Annual Report and Action Plan

Company Name:	**HBI Holdings Australasia Pty Ltd.**
Trading As:	**Hanes Australasia**
ABN:	**52612185476**

About APCO

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

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

Overall Performance Leading

The chart below indicates the overall performance level of this organisation listed above in the 2026 APCO Annual Report. The organisation's reporting period was **January, 2025 - December, 2025**.

1 Getting Started	2 Good Progress	3 Advanced	4 Leading	5 Beyond Best Practice

Understanding APCO Annual Reporting performance levels:

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

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Additional Information

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

Describe initiatives, processes or practices that you have implemented during your 12-month reporting period that have improved packaging sustainability

In 2025, work to improve packaging at Hanes Australasia (HAA) continued to be driven by HAA's corporate sustainability goals. These included, by 2025:
1. Eliminating single-use plastics in HAA's product packaging, where possible, with any remaining to be recyclable; and
2. Reducing the weight of HAA's packaging by 25% (vs 2019).
As outlined in criteria 1.1 and 1.2, these goals are embedded into packaging initiatives and processes throughout the HAA business, led by packaging stewards and governed by HAA's Sustainability Steering Committee.
HAA saw immense progress toward these goals during the time they were implemented, achieving 72% plastic elimination and a 28% reduction in packaging weight in 2025.
Looking toward 2030, HAA continues to aim to eliminate single-use soft plastics in product packaging, where possible, and work towards reducing specific problematic packaging components. In line with these goals and the SPGs, teams have continued work to further eliminate single-use plastics, improve packaging recyclability, optimise material use, and increase the use of recycled materials.
In Bonds Group, the team responsible for the socks category have tested and started the implementation of card sock hooks, which is anticipated to eliminate up to 14 tonnes of rigid PP plastic per year.
A dedicated cross-functional team continued work to test options for card replacements of soft plastic BOPP and LDPE bags, which are still primarily used for multipacks. Dielines were sampled and tested throughout 2025, with implementation planned for late 2027. Once this project is finalised, it is anticipated to eliminate up to 34 tonnes of soft plastic annually.
Sheridan continued to sell through legacy products still packaged in soft plastic; however, the successful transition to card packaging has begun to be reflected in a reduction in average plastic use. Average plastic packaging per product sold decreased from 16 grams in 2024 to 12 grams in 2025.
In 2025, greater focus was placed on implementing accessibility considerations, aligning with SPG Principle 9. Following a focus group conducted in early 2025, research findings were collated to identify opportunities for improvement across different packaging formats. A working group has been formed with representation from all HAA brands, to discuss, test, and implement initiatives in response to these findings. Within 2025, the working group has started to sample dielines that meet recommended standards for text size, to improve accessibility.
HAA's SPG reviews continue to be embedded as part of new packaging development, however it was identified in 2025 that some ongoing packaging formats required updated reviews. To support this, a new process was implemented to capture packaging formats with outdated reviews, and a step-by-step procedure for reviewing the format against the principles, capture opportunities for improvement, and identify feasible timing for implementation. Not only does this process ensure that packaging formats continue to be regularly reviewed, but also ensures continued education about the SPGs across the wider team, and how to apply them in practice.

Describe any opportunities or constraints that affected performance within your 12-month reporting period

Recoverability of packaging (APCO Criteria 4) continues to be an area of opportunity for Hanes Australasia (HAA). Whilst most separable packaging components are recoverable at end-of-life, a SKU's overall packaging recoverability is downgraded to 'mixed recoverability' status where a kimble is used. Kimbles pose a unique challenge for HAA's industry sector, as whilst small in size and weight, the volume sourced is large and comes with technical constraints in their removal or replacement. For example, kimbles are used for many products to attach swing-tags or securely display products (eg. sock pairs). For socks, there is no existing alternative available to securely display product, whilst also not damaging the product on its removal. In addition to kimbles, finding cost-effective recyclable alternatives for HAA's soft-plastic product multi-pack bags has been a challenge that HAA is actively working to solve.

It has also been found that as RFID becomes more integral to stock management, for both HAA and its wholesale customers, that traditionally recyclable packaging is at risk of becoming non-recyclable with the addition of RFID. In some cases, HAA has worked with RFID suppliers to ensure the pulpability of packaging will comply with Material Recovery Facility (MRF) requirements, but in other cases, it means that card packaging must be reported as non-recyclable. HAA plans to continue work with RFID suppliers to conduct further pulpability testing, and explore the optimal approach to RFID material use that will maintain packaging recyclability.

