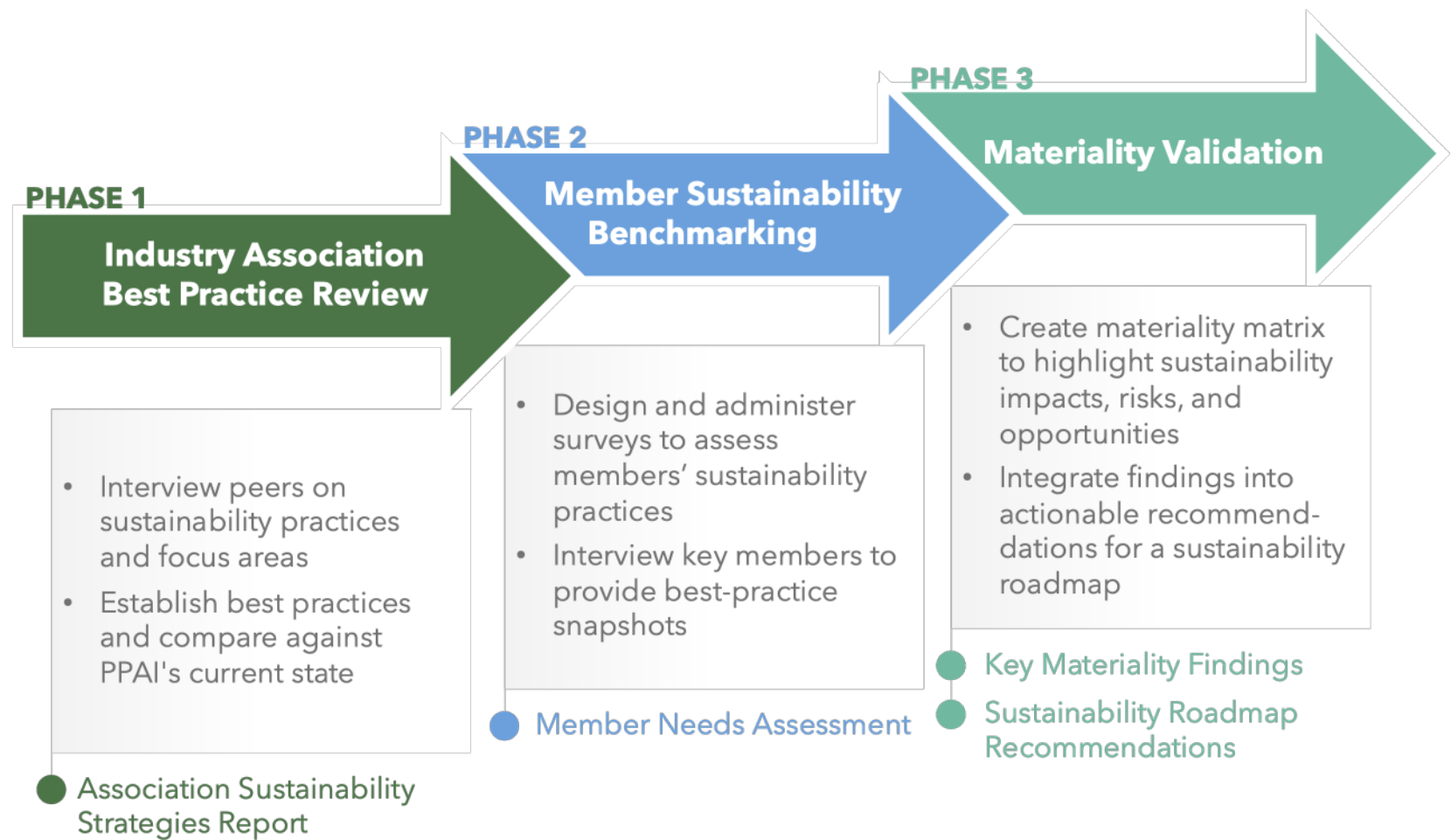




PPAI Research Results

November 2025

The unifying goal of the three workstreams was to anchor PPAI's sustainability strategy with a foundational body of research

