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

PHASE 1
Industry Association Best Practice Review

- Interview peers on sustainability practices and focus areas
- Establish best practices and compare against PPAI's current state

Association Sustainability Strategies Report

PHASE 2
Member Sustainability Benchmarking

- Design and administer surveys to assess members' sustainability practices
- Interview key members to provide best-practice snapshots

Member Needs Assessment

PHASE 3
Materiality Validation

- Create materiality matrix to highlight sustainability impacts, risks, and opportunities
- Integrate findings into actionable recommend-dations for a sustainability roadmap

Key Materiality Findings

Sustainability Roadmap Recommendations

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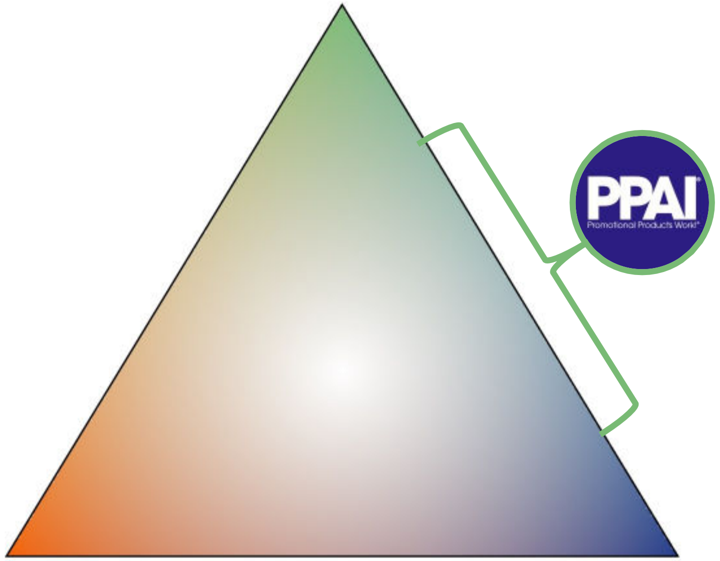
Associations Take Distinct but Valid Paths

PHASE 1

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

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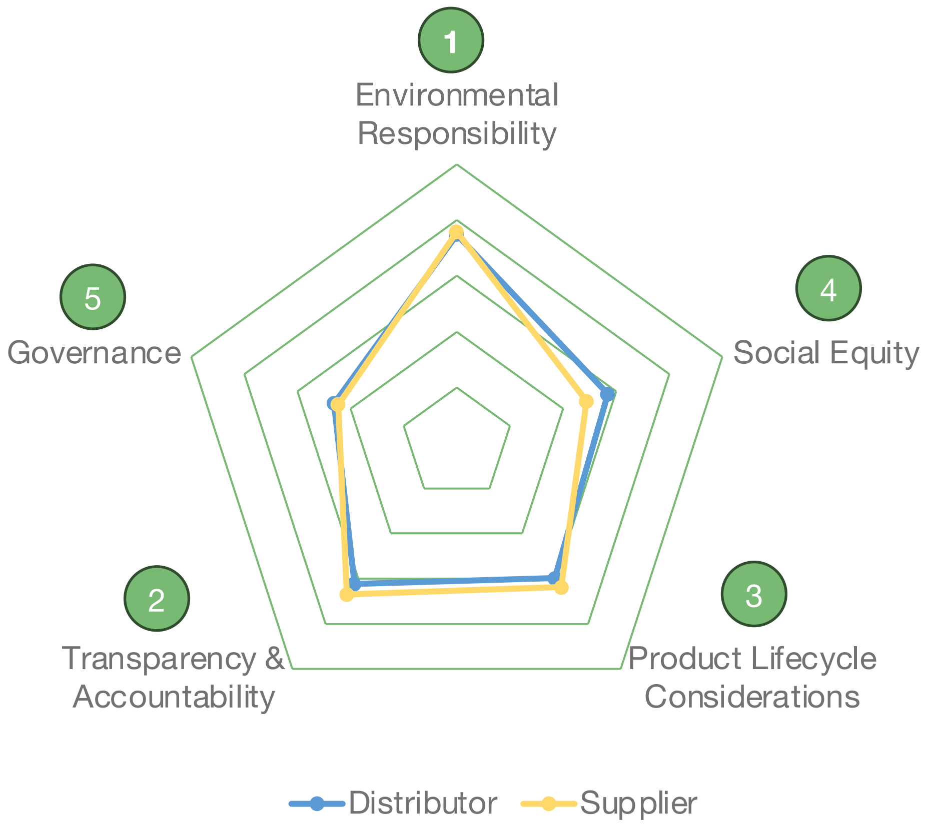
Sustainability is a shared priority, but it is not evenly implemented.

