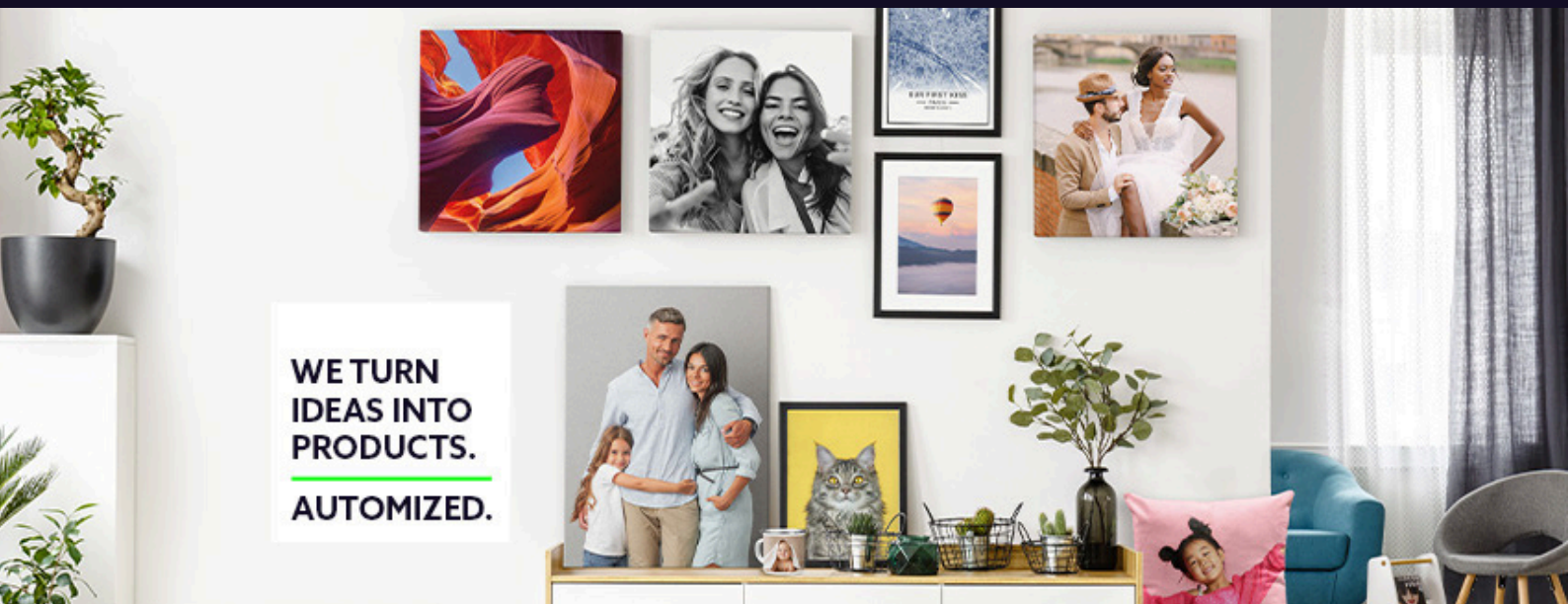


SDG PROGRESS REPORT

20
23



**WE TURN
IDEAS INTO
PRODUCTS**



INTRODUCTION



In our journey as a leading producer of mass-customized products, we place sustainability at the heart of our business philosophy.

As of 2023, we are actively enhancing our production capabilities by leveraging artificial intelligence and cutting-edge technologies. These innovations not only allow us to increase efficiency but also minimize our environmental footprint, aligning our operations with eco-friendly practices.

Our commitment to sustainability is matched by our dedication to our people. We believe in fostering a supportive and inclusive work environment, where every team member is valued and empowered. This approach not only enhances our organizational culture but also drives us closer to our sustainability objectives. Above all we value the safety of our employees so we have set health and safety as important measures.

We understand the importance of communicating our sustainability endeavors. We have chosen to summarize our sustainability progress across the **UN Sustainable Development Goals**. Our progress reports are a reflection of our ongoing commitment to sustainable practices and our determination to make a positive impact.

By sharing our journey and future ambitions, we invite you to join us in making a difference.

MESSAGE FROM OUR LEADERS

In 2023, we were proud to introduce the new era of the Customization Group, a significant milestone in our journey from a humble beginning in a Cologne garage to becoming a global leader in mass customization. This year marks not just the unveiling of our new brand but also a positive momentum in our ongoing commitment to sustainability and innovation.

For over 15 years, our mission has been to transform our customers' most cherished memories, emotions, and moments into beautifully personalized products. Our dedication to this mission has fueled our growth and innovation, ensuring that every product we create not only meets but exceeds our customers' expectations.

Looking ahead, we are preparing for an important transition: beginning in 2025, we will be compliant with the Corporate Sustainability Reporting Directive (CSRD), a step that underscores our commitment to more rigorous and quantitative Environmental, Social, and Governance (ESG) reporting. This forward-looking approach signifies our dedication to not only meet but anticipate the evolving demands of sustainable business practices.

A significant event in 2023 has been the centralization of our European production facilities into a state-of-the-art site in Szczecin, Poland. This strategic move has overall reduced our environmental footprint and enhanced our operational efficiency.

As the Customization Group embarks on this exciting new chapter, our focus remains on the material aspects of our business that resonate most with our values: efficient on-demand production, the welfare of our people, and the unwavering quality of our products. We are dedicated to making a sustainable and positive impact on the world, driving innovation, and setting new standards for responsible business practices.



Daniel Mühlbauer

CO-CEO

Philipp Mühlbauer

CO-CEO

Björn Boos

MANAGING DIRECTOR

PRIORITY SDGS

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, safe 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 in a global set-up.



BUSINESS HIGHLIGHTS 2023

Expanding product portfolio

In 2023, The Customization Group further strengthen its position as the global forefront in customizable wall and home decor. A large part of doing that is extending the offering to our clients by introducing new products, including eco-friendly options like i.e. cotton prints on canvas, jersey, and summersweat materials offered by our brand lillestoff.

We've added also more photo gift options, to give our customers even more variety.

Introducing merchOne

In 2023 we renamed our API brand giving it a new shiny look and feel under the name of merchOne. It shows our dedication to providing top-notch services that let businesses big and small offer unique products to their customers.



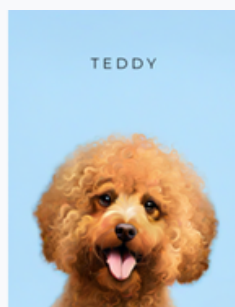
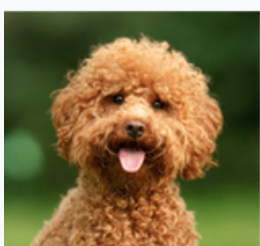
Expansion of Szczecin production

As the lease term for the facility in Cologne, Germany drew to a close, TCG made the strategic decision to consolidate its European production operations in Szczecin and cease production in Cologne. By doing so, the company managed to reduce the overcapacity in Central Europe, leading to improved resource utilization and operational efficiency.

Unlocking the opportunities of AI

An exciting addition to our product portfolio have been provided by exploring the opportunities of artificial intelligence. The advent of generative AI has opened up a vast array of opportunities, allowing us to significantly enhance our offerings to customers. This innovative technology has enabled us to develop new, cutting-edge products and services, further solidifying our commitment to delivering exceptional value and staying at the forefront of industry innovation.

Our foray into generative AI represents our dedication to leveraging advanced technologies to meet and exceed our customers' expectations.



INTRODUCING THE CUSTOMIZATION GROUP

In 2023, we said "Thank you, Picanova" and "Welcome, The Customization Group"!

This strategic move reflects the company's significant growth over the years, diversification, and provides an inspiring group name for the global team and entities around the world.

The new name was of course also properly celebrated across our global offices.

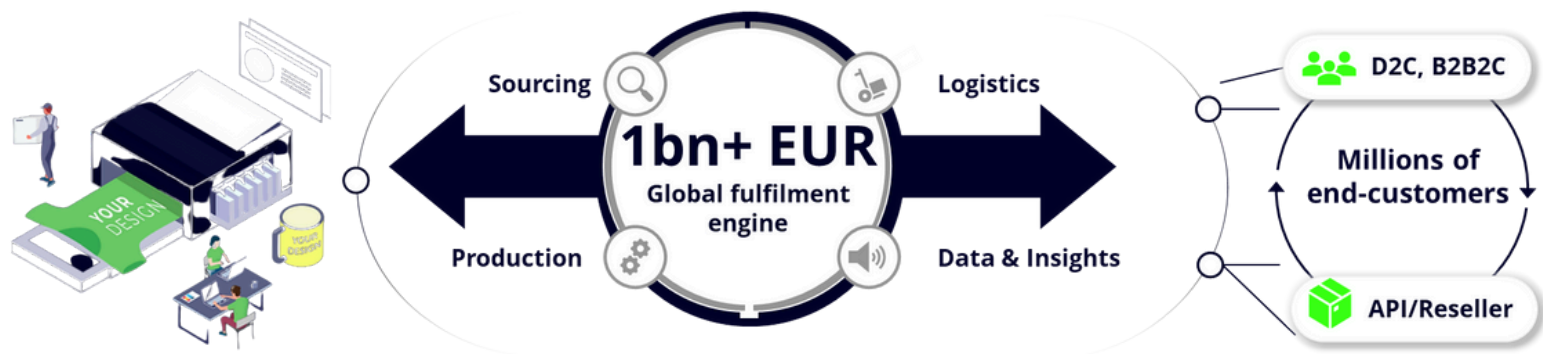


ENVIRONMENT



20
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ENVIRONMENT - STRIVING FOR PROGRESS



Our global fulfillment engine is at the center of our production. It magically unifies the moment when an order is placed by a customer, leading it straight to one of the fulfillment centers and choosing the fastest shipping provider that can get the order out to the client as soon as possible.

It is nothing short of pure magic fueled by hundreds of great employees making it all possible.

To make sure this entire process also remains friendly to our environment we are set to measure the progress on our environmental KPIs.

KEY AREA	TOPIC / ACTIVITY	KPI
Resource use	Resource efficiency	<ul style="list-style-type: none">% scrap in photo productsReorder rate (%)
	Use of materials	<ul style="list-style-type: none">% of products with any sustainability certifications% of product portfolio tested for harmful substances% of products that are FSC certified% of customer choosing eco-friendly alternatives
Energy	Energy used and produced	<ul style="list-style-type: none">MWh of solar energy generatedTotal energy consumption at all locations
Waste	Waste reduction initiatives	<ul style="list-style-type: none">Waste generated in production
	Recycling	<ul style="list-style-type: none">Recycling opportunities in officesMarking of recycling symbols on products
Other climate change initiatives	Raising awareness	<ul style="list-style-type: none">Trees plantedLearning initiatives for employees and clientsKm's driven by company cars

ENVIRONMENT



We see progress as a continuous process, therefore in FY 2023 we identified several key initiatives to report on this year. Here is a short update:

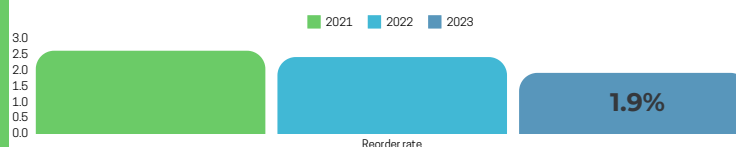
Resource use

Energy

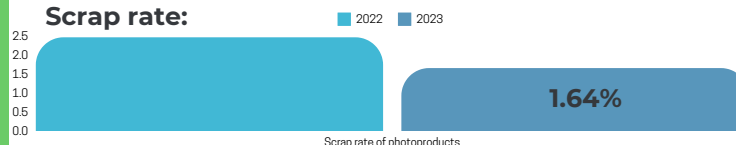
Waste

Climate actions

Reorder rate:

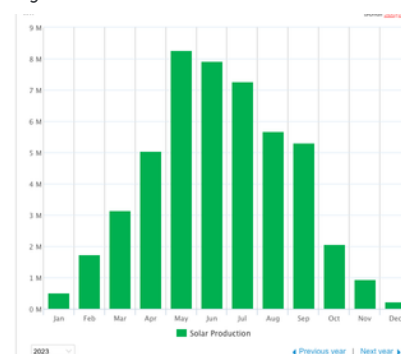


Scrap rate:



- A new Bill of Material system was introduced in 2023 allowing to measure and track the full material portfolio required on SKU base and allowing for efficiency comparisons going forward.
- **23%** of the API customers chose eco-friendly products
- **82%** of the product portfolio was tested for harmful substances in 2023
- Supplier compliance questionnaire was distributed to the key suppliers to ensure the traceability of our raw materials

- We kept increasing the share of the solar energy used reaching **48 Mwh in 2023**
- We worked out a methodology for measuring the total energy consumption to be reported in 2024



- Roll-out of new recycling symbol labelling of our products
- Waste audit planned for 2024
- All of our offices had waste recycling opportunities and employees were encouraged to use them

- Up to 30,000 trees were planted in our forests in Latvia, including 5,000 planted by our own employees.
- Additional 10 ha of forest was acquired to ensure the future reforestation efforts
- We continued to offer our employees trainings on sustainability importance and practices

ENVIRONMENTAL CERTIFICATIONS



It's important for TCG to increase the share of products and raw materials in our portfolio that are certified to adhere to the highest sustainability standards and principles. Here is an overview of 3 key certifications we see as vital for our production:



In 2023 TCG including its various production facilities proudly received **FSC® certification**. The FSC label is the world's most trusted mark for sustainable forestry. It also outlines **certain procedures and work standards incl. human rights** that companies have to comply with to successfully pass the certification and the annual audits.

The following wood and paper products are officially FSC certified - wooden frames, books and photobooks, calendars, post cards and greeting cards.



OEKO-TEX® STeP certification sets the **highest standards for both social and environmental aspects** of textile production. This certification is a sign of responsibility towards employees and the environment, and supports a company's journey towards more sustainable production.

At TCG, more and more suppliers are chosen to confirm to this certification. In 2023, fabrics, towels, baby bibs, pillow cushion materials, apparel, yarn, zippers and other materials were procured from OekoTex certified suppliers.



The third pillar for our certifications is based on the inks as this is a key cornerstone of our business - printing. Various printing methods and techniques require multiple different inks, therefore also the array of the inks and the certifications is larger.

OEKO-TEX ECO PASSPORT is an independent certification system for chemicals, colourants and auxiliaries used in the textile industry, ensuring that each individual component meets statutory requirements and is not harmful to human health.

A prominent, voluntary certification issued by UL Environment and recognized worldwide. **ECOLOGO®** Certification to UL 2801 demonstrates that an ink meets a range of multi-attribute, lifecycle based criteria related to human health and environmental considerations

ENVIRONMENT FRIENDLY PRODUCT PORTFOLIO



We are proud that with every year our product portfolio becomes more and more sustainable. Here are some selected examples of the quality characteristics:



Pillow

- OEKO-TEX certified fabrics and OEKO-TEX ECO-Passport certified printing inks
- Quality product tested for harmful substances
- Sustainable pillow filling made from recycled PET bottles (OEKO-TEX certified)



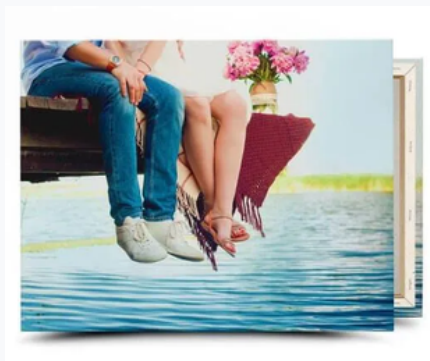
Blanket

- Textile materials tested for harmful substances - even beyond the legal requirements
- Suitable for babies / sensitive skin
- OEKO-TEX certified fabrics and OEKO-TEX ECO-Passport certified printing inks



T-shirt

- Textile materials tested for harmful substances - even beyond the legal requirements
- Sustainable printing inks
- OEKO-TEX, GOTS certified T-Shirt und GOTS-Ecocert certified printing colours



Canvas

- Hand-assembled stretcher frames are made from FSC®-certified timber
- Solvent-free HP Latex inks
- Tested for harmful substances



Towel

- OEKO-TEX certified fabrics
- OEKO-TEX ECO-Passport certified printing inks
- Quality product tested for harmful substances



Tote bag

- OEKO-TEX certified fabrics
- ECO-Passport certified printing inks
- Quality tested for harmful substances incl. physical and chemical tests

PRODUCT SAFETY AND QUALITY



In 2023, MEINFOTO, the flag store of The Customization Group, was distinguished with the honor of being named the "Test Winner" in the personalized photo product category by Smartphone Magazine, a recognition that positions us ahead of esteemed competitors.

This accolade was awarded to our photo calendar, which received commendations for its exceptional quality. Additionally, our online software was lauded for its excellence, particularly in terms of usability, functionality, and the ease of photo importation.

This recognition serves as a testament to the meticulous effort and dedication of our production team in Szczecin, whose commitment to precision and quality craftsmanship is unparalleled. Furthermore, the contributions of our Customer Experience (CX) team were instrumental in refining our configurator, ensuring an optimal user experience.

In tandem with our achievements in innovation, we have maintained a rigorous focus on product safety, with an especial emphasis on items intended for children. Recognizing the importance of this issue, we adhere to strict safety standards, as evidenced by our CE declaration of conformity for toy products.

This certification affirms our compliance with the European Union's stringent safety regulations, underscoring our dedication to ensuring the well-being of our youngest consumers.

"Love this company ! I have ordered from them about 5 times now. Great price, great product, great service & always delivered on time. Highly ...



by Tammy Midson

■ MYPICTURE

Rated 4.6 / 5 | 3,542 reviews



"Never disappoints! – I have ordered several canvases from you and every time they have come out perfect! Production and delivery is fast and they always look wonderful! I have recommended canvas discount to all my family and friends!"



by Melissa Mills

■ CANVASDISCOUNT

Rated 4.8 / 5 | 29,352 reviews



"I am a repeat buyer.. The product is perfect, easy to order and comes quickly! They always come exceptionally packaged. You can tell a great deal of care is given. I would recommend them to absolutely anyone!!!"



by LuAnn Farrell

■ CanvasOnSale

Rated 4.8 / 5 | 9,777 reviews



PRODUCTION CONTROL



2x

less cloud resources
(RAM and CPU) used
in 2023 vs 2022

An important component of our Environmental impact areas is our production and its efficiency. The more efficient we can be in our manufacturing, the less energy we consume, the less waste we generate and the higher efficiency we can achieve.

In 2023, we strongly elevated our capabilities with IoT middleware for comprehensive process/production data insights (e.g. via Grafana dashboards or business intelligence reports) by gathering and using data from different processes and departments using fixed and mobile scanners.

We are now able to precisely trace every single item through the entire production process.

System Performance:

- We increased Order Import Speed from max. 14 hours (peak 2022) to max. few minutes
- We are 3x faster in Print PDF Creation (nesting)
- We are 10x faster in Thumbnail Creation.



One of our most important materials is wood. Therefore we are willing to take full ownership and control of the way how it is obtained and prepared to make sure that not only it is done in the most sustainable way, but also showcases the best quality. The canvas that our clients receive starts its journey in our FSC® certified wood production facility in Latvia.

High-quality European pine frames and stretcher bars are prepared in Latvia, then sent to our production sites in Poland, and US to be assembled, printed, and delivered to happy customers worldwide.

During last year 5,200 cubic meters of pine wood slats were turned into millions of unique products.

The wooden block, made from Latvian birch plywood, is also prepared here before being sent to other sites for printing.

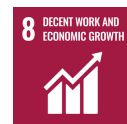


PEOPLE



20
23

DIVERSITY AND INCLUSION



At the heart of The Customization Group is our people. We aim to foster an environment that upholds human rights, champions diversity and inclusion, ensures fair treatment, prioritizes health and safety, and promotes continuous learning and development.

Through these pillars, we aim to cultivate a workplace where every individual is empowered, valued, and engaged in our collective mission.

61+ nationalities represented

467

employees across our 6 hub locations
and remote

49%

51%

female /
male ratio



People highlights '23



- In 2023, we introduced multiple **software solutions to help professionalize our people experience**. Platforms such as HiBob and Flexopus streamline our overall employee experience.
- We continued to offer **flexibility with a hybrid working mode** allowing employees to continue working from home or remotely for a significant share of their working week
- At 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.
- **Mental wellness** was further supported with dedicated health insurance programs and emotional resilience trainings.