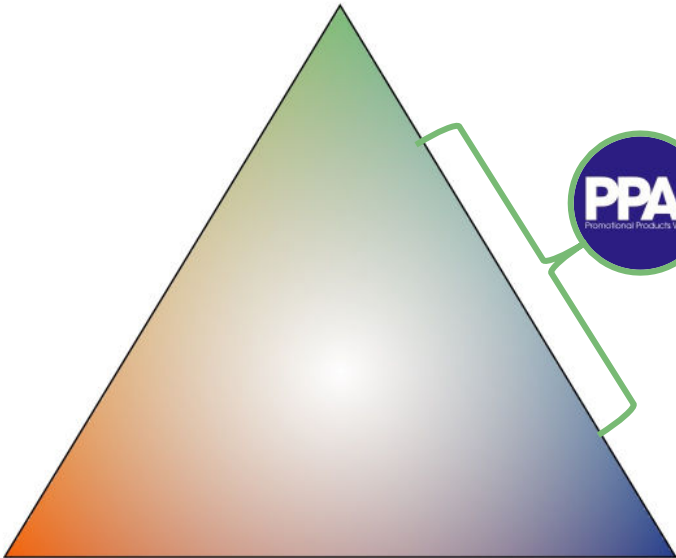


Associations Take Distinct but Valid Paths

There is no one-size fits all approach to sustainability

- Technically aligned membership
- Sector materiality clarity
- Culture of collaboration

Responsible
Technical Enabler



Policy-Driven
Advocate

- Global supply chains
- Technical regulatory risk
- Lean sustainability staff

Broad-Scope
Industry Hub

- Heterogeneous membership
- Reputation management needs
- Low regulatory coherence

Key Goals & Sustainability Insights

Grow the Promotional Products Market

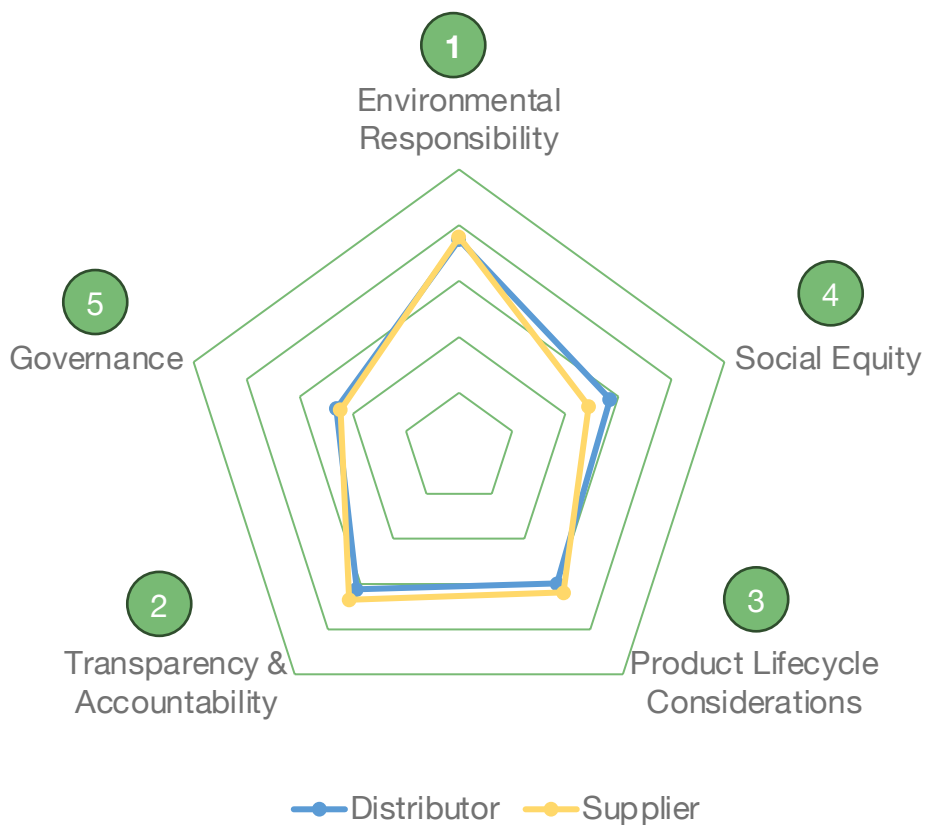
- **Sustainability Challenge:** Promotional products are often viewed as wasteful or low-value
- **Sustainability Opportunity:** Use ESG and lifecycle improvements to reposition promotional products as high-impact, long-lived brand assets, increasing their *lifetime value*

Act as a Solution Broker for Industry-Wide Challenges

- **Sustainability Challenge:** Members face increasingly overlapping and demanding ESG expectations from clients, regulators, and investors
- **Sustainability Opportunity:** PPAI can lead collective solutions to reduce duplication and costs

Sustainability is a shared priority, but it is not evenly implemented.

Members are often at different stages of maturity across the sustainability pillars.



Key Insights

Priorities are Shifting

- **Environmental responsibility** is the top ranked sustainability pillar.
- **Governance** ranked lowest, but leaders highlighted as an area for improvement.

Maturity Varies Widely

- **Suppliers** tend to be more advanced in sustainability than distributors.

