

Environmental Report 2020/2021

Act for tomorrow.



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Message from the Shareholders

Dear Readers,

We are pleased to present the latest Wünsche Group's environmental report. In addition to the greenhouse gas emissions from our own business activities, which we have already been reporting on since 2017 as part of our Company Carbon Footprint (CCF) Report, this report also includes the greenhouse gas emissions from our upstream and downstream supply chains for the first time.

As a group of companies, we are committed to taking responsibility for the environmental impact of our business activities. We want to make our contribution to the 1.5 degree climate target. As an international trading company, this includes both our own locations and our supply chains.

By setting up an environmental management team in our CR department in Hamburg, introducing an internal environmental management system and establishing a global network with responsible employees at all our locations, we have set ourselves up for implementing ambitious goals.

We also want to use the change in the working world triggered by the Corona pandemic to reduce our emissions. In 2020 and 2021, for example, emissions from business travel were almost non-existent. However, we do not expect these to rise to pre-Corona levels again, as we have become more familiar with and appreciate the possibilities of digital meetings. Also, many of our employees take advantage of mobile work, saving greenhouse gas emissions that would have been generated by commuting to the office.

Together with our employees and business partners, we want to take on the challenges ahead and further minimize the negative environmental impact of our business activities.

We hope you enjoy reading.



Björn Peters

Thomas Wünsche



Organisation and Ressources

Company Outline

The Wünsche Group is a Hanseatic family business with 30 offices worldwide and more than 25 independently operating companies. From our headquarters in Hamburg, we work closely with our colleagues in the rest of Germany, Asia, Australia, and the USA. We have about 700 employees in Germany and about 500 employees internationally. The Wünsche Group has a tradition of doing many things a little bit differently. For instance, our standard is to be economically successful and, at the same time, fair and responsible. We not only place high demands on our partners and suppliers, but we also place them on ourselves – proving that dynamics, farsightedness and straightforwardness are natural parts of our DNA since our founding in 1934.

One may be considered stubborn when sticking to one's principles – for us, however, it has kept us fresh and agile time and time again for over 80 years. And it ensures our employees and partners can fully and entirely rely on us. Even in a highly complex world, we conduct business according to simple rules.

The Wünsche Group's business covers a wide range of product categories and services. We have always been professionals when it comes to developing and procuring promotional and assorted products for private labels. However, our brands have also become a supporting pillar of our business. Whether it's non-perishable food, textiles, electronics or consumer goods, we have the experts in-house and always maintain a high standards for comprehensive order fulfillment. Our in-house service companies support our business model and make us a competent and reliable trading partner.

Welcome to the world of trade - the world of Wünsche, the world of wishes.

WÜNSCHE
Food

WÜNSCHE
FASHION

Globaltronics

MÜLLER
LICHT

Latupo

DUO

JANSEN
fashion group

MAX
POWER
PRODUCTS

DARIO

WÜNSCHE
SERVICES

WÜNSCHE
AUSTRALIA

flexxtrade

WÜNSCHE
ASIA

WUENSCH
USA

Manz

eurocentra
ASIA

WÜNSCHE
Brands

TRADIX

WÜNSCHE
MEDIA

EXBOX
G m b H

Corporate Responsibility

„Act for tomorrow“ is the Wünsche Group’s mission statement. The sense of responsibility towards our society and the environment is firmly anchored in the Wünsche Group. We communicate our stance and commitment publicly on our [website](#), where you can also find our regularly updated Corporate Responsibility (CR) - **Policy Statement**.

Our CR activities are based on three pillars: social responsibility, environmental responsibility, and product responsibility. A global team, managed by the CR department in Hamburg, implements goals and measures jointly with our employees and partners. Our on-the-ground presence in our main sourcing countries China, Bangladesh, Pakistan, Vietnam and India helps us to define precisely tailored measures and provide on-site support. This enables a close exchange with the producers and creates trust for a successful cooperation.

The CR department directly reports to the Wünsche Group management.; it therefore has a close and direct reporting line to the shareholders, for whom the issue of corporate responsibility is a very high priority. The environmental management team is also centrally located in the CR department in Hamburg and can strategically target the issues in close coordination with the CR management and the Wünsche Group management.



Environmental Management

In 2021, an internal environmental management system was introduced for the entire Wünsche Group. It was designed to specifically help us in identifying, assessing and controlling environmental risks and impacts.

The environmental management cycle comprises seven stages. The cycle begins with the environmental audit, which systematically collects data and information on environmental aspects. The environmental management guidelines are defined in our environmental policy - the Green Vision. It was created as part of the introduction to the environmental management system and is regularly reviewed and adapted during the second stage of the cycle. Based on the data collected and taking internal and external requirements into account, concrete goals and measures (environmental program) are defined in the next step. In the fourth part of the cycle, the environmental program is implemented.

The performance of environmental management is reviewed in the next two steps: Firstly, by an internal environmental audit and in the second step, by the Wünsche Group management (Management Review).

At the end of each cycle there is an environmental report, which provides an overview of all data, projects, progress, and environmental impacts.

As an international trading company, we do not only look at our own sites when it comes to the environment, but also keep an eye on the supply chain of the products we trade. The greenhouse gas emissions of the products we trade are included in the Company Carbon Footprint for the first time in this report.

The topic of the environment also plays an important role in the social audits of our suppliers, most of whom are based in Asia. Another relevant topic is the detoxification of the pre-production steps, such as washing and dyeing, of textiles. These topics are each explained in a separate chapter.



LONEC

With the aim of making the Wünsche Group more environmentally friendly with its complex corporate structure of 30 locations in Germany, the United States, Australia and Asia, the environmental management team has built up a global network of selected employees: The Location Officers Network for Environment and Communication (LONEC).

At each Wünsche Group site, there is an employee who assumes the role of Environmental Communication Officer (ECO) and is a member of LONEC. The ECO is the first point of contact for the environmental management team from Hamburg and is responsible for the annual collection of environmentally relevant data from their respective site.

Due to their local expertise, ECOs can identify potential for improvement when it comes to site-related environmental performance and support management in introducing and implementing appropriate measures. In this context, the LONEC members also handle internal site communication.

In addition to the proactive exchange of knowledge, ideas and best practice examples, regular training is also an integral part of LONEC. Through training and development measures, the ECOs become confident and competent local contacts who can advise the environmental management team and site management on operational environmental protection measures.



The Green Vision of the Wunsche Group

The guidelines for our environmental management system are outlined by the Green Vision - our Group's own environmental policy. With its 10 guiding principles, the Green Vision shows both what we are already implementing and also where we want to go. It shows the high priority that the environment has in the Wunsche Group and describes all relevant legal standards which we need to comply with in our business activities. It describes our goal to reduce the negative impact which our economic activities have on the natural environment and explains the processes of the environmental management system, as well as the involvement of the individual companies and employees. The Green Vision is also regularly reviewed as part of the environmental management cycle and updated as necessary. The current Green Vision can be **downloaded** from the Wunsche Group website.

The order of priority for environmentally positive measures is clearly defined: Reduction, Substitution, Compensation. This means that first, all possibilities of one level should be exhausted before moving on to the next level.

The priority is therefore clearly on following processes that are as efficient as possible and using as little energy and materials as possible. The next step should be to replace the resources used with more environmentally friendly alternatives wherever possible. This includes, for example, the use of renewable energies or recycled materials. The negative environmental impacts that cannot be avoided by the first two steps can be compensated for by supporting environmentally positive projects.



Environmental Measures and Standards

Certified Products

With a growing desire for more sustainability, more and more consumers are asking themselves where and under which conditions garments are produced and what their environmental impact is. Textile certification standards are intended to help consumers make an informed purchasing decision. There are now many different kinds on the market, but not all of them are reliable and transparent.

In addition to organic natural fibres, the Global Organic Textile Standard (GOTS) places special emphasis on ecological standards and working conditions throughout the supply chain.



Wünsche Group is certified to the GOTS License-Nr.: 151896 by Ecocert Greenlife N°151896

Whereas the Organic Cotton Standard (OCS) focuses on quality and material composition. The Responsible Wool Standard (RWS) focuses on animal welfare and the Global Recycled Standard (GRS) on the use of recycled materials.



Wünsche Group is certified to the OCS, RWS, GRS License-Nr.: 151896 by Ecocert Greenlife N°151896

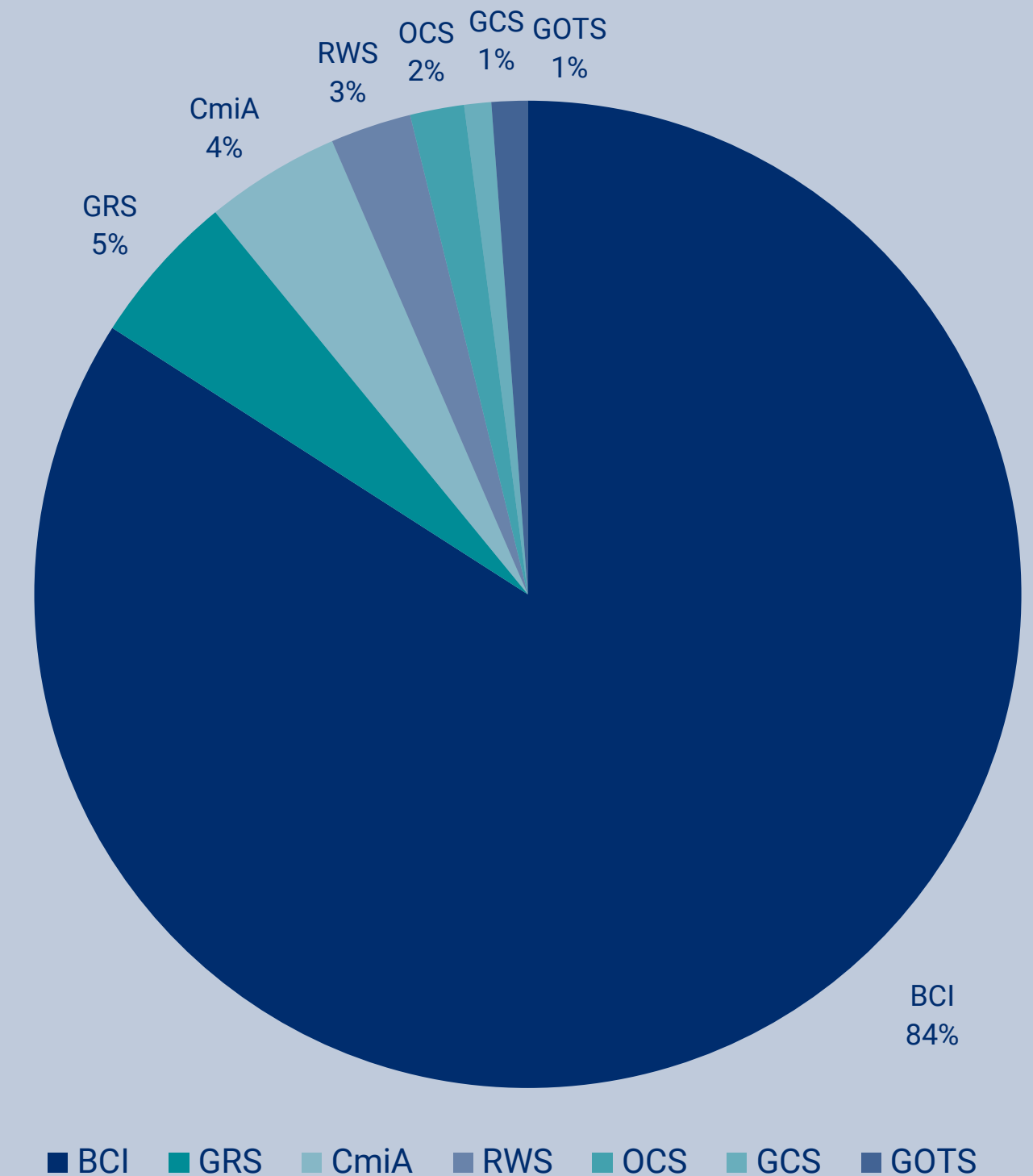
The Better Cotton Initiative (BCI) and Cotton Made in Africa (CmiA) focus on improving the sustainability of cotton production and the living conditions of farmers, with BCI being a global initiative and CmiA focusing on African cotton production.

Of the standards mentioned, the Green Button is unique because, on the one hand, it is a governmental standard and, on the other hand, it functions as a meta-standard. At the product level, the Green Button relies on other supply chain standards, such as GOTS or GRS. At the company level, compliance with social standards is additionally verified in independent audits.



Each certification therefore has its own focus and can be used as a tool for more sustainable textile consumption. One third of the textiles traded by the Wünsche Group are labeled with at least one of the certifications described above.

Breakdown of textile certification standards by Wünsche Group in 2021



Global Recycled Standard

In this year's Environmental Report, we want to shine a light on the Global Recycled Standard (GRS). The demand for textiles made from recycled materials has sharply increased in the past few years. The textile companies at the Wünsche Group have reacted accordingly and put effort into developing products which contain recycled materials and which thus can be labeled with a GRS certificate.

GRS sets requirements for the ingredients, quality and traceability of recycled materials used in products, as well as the criteria for social and environmental compliance during production. The certification process includes an independent audit of the GRS requirements at each step of the process, from recycling to the sale of the goods. The GRS enjoys high recognition and support from important stakeholders in the textile industry including brands, manufacturers, and non-governmental organizations.

