

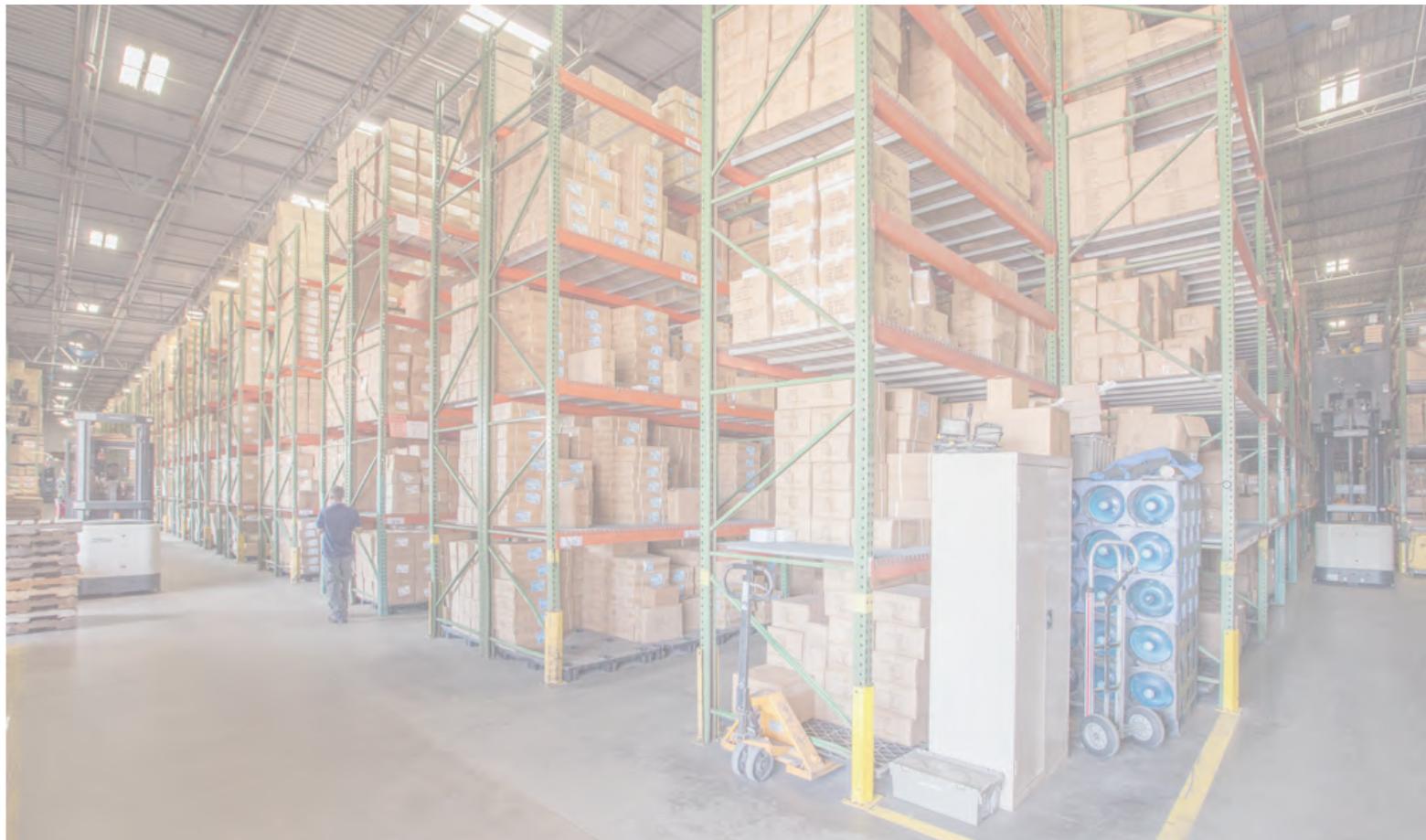


**hit** PROMOTIONAL  
PRODUCTS

# SUSTAINABILITY REPORT 2021



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**GLOBAL SUPPLIERS**  
in 11 countries.

