



ESG Report

Championing Childhood



September 2021 V1
Next Update Due December

Opening quote

Largely we exist to ask our friends in the crafts industries and family businesses to make things you've asked us to.

I don't know if school supply can ever be entirely sustainable but we go to work every day and we try to do better together' **Peter Ellse CEO**

Foreword

Cosy, since our inception in 2011, has put sustainability at the centre of its existence. Built with the aim to incorporate more nature into ever increasing indoor childhoods, we sought to move away from the high carbon, single use plastics that dominate the industry, and instead focus on products that re-engage today's children with nature.

From using local small and medium sized businesses to supply the majority of our products, to offering some of the most natural and low process goods in the world of educational equipment, we prioritise a greener approach to business and play. This has allowed us to align ourselves closely with several of the UN sustainability guidelines, namely goals 4, 5, 9, 10 and 12.

Our commitments to these aims will be discussed in depth within this report. As the looming ecological threats grow larger, we will work even harder to ensure Cosy maintains its eco-friendly promises, and goes even further in the battle for sustainability.

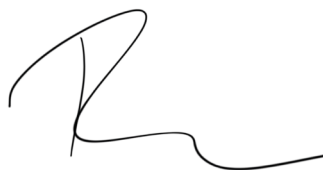
Our eventual plans to be a carbon neutral business are still a work in progress, yet significant progress has been made from 2020-2021. We have already conducted a carbon audit of the business, led by our sustainability manager, installed energy saving and 100% recycled waste measures across our Distribution Centre plus offices.

Now that we have measured our impact, the next stage in our aims is to further lower our carbon usage, producing our own renewable energy, and further changing the way our business operates to be as sustainable as possible, these efforts, and their impact will be elucidated in the report within. By acting in this manner, we hope we can encourage others in the sector- to show that success doesn't have to come with a high ecological impact, and that a childhood that interacts with nature has untold benefits.

If you have any suggestions on how we could be more sustainable, please contact our Sustainability Manager **theo@cosydirect.com**



Peter Ellse, MBA
CEO



Theo Kuehn
Sustainability Manager

Contents of Report

Time Line of Sustainability efforts

Breakdown of Products

Scope 1 and 2 analysis of actions completed thus far, and future plans to limit ecological impact

Scope 3 analysis of actions completed thus far, and future plans to limit Ecological impact

Supporting Evidence

UN Sustainability goals, and what we do to support these.

Concluding Remarks



Timeline of Sustainability Efforts

2011

Establishment of Business, to create craft ideas with community in mind, and committed to giving 10% of our profits to charity

2012

Gave 3000 square foot storage to Derby Kids Camp, a local charity that provides free holidays to Derby's children.

2014

Funded the construction of classrooms in Kenya

2015

Established a fund for Teachers in Gambia

2017

Product redesign program to allow for more efficient deliveries.

2018

Investment in quality control team to ensure high quality and sustainable wood is used in our natural products.

Funded the establishment of a football coaching team in Gambia.

2019

Began plans to move to a new greener site that would allow us to expand our sustainability efforts.

2020 Q3

Moved into our new green site, including open plan, naturally lit office space to limit electricity usage. Upcycling of our old racking and discontinued stock into bar tables and chairs.

2020 Q4

Installation of Energy saving bulbs and motion sensors across our site, saving an estimated 31 Tonnes of carbon per year.

2021 Q1

Introduced the cycle to work scheme to encourage sustainable transport to and from work. Switched 70% of our workforce from traditional, carbon intensive desktops to energy efficient laptops

2021 Q2

Foundation of a cross departmental team to focus on limiting environmental impact and becoming a more sustainable business- fully supported by board of directors Introduction of company sponsored ride share schemes to ensure as few cars as possible are travelling on and off site. Began recycling 100% of our commercial waste

2021 Q3

Hiring of a full-time sustainability manager to oversee carbon limiting across the business Producing a full carbon audit on the business to measure our impact, and prioritise our current weaknesses. This will be verified by an accredited agency. Building a large extension and fitting a new roof on our current site to allow for the installation of solar panels Offered salary sacrifice scheme to fund the purchase of electric vehicles- currently have 3 on site. Switching our paper supplier for our catalogues to an even more sustainable option- FSC compliant Beginning of a full repair and upcycling project of second hand stock to ensure these are given new lives.

2021 Q4 & Beyond

Installation of Solar Panels, to produce an estimated 60,000 kWh of renewable electricity per year Installation of E.V charging points to further encourage sustainable travels Further greening of our site- living roof, Rainwater collection, wild flowers to encourage bio diversity.