Shared Areas of Difficulty

- Companies need support in **measuring and reducing** their environmental and product impact

Phase 3: Double Materiality Assessment (DMA)

November 2025

Context & Objectives

Purpose

- Establish how sustainability impacts, risks, and opportunities intersect across the promotional products value chain
- Support PPAI in defining focus areas and building an industry sustainability roadmap aligned with global standards

Scope

- **Value chain coverage:** upstream, suppliers, distributors, downstream
- **Assessment boundary:** PPAI member operations and influence areas (manufacturing, sourcing, branding, logistics, end-of-life)
- **Member segmentation:** Professional Platinum → Standard Base tiers

Focus Areas



Environmental
Responsibility



Social
Equity



Product
Lifecycle



Transparency &
Accountability



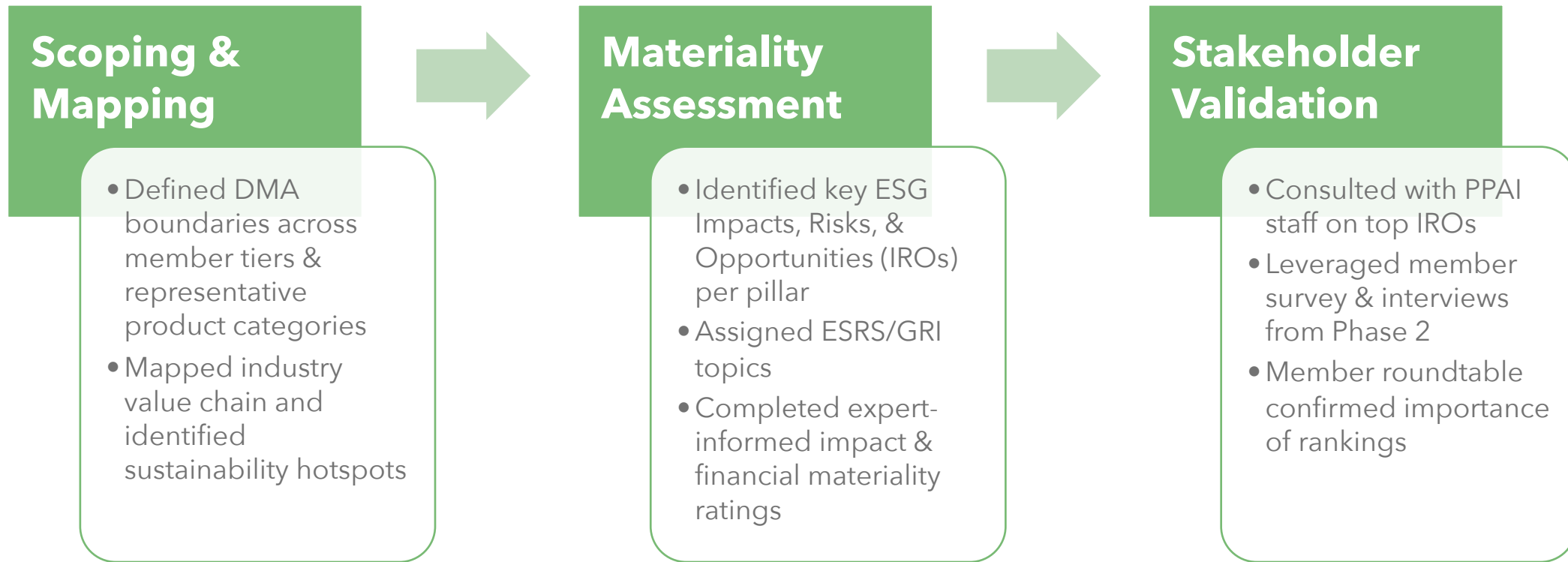
Governance

What is Double Materiality?

