

xd connects

annual impact report 2023

Publication date: 1 July 2024



Contents



A message from our CEO 3

Introduction

About XD Connects 5

Materiality assessment 8

Executive summary 9

Environmental

Emissions 13

Environmental considerations in product development 17

Waste 23

Water 24

Social

Conditions in the supply chain 27

External stakeholders 31

Employees 35

Governance

Structure and composition 40

Overseeing ESG at XD Connects 41

Responsible business conduct 42

Looking ahead to 2024 46

Annexes 47



We're serious about progress

Dear reader,

I am pleased to present our Annual Impact Report 2023. This past year was our first full calendar year as XD Connects. It seems only fitting that 2023 also brought many ESG highlights. We've seen a lot of movement when it comes to ESG and responsible business at large. We see regulators stepping up, pushing businesses to take responsibility for their impact. There is an increasing focus on environmental impact and the different roles and responsibilities in this area. Our ESG roadmap was developed to identify our impact on these global issues, so we found ourselves closely aligned with these developments. We've also noticed our customers, end users, and market have increased their knowledge in this field, which is a welcome development for us!

We're serious about progress. Setting ambitious targets and keeping track of detail key performance indicators (KPIs) with regular reporting is how we keep ourselves on track.

In 2023 almost all of our new items were classified as lower-impact (97%)

This report shares our progress data as part of our commitment to transparency. Our monitoring has shown that we have out-performed some of our targets on lower-impact products in our collection and the efforts by our suppliers to adhere to social audits.

ESG is the key to our product collection. In 2023 almost all of our new items were classified as lower-impact (97%). Clear proof of our commitment to change! This figure also includes items developed by Vinga of Sweden, showing our ESG roadmap is fully integrated across all entities. Our product development teams are regularly innovating items, finding the right balance

between our commitment to impact and our commitment to quality.

One 2023 development worth highlighting was the launch of our first apparel brand, iqoniq. From the design phase we knew that this brand would live and breathe lower impact. The focus on environmental and social impact is high, even more so than for our other items. The availability of a public digital product passport for every item puts traceability and transparency at the core of this brand, reflecting our company values. We keep a close eye on working conditions in the supply chain of these items as we are aware of risks in the apparel sector. We achieved a beautiful collection of items with solid backing for all ESG claims.

Building on the base set by our 2022 report, which shared a lot of detail about our processes, this report

focusses on new initiatives in 2023. Furthermore, we take on our role as pioneers and thought leaders in the market by explaining key terms, frameworks and principles to our readers. This way the report complements the trend we've seen from our customers who challenge us to excel in this space.

We are glad to share our efforts to make positive change with you. Happy reading.

Albert van der Veen
CEO

Introduction

5

About XD Connects

8

Materiality assessment



About XD Connects

Established in 1986, XD Connects is a renowned supplier of corporate gifts. In 2022, we changed our name from Xindao to XD Connects, a time which also marked a turning point in our company's ESG roadmap. We are a Dutch company with operations in the Netherlands (HQ), the Nordics (including Vinga), United Kingdom, Germany, France, Italy, Spain, and Shanghai. We have an office in Shanghai and our decorating facility – Printmasters – is based in Romania. XD Connects and all other entities are part of Hunter Acquisition Holding, formerly known as XD Connects Holding.

Core values:

- Maximum gift experience with minimum impact
- Take responsibility towards our communities
- Be open and transparent
- Strive for positive change
- Give back to the planet

We recognize our contribution to global ESG impacts and have therefore identified relevant SDGs for our business operations.¹

Key:

- SDG 12: Responsible consumption and production
- SDG 13: Climate action as key to our business.

Supporting:

- SDG 8: Decent work and economic growth,
- SDG 9: Industry, innovation and infrastructure
- SDG 15: Life on land.

[GRI 2-6](#)

¹Check out our Annex where we explain how these SDGs relate to businesses.

Mission

‘Strive for positive change by providing the best low-impact gift, which connects businesses with their employees and customers whilst minimizing the impact on the environment’

Our Sustainable Development Goals

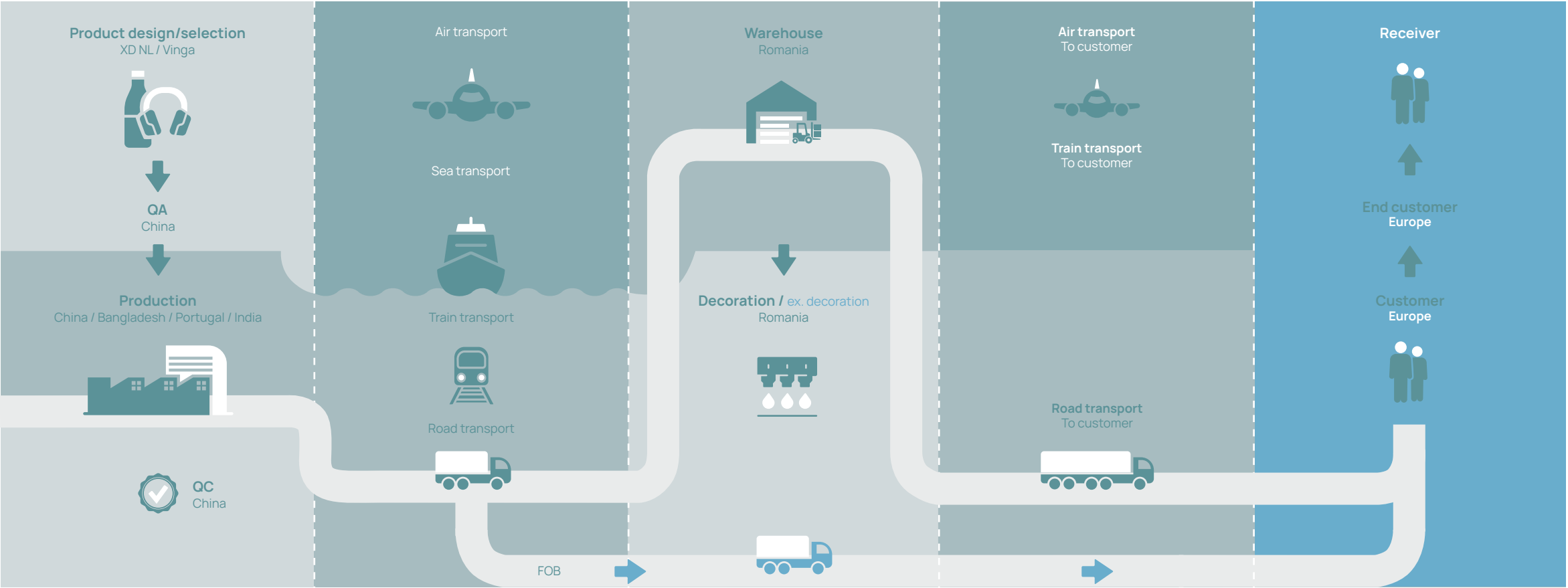


Our value chain

The infographic below represents our value chain. This means not only our suppliers (supply chain) but also our own operations, our customers, and the end users of our products are included. Mapping your value chain helps you identify the stakeholders that are part of your impact, ensuring all are included in the ESG roadmap.

- Own operations / stakeholders
- External operations / stakeholders
- Customers / stakeholders

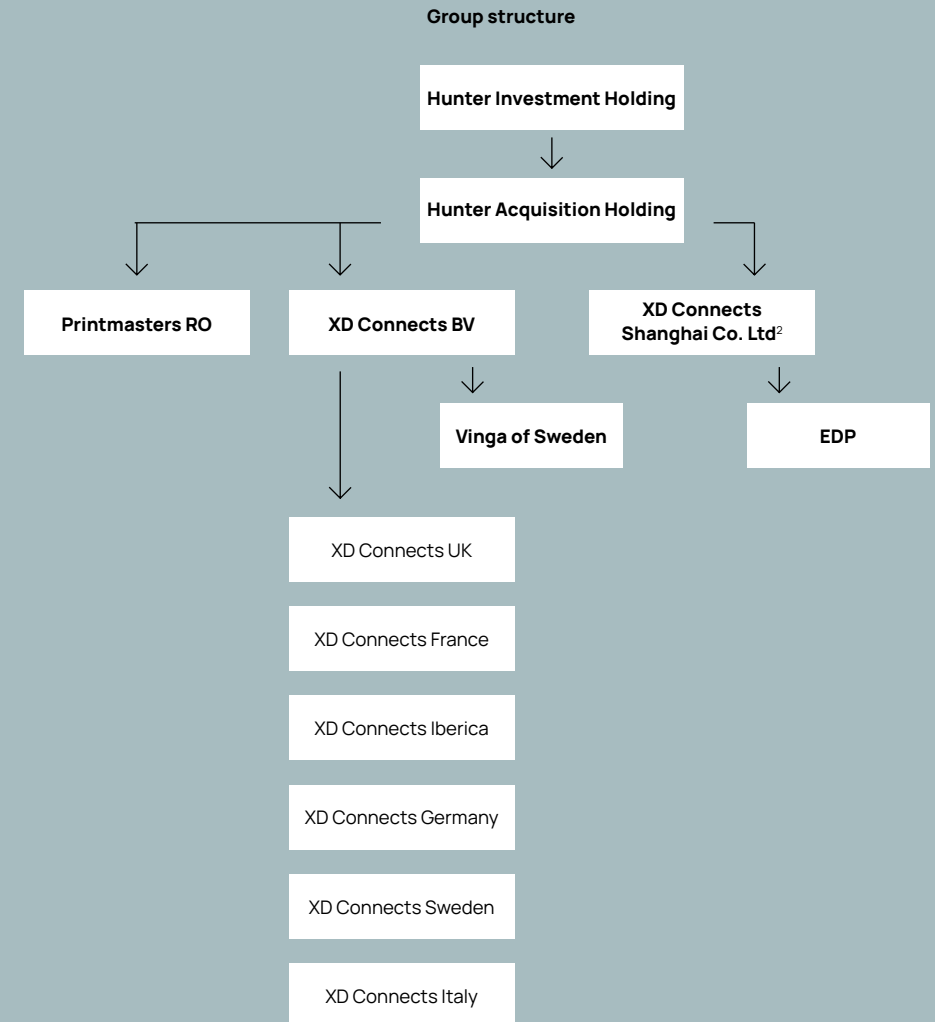
GRI 2-6



In this report

Welcome to our Annual Impact Report 2023! This report looks back at the activities of Hunter Acquisition Holding – known to most as XD Connects – in calendar year 2023, which is the same reporting period as our financial reporting. The topics in this report are divided in the following chapters: Environmental, Social, and Governance. We have referenced the GRI Standards and include a GRI Content Index at the end of this report.

The entities covered are all entities under Hunter Acquisition Holding as illustrated here. Note that XD Connects US is an administrative entity and does not carry out operational activities, hence in practice this 'office' has no impact mentioned in this report.



Materiality assessment

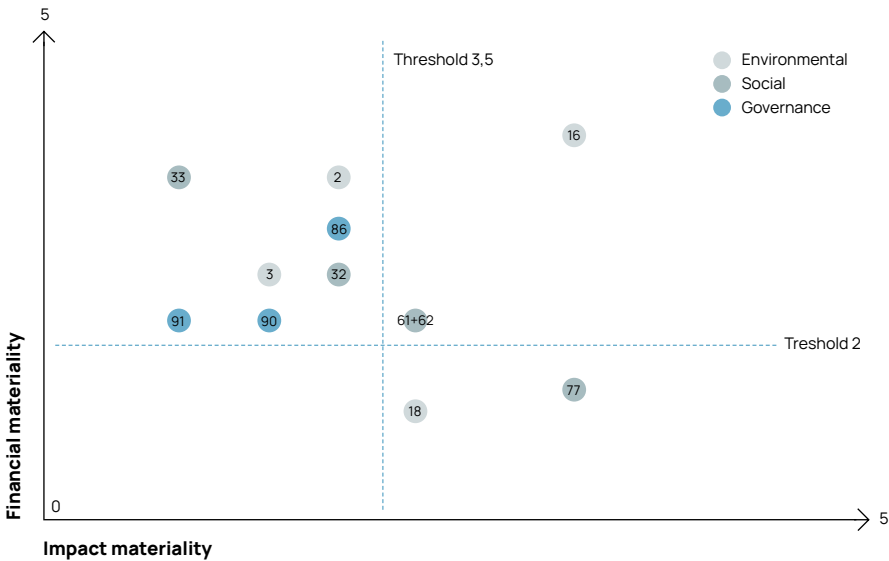
There is a wealth of ESG topics which a company can report on. What is considered best practice in reporting is to define topics that are material to your business using a recognised, multi-stakeholder assessment, and to report on at least those topics.

In preparation for the Corporate Sustainability Reporting Directive (CSRD), at XD Connects we renewed our materiality assessment which was carried out in 2021. In line with updated requirements the structure of the assessment was different from the previous one in that it is a so-called double materiality assessment (DMA) – assessing outside-in and inside-out impacts, negative as well as positive and considering the financial impact as well. XD Connects was guided and supported by BDO consultancy. A DMA team within XD Connects was formed to filter from the longlist topics (provided by ESRS standards) to a medium list, and a smaller working group was set up to filter from a medium list into the shortlist, scoring the topics based on materiality scales. This resulted in a renewed DMA outcome, which showed some changes from the 2021 assessment, some expected and unexpected results but in general the conclusion was that the assessment did not show currently out-of-scope topics.

