



# Asset Conversion with *Purpose*



2022  
Sustainability Report

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# Forward Looking Statements

This communication includes forward-looking statements based on our current expectations and projections about future events. All statements contained in this communication other than statements of historical fact, including any statements regarding our future operating results and financial position, our business strategy and plans, potential acquisitions, market growth and trends, and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “could,” “would,” “project,” “plan,” “potentially,” “preliminary,” “likely,” and similar expressions are intended to identify forward-looking statements. For these statements, Heritage Global Inc. (the “Company”) claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

The forward-looking statements contained in this communication are based on knowledge of the environment in which the Company currently operates and are subject to change based on various important factors, including variability in magnitude and timing of asset liquidation transactions, the impact of changes in the U.S. national and global economies (including the uncertain conditions created by the coronavirus [COVID-19] pandemic), interest rate and foreign exchange rate sensitivity, as well as other factors beyond the Company's control.

Unless required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In light of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements, which speak only as of the date of this presentation.

Although we believe that our expectations are based on reasonable assumptions, we can give no assurance that our expectations will materialize. For more details on factors that could affect these expectations, please see our filings with the Securities and Exchange Commission including the “Risk Factors” section in our most recent annual report on Form 10-K.

# Introduction

The concept of the circular economy is gaining traction in today's society, and for good reason. It is pivotal to re-evaluate our production and consumption practices in order to become increasingly sustainable. Heritage Global Inc. ("HG") is altering the way we think about industrial assets and financial services. By providing acquisition, disposition, valuation and lending services for surplus and distressed assets, HG is actively committed to furthering the growth of the circular economy. This includes sourcing and repurposing industrial assets that could have been discarded in landfills, coupled with upholding ethical practices and transparency within our supply chain operations at all levels.

HG offers a wide range of services including acting as an adviser, in addition to brokering or acquiring turnkey manufacturing facilities, surplus industrial machinery and equipment, industrial inventories, real estate, and charged-off account receivable portfolios.

## OUR MISSION IS CLEAR

To provide innovative financial and industrial asset solutions to continue facilitating the transition from a linear to a circular economy. Aiming for increased monetization and decreased environmental impact.



## A Message from our CEO



*"Our near 100% employee retention rate is evidence of our dedication to running a sustainable business."*

**Ross Dove**

Chief Executive Officer & Director

At Heritage Global, we recognize the importance of our economic performance in order to meet shareholder expectations and are deeply committed to upholding Environmental, Social, and Governance ("ESG") standards across our businesses. To this end, we are proud to announce the introduction of a new ESG program that underscores our commitment to sustainability. This program is comprised of three drivers: Running a Responsible Business, Facilitating the Circular Economy, and Supporting our Communities. Together these initiatives demonstrate our dedication to making positive contributions and achieving financial goals.

Industrial assets, such as machinery, tools, electronics components, and even buildings, are integral to powering any economy. Yet when these resources become obsolete or no longer fulfill their roles, the typical response has been to simply discard them. This can negatively impact the environment by contributing to landfill waste and pollution.

At our company, we understand the importance of offering a more sustainable solution. We promote a circular economy through connecting buyers and sellers of used industrial assets, thereby enabling reuse of items which could have been discarded otherwise. In this manner, we are able to make an important contribution within our industry towards reducing global waste.

Additionally, we strive to adhere to all applicable laws and regulations to ensure the safety and compliance of all data, systems, and facilities; we are dedicated to offering a dependable and ethical service with cutting-edge solutions; as well as cutting costs, increasing profitability, preserving natural resources, prolonging product life spans, and generating additional income streams while respecting strict ethical standards in our supply chain. Our dedication to sustainable practices has made it possible for us to make a revolutionary step towards a more environmentally conscious and equitable future from the start.

Since our beginnings as an auction house in 1937 to now, as a publicly traded asset services company, we have always held onto our family business roots. My grandfather was a liquidator, my father was an auctioneer, my brother and I were asset conversion consultants, and now our sons are environmentalists. Throughout our evolution, there has been one core value that we have never lost sight of: diverting equipment from landfills and nurturing an ethical supply chain. The near 100% employee retention rate is evidence of our dedication to running a sustainable business.