Currently, the biggest challenge is the availability of high-quality recycled materials that meet both GRS, as well as product-specific requirements. In addition, recycled materials are often more expensive than raw materials.

Another challenge is the recycling structures, which are set up very differently from region to region. The GRS standard requires the entire supply chain to be certified, from post-consumer waste collection to the final product. This is difficult to implement for regions where the infrastructure for waste collection and recycling is not well-developed.

Despite all the challenges, the GRS standard is a valuable tool for the Wünsche Group to promote sustainability in the apparel sector. The special focus on recycled materials helps to reduce the most pressing environmental issues, such as resource depletion and greenhouse gas emissions.



Monitoring Environmental Compliance through Social Audits

Something that the Wunsche Group makes Wunsche stand out against the others, is that besides the amfori BSCI audits which we require all our suppliers to have, we conduct our own Wunsche Social Audits, which go deeper than most social audits. Our local Corporate Responsibility teams are made up of expert auditors, who visit the factories we work with regularly and grade them based on our strict criteria.

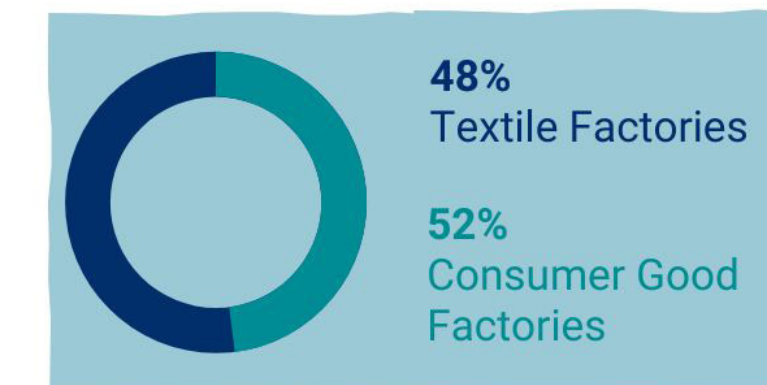
Our internal audits place an additional importance on transparency and development of the factories. In 2021, our auditors conducted 258 Wunsche Social Audits in six different countries, 38% more than in 2020 due to Covid-19 restricting our auditor's ability to travel.

It is still unfortunately common practice for factories all around the world to dump their waste into neighboring fields, forests, rivers, and lakes. Many countries lack a government-run waste management system and revert to burning their waste. This is why it is important for us to support our business partners in finding better waste management solutions.

One performance area in our social audits, as well as in amfori BSCI audits, is Protection of the Environment. This means that our auditors proof the waste management system of the factory on-site, including how they segregate, store, and dispose of different kinds of waste. We also check their environmental risk assessment, as well as all related permits and licenses. One of our biggest challenges in this area, is ensuring that factories have a safe and organized chemical management system.

Through our auditor's expertise and consulting efforts, we help educate and develop our factories on how to create a system, which includes training workers and the management on the risks of working with certain chemicals, how to properly handle them, providing and encouraging the use of protective equipment, and teaching our suppliers how to properly label, store, and clean up chemicals in case of a spill. A safe chemical management system, in combination with a sophisticated environmental management system, means less risks to workers' and community members' health as well as to the local ecosystems.

258 WUNSCHESOCIAL AUDITS IN 2021



167
IN CHINA

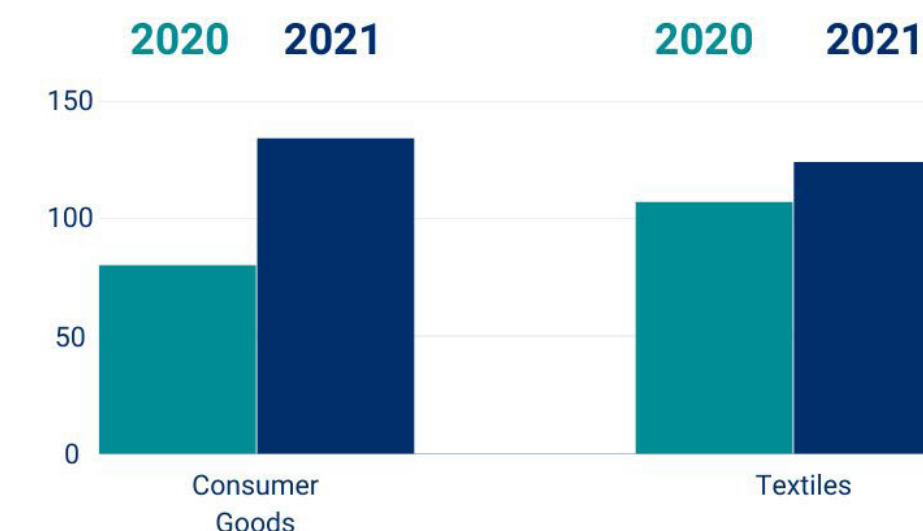
39
IN PAKISTAN

1
IN EGYPT

49
IN BANGLADESH

1
IN INDIA

1
IN TÜRKIYE



38% Increase in Audits Since 2020

Environmental Monitoring in the Context of Detox

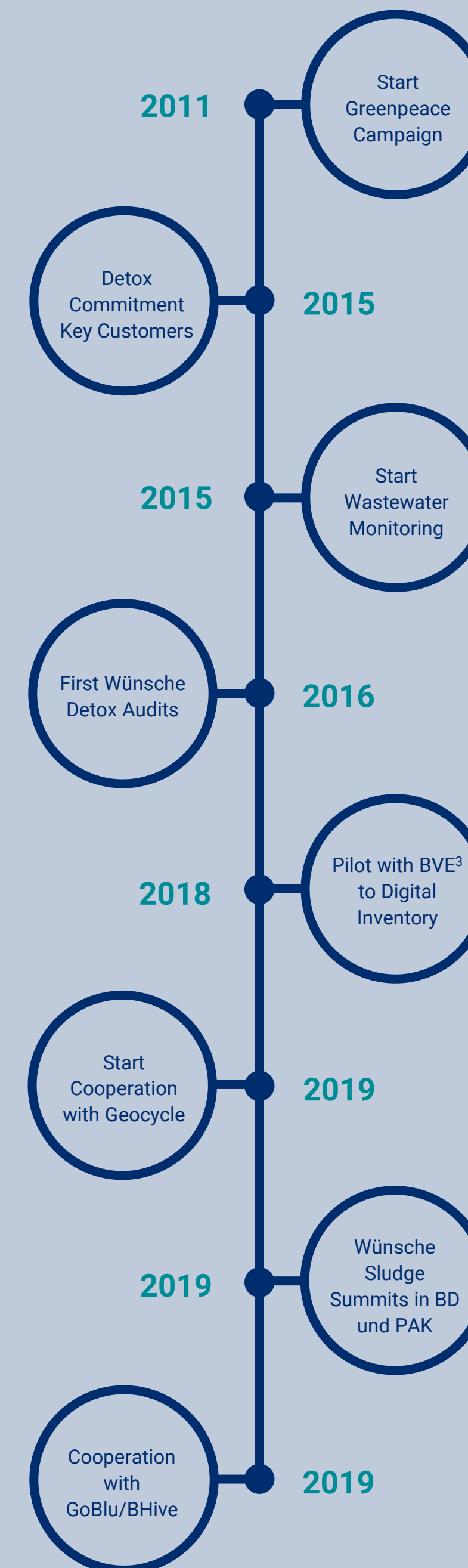
With the Detox campaign in 2011, Greenpeace succeeded in initiating a significant change in the textile industry. Greenpeace called on companies worldwide to ban 11 groups of chemicals commonly used in textile production (which are considered particularly dangerous to humans and the environment) by 2020.

The Wünsche Group began building an international team in 2014 in order to meet the new textile supply chain requirements and has been working steadily to implement growing customer demands and industry standards ever since.

The greatest risk for environmental pollution in textile production comes from wet processes, such as dyeing, bleaching, and washing. Chemicals used in production can be released into the environment through wastewater.

A core element of our Wünsche Group CR requirements is therefore that all wet production sites used for our products must be connected to a wastewater treatment system. Furthermore, since 2015, we have regularly reviewed the wastewater test reports and chemical inventories of many of our wet production sites.

An important milestone towards banning hazardous chemicals from textile production is the establishment of the Zero Discharge of Hazardous Chemicals (ZDHC) industry initiative, which has brought about much-needed harmonisation of chemical and wastewater management standards. We also follow the ZDHC standards in our monitoring programme.



Environmental Monitoring in the Context of Detox

An important part of the Wünsche Detox programme is working closely with our suppliers. Instead of terminating business relationships at the first sign of trouble, we continue to work closely with the production sites to work on improvement together. For this reason, our employees in our main sourcing countries are in constant communication with the production sites, as well as being busy conducting audits and using their expertise to support with the implementation of supply chain requirements. In our Wünsche Detox audits for example, the condition of the factory is assessed, the chemical and wastewater management system is evaluated, and compliance with legal requirements is checked.

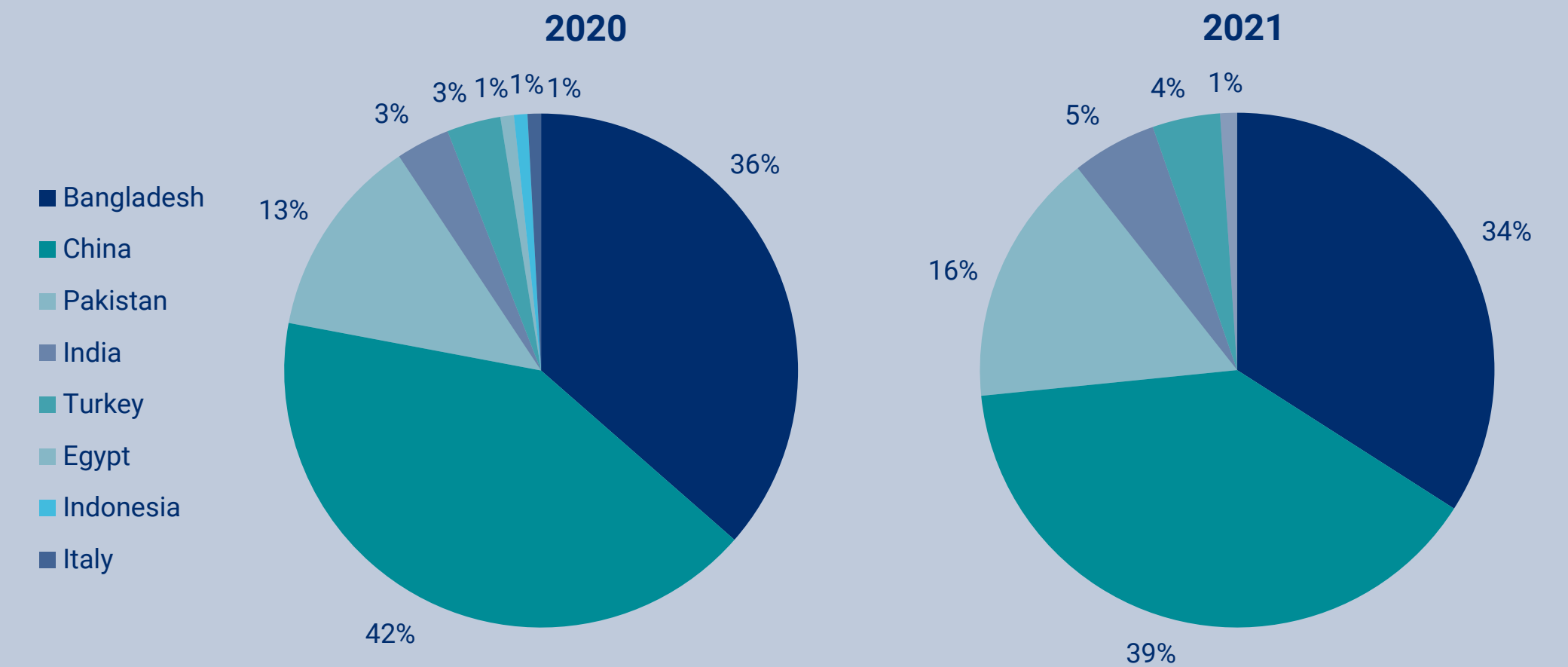
After a comprehensive on-site analysis, any identified abnormalities are discussed with the factory and an action plan is developed together. In addition, our auditors remain in regular contact with the factories to support the implementation of the corrective measures. If we are unable to travel to the factories ourselves, we work together with external auditing institutes to conduct Chemical Management Audits (CMA). This gives us a better impression of the

production conditions and enables us to intervene if they do not meet our standards.

