



SUSTAINABILITY REPORT*

(2022)

*This report is on the activities UAB IDW (code 110012112) and covers its activities over the calendar year 2022.

Overview

Over the years we have continued to build a sustainable business. Our strategy has always been to go against the trend of outsourcing our operations (with pieces of supply chain divided into yet smaller pieces where design creation is made in Europe, but production spread across different suppliers in the Far East), and towards integrating all major processes under one roof in Lithuania. This evolved into our unique offer, which includes fast delivery times enabled by European production and local sourcing and a sustainable product resulting from a sustainable production process and materials used, and which became prominent following the reopening of physical retail operations in 2021 and allowed us to bounce back to full operations and experience 18 months of robust growth.

At the same time, 2022 was full of challenges. High inflation continued to be at the top of our minds. The war in Ukraine triggered the energy crisis in turn resulting in increase in prices for virtually all raw materials as well as labour costs. But due to our near shore policy, we have managed to avoid other negative impacts suffered by competition, including production and supply chain disruptions due to lockdowns in China, excessive shipping costs, etc.

2022 also concluded the first two cycles set out in our Sustainability Policy where we focused on energy efficiency and reduction of our GHG emissions. Our efforts resulted in a 61,5% reduction of our Scope 1 and Scope 2 GHG emissions compared to 2019 level and 31% reduction in overall electricity consumption compared to 2017 level. To further reduce our GHG footprint, with the help of hold.earth have started offsetting some of our GHG emissions by investing into the Helioz's Gold Standard certified climate project. 2023 will mark the beginning of the new 5-year cycle with even more far-reaching goals and becoming a carbon neutral operation in 2025.

This past year we have continued to invest into the safety and wellbeing of our colleagues. At the beginning of the year, we have replaced air conditioners in our factory with industrial freon-free low power consumption air coolers reducing both our GHG emissions and use of electricity as well as allowing better control of temperature in warm summer days. Our colleagues also received supplementary personal accidents insurance policy covering personal accidents covering both at and off work accidents.

Lastly, our sustainability performance has been assessed by EcoVadis and we were awarded the Silver medal placing us among the 25% of companies for sustainability. As you read this report you will find information on some of our major successes which led to this evaluation. This is a great testament in our common commitment and the trust our clients place in us.

