

# Hit Promotional Products TCFD Report

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Greenplaces

# Hit Promotional Products - SB 261 Disclosure

This inaugural climate-related financial risk report is prepared for Hit Promotional Products in accordance with the Recommendations of the Task Force for Climate-related Financial Disclosures (TCFD, 2017) in response to the requirements under Section 38533 of the California Health and Safety Code, known as the "Climate Related Financial Risk Act," and "California SB 261" (California State Legislature, 2023).

<div><b>Governance</b><div><div>a. Describe the board's oversight of climate-related risks and opportunities</div><div>b. Describe management's role in assessing and managing climate-related risks and opportunities</div></div></div>	<div><p>As a privately held, family-owned enterprise, Hit Promotional Products does not maintain a formal board of directors with dedicated sustainability committees. Instead, ultimate oversight and decision-making authority for climate-related risks and opportunities rests with the company's owner. The CEO provides final review and approval of all climate-related decisions and holds overarching responsibility for ensuring that sustainability and climate considerations align with the company's long-term strategic vision. This governance structure reflects the streamlined decision-making processes characteristic of family-owned businesses, where ultimate authority resides with ownership while leveraging operational expertise to inform strategic decisions.</p><p>The company employs a cascading management structure for day-to-day oversight of climate-related risks and sustainability initiatives. The Director of Sustainability serves as the primary operational lead, conducting preliminary identification, evaluation, and reporting of climate impacts, environmental performance issues, and supply chain sustainability risks. The Director reports directly to the Chief Supply Chain Officer (CSCO), who acts as executive sponsor for sustainability and climate risk within operations, reviewing findings and integrating them into supply chain strategy while evaluating implications for sourcing, logistics, and production. The CSCO escalates material climate-related issues to the C-suite, where senior executives consider these risks within</p></div>
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	<p>the broader context of business strategy, operational resilience, and long-term competitiveness making decisions in tandem with the CEO.</p>
<p><b>Risk Management</b></p> <ul style="list-style-type: none"> <li>a. Describe the processes for identifying and assessing climate-related risks</li> <li>b. Describe the processes for managing climate-related risks</li> <li>c. Describe how processes for identifying, assessing, and managing, climate-related risks and integrated into the organization's overall risk management</li> </ul>	<p>Hit Promotional Products recognizes that climate change presents both risks and opportunities that can influence business operations, client delivery, and operational costs. Strategic planning considers a range of potential impacts, evaluating physical risks such as extreme heat, wildfires, hurricanes, and drought, as well as transition risks linked to regulatory changes, client expectations, market shifts, and emerging technologies. The company leverages cross-functional partnerships to strengthen climate resilience and support sustainable operational practices.</p> <p>Hit Promotional Products manages climate-related risks through an integrated approach that leverages existing operational frameworks rather than creating separate processes. The company conducts annual climate risk assessments facilitated by third-party experts, using cross-functional workshops to systematically identify, assess, and prioritize potential climate risks. These climate considerations are then embedded into established business processes, including strategic planning sessions and operational review meetings. A designated cross-functional team performs ongoing climate risk assessments using publicly available tools and frameworks, with findings documented and reported to leadership through regular operational updates.</p> <p>As part of its business continuity planning, Hit Promotional Products maintains a dedicated disaster recovery plan that includes insurance coverage and pre-approved contractor lists to ensure swift recovery from climate-related severe weather events that result in structural damage. These measures strengthen the company's ability to respond effectively to acute physical risks while minimizing business disruption.</p> <p>Climate considerations are embedded alongside operational, financial, and compliance risks rather than managed in isolation. This approach ensures that Hit Promotional Products addresses climate-related risks in the context of overall business continuity,</p>

