

Welcome to the Home of Brands

UP Global Sourcing Holdings PLC
Environmental, Social & Governance
(ESG) Strategy 2022

2022

We always strive to do the right thing.

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01 | Introduction

Our ESG strategy to date

Ultimate Products has spent over 20 years providing **“beautiful products for every home”** and our values and culture are built upon ethical practices, continuous improvement, harnessing talent and striving to do the right thing within its business, its stakeholders, and the local community.

So far, much of UP’s great ESG work relates to good governance, our community work, ensuring an ethically compliant supply base and the investment made in our colleagues. This great work will continue and in addition we will focus our efforts on the areas which will have the biggest positive impact from an environmental and social perspective.

UP’s business model and strategy is to develop high volumes of household goods using third party overseas manufacturers and to deliver them globally for consumers. To achieve this, we use a global supply chain function including many partners and have growing operations across Europe, with our two biggest sites based in the heart of Oldham, Greater Manchester. As such, to make a real difference, our greatest focus will be to understand and then tackle our biggest material ESG related issues, whilst ensuring ESG principles are truly integrated into all that we do.

We also want to be an ESG front runner within our industry and listed peer group and continue to build on our existing strong reputation. Doing this well will enhance our competitive and commercial position.



01 | Introduction

A message from our CEO



Simon Showman CEO



Striving to do the right thing has always been core to everything that UP does as an organisation and how we operate.

As the business has continued to grow and evolve we want to ensure our efforts and ambitions need to have a clear sense of direction to unite our colleagues and supply partners across the globe.

This year has felt the most appropriate time to re-focus our business and develop an ESG strategy that will be at the heart of what we do. This covers everything from our purpose of developing products for the home, educating our consumer, investing in our colleagues and supporting those that need it most within our local communities.

We also recognise that our retail partners need our help to achieve their own ESG ambitions, particularly within the environmental agenda, as such, we will have the necessary infrastructure in place to support them in going that extra mile with providing an outstanding service.

At UP, we all believe in playing our part to make a positive difference in the world and society and we are excited in evolving ourselves to be a more sustainable business for the future.

02

ESG Strategy

Strategic Plan for the Future

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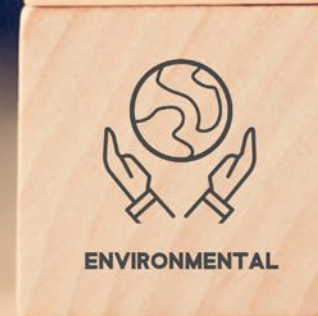
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02 | ESG Strategy

Strategic Plan for the Future

The proposal aims to:



Where possible, align our ESG work and targets to those of our retail customers to provide a best-in-class service whilst enhancing our reputation and competitive position.



Introduce means to measure and report our progress effectively, ensuring necessary regulatory compliance and stakeholder engagement is achieved.



Set a course of action to ensure ESG is further embedded into our culture, business model and corporate strategy.



Explain and address our material issues by refocusing our ESG work, setting aims and clear targets, whilst keeping to our core values.

02 | ESG Strategy

Strategic Plan for the Future

How we will achieve our strategic aims:

