



HYDR FARM[®]

2020 ESG REPORT





*This page:
Food crops growing
in a Hydrofarm
demonstration
greenhouse.*

*Opposite:
PHOTOBIO production
facility. Phantom
Lighting System in use.*





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*“We understand,
more than ever, that
sustainability
is a business
imperative—
one that will require
investments in every
facet of our business.”*

— William Toler, CEO

LETTER FROM THE CEO



William Toler

I AM PROUD TO PRESENT HYDROFARM'S FIRST SUSTAINABILITY REPORT, highlighting our environmental, social, and governance (ESG) practices. In these pages, readers will find detailed information about our policies, activities, and performance on a variety of issues ranging from energy efficiency to product safety to diversity and inclusion.

While we have long been committed to operating with the highest integrity, our transition to being a publicly-traded company in December 2020 raised the bar and stakeholder expectations. We are ready to meet that challenge with more transparency, more accountability, and even greater enthusiasm for using sustainable business practices to drive profitability, innovation, and customer satisfaction.

We understand, more than ever, that sustainability is a business imperative—one that will require investments in every facet of our business as we seek to reduce our impact, mitigate our risk, and act quickly on emerging opportunities. I hope you will join us on this journey, sharing your feedback along the way.

William Toler

Chief Executive Officer and Chairman of the Board

ABOUT HYDROFARM



Hydrofarm is a leading distributor and manufacturer of controlled environment agriculture equipment and supplies, including high-intensity grow lights, climate control solutions, and growing media, as well as a broad portfolio of innovative and proprietary branded products. For more than 40 years, Hydrofarm has helped growers in the U.S. and Canadian markets make growing easier and more productive.

OUR MISSION

Enabling growers, farmers and cultivators to achieve higher yields and greater quality, consistency, efficiency and sustainability at their farms.

OUR VISION

Bringing innovative solutions, preferred brands and gold standard services to the rapidly expanding and complex controlled environment agriculture industry.

THE SUSTAINABILITY BENEFITS OF CONTROLLED ENVIRONMENT AGRICULTURE (CEA)

Growing, farming and cultivation of cannabis, flowers, fruits, plants, vegetables, grains and herbs in controlled environment settings allows end users to control key farming variables, such as temperature, humidity, carbon dioxide, light intensity and color, nutrient concentration and pH.

Through CEA, growers are able to be more efficient, effective and sustainable with physical space, water and resources and enjoy year-round and more rapid growth cycles with more predictable and abundant growth yields compared to traditional growing methods.



MORE EFFICIENT LAND USAGE.

CEA allows for greater crop production per square foot, reducing the amount of land needed to grow crops. Certain types of vertical farming are 20 times more productive than traditional farming per acre.



MORE EFFICIENT FRESH WATER USE.

CEA allows for the management and recycling of water inside of a closed-loop system and therefore generally require less water than traditional outdoor agriculture. In certain instances, CEA can grow plants with up to 98% less water than soil based agriculture.



DECREASED USE OF FERTILIZER AND PESTICIDES.

As CEA takes place in a controlled, often indoor environments, the need for pesticides application is reduced, allowing growers to apply less pesticide with more precise application compared to traditional outdoor agriculture.



MAKING IT EASY TO BUY LOCAL.

CEA, especially vertical farming, allows large farming operations to be located significantly closer to end-users, thereby reducing the transportation distance of ready-to-use crops.



REDUCED FOOD WASTE.

Since CEA allows for food production significantly closer to end-user, there is less time between production and consumption and therefore reduced product spoilage, damage and waste.



CHEMICAL RUNOFF PREVENTION.

Due to closed-loop nature of CEA systems, CEA significantly decreases the risk of chemical runoff, which is generally more difficult to control in traditional outdoor agriculture.



SUPPORTS ORGANIC FARMING.

CEA is well suited for organic farming, the produce of which has been in increasing demand by consumers.

We believe that the CEA market will continue to grow alongside increasing investor, business, and consumer interest in preserving resources and enhancing the transparency and safety of our food supply chains. Hydrofarm is proud to be part of transition to a sustainable food and agriculture system.