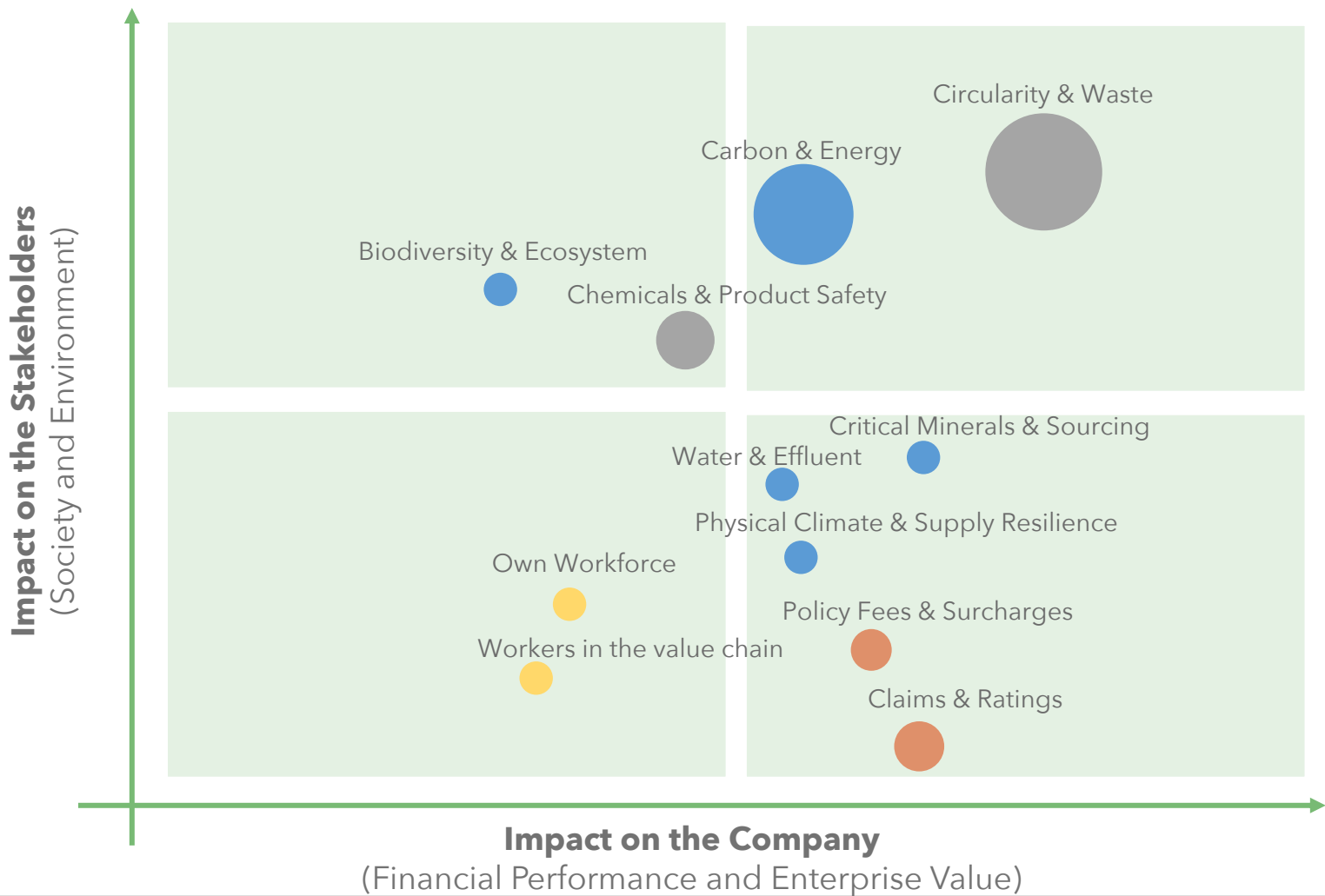


A framework to identify all sustainability-related impacts, risks, and opportunities (IROs) relevant to PPAI’s members.

Approach & Methodology



Materiality Matrix



PPAI Pillars:

-  **Environmental Responsibility**
-  **Product Lifecycle Considerations**
-  **Transparency & Accountability/Governance**
-  **Social Equity**

Key Insight:

- Governance topics are woven through the high-priority themes and can be a powerful lever to unlock value and de-risk the industry.
- Social Equity currently plots lower on the matrix as members are immediately focused on other themes - creating room to intentionally elevate it over time

Breakdown of Impact Materiality: **What Rises to the Top**

- On the *impact lens* (society & environment), most highly material IROs cluster in **Environmental Responsibility** and **Product Lifecycle Considerations** rather than social or governance topics.
- **Biodiversity & Eco-system impact** stands out with the highest average impact score, especially where members depend on virgin materials from a single source.
- **Waste & Circularity, Carbon & Energy, Water & Effluent, and Chemicals & Product Safety** form a second tier of consistently high-impact themes, cutting across many product categories and member types.
- **Claims, Ratings & Transparency** is more moderately scored on pure impact, but still widely relevant because it underpins how these environmental issues are communicated and scrutinized.
- Impact materiality is **broad rather than narrow**: multiple environmental themes register as clearly material, reinforcing that PPAI's footprint is defined by a *combination* of carbon, resource use, pollution and end-of-life outcomes rather than a single dominant issue.