COMMUNICATION AND FEEDBACK



Vision & Core Values

Following the market dynamics, we decided to update the core values of the TCG:

To be the #1 in global mass customization by turning the world's ideas into individualized products that are available to everyone.

<p>Innovation - Driving Disruption in Our Space: By harnessing the power of AI and data, we empower our employees to pioneer in our industry.</p>	<p>Impact - Creating Sustainable Change: Our work matters - sustainable, customized products spread creativity and make millions happy.</p>	<p>Growth - Going for Gold: Our work is powered by AI and focused on ROI, we drive growth and mutual benefits for us and our customers.</p>	<p>Customers - Our Focus in Everything We Do: We center our efforts on customer needs and satisfaction through personalizing products, production processes and communication.</p>	<p>People - Being One Global Team: We are a global, caring, and diverse team and we encourage knowledge sharing, collaboration and respect individuality.</p>	<p>Agility - Leading in an ever-changing world: We think big, act fast, and adapt quickly to embrace change and seize opportunities in a fast-paced and unpredictable environment.</p>
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Communication

Throughout 2023, TCG continued its **commitment to the open and responsive communication**, a commitment shaped directly by our employees' feedback.

Our strategy included **quarterly all-hands meetings** - a platform dedicated to sharing the key strategic priorities and initiatives with everyone in the company.

In addition, several **employee surveys** were launched over the year to gauge satisfaction and gather insights for improvement.

Additionally, our **open-door Slack policy**, allowing direct messages to even to the highest level management, highlights our dedication to accessibility and responsiveness.

Employer branding

We are happy to see that most of our employees enjoy working with us.

Employee ratings and feedback platforms

serve as an independent benchmark allowing us to be grateful for the good feedback and to further improve with the suggestions provided.

kununu



5 ★ "Very varied and exciting tasks" ⁽¹⁾

4 ★ "You can get promoted if you work in the right place" ⁽¹⁾

'GLASSDOOR'



5 ★ "Good people, good environment, good office" ⁽¹⁾

4 ★ "The flexible company, 5 years old in the Americas. A lot of space for growth" ⁽¹⁾

indeed



5 ★ "Dynamic and growing company" ⁽¹⁾

4 ★ "Generally a pleasant workplace/employer" ⁽¹⁾

LEARNING AND DEVELOPMENT



Advancing Learning and Development: Empowering Our Team Through Education

In 2023, TCG significantly intensified its commitment to the personal and professional development of our employees, recognizing that the cornerstone of our success is the continuous growth and empowerment of our team.

Our approach to learning and development is rooted in the belief that setting inspiring and purposeful goals is fundamental to driving progress, skill acquisition, and career advancement. This commitment not only enhances our collective sense of achievement and confidence but also solidifies our position as a forward-thinking and innovative company.

In 2023 we launched a dedicated learning platform - Learnamp



- Over **200 employees** engaged in various L&D activities including conferences, workshops, training sessions and online courses;
- **1334 hours** were spent in learning activities by the employees of TCG in 2023;
- The introduction of Learnamp had been a game-changer with TCG employees actively creating over **150 diverse learning** items such as quizzes, channels and learnlists;
- **42 employees** achieved an internal promotion, advancing in their careers last year;
- We launched **360 degree feedback** for our team leads allowing to advance and learn from a full-scope feedback and suggestions for improvements;
- Performance review and goal system was introduced in 2023 ensuring that people have clear vision ahead and specific SMART goals allowing fair performance evaluation and meaningful contribution to company's strategy;
- We hosted a **series of leadership workshops** focusing on:
 - performance management;
 - leading hybrid and remote teams;
 - effective feedback techniques and
 - soft skills / coaching methods in team leadership.

WORK SAFETY



Work Safety: A Core Priority at TCG

In 2023, TCG reinforced its **commitment to work safety**, emphasizing the importance of preventive training and stringent safety protocols.

All employees underwent **mandatory training on ergonomics and work safety**, highlighting our belief in education as the cornerstone of a safe workplace.

For **production staff**, where the risks are inherently higher, we doubled down on safety measures, tailoring our training to meet specific needs and minimize hazards.