OUR BRANDS

CONSUMABLES (~67% OF SALES)

Supplies



Grow media



DURABLES (~33% OF SALES)

Lighting



Equipment



ABOUT HYDROFARM

COMPANY AT A GLANCE

Legal Name	Hydrofarm Holdings Group, Inc.
Legal Form	Public, NASDAQ GS: HYFM
Revenue	\$342.2 million USD (FYE 2020)
Employees	313 (FYE 2020)
Product Lines	Equipment Growing Media Lighting Nutrition & Health Supplies
Customers	Specialty hydroponic retailers Commercial greenhouses "Big box" and independent lawn and garden retailers University and research centers Independent business consultants Greenhouse installation consultants



EXECUTIVE LEADERSHIP TEAM



Bill Toler
Chairman & Chief Executive Officer
Joined in 2019



Terence Fitch
President
Joined in 2019



John Lindeman
Chief Financial Officer
Joined in 2020



Mark Parker
Senior Vice President, Business Development
Joined in 2019



Gerard Cantwell
Senior Vice President, Supply Chain
Joined in 2019



Rob Marlow
Chief Information Officer
Joined in 2019

BOARD OF DIRECTORS



Renah Persofsky
Vice Chair & Lead Director, Aphria
Joined in 2020



Susan Peters
Former SVP HR, General Electric
Joined in 2020



Rick Moss
Former CFO, Hanesbrands
Joined in 2020



Patrick Chung
VP Finance, Serruya Private Equity
Joined in 2020



Melisa Denis
Retired Lead Partner, KPMG
Joined in 2020

CORPORATE GOVERNANCE & BUSINESS ETHICS



More information about corporate governance policies and practices, including financial filings, stock ownership guidelines, company by-laws, and stock information can be found on our [Investors page](#).

Hydrofarm is led by a highly-qualified Board of Directors and three Board committees:

1. **THE AUDIT COMMITTEE** provides oversight for Hydrofarm’s accounting and financial reporting practices, internal controls, the audit process, and compliance with laws and regulations and our code of conduct.
2. **THE COMPENSATION COMMITTEE** establishes remuneration plans for directors and executive officers, and oversees the annual evaluation process of Hydrofarm management.
3. **THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE** identifies qualified candidates for Board Directors and Board committees, leads an annual review of the Board’s performance, and develops and recommends corporate governance guidelines.

Hydrofarm is guided by a **Corporate Code of Conduct and Ethics and Whistleblower Policy** that sets out expectations for all employees, executive managers, and the Board of Directors regarding business ethics and integrity. Provisions of the Code include conflicts of interest, protection and use of company assets, bribery and corruption, anti-competitive behaviors, political contributions, insider trading, discrimination and harassment, and health, safety and environmental compliance.

Every person is required to acknowledge and agree to abide by the provisions of the Code as a condition of their relationship with Hydrofarm, including a duty to report known or suspected violations through a confidential, third-party whistleblower compliance hotline. The Code prohibits any retaliation against individuals who make a report of known or suspected violations in good faith.