Recoverability is also a challenge when recyclability advice evolves, impacting HAA's ability to apply the "Recyclable" ARL to packaging that has previously been considered recyclable. For example, many of HAA's card swing tags have been affected by the new card thresholds in New Zealand. Following work to achieve material optimisation, the size of swing tags was reduced to minimise material use. However, with the new thresholds, these are now no longer considered recyclable in New Zealand. In addition, there are limitations to applying the "Check Locally" ARL where small stickers are applied to soft plastics, often containing important information such as RRP and barcode. Though this fibre material only takes up a small percentage of the packaging, it downgrades the packaging to a "Non-Recyclable" ARL and prevents the soft plastic from being recovered in Australian systems.

Also affecting HAA's recoverability score, is the high weighting applied by APCO to the number of product SKUs that have all packaging components reusable. Understandably, reuse is higher on the waste hierarchy than recyclability, however given the sector HAA operates in, and type of products sold (eg. underwear and apparel), procurement of reusable packaging is limited.

Recycled content is another area of opportunity with respect to APCO Criteria 3. Whilst approximately 89% of SKUs use certified "FSC Mix" in card based packaging, there are constraints with determining the level of recycled content used due to FSC Mix being made with a mixture of materials from FSC-certified forests, recycled materials, and/or FSC-controlled wood.

Describe any examples or case studies of exemplary packaging sustainability conducted by your organisation during your 12-month reporting period.

Case Study 1: PDQ Plastic Elimination & Material Optimisation

Between 2022 and 2024, a project team was established at Hanes Australasia (HAA) to focus on sustainability improvements of transit cartons and Product Display Quantities (PDQs). Through a targeted approach to embed HAA's 2025 Packaging Goals of a 25% reduction in packaging weight (vs. 2019); elimination of single-use plastic product packaging; and all packaging to be re-usable and/or recyclable; this project team identified and implemented a number of improvements that saw continued annual progress toward the 2025 goals. A monthly project steering committee allowed for reporting on progress, collaboration on solutions, and embedding sustainable packaging thinking and knowledge across HAA.

As was the intention, this work became a "Business as Usual" approach by 2025. While the monthly steering committee has evolved to focus on new projects, team members who previously led packaging

sustainability projects have instead adopted this work into their day-to-day decision making. In addition, new projects include standardisation of Sheridan transit cartons, and working with HAA's key internal manufacturer to reduce plastic use; both projects will be able to draw on the learnings of previous packaging initiatives to maximise impact. At the conclusion of the prior projects, HAA has seen a number of lasting benefits: team members feel empowered to make decisions that will have measurable sustainability impact, and ownership of sustainable packaging improvements is embedded more broadly across HAA. Examples are the continued improvements made by the HAA PDQ team throughout 2025.

PDQ Plastic Elimination

Following targeted work to eliminate plastics from PDQs, 2025 is the first year that the team achieved full plastic elimination. Key to this achievement was removing plastic pegs from PDQ construction, replaced with a cardboard design that allows cardboard dividers to slot directly into Shelf-Ready Trays (SRTs). By designing these dividers to be fully adjustable, this has also allowed for standardisation of SRT specifications, the effect of which reduces overproduction and wastage through the ability to allocate the same SRTs to a variety of retailers and events. From 9.5 tonnes of rigid plastic in 2023, to 0.4 tonnes in 2024, and full elimination in 2025, this work has shown how innovative design and material selection come together to achieve effective, long-term solutions.

PDQ Material Optimisation

After the success of re-engineering projects throughout 2023 and 2024, it is clear that there a number of benefits to reducing material use: from a lower environmental impact, to cost savings, to unlocking more efficient methods for transportation. Further improvements are consistently being explored by the team. In 2025, where possible SRTs were updated to reduce double cardboard folds to single folds, without compromising the stability of the SRT. SRT height was also reduced, not only reducing material use but also allowing for greater efficiencies in transportation, as a greater volume of SRTs are now able to be packed into a single container. These savings are evident through the average material use per PDQ event, down from 6 tonnes per event in 2024 to 5.4 tonnes in 2025, an overall 9% reduction.

Case Study 2: Converting to Card Hooks for Socks

After extensive research and testing, a project led by Bonds Group has seen the successful trial and implementation of card sock hooks, which will be placed on market in 2026. Previously, the socks category used rigid PP plastic for a variety of hooks to support product display. In 2025, this amounted to 14 tonnes of plastic. With cross-functional collaboration in the HAA organisation, the socks team were able to identify two card hook designs that could meet the needs of all sock product packaging; both eliminating the need for plastic hooks, and standardising the selection of hook designs. HAA looks forward to seeing the results of implementation in 2026.