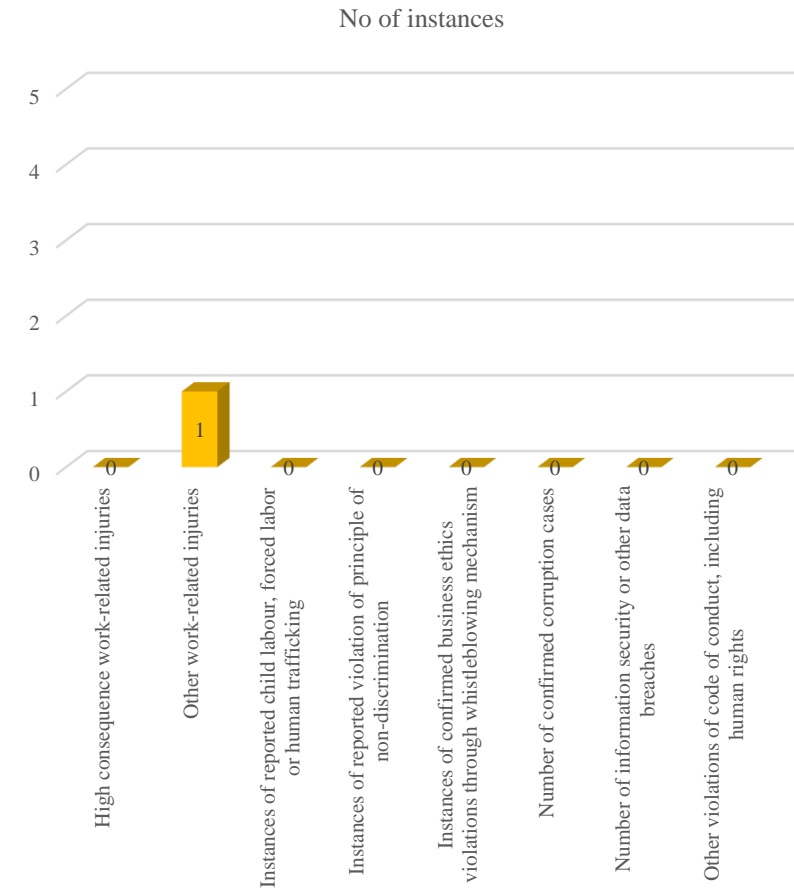


People

We believe that taking an ethical approach to business under all circumstances guarantees longevity and that first and foremost applies to treating our colleagues. The wellness of our colleagues and their families is very important to us as we strive to build community at the workplace.

In our Code of Conduct and other internal documents we have committed, amongst other things, to:

- Observing internationally recognised human rights and creating equal opportunities, including zero tolerance with regard to any type of discrimination: race, religion, gender identity, ethnicity, marital or family status, age, political affiliation, nationality, physical ability, sexual orientation or any other aspect of a person’s identity.
- Respecting human rights and ensuring that these are upheld. This particularly includes safeguarding the personal dignity and private sphere of every individual.
- Ensuring the occupational health and safety of our colleagues. All of the workplaces have been evaluated against the risks to health and safety and controls have been set in place to ensure that the exposure of colleagues to such risks are minimised. This included the external assessment of machine performance measurements, vibration, lighting, noise levels, ergonomics. We also require colleagues to undergo medical tests on a regular basis.
- Guaranteeing the freedom of association, including membership in trade unions. We have in place a company works council which represent both the economic and social interest of our colleagues.
- Not tolerating any form of forced labour, including bonded, indentured, servitude, slavery, or forced labour of prisoners, a rule which we apply to all of our suppliers and subcontractors. All employees work voluntarily, including overtime, and may leave their place of work when so deemed fit prior reasonable notice.

