



IC GROUP

IC GROUP  
**CORPORATE RESPONSIBILITY  
REPORT 2021**

COMMUNICATION ON PROGRESS TO THE UN GLOBAL COMPACT (UNGC)

STATUTORY STATEMENT PURSUANT TO SECTION 99A OF THE DANISH FINANCIAL  
STATEMENTS ACT FOR THE FINANCIAL YEAR 2020/2021

# MESSAGE FROM THE CEO

IC Group owns the two premium fashion brands Tiger of Sweden and By Malene Birger with employees engaged in operations globally. As a group, we are committed to develop our business while acting in a socially responsible manner. IC Groups two brands strive at not only being in compliant with international standards, but also, where possible make a positive difference in the industry.

IC Group will continue its support of the UN Global Compact Principles and the Groups brands will continue to work towards even better implementation of CR efforts across the business. This includes continued emphasis on creating strong partnerships with suppliers with focus on dialogue and education as vehicles for the development of a more sustainable supply chain alongside with active memberships of relevant communities and NGO's.

Per Hillebrandt Jensen  
CEO, IC Group A/S

# CORPORATE RESPONSIBILITY IN IC GROUP

## Introduction

IC Group's corporate responsibility framework of People, Planet and Profit is based on international principles and the UN Global Compact. Our work with these principles has played an important role in guiding our company in making the right decisions while also contributing to our readiness to meet future challenges. By matching our overall framework with policies and processes allocated to the relevant functional departments we have created a solid foundation for our CR work.

The first part of the corporate responsibility report contains a description of the company's business model, an analysis of risk related to CR along with a description of KPI's and Due Diligence processes. The second part of the report focusses on our sustainability policy, its implementation and the results achieved across the group. This second part is structured around our existing framework made up of People, Planet and Profit. The final and third part of the report contains several specific examples of how brands address sustainability and responsibility within the group.

## Business model

IC Groups business model has over the past few years undergone considerable changes. Several brands have been disposed, operations in the holding has been scaled down and the two remaining brands, Tiger of Sweden and By Malene Birger, have been given their full independence.

The two brands now operate as independent business units with well-defined strategy plans and responsibility for their respective value chain and earnings development. It is IC Group's strategy to exercise active ownership and together with the managements and employees of the two brands to develop these to increase their profitability and value.

## Risk management

Due to the activities of the two brands, IC Group is exposed to several risks. This entails a variety of risks all inherent in the apparel and fashion industry. The Management considers efficient risk management as an integrated part of all Group activities and works continuously to minimize uncertainty. Furthermore, the Management regularly assesses the risks to determine whether the risks have changed, or the risk control measures are adequate or relevant.

The risk assessment below is based on a method where risks are identified as the product of likelihood and impact on a set of pre-selected CR issues. The result of the risk assessment and the basic matrix score for the issues included can be seen in the below figure:



The risks scoring in the upper right quadrant (Environment and Climate and Social and Labour issues) of the matrix are managed and/or mitigated through the policy's that the group has adopted. Policy implementation, risk mitigation, actions and the results are presented throughout this report.

## Due diligence processes and the use of operational KPIs

Through our brands memberships of Amfori BSCI, we actively support and participate in improving CR related topics and challenges in our supply chain. The memberships imply that we disclose our supply chain to Amfori BSCI who then on behalf of IC Group, its brands and other member companies conduct audits and follow up on issues detected. As part of our own due diligence process we aim at requiring compliance with Amfori BSCI and thereby our own Code of Conduct when engaging with new suppliers. In addition, we prepare and update a country risk analysis to support our decision making when engaging with suppliers. Finally, we update our knowledge on specific issues in our business or in certain regions through participation in projects and surveys to disclose specific risks or issues we will need to address in our CR approach.

We have not set strategic target KPI's to form part of the continuous management reporting. However, all Group brands follow CR performance and development through monitoring data.

## Corporate responsibility policy

In IC Group we recognise that we are part of an industry with many corporate responsibility challenges both in terms of complex supply chains and resource challenges to mention a few. We take these challenges seriously and make sure that we are not a barrier to sustainable development. In addition, where possible, we work towards turning these challenges into opportunities and contribute to sustainable development.

For IC Group, corporate responsibility is about not only making sure our products live up to our high-quality standards and customer expectations, but also that they are produced responsibly. We consider CR to be an integrated part of our business and an essential element in our company's profitability. Furthermore, our work with CR plays an important role in making sure IC Group is ready to meet future challenges.

IC Groups CR efforts are grounded in the UN Global Compact's 10 principles which are based on internationally adopted declarations and conventions on human rights, labour rights, environmental protection, and anti-corruption. We use these principles and the United Nations Guiding Principles as the overall framework to guide our CR policies and implementation processes.

We pledge to work pro-actively internally as well as externally with our suppliers to promote compliance with these principles. We will never be able to guarantee 100% compliance, but we strive to make a positive difference and set up due diligence processes to avoid non-compliance issues.

Our work with Human Rights is based on the Universal Declaration of Human Rights and includes our efforts to create a conducive working environment for our employees, which provides the opportunity to develop and achieve a good work life balance.

In IC Group we believe that integrating our social, environmental, and economic responsibilities is essential for our long-term profitability. We also believe that this results in proper risk management for the benefit of our shareholders and other stakeholders. We support the 10th principle of the UN Global Compact and apply a zero-tolerance approach against corruption in all its forms, including extortion and bribery.

