



## INTRODUCTION

Suppliers and distributors have a symbiotic relationship – we need each other to be successful. Our approach to Sustainability can be no different.

Carbon emissions reduction, championing social causes, and upholding responsible business practices are rightly all standard components of any company's ESG strategy. HPG and its brands, Batch & Bodega, BCG, Beacon, Best, Debco, Evans Manufacturing, Handstands, Hub, Mixie, Origaudio and SugarSpot, will continue to benchmark today's impact, set ambitious goals for the future, and report progress transparently every year.

But HPG's core purpose is to serve distributors. It is only through this focus on our partnership that HPG has been able to supply millions of promotional products worldwide. HPG's fundamental approach to ESG is to tap into that same collective potential. By doing so, we can have the greatest impact.

The following, inaugural report shares where HPG is today and how distributors can wield our new suite of ESG tools, products, and services to do good by doing what they do best.





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## 1. OVERVIEW

HPG is committed to conducting responsible and sustainable business which is aligned with our purpose and the expectations of our stakeholders.

HPG views Environmental, Social and Governance (ESG) matters as part of the domains requiring consolidated oversight by HPG in its capacity as the parent company. To ensure we adopt and maintain an effective approach that remains relevant and commensurate with our ambitions, and in accordance with the Group's risk tolerance, each HPG brand must be able to demonstrate the minimum requirements of the policy as set out below.

These minimum requirements capture our common principles on ESG issues across the environment, workplace, community, and governance pillars of the Group's sustainability strategy.

## 2. MINIMUM REQUIREMENTS

This section of the policy sets out the minimum requirements that must be adhered to by each HPG brand, subject to the provisions of the HPG Code of Conduct. HPG will support each HPG facility in their efforts to deliver the requirements set out in this document and some tasks under the policy can be outsourced to the HPG Enterprise Sustainability Team. In the latter case, an individual HPG brand must cooperate with the HPG Sustainability Team in fulfilling the outsourced parts of the requirements, and the individual HPG brand retains overall responsibility for taking reasonable steps to ensure the requirements are met. The specific division of responsibilities between each HPG brand and the Sustainability Team is outside of the scope of this policy but should be specified in policy handbooks and other documents as necessary.





### 3.1. Environment

Our ambition with respect to the environment is continuing to reduce energy consumption through improving the efficiency of operational processes and equipment, adopting waste management practices, and promoting reuse and recycling as alternatives to landfill disposal. To reach this ambition, we have established principles to manage our environmental impact across three key issues: Energy Use & Emissions, Waste & Resource Use, and Transportation & Distribution Emissions.

#### 3.1.1. Energy Use and Emissions

**Principle 1.1A: Each HPG brand must be covered by, and have its progress tracked against, net zero science-based targets to reduce GHG emissions set by HPG.**

We are committed to being covered by validated, science-based targets (interim and net zero) as required to meet standards set by the Science Based Targets Initiative (SBTi).

Consequently, we commit to:

- reduce absolute Scope 1 and 2 (greenhouse gas) GHG emissions by 70% by 2028 from a 2023 base year.
- that 60% of our suppliers by spending (covering purchased goods & services and capital goods) will have science-based targets by 2028; and,
- reduce absolute Scope 3 emissions from transportation and distribution, waste, by 90% by 2030, from a 2023 base year.

These targets will be generically referred to as net zero targets in this policy. These targets should be supported by company-specific and/or group-wide strategies which include an implementation roadmap to reduce GHG emissions.

Within the net zero strategies, we aim to impact at a minimum Scope 1 and Scope 2 emissions and strive to consider all material sources of emissions such as those from decorating facilities, offices, and warehouses.

In addition, we are committed to calculating the group's GHG emissions using a common, transparent, and annually reviewed methodology. We will establish key performance indicators (KPIs) to track progress against our targets on an annual basis, externally disclose our group-wide targets, and report on our progress annually.

**Principle 1.1B: Each HPG brand must have its residual emissions offset by HPG where they cannot be avoided.**

Where a HPG brand cannot avoid or reduce GHG emissions further, it must request HPG to compensate such residual emissions, covering at minimum Scope 1 and Scope 2 emissions and part of Scope 3 emissions, through the purchase of carbon credits, in line with the group's net zero targets.



To support this effort, we are committed to:

- Aligning any carbon credits procured by HPG on behalf of an HPG brand with internationally recognized voluntary standards, norms, and best practices as determined by HPG.
- Full, public disclosure within our annual group sustainability report on the purchase and retirement of carbon credits in alignment with internationally recognized voluntary standards, norms, and best practice as determined by HPG.
- Taking steps to establish relationships with carbon credit brokers to proactively secure access to high quality carbon credits.

