

OUR RESPONSIBILITY JOURNEY

Sustainability Report 2022

Nanushka

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A MESSAGE FROM THE FOUNDERS



We believe that if a garment is designed to function well it will, by definition, be beautiful.

Our collections explore our deep appreciation and respect for nature, community and the world around us. Our materials are chosen for their low-impact credentials, while craft and hand techniques are informed by a unique mix of traditional and contemporary culture. Nanushka brings pure design and conscious creativity together in a Bohemian Modernist outlook informed by travel, innovation, and heritage.

2022 marked several important milestones in the operations of our brand: we opened 2 new stores in China (in Shanghai and Chengdu) and we moved our HQ in Budapest to a renovated, BREEAM certified, building. We remain focused on improving our environmental efficiency practices, and are happy to announce that in 2022, 50% of all our electricity consumption came from renewables. Throughout 2022, we worked tirelessly to

improve our sourcing practices, bringing us another step closer to using 100% preferred fibers and materials across our collections by 2025. Thanks to the efforts made by our Design and Sourcing teams, we met 65% of this target (compared to 42% in 2021). This also allowed us to reduce our environmental footprint: registering an absolute reduction in our GHG Emissions of -28%.

In July, we launched OKOBOR™, our new alt-leather fabrication, which is exclusive to Nanushka and free from the use of animal skins and derivatives. The fabric, which won the PETA Vegan Material Award, is made with 56% recycled polyester and 44% polyurethane – and the new composition allowed us to reduce the water footprint of this material by 80% and its carbon footprint by 20%

Continuing our effort to ensure transparency and traceability, we have grown our share of products with Digital IDs to 2,989 styles – allowing us to provide increasingly detailed information on product composition and provenance.

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.

2022 KEY HIGHLIGHTS

<p>65% responsible styles</p>	<p>+25% headcount</p>	<p>Launched the Conscious Textile Group with MOME Innovation Center</p>
<p>2,989 digital IDs included on key styles</p>	<p>50% renewable energy</p>	
<p>New HQ in Budapest BREEAM certified</p>	<p>OKOBOR™ our new alt-leather, launched in PF22</p>	<p>-28% reduction of GHG emissions</p>
<p>2 new stores in Shanghai and Chengdu</p>		<p>Brand of the Year in Drapers Sustainable Fashion Awards 2022</p>

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.

In 2016 the brand appointed Peter Baldaszi as co-owner and CEO, alongside GB & Partners – a Budapest-based private equity investment firm.

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.

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. With clothing designed in Budapest and produced primarily in Europe (in 2022, 80% of our finished goods were produced in Europe), Nanushka's collections showcase the finest technique and materials across the continent. The collections are now stocked in over 40 countries internationally; from the brand's flagship concept stores, through online retailers, specialty shops and pop-ups, department stores such as Bergdorf Goodman, Selfridges, 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 Baldaszti 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, Ibiza 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 its first flagship store in Shanghai, China

October 2022

November 2022

Nanushka opens its second China store in Chengdu



Nanushka curates a spatial exploration of the Kopjafa as part of Craft Week.

May 2023

June 2023

Nanushka continues its annual summer series, partnering with Scorpios in Mykonos.



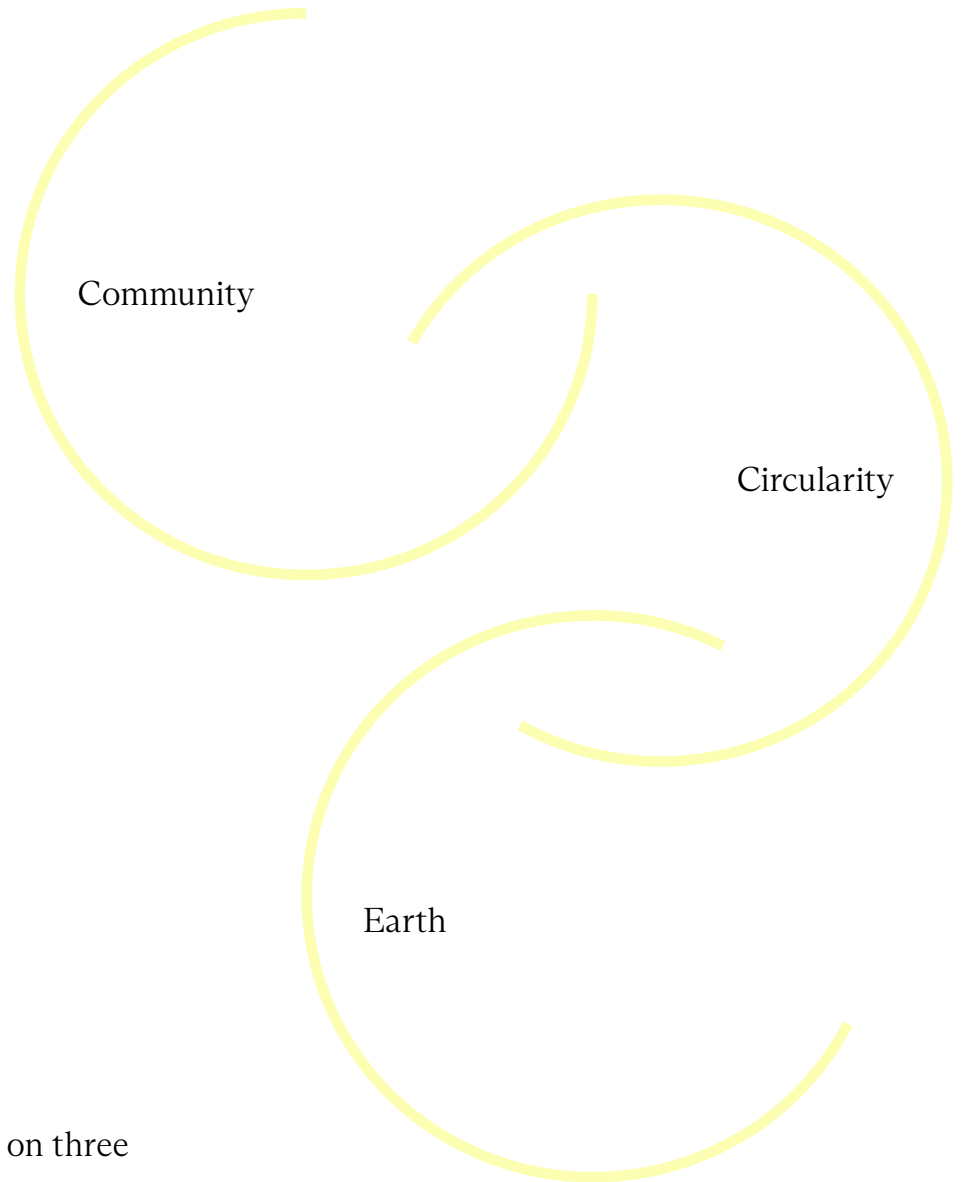
OUR SUSTAINABILITY STRATEGY

We believe that if a garment is designed to function well, it will, by definition, be beautiful.

Focusing on craftsmanship, detail and fabric, Nanushka builds an elegant, modern wardrobe through Sandor's dedication to responsible production.

Collections explore the brand's deep appreciation and respect for nature, community and the world around us. Materials are chosen for their low-impact credentials, while craft and hand technique are informed by a unique mix of traditional and contemporary culture.

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



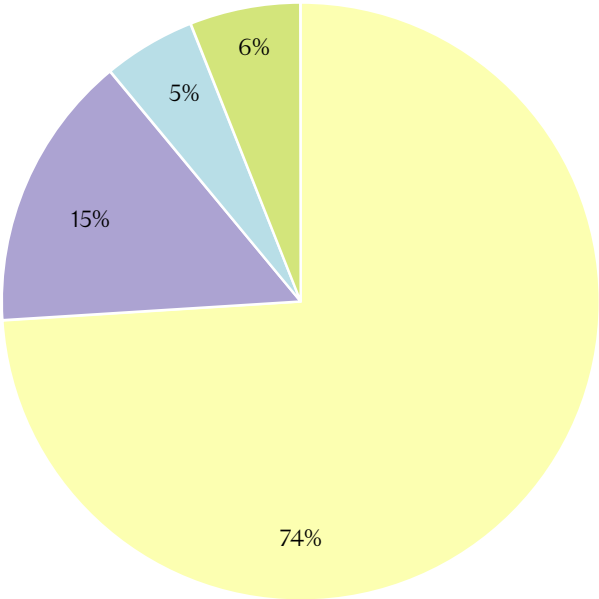
At Nanushka, we believe that a sustainable future will only be possible if progress for both people and planet go hand-in-hand, and the respect for workers' rights, as well as the promotion of diversity, equality and inclusion, are the fundamental elements that underscore our approach to human resources.

Our vision is 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 partners, and the communities we work with.

In 2022, we are grateful to have increased our company headcount by 25% compared to 2021, supplying employment opportunities across Hungary, the United Kingdom, the United States and China. 100% of our employees are

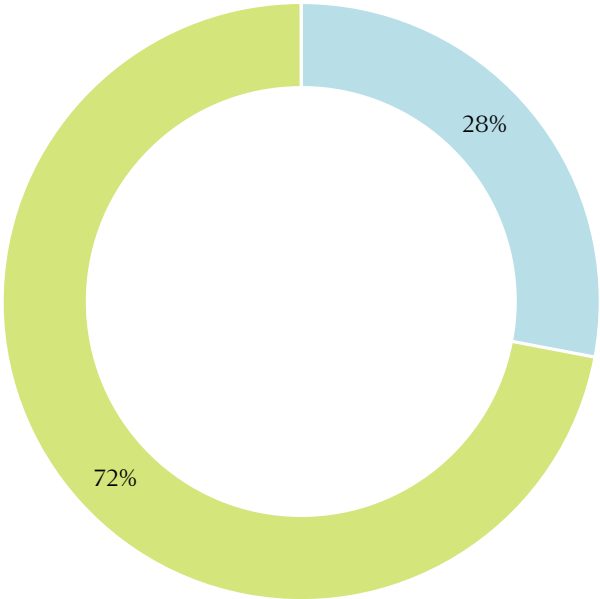
currently employed with permanent contracts, and women represent the majority of the workforce, accounting for 72% of the corporate population and 70% of our senior management.

Share of employees by location



■ Hungary ■ UK ■ US ■ China

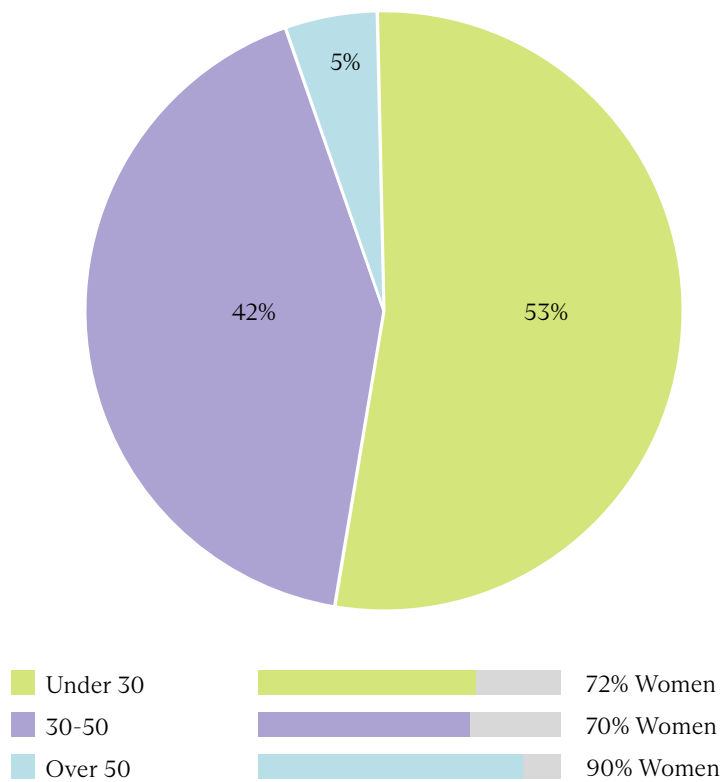
Share of employees by gender



■ Women ■ Men

A breakdown of the workforce by age shows that as of December 31st, 2022, 53% of Nanushka employees were under 30 years of age, and 42% were aged 30 to 50, which shows the willingness of the company to support both young and experienced talent.

