



IC GROUP

IC GROUP
**CORPORATE RESPONSIBILITY
REPORT 2023**

COMMUNICATION ON PROGRESS TO THE UN GLOBAL COMPACT (UNGC)

STATUTORY STATEMENT PURSUANT TO SECTION 99A AND 99B OF THE DANISH
FINANCIAL STATEMENTS ACT FOR THE FINANCIAL YEAR 2022/2023

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 have 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/

Our work on People, Planet and Profit

People

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.

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 2022/23 was 47% 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 65% 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.

During 2022/23 the Group's companies Tiger of Sweden and By Malene Birger internal work on People has focused on ensuring continued employee well-being. Both Brands continuously record and monitor absence levels, including sickness and this year they unfortunately had some sick leave related to the work conditions. The Brands primary tools for improving the well-being of all their employees have been to enhance the close dialogue between HR, employee representatives and closest direct manager where topics are addressed about both the organizational, physical, and psychosocial work environment.

The statutory report of the gender distribution in management cf. §99b

During 2022/23 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.

It is IC Groups target to have one woman in the Board of Directors before the financial year 2025/2026.

Tiger of Sweden Denmark A/S and all other entities – More than 50 employees

- Board of Directors: 3 member, 67% Women and 33% Men
- Operative Management Team at Tiger of Sweden Group: 6 members. 67 % women and 33% men.
- Other Managers (with personnel responsibilities) at Tiger of Sweden Group: 14 persons. 64% women and 36% men.

By Malene Birger - More than 50 employees

- Board of Directors: 3 member, 67% Men and 33% women
- Operative Management Team: 5 members. 80 % women and 20% men.
- Other Managers with personnel responsibilities: 14 members. 86% women and 14% men.

Planet

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.

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 though various organizations in making the fashion industry more sustainable.

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 2022/23, we have tested 64 styles across both brands. Out of those 64 styles, 86% of the styles passed the test during the first testing while the remaining for 14% of the styles only failed our RSL requirements but passed REACH.

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 are 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 certified with 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

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.

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.

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 Tiger of Sweden

Tiger of Sweden is a Stockholm-based fashion house established in 1903 with a rich heritage in tailoring. For more than a century, Tiger of Sweden has stood for style with purpose, dressing men and women for whom true style is about the confidence to be themselves.

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, industry, and society.

During the last financial year, we have worked hard to scale up our sustainability efforts and are committed to the United Nations Sustainable Development Goals. With a focus on *Goal 12: Responsible Consumption and Production* and *Goal 13: Climate Action*, we have outlined the following *goals* and key areas in need of action.

- **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 are 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 aim to work in a manner that actively and inclusively promotes industry change and 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. This year, we have updated our Preferred Fibre Standard to ensure that we are up to date with the latest innovations and business standards, promising a less harmful impact on water, land, biodiversity, environment, animals and humans. We will also look to ban certain fibres and leather materials from our product offering in the future.

- **Mindful Consumption**

We believe in facilitating 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 manufacturing partners and many of our fabric and yarn mills are disclosed on our website. This needs to improve further, and by 2030 we aim to achieve complete visibility across our supply chain, including our raw material suppliers, material suppliers, dyehouses and manufacturing units.

In this report, the taken actions and results for the aforementioned goals will be presented. In addition, we will share the steps we are taking with regards to **Human Rights, Climate Issues, Environmental Issue, Social and Employee Conditions, Anti-Corruption & Gender Distribution**. Each chapter outlines the risks that we foresee, what we strive to achieve, our actions and results for the last financial year, as well as our goals and challenges for the upcoming year.

Climate Action and Environmental Issues

The apparel and textile industry plays a significant role in 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 that our industry stands for 10% of the global Greenhouse gas (GHG) emissions, most of which stem from raw material production, supply chain processing and assembly. At Tiger of Sweden, we recognise the need to reduce our Green-house gas (GHG) emissions across the entire supply chain, however, we must also start to direct equal attention to biodiversity, freshwater protection, and soil health across our supply system.

Actions Taken

We actively work to collect data and calculate our GHG emissions. To ensure we apply the right expertise, we continue collaborating with the Scandinavian Textile Initiative for Climate Action and the consulting firm 2050, which helps us measure our GHG footprint. Since 2018, we have been measuring the impact of our scope 1 and 2 emissions, and since 2020 we have further measured our scope 3 emissions. Scope 3 encompasses all of our outsourced activities for purchased goods and services, accounting for most of our company's emissions.

During 2020, we began to collect primary data from our Tier 1 suppliers, and this year we have increased the scope of the primary data collection to also entail our Tier 2 suppliers, consisting of fabric suppliers, yarn suppliers, and tanneries. This provides an overview of the suppliers' electricity and fuel usage in the production of our products, as well as the use of renewable energy, or lack of it, methods for water treatment, processes and use of packaging. By using primary data, we achieve more accurate GHG calculations, and can thereby implement necessary actions to address the areas in which we identify the largest emissions. Our GHG calculations will serve as the foundation of our future reduction plan.

Data collection

All calculations and reporting have been made in accordance with the Greenhouse Gas Protocol (scope 1-3) methodology. In line with this, we have divided our emissions 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. In identifying data gaps, estimations have been made to our best available knowledge and based on the information at hand. For our Tier 1 (garment factories) calculations, we collected actual data from 32 out of 66 garment manufacturers, covering 92% of purchased products and 15 out of 166 Tier 2 material suppliers that covers 36% of our total bought material in weight. All other Tier 2-4 (textile production) calculations were based on HIGG MSI data. We recognise that the HIGG MSI data is not perfect; however, at this moment in time, it provides the best available option to us.

Scope 1: includes all direct emissions:

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

Scope 2: includes indirect emissions:

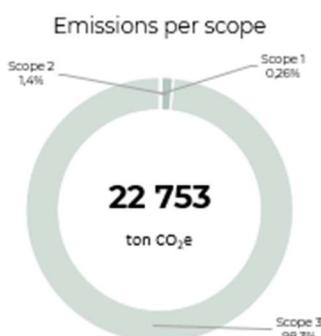
- Electricity consumed in offices, stores, and warehouses.
- District heating consumed in offices, stores, and warehouses.

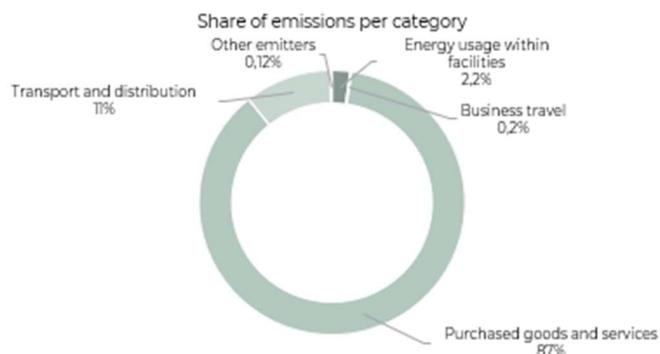
Scope 3: includes indirect emissions:

- 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.

Results

During 2022/2023, total emissions measured came to 22 753-ton CO₂e, which of 98,3 % are emissions in scope 3. The largest category of emissions is Purchased Goods and Services, which stand for 87% of our total emissions. Emissions per scope and category is presented in the figures below.





Tier 2-4 (textile production) account for 80% of our emissions for purchased Goods and Services. Transportation, processing, and dyeing are the most carbon greenhouse-gas intensive areas of textile production. The remaining 20% of Purchased Goods and Services includes manufacturing and packing. See below for an explanation of the different Tiers.

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



We are seeing good results in the period starting from our 2018/2019 base year until today, with a 36% decrease in our total emissions. Nevertheless, we must thoroughly investigate how to ensure a continuous reduction in our emissions while simultaneously aiming to increase our net revenue.

STICA publishes an annual progress report, where a majority of the STICA members, including Tiger of Sweden, present their GHG emissions for scope 1, 2 and 3, and disclose their targets.

Carbon Offsets

In 2022, we made offsets equal to 40 tons of CO2 for our internal business travels. To do so, we collaborated with our partner Zeromission, who have a portfolio of high-quality projects that aim to prevent, reduce, and remove emissions. The projects are all Plan Vivo, Gold Standard or Fairtrade certified.

This year, we invested in the project Solar Stoves in Madagascar, a Gold standard certified project. With 85% of the population in Madagascar still relying on open fire to cook their food, an extensive amount of wood is required. The project aims to reduce carbon emissions and prevent deforestation on the island by supplying efficient cookstoves and climate-friendly solar stoves manufactured and distributed by ADES (Association pour le Développement de l'Energy Solaire).

Goals and Challenges

We have committed to reducing our absolute greenhouse gas emissions by 50% by 2030, from a 2018/2019 base year. We recognise that this will be a challenge to which we currently do not have all the answers and solutions. To understand what needs to be done, we have invested in a Climate Action Road Map tool that will guide us as a business in what necessary actions to take to reach our climate targets. We will examine the use of fibres, transportation, business models, and, of course, the energy usage of our facilities and suppliers.

The ambition is to have this reduction plan ready at the beginning of 2024 and implement it in the whole company during the same year.

Next year's focus will be on reducing our emissions by changing to renewable energy in our own entities wherever possible and working closely together with our most important Tier 1 and 2 partners across our supply chain to support them. We will start communicating with a few of our most important Tier 1 and 2 suppliers about the importance of opting for renewable energy and try to engage them in this change. We will also overlook our fibre portfolio and put clear targets for each one of our biggest emission fibres to make sure we by 2030 only use fibre and materials that we can call preferred.

Furthermore, we will continue our strive to reduce the scale of our collections, to only produce products with a clear purpose, and to maintain our full price strategy. We have deliberately refrained from heavy discounting strategies to further enhance our profitability and prevent unsustainable purchase volumes driven by large discounts. In addition, we have revised our range plan to focus on relevant products, which aligns with our brand ethos rooted in premium quality.

Lastly, we are investigating the potential of a circular business model for Tiger of Sweden and how this could be structured. This work will be ongoing over the next financial year.

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 problem in the environmental crisis that 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, Tier 2-4 (textile production) accounted for 80% of our greenhouse gas (GHG) emissions.

In 2021, less than 1 percent of the global fibre market came from pre- and post-consumer textiles, which meant only a small increase from year 2020 (less than 0.5 % of total fibre market). As an industry, it is crucial that we turn to more alternative fibre options and use more recycled and preferred fibres in the production process. Global fibre production has almost doubled in the last 20 years, increasing from 58 million tonnes in 2000 to 113 million tonnes in 2021, and is expected to increase to 149 million tonnes in year 2030 if usual business practices continue. Without rethinking the untethered growth, the industry will not stay within the 1.5° pathway.