Breakdown of Products

	2017	% t/o 2021	2024 Target
Low Carbon Locally Made	52%	71%	85%
Low Processes / Close to Nature / Crafted / Upcycled	12%	16%	20%
Cosy Foundation Supporting	40%	75%	75%



Source	Scope	Resource used / produced	Conversion calculation	Carbon Produced	Potential Offsets
Electricity	1 (direct)	100,925 kWh per year	*0.21016	20,346kg	Solar, switching to a renewable supplier
Water	1 (direct)	327.6m3	*0.149	48kg	Advice sheets around office for now to reduce water usage, rainwater collection.
Passenger travel	3 (indirect upstream)	406,400 miles per annum	*0.1357	55,148kg	Carpool, Electric Vehicles, cycle to work, working from home
Recycling wood	3 (indirect upstream)	58.62 tonnes	*21.294	1,248kg	Save and upcycle more wood
Recycling Mixed	3 (indirect upstream)	10.16 tonnes	*21.294	216kg	Limit wastage in whatever way possible
Recycling General	3 (indirect upstream)	17.68 tonnes	*21.294	376kg	Limit wastage in whatever way possible
Recycling paper	3 (indirect upstream)	8.508 tonnes	*21.294	181kg	This has been mostly covered through the usage of all cardboards in packing and void fill
Total				77,565kg of Carbon per Year	

Notes

As can be seen, our main carbon contributors are the Electricity used to power the distribution environment, the Emissions from vehicles driven by our staff to and from the offices, and the wood that we needed to recycle. These therefore formed the 3 most crucial issues for us to address in the future. Our plans in regards to these are outlined in the tables below.

Scope 1 and 2 analysis of actions completed thus far, and plans to limit ecological impact

Carbon Source	Actions taken thus far	Actions to do	Date of completion and impact
Company Facilities	<ul style="list-style-type: none"> • Moved into a new greener site, with natural light to keep lighting costs low, and open plan to allow for less need for cooling in summer. • Installation of Energy saving L.E.D bulbs, which have offset 31 tonnes of carbon per year. • Installed motion sensors to ensure no energy is wasted lighting areas with no activity. • Number of staff switched from using traditional P.Cs to energy efficient laptops. • Allowed for Staff to work from home to avoid unnecessary emissions coming to and from the workplace. • Creation of a cross departmental, multi level group within the business, whose frequent meetings are all based on sustainability and eco-friendly practices in all fields. 	<ul style="list-style-type: none"> • Installation of Solar array, to offset a further 23 tonnes of Carbon per year • Installation of E.V charging points, to incentivize the usage of electric vehicles • Introduction of a paperless warehouse to avoid carbon inherent in manufacturing process • Installing a grass parking area for the carbon sink that grass provides. • Overall greening of the land around our D.C, including tree planting, Wild flowers, Bee Hives and other natural areas. • Introducing Rain water capture to lower our usage of processed water. 	Q1 2022 for introduction of sustainable energy production paperless D.C and rainwater capture- which will offset a estimated 35 Tonnes of Carbon
Company Vehicles	<ul style="list-style-type: none"> • Introduction of a cycle to work scheme, to prioritise low carbon forms of transport. To encourage this also established cycle groups, and friendly competition on fitness recording apps to encourage participation. • Salary sacrifice scheme to allow for the purchase of electric vehicles. 2 electric vehicles already purchased through this scheme. • Push for employees to ride share wherever possible. 	<ul style="list-style-type: none"> • E.V charging points to be installed, allowing for free charging at work. These are to be powered using excess Solar Energy. • Introduction of Electric Cosy minibus to provide transport to staff that are required on site. 	Q1- 2022, aim to have at least 10 electric vehicles on site, and an electric minibus. This will offset an estimated 10 tonnes of carbon from employee transport.

