

2022

SUSTAINABILITY REPORT



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A word from our Founder & CEO: Facilitating global trade through local production

Valued employees, customers, partners, and stakeholders

Sustainability is not just a buzzword for us, it is a core value that drives every decision we make. In fact, the reason we started Gelato was because we firmly believed in the power of local on-demand production as it enables our users to produce what they need, when they need it, and where they need it. Local on-demand production slashes delivery times, waste, carbon emissions and costs. It's faster, smarter, and greener. And it supports local businesses too. We have connected to more than 100 production hubs across 32 countries. This allows our customers to access production of thousands of products and serve 5 billion potential consumers with local production of customized items.

Our mission is evolving

Today our mission is to empower global ecommerce and the creator economy to serve any customer overnight, with any customized product. Thanks to Gelato, an entrepreneur in, for example, Kenya, with a great idea, can in minutes be able to produce, ship, and get paid for his product sold in, for example, Germany. No upfront investments in inventory, manufacturing or logistics are needed. Any entrepreneur can achieve similar profit margins as competitors 100 times their size. This levels the global creator and ecommerce playing field and is an enormous economic and social opportunity. Our mission is bold and long-term, but we have already passed many important milestones.

We know that our journey is far from over. There is always more we can do to improve, and we are committed to continuing to push the boundaries of what is possible. We believe that sustainability is not just a responsibility, it is an opportunity to innovate and create value for our customers and society as a whole. In this next phase of Gelato's journey, we will open up our operating system, GelatoOS, the software that allows for more efficient on-demand production, for all existing and new production partners.

GelatoOS will accelerate the rollout of production on-demand and empower a single production hub anywhere in the world to cost-effectively produce personalized items. We believe that GelatoOS is the world's most advanced tool for end-to-end production and distribution of personalized products. Our ambition with GelatoOS is that our production partners will reduce inventory costs, cut their production time, and improve their profit margins. GelatoOS will be rolled out across the world in partnership with leading manufacturers of production equipment and some of the world's largest suppliers of raw materials such as wood, paper and textile. GelatoOS will accelerate the shift towards local production, playing a central role in making production and consumption more sustainable. With higher efficiency across production hubs around the world, profitability will increase and emissions decrease.

A global mindset requires a global team

As Gelato continues to scale, so does our opportunity to make a true difference to our customers and the companies that are looking for more sustainable ways of producing and distributing products. This is an ambition we are proud of and honored to continue working towards.

Candidates that apply to Gelato and partners that connect to our network consistently bring up Gelato's local production model and the positive impact this has on the environment and on ecommerce entrepreneurship more broadly. This same feeling echoes inside Gelato, throughout our partner network, and amongst our existing team members. We see Gelato's growth positively impacting all aspects of ESG.

In 2022, we opened new offices in Tokyo, Singapore, and Nashville, bringing our global presence to 17 offices. Our team grew from 242 to 305 members who represent 52 nationalities. With a global team follows a global exposure to incidents around the world. The past year has proven extremely challenging for many of our valued team members, and our special thoughts go to the ones affected by the terrible war and humanitarian crisis unfolding in Ukraine. I want to take a moment to express my sincere gratitude to each and every one of you. Your unwavering dedication and commitment to our company's mission has not gone unnoticed, and I am truly humbled by your continued work and perseverance.

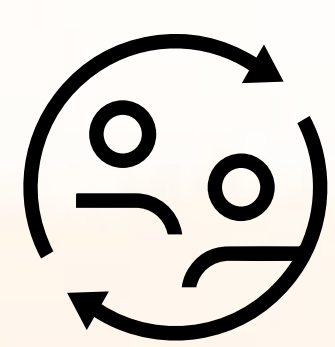
I am proud of what we have achieved together and even more excited about what lies ahead as Gelato further accelerates our focus on ESG.

Thank you for joining us on this journey towards a more sustainable future. We look forward to sharing our progress with you and working together to build a better world for future generations.

Henrik Müller-Hansen, Founder & CEO

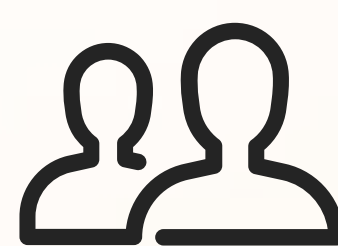
About Gelato

Key Numbers From Across Our Global Business Operations in 2022



107 Million EUR

Revenue Gelato AS 2022.



305

Team members.



52

Nationalities across the Gelato team.



32

Countries with local production.



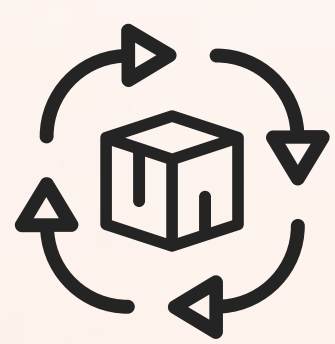
130

Production hubs on 6 continents.



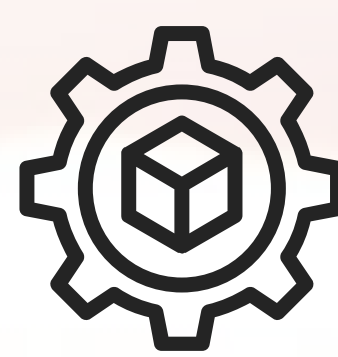
87%

Of all orders were fulfilled in the same country as the end customer.



