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### How We Lead

Since the last American Cleaning Institute report in 2019, sustainability has turned a corner within the cleaning industry. Our members have been working hard to reduce emissions at every stage of the supply chain while innovating high-quality products they can be proud of - from the very chemicals used to the reclamation of packaging. These efforts have occurred during unprecedented demand due to COVID-19. Despite these challenges, we did not lose sight of sustainability; rather, its essential status within our products and services was confirmed

Our goals at ACI remain to support our members, regardless of where they are on their sustainability journeys, and to drive the industry forward. We do this by providing the tools to build successful sustainability programs. Through close collaboration with our members, our alignment with the United Nations Sustainable Development Goals (UN SDGs) on core topics such as climate and packaging has strengthened. We are excited to spotlight this progress and new initiatives, such as the 1.5°C Challenge, in this report. This program invites members to align their company targets with internationally recognized climate science and set a goal to reach net-zero emissions by 2050.

We are excited to be at the forefront of business practice innovations with shifts in packaging material standards and design. Beyond this, we are looking at the role our industry plays in the wider waste system. Because of supply chain disruptions due to the pandemic and state of global unrest, we are witnessing an increasing focus on where companies source their materials, as well as on transport and distribution routes.

Through our collective action as a large and influential trade group, we can help drive the industry and policy landscape, further extending our impact. Our collaborative nature allows everyone to learn from and push each other. We make efforts to maximize this by showcasing case studies and sharing knowledge among members to inspire companies to take the next step.

As I look to the coming years, I expect to see an increase in commitments to sustainability as we continue our work to move it to the forefront of business practices. As our voice gains strength, we will continue to influence the industry to take bold action toward a cleaner, more sustainable future

We look forward to reflecting on our collective journey to make this future a reality in the next ACI report!

Melissa Dochstad

**Melissa Hockstad,**President and CFO of ACL

"Our goals at ACI remain to support our members, regardless of where they are on their sustainability journeys, and to drive the industry forward...
Through our collective action... we can help drive the industry and policy landscape, further extending our impact."



### Our Sustainability Goals

**Contribute Positively** 

globally by extending our

the UN SDGs.

To invest in our shared future

collective impact in support of

To be sustainable, we must meet our current needs without compromising the ability of future generations to meet theirs. Our sustainability strategy unites members to achieve common goals and advance the industry toward a cleaner, safer world. In this report, we share stories of progress, and celebrate and inspire with our member initiative highlights.

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### **Increase Transparency**

To uphold good health and wellbeing for all people by providing the information people need to make informed decisions when choosing cleaning products.

### **Value Nature**

To move toward a more circular global economy by optimizing the use of natural resources, advancing water stewardship and eliminating waste.

### **Reduce Emissions**

To confront global average temperature rises by accounting for and reducing greenhouse gas (GHG) emissions across our value chain.





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### What We Have Been Doing

### **Increasing Transparency** Across the United States

In 2021, the U.S. Environmental Protection Agency (EPA) again named ACI as a Safer Choice Partner of the Year. The Safer Choice program helps consumers, and purchasers for facilities such as schools and office buildings, find products that perform and are safer for human health and the environment.

### Science-Based **Emission Reductions**

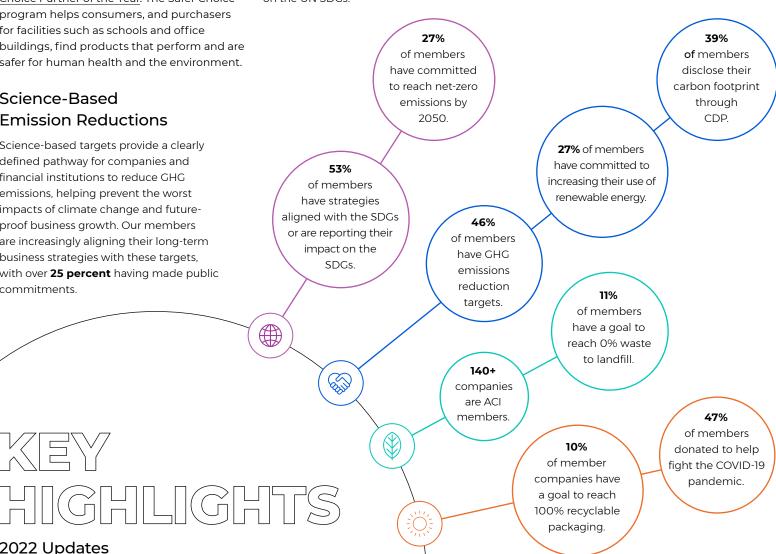
2022 Updates

Science-based targets provide a clearly defined pathway for companies and financial institutions to reduce GHG emissions, helping prevent the worst impacts of climate change and futureproof business growth. Our members are increasingly aligning their long-term business strategies with these targets, with over 25 percent having made public commitments.

### **Positively Contributing** to the Global Goals

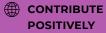
We continue to support our members as they act to realize and report their impact on the UN SDGs

Together, we can ensure our future is clean.





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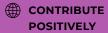
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### Aligning with Global Goals: SDGs

### What Are the SDGs?

Created in 2015, the UN SDGs bring together government sectors, civil society, academia, industries, development partners and communities to ensure all human beings can fulfill their potential in a healthy environment.

**53**% of ACI members have aligned their sustainability strategies with the SDGs or are reporting their impact on them.

### How Do We Engage With Them?

The goals provide an urgent call to action to end poverty and other deprivations, such as improving health and education, and reducing inequality while tackling climate change and preserving biodiversity. By aligning our Uniting for a Cleaner World framework goals with the SDGs, we have ensured that they underpin our community's broader approach to sustainability. We see this wider, business-level integration as the next critical step for securing the future of the industry.

The spectrum of SDGs provides an ideal framework for our diverse members to take action to drive positive impact across their respective value chains. We support this incorporation of the SDGs by sharing tools with our members, such as the Corporate Compass and our Design Guide for Recyclable Packaging.