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

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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

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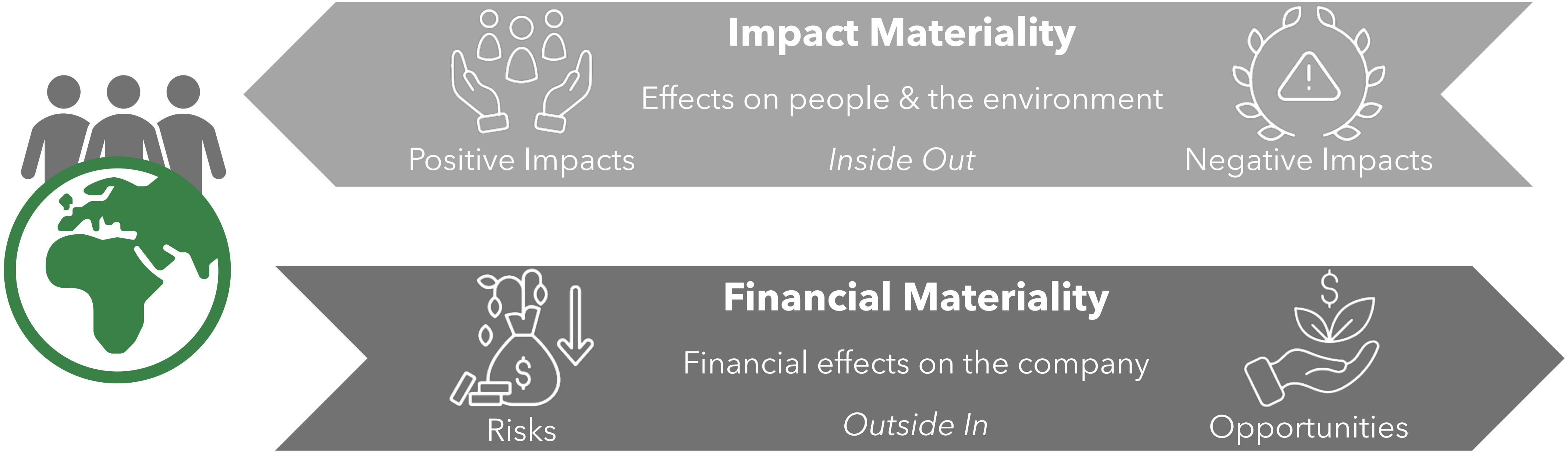
What is Double Materiality?



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MEMBERS

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

Approach & Methodology

Scoping & Mapping

- Defined DMA boundaries across member tiers & representative product categories
- Mapped industry value chain and identified sustainability hotspots