Share of employees by age group





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 Manual¹. The company's Code of Conduct implements the most relevant international standards, with particular reference to the ETI² Base Code and International Labor Organization³ guidelines, and it outlines our requirements and expectations in regards to safety in the workplace, respect for workers' rights and environmental protection.

¹ More information on our Code of Conduct can be found here: https://cdn.shopify.com/s/files/1/0769/5151/9521/files/Nanushka_Code_of_Conduct.pdf?v=1690894359

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

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 our suppliers in the operational implementation of its requirements, the Code of Conduct is available on our website.

Transparency is vital for progress, and we cannot foster change without fair labor and environmental stewardship. That is why 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.

³ 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 below demonstrates our knowledge of our 2022 supply chain locations

Tier 1 countries:

China, Hungary, Italy, Portugal, Serbia

Tier 2 countries:

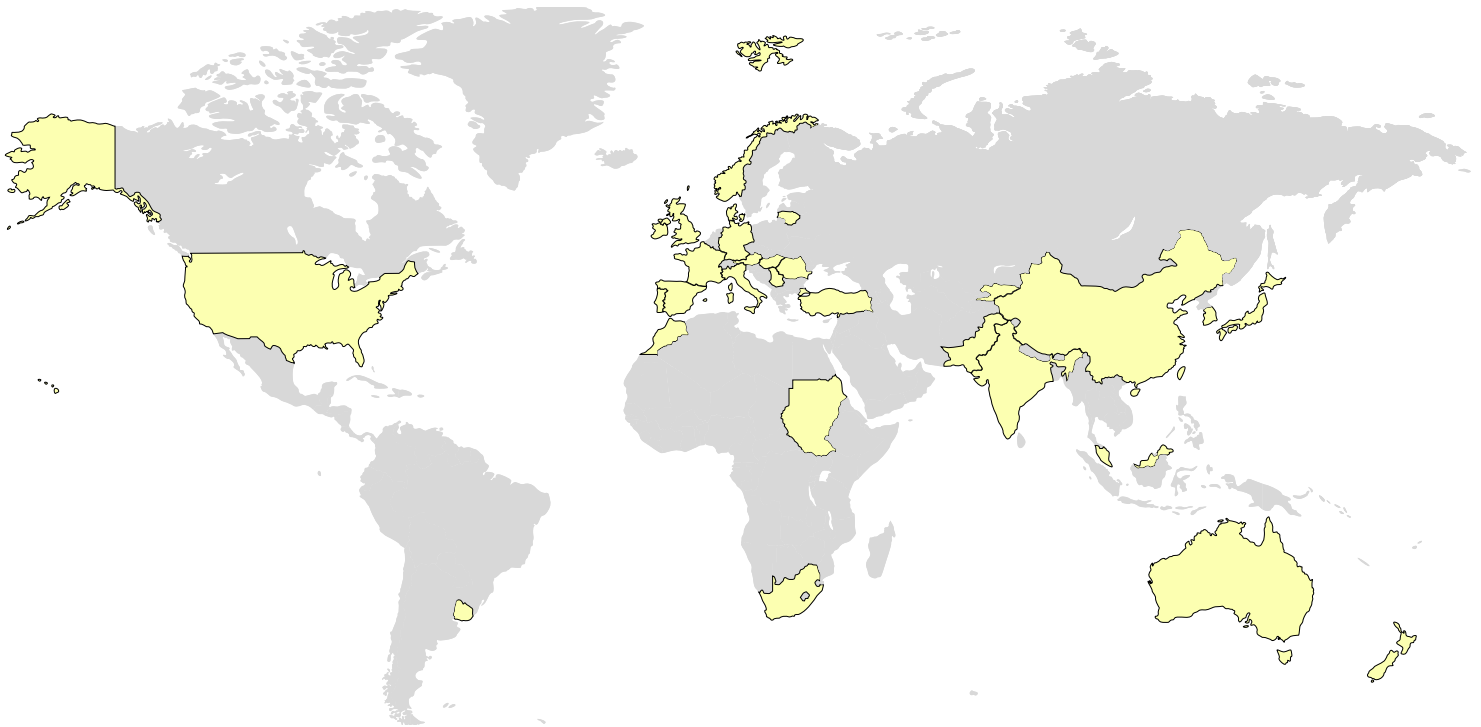
China, France, Hungary, Hong Kong, India, Italy, Japan, Korea, Lithuania, Malaysia, Portugal, Spain, Turkey, United Kingdom

Tier 3 countries:

China, India, Japan, Pakistan, Portugal, Turkey

Tier 4 countries:

Australia, Austria, China, Denmark, France, Germany, Japan, Kyrgyzstan, India, Ireland, Italy, Morocco, New Zealand, Norway, Romania, South Africa, Sudan, Taiwan, Turkey, Uruguay, United States



Tier 1

Cutting, sewing, knitting and final product assembly
100%



Tier 2

Material production, fabric mill and tanneries
98%



Tier 3

Raw material processing
68%



Tier 4

Raw material production and/or extraction
80%

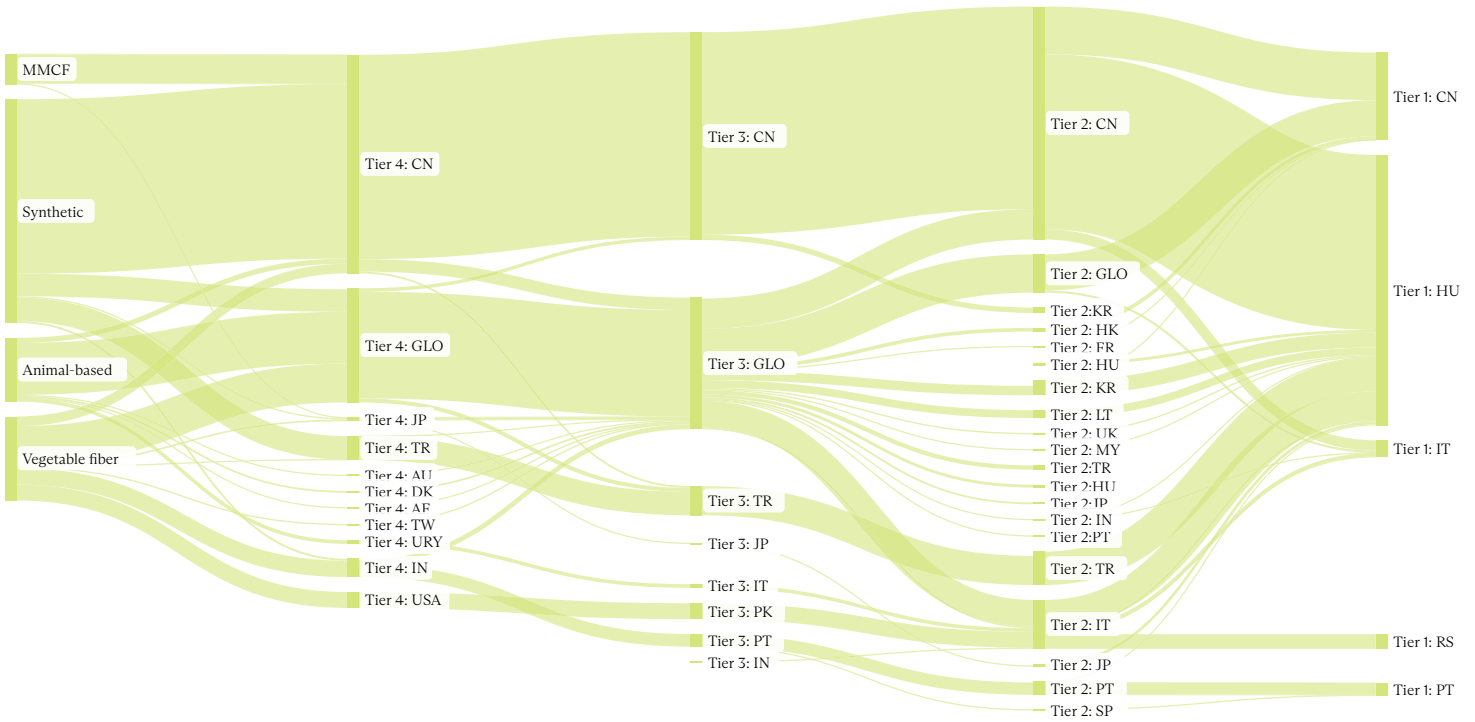
The map above demonstrates our knowledge of our current supply chain locations where 2022 collections have been produced (SS22, PF22, FW22, RS23), with 100% of Tier 1 mapped, 98% of Tier 2, 68% of Tier 3 and 80% of Tier 4.

Gathering this data has involved all our Tier 1 and 2 suppliers (both CMT and FF suppliers⁴), and though we've made good progress, it is not yet an exhaustive list, so gaining traceability over all Tiers remains a top priority for the brand; 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 (i.e. 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.

⁴CMT 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 63% of our manufacturers are located either 300 km from our headquarters in Hungary, or in Serbia.

This allows us to build and maintain close 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:

- Hungary: 70%
- China: 20%
- Italy: 5%
- Portugal: 3%
- Serbia: 2%

We set out to visit all manufacturing sites (Tier 1) and assess them against the high standards outlined in our Code of Conduct. In 2022, we visited 52% of our garment manufacturers (23 of 44 - accounting for 62% of our total production volume), 18 in Hungary, 2 in Portugal, 2 in Italy and 1 in Serbia.

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 still in the process of building a social compliance program, which will allow more control of 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 assess the likelihood and severity of potential risks 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.

Currently, to all our Tier 1 and 2 suppliers we send out an Environmental and Social self-assessment questionnaire on a yearly basis, to assess the ESG (Environment, Social and Governance) performance of our partners and evaluate potential improvements over time, and to collect raw data to be used for our accounting purposes. Also, we do request our suppliers to share social audits (SMETA and BSCI accepted); the areas most commonly identified by the audit reports as requiring attention were mainly living wages, hours of work exceeding local law, and safe and healthy working conditions (correct Personal Protective Equipment, ventilation, documentation, etc.).



In 2022, Nanushka was recognized as brand of the Year in Drapers Sustainable Fashion Awards. Judged by an independent panel of experts, the Drapers Sustainable Fashion Awards promote brands that are adopting industry best practices and leading the way in sustainability, accelerating transformation through collaboration, circularity and transparency.

