



2023 Environmental Social Governance Report.

Achieving a Sustainable Future





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A Message to Our Stakeholders:

HALO views our sustainability journey as a reflection of our corporate ethos of accountability to our key stakeholders, the communities in which we operate, and the recognition of the global reach of the products and services we provide. In addition to decades of industry leadership in product safety, integrity, and corporate social responsibility, we have formalized our commitment to reducing the environmental impact of our organization and the products we sell by joining the United Nations Global Compact on Climate Change (UNGC) and the Science Based Targets Initiative (SBTi).

Our efforts - large and small - reflect the growing mindset among our employees, clients, and suppliers that good business can create positive changes in the world in which we live, as well as the individuals and companies associated with HALO's success.



Marc Simon | Chief Executive Officer



Empowering Workers, Reducing Impact, Accelerating Equity, Enforcing Standards, Reporting Progress, Powering Growth, Supporting Values,

HALO.



Progress Highlights.

EMPOWERING TEAMS	STAKEHOLDER ALIGNMENT	BUILDING A BETTER FUTURE	WORKING ETHICALLY
Public commitment to providing a living wage to all of our employees.	14% increase in diversity spend over the previous year.	Committed to Science Based Targets Initiative (SBTi) for Net Zero Standards by 2040.	On target to complete ISO 27001/ISO 27701 certification project in Q2 of 2023.
Conducted a self-identification survey with completion by 72% of employees.	Sustainable Procurement program formally implemented to align with clients' sustainability requirements.	Hired a consultant in environmental management and have budgeted dedicated staff for environmental sustainability in our operations.	Formally joined the United Nations Global Compact (UNGC).
Added the role of Senior Vice President of Diversity and Inclusion	Focus on sustainable procurement training at our National Sales meeting.	Donated 37.5 tons of obsolete merchandise for recycling and job creation for people with disabilities.	Updated our ESG governance structure to include functional teams.
Culture webinars outlining our commitments, initiatives, and progress attended by 1091 employees.	Expanded supplier sustainability actions captured in our Preferred Supplier Program	Converted 2,821 Million Tons of carbon dioxide equivalent last year through the UPS Carbon Offset program	

About HALO.

Our Vision:

To connect people and brands to create powerful, lasting experiences.

Founded in 1952 HALO is the global leader in branded merchandise, uniform programs, and recognition and incentive solutions.

HALO is a stable, growth-driven company that demonstrates financial strength with sales of \$1B+ in 2022. We are a private company, ultimately controlled by TPG, Inc.



\$1B+

2022 (est.) revenue \$1.07B

2,100+

Team Members

8

Fulfillment Centers

42

Global Offices

71

Years In Business

132

Fortune 500 Clients

50K+

Clients Worldwide

HALO Headquarters is located in Sterling, IL.



What We do.

We make brands stand out by transforming products, rewards, and uniforms into unforgettable one-of-a-kind experiences that bring their brand to life –making it real and memorable for customers, prospects, and employees.

With more than 2,100 employees in 42 global offices, we offer the industry’s most comprehensive range of capabilities, including creative services, technology solutions, global sourcing, and logistics.

Our clients include 132 of the Fortune 500 as well as thousands of mid- and small-size organizations seeking to make a big impact with their brands.



PROCUREMENT

- Strategic sourcing from a diverse global network of 3,500 compliant suppliers and manufacturers.
- Largest promotional product distributor in the U.S. providing leveraged purchasing with more than 250 key merchandise brands for our clients.
- In-house team of quality, compliance, and logistics experts.



TECHNOLOGY

- Online Technology to engage audiences, simplify purchasing, and control spend.
- Proprietary technology supported by in-house experts.
- Integrated fulfillment, data security, reporting, and back-end system integration to drive ROI and operating efficiency.



CREATIVE

- We provide creative services to amplify our clients brands and break through the noise of today's media channels.
- In-house Creative Agency of designers, illustrators, packaging experts, industrial designers, and 3D modeling experts.
- Creative works in-line with procurement, merchandising, and production to deliver cost savings and speed to market.

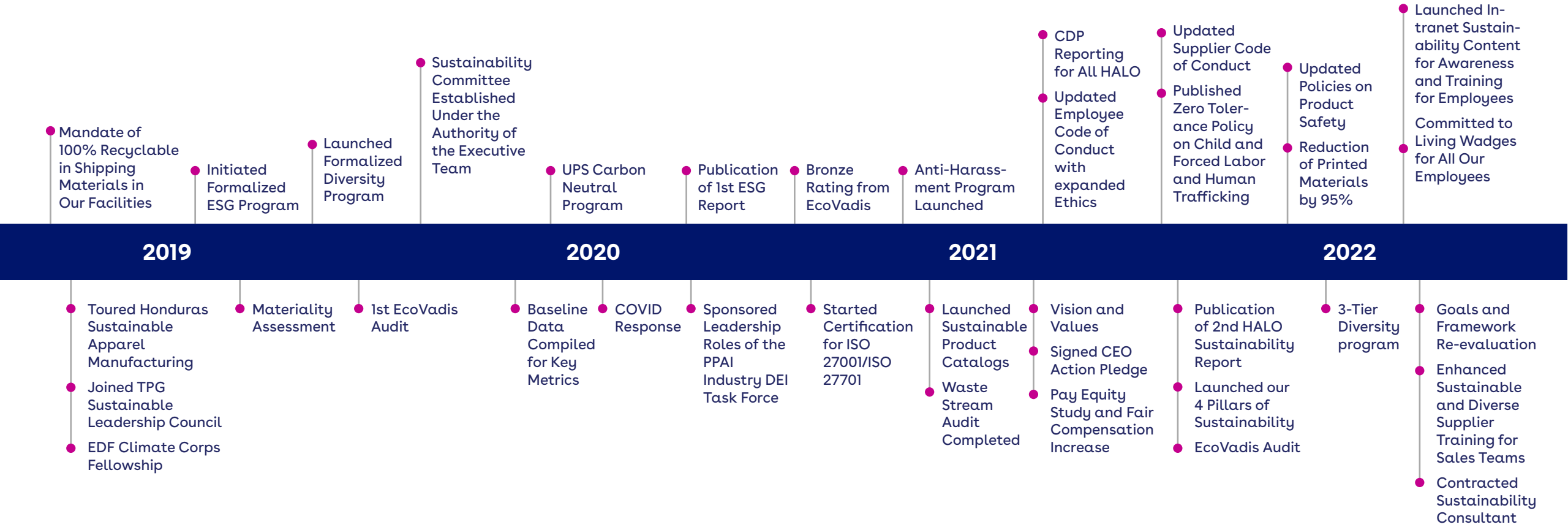


FULLFILLMENT

- Our solutions are supported by 8 in-house state-of-the-art fulfillment centers expediting shipments and delivering goods on time every time.
- Our fulfillment centers provide integrated pick and pack, high-velocity distribution, and kitting services.
- In-house logistics and shipping experts provide domestic and international shipping capabilities.



Our Sustainability Journey.





HALO

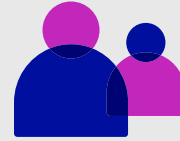
HALO ESG Program.



Our Key Pillars of Responsibility.

At HALO, we view sustainability as more than just good business. Our sustainability efforts reflect our vision of corporate accountability to our clients, the communities in which we operate, and the global reach of the products and services we provide.

For decades we have led our industry in social responsibility through our supply chain. We have added a focus on the environmental impact of the products we distribute from the time of manufacture to final delivery to our customer's door. These four pillars support our material findings, align with our core values, provide economic opportunities for our staff, and help us deliver sustainable solutions for our clients.



EMPOWERING TEAMS

Our Goal: Further support our teams and supply chain workers, ensuring they can provide for their families and prosper.



STAKEHOLDER ALIGNMENT

Our Goal: Continue to provide our customers with safe, high-quality products that are produced in alignment with their values and sustainability goals.



BUILDING A BETTER FUTURE

Our Goal: Further reduce our environmental impact on the communities in which we operate through sustainable practices in our operations.



WORKING ETHICALLY

Our Goal: Maintain high standards of ethical conduct while acting with integrity at all times. Provide training and enforce ethical compliance for all stakeholders.

ESG Program Governance Structure.

Corporate responsibility is an enterprise-wide commitment informed by, and integrated into our business strategy.