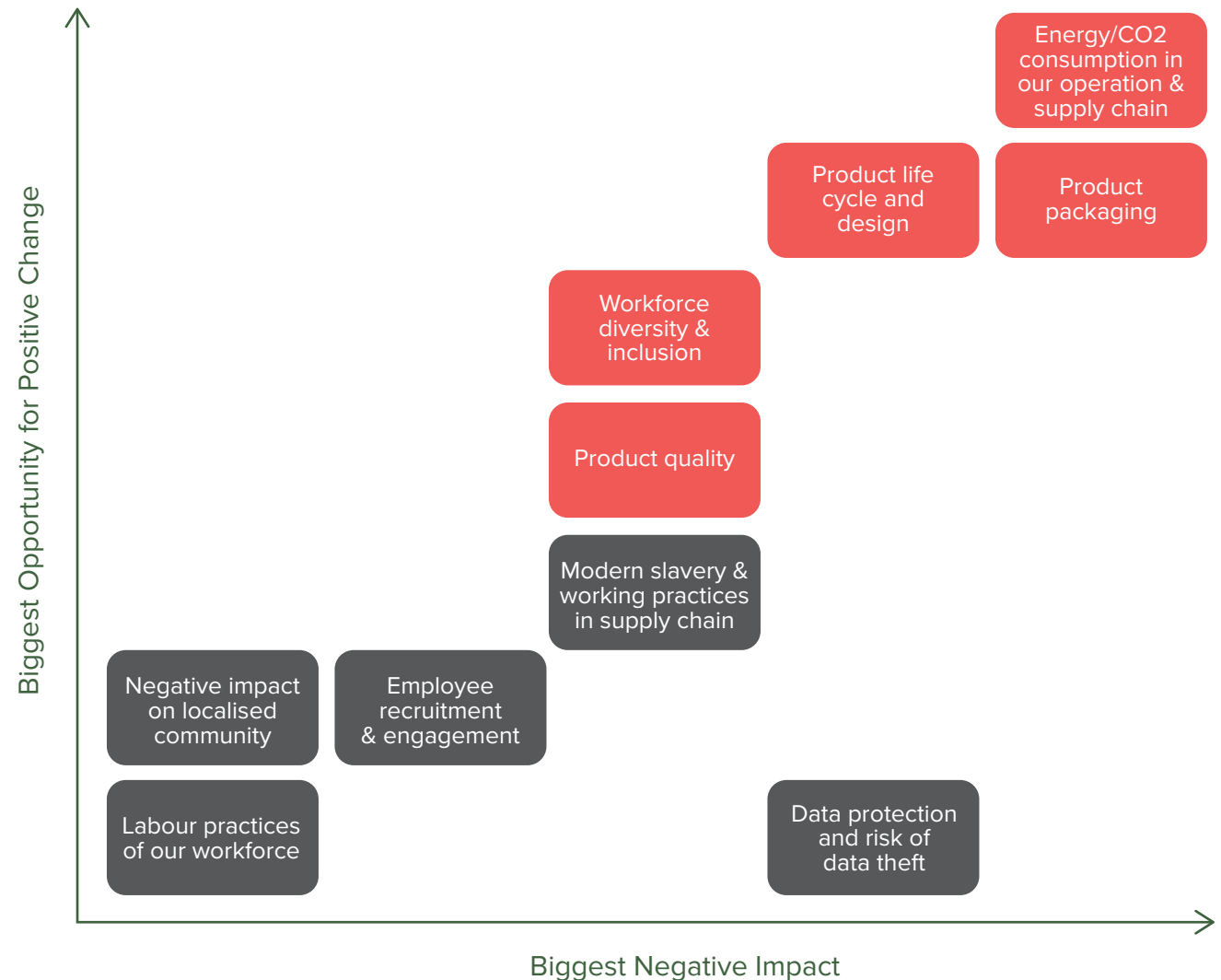
- 01 The company's purpose and core values have been updated to help further embed ESG into our business.
- 02 The ESG management structure has been updated including clear responsibilities set for the ESG committee and colleague committees.
- 03 New reporting measures have been introduced to create a baseline, track progress, and help identify focus areas.
- 04 Clear aims, focus areas and targets have been set across each ESG area to help overcome our material issues and drive change.
- 05 Our aims have also been aligned to key UN sustainability goals (USG's) and the company's core values.

02 | ESG Strategy

Assessing our Impact on the World

In 2021 we engaged with our stakeholders and carried out a materiality assessment which identified a top ten list of material issues within the company's business model perceived as having the biggest negative impact on the world and society. These issues were overlayed with what are seen as areas of the biggest opportunity for positive change within the company.

