



**PROMOTIONAL
PRODUCTS**

Sustainability Report 2022

2022 SUSTAINABILITY SNAPSHOT

See how we are growing.

Warehouse and manufacturing operations now in 4 US States



1.5 MILLION square feet of manufacturing/warehouse space

In 2022, Hit became a sponsor of Keep Pinellas Beautiful, our local branch of Keep America Beautiful.



See our commitment to continuous improvement.

25%

Increased post-manufacturing recycling (2021 baseline)

Now calculating all Scope 1 and 2 carbon emissions



OVER 400 products in our ECO-LIFE collection



See how every new initiative counts.

Invested in



water conserving machinery

that will cut back our water use on a large scale

Traded two packaging categories made from virgin materials to more eco-conscious options

SAVING AND REUSING OVER

7 TONS of plastic



NEW!

Installed an initiative to reuse cardboard boxes from inbound products that returned over

500 TONS of used cardboard into the circular economy



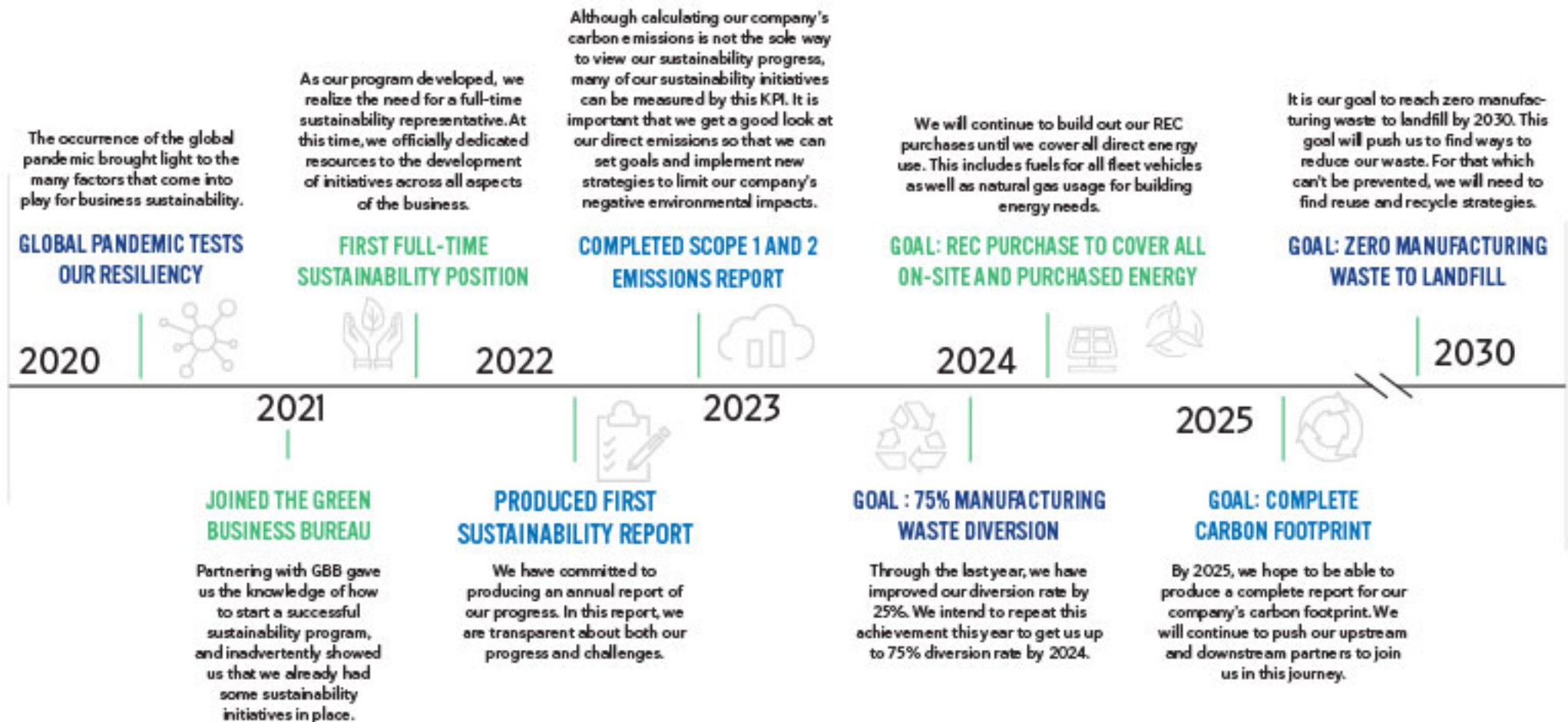
Diverted ceramic waste to a local company that reuses it for concrete projects in our community