50

Logistics carrier partners.



184

Delivered to 184 countries and territories.

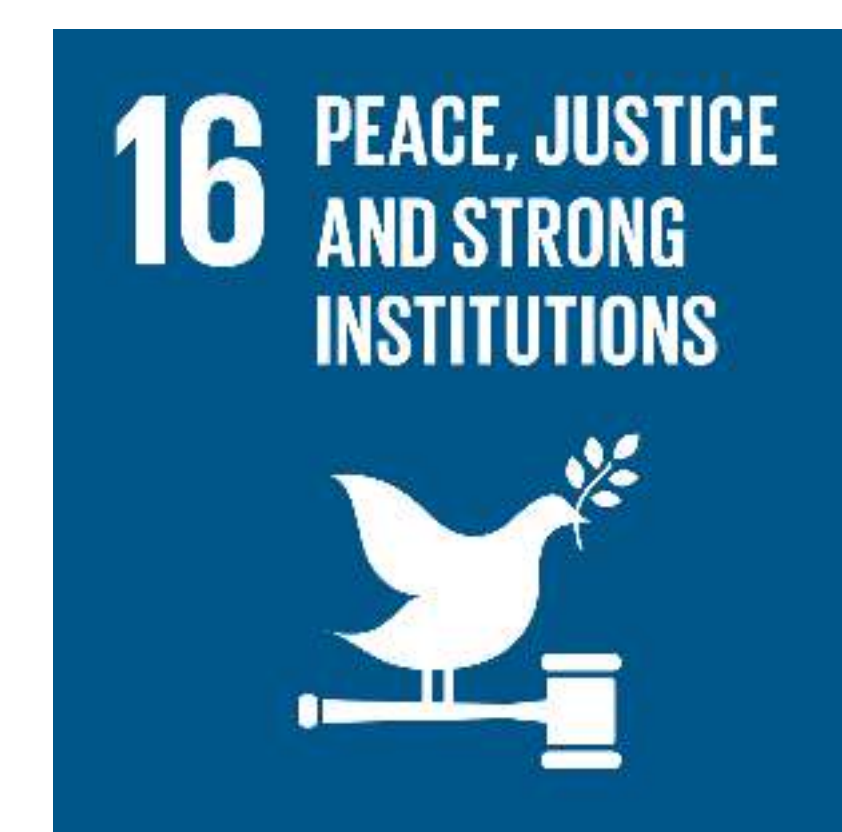
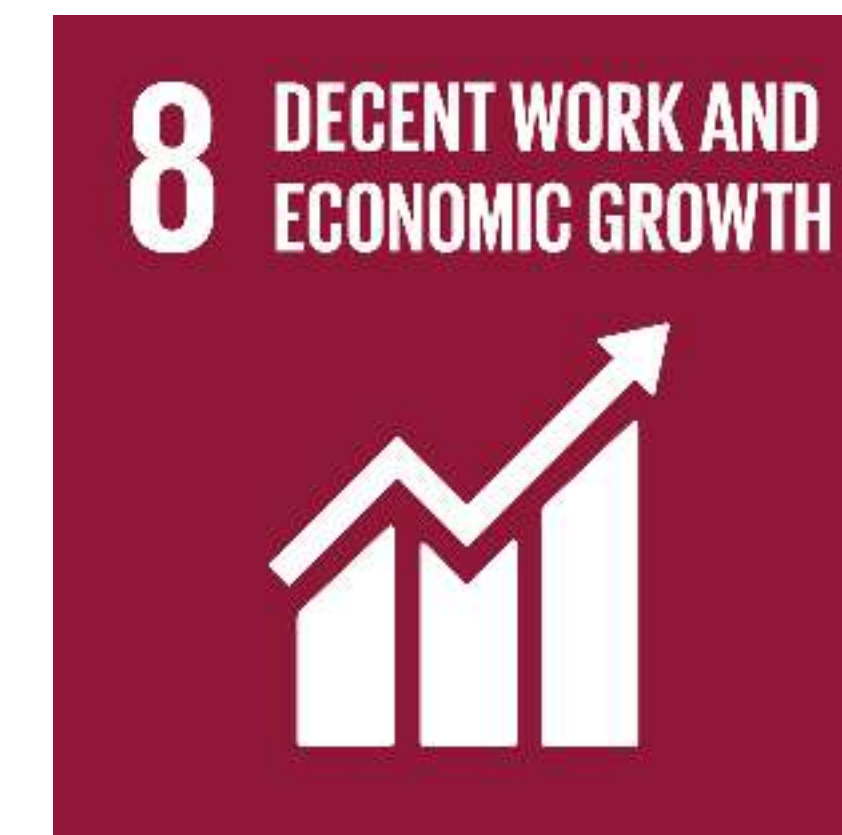


17

Offices in 14 countries. HQ in Oslo, Norway.

Sustainability at Gelato

Sustainability is at the core of our business, moving the world from centralized mass-production to local on-demand production. It is an integral part of the work that we do at Gelato and includes all three areas of sustainability: environmental, social, and governance. We have an unwavering commitment to reducing our environmental impact, having a positive impact on people, and operating responsibly.



Our sustainability work is led by the COO and the VP of Sustainability. The strategy and prioritization is decided by the sustainability advisory board with members from the leadership team. A Supplier Compliance Committee governs the Gelato Supplier Compliance Program.