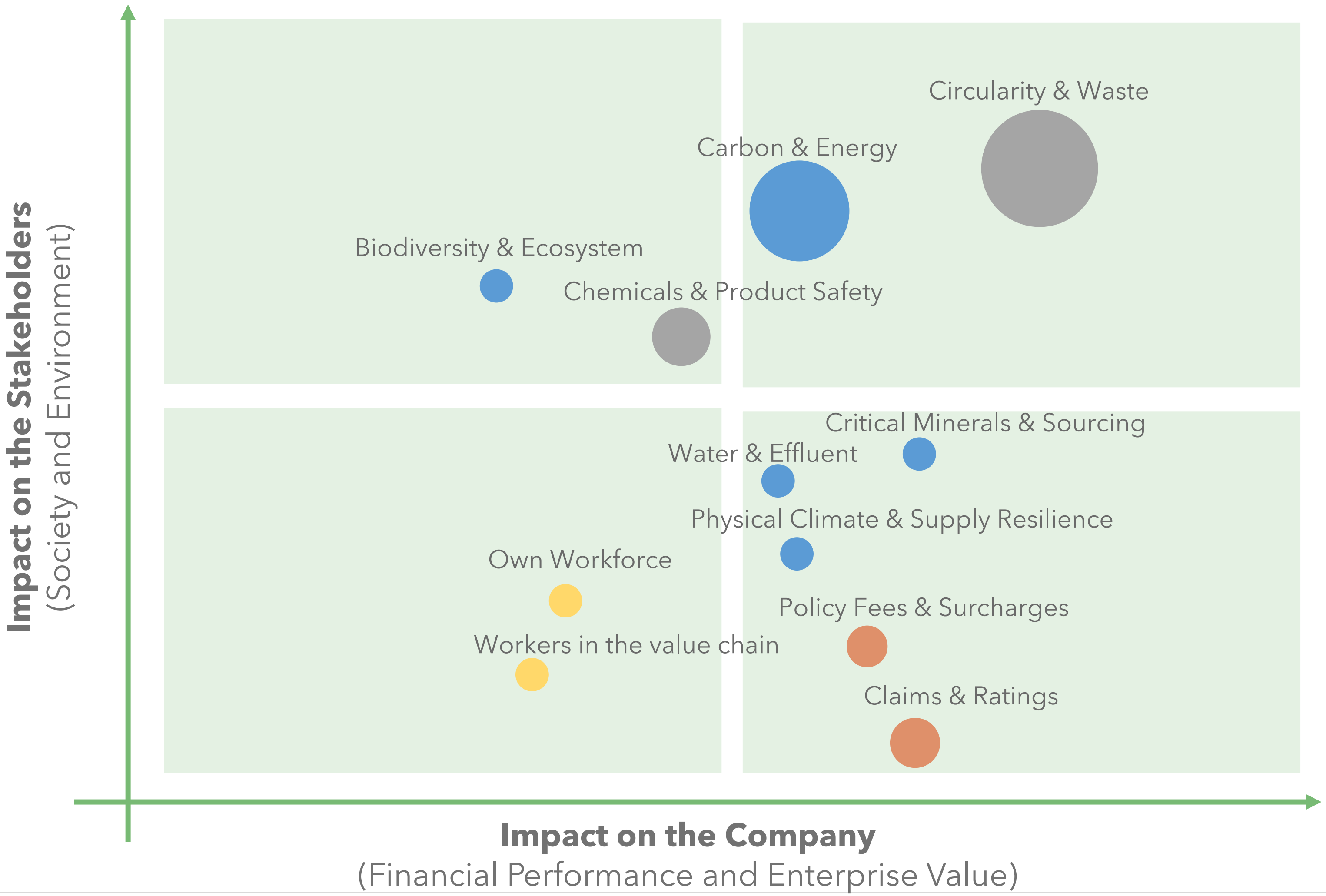
Materiality Assessment

- Identified key ESG Impacts, Risks, & Opportunities (IROs) per pillar
- Assigned ESRS/GRI topics
- Completed expert-informed impact & financial materiality ratings

Stakeholder Validation

- Consulted with PPAI staff on top IROs
- Leveraged member survey & interviews from Phase 2
- Member roundtable confirmed importance of rankings

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.

