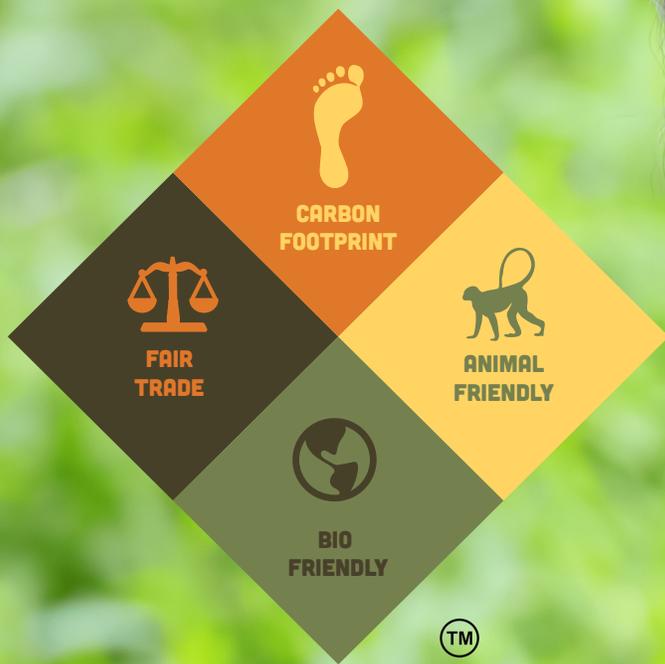


SAVE THE ORANGUTANS



THE GREENER LIFE
DIAMOND THE SYMBOL
OF GREENER LIFE CLUB
MEMBERSHIP



A SPECIAL REPORT FOR COSMETIC ARTISANS



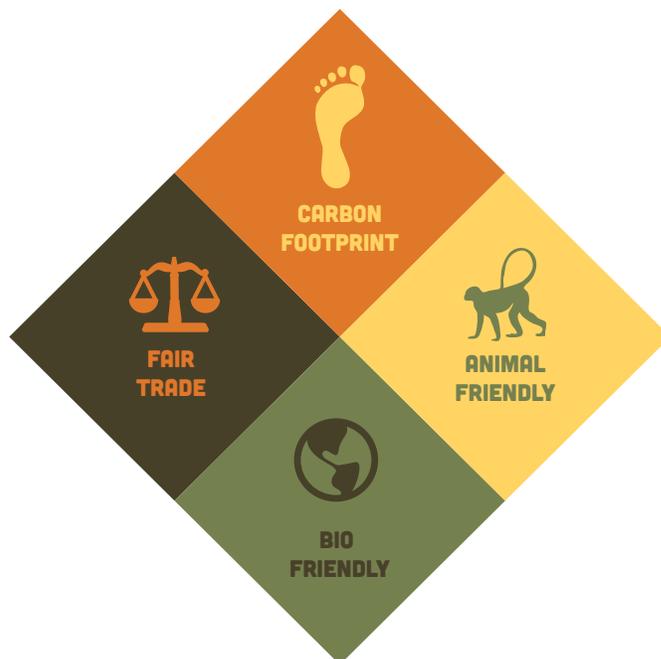
CONTENTS

- 3 Executive summary
- 4 The story of Lulu and Peni
- 5 The demand for palm oil is not going away
- 5 The crux of the problem
- 7 Why not boycott?
- 8 Consumers are ready to shop ethically
- 8 The trouble with certification seals
- 10 How to solve the information gap
- 11 Introducing the Greener Life Diamond
- 14 How Essential Depot's palm oil supplier measures up
- 15 Conclusion
- 15 About Essential Depot
- 16 Notes

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A village on the coast of Borneo, Asia's third largest island that has lost more than half its rainforests



EXECUTIVE SUMMARY

In 2010, a female orangutan and her baby wandered into a remote Bornean village after being swept off a cliff in a landslide. Their forest habitat had been cleared for palm oil plantations. The deforestation had, in part, caused the landslide. When the animals came in contact with the villagers, they were tortured unspeakably.

Five years later, news outlets continue to follow this story. It highlights the connection between palm oil — the cheapest vegetable oil used in half of all packaged products — and the rainforest destruction that may drive wild orangutans and many other animals to extinction.