Sustainability Highlights 2022



Environmental

Reduce Environmental Impact

87% of all orders were fulfilled in the same country as the end customer in 2022.

34 new production hubs were added to the network in 2022 to fulfill orders locally.

100% of wooden frames and hangers in the US were FSC certified.

84% of canvas prints and **80%** of wood prints in Asia & Oceania were made from FSC or PEFC certified wood.



Social

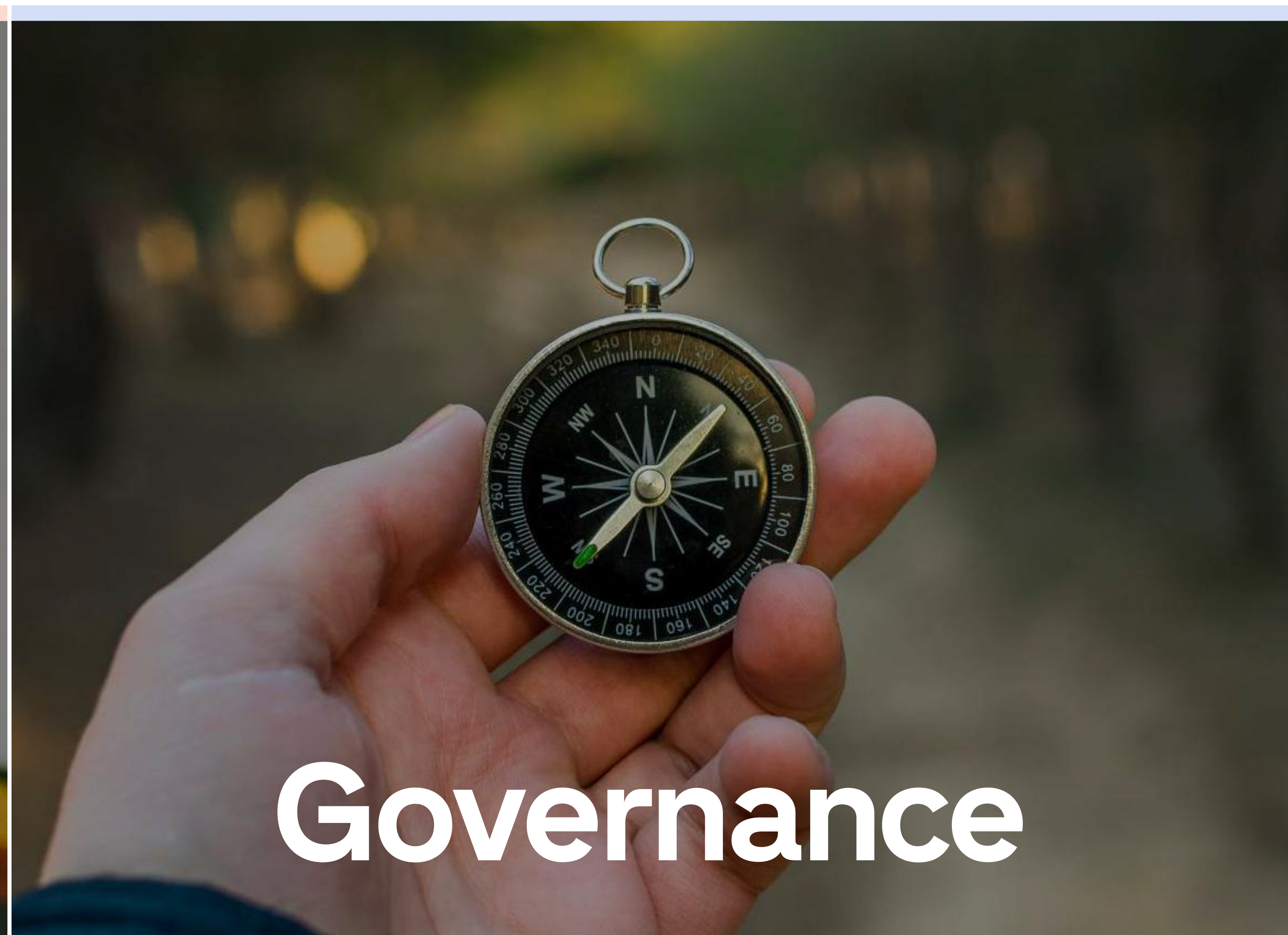
Have a Positive Impact on People

4.7/5 rating on Glassdoor.com (Dec 2022).

305 team members. **52** nationalities represented.

90% Employee Engagement Score in Gelato Pulse surveys.

25,000 new creators ordered from Gelato, gaining access to a global market within minutes.



Governance

Act Responsibly

0 major data security incidents.

100% of our production and development partners have signed the Supplier Code of Conduct.