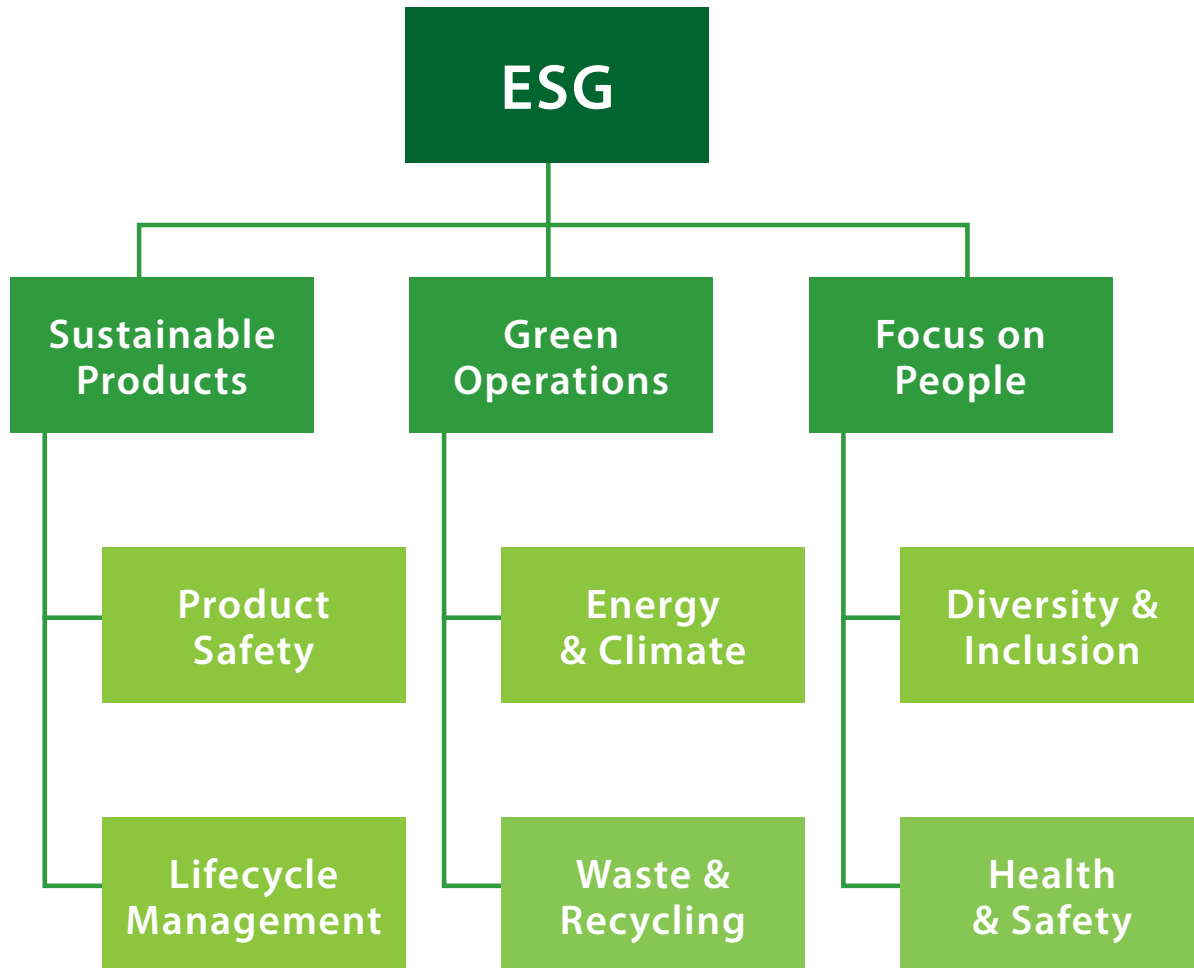
OUR APPROACH TO ESG

IN 2020, Hydrofarm's CFO initiated the creation and development of a companywide ESG program. The program began with the engagement of an external ESG consultant and the appointment of our SVP of Risk Management and Compliance to create and lead an ESG Steering Council made up of a cross-functional team of senior leaders across the company. The Council meets periodically to review and direct sustainability-related initiatives and ensure effective implementation across the company's operations, guided by Hydrofarm's **Sustainability Position Statement**.

MATERIALITY

In early 2021, Hydrofarm undertook a materiality assessment to understand what ESG issues were most important to its business success and most important to stakeholders. Working with an outside consultant, Hydrofarm used the Sustainability Accounting Standards Board (SASB's) method for determining salient ESG issues.

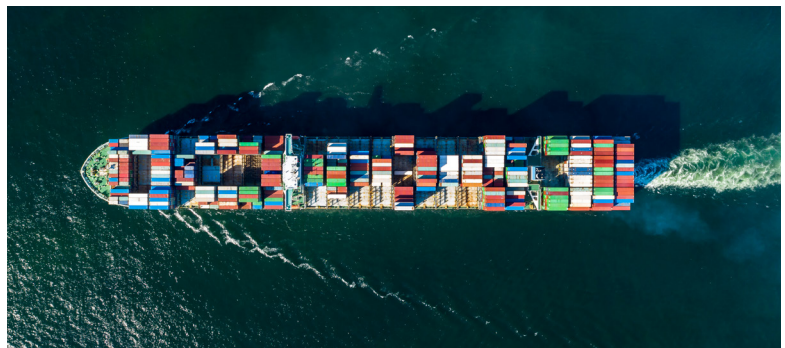
The resulting sustainability framework is being used to develop a comprehensive sustainability strategy that will guide the company's ESG efforts in the coming years. In the short term, it has also been used to organize the disclosures in this report covering 2020 activities.