STRUCTURE

HALO's corporate responsibility is overseen by a Sustainability Committee operating under the authority of the HALO Executive Team. This committee is led by an Executive Sponsor at the SVP level and consists of functional and grassroots members from across the organization.

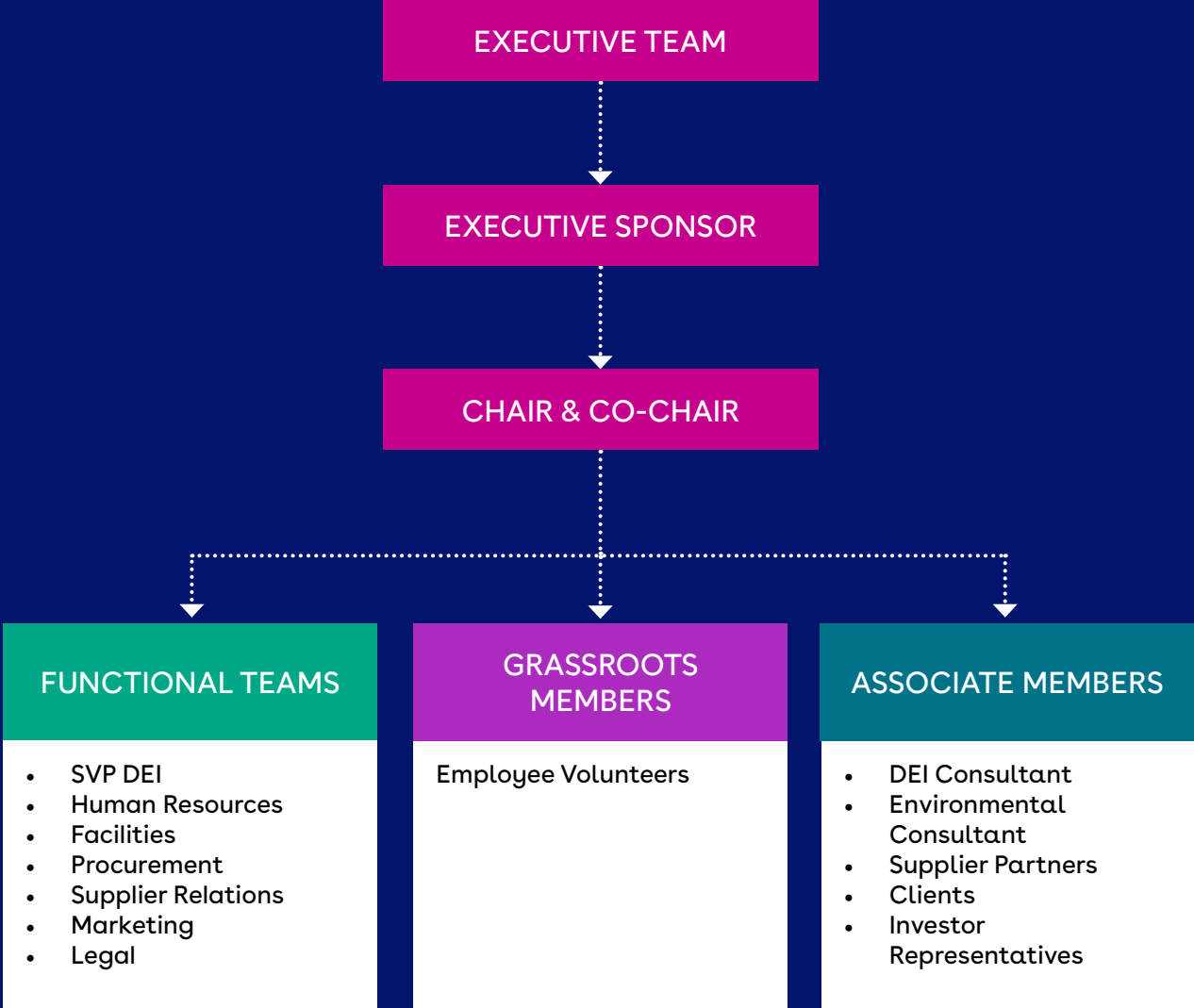
A Committee Chair and Co-Chair are elected from the members by Committee. The Committee Chair and Co-Chair each hold two-year assignments.

The Co-Chair may be elected to Chair. Committee voting for Chair and Co-Chair takes place in January of each year.

Additional associate members, such as consultants, investor representatives, suppliers, and customers may participate on an ad hoc basis. These associate members may provide advice and input to the committee.

Our committee structure empowers employees to take a leadership role on guiding initiatives by working with functional leaders across the organization to determine strategies, policies, and goals related to corporate responsibility and sustainability.

We are evaluating third-party auditors to verify our governance practices.



Standards & Frameworks.

We strive to align our efforts to globally recognized standards and frameworks, We have developed this road-map to provide a complimentary and comprehensive Environmental Management System.

CURRENT STATE

- **SASB Standards:** We compare our data to [Sustainable Accounting Standards Board \(SASB\)](#) standards to communicate financially material sustainability information.
- **CDP:** We disclose our management of climate initiatives annually to the [Carbon Disclosure Project \(CDP\)](#).
- **EcoVadis Auditing** We submit our sustainability metrics to [EcoVadis](#) who assesses our business sustainability documentation. We currently hold a Bronze Medal Rating. Our EcoVadis report is available publicly at <https://halo.com/responsibility/> and connection on the platform is available upon request.

IN PROGRESS (Commitments for 2023)

- **GRI Reporting:** We will formally align our data to [Global Reporting Initiative \(GRI\)](#) standards for communicating climate change, human rights and corruption.
- **SBTi Commitment:** We have committed to the [Science Based Targets Initiative \(SBTi\)](#) to develop science based targets to reach net-zero standards by 2040.
- **Joining the UNGC:** We have sent a formal letter to the [United Nations Global Compact \(UNGC\)](#) and look forward to aligning with the [United Nations Sustainable Development Goals \(UNSDG\)](#) with our Key Pillars of Sustainability.

FUTURE STATE (Targets for 2023-2025)

- **SBTi:** Develop and submit targets for evaluation and report on progress annually.
- **UNSDG:** Annual reporting on progress to supporting the United Nations Sustainable Development goals.
- **Joining SGC:** The [Sustainable Goods Coalition \(SGC\)](#) is a global multi-stakeholder nonprofit alliance for the consumer goods industry. Their mission is a global consumer goods industry that gives more than it takes – to the planet and its people.
- **Apply to Join Ellen MacArthur Foundation:** The [Ellen MacArthur Foundation](#) goal is to eliminate waste and pollution, circulate products and materials, and regenerate nature. We can create an economy that benefits people, business and the natural world.



STANDARDS AND FRAMEWORK PROJECTS TIMELINE

These projects include aligning with Science Based Target Initiative (SBTi) Net-Zero Standards, United Nations Global Compact (UNGC) and UNSDGs, Global Reporting Initiative (GRI) standards, and auditing of our Environmental Management System (EMS) by external sources.

2023				2024				2025
<p>Q1</p> <ul style="list-style-type: none"> SBTi Commitment to Reach Net-Zero by 2040 UNGC - Submitted Formally to Join UNGC 	<p>Q2</p> <ul style="list-style-type: none"> SBTi - Baselines Set UNGC - Asses our current program and how we align with the 17 goals 	<p>Q3</p> <ul style="list-style-type: none"> SBTi - Set Inventory per GHG Protocol and Operational Boundaries 	<p>Q4</p> <ul style="list-style-type: none"> SBTi - Assemble data for each facility and enter results in GHG Accounting Book UNGC - Define goals, strategies, and policies GRI - Formally Align Data 	<p>Q1</p> <ul style="list-style-type: none"> SBTi - Calibrate targets with SBTi Tool GRI - Annual ESG Report data aligned to GRI 	<p>Q2</p> <ul style="list-style-type: none"> SBTi - Submit targets to SBTi for validation UNGC - Implement policies to reach goals with reporting metrics 	<p>Q3</p> <ul style="list-style-type: none"> SBTi - Process to identify and establish emissions reductions 	<p>Q4</p> <ul style="list-style-type: none"> EMS - Evaluation of EMS Auditors for external verification 	<p>Q1</p> <ul style="list-style-type: none"> SBTi - Annual ESG Report with targets and progress published UNGC - Communicate progress in our annual ESG report

SUSTAINABLE SUPPLIER DATABASE TIMELINE

We are developing a supplier rating system to promote our supplier partners who share our sustainability ethos and increase our diversity spend in the next 2 years.