In 2022, we continued to work with Noha Studio 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 2022, we generated around 11,353 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.

To encourage employees to give back to our communities, in 2021 we launched a volunteering program to provide all of our team members with the opportunity to spend one paid working day a year helping at a range of charitable organizations while team building outside of the office space. In 2022, a total of 58 colleagues have participated in different volunteering activities (compared to 22 in 2021): in Budapest, one day was dedicated to supporting our community by renovating a kindergarten, while two days were dedicated to the creation of a herbal garden through permaculture, whereas in London, we supported a city farm in their daily activities for a day.

To engage our teams even further on ESG-related topics, we have decided to launch our first Internal Sustainability Newsletter. Sent out bi-weekly to all Nanushka employees, the aim is to update on key trends and news on responsible practices and innovation in the fashion industry, provide insights on latest projects launched and suggest relevant training and courses.

Hungary, where our brand is headquartered, shares a border with Ukraine, and when the war started, Nanushka decided to use the company's infrastructure and communications platform to support Ukrainian refugees. We partnered with the Hungarian Charity Service of the Order of Malta to provide food, accommodation, clothing and transport in Budapest for those seeking shelter. We have also worked with Budapest's Moholy-Nagy University of Art and Design (MOME) to create a Help Pack scheme, supplying care packages that provide people with basic necessities, and we have teamed up with Maverick Lodges to continually provide additional shelter for anyone displaced.



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.

Our corporate carbon footprint is measured to quantify the results of our choices and in 2022 we calculated also the product carbon footprint of some of our key styles. These findings will inform our future climate strategy and facilitate year-on-year progress.

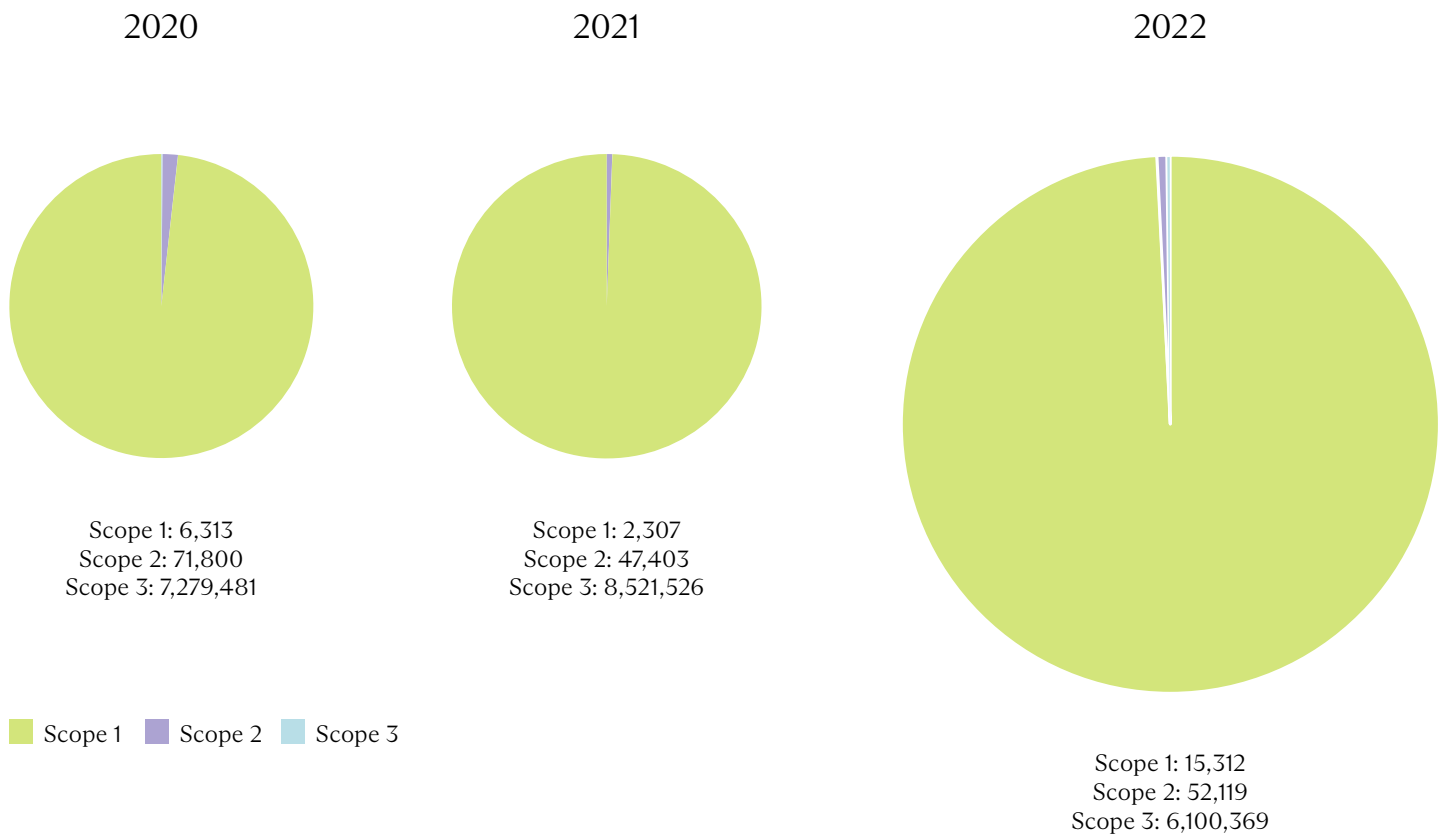


We are all too aware of the fashion industry's impact on climate change, and as a luxury fashion company we are embarking on a path to decarbonization in line with the sector's best practices.

In order to have a more holistic and strategic approach to climate change, since 2019 we have measured our company's greenhouse gas emissions (GHG).

In 2022, 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 CO₂]



2022’s carbon emissions have been calculated following the GHG protocol⁵ in full, and all relevant categories within Scope 3 have been included. This provided us with a wider, more precise estimation of the overall indirect carbon emissions linked to Nanushka’s operations.

⁵ GHG Protocol supplies the world’s most widely used greenhouse gas accounting standards.

2022 GHG Inventory
[kg CO₂]

Scope 1	15,311.89
Scope 2	
Location-based	84,442.74
Market-based	52,119.58
Scope 3	6,100,369.22
3.1 Purchased good and services	3,187,547
3.2 Capital goods	1,191,097.90
3.3 Fuel and energy related activities	17,026.94
3.4 Upstream transportation and distribution	370,649.84
3.5 Waste generated in operations	118,634.23
3.6 Business travel	188,790.00
3.7 Employee commuting	103,296.73
3.9 Downstream transportation and distribution	295,458.05
3.11 Used of sold products	521,422.80
3.12 End-of-life treatment of sold products	106,445.84
Total GHG Emissions (with market-based method)	6,167,800.69

For category 3.1 ‘Purchased goods and services’, which accounts for the majority of our Scope 3 emissions, dedicated databases (such as Ecoinvent 3.8 and GEMIS) have been used to assess, in greater detail, the material and manufacturing processes of our full supply chain.

Scope 1 emissions are related to the consumption of natural gas, used mainly in our stores; whereas Scope 2 emissions

are related to the purchase of electricity for our offices, stores and warehouses. The vast majority of our emissions lies in Scope 3, which is our top priority to set reduction targets for in our forthcoming climate action strategy.

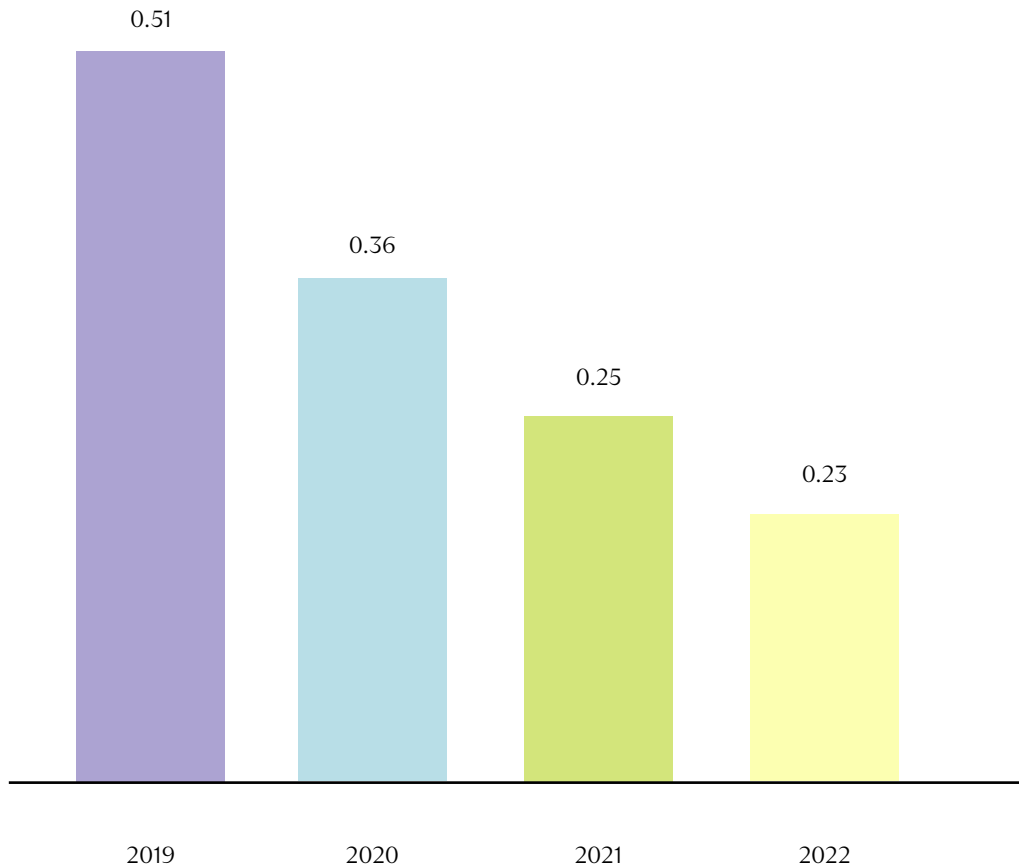
These emissions derive from ‘Purchased goods and services’ (52%), followed by the emissions related to ‘Capital Goods’ (19%) and ‘Upstream and Downstream Transportation and Distribution’ (11%).

All greenhouse gases were taken into account for the calculation and are represented in carbon dioxide equivalents (CO₂e) for improved legibility and comparability.

The data presented in this report is consistent with the data submitted in the CDP Climate Change questionnaire, on which Nanushka reported for the first time in 2020. CDP (Carbon Disclosure Project)⁶, is an international non-profit organization that helps companies disclose and assess their environmental impact – also used by investors for ESG Due Diligence. In 2022 our score increased from D to C (in relation to our 2021 impact), and the brand continues to work on initiatives to further achieve its goals.

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

⁶Climate 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 revenues [kgCO₂/million EUR]

In 2022, Nanushka reached €26.7 million revenues (-22% compared to 2021), mainly driven by the impact that the Ukrainian war has had on our supply chain and deliveries. When comparing our emissions to our revenues, the intensity factor decreased in 2022: from 0.25 to 0.23.

We are aware that it is key 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, and we are pleased that in 2022, Nanushka registered an absolute reduction in our GHG Emissions of -28%.