### 3.1.2. Selling-related Transportation and Distribution

**Principle 1.2A:** Each HPG brand must ensure that all GHG emissions from transportation and distribution related emissions are managed in line with the group's net zero targets.

We include GHG emissions from upstream and downstream transportation in our measurement, disclosure, and reduction of GHG emissions, in line with our net zero target and as set out in [Principles 1.1A-1.1B](#) of this document.

We define GHG emissions from logistics activities as GHG emissions from upstream transportation and distribution (GHG Protocol Scope 3 category 4) and downstream transportation and distribution (GHG Protocol Scope 3 category 9).

**Principle 1.2B:** To achieve the group's net zero targets, each HPG brand must seek to optimize its transportation and distribution practices, while minimizing impact to customer On-Time delivery.

We are committed to integrating GHG emissions into our transportation and distribution decisions. This includes:

- Assessing business priorities carefully before any air transportation decisions.
- Reducing carbon-intensive modes of transport whenever possible.
- Abiding by a HPG freight routing guide that prioritizes modes of freight based on GHG emissions, sets clear boundaries on when higher GHG-emitting modes of transportation is necessary, and publicizes our preferred carrier partners based on alignment with our net zero targets.

Where zero carbon logistics is not possible, we will calculate and value our residual emissions by applying an internal carbon price.



### 3.1.3. Waste and Resource Use

**Principle 1.3A:** Each HPG brand must take steps to fully understand the environmental impact of its waste and resource use.

We are committed to collecting, analyzing, and publicizing data relating to our waste and resource use.

**Principle 1.3B:** Each HPG brand must consciously develop and launch products and packaging that provide environmental, social, and economic benefits while protecting public health and environment over their whole life cycle.

We are committed to expanding our eco-friendly product offering to 40% by 2030 by incorporating sustainable design principles into product development, focusing on eco-friendly materials, reducing resource consumption, and designing products for recyclability. We will review circular economy principles by implementing product take-back programs, remanufacturing processes, and incorporating recycled materials into production when feasible.

**Principle 1.3B:** Each HPG brand must take steps to improve resource and waste efficiency, by reducing resource consumption and waste, as well as reusing and recycling resources wherever possible.

We are committed to managing waste in line with our group-wide waste hierarchy, targeting zero waste to landfill by 2030.

We are also committed to continuously evaluating and adopting solutions that minimize our environmental impact with respect to paper, plastic, electronics such as batteries, and water use, wherever possible (e.g. based on volume, 'hierarchy of harm' and/or life-cycle impact).





## 3.2. Workplace

Our ambition with respect to the workplace is for our employees and suppliers to reflect the community we work in, are valued, find purpose in their work, and grow and contribute to their fullest potential. To reach this ambition, we have established principles to manage our workplace impact across three key issues: Diversity & Inclusion, Wellbeing, and Talent for the Future.

### 3.2.1. Diversity & Inclusion

We believe that diverse and inclusive teams make smarter decisions for businesses, the environment and society. We strive to be a diverse and inclusive employer, ensuring our workforce and workplace reflect society and the communities we support, and our actions reflect our aspirations for inclusion.

We recognize and support diversity across all dimensions, including gender, gender identity, disability (including physical and mental conditions), ethnic and cultural heritage, socio-economic and educational background, age, and sexual orientation.

**Principle 2.1A: Each HPG brand must strive to build and maintain a diverse and inclusive workforce with respect to all dimensions of diversity.**

We strive to build and maintain a diverse and inclusive workforce across all dimensions of diversity. Our human resource (HR) departments monitor diversity across our workforce on an ongoing basis, conducting training, gathering data on all legally possible metrics, in accordance with the group data protection policy, and regularly reporting progress.

**Principle 2.1B: In line with the HPG's Labor and Human Right Policy, each HPG brand must ensure fair and equal pay and access to work, with respect to diversity.**

We are committed to ensuring fair and equal pay for equal work for all our employees by:

- Using available tools to identify actions and further opportunities to provide a living wage to ensure all employees can cover the costs of their basic needs where they live.
- Monitoring the provision of equal pay by regular reviews of remuneration data by local entity leadership where possible, which are reported to the group.
- Creating an evidence-based action plan to rectify any variations from the policy that are identified.

We are committed to ensuring fair and equal access to work for all our employees by:

- Ensuring that all internal and external role advertisements are written in inclusive language.
- Ensuring that all employees have access to skills and career coaching support.