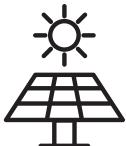


**OVER 1,200**  
permanent employees  
in 20 U.S. States



**1.4 MILLION**  
sq ft of manufacturing/  
warehouse space

**~90%**  
RECs  
purchased for  
electric usage



**1470** waste diverted  
**TONS** from landfills



Including 80 tons that directly  
replace fossil fuel use

 **100%**  
**SHIPPING  
EMISSIONS  
OFFSET**  
for HIT UPS accounts

**OFFERED**  
**OVER 50**  
unique products  
made from  
post-consumer  
materials



## SECURED INVESTMENTS

 for improvement  
in our Environmental  
Health and Safety programs

**DONATED**  
**OVER 700 PALLETS**  
**OF SUPPLIES**

to a global non-profit



Aligned business practices  
with the UN's

**SUSTAINABLE DEVELOPMENT GOALS**

Founded in 1952, Hit Promotional Products, Inc. is a family owned business with strong community ties and values. We are committed to consistently delivering value to our stakeholders throughout the business process, and we love the opportunity to build connections along the way. We are using our experience in the industry to lead by example as we practice and promote sustainability. Capable of tackling any challenge, we look forward to building our business responsibly and sustainably without compromising quality and dependability.

## ANCHORS AND PERSONALITY



Value

We are committed to offering our clients products and services that provide real value. From our extensive inventory, to our top knotch imprinting and decorating skills, we create memorable products that you can be proud of.



Sustainability

Hit is committed to offering more sustainable, ethically sourced products and holding ourselves accountable to Social Responsibility.



Connection

As a family-owned business, we want to build a real connection with each of our clients through personable relationships and the willingness to go above and beyond expectations.

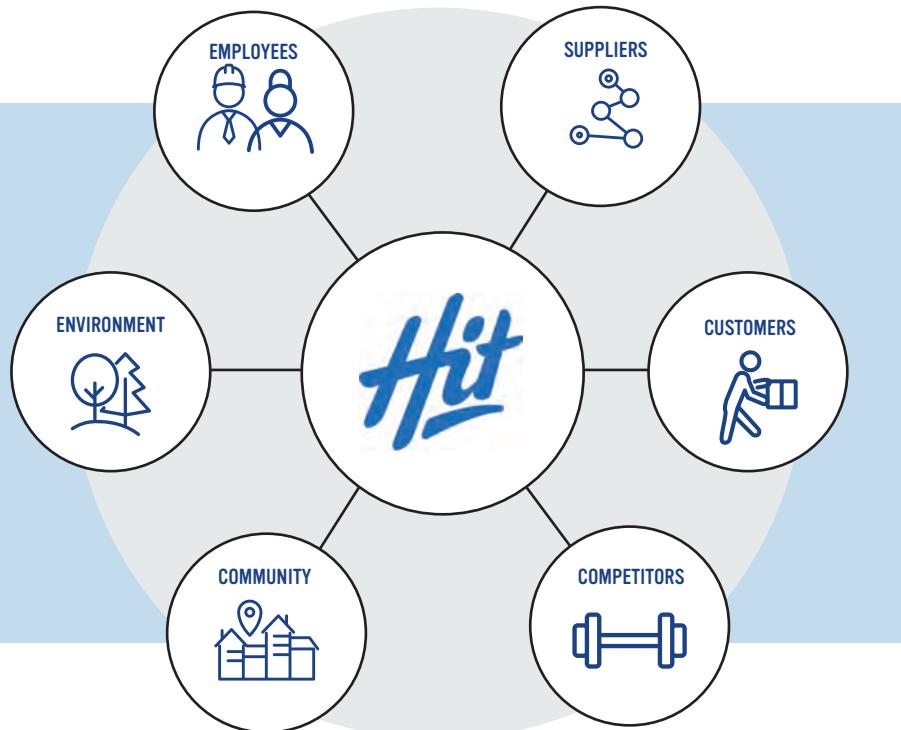


Capability

No matter the scale of complexity of your project, Hit has the capacity, capability, and experience to make it happen.

## STAKEHOLDERS

Hit strives to build the best relationships possible with all of our stakeholders. We recognize that to become a trusted partner we must reveal our passion and commitment through actions. The method in which we interact with our stakeholders varies, but we consider each group of stakeholder to be a vital resource and responsibility when we make business decisions. As we look though the sustainable business lens, we consider the natural environment and the various communities we reach to be important additions to our stakeholder portfolio. It is our promise to analyze how our processes, procedures and purchases affect each stakeholder group, and adjust accordingly to have the least negative impact on each. In the areas that are unavoidable, we look for opportunities to offset and give back in order to reduce our collective negative impact.