In 2021 Nanushka became signatories of the UN Fashion Industry Charter for Climate Action⁷. 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 SBTi⁸ 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 we have worked in 2022 to define SBTs (Science Based Targets), in order to have these targets approved by the end of 2023.

As UN Fashion Charter signatory, we committed to set an absolute reduction target of 30% across our Scope 1,2 and 3 and to become net-zero by 2050.

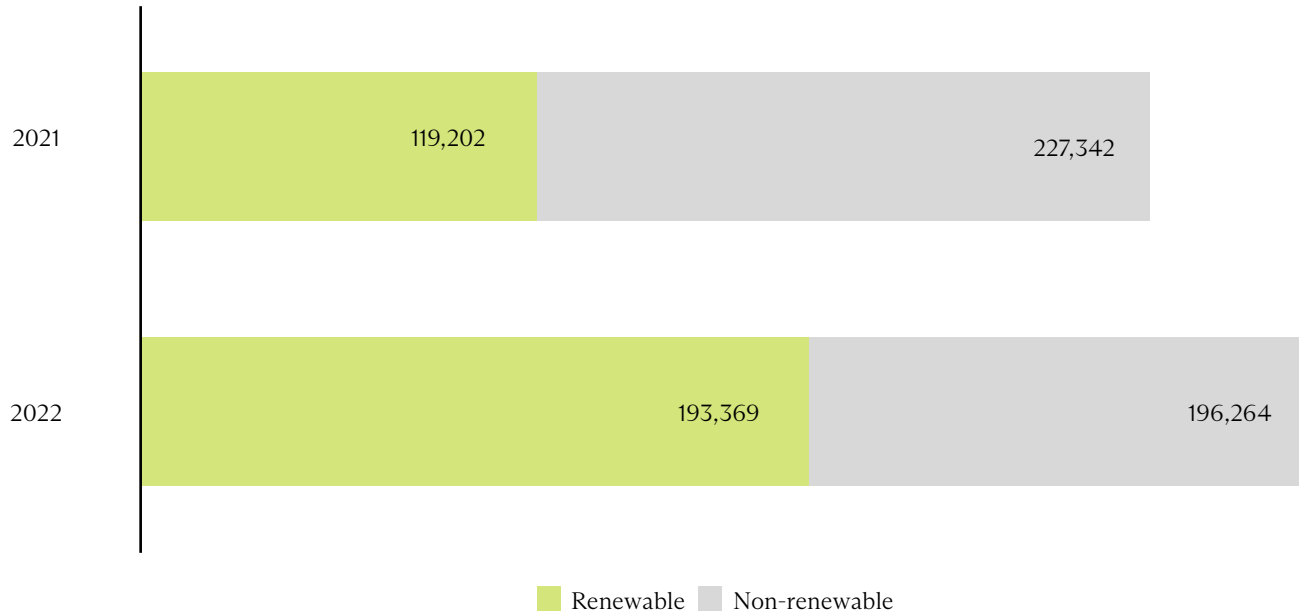
In 2022, we continued to use an all-in-one travel platform for our business travels. This enabled us to record all our flights and the related carbon emissions. Utilizing this platform we were able to compensate the overall impact of this category (188,790 kg of CO₂) supporting the following projects:

- Conservation of the forests of Ucayali Region in the central part of eastern Peru against deforestation (REDD+)
- A forestry project to combat the country's extreme deforestation rate in Papua New Guinea (REDD+)
- Removal project in US through biochar, produced from waste biomass through pyrolysis, which captures and stores carbon that would otherwise be released through burning or decomposition.

⁷The 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.

⁸The 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]



Nanushka 2022's energy use is mainly related to electricity and natural gas consumption. At the end of 2022, our portfolio consisted of five flagship stores (Budapest, New York, London, Shanghai and Chengdu), one off-season outlet store, one headquarter, one atelier and two warehouses in Budapest.

Our total electricity consumption in 2022 was 389,633 kWh, which increased by 12% compared to 2021. This was mainly due to different system boundaries used compared to 2021, as two new stores in China opened in 2022 and the team moved to a new Headquarter in Budapest (moving from a 730 sqm office to 2995 sqm). In selecting this new HQ, we also considered the environmental initiatives laying at the core of our building. BREEAM certified, the building is 100% powered by renewable energy. In addition to this, several recycled materials have been used

in the construction; the green corrugated board that welcomes our guests in the main entrance is made of 100% recycled plastic extracted from the sea, and as water is a precious resource, a system has been built to collect the rainwater in a reservoir installed under the yard, which is then re-used to water our green spaces.

In 2022, 50% of our overall energy consumption came from renewables (coming from the sun, wind or the sea), which increased by 62% compared to 2021.

Our natural gas consumption increased in 2022 (76,739 kWh in total), largely driven by the inclusion for the first time of our stores in Budapest and New York in the perimeter.

The generation of waste at our own premises is monitored and included in the annual

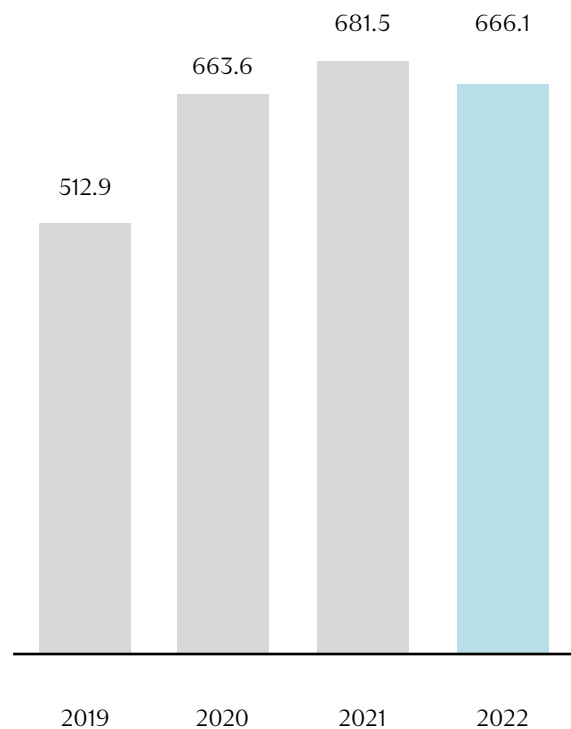
review of our environmental metrics (in our Scope 3, category “Waste generated in operations”). We collect, recycle and handle waste diligently at all our locations, apart from our warehouses, where only cardboard waste is handled selectively. The waste generated at our premises (apart from that of our 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.

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.

Compared to 2021, this year we have decided to also report the water consumption within our premises: in 2022 we consumed 815,54 m³, and we committed to ensure this figure will be reduced in the coming years.

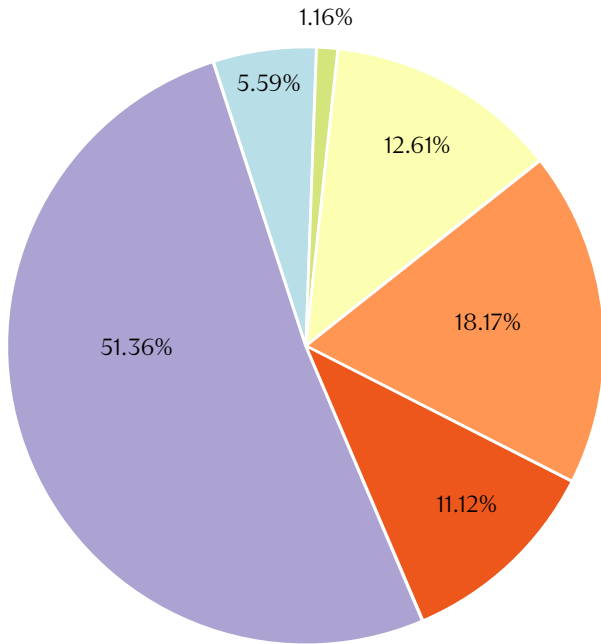
With regards to our shipments, we have seen a slight decrease in our inbound and outbound logistics (-3% compared to 2021), categories that account for 11% of our overall carbon footprint. The outbound logistics is a major contribution to our emissions due to the wide range of locations we now ship to, 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.

GHG Emissions Upstream and Downstream Logistics [ton CO₂]



The majority of our emissions sit within Scope 3, under the category 3.1 “Purchased Goods and Services”. For the 2022 report we have calculated the emissions related to our different production processes, in order to properly evaluate which step is responsible for the highest impact. From this analysis it resulted that the key impact relates to the fibers production stage with 51.3% of the overall impact, followed by the dyeing process with 18.2%. The detailed analysis is reported in the graph to the right.

Share of CO₂ emissions generated in each production process



- Manufacturing process: emissions related to the process of garment production
- Dyeing process: emissions related to the process of dyeing
- Fabric production: emissions related to the process of turning yarns into fabrics [texturing, knitting and weaving]
- Fibers production: emissions related to the process of producing the raw materials
- Finishing process: emissions related to the process performed after dyeing the fabric to improve the look, performance, or “hand” (feel) of the finished fabric
- Yarn production: emissions related to the process spinning the fibers into yarns

This is why in 2022, sourcing materials responsibly⁹ continued to be at the center of our strategy. We built on 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 of 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 materials¹⁰ by 2025, as aligned with our Sourcing Policy¹¹.

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. GOTS¹², OCS¹³), or
- Made with at least 50% of certified recycled (i.e. GRS¹⁴, RCS¹⁵), or
- Made with at least 50% of certified for respecting animal welfare and land (i.e. RWS¹⁶) or
- Made with at least 50% of certified for responsible forestry management (i.e. FSC¹⁷)

⁹We 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.

¹⁰ 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.

¹¹ More information on our Sourcing Policy can be found here: https://cdn.shopify.com/s/files/1/0769/5151/9521/files/Nanushka_Sourcing_Policy_updated.pdf?v=1691401268

¹² GOTS: Global Organic Textile Standard

¹³ OCS: Organic Content Standard

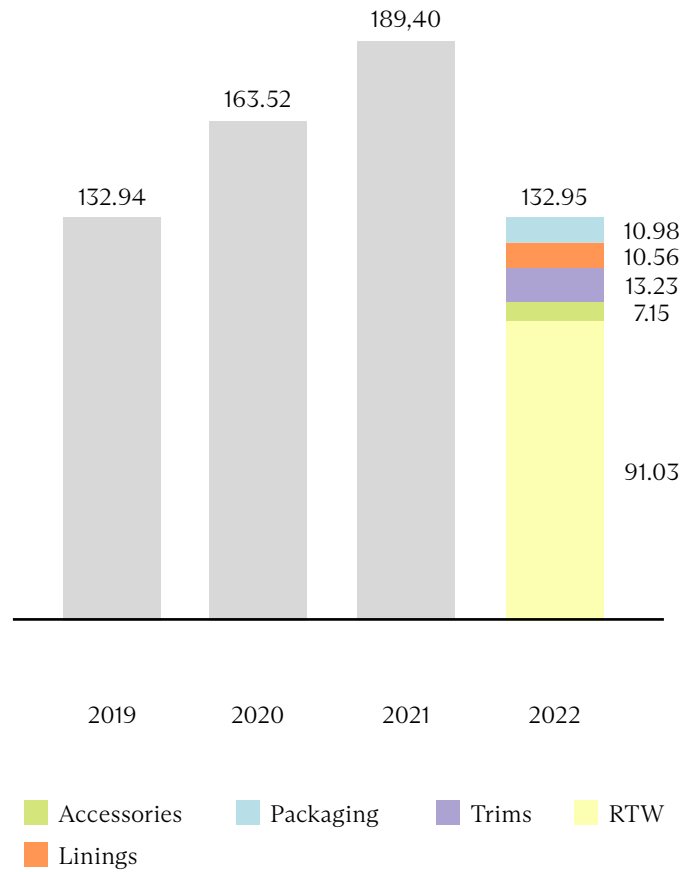
¹⁴ GRS: Global Recycled Standard

¹⁵ RCS: Recycled Content Standard

¹⁶ RWS: Responsible Wool Standard

¹⁷ FSC: Forest Stewardship Council

Volume of materials [ton]

