



SUSTAINABILITY PROGRESS REPORT.

INTRODUCTION.

At The Customization Group, we strongly believe in contributing to the Sustainable Development Goals (SDGs) outlined by the United Nations Global Compact, which provide a common aspiration for creating a better world for everyone. These integrated and interrelated goals encompass 17 objectives that aim to end poverty, protect the planet, and ensure peace and prosperity for humanity by 2030.

As a producer of millions of mass-customized products annually, sustainability is a fundamental aspect of our business ethics. We understand the importance of taking responsibility for our actions and are proud to have a sustainable business model at our core. By producing only the goods that are purchased, we minimize waste and over-consumption.

We recognize the significance of reporting on our sustainability progress, as it serves as a mean of measuring and tracking our efforts towards more sustainable business practices. Our progress report is a testament to our commitment to sustainability, and we are excited to share our story and future goals with you.



COMMUNICATION FROM OUR EXECUTIVES.

Over the past 15 years, our company, which started as a small operation in a garage in Cologne, has grown into a global market leader in mass customization. As we look forward to the future, we are excited that in 2023, we are launching the new brand of The Customization Group.

Throughout our growth, our core goal has remained unchanged: to enable our customers to transform their memories, emotions, and happy moments into beautiful products that they will cherish.

We strongly believe that our business is driven by a desire to create a sustainable and long-lasting positive impact on the world. While our on-demand business model is built on sustainable principles, we recognize that there are several material areas where we can set goals and targets for the years ahead.

As we move forward as The Customization Group, our priority will continue to be our impact and responsibility to both people and the planet. We are committed to creating a sustainable future and making a positive difference in the world.



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CO-CEO

Philipp Mühlbauer
CO-CEO

Christian Lindner
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Björn Boos
CFO



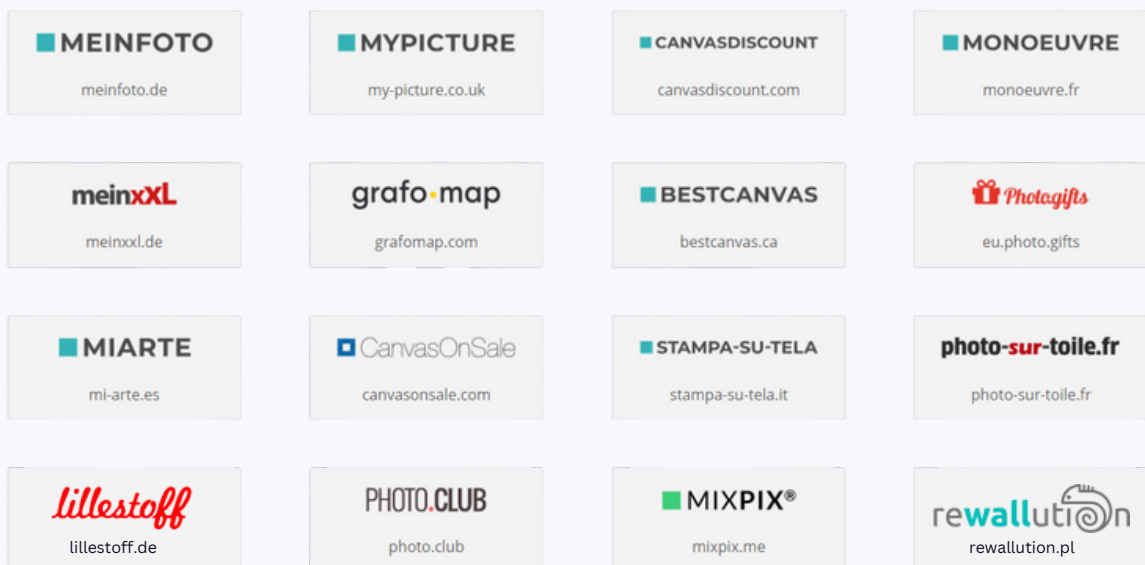
WE TURN EMOTIONS INTO PRODUCTS.