Case Study 3: Sustainable Packaging Guidelines (SPG) Process for Ongoing Packaging

In the 5 years leading up to 2025, the SPGs have been incorporated into new packaging design, and become a standard resource for reviewing and improving product packaging. However, it was identified that for ongoing product packaging, there was a risk of reviews lapsing beyond 5 years, and a need to prompt teams to conduct updated reviews. To address this risk, teams responsible for packaging were provided with a list of packaging formats with lapsed reviews. A new process was trialed which prompted team members to identify where a packaging format was phased out and replaced with an option more closely aligned to the SPGs; or if not, to conduct an updated review along with considering how feasible it would be to action any changes within 12 months of the review.

Applying this fresh lens allowed for further improvements to be identified, some examples are below:

In response to SPG 9, one team member noted that they could, "increase text size and replace clear round stickers to make it more accessible. We could also include a pull tab to open the packaging for easier access".

In response to SPGs 2, 6, 7 and 9, one team member identified an opportunity to remove 1 swing ticket by

combining information onto the primary swing ticket, in addition noting that, "the kimble could also be replaced with a more sustainable and accessible option, or bar tacked on the product".
In response to SPG 2, one team member advised that, "this product has a smart size swing ticket, we could potentially look at copying the information from this smart size swing ticket and place the information on the main swing ticket which will reduce this product from 2 swing tags, to just 1 swing tag".
The above improvements were all identified as possible to implement within 12 months.
Capturing review findings in this way supports central visibility of possible improvements, and identifies those that can be fast-tracked and implemented in a short time frame. We expect that continuing the SPG reviews in this manner will allow for further improvements to the sustainability of HAA's product packaging.

APCO Action Plan Commitments

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

Criterion 1:

Governance & Strategy:

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

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

Criterion 2:

Design & Procurement:

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

- Review **100**% of our packaging against the Sustainable Packaging Guidelines (or equivalent).
- Improve the accuracy of our data regarding reviews of packaging using the Sustainable Packaging Guidelines (or equivalent).
- Incorporate the Sustainable Packaging Guidelines (or equivalent) into procurement processes.
- Consider the following Sustainable Packaging Principles in our packaging reviews:
    - Design for recovery
    - Optimise material efficiency
    - Design to reduce product waste
    - Eliminate hazardous materials
    - Use of renewable materials

  - Use recycled materials
  - Design to minimise litter
  - Design for transport efficiency
  - Design for accessibility
  - Provide consumer information on environmental sustainability
- 90% of our packaging to be optimised for material efficiency.
- Improve the accuracy of our data regarding packaging material efficiency.

Criterion 3:

Recycled Content:

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

- Develop a policy or procedure to buy products and/or packaging made from recycled content.
- Use recycled content in:
  - Our products
  - Primary packaging that we use to sell our products
  - Secondary packaging that we use to sell our products
  - Tertiary packaging that we use to sell our products
  - Other items which we purchase (e.g. office stationary and suppliers etc.)
- 90% of our packaging to be made using some level of recycled content
- Improve the accuracy of our data regarding use of recycled content.

Criterion 4:

Recoverability:

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

- 30% of our packaging to be designed to have all packaging components be recoverable at end-of-life.
- Improve the accuracy of our data regarding recoverability.
- Use PREP to assess the recyclability of our packaging through kerbside collection in Australia and/or New Zealand.
- Investigate opportunities to use reusable packaging.
- Improve the accuracy of our data regarding reuse.
- Participate in a close-loop recovery program/alternative collection system.

Criterion 5:

Disposal Labelling:

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

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

Criterion 6:

On-site Waste:

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

- Have recycling programs for the following materials:
  - Paper/cardboard
  - Soft plastics
  - Rigid plastics
  - Timber
  - Textiles
  - Glass
  - Metals
  - IT Equipment, Coffee Cups, Batteries, Organics
- Aim for **98**% of our on-site waste to be diverted from landfill.
- Improve the accuracy of our data regarding on-site waste.

Criterion 7:

Problematic Materials:

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

- Help reduce litter by:
  - Conducting regular clean ups on-site
  - Participating in a planned Business Clean Up Day
  - Additional activities included:
    - Internal education on plastics and recycling for Plastic Free July
    - Updated signage across our sites on how to separate waste
    - National recycling week activities, including the introduction of container recycling at our office locations, and a recycling drive for preloved bed linen (Blocktexx), and oral care, cosmetics and stationary (Terracycle).