



IC GROUP

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**CORPORATE RESPONSIBILITY  
REPORT 2022**

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 2021/2022

# 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 2021/22 was 42% of our tier 1 suppliers had an active audit with Amfori BSCI in SA8000 certificate. Amfori BSCI considers the standard of SA8000 best practise and is accepted as a substitute to Amfori BSCI, which counts for 70% 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.

During 2021/22 the Group's companies Tiger of Sweden and By Malene Birger 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 2021/22 based on absence levels.

During 2021/022 we have overseen our gender distribution amongst our management teams. See below for our gender distribution among our managers. There have not been any changes within the Board of Directors for IC Group the past year.

#### IC Group – Less than 50 employees

- Board of Directors: 3 members. 100% men.
- Management team: 1 member. 100% men.

#### Tiger of Sweden – More than 50 employees

- Operative Management Team: 8 members. 50% women and 50% men.
- Other Managers with personnel responsibilities: 14 members. 57% women and 43% men.

By Malene Birger - More than 50 employees

- Operative Management Team: 5 members. 80 % women and 20% men.
- Other Managers with personnel responsibilities: 18 members. 78% women and 22% men.

## 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 2021/22, we have tested 43 styles across both brands. Out of those 77 styles, 87% of the styles passed the test during the first testing while for 13% of the styles had to be adjusted in terms of materials and/or garments in order to being 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**

The pandemic turned out to be not only a small transition but a longer-lasting situation which has subsequently made us all realize that we live in a new era, for better or for worse. As such, our strategy is the same, but the changed risk profile has created a "new normal", which means that all of us, small and large, must think about sustainability in all parts of the company's operations. The scarcity of raw materials and challenges in the field of transport sets the agenda and are even more present than they were just a year ago.

Our strategy is built around five focus areas – product, supply chain, people, environment, and the consumer – each with its own mission and specific goals. We aim to reach these goals before 2025 but have also set directional goals for 2030.

It is of great importance also how we collaborate and develop our collections. Resource scarcity, not least on certified materials, recycled or other lower-impact materials means that we must act more strategically and take greater risks. If we are to succeed with the ambition to minimize our footprint on the planet, we must work even more together. Not only internally in the company, but also with our suppliers, customers (B2B & B2C), but also between brands, the whole value chain. Initiatives and commitments for collaboration and the development of better tools, compliance and due diligence processes are new tendencies that we at By Malene Birger undertake to participate in and help develop. We believe that we get the furthest by collaborating, which is why we became members of the Textile Exchange in 2021.

Textile Exchange is a global NGO that creates leaders in the preferred fibre and materials industry. Textile Exchange focuses on building a strong community to develop, manage, and promote leading industry standards, as well as publishing crucial industry data and insights that enable brands and retailers to measure, manage, and track their use of preferred fibres and materials. This community that we are part of also consists of other leading member brands, retailers, suppliers, farmers, and other industry stakeholders to support a collective climate strategy: Climate+.

The '+' stands for the fact that we cannot reach this goal alone and that we need a community of strong partnerships to succeed. We are supporting Climate+ by focusing on highly durable products, made from natural, lower impact- and recyclable & recycled materials:

We adhere to amfori/BSCI's Code of Conduct which 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 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 principles 1 and 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.

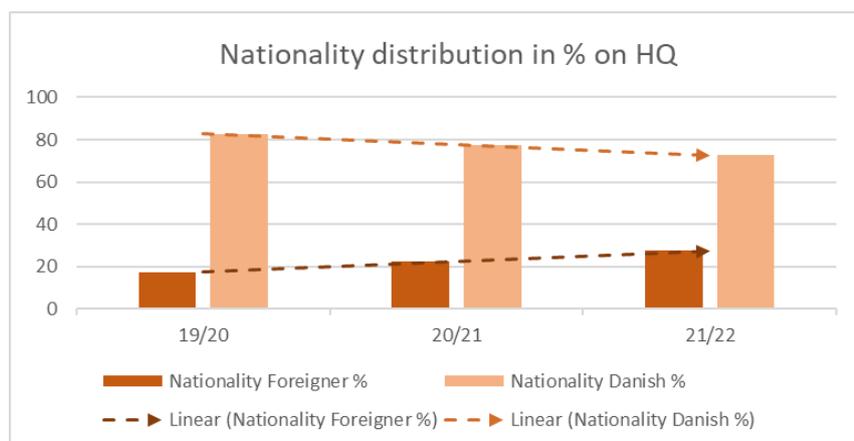
People's way of working was challenged during the lockdown and due to the limitations of Governmental requirements during the COVID-19 pandemic. The learnings we had during this period was that work-life balance is essential when working from home or part-time remote, not only to secure good performance but essentially also to create satisfied employees. Creating 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, monthly House meetings or Thursday bars became key pillars and are still as of today.

Working remotely opened our possibility to see the world and our colleagues in a new perspective. It was clear that physical presents were not needed on a daily scale, which is why we also experienced an increase in people applying from abroad.

To ensure and emphasize our values for all applicants and current employees, this text was developed and implemented in the hiring software Jobylon and in our employee handbook from 2021. One way we worked with it was to secure that this text was enclosed in all job postings when hiring new staff.

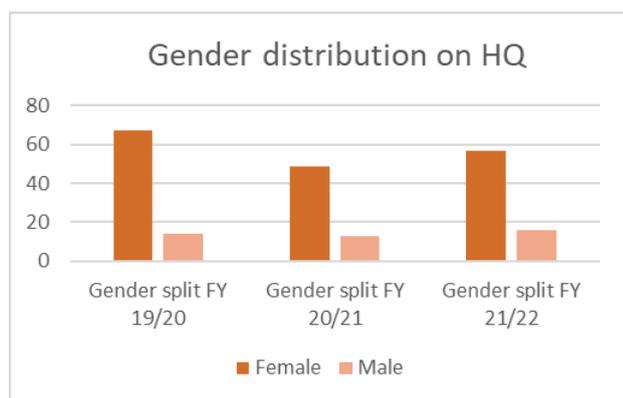
*“By Malene Birger is committed to creating a balanced, diverse, and inclusive atmosphere for all employees. We ensure that all people are treated equally, and we welcome applications from any qualified candidate irrespective of nationality, age, gender, sexual orientation, or religious beliefs.”*

The below graph shows a clear downwards tendency of employees with Danish nationality with a small but steady development of people from abroad. We believe that the business and the people working at By Malene Birger will benefit from a more diverse culture, ideas, global viewpoint, and ways of working.



### Gender diversity

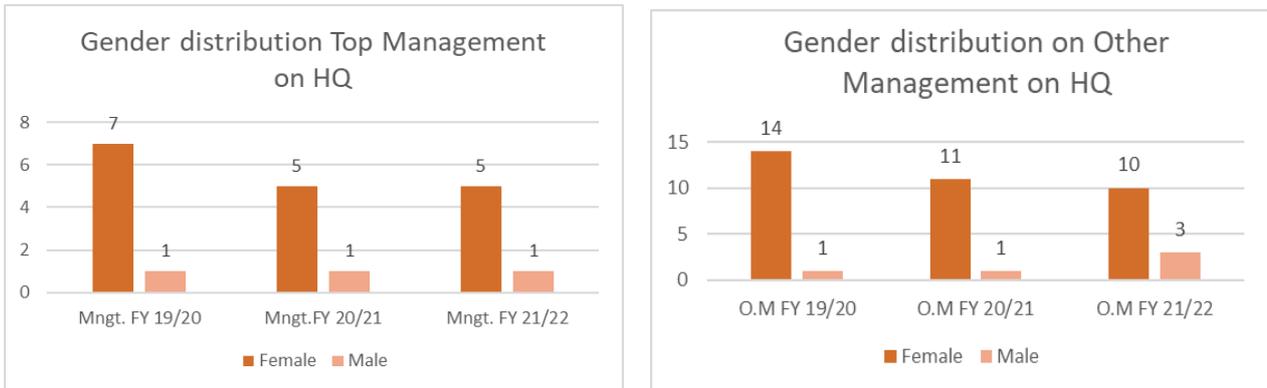
The fashion industry is also known for its majority female gender split. This is no different in By Malene Birger. However, we do see a small positive development from FY19/20 to 21/22<sup>1</sup>.