The resulting 12 material topics is shown here in the DMA-matrix. Thresholds were set in agreement with BDO, reflecting overall accepted threshold levels. The results of the materiality assessment have been incorporated into the company risk assessment in areas where these topics had not already been included. This is a critical step as the relevance of material topics can change over time; integrating them in risk management processes means they are regularly reviewed.

GRI 3-1

Current scoring with impact materiality threshold is 3.5 and financial materiality is 2



Environmental	2. Climate change - Climate Change mitigation	GRI 3-2
	3. Climate change - Energy	
	16. Circular economy - Resources inflows, including resources use	
	18. Circular economy - Waste	
Social	32. Own workforce - Working time	
	33. Own workforce - Adequate wages	
	61. Work value chain - Child labour	
	62. Work value chain - Forced labour	
	77. Consumers and end-users - Privacy	
Governance	86. Business conduct - Corporate culture	
	90. Business conduct - Management of relationships with suppliers incl. payment practices	
	91. Business conduct - Corruption and bribery - Preventing and detection including training	

How to read a Double Materiality Matrix
The materiality matrix gives an overview of material topics resulting from a company's materiality assessment. The topics are positioned in relation to two types of materiality – impact and financial – hence the 'double' materiality.

Impact materiality relates to positive and negative impacts which a company can have on the world through its operations (inside-out). Financial materiality reviews how external developments can affect the company (outside-in).

The double materiality shown here assessed topics based on the ESRS, which are required reporting for the CSRD. These topics are divided into the environmental, social and governance pillars (ESG) and scored on scale, scope, irremediability, and likelihood. Only topics that pass the thresholds set for impact and/or financial materiality are included in reporting.

Our materiality matrix shows that *Consumer Privacy* is scored high on the impact axis, but did not pass the threshold on financial materiality, meaning that the 'inside-out' is considered more material than 'outside-in'. To take another example, *Circular Economy – Resources Inflows and Use* related to our product collection is considered to have both a large impact on the outside world and a large financial impact on us (e.g. resources that become scarce and expensive).

Executive summary



A year in review

Dear reader,

In this summary we share a compilation of our 2023 efforts, learnings and achievements, covering all entities: XD Connects (incl. small offices & Vinga), Printmasters and XD Connects Shanghai.

Carbon ambitions

One of the big focus areas of XD Connects is our CO₂ footprint of the total company and of our Product collection. We realized a nice reduction in 2023 compared to 2022.

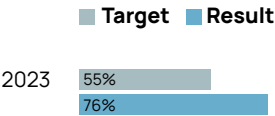
Our scope 1 and 2 increased a bit due to more complete data collection. Our scope 3, which includes our products, decreased by almost **2600 TCO₂**. We are very proud to achieve this reduction and are encouraged to realize further reductions over the years!

Description	Quantity 2022	Quantity 2023	Unit
Scope 1 direct GHG emissions	287.31	463.62	tCO ₂ e
Scope 2 indirect GHG emissions	434.58	481.38	tCO ₂ e
Scope 3 other indirect GHG emissions	41,391.95	38,796.66	tCO ₂ e
Total	42,113.84	39,741.66	

Carbon insights

- Sales quantity increased with 1% whereas Product CO₂ was lowered by 3%. Our overall company CO₂ reduction was 6%.
- By introducing lower impact products with recycled materials we **avoided 1800 TCO₂** in 2023 alone. We can measure this through the benchmark which we calculate for every product comparing recycled with non-recycled materials.
- By introducing a lower impact apparel collection, Iqoniq, we **avoided 24% CO₂** emissions compared to if we had introduced the same collection with regular non-recycled materials. We are proud of this achievement in a challenging product group.
- Drinkware, an important product group, has performed well: the number of models almost doubled and we saw an increase in sales in 2023 compared to 2022, but we managed to reduce the CO₂ footprint by 12%.

In 2023 we surpassed our target which we set for our lower-impact collection, aiming for a 95-100% lower impact collection by 2030.



Our product collection

New brands in 2023

We released the first **OEKO-TEX® STANDARD 100 certified items** for our iqoniq and Ukiyo collections. This strict chemical standard protects end users, supply chain workers, and the environment.

We launched the first apparel collection at XD Connects: **iqoniq – wear what you can believe in**. All items from this collection are made with recycled and organic cotton, or recycled polyester.

Iqoniq's life cycle assessment (LCA) incorporates a water and land footprint and a benchmark comparison!

Avira – More is less, is a drinkware collection that is made with 100% RCS certified recycled stainless steel and recycled PP. Avira packaging can be repurposed; a first for XD Connects!



We have fully integrated our commitment to lower-impact in our product development process: **97% of models introduced in 2023 were lower impact!**

To further solidify our commitment to reducing our footprint in line with the Paris Agreement, XD Connects made a commitment in 2023 to the Science Based Targets initiative and submitted our targets.

Water

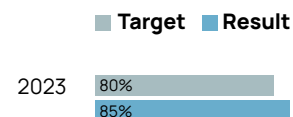
We approach ESG from all angles, and across all entities and value chain partners. At Printmasters, for example, initiatives to reduce water usage for decorating techniques have seen amazing results: **In 2023 water consumption at Printmasters was reduced by 94%!**

To read more about our environmental topics, including emissions, jump to [page 12](#).

Human Rights Ambitions

Using our influence to improve working conditions for the more than 13.500 workers in our supply chain is only natural when developing ESG goals.

In 2023, we worked with 104 direct suppliers and surpassed our target aimed at maintaining valid social audits at their manufacturing facilities:



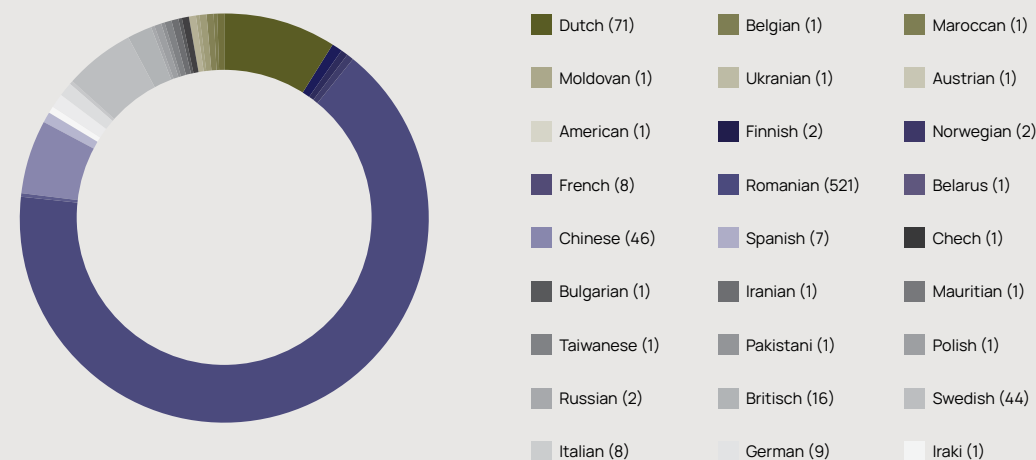
We set a separate, higher target for the top 25% direct suppliers (based on order value). This target (94%) was reached as 100% of these suppliers had a valid social audit in 2023!



To read more about our social topics jump to [page 25](#).

Employees are the driving force of our company, which has grown to 745 colleagues in 2023. The composition is: **70% Female** and **30% Male**.

Our company has a large diversity of 27 nationalities.



Environmental

- 13 Emissions
- 17 Environmental considerations in product development
- 23 Waste
- 24 Water



Environmental

This chapter is divided into the following impact areas: emissions, waste, and water. Emissions are a pillar of our ESG roadmap involving detailed monitoring of our greenhouse gas (GHG) emissions (all scopes) and carrying out a life cycle assessment (LCA) for our whole collection. Waste and water were areas further developed in 2023. These topics are most relevant for Printmasters – our decorating facility – in their day-to-day operations, while XD Connects and Vinga consider them indirectly in the form of product development choices and claims, and remittances.

Emissions

At XD Connects, CO₂ emissions are one of the principal focus areas of our environmental impact. In the past few years, we've continuously improved the emissions calculations of our product collection (based on the ISO 14064 standard) and related to Hunter Acquisition Holding (according to the Greenhouse Gas Protocol Corporate Standard). We have enhanced the accuracy of our reporting by using more precise and more specific data, moving away from estimates and spend-based data where possible. Over previous years we have expanded the scope of our footprint to include all entities in the holding. The main improvement in 2023 was to include the Scope 3 Capital Goods category and purchased services.

We used the 'control approach' for our GHG-reports, meaning we included in the scope of the reports entities over which the company has operational control. For more information about the standards,

[SDG 13](#)
[GRI 305-1](#)
[GRI 2-4](#)

methodologies, assumptions and calculation tools we used, we share our consolidated Holding report in our [ESG library](#).

As for emissions results, you can find our 2023 data further on in this chapter. One of the main conclusions is that as a result of our continuous improvement regarding the accuracy and completeness of our footprint, data updates are carried out which can lead to a reduction in some cases and an increase in others, irrespective of our reduction activities.

To further solidify our commitment to reducing our footprint in line with the Paris Agreement, in 2023 XD Connects made a commitment to the [Science Based Targets initiative](#) and submitted our targets. We initially communicated a baseline year 2021, but considering 2022 was a significantly more complete year in terms



[ESRS E1](#)

of scope, categories and calculations we decided to change the baseline to that year. This means any reductions in 2023 will have 2022 as their reference year.

Placing GHG in a business context

All results and details in the GHG-reports guide our carbon reduction efforts. For our external stakeholders, however, two perspectives are perhaps most relevant to give an indication of our progress: our total emissions split by emissions relevant to our product collection.

The emissions for our products show various avoidance and savings that were the result of our projects and activities to grow our lower impact collection.

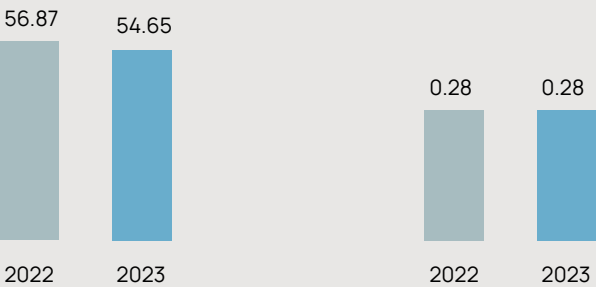
The emissions intensity ratio places an organization's emissions in their business context. It is used to measure efficiency in carbon reduction and takes into account the year-on-year growth of a company. The most useful intensity metric for measuring our carbon impact at our Holding level is therefore intensity on revenue. This shows CO₂ in relation to revenue growth.

Emission intensity explained

Emissions can be calculated in 'absolute emissions', meaning the actual and total CO₂ footprint. They can also be calculated based on various 'intensity metrics'. Intensity metrics can make emissions more tangible and comparable across companies.

For example, if your main CO₂ emission category (development of goods) is strongly connected to growth of the company (an increase in purchased and sold goods), growth will inevitably lead to a higher CO₂ footprint, even if you have taken measures to successfully reduce CO₂ emitted during the development of goods. Therefore, expressing emissions per financial unit (intensity by revenue) rather than the absolute emissions allows you to compare emissions over time. This way you control for the economic growth so that this does not disproportionately affect your results. XD Connects intensity metrics are available in the GHG report in our ESG Library.

Emission intensity metrics



Emissions per FTE
(tCO₂e/FTE)

Emissions per revenue
(kgCO₂e/€)

Description	Quantity 2022	Quantity 2023	Unit
Scope 1 direct GHG emissions	287.31	463.62	tCO ₂ e
Scope 2 indirect GHG emissions	434.58	481.38	tCO ₂ e
Scope 3 other indirect GHG emissions	41,391.95	38,796.66	tCO ₂ e
Total	42,113.84	39,741.66	

Scope 1: Direct emissions from owned or controlled sources, such as company vehicles and lease cars.

Scope 2: Indirect emissions from the generation of purchased electricity, heating and cooling, such as what is necessary to power our office and decorating facility.

Scope 3: All other indirect emissions that occur in a company’s value chain not already included in Scope 2. This includes the manufacturing of our items.

For a detailed break down of the three scopes and categories, usage and data quality information, visit our ESG library for our GHG report.

Learnings from our GHG reports

Our annual GHG reports provide critical learnings about the impact of our carbon emissions over the past year.

For several years now we report according to the GHG Protocol reporting standard on Scopes 1, 2 and 3, improving data accuracy and completeness of data collection over the years. The reports are both on entity level and on Holding level and give us good insight into our overall performance as well as those of our main entities: XD Connects BV (including country offices and Vinga), XD Connects Shanghai, and Printmasters.

From our 2023 report we learned that our emissions at Holding level from Scope 3 now make up 98% of our total emissions. Therefore, reducing our Scope 3 – specifically category 1, purchased goods and services – will have a significant impact on our total emissions. Important to note here is that although these emissions relate to our operations and our products, they are not completely in our control. To reduce these emissions we need the support of both suppliers and customers.

When considering our own operations, we look at Scope 1 and Scope 2 emissions. These are in our direct control and relate to electricity use, heating and cooling in our facilities, and emissions of company cars.

