



Environmental Social Governance Report

September 2020

T A
K K | **Essentials**
only.



ENVIRONMENTAL

Every year over 3.5 trillion units of retail packaging are produced worldwide (Euromonitor International, 2017). Only 14% of it can be recycled, and, even worse, 34% of it leaks to the environment. If no action is taken, by 2050, it is expected that there will be more plastic than fish in the sea¹ (Ellen Macarthur Foundation, 2017).

The biggest packaging burden on the environment comes from the food and beverages industries, which makes up 92%² of the total. The personal & home-care market generates 7% of all the packaging, but this is rising steeply especially in the emerging markets where population and per-capita spending are increasing.

At TAKK, we understand that our world is facing a climate crisis and that plastic pollution is part of it. We are committed to focusing all of our innovation efforts to tackling this problem.

We also understand that the burden of the personal & home-care market to the environment goes beyond the packaging. The eco-system that encourages overconsumption, global supply chains and the war for the shelf-spaces at the retailers, are not only causing strong damage to our environment but also hindering the true innovation efforts.

At TAKK, while we keep up our constant effort to understand the next generation of packaging, we will keep fighting against over consumption and transportation burden.

¹ By weight

² In 2016, industries including food, soft drinks, alcoholic drinks, personal care, home-care, hot drinks, dog/cat food.

Details are shown in Appendix 1.

THE PACKAGING TECHNOLOGIES

Eco-friendly packaging can mean both prevention of plastic usage and the recovery of the materials used in the industry. There are many players in the industry approaching the same issue from different angles. In Figure 1, we summarised the waste hierarchy together with some good-case practices from the market.

One way or another, all available solutions have their downsides for the environment despite their higher cost compared to the traditional offers. However, all of the efforts are very valuable to understand what is next in eco-friendly solutions.

At TAKK, we are committed to offering one winning solution for all. Therefore, we actively look for alternative applications to understand which ones are user-friendly as well as providing true environmental benefits. We currently have several initiatives under each of the waste hierarchy segments.

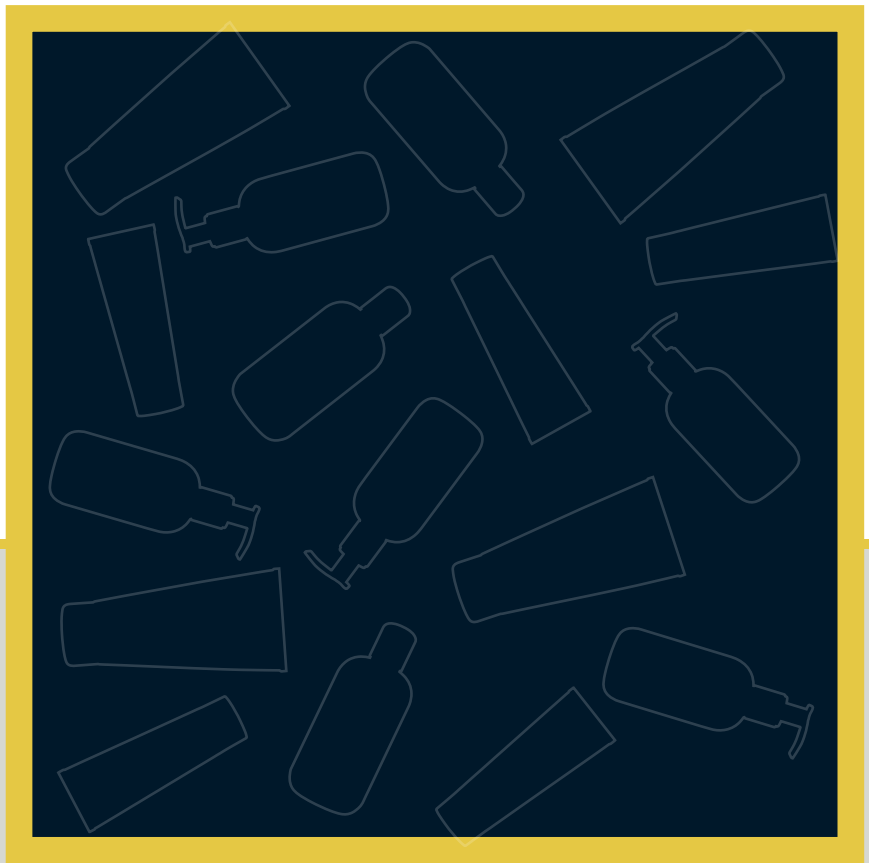


Figure 1

REMOVE - Toothpaste Tablets:

Toothpaste tablets, which are a powder form of a regular toothpaste, is a promising innovation to eliminate toothpaste packaging. We were not convinced that the tablets current performance is meeting the existing dominant form in terms of user experience. Therefore, currently we are offering regular toothpastes.

However, we are in constant touch in with our producer/dentist to find a more eco-friendly solution which appeals to customers and is as effective as current offerings. If you are a TAKK subscriber and would like to try our latest edition toothpaste tablets that are being considered to replace our existing offer, please e-mail us at eco-solutions@takko.uk and we will be very happy to send you samples and hear your thoughts.



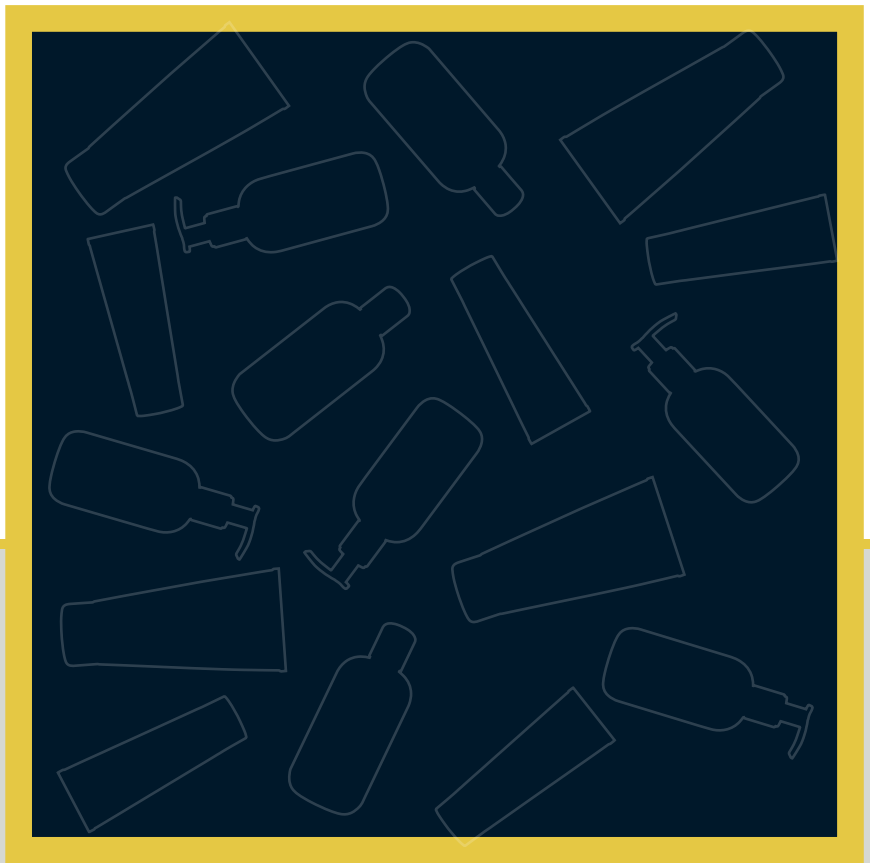
REDUCE - Concentrated Offers:

For many of the personal and home-care products, in order to ensure product durability, the packaging has to have certain protective features. We have considered refill packs however the material saving in many of the refill packaging options is not justifying the required customers' effort. Therefore, we focus on concentrated offers, and we are actively looking for improved solutions.

