



**our
sustainability
journey**
where stories begin

April 2024

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hello from our CEO

For nearly 90 years, we've delighted children worldwide with our authentic, detailed, and high-quality figurines and playsets. Passed down from generation to generation, our toys naturally foster sustainable play around the globe.

As a longstanding toy brand, we recognize our responsibility to continue to shape a positive future for our children and, therefore, for our planet. Hence, we've developed a sustainability strategy anchored on four core pillars: the toys we create, our impact on the planet, the people who work for our toys, and our commitment to children.

I am proud to introduce our first sustainability brochure, outlining our journey to integrate sustainable practices into every aspect of our business. I am grateful for the passionate work and commitment of every member of the Schleich team, as well as our suppliers and business partners, without whom our sustainability journey would not be possible. Together, we can create a world where stories of play, learning, and sustainability converge.

Stefan De Loecker



about Schleich



Schleich is one of Germany's largest toy manufacturers

and a leading international brand that creates authentic, high quality and detailed figurines which ignite the joy of storytelling for children.

founded
in
1935



Friedrich Schleich founded Schleich in Schwäbisch Gmünd in 1935

and today our famous figurines and playsets are sold in more than **60 countries**, becoming a beloved part of a child's playtime around the world.



We are proud to be a global player that encourages and enables children to let their imagination run wild,

with more than half of our toys sold outside of our core market, Germany.

We know that our consumers and shoppers love our toys as they often share stories of passing down schleich® figurines to future generations. Whether it is a majestic lion, a playful rabbit, or a curious koala bear, we want every one of our timeless toys to continue to tell stories and inspire children to learn about the world through play.



the company is owned by

Partners Group
& **Schleich employees**

in 2023, Schleich sold
~35 million
figurines worldwide



What do we stand for? Our purpose and our deep conviction:



Many great stories begin with the smallest details: Exploring the thick elephant's skin, admiring the colorful wings of the rainbow dragon or touching the soft fur of the baby lion—playing with schleich® figurines opens the doors to new worlds for kids. They learn to discover, understand and care.

At Schleich, we're committed to nurturing these qualities in the youngest. By crafting companions with an uncompromising love for detail, we foster deep compassion. Compassion, that guides kids to become responsible adults.

To open perspectives. To feel connection. To be respectful.

schleich
**crafting
compassion
for a caring
world**

Our sustainability strategy is based on the great desire to give children valuable long-term gifts for their future.

To be concrete, Schleich serves 3 different benefits that make the brand unique in the combination.

- ✓ **Imagination:** Through free play with Schleich, children develop life skills such as creativity, problem solving or resilience. When playing with schleich® they are immersed in their own universe and become creators and captains of their own story, where anything is possible through the power of imagination.
- ✓ **Treasuring:** With the long lasting Schleich toys, kids learn to acquire, own and curate treasures. This makes them proud and fosters a sense of responsibility because they want to take good care of their possessions.
- ✓ **Exploration:** With Schleich, children discover the world in detail and understand the big picture. Those who hold and understand the world and its creatures as children will respect and protect it as adults.



our sustainability approach





98%
have never
thrown away
a schleich®
figurine

**We want to change this:
For nearly 90 years, our
figurines have been a staple of
childhood that are passed down
from generation to generation.**

At Schleich, we are driven by a deep connection to the natural world, inspiring us to create a diverse collection of figurines that encourages and enables creativity and storytelling, but we want to go one step further, because we have a responsibility to contribute to a positive future for our children and our planet.

For this reason, we have developed a sustainability strategy designed to make our entire business model even more sustainable. Many toys are only used for a short time before they are thrown away. Therefore, we have a responsibility to reduce our environmental footprint, and we are committed to aligning our business practices with sustainable actions that contribute to a brighter future.

80%
of all toys
**end up in landfill,
incinerators,
or the ocean**

**1 million
tons**
of toy waste
are produced
every year¹

¹ <https://ellenmacarthurfoundation.org/articles/creating-a-circular-economy-for-toys>

Where Stories Begin

Our company wide sustainability strategy is focused around **four core pillars** and acts as a testament to our multi-dimensional commitment to creating a sustainable future for our children.

children

Children are born storytellers and through our engaging figurines and playsets we instill values of sustainability in the hearts and minds of future generations.

planet

By reviewing and improving our operations and supply chain we commit to protecting our planet so future generations have a healthy and vibrant world for their stories to be told.