Our total emissions in 2023 decreased by 5.7%, compared to 2022. Some notable achievements in reducing emissions in 2023:

XD Connects BV had a 19.4% reduction in electricity use and 1.6% reduction in employee commuting emissions. This is partly due to fewer employees in 2023 compared to 2022. The Netherlands and UK offices also moved to new energy efficient locations in 2022. Spending the whole of 2023 in these offices has reduced energy use.

Printmasters reduced their total emissions by 33.4%, with the largest reductions in the owned vehicles (71.8%) and capital goods (70.7%) categories. Printmasters switched all owned vehicles to hybrid, and purchased fewer capital goods in 2023.

At the XD Connects Shanghai office, there was a 15.5% decrease in employee commuting emissions. This was due to a change in transportation choices by employees.

Product emissions in perspective

Product emissions make up over 90% of our scope 3 emissions. This largely contributes to the Purchased goods category, but also transportation, use of sold product, and end-of-life emissions.

Our collection has undergone a lot of changes in 2023. We changed many existing products to Lower Impact

and added new ones to our collection. For every product with a CO₂ footprint, we now provide 'Benchmark' data. This is used to compare lower impact XD Connects products to a standard version of the product without any recycled materials. Using this data, we can see the emissions that we have avoided.

We also introduced a new lower-impact textile collection "Iqoniq", again we can see the avoided emissions and impact of using certified recycled materials.

Some insights:

• Our collection.

In 2023 the number of individual items that we sold increased by 1%, and product CO₂ was lowered by 3%. Emissions of our Sales results against the product benchmarks resulted in the avoidance of almost 4700 TCO₂.

Our overall company CO₂ footprint decreased by almost 6%. This is driven by a collective effort to reduce emissions across the company, and notably by increasing the share of our lower impact sales from 26% to 45%.

• New 2023 Introductions

By introducing new Lower impact products, we avoided 2220 TCO₂ in 2023 alone. The avoided

emissions are a calculation between the CO₂ of the product and the benchmark which reflects the same product made of conventional non-recycled materials. If we look at only XD Connects products, excluding Vinga products, the avoided emissions against the benchmark are 27% reflecting 1890 TCO₂.

• Iqoniq

In 2023 we introduced a new apparel brand, Iqoniq. By using traceable recycled materials, we realized 24% in avoided emissions compared to if the same collection was made from non-recycled materials. Adding a whole new product group which was not there in 2022 has of course impacted our CO₂ footprint significantly, but even with the addition of this collection we reduced our overall product footprint.

We are very proud to have developed this exceptional, one of a kind, apparel collection. It shows that making a positive impact can also be achieved in the most challenging of product groups.

• Vinga

In 2023 the Vinga brand developed and introduced 58 new products into our collection complying with XD Connects Lower Impact requirements. Comparing the CO₂ of the Vinga sales to the benchmark CO₂, this resulted in an 11% lower CO₂ footprint for these products than if we used only conventional non-recycled materials.

Highlight: Drinkware

Drinkware has been a top selling product group for many years. We have put a lot of effort into reducing the environmental impact by developing a high-quality lower impact drinkware range. This was a clear step and priority for us, using certified lower impact materials such as Recycled Stainless Steel and Recycled PET.

This has resulted in a big increase of 103,000 pieces in drinkware sales, while decreasing the total CO₂ footprint for this product group by 12%! We added many new models to this range, with the average CO₂ footprint of drinkware items now 1.55kg per item, down from 1.80kg. This will only improve in future years too while we work on further lowering product impact.

Monitoring

To keep track of our CO₂ emissions and other ESG KPI's we implemented an ESG tool by Position Green. This enables us to collect and monitor data periodically, adding detail and insight to our collection methods. Reducing the CO₂ footprint remains a challenge in various areas, in 2024 we are implementing more reduction activities and creating ways for better monitoring so we can steer further activities during the year targeting our overall footprint and specifically our product collection.

Supplier environmental efforts

In the past, XD Connects gathered supplier environmental input by means of a self-assessment. In 2023, however, the ESG team was strengthened with an Environmental Officer, a role which included engaging more actively with suppliers on environmental impact and further professionalising our data collection system.

We started using amfori BEPI to measure the environmental impact of suppliers. BEPI is a comprehensive risk analysis of eight key environmental performance areas, providing a detailed overview of the environmental impact of our suppliers' operations. These performance areas are: energy & climate, waste, chemicals, emissions to air, nuisances, water & effluents, biodiversity, and environmental management system. We asked 13 of our largest suppliers to complete the BEPI assessment in 2023. These assessments provide us with extensive data to assess where our suppliers currently stand in terms of environmental impact, and to identify areas where we can potentially support them. The assessment will have to be completed every 1-2 years to ensure that the data stays up to date.

Offsetting emissions

As part of our ESG Roadmap, we offset part of our CO₂ footprint. Our primary goal remains the reduction of our footprint, but CO₂ offsetting is an additional and important measure on our route to achieving future targets. We align our offsetting with the [Oxford Offsetting Principles](#):

- Cut emissions as a priority, ensure environmental integrity of credits, regularly revise best practices;
- Transition to carbon removal offsetting for residual emissions (away from emissions avoidance) by the global net-zero target date;
- Shift to removals with durable storage and low risk of reversal; and
- Support development of innovative and integrated approaches to achieving net zero.

For 2022 we offset 11% of our total footprint; for 2023 this is increased to 22%. Our commitment for 2030 is to offset 100% offset of our remaining footprint. Budget is allocated in Q4 of every calendar year based on the expected footprint for that year. Once the final GHG report is issued in Q1 of the following year, the actual offset is calculated.

Offsetting projects were not yet selected at time of writing because we review integrity and best offset options every year. A main requirement is that they are officially certified projects from one of the offset standards, and that the offsets include at least one offset project in short-term carbon capture, with the aim of moving away from emission avoidance.^a

Below we report on our 2022 offsetting projects which were not known when the 2022 annual impact report was issued. We will share any updates related to our 2023 offsetting projects on the ESG website.

Our 2022 offsetting projects

Wind power in Karnataka, India

By supporting this project we contribute to clean energy in India; energy that would otherwise have been generated using fossil fuels. This is a Gold Standard® Certified Project. The XD Connects credits are visible here, and the details of this project can be found here.

Responsible agriculture in Bolivia

We found our second project via our long-term partner Trees for All. The ArBolivia project enables farmers of the Andes forest to transition from traditional agriculture and cattle (with a large impact on the environment) to sustainable agroforestry. Read all about the project here.

Environmental considerations in product development

Emissions as a result of our product development will remain the large majority of our emissions – Scope 3. There are also other environmental considerations when it comes to product development. Choosing what type of material is used in a product and where this material is sourced from are ways in which we can actively reduce negative impact. This chapter showcases some of our initiatives in this space. First, some key concepts regarding this strategy should be clarified.

XD Connects lower-impact products

A 'lower-impact product' in our collection is a product that has a reduced impact on the environment as a result of responsibly sourced or recycled materials being used. These materials must also be traceable.

Essentially this means our FSC®-certified products (forest materials), RCS- and GRS-certified products (recycled materials), and products with the Aware™ tracer (recycled materials).

Responsibly sourced and traceable forest materials

The Forest Stewardship Council® is a global not-for-profit organization dedicated to the promotion of responsible forest management worldwide. FSC® defines standards based on agreed principles for responsible forest stewardship that are supported by environmental, social, and economic stakeholders.

Restricting the use of chemicals

When an item is certified according to the OEKO-TEX® STANDARD 100 label, you can be certain that every component of this article (every thread and accessory) has been tested for harmful substances and that the article therefore is harmless for human health. OEKO-TEX® testing standards go beyond the minimum legal requirements. The inks used at Printmasters for decoration have also been tested against this standard. Aside from the benefit to end users of our certified items, the certification also means that workers in the supply chain do not have to work with harmful chemicals to produce these items and that there is no chance of such chemicals harming the environment by ending up in waste streams.

ESRS E5



Product CO₂ footprint

Part of the data collected for the product Life Cycle Assessment (LCA) relates to the materials. This information is used in the product development process to identify the impact of certain choices around materials and weight on product CO₂ footprints. In 2023 we launched the Lower Impact Materials page on our website to give visitors a better insight into the impact of materials choices. The team at XD Connects and Vinga aim to increase the share of lower impact products AND to reduce the emissions as a result of our product development. The LCA data is a great tool to reach both these goals.

Read more about our LCA journey in our [Annual Impact Report 2022](#).

To be able to decorate and sell certified items, all entities of our Holding hold the necessary certification. This means that XD Connects, Vinga, and Printmasters all undergo annual audits for the different standards.

Auditors check that we have the proper systems in place to differentiate certified items from uncertified items, that we apply the standards requirements to these items, and any labour requirements are met. All three entities have their individual FSC certificates, and XD Connects and Printmasters have an annual audit for GRS, RCS, and OCS. This effort is necessary to make sure that the end product – also post decoration – fulfills the requirements of the standards. We have set internal KPIs on the number of non-conformities found by auditors during such audits to push performance.

Use of traceable, recycled materials – no impact without proof

Global Recycle Standard

Products certified to the GRS contain recycled material that has been (independently) verified at each stage of the supply chain, from the source to the final product. In addition, certified organizations have met social, environmental, and chemical requirements.

Recycled Claim Standard

The RCS verifies recycled material and tracks it from the source to the final product. Products certified as RCS 100 contain at least 95% certified recycled material. Products certified as RCS Blended contain between 5-94% certified recycled material.

Aware™

Aware™ uses a physical tracer to trace recycled material. Items can be scanned by manufacturers and brands using a special scanner to confirm the tracer is present. Using blockchain technology the journey of the recycled material is made available to end users. See more details further down.



Product highlights

In 2023 we added 384 new models – 1,654 items (SKU). Of these items, 97% were lower impact. In 2022 the result was 80%. A great achievement as a result of a conscious effort to increase the share of lower-impact items in our collection! We managed to present a collection in 2023 that was 76% lower-impact items. In this section we highlight some of the newly introduced product ranges and their notable ESG features.

Vinga Low-Impact Gift Card

Another highlight of 2023 was the launch of the Vinga Low-Impact Gift Card. Every item offered through this gift card is lower impact. The Life Cycle Assessment results are shown to the user so they can make an informed choice. Additionally, all products are manufactured in factories that hold a valid social audit. In October 2023, XD Connects launched a gift card available in France, Belgium, and the Netherlands as a pilot. Gift cards relate specifically to ESG as end users choose gifts themselves, increasing the chance that they are appreciated and used rather than wasted.

We launched many more ranges which have a heavy focus on ESG:

- XD Connects was the first in our market to introduce a full range of technology items in certified recycled aluminum. Our Terra range follows in the footsteps of technology retail brands, while making sure all recycled material is certified.
- In the electronics category, a wide range of highly efficient self-powering solar items were introduced, the Skywave and Solarpulse series. All items in this series are made with recycled materials.

- We expanded our collection of infinity pencils to include lower-impact versions. These items have a second contribution to impact as they have a significantly longer life span than conventional wooden pencils.
- Fitting with our commitment to lower-impact collection, in 2023 we switched a large share of evergreen items to lower-impact versions.
- Items developed by Vinga in 2023 include the Bosler, Sloane and Hilo (all recycled canvas), Bermond (recycled PU and recycled Polyester), and Erie drinkware (available in recycled steel and recycled PET).

More generally, we launched lower-impact items in various sub-categories: torches (recycled aluminum); measuring tapes (recycled ABS); Smart watches (recycled TPE); and cutting knives (recycled plastic or FSC®-certified material). For all of these, we were first in the market. We also introduced recycled aluminum pens, offering a premium lower-impact option.

Although not classified as a lower-impact product according to the XD Connects definition, ESG considerations played an important role in the development of a notebook with pages made from sugarcane pulp, bagasse (P774.55*). The introduction of this material was part of our exploration into alternative materials for conventional paper. Like stone paper, sugarcane paper presents a compelling new material with comparable properties such as a lower contribution to deforestation. For these innovative materials we will consider certification and/or traceability of the material to include them in our lower-impact selection.

97%

In 2023 we added 384 new models – 1,654 items (SKU). Of these items, 97% were lower impact. In 2022 the result was 80%.

% of our total 2023 CO₂ footprint

76%

Purchased goods

6%

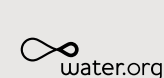
End-of-life

2%

Use of sold products

Supporting sustainable development

We provide our customers with opportunities to support selected environmental NGOs with their orders. These organizations work tirelessly to bring about sustained, positive impact in areas related to our business operations.



2% of proceeds of 3,760,490 items

Donations to Water.org represent 2% of proceeds for Avira and Aware™ items sold in 2023. This year's donation is a 40% increase compared to 2022.

903 trees planted

This amount represents over 9,000 sample orders shipped via our Sustainable Choice Shipping initiative. That's a 17% increase compared to 2022.

These numbers show there is an increased awareness by customers regarding responsible products and shipment.

We started off 2023 with the launch of two brands which hold responsible sourcing at their core.

Iqoniq – wear what you can believe in

In 2023, we launched the first apparel collection at XD Connects. All items from this first iqoniq collection (SS23) are made from a blend of recycled cotton and organic cotton. As the year went on, we added some new items and colours in this same composition. For winter season (AW23) the collection expanded with recycled polyester jackets and fleeces.