OVER 100,000 lbs SINCE MAY



Our Sustainability Journey

From its inception, Hit's Sustainability Program has been about better understanding the effects our company has on the world. As we gather more information about our negative effects, our teams look for ways to mitigate them where we can. We are constantly searching for new technology, strategies, and talent that will keep our program moving forward.



2022 Material Topics

Our material topics are chosen with consideration of the current and potential impacts our company imposes on our stakeholders. Additionally, we use the United Nations' Sustainable Development Goals to guide our determination and measure the significance of these impacts to prioritize the topics that will make the greatest positive influence.

ENVIRONMENTAL SUSTAINABILITY

Waste Diversion and Prevention
Energy Use and Emissions
Water Stewardship
Product Stewardship



SOCIAL RESPONSIBILITY

Employee Health and Safety
Supply Chain Management
Community Engagement



SUSTAINABLE BUSINESS

Quality Employment Opportunities
Business Continuity
Sustainable Marketing
Industry Leadership



Environmental Sustainability

Waste Diversion and Prevention

Our waste prevention and diversion initiatives took great strides this past year. With more time and resources dedicated to the programs, we increased our diversion totals for all recycling streams. This includes post-manufacturing materials going out for reuse as well as more office paper, electronics, and metals sent to be recycled.

Ceramics with Circularity

Here at Hit, we offer over 50 products made from ceramic materials. Although we strive to protect these items during the printing and packaging process, they are unavoidably vulnerable to cracking and breaking along the way. Fortunately, this year we found a local construction company to partner with to divert these materials away from the landfill. We collect the ceramics for our partner to use in the cement making process. This initiative is diverting material that would sit in a landfill for hundreds of years to reenter the circular economy. Along with the reduction in waste, this initiative prevents unnecessary resource use and saves energy.



**OVER 100,000 lbs
SINCE MAY**

While waste diversion is a very important focus of ours, we are also working to prevent unnecessary waste from being produced in the first place. Hit Sustainability has teamed up with our purchasing department to look for ways to stretch the life of the materials we use and for more ecofriendly options for some of our common packaging purchases. Our ultimate goal is to eliminate the use of virgin materials in our packaging. At the very least, we want to use materials that have the potential for circularity.

- ✉ Traded our plastic lined bubble mailers for 100% recyclable paper mailers
- 📦 Replaced our poly-mailers with those made from 100% recycled plastics
- 📦 Now using biodegradable stretch wrap made from plant materials

This year, we increased our post-manufacturing recycling by

25%



53%
2022 Diversion Rate

Lengthening the life of products is the best way to reduce waste production.

This year, instead of sending straight to recycling, we reused over 500 tons of cardboard



This practice contributed to the circular economy, and saved material, space and energy resources.

Water Stewardship

Here at Hit, our water conservation strategies heavily lean on the use of technology. As our company grows and we make investments in new equipment, we factor in the environmental benefits of purchases just as we do the business benefits.

Less Water, More Efficiency

Following the printing process, the screens used to lay the designs on the products must be cleaned. In all of our factories, we are working to make this process the most efficient we can. We have invested in machinery that will replace the water and time intensive power-washing with efficient technology. The machines have a closed-loop water system that reuses water for many rounds of cleaning before needing to be changed. In addition to saving water, these machines also better protect employees from the chemicals involved in the reclaim process.

Environmental Sustainability

This year, we purchased RECs to account for

100%

of Hit's electricity use.



Energy Use and Emissions

In an energy-intensive industry such as ours, even the smallest efficiencies can go a long way in energy savings. This year, we collected a full energy audit of all Hit facilities. We will use this audit to guide us in purchasing updates for buildings, heating and cooling units, and lighting.

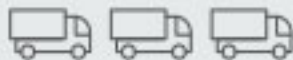
CARBON ACCOUNTING

We are now calculating all Scope 1 and 2 emissions.



Purchased offsets to make our annual sales dinner carbon neutral.

