

# OUR RESPONSIBILITY JOURNEY

Sustainability Report 2021

**Nanushka**

# CONTENT

<b>A MESSAGE FROM THE FOUNDERS</b>	3
<b>2021 KEY HIGHLIGHTS</b>	5
<b>NANUSHKA — THE MODERN BOHEMIAN</b>	7
<b>OUR SUSTAINABILITY STRATEGY</b>	9
<b>COMMUNITY</b>	11
OUR TEAM	12
OUR SUPPLY CHAIN	14
OUR SOCIAL INITIATIVES	19
<b>EARTH</b>	22
OUR ENVIRONMENTAL FOOTPRINT	23
OUR LCA FIGURES FOR 2021 RTW PRODUCTION	28
OUR CLIMATE ACTION	30
OUR OPERATIONS	32
OUR MATERIALS	34
OUR PACKAGING	51
<b>CIRCULARITY</b>	54
OUR CIRCULAR MATERIALS	55
OUR CONNECTED PRODUCTS	57
OUR NEW BUSINESS MODELS	59
<b>APPENDIX AND METHODOLOGY</b>	60

# A MESSAGE FROM THE FOUNDERS



Creating sustainable solutions in fashion has been an ambition of ours since the inception of Nanushka. The pandemic gave us time to reflect on what was really important to us: functionality, versatility and longevity. Sustainability is crucial for brand health and it has proven to be a top concern for customers – as a result it represents a commercial, ethical and reputational priority for Nanushka.

The garment industry is a key contributor to climate change. At Nanushka we're committed to reducing our negative impact and empowering our customers to make more informed choices. Throughout 2021 we worked tirelessly to improve our sourcing practices, bringing us another step closer to our goal of using 100% preferred fibers and materials across collections by 2025. In 2021 we met 42% of this target, and remain on a journey to our committed goal.

And while the prolonged impact of the global pandemic continued to challenge the ways in which we operate, we are grateful to have increased our company headcount by 38% compared to 2020, supplying employment opportunities across Hungary, United Kingdom and United States.

In an effort to ensure transparency and traceability, we have grown our share of products with Digital IDs to 2,194 styles - allowing us to provide detailed information on product composition and provenance. In accordance with our focus on circularity practices, we also established our upcycled

ANEW line; a limited-run, bespoke collection made entirely from deadstock fabrics. Our physical sites were also reviewed and we are proud to have switched our London flagship store – a beautifully-preserved Grade II listed townhouse in Mayfair – to use 100% renewable energy.

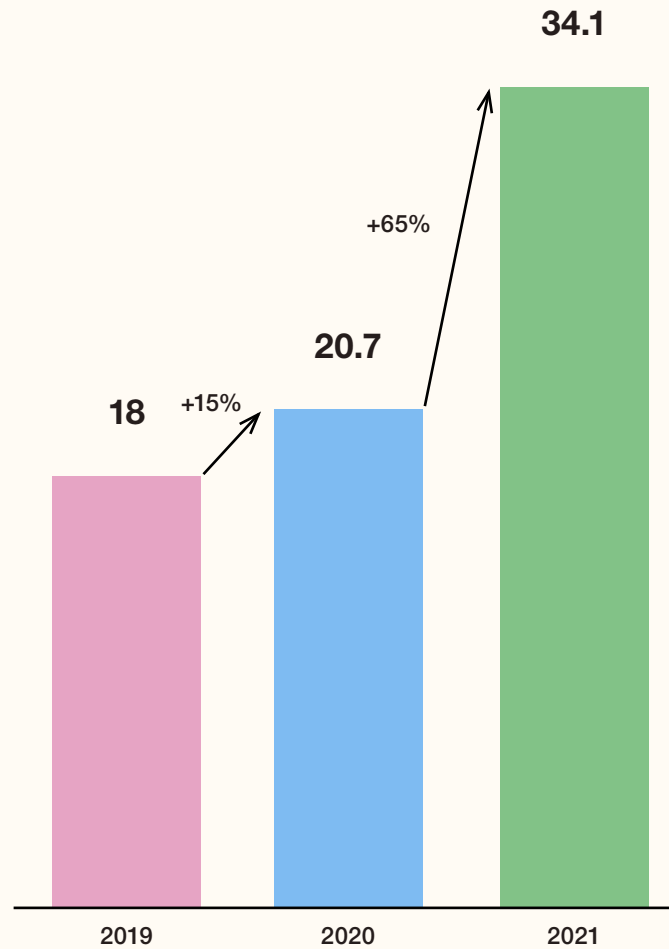
These are just some of the actions we are taking to bring us closer to our goal of a fully responsible and circular business model – the necessary and vital pathway to creating a net-positive fashion industry. We aim to lead by example and remain steadfast in our mission to continuously act as a force for change.

# 2021 KEY HIGHLIGHTS

<b>42%</b> preferred fibers and materials	<b>+38%</b> headcount	<b>100%</b> upcycled deadstock used for the ANEW:21 collection
	<b>100%</b> renewable energy used in our London store	
<b>2,194</b> additional Digital IDs included on key styles	<b>3</b> New product categories launched	<b>7,000</b> face masks donated
<b>+65%</b> in net revenue	Eyewear Beachwear Menswear shoes	

Nanushka generated a 65% increase in revenue compared with 2020, reaching €34 million in net sales. Paying €183,900 in corporate income tax to the Hungarian government, we also spent 41% of the cost of goods sold (COGS) locally on Hungarian suppliers, showing our key commitment to supporting the local economy.

## Annual net revenue [million EUR]



---

*“Sustainability is a paradigm for thinking about the future in which environmental, societal and economic considerations are balanced in the pursuit of an improved quality of life. A company can be prosperous if it has the available resources needed to support its growth – a sustainable organization today, is one that*

*takes an active role in shaping the course of change needed to create a net-positive fashion industry that puts back more into society, the environment, and the global economy than it takes out.”*

*Máté Kovács, Managing Director*

# NANUSHKA THE MODERN BOHEMIAN

Born and raised in Budapest, Sandra Sandor graduated from London College of Fashion in 2005. A year later she launched her inaugural label, Nanushka.

True to the brand's entrepreneurial spirit, in 2016 the brand appointed Peter Baldaszti as co-owner and CEO, alongside GB & Partners – a Budapest-based private equity investment firm – to support Nanushka through the crucial next stage of the company's growth.

In 2020 Nanushka became the subsidiary and flagship brand of the newly established Vanguard Group. Vanguard is an investment platform that fosters a careful synergy between responsible business practice and commercial ambition, helping the brands in its portfolio to implement sustainable solutions at scale - a capability we plan to strongly build on in the future.

The signature codes of craftsmanship, detail and responsible production were evident from Sandor's very first collection. Drawing inspiration from the brand's birthplace – a vibrant city where East meets West – the collections take us on a spiritual journey through cultures and time, effortlessly combining function with flair, modernity with time-honored technique.

In essence, Nanushka delivers a contemporary and versatile wardrobe for the modern aesthete, with the aim of creating a pared-back, understated form of beauty.

With clothing designed in Budapest and produced primarily in Europe (in 2021, almost 90% of our finished goods were produced in Europe), Nanushka's collections showcase the finest technique and materials across the continent. After establishing Nanushka on the New York Fashion Week circuit, Sandor began to showcase her seasonal collections at Paris Fashion Week from June 2019.

The collections are now stocked in over 40 countries internationally; from the brand's flagship concept stores in Budapest, London and New York, through online retailers, specialty shops and pop-ups, department stores such as Bergdorf Goodman, Selfridges, Liberty, Browns, Net-a-Porter, and MyTheresa, in addition to shipping to over 100 countries worldwide from Nanushka's own ecommerce platform.



Having launched her own label after graduating London College of Fashion in 2006, Sandra Sandor joins with her partner Peter Baldaszi as co-owner and CEO

2006—2016

November 2017

Nanushka is available on Net-A-Porter and Browns, and sets to launch in Selfridges in the coming months

NET-A-PORTER  
**Browns**  
SELFRIDGES&CO



Nanushka opens its Flagship Budapest Store & Café

February 2018

February 2019

Nanushka introduces the Nanushka Man at NYFW



Nanushka opens its New York flagship store

October 2019

November 2020

Nanushka opens its Flagship London store in Mayfair's Bruton Street



Nanushka partners with El Silencio, Ibizan beach house from iconic Parisian brand Silencio, to host a summer residency; the first in the annual Sun Series

June 2022

September 2022

Nanushka opens a store in Shanghai





# **OUR SUSTAINABILITY STRATEGY**

**From its inception, Nanushka had the ambition to create beautifully crafted products with an authentic, consistent commitment to responsible production. We are a brand steered by strong and committed moral pillars – a brand that respects people and communities, our land and ecosystems, and holds inclusivity and justice in the highest regard.**

**Through sustainability and circularity, we explore the value of time, craft and heritage and the positive impacts they have on people's wellbeing and the environment as a whole.**



Our sustainability strategy is based on three strategic focus areas:

1. **Community.** We strive to create a business-wide culture of transparency, participation and accountability in our vision of responsible luxury.
2. **Earth.** We believe in environmental and climate justice, protecting our planet's biodiversity and ecosystem balance.
3. **Circularity.** We're dedicated to circularity as a means to maximize the longevity of everything we produce.

These pillars are the driving force of our strategy to create a more sustainable, circular and inclusive industry within luxury fashion.

# COMMUNITY



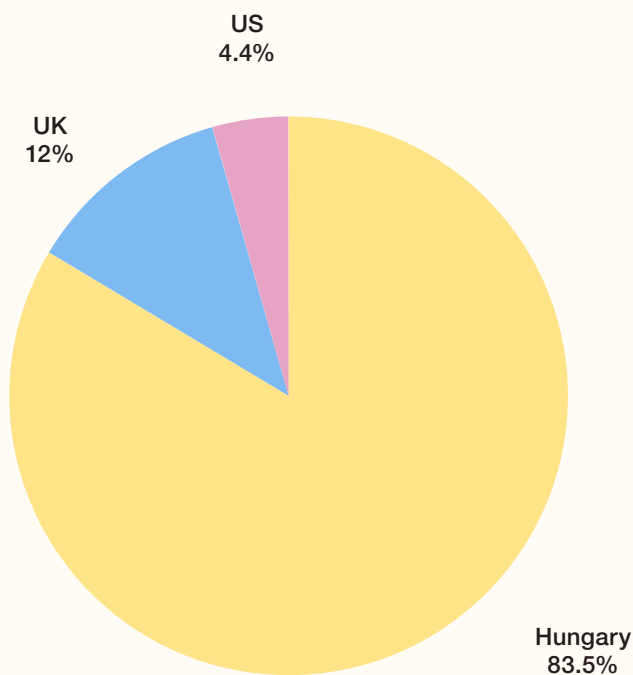
**The First Law of Ecology, drafted by the environmentalist Barry Commoner, includes the following statement: “everything is connected to everything else.” At Nanushka, we believe that a sustainable future will only be possible if progress for both people and planet go hand-in-hand, and the respect for workers’ rights, as well as the promotion of diversity, equality and inclusion amongst the workforce, are the fundamental elements that underscore our approach to human resources.**

**Since 2020, the global COVID-19 pandemic has posed many challenges to the ways in which we connect with the world around us. In these challenging years, we have worked hard to strengthen our mission to create a culture of transparency, participation and accountability within the luxury fashion market. These cultural values are concentrated on our three main resources: our team, our suppliers, and the communities we work with.**

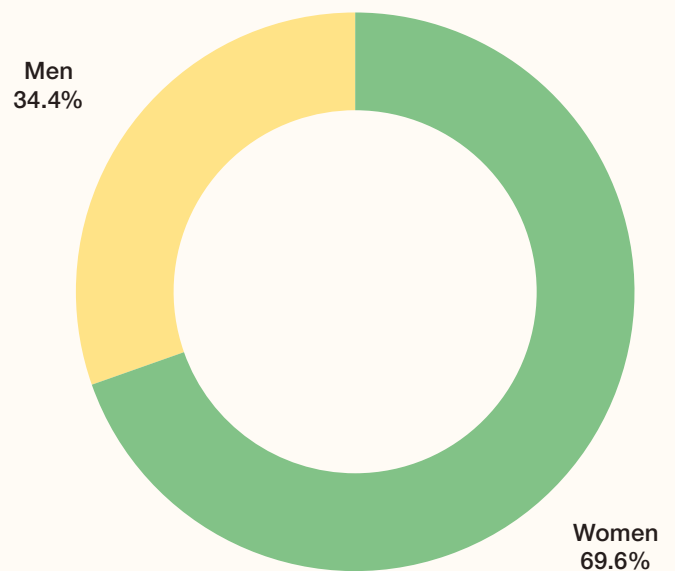
Despite the pandemic continuing in 2021, and subsequent health restrictions, we saw a continued growth in our team. As of December 31st, 2021 the headcount of the company stood at 158, 38% higher than our 2020 average headcount of 114, and despite the instability caused by the global health emergency, 100% of our employees are currently employed with permanent contracts.

The Nanushka team spans three key locations: Hungary - where the headquarter is located, the UK and US. Women represent the majority of the workforce, accounting for 70% of the corporate population and 67% of our senior management.