For a complete description of the CR policy please see the corporate web page [icgroup.net/responsibility/our-policy/](https://icgroup.net/responsibility/our-policy/)

## Our work on People, Planet and Profit

### People

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#### **PEOPLE POLICY**

*IC Group supports and respects the Universal Declaration of Human Rights which is outlined in the UN Global Compact principles 1-6. We do this by continuously identifying and assessing potential adverse human rights impacts both internally in IC Group as well as in cooperation with our suppliers.*

*Furthermore, we regularly assess opportunities for using our core competences to make a positive contribution to the realisation of the Universal Declaration of Human Rights. Our work with Human Rights also includes our efforts to create a conducive working environment for our employees, which provides the opportunity to develop and achieve a good work life balance.*

*In addition, we use education both externally with our suppliers and internally as a mean to develop the capacity and understanding of the importance and value of working with human rights.*

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In 2007, IC Group joined the Business Social Compliance Initiative (Amfori BSCI) and since then Amfori BSCI has played an important role in our work on responsible value chain management. Amfori BSCI is a business-driven initiative for companies committed to improving working conditions in the global supply chain. Built on the 3 pillars of Monitoring, Empowering and Engaging, Amfori BSCI unites hundreds of companies around one common Code of Conduct and supports them in their efforts to build a responsible supply chain by providing them with a step-by-step development-oriented system.

As a result of a thorough consolidation in our supplier base, we have opened for an even closer cooperation with our suppliers on CR and other related matters. We continue to encourage our suppliers to participate in training and workshops within Amfori BSCI around the world. Our work with Amfori BSCI continues to be an important foundation of our work with and commitment to CR. During 2020/21; 28% of our tier 1 suppliers had an active audit with Amfori BSCU, which counts for 47% of our total FOB value in DKK.

Within the group, we have an ongoing effort to strengthen the relationship with our suppliers and we have further consolidated our purchase, focusing on using partner suppliers, with whom we have long lasting business relationships. Supplier scorecard has been implemented and used since 2012/13. Parameters like quality, price, and delivery together with CR parameters form a solid base for promoting a dialogue between our suppliers and IC Group.

During 2020/21 the Group's internal work on People has focused on ensuring continued employee well-being and engagement in numerous organizational change initiatives. The Group's primary tools for retaining well-being and engagement have been (i) frequent and close dialogue within the Work Councils established in each business division, with participation of management and employee representatives, (ii) open and early employee communication via both Town Hall meetings and written organizational announcements and (iii) increased focus and awareness from the Group's HR departments and typical change management issues. Where any employee ill-treatment, for example stress symptoms, was identified, immediate action plans to provide the employee the needed relief, was developed and implemented in cooperation between employee, direct manager, HR and, if needed, an external party. The Group continuously record and monitor absence levels, including sickness. No actions were taken during 2020/21 based on absence levels.

## Planet

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### **PLANET POLICY**

*IC Group supports the UN Global Compact's principles for the environment (principles 7-9). Practically we do this by continuously assessing our environmental challenges and following the overall principle of taking a precautionary approach to environmental challenges. Furthermore, we focus on educating our staff to become even better at identifying where in the supply chain we can take action to reduce our negative impact on the environment and where we can work with our suppliers to facilitate that they, e.g. use environmentally friendly technologies.*

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### **ENVIRONMENTAL POLICY**

*As members of a global industry we have a responsibility for reducing our emission of carbon footprint. We believe that taking charge of our carbon footprint is not only a sustainability imperative but also a way to future-proof our business to be able to keep growing while respecting the boundaries of our planet.*

*For IC Group this entails focusing on the leverage points where we can make the biggest difference in terms on climate change. Knowing the climate impacts throughout our value chain means we can make better decisions in the design phase and in the way we source products.*

*Finally, we are aware that our actions alone only account for a minute share of our industry's carbon footprint and we therefore participate actively through various organizations in making the fashion industry more sustainable.*

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All brands within the group are constantly monitoring their environmental impact. A significant part of IC Group's potential negative impact on the environment stems from the use of chemical substances in early stages of the production. This is why we have an ongoing monitoring program to keep track of chemical substances in order to protect the environment, customers, employees and the wider community. The Group has worked thoroughly on minimizing harmful chemical usage and improving chemical test performance by better workflows, better communication, and due diligence.

Our aim regarding the use of chemicals continues to be a reduction in total numbers of chemical test fails while ensuring better risk assessment and due diligence performed earlier in the design & development process. Throughout the year, staff and suppliers in the Group's brands have been trained by internal and external experts. Meanwhile we have updated our restricted substance list (RSL) and have an ambition of reporting results that are below EU REACH legislation stipulates. To secure that our policy is being enforced throughout the value chain we constantly check and test our supply chain according to the RSL.

During 2020/21, we have tested 43 styles across both brands. Out of those 43 styles, 58% of the styles passed the test during the first testing while for 42% of the styles had to be adjusted in terms of materials and/or garments in order to be able to pass the chemical restriction test during the second round of testing.

The consequences of a chemical failure during the development and sale samples production stages are critical but we still have time to improve the current material or find new/alternative material on time before bulk production starts. The consequences of chemical failure during the bulk production stage is more critical, as timing and quick reaction is of essence in this case. Nevertheless, we are prepared to change and improve failed materials until they can pass our strict requirements and are prepared and ready to even cancel a production order if we are not able to accomplish this task on time and within the given limits.

