philosophy and conservation ethic, AFTCO has demonstrated its business case for sustainability by attracting and retaining talent and mitigating legal risks.

In 2023, AFTCO sent 61,600 pounds of cardboard and soft plastic from in-house operations to specialized facilities with advanced technology in recycling hard-to-recycle plastics, thereby diverting those materials from landfills.

This large volume of recyclable materials enabled AFTCO to purchase an industrial baler for cardboard & plastics and the baled materials are sold, which offsets the cost of the baler. Although the cost savings evaluation is still ongoing, their decision was primarily driven by an interest in offsetting the environmental costs of landfill waste generated by their production process. This sustainability initiative gives each employee – from the warehouse to the front office – a direct connection to AFTCO's conservation efforts, and further reinforces the impact that each person can make.

One of the top reasons cited for why folks work at AFTCO is the opportunity to contribute to fishing and resource conservation. During the "Great Resignation," with



nationwide employee turnover at all-time highs, AFTCO's retention rate averaged 93.4% from 2021 to 2023. AFTCO credits one reason for that success to each employee's belief that their work is making an impact. By creating a culture around conservation and sustainability, AFTCO is making a positive impact on the environment and its bottom line with more engaged, tenured employees.

In 2021, AFTCO's biggest retailers actively sought to offer more sustainable products to their consumers. AFTCO responded by providing products made with recycled fabrics and has since doubled its offerings in this category. Today, 65% of polyester sportswear styles offered by AFTCO utilize fabric made with recycled polyester, and they continue to expand that assortment into a fiber sourced from ocean-bound plastic bottles offered by the supplier <u>REPREVE</u>.

In developing its sustainability plan, AFTCO designated an internal team with experience in the field, with their in-house Sustainability Coordinator leading the way. Additionally, engaging with expert consultants is necessary in the process. Casey Shedd expressed high praise for the company they worked with, stating, "Lia Colabello at Planet + Purpose Solutions was a big help to us as we built our sustainability plan. Our final recommendation is to set broad, long-term goals. To do it right, you will need to make changes that impact multiple teams, and having a clear list of priorities will help with that."

AFTCO also learned some lessons along its journey to becoming more sustainable. The first is to start small and to realize that sustainability is not an all-or-nothing process. Every little bit helps, and the reality is that there is no perfect solution. Second, it is essential to message your impact appropriately and not exaggerate claims. It is especially important to bring in outside expertise to help navigate the language.

Case Study: Z-Man Fishing Products

Z-Man has a thirty-year history of manufacturing non-toxic fishing lures, so sustainability was already a part of their DNA. However, the company decided to further pursue improvements to its sustainability efforts. Z-Man Fishing worked with Emerger Strategies to complete a sustainability assessment, where they created baselines of Z-Man's energy, waste, and water usage, as well as their carbon footprint. They also created a Strategic Sustainability Plan that included sustainability goals around reducing Z-Man's waste and carbon footprint.

Through this process, it was discovered that Z-Man Fishing's headquarters was an excellent candidate <u>for solar power</u>, which would help them conserve energy, reduce their carbon footprint, enhance community impact with cleaner air, and reduce their operational costs. In 2021, Z-Man installed solar panels at their manufacturing plant and saved more than \$80,000 annually on their energy bill all while reducing their greenhouse gas emissions. Daniel Nussbaum, CEO of Z-Man, said, "Rather than paying big energy bills during the summer, we are selling electricity back to the power company. It is a



pretty exciting development that is exceeded our initial hopes and started us well down a path toward minimizing our carbon footprint."

For AFTCO and Z-Man, sustainability is a winning strategy, and their success can be translated across the industry.

