pch

**Developing Partnerships
Delivering Peace of Mind**

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**2020
SUSTAINABILITY
REPORT**

Welcome

This report discusses our sustainability activities in 2020. In addition to educating our stakeholders about our best practices, this report measures against our sustainability goals and anticipated challenges to our business.

Operating sustainably is key to providing our customers peace of mind, which is our company purpose and part of our culture. We are open about our yearly improvement goals and areas where we want to make progress. We believe that being transparent builds trust and that adhering to stringent, high-standards of operation makes a better company.

PCH is a privately held company with headquarters in Cork, Ireland, and Innovation Hubs in San Francisco and Shenzhen, China.

On the cover: Louise Huang and Mike Li

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PCH Innovation Hub, Shenzhen, China

Our
Purpose

> "Sustainability continues to be a deeply held commitment at PCH and aligns with our company purpose – Developing Partnerships Delivering Peace of Mind. We partner with our customers and suppliers to deliver on this commitment."

– Liam Casey, Founder and
Chief Executive Officer

Message from Liam Casey
Founder and Chief Executive Officer

2020 was a historic year in which every part of the globe was adversely impacted by the coronavirus pandemic. Like most companies, PCH felt the effects of COVID-19. Our company was fortunate to have the agility, resilience and skills to respond quickly and adjust to the new reality caused by the international pandemic. And it showed us that – now more than ever – our commitment to sustainability and stable Environmental, Social and Governance (ESG) practices are essential for future success.

Sustainability remains a deeply held commitment at PCH and aligns with our company purpose – Developing Partnerships Delivering Peace of Mind. Brands continue to value our unique concept-to-consumer platform as many move toward a Direct-to-Consumer business model. From initial design concepts (where we utilize sustainable design to eliminate negative environmental impacts) to our differentiated supply chain services (which increase operational efficiency, improve worker health and safety and minimize overproduction), we strive to incorporate sustainability into every step of the product journey.

But we recognize that our efforts must align with others if we are to have any meaningful impact. We work closely with partners, customers and suppliers to advance sustainability, and we align ourselves with efforts to confront ESG issues at all levels of society. Since 2012, we have been participants of the United Nations Global Compact (UNGC), and we integrate its Ten Principles (across Human Rights, Labor, Environment and Anti-Corruption) into our core business strategy and operations.

Our goals are to advance a circular economy in which we can help eliminate waste and promote continual use of resources by encouraging reuse, sharing, repairing, remanufacturing and recycling. As the following pages will show, we made important progress toward these goals in 2020, but we recognize that much work lies ahead of us if we are to realize the future we envision.

We continue to align with the results of our 2020 materiality survey, which identified our stakeholders' ESG priorities. In 2021, we will strive to help our customers better achieve their sustainability goals through the implementation of comprehensive product lifecycle data analytics. And in our own operations, we are aligning ourselves with the Science Based Targets Initiative as an emission reduction strategy.

In closing, 2020 taught us much about our interdependencies and illuminated new ways to work together with our customers, partners and suppliers. Although the year was challenging, it reinforced our values of teamwork, integrity and passion — and emphasized the necessity of agility and resilience.

Thank you for your interest in sustainability at PCH and the progress we are making in fulfilling our goals.

Liam

Message from Alan Cuddihy
Vice President, Sustainability

As with most companies, 2020 was a year of uncertainty, adaptation and resiliency for PCH. As COVID-19 first emerged, we quickly adjusted our working environment to help protect our employees, our partners, and the wider community. As the year progressed and the situation deteriorated in many parts of the world, it became clear that the working environment had changed profoundly, and that we as a business needed to adapt.

While we have always had a strong focus on ESG as it pertains to supply chain operations, we are expanding our capability to integrate sustainable design processes and assessments earlier in the product development cycle. We have a cross-platform vantage point that allows us to comprehensively understand the impacts that early-stage design decisions have on the factory floor. PCH is committed to being custodians of sustainable design intent to ensure that design improvements are incorporated at the earliest phase of the design cycle. The benefits will be realized as products move through development, manufacturing and distribution.

PCH has always championed supply chain transparency, and so we were excited to roll out user-facing solutions in 2020 to help showcase our product origins. Though we have a lot more to do in this area, this was a key step in our goal of equipping our customers with data-rich supply chain visibility solutions that help build brand integrity. Understanding the environmental risks and impacts of each phase of the product life cycle is an important feature of transparency. Highlighting, quantifying and mitigating this impact is a core part of PCH's sustainability strategy.

Our need to drive better environmental performance of products by utilizing Life Cycle Assessments (LCA) and data analytics will continue to inform better product design practices. We need to maintain an open dialogue from factory floor to design community that will also help drive sustainable design decisions. We seek to allow our platform to be accessed by all stakeholders and contribute to a more sustainable consumer product industry.

Today, we have an exciting opportunity to build on our previous nine years of work in incorporating sustainability into our business model by focusing on our concept-to-consumer production model and prioritizing world-class, data-driven sustainability performance across our core business. As we continue to refine and optimize our service offerings, exciting things are in store for PCH and our customers.

Thanks for your interest in sustainability at PCH.

Alan

> "We are committed to being custodians of sustainable design intent. We understand the impacts that early-stage design decisions have on the factory floor."

– Alan Cuddihy,
VP, Sustainability

2020 ESG Highlights

2020 brought significant (and probably lasting) changes to the business environment. PCH reacted quickly to this highly dynamic and uncertain time by making changes in our business operations and focusing on bringing enhanced value to our customers:

> Adjusted our work environment to protect our employees, partners and the wider community

> Adapted our organizational structure to serve our customers and make decisions more quickly:

  » Enhanced our agility, flexibility and resilience by simplifying our structure

  » Changed location of various roles to be closer to customers or in-country services

> Embraced remote work and reduced business travel

  » Expanded IT and other support programs for employees working from home to bolster customer support, employee productivity (while balancing work/life)

  » Examined our office space to achieve reductions in our footprint as necessary

> Played a positive role in the wider community by increasing access to and reducing the cost of PPE, which also provided a new revenue stream for the company

> Enhanced our sustainability programs by increasing focus on:

  » Our concept-to-consumer production model and prioritizing world-class, data-driven sustainability performance across our core business

  » Our emission reduction strategies initiatives and targets

  » Transparency in user-facing solutions that showcase product origin

  » Providing Life Cycle Analysis to our customers

  » Incorporating sustainable design in the earliest phases of product development and throughout the supply chain

  » Continuously driving sustainability performance

> Invested in software services (SaaS model, providing intelligence, insights and operational levers) that will help our customers optimize their operations and enhance consumer engagement

PCH in 2020

GLOBAL WORKFORCE (at Dec. 31, 2020)

470

PERCENTAGE OF WORKFORCE IN CHINA

80%

SIZE OF OPERATIONS
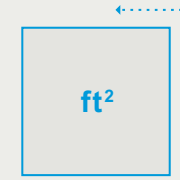
ft²

332,304 sq ft

ENGINEERS GLOBALLY

84

SUPPLIERS TRANSACTED WITH GLOBALLY
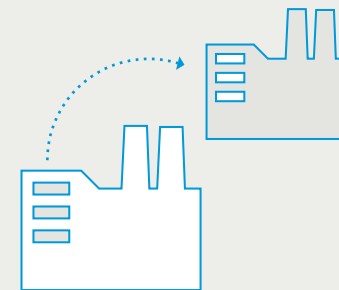
192

SUPPLIERS IN OUR NETWORK

1,000+
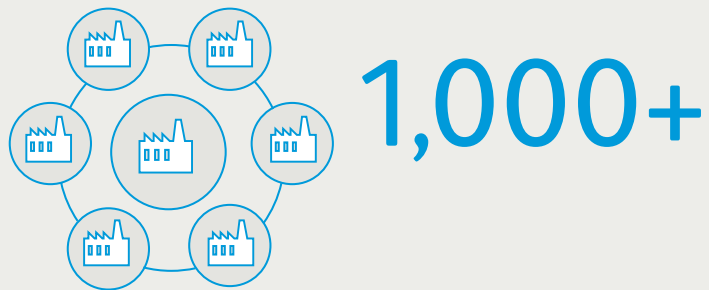
UNITS SHIPPED

115.84M

Our shipments
are up 121%
year over year
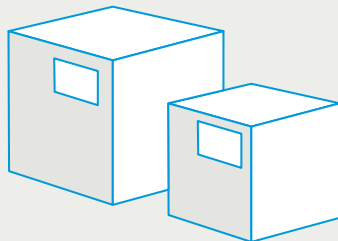
Jaco Franken, Allan J Russell and Raymond Tan

Our Company

PCH is a privately held company with headquarters in Cork, Ireland, and Innovation Hubs in San Francisco and Shenzhen, China.

For 25 years, PCH has worked with the world's best brands and innovative startups to create and deliver breakthrough consumer products. Our expertise spans the entire product journey, from product concept to the out-of-the-box consumer experience. We provide engineering, development, manufacturing, packaging and supply chain services that enable our customers to bring new products to market quickly, efficiently and with consumer engagement. Our supply chains are efficient and flexible, and we continuously drive sustainability performance.

Our Purpose and Values

Developing Partnerships Delivering Peace of Mind

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Our purpose is Developing Partnerships Delivering Peace of Mind. When it comes to our customers and supplier partners, we seek to develop mutually beneficial, long-lasting partnerships that deliver peace of mind. This purpose, along with our values of Teamwork, Integrity and Passion, guide our behavior, relationships and decision-making, both internally and externally.

> **Teamwork:** accountability, sharing, solution-focused, speaking up, commitment, determination, results-orientation

> **Integrity:** honesty, open communications, diversity, reliability, thoughtfulness, shared-value

> **Passion:** curiosity, self-motivation, continuous improvement, live/demonstrate our values, insightful, committed, lead by example

Our Company Goals

1 Operate sustainably and profitably

2 Be leaders within our industry

3 Deliver excellent customer service

4 Be a unique, special and diverse place to work

Pierre Gaillard

Josa Leung and Jeff Huang

Chen XueLin

The Product Journey

Our skilled, differentiated and value-added services encompass the entire product journey. We continuously drive sustainability performance throughout supply chains.

Customer-product requirements/ alignment

Architect, prototype, innovate

Engineer & develop

Validate & manufacture

Packaging

Mass customization & personalization

Postponement

Pack out & fulfillment

Logistics
D2C & B2B solutions
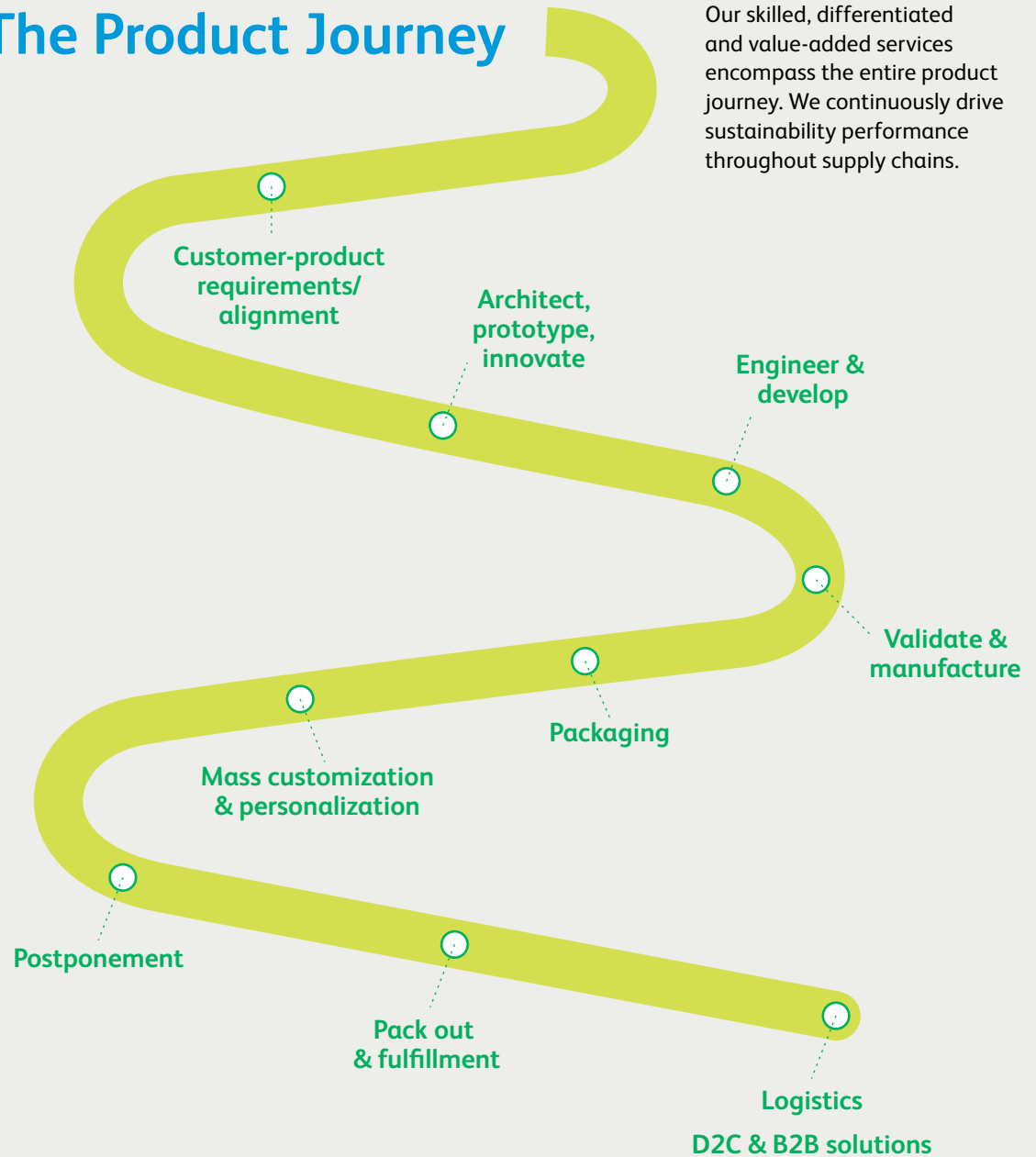
We provide state-of-the-art prototyping and product development services. Once a development project kicks off, our team reviews the product objectives, timelines, constraints, business case, desired user experience, feature set and design intent, and tests different solutions to reduce and mitigate risks, enhance manufacturability, increase alignment with sustainable solutions and reduce costs.

