

# OUR

WESTWING GROUP SE SUSTAINABILITY REPORT 2022

## WESTWING

# Sustainability journey











**INTRO** WESTWING GROUP OUR SUSTAINABILITY STRATEGY TARGETS & HIGHLIGHTS

SUPPLIER ENGAGEMENT DRIVING POSITIVE IMPACT MATERIALS & PACKAGING SOURCING RESPONSIBLY PLANET & PEOPLE BEING PART OF THE SOLUTION

<u>29</u>

<u>03</u>

<u>06</u>

<u>14</u>

<u>19</u>





SUSTAINABLE CHOICES OFFERING MORE SUSTAINABLE PRODUCTS

**APPENDIX** OUR SUSTAINABILITY KPIs

<u>37</u>

<u>41</u>



# About Westwing

e are a home and living company, offering an inspiration-based shoppable magazine alongside a permanent product assortment. Since our inception in 2011, our business model has been based on the idea of an exclusive online concept store. Our integrated platform combines our Shop (Permanent Assortment), Club Sales (Daily Themes), own Stores, external channels and our Studio - with the Westwing Collection at the heart of our commercial model:



Our purpose is to be Europe's number one eCommerce provider for products that enable beautiful living by exciting people to create homes that unlock the full beauty of life. Sustainability is integral to this vision. We aim to enable and inspire our customers to make conscious, well-informed purchasing decisions and we work to improve our impact on the planet and the people within our operations and supply chain.

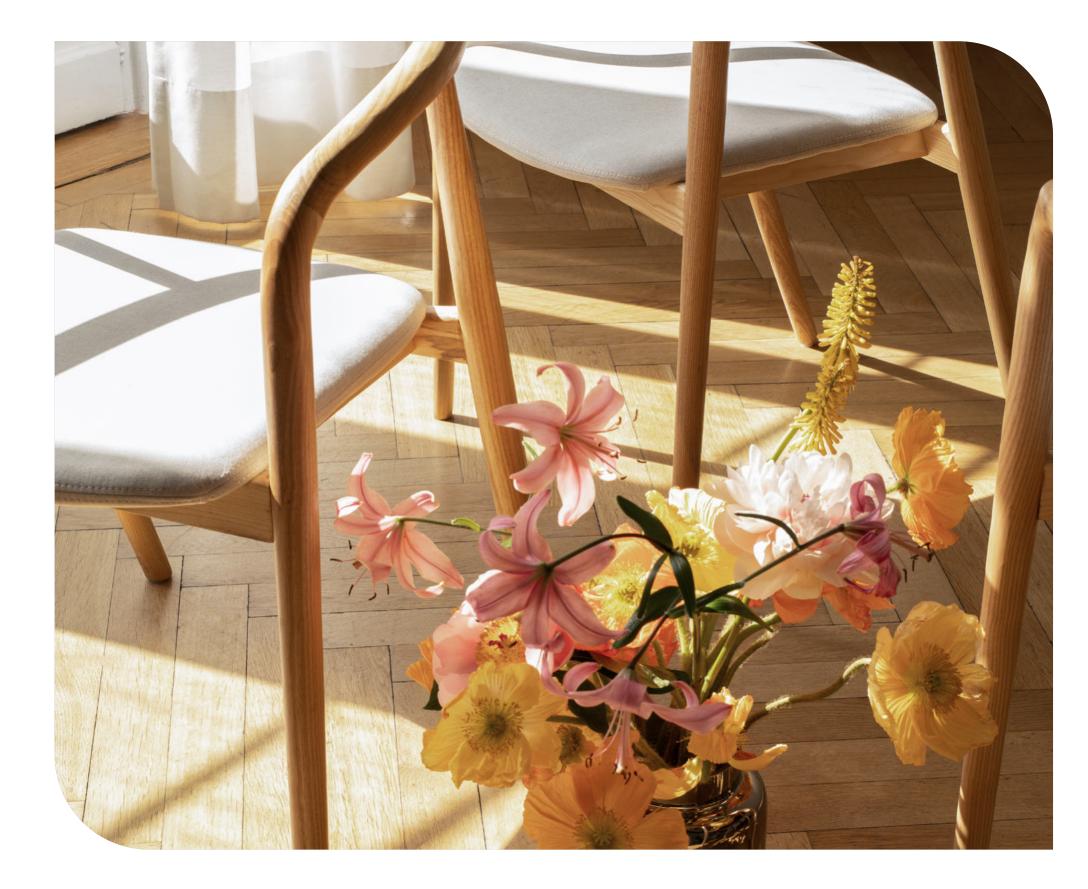


Founded in 2011 in Munich, Germany 71 nationalities **1.3** million active customers 

INTRO

- 1,729 Global Team Members representing
- EUR 431m revenue in 2022 across 11 countries
- Process more than f 3 million orders annually
- 82% of orders come from our repeat customers
- Offices in Barcelona, Milan, Munich (HQ), Warsaw
- Logistics centers in Barcelona, Milan, Poznan (x3), Warsaw

SUSTAINABLE CHOICES



At Westwing, we believe there is a sustainable way to live beautifully. We are here to create it by designing honest products and exciting our customers to live and enjoy a more sustainable lifestyle: To shape the future of our homes and those of coming generations.

04

# A message from our CEO and our Founder & Chief Creative Officer

Our sustainability approach is based on the belief that our customers can choose to live both beautifully and sustainably.

s the world continues to face new and accelerated environmental, social and economic challenges, it's vital we take responsibility and address our own contribution to these issues – both as individuals and as a company.

We see sustainability as a driver of growth and as a central part of our creative process. We are committed to making the best contribution we can to people and the planet as our business continues to develop, which is why we identified sustainability as one of the pillars of our company strategy.

Our sustainability approach is based on the belief that our customers can choose to live both beautifully and sustainably. This remained our guiding focus in this second year of progressing and reporting against our strategy, as we continued to consolidate and expand our sustainability efforts.

We are pleased to have made significant progress on priority issues such as committing to develop our science-based greenhouse gas

emissions reduction targets. We also increased the use of certified wood, cotton, and animal by-products and – as a result – the share of products sold that we classify as "sustainable". This is an important enabler for our customers to make conscious purchasing decisions. Our approach to addressing supplier environmental and social impacts continues to evolve to include more stringent requirements and a wider scope for supplier assessments.

Our amazing team is the driving force behind all these efforts. This year, we further integrated sustainability into our business strategy and all our departments confirmed how their teams will contribute to our overall sustainability aims - so that sustainability can become part of everyone's aspirations at Westwing.

Our customers are increasingly searching for more sustainable options as they curate their homes with fewer, high quality, timeless items. Our priorities therefore include continuing to improve the sustainability credentials of our products - especially through our Westwing Collection, where we can have the most impact,

as well as collaborating with our suppliers and partners to reach our ambitious targets.

We will also continue to engage and inspire our customers by interacting with them about our sustainability approach and progress, and by offering them choices that match their priorities. Ultimately, we want to establish ourselves as a brand and retailer known and loved by our customers for putting sustainability at the heart of our business.



ALdread

**DR. ANDREAS HOERNING** Chief Executive Officer Westwing



**DELIA LACHANCE** Founder & Chief Creative Officer Westwing



SUSTAINABLE CHOICES

# Our Sustainability Strategy 2030

s we publish our second sustainability report and complete year two of implementing our Sustainability Strategy 2030, our journey continues to evolve. The need for all organizations to reduce negative impacts on people and the planet has never been greater, and a wealth of upcoming regulatory requirements emphasize the importance of reporting and transparency about more sustainable products and services. At the same time, the interest of our customers and wider stakeholders in our sustainability performance continues to grow.

This year, our efforts to progress against our strategic goals intensified and we worked to increase the level of disclosure across our core areas of focus: Supplier Engagement, Materials & Packaging, Planet & People, and Sustainable Choices.

Westwing is now a proud participant of the UN Global Compact (UNGC), and early in 2022 we committed to setting greenhouse gas emissions reduction targets in line with the Science Based Targets initiative's criteria.

"Our 2030 Sustainability Strategy is aligned with the principles and the mission of the United Nations Global Compact (UNGC), and in 2022 we became a UNGC member. Our membership underpins our commitment for a more sustainable future, particularly our focus on fair working conditions. Participation will provide Westwing with access to the necessary tools, training and stakeholder networks to further its work on human rights, labor and the environment. It will also enable us to take strategic

actions to advance broader societal goals with an emphasis on collaboration and innovation.





