

# 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 2024 APCO Annual Report. The organisation's reporting period was **January, 2023 - December, 2023**



### 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

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## 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 by 2025:

1. Eliminating single-use plastics in our product packaging, with any remaining to be recyclable; and
2. Reducing the weight of our packaging by 25% (vs 2019).

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

In 2023 we have built on these foundations to drive further packaging reductions and find solutions for more challenging packaging items. We have continued our working group focused on Transit Cartons and Product Display Quantities (PDQs) which account for the largest proportion of our packaging footprint, and has led to 460 T of cardboard reductions and cost savings in 2023.

We have also conducted trials to evaluate how to convert existing plastic packaging over to cardboard or paper alternatives, including hangers, satchels and multipacks to assess the commercial, logistical and sustainability impacts of conversion. We are currently working through the learnings from these trials, which will contribute to the design of effective packaging solutions that do not cause unintended environmental impacts such as increases in waste, shipping, recyclability or reuse.

In our approach to evaluate conversion of product packaging single-use plastics, we have targeted each packaging format in separate collaborative working groups. Multipack bags are the largest remaining contributor to our single-use plastic footprint and as such has had a dedicated team working on alternate card-based solutions. In 2023 however, we recognised the need for more specialised support in developing an alternative packaging format, and will accelerate our work on this more complex item in 2024. For garment kimbles, our teams across all product categories have worked together to find non-plastic solutions, and where this is not possible, have worked on sourcing recycled content kimbles from our suppliers. Likewise, our Champion and Bras N Things businesses have collaborated on removing product polybags and/or switching to recycled content polybags where still required for a garments protection. Procuring recycled content has presented sourcing and traceability challenges, and through collaborative working groups we have been able to share learnings and resolve issues more efficiently.

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 quarterly 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.

**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. Kimbles in particular

pose a unique challenge, 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. In 2023 we also introduced RFID to Sheridan product packaging as a secondary material. For tearaway card labels and swing tags which have previously been recyclable, the addition of these RFIDs has unfortunately made these particular items not recyclable. Our current year reporting has also been impacted by the unfortunate cessation of REDcycle in 2022, which has increased the number of SKUs that are no longer recoverable. As a business we remain committed to our goal of eliminating single-use plastic on product packaging by 2025. 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. Recycled content is another area of opportunity with respect to criteria three. Whilst currently over 90% of SKUs use certified "FSC Mix" in card based packaging, there are constraints with determining the level of recycled content used due to FSC Mix being made with a mixture of materials from FSC-certified forests, recycled materials, and/or FSC-controlled wood.

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

#### Case Study 1: Transit Cartons & PDQs

Hanesbrands' (Hanes) 2025 packaging sustainability goals are to achieve a 25% reduction in packaging weight (vs. 2019); elimination of single-use plastic product packaging; and all packaging to be re-usable and/or recyclable. In progressing towards these goals, project teams have been established across the business to re-design packaging and improve our processes. One example of this is our supply chain group focused on sustainability improvements of transit cartons and Product Display Quantities (PDQs). These packaging types account for the largest proportion of our packaging footprint, and provide many opportunities in reducing packaging weight and costs, including raw materials and freight. With approximately 100 product suppliers and over 13 types of cartons used across our supply chain, this has been no easy feat. Through the dedicated work of multiple teams across the business we are, however, proud to have saved a further 460 T of packaging in 2023, bringing total savings to 597 T with additionally significant cost savings since the group's inception in 2022.

This project group was established in 2022 after recognising the opportunity for sustainability and cost savings in transit cartons and PDQs. In 2023 we continued working across twelve key projects which were brought together in a monthly project steering committee meeting led by our Chief Supply Chain Officer. This steering committee was a key touchpoint to collaborate on solutions and report on progress and led to a noticeable culture shift among the team members. In 2024, this group is now evolving to include Scope 3 greenhouse gas emission reductions from packaging projects, and other meaningful initiatives in the supply chain. Key projects in 2023 included 1. Optimising fill rates and 2. PDQs:

##### Optimising Fill Rates

Within our off shore pick and pack operations (OSPNP) we recognised an opportunity to reduce carton usage and costs by increasing carton fill rates. As OSPNP is predominantly orders for our wholesale customers, we collaborated with them to achieve a higher fill-rate of SKUs in each carton. To address this, we developed a new set of guidelines with our customers, agreeing on a minimum number of SKUs in their orders. We also modified our operations, by diverting any orders less than 200 garments to our local Truganina warehouse for dispatch. To embed these new ways of operating new KPIs were implemented with our customers, suppliers and OSPNP warehouses. The result was 46K and 26 T less cartons used from June 2023 to Sept 2023 and 77 less 20' containers required. We also saw our wholesale customers reduce

their own inbound costs at their DC and stores.

#### PDQs

Product Display Quantities (PDQs) present a unique challenge in reducing weight and eliminating plastic. PDQs contribute to approximately 14% of our packaging footprint due to the need for structural integrity and their one-use promotional nature. The design of PDQs also needs to meet our wholesale customer's design requirements.

