



BJÖRN BORG

SUSTAINABILITY REPORT 2020

IN THIS YEAR'S REPORT

4	SUSTAINABLE BUSINESS
4	Björn Borg in brief
6	Key performance indicators 2020
8	Letter from the CEO
10	OUR SUSTAINABILITY WORK
11	Key ambition areas
11	Our promise and goals
12	Björn Borg and the UN Sustainable Development Goals
14	Highlights 2020
15	Status 2020
16	Our Sustainability Director reflects on the year past
18	How we are organised
20	Materiality analysis
21	Stakeholder dialogue
24	Influence and impacts throughout our value chain
28	RESPONSIBLE PRODUCTION
29	Highlights 2020
30	Our Code of Conduct
34	Human rights, health and safety
38	Transparency in the supply chain
38	Our manufacturers
40	DECREASING FOOTPRINT
41	Highlights 2020
42	Key focus areas
45	Sustainable materials and processes
50	Streamlined transports
52	Efficient packaging
54	Sustainable facilities & direct emissions
58	DRIVING SUSTAINABLE CONSUMPTION
59	Highlights 2020
60	Use and durability
63	Marketing & labeling
66	OUR PEOPLE
67	Highlights 2020
69	Our culture
72	Sustainable people
74	Workplace environment
76	New headquarters
78	Gender equality
79	Ethics, diversity and non-discrimination
80	Fair wages
80	Data protection
81	Organisation
82	HOW WE REPORT

COVER PHOTO: JOHANNES PLENIO, -UNSPLASH

Being transparent about our sustainability ambitions, goals and progress is an important part of our reporting process and the overall company approach. This report presents the significant economic, environmental and social impacts of the Björn Borg Group. Emissions outside of the group, such as for suppliers, are not included in this report. However, in fall 2021, we will release a climate report containing, for the first time, the full scope 3 according to the GHG protocol. Scope 1 and 2 are included in this report.

**THIS REPORT CAN BE TAILORED FOR YOUR OWN NEEDS AT
CORPORATE.BJORNBORG.COM/SUSTAINABILITY.
THINK OF OUR TREES, PLEASE AVOID PRINTING.**

PHOTO: CASEY HORNER,-UNSPASH

SUSTAINABLE BUSINESS

BJÖRN BORG IN BRIEF

The first Björn Borg collection was released in 1984, but the company took off for real in the early 1990s. Today, we have a strong position in our established markets, particularly in our largest product group, underwear. The share of sports apparel in our offer is constantly increasing.

A BRAND WITH A MISSION

Björn Borg is about sports, but not only that. We believe that training is an enabler, something that can make our minds, souls, and bodies stronger and help us achieve anything we want. This is what we live and breathe. We want to empower people through sports. But how? Björn Borg stands on solid ground – a set of values that is our DNA and part of our heritage. The values serve as a governance structure, an inspiration, and a challenge, from the inside and out. They are not the work of consultants. They are a summary of the way we live and the way we encourage our peers to live.

- *Passion*
We are driven by passion for what we do, whatever we do.
- *Empowering*
Anyone can go beyond their limitations – with some encouragement.
- *Winning attitude*
We aim high to reach high.
- *Bold*
We stand up for we believe in, no matter the consequences.
- *Magnetic*
We put a smile on what we do and don't take ourselves too seriously.

If you have been part of our weekly sports hour, you have seen and felt it. If not, do! We'd like to welcome you to take part every Friday at 11 am CET on Instagram @bjornborg. Join in!

Our values and our mission are also the filter through which our products are created. They should have a unique expression, perfect fit, good functionality and long-lasting quality.

BJÖRN BORG GROUP

The Björn Borg Group owns and develops the Björn Borg brand. The focus of the business is underwear, sports apparel, and bags as well as the licensing of footwear and eyewear. Björn Borg products are sold in around 20 markets, of which Sweden and the Netherlands are the largest.

The Björn Borg Group has operations at every level from branding to consumer sales in its own Björn Borg stores and e-commerce. Operations comprise brand

development and services for the network of licensees and distributors as well as product development in the core underwear and sports apparel businesses. The Group is also responsible for distribution of underwear and sports apparel in Sweden, The U.K., Finland, the Netherlands, Belgium and Germany as well as footwear in Sweden, Finland and the Baltic countries.

The Björn Borg share has been listed on Nasdaq Stockholm since 2007.

The Björn Borg group consists of Björn Borg AB which owns 100% of the stock in Björn Borg Brands AB, Björn Borg Footwear AB, Björn Borg Inc., Björn Borg Services AB, Björn Borg UK, Björn Borg Finland Oy and Björn Borg Denmark ApS. The company also owns 75% of the shares in Björn Borg (China) Ltd. Björn Borg footwear and eyewear are licensed. The Björn Borg Bags license was reiterated in December 2019 and the bags operation is as of January 1, 2020 under Björn Borg management.

THE YEAR IN NUMBERS

- The Group's net sales decreased 6.8 percent to SEK 705.2 million (756.9). Excluding currency effects, sales decreased 5.8 percent.
- Net sales for own e-commerce increased 38 percent to SEK 83.3 million (60.2). Net sales for own e-commerce and e-tailers amounted to SEK 227.8 million (195.0), an increase of 17 percent.
- The gross profit margin was 52.5 percent (53.7).
- Operating profit amounted to SEK 33.7 million (51.4).
- Profit after tax amounted to SEK 18.8 million (38.9).
- Earnings per share before and after dilution amounted to SEK 0.75 (1.55).
- The Board of Directors has decided to propose to the Annual General Meeting a distribution of SEK 1.50 (0.00) per share, totalling SEK 37.7 million (0.0).

BRAND SALES

Brand sales decreased year-over-year to SEK 1,498 million (1,640), a decrease by 9 percent. Excluding currency effects, brand sales decreased by 8 percent. (see definitions on [corporate website](#).)

MARKETS

- Björn Borg is represented in around 20 markets, the largest of which are Sweden and the Netherlands.

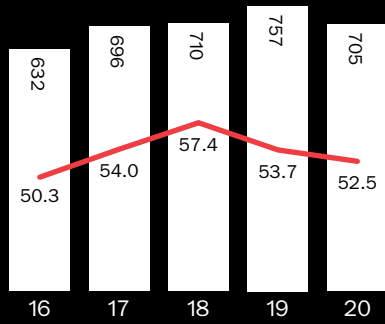
NEW STORES

One store in Sweden was closed in the fourth quarter and one new outlet store was opened in the Netherlands. As of December 31, 2020 there were a total of 32 (33) Björn Borg stores, of which 29 (30) are Group-owned.



PHOTO: BJÖRN BORG HIGHSUMMERCOLLECTION 2021

■ NET SALES, SEK MILLION
— GROSS PROFIT MARGIN (%)



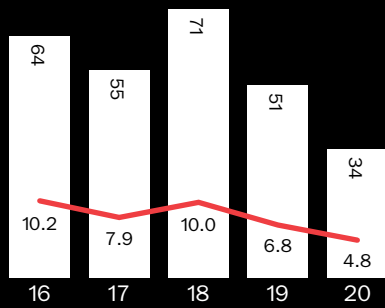
THE GROSS PROFIT MARGIN WAS 52.5 PERCENT

52.5

THE NUMBER OF BJÖRN BORG STORES AT YEAR-END WAS 32, OF WHICH 29 WERE GROUP-OWNED

32

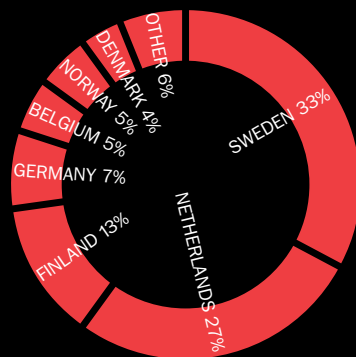
■ OPERATING PROFIT, SEK MILLION
— OPERATING MARGIN (%)



THE OPERATING MARGIN WAS 4.8 PERCENT

4.8

BRAND SALES BY COUNTRY



BRAND SALES BY PRODUCT AREA

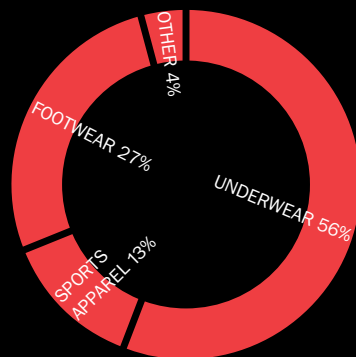




PHOTO: BJÖRN BORG SPRING/SUMMERCOLLECTION 2021

LETTER FROM THE CEO

2020 will go to history as the year of the Covid-19 pandemic. It has been a tough year, but also a positive one. I am immensely proud and inspired by the energy, resilience and commitment of my colleagues. Times like these give you an extra reason to stop and reflect. Not only over finding new solutions and how to solve the crisis financially, but also about what we can do to contribute to a better tomorrow.

Corporate environmental, social and governance (ESG) issues have become more central than ever before, and a slight majority of consumers believe that brands have an even more important role than our governments to create a better future. But “consumers” are not a special revolutionary branch with angry activists. They are us. All of us. We choose brands with our hearts and we know that if we don’t step up and contribute, there will be no better tomorrow.

Our mission to empower people through training comes from within. It is what our organisation is built upon. We work to empower ourselves and our consumers to lead a sustainable lifestyle where not only climate action is of the essence, but also that we care for ourselves and others, and that human rights and people’s differences are respected.

This year was a bitter pill and has presented us with challenges around, among other things, delayed production deliveries – with increased air transports as a consequence. The tough decision of having to decrease our workforce has also led to us having to postpone some projects until next year. One of them around water and waste management.

On the other hand, the close to non-existent business traveling and the increase in online business this year has confirmed that our strategy is solid: Online is more important than ever. It is a path we will hold on to, both within our production and within logistics – both crucial areas for our carbon footprint.

We are all on different stages of our journey, but it is inspiring to see that the world unites to work for change. We see it everywhere. Our customers, our store staff, our social media, our customer service all testify about the same thing. We are all working for a better tomorrow and that is the inspiration behind the name that we have given our sustainability initiatives: B. Tomorrow.

Let’s go!

Henrik Bunge
Head Coach





PHOTO: ÅSA TÄLLGÅRD

OUR SUSTAINABILITY WORK



PHOTO: ANNIE SPRATT, UNSPLASH

The umbrella name B. Tomorrow represents our journey towards a more sustainable future and every step we take within our organisation to contribute to a better tomorrow. It also represents our hope to inspire others to do the same. It stands for the idea that together we can make a difference. In short, it is a vision and an approach in one.

KEY AMBITION AREAS

People and planet are in focus in all our internal work. Through our [materiality analysis](#), we have narrowed down our most material topics into four ambition areas, with key focus areas in each respective field.

Our main ambition areas are:

- Responsible Production
- Decreasing Footprint
- Drive Sustainable Consumption and
- Our people.

The areas are described in detail in one designated chapter in this report, together with our undertakings and achievements for 2020.

Our materiality analysis forms the basis of our sustainability framework to ensure that we address the topics of the greatest importance to us and to our stakeholders. In the report, we outline why sustainability is important to our business, what we do and plan to do, how we measure, and our main challenges and risks are. The topic boundaries of this report are defined in the [Materiality Matrix](#).

OUR PROMISE AND GOALS

OUR GOALS 2023

- 100% Sustainable products within sports apparel and underwear.
- 50% sustainably sourced bags.
- 100% sustainable and easily recyclable material/constructions used for packaging.
- Compliance to Agenda 2030 GHG reduction program.
- 100% sustainable import and export materials in the supply chain (cartons and polybags).
- Full transparency in tier 1 and 2.

OUR PROMISE

- To relentlessly work to reduce the environmental impact through sustainable materials and modern production techniques.
- To secure that human rights, good working conditions and fair salaries for workers in our factories are thoroughly followed.
- To enforce strict regulations around usage of chemicals and water.
- To perform rigorous quality controls to secure long lasting products with excellent fit.
- To work towards 100% recyclable store interiors, bags, hangers, packaging and signs, and renewable energy in our stores.
- To constantly work to find better solutions for sustainable logistics.

GOALS 2023



BJÖRN BORG AND THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The Björn Borg sustainability framework uses the development goals as a benchmark through an analysis of where we have the largest potential risks and positive impacts. Our sustainability plan is based on a review of the areas where we can make the biggest difference according to the 2030 Agenda. Our work contributes to a number of the SDGs, but some more than others. Below is how and where we see that we have the largest impact.

SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION



This is the most important SDG for Björn Borg. In fact, it summarises a big part of our sustainability work. Almost everything we do can be linked to this goal: usage of sustainable materials and production techniques; the control and follow-up of our code of conduct and sustainability policies for respect of human rights and our environment; securing better and less chemicals through restrictions and controls; our work with achieving increased transparency in the supply chain; designs and qualities optimised for a long product life; the facilitation of, and information around, recycling of packaging and products; structured routines and reporting within the organisation as well as labeling of, and raising consumer awareness about, sustainable products.

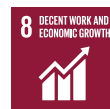
SDG 13 – CLIMATE ACTION



In 2014, we set a goal to reduce our greenhouse gas emissions, resulting in a 42% reduction in 2019. In 2020, we committed to decrease our GHG emissions by another 30% by 2030 as part of the United Nations Climate Action in Fashion Initiative through the Swedish Textile Initiative for Climate Action (STICA). We work actively with improved efficiency through-out the supply chain; for long-lasting products manufactured in a sustainable way; we invest in environmental performance and training programs in our own organisation and throughout our supply chain; we have implemented materials derived from for instance sustainable tree farms, coffee grinds, and recycled PET, and work actively with lowering our transport emissions in all parts of the business.

Through our systematic work for change and follow-ups with all stakeholders, we educate and raise awareness on climate change mitigation, adaptation and impact reduction.

SDG 8 – PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL



We work persistently to improve resource efficiency in our own production, but also in consumption through better designs, better qualities, and recyclable products to contribute to a longer product lifespan. With better planning and digitalisation, we can achieve more efficient usage of raw materials and achieve cost-effectiveness in different parts of the supply chain.

Through our code of conduct and policies, and regular controls thereof, we take active measures to eradicate forced and child labour, to protect labour rights, and promote a safe and secure working environment as well as fair wages for every person working for us – no matter where in the world.

SDG 3 – GOOD HEALTH AND WELL-BEING



Stress, work environment and work safety are important areas not only within our supply chain, but also among our own staff and all full-time employees have access to healthcare. A healthy work/life balance is at the core of our company values and healthy living with regular training is part of it. It is our conviction that training will make you not only healthier, but also mentally stronger, more balanced and more efficient.

Each and every individual working for us, should feel safe and well treated. We supervise the following of the REACH regulations around chemicals for personal safety and environmental hazards. Our products should be safe to both people and nature. Through following our code of conduct, our suppliers follow social requirements according to UN Global Compact.

SDG 16 – PEACE, JUSTICE AND STRONG INSTITUTIONS



Through our code of conduct for suppliers as well as our own internal code of conduct, we oversee and enforce a safe, healthy and equal workplace environment to detect possible occurrences of human rights abuse, corruption or embezzlement. We do everything that we can to make sure that our business is free of child labour and any type of forced labour. We run a transparent business where we promote a culture where anyone within or outside the company feels safe and is encouraged to act and report any wrongdoing related to our operations. Our whistleblowing system can be used by anyone inside or outside Björn Borg's organisation.



PHOTO: BJÖRN BORG HIGHSUMMERCOLLECTION 2021

100%

Sustainably sourced offer in clothing collection Autumn/Winter 2021

95%

OF ALL CARDBOARD IN PACKAGING FSC CERTIFIED



Increased use of Avitera® SE dye

SUSTAINABILITY HIGHLIGHTS 2020

100%

All swimwear and performance wear now in digital print

-15%

Decreased CO₂ emissions scope 1 & 2 vs 2019



New environmentally certified head office and warehouse



83% employee engagement

STATUS 2020

HIGHLIGHTS OF THE YEAR

2020 will go to history as the year that changed everything. The year that tested, isolated and empowered us. It was a year of chaos. But alone, we were together. We stood up for each other and for future generations. We found ways to live, think, and heal. To relish nature, spend more time with our closest family, and reflect on what really matters. Despite the enormous decrease in air travel, it was the warmest on record, tied with 2016. It stands clearer than ever that we need to act, that we must all contribute for a better tomorrow. With our eyes open, we are looking into the eyes of the future, promising to be on our best behaviour.

During 2020, we saw a clear difference in internal, but also external engagement in sustainability matters. It was a year when we continued to increase our sustainability offerings in our collections put on the market. Our largest triumph was the development of our Autumn/Winter 2021 collection in which all products will carry our B. Tomorrow label. This means that a minimum of 70% of the material of all products in the collection is sustainably sourced.

This is a huge victory, not the least because we have reached the goal a full two years ahead of time. Our biggest challenges so far lie in transparency and printing/dyeing. Therefore, we are proud over the achievement reached this year to print all our swimwear and performance wear in digital print and to increase the use of Avitera® SE dye.