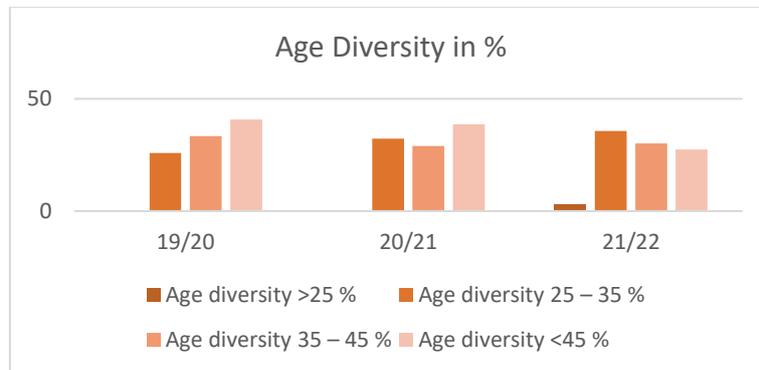
Looking at the development at the management level (refer to the below two graphs with *Management* defined as top managers and *Other Managers* being middle-managers with people in reference) reflects very much the gender split of the house whether it

<sup>1</sup> Data is calculated from a simple list of hiring data of age, gender, nationality and management level of BMB employees in the financial period mentioned covering only HQ, both in Denmark and Sweden.

is top management or other managers. The small progress mainly comes from the downsizing of the management group why the percentage of Male consequently will increase.



Looking at the average age split, we see a significant decrease in the age group above <45 but progress in the age group under 25. We support a balanced composition in age and believe that it has a positive impact on both business and culture.



**The outcome of 2021 for human rights and plans for 2022**

2021 was the year when we trialed new internal processes. The process of breaking down old habits and routines has brought to life possibilities that build stronger relations and add to the understanding of our mutual business. Together, we have become better and are even more committed to positive change.

The COVID-19 crisis lasted long into 2021 and has underlined that strong relationships with our suppliers are crucial and how imperative it is that human relations are stronger than anything else.

This period has sharpened our focus on simplicity, both in processes, but also in relation to our suppliers and the amount we work with. A simple supply chain drives healthier business and close relationships. We become mutually dependent on each other which is a healthy foundation for positive change, 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.

Another tool to this is to buy certified materials which for GOTS increases the degree of transparency we need to somehow secure that we are not sourcing from areas that eg. take advantage of the Uyghur minority in Xinjiang Province. We have therefore moved from OCS to GOTS, to secure a higher degree of social compliance.

The policies within animal welfare, Anti-corruption, anti-slavery, child labour and ethical sourcing will at least yearly be re-visited, updated, and improved when either new matters comes up or we see a need to emphasize that our suppliers work in compliance.

In continuation of our collaboration and development of the dialogue tool "Supplier dialogue - through the Sustainable development goals"<sup>2</sup>, the entire product development and production team participated in the course "Training in responsible purchasing" held by Ethical Trade Denmark (Former DIEH). The learnings from this will be the foundation for future internal training and internal handbook or guideline which we plan to roll out during 2022.

## 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 principles 3,4,5 and 6

Mapping the suppliers and the production units we use is a continual process. We have focused on getting a full overview of our Tier 1 and Tier 2 (Material) suppliers during 2021 and trained the team to secure a proper onboarding procedure to obtain information on all production units, 3<sup>rd</sup> part audits and/or material certification. When looking at our top 5 suppliers from whom 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 also partners that we have worked with for a long time, why our relationship is based on respect and mutual understanding.

Turkey is ranked as a high-risk country among others due to the unfortunate situation with Syrian refugees and China is classified as high-risk because of working hours and fair pay. Later often because 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 in-house, we believe that improving our own production planning and involving our supply chain at the earliest stage is key in limiting unnecessary pressure downstream. This is easier said than done and the increasing pressure that we are facing on raw material prices, increasing lead time, transportation prices and instability is, unfortunately, putting even higher pressure on the supply chain, why close communication with our partner-supplier is key together with our membership of BSCI/amfori. We believe that our support to BSCI/amfori is the best possible way for us to support workers in the textile industry for better working conditions.

### Outcomes in 2021 regarding labour rights and our plans for 2022

Mapping our suppliers and systemizing our business is an ongoing task. We are continuously building on the possibility to consolidate and strengthen our business collaboration with a focus on the core values that Scandinavian culture is built on. Having a close dialogue, increasing transparency and improved knowledge about and throughout the whole supply chain, combined with proper risk management, sharing of findings, and creating positive change whenever possible are focus areas for the coming year.

In the below survey, which is based on turnover covering a cumulative 91% of our business, we are comparing the development of our top 20 factories based on an internal risk assessment. The simplified risk assessment is based on *product category, sourcing country, compliance level, transparency, and degree of collaboration*. The previous year's top 1 is still categorized as "red" but has moved down the list to this year's number 2.

Compared to last year's BSCI ranking, we find only one change within our supplier base. The reason that they were ranked lower was due to 3 points; Fair Remuneration, Decent working hours, Ethical Business behavior which was a short period due pandemic, where they made flexible working hours to avoid overload factor which reflects in the accounting during the full year. We and they expect this to be back on track by the next audit at the end of this year.

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<sup>2</sup> Developed by a collaboration between DIEH (Danish Ethical Trading Initiative), WEAR (Industry associations between Wholesale, Ecom And Retail) and DM&Ts (Danish Fashion & Textile)

Last year we created a simple 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 number 1 suppliers have become “green” since last year and our ambition is obviously that we have only “green” suppliers in our top five.

Developing our top five most important suppliers is our focus as they are responsible for more than 50% of the buying value.

Factory 2 moved up to number 1 after becoming RWS & RMS certified, which reflects the sale of the certified products. Last year’s number two moved down to 2 but still have the label RED on them as we haven’t managed to find an alternative material to the bestselling program that they supply. Our set goal with this specific supplier is still 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.

Last year we out phased the two RED Factories 11 & 18 why they are not represented in the list. We are still consolidating our supplier base to strengthen our mutual business and become even stronger together, which is why we decided to further out-phase suppliers 7,8,11, 16, 17 and 19, with whom we are doing very little business so that we instead can secure other and more important suppliers with.

Factory	% of Turnover	Cumulative %	ABC Segmentation	Previous Risk Assessment	Risk Assessment	Previous BSCI Rating	BSCI Rating
FACTORY 1	17%	17%	Importance	Red	Green	C	C
FACTORY 2	17%	34%	Importance	Green	Red	C	C
FACTORY 3	9%	43%	Importance	Yellow	Yellow	C	C
FACTORY 4	5%	49%	Importance	Green	Orange	C	D
FACTORY 5	5%	54%	Importance	Yellow	Green	C	C
FACTORY 6	5%	58%	Importance	Yellow	Yellow	C	C
FACTORY 7	4%	63%	Importance	OUTPHASING G	OUTPHASING	A	A
FACTORY 8	4%	67%	Importance	OUTPHASING G	OUTPHASING	C	C
FACTORY 9	3%	70%	Importance	Green	Green	C	C
FACTORY 10	3%	73%	Importance	Yellow	Green	C	C
FACTORY 11	3%	76%	Importance	OUTPHASING G	OUTPHASING	None	None
FACTORY 12	2%	78%	Importance	Green	Yellow	SMETA	SMETA
FACTORY 13	2%	80%	Medium	Yellow	Green	C	C
FACTORY 14	2%	82%	Medium	OUTPHASING G	Yellow	None	None
FACTORY 15	2%	84%	Medium	OUTPHASING G	Yellow	C	C
FACTORY 16	2%	86%	Medium	Green	OUTPHASING	A	A
FACTORY 17	1%	87%	Medium	Yellow	OUTPHASING	C	C
FACTORY 18	1%	89%	Medium	OUTPHASING G	Yellow	None	None
FACTORY 19	1%	90%	Medium	Green	OUTPHASING	C	C
FACTORY 20	1%	91%	Medium	Yellow	Yellow	B	B

## THE ENVIRONMENT

The textile industry is the fourth most polluting industry and being a part of that is also sharing the responsibility in protecting the environment and minimizing our environmental footprint.

It is clearer than ever before that we must cooperate across industries and generally work according to the same objective as the Paris agreement has set. This agreement has given all companies some very specific objectives against which we can measure our progress. We have developed our first carbon footprint report to be able to identify our biggest impact areas and set ambitious goals. See attached report.

Having this tool gives us a clear insight into where we should invest our efforts. We are responsible for minimizing our scope 1+2 emissions to the minimum, but our scope 3 is by far the area that shows the biggest impact.

We are still in an early stage of analyzing the results, but we have started this process to have the tools to comply with the Paris agreement goal of reaching -1,5 degree or well-below -2 degree.

### **The implementation of principles 7,8 and 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, which is why we have developed a fibre list 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.