So where does this leave cosmetic artisans and our customers? How can we ensure that we do not buy products that contribute to the destruction of rainforests and the death of more orangutans?

Good news: this year, the world's biggest palm oil traders have pledged to use only "no deforestation" palm fruit. Even so, many other players still put "dirty" palm oil into the marketplace.

Consumers are ready to buy products from companies that value kindness and social responsibility. And, we have more information at our fingertips than ever before.

The problem is, for every product, there are heaps of sources to sort through.

To simplify things, various organizations have implemented certification systems. But there are still problems when different systems conflict and confuse consumers.

This white paper will introduce the Greener Life Diamond that covers the four main aspects of a responsibly produced product:

- **Carbon footprint**
- **Animal friendly**
- **Bio-friendly**
- **Fair trade**

Greener Life Club Members that use the Greener Life Diamond on their labels will pioneer a tool to help ethical consumption take hold. They'll also differentiate their products and send a message to the world's largest companies that it is time to act responsibly to save the orangutans and preserve the natural world.



Lulu and her baby, Peni, trapped and tortured by villagers in Borneo

VILLAGERS, WHO VIEW ORANGUTANS AS PESTS, BEAT THEM WITH STICKS AND ROCKS.

When a vet from a non-profit animal-rescue group arrived, mother and baby were in the pen surrounded by villagers. Lulu, near death, used what strength she had to wrap her arms around Peni, who was trying to chew through the ropes still tied on Lulu's arms and legs. The vet was able to save Peni, while Lulu died of her injuries.¹

THE STORY OF LULU AND PENI

In 2010, a female orangutan and her baby wandered into a village in remote Borneo after being swept over a cliff in a landslide.

The mother orangutan was later named Lulu and her baby, Peni. Their habitat, the forest that surrounded the village, had been cleared to create palm oil plantations. The landslide that injured the animals had been, in part, caused by this deforestation.

Lulu and her baby were thin and malnourished. Villagers, who view orangutans as pests, beat them with sticks and rocks. They tied Lulu's arms and legs, took Peni away from her, submerged her head in water, then dragged her into a makeshift pen.



Adult Peni was released into a national park



Farmers sort the raw palm fruit before sending it to a middleman who sells to a mill

Indonesia's rainforests contain 10 percent of the world's known plants, 12 percent of all mammals, and 17 percent of all known birds. But sadly, the country has one of the highest deforestation rates in the world. Less than half of Indonesia's original forest remains.

Much of this rainforest is on peatland, the most efficient natural system to remove carbon from the atmosphere. During clearing, these areas are burned, releasing carbon that has been sequestered for millennia.

As a result, Indonesian deforestation is responsible for about five percent of all the world's greenhouse gas emissions — more than all the cars, trucks, buses, and trains in the U.S. put together.⁶

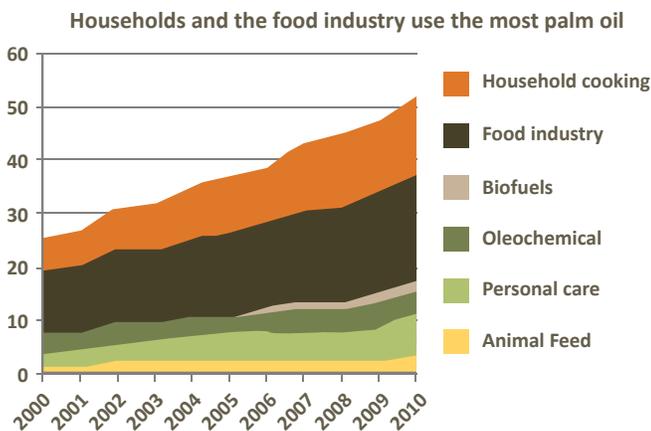
So what can cosmetic artisans and our customers do about this problem? Should we simply quit using palm oil?