REUSE - Milkman Model:

Our initial business model was a milkman approach in which we collect our empty packaging back to clean, refill and deliver again. However, during our research, we realised that actually it is more environmentally friendly to make sure our packaging is recycled together with the mass. As the carbon footprint of a solution like this is disproportionately large owing to the logistics of the delivery and collection of packaging and the cleaning of the packs is also quite intensive in terms of resource usage. We haven't given up on the milkman model. As our portfolio and subscriber base grows, and the technology evolves, the milkman model can justify itself in the future. We will keep our customers updated on the developments, and if you are from the industry and have solutions that might fit to our model, please e-mail us on eco-solutions@takk.co.uk.





RECYCLE - Full recyclability:

For our product packaging, we use Type-2 plastic which is the most recyclable type. Our packaging partner RPC has a clear focus and commitment to eco-friendly solutions. You can reach their sustainability report from this link:

<http://rpc-mhdivision.com/sustainability/>

Beside the product packaging, we also made sure all of our outer packs and protective papers in the boxes are 100% recyclable. This aspect of the packaging is mostly overlooked as it is not the most consumer-facing aspect of the packaging and is harder to use for marketing purposes. At TAKK, we make sure we are responsible at every stage of our service. You can read further about our outer pack supplier's sustainability stand at the link below.

<https://www.macfarlanepackaging.com/about/environment/>

RE - INTEGRATE

This is an area we didn't prioritise in our eco-solution initiatives so far. However, we do follow developments. At TAKK, we are fundamentally against over-consumption and committed to selling only Essential products. Therefore, our priority is to make sure we find sustainable solutions at earlier stages of the waste. We ultimately do not want to put the onus on the customer to seek out or send their packaging to alternative recycling solutions as this would not be an accessible or reasonable solution. It would also go against the ethos of championing minimalism and reducing micro-decisions which TAKK is built upon.

CRUELTY FREE AND VEGAN FRIENDLY

Cruelty-Free - Our products are 100% cruelty-free, and we are currently undergoing the certification process with Cruelty Free International, which was founded in 1898 for the protection of animals and the abolition of all animal experiments.

Vegan Friendly - Our products are completely vegan, and in 2020 we will be receiving our certification from the Vegan Society, the oldest Vegan society in the world, founded in the United Kingdom in 1944.

ROLE OF KEY PLAYERS FOR THE SOLUTION

In this section we would like to map our industry's key players inter-relations in Figure 2.

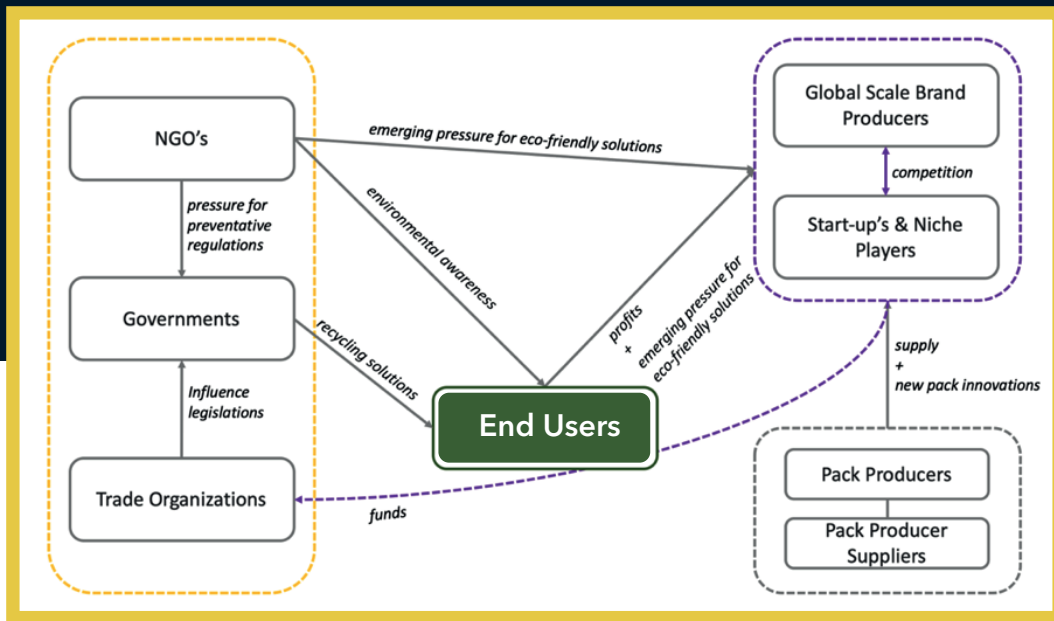


Figure 2

In our industry, most companies communicate to the end users via their brands. At TAKK, we believe it is critical to be transparent about the ecosystem behind the brands in order to achieve truly effective solutions.