Tiger of Sweden and By Malene Birger are active member in the Leather Working Group to find feasible solutions on the challenges in the leather supply chain. Leather production may pose a high-risk area which consequently makes it an issue that has the Group's full focus. The chemicals used in tanneries preparing raw leather potentially harm both workers and the surroundings. We believe that the membership of The Leather Working Group will help create a more transparent leather supply chain. In cooperation with the suppliers, both brands are working towards ensuring that the tanneries are contacted and urged to become members of Leather Working Group. The tanneries will, after training and audits, be graded according to the level of compliance.

Tiger of Sweden and By Malene Birger are active member in the Responsible Wool Standard. The Responsible Wool Standard was created in 2016 when the need for a standardised certification for ensuring animal welfare in wool production was requested by

the industry. The Responsible Wool Standard is a voluntary global standard that addresses the welfare of animals and the land they graze on with the goal of ensuring wool comes from farms with a progressive and responsible approach

## Profit

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### **PROFIT POLICY**

*In IC Group we believe that integrating our social, environmental, and economic responsibilities is essential for our long-term profitability. In other words, We believe that running a company which respects our people, planet and profit responsibilities is not only the best thing for the profitability of IC Group but it is also how we can make the biggest contribution in the societies where we operate. Furthermore, we also believe that this results in proper risk management for the benefit our shareholders and other stakeholders.*

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### **ANTI-CORRUPTION POLICY**

*With regards to anti-corruption, we support the 10th principle of the UN Global Compact and apply a zero-tolerance approach against corruption in all its forms, including extortion and bribery. To further safeguard our company against illegal activities and to identify corrupt practices we apply our Compliance Hotline which provides a confidential system through which employees can report misconduct. Furthermore, we continuously work to improve our processes and educate our employees on how best to tackle situations where they face corruption challenges.*

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Human rights are addressed in the already described activities in relation to our supply chain and supplier audits. Furthermore, we also address human rights through country risk analysis, which has been carried out continuously during the year, on all sourcing countries as part of our human right's due diligence.

## Sustainability at By Malene Birger

At By Malene Birger, we have developed a comprehensive corporate responsibility strategy to ensure our sustainability outcomes continuously improve. Our strategy is built around five focus areas – product, supply chain, people, planet, consumer – each with its own mission and specific goals. We aim to reach these goals over the next five years.

We adhere to amfori/BSCI's Code of Conduct that covers everything from company culture to mindful manufacturing, and animal welfare. As we strive to become more sustainable and knowledgeable of our impact as a brand in the fashion industry, we will engage in new initiatives and policies that bolster these changes. This consciousness is part of our growth strategy and is essential to the way we operate.

Our goal is to not only to address adverse impacts but also to implement positive ones. Therefore, we work to ensure that our own company, as well as our suppliers, operate per the requirements in our Code of Conduct.

### Human Rights

By Malene Birger supports the Universal Declaration of Human Rights and the UN Guiding Principles on Human Rights. We believe that by being a part of amfori/BSCI we are supporting an organization working across countries and supply chains by focusing on and implementing these principles.

#### How we have implemented the principles 1 & 2

There is no part of By Malene Birger's supply chain that does not depend on humans in some way. Ensuring every person has a safe and healthy working environment that provides a fair wage is vital to the success of our brand. Our employee policies comply with our Code of Conduct.

Peoples way of working was challenged during the lockdown and due to the limitations of Governmental requirements during the COVID-19 pandemic. The learnings we had during this period was that work-life-balance is essential when working from home or partime remote, not only to secure good performance, but essentially also to create satisfied employees. To create a space that could work for everyone was difficult, but to obtain the flexibility people gained in their lives and keeping the interconnection that was developed either through new platforms like Microsoft Teams, became key pillars when we moved office space in the spring of 2020.

As mentioned in the previous IC Group report, IC as a group has downsized over the past years. Strategic changes were implemented in 2019 and continued during 2020 which have had an important effect on By Malene Birger as an organization and for the internal work processes. Since IC Groups sourcing office in Hong Kong office was closed down the daily contact point between the head office and our suppliers has become direct, more personal and on a close daily basic. We believe very much in this direct dialog to be able to move things in a better and more positive direction for everyone's beneficial.

#### The outcome of 2020 for human rights and plans for 2021

The strategic downsizing from 2019 gave us the possibility to look through internal processes and simplify where needed. The process of breaking down old habits and routines have brought to life possibilities that build stronger relations and ad in the understanding of our mutual business. Together, we have become better and are even more committed to positive change. The COVID-19 crisis has also shown that strong relationships with our suppliers are crucial and how imperative it is that human relations are stronger than anything else.

In this period BSCI launched its new amfori Sustainability Platform. Converting to this new platform has taking time, not only for us, but also for our suppliers, however, the goal is to gain an even higher degree of integration and become more aligned in processes which eventually should help us drive improvements across our supply chain.

We know and acknowledge that human rights are not top of mind in some of the production countries we operate, why BMB is a member of BSCI Amfori to be able to address important topics like forced labour, freedom of speech, suppression of minorities to name some.

Amfori is a leading supply chain management system that supports companies to drive social compliance and improvements within the factories in their global supply chains.

*This system creates a unique opportunity to gain leverage at the supplier level.* It has become more and more clear that action is needed in our business to secure that equality and diversity in recruiting, communication, and all internal and external

actions will have to be addressed and improved upon. We have updated our policies with in animal welfare, Anti-corruption, anti-slavery, child labour and ethical sourcing, which are now a part of our on- boarding guideline.