## A MESSAGE FROM OUR CEO

"Sustainability, to me, means becoming more aware of how substances and processes in our world impact each other. We can no longer consider ignorance as an excuse and use it as a way to pass off responsibility. Here at Hit, we are working to understand what our business operations mean to all of our stakeholders, and we are determined to cause the least negative impact possible. Our teams are always looking forward to not only meeting the needs of customers, but to also establish us as a sustainability leader for our industry. I see our sustainability program as a catalyst for the industry, but we will also lean on valuable partnerships as we work to grow into a more sustainable business. I am grateful for the team we have built, and I look forward to seeing how our program progresses and the positive social, environmental and economic impacts we help achieve."

# WE ARE MAKING SUSTAINABILITY PART OF OUR BRAND.

As a top supplier in the United States, we recognize our responsibility to have an exemplary and sustainable business model. We are committed to measuring our social and environmental footprint and working to continuously to improve our negative impacts. While we are considering 2021 as our inaugural year for our Hit Sustainability Program, many of our initiatives have been making a difference for years. Through this program, we will remain responsive to social, environmental and economical challenges through sustainability lenses. We believe that this strategy will make us a better business partner, employer and global citizen.

## OUR SUSTAINABILITY MISSION STATEMENT

Our mission is to couple our industry leadership in providing decorated goods with industry leadership in sustainability. We are committed to minimizing our Company's overall negative impact on environment while encouraging and activating environmentally conscious and socially responsible behavior on the part of our employees, customers, and our supply chain.

We seek to identify, measure, and understand the direct and indirect negative impacts of our operations and develop innovative and realistic solutions for their mitigation. We strive for continuous improvement of our environmental and social performance, and welcome opportunities to improve in any related category.

## ALIGNMENT WITH THE SDGS

In 2015, the UN agreed upon an interrelated set of 17 global goals and 169 related targets which serve as a call to action for entities looking to join a global partnership to help improve equality, peace and prosperity. Hit endorses these goals, and we have chosen those that align with our operational impacts. As seen below, our sustainability program uses the goals to map our material topics and establish responsible social, environmental and economic initiatives.



**2021**  
will serve as our  
baseline year for future  
data comparison and  
initiatives.

## REPORTING

Our goal for this report is to transparently present the efforts and measures we are allocating towards becoming a more sustainable business. Before preparing this report, we observed and considered all interactions our business has with stakeholders. Guided by accepted universal standards, we have compiled data and information we accept as genuine and reliable. We also consider future issues that may arise, and we will continue to work to mitigate risk for the sake of our stakeholders and our company.

Our material topics are chosen with consideration of our stakeholder assessment, current industry and social trends, and our commitment to using the SDGs as guiding principles. All topics carry equal importance, but varying methods and resources are allotted each depending on access to materials, social dilemmas, and sustainability trends. These topics are subject to change as innovation, trends and challenges within our industry are discovered.

## ENVIRONMENTAL SUSTAINABILITY

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

## SOCIAL RESPONSIBILITY

- 
- Employee Health and Safety
  - Community Engagement
  - Supply Chain Management

## SUSTAINABLE BUSINESS

- 
- Quality Employment Opportunities
  - Business Continuity
  - Sustainable Marketing
  - Industry Leadership

# ENVIRONMENTAL SUSTAINABILITY



Our strategy to improve our environmental sustainability encompasses all of our operational practices - from the cradle of the raw materials used for our products, to the downstream effects of shipping to the end consumer. We consider the working environment we and our partners provide and the natural environment our operations effect as our responsibility to manage efficiently and respectfully. We practice stewardship of our products and resources, and we continuously seek ways to offset necessary energy and resource use and waste disposal. We understand that environmental impacts are increasing in importance to end consumers, so we are taking the lead in our industry to provide a truthful and transparent look at how we operate. Our ambition to generate strong financial returns will go hand-in-hand with our pursuit of a less negative impact on the environment.