06

Westwing



SUSTAINABLE CHOICES

# Our targets

Focus area	Priority topics	Goals	Targets
Supplier Engagement	Supplier impacts: We work closely with suppliers and brand partners to address their social and environmental impacts.	<ul> <li>Enhance the social and environmental performance of our suppliers</li> <li>Brand partners to be aligned with sustainability standards</li> </ul>	<ul> <li>100% of Westwing Collection suppliers to regularly by 2025</li> <li>50% of Westwing Collection suppliers by volume to have established environment, management systems<sup>2</sup> by 2028</li> <li>Brand partners to be aligned with our sussiandards by 2027</li> </ul>
Materials & Packaging	Material sourcing: We want to create inspiring products using high quality, sustainable materials. <sup>1</sup>	<ul> <li>Increase the share of sustainable materials in our products</li> <li>Eliminate hazardous materials and exclude the use of toxic chemicals</li> </ul>	<ul> <li>In our Westwing Collection products:</li> <li>Use more than 90% certified<sup>3</sup> sustainable</li> <li>Use more than 90% certified<sup>4</sup> organic, represensibly sourced cotton by 2026</li> <li>Use more than 90% responsibly<sup>5</sup> sourced products by 2026</li> <li>Increase the share of recycled content in</li> <li>Eliminate hazardous materials and excluditories toxic chemicals</li> </ul>
	Packaging: We work to reduce the environmental impacts of packaging materials and reduce the amount of resources used to make our packaging.	<ul> <li>Reduce amount of packaging</li> <li>Reduce use of virgin materials</li> <li>Reduce use of more harmful materials for the environment</li> <li>Reduce packaging going to landfill</li> </ul>	<ul> <li>Reduce the amount of packaging<sup>6</sup> used b</li> <li>Eliminate single-use plastics and increase recycled plastics (Westwing's own package)</li> <li>Reduce foam material (Westwing's own packaging by 2028 Collection products)</li> <li>Make more than 90% of Westwing's own recyclable or compostable by 2028</li> <li>Reuse, recover, or recycle more than 90%</li> </ul>

#### Key SDGs supported

- to be evaluated
- by purchase order ntal and social
- ustainability





15 LIFE ON LAND

.

- ble wood by 2026 recycled, and/or
- ed animal by-
- in the plastics used
- ude the use of



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- by Westwing
- se the use of
- (aging
- n packaging)
- 8 (Westwing
- vn packaging
- Reuse, recover, or recycle more than 90% of packaging waste generated at our own sites by 2027



Focus area	Priority topics	Goals	Targets			
Planet & People	Fair working conditions: We want to provide our employees with the best possible working conditions.	<ul> <li>Operate to the highest standards of health, safety and job satisfaction</li> </ul>	<ul> <li>50% of Westwing Collection suppliers to to measure and improve working condition</li> <li>Maintain Westwing employee satisfaction</li> <li>Avoid accidents in our warehouses</li> </ul>			
	Climate and energy: We prioritize avoiding, reducing and offsetting emissions.	<ul> <li>Avoid, reduce and offset our greenhouse gas emissions</li> </ul>	<ul> <li>Source 100% of overall energy<sup>7</sup> used from sources by 2027</li> <li>Set science-based emission reduction tar</li> <li>Stay climate neutral</li> </ul>			
Sustainable Choices	Responsible marketing and communications: We strive to provide clear and credible information on our products and to inspire our customers to live more sustainably.	<ul> <li>Provide transparent and credible information on the sustainability qualities of our products, and assist our customers to make more sustainable choices</li> </ul>	<ul> <li>A significant share of our products to be as sustainable<sup>8</sup></li> <li>50% of our Westwing Collection product sustainable by 2027</li> <li>A significant share of Westwing's commu dedicated to promoting sustainability</li> </ul>			

- <sup>3</sup> Certifications include FSC®, PEFC.

#### Key SDGs supported



<sup>1</sup> As defined by our <u>Sustainability Labeling (SL) guidelines</u> – read more on <u>page 39</u>.

<sup>2</sup> Environmental and social management systems (e.g., ISO 14000, SA 8000).

<sup>4</sup> Certifications include GOTS, MADE IN GREEN by OEKO-TEX®

<sup>5</sup> Animal by-products include down, feathers, wool, leather and fur.

<sup>6</sup> Inbound for Westwing Collection products, outbound (excluding dropshipping), within warehouse.

<sup>7</sup> Energy includes electricity, heating, cooling, and other fuels for vehicle fleet's trucks.

<sup>8</sup> As defined by our <u>Sustainability Labeling (SL) guidelines</u> – read more on <u>page 39</u>.

SUSTAINABLE CHOICES

## UN Sustainable Development Goals

The United Nations Sustainable Development Goals (UN SDGs) are a set of global goals designed as a blueprint to achieve a better, more sustainable future for all.

Our sustainability work is most relevant to the SDGs where our strategy can have the greatest impact — with a focus on the people who work for Westwing and our suppliers, and the way we make and share our products with our customers:





#### SUSTAINABLE CHOICES

# Stakeholder engagement

ngaging with different stakeholder groups helps us to understand what is important to them, share learnings, tackle joint challenges, and stay accountable for our sustainability performance and progress. Our key stakeholders include:

- **Customers:** In 2022, we communicated about sustainability through LinkedIn and other social media channels, news articles and sustainability information on product web pages, as well as receiving press coverage for our sustainability efforts. We also published our first sustainability report and launched our new corporate sustainability website.
- **Employees:** Our Corporate Sustainability team held information sessions for team members in 2022 on the progress of our sustainability strategy and annual priorities, as well as an "ask us anything" session.
- Suppliers: We work with our suppliers towards continuous improvement of environmental and social performance, from the first point of contact. We use a mix of self-assessments, audits, internal and external audits, on-site visits and ongoing dialogue to identify and address issues.

- Financial stakeholders: We consider ESG ratings a valuable vehicle to track and communicate on our sustainability efforts and progress, and we carefully prioritize which ratings to participate in. In 2022, we actively engaged with:
  - ISS ESG: In the 2022 ISS ESG Corporate Rating we reached a C- score, placing us within the top 30% of our industry.
- MSCI: In 2022, Westwing received a rating of AAA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment, representing a clear improvement from the previous year (rating of A).
- <u>S&P CSA</u>: Westwing scored 29 (out of 100) in the 2022 S&P Global Corporate Sustainability Assessment (score date: February 17, 2023) and performed in the 85<sup>th</sup> percentile in the RTS Retailing industry in the S&P Global Corporate Sustainability Assessment, meaning 85% of companies reached an equal or lower ESG Score.
- <u>CDP</u>: We responded for the first time to the CDP climate questionnaire. In our first year of responding we took the option not to be scored publicly, so that

we could focus on areas for improvement. We will share our score in future years.

**Communities:** A sense of social responsibility and commitment has always been part of our company's DNA. We want to give back to the communities we operate in and create lasting value. To honor this commitment and to fulfill our responsibility to society and our stakeholders, we proactively carry out activities such as corporate volunteering and providing humanitarian aid for refugees.





SUSTAINABLE CHOICES

# Sustainability governance

Many people across our business are involved in overseeing and delivering our sustainability strategy.



# Our value chain

In this report we want to showcase our approach to sustainability at different steps in our value chain. This includes how we work with suppliers and select materials, our impacts on people and the planet, and how we communicate about the sustainability attributes of our products.



	No contraction of the second s		
AREA OF VALUE CHAIN	Supplier Engagement	Materials & Packaging	Planet & People
Our commitment	Partner with our suppliers to develop and continuously improve their environmental and social performance.	Improve the environmental, social and ethical profile of the materials in our products and packaging.	Provide an exceptional work environment that is safe, health and inclusive, with minimal environmental impact.



SUPPLIER ENGAGEMENT

### P

#### Sustainable Choices

thy

Offer more sustainable products, communicate about them transparently, inspire our customers with our collections and enable them to make informed, conscious choices.

SUSTAINABLE CHOICES

# 2022 Sustainability highlights and data

Supplier Engagement

of our non-EU Westwing

Collection suppliers have been audited on social aspects

Strengthened supplier sustainability requirements

Expanded supplier audit scope to include environmental aspects

# 

Materials & Packaging

Developed a packaging improvement roadmap for our European Logistics Center in Poland

Increased the use of FSC®certified wood to

in our Westwing Collection

Became a member of Better Cotton and got certified to Global Recycled Standard and Global **Organic Textile Standard** 

### 

Planet & People

Committed to the Science Based Targets initiative (SBTi) to help limit global warming to

b°C

Renewable electricity accounted for

of our total electricity use

of team members rate their satisfaction working at Westwing as good or very good

Delivered women's empowerment insight sessions, hosted Mental Health Week and held our first Social Impact Day

**OUR STRATEGY** 

SUPPLIER ENGAGEMENT



#### Sustainable Choices

More than

products are identified as "sustainable" <sup>1</sup> in our Shop, representing 29% of our Westwing Collection assortment

Launched more than

group-wide "We Care" campaigns

<sup>1</sup> As defined by our <u>Sustainability Labeling (SL) guidelines</u> – read more on <u>page 39</u>.