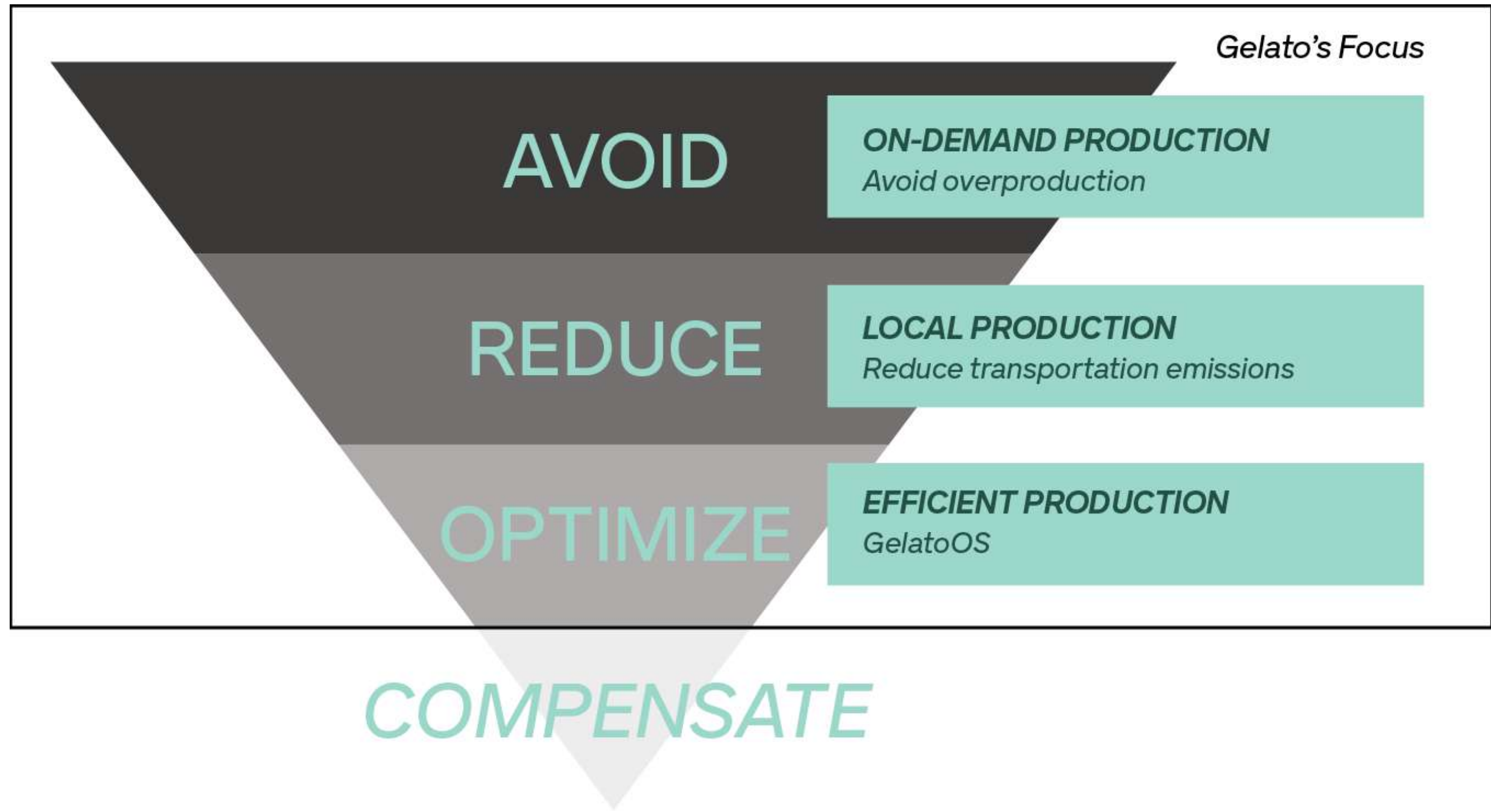
100% of suppliers were risk assessed in the Supplier Compliance Program.

100% of new team members have completed a **Data Privacy** and **GDPR** course.

Environmental

Reduce Environmental Impact

Environmental consideration is a key component of our business model. Local on-demand production means we're helping customers reduce their carbon footprint and decrease the use of resources. The approach we take can be connected to the climate impact hierarchy and a focus on Avoid, Reduce, and Optimize. Avoiding emissions altogether is the highest impact we can all have on our environment.



Avoid: We help customers move to production on-demand, reducing the need to overproduce, warehouse inventory, and discard unused inventory. With production on-demand, items are produced only when and where they are needed, on a per-unit basis, precisely matching supply and demand.

Reduce: For Gelato, this includes reducing shipping distances and carbon emissions through local production. When items are needed, we work to produce them as close to the end consumer as possible. In 2022, 87% of all orders were produced in the country of the end recipient. In many countries, we have more than one

production partner, further shortening the delivery distances and transit times. The Swedish custom poster company Mapiful used to print all their products in Gothenburg, then pack and ship them to customers across the world. With Gelato, Mapiful now produces their posters in 24 countries worldwide and has delivered to customers in 72 countries. This provides a potential saving of 67% of carbon emissions and 3,445 km of shipping distances per order. Reduce also means working towards a more sustainable value chain and evaluating where we can make better decisions through for example working with partners who use responsibly sourced wood, organic-cotton apparel, and recycled packaging.

Optimize: To connect to production hubs worldwide, we have built our own workflow solution GelatoOS, which enables efficient production of micro orders (down to a unit of one) with minimal errors and material waste. Over 90% of our partners use GelatoOS, resulting in fewer errors and increased efficiency. In 2022, we expanded GelatoOS to support new machines and products while improving order batching. Partners that use GelatoOS have an error rate over 50% lower than those not using GelatoOS.



Actionable, Data-Driven Insights

In 2022, we worked with KPMG to measure our emissions using calculations and analysis based on the guidance from the Greenhouse Gas (GHG) Protocol, which categorizes emissions into three levels (Scopes):

- Scope 1 includes direct emissions from assets where the organization has operational control.
- Scope 2 consists of indirect emissions linked to purchased energy, electricity, and district heating and cooling.
- Scope 3 consists of emissions related to the company's activities but occurring from sources not owned or controlled by Gelato.