Scope 3 analysis of actions completed thus far, and plans to limit Ecological impact

Carbon Source	Actions completed	Actions yet to complete	Date of completion, and Impact
Purchased goods, services and capital goods	<ul style="list-style-type: none"> • 67% of our products come from SMEs, who share our beliefs in upcycling and low carbon production. We invest heavily in these suppliers to ensure they are capable of following our low carbon example. This has increased from 52% in 2017. • Over 76% of our products come from local suppliers, limiting their carbon impact. • A further 16% of our products are close to nature or upcycled, preventing the over-processing of goods. • The catalogues we use have a lower carbon impact than a majority of digital only marketing. We use recycled packaging, and all the paper used is PEFC accredited and recyclable. • Our products are packed used recycled cardboard, into FSC boxes, and if necessary are wrapped in recyclable plastics. 	<ul style="list-style-type: none"> • Aims to increase the number of products from these sustainable sources to 80% • Continue to support and aid in the development of Sustainable businesses, especially those within the U.K to prevent the need for international shipping. 	2023- This 80% sustainable, short distance transport will help prevent 1.7 Tonnes of carbon (the amount of carbon a single air freight delivery from Asia produces) per delivery. By sending products on the road rather than sending via shipping, we also do not support an industry that produces 940 million tonnes of carbon annually.
Fuel and Energy related Activities	N/A		
Business travel and Employee commuting	<ul style="list-style-type: none"> • See the Company vehicle section of Scope 1 analysis for a full breakdown of the efforts made in this capacity. • Prioritise recruiting locally, within a 10mile radius. 	<ul style="list-style-type: none"> • The Carbon produced from all international flights to be offset via proven methods, such as the funding of community projects in the Africa communities we already fund. • E. V charging points to be installed. 	<p>Aims to have 100% of our workforce arriving to work in sustainable means (Electric car, Bicycle, Car share etc) by 2024. This is one of our highest priorities, and will offset 55 Tonnes of Carbon per annum.</p> <p>10 E.V points installed by Q1 2022</p>

Carbon Source	Actions completed	Actions yet to complete	Date of completion, and Impact
Waste Generated in operations	<ul style="list-style-type: none"> • Began to repair pallets damaged in logistic chain- 250 to date • All cardboard and paper waste is shredded on site (from February) and used to pack our products. This has saved around 24 Tonnes of cardboard. • Recycled 100% of the waste produced by our operations- Cardboard 8.508 tonnes General 17.68 tonnes Mixed Rec 10.06 tonnes Wood 58.62 tonnes Total 94.86 tonnes 100% Landfill diversion 17.68 tonnes sent to Energy recovery 77.19 tonnes recycled This saved 38 tonnes of CO2 	<p>Continue to recycle all possible waste in the future.</p> <ul style="list-style-type: none"> • Through repairs and upcycling, seek to reduce the amount of waste that needs to be taken off site to be recycled.- down to 70 tonnes in 2 years. 	70 Tonnes of waste or less by 2024, to offset 2 tonnes of Carbon.
Transport and Distribution	<ul style="list-style-type: none"> • Recently established logistics partnership with Hellmanns logistics, who have a proven track record in sustainability and share our desire to be as environmentally friendly as possible. • Energy saving bulbs and motion sensors have cut the CO2 output of our DC by 31 tonnes per year 	<ul style="list-style-type: none"> • Plans to begin to use our own electric fleet of vehicles to ensure eco friendly delivery of our products. • Paperless D.C to be introduced soon 	E.V Distribution fleet by 2030, drastically reducing our logistics environmental impact. Paperless D.C by Q2 2022
Leased Assets	N/A		
Use of sold products	<ul style="list-style-type: none"> • 16% of our products are recycled or low process • 67% are low carbon. • Vast majority of our products are designed to be used in tandem with nature. Prioritizing a natural, and environmentally positive childhood. • We prioritise products with multiple uses, and open ended resources that can be used in countless ways. This prevents the need for overconsumption or the purchasing of countless resources that often go to waste. 	<ul style="list-style-type: none"> • Aims to increase the number of products that adhere to this environmentally friendly ethos 	Increase by 15% by 2024.