The HG ESG Program Centers on

# Three Main Drivers

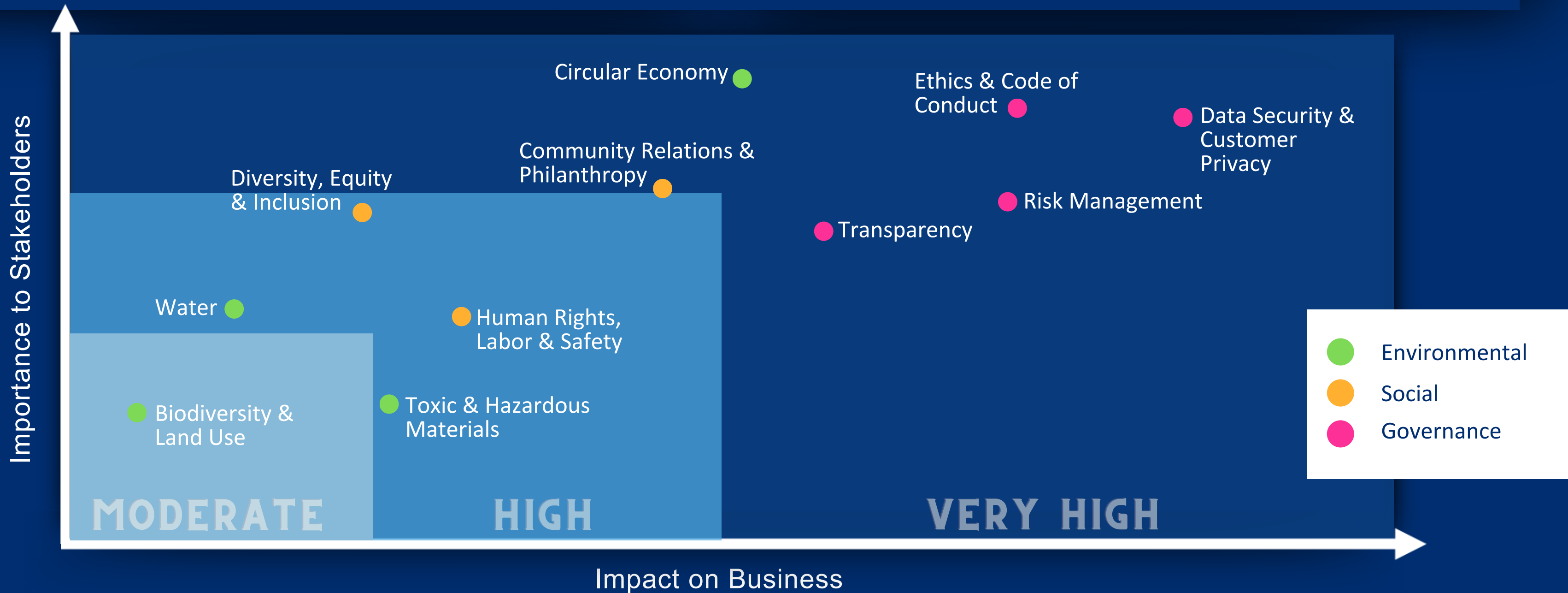


Heritage Global Inc. and its subsidiaries, firmly uphold the highest standards of integrity and ethical behavior in its dealings with employees, clients, buyers, suppliers, shareholders and the public.

In 2022, we collaborated with an independent third party firm to perform a comprehensive Environmental Social Governance (ESG) Materiality Assessment of our operations. As part of this assessment, our most pivotal ESG topics were identified as corporate governance, our role in the circular economy, and our commitment to supporting local communities.



To ensure we prioritize important issues, we asked our internal stakeholders to use a “materiality matrix” to identify key influencers on our business, so that we may focus our efforts to make the greatest impact.





## Leadership

The leadership team has tremendous bench strength and depth, bringing over 200 years of collective industry experience in both industrial & financial asset transactions.



## Employee Wellness

To ensure that our employees can access quality healthcare, we offer a generous monthly health insurance reimbursement program to supplement our health benefits plans.