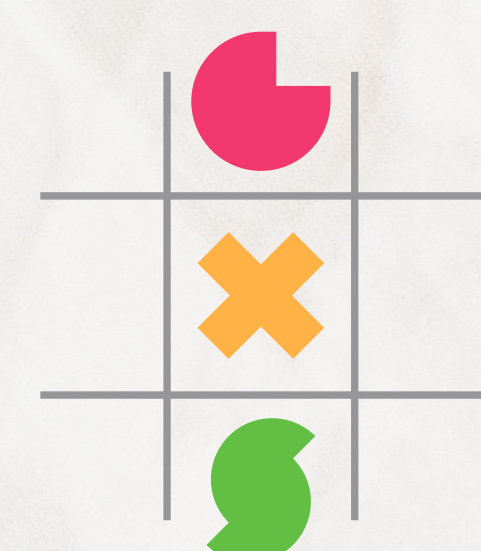
people

Empowering employees and ensuring safe working conditions within our supply chain remains pivotal to the future of our business.

toys

We ensure our toys are crafted for longevity, and that they contribute to environmental sustainability, so they can be passed down from generation to generation.

Recognition of our sustainability approach



Gioco per sempre.



Our figurines and playsets have always been crafted with enduring quality, meaning they can be cherished for generations.

- ✓ **98% of people** keep their schleich® figurines and will take actions to pass them on to other children, friends, neighbors or their grandchildren, or donate them to charitable organizations.²
- ✓ **91% of people** have never thrown away a schleich® figurine.³

We are now in the process of embedding circular principles throughout the production process of our toys to minimize the environmental impact of their creation and continue to extend their lifecycle.



we are committed to reducing our environmental impact **globally:**

The majority of our produced figurines will be **Cradle to Cradle** certified by **2027**

we will reduce our own **Scope 1 & Scope 2** greenhouse gas (GHG) emissions **by 25%** by 2027⁴

we will expand our **toy take-back** initiative globally to cover **over 60%** of our sales markets by the end of **2027**

100% of our consumer packaging will be **recyclable,** and at least **35%** of any plastic used will come from recycled sources by the end of **2027**

² Results are from a Schleich owned social media channel survey with 1327 participants in February 2023
³ Results are from a Schleich owned social media channel survey with 1453 participants in February 2023
⁴ Using 2022 figures as our baseline

toys

designed for endurance
and longevity





**At Schleich,
we have always believed
that play is a doorway to
exploration, imagination,
and learning.**

Our toys have been cherished by families throughout generations, with each figurine passing on stories and sparking creativity. This legacy fuels our commitment to making toys that not only stand the test of time and also sustainable.

By the end of 2027, the majority of schleich® figurines will be designed and manufactured so they can be recycled, and we are working to embed the Cradle to Cradle® circular economy principles into the design of our toys.



The power of Cradle to Cradle®

Cradle to Cradle® is not just a concept for us—it is the guiding principles of our sustainable journey. We are working with the advisors to create Cradle to Cradle® prototype toys, therefore ensuring:

material health

The materials of our toys are safe for those that play with them as well as for the planet.

clean air & climate protection

We optimize the environmental impact of our own operations as well as our supply chain, such as by switching to renewable energy sources.

product circularity

All our figurines are recyclable.

water & soil stewardship

We protect water supplies and soil ecosystems that could be impacted by our business operations.