As a part of our strategy we are no longer producing as much as before. We aim to only buy what we sell to avoid putting products on the market that have no purpose. Our collection sizes are minimized by almost 50% since last year, which is why the time spent on each style has increased and the purpose for each style is much clearer with the result of the collections becoming stronger and selling better at full price. We believe that the value needs to get back to the product for it to be loved and used for years to come. It is our belief that people will care and treasure it if they have invested in a piece of cloth that is not only of good quality but will keep its value also after several years of use. This is not the situation with a lot of clothes produced today. Producing the right styles has impacted on what we have left on stock when seasons are over. The leftover goods have decreased so much that it has had the positive result that we have closed our biggest outlet stores this year.

To decrease the number of styles that we develop we have investigated 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 investigating the huge possibilities of.

Our goal last year was to develop a fully digital capsule. This was aiming too high, but we have seen a clear tendency that our first proto sample is in significantly better condition than before and less samples are needed before the final product is in place. A huge possibility to improve our processes and quality of the developed product. However, being able to measure our progress seems to become blurred because we have reduced our collection significantly already, why the goal for next year is to actually be able to measure our progress in this regard.

### **Carbon footprint**

To be able to properly measure our impact on the environment we have partnered with Cemsys to be able to develop our first Carbon footprint report. We have experienced that it is fairly complex to gather the data and haven't been able to collect all data from this financial year before this deadline, so the overall findings are from the previous fiscal year.

Whether the data is from this or previous year still shows clearly that our biggest impact lies within Scope 3 (Fig. 1) and that the biggest impact under Scope 3 (Fig. 2) is Transportation and Materials.

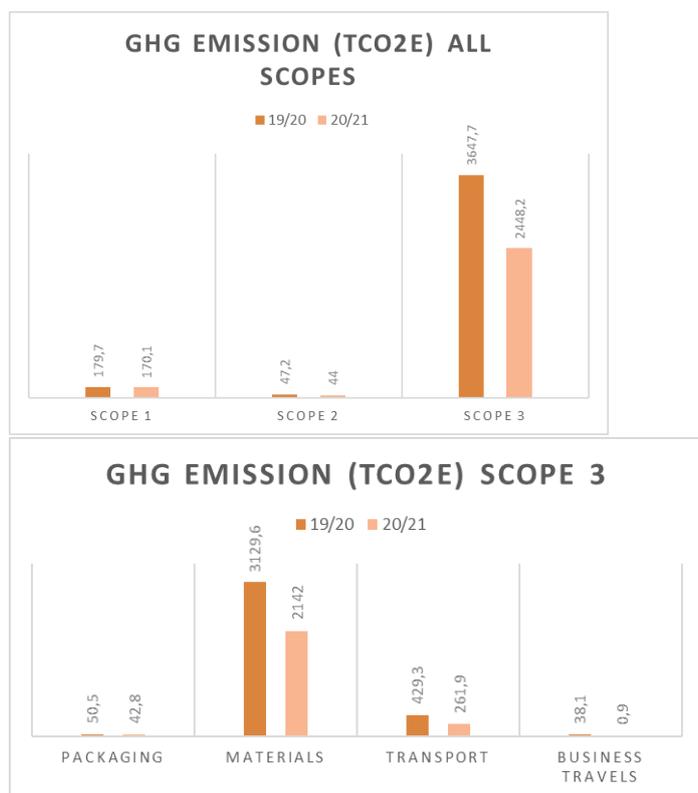
The report comprises the following organizational units: HQ, own retail, outlets and consignment stores in Denmark and Sweden where by Malene Birger operates.

The input data is based on consumption data from internal and external sources, which are converted into tonnes CO<sub>2</sub>-equivalents (tCO<sub>2</sub>e). The carbon footprint analysis is based on the international standard; A Corporate Accounting and Reporting Standard, developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). The GHG Protocol is the most widely used and recognized international standard for measuring greenhouse gas emissions and is the basis for the ISO standard 14064-1.

**Scope 1** includes all direct emission sources. This includes all use of fossil fuels for stationary combustion or transportation, in owned and, depending on the consolidation approach selected, leased, or rented assets

**Scope 2** includes indirect emissions related to purchased energy; electricity and heating/cooling where the organization has operational control. The electricity emission factors used in Cemasy's are based on national gross electricity production mixes from the International Energy Agency's statistics (IEA Stat). Emission factors per fuel type are based on assumptions in the IEA methodological framework. Factors for district heating/cooling are either based on actual (local) production mixes, or average IEA statistics.

**Scope 3** includes indirect emissions resulting from value chain activities. The scope 3 emissions are a result of the company's upstream and downstream activities, which are not controlled by the company, i.e. they are indirect. We have included business travel, goods transportation, consumption of materials including packing materials.



### Product & Materials

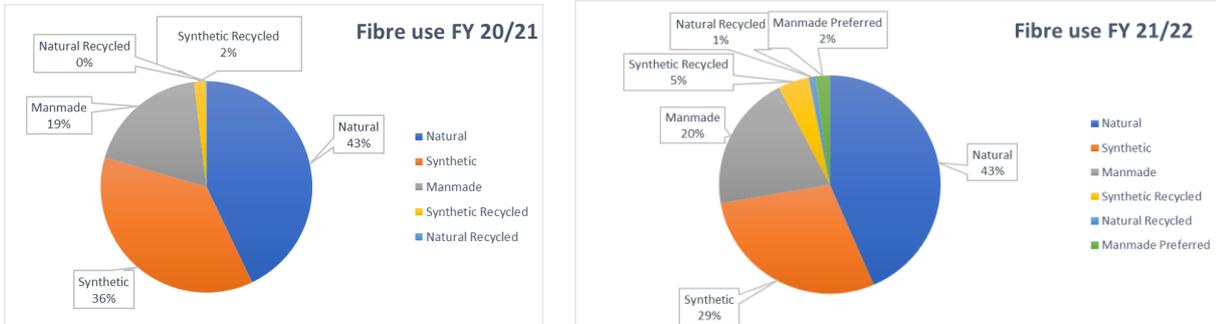
In the past year, we have increased focus on providing our customers with high-quality and long-lasting products made in the most sustainable way, in terms of design, fit and materials.

We have developed our own design principles, for our product development teams to have some simple rules in mind when sourcing and developing our styles. This to ensure that they focus on what they are best at which is creating beautiful, quality clothes to be loved for a long time.

### The Design principles:

1. **Natural materials** – For many reasons, but in this regard, because it is renewable materials, biodegradable and recyclable.
2. **Mono fibres** – Having this in mind increases a style's possibility to be recycled and in most cases improves the performance of durability
3. **Un-dyed** – No, dye stuff, less energy use, less processes, less chemicals.
4. **Waste** – less samples (CLO), less developed styles, and focus on leftover reduction and recycled fibres

Unfortunately, we haven't seen an improvement of natural materials used, but we have seen a significant decrease in synthetic fibres. From 36% to 29%. The reason for this is mainly coming from recycled fibres which is very important due to its much lower emission factor. Manmade fibres have increased 1%, but our man made preferred (Eg. Ecovero, Naia) has improved by 2%.



The biggest emission factor comes from our wool fibre use<sup>3</sup>. In May 2021 BMB became certified with RWS & RMS (Responsible Wool & Mohair Standard). This to verify the use of wool and mohair we purchase regarding animal welfare and land management requirements and for us to be able to track it from the source to the final product. The process has embedded a lot of learnings and will be the fundament for our future journey toward a more transparent supply chain.

Since then, we have managed to convert 50% / approximately 10 tonnes of our wool use into certified wool, Out of the appr. 20 Ton wool we buy today is only 1,5-ton recycled fibres. To have a real positive impact we need to increase our focus on recycled materials overall.

Materiale	tCO2e	% Andel
1 Wool, fine	533,2	25%
2 Silk fabric	295,3	14%
3 Viscose/Rayon fabric	268,9	13%
4 Leather, cow	223,1	10%
5 Cotton fabric, organic	154,5	7%
6 Polyester fabric	154,2	7%
7 Plastic (PVC)	133,6	6%
8 Nylon/Polyamide	120,8	6%
9 Cotton fabric, conventional	57,3	3%
10 Alpaca fabric	53,8	3%

We have set individual goals for each material to be reached by 2025, with natural materials being the top 5 (except Viscose) . We have a huge potential and are focusing even more on recycled materials within every category.

Our second biggest possibility to drive positive impact is to replace all our conventional viscose into lower impact alternatives, such as Lenzing® products, Naia®, Cirlulose™ and similar lower impact or innovative materials.

However, it is about finding a balance as generally recycled fibres do not have the same durability performance as virgin fibres, why designing for circularity is one of the key possibilities that we will start to explore with our Design Principals as a framework.

