



Achieving a Sustainable Future

2021 HALO Corporate Responsibility Report

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A Message to Our Stakeholders:

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.

A more comprehensive approach to sustainability began with the incorporation of a series of low-impact, high efficiency features in our modern corporate headquarters in Sterling, Illinois.

We are now embarking on an aggressive recycling and energy management initiative, working with our top manufacturers and freight carriers to align our sustainability goals within our supply chain. To better formalize our vision, we partnered with the Environmental Defense Fund to create and implement a Sustainability Program that defines key goals for environmental, social, and economic issues that impact our primary stakeholders.

We are proud to provide our second annual ESG report to the public and look forward to providing insight on the progress we are making as well as our short-and long-term goals – assuring a sustainable future in the months and years ahead.



Marc Simon | Chief Executive Officer



Our Business.

Vision:

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

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

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



\$765M

in total revenue, 2020

1,800+

Team Members

8

Fulfillment Centers

46

Global Offices

68

Years In Business

112

Fortune 500 Clients

60K+

Clients Worldwide



2020 Notable Highlights.

EMPOWERING TEAMS	STAKEHOLDER ALIGNMENT	BUILDING A BETTER FUTURE	WORKING ETHICALLY
<p>Strengthened our ethical culture by launching new values and tying performance reviews, recognition, and incentives to them.</p>	<p>156% increase in diversity spend over the past two years.</p>	<p>HALO converted 3,006 metric tons of CO₂e to carbon neutral through participation in the UPS Offset Credit Program.</p>	<p>Began ISO 27001/ISO 27701 certification project in Q1 of 2020.</p>
<p>Fostered diverse representation by enhancing recruiting practices, embodying inclusion through investments in employee development, and delivering annual anti-harassment training.</p>	<p>Sales team sustainability training attended by 332 participants.</p>	<p>8 projects in progress to reduce our environmental impact from our facility operations will be completed by 2025.</p>	<p>Added ethical practices to HALO's Corporate Social Responsibility focus pillars.</p>
<p>Increased impact on HALO communities by providing paid time off for all employees to volunteer.</p>	<p>Launched sustainable product catalogs and supplier-provided product webinars for teams.</p>	<p>Completed a waste stream audit for our main facility.</p>	<p>Updated internal Code of Conduct.</p>
<p>Reinforce importance of financial wellbeing by increasing HALO minimum wage to \$15 per hour for all employees.</p>	<p>Implemented a Supplier Portal project to categorize products by sustainability rankings.</p>	<p>Reported on waste and recycling strategies for projects starting in 2021.</p>	<p>Added channels for employees, customers, and suppliers to report ethical concerns.</p>



Corporate Responsibility Strategy.

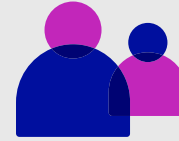


HALO Corporate Responsibility Strategy.

In 2019, we took an important first step in our corporate responsibility journey by working with the Environmental Defense Fund to create and implement a Sustainability Program through their Climate Corps Program. In 2021 we are unveiling our key pillars for corporate responsibility. This focus supports our material findings and ensures we deliver a **Break Through** experience to all of our stakeholders.

HALO's Key Pillars for Corporate Responsibility:

- Empowering Teams
- Stakeholder Alignment
- Building a Better Future
- Working Ethically



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

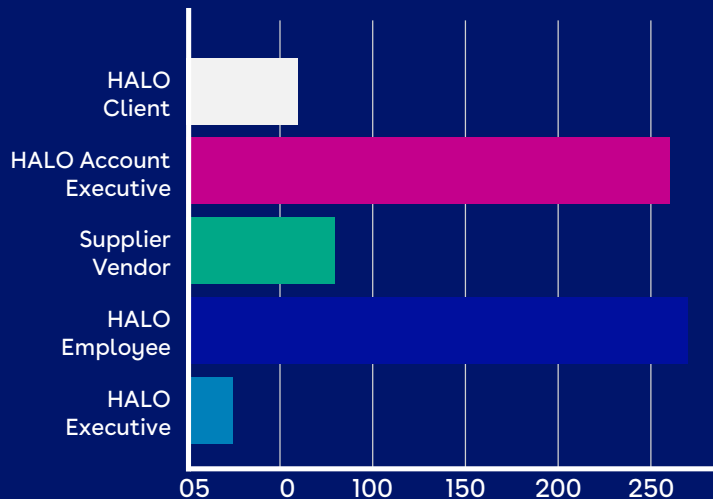
Our Goal: Maintain high standards of ethical conduct while acting with integrity at all times. We all have the responsibility to raise compliance and ethics concerns through our established reporting channels.



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.

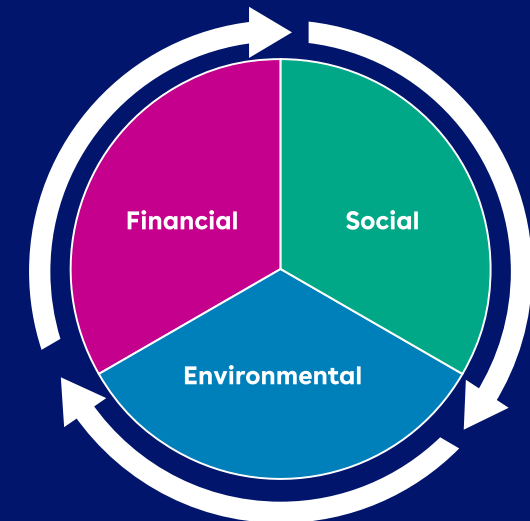
To establish some validation to our Materiality Assessment, we compared our major material categories to the Materiality Map developed by SASB. SASB has evaluated material topics for a wide range of business types and mapped those topics indicating their assessment of the most material issues for each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

