

solutions for a greener, simpler life



impact report 2014



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about the report

The 2014 report is BlueAvocado's second Impact Report, reporting for the period January 2013 to December 2014. The report was written by CEO Amy George in collaboration with outside sustainability expert Geoff Cline. As a privately held company, our report acknowledges the metrics and format of the Global Reporting Initiative (GRI) and follows that to the best of its ability. Please refer to GRI Index at the back of this report for more detail (page 19). It also showcases B Corp performance metrics and goals. This report extends to all operations of BlueAvocado in all geographic locations. Presently, no third-party resource has been utilized to verify the accuracy of this report. The contact person for this report is Amy George (amy.george@blueavocado.com).

We are indebted to the voice and vision of Geoff Cline, who is a student of Carol Sanford's work (most recent book "The Responsible Business" (Josey-Bass, 2011). Geoff and Carol are inspiring us to be more deliberate and conscious about creating a culture of purpose and principles at Blue Avocado. While we are still early in our journey, we are energized and encouraged by our results to date, the support of our stakeholders and our plans and goals for the future. Blue Avocado is about creating deep impacts.





CEO statement

Every day 7 billion of us thrive on our ecosystem of oceans, atmosphere, forests, waterways, and rich diversity of life. This life support system is challenged by our growth. So to continue to grow, we have to look at our relationships with the natural world differently. How can we acknowledge, preserve and restore, while we grow? BlueAvocado was designed with this in mind. Create a system (or business) to acknowledge our finite resources, and work to inspire people to help us preserve, restore around a common goal. At BlueAvocado, we believe that people are the most important element to solving complex problems that face our natural world. Presented with knowledge, goals and tools, we believe people can create solutions that preserve resources for future generations to enjoy. Our job at BlueAvocado is to create products that inspire millions to act now – with urgency and purpose. In this year's report you'll see the why, what, how, and who behind our vision. We are not perfect, but we aspire to continue to do more, listen, and learn.

Thank you for being part of our journey, Amy George

chapter 1: OUR Why

BlueAvocado is in business to provide thoughtful designs and creative solutions for a greener, simpler life. Through this we inspire our stakeholders—customers co-creators, communities, investors, the planet — to take action and create a world that will allow all beings to live, work and thrive.

our core mission is to design thoughtful solutions to reduce waste and preserve the earth we love

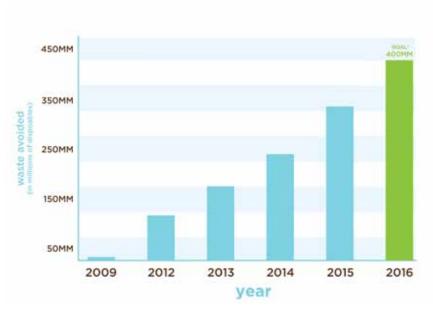


vision & impact YTD

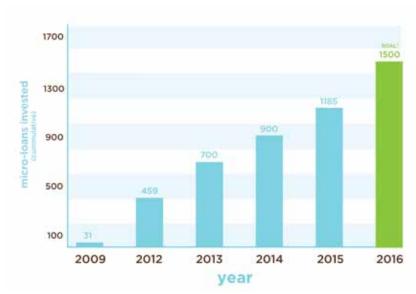
198 million+ disposables & counting



environmental impact metrics*



social impact metrics



*(EN7) Effort to reduce indirect energy use of our customers

chapter 2: What we do

BlueAvocado's customers want to live a simpler, more waste-free life.

From that simple inspiration, BlueAvocado works to design products that make simple green steps easy, while providing a cumulative impact over time. We work at the intersection of what our customers care about, and the environmental problems we are trying to solve. At a macro-level, we are focused on reducing waste through avoidance of disposables and using recycled materials instead of virgin where possible. When designing products, we seek to understand how our customers live, what behavior patterns we can reinforce or inspire, and how we can make our products accessible to the most number of consumers to help us create the biggest impact. We also spend time with our retail partners to understand market trends, space considerations, and innovation they are seeking as customers look to green their homes. In addition, we ask ourselves how we can design better products for the environment through more use of recycled materials, natural materials, and a takeback program. Currently Blue Avocado's products can be found in the reusable food storage, travel, and general storage and organization categories. Retailers from The Container Store, Whole Foods, Target, Meijer, Bloomingdale's, Sur La Table, reuseit.com, Amazon, Kohls.com, Staples.com, drugstore. com, uncommon goods carry BlueAvocado products in helping to make innovative green products convenient and accessible.