Small project and change in mindset behavior have resulted in below 2 actions:

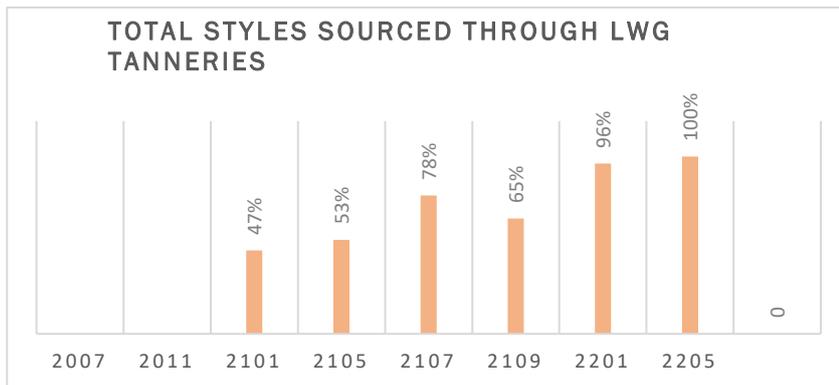
- New laptops purchase – 70 new laptops which has been carbon compensated equality to 24T CO<sub>2</sub>
- 20.000 pc of Co2 neutral bags bought for our E-com business equality to 10T CO<sub>2</sub>

<sup>3</sup> Calculated in percentage based on pieces sold in the mentioned period

## Chemicals

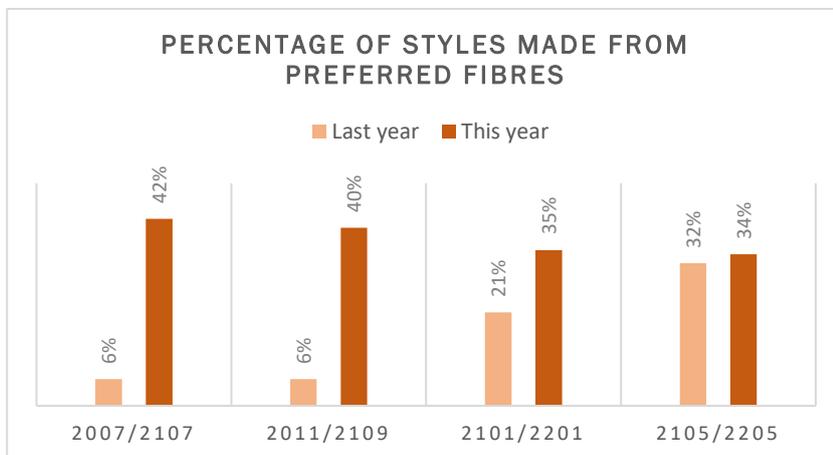
By Malene Birger is committed to minimizing the use of harmful chemicals in our production to protect the environment, employees, and the consumer. To ensure that our policies are enforced throughout the value chain, we regularly check and test our products according to REACH and our own RSL (Restricted 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 started requesting our suppliers to source only from LWG audited tanneries and minimizing the number of providers by using the same from season to season. A clear tendency of progress<sup>4</sup> in this respect that below figure also shows:



## The outcomes in 2021 regarding environment and plans for 2022

The period has obviously been affected by Covid, rising raw material and transport prices and not least the war in Ukraine, but also a larger demand in the market for what we refer to in the following as *Preferred fibres*. We have seen a very positive progress since last year which below graph also indicates<sup>5</sup>.

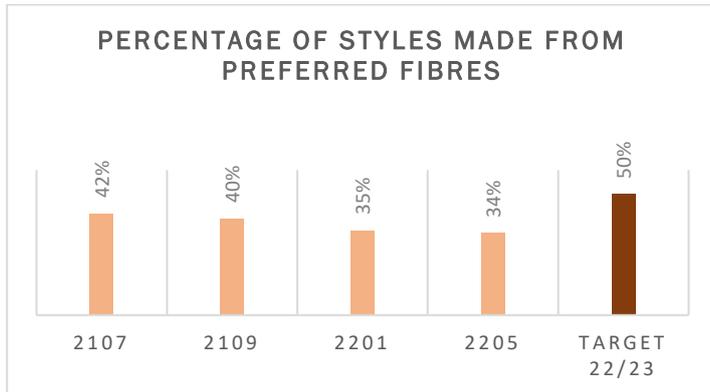


The market though is still unstable and challenges like minimum requirements and availability of lower impact materials are still increasing. We also see drops in the % share from before final buy of the selling period, to after, as the minimum and availability influence on whether we can produce in these *Preferred fibres* or not.

<sup>4</sup> Calculation based on total numbers of styles made from leather vs. total numbers of styles made from leather sourced through tanneries audited through LWG (leather working group)

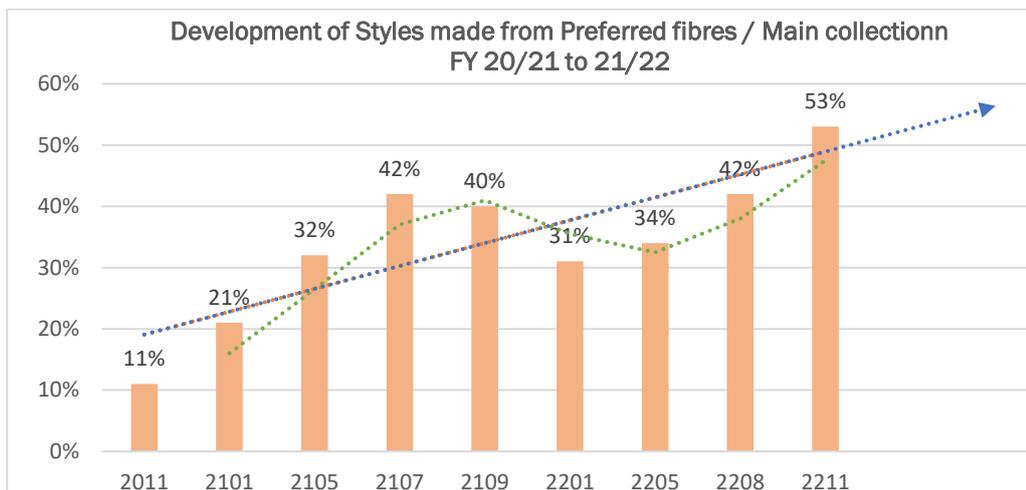
<sup>5</sup> Calculation based on total numbers of styles in our main collections comparing FY vs. total numbers of styles made from one of the materials from our preferred fibre list [https://www.bymalenebirger.com/on/demandware.static/-/Library-Sites-BMB/default/dw499edca1/Redesign2018/Landing\\_page/MWC2021/BMB\\_preferredfibrelist.pdf](https://www.bymalenebirger.com/on/demandware.static/-/Library-Sites-BMB/default/dw499edca1/Redesign2018/Landing_page/MWC2021/BMB_preferredfibrelist.pdf)

Converting the first 30% of the collections into better fibres has been the “easiest” part because this part of the collection is mainly made from relatively basic fabrics, but the fancier fabrics, the harder to find.



Looking at the above figures<sup>6</sup>, we see the collections for 21/22 in isolation, but in continuity, are falling, but if you look at the coming collections extending into the next financial year, we see a positive indication towards the 50% which is the target.

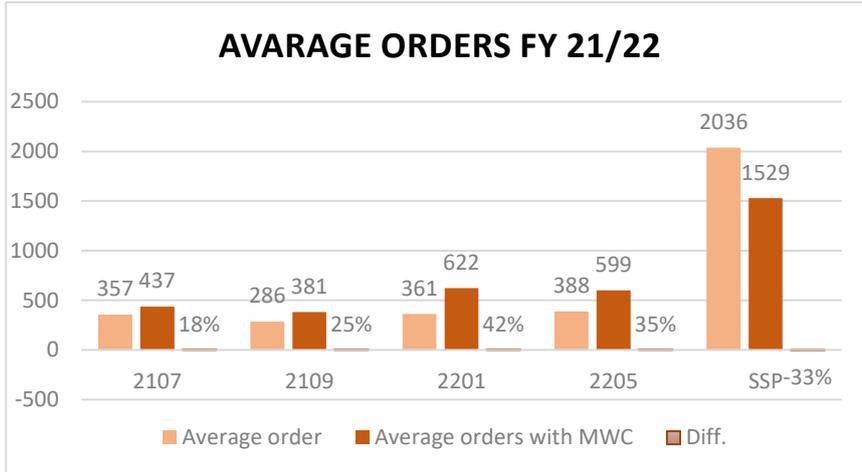
What strengthens our expectation is that spring/summer collections tend to be lower than autumn/winter, so even if we also experience a drop after final buy, it still looks promising.



In this graph, you can see the performance (Total % After FB) of styles made with our *Preferred Fibres*. Last year and this year are compared to one another, where last year is presented in the lighter orange and this year in the darker orange colour. Overall, the percentage of *Preferred fibres* has increased.