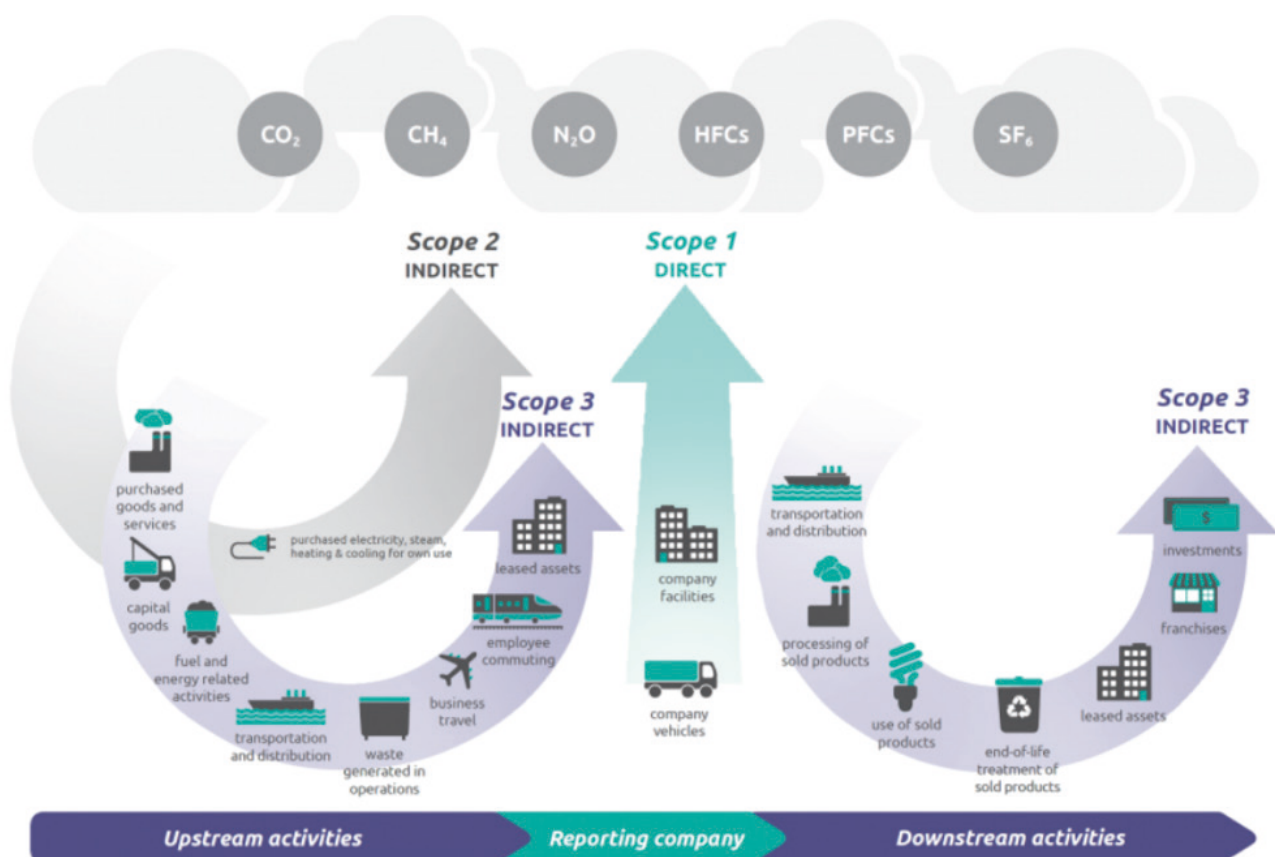
Carbon Source	Actions completed	Actions yet to complete	Date of completion, and Impact
End of life treatment of sold products	<ul style="list-style-type: none"> • Currently offer free resources to help individuals extend the lifecycle of their products, in the form of blogs and ideas on social media. • Returned products are returned to their suppliers to be recycled or repaired so they can be used again. 	<ul style="list-style-type: none"> • Increase capacity so 100% of returned products can be up or recycled on site rather than being moved to a secondary location, saving unnecessary transport emissions. • Offering returned wooden products to local schools and communities for upcycling. 	Both these schemes to be in full effect by Q2 2022.
Company investments	<ul style="list-style-type: none"> • Invest a further 10% of our profits into the production of these free resources that seek to increase the lifespan of our products. Despite the carbon that goes into the production of these, their use and longevity offsets these issues. • We've invested in a volumetric data scanner to ensure efficient ordering and sending of products. • We've invested in a materials expert to ensure our products are not unnecessarily wasteful or resource heavy. 	<ul style="list-style-type: none"> • Increase the number of products we produce guidance for in regards to other uses, encompassing the whole range by 2025 	2025, with this effect we will save an estimated 200 tonnes of product heading to landfill, or for unnecessary processing into recycled alternatives.
Franchises	N/A		

Supporting Evidence

Carbon Breakdown Preamble

Using the widely acknowledged Streamlined energy and carbon reporting system, we have begun the process of accurately capturing the carbon usage of the business. The breakdown of our carbon usage relates primarily to Direct emissions under our control, as well as the waste generated within our operation and the fuel produced in our staffs commute. Included below is the differing sources contained within each, as well as the figures used to calculate the carbon produced. The quantities were then converted via the Government mandated conversion factors, as can be found at