	operational resilience, and long-term strategic objectives, while maintaining accountability to clients and other stakeholders.										
<p><b>Strategy</b></p> <p>a. Describe the climate-related risks and opportunities the company has identified over the short, medium and long-term</p> <p>b. Describe the impact of climate-related risks and opportunities on the company's businesses, strategy, and financial planning</p> <p>c. Describe the resilience of the company's strategy, taking into consideration different climate-related scenarios</p>	<p>Hit Promotional Products engaged external consultants to evaluate the company's climate-related risks and opportunities across three time horizons: present day, 2030, and 2050.</p> <table><tr><th><i>Risks</i></th><th><i>Opportunities</i></th></tr><tr><td>Geographic Consolidation in High Hurricane Risk Area</td><td>Consider Geographic Diversification of Operations</td></tr><tr><td>EPR &amp; Other Product Standards</td><td>Become a leader in sustainable promotional merchandise</td></tr><tr><td>Increasing Logistics Costs</td><td>Develop lighter, more sustainable packaging and diversify warehouses to serve clients locally.</td></tr><tr><td>Shift to Low Carbon Product Preferences</td><td>Become a leader in sustainable promotional merchandise</td></tr></table> <p>Hurricane &amp; Coastal Flooding present the most substantial long-term physical threats to Hit Promotional Products's direct operations. While current baseline risks remain manageable, projected climate scenarios indicate material increases in risk exposure, particularly under business-as-usual emissions pathways. Hit Promotional Products has broken ground on a new production and warehouse facility in an area with lower assessed physical risks which should greatly improve the company's continuity abilities during extreme weather events. The company's strategic response framework prioritizes immediate action for the highest-risk exposures while building long-term resilience across operations. Transition risks include reporting penalties, loss of climate-conscious clients, employee dissatisfaction, costly data virtualization, and rising insurance premiums. The company's mitigation strategies include robust compliance systems, transparent climate leadership through annual reporting done by Hit Promotional Products's Sustainability Team.</p>	<i>Risks</i>	<i>Opportunities</i>	Geographic Consolidation in High Hurricane Risk Area	Consider Geographic Diversification of Operations	EPR & Other Product Standards	Become a leader in sustainable promotional merchandise	Increasing Logistics Costs	Develop lighter, more sustainable packaging and diversify warehouses to serve clients locally.	Shift to Low Carbon Product Preferences	Become a leader in sustainable promotional merchandise
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	<p>These risks and opportunities are shaping Hit Promotional Products’s strategy and financial planning. Compliance obligations are driving investments in emissions tracking and assurance, while customer procurement trends are influencing the evolution of a sustainable cloud communications portfolio. Hit Promotional Products’s approach positions climate resilience not only as a compliance issue but also as a driver of long-term competitiveness and growth.</p>										
<p><b>Metrics &amp; Targets</b></p> <ul style="list-style-type: none"><li>a. Describe the metrics used to assess climate-related risks and opportunities in line with strategy and risk management process</li><li>b. Disclose Scope 1, 2, and if appropriate Scope 3 Greenhouse Gas (GHG) emissions and the related risks</li><li>c. Describe the targets used by the Organization to manage climate-related risks and opportunities and performance against targets</li></ul>	<p>Hit Promotional Products evaluates climate-related risks and opportunities using a set of operational and product-level metrics. Its greenhouse gas inventory spans Scope 1, Scope 2, and relevant Scope 3 categories, including transportation, waste, and business travel, providing visibility into both direct operations and material value chain impacts. Energy consumption is tracked across all facilities, with efficiency projects measured in terms of avoided emissions and cost savings. Waste management is assessed through diversion rates, reductions in single-use packaging, and materials reuse, which together serve as indicators of resource efficiency and resilience. At the product level, the company monitors the share of revenue and volume tied to its Renew line, which incorporates recycled, biobased, or responsibly sourced inputs, as a measure of exposure to transition risks and shifting customer expectations.</p> <table><tr><th>Category</th><th>Emissions (mT CO<sub>2</sub>e)</th></tr><tr><td>Scope 1</td><td>1,938.02</td></tr><tr><td>Scope 2</td><td>8,257.98</td></tr><tr><td>Scope 3</td><td>18,186.00</td></tr><tr><td>Totals</td><td>28,382.00</td></tr></table> <p>To translate metrics into action, Hit Promotional Products has set long-term climate targets. These include reducing Scope 1 and 2 emissions through energy fixture upgrades, improving waste diversion rates, and expanding the proportion of sustainable hard goods in its product portfolio. As part of its physical risk management, the company also monitors exposure at specific locations, with offices in Florida, identified as higher-risk due to extreme weather and heat. Together, these targets reflect Hit Promotional Product’s strategy for managing both transition and</p>	Category	Emissions (mT CO <sub>2</sub> e)	Scope 1	1,938.02	Scope 2	8,257.98	Scope 3	18,186.00	Totals	28,382.00
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	physical climate risks while charting a measurable path toward lower environmental impact.
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*This SB 261 Report includes forward-looking statements. These statements are not historical facts, but instead represent only our beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside of our control. Forward-looking statements include statements about our business and future performance.*