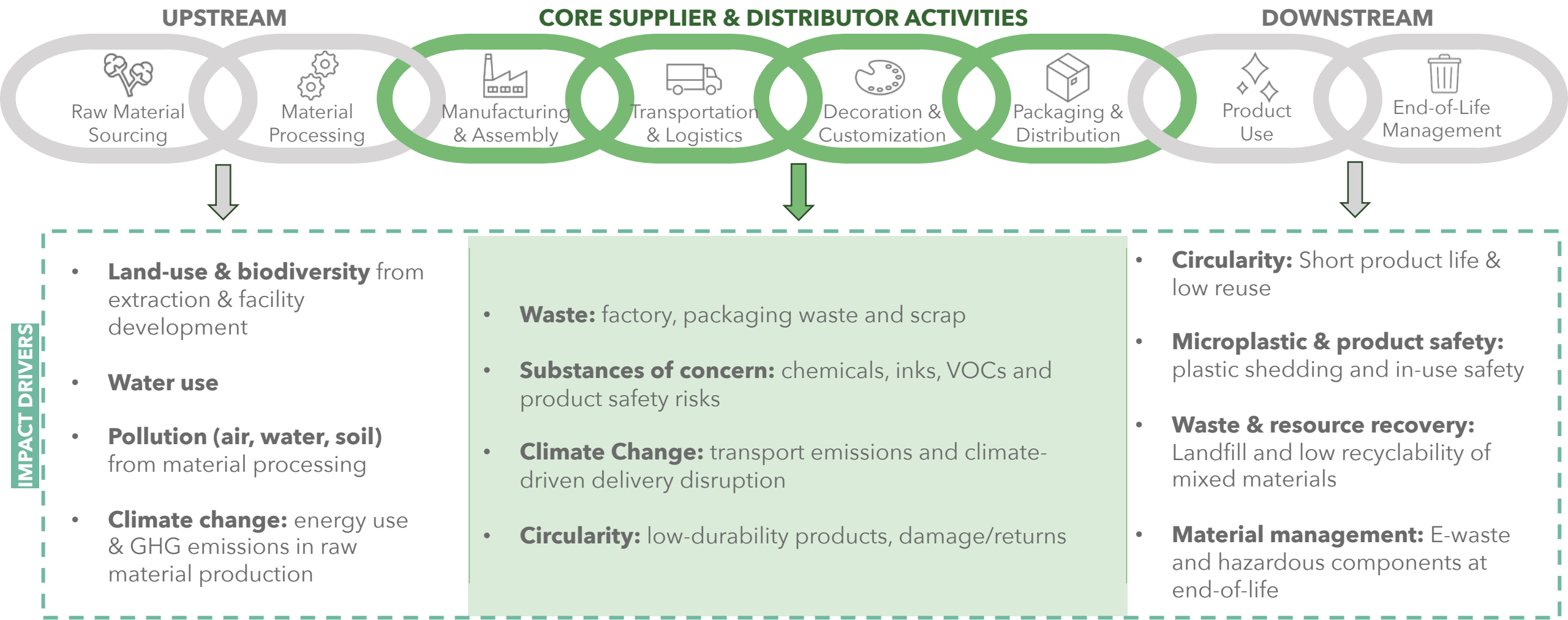
Breakdown of Financial Materiality: **Cost & Continuity Pressures**

- Financially material themes **mirror the impact set**, but the lens is **cost and continuity of supply**.
- **Carbon & Energy, Waste & Circularity, Water & Effluent, and Chemicals & Product Safety** drive higher OPEX: fuel and power costs, testing and recalls, disposal and hauling, tariffs, drought-tier pricing and effluent surcharges.
- **Biodiversity & Ecosystem** plus policy fees & surcharges and physical climate & supply resilience show up as access-to-market and business-continuity risks, especially around tightening sustainability regulations.
- **Claims, Ratings & Transparency** are financially material because ratings downgrades, greenwashing findings, or missed buyer standards can lock members out of RFPs and preferred supplier lists, regardless of their direct footprint.
- These costs are **not evenly distributed**: large upstream suppliers feel most of the direct fees, capex and insurance exposure, but **prices, data asks and documentation burdens cascade to small and mid-size distributors** through contracts and customer requirements.

