



# Sustainability Report 2023



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# Introduction

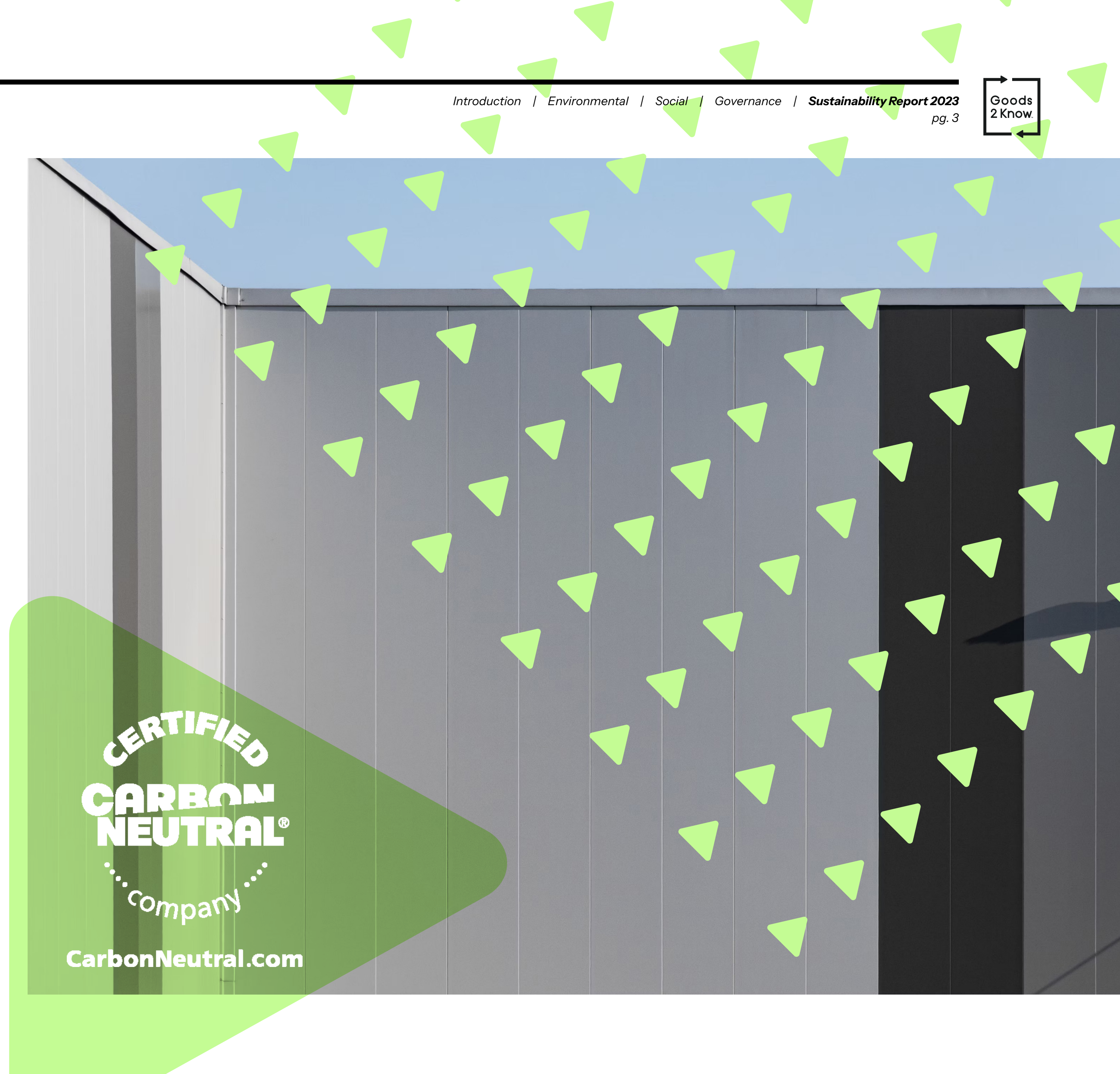
*At HPG, we believe in the power of partnership. Just as suppliers and distributors rely on each other for success, our approach to sustainability hinges on collaboration and shared goals.*

While reducing carbon emissions, supporting social causes, and practicing responsible business are vital components of any ESG strategy, our commitment goes beyond checkboxes. We continuously measure our impact, set ambitious goals, and transparently report progress, all the while keeping our distributors at the forefront of our efforts.

HPG's success is rooted in our dedication to serving distributors, enabling us to supply millions of promotional products worldwide. This same dedication drives our ESG initiatives, harnessing the collective potential of our partnerships to create meaningful change.