Where we identify significant discrepancies, we expect each HPG brand to analyze whether a divergence from the policy has occurred and report back. The evidence should then be used by the entity to devise a plan to rectify any variations from the policy that are identified.



**Principle 2.1C: Each HPG brand must oppose and avoid all forms of harassment and discrimination in any context.**

We oppose and avoid all forms of unlawful discrimination and harassment in any context. We have processes in place for employees to report discrimination and harassment to HR departments, Compliance & Ethics, Internal Audit, or through confidential internal or external “Speak Up” mechanisms. We follow up on all such allegations, ensuring that action is taken in case of misconduct, including dismissal if necessary. We treat all complaints with the strictest confidence.

### 3.2.2. Wellbeing

We believe our employees should work in an environment where they feel mentally healthy, engaged, fulfilled, and connected in both the workplace and when working together remotely. We recognize wellbeing as defined across physical, social, mental, financial, and environmental aspects.

**Principle 2.2A: In line with HPG’s Labor and Human Right Policy, each HPG brand must commit to creating a safe and secure workplace which fosters positive wellbeing outcomes for employees across physical, social, mental, financial, and environmental wellbeing.**

We are committed to taking steps to prevent and detect poor wellbeing in our employees by:

- Ensuring that group-wide wellbeing offerings are made available, clearly signposted, and easily accessible to all employees.
- Empowering employees to manage their own wellbeing and to support one another, through flexibility, trust, and individual accountability.
- Fostering work practices and workplaces that ensure safe environments for all employees and visitors, including emergency provisions.

We support our managers to actively contribute to positive wellbeing outcomes by:

- Offering regular training on wellbeing issues and monitoring uptake of this training through our HR departments.
- We also intervene where poor wellbeing outcomes have been identified to support our employees back to a positive wellbeing state. This includes:
  - Supporting our employees to access help from their manager, HR department or other advisors on wellbeing (e.g., stress and burnout coach, career coach, etc.), as well as from external support.
  - Where appropriate, supporting employees to take STO and ensuring a gradual return to work with support at each stage where an employee has been on long term sickness absence.

We treat all matters relating to employee health in the strictest confidence and ensure our employees with health issues are treated fairly and without judgement.



### 3.2.3. Talent for the Future

**Principle 2.3A:** Each HPG brand must ensure business continuity, resilience and strategy delivery through talent succession and workforce planning.

We are committed to managing talent and planning our workforce to ensure that we can identify and grow talent at all levels within the business and recruit talent externally as needed. This includes:

- Conducting on a regular basis a workforce planning exercise to identify hiring and upskilling needs.
- Conducting annual individual performance appraisals for all employees.
- Conducting annual enterprise meetings to recognize, nurture and retain high potential individuals for future success.
- Ensuring all employees have up to date individual development plans so that skills are aligned to business needs.

**Principle 2.3B:** Each HPG brand must encourage and foster a culture of learning, development, coaching and feedback within its workforce.

We believe that learning, development, coaching, and feedback are important to the ongoing acquisition and/or refinement of skills and capabilities towards personal and career goals. We are committed to ensuring that all HPG employees' capabilities continue to improve and remain relevant with the ever-changing market needs and industry trends.

We offer our employees the resources to enable employees to develop. This includes:

- Regularly offering and publicizing access to the training course, continue education classes available.
- Ensuring fair access and time for learning and development.

We ensure that our managers actively engage with and support HPG's talent agenda and encourage them to engage in open, two-way feedback with employees.

We also empower our employees to take responsibility for their own development by:

- Encouraging employees to create a personal development plan (PDP) annually.
- Encouraging employees to have regular discussions with their managers on developing their strengths and skills.
- Empowering employees to identify which training is relevant to their role and proactively manage their time to ensure they undertake any relevant training.

**Principle 2.3C:** Each HPG brand must ensure its internal mobility and external recruitment processes support the HPG's commitment to fostering and supporting talent.



Any internal mobility practices should be aligned to HPG's strategies of encouraging employees to take on new growth opportunities that align with the employee's long-term career goals and business priorities.

**With respect to external recruitment, we are committed to:**

- Advertising all vacancies on the HPG Careers webpage, ensuring that all vacancies are termed in inclusive language.
- Exploring partnerships with universities to ensure a wider pipeline of talent.
- Ensuring a diverse pipeline of talent.
- Following the corporate procedures for recruitment.