A table highlighting these is detailed opposite with the top five areas highlighted in red. These five areas (known as "material ESG issues") are now the main ESG focus areas for the company:

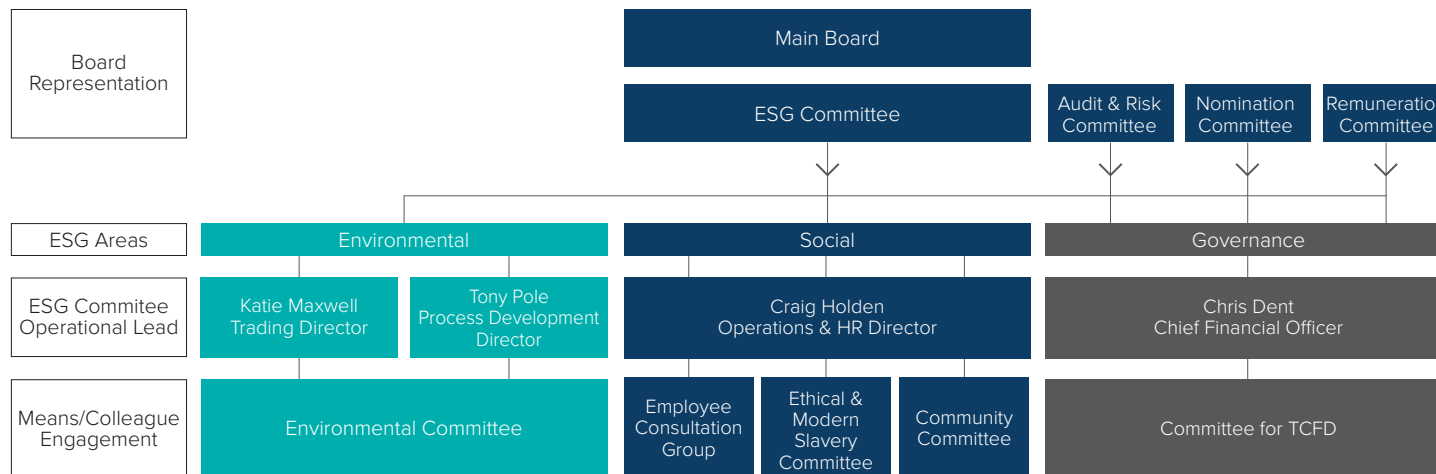


02 | ESG Strategy

Managing ESG the UP Way

Our commitment to ESG starts at the highest levels of our company with oversight from board-level committees, in particular the ESG Committee. This committee, chaired by Jill Easterbrook, comprises of a blend of Main Board and Operational Directors with expertise and sound knowledge of the organisation, an ability to influence real change internally and have sufficient and regular engagement with external stakeholders across all areas of the business to gain feedback and necessary insight.

The committee's role is to ensure that the company is on course to achieve the ESG strategic aims and targets, maintain governance oversight of material ESG issues, along with consideration of stakeholder feedback and external market conditions.



ESG Specialist Partner

The ESG committee is supported by a competent ESG external partner whose expertise and up to date knowledge ensure that the committee and main board is effectively guided in advance on the latest external ESG requirements, regulation, and new trends within the ESG agenda.

Colleague Committees

A series of colleague led committees (such as the Environmental Committee) are in place whose role is to generate ESG ideas, discuss issues, monitor performance, raise concerns, and implement positive action. The committees have a direct link to the ESG committee via the ESG lead.

ESG Operational Lead

Representatives from the ESG Committee function as leads on relevant ESG aims and areas. Their role is to drive positive change and be a communicative link between the ESG committee and wider workforce.

02 | ESG Strategy

Updating Who We Are

The United Nation's 17 sustainable development goals (UN SDGs) are an externally recognised global framework for driving progress toward a more sustainable future. We have reassessed which of these goals are relevant to our ambitions and where we can either directly contribute through our own actions or indirectly contribute through the initiatives of Ecologi.

The UN goals that are relevant to our ambitions are:



► Our Purpose

Our purpose is the centre of everything we do. To embed ESG further into our culture, our purpose has been adapted to be more meaningful and demonstrate our aspirations:

“We provide beautiful and more sustainable products for every home”

A UP “more sustainable product” is internally defined as: “a product developed to consciously consider its environmental impact through its quality, packaging and lifespan whilst maintaining its value proposition.”