We explore feature set variations, research comparable products, source components, develop a preliminary cost of goods estimate and create a development recommendation. We integrate and refine the product by building working units (design validation units or DVUs), assembling subsystem models, conducting tests, developing schematic and layout designs and designing early packaging concepts. Our teams always design with manufacturing requirements in mind, and we work closely with our manufacturing team to develop initial tooling plans, to source components for pilot builds and to design the ideal supply chain.

While we provide end-to-end supply chain services, we do not own manufacturing capacity. We engage necessary supplier partners to best serve our customers. We partner with tried and trusted suppliers to achieve the best results and provide our customers with peace of mind. We help our customers select and audit manufacturing, component and final assembly suppliers.

Our unique end-to-end vantage allows us to see outside of the silos that often exist in bringing new products to market. For example, we understand how design decisions impact not only how eco-friendly a product is, but how design decisions can impact factory worker health and safety.

PCH manages sustainable design intent throughout the development cycle (when changes can be made most easily without adversely impacting industrial design, user experience, costs and speed-to-market) to ensure **all environmental benefits are maintained.**

"

Our development process mitigates risks, enhances manufacturability, reduces costs and drives sustainability performance."

– **Andre Yousefi**
 VP, Design Partnerships

The Direct-to-Consumer Channel

Many of our consumer brand customers are reducing their reliance on third-party retailers (both brick-and-mortar and e-commerce retail platforms) and switching to demand-based, direct-to-consumer (D2C) sales. This shift was already occurring prior to the events of 2020, but COVID-19 accelerated this trend.

The D2C channel allows brands to more easily track and operationalize important end-to-end supply chain data about operations, inventory and customer preferences. Such data can be used to:

> Produce based on real consumer demand (instead of retail forecasts), leading to less overproduction and waste

> Respond to shifting consumer demands, tastes and expectations in a timely fashion

> Optimize operations, inventory management and ESG impacts, leading to greater efficiencies and better sustainability and ESG outcomes

As a result, many of these companies also enjoy greater access to working capital with more favorable terms.

Importantly, the D2C channel allows brands to engage directly with customers and learn about them. A clearer view of the consumer allows brands to increase customer engagement and foster brand loyalty. In many cases, our customers have experienced firsthand an increased expectation for better ESG outcomes from consumers – such as reduced packaging, elimination of harmful materials and chemicals, and improvements in worker health and safety. Combined with the ESG benefits and operational efficiencies associated with a D2C model, the channel often sets up a virtuous cycle that benefits all stakeholders.

Our Operations

To meet the demands of global markets, PCH's international footprint allows us to achieve efficiencies for our customers. We deliver products to over 150 countries in fewer than four days.

PCH Operations in Shenzhen, China

PCH has been operating in China since 1996, where we provide development, manufacturing services, packaging and post-production services. PCH has corporate offices, research and development, manufacturing, packaging, fulfillment, personalization, customization and logistics services at our PCH Innovation Hub located in the Futian Free Trade Zone. We also have our Highway1 hardware accelerator at this facility.

This location enables our customers to benefit from favorable labor rates, without paying export duty on finished goods bound for global markets. PCH packs out hundreds of thousands of units per day and ships business-to-business (B2B) (parcel and bulk shipments) and D2C direct from China. We operate two shifts daily, six days a week, and expand production depending on demand. We have internal planners who schedule production according to our customers' shipment requests. We adhere to local laws and regulations when it comes to protecting workers.

PCH Operations in San Francisco

Our facility in San Francisco serves global customers, many of whom are in Silicon Valley or come to the San Francisco Bay Area seeking innovative partners. We provide engineering and development services at this location that are tied to our new product introduction services in Shenzhen. Staffing in San Francisco includes engineers (mechanical, firmware, electrical and packaging), system integrators, program managers, business development and support operations.

Sustainable design services help our customers minimize their impact on the environment. During the development process, we provide chemical, material and manufacturing options to **minimize environmental impacts.**

Our Key Operations

Cork, Ireland
Global Headquarters

Shenzhen, China
PCH Operational Headquarters, PCH Innovation Hub, and Highway1

San Francisco
PCH Innovation Hub

Cape Town, South Africa
Software Development

WHO WE WORK WITH

41% Global brands

59% Small- to medium-sized companies (including startups and design studios)

SECTOR EXPERTISE

Personal care & beauty

Health, fitness & wellness

Home & lifestyle

Accessories & peripherals

Audio & entertainment

Appcessories[1]

Smart retail

MARKETS SERVED (BY SHIPMENTS DELIVERED)

40% Europe

35% North America

20% Asia

5% Other
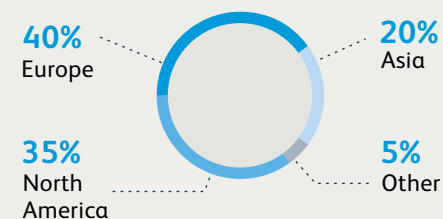
[1] "Appcessories": devices used in association with 2B software/Apps for data collection, payment, signaling, or communication purposes

Sustainable Design

We view **sustainable design** – minimizing negative environmental and maximizing social impact by using renewable resources and innovation – as a core responsibility and commitment. Our customers rely on us to help them create and deliver innovative consumer products in the most sustainable way. One of the key reasons that brands choose to work with PCH is our open, detailed disclosure of ESG and sustainability considerations.

Because we are often involved at the beginning of the product industrial design phase, we offer suggestions that minimize or eliminate the use of harmful chemicals, materials and processes that can negatively impact the environment, worker health and safety and consumers. By having these open discussions early, we suggest alternatives and adjustments without adversely impacting industrial design, costs and the production schedule.

PCH is an asset-light supply chain company (we do not own manufacturing factories and we partner within the supply chain ecosystem to manage and deliver services). Together with our customers, we choose the best manufacturers based on the product requirements and sustainability factors. We partner with trusted and reliable suppliers (all of whom we audit and who sign our Supplier Code of Conduct). We also educate them about sustainable practices.

Our Customers

We work with both seasoned technology companies (hardware, software and service enterprise) and companies that are new to hardware. They rely upon us because of our vast experience bringing products, including IoT (Internet of Things) products, to market.

Our customers come from a variety of sectors, including:

Brands rely on PCH to support them in creating and delivering innovative products in the **most sustainable way.**

2020 Trends Shaping Our Business

In today's globally connected economy, our business and the businesses of our customers are greatly affected by events and emerging trends in the world around us. We view the following five trends as significantly shaping our industry and business.

Direct-to-consumer delivery

> Shifted to direct-to-consumer channel model

> Increased financing available to brands with direct-to-consumer models

Supply chains driven by real-time data

> Customer-centric supply solutions

> Increased demand for robust end-to-end data and to improve operations and increase customer satisfaction

> Customer personal data security

> Flexible and resilient asset-light supply chains that respond quickly to fluctuating demand

> Supply chain transparency

Shifting manufacturing

> Demand-led versus capacity-led production

> Demand for high mix/low volume manufacturing solutions (unique/special edition products), mass customization and personalization

> Fast-paced new product introductions (reduced time-to-market)

> Commoditization of manufacturing capacity, leading to ecosystem partnerships

Consumer Expectations

> Companies must demonstrate higher purpose (climate change, diversity/inclusion, social justice and more)

> Massive shift to online retail

> Brand loyalty towards sustainable companies

> Demand for after-sales services to diminish waste

Investment in New Tech

> Investment in digitization of the supply chain, Artificial Intelligence, Machine Learning and last-mile technology investments

> Growth in IoT consumer devices among 'non-tech' industries (beauty, software and fashion)

Our Response to COVID-19

Few companies could have planned for the devastating human toll and profound business disruption caused by COVID-19. However, we adjusted quickly and weathered the storm posed by the pandemic.

Change has been a constant for PCH over the past two and a half decades, and adaptability has always been key to our business. The fast-paced technology industry in which we operate has taught us to remain agile, adaptable and resilient whenever new challenges and opportunities emerge in the market. Moreover, our asset-light model – where we do not make large capital investments in infrastructure – affords PCH unique flexibility in our industry. We embrace a partnership model that adjusts to customer demand, the industry and technology.

As the effects of the global pandemic emerged and evolved throughout 2020, we focused on the following priorities:

> **Employee health and safety** – We adopted additional health and safety guidelines worldwide in response to the pandemic

> **Serving our customers** – We supported our customers as they implemented direct-to-consumer online sales in response to closures by many brick-and-mortar retailers

> **Improving our operations** – Understanding that many of the changes in the business environment are likely to be permanent, we adjusted our operations to align with:

  » work-from-home initiatives

  » quicker decision-making on the part of customers

  » increased demand for direct-to-consumer models

  » data enhancements and investments that provide business insight and controls that enhance operations, improve the consumer experience and reduce waste

> **New sourcing services** – Strategic sourcing is in our DNA. We helped reduce the cost and increased access to PPE while prioritizing medical personnel, hospitals, governments and municipalities

Employee Health and Safety

The welfare of our staff has always been paramount, and in 2020, we quickly began to adjust our operational model to protect our employees while ensuring we maintained a critical level of service to our customers. From an ESG perspective, that meant continued collaboration with our partner manufacturers to ensure a high degree of compliance with our Code of Conduct, working with them to resolve issues and implement corrective actions where required.

With major operations in Shenzhen, China, we saw firsthand the initial wave of the coronavirus and the actions that the Chinese government took in response. Our operations in Shenzhen were the first to close in February 2020, and the first to reopen in March 2020 with new sanitation, temperature taking, social distancing, mask wearing and other health measures to protect workers. PCH adhered to recommended health guidelines and implemented shifts to minimize the number of employees in our Shenzhen facilities, while continuing to support our customers. These safety measures are still in place in 2021, and we foresee that many of these measures will be permanent.

In our global operations outside of China, we implemented work-from-home initiatives beginning in mid-March 2020, and our employees continue to work remotely, only making office visits (complying with health and safety protocols) for critical in-person work such as prototyping. We adjusted our work-from-home requirements and have implemented recent programs to:

> Reinforce our strong culture

> Keep our employees engaged and productive

> Ensure high-standard customer support

> Strengthen business operations

> Grow our business

Going forward, we anticipate a reduction in the office space needed by our operations.

PCH in China health and safety data	2018	2019	2020
Injuries	0	0	0
Fatalities / occupational diseases	0	0	0
Lost days	0	0	0

Our operations in Shenzhen were the first to close in February 2020 and the first to reopen in March 2020 with **new health measures to protect workers.**

Chen RongLing and Zhang HeDong

Serving Our Customers

Prior to the pandemic, many of our customers sold goods through third-party brick-and-mortar retail partners. In a short period of time, COVID-19 caused many of these retailers to shutter, leaving many of our customers with no path to revenue.

We leveraged our many years of direct-to-consumer (D2C) experience to help new and existing customers augment their D2C offering, which enabled them to adjust to retail closures, uncover new streams of revenue and improve consumer relationships. Our flexible, responsive supply chains allowed our customers to make, customize and deliver direct-to-consumer anywhere worldwide. We believe the move to D2C will be long-lasting, and we expect to see increased consumer businesses investing in the D2C channel in the future. For more on the D2C channel, click here.

New Sourcing Services

Once we were confident that we had taken measures to protect our employees and support our customers, PCH took action to respond to new, urgent sourcing opportunities.

In March 2020, many hospitals and governments around the world struggled to secure personal protective equipment (PPE) and other medical supplies needed for frontline healthcare professionals. Limited access to quality PPE resulted in scarcity, competitive behavior between countries and health care providers, predatory price gouging, theft and counterfeit PPE.

Decades of experience in strategic sourcing (direct relationships with manufacturers), global logistics (export/import licensing and regulations) and on-the-ground operations in China allowed PCH to quickly launch a new commercial venture – we used our business to help address the global shortage of PPE. We sought to:

1. Lower the price of PPE by sourcing direct from factories, including factories that had never made PPE in the past

2. Increase access to authentic, high-quality and certified PPE by selecting, auditing and overseeing the end-to-end supply chain

3. Onsite audit of every factory we engaged to be compliant with our Supplier Code of Conduct

4. Prioritize delivery to medical and healthcare professionals, hospitals and governments

5. Deliver direct to points-of-need (avoiding PPE brokers, who slow delivery and hike prices) and accelerate time-to-market by harnessing our worldwide logistics expertise (including chartering our own planes and managing export/import documentation)

6. Make our process transparent (from raw materials to delivery) to provide peace of mind and guarantee that our products were authentic

PCH delivered authentic, certified and high-quality PPE direct to points-of-need. We managed all logistics, including complex export documentation that was disrupting deliveries from China. Our partnerships with aviation companies ensured worldwide delivery on a weekly basis. And to expedite deliveries, we chartered commercial planes weekly.

We prioritized healthcare workers and provided an end-to-end solution that included sourcing from over 80 certified suppliers across 20 different PPE products. We negotiated optimal pricing, conducted audits of all factories (onsite quality control inspections, certification compliance and raw materials oversight), and delivered directly from China to points-of-need, providing a steady flow of PPE. PCH has delivered over 100 M units of PPE. We ensured that every PPE shipment was inspected by our team and was compliant with all necessary certifications and international quality standards and regulations. Most importantly, we provided peace of mind by maintaining transparency across our entire PPE supply chain.

We utilized our experience in logistics to overcome worldwide distribution and delivery hurdles. We made our supply chain transparent to give our customers confidence in our products and delivery. The details of each order were made available via a mobile app that provided information on the product's raw materials, supplier factory, batch number, distribution route and delivery date.

PCH Response to the PPE Global Shortage

Over 100 M units of PPE created

80 certified suppliers

20 different PPE products

End-to-end supply chain transparency

Sustainability at PCH

Sustainability and ESG factors are fundamental to the way that we operate, as we strongly believe that sustainability is good for business and the right thing to do. We are open about our yearly improvement goals and areas where we want to make progress.

Stakeholder Engagement

To understand which ESG and sustainability topics are most important to our stakeholders and inform our ESG and sustainability strategy and approach to reporting, we conducted a formal materiality assessment in 2020.

Feedback was provided by a range of stakeholders through a variety of communication vehicles. We engaged with customers, employees and PCH leadership via surveys, face-to-face meetings, town halls, employee feedback channels, conferences and other informal discussions. We also conducted interviews with investors, customers, business partners, suppliers, nonprofit organizations and other external initiatives to gain a better understanding of external stakeholder perspectives on ESG topics.

