



2021

SUSTAINABILITY PROGRESS

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A word from our founder & CEO: Raising sustainability ambitions



From day one, Gelato's vision has been to rethink production. Gelato's curated global marketplace is an important tool for replacing centralized mass production. We believed then, and we continue to believe, that personalized items should be produced locally and on demand.

The future of manufacturing is local and on demand:

Firstly, the creator economy and entrepreneurship are booming. Software and global marketplaces have leveled the playing field. By accessing the latest technologies, a single individual can compete with a multinational company. **This boosts the entrepreneurial spirit.**

Secondly, we empower the local community to produce what the local community consumes. Gelato doesn't own any production facilities or equipment, instead, we support local businesses and entrepreneurs. **This strengthens local businesses and communities.**

Thirdly, since our production takes place locally and on demand, our customers save emissions on last-mile transportation and help overcome the challenges of overproduction and global supply chains. **This benefits our planet and our customers.**

Sustainability has been an integral part of our business model since inception. In 2020 we launched our own sustainability strategy called "Gelato Rethink" which rests upon our continued commitment as a participant of the United Nations Global Compact and its 10 principles as well as the UN Sustainable Development Goals.

The consequences of the climate crisis have become more and more evident. During 2021 we outlined our ambition - to reach **net zero by 2030**. Gelato's local production model will enable creators and customers to make more sustainable choices. Together we will be able to **rethink production, for the benefit of people and the planet.**

The cornerstone of a lasting company is its people and its culture. In the face of the global pandemic, our team continued to work tirelessly. With all the creators around the world starting to share their art and passion online, **our mission - to bring creativity to life and into businesses - has never been more important.**

Two important aspects of building a sustainable company are equality and diversity. Today Gelato consists of 48 nationalities. Diversity and equality are different sides of the same coin. Both are some of our strongest cultural assets.

In 2021 we also did a \$240 million round of funding led by Insight Partners, supported by SoftBank, funds managed by Goldman Sachs Asset Management, Dawn Capital, and other existing investors. These financial assets will lead to more products in our portfolio and production in more countries. Strengthening our local presence means that more customers will choose Gelato to meet the growing demand of sustainability minded consumers and achieve better efficiency and scale. We have never been in a better position to bring local production and distribution to the creator economy.

At Gelato, we have a unique opportunity to use our reach and scale to let the local community produce what the local community consumes. This will create a better society in many ways, big and small. These ambitious targets will take time to deliver upon. Gelato is wholeheartedly committed to our long-term environmental and social goals. They are core to our mission. They are core to our business.

Thank you for joining us on this journey!