Influencing and exerting influence improvement of human rights can be difficult as a small business, which is why we have participated in a project called “‘Supplier dialogue – through the Sustainable development goals’ developed by a collaboration between DIEH (Danish Ethical Trading Initiative), WEAR (Industry associations between Wholesale, Ecom And Retail) and DM&Ts (Danish Fashion & Textile) – the outcome is a hands-on guideline for buyers in the textile industry, which we will use as training tool internally and as a communication tool externally.

In 2020 the role of Head of CSR & product development/Production has been split into two new position, to secure that CSR and sustainability will be properly embedded throughout the strategy and the entire organization to secure progress and focus on becoming an even more sustainable business. This has reopened previous years ambitions to review our collaboration agreements, our polities, implement best or more simple practices, and look to how we work with our code of conduct and continue to secure a higher degree of transparency during 2020-21.

## **Labour**

Freedom of association and the right to collective bargain is strongly built into the Danish DNA. Child labour, forced labour or discrimination of any kind is important to By Malene Birger to address. We support and adhere to the fundamental labour principles in Denmark and International labour rights. We also adhere to the principles of freedom of association and the right to collective bargaining, both locally and in our supply chain.

### **How we have implemented the principles 3,4,5 & 6**

Mapping the suppliers and the production units we use is a continually process. We have focused on Tier 1 and to secure a prober onboarding of the new BSCI amfori platform. When looking at our top 5 suppliers from who we buy the majority of our products, they are mainly from China and Turkey. Both are countries that are unfortunately rated as high-risk countries. However, these suppliers are not only BSCI audited, but we have also a strong relationship based on mutual respect and long-term collaboration.

Turkey is high-risk due to its relationship with Syrian refugees and China is classified as high risk because of working hours and fair pay, normally the result of both poor purchasing practices and poor production planning, rather than an act of deliberately underpaying and forcing overtime. Where we are today and with the current resources we have inhouse, we believe that improving our own production planning and involving our supply chain at the earliest stage is key to limit unnecessary pressure downstream. Together with our membership of BSCI/amfori we believe that By Malene Birger has the best possible conditions to support workers in the textile industry for better working conditions.

### **Outcomes in 2020 regarding labour rights and our plans for 2021**

In creating a new internal task structure and processes, mapping our suppliers and systemizing our business in 2019-20, we have built the possibility to consolidate and build an even stronger business with a focus on the core values that Scandinavian culture is built on. By increasing transparency and knowledge throughout the whole supply chain, accelerate risk management, share our findings and create positive change whenever possible is focus areas for the coming year.

In below survey, we find no changes within BSCI improvements which was expected, considering previous year challenges in assessing the factories or due to corona. However, since last year we have created a simple the Risk assessment system, based on product, importance, country, transparency, certification/audit/management systems and general issues, which has been the foundation to evaluate our supplier base.

Our future focus will lie on the top 5 most important suppliers from where more than 50% of our buying comes from.

Factory 1 is mainly in RED due to their importance grade and product category. Our set goal with this specific supplier is to become more sustainable in production by replacing conventional material with more sustainable materials and limit the waste and packing material around the product. The production unit is in a general high level, modern and lean.

The two last RED Factories 11 & 18 have a relative degree of importance, but no ambitions to improve transparency and have shown low willingness to improve. We have therefore decided to outphase them during 2021.

Factory	% of Turnover	Cummulative%	ABC segmentation	Risk assesment	Previous BSCI Rating	BSCI Rating
FACTORY 1	19%	19%	Importance		C	C
FACTORY 2	11%	30%	Importance		C	C
FACTORY 3	8%	38%	Importance		C	C
FACTORY 4	8%	46%	Importance		C	C
FACTORY 5	7%	54%	Importance		C	C
FACTORY 6	7%	61%	Importance		C	C
FACTORY 7	5%	66%	Importance	OUTPHASING	A	A
FACTORY 8	5%	70%	Importance	OUTPHASING	C	C
FACTORY 9	3%	73%	Importance		C	C
FACTORY 10	3%	76%	Importance		C	C
FACTORY 11	3%	78%	Importance	OUTPHASING	None	None
FACTORY 12	3%	81%	Medium		SMETA	SMETA
FACTORY 13	2%	83%	Medium		C	C
FACTORY 14	2%	85%	Medium	OUTPHASING	None	None
FACTORY 15	2%	86%	Medium	OUTPHASING	C	C
FACTORY 16	2%	88%	Medium		A	A
FACTORY 17	1%	89%	Medium		C	C
FACTORY 18	1%	91%	Medium	OUTPHASING	None	None
FACTORY 19	1%	92%	Medium		C	C
FACTORY 20	1%	93%	Medium		B	B

## The environment

At By Malene Birger, we acknowledge that the textile industry is one of the most polluting industries in the world and being a part of that is also sharing the responsibility in protecting the environment and minimizing our environmental footprint throughout the supply chain. We have set demands on both for ourselves and upon our suppliers and we are committed to improve and secure these to meet our targets.

## The implementation of the principles 7,8 & 9

The majority of our footprint comes from the development and production of, and around our products – the decisions we make on a material level, how many samples we develop, our production country, how we transport our goods and the quality of the end product all amount to our footprint. We are very aware of that, why we have developed a fibre tool to set a standard for the choices we make. Clear goals are set to change our conventional fibres to more sustainable or certified fibres within 2030. We are in process of measuring and setting a baseline on fibre level and packing material-level to be able to measure our progress year by year.

## Product

In the past year, we have increased focus on providing our customers with high-quality and long-lasting products made in the most sustainable way, in terms of design, materials and treatments.