Millions of happy customers, billions of great emotions.

As the worldwide leader in customizable wall and home decoration, The Customization Group leverages its five factories located in the USA, Germany, Poland, and Latvia to produce over 500,000 products every day, each one uniquely tailored to meet the individual specifications of our customers.

We ship worldwide and sell via more than 20 in-house online stores which are fueled by cutting edge technology.





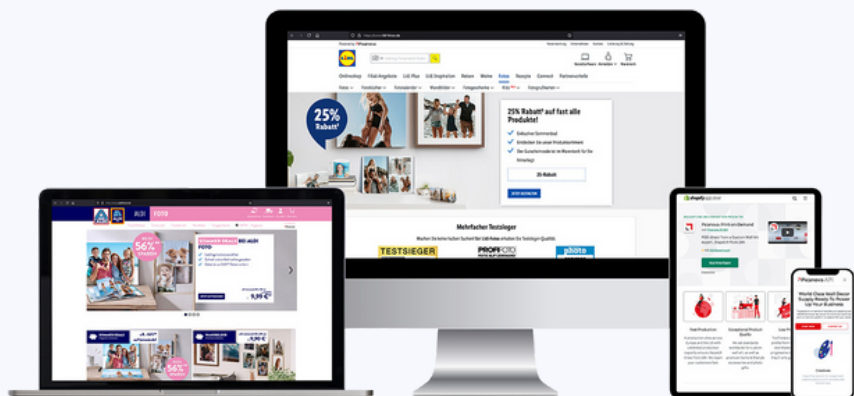
As The Customization Group, our product portfolio has expanded significantly over the years. While historically known as a market pioneer in high-quality, fully-individualized and affordable wall décor, our company has disrupted multiple other product verticals. We now offer the ability to personalize home textile and lifestyle products such as pillows, blankets, bed linens, window blinds, door mats, and more. We also provide personalized photo gifts such as mugs, puzzles, mousepads, posters, and even personalized licensed merchandise.

In 2022, we added multiple new categories, including cotton and DTG printing, which now includes T-shirts, hoodies and personalized cotton products. Additionally, we have expanded our gift category to offer an even wider range of personalized gift products.

The Customization Group's high innovation capabilities enable us to continuously introduce new champion products every year.



Furthermore, The Customization Group offers professional mass-customization services to corporate clients through innovative B2B solutions. Our services enable businesses of all sizes to provide their customers with fully individualized products tailored to their specific preferences. Our customer base includes both large global corporations (such as Lidl and Aldi - our white label partners) as well as small business owners and resellers who can access our services through our API solution.



OUR PRIORITY

SDG

The United Nations has established 17 Sustainable Development Goals (SDGs), all of which are important and interrelated.

However, as a company, The Customization Group recognizes that certain SDGs are particularly relevant and material to our business and stakeholders.

In our Progress report, we aim to highlight the specific SDGs and targets that we are prioritizing, and demonstrate how these align with our business model, goals, and operations.

01. Environment

As a producing company, it is crucial for us to contribute to the achievement of climate-related goals. At The Customization Group, we promote responsible consumption and production through our on-demand business model, while also striving to minimize the environmental impact of our production processes and operations.



02. Social

At The Customization Group, we are proud of our diverse and inclusive workforce, which includes employees from multiple hub locations around the world as well as a strong remote community. That's why we're committed to creating a welcoming and supportive work environment that promotes diversity, inclusion, and equity. We strive to provide our employees with the best possible working conditions, and we work closely with our communities to ensure that our company has a positive impact on society as a whole.



03. Governance

Strong and effective corporate governance helps to cultivate a company culture of integrity, leading to positive performance and a sustainable business overall. The component becomes especially important with a growing size of organization.



ENVIRONMENT.