## WASTE

Ultimately, our goal is to have zero manufacturing waste sent to landfill. We work towards this goal using the 5Rs (see above). However, rather than gradually decreasing each type of waste, we choose one waste stream at a time to aggressively reduce. This allows us to focus on the details of the initiative and monitor to ensure that the process is efficient, productive and makes economic sense.

In tandem with the Hit Sustainability Program, our purchasing and compliance teams are working with our suppliers and customers to reduce the amount of materials that follow our products through the shipping process. We also regularly assess the materials we use in our own facilities to reduce resource use in the manufacturing process.

When material usage can not be avoided, we check their compatibility to local recycling options and look for other diversion strategies. Starting first with local business, we search for clean, efficient waste diversion options. Then, before partnership we vet each company's waste management strategies to ensure they align with our sustainability goals.



We are constantly looking for more durable options to replace materials used in our facilities. We use plastic pallets (pictured) for the majority of our internal product movement. They can be used over 50 times longer than wooden pallets, they don't require chemical treatment, and are recyclable at end of life.



We have partnered with a local waste pelletizing company to divert the majority of our plastics and paper wastes produced in the manufacturing process. In 2021, we re-energized this program by investing in more green collection cans (pictured) and providing trainings for employees that work in our factories and warehouses.

## OVER 1470 TONS collectively diverted from the landfill in 2021



Over 200 tons of plastic and paper manufacturing waste is sent to directly replace the use of fossil fuels for energy.



Hazardous materials are sent to a local handler that finds the most efficient and sustainable solution for their recycling or disposal.



100% of our old electronics and protected office materials are recycled.



All cardboard that can not be reused is sent to be recycled domestically.

# ENVIRONMENTAL SUSTAINABILITY CONTINUED



## ENERGY AND EMISSIONS

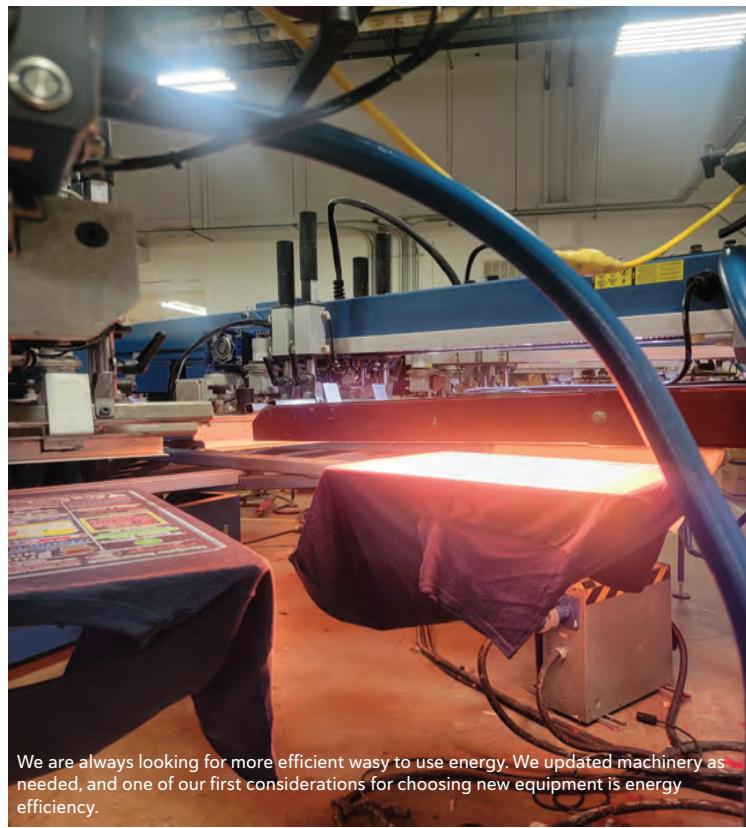
While the goal of carbon neutrality gains traction in many industries, it is still currently objectively impossible in an energy-intensive industry such as ours when considering prices and availability of renewable energy resources. We have reduced a percentage of our energy use by installing automated LED lighting in offices and warehouses and improving efficiency in manufacturing processes. However, our main focus for now will be on purchasing renewable energy credits for the energy we use and carbon offsets for the emissions our operations are responsible for.

We have begun the process of calculating our collective carbon footprint for our company, and as we determine each scope, we will expand our offset portfolio. For the initial year of the Hit Sustainability Program, we are focusing on our Scope 1 and 2 emissions.