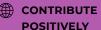
Since 2019, the number of ACI members that have aligned their sustainability strategies with the SDGs has increased by over 20 percent.

We have mapped and benchmarked our own goals against the SDGs in this report to demonstrate our approach.





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### Mapping ACI's Goals Against the SDGs

people everywhere have the

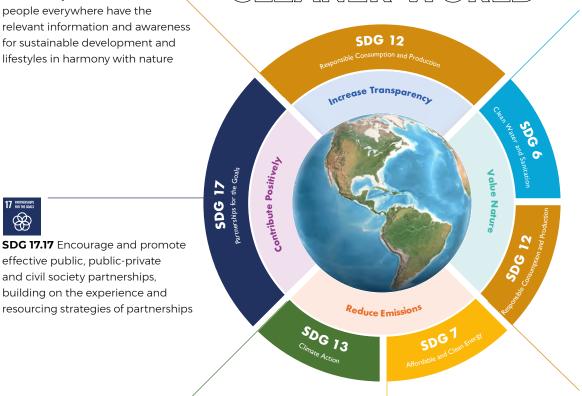
for sustainable development and

lifestyles in harmony with nature

SDG 17.17 Encourage and promote effective public, public-private

and civil society partnerships, building on the experience and

UNITING FOR A CLEANER WORLD **SDG 12.8** By 2030, ensure that



SDG 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

SDG 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity, and substantially reduce the number of people suffering from water scarcity



**SDG 12.2** By 2030, achieve sustainable management and efficient use of natural resources

SDG 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment



SDG 13.2 Integrate climate change measures into national policies, strategies and planning



**SDG 7.2** Increase substantially the share of renewable energy in the global mix by 2030

SDG 7.3 Double the global rate of improvement in energy efficiency by 2030

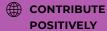


### Our Global Future

Given the scale and reach of our industry, we believe that our greatest contribution to the SDGs as a trade association can be unlocked through collaborative action. With members' varying priorities, impacts and opportunities, we anticipate that our contributions will extend beyond the goals listed in our Uniting for a Cleaner World framework.

Our Uniting for a Cleaner World framework aligns with five of the UN SDGs.

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# Aligning Contributions for the Collective Good

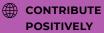
The UN Global Compact is a call to companies to align their strategies and operations with 10 universal principles and to take actions that advance societal goals and implementation of the UN SDGs. Global materials science leader Milliken joined the UN Global Compact in 2019 and took part in the Early Adopter Programme in 2022 to transparently disclose its implementation of the Ten Principles and contribution to the SDGs. Milliken aligned its 2025 Sustainability Strategy and goals with the SDGs, with a particular focus on nine of the 17 SDGs. Milliken's People, Product and Planet sustainability framework and corresponding goals aim to put people first by:

- Caring for their employees and their communities
- · Promoting circular economies
- Improving human health and well-being through product innovations
- Convening scientists and thought leaders to advance circularity
- · Reducing their environmental footprint





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### There in a Collective Time of Need

# COVID-19 and the Cleaning Industry

In just a few months, COVID-19 enormously changed the way we live, work and play. Personal hygiene and disinfection have been essential to combating the pandemic, alongside a massive effort to support healthcare and other front-line sectors.

Demand for disinfecting products spiked, seemingly overnight, by as much as 500 percent. This stretched supply chains, creating major raw material, ingredient, packaging and pump shortages. These challenges proved the resilience of our members' commitment to sustainability as it remained a priority during the height of the pandemic. This signifies a future-proofing of businesses that operate with sustainability as a core focus.

1 https://www.thecloroxcompany.com/blog/clorox-ceo-letter-coronavirus/

ACI is proud of how our industry stepped up by increasing production and providing families with resources on effective cleaning and hygiene practices. Our members have continued to give back to communities and uphold their commitments to corporate responsibility and sustainability.

**47**% of ACI member companies donated cleaners, disinfectants or money to hospitals and communities across the globe.





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### Cleaning is Caring™

In response to the need for guidance on safe, effective cleaning and disinfecting during the COVID-19 pandemic, ACI created a series of online toolkits as part of our Cleaning is Caring $^{\text{TM}}$  initiative.

We created the "Healthy Returns" toolkit to support small businesses and offices as they reopened. The resource contained guidance, posters and checklists adapted from public health recommendations to ensure a safe and successful reopening, as well as to reinforce confidence among the workforce and customers.

Our "Commit to Clean" toolkit was designed to help keep school communities healthy and safe as they reopened. The materials, which provided information on proper hygiene, cleaning and disinfecting protocols, are available through the Healthy Schools, Healthy People program - a collaboration between ACI and the Centers for Disease Control and Prevention.

"C is for Clean: Building Blocks of Healthy Child Care" is ACI's toolkit for childcare settings.

An essential service for millions across the country, this resource contains evergreen, highly visual, easy-to-understand cleaning and disinfecting recommendations intended to help keep childcare centers open and safe.

The final toolkit we created was "Class of Clean: A College Student's Guide to Cleaning." Designed for college students navigating the return to campus during the pandemic, this tool emphasized the importance and benefits of cleaning in dorm rooms and provided guidance on basics such as laundry.



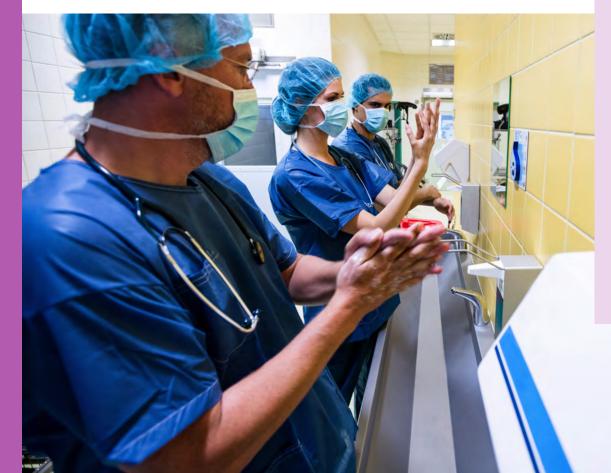
### A National Hand Sanitizer Shortage

In response to the national shortage of hand sanitizers, SC Johnson mobilized a team of volunteers to manufacture hand sanitizer for donation to first responders, health workers and the company's own production employees.