In Figure 3, we summarised what we believe are the core capabilities and deficiencies of different stake holders in our industry.

	Core Capabilities	Deficiencies
Global Scale Brand Producers	Funds for R&D High Profile Talent	Agility
Start Up's & Niche Players	Agility Quick - Smart Solutions	Funds to fast scale-up
Pack Producers	Invention / Innovation Capacity	Marketing
NGO's & Trade Organizations	Network Bridge between all stakeholders	Execution Authority
Government	Sanction Power	Focus
End Users	Purchasing Power	Marketing Delusion

Figure 3 Eco-system Players' Capabilities and Deficiencies



Global Scale Brand Producers are dominating our industry worldwide. Thanks to increasing end user awareness and demand for eco-solutions, these companies are under great pressure to optimise their production processes and their offerings. Every year they spend billions of pounds for their research and developments. However, these companies are extremely big and established to act on solutions quickly and they are also highly aware of their financial commitments to their shareholders. Most of the global scale brand producers are publicly traded companies.

On the other hand, start-ups and niche players are getting great attention from end users and offering alternative solutions. However, changing mass consuming habits and meeting the same convenience level whilst being eco-friendlier requires significant investments. All the different offers from these new players populate the marketplace, with their focus on environmentally friendly solutions manifested in different ways.

The high number of entrants signals the formation of a new, eco-friendly consumer goods market. In Appendix 2, you can find our studies where the market stands today as per Geroski's industry life cycles. The future of new inventions depends on formation of the dominant design.

At TAKK, we monitor the evolvement of the eco-friendly packaging market carefully and actively incorporate new solutions where we think our business model can support them. As the technology evolves, TAKK will adapt its portfolio to the dominant design quickly.



TAKK ACTIONS REDUCING THE CARBON FOOTPRINT

Plastic is just one part of the environmental problem. Climate change is the biggest risk to our planet, driven largely by human (business) created carbon emissions. TAKK is committed to having the smallest carbon footprint possible, and not just paying to offset the issue as many companies do to achieve "Carbon Neutral" status.

LOCAL SOURCING:

Many brands claim to be 'produced in the UK'. They can claim this even if they source their packaging from China and fill them in the UK. At TAKK, we source every single packaging item within the UK. For the ingredients, we always aim to source from the UK. However, this varies in terms of availability. At its lowest the percentages of the ingredients we source locally are 80.1% for the hand soap, 78.9% for the shampoo, 85.6% for the shower gel, 85.5% for the conditioner, 87.1% for the toothpaste and 77.5% for the body lotion. Sourcing from the UK and the EU is up to 98% on average. We aim to reach 100% local sourcing for our ingredients and for this we work on alternative formulations and reaching new ingredient suppliers.

SHORTEN DISTRIBUTION:

Our products are produced in Swadlincote and Billingham, the outer packs and the protective materials in Harlow. We store all the products and outer packs at our logistics centre in Bournemouth. Orders are prepared in Bournemouth and delivered straight to our customer's door. Eliminating the retailer in between is not only reducing the transportation waste but also all the different outer packing requirements and the related waste.



SOCIAL

TAKK recognises the value of people and diversity of thought. From customers to the TAKK team, people are at the heart of everything that we do. We recognise that not everyone has access to the same opportunities, and that a diverse workforce can help create the most innovative ideas and will have the greatest propensity for positive change, as well as having a more creative problem-solving team. TAKK is committed not only to making our customers' lives easier by removing micro-decisions, but also to create a working environment where employees don't have to worry about micro-aggressions and can be their true authentic selves at work.

PEOPLE ARE PEOPLE, NOT CONSUMERS

At TAKK, we are fundamentally against overconsumption. We are and we will always only sell everyday essential products. Our website doesn't have any tricks to sell you more products. It sounds simple but it is actually a revolution in e-commerce scene.