Henrik Müller-Hansen, Founder & CEO

About Gelato

Key numbers from across our global business operations in 2021

Gelato group brands



45
Logistics partners



34
Countries with local production



317
Team members



NOK874 million
Turnover Gelato AS 2021



177
Countries delivered to



105
Production locations
on **6** continents



48
Nationalities across
the Gelato team



14
Offices in **12** countries
HQ in Oslo, Norway



85%
Of all orders were fulfilled in the
same country as the customer

Sustainability at Gelato

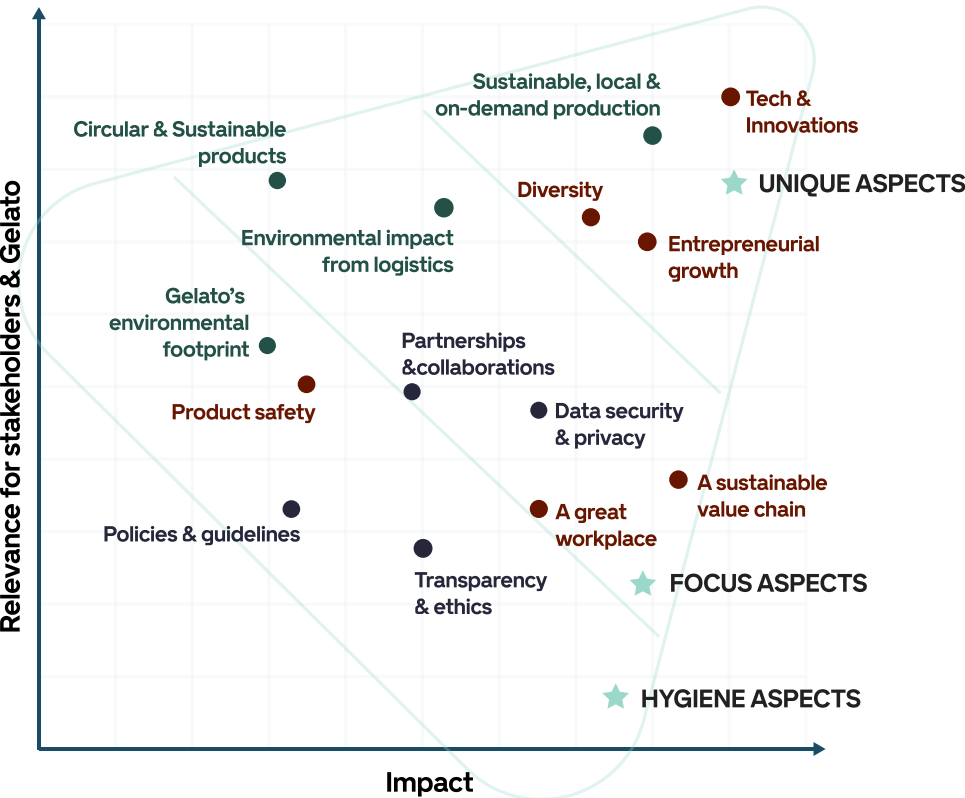
Our approach

Gelato's approach to sustainability is to have a positive impact and take environmental, social and economical responsibility, including governance and anti-corruption. With the foundation of our sustainability strategy we have recently updated our sustainability ambition for 2030, and set 2025 objectives based on Gelato and stakeholder relevance, regulations and impact. In 2020 we defined our sustainability strategy based on a structured approach including the below actions:

- Defined sustainability aspects through internal and external industry and competitor analysis.
- Conducted stakeholder dialogues with stakeholder groups including our founder and CEO, board members, investors, internal stakeholders, team members, strategic partners and customers.
- Held stakeholder dialogues with organizations such as WWF, Canopy, FSC, HP Indigo, Antalis and UN Global Compact.
- Performed an impact analysis based on nine different parameters.
- Prioritized the materiality aspects further into the below materiality matrix.

Materiality matrix

The materiality matrix shows the aspects that matter the most for our stakeholders, Gelato and where we can have the greatest impact including our unique, focus and hygiene aspects.

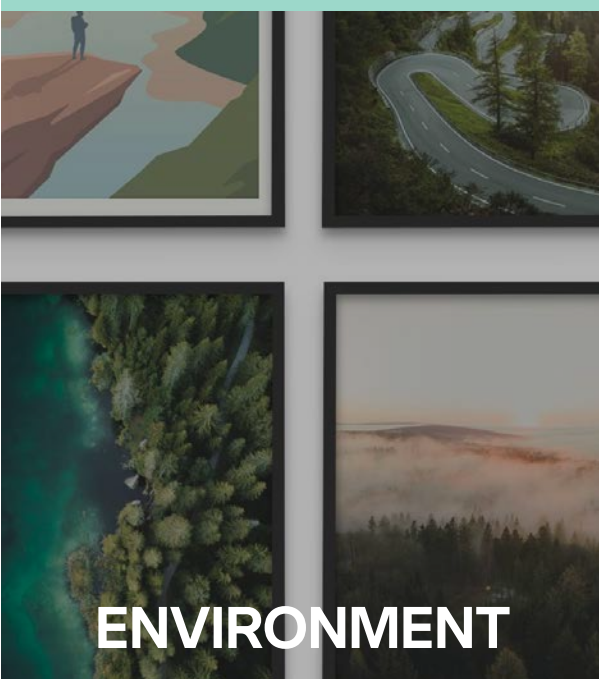


Sustainability at Gelato

Our focus

Gelato’s sustainability strategy and prioritized materiality aspects are divided into three overall strategic areas: **Environment; Reduce environmental impact, Social; Positive impact on people and Governance; Act responsibly.** Our strategic focus supports eight Sustainable Development Goals.