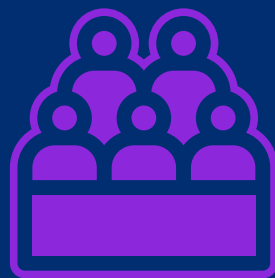


## Key Governance

We have established transparent policies related to essential governance matters, such as: Conflicts of Interest, Bribery and Corruption, Intellectual Property, and Data Security, Confidentiality, and Customer Privacy.

# 38%

**FEMALE**



## Board of Directors

Our Board of Directors represents a wide variety of perspectives, with 75% of its composition independent and 38% female\*.





## Risk Management, Accuracy and Data Security are of Paramount Importance

National Loan Exchange (NLEX), our brokerage of charged-off asset portfolios, leverages leading-edge technology to guarantee a secure and user-friendly centralized platform for our clients; allowing them to deliver and receive sensitive information via trustworthy, accurate, and systematic means.

NLEX is committed to upholding the security and compliance of all data, systems, and facilities. It continually conducts SOC2 Type II audits, penetration tests, and maintains rigid security controls ensuring our ability to provide services that match or exceed best-in-class standards for security integrity. Our data and facility security protocols have been audited and approved by the nation's leading financial institutions as well as independent third-party security firms.



## Unlocking Flexibility with Creative Financial Solutions

Heritage Global Capital (HGC) offers flexible funding structures and creative solutions for businesses with non-traditional models. Since 2019, HGC has been providing customized one-stop credit solutions which are strategized to deliver cost-effective debt capital to buyers acquiring financial portfolios.

HGC strives to provide dependable services that go beyond traditional funding solutions. We work hard to bring modern-day capital access to businesses while maintaining ethical standards. Our membership in reputable organizations such as Receivables Management Association International (RMAI) and the Association of Credit and Collection Professionals (ACA International) reflects our dedication to upholding best practices in our field. We are committed to remaining on the forefront of public good through making capital accessible to businesses.



## Economic Sustainability through Precise Asset Valuations

Heritage Global Valuations (HGV), provides a comprehensive range of services to help our clients make timely strategic business and lending decisions. Our team of specialists has access to a wide variety of data sources including, however not confined to, our proprietary database of past transactions; firsthand knowledge of local markets; and diverse industry relationships.

By utilizing the comprehensive services provided by HGV, organizations can effectively reduce costs, maximize profitability, extend product life cycles, and create additional revenue streams through reuse or recycling processes. This enables them to shift to a more sustainable operational model while maintaining an edge in the competitive market. As proud members of the American Society of Appraisers (ASA), Turnaround Management Association (TMA), Association for Corporate Growth (ACG), and Secured Finance Network, we pledge to provide services that meet or exceed best-in-class standards.



Enabling the Circular Economy



## Leveraging Second-Hand Assets to Accelerate Growth

When it comes to industrial auctions and liquidations, Heritage Global Partners (HGP) has been a leader with over 150 years of collective management experience spanning across 25+ industrial sectors. HGP has conducted 5,000 auctions in 30 countries around the world.

For years, HGP has been leveraging its expertise to provide buyers and sellers with access to high-quality pre-owned assets. Not only do buyers benefit from reduced costs, expedited lead times and more environmentally friendly solutions than traditional alternatives, but sellers can receive financial returns on surplus or obsolete products in a cost-efficient manner. There are numerous advantages to this pre-owned asset marketplace: buyers can trust that quality won't be compromised, while vendors get the benefit of a speedy capital recoupment. Additionally, it is one of the most environmentally sensible steps businesses can take: buying secondhand goods not only eliminates waste, but these items remain functional rather than sitting idle or discarded.



Enabling the Circular Economy



## Extended Life Strategies for Life Science Equipment

Since 1999, American Laboratory Trading (ALT) has been providing surplus strategy services for the recovery, refurbishment and resale of assets in the life sciences industry with added benefits such as lifetime support to customers, a price match guarantee, and a white glove service that includes installation and removal of all packaging.