Share of employees by location



Share of employees by gender



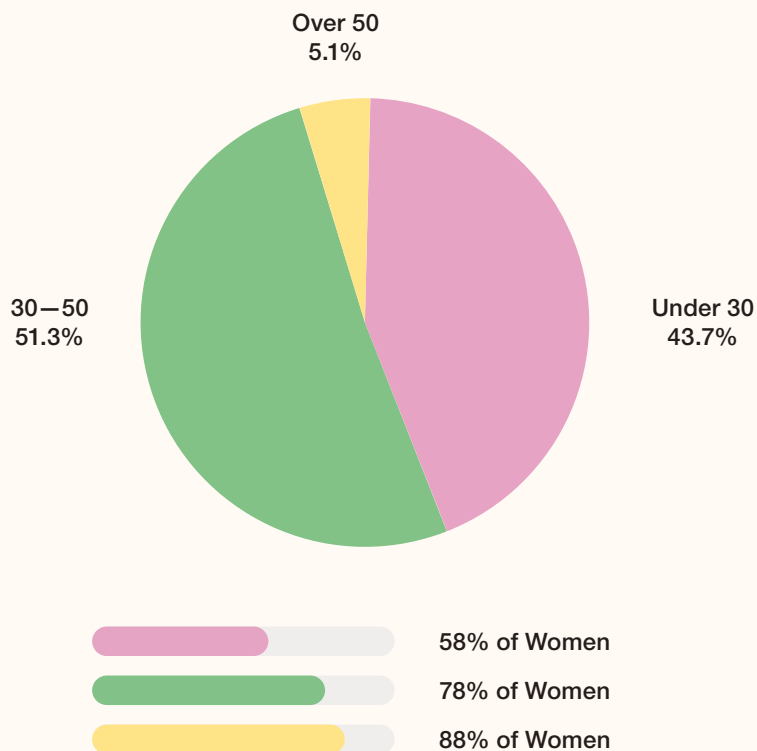
*“At Nanushka, people have always been at the center of our operation. From each craftsman in our supply chain to our executive team, we want to value every person that helps us create our beautiful products. We believe that worth lies within the people. We believe that people should come first - customers, partners and employees who create our Nanushka community together. This is why we are proud to see Nanushka expanding*

*as a company, but especially to be able to welcome more talents and ideas within our teams. We have an internationally growing team that is not just diverse but genuinely inclusive at the same time, which is also a solid base of our global successes.”*

*Ferenc Kovács, Head of Human Resources*

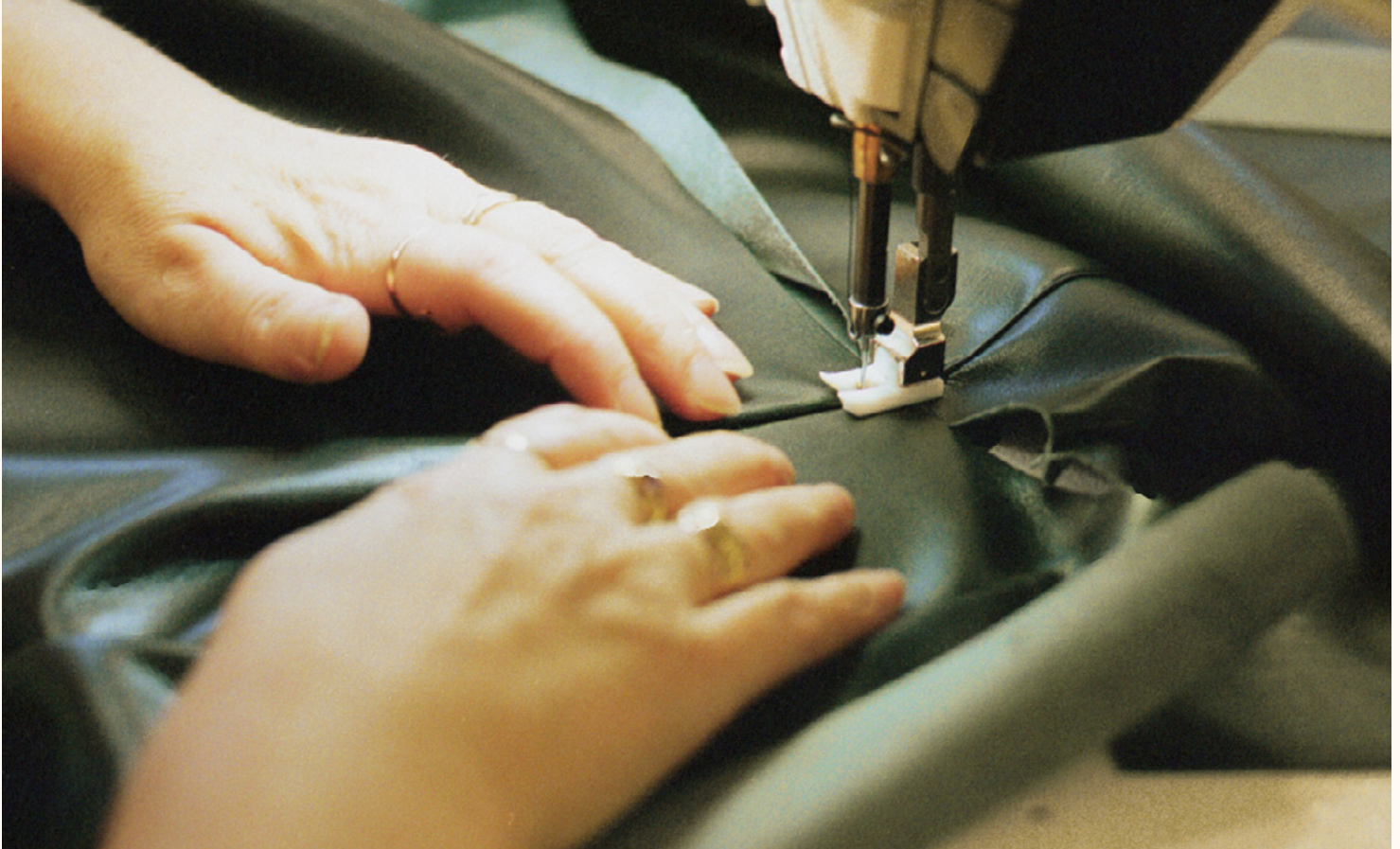
A breakdown of the workforce by age shows that as of December 31, 2021, 44% of Nanushka employees were under 30 years of age, and 51% were aged 30 to 50, which shows both the willingness of the company to support the growth of young talent but also the respect of work experience.

### Share of employees by age group



The health and safety of all employees is a priority for us, and we are committed to implementing all necessary actions to ensure it is maintained. In 2021, regular antigen tests at the office continued to safeguard our employees who were returning to the

office, and slowly eased back as vaccines were rolled out during Spring. Masks were also provided and remote working was kept as an option to ensure the wellbeing of our team members and guarantee more flexibility for an improved work-life balance.



We are committed to respecting the rights of everyone who works with us, from our head office team members, to the people who make our garments and cultivate the materials. In 2020, we established our Code of Conduct and Supplier Manual<sup>1</sup>. The company's Code of Conduct implements the most relevant international standards, with particular reference to the ETI<sup>2</sup> Base Code and International Labor Organization<sup>3</sup> guidelines, and it outlines our requirements and expectations in regards to safety in the workplace, respect for workers' rights and environmental protection.

Any individual or company that establishes a business relationship with Nanushka must comply with our Code of Conduct, and to make this document more understandable and support suppliers in the operational implementation of its requirements, the Code of Conduct is available on our website. Our goal is to achieve full transparency and traceability of our supply chain by 2025, to ensure that our values are upheld at every step. Transparency is vital for progress, and we cannot foster change without fair labor and environmental stewardship.

The map below demonstrates our knowledge of our 2021 supply chain locations

**Tier 1 countries:**

China, Hungary, Italy, Poland, Portugal, Romania, Serbia

**Tier 2 countries:**

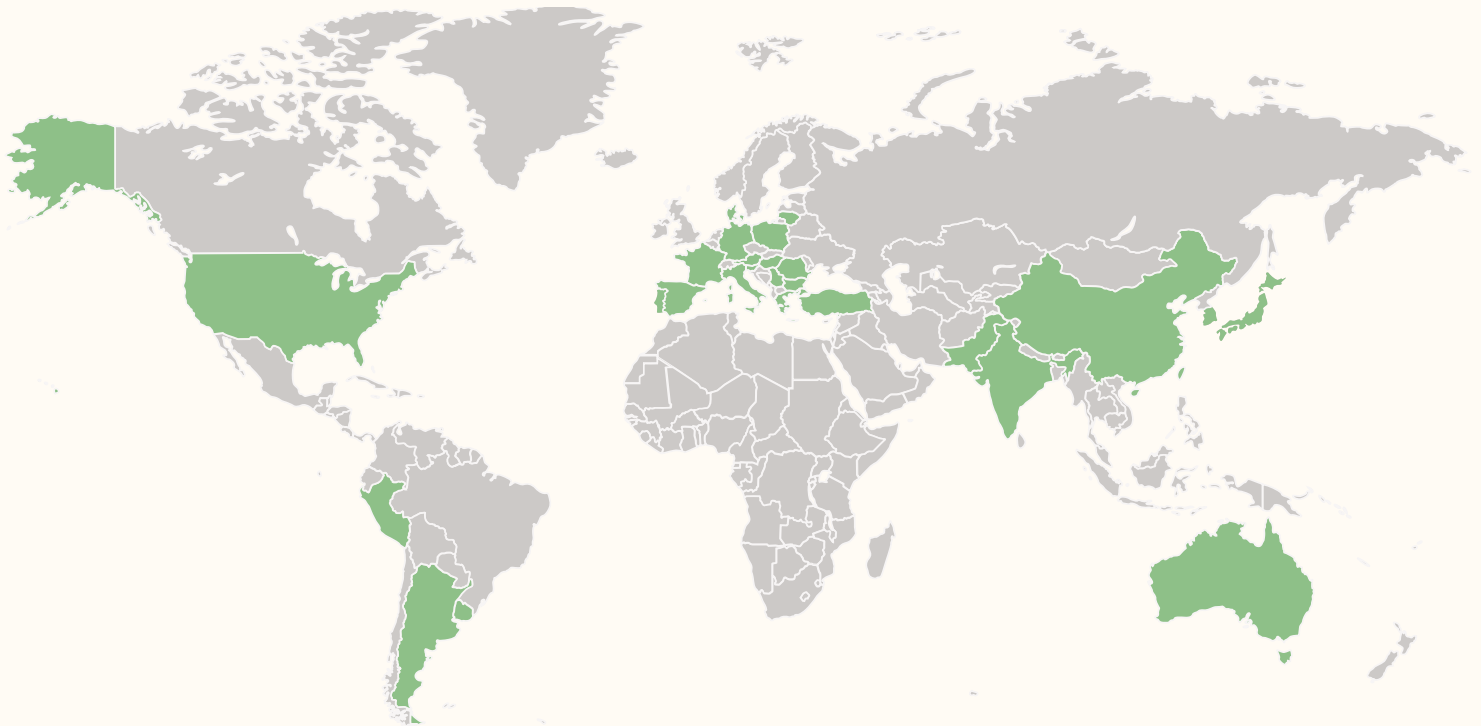
Bulgaria, China, France, Germany, Hungary, India, Italy, Japan, Lithuania, Portugal, South Korea, Spain, Turkey

**Tier 3 countries:**

Argentina, Austria, China, Denmark, Greece, Italy, Japan, Pakistan, Portugal, Slovenia, South Korea, Spain, Turkey

**Tier 4 countries:**

Argentina, Australia, Austria, China, India, Japan, Peru, Romania, Turkey, USA, Uruguay



**Tier 1**

Cutting, sewing, knitting and final product assembly  
100%



**Tier 2**

Material production, fabric mill and tanneries  
96%



**Tier 3**

Raw material processing  
75%



**Tier 4**

Raw material production and/or extraction  
66%

<sup>1</sup> More information on our Code of Conduct can be found here: [https://www.nanushka.com/Nanushka\\_Supplier\\_CodeofConduct.pdf](https://www.nanushka.com/Nanushka_Supplier_CodeofConduct.pdf)

<sup>2</sup> The Ethical Trading Initiative (ETI) is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe.

<sup>3</sup> The International Labor Organization (ILO) brings together governments, employers and workers representatives of 187 member States, to set labor standards, develop policies and devise programmes promoting decent work for all women and men.

The map above demonstrates our knowledge of our current supply chain locations producing our collections in 2021 (SS21, PF21, FW21, RS22). Gathering this data has involved all our Tier 1 and 2 suppliers (both CMT and FF suppliers<sup>4</sup>), and though we've made good progress, it is not yet an exhaustive list, so this continues to be a top priority to gain traceability over all Tiers; particularly Tier 3 and 4 from both a social and environmental perspective. Total traceability relies on a deeper level of knowledge, enabling us to drill down into previously unexplored levels of detail; for example, the exact farm where animals are reared for our wool.

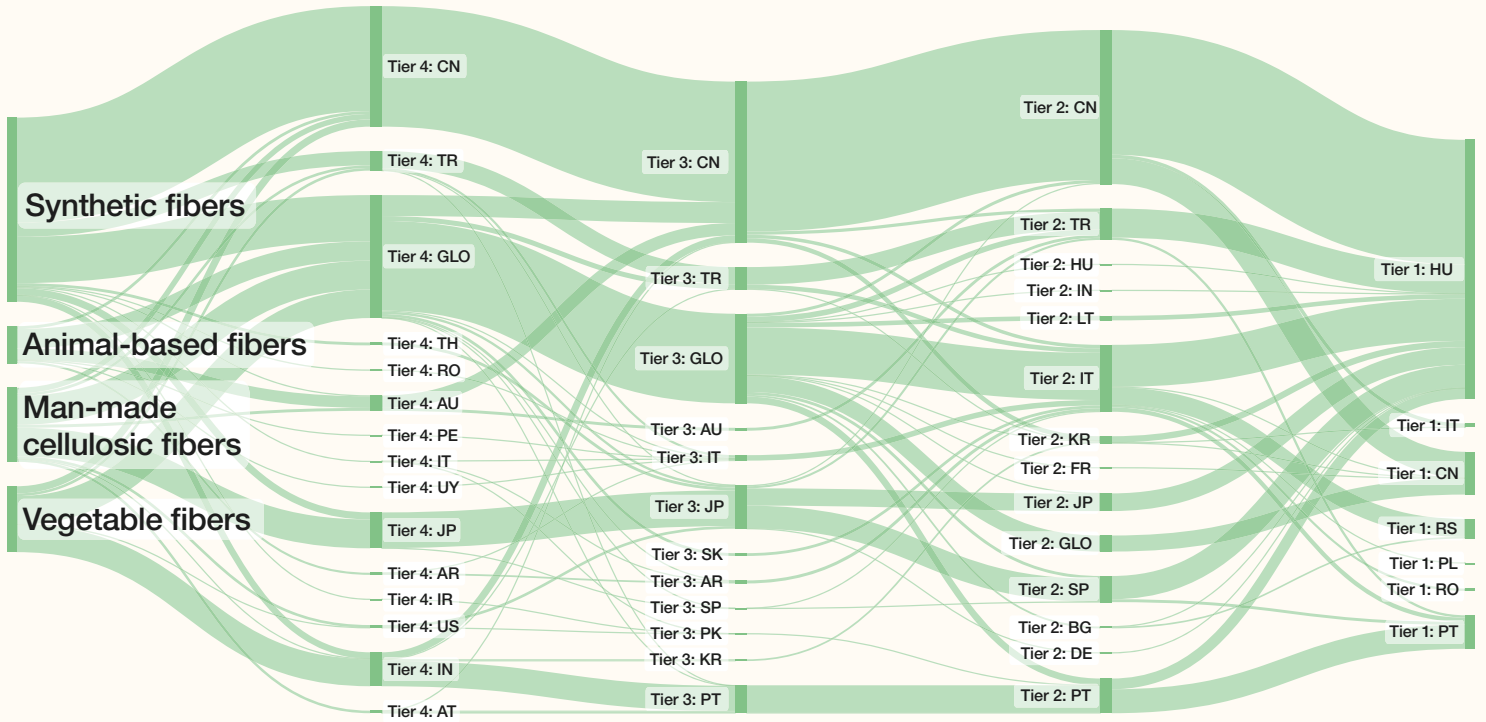
By 2025 we aim to achieve our traceability goal, meaning that all materials and components will be mapped back to their origin, without exception. To do this we will maintain close relationships with our supply chain partners, gathering both the information and the technology solutions required to meet this vital target.

Despite the COVID-19 related challenges in completing visits and assessing the respect of our standards, we still managed to gain a deeper understanding of our supply chain by expanding the scope of data gathering activities for the current sustainability report; introducing more in-depth examination of social sustainability topics such as sub-contracting and modern slavery. We also expanded the scope of data gathering to all Tier 1 and 2 suppliers, rather than merely our Hungarian Tier 1 suppliers - as was the case in 2019. This step enabled us to map sub-suppliers and sub-contractors for Tier 1 and Tier 2, plus gain more knowledge about material manufacturing practices and processes.

<sup>4</sup> CMT stands for Cut, Make & Trim - which means that Nanushka has a direct relationship with both manufacturer and raw material suppliers. The manufacturer cuts, makes and trims our designs into fully finished products. The material is purchased by Nanushka and provided to the manufacturers. FF stands for Fully Factored - which indicates an indirect relationship with the material supplier. The garment supplier also handles of material sourcing.



## Sankey chart of materials flow across our Supply Chain



Approximately 56% of our manufacturers are located either 300 km from our headquarters in Hungary, or in Serbia.

This allows us to build and maintain close and personal relationships with our key supply chain partners, while supporting the local economy and reducing our overall emissions.

The proportion of our production by country is reported below:

- China: 11.80%
- Hungary: 69.60%
- Italy: 3.95%
- Poland: 0.03%
- Portugal: 8.55%
- Romania: 0.57%
- Serbia: 5.20%

*“Full transparency and traceability are the two key goals that we have set at Nanushka. From the very beginning of our journey, it has been important for us to source and produce locally, remain close to our supply chain partners, support our local economy and stay connected to our roots.*”

*That is why we are very proud to have more than 70% of our products being manufactured in Hungary and Serbia. And as Nanushka is expanding, so is our effort to get closer to all our global partners.”*

*Katalin Bognár, Production Director*

We set out to visit all manufacturing sites (Tier 1) and assess them against the high standards outlined in our Code of Conduct. In 2021, we visited 50% (23 over a total of 45) of our garment manufacturers, 19 in Hungary, 3 in Portugal and 1 in Italy. Due to ongoing COVID-19 travel restrictions, we were unable to visit the rest of our manufacturers in locations such as China, Serbia, Poland and Romania.

To ensure ethical manufacturing, it is imperative that our Code of Conduct is observed by our supplier contracts, and during informal supplier visits. We are in the process of building a social compliance and responsibility program, which will ensure we have more control to the full adherence of our suppliers to our values and policies - from wages and workers' rights to environmental management. The program will be fully integrated into the

current supplier onboarding practices, and will serve to define a risk assessment to assess the likelihood and severity of potential risk occurring in Nanushka's supply chain and assign risk ratings to countries and suppliers. In addition to this, a supplier roadmap will be defined that the team will use to assess supplier performance and track improvements over time.

While some global manufacturers were forced to close due to COVID-19, we supported our Hungarian garment manufacturers by maintaining our production volume without any disruptions. In addition to this, we produced and donated over 7,000 face masks to workers throughout our supply chain, in an effort to keep all individuals and their families safe.



Alongside employment opportunities and homegrown manufacturing, Nanushka has had a positive impact on local communities through our social initiatives and charitable donations.

We continued to create employment opportunities for women in the Hungarian village of Terény, where work is scarce. The motivation of this project is two-fold:

to support and empower this community, while increasing the ratio of preferred fibers and materials in our collections by phasing out plastic detailing and replacing it with organic, handcrafted finishes. In 2021, we generated around 44,500 Euros for the Terény community through the production of ceramic items and buttons for Nanushka, an ongoing community project we have committed to since the start of our partnership in 2019.

In 2021, we also raised HUF 220,000 to support a kindergarten in Farkaslyuki, and purchased and donated essential items for kids such as underwear, books and toys.

While diversity and inclusion has always been on Nanushka's agenda, the Black Lives Matter movement prompted engagement on a more introspective and proactive level, focusing our energy on what we, as a retail business, could offer to improve the opportunities of members of marginalized communities. In 2020, we launched our Design for Life Mentorship program and we continued the project in 2021, with the goal to support young fashion talent from Black, Asian and minority communities by offering paid internships in our Design department.



Six judges were nominated for the panel; including magazine editors, buying directors and our founder, Sandra Sandor. Two winners were selected for the program: Janet from the US with Korean heritage – who did her studies in the US and London – and Abhijeet from India, who finished a Bachelor's of Design at the National Institute of Fashion Technology of Bengaluru. Both completed a three-month paid internship at our headquarters in Budapest, working with our design team to assist in the creative process, from the initial inspiration through to delivering of the new collection in time for market launch.

We believe in the importance of creating a community which is diverse and inclusive, and we are actively engaged with our Human Resources department to ensure this is reflected in our team culture and hiring practices.

---

*“The Design for Life Mentorship program is an important project for us. Our goal is to guide and educate amazing designers at the start of their careers, empowering them with in-depth knowledge to design and manufacture with sustainability, innovation and longevity in mind. We want them to have the right skills to create responsible*

*collections that use lower impact materials and considered processes, and in 2021, we were glad to be able to support Janet Lee and Abhijeet Kaur in their professional journey.”*

*Szandra Sándor, Creative Director*

Additionally in 2021, to encourage employees to give back to our communities, we launched our volunteer program to provide all of our team members with the opportunity to spend two paid working days a year helping at a range of charitable organizations while team building outside

of the office space. A total of 22 colleagues have already participated in different volunteering activities, and we continued this activity throughout 2022 by organizing volunteering days for our employees in Budapest and London.



# EARTH



**Our environmental impact is the result of the business choices we make, from the provenance of the materials we select to our shipping practices – and everything in between.**

**We undertook a corporate carbon footprint to quantify the results of our choices, and assessed the data via a series of understandable and relevant environmental touchpoints, to inform our future strategy and facilitate our year-on-year learnings.**

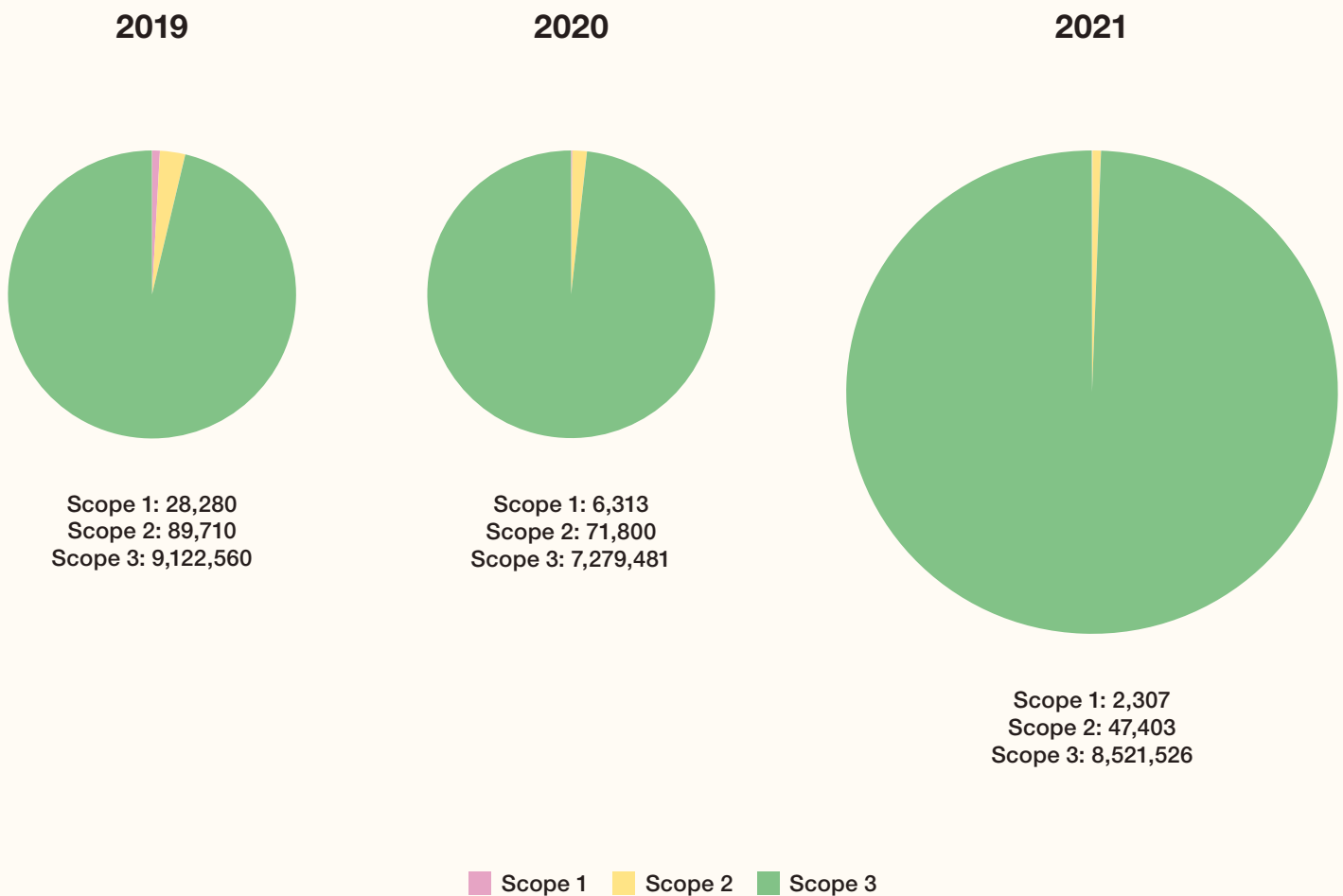


We are all too aware of the fashion industry's impact on climate change, and as a luxury fashion company we are embarking on a path to decarbonization in line with the sector's best practices.

In order to have a more holistic and strategic approach to climate change, from 2019 we measure our company's greenhouse gas

emissions (GHG). In 2021, we measured the emissions directly related to our own activities (Scope 1 and 2) and those caused by the upstream and downstream activities of our value chain (Scope 3), with the aim of identifying the areas that have the largest climate impact and need attention and improvements.

## Total GHG Emissions by Scope [kg CO<sub>2</sub>]



2021's carbon emissions have been calculated following the GHG protocol<sup>5</sup> in full, and all categories within Scope 3 have been included. This has increased the final figure from previous year, but has simultaneously provided us with a wider, more precise estimation of the overall indirect carbon emissions linked to Nanushka's operations.

<sup>5</sup> GHG Protocol supplies the world's most widely used greenhouse gas accounting standards.



2021 GHG Inventory [kg CO<sub>2</sub>]

<b>Scope 1</b>	<b>2,307</b>
<b>Scope 2</b>	
Location-based	64,574
<b>Market-based</b>	<b>47,403</b>
<b>Scope 3</b>	<b>8,521,526</b>
3.1 Purchased good and services	6,773,010
3.2 Capital goods	41,350
3.3 Fuel and energy related activities	3,892
3.4 Upstream transportation and distribution	681,648
3.5 Waste generated in operations	65,255
3.6 Business travel	100,464
3.7 Employee commuting	41,259
3.9 Downstream transportation and distribution	2,307
3.11 Used of sold products	654,834
3.12 End-of-life treatment of sold products	157,507
<b>Total GHG Emissions (with market-based method)</b>	<b>8,571,236</b>

For category 3.1 'Purchased goods and services', which accounts for the majority of our Scope 3 emissions, a dedicated database (WALDB World Apparel & Footwear Life Cycle Assessment Database) has been used to assess, in greater detail, the material and manufacturing processes of our full supply chain. Because of the changes in the emission factors used, and to allow comparability and trend visualization, the carbon emission model of

the previous two years has been updated using the same methodology used in 2021 for Scope 3 only.<sup>6</sup>

Scope 1 emissions are related to the consumption of natural gas, used mainly in our warehouses; whereas Scope 2 emissions are related to the purchase of electricity for our offices, stores and warehouses. The vast majority of our emissions lie in Scope 3, which is our top priority to set reduction targets for in our forthcoming climate action strategy.