► Updating Our Values

Our core values are the foundations of the company and underpin our purpose, shape our culture, and influence the business decisions we make. A new value has been introduced to reflect our ongoing approach:

Purpose	We provide beautiful and more sustainable products for every home						
Values	We are passionate about product 	We love our brands 	We care about the environment 	We go the extra mile for our customers 	We always strive to do the right thing 	We invest in our people 	We care about our community

02 | ESG Strategy

Setting Our Direction

Our ESG Aims:

We have developed our ESG targets to ensure a greater focus on our material ESG issues, whilst also meeting our aim of supporting our customers through greater alignment to their ambitions.

Each ESG area (Environmental, Social and Governance) has overarching aims, aligned to our company values:

Environmental

To provide beautiful and more sustainable products

To have net zero carbon emissions from manufacturing to delivery to retail customer

Social

To be a great place to work for all

To ensure safe places to work

To support our communities

Governance

To have effective and compliant governance to monitor and assess performance

► Setting our Target Dates

We have set most of our target dates within an initial 5–10-year period, to allow sufficient time to see positive change to achieve our ambitions, whilst having flexibility to adapt these as our business grows, evolves and market conditions alter.

02 | ESG Strategy

Driving Environmental Change

The 4Rs Initiative

The company has an initiative known as the 4 Rs which is the main focus and means for our environmental ideas and work completed. The 4 Rs in order of action are:

Remove	To seek opportunities to remove any unnecessary aspects to our operation or product ranges that are negatively impacting the environment, in particular carbon emissions, unnecessary packaging, materials, or waste.
Replace	To switch our materials, equipment, suppliers, or resources with more environmentally friendly solutions.
Reduce	To seek opportunities to reduce the use of non-environmentally friendly materials and equipment to the minimum requirements. This also includes an ability to reduce our carbon footprint and recycle where possible, especially within our waste management or packaging.
Rebalance	If we are unable to remove, replace or reduce we must then find a solution to positively rebalance our negative impact with a positive one.

Our primary focus is on the first 3Rs, but inevitably there will be parts of our operation that will still generate carbon emissions even after acting, especially in the earlier periods of our journey to net zero. Therefore, we have an external partner to help in relation to any carbon offsetting and plant a tree initiative required under Rebalance. Our partners schemes are accredited for global positive change and are also aligned to the UN's sustainable development goals.

During November 2022, the 4Rs initiative will be more widely communicated to internal and relevant external stakeholders. Ongoing performance against the 4Rs will be monitored at departmental level and by the ESG Committee. Under the 4Rs structured suggestions for improvement will convert into business proposals that heads of departments will suggest to the board for approval.