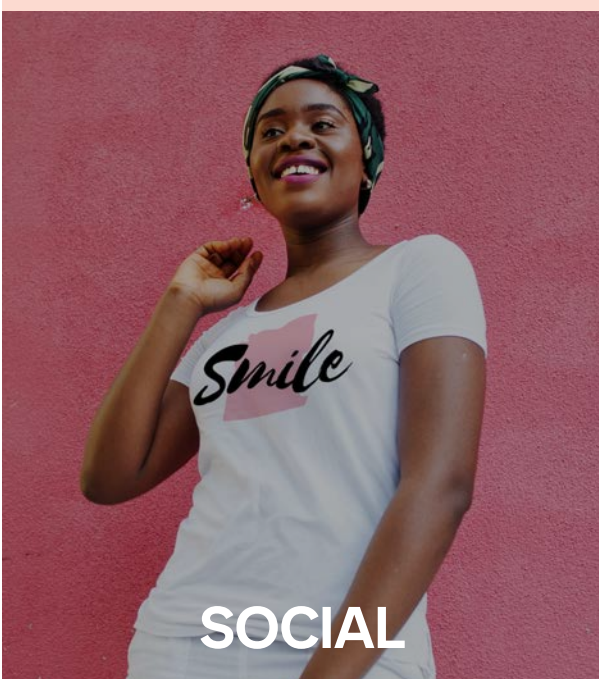
Sustainability governance: Our sustainability work is led by the VP Sustainability. The strategy and prioritization is decided by the sustainability advisory board with members from the leadership team. A Supplier Compliance Committee governs the Gelato Supplier Compliance Program.



Reduce environmental impact

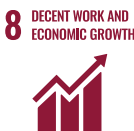
- Sustainable, local & on-demand production
- Environmental impact from logistics
- Circular & sustainable products
- Gelato’s environmental footprint

SUSTAINABLE DEVELOPMENT GOALS



Positive impact on people

- Tech & innovation
- Entrepreneurial growth
- A sustainable value chain
- A great & diverse workplace
- Product safety



Act responsibly

- Data security & privacy
- Partnerships & collaborations
- Transparency & ethics
- Policies & guidelines



Sustainability highlights



ENVIRONMENT

Reduce environmental impact

85% of all orders were fulfilled in the same country as the customer in 2021. Improvement from 83% 2020.

4 new production markets were launched: Malaysia, South Africa, Greece and Poland.

78% of packaging items serving 40% of orders are made of 100% recycled content.

Launched **GOTS-certified organic cotton and recycled polyester apparel**.



SOCIAL

Positive impact on people

Raised funds to **Broadway Cares/Equity Fights AIDS** in partnership with Broadway poster designer **Frank “Fraver” Verlizzo**.

172 new team members were hired.

90% Employee Engagement Score in the Gelato Pulse survey.

100s of local businesses and communities are currently supported through our production network.

1000s of entrepreneurs grow their business and access a global market within minutes through the Gelato network.



GOVERNANCE

Act responsibly

0 major data security incidents.

100% of our production and development partners have signed the Supplier Code of Conduct.

Implemented a **Self-Assessment-Questionnaire** to prioritized suppliers to determine if they should be audited.

Gelato participated in the **United Nations Global Compact’s SDG ambition accelerator program**.

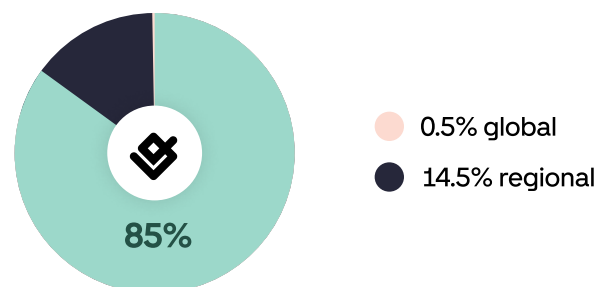
Environment

Reduce environmental impact

Caring for the environment is integral to our business model. We help customers reduce their carbon footprint and use of resources by offering local on-demand production. We always seek to improve and ensure environmentally responsible practices.

Sustainable, local & on-demand production

Our vision is to rethink production, for the benefit of people and the planet. Gelato offers local production and fulfillment on all orders. Our aim is to produce as close to the end customer as possible, which allows us to reduce transportation distances and greenhouse gas emissions on the last mile delivery on top of offering faster delivery times.