Celine Zhai

How We Communicate With Stakeholders

Stakeholder Group	Location	ALL-HANDS MEETINGS	AUDITS	CONFERENCES	EVENTS	FACE-TO-FACE	LITTLE BIRD	MICROBENEFITS	MEDIA	NEWSLETTER	POSTERS	RECRUITMENT FAIRS	SURVEYS	SUSTAINABILITY REPORT	THROUGH CLIENTS	TOWN HALLS	TRAINING	WEBSITE	WORD-OF-MOUTH
PCH Factory Employees	China	●			●	●		●		●		●				●	●		
PCH Corporate Employees (Global)	Global	●				●				●	●		●	●		●	●		
PCH Office Employees in Factory	China	●				●				●	●		●			●	●		
Large Clients	Global			●	●	●			●				●				●		
Medium Clients	Global			●	●	●		●					●				●		
Small Clients (Startups)	Global			●	●	●							●				●		
Pro-social Entrepreneurs	Global			●		●		●					●						
PCH-selected Suppliers	China		●			●	●					●							
Investors and Board of Directors	Global					●							●						
Factory Owners	China		●			●											●		
Supplier Employees	China		●			●	●										●		
PCH Dispatch Agency Hires	China					●	●										●		
Non-governmental Organizations	Global			●		●							●				●		
Prospective Customers	Global			●		●		●					●						
Customer-selected Suppliers	Global		●			●											●		
Local Communities	China / U.S. / Ireland							●											

Stakeholder Group	Location	AGENCIES	AUDITS	CONFERENCES	EVENTS	FACE-TO-FACE	LITTLE BIRD	MICROBENEFITS	MEDIA	NEWSLETTER	POSTERS	RECRUITMENT FAIRS	SURVEYS	SUSTAINABILITY REPORT	THROUGH CLIENTS	TOWN HALLS	TRAINING	WEBSITE	WORD-OF-MOUTH
Media and Social Media	Global	●		●	●	●			●					●				●	
Prospective Workforce	Global	●		●	●	●			●			●		●				●	●
Factory Landlords	China					●													
Supplier Dispatch Workers	China						●												
Dispatch Agencies	China	●																	
Peer Companies	Global			●	●	●								●				●	
Academia	Global			●					●					●					
End-of-life Recycling Plants	Asia / U.S. / Europe					●													
Industrial Service Providers	China					●													
Direct Consumers	Asia / U.S. / Europe								●				●	●				●	
Other Consumers (End-product)	Asia / U.S. / Europe								●				●	●				●	
Trade Unions	China					●													
Industry Associations	Global			●	●									●				●	
Retail Stores	Global			●	●													●	
Logistics Companies and Freight Forwarders	Global												●	●					
Agencies and Consultants	Global			●	●				●										●
Design Associations and Design Consultants	U.S.	●		●	●						●		●						

Materiality Matrix

Based on results of our 2020 materiality assessment, we consolidated stakeholder inputs, prioritized topics, appraised significance of business impact for each topic and developed the following materiality matrix. While we are working to address all material topics identified by our stakeholders, we give heightened attention to topics that were identified as "very high" importance to our stakeholders. Topics in the top right quadrant of this matrix are highest priority to both our stakeholders and our business. Other priority topics are in the top left quadrant.

Governance
1 Governance
2 Executive ESG Responsibility
3 Risk Management
4 Ethics and Integrity

Economic
5 Economic Performance
6 Anti-corruption

Environmental
7 Energy
8 Water
9 Effluents
10 Emissions
11 Waste
12 Suppy Chain Environmental

Social
13 Employment
14 Labor Management
15 Health and Safety
16 Employee Training and Education
17 Diversity, Inclusion and Equal Opportunity
18 Freedom of Association
19 Child Labor
20 Forced Labor
21 Human Rights
22 Supply Chain Social

Industry
23 Innovation and Technology
24 Resilience
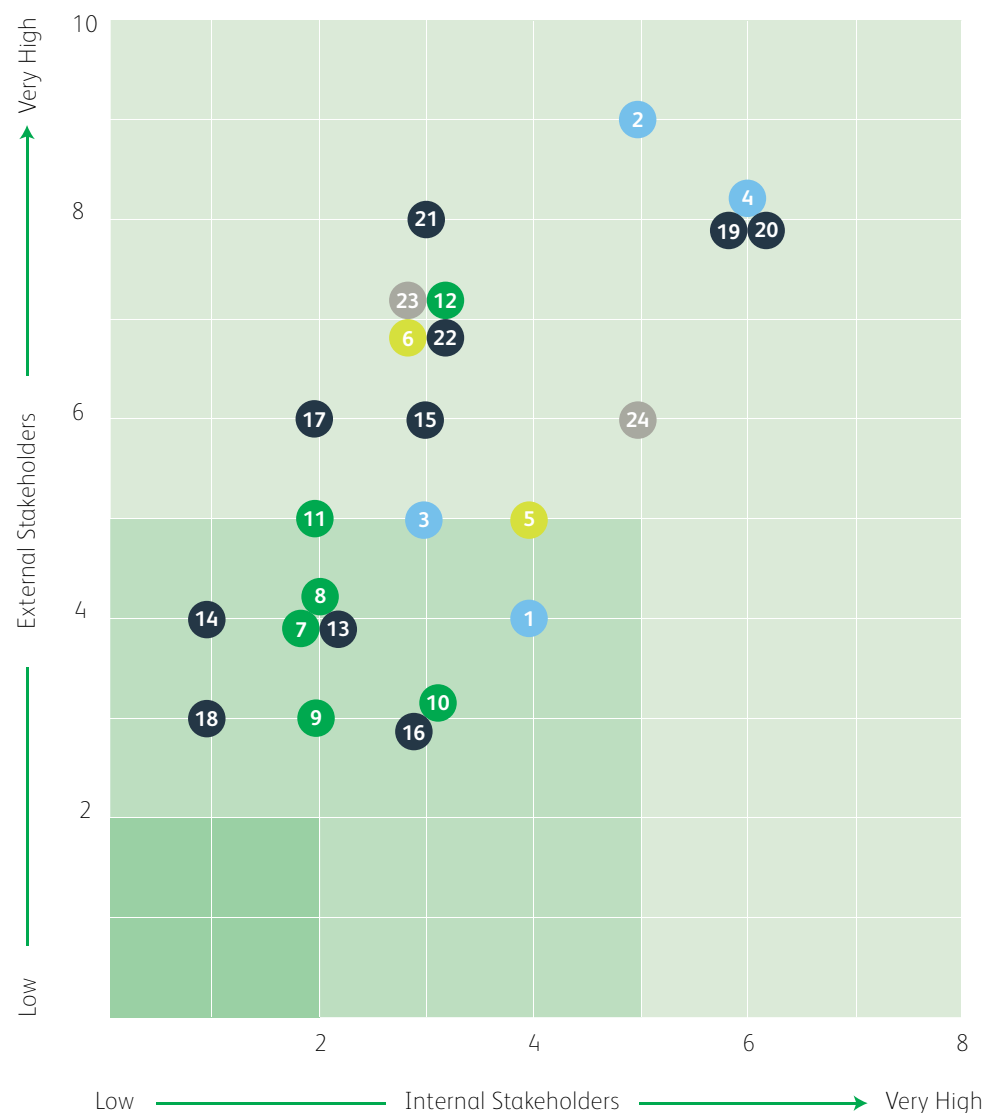
Our Strategy

We believe that by putting high sustainability and ESG standards in place, we will continue to improve our performance and best serve all our stakeholders.

Our sustainability efforts began in 2006, when we audited third-party suppliers and encountered poor conditions for workers such as inadequate ventilation. We wanted to become a catalyst for positive change. Because PCH does not own manufacturing capacity, we endeavored to influence our supplier partners by suggesting practical and constructive changes. To gain trust, we shared our findings and demonstrated the positive ROI of sustainability to them.

Transparency and accountability became key principles of our sustainability strategy. As a private company, we are not required to issue sustainability reports. However, we believe that by reporting on all aspects of our business and by putting high sustainability and ESG standards in place, we will continue to improve our performance and best serve all our stakeholders. Regular, transparent reporting helps us build trust and makes PCH a better-run, better-managed company.

We continually educate our own people about the importance of sustainability because our success depends on embedding sustainable practices into every step of the product journey. We share our best practices with supplier partners, customers, sustainability experts and our industry. Our customers look to us to help them improve their sustainability practices by suggesting sustainable materials, reducing packaging, eliminating harmful adhesives and chemicals, choosing manufacturing partners who adhere to high-standards and making supply chain design choices that reduce waste.

Tan Zhen and Long JianQiong

Sustainability Focus at PCH

People

Our highest priority is looking after those who work for PCH, both directly and indirectly. Our people are key to our success.

FOCUS AREAS

Employee development and engagement

Diversity and inclusion

Health and safety

Supply Network

Our purpose is Developing Partnerships Delivering Peace of Mind; collaborating with our supply network partners is key to delivering on our purpose.

FOCUS AREAS

Chemical and safety management

Energy management

Supplier qualification and development

Waste minimization

Products
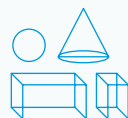
We take products from concept to consumer, balancing cost, quality and sustainability at every step.

FOCUS AREAS

Chemicals

Materials

Manufacturing processes

Sustainable product and packaging design

End of life

PCH Concept-to-Consumer Platform

Product Development
Architect, Prototype, Innovate,
Source, BOM, Packaging,
Supply Chain Design

**Validation &
Manufacturing Services**
EVT, DVT, PVT, Tooling,
Yield, Reliability, Quality,
Safety, Environment,
Features, Functionality

Sustainability

**Post-production Services
& Customer Revenue and
Profit Optomizations**
Fulfillment (Personalization,
Mass Customization, Pack Out,
Regionalization, Postponement),
Logistics (D2C and B2B)

Progress Toward Our Goals

Continue to enhance long-term sustainability goals for the company.

`PROGRESS` We try to approach medium- and long-term sustainability goals systematically and measure all activities. We aligned with the UN Sustainable Development Goals 8, 9 and 12, which ensure inclusive and sustainable economic growth, productive employment, and decent work; build resilient infrastructure and faster innovation; and ensure sustainable consumption and production.

Continue to develop Materials Library and encourage our customers to choose less harmful chemicals/materials/processes.

`PROGRESS` We continued to encourage our customers by providing guidance on alternative chemicals/materials/processes and helping them understand how design impacts all stakeholders, including worker health and safety.

Increase engagement with sustainability leaders in other industries, e.g., apparel, cosmetics, etc. to incorporate best practices.

`PROGRESS` We continued to reach out to key industry leaders to improve our sustainability programs and share our best practices. PCH has always championed supply chain transparency. We were excited to roll out user-facing solutions to help showcase product origins (transparency).

Establish additional Supply Network Development Programs, partnering with third-party service providers for ease of scale and focusing on waste reduction.

`PROGRESS` Reducing waste that ends up in landfills continues to be a focus for the company. We are developing data-rich systems to inform our customers to help them optimize inventory and reduce overproduction, one of the key drivers of material waste and inefficient use of natural resources.

Continue to develop and deploy Restricted Substances List (RSL) for customers who do not have their own.

`PROGRESS` We continue to develop the RSL to support customers who do not have their own and evangelize this program.

Continue to assess sustainability issues for supply base consigned by our clients.

`PROGRESS` In the wake of COVID-19, PCH adjusted the work environment to protect the health and safety of workers in our own and supplier operations. From an ESG perspective, we continued collaborating with our manufacturing partners to ensure a high degree of compliance with our Code of Conduct.

Develop capability to offer PCH customers full Life Cycle Analysis (LCA) reports on product, along with exciting capabilities on packaging.

`PROGRESS` We continued to develop and augment this capability, which we now have as an offering. All PCH package designs now undergo full LCAs, which are also being rolled out across our product design activities.

Creation of dedicated cross-platform sustainability initiatives focused on startups and hardware companies that are preparing to scale. Initiatives are tailored to requirements for small- and medium-size enterprises.

`PROGRESS` Because of the pandemic, our focus in 2020 was to help increase access to and lower the cost of PPE to protect health professionals. This included identifying and supporting manufacturers who were new to PPE. We implemented strict standards, guidelines and certification processes as well as full transparency end-to-end.

# UN Global Compact and Sustainable Development Goals

In 2012, we joined the United Nation's Global Compact (UNGC), formalizing our support for the UN's 17 Sustainable Development Goals (SDGs), establishing our sustainability program in line with the Global Report Initiative (GRI) and committing to sharing our data openly. Our participation in the United Nations Global Compact is now in its 10th year, and we are proud to continue our work with this initiative.

We continued to align our focus with both the UNGC and SDGs in 2020. As part of this process PCH enrolled in the UNGC's SDG Ambition program to ensure our company adheres to the Ten Principles of the Global Compact and works toward identified SDGs. This commitment helped us differentiate our work in Sustainable Design from our work in Responsible Supply Chain. Though these efforts are distinct, together they can drive world class sustainability performance across the product lifecycle. The program also helped PCH develop a systematic approach to setting medium- and long-term sustainability goals.

While PCH supports all of the SDGs, we are focused primarily on five where we feel our business can have the most direct impact:

3 GOOD HEALTH AND WELL-BEING

Goal 3: Good Health and Well-Being – PCH is committed to the health and safety of our employees and has a variety of programs (annual physicals, supplemental benefits, health insurance) and protocols (health and safety training, COVID-prevention, fire drills, first-aid enhancements, etc.) to protect our workers. We are committed to strengthening our teams, creating opportunity, and developing careers with people of diverse backgrounds.

8 DECENT WORK AND ECONOMIC GROWTH
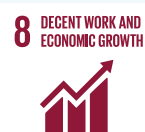
Goal 8: Decent Work and Economic Growth – We are committed to providing a healthy and decent work environment that is free of harassment. We provide our workforce vacation, maternity and paternity leave, and other health and supplemental benefits such as AIA (pension and medical services in China) and VHI (medical service provider, Ireland). We compensate our employees fairly and do not discriminate on any basis.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Goal 9: Industry, Innovation and Infrastructure – We are committed to being leaders in our industry when it comes to spotting trends and implementing innovative solutions that deliver value. We invest only in services that are differentiated. We have minimum infrastructure, which allows us to be flexible and best serve our customers.

11 SUSTAINABLE CITIES AND COMMUNITIES

Goal 11: Sustainable Cities and Communities – As a global supply chain company, we have a role to play in making cities more livable and sustainable. We demonstrate to our customers (through total lifecycle analysis) the full impact that traditional supply chains have (based on forecast demand, large volume orders, and distribution centers) on wasting resources and hurting communities. By measuring the total impact of consumer-led 'demand chains' and having data at all points of the product journey, we can adjust to support human-centric urban environments.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Goal 12: Responsible Consumption and Production – We help our customers bring new products to market responsibly. One of the biggest sources of waste is overproduction caused by the lack of supply chain visibility. We provide real-time, end-to-end data to minimize waste and overproduction.