product family





explore



shop

At our inception, our first product line was a reusable shopping system, offering 5 reusable bag kit, that helped the Average American family eliminate 1,000 "disposable" plastic shopping bags from their annual waste stream. This reusable shopping product line has expanded over time from kits to offer single reusable bag and produce bags under \$9.99, to celebrity designs from Lauren Conrad, and Ross Bennett, and new materials from recycled bottle fabric to reclaimed T-shirts recycled to vinyl. We continue to evaluate innovation and design needs as the reusable shopping market matures.

eat

In 2010 the company expanded into reusable insulated lunch bags and snack accessories to meet the needs and requests of adult customers who were bringing their lunch to eat healthier and save money. Our fabric designs and silhouettes addressed the needs of adults, millennials and kids. In 2013, we expanded to food storage carriers, offering cold and hot food storage for entertaining, including casserole, coolers, wine and pie carriers.



In 2011 we introduced the (re)zip®, a zippered transparent reusable snack, lunch and gallon size bag line to reduce disposable "baggie" waste.

BlueAvocado (re)zips were featured in *Bon Appetite* and *RealSimple* magazine as an innovative product for lunch. In 2014 the company expanded on its innovation in lightweight food storage with patent-pending leak-proof and portion measurement designs. The (re)zip® seal™ offers unparalleled freshness and freezer safety in snack and lunch sizes. The (re)zip® volume™ offers customers an ability to eat healthier with 1/2 cup and 1 cup size bags for simple portion control. The product line was featured as a "top find" at Natural Product Expo (ExpoWest), a top lunch product in *Family Fun* magazine, and the *Boston Globe*, and numerous blogs and online publications.









Open Arms Women Refugees making Build-A-Sign Banner Totes

product family

explore

In 2012 we introduced greener product in the travel aisle. The collection included (re)zips for travel to avoid disposable baggies at TSA and a greener line of travel and beauty items inspired by Lauren Conrad's millennial market. We expanded travel in 2013 with the Ross Bennett line, designed to meet the needs of our male fan base. This portfolio included jewelry carriers, make-up pouches, travel irons, shoe caddy's, and travel duffels. At the end of 2013, we revisited our life-long dream of offering a line of totes made in the US and partnered with a local company, OpenArms to design reusable tote and travel bags made in its home town of Austin. OpenArms employs women refugee war survivors, pays a living wage, and provides life skills. Most of the women have spent years, some as long as 18 years, in refugee camps, and resettled in Austin, from different war torn countries.

Our first line was the result of a successful crowd funding campaign on women-led Moola-Hoop platform, which funded a limited edition line made from reclaimed T-shirts, and remnant bolt fabric. The second line was inspired and partially funded by local manufacturer BuildASign who was trying to get to a zero waste facility and had 3% of their waste stream of in process waste vinyl they were wanting to upcycle into bags. The goal of the partnership was to recycle 100% of their waste stream (approximately 40,000 bags) and provide 20 refugee women full-time jobs. The partnership produced two products in the Banner Bag collection for everyday travel: market tote and messenger bag. The products are available online at uncommon.com, commonmarketplace.net, ebags.com, Amazon.com and other select boutiques nationwide. We have not achieved our goal of waste avoided xxxxxxxxxx We continue to evaluate the entire product collection for its contribution to our mission to reduce impact, and contribute to economic value creation.





product engagement

Blue Avocado has been committed to understanding, measuring and communicating about how our products impact the planet. Our products are vehicles for us to deliver impact of reducing waste. To share this impact with our customers, and celebrate their behavior of repeat use, we provide an 'impact label' on our products that show the waste avoided per use and/or annually, and where possible, the recycled materials upcycled (bottles in Repreve fabric, T-shirts, vinyl). This 'nutrition label for the planet' has evolved with our understanding of our consumers, expansion in new categories, and desire to offer transparency. As the world of sustainable products labeling continues to evolve, the company will consider adding third party certification labels like the HIGG index providing consumers with an objective understanding of how our product designs reduce impact and preserve resources.