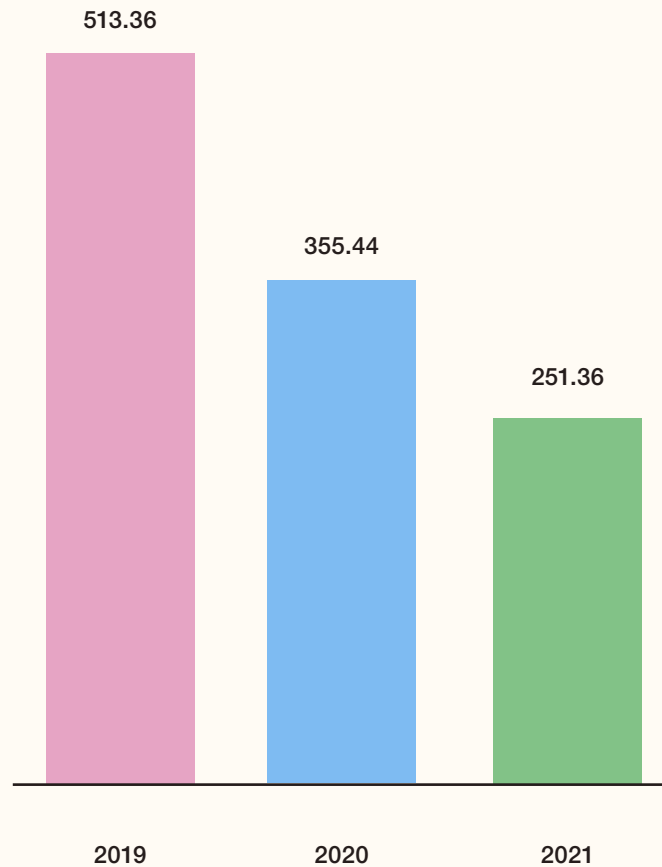
**These emissions derive from ‘Purchased goods and services’ (79%), followed by the emissions related to ‘Upstream & downstream transportation and distribution’ (8%).**

**The data presented in this report is consistent with the data submitted in the CDP<sup>7</sup> Climate Change questionnaire on which Nanushka reported for the first time in 2020.**

**As a growing brand, it is challenging to indicate our impact savings with clearly defined measures, therefore we have used intensity-based indicators to view our impact proportionally to our growth.**

<sup>6</sup> As happened in 2021, because the model to assess Scope 3 emissions is improving every year with more detailed information, and the use of more specialized databases and greater material traceability, it should be considered that the baseline may change over the course of time. This is down to the updating of some emission factors, particularly the ones used for calculating raw materials-related emissions.

<sup>7</sup> Climate Disclosure Project (CDP) is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

Emission per revenue [tCO<sub>2</sub>/million EUR]

Comparing our emissions to our revenues, showed that they slightly decreased compared to the growth rate of Nanushka. Indeed, from an intensity factor of 355.4 in 2020, we decreased to 251.4 in 2021.

However, we know that we need to reach an absolute decrease in our emissions to align with the goals of the Paris Agreement (and current industry standards) and attain the treaty's aim to stay below the 1.5 degree temperature change when compared with that of pre-industrial levels.

# OUR LCA FIGURES FOR 2021 READY-TO-WEAR PRODUCTION



Our carbon emissions are assessed using dedicated databases that take into account all the production steps of textiles and fabric, from the sourcing phase to the finishing and assembly of the final garments.

To gain a better understanding of our footprint, we have carried out a more detailed environmental analysis for our RTW collections reporting our impacts according to three main potential impact indicators:

1. carbon footprint
2. water use
3. land occupation

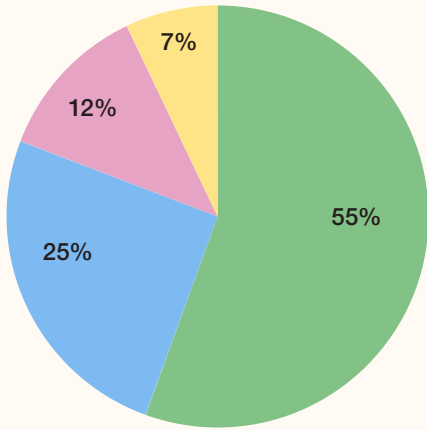
The carbon footprint represents the sum of all greenhouse gasses emitted directly, and indirectly, for the production of our garments. The global warming potential of each emitted substance is expressed in CO<sub>2</sub> eq., to take into account the differing contribution to global warming of each of the various gasses. The change in land and water use has also been included in the analysis. The water use, reported in m<sup>3</sup>, is the net water consumption of all activities related to the growing of the

raw materials, processing and manufacturing of our Ready-To-Wear products. Last but not least, land occupation represents the area of the land needed for the production of the garment from a life cycle perspective, and it is expressed here in m<sup>2</sup>.

For all of these three indicators considered, our Tier 4 represents the majority of the overall impact and this is mainly due to the extraction of the raw materials. This also justifies the need to reach 100% full traceability in our supply chain, as this would allow us to improve our data analysis and proactively reduce our Tier 4 related emissions.

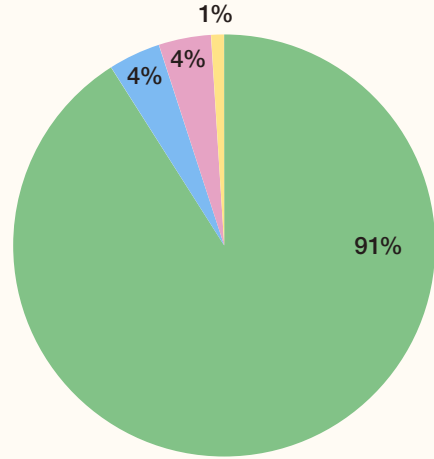
Nonetheless, the carbon footprint shows how Tier 2 and 3 also represent an important share in the overall emissions. This is due to the use of energy, both electric and fuel for heat generation, in the phases related to the processing of the fibers and the manufacturing of the yarns and fabrics.

Carbon emissions [ton CO<sub>2</sub> eq.]



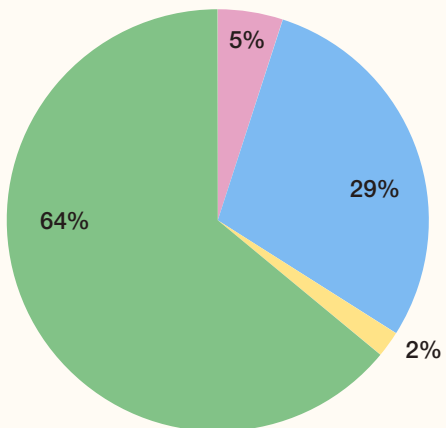
Tier 4 Tier 3 Tier 2 Tier 1

Land occupation [m<sup>2</sup>]



Tier 4 Tier 3 Tier 2 Tier 1

Water use [m<sup>3</sup>]



Tier 4 Tier 3 Tier 2 Tier 1



In 2021 Nanushka became signatories of the UN Fashion Industry Charter for Climate Action<sup>8</sup>. The objective of the charter is to fast-track industry action by requiring alignment with the ambition of the Paris Agreement to limit temperature rise to 1.5 degrees (when compared with pre-industrial levels) and by setting SBTi<sup>9</sup> approved science-based emissions targets across Scopes 1, 2 and 3, developing a clear reduction plan and measuring, tracking and publicly reporting progress. We have used

our 2021 data collection to capture a solid baseline of our footprint and to define and set SBTs (Science Based Targets) we have decided to work with our Parent Group, Vanguard, following the guidelines of SBTi on best practices and approaches to have Group's targets, and we are working to have final targets approved by the end of 2023. This milestone will allow us to set a clear reduction roadmap that will help us to reach net zero emissions by 2050.

---

*"In light of the recent global economic situation, sustainable developments and the conscious selection of resources and materials is more important than ever. In the context of our current climate, it is imperative for Nanushka to continue to reduce its carbon footprint, and contribute to decreasing the climate impact of the global fashion industry.*

*At Nanushka we base our decision-making on scientific data, and are setting science-based targets to reduce our GHG emissions. Targets that set to meet the goals outlined by the Paris Agreement."*

*Ábel Dénes, Supply Chain Director*

To compensate for unavoidable climate impact, even this year we have offset part of our 2021's GHG emissions through the purchase of carbon credits. This year we have decided to support the Shiyazi hydropower station project located in Meilin canyon in the Wuchuan county, Zunyi city, Guizhou province, China. The project aims to produce renewable energy for the region, essentially powered by fossil fuels. As some of our suppliers are located not too far from this location, we want to show our support in reducing the negative externalities generated by coal production and to participate in the energy transition

of the region. Through this project we have offset 1,113 tons of GHG emissions and have supported the social and economic development of the region as the Shiyazi station will also improve the general quality of life of the local population.

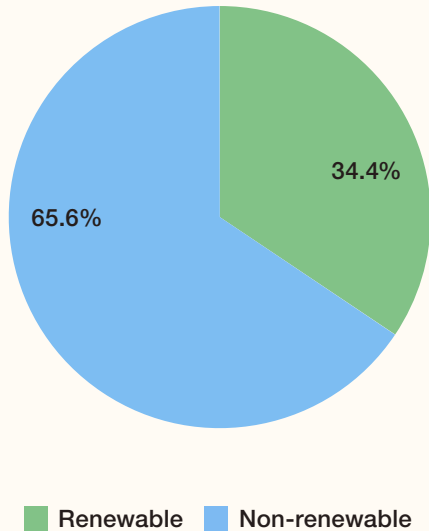
In addition to this, during 2021, we used an all-in-one travel platform for our business travels. This enabled us to record all our flights and the related carbon emissions they generated. Our air business travels accounted for 100,464 kg of CO<sub>2</sub> which have been all compensated through this platform, supporting the following projects:

- Providing efficient cookstoves in Rwanda, that use 80% less firewood than regular open fires
- Generating electricity from crop residues in Rajasthan, India
- Subsidizing the construction of household biogas plants in Nepal, replacing firewood for cooking, and reducing more than 300,000 tons of CO<sub>2</sub> per year

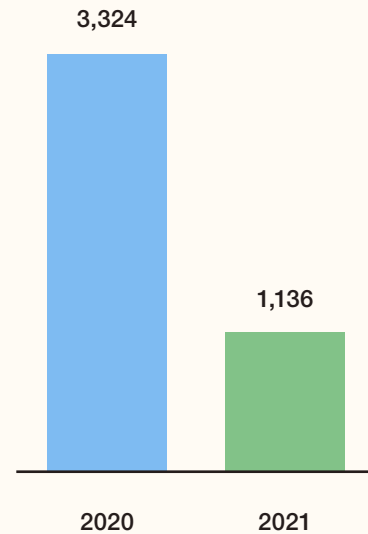
<sup>8</sup>The UN Fashion Industry Charter for Climate Action is guided by its mission to drive the fashion industry to net-zero Greenhouse Gas emissions no later than 2050 in line with keeping global warming below 1.5 degrees.

<sup>9</sup>The Science Based Targets initiative (SBTi) defines and promotes best practice in emissions reductions and net-zero targets in line with climate science.

Electricity consumption - Renewable vs Non-Renewable [in kWh]



Gas consumption - 2020 vs 2021 [in m<sup>3</sup>]



Nanushka 2021’s energy use is related to electricity and natural gas consumption.

At the end of 2021, our portfolio consisted of three flagship stores (Budapest, New York and London), one off-season outlet store, a head office, an atelier and two warehouses in Budapest.

Our electricity consumption in 2021 has been 346,544 kWh, which is up +93% when compared to 2020. This was due to the easing of lockdowns in Spring 2021, when our flagship stores were able to open their doors once again without any disruptions – including our London flagship store – a Grade II listed townhouse on Bruton Street, Mayfair (which opened in November 2020, so it was fully operative in 2021). It is worth highlighting that in 2021, our

London store consumed 119,202 kWh, but 100% of it was renewable energy (coming from the sun, wind or the sea) thanks to our partnership with the energy company provider Ecotricity. Our natural gas consumption decreased by -65% (from 3,224 m<sup>3</sup> in 2020, to 1,136 m<sup>3</sup> in 2021) as we stopped operating one of our warehouses in Hungary, better optimizing our operations in the warehouses we were already utilizing.

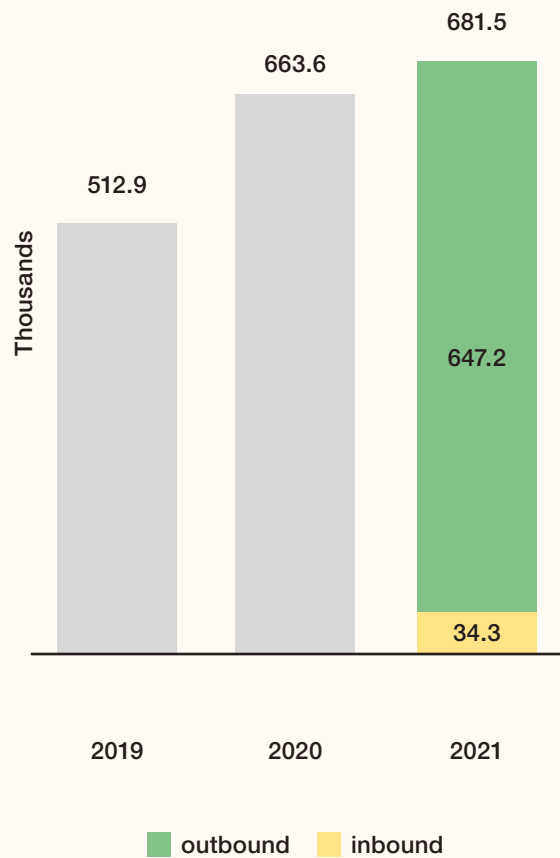
When it comes to our operational waste, it has increased since 2020, and this can be similarly attributed to the easing of national lockdowns and becoming fully operational once again across our facilities and stores. Indeed, from a waste production figure of 37.74 tons in 2020, in 2021 we produced 52.1 tons of waste.



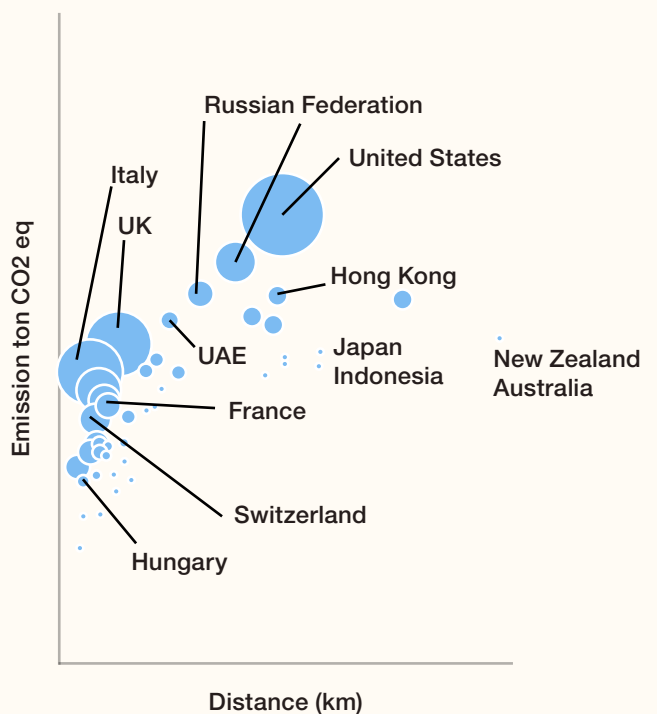
The generation of waste at our own premises is monitored and included in the annual review of our environmental metrics. We collected, recycled and handled waste diligently at all our locations, apart from our warehouses, where only cardboard waste was handled selectively. In terms of waste generated during production, the waste generated at our premises (apart from that of our internal atelier) is not directly linked to the production of our garments, as the majority of our collection is produced through supply chain partners. Looking forward, we are committed to working with our trusted partners to implement practices that will allow the reduction of such waste in the future. An example of one such waste solution: we plan to handle cutting-table waste by finding appropriate recycling streams, in collaboration with our manufacturers. Further actions will be taken to improve this crucial metric in 2022. Our recent waste strategy efforts have been focused on deadstock fabrics, faulty items and leftover stock, described in more detail in the circularity section of this report.

