

Sprout Transparency Report 2021



About this report

This report is produced by Green Survey. Green Survey is an independent consulting company, that strives to create transparency during green transitions through third part validations of green efforts.

In this report, Green Survey creates a 360° insight into Sprout's sustainability profile to help to **communicate, verify** and **validate** previous, present, and future efforts.

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Foreword

Historically, the climate crisis has never been a greater threat to our existence than it is right now. The World production is reaching new heights every year, due to a growing world population. Globally, we use more of nature's resources than our planet can manage to recover, and to stop this development we need to restructure our consumption, production, and way of life.

Through global climate policy decisions, UN members are according to the Paris Agreement committed to contributing to a reduction in greenhouse gas emissions and to achieving global climate neutrality by the middle of this century. This places a great responsibility on companies who are obliged to think in green solutions and circular economy, to contribute to climate objectives, and to

leave a greener and better future for generations to come.

Action, documentation, and transparency are the three keywords for an efficient, value-creating, and credible green transition. This is exactly the ambition of this report. The **action** forms the basis of the green transition, and if green ambitions only remain as ideas without action, it neither creates climatic nor business value. **Documentation** and validation of green efforts are essential to create a credible green transition and to combat greenwashing.

Greenwashing is a phenomenon where companies misuse green statements without documentation behind their words, which has created a great distrust in the green transition.

With well-documented green efforts, you can ensure the outside world that your company is taking their responsibility seriously with action behind their words. In addition, documentation provides a competitive advantage in a market that only is getting greener. Moreover, we need to collaborate, share knowledge and inspire each other if we are to achieve the climate policy objectives and leave a greener planet behind for future generations. **Transparency** in the green transition is therefore an important way to set good examples, share knowledge, and inspire others to act.

As a global brand, Sprout takes their responsibilities seriously and do their best to conserve and renew the planet's resources.

Sprout's responsibilities

Through this report Sprout strives to set a good example and to be an inspiration for other companies to act, document, and share their knowledge. Sustainability is not something they only encourage their customers to promote, but they are also trying to incorporate it into every aspect of their own business and want to contribute to make the planet a little greener for future generations.

By creating total transparency through this report, Sprout shows how they take their responsibilities seriously by contributing to a well-documented green transition and help combat greenwashing. In addition, Sprout inspire other companies to act by being totally transparent in their sustainable work.

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1

Sustainable Development Goals

In this chapter, we explain why the SDGs are important in Sprout's business and in general. Furthermore, we present Sprout's priority SDGs and track their progress.

The sustainable development goals (SDGs) consist of 17 individual goals that oblige all UN members to contribute and promote sustainable development for both humans and the planet we live on.

Active involvement of the SDGs is one of the most important communication tools in sustainable development as it provides a common language in the global green agenda across cultures, nations, and continents. The SDGs explain the changes the world is facing and communicates how businesses contribute to be a part of the solution.

All 17 SDGs are equally important and essential, but to ensure a targeted and ambitious effort, it is important for your business to localize and prioritize the most relevant goals for you to make a real difference.

Sprout focus their efforts on three SDGs where they believe they can make the greatest impact and ensure sustainable development. Sprout's SDG work is essential for how they ensure sustainable development for two reasons; firstly, the implementation of SDGs ensures a common ambitious path in a sustainable direction within the Sprout team. Secondly, it helps to communicate to the outside world how Spout will be a part of the solution to reach the targets according to the Paris Agreement and leave a better future for generations to come.

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



SDG 12

Our planet provides us with an abundance of natural resources but right now the world consumes far beyond what the planet can produce.

Therefore, we urgently need a more sustainable economy and lifestyle to reverse the harm that we have inflicted on the planet.

To ensure responsible production and consumption we all must do our part, and this is exactly what Sprout strives to do.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Target 12.4: Responsible management of chemicals and waste by focusing on the production and important certifications and memberships.



Target 12.5: Substantially reduce waste generation through prevention, reduction, recycling, and reuse by focusing on the production and products life cycle.

Sprout and SDG 12

Sprout is committed to SDG 12 with the ambition to do more and better with less and increase resource efficiency and promote sustainable lifestyles. According to SDG 12, Sprout contributes especially to targets 12.4 and 12.5. An overview of Sprout’s SDG 12 work is listed to the right.

Sprout’s work with SDG 12 listed:

	Target	Read more
Minimal packaging and zero plastic	12.5	
REACH compliance products and EN71-1, 2 and 3 certified	12.4	p. 15
In progress with B-Corp certification	12.4	p. 17
Sedex members	12.4	p. 18
Participant at UN Global Compact	12.4 and 12.5	p. 19
Participant at Climate Neutral Now	12.4 and 12.5	p. 20
Produces Sprout pencils with a second life	12.4 and 12.5	p. 24
Participant in “Blockchain in Business & Danish design”	12.4 and 12.5	p. 27
Life cycle assessment of the Sprout pencil	12.4 and 12.5	p. 28

Sprout’s SDG 12 goals:

Sprout’s SDG 12 goal is to achieve zero waste products.