READINESS FOR ESG CHALLENGES

Our team is continuously scanning the market landscape to identify emerging sustainability risks and opportunities. In 2020, some of these topics included:

- ▶ **SUPPLY CHAIN DISRUPTION:** Our non-US supply chain is generally at risk due to availability and pricing factors outside of our control including political instability and trade restrictions, and governmental regulations, duties, tariffs, price controls, changes in currency exchange and weather.
- ▶ **TRANSPORTATION CAPACITY:** COVID-19, environmental regulation, and workforce shortages are lengthening the delivery window for key components and finished goods. In addition, fuel prices and scarcity of resources in available modes of transportation are increasing transportation costs.
- ▶ **DOMESTIC LABOR SHORTAGES:** Higher starting wages in fast food and “big box” warehouse jobs are creating competition for workers. We must carefully manage our workplace practices to ensure we are an attractive employer where people can flourish.
- ▶ **GROWING INTEREST IN SUSTAINABILITY AND RESILIENCY:** The COVID-19 pandemic increased consumer interest in self-sufficiency and local food options.



SUSTAINABLE PRODUCTS

ENERGY STAR APPLIANCES

ACTIVE AIR

Active Air commercial dehumidifiers



GREE Inverter heat pump mini-split



LIGHTING

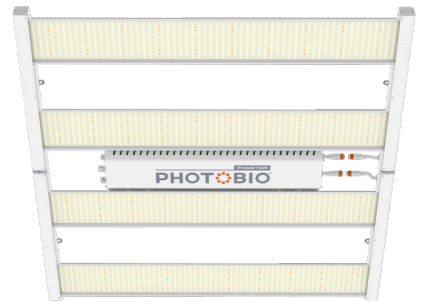


SunBlaster Grow Light Garden LED-powered garden

SunBlaster Compact Fluorescents

PHANTOM PHOTOBIO

PHOTOBIO-MX commercial LED lighting



WATER & ENERGY SAVING

GARDENA

Gardena Smart Flow Water Meter



autopilot

Autopilot PX2 Advanced Lighting Controller



Autopilot Dual Outlet 7-Day Grounded Digital Programmable Timer

GROW MEDIA & PLANT CARE

roots organics

Roots Organics Big Worm



GROW!T Coco Coir



Safer BRAND

Insect Killing Soap



PRODUCT SAFETY

Our dedicated team of product specialists is responsible for managing traceability, product compliance, safety, and proper labeling across all of our product categories and channels. When customers make a purchase from Hydrofarm, they can be assured that we stand behind the quality and safety of the products we sell.



HYDROFARM PRODUCT CHANNELS

TYPE	DESCRIPTION	HOW WE MANAGE RISK
Proprietary Brands	Products sold under our house brands that are designed by Hydrofarm and manufactured by Hydrofarm or by third-party contract manufacturers	Our Supplier Code of Conduct sets out expectations for compliance with product safety laws and regulations, as well as other environmental and social sustainability issues
Preferred Brands	Products that are designed and produced by other companies, for which Hydrofarm is the primary distributor in the horticulture market	Our office in Shenzhen, China closely manages sourcing, factory inspections, and quality assurance for our international operations and supply chain
Distributed Brands	Products that are designed and produced by other companies and sold by Hydrofarm and others	Our Product Development, Regulatory, and Quality Assurance teams carefully track product components and characteristics to ensure we are appropriately managing materials of concern, environmental certifications, and safety features

RECALLS

While we had no recalls during the reporting year, we have robust systems to ensure that any potential recalls can be managed effectively, within our operations and extended out to our customers. In the event of a recall, we immediately flag the associated products and/or components in our product database and our purchase records. Notification letters immediately go out to impacted customers explaining the issue, including:

- ▶ How to identify whether the item is subject to recall
- ▶ How to return or safely dispose of the recalled item and/or component to Hydrofarm at no cost to the customer
- ▶ How Hydrofarm will refund or replace the item, or provide an alternate item instead

Working closely with any of our distributors, our recall process includes multiple attempts to contact customers with phone calls, emails and traditional mail.

RECALL PERFORMANCE

INDICATOR	UNIT	2020 DATA
Number of recalls issued	Number (#)	0
Total units recalled	Number (#)	0
Total monetary losses as a result of legal proceedings associated with product safety	\$USD	0

SUSTAINABLE PRODUCTS



LIFECYCLE MANAGEMENT

We continuously seek to improve the environmental impact of our products, looking at opportunities to increase efficiency and reduce material use throughout the product lifecycle. In 2020, some of our most significant improvements included:

PACKAGING

Implementing the use of a software that “right sizes” the boxes used in packaging orders, ensuring that the smallest box is used—saving money, reducing cardboard use and allowing higher cube utilization during shipping for reduced fuel use.