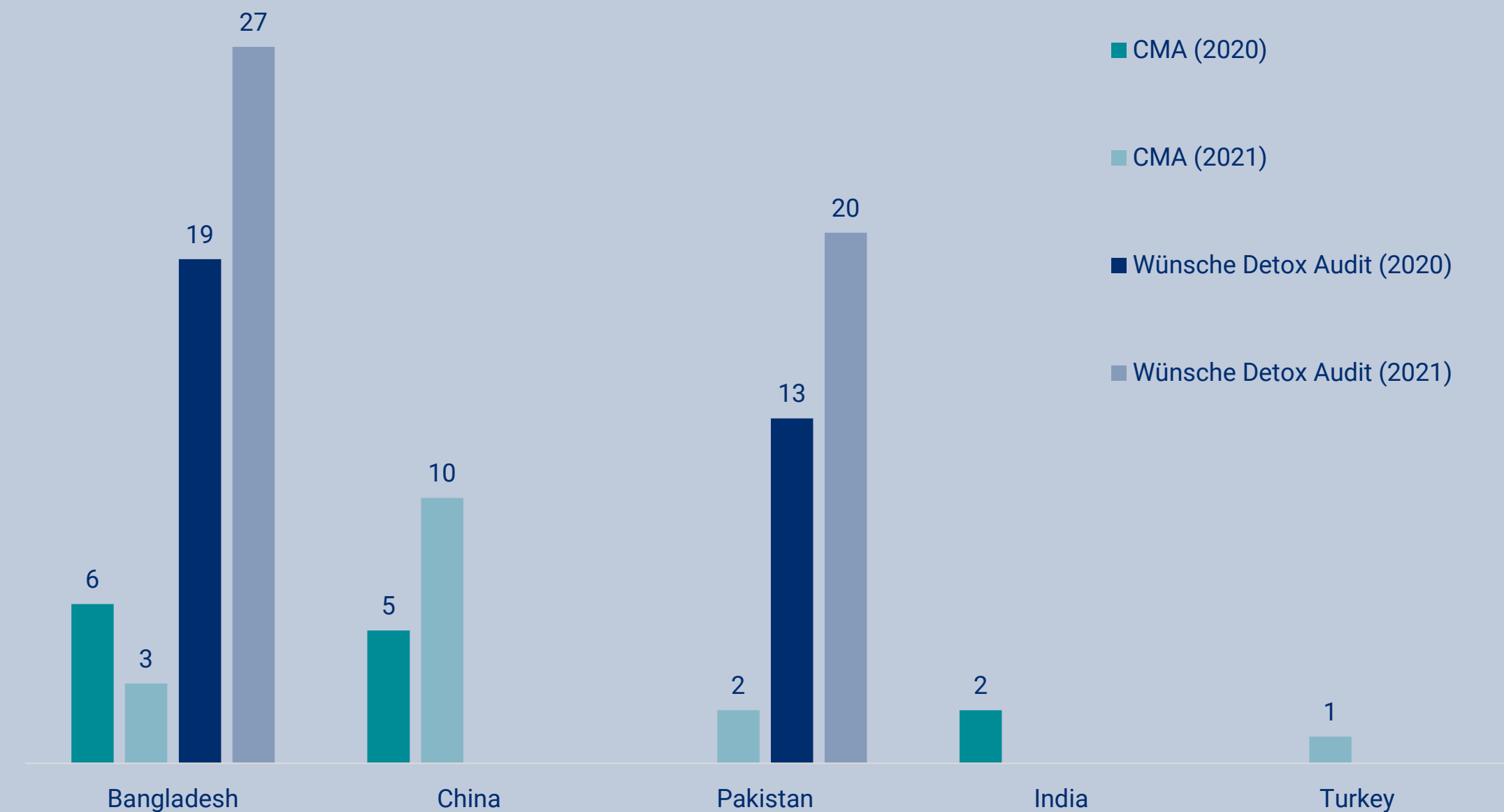
Since the beginning of 2022, we have been intensively involved in the monitoring of chemical inventories, joining the industry-wide movement to focus on the monitoring of chemical inputs in addition to outputs. This leads to improvements of the environmental performance of the production.

For our main customers, for example, we worked with 118 wet production sites in 2020 and 94 in 2021. As a result, we have reviewed over 200 wastewater reports in these two years and carried out over 100 audits.

Share of Wet Production Facilities by Sourcing Country



Wet Production Facilities Audits (external/internal)



Eco-friendly Travel to Work in Germany

Sustainability starts on a small scale. After all, opting to ride a bicycle instead of driving a car is not only good for our fitness, but also for the environment. The Wünsche Group supports its employees in traveling to work in an environmentally friendly way and offers them the option of tax-subsidized company bike leasing in cooperation with JobRad. Since the introduction of the JobRad in 2021, 51 employees are now on the road with the JobRad and these rates are still rising.

The Wünsche Group also supports the use of public transport with a subsidy that is used by 220 employees throughout Germany, which is a good 30% of the Wünsche workforce in Germany.

Company cars are rather the exception within the Wünsche Group and our company car fleet is increasingly electric. Of our 48 company cars in Germany, nine are purely electric and twelve are hybrid.

The Corona pandemic has also left a lasting change on the Wünsche Group's working environment. In 2022, approximately 720 employees in Germany worked a combined total of 10,530 days from home, saving emissions that would have been generated by commuting to work. Some companies and departments within the Group have even gone one step further and introduced desk sharing. This means that there are fewer workstations than employees, as some of the employees always work from home or remotely. This also saves both material and space.

CO₂ emissions are also saved when it comes to recruiting. All initial job interviews are conducted digitally. In 2022, 362 job interviews were conducted online, which corresponds to around three quarters of the total interviews conducted. This saves on emissions that would have been caused by travel and potential overnight stays.



Environmental Data

2020/2021

Introduction

The following pages describe the 2020 and 2021 environmental data for energy, emissions, water, paper, and space consumption. In some areas, comparisons are also made with the previous years' data.

All operationally active Wünsche Group companies are included in the environmental data. A company site is included if it was used for at least one full calendar month in the reporting year.

The following adjustments were made to the companies and sites included for the 2020 and 2021 environmental data:

Three new sites have been added as of 2021: In Seefeld (Germany) another location of Globaltronics, in Xiamen (China) another location of Wünsche Hong Kong and another office of Euro Centra Pakistan in Lahore.

In December 2020, the headquarters location has moved to a new location within Hamburg. The data up to and including 2020 therefore comes from the old headquarters, while the information from the year 2021 is from the new location.

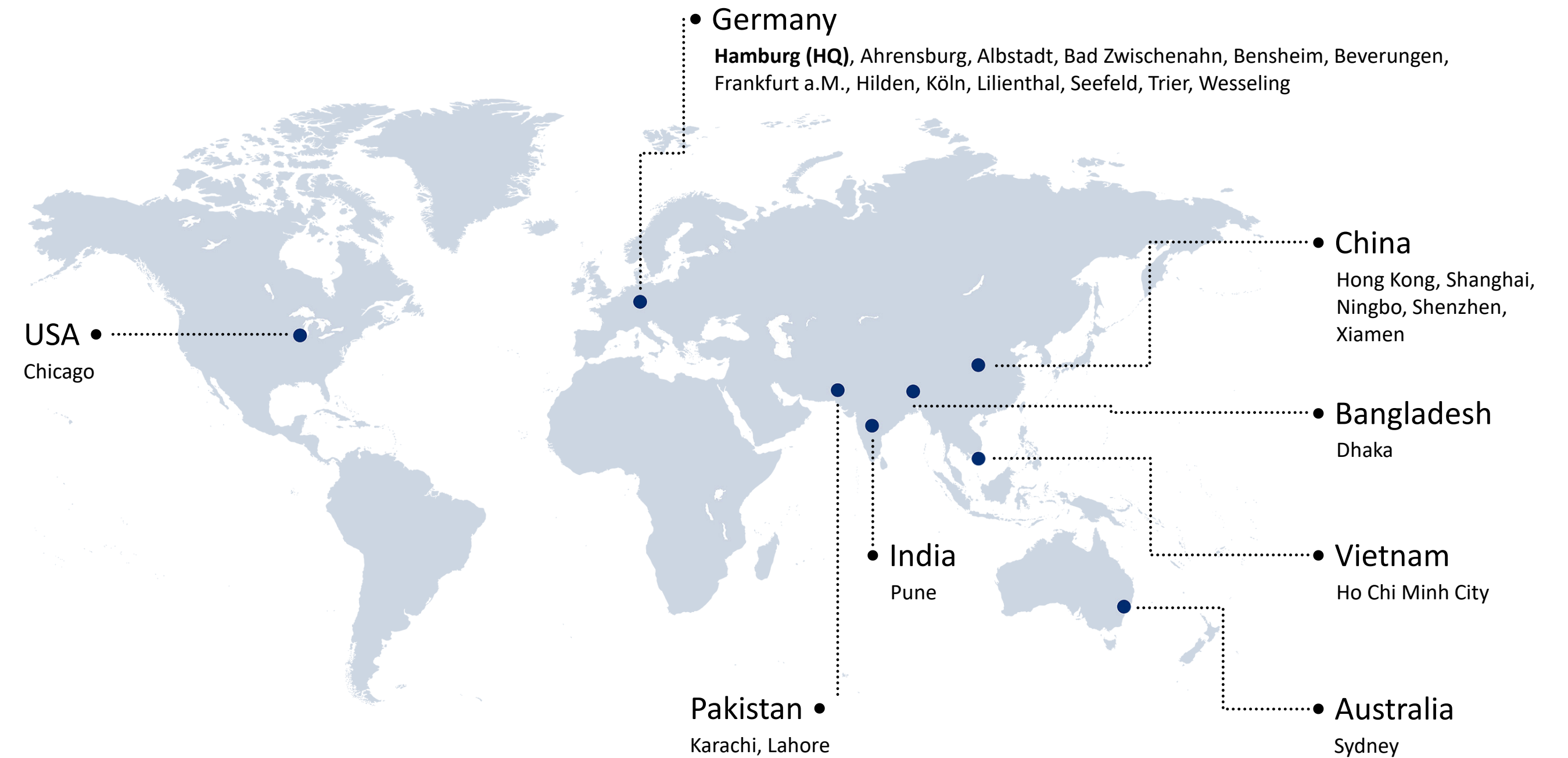
The Latupo company also moved during the reporting period. In 2020, in addition to the two locations already in use in 2019, a new location was rented, which all employees moved to and which will be the sole company location starting from 2021.

Wünsche UK's office was closed as of June 30, 2020. However, as the company was still operational during 2020 and 2021, it is still part of the reporting for both years.

The Toy Company is no longer part of the Wünsche Group's environmental reporting due to changes in its ownership.

Wünsche Group Offices

Status End of 2021



Energy

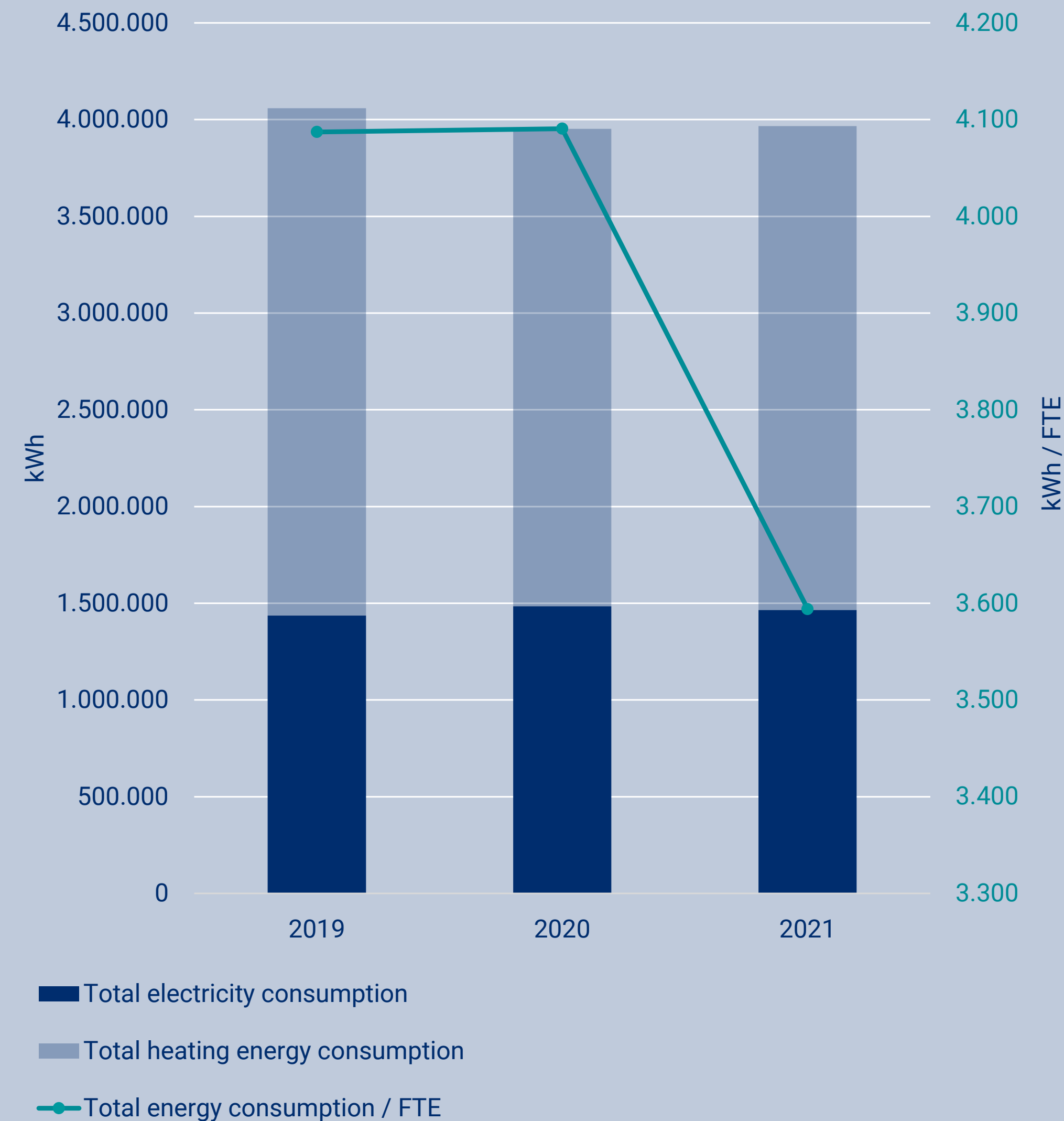
The Wünsche Group's total heating and electricity consumption worldwide is approximately 4 million kWh. It consists of approximately 2.5 million kWh of heating consumption and 1.5 million kWh of electricity consumption.