With regards to our shipments, we have seen a slight increase in our inbound and outbound logistics (+3% compared to 2020), responsible for 8% of our overall carbon footprint. The outbound logistics is a major contribution to emissions due to the wide range of locations we now ship to, and the use of air cargo that has a high emission per kg of products shipped. For this reason, introducing more stringent company-wide travel and shipping policies will play a pivotal part in our climate action strategy in the years to come. For what concerns our inbound transportation, the team has worked to optimize it and transport by ocean cargo is generally preferred to air transport.

### GHG emissions Upstream Logistics [kgCO<sub>2</sub> eq.]



### Outbound Logistics bubble chart [ton CO<sub>2</sub> eq/km]



In 2021, sourcing materials responsibly continued to be at the center of our strategy. We continued to build upon the internal implementation of responsible sourcing standards, providing ongoing support and training to our sourcing and production teams, while simultaneously working on strategic, long-term developments to our core materials and products.

On materials sourcing, we have set one important target to achieve: increase the ratio of responsible styles within the collection season-on-season, and achieve 100% preferred fibers and materials<sup>11</sup> by 2025, as aligned with our Sourcing Policy<sup>12</sup>.

At Nanushka, some of the preferred fibers and materials we consider are the following:

- Made with at least 50% of certified organically grown (i.e. GOTS<sup>13</sup>, OCS<sup>14</sup>), or
- Made with at least 50% of certified recycled (i.e. GRS<sup>15</sup>, RCS<sup>16</sup>), or
- Made with at least 50% of certified for respecting animal welfare and land (i.e. RWS<sup>17</sup>)
- Made with at least 50% of certified for responsible forestry management (i.e. FSC<sup>18</sup>)

<sup>10</sup> We consider responsible styles those made using more than 50% of preferred-sourced fibers, (i.e. organically grown fiber, recycled or certified materials), as included in our Sourcing Policy.

<sup>11</sup> Terminology from Textile Exchange, a preferred fiber and/or material is one which results in improved environmental and/or social sustainability outcomes and impacts in comparison to conventional production.

<sup>12</sup> More information on our Sourcing Policy can be found here: [https://www.nanushka.com/Nanushka\\_Sourcing\\_Policy.pdf](https://www.nanushka.com/Nanushka_Sourcing_Policy.pdf)

<sup>13</sup> GOTS: Global Organic Textile Standard

<sup>14</sup> OCS: Organic Content Standard

<sup>15</sup> GRS: Global Recycled Standard

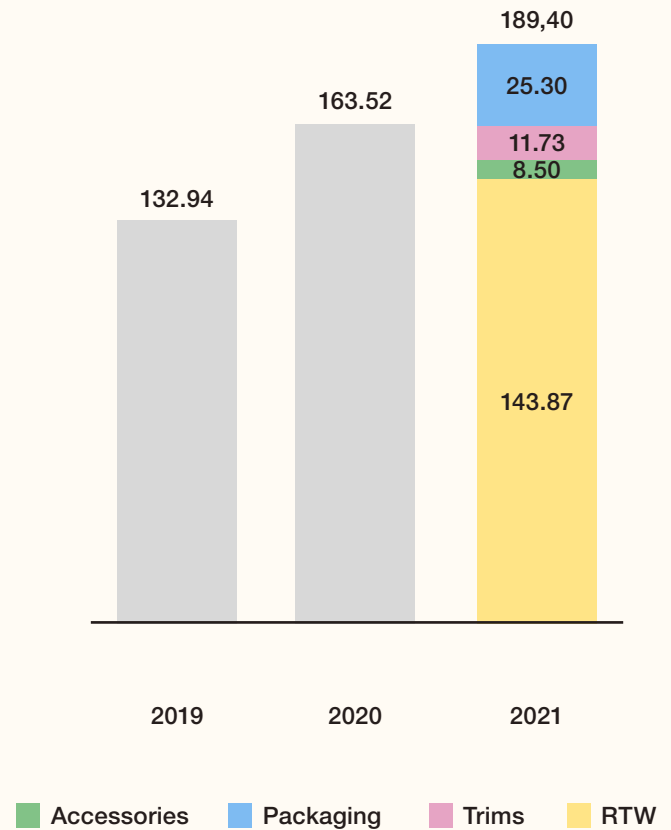
<sup>16</sup> RCS: Recycled Content Standard

<sup>17</sup> RWS: Responsible Wool Standard

<sup>18</sup> FSC: Forest Stewardship Council

The volume of materials included in this year's report is larger if compared to 2020, as it includes main materials used for RTW (fabrics, yarns, lining and leather), Accessories, Trims and Packaging.

Volume of materials [ton]



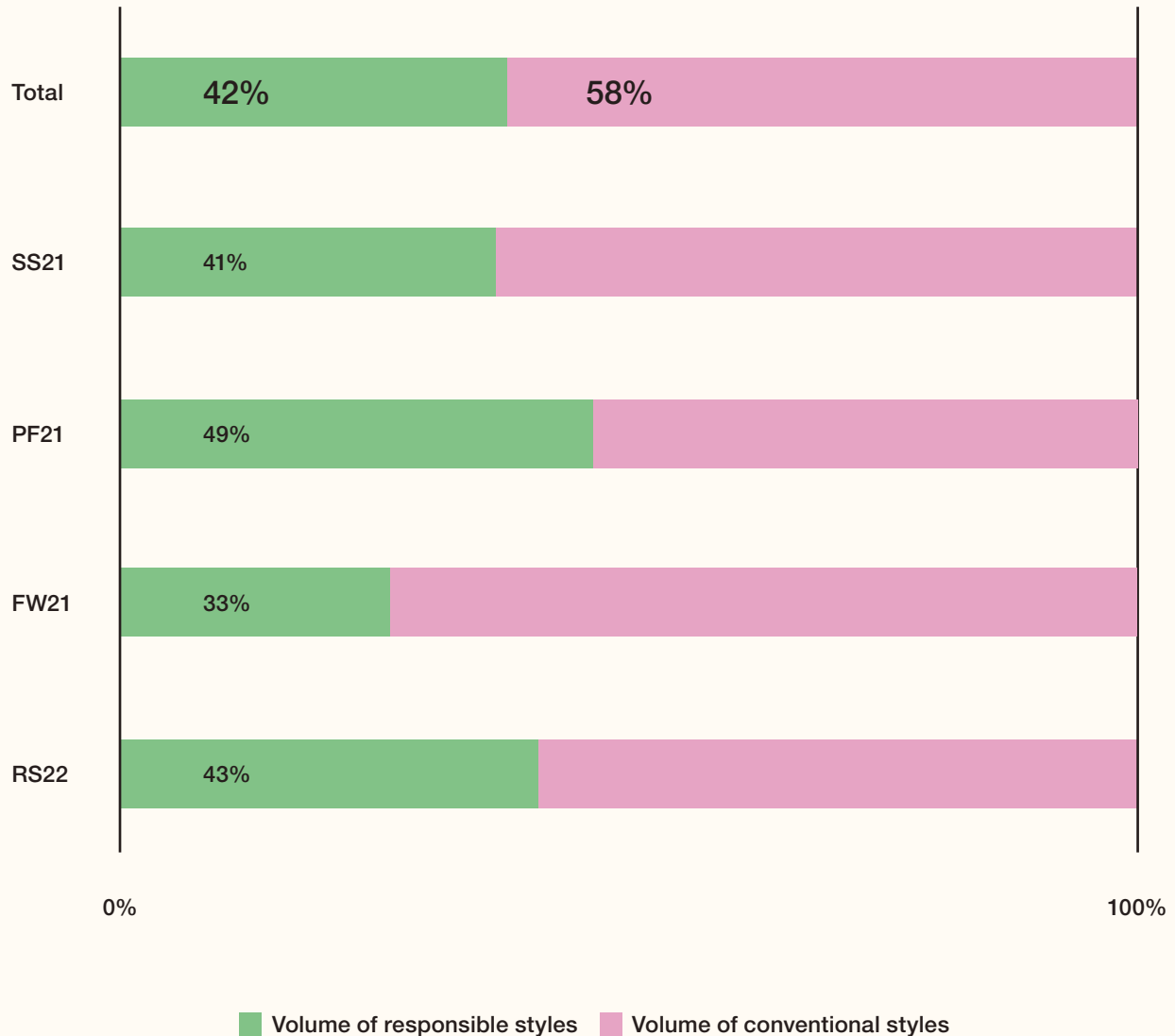
In 2021, the volume (expressed in ton) of main materials purchased remained more or less the same when compared with 2020, if we consider the same boundaries (which means RTW, Trims and Accessories), despite a revenue increase of +65%.

This is due to several factors:

- We sold more products at full price, shortening our markdown seasons
- Our production team optimized our material consumption with regards to fabrics and trims, reducing our material leftovers to 10% at the beginning of 2021, from a rate of 30% in 2020

The collections produced in 2021 reported a total volume of preferred fibers and materials between 33% and 49%, as shown in the table below, with an overall share of responsible styles made with preferred fibers and materials of 42%. The sustainability % is calculated based on the kilograms of the responsible styles produced versus the total volume of fabric (kg) in the given collection.

## Volume of responsible styles made produced in 2021 [in kg]



*“Sustainability is an important factor in our decision making process, but navigating the complexities of social and environmental concerns can be challenging, especially for small and medium-size companies. It requires a company-wide effort, and that is why we are*

*proud that in 2021, for our styles we have used a volume of 42% preferred fibers and materials.”*

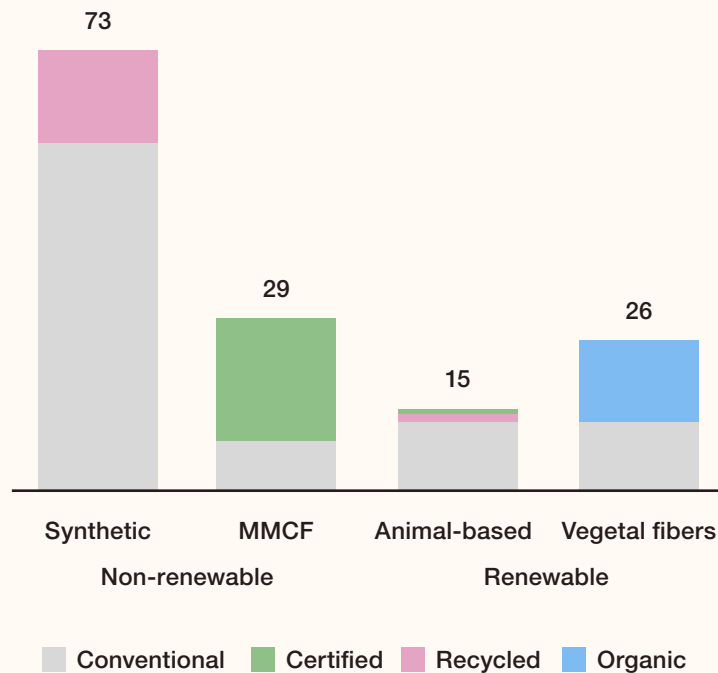
*Emily Hewitt, Head of Merchandising*



As part of our commitment to transparency, we continue to use our swing tags to provide the sustainability credentials of each Nanushka garment, which is then echoed on our product pages. It is vital that we are open and honest about the materials we use,

empowering our customers to make better purchasing decisions and take good care of their garments. When considering the actual volume of materials used in 2021 for our RTW collection, the breakdown per material group is represented below.

## Volume of materials used per material group [in ton]



Synthetic fibers still represent the majority of our fiber consumption, driven by the use of our alternative leather. However, the graph shows that throughout 2021, we continued to make a conscious effort to improve our sourcing practices and purchase lower impact materials. If we consider RTW as our key category, in 2021 we have produced 44% of responsible styles in the collections, with

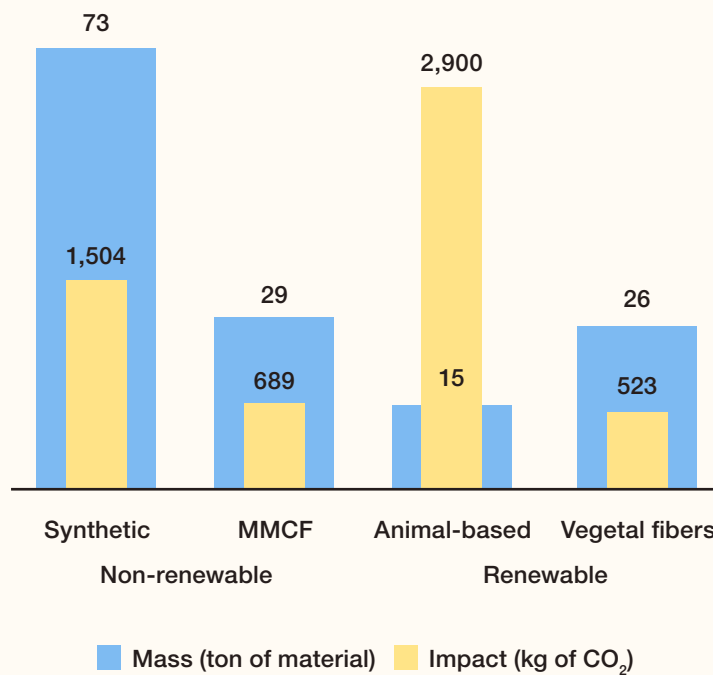
a total mass of 37% of materials which were either organic, recycled or certified (i.e. FSC, RWS, etc.). This brings us closer to our goal of 100% preferred fibers and materials by 2025.