Continuing our packaging switch from molded Styrofoam inserts to molded paper pulp box inserts on Hydrofarm light fixtures, we are reducing our purchasing of bio-accumulative material, reducing packaging and labor costs, reducing transportation impacts by using a smaller box, and enabling customers to recycle their packaging in mainstream recycling.

LOGISTICS & DISTRIBUTION

Consolidating orders into fewer, but larger, shipments. By increasing the size of individual shipments, we need fewer deliveries and can pack more product into the same shipping space, further reducing our fuel use.

By eliminating paper catalogs and relying instead on our interactive website and virtual product catalogs, we save hundreds of millions of printed pages, plus the the packaging materials and fuel to ship them around the world.

END-OF-LIFE

Expanding our offering of refurbished products, keeping returned products out of the landfill and providing customers with “good as new” products at a reduced price.

Expanding our product life-cycle review process through SKU Optimization to quickly identify products that are underperforming and minimize waste related to product end-of-life.

MATERIALS OF CONCERN

At Hydrofarm, we have systems in place to track and manage materials of concern to keep our employees safe, meet our regulatory reporting requirements, and ensure that customers have clear and easy access to important product information. For example:

- ▶ On the Hydrofarm website, visitors can quickly identify important product characteristics and declarations. This information is found at the bottom of each product page, along with positive environmental attributes, such as ENERGY STAR® certification or eligibility for energy efficiency rebates.
- ▶ We track the amount of plant nutrients and pesticides sold under our Hydrofarm brands, and then we report to each state where that sale was recorded. We work with our suppliers of distributed brands on similar tracking, so that they can properly report the states where their products have recorded sales.

PRODUCT SUSTAINABILITY PERFORMANCE

INDICATOR	UNIT	2020 DATA
Percentage of products by revenue that contain IEC 62474 declarable substances	Percent by revenue (%)	0.0
Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria	Percent by revenue (%)	0.2
Revenue from renewable energy-related and energy efficiency-related products	Million \$USD	11.7



ENERGY AND CLIMATE

Guided by our **Environment, Health and Safety policy**, Hydrofarm’s commitment to the environment extends to our facilities, customer, suppliers, and employees, as well as the communities in which we operate. Our guiding environmental principles include the implementation of systems to reduce pollution, including greenhouse gas (GHG) emissions, in alignment with science-based targets. We plan to conduct our first corporate-wide carbon footprint in 2022.

ENERGY EFFICIENCY AND OPTIMIZATION

We have a number of energy-conscious features throughout our operations and are planning to expand our efforts in the coming years. For example, our U.S. distribution centers have high efficiency lighting and skylights that provide natural lighting to warehouse workers. These buildings have also been insulated for additional energy efficiency.

Energy savings is not only about the facilities themselves, but also where they are located. Key initiatives underway to reduce the energy impact of transportation and distribution include:

- ▶ Adding new distribution facilities in the United States, designed specifically to reduce the “last mile” challenge in select geographies.
- ▶ Prioritizing the used of intermodal transportation options, opting for rail transportation when possible because of its lower carbon footprint.
- ▶ Using “drop yards” and “drop trailers” as decentralized pick-up and drop-off locations to reduce the need for drivers to wait at distribution centers for loading and unloading. This, in turn, creates less idle time for trucks and increases driver productivity.



ENERGY PERFORMANCE

INDICATOR	UNIT	2020 DATA
Total energy consumed	Gigajoules (GJ)	17,352
Percentage grid electricity	Percent (%)	100
Percentage renewable ¹	Percent (%)	0
Stationary energy consumption	Gigajoules (GJ)	14,969
Electricity	Kilowatt hours (KWh)	1,714,265
Natural gas	Therms (thm)	83,172
Propane	Liters	881
Mobile energy consumption	Gigajoules (GJ)	2,383
Gasoline	Liters (l)	29,479
Diesel	Liters (l)	2,468
Propane	Liters (l)	53,191

¹ Renewable energy purchased above and beyond the current grid mix.

WASTE AND RECYCLING

While our first priority is to optimize our procurement process so that we have only what we need, Hydrofarm also has systems in place to ensure that our waste is handled in compliance with local laws and regulations. Our **Environment, Health and Safety policy** commits us to the following waste priorities:

- ▶ Conserve natural resources through careful planning and efficient use of water, energy, and materials
- ▶ Minimize waste through source reduction, reuse, recycling, and composting
- ▶ Carefully handle and dispose of chemicals and hazardous materials, including wastewater and solid waste generated from operations

WASTE AND RECYCLING HIGHLIGHTS

While specific waste and recycling programs vary from facility to facility, we are proud of our efforts to reduce waste across the company, including a 42 percent landfill diversion rate.