Most of our Asian sites do not have heating systems, so a good 95% of the heating consumption of just over 2.5 million kWh is attributable to our German office sites.

The biggest change was in electricity consumption can be largely explained by the relocation of the headquarters in Hamburg. Consumption at the new location in 2021 was almost 83,000 kWh higher than at the old location and therefore, increased by 48%. It should be noted here that consumption at the old site was remarkably low. There is a higher level of electricity consumption at the new location, despite modern technology and energy-efficient equipment.

While overall energy consumption remained almost constant, a significant reduction can be observed if consumption is put in relation to the number of employees in FTE (Full Time Equivalent). The number of employees has increased by 14% from 966 FTE to 1,103.5 FTE. Consequently, energy consumption per FTE has decreased by 12% to 3,594 kWh/FTE.

Energy Consumption Wünsche Group

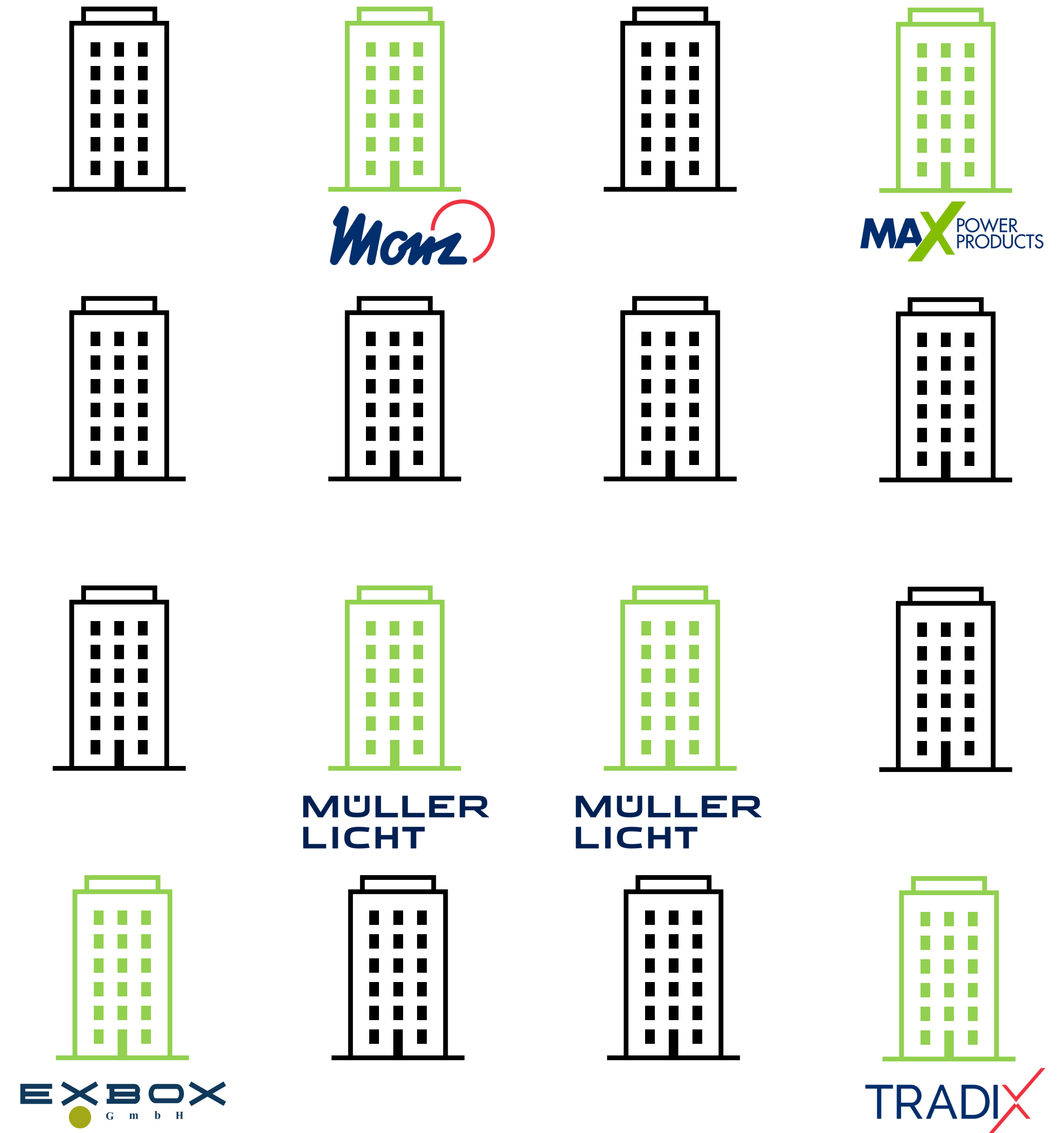


Green Power Initiative

In 2021, the Wunsche Group purchased a total of 494,206 kWh of pure green electricity (e.g. solar energy, wind energy or hydropower). This corresponds to a share of 34% of the Wunsche Group's global electricity consumption. This only includes the deliberately purchased pure green electricity and not any shares of any mixed electricity options.

As it is currently not always possible to purchase green electricity on the market in all countries, we have initially limited our green electricity target to Germany. We aim to have switched to a green electricity contract at all German sites by the end of 2024. As of the end of 2021, six of our 16 sites in Germany were purchasing 100% green electricity-- equivalent to 52% of the kWh purchased.

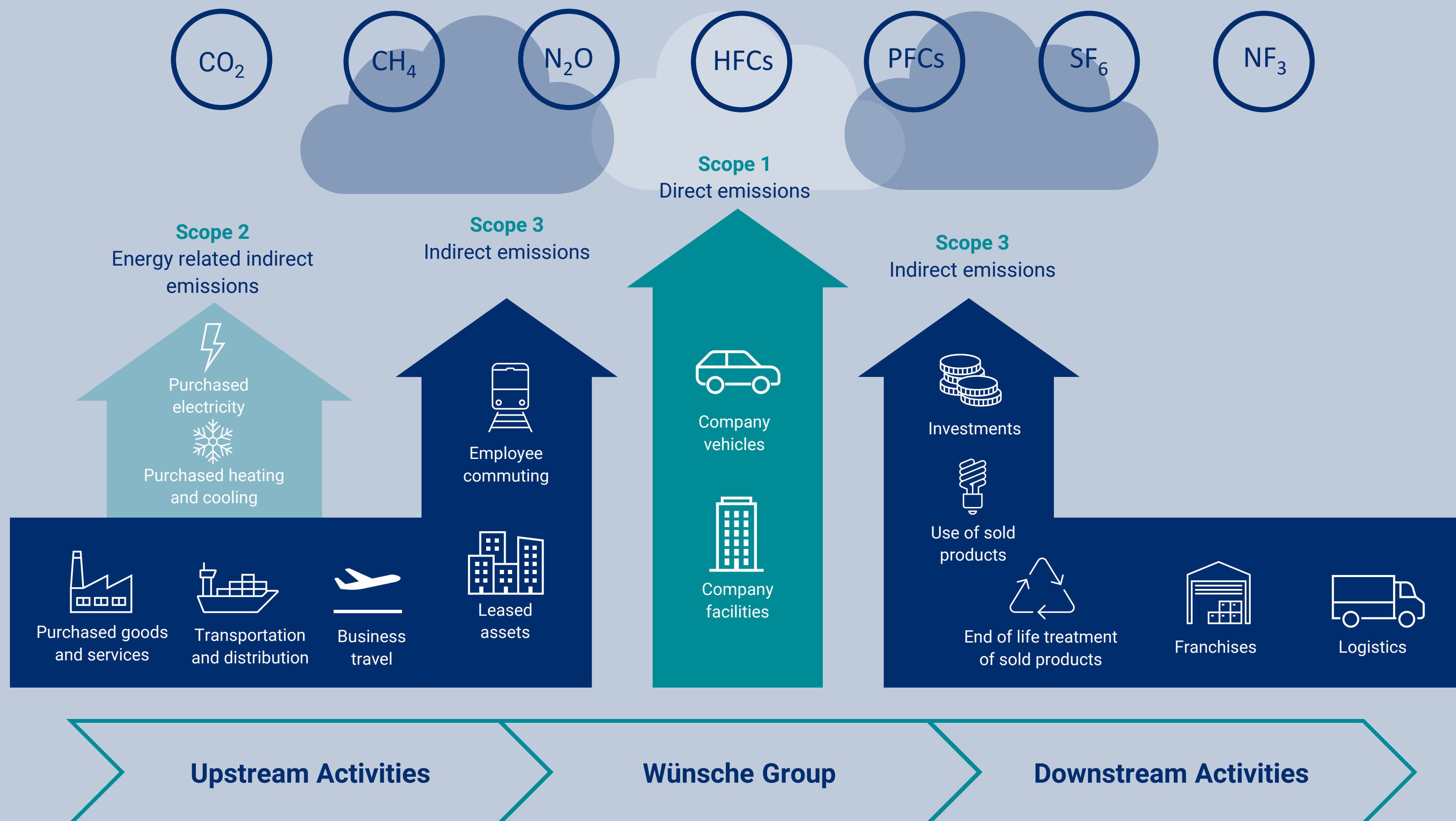
At three of our German sites, we installed photovoltaic systems on the roofs and produced 386,650 kWh of solar power in 2021. However, as some of this electricity is fed into the electricity grid, it is only included in the evaluation of green electricity usage if it is consumed by the company itself.



Methodology

The greenhouse gas emissions of the Wünsche Group are calculated according to the Greenhouse Gas (GHG) Protocol. The GHG Protocol divides emissions into three scopes, each of which is examined individually below. To calculate emissions, consumption and activity data are collected in all three scopes, which are converted into greenhouse gases using emission factors.

Greenhouse gases include carbon dioxide (CO₂) and other gases, such as methane (CH₄) and sulfur hexafluoride (SF₆), which contribute to the greenhouse effect to varying degrees. Emissions of greenhouse gases other than carbon dioxide (CO₂) are converted into CO₂ equivalents (CO₂ = 1) according to their global warming potential for better comparability. For better readability, the abbreviation tCO₂ is used in this report to denote the unit of measurement metric tonnes of CO₂ equivalent.



The Three Scopes Explained

Scope 1

This scope includes all direct greenhouse gas emissions that occur at company-owned sites or through company-owned vehicles.

For the Wünsche Group, these are the emissions generated at our sites through natural gas consumption via our heating systems and by the use of our company cars (owned and leased vehicles).

Scope 2

This scope includes all indirect emissions caused by the generation of purchased energy.

For the Wünsche Group, electricity consumption and the use of district heating are relevant in this category.

Scope 2

For emissions from electricity consumption, the GHG Protocol distinguishes between the *market-based* and the *location-based approach*. The *market-based approach* uses specific emission factors for the electricity purchased by the company in each case, while the *location-based approach* uses average emission factors for the respective country electricity mixes.

The Scope 2 emissions in this report are calculated using the *market-based approach*. This allows us to positively account for the green electricity we purchase with an emission factor of 0 gCO₂/kWh in Scope 2. If no specific emission factor was available, we used residual mix emission factors for our European sites. These intentionally exclude purchased electricity from the electricity mix from countries and calculate the emission factor based on unclaimed energy. For countries where a residual mix emission factor was not available, we used the average emission factors for the country or region (*location-based approach*).

Emission factors may vary from year to year and were used for the respective reporting year where available.

Note: The Scope 1 and Scope 2 emissions for 2019 used in this report differ from the emissions published in the Company Carbon Footprint 2019. A calculation error was corrected for Scope 1 emissions. Scope 2 emissions for the 2019 reporting year were recalculated again to achieve good comparability through consistent methodology and uniform sources of emission factors.

Scope 3

All emissions that occur upstream and downstream along the value chain are summarized under Scope 3. It thus ranges from the extraction of raw materials for the respective products, through distribution and use by consumers, to disposal or recycling.

The GHG Protocol divides Scope 3 emissions into 15 categories. The Company Carbon Footprint for 2017 to 2019 included upstream logistics (category 3.4) and business flights (category 3.6).

In collaboration with an external consultancy, all 15 Scope 3 categories were looked at and, based on their relevance to Wünsche Group, it was decided to add three additional Scope 3 categories to this report: 3.1 Purchased goods and services, 3.11 Use of products sold, and 3.12 Handling of products sold at their end of life. Since no primary data was available for this area, these categories were extrapolated in collaboration with the external consultancy on the basis of purchasing contracts.

Upstream logistics (category 3.4) was also extrapolated within this framework. To account for emissions from air freight, goods transported by air were excluded from the extrapolation and calculated using the *EcoTransIT World* emissions calculator.

