



**BJÖRN BORG** 

Sustainability report 2022

# In this year's report

4	<b>SUSTAINABLE BUSINESS</b>
4	Message from CEO
6	Sustainability highlights 2022
8	Our Sustainability Director reflects on the year past
10	Our business plan
11	Sustainability governance structure
12	Materiality analysis
14	Risk management and value generation within our value chain
16	Stakeholder dialogue
18	Our Strategy & Goals
20	Björn Borg and the UN Sustainable Development Goals (SDGs)
22	<b>CREATE A WINNING TEAM</b>
23	Key achievements competence & engagement 2022
24	Our DNA: Train to Live
26	Organization
28	Workplace environment
28	New headquarters
30	Key achievements performance management 2022
30	Performance management – the cogwheel of Björn Borg
30	Individual sustainability goals
31	Social responsibility
32	Gender equality
33	Sustainable people
33	Ethics, diversity and non-discrimination
34	Fair wages
36	<b>REDUCE CLIMATE IMPACT</b>
37	Our emissions 2022
40	Key achievements climate 2022
41	Our goals
42	Purchased goods and services (scope 3)
42	Emission reduction from product
43	Fibres & manufacturing
45	Key achievements packaging 2022
46	Eyewear
46	Footwear
47	E-com
47	IT
48	Key achievements transports 2022
48	Transport of people & goods
52	Key achievements Scope 1&2 2022
52	Direct emissions – scope 1 & 2
54	Key achievements user phase 2022
54	User phase
54	Sustainable consumption
62	<b>SECURE SOCIAL COMPLIANCE</b>
63	Key achievements supply chain 2022
64	Audits
66	Wages
67	Corruption
67	Risks
69	Human rights, health & safety
69	Our manufacturers
70	Transparency in the supply chain
72	<b>STAY TRANSPARENT AND COMPLIANT</b>
74	Key achievements transparency & compliance 2022
77	Report
82	Customer compliance
84	Legislations & regulations
87	The Björn Borg Group in brief
87	Get in touch
87	Auditor's report on the statutory sustainability report

Björn Borg recognizes the urgent need to address the environmental and social challenges facing our planet today, and we are committed to playing our part in creating a more sustainable future.

We are continually striving to improve our sustainability performance across all areas of our operations.

This report presents the significant economic, environmental, and social impacts of the Björn Borg Group. It provides an overview of our progress towards achieving our sustainability goals over the past year. Financial results and models are disclosed in our annual report.

This report can be tailored for your own needs at [corporate.bjornborg.com/sustainability](https://corporate.bjornborg.com/sustainability).

UNLESS OTHERWISE INDICATED, ALL PHOTOS: BJÖRN BORG

## Message from CEO

Our ambitious sustainability vision, strategy, and goals are integrated in our business and built on collaboration between all stakeholders: employees, customers, business partners, and consumers. Staying relevant as a partner is business critical, and sustainability is an investment that has been integrated in our business model and goals since 2021.

We have committed to change for a better fashion future. Our work with decreasing our footprint contributes to long-term profitable growth. Business partners and consumers require best-in-class performance, and I am proud to say that we are considered one of the front-runners in our industry. We have achieved this through plain old bullheadedness and persistence, a natural mindset in our DNA.

As always within Björn Borg, we prioritise action. Our reduction model forecasts future emissions scenarios for our full value chain and calculates the levers for greatest impact reduction, allowing us to prioritise where to invest. The learnings are translated into a sustainability roadmap, updated yearly. Our ambition to become the best version of ourselves entails the long-term goal of a 50% emissions reduction 2020-2030, in absolute numbers. Our most recent analysis shows a decrease of 34% considering the steps that we have taken so far and expected external factors. Our journey to reach a decrease of 50% with a healthy growth is likely to be trying, but we are determined to get there.