Andrew Windler, Jon-William Murphy, Courtney Cavenaugh and Jeff Mayo

Environmental

PCH endeavors to minimize negative environmental impact by increasingly incorporating design-for-sustainability principles into our process. However, it is our direct link with supply chain partners that allows us to ensure delivery of design intent throughout the development cycle.

> "We strive to design, develop and produce beautiful, sustainable solutions that have the maximum positive impact on the consumer experience and the least impact on the environment."
>
> – Alan Cuddihy, VP, Sustainability

Data and Measurement

Data and measurement are the foundation of our commitment to sustainability. With metrics and data we can demonstrate that adhering to stringent environmental standards is good for business. We measure resource utilization (water, electricity, gas, production, packaging, transportation, disposal, etc.) throughout the supply chain, and we are working toward a solution to measure the totality of resource utilization throughout the product life cycle. Capturing, measuring and analyzing end-to-end supply chain data will reveal the full environmental impact of development, production and delivery, as well as the cost of over-production and waste.

Life Cycle Assessment

Life Cycle Assessment (LCA) is available to all PCH customers. LCA is the systematic approach to assess the environmental impact of a product's entire life cycle, from raw materials to end-of-life disposal. Packaging LCA integrates sustainability into design to reduce packaging size and environmental impact and improve the customer experience.

Overall environmental impact of a product is determined at the design phase. Much of a product's environmental impact can be accurately modelled by the LCA process, and this is a key focus for PCH. Selection of materials, design for disassembly/repair/disposal, energy efficiency of the product all have a significant part to play in overall sustainability performance. Ensuring a constructive and open dialogue with supply chain partners and all product lifecycle stakeholders is a critical part of this process that is often overlooked.

We conduct packaging reviews with customers to help them make the best decisions about quality, cost and sustainability impact. All PCH package designs now undergo full LCAs, which are also being rolled out across our product design activities. LCAs will include supply chain architecture to ensure a holistic view of the overall environmental impact of the product. With LCAs, better data analytics and open communication channels with stakeholders across the product life cycle, we believe we can drive that improvement. For this reason, building more effective, verifiable, data-driven sustainable design and supply chain solutions is core to our business today — and will remain so in the years ahead. We strive to design, develop and produce beautiful, sustainable solutions that have the maximum positive impact on the consumer experience, and the least impact on the environment.

Responsible Packaging — Taking a Holistic Approach

Packaging is the unsung hero of sustainable supply chains — it protects products, lowers storage, handling and shipping costs, provides a great out-of-box consumer experience and generates business benefits. For consumers, a product's packaging is the first tangible brand experience.

And with more consumers demanding less wasteful packaging and use of responsible materials that are compostable, recyclable, biodegradable or reusable, brands must make responsible packaging choices to reduce waste while optimizing their business.

With the exponential growth of e-commerce, brands have the opportunity to rethink their packaging to make it more sustainable. Taking a holistic approach to redesign is key — beginning with designing the most efficient and responsible supply chain that has a clear and transparent view of supply chain partners, the materials and processes used and the health and safety of factory workers.
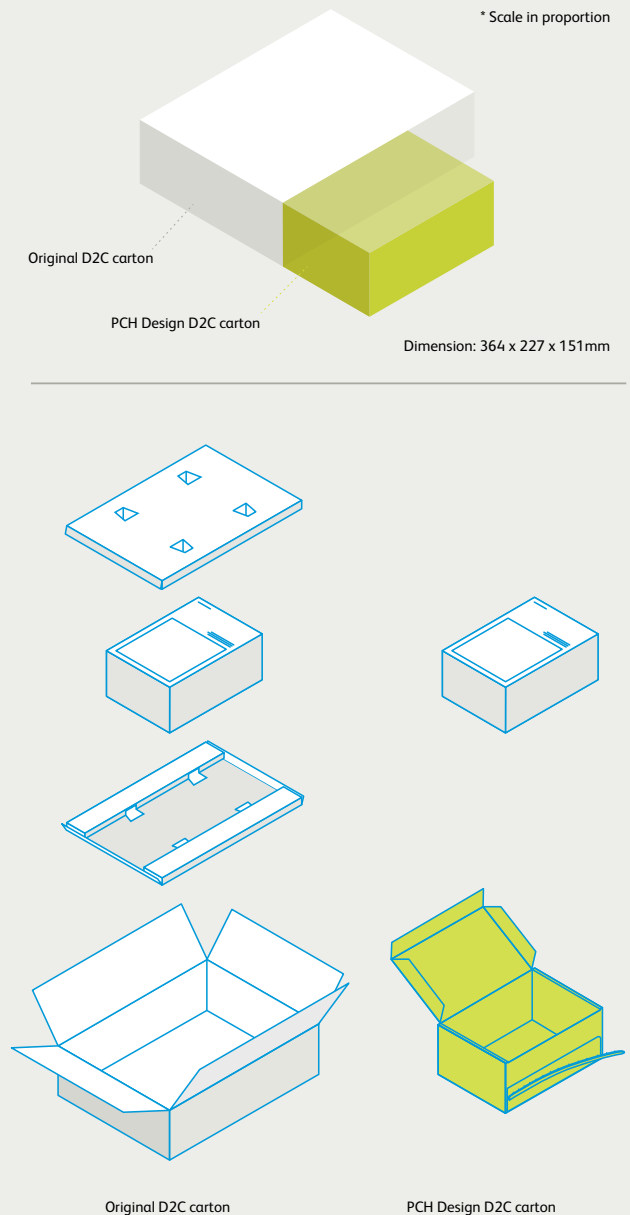
Sustainable by Design

Packaging should be specifically designed for the sales channel to reduce the use of valuable natural resources and lower the carbon footprint. Compact, lightweight packaging made from recycled, reusable or biodegradable products is key. Analyzing the full product family helps achieve packaging efficiencies

– design modular packaging systems with limited shapes and sizes that fit the product family and can be palleted efficiently. This methodology lowers shipping, handling and storage costs, and also reduces transport, storage, fuel, electricity and other environmental impacts.

At PCH, we work with brands to develop the most efficient packaging for the direct-to-consumer channel, taking into account the full supply chain. To optimize for sustainable packaging and achieve business benefits, we support production based on demand (versus forecast demand). When producing based on real consumer demand (e.g., direct-to-consumer demand or pull demand), brands reduce the pitfalls of overproduction, which can be one of the biggest contributors to negative environmental impact. Most importantly, we provide real-time supply chain data (intelligence at every step of the supply chain) that allows brands to reduce excess inventory that hurts the bottom line and often ends up in landfills.

By measuring the full impact of packaging in the supply chain, we demonstrate that sustainable packaging is good for business. It is important not only to eliminate harmful materials but to reduce the use of natural resources. This analysis is essential to demonstrating both the environmental impact and the business benefits to sustainability.

60% Reduction in Volume

* Scale in proportion

Original D2C carton

PCH Design D2C carton

Dimension: 364 x 227 x 151mm

Original D2C carton

PCH Design D2C carton

Sustainable Packaging Design

	Life Cycle Analysis	Manufacture	Transport	Disposal	Total
Original D2C carton	(475 x 363 x 150mm)	0.743kg	8.2kg	0.00122kg	**8.94kg**
PCH Design D2C carton	(364 x 227 x 151mm)	0.434kg	4.87kg	0.000753kg	**5.3kg**

41% reduction in CO_2e

3,640,000kg CO_2 savings

Includes Air Freight HKG – CA
Assume recycled raw materials (paper/board/PE)
Assume post-consumer recycling rate 70% (paper/board), 30% PE
Assume 1M units shipped over product lifetime

Optimizing Operations and Minimizing Waste

We provide end-to-end supply chain data that enhances visibility, traceability and predictability. This includes information such as: origin/type of materials and chemicals; where the product was made; who made it; component lead time; inventory on hand; and worldwide tracking up-to delivery and aftersales (which we are currently building out as an offering). Data allows companies to manage their business efficiently and effectively to navigate fluctuating demand and market disruptions that can, when not understood in granularity and real-time, lead to overproduction and waste.

Data analysis and metrics have helped inform our supply chains. Our end-to-end platform intelligence provides customers with visibility across the global supply chain to help them reduce overproduction, while maximizing revenue opportunities. It is our belief that production based only on demand (versus forecast) is key to the future of production.

Ongoing work in LCA development and software tools that drive transparency have helped us make progress toward our environmental goals. Continually striving for better efficiency in packaging and product design has helped us become more integrated into our development teams. Though we have more work to do to fully integrate sustainable design practices into our product development and engineering teams, we constantly seek to improve our environmental performance.

Emission Reduction Strategies

We are aligning our strategy with Science Based Targets Initiative (SBTi) for a comprehensive carbon reduction plan, with an ultimate goal of becoming net zero. This program will begin in 2021, at which point firm dates will be set to achieve this target.

Chemicals

Proper chemical use within PCH facilities and our supplier factories is a health and safety priority. Hazardous chemicals are those that are poisonous, corrosive, explosive or ignitable and which may pose a hazard for people, equipment or the environment. Hazardous agents get into the body by inhalation more than any other route. Therefore, chemical exposure on the factory line is a critical concern and carefully monitored.

Careful use and monitoring of chemicals is critical, and we spend considerable effort and resources to identify and manage chemicals. In addition, our customers are increasingly interested in monitoring the chemicals that are being used in their products. To date, over 1,300 chemicals have been mapped and documented by the PCH Sustainability Team.

Testing for Hazardous Substances and Compliance Documentation

We work with our customers to ensure that the chemicals used in their products are compliant with chemical directives and regulations. We also help our clients with chemical testing and preparation of required chemical compliance documentation, which is necessary for product registration and customs clearance.

We constantly strive to improve our **environmental performance.**

Resource Use 2020[1]

ELECTRICITY USE

1,329,584 kWh global total

U.S.
382,660 kWh

China
946,924 kWh

WATER USE

5,210 tons global total

U.S.
379 tons

China
4,831 tons

GREENHOUSE GAS (GHG) EMISSIONS

1,133 metric tons of CO_2

U.S.
264 metric tons CO_2

China
869 metric tons CO_2

GAS USE

6,845 therms U.S.

WASTE PRODUCED[2]

302,082 lbs. U.S. & China total

Landfill U.S. **15,398 lbs. (5.1%)**

Recycling U.S. **14,625 lbs. (4.8%)**
Recycling China **269,386 lbs. (89.2%)**
  > Waste plastic China **24,872 lbs.**
  > Waste paper/carton China **244,514 lbs.**

Compost U.S. **0 lbs. (0%)**

Recycled electronic waste U.S. **361 lbs. (0.1%)**

GLOBAL TOTAL HAZARDOUS WASTE

2,313 lbs. (0.77%)

U.S.
2,086 lbs.
(90%)

China
227 lbs.
(10%)

HAZARDOUS WASTE PRODUCED IN CHINA

Waste water mixed with lubricant oil: **0 kg**

Waste lubricant oil: **0 kg**

Light tubes: **49.7 kg**

Hazardous chemical container: **0 kg**

Used batteries: **15.8 kg**

Waste organic solvent: **0 kg**

Cloth mixed with solvent: **0 kg**

Ribbons: **36.7 kg**

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1. U.S. data: All information was received from third parties. The water consumption information was received from the San Francisco Public Utilities Commission through the property management (CBRE) and Godtland Enterprises. The waste information was received from Recology (Waste Management Co.). The gas and electric usage was received from Pacific Gas & Electric accounts.

2. All waste is disposed of by licensed operators. Hazardous waste generated in our owned facilities is the only available waste data for our operations in China. All non-hazardous waste (scraps) generated in PCH facilities are owned by our customers and are disposed of according to our clients' wishes using licensed operators.

Chemical Safety Policy

It is important that PCH factory facilities and supplier partners maintain a Material Safety Data Sheet (MSDS) for each product being manufactured. An MSDS contains pertinent information about chemical ingredients, physical characteristics, proper handling, fire safety and emergency handling. When we examine chemicals, we consider both sacrificial materials that are used during the manufacturing process (that do not form part of the final product), as well as those that are part of the final product. These chemicals are used in processes such as coating, gluing, laminating, cleaning, electroplating, printing, screen-printing and painting.

How we Address Chemical Management

1. Elimination

2. Substitution at concept phase

3. Proper ventilation

4. Ensuring Materials Handling Training is provided

5. Providing personal protective equipment

When gathering chemical information, the strength of our relationship with suppliers is essential to our ability to secure accurate data and enforce protocols. Some suppliers, particularly sub-tier, are cautious about disclosing the chemicals they use. For this reason, we provide training on safe chemical selection and management, and work with them to be transparent, which is essential to our customers.

Our Environmental Impact

OUR FACILITIES

We have environmental data for

267,730 sq ft

of our reported operations
(91.9 % of the total)

CHINA

267,730 sq ft

One building

The PCH Innovation Hub in China includes office space, manufacturing, pack out, fulfillment and distribution facilities, loading dock, product design engineering and development lab and R&D.

> This facility has a low risk for occupational hazards and environmental pollution.

> Electricity is the only significant form of energy consumed in our facilities. It is used for air conditioning, lighting and operating machinery associated with pack out and fulfillment.

> Our facilities do not utilize heat or steam.

U.S.

28,500 sq ft

One building

PCH Innovation Hub

> Natural gas is used for heating and hot water.

> Electricity is used for all other needs, including to power our state-of-the-art prototyping and systems integration lab.

OTHER

26,074 sq ft

Three buildings[2]

One office each in Cape Town, South Africa; Cork, Ireland; Hong Kong

> These offices are home to Fab.com, finance, sales, marketing, IT and global operations.

> These offices use electricity, domestic water and materials (environmental data not provided by landlord).

1. All information for our U.S. sites is obtained from third parties.
2. Environmental data is unavailable for our Cork and Cape Town offices.

