# **Sustainability Report 2024**

## **Our Approach**

Since being founded in 2018, Lola&Lykke has continued its journey of transformation in the sustainability area, taking several important steps each year. As a consequence, we have established a clear framework for building a sustainable business, and we now stand upon a strong foundation for the future. In the years to come, we will continue working closely with all of our operations on sustainability in order to best put theory into practice. We will use our size and our experience from our various operations to establish best practices. Our strength lies in our entrepreneurial culture and our ability to put initiatives into practice, which give us excellent prospects for committed sustainability efforts. We are proud of the strides made recently and look forward with anticipation to the development of our sustainability efforts in the years to come.

At Lola&Lykke we always strive to conduct our operations in an ethical, as well as socially and environmentally responsible manner. Sustainability is a prerequisite for our continued success, and it is important that sustainability is considered a self-evident part of our operations. We focus on our material sustainability areas and continuously seek ways to develop and improve our work on sustainability across our value chain.

Sustainability at Lola&Lykke is based on UN Sustainability Goals 2030 (SDG), our commitment to carbon neutrality across our supply chain network, our collaboration with CleanHub to remove plastic from the oceans, and the Butterfly Mark Sustainability Certification, an independent, globally respected trust mark awarded to brands, retailers and suppliers that meet the highest standards of verified ESG+ performance.

# Our Purpose Statement

Lola&Lykke's goal is to revolutionize the way we deliver breastfeeding and postpartum care to women. We do this by building a holistic solution combining physical products, tech and personalised support that will change an industry and the lives of new mothers worldwide. Our vision is not just about business; it's about a women's health revolution. We set up Lola&Lykke to put power and knowledge into women's hands. There is a new world of health before us, driven by science, by technology, but also by changing expectations around how we approach our individual bodies and minds.

At Lola&Lykke, we don't just talk the talk; we walk the walk. Our commitment to diversity, inclusion, and social impact is evident in every aspect of our work. As a women-led company, we prioritize women's well-being, and our focus goes beyond business to social responsibility. Lola&Lykke collaborates with experts, organizations, and stakeholders to build a sustainable foundation for maternal health, while our initiatives promote sustainability, inclusivity, and global social priorities.

## **Butterfly Mark Certified Sustainable Brand**

Lola&Lykke is Butterfly Mark certified sustainable brand. The Butterfly Mark certification is an independent, globally respected trust mark awarded to luxury brands, retailers and suppliers that meet the highest standards of verified ESG+ performance. The certification has been created in consultation with the British Positive Luxury Sustainability Council and it is underpinned by the latest international standards, global legislation and best practice principles. The Butterfly Mark was created as the mark of real change, for a world that desperately needs it. It is awarded only to brands meeting higher and higher standards for people and nature. Each one has to undergo a comprehensive assessment built on the foundation of international agreements, global frameworks and standards, and even upcoming legislation.

Lola&Lykke passed the assessment and was awarded the Butterfly Mark certification in 05/2023 together with a range of reports showing detailed performance in each of the four core pillars of the assessment. The ongoing certification process monitors the Company's ESG performance on an annual basis, highlighting areas of improvement to eliminate risk and drive growth in positive impact and company value. Alongside the learnings gained and improvements made during the continued assessment process, Lola&Lykke will have all the tools needed to develop a mid-term sustainability strategy to accelerate the Company's progress towards the necessary 2025 and 2030 targets.

The Butterfly Mark ESG program is perfectly aligned with our business strategy and provides us with a North Star that supports every aspect of our organization. As a small business that wants to go the extra mile to positively impact our planet and the people living here, we are excited to work with Positive Luxury to guide us in our commitment to a more sustainable future.

# **UN Sustainability Goals**

The United Nations (UN) Sustainable Development Goals (SDGs) define global sustainable development priorities and aspirations for 2030 and seek to mobilize global efforts around a common set of goals and targets.

The 17 UN SDGs, which came into force on January 1, 2016, call for worldwide action among governments, business, and civil society to end poverty and create a life of dignity and opportunity for all. The SDGs explicitly call on businesses to apply their creativity and innovation to solve sustainable development challenges. Successfully achieving the goals relies heavily on collective initiatives and dedicated collaboration among all the actors involved. The SDGs present a wide range of opportunities for business-led solutions and technologies to address the world's biggest and most pressing sustainable development challenges.