An interesting observation last year was that our average orders increased between 3-33% if the product was made from our *Preferred fibres*. We have investigated this again to see if it was a coincidence, but the figures speak for them self. Only drop is our SSP category, which contains several concepts, from Noos, Signature Flower bag concept, to the newly launched Essential collection.

<sup>6</sup> Calculation based on total numbers of styles in our main collections vs. total numbers of styles made from preferred fibre list [https://www.bymalenebirger.com/on/demandware.static/-/Library-Sites-BMB/default/dw499edca1/Redesign2018/Landing\\_page/MWC2021/BMB\\_preferredfibrelist.pdf](https://www.bymalenebirger.com/on/demandware.static/-/Library-Sites-BMB/default/dw499edca1/Redesign2018/Landing_page/MWC2021/BMB_preferredfibrelist.pdf)



Specifically, the Noos and “Signature flower” draw down the picture, which is why we need to work proactively with this group.

	Average order	Average orders with preferred fibres	Diff.
<b>2107</b>	357	437	<b>18%</b>
<b>2109</b>	286	381	<b>25%</b>
<b>2201</b>	361	622	<b>42%</b>
<b>2205</b>	388	599	<b>35%</b>
<b>SSP</b>	2036	1529	<b>-33%</b>

Last year we launched the concept called "THE ESSENTIALS" (incl- in SSP figures) born from a new idea of a more holistic and flexible approach to stock-items. This concept considered less stock and development, in line with our strategy, less risk for both brand and buyer and the goal was to reach 100% lower impact styles by the end of 2023. The concept has developed though, containing jewelry and leather accessories which has challenged the goal significantly, why we have had to rethink how we start up and how a style moves from main collection to this new concept and eventually also extend our ambitions to target 100% in 2025.

*“The Essentials is a collection that embraces slow luxury, a sustainable approach to consumption, and one you won’t see on sale – the majority of the collection is made with natural, certified, or lower impact materials from our Preferred Fibre List. Our Preferred Fibre List classifies our fibres from better to best, to those we will eventually phase out as they don’t meet our internal standards of responsibility”*

#### Fibre List

Our fibre list went officially online this fall but has been used internally for over 2 years.

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.

#### Care & Wear:

Because we want our products to be cared for and to increase both awareness for our customers we have developed more sustainable washing detergents for silk and wool because if treated correct are products that can last a very long time: 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.

## **PROJECTS**

The fashion industry is heavily powered by women. We focus on supporting especially women, young people and children of any gender from all over the world, but we also support locally.

### **Women for women international**

We have an ongoing collaboration with Women for Women International that supports several women as they go through a year-long training program, teaching entrepreneurial skills and ensuring these women's voices are heard at home and in their communities.

This year we launched a jewelry collection By Malene Birger herself for Malene Birger – on the International Women's Day.

*Hand-crafted by a woman on the island of Skyros in Greece, each piece of Malene Birger's fine jewelry collection is unique and organic, following the natural form of each pearl used. This International Women's Day, we are proudly supporting Women for Women International, a charity helping women survivors of war rebuild their lives.*

### **Designers without borders**

Partner with Danish designers to fight fashion waste and to raise funds for vulnerable youth and women in South Africa. The surplus clothes are sold through Fashion Fundraiser events, which are run in collaboration with local partners. The Fashion Fundraiser is run by South African volunteers with the goal of raising funds for vulnerable youth and women in South Africa's rural areas.

We believe that it makes better sense to convert the clothes to funds for programmes that empower and develop instead of giving it directly to the people in need. This year we managed to collect 20 boxes of clothing.

### **Gadens Børn**

A volunteering-based organization who helps 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.

This year our donation helped to cover the expenses for 54 children who went to school, got uniforms, bags, books and food every day. We are grateful for the possibility to support "Gadens Børn"

### **Hellebro**

Aims to help young homeless and vulnerable people between 18-29. Hellebro's mission is to help the young people with housing, school, and work – away from the streets, abuse, crime and the traditional shelters and hostels. This year we donated 20 boxes of clothing.

### **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. This year we donated 45 boxes of clothing and accessories.

### **Made in Denmark:**

A goal is to produce *closer-to-home*. This year we investigated the possibility of producing in Denmark. It resulted in a project called HOMESPUN.

*Each HOMESPUN piece is unique, containing wool from a farm of alpacas located just outside of Copenhagen. Natural and untreated, the biodegradable wool has been hand-cut in Denmark, spun into yarn in Sweden, and returned to Denmark where it has been hand-knitted to craft the piece in your hand.*

## **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 Relesys and the Anti-Corruption policy is also a part of our onboarding procedure for all new suppliers. 100% of our suppliers have signed this.

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 to By Malene Birger's field of business. The next training session deadline is November 2022.

### **The outcomes in 2021 regarding Anti-Corruption and plans for 2022**

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.

The proportion of responses last year was the following:

- Anti-corruption training only: 39/67= **58,2%** of the participants completed 100% of the training module.
- Anti-corruption- & GDPR training: 40/97= **41,23%** of the participants completed 100% of the training module.

We do not find the result acceptable, which is why we have increased the communication and efforts to get more people to do the training.

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

## Sustainability at Tiger of Sweden

At Tiger of Sweden, we strive to positively influence industry change and facilitate the mindful consumption of consciously designed garments for the better of our planet, our industry, and our society overall. During the financial year 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 goals and corresponding focus areas.

- **Climate Action**

The textile industry accounts for a considerable proportion of greenhouse gas emissions. As a member of the Swedish Textile Initiative for Climate Action (STICA), we have committed to reducing our absolute greenhouse gas emissions by 50% by 2030, from a 2019 base year. This commitment is aligned with what is required by scientific consensus to stay within the 1,5 C warming pathway set to reduce the threat of climate change.

- **Responsible Materials**

We want to work actively and inclusively to change the industry we are in and promote greater environmental responsibility. Guided by our Preferred Fibre Standard, we strive to scale our use of fibres with a lower environmental impact, certified fibres, organic fibres, and recycled fibres. By 2030 all our fabrics should be responsibly sourced.

- **Mindful Consumption**

We believe in the necessity of facilitating a more mindful consumption for significant industry change built on shared responsibility. Today, we aim to convey the message of fewer but better garments by designing for longevity with high-quality pieces made to last. Tomorrow, we need to become a business that further supports a circular system.

- **Full Transparency**

Today, all our production partners and most of our mills are disclosed on our website. We know our partners and produce most of our products in Europe. By 2030 we aim to achieve complete visibility across our supply chain, including our raw material suppliers, finished material suppliers, and factories.

In this report we will present our actions and results during for our above goals. In addition, we will also share our work for **Human Rights, Social and Employee Conditions, Anti-Corruption** and **Gender Distribution**. Each chapter describes what risks we see, what we strive to achieve, our actions and results during the last financial year and our goals and challenges for the coming year.

### Climate Action

The apparel and textile industry contributes significantly to the climate- and ecological emergency. As climate change accelerates, its impacts exacerbate existing social, economic, and environmental challenges in many contexts. The latest research estimates our industry contributions to be between 2% and 10% of global Green-house gas (GHG) emissions. Most of these emissions come from raw material production, supply chain processing and assembly. We, at Tiger of Sweden, recognise our reasonability to reduce our Green-house gas (GHG) emissions throughout the full supply chain.

#### Actions Taken

Together with the Swedish Textile Initiative for Climate Action and 2050 consulting we measure our GHG-footprint. Since 2018 we have measured our scope 1 and 2. Starting from last year we also measure our scope 3. Scope 3 includes all our outsourced activities for purchased goods and services. Scope 3 account for most of a company's emissions. Our GHG-measurements will be the foundation for our future reduction plan.

#### How we collected the data

All calculations and reporting have been made in accordance with the methodology of the Greenhouse Gas Protocol (scope 1-3). Accordingly, our emissions have been divided into three scopes (1-3), where scope 1 includes the direct emissions, scope 2 includes the indirect emissions from producing purchased energy and scope 3 includes all other indirect emissions. All calculations are primarily based on actual activity data. Where data gaps have been identified estimations have been made

based on best available knowledge. For our Tier 1 (garment factories) calculations we collected actual data from 30 out of 77 garment manufactures covering 78% of purchased products. Our Tier 2-4 (textile production) calculations were based on HIGG MSI data. We recognise that the HIGG MSI data is not perfect, but it is the best available to us.