**100%** of shipping offset  
for Hit accounts

**~90%** Purchased RECs  
for electricity use



## WATER

Water is a necessary part of our manufacturing processes. Therefore, we have gone above and beyond legal operational requirements and have installed multi-layered filtration systems that filter our waste water before it is sent back to local systems. This ensures that we won't exceed allotted particle amounts while also relieving local municipalities of some of the work required to return it to the local water systems for future use.

## ECO-CONSCIOUS PACKAGING

Our practice for packaging products is to use as few materials as possible. When they are necessary to uphold the integrity of the product, we use those made from post consumer materials, those that are recyclable, or at the very least we ensure they are sourced responsibly. All of our cardboard boxes used for shipping are FSC certified products that are sourced responsibly and do not contribute to deforestation. Additionally, we fill boxes with bubble wrap that has a percentage of post-consumer recycled plastic.

For many of our ceramic drinkware products, we are working with our suppliers to produce packaging molds that will follow the product throughout its production until it reaches the end user. (See below.) The molds can be made from recycled materials and are also recyclable after their use, so they will contribute to the functionality of a circular economy. This will prevent natural resources from becoming a single-use commodity and will reduce the waste streams these products produce.

All cardboard boxes we purchase are certified by the Sustainable Forestry Initiative

Taking a deeper look at how we use resources is a main focus of the Hit Sustainability Program. We purchase packaging with their product life cycle in mind, and when it is economically possible, we choose packaging that is recycled and recyclable. We are working with our product suppliers to reduce the need for additional packaging all together by innovating packaging that can follow the product all the way from creation to end consumer.



Some of our customers also have sustainability initiatives that encourage eliminating some types of packaging use all together. At the request of one of our largest customers, we are shipping some of the selected products they purchase with very minimal or no inserted packaging inside shipping boxes with dividers. As we send them out, we are monitoring customer claims of damaged items. This alliance could cut out thousands of pounds of plastic packaging annually if it is deemed an effective way to ship these products.

# SOCIAL RESPONSIBILITY



At Hit we recognize that people are our most precious asset, both those we house in our facilities and those along our supply chain. In order to proceed with business activities, we must protect the health and well-being of those who work to keep them running. Our Sustainability and Compliance teams are developing guidelines and procedures to be used to improve our social responsibility. Our practice is to prepare for negative outcomes that our business operations may present or attract in order to prevent their occurrence. However, we also know that preparation must only be part of the plan. We also work diligently to continuously improve our response to adverse circumstances. With this combination of preparedness and efficient reaction, we are building strong social programs with value and quality ethics.

## EMPLOYEE HEALTH AND SAFETY

Environmental health and safety (EHS) is embedded in Hit at all levels of our operations. We want to offer an environment in which employees can work comfortably and with certainty that they are protected. We base all of our EHS practices on OSHA required standards, however, we go above and beyond what is required with additional safety protocols and standards. Hit's EHS Standards and best practices are developed for each individual HIT location. Site-specific considerations such as location, population, hazards, and worker culture are used to develop preventative measures specific for each facility.

Our EHS team is devoted to upholding the preventative measures, and they perform regular daily, weekly, and monthly audits to track hazard intensity and identify new ones. As they are identified, we present hazards and offer safety training to increase employee preparedness. However, we acknowledge that accidents will happen and have also prepared efficient and effective response plans. All incidents and near misses are documented, assessed and receive appropriate response and follow-up. Using comprehensive documentation, we track patterns and trends to better prevent further accidents and unnecessary risks.

Since 2019,  
We have eliminated  
65 chemicals from use.



In 2021, we took a huge stride in our EHS program advancement by investing in a third-party comprehensive platform. This industry specific program aligns with many of our material topics and will help us tackle difficult EHS challenges and increase our safety knowledge. We are taking advantage of their solutions for both standard considerations and those that will assist our business continuity goals. We will be implementing company-wide programs that address topics such as ergonomics, environmental compliance, management change, and more. We will install and track our performance metrics to ensure that we are continuously moving our company forward to set high industry EHS standards.