When it comes to apparel, water is a particularly significant area of impact – growing cotton and practices like dyeing and washing require a lot of water. With this knowledge we increased the focus on water when developing our iqoniq range. Iqoniq has a different life cycle assessment (LCA) to the one applied to the rest of our collection. This LCA incorporates a water footprint and a benchmark comparison calculated by Made2Flow. This way, the impact on water of using organic and recycled material is clear to our customers. The screening of future suppliers for apparel will include a special focus on water, like the presence of an effluent treatment facility. The iqoniq LCA also looks at land use, relevant for growing cotton.

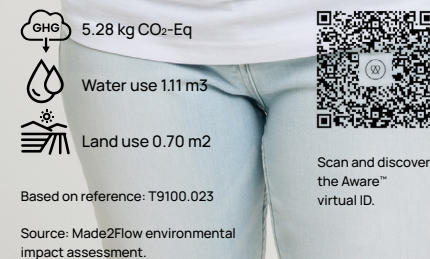
This collection features 'heather' colours. These items are undyed. Where does the colour come from? The recycled cotton input is sorted by colour – say, material from a red t-shirt or red fabric cutting waste – and is then blended with virgin organic cotton (undyed). This process creates the beautiful heather mélange effect, without using the water and dyes (often chemicals) for dyeing. Furthermore, using recycled cotton saves precious resources compared to virgin cotton; customers can double down on impact by choosing our undyed styles!

The iqoniq collection grew enormously in just one year's time, all the while keeping to the same approach in terms of responsibility:

- All-year-round collection
- Traceable mono-materials (organic and recycled)
- Tested for harmful chemicals according to OEKO-TEX® STANDARD 100
- Recycled material that is fully traceable via the Aware™ block chain
- Each product has a digital product passport
- Environmental footprint of each product is shared, as calculated by Made2Flow (CO₂, water, land use)
- All products are manufactured in a facility with a valid social audits.

Avira – More is less.

Avira is a drinkware collection that is made with 100% certified recycled stainless steel and recycled PP. All items are certified according to the RCS. With the minimal design the items are timeless. Avira packaging can be repurposed; a first for XD Connects! The packaging is FSC®-certified. Social impact is not forgotten with this brand: the manufacturers of these items have a valid social audit and 2% of proceeds from every item sold is donated to Water.org.



Introducing the Digital Product Passport

Transparency leads to more responsible choices by consumers and accountability for business. This combination leads to impact!

The digital product passport (DPP) was the perfect addition to our lower-impact apparel range, Iqoniq. All items are equipped with such a passport, unique per model per colour per production order. By scanning the QR code on the product label you can access the DPP powered by Aware™.

What is shared and where does this data come from?

The DPP shares information about the product material composition, specified in grams. There is information available about the qualities of sustainable materials like recycled cotton and organic cotton. The end user can also see the distance the material has travelled between the producers, from the moment the Aware™ tracer was inserted. The tracer is a physical, ceramic particle which is inserted into recycled material by a spinner.

On top of product specifications, the DPP also provides transparency about the supply chain. Users can click through to see which manufacturers were involved in making the product. They can see the name and location of the manufacturer and which certifications they held at the time of manufacturing. Manufacturers are the ones who put in the data visible in the DPP. Once they input data, it is stored using blockchain technology and publicly available.

Pioneering this innovative service in our market has been a rewarding learning process. We continue to develop this product together with our partner to make it increasingly transparent and fit for purpose. We collaborated closely with our suppliers to enable customers to make more informed decisions. An added benefit is that with the launch of the DPP in 2023 we find ourselves prepared for upcoming regulation related to product passports.

Example Digital Product Passport



← T9101.013



Product packaging

Packaging is a high-profile topic when it comes to responsible purchasing. It is sometimes considered to be synonymous with waste and associated with single-use plastics. At XD Connects product packaging is included in the product development phase and the same ESG principles are applied to the design of packaging as to the products they contain. General principles of product packaging design include minimizing packaging size – making an as close as possible fit to products – using FSC®-certified material (often Kraft), eliminating polybags if product quality is not adversely affected, and using mono-materials to make recycling these more effective.

The team is always on the lookout for innovation in packaging! For one, the design of our Avira packaging aims to keep the item packaging from becoming waste by making it repurposable as plant or phone holders. Another example are the four notebooks released in 2023 packaged in FSC®-certified Kraft sleeves instead of plastic polybags. The plan is to extend this packaging approach to our entire stationary range, providing our research shows there is no adverse effect on product quality. Another example is that we changed the inlays for our Gear X collection from plastic to cardboard. The use of silica gel packets against moisture to protect

products was another area where alternatives were explored in 2023; the testing continues into 2024.

Not always the first thing that comes to mind, but packaging is also a medium to communicate with end users. There is important information on packaging about proper disposal, product safety, origin, and material certification. In 2023 there were no incidents of non-compliance concerning product and service information and labelling.

Notwithstanding the above, there is no denying that the large majority of product packaging will end up as waste. Read more about how we take responsibility for this impact in the next chapter.

Icons on packaging

Triman logo + sorting info

The Triman is a result of the French Decree No. 2014-15733. In the French market it is a mandatory, uniform signage for end-of-life products. This symbol tells consumers in France they should recycle the product in question. XD Connects has integrated the Triman logo and accompanying sorting information on our products and packaging.

Green Dot

The Green Dot is a worldwide protected trademark which finances the collection, sorting, and recovery of used packaging. On packaging, the Green Dot means that for such packaging a financial contribution has been paid to a qualified national packaging recovery organisation set up in accordance with the principles defined in European Packaging and Packaging Waste Directive 94/62 and the respective national law.

Möbius loop

The möbius loop indicates an item is capable of being recycled. Sometimes, the symbol will come with a percentage in the middle, signifying how much of it has been made from recycled materials. This symbol is not tied to any third-party organisation and is used more freely, often in different designs incorporating three arrows in a cycle.

Food Safe

The food safe symbol indicates the item inside the packaging is suitable for contact with food. Consuming food via the item in question will not be harmful to the end user.



Triman + sort info



Green dot



Möbius loop



Food Safe

Notebooks packaged in FSC®-certified Kraft sleeves instead of plastic polybags

Before



After



Inlays of Gear X collection made of cardboard instead of plastic

Before



After



Waste

Where waste in our direct operations is concerned, Printmasters is the most relevant. In 2022 multiple initiatives were taken to reduce dangerous goods waste, decrease exposure to chemicals by employees, and reduce water usage (see our 2022 report). These were continued in 2023 and the ISO 14001 for environmental management was renewed. Additionally, Printmasters started monitoring all waste per department using smart scale registration. The objective is to understand the origin of generated waste and evaluate the reduction possibilities of each waste category. In 2023, all recyclable materials (paper, carton plastic, wood and metal) were recycled, representing 39% of Printmasters' total waste (excluding batteries and electronics). On top of that, there is a pilot project to compost office food waste!

Taking responsibility for our items

As an importer of goods into the EU, we have certain responsibilities regarding waste management as mandated by law and we take some voluntarily. In this case, 'waste' is calculated by monitoring the goods or parts of goods (like batteries, packaging) which are imported into markets, knowing they will at one point end up as waste of some sort. Being accountable for what you contribute to waste streams is a critical step to a future-proof economy!

Our supply chain waste policy guides our activities around recycling and extended producer responsibility (EPR) schemes in the markets where we import (sell) our products. This policy includes mandatory and voluntary waste declarations for waste electrical & electronic equipment (WEEE), batteries, packaging, and textiles.

Waste represents 0.15% of our total CO₂ footprint 2023

For these, we declare the relevant quantity and weight of products sold ('waste') and pay a fee based on these figures. This fee supports waste management and recycling programs. Declaration reporting complies with national legislation and EU EPR directives.

To account for our contribution to textile waste as a result of our products entering European markets, we have joined the foundation Stichting UPV Textiel in the Netherlands. The organisation manages the EPR responsibilities (in effect as of 1 July 2023) for its members by organising the collection, reuse and recycling of discarded textiles. Furthermore, it works to encourage consumers to hand in more clothes and textiles via textile bins or shops.

Extended producer responsibility (EPR)

Did you know that the concept of EPR has been around since 1994? This principle extends the responsibility of product producers to include the product when it is 'post-consumer', meaning when consumers have disposed of the item and it has entered waste cycles.

There are many benefits to introducing such a policy! Companies are motivated to make long-lasting products and are more critical when it comes to product development. Managing waste in the most effective and sustainable way and working towards a circular economy takes innovation and investment. The EPR means companies bringing items to market that eventually become waste contribute financially to this system change.

Water

Almost any activity requires water, resulting in a 'water footprint'. The textile industry is notorious for its water usage. For example, water that is used to grow raw material crops like cotton and water used to dye fabric. To remain aware of our impact across the board – not just emissions – we applied an LCA to our iqoniq apparel range which includes a water footprint. A water footprint is calculated using data from main water usages in the supply chain: wet processing (such as dyeing), chemical use and production, electricity production, fuels (transport and for heat generation) and from farming activities, where applicable.

Innovation – our contribution to SDG 9

During 2023 Innovation, which we contribute to under SDG 9, has been further defined with a focus on innovative materials and products, alongside innovation in production and decorating. Aside from defining the terms of our contribution to this SDG, we continued our research into materials and gaining knowledge on their environmental impact.



Water consumption in our own operations remains most relevant for Printmasters. Their water saving initiatives are paying off! In 2023 water consumption at Printmasters was reduced by 94% compared to 2022. That's a 99% less than the benchmark year (2021)! The primary contributor to these savings is not washing screens used for the screen print technique but having them picked up by a third party for recycling. Additionally, the use of digital transfer technique instead has helped achieve this result.

**In 2023 water consumption at
Printmasters was reduced by
94% compared to 2022!**



Social

27	Conditions in the supply chain
31	External stakeholders
35	Employees



This section of the report is broad and detailed. Topics like human rights, health, safety, and privacy are relevant to a range of internal and external stakeholders. This year regulatory developments supported our continued efforts to monitor social topics in our supply chain. Considering our downstream stakeholders – customer, end users – are our product quality and safety activities.



Total number of suppliers

125

Total number of direct suppliers⁵

104

Direct suppliers with a valid social audit

85%

Top 25% direct suppliers (based on order value) with a valid social audit

100%

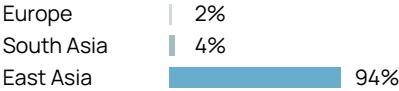
[GRI 414-1](#)

Conditions in the supply chain

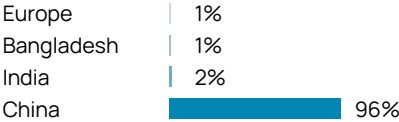
[SDG 8](#)

XD Connects HQ and Vinga of Sweden carry out procurement related to product development – sourcing products from suppliers. In the section directly below you'll find an overview of what our supply chain looked like in 2023!⁴

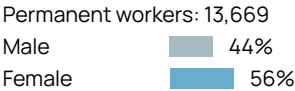
Procurement geographic spread: [GRI 204-1](#)



Geographic spread direct suppliers:



Direct supplier workforce:



⁴Suppliers with a positive order value in 2023.
⁵Direct suppliers which are manufacturers. Excluding Traders.

Procurement and human rights

We're convinced that investing in improved social conditions in our supply chain is of great value. To keep us on track – (and ambitious) – we have internal KPIs to measure our progress. New in 2023 is a KPI which integrates the manufacturers from which our trader suppliers source items: % of items manufactured in a facility with a valid social audit. We introduced this new KPI because we found existing KPIs – which excluded traders as they are not manufacturing facilities – created a blind spot for a large group of workers in our supply chain. In 2023 we completed the mapping of this group of manufacturers. In 2024 we will more actively engage our trader suppliers to improve social conditions in their suppliers' facilities.

We continue to be an active member of [amfori BSCI](#) – in 2023 we also introduced amfori BEPI as part of our environmental performance engagement with suppliers. Further strengthening our commitment to the amfori BSCI framework was our selection for the amfori BSCI Working Group; starting in 2024 XD Connects is

represented in this group and will contribute to the continuous improvement in quality, effectiveness, and impact of this framework used by the majority of our suppliers. [Sedex SMETA](#) and [SA8000 Standard](#) audits were also performed among our suppliers in 2023. Not considered in our KPI reporting as a social audit but we also value GRS and FSC® certification for the labour standards requirements they set certified suppliers.

All suppliers agree to the BSCI Code of Conduct by way of accepting our purchase agreement; the BSCI Code of Conduct is also included in our company Code of Conduct. A third-party social audit is a requirement for new vendors. Social audits are part of vendor evaluations and for vendors who are not willing to start or continue an audit cycle we re-evaluate the fit of the relationship.

In 2023 we saw 6 vendors start their social audit for the first time using amfori BSCI. This commitment to an annual audit cycle is a milestone and promise of positive impact for workers.

Another impact in this area is the increase in semi-announced social audits as opposed to fully announced. In 2023 all audits planned in by XD Connects were either semi-announced or unannounced. This means that the day of the audit is not known to the supplier, but – for semi-announced – a window of 1 week is given instead. Auditing a situation in the facility that is as close to everyday reality for workers as possible will create the biggest impact. Just under one third of semi-announced and unannounced audits this year among our suppliers was planned in by XD Connects (26%).