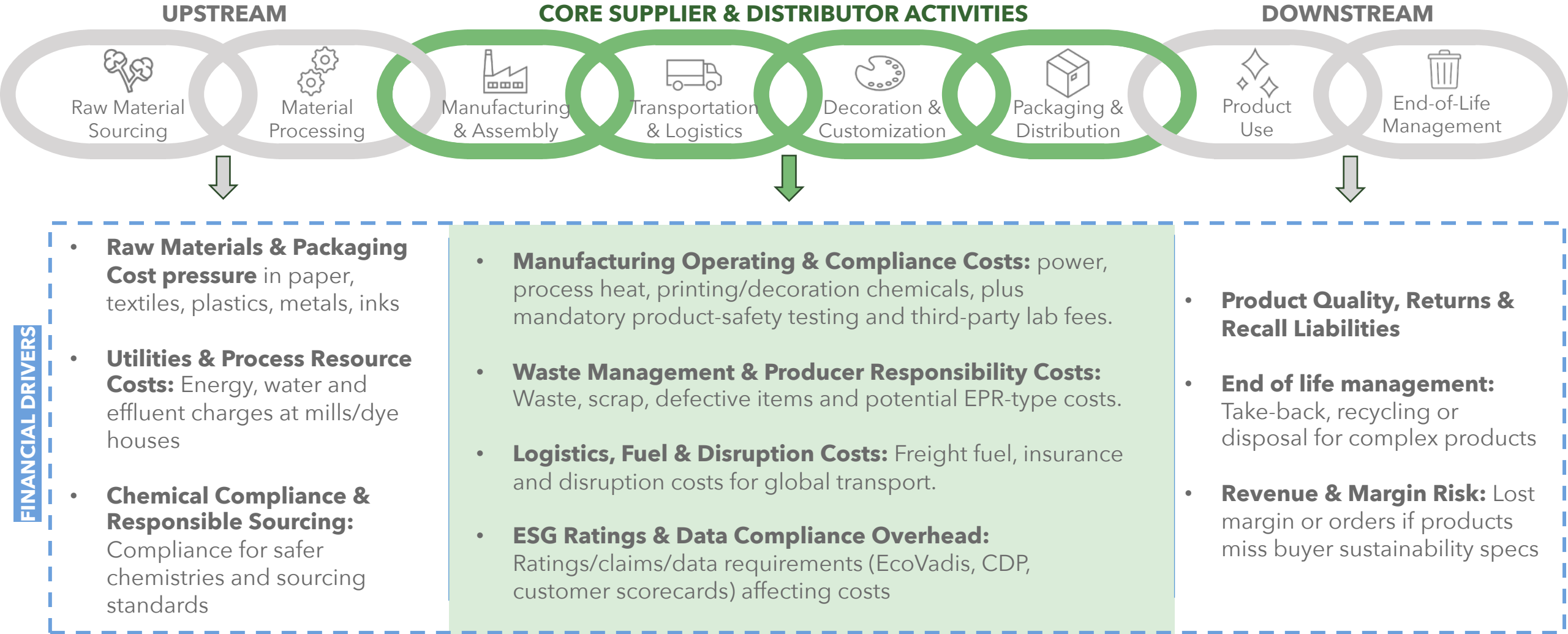
Strategic Insight:

The most pressing IROs vary depending on value chain stage and product category, making it difficult to create a cohesive picture of materiality for the whole of PPAI's membership.

Impact materiality considerations arise at different stages of the value chain



Financial materiality considerations arise at different stages of the value chain



Top product categories face highest risks— but biggest opportunities too



Apparel/
Wearables/ Fashion



Bags/Travel



Drinkware



Office and printed materials



Impacts

- Energy-intensive manufacturing ● ● ● ●
- Land-use change for virgin raw materials ● ●
- Microplastics pollution ● ●