2023			2024			2025
<p>Q2</p> <ul style="list-style-type: none"> Census - Development of a Supplier Census aligning with policies on Sustainable Procurement including Material Composition, Certifications, and Climate Action 	<p>Q3</p> <ul style="list-style-type: none"> Census - Distribution of the Supplier Census to our Preferred Suppliers representing 70% of our annual spend 	<p>Q4</p> <ul style="list-style-type: none"> Census - Collect and analyze census results and develop a ranking system and Sustainable Supplier Database 	<p>Q1</p> <ul style="list-style-type: none"> Rating System on Supplier Database published based on Sustainable and Diverse Suppliers 	<p>Q3</p> <ul style="list-style-type: none"> Census - Distribute Updated annual census 	<p>Q4</p> <ul style="list-style-type: none"> Census - Updated Census collection and analysis 	<p>Q1</p> <ul style="list-style-type: none"> Census - Publish Sustainable Supplier Database



Expanding our Influence.

INTERNAL

As a distributor, we do not manufacture products and do not have direct environmental impact in terms of manufacturing. However, awareness and research are both fundamental in protecting our company and our clients on environmental issues.

EXPANDING OUR INFLUENCE

We are creating a database of manufacturers equally committed to reducing the environmental impact of the product we sell through recycling and manufacturing techniques that reduce energy and water use.

FULL VALUE CHAIN

We maintain a small but growing list of manufacturers that can transform recycled material into finished product. By sharing our ESG goals and metrics with our preferred suppliers, we have encouraged this group representing 70% of our purchase base—to re-engineer their manufacturing, packaging, and distribution methods to provide measurable, reportable results. In return, these manufacturers receive enhanced promotion to HALO clients.

HALO's vision is to enhance our history of corporate responsibility, improve our internal environmental and social initiatives, and expand our circle of influence across our entire supply chain in three stages:

1.

INTERNAL

- Scope 1 GHG emissions
- Energy efficiency & self-electricity generation
- Water use
- Waste & recycling
- Employee safety (OSHA, ergonomics & wellness)
- Financial

2.

EXPANDING CIRCLE OF INFLUENCE

- Scope 2 GHG emissions
- Utility providers
- Social programming & metrics
- Regional Causes
- Product safety metrics
- ESG framework & reporting

3.

FULL VALUE CHAIN

- Scope 3 GHG emissions
- Supply chain sustainability, including raw material sources
- Transportation & travel
- Product consumption & end of use
- Purchasing offset credits for carbon use in product distribution



Key Pillar Progress and Practices.





Empowering Teams.

Our vision is to connect people and brands to create powerful, lasting experiences. This vision fuels our desire to grow and add capabilities that benefit our customers, affording our people the opportunity to prosper personally and professionally.

We are dedicated to continuing an excellent relationship with our employees. We maintain good working conditions, competitive wages and benefits, open communication, and employee involvement.

Our industry leadership is the result of our employees' passion for continuous improvement in every aspect of our stakeholder relationships. We will continue to look to our employees for ideas about how to improve all areas of our business relating to customer service, safety, efficiency, and employee relations.

2022 Empowering Teams Progress.

ORGANIZATIONAL UPDATES

In 2022 we added the role of Senior Vice President of Diversity and Inclusion to lead our DEI efforts and make impactful change in our organization. We continue to use the Inclusion Practice for third-party consulting.

LIVING WAGES FOR 100% OF OUR WORKFORCE.

HALO is committed to assuring employees are paid a living wage and have access to affordable healthcare. In 2021, minimum wage was raised to \$15/hour. According to the MIT Living Wage Calculator, the living wage for a single adult in Sterling IL is \$15.71/hour. At the end of 2022, 9% of our employees were under \$15.71/hour. We funded the merit increase pool at 5%, with these annual increases all employees hired in 2022 will be above the threshold.

We have a compensation plan in place to move wages quickly in the first year and offer retention bonuses that would put individuals staying employed for one year over \$15.71/hour. In order to more specifically evaluate living wage and household demographics, by December 2023, we will expand our self-identification campaign to include household size, caretaker status, etc. We will continue to make progress addressing any gaps to ensure we provide a living wage to all HALO employees.

DEI PROGRAM RESULTS

Our efforts in DEI programing and recruiting practices since 2021 have improved representation in the following areas:

- Increased ethnic diversity in hiring by 27%, resulting in a 20.6% representation of people of color.
- Maintained 70% of female hires resulting in 70.1% representation of women.
- Generational diversity with 24% Gen Z, 40% Millennials and 29% Gen X.

VOLUNTEERING AND CHARITABLE DONATIONS

In 2021 we provided each employee with 8 paid volunteer hours annually HALO has funded \$11,692 in paid volunteer hours in 2022. HALO has increased its corporate charitable donations 400% since 2021.

SELF IDENTIFIED METRICS SURVEY

To ensure we are appropriately measuring our demographics we provided HALO's workforce the ability to confidentially self-identify gender, ethnicity, disabilities and veteran status. The survey was completed by 72% of employees.





Empowering Teams Practices.

Meaningful Work and Opportunities

Living Wages	Market-competitive wages starting at an hourly wage of \$15 an hour for all employees. We conduct a comprehensive market analysis every few years or as needed to determine the competitive market base salary for our staff, management, and leadership positions. This data-informed analysis references compensation data from published industry compensation reports and guidance from compensation consulting partners.
Benefits	HALO offers eligible employees the opportunity to enroll in group Medical, Dental, Vision, Life, Supplemental Life, Short Term and Long-Term Disability Insurance, Health Savings Account, Flexible Spending Accounts, and a 401(k) plan. In addition to paid time off for volunteerism, employees enjoy paid holidays, paid time off, bereavement, maternity and paternity leave. Additional benefits include: flex time, tuition reimbursement, remote work, and employee personal purchases
Professional Development	All new hires are required to complete an interactive orientation to learn about our company, our culture, as well as their departmental and company goals. In addition to annual reviews, we provide two checkpoint meetings per year which provide both supervisors and employees the opportunity to discuss job tasks, identify and correct opportunities for improvement, encourage and recognize strengths, and discuss positive, purposeful approaches for meeting goals and employment advancement.
Career Mobility	As part of our annual merit and development framework each employee works closely with their manager to identify career goals and opportunities so we can provide the resources necessary to foster career development within HALO.
Training	HALO has a large workforce with a diverse set of specialized roles and the training levels vary accordingly. Typically, we observe a range of 5-15% of staff time dedicated to training—depending on the nature of the role. For knowledge workers, HALO believes in the 70 / 20 / 10 development model created by the Center for Creative Leadership. In this model, 10% of all learning is formal training that is computer- or classroom-bound. Whereas, the majority (70%) and another fraction (20%) delivered through informal coaching and mentorship. In 2022 we expanded our partnership with LinkedIn to provide our teams full access to the world’s best online learning library—over 15,000 courses, videos, and tutorials. The courses cover a wide range of topics that help all of us succeed in the roles of today and tomorrow.
Employee Recognition Program	HALO’s Break Through program empowers each employee to earn attractive rewards based on company results as well as recognize their colleagues based on how they demonstrate HALO’s values of ingenuity, inclusion, determination, and working together as One HALO.
Volunteering	Offering company-sponsored volunteer events and encouraging employees to participate as volunteers in organizations that contribute to the social fabric of the communities in which we operate. Providing our employees with up to eight hours of paid time annually to participate as volunteers in company-approved volunteer events/opportunities.
Employee Satisfaction Survey	Bi-annually HALO conducts an employee satisfaction survey averaging 70% participation covering topics ranging from work environment, trust in leadership, growth opportunities, compensation, and benefits.

Employee Wellness

Well On Target Program	Employees covered under HALO’s Medical Plans are incented financially to participate in this award-winning wellness program. The goal of the program is to improve the overall mental and physical health of our employees. .
Employee Friendly Workspace	Our employee workspace was designed with our staff in mind. HALO surveyed our staff to obtain feedback on their current space as well as suggestions on how to improve in our new headquarters. Our workspaces include an indoor walking track, access to an outdoor view of the campus for every employee, multiple common areas for relaxation, healthy snack options in our cafe, natural lighting, nursing and wellness rooms.