DEMAND FOR PALM OIL IS NOT GOING AWAY

Deforestation, much of it to clear land for palm oil plantations, has destroyed more than 80 percent of the orangutan's habitat over the last 20 years. The past decade has seen the wild population cut in half and these animals may very well go extinct in the next decade.²

Palm oil is the cheapest of all vegetable oils, now used in half of all packaged consumer products, from cookies to soap.³ And the demand for palm oil is expected to continue to grow exponentially.⁴

Indonesia, which governs most of the island of Borneo, has a target to double palm oil production, from 20 million tonnes in 2009 to 40 million tonnes in 2020.⁵



THE CRUX OF THE PROBLEM

The thousands of online comments about Peni and Lulu's story are dominated by two sentiments:

1. The Borneo villagers should be drowned, arrested, caged, evicted from their village, and so on.
2. We should all boycott palm oil.

While the Borneo villagers are responsible for their own cruelty toward Lulu and Peni, punishing them doesn't begin to address the situation.

As two-time Pulitzer Prize-winning author and biologist Edward O. Wilson observed, there is an "awful symmetry" between the world's economic wealth and biodiversity.

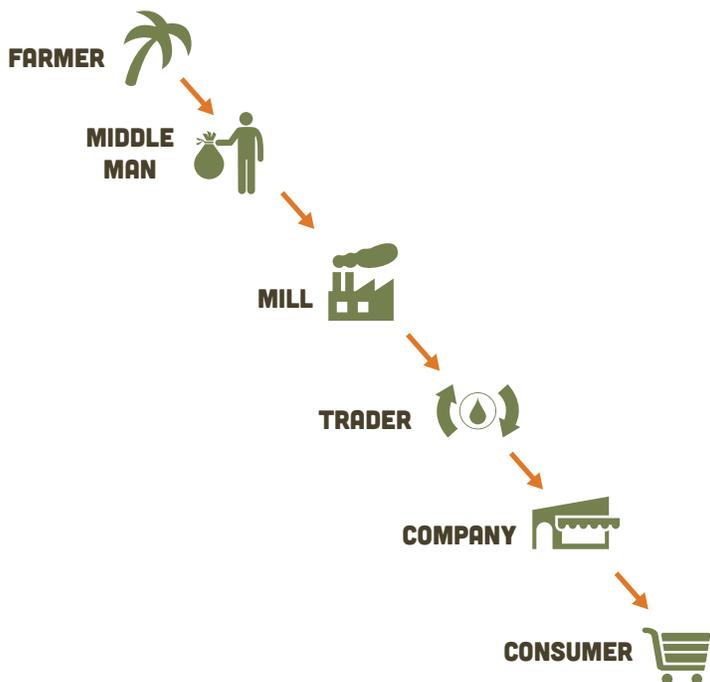
While the richest nations preside over the least important natural areas, the poorest nations — burdened by exploding populations and little scientific knowledge — are stewards of the areas richest in biodiversity and most important to the earth's ecosystem.⁷

The villagers' environment and livelihood are shaped by a global market in which we, American consumers, do not know how our purchasing choices contribute to desperation and destruction in Borneo.

Many of the villagers work on smallholder farms — land allotments less than 12.5 acres, about 1/4 the size of an average American farm. An estimated 40 percent of the world's palm oil comes from these smallholder farmers.⁸

These farmers ideally sell their palm fruit to mills that process it into oil. But only a minority of the smallholders has a contract with a mill. More often, the mills buy the palm fruit from middlemen, who like to keep their sources secret to prevent losing "their" farmers to competitors.⁹

Once the mill processes the oil, it's sold to a palm oil trader, which sells it to a company, which uses it in a product to sell to consumers.



There is a complex supply chain between farmer and consumer

The result is that mill owners, palm oil traders, and consumers have no relationship with smallholder farmers who actually grow the palm fruit. It's impossible for companies to know if the palm oil they are selling and using has contributed to rainforest destruction.

PALM OIL YIELDS AT LEAST NINE TIMES MORE OIL THAN ANY OTHER OILSEED CROP





Most oil comes from the fruit's pulp. Palm kernel oil comes from the center

WHY NOT BOYCOTT?

Given these facts, it looks like a palm oil boycott is the answer. In fact, many NGOs involved in the issue are calling for one.