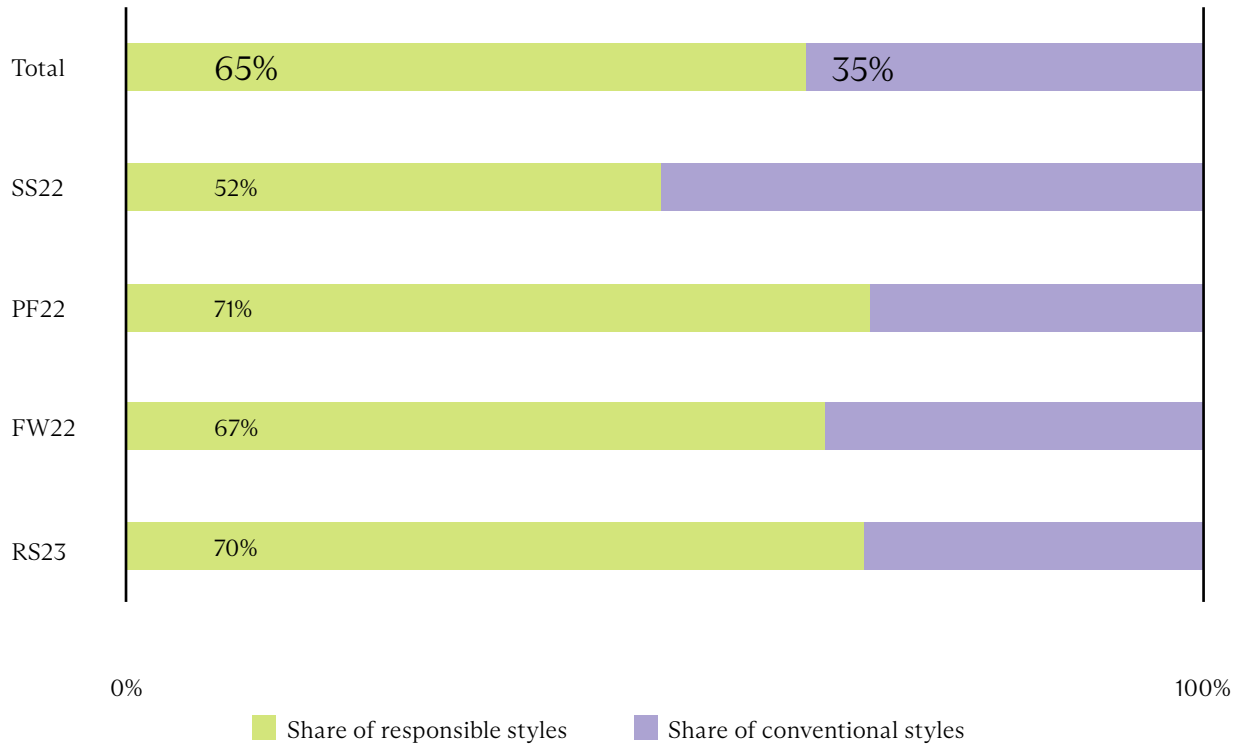


In 2022, the number of SKUs produced remained more or less the same when compared with 2021; however, the volume of materials included in this year’s report is lower because we collected more primary data related to the actual consumption of material per SKUs compared to the previous year, so less assumptions were needed.

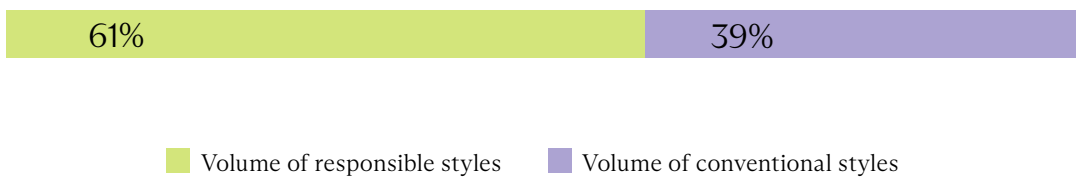
We are really proud to show that in 2022 the overall share of responsible styles (calculated based on the number of responsible SKUs presented in the collections over the total) was 65%, compared to 42% in 2021, and the total volume of preferred fibers and materials used in 2022 was 61% (calculated as total weight in kg¹⁸).

¹⁸To calculate this figure, the categories considered have been RTW, Accessories and Linings

Share of responsible styles produced in 2022



Volume of responsible styles produced in 2022
[in kg]

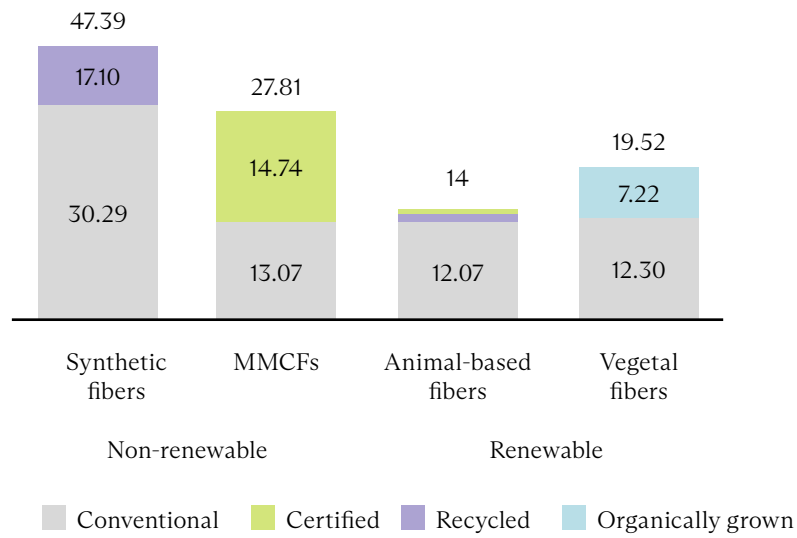




As part of our commitment to transparency, we continue to use swing tags to provide the sustainability credentials of each Nanushka garment, which is then echoed on our product pages. It is vital that we are open and honest about the materials we use, empowering our

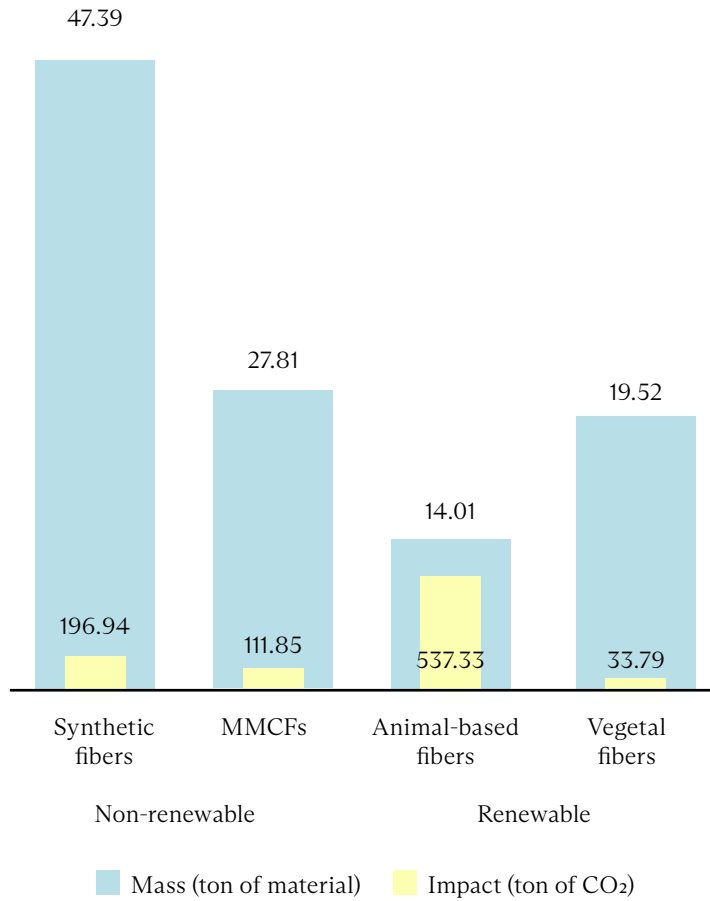
customers to make better purchasing decisions and take good care of their garments. When considering the actual volume of materials used in 2022 (RTW, Accessories and Linings), the breakdown per material group is represented below:

Volume of materials used per material group
[in ton]



Synthetic fibers still represent the majority of our fiber consumption (44% of our total volume), driven by the use of our alternative leather, followed by MMCFs (26%), Vegetable Fibers (18%) and Animal-based fibers (13%).

Volume of materials used [in ton]
vs ton of CO₂ generated



Although synthetic materials were the largest category used throughout 2022, the biggest impact came from animal-based materials. Natural materials, especially animal-based fibers, generally have higher emissions than other materials, and this is due to the emissions generated during the rearing of the livestock,

as it 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 still represents the second most 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 South¹⁹.

Nanushka is committed to develop a traceable cotton supply chain, to properly evaluate the ESG performance across our value chain and align with industry's best practices. To achieve this goal, the brand has implemented training

and is working internally to implement best sourcing practices, setting requirements and standards, and ultimately banning countries with high risk such as Uzbekistan, Kazakhstan, Turkmenistan, Tajikistan or any other countries that may present risks of child and/or forced labor.

In addition, this year the brand has decided to join other industry leaders in participating in the Textile Exchange's Corporate Fiber and Materials Benchmark (CFMB) Program, focusing on Cotton fiber sourced during the 2022 financial year.