15 LIFE
ON LAND



SDG 15

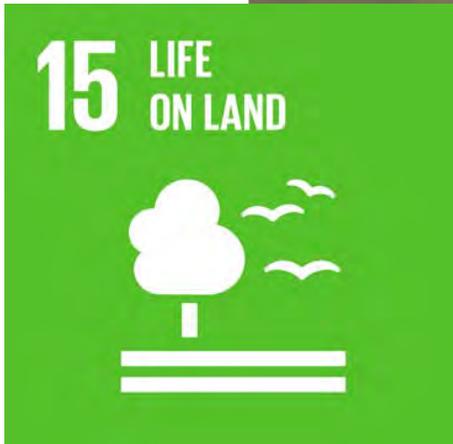
A flourishing diverse life on land is the foundation for our life on this planet. Forests and trees make Earth livable, and provide us with clean air and water, and stores vast amounts of carbon dioxide.

All over the world ecosystems face massive threats, where forests are harvested as a result of our rising population and hunger for land and resources.

In order to protect life on land, we all must promote sustainable use of natural habitats, which constitutes a huge part of Sprout's sustainable efforts.

Sprout and SDG 15

Sprout is committed to SDG 15 with the ambition to protect, restore and promote sustainable use of natural habitats. According to SDG 15 Sprout contributes especially to targets 15.1, 15.2, and 15.5. An overview of Sprout's SDG 15 work is listed to the right.



- Target 15.1: Conserve and restore terrestrial and freshwater ecosystems** by focusing on conservation, restoration, and sustainable use of forests.
- Target 15.2: End deforestation and restore degraded forests** by focusing on sustainable management of forests, restoring degraded forests and increasing afforestation and reforestation.
- Target 15.5: Protect biodiversity and natural habitats** through collaborations, that focus on planting new forestry to create greater biodiversity and living spaces for forest species.

Sprout's work with SDG 15 listed:	Target	Read more
All Sprout pencils are made of certified sustainable wood	15.1, 15.2 and 15.5	p. 16
The Sprout pencil sleeve originates from certified sustainable wood	15.1, 15.2 and 15.5	p. 16
Collaboration with the Polish State forest:		
• Buy one hectare of land every year	15.1, 15.2 and 15.5	p. 22
• Contributing to a greater biodiversity	15.5	p. 22
• Contributing to afforestation and reforestation	15.1 and 15.2	p. 22

Sprout's SDG 15 goals:
 Sprout's SDG 15 goal is to contribute to the extension of forest areas, biomass within the forest areas, protect and maintain biodiversity and natural resources through collaboration with the Polish State Forest.

17 PARTNERSHIPS FOR THE GOALS

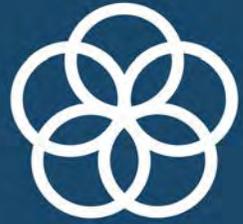


SDG 17

The global goals can only be met if we work together. The World is closer connected than ever, and international investments and support are needed to ensure innovative technology development, fair trade, and market access.

To build a better world, we need to be supportive, empathetic, inventive, passionate, and above all cooperative. This is one of the key elements in Sprout's sustainable development.

17 PARTNERSHIPS FOR THE GOALS



Target 17.16: Enhance the global partnership for sustainable development by focusing on partnerships and collaborations through projects .

Sprout and SDG 17

Sprout is committed to SDG 17 and support that we must stand together in order to change the world and make green transitions possible. SDG 17 is paramount in all Sprout's projects and Sprout especially contributes to target 17.16. An overview of Sprout's SDG 17 work is listed to the right.

Sprout's work with SDG 17 listed:

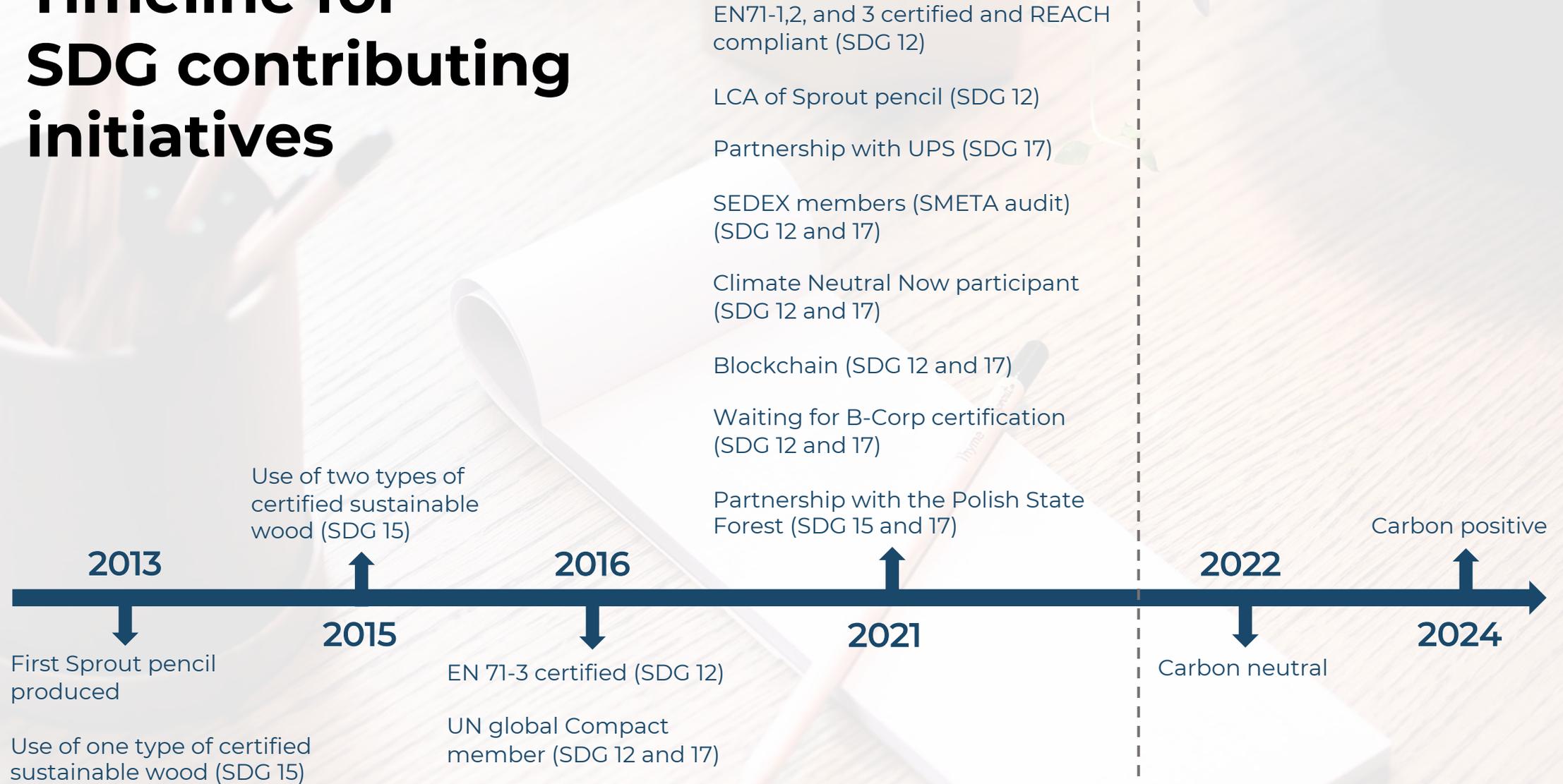
	Target	Read more
In progress of becoming a B-Corp member	17.16	p. 17
Sedex member	17.16	p. 18
Participant at UN Global Compact	17.16	p. 19
Participant at Climate Neutral Now	17.16	p. 20
In collaboration with UPS; carbon neutral shipment	17.16	p. 21
In collaboration with the Polish State Forest	17.16	p. 22
Participant in "Blockchain in Business & Danish design"	17.16	p. 27

Sprout's SDG 17 goals:

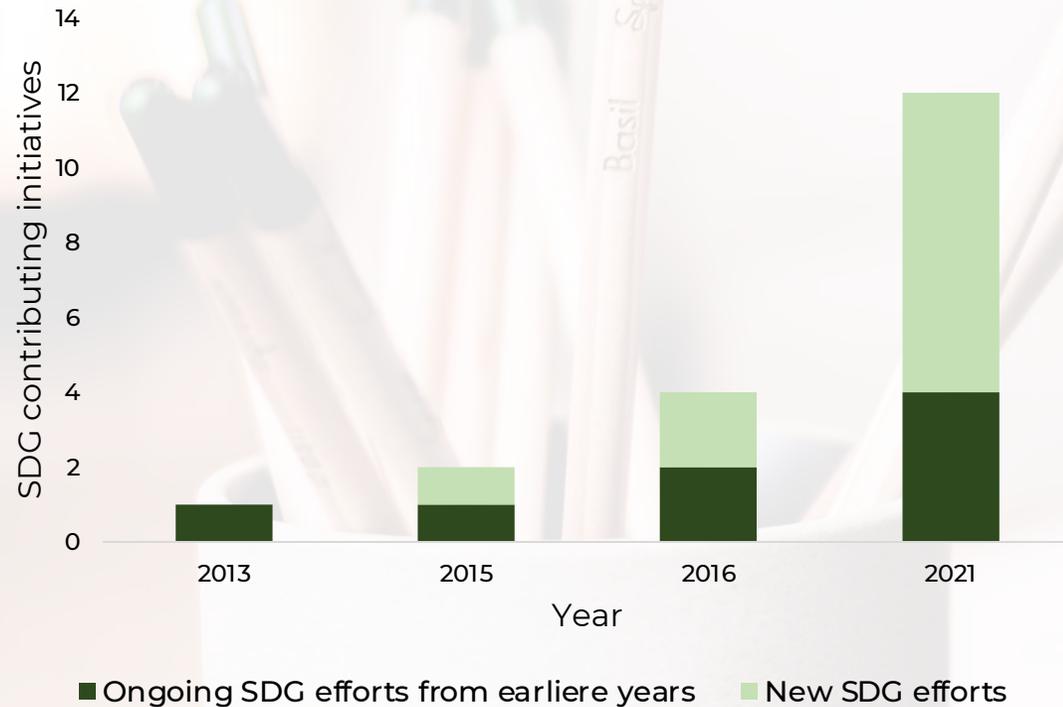
Sprout's SDG 17 goal is to continuously enter meaningful and value-creating partnerships that benefit both people, planet, and profit.