Social

PCH's success is fundamentally intertwined with the success of those around us. If our employees, customers and suppliers are successful, then we will be successful. We strive to continuously improve our social performance in all facets of our operations.
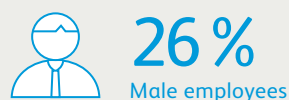
About Our People

TOTAL WORKFORCE

470

EMPLOYEE GENDER

74 %
Female employees

26 %
Male employees

LEADERSHIP

33% of senior leadership is female

42.9 % of middle management is female

30.8 % of senior management is female
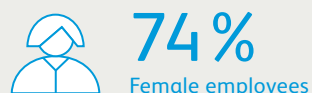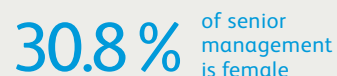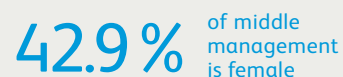
Our Employees

Our people are what set PCH apart. Guided by our values, we seek to create positive, trusted relationships with our 470 global employees and uphold the well-being and safety of the people who work for PCH directly and indirectly (through suppliers).

Hiring Practices

To establish enduring relationships with our employees, we establish a high standard of conduct for each beginning with our hiring practices. These practices include:

> Proper examination of work eligibility

> Age verification (we have a zero-tolerance policy towards child labor)

> Equal opportunity employment

> Fair treatment and safeguarding policy (anti-harassment training)

> Grievances (anonymous reporting)

> Affirmation of standards of business conduct and behavior policy

> Promulgation of company values and behaviors

> Respect for diversity (and strengthening our teams with people of different backgrounds, including race, religion, culture, ability, identity, orientation, gender, age, experience, perspective and more)

All new PCH employees also sign our Corporate Social Responsibility guidelines and are educated about our Supplier Code of Conduct.

Employee category by gender and age	M	F	<30	30-50	>50
Senior leadership	66.7%	33.3%	0.0%	46.7%	53.3%
Senior management	69.2%	30.8%	0.0%	76.9%	23.1%
Middle management	57.1%	42.9%	0.0%	85.7%	14.3%
Individual contributor	48.1%	51.9%	13.0%	82.1%	4.0%
Factory staff	19.4%	80.6%	18.0%	80.3%	1.6%

Francois Papendorf and LuTong Yang

Diversity and Inclusion

PCH maintains a diverse, inclusive employee base, as we believe that our diversity is good for business. Diversity and inclusion allows us to consider new perspectives, leads to better understanding and often helps us find new ways to serve our customers. We are committed to strengthening our teams by creating opportunities and developing careers with people of different backgrounds, so that we can continue to better serve the needs of our diverse, global customers.

We celebrate and value the unique voice each person brings to PCH, regardless of race, religion, culture, ability, identity, orientation, gender, age, experience or perspective. We also place a great emphasis on gender equality, as women are often underrepresented in the hardware and technology sectors. When employees from all backgrounds are provided with opportunities and differences are embraced, they are best positioned to positively impact our customers and our business.

Employee Communications and Feedback

We promote an open culture where employees can feel comfortable talking to each other, managers and senior leadership about their concerns and sharing opportunities for improvement.

Our management has an open-door policy, which encourages employees to speak with managers at any time they feel necessary. We support open communication with our employees through a variety of communication channels:

> Town hall meetings

> Team meetings

> One-on-one manager meetings

> Telephone hotline

> MiMessaging

> WeChat

Factory workers are provided with multiple channels to provide direct feedback to factory line leaders, supervisors or managers.

> **Suggestion Box** – Employees can express their concerns or suggest improvements anonymously through suggestion boxes. These boxes are checked every Monday and action is usually taken within 15 days of the concern/suggestion being submitted. This may take longer in certain situations (such as when a worker suggestion requires feedback from other employees or when more time is needed to fully investigate an issue).

> **Employee Forum** – Held once per quarter, this gathering is attended by employee representatives, factory general managers, HR managers and the internal audit team. HR will supervise implementation of improvements from employee forums. Responses and improvements are posted on a notice board within three months.

> **Little Bird** – PCH partner Little Bird sends employee concerns and suggestions to HR once a week. Most issues are resolved within one month, and management strives to close all grievances within three months. If a serious grievance arises, it is addressed immediately.

Together, these feedback channels help create a positive work environment by fostering open and trusted communications at all levels of our operations.

Bin HongYun and Kong Xiaoling

Little Bird Partnership

Little Bird is an independent, non-governmental organization established in 1999 that provides migrant workers in China with a variety of services, including career counselling, opinion collection, dispute mediation, cultural development, social activities and occupational safety training.

PCH's partnership with Little Bird was established in 2012, and it has helped us resolve worker problems and collect in-person feedback that allows us to understand worker sentiments and improve worker satisfaction. According to feedback provided by Little Bird to PCH, 90% of PCH factory employees were satisfied with their work, and 99% were satisfied with the activities provided by Little Bird and PCH. Little Bird continues to be our most popular channel for factory workers to express grievances and make suggestions.

For example, the Little Bird Employee Care Hotline provides a confidential channel for employees to raise concerns. In 2020, there were 13 calls put into the hotline. Factory employees are encouraged to use the hotline for any issues they feel need to be addressed.

Little Bird also operates a popular PCH WeChat channel where employees can openly discuss what's on their mind. Thirty-nine messages were collected on WeChat in 2020. Through this channel, Little Bird also shares daily updates, information and news with workers.

During 2020, employee participation in Little Bird social activities was limited by social distancing requirements caused by the COVID-19 pandemic. However, PCH and Little Bird were able to continue the tradition of making rice dumplings to celebrate the Dragon Boat Festival with employees.

Grievances and Mechanisms for Resolution

We expect employees to report a number of grievances each year, and we see this as an indicator that employees feel comfortable reporting issues that are important to them. We follow a process that allows us to address grievances quickly and fairly, and for all employees to know that their concerns are taken seriously.

During 2020 at PCH in China, we had 52 total grievances, compared to 75 in 2019. Most of the grievances – 55.77 percent – were complaints about the food service. Other grievances addressed factory management (25%) and miscellaneous other matters (15.38%), such as employee relationships, training, leave and personal issues (related to employee families).

All of our grievance mechanisms comply with local laws and regulations and promote an atmosphere of open communication. At our corporate offices, human resources and management are trained to foster an open-door culture, where grievances can be expressed formally or informally. In our factories, we have a formal grievance program so that factory workers know their concerns will be resolved in a fair and timely manner.

Open communication among employees drives continuous improvement. The Little Bird partnership reinforces open dialogue between PCH management and our workforce. We operate multiple grievance mechanisms, and most are available to our workforce 24 hours a day, six days a week. For factory workers, we have four specific grievance systems.

Developing and Engaging Our People

All PCH employees receive on-the-job training and career enhancement opportunities. We encourage our employees to grow through career development programs.

Training activities were limited in 2020 because of COVID-19 distancing and work-at-home requirements. In spite of these restrictions, our staff participated in a variety of training and development sessions in 2020 related to Supply Chain Management, Project Management, ISO 13485, ISO 9001, ISO14791, C-TPAT, Communication, Value and Behaviors, Calibration technique and Cost control.

> 185 participated in 899 hours of service, office software, management skills, technical skills, labor law and Social and Environmental Responsibility. Forty-three new hires were provided new-hire orientation

> 300 participants were provided 1,120 hours of workshop on PCH values and behaviors

> Factory workers attended over 2,508 hours of training, including CSR/EHS/AEO/ISO as well as courses on health and safety

> New factory employees received company orientation, security training, safety training and education in PCH's purpose, values and behaviors. (Our usual factory training programs were disrupted and limited because of social distancing requirements)

> PCH project managers attended project management training

> PCH Supply Base Management Team attended supply chain management training

Wu Hui

We conduct employee Corporate Social Responsibility education and training as part of our employee onboarding process. We also promote awareness of sustainability at PCH through our intranet, where PCH compliance requirements and other sustainability information are posted.

PCH employees have become more proactive in incorporating sustainability into the workplace. For example, employees in Shenzhen initiated a **waste classification system** in 2020, separating hazardous (e.g., batteries), recyclables (plastics, metal and glass) and kitchen waste.

Ryan Scribner, Courtney Cavanaugh, Peter Barschall, Jessica Karlberg, Gan Manikandan

Worker Health and Safety

One of our greatest challenges is the health and safety of workers in our supplier network (manufacturers, component and subassembly suppliers in China) who don't work directly for PCH. We recognize that quality products and services are dependent on safety in the workplace and adherence to social and environmental industry standards, guidelines and mandates, so we work diligently to ensure health and safety standards are upheld and encourage all individuals and teams to help improve workplaces.

Overtime

A standard work schedule at PCH, including China, is 40 hours over five days per week. Our Supplier Code of Conduct (CoC) requires that factory workers work no more than 20 hours per week of overtime and no more than 36 hours per month, except in emergency or unusual situations.

The opportunity to work overtime is a priority for our workforce and if it is not available, many workers will seek alternative employment. All overtime is voluntary, and workers are entitled to at least one day off per seven-day week. Workweeks exceeding 60 hours are deemed excessive by industry associations and at PCH we share this view.

Zhang WanHong

Overtime	2017	2018	2019	2020
Average workweek (hours)	49	49	50	39*
Compliance with Code of Conduct	91%	99%	97%	100%
Breaches of 60-hour workweek (number of weeks)	4	3	9	0
Average rest days per month	5	5	5	5.25
Breaches of one rest day per week	1	0	2	0

* For COVID-19, most production workers could not come back to work in Feb,2020, so the average working hours dropped down greatly.

Our Customers

Most of our customers are international consumer brands that value sustainability. As consumers around the world have become more aware of the need for sustainability and selective about the brands they associate with, our customers have reflected this awareness in their products and programs. Our deep commitment to sustainability is a market differentiator that our customers value. Our commitment to sustainability is a positive factor in selecting and trusting PCH. We have long-term, trusted relationships with our customers.

Sustainability is a key part of these relationships and the trust we have earned. We share our commitment to protecting workers, minimizing harmful chemicals and materials, reducing energy consumption, reducing wasteful packaging, and auditing suppliers for compliance with internationally recognized sustainability standards. We uphold the highest sustainability standards in all our operations.

PCH extended our sustainability programs in 2020 to include life cycle assessments, which we offer to all customers. This data gives customers a holistic understanding of the impact of their product on all stakeholders, including factory workers, communities, and consumers and helps them make more informed decisions toward business goals.

Customer Satisfaction

Keeping our customers satisfied is central to our success, and we continually strive to provide the best customer service in our industry. We discuss satisfaction levels with our customers and suppliers on a project basis regularly, and we conduct broader surveys to determine the overall satisfaction level of our customers, including how we can improve our services and provide new services that help their business.

Partnering with Our Customers and Delivering Tangible Benefits

There has never been a better time for PCH's concept-to-consumer platform that supports brands as they move to direct-to-consumer e-commerce. Rather than focus vertically on silos within the product journey, PCH has optimized our services horizontally, seamlessly, and end-to-end to deliver products from concept-to-consumer. As a result, brands can increase supply chain velocity, flexibility, and agility, while optimizing their operations with real-time data. Granular end-to-end supply chain data (from raw materials to production to logistics) enables brands to sell based on demand versus forecast and minimize excess inventory and waste.

Customer Health and Safety

Today's consumers demand affordable and quick shipping. PCH is fully automated (providing real-time tracking and order taking) and offers efficient shipping and logistics. PCH has facilities in the Futian Free Trade Zone and has relationships with all major shipping companies. We integrate our software platform with major carriers, providing real-time and timely tracking services. PCH is often relied upon to help our customers enter new markets fast to gain market share quickly, while reducing inventory risk.

PCH in China health and safety data	2017	2018	2019	2020
Injuries	1	0	0	0
Fatalities /occupational diseases	0	0	0	0
Lost days	3	0	0	0

Our deep **commitment to sustainability** is a market differentiator that our customers value, and a positive factor in selecting and trusting PCH.

Where We Ship

CUSTOMERS BY REGION WHERE WE SHIPPED [2019] [2020]

	2019	2020
North America	18%	35%
Asia	13%	20%
Europe	65%	40%
Other	4%	5%
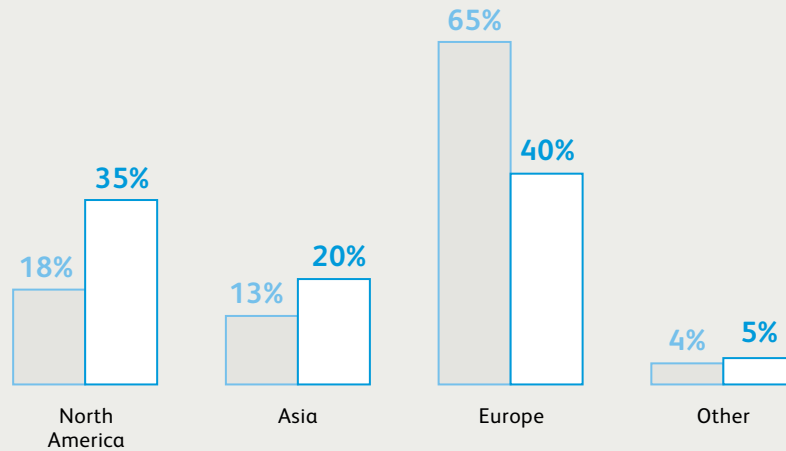
% CUSTOMERS WHO UNITIZE AIR FREIGHT

2020	50%
2019	79%

UNITS SHIPPED

2020	115,841,874
2019	14,718,624

Our Suppliers

Partnerships are the cornerstone of our business. We foster trusted and long-term partnerships with our customers and our suppliers to align interests, maximize opportunities and solve problems together. When we work together, we get the best results, and we must do this in an atmosphere of mutual trust and benefit.

Supplier Code of Conduct

Our Supplier Code of Conduct provides the foundation for strong supplier relationships. We require all of our suppliers to conduct business in a manner that is consistent with our policies and to sign our Supplier Code of Conduct, which includes policies and provisions for:

> Labor and Human Rights

> Freely Chosen Employment

> Child Labor – under the age of 16 or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest

> Working Hours

> Wages and Benefits

> Humane Treatment

> Non-discrimination

> Freedom of Association

> Health and Safety

> Occupational Safety

> Environmental responsibility and commitments

> Management System – to ensure compliance with applicable laws, regulations

> Conflict metals and materials

> Signed Supplier Agreement – confirmation of the understanding and agreement to undertake the obligation of the Code of Conduct

Supplier Evaluation

PCH has a rigorous process and clear reporting for auditing and evaluating suppliers. We follow industry best practices and consider issues of social, environmental, health and safety impact and business risk when determining which suppliers to audit. Audits set a baseline; they cover quality, sustainability, chemical management practices, as well as corporate social responsibility issues. We focus on areas of the supply chain that pose the most risk. Annual audit identify preferred suppliers, with scores weighted at 50 percent for quality, 20 percent for Corporation social responsibility, 15 percent for hazardous substance free and 15 percent for security.