In the autumn/winter of 2018 we included a range of sustainably made garments, rendered in environmentally conscious materials, - this concept is called 'Made with Care' and have grown to become the framework from where we create.

In additional to this we converted all hangtags and labels into respectively FSC certified paper and recycled polyester. This to secure that our continues need and use of these specific items was made from sustainable material as a default.

In May 2021 BMB became certified with RWS & RMS (Responsible Wool & Mohair Standard). This to verify the use of wool and mohair we purchase in regards to animal welfare and land management requirements and for us to be able to track it from the source to the final product. The process have embedded a lot of learnings and will be the fundament for our future journey toward a more transparent supply chain.

### Chemicals

By Malene Birger is committed to minimizing the use of harmful chemicals in our production to protect the environment, employees, and the consumer. To ensure that our policies are enforced throughout the value chain, we regularly check and test our products according to REACH and our own RSL (Restricted Substance List), which for certain chemicals exceed REACH requirements.

By Malene Birger joined the Leather Working Group (LWG) in August 2020 to support and contribute to environmental best practice within the leather industry. We aim to buy leather from LWG certified tanneries only.

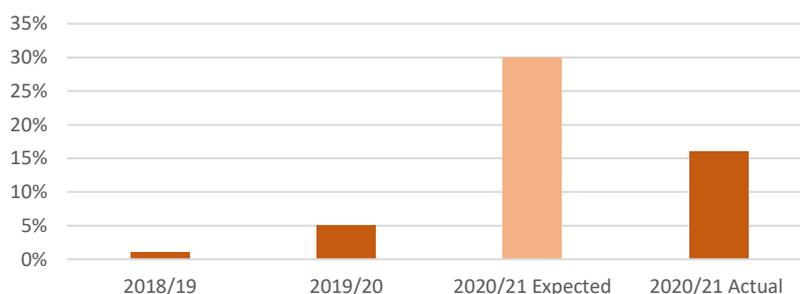
### The outcomes in 2020 regarding environment and plans for 2021

The year has obviously been very marked by COVID-19, but has, conversely, also given the whole sustainability agenda a positive and much-needed push in the right direction. Last year's initiated projects have borne fruit and nurtured even higher ambitions and a desire to become even better and work even more strategically with sustainability.

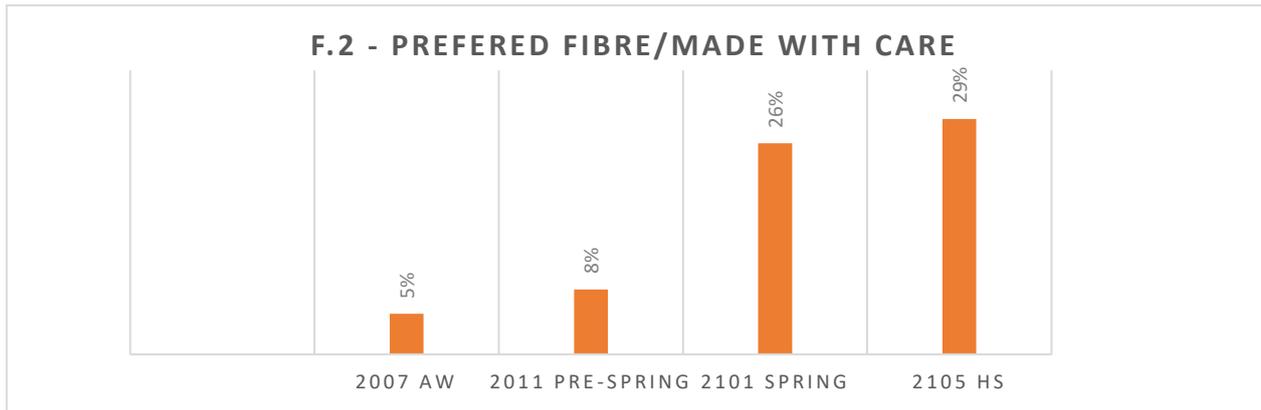
Therefore, we also had high expectations and set high ambitions for what we thought we could achieve. Unfortunately, as graph F.1 below shows, we did not quite reach our goal. It can be due to many things, but a huge reason for this can probably be found in the fear that still affect the market situation due to COVID-19. Many stores simply burned in with a huge stock which is probably also why buyers have been conservative in their purchases of goods. We can see this in the decline we had in purchased pieces in total, but also that the orders primarily have been placed on well-known styles with good sales history. Obviously, it makes very good sense and as such it is also the right direction for BMB to focus our development on. We want to sell styles in premium quality in terms of design and materials, but also very much with longevity in mind. The previous periods behavior underlines the need there is for styles that live up to these criteria's, because that is what stays in people wardrobe and that people love and therefore keep and use for a very long time.

We aim to develop less styles and always with a purpose in mind. Therefor has the Collection size decreased by almost 20% the past year, whereas styles made from a more sustainable material "Preferred fibres" has increase by 10% since last year, which we are proud of.