03

Environment

Our Product Targets Pg 13

Evolving Our Portfolio Pg 14

We've Already Started Pg 15

Our Journey to Net Zero


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03 | Environment

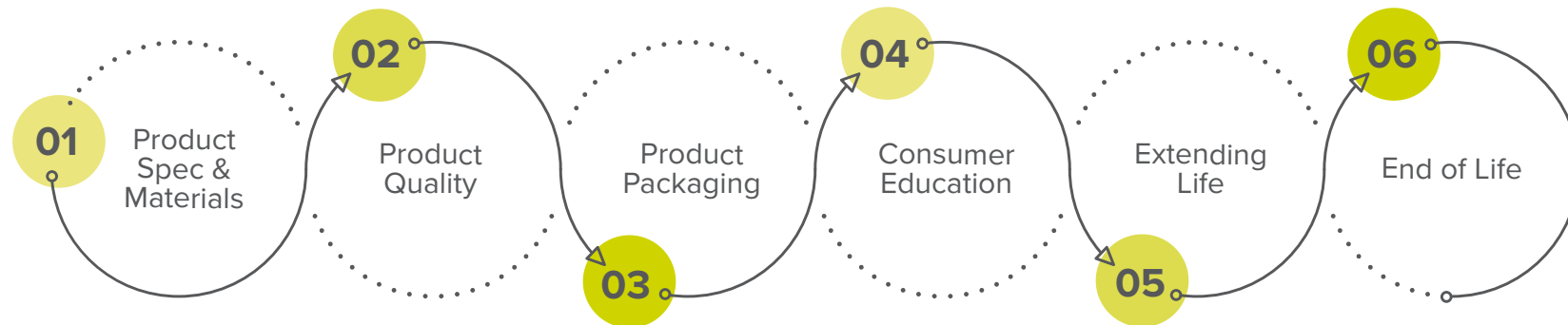
Our Product Targets

- To provide beautiful and more sustainable products

Value(s)	Focus Areas	KPI's & Targets
<p>We are passionate about product</p> <p>We love our brands</p> <p>We care about the environment</p> <p>We go the extra mile for our customer</p> 	<p>Product packaging</p> <p>Product quality & life span</p> <p>Product end of life</p> <p>Consumer education</p>	<p>Packaging</p> <p>Plastic Reduce plastic packaging by 50% by 2025 compared to our 2019 baseline Remaining plastic packaging to contain average of 30% recycled content by 2025 100% of remaining plastic packaging to be recyclable or reusable by 2025</p> <p>Paper 100% of card and paper product packaging to be FSC®-certified by 2027 100% of cardboard and paper product packaging to be 100% recyclable by 2025 Remove/reduce lamination on paper product packaging by 2025</p> <p>Product Quality To maintain an average Amazon rating of 4.2 or above for all live products.</p> <p>Product Materials 100% of wooden products/components to be FSC®-certified by 2027</p> <p>Product Lifespan & End of Life To increase the number of SKUs with spare/replacement parts available for purchase. To provide consumer education through an increase in use of QR codes for easy access to product care information, video guides and advice on responsible waste disposal To maintain a rate of below 5% for returns that go to WEEE waste or scrap The above targets apply to all products under UP's brands only.</p>

03 | Environment

Evolving our Product Portfolio



- 01 Our focus on product revolves around adapting specifications to prolong the life span. Relevant product teams will also focus on switching to using only FSC®-certified materials. It is expected that FSC® products and packaging will be a necessity in the coming years in order to trade with our major customers and maintain a competitive advantage, albeit at a higher cost.
- 02 Improving product quality is also be a focus as if executed correctly this can have a material difference on its life span. Amazon reviews have become a recognised method for determining product quality, especially within a consumer setting and therefore act as a key target area for the company.
- 03 Product packaging has a particular focus on removing, reducing, or replacing plastic and paper with more environmentally friendly alternatives, a similar ambition to that seen within our retail customers.
- 04 The Quality and Product teams will increase the use of QR codes, product care advice, consumer easy guides and access to information on safe WEEE waste disposals to help support the consumer on maximising the life of the product and educating them on the best place of sustainable disposal. This information will feature on product or product packaging and found on our branded websites
- 05 To maximise the life of a product there will be an increase in the number of products with spare or replacements parts available for consumer purchase. The demand and sale of spare parts is monitored through the customer services team.
- 06 Any returned items from our electrical divisions (Floorcare, Small Domestic Appliances and Heating & Cooling) will either be repaired, recycled, or repurposed, with the aim to maintain a rate of below 5% for returns going to WEEE waste or scrap.

03 | Environment

Amazon Reviews

Amazon is increasingly becoming a larger portion of our business in terms of revenue, listed products and market intelligence.

Amazon reviews have become a recognised method for determining product quality, especially within a consumer setting and therefore act as a key target area for the company.

The board and respective trading teams assess the performance of Amazon ratings on a monthly basis and use this feedback to influence future decisions on product quality.

A Team Effort

Joint communication within the buying teams through periodic meetings will be key to achieving results.

A specific quarterly progress update meeting will occur both within the Environmental Committee and the joint buying meeting.

Going forward, it is expected that achieving environmental targets will form part of buying department bonus structures in upcoming financial years to aid focus and drive change.

We've Already Started



► Case Study – Salter Eco Scales

When the business acquired the Salter brand in July 2021 the product packaging and product materials for this particular set of scales were not FSC®-certified, highlighting that the product and packaging materials were not sustainably sourced and potentially having a negative environmental impact.

Our team have since changed the product and packaging to FSC®-certified materials, have removed the waxed coated paper and no longer use the plastic sticker meaning the packaging is plastic free.

As such, both the product and the product packaging are more responsibly sourced.



