Keep it. Give it.

Social Impact & Sustainability Commitment
Annual Report | 2020
As Koozie Group has evolved into a new stand-alone organization, we recognize the need to transform and change the way we do business today to benefit our people, our customers, our industry and our communities.

This will ensure we are leaving a positive, lasting impact with the solutions and experiences we deliver. We recognize four key areas of Social Impact & Sustainability that help us live by our vision to build a foundation for scalable, profitable and sustainable growth.

- fostering diversity & inclusion
- giving back to employees & community
- safety & social responsibility
- environmental stewardship

These key areas were developed with input from our greatest assets – Our People – married with our long term commitment to positive social impact and a sustainable future through our business.
We call this vision **Keep it. Give it.**

A cross-functional steering committee regularly assesses our program’s impact alongside executive leadership. We have established a three-year goal plan, **KG2024**, of all the objectives we are striving to achieve over this time period.
At Koozie Group we have a **People First culture**, knowing that with every product and service we offer, our People are the engine making it all happen. We flourish in this transparent and open culture; proudly coming together with diverse perspectives, backgrounds and experiences.
2020 Year End Highlights

Listed as a Mogul Top Company with the Strongest Female Leadership;
Extended leadership team with 59% diverse membership

Work under a Code of Conduct that fosters inclusion and diversity

Our workforce today is reflective of the diverse communities in which we operate;
currently 56% female and 38.5% minority

First-ever Diversity Council established and working towards annual diversity report

Recognition of multi-culture holidays and celebrations

Round 1 of Diversity & Unconscious Bias Training completed by leadership

The mission of the D&I Council is to foster an environment that attracts the best talent, values diversity of life experiences and perspectives, and in doing so, achieves competitive advantage. We are already hard at work:

• Guiding the creation of the first Koozie Group Diversity Report by 2022 to benchmark future D&I goals
• Acting as change agents, disrupt the status quo and promote Koozie Group as an employer of choice
• Consulting with HR to build meaningful content and share successes on our Diversity Hub
• Ensuring D&I is considered in all key initiatives, programs, events, marketing and communication
Keep it. Give it.
**KG2024 GOALS for fostering diversity & inclusion**

To foster a workplace culture where all employees feel welcome.

**Education:**
- 100% of exempt employees will complete a 1-day unconscious bias workshop followed by additional communications and relevant articles to be shared with all employees
- People leaders will hold monthly insight discussions with their teams
- A robust Diversity Hub with continually updated educational resources

**Recruitment & Retention:**
- All recruiters will be required to complete our comprehensive, in-house unconscious bias training program
- Create a diverse candidate pipeline
- Maintain or increase the current ratios of female and minority employees and people leaders
- Increase the number of veterans within our employee population by 5%

**Outreach:**
- Include diverse imagery on our website, marketing collateral, social media and our recruitment/careers web page
- Consider and incorporate D&I within our community events calendar
- Readily available resources and education on the Diversity Hub including:
  - Materials focused on understanding power, privilege, oppression and equity
  - Articles, readings, podcasts, videos, etc.
  - Website links to informative content
  - Open communication to and from the Diversity Council and Leadership
- Executive leadership to include diversity as part of speaking engagements
- Mental health/counseling services provided by our Employee Assistance Program

Fostering Diversity & Inclusion | 7
Our **People Powers** guide how we find creative solutions, lead with purpose, interact with respect and partner with our customers. We are so committed to our People Powers that we introduce them to every new employee on Day 1. They are the unshakable foundation of how we work.

All our team members are empowered to innovate, inspire and deliver amazing experiences for our customers and communities.
2020 Year End Highlights

Training and leadership programs that reinforce our **People Powers**

**Reimbursement** up to **100%** of tuition costs for ongoing education

**Internal and external employee recognition** through monthly People Power Awards and bi-monthly Koozie Group Heroes

**Added perks** like Daily Pay and on-site services like car detailing, flower sales, massage services, blood donation opportunities and food trucks

100,000+ school supplies donated to children in need in 2020

**Supporting employees and our communities** in the form of cash, product and volunteer donations

Our employees choose the ways Koozie Group supports our communities. Based on their feedback we partner with 501(c)(3) charitable organizations like: Junior Achievement, Feeding America, SPCA and Big Brothers/Big Sisters – just to name a few.
We empower our people and make a positive impact in our communities. 3% of EBITDA is utilized to support these initiatives.