SUSTAINABLE CHOICES

# Supplier Engagement

We take our commitment to sustainability and human rights in our supply chain very seriously. By working with our suppliers to develop and continually improve their environmental and social performance we can together have a positive impact.



#### SUSTAINABLE CHOICES

# Partnering with our suppliers for positive impact

# Where do our Westwing Collection products come from?



202 factories: Decor (59), Furniture (70), Lighting (16), Textiles (57)

- Non-EU factories: Bosnia, China, India, Indonesia, Thailand, Turkey, Ukraine, Vietnam
- EU factories: Bulgaria, Czech Republic, Estonia, Germany, Hungary, Lithuania, Poland, Portugal, Spain, Sweden



#### Engaging with our suppliers

Our supply chain is a big part of our story. It includes the people and processes behind our products, and accounts for the largest proportion of our social and environmental footprint. By working with our suppliers including manufacturers that make products on our behalf (Westwing Collection) or brands whose products we sell (third-party suppliers) — we can influence positive change and reduce our impact on people and the planet.

#### Westwing Collection suppliers

We have the most influence over our Westwing Collection suppliers who work with us directly. Our approach is to develop partnerships with all these suppliers, focusing on strategic and key suppliers. We communicate our expectations, encourage suppliers to share details of their processes and performance with us and support them if they face difficulties.

This year we enhanced our requirements for new suppliers, and we are increasing our focus on environmental topics, including the use of chemicals.

We strengthened our onboarding process – the series of steps we take before approving a supplier – by increasing the level of information new suppliers need to provide on their social and environmental performance. These changes help us to begin new relationships with a better overview of potential areas for improvement.

We also developed a new Environmental Assessment Checklist covering issues such as energy, water use, and chemical management, and piloted this with select suppliers across our EU and non-EU sourcing countries. We will use the results of this trial to tailor our supplier environmental training and to refine the assessment process before launching it more widely in 2023.

For our non-EU suppliers, we confirmed which third-party social audit schemes we accept (see right) and developed our procedures for handling non-compliance cases. In December 2022, 96% of our non-EU suppliers were covered by valid social audits. The remaining 4% with expired audits are in the process of being re-audited. The main reason for the delay was the impact of Covid-19 travel restrictions in place at the end of at the end of 2022, and the re-audits will be performed as soon as these areas are accessible again.



## What are social audits?

We use third-party inspections to provide useful insights into the working conditions in our Westwing Collection suppliers' facilities. These social audits assess international and local standards of labor, health and safety, and business ethics. We accept several different auditing schemes:

<u>amfori BSCI</u> evaluates suppliers on 11 principles – from fair remuneration to no child labor – using approved auditor companies.

<u>SMETA</u> evaluates labor standards, health and safety, business ethics and environmental standards using approved auditor companies.

<u>SA8000</u> assesses suppliers against nine standards – including forced labor and working hours – using approved auditor companies.<sup>1</sup>

<sup>1</sup> Applicable for Westwing suppliers in China and Vietnam only.

SUSTAINABLE CHOICES

#### Third-party suppliers

We aim to work with third-party suppliers who share our social and environmental goals. In 2022, we added our Supplier Code of Conduct and our product labeling requirements to third-party supplier contractual agreements. By the end of the year, all third-party suppliers of products we offer in our Permanent Assortment had signed our Supplier Code of Conduct.

We also engaged more systematically with key third-party brand partners for our Daily Themes and piloted our Supplier Code of Conduct with select third-party partners. This is the first step towards achieving our 2027 target of having our brand partners aligned with our sustainability standards.

## Key data

Westwing Collection suppliers: 96% of non-EU suppliers were covered with valid social audits.

Third party suppliers: 100% of third-party suppliers in our Permanent Assortment have signed our Code of Conduct.

#### Plans for 2023

Our focus for the year ahead is to increase transparency and social and environmental compliance by extending our engagement with Westwing Collection suppliers, including expanding our social and environmental audit coverage to EU suppliers.

In 2023, we will:

- Pilot our social audits and continue with the environmental assessment of our largest EU suppliers.
- Train non-EU Westwing Collection suppliers on working conditions and deliver environmental assessments and training of key Westwing Collection suppliers.
- Work with our strategic non-EU Westwing Collection suppliers to improve their social audit ratings by implementing dedicated corrective action plans — step-by-step processes to resolve issues identified by assessments or audits.
- Continue to evaluate whether our Westwing Collection suppliers have environmental and social management systems in place and assist those that do not towards implementing such systems.
- Ensure that all new brand partners and a significant share of existing partners sign the Supplier Code of Conduct.



#### WESTWING GROUP SE SUSTAINABILITY REPORT 2022

SUSTAINABLE CHOICES

## Driving positive change in our supply chain

We maintain a continual dialogue with suppliers as part of our ongoing engagement processes, including dedicated meetings and training courses with key suppliers alongside assessments and audits. We want to know how we can address suppliers' questions and concerns, and how we can best make a difference while taking their needs and capabilities into account. We use audit results and supplier dialogue to constantly evaluate performance and to devise appropriate improvement plans.

In 2022, for example, when one of our non-EU suppliers was unable to fulfill all aspects of the social audit and ensure compliance with our requirements, we worked directly with them to agree on a way forward and to ensure necessary improvements are made on the issues identified by the next social audit. This demonstrates the importance of a partnership approach to working with suppliers towards improvement, including constant dialogue alongside audits and assessments.

We also conduct audits to identify and resolve any "zero tolerance" issues, to ensure suppliers are meeting our requirements. "Zero tolerance" issues are those that must be resolved swiftly for suppliers to continue working with us. These issues include evidence of forced or child labor (so far, no such issues have been identified), illegal extension of buildings and missing certificates, permits or licenses.

"Thanks for all the productive and positive inputs from your side and consistent efforts put in by the buyer. This helped to drive us all in the right direction.

**SUPPLIER AGENT** Ascent Sourcing



SUPPLIER ENGAGEMENT

#### WESTWING GROUP SE SUSTAINABILITY REPORT 2022

SUSTAINABLE CHOICES

# Materials & Packaging

Unsustainable resource use is a significant global challenge and we have set ourselves high targets to reduce our impact throughout our supply chain — with a focus on continuously improving the environmental, social and ethical profile of the materials in our products and packaging.



SUSTAINABLE CHOICES

# Sourcing materials responsibly

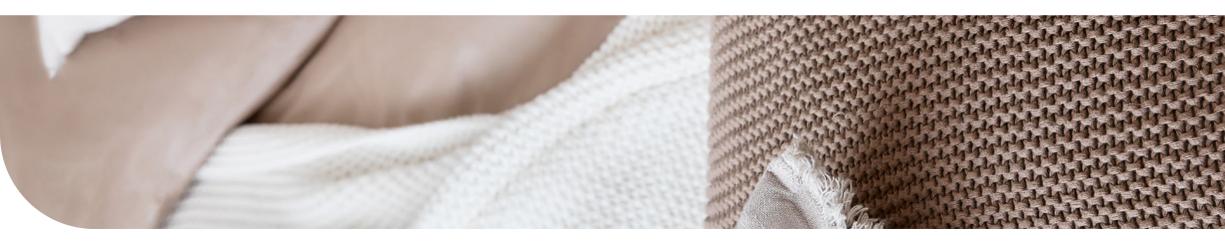
hrough our own products and those we sell on behalf of others we are scaling our use of more sustainable materials as defined by external certifications and standards. We are working towards a future ambition of developing circular approaches to material use.

"Making our product portfolio more sustainable is one of our top priorities. To do so, we will work to increase the sourcing of raw materials that meet recognized standards and certifications. We will also continue taking systematic steps to transition materials in the existing product portfolio to more sustainable options.



# Improving how we make the Westwing Collection

Our team works collaboratively to improve the sustainability credentials of our Westwing Collection. In 2022, we welcomed new team members tasked with managing more sustainable materials and products and increasing our use of recycled materials. We look to external certifications to assure us that the materials we use in our products come from sources with a lower social or environmental impact than might be offered by non-certified sources. We prioritize certifications (see <u>page 21</u>) that trace materials back to their origin so that we have better



SONJA KINDERMANN

Director Product Quality

& Sustainability

SUPPLIER ENGAGEMENT

oversight of their impacts, and we work with suppliers to track and verify their material and product certifications. Our Sustainable Material Grading Guidelines rank materials based on their relative sustainability and highlight preferences for material choices.



## Certifications and standards



#### Better Cotton<sup>TM</sup>

The world's largest sustainability initiative for cotton, with a mission to help cotton communities survive and thrive, while protecting and restoring the environment.