The results for social audits in our supply chain for 2023 are very positive! We're pleased to see suppliers are willing to plan semi-announced audits rather than fully announced. This style of audit gives the auditor a more accurate impression of the conditions at a manufacturing site. As having a social audit will become more common place, a focus on our other KPIs will naturally increase. In 2024, for example, we will engage our suppliers on living wage.

Style of audit, direct suppliers

Fully announced: **48%**
Semi-announced: **51%**
Unannounced: **1%**

Top-25% direct suppliers' human rights related performance⁶, compared to 2022

■ Worse: **19%**
■ Equal: **46%**
■ Improved: **35%**

Based on the number of findings reported (by a third-party auditor) for selected human rights performance areas during 2023 social audit compared to 2022.

⁶ Includes only suppliers with a valid social audit. Considers human rights performance areas in BSCI and SMETA framework.

Risk in the supply chain

Mapping risks in the supply chain is an ongoing effort. The further we are able to map our supply chain, the more insight we get into the risks both on human rights and environmental topics. Evaluating risks in the supply chain is part of our general company risk assessment.

There are several initiatives through which we manage our risks, although there is no official grievance mechanism for supply chain workers at XD Connects. We recognize the value of such a mechanism for the value chain and we have included it in our KPIs. We monitor the presence of an operational-level grievance mechanism in audited facilities through another KPI.

We consider annual, third-party social audits according to an independent framework to significantly reduce the risk of human rights violations. As a member of amfori BSCI we are linked to audited suppliers and are notified of any zero tolerances encountered during an audit. In

such cases, the supplier's buyers are called upon to address this issue within a set time window, and thereby mitigate or reduce risk. In 2023 we did not experience any zero tolerances like this. The risks involved in zero-tolerance related situations such as child labour and forced labour were also recognized in the Double Materiality Assessment.

Another risk management tool is the fact that we are part of certified supply chains (e.g. GRS or FSC). Such frameworks involve audits and requirements around critical factors like chemical usage, labour standards, and responsible sourcing.

Our commitment to a responsible supply chain and in-depth monitoring also brings commercial risk. An example would be a zero-tolerance case in our supply chain, or non-compliance with voluntary standards. Our commitment means we need to take immediate, effective, and transparent action.



Apparel: a high-risk product group

In 2023 the iqoniq brand was launched. This brand of apparel items was first produced in Bangladesh and later in the year also in China. Given the high-risk profile of the industry and production country, we set a goal to ensure Tier 1 and Tier 2 manufacturers had a valid social audit; for other items in our collection we currently focus only on Tier 1 manufacturers.

Our Tier 1 suppliers do both weaving and dyeing, delivering the final garment. Tier 2 are the spinners. Despite our policy for all steps in the chain to have a valid social audit, one of the newly added spinners in Tier 2 in Bangladesh did not have a valid audit in 2023. They have scheduled their first social audit via a third-party framework for 2024. To avoid this in future, we have reviewed internal workflows to better integrate our KPI into vendor onboarding. Although our KPI was not met for 2023, it is worth mentioning that both spinners in our supply chain in Bangladesh initiated their first social audit via a third-party framework because of our policy, the start of a long-term audit cycle benefiting workers.

Aside from social audits, we also certify the materials in our garments. OCS for organic cotton, GRS for recycled cotton and polyester. Furthermore, all items are OEKO-TEX® certified to ensure no harmful chemicals are used. The physical Aware™ tracer technology is also applied in the recycled content – ensuring traceability through the chain – delivering a digital product passport for each item.

[GRI 407-1](#)

[GRI 408-1](#)

[GRI 409-1](#)

Human rights due diligence regulation

Running alongside our own ESG strategy and values are national and regional legislation. In recent years a strong focus on due diligence in the supply chain has resulted in more (proposed) legislation related to this topic. Companies are being asked to map their supply chain so they can better understand the risks and mitigate these risks. For Human Rights Due Diligence (HRDD) the below legislation are directly applicable to XD Connects.

The [Transparency Act Norway](#) requires large companies selling products in Norway to carry out HRDD in line with the OECD guidelines. Companies are expected to monitor their supply chains and other related relationships on these guidelines. Active communication is expected towards consumers. Our risk management tool enables us to keep track of human rights risks in the supply chain and we communicate transparently on human rights performance of suppliers by sharing third-party social audits carried out at manufacturing facilities.

The [UK Modern Slavery Act](#) and the [Australia Modern Slavery Act](#) have a similar foundation and application, with the UK having a lower threshold for application. The acts require companies to have better insight into their supply chains. They must describe steps that are being taken to deal with modern slavery risks in the supply chain and in their own business. Our Modern Slavery Act Statement is available in our ESG Library and pertains to both the UK and Australian acts, although the Australian Act is not specifically referenced. This document is updated annually to reflect our progress, activities and learnings.

XD Connects keeps updated on global HRDD legislation ensuring we comply whenever legislation is applicable to our company. By including social conditions and human rights as one of our main pillars in the ESG Roadmap we recognize the importance of this topic.



External stakeholders

Our ESG roadmap integrates all our stakeholders, including external parties up- and down-stream in our supply chain. As discussed in previous chapters, suppliers are a key stakeholder in this respect. Our customers are the target audience for our communication on ESG initiatives and we receive feedback from them on these topics. Another group are the end users of our items, who can expect a high level of compliance in terms of quality and safety, and voluntary standards. In this section we cover how we benefit these groups.

Engagement with suppliers

In previous sections we've described how we collaborate with suppliers on environmental and social topics. The product development teams at XD Connects and at Vinga are in close contact with suppliers, as are the ESG team and Shanghai-based colleagues.

Regarding the financial relationship with suppliers, contractual payment terms are followed as set out by XD Connects, which is mostly in the range of 1 to 45 days. No distinction is made regarding the size of the company. Payment can be delayed if the supplier did not fulfil their agreed upon obligations.

ESRS G1



Top 4 social media posts of 2023

We use social media to update our stakeholders. These posts showed the highest engagement rates (the ratio of views to user interactions). A sign our audience is interested in corporate achievements, employee experiences, innovative services, and brand videos reflecting values and mission.

[Benelux Team Crowned Supplier of the Year](#)
[Norway Team Awarded Supplier of the Year](#)
[Announcing a New Era at XD Connects](#)
[Launch of Fast & Easy Logo Tool](#)

Communicating with our customers

The default approach to our external communication is to be transparent and complete when it comes to ESG. In 2023 we continued this best practice. Customers / visitors to our website can find detailed information on product pages accompanied by links to explanatory pages about ESG topics like certification and social audits. All documents related to quality and safety regulations are available for customers on product pages.

Aside from ESG content on our main website, we continue to keep our dedicated [ESG website](#) up to date, adding a specific page for human rights in the supply chain in 2023. As we have a policy not to make any ESG claims without evidence and transparency is one of our ESG roadmap pillars, our ESG Library continues to be publicly available.

The ESG Library also contains all Annual Impact Reports where we share our KPIs and our progress. Our approach to transparency and ESG claims has prepared us for upcoming regulation on supply chain due diligence and anti-greenwashing. In 2023, there were no incidents of non-compliance concerning marketing communications.

In 2023 we ramped up our efforts to inform customers about ESG topics and how these relate to their relationship with XD Connects. For one, representatives from the ESG team visited customers in the UK, Nordics, and France. These engagements proved fruitful and will likely be repeated and expanded to include other countries in 2024.

Customers sometimes visit our office locations and the decorating facility at Printmasters. On occasion, customers conduct their own audit during such visits. Here we share one testimonial from a key UK-based customer visiting Printmasters in 2023:

“It was good to return after 4 years and see the very positive changes and the addition of a new building! I was very pleased with the factory, your processes and procedures, and focus on quality and sustainability that puts you as one of the leading companies in the promotional industry.”

- Key UK customer, in-house auditor



In our engagement with customers we collect and store data. The XD Connects Privacy Policy is available on our [website](#). This policy and our internal data collection systems are compliant with the European General Data Protection Regulation (GDPR). In 2023 there were no data leaks. Employees at XD Connects follow an e-learning on Phishing Awareness and Secure Passwords to safeguard security.

Health and safety of end users

Every new item and reorder is checked by way of a risk analysis according to the general product safety 2001/95/EC before ordering. When the vendor can't guarantee the item is compliant, we will not order the item. In 2023, due to a pre-production sample not meeting the standards set out in our compliance system, orders for four items were not placed. In 2023 there were no instances of non-compliance with regulations or voluntary codes concerning health and safety, nor were there any concerning provision of information and labelling. Should any of our products in

the market not comply with safety regulations, our recall policy would apply.

In July, the Netherlands Food and Consumer Product Safety Authority (NVWA) checked two items from our collection for compliance with mandatory EU legislation and to review the quality of our risk analysis process. The NVWA carries out randomised spot checks at companies selling goods that come in contact with food (e.g. lunch boxes). One of the two items has been approved; the second is still being assessed at time of writing.

Meeting our high quality standards

The design, quality, and compliance with regulatory (e.g. REACH) and voluntary standards (e.g. FSC) are all considered in product development. Pre-production, it is the team responsible for quality assurance (QA) that ensure all specifications from the product development phase and compliance have been applied by manufacturers; our quality control team (QC) does this post-production. This process is critical in safeguarding the safety of end users and ensuring communication on

topics like product certifications and disposal (such as the Triman logo) is best practice.

Our internal QA/QC team in Shanghai inspects samples of every order. That's a lot of orders! The dedicated team of eight colleagues in QC follow the schedule set up and use an application to efficiently report on the QC inspection. They inspect the samples against the agreed upon specifics resulting from our product development and compliance workflows. Passing the QC check is a prerequisite for shipment of our goods to ensure our high standards are applied consistently to all orders. For items not produced in China, the manufacturers apply in-house QC inspections and share reports with the Product development team; like with the orders coming from China, post-production samples are sent to HQ to be checked and approved.

Our quality management approach extends to our decorating service. Printmasters is ISO 9001 certified for its quality management system. Like in the Shanghai office, there is a dedicated QA/QC team on site,

reporting directly to the Managing Director. The QA/QC at Printmasters starts before an item is introduced to the collection. Tests to verify and validate decorating techniques are done and tested to see if this can be replicated at the standard quality level for all orders. For all orders, a first piece is done and approved; the result is registered for future reference. A final QC is done after decoration, at the packing stage. Here, the industry AQL is applied – acceptable quality limit. There are systems in place to escalate should there be deviations from the desired decoration. To monitor our performance a KPI on complaints received related to decorations was introduced. In 2023 less than 1% of decorated orders received a decorations-related complaint. On top of the KPI monitoring, there is a detailed monitoring system tracking complaints and mistakes prior to delivery for internal analysis.

Our industry

XD Connects offices across Europe are members of various industry associations, giving us access to key market developments and aligning ourselves with their codes of conduct. Our membership to these organizations is visible on our [website](#).

For the Dutch association (PPP) we were once again invited to host part of the sustainability session in the PPP Academy courses, sharing our ESG expertise with other industry professionals.

In 2023 we received the following recognition from our industry, including our customers.

At the XD Connects office in Rijswijk, we accumulate a lot of products by way of samples requested during product development or products previously displayed in our showroom or at fairs. [We've partnered with a local non-profit to give these products a \(new\) home.](#) Festijnabrikozenplein organizes neighbourhood festivities for kids during the school holidays; something they can talk to their friends about when they go back to school! Our items are a welcome complement to an already great day. Festijnabrikozenplein has put us in touch with other local organisations like De Club van 4 which distribute some of our items to families with a lower income. We are grateful to our committed partners for enabling our contribution to the community!



↑ Benelux Team Crowned Supplier of the Year

[GRI 2-28](#)

[GRI 2-29](#)



HH Global

→ Sustainability Award



TOP 1 Business in Romania

→ awarded to Printmasters by The National Council of Small and Medium-sized Private Enterprises for its sector



BPMA Product Award 2023-2024 – GOLD

→ for IqonIQ Abisko Recycled Cotton Zip Through Hoodie (UK)



BPMA Product Award 2023-2024 – PLATINUM

→ for Dillon AWARE™ RPET lightweight foldable backpack (UK)



BPMA Product Award 2023-2024 – PLATINUM

→ for Soda RCS Certified Re-steel Carbonated Drinking Bottle (UK)



'Pushing the Boundaries Award' 2023 (UK)

→ Brand Addition



'Proactivity Hero' 2023 (UK)

→ Fluid Branding



'Fluid Futures Leader' 2023 (UK)

→ Fluid Branding



'Supplier of the Year' 2023 (UK)

→ Fluid Branding



Supplier of the Year Award 2023 (NL)

→ PromZ Awards



Supplier of the Year Award 2023 (FR)

→ L'Objet Media



Supplier of the Year Award 2022/23 (NO)

→ "Blekkspruten" Awards

Employees

The supply chain is a big focus for us when it comes to impact, and our customers are key in external communication practice, but our own workforce is not forgotten when it comes to the social pillar in ESG!

Employees are part of one of the following entities within the holding: XD Connects, XD Connects Shanghai, Vinga, and Printmasters. Any front office sales representatives in various countries without a physical office are included under XD Connects, except for Netherlands-specific matters where XD Connects HQ is mentioned specifically. Many ESG areas relate to employees and are part of our day-to-day like safety, compensation, fair treatment, and representation.