The efforts took place at Waxdale, the company's largest global manufacturing facility, on a converted production line. To jump-start the process, the team partnered with Dow Inc., who made a one-time contribution of bulk hand sanitizer. In the following months, volunteer employees helped produce approximately 300,000 bottles of hand sanitizer for those on the front lines, alongside personal notes of gratitude and encouragement.

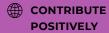








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### Partnering for Disaster Resiliency Efforts

In 2021, ACI launched a strategic partnership with national nonprofits Good360 and SBP to enhance members' disaster relief efforts. The partnership builds regular broader philanthropic and community work to maximize the impact of charitable giving to those affected by disasters. The alliance also provides training, resources and tools to prepare for and respond to natural disasters, helping to reduce the risk of disasters and improving the ability to recover quickly should one strike

ACI members have a history of generous donations through Good360. This partnership provides the opportunity to expand and extend this relationship and build new ones. In addition to resource donations, ACI members have also volunteered with SBP. By leveraging each other's strengths and experiences, we can enhance the effectiveness of the cleaning products industry to become even more resilient and active in disaster recovery.

### Clean the World Foundation

ACI holds an annual fundraiser for Clean the World, a social enterprise that distributes recycled soap and hygiene products to impoverished people. Its work helps to prevent millions of hygiene-related illnesses and deaths every year. For our 2021 fundraiser, we had to reimagine our beloved Duck Race so it could take place online during the pandemic. Our first ever Virtual Duck Fashion Show raised \$23,000 in support of Clean the World Foundation

In 2022, ACI fundraising returned in person and our Duck Race was back in full swing. this time raising \$30,000 to help Clean the World continue its important work. Additionally, attendees worked together to build over 1,800 hygiene kits for distribution.







In 2021 and 2022, our members supported Good360. Donations include:

158.600 bottles of Clorox® Turbo Disinfectant Cleaner (\$230,000 fair market value (FMV)) from The Clorox Company.

1,496 units of Restorox Cleaner to Omaha, NE (\$34,000 FMV) from Diversey, Inc.

**\$7 million worth of Microban** cleaning products from Procter & Gamble

**Ecolab Inc.** donated cleaning products from 12 locations with a \$2 million FMV. It is also a member of the Disaster Recovery Council and provided a \$25,000 Disaster Funding Grant.



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### Informing Transparent Decisions

As the last couple of years have proven, cleaning is more than just removing dirt. It provides essential hygiene to support good health and prevent the spread of illness. Our challenge as companies providing these essential services is to balance these benefits with potential adverse risks.

We have found that consumers are increasingly seeking better, more detailed information. This includes details on ingredients, their function and any risks. We are committed to supporting our members by communicating this information.

## Our Role in Providing Transparency

In 2006, we began working on our ingredient disclosure policy. In 2010, all ACI members voluntarily agreed to put every ingredient in their products on their websites.

Over time, our work to boost ingredient disclosure and transparency has evolved into a collaboration with NGOs and legislators in California. These efforts culminated in 2017,

with the passing of the California Cleaning Product Right to Know Act (CA SB-258) - a law about ingredient transparency.

The Act mandated a complete listing of ingredients on product labels, or if a company preferred, a list of those deemed hazardous on the label, and then a complete list available on the company's website. This includes fragrance allergens and product components down to 100 parts per million.





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### A National Standard

Without a national standard in place, states are contemplating separate measures for ingredient communication. Regulations enacted at the state level can vary - ACI believes that all Americans should have access to consistent information through a national communications standard.

We are working together with members and legislators to develop a uniform model for ingredient disclosure that would apply to all 50 states. Such a standard would ensure cleaning product information is consistent, transparent and accessible to consumers across the U.S. This would help meet the demands of those seeking transparent and understandable information, environmental advocates working to protect public health, and manufacturers developing and supplying cleaning products across the country.

A national standard also creates the opportunity to make improvements to the California Cleaning Product Right to Know Act of 2017 framework. This approach creates consistency for companies and holds them accountable while protecting proprietary information and product innovation.

81% of consumers told us they agree that the makers of cleaning products provide the information they need to select the product that is right for them.



# Helping Consumers Choose the Right Products

It is understandable that consumers find it difficult to identify and comprehend the varying types of information available for products found on store shelves today. The food and household products industries are helping address this with <a href="mailto:SmartLabel">SmartLabel</a>. This mobile app makes it easier for consumers to access detailed information on thousands of products at the press of a button, in a uniform and consistent way across brands.

SmartLabel works with any smart device and contains far more information than could fit on package labels. Simply by scanning the QR code on an item, people can access useful product and ingredient information to help them make informed choices about what they buy.

With information also available via the SmartLabel website, this is a major step forward in transparency for consumers, and one ACI is proud to support. Currently, 22 percent of ACI household product formulators use SmartLabel, those members include: The Clorox Company, Colgate-Palmolive Company, Henkel Corporation, Procter & Gamble, Reckitt, Seventh Generation. Inc. and Unilever.





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### **Cleaning Product Ingredient** Safety Initiative (CPISI)

CPISI is an online searchable database designed as a resource for accessing and understanding information related to the safety of ingredients used in household cleaning products. It illustrates how safety assessment data can be incorporated into risk assessment methodology for household cleaning product ingredients.