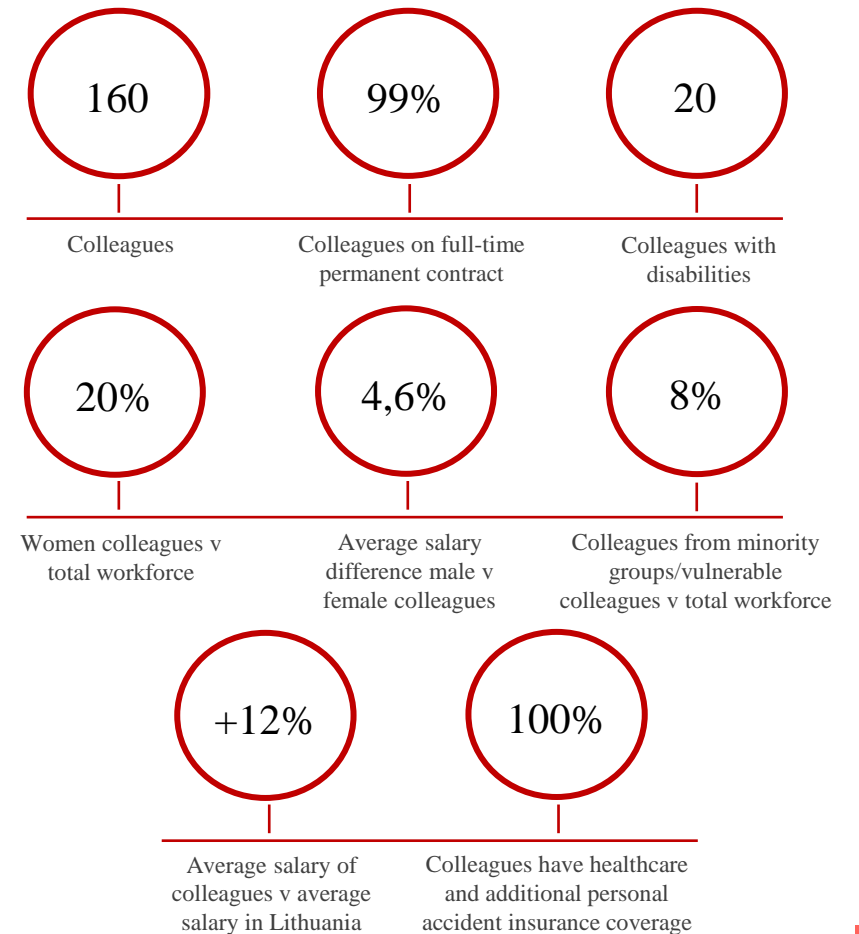


People

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To mitigate the impact on unprecedented inflation, we have taken concrete steps to increase the income of our colleagues. As a result, in 2022 the average gross salary in the company was 12% higher than the average monthly wage in Lithuania.

At the same time, when performing their tasks our colleagues need clear thinking and quick reaction. We depend on them for the quality of our production, as well as the safety of other team members. Therefore, the use of alcohol, drugs and other psychotropic substances at work, or arriving to work under the influence of such substances, is strictly prohibited and an entrance/exit system to control the use



Materials

To fulfil our slogan – Creating amazing mannequins with sustainability in their hearts – we have to start with materials. We believe that recyclability, not biodegradability will better serve our commitment to sustainability and the goal of reusing existing materials as much as possible and as many times as possible.

With this in mind we are making our products out of polystyrene, which is a 100% recyclable plastic, both mechanically and chemically. Polystyrene has outstanding recyclability properties, even in case of post-consumer products. The production process needs less material to obtain the same properties of products compared to other plastics. It has one of the lowest impacts on the environment (based on the Higg MSI score). It is widely available in the market and hence can be sourced in Europe with less impact on the CO2 due to logistics.

In 2022 we have continued to invest in developing products with as much post-consumer recycled polystyrene as possible. First, after a successful pilot project in 2021 with one of our long-term partners, we have continued the project where we took their old mannequins, grinded them down and used that post-consumer polystyrene to make new mannequins for another brand in the group. As the push for reuse and recycle of old mannequins is gaining more ground, it is expected that such projects will become more prevalent in the future.

In 2021 we became an FSC certified company. We only use FSC certified cardboard boxes for packaging our products. We also encourage our customers to choose FSC certified wooden products where possible, such as wooden arms and wooden bases.



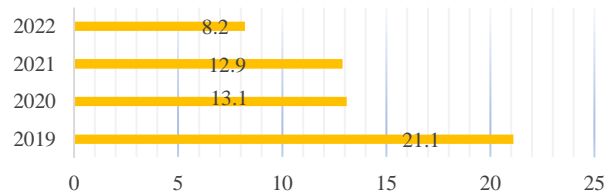


Energy

Efficient use of energy is key to reducing greenhouse gas (GHG) emissions. We strongly believe that measuring emissions will lead to identifying ways to reduce GHG emissions and, in turn, lead to cost saving. Therefore, in 2019 we committed to calculating our Scope 1 and Scope 2 GHG emissions on an annual basis and identifying ways to reduce our emissions. We also set a 3-year target to reduce our GHG emissions (per mannequin) by at least 25% below 2019 levels and a 5-year target to reduce our electricity consumption of existing appliances calculated per standard mannequin (compared to measures in the 2017 Plan on Electric Energy Efficiency) by at least 5%.

2022 has concluded both cycles mentioned. Our efforts resulted in a 61,5% overall reduction of our Scope 1 and 2 GHG emissions and 31% reduction in overall electricity consumption compared to 2017 level.

CO2 eq generated per mannequin*



* 12 kg weight of the mannequin is used as relative measure for reporting purposes only



Reduction of CO2 eq emissions (2022 v 2019)



Reduction of CO2 eq emissions (2022 v 2021)



Renewable electricity in our factory



Reduction of electricity consumption (2022 v 2017)

Next year will mark the beginning of the new 5-year cycle with even more far-reaching goals and becoming a carbon neutral operation in 2025. In addition, we have set a target of 10% reduction of GHG emissions (Scope 1 and 2) (without offsetting) and 10% reduction in electricity consumption per mannequin against the 2022 levels.