Due to our business model, not owning any assets and renting office spaces, the vast majority of our emissions are characterized as Scope 3.

The only identified Scope 1 and 2 emissions sources came from our Oslo office operations. In 2022, our total greenhouse gas (GHG) emissions within Scopes 1 and 2 were 2.53 tons with location-based electricity calculations and 35.63 tons with market-based electricity calculations, respectively. According to the United States Environmental Protection Agency's Greenhouse Gas Equivalencies Calculator, these equal the emissions from 7.7 gasoline-powered passenger vehicles driven for one year.

The majority of Scope 3 emissions are linked to the products we sell. In partnership with KPMG, we are developing a Sustainability Calculator, which measures the environmental impact of each order and product. The calculator accounts for all emissions from cradle to end customer based on a Life Cycle Analysis (LCA) using the EcolInvent database and a physical allocation methodology. It also estimates the difference in CO2 emissions between producing centrally versus locally, a difference that ranges between 20% and 80% on average and up to 90% in specific cases. The calculator will empower customers and production partners with sustainability data while promoting sustainable choices.

For the full calculation of our Scope 3 emissions, we will also include the emissions from our other office locations, traveling, and the emissions caused by our data server usage.



The Power of Local

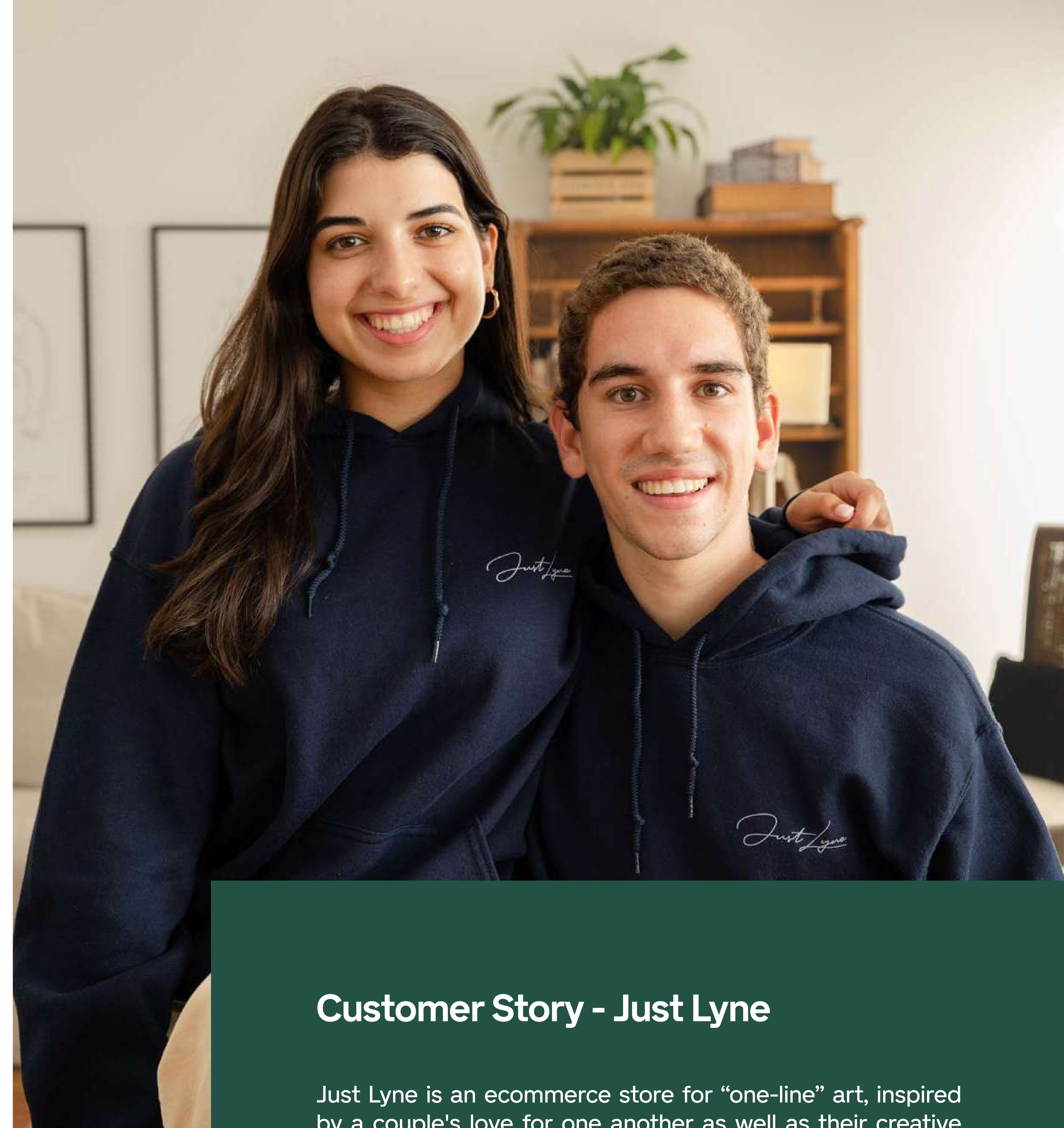
25% of the world's total CO2 emissions are associated with international trade. The emissions related to transportation are for many products bigger than the production-related emissions, based on WTO data. When companies produce centrally and ship globally, air freight is often used because distances are too great for ground transportation. To us, this way of producing and distributing products is not sustainable.