ACI continues to grow this initiative with the addition of environmental safety through a companion project called Cleaning Product Ingredient Environmental Safety (CPIES). Combined, we seek to support the industry while providing detailed information to ingredient-conscious consumers.

CPISI and CPIES provide the following:

- · A searchable inventory of ingredients in U.S. household cleaning products produced by members of ACI (as of the most recent product survey in 2021/22)
- Exposure information for each ingredient within each product category in which it is used
- · Hazard information for each ingredient
- · No-effect values derived from regulatory benchmarks and published assessments. or available hazard data for oral, dermal and inhalation exposure pathways (where these could be derived) applicable to potential systemic, reproductive or developmental impacts from daily exposure

**ACI's Ingredient Safety** Initiative provides detailed safety information on more than 1,000 individual ingredients.



### A Hero Ingredient List

To make informed decisions regarding essential hygiene and good health, consumers need the right information. In 2006, manufacturer and marketer of household cleaning products and personal care products Seventh Generation began adding the complete ingredient list directly to every bottle. A leader in ingredient transparency, it worked with ACI on our ingredient disclosure policy.

Seventh Generation's ingredient standard states that any product that is a known carcinogen, mutagen, reproductive or developmental toxicant cannot be used as an ingredient in any of its products. The company uses authoritative lists, such as California's Proposition 65 list of chemicals known to the state to cause cancer or reproductive toxicity, the International Agency for Research on Cancer's lists of Group 1, Group 2A and Group 2B substances, and the U.S. National Toxicology Program's Report on Carcinogens. By creating a hero standard for ingredients, it has built a trusted brand that is enabling customers to make informed ingredient decisions.





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### Safer Choice

### Safer Choice Partner of the Year



In 2021, the Environmental Protection Agency again named ACI as a Safer Choice Partner of the Year. ACI was recognized as an outstanding Safer Choice Supporter.

EPA's <u>Safer Choice</u> program helps consumers and purchasers for facilities, such as schools and office buildings, find products that perform and are safer for human health and the environment. We have supported the program for the last decade through ongoing work with EPA staff, including advocating for science-based principles for ingredient and product criteria.

In 2020, ACI contributed toxicological reviews that resulted in eight chemicals being added

to EPA's Safer Chemical Ingredients List (SCIL) and was the first non-manufacturer to do so. ACI's news media coverage featuring the Safer Choice program generated a total potential reach of 11.2 million people in 2020. The cover highlighted that "Adding chemicals to SCIL encourages innovation and growth in safer products, increases markets for manufacturers and helps protect people and the environment."

ACI also partnered with Good Housekeeping to host their first-ever cleaning summit. It included a panel on ingredient transparency, discussing how the Safer Choice program helps consumers find products with safer ingredients.

Safer Choice commends ACI for its dedication to supporting the SCIL and the Safer Choice program.

### Celebrating Our Members

The following ACI members have also achieved Partner of the Year status:

#### 2019









### 2020





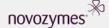


### 2021

















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### **Understanding Essential Ingredients**

### **Future Leaders**

ACI's Future Leaders is a workgroup for emerging leaders from a cross-section of cleaning product manufacturers and chemical producers. These representatives act as agents of change and work to identify high-priority initiatives to help the industry.

### A New Ingredient Communication Tool

Developed by ACI's Future Leaders, "What Cleaning Ingredients Do" is a searchable database of 800+ chemical ingredients commonly found in household cleaners. This new communication tool addresses the gap between required ingredient disclosure and the right of consumers to understand and make informed decisions. As a result, this platform will help empower consumers to feel more confident about the products they have chosen to use in their homes.

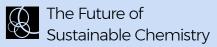
Through its consistent use of consumer-tested ingredient function descriptions, the database builds trust with consumers and creates a multi-platform opportunity to standardize industry language. Initially, the tool is being rolled out for ACI member companies, with the goal of aligning with updates made to ingredient functions on product websites and apps like SmartLabel.

# **15** of our member companies participate in the chemical industry's <u>Together for Sustainability</u> program.

Members: Azelis H&IC US; BASF Corporation; Brenntag North America; Clariant Corporation Croda; Dow Inc.; Eastman Chemical Company; Evonik Corporation; Givaudan Fragrances Corporation; Henkel Corporation; IFF; Kraton Polymers LLC; LANXESS; Solvay; Wacker Chemical Corporation







To support the evolution of the sustainable chemistry industry, suppliers such as Sasol Chemicals. one of the world's leading chemical companies, are investing in advanced technologies. This includes the development of a "hydrogen valley" in Sicily for the production and commercialization of green hydrogen and leveraging renewable feedstocks for lower carbon solutions. Its three largest manufacturing facilities in Europe have earned ISCC PLUS certification for the use of mass balanced biobased and recycled feedstocks, and in December 2021 delivered the first sustainable surfactant made from renewable raw materials to the European market. The company has also partnered with an innovative fermentation technology organization to jointly develop biosurfactants, using yeast to convert vegetable oils and glucose into





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### Packaging Circularity

### Circular Packaging Roadmap

As an industry, we are committed to improving packaging design by ensuring it is recyclable or reusable, reducing virgin material use and increasing post-consumer recycled (PCR) or renewably sourced content. In addition, we know we have a role to play in helping evolve our systems of recovery. To support this transition, in 2021, we released our <u>Circular Packaging Roadmap</u> outlining our ambition and associated goals.

The ambition we are striving for is for all cleaning product packaging to be circular.

# **12** of our members have aligned with (or achieved) this goal.

Members: The Clorox Company; Colgate-Palmolive Company; Dropps; Eco Quality Solutions LLC; Ecolab Inc.; Henkel Corporation; Kao Specialties Americas LLC; Procter & Gamble; Reckitt; Seventh Generation, Inc.; Shell Chemical LP; Unilever

We recognize that achieving our ambition for all cleaning product packaging to be circular will require creativity, innovation and collaboration within and beyond the industry. To support our members, we are developing resources to help them with the design of their products. We will also continue to engage and support those driving change for our systems of recovery across the U.S.