<https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

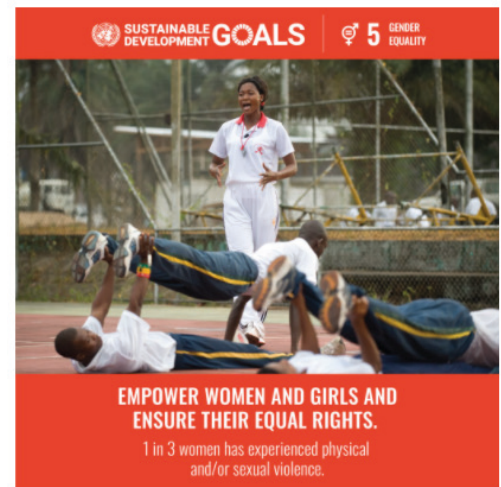


UN Sustainability goals, and what we do to support these

Gender Equality -Achieve Gender equality, and empower all women and Girls

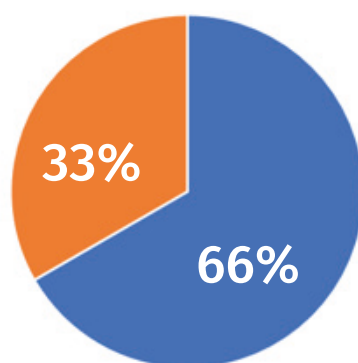
- As a business, alongside the obvious measures of equal pay for equal work, and having female members of staff at some of the highest positions of management, we've prioritised flexible working to allow for parents to work without missing the most crucial parts of their children's lives. As most companies look to reintroduce traditional office based 9-5 structures, we're keen to allow the flexibility which aids traditionally marginalised groups to remain in gainful employment. This has taken the form of a 9:30- 2:30 parents shift, to allow parents to work whilst also being available for pick up and drop off times for most schools and nurseries. In the future, this will remain a constant benefit for our staff.
- Alongside this, we also empower women to strive for leadership roles through our sponsorship of the East Midlands Women's Business awards.

- Cosy's Leg up programme as it is ten years celebration for Cosy, we have decided to set ourselves a target to employ ten people from disadvantaged circumstance over the next two years. We are at an early stage but are engaging with Safe and sound, derby county community trust, St. benedict's school and Drake Hall for ROTL and day release members. We look forward to aiding these individuals in whatever way we can.



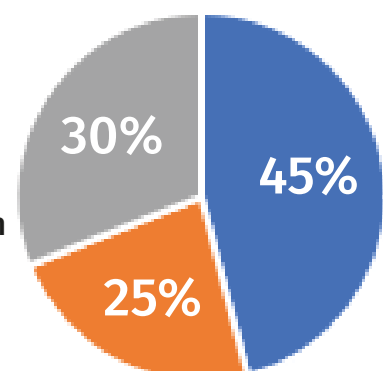
Board of Directors
Gender Divide

■ Male
■ Female



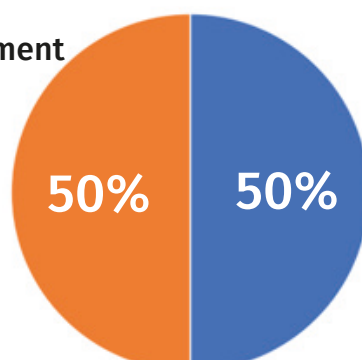
Working
Style

■ Full Time
■ Part Time
■ Working from Home



Executive Management
Gender Divide

■ Male
■ Female



Education- Ensure Inclusive and Equitable quality education and promote lifelong learning opportunities for all

- This aim remains at the heart of our product development mentality. Developing and supplying responsibly sourced products to encourage the kind of rich, creative and healthy play that helps with children's educational and social development. We interact with educational professionals daily to assure we can provide quality products.

Locally, we support a number of local charities who aim to give children better opportunities, including Derby Kids camp, who give some of Derby's most materially disadvantaged children a yearly holiday to look forward to.

- Locally, we support a number of local charities who aim to give children better opportunities, including Derby Kids camp, who give some of Derby's most materially disadvantaged children a yearly holiday to look forward to. Alongside this, as part of our charitable endeavours under the Cosy Foundation name, we fund a number of educational institutions and students across the developing areas of Africa, including Sports coaches in Gambia, and new school facilities in Kenya and Tanzania. Thus far, we have donated £220,000 to these worthy causes. As we continue to grow, we will continue to invest 10% of our profits to aid these communities, especially in regards to ensuring children are given the education they deserve, both domestically and abroad.