The problem is that palm yields at least nine times more oil than any other oilseed crop. To meet worldwide demand for an alternative, we'd have to use nine times as much land to grow these crops. The social and environmental impacts would inevitably multiply.¹⁰

Also, boycotts are too slow. For example, after 40 years, the global organic movement, which relies on consumer action, now supplies only 0.007 percent of the global food market.¹¹ The orangutans and rainforests can't wait that long. Instead, the entire market must move toward sustainably produced palm oil.

Groups like the World Wildlife Fund (WWF) believe companies can push producers far faster than consumers can. WWF VP Jason Clay helped create the Roundtable on Sustainable Palm Oil (RSPO) that brings together producers, traders, companies, retailers, NGOs, and scientists to determine acceptable impacts and to design standards for sustainability.

As a result of the attention brought to the issue of dirty palm oil, the world's largest palm oil traders, like Wilmar and Cargill, have committed to ridding their supply chains

of products that cause deforestation.¹² These trading giants have an unprecedented influence on the world market because they are the point in the supply chain where the largest volume of oil passes through the fewest hands.¹³ Cargill alone controls about 20 percent of global palm oil.¹⁴

Cargill has funded research that shows we can double global palm oil production without cutting a single tree in the next 20 years by planting on land in Borneo that has already been degraded.¹⁵ The company is also working at tracing the oil it buys¹⁶ and getting producers certified as sustainable.¹⁷

By choosing palm oil from sustainable sources, cosmetics artisans can help build the market demand and push these companies to do business in a way that respects the most vulnerable and bio-diverse areas on earth.



Human use of palms for oil may date back 5,000 years



Palm oil passes through many hands before it is used in products

THE TROUBLE WITH CERTIFICATION SEALS

In an attempt to cut the consumer's workload in making an ethical decision, numerous NGOs have implemented certification systems.

With these systems, companies can opt to undergo an evaluation and earn the right to put a seal with a recognizable logo on their product labels. This way, consumers can see at a glance if a product is ethically produced. Yet there are a number of problems with these seals.

COMPETING SYSTEMS OFTEN CONFLICT

There are three different seals that can appear on palm oil bottles that claim to certify the product as sustainable.

The Roundtable on Sustainable Palm Oil (RSPO), the Green Palm system, and the Rainforest Alliance all have seals that companies can put on their labels. All these different seals create uncertainty in the heart of the customer who may wonder which is the "real" certification.

CONSUMERS ARE READY TO SHOP ETHICALLY

According to Young & Rubicam's BrandAsset Valuator (BAV), a database of poll results over the past 20 years, consumers are more ready than ever to buy products from companies that value kindness and social responsibility.¹⁸

And, those consumers have more information than ever at their fingertips to aid their buying choices.

The problem is, for every product that exists, there are heaps of sources to sort through and read. And, product labels contain none of this information.

It takes time and research to make an ethical buying decision.

Given that 90 percent of all purchasing decisions are made subconsciously in response to emotional cues,¹⁹ and that people typically take 1/10 of a second or less to form those powerful first impressions,^{20 21} it's no wonder there is still a gap between what people say and what they do at the cash register.²²





Oil from the palm fruit pulp is reddish and high in vitamin E

CERTIFICATIONS PROVIDE ISOLATED SETS OF INFORMATION

Each NGO engaged with evaluating companies and products tends to look at one aspect of environmental and social friendliness.

A producer may pay farmers fair prices for its ingredients, but its overall production process may cause an unacceptable level of carbon emissions. This means that a product may pass one certification but flunk out on another.

Consumers should be able to assess the overall impact of a product by looking at one comprehensive label that tells the whole story.

MEDIA CRITIQUES LEAVE CONSUMERS FEELING CYNICAL

The RSPO has come under criticism from a number of NGOs for not going far enough in its standards and not enforcing its program effectively.

News outlets tend to focus on controversies without following up on how organizations, such as the RSPO, recover and evolve. As a result, negative news tends to cast a long shadow and leave consumers feeling cynical about all sustainability programs.

MANY CERTIFICATINS ARE YES/NO, RATHER THAN GRADUATED

Product sustainability doesn't happen overnight. Systems that give a simple Yes/No don't take into account the fact that companies must undertake years of expense and effort to make changes along their entire supply chains.