PCH Approved Vendor List

Once we have approved and audited a supplier, they are added to our Approved Vendor List (AVL). We continue to monitor all vendors via both spot checks and planned audits to ensure continued compliance with our Supplier Code of Conduct, including the Modern Slavery Act 2015. We require suppliers on our AVL to adhere to all Environmental, Health and Safety and Corporate Social Responsibility guidelines. We help educate them regarding required international and local standards and guidelines and best practices. When a supplier fails

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16.28% of our factory workforce participates in the Health and Safety Committee

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an audit, they are immediately removed from our AVL. PCH does not do business with companies that are not on our AVL.

In addition to safety audit criteria discussed above, PCH looks at the following during periodic ongoing audits:

> Valid employee identification

> Worker social insurance

> Salary and payment records

> Defined sick leave policy

> Evidence of full payment of workers within three days of termination

> Freedom of association, labor union or employee representation

> Third-party validation of fire abatement equipment

> Written plans and procedures for fire, chemical spills, earthquakes and hurricanes

> Adequate emergency evacuation exits

> Records of chemical leakage, fire drills and other safety drills

> Defined places to store PPE

> Material Safety Data Sheet (MSDS)

Strategies for Supplier Health and Safety

We work with our suppliers to help them integrate health and safety procedures into their daily operations. This includes providing training and resources as well as identifying targets for continuous improvement. Health and safety management programs at supplier facilities include:

> Chemical management

> Fire safety

> Ventilation and electrical safety

> Emergency exits

> Equipment safety

> Chemical labelling and other potential hazards

When procedures are not in place, PCH establishes health and safety procedures at supplier factories, and PCH sets up Key Performance Indicators (KPIs), which measure how well the factory meets its targets. The intent is to integrate health and safety methods into the supplier's day-to-day operations.

Pre-Production Safety Considerations

The best way to engage suppliers on EHS management is by starting at the design engineering phase early in the project. PCH evaluates safety considerations and industry guidelines before each project begins, and before moving to production, we assess health, safety and environmental factors to identify and prevent EHS risk.

The PCH Supply Network

Development

Manufacturing Services

Pack Out & Fullfillment

Logistics

Highway1*

Raw materials

Components

Delivery

Manufacturing

Parts

Supplier Network

PCH customers

PCH controlled

PCH influenced

* PCH controls these programs, but we are only positioned to influence the participating companies/startups involved.
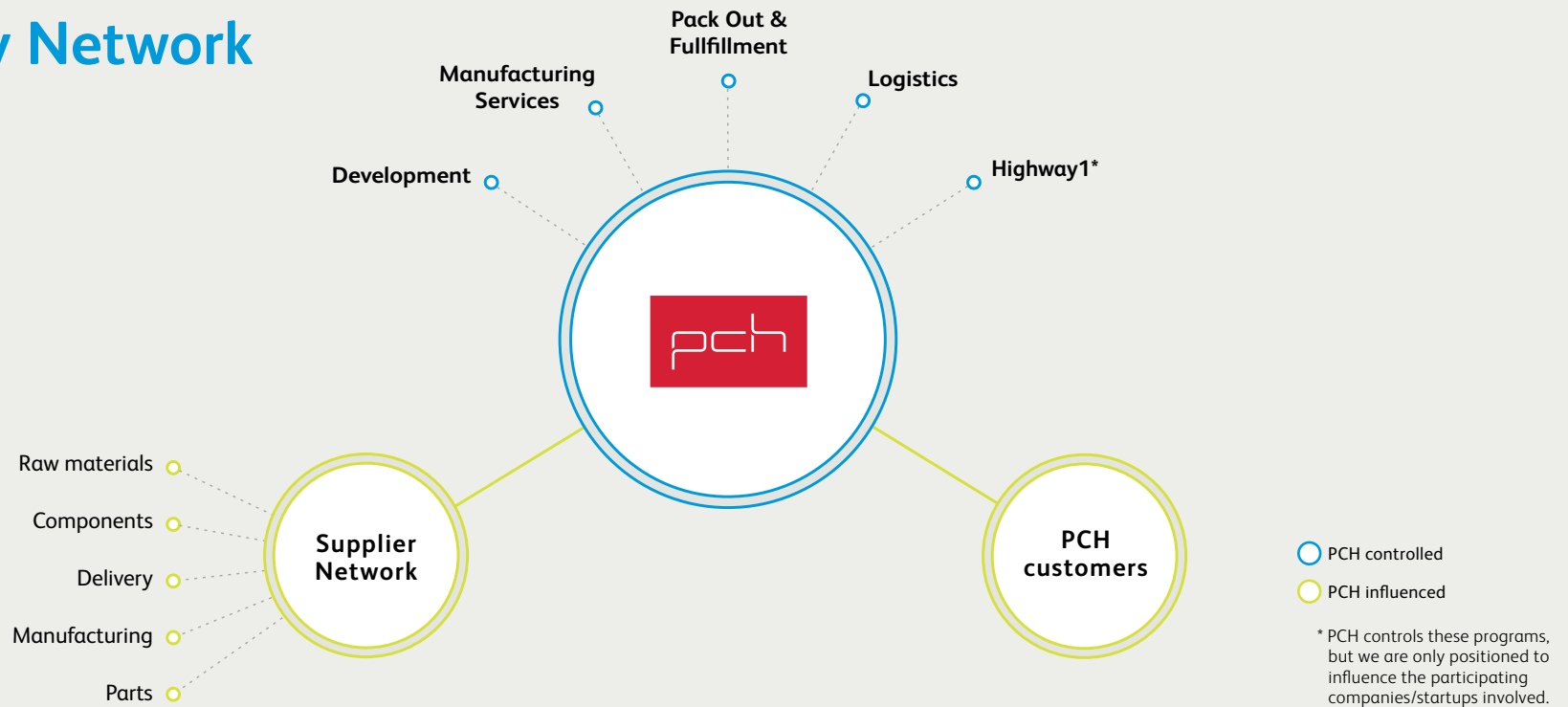
> " We uphold the highest sustainability standards. We audit suppliers for compliance with internationally recognized sustainability standards and practices, and we continually share our learnings."
>
> – Celine Zhai, PM, Sustainability

Suppliers and Sustainable Design

PCH engages with 1,000+ vendors across our Supply Network. These suppliers play a critical role in the creation and delivery of products for our customers, and PCH works to ensure active, constructive communication and flow of information between all product lifecycle stakeholders in our sustainable supply chains. Sustainable Design cannot be achieved in a design studio alone – it depends on engineers, manufacturers, assembly line workers, carriers and end users.

Labor Unions and Free Association

PCH has a Freedom of Association policy which is verified by customer inspections or by third party auditing firms. Our customers use ESG standards associated with their various industries, e.g., the Responsible Business Alliance (RBA). PCH adopts the RBA's stringent guidelines and standards across our supply network in keeping with our customers' exacting standards and the audit requirements.

PCH's Supplier Code of Conduct requires that factory workers work no more than 20 hours per week of overtime and no more than 36 hours per month of overtime, except in emergency or unusual situations.

For supplier Code of Conduct (CoC) refer to: PCHIntl.com for Sustainability for these PCH policies: Supplier Qualification (Code of Conduct), Environmental, Conflict Minerals, Stopping Shark Fin Consumption and Child Labor.

Supplier Spend

11
New

181
Existing

192
Total suppliers transacted with

1,000+
Number of suppliers in our network*,**

114
PCH-selected suppliers

78
Customer-selected suppliersa

192
Total suppliers

709
Total active and inactive AVL

Standard compliance programs

41 suppliers audited
0 suppliers failed
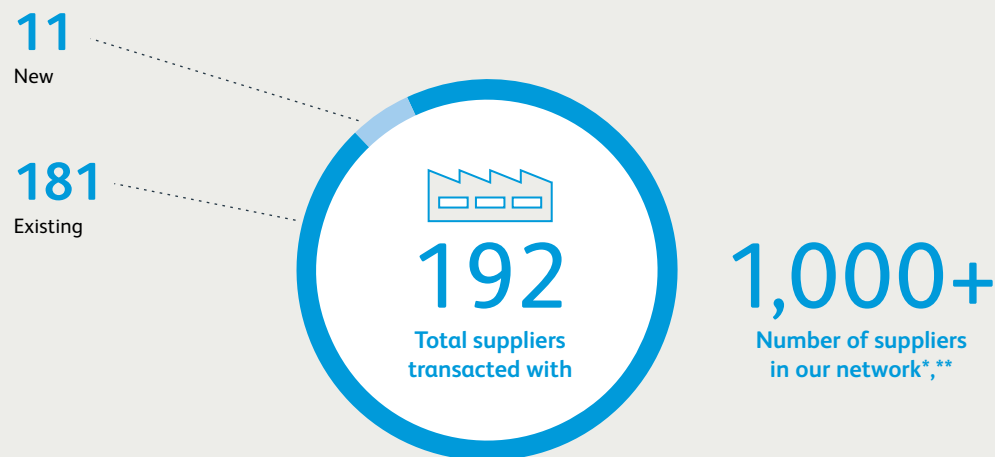
Audits are conducted in PCH-selected factories only.

*   AVL (Approved Vendor List), active and inactive suppliers who PCH has fully qualified at some point. Active indicates they have been audited or re-audited within 12 months. If suppliers go inactive we re-audit them as needed to re-activate.

** Non-AVL, suppliers from numerous categories and companies that have waivers as per our RBA guidelines.

Governance

PCH's governance provides strategic directions, ensuring that objectives are achieved, risks are appropriately managed, organizational resources are responsibly utilized, and policies and procedures address the concerns of our stakeholders.

Forced Labor, Modern Slavery and Human Trafficking

PCH takes a zero-tolerance approach to any form of modern slavery. Modern slavery takes many forms. The most common* are:

> Human trafficking

> Forced labor

> Debt bondage/bonded labor

> Descent–based slavery

> Slavery of children

> Forced and early marriage

We are committed to acting ethically, with integrity and transparency, in all business dealings and to putting effective systems, processes and controls in place to safeguard against any form of modern slavering within our business and supply chain.

We follow recommended best practices and take all reasonable steps to prevent slavery and human trafficking in our business and supply chain. All members of our team have a personal responsibility for preventing slavery and human trafficking in our operations.

Our Policies on Forced Labor – Contracted Suppliers

PCH only works with suppliers who adhere to our policies and standards, and – in addition to educating our suppliers – we conduct periodic audits to ensure compliance. We are committed to ensuring that there is no forced labor, modern slavery or human trafficking within our operations or that of our supply chain partners. We have an Employee Code of Conduct and Supplier Code of Conduct as well as standards, guidelines and procedures in place to ensure that we always act ethically.

Supplier Compliance

PCH remains vigilant about compliance with s54 of the Modern Slavery Act 2015. We have taken steps to elevate these concerns, including forming a Sustainability Team and appointing a VP of Sustainability, who is responsible for processes that ensure knowledge of guidelines and compliance. The VP of Sustainability reports directly to PCH's CEO and sits on the PCH Leadership Team. Additionally, we have a clear governance model, as well as behavioral, educational and process guidelines, which ensure compliance.

We strictly measure the effectiveness of our programs to ensure that slavery and human trafficking do not occur within our operations or those of the suppliers we work with. Any report of modern slavery practices received from our employees, leadership, law enforcement agencies or the general public is immediately acted upon.

No Conflict Minerals

It is a requirement in our Supplier Code of Conduct that no conflict minerals be procured or used by PCH suppliers in the production of our customers' products. We welcome the advent of conflict minerals mapping as it encourages suppliers to be transparent and track potential use of minerals that are mined in areas of the world where there are armed conflicts and human rights abuses.

Most electronic manufacturers have a mapping system in place in accordance with the Organization for Economic Cooperation and Development (OECD) Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Zero-Tolerance Policy Towards Child Labor

Child labor refers to any worker under the age 16. We found no incidents of child labor during our audits in 2020. PCH has a zero-tolerance policy towards child labor in our own facilities or in supplier partners' operations. We regularly conduct spot audits to ensure compliance with our policy at all times.

Within our own facilities, all new hire identity and age is verified by our HR team. Within our supplier partners, we check for child labor and child labor prevention practices during scheduled and spot audits. We follow industry recommendations and also conduct factory floor spot checks.

Anti-Corruption

PCH has an anti-corruption policy articulated both in our Employee Handbook within the Employee Code of Conduct, as well as in our Supplier Code of Conduct.

Anti-Corruption and Business Ethics

PCH has clear and consistent guidelines around Anti-Corruption and Business Ethics. Our procedures are documented for all employees and mandate a certificate of conformity (CoC) for all supplier partners, which includes guidelines that are in accordance with RBA (Responsible Business Alliance) and CoC standards and reflect our commitment to anti- corruption. These include:

> Business integrity

> No improper advantage

> Disclosure of information

> Intellectual property

> Fair business, advertising and competition

> Protection of identity and non-retaliation

> Prevention of use of conflict minerals

> Privacy

Carlos Lia, LynnZeng and GuiDong Wu

" **PCH has clear and consistent guidelines around anti-corruption and business ethics. These procedures are documented and mandated.**"

– Christie Ma, Head of HR in China

Integrity and Ethical Behavior

Integrity is one of PCH's three key values. Every employee must be personally committed to acting with integrity and behaving ethically.

We train employees to be aware of anti-corruption regulations, laws, and penalties governing corruption. This is done through our intake process, employee handbook and regular employee reviews of our values and company purpose. It is every employee's duty to be aware of potential threats of corruption and to identify and respond appropriately to corrupt activities.

We recognize that corruption can occur at any level of an organization. We also recognize and educate senior leadership to be aware that corruption comes in many forms, such as conflicts of interest, (disguised) charitable donations, and other forms of improper activities that violate laws, lead to fines and/or imprisonment and can result in financial or reputational harm to the organization. We make leadership, our CEO and our Corporate Counsel aware of potential activities and threats to integrity.

Alexandra Siano, Jonathan Tang and Nick Cruz

Looking Ahead

Our 2021 Sustainability Goals

As we look into the future, we will continue to work to improve our sustainability and ESG performance. To ensure that we do so, we have set aggressive Sustainability Goals for PCH going forward:

1. Achieve triple-bottom line performance within and across our organization. Minimize negative environmental impact, maximize positive social environmental impact while maintaining financial goals and delivering the business case for sustainability. Continue to educate our teams about sustainable practices and behaviors and encourage suggestions to improve our operations.