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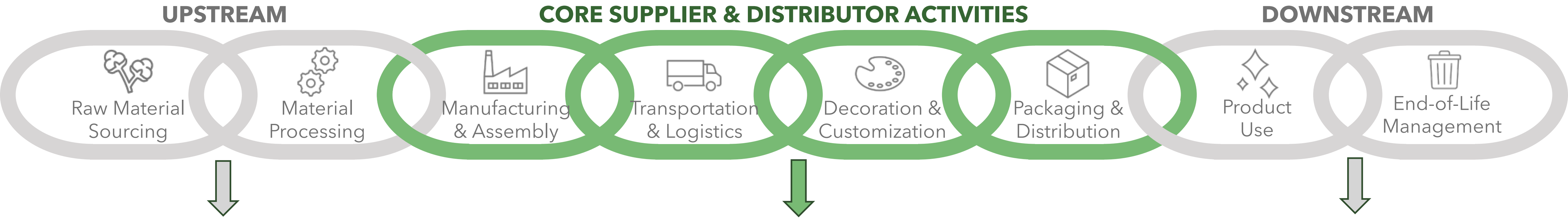
Breakdown of Financial Materiality: Cost & Continuity Pressures

- 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



IMPACT DRIVERS

- **Land-use & biodiversity** from extraction & facility development
- **Water use**
- **Pollution (air, water, soil)** from material processing
- **Climate change:** energy use & GHG emissions in raw material production

- **Waste:** factory, packaging waste and scrap
- **Substances of concern:** chemicals, inks, VOCs and product safety risks
- **Climate Change:** transport emissions and climate-driven delivery disruption
- **Circularity:** low-durability products, damage/returns

- **Circularity:** Short product life & low reuse
- **Microplastic & product safety:** plastic shedding and in-use safety
- **Waste & resource recovery:** Landfill and low recyclability of mixed materials
- **Material management:** E-waste and hazardous components at end-of-life

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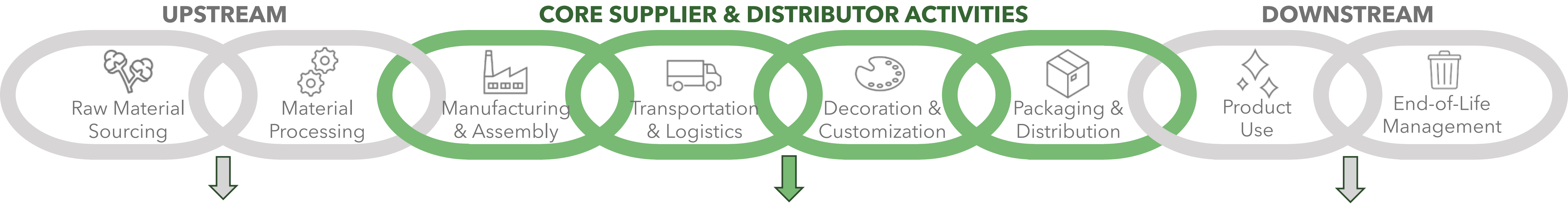
Financial materiality considerations arise at different stages of the value chain



FINANCIAL DRIVERS

- **Raw Materials & Packaging Cost pressure** in paper, textiles, plastics, metals, inks
- **Utilities & Process Resource Costs:** Energy, water and effluent charges at mills/dye houses
- **Chemical Compliance & Responsible Sourcing:** Compliance for safer chemistries and sourcing standards

- **Manufacturing Operating & Compliance Costs:** power, process heat, printing/decoration chemicals, plus mandatory product-safety testing and third-party lab fees.
- **Waste Management & Producer Responsibility Costs:** Waste, scrap, defective items and potential EPR-type costs.
- **Logistics, Fuel & Disruption Costs:** Freight fuel, insurance and disruption costs for global transport.
- **ESG Ratings & Data Compliance Overhead:** Ratings/claims/data requirements (EcoVadis, CDP, customer scorecards) affecting costs