Certification seals ought to give consumers a sense of whether or not a company is engaged in the sustainability process, not just whether they've reached the end goal.



Consumers have no way of knowing how their purchases affect the world

HOW TO SOLVE THE INFORMATION GAP

Socially responsible consumerism is still in its infancy. For it to become a mass-market phenomenon, shoppers need tangible, reliable information about the health, social, and environmental benefits of a product at the point of purchase.²³

SHOPPERS NEED TANGIBLE, RELIABLE INFORMATION ABOUT THE HEALTH, SOCIAL, AND ENVIRONMENTAL BENEFITS OF A PRODUCT AT THE POINT OF PURCHASE.

This means a labeling system that incorporates the most important aspects of social and environmental responsibility, allows for supply chain evolution, and is based on all current information available.

The time is ripe for a truly effective labeling system to cut through the confusion and feed peoples' desire to shop ethically. For an ethical product seal to work, it should meet the following criteria:

- Gives a sense of how the product fares when measured against all other third-party certification standards available
- Gives consumers access to the most up-to-date story behind the rating
- Has a graduated system that gives consumers not simply a Yes/No judgment, but a more nuanced sense of the product's progress toward responsible production
- Gathers and weighs the health, environmental, and social responsibility criteria all in one place



Labels should tell shoppers the whole story about a product's impact on their health and the world

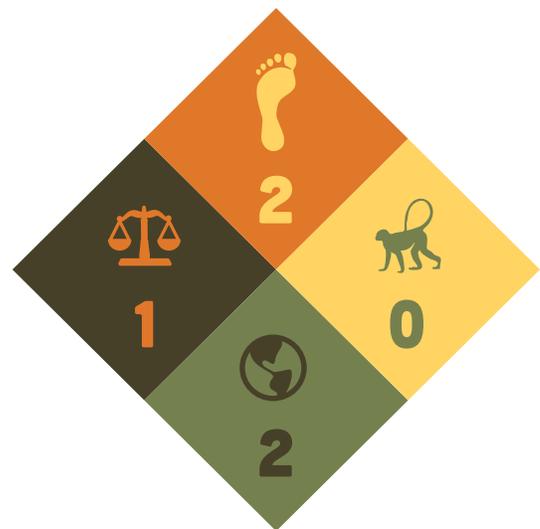
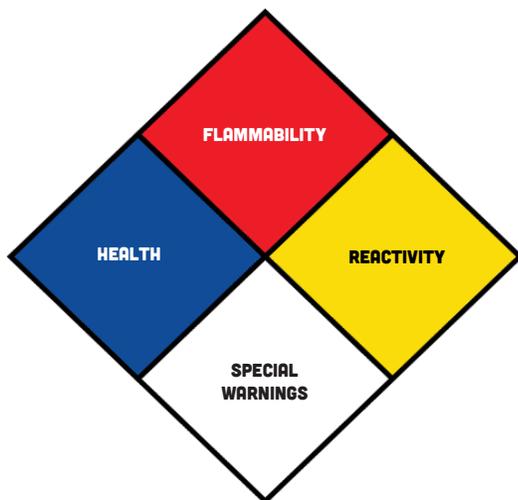
INTRODUCING THE GREENER LIFE DIAMOND

Fortunately, Essential Depot has created the Greener Life Diamond to help its customers make greener products that comply with any cosmetic regulation. Greener Life Club Members can now provide customers with at-a-glance information that helps them differentiate their products from competitors.

The Greener Life Diamond is inspired by the internationally recognized Hazmat Diamond, created by the U.S.-based National Fire Protection Association (NFPA). The Hazmat Diamond was developed because first responders needed a quick, at-a-glance system to identify what hazards existed within a building so they could prepare themselves before entering.

The Greener Life Diamond gives customers an at-a-glance assessment of the four major aspects of health, social, and environmental responsibility so they can make a decision, at the point of purchase, within the short time period it takes to form a first impression. The four areas of the diamond include the following:

- **Carbon footprint**
- **Animal friendly**
- **Bio-friendly**
- **Fair trade**



- Different quadrants and colors represent the four main aspects of ethical consumerism
- Ratings determined after a review of all available information from NGOs and other stakeholders
- Robust grading system
- Shows the entire health, environmental, and social responsibility picture in one place

CARBON FOOTPRINT

A product's carbon footprint is the sum of all of the carbon emissions necessary to create that product. Carbon emissions contribute to climate change.