We are also moving forward with more sustainable packaging where now 95% of the cardboard in our packaging is sustainably sourced.

Our carbon footprint was down by 42% in 2019 vs. 2013 for the data we had at hand in 2013. We have managed to stay at that same level and now the next step is a further GHG emission decrease by 30% by 2030. With our very first reporting of Scope 3 in 2021, we will have set a baseline for this goal. See more about this in the [Decreasing Footprint](#) part in this report.

During the year, we have moved our head-office to new premises and got up and running with our new centralised and automated warehouse – both environmentally certified. And our employees are highly engaged, despite almost a year on remote. All in all, it has been a good year for our sustainability work.

OUR SUSTAINABILITY DIRECTOR REFLECTS ON THE YEAR PAST

Leading a healthy life has become fashion. It's central in today's world of sports fashion. Our environmental footprint is more top of mind than ever. The lack of global resources, the impact of global heating and now a global pandemic is affecting us all.

Our mission is to inspire people to reach their highest potential through our belief that sports will make you stronger. Sustainability for people and the planet is central to everything we do. It is our belief that every company, every function and every individual need to take responsibility and we believe that everyone can do better.

Our contribution to a greener world starts at the drawing table, in strategies from idea to consumer. At Björn Borg, each function head, all represented in the Management Team, is responsible to drive a more sustainable business. We see it as a natural part of everything our business entails – from design, production and transports, to human resources, sales and finances. It is physical, functional and governing.

We focus our sustainability work on three main areas. Responsible Production, Decreasing Footprint and Driving Sustainable Consumption.

Our aim to provide the consumer with accessible, greener products starts with our belief in a classic timeless design. We offer long-lasting design and quality, products that become wardrobe favourites. We also secure that they are sourced in the best possible way.

We believe in setting challenging goals. The fully sustainably sourced clothing collection is a result of hard, passionate work from all functions and individuals within our company. To reach our long-term goal of a 100% sustainably sourced product offer, goals are set to reach 100% sustainably sourced bags and 30% sustainable footwear in 2025. A majority of our clothing is classified by us as sustainably sourced through the usage of recycled polyester and recycled polyamide and the support of the Better Cotton Initiative. Packaging and trade material go under the same radar and need to be made from recycled and recyclable materials.

Our work to decrease our emissions has paid off but needs dedicated further attention. With goal to follow the 2030 pathway, we need to pay attention to every detail in our organisation. Our expanded climate reporting of GHG scope 3 this year, will give us plenty of tools and a baseline for our future work.

We know from last year that half of our operational carbon dioxide emissions come from transports. Through streamlining our logistics, we have the opportunity to make a big difference.

During the past years, we have improved our buying strategies to allow the best possible transportation methods. This is a way to reach our goal of maximum 2% airfreight. An additional upside of these improved buying strategies is that we create less overstock. It means that we don't produce nor ship products no one is asking for. We recently also centralised our warehouses to one new, more efficiently located hub which will decrease our footprint even more.

Another central part in reducing our emissions lies in production. We have chosen to work with a limited number of vendors, all sharing our ambition to decrease our footprint. Our focus lies primarily on assuring that we source our products from high quality partners and to make sure to use sustainable components. We audit our vendors on a regular basis, and we closely follow and encourage their development to improve.

We follow the amfori BSCI Code of Conduct for working conditions in factories and the Swedish Textile Importers Association chemical guide, which is based on the European Chemicals Legislation REACH with the addition of a full ban of so-called Substances of very High Concern. Compliance with these requirements is continuously followed up and integrated into our overall Supply Chain Management Program.

With dominating wholesale focus, we produce Salesman Sample Collections four times per year, all used for a brief moment to showcase our offers. Starting 2021, we will move to digital sell-in of several categories, with a reduction of salesman samples as an effect.

Looking forward, circularity, our production footprint and water- and waste management are a few areas we will highlight for further development. We have come far in our sustainability work by constantly challenging ourselves and we will continue to set high goals to decrease our footprint. Offering a 100% sustainably sourced clothing range is a milestone for us, on a long and probably never-ending journey to secure that we can lead a sustainable life also in the future.

Mija Nideborn
Product & Sustainability Director



SUSTAINABLE
BUSINESS

OUR SUSTAINABILITY
WORK

RESPONSIBLE
PRODUCTION

DECREASING
FOOTPRINT

DRIVING SUSTAINABLE
CONSUMPTION

OUR PEOPLE

HOW WE REPORT

HOW WE ARE ORGANISED

Our Sustainability Director is responsible for the implementation of our sustainability vision and strategy and is part of the management team, reporting directly to the CEO.

To reach our goals it is important that sustainability plays an active role for every single employee within our organisation. We rely on our experts within their respective field, so every function owner in our management team reports on their respective sustainability goals twice per year, and our roadmap is adjusted annually to meet new conditions for fulfilling our long-term goals. For information about our corporate governance, please refer to the section [Corporate Governance](#) on our website.

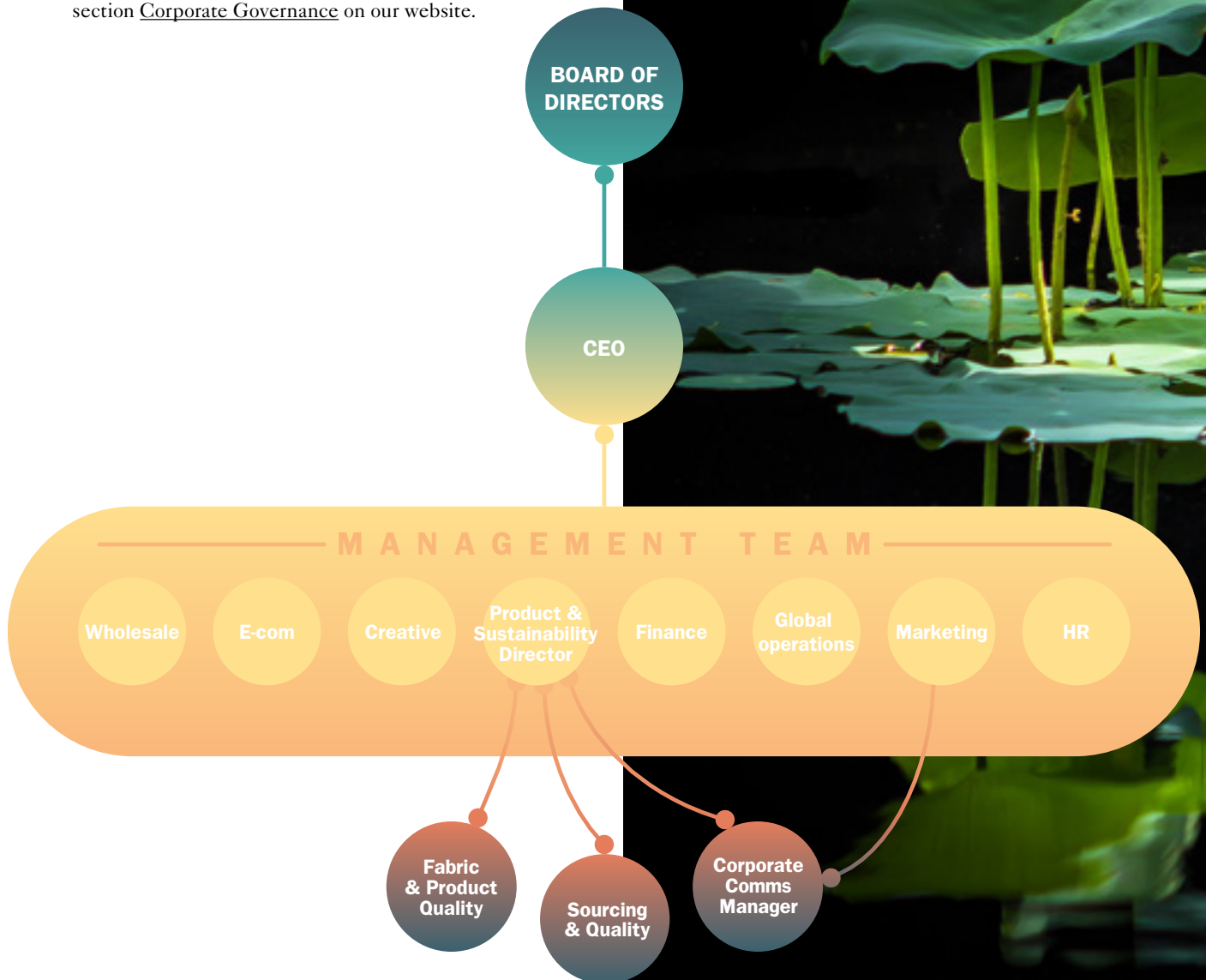




PHOTO: ALFRED SCHROCK, UNSPLASH

MATERIALITY ANALYSIS

PROCESS FOR IDENTIFYING MATERIAL TOPICS AND THEIR BOUNDARIES

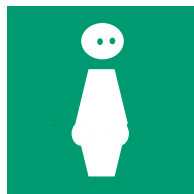
We conduct an annual review of our material topics that is based on stakeholder dialogue, business intelligence, external requests that have submerged during the past year, on regulations and legislations, audit results, media coverage, monitoring of macro trends and drivers, and an analysis of external standards, such as the GRI standard topic list. The review helps us understand our material topics better, understand potential risks and opportunities for our business, and helps us evaluate our ability to create and sustain value.

These topics are discussed within the sustainability steering group and further with all function owners within the company for goal setting for the upcoming year(s). Material topics are identified through an analysis of stakeholder importance (frequency of which a topic is asked for), our own business and sustainability goals, and results of the annual review. A main factor that is accounted for is also where we can make the biggest difference combined with where we have the largest impact, and which impact a certain topic has on our business.

A review of our materiality matrix is made every year, based on the annual analysis described above.

The governance mechanisms include:

- Rolling three-year sustainability plans with high targets. Updated in November/December each year and followed up bi-annually.
- Key Account compliance process. We map key account requirements to secure compliance from a sustainability standpoint.
- BSCI membership.
- Vendor audits.
- Chemical compliance process.
- Certification tracking and file.
- Quality process to secure high-quality products.
- Future possibilities: transparency tracking through new PLM system implemented 2020.



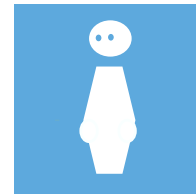
Consumers

- Surveys
- Websites
- Online



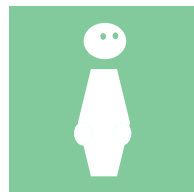
Customers

- Meetings
- Requirement packages



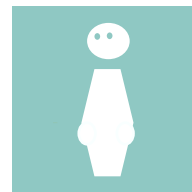
Vendors

- Daily contact
- Factory visits



Employees

- Survey
- Meetings
- Performance & development program



Investors

- Meetings
- Presentations
- AGM

STAKEHOLDER DIALOGUE

KEY STAKEHOLDERS, THEIR PRIORITIES, AND OUR DIALOGUE

Consumers:

Consumer choices drive our business and is part of the assessment of our sustainability performance.

ESG expectations from consumers:

Despite, or perhaps thanks to, the Covid-19 pandemic, consumer interest and expectations on brand sustainability performance has increased during the year. Questions around sustainable products have increased noticeably in our own stores and through dialogue with our wholesale customers we know that the consumer pressure is there to stay. Together with overall societal expectations through governments and the media this megatrend is driving the entire fashion industry to a better place.

How we engage with consumers:

- Consumer surveys – digital survey after purchase
- Feedback at point of sale and through customer service
- Websites, both the corporate and the web shop, social as well as traditional media, events, and through influencers.
- Indirectly through our customers.

Customers:

Our customers are in direct contact with our consumers in many cases where we don't have direct touchpoints ourselves. We value their input highly and their requirements often function as a compass for our material topics.

ESG expectations from customers:

Our customers are all based in Europe and follow the same chemical regulations as we do. We are regularly asked for information regarding the work we do and are happy to give it when possible.

On a general note, customers are raising their sustainability requirements. In the coming years, some will require increased supply chain transparency and sharing of audit results. Requirements are also getting higher on using more sustainable materials.

Our sustainability work has been an enabler for collaboration within both procurement and our customers' long term sustainability engagements.

Some of our customers are members of The SAC (*The Sustainable Apparel Coalition*), which in the long term might be a requirement for us. This has not been officially requested yet but is something that we keep in mind for the future.



How we engage with customers:

- Regular meetings with key account representatives to share status on sustainability work, for both parties.
- Requirement packages and sustainability undertaking from both ends.
- A major part of the customer contact is handled by our sales team.

Vendors:

Working with suppliers is crucial to implement our sustainability framework. We rely on our vendors to follow the firm set of regulations that they all have signed and are expected to follow up on. This includes our Supplier guide, our Code of Conduct, our Chemicals Policy and Restricted Substances List. Deviations from these regulations puts both our environmental and social impact at risk and can put our reputation in danger.

ESG expectations from suppliers:

Our vendors put very little pressure on us from a sustainability point of view, it is rather the other way around. However, they are all very willing to have audits and sometimes ask us to book for them.

How we engage with vendors:

- Daily contact through email or video calls.
- Normally we do factory visits at least twice a year. However, this has not been possible in 2020 due to Covid-19 and travel restrictions. Instead, we have intensified video meetings.
- Collaborating on the findings in the audit reports strengthens our relationship and helps both us and our vendors improve our sustainability work.

Employees:

Employee engagement drives our business, our performance, and our strength, and it works in both ways. Our sustainability work helps to motivate, retain and attract our employees. Motivated employees also help us meet our sustainability goals.

ESG expectations from employees:

We are expected to meet the requirements not only from the peers of our employees, but also from the employees themselves. Our employees' stakeholders put demands that we all work with during the year through our annual goals.

Read more about social responsibility towards employees in the section *Our People* in this report. Employees are of course also consumers and help us understand public opinion.

How we engage with present and potential future employees:

- All employees set an annual sustainability goal for increased engagement and corporate sustainability goal fulfilment.
- Internally, through an annual employee engagement survey, bi-annual global meetings, day-to-day contact in all internal channels, clinics on sustainability work, educational material, performance management program.
- Externally, through the same channels as for consumers.

Owners and investors:

ESG investors and present owners drive our sustainability agenda forward.

ESG expectations from owners and investors:

A significant growth in ESG investment has opened up for a continuous dialogue with investors and owners, helping us get deeper insights on their interests and prerequisites. Requirements from external stakeholders like Nasdaq and other main financial peers also help us understand the breadth of interest from the market.

How we engage with owners and investors:

- Meetings, investor presentations.
- AGM (Annual General Meeting), and through indirect means like financial statements, our corporate website, and our sustainability report.

Government & organisations:

Governmental and global regulations around sustainability guide us in our own sustainability work.

How we engage:

Relevant organisations' newsletters, reports, workshops and seminars help us stay informed about policies, regulations etc. so that we can act wherever necessary. These organisations could be anything from STICA, RISE, and Textile & Fashion 2030 to Nasdaq and reporting standards and networks.

Stakeholder, business relation changes during the year:*External changes:*

In 2020, we added three new vendors, which all have performed very well according to our requirements and we are enjoying a smooth collaboration. The new vendors are:

- Trademark: UW vendor in China & Bangladesh.
- The Source Global: Performance & sportswear vendor in China (same factories that we have worked with before but through another vendor).
- Unitex: Sportswear vendor in China.

We have after many years together, ended our collaboration with one vendor due to their lack of sustainability ambition.

Our main contact with another vendor started their own business and we decided to follow, finalizing our business with their previous employer.

Full listing of [our manufacturers here](#).

A few changes in large shareholders have taken place during the year, where Swedbank Robur and Stiftelsen Vin- och Sprithistoriska Muséet have sold their holdings, while Sten A. Olssons Pensionsstiftelse and Carl Rosvall are now in top 10 and Avanza, Lazard Frères Banque and Nordnet have increased their holdings during the year.