### Our Circular Packaging Roadmap Goals

Design cleaning product packaging for reuse or recycling, improving our Materials Circularity Index score **25%** by **2025**<sup>2</sup>

Reduce the use of virgin material per dose in all cleaning product packaging by increasing PCR content, enhancing concentration and/or using less packaging

Embrace technologies to improve our Materials Circularity Index score an additional **25%** by **2030**<sup>3</sup>

Utilize reusable containers or other new packaging technologies and approaches

Working with external stakeholders, evolve systems of recovery to eliminate all cleaning product packaging waste by **2040** 

Achieve a **75%** recycling rate for cleaning product packaging waste by **2030** 

Achieve **100%** collection and reuse, recycling or composting of cleaning product packaging waste by **2040** 





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### Packaging Reimagined

We are witnessing a shift in the sourcing of materials; for instance, members are increasingly looking for Forest Stewardship Council (FSC)-approved and renewable materials. Over 30 percent of member companies formulating products for consumers now have a defined commitment to reach 100 percent recyclable, reusable or compostable packaging. In addition, over 30 percent of members formulating products have pledged to increase the use of recycled materials in their packaging.

# 11 of our members have joined the <u>Alliance</u> to End Plastic Waste.

Members: BASF Corporation; Clariant Corporation; Dow Inc.; ExxonMobil Chemical Company; Henkel Corporation; Milliken & Company; Mitsui & Co., (U.S.A.), Inc.; Procter & Gamble; Sasol; Shell Chemical LP; Veolia NA Regeneration Services

# **8** of our members are teaming up with <u>Loop</u> to reimagine packaging and help drive the circular economy.

Members: The Clorox Company; Ecolab Inc.; Henkel Corporation; Procter & Gamble; Reckitt; SC Johnson; Seventh Generation, Inc.; Shell Chemical LP

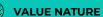




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### Eliminating Waste

### Design Guide for Recyclable Packaging

A members-only product, our Design Guide for Recyclable Packaging presents a thorough review of current challenges and critical improvement opportunities relating to the design of cleaning product packaging for recycling in the U.S. The guide was created to help ACI members innovate solutions to move the marketplace toward a more circular economy, in line with our

industry commitment for 100 percent of cleaning product packaging to be recyclable<sup>4</sup> or reusable<sup>5</sup> by 2025.<sup>6</sup>

The document provides definitions and further resources as well as an overview of recycling system considerations and guidance based on compatibility with the current U.S. recycling system. The guide looks at every element of the product, including labels and educational consumer communication, as well as recent innovation.



### Concentrating Products and Concentrating **Design Efforts**

Concentrating increases the strength or proportion of a substance or solution by removing or reducing diluting agents or by selective accumulation of atoms or molecules. When applied to cleaning products, this reduces required resources and carbon footprints across product life cycles to advance ESG commitments.

A global manufacturer and marketer of consumer and professional products, The Clorox Company is innovating formats and packaging to cut plastic waste without sacrificing quality. Its approach creates compatible and reusable product packaging that keeps it simple for the customer. Uniform bottle sizes and dosing across products addresses refill compatibility concerns and enables the interchangeable use of concentrated caps.

The new Clorox Multi-Purpose Refillable Cleaner uses 80 percent less plastic than a Clorox 16oz ready-to-use spray cleaner. In addition to minimizing plastic, The Clorox Company is improving recyclability by adding perforations to shrink labels, making them easier to remove and their bottles easier to recycle.







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### Transitioning the Waste System

We recognize that, as we move the industry to circular packaging, there is a need to increase the capacity of waste systems to manage this growth effectively.

Ameripen represents the U.S. packaging value chain by providing public policymakers with fact-based, material-neutral scientific information. As a member, alongside several of ACI's own members, we support its mission to use science to inspire, create and advocate for sustainable solutions for the packaging value chain.



## **15** members have a zero waste to landfill goal.

Members: AlEn USA; The Clorox Company; Colgate-Palmolive Company; Corbion; Croda; Firmenich Incorporated; Henkel Corporation; Milliken & Company; Novozymes North America, Inc.; Plastipak Packaging, Inc., Procter & Gamble; Reckitt; SC Johnson; Shell Chemical LP; Unilever

# **10** of our member companies are a part of the New Plastics Economy.

**Members:** BASF; The Clorox Company; Colgate-Palmolive Company; Eastman Chemical Company; Henkel Corporation; IFF; Reckitt; SC Johnson; Unilever; Veolia NA Regeneration Services

# **13** of our members have joined <u>How2Recycle</u> labeling to simplify the consumer experience.

Members: AlEn USA; Church & Dwight Co., Inc.; The Clorox Company; Colgate-Palmolive Company; Dow Inc.; Eastman Chemical Company; ExxonMobil Chemical Company; Henkel Corporation; Procter & Gamble; Reckitt; SC Johnson; Seventh Generation, Inc.; Unilever

### The Question of Education

Recycling faces many challenges, from infrastructure to the quality and cleanliness of materials collected. In 2022, ACI launched a new web page and guide devoted to helping customers navigate recycling cleaning product packaging. Through educating, the guide aims to increase the volume and quality of containers recycled.



### Increasing Curbside Collection

"How do we educate consumers on what packages are recyclable?" is a key question at ACI, and one that Plastipak - a vertically integrated global leader in the rigid plastic packaging and recycling industries - is working on.

Plastipak and its partners are very involved in many associations where education programs have been implemented to help raise awareness about the benefits of plastic materials such as PET,7 HDPE8 and PP.9 These materials are being recycled every day and turned back into bottles for many consumer brands including cleaning products. As an industry, we need to improve our recycling rates. By working together, we can help to raise awareness of types of cleaning product packages that are recyclable, which will help increase curbside collection.