If the global community doesn't respond aggressively to curb this problem, within a generation there will be extreme food shortages; and many, if not most, of the earth's ecosystems will be seriously threatened. These ecosystems provide a myriad of services that sustain human life, from nutrient recycling to pollination.²⁴

Therefore consumers must demand that the companies they buy from are aware of their carbon emissions and are actively working to cut them.



The Greener Life Diamond in this quadrant works as follows:

- 0 — Carbon Neutral
- 1 — Climate Friendly Certified
- 2 — Engaged in carbon reduction
- 3 — Future commitment to address carbon emissions
- 4 — No plan to address carbon emissions

ANIMAL FRIENDLY

The phrase "Animal Cruelty" usually brings to mind images of science labs with cages of animals hooked up to monitors being subjected to a myriad of substances for testing purposes. True animal friendliness goes beyond simply avoiding cruelty to individual animals.

Products impact the welfare of animals when the

production process involves the destruction of natural habitats. As human populations expand and natural habitats shrink, people and animals are increasingly coming into conflict over living space and food.

The problem affects both rich and poor. People can lose their crops, livestock, property and sometimes, their lives. Animal populations are often culled in retaliation and to prevent future incidents.

Therefore consumers must demand that companies be aware of the impact their products have both directly and indirectly on animal welfare.



The Greener Life Diamond in this quadrant works as follows:

- 0 — Cruelty-free and no impact on habitat
- 1 — Certified animal and habitat friendly
- 2 — Engaged in process to eliminate habitat impacts and animal cruelty
- 3 — Cruelty-free
- 4 — No plan to address animal welfare impacts

Bio-FRIENDLY

An update to U.S. federal regulations on chemicals in personal care products is on the horizon. Essential Depot makes great efforts to ensure that harmful chemicals do not make it into the lives of Americans via the products it's customers make. We have every batch of Essential Oils GC/MS tested under the supervision of Dr. Kevin Dunn.

Essential Depot has been to Capitol Hill to lobby for the thousands of micro-businesses who are members of the Greener Life Club. Members that display the Greener Life Diamond on their labels help Essential Depot proactively prevent onerous legislation than could cause thousands of artisan soap and cosmetic handcrafters to have to comply with expensive regulations, red tape and registration fees.

products meet the goals of this new legislation, which should help with the compliance process.

The Greener Life Diamond in this quadrant works as follows:



- 0— Skin Safe and Organic and Non-GMO
- 1— Skin Safe and Organic
- 2 — Skin Safe
- 3 — Possible Skin Issues
- 4 — Skin Toxic