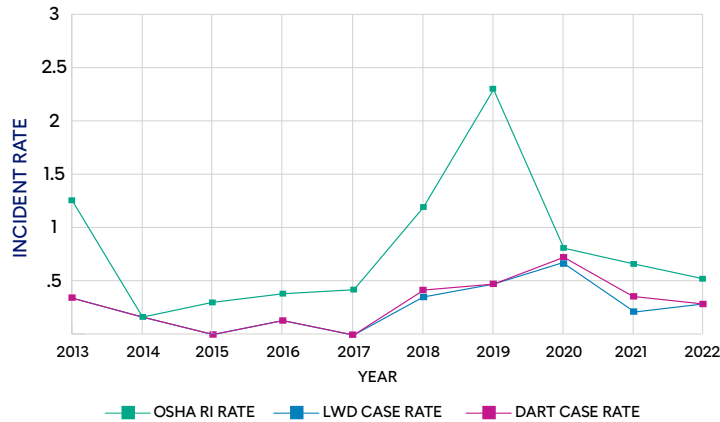
Empowering Teams Practices.

Mental Health	HALO offers comprehensive mental health support services through both a traditional Employee Assistance Program and app-based, 24/7 behavioral health coaching on a variety of topics from stress and depression to issues with work and relationships. We offer these critical benefits to ensure our employees, and their families, have the support they need to be well at work and at home.
Employee Safety	HALO First Responders - HALO invests in training from the American Red Cross to certify volunteer staff on basic first aid, CPR, and the operation of AED's. Emergency Procedures - HALO has established disaster planning and training including procedures for fire, natural disasters, or external threats and cooperates with processes at non-company owned locations.
Inclusive Workplace	
CEO Action Pledge	Our ingenuity thrives on the diversity of our team. What allows us to recruit and keep the best talent is our inclusive culture. To re-affirm our commitment to diversity and inclusion, HALO is a signatory of the international CEO Action Pledge. https://www.ceoaction.com/pledge/
Talent Investments	Invested in new role of Director of Talent Management. Invested in a new role SVP of Diversity Equity and Inclusion
Inclusion Practices	Developed a cross-functional inclusion strategy that is embedded into annual business planning. Developed an employee listening strategy to ensure diversity and inclusion initiatives were supportive and relevant for our team members with marginalized identities and specifically intersectional identities. Implemented employee listening program by inviting 100% of employees identifying as racial or ethnic minorities at HALO to participate.
Recruiting Practices	Equal Opportunity Policies and Transparent Recruiting Process.
Anti-Harassment Training	100% of all employees must complete Anti-Harassment training annually.
Anti-Harassment Policies	HALO's policy against harassment, discrimination, and retaliation applies to all team members. Additionally, we hold our customers, suppliers, independent contractors, and others doing business with us to the same standards contractually. We are committed to prohibiting retaliation against those who themselves or whose family members report, oppose or participate in an investigation of alleged harassment, discrimination, or other wrongdoing in the workplace.
Industry Association Groups	Sponsoring leadership roles of the PPAI Industry DEI Task Force (Chair and Founding Member)
Internal and External Promotion of DEI Messages	Program for delivering enhanced heritage communications to staff internally through email and "Culture HQ" on our intranet. External communications through our social media channels.
Management Accelerator	Piloted Management Accelerator and Executive Leadership Development program from Black professionals at HALO in partnership with McKinsey
Diversity and Inclusion Program	The program is composed of a 3-tier learning experience and Resource Library designed to foster progressive skill development around collaboration, bias reduction, and inclusive leadership for all HALO employees to develop deep capability in building an inclusive organization.
Self-Identification Survey	To ensure we are appropriately measuring our demographics we provided the HALO workforce the ability to confidentially self-identify gender, ethnicity, disabilities and veteran status. The survey was completed by 72% of employees.

Employee Safety Data Trends.

OSHA INCIDENT RATE TRENDS

HALO complies with all OSHA Laws and provides a workplace free from serious recognized hazards. We examine our workplace incidents to ensure compliance, identify negative workplace safety trends, and establish remediation plans.



- **Recordable Injury Rate (RI)** -The number of OSHA Recordable Injury and Illness cases divided by the total labor hours for the year, normalized to 200,000 labor hours.
- **Lost Workday Case Rate (LWD)** - The number of injury cases that result in lost work days divided by the total labor hours for the year, normalized to 200,000 labor hours.
- **Days Away, Restricted or Transferred (DART)** - Total number of recordable injuries and illnesses that caused a worker to be away, restricted, or transferred x 200,000 divided by total number of hours worked by all employees

HEAD COUNT AND OSHA 300A DATA

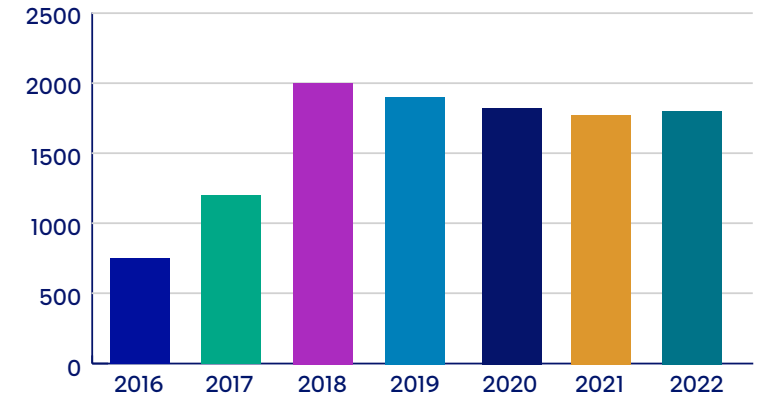
METRIC	2018	2019	2020	2021	2022
Average Number of Employees	1991	1918	1867	1831	1847
Labor Hours	2,864,538	2,974,095	2,726,183	2,742,991	2,643,907
Total Number of Recordable Cases	17	34	11	9	7
Total Lost Work Day Cases	5	7	9	3	4
Total Number of Days Away from Work	22	100	472	209	373

Review: We are seeing a trend in the rise of the injury severity rate of workers. It's important to note that these numbers represent people, who were injured to the point that they could not work.

Findings: Upon review it was discovered that 90% of the Total Number of Days Away from Work was the result of two incidents which are under investigation.

Remediation: We have policies in place to bring injured workers back to the work place for restricted work whenever possible. Bringing workers back helps with recovery, mental health, and productivity. Additionally, in-depth analysis and process improvements of the injuries that resulted in lost days is in progress.

EMPLOYEE HEAD COUNT





Stakeholder Alignment.

We know that your brand is one of your organization's most valuable assets. We ensure that our solutions are fully compliant with your brand standards, support your commitment to sustainability, and reflect and reinforce your all-important corporate culture.

We value the voices of our internal and external stakeholders. If you would like to discuss any of our sustainability practices in detail or to become an associate member or consultant, please contact us at sustainability@HALO.com.

2022 Stakeholder Alignment Progress.

SUPPLIER DIVERSITY PROGRAM

This reporting year we reached \$32MM in diverse supplier spend which is 5.6% of our total purchases. This falls short of our aggressive 5 year goal to reach 10% of purchases through diverse suppliers in 2023. Due to COVID-19, supply chain complications, and the consolidation of suppliers in our industry we are finding a shortage of certified diverse suppliers in our supply chain. HALO proactively searches outside of our traditional supply chain and in 2022 on-boarded and promoted more than a dozen new certified diverse suppliers.

SUSTAINABLE PROCUREMENT

Our procurement and compliance teams have developed processes for clients who are committed to environmental sustainability. These customized processes are specific to individual clients needs and ensure we are procuring merchandise that meets their environmental standards. See more information on page 23.

SALES TRAINING ON SUSTAINABLE PROCUREMENT

HALO holds an annual National Sales Meeting for our sales team. Training includes sustainable product options and diversity procurement with 150 suppliers in attendance.

EMPHASIS ON SUSTAINABILITY IN OUR PREFERRED SUPPLIER PROGRAM

HALO maintains an annual Preferred Supplier Program (PSP) which accounts for 70% of our overall spend with suppliers. These suppliers are selected based on service performance, product integrity, pricing, diversity status, and sustainability initiatives.