- Polyethylene terephthalate
- 8 High-density polyethylene
- 9 Polypropylene

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### Advancing Water Stewardship

### **iSTREEM®**

Our online modeling tool, iSTREEM, is a free, publicly available, web-based geographic information system (GIS) that estimates the concentration of chemicals going down the drain and the subsequent residual levels that enter aquatic environments. The model is continually updated for companies, academics and governments, as well as those interested in understanding the potential impacts of chemical releases to aquatic environments in the U.S and parts of Canada. iSTREEM has also grown to include countries such as China and Japan through the technical

support and partnership of Procter & Gamble and Waterborne Environmental. Inc.

The model has a variety of uses, including:

- Predicting the environmental impacts a new chemical may have before it hits the market
- Understanding the current environmental load and thresholds that may cause undesired impacts
- Confirming the likelihood a chemical will biodegrade with limited impact on the surrounding environment
- Identifying areas of greatest concern where monitoring studies or mitigation may be necessary

Throughout 2021 and 2022, ACI has increased its engagement with the U.S. EPA to educate the agency about the capabilities and applications of our model in parallel with the agency's E-Fast model. We have also conducted multiple demonstrations at state agency level to engage universities in applying iSTREEM in highly innovative ways to the industry and beyond.







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### Aligning with Global Leaders: IPCC

# The International Panel on Climate Change

The Intergovernmental Panel on Climate Change (IPCC) is the United Nations body for assessing the science related to climate change. The IPCC was created to provide policymakers with regular scientific assessments on climate change, its implications and potential future risks, as well as to put forward adaptation and mitigation options.

## Aligning Our Work on Climate Strategy

ACI believes it is necessary to strive for a vibrant and sustainable future with healthy people, a flourishing planet and thriving business. For us, this means making sure cleaning products value nature while also helping people lead heathier lives, and making sure our businesses enrich communities and are governed with integrity.

To achieve this future, we recognize the need to substantially reduce GHG emissions in accordance with <u>scientific consensus</u> as determined by the IPCC. As part of our commitment, ACI has set a goal to account for and reduce GHG emissions across our value chain, including consumer use. To support this position, we have challenged all member companies to set carbon strategies in alignment with the 1.5°C trajectory of global net-zero carbon emissions by 2050.



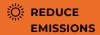


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### Our Roadmap to Net 7ero

### The 1.5°C Challenge

We created the <u>1.5°C Challenge</u> to support our Roadmap to Net Zero and drive the industry forward toward our climate goals. By challenging members to raise their ambitions and act for the climate now, we are sending a clear signal to other businesses of what needs to, and can, be done.

The challenge invites all companies within the cleaning products industry and supporting supply chain to align their corporate climate strategy and targets with the science-based 1.5°C goal. This aim would see members reducing their global emissions to net zero by 2050.

When ACI launched this initiative in May 2021, 15 ACI members committed to ACI's 1.5°C Challenge, making bold, science-based commitments. This number has now expanded to 18.

# **18** ACI members have committed to our *1.5°C Challenge*.

Members: BASF Corporation; The Clorox Company; Colgate-Palmolive Company; Croda; Dow Inc.; Ecolab Inc.; Evonik Corporation; Firmenich Incorporated; Henkel Corporation; IFF; MonoSol, a Kuraray Division; Novozymes North America, Inc.; Reckitt; Sasol; Seventh Generation, Inc.; Shell Chemical LP; Twin Rivers Technologies; L.P.; Univar Solutions

- 10 As represented by ACI membership base of cleaning products manufacturers.
- 11 Progress consistent with global emissions reduction target of at least 50% by 2030.
- 12 As represented by ACI membership base of suppliers.
- 13 Energy from a source that is not depleted when used, such as wind or solar power.

### Our Net-Zero Goals

One of our ambitions is to achieve net-zero industry carbon emissions. In 2021, we launched a plan to accomplish this, our Roadmap to Net Zero.

Goal	Targets
Reduce absolute GHG emissions within operations and product manufacturing	<ul> <li>By 2023, 80% of cleaning product manufacturers<sup>10</sup> will have set science-based GHG reduction targets, including scope 3 emissions, and reported progress.</li> <li>By 2030, there will be measurable progress<sup>11</sup></li> </ul>
	toward achievement of identified targets.
Work with supply chain partners, reduce upstream	By 2025, 80% of our supply chain <sup>12</sup> will have set science- based GHG reduction targets and reported progress.
GHG emissions and transition to low-carbon transportation	<ul> <li>By 2030, there will be measurable progress toward achievement of identified targets.</li> </ul>
Enhance climate resilience	By 2025, all ACI companies will have achieved
by restoring, conserving or creating natural climate	commitments for traceable and deforestation-free paper, soy, palm oil and palm oil derivatives.
solutions that store carbon and aid in sequestration	By 2040, residual industry emissions will be balanced with natural climate solutions.
Through support of policy and collaborations with external stakeholders, minimizing emissions from cleaning product use	• By 2035, we will have achieved a 100% renewable <sup>13</sup> / clean U.S. electricity grid.

# An additional **20** members have committed to be net zero by 2050 or earlier.

Members: Bitrix; BYK USA Inc.; Church and Dwight, Co., Inc; Corbion; Diversey, Inc.; Eastman Chemical Company; Givaudan Fragrances Corporation; Green Plains Trade Group LLC; INEOS Oxide; Johnson Mathey; Jungbunzlauer Inc.; LANXESS; Mitsui and Co. (U.S.A.), Inc.; Novo Nordisk Pharmatech; Presperse Corporation; Procter & Gamble; SNF Holding Inc.; Swan Chemical, Inc.; Symrise; Unilever; Wacker Chemical Corporation

# **47** ACI members have 2030 GHG reduction targets.

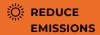


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### Cold Water Saves

Our members are working hard to reduce GHG emissions throughout their supply chains. At ACI, we are increasingly thinking about how we can reduce emissions from the consumer stage of product life cycles. Cold Water Saves is our campaign to promote cold water laundry washes.