social fairness

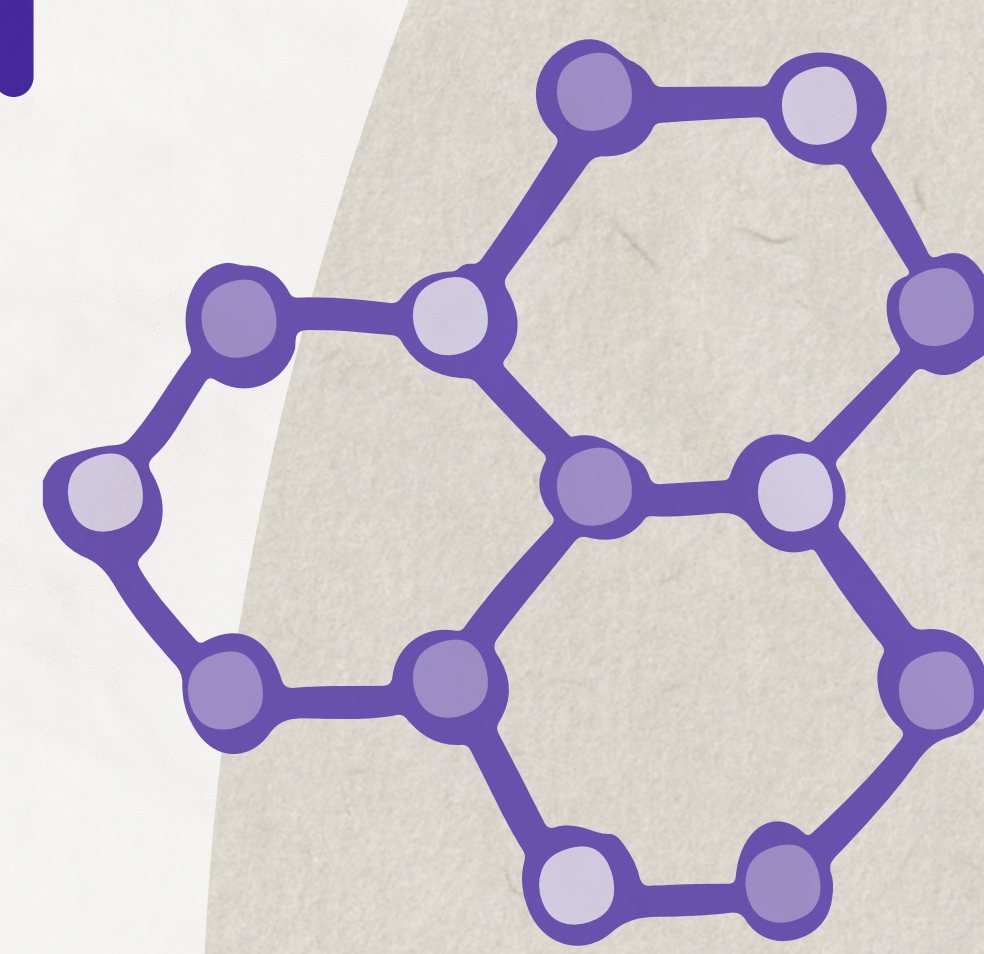
All people who create our toys, or contribute to our business are treated with respect and we provide fair and healthy working conditions at our own operations as well as our entire supply chain.



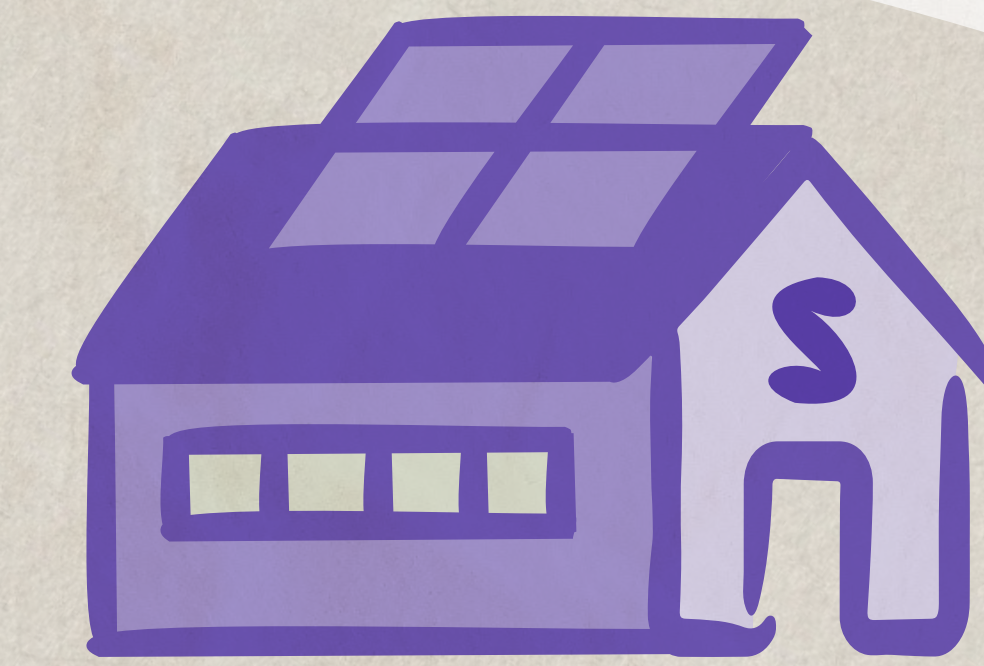
By embedding the Cradle to Cradle® criteria throughout our business, we are redefining the lifecycle of our figurines without compromising on the quality or safety.



technical nutrient



production



toy



share



recycling



play



Dr. Philipp Hummel
Head of Sustainability

By embracing the Cradle to Cradle® criteria, we are not only creating timeless toys but also redefining their lifecycle. Our commitment to sustainable solutions means we are working to find ways to ensure that schleich® figurines come full circle and are reincorporated into the product cycle at the end of their journey. This holistic approach is not just about our toys; it is also about charting a path to a more responsible and sustainable future for play.

Extending playtime

We want all our schleich® figurines to be played with as long and as often as possible, which is why we have created a toy-take back program in Germany

to encourage consumers to return any unwanted figurines to us so we can give them a second life. Through this program we are able to take old figurines and turn them into new figurines or other products for more children to enjoy. **Our aim is to expand this initiative globally, covering over 60% of our sales markets by the end of 2027**, ensuring our consumers play a vital role in extending playtime of our figurines and reducing waste.



In addition, we also established toy rental initiative by partnering with [Tribu Box](#) in Germany. Through this program, families are able to rent a box of schleich® figurines on a monthly basis, half a year or a whole year. Families can choose to receive farmyard animals, jungle animals, dinosaurs, or forest and ocean creatures and each box contains up to 19 themed figurines. The boxes also contain educational and learning tips and ideas for the children and their families to explore. Once returned, Schleich repairs and cleans all the toys before they are passed onto new children to play with.

A new era of packaging



We are also investing in more sustainable packaging solutions by embracing eco-friendly materials, reducing virgin plastic, and enhancing recyclability. We are working to ensure **that by the end of 2027, all our consumer packaging will be recyclable, and at least 35% of any plastic used will come from recycled sources.**

We are pleased to share that we are already making considerable progress towards our goal. This includes adapting the packaging. We also modified the trays inside of our schleich® advent calendars to be made from cardboard, which saves up to 20 tons of virgin plastic annually.

In addition, we have started using recyclable plastic packaging to protect and transport our figurines, further supporting the circular economy.

since
2022
we have reduced
our **virgin plastic packaging** by
16%

in **2023**
we started using
new bags
containing a minimum of
55%
recycled materials



planet

contributing to
a sustainable future




We believe everyone has the responsibility to collaborate and make a positive impact for the future.

This drives our commitment to protect our planet, improve our own operations and take steps to ensure our regional supply chains minimize their environmental footprint. We know that action today will mean that future generations have a healthy and vibrant planet for their stories to be told in.

100%
of all our sites
in Germany
are powered by
**green
electricity**



since 2019,
we have
reduced **GHG**
emissions
by
~60%
(Scope 1+2 emissions)



Reducing our carbon footprint



We have put in place measures to reduce the GHG emissions that we own and control. We have been monitoring our Scope 1 and Scope 2 GHG emissions since 2019. In 2022, we emitted 665 tons of Scope 1 and 340 tons of Scope 2 GHG emissions (market-based), which is a reduction of ~60% compared to 2019. We have done this by ensuring that all our sites in Germany, including our production site, warehouse, distribution center and headquarter building, are 100% powered by green electricity. All our operations in Germany have used LED lighting since 2020, and by 2027 all our offices will be powered by green energy.

We know we can and need to do more, so we have **committed to further reducing our Scope 1 and Scope 2 emissions by an additional 25% by 2027** using 2022 figures as our baseline. We are also putting in place measures to assess our Scope 3 emissions, and these will be in place by Mid-2024.