**With respect to internal mobility, we are committed to:**

- Advertising all vacancies on HPG's intranet and bulletin boards.
- Ensuring all vacancies are termed in inclusive language.
- Following the corporate procedures for internal recruitment practices.
- Ensuring fair access to work overall.





### 3.3. Community

Our ambition with respect to the community is to demonstrate our impact, tied to corporate purpose and community pillars, in local and global communities. To reach this ambition, we aim to empower our employees to get involved in local communities and bring positive, measurable change to both the communities in which HPG operates and to the business itself.

**Principle 3.1A:** In line with HPG’s Ethics & Business Conduct Policy, each HPG brand must commit to behaving responsibly and ethically towards both local and global communities, prioritizing the group’s focus areas: tackling poverty, social and financial inclusion, and environment.

Each HPG brand’s community activity should be aligned with the group’s prioritized focus areas, which are based on the areas in which we believe we can achieve the greatest impact:

- **Tackling poverty** – Projects that address the causes of poverty and ensure that beneficiaries are equipped to improve their economic situation.
- **Social and financial inclusion** – Projects that tackle discrimination and support the inclusion of under-represented groups, and projects aimed at helping disadvantaged groups to gain financial knowledge and manage their own financial situations.
- **Environment** – Projects aimed at reducing the impact of climate change and improving environmental awareness.

Employees may propose other volunteering opportunities for consideration by the local HR team, who reserve the right to reject a proposal if it does not fit within the scope of the group’s community ambition.

Because community activity is often specific to a local context, we also expect HPG brands to:

- Develop an annual community action plan based on how they can achieve the greatest impact within these focus areas through community engagement and support.
- Develop and disclose to the group their approach to community activity and demonstrate how they contribute to the group’s prioritized focus areas.

We enable and encourage our employees to actively engage with and support communities by:

- Maintaining the HPG’s paid volunteering program (which matches annually up to 8 hours of volunteering time within working hours) and encouraging employees to engage with the program.
- Enabling employees to support communities through donations, funding, and sponsorships by advertising opportunities for employees to run and participate in local charity committees.
- Where applicable, offering a Matching Gift scheme whereby the company matches payroll donations and/or employee donations.



**Principle 3.1B:** Each HPG brand must measure and disclose its community impact in the group's annual sustainability report.

To do so, we are committed to taking steps to improve our understanding of the outcomes of our community activity and, where possible, link our community activity in full to the UN Sustainable Development Goals or UN Global Compact Principles in our reporting.





### 3.4. Governance

Our ambition is to uphold robust and transparent governance practices across the organization and value chain. To reach this ambition, we have established principles to manage our governance impact across three key issues: Corporate Governance, Supply Chain, and Human Rights.

#### 3.4.1. Corporate Governance

**Principle 4.1A: Each HPG brand must maintain strong, effective, and transparent company governance in line with regulatory requirements and relevant benchmark frameworks.**

We are committed to robust governance arrangements, which include clear organizational structures with well-defined, transparent, and consistent lines of responsibility, effective processes to identify, manage, monitor, and report the risks to which we might be exposed, appropriate whistleblowing mechanisms and adequate remuneration policies and internal control mechanisms, including sound administrative and accounting procedures.

**Principle 4.1B: Each HPG brand must report regularly to the Enterprise Leadership Team on ESG matters.**

The HPG Enterprise Leadership Team (ELT) has oversight and accountability for:

- Ensuring the HPG long-term resilience with respect to potential shifts in the business landscape that may result from ESG-related risks and opportunities.
- Ensuring the composition of the HPG Board of Directors is sufficiently diverse in knowledge, skills, experience, and background to effectively debate and take decisions informed by an awareness and understanding of ESG-related threats and opportunities.
- Ensuring that management assesses the short-, medium- and long-term materiality of ESG-related risks and opportunities for the group on an ongoing basis.
- Ensuring that the group's actions and responses to ESG-related risks and opportunities are proportionate to the materiality of those ESG topics to the group.

To support effective oversight by the ELT, we are committed to:

- Updating the HPG ELT at least semi-annually on the ESG matters set out in this policy.
- Disclosing material ESG-related risks, opportunities, and strategic decisions consistently and transparently through the appropriate channels.



### 3.4.2. Supply Chain

We are committed to ensuring sustainable business practices across our own operations and working with our suppliers to ensure their operations are sustainable, too.

In addition to the expectations set out in the Supplier Code of Conduct, we expect our suppliers to manage and limit any negative impacts of their business activities, goods and services on the environment, communities, and society. We also expect our suppliers to engage with their own supply chain to practice responsible business principles.