#### <u>Forest Stewardship Council</u>® (FSC®)

Promotes responsible management of the world's forests via timber certification.



#### **Global Recycled Standard** (GRS)

A voluntary product standard for tracking and verifying the content of recycled materials in a final product.



<u>Global Organic Textile Standard</u> (GOTS) The world's leading textile processing standard for organic fibers, including ecological and social criteria.



## Focus on: supporting global forests

We supported FSC® Forest Week 2022 — a global consumer awareness-raising campaign.

As a supporting partner, we contributed to the FSC®'s goal of "Forests Forever - For All" and used the initiative to raise customer awareness on the topic of sustainable forest management via our social media channels.

#### Progress with key materials

This year, we worked closely with our suppliers to substitute key materials in our Westwing Collection portfolio with alternatives that meet specific standards or certifications. We focused on increasing our use of certified organic cotton, switching to wood and wood-based materials from sustainably managed forests, and maintaining the amount of responsibly sourced animal by-products we use — such as down and feathers.

By the end of 2022, we achieved our targets for textiles and furniture: we increased FSC®-certified wood intake to 60% and more sustainably sourced cotton to 31% (GOTS and Better Cotton) for the Westwing Collection.

We became a member of Better Cotton and were certified to GRS. We are in the process of obtaining certification of the Responsible Wool Standard (RWS) and we maintained existing certifications and licenses, including FSC® and GOTS. According to a <u>European Union</u> <u>Timber Regulation (EUTR)</u> assessment we have an effective due diligence process in place that helps us gain visibility of the origin of our woodbased materials from outside of the EU.

Beyond textiles and wood there is a limited range of sustainability standards, certifications and definitions for other materials such as metal, glass and ceramics. We are committed to working with industry partners to identify innovative solutions. Overall, more industry-wide research is needed to improve the effectiveness and coverage of certification schemes.

#### Plans for 2023

Our 2023 focus is to systematically continue to increase the percentage of more sustainable wood, cotton and animal by-products we use within the Westwing Collection, as well as turning our attention to other materials, such as recycled plastics.

In 2023, we will also:

- Explore innovative technologies in the materials industry to create a capsule collection and identify flagship products for pilot carbon footprint calculations.
- Explore the potential for certifications that apply to finished products rather than specific materials.
- Review and further refine our Sustainable Material Grading Guidelines alongside our current material certifications, to enable better decision-making by our buyers and suppliers.
- Work to achieve Responsible Wool Standard (RWS) certification, a global voluntary standard that addresses the welfare of sheep and of the land they graze on.

## Key data: Westwing Collection

60% of wood certified by FSC® (8% in 2021).
31% more sustainably sourced cotton, either GOTS certified or Better Cotton (7% in 2021).
33% responsibly sourced animal by-products, certified by one of the following: Leather Working Group, Naturleder IVN, Global Traceable Down Standard, Responsible Down Standard or Downpass (39% in 2021).



SUSTAINABLE CHOICES

## Integrating more sustainable materials into our products: the Lennon sofa

As we design our products and source materials, we are guided by our values of living beautifully and sustainably. Integrating more sustainable materials into our products takes time. We search until we are certain we have found the right materials without compromising our values.

One product that has evolved over the years is our best-selling Lennon sofa which is at the heart of our Westwing Collection. Although we were apprehensive about changing a product so beloved by our customers, we were determined to improve its sustainability credentials as part of our overall commitment to reduce our environmental footprint.

The design remains unchanged – Lennon's timeless esthetic and high-quality construction means it will last and be loved in homes for many years. Beyond its enduring appeal, Lennon now includes some important additional sustainability-related attributes. By looking at the major components used in Lennon and checking them against our Sustainable Labeling Guidelines we determined what could be made more sustainable and we worked with our suppliers to achieve this.

- Wooden frame: FSC®-certified wood<sup>1</sup>
- Upholstery fabric: OEKO-Tex 100 certified<sup>2</sup>
- Foam: CertiPUR<sup>™</sup> certified polyurethane foam<sup>3</sup>
- Packaging: updated according to our Sustainable Packaging Guidelines, using recycled plastic foil and paper carton

In 2023, we will carry out a social and environmental audit of the factory where the sofa is manufactured. As with all our products, we will continue to source materials for the Lennon sofa with care, ensuring we make the best possible choices as we progress on our sustainability journey.



<sup>1</sup> This product is made from sustainably sourced wood that is FSC® certified N003477. The Forest Stewardship Council (FSC®) ensures economically viable, socially and environmentally sustainable management of the world's forests. The FSC® seal guarantees that wood products come from responsibly managed forests or other responsible sources that uphold community rights and protect.

#### WESTWING GROUP SE SUSTAINABILITY REPORT 2022

# Rethinking product packaging

ffective product packaging is vital to maintain product quality and ensure a safe and damage-free delivery to our • customers. At Westwing we continually strive to find the most sustainable ways to protect our products – whether this is the packaging used for our Westwing Collection products or any other packaging used to deliver to our customers.

"Creating cost-effective packaging solutions that protect our products while also continuing to reduce environmental impact is a

team effort. Our packaging engineers work closely with external packaging firms to explore and test new alternatives for specific materials until they find a viable solution. We apply this continual process of learning and improvement across all our packaging materials.

**NICOLE HAIN** Senior Sustainability Manager Westwing





Defining and moving towards more sustainable packaging

We have set ambitious goals to reduce our overall packaging consumption and to increase the share of recycled materials for the packaging we do use. We continually work with our suppliers to identify more sustainable alternatives as they become available.

Our commitment to improving our packaging includes plans to eliminate foams, replace virgin plastics with recycled plastics or paper to increase the amount of paper we use that is recycled and either recyclable or compostable, and reduce our use of packaging materials overall. These targets are informed by our Sustainable Packaging Guidelines (SPGs).



SUSTAINABLE CHOICES

#### Westwing Collection packaging

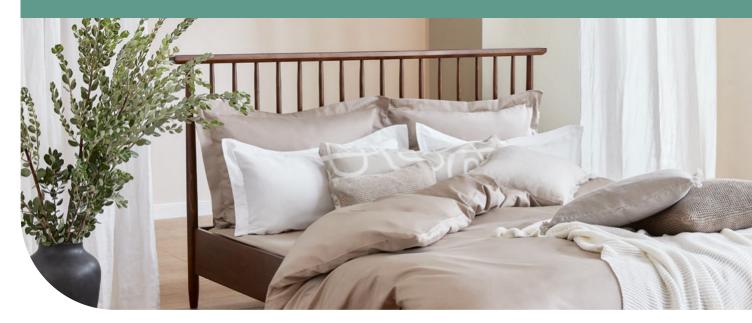
We work with our suppliers to support them in following our SPGs. This includes helping them to understand why and how we want to transition from using materials such as foams and virgin plastic bags to those with lower environmental impacts — including paper solutions or plastic bags with increased recycled content. This conversation begins from the moment we start working with a new supplier. We collaborate to find sources of packaging materials that meet our requirements and test options until suitable solutions are found. In 2022, 90% of our suppliers provided packaging solutions in line with our sustainability requirements as defined in our SPGs.

Also in 2022:

- We worked with suppliers to ensure 80% of our Westwing Collection packaging does not contain plastic foam materials, including Styrofoam.
- We reached 25% FSC®-certified materials for the cardboard and paper packaging used for Westwing Collection products.
- We increased the percentage of recycled content in our shipping boxes from 70% to 80%.
- We finished the switch to using 100% paperbased filling to protect Westwing Collection products within shipping boxes.

## Focus on: small successes – Westwing Collection packaging

We have replaced the textile ribbons (which may include plastic) used for our Westwing Collection textiles packaging with FSC®-certified paper bands — avoiding roughly 38,000 meters of ribbon a year. We also changed our rug packaging from turquoise bags to transparent bags, which are easier to recycle and contain recycled content. We are working towards making all bags used to ship our textiles to customers 100% recycled and 100% recyclable.



#### WESTWING GROUP SE SUSTAINABILITY REPORT 2022



SUSTAINABLE CHOICES

## Switching packaging materials in the Westwing Collection



#### We're moving from...

Virgin materials Single-use plastic packaging Paper and cardboard Styrofoam

... towards

**Recycled** materials

Nothing/recycled plastic/paper-based options

FSC®-certified cardboard and paper packaging for our outer shells/boxes

Eliminating Styrofoam. Most other foams we replace or substitute for paper or other alternatives (e.g. recycled plastic)

#### We ask our suppliers never to use items such as...

- Paper with silicone or plastic coating
- Staples
- Wood/plastic composites
- Certain types of harmful or difficult-to-recycle plastics
- Oil-based inks

I AM A PAPER BAG WITH A ZIPPER MADE OF RECYCLED PLASTIC. Please remove the zipper and recycle me to protect the environment

SUSTAINABLE CHOICES

APPENDIX

## WESTWING COLLECTION

WESTWING GROUP SE SUSTAINABILITY REPORT 2022

#### Plans for 2023: Westwing Collection packaging

We will continue to work towards our packaging goals by focusing on reducing our packaging consumption and collaborating with suppliers to source and switch to more sustainable options.