Scope 1: includes all direct emissions:

- Company operated vehicles
- Refrigerant leakage in offices, stores, and warehouses.
- 

Scope 2: includes indirect emissions:

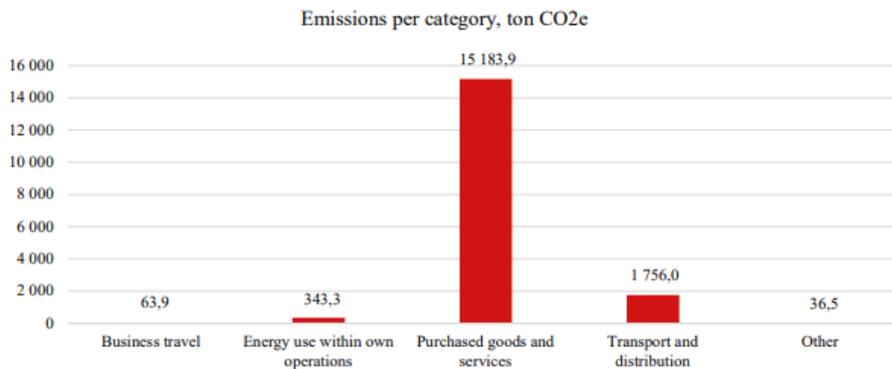
- Electricity consumed in offices, stores, and warehouses.
- District heating consumed in offices, stores, and warehouses
- 

Scope 3: includes indirect emissions:

- Purchased goods and services (representing tier 1-4 and packaging materials).
- Transportation and distribution (upstream & downstream).
- Energy (electricity, heat, and fuels) consumed in third party warehouses, concession stores, and other facilities
- Fuel and energy related activities.

### Result

During 2021/2022 total emissions measured was 17 384-ton CO<sub>2</sub>e, of which 98,01 % are emissions in scope 3. Emissions per category is presented in the figure below. The largest category of emissions is purchased goods and services, which stands for 87% of our total emissions.



Within purchased goods and services accounts Tier 2-4 (textile production) for 81% of our emissions. Transport, processing and dyeing are the most carbon greenhouse-gas (GHG) intensive parts of the textile production. See below explanation for the different Tiers. The remaining part of 6% of Purchased goods and Service includes manufacturing and packing.

1. Tier 2 Fabric Production
2. Tier 3 Yarn Production
3. Tier 4 Fibre Extraction

STICA publish an annual progress report. In this report, a majority of STICA member companies, including Tiger of Sweden, presents their GHG-emissions for scope 1,2 and 3 as well as disclose their targets. Find the report here: [STICA Progress Report 2022 - Sustainable Fashion Academy](#)

### Offsets

During 2021/2022 we made offsets equal to 22 tons of CO<sub>2</sub> for our internal business 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. Read more here: [Plan Vivo Foundation – For Nature, Climate and Communities](#)

### Goals and Challenges

We have committed to reduce our absolute greenhouse gas emissions by 50% by 2030, from 2019 base year. This will be a challenge and we do not have all answers and solutions in place. Nevertheless, we know that we need to act now. Our first step will be to create a time-bound plan for reducing our emissions.

We will focus on renewable energy for our own entities and set at renewable energy target for our supply chain suppliers. We will increase our use of low carbon materials as organic cotton and recycled materials. But this will not be enough, today we know that the fibre itself is a small part of the reduction. Transport and processing, as spinning and dyeing, are the most carbon intensive parts. We need to work on reduction amongst all Tiers. Today we work with many better mills and spinning plants, that themselves have set reduction targets but since we mostly use average data for Tier 2-4 it will not show in our measurements until we capture real data. Today is all data collected manually and it is a resource-heavy task. Going forward we see need for a data-driven system with set goals to be shared with our supply chain partners.

Science tells us that it unlikely for the textile industry's fibre and materials market to stay within the 1,5 C warming pathway without slowing growth and transitioning to preferred fibres and production process. Here we will continue our work to reduce our collection and only produce products with a clear purpose and stick to our full price strategy. We have deliberately moved away from heavy discounts to further enhance the profitability for the brand, as well as preventing unsustainable purchase volume driven by large discounts and less efficient range planning. This is in line with our active premiumization of our brand. Our future quantises compared to our base year 2018/2019 will be lower.

Our goal is to have a first draft of our reduction plan ready by end of June 2023.

### Responsible Materials

Fibres and fabrics alone do not make a product sustainable, but they do make up for a significant part of a product's environmental impact. Conventional fibres and fabrics are a major driver for the environmental crisis we are facing. Our fibre use is interconnected with climate issues such as increasing Greenhouse gas (GHG) emissions, poorer water and soil health and loss of biodiversity. At Tiger of Sweden accounted Tier 2-4 (textile production) for 81% of our Greenhouse gas (GHG) emissions.

Overall, less than 0.5 percent of the global fibre market was from pre- and post-consumer textiles in 2020. As an industry we need to use more recycled and preferred fibres. The global fibre production has almost doubled in the last 20 years, increasing from 58 million tonnes in 2000 to 109 million tonnes in 2020, and is expected to increase another 34% in the next 10 years. Read more here: [Textile-Exchange Preferred-Fiber-and-Materials-Market-Report\\_2021.pdf \(textileexchange.org\)](https://www.textileexchange.org/Preferred-Fiber-and-Materials-Market-Report-2021.pdf)

### Actions Taken

Guided by our Preferred Fibre Standard, we strive to scale our use of preferred fibres with a lower environmental or social impact, organic fibres, and recycled fibres. Fibres that have a proven lower impact compared to conventional fibres. Using data from credible NGO's, as Textile Exchange. 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 with the latest research for fibres and production methods. Products produced with the outer fabric made from a majority of our preferred fibres are labelled as Responsible Choice. Find our preferred fibre list here: [www.tigerofsweden.com/se/sustainability/fibres](http://www.tigerofsweden.com/se/sustainability/fibres)

### Result

Material mix for 2021/2022. Data showing fibers used in all products produced in 2021/2022, percentage by weight.

Fiber	Sum of weight per fabric (kilo)	%
Cotton	164 423	40%
Wool	148 541	36%
Leather	41 439	10%
Polyester	23 060	6%

Other	32 813	8%
Total	410 276	100%

Cotton, wool, and leather accounts for 86% of our fibre use. It is for these fibres we need to choose better available options. Most of our cotton is either organic or bought via Better Cotton and most of our leather is certified according to Leather Working Group. But wool is still a major part for improvement. Even though we work with European mills for our wool is most of our wool currently not certified or preferred.

During 2021/2022 was 60% of our products produced as Responsible Choice. Out of these products was only 6,2% made from recycled fibres. We have big potential to increase our share of recycled fibres. Previously finical year was 58% of our products produced as Responsible Choice and out these was 6% made from recycled fibres.

#### Future Goals and Challenges

To increase our share of preferred fibres and materials we need to team up with certified wool mills. Preferred fibres come with a higher cost and often longer lead-times. Today there is a resource scarcity of certified and recycled materials. We can see how suppliers have a hard time getting hold of preferred fibres. This means that we need to act more strategically and take greater risk. Fabrics needs to be pre-booked before we have the actual sales figures in hand. Although this can be an opportunity, we will need to commit to a smaller selection of fabric and use them for a longer period.

Our target for our next finical year is to increase our share of Responsible Choice to 65%. We will focus to increase our share of preferred natural materials, mono-materials, recycled and un-dyed materials.

#### **Preferred Wool**

Today are most of our wool bought as conventional and there is a great risk for lack of animal welfare. Besides the risk for poor animal welfare, wool is a very climate intensive fibre. Our wool use during 2021/2022 accounted for 8044,8-ton CO2e. Wool is a very GHG-intensive fibre since the livestock emits methane gas. Methane is about 80 times more powerful at warming the atmosphere than carbon dioxide over a 20-year period, [according to the UN Environment Programme](#). Our top priority will be to increase our share of preferred and recycled wool.

#### Actions Taken

We have counited our work to increase our share of certified wool according to the Responsible Wool Standard. 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 have slowly but consistently increased our share. In April 2022 we passed the annual audit and are licensed for one more year until next audit. During 2022 we added two RWS-certified fabric to our new never out of stock program.

We are proud to have continued our work for using more Swedish Wool. By using Swedish wool, we can guarantee animal welfare under Swedish law and ensures European production from fibre to final product. We are also proud to have teamed up with Swedish Wool Initiative so that we can find more new innovative ways of working with Swedish Wool in the future. Read more here: [The Swedish Wool Initiative - Axfoundation](#)

#### Result

During 2021/2022 was 4,2% of our wool certified according to the Responsible Wool Standard (RWS) and 7,4 % was recycled. A small portion (500 kilos) was bought from Sweden.

#### Future Goals and Challenges

Next year we expect to see an increase share of certified wool according to the Responsible Wool Standard (RWS). We will go from 1 to 2 certified knit suppliers, which will allow us to use RWS-certified wool for a broader range of knitted products. Furthermore, we have added two RWS fabrics to our new 'never out of stock' program for tailoring and here we hope to see scale of impact. We will also increase our share of Swedish Wool. Latest by 2030 shall all wool be responsibly sourced.