In 2023 one of our key customers reviewed their PDQ design requirements enabling us to collaborate and re-design our PDQs, reducing overall weight and removing all plastic elements from our Front End PDQs. Traditionally, product displayed within PDQs hang on plastic hooks for presentation in-store. In the re-design of our Front End we removed these plastic hooks, allowing the products to stand up on their own, which was also helped by some product that we had converted from plastic to card based packaging. To better support the product cardboard dividers were added to the PDQ and the height of the front lip was increased. Ultimately we achieved an overall weight reduction in the PDQ as removing the plastic pegs also meant we could remove the cardboard supporting the peg. This resulted in a 33% weight reduction and a plastic-free Front End PDQ. After a successful initial trial in 2023, further roll out is planned in 2024.

In addition to this, we also investigated ways to reduce the weight of our Shelf-Ready Tray (SRT) PDQs. Taking learnings from our carton reduction projects, our Engineering Manager re-configured one of our light-weight cartons into the shape required for a SRT. Using this design, the team worked with the carton supplier to produce a sample for testing. This new tray uses 28% less cardboard than the previous SRT design without compromising on durability. The next stage of this process is conducting a trial, followed by a full roll out which will have a significant impact on reducing Hanes' packaging footprint in 2024.

#### Case Study 2: Eliminating Plastic

As part of our 2025 packaging goal to eliminate single-use plastic in product packaging, we have been working on a number of trials and projects. We have also seen an increased appetite from our consumers for less visible plastic in stores and online orders, which has prompted us to look beyond product packaging to other packaging types.

#### Card hangers

While our current plastic hangers operate in a circular re-use program with PACT, we are exploring the use of cardboard hangers. While card hangers have the additional benefit of being kerbside recyclable, it is important that they are also able to be re-used as many times as our plastic hangers to ensure that they aren't contributing to increased resource use and waste. We worked with PACT to design two 100% FSC Mix card hangers, one for tops and bras and one for underwear. In 2023, we completed an initial trial of these hangers in three Bonds stores, including an outlet store which has higher stock turns. We sent these hangers through the same re-use cycle with PACT as our plastic hangers, and asked the store team to physically mark the hanger each time it was sent back so we could track the re-use rate. From this trial our hangers were re-used up to three times and we recognised some design changes that were needed to better secure the product in transit and in-store. After improving the design of the hangers we are now working with one of our wholesale customers on a larger trial to evaluate performance of the card hangers in a more complex operational and store environment.

In addition to the card hangers, we have also been working with PACT to improve the sustainability of our existing reusable plastic hangers. We are currently scoping options to move from our clear hangers which have 0% recycled content, to black hangers which contain over 80% recycled content. In addition to this, we are exploring messaging on the hangers to better inform and educate consumers about PACT's re-use program.

#### Paper Satchels

To ship our online orders, we currently use plastic satchels with 80% recycled content and are exploring the possibility of using paper satchels. The focus of this project is on selecting and trialling a new satchel that

is durable and ships the equivalent amount of cubic volume, or less, as compared to the current plastic satchel. After sourcing a paper satchel with the required durability, the team conducted a series of tests within our Truganina warehouse to compare the volume capacity of the paper satchel with the plastic satchel. Unfortunately in this trial we found that for the same contents, the paper satchel was 14% higher in cubic volume than the plastic satchel. This has impacts on shipping volume, cost and GHG emissions, meaning the satchels are almost double the cost of the plastic satchels including packaging material and freight costs. Learnings from this trial were that alternative designs in terms of both shape and rigidity of the paper satchel will need to be investigated.

#### Card box for Multipacks

Plastic product packaging currently accounts for around 12% of Bonds Group's packaging footprint. Of that remaining plastic, 71% is our Bonds multipack bags. To date, our Bonds brands have made notable progress in designing and implementing recyclable card-based solutions for product multipacks containing 1-2 items, which have previously been packed in PVC or PP bags. What remains in plastic, is larger packs of 3+ and bulkier items such as babywear and some apparel. These packs present challenges in converting from plastic to card with additional considerations needed for durability, instore presentation and logistical costs.

Our teams developed a series of cardboard box dielines to address these larger multipacks in line with the Sustainable Packaging Guidelines. However, when reviewing these for implementation, we found that these dielines are more easily damaged in distribution and within retail stores, and using this dieline results in 25% less stock able to fit in a shipping carton, ultimately increasing carton usage and shipping costs. Due to this we have recognised the need for more specialised expertise to support us in re-designing the card dielines and are in the process of allocating a specific working group with the aim of addressing these challenges. This project is a key focus in 2024 with implementation targeted in 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
- **90%** 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.)
- **95%** 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.

- **30%** 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.
- 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
  - 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 operational waste to landfill by 2025
  5. Continue to minimise all other waste in owned sites by 2025
- Phase-out the following problematic and unnecessary single-use plastic items: