

2021 ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

Inspiring the Future of Celebration



We believe the principles of sustainability and responsibility are integral to Party City's future success.

Empowerment of our team members, customers, and communities to encourage adoption and promotion of responsible celebration practices will be a core focus of our ongoing efforts to exercise leadership in the industry.



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About Us

Party City Holdco Inc. (PCHI or Party City) (NYSE: PRTY) is a global leader in the celebrations industry. A vertically integrated designer, manufacturer, distributor, and retailer, PCHI offers consumer party goods in more than 100 countries around the world.

PCHI operates multiple business divisions, including the retail division and the consumer products division. On the retail side, Party City (partycity.com) is a leading omnichannel retailer in the celebrations category, operating more than 800 company-owned and franchise stores throughout North America. Additional Halloween City (halloweencity.com) pop-up storefronts are also located throughout North America seasonally. The Consumer Products Group is comprised of design and manufacturing entities, including Amscan, an industry leader across multiple celebration goods and costumes, and Anagram, a dominant player in balloons.

PCHI is headquartered in Elmsford, NY, with additional locations throughout the Americas and Asia.

Introduction To This Report

This 2021 Environmental, Social, and Governance (ESG) Report covers Party City's global operations for fiscal year 2021, which began on January 1, 2021, and ended on December 31, 2021, unless otherwise noted.

Throughout this report, we define ESG as a way of categorizing factors that impact a company's long-term performance as well as a strategy for integrating these factors into the business to operate in a sustainable manner.





“ We believe that operating a sustainable business is integral to achieving our business purpose, and we are focused on enabling our customers to celebrate in a sustainable way. ”

At Party City, we know joy has the power to transform lives — that’s why we live our purpose of inspiring that joy by making it easy for our customers to create unforgettable memories. “Make Joy Easy” is the brand promise at the heart of what we do; it unites our team and drives our decisions.

We believe that operating a sustainable business is integral to achieving our business purpose, and we are focused on enabling our customers to celebrate in a sustainable way.

That’s why I’m thrilled to share Party City’s inaugural Environmental, Social, and Governance (ESG) report, *Inspiring the Future of Celebration*. This report showcases the initial steps that we have taken as a company to advance our ESG program, which we believe will drive value for our stockholders by advancing the interests of our stakeholders, such as our employees and customers.

We’ve made great progress in 2021 toward establishing ESG as a priority within the organization, and in 2022, we took the important step of assessing the ESG topics most relevant for our business and stockholders to develop our key priorities.

Our priorities range from direct environmental impact — waste and recycling, climate change, and energy — to the Diversity, Equity, Inclusion, & Belonging (DEI&B) and Human Capital Management programs that impact our associates. We are also committed to sustainable innovation and products, which we believe will help guide the way for the future of celebration.

We are proud of the progress that we have made and are eager to continue the momentum created, but certainly acknowledge that this is but the start of our journey — we look forward to updating you on our ESG initiatives.

Brad Weston,
CEO & Board Director
Party City

ESG Governance

At the board level, our Nominating and ESG Committee oversees our ESG programs, policies, and practices. The Nominating and ESG Committee’s duties include review of ESG issues and making recommendations to the Board regarding PCHI’s overall ESG strategy.

In 2021, we continued to advance our ESG strategy by establishing a management-level ESG Steering Committee, which is comprised of senior leaders and cross-functional members from major business functions. The purpose of the ESG Steering Committee is to establish programs, policies, and practices relating to ESG matters, and assist the Nominating and ESG Committee in fulfilling its oversight responsibilities with respect to ESG matters.



ESG Priority Assessment

Our ESG Priority Assessment is one of the resources that guides our overall ESG strategy, including our sustainability strategy, and disclosures and is designed to identify the environmental, social, and governance topics that have the greatest impact on our business strategy, success, and value creation. In 2021, we conducted our first ESG Priority Assessment. Going forward, we aim to regularly assess a wide range of ESG topics to inform our strategy, with the goal of increasing the scope of our priority assessment in future reports.

Our Methodology

Together with an external ESG specialist, we conducted business research and external benchmarking to identify the most relevant ESG topics to our company, industry, and key stakeholders.

The priority assessment began with the collection of data using a variety of sources and methods, including:

- Review of our sustainability context to identify potential ESG risks and opportunities, including an evaluation of our global operations, business relationships, and stakeholders, consideration of how our core company values connect to sustainability, and review of media coverage.

- Consideration of leading ESG standards and frameworks, including the Sustainability Accounting Standards Board (SASB) standards, the Global Reporting Initiative (GRI), and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)
- Assessment of ESG ratings for our company and peers, together with external benchmarking against the ESG priorities of our peer companies and companies in our industry that are identified as best in class according to third-party ESG ratings.
- Identification of the ESG priorities of our investors through a review of their proxy voting policies, voting records, stewardship principles, ESG policies and reporting, and other disclosures.



Through this process, we identified a list of 56 ESG issues and opportunities that were consolidated into 12 ESG topics using the outputs from our business analysis, peer benchmarking, and review of stockholder priorities.

To prioritize the 12 ESG topics, we engaged with members of our leadership team and internal technical specialists closest to the relevant issues and opportunities. Using questionnaires and targeted interviews, we collected data on the relative importance of the ESG topics and their potential impacts on our business and success.

Our priority ESG topics were then validated through engagement with our leadership and presented to our Board of Directors.

ESG Priority Assessment

The priority assessment helped to identify the ESG topics which have the greatest impact on our business. This inaugural ESG report includes our initial strategy and progress on five broad priority ESG topics:

- Sustainable Innovation & Products
- Waste & Recycling
- Climate Change & Energy
- Diversity, Equity, Inclusion & Belonging
- Human Capital Management

As we continue to develop our ESG strategy and goals, our aim is to increase the scope of our subsequent reporting to cover more of our priority topics.



ENVIRONMENTAL

Climate Change & Energy
Sustainable Innovation & Products
Sustainable Sourcing
Waste & Recycling



SOCIAL

Demand for Sustainable Products
Diversity, Equity, Inclusion & Belonging
Human Capital Management
Human Rights in the Supply Chain



GOVERNANCE

Corporate Governance
Cybersecurity & Customer Privacy
Philanthropy & Impact
Public Policy

Our Priority Topics





Sustainable Innovation & Products

At PCHI, we are challenging ourselves to design and make available for sale better alternatives for celebrations by establishing a renewed focus on innovation and sustainable products. We have dedicated professionals across Engineering, Product Design, Product Development, Merchandising, and Marketing who focus on development of innovative products that consider sustainability and inclusivity. We have also started developing relationships with academic organizations to obtain research and support to solve technical hurdles.

Anagram Innovation

Anagram is the world-wide leading manufacturer of foil balloons and has long championed sustainable innovation as a solution to significant problems and challenges.



In 2012, Anagram's engineers developed the first standard sized balloons that use up to 40% less helium to inflate and stay aloft without sacrificing the quality that Anagram customers have come to expect.



Anagram's drive to improve does not end with helium usage; we are also focused on the ways that our balloons interact with the world around us.

We have partnered with SDG&E®, a California energy company, to incorporate their non-electrically conductive technology into the development of a new balloon film. Our goal with this new film is to offer a product that has more neutral interactivity in event of contact with overhead infrastructure than traditional foil balloons. We have seen some initial success testing prototype balloons constructed from this new material and we are working with the Institute of Electrical and Electronics Engineers (IEEE) to develop testing standards

for evaluating conductive properties of balloons.

Our culture of innovation positions us to lead with technological advancements which, we hope, will have long lasting impacts on the balloon industry.

Amscan Manufactured Paper

Over the course of 75 years, Amscan has grown into one of the world's leading design, manufacturing, and distribution companies for decorated party supplies, costumes and accessories and we recognize the unique opportunity that we have to lead by example through the development of party products that are better for the environment.



Anagram has led the industry in innovation, and their ever-expanding line of balloons created specifically to be filled with air are no exception.

We have extended our focus on sustainability to the table. For several years, we have been progressing our use of sustainably sourced paper for our napkins. A portion of our napkins are now made with paper certified to be sustainable by the Forest Stewardship Council (FSC), which provides independent assurance that wood and wood-derived products like paper support forests managed to the highest standards – often going beyond legal requirements. We are looking into how we can apply these same standards to our paper cups, plates, bowls, and other paper formats. FSC has publicly declared that their certified forests in Washington and Oregon store more carbon when compared to forests managed to legal requirements alone.

Party City's napkins utilize water-based inks to improve biodegradability. These sustainability features are displayed on the back of our packages.

Active Development of Single Use Plastic Alternatives

Our customers come to us for colorful and affordable celebration serveware. Our research indicates that shoppers start with a theme and then coordinate

napkins, cups, cutlery, and other decorative items. Therefore, as we search for better alternatives to single use plastics, we recognize that we will need to develop options that can deliver brilliant colors and expected performance. Off-the-shelf options in many instances are not yet commercially viable so we are looking to leverage new materials and and invest in manufacturing processes.

In addition, we are taking a multi-tiered approach to the way we approach customer product use, including increasing multi-use options and working to shift customers to easier, recyclable options like high-quality paper plates.



Consumer Inflated Phrases



Waste & Recycling

As one of the defining global issues of our time, addressing ways to divert waste from landfill will be crucial to our commitment to inspire the future of celebration.

Party City's initial efforts to improve sustainability with respect to waste and recycling are focused on our value chain. These efforts include enterprise measurement and reporting, which we hope will encourage waste prevention at the source to unlock opportunities for new best practices.

Balloon Waste and Recycling: Industry First Programs

Despite a composite material that poses unique challenges to the treatment of end-of-life product waste for foil balloons, we recognize the need for our industry to make bold commitments to do more.

We are working to meet these challenges by launching new initiatives focused first on consumer education, collection and recapture so that balloons are properly

disposed. In the short term, we are exploring ways to reuse some balloon waste in approved "waste to energy" projects. Our vision for long term balloon waste management involves efforts to engineer our balloons for less waste.

In 2021, we launched a foil and latex balloon waste pilot program in 16 Party City retail stores in eight states and learned that a combined approach to retail and manufacturing balloon waste creates a more efficient and economical solution.

To inform our approach to program development, we engaged a recognized materials expert to help us define and establish a methodology for determining recycling program criteria and identify potential partners—including academic institutions focused

on research and development—for short-, mid-, and long-term balloon recycling program constructs.

Understanding that any new paradigm for waste diversion will require more than new technology to meet our commitments, we recognize the need to embed shared responsibility for foil balloon recapture and recycling into our relationship with our customers.

The first step on this journey began in 2021 with a consumer insights survey in an effort to develop learnings to help shift consumer behavior.

We are committed to leading an industry first, scalable recycling program for elements of our balloon manufacturing waste, which we hope to launch in 2022 and eventually expand to our balloons themselves in the years to follow.

Our planned sustainable path forward will move from “waste to energy” fuel as a short term solution, along with re-engineering the balloon for a more circular long-term solution.



Party City Retail Store
– Balloon Recycling

The first step on this journey began in 2021 with a consumer insights survey to develop learnings to help shift consumer behavior.

We are committed to leading an industry first, scalable recycling program for elements of our balloon manufacturing waste, which we look to launch in 2022 and expand to our balloons themselves in the years to follow.

Reducing Waste and Optimizing Our Supply Chain: Corrugate, Film, Scrap Metal & Solvent

Our owned supply chain has a mature corrugation recycling program in operation at all manufacturing, distribution, and retail locations that resulted in diversion of nearly 19 tons of corrugation from waste streams in 2021.

At our Amscan and Anagram facilities, 100% of our corrugated waste is being pulped and converted to craft

paper for packaging. And with a goal for each business unit in our enterprise to purchase boxes that are 100% recycled corrugate, we are pleased to have reached this milestone at Amscan.

As we continuously look at use of resources for more efficiencies in facilities and processes, we are exploring recycling Low Density Polyethylene (LDPE) film including the stretch wrap used in our warehouses as well as the drool and extruded trim waste from foil balloon manufacturing at Anagram. For years, the company has engaged in a practice of recycling scrap metal – which in 2021 totaled approximately 97,500 pounds of turnings, solids and other scrap metal – in order to divert this physical waste from landfills. Further, Anagram has a program for distilling solvents for reuse.

Moving forward, we are seeking to standardize more measures across the enterprise and create a score card to optimize outcomes.



Climate Change & Energy

Our operations team is focused on assessing and reducing energy consumption across our company to reduce our carbon footprint and expand our use of energy efficient models.

Energy-Efficient Lighting Replacement

In 2017, we began the process of replacing fluorescent lighting with energy-efficient LED lighting. Today, 95% of our Party City stores have LED lighting. As we expand our store base, energy-efficient lighting is a key component of our plan to operate more sustainably. Our goal is to be at 100% LED lighting for all our stores, offices, and manufacturing sites by the end of 2023.

Heating, Ventilation and Air Conditioning (HVAC) Upgrades

Replacements

Party City has revamped its HVAC replacement program to help increase energy efficiency, as we've found that most of our HVAC systems have a life expectancy of around 15 years and, thereafter, the units can drain more energy in a less efficient way. In 2020, we began the process of evaluating our current HVAC systems to identify systems that were nearing the end of their life expectancy and replaced those systems with more new energy efficient units. To date we have spent nearly \$15 million and have reduced the average age of our HVAC units by more than eight years. This lowers our carbon footprint by reducing our energy consumption, and

eliminates the need for more expensive and less efficient temporary spot cooling machines in stores when a system fails.

Energy Management System

We introduced an energy management system as part of our HVAC upgrades, allowing us to centrally monitor and control the temperatures across our stores to increase energy efficiency, keeping temperatures at an optimal 72-78 degrees. The program also indicates when systems are no longer operating at peak performance and provides notification for service or replacement.

With these HVAC upgrades, we've reduced our energy consumption from heating and cooling by at least 15 percent.

Renewable Energy

Party City is committed to identifying opportunities for renewable energy across our corporate footprint.

At our Newburgh, New York manufacturing plant, more than 50 percent of daytime power comes from community solar. Three Party City stores in California are powered by solar panels installed onsite. And, we are beginning the process for solar panel installation for a fourth store in California as well as a store in Connecticut.

We are actively working with our stores and property owners to identify new opportunities to install solar power or participate in community solar programs.

Helium

In 2018, we redesigned the helium delivery system at all retail stores to reduce the amount of helium loss, with improvements ranging from 40–50%.

Today, Party City acquires 29 percent of our helium from chlofluorocarbon-free sources. This includes a partnership with the Navajo Transitional Energy Company, which helps to empower the employees,

people, and communities of the Navajo Nation. Additionally, Party City continues to explore new opportunities within North America to source more helium from chlofluorocarbon-free well sources. These sources do not contribute to GHG emissions and are also more secure than helium sourced in various locations across the globe.

Greenhouse Gas Inventory

Party City recognizes that measuring and reducing GHG emissions is a critical step in assessing and advancing the sustainability of our operations.

This year, we started performing a preliminary review of our Scope 1 and Scope 2 GHG emissions.

Moving forward, we expect to commence evaluation of Scope 3 emissions and plan to explore strategies to reduce our GHG emissions.

**Party City has committed
to identifying opportunities
for renewable energy across
our corporate footprint,
with 22% of our locations
receiving power from
renewable sources.**



Diversity, Equity, Inclusion, & Belonging (DEI&B)

At PCHI, we want to promote the JOY of all and create an environment where all people are welcomed, celebrated, respected, and heard.

PCHI has always been about celebrating milestones – big and small – and we understand the value of bringing a sense of unity, purpose, and joy into what we do every day. That is why it is important for us to celebrate the rich history and significant achievements made by people from diverse backgrounds and experiences.

Our DEI&B initiatives are based upon three strategies:
Build Awareness, Become Curious and Stand Together.



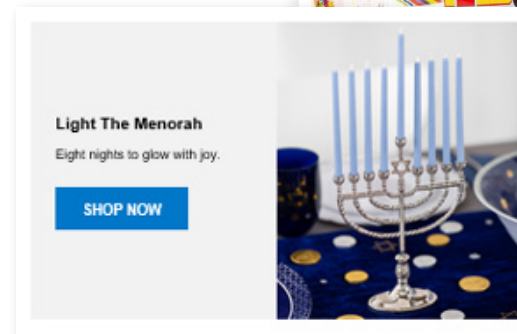
The DRC worked with Product Development to update products to be more inclusive.

We've built a structure to drive progress to better serve customers and employees.

Diversity Review Committee (DRC)

The DRC is a cross-functional advisory group that researches and explores inquiries, questions and concerns rooted in DEI&B and recommends product and marketing changes or enhancements for consideration.

A request is most commonly generated when a customer or a team member comments on culturally related matters. The DRC has a research and assessment process and offers recommendations on changes for the business to consider.



Marketing visuals and messaging show respect for cultural traditions.

To better focus on inclusivity and the evolution of our culture, we've rolled out new Interview Guides for hiring retail store, supply chain and corporate team members.

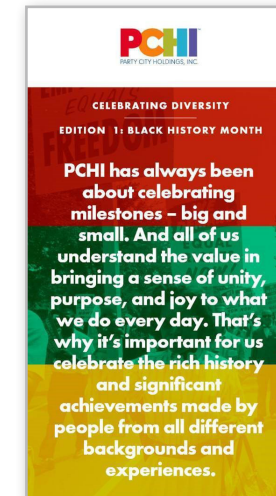
Enterprise Belonging Council (EBC)

Launched in May of 2021 with 15 members representing each business area, the EBC is an employee advisory group representing each functional area of our business. It seeks to provide guidance, insight, and hands-on assistance to launch and drive DEI&B initiatives throughout the company, supporting efforts to build a more inclusive, equitable, and welcoming environment where all team members feel a true sense of belonging. They developed the Fundamentals of DEI&B educational content that is being infused into foundational training throughout the organization. They also provide guidance and input on communications, programs, and company initiatives

with the goal of advancing a culture where all team members feel celebrated, respected, and heard.

Cultural Celebration and Awareness

To support our strategy of "Be Curious," we celebrate diversity at important cultural touchpoints throughout the year with educational pieces that focus on the joy and achievements within the communities that our team members represent. Topics featured in 2021 included Black History Month, Lunar New Year, Woman's History Month, Asian Americans/Pacific Islanders (AAPI) Month, Pride Month, Juneteenth, Latino/Latina Heritage Month, and Global Diversity Awareness Month.



PCHI celebrates cultural awareness through education and celebration.



Human Capital Management

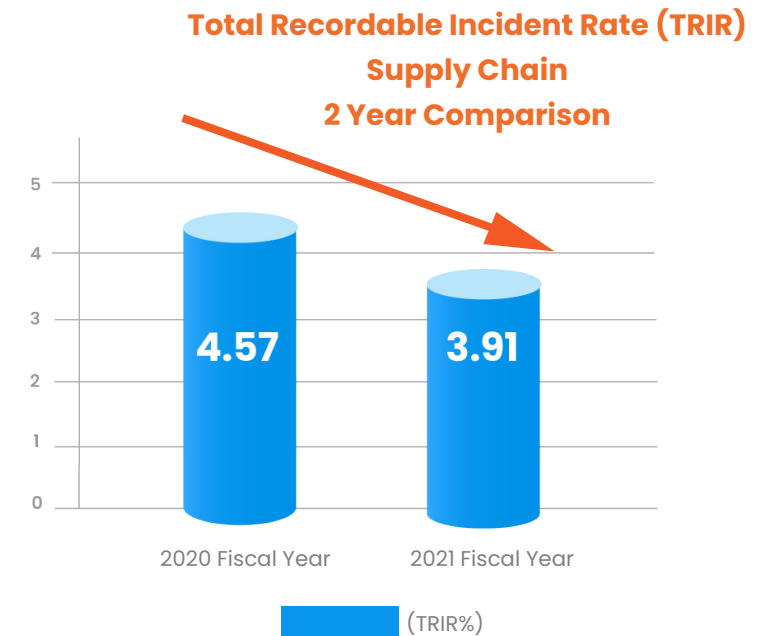
Human capital is one of our most important assets. We recognize that our people are a key force for change and see them as strong advocates for our ESG strategy.

Advancing a Culture of Employee Safety & Health

We are committed to improving the health and safety of our employees by setting goals, building compelling communication and training systems, creating a safety culture, and rewarding safety excellence.

In April 2021, we launched a comprehensive strategy to improve safety by focusing on employee empowerment and engagement, employing methods to better identify and control hazards and developing more comprehensive safety policies and procedures. We saw solid results with a full percentage point decrease in our total recordable incident rate in our supply chain; our goal with this program is always to beat industry average.