We focus our efforts on product development and manufacturing, transports, and legal compliance. In 2022, we achieved several milestones. It's hard to choose performance highlights with such progress in all business areas, but I'll try. We have reached a transparency level of 100% in our tier 1 factories and over 90% in tier 2. We haven't sent one single air transport within wholesale, retail, and marketing during the whole year. This has resulted in an emissions decrease for air freight of 30% vs 2021 despite a sales increase of 8.7%. We have signed two new last-mile delivery suppliers driven by high sustainability goals for our e-com business. We see an overall emissions decrease of 12% since our base year in 2020 and our packaging team has removed safety pins, plastic clips and plastic hangers, resulting in major environmental savings. We also see a decrease in energy usage within our own operations with 29% vs our base year in 2020. The share of more sustainable materials is now 69% of our total production for clothing and bags in weight.

With a better sustainability performance comes more stable operations, less business risk, and stable partnerships. Transparency creates accountability, pushing change through encouragement, know-how, industry learnings, and local knowledge. It gives us better insights for analysis on where we need to change and how we can control impacts.

Our work also helps us empower end-users to make informed choices, accelerating global change. The more sustainable products we offer, the more sustainable choices our consumers can make. Our products are designed to last beyond trend cycles through high quality, timeless design, more sustainable materials, transports, and manufacturing processes.

While it's not a competition, we were honoured a few sustainability tokens in 2022: the ISS prime badge, and a low risk ranking in the Sustainalytics ESG Risk Ratings Report. We are also a Nasdaq ESG transparency partner and were chosen 'Most sustainable brand sports apparel industry' in the World Finance Sustainability Awards. To me, it is a compass that we at least are moving in the right direction.

We will stay on the beaten path, grabbing every chance for improvement, and I am greatly looking forward to a new year where we raise the bar even further.

*Let's go!*  
Henrik Bunge  
Head Coach



## Sustainability highlights 2022

Reached transparency level 100% in tier 1 and over 90% in tier 2 production.

0 outbound air transports for retail, wholesale and marketing, resulting in mission decrease for air shipment of 30% vs 2021.

Signed two new last-mile delivery suppliers with high sustainability goals for our e-com business.

Emission decrease from fibre: 28% vs base year 2020.

Removed all safety pins, plastic clips, and plastic hangers in packaging. Saving 91,362 safety pins per year.

Decreased energy usage within own operations: 29% vs base year 2020.

Implemented stricter terms for product and chemical testing.

Employee engagement score: 87%

Senior Management responsible for leading sustainability progress according to roadmap.

Energy reduction project initiated with major suppliers.

Share of more sustainable materials, clothing and bags (weight): 69%

Recycled paper in all cardboard product and shipping boxes.



## Our Sustainability Director reflects on the year past

Our aim to provide the consumer with accessible, more sustainable products starts with our belief in a classic timeless design. We offer long-lasting design and high quality products that become wardrobe favourites and stand time, wear, and tear. Our most important contribution to a lower product footprint is to create and market products that will be used many times before they are worn out. We test our products thoroughly and ethically in our approach to sustainability and make sure our products are made in the best possible way.

The fully sustainably sourced clothing collection of 2021 was a result of high goals, commitment, and passionate work. In our Fall/Winter 2023 collection, created during 2022, as many as 35% of the bags and 51% of the Björn Borg footwear range include a higher rate of more sustainably sourced materials such as recycled polyester and polyamide, LWG certified leather, organic cotton, or cotton supporting the Better Cotton mission. In 2022, we produced 23 times more items containing certified organic cotton than in 2021 but we also found materials to replace cotton in full. Our strict sourcing guidelines on fabrics secure that any new material that we use is sustainably sourced.

Packaging and trade materials go under the same radar and need to be made from recycled and recyclable materials.

In 2022, sustainability was appointed as one of top three business focus areas, securing high attention throughout the organization. This stance accelerated goal setting and focus within all functions during the year.

A main objective during 2022 has been to create a fact-based reduction model towards the goal of halving the company carbon dioxide footprint between 2020-2030. Activities generating an estimated reduction of 34% have been defined, but the gap to 50% underlines the importance of innovation to reach the set target.