Lola&Lykke works towards achieving five of the UN Sustainability Goals:

# UN Sustainability Goals (SDG) for Lola&Lykke

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3 GOOD HEALTH AND WELL-BEING  Ensure healthy lives and promote well-being for all at all ages	Occupational health and safety     Access to medicines     Access to quality and essential health care services     Air quality     Water quality	Make investments in health a priority in business operations.  Leverage corporate resources (e.g. R&D, distribution, cold chains) to support health care delivery by public and international organizations.  Align human resources policies with principles of human rights, including policies for HIV/AIDS. Use already existing resources for guidance (e.g. from the ILO, WHO, etc.).  Partner with health care NGOs and public clinics to raise awareness and increase access to targeted health services for female and male workers and their families.  Facilitate and invest in affordable medicine and health care for low-income populations.
Achieve gender equality and empower all women and girls	Equal remuneration for women and men     Diversity and equal opportunity     Access to sexual and reproductive health-care services     Workplace violence and harassment     Women in leadership     Childcare services and benefits	Assure sufficient participation of women — 30% or greater — in decision-making and governance at all levels and across all business areas.  Pay equal remuneration, including benefits, for work of equal value and strive to pay a living wage to all women and men.  Support access to child and dependent care by providing services, resources and information to both women and men.  Establish a zero-tolerance policy towards all forms of violence at work, including verbal / and / or physical abuse and prevent sexual harassment.  Expand business relationships with women-owned enterprises, including small businesses and women entrepreneurs.
8 DECENT WORK AND ECONOMIC GROWTH  Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Employment     Economic inclusion     Non-discrimination     Capacity Building     Availability of a skilled workforce Elimination of forced or compulsory labour	Offer apprenticeship opportunities.  Foster entrepreneurial culture and invest in or mentor young entrepreneurs.  Initiate skills development programs moving down company supply chains.  Put in place mechanisms to identify child labour and forced labour throughout global supply chains, and implement remediation when abuses are discovered.  Install a firm policy against unfair hiring and recruitment practices, particularly of vulnerable groups such as migrant workers.
12 RESPONSIBLE GONSOMPTION  Ensure sustainable consumption and production patterns	Sustainable sourcing     Resource efficiency of products and services     Materials recycling     Procurement practices Product and service information and labelling	Implement product portfolio analysis tools to understand environmental and social footprint of products within lifestyles as well as production. Innovation must align products and applications to appropriately address sustainability megatrends.  Develop innovative business models such as moving from selling products to selling services, to retain ownership of the products and help close the materials loop.  Enable sustainable consumption by developing innovative solutions can reduce energy need in usage and educate consumers about these benefits.  Reduce manufacturing impacts by substituting virgin raw materials in products with post-consumer materials through recycling and upcycling.  Apply modular design, so products 'constituent parts will be easily separated and either re-used without further processing, or easily recycled near the point of disposal.  Significantly reduce waste and ensure that any unavoidable waste is utilized to the fullest degree (e.g., organic waste as fuel or fertilizer).
16 PEACE JUSTICE AND STRONG INSTITUTIONS  Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive	Effective, accountable, and transparent governance Compliance with laws and regulations Anti-corruption Public access to information Physical and economic displacement Inclusive decision making	Comply with laws and seek to meet international standards; require and support business partners to do the same.  Commit to and implement conflict-sensitive, lawful and transparent operational policies and practices, including on human resources, public and corporate procurement, and in the value chain more generally.  Conduct risk and impact assessments to identify and mitigate risks of contributing to corruption, violence and conflict, and weakening of the rule of law and identify opportunities for positive impacts.  Measure and report on implementation progress, including on operations in high-risk areas.  Engage in public-private dialogues, partnerships and collective action in conflict prevention, peacekeeping, peacebuilding, anti-corruption and the rule of law.

#### **Corporate Social Purpose**

Since being founded in 2018, Lola&Lykke has demonstrated a deep commitment to the health and well-being of women, and their children, through the development of support networks that bring together industry-leading education, research, and technologies. By providing holistic support to pregnant women and mothers, Lola&Lykke continuously ensures positive social impacts remain at the top of the agenda. With a fully engaged CEO and sustainability team, the Finnish company is increasingly focused on global economic, environmental, and social priorities. Its innovative sustainability purpose also extends to multiple partnerships with academics, government agencies, healthcare providers, maternal health experts, NGOs, and suppliers. Lola&Lykke actively encourages employees to integrate sustainability into their jobs via regular training, volunteering, and stakeholder engagement. Ongoing collaborative efforts have already established sustainable foundations for women to prepare as much as possible for major life events such as pregnancy and breastfeeding.

An area of strength for Lola&Lykke within the ESG pillars is corporate social responsibility and above all, corporate social purpose. Corporate social purpose expands the definition of a corporation's stakeholders to include employees, customers, suppliers, the communities where it operates, and the environment. Lola&Lykke's clear social purpose makes it a company whose enduring reason for being is to create a better world. It is an engine for good, creating societal benefits by the very act of conducting business. Our growth is a positive force in society.

Lola&Lykke invests in corporate social purpose through its continued work with NGOs, governments, healthcare providers, maternal health experts and research universities like Metropolia in Finland. The Company works with public healthcare providers including the Helsinki Hospital Region and the NHS to provide expertise around physiotherapy during and after pregnancy as well as breastfeeding. Our aim is to bridge the gap between families and healthcare and to work with traditional healthcare systems filling in the gaps in mumcentric care going forward.

Within community involvement, Lola&Lykke works closely with education providers, students, and healthcare professionals. Lola&Lykke is in long-term partnership with the Metropolia Research University in Finland. The goal of the collaboration is to work hand in hand with midwife students and to participate in various innovations projects with the university. In addition, Lola&Lykke provides Metropolia with product samples for use in client work. Lola&Lykke is also currently undertaking groundbreaking clinical trials with the Metropolia University to promote the wellbeing of pregnant and postpartum women. The research is carried out by Metropolia's Wellness and Health Services Innovation Center in Helsinki under the responsibility of Doctor of Health Sciences, Metropolia University lecturer Sari Haapio. The results of the independent, comprehensive, first-of-a-kind clinical trials are due to be published in a medical journal in 2024.

In addition to creating a positive impact on families, workplaces and societies through investment in maternal health, Lola&Lykke actively supports various maternal health initiatives, healthcare professionals driving a real change and organisations such as Everymothercounts.com by making regular donations to their important activities. Every Mother Counts works to achieve quality, respectful, and equitable maternity care for all by giving grants and working with partners and thought leaders to increase awareness and mobilize communities to take action.

Lola&Lykke continuously creates volunteering opportunities to participate in the Company's development and regularly offers interesting internship roles. In addition, Lola&Lykke runs regular study courses with Metropolia students and supports them with learning and business development initiatives. The Company also actively participates in other education and awareness initiatives with influencers, healthcare experts and other maternal health thought-leaders. Examples of this type of work can be found for instance within the Company's articles, blogs, social media content and its Female Changemakers –podcast.

#### **Our Manufacturers**

Lola&Lykke invests in fostering close partnerships with its manufacturers, supply chains and stakeholders. The Company makes regular visits to its factories to ensure they comply with the Business Social Compliance Initiative, which ensures that the environmental, ethical and social needs of the people within the factories are upheld and protected.

The company's manufacturers are truly experts in their fields and are exceptionally passionate about what they do. Customers are not just buying into a brand – they are purchasing an item that has been meticulously crafted and lovingly made.

Our manufacturer's due diligence process includes the following:

- A human rights policy for the organisation or meaningful guidance to those within the organisation and those closely linked to the organisation
- Means of assessing how existing and proposed activities may affect human rights
- Means of integrating the human rights policy throughout the organisation
- Means of tracking performance over time, to be able to make necessary adjustments in priorities and approach
- Actions to address the negative impacts of its decisions and activities

# **Packaging Sustainability**

Packaging plays a critical role in consumer goods businesses around the world. We are taking a circular approach when designing our product packaging, to optimise the use of resources along the packaging value chain. We use recyclable cardboard packaging as far as possible, eliminating all non-essential plastic use in our packaging. Currently, 95% of our packaging materials are recyclable and we strive towards reaching 100% recyclability by the end of 2025. We are committed to shaping a waste-free future. Our vision is that none of our packaging ends up in landfill or as litter. We are helping create a future where cleverly designed packaging, innovative new materials, better recycling and reusable or refillable packaging can prevent waste from contaminating the land and oceans.

#### **Our Materials**

We have consulted the Finnish Food Authority regarding the materials we use in our baby feeding equipment. This authority ensures the safety and regulatory compliance of materials and articles that come into contact with food. The most important aspect of all baby feeding equipment materials is that they are fit for purpose, so that they preserve food in best possible way, without releasing any harmful or banned substances into the food. All Lola&Lykke baby feeding equipment materials have been selected based on national and

European regulatory advice, and further safety tested under the EN14350:2020 Child Care Articles – Feeding Equipment regulation.