**Empowering our People:**
- Functional internships for college credit and/or pay based on departmental needs with all interns completing our full employee on-boarding program
- Annual employee surveys to rate and provide feedback on our level of community and cause support
- 1 paid day for volunteer work OR employee match for cash or product donations up to $250 for 501(c)(3) charities
- Support the causes our Team cares about through donations and community events
- Provide leadership development via ongoing education opportunities
- Maintain a positive and fun working atmosphere through perks and recognition

**Getting involved in our communities:**
- Participate in quarterly service events that align with our Social Impact and Sustainability pillars. Year 1 example below and will adjust based on annual employee feedback:
  - Q1: MLK Day of Service as recognized by the Corporation for National and Community Service
  - Q2: Green Week helping bring awareness and ramp-up eco efforts across all sites
  - Q3: Stuff the Backpack events and social organization outreach benefitting children and students
  - Q4: Season of Giving taking action to assist families throughout the holiday season
Safety & Social Responsibility

Prop 65
The majority of product SKUs are Prop 65 compliant and do not require a Prop 65 label when shipping to California.

BPA-Free
All plastic drinkware products are BPA-FREE.

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Testing
Our products are rigorously tested to confirm compliance with North American product safety laws and standards, including CPSIA.

CPSIA
All child products comply with applicable Children’s Product Safety rules.

FDA Regulations
Health, Wellness and Safety products go through extensive analysis to confirm compliance with all applicable FDA regulations.

Technology Standards
Tech items are tested to applicable UL, UN and FCC standards and requirements.

Part of a larger PPAI initiative to create confidence in promo products as an advertising medium at every level.

We are C-TPAT Tier II Certified by US Customs which evidences our superior commitment to supply chain security.
2020 Year End Highlights

Within our facilities, our Experience Safety task force prioritizes healthy work environments and identifies opportunities for expanding safety messaging and promotion.

Koozie Group is the industry leader in product safety, quality assurance, social responsibility and supply chain security; driving industry innovation with hundreds of new products annually. Our commitment to brand safety and responsible sourcing includes C-TPAT certification, CPSIA, applicable FDA regulations, technology standards and Prop 65 compliance.

**Reasonable Testing Program**
- ensuring the safety of products and inks and monitoring Supplier safety

**North American facilities conduct weekly audits** that go above and beyond both industry standards and OSHA requirements to drive safety observations and develop leading indicators for injury prevention.

**Senior leadership team members** sit on the board of the PPAI Product Safety Awareness Initiative

**Products** are re-tested every two to four years

**We will not launch a new product until all applicable testing standards have passing results**

**Product test reports** are located on kooziegroup.com to ensure transparency in our supply chain

The **Experience Safety council** promotes company-wide messaging and conducts regular analysis to provide a safer work environment for all our People.
We are committed to providing a **safe** and **healthy work environment** for all employees, including appropriate and adequate facilities and protection from hazardous materials or conditions.

We also hold our suppliers to these same standards:

- Fair compensation and reasonable working hours
- Employment solely based on ability to perform job responsibilities in accordance with anti-discrimination laws
- Refusal to partner with manufacturers utilizing child labor and forced, bonded, indentured or prison labor
- Forbidding harsh or inhumane treatment and the use of cruel and unusual disciplinary practices
- Compliance with the laws of the country in which they do business as well as all applicable import/export laws
Workplace Safety
Par of “doing things the right way” is ensuring the safety and wellbeing of our employees and customers comes first.