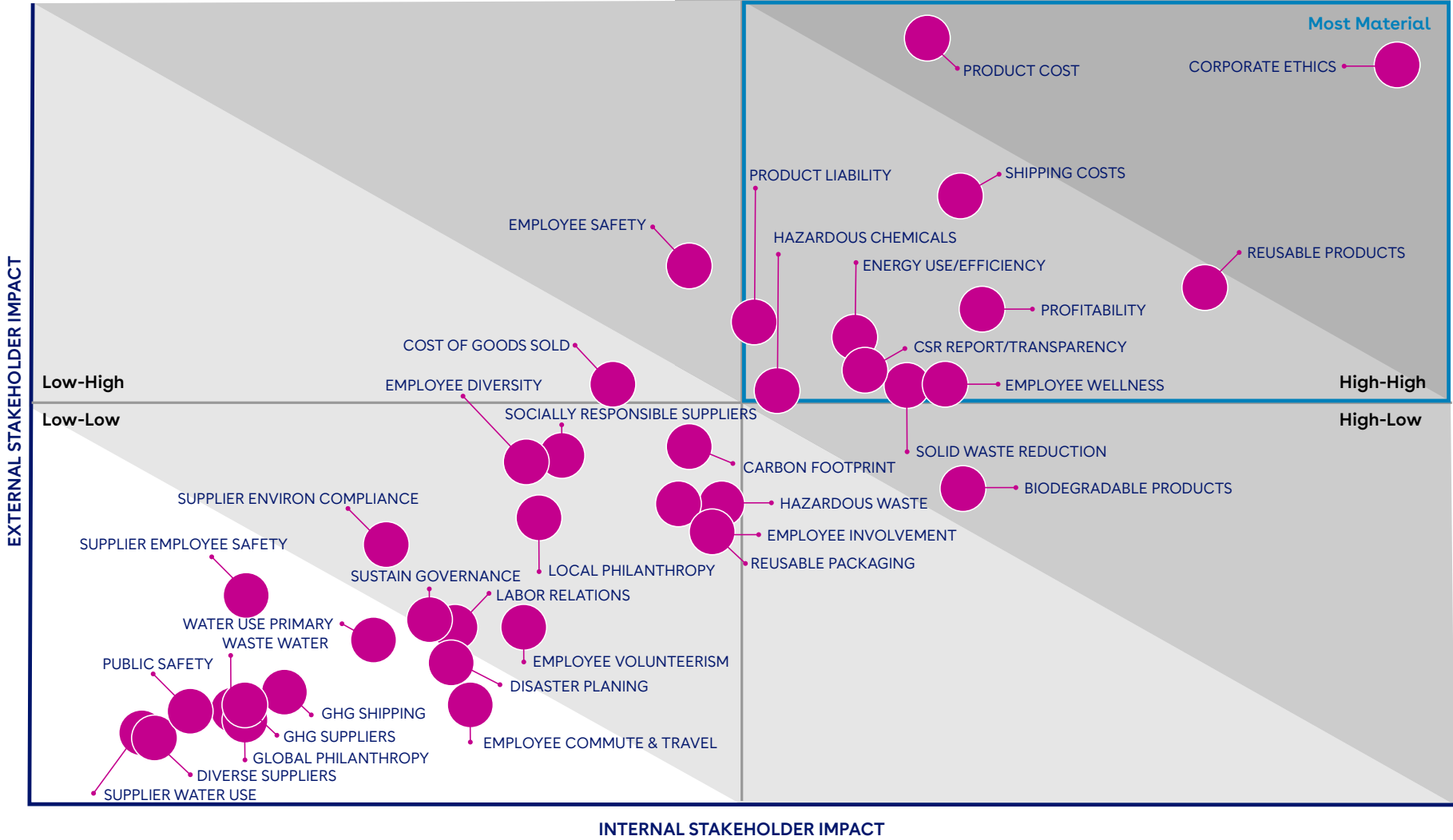
- Accessories and Footwear
- Multi-line and Specialty Retailers and Distributors
- E-Commerce

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.



ESG Program Governance.

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 is made up of grassroots members from across the organization.

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

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.

STANDARDS AND FRAMEWORKS

We strive to align our efforts to industry-recognized standards and frameworks including:

- **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 \(CDP\)](#).
- **UN SDGs:** The [UN SDGs](#) call on governments, businesses, and civil society organizations to take action to address the urgent problems facing our world today. We have reviewed how we can help; our focus is on:



Decent work and Economic Growth



Responsible Consumption and Production



Climate Action

We submit our sustainability metrics to [EcoVadis](#) who assess our business sustainability documentation and awarded HALO a Bronze medal in 2020. Access to our EcoVadis dashboard is available upon request.





Pillars for Achieving a Sustainable Future.



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 and afford 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.

Meaningful Work and Opportunities.

COMPETITIVE WAGES

We offer market-competitive wages. In 2020 HALO increased our minimum hourly wage to \$15/hour. HALO has partnered with an external firm to conduct a pay equity study in the 4th quarter of 2021 to ensure pay equity within our organization.

BENEFITS

Our benefits support the health and financial well-being of our employees and their families. 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. Employees enjoy paid holidays, paid time off, bereavement, maternity and paternity leave, in addition to paid time off for volunteerism.

Additional Benefits:

- Flex time
- Tuition reimbursement
- Remote work
- 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.

EMPLOYEE RECOGNITION PROGRAM

HALO's Break Through program empowers each employee to earn attractive rewards based on company results and recognize their colleagues based on how they demonstrate HALO's values: ingenuity, inclusion, determination, and working together as One HALO.

VOLUNTEERING

HALO operates in many locations nationwide and always seeks to make a positive contribution to the communities we serve including:

- 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.
- Supporting and encouraging our employees' contributions to charitable organizations.
- Providing our employees with up to eight hours of paid time annually to participate as volunteers in company-approved volunteer events/opportunities.



Employee Wellness.