Read more here: [Textile-Exchange PFMR 2022.pdf \(textileexchange.org\)](#)

Actions Taken

Guided by our Preferred Fibre Standard, we strive to scale our use of preferred and certified fibres with a lower environmental and social impact. Every year, it is imperative that we increase our use of low carbon materials such as recycled and certified fibres. To do so, we use data from credible NGOs, such as the Textile Exchange. Our Preferred Fibre Standard serves as a guiding tool when sourcing materials and fibres, and in measuring our progress towards creating increasingly sustainable products. Products produced with the outer fabric from most of our preferred fibres are labelled Responsible Choice. Learn more about our preferred fibre list here: www.tigerofsweden.com/se/sustainability/fibres

Results

See below the fibre usage of our most used materials for 2022/2023 (Tier 2-4).

Fibre	Sum of weight per fabric (in kg)	Percentage % in weight	Percentage % in emission
Wool (conventional + RWS)	212 371	35%	65%
Wool recycled	15 723	2,6%	1,2%
Cotton (conventional + Better Cotton)	124 980	20,5%	5%
Cotton organic	15 469	2,5%	0,6%
Cotton recycled	3 185	0,5%	0,1%
Polyester conventional	46 882	7,7%	4,2%
Polyester recycled	53 092	8,7%	4,1%
Cow Leather	36 825	6%	8%
Other	101 881	16,5%	10,8%
Total	610 408	100%	100%

Our most used fibres are cotton, wool, polyester and cow leather, accounting for 83,5% of our total fibre use in weight and 89,2% share of Tier 2-4 emissions. Therefore, we need to primarily focus on these materials when shifting to better alternatives with a lower carbon emission footprint.

During 2022/2023, 67% of our products belonged to our Responsible Choice scheme, posing an increase of 7% from the previous year. Of the total weight of fibres bought, 13% was made from recycled fibres, compared to only 7.8% last year. Although this number has increased from last year, we still need to scale the use of recycled cotton, wool and polyester fibres for the upcoming years to reach our emission reduction goal by 2030.

Future Goals and Challenges

We will review and revise our total fibre use to set goals accordingly and create a clear road map with the relevant steps required to achieve the shift from conventional fibres to low carbon emission materials by 2030. To do so, we use data from credible NGOs, such as the Textile Exchange. We will update our Preferred Fibre Standard and further expand it by adding banned fibres that we will no longer use in our products. Moreover, to increase our share of preferred fibres and materials, we must team up with RWS-certified wool mills and suppliers and investigate the possibility of becoming compliant with other certifications. To ensure that we only work with like-minded partners, we must examine our existing fabric suppliers and their business conduct. Investigating a digital platform solution, where all data can be compiled, will also be on the agenda to ensure that we use as accurate data as possible.

Due to the state of the current global economy, we have seen a shift in focus amongst our customers where price, rather than sustainability, has become a focal point. As a result, we must work even harder to change the narrative and to promote sustainability as one of the top priorities for our customers and future customers. The Preferred Fibres are more expensive, require higher minimums, and often have longer lead times, which must be accounted for when choosing materials.

Preferred Wool

As wool stands for almost 40% (in weight) of our total fibre portfolio, we will prioritise increasing the amount of recycled wool in our products and scaling the use of RWS-certified wool and other certified wool fibres to ensure animal welfare, land, soil health and biodiversity are responsibly managed.

Today, most of our bought wool constitutes conventional wool fibres, which poses a great risk to animal welfare. In addition to the risk of poor animal welfare, wool is a very climate-intensive fibre, and our wool use during 2022/2023 accounted for 10 493 tonnes of CO₂ which stands for almost 50% of total emission. Due to livestock emitting methane

gas, wool becomes a very GHG-intensive fibre. However, new regenerative farming methods are exploring ways to improve soil health and biodiversity so that the extraction of CO2 increases.

Actions Taken

We have started the journey of getting our production office and warehouse in Romania RWS (Responsible Wool Standard) certified. This is an essential step in achieving a traceable supply chain from fibre to final product. This action also ensures our use of fibres from farms with responsible animal welfare and standards that protect the land and water. We aim to start the audit process in Fall 2023, and to bring our first RWS labelled blazer to market by Fall 2024.

In April 2023, Tiger of Sweden AB passed the annual audit from RWS (Responsible Wool Standard) and RMS (Responsible Mohair Standard), meaning our brand is licensed for one more year until the next audit is due.

We continue to use Swedish Wool in our products, and we increased the product range in our Fall/Winter 2023 collection to include a genderless suit, a women's coat, and a men's coat. By using Swedish wool, we can guarantee animal welfare under Swedish law and ensure European production from fibre to final product. We are also proud to have teamed up with the Swedish Wool Initiative, enabling us to find more new, innovative ways of working with Swedish Wool in the future. Learn more about the initiative here: [The Swedish Wool Initiative - reducing wool waste down to zero \(axfoundation.se\)](https://www.axfoundation.se)

Results

During 2022/2023, 5.7% (fibre weight) of our used wool was certified according to the Responsible Wool Standard (RWS), compared to last year's figure of 4.2% (fibre weight). The total use of recycled wool came to 6,9 % (fibre weight) this year, compared to 7.4% in the previous year. This means we had an increase in the RWS wool used and a decrease in the use of recycled wool. For this financial year, we used 1.2 % (fibre weight) of Swedish wool across our product range.

Future Goals and Challenges

We must continue increasing the use of recycled and RWS-certified wool across our product range. We have started learning more about regenerative farming practices as we see the possibility of working more intensely to mitigate environmental issues. This agriculture practice holistically approaches farming, increasing soil health, encouraging biodiversity, reducing greenhouse gas emissions and sequestering CO2.

Preferred Cotton

Cotton farming provides employment and supports the livelihood of millions of people worldwide. Albeit an important fibre, it still poses many environmental and human rights issues. Conventional cotton is a commodity mixed between different stakeholders, and tracing the origin of cotton in finished products is difficult. We demand our suppliers do their best to trace their cotton source and avoid any cotton from Uzbekistan and Turkmenistan. We also acknowledge that State Imposed Forced Labour (SIFL) is a growing issue within our industry. Therefore, we require that our suppliers continuously improve their supply chain mapping to ensure that we are not contributing to forced labour practices in directly linked to the Xinjiang Uyghur region.

Actions Taken

Tiger of Sweden has been a member of Better Cotton since April 2019. The initiative trains farmers to use water more efficiently, care for the health of the soil and natural habitats, reduce harmful chemical use, and respect employees' rights and well-being. Better Cotton is sourced via a mass balance system and is not physically traceable to end products. There has been criticism against Better Cotton for not being traceable, resulting in many brands, including us, welcoming Better Cotton's new initiative to become traceable by 2030. Using this commitment, we can continue supporting Better Cotton and its mission to transform the cotton industry. By 2030, Better Cotton aims to reduce Better Cotton's greenhouse gas emissions per tonne of lint produced by 50% from a 2017 base year^[CF1], and we are closely monitoring this progress. According to Better Cotton's study, Better Cotton production had, on average, a 19% lower emission intensity per tonne lint compared to cotton production across China, India, Pakistan, Tajikistan, and Turkey. Read more about Better Cotton's study here: [Better Cotton Releases First Study on GHG Emissions - Better Cotton](#).

Results

During 2022/2023, 91% of our bought cotton (kilo) was Preferred Fibres. Better Cotton accounted for 78%, organic cotton stood for 10,7%, and recycled cotton only made up 2,2% of the total Preferred Cotton Fibres used. Due to the higher price of certified organic cotton, there is an increased share of Better Cotton compared to organic cotton compared to last year. This is a trend

heading in the wrong direction, which was also acknowledged by the Textile Exchange in their report. Learn more here: [Textile-Exchange_PFMR_2022.pdf \(textileexchange.org\)](#)

Future Goals and Challenges

By 2030, all of our cotton fibres will be sourced as organic, recycled or regenerative and/or through Better Cotton. No conventional cotton should be used across our product range. As earlier mentioned for the wool fibre, we have started to learn more about regenerative farming practises for cotton also, as we see the possibility to ensure that we work more intensely to mitigate environmental issues. This way of agriculture practices approaches farming in a holistic way, increasing soil health, encouraging biodiversity, reducing greenhouse gas emissions and sequestering CO2.

Restricted Substance List

As chemicals are needed in the production of textiles, 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. In addition to the human and environmental risk, we also acknowledge a financial risk. Stricter regulations and controls are emerging within in EU and the rest of the world. As Tiger of Sweden is entering new markets, we need to be careful and ensure adherence with all the unique national rules.

Actions Taken

In May 2023, we updated our Restricted Substance List with newly regulated chemicals in accordance with REACH, in close collaboration with Kemikaliegruppen, who provides topic-specific expertise. Our updated RSL has been distributed to our suppliers and our test institute. For each collection, we make a risk analysis specific to each product/material and conduct chemical testing on the products and materials which we consider having the highest risk of containing chemical levels that exceed our limits. The final product needs to be compliant with our Restricted Substance List. Find our updated RSL here: [RSL 2018 \(tigerofsweden.com\)](#)

Results

During 2022/2023 (collections 2207, 2210, 2301 and 2305), we performed 24 chemical tests with a fail rate of 20.8% (5 tests). Although these figures might seem high, our RSL has a higher limit than REACH in many cases. All the findings during our 2022/2023 financial year passed the REACH threshold. This year, most of the chemical failures found were within the categories of leather and shoe products, and the restricted substances are mainly found in leather and plastics. Consequently, we continue to perform chemical tests primarily focusing on high-risk leather products.

We maintain a continuous dialogue 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

In the upcoming year, we will update our RSL twice a year to ensure that our RSL is always complying with the latest legislations.

Our long-term 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), which is the world's largest database dedicated to enabling safer choices of chemical products for the textile, apparel, and footwear industry.

Mindful Consumption

We believe in facilitating more mindful consumption for significant industry change built on shared responsibility. Together with our customers, we must move towards a circular way of doing business and step away from the "take-make-waste" approach.

Actions Taken

In the past few years, we have further increased our efforts to offer our customers high-quality products made to last and crafted more sustainably. We have deliberately narrowed down our collections to move towards a higher price segment, which ultimately allows us to develop fewer styles designed for longevity. This aligns with our new full-price strategy, where we are refraining from heavy discounting schemes that encourage unsustainable consumption volumes and excess production.

Results

We are only at the beginning of our journey towards mindful consumption and circularity, and thus far, we have mainly focused on improving our fibre use. We have opened a discourse about the possibility of Tiger of Sweden implementing a second-hand business model, and this topic will be further discussed over this upcoming year.

Future goals and challenges

The plan was to hold two educational sessions for our staff in 2022/2023, with the ambition of understanding the importance of circularity. However, due to a delay in the education program, these sessions are now planned to take place in the upcoming year.

Although we understand that our business model needs to change for a sustainable, viable approach, we must also ensure the development process is timely. That is to ensure that the correct actions are taken in collaboration with the best possible partners, assuring we are financially sustainable at the same time.

Full Transparency

Full transparency is imperative to make progress within all areas of sustainability. In the case of a transparent supply chain, the workers have a better standpoint in demanding fair working conditions and holding brands accountable. Meanwhile, the brands can better identify any risks and abuse happening across their supply chain, and consumers gain access to meaningful information about where their clothes and accessories are made, and where the materials and inputs are coming from.