A value chain that does not cost the earth



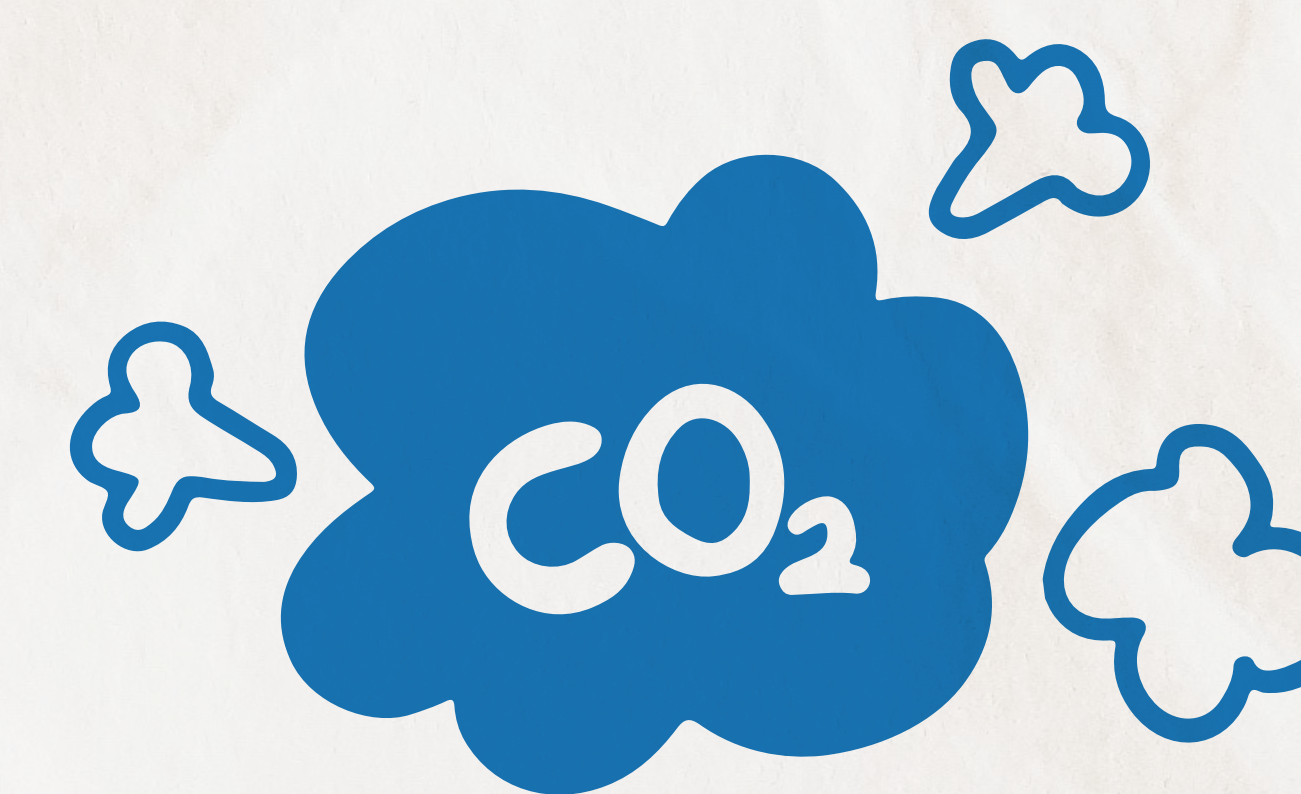
We understand that a key part of protecting the world of tomorrow is collaboration.

Therefore, we are exploring new ways to regionalize our supply chain so that our toys will be produced closer to where they are sold. This will include relocating parts of our production operations to Europe and America. We will continue to work with our entire supply chain to make sure that they align with our sustainability commitment, and we look forward to collaborating with all our partners to create a sustainable value chain that builds a better future for the planet.



scope 1 emissions

Direct emissions that are owned or controlled by Schleich such as fuel use at our offices or warehouses.



scope 2 emissions

Emissions that Schleich causes indirectly such as the emissions caused when generating the electricity for our offices or warehouses.



scope 3 emissions

Indirect or direct emissions that are caused by our upstream or downstream value chain, such as emissions caused by distribution or by our suppliers.

people

cultivating empowerment
and well-being



Creating a diverse, equitable and inclusive safe working environment



We believe that diverse perspectives enrich creativity and innovation,

and we are committed to offering equal opportunities to every member of our staff.