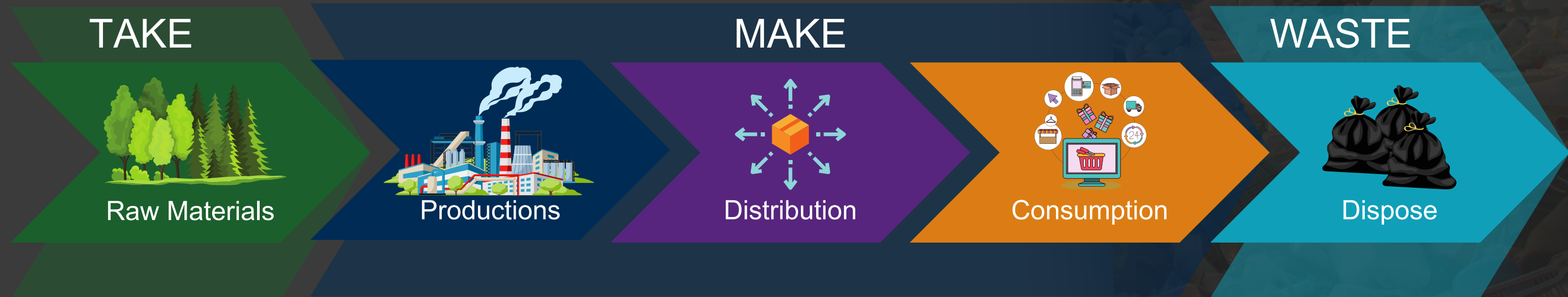
ALT is endorsed by 40 states in the BIO Business Solutions program and is partnered with Agilent, allowing buyers to purchase certified pre-owned analytical instruments at competitive prices while aiding sustainability. This helps reduce waste from production processes that are no longer newly sourced directly from manufacturers. ALT's white glove service drastically cuts costs associated with the delivery of both new and existing products. Ultimately, ALT offers businesses a cost-effective way to recover, refurbish and resell laboratory equipment.



## Enabling the Circular Economy

Traditional "Linear Economy" has a one-way flow of resources from production to consumption, lacking any form of cyclical reuse or regeneration.