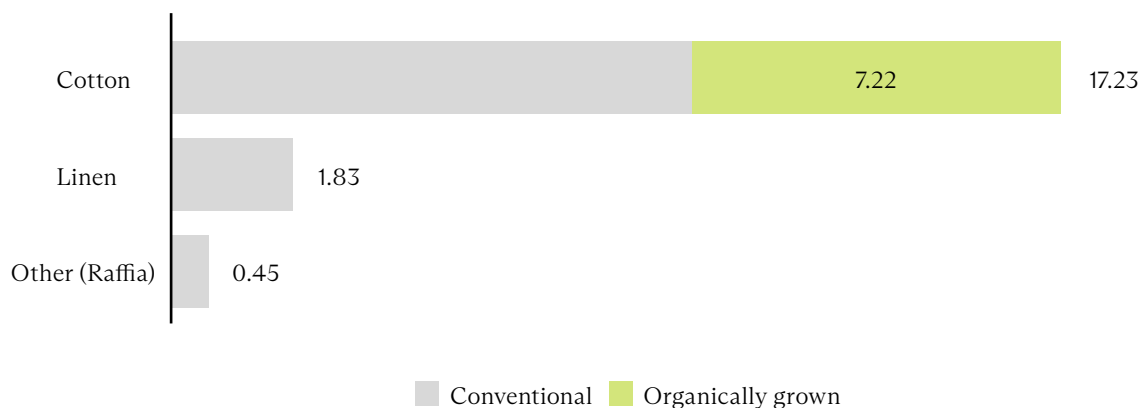
¹⁹ Textile Exchange: Material Change Insights Report 2021

NANUSHKA PREFERRED FIBERS AND MATERIALS				
CATEGORY/ MATERIAL	1 - Preferred	2 - Better	3 - Avoid	4 - Banned
PLANT-BASED FIBERS	RECYCLED COTTON GRS or RCS	REGENERATIVE COTTON Certification required	CONVENTIONAL COTTON Not certified	CONVENTIONAL COTTON from Xinjiang Province or without evidence of CoO for Uzbekistan, Kazakhstan, Turkmenistan, Tajikistan
	ORGANICALLY GROWN COTTON GOTS or OCS	COTTON IN CONVERSION GOTS		
	RECYCLED LINEN GRS or RCS	ORGANIC LINEN GOTS LINEN European Flax	CONVENTIONAL LINEN Not certified	
	RECYCLED HEMP GRS or RCS	ORGANIC HEMP GOTS	CONVENTIONAL HEMP	

The CFMB allows brands and suppliers to collectively collaborate in order to identify strengths and gaps in fashion supply chains, helping companies to measure, manage and integrate a preferred fiber and materials strategy into mainstream business operations.

In Nanushka’s 2022 collections cotton fibers represented the second most used material, of which 42% was organically grown.

Vegetable fibers – mass breakdown [in ton]



Saved impact from the total volume of organically grown cotton purchased

ORGANICALLY GROWN COTTON

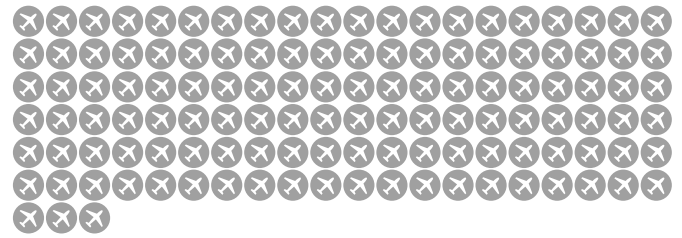
Saved impact

16 ton of CO₂

Saved from sourcing organically grown cotton instead of conventional cotton

= 123 flights

Budapest-London (considering that an economy class flight from Budapest to London emits around 128 kg of CO₂ per person)



An economy class flight from Budapest to London emits around 128 kg of CO₂ per person, which means that in using organically grown cotton instead of conventional cotton we have saved the equivalent of 123 flights.²⁰

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, fertility and biodiversity, and decreased resource

depletion, and the 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 seek alternative farming practices, such as regenerative farming.

²⁰ Calculated using the [ICAO Carbon Emissions Calculator](#).



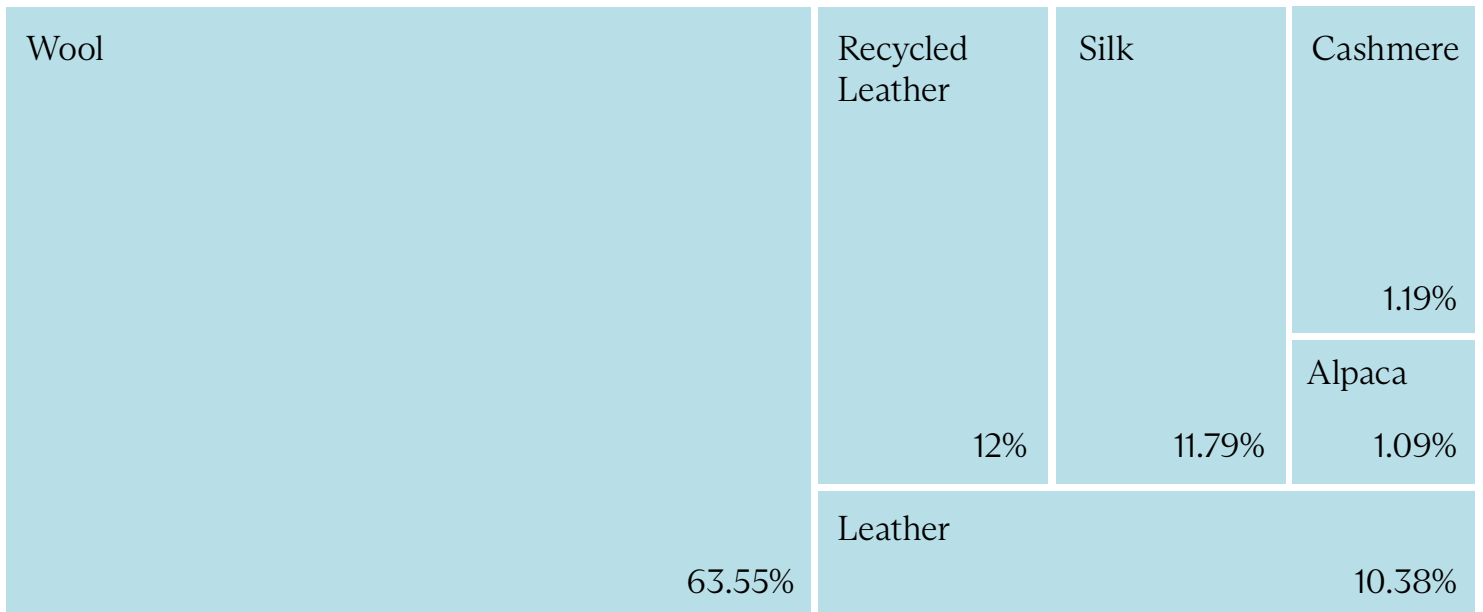
Animal-based fibers

Nanushka's key animal-based fibers are wool from sheep, silk from silkworms and cashmere from goats or alpacas. When working 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 primarily come in the form of N₂O (Nitrous Oxide), a potent greenhouse gas almost 300 times more powerful than carbon dioxide.

With this in mind, even if animal-based fibers accounted for 13% of the overall volume of materials used, they were still responsible for 61% of our GHG emissions attributed to materials.

Animal-based fibers - mass breakdown [in ton]



Animal-based fibers - share of materials [based on CO₂ generation in ton]



As a fashion business with an approach that is rooted in responsible practices, Nanushka believes that beauty 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, the 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.²¹

<p>Preferable Regions</p> <p>Europe, United Kingdom, New Zealand</p>	<p>High Risk Regions</p> <p>Asia, South America, Africa</p>	<p>Banned Regions</p> <p>Livestock raised in the Amazon Biome, in order to protect the world’s forests</p>
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²¹These 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 risks associated with these fibers are mainly related to the use of heavy chemicals, needed to transform the hard wood into a soft fiber, and deforestation, to obtain the pulp. In fact, the NGO Canopy has estimated that millions of trees in endangered forests are at risk of being felled to produce viscose filaments.

In February 2020 we signed our commitment to Canopy²², 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 the responsible sourcing of cellulose-based materials, such as paper and fibers, but also decreasing the consumption of these fibers to ultimately reduce the demand placed upon our forests by switching to regenerative and recycled materials. We also

²² More information on our Canopy commitment can be found here: https://cdn.shopify.com/s/files/1/0769/5151/9521/files/Canopy_Commitment.pdf?v=1690894359

signed a letter of interest to purchase a portion of our man-made cellulosic fibers from next-generation solutions, a Canopy initiative to support investment towards new materials solutions.

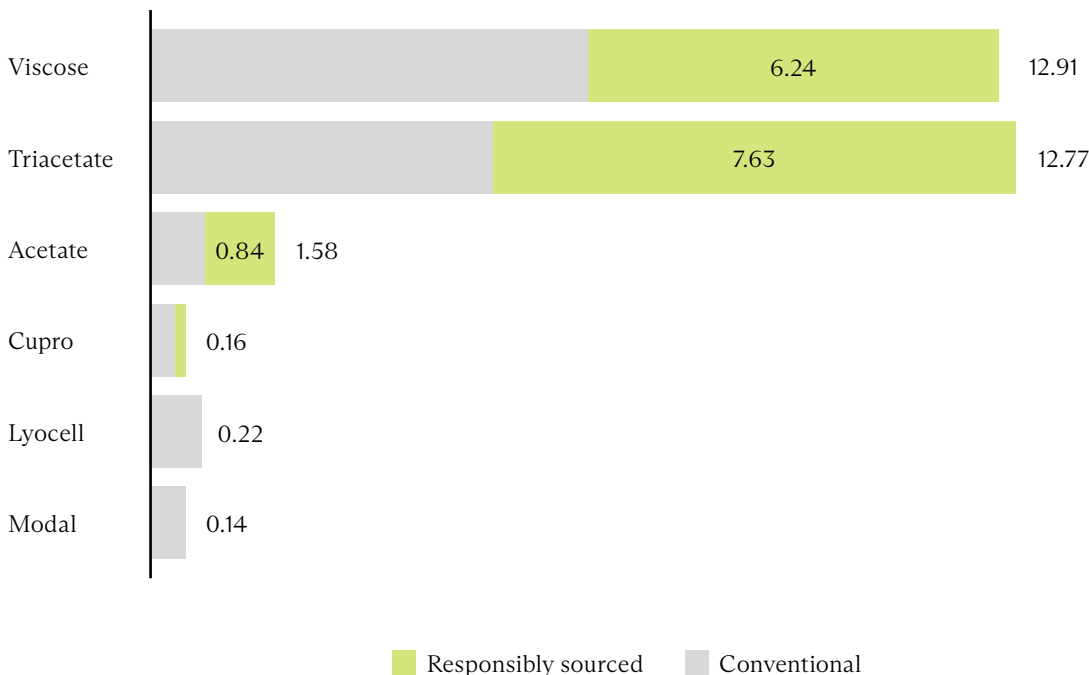
In-line with our partnership with Canopy, we work with our suppliers to support collaborative solutions that protect remaining ancient and endangered forests. By the end of 2022 we collected and ranked data on sourcing country and pulp supplier information of our fabrics. This showed that 83.3% of the materials used across all of the collections are aligned with Canopy criteria, which means they are either FSC certified, or produced from pulp suppliers that have been ranked “Green Shirt” in Canopy’s Hot Button Report²³, a tool that analyzes cellulose-based suppliers’ practices and sources of risk.

The MMCFs that have been used in Nanushka 2022 collections are the following: Triacetate (46%); Viscose (46%); Acetate (6%); Cupro, Lyocell and Modal (2%), of which 53% of the overall volume is FSC certified.

Sourcing materials from responsible forestry can reduce the overall impact of the collection, as:

- 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]



²³ More information on Canopy Hot Button Report can be found here: <https://hotbutton.canopyplanet.org/#:-:text=Within%20the%20Hot%20Button%20Ranking,part%20of%20the%20CanopyStyle%20initiative>



Synthetic fibers

Synthetic materials – like polyester, nylon, and acrylic – are oil-based, and have experienced a considerable uptick in use in recent years 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 sources²⁴.