2. Achieve strong multi-stakeholder engagement. Engage external partners to verify and validate sustainability as part of our core business model (i.e., D2C model)

3. Lead customers in their objective to become 'net zero' by providing cross-platform hardware services that create shared value and deliver world-class sustainability performance.

4. Develop enhanced sustainability offering for PCH customers:

   » Set specific target date for PCH to incorporate measurable sustainability enhancement to our business model

   » Highlight the risk/opportunity to PCH customers

   » Certified LCA/Carbon Reduction Partner (shipping)

5. Implement ESG Performance across the organization, meet all customer ESG requirements and lead customers where ESG is not yet part of their criteria:

   » UN Global Compact Engagement – SDG Ambition (Accelerator program, we were accepted in Dec 2020)

   » Improve efficiency and accuracy of data collection.

Appendix

About This Report

This report discusses our sustainability activities in 2020. In addition to educating our stakeholders about our best practices, this report measures against our sustainability goals and anticipated challenges to our business.

Operating sustainably is key to providing our customers peace of mind, which is our company purpose and part of our culture. We are open about our yearly improvement goals and areas where we want to make progress. We believe that being transparent builds trust and that adhering to stringent, high-standards of operation make us a better company.

Our Reporting Guidelines

Reporting year: Calendar year 2020

Operations Included in Report:

Unless otherwise noted, the data covered in this report includes available 2020 data for PCH operations at our two PCH Innovation Hubs in San Francisco and Shenzhen, China; software development operations in Cape Town, South Africa; and HR, finance and IT operations in Cork, Ireland.

Key Topics and Concerns

See Materiality Matrix on page of this report.

Methodologies

We did not seek external assurance for this data report. However, we have calculated the data using the best possible methodologies currently available and aligned them with recognized standards.

Our GHG emissions accounting and reporting are aligned with the GHG protocol, and the emission factors we use are from publicly available sources such as the International Energy Agency (IEA). Note, however, greenhouse gas (GHG) emissions data are subject to inherent uncertainties because of incomplete scientific knowledge used to determine emission factors and measurements.

Our energy usage is based on invoiced utility data, data reported by transport providers and suppliers and data from real-time electricity meters.

Forward-Looking Statements

The information in this report may contain forward-looking statements. Such statements reflect management's current expectations. Although management believes such statements to be reasonable, no assurance can be given that such expectations will prove correct. Such statements are subject to risks and uncertainties, and such future events could differ materially from those set out in the forward-looking statements as a result of, among other factors:

> Changes in economic, market or competitive conditions

> Success of business and operating initiatives

> Changes in the regulatory environment and other governmental actions and business risk management

Any forward-looking statement made in this report relates only to events as of the date on which the statement is made. We undertake no obligation to update any forward-looking statements to reflect new information, except as required by law.

Jason Seitz

PCH Data

By sharing our company data, we adhere to the PCH commitment to sustainability and to our principles of transparency and accountability.

Data Category	Unit	2017	2018	2019	2020	GRI Index Reference
Customers by Region[1]						
Customers in North America	Percentage of Total Customers	35%	22%	18%	35%	102-6
Customers in Asia	Percentage of Total Customers	59%	34%	13%	20%	102-6
Customers in Europe	Percentage of Total Customers	6%	43%	65%	40%	102-6
Other Customers[1]	Percentage of Total Customers		1%	4%	5%	102-6
Customers and Shipping						
Units Shipped	Total Number Shipped	2,024,548	5,408,979	14,718,624	115,841,874	102-7 I 102-9
Customers Utilizing Air Freight	Percentage of Total Customers	72%	70%	79%	50%	102-6

PCH Data Footnotes:

[1] Australia, Russia, Africa, Latin America.

Operations Data

PCH technology investments allow us to monitor our energy use on an hourly basis to reduce waste and to optimize our operations.

Data Category	Unit	2017	2018	2019	2020	GRI Index Reference
Operations						
Size of Global Operations	Square Footage	419,118	332,304	332,304	332,304	102-7
Size of Operations: San Francisco	Square Footage	35,000	28,500	28,500	28,500	102-7
Size of Operations Devoted to Pack Out[1]	Square Footage	290,600	214,107	214,107	214,107	102-7
Resource Use[2 & 3]						
Global Electricity Use[4]	Kilowatts	1,467,196	1,022,453	1,046,329	1,329,584	302-1
U.S. Electricity Use[4]	Kilowatts	546,849	419,682	432,163	382,660	302-1
China Electricity Use[4]	Kilowatts	920,347	602,771	614,166	946,924	302-1
U.S. Gas Use	Therms	5,547	3,718	3,720	6,845	302-1
Global Water Use[5]	Tons	10,610	5,645	7,393	5,210	303-5
U.S. Water Use	Tons	1,003	520	519	379	303-5
China Water Use[5]	Tons	9,607	5,125	6,874	4,831	303-5
Environmental Impact[3, 6 & 7]						
Greenhouse Emissions: China and U.S.	Indirect Scope 2 Metric Tons	1,390	862	882	1,133	305-2
U.S. Greenhouse Emissions	Indirect Scope 2 Metric Tons	502	309	318	264	305-2
China Greenhouse Emissions	Indirect Scope 2 Metric Tons	849	553	564	869	305-2
U.S. Waste Production	U.S. Lbs.	69,237	47,428	47,486	32,255	306-3
China Waste Paper	Kilograms		56,050 (Jun-Dec)	119,320	110,910	306-3
China Waste Plastic	Kilograms		30,285.5 (Jan-Dec)	151,172	11.282	306-3

Operations Data (continued)

Data Category	Unit	2017	2018	2019	2020	GRI Index Reference
Environmental Impact (continued)						
U.S. Landfill Waste	U.S. Lbs.	29,258	24,184	24,184	15,398	306-5
U.S. Landfill Waste[8]	Percentage of U.S. Waste	43%	51%	51%	48%	306-5
U.S. Recycled Waste[8]	U.S. Lbs.	28,258	22,972	22,972	14,625	306-4
U.S. Recycled Waste[8]	Percentage of U.S. Waste	40%	48%	48%	45%	306-4
U.S. Compost Waste[8]	U.S. Lbs.	9,859	0%	0%	0	306-4
U.S. Compost Waste	Percentage of U.S. Waste	14%	0%	0%	0%	306-4
U.S. Recycled Electronic Waste	U.S. Lbs.	253	272	330	361	306-5
U.S. Recycled Electronic Waste	Percentage of U.S. Waste	1%	1%	1%	0.5%	306-5
Global Hazardous Waste	U.S. Lbs.	1,498	182	474	2,313	306-5
Global Hazardous Waste	Percentage of Global Waste	2%	0.3%	1%	6.5%	306-5
U.S. Hazardous Waste	U.S. Lbs.	1,115	0	0	2,086	306-5
U.S. Hazardous Waste	Percentage of Global Hazardous Waste	74%	0%	0%	90%	306-5
China Hazardous Waste	U.S. Lbs.	383	182	474	227	306-5
China Hazardous Waste	Percentage of Global Hazardous Waste	26%	100%	100%	10%	306-5
Waste Water with Mixed Lubricants	U.S. Lbs.	0	1	0	0	306-5
Waste Lubricants	Kilograms	25	20	0	0	306-5
Light Tubes	Kilograms	10	4	65.18	49.75	306-5
Hazardous Chemical Containers	Kilograms	30.5	3.8	7.5	0	306-5
Lead-Acid/Zinc-Manganese Batteries Waste	Kilograms	0.5	4	44.28	15.82	306-5

Operations Data (continued)

Data Category	Unit	2017	2018	2019	2020	GRI Index Reference
Environmental Impact (continued)						
Organic Solvent Waste	Kilograms	107	30	43.5	0	306-5
Cloth Mixed with Solvents	Kilograms	0.5	0.5	0	0	306-5
Ink/Toner Cartridge Waste	Kilograms		20	54.5	36.73	306-5

Operations Footnotes:

[1] During pack out, individual items — which are separate or related products included in one order — are grouped and packaged into one unit for shipping. This reduces the potential of inventory risk, waste and excess warehousing costs.

[2] In 2017 at our China facilities, we installed 43 energy meters to monitor energy usage, including HVAC, ovens, air compressors, power, sockets and overhead lighting. This allows us to track energy consumption accurately to every 15 minutes so we can determine when and where energy consumption is high and rapidly initiate energy reduction protocols.

[3] All U.S. data were received from third parties. The water consumption information was received from the San Francisco Public Utilities Commission through the property management (CBRE) and Godtland Enterprises. The waste information was received from Recology (Waste Management Co.). The gas and electric usage was received from Pacific Gas & Electric accounts.

[4] In general, electricity usage trended down in previous years. However, we expect fluctuations depending on project cycles, weather (climate control on factory floors) and increases in production. We remain committed to continuously improving energy efficiency.

[5] We expect fluctuations depending on project cycles, weather (climate control on factory floors) and increases in production. We remain committed to continuously improving water efficiency and water intensity.

[6] Environmental data come from 90.9% of our total operational square footage.

[7] All waste is disposed of by licensed operators. Hazardous waste generated in our owned facilities is the only available waste data for our operations in China. All non-hazardous waste (scraps) generated in PCH facilities are owned by our customers and are disposed of according to our clients' wishes using licensed operators.

[8] Data based on container size and frequency containers are retrieved.

Supply Partner Data

PCH fosters positive long-term relationships with our supplier partners to enable us to incorporate sustainable practices where we see opportunities to benefit our suppliers and our customers.

Data Category	Unit	2017	2018	2019	2020	GRI Index Reference
Suppliers						
Suppliers in Network	Approximate Number	1,000+	1,000+	1,000+	1,000+	102-9 I 204-1
New Suppliers	Total Number	57	37	11	11	102-10
Existing Suppliers	Total Number	105	150	188	181	102-9 I 102-10
PCH-Selected Suppliers	Total Number	100	118	128	114	414-2
Customer-Selected Suppliers	Total Number	62	69	71	78	414-2
Suppliers Transacted With Globally[1]	Total Number	162	151	178	192	102-9 I 204-1
Percent of Total Supplier Spend by Industry						
Service Items and Consulting	Percentage	2.5%	7%	6%	20%	102-9 I 201-1
Hardware	Percentage	56.30%	56%	56%	35%	102-9 I 201-1
Electrical Engineering	Percentage	6.30%	1%	2%	2%	102-9 I 201-1
Mechanical Engineering	Percentage	10.50%	12%	11%	18%	102-9 I 201-1
Printing and Packaging	Percentage	7.20%	16%	17%	23%	102-9 I 201-1
Final Assembly, Test and Pack	Percentage	17.20%	8%	8%	2%	102-9 I 201-1
Percent of Total Supplier Spend by Location						
China	Percentage	90%	67%	84%	73%	201-1 I 204-1
Europe	Percentage	8%	4%	4%	4%	201-1 I 204-1
Asia-Pacific	Percentage	2%	22%	4%	7%	201-1 I 204-1
U.S. and Australia	Percentage	0%	7%	8%	16%	201-1 I 204-1

Supply Partner Data (continued)

Data Category	Unit	2017	2018	2019	2020	GRI Index Reference
Supplier Audits						
Supplier Audits	Total Number of Audits	38	43	48	41	414-2
Failed Supplier Audits	Total Number of Failed Audits	0	2	0	0	414-2

Supplier Partner Data Footnote:

[1] Excludes suppliers who worked with our San Francisco-based engineering team

People Data

To improve the well-being of the PCH workforce, our Corporate Social Responsibility (CSR) program focuses on health and safety training, mentorship, education, social and cultural activities and open communications.

Data Category	Unit	2017	2018	2019	2020	GRI Index Reference
Workforce						
Global Workforce	Total Number	516	428	447	470	102-7 | 102-8
Workforce in China	Percentage of Global Workforce	75%	82%	81%	80.2%	102-8
Global Engineers	Total Number	125	82	86	84	102-8
Diversity: Gender						
Global Employees: Female	Percentage of Global Workforce	42%	59.81%	76.19%	73.77%	102-8 | 405-1
Global Employees: Male	Percentage of Global Workforce	58%	40.19%	23.81%	26.23%	102-8 | 405-1
Senior Leadership: Female	Percentage of Senior Leadership	33.30%	33.33%	33.33%	33.33%	405-1
Senior Leadership: Male	Percentage of Senior Leadership	66.70%	66.67%	66.67%	66.67%	405-1
Senior Management: Female	Percentage of Senior Management	44.80%	45.45%	36.84%	30.77%	405-1
Senior Management: Male	Percentage of Senior Management	55.20%	54.55%	63.16%	69.23%	405-1
Middle Management: Female	Percentage of Middle Management	39.10%	40.00%	42.00%	42.86%	405-1
Middle Management: Male	Percentage of Middle Management	60.90%	60.00%	58.00%	57.14%	405-1
Individual Contributor: Female	Percentage of Individual Contributors	31.40%	47.97%	51.75%	51.85%	405-1
Individual Contributor: Male	Percentage of Individual Contributors	68.60%	52.03%	48.25%	48.15%	405-1
Factory Staff: Female	Percentage of Factory Staff	71.80%	70.49%	80.00%	80.56%	405-1
Factory Staff: Male	Percentage of Factory Staff	28.20%	29.51%	20.00%	19.44%	405-1

People Data (continued)

Data Category	Unit	2017	2018	2019	2020	GRI Index Reference
Diversity: Age						
Senior Leadership under 30	Percentage of Senior Leadership	0.00%	0.00%	0.00%	0.00%	405-1
Senior Leadership 30-50	Percentage of Senior Leadership	66.67%	66.67%	66.67%	46.67%	405-1
Senior Leadership over 50	Percentage of Senior Leadership	33.33%	33.33%	33.33%	53.33%	405-1
Senior Management under 30	Percentage of Senior Management	3.50%	4.55%	0.00%	0.00%	405-1
Senior Management 30-50	Percentage of Senior Management	96.60%	86.36%	80.00%	76.92%	405-1
Senior Management over 50	Percentage of Senior Management	0.00%	9.09%	20.00%	23.08%	405-1
Middle Management under 30	Percentage of Middle Management	4.30%	0.00%	0.00%	0.00%	405-1
Middle Management 30-50	Percentage of Middle Management	91.30%	93.33%	90.00%	85.71%	405-1
Middle Management over 50	Percentage of Middle Management	4.40%	6.67%	10.00%	14.29%	405-1
Individual Contributor under 30	Percentage of Individual Contributors	17.70%	23.65%	13.28%	12.96%	405-1
Individual Contributor 30-50	Percentage of Individual Contributors	72.60%	70.27%	82.52%	82.10%	405-1
Individual Contributor over 50	Percentage of Individual Contributors	9.70%	6.08%	4.20%	4.94%	405-1
Factory Staff under 30	Percentage of Factory Staff	26.20%	22.95%	25.40%	18.03%	405-1
Factory Staff 30-50	Percentage of Factory Staff	73.30%	75.41%	73.01%	80.33%	405-1
Factory Staff over 50	Percentage of Factory Staff	0.50%	1.64%	1.59%	1.64%	405-1
Grievances						
Grievances Reported by Employees	Total Number	39	94	75	52	102-17
Reported Food Grievances	Percentage of Total Grievances Reported	79.48%	79%	49%	55.77%	102-17
Reported Factory Management Grievances	Percentage of Total Grievances Reported	10.26%	12%	31%	25%	102-17
Reported Pay/Welfare Grievances	Percentage of Total Grievances Reported	5.13%	0%	0%	3.85%	102-17
Reported Miscellaneous Grievances[1]	Percentage of Total Grievances Reported	5.13%	9%	20%	15.38%	102-17

