SproutWorld

Sustainability Report

2023

Sprout World

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About this report

Wishing to give a well-rounded insight into our sustainability profile, SproutWorld presents this report to communicate and document our ongoing and accomplished efforts as well as goals and ambitions.

Preface

Unveiling our 2023 Sustainability Report

In an era marked by unprecedented global challenges, the pursuit of sustainability has become a matter of collective responsibility and transcending borders, industries, and ideologies. Navigating the intricate web of environmental, social, and economic complexities, it's clear that companies play a pivotal role in shaping a sustainable future. Conscious of this, we proudly present our 2023 Sustainability Report.

We invite you to delve into the heart of our sustainability journey — a journey anchored in accountability, transparency, and resilience. The document you are about to read encapsulates our commitment and our holistic approach to recognizing the interconnectedness of environmental health, social equity, and economic prosperity.

Claiming that sustainability is deeply ingrained in brand and product is easy. But as transparency across all fields is paramount to us, we have added our Sustainability Policy to the report. Learn more about how we implement sustainability into our company policy in Appendix 1.

Commitment to sustainable practices

By integrating sustainable practices into our core business strategies, we aim to mitigate our environmental footprint and thrive as a responsible corporate. As we face the challenges of the 21st century, we remain committed to pushing boundaries, exploring new avenues, and fostering a culture of sustainability that permeates our organization's very DNA.

We acknowledge the support and collaboration of our stakeholders — customers, employees, partners, and communities — who have been instrumental in our growth. Your commitment inspires us to reach higher and challenge the standards.

Inviting engagement and upholding transparency

In the spirit of accountability, we share our accomplishments, areas for improvement, and the ambitious targets we have set for ourselves.

Releasing this report, we reaffirm our commitment to transparency, accountability, and pursuing a thriving planet for generations to come. Together, let us sow the seeds of positive change, cultivating a world where sustainability is not just a goal but a way of life.

Pioneering for green

Redefining Consumption

At SproutWorld, we're on a mission to tell the story of "From small things, big things grow". And as a conscious business, we want to share this mindset and hopefully inspire others to join the force for nature.

The linear and predictable produce-use-waste mentality belongs in the past. SproutWorld pencils are a twist in the tale of everyday items. After serving their writing purpose, our pencils sow the seeds of a new chapter, embracing a circular design philosophy and challenging the norms of production and consumption.

With products born from sustainability, our ambition is limitless and our commitment to "do better" is unwavering. We're dedicated to perpetual improvement and making our positive impact heartfelt and documented. Life Cycle Assessments (LCAs), the B Corp community, our Net Zero journey, and our cutting-edge Blockchain: buzzword-sounding as they may be, these are tools for creating a transparent and traceable journey through our business and supply chain.

Accounting for the future

It's not just a box to tick but a systematic and validated review of our internal conditions. Why? Because we're gearing up for a future where accountability is every business's raison d'être. The EU is leading the way, and we're working diligently toward a future where every business rightfully and transparently takes responsibility for its impact.

1. Sustainable Development Goals

In this chapter, we explain how and why the SDGs are important in our business and in general. Furthermore, we present our priority SDGs and track their progress.

SUSTAINABLE DEVELOPMENT GOALS

Sustainable Development Goals

The (SDGs) Sustainable Development Goals comprise 17 individual goals that oblige all UN members to tackle diverse social, economic, and environmental challenges.

Active involvement in the SDGs is a powerful communication tool as it provides a common language in the global green agenda across cultures, nations, and continents. The SDGs explain the challenges the world is facing and communicate how businesses become part of the solution.

All 17 SDGs are equally essential, but to ensure a targeted and ambitious effort, all businesses need to localize and prioritize the most relevant goals to make a real difference.

At SproutWorld, we exert our efforts on the four SDGs where we believe we can make the greatest impact and ensure sustainable development. Our SDG work is essential for two reasons; firstly, it ensures a common ambitious path in a sustainable direction within the SproutWorld team. Secondly, it helps to communicate to the outside world how SproutWorld will be a part of the solution to reach the targets according to the Paris Agreement and create a better future.

SDG 12

Responsible Consumption & Production

Sustainable Development Goal 12 focuses on “Responsible Consumption and Production.” It seeks to foster a transition to environmentally friendly practices in manufacturing and consumption and ensure sustainable and efficient management of natural resources. The top focal points are reducing waste generation, safe chemical management, and encouraging the adoption of sustainable practices across industries.

SproutWorld and SDG 12

Achieving SDG 12 contributes to building a more sustainable and equitable global economy while minimizing the damage associated with resource exploitation and waste generation. SproutWorld is committed to doing more and better with less, increasing resource efficiency, and promoting sustainable lifestyles. According to SDG 12, we especially contribute to 12.4 and 12.5 as listed in our SDG 12 overview to the right.

Target 12.4: Responsible management of chemicals and waste by focusing on the production and important certifications and memberships.

Target 12.5: Substantially reduce waste generation through prevention, reduction, recycling, and reuse by focusing on the production and products life cycle.

SproutWorld's work with SDG 12 listed:	Target	Read more
REACH compliance products and EN71-1, 2 and 3 certified	12.4	p. 27
B-Corp Member	12.4	p. 29
Sedex Member	12.4	p. 30
Participant at UN Global Compact	12.4 & 12.5	p. 31
Life Cycle Assessment	12.4 & 12.5	p. 43
Blockchain Development	12.4 & 12.5	p. 42

SproutWorld's SDG 12 goals:
SproutWorld's SDG 12 goal is to produce Zero-waste products. And to become NET ZERO in 2040.

SDG 13
Climate Action

Sustainable Development Goal 13, known as "Climate Action," aims to catalyze urgent and collective efforts to combat climate change and its far-reaching impacts.

We are committed to transparency and accountability in our environmental efforts. By conducting a yearly greenhouse gas (GHG) report to monitor and reduce our carbon footprint throughout the whole supply chain, we ensure that our actions align with our sustainability goals. And with LCA (Life Cycle Assessment) on all products to help us reduce the carbon footprint of the products, services, and processes.

Our goals are verified by SBTi and committed to being Net Zero by 2040. Furthermore, we will conduct a double Materiality Analysis to identify, measure, and reduce any potential negative impacts, reaffirming our commitment to sustainable practices and continuous improvement. In addition, through this analysis, we build resilience in our operations, supply chains, and the communities in which we operate.

Everyone, including consumers, governments, and businesses, plays a vital role in ensuring that we achieve the Global Goals. We believe that indicator 13.3, which involves gaining knowledge and capacity to address climate change, is a key area where we can make a significant impact.

SproutWorld and SDG 13

At SproutWorld, we align with SDG #13 by focusing on both climate action and biodiversity, striving to create a greener and more sustainable future.

Indicators:
13.3 Improves education, awareness-raising, human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.

At SproutWorld we measure, reduce, and report climate exposure and progress on actions to confront climate change, continuing to increase our transparency and consistency of reporting across the value chain.

Campaigning for “small everyday actions” to be greener, our manifesto is “From small things, big things grow.”

According to SDG 13, we especially contribute to 13.3 as listed in our SDG 13 overview to the right.

Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

SproutWorld’s work with SDG 13 listed:	Target	Read more
Yearly GHG Report	13.3	p. 37
Responsible Supply Chain Management og engagement targets	13.3	p. 40
LCA on products	13.3	p. 43
Internal Strategy, Add Zero	13.3	p. 40

SproutWorld’s SDG 13 goals: Achieve net-zero by 2024 (internal goal by 2029) through our Add Zero strategy and sustainable practices throughout the supply chain.