An expansion of Scope 3 to include 3.5 Waste, 3.7 Employee commuting, and a full accounting of 3.6 Business travel based on data collected by Wünsche Group was also recommended, but could not yet be implemented due to a lack of data in this report.

Due to the expansion of scope 3 accounting, the scope 3 emissions and the total emissions in 2020 and 2021 are not comparable with the previous year's data.

GHG Emissions according to GHG Protocol

In 2021, the Wünsche Group generated a good 2.2 million tCO₂ across all three scopes. When breaking down the emissions into the scopes, it becomes clear that 99.9% of the emissions occur in Scope 3. Due to the above-described expansion of scope 3 emissions from 2020 onwards, scope 3 emissions have again increased significantly and consequently, the total emissions of 2019 are not comparable with the total emissions of 2020 and 2021.

Scope 3 emissions are largely emissions generated by our traded products in the upstream and downstream supply chain. As described above, they are extrapolated on the basis of purchasing contracts and can only be influenced by us to a limited extent.

Our biggest impact is therefore clearly in our supply chain and we face the major challenge of finding measurable reduction measures for this area. At the same time, our responsibility for Scope 1 and Scope 2 emissions remains, as these are the emissions that are directly influenced by us and for which we therefore bear direct responsibility.

Looking at the development of the sum of Scope 1 and Scope 2 emissions over the years 2019 to 2021, emissions decreased from 2019 to 2020, but increased again in the following year, resulting in a 6.7% decrease in 2021 compared to 2019. Thus, we are already a step closer to our goal of reducing Scope 1 and Scope 2 emissions by 20% by 2025 compared to 2019. Furthermore, the share has shifted from Scope 1 to Scope 2 emissions. The following sections look at the development of emissions per scope.

Total Emissions by Scope, in tCO₂

	2019	2020	2021
Scope 1	896,6	778,0	806,2
Scope 2	546,0	502,0	540,3
Scope 3	25.636,1	1.972.778,5	2.226.807,7
Total Emissions	27.078,7	1.974.058,5	2.228.154,2

Scope 1

Company Cars

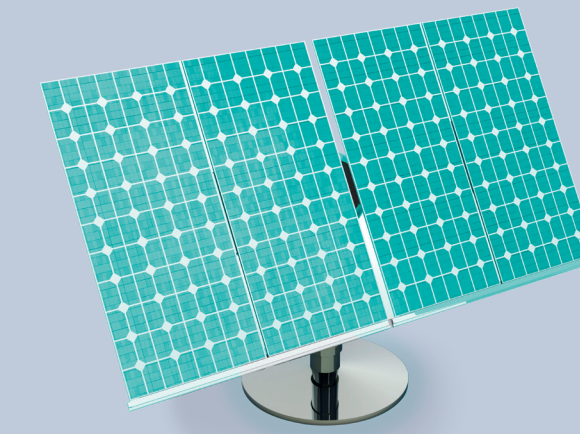


Natural Gas Heating



Scope 2

Electricity Consumption



District Heating



Scope 3

Production, Use und Disposal of Products



Logistics



Air Travel



Scope 1

The Wünsche Group's Scope 1 emissions consist of emissions from company vehicles and emissions from natural gas heating systems. They amounted to 806.2 tCO₂ in the fiscal year of 2021 and have decreased by a good 10% since 2019.

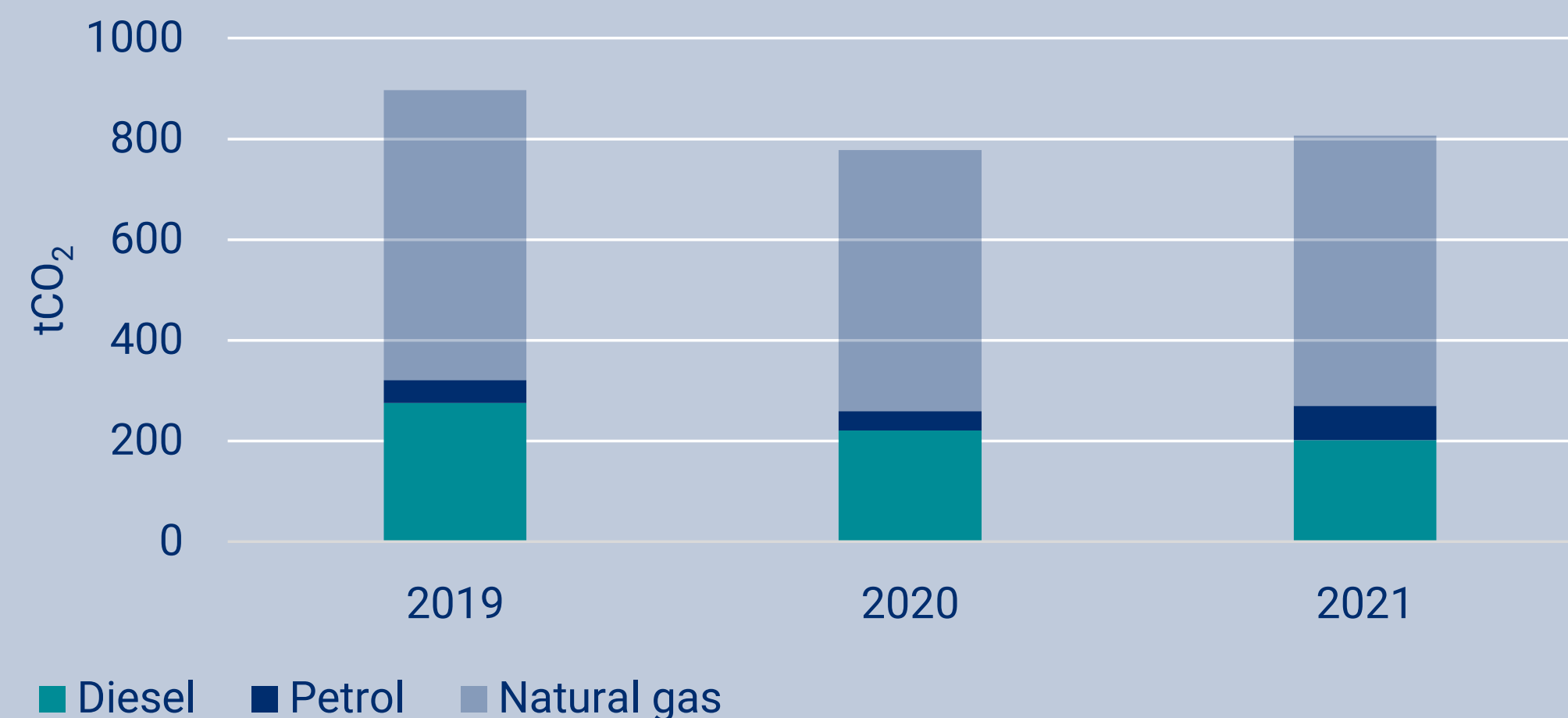
Service vehicle emissions decreased by 17.3% to 384.9 tCO₂ from 2019 to 2021. The reasons for this include the fact that the number of vehicles used worldwide fell from 79 vehicles to 71 vehicles. Furthermore, in the same period, the number of electric vehicles increased from two to six vehicles and the number of hybrid vehicles increased from one to ten.

If we don't account for the electric vehicles here, whose electricity demand is considered in Scope 2, the number of vehicles was reduced by 16%, from 77 to 65 vehicles. Another reason for the reduction is certainly the lower mileage due to travel restrictions caused by the Corona pandemic.

Since most of the Asian offices do not have natural gas heating systems, the emissions from the operation of our natural gas heating systems are mainly (95%) generated in Germany. They fluctuate during the year (reduction in 2020 compared to 2019 and increase in 2021 compared to 2020). Possible reasons for the fluctuations in emissions between years may include temperature differences and the effects of the Corona pandemic.



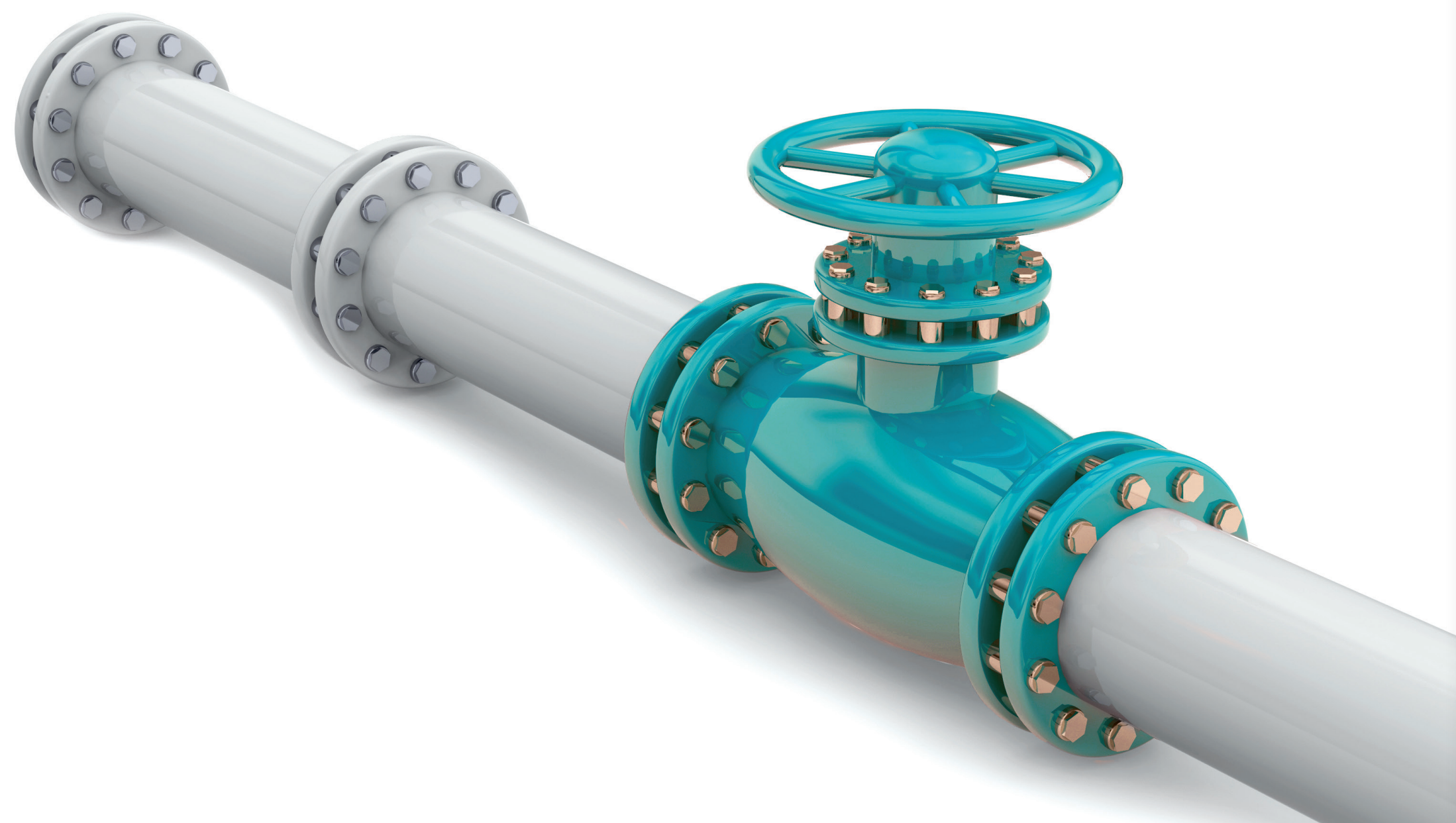
Scope 1 Emissions Wünsche Group



Scope 2

The scope 2 emissions of the Wünsche Group consist of emissions from electricity purchases (share of scope 2 in 2021: 96%) and emissions from the purchase of district heating. The low share of emissions from district heating can be explained, among other things, by the fact that the Wünsche Group only purchased district heating at four German sites in 2020 and at three German sites in 2021. The elimination of one site with district heating can be explained by the relocation of the Latupo company, whose new site is heated with natural gas.

Emissions from district heating have decreased by 63.4% in 2021 compared to 2019. On the one hand, this can be explained by the decreased consumption in kWh, which is partly due to the elimination of one location. On the other hand, the specific emission factor for district heating used in Hamburg has almost halved. This can be explained by the future replacement of the Wedel heating power plant by the Hafen energy park and the further CO₂-free conversion of *Wärme Hamburg*.



Scope 2 Emissions Wünsche Group



Scope 2

The emissions resulting from the Wünsche Group's electricity purchases amounted to 517.4 tCO₂ in 2021. They increased by 7% compared to 2019. The increase of 34 tCO₂ from electricity purchases almost completely offsets the decrease in emissions from district heating purchases, so that the total Scope 2 emissions in 2021 are at a similar level as in 2019.