FAIR TRADE

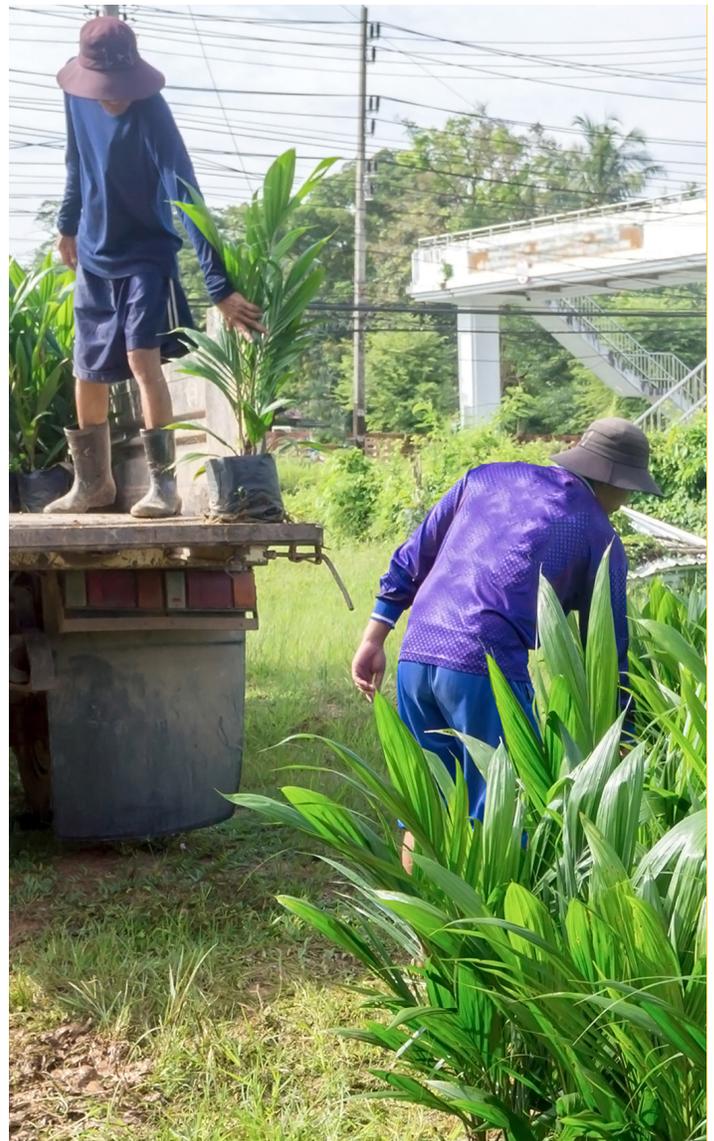
There are a number of different certification schemes for Fair Trade because of the incredibly wide range of existing products, production situations and trade relations. Essential Depot believes Fair Trade standards should aim for well paid and respectful working conditions along the entire supply chain and respect for all individuals and the land rights of indigenous people.

In some cases, though, tracing products to their source is a long process that, if not done right, can bring harm to the most vulnerable producers. So, we need to recognize those companies engaged in the process, not just reward end results.



The Greener Life Diamond in this quadrant works as follows:

- 0 — 100% fair trade and respect for indigenous land rights
- 1 — At least 20% fair trade and respectful of land rights
- 2 — Proactive with respect to labor and indigenous rights
- 3 — Engaged in a process to become fair trade and/or recognize indigenous rights
- 4 — No fair trade and/or respect for land rights



Fair Trade can be a long process that, if not done right, can harm the most vulnerable farmers

HOW ESSENTIAL DEPOT'S PALM OIL SUPPLIER MEASURES UP

Essential Depot only purchases Palm Oil and Palm Oil Derived Products, like our Vegetable Glycerin, from RSPO Certified Vendors and is RSPO Certified itself.