- ▶ At our Pennsylvania facility, in addition to recycling stretch wrap, we have a machine that converts used corrugate to dunnage (loose paper used in packaging to protect items in transit).
- ▶ At our U.S. facilities, we have a recycling program for damaged products, such as when the occasional lighting product is broken during delivery.
- ▶ We have donated old or expired product to local schools and clubs.

WASTE AND RECYCLING PERFORMANCE

INDICATOR	UNIT	2020 DATA
Waste to landfill	Metric tons (t)	723
Waste to by-product or recovery	Metric tons (t)	13
Waste to recycling	Metric tons (t)	517
Hazardous waste generated	Metric tons (t)	<1.0
Percent recycled	Metric tons (t)	Not tracked ²
Reportable spills	Number (#)	0
Aggregate quantity	Kilograms (kg)	0
Quantity recovered	Kilograms (kg)	0

² We segregate a very small amount of hazardous material in our warehouses, such as broken fluorescent lights, and Universal Waste such as spent batteries. These items are removed by a specialty waste vendor that ensures they are properly disposed of in a manner consistent with relevant laws and regulations.



FOCUS ON PEOPLE

DIVERSITY, EQUITY AND INCLUSION

At Hydrofarm, we are committed to upholding labor and human rights in our relationships with employees, customers, suppliers, partners and the communities in which we operate. Our approach is informed by international laws, conventions and frameworks including the United Nations

Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, and the International Labor Organization's 1998 Declaration on Fundamental Principles and Rights at Work. Our **Labor and Human Rights policy** addresses a variety of topics, including our expectations and practices on issues of diversity, equity and inclusion.



OUR DIVERSITY COMMITMENT

Hydrofarm is committed to an inclusive and welcoming workplace, where everyone is treated fairly and equitably. We work to maintain workplaces that are free from discrimination or harassment on the basis of race, sex, color, national or social origin, ethnicity, religion, age, disability, sexual orientation, gender identification or expression, political opinion or any other status protected by applicable law. The basis for recruitment, hiring, placement, development, training, compensation, and advancement at Hydrofarm is qualifications, performance, skills, and experience. All employment decisions are covered by this commitment, including recruiting, hiring, training, promotions, pay practices, benefits, disciplinary actions, and terminations.

2020 WORKFORCE DEMOGRAPHICS

INDICATOR	TOTAL (#)	MEN (%)	WOMEN (%)	ETHNIC/RACIAL MINORITY (%)	UNDER 35 YEARS (%)	35-55 YEARS (%)	OVER 55 YEARS (%)
Board of Directors	6	50.0	50.0	16.67	0.0	16.67	83.33
Executive Management	6	100	0	0.0	0.0	16.67	83.33
Total Workforce	313	70.9	29.1	30.0	26.5	56.5	16.9
United States	210	76.2	23.8	35.7	26.2	57.6	16.2
Canada	89	64.0	36.0	21.3	29.2	49.4	21.3
Spain	8	50.0	50.0	0	0.0	100.0	0
China	6	16.7	83.3	0	33.3	66.7	0

DISCRIMINATION AND HARASSMENT

Discrimination, either overt or through unconscious bias, has no place at Hydrofarm. We do not tolerate disrespectful or inappropriate behavior, unfair treatment, or retaliation of any kind. Harassment is not tolerated in the workplace or in any work-related circumstance outside the workplace. Employees are required to report any incidences of discrimination and harassment to their Human Resources manager and we prevent retaliation for any reports made in good faith.



HEALTH AND SAFETY

We are committed to providing a safe and healthy workplace and complying with applicable safety and health laws and regulations, as well as internal requirements. We work to provide and maintain a safe, healthy, and productive workplace by addressing and remediating identified risks of accidents, injury, and health impacts. While accidents and injuries are rare, we are nevertheless committed to engaging with our employees to continually improve the health and safety in our workplace. Our efforts are focused in three areas:

- ▶ **PREVENTATIVE ACTIONS** to identify occupational safety risks, train employees to work safely and implement appropriate safety protocols
- ▶ **EMERGENCY MANAGEMENT** to ensure that emergency detection and protection equipment is provided, emergency situations are quickly and effectively handled and employees are able to safely exit dangerous situations
- ▶ **ADDITIONAL MEASURES** that help us keep up with evolving health and safety laws and regulations, understand why safety incidents happen and how to prevent recurrence and enable accurate accident reporting