85% Of all orders were fulfilled in the same country as the customer in 2021

During 2021 we added **4 new production markets**; Malaysia, South Africa, Greece, and Poland. We currently produce in 34 markets on 6 continents at 105 production locations, and last year shipped to 177 countries.

We help our customers avoid overproduction and reduce the use of resources by fulfilling all orders on-demand, avoiding excess production and waste ending up in landfills.

We work closely with partners and suppliers to continuously improve production efficiency using the latest production technology with a minimized negative impact on people and the planet. In 2021 we, as an example, introduced several new printing technologies for apparel.



Environmental impact from logistics

The largest positive impact we have made through logistics is by reducing transportation distances and carbon emissions with local production. Therefore, we prioritize expanding local production along with fast delivery, and we are committed to identifying ways to improve logistics and reduce the negative effect of logistics on the environment.

In 2021 we launched Budbee in the Netherlands, a carbon neutral order delivery option that aims to be 100% fossil-free by the end of 2022.

Gelato's environmental footprint

Our care for the environment is part of our DNA and included in our Ethics policy and the Supplier Code of Conduct. We work to minimize our environmental impact and to ensure environmentally responsible practices.

In 2021 we initiated a project to reduce environmental impact, enable our customers to see their environmental impact and empower sustainable choices.

Gelato has an ambition to reach net zero greenhouse gas emissions by 2030 and half our emissions by 2025 without relying on carbon offset.

During 2022, we will measure our GHG emission baseline for scope 1, 2 and material scope 3 emissions and implement a plan for how to reach our net zero objective.

Circular & sustainable products

Throughout our entire value chain, we aim to provide responsibly sourced, sustainable, and circular products that minimize the negative impact on the environment. We continuously learn and improve over time. When we expand our product offerings, we study and consider relevant sustainability aspects for new product categories. To ensure a competitive product offering to our customers, we balance sustainability aspects with customer demand, availability from suppliers and production partners, and price. In 2021 we added several new drinkware, apparel, and wall art products. The majority of all orders are made of paper, a renewable material.

Key actions in 2021

Towards 100% recycled content packaging

Last year we took actions to maximize the share of recycled content in our packaging in Europe - moving towards our objective that **100% of packaging is made of 100% recycled content**. When optimizing packaging we take into account environmental impact, product protection, and customer experience. In 2021 we managed to optimize packaging that serves approximately 40% of total order volume and we will make further improvements during 2022.

78% of the optimized packaging is currently made of **100% recycled content**.

Furthermore, we have encouraged all print partners in Europe to switch to 100% recycled content in packaging and have expanded the offering of recycled paper and envelopes for our customer Canva in the EU.

Support zero deforestation

To our production partners, we stressed our preference for using FSC® certified materials from sustainably managed forests for paper products, canvases and wood prints. When not available we source PEFC or equivalent. We have focused on improving the system transparency for canvases and wood prints.

90% of canvases and **84%** of wood prints orders are made of FSC® certified wood. (Feb 2022)

A Trillion Trees

In order to continue our commitment to zero deforestation, we donated €10,000 to WWF's "A Trillion Trees" campaign. We are proud to support WWF's goal to restore a trillion trees before 2050 - a big, bold, and long-term initiative that sits at the heart of who we are.



Circular & sustainable products

Key actions in 2021

Introducing the organic cotton and recycled polyester collection!

To provide our customers with more sustainable and circular apparel materials, we last year launched apparel made of **GOTS**-certified organic cotton and recycled polyester.

Organic cotton is naturally grown without any use of chemical pesticides or fertilizers and has not been genetically modified (non-GMO). Harvesting and producing organic cotton sustainably will provide benefits to the environment, enhance biodiversity, and have a positive impact on farmers and their communities. If producers and consumers would switch from conventional to organic cotton we could, according to TRSVT, **reduce the global warming potential of cotton by up to 46%**.



Recycled polyester yarn and fabric

We also launched a more circular apparel option with recycled polyester yarn made from post-consumer recycled plastic PET bottles that could otherwise end up in landfills or oceans. [Click here to read more](#)



Social

Positive impact on people

Our platform is powered by tech and innovation and enables us to support local businesses, entrepreneurs and communities, having a positive impact beyond Gelato.

Tech & innovation

Our digital platform connects “best-in-class” production partners worldwide. By leveraging technology, innovation, and capacity sharing, production becomes more local, sustainable, and has a positive impact on local business and communities.