Inclusivity is more than just a statistic; it is a commitment to fostering a harmonious environment that respects and celebrates individuality.

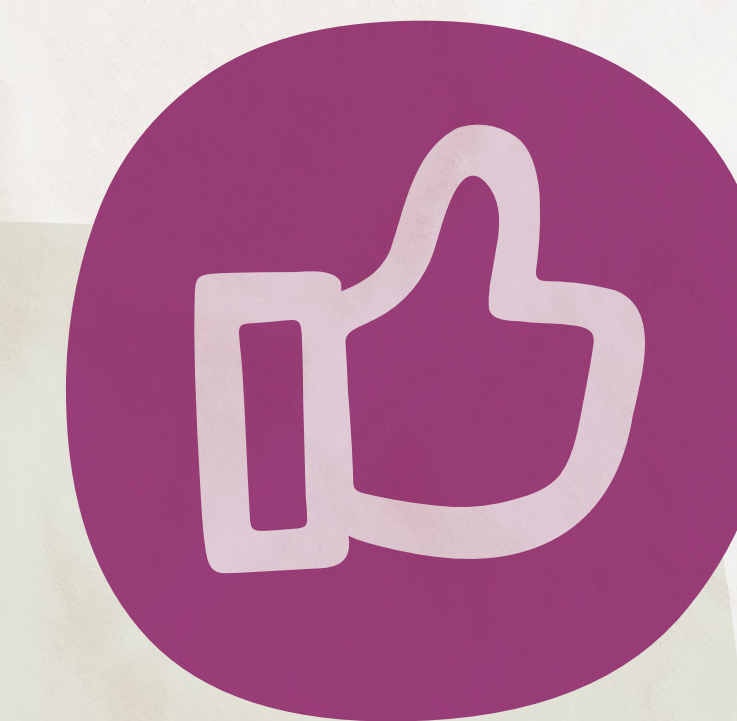


Employee incentive program

Our employees form the foundation of our company, which is why we developed our company-wide employee incentive program that allows employees to invest in the company and benefit from the value creation and financial upside. To date, more than a third of Schleich's employees have opted to invest in the program, fostering a sense of ownership, unity and shared success.



Safety: A cornerstone of creativity

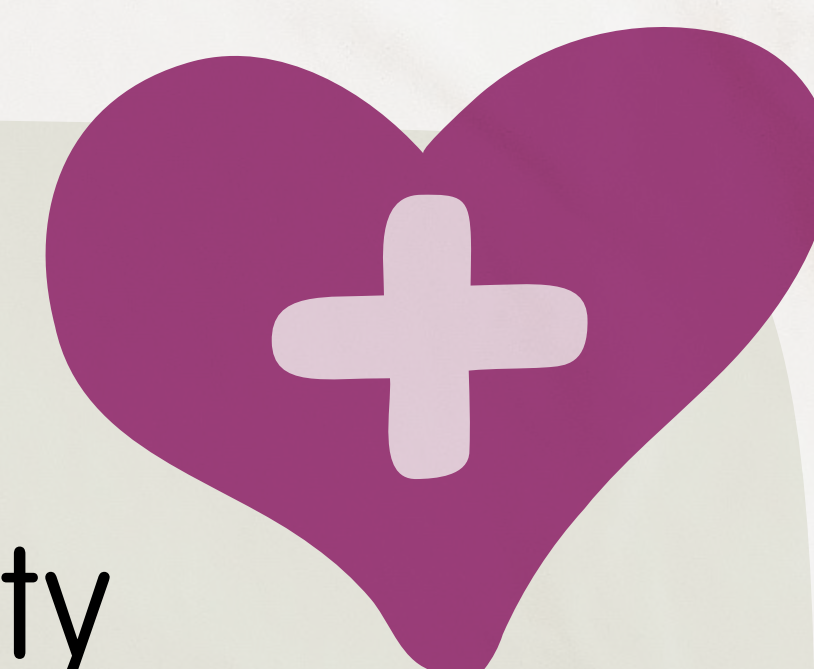


We work with our strategic partners across the globe to ensure our network of suppliers share our environmental and socially responsible values. These partners have willingly embraced our **Global Code of Conduct**, based on the Business Social Compliance Initiative, which is a leading supply chain management system that supports companies to drive social compliance and improvements within its global supply chain. At the heart of this code lies our commitment to uphold the highest standards of occupational safety, sustainability and ethical working conditions. Only production sites that have proven that they comply with all applicable laws, standards and regulations are approved for the manufacture of our products.