Inclusivity, Innovation and Infrastructure

- Build a Resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation As part of our business model, we prioritise our working relations with SMEs. We strive to increase the access of small-scale enterprises into value chains and markets. 70% of our supply chain, whose products account for 78% of sales through 180 suppliers, consists of small, independent, often owner-operated or family-run companies, who are the backbone of our business.

These are geographically local, helping keep the environmental impact of receiving and sending these products to a minimum. By investing heavily in these enterprises, we have managed to create over 150 jobs, helping grow communities and opportunities along the way. We offer fortnightly payments, interest free loans, offer Quality control support, H.R services, and sourcing assistance.

- These companies share our aims in sustainability and through our partnership, we've been able to work in tandem to reduce our collective waste and carbon footprint. For example, some of our best selling products are barrels, which are upcycled from a number of sources, and given new lives in schools.



- We look forward to continuing to help build our suppliers, fostering sustainable innovation throughout.

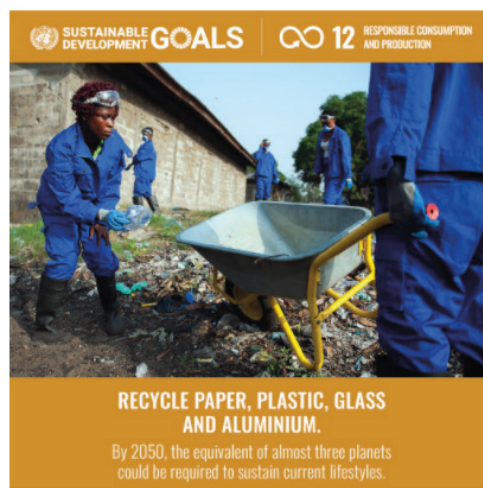
Reduced inequalities & Charity

- Our Business was established with Charity in mind. As such, we have supported 80 grassroots charities both internationally and locally. These range from Derby Kids camp and their excellent work with the children of Derby, to international efforts in providing education in Gambia, Kenya and Tanzania.
- Domestically, we aim to be as inclusive as possible in our hiring processes, hiring those who need flexible hours, or that may be seen as unemployable by other companies such as recently released convicts. 25% of our workforce are part time, most of these working parents who would otherwise struggle to balance childcare and work. As we continue to grow, we see this percentage rising, and look forward to aiding our staff in any way possible. For more information on our charitable endeavours please find a full break down on www.cosyfoundation.com



Responsible Consumption and Production • Ensure Sustainable Consumption and Production Patterns

- As our entire business ethos is built off the notion of open ended and natural play, it is this aim we most align ourselves with. All of our bespoke products are built with multiple uses in mind, to encourage active learning, problem solving and creative thinking. These are therefore designed to have a longer lifespan than traditional educational supplies.
- We recycle 100% of the waste we produce in our D.C and office, and have begun to offer returned wooden products for use in community D.I.Y projects.
- We similarly have designed a number of products made with recycled and upcycled products, such as barrels, and thus, saved these from the carbon intensive processes to convert them into other forms. Using our platform on social media, with 96,000 followers across the various sites, we frequently collaborate with content creators for new innovative ways to extend the lives of cosy products. This further prevents the material wastage so common in modern existence.
- In 2020 we moved to our new site in Rural Staffordshire, and capitalised on this fresh start to implement some systemic changes in the business, to heighten our sustainability. As we continue to push for sustainability in all facets, we will look to increase our commitment in this aim. These steps are all elucidated in the tables below.



Section 5

Concluding Remarks

As has been evidenced by this report, steps are being made in the right direction, and the desire for more sustainable practices is being pushed by all present in the company.

Our unique position in the market, being the trailblazer in regards to sustainably sourced, low carbon products grants us an opportunity to be an example in other ways. For a business of our size, there is no mandate for us to begin this in depth process of carbon capture, nor to begin the process of pre-emptively seeking to limit and offset our emissions.

Yet it speaks to our ambitions, as well as our commitment to sustainable business practices that we are willing to deeply invest in these programs at our size. The strategies we're choosing to undertake, Solar energy generation, Electric Vehicles, and a zero waste distribution environment are all costly endeavours, yet worth the effort to limit our environmental impact.

As we continue to grow, this ethos will remain at the centre of our business decisions, informing our choices at every stage and every level of the company. While our industry is beset with the deep sea shipping products habit, we hope to inspire others to follow cause, and in doing so limit the overall carbon of our sector.

'We're far from claiming the high ground of sustainability, but we're seeking to attain it in our own small ways' **Peter Ellse CEO**