Timeline for SDG contributing initiatives

Future goals



SDG contribution and progress



This graph illustrates Sprout's SDG progress expressed by the amount of contributing SDG initiatives throughout the years.

The bar graph illustrates Sprout's progress with their priority SDGs through contributing SDG initiatives throughout the years. The SDG initiatives refer to the ones presented in the timeline on the previous page. Each initiative is individually explained in chapters 2 and 3.

From the first production of the Sprout pencil made of certified wood in 2013, Sprout has shown continuous progress by maintaining previous initiatives and contributing to the SDGs by implementing new ones.

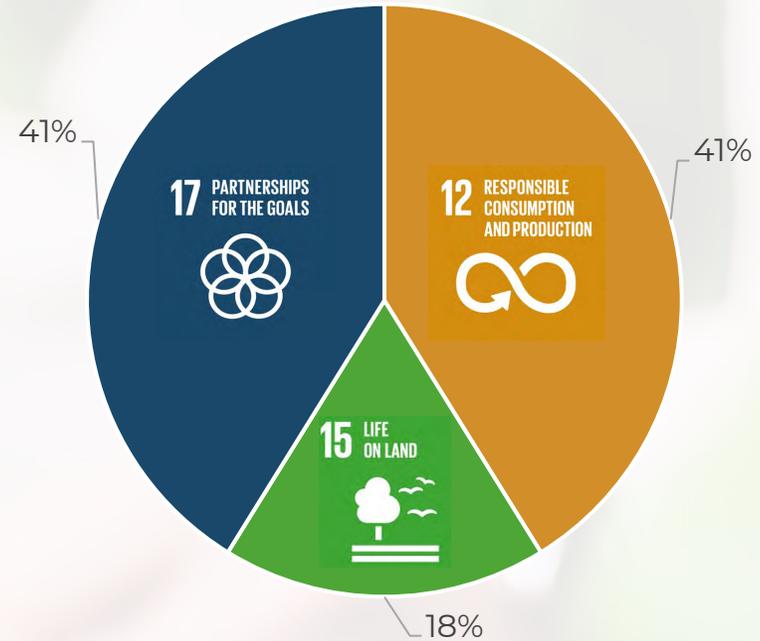
Sprout has already shown significant progress in 2021 by maintaining four ongoing initiatives and introduced eight new initiatives such as Blockchain, LCA, CO₂ neutral shipment, projects contributing to afforestation and reforestation, and further partnerships, etc.

Distribution of SDG efforts

The distribution of SDG contributing initiatives is illustrated in this pie chart.

41% of Sprout's green efforts in 2021 contribute to sustainable production and consumption, 15% contribute to life on land and 41% contribute to partnerships for goals.

Distribution of SDG contributing initiatives in 2021



A cup of wooden pencils with green erasers, one labeled 'Basil Sprouts'.

SDG progress

According to the previous three pages, Sprout has made significant progress towards SDG 12, 15, and 17 over recent years. This progress verifies their commitment to the SDGs, and to their ambitious green strategy.