Healthy, happy employees drive better business outcomes. Research shows that successful companies are built by thriving, resilient employees at every level.

The value of investment in employee wellness includes reductions in healthcare spending, increased focus and engagement, and improved innovation, productivity, and job satisfaction.

WELL ON TARGET

Employees 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. For more information on Well on Target, visit <https://connect.bcbsil.com/ask-bcbsil/w/frequently-asked-questions/24/well-ontarget>.

WELLNESS INITIATIVES

Our Wellness Committee creates the following activities and events: Weight Loss Challenges, On-site Chair Massages, Afternoon Stretch Sessions, Wellness Matters Communications, Mental Health Awareness Month, and partnerships with local athletic centers for discounted memberships. We also sponsor teams for local runs.

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.

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 in order to ensure our employees, and their families, have the support they need to be well at work and at home.

EMPLOYEE SAFETY

The health and well-being of our employees paramount. Our teams are trained to follow common sense safety practices and correct or report any unsafe condition. All team members must complete annual safety training.

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.

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 signed the international CEO Action Pledge committing publicly to:

- “Cultivate trusting workplaces that can have complex, and sometimes difficult, conversations.”
- “Implement unconscious bias education.”
- “Share best—and unsuccessful—practices.”
- “Create and share strategic inclusion and diversity plans with the board of directors.”

SUPPORTING OUR COMMITMENT

- Invested in new role of Director of Talent Management
- 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
- Holding annual anti-harassment training for 100% employees
- Enhanced heritage communications

- Inaugurated all-employee programming to generate awareness of the HALO employee experiences (e.g. International Women’s Day, Lived Experiences of Black Professionals in Promotional Products)
- Piloted Management Accelerator and Executive Leadership Development program from black professionals at HALO in partnership with McKinsey
- HALO sponsors leadership roles of the PPAI Industry DEI Task Force (Chair and Founding Member)

HARASSMENT AND DISCRIMINATION

HALO provides a work environment that is free of unlawful harassment, discrimination, and retaliation. In furtherance of this commitment, the Company strictly prohibits all forms of unlawful discrimination and harassment including: discrimination or harassment on the basis of race, religion, color, sex (including childbirth, breastfeeding, and related medical conditions), national origin, citizenship status, uniform service member status, pregnancy, age, disability, gender identity, sexual orientation, or any other category protected by applicable state or federal law.

HALO’s policy against unlawful 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 unlawful harassment, discrimination, or other wrongdoing in the workplace.



Human Rights.

HALO enforces a Zero Tolerance Policy for the use of child or forced labor or human trafficking practices. Further, team members and supply chain workers comply with all applicable wage and hour labor laws as well as regulations covering employee compensation, reimbursements, taxes, and working hours.

TEAM MEMBERS

Internal policies for team members are included in our Employee Handbook and adhere to all governmental applicable wage and hour labor laws as well as regulations covering employee compensation, reimbursements, taxes, and working hours.

SUPPLY CHAIN WORKERS

Our supply chain policies follow the spirit of the UN Guiding Principles on Business and Human Rights. We address any negative human rights impacts related to our business through our third-party human rights impact assessments, our membership in the Fair Labor Association (FLA), and participation in FLA training. We also abide by international standards and avoid causing or contributing to adverse human rights impacts through our activities and relationships.

Suppliers must comply with all applicable wage and hour labor laws and regulations covering employee compensation, reimbursements, taxes, and working hours.

Our standards are the cornerstone of our compliance program. We require that all suppliers, agents, and factories seeking to become approved by HALO demonstrate in writing and practice a shared, relentless commitment to these standards.

Our **Supplier Code of Conduct** outlines the following policies and practices all suppliers shall adhere to.

- No Child Labor
- No Forced Labor
- Health and Safety Conditions
- Freedom of Association
- Employment Policy
- Grievance Procedures
- Workers Hours and Compensation
- Regular and Overtime Wages
- Hours and Wages
- Benefits
- Payroll Practices
- Working Hours
- Employee Education
- Harassment and Discrimination
- Prohibition Against Retaliation





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 become an associate member or consultant please contact us at sustainability@HALO.com.

Circular Economy.

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.

HALO is committed to the circular economy. We have created a list of manufacturers equally committed to reducing the environmental impact of the products we sell through recycling and manufacturing techniques that reduce energy and water use.

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 60% 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
- Community involvement
- 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

Supplier Diversity.

At HALO, we believe that celebrating and fostering differences enrich 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

As the largest customer for 80% of our preferred suppliers we have the opportunity to guide our suppliers' sustainability efforts by enforcing our requirements.

As part of our 5-year plan, we are collaborating with suppliers to identify areas of improvement and mutual sustainability goals.

We currently have an overall diversity spend of 7% across our organization with a goal to increase diversity spend to 10% of our total purchases from vendors by 2023. We have achieved a 156% increase in diversity spend over the past two years.

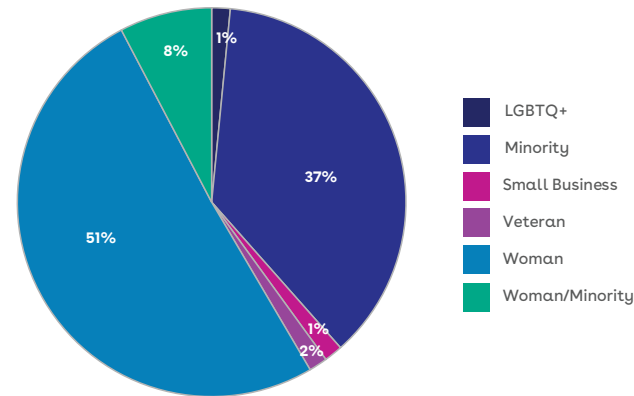
In 2020 we started an aggressive supplier outreach campaign and updated our policies to require suppliers to provide certification documents which are available to HALO customers upon request.