100s of local businesses and communities are currently supported through our production network



BROADWAY
IS ALIVE

Broadwayisalive.com

In 2021 we had the privilege of partnering with Broadway poster designer Frank ‘Fraver’ Verlizzo and releasing his never-before-seen posters to raise funding and support the community of creative artists affected by the closure of Broadway due to Covid-19. Total donation US\$12 000 to Broadway Cares/ Equity Fights AIDS. [Click here to read more](#)

Entrepreneurial growth

Aligned with Gelato’s purpose, Bringing creativity to life - and into business, we have opened up our global production network. Through our API solution we empower entrepreneurs to go global in minutes with minimal risk - since you only pay for what your customers order. In 2021 we launched Gelato+ which offers best-in-class tools and features to grow your business.

1000s of entrepreneurs grow their business and access a global market within minutes through the Gelato network

Your Film Poster scales globally with Gelato



A sustainable value chain

We always strive to have responsibly sourced products from a sustainable value chain meeting our high sustainability standards. Our sustainability requirements towards suppliers was in 2017 established in our Supplier Code of Conduct and includes environment, human rights, labor and anti-corruption.

As we continue to grow in number of suppliers and expand to new markets, we experience more complex and less transparent value chains. Therefore, we developed the Gelato Supplier Compliance program in 2020 to implement a structured approach to assessing and mitigating risks among our suppliers.

Key actions within the Gelato Supplier Compliance Program:

- A Self-Assessment-Questionnaire was sent out to prioritized suppliers to determine if they should be audited.
- The Risk Assessment Tool now includes a data security review of print houses.

Product safety

Our Product Safety Specifications ensure that our products comply with international and national product safety regulations. The expansion of product range to merchandise and apparel requires us to increase product traceability.



A great & diverse workplace

We exist to give everyone the opportunity to share their creativity in a faster, smarter, and greener way. Our ambition cannot be achieved unless we attract, develop, and retain the very best people from all over the world while continuing to scale our culture.

Gelato as a workplace

Gelato's culture encourages a "growth mindset" and we always challenge the status quo. Through continuous peer feedback and growing the apple tree we grow not only as professionals but also as individuals.

With 12 legal entities and team members in 18 different countries, we have the Code of Conduct and our Employee Handbook to guide us. In all our locations, we make sure all team members are aware of our benefits, such as flexible working hours, holidays, and parental leave. We operate as one team and value equal opportunities for all.

4,8/5 rating on Glassdoor.com
April 2022

Since the start of 2021, our main focus has been to continue supporting our team members through the global pandemic and expanding the number of team members. We doubled the organization by **hiring 172 new team members** and held quarterly virtual team building events.

Everyone is a shareholder

Ownership entails a sense of belonging and purpose. In areas where we lack structure, we bridge the gap with self-motivated and empowered team members. Together, we solve problems, innovate, and work as one team.

Diversity & inclusion

We hire the best talent, regardless of where they may be in the world. We ensure an objective recruitment process by using assessments at the very beginning,

and by utilizing a team of interviewers with different roles and backgrounds. In 2021 we implemented a new Application Tracking System (ATS) to help us ensure an unbiased selection of applicants.

We hire for attitude and train for skill

We hire brilliant people who are also great team members. The value of a diverse team is being able to use each other's strengths and differences while always striving to develop and improve as individuals and as a team. The combination of this mindset, regular performance & development dialogues, quarterly pulse surveys, internal mobility and the newly launched internal Gelato Academy we support all team members on their journey of continuous growth.

Our team members have a lot of autonomy in the work they do, but also in their personal development.

High performers are recognized and rewarded with more responsibilities and greater autonomy. There are conventional forms of recognition as well, but experience tells us that our team members get the most excited when given more responsibility and the opportunity to work on interesting high-impact projects.

90% Employee Engagement Score
Gelato Pulse survey

To support us with our ambitious growth plans, we last year invested in a new and much more engaging onboarding platform and we have grown the People & Talent Acquisition team from 3 to 9 team members.



Governance

Act responsibly

Data security and protecting our customer data and privacy is more than a compliance requirement. It's part of our core values. We believe in partnerships, transparency and to keep the highest ethical business practices guided by our company culture and policies.