Risks

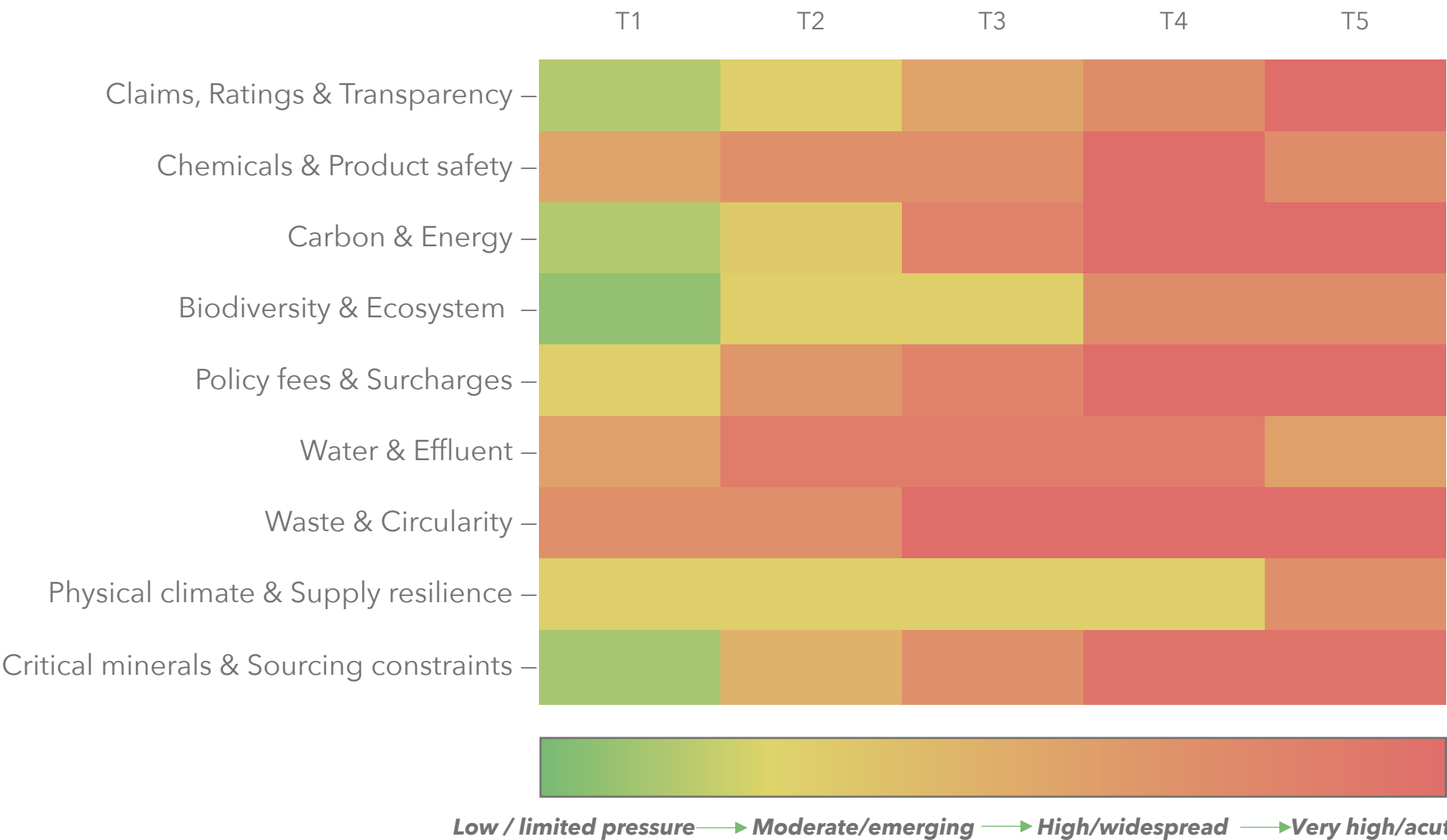
- Legal and financial penalties for non-compliance with environmental regulations ● ● ● ●
- Supply chain disruptions ● ● ● ●



Opportunities

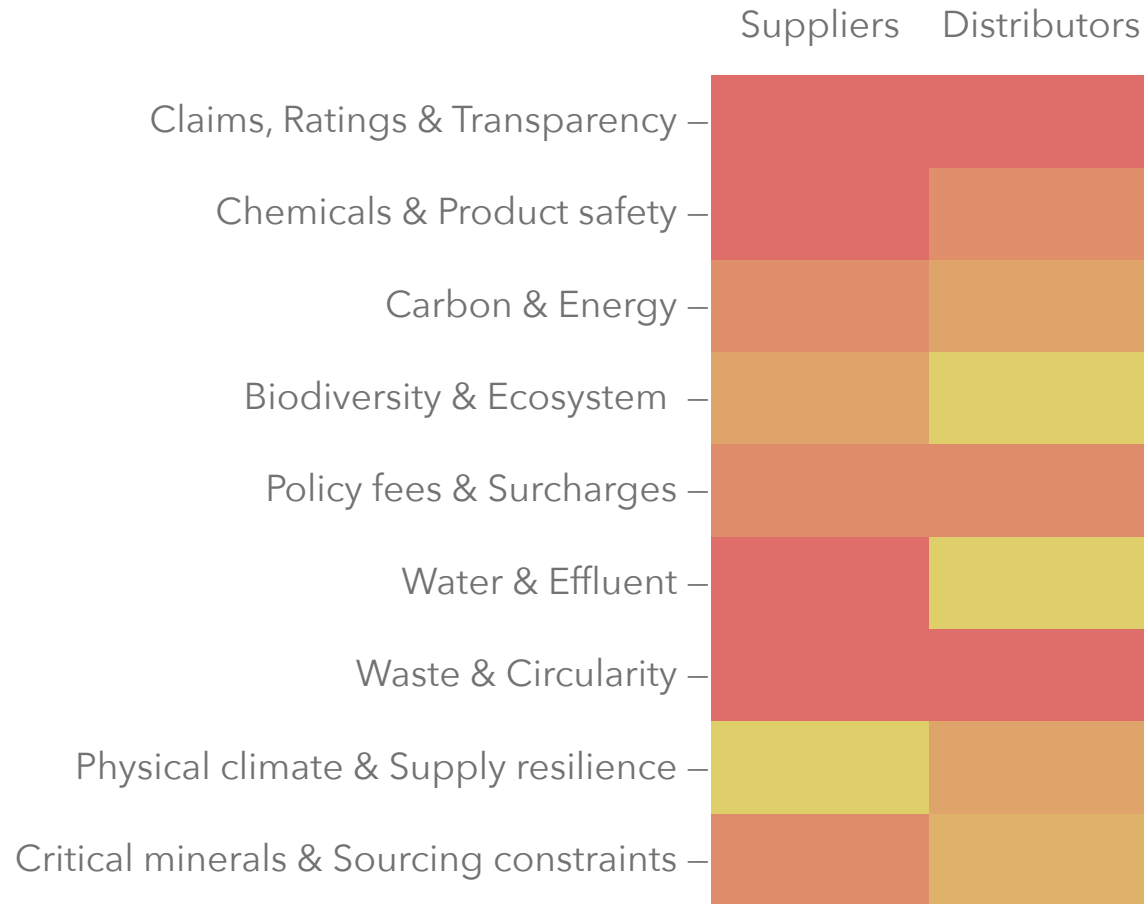
- Gain competitive advantage by offering carbon-neutral products ● ● ● ●
- Products made from less water-intensive materials ● ● ●

Materiality Themes: Member Tiers



Key Insight:
Sustainability pressures are not uniform across the membership—mid- to large-sized members (T3–T5) face the most acute heat on carbon, chemicals, policy fees, water, and critical minerals, while waste & circularity are becoming shared pain points even for smaller T1–T2 firms.

Materiality Themes: Suppliers & Distributors



Key Insights:

- Upstream and Downstream burden differ: Suppliers carry the lift on chemicals/ effluents, and ecosystem health.
- Front line for claims sits with Distributors, the burden of evidence sits with Suppliers.
- Circularity and Waste are shared pressure points, but look different by supply chain role.

Top Opportunity: Increasing Product Lifespan to Drive Lifetime Impressions

Shift the industry story from “cheap and disposable” to “high-impact, low-waste brand media.”

Drivers:

Buyers are under pressure to cut wasteful spend and are actively looking for durable, reusable, branded items

Longevity strengthens trust in both the brand *and* the promotional products channel.

Long-lived promo reduce regulatory & reputational exposure by shrinking waste streams, landfill pressures

Next Steps:

Use lifecycle and material data to show that promotional products deliver high brand impressions per unit when well-designed and responsibly sourced

Build an industry narrative around durability, reusability, and positive brand impact per impression.

Collect case studies showing sustainability-linked customer wins.

Appendix

Member Tier Definitions

Tier	Tier Name	Who they are (both suppliers + distributors)	Indicative Membership Tier(s)
T5	Enterprise Anchors	Largest, most complex, often global players. National programs, big-box/enterprise clients, heavy RFP + ESG ask exposure. These are the ones shaping expectations for everyone else.	Professional Platinum suppliers + distributors
T4	Large Strategic Partners	Large regional/national players with multi-site operations and strong corporate clients. They feel both buyer pressure (RFPs, ratings, Gigaton, etc.) and must manage suppliers.	Professional Gold suppliers + distributors
T3	Core Mid-Market Operators	Established mid-size firms. Some national accounts, lots of recurring B2B relationships. ESG is becoming "another requirement" rather than a strategic pillar.	Larger Professional Silver suppliers + distributors (Our interviewed Silver sample)
T2	Small / Regional Specialists	Smaller independents / local shops. Lean teams. They feel sustainability mostly as documentation burden and cost pass-through, not as "strategy."	Remaining Professional Silver + smaller members/affiliates we didn't interview
T1	Micro / Long Tail	Very small, often non-member or niche/micro vendors. Limited capacity to engage deeply on ESG beyond what's mandated by customers.	Non-members, small shops outside this sample (conceptual tier)

Material IROs Summary

Material IROs by Type

Category	Count	% of Total
Risk	17	35.4%
Impact	15	31.2%
Opportunity	12	25.0%
Opportunity /Impact	2	4.2%
Risk/Impact	2	4.2%
Total	48	100%

Material IROs by Themes

PPAI Pillar	# of IROs	% of IROs
Environmental Responsibility	19	39.6%
Product Lifecycle Considerations	15	31.2%
Transparency & Accountability	12	25.0%
Governance	2	4.2%