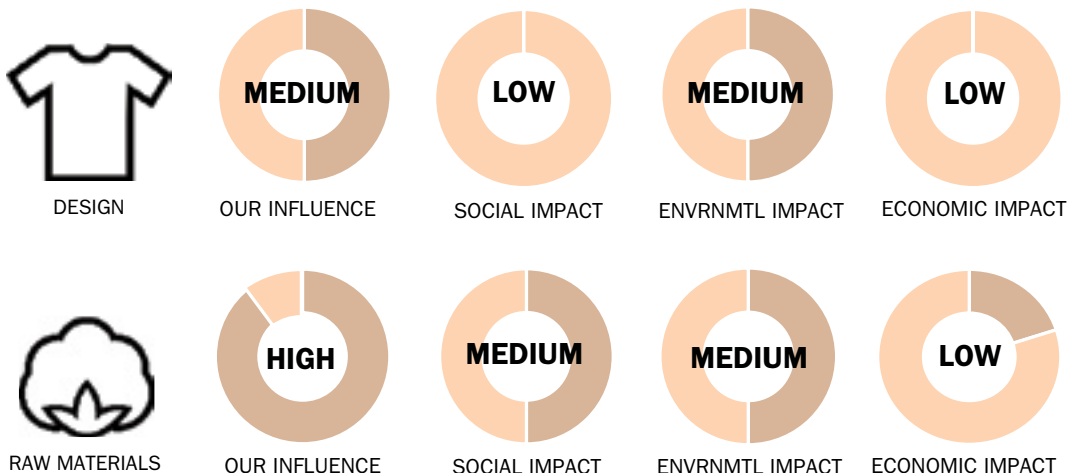
[More about owners and the share.](#)

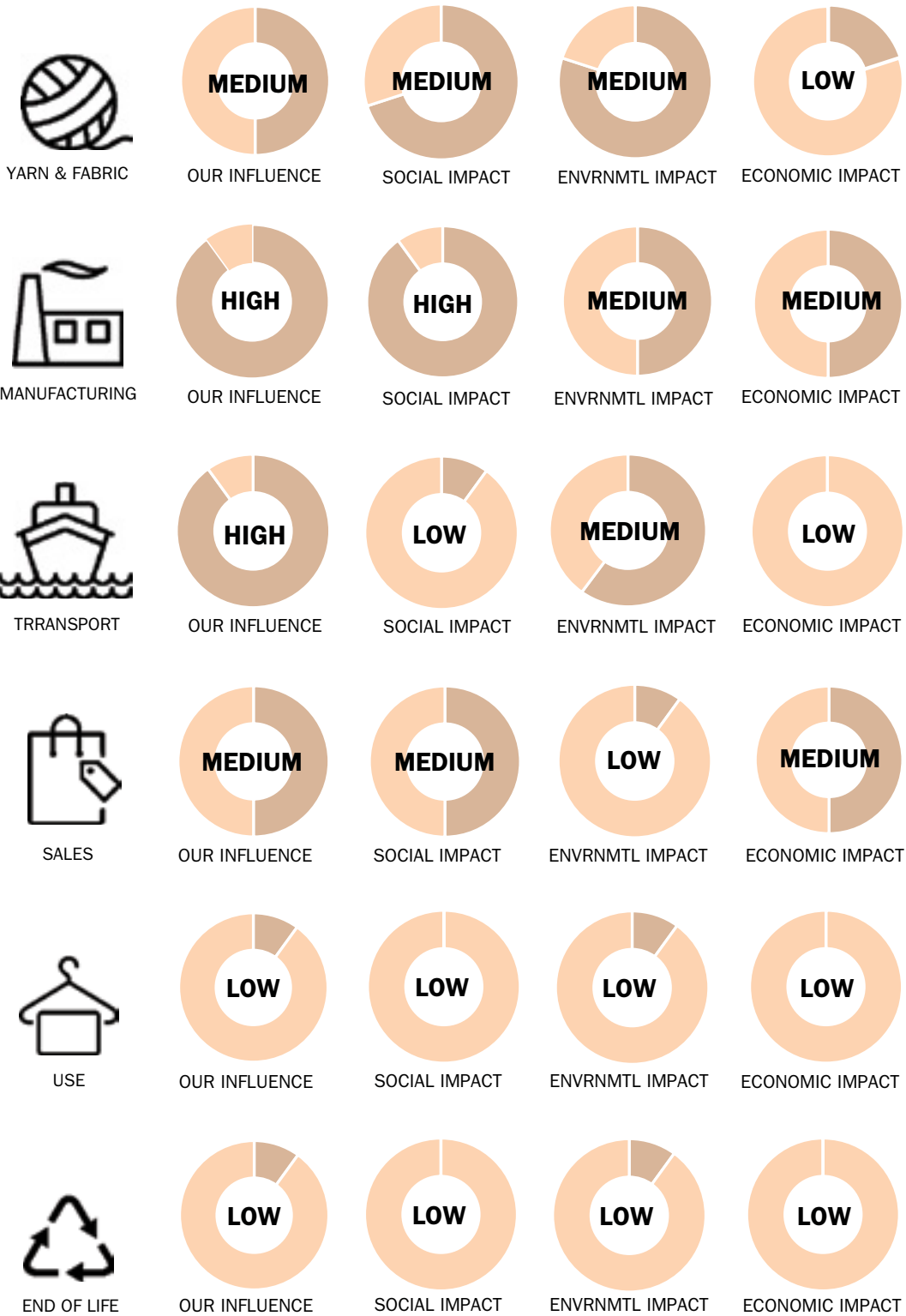
Internal changes:

On January 1, 2020, our bags business was integrated in the group, after having been a licensee.

INFLUENCE AND IMPACTS THROUGHOUT OUR VALUE CHAIN

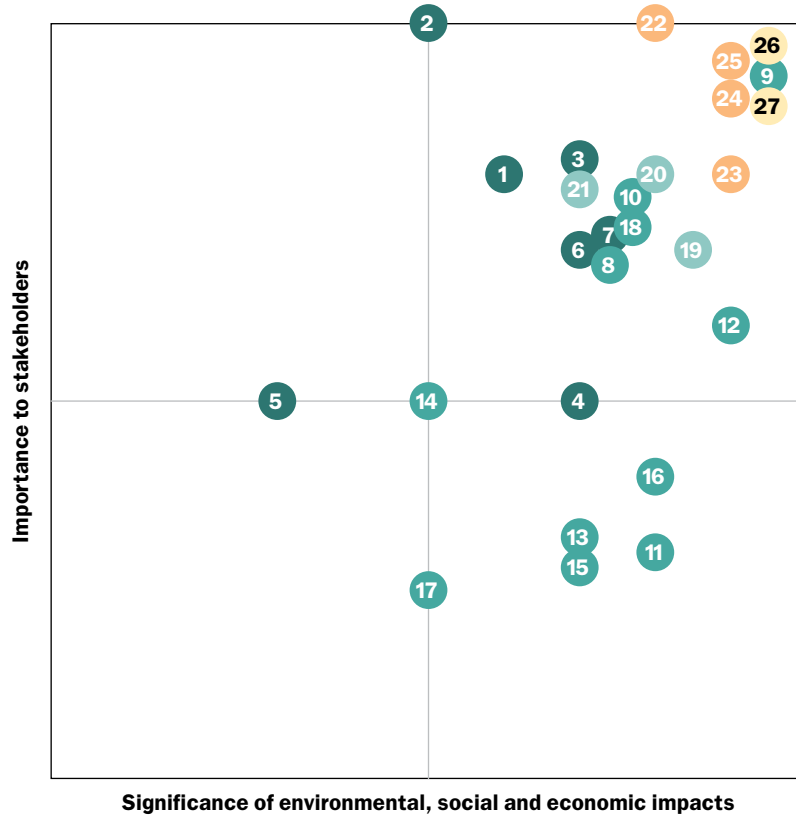
Our value chain	Risks	How we manage our impacts	Generating value
Design	<ul style="list-style-type: none"> - Not meeting consumer or other stakeholders' expectations - Not meeting regulatory or market requirements. 	<ul style="list-style-type: none"> - Increase amount of sustainably sourced materials and sustainable production processes, such as dyeing or printing. - Increase the use of recycled and recyclable materials. - Further develop sustainable packaging. - Always choose high quality garments with excellent fit and designs that last over time for increased product longevity. - Circularity impact 	<ul style="list-style-type: none"> - Decreased impact from products during usage. - Decreased environmental impact. - Customer value. - Relevant and unique products.
Raw materials	<ul style="list-style-type: none"> - Traceability challenges in tier 2 and especially in tier 3 and beyond. - Human rights and environmental violations. - Culture in farming country controls farmers' and workers' conditions. - Corruption. - Farmers and other suppliers based in distant countries, generating unnecessary transports. 	<ul style="list-style-type: none"> - Raw materials chosen in design stage. - Sustainable materials prioritised. - A minimum of 70% sustainably sourced materials in all products in our clothing collections. - Tier 1 suppliers sign off the Code of Conduct. 	<ul style="list-style-type: none"> - Putting pressure on Tier 1 through Code of Conduct, with a chance to improve working conditions for workers and businesses. - Putting less strain on finite resources.
Fabric and yarn production	<ul style="list-style-type: none"> - Less control through no direct contact with suppliers of fabric & yarn production. Traceability challenges in tier 2. - Human rights and environmental violations. - Corruption. - Culture in production country controls workers' conditions. - Producers based in distant countries, generating unnecessary transports. - Traceability challenges in tier 2. 	<ul style="list-style-type: none"> - Fabrics chosen in design stage - Sustainable materials prioritised. - Tier 1 suppliers sign off the Code of Conduct. 	<ul style="list-style-type: none"> - Decreased environmental impacts. - Putting pressure on Tier 1 through Code of Conduct, with a chance to improve working conditions for workers and businesses.
Product manufacturing	<ul style="list-style-type: none"> - Sub-contractors don't follow the Code of Conduct. - Local legislations may hinder progress for suppliers' sustainability work. - Suppliers might underperform in areas not covered by audits. - Human rights violations. - Suppliers lack tools to measure water, energy or raw material consumption. - Corruption. 	<ul style="list-style-type: none"> - Closely monitor that our Code of Conduct is being followed. - Improve our production efficiency and transport solutions. - Perform audits to safeguard standards. - Terminate or develop business with suppliers that are not meeting our standards. - Focus on minimising water, electricity and waste. 	<ul style="list-style-type: none"> - Encourage good sustainability performance through more business. - Code of Conduct ensures better working conditions and human rights compliance for workers. - Bad performers not willing to improve lose business.
Transport	<ul style="list-style-type: none"> - Emissions from transportation. - Delays in supply chain increases need of air transport. - E-com shopping in high demand - increased need of short transports. - Standard shipping boxes from suppliers gives poor fill rate. 	<ul style="list-style-type: none"> - One stock for more efficient transports and customer service both in stores and our e-com business. - Air transports to a minimum. - More efficient packaging for better fill rate. 	<ul style="list-style-type: none"> - Logistics suppliers contractually bound to find sustainable shipping solutions. - More cost efficient transport solutions through better packaging and joint loading. - Decreased Co2 impact.
Sales	<ul style="list-style-type: none"> - Wholesale and e-tail business largest part of sales, where we have limited to no influence on their transports or in-store sustainability communication and display. - Lack of knowledge among sales staff means missed communication opportunity towards customer/consumer. - No influence on social aspects within external retail. - Road travel for sales staff in fossil fueled cars generates unnecessary emissions. 	<ul style="list-style-type: none"> - One stock for more efficient transports and customer service both in stores and our e-com business. - Recyclable store interiors and accessories. - Energy efficiency in own stores. - No air miles for sales staff, road mileage streamlined for less impact. - Constantly improve sustainability performance -and communicate it. - Implementation of renewable energy in own retail. - Overseeing leasing contracts for sales cars. - Digitalised sales samples gives fewer products manufactured, transported, and less materials used and disposed of. 	<ul style="list-style-type: none"> - Communication on a sustainable lifestyle contributing to a more circular economy. - Loyal customers and consumers. - Engaged employees. - Relevant product offering. - Recyclable stores and renewable energy contributes to lower Co2 impact. - Minimising Co2 impact of sales samples through efficient digitalised system.
Use	<ul style="list-style-type: none"> - Failure to meet consumers' expectations on quality and fit. - Consumers not washing or handling products optimally. - Product safety. 	<ul style="list-style-type: none"> - Communicate wash & care. - Always deliver on quality and ultimate fit. - Follow EU kids regulations for maximum usage security for children. - Guiding consumers to better choices. 	<ul style="list-style-type: none"> - Less chemicals in the environment. - Less waste and increased resource efficiency. - Less energy usage and Co2 impact. - High quality = longer product lifecycle. - Consumer satisfaction.
End of life	<ul style="list-style-type: none"> - Rental and reuse of sportswear and underwear is not hygienic, alternative solutions for longer lifespan of products are missing. - Consumers, customers and other stakeholders lack interest, knowledge or time for recycling of textile products. - Waste of resources due to lack of recycling. - Illegal trade of discarded products or unsold stock. 	<ul style="list-style-type: none"> - On-product recycling communication. - Simplify recycling of packaging and product through design and choice of materials. - Continuous controls for counterfeit products. 	<ul style="list-style-type: none"> - By choosing the right designs and materials, we contribute to easier recycling. - Less waste and increased material usage. - Less chemicals in the environment.





MATERIALITY ANALYSIS			
Ambition areas	Key focus areas	Identified Topics	Topic boundaries
Responsible Production	Our code of conduct	1. Working hours & wages	Product manufacturing
		2. Child & forced labour	Product manufacturing
		3. Respect for human rights in the supply chain	Product manufacturing, transports, raw materials
		4. Supply chain management	Design, raw materials, product manufacturing, transports, sales, use
		5. Animal welfare	Design, raw materials
	Health, safety, equality and human rights	6. Accident & safety management	Product manufacturing
	Transparency in the supply chain	7. Drive transparency in the supply chain	Product manufacturing, fabric production, yarn, dyeing, printing
Decreasing Footprint	Sustainable materials and processes	8. Management of chemical substances and sustainable processes in manufacturing	Design, raw materials, product manufacturing, sales, use
		9. Product safety and quality	Design, raw materials, product manufacturing, sales, use
		10. Responsible material sourcing	Raw materials, design, sales, use
		11. Efficient use of raw materials	Design, raw materials, product manufacturing
	Streamlined transports & manufacturing	12. GHG emissions, scope 3	Design and manufacturing, sales, stores, own facilities, logistics
	Efficient packaging	13. Responsible material sourcing	Design, raw materials, industrial relations, product manufacturing, waste management, chemical and water consumption, transport, use
		14. Easily recyclable packaging	Design, raw materials, industrial relations, product manufacturing, waste management, transport, use
		15. Efficient use of raw materials	Design, raw materials, product manufacturing, waste management, chemical and water consumption, transport, use
	Sustainable facilities and direct emissions	16. Responsible material sourcing	Design, raw materials, industrial relations, product manufacturing, waste management, chemical and water consumption, customer relations, sales
		17. Drive recycling of used interiors	Design, raw materials, waste management, chemicals & waste
		18. GHG emissions	GHG scope 1 and 2
Driving sustainable consumption	Use and durability	19. Design for life	Raw materials, design, product manufacturing, sales, use
	Marketing and labeling	20. Customer relations management/Customer experience	Design, product manufacturing, transports, sales, packaging, trade solutions, marketing channels
		21. Brand management	Design, product manufacturing, transports, sales, packaging, trade solutions, marketing channels
Our People		22. Employee health and safety	
		23. Diversity & equality	
		24. Corruption and bribery	
		25. Ethics and non-discrimination	
Our business		26. Regulatory compliance and responsible practices	Product manufacturing, fabric production, yarn, dyeing, printing, raw materials, transports, employees, sales, marketing, use
		27. Economic performance	

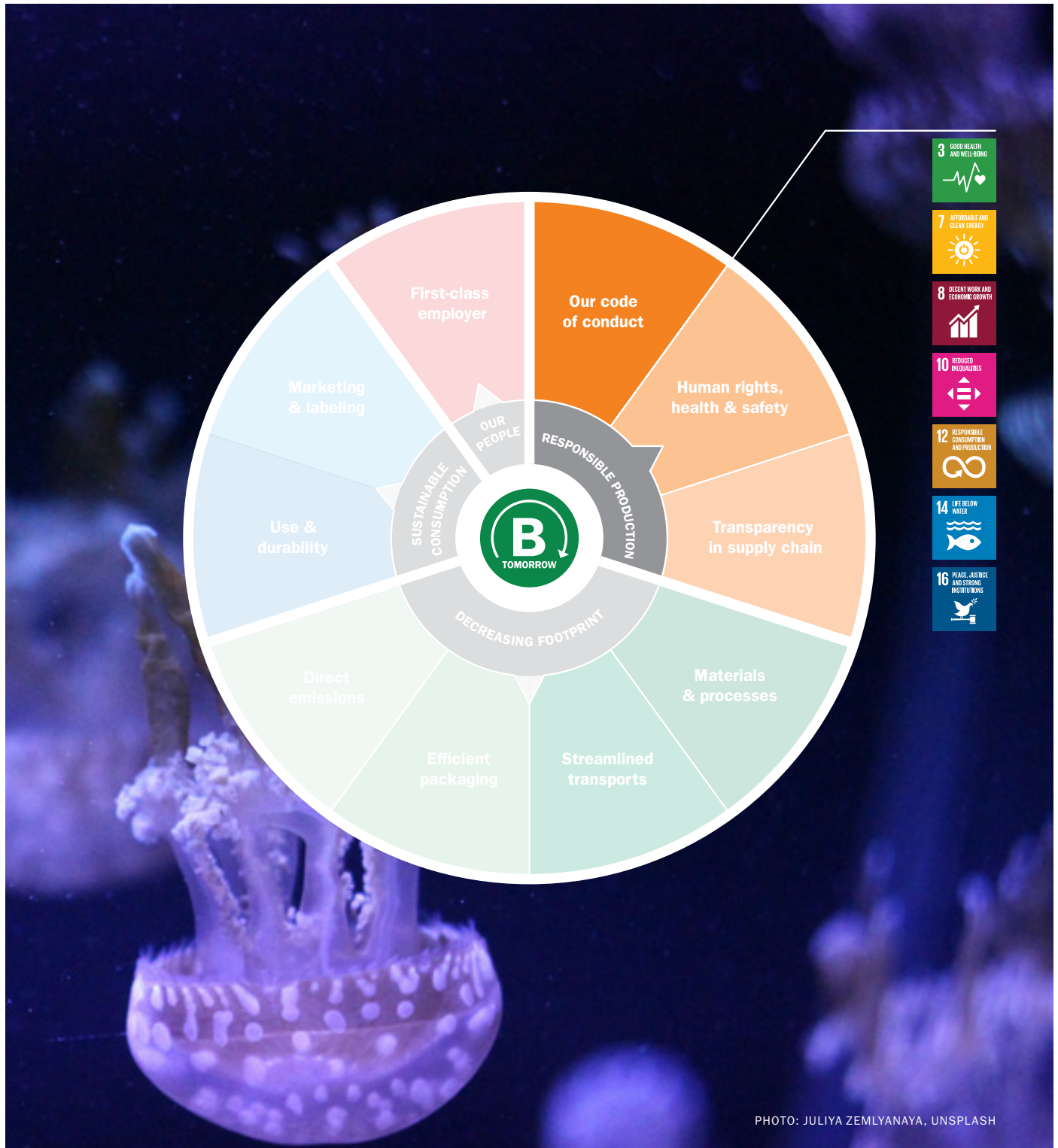
MATERIALITY MATRIX



Significance of environmental, social and economic impacts



RESPONSIBLE PRODUCTION





Improved quality for long-lasting products becoming wardrobe favourites.



