2025 Hallmark Cards Inc. Climate Risks Assessment Report

Executive Sponsor: Chief Financial Officer
Core Team: Sustainability, Risk Management, Finance, Legal and Internal Audit

Climate Risk Assessment
In 2025, Hallmark Cards Inc. on behalf of itself and all of its subsidiaries including but without limitation, Crayola and Hallmark Media, (collectively, Hallmark) utilized the Taskforce for Climate-Related Financial Disclosure (TCFD) Framework to conduct the enterprise-wide climate risks assessment process.

The primary drivers of implementing the TCFD process include the following:

- Improved Business Resilience
  The TCFD framework helps Hallmark evaluate the potential strategic and financial impacts of climate-related risks on company revenue and expenditures.

- Regulatory Compliance
  Hallmark utilizes the TCFD recommendations to make informed decisions about climate related financial risks and to comply with regulatory requirements.

- Satisfy Customer Demands
  Customers request for climate risks data in voluntary reporting schemes, such as Carbon Disclosure Project (CDP). There are sections of the CDP questionnaire that are dedicated to understanding the climate related financial risks of Hallmark.

The following climate-related financial risks were identified through a three-step process of:

1. Research on publicly available data including market trends, commodity forecasts and risk profiles of key suppliers.
2. With the adoption of publicly available climate scenario models from the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC), scenario analysis was conducted through distribution of a climate risk assessment survey and facilitated scenario-based brainstorming workshops to collect and analyze perceived climate risks from cross-functional leaders.
3. Quantification of material risks using internal business data, industry-based assumptions, and final evaluation of climate risks, specifically identifying the likelihood and magnitude of material risks with the executive sponsor and core team – Sustainability, Risk Management, Finance, Legal and Internal Audit.

Climate-Risk Scenario Analysis

Risk Category	Sub Risk Category	Risk	Time Horizon	Business Impact	Business Response
Physical	**Physical Chronic**	**Paper Commodity Cost Increase:** Increased cost and reduced supply of paper products as a result of changing global temperatures.	Mid-term (5-10 years)	Increased operating costs due to paper market volatility.	Ongoing monitoring of commodity paper market pricing/forecasts; improving supply chain resilience by increasing back-up suppliers.
Transition	**Policy & Legal**	**Extended Producer Responsibility (EPR):** Including any potential mandates which would make Hallmark responsible for the entire life cycle of its products, including their take back, recycling, and final disposal.	Short-term (0-5 years)	Increased operating costs, through increased regulatory requirements and reporting.	Product redesign, increased use of certified sustainable paper and recycled content.
Transition	**Market**	**Rising Retailer Expectations Regarding Product Sustainability:** Customers have set goals for increasing sustainable content in their private label products and have begun requiring disclosure from sourced companies. Over time, as they achieve their goals, their expectations for suppliers may increase.	Short-term (0-5 years)	Decrease in Hallmark & Crayola sales of at-risk products e.g. products that are not sustainable, recyclable or contain recycled content.	Product redesign, increased use of certified sustainable paper and recycled content.
Transition	**Technology**	**Technology:** Increased investment in technology for regulatory reporting and product redesign & corresponding operational improvements.	Short-term (0-5 years)	Failure to comply with regulatory requirements due to delayed preparation of product redesign and corresponding operational inefficiencies; inaccurate data reporting resulting in penalties and repeated work.	Investment in technology to support regulatory reporting, product redesign and improvement in operations.

Sustainability Strategy

Caring for the planet through sustainable business practices is a longstanding commitment for Hallmark, formalized in 1943 with our first paper recycling program. Our commitment continues today with efforts to lessen the impact we have on the planet, specifically, with respect to climate.

We have a very clear aspiration to put more care into the world – on purpose. Whether through a greeting card, a movie, or crayons, our brands are synonymous with care, love and connection; and part of that has always meant showing care, love and connection for the communities we operate in; and by extension, for the world.

As an enterprise, we have set out to achieve a set of science-based targets for lowering our greenhouse gas emissions by 2030. And as with everything we do, we're finding creative ways to reduce the environmental impact of our operations, products and supply chain – because caring for your people also means caring for your planet.

Our Goals | Science Based Targets

Hallmark's sustainability efforts are far-reaching and grounded in what scientists indicate is needed to prevent the most dangerous impacts to the planet. In partnership with the Science Based Targets initiative, our approved targets for reducing global emissions include:

- Reducing emissions created by our own facilities by 46.2% by 2030
- Reducing emissions from our business operations by 27.5% by 2030

Our Four–Point Plan

Developed to meet our 2030 targets, our businesses are aligned on a four-point plan – it's a unified enterprise approach.

- Product & Content: We'll redesign our product and packaging to be recyclable – reducing their impact on the climate. We'll minimize our consumption of raw materials and prioritize the use of sustainable materials. We will also take action to educe emissions created by our content production.
- Renewable Energy: We will use 100% renewable electricity to reduce the impact of our global operations. We'll partner with key suppliers to transition to renewable electricity in factories that manufacture our products and raw materials. We'll also optimize operations to reduce energy consumption and shift to lower-emission fuels whenever possible.
- Sustainable Forestry: We are committed to using raw materials from sustainably managed sources to achieve zero deforestation and further protect our planet's limited resources.
- Transportation: We'll take action to limit the distance our product and employees travel, and we'll stive to use electric vehicles to reduce emissions caused by transportation.

As a privately owned company, Hallmark has chosen to omit financial related data.