Actions Taken

We are committed to openly sharing the names and addresses of our suppliers and the number of employees working there per the Transparency Pledge. Since 2019, we have mapped our Tier 1 suppliers (garment factories); since 2020, we have started to map our Tier 2 suppliers (fabric mills). During 2022/2023, we updated the Tier 1 list with new suppliers and added factory names and locations rather than those of the trading partner.

Results

Presently, we have a complete overview of our Tier 1 suppliers; however, at this point, we do not have a comprehensive overview of our Tier 2 suppliers. We are currently completing a full search of all the data to ensure 100% transparency for our Tier 2 suppliers by next year.

Future Goals and Challenges

We have implemented a new process where all details about our Tier 2 suppliers must be added to our PDM software during product development, ensuring better tracking. Next year, we are implementing the new PLM software, which will allow us to enhance our transparency goals further. Nevertheless, we recognise that the new PLM software will only be able to cover some data needed to achieve full transparency in the future. Hence, we must explore other digital platform solutions to address this complex data tracking. By 2030, we aim to achieve complete visibility across our supply chain, including our raw material suppliers, finished material suppliers, and factories.

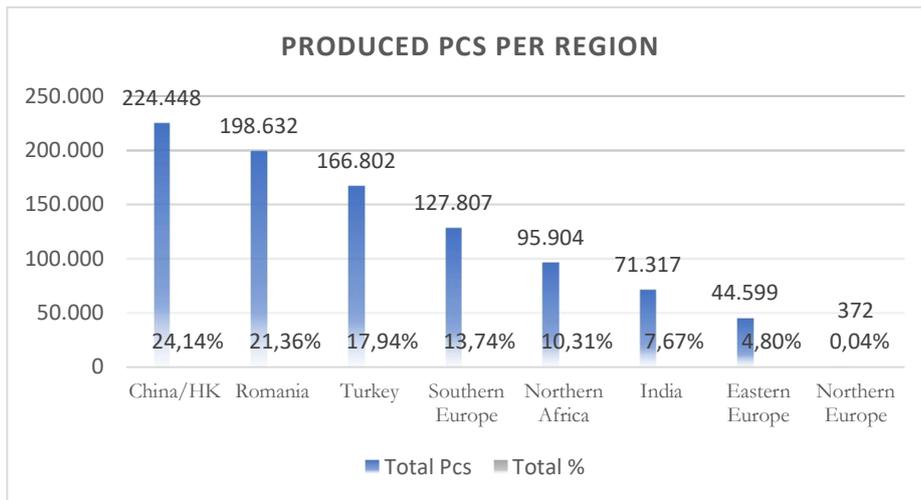
Human Rights

As a business, it is our responsibility to make sure that human rights are respected throughout our supply chain. Through our Amfori BSCI membership and the implementation of their Code of Conduct with our suppliers, we ensure that we comply with international conventions such as the Universal Declaration of Human Rights, the Children's Rights

and Business Principles, UN Guiding Principles for Business and Human Rights, OECD Guidelines, UN Global Compact and International Labour Organization (ILO) Conventions and Recommendations, which are all highly relevant to the improvement of the working conditions across our supply chain.

At Tiger of Sweden we do not own any of our factories, instead we source and partner with independent suppliers in Romania, Portugal, Bulgaria, Italy, Bosnia and Herzegovina, Tunisia, Morocco, Turkey, India, Bangladesh, China and Hongkong. When choosing partnerships, our aim is always to collaborate with suppliers that share our transparency vision.

During 2022/2023, we produced 929 881 products. The below matrix depicts our global footprint with produced pieces per region.



We are operating in countries with risk higher levels related to governance and, according to Amfori BSCI, the considered countries are Turkey, China, Morocco, Tunisia, Bangladesh, Bosnia and Herzegovina, Bulgaria and Romania, with Romania being on the border line to be classified as a risk country. Learn more here: [Country Risk Classification 2022 | amfori](#)

Actions Taken

We are still an active member of Amfori BSCI, and our Code of Conduct states, among other things, that we work actively to protect workers' health and safety when producing our products, which aligns with Amfori BSCI's Code of Conduct. Tiger of Sweden has been a member of Amfori BSCI since the 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.

Results

Every second year, we perform audits, with support from Amfori BSCI, for our biggest Tier 1 suppliers. During 2022/2023, we produced 929 881 products with 65 different Tier 1 suppliers, and 16 (25%) of these suppliers were audited via the Amfori BSCI Platform. One supplier (1.5%) was instead audited according to the SA8000, which Amfori BSCI deem as equal to their standards. If a supplier is certified according to the SA8000, by definition, they comply with the Amfori BSCI Code of Conduct and there is no need for a separate Amfori BSCI audit. Ten (15%) suppliers had a valid audit report from SMETA.

These active Amfori BSCI and SA8000-certified suppliers are accountable for 44% of our produced volume and 45% of our order value. Suppliers with a valid SMETA audit are accountable for 16% of our produced volume and 13% of our order value. Altogether, 27 suppliers are covered by Amfori BSCI, SA8000, or have a valid SMETA audit, standing for 60% of all pieces produced and 58% of our total order value.

Most of our smaller Tier 1 suppliers are not audited via Amfori BSCI. Today, we visit most of our suppliers, and any new supplier must comply with and sign our Code of Conduct. We avoid swapping suppliers regularly and have worked with most of our suppliers for five years or longer. Furthermore, we have a production team in Romania that works closely with our European factories. Monthly meetings with our Romanian suppliers are held and part of our staff has been trained in auditing.

Future Goals and Challenges

Operating in risk countries, we acknowledge a human rights risk which is further increased by not all our garment suppliers having an active audit on our Amfori BSCI's platform, nor a SA8000 certification or other social compliance audit and/or certification from other organisations. We see an increase of total Amfori BSCI active audits amongst our suppliers, yet we are not satisfied with the current scope. Thus, we must continue our work of encouraging more of our Tier 1 suppliers to take part in the Amfori BSCI audits. However, we recognise that in certain cases this is a financial cost which the supplier cannot afford, meaning we must invest in these audits together with the suppliers where the biggest risk of noncompliance is identified. Our goal is for all of our Tier 1 suppliers to have a valid audit from a third-party organisation.

In addition, we must start our journey of becoming compliant with the new EU directive Corporate Sustainability Due Diligence (CS3D) to ensure that we are ready by the time the legislation is set in force. This will be examined on an ongoing basis over the following financial years.

Lastly, we need to practice responsible buying which enables positive change at every part of the supply chain. In the upcoming year, we will strive to make decisions that supports a living wage and to be part of Amfori BSCI's Living Wage Journey. Read more here: [amfori's Living Wage Journey | amfori](#)

Social and Employee Conditions

We strive to foster a safe and inclusive workplace environment that supports employee wellbeing. If we are unable to promote physical and mental wellbeing amongst our employees, there is a risk that our employees will begin to lack motivation and inspiration, which in turn means that our company core values cannot be met. Our five core values are courage, responsibility, innovation, craftsmanship and community. Healthy working conditions require ongoing progress and we recognise that we have more work to do in this regard. Our new centralised human resources department have, during this year, worked with the new onboarding and offboarding process. This policy shall be followed by all managers and functions to support the employee in the best possible way during their employment at Tiger of Sweden.

Actions Taken and Results

As planned, we have implemented an internal whistleblowing policy and system through Hailey HR. The Tiger of Sweden Group of companies (the "Group") consists of Tiger of Sweden AB and its subsidiaries. The Group is committed to conducting its business according to the highest ethical, moral, and legal standards. In line with this commitment, and the Group's commitment to open communication, this Policy aims to provide an avenue for anyone employed or engaged by the Group or by a business partner of the Group to – on an anonymous basis if appropriate – raise concerns or report any known or potential misconduct, violation of Group policies or applicable laws and regulations, without retaliation or retribution. This Policy establishes standards and procedures to ensure that all complaints and reports of misconduct are addressed timely and thoroughly with the highest standards of confidentiality, objectivity, and fairness, in compliance with Group Policies and applicable laws and regulations. This Policy establishes procedures to protect anyone employed or engaged by the Group or by a business partner of the Group from retaliation for whistleblowing in good faith.

We have introduced a new recruitment system that facilitates the recruitment process for hiring managers and new employees, and the on/off boarding process has been further developed in connection with this. Furthermore, we have developed our appraisals to be even more focused on the employee's development and employment. We introduced SMART goals and self-assessments where the employee and their immediate manager together set the goals for the next 6–12-month period. The performance appraisals take place twice a year, which gives the employee and their immediate manager the opportunity for a follow-up after six months – which allows the parties to either revise the goals or coach the employee to success. This change was also made to provide a fair assessment of performance, which forms the basis for the annual salary review.

We continue to use Officevibe to measure various parameters, and the system indicates how our employees are feeling. Unfortunately, we have had some sick leave related to working conditions. As a result, two staff members were elected safety representatives by Unionen (union) and employed members to improve the work environment. In 2023, we introduced a work environment group consisting of HR and the company's safety representatives/union representatives. Meetings are held monthly and discussed topics address the organisational, physical and psychosocial work environment.

A salary survey was conducted to ensure that similar roles have similar salaries. The results show that we have a relatively even distribution of women and men, although a slightly higher proportion of women employees.

Future Goals

During the upcoming financial year, the company will continue to update and create new policies in these areas where needed.

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 across all countries in which we do business. This is 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 Results

All of our Tier 1 suppliers we place orders with have signed our Code of Conduct, including our rules for Anti-Corruption. We acknowledge that in some countries where we operate it may be customary business practice to make payments or offer small gifts to speed up or facilitate routine actions or processes. However, Tiger of Sweden's employees and business partners are prohibited to accept any such offers. All Tiger of Sweden employees must help detect, prevent, and report incidents of bribery, corruption, and similar wrongdoings. Yet, during this financial year we failed to train our employees in our anti-corruption policy. It has been delayed due to lack of resources within our HR team, and annual mandatory training has instead been added to our action plan for the next financial year.

Future Goals and Challenges

Annual mandatory training has been added to our action plan for the upcoming 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. The plan is for this to be in place in 2024.

Gender Distribution amongst the Management Teams

We acknowledge that our journey towards diversity and equality does not begin nor end with gender discrimination. The goal is to ensure fairness for all employees, and our diversity progress is an ongoing journey, not a destination.

Actions and Results

We have reduced the number of members in our management team, and today 2/3 of our Operative Management Team are women. A gender gap amongst other managers with personnel responsibilities was also identified, where women are over-represented. The fashion industry is known to be a female dominated industry, which is reflected in the data at Tiger of Sweden.

- Board of Directors at Tiger of Sweden AB: 3 members – 100% men
- Board of Directors at Tiger of Sweden Denmark A/S and all other entities: 3 members – 67% women and 33% men
- Operative Management Team at Tiger of Sweden Group: 6 members – 67 % women and 33% men.
- Other Managers (with personnel responsibilities) at Tiger of Sweden Group: 14 people – 64% women and 36% men.