OUR EMPLOYEES ARE VALUED BASED ON THEIR CONTRIBUTIONS

At TAKK, we believe in the importance of valuing everyone fairly. This ethos is present throughout our hiring process and our employees' career cycle. In order to ensure that we have a diverse workforce, we pledge to actively advertise roles in communities which are traditionally held back in the work force. This includes: BAME, LGBT+ and disabled prospective employees. Candidates will be reviewed on their experience and merits and not on any other factors. By actively advertising in these spaces, we hope to achieve more applications from diverse candidates.



WE ONLY PARTNER WITH COMPANIES SHARING OUR VALUES

Before selecting our partners, we have run an intense research process. Here are the key reasons - along with meeting our quality standards - for our partnerships:

Reabrook, our producer of liquids and creams has been an employee owned company since 2018. There are many diverse benefits to employee ownership, including improved business performance, greater employee commitment and increased economic resilience. Furthermore, since 2011 Reabrook has sponsored The National Forest. Reabrook is directly involved with planting & funding 42,000 trees; creating over 50 acres of woodland. Numerous members of staff from Reabrook have worked on various volunteer projects at the sponsored site of Boothorpe Wood.

Cosmolab, our producer of toothpaste was founded by a dentist who believed we should expect more from a toothpaste. Beside its superior formulation, what convinced us to work with Cosmolab, is the fact that they re-trained former steel workers to produce toothpaste in an area that was highly affected by job cuts in the recent past.

Diamond, our logistics partner, was founded by a female entrepreneur and currently has an equal gender ratio. We are proud to partner with them as they are passionate about their people, not only parcels.



WE ARE ANTI-MODERN SLAVERY AND AGAINST CHILD LABOUR

We ensure that every level of our supply chain treats their employee's fairly. We are fundamentally against all forms of exploitation including modern slavery and child labour. Working with local businesses and sourcing our ingredients locally allows us to more easily ensure that there are good working conditions throughout our supply chain.

WE ARE PRO-HUMAN RIGHTS

We believe that everyone deserves, at the very least, the basic Human Rights set out in the International Bill of Human Rights. We commit to ensuring that our business practices, suppliers and employees do not infringe on any of the rights set out in the document and completing due diligence in this regard when working with a new partner. We also commit to ensuring that if there is any failure on the part of TAKK when it comes to Human Rights issues, we will follow remediation procedures as set out in the UN's "Guiding Principles on Business and Human Rights" documentation.³

OUR PRODUCTS HAVE NO GENDER

We don't know who came up with the idea that men should smell musky and women should smell of flowers, but we do agree that everyone should smell good. Our products are defined by their use and not by the gender of those who use it. You'll find no "pink tax" here.

³ https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf



GOVERNANCE

TAKK is a Punk Business. We fight against the business norms of today . We believe in an Essentials Only philosophy. We don't tolerate profit-driven blindness, political games that waste human potential and the system that encourages power over truth.