We constantly evolve and educate our vendor base to be aligned with our sustainability strategies. Our focus lies primarily on securing that we source high-quality products from responsible partners and make sure to use more sustainable components. We audit our vendors regularly and we closely follow and encourage their development to improve.

Focus 2022 has been to set plans for energy efficiency and energy source with our key vendors. This work has been very successful, and we will be able to increase the rate of green energy in our factories already in 2023.

We have a close dialogue with our Key Accounts to secure that our sustainability plans and transparency needs are aligned. We empower each other and we see this as an important and necessary collaboration that also goes hand in hand with coming laws and directives. To secure accurate reporting and verified sources, transparency throughout our supply chain has been one key focus area for 2022. A work that will continue.

We believe that every company, every function and every individual needs to take responsibility and we believe that everyone can do better. Our Sustainability Group includes leaders of key impact areas: Sourcing, Product, Logistics and Communication. Their mission is to create transparency and set long-term and annual guidelines for the organization. The senior management team endorses the plans, and the Board is involved in the process. We see it as a natural part of everything our business entails – from design, production, and transports to human resources, sales, and finance. It is physical, functional, and governing.

Sustainability is a big and complex topic, but with high focus over many years Björn Borg is in a good position to continue to be relevant to the consumer and in a good position to improve the business further.

Mija Nideborn  
Product & Sustainability Director



## Our business plan

Björn Borg has integrated the sustainability strategy and goals within the business plan. Our key focus areas for 2023:

Key Tactic – WHAT	Description
Profitable growth	Drive profitable growth in all categories Drive profitable growth in all countries Drive profitable growth in all sales channels
One brand	Continue strengthening sports-fashion position One brand across all consumer touchpoints Successful execution of identified projects within underwear and footwear
Better tomorrow	Secure high focus on sustainability and work towards year-on-year emission reduction. Increased focus on reducing all virgin fibres Secure long-term sustainable working environment.

## Sustainability governance structure

Our Sustainability Director is responsible for our sustainability vision and the development and implementation of the roadmap. She is part of the management team, reporting directly to the CEO, who owns our 2030 roadmap.

The Sustainability Director also heads up the sustainability steering group, a body of five people, with representatives from core departments within the company. This group directs all the sustainability work within the group.

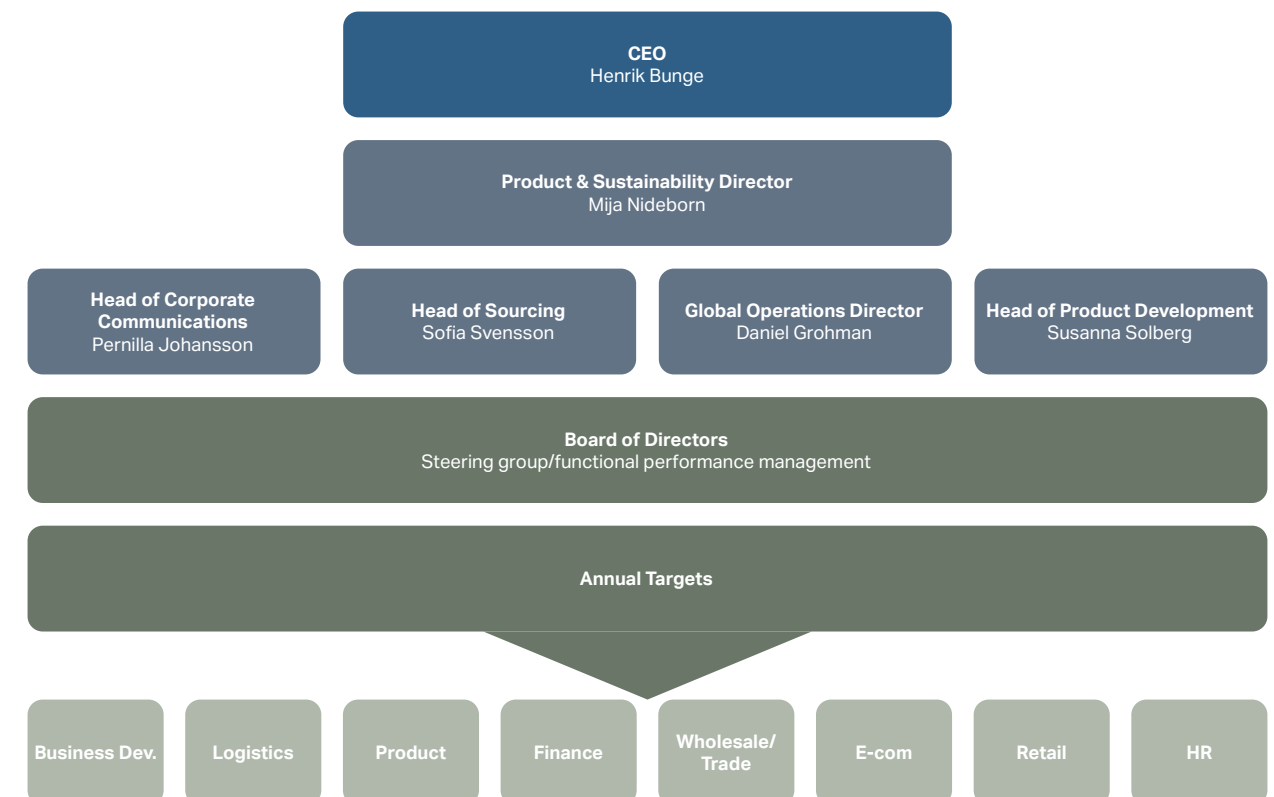
The Board of Directors functions as a steering group and provides functional performance management.