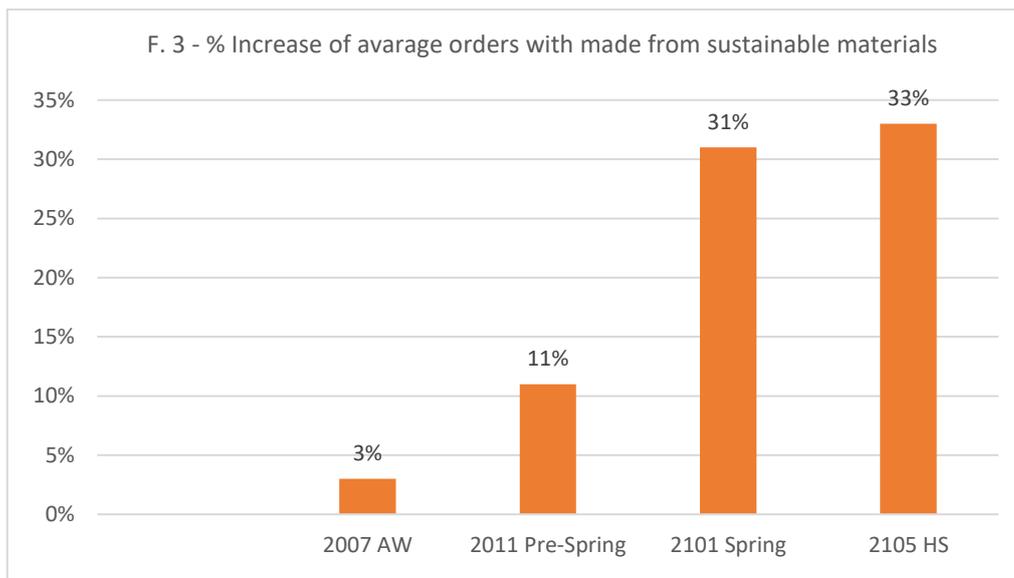
**F.1 - MADE WITH CARE" styles FY 20/21**



However, when developing our collections, we have primarily focused on making the seasonal collections as sustainable as possible, which F.2 also clearly reflects. Here we reach for **FY 20/21 29%** (Goal 30%), which was largely the goal we set for this financial year.



An interesting observation was that our average orders increased between 3-33% if the product was made from sustainable or certified materials. That, of course, can mean many things - Both that the customers to a large extent go for goods that are of sustainable origin, or that the goods were generally speaking well thought through why they became even more desirable and usable for the customer. See F.3



These findings have led us to develop a new concept that is more flexible than the classic NOOS concept (Never Out Of Stock). This concept will be introduced for the first time at the beginning of the next financial year 21/22 and will basically be more dynamic and vibrant, which is why we do not promise stock all the time, but instead offer these styles when they are relevant to the customer. It can be anything from 3,4,5 seasons to several years. Most importantly is of course, that these items live in our collection for a longer time and that they will be used and loved throughout their lifetime.

We have called this concept "ESSENTIALS" and was basically born with the idea of longevity in mind and will of course be made primarily by sustainable and / or certified materials. We have succeeded in presenting this collection where 79% of the materials for these styles are of sustainable origin. Our goal will be to reach 100% by the end of 2023

#### **Fibre Tool**

To be able to categorise and measure our progress we have together with the consultancy company, Closed Loop, developed a preferred fibre tool. This tool has mainly been developed to help the product teams to make

considered decisions when creating a style. Working within this frame we are not only strategically putting the focus on better choices, but also what we will phase out. Changing the conventional fibres into sustainable alternatives will eventually make us capable of improving our environmental footprint which is our final goal and motivation.

## **Projects**

**CLO:** To decrease the number of styles that we develop we have looked into the huge potential and positive impact that 3D design can offer. The potential to develop fewer samples, make fewer mistakes, decrease our waste and improve fit and wearability are some of the many expectations that we have from investing in the 3D design tool CLO. We have implemented and started working with CLO in our product team, especially technical design. It has fast become a valuable tool that we have only seen the surface of and obviously looking forward to investigate the huge possibilities of.

Our goal with this project is within the next year to be able to develop a small capsule which has been fully developed and sold only virtually, without selling samples, in sustainable qualities and long-lasting classic By Malene Birger designs for people to love for many years to come.

**Human Bridge:** We have a no-burn policy, so we never throw our products away. Instead, we donate a list of needed products including clothes and shoes to Human Bridge, a Swedish NGO that provides material relief to those in need around the world.

**Gadens Børn:** a volunteering based organization who help children in Kolkata/India. Their objective is to provide help for self-help and they believe that by anchoring knowledge and experience locally they create sustainable solutions both for today and for the future.

**Sustainable washing detergents for silk and wool:** We offer biodegradable and phosphate and softener-free detergents to our customers. The formulas are allergy-friendly and scent-free, and all bottles are 100% recyclable PET plastic. When our customers purchase a knit from us, we follow up with a step-by-step care guide newsletter featuring the detergents and advice.

## **ANTI CORRUPTION**

### **Our commitment to principle 10**

By Malene Birger acknowledges that in some countries it may be customary business practice to make payments or offer small gifts to speed up or facilitate routine actions or processes.

Nonetheless, such facilitation payments are illegal in most of the countries in which we operate, regardless of local cultural expectations, and By Malene Birger expressly prohibits the use of facilitation payments by our employees and business partners working on our behalf anywhere in the world.

All employees of By Malene Birger must help detect, prevent, and report incidents of bribery, corruption and similar wrongdoings whether performed by fellow employees or third parties acting on our behalf.

### **We have implemented the principle**

A copy of By Malene Birger's Anti-Corruption policy is available on By Malene Birger's internal app and retail app.

Mandatory training is conducted every second year. Each manager and all relevant employees will receive relevant training and new employees will be briefed of this policy as a part of the welcome orientation. At a minimum, key employees will receive mandatory training, including compliance with anti-corruption laws, regulations, or standard conducts relevant for By Malene Birger's field of business. The next training session deadline is November 2022.