By Operative Management Team, we refer to our directors steering Tiger of Sweden's overall strategy in collaboration with the IC Group Board of Directors. By Other Managers with personnel responsibilities, we refer to employees with personnel responsibility. These managers are not represented in our Operative Management Team. During this financial year, it has not been possible to find suitable candidates of the underrepresented gender amongst Other Managers.

Corporate Responsibility Report Financial Year 22/23 at By Malene Birger.

1. Introduction

By Malene Birger is a Danish fashion brand established in 2003 devoted to the contemporary bohemian – delivering long-lasting investment pieces with a conscious approach. Our collections embrace an eclectic vision of Scandinavian minimalism, finding a niche where refined and elevated style meets free-spirited ease. Everything we create must serve an authentic purpose in the curated wardrobe of the modern By Malene Birger woman.

Sustainability has been a topic that we have been addressing in our brand and products for a while. 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.

On a top-line level, we are members of the UN Global Compact and Textile Exchange to ensure we have proper guidelines for our operations, as we believe in systemic change with a collaborative focus to achieve the biggest impact. On an operational level, our products are carefully crafted according to 4 guiding principles and our brand is devoted to short- and long-term sustainability goals across every department.

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 about 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.

1.1. Word of CEO

The very core of By Malene Birger starts with a conscious mindset and the belief that what we do stands the test of time, in quality and style. We have made promising progress up until now in terms of shifting towards better quality and preferred natural materials, developing our first carbon footprint report, and implementing small, but important, goals from logistics to packaging to being more mindful of waste in our inhouse day-to-day behaviour.

We are proud of what we already have achieved, but we also recognize that the road ahead is long. It will come with obstacles thanks to ever-changing external circumstances; however, we are committed to continuously improving ourselves.

Our direction is set, but we know that we are also entering a long period of trial and error, where we adjust and try again, and we are always seeking new knowledge and insights to make us the very best version of ourselves and to our world around us.

2. Our Design

2.1. Product

How do we work with it?

We recognize that bringing new products into the world is never going to be sustainable, in the truest definition of the word. But, since 2020, we have established several internal design principles to help achieve our goal of a lower-impact, circular approach as part of a wider audit of our responsibility philosophy.

Reducing our mainline collection sizes and option offers in 2020 was the first step towards reducing excessive production. In addition, we have educated and trained our design team to move away from being only trend-driven in aesthetic, and established a core collection of future-proof pieces known as "The Essentials" that retain their aesthetic value and can be sold (and worn) year over year, helping to reduce excessive production and promote more responsible consumption.

In order to simplify the development process of our products we have had to educate and train our development teams to steadily increase our focus on high-quality, long-lasting, durable materials that also support the function of our products for as long as possible. For this we needed a simple tool that could work for all parties involved in the development process. Therefore, we developed what came to be called our "Design Principles".

Our Design principles

1. **Favouring natural materials** – We are focussed on moving away from conventional and synthetic materials that come from fossil-fuel-derived resources produced through chemical processes in order to work with natural fibres derived from renewable resources, and which are biodegradable when grown and manufactured under the right conditions.
2. **Prioritising mono fibres** – While acknowledging that the infrastructure of textile recycling is still in its early stages, we consider the intended use and durability of a product and aim to move away from complicated fabric compositions in order to prioritise high-quality mono materials, which simplify the recycling process.
3. **Sourcing Un-dyed** materials – a simple tool to decrease the need for dyestuff when many natural materials are anyway matching our very natural colour universe.
4. **Waste** - this word should remind people to limit our use of resources in every aspect of the development and production process up until the usage of recycled fibres.

Researching new innovations -- We are curious about new developments and innovations, as we are aware that transitioning to using predominantly natural fibres and mono materials only represents two steps in our circularity journey. We are conducting research into new innovative materials, sourcing un-dyed yarns and fabrics to reduce our environmental impact, developing our prototype samples in a 3D software programme called CLO to improve the development process, and challenging ourselves constantly.

2.2 Word of Creative Director

“I want women wearing our designs to feel confident and comfortable in pieces that are carefully constructed and made to last. Luxurious fabrics, warm textures, clever details and a creative but consistent design integrity are elements I insist on in the collections, so that they feel personal and purposeful.”

– Maja Dixdotter, Creative Director

Timelessness and longevity in silhouette and colour palette

We aim to create “timeless” designs, which is of course a challenge, but the ambition is that our clothes should work both from season to season, and also over a longer period of time.

In parallel with reducing the size of our mainline seasonal collections, we have worked on refining an edit of recurring pieces that are permanently available, occasionally revisited in different colourways, known as “The Essentials”. We presented this concept in 2020 and seek to continuously improve it as we receive performance data. The aim is to create styles that are timeless (in the eyes of our design team and our customers), can function as a coherent wardrobe with newer-season items, and can help us to reduce unsold stock, as we are not bound by a specific sales window and can sell these items all year round.

Our subtle, predominantly neutral colour palette means that our styles can be easily styled together in tonal combinations, both in the customer's wardrobe, but also in our stores. This in turn helps to extend the lifespan of the designs from an aesthetic perspective, allowing for seasonal crossovers that achieve a sense of visual harmony for the customer.

Our focus on quality, texture, neutral colours and relatively classic silhouettes and shapes is, in our opinion, the foundation for a good product that we want our customers to keep and value for a long time.

Durability that spans the physical, technical, and emotional

Increasing the durability of our garments is key to extending their lifespan in a practical sense, but on an emotional level, it is also crucial to reducing the amount of clothes that we consume. We want to make wardrobe staples and special pieces that our customers love and wear for many years, rather than getting bored of them and disposing of them quickly.

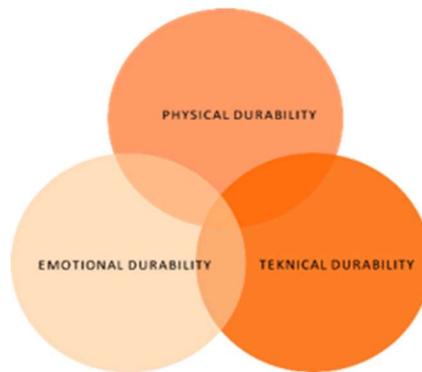
We acknowledge that while “technical durability” is easier to control, by way of high-quality and functional materials, “emotional durability” is more difficult to measure. Nevertheless, our product development team attended some workshops where this topic was in focus.

Everybody in the team was asked to bring one item of clothing that had been in their wardrobe “forever” and to share with the group why this item was always one of their “go-to” pieces. Many interesting conversations and stories were shared as a result, but the concept of physical, technical, and emotional durability was always present in one way or the other. Finding that sweet spot in the Venn diagram, where all 3 metrics are represented, is what we strive to develop. As a result of the workshops, we defined the metrics as follows:

Physical durability – Is the product fit for purpose? Taking into account the fit, the shape, the silhouette.

Technical durability – How does the fabric perform? Taking into account the strength of the stitches, the functional properties of the fabric (e.g. stretch), the care instructions for the product.

Emotional durability – Does the product have a story, and will its story be enhanced over time? Considering the emotional decisions for purchasing the product in the first place, such as buying the garment on holiday in Paris with a best friend, as well as the emotional memories invested in a product, such as wearing it for a special birthday party. Also considering the need for the product to age well, such as a leather bag that crinkles beautifully over time, or a pair of jeans that fades to the perfect shade of blue.

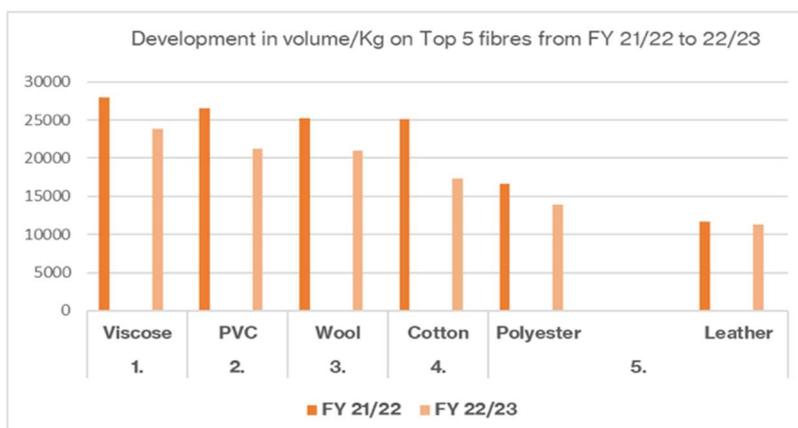


2.3. Sourcing & Materials

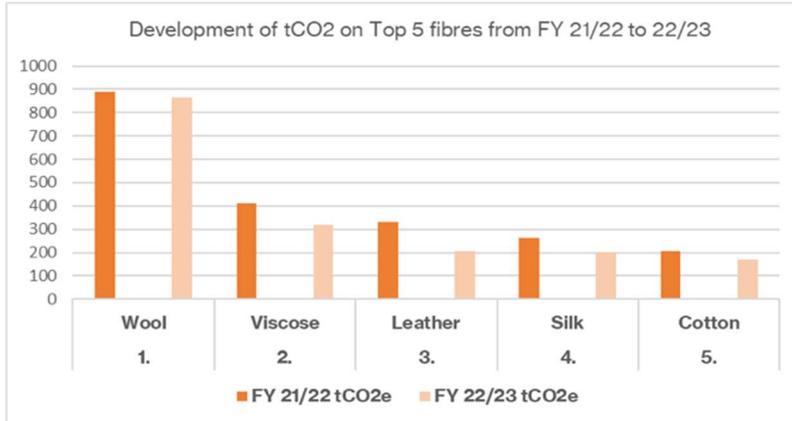
Our sourcing approach is two-fold: We monitor which materials we use the most, and which materials have the greatest impact in terms of carbon emissions and combine these results with risk analysis. We recognise that systemic and strategic change is required to target the most-used materials, but we believe that prioritising renewable natural materials will help us achieve our goal of a lower-impact, circular approach. We are focussed on moving away from conventional and synthetic materials that come from fossil fuel-derived resources produced through chemical processes in order to work with fibres – such as cotton, wool, silk, leather, linen and hemp – which are derived from renewable resources.

Top 5 fibres both in KG/TON

The graphs below show the 5 most-used fibres for By Malene Birger products year-on-year, and the amount of CO2 emissions each fibre produces. In addition, we have decided to include the figures for leather, our sixth most-used fibre, since it is almost the same in volume as polyester but has a far higher carbon footprint.



In terms of carbon emissions, the second graph reveals a very similar picture. The reduction we see is mainly due to lower purchase of these fibres on a year-on-year basis, but it is the same 5 fibres (substituting leather for polyester) that contribute our biggest CO2 emissions.



There is a clear overlap between the materials we use the most and the materials that have the biggest impact in terms of CO2 emissions in tons. It must be noted that natural materials (by which we mean animal or plant fibres) have a high carbon emission factor, but replacing natural materials which are renewable when grown under the right conditions with fossil-fuel-based, non-renewable materials has numerous negative environmental impacts, making it an unwise long-term decision.