Our business model is built on sustainability, as we only produce products that have been sold, minimizing waste. Customization also leads to minimal return rates and significantly reduced shipping cycles compared to other e-commerce businesses. Additionally, our global network of production facilities allows for proximity production, reducing emissions created in the logistics process.

Some of the key achievements in our progress up to 2022 have been:



Materials

In 2022 more than 97% of our wood for the canvas frames came from FSC certified sources.

We also started the process of renewed FSC certification to include more products and components.

More and more of our packaging is made with recycled materials, and we're cutting down on plastic too. Our dedicated project team is continuously working on improvements.

In 2022 we started a new cotton printing process to ensure that we can offer more natural and environmentally friendly product portfolio to our customers. Majority of our portfolio is OEKO-TEX certified.

We're proud to say we were the first print-on-demand company to receive the QSD – the coveted Seal of Quality for Digital Printing, certifying exceptional quality standards.

Energy

In 2021 we installed solar panels in our production facility in Stettin, Poland allowing to benefit from renewable energy sources.

In 2022, we actively researched additional opportunities for solar panels in the US facilities.

In 2022 we started new campaigns to reduce the resource consumption in our offices, in 2023 we plan to quantify the results of the information campaigns.

We regularly modernize our machines and lighting systems in the production to reduce our energy and CO2 consumption. In 2022, we improved our impact measurement system.

The car park of the company since 2019 has been gradually replaced by hybrid vehicles. We also encourage our employees to use bike and car-share opportunities.

Minimized waste

Our on-demand business model means your products aren't made until customer's order's been placed.

Less waste and more efficiency is the core of our business model.

In 2022 we further reduced our re-order rate (decrease from 2.58% to 2.20%) helping us to avoid the climate effect of repeated shipping.

All our offices have waste recycling opportunities allowing us to adhere to local recycling policies. We encourage everyone to be mindful about recycling.

In 2022 we installed new water purification equipment in Riga office allowing to save over 14 thousand plastic bottles.

ENVIRONMENT.

Communicating our sustainability focus to our stakeholders:

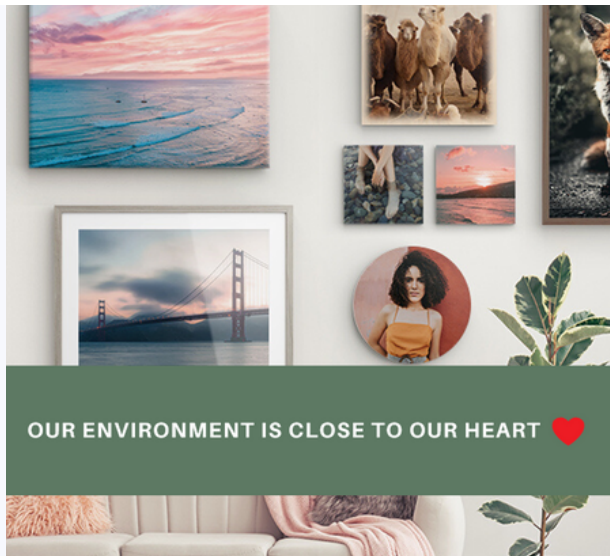
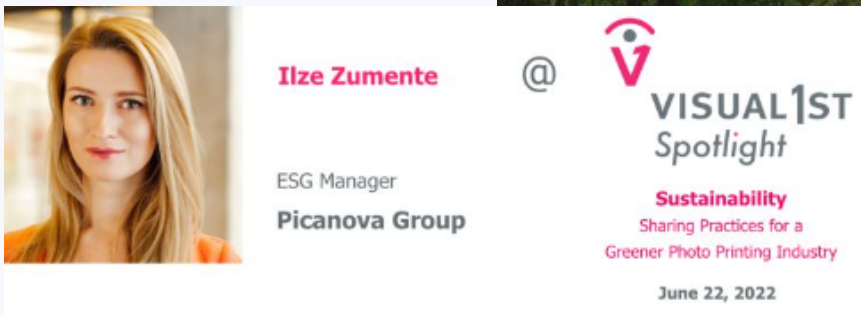


The Environment Means the World to Us!