SDG 15
Life on Land

Centered around “Life on Land”, SDG 15 aims to protect, restore, and promote sustainable use of terrestrial ecosystems. It combats land degradation and desertification, halters biodiversity loss, and furthers the conscious management of forests.

SDG 15 is about ensuring the well-being of present and future generations by promoting responsible land practices, ecologically balanced use of land resources, preserving ecosystems, and supporting sustainable forestry.

SproutWorld and SDG 15

SproutWorld is committed to SDG 15 with the ambition to protect, restore, and promote sustainable use of natural habitats. According to SDG 15 our work especially contributes to targets 15.1, 15.2, and 15.5, as listed in the overview to the right.

Target 15.1: Conserve and restore terrestrial and freshwater ecosystems by focusing on conservation, restoration, and sustainable use of forests.

Target 15.2: End deforestation and restore degraded forests by focusing on sustainable management of forests, restoring degraded forests and increasing afforestation and reforestation.

Target 15.5: Protect biodiversity and natural habitats through collaborations, that focus on planting new forestry to create greater biodiversity and living spaces for forest species.

SproutWorld's work with SDG 15 listed:	Target	Read more
All Sprout pencils are made of certified sustainable wood	15.1, 15,2 & 15,5	p. 28
The Sprout pencil packaging originates from certified sustainable wood	15.1, 15,2 & 15,5	p. 28
Collaboration with the Polish State forest	15.1, 15.2 og 15.5	p. 33
Purchased 1,4 hectares of desolate forest land	15.1, 15,2 & 15,5	p. 33
Contributing to a greater biodiversity	15.5	p. 33
Contributing to afforestation and reforestation	15.1 & 15.2	p. 33

SproutWorld's SDG 15 goals:
Our SDG 15 goal is to contribute to the extension of forest areas and biomass within the forest areas. Protect and maintain biodiversity and natural resources through collaboration and partnership.

SDG 17
Partnership for the goals

Strengthening international partnerships
Sustainable Development Goal 17 focuses on "Partnerships for the Goals." It emphasizes the need to mobilize resources, share knowledge, and enhance capacities for sustainable development. Recognizing the correlation between global challenges, SDG 17 highlights the urgency to form partnerships among countries, organizations, and stakeholders.

An effort to unify
SDG 17 aims to promote inclusive and effective collaboration to address issues such as finance, technology transfer, and capacity-building, with the overarching goal of accelerating progress across all Sustainable Development Goals. Fostering partnerships at local, national, and global levels, tackles the complex challenges with a grounded and unified approach.

SproutWorld and SDG 17

SproutWorld is committed to SDG 17 and supports that we must stand together to change the world and make green transitions possible. SDG 17 is paramount in all SproutWorld's projects and SproutWorld especially contributes to target 17.16. An overview of SproutWorld's SDG 17 work is listed to the right.

17 PARTNERSHIPS FOR THE GOALS

Target 17.16: Enhance the global partnership for sustainable development by focusing on partnerships and collaborations through projects .

SproutWorld's work with SDG 17 listed:	Target	Read more
B-Corp Member	17.16	p. 29
Sedex Member	17.16	p. 30
SBTi	17.16	p. 38
Participant at UN Global Compact	17.16	p. 31
In collaboration with UPS; Carbon neutral shipment	17.16	p. 32
In collaboration with the polish state forest	17.16	p. 33
Blockchain collaboration	17.16	p. 42

SproutWorld's SDG 17 goals:
SproutWorld's SDG 17 goal is to continuously enter meaningful and value-creating partnerships that benefit both people, the planet, and profit.

Environmental, Social and Governance

ESG represents a strategic framework to assess a company's sustainability and ethical impact and is a vital tool for evaluating the operational practices of businesses.

ESG in action

At SproutWorld, we embody a comprehensive ESG approach, aligning our operations with the United Nations' SDGs #12, #13, #15, and #17. We are committed to responsible consumption and production, sustainable land management, and fostering collaborative partnerships. This underscores our dedication to the core principles of environmental sustainability, social responsibility, and effective governance within the ESG framework.

The success of ESG initiatives hinges on their seamless integration into a company's overall strategy. SproutWorld has ensured that our commitment to ESG principles is woven deep into the fabric of our organizational strategy, contributing to our overall success and sustainability. We call this strategy: "Add Zero"!

SDG 12
Responsible consumption & Production

Environmental (E): SproutWorld adopts responsible sourcing of materials for our plantable pencils, reducing our environmental impact.

Adopting responsible consumption and production practices results in a lower environmental impact, such as reduced resource consumption, waste generation, and emissions.

Social (S): SproutWorld actively promotes sustainable lifestyle choices through our products, contributing to consumer awareness and a mind switch towards more sustainable products.

Embracing responsible consumption and production contributes to social well-being by promoting sustainable practices, fair labor conditions, and community engagement.

Governance (G): SproutWorld's governance practices ensure, that responsible consumption and production principles are embedded in our supply chain and manufacturing processes.

Good corporate governance is essential to implement and monitor responsible consumption and production practices effectively within the company.

SDG 13
Climate Action

Environmental (E): Verified 2024 net-zero goal, and internally we are to reach in 2029 and focus on supporting Biodiversity

Social (S): We work with Responsible Supply Chain Management to reduce our negative impact e.g. CO2 and uphold the highest workers and environmental standard

Governance (G): SBTI targets, LCA and double materiality analysis

SDG 15
Life on land

Environmental (E): SproutWorld assures that our plantable pencils are made from sustainably sourced wood, contributing to the preservation of forests and biodiversity.

This aligns with the environmental aspect, emphasizing biodiversity conservation, land use practices, and ecosystem management supporting the goals of SDG #15.

Social (S): SproutWorld supports sustainable forestry practices, which contribute to local economies and communities that rely on responsible land use.

Protecting life on land also has social implications. It involves preserving habitats, supporting local communities depending on these ecosystems, and promoting responsible land management practices that meet the goals of SDG #15.

Governance (G): Good governance practices within SproutWorld secure compliance with sustainable sourcing policies and ethical considerations in land management.

Effective governance is crucial to the proper management of land resources and the implementation of policies that support the goals of SDG #15.

SDG 17
Partnership for the goals

While SDG #17 is not directly related to any specific aspect of ESG, it acts as a catalyst for the entire ESG framework. Collaboration and partnerships (as emphasized in SDG #17) are fundamental to addressing environmental, social, and governance challenges. Companies that collaborate and actively engage in partnerships contribute to sustainable development. This is reflected across all three pillars of ESG.

SproutWorld actively seeks to join forces with prominent environmental organizations. To promote sustainable practices, we have worked with The Polish State Forest and Sydhavns Tippen (a local biodiversity hero), schools, and businesses. Through partnerships, we support initiatives for reforestation and environmental education, in the collaborative spirit of SDG #17.

Summary

Intertwined with the ESG framework, SDG #12, #13 and #15 addresses environmental, social, and governance considerations. Acting as a catalyst for our goals, SDG #17 supports this collaborative and interconnected nature of ESG, emphasizing the importance of partnerships for achieving sustainable development.

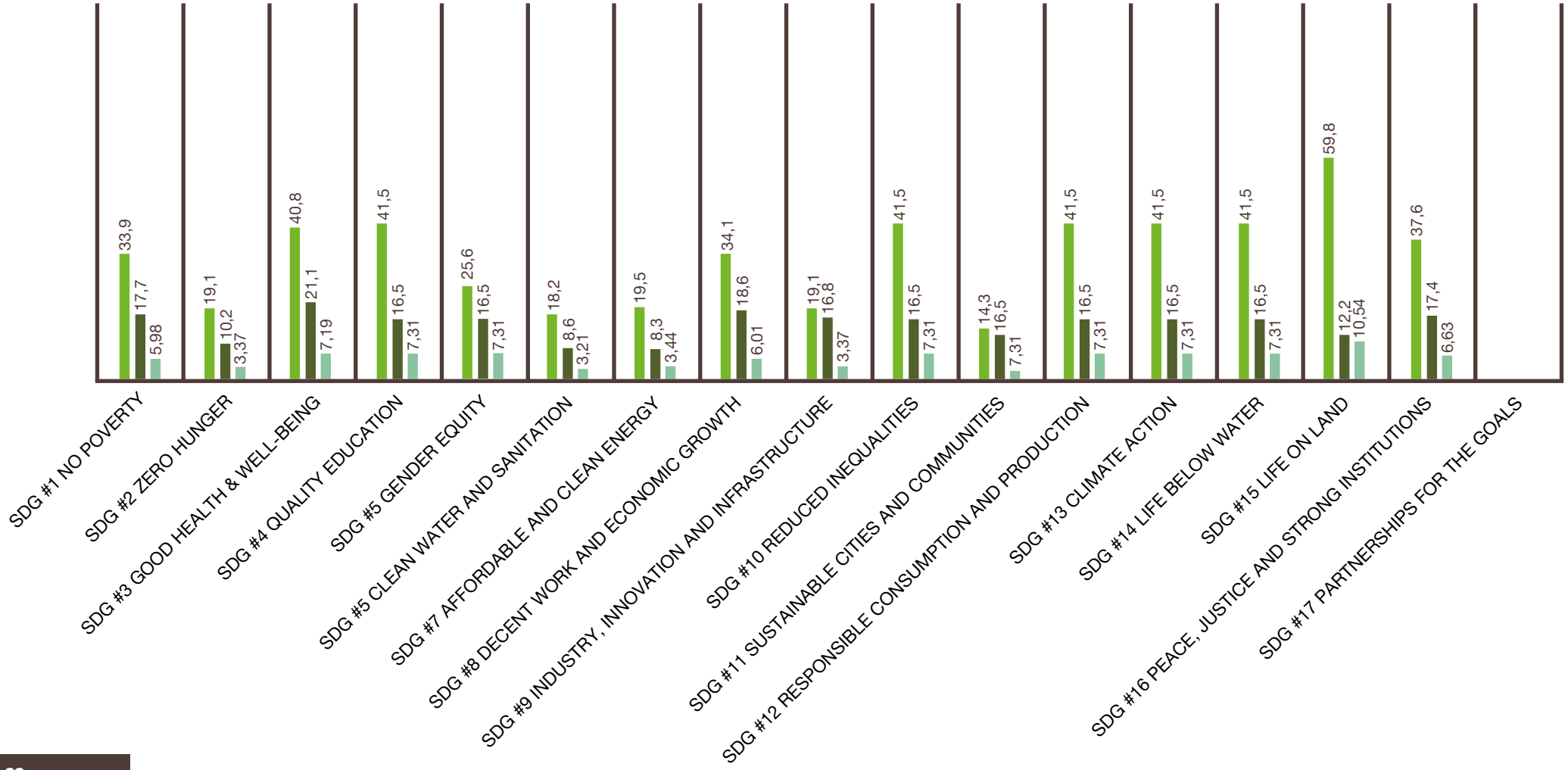
Contributing to sustainable practices
These examples illustrate how we integrate the principles of responsible consumption and production, sustainable land management, and partnerships for sustainable development into our ESG practices. In each case, the alignment with environmental, social, and governance considerations is evident, showcasing a holistic approach to sustainable business practices.

SproutWorld

Sector

ESG

Data has been pulled via our B Corp SDG Action Manager Tool



SDG progress & projects

According to the previous three pages, SproutWorld has made significant progress toward SDG 12, 13, 15, and 17 over recent years. This progress verifies our commitment to the SDGs and our ambitious green strategy.

To develop our business in a sustainable direction, we strive for the most relevant and serious environmental certifications. We enter environmentally demanding partnerships, and we implement green efforts.

SproutWorld has especially in 2022-2023, made a huge effort to incorporate the SDGs into our core, by committing ourselves to e.g., the Science Based Targets initiative. We also do a yearly GHG Report to measure, reduce, and disclose our greenhouse gas emissions.

Recently we have entered a new partnership with our neighbor Scandic Hotel and joined the local NGO Grøn Agenda. Together we will “Give Nature Space”, trying to restore, protect, and promote biodiversity locally. It’s a brand-new project that will run for many years, but already in summer 2025, we will be able to see progress.

2. Certificates, Memberships & Partnerships

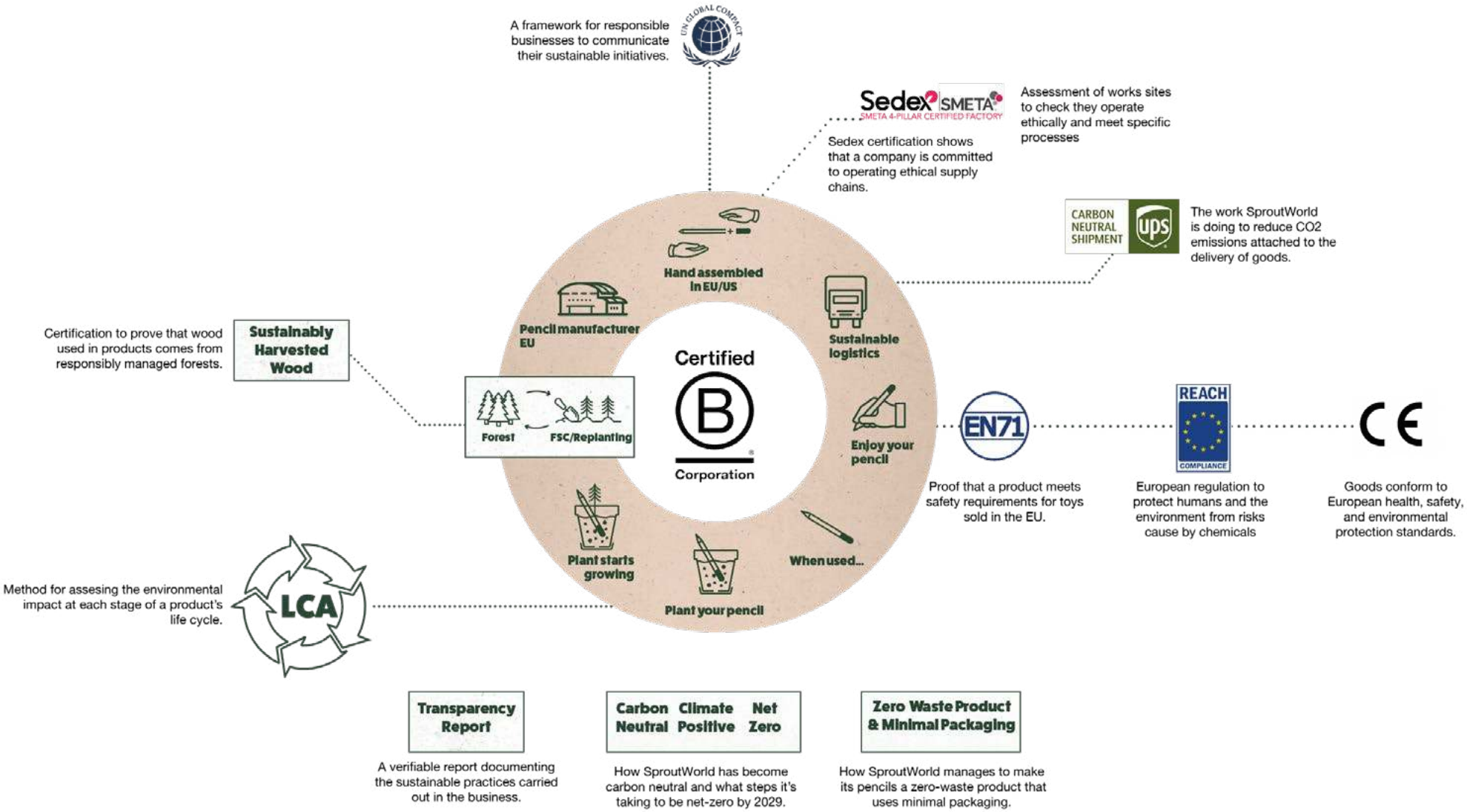
In this chapter, we explain why certificates, memberships, and partnerships are important in SproutWorld's sustainable development. We dive into which ones we incorporate into our business, and how we contribute to green development.