About 90 percent of the energy used by washing machines is for heating water; washing in cold water saves this energy. Also, most of the energy used in a detergent's life cycle is during its use in the wash. We know that changing consumer behavior to wash on cold will make a huge difference in helping reduce emissions associated with laundry and addressing our collective climate change impact.

In addition, cold water is gentler on fabrics, it can protect and increase the longevity of clothes, saving people money and decreasing their carbon footprint to help save the planet. Many of today's detergents have been developed to work effectively on the cold cycle, and ACI members are continually improving technology so that we can be sure of an effective clean, even when the dial is turned down. For example, new detergent technology has introduced enzymes that work best in cold water, so users won't be compromising on the quality of the wash. And cold water has a great advantage - there is no fear of tie-dyeing unsorted loads!

Cold Water Saves is working to get the message to all consumers that washing on cold is best. The bottom line is cold water washing saves people money, saves clothes and saves the planet.





# Addressing the Consumer Use Phase

Multinational consumer packaged goods company Procter & Gamble (P&G) is on a journey to net zero by 2040, and each of its brands has a role to play. That is why Tide recently announced Ambition 2030 a set of broad-reaching sustainability goals to decarbonize laundry end to end.

The consumer use phase is over two-thirds of Tide's environmental footprint and is largely generated by the energy required to heat the wash cycle water.

If Tide can meet its goal to turn 75 percent (vs. a 48 percent baseline) of North American laundry loads to cold by 2030, it would have an impact equivalent to reducing GHG emissions by 27 million metric tons - or roughly 10 times P&G's annual operations emissions. Progress toward this target is measured with monthly tracking and consumer learning.

Tide continues to advance its mission with product innovation, ensuring a high-quality clean in a cold cycle. It is also investing in consumer education campaigns highlighting the benefits of cold wash, including:

- · Its "Cold Callers" commercials, a partnership with the NFL that challenges teams and consumers to wash in cold
- · A messaging collaboration with clothing brand Hanes
- · Joining forces with World Wildlife Fund to help establish cold water washes as the next energy-saving eco habit







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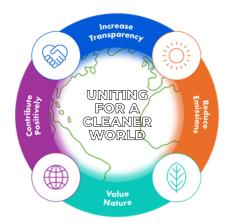
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### ACI's Corporate Compass: Finding the Path to Sustainability

In 2020, ACI launched a resource for members titled *Corporate Compass: Your guidebook* for navigating sustainability priorities as we Unite for a Cleaner World. This comprehensive sustainability guidebook includes tools and resources designed specifically to help our industry collectively improve operational and supply chain impacts. It guides member companies who are beginning their sustainability journey as well as those looking at how to improve existing practices.

To accompany this document, we launched a Self-Assessment tool in 2021, designed to help members identify gaps in their sustainability programs, moving from foundational to advanced and leading practices. We ran a members-only four-part educational webinar series on the support available to turn insights into sustainability programs that drive members' companies forward and improve environmental and social outcomes.



EXTRA DRY

ULTRADELICATE

SPORTS WEAR

The series gave greater insight into the *Corporate Compass*, which offers resources in the areas of our four sustainability goals: Increasing Transparency, Reducing Emissions, Valuing Nature and Contributing Positively. For this project we partnered with the consultancy firm FrameworkESG to delve into how we can support our members in navigating their sustainability priorities.



### Fighting Climate Change With Advanced Biology

If the U.S. adopted cold water washing, we could save about 7 million tons of CO<sub>2</sub>. Novozymes, a global biotechnology company, has been using advanced biotechnology tools to ensure that such a wash is possible – with no loss in washing performance for consumers.

Laundry detergents contain biologically derived enzymes that fight common stains and improve the product's cleaning power. Novozymes finds and optimizes enzymes that are able to work effectively in cold-water conditions, allowing consumers to wash their clothes in lower temperatures and reduce their energy and carbon footprint, a laundry load at a time.

novozymes\*\*\*



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### **Biobased Feedstock**

As the industry continues to review and evolve product ingredients, we expect a shift away from fossil fuel-based to biobased feedstock. To successfully scale the adoption of these material feedstocks, first we must address sourcing issues such as land-use conflicts.

**31** of our members have committed to using Roundtable on Sustainable Palm Oil (RSPO) certified palm oil.

Members: ABITEC Corporation; Acme-Hardesty Co.; Aicello America Corporation; AlEn USA; Apical Resources America; LLC; Ashland Specialty Ingredients; Azelis H&IC US; BASF Corporation; Clariant Corporation; Corbion; Firmenich Incorporated; Henkel Corporation; IFF; INOLEX; IOI Oleochemicals; Kao Specialties Americas LLC; Kensing LLC; MANE USA; Mitsui & Co. (U.S.A.), Inc.; Novozymes North America, Inc.; Oleon Americas Inc.; Oxiteno; Procter & Gamble; Reckitt; SC Johnson; Seventh Generation, Inc.; Twin Rivers Technologies; L.P.; Unger Fabrikker AS; Vantage Specialty Chemicals; Wacker Chemical Corporation: Wilmar International Ltd.



40 of our members make bio-preferred ingredients or have bio-preferred cleaning products available through the U.S. Department of Agriculture's BioPreferred Program.