Tax Incentives for Sustainability: The federal government and many states offer tax incentives and credits to lower upfront costs and lessen barriers to entry for sustainability initiatives. Here are a few examples:

- <u>Database of State Incentives for Renewables & Efficiency (DSIRE)</u>: DSIRE is the most comprehensive source of information on incentives and policies that support renewables and energy efficiency in the United States.
- Inflation Reduction Act for Small Businesses: With the IRA, businesses can benefit from savings on installing solar panels and other energy efficient projects. Overall, there is a potential for ~70% tax savings in various amounts and ways by utilizing clean energy.
- Commercial clean vehicle credit: a tax credit of up to \$7,500 per electric motor vehicle with a maximum total tax credit of \$40,000. This tax credit can be used to offset the cost of purchasing or leasing an electric vehicle.
- Energy-efficient commercial buildings tax deduction: Businesses and building owners may be eligible to receive a tax deduction of up to \$1.88 per square foot towards the cost of making energy-efficient improvements to their buildings. This includes energy-efficient upgrades to HVAC systems, lighting fixtures, water systems, walls, windows, and roofing.
- <u>Energy Star</u>: Building owners who install new equipment aimed at improving the energy efficiency of their properties may be able to claim a tax deduction to offset some of the costs of the equipment.



Sustainability Assessment and Reporting

Measuring Impact: The first step on a company's sustainability journey is to measure your current performance by completing a Sustainability Assessment (SA). These are meant to guide companies that are not sure which inputs to measure regarding social and environmental impact. The SA gives your company a baseline score, after which members can set goals, deadlines and build out action plans.

The Emerger Strategies Basic Sustainability Assessment Tool (BSAT) was developed by sustainability pioneer <u>Bob Willard / Sustainability Advantage</u>, and is a generic SA tool that can be used by any size company, in any sector, or any country. It uses less than 20 multiple-choice questions to score the organization's sustainability performance. It also suggests over two dozen actions that improve performance on GHG emissions reduction and cost savings opportunities, the urgent issues that most stakeholders prioritize. Emerger Strategies' clients who have completed the BSAT initially score 37% on average with the goal being to reach 100%. To become a certified B-Corp, companies must achieve a score of 80% or more.

Complete the Emerger Strategies Basic Sustainability Assessment Tool

Example of completed Sustainability Assessment

Core ESG Issues	% Progress Scores	Meaning of % Progress Scores	
Energy	13%	<100%: How far the organization is on its journey toward not causing any harm on that issue.	
Water	0%	100%: The organization is breaking even on that issue – it's not causing	
Waste	0%	any harm. >100%: The organization is being restorative / regenerative / net	
Encroachment	100%	positive, directly or indirectly, overall.	
Non-GHG emissions	0%		
GHG emissions	0%	Graphical Representations	
Procurement	0%	The bar charts above illustrate the kind of graphical representations that make presentations / reports more effective and facilitate prioritizing sustainability	
Employee wages	63%	issues for improvement. The bar charts are generated in real time, based on the scores in the adjacent table.	
Employee health	37%	Users are encouraged to transcribe the scores into their own separate Excel	
Employment terms	36%	worksheet, or into a different preferred graphics software package, to generate	
Diversity & Inclusion	0%	other kinds of charts (e.g. column, radar, or pie charts), dashboards, and / or line charts that show trends in their organization's performance on high-focus issues compared to previous years, if that information is available.	
Community	3%		
Governance	0%		
Average Performance	19%		
+ Positive Impacts bonus	0%		
Overall Score	19%	Note: If desired, this score could be factored by the presence or absence of checks on th Organization Profile page beside company officer sign-off and third-party verification.	



Companies who want to quickly see if they meet minimum sustainability requirements are encouraged to complete the Emerger Strategies BSAT. Companies who have already begun their sustainability journey are encouraged to consider one of the following SA's:

B Corp B Impact Assessment (BIA): "The B Impact Assessment is a digital tool that can help measure, manage, and improve positive impact performance for environment, communities, customers, suppliers, employees, and shareholders; receiving a minimum verified score of 80 points on the assessment is also the first step towards B Corp Certification."