Showing the toolbox

Certifications, sustainable memberships, and partnerships are important tools that SproutWorld uses to improve the environmental impact, and to guarantee our paperwork is in order and our actions match our words.

By obtaining and developing validated certifications, partnerships, and memberships, SproutWorld contributes to common systematic and organized growth. Moreover, our partnerships are an important factor in our progression to become even more sustainable in areas outside our domain.

SproutWorld's certificates, memberships, and partnerships



REACH compliant and EN-71 certified

The Sprout pencil is REACH compliant and EN-71 1, 2, and 3 certified, meaning it complies with EU chemicals legislation and ensures the safe use of chemicals and minimal risk to health and the environment. Moreover, it verifies that the Sprout pencil is harmless to children according to its mechanical and physical properties, flammability, and the migration of chemicals.

Certified Sustainable Wood

All SproutWorld's pencils are made of certified sustainable wood from Polish State Forest suppliers in the EU production. Also, the Sprout pencil packaging originates from certified sustainable wood.

The use of certified sustainable wood guarantees that the Sprout pencil originates from sustainable forestry, where responsible management is promoted. Moreover, it warrants that for every tree harvested, a new one is planted. In these forests, both animal and plant life are protected.

Using certified sustainable wood is a way for SproutWorld to protect the world's forests and ensure sustainable consumption. That way, we also promote afforestation and restoration of degraded forests, in places where our pencil wood originates.

B-Corp Member

The B Corporation certification (B-Corp) requires a high standard of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose.

To earn the certification, companies must achieve a high enough score on the B Lab's assessment. As a proven member today, SproutWorld is required to consider our impact on all stakeholders, hereunder workers, customers, suppliers, the community, and the environment.

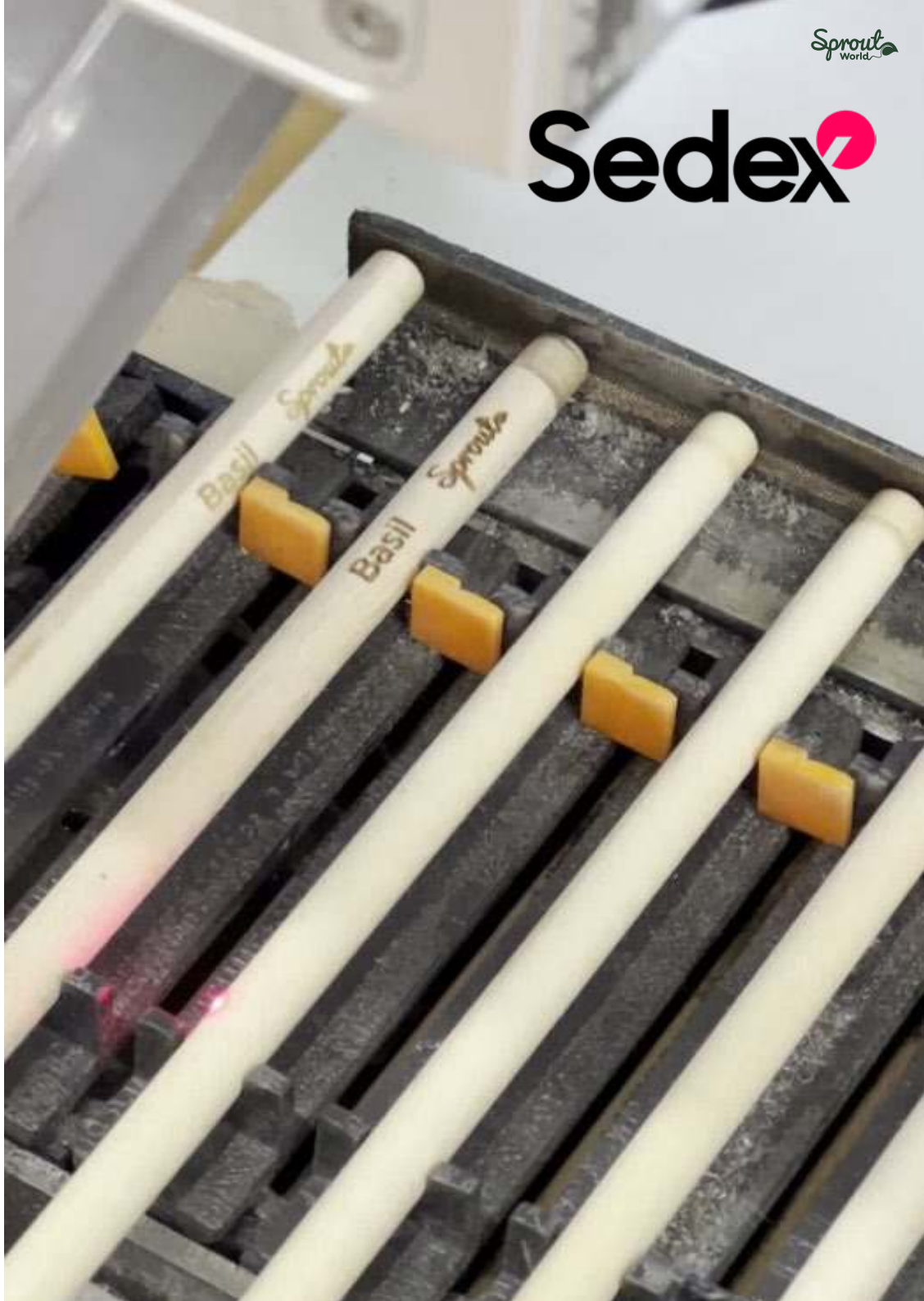
Moreover, this certification is important for SproutWorld to document our ambition to restrict the environmental impact and be a 'Best for the World company'. Together with other companies in the B-Corp community, we can move towards sustainable development.

Proud to be a Sedex Member

SproutWorld has been a proud Sedex member since 2021. As an ethical trade membership organization, Sedex helps businesses uphold responsible practices and proactively source ethical and sustainable products and services, throughout the entire supply chain.

To become a member, SproutWorld's production sites have undergone a four-pilar audit in connection with Sedex Members Ethical Trade Audit (SMETA). SMETA is the world's leading social auditing standard to assess a supplier's working conditions based on Labor standards, business ethics, health and safety, and environment.

For SproutWorld, these four pillars represent key areas in the assessment of responsible business practices and meeting social compliance. Furthermore, this membership is an important way for us to improve our responsible and sustainable practices through well-documented standards.