## **Preferred Cotton**

Cotton accounts for almost a quarter of global fibre production. Cotton farming provides employment and supports the livelihood of millions of people around the world. It is an important fibre, but it is linked to both environmental and human rights risks. The cotton supply chain is complex. Conventional cotton is a commodity that gets mixed between different stakeholders and tracing the origin of cotton in finished products is difficult. We are requiring our suppliers to make their best efforts to trace their cotton sources and avoid any cotton from Uzbekistan or Turkmenistan. We also acknowledge that State Imposed Forced Labour (SIFL) is a growing issue within the industry. We therefore require our suppliers to ensure that their supply chain mapping is continuously improved, to ensure that we are not contributing to forced labour practices in direct link to Xinjiang Uyghur region.

### Actions Taken

Tiger of Sweden has been a member of Better Cotton since April 2019. Better Cotton 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. There has been criticism towards Better Cotton not being traceable. Therefore, many brands, including we, are welcoming Better Cotton's new initiative to become traceable by 2030. With this commitment we feel secure to keep supporting Better Cotton and their mission to transform the cotton industry. [Understanding Better Cotton's Traceability Journey - Better Cotton](#)

We encourage Better Cotton on their journey for carbon reduction. Today we consider Better Cotton to be a conventional fibre. According to HIGG MSI, we measure our Greenhouse gas (GHG) emissions. But we hope that Better Cotton's efforts soon will show in our GHG-calculations. According to Better Cotton's own study, on average Better Cotton production had a 19% lower emissions intensity per tonne lint than comparison production across China, India, Pakistan, Tajikistan, and Turkey. [Better Cotton Releases First Study on GHG Emissions - Better Cotton](#)

### Result

During 2021/2022 was 85% of our cotton bought (kilo) as preferred. Better cotton accounted for 71% and organic cotton accounted for 12%. Due to resource scarcity and higher price for certified organic cotton we see an increased share of Better Cotton compared to organic cotton. This is a trend we need monitor and evaluate if it will be in line with our GHG-reductions plan or not.

### Future Goals and Challenges

Latest by 2030 shall all cotton to be sourced as organic, in-conversion, recycled or sourced through Better Cotton.

## **Restricted Substance List**

Chemicals are needed in the production of textiles, but our challenge is to reduce the use of harmful chemicals and increase the use of better chemicals. We want all our products to be safe for the environment, customers and the people who work in the production process. Besides the human and environmental risk, we also see a financial risk. Stricter regulations and controls are emerging within in EU and the rest of the world. We, at Tiger of Sweden, are opening on new markets and we need to be careful to follow all national rules.

### Actions Taken

In May 2022, we updated our Restricted Substance List with newly regulated chemicals in accordance with REACH and included chemicals for CMR fast track. Our updated RSL has been distributed with our suppliers and our test institute. For each collection we conduct chemical testing to control that our chemical requirements are upheld for our products. The final product needs to be compliant with our Restricted Substance List. Find our updated RSL here: [RSL 2018 \(tigerofsweden.com\)](#)

### Result

During 2020/2021 (collections 2107, 2110, 2201 and 2205) we performed 34 chemical tests with a fail rate of 20,6% (7 tests). These figures might seem high, but it indicates that we know what products we need to test. We make a risk analyse for each collection, most chemical fails are found within leather and shoe products. Restricted substances are mainly found in leather, glues, and plastics. All 7 fails could be corrected before shipment. 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. 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.

### Future Goals and Challenges

Today is our chemical testing focusing on the final product and the risk for the end-customer. Our future aim will be to include a Manufacturing Restricted Substance List, which regulates chemicals used in the production process. Many of our mills are already adopting the ZDHC protocol (Zero Discharge of Hazardous Chemicals) for the production. ZDHC is the world's largest database dedicated to enabling safer choices of chemical products for the textile, apparel, and footwear industry. Next year we will investigate the use of ZDHC guideline.

### Mindful Consumption

We believe in the necessity of facilitating a more mindful consumption for significant industry change built on shared responsibility. Together with our customers we need to move towards a circular business and move away from the 'take, make and waste'-model.

### Actions Taken

Over the past years we have increased our focus on providing our customers with high-quality and long-lasting products made in a more sustainable way. Purposely we have narrowed down our collections to move towards a higher price segment, which will allow us to develop fewer styles designed for longevity. This is in line with our new full price strategy. We have moved away from heavy discounts and unsustainable production volumes.

### Result

We have just started our journey towards mindful consumption and circularity. Until now we have mainly been focusing on better fibre us. Our next step will be to eliminate our creation of waste.

### Future goals and challenges

During 2022/2023 we will hold two staff trainings to understand the concept and need of circularity. This one of our Objective Key Results for our next financial year to continue our journey to build a premium, international, and sustainable brand.

- 1) We will host a Circular Economy Webinar for employees working at Tiger of Sweden, to give everyone an understanding of why circularity is needed and what it means. The webinar will be followed up with a cross functional workshop with stake holders from production, design, and marketing to identify a possible circular service (ex. repair, reuse, resale, recycle) for 2023/2024.
- 2) We will also host a specific Circular Design Training for design and product developers, enabling them to design for circularity. Garments to be designed to be used more, made to be made again, made from recycled or renewable resource. Learnings to be implemented for our Spring Summer collection 2401.

We will take help from external partners and expertise from the Ellen MacArthur Foundation.

### Full Transparency

Transparency is vital to make progress within all areas of sustainability. When a supply chain is transparent the workers have a tool to assert their rights and hold brands accountable, brands can better identify risks and abuse in their supply chains and consumers can have meaningful information about where their clothes and accessories are made. Brands within the apparel industry have had a culture of not sharing their supplies openly due to competition against other brands. But at Tiger of Sweden we believe that openness and collaboration across players is the only way forward for a better industry.

### Actions Taken

We are committed to openly share 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 mapped our Tier 1 suppliers (garment factories) and since 2020 we have started to map our Tier 2 suppliers (fabric mills).

## Result

Currently, we have 100 % of our Tier 1 suppliers and 55 % of our 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)

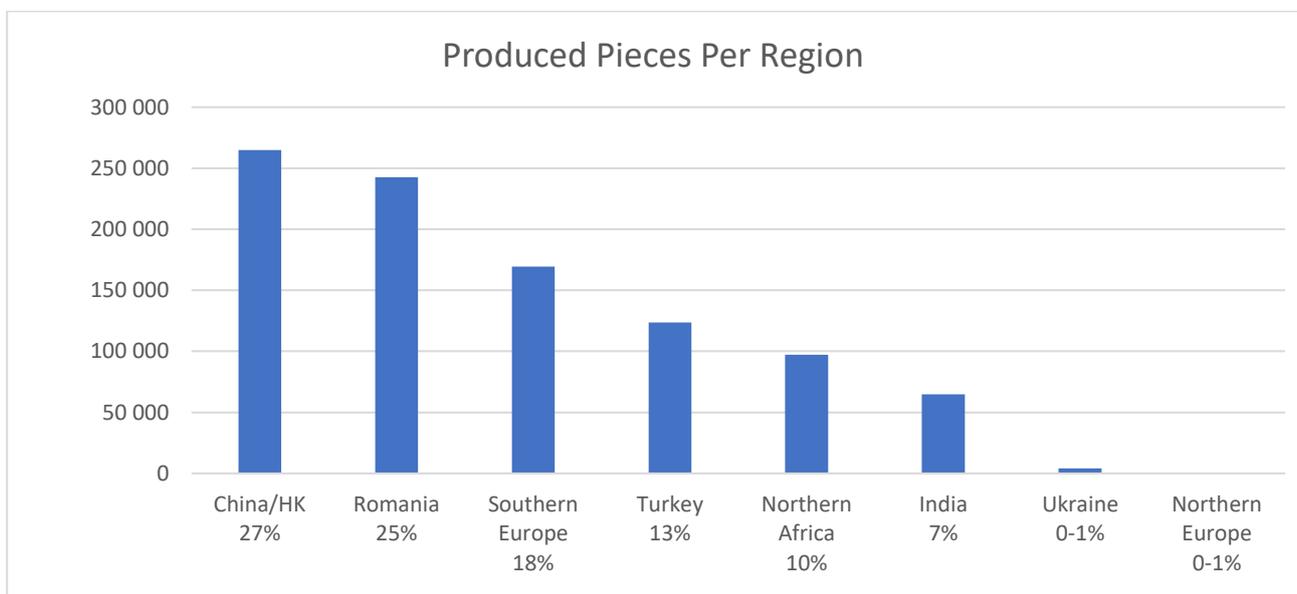
## Future Goals and Challenges

Next year we will implement a new PLM-system, and this will give us the opportunity for further enhance our transparency goals. We will add information for all Tier 2 supplier and ask for their approval to be shown own on website. The new system will enable us to create reports for easier tracking. By 2030 we aim to achieve complete visibility across our supply chain, including our raw material suppliers, finished material suppliers, and factories.