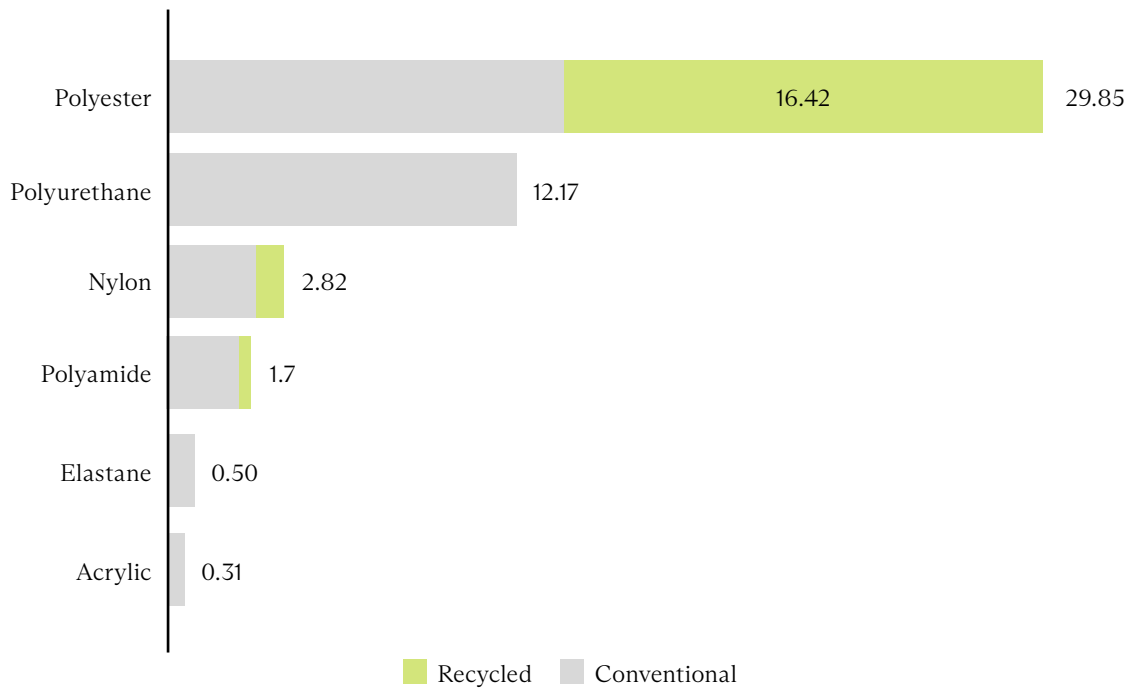
Due to this, one of our most important projects is focusing our strategy around synthetics on reducing the impact associated with these fibers, especially for our signature alternative leather. In 2022, 36% of the synthetic fibers used were recycled, compared to 20% in 2021 and 2% in 2020.

Our alternative leather, 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 high 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.

²⁴ Textile Exchange: Material Change Insights Report 2021

Synthetic fibers – mass breakdown [in ton]



In July 2022, as part of our Pre-Fall 2022 collection, we launched OKOBOR™, our new alt-leather fabrication, exclusive to Nanushka. The creation of OKOBOR™ was a 2-years journey from start to finish. We used our vegan leather, which is generated from synthetic fibers and has featured throughout previous collections, as a starting point for development. Our aim was to recreate a new leather alternative, produced more responsibly with a higher quality surface and luxurious feel; this presented the biggest challenge. Working closely with one of our key supply chain partners, producing a backing was the first step in creating a more responsible quality of alt-leather. Using certified recycled polyester coming from PET plastic bottles from post-consumer waste, the OKOBOR™ backing was created to produce a compact suede effect.

For the PU coating, our team opted for a post-

production process that used waste originally intended for landfill, by repurposing and blending it with virgin polymer. Our vegan leather predecessor was produced through wet processing, a method that uses a lot of water to remove residue after manufacture. We moved away from this final step by producing OKOBOR™ through dry processing, which required 80% less water in comparison to wet processing methods. Once the PU coating is applied, it is sprayed with a fine mist to remove residue.

The inspiration behind naming the fabrication came from Nanushka's heritage and innovation values. 'Ökobör' encompasses these, meaning 'Eco Leather' in Hungarian.

With OKOBOR™ we managed to reach >50% recycled content, which allowed us to reduce its carbon footprint by -21% compared to our previous Alt-Leather²⁵.

²⁵The 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 CO₂, whereas the carbon footprint of our previous Alt-Leather is equal to 10.7 kg of CO₂.

Saved impact from the total volume of recycled polyester purchased

RECYCLED
POLYESTER

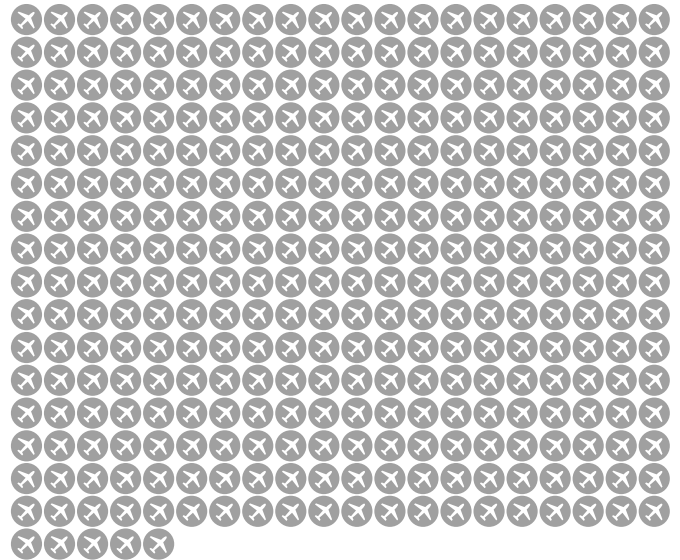
Saved impact

41 ton of CO₂

Saved from sourcing recycled polyester instead of virgin polyester

= 325 flights

Budapest-London (considering that an economy class flight from Budapest to London emits around 128 kg of CO₂ per person)



An economy class flight from Budapest to London emits around 128 kg of CO₂ per person, which means that in using recycled polyester instead of conventional polyester we have saved the equivalent of 325 flights²⁶.

²⁶ Calculated using the [ICAO Carbon Emissions Calculator](#).

Dyeing and treatments

Nanushka is committed to integrating responsible practices across all operations, products, and supply chain. A key part of our commitment is to promote the adoption of best available production techniques and processes through the effective use and management of chemicals, so as to protect consumers, workers, and the environment.

In 2022, we have revisited and updated our Restricted Substances List (RSL), which will serve as a guide in the management and consumption of chemicals. Suppliers must ensure that each material, part, chemical, component, packaging and other goods used in the manufacturing and distribution of any Nanushka labeled product does not contain any substance to the extent that substance is banned or limited under this standard or under any applicable law of any country and jurisdiction in which the supplier conducts business. We require that all suppliers and factories making Nanushka products and their subcontractors fully comply with this standard. Nanushka's RSL is a key requirement that must be met and a compulsory part of the terms and conditions of trading with the brand.

Our RSL²⁷ represents our basic requirements, but as reported in the previous pages, we are aware that the dyeing process represents the second most impactful stage in our production process, as often high volume of chemicals that might pollute waterways and ecosystems are used, and high quantities of water are needed to bind the dye to the materials.

To explore alternative and less impactful dyeing processes, for our RS23 Symbol collection we introduced natural dyes obtained from natural sources. Most are of plant origin and are extracted from roots, wood, bark, berries, lichens, leaves, flowers, nuts, and seeds.

In addition to natural dyeing, in 2022, we focused on our Denim category. The denim industry is well known for high water consumption and chemical pollution, which is why we have investigated to find innovative solutions that could embrace our pillars: durability, customer satisfaction, and lower impact.



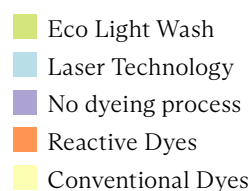
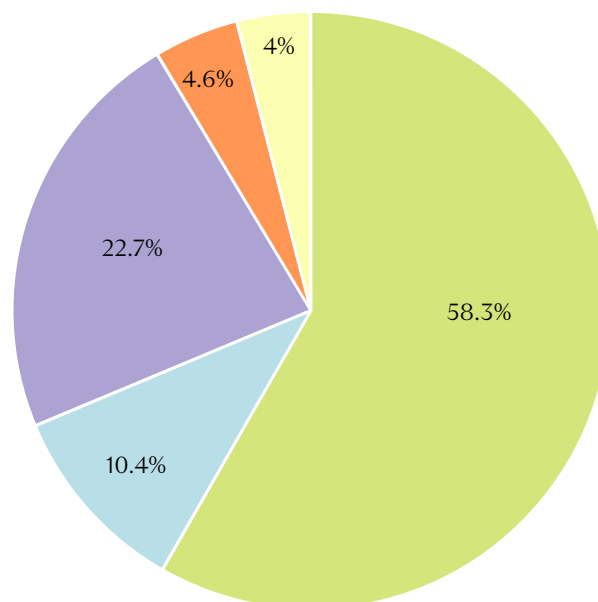
²⁷ More information on our RSL can be found here: https://cdn.shopify.com/s/files/1/0769/5151/9521/files/Nanushka_s_Restricted_Substance_List.pdf?v=1690894361

Using organically grown cotton decreases the impact of our denim collection if compared with conventional cotton. However, other factors need to be considered, such as the water and chemicals consumption in the washing and dyeing process. Thanks to the collaboration between our suppliers and internal R&D teams, in 2022 Nanushka launched its Eco Light wash denim collection, characterized as the most advanced and eco-efficient ozone technology in the textile industry. Using air from the atmosphere, it generates ozone to treat garments by reacting with fiber dyes, giving them the real look of outdoor usage, achieving significant savings of water and chemicals.

Our denim CORE collection and part of our denim RTW collection combine Eco Light wash with laser technology, which acts as a thermal source that eliminates the indigo dye of denim fabrics by sublimation. This gives the pattern a special effect and reduces the environmental impact of denim dyeing processes.

In addition to this, 23% of our Denim collection was not dyed, but instead our Design team used the fibers with their original color.

Share of dyeing in our Denim collection



Product carbon footprint

It is important to Nanushka that any fabric innovation and development is supported by scientific assessment, and that is why in 2022 we decided to partner with Carbonfact²⁸, a company dedicated to decarbonizing the fashion industry, to calculate the environmental impact of our products at an individual level. We started with our CORE range, including our signature OKOBOR™ Hide coat. Understanding the environmental impact at the product level enables us to transform insights into tangible actions, identify hotspots and help our Design, Production and Supply Chain teams to reduce our products' CO₂ emissions over time.

We made the results publicly available on the product description page of these products on our DOTCOM through a dedicated widget under the “Sustainability section” that details the overall savings compared to a similar product (using PEF methodology), but also provides details of key impact hotspots (i.e. Materials, Manufacturing, Distribution, etc.).

Here some results of our key styles:

HIDE	→ -83% of CO ₂ compared to a similar product
VINNI	→ -50% of CO ₂ compared to a similar product
BOYCE	→ -92% of CO ₂ compared to a similar product
GESA	→ -42% of CO ₂ compared to a similar product
LAIS	→ -27% of CO ₂ compared to a similar product

Through the Nanushka platform powered by Carbonfact we are able to keep track of our improvements season on season, as well as running simulations and modeling with our Design and Production teams.