UN Global Compact

UN Global Compact is the world's largest CSR corporate citizen initiative, which SproutWorld joined in 2016. As a participant, we are committed to supporting the ten principles of The United Nations Global Compact in the areas of Human Rights, Labor, Environment, and Anti-corruption.

According to the environmental principles, SproutWorld is committed to supporting a precautionary approach to environmental challenges. undertaking initiatives to promote greater environmental responsibility and encouraging the development and diffusion of environmentally friendly technologies.

SproutWorld has developed a Code of Conduct to ensure that we, as well as all suppliers, operate by ethical environmental principles and follow the legislation on human rights and anti-corruption practices.

You can read more about specific principles and SproutWorld's efforts to operate responsibly in the Code of Conduct and the annual Communication on Progress Report on our website.

UPS Carbon Neutral shipment

Through its program, Carbon Neutral, UPS offers to offset carbon emissions to compensate for the environmental transportation costs for all SproutWorld shipments to other businesses. On top of that, the Carbon Neutral program supports projects that improve forest management, methane and landfill gas destruction, and wastewater treatment.

So naturally, with sustainable transportation in mind, we have entered a collaboration with UPS. For every ton of CO2, SproutWorld packages emit during transportation, an equivalent amount of CO2 is compensated.

As part of our Carbon Neutral-work, this partnership is very important to us. At SproutWorld offsetting is a tool to combat climate change, but only in addition to reducing as much as possible within the business.

SproutWorld and the Forests

A future funded with trees

In 2021 SproutWorld entered a partnership with “The Forest Carbon Farms Project” through Lasy, the Polish State Forest from where Sprout’s EU wood production originates. We bought 1,4 hectares of desolate forest land where the Polish forest in 2023 then planted 12,000 trees.

This new forestry will absorb CO2, store water, produce oxygen, and contribute to greater biodiversity for various forest species. The Polish State Forests allow the trees to grow for approximately 50 years, and in the future, some will be dedicated to ecological and certified sustainable wood production.

Compensating our shortcomings

As part of this project, we received climate credits, which we can use to compensate for the CO2 we cannot get rid of today, due to technological shortcomings. For every Carbon Unit, one ton of CO2 will be accumulated in tree stands or soil in the Forests Carbon Farms Projects.

Through this project, SproutWorld can contribute with both a natural and climatic function, by protecting and restoring degraded forests and promoting afforestation. Furthermore, this project is a way for us to promote and advocate for more sustainable use of materials.

3. Climate Accounting

Our GHG reports delve into the GHG inventory. It outlines our methodology for estimating and reducing emissions*. We adhere to the international accounting and reporting standard, GHG Protocol.

Climate Accounting

The purpose of doing an annual GHG Report is to:

- Report GHG emissions and reduction targets transparently.
- Provide an informed foundation for the ongoing reduction efforts across SproutWorld's operations and value chain.
- Monitor changes in GHG emissions over time.
- Engage stakeholders and partners in our emission reduction initiatives.
- Enhance the quality of data and calculation methods in our GHG inventory.

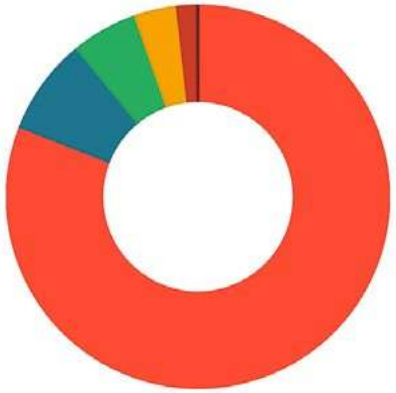
Our GHG reports delve into the GHG inventory. It outlines our methodology for estimating and reducing emissions*. We adhere to the international accounting and reporting standard, GHG Protocol.

* Detailed calculations available upon request.

Overview of emissions in each scope 2021 vs. 2022

Overview - 2021

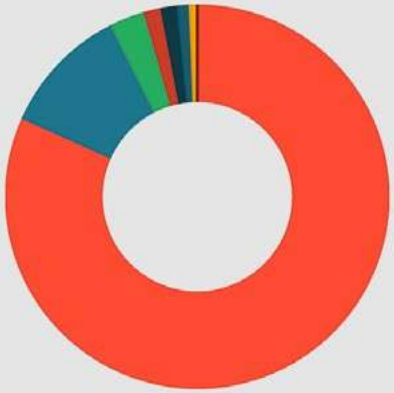
257,9 t. CO2e



Purchased Goods and Services	209.1 t
Downstream Transport	21.0 t
Employee Commuting	14.4 t
Direct Emissions	9.3 t
Well-To-Tank	4.3 t
Purchased Energy	0.3 t
End-Of-Life Sold Products	0.0 t
Waste	0.0 t

Overview - 2022

240,6 t. CO2e



Purchased Goods and Services	197.1 t
Downstream Transport	26.2 t
Employee Commuting	7.2 t
Well-To-Tank	3.5 t
Business Travel	3.3 t
Purchased Energy	2.5 t
Direct Emissions	1.5 t
Waste	0.0 t

Green house gas Report

At SproutWorld, we are committed to understanding and mitigating our environmental impact. Our GHG report is a comprehensive overview of the company's contribution to climate change and establishes the foundation for reducing our GHG emissions.

Like many other companies, most of our emissions are in scope 3. Scope 3.1 amounts to 82,3 % of the total emission footprint.

This is a reduction of 25.58% compared to 2021. The emissions within this category are expected to decrease even further following reduction initiatives and refining of the data, e.g., not using the spend-based method from the reporting year, 2024.

GHG Reduction targets and actions

SproutWorld wants to contribute to achieving the goals set in the Paris Agreement; limiting the global temperature increase to 1,5°C compared to pre- industrial levels. Therefore, Sproutworld has set the following Science Based targets:

Base year 2021	2030	2040
	42% reduction from base year	95 % reduction from base year and removal of remaining GHG emissions
	42% reduction from base year	
	Measure and reduce GHG emissions	

1. Validated SBTi targets

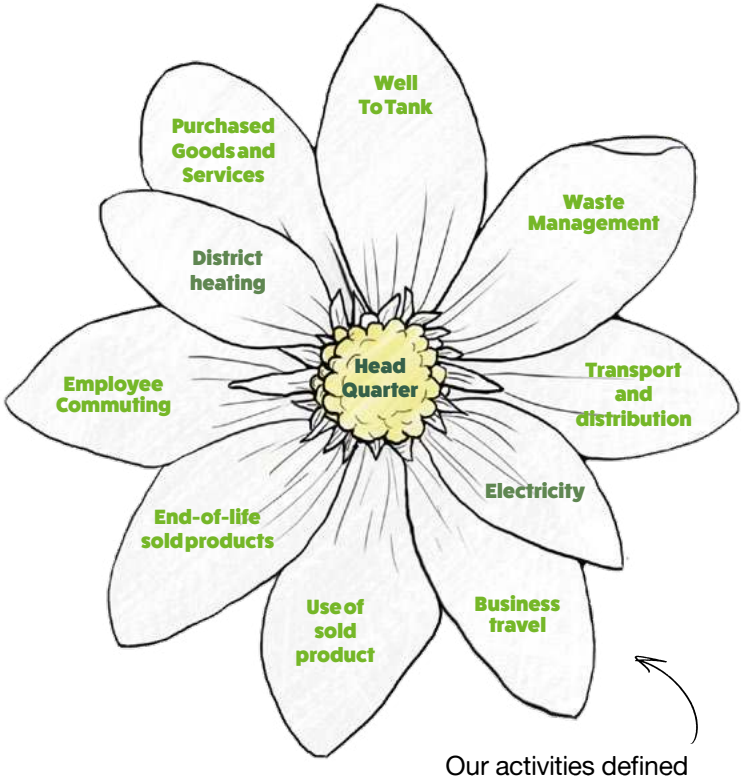
Base year 2021	2025	2029
	50% reduction from base year	95% reduction from base year and removal of remaining emissions
	50% reduction from base year	
	Measure and define short-term goals. KPI's will be set for emissions related to the turnover	