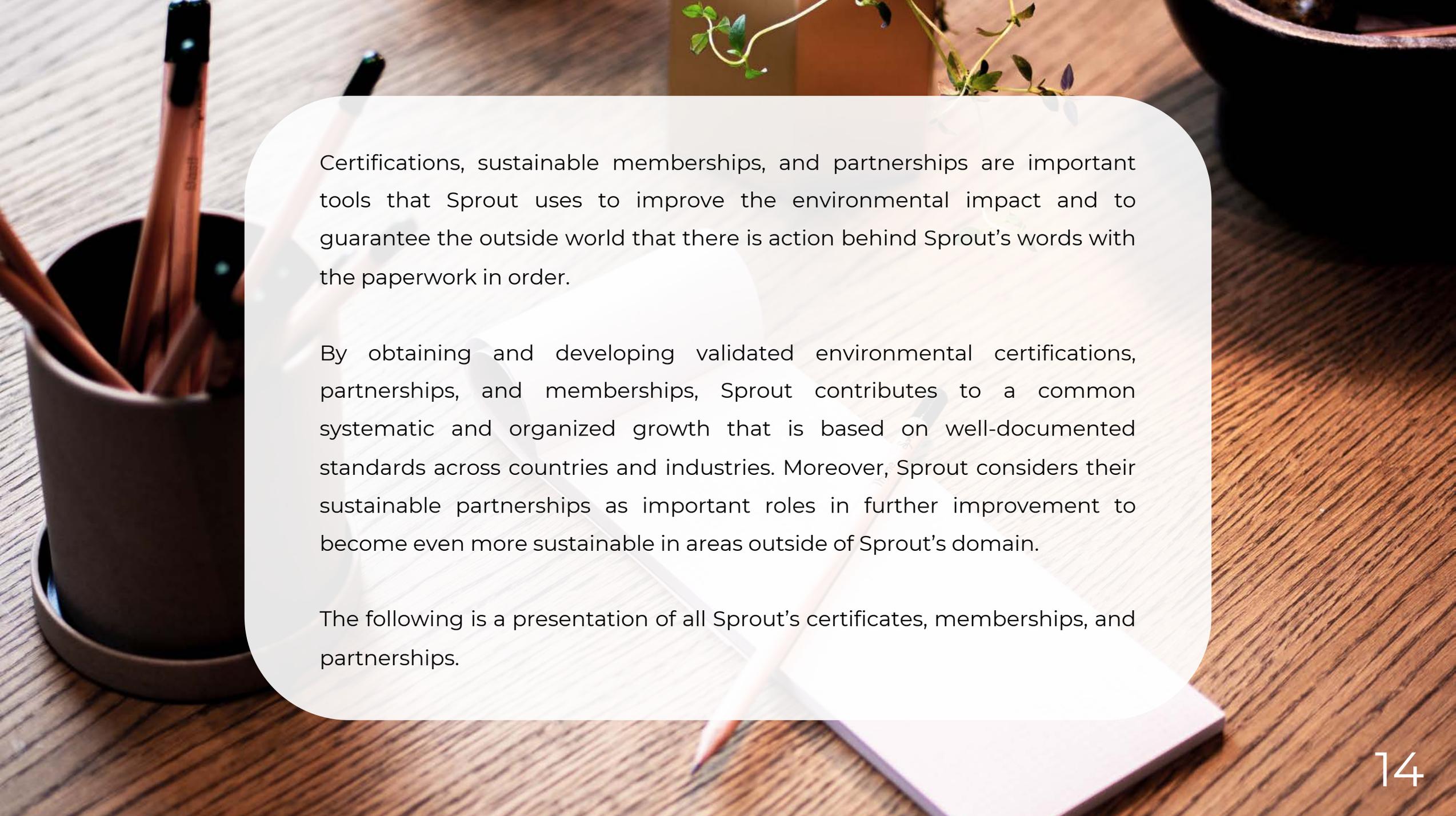
In order to develop their business progressively in a sustainable direction, Sprout strives to achieve the most relevant and serious environmental certifications, enter environmental demanding partnerships, and implement green efforts.

Sprout has especially this year, made a huge effort to incorporate the SDGs into the core of their business, which proves that they take their responsibilities seriously and contribute to sustainable development for both humans and the planet we live on.



2 Certificates Memberships Partnerships

In this chapter, we explain why certificates, memberships, and partnerships are important in Sprout's sustainable development and which ones Sprout incorporates into their business, and how they contribute to green development.

A wooden desk with a pen holder, a notebook, and a small plant. The pen holder is on the left, containing several pens. A notebook is open in the center, with a pencil resting on it. A small plant is in the background. The text is overlaid on a white rounded rectangle.

Certifications, sustainable memberships, and partnerships are important tools that Sprout uses to improve the environmental impact and to guarantee the outside world that there is action behind Sprout's words with the paperwork in order.

By obtaining and developing validated environmental certifications, partnerships, and memberships, Sprout contributes to a common systematic and organized growth that is based on well-documented standards across countries and industries. Moreover, Sprout considers their sustainable partnerships as important roles in further improvement to become even more sustainable in areas outside of Sprout's domain.

The following is a presentation of all Sprout's certificates, memberships, and partnerships.

REACH compliant and EN-71 certified

The Sprout pencil is REACH compliant and EN-71 1, 2, and 3 certified, which means that it follows EU chemicals legislation and ensures that chemicals are used safely with minimal risk to health and its environment. Moreover, it ensures that the Sprout pencil is harmless to children according to the mechanical and physical properties, flammability, and the migration of chemicals. This certification contributes to responsible management of chemicals.

Certified sustainable wood

All Sprout pencils are made of certified sustainable wood from suppliers from the Polish State Forest in the EU production. Also, the Sprout pencil sleeve originates from certified sustainable wood.

The use of certified sustainable wood guarantees that the Sprout pencil wood originates from forests where only sustainable forestry and management are promoted. Moreover, it warrants that every time a tree is harvested in the forests, another one is planted. In these forests also both animal and plant life are protected.

The use of certified sustainable wood is a way for Sprout to protect the world's forests and ensure sustainable use and promote afforestation and restoration of degraded forests, in places where the Sprout pencil wood originates.

... B-Corp certification in progress

The B Corporation certification (B-Corp) requires the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose.

To earn the certification, companies must achieve a high enough score on the B Lab's assessment. Sprout already achieved a high enough score and are just waiting for the approval to be B-Corp certified.

This certification requires Sprout to consider the impact on workers, customers, suppliers, the community, and the environment. Moreover, this certification is important for Sprout to document their ambition to restrict the environmental impact and become a 'best for the world company'. As a member, Sprout can use their ambition together with other companies in the B-Corp community, to move towards sustainable development.