*“The fibers and materials the fashion industry uses puts a huge pressure on natural resources such as water, energy and land. At least two thirds of a brand’s environmental footprint can be attributed to its choice of raw materials, and that is why we are committed to ensuring that 100% of our materials are responsibly*

*sourced by 2025, while continuing our research and development into innovative and alternative materials for future collections.”*

*Nóra Hevesi, Collections Director*

## Volume of materials used [in ton] vs kg of CO<sub>2</sub> generated



Although synthetic materials was the largest category used throughout 2021, the biggest impact came from animal-based materials, and this was primarily down to our use of cashmere.

Natural materials, especially animal-based fibers, generally have higher emissions than other materials. This is due to the emissions generated during the growing of the livestock, and takes into account all activities pertaining to feeding and maintaining the animals, including manure management and enteric fermentation.



## Vegetable fibers

Vegetable fibers are plant-based fibers derived from agricultural growing production, like cotton, linen or hemp.

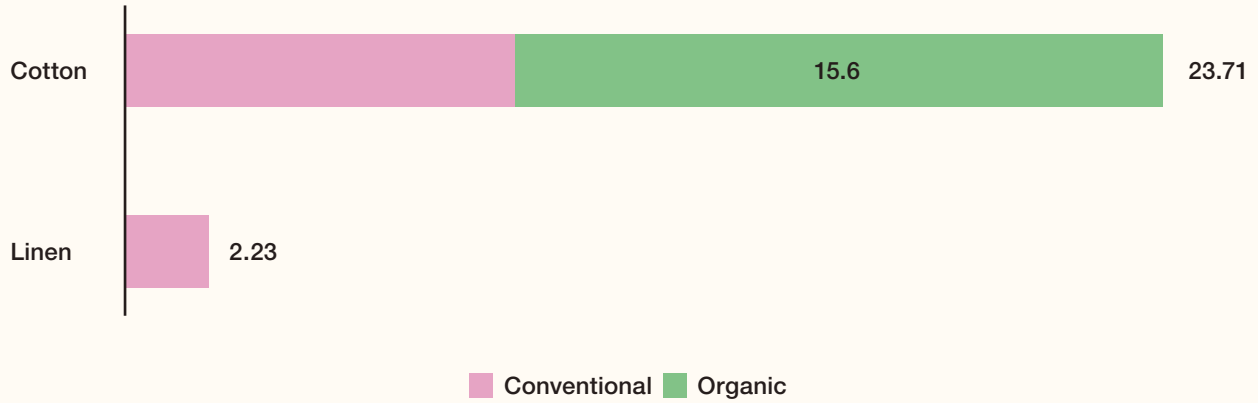
Cotton represents the second mostly used fibers, having a share of 24% of the global fiber production, and its production is often connected with several social, environmental, and ecological risks, not only for upstream cotton suppliers but also at the farm level, especially for small farmers in the Global South<sup>19</sup>.

In Nanushka's 2021 collections cotton fibers represented the second mostly used material, of which 64% was organically grown (compared to 29% in 2020).

<sup>19</sup>Textile Exchange: Material Change Insights Report 2021



Vegetable fibers – mass breakdown [in ton]



Saved impact from the total volume of organically grown cotton purchased

ORGANICALLY GROWN COTTON

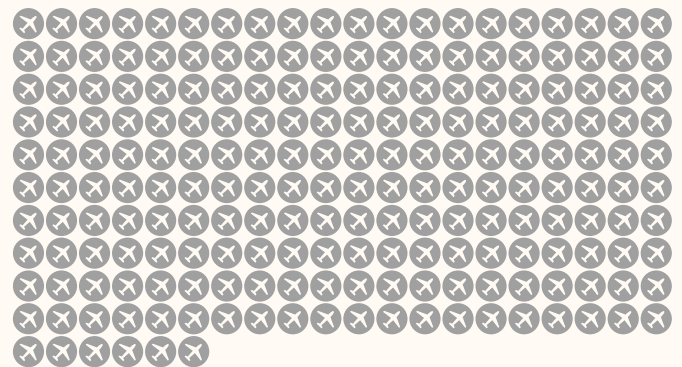
Saved impact

72 ton of CO<sub>2</sub>

Saved from sourcing organically grown cotton instead of conventional cotton

= 206 flights

Budapest-New York (considering that an economy class flight from Budapest to New York emits around 350 kg of CO<sub>2</sub> per person<sup>20</sup>)



An economy class flight from Budapest to New York emits around 350 kg of CO<sub>2</sub> per person, which means that in using organically grown cotton instead of conventional cotton we have saved the equivalent of 206<sup>20</sup> flights.

Organically grown cotton supports farming systems that are better for both human and environmental health by eliminating the use of GMO (Genetically modified organism)-seeds, pesticides, and synthetic fertilizers. The benefits of using organically grown cotton are many, including improved soil

health and fertility, improved biodiversity, decreased resource depletion, and improved health of farmers. When soil is well managed, pest pressure is reduced and water use is optimized.

While organically grown cotton is a better alternative to conventional cotton, we recognise that it still places a high water and land-use demand on our planet. We are committed to improving our sourcing practices to lessen our materials demand and to seeking alternative farming practices, such as regenerative farming.

<sup>20</sup> Calculated using the [ICAO Carbon Emissions Calculator](#).



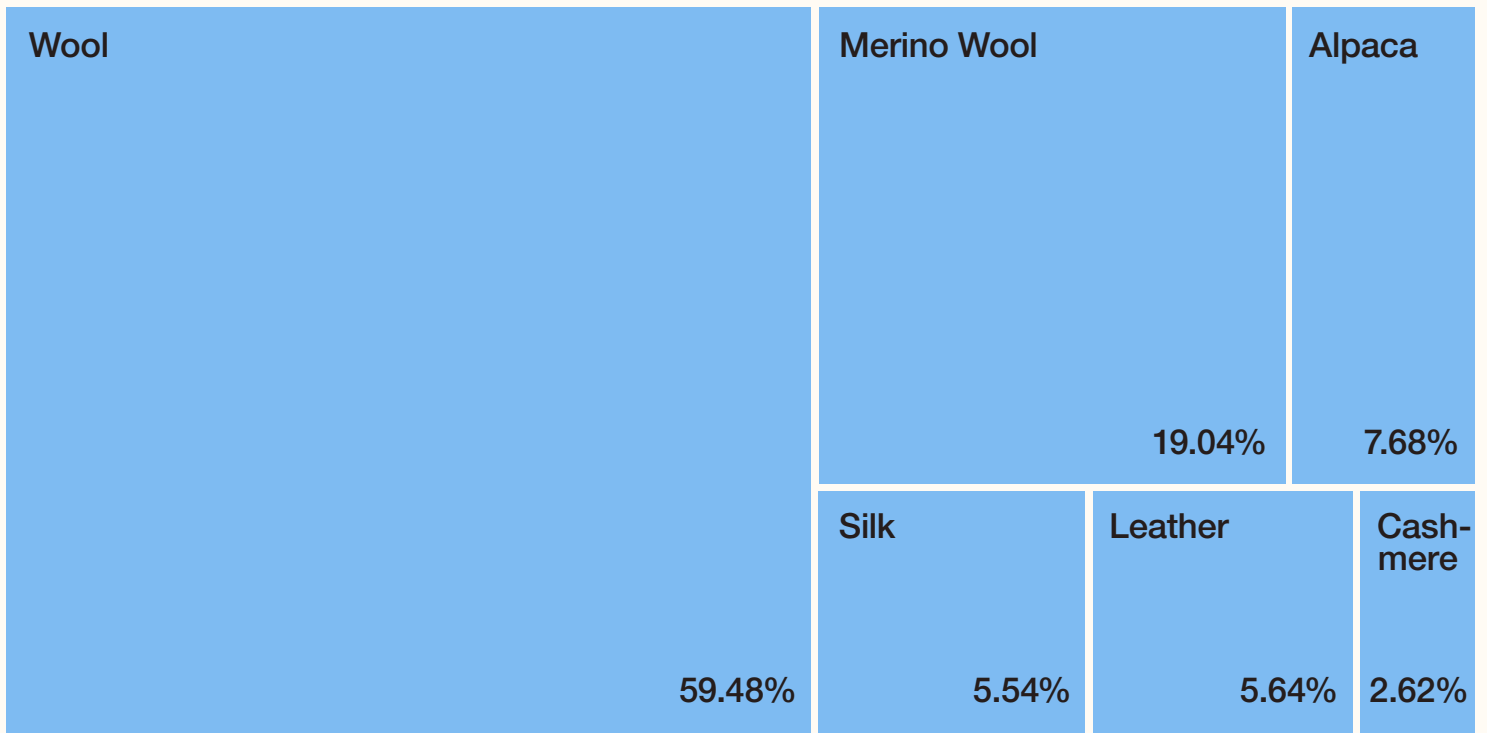
## Animal-based fibers

Nanushka's key animal-based fibers are wool from sheep, silk from silkworms and cashmere from goats or alpacas. When dealing with these fibers, an important aspect to consider in terms of their overall impact is the way animals interact with the farmland. For example, the impact of cashmere is mainly driven by the animal farming stage, due to low yields and relatively high emissions associated with ruminant livestock production. In addition goats, like cows and sheeps, produce methane and other emissions from natural processes such as digestion and manure breakdown. The manure emissions mainly come in the form of  $N_2O$ , a potent greenhouse gas almost 300 times more powerful than carbon dioxide.

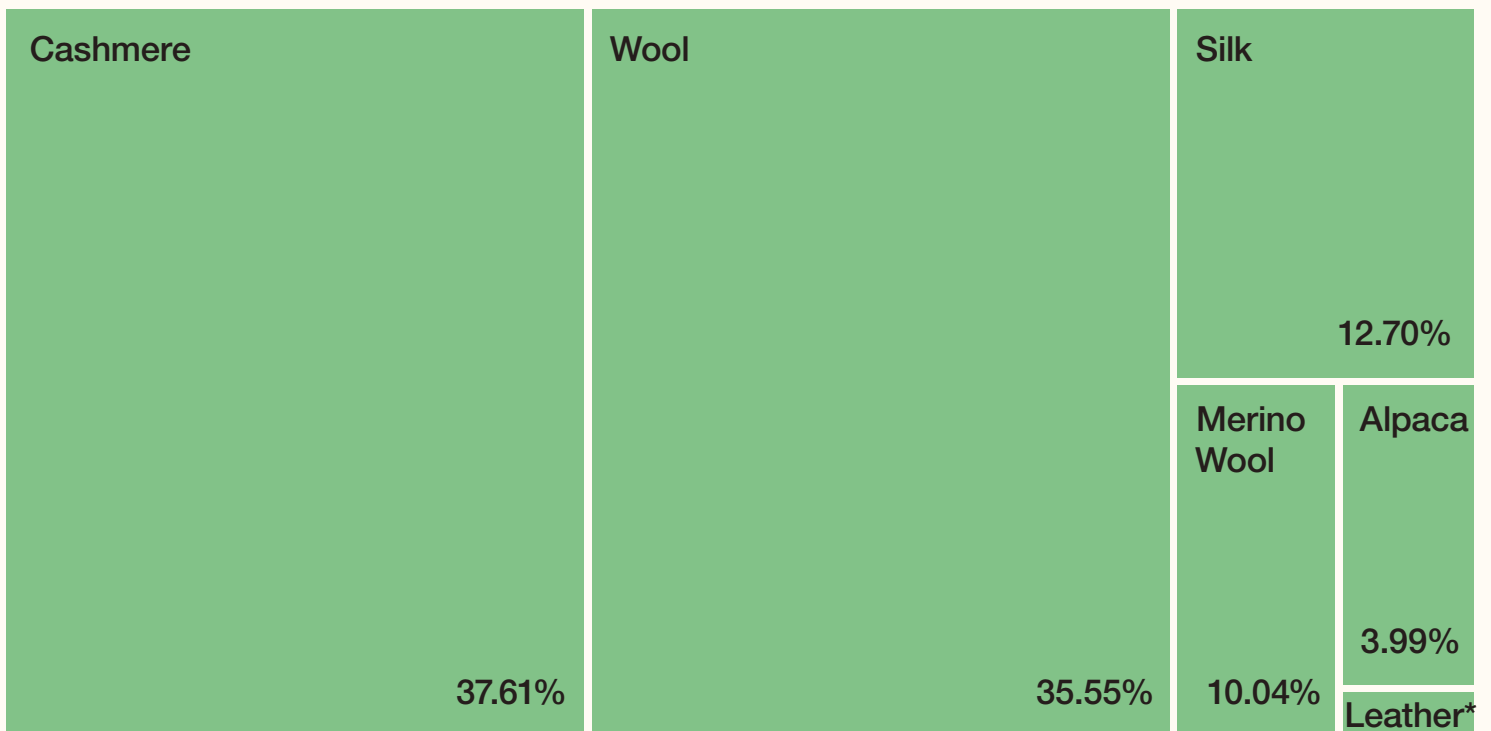
For what concerns cashmere fibers, another important aspect to consider is the quantity of fibers produced per land unit by goats. While a sheep can produce at least 3 kilos of wool each year, a cashmere goat can produce around 200 grams, so because of the lower yield, cashmere fiber has over 6 times the impact of wool per kg yarn produced.

With this in mind, even if animal-based fibers accounted for 10% of our overall volume of materials used, they were still responsible for 52% of our GHG emissions attributed to materials.

Animal-based fibers - mass breakdown [in ton]



Animal-based fibers - share of materials [based on CO<sub>2</sub> generation in ton]



\* The share of leather CO<sub>2</sub> generation is equal to 0.12%.  
 For this detailed materials analysis we have just focused on our RTW, which constitute the majority of our collection, and that is why our Leather consumption is very low, as we mostly use it for Shoes and Bags. We have committed to expand this analysis including the other product categories in the 2022 reporting.

As a fashion business with an approach that is deeply rooted in responsible practices, Nanushka believes that beauty and elevation in design should not come at the expense of the world around us, including animals.