Our vision is to rethink production, for the benefit of people and the planet. Our software allows products to be locally and efficiently produced where and when needed, reducing waste, errors, transportation times, and carbon emissions.

In 2022, we partnered with 34 new production hubs, bringing the total number of partners to 130. 80% of our B2B orders had sellers and buyers in different countries, still we increased our local production rate to 87%, up from 85% in 2021. By growing our network, we not only improved our in-country fulfillment but also reduced transportation emissions, helped create more employment opportunities, and increased our customers' global reach. We will continue to expand our network and add more partners in 2023 to further increase our local fulfillment rate.

Stijn Willemse, a Gelato customer and founder of DIS-ORDER, notes how local on-demand production is giving their customers more satisfaction. “Consumers care more about sustainability than ever, and this rise in concern will not slow down. The first question we get after we tell people about our mission is ‘How and where are the clothes made?’ We love getting this question because thanks to Gelato, we can answer confidently. With absolute assurance, we know that the localized on-demand print process and base garments are industry-leading in terms of sustainability. As a result, our value proposition is fully aligned to create a net-positive impact on the world, something that our customers undeniably love and want to be a part of.”

Moving forward, we will continue to bring production even closer to the end consumers and utilize more transportation options that have reduced or no fossil fuel. As an example, in 2022, we increased our partnership with Budbee, a carbon neutral order delivery option.



Customer Story - Just Lyne

Just Lyne is an ecommerce store for “one-line” art, inspired by a couple's love for one another as well as their creative and entrepreneurial drive. From the comfort of their home in Lisbon, Portugal, Just Lyne has amassed a team of artists from around the world. They aren't just supporting local creator communities around the world by hiring artists though. Through Just Lyne's partnership with Gelato, they're also enabling local on-demand production on a global scale. By fulfilling orders in the production hubs closest to their end consumers, we reduced Just Lyne's carbon emissions by 46%. “Gelato offers us the choice to be green and cut carbon emissions. Our designers are remote, so our biggest CO2 footprint is with printing and transportation; minimizing this impact is pivotal to our sustainability success,” say Vicente Mourão and Mariana Madaleno, the Founders of Just Lyne.