TIER 2 DIVERSITY (MWBE) NUMBERS:

- 2018 \$11.4MM
- 2019 \$29.4MM
- 2020 \$29.2MM

INTENSITY MATRIX %

Based upon 66 certified diverse suppliers.



Responsible Sourcing.

SUPPLY CHAIN COMPLIANCE

HALO manages a supply chain consisting of over 6,500 domestic and international suppliers. Our clients entrust us to both promote their brand and protect it and therefore we maintain the most comprehensive product integrity protocol in the promotional product industry.

HALO's "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.

Our Supplier Code of Conduct and Certificate of Compliance agreements are required for every HALO supplier/manufacturer agreement. We inspect—directly and through certified third parties—several of our primary suppliers to assure compliance with worker safety, labor, and environmental laws.

PRODUCT TESTING EXPERTISE

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.

These include but, are not limited to:

- Prop 65 - Regulates over 850+ chemicals known to cause cancer, birth defects, or other reproductive harm.
- American Society for Testing Materials - (ASTM963 and ASTM F1506).
- European Norm - (EN71, EN471, EN1149).
- Consumer Product Safety Information Act (CPSIA) Toy safety (GCC, CPC, Labels).
- Toxics in Packaging Act (TPCH) - This act limits the amount of lead, mercury, cadmium, and hexavalent chromium in packaging or packaging materials.
- Country Specific Legislation - (CE/EU directives, REACH, and RoHS).
- Food & Drug Administration (FDA) - Testing for products that come into contact with food and/or liquid intended for human consumption.

In 2020 HALO directed 805 product safety tests and 46 facility audits. Product testing and audit documentation from our suppliers is available on request.



Sustainable Products.

PRODUCTS WITH A PURPOSE

HALO helps our clients reach their sustainability goals by promoting programs to internal and external stakeholders. We offer thousands of products designed and produced using sustainable materials and techniques from hundreds of suppliers that share our corporate ethos. We invite you to share your sustainability objectives so we can help move your program forward.

Areas of focus include:

- Sustainable Materials
- Recycled Materials
- Up-cycled Materials
- Giveback/Social Impact
- Responsibly Sourced Items

OUTREACH AND TEAM TRAINING

Customer Outreach - To inform our customers of the benefits of sustainable products, HALO publishes yearly sustainable product catalogs available on our website and distributed by our account executives.

Sales Team Training - To educate our sales teams, HALO hosts an annual sustainability webinar updating them on corporate practices. Our 2020 session was attended by 332 sales team participants. We also

feature sustainable suppliers as a part of our twice-monthly supplier webinar series.

ECO-FRIENDLY PRODUCTS

We maintain an extensive global research database of eco-friendly products our clients can use with confidence to project their environmental stewardship including promotional merchandise made from certified organic, post-consumer recycled and/or recyclable materials and apparel fabric options such as:

- Organic Cotton
- Recycled Cotton
- Bamboo
- R.P.E.T. (Recycled Polyethylene Terephthalate)
- Recycled Plastics
- Hemp
- Soy



Sustainability One Thread at a Time.

Story of Sustainability

T-shirts represent HALO's best-selling product family. Yet, the manufacture of t-shirts is often a dirty business—the amount of water, power, and chemicals used to mill, weave, dye, and sew a t-shirt is eye-opening and certainly not earth-friendly. Oftentimes, shirts are made with very low wage labor working in unsuitable conditions. But, as we found, it doesn't have to be that way.

HALO's effort to find the most sustainably produced promotional t-shirt at a competitive price led our Sustainability Team to northern Honduras. Our goal was to find manufacturers that use sustainable energy and water practices, create a positive and inclusive work environment, and help build the communities they operate in—all while making the high-quality and low cost garments our clients demand.

We started with thread manufacturers that convert raw material—cotton and polyester—into yarn through the final sewing and packaging of your shirts, then finished with the workers who sew the last stitch before packaging and shipping the shirts.

ENVIRONMENTAL IMPACT

The factories we use for our (District/Port) brand shirts are powered by solar and biomass (king grass), providing excess electricity back to the local grid.

Wastewater is reclaimed to capture methane that

is used to create steam for manufacturing. Through intense research and development efforts, dye formulations color apparel using 80% less saltwater (an essential ingredient in any apparel dyeing process) waste than a standard t-shirt.

SOCIAL IMPACT

Sustainability is more than saving energy and wisely using natural resources. It also involves building communities. Our factories provide documented workplace fairness, equality, and 40-hour work weeks for their workers as well as nearby daycare and wellness. They also run a free health clinic for low-income residents who wouldn't otherwise have access to healthcare and offer modern housing to their workforce.

Our manufacturing partners sponsor two orphanages and two bilingual schools teaching under-privileged students the skills needed to compete in a global workplace.

AFFORDABLE SUSTAINABILITY

The opportunity comes from HALO customers, like you, that realize it shouldn't cost more to do more. With the purchase of every (District Port) t-shirt from HALO, you are supporting the right manufacturers with the right purpose that are delivering Break Through results. And you are receiving a high-quality promotional garment in the process.



Up-cycling and Give Back.

Story of Sustainability

HALO and VW launched the “I used to be a VW Banner” program in April of 2020 as part of their Earth Day awareness program. VW banners are up-cycled at Detroit Sewn, a social impact company focused on training and employing a skilled set of sewers. The program is so successful we are launching an “I used to be an Audi Car Cover” program next.

Our goal is to continue expanding this program and further develop our “Products with Purpose” categories. We’re exploring everything from product to packaging to support sustainable products.

This will be a crawl, walk, run approach to achieve HALO’s long-term vision, but we’re headed in the right direction. Examples like this initiative act as inspiration for client discussions on additional ideas for sustainability programs at their organization.





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.

Climate and Energy.

