



APPROACH TO ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

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01 INTRODUCTION

Environmental, social, and governance (ESG) issues are playing an increasing role in corporate performance as well as institutional operations and public perception.

At HED, we believe it is our organizational and corporate responsibility to create Positive Impact in the world around us through how we conduct business, our noteworthy design solutions, and the lasting impact of those solutions on the facilities, people, and environment they touch. We applaud our clients' and partners' desire to understand our values-based operations and compare our values to their own.

HED has established policies in support of our values in the following fourteen key areas of environmental, social, and governance.



ENVIRONMENTAL

- Emissions and Waste
- Carbon | Operations
- Carbon | Services
- Our Land Use
- Supplier Land Use
- Resource Use



SOCIAL

- Human Rights
- Access to Basic Services
- Community Relations
- Supply Chain
- Human Capital



GOVERNANCE

- Data Privacy and Security
- Health and Safety
- Resilience



02 ENVIRONMENTAL

EMISSIONS AND WASTE

The nature of professional services performed by HED does not generate a significant impact to emissions, effluents, and waste. We do believe in efficient and environmentally sound operations and to that end, we have designed many of our office locations to be LEED and/or WELL certified. We also seek to occupy buildings which take environmental practices into consideration.

CARBON / OPERATIONS

HED does not engage in the transportation of goods or the purchasing or coordinating logistics of materials used in the construction process. Within our own operations, HED designs our office spaces to be energy efficient, using recycled and low carbon materials.

CARBON / SERVICES

HED was an early signatory of the 1.5°C COP26 Communiqué and the AEC Sustainable Leaders Group Build Back Greener letter campaign to President Biden. We are committed to these programs and supporters of these causes because we believe it aligns with our firm's values and dedication to supporting clients with climate-resilient design. We advocate for sustainable solutions wherever possible regardless of certification goals because we believe that they create better facilities and offer improved outcomes for their occupants. LEED, WELL, and other certification platforms provide a benchmarking tool against which success can be measured and is valuable in goal setting at the outset of a project. Successfully executing high performing projects requires an integrated approach to resource efficient design with the goal of maximizing effectiveness of building systems and minimizing initial and lifetime operating costs through sustainable design strategies focused on ten metrics: integration, community, ecology, water, economy, energy, wellness, resources, change, and discovery. These paradigms, taken from the American Institute of Architects (AIA) Framework for Design Excellence, provide a more comprehensive and analytical process that benefits our clients and reduces embodied carbon in the product.

HED is one of only a few national firms to be a committed participant in the AIA 2030 Commitment and The Carbon Leadership Forum's MEP 2040 Challenge. These programs commit our teams to report the predicted energy use intensity of all our projects on an annual basis and reducing each project's energy use and embodied and operational carbon, with a goal of being net zero by the year 2030. The result of this effort is available by request from HED, and available to the public through the AIA and Carbon Leadership Forum websites. In April of 2021, HED submitted our report for the prior calendar year, showing an average energy reduction of roughly 53% from the 2030 baseline across our portfolio of nearly 9.3 million gross square feet.

02 ENVIRONMENTAL

OUR LAND USE

HED does not possess real estate holdings or facilities. All our offices as of 2022 were leased office spaces. However, HED does prioritize the use of recycled and low VOC materials to promote the health and wellness of occupants and to minimize the long-term impacts of material waste to the environment in our own spaces as well as advocating for their use in client designs.

SUPPLIER LAND USE

HED is committed to supporting animal welfare and does not and will not engage in the production, promotion, or sale of goods and services that support factory farming or land use that diminishes animal welfare. In support of our clients' scientific endeavors, HED occasionally designs vivarium spaces to support life sciences research. Such spaces are designed to the standards established by the National Institutes of Health (NIH) and respect the dignity and quality of life of the animals and humans that will inhabit such environments.

RESOURCE USE

As a professional services consulting firm, HED does not utilize raw material inputs in production of our design solutions. However, the maintenance of our offices and daily operations does entail the acquisition of office consumer products. The concept of "positive products" relates to doing social good through purchase or use of products and services that contribute to the betterment of people, communities, and the environment. To the extent possible, HED strives to make thoughtful, deliberate, and researched choices to make a positive impact through our purchases.



03 SOCIAL

HUMAN RIGHTS

Justice, Equity, Diversity, and Inclusion (JEDI) is important to our firm because it connects on many levels with our core values. Innovative solutions are a key element of design excellence and innovation thrives within a diverse culture in which all ideas are valued equally, the sort of culture in which everyone is encouraged to bring their whole self to work.