In the diagram below see how 1 Click n' Go Lunch Bag recycles 3 plastic bottles and allows the customer to avoided using a disposable paper or plastic sac for lunch 2x per week



customer satisfaction

BlueAvocado helps me improve my Impact on the planet



annual customer survey results*



Customers believe we help them reduce waste.



say BlueAvocado makes me happy.



use BlueAvocado products multiple times a week

*Results based on 2014 Customer Survey - 291 responses

product + services



customer examples from our 30 Days of (re)zip campaign

Product safety is a top priority for BlueAvocado. Product materials have been tested by SGS and other third-party agencies to ensure compliance with the strictest food safety standards defined by the Food & Drug Administration and California's Proposition 65. Product materials are lead-free, BPA-free, and food safe. Each product is individually validated to ensure the product holds up to its claims. In addition, the company supports strong product quality standards, and has a long history of strong product quality experience with less than .05% defects on average, and no retail customer loss due to quality. In 2014, BlueAvocado introduced a new level of quality control from AQL X to AQL X for most of their products. The company has surveyed its customers the last two years, and in 2013 and 2014 BlueAvocado customers reported XX% performance in product quality, showing an X% gain.

chapter 3: how we operate

Once a business can articulate its WHY(s), internally and externally, it is important to consider and decide upon the HOW. How a business conducts itself, how it interacts with stakeholders, communities and the planet is arguably more important than what it does. From our first day of doing business, BlueAvocado has been committed to understanding, measuring and communicating about how our business impacts the planet and inspires those that are part of our business ecosystem. Inspired by leadership from Preserve and other green brands like Patagonia and method, BlueAvocado became a certified B Corp and signed a Declaration of Interdependence on people, place and profit. To achieve this national certification, the company completed a rigorous self-assessment and third-party audit process led by B labs that verifies the company operates to advance environmental, social and economic goals through the way it works with stakeholders – from investors and management, employees and suppliers, the larger community and the environment. BlueAvocado scored 94 out of a minimum of 80 points, with the biggest performance in the environmental section of the scorecard. As part of the process, the company identified and began implementing a number of new initiatives to improve its performance, with a focus on community.







B Corp Seminar Featuring Jerry Greenfield of Ben & Jerry's (Treehouse, October 2014)

The company's B Corp certification will impact HOW it operates on every level, further setting BlueAvocado apart as one of less than a dozen home and housewares brands with B Corp certification.

2013-2014 New Initiatives Accomplished:

- Increased the number and value of suppliers we influence within 200 miles of our headquarters
- Increased the percentage of our cost of goods that is within the 200 mile radius
- Increased the percentage of significant suppliers that create employment opportunities for chronically underemployed populations



*(EN6) Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation

BCorp Score (March 2013)





2015 for Goals:

governance

- Set public goals for impact
- Incorporate sustainability into employee and stakeholder training
- Adding women and minority representation to Board of Directors
- Continue to follow and expand on open book financial management standards

community

- Continue to identify ways to work with underserved populations and women as suppliers, employees, interns, and consultants
- Manage our in-kind donations to schools and nonprofit organizations
- Pursue the B Corp credit card for the company and employees

environment

- Implement a more active Take Back /Second Life program
- Define our 'Design for the Environment' ethos
- Implement office composting with a focus on coffee grounds

employee

- Implement annual employee satisfaction surveys and strive to improve ratings
- Consider adding more benefits to our benefits plan
- Offer more team building activities to grow, give back and dream







Assembly line + Sewing Operations in China

manufacturing

BlueAvocado's products are designed in Austin, Texas and manufacturered in China and Austin, Texas, USA. The company's primary product supply chain includes fabric and component suppliers, contract manufacturers providing cut-n-sew and molding, and printers that provide packaging. Since inception, the company has had a broker in mainland China, that helps manage the supply chain with primary contract manufacturing partners in Ningbo and Schenzen. The partner in Ningbo was added to the supply chain to support growth goals of the 2014 calendar year. All manufacturers have had numerous audits performed to ensure compliance with environmental and social standards, including no child labor (HR 6). When violations are identified, corrective action plans have been implemented and reviewed.