Guided by our roadmap, every single employee is involved. Everyone plays a part and has their own 'green goal.' The goals are followed up monthly by the function owners in our management team. The function owners report on their departmental sustainability goals bi-annually.

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 or annual report.

Information found in our Annual Report:

- Members of the Board and management team.
- Remuneration policies for members of the highest governance body and senior executives including
  - fixed pay and variable pay
  - sign-on bonuses or recruitment incentive payments
  - termination payments
  - clawbacks
  - retirement benefits.



## Materiality analysis

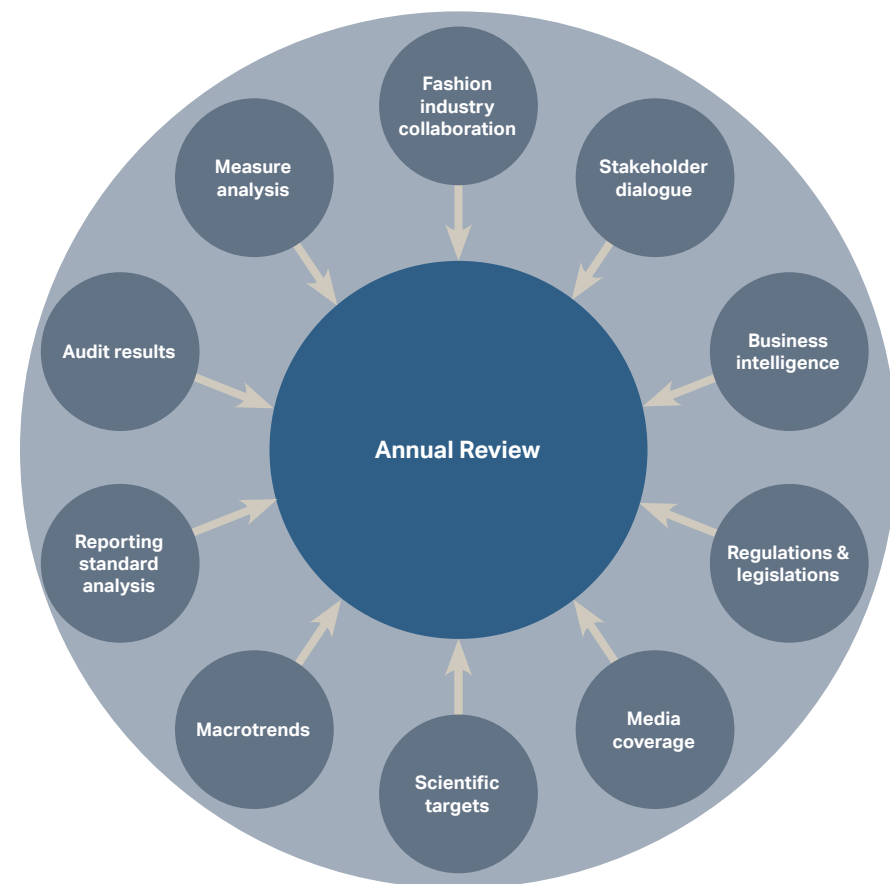
Maintaining strong relationships with stakeholders helps us identify innovative ways to design, sell, and drive innovation in a more sustainable fashion. Collaboration is also key to handling challenges like climate change and transparency in the supply chain that the industry is facing. We work with our partners to secure human rights, fair working conditions, reduce resource use and impacts on the planet.