2. SproutWorld's ambitious targets - achieving net-zero by 2029

The GHG report and LCAs of the SproutWorld pencil and makeup liner has helped us to gain insight into our climate impact and to set our science based targets. The next step for SproutWorld is to turn our insights into action. SproutWorld has made an action plac to start reducing our GHG emissions and involving both our suppliers and customers to take part in this process. SproutWorld wants to:

- Increase renewable energy in production from 50% to 70% by 2030
- Change to more energy effecient equipment in the production
- Procure paper and packaging locally
- Produce renewable energy for our office
- Engage and commit all corners of our organization in our GHG reduction Journey
- Set target to influence suppliers' climate action and use climate action as a metric when selecting new suppliers
- Increase the amount of supplier specific data in Scope 3 to make it more accurate and operational

Concrete actions towards 2029



Our activities defined in GHG protocol scopes

Activities	Scope	2024	2025	2026	2027	2028	2029
Direct Emmisions	1						
Indirect Emmisions	2						
Purchased Goods and Services	3	Dialogue – Supply Chain engagement targets					
Well-To-Tank	3	To reduce Well-To-Tank impact, we'll dim lights and bike to work					
Waste Management	3	We continually enhance waste sorting and minimize food waste					
Transport and distribution	3	Eliminate air transport within EU (We stop offering "fast delivering" which means by flight) Eliminate air transport within US (Production for the US market in US)					
Business travel	3	We aim to keep it to a minimum, focusing only on necessities					
Use of sold product	3						
End-of-life sold products	3						

Going forward

Our commitment to transparency, sustainability, and continuous improvement drives us to actively address our GHG emissions. By adhering to global standards and engaging with stakeholders, we aim to make a positive impact on the environment while advancing our sustainability goals.

We have made the SproutWorld Blueprint to reach Net Zero 2029. These are the steps going forward:

- Supply chain engagement
    - Prioritize the top 5 suppliers with the biggest impact in our scope 3
    - Set targets to influence suppliers' climate action and use climate action as a metric when selecting new suppliers

- Internal CO2 reduction strategy "Add Zero"
    - Engage all corners of our organization in our GHG reduction journey

- Accurate data
    - Increase the amount of supplier-specific data in scope 3 to make it more accurate and operational

- Stakeholders & Partnerships
    - Focus on all stakeholders and increase engagement through strategic partnerships

4. Technologies

In this chapter, we unfold how SproutWorld uses green technology and data to ensure total transparency and sustainable development throughout the entire supply chain for the Sprout pencil.

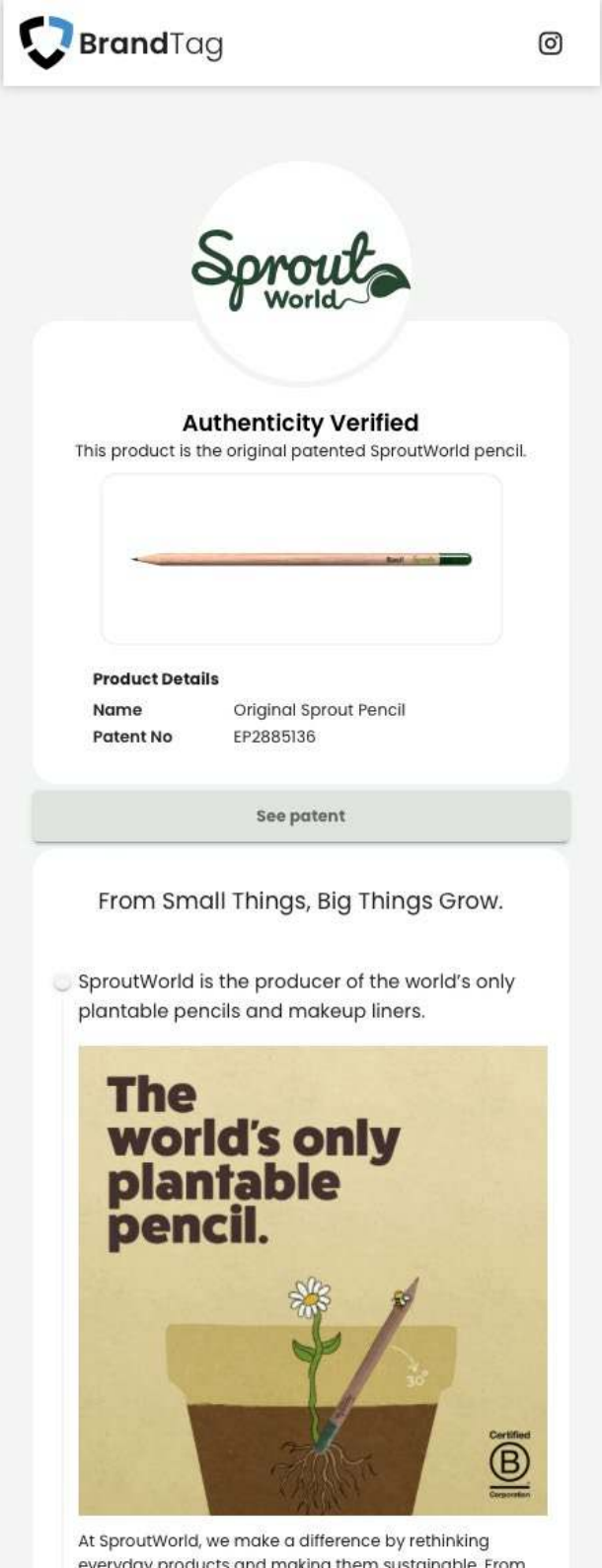
Show - don't tell Blockchain for the SproutWorld pencil

We started our Blockchain development by participating in a case study in the project "Blockchain in Business & Danish Design", funded by the Industry Foundation. The project is initiated by Lifestyle & Design Cluster in collaboration with CBS, Design School Kolding, and Copenhagen School of Design and Technology.

At SproutWorld, trust and credibility are paramount. With blockchain, we aim to ensure transparency and traceability throughout our supply chain, verify sustainable efforts, and find the gaps where we can do even better. It is an important tool to verify all green efforts, help people adopt a more sustainable lifestyle through informed choices, and improve green efforts and recycling practices.

The development of the prototype is expected to be completed in September 2022. 'The development of the prototype was completed in September 2022'.

Click to visit our Blockchain app



Life Cycle Assessment

A full life cycle assessment (LCA) for the Sprout pencil was completed in 2021 — as for our makeup liner in 2023.

LCA is essential when documenting the environmental impact of the Sprout pencil throughout its entire lifecycle. It also helps localize hotspots where Sprout can reduce even more and offset what cannot be reduced by themselves.

The LCA is a tool used by SproutWorld to achieve the goals of being completely transparent and reaching the Net Zero goal in 2029.

The combat of greenwashing is a positive side effect.

Moreover, the LCA is important for SproutWorld to increase its credibility by documenting our actions concerning all solutions.

At SproutWorld, we're not just planting seeds; we're nurturing a forest of change. Join us in redefining sustainability, one plantable pencil at a time.