Future Fit Business Model: "Systems science tells us how our economy must be transformed if we are to meet everyone's needs and live in harmony with nature. We have translated that science into principles, goals, indicators, and guides to help any business play its part in getting us there."

Reporting Impact: Following the completion of your SA and goal setting you will want to report your findings to shareholders, staff, the public, and if necessary, regulators. Your company's Sustainability Report describes your company's success against the goals, deadlines and action plan decided following your initial assessment. Reporting should occur at least once a year.

A sustainability report typically includes the following:

• Organizational Profile:

- o Information about the organization's structure, size, industry, locations, and products/services.
- Details about the organization's mission, vision, and values related to sustainability.

• Introduction and Overview:

- o Company mission, vision, values, operations, products and how sustainability is structured in the organization.
- A brief introduction to the organization's sustainability goals and commitments.
- o An overview of the reporting period and the scope of the report.

• Materiality Assessment (Risks & Opportunities):

- o Identification of key sustainability issues that are most significant to the organization and its stakeholders.
- Explanation of how these issues were identified and prioritized. Companies
 can use the <u>sustainability SWOT Tool</u> to help identify sustainability risks
 and opportunities.

• Environmental Performance:

- O Data on energy consumption, greenhouse gas emissions, water usage, waste generation, and other relevant environmental impacts.
- o Progress towards environmental targets and goals.
- Efforts to reduce environmental impact, such as energy efficiency measures or waste reduction initiatives.



• Social Performance:

- o Information on labor practices, including employee diversity, wages, benefits, and training opportunities.
- Health and safety performance, including any incidents or near-misses and actions taken to improve safety.
- Community engagement activities and contributions, such as charitable donations or volunteering.

• Economic Performance:

- o Financial performance related to sustainability initiatives.
- o Investments in sustainable technologies or practices.
- Economic contributions to local communities and supply chain partners. It should be noted that disclosing financial information is optional for privately held companies, but most elect to share how much they donated to nonprofits.

• Supply Chain Management:

- o Assessment of suppliers' sustainability performance.
- Efforts to promote ethical sourcing, fair labor practices, and supply chain transparency.

• Stakeholder Engagement:

- Description of how the organization engages with stakeholders on sustainability issues.
- o Feedback received from stakeholders and actions taken in response.

• Governance and Ethics:

- Overview of the organization's governance structure and processes related to sustainability.
- o Policies and procedures in place to ensure ethical behavior and compliance with regulations.

• Future Goals and Targets:

- o Long-term sustainability goals and targets.
- Strategies for achieving these goals and addressing emerging sustainability challenges.

• Assurance and Verification:

o Information about any independent assurance or verification processes used to validate the data and information in the report.

• Appendices and Supplementary Information:

o Additional data, charts, and case studies to provide further context and detail.

Here's a link to <u>Yamaha's 2023 Sustainability Report</u>. There are multiple sustainability reporting frameworks that companies use, such as the <u>Corporate Sustainability Reporting Directive</u> (<u>CSRD</u>), <u>IFRS Sustainability Disclosure Standards</u>, and <u>GRI (Global Reporting Initiative</u>), the last being the most commonly used by U.S. companies.



Take Action: Emerger Strategies' Sustainable Business Guide

Emerger Strategies has also created a Sustainable Business Guide for ASA Members to get started on their sustainability journey. Once a company has received a Sustainability Assessment score, it can use the guide below to immediately improve sustainability performance.