GLOBALISE OUR IDEAS NOT OUR PRODUCTS

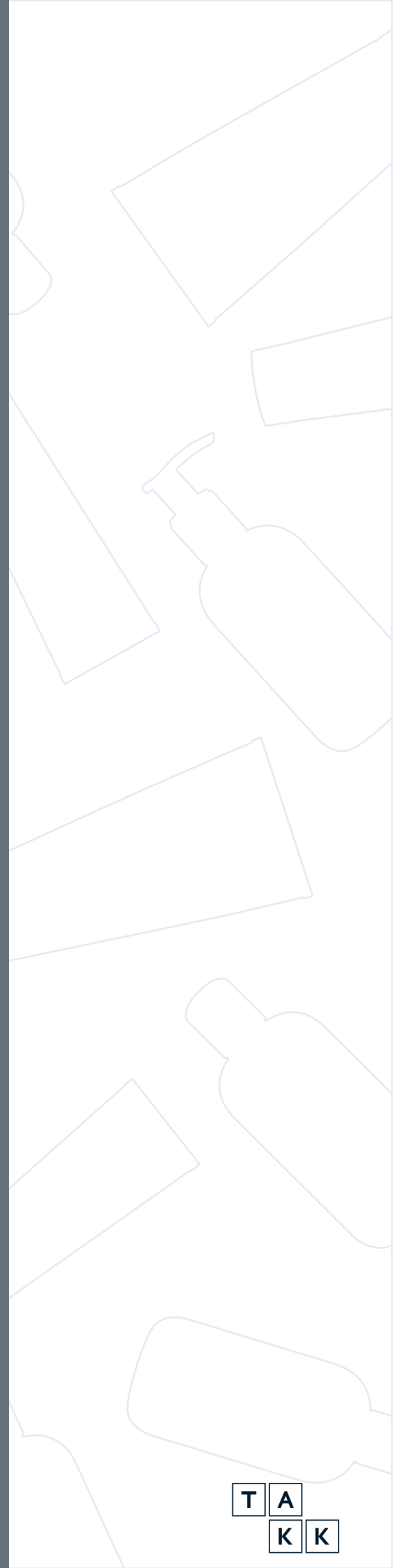
Everything goes from local producers, to delivery, to your door. TAKK will ensure this principle as the organisation grows and expands to other countries. We believe every country should be able to produce its own essential everyday products.

TRANSPARENT COMPENSATION

There are two levels of compensation - one for junior level and one for senior. This simplified approach ensures employees focus on how they can make a personal difference and that everyone is compensated fairly.

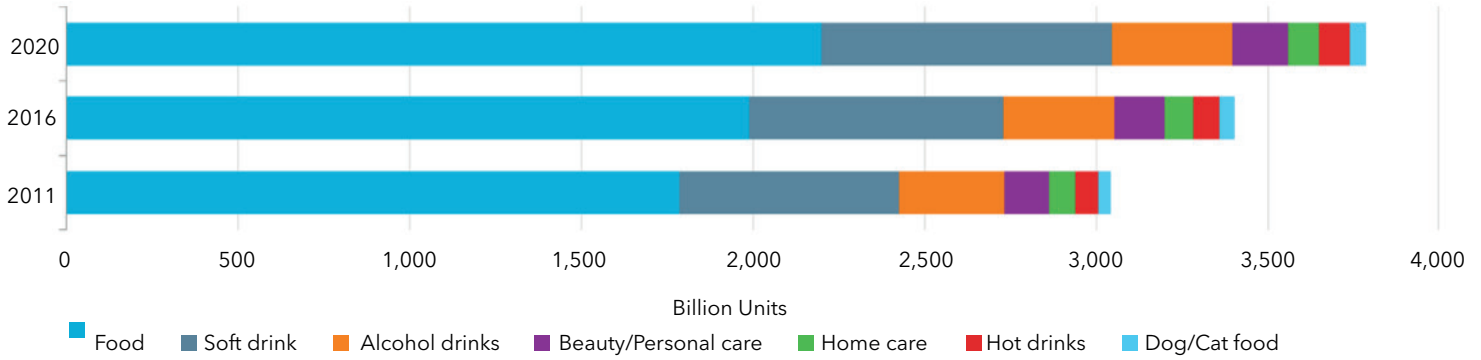
WE NEVER PROMOTE OVER-CONSUMPTION

We were founded to fight against the endless branding efforts to make you believe you need to buy more. Instead, our R&D focus will be on finding eco-friendly packaging solutions and innovative ways to reduce our Carbon Footprint.