In 2021 we decided to additionally stress our belief also to our customers introducing infographics on our core shops - meinfoto.de and mypicture.co.uk. In 2022, similar graphics and information was communicated also to our B2B customers and further B2C shops.

ENVIRONMENT.

Communicating our sustainability focus to our stakeholders:



Picanova's

Sustainability journey:
a selection of examples



The Customization Group was proud to participate in the Visual First Sustainability event, which focused on promoting a greener printing industry. Our team showcased our sustainable business practices, including our on-demand business model and our use of eco-friendly materials.

We see that communication and transparency about our environmental goals is an important part of the goal to increase the sustainability of the industry.

ENVIRONMENT.

We are planting 3 trees for each tree used in our production.



We have a longstanding tradition of tree planting, which reflects our commitment to sustainable practices.

At The Customization Group, we believe in having complete control over our supply chain, including the materials we use in production. That's why over 97% of the wood we use for our canvas products comes from FSC-certified forests in the European Union.

As part of our efforts to promote sustainability, we also replant the trees that we use in our production on an annual basis. For every tree we use, we plant three new trees in their place.

This not only helps to mitigate the environmental impact of our operations, but also ensures that our forests remain healthy and productive for generations to come.

In 2022, we were able to plant over 30,000 new pine trees, which will help to offset our carbon footprint and contribute to reforestation efforts. What is more - since 2022 we are able to plant new trees in our own forests.

ENVIRONMENT.



We see progress as a continuous process, therefore we have defined several initiatives for FY 2023 across the key environmentally material areas:

Materials

1. Continue the ongoing project aimed at increasing the share of recycled materials in products and packaging.
2. Continue initiatives to reduce packaging material used in the delivery of the products.
3. Increased focus on product safety and sustainability (including further FSC certifications, ink usage, etc.).
4. Exploration of new, additional sustainable alternatives to our existing product portfolio.

Energy

1. Energy efficiency improvements across all our production locations.
2. Centralized measurement of resource consumption via dedicated software solution for ESG data tracking.

Waste reduction

1. Planned updates of the intelligent algorithms and demand-based planning to further minimize the volume of waste in the production process.
2. Exploration of further ways of re-use the materials from the cut-out's in the manufacturing process.

Sourcing and suppliers

1. Code of conduct to be signed by all our suppliers by the end of FY 2023.
2. Execution of supplier quality assurance project.

Climate actions

1. Continue the tree planting tradition of planting at least 10,000 trees.
2. Offering our employees trainings and workshops on sustainability importance and practices.

SOCIAL.



Employees

The Customization Group values diversity and strives to cultivate an inclusive global workforce supporting and encouraging each other.



61+ nationalities

552 employees across our 8 hub locations and remote

+14% growth in the # of employees in 2022

2022 achievements:

EMPLOYEE WELL-BEING

In 2022, we continued to focus on employee engagement and further strengthened our HR team, enabling us to provide even better support to our employees across the globe.

We launched a new HR platform -Hibob- and introduced regular global townhall meetings, allowing for better communication and collaboration across all offices. We remain committed to fostering a strong sense of teamwork and community, both within our local offices, and across the entire organization.

We engage our employees by offering a variety of opportunities for personal and professional development, including internal and external trainings, as well as events such as team building exercises, parties and experience exchanges. Additionally, we encourage our employees to give back to their communities through charitable activities and volunteer work.

EQUAL OPPORTUNITIES



As of 2022, we continued to strengthen our diversity and inclusiveness aspects. The gender balance across the workforce as at the end of FY22 was 54% male / 46% female.

In 2023 we will put stronger emphasis on measuring any wage gaps between the genders and observing and quantifying additional diversity metrics.