SUSTAINABLE OPERATIONS

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 including Motion Activated Light Systems, Temperature Activated Window Shutters, Solar Light Tubes, Energy Star rated Appliances, and low-flow water fixtures and toilets.

CARBON NEUTRAL SHIPPING

To reach our goal of becoming 100% carbon neutral, HALO enrolled in the UPS offset credit program on January 1, 2020. Currently 95% of incoming and outgoing domestic shipments are certified as carbon neutral. In 2020 HALO converted over 3,000 metric tons of CO₂e.

The UPS program is verified by Société Générale de Surveillance (SGS), an inspection, testing, and verification company. For more information, please visit [UPS.com](https://www.ups.com).

FOCUS	IMPROVEMENT PROJECTS	GOAL
Fuel: Building Power	<ul style="list-style-type: none"> Find out what fuel source(s) are currently used for electricity and work with local providers at each facility to determine renewable options and costs If available through energy company, opt-in for their Green Power Program 	Based on finding switch to 50% renewable energy sources by 2023 and 100% by 2027
Fuel: Vehicles/Machinery	<ul style="list-style-type: none"> For those operating on gasoline, switch to electricity or hybrid in phases Start by replacing the oldest vehicle/machine until all are either electric or hybrid 	Switch to electric or hybrid vehicles and machinery by 2027
Fuel: Backup Generators	<ul style="list-style-type: none"> Determine replacement or modification cost for current diesel-powered generators to run on natural gas Transition from diesel to natural gas generator across facilities Evaluate battery storage and compare the benefits and impact between generators and battery storage at each facility 	Switch diesel-powered generators to natural gas by 2025
Lighting	<ul style="list-style-type: none"> Convert all lighting to energy efficient LED's Install motion sensors to light space only when people are present Mandate low or no lighting on nights and weekends 	Facilities to meet goal top quartile Energy Star Score by 2025
Appliances	<ul style="list-style-type: none"> Use appliance timers to reduce energy consumption when not in use Replace small appliances until all are Energy Star rated Replace large appliances until all are Energy Star rated 	Switch all non-Energy Star rated appliances to Energy Star rated appliance by 2027
HVAC	<ul style="list-style-type: none"> Use passive heating and cooling techniques Improve external light management Landscaping - Use climate specific plants, grasses and trees to lower water usage and natural shading Expand the use of automated thermostats Expand the use of automated blinds Update facility air flow strategies 	Reduce overall energy usage by reducing the usage of heating and cooling systems by 2025
Indoor Water	<ul style="list-style-type: none"> Convert all water fixtures and toilets low-flow 	Reduce indoor water consumption by 2025
Outdoor Water	<ul style="list-style-type: none"> Increase use of drip irrigation Use climate specific low use plants, grasses and trees Utilize greywater and rainwater collection where available 	Reduce outdoor water consumption by 2025

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.

- **Scope 1 Emissions:** GHG emissions directly from energy production on site, company vehicle operation, emergency generator operation, process equipment. Scope 1 Emissions were not accounted for properties that have natural gas generators due to efforts and resources shifting to respond to Covid-19 related issues. While it is believed Scope 1 emissions from natural gas generators is minimal, we will update and report on these emissions in the following reporting year.
- **Scope 2 Emissions:** GHG emissions by utility providers resulting from HALO energy consumption.

** In January of 2020 our main facility overall square footage increased by 280k sq. ft. COVID-19 "work-from-home" and "essential worker" policies significantly reduced our overall staff at our facilities while increasing our distribution center from one shift to three.*

ENERGY USE METRICS Energy Star Portfolio Manager	2018 INITIAL SCREEN (12 Facilities)	2019 SCREEN (12 Facilities)	2020 SCREEN* (12 Facilities)
Electricity Use (Millions kWh)	3.40	4.19	3.87
Electricity Intensity (kWh/sq. ft.)	7.62	9.40	5.37
Electricity Cost	\$314,727	\$379,713	\$345,405
Natural Gas Use (Million ft ³)	8.41	9.8	12.93
Natural Gas Intensity (ft ³ /sq. ft.)	18.86	21.98	17.91
Natural Gas Cost	\$50,585	\$50,126	\$41,723

GREEN HOUSE GAS EMISSIONS Greenhouse Gas Protocol	2018 INITIAL SCREEN (12 Facilities)	2019 SCREEN (12 Facilities)	2020 SCREEN* (12 Facilities)
Scope 1 Emissions (Metric Tons CO ₂ e)	446.7	520.7	687
Intensity Metric (Metric Tons per sq. ft.)	0.001	0.001	0.001
Scope 2 Emissions (Metric Tons CO ₂ e)	1,684.3	2,055.1	1,726.08
Intensity Metric (Metric Tons per sq. ft.)	0.004	0.005	0.002

Due to provider billing gaps, average monthly use was used for select HALO properties. We will work to close this gap for the next reporting year.

Energy Use:

- 2018: Data for Electricity Use and Electricity Cost were estimated for one property.
- 2019: Data for Natural Gas Cost was estimated for one property.
- 2020: Data for Electricity Use and Electricity Cost were estimated for one property. Data for Natural Gas Use and Natural Gas Cost were estimated for one property.

GHG Emissions:

- 2018: Data for Scope 2 Emissions was estimated for one property.
- 2020: Data for Scope 1 Emissions was estimated for one property. Data for Scope 2 Emissions was estimated for one property.



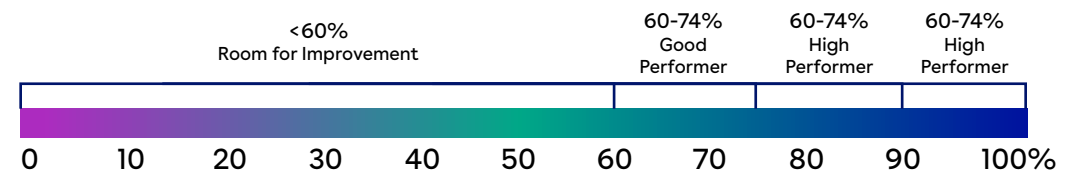
Waste and Recycling.