It is our responsibility as a firm, and as individuals, to build a firm culture in which fairness, opportunity, and equity thrive and to use our influence to bring those values to our projects and the impact they have on advancing the world. HED is deeply committed to a pay equity program, including gender pay equity, pay scale equity and a Living Wage for all employees. A living wage is defined as financial compensation that reflects what individuals need to support themselves and their families above the poverty line, based on the actual costs of living in a specific community. HED uses the MIT Living Wage Calculator as the basic tool for determining the minimum living wage it needs to pay our employees and it is evaluated on an annual basis. The goal of HED's pay equity program is to eliminate systemic bias and discrimination that relates to the under-valuation of work traditionally performed by women and underprivileged groups and to ensure that these groups are treated on a fair and equal basis in terms of compensation and the work they perform. This ensures a more equitable quality of life and access to essential goods and services for HED employees. All employees performing the same or similar work or work of equal value will be compensated on an equitable basis. HED is committed to a pay scale equity program to reduce the discrepancies in employee compensation that relate to the traditional over-valuation of work performed by senior executives and the under-valuation of work performed by the lowest job classifications.



03 SOCIAL

ACCESS TO BASIC SERVICES

The nature of services provided by HED does not make the access of essential products or services to disadvantaged communities or groups directly applicable. However, HED is committed to giving back to our communities by supporting our employee volunteering efforts.

Volunteering is an investment in a community and its peoples and provides valuable community services and strengthens a community in many ways such as supporting families, enhancing schools, mentoring youth, helping the elderly, working for social justice issues, improving the arts, and beautifying the community. HED provides up to 16 hours of paid time off work annually for each employee to participate in volunteer activities of their choosing as a service to non-profit organizations or charitable groups. Over and above this policy, HED sponsors volunteering activities that are of specific interest to the organization.

HED believes that community members and stakeholders have the right to be involved in decision making about projects and programs that will impact their lives. It is essential that we engage local stakeholders not only to ensure that local communities benefit from decisions and investments. The contributions, knowledge and perspectives of local communities prove to be an essential ingredient to a project's success serving to minimize risk and generate goodwill.

- HED regularly engages the local community in the following manner:
- Engaging local community groups for input on projects
- Donating our time and services to community partners in need
- Celebrating the community context of our project sites to inform design
- Enhancing existing communities and creating new communities through building design



03 SOCIAL

COMMUNITY RELATIONS

We recognize the tremendous potential of the built environment to impact the health and well-being of the populations it serves, the communities it touches, and the environment by which it is surrounded. As a firm and as individuals we seek to listen to, engage with and advance the communities we serve not just through our design practice, but also in direct community interaction and charitable giving. All of HED's offices engage with its community differently in the way our teams judge to be the most impactful, through internships, donations, community events, and mentorship.

HED's offices engage with the following organizations, as well as others, at regular intervals throughout the year:

- Donations and internship programs through The National Organization of Minority Architects (NOMA)
- Donations to the Girl Scouts of Greater Los Angeles
- Architecture Engineering and Construction (ACE) mentorship program
- Donations to Rosie's Place of Boston
- Donations to the Greater Chicago Food Depository
- Donations to the North Texas, San Francisco, Contra Costa County, and Sacramento Food Banks
- Donations and volunteer service days with Detroit's Life Remodeled,
- Donations and volunteer service days with Los Angeles Habitat for Humanity and the Downtown Los Angeles Women's Center
- Donations to Feeding San Diego

SUPPLY CHAIN

HED recognizes the SA8000:2014 standard as a means to manage the social performance of our supply chain. The standard measures social performance in eight key areas important to social accountability in workplaces, anchored by a management system element that drives continuous improvement in all areas of the standard. These areas include:

- Child Labor
- Forced or Compulsory Labor
- Health and Safety
- Freedom of Association
- Discrimination
- Disciplinary Practices
- Working Hours
- Remuneration

As we deliver our services, HED evaluates our consultants and vendors to measure their compliance with the standard and seek to make continuous improvements.

03 SOCIAL

HUMAN CAPITAL

HED strives to be an employer of choice through an open culture of acceptance, flexible scheduling, competitive salary, holiday pay, robust benefit offerings, as well as employee skill development resources through on-demand skill providers like LinkedIn Learning, sponsorship for applicable certifications, degrees, and professional development programs, and any dues associated with approved continuing education organizations. Continuing education and professional development are the responsibility of each employee to grow in knowledge and experience and meet our commitment to our mission, vision and core values. Employees are encouraged to take advantage of both internal and external professional development opportunities to support their career growth. These opportunities may be in the form of lunch and learns, scheduled trainings, company organized programs, on-site seminars, online learning opportunities and attendance at professional conferences with supervisor's prior approval. Additionally, the company provides support for professional licensure, registration, certification, and accreditation.

As a firm, we believe that sustained commitment to our mission of Advancing Your World and our core values: critical thinking, integrated practice, and design excellence, will further both individual and firm-wide success. Those in leadership and management roles are responsible for the professional development of their team members, which includes formal discussions that stimulate thought, conversation, planning, and engagement.