The mark of
responsible forestry
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03 | Environment

Our Journey to Net Zero


► Team Collaboration

In order to achieve milestones on our journey to net zero, internal representatives from key departments will complete necessary actions in addition to co-operation with key external partners & suppliers. The key departments involved in our journey to net zero are:

- **Scope 1 & 2** – Human Resources & Operations
- **Scope 3** – Buying, Sourcing, Supply Chain, Suppliers and Logistic Partners

Key milestones on our journey will be internally communicated to relevant Heads of Department and departmental objectives will be set each quarter.

► To have Net Zero Carbon Emissions from Manufacturing to Delivery

Value(s)	Focus Areas	KPI's & Targets
<p>We care about the environment</p> <p>We go the extra mile for our customer</p> 	<p>Fuel & Energy consumption in operations</p> <p>Far East Supplier base</p> <p>Logistic partners in supply chain</p> <p>Effective Carbon reporting</p>	<p>Net Zero for Scope 1 & 2 by 2040</p> <p>Net Zero for Scope 3 by 2050</p>



03 | Environment

Our Journey to Net Zero

► Assessing Our Impact

Our focus on achieving net zero will be set between the process of manufacturing of our products, to orders processed through our operations and to delivery to our retail customer.

During November 2022, our first priority is to establish our current carbon footprint by completing a carbon assessment across scopes 1,2 and 3. This analysis will identify particular focus areas (“hot spots”) and help us to set achievable milestones on our journey to Net Zero in the coming years.

► Developing our Reporting Abilities - A New Carbon Accounting Partner

Collating the necessary data in this area is complicated, with many businesses struggling where to start.

We have engaged with a new carbon accounting partner who will help us effectively track our net zero journey. Real time data relating to Scope 1, 2 & 3 emissions will be uploaded on a quarterly basis, enabling the use of an intuitive dashboard to measure our ongoing performance against any agreed targets or key milestones and adjust our approach if required.

This methodology means all reporting will meet TCFD standards, ensuring our carbon emissions data can be appropriately and successfully audited. We will also be able to provide this data proactively to the retail customers that need it.



03 | Environment

Our Journey to Net Zero



► Case Study – Head Office Solar Panels Project

We have already made significant investment in our journey to Net Zero by replacing the lighting installation across all of our global sites to more energy efficient alternatives in the form of LED censored lighting.

However, we knew more was needed so in August 2002 we decided to install solar panels on the roof of our head office building in Greater Manchester to reduce our carbon footprint and also help mitigate the effects of surging global energy prices.

In total, 1,150 panels were installed at a cost of £385k, covering approximately 85% of Manor Mill's roof. It is anticipated that the panels will produce up to 40% of Manor Mill's ongoing energy requirements but the installation offers wider scope to increase this further in the future.

The system also allows real time assessment of current consumption in order to positively adapt the way in which we use our electricity, preventing wastage.

04

Social

A Great Place To Work For All Pg 20

Diversity and Inclusion Pg 21

Giving People a Voice Pg 22

A Safe Place to Work Pg 23

We Care About Our Community Pg 24

Local Jobs for Local People Pg 25

Increasing the Role of our Social Committees Pg 26

04 | Social

A Great Place To Work For All

Much of UP's success relates to its talented people and providing them with opportunities and an environment that is great to be a part of for all. The company has already taken many positive steps in achieving this and as such, the targets and focus areas are a continuation of our ambitions around promoting people development, diversity and inclusion, and fairness for all.

Value	Focus Areas	KPI's & Targets
<p>We invest in our people</p>   	<p>Diversity & Inclusion</p> <p>Colleague Engagement</p> <p>Training & Development</p> <p>Women in leadership</p> <p>Fair Pay</p> <p>Colleague well being</p>	<p>90% Great Place to Work score on engagement survey by 2025</p> <p>Gender balance in Leadership roles by 2030</p> <p>Maintain gender pay median at 5% differential</p> <p>40% of Board representation (Op or Main) to be female by 2025</p> <p>20% of the UK workforce to be from ethnic minorities by 2030</p> <p>An average of 40 hours training and development hours per person per year by 2030</p>

► Training & Development

As a talent business that recruits largely inexperienced people to join our company, we anticipate a continuing need to provide dedicated formal training time to our colleagues in order to meet operational demands, retain our talent and develop future leaders as the business continues to expand.