WORKING SAFELY DURING COVID-19

As with many companies, Hydrofarm took steps to mitigate the health risks to employees from the COVID-19 global pandemic during the 2020 reporting year. While the specific activities were tailored to each facility, in general we enacted the following changes:

- ▶ All employees who had the ability to work from home were shifted to remote work.
- ▶ When community cases declined, and under the guidance of the local government, workers were allowed to return to work in the buildings with additional safety measures in place.
- ▶ Mandatory mask and temperature check protocols were implemented for all employees.
- ▶ Additional time for enhanced cleaning procedures was provided, and some locations rearranged equipment and personnel to allow for social distancing.

SAFETY PERFORMANCE

INDICATOR	UNIT	2020
Fatalities	Number (#)	0
Total Reportable Injury Rate (TRIR)	Rate	3.5
United States	Rate	5.1
Canada	Rate	0
Spain	Rate	0
China	Rate	0

ABOUT THIS REPORT

BOUNDARIES AND SCOPE

This is Hydrofarm's first ESG report. It covers our practices and performance data on a range of environmental, social and governance issues, as well as more recent sustainability-related policy information through October 2021. Unless otherwise indicated, the boundary of this report includes operations owned and operated by Hydrofarm as of December 31, 2020:

- ▶ Hydrofarm Holdings Group (USA)
- ▶ Shenzhen Representative Office of Hydrofarm LLC (China)
- ▶ Eltac XXI SLU (Spain)
- ▶ SunBlaster Holdings (Canada)
- ▶ Eddi's Wholesale (Canada)

Acquisitions made in calendar year 2021 will be included in next report, expected in 2022.

ASSURANCE AND VERIFICATION

We have engaged Strategic Sustainability Consulting (SSC), an independent party, to support our sustainability reporting efforts. We believe that this report contains information that is accurate, timely, and balanced. In preparing the material for this report, we have completed an internal assessment process in conjunction with SSC to review the contents for clarity, but the report is not externally assured and the data within this report has not been third-party verified.

RESTATEMENTS

There are no restatements from prior disclosures.

FOR MORE INFORMATION

We welcome your feedback, comments and questions on this report and other ESG matters.

Jeff Peterson

SVP Risk Management and Compliance

(800) 634-9990 | compliance@hydrofarm.com



CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

Statements contained in this press release, other than statements of historical fact, which address activities, events and developments that the Company expects or anticipates will or may occur in the future, including, but not limited to, information regarding the future economic performance and financial condition of the Company, the plans and objectives of the Company's management, and the Company's assumptions regarding such performance and plans are "forward-looking statements" within the meaning of the U.S. federal securities laws that are subject to risks and uncertainties. These forward-looking statements generally can be identified as statements that include phrases such as "guidance," "outlook," "projected," "believe," "target," "predict," "estimate," "forecast," "strategy," "may," "goal," "expect," "anticipate," "intend," "plan," "foresee," "likely," "will," "should" or other similar words or phrases. Actual results could differ materially from the forward-looking information in this release due to a variety of factors, including, but not limited to:

The ongoing COVID-19 pandemic could have a material adverse effect on the Company's business, results of operation, financial condition and/or cash flows; Interruptions in the Company's supply chain, whether due to COVID-19 or otherwise could adversely impact expected sales growth and operations; The highly competitive nature of the Company's markets could adversely affect its ability to maintain or grow revenues; Certain of the Company's products may be purchased for use in new or emerging industries or segments, including the cannabis industry, and/or be subject to varying, inconsistent, and rapidly changing laws, regulations, administrative and enforcement approaches, and consumer perceptions and, among other things, such laws, regulations, approaches and perceptions may adversely impact the market for the Company's products; Compliance with environmental and other public health regulations or changes in such regulations or regulatory enforcement priorities could increase the Company's costs of doing business or limit the Company's ability to market all of its products; Damage to the Company's reputation or the reputation of its products or products it markets on behalf of third parties could have an adverse effect on its business; If the Company is unable to effectively execute its e-commerce business, its reputation and operating results may be harmed; The Company's operations may be impaired if its information technology systems fail to perform adequately or if it is the subject of a data breach or cyber-attack; The Company may not be able to adequately protect its intellectual property and other proprietary rights that are material to the Company's business; Acquisitions, other strategic alliances and investments could result in operating and integration difficulties, dilution and other harmful consequences that may adversely impact the Company's business and results of operations. Additional detailed information concerning a number of the important factors that could cause actual results to differ materially from the forward-looking information contained in this release is readily available in the Company's annual, quarterly and other reports. The Company disclaims any obligation to update developments of these risk factors or to announce publicly any revision to any of the forward-looking statements contained in this release, or to make corrections to reflect future events or developments.