**Principle 4.2A:** In line with the HPG’s Sustainable Procurement Policy, each HPG brand must integrate ESG considerations into its supplier selection and management decisions.

In addition to the requirements set out in HPG Sustainable Procurement Policy and Supplier Code of Conduct, we are committed to capturing ESG considerations with respect to our supply chain:

**With respect to all suppliers (new and existing),** we are committed to:

- Ensuring that proportionate ESG due diligence is performed on our suppliers, where the scope and level of detail of the due diligence depends on (1) risk profile of supplier location, (2) materiality of our spending with the supplier.
- Ensuring all suppliers commit to the latest version of the HPG Supplier Code of Business Conduct, upon contract renewal or the purchase order acceptance.
- Conducting ongoing audits by accredited third parties, monitoring, and following-up on our ESG expectations with all existing suppliers.

**Principle 4.2B:** In line with the HPG’s Sustainable Procurement Policy, each HPG brand must have processes in place to require that its suppliers do not cause significant harm to societies and communities.

In line with our Supplier Code of Conduct, this includes (but is not limited to) requiring suppliers to take responsible action on the following topics:

- Labor and human rights, including modern slavery and the protection of indigenous people.
- Diversity and inclusion.
- Health, safety, and employee wellbeing in the workplace.
- Environmental impact, including GHG emissions.
- Ethical sourcing.
- Anti-corruption, including integrity and protection of information.

We encourage suppliers to act on these topics beyond compliance with applicable laws by drawing upon internationally recognized standards to further support the communities and societies in which they operate and do business.

**Principle 4.2C:** Each HPG brand must manage its supply chain in line with HPG’s ambitions for group transparency and governance.





In addition to complying with the Purchasing Order Terms and Conditions, we are committed to tracking and reporting externally on an annual basis supply chain disclosures in accordance with the GRI Standards and the UN Global Compact Communication when appropriate.

### 3.4.3. Human Rights

In addition to the below principles, further information on HPG's approach to human rights can be found in HPG's Sustainable Procurement Policy, Anti-Slavery Human Trafficking Policy statement, and Supplier Code of Conduct which are regularly reviewed and updated accordingly.

**Principle 4.3A: Each HPG brand must respect human rights as defined by international conventions, standards, and norms.**

We respect human rights with respect to its employees, customers, suppliers, and the communities in which it operates.

We are committed to:

- Avoiding causing or contributing to adverse human rights impacts through our own activities and addressing such impacts where possible when they occur.
- Seeking to prevent or mitigate adverse human rights impacts that are directly linked to our operations, products, or services by our business relationships, even if we have not directly contributed to those impacts.
- Ensuring sufficient and appropriate education of HPG employees on identifying and managing potential human rights risks, including modern slavery risks, in their day-to-day roles.
- Ensuring a robust governance framework to empower HPG employees to report and escalate any concerns of unethical conduct, including potential violations of human rights. This includes, but is not limited to, the provision of 'Speak Up' mechanisms.
- Establishing processes to enable the remediation of any adverse human rights impacts we cause or to which we contribute.

**Principle 4.3B: Each HPG brand must have processes to comply with all applicable legal and regulatory requirements on the management and disclosure of human rights issues and mitigation procedures.**

We are committed to taking steps to continue to improve our practices to support the promotion of human rights within our own operations and supply chain.

Where a violation of human rights is identified within a HPG's business activities or within its supply chain as a direct result of the company's business activities, the company must:

- Investigate the root cause and take precautionary measures to prevent the violation from occurring again.
- Take appropriate action if a violation of human rights is identified and left unaddressed. This may include ending a business relationship with a supplier, if necessary.



## 4. TRAINING AND AWARENESS

We ensure there is an appropriate level of awareness of ESG matters among the members of the board, management, employees, and contractors and additional specialized training for certain positions where necessary.

We also document the initiatives adopted to raise awareness of ESG matters (e.g. events, trainings, communications, campaigns) and ensure that the training program is periodically re-evaluated and updated.

## 5. OVERSIGHT OF THIS POLICY

HPG's Enterprise Sustainability Team will:

- Monitor the adoption and implementation of this Group Policy across HPG Companies.
- Review this document every year and report any review findings to Senior Management.
- Recommend amendments or additions, when appropriate.

## 6. REFERENCES

This ESG Group Policy is based on requirements set out, or expected to be set out, by:

- ESG frameworks:
  - UN Global Compact Principles
  - GRI Principles
  - TCFD and TNFD Recommendations
  - SBTI Net Zero Standard
- ESG-related international standards, norms, and market good practice