Going forward, training opportunities will increase and be offered through our internal training officer, external training partners, digital platforms, and our established development programmes such as the leadership programme, sales academy, senior development programme and mentoring programme.

04 | Social

Diversity and Inclusion

To offer a great place to work for all, there needs to be consideration for both gender and ethnicity to create a fair, diverse, and inclusive workforce.

Having analysed our current gender and ethnicity data within our UK workforce, it is clear the company has already made good progress on these areas, with recruitment schemes (like the graduate scheme) providing excellent foundations.

Our future focus is to encourage a gender balance within the workforce and leadership positions, along with ensuring sufficient female representation at both Main and Operating board levels.

In terms of ethnicity, the company already has a relatively diverse workforce within its UK teams with current ethnic minority representation at 17.3%. However, having reviewed the local census data, we feel more work is needed as ethnic minorities in Oldham are at 22.5% and 16.3% in Greater Manchester, with these areas being our two main pools for recruitment talent.

Our aim is to introduce a target of 20% of the UK workforce being from an ethnic minority by 2030 which is a sensible target as it sits between these two percentages, especially when considering our focus to recruit locally but without overly restricting our wider recruitment methods.

The company will use the Government's recognised definition of ethnic minorities for reporting reasons, until other such recognised comparators are developed.

04 | Social

Giving Our People a Voice

► The Annual Engagement Survey

The annual engagement survey will continue to act as a key method for assessing our employee proposition, with the “great place to work” question being a main focus. However, the ECG (Employee Consultation Group) and representatives of the board will review the survey results to determine what is influencing the score and agree actions for improvement.

Both the ECG and the HR department will continue to play an active role in being a place where our colleagues can confidently raise concerns and areas for improvement, along with helping to achieve our wider social targets.



04 | Social

A Safe Place to Work

A safe and compliant place to work is an essential way of working for UP across our own operations and wider supply chain.

As a continued member of Amfori BSCI and Sedex, our factory auditing procedures will continue to be at the highest possible standards. Our internal ethical auditing team will play a key part in auditing our supplier base and the ethical and the modern slavery committee will continue to annually audit our procedures around modern slavery and workforce safety across our own operations and wider supply chain. Any issues or corrective actions will be raised, and resolutions found by the relevant department.

The company will continue to have effective and robust procedures within its own operations around health & safety including annual audits completed by competent external partners and continued corrective action plans that will be discussed at main board and senior management team levels.


Value	Focus Areas	KPI's & Targets
We strive to do the right thing	Ethical supplier base Modern slavery Safe working environments	100% Suppliers Audited by 2025 0 H&S Reported Incidents on UP sites 0 Modern Slavery & Bribery reports within UP & wider supply chain

04 | Social

We Care About Our Community

Our community work is integral to our business and our core values and will continue as a primary focus for UP. Having studied our community around our head office base, there are clear needs around employment, providing opportunities for local youth and supporting vulnerable people through local initiatives. To ensure the greatest impact, our efforts will be more strategic with resource and time allocated via partnering with suitable local organisations who help meet these needs.

Our community work will be re-focussed into three main pillars aligned to these localised needs:

Value	Pillar	KPI's & Targets
We care about our community	Supporting vulnerable people through local charities, initiatives, and a recognised company charity	Provide £150k of charity support & fundraising by 2035
UN SDGs 	Support local youth to gain access to education, further training, and employment	60% of UK workforce to live locally 2030

The community committee (formerly charity committee) will be responsible for completing actions in this area. Actions will be split into 3 key areas:

- ▶ 1 Financial funding or fund raising
- ▶ 2 Stock donation or use of our supply chain
- ▶ 3 Time/ resource from our workforce

We will identify local charities and other partnerships that would benefit from our support through our local network of contacts or recommendations from our own colleagues.