In 2013, BlueAvocado introduced a local manufacturing partner in Austin, Texas - OpenArms. OpenArms is a womanowned, social enterprise providing sewing jobs to women refugee war survivors. BlueAvocado was the organization's first client of their new model to manufacturer for other brands. BlueAvocado worked with OpenArms to help them develop templates, processes and structure to their transformation to a contract manufacturing enterprise. As a result, the organization has forged partnerships with other brands from Raven & Lily to IKEA. In 2014, OpenArms transitioned from a non-profit to a program of a local non-profit MDC, focused on providing services to refugee community in Austin,Texas. It is a key goal of the company to continue to partner with local suppliers, and provide opportunities for women and underserved populations. OpenArms represents the perfect partner to accomplish these goals. BlueAvocado created two product collections in partnership with OpenArms, and continues to imagine how to expand their Made in Austin line powered by OpenArms.

Another fundamental aspect of HOW Blue Avocado delivers against its impact goals of social value, is the company's use of 1% of sales to fund women micro-entrepreneurs around the world. Working with Whole Foods Whole Planet Foundation and their microfinance partners, we provide capital loans to women starting small businesses in nearly 80 countries around the world and the U.S.. In 2014 Whole Planet Foundation began investing in the US through microfinance partner Grameen Bank. Evidenced through the work of Mahamud Yunus, microeneterprise is a proven economic model to lift not just one person, but on average 5 people in a community out of poverty. BlueAvocado supports Whole Planet directly through a percentage of sale and unique line of reusable bags where a \$1 of each bag goes to fund loans to microentrepreneurs. In 2013-2014 the company introduced a new line to fund a new partnership with Grameen America, supporting microentrepreneurs in the US. These pop art bags were a hit with Whole Foods regions nationwide and helped raise \$XX,000 over the past two years. To date the company has raised over \$150 K, the equivalent of 555 loans (average \$275) and is a major supplier alliance partner with Whole Planet Foundation.

chapter 4: WhO, stakeholders

An organization relies on people to bring life and reality to its vision, mission and principles. At Blue Avocado we are honored to work with an inspiring and dedicated group of employees and co-creators who create our products and give substance to our collective ideas. Headquartered in Austin, Texas, a growing epicenter of social entrepreneurship, BlueAvocado is a small,privately-held C-corporation founded by three women – Melissa Nathan, Paige Davis & Amy George. In 2014, the BlueAvocado team included 10 employees (70% women), 8 full time and one part time to drive product innovation, marketing and sales. Founder Paige Davis fought and beat breast cancer, moving into a part-time position with the company. Six team members are located in Austin; three are located remotely in Colorado, and New York. (LA 1) The company believes in the philosophy of tapping the best minds, and offers a flexible virtual working environment on which to achieve top individual performance. Every team member maintains a stake in the company. The team is made of 70% women, who are compensated at the same ratio of male employees (LA 14). Employees speak French, Spanish, Mandarin and Yiddish. There was no turnover in 2013, but there was turn over in 2014. While the company works hard to retain great employees, the company has had two employees leave in the last three years to pursue their other passions, pursuits or dreams of starting a family. Both were women between 25 and 31 of English and Chinese American dissent, located in Seattle and Austin, respectively (LA 2). The average tenure of the BlueAvocado team is 3.6 years, with 60% with the company employed for more than four years, most of the life of the company.



our team

In addition to internal sales team, BlueAvocado works with a national sales and distribution team through partnership with M.Block & Sons one of the leading home and housewares distributors in America. Most of the company's products are shipped through three warehouses maintained by M.Block, Redlands, California, Chicago, Illinois and Knoxville, Tennessee and Brampton, Ontario. In addition the company works with as many as 10 local supplier consultants, mostly women-owned business, from public relations to finance to accounting and legal to achieve their business goals while investing to the local economy. In 2013-2014 the company added a women-owned



BlueAvocado Board of Directors at Annual Shareholder Meeting (2014)

organization to their supplier base. In fact, XX% of the company's annual 2013 budget was invested in the local economy, and an estimated X% of the 2014 budget. The company continues to ask how to source locally and tap individuals and minorities underrepresented in our economic system. (EC 6)