1 Wool

Wool is one of the top 3 materials we use the most, but also the fibre that produces the highest CO2 emissions. If we look at the durability of wool from a technical perspective, however, it is an extremely durable animal fibre that lasts for many years, has excellent thermal and moisture-wicking properties and does not need to be washed regularly due to its self-cleaning properties. Viewed holistically, therefore, our goal is to source wool responsibly, educate our customers about how to care for their wool products, and of course to make good quality products that last a long time.

Target: 2025 – 50% of our wool from either certified or lower-impact sources.

RWS & RMS Certifications

We became certified with RWS Responsible Wool Standard and RMS Responsible Mohair Standard in 2021 to have a tool to effect good animal welfare and land management as well as increasing traceability of our wool sourcing.

Our use of conventional wool has decreased since 2019, but unfortunately our use of certified wool has also decreased, from 46% to 38%. Nevertheless, we are committed to maintaining a strategic mindset with our supply chain in order to build a sustainable business.

2 Viscose

Viscose is our most-used fibre, and comes in second place in terms of CO2 emissions. It comprises cellulose, a natural raw material found in wood, but is classed as a semi-synthetic fibre because it is man-made. Viscose is often blended with other fibres to add drape and softness to a material, which is why it's a popular fibre. Sourcing viscose in a responsible way is key to mitigating the risks of deforestation. At the moment we buy labelled viscose or other man-made fibres such as acetate, lyocell, cupro or modal from producers including Lenzing and Naia. There are many other possibilities in the pipeline that we want to investigate, but the most important thing for us right now is being able to measure our usage, and maintaining a responsible approach to sourcing.

In FY22/23, 35% of the viscose we purchased was Lenzing Ecovero, a supplier that practises environmentally responsible production. This unfortunately represents a decrease from the previous year's 44%, however, we bought 35% less viscose in total for FY22/23. This drop aligns with our overall ambition to buy more preferred man-made fibres or new innovative materials.

Target: 2025 – 50% of our viscose from either licensed or lower impact sources.

3 Cotton

Cotton is our fourth most-used fibre, and comes in fifth place in terms of CO2 emissions. Cotton is an amazing fibre that allows the body to breathe, making it extremely comfortable to wear and easy to use for many purposes. At the same time, cotton produced in the conventional way requires huge amounts of water to grow, and the run-off of fertilisers and pesticides from cotton fields can contaminate rivers and lakes, harming the ecosystem. Sourcing organic cotton in a responsible way is key to mitigating the environmental impact of the fibre. In FY22/23 we increased our use of organic cotton from 79% to 91%, and we sourced the vast majority from suppliers who are GOTS (Global Organic Textile Standard) certified. GOTS helps to verify responsible environmental and social practices in cotton production and ensures traceability throughout the entire textile supply chain.

Target: 2025 – Become GOTS-certified as a brand.

4 Leather

Leather is among our most-used fibres, and it comes in third place in terms of CO2 emissions. Leather is a supremely durable material for shoes, bags, accessories, and clothes, but it also comes with significant environmental and social impacts and is a major culprit when it comes to emissions, chemicals, and human resources. The material often divides people's opinions, which is understandable, but after many internal discussions about plant-based leather alternatives currently available, we have chosen to prioritise sourcing animal leather that is a by-product of the meat industry, because we believe it is the most durable and long lasting of the two. In addition, we have chosen to focus on improving the process by which the leather is treated, focussing on the chemicals that are used, the origin of the animal and the traceability in the supply chain. It is a huge project, but we are committed and have started working on:

- Sourcing from LWG audited tanneries
- Preferred tannery list
- Simplified supplier Porte folio to secure mutual understanding and mindset in the supply chain
- Chemical management and better tanning methods

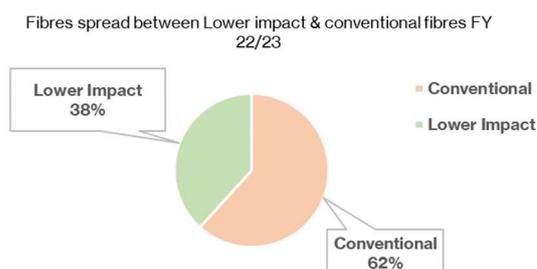
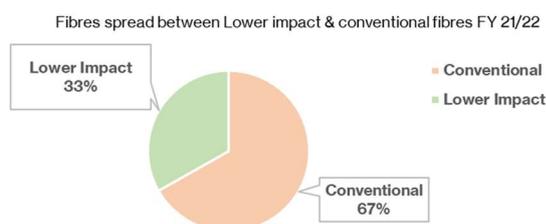
5 Polyvinyl chloride or PVC

Polyvinyl chloride, or PVC, is our second most-used material, but in terms of CO2 emissions, it is not in the top 5. Nevertheless, we are aware that as a synthetic plastic polymer that contains chemicals, PVC does not adhere to our natural fibre commitment. We use PVC for our Signature Flower coated canvas bags, because it is durable, waterproof, dirt and stain-proof, and while we have looked into alternatives and tested their performance, we have ultimately found that PVC performs better over longer periods of time, thus extending the life cycle of our products. We are committed to testing alternatives and hope to find a solution in the near future.

Target: 2025 – Develop a take-over program in a more sustainable material than PVC.

During this process, it has become clear that not only do we need to maintain good working relationships with our suppliers, but we also need to maintain clear insight into the yarn and fabric mills that provide our suppliers with the materials for our products. We acknowledge that we need to work much more strategically with the materials that we use in our products, in the same way that we work strategically with our suppliers. In addition, we are committed to working with a larger proportion of deadstock fabrics, developing existing fabrics rather than opting for new materials each season.

Our overall goal for 2030 is to convert 100% of our fibre use into what we class as lower-impact materials. In FY21/22, we measured our fibre spread to comprise 67% conventional fibres and 33% lower-impact fibres¹.



In FY22/23, we saw a positive improvement, with a **5%** increase in the use of lower-impact materials, rising from 33% to 38%. There is still a long way to go to reach our target of 100% lower-impact materials across the brand by 2030, and we know we will have to make some radical choices. But the foundations are in place, and we are confident that, with our commitment to diving deeper into our supply chain and creating systemic changes in collaboration with industry partners, we can make tangible progress.

¹ We measure on pieces sold, times average weight of the product pr. Fibre on main collections and SSP (Essential).

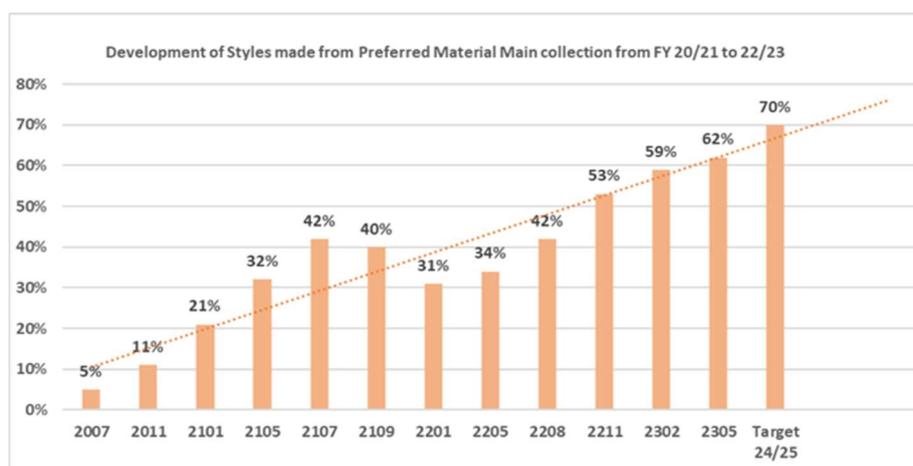
Preferred Fibres list

We decided to establish our “Preferred Fibres list” as a simple internal tool to be used by our product teams for making considered decisions when creating a style. Within this framework, we are not only strategically putting the focus on lower-impact material choices, but also highlighting what we will eventually phase out. Switching out conventional fibres for lower impact alternatives will eventually allow us to improve our environmental footprint, which is our end goal and motivation.

In the below graph², you can see the performance (Total % After FB) of styles made with our “Preferred Fibres”. **Styles are categorised as “made from Preferred Fibres” if the composition of lower-impact materials is 50% or more.**

Our goal for FY22/23 was that 50% of the styles in our four main collections (known internally as 2208, 2211, 2301, 2305, or externally as spring/summer, pre-fall, fall/winter, pre-spring) would comprise “Preferred Fibres”, and we’re proud to say that we achieved this.

Our set goal for FY24/25 is 70%, and the graph below shows we are on a positive trajectory. That said, we are aware that the remaining 30-40% will be much more difficult to convert to lower-impact materials, due to the availability of fabrics which are affected by minimum order sizes, lead times, and more general limitations that we have outlined above, in terms of drawbacks to their durability.



Animal welfare

We are aware that we have an ongoing responsibility to value animal welfare highly in our supply chain, as a result of regularly using animal fibres such as leather and wool in our collections. For this reason, we are certified with the Responsible Wool Standard (RWS) and Responsible Mohair Standard (RMS) and are members of the Leather Working Group (LWG).

The RWS and RMS are two standards which verify animal welfare and land management requirements and track wool and mohair from source to final product. Being RWS & RMS certified shows our commitment to animal welfare and the value we attach to responsible sourcing, both for the animals but also for the land they graze on. It enables us to ensure best practices of farmers regarding animal welfare, land management, and a full chain of custody from the farms to our final wool and mohair products.

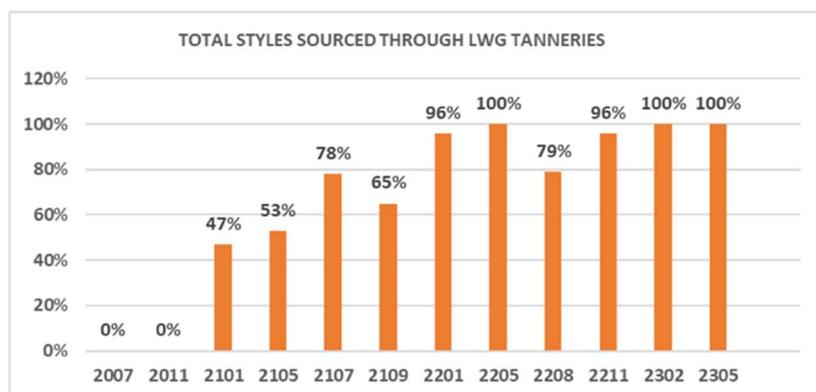
The Leather Working Group is an international organisation of stakeholders across the leather supply chain, working to promote environmental best practice within leather manufacturing and related industries. We joined the LWG to support a more responsible leather industry. We only work with leather that is a by-product of the meat industry. We aim to work only with leather coming from a Gold or Silver LWG certified tannery; and we don't use exotic skins.

