

Annual Report and Action Plan

Company Name: **HBI Holdings Australasia Pty Ltd.**

Trading As: **Hanes Australasia**

ABN: **52612185476**

About APCO

Australian Packaging Covenant Organisation (APCO) is a co-regulatory not-for-profit organisation leading the development of a circular economy for packaging in Australia. APCO's vision is a packaging value chain that collaborates to keep packaging materials out of landfill and retains the maximum value of the materials, energy and labour within the local economy.

Each year, APCO Brand Owner Members are required to submit an APCO Annual Report and an APCO Action Plan. This document is the Annual Report and Action Plan output for the organisation listed above. This document provides the overall performance level of the organisation, as well as any commitments they have made to work towards on their packaging sustainability journey. This document may also include additional information provided by the Member in their report.

Overall Performance **Leading**

The chart below indicates the overall performance level of this organisation listed above in the 2023 APCO Annual Report. The organisation's reporting period was **January, 2022 - December, 2022**



Understanding APCO Annual Reporting performance levels:

- 1 Getting Started:** You are at the start of your packaging sustainability journey.
- 2 Good Progress:** You have made some first steps on your packaging sustainability journey.
- 3 Advanced:** You have taken tangible action on your packaging sustainability journey.
- 4 Leading:** You have made significant progress on your packaging sustainability journey.
- 5 Beyond Best Practice:** You have received the highest performance level and have made significant progress on your packaging sustainability journey.

Contact

A: Suite 1102, Level 11, 55 Clarence Street, Sydney, NSW, 2000
E: apco@apco.org.au

Additional Information

The information below indicates additional information that the organisation included in their APCO Annual Report.

Describe initiatives, processes or practices that you have implemented during your chosen reporting period that have improved packaging sustainability

Our packaging projects are driven by our global sustainability goals which are published on our corporate sustainability website <https://hbisustains.com/>. These include:

1. Eliminating single-use plastics in our product packaging by 2025, with any remaining to be recyclable; and

2. Reducing the weight of our packaging by 25% by 2025 (vs 2019).

These goals are embedded into packaging initiatives and processes, led by packaging stewards across the business and governed by a Sustainability Steering Committee.

In 2022 we have built on these foundations to drive further packaging reductions and find solutions for more challenging packaging items. This has included setting up additional working groups focused on Transit Cartons and Product Display Quantities (PDQs). We have also refreshed our single-use plastics working group, using our APCO reporting data to identify the remaining plastics left in our business and hot-spots to address through further initiatives. Across all of our working groups, we have set up a consistent standard of reporting for packaging weight savings and cost savings. These metrics are consolidated and used to track overall progress towards our goals and are reported to our Executive team quarterly and Sustainability Steering Committee on a bi-monthly basis. These metrics are also reported through to our parent company, Hanesbrands Inc. (HBI) to monitor progress towards our packaging goals at a global level. Global working groups have also been established to share updates on packaging initiatives across the entire organisation, with the aim of achieving additional business reductions and improvements in packaging.

These working groups and structure of reporting allow our packaging stewards to collaborate on solutions and track their impact on our global goals. In 2022 the single-use plastics working group has been focused on developing alternative solutions for our plastic items, many of which will begin to be implemented in 2023. These have included alternatives to plastic kimbles, switching plastic sock hooks to cardboard, trialing the removal of single product polybags and eliminating PVC and soft plastics with cardboard solutions.

Within packaging weight reductions, a large driver of this has been the initiatives to reduce our transit carton weight which have been outlined further in our case studies below.

Describe any opportunities or constraints that affected performance within your chosen reporting period

Recoverability of packaging continues to be an area of opportunity for our business. Consistent with our 2021 reporting, we have incorporated kimbles into our recoverability metrics, which have shifted a number of product SKU's from full recoverability to mixed recoverability status. Whilst small in size and weight, the volume of these kimbles sourced is large and we are focused on finding an alternative recyclable, non-plastic solution. Also affecting our recoverability score for criteria four, is the high weighting applied by APCO to the number of product SKUs that have all packaging components reusable.

Understandably, reuse is higher on the waste hierarchy than recyclability, however given the sector Hanes Australasia operates in and type of our products sold (eg. underwear and apparel), procurement of reusable

packaging is limited, particularly when applying the ISO definition of reuse.

We were also disappointed to see REDcycle cease operations in the latter part of 2022, along with our membership in the program. Whilst implications of the program closure have not affected our recoverability performance in the 2022 reporting period, we anticipate this will impact our 2023 reporting. As a business we remain committed to our goal of eliminating single-use plastic on product packaging by 2025. While our teams continue this transition, we remain hopeful for the establishment of a new industry or government soft plastics collection program.

Please use the space below to provide examples or case studies of exemplary packaging sustainability conducted by your organisation.