	Sustainable Business Guide						
Sustainable Business Activities	Action Items	Examples					
Sustainability Assessment (SA)	•Complete an SA that works for your business to create baselines	• BSAT, BIA Impact, Future Fit Business Model					
Stakeholder Engagement	 Identify key stakeholders Identify what is material to your stakeholders Build collaborative partnerships 	 Climate Change, Water Use, Waste Management, Labor Practices, Community Engagement 					
Sustainability Goals	•Align sustainability goals with business objectives •SMART (Specific, Measurable, Achievable, Relevant, Time-bound) goal setting	 Zero Waste Operations by 2027. Reduce emissions by 50% by 2030. Net-Zero Emissions by 2050. 					
Carbon Footprint	• <u>Calculate your Greenhouse Gas</u> <u>Emissions</u> •Measure Scope <u>1, 2 & 3 emissions</u> •Reduce carbon footprint	 Use electric vehicles for distribution. Use renewable energy to power your operations. Purchase materials from vendors who have certified sustainable business processes. 					
Energy Efficiency & Renewable Energy	 Conduct energy audit(s) Implement energy-efficient technologies. Invest in renewable energy technologies 	• Install Energy-Star appliances, LED lighting, building envelope insulation, smart thermostats, solar, wind or geothermal energy.					



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Waste Management	•Minimize resource consumption •Reduce waste generation through recycling, composting, & reuse •Implement lean manufacturing principles	 Implement recycling operations, Find buyers for your waste,
Water Conservation	 •Manage water risks and impacts •Conserve water through efficient use and reuse •Implement water-saving technologies 	 Install <u>WaterSense</u> appliances, harvest rainwater, and reuse wastewater. Tree planting, wetland restoration, and stormwater runoff improvements at facilities.
Supply Chain	 Assess and manage supply chain risks Supplier engagement and collaboration Ethical sourcing and responsible procurement practices 	 Recycled materials Sustainable packaging Water stewardship Fair labor practices
Transportation & Logistics	Optimize transportation routes and modes Promote sustainable transportation options Reduce emissions from logistics operations	 Incentivize biking, carpooling, or public transportation for employees. Purchase electric vehicles for company use. Use renewable energy to power warehouses. Reuse or recycle packaging and shipping materials.
Sustainable Procurement	•Enact sustainable procurement policy •Prioritize suppliers and contractors that have certified sustainable business practices	 Green cleaning supplies, recycled paper, and Energy Star appliances Green building materials Environmentally friendly pest management



Sustainability Report	Use the Sustainability Assessment to improve your company's sustainability performance	 Yamaha Sustainability Report Yeti Sustainability Report
Certifications	Companies can acquire 3 rd Party Certifications to support sustainability marketing efforts.	 LEED Certified buildings TRUE Zero Waste Operations Climate Neutral Certified B-Corp Cradle to Cradle Certified

Next Steps

The American Sportfishing Association's Sustainability Toolkit was created to educate members about the business case for sustainability and provide actionable steps a company can take to improve operations, cut costs, increase profits, and protect fisheries and the environment. ASA intends to bring more sustainability education on subjects like emerging trends and consumer insights, <u>lifecycle assessment (LCA)</u> for products, <u>sustainable packaging solutions</u>, <u>circular economy</u>, improving <u>supply chain sustainability</u>, and more.

As American Sportfishing Association members, we are part of a system that has a collective effect on people and the planet. By measuring and improving the environmental and social impact of your business, we can increase profits and make a positive impact for our planet, fisheries, communities and employees.

Additional Resources

Sustainability Tools:

- <u>Sustainability SWOT</u>: The sustainability SWOT (sSWOT) is designed to help drive action and collaboration on environmental challenges creating real business risks and opportunities.
- Free Sustainability Assessments:
 - Emerger Strategies' Basic Sustainability Assessment Tool: This tool enables an
 organization to assess its progress toward causing no harm to people and the
 environment, as well as its positive impacts on people and the environment.
 - B Corp B Impact Assessment: B Impact Assessment is a digital tool that can help measure, manage, and improve positive impact performance for environment, communities, customers, suppliers, employees, and shareholders; receiving a



- minimum verified score of 80 points on the assessment is also the first step towards B Corp Certification.
- <u>Future-Fit Business Benchmark</u>: The Benchmark is a new kind of business tool, designed to help any company play its part in our transition to an environmentally restorative, socially just and economically inclusive future.
- EPA Simplified GHG Emissions Calculator: The EPA Simplified GHG Emissions Calculator is designed as a simplified calculation tool to help small business and low emitter organizations estimate and inventory their annual greenhouse gas (GHG) emissions. The calculator will determine the direct and indirect emissions from all sources at an organization when activity data are entered into the various sections of the workbook for one annual period.