### Our Performance

0.5  
HIT LTI RATE

2.6  
HIT MTI RATE

As our company has grown, we have built a diverse EHS team of experts with education and experience in various areas such as:

Health Policy  
Sustainability  
Business Continuity  
Ergonomics

Workers Compensation  
Security  
Fire & Safety Systems  
Industrial Engineering

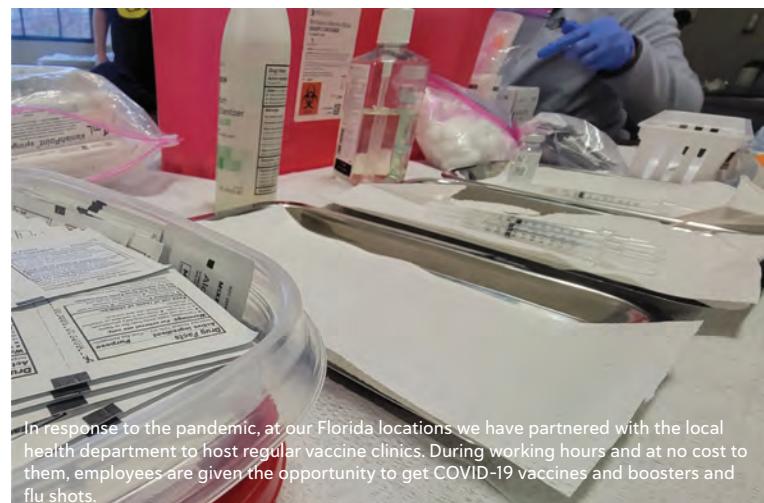
## WELL-BEING AT HIT

Here at Hit, we are looking to foster cooperation with employees and reinforce shared responsibility for all safety initiatives. We are working to build the connections between departments and levels of experience so we can effectively engage a wide range of perspectives. This diversity of perspectives is a powerful tool for informing continuous growth and improvement in our safety programs.

## COVID 19 RESPONSE

Throughout the pandemic, providing a safe and secure workplace has been a top priority. With the hard work a dedication from our EHS team, we have created a dynamic COVID response process that prioritizes employee wellness and ethical business continuity.

- ✓ We immediately assigned a dedicated team to assess the ever-changing situation the pandemic presents and develop company policies to ensure a safe workplace environment for all
- ✓ We are working closely with local health departments to ensure a company protocols are updated in a timely and effective manner.
- ✓ Through our local health department, we are hosting vaccine clinics at our Florida manufacturing locations that are open for all
- ✓ We will continue to provide supplementary disinfecting practices for all high trafficked areas and employee work stations.
- ✓ Through contact tracing methods, we proactively inform employees and our workforce stakeholders on all new found cases.



In response to the pandemic, at our Florida locations we have partnered with the local health department to host regular vaccine clinics. During working hours and at no cost to them, employees are given the opportunity to get COVID-19 vaccines and boosters and flu shots.

# SOCIAL RESPONSIBILITY CONTINUED



## SUPPLY CHAIN MANAGEMENT

As members of Amfori we utilize the BSCI and BEPI platforms, and associated assessments, as the primary tool to assess our current and potential partners through a global responsibility lens. Amfori Countries' Risk Classification data, which scores countries based on World Governance Indicators (WGI) from 0 to 100 (0 being highest risk and 100 being lowest risk), has been incorporated into the Hit Responsible Sourcing Guidelines (RSG). Hit does not source from any country with a WGI score below 10.

Hit supply chain expectation and values are communicated via the Hit Responsible Sourcing Guidelines, Supply Chain Code of Conduct and Supplier Compliance Agreement. Following an extensive supply chain mapping exercise of primary sourcing locations a Factory Compliance Evaluation (FCE) was created that will allow audits across multiple internationally recognized formats to be viewed through the same lens and a factory risk profile created. This risk level will then drive the timeframe for required corrective actions and the next factory audit. In recognizing that some partners represent a very limited volume within the Hit supply chain a Factory Compliance Assessment (FCA) was also developed to provide visibility to the practices of those factories were an onsite audit may not be feasible or practical. The FCA is also utilized to assess potential new suppliers that have not previously been audited and prior to the start of any business.