Our vigilant approach resulted in just minor 10 accidents throughout the year, with no fatalities—a testament to our effective safety practices.

This achievement underscores our dedication to maintaining a safe work environment and our success in protecting our team's well-being.

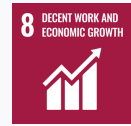
A highlight of our safety achievements this year was the **Miami Team's extraordinary milestone of 500 days without any major safety incidents**.

In addition, TCG was honored as the winner of the "EMPLOYER - SAFE WORK ORGANISATION" competition, organized by the State Labor Inspectorate - Regional Labor Inspectorate in Szczecin. This prestigious award recognizes our outstanding efforts in organizing safe work environments and highlights our company's leadership in safety management practices.

We are proud of what we have accomplished together and remain dedicated to continuing our work in ensuring a safe and secure environment for all team members.



SOCIAL IMPACT: COMMUNITIES



Community Engagement: Fostering Connections and Inspiring Creativity

In 2023, our commitment to enriching the communities where we operate was exemplified through a series of engaging initiatives at our largest production facility in Poland.

Throughout the year, we opened our doors to the local children, providing them with a unique opportunity to explore the inner workings of our production processes. These visits were designed not only to educate but also to spark creativity among the young participants.

A highlight of our community engagement initiatives was the collaboration with the Great Orchestra of Christmas Charity. As part of a charity auction, we hosted a family for a day-long immersive experience at our facility.

These initiatives are a testament to our dedication to fostering a strong sense of community and inspiring the next generation.



SOCIAL IMPACT: COMMUNITIES



SUPPORTING LOCAL COMMUNITIES:

A Look at The Customization Group's 2023 Sponsorships



ART MEETS CHARITY:

We proudly raised €10,000 for "Stiftung RTL – We Help Children" by sponsoring Rocco Indovina's "smART_faces" exhibition with MEINFOTO.



SUPPORTING YOUNG MINDS:

In partnership with "Sei stark e.V.," we enriched a day for Ukrainian refugee children with educational book donations at the Cologne zoo.

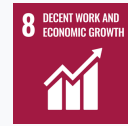


ELEVATING ART:

Through our brand MONOEUVRE, we provided essential support with high-quality prints for Cyrille Pillet's drone photography exhibit, enhancing the visual impact of his art.



SOCIAL IMPACT: WE CREATE HAPPINESS



Enhancing Social Wellbeing Through Memory Preservation

Capturing and Preserving Memories

At TCG, we understand that our photo products do more than preserve memories; they enhance the well-being of individuals and communities. By transforming digital snapshots into tangible prints and custom-designed albums, we help customers relive and celebrate their cherished moments, positively impacting their emotional health.

Visual Reminders of Joy

Our products, ranging from traditional framed photos to modern canvas prints, allow individuals to personalize their living spaces with meaningful memories. This not only beautifies their environment but also supports emotional well-being by keeping positive memories alive and visible. Psychological studies suggest that regularly engaging with these personal mementos can significantly boost mood and happiness.

Amplifying Happiness Through Shared Stories

The positive impact of our products is often reflected in the stories shared by our customers, who report enhanced happiness and strengthened relationships through the gifting and display of photo products. These testimonials underscore the role our offerings play in fostering connections and spreading joy within communities.

★★★★★ 9 days ago

Verified review

Very happy with my purchase

The photo I had blown up onto the canvas is very special to me and I was so happy with the results. The canvas I ordered from this company itself was beautiful and I cannot fault it. The price of my canvas was a bargain for the size I ordered too.

★★★★★ 12 days ago

Verified review

beloved dog

I had a canvas of my beloved dog who passed away recently, so I designed a picture and had this site print it ut on Canvas and I must admit it was just lovely, the quality is probably the best I've seen. So I cant think of anything that would make this service better.