At Nanushka, we have prohibited the use of the following animal-based materials:

- Fur
- Angora and mohair
- Skins of animals solely killed for their fur or leather
- Exotic skins
- Feathers
- Glues, solvents and adhesives containing any animal derivatives

When it comes to leather, we prefer hides and skins sourced from animals born and raised in Europe, United Kingdom or New Zealand, as the higher sourcing standards in these countries is directly linked to lower risk of deforestation. When it is not possible to source leather from the above-mentioned countries, our suppliers must proactively support us in tracing origin and demonstrate their commitment to our standards. Tanneries in high-risk regions such as Asia, South America and Africa need to be either Leather Working Group (LWG) certified, or show evidence of their alignment with animal welfare, environmental and social standards.<sup>21</sup>

<p><b>Preferable Regions</b></p> <p>Europe, United Kingdom, New Zealand</p>	<p><b>High Risk Regions</b></p> <p>Asia, South America, Africa</p>	<p><b>Banned Regions</b></p> <p>livestock raised in the Amazon Biome, in order to protect the world's forests</p>
---	--	---

<sup>21</sup> These areas have been clustered based on the Leather Working Group (LWG) countries ranking, which considers Animal welfare (which take into account farming practices, transport of animals, traceability system and slaughtering practices), Environmental impact of leather production (which take into account deforestation and cattle ranching concerns), and Traceability on the full process (which take into account supply chain transparency from raw material to finished leather). You can check more on <https://www.leatherworkinggroup.com>



## Man made cellulosic fibers (MMCFs)

These materials come from plants that are chemically processed into pulp, and then extruded into fibers, like viscose, acetate, cupro, modal and lyocell. The key environmental risk associated with these fibers is the use of heavy chemicals needed to transform the hard wood into a soft fiber. In fact, the NGO Canopy has estimated that millions of trees in endangered forests are at risk of being felled in order to produce viscose filaments.

In February 2020 we signed our commitment to Canopy<sup>22</sup> – an organization dedicated to ensuring that no fibers are sourced from ancient and endangered forests. As part of our pledge to the initiative, we are working on innovative collaborations and pioneering solutions to save forests and the wider ecosystem. Our commitment entails protecting the world's forests through responsible sourcing of cellulose-based materials, such as paper and fibers, but also

<sup>22</sup> More information on our Canopy commitment can be found here: [https://www.nanushka.com/Canopy\\_Commitment.pdf](https://www.nanushka.com/Canopy_Commitment.pdf)

decreasing the consumption of these fibers, to ultimately reduce the demand placed upon our forests by switching to regenerative and recycled materials.

We also signed a letter of interest to purchase a portion of our man-made cellulosic fibers from next-generation solutions – a Canopy initiative to support the investment toward new materials solutions.

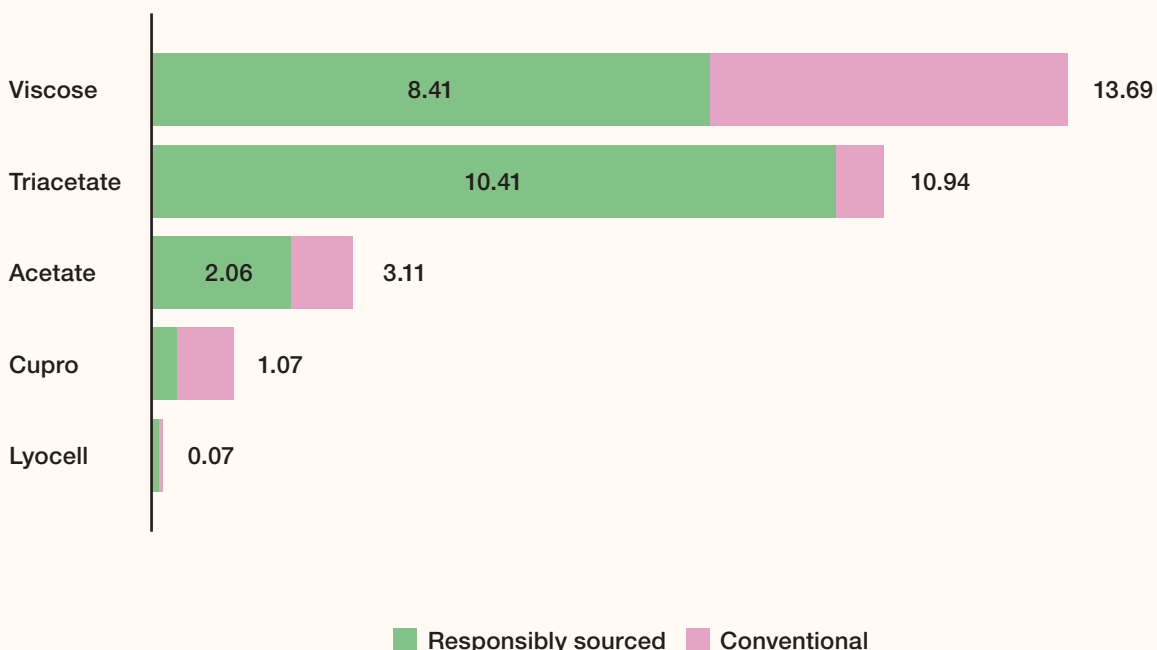
In-line with our partnership with Canopy, by the end of 2022 we are aiming for 100% of our materials to be either FSC certified, or produced from pulp suppliers that have been ranked “Green Shirt” in the Canopy’s Hot Button Report – a tool that analyzes cellulose-based suppliers’ practices and sources of risk.

The MMCFs that have been used in Nanushka 2021 collections are the following: viscose (47%); triacetate (38%); acetate (11%); cupro and lyocell (4%), of which 73% of the overall volume is FSC certified. Sourcing materials from responsible forestry can reduce the overall impact of the collection.

Indeed:

- FSC prevents growers from converting natural forests to plantations, and further requires growers to maintain or enhance high conservation values to support a diversified ecosystem
- FSC requires growers to minimize or avoid the use of fertilizers and chemical pesticides

MMCFs - mass breakdown [in ton]

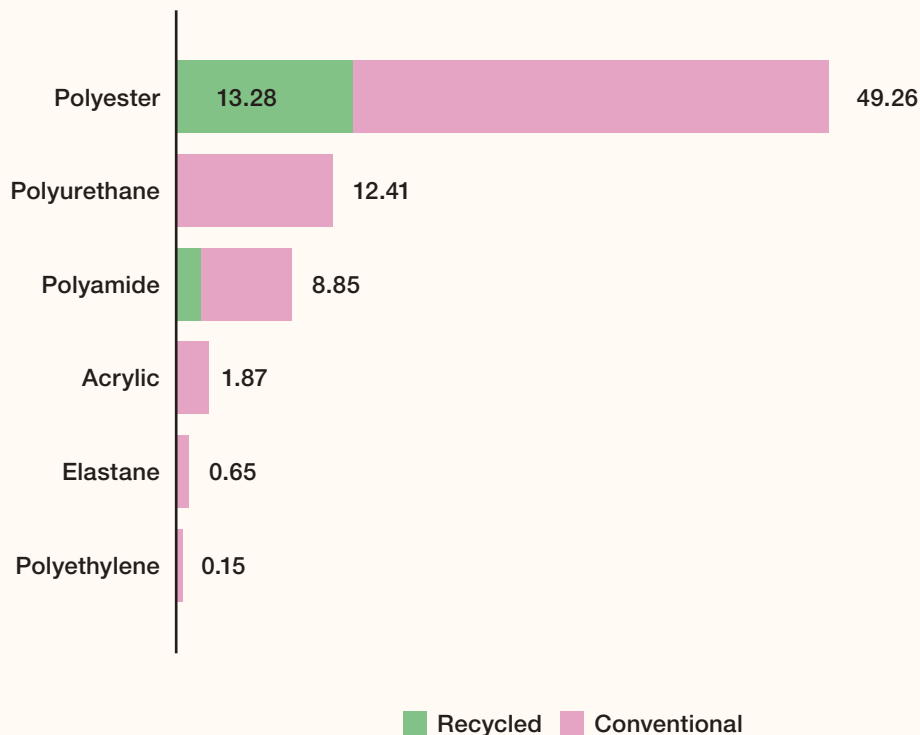


## Synthetic fibers

Synthetic materials, like polyester, nylon and acrylic are oil-based, and have experienced a considerable growth in use in recent years in the fashion system mainly due to their quality performance and price. However, in order to remain within the 1.5°C pathway and ensure climate goals are achieved, the fashion industry as a whole needs to accelerate the transition away from fossil-fuel derived synthetics towards synthetics from recycled or regenerative sources.<sup>23</sup>

Due to this, one of our most important projects is the strategy around synthetics in order to reduce the impact associated with these fibers, especially considering our signature alternative leather. In 2021, 20% of the synthetic fibers used were recycled (mainly recycled polyester and polyamide) compared to just 2% in 2020.

### Synthetic fibers — mass breakdown [in ton]



<sup>23</sup> Textile Exchange: Material Change Insights Report 2021



Our alternative leather makes up 43% of all our synthetic fiber usage – which is made using a knitted polyester base with a polyurethane coating. We began using alternative leather as part of our commitment to animal welfare, but this was not the sole reason. Real leather has a high impact when it comes to land use, GHG emissions generation and biodiversity loss. Furthermore, turning animal skin into leather also requires massive amounts of energy and chemicals.

That said, we know that using virgin synthetics is not a perfect solution, so we tasked our Research & Development team to find an innovative alternative for our Alt-leather.

In 2021, the team invested several months in reviewing and evaluating the different alternatives already available in the market, and launched several pilots and trials with different suppliers to test several coating options. This R&D process led to the launch, in July 2022 as part of our Pre-Fall 2022 collection, of our new alt-leather fabrication, OKOBOR™ exclusive to Nanushka. With OKOBOR™ we managed to reach >50% recycled content, without the need of wet process, which allowed us to reduce the water footprint of this material by -80% and its carbon footprint by -21%<sup>24</sup> compared to our previous Alt-Leather.\*

---

*“The fashion industry needs to be revolutionary in order to reduce its overall footprint. The more we understand and consider the weight of our impacts, the more we must focus on changing our operating models. Each step and element, from design through to production, has to look past the outmoded operating model and innovate along the way.”*

*At Nanushka we focus time and resources into developing the next generation fibers that are close to our core values, allowing us to minimize our impact. While also making significant headway toward Nanushka being a more responsible brand. We believe that committing to innovation is the key to collectively reshaping the traditional fashion system.”*

*Mario Arena, Research and Development Director*

<sup>24</sup>The Carbon Footprint of our new alt-leather has been calculated by a third-party organization. The carbon footprint of OKOBOR™ is equal to 8.4 kg of CO<sup>2</sup>, whereas the carbon footprint of our previous Alt-Leather is equal to 10.7 kg of CO<sup>2</sup>.

\* More information about OKOBOR™ will be disclosed in the 2022 Sustainability Report.

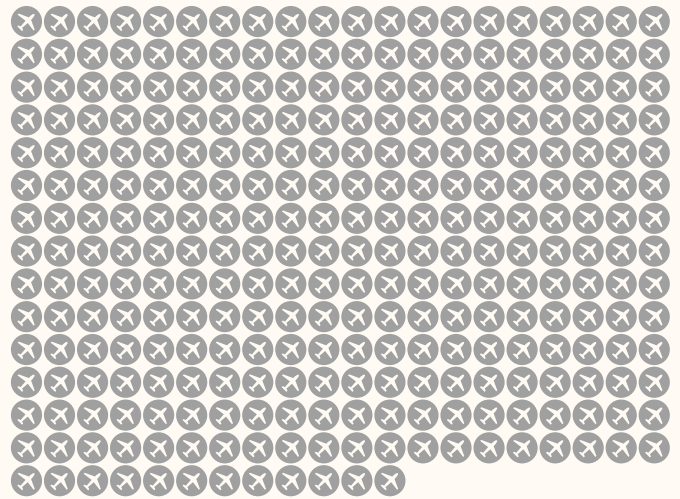
## Saved impact from the total volume of recycled polyester purchased

**RECYCLED  
POLYESTER**  
Saved impact

102 ton of CO<sub>2</sub> = 292 flights

Saved from sourcing recycled polyester instead of virgin polyester

**Budapest-New York**  
(considering that an economy class flight from Budapest to New York emits around 350 kg of CO<sub>2</sub> per person<sup>20</sup>)



Obtaining 26% of our polyester from recycled sources allowed us to reach a saving of about 102 ton CO<sub>2</sub> in 2021.

A flight in economy class from Budapest to New York emits around 350 kg CO<sub>2</sub> per person, which means that by using recycled polyester instead of virgin polyester we have saved the equivalent of 292<sup>25</sup> flights.

<sup>25</sup> Calculated using the [ICAO Carbon Emissions Calculator](#).

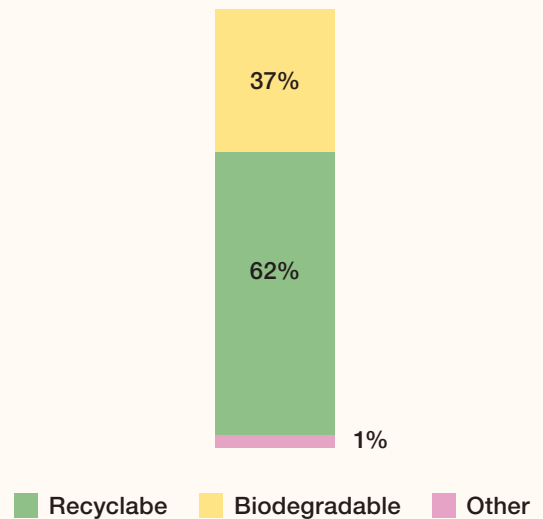
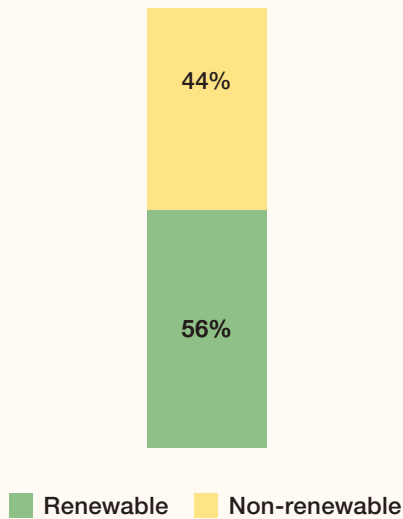


Packaging has a significant impact throughout the fashion supply chain, both from a circularity perspective and the GHG emissions it generates.