In this inaugural report, we invite you to explore where HPG stands today and how our new ESG tools, products, and services can empower you to make a positive impact. From setting aims to showcasing progress, we're committed to transparency and collaboration every step of the way.

*Join us as we navigate towards a more sustainable future, together.*



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CARBON  
NEUTRAL®

company

CarbonNeutral.com

# Embracing the UN Sustainable Development Goals

HPG aligns its sustainability efforts with five key areas identified from the SDGs to drive meaningful impact and contribute to the broader global agenda.

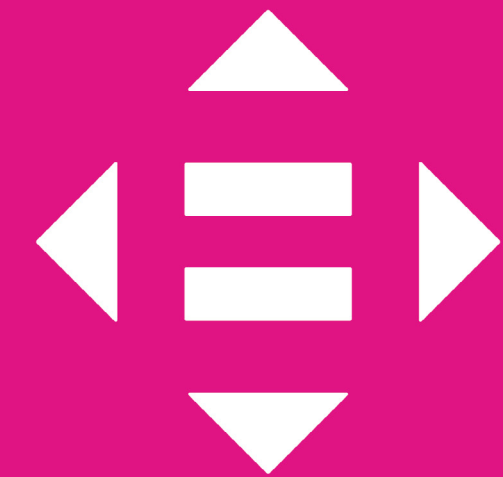
**3** GOOD HEALTH  
AND WELL-BEING



**8** DECENT WORK AND  
ECONOMIC GROWTH



**10** REDUCED  
INEQUALITIES



**12** RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



**13** CLIMATE  
ACTION



# ENVIRONMENTAL

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



### Understanding Our Environmental Footprint:

What areas do we have the most influence over and where our products have the potential to make a positive impact.

### Material Sourcing and Manufacturing:

We strongly emphasize sustainability in products made in the USA by brands like BEST Promotions, Mixie, and Evans.

### Distribution:

We recognize the significant environmental impact of transportation within the promotional supply chain.

### Product Usage:

We prioritize promoting the longevity and eco-friendliness of our products.

### End-of-Life Disposal:

We recognize the importance of addressing end-of-life disposal concerns, despite limited direct contact with end users.

► Our environmental commitment revolves around reducing energy consumption, improving waste management, as well as promoting reuse and recycling as sustainable alternatives.



# Energy Use & Greenhouse Gas Emissions

HPG is committed to achieving net zero greenhouse gas (GHG) emissions across all our brands, following the Science Based Targets Initiative (SBTi) standards.