Key to our safety success is our *"See Something, Say Something"* program. The program begins with a safety commitment made by all new hires. Employees are empowered with ongoing refresher safety training. Safety awareness is top of mind for employees with frequent exposure to program communications that include powerful reminders like Safe Day Counter Boards, Safety Communication Boards and fun safety swag (lunch coolers & water bottles). The program offers daily observations led by site leadership and safety committees as well as positive *"on-the-spot"* reinforcement and recognition of safe work behaviors, hazard identification and timely correction. Recognition and celebration are core to the program, with monthly safety peer recognition drawings based upon submission of Safety Behavior Observation Cards.



Additionally, we drove safety improvement with the deployment of Emergency Response Guides (ERG), a Safety & Health Manual Deployment and facility Environmental, Health and Safety (EHS) Assessments.

**Powering Achievement:
Empowering Employees**

Powering Achievement is a program that enables employees to better understand how they contribute to the value of the company strategy and purpose.

Grounded in frequent, employee-led conversations, it empowers employees to share successes, challenges, and development aspirations regularly with their managers to ensure relevance and alignment with enterprise priorities.

We have found this program creates high engagement with our team members – a recent survey reported an average of 93% of responders understand their three Powering Achievement priorities and 80% of responders stated that they have Powering Achievement conversations monthly or more often.

Powering Achievement has replaced the annual review process to keep focus on what is being done today to impact success.

Technology Enabled People Practices

At PCHI, we leverage technology to modernize employee journey touchpoints. We recently introduced several technology-enabled communications and engagement vehicles, including myADP, our Human Resource (HR) platform, the ATN Network, our intranet, and AskHR, our HR support desk, to streamline productivity across our larger organization.

To modernize and reshape our annual compensation process, we launched the ADP Compensation Planning Tool which helped us simplify the annual compensation process and made it easier to make better compensation decisions.

It is our ongoing practice to regularly evaluate where technology can be used to improve the employee experience and our HR processes, including artificial intelligence-based recruiting and social media-style recognition.

Recognition and celebration are core to the “See Something, Say Something” program, with monthly safety peer recognition drawings based upon submission of Safety Behavior Observation Cards.



Looking Toward the Future

PCHI has adopted an ESG maturity model to advance its ESG program over time. As we continue to develop our ESG program, we intend to expand our ESG disclosure, and to leverage leading ESG standards and frameworks in preparing that disclosure.

We also plan to examine potential ESG goals, targets and metrics that would allow us to track and monitor our ESG performance with respect to relevant ESG topics.

We believe that our ESG programs, policies and practices are integral to our future success and critical to our purpose of creating joy in our customers' lives by making it easy to create unforgettable memories. We look forward to continuing to build an ESG program that we believe supports sustainable growth and drives value creation.



ESG Report

This 2021 ESG Report contains “forward-looking statements.” Forward-looking statements in this 2021 ESG Report are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934 and other federal securities laws. These statements are based on management’s current opinions, expectations, beliefs, plans, objectives, assumptions, or projections regarding future events or results, including, but not limited to, our ESG commitments, strategies, and initiatives; our business plans and strategy; our technology and services; our opportunities for growth; and our stakeholder engagement efforts. These forward-looking statements are only predictions, not historical fact, and involve certain risks and uncertainties, as well as assumptions. Actual results, levels of activity, performance, achievements, and events could differ materially from those stated, anticipated, or implied by such forward-looking statements. While PCHI believes that its assumptions are reasonable, there are many risks and uncertainties that could cause actual results to differ materially from forward-looking statements, including the risks discussed under the heading “Risk Factors” in our most recent Annual Report on Form 10-K and subsequent 10-Q filings with the U.S. Securities and Exchange Commission.

PCHI undertakes no obligation to update or revise any forward-looking statement contained in this 2021 ESG Report, except as otherwise required by law.

Any references to “priority” or “relevant” in this report are not intended to have the same meaning as the terms “material” or “materiality” in the context of financial statements or financial reporting or as defined by the securities laws of the United States.

While PCHI believes that our ESG initiatives are important to operating in a sustainable manner, we do not believe that such initiatives are material to our financial results and results of operations. For a discussion on the risks that PCHI believes could materially affect our financial results and results of operations, please see the “Risk Factors” section in our most recent Annual Report on Form 10-K and subsequent 10-Q filings.

For questions regarding PCHI’s ESG initiatives or the content of this report, please contact ESG@PartyCity.com.



For more information: investor.partycity.com

Email: ESG@PartyCity.com

Telephone: (914) 345-2020