Carbon neutral ground shipping through UPS



We now have a carbon calculating tool to account for all scope 1 and 2 emissions. Additionally, we are entering all waste and recycling data as a piece of our scope 3 emissions. We continue to reach out to our partners upstream and downstream to continue to build our scope 3 emissions profile.

Product Stewardship

When it comes to our products, we are always holding our suppliers to high standards for product compliance. Furthermore, we are inserting our sustainability initiatives into our product development strategy. We work with our overseas suppliers to innovate eco-conscious products that are made with more natural and recycled materials and involve less-harmful processes during production. Additionally, our development team finds product companies with environmental and social initiatives in place and works to partner with them and add their products to our catalog.

Circular is the New Commodity

Anytime natural resources can be used more than once, there are equal amounts saved for later use. These products and brands are helping us save resource use and prevent unnecessary waste.



We offer over 50 unique items made from recycled post-consumer plastic.



The DISTRICT RE-TEE is made from 100% recycled and reused material.



Polyana uses recycled material to make its fiber, and provides 100% traceability throughout the supply chain.



Bloomin products are made with recycled paper pulp, and can be planted after use to release non-GMO wildflower seeds.

Social Responsibility

Environmental Health and Safety

Providing a safe work environment is very important to us. We remain vigilant in supplying the information and tools employees need to have a safe work day, every day. We are making meaningful investments in technology and expertise to continue the growth of our EHS program. In addition to these investments in new information and data platforms, we also continue to expand our team. This year, we created new positions for fleet and training management to our already well-rounded EHS team. Adding expertise and experience ensures that we are continuously expanding the scope of what our team can do for our employees and the surrounding community.

There's Safety in Data

In 2022, we carried out a major investment in a platform that will collect, store, and track our EHS data. With the platform's many tools, we will be able to better understand the patterns for safety in our facilities. We will use that info to make better informed policy decisions.



Increase the sense of ownership in our safety culture



Improve our ability to monitor key EHS indicators, informing policy



Provide a greater range of tools to help ensure a high standard of EHS compliance nationwide

480

scheduled internal audits per site annually

Recordable Incident Rate **2.6**

Insurance Rating **0.9**

Supply Chain Management

Since its institution last year, our Factory Compliance Evaluation program has completed 460 reports, accounting for a majority of all factories we work with. These evaluations allow us recognize the many different international audit formats through the same lens. With that lens, we create a risk profile for that factory. For those factories with significant findings, we require a Corrective Action Plan (CAP). The FCE program has allowed us to be more efficient and collect data to create a better overall factory profile.

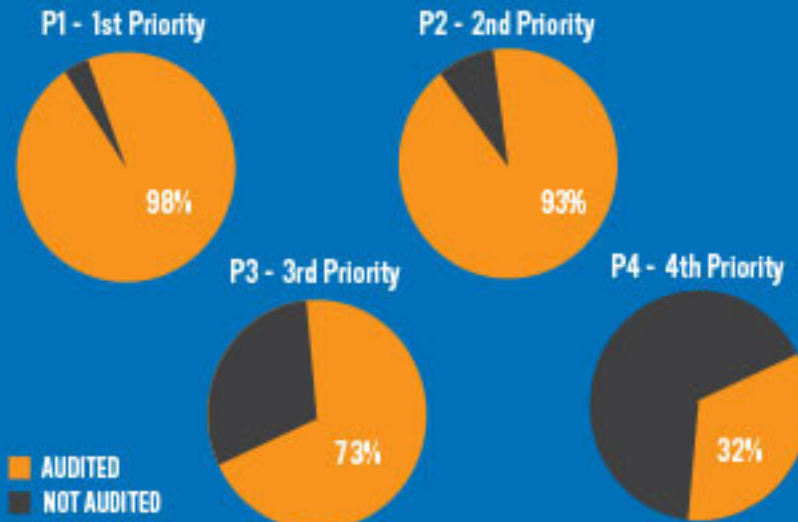
Global suppliers in **12** countries

Factories with social audits with additional completed FCEs

91%

We hold our factory suppliers to a higher standard than is required to ensure the safety and security of all people along our supply chain. Although we did not reach all of our goals for factory audit status, we did show improvement in 3 of 4 of our factory tiers, and we will continue to push for continuous improvement in these categories.