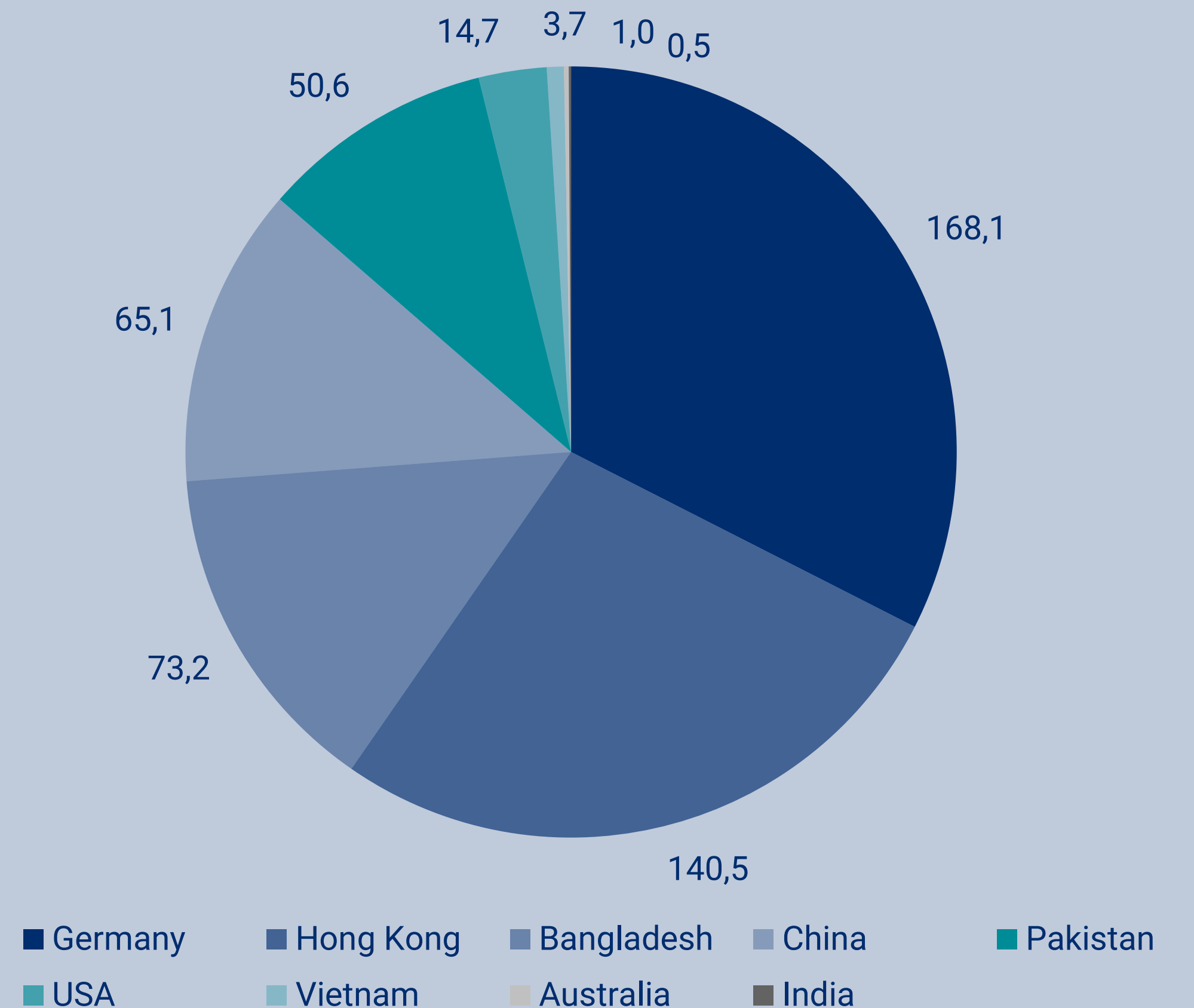
Almost two-thirds of Wünsche Group's global electricity consumption is consumed in Germany. However, if we look at the distribution of emissions from electricity purchases among the countries, which is shown in the chart on the right, we see that just under a third of emissions are generated in Germany. The role of the emissions factor, which indicates how much CO₂ emissions are produced per kWh and thus, how climate-friendly or climate-damaging the purchased electricity is, is clearly noticeable here. The electricity mix in Germany, for example, is more climate-friendly than the electricity mix in China, Vietnam or Australia. In

addition, as already described on page 20, six of our German locations already use a green electricity tariff and thus, no longer contribute any Scope 2 emissions to the carbon footprint. The headquarters location in Hamburg, which is responsible for a large part of the emissions in Germany, also switched to a green electricity tariff in December 2022. Consequently, this positive development has not yet been taken into account in this report and will only be reflected in the environmental data for 2023.

After Germany, which has the largest share of emissions from electricity purchases with the most employees and offices, comes our Hong Kong office with 27.2% of emissions, Bangladesh with a share of 14.1% of emissions, and our Chinese offices with a share of 12.6%.



CO₂-Emissions from purchased electricity in 2021, country-specific in tCO₂



Scope 3

Wünsche Group's Scope 3 emissions in 2021 were just over 2.2 million tCO₂ and increased by 12.9% when compared to 2020. As described in the methodology for Scope 3 on page 22, Scope 3 emissions were significantly expanded compared to the 2019 Company Carbon Footprint. Therefore, neither Scope 3 emissions nor total emissions can be compared to 2019 or prior years.

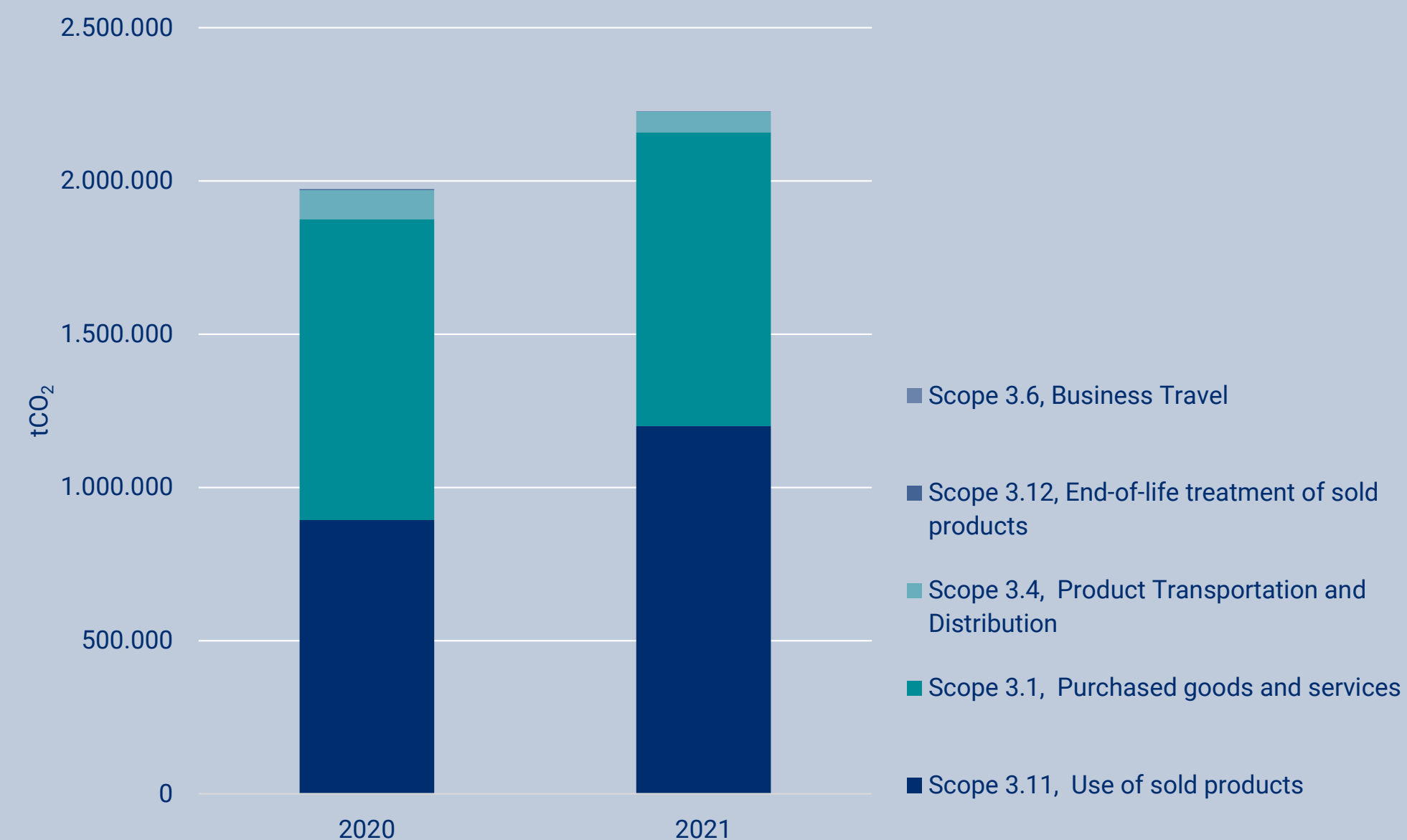
Scope 3 emissions account for a total of 99.9% of Wünsche Group's total emissions. Within Scope 3, the largest shares are clearly emissions from purchased goods and services (43% in 2021) and use of products sold (53.9% in 2021).

For Wünsche Group, the emissions from purchased goods and services include all emissions that occur during the production of the products we trade. This includes emissions from raw material extraction to further processing and production. In the case of sold products being used by consumers, only the electronic devices sold by us were taken into account. Here, the light bulbs and kitchen appliances we trade are of particular significance.

The recycling of products at the end of their life cycle was also newly included in Scope 3. With a share of 0.05% of Scope 3, it makes up only a small contribution compared to the other two newly added categories.

All three categories just described are directly related to the traded products and were extrapolated based on the purchase contracts, as described in the methodology section. Thus, the changes between 2020 and 2021 can be directly explained by the changes and shifts in traded products. Consequently, the more products which are traded, the higher the emissions. Nevertheless, a direct dependency on Wünsche Group's sales cannot be determined, as it also depends on the type of products that are traded.

Scope 3 Emissions in the Supply Chain of Wünsche Group



Scope 3 - Upstream Value Chain, in tCO ₂	2020	2021
Scope 3.1, Purchased Goods and Services	981.209	958.752
Scope 3.4, Product Transportation and Distribution	95.586	66.935
Scope 3.6, Business Travel	226	124
Scope 3.11, Use of Sold Products	893.348	1.199.863
Scope 3.12, End-of-life Treatment of Sold Products	2.409	1.133

Scope 3

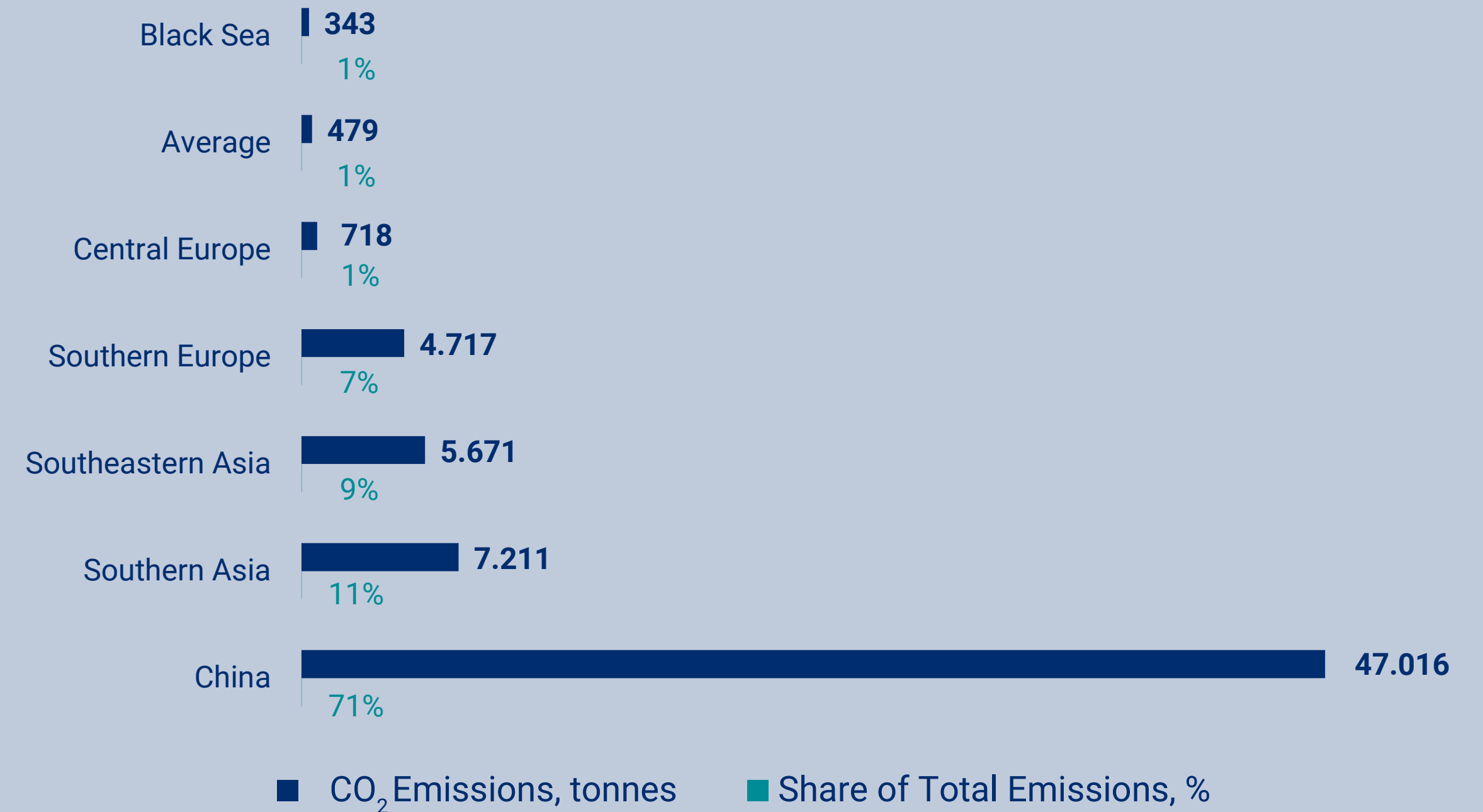
Since the data are extrapolated on the basis of emission factors from databases, the average emission intensity, as well as the weight of the traded products, play a central role here. Consideration of the specific production conditions for our products was not taken into account within this methodology; individual measures and initiatives in our supply chains are not currently reflected in the extrapolated emissions data.