The ICTI Ethical Toy program

Since 2019 we, and many of our suppliers, have been members of the ICTI Ethical Toy Program, which sets the standards for ethical toy production across the global supply chain. The ICTI Ethical Toy Program was founded by the toy industry to reduce audit duplication and improve operational efficiency. To be part of the program, we are required to abide with several standards that support the rights and well-being of factory workers, and their **ICTI Ethical Toy Program Audit Checklist** details everything a factory needs to comply with to get Ethical Toy Program certified. Since 2022, Schleich has strengthened its cooperation with the ICTI Ethical Toy Program in order to further improve social and environmental aspects in the supply chain together with our suppliers.

As a global toy manufacturer, we acknowledge our responsibility to create a safe and healthy working environment for our own employees and for those in our supply chain who create our figurines and playsets. Our robust Health and Safety Management System ensures the well-being of our employees, as it requires use to conduct regular health and safety tours, rigorous risk evaluations, safety training and ensure the presence of trained first aiders.



children

a toy today, a skill tomorrow





Schleich firmly believes that finding joy in the present creates a brighter future, making time spent playing doubly valuable.

Learning through play is a critical component of a child's development and we are proud that children gain knowledge about our planet and its inhabitants by playing with our lifelike figurines and playsets. But that's not all! **Through play with Schleich, children build a connection with their environment and gain skills for life.**

Our mission is to equip children with a wide range of **(non-) cognitive skills** that will make them strong for the future. Therefore, Schleich is a facilitator of **free play**. Free play is a type of play where there are no rules, no boundaries, no right or wrong, guided solely by a child's imagination and its boundless possibilities. It is a vital part of growing up as it provides children with opportunities for both self-expression and emotional growth.

Researchers and education professionals agree: free play is immensely important for children's physical, cognitive and emotional development.

It fosters their **creativity** and imagination. By encouraging creative thinking and ideas, it teaches children to approach problems in new ways to find solutions. These abilities play an important role in later life, and many researchers call them a key for success. Creative and flexible thinking also helps children deal with day-to-day pressures more effectively, which boosts their well-being. Their **self-confidence** and **resilience** benefits, too: when children come up with creative solutions, they begin to believe in themselves and their ideas.



In general, free play doesn't require toys at all. Anything, from cardboard boxes to natural materials, can be used. However, some toys are better suited than others. Toys for free play don't come with instructions. They can be used in a wide range of ways and offer great potential for creative ideas. This versatility is found in all schleich® figurines; they inspire endless imaginative tales wherever your children take them, whether it's their room, the family car, or a holiday destination.

We want to give more and more children worldwide access to our toys. That's why we offer them in France and Germany in a rental model. We also donate thousands of products every year to children in need, for example to the SOS Children's Villages in Germany.

schleich® figurines
inspire
endless
imaginative
tales



Schleich Social Day in Germany



we play a part
in creating
a better world
for all

At Schleich, our responsibility goes beyond creating high-quality toys and includes our employees.



We believe in crafting compassion for a caring world, and this extends to our commitment to social engagement and responsibility. As part of this commitment, our dedicated teams in Germany came together to embark on our first Schleich Social Day. Our teams took part in 12 projects at our Munich and Schwäbisch Gmünd locations. They rolled up their sleeves and built fences, transformed dull walls with vibrant colors, baked delicious cakes with and for children, sowed seeds for a greener future, engaged in joyful play and spread joy.

Our first Schleich Social Day in Germany demonstrates our dedication to social engagement and the belief that we can collectively contribute to a more sustainable and compassionate world.

At Schleich, we're more than just a manufacturer of high quality, detailed and authentic toys. We're crafting compassion, which extends beyond our products to our actions. We understand that by fostering empathy and making a difference in our community.

Our commitments for the future

and then? our sustainability journey continues! 2027 is already just around the corner!

For 2024, we have exciting new milestones ahead!