280 suppliers were evaluated for our PSP program with the following results:

- ISO14001 Certification: 12.8%
- Conflict Minerals Used in Manufacturing: 5%
- Sustainable Products (material composition and manufacturing practices): 54%
- Sustainability Program: 17.1%
- In 2023 we will be initiating a Preferred Supplier Census that will require additional sustainability metrics in order to achieve a preferred supplier rating with HALO.



Supplier Diversity.

At HALO, we believe that celebrating and fostering differences enriches our company, community, and experiences. We're committed to maintaining and expanding the programs we've built to help promote supplier diversity.

HALO's supplier diversity program promotes business opportunities for diverse suppliers, including minority-owned, woman-owned, disabled veteran-owned, veteran-owned, LGBTQ+, and small businesses. We work with emerging and current M/WBE suppliers by offering incentives for certification and mentoring on how to reach HALO's social, safety, environmental and indemnification requirements for being a preferred supplier

OUR COMMITMENT

In 2020 we started an aggressive supplier outreach campaign and updated our policies to require suppliers to provide certification documents which are available to HALO customers upon request.

As our trade spend continues to increase with company growth, we are committed to a three year goal of 10% of total spend with our supply chain by 2026.

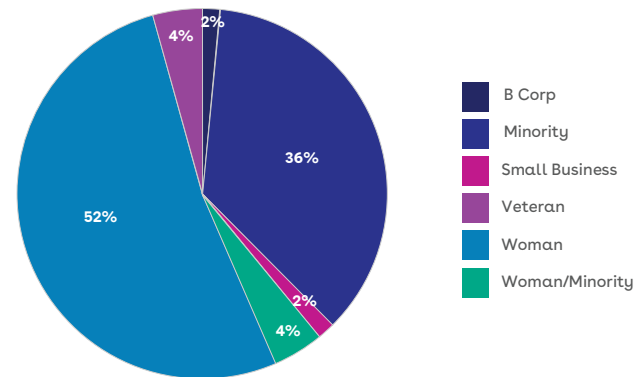
We will achieve our goal by continuing our outreach to suppliers outside of our industry who are diversity certified with enhanced promotion to our buyers and clients.

TIER 2 DIVERSITY (MWBE) SPEND:

- 2018 \$11.4MM - 4.4% of total spend
- 2019 \$29.4MM - 8.1% of total spend
- 2020 \$29.2MM - 7% of total spend
- 2021 \$24.5MM - 4.6% of total spend
- 2022 \$33.6MM - 5.6% of total spend

SUPPLIER DIVERSITY INTENSITY MATRIX

Based upon 69 certified diverse suppliers.



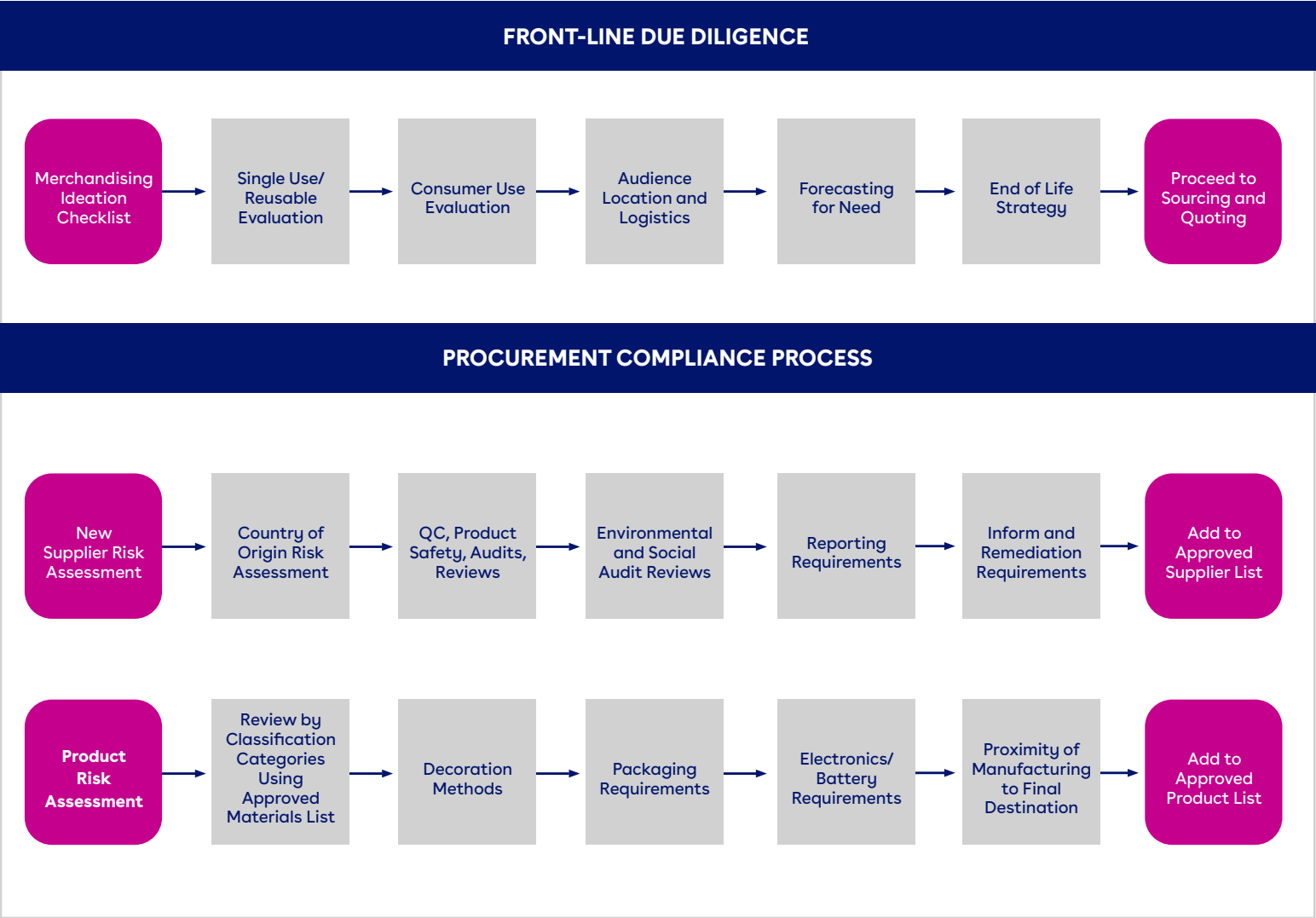
Initiative-Minded Process Building.

We are partnering with like minded top tier clients to build customized procurement processes. These processes ensure we are procuring merchandise that conforms to their specific initiatives and provides the data necessary to track progress.

Our procurement, compliance, and account teams manage the development process with our clients and we are tracking the results to develop an out-of-the-box solution for all of our clients.

OUR PROCESS:

- Discovery sessions to define requirements on country of origin, audits, material composition, packaging, end-of-life, and manufacturing practices.
- Develop a supplier/product risk assessment process based on defined requirements.
- Align our supplier/multiplier network to the defined requirements and develop an approved supplier/multiplier database.
- Align the clients processes to our ordering and quoting workflow.
- Develop KPIs for transparency and reporting.



*These flowcharts represent an example of a client procurement process based upon their specific compliance requirements.



Stakeholder Alignment Practices.

Supply Chain Compliance

Internal Compliance Team	HALO employs an in-house team of quality and compliance experts who annually update our compliance dossier and manage our compliance program. This team works directly with our domestic and international testing and manufacturing partners to ensure quality and safety protocols are enforced, as well as conducting on-site facility and production inspections with our labs and auditors.
Third Party Audits and Testing	HALO maintains an aggressive product testing protocol monitored by an internal product integrity team of highly trained and experienced individuals. For products that are sourced directly from HALO's overseas manufacturer network, we work with labs that are recommended by the Consumer Product Safety Commission (CPSC) to ensure compliance with all federal, state, and local safety laws based on the intended audience, intended usage, and material components.
Preferred Supplier Program	We maintain an annual preferred supplier program representing 225 of the top suppliers in the promotional products industry, selected every year. Selection criteria includes service performance, product quality, product integrity, pricing, diversity status, and sustainability initiatives.
Product Safety Program	HALO's internal compliance team manages our "Secure Source" product integrity protocol guarantees the products we sell are compliant with all local, state, national, and international laws on product material composition and manufactured in accordance with international labor standards.
Human Rights Policies	Human rights policies are outlined in our Supplier Code of Conduct, HALO Code of Conduct, and Employee Handbook. We also enforce a Zero Tolerance Policy for the use of child or forced labor or human trafficking practices. Suppliers must comply with all applicable wage and hour labor laws as well as regulations covering employee compensation, reimbursements, taxes, and working hours.
Product Recall Plan	HALO maintains a detailed product recall plan and conducts mock-recalls annually to ensure the components of the plan are accurate and relevant.
Product Regulation Policies	HALO has documented policies on CPSIA, Electronics, and Prop 65 compliance.