New PLM (product lifecycle management) system facilitates analysis, product development and transparency.



BAGS BUSINESS NOW INCLUDED IN THE GROUP

PRODUCTION HIGHLIGHTS 2020

amfori  **BSCI**
Trade with purpose

All vendors enrolled in amfori BSCI or meet equivalent standard

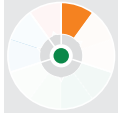


FULL TRANSPARENCY IN TIER 1

HIGHLIGHTS 2020:

The implementation of a new PLM (Product Lifecycle Management) system, enables a more efficient product development process, as well as increase transparency and improve information sharing. In 2020, Bags was included

under our umbrella. During the year we have begun to align our processes, supply chains and sustainability goals. All “new” vendors have signed our Supplier guide and RSL, and they are also part of our amfori BSCI monitoring program.



OUR CODE OF CONDUCT

Björn Borg has been a member of amfori (former BSCI) for many years and applies the amfori BSCI code of conduct, which regulates social responsibility in the supply chain. It draws on important international labour standards protecting workers' rights such as the Universal Declaration of Human Rights, The Children's Rights and Business Principles, International Labour Organization (ILO) conventions and declarations, the United Nations (UN) Guiding Principles on Business and Human Rights as well as guidelines for multinational enterprises of the Organization for Economic Co-operation and Development (OECD) and UN Global Compact.

All our suppliers must sign, and commit to comply with, the code of conduct, and compliance is verified through recurring audits.

The amfori BSCI code of conduct is based on 11 principles which are:

- The rights of freedom of association and collective bargaining
- No discrimination
- Fair remuneration
- Decent working hours
- Occupational health and safety
- No child labour
- Special protection for young workers
- No precarious employment: fair and informed employment following national legislation and international labour standards.
- No bonded labour: no type of non-voluntary labour.
- Protection of the environment: environmental impact of operation assessed, policies and procedures in place to prevent or minimise adverse effects on the community, natural resources, and the overall environment.
- Ethical business behaviour: no corruption, extortion, embezzlement, or bribery, no falsification of information, personal data protection.

amfori BSCI Code of Conduct

Our enterprise agrees to respect the following labour principles set out in the amfori BSCI Code of Conduct.

amfori BSCI Principles

<div style="margin-bottom: 10px;"> <p>The Rights of Freedom of Association and Collective Bargaining Our enterprise respects the right of workers to form unions or other kinds of workers' associations and to engage in collective bargaining.</p> </div> <div style="margin-bottom: 10px;"> <p>Fair remuneration Our enterprise respects the right of workers to receive fair remuneration.</p> </div> <div style="margin-bottom: 10px;"> <p>Occupational health and safety Our enterprise ensures a healthy and safe working environment, assessing risk and taking all necessary measures to eliminate or reduce it.</p> </div> <div style="margin-bottom: 10px;"> <p>Special protection for young workers Our enterprise provides special protection to any workers that are not yet adults.</p> </div> <div style="margin-bottom: 10px;"> <p>No bonded labour Our enterprise does not engage in any form of forced servitude, trafficked or non-voluntary labour.</p> </div>	<div style="margin-bottom: 10px;"> <p>Ethical business behaviour Our enterprise does not tolerate any acts of corruption, extortion, embezzlement or bribery.</p> </div> <div style="margin-bottom: 10px;"> <p>No discrimination Our enterprise provides equal opportunities and does not discriminate against workers.</p> </div> <div style="margin-bottom: 10px;"> <p>Decent working hours Our enterprise observes the law regarding hours of work.</p> </div> <div style="margin-bottom: 10px;"> <p>No child labour Our enterprise does not hire any worker below the legal minimum age.</p> </div> <div style="margin-bottom: 10px;"> <p>No precarious employment Our enterprise hires workers on the basis of documented contracts according to the law.</p> </div> <div style="margin-bottom: 10px;"> <p>Protection of the environment Our enterprise takes the necessary measures to avoid environmental degradation.</p> </div>
--	--

amfori BSCI Approach

<div style="margin-bottom: 10px;"> <p>Code Observance Our enterprise is obliged to protect workers' rights as mandated by the law and the amfori BSCI Code.</p> </div> <div style="margin-bottom: 10px;"> <p>Workers' Involvement and Protection Our enterprise keeps workers informed about their rights and responsibilities.</p> </div>	<div style="margin-bottom: 10px;"> <p>Supply Chain Management and Cascade Effect Our enterprise uses the amfori BSCI Principles to influence other business partners.</p> </div> <div style="margin-bottom: 10px;"> <p>Grievance Mechanism Our enterprise provides a system to collect complaints and suggestions from employees.</p> </div>
--	--

Audits booked through the BSCI system are made by an independent inspection firm checking thirteen different Performance Areas during the audit. They interview workers, check documents, and thoroughly go through everything that has to do with social compliance but also protection of the environment. This system gives us a complete overview of the audit results of all the factories where we produce.

Our licensees for footwear are also active participants in amfori, working with their factories within the amfori framework. Our licensees for eyewear work actively with their suppliers and do factory controls by an external party 7-10 times per year. The ambition is to make further progress in this work during 2021 towards performing recorded audits according to a standardised code of conduct.

SUPPLIER AUDIT OVERVIEW

Supplier	Country	Share	Product Group	Sustainable fibres/processes	Members of Amfori	RSP	Sustainability maturity level	Score 2020
Zuona	China	7.9 %	Performance	Recycled Polyester/ Rec polyamide/Solution dye	Yes	Yes	Mid	C
Queenswear	China	3.9 %	UW Him & Her	BCI Cotton/Tencel	Yes	Yes	Mid	C
Selga	Turkey	4.3 %	UW Him	BCI Cotton	Yes	Yes	Mid	C
Y&F	China	7.1 %	UW Him	BCI Cotton	Yes	Yes	Mid	C
Ultra sock	Turkey	5.9 %	Socks	BCI Cotton	Yes	No	Mid	B
MSA	Bangladesh	1.8 %	Sportswear	BCI Cotton	Yes	No	Mid	A
MSA	Bangladesh		Sportswear	BCI Cotton	Yes	No	Mid	C
The source global	China		Sportswear	BCI Cotton/Avitera	Yes	No	Mid	C
The source global	China	9.6 %	Performance	BCI Cotton/Recycled polyester/ Rec polyamide	Yes	No	Mid	C
The source global	China		Accessories	Organic cotton	WRAP Certificate		Mid	N/A
Sinex	China	45.5 %	UW Him, Boy, Girl	BCI Cotton/Organic cotton	Yes	Yes	High	C
Trademark	China	10.4 %	UW Him	BCI Cotton/Recycled Polyester/ Lenzing Bamboo	Yes	No	Mid	C
Trademark	Bangladesh	2.1 %	UW Him, boy	BCI Cotton	Yes	No	Mid	C
Unitex	China	1.2 %	Sportswear	BCI Cotton/Recycled polyester/ Rec polyamide/Avitera	Yes	No	Mid	C
Wholegood	China	0.3%	Loungewear	BCI Cotton	Yes	No	Mid	C
Profit C&C Group	China	1 %	Bags		Yes	No	Mid	C
Nantong Long Teng	China	1 %	Trolleys		Yes	No	Mid	C
Quangzhou H Imp & Exp	China	3 %	Bags		Yes	No	Mid	C
Travelwell	China	74 %	Bags, belts	Recycled polyester	Yes	No	Mid	C
ZJ-Shiner	China	21 %	Gloves		Yes	No	Mid	N/A (Last audit result expired in 2019)

AUDIT RESULTS

We have maintained good cooperation throughout our supply chain, even though covid-19 brought extreme challenges for everyone. Despite closed factories, uncertain production capacity and travel restrictions, we have managed to maintain product development, production and deliveries. Seldom has a year put this much pressure on supply chain cooperation, and we worked it through. In 2020, the result from our internal vendor evaluation, where sustainability is one part, landed higher than ever before, showing that we have a stronger vendor base than ever.

All our vendors during 2020 are enrolled either in amfori or meet an equivalent standard.

We hold RSP (responsibility) over 6 suppliers delivering 68.7% of our production volume for apparel. We don't hold

RSP over any of our bags suppliers. An RSP holder is responsible for arranging audits and follow up the performance and improvements of suppliers. By being the RSP holder over all key suppliers we are able to drive the development of our most important suppliers.

In 2020 three suppliers improved their scores from D to C. One supplier went from B to C. All our Tier 1 apparel suppliers have a score C or higher or, as in one case, a WRAP Certificate.

A tier 2 supplier for which we hold RSP had their first amfori audit this year and scored a D. One finding was that they applied monetary penalty in cases when workers did not follow the factory rules or when failing to deliver according to set quality standard. After discussing with this supplier, they agreed to stop using monetary penalty from Jan 2021.

We have stopped working with three vendors and four facilities during the year. They all had valid audit cycles from 2019 for as long as we worked together, but we did not arrange or follow up on any audits after ending our collaboration, wherefore their 2020 results are empty.

ENVIRONMENTAL ASSESSMENT

We are members of amfori BEPI as well as amfori BSCI. Amfori BEPI covers 11 different environmental scope areas combined with a methodology based on LCA data. We haven't had the resources to start following up on this yet. A small part of the BSCI report covers environmental areas, but the main focus lies in social compliance. However, we factor environmental performance into our own supplier evaluation. Engagement and willingness to improve are evaluated as well. Each manufacturer receives a total score in our evaluation, and those with good scores, and particularly those that improve over time, have a chance to get more business (purchase volumes) from us. Based on the results, we have a basis to set improvement priorities over the next years. Annual specific targets are set with each supplier to enable tracking of progress.

As part of our 2021 goal of measuring our full scope 3 GHG emissions, we will get a better picture on how we can improve environmentally also in our supply chain.

CORRUPTION

All our business partners are contracted to stay true to the amfori BSCI Code of Conduct.

When the third-party audits are performed in our production facilities annually, it is secured that vendors are not involved in any act of corruption, extortion or embezzlement, nor in any form of bribery – including, but not limited to – the promising, offering, giving or accepting of any improper monetary or other incentive.

Our business partners are expected to keep accurate information regarding their activities, structure and performance, and should disclose these in accordance with applicable regulations and industry benchmark practices. Business partners should neither participate in falsifying such information, nor in any act of misrepresentation in the supply chain.

Furthermore, they should collect, use and otherwise process personal information (including that from workers, business partners, customers and consumers in their sphere of influence) with reasonable care. The collection, use and other processing of personal information are to comply with privacy and information security laws and regulatory requirements.

No corruptive actions have come to our attention during the year.

CHALLENGES AND RISKS

Irrespective of collaboration partners or the countries where they are based, known consequences of corruption in the textile industry is for instance fire or health and safety regulations not being followed properly. Possible hazards could for instance include weaknesses in supporting beams, substandard building materials, exposed electrical cables etc. risking, ultimately, fatal incidents.

The consequences for such incidents have a potential of risk for increased costs, deficiency in quality and deliveries, damaged reputation and regulatory consequences. We don't see an overhanging risk for corruption within the organisation or our business partners, but we do have routines in place to identify, prevent and, if necessary, handle corruption. The codes of conduct that we apply tolerate zero tolerance to corruption.

Apart from the code of conduct for our suppliers, we also follow an internal code of conduct clearly stating regulations around corruption. More about this in the section [Our People](#).

COVID-19 IMPACT ON SUPPLY CHAIN

Björn Borg staff usually makes regular factory visits and keep a daily dialogue about improvements. During 2020, though, we have not been able to visit any of our vendors due to Covid-19 and travel restrictions. Instead, we have intensified video calls in order to maintain close communication.

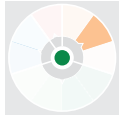
Video calls do not, however, replace physical visits when it comes to factory control. Although we have proceeded with audits in factories according to plan (some had to be postponed a few weeks), we lack the insight that we normally get through our own visits. We visited our three new vendors, Trademark, Unitex and The Source Global at the end of 2019.

Bangladesh was the production country of ours which suffered the most from Covid-19, and where we have seen the biggest risk when it comes to factory working conditions during the pandemic. To follow up on the situation here we have, in addition to weekly (or more) oral updates from our vendors, reviewed their action plans including precautionary actions and adjustments to maintain safe working conditions in the factories. We have also been sent pictures showing adjustments made in factories, such as increased distance in sewing line.

We hold a dialogue with our contact persons in the factories, for example when following up remediation plans. Other than that, we are currently not in direct communication with any workers.



PHOTO: ERIC MUHR, UNSPLASH



HUMAN RIGHTS, HEALTH AND SAFETY

Working conditions in factories that manufacture our products has long been a priority area for us. Regular audits and our own factory visits allow us to make sure that the working conditions with our suppliers are safe, fair and healthy.

However, that a supplier follows the code of conduct doesn't always mean that they fully fulfil all requirements. In some cases, there are weak areas that have to be improved. We keep a close dialogue with our suppliers and take action to make sure that regulations are followed, and improvements are made.

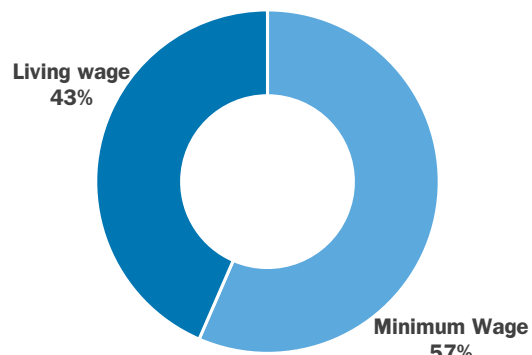
In accordance with the code of conduct a number of human rights areas are controlled. Below, a summary of results, challenges, and risks.

- Child labour or forced labour are under no circumstances allowed and have never been encountered in any of our factories.
- Local traditions and societal structures affect compliance to the code up to a point, for instance regarding vacation. Equality between men and women is also at different levels in different countries and will affect the men/women management ratio in countries like for instance Bangladesh.
- The highest risk market among the countries where we have our suppliers is Bangladesh, ranked by the amfori BSCI *Due Diligence Tool* that measures risk according to six different factors. Due diligence is the process through which companies can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts to those they are in business with. Due diligence is conducted against the *OECD Guidelines* regarding specific adverse impacts (i.e., harm).
- All workers protected under the amfori BSCI code of conduct have the right to a voice through *The Rights of Freedom of Association and Collective Bargaining*. The Code of Conduct clearly states that workers shall have the right to form unions in a free and democratic way, not be discriminated because of their engagement or prevented access to representatives in the workplace. In some countries, labour unions and collective bargaining agreements are illegal. In such cases, workers should have the right to freely elect their own representatives with whom the company can enter into dialogue about

workplace issues. All our factories have a worker representative of some kind, and most factories also have a box where workers anonymously can make complaints or raise topics for discussion.

- In China there are no labour unions except for the communist party *All-China Federation of Trade Unions*, so there is no freedom of association. Bangladesh and Turkey do have freedom of association although union participation in Turkey is generally low. Since these rights are part of our code of conduct, the third-party auditing firm follows up on these issues at each audit.
- According to amfori BSCI audit reports, some vendors have held trainings on various labour rights issues with the factory workers. It's crucial that more of our vendors take part in, and understand the philosophy behind, the amfori BSCI code of conduct and the work that we want to undertake together with them. It is a big challenge to get the vendors' management to allocate time and money for this, but it is one of the most important actions needed for improvement. This is a focus area in our contacts with vendors.
- We work either with trade offices or directly with the factory owners in the countries where we produce our garments and are in close-to daily contact with them.
- Business partners shall comply, as a minimum, with wages mandated by governments' minimum wage legislation, or industry standards approved on the basis of collective bargaining, whichever is higher. When choosing a new supplier, we always make sure that workers are being paid living wages. For current suppliers, wages are controlled through audits and we discuss salaries through follow-ups. 43% of our factories offer more than living wages, 57% offer minimum wages.