All personnel are compensated on the basis of their performance and skill. In addition, the Management team members and employees are compensated on contribution to the company's and individual economic, environmental and social performance metrics. In 2014 we increased their 5-member Board of Directors to 7 member Board or Directors, reducing the three founder seats to one. In addition the other seats include one outside representative appointed by the founders, two investor representatives and two seats representing outside experts in the consumer products industry. Investors and employees can provide input to the Board of Directors; Board committees are in place to address specific topics, and minimize conflicts of interest. We have an active Advisory Board that serves as the company's think tank and sounding board, sharing expertise in corporate social responsibility, sales, product design, green sourcing, retail, micro-finance, and social enterprise, helping to infuse innovation in our business operations and our business model.



BlueAvocado Team in Austin, Texas (October 2014)



founders' stories

environment

Amy

It has been my personal dream to lead a company like The Body Shop that was designed to solve environmental and social problems, while creating economic value. In 1999, Melissa and I conspired in business school to understand how to cultivate and measure socially responsible businesses. In 2007 when Melissa and her sister Paige saw an opportunity to invite personal change through the movement to ban plastic bags, it was a dream to be part of their vision. For me, BlueAvocado allows us to design products that inspire people to reduce their use of natural resources and waste, while creating a company that leverages its ecosystem to deliver impact and change.

innovation

Melissa

My goal in co-founding BlueAvocado was quite simple - to create a company with women that I love that creates a significant ripple. Through innovation, by focusing on functional designs that make peoples' lives both easier and more efficient, we hoped to inspire others to "take the first step" on their green journey. Our success is primarily the result of thousands of believers willing to take a chance on a women-led business with its origins at the very start of a worldwide recession. From our loyal customer base, to our employees, sales representatives, investors and strategic partners as well as our manufacturing partners oversees, the ripple effect has been both personally inspiring and profound. Although rocky at times, there have been equal parts of joy, inspiration, innovation and impact to make the journey both real and meaningful - the ingredients of a truly sustainable enterprise.

inspiration

Paige

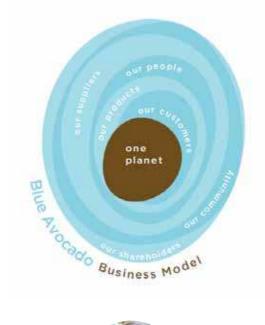
I am deeply passionate about people and helping them find inspiration and strength from within. As a former Pilades instructor and cancer survivor, I've witnessed first-hand the power of personal strength and intentional living. Every day each of us makes choices on how we want to live our lives. BlueAvocado invites small steps from millions of people that add up to make a big collective impact. My dream for BlueAvocado has been about leading through inspiration and empowerment – from our products to our packaging to our brand to our interactions with our customers. Once we embrace our personal power in creating a better world – anything is possible.



Founders (from left to right) Amy George, Melissa Nathan, and Paige Davis



our stakeholders



customer testemonial

"I love the reusable bags because every time I use one, I am happy because it is a plastic bag I didn't throw away, less is more:) and I also like the fact that I get compliments every time I go to the grocery store with my reusable grocery sling-strap bags."

retailer

Rich, VP reuseit.com

"BlueAvocado is a great brand for our customer, offering innovation, design, and function our green customer craves. The (re)zips have been a top performer in the category. We are excited to add larger sizes, kits and colors in 2015. We continue to see strong top-line growth from BlueAvocado and hope to realize that again in 2015"



investor Lauren Conrad

"I'm proud to back a company run by women who want to make green products accessible, affordable and fun. It will take all of us working together to create real change."



investor, Jack Long

"I was an early investor in BlueAvocado and have been part of the Board leadership since inception. I am excited to help BlueAvocado pioneer a new B-corp business model offering greener products to mass market consumers, while solving environmental and social problems. It is disruptive in its very nature, and inspiring for consumers and shareholders alike."



entrepreneur Azaratu, Ghana

"My business has grown 10 folds in three years and people are amazed how my life has changed. I can handle all my children's financial needs when my husband has no money. All these I must attribute to the support I received from WPF through Grameen Ghana"