04 GOVERNANCE

THE JUST LABEL

HED's mission is to advance the world of our clients, the community, and the world. We seek to achieve these goals through a firm culture that supports happy, healthy, engaged people and that fosters social justice, equity, diversity, and inclusion, and are proud to be recognized as an ILFI (International Living Future Institute) JUST organization.

The JUST label is granted to organizations that report and commit to improvement in metrics of organizational equity, corporate social responsibility, and environmental and community stewardship. A JUST label must be earned and is a transparency platform for organizations to disclose their operations, including how they treat their employees and where they make financial and community investments. You can learn more about JUST and review HED's annual scorecard at any time by visiting the International Living Future Institute's website.

DATA PRIVACY AND SECURITY

HED and its family of companies recognizes the importance of protecting the privacy of customers' personally identifiable data. Our Privacy Policy governs the collection of data through our website and connected channels.

HEALTH AND SAFETY

HED's goal is to provide a safe and healthy work environment for all our employees and to foster and advance safety and health management systems for the benefit of employees.

HED complies with all aspects of the Occupational Safety and Health Administration (OSHA) requirements. We are committed to complying with federal, state, and local laws and regulations governing workplace safety. All employees are expected to conduct themselves in a safe manner and to follow all safety regulations and programs established by the Company. Some assignments may require an employee to visit a project site. While visiting the project site, staff are expected to:

- Conduct themselves in a safe manner
- Wear appropriate clothing and footwear
- Observe all safety rules that have been established at the job site
- Wear the appropriate safety gear (hard hats, safety vests and safety goggles) as provided by HED

First aid supplies and equipment are available at each office location. All illnesses and injuries contracted during working hours are immediately reported to Human Resources. As an organization HED is committed to protecting the confidentiality of our employees' medical data, and work with our insurer to protect the identities of our staff whenever illness or injury impacts their lives.

04 GOVERNANCE

RESILIENCE

HED is financially strong and as a private entity poses no wider bailout risk. As a privately owned corporation, HED does not release detailed financial statements. In lieu of such information, we annually submit financial information to Dun and Bradstreet. Our DUNS Number is 04-496-0581.

Further financial requests for clarification can be directed to our CFO, Angela Janssen:

MAILING ADDRESS

HED
Attn: Angela Janssen cpa
Corporate Finance Leader
123 W. 5th Street
Royal Oak, MI 48067

EMAIL ADDRESS

ajanssen@hed.design



05 EXCLUSIONS & DISCLOSURES

COMPANY NAME

DBA HED

INDUSTRY/BUSINESS SECTOR

Architecture and Engineering

TYPE OF OPERATIONS ASSOCIATED WITH THE BUSINESS (e.g. office, manufacturing/production, warehousing, logistics)
Office

RULES AND REGULATIONS / PLEASE CONFIRM THAT THE COMPANY DOES NOT DERIVE ITS REVENUES FROM PORNOGRAPHY AND PROSTITUTION, PRODUCTION, SALE, OR DISTRIBUTION OF WEAPONS OF MASS DESTRUCTION, ARTILLERY AND ANTIPERSONNEL LANDMINES, ILLEGAL DRUGS, POLYCHLORINATED BIPHENYL AND ASBESTOS.

HED does not derive any revenue from the production, sale, or distribution pornography, prostitution, weapons of mass destruction, artillery and antipersonnel landmines, illegal drugs, polychlorinated biphenyl and asbestos.

SIDE LETTERS / PLEASE CONFIRM THAT THE COMPANY DOES NOT DERIVE ITS REVENUES FROM TOBACCO, PALM OIL, NUCLEAR POWER, COAL-FIRED POWER PLANTS.

HED does not derive any revenue from tobacco, palm oil, nuclear power, coal-fired power plants.

SUSTAINABILITY / NON-FINANCIAL DISCLOSURE REPORT / DOES THE COMPANY PREPARE A SUSTAINABILITY (OR NON-FINANCIAL INFORMATION) REPORT?

HED submits data on the environmental impact of our design work each year to the AIA 2030 committee on the environment and The Carbon Leadership Forum' MEP 2040 Challenge. The purpose of this reporting is to benchmark our design against our 2030 embodied and operational carbon reduction goals as an industry and identify areas for improvement within our practice. AIA 2030 and MEP 2040 reports and data are available from HED by request or online through the American Institute of Architect's and Carbon Leadership Forum websites.

ESG POLICY, ENVIRONMENTAL POLICY, HEALTH AND SAFETY POLICY, SOCIAL POLICY / DOES THE COMPANY HAVE POLICIES THAT COVER ESG ASPECTS?

Yes. HED has policies outlining best practices regarding corporate environmental goals, health and safety, social justice and equity, and corporate impact.

SUSTAINABILITY SECTION ON THE WEBSITE / DOES THE COMPANY PUBLISH SUSTAINABILITY INFORMATION ON ITS WEBSITE?

HED's 5-year Sustainability Action Plan (SAP) is available by request but is not currently available on our website.