ESG TEARSHEET

The following table is a summary of data reported throughout this report. It is aligned with the Sustainability Accounting Standards Board (SASB) Electrical and Electronic Equipment Standard (2018), but also includes ESG data deemed material to Hydrofarm beyond the SASB standard.

SASB REFERENCE	INDICATOR	UNIT	2020 DATA
(RT-EE-130a.1)	Total energy consumed	Gigajoules (GJ)	17,352
	Percentage grid electricity	Percent (%)	100
	Percentage renewable ³	Percent (%)	0
	Stationary energy consumption	Gigajoules (GJ)	14,969
	Electricity	Kilowatt hours (KWh)	1,714,265
	Natural gas	Therms (thm)	83,172
	Propane	Liters	881
	Mobile energy consumption	Gigajoules (GJ)	2,383
	Gasoline	Liters (l)	29,479
	Diesel	Liters (l)	2,468
	Propane	Liters (l)	53,191
	RT-EE-150a.1	Amount of hazardous waste generated	Metric tons (t)
Percent recycled		Metric tons (t)	Not tracked ⁴
RT-EE-150a.2	Number of reportable spills	Number (#)	0
	Aggregate quantity	Kilograms (kg)	0
	Quantity recovered	Kilograms (kg)	0
RT-EE-250a.1	Number of recalls issued	Number (#)	0
	Total units recalled	Number (#)	0
RT-EE-250a.2	Total monetary losses as a result of legal proceedings associated with product safety	\$USD	0
RT-EE-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Percent by revenue (%)	0.0
RT-EE-410a.2	Percentage of eligible products, by revenue, that meet ENERGY STAR [®] criteria	Percent by revenue (%)	0.2
RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	Million USD\$	11.7
RT-EE-440-a.1	Management of risks associated with the use of critical materials	Discussion	See pages 13–15
RT-EE-510a.1	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	Discussion	See page 9
RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	\$USD	0
RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	\$USD	0
RT-EE-000.A	Lighting and indoor climate control electronics units produced	Number (#)	930,076

³ Renewable energy purchased above and beyond the current grid mix.

⁴ We segregate a very small amount of hazardous material in our warehouses, such as broken lights and spent batteries. These items are removed by a specialty waste vendor that ensures they are properly disposed of in a manner consistent with relevant laws and regulations.

SASB REFERENCE	INDICATOR	UNIT	2020 DATA
RT-EE-000.B	Number of employees	Number (#)	313
	United States	Number (#)	210
	Canada	Number (#)	89
	Spain	Number (#)	8
	China	Number (#)	6
	Gender Diversity – Female Representation	Percent (%)	29.1
	United States	Percent (%)	23.8
	Canada	Percent (%)	36.0
	Spain	Percent (%)	50.0
	China	Percent (%)	83.3
	Racial/Ethnic Diversity – Minority Representation	Percent (%)	30.0
	United States	Percent (%)	35.7
	Canada	Percent (%)	21.3
	Spain	Percent (%)	0
	China	Percent (%)	0
	Age Diversity – under 35 years	Percent (%)	26.5
	United States	Percent (%)	26.2
	Canada	Percent (%)	29.2
	Spain	Percent (%)	0
	China	Percent (%)	33.3
	Age Diversity – between 35-55 years	Percent (%)	56.5
	United States	Percent (%)	57.6
	Canada	Percent (%)	49.4
	Spain	Percent (%)	100.0
	China	Percent (%)	66.7
	Age Diversity – over 55 years	Percent (%)	16.9
	United States	Percent (%)	16.2
	Canada	Percent (%)	21.3
	Spain	Percent (%)	0
	China	Percent (%)	0
	Fatalities	Number (#)	0
Total Reportable Injury Rate (TRIR)	Rate	3.5	
United States	Rate	5.1	
Canada	Rate	0	
Spain	Rate	0	
China	Rate	0	



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