- 📅 Launch of our **first C2C-certified figurines**
- 📅 Implementation of **our global Climate Strategy**

The majority of our produced figurines will be **recyclable & Cradle to Cradle® certified**

we will reduce our **GHG emissions** (scope 1+2) by further **25%**

all our offices and sites will use **green electricity**

60% of our sales markets globally will be covered by our **toy figurines recycling program**


100% of our consumer packaging will be **recyclable**

90% of our **suppliers** globally (by spend) will be audited for **ESG**



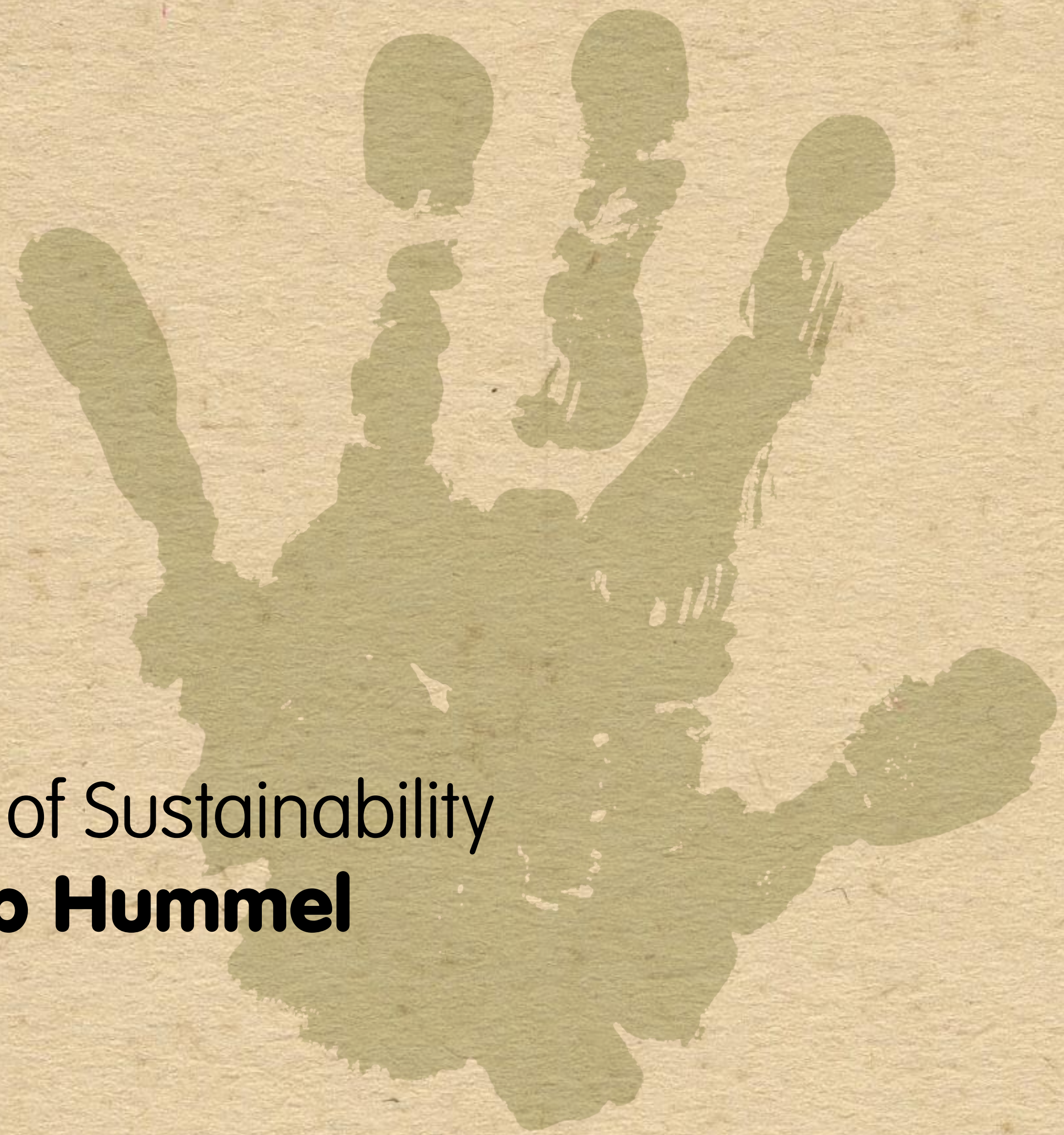


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