Data security

Data security is of utmost importance to us. As part of our network protection initiatives, we expanded the security team by 60% in 2021. Another example is the implementation of a Web Application Firewall.

Our security practices align with industry standards, such as ISO 27001 and NIST 800-53. The Gelato Information Security Program protects the integrity, confidentiality, and availability of information that is processed, stored, or transmitted by Gelato. All employees and suppliers with access to our systems receive security training.

0 major data security incidents

We have a comprehensive cybersecurity program and regularly conduct external security testing of our systems. With AWS Cloud, we deploy our infrastructure in a secure and reliable manner.

Privacy

Our aim is to have the highest level of protection of our customers' data, in compliance with national and international laws and regulations. A GDPR committee led by our Data Protection Officer has been formed and our policies and practices have been aligned to the General Data Protection Regulation (GDPR). Each of our business units has a privacy policy that explains how information is collected and used.

We closely monitor legislation in countries where we operate, follow developments in case law and take actions when needed. Last year we performed an annual review of our processing activities related to personal data.

Gelato is a participant of UN Global Compact

WE SUPPORT



We are committed to take actions to support the UN Sustainable Development Goals and align our operations and strategies with **UN Global compact's** ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. Gelato participates in the UNGC SDG ambition accelerator program 2021-2022.

Partnerships & collaborations

To make production more sustainable, we work closely with partners and suppliers and always use cutting edge technology to minimize environmental impact.

Transparency & ethics

We believe in being transparent and maintaining ethical business relationships with our partners and customers. We have established internal and external policies that take into account human rights, labor rights, environment and anti-corruption internally and in our supply chain.

Due to the pandemic no new audits have been initiated during 2021. We will during 2022 take actions to prepare for the new Norwegian Transparency Act.

93% of suppliers' risk assessed in the Supplier Compliance Program.

- **100%** of our production and development partners have signed the Supplier Code of Conduct.
- **31%** of all active suppliers have signed the Supplier Code of Conduct.

Policies & guidelines

In order to guide us as we grow rapidly, we constantly need sound governance.

Examples of policies in place:

Code of Conduct, Ethics Policy, HMS Policy, Whistleblowing policy, Supplier Code of Conduct An Anti-Bribery Policy and an Anti-Money Laundering Policy will be implemented in Q2 2022.



The road ahead

Over the next years we will raise our sustainability ambitions with focus on environment, social and governance and **bring our vision to life.**

Vision

“To rethink production, for the benefit of people and planet.”

We will place sustainability at the core of the business and do all we can to **empower sustainable choices, make local communities thrive** and **help the planet survive** the global challenges we are facing.

We are united by a determination to make traditional production a thing of the past. We believe it is critical that we rethink the way production works, and that local on-demand production is the solution to the current unreliable, unsustainable and sometimes unethical supply chains. We believe that local production is critical to allow local communities to thrive.



The road ahead

2022 Focus

Highlights

- Start the journey to net zero 2030
- Expand local on-demand production
- Make environmental impact available to customers
- Increase the share of FSC and recycled material in wood based products
- Increase product traceability
- Reinforce and scale the Gelato Supplier Compliance Program

2025 Objectives

Highlights

- Half emissions with 95% local fulfillment
- Support zero deforestation:
100% sustainable wood*
- A sustainable and traceable value chain powered by tech
- *FSC or recycled

2030 Net zero

In order to achieve net zero greenhouse gas emissions by 2030, we will take actions to measure, reduce and optimize our environmental impact across our value chain.

We are committed to empower sustainable choices and help our customers decouple financial growth with an increased environmental footprint and resource use. Powered by local and on-demand production.



About the report

This sustainability report covers the period from January to December 2021. Our ambition with this report is to be transparent and share our approach, progress, and focus ahead in the area of sustainability. This report constitutes Gelato's Communication on Progress (COP) submission to the UN Global Compact. The report is not quality assured by an external body.

Gelato makes all reasonable efforts to use reliable and comprehensive information, but we make no guarantee that it is accurate or complete. We have no obligation to communicate if and when information in this report changes. This report may contain forward-looking statements and it is possible that the actual results may differ. Gelato is not responsible for the information contained in any referred third-party website nor do we guarantee their accuracy and completeness. Trademarks contained herein are the property of their respective owners.

www.gelato.com/sustainability