Proud to be a **Sedex** Member

Sprout became a Sedex member in 2021. Sedex is an ethical trade membership organization that helps businesses to uphold responsible business practices and proactively source products and services that are ethical and sustainable, throughout the entire supply chain.

As a Sedex member Sprout's production sites have undergone a four pillar audit in connection with Sedex Members Ethical Trade Audit (SMETA).

SMETA is the world's leading social auditing standard to assess a supplier's working conditions based on; Labor standards, business ethics, health and safety, and environment.

For Sprout, these four pillars represent key areas in the assessment of responsible business practices and meeting social compliance. Moreover, this membership is an important way for Sprout to improve their responsible and sustainable practices through well-documented standards.

UN Global Compact

UN Global Compact is the world's largest CSR corporate citizen initiative, which Sprout joined in 2016. As a participant Sprout is committed to supporting the ten principles of The United Nations Global Compact in the areas of Human Rights, Labor, Environment, and Anti-corruption.

According to the environmental principles, Sprout is committed to supporting a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies.

Sprout has developed a Code of Conduct to ensure that Sprout as well as all suppliers operate in accordance with ethical and sound environmental principles as well as in accordance with the legislation on human rights and anti-corruption practices.

You can read more about the specific principles and Sprout's efforts to operate responsibly in the Code of Conduct and the annual Communication On Progress report on Sprout's website.



United Nations
Global Compact

CLIMATE NEUTRAL NOW

Carbon Neutral Now is an initiative launched by UN Climate Change.

As participants Sprout believes that climate change only will be addressed if individuals, businesses, governments, and organizations all take responsibility to reduce emissions as much as possible and offset the remaining unavoidable emissions.

To contribute and take responsibility, Sprout is calculating emissions through a Life cycle assessment, reducing emissions through green efforts and partnerships, and offsets the remaining unavoidable emissions through partnerships and collaborations.

Participating in the Climate Neutral Now initiative is an important step to reach Sprout's goal to be carbon neutral in 2022 and carbon positive in 2024.

UPS Carbon Neutral shipment



Sprout has entered a collaboration with UPS. Through their program Carbon Neutral, UPS offers to offset carbon emissions to compensate for the environmental transportation costs for all Sprout's shipments to other businesses. Moreover, the Carbon Neutral program support projects that improve forest management, methane and landfill gas destruction, and wastewater treatment.

For every ton of CO₂ Sprout packages emit during transportation, an equivalent amount of CO₂ is fixated somewhere else in the world.

This partnership is important for Sprout as a part of their Carbon Neutral Now work. At Sprout offsetting is a vital tool to combat climate change, but only in addition to reducing as much as possible within their own business.

Sprout and the forests

Sprout has entered a partnership with “The Forest Carbon farms project” through Lasy, the Polish State Forest from where the Sprout pencil wood originates in the EU production. Through this project Sprout will in September 2021 buy one hectare of land every year from now on where 4000 - 6000 trees will be planted and maintained.

This new forestry will absorb CO₂, store water, produce oxygen, and contribute to greater biodiversity for various forest species. In the future, a part of these trees will be harvested and dedicated to ecological and certified sustainable wood production.

It will take years until the trees are big enough to achieve their full function. Therefore, Sprout purchases Carbon Units to offset until the forestry is big enough to make a climatic difference. For every Carbon Unit, one ton of CO₂ will be accumulated in tree stands or soil in farms of the Forests Carbon Farms Projects.

Through this project, it is possible for Sprout to contribute to both a natural and climatic function, by protecting and restoring degraded forests and promote afforestation. Furthermore, this project is a way for Sprout to promote and advocate for a more sustainable use of materials.



3

The Sprout pencil's journey

In this chapter, we explain how Sprout incorporates green technologies and analysis to ensure total transparency and sustainable development throughout the entire supply chain for the Sprout pencil.

A background image of a desk with a potted plant, a notebook, and a pen. The text is overlaid on a white rounded rectangle.

Sprout strives to implement sustainability into the core of their business by rethinking everyday products and inspire to sustainable lifestyles. Through their products Sprout breaks with the traditional linear mindset, where products are produced, used, and end up as waste. Instead, Sprout pencils are produced with a second life, and after use will sprout into a new circle of life. By introducing circularity in products design, Sprout inspires to rethink our way of producing.

Although Sprout's products are designed to be sustainable, it is Sprout's ambition to constantly improve their impact even more and document it as well. By implementing a Life cycle assessment and Blockchain into the business strategy in 2021, Sprout strives to create total transparency. This technology and analysis will help Sprout document its sustainable efforts throughout the entire supply chain and find the gaps where Sprout can do even better in the future. Furthermore, documentation and total transparency contributes to Sprout's due diligence work. Due diligence is a systematic validated review of a business's internal conditions, which is expected to be mandatory for all businesses in the EU within the nearest future.

The Sprout pencil



100%
natural
graphite

Certified
sustainable
wood

Seeds and
sawdust

Biodegradable
cellulose
capsule

Sprout Pencil map

This map illustrates where all Sprout pencil materials are extracted in the EU production.