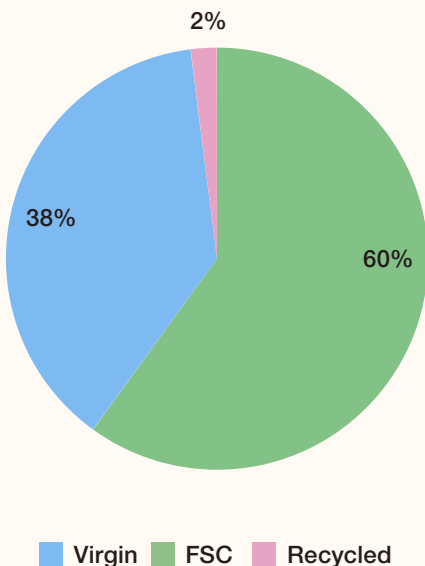
In 2021, the packaging we used generated 82,276 kg of CO<sub>2</sub>. The graphs below illustrate the split of our packaging between renewable and non-renewable materials, and recyclable vs biodegradable materials used. In addition to this, we are also providing the details of our cellulose-based packaging used (with share of FSC certified, recycled and virgin materials used) and plastic-based

packaging use (with share of bio-based, recycled and virgin materials used). As the graph shows, for what concerns cellulose-based packaging, we have increased the use of FSC certified materials, reaching 60% vs 3% in 2020, in line with our Canopy commitment to source 100% responsibly-sourced cellulose based packaging by the end of 2022.

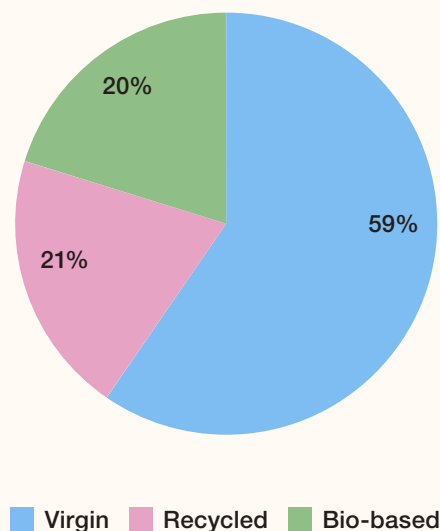
Split of packaging materials used in 2021



Split of cellulose-based packaging ordered



Split of plastic-based packaging ordered



We use polybags for every item we produce to protect it throughout its journey, ensuring our garments get to the customer in perfect conditions. So while in some cases the use of polybags is unavoidable to ensure a safe journey to our products, the selection of its material is of high importance; and that is why in 2021 we continued using TIPA home compostable packaging. Home compostable packaging markedly decreases plastic pollution when compared with recycled or other recyclable packaging solutions. Compostable packaging decomposes into natural elements when disposed of in a compost environment. This includes a regular backyard home compost system; presenting a viable solution for areas lacking an industrial composting infrastructure. Our TIPA packaging is made of 30% renewable resources (mostly non-GMO corn starch) and 70% compostable petroleum-based polymers.

We continued using recycled plastic transit hangers – an item we use in high volumes to fulfill mainly B2B wholesale orders – and for the launch of our FW21 collection, we switched our desiccant bags from silica gel to bentonite clay. This alternative is produced without the use of chemicals and water, unlike its synthetic counterpart, and comes in an FSC-certified paper packaging, which biodegrades without releasing any harmful chemicals or toxins into the soil or water systems once they are disposed of.

We're also proud of continuing our partnership with RePack, begun in October 2020, to offer a reusable and returnable packaging alternative made from recycled materials.

Our latest data shows that the mix of RePack packaging used for shipping from our online store has increased from 6% in 2020, to 11% in 2021, which means that more customers are now selecting this circular option.

Thanks to the commitment of our customers in choosing this solution, we managed to reach some important savings in 2021 reported below:

- -85% of carbon emissions generated compared to using the same amount of single-use packaging
- -92% of waste generated compared to using the same amount of single-use packaging

---

*“We are really proud of our partnership with RePack and the fact that it is getting more and more popular with our customers. The carbon emissions saved in 2021 with using RePack is beyond what we expected. RePack offers a truly circular initiative for online shopping and deliveries.*

*And this is the kind of thinking-forward model which we want to promote in Nanushka.”*

*Nikolett Balassa, Ecommerce Director*

# CIRCULARITY



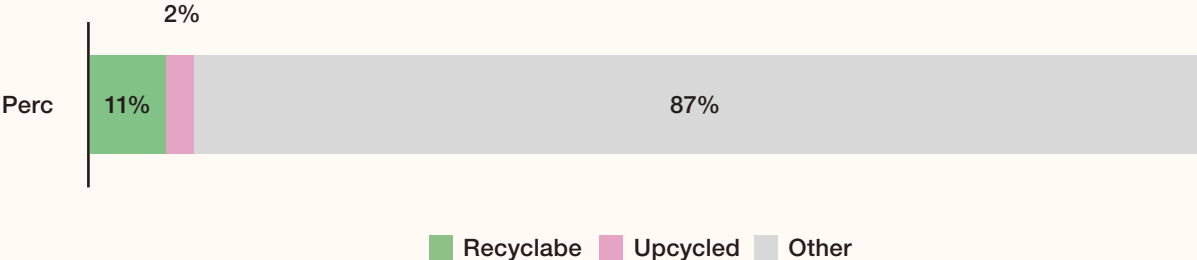
**Moving to a circular business model is essential, as it allows the industry to decouple economic growth from the use of natural resources. Our aim is to be on the frontline of this movement, adopting existing solutions and proactively creating new ones.**

**Circularity is based on three principles: reducing or designing out waste and pollution; keeping products and materials in use; and regenerating natural systems. Since 2020 we have been active in improving our circular practices through our material choices, while supporting the development of new business models, processes and services which can extend the life cycle of our garments.**

Created in 2019, our deadstock fabric library is regularly updated and reviewed by our Design team, who now use deadstock materials for collections as well as sampling. This is supported by our Merchandising team, who select materials for potential reproduction and small-series production from remaining materials, enabling us to reduce waste generation and keep materials in loop for longer.

In 2021, around 13% of the materials used in our collections came from what we define as circular materials, which means materials that have a recycled content or materials that have been repurposed: 11% of the fabrics used were made from recycled fibers (whereas in 2020 it was 2%), and 2% were sourced from our deadstock (whereas in 2020 deadstock fabrics accounted for 0.8%).

Share of recycled and upcycled materials used in 2021 [based on weight]



In 2021, we organized a local fabric sale for any surplus materials that we are unable to use in our collections, during which we sold more than 500 meters. All unsold surplus fabrics were donated to local theaters and design faculties of local universities (more than 400 meters).

In addition to the efforts above, during November 2021 we launched our ANEW:21 line; a bespoke upcycled collection made entirely from deadstock fabrics, and sold it

during the Black Friday period. Available to purchase in limited quantities for eight days only, the 2021 collection revisited Nanushka's well-loved silhouettes in new colors and fabrics. Our iconic slip satin fabric was reimagined in wax yellow, while the Berto shirt dress and Bomi bomber jacket came in a deep, bottle green vegan leather. For menswear, modern knits like the Taro shirt and Duane sweater were spun from lightweight cotton in earthy red and mustard tones.

---

*“At Nanushka, we value the quality of our materials but also the resources they come from. We seek to preserve those resources by finding innovative and meaningful ways of reusing materials that already exist – giving them a second life.*”

*Creating beautiful products from what we already have is a great and rewarding challenge. We are glad that in 2021, we have further improved our circular practices by closing the loop and launching a capsule collection entirely made from deadstock materials.”*

*Ahinaa Perjesi, Design Director*





In December 2020, Nanushka launched its first digital connected products as part of the RS21 collection, and we continued to add digital identities to items ever since.

Launched in partnership with the New York-based product cloud platform EON, Digital IDs are virtual certificates that can be used to record each item's history, allowing customers to have access to unique information, content and services. An innovative system driving tangible change in the circular economy.

Customers shopping products with Digital IDs are able to scan the discrete QR Code sewn into selected items of the collection, thereby gaining access to detailed product composition, provenance and design information, as well as expert styling tips and care instructions that ensure the pieces can be treasured for years to come.

The hope is that by providing more information on how products have been designed, fashion consumers worldwide will be more empowered to make informed choices while shopping and will have all tools

available to make sure the lifecycle of these products can be extended. Furthermore, Digital ID technology allows for instant authentication and traceability – should you choose to expand the life cycle of your product by passing it on to a new owner – helping us to change the consumer mindset toward second-hand goods and luxury resale.

Since the launch of the campaign for our RS21 collection, Digital IDs have been included on 2,194 styles (for a total of 99,649 items), and webpages related to our Circular IDs products received 24,595 views.




---

*“There is already a marked change in customer behavior, with the majority actively seeking out brands that have sustainability at heart. At Nanushka, we know that our customers increasingly want more transparency when it comes to their sartorial investments. They want to know how the items they’re buying have been designed and manufactured.”*

*Digital IDs provide an opportunity for customers to engage more deeply with their luxury and fashion products: see how they’ve been made, where they’ve come from, and eventually enable them to be easily passed onto a new owner. We see a future where Digital IDs have played a vital role in helping the industry shift attitudes towards longevity and circularity.”*

*Federica Bertolani, Head of Sustainability*

We consider new business models a tool to foster more conscious customer behavior, and we recognise our responsibility to embrace and support the shift from how fashion is consumed to how it's loved.

## RESALE

In 2021, we continued our partnership with TheRealReal to lengthen product life cycles by supporting customers' second-hand consignments in the US.

## RENTAL

We're also partnering with UK-based rental platform HURR, and US platform Rent The Runway, to allow some of our bestselling items to be rented by passionate Nanushka customers.

## REPAIR

To extend the lifecycle of a garment and ensure it is enjoyed for as long as possible, we offer an in-store repair service beyond the six-month warranty period for all of our items. We also mend every repairable item in our inventory by including a repair pack with each delivery to our stores, including buttons, linings and other trims, avoiding additional shipments to manufacturers. If a garment cannot be repaired, it is either upcycled through collaborations with universities, remanufactured or recycled.

## OUTLET

In November we held an archive sale for friends of the brand, as a way to divert our samples, plus a small portion of our deadstock, away from landfill. This proved to be an effective channel and ensured our samples were kept in the loop as valuable products, with 540 items being sold during the four-day event.

---

*“Currently, the fashion industry relies on a linear business model, but is a model that puts undue stress on natural resources and lacks long-term resilience to disruption. We recognize that moving to innovative circular business models can allow the industry to dissociate economic*

*growth from the use of natural resources, and take advantage of increasing end-user demand for new ways to access fashion.”*

*Giovanni Cirillo, Chief Growth Officer*

# **APPENDIX AND METHODOLOGY**

**Gathering, structuring and communicating our impact enables future monitoring and informs our business decisions as well as provides for transparency and traceability across our entire supply chain.**

The assessment of Nanuska's carbon footprint is compliant to the GHG protocol requirements, and the methodology used for our 2021 impact assessment has been built on last year's approach, with the significant improvement of extending the scope of both the actual data gathering and the LCA-based calculation. We used two distinctive approaches to calculate the impact of different Tiers:

- For Tier 0 we have used data gathered internally; whereas for our Tier 1 and 2 (especially with regards to traceability) we have mainly used data gathered from suppliers, and where not available, estimations and data gaps techniques were used, based on compliant reference data (databases, literature etc).
- For Tiers 3 and 4, we used an LCA software to reveal the environmental impacts of the Tiers by examining materials sourced by Nanushka, analyzing the environmental impact of each material, and each process from the extraction to the assembly of garments.

In detail, for our GHG Scope 1 and 2, the most-updated emission factors from IEA<sup>26</sup>, DEFRA<sup>27</sup> and AIB<sup>28</sup> have been used; whereas for Scope 3 the database used has been ecoinvent 3.8 – the most widely used Life Cycle Assessment database – and WALDB (World Apparel & Footwear Life Cycle Assessment Database) founded by Quantis, together with a pre-competitive consortium of leading organizations and companies from the apparel and footwear sector. These databases contain data on the life-cycle impact of thousands of materials and processes, and the outcome of this process was a unique, detailed life-cycle impact analysis of processes related to the production of Nanushka's collections.

Energy data (electricity and natural gas), for calculating Scope 1 and 2 have been collected mainly through energy bills for all Nanuska's premises, including offices, stores and warehouses.

The majority of the emissions in Scope 3 are linked to the materials sourced for the production, and therefore the garment composition and origin have been used to inform the Life Cycle Assessment (LCA) models to retrieve the emissions of the entire supply chain.

<sup>26</sup> International Energy Agency (IEA)

<sup>27</sup> The Department for Environment, Food and Rural Affairs (DEFRA)

<sup>28</sup> Association of Issuing Bodies (AIB)

The data used for the LCA was obtained from Nanushka internal data gathering on production volumes and composition. Data gathering has been based on all product types – including main materials (fabric, yarn, lining, leather) and trims (rubber band, interlining, elastic cord, waistband lining, shoulder pads, padding, metal trims, trims, zips) – and packaging materials used in 2021, considering their geographical specifications as they move across Tiers.

For each product, we considered the mass of the materials used as per the garment specification, together with the specific location of all the production phases from the growing and harvesting of the fiber to the textile production and product assembly, where available. All this information has been used to feed in the LCA model that determined our overall carbon footprint. When specific information about production was unavailable, data from scientific literature has been used.

The Use phase of each product has also been accounted for in this assessment, considering that products will be washed and dried according to their care label. The emissions connected to the energy used for these activities have been calculated based

on where the product itself has been sold. The same is considered for the emissions connected to the end-of-life of the product. In this case, the assessment carried out has been based on national statistics related to the countries where the garment has been sold and related emissions of the waste treatment disposal methods mainly used in the country for textile (share of recycle vs landfill vs incineration vs others).

For packaging, all our B2C and B2B have been considered in the assessment, whereas for the waste generated in our premises, we have considered the number of bins collected on a weekly basis, multiplied by the share of waste mix generated and the waste treatment methods (share of recycle vs landfill vs incineration) used in the location where our premises are located.

Logistics information - both inbound and outbound - have been gathered directly from Nanushka systems. Distances from suppliers (both for our CMT and FF models) and to our customers and WHS partners have been calculated based on their main location, and together with quantity of products shipped and transport modes used, we have been able to assess the final GHG emissions generated.

# Nanushka

For any enquiries email  
[sustainability@nanushka.com](mailto:sustainability@nanushka.com).