Read about [audits](#), [audit results](#), and the [11 principles of our code of conduct](#) here.





WOMEN IN TOGOYA,
A COTTON FARMING COMMUNITY IN MALI,
WELCOME TATA DJIRE.
PHOTO: BCI/SEUN ADATSI

CHALLENGES AND RISKS HUMAN RIGHTS, HEALTH AND SAFETY

Common findings during audits

The most common findings are in Performance Areas 1 and 6, that is Management and Cascade effect, and Decent Working Hours. Performance area 1 is extremely important since it concerns the management of the factory, ensuring that the amfori BSCI principles are implemented and followed throughout the entire organisation. It is a huge challenge to properly cascade the amfori requirements down to sub-contractors, since we lack control mechanisms for this, and the transparency is low in Tier 2 and 3 so far.

Performance Area 6, overtime, is a huge problem that is very difficult to avoid especially in China where we produce the majority of our goods. A lot of workers are migrant workers, meaning they are from a different region of the country than where the factory is located. They leave their hometowns during the majority of the year and their main objective is to work as much as possible and make as much money as possible to bring back home to their families. Not offering enough working hours can be cause for leaving a workplace as overtime is very attractive to most workers and the legal requirements not strictly followed.

Another recurrent finding is related to social insurance in China. This issue is complex since some workers do not want such insurance. The reason is that part of its cost is deducted from their salary and they may have other alternative arrangements in place. It may also only be relevant to the region where the factory located, and not in their home region.

During the year, many of our suppliers also had not yet defined long-term targets on protection of workers or had calculated the local basic needs wage, which are both requirements under the Code. For the follow-up audit, our role is to support our suppliers in their work on the remediation plan, and improvement measures taken, including enrolling them in capacity building trainings arranged by amfori, covering relevant areas of development.

Physical risks for workers are very rare and in case of a finding, we act instantly. The physical safety of our workers is always a priority.

Risks

The amfori country risk classification relies on the Worldwide Governance Indicators. These determine the level of risks related to Governance in countries. There are six indicators:

1. Voice and accountability
2. Political stability and absence of violence/terrorism
3. Government Effectiveness
4. Regulatory Quality
5. Rule of Law
6. Control of Corruption

There are two risk classifications:

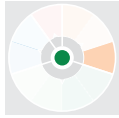
Risk countries: Countries with a WGI average rating between 0-60 or three or more individual indicators rated below 60.

Low Risk Countries: Countries with a WGI average rating higher than 60 and no more than two individual indicators rated below 60.

AMFORI DUE DILIGENCE TOOL								
Country	Overall Risk	Voice and accountability	Political stability & absence of violence	Government effectiveness	Regulatory quality	Rule of law	Control of corruption	Classification
Bangladesh	23.5	31.03	10.48	25.48	22.12	30.77	21.2	Risk
China	40.2	6.9	27.14	67.79	44.23	46.15	49	Risk
Turkey	41.7	29.56	5.71	54.81	61.06	48.56	50.5	Risk



PHOTO: PATRICK HENDRY, UNSPLASH



TRANSPARENCY IN THE SUPPLY CHAIN

Transparency in the value chain is difficult but controlled to some extent through the code of conduct. Our manufacturing partners are key for us to reach out to the second and third tier level of our production chain, their sub-contractors, in cascading our requirements further. Other management tools are our (including our restricted substances list) and quality controls which are all implemented in the supply chain. Compliance with these requirements is followed up continuously and is integrated into our overall supply chain management program.

During 2020, we also started implementing a new PLM (Product Lifecycle Management) system, which will facilitate our work with not only product development, information sharing and analysis, but also with transparency.

OUR TRANSPARENCY IN DIFFERENT PARTS OF THE SUPPLY CHAIN:

Tier 1 Our garment manufacturers.

Tier 2 All components/materials: Fabrics, elastics, thread, labels and packaging.

Tier 3 Weaving and Spinning: We increase our volumes from nominated fabric suppliers, but still have a challenge in finding resources for control.

Our manufacturing partners are key for us to reach out to the second and third tier level of our production chain, their sub-contractors, in cascading our requirements further.

All vendors share their tier 1 with us. We started requesting information on fabric suppliers and dye houses from some suppliers and have received answers. However, it is unclear to what percentage tier 2 and tier 3 are mapped.

We have also started mapping our vendors for other parts of the organisation and now have full transparency in tier 1 suppliers for marketing, trade solutions, and packaging. The goal is to enroll these vendors in amfori with time and in 2019, they all signed our code of conduct and supplier guide.

CHALLENGES AND RISKS

A few years ago, we made a backtracking of a piece of underwear. It showed a total of 47 sources and we concluded that full transparency will be close to impossible for us to reach. We source the majority of our products directly with our vendors and without supporting sourcing offices,

our time to open up transparency in vertical sourcing is limited. Through our *Supplier Guide* we give our vendors clear directions on what and how to source components and follow up accordingly.

The special circumstances for 2020, with the Covid -19 pandemic, made it difficult to progress within the area, but our goal is to reach full transparency in tier 2 during 2021.

During 2020, our focus has lied on choosing sustainable materials, improve dyeing and printing production processes for fabrics, and contracting suppliers that will abide under our and amfori BSCI's Code of Conduct. All of this combined gives us control over our manufacturing.

The energy used in our production countries are often-times not from renewable energy sources and some production facilities may not have energy efficient equipment, because it is old or not regularly maintained. The country of manufacture also plays part in the environmental footprint. At the same time, China is one of the countries in the world that currently invests most in renewable energy.

Without full control and understanding throughout the whole production chain, we lack the tools to make good influence and we are at risk of not choosing the best possible solutions.

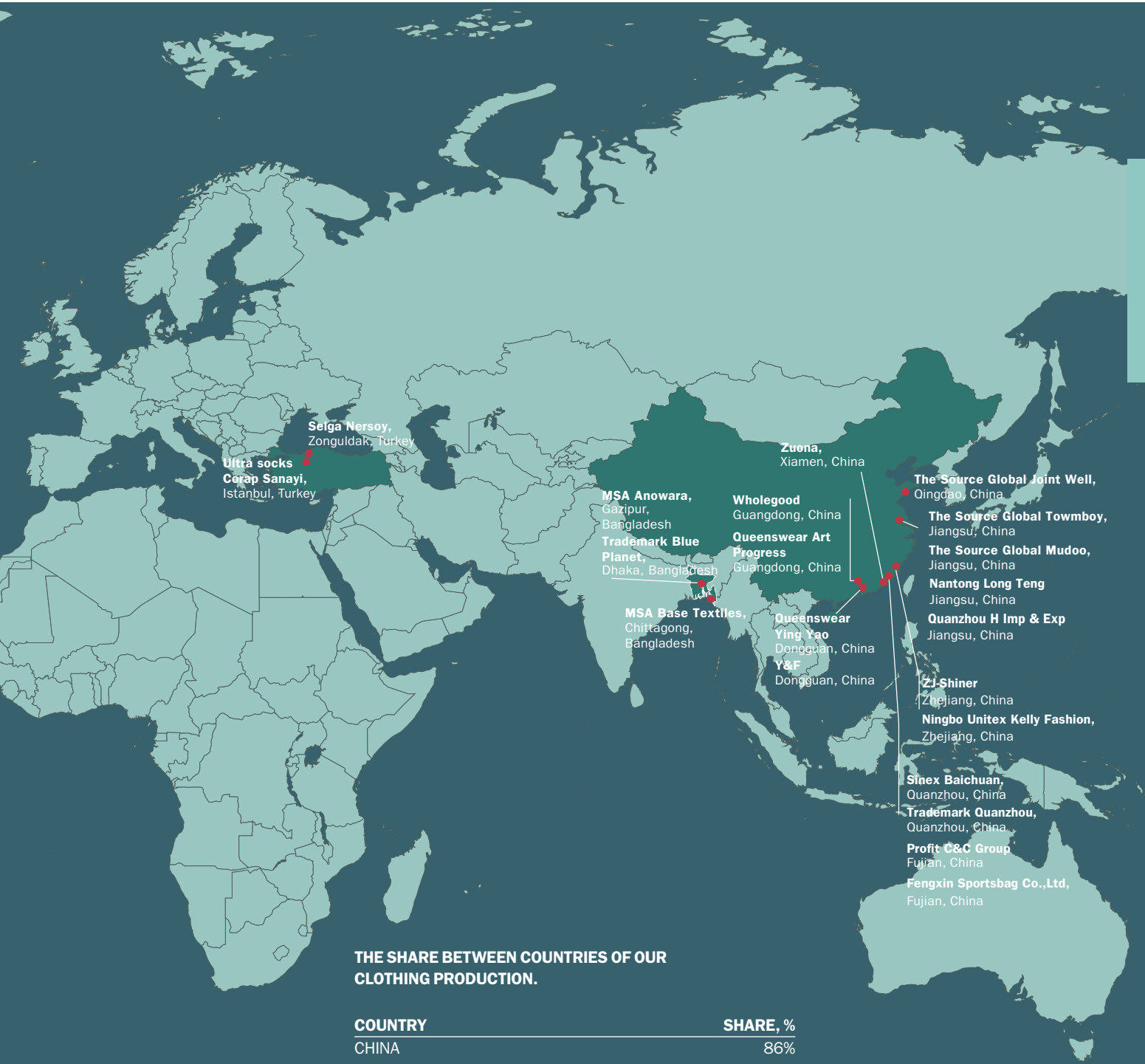
OUR MANUFACTURERS

Our products (own production*) have been produced by 16 vendors (of which 5 for bags) in a total of 21 factories (of which 5 for bags) during 2020. New suppliers for this year are: Trademark, an underwear vendor in China & Bangladesh; ABG, a performance and sportswear vendor in China, and Unitex, a sportswear vendor in China.

The newly added vendors have delivered very high production quality, which is beneficial from a sustainability point of view thanks to long-lasting products and less waste in production. Working with these new vendors have also opened doors to increase our use of more sustainably sourced materials, such as organic cotton.

We have terminated our collaboration with four vendors during the year, of which two failed to deliver.

* *Own production* refers to factories contracted by Björn Borg, excluding factories contracted by licensees (such as for footwear).



COUNTRY	SHARE, %
CHINA	86%
TURKEY	10%
BANGLADESH	4%

World with countries, by freevectormaps.com

DECREASING FOOTPRINT



PHOTO: ALEXANDER ANDREWS, UNSPLASH

CO₂

15% REDUCTION OF CO₂ SCOPE 1+2 VS 2019



New transport partners do climate compensation

CLIMATE HIGHLIGHTS 2020

We committed to the UN Fashion Industry Charter for Climate Action goal of a 30% GHG emission reduction by 2030.



An estimated 428 million litres of water saved thanks to our sourcing of Better Cotton



New automated centralised warehouse for all markets with several environmental gains

- Recycling of store materials introduced
- 90% sustainable packaging
- Prepack plastic around products has been removed
- All mannequins in sustainable material



Introduction of Avitera Dye



All swimwear and performance wear in digital print

KEY FOCUS AREAS

Climate change is one of the defining issues of our time and we need to focus on the impact our business has on the environment, but also the risk that climate change poses on our business, our industry and our planet. Climate change also introduces risk across our value chain, it goes both ways. We are tackling climate change by investing in finding new solutions within all areas of our organisation.

OUR KEY FOCUS AREAS FOR DECREASING OUR CO₂ FOOTPRINT ARE:

- Sustainable materials and processes
- Streamlined transports and shipping
- Efficient packaging
- Sustainable facilities and direct emissions

In accordance with the UN Climate Action in Fashion Initiative, signatories have agreed to reduce their GHG emissions by at least 30% by 2030. To help achieve that goal, leading Swedish actors operating in the apparel and textiles industry launched the initiative STICA – the Swedish Textile Initiative for Climate Action. Its aim is to support the Swedish apparel and textile industry to reduce their climate impacts while strengthening their global competitiveness.

We joined STICA in 2020, signing up for following the 2030 pathway.

We have reported on our emissions since 2012, but 2021 will be the first year when we include the whole scope 3 according to the GHG protocol. A scope 1 & 2 mapping is presented in this report. Scope 3 will be presented by the end of 2021 through STICA.

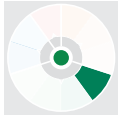
We are also engaged in the Textile & Fashion 2030 initiative, which is a project that the Swedish government has given the University of Borås to lead. This five-year assignment is led by Smart Textiles, part of Science Park Borås at the University of Borås, in collaboration with the Swedish School of Textiles, The Swedish Fashion Council, the RISE Research Institutes of Sweden, and TEKO, the Swedish trade and employers' association for companies working in the textile and fashion industry. The Textile & Fashion 2030 initiative is an arena that unites industry players and offers tools and activities to measure the progress of their sustainability work. The project aims to put Sweden at the forefront when it comes to the development of the textile and fashion sector in moving towards sustainability and a circular economy.



PHOTO: PATRICK SHAUN, UNSPLASH



PHOTO: BJÖRN BORG SPRING/SUMMER COLLECTION 2021







SUSTAINABLE MATERIALS AND PROCESSES

Our largest milestone in 2020 was without a doubt the production of a 100% sustainably sourced offer in our clothing collection for the autumn/winter 2021 season. This comes from a starting point of 0% in 2015 and a humble 5% in 2017. Now, two years ahead of time, a minimum of 70% of the material in all our products is sustainably sourced. We stand proud over this year's achievement, it has proved that nothing is impossible, and

it has encouraged the whole team to work toward many new milestones. For our product department, a clear goal is to reach 100% sustainably sourced bags by 2025.

Beside using more sustainably sourced materials and production techniques, we put focus on timeless qualitative design and increased quality control to secure longevity. Part of our product promise is to deliver long-lasting products, and rigorous quality controls are a natural part of our sustainability work. See details about this under *Driving Sustainable Consumption*.

We are also working for increased digitalisation enabling us to scale down on our sell-in collections and ultimately a reduced footprint. During the year, our design and pattern team has adopted a wider usage of digital tools in order to increase efficiency in product development and reduce the number of physical samples being made.

SUSTAINABLE MATERIALS AND PROCESSES					
Activity	Goal 2023	Reached 2020	Traffic Light	What to do	SUSTAINABLE DEVELOPMENT GOALS
Working towards a fully sustainable range of clothing.	100% sustainably sourced products	100%	 Reached	Introducing more organic cotton.	
Working towards a fully sustainable range of bags.	50% sustainably sourced products	15%	 On track	Set detailed roadmap for goal fulfilment.	



The results of our sourcing of Better Cotton in 2020.

**BCI Farmers experience profit increases for a variety of reasons, most commonly due to increased yields and/or optimised use of inputs (such as irrigation water, pesticides or synthetic fertiliser)*

WET PROCESSES (CHEMICALS AND WATER)

To ensure the safe use and handling of our clothing for people and for the Earth, we must ensure good chemical and water management. Our products must be safe and spare resources as much as possible.

Cotton production provides income for more than 250 million people worldwide according to the World Wildlife Foundation, but cotton production is environmentally unstable and needs to change. Hence, the measure to form the Better Cotton Initiative was taken.

We partner with the Better Cotton Initiative/BCI to improve cotton farming globally. The Better Cotton Initiative (BCI) exists to make global cotton production better for the people who produce it, better for the environment it grows in, and better for the sector's future. As an example, BCI farmers are trained to use less water and reduce the use of the most harmful chemicals as compared to non-BCI farmers.

Better Cotton, which we include in our sustainable offer, is not physically traceable to end products. However, BCI farmers benefit from the demand of Better Cotton in equivalent volumes to those we source.

In 2018-2019, the BCI licensed over 2 million farmers from 23 countries on five continents. Together, these farmers produced 22% of the world's cotton.

Other alternatives to conventional cotton in our production is organic cotton and TENCEL™.

In 2018, we expanded our B. Tomorrow definition of sustainable products to not only include material but also dyeing and printing techniques. Solution Dye, Avitera® SE dye and digital prints are some techniques we define as better choices. This has put increased focus on what makes a product a better choice and is part of our work to reduce our footprint of water and chemicals.

At Björn Borg we have focused our water reduction efforts on a product level. Whenever possible we use printing and dyeing techniques that require no or reduced amounts of water in our range. The challenge here lies in a combination between quality and cost. The majority of our printed products are cotton underwear and we have not yet received good enough digital printed cotton samples; the quality of the print is not clear or colourfast enough. Regarding dyeing of polyester products, the main challenge is a combination of minimum order quantities and price. During 2021 our plan is to map the baseline for our vendors and dye houses.



PHOTO: BORIS BALDINGER, UNSPLASH

CHEMICALS

The manufacture of fabrics and trims requires the use of chemicals, especially in dyeing and printing processes.