- 1 Pencil wood
- 2 Cellulose capsule
- 3 Graphite
- 4 Sunflower seeds
- 5 Thyme seeds and sawdust
- 6 Basil, Chia, and Carnation seeds
- 7 Corriander, Sage, Daisy, and Cherry Tomato seeds
- 8 Forget me not and Cherry tomato seeds



Blockchain for the Sprout pencil

Sprout is participating as a case study in the project “Blockchain in Business & Danish Design”, which is funded by the Industry Foundation. The project is initiated by Lifestyle & Design Cluster in collaboration with Copenhagen Business School, Design School Kolding, and Copenhagen School of Design and Technology.

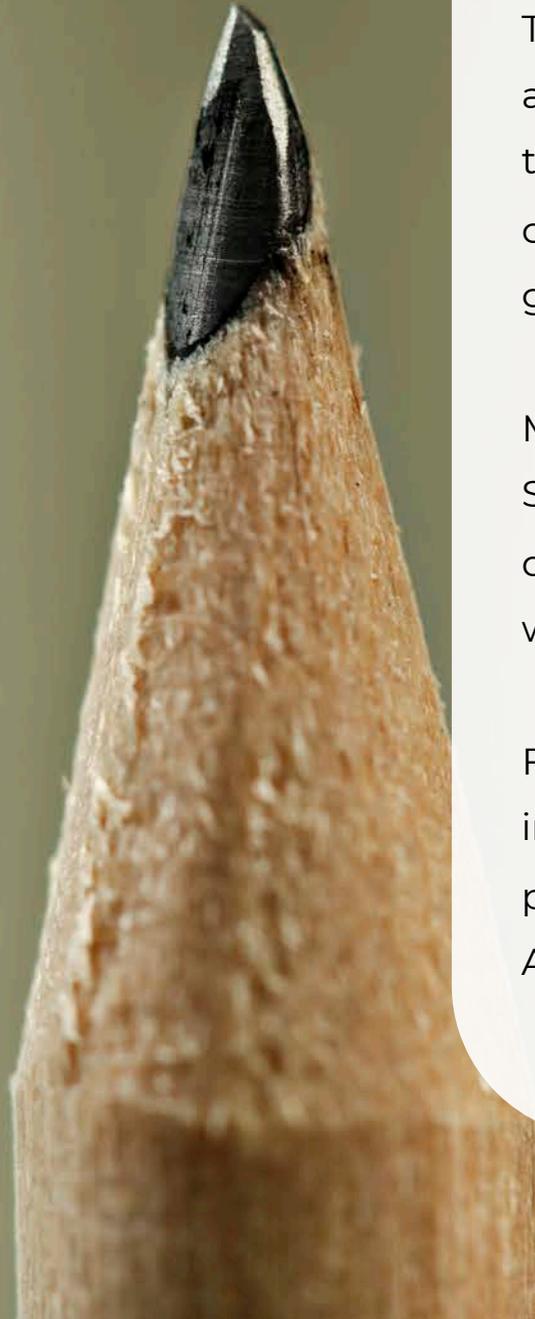
At Sprout, trust is paramount, and therefore it is important for Sprout to show their credibility. To do this, Blockchain is a useful technology for Sprout to ensure transparency and traceability throughout the supply chain for the Sprout pencil and is an important tool to verify all green efforts, help people adopt a more sustainable lifestyle through informed choices, and help improve green efforts and recycling practices.

With blockchain Sprout aims to ensure transparency and traceability, to verify sustainable efforts, and to find the gaps where Sprout can do even better. The development of the prototype is expected to be completed in September 2021.

Life Cycle Assessment

A full life cycle assessment (LCA) for the Sprout pencil was completed by Green Survey in 2021.

LCA is essential when documenting the environmental impact of the Sprout pencil throughout its entire lifecycle and helps localize hotspots where Sprout can reduce even more and offset what cannot be reduced by themselves.



The LCA is a tool used by Sprout to achieve the goals of being totally transparent, carbon neutral in 2022, and carbon positive in 2024, and to combat greenwashing.