For example, in 2023 we will:

- Focus on eliminating single-use plastics and Styrofoam.
- Work to replace virgin plastics with recycled plastics.
- Increase the share of FSC®-certified paper packaging.



# Our search for more sustainable packaging solutions

Reducing the impact of our packaging is not straightforward. When comparing two materials we must consider the environmental impact, the cost and availability of materials in different markets, and how well the material protects our products from damage. We often use a "drop test" to gauge how effectively a product is protected by the packaging if it were to be dropped on the ground.

In 2022, finding alternatives to Styrofoam for our Westwing Collection packaging was our biggest challenge — particularly for large, heavy, fragile products that require significant protection from damage. Styrofoam is a commonly used, lightweight material that can be formed into any shape or size. It is also made of a plastic that cannot easily be recycled — for example due to lack of suitable local recycling facilities. The only viable alternative is paper, but there are very few affordable and widely available alternatives that provide the same level of protection for products.

After testing several options over a four-month period, and several failed "drop tests", we found paper formed into a honeycomb structure to be the best solution. The honeycomb can be adapted to different shapes and sizes, and it provides enough cushioning to help prevent damage. However, this paper-based option adds more weight to the packaging, leading to a different set of environmental impacts. We will carry on working with our suppliers to increase our understanding of the trade-offs involved in different packaging materials and find the best solutions possible. We are always on the lookout for better options as packaging innovations.

#### All other Westwing packaging

In early 2022, we developed a packaging improvement roadmap focusing on our European Logistics Center (ELC) located in Poland – our largest logistics center. The roadmap, informed by engagement with stakeholders including our customers and warehouse staff, identifies the packaging improvements that can have the greatest impact, based on the type of materials used and the packaging processes in place. For example, we have changed the plastic foil shipping bags used in our ELC and Italian Logistics Center to recycled foil bags.

#### Plans for 2023: all other packaging

- Build a comprehensive packaging database and further standardize our packaging data collection.
- Implement measures to reduce our overall consumption of materials.
- Start replacing virgin cushioning paper for deliveries to customers with shredded and reused supplier boxes.
- Replace the cushioning foil used in customer product deliveries with a viable alternative that has at least 60% recycled content and reduce the amount of cushioning foil used overall.
- Reduce stretch foil used in packaging.
- Replace virgin plastic cushion bubbles with more sustainable alternatives.
- Eliminate foams from our warehouse packaging portfolio, replacing them with plastic-free materials.

INTRO

## Focus on: small successes —other packaging

In 2022, our European Logistics Center (ELC) switched plate packaging – a small share of our portfolio at 155,000 items – from virgin bubble wrap to 100% recycled cardboard, avoiding 1,560kg of virgin plastics by the end of 2022. In one of our other logistic centers in Poland, we reduced foil stretch wrap usage by 70%. NESTWINC

28

# Key data

95% of all packaging is made from recyclable material.

58% of packaging waste recovered, and/or recycled.

Did you know? box is made from ecycled material.

SUSTAINABLE CHOICES

# Planet & People

As global environmental challenges and social inequity increase, we are committed to being part of the solution. With the impacts of climate change already affecting everyone involved in our value chain, we are working to quantify and reduce our climate footprint across every part of our business.

We invest in providing an exceptional work environment that is safe, healthy and inclusive.



SUSTAINABLE CHOICES

# Taking action on climate change

volving regulations in the European Union and beyond are calling on the retail industry to act faster and go further in reducing and reporting climate impacts. Westwing's understanding of our impact on the climate has grown considerably over the past few years. We owe it to our stakeholders and ourselves to turn this understanding into a plan of action, and to play our part in tackling the climate emergency.

# Understanding our footprint and setting science-based targets

Our climate focus is threefold: understand our greenhouse gas emissions footprint to set realistic targets, avoid and reduce emissions as far as possible – including by increasing operational efficiency and use of renewables – and offset remaining emissions.

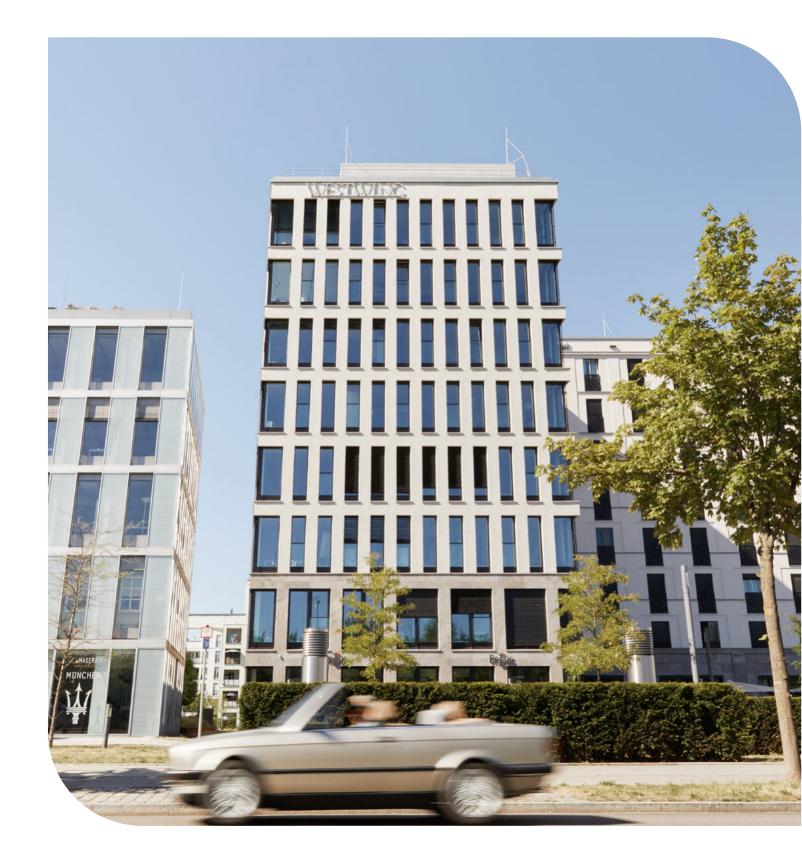
In 2022, we continued our journey towards setting science-based emission reduction targets. Our commitment letter was accepted by the Science Based Targets initiative (SBTi) (see case study on <u>page 33</u>) and we developed draft reduction targets. To begin tackling our largest source of greenhouse gas emissions, our supplier emissions, we also collected data

INTRO

and estimated our Scope 3 emissions, with an emphasis on our own and third-party products.

"Over the last couple of years, we have made significant progress in calculating our carbon footprint and offsetting our emissions. We are now proud to join the growing group of leading corporations setting emission reduction targets in line with climate science. In doing so, we recognize the crucial role the business community can play in minimizing the risk climate change poses to the future of our planet.





**DR. ERASMIA KITOU** Head of Corporate Sustainability Westwing

#### WESTWING GROUP SE SUSTAINABILITY REPORT 2022

SUSTAINABLE CHOICES

#### Reducing our operational emissions

In 2022, we stayed climate neutral in our own operations by purchasing carbon offsets. In the meantime, we are working to further improve the efficiency of our operations, to reduce our footprint and, as a result, reduce the need for offsetting.

Alongside working to improve efficiency in our buildings, logistical efficiency is an ongoing focus for us. For example, by filling trucks to their maximum loads, we can reduce the number of journeys and associated emissions. In 2022, we started to measure and adjust how well we utilize our outbound trucks, with the aim of using as few trucks as possible to ship to our customers reliably and on time. We ensured single items requiring redelivery were shipped alongside other orders. We also use reusable wooden pallets to ship our products.

We have made further progress on switching to renewable energy in our operations, with the aim to reach 100% by 2027. Our delivery service hubs in Munich and Hamburg started running on renewable energy this year, and our newly opened Hamburg store uses renewable electricity. We added solar collectors for heating water and photovoltaic panels at our energy and resource-efficient logistics center in Poland.

As expected, the opening of our new logistics center in Poland contributed to the increase in emissions in Scopes 1, 2 and 3 in comparison to the previous year.



<sup>1</sup> All indirect emissions from business travel, employee commuting, and fuel- and energy-related activities not included in Scope 1 and Scope 2.