Sustainable Procurement

External Promotion of Sustainable Products	Sustainable product catalogs are developed and promoted to clients and the general public annually. For example please visit at https://halo.com/catalogs/sustainability-lookbook/ . We also aggressively promote sustainable products and practices through our social media channels.
Internal Promotion of Sustainable Products	We provide information to our employees and buyers on our sustainable practices through email communications and our intranet. This includes annual webinars, reports, overviews on our initiatives, and information on our committees.
Sales Training on Sustainable Procurement	We provide buyer/sales training on new products and techniques that focus on sustainable practices. During our annual national sales meetings, attended by the top 40% of our sales force, we required our suppliers to showcase sustainable products and practices spanning three days of education and training.
Sustainable Sourcing Programs	To align with our customers initiatives HALO partners with our clients to provide customized processes to ensure we are meeting their environmental, diversity, and safety requirements. These custom processes are helping us develop a framework we can replicate for like minded customers.





Stakeholder Alignment Practices.

Supplier Diversity Program	Formalized in 2018, HALO's Supplier Diversity Program promotes business opportunities for diverse suppliers including minority-owned, woman-owned, disabled veteran-owned, veteran-owned, LGBTQ+, and small businesses. We work with emerging and current M/WBE suppliers by offering incentives for certification and guidance on how to reach HALO's social, safety, and indemnification requirements.
Sustainable Supplier Incentives	To drive purchases and provide incentives for diverse and sustainable suppliers we provide opportunities at our weekly webinar series with our sales teams (average participation is 25%), product spotlights in our monthly merchandise catalogs and preferential placement in our Preferred Supplier Program.
Industry Leadership	
Founding Member of PPAI DEI Task Force	HALO is a founding member of the Promotional Products Association International (PPAI) DEI Task force. Please visit https://ppai.org/advocacy/diversity-inclusion/
Founding Member of PPAI PRAG	HALO is a founding member of the Promotional Responsibility Action Group (PRAG) and has been involved in the group since 2014. Please visit https://onlineeducation.ppai.org/product-responsibility .





Building a Better Future.

Our goal is to reduce our environmental impact on the communities in which we operate and the global reach of our products and services.

HALO's blended model of owned and leased facilities creates a challenge related to standardized measurements and best practices on energy use, waste, and recycling.

Building a Better Future Progress.

RE-EVALUATION OF TARGETS

During the COVID-19 crisis HALO evaluated our workplace policies and moved to a remote workplace structure. This change in our overall staffing model led to the consolidation of offices and put many of our projects on hold resulting in a re-evaluation of our projects and targets for waste, energy, and carbon reduction.

BASELINE ADJUSTMENTS FOR CARBON AND ENERGY REPORTING

During the reporting year we made adjustments in our GHG Accounting Book due to the consolidation or closing of facilities in New York, Wisconsin, and Virginia. We also acquired BrandVia in California adding three additional facilities.

SBTI AND NET-ZERO STANDARD

With the introduction of a new standard for Net-Zero emissions HALO has evaluated its current carbon reduction goals and is aligning with the Science Based Target Initiative (SBTi) Net-Zero standard by 2040. This also aligns with our participation with CDP (Carbon Disclosure Project) and our joining the United Nations Global Compact.

ORGANIZATIONAL UPDATES

To accelerate our sustainability efforts we have hired a consultant in environmental management and budgeted dedicated staff for environmental sustainability in our operations.

UPS CARBON OFFSETS

To reach our goal of becoming 100% carbon neutral, HALO enrolled in the UPS offset credit program on January 1, 2020. In the last 3 years we have converted 10,249 Million Tons of carbon dioxide equivalent and 2,821 Million Tons of carbon dioxide equivalent last year.

PURCHASING CARBON OFFSET CREDITS

To help our clients reach Net-Zero goals in their supply chain HALO has partnered with an accredited carbon offset broker to manage the purchase of offset credits for the manufacturing of goods we provide.

BULK WASTE DONATIONS

To reduce waste going to landfills HALO donated 37.5 tons of obsolete merchandise to [Rewearable](#) and [eWorks](#) for recycling and job creation for people with disabilities.



Energy & Greenhouse Gas Emissions.

ENERGY USE METRICS:

HALO’s Energy and Gas consumption is currently tracked using Energy Star Portfolio Manager.

GREEN HOUSE GAS EMISSIONS:

Scope 1 and Scope 2 green house gas (GHG) emissions are currently tracked using the Greenhouse Gas Protocol.

DOCUMENTATION:

- HALO continues to evaluate GHG Accounting and assignments. HALO is classifying properties under Operational Control if either owned by the company, or leased properties under full operational control including utility payment. For leased properties where HALO is sole tenant and pays utility bills directly, HALO is classifying as Operational Control per GHG Accounting Protocol and is calculating for Scope 1 and 2 emissions. For other leased facilities where HALO does not pay utilities or does not have control of utilities, HALO is classifying as Financial Control and is including under Internal Scope 3 emissions.
- This emissions report is for facilities under Operational Control and Scope 1 and 2 emissions. For 2022, 10 properties are listed.
- In 2022, four properties previously included in Scope 1 and 2 metrics were moved to Financial Control and Internal Scope 3. Three of those properties consolidated operations in 2022 and will no longer be tracked separately going forward. A fifth property had consolidated and closed prior to 2022. Three properties were acquired in March 2022 and were added to the Operational Control, Scope 1 and 2 metrics.
- For Scope 1 emissions, natural gas use is the primary source of direct GHG emissions. Estimated values were used for emergency generator emissions and company vehicle emissions, based on previous year values where applicable.
- Five Operational facilities were evaluated using Market Based emission factors. The five other properties included in the emissions calculation were not able to be evaluated under Market Based factors. Location Based factors were inserted for those facilities as default. Therefore, the total Market Based Scope 2 emissions include both Market and Location Based values.
- Location Based emission factors are from USEPA eGrid.
- As of this report, the latest EPA eGrid and utility specific Power Contents emission factors available were from 2021.

ENERGY USE METRICS Energy Star Portfolio Manager	2019 BASELINE SCREEN (12 Facilities)	2022 SCREEN (10 Facilities)
Electricity Use (Millions kWh)	4.19	3.23
Electricity Intensity (kWh/sq. ft.)	9.40	4.5
Electricity Cost	\$379,713	\$347,721
Natural Gas Use (Million ft ³)	9.8	10.61
Natural Gas Intensity (ft ³ /sq. ft.)	21.98	14.78
Natural Gas Cost	\$50,126	\$94,011.40
GREEN HOUSE GAS EMISSIONS Greenhouse Gas Protocol	2019 BASELINE SCREEN (12 Facilities)	2022 SCREEN (10 Facilities)
Scope 1 Emissions (Metric Tons CO ₂ e)	520.7	693.6
Intensity Metric (Metric Tons per sq. ft.)	0.001	0.00097
Scope 2 Emissions - Market Based (Metric Tons CO ₂ e)	N/A	1,340.9
Intensity Metric - Market Based (Metric Tons per sq. ft.)	N/A	0.00187
Scope 2 Emissions - Location Based (Metric Tons CO ₂ e)	2,055.1	1,463.1
Intensity Metric - Location Based (Metric Tons per sq. ft.)	0.005	0.00204

Waste and Recycling.

To drive the execution of waste minimization, HALO tracks trash and recycling on a facility level. In February 2021 we conducted a waste-stream audit with external consultant Great Forest. We looked at our main facility in Sterling, IL (corporate headquarters and primary fulfillment center) to gain a greater understanding of what is being sent to the landfill.