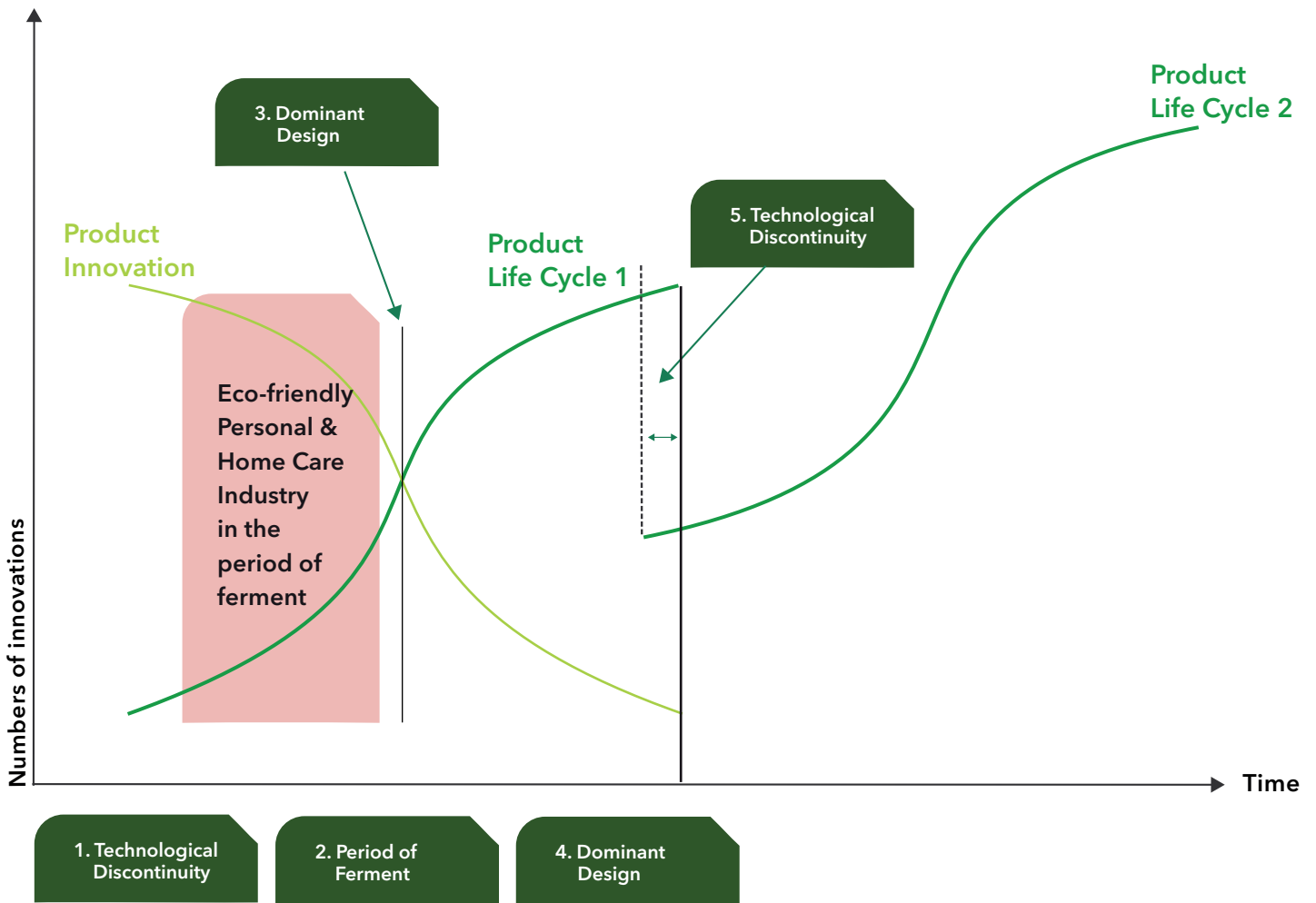


Appendix 1

Global Retail Packing Volumes by Industry 2011/2016/2020
(Euromonitor International, 2017)