04 | Social

Recruiting Locally



Offering job opportunities to our local community has been something we firmly believe in as the business continues to expand. Keeping employment local positively boosts the local economy and aids in our own staff retention.

Over the next year, recruitment practices will be refocussed to include more localised events, partnering up with local schools and colleges to promote jobs under the company's academy's, work placement, apprenticeships and graduate schemes to achieve our recruit local targets.

Local to us...

We define local as those located within close proximity to our head office site in greater Manchester, in particular based in postcodes of OL, M24 & M25.

04 | Social

Increasing the Role of our Social Committees

To achieve our aims, UP colleague committees will continue to play an integral part in our social agenda, through greater communication, ideas generation, completing actions and monitoring of performance.

The structure and focus areas each committee are responsible for is detailed below:

Aim	Committee	Material Issues/Focus Areas		
To be a great place to work for all	Employee Consultation Group (ECG)	Training & Development Women in leadership	Diversity & Inclusion Employee Engagement	Fair Pay
To ensure safe places to work	The Ethical & Modern Slavery Committee	Modern Slavery in the supply chain	Health & Safety on sites	Ethical Factory Auditing
To support our communities	The Community Committee	Community & charity fundraising	Local youth education	Employment opportunities

Revised terms of references for each committee will be implemented to ensure focus areas are discussed in regular meetings, with feedback, ideas and actions reported to relevant departments and to the ESG leads.

05

Governance

Effective Governance Pg 28

TCFD Compliance Pg 28



05 | Governance

Effective Governance

Currently, our corporate governance meets all necessary compliance, but there is an opportunity to further improve the communication and monitoring of our governance requirements.

While ultimate responsibility lies with the Board, Corporate Governance is also about how a business is run on a day-to-day basis, and therefore, does not sit as the responsibility of one single board level committee. As such, there are items and subjects that other committees are better positioned to govern.

These items will fall under different committees:

Main Board	Audit & Risk Committee	Remuneration Committee	Nominations Committee	ESG Committee
Strategy	Risk	Executive compensation	Board diversity	Board and Committee Structure
Shareholder Rights	Tax strategy			Business Ethics & Anti-Corruption
Stakeholder Engagement				Transparency

► TCFD Compliance

We are now required to report on a comply or explain basis against the 11 disclosure recommendations of the Taskforce on climate-related financial disclosures (“TCFD”)

The Audit and Risk Committee has added Climate-related risk as one of the Group’s key risks. In addition, the ESG Committee has formed a sub-committee to specifically look at climate-related risks and opportunities. The members of the sub-committee is the internal ESG Leads plus one Non-Executive Director. Chris Dent, CFO will chair and lead this TCFD sub-committee. The output of this committee will be reported in the annual report as the company disclosure and included in the quarterly report to the ESG committee.

06

Forecasting

What About Costs? Pg 30

What Happens Next? Pg 30

06 | Forecasting

What about Costs?

► Financial Implications of this Strategy

It is expected that any increases in costs (such as using more FSC®-certified materials) will be fully considered before implementation, with many being offset against the savings made across our other environmental focus areas (such as reductions in packaging) and/or commercial gains through increases in revenue due to strong Amazon ratings, maximising a competitive advantage with service and product offer to our retail customers, or passing on the cost where possible.

Capital expenditure investments are likely, as solutions are identified under the 4Rs initiative to meet expectations on net zero. Suggestions exceeding a cost above £10k will require board director approval via a business case and discussion over a sensible payback period.

Resourcing and headcount should not directly increase as a result of the ESG strategy as work tasks will be adapted as opposed to seeing an increase in workloads.

Expected changes in taxation and regulation could also influence costs in the future, although it is too early to accurately quantify and therefore these will be closely monitored by the ESG committee.

► What Happens Next?

The ESG Committee have devised an action plan in relation to the communication of this strategy to all stakeholders both internally and externally.

Following this, both internal procedures and communication methods will be adapted to take in to account any changes noted in this strategy paper. This will include updates to our internal signage and new pages developed on our corporate website.

Periodic updates on the progress against our ESG strategy will be reported internally via our committees and externally through our website and annual reports.

The company will also continue to periodically review its material issues and expectations of its stakeholders.