- **Product Quality, Returns & Recall Liabilities**
- **End of life management:** Take-back, recycling or disposal for complex products
- **Revenue & Margin Risk:** Lost margin or orders if products miss buyer sustainability specs

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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

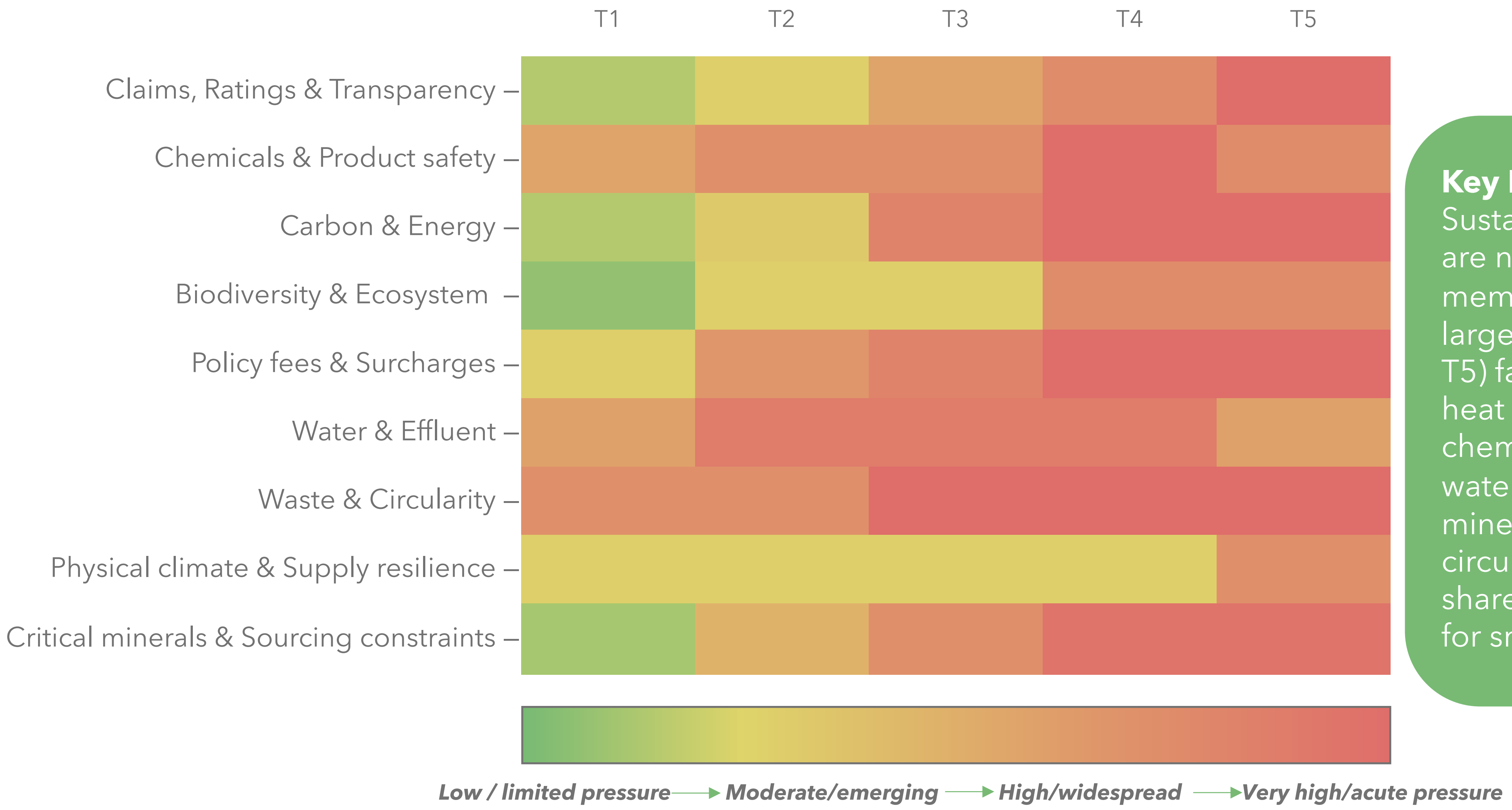
Risks

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

Opportunities

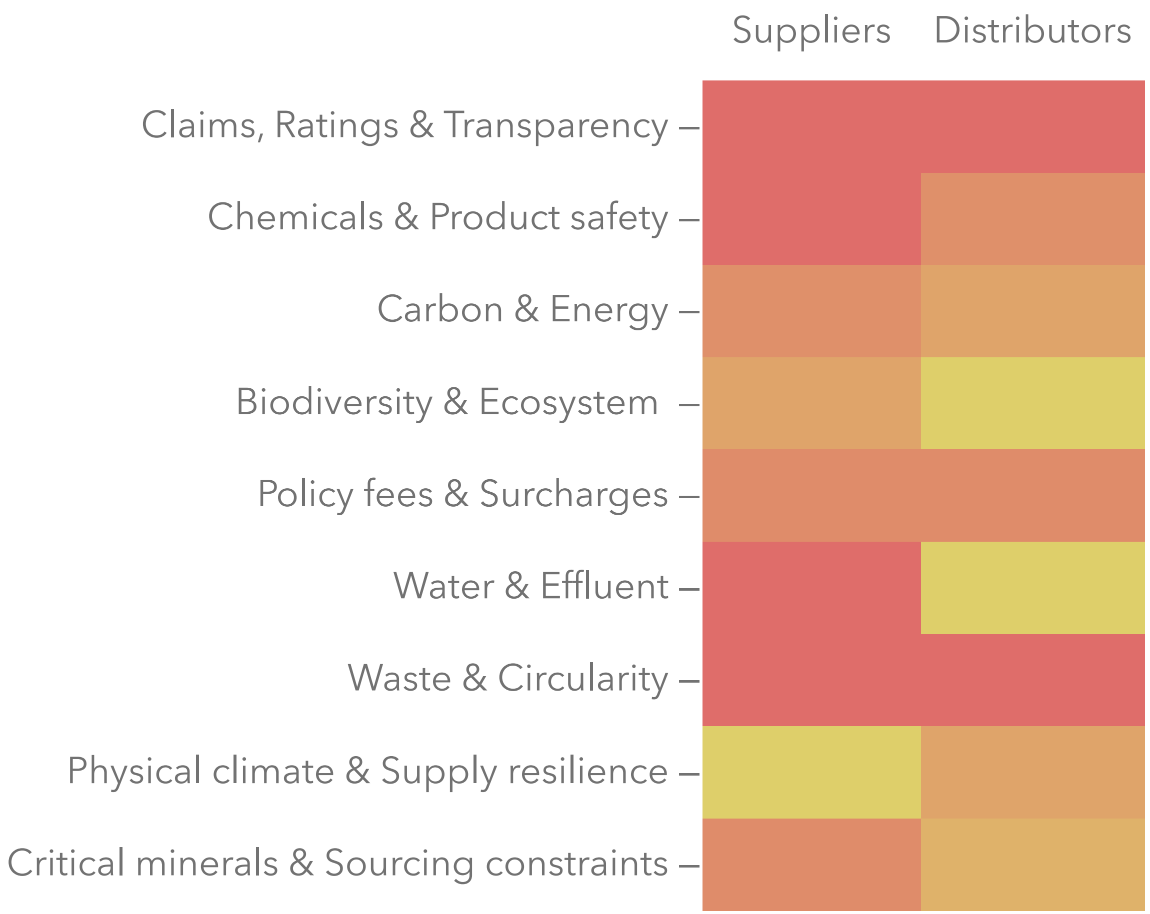
- Gain competitive advantage by offering carbon-neutral products
- Products made from less water-intensive materials

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.

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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)

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Material IROs Summary

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%

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%

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