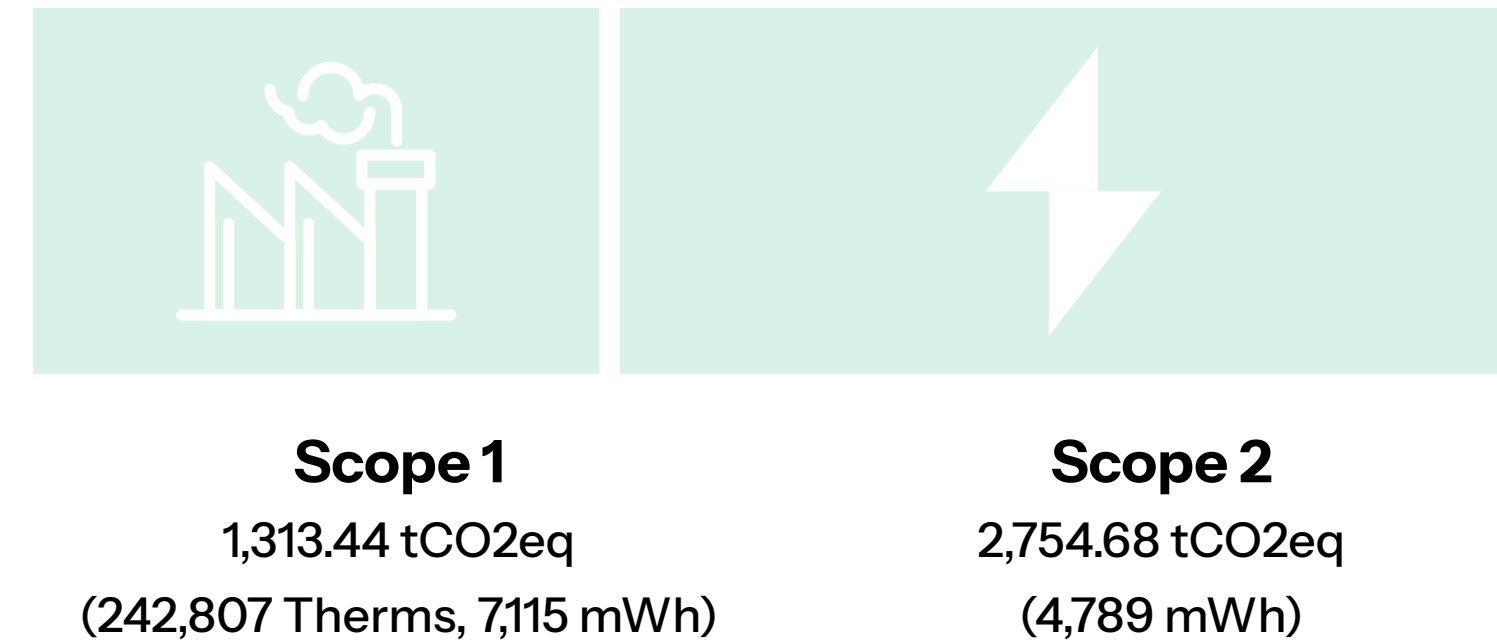
## Our Goals

- ▶ By 2028, we aim to reduce absolute Scope 1 and 2 GHG emissions by 70%, with 60% of our suppliers adopting science-based targets by the same year.
- ▶ Additionally, we're striving for a 90% reduction in absolute Scope 3 emissions by 2030.

## Our Approach

To ensure transparency and accountability, we're implementing tailored strategies and roadmaps. We're also offsetting residual emissions and procuring carbon credits in line with internationally recognized standards.

## Our 2023 GHG emissions were:



### Key:

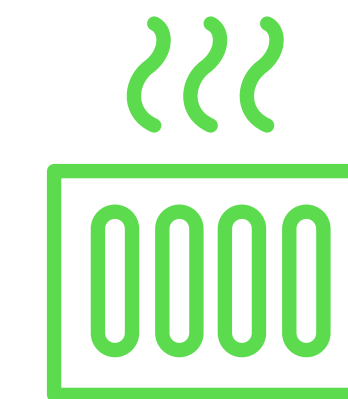
- Emission Category Source Scope 1:
- Stationary Source Fuel Combustion, Mobile
  - Source Fuel Combustion

- Emission Category Source Scope 2:
- Purchased Electricity

**Total energy consumption: 11,904 mWh**  
**Total renewable energy consumption: 28,168 kWh**



In April 2024, we became a **Certified Carbon Neutral Company** by offsetting the emissions we can't yet avoid through our partnership with Climate Impact Partners.



Installed AmbiRad Vision Radiant Tube Heaters in place of existing electric space heaters.



We use UPS' carbon-neutral shipping service for our domestic services. UPS has mitigated 714.074 metric tons of CO<sub>2</sub> e for 2023



# Sustainability in Waste and Resource Management

We are deeply committed to reducing waste and managing resources responsibly across all our brands. This involves understanding and addressing the environmental impact of our waste and resource use in the sourcing and production of our products.

## Goals:

- ▶ Expand our Goods2Know™, sustainable product range by 30%, integrating sustainable design principles, eco-friendly materials, and recyclability into product development.
- ▶ Achieving zero waste to landfill by 2030, demonstrating our dedication to sustainable practices.

## Our Approach:

We continuously assess and adopt solutions to minimize environmental impact across various areas including paper, plastic, electronics, batteries, and water usage. Furthermore, we actively promote products made from recycled and sustainable materials, facilitate recycling for end-of-life products, and partner with organizations like TerraCycle for recycling initiatives. This ensures a comprehensive and holistic approach to waste management, promoting a circular economy and reducing our environmental footprint.

## 2023 Results Waste Management

Hazardous Material: **3.03 tons**

Non-hazardous Material: **602.6 tons**

Recycling Material: **55,076.6 tons**

Total cardboard recycling: **55,074 tons**

Total clear plastic recycling: **2.6 tons**



31% of new products launched by HPG in 2024 had sustainability features such as being made from natural materials and being made in the USA.



**TerraCycle** uses innovative recycling methods to recycle or upcycle products that municipal recycling centers cannot. HPG is partnering with TerraCycle to bring their unique Zero Waste Boxes to the promotional products market.