Networks and Coalitions:

- <u>Ceres:</u> Transform the economy to build a sustainable future for people and the planet.
- <u>AMERICA IS ALL IN</u> is the most expansive coalition of leaders ever assembled in support of climate action in the United States. They come from thousands of U.S. cities, states, tribal nations, businesses, schools, and institutions of faith, health, and culture.
- <u>American Sustainable Business Network (ASBN)</u>: ASBN develops and advocates solutions for policymakers, business leaders, and investors that support an equitable, regenerative, and just economy that benefits all—people and planet.
- <u>Green America's Green Business Network®</u> is the first, largest, and most diverse network of socially and environmentally responsible businesses in the country. Home to both rising social and eco enterprises and the most established green businesses around.
- Cascale (formerly Sustainable Apparel Coalition): Cascale is a global, non-profit alliance of 300 leading consumer goods brands, retailers, manufacturers, sourcing agents, service providers, trade associations, NGOs, and academic institutions. Our members represent every link of the global value chain for apparel, footwear, and textiles; home furnishings; sporting and outdoor goods; bags and luggage.
- <u>Fly Fishing Climate Alliance</u>: An alliance of fly fishing guides, shops, lodges, brands and nonprofits committed to net-zero emissions by 2050.

Regulations:

- Extended Producer Responsibility (EPR) Laws by State
- Climate Policy Tracker by State
- SEC Adopts Rules to Enhance and Standardize Climate-Related Disclosures for Investors

Media and Events

- <u>Greenbiz</u>: GreenBiz Group is a media and events company that accelerates the just transition to a clean economy.
- <u>Sustainable Brands</u>: Sustainable Brands is the premier global community of brand innovators who are shaping the future of commerce worldwide.

Books:

- The Ecology of Commerce by Paul Hawken
- Project Drawdown by Paul Hawken
- The Sustainability Advantage by Bob Willard



- Cradle to Cradle: Remaking the Way We Make Things by William McDonough and William Braungart
- Let My People Go Surfing by Yvon Chouinard
- The Future of the Responible Company by Vincent Stanley & Yvon Chouinard

Podcasts:

- The Sustainable Angler
- GreenBiz 350

Climate Change & Greenhouse Gas (GHG) Accounting:

- GHG Protocol Corporate Accounting Standard: The GHG Protocol Corporate Accounting and Reporting Standard provides requirements and guidance for companies and other organizations preparing a corporate-level GHG emissions inventory.
- GHG Protocol Corporate Value Chain (Scope 3) Standard: The Corporate Value Chain (Scope 3) Accounting and Reporting Standard allows companies to assess their entire value chain emissions impact and identify where to focus reduction activities.
- <u>Science-Based Targets initiative (SBTi) Corporate Net-Zero Standard:</u> The SBTi's Corporate Net-Zero Standard provides the guidance and tools companies need to set science-based net-zero targets.
- <u>EPA Center for Corporate Climate Leadership</u>: EPA's Center for Corporate Climate Leadership serves as a resource center for all organizations looking to expand their work in the area of greenhouse gas (GHG) measurement and management.
- <u>Climate Solutions 101 by Project Drawdown</u>: Filled with the latest need-to-know science and fascinating insights from global leaders in climate policy, research, investment, and beyond, this video series is a brain-shift toward a brighter climate reality.

Other

- Emerger Strategies: Sustainability Consulting Services
- EPA Glossary of Sustainable Manufacturing Terms