SUPPLIER ENGAGEMENT



#### Our GHG emissions by scope



# 22% electricity from renewable sources (13% in 2021).

12,057 tons of carbon emissions offset, maintaining climate neutrality for our operations.

#### Plans for 2023

As we continue the journey to minimize our climate impact, there are some challenges to overcome. We need to strengthen our data systems and internal capacity, as well as engage more closely with our suppliers and partners to better understand their carbon footprint and the emissions of the products we sell to our customers.

Our key goals for 2023 are to finalize and have our carbon emission reduction targets approved by the SBTi, and to develop a carbon reduction strategy and a roadmap to support us in delivering these targets.

In 2023, we will:

- Engage with SBTi and various stakeholders across Westwing to address any gaps and information needs as we finalize our emission reduction targets.
- Define the carbon reduction strategy and roadmap to underpin our targets, focused on tackling emission hotspots, with supporting initiatives and timelines.
- Identify and address energy consumption or efficiency improvement opportunities.
- Increase our use of renewable energy sources such as geothermal and photovoltaics.
- Reduce the climate impact of our logistics \_ and transport operations.
- Start estimating product carbon footprints.

# Behind the technical terms

Setting SBTs shows a company's commitment to address

business. Targets are considered "science-based" if they

necessary to limit global warming to 1.5°C, in alignment

To become climate neutral we reduce emissions as much

as possible through efficiency measures and switching to

renewable sources of energy. We then invest in projects

designed to achieve greenhouse gas (GHG) emissions

reductions equivalent to our remaining emissions.

are in line with what the latest climate science deems

climate change, and to reconsider how it conducts

#### SCIENCE-BASED TARGETS (SBTs)

with the Paris Climate Agreement.

CLIMATE NEUTRAL

#### SCOPE 2 EMISSIONS

#### **SCOPE 3 EMISSIONS**

#### OFFSETTING

Offsetting, or compensating for, GHG emissions means investing in projects that remove carbon dioxide or other GHGs from the atmosphere, for example via reforestation or land restoration. We offset our emissions through ClimatePartner, an organization that helps us to identify verified projects in places linked to our own operations and those of our suppliers.

<sup>1</sup> Our Scope 3 emissions calculations include, for example, all indirect emissions from business travel, employee commuting, and fuel- and energy-related activities not included in Scope 1 and Scope 2. Our Scope 3 emissions exclude purchased goods and services, capital goods, upstream transportation and distribution, waste generated in operations, upstream leased assets, downstream transportation and distribution, processing of sold products, use of sold products, end-of-life-treatment of sold products, downstream leased assets, franchises, and investments.

32

#### SCOPE 1 EMISSIONS

Direct greenhouse gas emissions from sources that we own and control (for example, on-site fuel combustion and company vehicles).

Indirect greenhouse gas emissions from the generation of purchased electricity, steam, heating and cooling consumed by our operations.

Other indirect emissions that occur in our value chain – for example, those related to our supply chain and our products.<sup>1</sup>



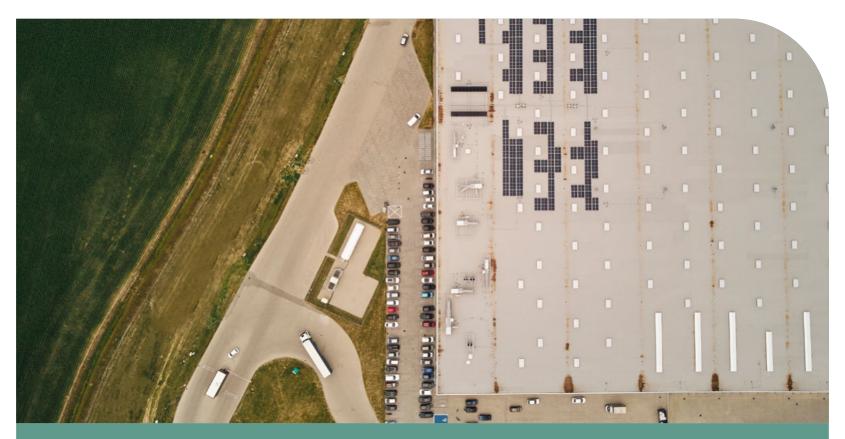
# Our science-based targets journey

Tackling the climate crisis requires a shared, global effort. We are determined to play our part, which is why reducing carbon emissions is one of our key 2030 sustainability goals.

We know that offsetting our operational emissions is not enough – we need to reduce our emissions as much as we can and work with our suppliers to do the same. Using the methodology provided by the <u>Science Based Targets initiative</u> (SBTi), we have committed to developing emissions targets that will help us move forward in line with the Paris Climate Agreement. We are aiming to have our targets ready in 2023. The SBTi requires targets that are aligned with science and at a minimum, contribute to a scenario limiting global temperature increase above pre-industrial levels to 1.5°C.

We started by focusing on Scope 1 and 2 emissions – strengthening our data systems so that we understand our operational and transport related emissions. We have looked at how these emissions might evolve in the future, confirmed gaps in the data, and identified our most significant opportunities for positive impact. In addition, we reviewed our peers' emissions targets to guide the level of ambition for our own target development.

Next, we will finalize our Scope 3 emission calculations (the emissions associated with our supply chain and products) and propose science-based emission reduction targets ready for approval by SBTi.



### Focus on: more sustainable buildings

In 2022, we opened our new logistics center in Poland, which was built with sustainability features such as solar panels to address heating and electricity needs. Other key features of the building include wastewater recovery systems, vehicle charge points, LED lighting, enhanced natural light and ventilation systems. The building received a BREEAM certificate in 2022 with a rating of "Very Good".

OUR STRATEGY

SUPPLIER ENGAGEMEN

#### WESTWING GROUP SE SUSTAINABILITY REPORT 2022

SUSTAINABLE CHOICES

# Creating a safe, fulfilling and rewarding workplace

ur people are the heart of Westwing, and it is vital to our business that they feel safe, supported and rewarded at work. We are inspired by our employees' creativity and we are committed to retaining the best talent by listening to our employees and nurturing team spirit. Our Sustainability Strategy prioritizes fair working conditions for our own and our suppliers' employees.

#### Supporting our diverse team members to grow and develop

Overall, we aim to create a fair, flexible and rewarding working environment that supports development and growth, recognizes the value of inclusion and celebrates diversity. We have developed a structured career progression program – the "MyCareer" program – which we launched in 2022 at our headquarters in Munich, and which we will roll out internationally in 2023. The program offers guidance on

career and succession planning, performance management, compensation and benefits, and training. This year, we implemented a consistent title structure and a grading system to provide our employees with a clear idea of their level within the organization and what career paths are available to them.

We also strive to continuously offer opportunities for our employees to improve their skills and grow personally and professionally.

For example, in 2022 we successfully organized a forklift training program for 15 female team members – giving them the opportunity to acquire an important new skill in an otherwise male-dominated field, and challenge existing stereotypes. We also increased support for current or emerging leaders within Westwing by hosting an extensive series of "Leaders of Today & Tomorrow" insight sessions, at which colleagues from different departments shared their knowledge.



## Westwing workplace culture

We have a strong and supportive workplace culture at Westwing, underpinned by a focus on career development, valuing everyone's opinions, and nurturing team spirit.

<u>Read more</u> about our company and values.

#### WESTWING GROUP SE SUSTAINABILITY REPORT 2022

SUSTAINABLE CHOICES

#### Health, safety and wellbeing

One of our main priorities is to support our employees' health, safety and mental wellbeing. In 2022, we hosted our first Mental Health Week in Munich and Poland, with meditation sessions and workshops with health and wellness experts. We also continued to operate the Westwing Academy – a comprehensive program focusing on avoiding accidents, providing practical tips for handling materials, and fostering leadership skills at our European Logistics Centre in Poland.

#### Listening and improving

We keep track of how we are doing and what we can improve by engaging with our employees through bi-annual pulse check surveys. In our latest survey, 95% of our employees felt a strong sense of belonging to their team, and 85% rated their satisfaction as good or very good. Our employees said they most appreciate our support and flexibility and highlighted "creating more career development opportunities" as a potential area for improvement.

#### Giving back to our communities

We want to create lasting value in the communities in which we operate. We support our employees' participation in corporate citizenship activities such as volunteering, and we held our first Social Impact Day in 2022 (see case study page 36). Around 250 employees volunteered for 25 different projects, ranging from collecting waste to caring for senior care home residents, helping refugees with job application coaching and working with the Animal Welfare Society. Read more about our approach to corporate citizenship.

The war in Ukraine personally impacted many of our employees, and we prepared packages of bedding, towels and other necessary amenities for refugees and provided accommodation for several Ukrainian families, as well as psychological and legal support.