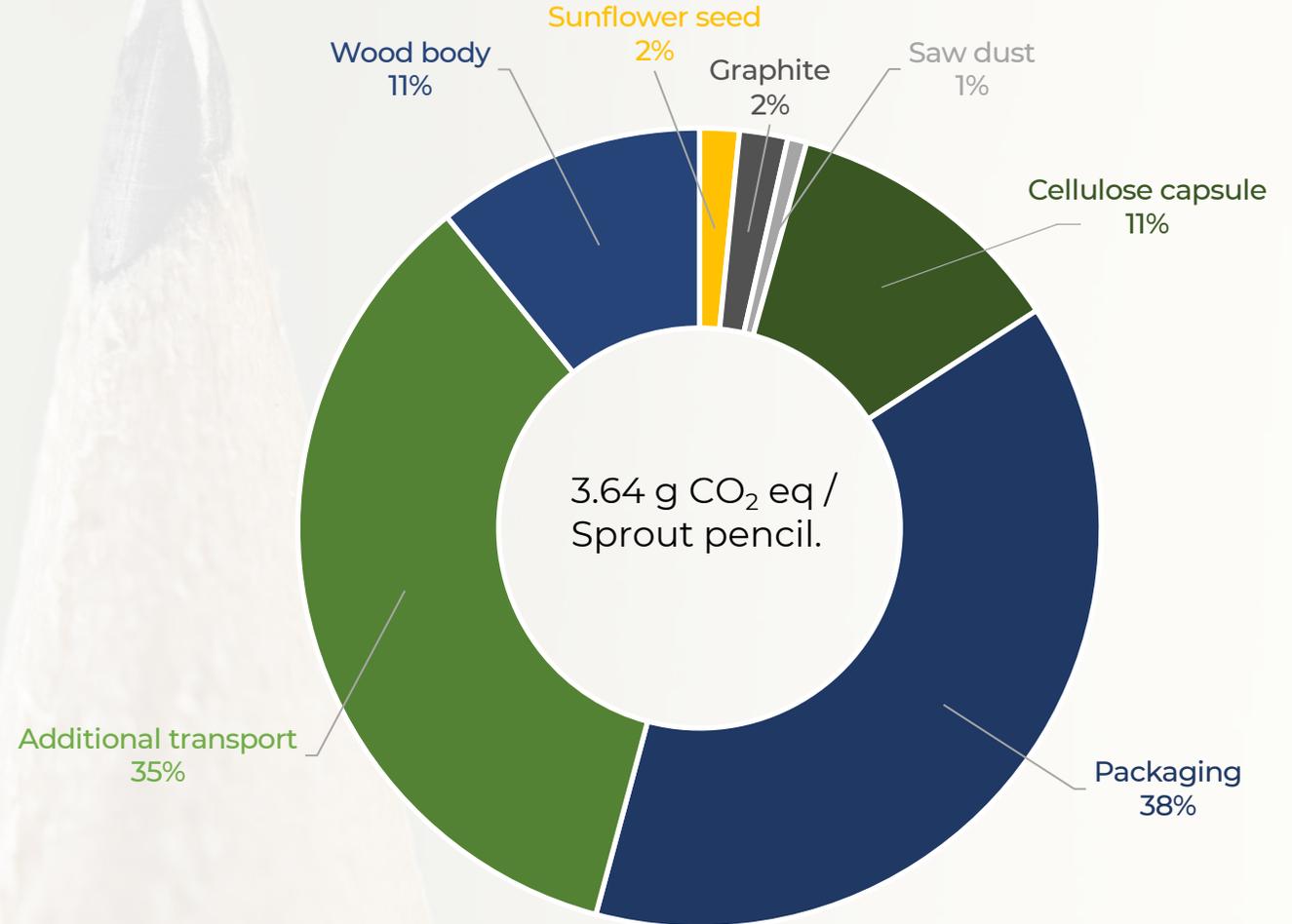
Moreover, the LCA is important for Sprout to increase their credibility by documenting the action behind Sprout's words concerning all solutions.

Find out more about the environmental impact of the Sprout pencil on the next page or read more in the full Life Cycle Assessment.

Sprout pencil and Global Warming Impact

In the full LCA report, different impact categories are calculated for The Sprout pencil. The most commonly used impact category when comparing and documenting the environmental impact of products is the global warming impact (kg CO₂ eq).

The total global warming impact when producing one Sprout pencil is 3.64 grams of CO₂ eq. The pie chart to the right displays the contribution of each component of the Sprout pencil to the full global warming impact in percentage.



Sprout pencil and Global Warming Impact

Life cycle analysis can help create total transparency within the production of the Sprout pencil and helps customers, suppliers, and partners to choose the Sprout pencil based on well-documented knowledge and can furthermore compare it with similar products on the market.

Furthermore, knowing the contribution of each Sprout pencil component to the global warming impact is important in Sprout's future efforts to localize areas where Sprout can do even better.

If you want to know more about The Sprout pencil's environmental impact, you can read the full LCA report carried out by Green Survey.



4

Sprout and the future

Sprout strives to be a lighthouse in the green transition with ambitious green goals for their future business.

The following is a presentation of Sprout's future goals to ensure continued sustainable development.

Sprout's future goals

To achieve a climate-neutral world by the middle of this century, according to the Paris Agreement, Sprout will take responsibility and continue the good work with the SDGs, partnerships, collaborations, and green efforts.

Sprout, furthermore, strives to be a 'best for the world' company with the ambitious goals to become carbon neutral in 2022 and carbon positive in 2024.

Final comments

This report shows the total transparency within Sprout's sustainable profile in 2021. The report explains all green initiatives, certifications, memberships, and collaborations and describes how Sprout contributes to sustainable development through the SDGs, how they contribute to achieving the goals accordingly to the Paris Agreement, and reaching their own and even more ambitious goals of being carbon neutral in 2022 and carbon positive in 2024.

Through this report Sprout is a lighthouse in the green transition by creating and contributing

to a trustworthy production and inspiring green transition for readers, customers, suppliers, other businesses, and in general the outside world.

Through partnerships and collaborations, Sprout shows how people across countries, industries, and cultures can contribute to a more sustainable development toward a greener world for generations to come.