Collective labour agreements

By far the biggest development in terms of benefits and rights for employees is XD Connects HQ joining a collective labour agreement (CLA) in April 2023. Joining the CLA of the MITT (acronym translates to 'fashion, interior, carpets, and textile industry') is a legal requirement for our company in the Netherlands because we sell textiles. The CLA MITT runs from 1 January 2023 until 31 December 2023. After this time, it must be reviewed. This is done by the unions involved. The unions represent employers and employees.

Negotiation is mostly about salary, pension and the duration of the next applicable document. In 2023 the negotiation led to an agreement in May.

As part of this transition, all job profiles were placed in the payment bands of the CLA; XD Connects enlisted the help of external expertise for this exercise. The Board of Directors was not in scope. All changes to the terms of employment for employees were discussed with the employee representation body – Soundboard – prior to implementation and information sessions were held with employees. All employees signed a new contract to reflect the changes.

At Printmasters, the CLA is renewed every two years; the whole procedure follows the Social Dialogue Law, applicable in Romania. The parties participating in the (re)negotiation of the CLA are the Management and the elected employee representatives. The clauses included in the Agreement are applicable for all Printmasters employees and are established according to the Romanian Labour Code and other related local laws. For all important decisions concerning Printmasters employees, employee representatives are consulted or informed, depending on the matter at hand.

Vinga is in partnership with a local (Swedish) trade union which includes all employees. This means carrying out an annual review together with trade unions to map employee salaries against the market. In addition, Vinga has a number of obligations to inform the trade unions in the event of major changes to the business. Vinga works closely with the trade union and conducts recurring negotiations if deemed appropriate.

The Shanghai office is bound by the Labour Contract Law and the Social Insurance Law in China. These laws guide the contractual relationship between employee and employer, outlining the rights and obligations, but also covering critical issues like working hours and safety.



Specific benefits

Benefits as stipulated under the CLA are applicable to all employees, including temporary or part-time employees. Our employees are entitled to take family-related leave as arranged in the terms of employment and the CLAs applicable to the separate entities, as well as national law. Family-related leave is monitored and registered by entity and by gender, as is parental leave; these are not separate KPIs. At Vinga, skills trainings are made available to any employees on parental leave who wish to keep up to date while on their leave.

For the Netherlands office (HQ) we have a confidential counsellor where employees can voice their concerns anonymously, also regarding discrimination issues. The results (anonymized) are shared with the HR department periodically to determine if any action needs to be taken to prevent future incidents. To protect employee privacy, information concerning these reports

is not openly shared in the company but is only shared with the relevant persons if follow up is required.

At the Vinga office, employees are provided with a range of benefits in addition to those stipulated by law, for example each employee has a wellness allowance that can be allocated to health-promoting activities or products. Terminal glasses and eye examinations are provided if needed and a health partner is available. Employees can access support or physical rehabilitation services.

Diversity and inclusion

XD Connects monitors diversity and inclusion by way of several KPIs. Monitoring ethnicity and religion of employees is prohibited by law so the focus lies on age, nationality, and gender. In recruitment of staff we hold both genders to equal requirements based on their experience and knowledge related to the position. The gender diversity at holding level is 70% female and

30% male. The Board of Directors and the supervisory board are all male. XD Connects monitors pay gaps between male and female employees. This information is available internally and is shared with the Board of Directors to make sure we reduce the salary gap where applicable.

Since 2021 XD Connects is a partner of a project that aims to engage potential employees that have difficulty finding employment as a result of physical or mental challenges.

We track total new hires and employee turnover in percentages, however we do not track them by gender or age-group. We do not track employee turnover for temporary and non-guaranteed-hours employees specifically. A division of full-time and part-time employees is available, but not by gender.

Demographics

These statistics include all entities under the Hunter Acquisition Holding. The total number of employees included is 745.

Gender (%)



70% Female 30% Male

Age



Learning and development

At XD Connects HQ there are annual reviews with all employees where all employees will be asked if they need any training to develop their skills. Newly hired employees also have a discussion with their manager after their probation period (1 month) where performance and skills are covered. In 2023 the learning and development part of this review was updated to enable a deeper reflection by employees of their training needs, making concrete training requests, and to set goals.

Internal company e-learning is offered to all employees of XD Connects and the Shanghai office. The aim was to role this out at Printmasters and Vinga in 2023 but this project was delayed. Topics include IT security, health and safety, fair business practice, and ESG. This learning tool is also used for on boarding training for new employees and enables monitoring of trainings done by employees at each level. As they cannot access the same software as at HQ, the Shanghai office launched their own e-learning through Cool College.

A total of 23 online courses were made available to employees last year! Two courses are mandatory for staff in the Shanghai office, namely Data Security and Fair Business Practices.

At Printmasters, a well-designed introduction plan guides an employee's first steps in development. There are set moments to evaluate an employee's performance: after three months of employment, after twelve months, and then annual evaluations. All these are followed by internal or external trainings to develop hard or soft skills. Continuous improvement, an important part of our organizational culture, is seen not only related to processes and procedures, but mainly in terms of a constant learning and development of Printmasters' main asset – its people.

Vinga holds annual career reviews with all employees where goals and skill training needs are also mapped out. Managers at Vinga take a course aimed to further develop their skills in leadership and communication.

XD Connects Shanghai office →

[GRI 404-3](#)

[GRI 403-5](#)



Health and safety

All employees are covered by the health and safety management of the company, without exception. Each entity defines policies according to their operations and applies local legally mandated policies where applicable. No fatalities as a result of work-related injuries or ill health were reported in 2023. Work related injuries only pertain to Printmasters it concerns 0 days, the LTIF rate was 0%.

At the Dutch office, a 'risk inventory and evaluation' (RI&E) is performed by an external party mandated by local legal requirements. The frequency depends on changes in the office – the last assessment was done in 2022 and one is planned for 2024. The RI&E results in a report outlining findings and actions to be addressed during the year and registered in an online portal. There are two prevention officers who oversee this process. The other, smaller entities with office space under XD Connects do not have external health and safety assessments yet.

At our decorating facility, occupational health and safety is a priority. There are clear policies in place to ensure the safety of employees also when operating the machinery. Projects of improving working conditions in all areas are in place, with focus on pre- and post-press operations (i.e. before and after decoration). All substances used in our facility are REACH monitored and none contain substances from SVHC list. Printmasters has a full-time health and safety officer as well as a full-time environmental officer that reports directly to the managing director. They work together with the Innovation team to assure that only materials and inks compliant with our policies are used for decoration of products.

In addition to the above, Printmasters has a Sedex SMETA audit and an annual review of the ISO 45001 standard certification to make sure best practice is maintained. The SMETA audit was not re-audited in 2023 due to the audit cycle aligning with high season and

the new warehouse addition being still in progress, but it is planned for 2024 and henceforth re-audited annually, as before. Both audits are carried out by a third party.

The Vinga office carries out a risk assessment if there are major changes (as mandated in the CLA). General safety checks are done periodically, up to four times a year. At the Shanghai office there are annual health checks for employees who have passed their probation periods.

Regarding privacy and data protection for employees, in 2023 XD Connects enlisted a third party to assess the maturity of our privacy and data protection arrangements, specifically in the human resources department. The results showed areas of improvement regarding the department's operations and the organisation at large. These recommendations will be reviewed and where relevant applied in 2024.

Sedex SMETA audits

Sedex is an independent organization that has a framework for social audits, like amfori. Their social audit is called SMETA and Sedex Members Ethical Trade Audit. An auditor trained and licenced by Sedex audits a facility like Printmasters. The auditor reviews performance on labour, health and safety, environmental and ethics. Auditees can choose to opt for 2 pillars of all 4 pillars to be audited. Printmasters audits all 4 pillars. Their findings are compiled in a report made available to Sedex members and which can be actively shared by the audited company. No score is given but non-compliances and best practices are clearly listed and audited companies have to respond to these with a Corrective Action Plan Report. There are no expiration dates on SMETA audit reports, but annual re-audit is considered best practice so that is what is done at Printmasters. Stakeholders can connect with Printmasters on the Sedex portal for report details.

ISO 45001 – Occupational Health and Safety

ISO standards are set by the International Organisation for Standardisation. Their aim is to standardize practices which are adopted across industries and businesses. ISO 45001 specifies the requirements for occupational health and safety management systems. The consensus is that companies operating according to this framework can improve their OHS practice.

Governance

- 40 Structure and composition
- 41 Overseeing ESG at XD Connects
- 42 Responsible business conduct



Governance

Responsible business conduct has its roots in governance. This chapter demonstrates how our company is governed and where the checks and balances lie. It should be clear from the information shared here how ESG is safeguarded in our business operations and how ESG influences decision-making at the highest level.

Structure and composition

The governance structure at XD Connects is headed by the Board of Directors, consisting of a CEO, CFO, CSO, COO, and the Directors of Printmasters and XD Connects Shanghai. They form the highest decision-making body and organize the running of the company.

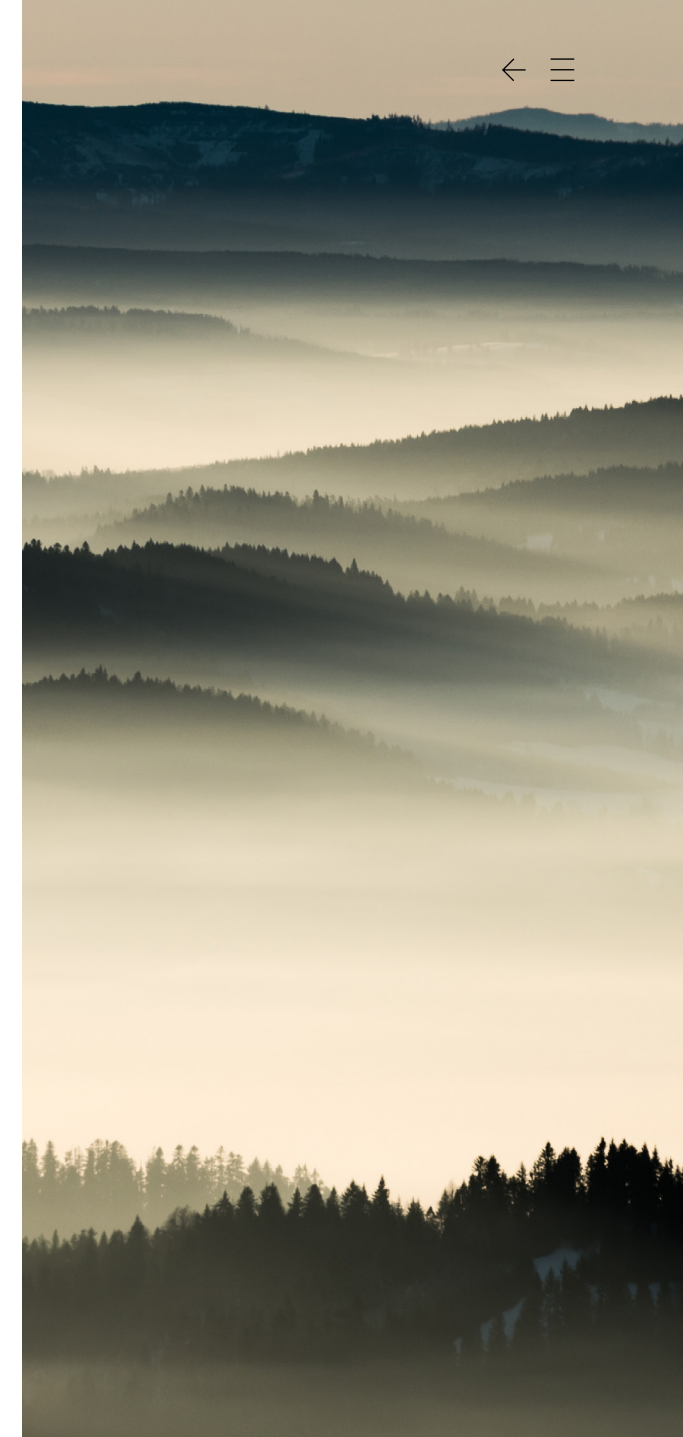
The Board of Directors C-suite is the highest body on decisions related to the organization's management, including implementation of ESG strategic decisions. The highest governance body consists of one executive member (the CEO) and five non-executive members; together they make up the Board of Directors. There are no fixed tenures for board members. The longest presence is 25 years, the shortest presence is 10 years.

The composition of the board is all male; aged between 41 and 64; 5 white and 1 Asian. The board represents stakeholders only within the company but includes board members from the main operating locations (The Netherlands, China and Romania). Vinga has their own board of directors which reports to the XD Connects CEO.

The chair of the Board of Directors is the CEO. The CEO is a senior executive managing the directors and various departments: ESG, Product Development, human resources, and Marketing. The structure of the organization is very flat, meaning that the company has only a few management layers. This results in the spread of management over a smaller group of managers and executives.

Employment contracts for the Board of Directors contain reference to prevention and avoidance of conflicts of interest. This is mostly related to conflicting situations in which family members or other relations are active in the same industry. The board members do not hold any other commitments other than to the board and within the company to their own department or organizational entity.

A checks and balance mechanism for strategic decisions exists in the form of a Supervisory Board – consisting of one external person. Furthermore, as XD Connects is a portfolio company in private equity ownership, the private equity company also performs a checks and balances function with an eye on increasing the value of the company.