# Key data



1,729 employees representing 71 nationalities



59% female team members in total workforce





20 work-related accidents resulting in lost days of team members at our logistics centers

85% of all team members rating their satisfaction as good or very good in pulse check surveys



52% of female team leads

SUSTAINABLE CHOICES

#### Plans for 2023

Our ongoing priorities are to provide a healthy and safe working environment for employees, ensure their physical and mental wellbeing, and offer training and career development opportunities.

In 2023 we will:

- Continue the Westwing Academy, adjusting and adding to the program's content and themes.
- Design structured criteria to assess performance to provide clear career paths and guidelines for progressing within the company.
- Strengthen our feedback systems by introducing 360° performance feedback and launching OfficeVibe — a platform where employees can provide regular anonymous feedback to Westwing and their leaders and give kudos to their peers.
- Build further on our initial 2022 work to evaluate which initiatives and programs our suppliers have in place to improve working conditions.



## Joining together to support our communities

A commitment to positive social impact is deeply ingrained in Westwing's values. In response to feedback from our employees that they wanted to play a more active role in these efforts, in April 2022 we held the first Westwing Social Impact Day.

We offered one working day to each employee for volunteering activities. Our teams used their working hours to volunteer in different local and remote projects, ranging from animal welfare to environmental and social volunteering. Due to the recent events in Ukraine, each team member was given the option to use their day off to volunteer for Ukrainian projects on any day that help was needed.

Read more and watch some of our Social Impact Day participants sharing their experience <u>here</u>.

Social Impact Day in numbers

248 participants across 25 projects

1,360 hours volunteered





#### >10,000 cigarette butts collected





SUSTAINABLE CHOICES

# Sustainable Choices

We are committed to offering products with clear sustainability attributes, communicating about them transparently, inspiring our customers with our collections and enabling them to make more informed, conscious choices.



SUSTAINABLE CHOICES

# Communicating responsibly about our products

ur customers care about sustainability, and we want them to be able to trust that we are working hard to follow best practice and abide by relevant legislation. We believe open, honest and respectful communication with our customers is essential for fostering loyalty to our brand.

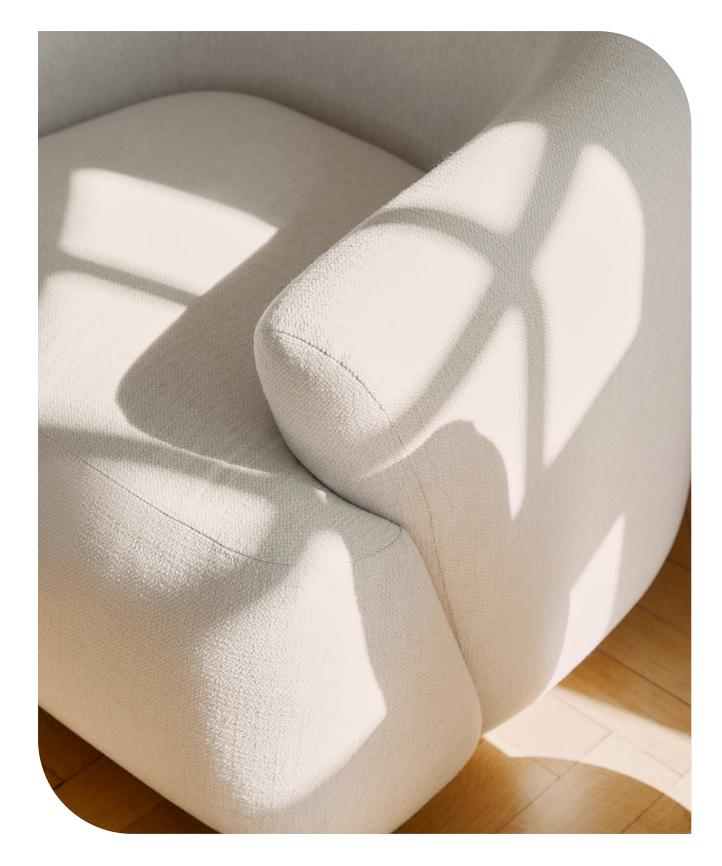
# Supporting our customers to make informed choices

We aim to make it easier for our customers to make more informed choices, and to inspire them to live more sustainably. To achieve this, we focus on communicating the sustainability attributes and classifications of our products authentically and transparently, including through the "We Care" label in our Club Sales (Daily Themes) and the "Sustainable" label in our Shop (Permanent Assortment).

Our "Sustainable" label shows which Westwing Collection and third-party products fulfill product and material certificates and criteria, as defined by our Sustainability Labeling (SL) guidelines (see <u>page 39</u>). The "We Care" Label in our Club Sales is awarded to brands that fulfill one or more of the following: a) use materials that fulfill specific environmental criteria; b) have sustainability integrated into their mission/vision; c) have a credible approach to sustainability.

We are seeking to source more certified products and materials from suppliers, as well as secure new certifications to improve and verify the sustainability status of our products. Beyond labeling, we share this information with our customers through various channels including our website, social media and the press.

In 2022, we almost doubled the range and share of products with our "Sustainable" label from fewer than 1,000 in 2021 to more than 2,000 in 2022. We launched more than one hundred group-wide "We Care" campaigns. We also expanded the range of sustainability insights and stories through our new <u>corporate</u> <u>sustainability website</u>.



#### WESTWING GROUP SE SUSTAINABILITY REPORT 2022

SUSTAINABLE CHOICES

# What do we mean by a "sustainable" product?

There is no single definition of what constitutes a "sustainable" product. To support our customers in understanding what they are buying, we developed our "Sustainable" label, which identifies products that fulfill specific criteria from our Sustainability Labeling (SL) guidelines — read more <u>here</u>. The guidelines capture more than 40 independent sustainability certifications for specific materials or for the whole product. They also identify other acceptable sustainability attributes such as materials with a minimum of 30% recycled content.

For example, a product containing wood or wood-based fibers will be labeled as "sustainable" when it is made from a) certified wood, b) 30% recycled wood, or c) 100% reclaimed wood.

The labeling is based on the information provided by our suppliers about the material composition of our products. Where necessary this information is validated through selective checks and assessed against our guidelines. Products that fulfill our criteria are marked with the "Sustainable" label and they can be found on our website and apps by using the sustainability filter. Customers can then get more detailed information on the respective certifications and/or sustainability attributes of those products by exploring the sustainability section on the product page. We have set a target to award 50% of our Westwing Collection products with our "Sustainable" label by 2027.

## Key data

Products marked with the Westwing "Sustainable" label sold in our Shop: 14% overall. This includes 29% of Westwing Collection products and 5% of third-party products.

24% of our gross merchandise volume in 2022 was generated from products with the Westwing "Sustainable" label.

Launched more than  $100\ \mbox{``We Care''}$  Campaigns in our Club Sales.

#### WESTWING GROUP SE SUSTAINABILITY REPORT 2022



SUSTAINABLE CHOICES

#### Plans for 2023

Our ongoing focus is to increase the overall share of Westwing Collection products labeled as "Sustainable" in our Shop, and to grow the number of brand partners offering products with specific sustainability attributes. We are also aiming to increase the use of our communications channels to showcase the range of "sustainable" choices.

### Focus on: data protection

We have the utmost respect for our customers. Protecting their privacy and maintaining their trust is extremely important to us. Data security is a top priority for our Legal and Information Security teams. We have a range of guidelines and policies in place to ensure we comply with regulations for data protection wherever we operate, and we engage all new employees in mandatory IT security training to make sure we all play our part in protecting customer data.

# Avoiding "greenwashing"

We have a responsibility to communicate about our products as transparently as possible. This means taking care with how we label and market the products we sell, avoiding any misleading claims about their provenance or sustainability attributes. We aim to use clear, honest language in all our communications in accordance with the guidance provided to us by certification institutes - including providing definitions of any sustainable-related features.

EU legislation states that companies must not make a claim about a whole product when in fact that claim or certification only relates to part of the product. Within the Westwing Collection, we offer products that have material certifications and product certifications in place. Material certifications pinpoint the provenance of fabrics and yarn, while whole product certifications may also include the assessment of social practices and the sustainability of the entire production process. We aim to make this distinction clear in the product descriptions for all the products we award with our "Sustainable" label.

Alongside certifications, our products may have other specific sustainability-related attributes. For example, our Panama Bath Mat<sup>1</sup> was produced by a manufacturer that is a member of Better Cotton<sup>™</sup>, which provides principles and criteria for more sustainable cotton cultivation.

We welcome clear legislative guidance and will continue working to increase our level of disclosure and clarity about the materials and processes that go into making our products.