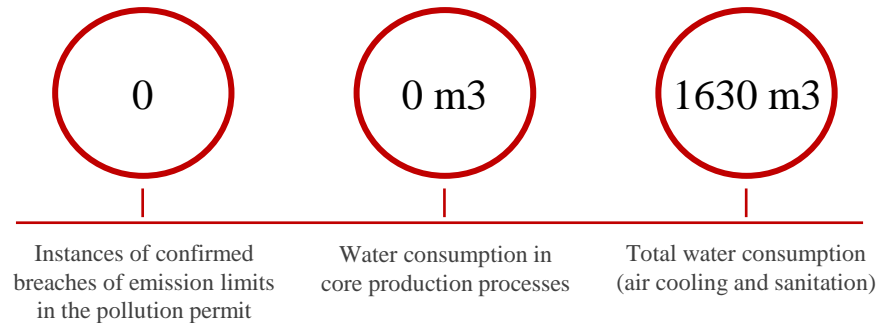


Air and Water Pollution

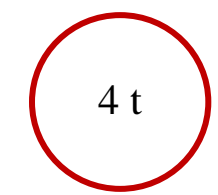
We do not use water in our core production processes. All domestic wastewater used is treated at the municipal sewage treatment plants.

Regular water testing and air pollution is carried out to make sure that we comply with the requirements and limits set out in the applicable legislation (including the REACH regulation).

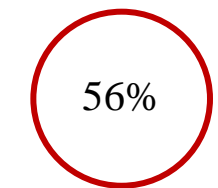
In 2022 we have continued our partnership with Plastic Bank, the world's largest chain of stores for the ultra-poor, where everything in the store is available to be purchased using ocean plastic garbage, which we started in 2020. Throughout the 3 years of cooperation with the help of Plastic bank we have recovered 49,5 tones of plastic from oceans around the world. Through partnership with Plastic Bank, we indirectly contribute to 14 of the 17 United Nations Sustainable Development Goals (see <https://plasticbank.com/sdg/>).



In addition, in 2022 we have invested into another project (Helioz's Gold Standard certified climate project) that will make a lasting contribution to communities and society. Helioz's easy-to-use and environmentally friendly solution for water disinfection (replacing the use of firewood) is providing safe drinking water to thousands of families across India, Africa, and Southeast Asia – creating high social, economic, and environmental impact. With this partnership we are indirectly contributing to 10 United Nations Sustainable Development Goals (see <https://helioz.org>).



Plastic recovered through Plastic Bank



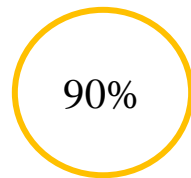
Offset of our GHG emissions (Scope 1 & 2)



Sourcing

We pride ourselves as being a European producer and have developed our offering on the principle of nearshoring. In addition to 100% local and in-house production, we commit to prioritising local supply chain over cheaper alternatives to reduce the environmental impact generated by transportation, as well as ensuring that all suppliers adhere to similar conditions and health and safety requirement. This also enables us to ensure that we do not compromise on the quality of our products and are able to service our clients quickly.

In 2022 we have continued to invest into our production to further increase our flexibility and speed of delivery in 2023 and onwards. Our investments will enable us to produce more versatile fixation parts for our products as well as all sorts of metal bases, which were previously sourced from local third-party suppliers.

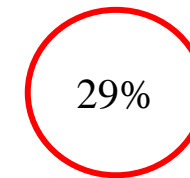


Of total spend is done to European suppliers

Transport

We recognise that a large proportion of GHG emissions are attributed to transportation and us being based in Europe significantly reduces those emissions compared to our competition. Therefore, we:

- Strive to have as much of our supply chain as possible based locally or in Europe to minimise transportation impact.
- For long hold transportation in our supply chain, we are prioritising rail and sea transportation over air. In situations where air shipments are unavoidable, we are choosing cargo flights on routes and carriers that produce less CO2.
- Encourage clients to maximise filling rates.
- Organise meetings via video or audio conferencing instead of physical travels where possible.
- Offset CO2 emissions of rail/air travel when possible.



Of all CO2 emissions from air travel were offset

IDW

Creating amazing mannequins
with sustainability in their hearts