Members: Acme-Hardesty Co.; Arkema Inc.; BASF Corporation; Church & Dwight Co., Inc.; Clariant Corporation; The Clorox Company; Colonial Chemical; Inc.; Corbion; Croda; Diversey, Inc.; Dow Inc.; Eastman Chemical Company; Ecolab Inc.; Encapsys; LLC; Evonik Corporation; Genomatica: Georgia-Pacific Professional: GOJO Industries, Inc.; Henkel Corporation; INOLEX; Integrity-Biochem; Jungbunzlauer Inc.; Korex Canada; Kraton Polymers LLC; Locus Performance Ingredients; Lubrizol Advanced Materials; Mitsui & Co. (U.S.A.), Inc; Nouryon; Oleon Americas Inc.; Procter & Gamble; Reckitt; SC Johnson; Seventh Generation, Inc.; Solugen; Solvay; Symrise; Takasago International Corporation; Unilever; Wilmar International Ltd.





### Balancing Biomass

Following a successful pilot of BASF Corporation's Biomass Balance approach in 2021, ACI member Henkel Corporation has committed to replacing fossil carbon feedstock with renewable feedstock. The transition will occur over the next four years across most of its European Laundry & Home Care and Beauty Care businesses.

The partnership between BASF Corporation and Henkel Corporation will substitute around 110,000 metric tons of fossil-based ingredients per year with renewable carbon sources avoiding around 200,000 metric tons of CO<sub>2</sub> emissions in total and reducing the carbon footprint of Henkel Corporation's core brands. BASF Corporation is working with TÜV Nord, an independent certification body, to support the practical implementation and certify the biomass balance according to the REDcert<sup>2</sup> certification scheme.

The project underlines the commitment of both companies to create a sustainable future and offer consumers more responsible cleaning solutions. BASF Corporation looks forward to more of its customers adopting this approach as they near their carbon target deadlines.







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### Carbon Disclosure and Science-Based Targets

#### Of members:

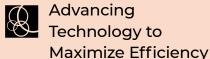
- · 46% have a metric to reduce GHG emissions or reduce CO<sub>2</sub> emissions
- **39%** of members published their previous year's GHG emissions through some form of public report or reporting system in 2022
- · 32% have 2030 GHG reduction targets
- · 27% have committed to net zero by 2050 or earlier
- · 11% have a metric to include "Natural Climate Solutions" as part of their strategy
- 9% are recognized on the CDP A List

Science-based targets provide a clearly defined pathway for companies and financial institutions to reduce GHG emissions, helping prevent the worst impacts of climate change and future-proof business growth.

The Science Based Targets initiative (SBTi) guides companies in science-based target setting, mobilizing the private sector to take urgent climate action.

### Of members:

- · 17% have made science-based targets through SBTi but may not have submitted them yet or they may be pending approval
- · 21% have a commitment to science-based targets through SBTi (they may or may not have set targets yet)
- 16% have targets that are approved by SBTi



In response to the challenge of water-related carbon footprints within the industry. ACI member Ecolab Inc. created the OMNI heat exchanger program.

OMNI optimizes the energy efficiency of heat transfer between fluids (warming and cooling) within chemical manufacturing plants. It achieves this by combining in-depth system audits, monitoring and diagnostic tools to support users in proactively addressing inefficiencies in heat exchange systems.

Ecolab's solutions help customers achieve ambitious business and environmental goals, helping companies in more than 40 industries throughout the world reduce water and energy use and lower carbon emissions. Ecolab aims to help customers save 300 billion gallons of water annually and achieve a positive water impact for its own operations by 2030.



### Disclosing Risk Disclosing Ris Management

Stepan Company is a global manufacturer of specialty chemicals. Its commitment to the Task Force on Climate-related Financial Disclosures (TCFD) builds on enterprise risk management, emission scope, fiscal risk assessments and water risk assessments conducted for its sites.

This work is creating a new lens for internal and external stakeholders to view sustainability. Scenario analysis learnings are used for risk management to aid in decision making related to investments, long-term corporate strategy and planning with regard to climate mitigation.

Stepan 5





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### Looking to the Future

As a collective voice for the industry, ACI has both a role and a responsibility to help our members move forward on issues that matter to us all, regardless of where they are on their sustainability journey. Sustainability challenges remain enormous and global, and among the most important issues facing the planet. Our initiatives such as the 1.5°C Challenge have seen the industry come together to tackle these challenges and create the sustainable, cleaner, healthier world we all want.

Our goal is to drive and amplify the sustainability work done throughout the cleaning products industry. To do so effectively, we engage with our members to understand their goals and requirements. We then support these by providing a space for them to convene with peers, suppliers, customers and other stakeholders to agree on the joint actions we need to take. Additionally, our four goals, resources and series of programs allow us to focus and channel our efforts, and those of our members, to build successful sustainability programs.

Supporting and fostering collaboration between members and engaging with global partners and goals maximize our impact for good. ACI will continue to fulfill our role as facilitators of change as we help our members to tackle the challenges ahead and drive the industry toward a cleaner future.

### **About This Report**

This report is ACI's sixth Sustainability Report, covering the period from June 2019 to June 2022.

Statistics within this report represent information aggregated from our members' public commitments collected in May 2022, as well as interviews conducted with our members' sustainability professionals. Our hope is to demonstrate the work being done at ACI to advance sustainability throughout the industry, and to highlight the leading work being done by our members to tackle some of the greatest issues of our time.

### **Acknowledging Our People**

We especially thank our member representatives for their contributions: Committee Chair Chris Hammond (Stepan Company), Committee Vice Chair Oriana Raabe (Ecolab Inc.) and previous Committee Vice Chair Dave Carlstrom (Diversey, Inc.).

### Sustainability Strategy and Content Development

A special thanks to Anthesis Group for its work in support of the ACI Circular Packaging Roadmap, FrameworkESG for its series delving into how we may support our members when navigating their sustainability priorities and Flag Communication for the design and production of our 2022 Sustainability Report.

### Stay in Touch

Please get in contact if you have any questions, comments or would like to help us reach our goals.

Email: sustainability@cleaninginstitute.org



### **Our Member Companies**

Special thanks to member companies who participated in the development of this report, and for their continued support of ACI's sustainability initiatives.

View the <u>full list of American Cleaning</u> Institute members on our website.



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