<sup>1</sup> This product is made by a brand committed to sourcing Better Cotton and investing in Better Cotton Initiative<sup>™</sup> (BCI) farmers. BCI promotes a comprehensive set of production principles and criteria for growing cotton in a more sustainable manner: socially, environmentally and economically.

INTRO

# Appendix



#### SUSTAINABLE CHOICES

# $2022\ sustainability\ highlights\ and\ data^1$

TOPIC	INDICATOR NAME	INDICATOR DESCRIPTION		UNIT	2021 VALUE	2022 VALUE
Supplier E	ngagement					
Supplier impact	Transparency rate	Percentage of reviewed third-party soci suppliers	ial audits of non-EU Westwing Collection	%	99	96
	EMS	Percentage of Westwing Collection sup system (ISO 14001)	pliers with an environmental management	%	-	9
	Alignment with standards	Code of Conduct signed by Third Party	Suppliers (TPS) in our shop	%	-	100
Materials &	& Packaging					
Material sourcing	Sustainable wood	Share of certified wood (FSC®) of all W	lestwing Collection wood products	%	8	60
	Sustainable cotton	Share of certified cotton (GOTS, Better Collection cotton products	Cotton, recycled cotton) of all Westwing	%	7	31
	Responsibly sourced animal by-products	Share of responsibly sourced animal by- Naturleder IVN, GTDS, Responsible Dov Collection products in this category	products (Leather Working Group, wn Standard, Downpass) of all Westwing	%	39	33
Packaging	Recycled plastics (outbound)	Share of plastics with >60% recycled materials (in %)	Packaging used in our logistics centers for protection/storage and outbound transport of our products	%	-	2
	Packaging reduction (outbound)	Weight of packaging used per package shipped	Packaging used in our logistics centers for protection/storage and outbound transport of our products; excluding wood, metal and fabric	kg	-	0.7

<sup>1</sup> This table consolidates sustainability indicators presented within different chapters of this report with additional indicators inspired by non-financial reporting guidelines such as those of the Global Reporting Initiative (GRI).

TOPIC	INDICATOR NAME	INDICATOR DESCRIPTION		UNIT	2021 VALUE	2022 VALUE
Materials 8	& Packaging					
Packaging	Packaging reduction (outbound)	Weight of packaging used per item shipped	Packaging used in our logistics centers for protection/storage and outbound transport of our products; excluding wood, metal and fabric	kg	-	0.3
	Packaging reduction (outbound)	Weight of packaging used per cubic meter of product shipped	Packaging used in our logistics centers for protection/storage and outbound transport of our products; excluding wood, metal and fabric	kg	-	7
	Foam reduction (outbound)	Share of foam material out of all plastic material	Packaging used in our logistics centers for protection/storage and outbound transport of our products	%	-	3
	Recyclable/biodegradable/ compostable packaging (outbound)	Share of recyclable <sup>2</sup> material out of all packaging material	Packaging used in our logistics centers for protection/storage and outbound transport of our products; excluding wood	%	-	95
	Packaging waste reused, recovered, and/or recycled	Share of packaging recovered and/or recycled out of all packaging waste	Packaging waste in our own logistics centers	%	-	58
	Sustainable packaging (inbound)	Share of order volume of sustainable page	ckaging negotiated	%	-	94
	Styrofoam eliminated (inbound)	Share of Styrofoam eliminated in orders		%	-	85

<sup>2</sup> Recyclable plastics refers to LDPE, HDPE & PP; recyclable paper refers to all paper that is not covered in wax, foil or plastic; excluding single-use plastics.

#### TOPIC INDICATOR NAME

#### INDICATOR DESCRIPTION

#### Planet & People

Climate and energy	Renewable electricity	Electricity from renewable sources
und energy	Non-renewable electricity	Electricity from non-renewable sources
	Natural gas	Energy consumption from natural gas
	District heating	Energy consumption from district heating
	Other sources	Energy consumption from other sources
	Total energy used	Total energy consumption
	Renewable electricity share	Share of electricity from renewable sources (including green sources)
	Renewable energy share	Share of energy from renewable sources as part of total energy used
	Energy intensity	Total energy used per employee
	Freshwater use	Volume of freshwater used
	Total waste	Total weight of waste
	Recycling rate	Share of total waste that is recycled
	Scope 1 emissions	All direct emissions from heating, the combustion of fuels by our own vehicles and fugitive emissions from air conditioning

UNIT	2021 VALUE	2022 VALUE
MWh	487	867
MWh	2,415	3,133
MWh	8,779	12,561
MWh	-	14
MWh	899	-
MWh	12,580	16,575
%	17	22
%	4	5
MWh/FTE	5.4	9.6
m <sup>3</sup>	17,275	12,974
metric tons	3,791	1,726
%	97	89
tCO <sub>2</sub> e	2,249	2,776

TOPIC	INDICATOR NAME	INDICATOR DESCRIPTION	UNIT	2021 VALUE	2022 VALUE
Planet & Pe	eople				
Climate	Scope 2 emissions	All indirect emissions from purchased electricity and district heating	tCO <sub>2</sub> e	1,732	2,397
and energy	Scope 3 emissions <sup>3</sup>	All indirect emissions from business travel, employee commuting, and fuel- and energy-related activities not included in Scope 1 and Scope 2	tCO <sub>2</sub> e	4,548	5,788
	Emissions intensity	Total Scope 1, 2 and 3 (as above) emissions per employee	tCO <sub>2</sub> e/FTE	3.7	6.3
	Carbon emission offsets	Total carbon emission offsets <sup>4</sup>	tCO <sub>2</sub> e	6,906	12,057
Fair working conditions	Employee satisfaction rate	Percentage of all team members rating their satisfaction as either good or very good in Pulse Check surveys	%	89	85
-	Total workforce	Total number of employees (full-time equivalents)	FTE	2,312	1,729
	Share of female employees	Share of female employees in total workforce	%	61	59
	Share of female leaders	Share of women in leadership positions (as a share of total leadership positions)	%	-	52
-	Share of female senior managers	Share of women in senior management positions (as a share of total senior management positions)	%	-	62
	New employees	Total number of new employees hired	FTE	1,130	469
	Turnover rate	Percentage turnover of permanent employees incl. wanted and unwanted leavers	%	-	57
	Average tenure	Average tenure of team members	Years	-	2.7

<sup>3</sup> Excluding purchased goods and services, capital goods, upstream transportation and distribution, waste generated in operations, upstream leased assets, downstream transportation and distribution, processing of sold products, use of sold products, end-of-life-treatment of sold products, downstream leased assets, franchises, investments.

<sup>4</sup> Sum of carbon offsets includes 10% "buffer reserves" on top of total emissions calculated.

45

SUPPLIER ENGAGEMENT

SUSTAINABLE CHOICES

TOPIC	INDICATOR NAME	INDICATOR DESCRIPTION	UNIT	2021 VALUE	2022 VALUE
Planet & Pe	ople				
Fair working conditions	Work-related accidents - own employees	Number of LTAs (Lost Time Accidents) - own employees in logistics centers	#	-	20
	Work-related accidents - temporary employees	Number of LTAs (Lost Time Accidents) - temporary employees in logistics centers	#	-	3
	First aid cases - own employees	Number of FAA (First Aid Accidents) - own employees in logistics centers	#	-	14
	Social Impact Day	Participants of Social Impact Day (headquarters only)	#	-	248
	Volunteering hours	Total number of volunteering hours (headquarters only)	#	-	1,360
Sustainable	Choices				
Responsible marketing and	"Sustainable" label - products online Westwing Collection	Share of Westwing Collection products online marked with the Westwing "Sustainable" label	%	21	29
communi- cations	"Sustainable" label - share TP products online	Share of third-party supplied products online marked with the Westwing "Sustainable" label	%	4	5
	"We Care" campaigns	Number of "We Care" campaigns in Club-Sales	#	113	109
Other					
Other priority issues	Donations per fiscal year	Donations made without marketing/sponsoring	EUR	493,375	688,507

SUSTAINABLE CHOICES

#### About this report

This is the second annual sustainability report of Westwing Group SE (Westwing). It describes Westwing's sustainability approach and performance for the fiscal year 2022, covering the period 1 January 2022 to 31 December 2022.

The report is structured around our four core areas: Supplier Engagement, Planet and People, Materials and Packaging and Sustainable Choices. More information on our business and our sustainability-focused activities can be found on our website: <u>www.westwing.com/sustainability</u> Any forward-looking statements in this report are expectations of future actions and are subject to change based on internal and external factors.

Westwing became a participant in the UN Global Compact (UNGC) in July 2022. We will submit our annual Communication on Progress using the UNGC online platform.



We welcome feedback on this report and its contents. Please contact <u>sustainability@westwing.de</u> with any questions or comments.

#### WESTWING GROUP SE SUSTAINABILITY REPORT 2022