To drive the execution of waste minimization, HALO tracks trash and recycling on a facility level. In February of 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. The facilities teams have reviewed the data and are developing processes, implementing new strategies, and improving our existing programs. We will use the lessons we learned from developing our Sterling, IL headquarters to launch an enterprise-wide waste and recycling program.

FOCUS	CURRENT SCORE	IMPROVEMENT PROJECTS
Building-wide Waste Management Policies	Score 40%	<ul style="list-style-type: none"> Coordinate with bulk waste donation vendors to track donations Implement a recycling program for poor quality recycling Track bulk recycling
Public Areas	Score 33.3%	<ul style="list-style-type: none"> Install additional recycling bins Label all bins for intended contents Post waste management guidelines in public areas
Office Areas	Score 28.6%	<ul style="list-style-type: none"> Install system to separate organics from trash and recycling and collect for beneficial use Install additional recycling bins Label all bins for intended contents Post waste management guidelines in public areas Remove all desk side bins and implement a centralized multi-bin stations Implement policies to replace single-use utensils and condiments Review the feasibility of composting
Fulfillment Center	Score 44.4%	<ul style="list-style-type: none"> Label all waste storage equipment by intended contents Post signage in loading dock to clarify proper handling of waste streams stored on the loading dock Install system to separate textiles for recycling Review the feasibility of policies to reduce overall waste volumes from suppliers
Janitorial Waste Collection	Score 38.5%	<ul style="list-style-type: none"> Line all trash brutes with black bags Line all recycling brutes with clear, translucent or no bags
Universal and Electronic Waste Storage	Score 50%	<ul style="list-style-type: none"> Store universal waste in sealed, right-sized containers Label all universal waste with contents and date of the start of accumulation Post proper signage in the universal waste storage area to clarify separation procedures Post signage to clarify the proper placement and separation procedures for all electronic waste

RATING SCALE





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.



HALO Code of Conduct.

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.

- Conduct all business to the highest ethical standards and levels of professional practices using the highest standards of honesty and integrity.
- Promote HALO and its initiatives positively and accurately.
- Treat customers, employees, vendors, HALO, and their property with dignity, respect, and civility.
- Perform job duties as assigned to the highest level of ability possible.
- Display mature, professional behavior during work hours, on company property, at company events, and in any situation where you appear to be representing the company.
- Comply with all provisions, rules, and policies set forth in our Employee Handbook.

It is the responsibility of each employee to comply with these guidelines by maintaining proper conduct and the responsibility of Supervisors/Managers to ensure proper employee conduct. Conduct that interferes with HALO

operations, discredits the company, or is offensive to prospects, customers, or fellow employees will not be tolerated.

All employees must immediately advise their Team Lead/ Supervisor/Manager or Human Resources, of any known act of non-compliance with this policy or any suspicious, unethical, or illegal conduct by fellow employees, customers, suppliers, or visitors. HALO will make every effort to protect confidentiality and take appropriate action to ensure immediate cessation of the violation.

All policies are reviewed with team members during orientation. All HALO team members must agree to all terms outlined in our Employee Handbook.

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 to this 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.

Our Workplace Code of Conduct outlines the following:

- Employment relationship
- Child labor
- Forced labor
- Health and safety
- Non-discrimination
- Harassment and abuse
- Working hours
- Compensation
- Freedom of association
- Environmental compliance

REPORTING AN ETHICS VIOLATION

Our Code of Conduct, Employee Handbook, and Supplier Code of Conduct also describe the ways stakeholders can provide anonymous reporting of actual or apparent violation to our policies.

- Employee can report to EmployeeRelations@HALO.com
- Suppliers can report to Supplier.Relations@HALO.com
- Customers can report to Ethics@HALO.com



Data Privacy and Security.

DATA PRIVACY

We understand our critical obligation to collect, use, and share personal information in an appropriate way and follow the laws that prevent improper disclosure or use. As part of our day-to-day operations, we come into contact with the personal information of our customers, team members, and business partners. We protect the privacy of that information by taking safety precautions that include following all applicable data-privacy laws and company policies for collecting, storing, using, sharing, and disposing of personal information.

Any HALO non-public information is also a critical business asset. Our top priority is keeping this information protected and safe for our customers and team members. If non-public information is mishandled or disclosed it can compromise that trust, negatively impact our business, or damage our reputation.

Everyone, at every level of HALO, has a responsibility to protect our non-public information by following our Information Security Policy.

DATA SECURITY

HALO is certified as Payment Card Industry (PCI) compliant and is subject to annual auditing and reporting. 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.

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.

HALO takes data security seriously. Upon request, and with executed MNDAs, we can share the following documentation or connect your internal IT teams with ours to review our security infrastructure.

- HALO External Network Penetration Test Reports
- HALO Internal Network Penetration Test Reports
- HALO Incident Response Plan
- HALO Security Policy
- PCI Level 3 Letter to Compliant Merchants

TRAINING

All team members must complete annual mandatory training to understand the behaviors and technical requirements necessary to safeguard information resources, information security, and PCI compliance training. HALO also conducts regular security campaigns to audit user compliance with ISO 27001/27701 standards. In 2020 HALO teams logged over 90,000 hours of training.





Goals.