## Human Rights

We must make sure our definition of Sustainability includes the people. Providing jobs that allow people to earn a decent living in a safe environment. We, at Tiger of Sweden, do not own any factories. We source and partner up with independent suppliers in Romania, Tunisia, Turkey, Portugal, Bulgaria, Italy, India, Ukraine, China and Hongkong. We want to operate with suppliers that share our vision for transparency. Today all Tier 1 suppliers are willing to share their names and data openly.

During 2021/2022 we produced 966 905 products. Below matrix shows our global footprint. Produced pieces per region.



We are operating in high-risk countries. Turkey, China, and Tunisia are considered as high-risk countries. Bulgaria has gone from low risk to high risk during the last year, particularly due to voice and accountability and government effectiveness, according to the World Bank Indicators. Romania is on the border line to be classified as a high-risk country. More info can be found here: [amfori - 26.11 - Country Risk Classification 2022 0.pdf](#)

On February 24, 2022, Russia invaded Ukraine with disastrous consequences. At that time, we had launched our first tailoring order with the Ukrainian garment factory Berdichev Clothing Factory, in western Ukraine. Berdichev Clothing Factory' is owned by a Romanian parent company under the name Formens SRL. Our General Manager, at our Romanian production office, has weekly been in contact with Formens SRL's management team. And as of the request of Berdichev Clothing Factory's own management and employees, the factory have stayed open and maintained its production. They helped us to fulfil our order and we are glad to be able to support them during these challenging times.

## Actions Taken

We are members of Amfori BSCI and our Code of Conduct states, among other things, that we work actively to protect work's health and safety when producing our products, in line with Amfori BSCI's Code of Conduct. Tiger of Sweden has

been part of 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.

#### Result

Every second year we execute audits with help from Amfori BSCI for our biggest Tier 1 suppliers. During 2021/2022 we produced 966905 products with 65 different suppliers. 13 (20%) of our Tier 1 suppliers are audited via our Amfori Platform. These active Amfori-suppliers are accountable for 30% of our produced volume and 42% of our wholesale value. 5 (7,6%) of our Tier 1 suppliers are audited according to SA8000. Amfori see SA8000 as equal. If a supplier is certified according to SA800, by definition, they comply with the Amfori BSCI Code of Conduct and there is no need for a separated Amfori BSCI audit. Our active SA8000-suppliers are accountable for 26% of our produced volume and 24% of our wholesale value. Altogether are 18 suppliers covered by Amfori BSCI or SA8000, meaning 56% of all produced pcs and 66% of our wholesale value.

Most of our smaller Tier 1 suppliers are not audited via Amfori BSCI. Today we visit all suppliers and any new supplier must comply and sign our Code of Conduct. We do not change suppliers rapidly and we have worked with most suppliers for more than 5 years or longer. We also have a production team in Romania that work very close with our European factories. We meet with our Romanian suppliers monthly and part of our staff has been trained in auditing.

#### Future Goals and Challenges

We see a risk, since not all our garment suppliers have an active audit on our Amfori BSCI's platform or hold a valid SA8000 certificate. We are working to increase our numbers of Amfori-active suppliers. During 2023 we will also start to approach our smaller suppliers. A first step will be to map if they are part of any other social compliance initiatives. We also wish to engage more with our biggest partner suppliers. Amfori offers a range of workshops, which we both would benefit from.

Due to better cost control we are investigation new lower cost markets. Here we need to review the country risks. It is through our purchasing practise we can have the most profound impacts on human rights. We need practice responsible buying, that enables positive change at every part of the supply chain. In the coming year we want to take active decision to support living wage and be part of Amfori s Living Wage Journey. Read more here: [amfori's Living Wage Journey | amfori](#)

### Social and Employee Conditions

Over the past few years has IC Group's business model undergone changes. Several brands have been disposed and the operation 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. Both brands now operate independently. Since we, at Tiger of Sweden, started to operate as an independent business unit we have reviewed and updated our internal process and policies. This is ongoing work, and we recognise that we have more work to do. We strive to work for a safe and inclusive workplace that supports employee wellbeing.

#### Actions Taken and Result

We have reviewed our internal process and polices and where missing began to establish new once. During spring 2022 we started to build up our new global human resources (HR) department at our headquarter in Stockholm. All processes and polices will be centralized from our new global human resources department. Previously routines could differ between our headquarter in Stockholm and our sales team in Germany or our production office in Romina. Their priority during 2021/2022 haven been to establish a new onboarding and offboarding process, which has been missing. The new set up shall be followed by all managers and functions to support the employee in the best possible way during their time at Tiger of Sweden.

Furthermore, the human resources together with the operative management team have counited to monitor our employee's engagement via our Officevibe survey's. Each week, employees are sent a pulse survey to assess 10 Key Metrics of employee engagement. It encourages our employees to engage and reflect on what is important to them in a working environment by sending out a pulse of questions on a regular basis and it provides a safe place to speak since the platform is providing anonymity. This has helped us to understand each team's thoughts about the working environment and compare it with other departments and businesses. It has been a very helpful tool for the management team to understand where we need to focus to secure our employees' health and motivation. Read more at: [Officevibe | Bring out the best in your team](#)

From Office Vibe's feedback we have recognized that we need to get a deeper understanding of how our employees perceive recognition in the company. This will be one of our focus areas for our next Performance Appraisal dialogue. Last year we established a new Performance Appraisal Process with the purpose to foster all employee's personal development and increase the collaboration between managers and employees and thereby enhance our business performance. It's an opportunity to align mutual expectations and give each other feedback in a planned and structured way.

#### Future Goals

Next year the human resources will oversee Tiger of Sweden's salary classification categories. The starting point for each level of responsibility and position shall be team same. This will be the foundation for our future salary system.

During 2023 we will establish an internal whistleblowing channel. New EU directions demands that companies, of our size, to have both internal and external channels which effectively avoids the situation of a whistle-blower feeling unable to report. Human resources are right now working on finding an external partner to help us. We support this new EU direction and are happy to offer this opportunity to our employees.

### **Anti-Corruption**

Tiger of Sweden has a zero-tolerance approach against corruption in all its forms, including extortion and bribery. With the overall aim of ensuring a non-corruptive business environment throughout the value chain of our company, we work actively to comply with all applicable anti-bribery laws in force in all countries where we do business. This is also in alignment with our membership of the UN Global Compact and the 10th principle on working against corruption in all its forms.

#### Actions Taken and Result

The majority of our Tier 1 suppliers have signed our Code of Conduct including our rules for Anti-Corruption.

We acknowledge that in some countries we operate it may be customary business practice to make payments or offer small gifts to speed up or facilitate routine actions or processes. Tiger of Sweden's employees and business partners are prohibited to accept these offers. All employees of Tiger of Sweden must help detect, prevent, and report incidents of bribery, corruption, and similar wrongdoings. Yet, during the financial year we have failed to train our employees in our anti-corruption policy. It has accidentally been overseen. Annual mandatory training has been added to our action plan for next financial year. Training will be part of the introduction process for all new employees and all existing employees will receive training on how to implement and adhere to our anti-corruption policy.

#### Future Goals and Challenges

Annual mandatory training has been added to our action plan for next financial year. Training will be part of the introduction process for all new employees and all existing employees will receive training on how to implement and adhere to our anti-corruption policy. This will be in place 2023.

### **Gender Distribution amongst the Management Teams**

We are proud to have a 50/50 split of gender in our Operative Management Team at Tiger of Sweden. We see a gender gap for other Manager with personal responsibilities. The fashion Industry is known to be a female dominated industry.

- Board of Directors at IC Group: 3 members. 100% men.
- Operative Management Team at Tiger of Sweden: 8 members. 50 % women and 50% men.
- Other Managers (with personnel responsibilities) at Tiger of Sweden: 14 members. 57% women and 43% men.

By Operative Management Team we refer our directors steering Tiger of Sweden's overall strategy in contact with IC Groups Board of Directors. By Other Managers with personnel responsibilities we mean employees with a personal responsibility, for example our Retail Country Manager. These managers are not represented in our Operative Management Team. During the financial year it has not been possible to find suitable candidates of the underrepresented gender amongst Other Managers.

We acknowledge that our journey for diversity does not begin our end with gender. The goal is to ensure fairness for all employees. Our diversity work is an ongoing journey and not a destination.