★★★★★ 27 Mar 2024

Verified review

I have ordered from My Picture twice and haven't been disappointed,both pictures were lovely site is easy and I mean easy as I am a pensioner who can hardly use a phone but yea I done this without any help picture comes quite quickly very happy customer

GOVERNANCE



20
23

GOVERNANCE

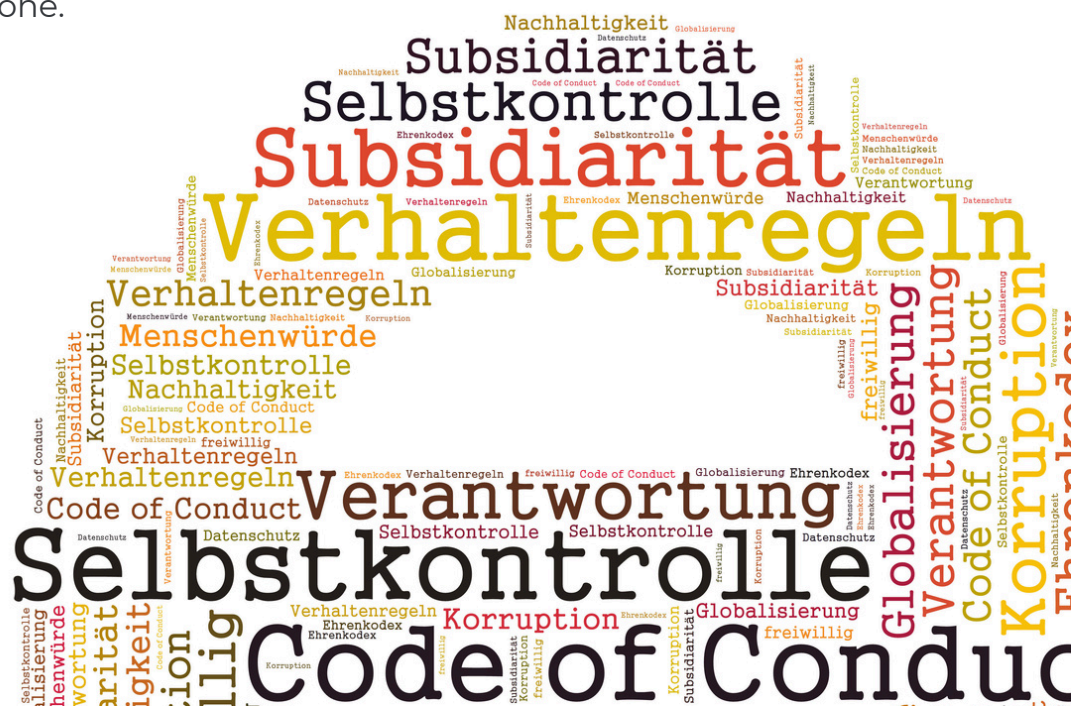
The principles of responsibility, accountability, fairness, and transparency are reinforced through corporate governance. As the Customization Group has expanded from a small garage-based startup to a global corporation, its corporate governance principles have also expanded and evolved to align with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

In 2023, we at The Customization Group introduced two important documents - the internal Code of Conduct serving as a Employee Handbook and a collection of internal policies called the Ethos Codex. Both documents include the rules and promises that shows how serious we are about doing business the right way. **It's all about making sure we're good to the planet, treat people fairly, and run our company honestly.** Here's what's inside:

- **Be Good to the Planet:** We promise to take care of the Earth in everything we do, from the materials we use to how we make our products.
- **Treat People Well:** Whether it's our employees, customers, or partners, we make sure everyone is treated with respect and fairness.
- **Run Our Company Honestly:** We're open about how we do things and make sure we're always doing business in a way that's right and fair.
- **Listen and Learn:** We pay attention to what people tell us so we can keep getting better at what we do.

By following these rules, we hope to make a difference and show that doing business the right way is good for everyone.



ACKNOWLEDGEMENTS

As we conclude this year's sustainability report, it's a time for reflection on the progress we've made and the journey ahead.

The past year has been one of learning and growth for TCG. Our achievements are not just milestones but stepping stones towards a more sustainable and responsible future.

Looking ahead to 2024, we are set to embark on an even more detailed path of sustainability reporting. We plan to formalize our reporting process, incorporating an extensive double materiality assessment that deeply considers the environmental and social impacts of our operations. This will involve comprehensive consultations with our stakeholders, ensuring that our sustainability efforts are both meaningful and transparent.

The journey towards sustainability is ongoing and ever-evolving.

We express our gratitude to all and every employee who have made the efforts, mentioned in this report, possible.

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