Increase Safety Observations by 10%  Maintain weekly OSHA-based audits resulting in Safety Observations and developing leading indicators to prevent injuries
Expand the Experience Safety Council’s efforts by enhancing safety messaging and measurements resulting in safe work environments and reduced employee injuries

Responsible Products & Sourcing
Reduce the number of our suppliers by 30% to provide a more controllable approach to responsible sourcing
Affiliate with external social compliance firm (i.e., SMETA or Fair Labor Association)
Double the amount of compliance auditing of suppliers
Maintain customer and trade communications around our efforts
Environmental Stewardship

5 key principles guiding our environmental stewardship

1,200+ employees participate in an annual Green Week

10% recycled fiber is in the paper used for all our printed marketing materials

1,000+ items made, printed or assembled in the USA which reduces overall carbon footprint

83% of all waste is recycled

77 writing instruments and bandage dispensers reuse raw material production scrap in their manufacturing

5 recycling programs in place: paper, cardboard, single stream, e-waste and universal waste

100% of source stock paper for our calendars is from SFI and FSC certified mills

100+ items made with recycled materials

5 recycling programs in place: paper, cardboard, single stream, e-waste and universal waste

13 brand partners who participate in their own sustainability programs

4,379 tons of paper and cardboard recycled annually

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4,379 tons of paper and cardboard recycled annually
2020 Year End Highlights

Our environmental efforts are focused in five areas where we strive to improve sustainability and eco-consciousness.

Facilities:
Our Sleepy Eye and Clearwater facilities have earned ISO 14001 certifications throughout the years and continue to undergo quarterly audits around: Pollution prevention | Risk mitigation | Regulatory compliance | Continual improvement | Awareness | Work force involvement | Annual Green Week initiatives

Transportation:
Koozie Group employs a transportation management system that aims to reduce the ecological footprint of all operations by controlling emissions, optimizing shipments and routes, and utilizing only responsible carriers.

93% of consolidated shipments go into full containers and 85% of our full containers are 40’ and higher, fitting double the volume of a standard 20’ container.

Air shipments represent less than 25% of our metric Co2 emissions

We are a Certified EPA SmartWay Shipper

Packaging:
100% of sourced outgoing corrugate packaging is SFI Certified and made from 100% recyclable and/or recycled materials.

In Clearwater our boxes are made from virgin paper
  • Our supplier owns land to plant 4-5 trees for each one harvested for box production.
  • Their 8 papermills are self-sustaining, producing their own energy from burning waste.

In Red Wing, boxes are made from 100% post-consumer recycled materials.

In Sleepy Eye, boxes are made from 65% post-consumer recycled materials.

We primarily use corrugated packaging which is the most recycled packaging material in the US.

Recycling:
All source stock paper used in calendar production is from mills certified by the Sustainable Forestry Initiative® and the Forest Stewardship Council.

All Koozie Group® printed materials are produced on paper with a minimum of 10% recycled content

Our Products:
75% of new products launched will have the KG factor designation.
Applying the **KG Factor** as part of our product strategy enhances our commitment to sustainability

The KG Factor identifies products with a high likelihood of being kept or gifted as determined by an impartial survey of end consumers. Useful solutions that people want to keep will carry the KG Factor so customers can easily identify items designed to lessen environmental impact through longevity.

4 out of 5 people would **keep** or **give** a KG Factor product because it was **useful**, **functional**, **durable** and **attractive**.

85% would **keep** these items until they break.
**KG2024 GOALS for environmental stewardship**

**Facilities:**
Maintain environmental compliance and perform quarterly audits

**Transportation:**
Align with transportation partners that make significant commitments to supply chain sustainability

- Maintain Certified EPA SmartWay Shipper Status:
  - Supporting global energy security and offsetting environmental risk
  - Reduces freight transportation-related emissions by accelerating the use of advanced fuel-saving technologies
  - Advancing supply chain sustainability by measuring, benchmarking and improving freight transportation efficiency

**Packaging:**
Reduce the amount of materials used in incoming packaging across three categories; bags, drinkware and meeting

**Recycling:**
Improved recycling programs for individual use at all sites with increased accessibility and bin visibility
- In 2021, Styrofoam cups and plastic stirrers will be removed from all facilities, plus the number of recycling bins will increase by 10%
- Establish a new sustainable initiative each year to convert trash to recycling

**Our Products:**
Minimum of 50% of our total product assortment will have the KG Factor designation