Chemicals

We are committed to minimising the use of harmful chemicals in our production processes. We conduct risk assessments on all collections and sample-test key products with a view to gaining greater visibility into the environmental impacts of our

² 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

manufacturing processes. We work on these assessments with third-party companies including Bureau Veritas as well as local laboratories managed by the Eurofins network.



Packaging

We are continuously working on finding more responsible alternatives to packaging for our products. In our business-to-consumer channels we fully refrain from using plastics, and we only use paper or cardboard and we are proud to use carbon-neutral packaging for the shipping. Our current challenge lies within business-to-business packaging and upstream logistics where we work with single-use polybags. Our ambition is to switch to 100% recycled or bio based plastics across our company. In addition, we are always on the lookout for new innovative packaging materials that will reduce our carbon footprint even further.

2.3. Supply chain

Traceability and transparency

We recognise that in order to make meaningful change across our business, we need to have better visibility on all stages of our supply chain. We understand that traceability is not a solution in itself; it's just the first step in recognising where our biggest impacts occur, and understanding how we can mitigate those impacts.

With traceability in mind, we have created a simple system whereby we categorise each style based on the Tier level of which the materials can be tracked or are certified.

Tier 0 – Brand certification

Tier 1 – Assembly stage certification

Tier 2 – Fabric & Yarn certification

This refers to the stage in the supply chain that are certified. Tier 0 is where the individual product has full chain of custody. Chain of custody ensures that claims about the fibre content in a product – such as “organically grown” or “recycled” – are accurate, and is something that we aim to improve across our product ranges.

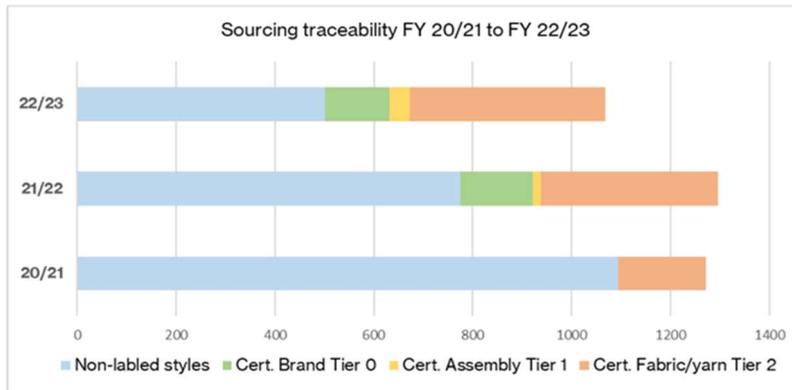
We have improved our IT system to be able to track by categorising our styles in this way and by that system also be able to measure progress, but as mentioned, this is no more precise than the information that we enter ourselves, so there is of course a risk of discrepancies.

But having that said, it also means that we practise and improve our knowledge of our supply chain, improve the quality of data and at the same time have the opportunity to gain insight into where we have our biggest challenges or possibilities to improve.

If we look at the graph below, which charts our progress over the last three years since we implemented a third-party auditing process, it is positive to see that the number of products we produce in RWS and RMS certified wool has increased significantly. That gain must be put into context, however, because the size of our collections has decreased in that period, with 21% fewer styles developed. This decrease in collection size impacts the percentage of fully certified products by a reduction of 12%, though the proportion of certified products still increases from 11% to 12% over the three-year period, which is broadly positive.

Another positive observation is that several of our suppliers over the last three years have chosen to become certified themselves. Not limited to RWS and RMS certified wool, but include other certifications such as GOTS, OCS (Organic Content Standard), RCS (recycled content standard) and GRC (Global Recycled Standard). These are relatively small amounts to begin with, but in three years the proportion of certified fibres embraced by our suppliers has increased by 150%.

Branded materials, such as Lenzing and Naia, will therefore be categorised as Tier 2, which is why this part will probably always make up a fair share of the total, whereas the share of Tier 1 and Tier 0 will of course increase the more our suppliers choose to be certified and if we choose to take more certifications in-house. We have a goal of becoming both GOTS and GRS certified before 2025, but we also acknowledge that a good IT solution will make the handling of such certifications easier as they come with a high degree of manual work and follow up. The majority of our styles remain non-labelled and are made from conventional materials, though the trend is broadly positive.



3. Our People

3.1. People in our supply chain

We are committed to supply chain accountability, which we aim to achieve by strengthening our long-term partnerships with our suppliers, many of which have been in place for 10 years. The majority of our suppliers are audited on an annual basis, and all agree to adhere to our production agreement, our code of conduct, and our policies pertaining to animal welfare, anti-corruption, anti-slavery, anti-child labour and ethical sourcing, in addition to complying with national law and regulatory standards. To continue to improve the social performance of our supply chain, BY MALENE BIRGER is a member of the Amfori Business Social Compliance Initiative (BSCI), which it joined in 2009, and the United Nations Global Compact, which it joined in 2007.

UN Global Compact

We are members of the UN Global Compact because we believe that sustainability starts with fundamental responsibilities for our people and for our planet. By shaping our business policies and processes around integrating the Ten Principles, we strive to ensure good practices around human rights, labour, environment, and anti-corruption in our value chain. We have already established a foundation of good practices in our codes and policies, which we continuously review on at least a yearly basis:

- Code of Cooperation
- Animal Welfare
- Anti-Corruption
- Anti-Slavery
- Child Labour
- Ethical Sourcing Requirements

We developed our Supply Chain Mapping Tool this financial year with the aim of gathering information on five distinct elements pertaining to our suppliers: their company's basic structure, their supply chain, their facility structure, their health & safety initiatives, and their environment. Our version of a supplier self-assessment survey, we asked our suppliers for information about their production structure, their audits and certifications, their supply chain, their workforce, and the resources used

during production such as water, energy, and chemicals (data permitting). After the first trial with our suppliers, we improved our tool for ease of use. We hope the Supply Chain Mapping Tool will allow us to have a closer dialogue with our suppliers as we implement it step-by-step. The focus for next year will be mainly on our core suppliers with whom we have established long-term relationships.

Amfori BSCI

We are members of Amfori BSCI because it is a recognised tool in the industry for social compliance that helps us to monitor and improve our practices and gives us access to high-quality audits of our suppliers. Of our key suppliers, contributing to approximately 80% of our turnover, are 70% of these audited by Amfori BSCI. While we acknowledge that our suppliers have the right to choose their certification body, it is our ambition that 100% of our key suppliers (classified as those who contribute 80% of our turnover) become either BSCI members or are audited against similar standards such as The SA8000 Standard, Smeta/Sedex audits or the Fair Wear audit, conducted by the Fair Wear Foundation. In the table below, is an overview of our supplier portfolio presented alongside the associated risk and BSCI ratings.

When analysing our top 10 suppliers from whom we buy the majority of our products, the suppliers are predominantly based in China, Turkey, Lithuania, Romania and Portugal. China, Turkey, and Romania are countries that are rated as medium- to high-risk countries. However, our suppliers are not only BSCI-audited (our Romanian supplier has an A-rating, which is the highest rating on the audit scale) but are partners that we have worked with for a long time, and with whom we have built relationships based on mutual respect and 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.

We believe that improving our own production planning and involving our supply chain at the earliest stage of the product development process is key to limiting unnecessary pressure downstream. This is easier said than done, and the increasing challenges that we are facing in terms of raw material prices, lengthening lead times, transportation prices and ongoing global political and economic instability is, unfortunately, putting even more pressure on the supply chain. Nevertheless, we believe that our membership of Amfori BSCI provides us with the best possible tools to support better working conditions in the textile industry.

Ranking	Country	% of Turn over 22/23	Cummulative %	ABC segmentation	Risk assesment	Audits
1	China	21%	21%	Importance		BSCI - C
2	China	11%	31%	Importance		BSCI - C
3	China	10%	41%	Importance		BSCI - C
4	Turkey	9%	50%	Importance	Outphasing	BSCI - D
5	China	8%	58%	Importance		BSCI - C
6	Romania	6%	64%	Importance		BSCI - A
7	Lithuania	6%	69%	Importance		NA
8	China	5%	74%	Importance		BSCI - C
9	China	3%	77%	Importance	Outphasing	BSCI - C
10	Portugal	2%	80%	Medium	Out	NA

In addition to monitoring our supplier's performance, we have also taken responsibility for three of our suppliers on the Amfori BSCI platform. This means that we have the responsibility to support the supplier in continuously improving their social compliance areas, such as decent working hours or occupational health and safety. We believe it is important to guide and support our suppliers to enhance their performance because it automatically has a direct positive impact on us.

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. With this system we create a unique opportunity to gain leverage at the supplier level.

Communities

We respect and aim to protect all communities that are affected by the operations in our supply chain. We avoid sourcing from areas exposed to human rights violations and have installed an Ethical Sourcing Requirements policy to aim for sourcing as ethically as possible. However, we acknowledge that our supply chain is very complex, and we cannot control everything that is happening in relation to Human Rights down to our Tier 4 (i.e., raw material extraction stage) at this point in time. In addition to our policies and aims in our supply chain, we also support less privileged communities by donating clothes and shoes through Gadens Børn, Designers without borders, and Hellebro³.

Reflections

Working on this sustainability journey is a continuous process and we still have a long way to go. However, that does not discredit the progress we have made up until today. We have come a long way where we increased the mapping of our supply chain, onboarded BSCI audited suppliers, strengthen our supplier Porte folie, made more conscious choices of with whom and where we operate, adopted UN Global Compact Guiding Principles, and worked with charity organizations.

Anti-Corruption

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.

Our Anti-Corruption policy is updated yearly, and this document is also a part of our On-boarding procedure for new suppliers. All our current suppliers have signed this

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.

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 2024.

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.

3.2. People in our brand

Internal culture

Our company is made up of dedicated, bright, and inspiring employees. We aspire to create a healthy, inclusive and safe working environment with shared goals and ambitions for the brand, while ensuring our employees physical and mental well-being is prioritised at all times.

A workplace assessment (APV) is performed every second year at the brand's Copenhagen headquarters, and action plans are created and implemented. The human resources department, the senior management team and working environment representatives also meet on a regular basis to discuss issues as they arise and to take appropriate action. The next APV will take place in the fall of 2025. Meanwhile, action plans for physical and mental well-being in our stores have been activated, but no critical incidents or union-driven situations have been reported.

We cultivate a creative and easy-going office culture at our Copenhagen headquarters, which includes our house playlist, inspiration breakfasts to introduce new collections to the wider team, a rotating curation of artworks, and natural wine in the living room for after-work gatherings. We always have meeting-free Fridays, stay curious to find new ways to spend lunch together across departments, and keep our minds creative with walk-and-talk meetings.