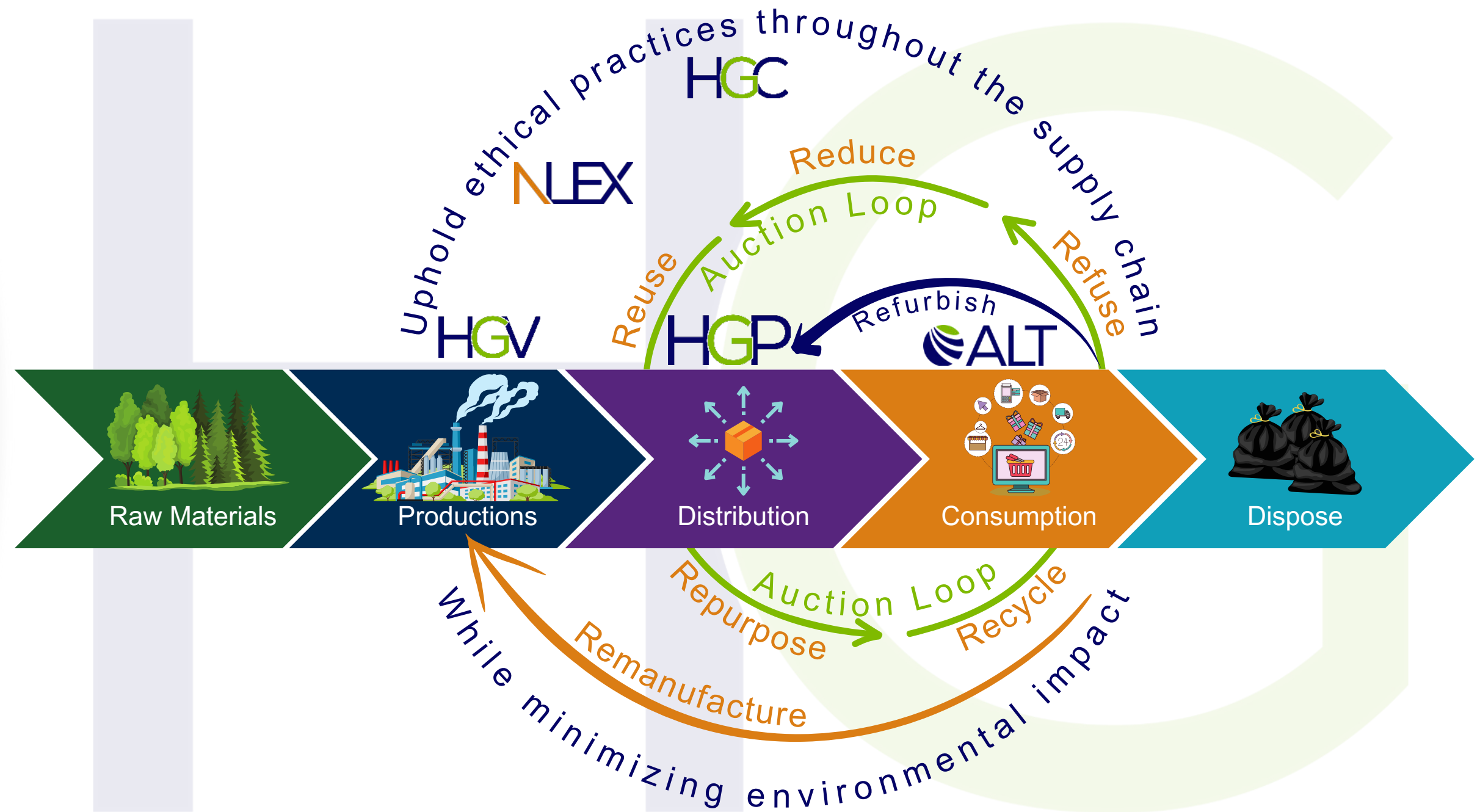
# TRADITIONAL LINEAR ECONOMY



## Enabling the Circular Economy

HG has been extending the life of second-hand assets since long before sustainability became mainstream.

Our "Circular Economy" reflects our commitment to sustainability, as it works to repair and refurbish assets or put them into an auction loop that facilitates their reuse, repurposing, and recycling; thus keeping them out of landfills. The ethical practices across our supply chain, coupled with a minimized environmental impact, enable us to promote sustainability at every level.





## Enabling the Circular Economy





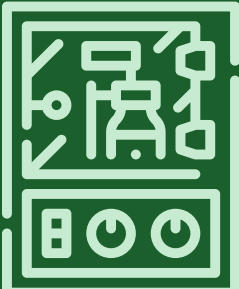


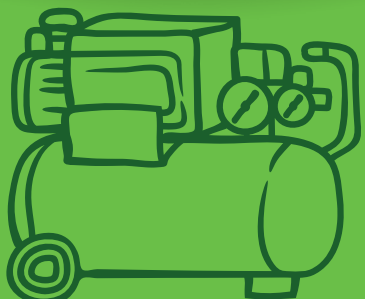


How much of an impact does switching from buying new to buying used have on the carbon footprint? To answer this question, we compared the carbon footprints of popular second-hand assets sold through HGP and ALT with that of their 'new' equivalents.

We calculated the average amount of energy required to produce, package, transport and dispose of each item in order to get a full understanding of its overall environmental impact.

But it's important to keep in mind that these savings will vary between different products due to differences in material composition and production process.

# Does Buying Second-hand Save Carbon Emissions?

Calculated GHG based on asset types below only account for ~20% of the total assets sold each year

 Freezer	 Jet Engine	 Refrigerator	 Trailers	 Chiller
 Incubator	 Meter	 HPLC System	 Centrifuges	 Lab Furniture
 Tanker	 Bioreactor	 Forklift	 Scale	 Scissor Lift
 FPLC System	 Air Compressor	 Tank	 Mixer / Shaker	 Tractor

Enabling the Circular Economy

# 9,500 Metric Tons GHG



### Greenhouse Gas Emissions (GHG)

In 2021 & 2022, our initial years of tracking, we helped save over 9,500 metric tons of greenhouse gas emissions and 1,800 tons of waste to landfills or incineration.