### Factory Compliance Evaluation (FCE) Result

Acceptable	Below 10 Minor Findings
Low Risk	Without Major Findings, only Minor Findings
Mid Risk	Without Critical Findings; below 10 Major Findings
High Risk	Any Critical Findings; More than 10 Major Findings
Zero Tolerance	According to ZT Policy

## CORPORATE SOCIAL RESPONSIBILITY MISSION

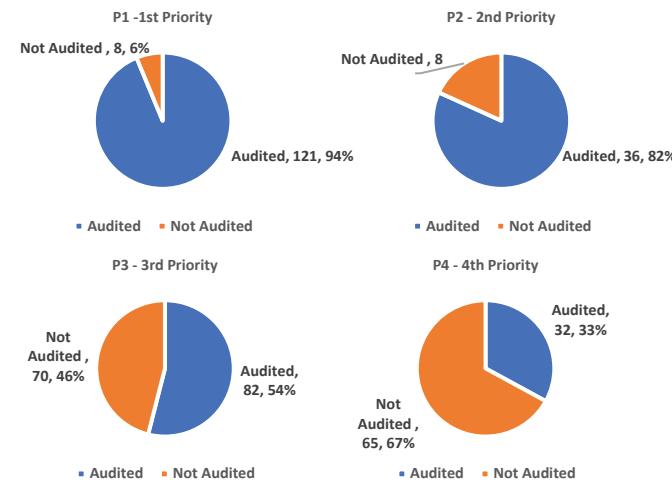
Hit Promotional Products is committed to ethical and responsible sourcing across a diverse products offering and supply chain. HIT conducts compliance assessments and evaluation of our supply chain globally. We evaluate the risk level of each supplier by country, compliance performance and corrective action. By engaging with our supply chain, we strive to ensure the fair and equal treatment of all workers and to facilitate continuous improvement of working conditions.

### Supplier Location Map



The combination of volume and sourcing location is combined to create a priority tier for primary sourcing factories in the Hit supply chain. Below is the current audit percentage breakdown by priority tier. Hit has set the following goals for those tiers in 2022: 100% of Tier 1 factories with audit to meet RSG, 90% of Tier 2 factories with audit to meet RSG, 80% of Tier 3 factories with audit or Factory Compliance Assessment (FCA) to meet RSG, 65% of Tier 4 factories with audit or FCA to meet RSG. We look forward to sharing our continued progress.

### Factory Audit Status 2021



## COMMUNITY ENGAGEMENT

An important part of what we offer as a company is the support we extend to local and global communities. We host numerous donation drives a year to involve our employees and give back to the communities surrounding our Hit facilities. Additionally, we donate thousands of products annually to World Vision, an organization involved in advocacy, development and humanitarian aid.

Hit aims to pass on sustainability knowledge to our employees. In the development of the Hit Sustainability Program, we will push for dramatic improvement of our employee engagement. Our goal is to have better work satisfaction in all levels and positions. This will reduce turnover, improve productivity and increase efficiency.

**OVER 6 MILLION  
in monetary donations  
in 2021 to**

**World Vision**



Here at Hit, we are shifting to the use of a more sustainable model. We are leaving behind traditional modeling that primarily focuses on a business's bottom line, profitability. We are expanding our scope to additionally consider environmental impact and social responsibility, as you have seen in the first two sections of this report. Using these additional considerations when making business decisions will create a more stable

## QUALITY EMPLOYMENT OPPORTUNITIES

Hit directly provides over 1,200 permanent domestic job opportunities in 20 different states, and at any given time, we also provide around 1,800 temporary positions. Additionally, our compliance department is building out their team to include contracted associates overseas that work to monitor and assist our factory partners. We believe in offering opportunities of employment that include the elements of a quality job as defined by the U.S Department of the Treasury: a living wage, basic benefits, career-building opportunities, wealth-building opportunities, and a fair and engaging workplace.