We have a thorough chemical management program to ensure that our products do not contain harmful substances. We apply a Restricted Substances List (so called RSL) and an MRSL (manufacturing restricted substances list) that all suppliers must sign off and adhere to. The list sets the maximum content levels for certain chemicals in products and which chemicals may be used in production. The list we apply is based on the Swedish Textile Importers Association's chemical guide and ultimately on the REACH regulation adopted within the EU. Our requirements are stricter than the REACH regulation, including a full ban on Substances of Very High Concern (SVHCs), chemicals that are still allowed up to a certain maximum limit within the EU generally. Examples of chemicals we put extra attention to are phthalates, fluorocarbons and alkylphenol ethoxylates (including nonylphenol ethoxylate). The European Textile Chemical Guide (REACH), and consequently our RSL, gets continuously updated and signed by vendors. The list was updated twice in 2020.

Compliance to our chemical management program is verified through testing at least once per collection and supplier as well as through our in-line controls. The products chosen after a risk analysis are sent to a lab that tests the garment against our RSL. The chemical testing is conducted by experienced external partners.

Björn Borg is a member of RISE, the Research Institute of Sweden, and Kemikaliegruppen textile, a part of RISE. They support us, and the majority of the Swedish textile industry in any matter relating to chemicals management. All tracking of legal restrictions and updates on a national or international level are handled by them, and they support us with continuously updated restriction lists as well as with chemical and legal knowledge.

Our licensees in footwear also work actively with chemical management in a similar way as we do.





PHOTO: JOHANNES PLENIO, UNSPLASH



STREAMLINED TRANSPORTS

Our logistics emissions will be presented in our Scope 3 emissions report later this year. However, last year, logistics accounted for 51% (1,124 tonnes CO₂e) of our total emissions (excluding production) and is as such one of the areas where we have the best chance of decreasing our environmental footprint. Air transport is a very inefficient means of transport and accounted for around 70% of our emissions for logistics (tonnes CO₂) but only 3% of our total shipping volume. For that reason, we are actively working on keeping the air shipments down as much as possible.

FOUR MAJOR PARAMETERS IMPACT THE EMISSIONS FROM LOGISTICS. THOSE ARE:

- Transport mode (e.g. air, sea, truck, rail)
- Transported distance
- Transported weight (tonnes)
- Transported volume

We have made big progress during the year. Among other things, the project with an automated centralised warehouse for all our markets that was initiated in 2019, is now well up and running. The new warehouse facility has a green building certificate (Miljöbyggnad Silver) through the Sweden Green Building Council. Miljöbyggnad Silver is a Swedish environmental certification issued through a third-party control of 16 different indicators such as energy usage, interior environment and materials used. The warehouse, Nowaste Logistics, works actively with social factors, where wellbeing, physical and mental training as well as a relaxation and activity area are available for all staff and their respective other.

Nowaste Logistics also lives up to their name, recycling organic waste to biogas. During 2019, their waste produced biogas equivalent to 37,200 litres of petrol. A project working towards ISO 9001 and 14001 certificates is initiated.

Using only one warehouse instead of several is not only cost efficient, but it also reduces the number of cartons shipped from each supplier.

Additionally, we have implemented transporters that climate compensate for their pollutions. We have started to track all our deliveries in our own system using road and sea transport exclusively. Air transport is never scheduled

STREAMLINED TRANSPORTS					
Activity	Goal 2023	Reached 2020	Traffic Light	What to do	SUSTAINABLE DEVELOPMENT GOALS
Decrease Co2 emissions	Lower annual Co2 emissions/shipped product vs baseline set in 2021.	Established new warehouse solution for more efficient transports. Detailed purchase optimisation carried out.	On track	Improved planning to keep air transports under control,	
Outbound carton optimisation	100% sustainable inbound carton and polybag material.	Mapping of supply chain export materials,	On track	Mapping of current situation, create measurement tool.	



by default and only taken if circumstances leave us with no other option.

We have set clear goals regarding the reduction of air shipments, so good planning is crucial to meet the shop floor on time without transporting the goods to customer by air.

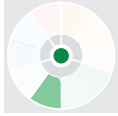
At the same time, lead-times for sea transport have increased due to several environmental aspects. In some ocean areas there are speed restrictions in order to reduce CO₂ emissions.

Another challenge lies in our e-com business growing stronger, which is environmentally inefficient due to fewer products per transport.

We implemented new processes for detailed purchase optimisation during 2019. Through these processes, we have much better control of the purchase volumes in relation to sales volumes and are also able to make sure that small orders are compiled to form one larger shipment, avoiding many shipments in small volumes. Through adjusting the export carton sizes, we can get a better fill rate and can adjust the carton size depending on the volume of goods. Through this improvement, we can reduce material usage as well as transport costs.

LOGISTICS AND COVID-19

The year has been especially problematic for our logistics team. A recurring challenge has been that of orders having to be shipped back and forth due to lockdowns. A receiver may not have had their store or warehouse open, and the products have therefore been rejected and sent in return to our warehouse – upon which they have had to be sent once again when the country allows for re-opening of stores. This means that our road transports have increased dramatically compared to a normal year. Incidents in production have also led to more air transport than necessary, for instance with one vendor not meeting quality requirements with delays as a result.



EFFICIENT PACKAGING

During 2016 we started to gradually roll out sustainable packaging, increasing the share of FSC (Forest Stewardship Council) certified carton from responsibly managed forests. In 2020, 100% of our cardboard in packaging was in FSC paper. We are still trying to find solutions for some plastic details on certain packaging, such as windows and hooks, but none of our packaging were made entirely out of plastic during 2020. During the year, we made a first step to start calculating the CO₂ emissions of our own packaging to see where we can make the largest difference and the goal is to offer 100% sustainable and easily recyclable material/constructions by 2023.

We work with one vendor at three different factories for our packaging and trims. This vendor is a member of amfori BSCI and we hold the RSP. One of the vendor's factories has had an audit during 2020, with a C result.

E-COM

With our e-com business gaining market, a total increase of 38% during 2020, we continuously challenge ourselves to find solutions for reducing our CO₂ emissions through the right choice of materials, design, shipping etc. A couple of years ago, we replaced the previously used shipping boxes used for underwear shipments with sustainable bags. The new bags require less space in transport and are 100%

FOREST STEWARDSHIP COUNCIL – FSC

The basis of FSC's voluntary certification system is its global principles and criteria. Regional and national forestry standards are in place based on the global rules but adapted to the conditions in various countries or regions. Raw materials from FSC-certified forests must be traceable in the supply chain for a finished product to carry the FSC label. Each level in the chain leading up to the finished product must meet FSC's chain of custody certification, which requires, among other things, that FSC-certified material is separated from uncertified material and that the material is handled in another, approved ways.



climate neutral through full climate compensation through certified plantation of trees in Colombia and a Golden Standard certified tree plantation project. The bags are certified ÅterBära™, made from recycled material from a certified factory in Europe and marked for recycling through FTI. They have been introduced for all products but for underwear, which has posed a challenge in the past.

During 2020, we introduced new shipping boxes for larger shipments. The boxes are made of 100% recycled FSC certified carton. For last mile transports, we have a solution in Sweden with a transporter that climate compensates 100% of their deliveries.

EFFICIENT PACKAGING					
Activity	Goal 2023	Reached 2020	Traffic Light	What to do	SUSTAINABLE DEVELOPMENT GOALS
Sustainable Packaging	100% sustainable packaging	100% FSC cardboard.	On track	Research renewable plastics and improve recyclability of packaging.	



SUSTAINABLE
BUSINESS

OUR SUSTAINABILITY
WORK

RESPONSIBLE
PRODUCTION

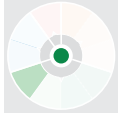
DECREASING
FOOTPRINT

DRIVING SUSTAINABLE
CONSUMPTION

OUR PEOPLE

HOW WE REPORT

PHOTO: LUKASZ SZMIGIEL, UNSPLASH



SUSTAINABLE FACILITIES & DIRECT EMISSIONS

2020 will be the first year for which we present a full climate report for scopes 1, 2 and 3 according to the GHG reporting protocol. However, in this report, merely results for scopes 1 and 2 are shown. The full report will be presented in the annual STICA report by the end of 2021 and at that point uploaded to our website.

This year, we have initiated a collaboration with a new climate partner and differences may show in comparable numbers YoY due to this. However, all our climate reports have been calculated according to the GHG protocol and should be able to serve as a good indication of the direction Björn Borg's climate work is heading.

According to the GHG protocol, the reported emissions and information should be relevant, complete, consistent, transparent and accurate. According to this recommendation, the organisational boundaries have been identified and set to the following:

THE ORGANIZATIONAL BOUNDARIES ENCOMPASS BJÖRN BORG'S OPERATIONS INTO THE FOLLOWING DIVISIONS:

- Sweden
- Footwear (Sweden and Finland)
- Finland
- United Kingdom
- The Netherlands/Benelux
- Germany

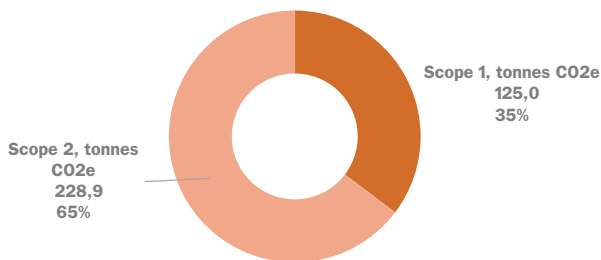
A CONSOLIDATION APPROACH OF OPERATIONAL CONTROL HAS BEEN USED WITH THE FOLLOWING OPERATIONS:

- Energy use in Björn Borg's offices, stores and storage. This includes electricity, heating, and cooling.
- Fuel use for own heat or electricity production
- Refrigerant leakage
- Company operated vehicles for own car fleet, rental cars, and private cars used in business.

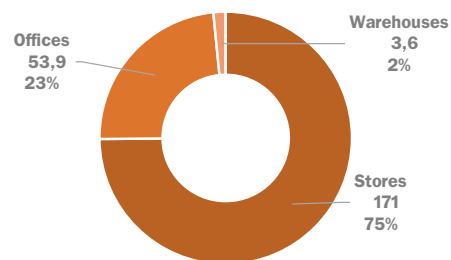
THE GHG PROTOCOL REQUIRES REPORTING BASED ON THE CONCEPT OF "SCOPE":

- Scope 1 covers emissions where the physical source of emissions (e.g. boiler, vehicle) is owned or controlled by the reporting company.
- Scope 2 covers suppliers' emissions arising from generation of energy purchased by the reporting company (electricity, heat, cooling).

Emissions by scope (tonnes CO₂e)



Emissions by facility type (tonnes CO₂e)



For a full description of the methodology please visit [the GHG website](#).

This report discloses results for years 2019 and 2020.

In 2020, Björn Borg's total emissions in Scope 1 and 2 dropped by a significant 15% compared to 2019. Specifically, Scope 1 emissions decreased by 20% and Scope 2 emissions by 12% compared to 2019.

In Scope 1, the largest decrease occurred in the category "Company operated vehicles", which went down by 26%. A plausible explanation for this drop in emissions is the reduction in travel during 2020 due to the Covid-19 pandemic.

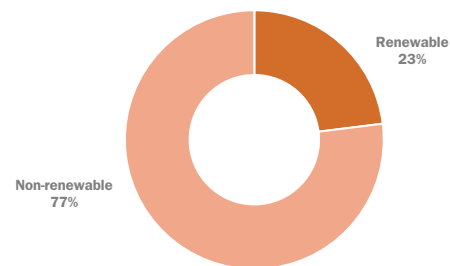
In Scope 2, the largest reduction occurred in the emissions from electricity use in Björn Borg's facilities, which went down by 16% compared to 2019. Energy use for electricity and heating in Björn Borg's facilities also dropped in 2020 compared to 2019. In 2020, the total energy use in offices, stores and warehouses was 1,204 MWh, ca. a 6% decrease from 2019.

2020 is a difficult year for comparative purposes, and at the time of writing, it is difficult to say which changes will continue in the future and which will disappear once the pandemic is over. As an example, the lower emissions by company cars were mostly due to a reduction in travel, but for Björn Borg to achieve more long-term reductions in this category, replacing the current vehicle fleet with fossil-free alternatives will be an efficient way to meet its

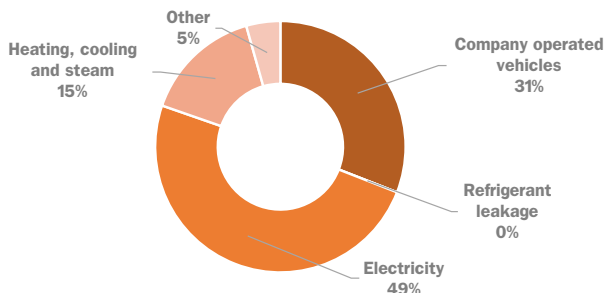
goals. Increasing the amount of renewable energy in facilities, e.g. by requiring the purchase of GoOs (Guarantees of Origin) and switching to climate neutral district heating, is another possibility for reduced emissions. Lastly, continuing to improve the data quality from the different divisions, both in and outside of Sweden, reduces the reliance on estimated data and results in more accurate and fair results.

Björn Borg's reduced its CO₂e emissions by 42% between 2013 and 2019 for scopes 1,2 and scope 3 excluding production.

Energy use by renewable vs non-renewable sources (kWh)



Emissions by source (tonnes CO₂e)



Emissions based on actual and estimated data (tonnes CO₂e)

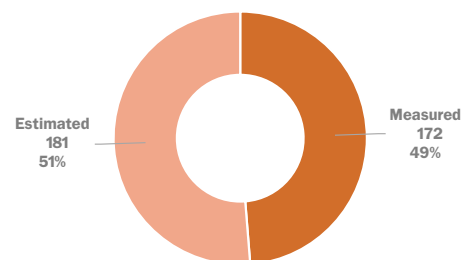




PHOTO: GONZ DDL, UNSPLASH

STORES AND OFFICES

From year 2014, Björn Borg changed to renewable electricity in some stores in Sweden and at the head office. To date, all Swedish and a majority of our Finnis stores run renewable electricity. Stores in Holland and Belgium are still struggling with implementing renewable energy.

For a lower climate impact, our own stores and all trade solutions that we offer our clients are made from recyclable material and all POS (*Point of Sale*) signs are made from FSC certified and/or renewable sources. Bags and hangers are also made from renewable materials.

Together with our supplier for trade solutions, we started implementing a system in 2019 for recycling of materials in connection with installation and dismantling of shops and shop-in-shops both in our own retail and in wholesale and trade fairs.

Our mannequins are as of 2019 made from recycled materials and produced in Europe instead of China, improving logistics and lowering our environmental footprint through shorter transports.

All our manufacturing for trade material and solutions is controlled and all vendors have signed our *Code of Conduct*. A vendor evaluation is also made of all suppliers.

Björn Borg moved its headquarters in Sweden to new, environmentally certified facilities during 2020. More about that in chapter [Our People](#).

ENERGY CONSUMPTION (KWh)

	2019	2020	Diff# excl warehouses	Diff % excl warehouses
Stores	464,500	515,635	+51,135	+11%
Offices	814,500	640,458	-174,042	-21%
Warehouses	not included	47,971	N/A	N/A
Factories	-	-	-	-
SUMMARY	1,279,000	1,204,063	-122,907	-10%

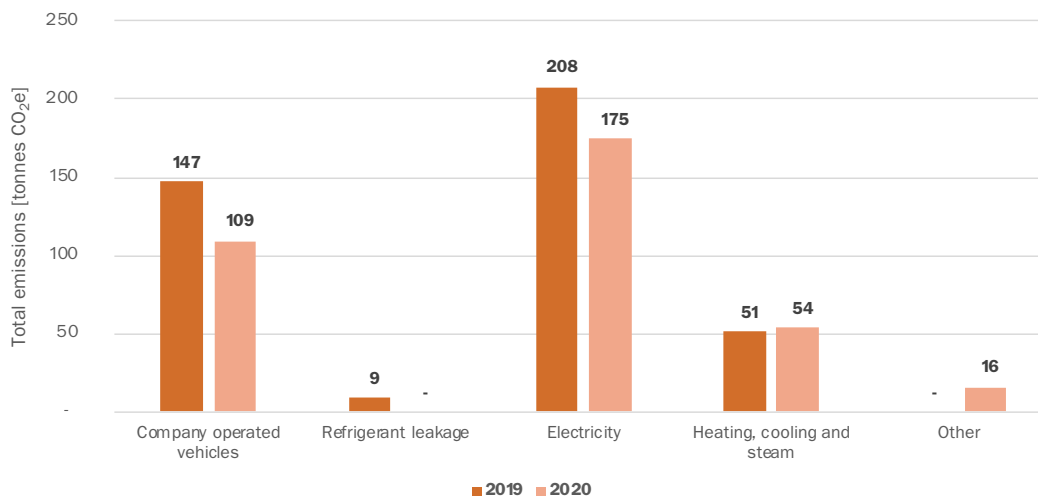
KEY INDICATORS

	2019	2020	Unit	Diff 2019-2020
Emissions per net revenue	0.6	0.5	tonnes CO ₂ e/SEK	-16%
Emissions per employee, FTE	2	1.8	tonnes CO ₂ e/FTE	-8%
Emissions per unit sold	-	32.9	g CO ₂ e/unit sold	N/A
Emissions per area	-	40.1	kg CO ₂ e/m ²	N/A
Energy use per area*	-	133.0	kWh/m ²	N/A

* Does not include energy fuels used for own heat or electricity production

The number of employees, FTE, were 213 in 2019 and 180 in 2020. More about employees in chapter "Björn Borg as a workplace".