Future State: (Year 5 - 2024)

CORPORATE ECOSYSTEM

INFRASTRUCTURE	INFORMATION	OPERATION	ORGANIZATION	SOCIAL
Cloud-based data management for energy, water, and waste accounting	All facilities accounted and tracked in facility log	25% of packaging in reusable/reverse logistics program	Chief Sustainability Officer is official position	Share sustainability best practices with peer companies, industry trade associations and suppliers
Green House Gas Protocol used as accounting methodology	ESG Report published annually	100% Carbon offset for transportation operations goal set for 2030. Project proposals selected by 2023	HALO supplier ratings system that evaluates the vendors and items we offer by their environmental and social practices	Member of sustainable Apparel Coalition
SASB framework in place for reporting financial, environmental and social performance	Transparent reporting on GHG, Electricity, Gas, and Solid Waste	50% of facilities in top quartile of Energy Star rating	Sustainability Grass Roots committee chartered and meeting monthly. Goals are tracked and reported to Executive Committee.	Membership in a National or International environmental organization, with a plan for delivering one presentation per year
Sustainability Program Manual in place to provide guidance for program elements	Recycling metrics tracked	Top quartile safety performance for all warehouse operations	Full-time Data Analyst and Sustainability Manager positions filled in 2022 or 2023	Annual International Circular HALO innovation competition for green or safety ideas
Energy Star Portfolio Manager used for data tracking and Energy Star Score	Metrics for social (i.e. safety, wellness and diversity) clearly developed, tracked and reported	All Tier 1 and 2 suppliers signed on to environmental performance commitments		Annual participation in river clean up or forest preserve activities
		Ergonomic evaluation program in place for office and warehouse workers		Continued operation of HALO employee led wellness programs
		Bi-annual audit program in place for quality review of GHG, energy, waste and recycling accounting		

Our Road Map.

GOALS & COMMITMENTS	2021 UPDATES	TARGET COMPLETION DATE
EMPOWERING EMPLOYEES		
Implement new corporate vision and values	Completed 2021.	
Fair Compensation	New Commitment for 2020. Pay all team members an hourly wage of \$15 dollars an hour. Conduct pay equity study (Q4 2021)	2022
Formalize Human Capital Accountability	Completed 2019. Implemented a new employee and executive review process that aligns with corporate goals and values and is updated in tracked 3 times per year utilizing a cloud based MIS.	
Track and report safety metrics, broken out between warehouse and office	Update. Complete for all fulfillment facilities with required safety trainings. Office policy's in review contingent upon return to work.	Q2 2022
Formalize Corporate Diversity and Inclusion improvement plan	Completed 2020.	
Increase employee commitment to inclusive workplace	Update. Launched new corporate values with inclusion as a value, tied performance evaluation and related merit increases to demonstrating corporate values, trained 100% of managers on removing bias from performance management and providing evaluative feedback, 80%+ of HALO employees believe people of all cultures and backgrounds are respected and valued at HALO according to a recent all-employee survey	2022
Improve gender diversity in workforce	Update. HALO hired its first ever Recruiting lead to drive further diversification of the workforce (Q2 2021), all HALO recruiters are trained in diversity recruiting.(Q2 2021), maintained nearly 65%+ female representation in total workforce (Q3 2021), Added Paid Family Leave, 80%+ of employees indicated they had the flexibility to meet personal and professional demands	2022
Improve representation of racial and ethnic minorities	Update. HALO hired its first ever Recruiting lead to drive further diversification of the workforce. (Q2 2021), all HALO recruiters are trained in diversity recruiting.(Q2 2021), increased hiring of racial and ethnic minorities at 2x the rate year-over-year (Q3 2021)	2023
Eliminate harassment at HALO	Update. 80%+ of HALO employees believe HALO has policies in place to prohibit harassment and discrimination and that employees knew how to report concerns of harassment and discrimination according to a recent all-employee survey (Q1 2021), trained 100% of managers annually on anti-harassment policies (Q2 2021)	2023
Launch employee listening program	New Commitment. Update. Invested in subject matter expert to design employee listening strategy to ensure historically underrepresented groups have amplified voices that contribute to executive decision-making (Q3 2021), incorporate insights from underrepresented groups into active celebration of the diversity of our teams via both educational and celebratory campaigns of heritage months, as well as addressing identified workforce inequities as they emerge (Q3 2021), established a broad view on diversity, we are starting this process by further investigating race (Q3 2021), In future phases we will explore non-racial dimensions (e.g. gender, veteran status, ability, and more) and intersectionality (Q1 2022)	2022



Our Road Map.

GOALS & COMMITMENTS	2021 UPDATES	TARGET COMPLETION DATE
STAKEHOLDER ALIGNMENT		
Begin evaluation of green chemistry options. Begin Life Cycle Analysis of value chain of 3-5 high risk products	In Progress. Reviewing the REACH SVHC list to identify and eliminate any products that may contain chemicals of high risk. HALO is adding requirements for all suppliers to confirm no products supplied to HALO	Q1 2022
Office and Industrial ergonomics program developed	Completed 2020. Ergonomics is part of our employee wellness program with training modules in Well on Target.	
Formalize Supplier Environmental and Social audit program	Completed 2021. HALO has contractual audit rights for every supplier in our supply chain for social, environmental, and data audits.	
Join Sustainable Apparel Coalition	Update. As a distributor it is not practical for HALO to join SAC, We request and track SAC membership from all suppliers. HALO provides promotional preference to members of SAC.	2023
Strategic partnership discussions with strategic suppliers and clients	Ongoing. Communications in 2020 focused on COVID19 and will re-initiate supplier meetings on strategic partnerships as our return to work policy evolves.	Q1 2022
BUILDING A BETTER FUTURE		
Commit to GHG Protocol for GHG accounting. Report full GHG emissions, and energy use metrics	Update. Ongoing reporting entered into Energy Star Portfolio Manager reported on page 26 of this report. Reported to EcoVadis. with dashboards available upon request. (Q3 2021)	2022
Establish waste reduction and recycling goals	Completed 2021. External firm (Great Forest) review completed with goals reported.	
Carbon Offset Program	Completed 2019. Currently 95% of incoming and outgoing domestic shipments are certified as carbon neutral. In 2020 HALO converted over 3,000 metric tons of CO ₂ e.	
Initiate Transportation GHG Scope 3 evaluation	Update. Reviewed data from 2 organizations and evaluating feasibility in global operations.	Q1 2022
Begin plan for reusable packaging evaluation	In Review.	Q1 2022
Complete three energy efficiency projects	Ongoing Projects based upon facilities energy surveys in flight. Projects listed on page 25 of this report with a focus on our primary facility for 2021.	Q4 2021
Commit to SASB for disclosures and reporting framework. Disclose per framework	Update. Due to COVID19 reporting using GRI framework was delayed.	Q1 2022
Establish data quality assurance program for energy, GHG emissions, waste/recycling, and water metrics	Update. Re-calculating baseline data to reflect "return to work" occupancy policies at main facilities.	Q3 2022
Focus on targeting facilities to meet goal of 50% in top quartile Energy Star Score by 2025	Ongoing. Revising targets for main facilities based on occupancy related to "return to work" policies and procedures.	2025