### **The outcomes in 2020 regarding Anti-Corruption and plans for 2021**

We operate from one of the least corrupt countries and it is a clear policy for all our employees in the office in Denmark, that if offered a bribe we have to report the incident to the management instantly, we believe that there is a limited risk of experiencing corruption in our business relationships. There have been no incidents reported during the last year.

We will continue the training of new employees, current employees, and collaborators, to continue on this positive path and secure that bribery and corruption over time will be eliminated.

## Sustainability at Tiger of Sweden

At Tiger of Sweden, we believe that a strive towards sustainability is a most for the better of our planet, our industry and our society overall. During the financial year 20/21 we have worked on scaling up our sustainability actions. We are committed to the United Nations Sustainable Development Goals, focusing on *Goal 12: Responsible consumption and production*, and *Goal 13: Climate action*. Based on this commitment, we have outlined the following Tiger of Sweden sustainability goals and corresponding focus areas.

- **Climate Action.** We aim to: Reduce our greenhouse gas emissions and fully offset the carbon footprint for our scope 1, 2 and 3 emissions by 2025
- **Sustainable Material Mix.** We aim to: Have completed the shift to 100% preferred fibres in all our garments by 2030
- **Durability & Quality.** We aim to: Create long-lasting garments based on high quality, craftsmanship and a contemporary yet timeless design expression.
- **Transparency & Traceability.** We aim to: We aim to continuously update our Tier 1 and Tier 2 supplier lists on our website and strive towards continuous improvement and visibility within the supply chain.

In addition, during 2020/2021 we have also focused on **Social Welfare** and **Employee Engagement**.

Below follows a brief update on each of our key focus areas.

### Climate Action

One of our core focus areas during 2020/2021 has been to evaluate and measure the climate impact we have as a company. The fashion industry is a big contributor to the climate- and ecological emergency. Our biggest challenge is the significant amount of greenhouse gas emissions (primarily carbon dioxide) our industry emits.

Together with the STICA - the Swedish Textile Initiative for Climate Action, we have calculated our Scope 1 and Scope 2 emissions since 2018/2019. The calculations are made in accordance with the methodology of the Greenhouse Gas Protocol. To calculate this, we have been collecting data and estimating the emissions from our direct operations. Scope 1 includes emissions from direct electricity, internal transportation and cooling in our stores and offices. Scope 2 is linked to indirect emissions of electricity in our stores and offices. Starting from 1<sup>st</sup> of July 2021, we will start to measure our complete carbon footprint and keep doing so. This will include indirect emissions from our partners and suppliers. In other terms we will calculate our emissions for scope 1, 2 & 3 and this will be the foundation for our future road map for emission reduction. Our aim is to reduce and fully offset our carbon footprint by 2025.

During 2019/2020 we have had a total CO2 emission of 379-ton CO2e for scope 1 & 2. The split looks like below.

- 47% Electricity use
- 27% Electricity for heating and cooling.
- 20% Company operated cars
- 5% Others
- 1% Refrigerant leakage

During the last financial year, we made offsets equal to 64 tons of CO2 for our internal travels. We chose to support a community-driven project in Mongolia developed under the Plan Vivo Standard. This project helps to develop and implement new approaches to restore degraded grasslands in rural Mongolia. [Pastures, Conservation, Climate Action – Mongolia | Plan Vivo Foundation](#)

## Sustainable Material Mix

We have further developed our preferred fibre standard. Our preferred fibre standard is as a guiding tool when sourcing materials and fibres, as well as in measuring our progress towards creating increasingly sustainable products. It is an interactive tool that will be updated when necessary, for us to be up to date with the latest research and innovations in relation to fibres and production methods. The styles which has the fabric from these preferred fibres as majority are labelled as Responsible choice. During 2020/2021 we produced 58% of our products as Responsible choice. We aim to have completed the shift to 100% preferred fibres in all our products by 2030.

Find our preferred fibre list here: [www.tigerofsweden.com/se/sustainability/fibres](http://www.tigerofsweden.com/se/sustainability/fibres)

We wish to follow our industry's best practice and have therefore become supporting members of the Textile Exchange, a global non-profit organization which helps members drive the industry transformation towards preferred fibres and certification standards. 2019 we joined Textile Exchange's Material Change Index (MCI). It is the largest peer-to-peer comparison initiative in the textile industry. Our reported data for 2020 to Textile Exchange's Material Change Index (MCI) showed us that wool and cotton are our biggest fibres by far. Wool stands for 52% and cotton 29% of our total fibre use. Next year's focus will be to improve the ways in which we work with these fibres within future collections. Read more here: [Textile Exchange – Creating Material Change](#)

### Swedish Wool

During 2020/2021 we started up our work using 100% Swedish wool. We sourced and bought Gotland wool for our Fall Winter 2021 Collection. We worked closely with Ullkontoret Wash House and Intespra Mill to ensure the best solutions when working with this unique fibre. This resulted in a collaborative journey to enhance the quality of Swedish wool used in our garments. We will continue this collaboration for many seasons to come. By using Swedish wool, Tiger of Sweden is using an unused resource that guarantees animal welfare under Swedish law and ensures European production from fibre to final product.