Factory Audit Status 2022



2022 FACTORY AUDIT STATUS

| Factory Tier | 2021 Audit Rate | 2022 Goal | 2022 Audit Rate |
|----------------------|-----------------|-----------|-----------------|
| P1 - First Priority | 94% | 100% | 98% |
| P2 - Second Priority | 82% | 90% | 93% |
| P3 - Third Priority | 54% | 80% | 73% |
| P4 - Forth Priority | 33% | 65% | 32% |

Social Responsibility

Broadening Our Compliance Alliance

To accompany our established social responsibility initiatives along our supply chain, we are now including environmental auditing components. This will ensure the consideration of the natural environment when we add and carry out purchasing partnerships. Adding environmental reporting to the list of responsibilities of our suppliers will expand how much we know about where our products come from. To minimize our reliance on third-party audit services for social and environmental claims, we are adding team members abroad to monitor and vet these claims made by both current and potential global partners.



This year, we welcomed a local environmental non-profit to our sponsorship collection

Community Engagement

It is important to us that we remain aware of how our business affects the local and global community. As a member of both of these communities, we look for ways to reach out and give back where we can.

846

Pallets of supplies sent

World Vision



After hurricane Ian hit just south of our FL hub, we had the opportunity to donate helpful products to assist in disaster response efforts.



AWS

In memory of Bill Schmidt Sr.

OVER \$22,000

raised for charities

Hitting the Community Events

This year, we organized multiple volunteer opportunities for Hit employees to offer their time to our local community. Creating a sense of identity and purpose for the community will help Hit move forward with our sustainability initiatives. It's important to us that we provide a view of the larger picture for employees outside of the day-to-day within the company.



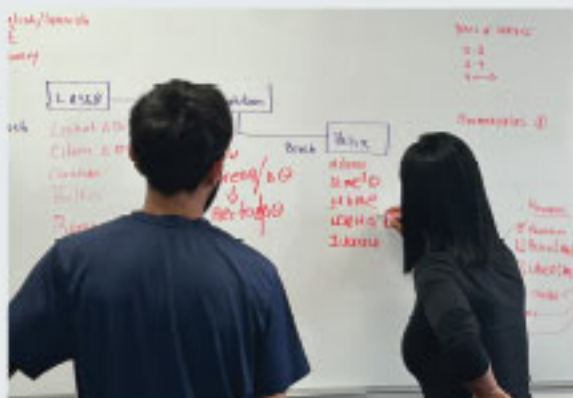
Sustainable Business

Quality Employment Opportunities

As a family-owned business, we understand how a quality employment opportunity can effect peoples' lives. While we are broadening the scope of what our company can do, we are adding positions that offer meaningful opportunity to those who enter in this journey with us.

Broadening Horizons at Hit

Hit can not make it happen without our dedicated employees and staff. To increase the capacity of our business, we are making investments in the learning and development of all employees with the implementation of a performance management system (PMS).



EXPANSION OF ON-BOARDING RESOURCES



MORE ACCESSIBLE ADVANCEMENT OPPORTUNITIES



LANGUAGE, LEADERSHIP, AND INDUSTRY SKILLS CLASSES



POSITION, CULTURE, AND LEADERSHIP AMBASSADORSHIPS



HIT SPECIFIC EDUCATIONAL OPPORTUNITIES

Sustainability Market

Interest and access to sustainability information continues to gain steam across all markets, all over the globe. As more interest is drawn to the subject, more studies and investments in the process are made. Hit is continuously analyzing new sustainability information and technology as it comes out, and we will continue to do our part to work it into our practices whenever possible.

Business Continuity Planning

Through finalizing our BCP, we have committed to a continuous improvement process. Driven by program evaluation and exercises, this plan provides us with a framework to analyze, quantify, and address risks to the core processes of our business. Fundamentally, we will use this program to protect ourselves and our stakeholders from excess risk.

Industry Leadership

We are seeing a consistent increase in interest for sustainability from our customers and other stakeholders within the industry. Continuous improvement is what our sustainability program is all about, so we are excited to see the promotional product industry looking to do that as well.

Progress in Promo

In 2022, Promotional Products Association International hosted a full day of presentation topics surrounding sustainability at their annual PPAI Summit. This is an indication that the industry as a whole is converging to practice more sustainably. We look forward to working with our customers, partners, and competitors to promote and elevate ESG and sustainability in our industry.