We received an overall score of 38.6% with considerable room for improvement. Based on audit findings we improved processes and completed 68% of the recommended changes. We will use the updated process developed in our Sterling, IL headquarters to launch an enterprise-wide waste and recycling program in 2023.

IMPROVEMENT PROJECTS	STATUS
Coordinate with bulk waste donation vendors to track donations	Completed Ongoing
Implement a recycling program for poor quality recycling	Completed Ongoing
Track bulk recycling	In Progress
Install additional recycling bins	Completed
Label all bins for intended contents	Completed
Post waste management guidelines in public areas	Completed
Review the feasibility of composting	In Review
Install system to separate organics from trash and recycling	In Review
Label all bins for intended contents	Completed
Implement policies to replace single-use utensils and condiments	In Review
Install system to separate textiles for recycling	Completed
Post signage in loading dock to clarify proper handling of waste streams stored on the loading dock	Completed
Review the feasibility of policies to reduce overall waste volumes from suppliers	In Progress
Line all trash brutes with black bags	Completed
Line all recycling brutes with clear, translucent or no bags	Completed
Store universal waste in sealed, right-sized containers	In Progress
Label all universal waste with contents and date of the start of accumulation	Completed Ongoing
Post proper signage in the universal waste storage area to clarify separation procedures	Completed
Post signage to clarify the proper placement and separation procedures for all electronic waste	Completed





Building a Better Future Practices.

Climate and Energy

Sustainable Operations in Owned Facilities	Our goal is to operate efficient spaces with a reduction in long-term environmental impacts in mind. Our main facility, located in Sterling, IL, was completed in 2018 and designed with key sustainable features: all lighting is LED with automatic light and motion sensors, solar light tubes bring in natural lighting and account for 35% of light in our offices space, all appliances are Energy Star Rated, heating and cooling systems are automatic and variable for different times of the day, temperature activated windows shutters, and procedures in place to shut off machines at work stations and public spaces at the end of the day
CDP Reporting	Carbon Disclosure Product (CDP) is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. HALO reports its carbon emissions to CDP annually and reports its CDP Score Report on Climate Change publicly at https://halo.com/responsibility/
Scope 1 & 2 GHG Reporting	Annual reporting of Green House Gas Emissions tracked using the Greenhouse Gas Protocol. This data is made available to the public annually at https://halo.com/responsibility/
Energy and Gas Reporting	Annual reporting of Energy Use Metrics using Energy Star Portfolio Manager. This data is made available to the public annually through this report at https://halo.com/responsibility/
SBTi Commitment	Through SBTi we have committed to their Net-Zero Standards by 2040. Defining, auditing, and reporting these targets is a part of our 3 year roadmap.
UNGC Commitment	We have joined the United Nations Global Compact and are currently aligning our goals, strategies, and processes to the 17 sustainable development goals (SDG).
UPS Carbon Offset Program	To reach our goal of becoming 100% carbon neutral ,HALO enrolled in the UPS offset credit program on January 1, 2020. The UPS program is verified by Société Générale de Surveillance (SGS), an inspection, testing, and verification company. For more information, please visit UPS.com .

Waste Reduction

Waste Stream Audit	In 2021 we conducted a waste-stream audit with external consultant Great Forest. We looked at our main facility in Sterling, IL (corporate headquarters and primary fulfillment center) to gain a greater understanding of what is being sent to the landfill.
Shipping Materials	HALO has transitioned to using recyclable materials for our packaging and shipping supplies. We eliminated the use of bubble wrap and packing peanuts, as these are not biodegradable, and use products comprised of 100% recycled material for both void fill and product wrapping. The corrugated shipping cartons and poly mailers we use are made of 50% recycled material and can be recycled once used.
Print Catalog Reduction Policies	In 2019 HALO reduced the number of catalogs we print to reduce both landfill waste and our carbon footprint from the shipping of paper catalogs. Reduction programs led to 95% reduction in printed materials in the last 4 years.
Bulk Waste Donation	To reduce waste going to landfills HALO donated 37.5 tones of obsolete merchandise to Rewearable and eWorks for recycling and job creation for people with disabilities.





Working Ethically.

Throughout our global operations, HALO strives to maintain a work environment that reflects the highest standards of business ethics and workplace behavior. We are committed to legal compliance and ethical business practices.

We maintain high standards of ethical conduct while acting with integrity at all times. We all have the responsibility to raise compliance and ethics concerns through our established reporting channels.

HALO's Vision and Values.

We hold our employees accountable to act in accordance with our core values of One HALO, Ingenuity, Determination, and Inclusion.

OUR VISION:

We connect people and brands to create powerful, lasting experiences.

OUR VALUES:

- One HALO
- Ingenious
- Inclusive
- Determined

ONE HALO

With an entrepreneurial spirit and open mind, we come together to make the most of every opportunity for our clients and our business around the world.

INGENIOUS

We combine creativity and superior execution to stay one step ahead by bringing together market-leading knowledge, technology, and insight.

INCLUSIVE

We thrive on diversity and cultivate a sense of belonging to inspire our people to break through barriers to achieve great results both personally and professionally.

DETERMINED

Dependability, honesty, and integrity are the essential characteristics of every member of our team. We hold ourselves accountable for our actions, behaviors, and for delivering results.

Working Ethically Progress.

ISO 27001/27701 CERTIFICATION PROGRESS

HALO's Information Security, Data Privacy, and Incident Response Policies are managed under a comprehensive Security Policy using the ISO 27001/27701 framework. HALO has achieved ISO 27001 and 27701 certifications known as the world's best-known standard for Information Security Management Systems (ISMS) and Privacy Information Management Systems (PIMS). Certificates are available upon request.

ANNUAL TRAINING

We had 100% security awareness training for all employees and contractors that aligned with ISO 27001/27701 and PCI standards. The training included the following modules:

- HALO Information Security Policy
- PII and You
- Credit Card Security
- HALO Security Awareness Training

HALO also conducts regular security campaigns to audit user compliance.



Working Ethically Practices.

Information Security

Info Sec and Privacy Policies	HALO's information security and privacy policies are managed under a comprehensive Security Policy using the ISO 27001/27701 framework. HALO operates an Information Security Management System ("ISMS"), based on ISO 27001/27701, that establishes, maintains, and improves its information security and data privacy capabilities. The ISMS operates under the authority of HALO executive management to ensure that HALO's business may be successfully executed without creating unacceptable harm through compromised information assets.
Incident Response Policy	Incident response policies are based on ISO 27001/27701 framework and are reviewed annually.
Training	Annual trainings with 100% compliance for all employees include HALO InfoSec Policy, PII and You, Credit Card Security, and HALO Security Awareness Training. HALO also conducts regular security campaigns to audit user compliance with ISO 27001/27701 standards.
PCI Compliance	HALO is certified as Payment Card Industry (PCI) compliant and is subject to annual auditing and reporting. Every transaction or activity that involves sensitive data is logged—at the individual user level—on an independent logging system that is inaccessible to our users. All of our access points are secured with one or more firewall systems, protecting against intrusion and unauthorized access. For authorized access, we employ a two-factor authentication method for the highest level of security.
Secure Server Environment	Our server environment is housed in a professionally managed hosting facility (Cyrus One) that provides rigid physical security, access controls, and environmental security. We employ encryption at both the connectivity level (secured communication and transactions) and also at the data storage level.
Privacy Policy	HALO's privacy policies can be found on our website at https://halo.com/privacy-policy/

Ethics Policies

Whistle Blower Procedures	Our Code of Conduct, Employee Handbook, and Supplier Code of Conduct also describe the ways stakeholders can provide anonymous reporting of a violation to our policies. <ul style="list-style-type: none"> • Employee can report to EmployeeRelations@HALO.com • Suppliers can report to Supplier.Relations@HALO.com • Customers can report to Ethics@HALO.com
Employee Handbook	HALO's Employee Handbook outlines ethics policies on corruption, conflict of interest, fraud, employee health and safety, working conditions, career management, DEI, compensation for working hours, flexible organization of work, and health care coverage.
Supplier Code of Conduct	Our Supplier Code of Conduct and Certificate of Compliance agreements are required for every HALO supplier/manufacture agreement. We inspect—directly and through certified third parties—several of our primary suppliers to assure compliance with worker safety, labor, and environmental laws. Public documents are available at https://halo.com/safety-compliance/
Workplace Code of Conduct	Our Workplace Code of Conduct defines the minimum acceptable work standards for all people involved in the manufacturing and sale of products - in all countries, business sectors and occupations. Compliance with code is applicable to all HALO locations for our employees and is required of our suppliers for supply chain workers. This Code is based on internationally recognized treaties and agreements, such as the core conventions of the International Labor Organization and the OECD Guidelines for Multinational Enterprises.
Employee Code of Conduct	It is HALO's policy to ensure that all employees meet certain standards of conduct. This code of conduct is not an all-inclusive list of acceptable and prohibited behavior; it is a general guideline for the type of conduct expected by the company.