Total emissions 2019 and 2020



DRIVING SUSTAINABLE CONSUMPTION



PHOTO: HANNAH TROUPE, UNSPLASH



Tighter relationship with consumers



E-com business thriving

CONSUMPTION HIGHLIGHTS 2020



Engaged staff & partners



More sustainable materials
-> Less waste and lower CO₂



Updated quality process

Consumers' purchasing patterns are changing and the Covid-19 pandemic put an extra fire under the online shopping trend. The European fashion industry registered the equivalent of six years' growth in online shopping penetration from January 2020 to August 2020 and we have ourselves seen a clear proof of that trend. Apparel, accessories, and footwear make up the number one ecommerce sector in the world and is projected to rise further.

Another trend is that consumers are shifting toward more casual wear, street wear, and loungewear; office wear is declining. In addition, consumers are making more conscious choices about what they wear. Working from home has also put an extra focus on staying healthy and our mission is to facilitate a long and healthy life for the products that we offer, and for the people that wear them.

We see consumer consciousness both in that consumers make more sustainable choices, and that customers are putting higher requirements on their suppliers – a clear sign of a changing market. In several markets, our sustainability work is a prerequisite for starting a partnership.



USE & DURABILITY

Production stands for a big footprint, but after the product leaves the store, its lifecycle continues, and we can influence the lifespan in different ways. Sustainability starts with design and a long-term commitment to make our collections last far beyond hype cycles or temporary trends. We create products and colour that are designed to become future favourites.

DURABILITY

Design aside, our production team makes detailed quality controls to assure that the products we launch have the longest possible life span. Fabrics are tested in a lab during different stages of a production, giving them a rating and a test report. If a fabric gets a lower rating than our standard, the supplier is asked to improve it.

We also do wear and wash tests to see how the product, the fabric and the trims work in real life. If any improvements are needed, this is communicated to the supplier and changed.

After this quality process, the products are sent to production, during which we do a quality assurance (inline inspection). When the product is ready to be delivered from the factory, a quality control (final inspection) is made. Through using a third-party quality control, we can secure the quality of the products leaving our factories. This process is required already in production and before the garment leaves the factory, which helps us avoid producing or shipping defect products that may otherwise have had to be disposed of. Our quality controls follow the ANSI/ASQ Z1.4-2013 standard.



Possible claims from consumers are brought into our next quality process for improvement. Some of the feedback from consumers this year has concerned boxes being hard to recycle due to both design and material choice. Our goal is to find smarter solutions for these boxes.

CARE & RECYCLABILITY

Our products, underwear and performance apparel in particular, are washed often and not seldom at high temperatures. Frequent washing and high temperatures have a significant environmental impact and also affect the useful life of the garment in that its colour and quality can deteriorate more quickly. We therefore try in various ways to encourage consumers to handle garments in a way that reduces the environmental footprint and extends their useful life. Packaging and labels include simple washing instructions, and our website presents [more in-depth ideas](#).

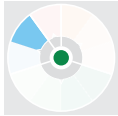
END OF LIFE

One of nature's basic principles is that everything has its place: something springs to life, consisting of natural resources, and at the end it slowly disappears back into the earth. This is the most advanced closed-loop system ever. One way for us to close the loop, then, is to recycle materials made from fossil fuels like for instance recycled polyester or polyamide and then try to make sure that they are either reused or recycled.

By choosing the right designs and materials, we contribute to easier recycling. This also leads to less waste, increased material usage, and less chemicals in the environment.



PHOTO: BJÖRN BORG SPRING/SUMMERCOLLECTION 2021



MARKETING & LABELING

TEAMWORK

Our team is all of us and we are our best ambassadors. If we don't know, nobody knows. We meet, e-mail or talk to consumers, we confer with buyers, owners, and suppliers. We offer a number of different internal channels for sustainability information: a sustainability hub, a newsletter, clinics at our Global Brand Summits, sales support to our retail and wholesale sales staff.

Being in direct contact with consumers is critical and our stores, social media channels, web and newsletters are core platforms for this dialogue. Our young and urban target group is social and environmentally conscious, and the interaction gives us plenty of valuable feedback and inspiration.

B. TOMORROW

Our own label B. Tomorrow guides consumers to our sustainable garments through clear on-product tags. It indicates how a product is sustainable – through the material or a process used in production. The requirements for the B. Tomorrow label are:

- A minimum of 70% percent of the material in the product is sustainably sourced (in weight per shell fabric, main linings and padding combined) and/or...
- 100% of the shell fabric (in surface) is printed or dyed with a process saving water and/or chemicals.

MATERIALS AND PROCESSES

During 2020 we used the following materials and dyeing or printing techniques:

BCI Cotton

Björn Borg is a member of the Better Cotton Initiative (BCI) since 2016. BCI exists to make global cotton production better for the people who produce it, better for the environment it grows in, and better for the sector's future.

As an example, BCI farmers are trained to use less water and reduce the use of the most harmful chemicals as compared to non-BCI farmers. BCI uses a system of Mass Balance, which means that there is no guarantee that Better Cotton is physically present in the finished product. However, BCI Farmers benefit from the demand for Better Cotton in equivalent volumes to those we source.

Recycled Polyester

Recycled polyester is produced from materials like PET-bottles and other used plastics. As an example, five used plastic bottles yield enough fiber for one extra-large T-shirt. Compared to polyester made from virgin oil, recycled polyester requires 59% less energy and has an estimated 32% lower CO₂ emissions. In addition, recycled polyester can contribute to reduce the extraction of crude oil and natural gas from the Earth to make more plastic.

Recycled Polyamide

Recycled polyamide is a material recycled from waste such as fish nets and carpets found in our seas. Regenerated waste is turned into yarn in a closed-loop process that saves both water, chemicals, and energy. Recycled polyamide can reduce the CO₂ impact with up to 90% compared to virgin polyamide.

TENCEL™

TENCEL™ is made from pulp of cellulose from sustainable tree farms. The material is very economical in its use of energy and natural resources, is fully biodegradable and contributes to less chemicals in nature.

S Café®

Only 0,2% of the coffee bean ends up in your coffee, the rest goes to waste. S Café® recycles the waste from local café chains, and makes fabric out of it, in a mix with recycled PET. The fabric offers 200% faster drying than cotton, absorbs odors and reflects UV rays. One T-shirt can be made out of three cups of coffee grounds and five recycled plastic bottles.

Solution dye

The fibres are dyed without water, which means no dye or water waste and a reduced chemical waste.

Avitera® SE dye

Avitera® SE dyes use a process where more dye is absorbed into the fabric, which means less water is required and the energy consumption and CO₂ emissions are greatly reduced.

Digital Print

Inkjet based method of printing colours directly onto fabric. Significantly decreases water, energy and materials consumption.

Sublimation Print

A two-step digital printing method for transferring images onto a fabric.





SUSTAINABLE BUSINESS

OUR SUSTAINABILITY WORK

RESPONSIBLE PRODUCTION

DECREASING FOOTPRINT

DRIVING SUSTAINABLE CONSUMPTION

OUR PEOPLE

HOW WE REPORT

PHOTO: BJÖRN BORG HIGHSUMMERCOLLECTION 2021



87% Loyalty score

70%

OF EMPLOYEES HAVE "GET GREENER" TARGETS

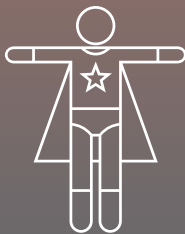
PEOPLE HIGHLIGHTS 2020



Sustainability clinics and educational material

83%

Employee Engagement Score

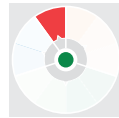


Stronger staff during pandemic



PHOTO: LINNEA GUNNARSSON, LINNEA E PHOTOGRAPHY

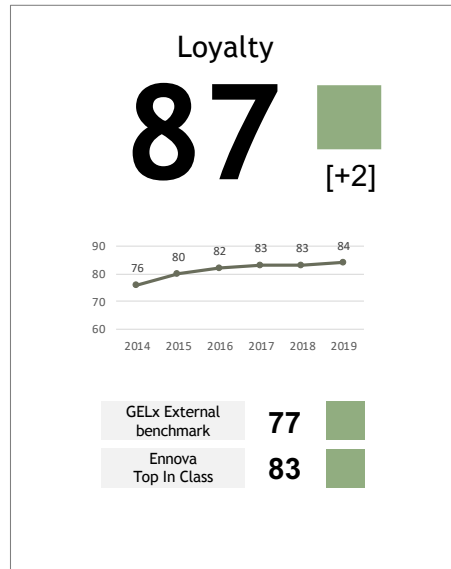
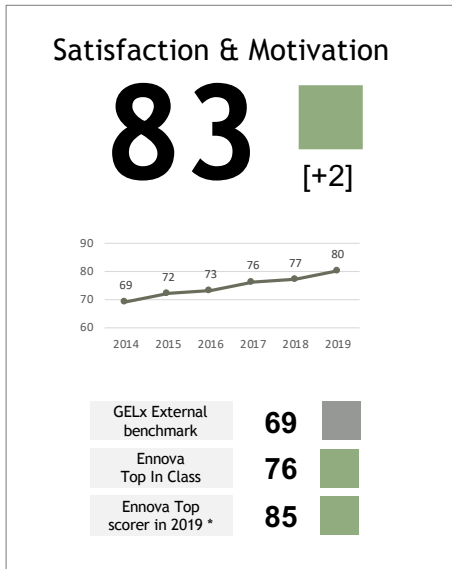
No matter how life, health and business will change after the 2020 pandemic, one thing stays true: our belief that training can make us better. With training we get faster, smarter, healthier, and more efficient. We sleep better and we get more quality time with our loved ones. Our ambition to be a first-class employer manifests itself first and foremost through empowering people to become the best version of themselves. We do that through training and through our performance management system. We believe that if you are enabled to grow, both personally and professionally, you will become better and there is nothing stopping you from becoming anything you want. 2020 has presented us with limited resources in terms of both time and money, as a direct result of the pandemic. We have also had large parts of the workforce working from home up to nine months out of twelve. Despite this, we have managed to keep the spirits high and are proud to conclude that the employee engagement is higher than ever.



OUR CULTURE: HEALTHY PERFORMANCE

Our conviction that exercise and an active lifestyle is key to better health and higher performance is one of the reasons to why we instituted a weekly Sports Hour in 2015. Every Friday, the office closes down for our weekly one-hour training. During 2020, this has mostly happened online, and we have taken the opportunity to open Sports Hour up to the public through our Instagram account. Staying true to this weekly activity has been more important than ever during a year when we have been physically separated most of the time.

@BJÖRN BORG					
Activity	Goal 2023	Reached 2020	Traffic Light	What to do	SUSTAINABLE DEVELOPMENT GOALS
Employee Engagement in sustainability plan	80%	Benchmark set	● Action needed	Green goals, performance management, internal training.	
Internal audit of sustainability integration all premises.	80%	Benchmark set	● Action needed	Start measuring.	
Reduce Co2	Flight costs not exceeding 2021 limit	Not measured	● Action needed	Set benchmark 2021.	



- High score (75-100)
- Medium score (60-74)
- Low score (0-59)

GELx External Benchmark
Based on Ennova's customer benchmark survey results, weighted based on country distribution

Ennova Top In Class Benchmark
Based on the 25% highest scoring companies in Ennova's customer database

*) Small real estate company (immediate manager score: 85)

Results of the annual global employee engagement survey 2020.

Björn Borg's employees all contribute with their experiences, creativity and motivation to develop the brand and the business, which is essential for the prosperity of the company. We want to offer a stimulating environment where the management team and the employees together form the company culture that is built around high ambition, drive and a strong passion for fashion and sports. Together with our employees, we create a strong workplace culture with continuous improvement as a goal and this culture clearly both attracts and retains talent.

We have set five different values that reflect our way of approaching our daily work life. These values are Passion, Empowering, Winning Attitude, Bold and Magnetic. Our value Empowering reflects that together, our unique characteristics, talents, energies, and efforts transform into a result that moves past limitations. If we do it together, nothing is impossible.

Sports aside, we are well aware that health is not only about leading an active life. It is also about eating right, getting enough sleep, surrounding yourself with people you love, and allowing yourself some downtime. When all these aspects are in place, you have the right prerequisite to perform at the top of your game and excel both at work and in your private life.

The goal to be a good workplace (the best) is a way for us to reach our business goals. Competent people who together create a workplace that gives you the opportunity to be your best self are a necessity for such a workplace. We believe that this team flourishes the most from a mix of different experiences, gender, ethnicity, sexual orientation, age, opinions and personal qualities.

Employee engagement is one of four Key Performance Indicators (KPIs) that we use to measure our overall business performance, and the second most important (next to the consumer KPI). We believe that inspiring leadership is important to capitalise on and develop employee engagement, which is why we have continued to offer leadership development training to the team. The leadership training focuses on coaching towards high sustainable performance, which means to lead people towards achievement of prioritised targets, with ongoing development of skills and results and being strong in the process. How to handle stress in a good way is a given part of such a performance and leaders as well as employees are educated regularly to choose a way to adopt performance in balance.



PHOTO: BJÖRN BORG HIGHSUMMERCOLLECTION 2021

SUSTAINABLE PEOPLE

We invest heavily in the well-being of our employees based on a conviction that exercise and an active lifestyle are key to better health and higher performance. We keep our strong corporate culture alive through education, communication, training and development activities. In 2020, we folded 1,500 SEK/employee, a total of 300 TSEK, for training of different sorts. It resulted in 176 hours of training for our 192 employees, within for instance leadership, performance management, sales, and webinars/workshops in for instance injury prevention and nutritional advice.

Nevertheless, stress is part of many people's lives and work situations, and to help maintain a healthy work/life balance and keeping negative stress at bay, we set clear goals for the whole company, broken down to every department and every individual. The goals are followed up every month in a pep talk with the reporting manager. Workflow is another of Björn Borg's foundational work structures. One hour every week, just before Sports Hour, we all work in complete silence in order to plan our upcoming week, set priorities and clean our inboxes. This practice, as well as our goal setting, is in place to create a sense of control and peace of mind for the upcoming weekend and all the way down to the full calendar year.

Inspiring our staff to a healthier lifestyle in all areas is a high priority for us and we regularly invite speakers and other specialists to educate us about related topics. Stress management and work/life balance, nutritional advice, and a monthly meditation session are a few examples. We work actively with prioritising tasks to ease up on individuals with too much work pressure and keep an open and constant dialogue if a person needs help. We also offer a health care package with possibility to private stress management sessions for individuals who need further support.

INDIVIDUAL SUSTAINABILITY GOALS

To mark the importance of our sustainability work, every single employee throughout the organisation is encouraged to set a personal sustainability goal. 70 percent of all staff (all employees but for part-time store staff) has set one – either a personal goal or one that is related to their function. Or both. Feeling that you can make a difference is empowering and we are dedicated to stand behind and equip all staff with tools to reach their green goals – not the least through the annual goal setting. The routine with green goals is also a way for us to put sustainability on the map and to make sure that it ends up as a top priority along with our business goals.

During the year, we have held two clinics on our global brand summits where we inform about our work. This is a forum that has been greatly appreciated and a fantastic way to exchange ideas and intelligence. The clinics have contributed to create a great momentum and our global sales force notices a great upswing in interest not only for sustainable products, but also for how companies take responsibility on a whole. They are key for us to never lose grip on reality and make sure that we meet the needs and requirements of our customers.



SUSTAINABLE BUSINESS

OUR SUSTAINABILITY WORK

RESPONSIBLE PRODUCTION

DECREASING FOOTPRINT

DRIVING SUSTAINABLE CONSUMPTION

OUR PEOPLE

HOW WE REPORT

PHOTO: BJÖRN BORG AUTUMN/WINTERCOLLECTION 2021

WORKPLACE ENVIRONMENT – HEALTH AND SAFETY

A good workplace environment affects both our safety and our competitiveness. Through a good working environment our business goals can be fulfilled, and we increase our chances of being an attractive workplace for present and future employees. Health and safety help our employees thrive and evolve both professionally and individually.

No form of bullying or harassment is tolerated, and all individuals shall be treated equally and with respect. We always strive to improve our work environment, both physically and socially. At Björn Borg, this means that

- Work environment shall be taken into account for all decisions and activities within the company.
- Work environment duties are made in collaboration between employer, employee and a safety officer.
- Managers are trained to get the right knowledge, competence, resources and mandate to work for a good and safe environment.
- All employees get a safety introduction and training.
- Regular inspections and risk assessments of our physical, organisational and social work environment are made.
- All incidents and accidents that occur are reported and properly investigated.
- Our work environment shall be safe and inspiring for the individual.
- Work environment duties are followed up annually.