Nomination and selection

The positions in the Board are based on what is considered relevant for managing the company. If changes to the Board composition are deemed necessary for proper management and continuity of the company, this is decided internally by the Board and with advice from the private equity owner.

Should the person performing one of these positions (e.g. CSO, COO) leave the company, the new person hired will take place on the board. The Board of Directors has had the same composition for about 6 years. There is no fixed nomination or selection process. Over the last 6 years all Board members remained in the company and in the same position (on the Board).

Performance and remuneration of the Board of Directors

Evaluation of the performance of the Board of Directors on ESG topics is included in regular company performance meetings with the private equity owner, although it is not an official measuring point subject to evaluation nor formally linked to their remuneration. Any evaluations are at the discretion of the private equity owner and pertain to

overall performance. Periodic updates by the Board provide information on progress towards ESG goals. There are monthly meetings and updates in which ESG progress is evaluated. This way the Board's knowledge on ESG matters remains up to date. Evaluations are not performed by independent bodies or committees. The Supervisory board is active in an advisory role.

The remuneration policies of the Board of Directors differs per position on the Board. Board members do not receive extra bonuses, shares or other performance-based pay. Bonuses are paid according to the same specifications as those paid to all other employees in the company. No external stakeholders were involved and no voting took place.

Internally we monitor the ratio of annual total compensation of the organization's highest-paid individual compared to the median annual total compensation for all employees – this does not include Board members since they have a different compensation scheme than other employees. The Board of Directors is responsible for maintaining a fair balance of remuneration within the company. We do not share this data externally.

[GRI 2-10](#)
[GRI 2-18](#)

[GRI 2-19](#)
[GRI 2-20](#)

Overseeing ESG at XD Connects

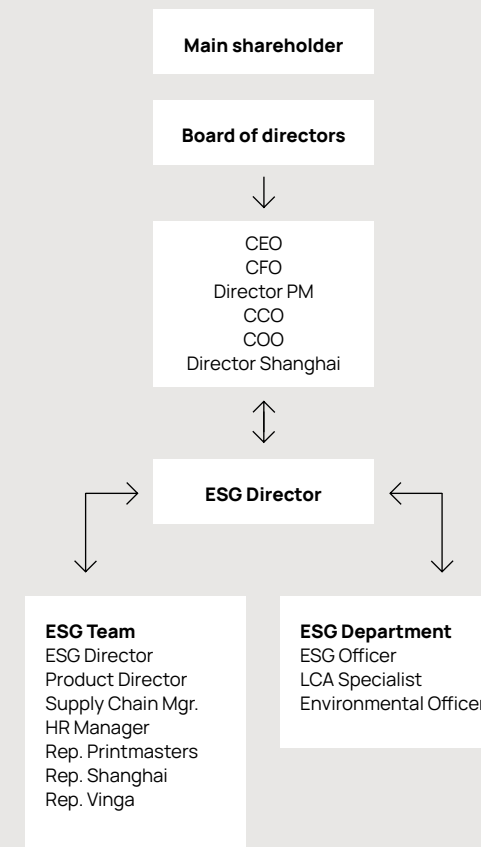
In 2022 the Board of Directors played an active role in updating the ESG roadmap, setting up committees for input and subsequent implementation. ESG due diligence is integrated within general due diligence. The company risk assessment includes environmental and social risk factors. The Board reviews this at least annually to determine if the expected risks requires further due diligence, usually in Q1 of the calendar year. Engagement with stakeholders happens mostly during the review of risks (relevant directors and managers) and materiality assessments.

The results of the risk management reviews and the materiality assessment are considered and discussed among the management team and implemented by the Board of Directors.

Reviewing and approving reported ESG information is mainly the responsibility of the ESG Director and does not include verification by the Board of Directors. The Board is always notified of reporting documentation, especially if it is external reporting, and gives feedback. Depending on the content they provide final approval.

[GRI 2-12](#)
[GRI 2-24](#)
[GRI 2-14](#)

Governance of ESG topics



[GRI 2-13](#)

Responsible business conduct

XD Connects has a Fair Business Practices policy and a Code of Conduct which also covers responsible business principles and references the amfori BSCI Code of Conduct. This is an important part of our operations, and we monitor relevant KPIs. With our membership to industry associations we commit to their codes of conduct, which also refer to responsible business practice.

All employees at XD Connects, the regional offices in UK, Spain and Italy, and XD Connects Shanghai are trained on responsible business conduct via mandatory trainings on our internal online learning platform. These include training to recognise and prevent harassment and fair business practices training.

Critical concerns

In 2023 no conflicts of interest in our governance bodies were identified. There is no fixed frequency of reporting

but upon request any instances will be shared with the private equity owner, who is the controlling stakeholder as applied in the organizations consolidated financial statements.

No critical concerns were communicated to the Board of Directors during the reporting period. Any critical concerns from internal stakeholders are communicated to the Board of Directors using the whistleblowing policy – which was updated in 2023 – or, when concerning labour disputes, through the HR department. The Soundboard (employee representation) and management team also have the responsibility to voice critical concerns observed. A formal grievance process will be implemented within all entities by 2025. For external stakeholders there is no fixed grievance mechanism or other process available to this end; this is a company goal for 2030.

Transparency

Change is brought about by transparency. Without being transparent about our targets and progress, we can't be held accountable for our performance. Without being transparent about our claims, they do not generate the trust expected by the market.

In 2023 we continued to share important documentation on our [ESG Library](#) – certifications, policies, and reports. Our first annual Impact Report was published here, too. Our commitment to SBTi is public; once our targets are approved, these will also be communicated externally. Our Ecovadis result – an annual external assessment on ESG performance – is available in detail to customers who are signed up to Ecovadis and at high level on our website.

Read more about our transparency towards customers regarding our ESG claims on products in the Environmental chapter.

“Change is brought about by transparency. Without being transparent about our targets and progress, we can't be held accountable for our performance.”

Ecovadis

Ecovadis is an external assessment of ESG performance by companies. Based on company size and sector, the assessment is generated including key ESG topics. Companies complete the questionnaire by uploading supporting evidence. After the evidence is reviewed by Ecovadis analysts, a score out of 100 is assigned to the company. A company's score relative to others in their industry determines the medal received (platinum, gold, etc.). The Ecovadis questionnaire includes topics that are recognised to be important for responsible business

conduct and present a valuable guideline to integrate into our ESG roadmap.

We completed our first Ecovadis assessment in December 2017, reporting on the performance and activities in 2017. Since then we've used the results of the survey to implement improvements where relevant. In 2023 we submitted an assessment over our 2022 performance. The score was 72 points out of 100 and a gold medal. We were in the top 96th percentile of our industry!

Ecovadis scoring over time

2017	Silver	<div><div></div></div>	52/100
2018	Gold	<div><div></div></div>	68/100
2019	Gold	<div><div></div></div>	68/100
2020	Platinum	<div><div></div></div>	73/100
2021	Gold	<div><div></div></div>	67/100
2022	Gold	<div><div></div></div>	72/100

Reporting period



↑
Ecovadis gold medal



An important note when comparing Ecovadis scores over time is that (1) the Ecovadis assessment is updated (e.g. new questions, different scope, changed weighting) and (2) the scoring as it relates to the medals is updated meaning different thresholds apply. Nevertheless, this assessment remains a useful exercise to measure progress on ESG.

Corporate culture

At XD Connects, our culture started out as being very entrepreneurial (reflecting our origins in 1986) and has transformed into a more professional culture. We recognise clear, long-term goals in our culture which includes an established set of values and behaviours. We promote a working environment that enables employee development. Part of the transition to a more professional culture was creating a wide range of policies and sharing these with employees to encourage shared beliefs and work ethic.

Fast forward to 2023 and we still hold on to that entrepreneurial spirit while building on what was developed over many years. The rebrand in 2022 played a large part in that. This process included a company name change, establishing a clear mission & vision, and a new HQ office location. The outcome was an ESG-focused culture with high ESG ambitions by which we introduced a renewed sense of purpose into the business, including all departments and entities in decision making and understanding of ESG subjects.

XD Connects HQ office →



This has been a significant change requiring a lot of flexibility from our colleagues but also an inspiring one that defines value for our day-to-day in the greater scope of global challenges. Our colleagues are the ones that make the current and future success of our company possible. Our corporate culture is reflected in several core values:

- **Take responsibility towards our community:**

Here, community is defined as the ecosystem of our stakeholders. This includes our employees. In our Values we state:

"We recognize our responsibilities to all these stakeholders and make our decisions keeping in mind their wellbeing. We welcome people to our company who share these same fundamental values, whilst advocating diversity".

- **Be open and transparent:**

We aim for maximum transparency, sharing as much as possible with our employees and including them in the future of this company. The culture of openness, being able to share (critical) thoughts and ideas, is what makes our company what it is. Openness fosters new ideas, creativity, a feeling of inclusion and a diverse set of people who all fit in or stand out in their own way.

When we consider how corporate culture helps advance our mission to create positive change, we can apply this to our own colleagues:

What is the overarching goal of our company?

Strive for positive change

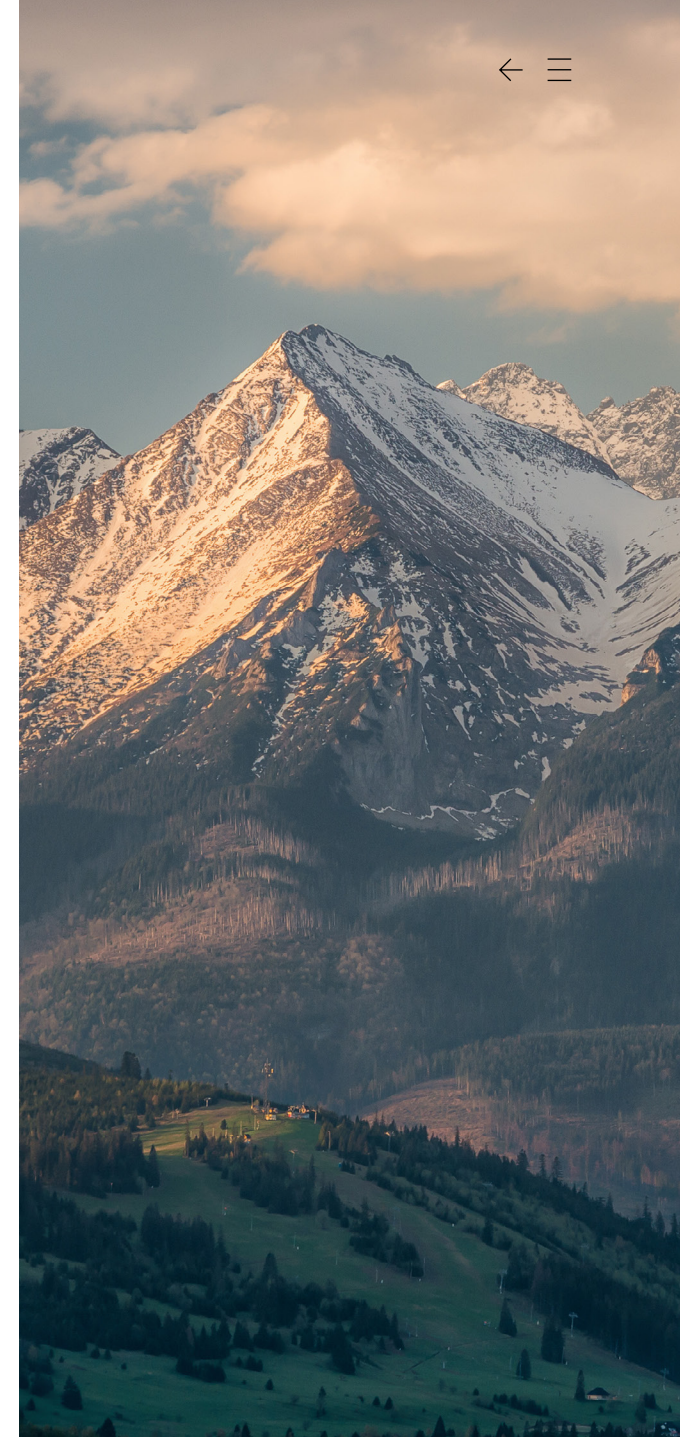
Who can make this happen?

Employees

How do we envision achieving this?

By engagement, commitment, and transparency

In 2023 we defined a project on ESG Employee engagement. The purpose of this project is to collect feedback from our colleagues on experience, contribution and involvement in ESG as a focus within the renewed company strategy. Furthermore it will serve as a tool for retention and recruitment, and most importantly serve to further improve employee experience, personal development and the feeling of a joint purpose.



Looking ahead to 2024

This report will remain available in the library of our ESG website. Any feedback or questions about the content of this report can be shared with esg@xdconnects.com. To close this report we share some of the ESG initiatives planned for 2024.

New Vinga office

Vinga will change offices in 2024! As agreed with the union, a new risk assessment will be carried out at the new location, including action plan to account for any uncertainties and risks around the move.

Environmental

In 2024, XD Connects will attain their ISO 14001 certificate. We will also increase the number of suppliers with a BEPI assessment giving us a more complete picture of our suppliers' environmental impact. Printmasters and XD Connects are developing a tool to calculate the CO₂ footprint of all decorations.

Supply chain social impact

The first step in a larger, long-term project around living wage in our supply chain will start in 2024. The lowest wages paid by our suppliers will be mapped via social audit data and compared to the living wages in those regions.