Case Study 1: Transit Cartons

In progressing towards our goal of a 25% reduction in packaging weight globally by 2025 (from a 2019 baseline), project teams have been established across the business to review and optimise our packaging footprint. One of the most notable examples of this is our supply chain project team focused on reducing and optimising our use of transit cartons. Given the scale of packaging used throughout our supply chain, it has been identified as an area of immense opportunity to reduce packaging whilst also optimising freight and reducing cost to the business. With over 13 types of cartons used and over 100 suppliers, this has been no easy feat, however through the dedicated work of multiple teams across the business we are proud to have saved 137 tonnes of packaging in 2022, with a further 400 tonne planned for 2023.

In recognising supply chain packaging as a key priority, 12 projects have been established to find solutions. These projects are brought together under the governance of a monthly Project Steering Committee, led by our Chief Supply Chain Officer. This committee has acted as a key touchpoint for the project teams to collaborate and share progress and has also driven a culture shift in the business, with packaging targets now embedded in the logistics and operations strategy. This has been an integral driver in achieving our 2022 savings. Across the 12 projects, two main activities have driven these savings:

1. Reducing the quantity of cartons; and
2. Reducing the weight of the cartons.

Reducing Carton Quantity

Reducing the quantity of cartons has involved optimising carton fill-rates, and carton re-use. Optimising fill-rates of cartons has involved teams working with our third party suppliers, internal facilities as well as off-shore pick and pack locations to analyse the fill rates of our highest volume styles. To optimise fill-rates we have adjusted the ways of packing cartons, as well as changed carton types for certain styles where we have found we can save carton usage by switching to a larger carton. From this we have produced a packaging manual that is being rolled out to our suppliers. This has resulted in shipping more product and less air, reducing freight and optimising the material efficiency of transit cartons.

Carton re-use has been an ongoing project established at our Truganina distribution centre. After establishing processes and checks necessary to track re-use, the team are now further optimising their re-use rates. This has involved collaborating with suppliers to ensure cartons are fit for re-use and meet our standards, as well as identifying hot-spots for improvement internally. This has resulted in approximately 50% of all cartons re-used within our DC.

Reducing Carton Weight

Similar to fill-rates, reducing the weight of cartons is another key area being rolled out across our supply chain network. All brands have tested cartons, and set new specifications and standards with our packaging and finished goods suppliers. Sheridan homewares posed a particularly challenging project of reducing cardboard while maintaining the structural integrity needed to transport bulky, heavy items. The project team worked closely with our suppliers to conduct a series of quality and strength tests on lighter weight

cartons, until reaching optimum thickness, reducing our cartons from 5ply to 3ply. As a result, we have created a new standard for Sheridan cartons and are in the process of rolling this out across the supply network.

Supply chain packaging projects have been integral to reducing our overall packaging footprint. They have also demonstrated to the business that sustainability doesn't always come at a cost, and can in many circumstances result in cost savings. We are now working on expanding these projects and sharing our learnings through a global working group with the broader Hanesbrands international business.

Case Study 2: Sheridan Transition of LDPE product packaging to 'Naked' packaging

Armed with the learnings and success of our phase one transition from PVC packaging to low density polyethylene (LDPE) packaging and guided by our purpose to create the fabric of a better life for people and planet, the Sheridan team was eager to embark on the next phase of exploration towards removing plastic packaging from the business.

This exploration not only allows us to support our customers by minimising waste but enables us to remain competitive in an ever-evolving retail landscape, to benefit from cost savings and to potentially streamline our packaging throughout the business. Over the last 12 months, global market mapping and research exercises were conducted with the aim of identifying suitable alternatives for our product. For this second phase transition "Naked Packaging" was selected.

Naked packaging eliminates the LDPE bag and much like our current Sleep Accessory and Decorate packaging, packages the product simply and beautifully with a cotton grosgrain ribbon and swing tag. In addition, it also minimises the internal U- board and allows our customers to touch and feel the product easily. Working with our sourcing team and partners, we experimented with different ribbon widths and qualities, closure details and various iterations of swing tag artwork format. We eventually decided on an option that delivered aesthetic consistency, a high level of presentation and enabled us to trial in the market relatively quickly. The selection of product used in the trial was also considered, ensuring we were able to gather feedback from a wide range of customers by using two of our best known and loved products. Varying colours and fabrications were chosen in order to evaluate performance in store and in transit.

To action the trial, we used our Sheridan Outlet business as our own test channel. This enables direct consumer communication and education about these projects, giving us a way to monitor feedback and refine outcomes without impact to our wholesale partners. Five Sheridan Outlet stores were selected nationally for the trial. Along with detailed written communication uploaded to Sheridan's retail communication platform 'The Thread', a video was created in collaboration with the learning and development and design team which was shared to the retail teams via 'Sheridan TV', to engage and educate the retail team on the objectives of the trial. With product being shipped directly from our vendor to the stores, a Quality Assurance check list was provided with a team member nominated from each store to assess how the product performed in transit and to give an initial indication of the packaging performance.