This year, we launched our in-house Social Network, which aims to further improve our in-house culture and help us to inspire, motivate, and support each other. The concept revolves around two main pillars: firstly, a Social Platform, for all employees; and secondly, an Onboarding Q&A, for new employees. On the Social Platform we share our best recommendations and tips for daily life in Copenhagen and Stockholm and plan fun social activities with colleagues to strengthen our community. Within the

³ <https://www.gadensboern.org/> <https://www.designerswithoutbordersdk.org/> <https://hellebroen.dk/>

Onboarding Q&A space, we create a supportive environment to help each other out with regards to integrating into Danish and Swedish culture.

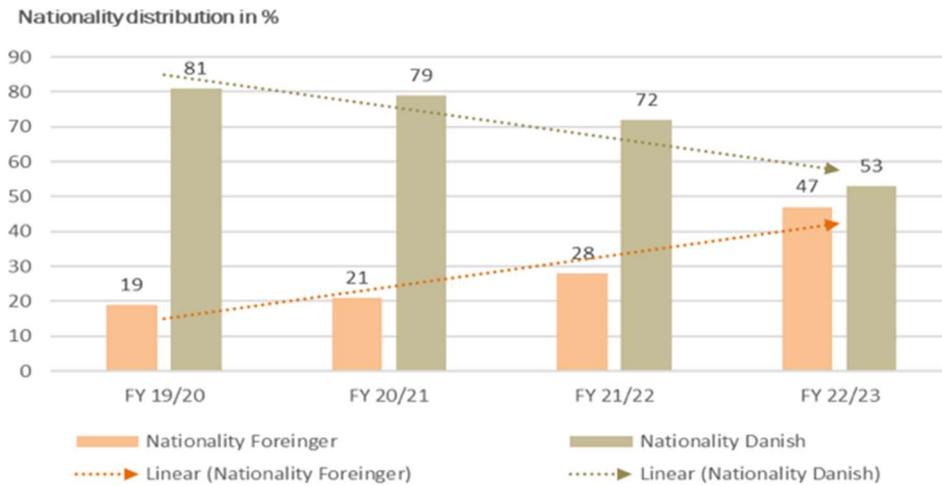
We are committed to making responsible choices across the business, from our production processes to our daily life in the office. We recycle, choose bikes over cars, make an effort to avoid single-use plastics and choose the green alternative when it comes to food and drinks, such as Fairtrade chocolate and coffee, plant-based milk, and organic weekly groceries.

Worker demographics

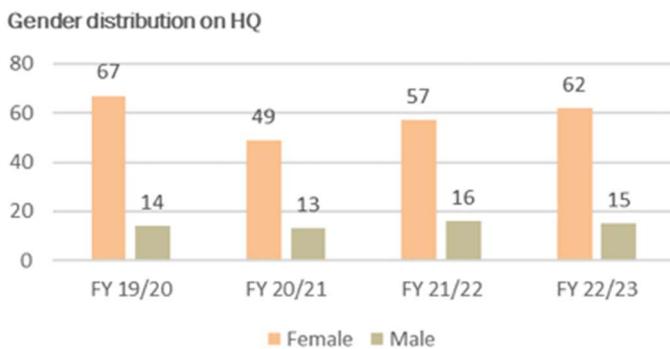
We strive to build a diverse, inclusive, and equal workforce, because we believe that our business and our people will benefit from a more diverse culture that inculcates forward-thinking ideas, a broad global outlook, and innovative ways of working.

Currently, our workforce has the following characteristics in terms of nationality, gender, age, and management composition.

The nationality, gender and age diversity in our workforce at HQ has seen steady and positive development over the past four years, illustrated in the below graphs, which we are very proud of.⁴



In-keeping with fashion industry norms, our gender split is female-dominated. However, we have managed to increase the number of male-identifying employees at By Malene Birger and we hope to continue this trend for gender diversity.

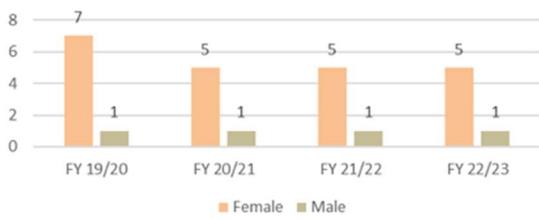


Gender distribution in Management

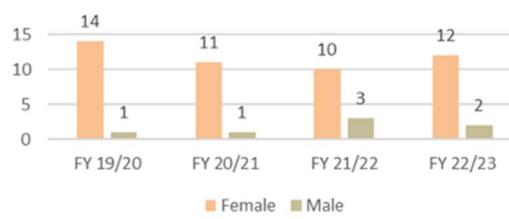
Our management composition development is similar to the gender split we see in the rest of our company. The graphs below show the distribution of “Top Management” (defined as senior managers) and “Other Managers” (being middle managers with people in reference). The small progress mainly comes from the downsizing of the management group, which is why the percentage of male-identifying managers increases in FY21/22 and FYY22/23.

⁴ Data is calculated from a simple list of hiring data of age, gender, and management level of BMB employees in the financial period mentioned covering only HQ, both in Denmark and Sweden.

Gender distribution Top Management on HQ



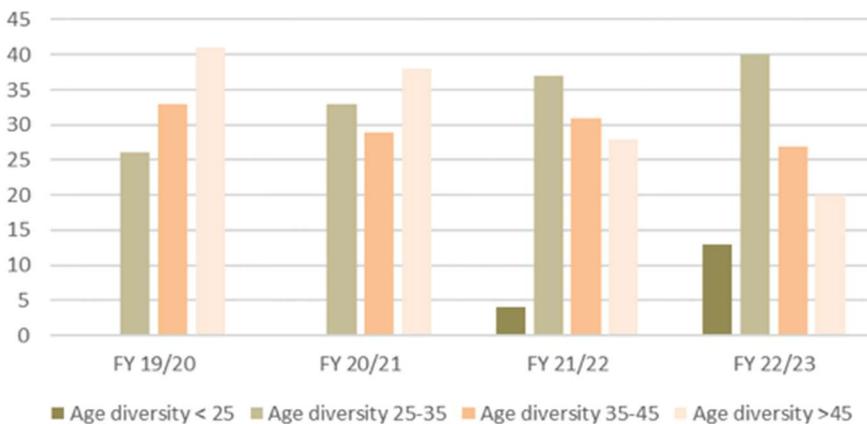
Gender distribution Other Management on HQ



Last year the Board of Directors stepped down and was replaced with 3 new members. One of those members is female-identifying, so the By Malene Birger board today comprises 1 female-identifying person and 2 male-identifying people.

Age is relatively equally distributed throughout our company, although we see our workforce becoming slightly younger in FY22/23 compared to the previous year. We believe that a balanced and broad-ranging age representation is beneficial for our brand in terms of business and culture.

Age Diversity in % on HQ



Diversity, inclusion, equality

We are committed to creating a safe and inclusive atmosphere for everyone and ensuring that all people are treated equally irrespective of their race, age, gender, sex or sexual preference, gender identification, disability, religion, or beliefs. This stands for every part of our supply chain – from our head office in Copenhagen to our factory partners around the world.

Future: Culture development, inclusion

We aim to develop and strengthen our culture to create a workplace where everyone feels welcome, included, and inspired to reach their greatest potential and be their truest self. This is an ongoing work in progress as we constantly reflect on our practices, policies, and behaviour to ensure no one is excluded.

Our future ambitions are to further strengthen the principle of inclusion further down in our value chain. This means that we strive to display a more inclusive model portfolio in our marketing efforts, representing society's unique individuals, and to work with and promote a more diverse brand ambassadorial group at our events and on our social media accounts.

As well as strengthening inclusion in our value chain, we also strive to further integrate the Social Network to strengthen inclusion and cultural development inhouse. Using the Social Network to its full extent will advance our culture and bring our community closer together. To help make this happen we have hosted a launch and a training on how to use the Social Network and stimulate active use.

Reflections

Our internal culture is already something we are very proud of and that our employees cherish as well. We have received feedback that our people value working together very highly, and we know that they like to come into the office. That said, we learned during the pandemic that the opportunity to work remotely is appreciated and allows employees to improve their work-life balance and subsequently to perform better at the office.

4. Our World

Carbon footprint – Scope 1, 2, 3

We recognise the urgency of taking action to arrest the climate change that is happening all around us. We are committed to reducing our emissions and we have partnered with Cemsys to be able to measure our emissions from year to year. This way, we can identify our biggest areas of impact and develop suitable actions to minimise our emissions.

The input data is based on consumption data from internal and external sources, which are converted into tonnes CO₂-equivalents (tCO₂e). The carbon footprint analysis is based on the international standard, known as A Corporate Accounting and Reporting Standard, developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). The GHG Protocol is the most widely used and recognised international standard for measuring greenhouse gas emissions and is the basis for the ISO standard 14064-1. The following information is taken from the GHG Protocol report:

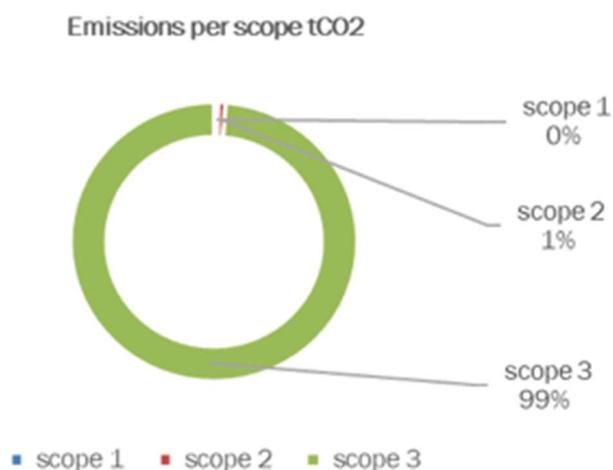
Scope 1 includes all direct emission sources. This includes all use of fossil fuels for stationary combustion or transportation, in owned and, depending on the consolidation approach selected, leased, or rented assets.

Scope 2 includes indirect emissions related to purchased energy; electricity and heating/cooling where the organisation has operational control. The electricity emission factors used in Cemsys 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.

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

We have learned from the previous year that our biggest impact lies within Scope 3 (Fig. 1) and that the biggest impact under Scope 3 (Fig. 2) is Upstream transportation and Distribution, and Purchased goods and services, which in By Malene Birger's case is the materials we use in our products.

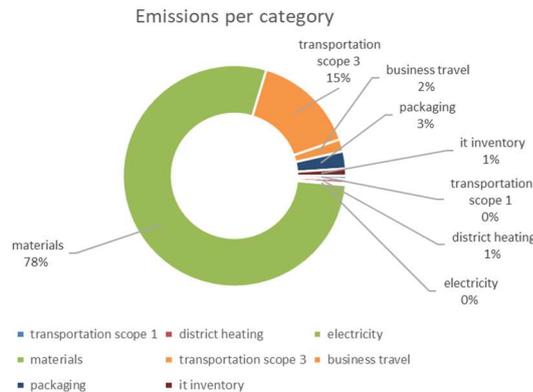


This carbon footprint report of FY22/23 clearly shows that our biggest impact lies within Scope 3: our indirect emissions in the value chain, which accounts for 99% of our emissions. The remaining 1% is more or less equally divided over Scope 1 (0% = 14 tCO₂e), our direct emissions, and Scope 2 (1% = 24 tCO₂e), our indirect emissions related to purchased energy.