### Responsible Wool Standard

The Responsible Wool Standard was created in 2016 when the need for a standardised certification for ensuring animal welfare in wool production was requested by the industry. The Responsible Wool Standard is a voluntary global standard that addresses the welfare of animals and the land they graze on with the goal of ensuring wool comes from farms with a progressive and responsible approach. We became certified members in May 2020, and we passed our annual audit in May 2021. During spring 2021 we presented our first RWS certified suit for our Autumn Winter collection 2021.

### Better Cotton Initiative

Tiger of Sweden has been a member of the Better Cotton Initiative (BCI) since April 2019. The Better Cotton Initiative trains farmers to use water more efficiently, care for the health of the soil and natural habitats, reduce the use of harmful chemicals and respect the rights and well-being of employees. Better Cotton is sourced via a system of mass balance and is not physically traceable to end products. BCI farmers benefit from the demand for Better Cotton in equivalent volumes to those we source. Our target for the 2021 was to source 109 MT (38%) of our annual cotton as BCI cotton. End of June 2021 we had reached approx. 33%. The shows that we are most likely to reach our target by end of 2021.

## Durability & Quality

During the beginning of 2021, we updated our restricted substance list with newly regulated chemicals in accordance with REACH and included chemicals for CMR fast track. This has been distributed with our suppliers and our test institute. Find our updated RSL here: [www.tigerofsweden.com/fibres](http://www.tigerofsweden.com/fibres)

During 2020/2021 we performed 20 chemical tests and 32 performance tests on raw material level. For chemicals we had a fail rate of 45% and for performance we had a fail rate of 68%. These figures might seem high, but it indicates that we know what to test. We make a risk analyse for each season. Most chemical fails are found within leather and shoe products and

substances not according to our RSL are mainly found in leather, glues, and plastics. To eliminate these chemicals, we continue to perform chemical tests at an early stage in the development process and check the bulk material to ensure that the risks are kept to a minimum. We have taken actions to eliminate the core of these chemical fail for future productions. One key aspect is to have continuous dialogues with our suppliers to explain the reasoning behind our standards and find alternative production methods to limit the substances and residues found in our products. Most performance fails are found for pilling and tear strength. Our limits are higher than industry practices and are difficult to reach for natural fibres, as wool and cotton.

## Transparency & Traceability

At Tiger of Sweden we believe that our customers have the right to know where their clothes are made. To further enhance the transparency within our production we are committed to sharing the names and addresses of our suppliers as well as the number of employees working there in accordance with the Transparency Pledge. Since 2019, we have added our tier 1 suppliers on Tiger of Sweden website. And since last financial year 2020/2021 we also added a tier 2 supplier list on the website. The lists are updated four times a year. Currently, we have 99% of our tier 1 suppliers and 71% of our nominated tier 2 suppliers public on our transparency list. Find our updated supplier transparency list here: [www.tigerofsweden.com/se/sustainability](http://www.tigerofsweden.com/se/sustainability)

## Social Welfare

The past year has been an unpredictable and challenging one. The daily work was much affected by the impact of the Covid pandemic. During 2020/2021 we have been in close dialogue with our partners to support their business during this unstable period.

Tiger of Sweden has been part of Business Social Compliance Initiative (Amfori BSCI) since IC Group joined in 2007. The Amfori BSCI platform allows members to request monitoring activities for the factories and farms in their supply chain. The results are uploaded on the mutual platform, where both companies and producers can track their performance. We follow up the monitoring result with the supplier and discuss if further improvements are needed. During 2020/2021 Tiger of Sweden worked with 77 tier 1 suppliers. 8 of our most used suppliers had an active BSCI audit during 2020/2021. These suppliers account for 23,49% of total pieces produced and 29% of total FOB value in DKK.

Tiger of Sweden acknowledges that State Imposed Forced Labor (SIFL) is a major and even growing concern for governments and stakeholders within the industry. We therefore ask our suppliers to ensure that the supply chain mapping is continuously improved. During 2020/2021 we updated our Code of Conduct to ensure that we are not contributing to forced labor practices in direct link to Xinjiang Uyghur region. Our Code of Conduct is in line with BSCI's Code of Conduct. You can read more here: <https://www.amfori.org/content/bsci-code-conduct>

## Employee Engagement

During 2020/2021 we implemented a new Performance Appraisal Process. The purpose of a Performance Appraisal Process is to foster all employee's personal development, organizational development, the collaboration between managers and employees and thereby enhance business performance. It is a conversation where manager and employee talk freely about the employee can most meaningfully contribute to the company's success and about how the employee can further develop his or her competencies. It's an opportunity to align mutual expectations and give each other feedback.

Another priority has been to offer training and development that helps our employee to grow and improve their job performance and career growth. Since 2018 we have offered our employees to join the Sustainable Fashion Academy's online education. The Sustainable Fashion Academy's mission is to prepare and equip apparel professionals with knowledge and tools they need to drive sustainability while growing their business. The training includes material choices, dyeing and finishing of textiles, manufacturing, working conditions and circular design. All employees within production and design have been offered to participate in the Sustainable Fashion Academy education and past year we extended the offer to our operations team. To achieve cross-functional understanding. The feedback from the training has been overwhelmingly positive. Read more at: [Sustainable Fashion Academy |](#)

During 2020/2021 we counted to monitor our employee's engagement via our Officevibe survey's. Officevibe is a tool used to increase and grow employee engagement. Each week, employees are sent a pulse survey to assess 10 Key Metrics of employee engagement. Based on direct feedback from our Officevibe survey's we introduced regular mindfulness sessions and we launched training in effective feedback. Read more at: [Officevibe | Bring out the best in your team](#)