Product transportation ranks third in 2021 with 66,935 tCO₂, representing just over 3% of Scope 3. The goods we trade are transported mainly by container ships from Asia to Central Europe. 71% of emissions result from the transport of goods from China, followed by goods from South Asia (11%) and Southeast Asia (9%).

The share of emissions generated by air transport was relatively small in 2021 (1.2% share of total transport-related emissions), as products are flown only when it is very urgent and time-sensitive. In 2019, emissions from air transport were still a good five times higher than in 2021. However, this significant reduction may also be due to the Corona pandemic and can only be assessed conclusively by looking at developments in subsequent years.



Total Emissions from Freight Transport by Transport Cluster Departure, tCO₂



Scope 3 Emissions from Air Travel

No other mode of transport is as much in the spotlight as air travel when it comes to saving CO₂ emissions. This is understandably so, since no other mode of transport emits more emissions.

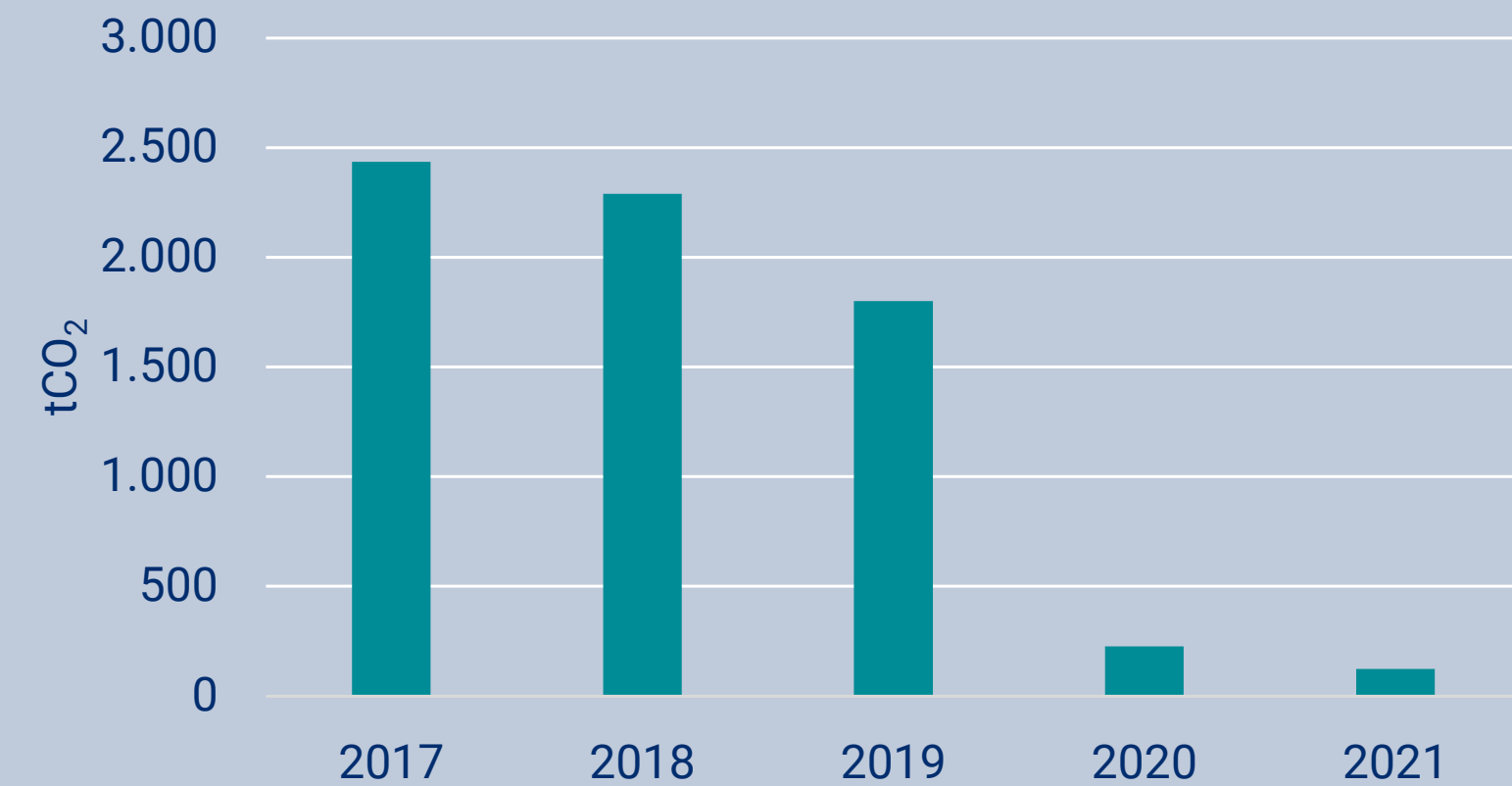
The CO₂ emissions resulting from air travel by employees of the entire Wünsche Group amount to 218.09 t CO₂ during the fiscal year 2020 and 123.92 t CO₂ in 2021. Compared to the previous years 2017 to 2019, this represents an enormous decrease in emissions, which can be attributed almost entirely to the travel restrictions put in place during the Corona pandemic.

Due to the travel restrictions during the corona pandemic, we as the Wünsche Group had to think in new ways. Alternatives were found to remain in close exchange and contact with suppliers and customers. We gained valuable experience in conducting digital meetings and at the same time we realized how much personal contact and personal presence on site was missing in some places.

Consequently, we expect emissions from air travel to increase again, but probably not to pre-Corona levels. Through the pandemic, we have learned about the possibilities of digital meetings and can incorporate this experience into the decision-making process as to whether travel is necessary and appropriate. In this way, some trips will certainly be replaced by a digital exchange, thus making a valuable contribution to reducing CO₂ emissions.



Emissions from Air Travel Wünsche Group



The CO₂ emissions generated by air travel are directly dependent on fuel consumption. This depends on many factors in addition to the distance flown, such as aircraft type, passenger and cargo load, flight altitude, and speed. Assumptions are made for these and other parameters for the calculations, so that emissions can be calculated based on departure and destination airports, stopovers if applicable, and booking class. The booking class plays a major role here. For example, a round-trip flight from Hamburg via Dubai to Hong Kong in economy class causes approximately 3.5 t of CO₂. In Business Class, almost twice as many emissions are caused (approx. 6.7 t CO₂). If you put this in relation to the average amount of CO₂ emitted by a person in Germany, 11.2 t CO₂ per year, it quickly becomes clear how large a single flight can contribute to a personal CO₂ footprint.

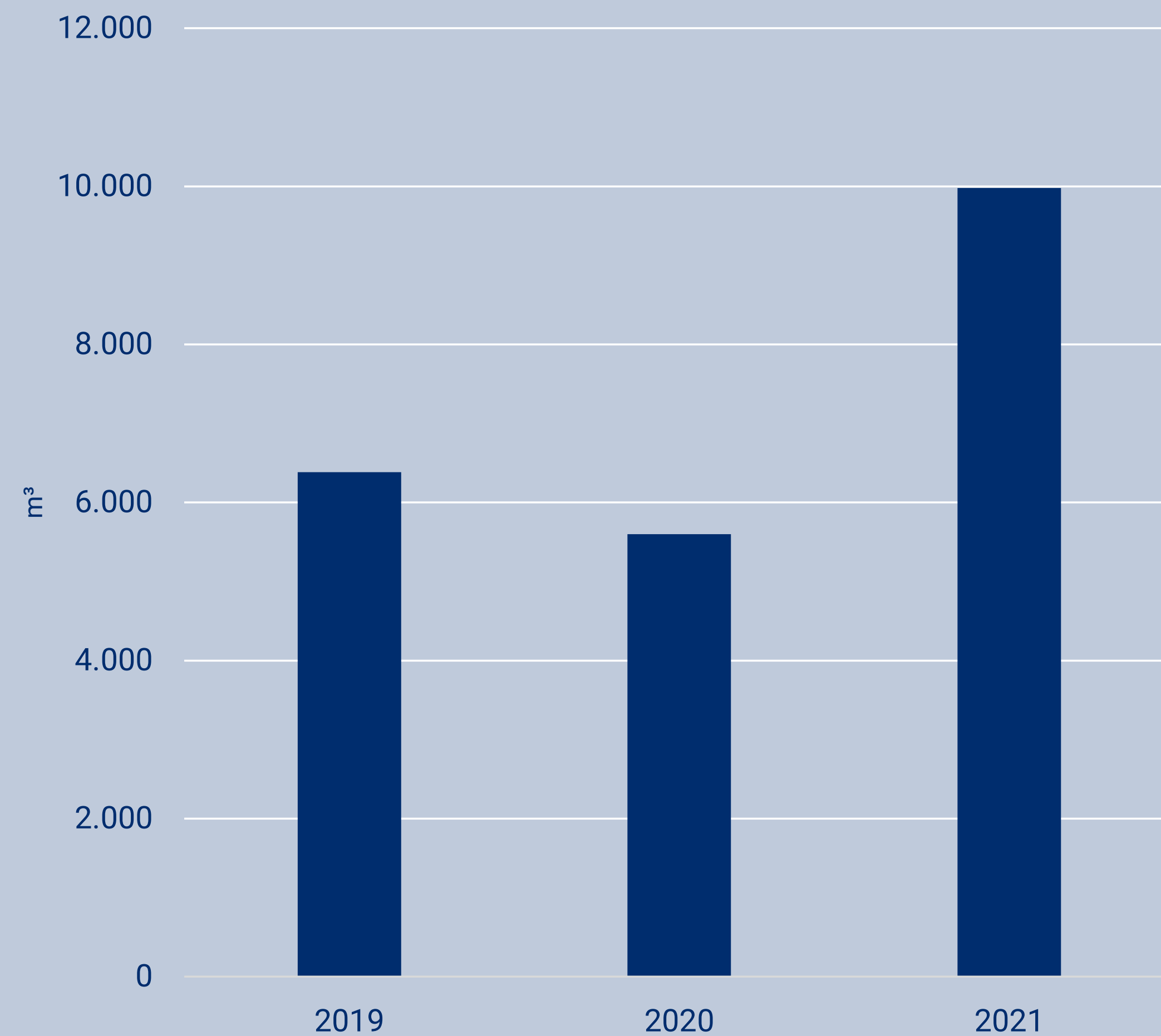
For long distances, however, it is hardly possible to replace the airplane with other means of transport. For short distances, however, there are more climate-friendly alternatives, such as travelling by train. If you travel from Hamburg to Düsseldorf by train instead of by plane, you can almost completely save the 253 kg of CO₂ that would have been produced by air travel. When choosing a means of transport, the required travel time usually plays a central role. However, it is also important to what extent the travel time can be used effectively for work. This is more likely to be possible on a train than on a plane, which is divided into many very small-time segments with the journey to the airport, check-in, etc. The environmental impact is increasingly considered when choosing a mode of transport and the clear trend is that awareness is increasing and will have a greater influence on decision-making in the future.

Water

As part of the annual environmental data collection, water consumption at our office and warehouse locations is also being recorded. In 2021, global water consumption at our 29 sites was 9,980 m³. It was significantly higher than the previous years' figures of 6,382 m³ in 2019 and 5,598 m³ in 2020. The main reason for the increase was the high water consumption of over 3,000 m³ used for a garden in 2021 at one location in Germany.

As an international trading company with mainly office locations and a few warehouse sites, the water consumption of our locations is certainly not the biggest impact we have when it comes to water. Analogous to the issue of greenhouse gas emissions, the most significant water consumption can be accounted for by the production of the products we trade. However, we do not yet have any (extrapolated) data on this.