5. Final statement

This report shows the total transparency within SproutWorld's sustainable profile explaining all green initiatives, certifications, memberships, and collaborations. Furthermore, it describes our sustainable development through the SDGs, ESGs, B Corp, SEDEX, and SBTi
Creating annual sustainability reports like this shows how we work to achieve the Paris Agreement goals and reach our own and even more ambitious goals of being Net Zero in 2029.

Traceable actions force the change

We wish to be as transparent as possible, to show total traceability throughout our supply chain, and to inspire green transition for customers, suppliers, other businesses, readers like you, and the outside world.

Through partnerships and collaborations, SproutWorld proves that even small actions can contribute to a more sustainable development toward a greener world for generations to come.

6. Appendix

Sustainability Policy January 2024

Our corporate culture deeply values sustainability, which guides every aspect of our business model (operations) through our internal sustainability strategy, ADD ZERO. The strategy integrates our goals for CO2 reduction, SBTi, ESG, SDGs, and biodiversity into our decision-making processes. We're particularly committed to reducing our CO2 footprint and leading in environmental responsibility.

We've set ambitious yet achievable targets, endorsed by the Science Based Targets initiative (SBTi), to reduce our climate impact. All employees are informed through ADD ZERO and share responsibility in prioritizing sustainability in decision-making. This ensures environmental considerations are central to all our processes.

Preserving and enhancing biodiversity is a key focus. By supporting initiatives like conserving local and international biodiversity hotspots and promoting sustainable forestry through long-term partnerships, we incorporate biodiversity into our strategies and supply chain management.

Integrating CO2 reduction, SBTi, ESG, SDGs, and biodiversity conservation, promotes an innovative culture of environmental and social responsibility. Through collective efforts and steadfast dedication to sustainability, we mitigate environmental and social risks and foster global growth and resilience.

With ADD ZERO as our foundation, we're collectively steering towards a more sustainable and equitable future for all.

Objective & Scope

As a small and medium-sized enterprise (SME) in the European Union with a limited product range, the elements of a sustainability policy have been tailored to the scale and scope of our business.

The overall objective of this sustainability policy (the "Policy") is to outline the sustainability commitments and approach to ensure that Sprout ApS and its direct and indirect subsidiaries (collectively "SproutWorld") sustainably conduct their business.

The Policy applies to all employees in SproutWorld.

Commitments

General Commitments

SproutWorld creates second-life everyday products while, at the same time, striving to work in ever-more conscious and responsible ways. For this reason, sustainability is a central part of SproutWorld's mindset: from the concept phase through production, logistics, and the ways that our products can be reused and/or responsibly disposed of.

SproutWorld wants to conduct its business ethically and responsibly concerning all stakeholders, which involves but is not limited to:

(i) Respect and support of human rights
(ii) Honor labor rights including a safe and healthy work environment
(iii) Have a diverse workforce based on equal opportunities and fair and respectful treatment
(iv) Reject bribery and corruption in any form and actively apply applicable sanctions laws and regulations
(v) Follow the law with integrity and compete fairly
(vi) Responsibly safeguard information
(vii) Take a responsible approach towards environmental and climate impacts

As we grow, SproutWorld is committed to:

1. Offering even more sustainable products to its customers
2. Taking steps to honestly communicate how SproutWorld business impacts the environment

Further, SproutWorld encourages the development of environmentally friendly technologies and is committed to incorporating these sustainable innovations into our business and product development whenever possible. SproutWorld will actively work to positively influence its suppliers and partners to continuously improve their environmental, social, and governance practices as they do.

UN Global Compact

In 2016, SproutWorld signed up to the UN Global Compact, actively working to make the 10 principles an integral part of its day-to-day operations and business strategy as follows:

(i) Support and respect the protection of internationally proclaimed human rights
(ii) Avoid complicity in human rights abuses
(iii) Uphold the freedom of association and recognize the right to collective bargaining
(iv) Support the elimination of all forms of forced and compulsory labor
(v) Support the effective abolition of child labor
(vi) Support the elimination of discrimination concerning employment and occupation
(vii) Support a precautionary approach to environmental challenges
(viii) Undertake initiatives to promote greater environmental responsibility
(ix) Encourage the development and diffusion of environmentally friendly technologies
(x) Work against corruption in all its forms, including extortion and bribery
2.2.2 SproutWorld is committed to upholding the 10 principles stipulated above in clause 2.2.1 and expects its stakeholders to prioritize compliance with these principles as well.

Sedex

2.3.1 In 2020 SproutWorld became a Sedex member. Through Sedex we conduct SMETA audits on our direct suppliers. The SMETA 4 is designed to help protect workers from unsafe conditions, overwork discrimination, low pay, and forced labor. Also, the audit takes environmental concerns in the business practices into account.

B Corp

In 2021 SproutWorld became B Corp certified, as one of only a few Scandinavian companies.

B Corps take a stakeholder view on the business and aspire to be “best for the world” companies. Stakeholders such as Workers, Environment, Community, Customers and Government. A 360° view where you, as a business, measure and manage your impact.

At SproutWorld we were given the most points in the Environment – land/wildlife area, hence our Impact Business Model lies here. This means that our business and/or service has a positive impact on the preservation or restoring natural environments and/or protection of animals (e.g. reforestation, sustainably harvested agriculture, protect parks).

UN Sustainable Development Goals (SDGs)

SproutWorld supports the UN Sustainable Development Goals (the “SDGs”). The SDGs promote 17 specific themes aimed at achieving sustainable development. These themes are categorized into climate change, environmental protection, and social needs such as education,

health, social protection, and job opportunities. SproutWorld actively works towards the goals that are particularly relevant to our business and has identified 4 relevant goals: “SDG #12 Responsible Consumption and Production”, “SDG #13 Climate Action”, “SDG #15 Life on Land” and “SDG #17 Partnerships”.

Organisation & monitoring

Board of Directors

The oversight of SproutWorlds work with Environmental, Social, and Governance (“ESG”) and Sustainability is anchored in the board of directors (the “Board”). ESG and sustainability is a part of the annual wheel for the Board, and the Board is briefed about progress on the status and KPI’s agenda continuously and receives an in-depth review at least once a year in connection with the approval of the updated ESG and Sustainability Strategy.

Executive Management

The Management is responsible for carrying out sustainability due diligence, conducting double materiality assessments, and defining SproutWorlds Sustainability and ESG Strategy and action plan. The Management, together with the Board, is responsible for ensuring that the corporate strategy considers and addresses Sustainability and ESG impacts, risks, and opportunities.

The Management is responsible for allocating adequate resources to comply with the Policy.

Sustainability and ESG

The Sustainability and ESG strategy, action plan, defined targets, implementation of new initiatives, and daily operations of already existing business processes are implemented by SproutWorld’s Sustainability team and relevant employees from other business areas. Existing processes include, but are not limited to, the collection of all relevant sustainability and ESG data, progress towards defined targets, and annual reporting on sustainability and ESG performance.

Implementations

SproutWorld seeks to align its processes with the minimum requirements set out in the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises.

In practice, SproutWorld is a Sedex member, and our Tier 1 suppliers are SEMTA 4 audited.

This is SproutWorld’s way of doing our prework for the Corporate sustainability due diligence Directive - to identify how we may cause, contribute to, or be linked to potential and actual adverse impacts on internationally proclaimed human rights stated in the International Bill of Human Rights and the core labor rights derived from the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work. Sedex’s methodology and tools are built on these frameworks.

SproutWorld uses the Sedex framework and supplier engagement targets to prevent and mitigate identified adverse impacts and track implementation. In instances if an adverse impact occurs, SproutWorld will seek to provide access to remedy (such as apologies, restitution, rehabilitation, financial or non-financial compensation, etc.)