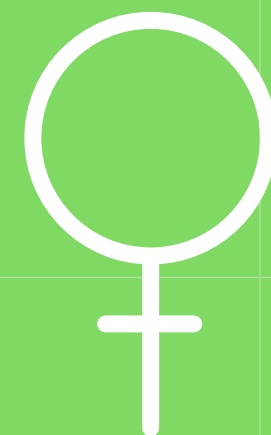
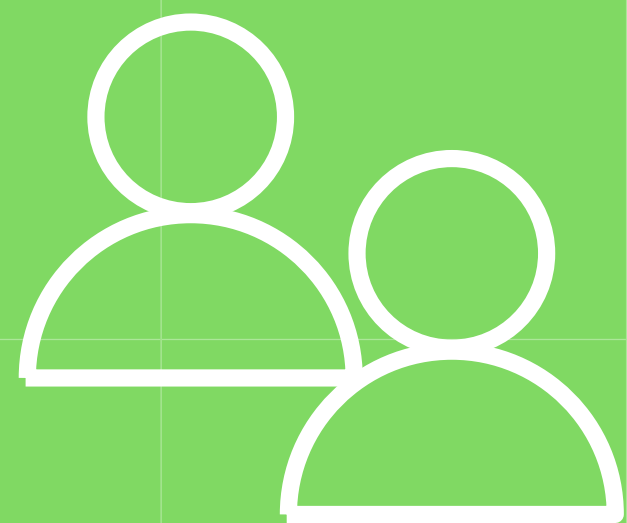
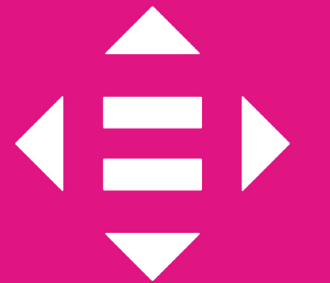
**Rooting for Change with Partners like Evergreen.** For every order including a product made from natural materials, HPG plants a tree with Evergreen, helping to mitigate our environmental footprint and contribute to a greener future for all.

# SOCIAL

**3** GOOD HEALTH AND WELL-BEING



**10** REDUCED INEQUALITIES



► Our social responsibility extends to caring for our employees, communities, and global social causes. We're dedicated to fostering a work environment where employees reflect our communities, feel valued, find purpose, and reach their fullest potential.

To achieve this, we prioritize diversity & inclusion, wellbeing, and talent development.





# Diversity & Inclusion

At HPG, we believe in the power of diverse and inclusive teams to make smarter decisions for business, the environment, and society. Our commitment is to be a diverse and inclusive employer, ensuring our workforce and workplace reflect society and the communities we support.

## Goals:

- ▶ Each HPG brand must take steps to improve the representation of underrepresented groups in management, aiming for a minimum of 40% representation by the end of 2026.
- ▶ Host annual women's empowerment event at each company by 2025

## Our Approach:

- ▶ HR departments continuously monitor diversity across the workforce, gathering data on all legally possible metrics and regularly reporting progress to the group.
- ▶ Ensure fair and equal pay for equal work through regular reviews of remuneration data and the creation of evidence-based action plans to rectify any variations.
- ▶ Ensure fair and equal access to work for all employees by using inclusive language in role advertisements and providing skills and career coaching support.
- ▶ Oppose and avoid all forms of unlawful discrimination and harassment, with processes in place for reporting and follow-up on all allegations.



## Empowering Women!

HPG Hosts women-only forums to foster dialogue and shape the future for women in our workplace.



# Wellbeing

At HPG, we prioritize creating a work environment where employees feel mentally healthy, engaged, fulfilled, and connected, both in the workplace and when working remotely. We recognize wellbeing across physical, social, mental, financial, and environmental aspects.

## Goals:

- ▶ Medical and personal leave benefits offered to 100% of employees by 2025
- ▶ Living wage and gender pay gap study completed by 2025

## Our Approach:

- ▶ Ensure group-wide wellbeing offerings are easily accessible to all employees, promoting flexibility, trust, and individual accountability.
- ▶ Provide regular training on wellbeing issues for managers and intervene where poor wellbeing outcomes are identified, resolving issues identified in anonymous surveys and supporting employees access to help and sickness absence where necessary.
- ▶ Treat all matters relating to employee health with the strictest confidence, providing access to medical plans and an Employee Assistance Program run by Mutual of Omaha.

## Giving Back:

HPG frequently organizes and matches donations to local fundraisers to support our employee causes. We also donate to organizations in our promotional products community such as PromoCares.org, and PromoKitchen.org. Hub organizes an annual pen donation to schools in need.