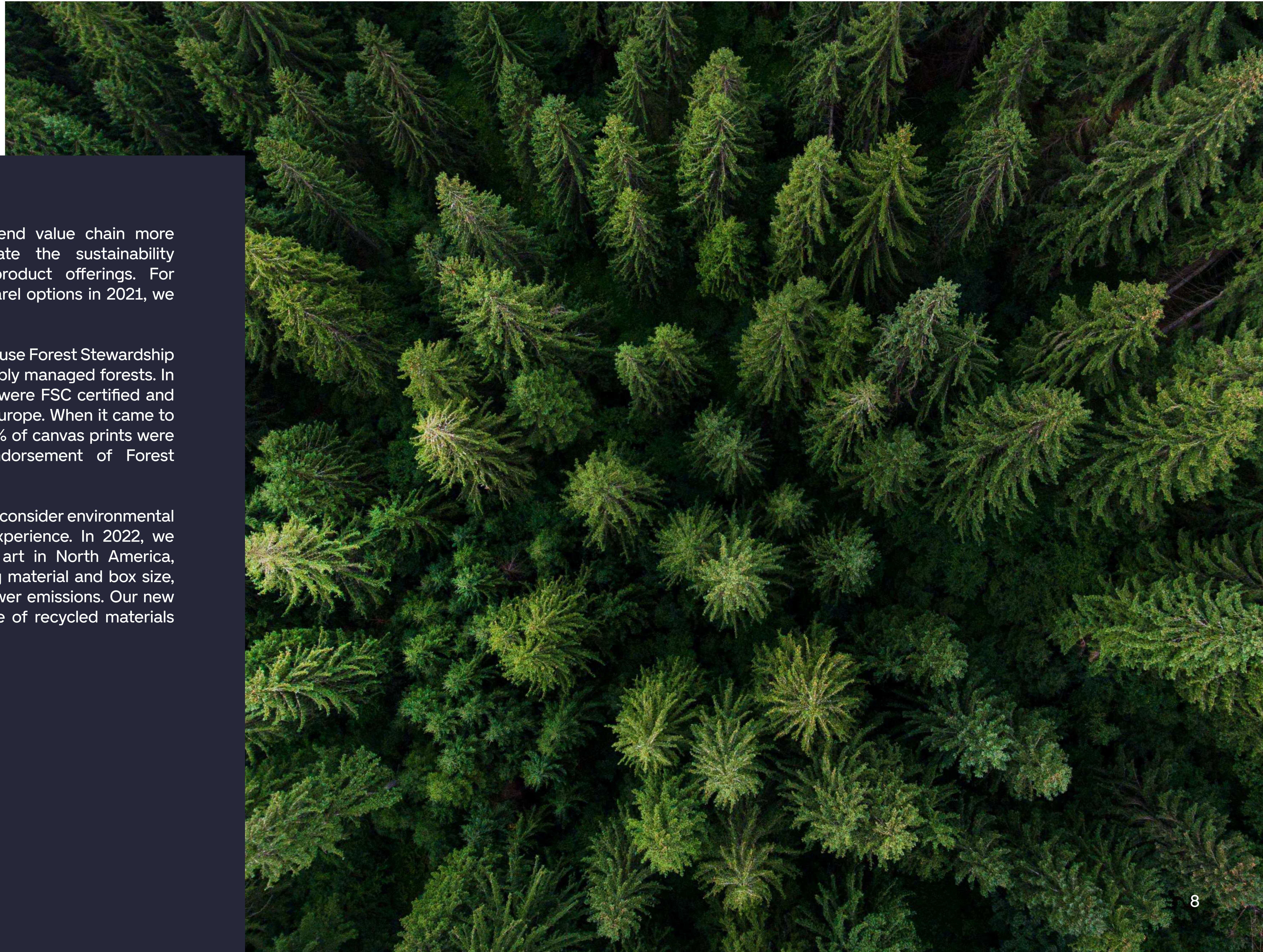


Towards a More Sustainable Value Chain

We are on a mission to make our end-to-end value chain more sustainable. As such, we carefully evaluate the sustainability component before introducing any new product offerings. For instance, further to rolling out 61 organic apparel options in 2021, we added biodegradable phone cases in 2022.

We actively work with production partners that use Forest Stewardship Council (FSC) certified materials from sustainably managed forests. In 2022, 100% of frames and hangers in the US were FSC certified and 85% of frames and hangers were certified in Europe. When it came to Asia and Oceania, 80% of wood prints and 84% of canvas prints were made of FSC or Programme for the Endorsement of Forest Certification (PEFC) certified wood.

When selecting packaging solutions, we always consider environmental impact, product protection, and customer experience. In 2022, we reviewed our packaging for mugs and wall art in North America, resulting in a 10%-20% reduction in packaging material and box size, allowing for more products per vehicle and lower emissions. Our new packaging already contains a high percentage of recycled materials and will be moved to 100% recycled in 2023.



Social

Have a Positive Impact on People

We have 17 offices across 14 countries, with 305 team members representing 52 nationalities. We pride ourselves on diversity, and our 11-member leadership team consists of 5 women and 6 men. Culture, purpose, and values are at the heart of Gelato. Our culture encourages a growth mindset, always challenging the status quo and providing continuous feedback. We ensure an objective recruitment process by using assessments at the start of a process, leveraging interviewers of diverse roles and backgrounds, and utilizing our Applicant Tracking System to ensure an unbiased selection of applicants. With our 2022 addition of Gelato Academy, our Learning & Development program, we aim to attract, develop, and retain the best people from around the world.

Driving Entrepreneurship & Job Creation

We empower creators and entrepreneurs to build global businesses. In 2022, over 25,000 new ecommerce users placed orders through Gelato, while millions of orders were fulfilled and delivered to end customers in 184 countries. By driving entrepreneurship, we are helping people to find new income streams and providing an opportunity to reach a global market, leveling the ecommerce playing field. In addition, our production partners are able to access volume from sellers around the world, grow their business, and create new jobs.



Customer Story - Uniheart

Selling personalized mugs and posters, German co-founders Jiawei and Lukas, who are based in Singapore and China, launched Uniheart with a dream to build a multi-million-euro ecommerce store. Since joining Gelato in the summer of 2022, they have processed thousands of orders over the Gelato platform to customers in Germany, Switzerland, Austria, France, and the Netherlands. Building their store in Shopify, they have to date collected 3,400 customer reviews with an average rating of 4.8/5, reflecting the customer's love for their designs and also the strong consistency of Gelato's deliveries. The next step of their journey is to launch their business in the UK, where we are supporting them in preparing for launch, as a stepping stone to more English speaking markets, all in which we offer local production and delivery.

Customer Story - Nordhuset

Nordhuset creates and sells vintage and pop art-style posters of beautiful Norwegian landmarks. Launching during the pandemic, business owner Ruth struggled to attract customers as it required the investigation of different marketing strategies. This led her to build her ecommerce brand and use production on-demand through Gelato, producing high-quality prints when and where a customer made a purchase without the need for expensive upfront costs or minimum orders. Today, Nordhuset is a thriving business with a loyal customer base and reputation for excellence. Ruth remains at the helm of the company, inspiring and engaging her audience with her passion for art and design. Partnering with Gelato, she has the ability to continue growing and expanding, and with a reliable global production network at her disposal, she is well-positioned to succeed. "Using Gelato is like magic to fellow business owners like myself as it takes the stress away."

Customer Story - Born Beau

Born Beau is a partnership of artistic skills and entrepreneurial spirit. Having started as a customer art-giving gift ecommerce company with two people, Born Beau now has an 18-person team. Born Beau initially partnered with other production on-demand companies but items were fulfilled cross border and took up to a week to reach customers in the UK. "We found Gelato, and shipments took only 2–3 days and were shipped locally. What a difference!" This helped Born Beau to scale globally and provided an opportunity for much further reach.

Production Partner Story - HG Media

We work with local production partners to produce and fulfill orders. By bringing production local, the orders generated from Gelato have a positive impact on the local manufacturing communities. HG Media, a production partner in Norway, handled over 3,000 orders a day during peak season. Our orders were one of the factors that led HG Media to grow and employ more people in the local community. By being part of our network, HG Media now has an opportunity to receive orders from global entrepreneurs selling in Norway, increasing their global reach significantly. With streamlined logistical processes and fewer issues from customers through their partnership with Gelato, HG Media can focus on building their business, expanding their product lines, and providing a better service. In 2022, due in part to our collaboration, HG Media entered new product categories such as canvases, which have opened up new commercial opportunities for the company.