Appendix 2



Innovation Patterns and Product Life Cycles

Net Entry=entry-exit

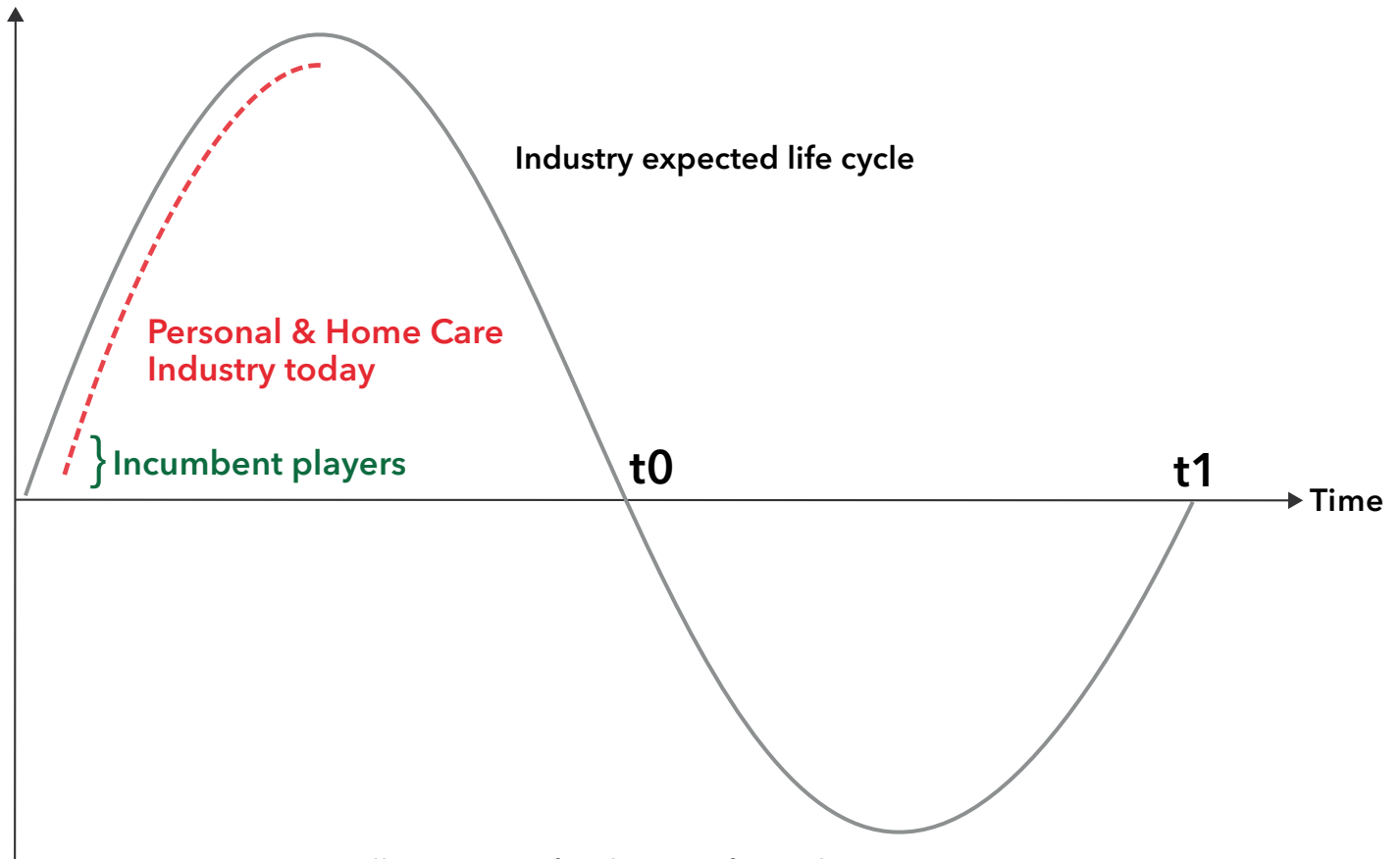


Illustration of Industry Life Cycle Status

Glossary of terms

Term	Definition
Transportation burden	Transportation burden includes the CO2 emissions of transportation raised by requiring extra vehicles due to overconsumption, or the weight of products, etc.
Dominant form	The dominant form means the most used form of a product, e.g. toothpaste instead of tooth tabs/tablets.
Personal care products	Toiletries and cosmetic products.
Home care products	Cleaning products.
Dominant design	The dominant design relates to packaging, and the most used design in the marketplace.
Global Scale Brand Producers	Large companies with global supply networks, manufacturing, distribution networks and marketing.
Start Ups & Niche Players	Small companies focusing on specific issues within industries. Start-ups specifically relates to the first years of trading.
Pack Producers	Producers of packaging.
NGOs & Trade Organizations	Charities and Trade Organisations who have external lobbying power and expertise.
End Users	Customers or clients who use the products at the end of the cycle.