On average, these account for only 20% of the total assets sold through HGP for 2021 & 2022 and through ALT for 2022



9,500 Metric Tons of GHG\* is aiding in the prevention of

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an additional 470 Garbage Trucks of Waste recycled instead of landfilled



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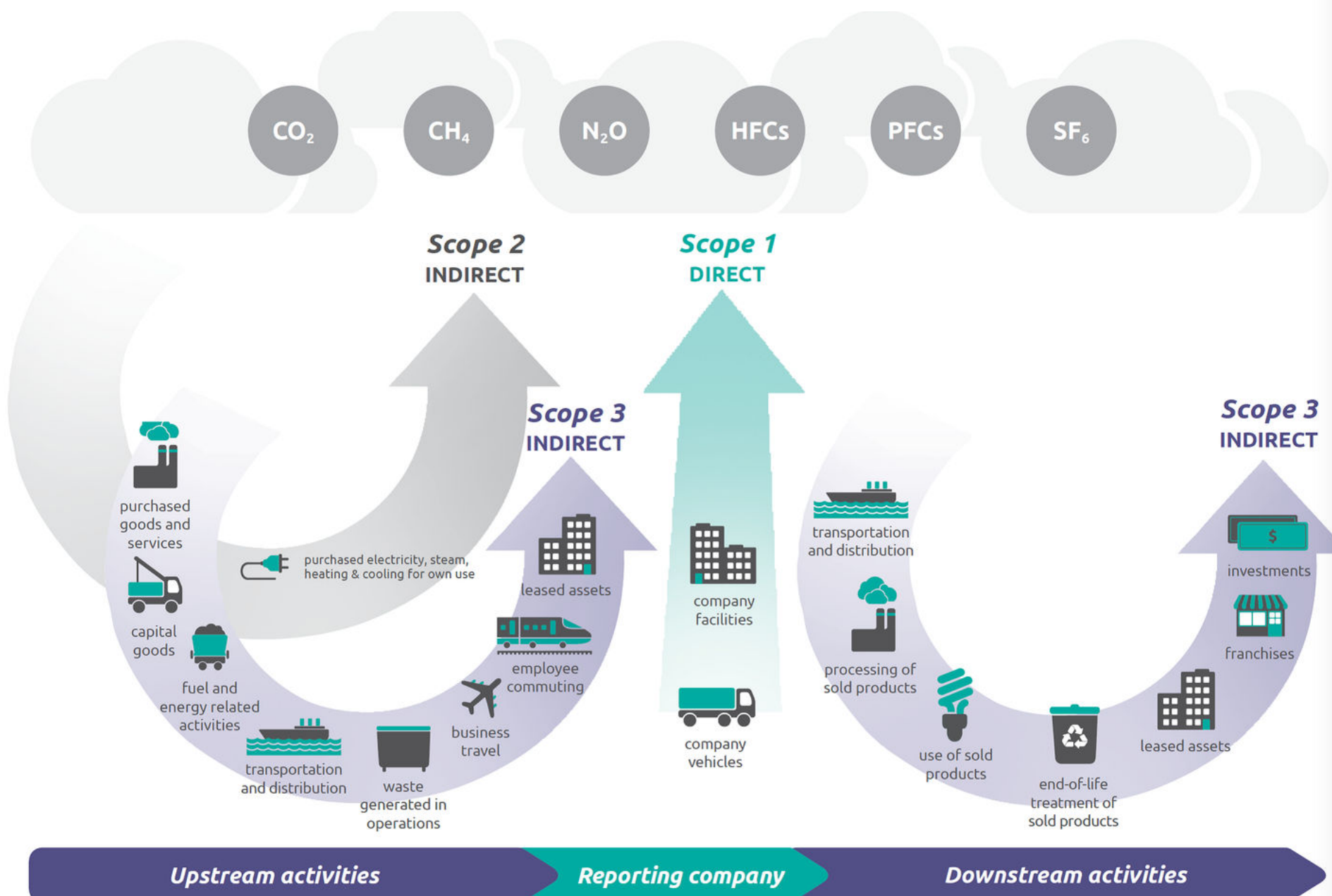
an additional 3,287 Tons of Waste recycled instead of landfilled

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an additional 411,214 Trash Bags of Waste recycled instead of landfilled



## Enabling the Circular Economy



Source: [WRI/WBCSD Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard \(PDF\)](#), page 5.

# Our Clients Focus on Scope 3 Emissions

Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly affects in its value chain.