People Data (continued)

Data Category	Unit	2017	2018	2019	2020	GRI Index Reference
Health and Safety						
Participants in Health and Safety Committee: Factory Workforce	Percentage of Factory Workforce	19%	19%	16.7%	16.28%	403-4
Injuries: China	Total Number	1	0	0	0	403-9
Fatalities (occupation/disease): China	Total Number	0	0	0	0	403-9
Lost Work Days	Total Number	3	0	0	0	403-9
Overtime						
Average Workweek	Average Number of Hours	49	49	50	39	102-8
Compliance with Supplier Code of Conduct[2]	Percentage	91%	99%	97%	100%	102-16
Breaches of 60-hour Workweek	Total Number of Weeks	4	3	9	0	409-1
Average Rest Days Per Month	Average Days	5	5	5	5.25	409-1
Breaches of One Rest Day Per Week	Total Number	1	0	2	0	409-1
Career Enhancement Opportunities						
Participants in Non-Factory Training Programs[3]	Total Number	169	185	340	370	404-2
Non-Factory Training Hours Provided[3]	Total Hours	1.945	899	1.727	2,594	404-1
Factory Workers Training Hours Provided[4]	Total Hours	3,559	2,508	964	1,571	404-1
New Hires Provided Training	Total Number	66	43	75	90	404-1

People Data Footnotes:

[1] Grievance topics include employee relationships, training, leave and personal issues.

[2] Our Supplier Code of Conduct requires that factory workers work no more than 20 hours per week of overtime and no more than 36 hours per month of overtime, except in emergency or unusual situations.

[3] Training programs included customer service, office software, management skills, technical skills, labor law and Social and Environmental Responsibility

[4] Training included CSR/EHS/AEO/ISO, health and safety courses.

GRI Index

PCH follows the GRI Standards, an internationally recognized framework for disclosing economic, environmental and social performance. This report has been prepared in accordance with the GRI Standards: Core option.

Disclosure	Description Title	Location in Report / Detail / Omission Explanation	Page
General Disclosures			
102-1	Name of the organization	PCH International	
102-2	Activities, brands, products and services	PCH develops specialized solutions to bring our customers' innovative products to market. For more information, see Our Company	12
102-3	Location of headquarters	Cork, Ireland	
102-4	Location of operations	Four countries: China (Shenzhen), Ireland (Cork), South Africa (Cape Town) and the United States (San Francisco, California).	
102-5	Ownership and legal form	PCH is a privately held company.	
102-6	Markets served	Our Key Operations / Customers by Region	17, 61
102-7	Scale of the organization	PCH in 2020 / Our Key Operations / PCH Data / Operations Data / People Data – Workforce	10-11, 17, 61-62, 67
102-8	Information on employees and other workers	PCH in 2020 / About our People / Workforce / People Data – Diversity: Gender / People Data – Diversity: Age	10, 42-43, 67-68
102-9	Supply chain	Our Suppliers / Customers and Shipping / Supply Partner Data	49-50, 61, 65-66
102-10	Significant changes to the organization and its supply chain	Our Suppliers	49
102-11	Precautionary Principle or Approach	Sustainable Design / PCH Concept-to-Consumer Platform / Environmental	18, 30, 34-40
102-12	External initiatives	PCH is a signatory of the United Nations Global Compact.	
102-13	Membership of associations	United Nations Global Compact	
102-14	Statement from senior decision-maker	Message from Liam Casey, Founder and Chief Executive Officer	7

GRI Index (continued)

Disclosure	Description Title	Location in Report / Detail / Omission Explanation	Page
General Disclosures (continued)			
102-15	Key impacts, risks and opportunities	In 2018 and 2019, we (1) established a VP, Sustainability as a key role on our Senior Leadership Team reporting directly to the CEO; (2) integrated sustainability practices across new areas of the company; (3) increased our focus on sustainable materials, engineering and design; and (4) maintained our existing focus on our supply chain's sustainable practices.	
102-16	Values, principles, standards and norms of behavior	Overtime / Labor Unions and Free Association / Forced Labor, Modern Slavery and Human Trafficking / People Data – Overtime / See PCH Sustainability for these PCH policies: Supplier Qualification (Code of Conduct), Environmental, Conflict Minerals, Stopping Shark Fin Consumption and Child Labor.	47, 52, 54, 69
102-17	Mechanisms for advice and concerns about ethics	Our Employees / People Data – Grievances	42-45, 68
102-18	Governance structure	Governance	53-56
102-19	Delegating authority	Our CEO created the role of VP, Sustainability on our Senior Leadership Team to provide oversight on economic, environmental and social topics. Our VP, Sustainability provides updates to the Senior Leadership Team on a weekly basis.	
102-20	Executive-level responsibility for economic, environmental and social topics	Our VP, Sustainability reports directly to our CEO.	
102-21	Consulting stakeholders on economic, environmental and social topics	Our VP, Sustainability serves as liaison between our CEO, our Board of Directors and other stakeholders.	
102-22	Composition of the highest governance body and its committees	Liam Casey serves as PCH CEO. He founded the company in 1996 as a manufacturing and supply chain management company. Today, PCH remains a private company that provides product design engineering and development as well as startup innovation. Mike McNamara serves as Chairman of the Board of Directors, comprised of male directors with one director independent of PCH.	
102-23	Chair of the highest governance body	Liam Casey serves as PCH CEO, and Mike McNamara serves as Chairman of the Board of Directors.	
102-24	Nominating and selecting the highest governance body	PCH's process for nominating individuals to become members of the Board of Directors is proprietary, although the process does serve the interests of our company, our customers, our supply chain and our sustainability practices.	
102-25	Conflicts of interest	The PCH Board of Directors' process for managing conflicts of interest is proprietary, although the process does serve the interests of our company, our customers, our supply chain and our sustainability practices.	
102-26	Role of highest governance body in setting purpose, values and strategy	Our senior executives, including our CEO, and our Board of Directors are involved in the development, approval and updating of PCH's purpose, value or mission statements, as well as strategies, policies and goals related to sustainability.	

GRI Index (continued)

Disclosure	Description Title	Location in Report / Detail / Omission Explanation	Page
General Disclosures (continued)			
102-27	Collective knowledge of highest governance body	We circulate our annual sustainability report for CEO and Board review. Our VP, Sustainability consults with our CEO and Board members individually.	
102-28	Evaluating the highest governance body's performance	Currently, we don't have a review process to evaluate our CEO's and Board of Directors' performances with respect to governance of economic, environmental and social topics.	
102-29	Identifying and managing economic, environmental and social impacts	After identifying and managing economic, environmental and social impacts, our VP, Sustainability reports to our CEO and our Board of Directors.	
102-30	Effectiveness of risk management processes	Our CEO and Board of Directors delegate the role of reviewing the effectiveness of our risk management processes for economic, environmental and social topics to our VP, Sustainability.	
102-31	Review of economic, environmental and social topics	We review economic, environmental and social risks as part of our risk enterprise program as needed.	
102-32	Highest governance body's role in sustainability reporting and communicating critical concerns	Our Senior Leadership Team, which includes our VP, Sustainability, reports to our CEO who meets with the Board of Directors. This team has representatives from across the company from all geographic locations.	
102-33			
102-34	Nature and total number of critical concerns	Our VP, Sustainability reported zero critical concerns.	
102-35	Remuneration and compensation	We've integrated our commitment to sustainability into all levels of our organization. As a private company, though, remuneration and compensation policies and information are proprietary information and considered business confidential.	
102-36			
102-37			
102-38			
102-39			
102-40	List of stakeholder groups	Stakeholder Engagement / How We Communicate With Stakeholders	25-26
102-41	Collective bargaining agreements	Covered by collective bargaining agreements: 33% of our employees who comprise all of our factory production workforce.	
102-42	Identifying and selecting stakeholders	Stakeholder Engagement / How We Communicate With Stakeholders / Materiality Matrix	25-27
102-43	Approach to stakeholder engagement	Stakeholder Engagement / How We Communicate With Stakeholders / Materiality Matrix	25-27
102-44	Key topics and concerns raised	Materiality Matrix	27

GRI Index (continued)

Disclosure	Description Title	Location in Report / Detail / Omission Explanation	Page
General Disclosures (continued)			
102-45	Entities included in the consolidated financial statements	PCH is a global company with key innovation hubs in San Francisco, and Shenzhen, China; software development in Cape Town, South Africa; HR, finance and IT in Cork, Ireland and international business development teams.	
102-46	Defining report content and topic Boundaries	Welcome / About This Report / GRI Index	2, 59, 58, 70
102-47	List of material topics	Materiality Matrix / GRI Index	27, 70
102-48	Restatements of information	None	
102-49	Changes in reporting	None	
102-50	Reporting period	Calendar year 2020 unless otherwise noted.	
102-51	Date of most recent report	2020	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	Alan Cuddihy, VP, Sustainability, alan@pch.com	
102-54	Claims of reporting in accordance with the GRI Standards	Core	
102-55	GRI content index	GRI Index	
102-56	External assurance	N/A	
Management Approach			
103-1	Explanation of the material topic and its Boundary	Materiality Matrix / Sustainability Focus at PCH	27, 29
103-2	The management approach and its components	Our Strategy	28
103-3	Evaluation of the management approach	Sustainability at PCH	24

GRI Index (continued)

Disclosure	Description Title	Location in Report / Detail / Omission Explanation	Page
Economic Disclosures			
201-1	Direct economic value generated and distributed	PCH Data / Supply Partner Data	61, 65-66
204-1	Proportion of spending on local suppliers	Supply Partner Data	65
205-1	Operations assessed for risks related to corruption	Stakeholder Engagement / How We Communicate With Stakeholders / Materiality Matrix	25-27
Environmental Disclosures			
302-1	Energy consumption within the organization	Resource Use 2020 / Operations Data – Resource Use	39, 62
303-5	Water consumption	Resource Use 2020 / Operations Data – Resource Use	39, 62
305-2	Energy indirect (Scope 2) GHG emissions	Our Environmental Impact / Operations Data – Environmental Impact	40, 62
306-3[1]	Waste generated	Optimizing Operations and Minimizing Waste / Resource Use 2020 / Operations Data	38-39, 62-64
306-4[1]	Waste diverted from disposal	Optimizing Operations and Minimizing Waste / Resource Use 2020 / Operations Data – Environmental Impact	38-39, 63
306-5[1]	Waste direct to disposal	Optimizing Operations and Minimizing Waste / Resource Use 2020 / Operations Data – Environmental Impact	38-39, 63-64
307-1	Non-compliance with environmental laws and regulations	PCH has never been fined nor had any incidents of non-compliance with regulations or laws in the jurisdictions where we operate.	
Social Disclosures			
402-1	Minimum notice periods regarding operational changes	In the event of any change to our operations that would significantly affect our factory employees, up to three days' notice is provided by the HR department. When any employee is no longer to be employed by our factories, they receive at least one month notice from factory management.	
403-1	Occupational health and safety management system	Worker Health and Safety / People Data – Health and Safety	47, 69
403-4	Worker participation, consultation and communication on occupational health and safety	Worker Health and Safety / People Data – Health and Safety	47, 69
403-5[2]	Worker training on occupational health and safety	Hiring Practices / Little Bird Partnership / People Data – Health and Safety	42, 44, 69
403-6[2]	Promotion of worker health	Little Bird Partnership / Worker Health and Safety	44, 47

GRI Index (continued)

Disclosure	Description Title	Location in Report / Detail / Omission Explanation	Page
Social Disclosures (continued)			
403-9	Work-related injuries	Worker Health and Safety / People Data – Health and Safety	47, 69
403-10[3]	Work-related ill health	Worker Health and Safety / People Data – Health and Safety	47, 69
404-1[4]	Average hours of training per year per employee	Developing and Engaging Our People / People Data – Career Enhancement Opportunities	45, 69
404-2	Programs for upgrading employee skills and transition assistance programs	People Data – Career Enhancement Opportunities	45
405-1	Diversity of governance bodies and employees	Hiring Practices / Diversity and Inclusion / People Data – Diversity: Gender / People Data – Diversity: Age	42-43, 67-68
408-1	Operations and suppliers at significant risk for incidents of child labor	Hiring Practices / Supplier Code of Conduct / Zero-Tolerance Policy Towards Child Labor	42, 49, 54
409-1[5]	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Overtime / People Data – Overtime	47, 69
414-2[6]	Negative social impacts in the supply chain and actions taken	Hiring Practices / Our Suppliers / Forced Labor, Modern Slavery and Human Trafficking	42, 49, 54
417-1	Requirements for product and service information and labeling	For product labeling such as European Conformity (CE), U.S. Food and Drug Administration (FDA) or labeling approval for a particular market, our customers instruct us on their labeling requirements.	

GRI Index Footnotes:

[1] In the PCH 2018 Sustainability Report, data related to disclosures 306-3, 306-4 and 306-5 were inadvertently mislabeled as being related to 306-2.

[2] In the PCH 2018 Sustainability Report, data related to disclosures 403-5 and 403-6 were inadvertently mislabeled as being related to 403-4.

[3] In the PCH 2018 Sustainability Report, data related to disclosure 403-10 were inadvertently mislabeled as being related to 403-9

[4] In the PCH 2018 Sustainability Report, data related to disclosure 404-1 were inadvertently mislabeled as being related to 404-2.

[5] In the PCH 2018 Sustainability Report, data related to disclosure 409-1 were inadvertently omitted from the GRI Index.

[6] In the PCH 2018 Sustainability Report, data related to disclosure 414-2 were inadvertently mislabeled as being related to 204-1.

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