Governance

Act Responsibly

Safe, More Sustainable Products

Our product range meets national and international product safety regulations. We work to continuously improve our products' eco features and help customers make more sustainable choices. Selected products such as paper and envelopes, apparel, and phone cases have more sustainable options (versus conventional alternatives) today.

Security

We take data security very seriously and have put extra measures in place to ensure we protect customer data and privacy. As part of our network protection plans in 2022, we completed Cloudflare Network Protection, Production Partners Security, a threat intelligence assessment, and penetration tests for both our B2C and B2B businesses. We also increased attack detection rules by 10x. Our security practices are ISO 27001 and NIST 800-53-compliant, and we are taking this further by working towards an ISO 27001 certification in 2023. The benefits are evident as there were 0 major data security incidents in 2022.

Our robust cybersecurity program includes regular system testing and we leverage AWS Cloud to deploy our infrastructure securely. Additionally, all employees and suppliers that have access to our systems must undergo security training to strengthen our defenses.

Privacy

We aim to have the highest level of protection for our customer data, in compliance with national and international laws and regulations. In 2021, we formed a Privacy Committee with policies and practices aligned to the General Data Protection Regulation (GDPR). Each of our business units has a privacy policy that explains how information is collected and used.

In 2022, a new mandatory course about Data Privacy and GDPR was introduced for all new team members, with the objective to effectively train staff on the importance of data privacy. A Privacy Committee has been reorganized under the direction of our General Counsel. It includes senior team members to overview privacy-related work and lead cross-department cooperation on data protection matters. The assessment of privacy implications has been embedded as a mandatory part of the investment proposal process.

Transparency & Ethics

Our business policies consider human rights, labor rights, the environment, and anti-corruption both internally and throughout our supply chain. In 2022, we created a new internal course for Gelato team members named "ESG / Code of Conduct / Whistleblower Policy" to educate them on these topics. We also introduced pre-contract due diligence to gather information around Security, Sustainability, and Legal for potential new production partners.

With the Norwegian Transparency Act coming into force from 1st July 2022, we have been working towards having a due diligence assessment by July 2023.

In 2022, we risk-assessed 100% of suppliers in the Supplier Compliance Program. Additionally, 100% of our production and development partners signed the Supplier Code of Conduct, which considers the environment, human and labor rights, and anti-corruption.

We rely on excellent governance to lay out our roadmap towards ethical growth. Our policies to achieve this include The Gelato Code of Conduct and Ethics Policy.

An aerial photograph showing a dirt road that curves through a dense, lush green forest. The trees are tall and closely packed, with sunlight filtering through the canopy in some areas. The road is light brown and contrasts with the dark green of the forest.

The Road Ahead

In the years to come, we will further accelerate the shift from centralized mass-production to local on-demand production, allowing our customers to produce what they need, where they need it, and when they need it. Because the products are made on demand, and in the same country - or even city - as where they are delivered, waste, transportation distances, and carbon emissions are dramatically cut. In 2022, 87% of all orders were produced locally, in the country where the end customer is located. In 2023, we aim to expand our network of production hubs even further, bringing the share of orders produced and delivered locally, in the same country as the end customer, to >90%.

To accelerate the shift to local on-demand production, we have recently completed a study with KPMG to measure and track the emissions for orders placed through Gelato. During 2023, a series of tools will be launched for the merchant community that will enable them to view - and act - on the sustainability insights relevant to their business. It will also enable both our customers and production partners to meet the demands of a growing share of sustainability-conscious customers, while documenting the real impact and emissions saved from local on-demand production.

While we have made many great strides, our sustainability journey is just getting started. Today, we bring creativity to life and into business for thousands of small merchants, enabling them to connect to local production across the globe to grow their business and compete on the same level as any other ecommerce brand.

In the years to come, we believe that we will be a critical unlocker for any business or global retailer in bringing down emissions and rethinking production and distribution. But also for cities and countries with aggressive CO2 reduction commitments.

We believe that moving from centralized mass-production to local on-demand production will not only be a choice but a necessity to support future growth and the demands from lawmakers and regulators, consumers - and the next generation.

Our goal is that our role in facilitating global trade through local on-demand production will continue to change the world for the better. Faster, smarter, greener.

We hope you will join us on our mission.

A close-up photograph of several water droplets resting on a vibrant green leaf. The droplets are in sharp focus, reflecting light, while the background is softly blurred. The leaf's veins are clearly visible, adding texture to the scene.

About the Report

This sustainability report covers the period from January to December 2022. Our ambition with this report is to be transparent and share our approach, progress, and focus ahead in the area of sustainability. This report constitutes Gelato's Communication on Progress (COP) submission to the UN Global Compact. The report is not quality assured by an external body.

Gelato makes all reasonable efforts to use reliable and comprehensive information, but we make no guarantee that it is accurate or complete. We have no obligation to communicate if and when information in this report changes. This report may contain forward-looking statements and it is possible that the actual results may differ. Gelato is not responsible for the information contained in any referred third-party website nor do we guarantee their accuracy and completeness. Trademarks contained herein are the property of their respective owners.

www.gelato.com/sustainability