To capture the voice of our employees, we will be instituting an

## EMPLOYEE ENGAGEMENT PROGRAM

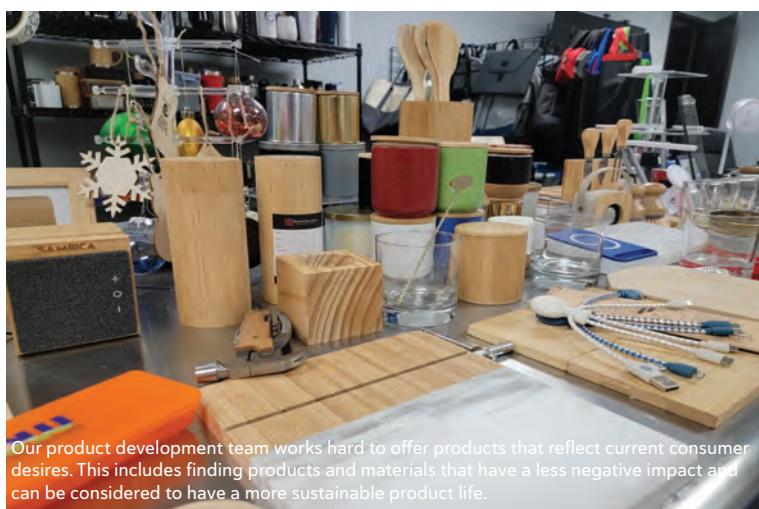
involving regular surveys.

This will improve communication, welcome suggestions for change, and boost morale.



## SUSTAINABILITY MARKET

As we advance our Hit Sustainability Program, our team will consistently and constantly analyze current as well as emerging trends that will help guide our material topic and initiative development. Additionally, we are interested in thoroughly communicating with our customers about what the end consumers would like to see from our industry. While we recognize that we are in an industry that is not usually perceived as one that can be sustainable, we are putting our specialists to work to find ways to minimize and offset our negative impacts while improving and promoting our positive ones. We will devote capital to investments such as cleaner innovation opportunities and worker protection programs to become a part of the sustainability market driving change.



Our product development team works hard to offer products that reflect current consumer desires. This includes finding products and materials that have a less negative impact and can be considered to have a more sustainable product life.

## OUR GREENWASHING PROMISE

Hit Promotional Products acknowledges responsibility to verify all statements made about our products, procedures and services. We promise to market our sustainability efforts and products without greenwashing and with true and transparent statements that follow the Federal Trade Commission guides for the use of environmental marketing claims. Our goal is to build an environmentally aware culture within our company, and we want to be a part of the fight against greenwashing in our industry. We welcome any opportunity to learn how any of our claims can be more accurately stated.

## BUSINESS CONTINUITY

Throughout the development of our Hit Sustainability Program, we will also establish a Business Continuity Plan (BCP). This BCP will address the risks and effects we observe while pursuing our Material Topics. We are documenting patterns within the company, industry and global business world so we can stay ahead of occurrences that may harm our employees, the environment, our customers, end-consumers of our products, as well as all those working along our supply chain. This practice will in-turn improve our business by improving communication and keeping us ahead of competition. In 2021, we hired professionals with experience in sustainability and business continuity experience, and will be using their input to study how we operate through new lenses.



Since the COVID-19 pandemic began, 60% of all exempt employees have worked remotely.



We invest in an emergency response system to communicate alerts and dangers to employees at all locations.



Securing multiple options for the supply chain of materials is standard practice for our operations.

## INDUSTRY LEADERSHIP

As a leader in our industry, we recognize that our success will be attended by the attention of others, including our competition. We are developing our programs to be strong enough to lead by example not only to those who admire our efforts, but also for those who are looking to undermine them for their gain. We work hard to start all initiatives with a strong backbone that are exemplary for those who observe them. We recognize that many of our sustainability projects are pioneers in our industry and will require much time and hard work to advance, but do not wish to hoard them. It is our hope that this program can join the collective effort to create a more sustainable business world.

# WE'RE MANUFACTURING NEW EXPECTATIONS FOR OUR INDUSTRY.

As we build the Hit Sustainability Program, we aim to expand our reporting and material topic coverage. Using a sustainable business model and United Nations SDGs, we will remain vigilante in our pursuit to discover all of the environmental, social and economic impacts our company have. We build our sustainability initiatives to be strong from the beginning, so that they can withstand the challenges of the industry and become worthy examples for others to follow. All of our efforts are driven by the ultimate goal to create a more sustainable culture for our company that will have positive impacts for now as well as the into the future.



We are platinum certified by the [Green Business Bureau](#), a green certification program for businesses.



Our membership in the [Sustainable Packaging Coalition](#) shows our commitment to green business operations and innovation.



We were nominated for the [Sustany Foundation Sustainable Business Awards](#) for 2021.