**In 2024, Hub donated 33,500 pens to 67 schools.**



## Support for Every Team Member:

Our Employee Assistance Program (EAP), offers confidential support for personal and work-related challenges.





# Talent for the Future

HPG prioritizes ensuring business continuity, resilience, and strategy delivery through robust talent succession and workforce planning. It is our commitment to manage talent effectively by identifying and nurturing potential at all organizational levels while also facilitating external recruitment as necessary.

## Goal:

- ▶ Promote internal career mobility by 25% by 2026

## Our Approach:

- ▶ Conduct regular workforce planning exercises to identify hiring and upskilling needs, ensuring alignment with business objectives.
- ▶ Provide accessible training and educational resources to all employees, promoting fair access and dedicated time for learning and development.
- ▶ Encourage open two-way feedback between employees and managers, empowering individuals to take ownership of their personal development plans.
- ▶ Align internal mobility practices with employees' long-term career goals and prioritize diversity in external recruitment efforts, adhering to inclusive language and corporate recruitment procedures.

## Opportunities for Advancement

Internal roles are advertised on our paylocity.com platform so that all employees have visibility and can apply.





## 2023 Results

Percentage of employees offered healthcare benefits: **100%**

Percentage of employees accepted healthcare benefits: **75%**

Percentage of employees with completed performance appraisals: **85%**

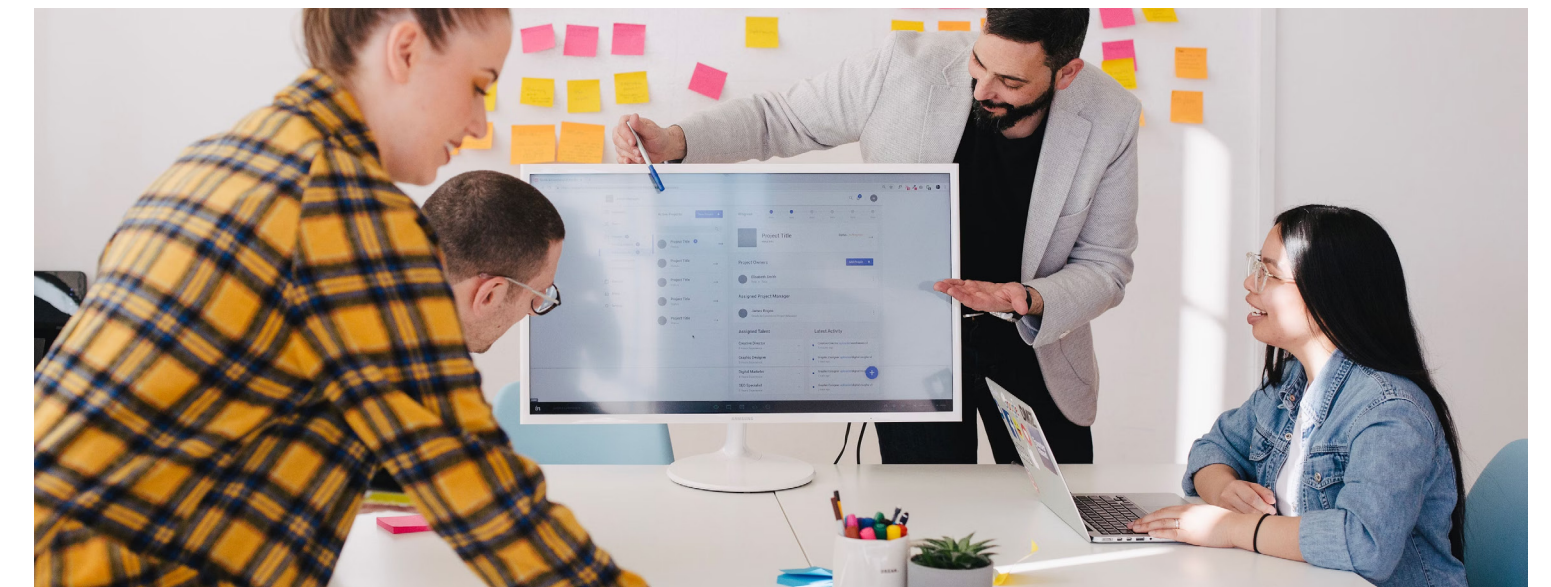
Average hours of training per employee: **2**

Nunmer of reports of discrimination: **0**

Number of reports of harassment: **0**

Percentage of women employed in the organization: **69%**

Percentage of women at top management level: **44%**



# GOVERNANCE

**8** DECENT WORK AND  
ECONOMIC GROWTH



**10** REDUCED  
INEQUALITIES



## Product Safety

We take pride in our stringent product safety and compliance standards. To ensure transparency and accessibility, we provide our product safety data in easy-to-download formats, making it effortless to access and share.