²⁸ Carbonfact's methodology follows the “Product Environmental Footprint Category rules” (PEFCR) - Apparel and Footwear Pilots' (V. 1.3), developed by the European Commission. To carry out the carbon footprint calculations, we have defined the system boundaries based on PEFCR v. 1.3. We took into account materials used, production location, logistics, product usage, and product disposal at the end-of-life stage. The background data used includes Ecoinvent 3.8, EF 3.0, Kering 2021, Mistra future fashion report and the latest scientific articles.



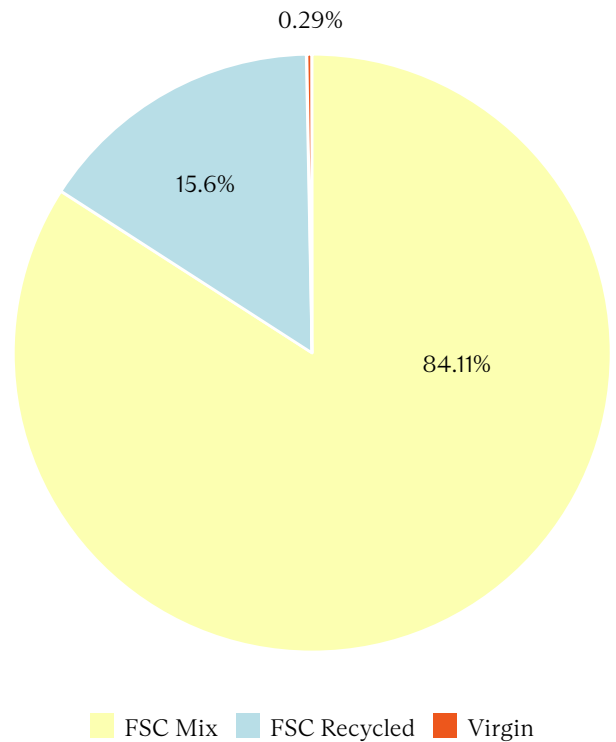
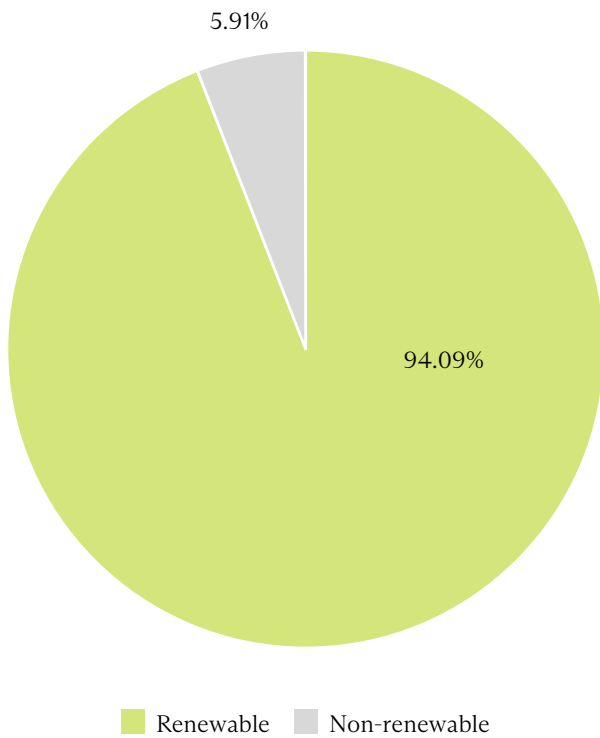
Packaging has a significant impact throughout the fashion supply chain, both from a circularity perspective and with regards to the GHG emissions it generates.

In 2022, the packaging we used generated 15,173 kg of CO₂. The graphs below illustrate the split of our packaging between renewable and non-renewable materials²⁹, and the details of the cellulose-based packaging used (with share of FSC certified, recycled and virgin materials used). As the graph shows, for cellulose-based packaging, we have increased the use of FSC certified materials, reaching more than 99%

(compared to 60% in 2021 and 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 2022

Split of cellulose-based packaging used in 2022



²⁹ Following the GRI Standards, we do consider “Renewable material” a material that is derived from plentiful resources that are quickly replenished by ecological cycles or agricultural processes, so that the services provided by these and other linked resources are not endangered and remain available for the next generation; we do consider “Non-renewable material” a resource that does not renew in short time periods

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 of our products, the selection of its material is of high importance, and that is why in 2022 we continued using TIPA home compostable packaging.

Home compostable packaging markedly decreases plastic pollution when compared to 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 also started to use recycled polyester polybags, as for some of our key fabrications (i.e. OKOBOR™), we have experienced some color transfer when using TIPA polybags.

We continued using recycled plastic transit hangers – an item we use in high volumes to fulfill primarily B2B wholesale orders – and from 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. In 2022, we have also started using bubble wrap made from recycled polyester, as opposed to virgin polyester.

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, to 18% in 2022, which means that more customers are now selecting this circular option to have their products delivered at home.

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.

OUR CIRCULAR MATERIALS

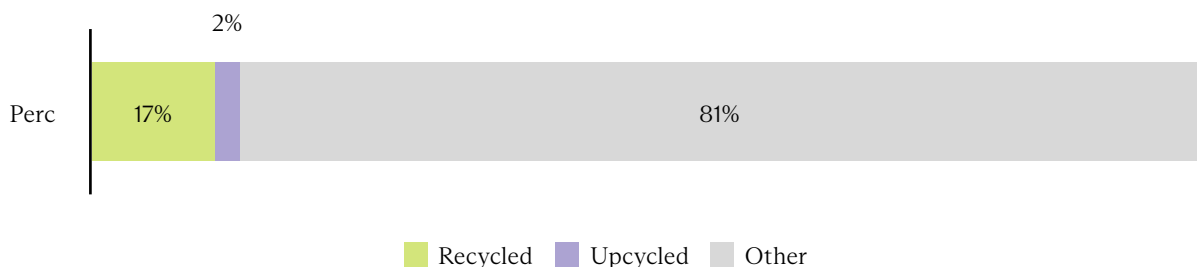
Created in 2019, our deadstock fabric library is regularly updated and reviewed by our Design team, who now use deadstock materials for collections as well as sampling.

This is supported by our Merchandising team, who select materials for potential reproduction and small-series production, enabling us to reduce waste generation and keep materials in the loop for longer.

In 2022, around 19% of the materials used in our collections came from what we define as circular materials, which means materials that have at least 50% of recycled content or materials that have been repurposed. 17% of the fabrics used were made from recycled fibers (compared to 11% in 2021 and 2% in 2020), and 2% were sourced from our deadstock (compared to 2% in 2021 and 0.8% in 2020).

Considering innovative ways to repurpose and reimagine upcycled fabrics is just one way in which we are exploring more responsible manufacturing at Nanushka. In November 2022, we launched ANEW:22 (following the success of ANEW:21), a collection of pieces from the Nanushka archive, reinterpreted entirely in deadstock fabrics launched exclusively on Nanushka.com. More affordable than our regular collections, it allowed us to share the spirit of Nanushka with a broader audience.

Share of recycled and upcycled materials used in 2022 [based on weight]





In December 2020, Nanushka launched its first digital connected products as part of the RS21 collection, and we have 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.

Customers shopping for 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 the 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 2,989 styles (for a total of 149,620 items). In December 2022, we launched a campaign to celebrate the iconic HIDE Jacket across our social channels which was also extended into the physical space of our global flagship stores.

The installation explored the oversized, tactile and plush nature of the HIDE jacket, adorning distinct items and architectural features in our stores with OKOBOR™.

We also run a Digital IDs awareness campaign across our Online and Retail channels with large printed QR Codes available for scanning on each shops' windows. Thanks to this initiative, more customers have had the chance to learn about the journey of our iconic jacket, with a scanning rate which increased by 419% during the campaign.

In 2022, Nanushka was honored to exhibit one of its Symbol key styles in the Fashion for Good Museum in Amsterdam to showcase our Digital IDs. The Museum aims to inspire change, and drive the collective movement to make fashion a force for good. Due to the great success of the initiative, we have been asked to extend the loan for another year, so that more people visiting the Tech Hub will have the chance to learn more about Nanushka and its responsible practices.

In addition to this, the Nanushka team contributed to the development of the Sustainable Fashion Communication Playbook, presented in 2023 during the Global Fashion Summit in Copenhagen. Jointly launched by the UN Environment Programme and UN Climate Change, this playbook is a guide to align fashion communication with the principles of sustainable consumption. Nanushka was selected to include our Digital IDs project and results as a case study and best practice of transparency and engagement efforts.

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

We are continuing to collaborate with TheRealReal to lengthen product life cycles by supporting customers' second-hand consignments in the US, and we are working to launch a white-label solution.

RENTAL

We are partnering with the US platform Rent The Runway to allow some of our bestselling items to be rented.

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.

COLLECTION

As part of our efforts to avoid sending any of our materials and products to landfill, in 2022 we decided to partner with SCRAP NYC for some of our faulty items beyond repair (around 80 pieces, including post-consumer collection). Established in 2020, SCRAP's network of collection, sorting, sanitizing, reselling, and fiber recycling partners allows brands to responsibly keep items in circulation.

ARCHIVE

In 2022 we organized several archive sales (one in Budapest, one in London and one in New York) for friends of the brand across our locations 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 1,877 items being sold during these events.

We have also organized for the first time an internal special items sale for our employees to give iconic styles with minor flaws a new home and support in prolonging their lifecycle. This proved to be successful, with around 200 items sold during the event.

COLLABORATIVE RESEARCH

In September 2022, Nanushka and Budapest's Moholy-Nagy University of Art and Design (MOME)'s Innovation Center launched the Conscious Textile Group, a material R&D Hub designed to explore innovative ways to use post-production textiles in a circular manner.

The Conscious Textile Group comprises international researchers, academics, students, and industry experts, all dedicated to advancing sustainable efforts in textile production and usage within the fashion industry. As part of this initiative, MOME and Nanushka created a research fellowship program with an open call in 'Down to the fiber' recycling, aiming to provide meaningful results for textile circularity.

The 12-month research fellowship, during which fellows will receive financial and operational support to conduct their research, should aim to contribute to textile waste recycling and should capitalize on the design expertise available in the University's community and industrial perspective from the Nanushka team.

The Conscious Textile Development Program was also launched as a part of the collaboration, where MOME applicants have been tasked to develop innovative ways to reduce deadstock materials on an industrial scale. Participants of the development program will carry out the research phase, the feasibility study to then work with Nanushka on the potential industrialization of their innovation.

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 2022 impact assessment has been built on last year's approach.

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, based on compliant reference data (databases, literature etc)
- For Tiers 3 and 4, we used databases and literature 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 IEA³⁰, DEFRA³¹ and AIB³² have been used; whereas for Scope 3 the databases used have been Ecoinvent 3.8 – the most widely used Life Cycle Assessment database – and GEMIS. 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. When not available, it has been estimated as an average based on the sqm of the premise. In this case emission factors from DEFRA, Ecoinvent 3.8 and EFDB³³ have been used.

A similar approach has been adopted to calculate our water consumption: mainly through direct metering, and when not available, it has been estimated as an average based on the sqm of the premise.

³⁰ International Energy Agency (IEA)

³¹ The Department for Environment, Food and Rural Affairs (DEFRA)

³² Association of Issuing Bodies (AIB)

³³ Emission Factor Database (EFDB)

The data gathering related our collections has taken into account 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 2022, 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.

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 a global average carbon intensity for electricity. 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 the 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.