GRI Index

GRI#	content framework	chapter	page
1.0	Strategy and Analysis		
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2.0	Organizational Profile		
2.1 2.2 2.3 2.4 2.5 2.6 2.7 2.8 2.9 2.10	Name of the Organization Name of the Organization Primary Brands, products, and/or services Operational Structure Location of organization's headquarters Countries where operate/ relevance to sustainaibity issues Nature of ownership & legal form Markets served Scale of the reporting organization Scale of the reporting organization Significant changes during the reporting period Awards received in the reporting period	1: Who 2: What 4: Who 4: Who 3: How 4: Who 4: How 5: Who n/a not included	Cover Page 10 - 16 Page 22 Page 22 Page 22 Page 22 Page 22 Page 1 n/a need to add
3.0	Report Parameters		
3.1 3.2 3.3 3.4	Report Profile Reporting Period Date of most recent previous report Reporting cycle Contact point for questions on report/content	Note on Report Note on Report Note on Report Note on Report	Page 1 Page 1 Page 1 Page 1
3.5 3.6 3.7 3.8 3.9 3.10 3.11 3.12	Report Scope & Boundary Process for defining report content Boundary of the report Specific limitations on the scope or boundary of the report Basis for reporting on entities that affect comparability Data measurement techniques and the bases of calculations Explanation of the effect of any re-statements from earlier reports Significant changes from the previous reporting period GRI Content Index Table identifying the location of the Standard Disclosures	Note on Report Note on Report Note on Report Note on Report n/a n/a This	Page 1 Page 1 Page 1 Page 1 n/a n/a
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4.0	Governance, Commitment & Engagement		3
4.1 4.2 4.3 4.4 4.5 4.6 4.7 4.8 4.9	Governance Governance structure, including committees under highest governance body Indicate whether Chair of highest governance body is also an executive officer For a Unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members Mechanisms for shareholders & employees to provide recommendations or direction to the highest governance body Linkage between compensation for members of the highest governance body, senior managers, and executives and organizations's performance Processes in place for the highest governance body to ensure conflicts of interest are avoided Process for determining the qualifications & expertise of the members of the highest governance body for guiding the organizations' strategy on economic, environmental and social topics Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, & social performance and the status of their implementation Procedures of the highest governance body for overseeing the organization's identification & management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	4: Who 4: Who 4: Who 4: Who 4: Who Not included Need to add 1: Why 2: How	Page 22 Page 22 Page 22 Page 22 Page 22 Need to add Need to add Page 6 Page 17
4.11 4.12 4.13 4.14 4.15 4.16 4.17	Commitments to External Initiatives Explanation of whether and how the precautionary approach or principle is addressed by the organization Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses Memberships in associations and/or national/internation advocacy organizations State of since the organization subscribes or endorses State of since the organization subscribes or endorses organization subscribes or endorses organization subscribes or endorses organization and state of since the organization of state of since the organization subscribes or endorses organization as selection of statecholders with whom to engage Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group Key topics & concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics & concerns	2: How 2: How 2: How 5: Who 5: Who 5: Who	Page 17 Page 17 Page 17 Page 23 Need to add Need to add
5.0	Management Approach and Performance Indicators		
	GRI Performance Indicators (Metrics) Management Disclosure by Performance Indicator		
EN7 (add)	Environmental (17 Core) Materials Intitiatives to reduce indirect energy consumption and reductions achieved.	Yes	4
EN26 (core)	Products & Services Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Yes	7
HR6 (core)	Human Rights (6 Core) Child Labor Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	Yes	15
LA1 (core) LA2 (core) LA3 (add) LA13 (core) LA14 (core)	Labor Practices & Decent Work (9 Core) Employment Total workforce by employment type, employment contract, and region Total number of rate of employee turnover by age group, gender, and region Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations Diversity & Equal Opportunity Composition of gernance bodies and breakdown of empoyees per category according to gender, age group, minority group membership, and other indicators of diversity Ratio of basic salary of men to women by employee category	Yes Yes Yes	16 16 16
	Product Responsibility (4 Core) Customer Health & Safety	Yes	11
PR5 (add)	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Yes	11
EC1 (core)	Economic (7 Core) Economic Performance Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	No	
	Market Presence		



our tweetable haiku is:

Blue Avocado Making change and lovely things Deep impacts ensue.