Responsible purchasing policy

In 2024 we will release an internal responsible purchasing policy. This policy relates to all purchases that are not for product development, like office, finance, or logistics purchases of goods or services. This policy will be applicable to all entities in the holding.

Human resources

Many firsts will take place in 2024: individual employee goal setting; the employee satisfaction survey includes all entities for the first time; and a specific policy on diversity and inclusion. A project to monitor ESG engagement among employees will be set up with the aim of helping employees recognise their contribution to our vision and mission, and strengthen the corporate culture. Any areas of improvements resulting from the data privacy assessment carried out in 2023 will be implemented.

Printmasters

In 2024 all solar panels will be at full use. More in-depth monitoring of areas such as air quality, temperature, noise, light, will lead to more targeted improvement initiatives for a workplace of choice. The smart scale solution regarding waste and effective dashboarding will be applied. The pilot project around composting food waste in the office will be scaled up. The apple orchard first planted in 2022 – currently at 30 trees – will be expanded.

More ESG on our communication channels

We're doubling down on our ESG communication in 2024. Watch this space! There is plenty to share and there will be renewed focus on training/learning.

CSRD reporting

Next steps will be taken to prepare ESRS reporting on the material topics identified in 2023 and engage stakeholders on these topics. Since XD Connects already had a comprehensive ESG Roadmap and a high level of experience and knowledge, the 2023 assessment was based on this already available data. In 2024 the results will be tested against stakeholder engagement.

SDG 9: innovation

In 2024 ownership of embedding innovative materials will be assigned to an ESG team member who will plan for the use and sourcing of such materials in our collection. Given the expected increasing resource scarcity, the urgency to find alternative and lower impact materials remains an important focus at XD Connects.



Annexes

48	Annex 1: Abbreviations
49	Annex 2: Key Progress Indicators
50	Annex 3: Connecting business to the SDGs
51	Annex 4: GHG disclosures of the Holding
52	Annex 5: GRI content index



Annex 1: Abbreviations

amfori BEPI	amfori Business Environment Performance Initiative	LTIF	Lost Time Incident Frequency
amfori BSCI	amfori Business Social Compliance Initiative	NGO	Non-governmental organization
BPMA	British Promotional Merchandise Association	OCS	Organic Content Standard
CLA	Collective labour agreement	OECD	Organisation for Economic Co-operation and Development
CO2	Carbon dioxide	PP (recycled)	Polypropelene (plastic)
CSRD	EU Corporate Sustainability Reporting Directive	QA / QC	Quality assurance / control
DMA	double materiality assessment	RCS	Recycled Claim Standard
DPP	Digital product passport	REACH	Registration, Evaluation, Authorization and restriction of Chemicals
EPR	Extended producer responsibility	SA8000	Social Accountability International standard
ESG	Environmental, social, governance	SBTi	Science Based Targets initiative
ESRS	European Sustainability Reporting Standards	SDG	Sustainable Development Goal
FSC®	Forest Stewardship Council®	Sedex SMETA	Sedex Members Ethical Trade Audit
GHG	Greenhouse gas	SVHC	Substance of very high concern
GRI	Global Reporting Initiative	UPV – Stichting	
GRS	Global Recycled Standard	UPV Textiel	Uitgebreide producenten verantwoordelijkheid (see 'EPR')
HRDD	Human Rights Due Diligence	WEEE	Waste of Electrical and Electronic Equipment
ISO	International Organization for Standardization		
KPI	Key performance indicator		
LCA	Life cycle analysis		

Annex 2: Key Progress Indicators

We monitor a broad range of KPIs to keep us improving on ESG topics. Below we share results and targets for some of the KPIs relevant to our external reporting. For some, but not all, KPIs we have set (short- and/or long-term) targets. The references to external reporting frameworks are a 'closest fit' and not necessarily the exact disclosure.



		External reference			Target			Result	
KPI		GRI	SDG	ESRS	2030	2025	2023	2023	2022
E	Direct (Scope 1) GHG emissions	305-1	SDG 13	ESRS E1	181.70 tCO ₂ e			463.62 tCO ₂ e	287.31 tCO ₂ e
	Energy indirect (Scope 2) GHG emissions	305-2	SDG 13	ESRS E1	662.46 tCO ₂ e			481.38 tCO ₂ e	434.58 tCO ₂ e
	Other indirect (Scope 3) GHG emissions	305-3	SDG 13	ESRS E1				38,796.66 tCO ₂ e	41,391.95 tCO ₂ e
	GHG emissions intensity - revenue	305-4	SDG 13	ESRS E1				0.28 kgCO ₂ e/€	0.29 kgCO ₂ e/€
	GHG emissions intensity - per FTE	305-4	SDG 13	ESRS E1				54.65 tCO ₂ e/FTE	60.38 tCO ₂ e/FTE
	Share of total collection that is lower-impact products	n/a	SDG 12 & 15	ESRS E1	95%	80%	55%	76%	48%
	Volume of water consumption	303-5	SDG 12	ESRS E3				2785.6 m ³	2788.5 m ³
	Total hazardous waste in own operations	306-3	SDG 12	ESRS E2				18.9 t	20.7 t
	Total waste generated in own operations	306-3	SDG 12	ESRS E5				234.66 t	167.65 t
S	Tier 1 suppliers with a valid social audit	414-2	SDG 8	ESRS S2		90%	80%	85%	70%
	Tier 1 of suppliers with valid social audit that have a grievance mechanism in place	2-25	SDG 8	ESRS S2	100%			67%	53%
	Tier 1 suppliers with a valid social audit providing their employees a living wage	414-2	SDG 8	ESRS S2	100%			33%	32%
	Top 25% of Tier 1 suppliers (based on spend) with a valid social audit	414-2	SDG 8	ESRS S2	100%	100%	94%	100%	93%
	Suppliers in the Apparel Collection supply chain with a valid social audit	414-2	SDG 8	ESRS S2	100%	100%	100%	83%	n/a
	Complaints on total orders	n/a	SDG 12	n/a	0%	0%	0%	0,02%	0,02%
	Safety complaints by customers	416-2	SDG 12	ESRS S4	0	0	0	9	6
	Incidents associated with work-related injuries, ill health and fatalities of own workers	403-10	SDG 8	ESRS S1	0	0	0	0	15
G	Female ratio employees	405-1	SDG 8	ESRS S1				70%	54%
	Female ratio management board	405-1	SDG 8	ESRS S1				0%	0%
	Female ratio supervisory board	405-1	SDG 8	ESRS S1				0%	0%
	Employees who followed a Fair Business practices training	404-2	SDG 8	ESRS G1	100%	100%	100%	100%	100%

Annex 3: Connecting business to the SDGs

The below is in part sourced from the United Nations Global Compact resources. The [United Nations Global Compact](#) is an organisation aimed at corporate contributions to the SDGs. This content is in part sourced from them. Read all about the SDGs at global level on this dedicated [UN page](#).

SDG 12: Responsible consumption and production	SDG 13: Climate action	SDG 8: Decent work and economic growth	SDG 9: Industry, innovation and infrastructure	SDG 15: Life on land
GLOBAL	GLOBAL	GLOBAL	GLOBAL	GLOBAL
Ensure responsible consumption and production patterns, tackling topics like waste, fossil fuels, and company sustainability reporting.	Take urgent action to combat climate change and its impacts.	Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
BUSINESS CONTRIBUTION	BUSINESS CONTRIBUTION	BUSINESS CONTRIBUTION	BUSINESS CONTRIBUTION	BUSINESS CONTRIBUTION
<ul style="list-style-type: none"> changing the process or manufacturing technique, for example to use less and/or renewable energy; changing input materials, for example using recycled or lower- impact materials; making changes to the product design, for example to make products circular, or more easy to repair or recycle; or reusing materials on site; and publicly reporting on your sustainability initiatives and progress as a company. 	<ul style="list-style-type: none"> develop sustainability targets and indicators; use of life cycle assessment (LCA) in the development of new products; work with product designers and suppliers to improve environmental performance extend responsibility throughout the value chain; and ensure transparency and unbiased dialogue with stakeholders. 	<ul style="list-style-type: none"> provide a safe and healthy work environment, including zero tolerance for child or forced labour; respect the freedom of association and right to collective bargaining; expand your scope of responsibility to include supply chain workers; and 	<ul style="list-style-type: none"> develop innovations that fosters access to resources for all; make use of innovations in operations and manufacturing that positively affect impact; and ensure growth is sustainable and inclusive; 	<ul style="list-style-type: none"> develop a code of conduct that confirms commitment to care for health and the environment; and apply the precautionary principle, in particular in regards to production processes and products around which high level of uncertainty, potential harm and sensitivity exist.



Annex 4: GHG disclosures of the Holding

When comparing absolute emissions, note that over the years more data points have been added and that 2022 was the first year where all entities were included in scope.

Restatement of information: in last year’s annual impact report the baseline was 2021. The baseline was changed to 2022 as this was a more complete and representative year. 2022 is also the baseline in the SBTi commitment review process. All GHG data for 2022 has been updated in this report.

GRI Disclosure	Description	Quantity 2022			Unit
		Quantity 2021	(baseline)	Quantity 2023	
GRI 302 – 1	Total energy from fuel consumption	1,399	3,031.06	6,402.07	GJ
	Diesel	705	1,239.93	21,54.15	GJ
	Petrol	693	467.7	1,033.05	GJ
	Natural Gas	1	1,284.2	3,209.49	GJ
	LPG	n/a	21.23	4.97	GJ
	Biodiesel HVO	n/a	n/a	0.41	GJ
	Total energy from electricity consumption	1,125	5,377.5	5,790.02	GJ
	Total energy from purchased heating and cooling	n/a	86.28	1,194.16	GJ
	Total energy consumption	3,924	8,476.84	13,386.26	GJ
GRI 305 – 1	Scope 1 direct GHG emissions	149	287.31	463.62	tCO ₂ e
GRI 305 – 2	Scope 2 indirect GHG emissions	110	434.58	481.38	tCO ₂ e
GRI 305 – 3	Scope 3 other indirect GHG emissions	24,931	41,391.95	38,796.66	tCO ₂ e
GRI 305 – 4	Emissions per employee	206	60.38	54.65	tCO ₂ e
GRI 305 – 4	Emissions per revenue (€)	n/a	0.29	0.28	tCO ₂ e

Annex 5: GRI content index

Statement of use

XD Connects has reported the information cited in this GRI content index for the period 01-01-2023 up to and including 31-12-2023 with reference to the GRI Standards.

GRI 1 used

GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION	GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	7	GRI 3: Material Topics 2021	3-1 Process to determine material topics	8
	2-2 Entities included in the organization's sustainability reporting	7		3-2 List of material topics	8
	2-3 Reporting period, frequency and contact point	7	GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	27
	2-4 Restatements of information	51			
	2-6 Activities, value chain and other business relationships	5-6	GRI 303: Water and Effluents 2018	303-5 Water consumption	24
	2-7 Employees	36			
	2-9 Governance structure and composition	40	GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	13, 48. ESG Library
	2-10 Nomination and selection of the highest governance body	41		305-2 Energy indirect (Scope 2) GHG emissions	
	2-11 Chair of the highest governance body	40		305-3 Other indirect (Scope 3) GHG emissions	
	2-12 Role of the highest governance body in overseeing the management of impacts	41		305-4 GHG emissions intensity	
	2-13 Delegation of responsibility for managing impacts	41	GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	23
	2-14 Role of the highest governance body in sustainability reporting	41		306-2 Management of significant waste-related impacts	22-23
	2-15 Conflicts of interest	42	GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	17
	2-16 Communication of critical concerns	42			
	2-17 Collective knowledge of the highest governance body	41	GRI 401: Employment 2016	401-1 New employee hires and employee turnover	36
	2-18 Evaluation of the performance of the highest governance body	41		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	36
	2-19 Remuneration policies	41			
	2-20 Process to determine remuneration	41			
	2-22 Statement on sustainable development strategy	3			
	2-23 Policy commitments	30, 42			
	2-24 Embedding policy commitments	41			
	2-25 Processes to remediate negative impacts	28			
	2-26 Mechanisms for seeking advice and raising concerns	32			
	2-28 Membership associations	28, 34			
	2-29 Approach to stakeholder engagement	16, 28, 32, 34			
	2-30 Collective bargaining agreements	35			

GRI STANDARD	DISCLOSURE	LOCATION
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	38
	403-5 Worker training on occupational health and safety	38
	403-8 Workers covered by an occupational health and safety management system	38
	403-9 Work-related injuries	38
	403-10 Work-related ill health	38
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programmes	35, 42
	404-3 Percentage of employees receiving regular performance and career development reviews	37
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and Employees	36, 40
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	29-30
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	29-30
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	29-30

GRI STANDARD	DISCLOSURE	LOCATION
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	27
	414-2 Negative social impacts in the supply chain and actions taken	28
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	33
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	33
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling.	22
	417-2 Incidents of non-compliance concerning product and service information and labelling	22
	417-3 Incidents of non-compliance concerning marketing communications	22
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	33

Headquarters:

The Netherlands

Visiting address and showroom:

Lange Kleiweg 6-28

2288 GK Rijswijk

The Netherlands

Phone: +31 (0)70 319 99 00

info@xdconnects.com

Publication

1 July 2024

xd connects