

scratch

2020 Impact report



Environment

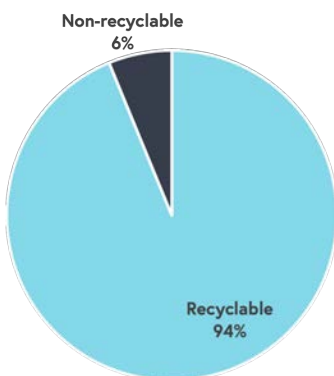
We've hit a point in the business where we've proved viability and the economics of our model. This means that we have some financial means to make improvements to the environmental impact of our products and the larger scale that we're growing into means that it can matter.

It starts with taking an honest look of where we're at across key areas of the business:

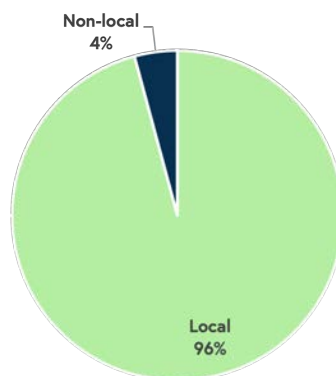
- Business operations
- Manufacturing
- Fulfilment
- Raw materials
- Packaging

Major metrics

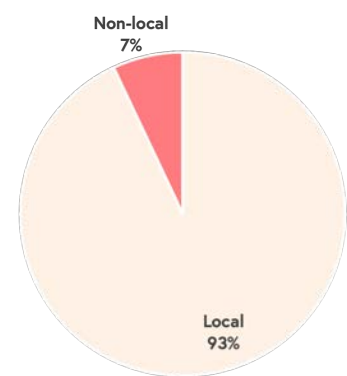
Items with 100% recyclable packaging



Ingredients & packaging from local suppliers



Orders fulfilled from local warehousing



Up from 83% local in 2019

Energy generated from low-impact renewables

88%

Blind Spots

- We don't know the full emissions profile of our suppliers in manufacturing, packaging, freight and raw material sourcing.
- We rely on our customers recycling their packaging after use.