In order to support our retail team and educate our customers, in store signage about our "New Look" packaging was provided along with Visual merchandising guides on displaying the product in store. A survey was compiled and provided to the retail team in order to gather both customer and team insights, along with a request for imagery of product at varying times throughout the trial to be submitted to assess performance over time.

Whilst acknowledging we are still in the learning/testing phase of this trial and the possibility of various iterations of this model of packaging, if we were to execute going forward we are hopeful that Naked packaging will significantly reduce the amount of plastic used within the Sheridan business and in turn enable us to keep progressing towards achieving our goal of 100% reusable or recyclable packaging by

2025.

APCO Action Plan Commitments

For each of the Packaging Sustainability Framework criteria listed below, a description is provided along with the commitments made by the organisation in their APCO Action Plan.

Criteria 1:

Governance & Strategy:

This criteria considers actions to integrate packaging sustainability into business strategies.

- Develop a strategy that includes goals (objectives) and targets for packaging sustainability that addresses the Sustainable Packaging Guidelines (SPGs) or equivalent.
- Have our executive or board of directors review our strategy and have the strategy integrated within our business processes.
- Regularly communicate and promote packaging sustainability objectives and targets within our organisation.
- Regularly engage or communicate with our external stakeholders about the environmental impacts of our packaging.
- Actively participate in initiatives to promote packaging sustainability outside of our organisation.

Criteria 2:

Design & Procurement:

This criteria considers actions taken to ensure that sustainability principles are considered in the design or procurement of both new and existing packaging through use of the Sustainable Packaging Guidelines (SPGs).

- Review **100%** of our packaging against the Sustainable Packaging Guidelines (or equivalent).
- Improve the accuracy of our data regarding reviews of packaging using the Sustainable Packaging Guidelines (or equivalent).
- Incorporate the Sustainable Packaging Guidelines (or equivalent) into procurement processes.
- Consider the following Sustainable Packaging Principles in our packaging reviews:
 - Design for recovery
 - Optimise material efficiency
 - Design to reduce product waste
 - Eliminate hazardous materials
 - Use of renewable materials
 - Use recycled materials
 - Design to minimise litter
 - Design for transport efficiency
 - Design for accessibility
 - Provide consumer information on environmental sustainability
- **80%** of our packaging to be optimised for material efficiency.
- Improve the accuracy of our data regarding packaging material efficiency.

Criteria 3:

Recycled Content:

This criteria considers actions taken to increase or optimise the amount of recycled material used by your organisation.

- Develop a policy or procedure to buy products and/or packaging made from recycled materials.
- Use recycled content in:
 - Our products
 - Primary packaging that we use to sell our products
 - Secondary packaging that we use to sell our products
 - Tertiary packaging that we use to sell our products
 - Other items which we purchase (e.g. office stationary and suppliers etc.)
- **100%** of our packaging to be made using some level of recycled material
- Improve the accuracy of our data regarding use of recycled materials.

Criteria 4:

Recoverability:

This criteria considers actions taken to improve the recovery of packaging at end-of-life and increase use of reusable packaging.

- **100%** of our packaging to be designed to have all packaging components be recoverable at end-of-life.
- Improve the accuracy of our data regarding recoverability.
- Use PREP to assess the recyclability of our packaging through kerbside collection in Australia and/or New Zealand.
- Investigate opportunities to use reusable packaging.
- **1%** of our packaging to have all packaging components that are reusable.
- Improve the accuracy of our data regarding reuse.
- Participate in a close-loop recovery program/alternative collection system.

Criteria 5:

Disposal Labelling:

This criteria considers the extent to which packaging has been labelled to help consumers determine what to do with packaging at end-of-life.

- **100%** of our packaging to have on-pack labelling to inform correct disposal.
- Improve the accuracy of our data regarding labelling.

Criteria 6:

On-site Waste:

This criteria considers progress in increasing the amount of on-site solid waste being diverted from landfill.

- Have recycling programs for the following materials:
 - Paper/cardboard
 - Soft plastics
 - Rigid plastics
 - Timber
 - Textiles
 - Glass
 - Metals
 - Organics, label backings
- Aim for **100%** of our on-site waste to be diverted from landfill.
- Improve the accuracy of our data regarding on-site waste.

Criteria 7:

Problematic Materials:

This criteria considers the extent to which organisations are actively phasing out problematic and unnecessary single-use plastic packaging and preventing/reducing litter.

- Help reduce litter by:
 - Conducting regular clean ups
 - Participating in Business Clean Up Day
 - Delivering a litter education campaign
 - 1. Promotion of ARL on brand websites and social channels
 2. Participation in National Recycling Week
 3. Ongoing execution of Green Office Policy
 4. Ongoing pursuit of achieving zero waste to landfill by 2025
- Phase-out the following problematic and unnecessary single-use plastic items:
 - Rigid polystyrene (PS) packaging