Emission pr. Category.

Below figures shows clearly that it is our use of Materials that has the biggest impact 78%. Secondly is the Scope 3 transportation emission factor (15%) also quite significant, why this is an area that we need to work on strategically as this has

a direct impact on the business set up today. Though small compared to the previous categories are the materials for our packaging (3%). As mentioned before this is in the pipeline to be improved.



What we are looking at from year to year is the development in various areas. We need to compare this to the knowledge we have about the changes that have taken place during the year on a preliminary basis. What is obviously interesting to look into is the areas that have seen noticeable changes, both to ensure that no mistakes have been made, but also to compare them with what we already know from the commercial part of the business, as there is often coincidence.

Our Scope 1

Looking into Scope 1, we see that we have had a significant decrease in the consumption of petrol, which is primarily due to the fact that we have terminated 7 petrol/diesel cars since the last financial year. The current 2 leasing cars are both hybrid cars in the A+++ class.

Our Scope 2

In Scope 2, we see a positive decrease of 47% tCO2e, which is partly because we have closed 5 stores: 2 in Denmark, 2 in Sweden and 1 in the UK. However, it also comes from an improvement in the quality of the collected data. In recent years, our estimate has been cost-based. This year we have both on District heating and electricity, based our calculations on actual kwh per square metre data from our headquarters and used this as a conversion factor to calculate our consumption in our stores, per square metre. We acknowledge that constantly seeking to improve data collection and quality is a requirement to realise the full potential of the GHG Protocol.

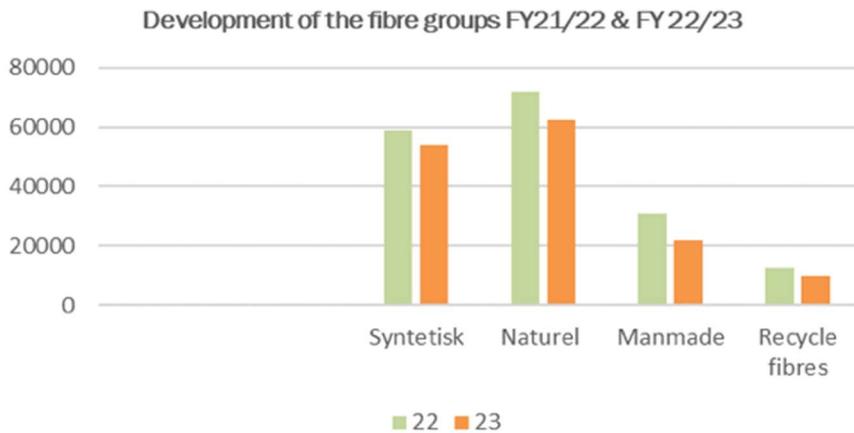
Our Scope 3

Materials

We have minimised our consumption of materials by 22%, which of course has had a positive impact on our footprint, but this is merely because we have sold fewer products – good for our CO2 accounts, but not for the business.

We have sold 9% fewer synthetic materials, which is in line with our ambitions, but unfortunately, we have also sold fewer natural, man-made and recycled materials. Recycled fibres are a big part of the solution, and we have made a little progress on leather and elastane, but unfortunately not when it comes to cotton or wool. However, not all products lend themselves to recycled material compositions, which is why we use them carefully, as we must always set the decision to use “Preferred Fibres” against the durability of the product. As mentioned earlier in this report we are investigating further into man-made recycled fibres which are made into virgin alternatives⁵. As a guiding principle, it is important to us that the quality is high so that the product lasts a long time.

⁵ This could be <https://www.renewcell.com/en/circulose/>, whom we are in close dialog with for future development



When analysing and comparing materials, a holistic point of view must be maintained, as synthetic fibres have a significantly lower carbon footprint compared to animal fibres, whose footprint takes into account the life of the animal. On the other hand, wool, leather, silk, and cotton – all plant or animal fibres – are more durable than synthetic fibres and potentially will have a considerably longer lifespan. This is both because they can offer better quality than synthetic alternatives, and because the customer, who will pay more for them, values them more highly as a result, and takes better care of them, potentially selling them second hand when done with them. Measuring the carbon footprint of a material is one side of the development process but looking into other aspects such as care (whether the item can be washed and repaired) and end-of-life prospects (taking into account whether a product can be resold or recycled, is biodegradable, or will likely be destroyed or sent to landfill) are areas that have a bearing on the efficacy and suitability of a fibre. It is our ambition that we will eventually be able to measure and optimise data on our product's entire lifespan, partnering up with collaborators who can help us investigate further.

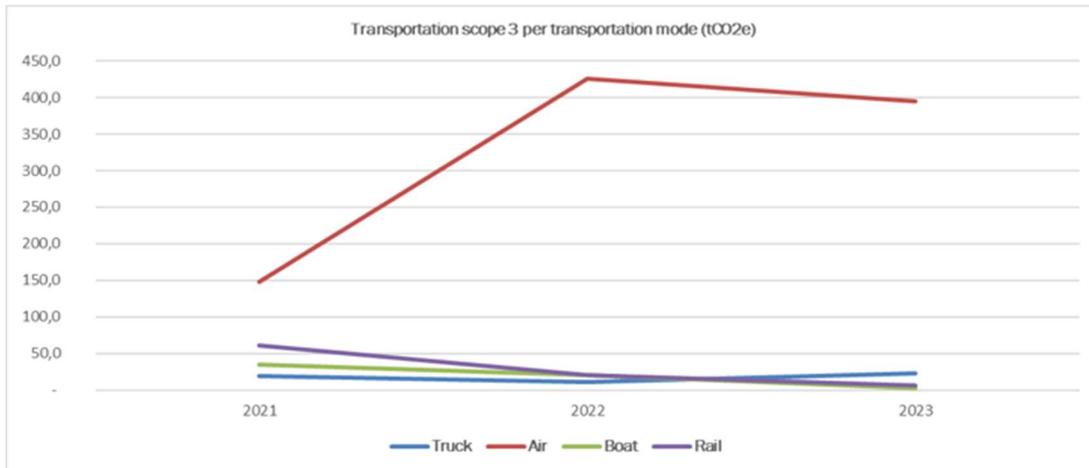
Upstream transport and distribution

The effects of the pandemic on the business are still being felt, particularly on the numbers for transport and distribution when we look at the development for last year FY21/22. Shipping goods by air became both possible and feasible as the pandemic eased, we saw an unfortunate shift in the percentage of goods we sent by air, resulting in our carbon emissions increasing by 189% in this category in 2022. This figure must be analysed in context, however; in 2020, the pandemic put everything on hold, and the following years saw production delays due to lack of raw materials and unstable prices.

If we look at this financial year, we see that we have managed to send more goods by truck, which has resulted in a positive improvement in tCO2e of 110%. Another positive change is that we have managed to send home fewer goods by air, which results in a decrease in carbon emissions of 7%. So, in total we have decreased our Total tCO2 emission by 11% since last year.

	Truck tCO2e % change	Air tCO2e % change	Boat tCO2e % change	Rail tCO2e % change	Total tCO2e % change
2021	-	-	-	-	-
2022	-44%	189%	-40%	-67%	82%
2023	110%	-7%	-90%	-69%	-11%

Still, it is also clear that shipping our goods by air represents our greatest opportunity for improvement. Planes emit significantly more CO2 than boats, trains and trucks. There are several areas in which we can improve in order to minimise air transport, but of course, the switch has challenging repercussions for the production and the sales teams. As always, it's a trade-off between many considerations. Nevertheless, there is a business case as well as an environmental case to support the reduction of air transport: it is more expensive than other transportation modes. Our goal, therefore, is to minimise air transport, a hopefully win-win situation.



Business Travel

Against the context of the pandemic of 2020-2022, when it was impossible to travel, we have had a sharp increase in business travel across the company. Intercontinental air travel increased by 74% between FY21/22 and FY22/23, in line with our strategy to grow outside Denmark and the Nordic countries. Continental air travel has accordingly fallen by 33% in the same period.

In the last year, we have improved our data collection to also include train travel and have divided taxi costs into regular taxi services and Uber taxi services. In total, we see a significant 152% increase in taxi services for FY22/23. It is of course expected that taxi services will inevitably increase when business travel increases, which is why we would like to measure train travel as a good alternative to taxis. Next year we should have enough data to present a coherent assessment of business travel.

Regardless, everyone in the company understands that travel, particularly intercontinental travel by air, has a high cost that is not only financial but also environmental, an important learning that we will bring with us.

Packaging

There are not many changes in the numbers in this area, but we have a goal of converting 50% of our packaging materials to lower-impact materials that are recycled or biobased by 2025. In the meantime, a pilot project for 2023 is underway.

IT Inventory

We know that our IT equipment and in general our data consumption has a big impact on our carbon footprint as a company. We are starting small by measuring our purchases of hardware, but we also have an ambition for next year to upgrade the quality of our IT equipment and address our data policy in order to extend the life of our equipment and thereby minimise our negative environmental impact.

A major project in the current year was to move all our internal data storage to the cloud, and we expect to be able move all our IT systems (ERP, PLM, BI aom) to the cloud next year as well. Research shows that cloud-based computing can help to reduce a company's carbon footprint compared to on-site data centres, since cloud computing is more energy efficient in general, most large-scale cloud data centres use renewable energy sources, and because cloud computing allows people to work flexibly and remotely, reducing vehicle emissions.

Future / Conclusions

Looking to the future, we are committed to moving towards a more circular business model. In essence, we aim to prolong the life of, and presence the value that is inherent in, our products to create new value for our business.

This year, we built a Circular Business Case to identify and investigate the opportunities we have to engage in circular business models. Within the business case we identified that the topic of circularity comes with a mindset shift and a 'new' set of KPIs by which to measure performance. The traditional way we earn our money results from the linear process of making and selling garments. However, we need a shift in our mindset from the traditional linear perspective towards a more circular perspective. For these circular business model types to perform well, we must rethink how we measure our performance. It goes without saying that we need to keep our business financially sustainable – but profit is not the only KPI out there. In addition to measuring business success through financial performance, business success can also be measured through levels of

customer loyalty and size of customer base. Another perspective to consider is that adopting circular business activities comes with cost savings in the traditional linear process because of the enhanced use of resources and reduced risk (Ellen MacArthur Foundation, 2019), so it has a financial and strategic benefit as well.

We currently see the most feasibility in repair and resale services in the developed business case, but this does not permanently exclude other circular options such as rental, remaking (i.e. upcycling), or recycling. We investigated our repair requests and started up a dialogue with local businesses in Copenhagen to determine the scope and scale of a repair business model. In addition, we have started the dialogue with resale providers to see how and when it would fit our business.

Whether to invest further resale, rental or repair service possibilities is still to be decided. But a new mindset for both us, other companies within our fashion industry, consumers and governments is emerging and is without a doubt a big part of the solution for our circular future.