In 2022 we also offered multiple workplaces to working students and interns. We are happy to strengthen collaborations with universities and give a chance to more students to obtain their practical experience in a global company.

SOCIAL.



STAYING ACTIVE AS A TEAM

At The Customization Group, we prioritize the health and wellness of our employees by encouraging them to participate in sports activities such as marathons and other fitness events, which not only help them stay physically fit but also foster team spirit and camaraderie.



Team Szczecin



Team Riga



Team Cologne

BRING YOUR KIDS TO WORK DAY IN OUR PRODUCTION FACILITY IN SZCZECIN

To celebrate the start of the summer season, our Polish colleagues spent the day with their kids, showing them all there is to learn about printing, painting together and eating ice cream.



EDUCATING THE PROFESSIONALS OF TOMORROW

Our production facility in Cologne is training specialists for warehouse logistics and media technologists in printing with a focus on large-format digital printing. Starting from 2022, the company is also offering training for mechatronics technicians, industrial mechanics, and machine and equipment operators.



SOCIAL.


Communities

We turn emotions into products - this is our biggest impact on the society. Here you can see some testimonials from our customers:

“Happy Customers make me happy too!
– I take photos of nature and have many of them processed onto canvas. Your company does a beautiful job. I sell them and my customers are always thrilled. Thank you for your quality workmanship and your expedient service. My clients are surprised and delighted at how quickly their pictures arrive. Gratefully, Randall L Huber Delaware”

★★★★★

by Randall Huber

Rated 4.8 / 5 | 26,529 reviews 

■ **MYPICTURE**

★★★★★

Brought it for my daughter and son in law of there new born daughter and they loved it


Jeannie B.



“this was a gift for myself as my nephew passed away and its beautiful. i LOVED IT. and the other photo was a gift for my spouse. in all it was amazing”

★★★★★

by Sierra Duran

Rated 4.8 / 5 | 26,529 reviews 

2022 charity initiatives:



Each year we aim to think of creative ways how to combine our product expertise to supporting great social initiatives. In 2021 it was the great PROSIEBEN horse calendar with Joko & Klaas 2021/2022. In 2022 - we engaged for the Aktion Mensch - the largest funding organization in the social sector in Germany supporting up to 1,000 social projects for people with disabilities, children and young people every month.

From our fabrics printing brand Lillestoff, we aim to provide support for everyone that could benefit from our products. So we regularly donate fabrics to associations that work together with clinics in the vicinity and voluntarily sew clothes for premature babies and star children. Here you can see projects of the "Herzessache - nähen für Sternchen und Frühchen e.V."

GOVERNANCE.



The principles of responsibility, accountability, fairness, and transparency are reinforced through corporate governance. As The Customization Group has expanded from a small garage-based startup to a global corporation, its corporate governance principles have also expanded and evolved to align with this growth trajectory.

We take a serious approach to ensure that our management is accountable to the company's stakeholders throughout its journey of creating sustainable long-term value.



01. Strengthening of management team

In line with our growth trajectory, The Customization Group in 2022 appointed an additional co-CEO and a head of People to strengthen our management team and reinforce our corporate governance principles.

02. Stakeholder engagement

We value the perspectives of our stakeholders and understand that engagement is critical to our long-term success. We engage with our customers, suppliers, investors, and local communities via multiple channels to understand their needs and concerns related to ESG issues, and we use this feedback to inform our decision-making processes.

03. Bulletproof data privacy

In 2022, we continue to prioritize the security of our customers' photos and data, and we maintain our commitment to complying with data protection legislation such as GDPR. Our internal IT systems, which are integrated with external systems, continue to be best-of-breed and provide robust protection, and we are proud to report that no issues were reported in 2022.

ACKNOWLEDGEMENTS.

We express our gratitude to all and every employees who have worked tirelessly to contribute to the projects mentioned in this report.
Together we can achieve more!



We thank you for your continued support in The Customization Group's story and our efforts in our sustainability journey.

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