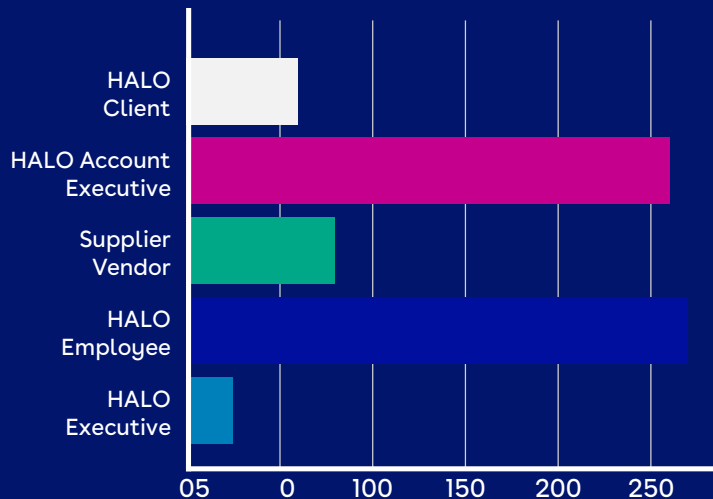
Appendix.



Materiality Assessment.

STAKEHOLDER GROUPS

To determine where we should focus and prioritize our efforts, HALO identified five internal and external stakeholder groups. We developed and distributed a materiality survey to each of these groups. Questions covered environmental, social, and financial components of sustainability.



KEY MATERIAL FOCUS AREAS:

- Ethics, Governance, and Transparency
- Financial Performance and Economic Impact
- Waste Minimization and Circular Economy
- Energy Efficiency and Carbon Emissions
- Product Liability, Safety, and Chemistry
- Employee Safety and Wellness
- Socially Responsible Sourcing
- Data and Information Security

MATERIALITY RESULTS COMPARISON WITH SASB MATERIALITY MAP:

This data was analyzed and plotted to identify the level of materiality, then compared to the Sustainability Accounting Standards Board (SASB) standards.

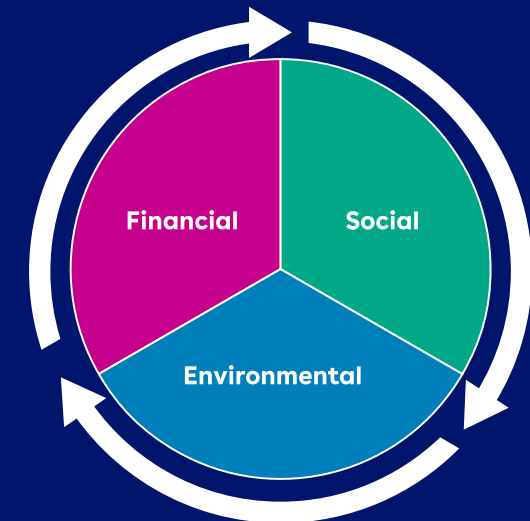
To establish some validation to our Materiality Assessment, we compared our major material categories to the Materiality Map developed by SASB. SASB has evaluated material topics for a wide range of business types and mapped those topics indicating their assessment of the most material issues for each business type. The SASB Materiality Map breaks down industries by category and sector.

HALO's business could fit within three sectors of the Consumer Goods category:

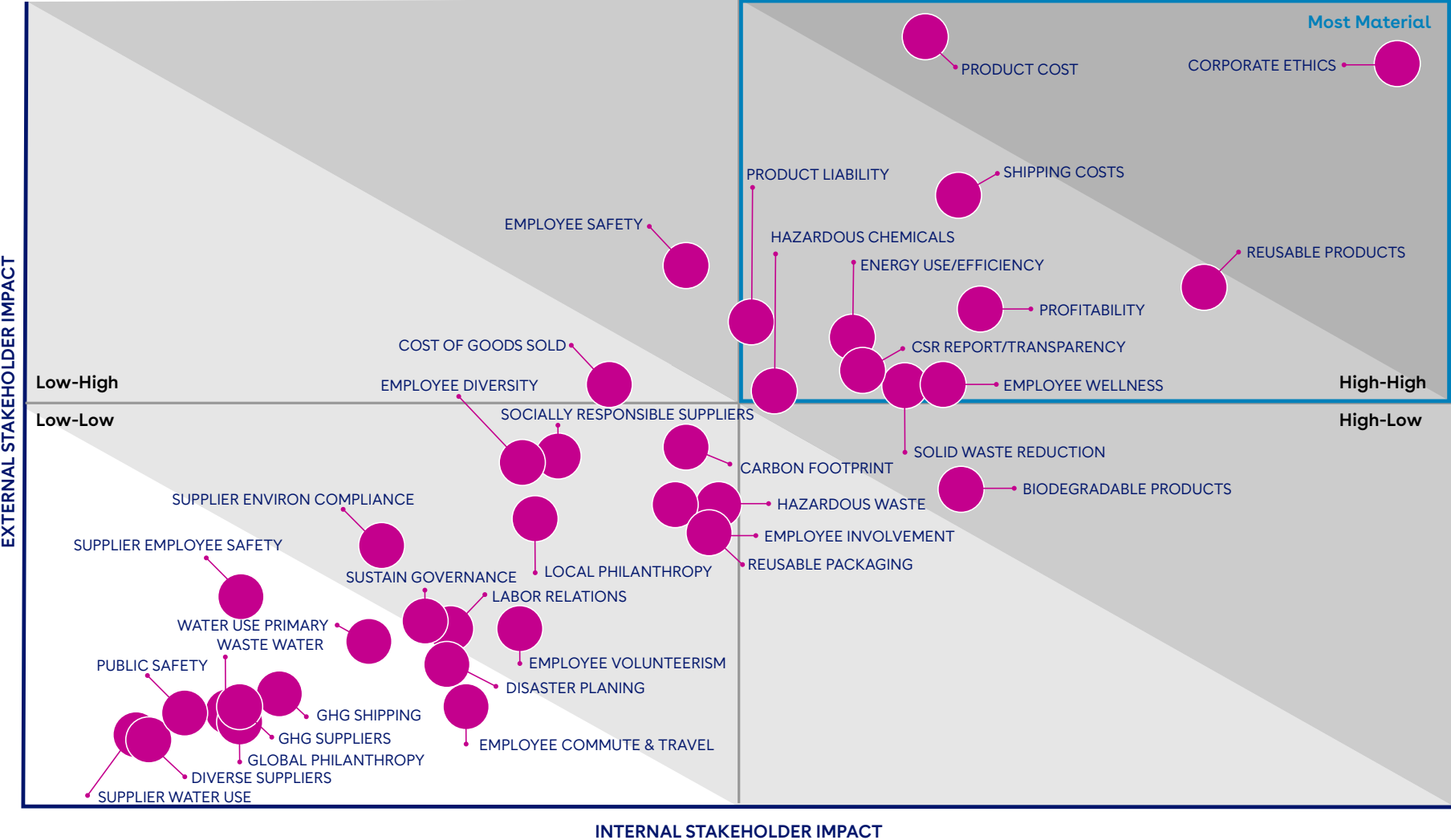
- Accessories and Footwear
- Multi-line and Specialty Retailers and Distributors
- E-Commerce

Comparing HALO's materiality results with SASB, we found a strong connection with the following:

- Waste Minimization and Circular Economy (Life-Cycle Management)
- Energy Efficiency and Carbon Emissions (Energy Management)
- Product Liability and Safety
- Socially Responsible Sourcing (Supply Chain Management and Circular Economy)



2019 Materiality Findings.



Thank you.

If you have any questions or would like to know more,
please contact us at sustainability@HALO.com.