## Cleanhub x Lola&Lykke: Keeping Plastic out of the Sea

We at Lola&Lykke want to help end the plastic pollution affecting our oceans. The global plastic pollution problem has a huge impact on our oceans and subsequently, mismanaged plastic waste at this scale has a massive impact on our climate. We are proud to be partnering with the CleanHub team, working relentlessly hard to remove plastic from the oceans and to restore marine life. Cleanhub is making a real difference by building waste management systems, and stopping plastic waste before it gets burned or ends up in our oceans.

Using plastics comes with responsibility, and we are committed to offsetting the amount we use in our products by collecting the equivalent amount from the Java Sea. Now for every item purchased on Lola&Lykke, we collect the same amount of plastic from the oceans.

This is achieved with the help of over 2,000 fishermen in our dedicated collection partner GOT BAG's network, who capture plastic as bycatch from the sea on the north coast of Java. Our goal is to collect 7,500 kg in the next 12 months. The team has recently started to collect plastic on land as well, to manage household waste from the communities of Demak. This waste used to end up in nature due poor waste management systems. Every financial contribution helps to expand the model across Java and creates stable and dignified jobs for local communities in coastal regions. In this way, we offer a direct opportunity for recycling, ensure less improperly managed waste and ensure less plastic in the sea.

The collected material then gets sorted into different plastic types. All PET is recycled and processed into yarn for our backpack production. The remaining plastic is divided according to suitable recycling solutions. Materials like plastic bags have to be mechanically recycled – in other words, they are processed into so-called secondary raw materials before they can be incorporated into other, new products. Multi-layer packages like food wrappings are very hard to recycle. That's why they are used to generate energy – as an alternative to burning fossil fuels.

#### Live Impact

Lola&Lykke is part of a large community of conscious brands that fund the recovery of plastic. We track all the plastic recovered through the CleanHub app. Check out our <u>Live Dashboard</u> to see picture proof of CleanHub's plastic recovery process in real time and to track how much plastic waste we have already recovered.

# **Employee Sustainability**

To ensure sustainability locally, our employees are subsidised/incentivised for use of public transportation, carpooling, or cycling to work. All our facilities are designed to encourage public transport use, cycling, or cleaner burning vehicles (e.g. electric chargers). In addition, our employees are encouraged to use virtual meeting technology to reduce in person meetings.

Furthermore, our employees are subsidised/incentivised for a waste management strategy that includes our office/home office waste and how employees should dispose of waste. In Finland, paper and cardboard, glass packaging, metal, plastic, mixed waste, hazardous waste, electrical equipment and batteries are commonly sorted separately and sorting bins are available in every household. <a href="https://www.infofinland.fi/en/housing/waste-and-recycling.">https://www.infofinland.fi/en/housing/waste-and-recycling.</a>

#### **Net Zero Company**

From 2024 onwards, we will have a strategy in place to become a net zero company (net zero greenhouse gas emissions GHGs) in line with the EU's commitment to global climate action under the Paris Agreement. We aim to reach net zero by absolute reductions (not offsets) by 2030.

From 2024, Lola&Lykke aims to have an active end-of-life product/component reclamation programme in place to increase the useful life of parts and components. The Company also uses a low impact supply chain strategy including a policy that requires inbound freight or shipping to be transported via lowest impact methods (such as avoiding shipment by air transport); and regular measurement the impact of our logistics.

Lola&Lykke produces an annual sustainability report that clearly outlines our sustainability efforts to our stakeholders and maps out where we are on our sustainability journey. This allows us to build transparent and trustworthy relationships with our consumers, employees, board, and other stakeholders.

As a remote-first workplace, Lola&Lykke consistently strives to excel in employee sustainability, subsidising the use of public transport, effective waste management and recycling. Our unsold products are being gifted to midwives or other healthcare professionals and families with low income.

# **Carbon Offsetting**

Lola&Lykke is committed to cardon neutrality. We regularly monitor and record our emissions and have set specific reduction targets relative to previous performance. The annual reduction target has currently been set to -10% compared to the previous baseline year.

Lola&Lykke offsets its carbon footprint as part of the Terrapass monthly subscription plan, based on the company's actual headcount and verified carbon footprint from its manufacturing and freight activities. Terrapass is one of the most trusted carbon offset project providers in the US, with one hundred percent of their carbon offsets verified against broadly accepted standards by independent third party verifiers. All terrapass carbon offsets come from projects that are reducing CO2e today. Terrapass does not sell carbon offsets that depend on events far into the future, such as a forest growing to maturity or a wind farm that has not been built.