► Sustainability is more than just a goal—it's woven into how we do business. We believe in being transparent and ethical in all our dealings to ensure fairness and reduce risks. **With clear principles guiding our Corporate Governance, Supply Chain, and Human Rights practices, we strive for accountability, integrity, and sound decision-making.**



# Corporate Governance

HPG is dedicated to strong and transparent governance practices that promote accountability, integrity, and sustainability. Our corporate governance principles form the bedrock of ethical conduct, efficient risk management, and thoughtful decision-making across all aspects of our operations.

## Goal:

- ▶ Ensure 100% of employees at each brand completes ethics training by end of 2024.

## Our Approach:

- ▶ The HPG Enterprise Leadership Team (ELT) provides oversight and accountability, guiding management in assessing and responding to ESG-related risks and opportunities. We also prioritize transparency and consistency in disclosing material ESG-related risks, opportunities, and strategic decisions, facilitating effective governance at both local and group levels.
- ▶ Implementing appropriate whistleblowing mechanisms to identify and address risks.
- ▶ Establishing adequate remuneration policies and internal control mechanisms, including sound administrative and accounting procedures.
- ▶ Formalize local management's role in assessing and managing ESG matters and disclose oversight details in annual reporting.

## 2023 Results

Percentage of Employees Trained on Ethics: **51%**

Number of Reports of Whistleblower Incidents: **0**

Number of Confirmed Corruption Incidents: **0**

Number of Confirmed Information Security Incidents: **2 (without compromise of data)**

## Ensuring Data Security

HPG mandates KnowBe4's Security Awareness Training to combat social engineering, spear phishing, and ransomware threats. This proactive measure ensures staff are equipped to manage IT security challenges effectively.





# Sustainable Supply Chains & Human Rights

HPG is dedicated to promoting sustainable business practices across our operations and supply chain with a strong focus on upholding human rights. We are dedicated to promoting sustainable business practices across our operations and supply chain, with a particular emphasis on upholding human rights.

## Goals:

- ▶ 100% of targeted suppliers to be compliant with HPG's Code of Conduct by 2025
- ▶ 80% of active suppliers complete SEDEX SMETA 4-Pillar Audit by an independent 3rd-party by 2025

## Our Approach:

- ▶ Integrate ESG considerations into supplier selection and management decisions, guided by the Sustainable Procurement Policy, with a strong emphasis on human rights.

- ▶ Conduct proportionate ESG due diligence on suppliers, focusing on human rights issues, and ensuring compliance with HPG's Supplier Code of Business Conduct.
- ▶ Regularly audit and monitor suppliers' adherence to human rights standards through accredited third-party audits and robust oversight mechanisms.
- ▶ Require suppliers to uphold ethical standards outlined in the Supplier Code of Business Conduct, with a specific focus on human rights protections.
- ▶ Monitor the diversity of our supply base and actively support businesses owned by women or individuals from minority groups, contributing to the promotion of human rights and diversity across our supply chain.



## 2023 Results

Percentage of targeted suppliers that have signed our Code of Conduct: **80%**

Percentage of suppliers that have signed our Master Terms and Conditions covering social and environmental issues: **100%**

Percentage of new suppliers covered by our social and ethical assessment: **100%**

Percentage of Far East suppliers that have had an ethical audit within 2 years: **100%**

Percentage of Far East suppliers that are being followed up on their audit corrective action plans: **3%**

Percentage of procurement team that have completed sustainable procurement training: **100%**

# HPG's ESG Toolkit

Thank you for reading through our inaugural Sustainability Report.  
If you're ready to support our journey, here is a summary of tools and services distributors can take advantage of today:

For the latest news and to download our ESG policies:  
[hpgbrands.com/esg](http://hpgbrands.com/esg)



Take advantage of HPG's partnership with Terracycle:  
[hpgbrands.com/terracycle](http://hpgbrands.com/terracycle)



Shop HPG's Goods2Know™ products:  
[hpgbrands.com/g2k](http://hpgbrands.com/g2k)



Download product safety reports from HPG's portal:  
[hpgbrands.com/safetyportal](http://hpgbrands.com/safetyportal)



Any feedback or questions?  
Email [sustainability@hpgbrands.com](mailto:sustainability@hpgbrands.com)