SproutWorld’s commitment to sustainability includes understanding and measuring how the business model and products impact people as well as the environment across the value

chain. SproutWorld is committed to conducting a double materiality assessment (the "DMA") to understand and manage our impact on the environment, people, and any related financial effect thereof.

The DMA approach allows SproutWorld to continually manage and improve the way we impact sustainability matters such as but not limited to:

- Climate Change
- Pollution
- Water and Marine Resources
- Biodiversity and Ecosystems
- Resources Use and Circular Economy
- Own Workforce
- Workers in the Value Chain
- Affected Communities
- Consumers and End-users
- Business Conduct

As SproutWorld develops and matures its efforts, we will set ambitious targets and communicate transparently about any progress and challenges in the annual sustainability reporting.

TARGET SETTING

SproutWorld is committed to disclosing targets related to material sustainability matters. If specific targets have not been defined yet, SproutWorld will communicate the reason and expected timeframe to adopt targets.
Science-Based Targets Initiative (SBTi)
SproutWorld became a signatory to science-based targets (SBTi) in 2022 and commits to:

1. Reducing our scope 1 and 2 greenhouse gas ("GHG") emissions by 50% by 2025 from a 2021 base year
2. Measuring and reducing scope 3 emissions
3. Track Net Zero with a total of 90% reduction in 2029

The KPIs are:

In the future, we will do the accounting on activity-based data.
- KPIs for scopes 1 and 2 based on CO2 eq per head.
- KPIs for scope 3 based on the percentage of total turnover.
- Sub-KPIs.

Annually, SproutWorld must report its performance on the KPIs which can impact our financial expenses upwards or downwards depending on the performance.

Targets set out in the Sustainability Strategy

SproutWorld is committed to several specific targets:

- Environment: Reduce scope 1 and scope 2 GHG emissions by 50% before 2025 compared to the 2021 baseline
- Environment: No use of single-use plastic by 2025
- Social: Workers Engagement and satisfaction score to be at least 40 eNPS/8
- Social: Employee turnover to be below 10%
- Governance: Develop SproutWorld's Supplier Engagement Targets and convert them into a policy by 2025; Add Zero for Suppliers
- Governance: Develop SproutWorld's Workers Decision Making policy by 2025, Add Zero for Workers
- Governance: convert SproutWorld Packaging guidelines into a policy by 2025
- Governance: Biodiversity impact and emission footprint included in the business case for new products

From Medio 2024 and afterward, Sustainability and ESG risks are addressed in a business risk assessment conducted by SproutWorld's executive management (the "Management") and overseen by the Board.

Furthermore, SproutWorld is committed to several topics, where specific targets have not yet been defined mainly due to a lack of solid metrics and data points. The most material topics are:

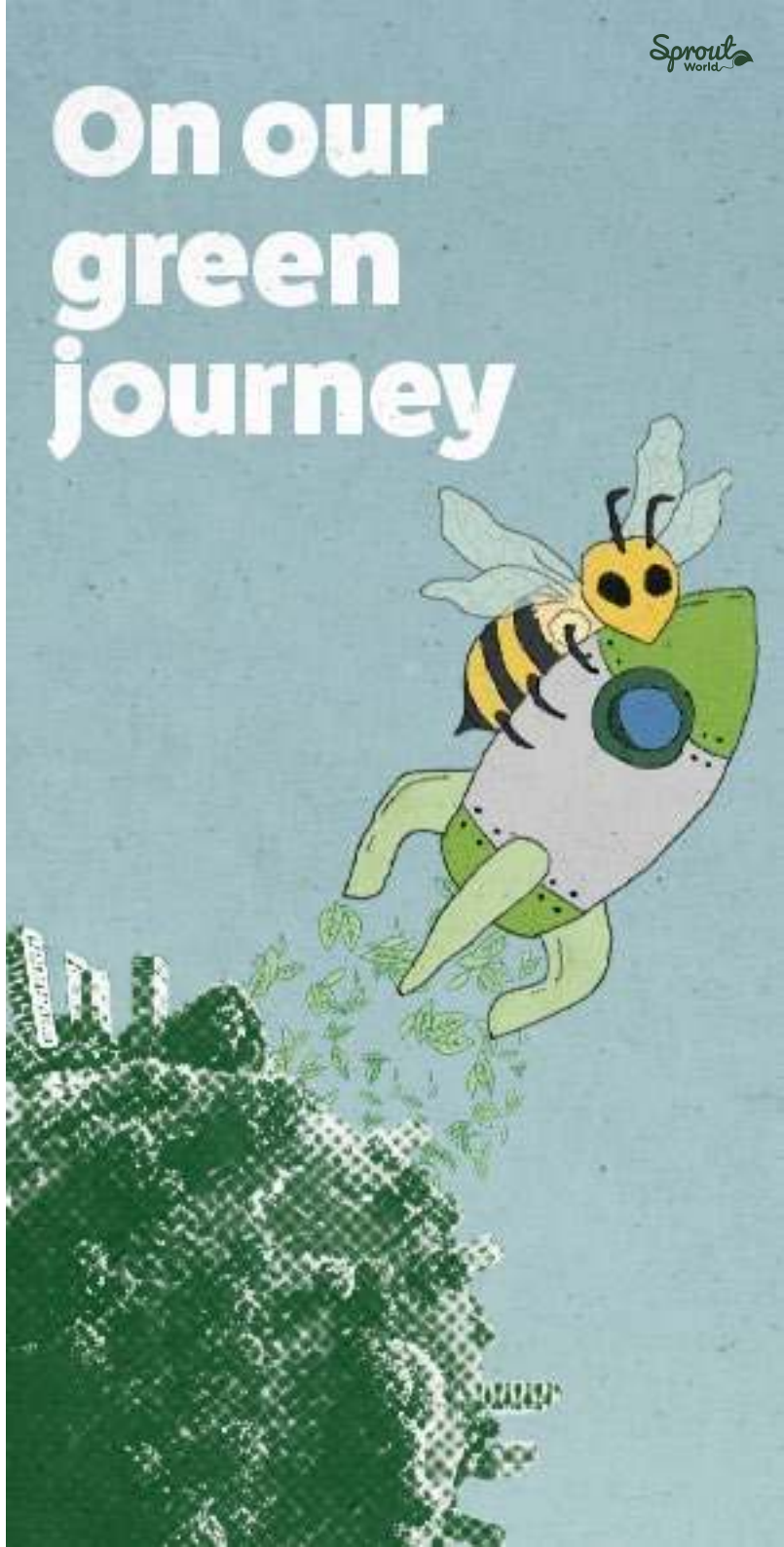
- Use of responsible packaging
- Use of materials eligible for recycling/ second-life
- Product waste management
- Monitoring SproutWorld's suppliers' Engagement Targets and progress

SproutWorld expects to define these specific targets within 1-3 years from January 2024.

Reporting

Transparency is an embedded element in SproutWorld's sustainability strategy.

Accordingly, SproutWorld is committed to sharing knowledge, insights, and facts with its partners, customers, and stakeholders. Commitment to transparency includes:

- Blockchain
- Future reporting will be inspired by the Corporate Sustainability Reporting Directive (CSRD)and European Sustainability Reporting Standards (ESRS)
- Following UN Global Compact reporting requirements
- Publishing the yearly sustainability report on the website together with the SproutWorld Code of Conduct and important sustainability policies
- Keep track of all stakeholders and improvements as a B Corp member

All changes to the Policy must be adopted by the Board and the Policy must be reviewed on an ongoing basis and at least once a year.