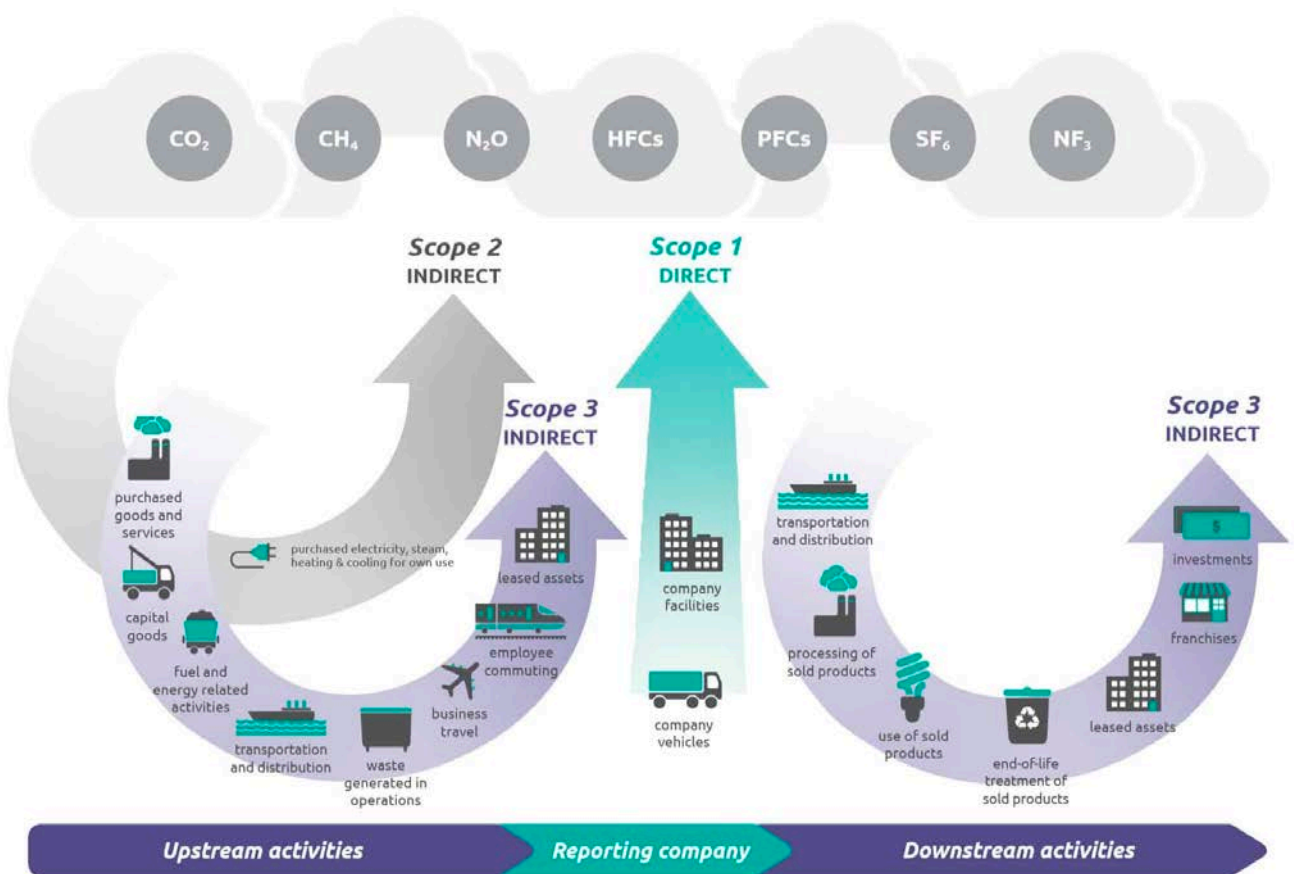
Carbon Emissions

Scope 1 – All Direct Emissions from activities under our control. As essentially a technology company without any in-house manufacturing or fulfilment capacity, we are close to carbon neutral in scope 1 emissions.

Scope 2 – Indirect Emissions from electricity purchased and used by the organisation. Less than 12% of energy used by the members of Scratch releases net positive emissions and due to the nature of Australia's energy grid, the final number is impossible to know.

Scope 3 – All Other Indirect Emissions from activities of Scratch. For Scratch, we have no commuting, waste and infrequent transportation. The key parts for us are ecommerce fulfilment and purchased goods from our suppliers. Like most organisations, most emissions in our product lifecycle occur in scope 3, where we have least control and visibility.

We have not yet undertaken a full Life Cycle Assessment to determine the full CO2 cost of Scratch suppliers through to being received by customers.



2020 Achievements

- Continued to introduce thousands of new customers to REDCycle to recycle soft plastics
- Completed source reduction project with 4% reduction in packaging materials per kg
- Launched our 5th local warehouse
- Started internal benchmarking of energy usage.

HIGHEST IMPACT ENVIRONMENTAL OPPORTUNITIES



**Carbon impact
of last-mile delivery**



**Reduction in
plastic packaging**



**Alternate protein
sourcing**

2021 Targets

- Complete feasibility study into alternate proteins in dog food.
- Complete feasibility study into biodegradable and other bio-based plastics.
- Launch 2 new local warehouses in our remaining non-local markets, achieving 98% of deliveries serviced locally.
- Carbon offset 100% of last-mile deliveries.
- Launch biodegradable and compostable poop bags.
- 95% of items sold with 100% recyclable packaging.
- Track usage of air freight.
- Introduce our environmental targets with key suppliers in order to prepare for a full lifecycle assessment in 2022.

Donations



It goes without saying that it was a tough year for our planet and society. We entered the year committed to donating at least 1% of all revenue to certified 1% for the Planet charities.

We're really excited to be members of 1% For the Planet, a global network of businesses, nonprofits and individuals working together for a healthy planet.

We chose to start with 1% For The Planet because:

- It's completely transparent with third party certification
- At least 1% of all REVENUE (not profit) must be donated. That means no-one can limit donations at the end of the year through bonuses and big salaries.
- They research the effectiveness of charities and only approve ones with minimal overheads and high impact.

The year kicked off with horrific bushfires so we placed our first donation of the year to WWF Australia, donating \$6,000.

Then... COVID! We changed up our donation strategy for the remainder of 2020, donating \$27,700 to OzHarvest who used the donation to supply over 55,000 meals. They really do fantastic work so we were proud to be able to help considering the vital social problems that were quickly emerging through so many changes to employment, housing and income. OzHarvest also help the environment by reducing food waste.

Total donations made in 2020: \$33,700



Transparency

The Australian pet food industry is no further advanced in the transparency of labeling, testing and product quality concerns.

Sadly, we haven't yet been able to influence this and increase expectations amongst Australian dog owners to the degree that we'd hoped.

The 2018 Australian Senate enquiry into dog food has still seen no outcome. The members of the 'working party' has yet to be publicly disclosed and no new regulations have been put in place.

Scratch remain the only dog food company in Australia to reveal the exact contents of our kibble, down to the % inclusion on a dry matter basis.

In 2020 we introduced a 'changelog' web page for each recipe, publicly listing any change ever made to any of our recipes.

We remain committed to not changing recipes unless:

- It's in the best interest of dogs.
- It's unavoidable due to supply constraints and a suitable substitute exists.
- We tell customers ahead of time with full disclosure so they can be sure that it suits their dogs health history.
- We be generous on refunds and returns in case the change doesn't agree with a particular dog.