Our workplace environment and human rights policy both rely on state law, our internal requirements, and on industry standards. We strive for constant improvement of our work environment, which is followed up and reviewed systematically every month, and annually by our internal representatives and safety officers according to the regulations in AFS 2001:1 from the Swedish Work Environment Authority. Health and safety performance is reported according to Swedish law to CEO and the safety committee.

Our workplace environment and human rights policy encompasses the whole company, all equipment, all facilities, as well as physical, social, and psychological aspects of our employees. The goal is a workplace which is both safe and evolving for each individual.

Working from home a lot in 2020 has put a higher focus on working environment in the home, where we lack social meetings and need digital competence as well as understanding that we are all different and handle crises differently as human beings. This requires more from both leaders and employees, more knowledge and more skills to motivate oneself and perform as individuals and teams in a different – non wished – situation. The use of office-space and the need of digital solutions will probably change also in the future based on this.





PHOTO: DONNYCOCACOLA, UNSPLASH

SUSTAINABLE
BUSINESS

OUR SUSTAINABILITY
WORK

RESPONSIBLE
PRODUCTION

DECREASING
FOOTPRINT

DRIVING SUSTAINABLE
CONSUMPTION

OUR PEOPLE

HOW WE REPORT

NEW HEADQUARTERS

Work environment is not only social but also physical. During 2020, we moved our headquarters to a site that completely aligns with our company values. It is located in a vast nature area, the Haga Park, which is a popular part of the Royal National City Park, offering us a surrounding of green and water. The Frösundavik building was the first office building in Sweden to be honoured with a Fitwel certificate for their focus on health and wellbeing. With a focus on offering the best within wellness for all their employees and tenants, the company doesn't only offer bicycles, paddle boards, kayaks, and a fully equipped gym, but also an extensive thinking around how to prevent sick leaves and stress – among other things through a generous amount of daylight and greens.

The Frösundavik building also holds a BREEAM certificate – the world's leading sustainability assessment method for masterplanning projects, infrastructure and buildings. It is an international scheme that provides independent third-party certification of the assessment or the sustainability performance of the built environment.

One of the ingenious solutions is that the building can use local energy thanks to its position on top of an esker with large groundwater depositories. It is called an aquifer and can be found only in a handful of buildings that hold these geotechnical conditions in Sweden. The aquifer is used as a storage for both heating and cooling, making it possible to use the heating during winter (with hot water saved from the summer) and cooling during summer (with cold water saved from the winter). It is a completely circular process where all the groundwater that is pumped up is returned after usage. This way, the building's annual energy usage has been reduced by 5 GwH per year. 100% of the electricity used in the building wind powered.



PHOTO: ERIK LEFVANDER

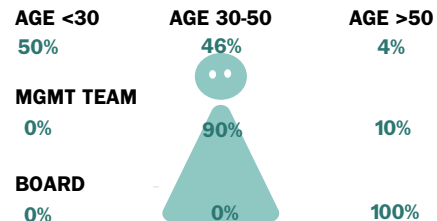
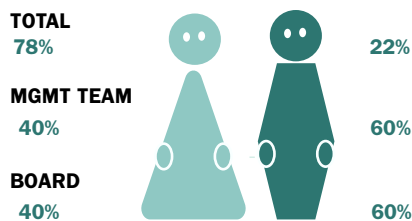


GENDER EQUALITY

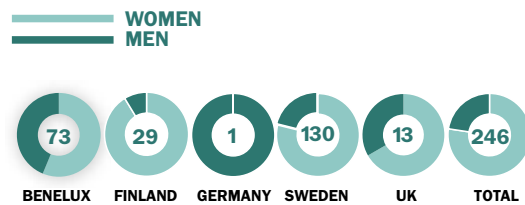
Groups of people with different backgrounds and experiences are more dynamic, which leads to a better work environment and, ultimately, higher profitability. Every person within our company, independent of gender, shall have the same rights, obligations and possibilities within all areas of life, including work, career, professional development and salary. We always strive for an even

gender distribution per work category and department, and at the same time offer equal employment conditions.

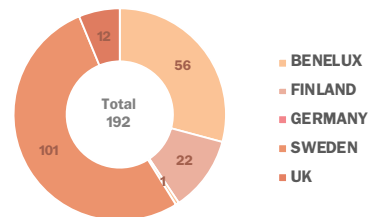
Our goal that neither gender should make up over 60% of any of Björn Borg's key governing bodies offers somewhat of a challenge. We work in an industry with a high female representation, and the majority of our employees are women (78%). 40% of the Senior Management representatives are women, and 40% of the Board of Directors are women. The AllBright Foundation has included Björn Borg on its



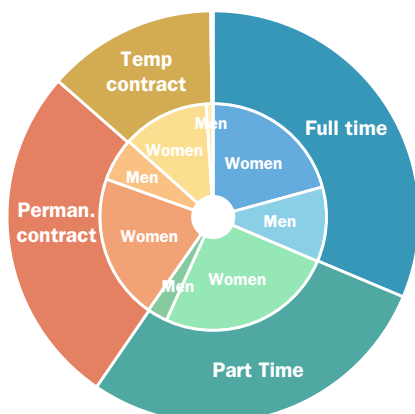
EMPLOYEES PER COUNTRY, GENDER DISTRIBUTION



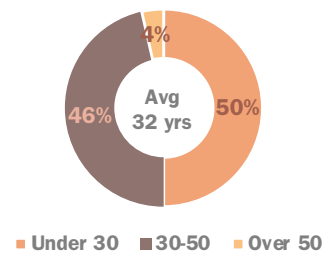
EMPLOYEES PER COUNTRY, FULL-TIME EQUIVALENT



Contract types, head count



Age distribution, Björn Borg Group



During the year, we have had a total of 11 sick leaves exceeding 14 days (Sweden 6, Benelux 5, Finland 0, UK 0, Germany 0).

list of publicly listed companies with the highest gender equality several years in a row. The mission of the AllBright Foundation is to identify and shape public opinion on gender equality in business with an emphasis on publicly listed companies.

The composition of the Board of Directors is ultimately a question for the Nomination Committee and is decided by the shareholders at the Annual General Meeting (AGM), but gender equality is one of the criteria that the nomination committee factors into its proposal to the AGM.

Björn Borg tries to even out any difference in gender distribution in its recruitment process.

ETHICS, DIVERSITY AND NON-DISCRIMINATION

In 2016 our Board of Directors adopted a code of conduct with the purpose of laying down the principles applied within Björn Borg in ensuring high ethical standards in business operations and in taking responsibility, as a corporate citizen in a global world, ensuring long-term value creation in society. Top management holds responsibility for the code.

Key to creating an ethical and transparent business environment is a workplace where people are free to speak their minds and point out problems and irregularities openly and honestly without risking negative repercussions.

Therefore, we promote a culture where anyone within or outside the company feels safe and is encouraged to act and report any wrongdoing related to our operations. A whistleblowing policy is openly available on our website and in internal channels with instructions on how to contact the whistleblowing channel where reporters may remain anonymous if desired.

The purpose of the policy is to encourage employees and others to report serious wrongdoings and irregularities within the Björn Borg Group, such as breaches of laws and internal regulations. It is also a way to lay down the routines applied within the group in ensuring that there are relevant channels to file such reports.

The whistleblowing policy is reviewed annually.

One case has been reported during the year and has been handled according to policy.

Diversity improves the ability to reach business targets and stay relevant as a brand and a business. Employees shall be recruited, evaluated and promoted on equal and transparent grounds, regardless of gender, ethnicity, religious belief, sexual orientation, age, gender identity and disability. Everyone at Björn Borg shall be treated equally and have the same development opportunities regardless of such factors. Differences are seen as an asset which

increases efficiency and creativity. Our Equality Policy sets out the framework for equality, diversity, and respect and must be complied with in all segments and companies of the group. Björn Borg has zero tolerance regarding discrimination of any kind. Training and guidance regarding diversity is part of our leadership program.

Apart from the Code of Conduct, we have a health and safety policy in place. Together, they form a process to identify, prevent or mitigate human rights risks, and to remediate any adverse impact it has caused or contributed to.

Our non-discrimination and anti-harassment policies follow the ILO convention, and the ultimate compliance lies on the HR manager. The company holds a zero tolerance to discrimination and any report has top-priority.

As a publicly listed company, we are also subject to certain compliance requirements and are obliged to report on our internal control procedures. Each year we publish a separate [corporate governance report](#) that describes, among other things, the Board's risk control through internal financial control systems.

Recruitment and promotion within Björn Borg are done using a model called CPR, for *Competence, Personality and Results* as determining criteria. In our experience, this model, when used correctly, tends to lead to diversity. When we clearly map competences, personal values and abilities to achieve results in a systematic way, differences add value instead of risking to be part of the selection model.

Björn Borg does not accept bribery or corruption. Employees shall not accept gifts or the like from business partners, especially suppliers, unless it can be considered customary given the context and the relationship and the gift is of modest value for the recipient. Employees should be cautious in giving samples, gifts and the like to customers, e.g. to an individual representative of a customer and especially one making decisions on product purchasing, and shall not give such gifts or the like in case it can be considered as or have the effect of a bribe (i.e. aiming to influence a purchasing decision). Employees in Björn Borg may not use their position within the company, or use internal information, unduly or in an inappropriate way.

FAIR WAGES

Our salary policy forms a framework for setting salaries for each individual employee in a long-term, consistent, and individual way. Salaries at Björn Borg are to be set according to both the contents and the requirements of the job and also in which way the employee fulfils those requirements (performance). Salaries are target-related so that achievement of targets is rewarded while failure to achieve targets is not rewarded.

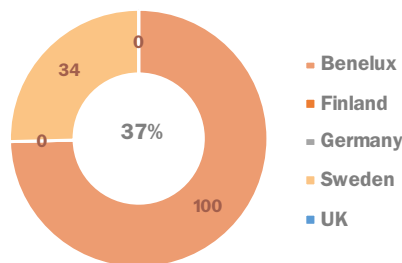
Salaries rise according to the degree of responsibility, the degree of difficulty, the level of skill, the employee's performance and ability and the market influence. The main criterion for individual assessment is performance, i.e., the degree to which the employee contributes to the achievement of the business targets set.

The following components are in place in order for our salary policy to be effective:

- Clear, up-to-date job descriptions, which include the employee's responsibilities, the reporting relationship and the level of education and experience required for the job.
- A defined classification or banding structure which clusters jobs with similar levels of skill, experience and responsibility.
- A salary range for each classification or band, determined by a market analysis of pay scales for similar jobs in similar organizations in the same or similar local and geographic areas.

The ambition for Björn Borg is that the salaries should be set at a level between the lower quartile (25th percentile) and the upper quartile (75th percentile) in each market.

Percentage of workforce covered by collective bargaining agreements



DATA PROTECTION

Our data protection policy states that Björn Borg shall, when handling personal data, ensure a high level of data protection and data security. The company shall adhere to the laws and regulations that govern the protection of personal data, including, but not limited to, the General Data Protection Regulation (Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC). Our data protection policy has been adopted by the Board of Directors of Björn Borg for the purpose of ensuring compliance with data protection laws by the companies within the Björn Borg Group.

Björn Borg is responsible for the compliance of the principles in the General Data Protection Regulation (GDPR). In order to ensure and demonstrate compliance with the GDPR principles when processing personal data, Björn Borg shall implement, comply with and apply the data protection policy, and also make sure that instructions, routines, documentation, principles etc. are available to the employees of Björn Borg. Furthermore, Björn Borg shall make sure that appropriate training, monitoring, auditing and other compliance activities related to the privacy field, are implemented in the business.

A data controller is accountable for processing the personal data in accordance with the GDPR, and for being able to prove its accountability. Each Björn Borg group entity is the data controller for the personal data that it processes for its own purposes, or that is processed by a third party (for example a service provider) on behalf of the Björn Borg group entity.

Legal is responsible for following up the compliance with the GDPR on a Björn Borg group level and report compliance to the CEO twice per year. Legal also advises the CEO and Björn Borg's management team on GDPR issues and is responsible for coordinating governance within the privacy field together with the contact persons of individual business areas and support functions.

The CEO, with support from the management team, is ultimately responsible for compliance with the GDPR and the data protection policy and shall report compliance to the board of directors on a yearly basis, when requested by the board of directors, and when there has been a material breach of compliance.

ORGANISATION & ORGANISATIONAL CHANGES

This year's rare circumstances have had an impact not only on our industry and our own business, but also, ultimately, on our staff. We have had to decrease the number of employees in the group, which has had a number of consequences for the company. With less manpower, we have had to make organisational changes and adjust responsibilities. Reducing staff due to the financial situation while maintaining high focus on performance short term has been a challenge. Prior to decisions about dismissal a number of actions were taken, among other things a large number of our employees were furloughed. 80% of our Swedish staff, for instance, were furloughed with a 40% reduction in work time for six months. This was made possible thanks to governmental support.

The reorganisation follows our HR plan, built on broad and clear guidelines on how to handle changes legally. A crisis management plan has also helped guiding us through the pandemic. Our risk mapping is adjusted regularly and managed until we are no longer negatively affected by the restrictions. The mapping contains all relevant areas of the business' interest, including both financial areas and organisational.

Björn Borg is a decentralised matrix-oriented organisation. Forum for overarching matters within the company is our senior management team. Every position in the organisation has a job description including responsibilities and specific goals for the position. Information on staff policies and working environment are available on the company server.

The Björn Borg HR manager is responsible for the staff policies and their updates. Function and department managers are responsible for that regulations and the contents of the company equality plan and other policies are followed. The policies are reviewed every year.

Staff policies in place are

- Gender equality diversity policy
- Discrimination policy
- Harassment policy and guidelines
- Workplace environment and human rights policy
- Salary policy and pension policy
- Code of conduct
- Whistleblowing policy
- Occupational health and safety policy
- Travel policy
- Data protection policy

PHOTO: CALEB GEORGE, UNSPLASH

GOVERNANCE

HOW WE REPORT

We report in accordance with the Swedish Annual Accounts Act (*Årsredovisningslagen*) and the report is inspired by the GRI (*Global Reporting Initiative*) standards, option Core. We use the United Nation's SDGs (*Sustainability Goals*) as benchmark. No changes in reporting have been done since our last report.

Climate data is reported according to the GHG protocol. The activity data that we use are based on information collected from partners and associates, and emission factors come from sources such as the Swedish Energy Agency, the Swedish Energy Markets Inspectorate (EI), the Association of Issuing Bodies (AIB), the Swedish Environmental Protection Agency and Environmental Emissions Database, Swedenergy, among others. For inadequate data, calculation estimates have been used.

Björn Borg does not apply the Precautionary Principle or approach.

The report is published annually, and our last sustainability report was released in June, 2020. All our annual reports and sustainability reports can be found on our [corporate website](#). This report is separate from our Annual Report.

GET IN TOUCH

If you need more information about our sustainability work or this report, please contact:

Mija.nideborn@bjornborg.com or
Pernilla.johansson@bjornborg.com

We appreciate your feedback.

ANNUAL ACCOUNTS ACT					
Information requirement	Environment	Staff	Social	Human Rights	Anti-Corruption
The sustainability report shall describe...					
The company's business model	SUSTAINABLE BUSINESS, PAGE 3				
The company's model for practices for the different areas, including analysis that has been performed	20–27, 30, 32, 38, 42, 54, 60	20–27, 69–70	20–27, 30, 38	20–27, 30, 34, 38, 74, 81	20–27, 30, 38, 81
The results of the policy	45–57, 60	69–88	31–32	32, 72, 74, 78–80	32, 79
Essential risks related to the company's business, including, when relevant, the company's business relations, products or services, that are likely to get negative consequences.	24, 38	72, 78–80	24, 32, 36, 38	24, 36, 38	24, 32, 38
How the company handles the risks	24, 32, 42–57, 60, 63	72, 78–80	24, 30–38	24, 34–38	24, 32, 38
Central result indicators relevant to the business.	14, 41, 45–57	14, 59, 67–70, 78, 80	29, 31, 78	29, 31, 34, 78, 80	29, 31



PHOTO: PRASHANT GAUTAM, UNSPLASH



PHOTO: ROBERT BYE, UNSPLASH

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders in Björn Borg AB
(publ) corporate identity number 556658-0683.

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory sustainability report for the year 2020 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means

that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION

A statutory sustainability report has been prepared.

Stockholm, April 16, 2021
Deloitte AB

Didrik Roos
Authorized Public Accountant





SUSTAINABLE
BUSINESS

OUR SUSTAINABILITY
WORK

RESPONSIBLE
PRODUCTION

DECREASING
FOOTPRINT

DRIVING SUSTAINABLE
CONSUMPTION

OUR PEOPLE

HOW WE REPORT

PHOTO: JOHANNES PLENIO, UNSPLASH

BJÖRN BORG AB
Frösundaviks allé 1
SE-169 70 Solna
Tel: +46 8 506 33 700
www.bjornborg.com

BJÖRN BORG 