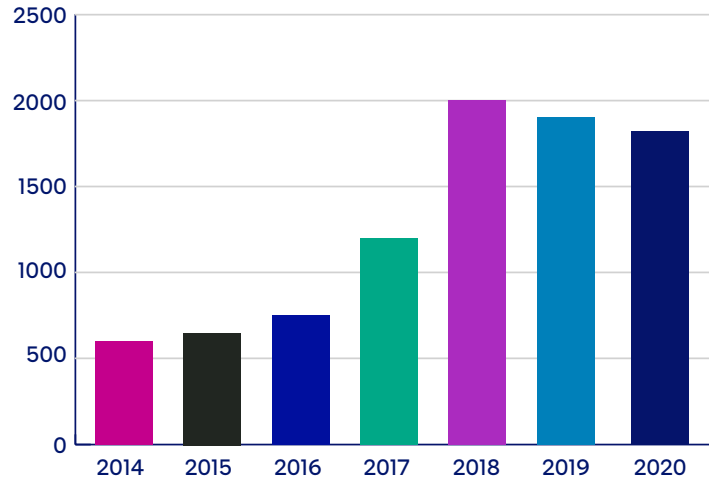
Our Road Map.

GOALS & COMMITMENTS	2021 UPDATES	TARGET COMPLETION DATE
WORKING ETHICALLY		
Complete certification for ISO27001/27701	In Progress. We have completed external audits and are currently working through remediation.	Q2 2023
GDPR Certification	Update. Our Recognition platform is certified compliant with General Data Protection Regulation (GDPR) standards. Our E-commerce platform is compliant with GDPR with certification completion in 2022.	Q3 2022
Develop framework for review and reporting of ethics issues including audits for control procedures to prevent corruption	New Commitment. In Review. Legal and Human Resource teams creating guidelines and reporting framework for publication of enhanced policies.	Q2 2022
Expand current Code of Ethics to help guide day-to-day ethics making decisions of HALO employees and leadership	New Commitment. In Review. Legal and Human Resource teams creating guidelines and reporting framework for publication of enhanced policies.	Q2 2022
GOVERNANCE		
Finalize Corporate Vision/Values	Complete. Update. Corporate vision and values incorporated into corporate responsibility strategy with 4 focus areas added.	
Develop Sustainability Goals	Complete 2019.	
Establish and charter Circular HALO Sustainability Committee	Complete 2019.	
Develop job description for Chief Sustainability Officer and Sustainability Manager	In Progress.	Q1 2022
Fill Chief Sustainability Officer and Sustainability Manager positions		2023
Establish full-time data analyst positions		2024



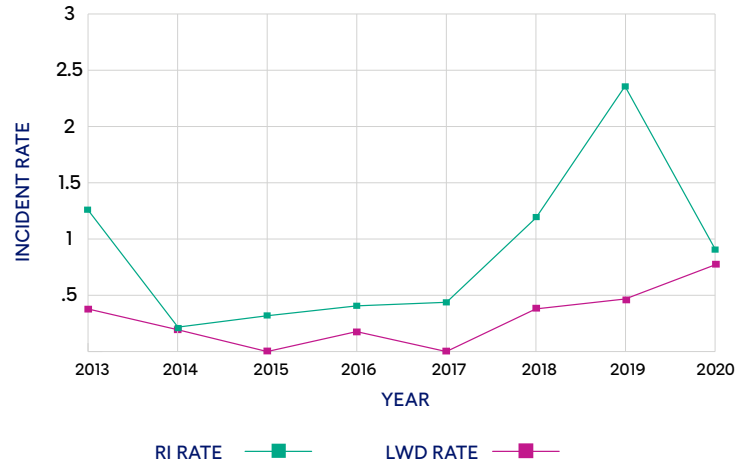
Employee Safety Data Trends.

EMPLOYEE HEAD COUNT



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 and 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 injury cases that result in lost work days divided the total labor hours for the year, normalized to 200,000 labor hours.

METRIC	2018	2019	2020
Average Number of Employees	1991	1918	1867
Labor Hours	2,864,538	2,974,095	2,726,183
Total Number of Recordable Cases	17	34	11
Total Lost Work Day Cases	5	7	9
Total Number of Days Away from Work	22	100	472

NEGATIVE TREND REMEDIATION

Review: The table and charts show a negative trend. While our employee headcount had declined, the number of Recordable Cases and Total Number of Days Away spiked in 2019. Although our Recordable cases dropped significantly in 2020, we saw an increase Total Number of Days Away from Work.

Findings: Review of Recordable Cases showed the continued negative trend in 2020 (94.7% of LWD) was a result of the severity of a few non-work function specific injuries caused by inclement weather in 2019.

Remediation: We are committed to employee safety in the workplace. In 2019 updates to safety protocols in public spaces were implemented, then reviewed again in 2020 to ensure these types of incidents do not occur.



Thank you.

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