Total Water Consumption Wünsche Group

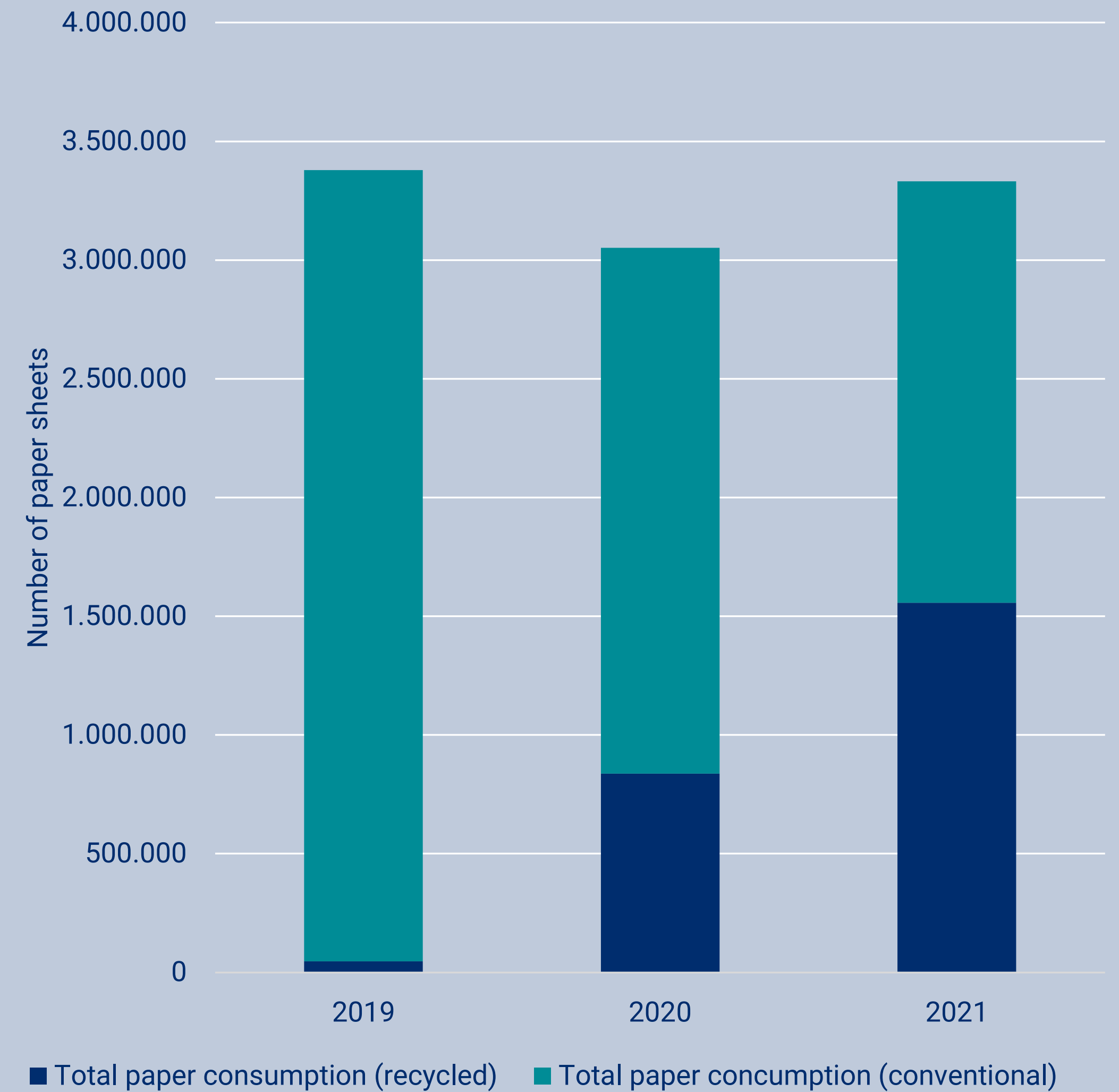


Office Paper

The Wünsche Group's paper consumption remains at a consistently high level of approximately 3.3 million sheets worldwide. We have not yet come much closer to our goal of reducing paper consumption by 30% by the end of 2022 compared to 2019, with a reduction of 1.4% in 2021 compared to 2019, and will therefore very likely not reach our target. The average paper consumption per employee (FTE) declined from 3,413 sheets in 2019 to 3,019 sheets in 2021.

It is pleasing to note that the proportion of recycled paper has increased from 1.4% in 2019 to 46.7% in 2021. However, here too we have not yet achieved our goal of a Group-wide switch to certified, preferably recycled paper, by the end of 2022.

Office Paper Consumption Wünsche Group

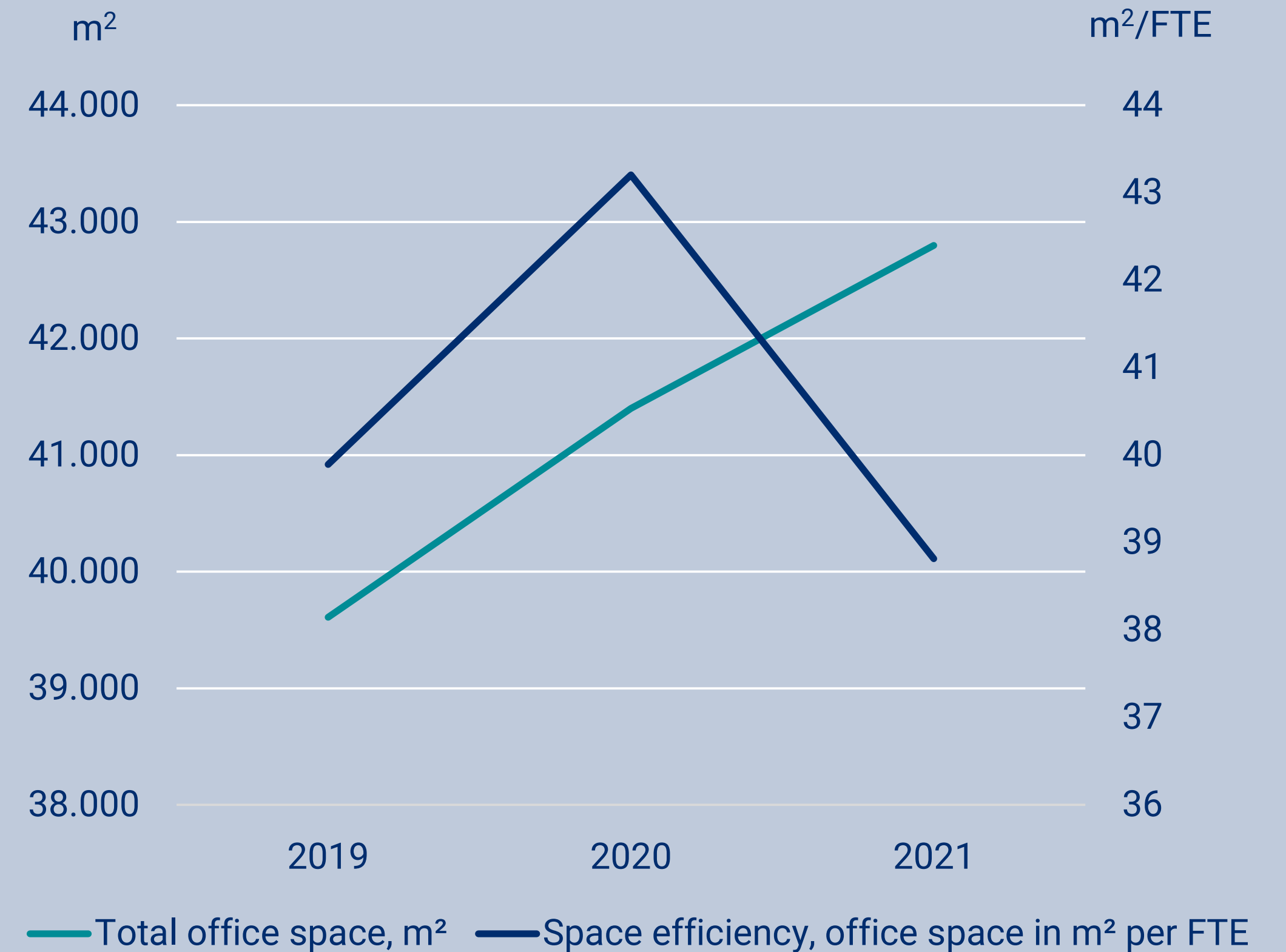


Office Space

The office space used by the Wünsche Group has increased from 39,609m² in 2019 to 42,797m² in 2021. However, over the same period, the number of employees (in FTE) has grown at an even faster rate, so that the space used per employee (in FTE), after increasing in 2020, has decreased to 38.8m² in 2021.

By introducing the possibility of mobile working within the Wünsche Group, some departments have introduced the desk sharing model, where employees no longer have a fixed desk but share available space. This way, the number of desks per employee and consequently, the space required, can be reduced.

Space Efficiency Wünsche Group



Conclusion and Outlook

Conclusion

This environmental report shows what we have done and achieved in recent years and at the same time, makes it very clear what work still lies ahead of us.

What have we achieved?



We have introduced an internal **environmental management system**, including the creation of the responsible environmental management team in Hamburg.



We have adopted an **environmental policy**, our Green Vision.



We have established a Location Officers Network on Environment and Communication (**LONEC**).



We have calculated our **Scope 3 emissions** for the first time.



We support **measures and initiatives** in many areas, such as Detox, certified products and environmentally friendly mobility options.

Where do we stand with regard to our targets published in the CCF 2019?

Scope 1 + 2	Scope 3	Climate-Neutral Products	Paper Usage
<p>Reduce Scope 1+2 emissions by 20% by the end of 2025 (compared to 2019)</p>	<p>Determination of total Scope 3 emissions and subsequent derivation of targets and measures</p>	<p>Offer at least two climate-neutral products per year in every trading company of the Wünsche Group</p>	<p>Switch to sustainable paper by the end of 2022</p> <p>Reduction of the consumption of printer paper by 30% by the end of 2022 (compared to 2019)</p>
<p>Scope 1+2 emissions decreased by 6.7% in 2021 (compared to 2019)</p>	<p>Scope 3 emissions were determined and published for the first time in this report. The subsequent derivation of targets and measures is still pending</p>	<p>The goal is not being pursued further due to the critical media coverage and the hardly existing demand from our customers</p>	<p>The consumption of printer paper could be reduced by 1.4% in 2021 (compared to 2019)</p> <p>The share of recycled paper could be increased from 1.4% to 46.7% during the same timeframe</p>

Objectives and Initiatives

What do we need to do?



Develop an SBTi-compliant target for Scope 1-3

The Science Based Target Initiative (SBTi) has become the industry standard to develop climate targets that are in line with the 1.5-degree-target of the Paris Climate Agreement. Our Scope 1+2 target published in CCF 2019 is in line with SBTi, but still with the ambition to limit climate change well below 2-degrees. We would like to strengthen this target so that it is in line with the 1.5-degree-target and meets the current requirements of the SBTi.

Furthermore, the SBTi also requires the definition of a target for our Scope 3 emissions, which has yet to be developed and adopted.



Develop and adopt measures

Looking at the data in this environmental report, as well as the targets adopted in the CCF 2019, shows the need to develop and adopt concrete measures to reach our targets and reduce the greenhouse gas emissions of Wünsche Group. One measure already adopted is the Green Electricity Initiative. Here, we are aiming for all German locations to switch to using pure green electricity by the end of 2024. The Green Electricity Initiative will significantly help us to achieve our current Scope 1+2 target. As of the end of 2021, six of our 16 German locations were already purchasing green elec-

tricity, so there is still a need for action to find a suitable green electricity contract for the remaining locations.

Due to the necessary tightening of the target, further measures are needed to reduce our greenhouse gas emissions. Particularly in the area of Scope 3, it is a great challenge to find quantifiable reduction measures, as positive changes in the upstream and downstream supply chain are currently not reflected in the data due to the current methodology of extrapolating the data via the purchase contracts.



Expanding Scope 3

In order to cover all Scope 3 categories defined as relevant for the Wünsche Group, Scope 3 calculations will be expanded in the future to include waste, employee commuting, and the complete recording of business travel.



Further environmental goals

In addition to the climate target, other environmental issues will also be assessed in the future as part of the CR strategy in the context of double materiality and environmental targets with corresponding measures will be developed on the basis of these.

Ideas and Feedback

We appreciate all new suggestions and ideas for improving the environmental performance of the Wünsche Group. Please feel free to contact our Corporate Responsibility Department at any time and help us to further improve the ecological footprint of our company!

We are also at your disposal for any questions on this topic:

How to reach us:

EnvironmentalProtection@wuensche-sc.de

We would like to take the opportunity to thank all those involved in this project and look forward to continuing our work.

Abbreviations

amfori BSCI	amfori Business Social Compliance Initiative	GRS	Global Recycled Standard
BCI	Better Cotton Initiative	HR	Human Resources
CCF	Company Carbon Footprint	LONEC	Location Officers Network for Environment and Communication
CH₄	Methane	N₂O	Nitrous oxide
CMA	Chemical Management Audits	NF₃	Nitrogen trifluoride
CmiA	Cotton made in Africa	OCS	Organic Cotton Standard
CO₂	Carbon Dioxide	PFC	Per- und Polyfluorinated chemicals
CR	Corporate Responsibility	RWS	Responsible Wool Standard
ECO	Environmental Communication Officer	SBTi	Science Based Targets Initiative
EF	Emission factor	SF₆	Sulphur hexafluoride
FKW	Fluorocarbons	tCO₂	metric tonnes CO ₂
FTE	Full Time Equivalent	UBA	Umweltbundesamt (German Federal Office for Environment)
GCS	The Good Cashmere Standard	WSC	Wünsche Services
GHG	Greenhouse Gas	ZDHC	Zero Discharge of Hazardous Chemicals
GOTS	Global Organic Textile Standard		

Imprint

Corporate Responsibility

Wünsche Services GmbH | A Company of
Wünsche Group
Bei den Mühlen 5 | 20457 Hamburg

Authors:

Franziska Pfeiffer

Fenna Mondry

Alina Khan

Callie Riemann

Simon Hartmann

Nina Conrad

Lena Mangels

Concept, Graphics and Design:

Alina Khan

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Note: The content of this report was prepared with the greatest care. However, we cannot assume any liability for the correctness, completeness and topicality of the contents.