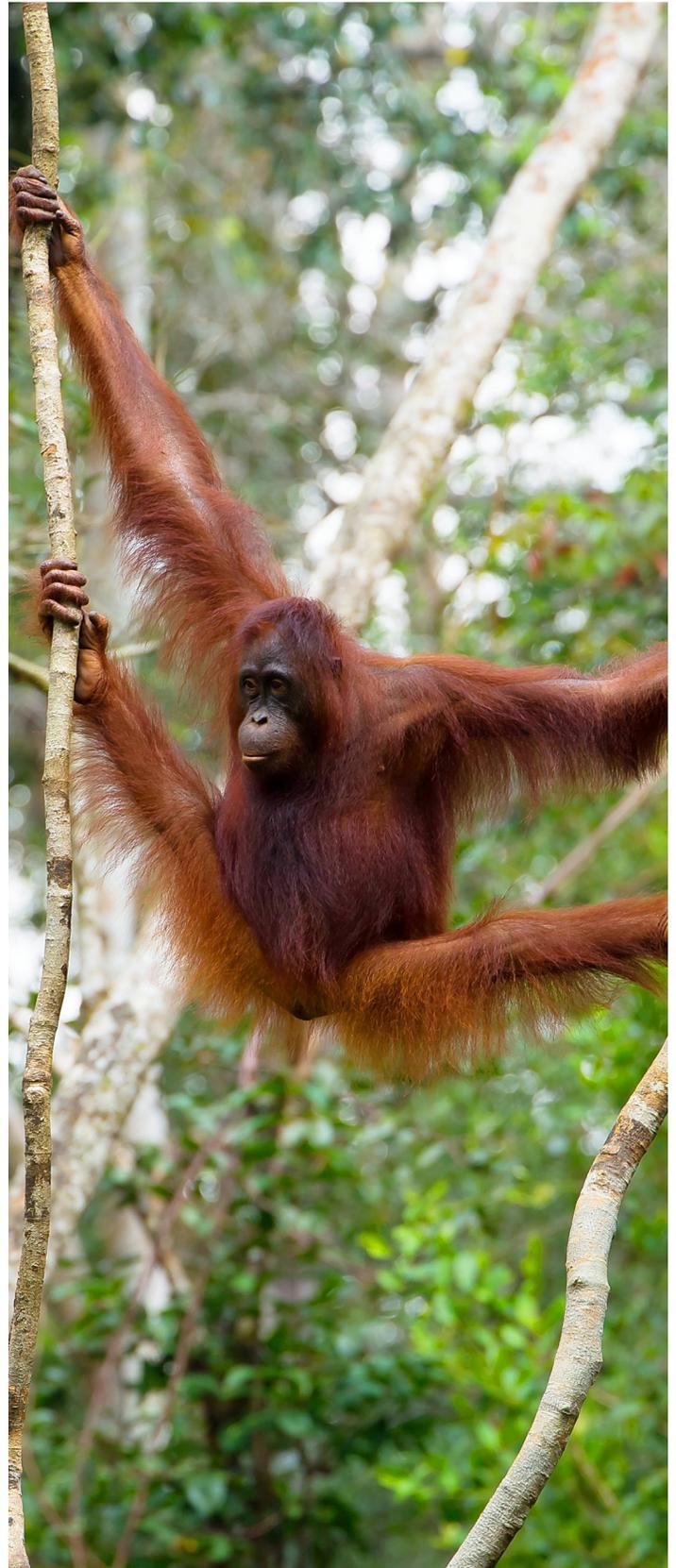
We carry the RSPO logo on all our Palm Oil Products.

Essential Depot will continue to support the RSPO in all of its efforts with the ultimate goal of Certifying all the palm derived products with a Greener Life Diamond as well as the RSPO Logo shown below.

At the moment our Greener Life Diamond certification is pending and is represented below.



Carbon Footprint — 2
Animal Friendly — 0
Bio-friendly — 2
Fair Trade — 2



Wild orangutans could be extinct in 10 years if we don't stop deforestation

CONCLUSION

With this introduction of the Greener Life Diamond, Essential Depot aims to pioneer the tool that will help ethical consumption become a habit in the personal cosmetics marketplace.

We're launching the system by applying it to our palm oil because "dirty" palm oil has been identified by the World Wildlife Fund (WWF) as one of the top 15 products that pose the greatest threat to the earth's biosphere. Also, the stories we see in the news and through social media about the impact that irresponsible cultivation of this product is having on the orangutan population are unacceptable.

We aim to help our customers feel confident that their buying decisions are responsible socially, environmentally, and health-wise for themselves and their customers. In this way, they'll more easily comply with any upcoming regulatory changes and differentiate their products.

Essential Depot wants to participate in a marketplace shift toward ethical consumption and help send a message to the world's largest companies: It is time to wake up, save the orangutans, and act responsibly to preserve the natural world.

OUR CUSTOMERS

With the Greener Life Diamond, we are happy to give you the information you need at point of purchase to ensure the products you buy are environmentally and socially responsible. Register now for an account and start using ingredients that will give your handcrafted products a powerful added selling feature.

ABOUT ESSENTIAL DEPOT

Essential Depot's Greener Life Essentials serve many industries where people are striving to lead a more environmentally friendly life.

Our goal is to provide the best quality, most environmentally and socially responsible ingredients at the best possible price. We pride ourselves on same business day shipping, with exemplary customer service.

We have also become the place where the e-cigarette industry purchases vegetable glycerin and propylene glycol; and the hydrogen fuel cell industry and enthusiasts purchase potassium hydroxide electrolyte.

At Essential Depot, we are not happy unless every customer is happy.



ESential Depot®
GREENER LIFE ESSENTIALS

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