## A MULTINATIONAL FOOD CORPORATION

“Our zero net carbon commitment means that we are responsible for the carbon emissions from the farms where we source our ingredients to the facilities that manage packaging once our products are consumed.”

September 2022 Auction Client

## AN OIL AND GAS “SUPERMAJOR”

“We are aiming to be net zero across operations, production and sales. By 2050 or sooner, we aim to get to net zero across our entire operations (Scope 1 and 2), for the carbon in our upstream oil and gas production (Scope 3), for the carbon intensity of the energy products we sell (full value chain).”

September 2022 Auction Client

## A GLOBAL PHARMA AND BIOTECH CO.

“Working to accelerate change across our supply chain driving 64% of our suppliers of goods and services by spend to also set science-based GHG reduction goals by 2030.”

December 2022 Auction Client

## Smaller Charities, Bigger Impact

At HG, we take pride in our commitment to charitable causes and programs that serve the needs of those within our communities. We understand how important it is to give back to one's local community and are passionate about providing opportunities for those who may be less fortunate.

What sets us apart is our focus on assisting smaller charities, which often lack the necessary funding or resources to make an impact. Giving priority to these organizations not only helps those most in need but also strengthens our community as a whole.



## Supporting Communities

In 2022, HG was honored to be in a position to lend assistance to more than 20 small organizations and individuals who are determined to enhance the quality of life for people of all backgrounds and capabilities.

These groups work passionately for the benefit of veterans, seniors, children, those with disabilities, and countless others.

Our company takes pride in supporting these individuals and organizations; we congratulate them on their commitment in making our communities stronger.



# Our Impact



## Clients

Clients reap the benefits of HG's Industrial and Financial Asset divisions, which boast over 200 years of experience and data. We leverage our proprietary data to provide tailored solutions that deliver measurable outcomes for our clients. Many corporations are mindful of initial procurement costs, yet lack efficacy in end-of-life disposition and liquidation. Redeeming value from pre-owned assets is a wise financial move as the proceeds could be a considerable contribution to the organization. Our team remains dedicated to utmost transparency throughout every project, while abiding by data security protocols so our clients can trust that their assets will be managed ethically and sustainably. With a standard of excellence that has stood the test of time, we have assisted thousands of companies in overcoming difficult challenges with enduring success.



## Buyers

For years, HG has been a go-to source for buyers seeking to access a vast array of specialized industrial and financial assets in an effective, often cost-efficient manner while decreasing their carbon footprint. Buying secondhand yields savings and shortens lead & delivery times. Holding auctions for reputable global corporations provides buyers with the ability to buy locally - resulting in more environmentally sound logistics solutions with positive ecological repercussions. Additionally, debt buyers have received bidding opportunities for distressed asset portfolios from some of the world's top financial institutions and creditors. Our extensive expertise and dedication to excellence make us stand out from the crowd when it comes to providing top-notch solutions that meet our buyers' needs.



## Planet

The implementation of a reverse supply chain stands to offer numerous environmental benefits. By making good use of existing resources, the need for manufacturing new items is significantly diminished, leading to fewer items being sent to landfills. To ensure sustainability, it is essential to establish proper asset disposition processes such as reselling excess, obsolete assets and surplus goods. Transparency and trust are key in this process as they allow us to develop environmentally-friendly practices throughout the entire cycle. Such ethical practices contribute to short-term and long-term sustainability benefits while allowing us to act responsibly toward our planet and its future.



# Looking Ahead



We are proud to be part of the global transition towards a circular economy. We're excited to continue building upon our previous efforts in this area, and to report on our company's contributions to the circular economy.

As HG grows, we will evaluate these additional ESG reporting, metrics, and partnerships to maintain our commitment to sustainability.

- 01 Broaden our initiatives and contributions to provide assistance to our local communities
- 02 Perform a Client case study utilizing data on material, emissions, and cost savings
- 03 Provide all employees time off for a day of service to a local non-profit organization of their choice
- 04 Incorporate external stakeholder feedback in our ESG Materiality Assessment
- 05 Join an external organization to promote meeting ESG objectives



Asset Conversion  
with *Purpose*

THANK YOU