Our material topics are based on our daily business; Stakeholder dialogue, business intelligence, external requests, regulations and legislation, audit results, media coverage, monitoring of macro trends and drivers, networking, and an analysis of external standards, such as reporting standard topic lists.

The topics are discussed within the sustainability steering group and further with all function owners within the company for goal setting and action planning.

*The governance mechanisms include:*

- A long-term roadmap, with an annual renewing process
- 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
- Transparency tracking
- STICA membership
- Product and brand certification.



# Risk management and value generation within our value chain

Our value chain	Risks		Mitigation	Generating value
<b>Design</b> 	<ul style="list-style-type: none"> <li>Not meeting stakeholders' expectations.</li> <li>Not meeting regulatory requirements.</li> <li>Not finding the right balance between cost, quality, price, and sustainable materials and production methods</li> <li>Designs not received well by customers and end-users.</li> </ul>		<ul style="list-style-type: none"> <li>Increase rate of more sustainable materials &amp; production processes – continuously refine the selection</li> <li>Further develop more sustainable packaging</li> <li>Always design with quality and fit for increased longevity</li> <li>Implement circular solutions.</li> </ul>	<ul style="list-style-type: none"> <li>Decreased impact from products during usage</li> <li>Decreased environmental impact</li> <li>Customer value</li> <li>Relevant and unique products.</li> </ul>
<b>Raw materials</b> 	<ul style="list-style-type: none"> <li>Traceability challenges in tier 2 and beyond</li> <li>Human rights &amp; environmental violations</li> <li>Culture in farming country controls farmers worker conditions</li> <li>Corruption</li> <li>Farmers and other suppliers based in distant countries, unnecessary transports</li> <li>Climate change with shortage of natural resources, political and social instability.</li> </ul>		<ul style="list-style-type: none"> <li>Raw materials chosen in design stage</li> <li>More sustainable materials and processes always the first choice</li> <li>Tier 1 suppliers committed to Code of Conduct</li> <li>Manufacturing partner geographical spread.</li> </ul>	<ul style="list-style-type: none"> <li>Chance of improving working conditions for workers and businesses through CoC</li> <li>Less strain on finite resources</li> <li>Decreased business risk, more stable operations.</li> </ul>
<b>Fabric &amp; yarn production</b> 	<ul style="list-style-type: none"> <li>Less control: no direct contract</li> <li>Traceability challenges</li> <li>Human rights &amp; environmental violations</li> <li>Corruption</li> <li>Culture in production country controls worker conditions</li> <li>Production based in distant locations, unnecessary transports</li> <li>Climate change with shortage of natural resources, political and social instability.</li> </ul>		<ul style="list-style-type: none"> <li>Fabrics chosen in design stage</li> <li>More sustainable materials &amp; processes always prioritised</li> <li>Tier 1 suppliers committed to the Code of Conduct</li> <li>Manufacturing partner geographical spread.</li> </ul>	<ul style="list-style-type: none"> <li>Decreased environmental impact</li> <li>Chance of improving working conditions for workers and businesses through CoC</li> <li>Decreased business risk, more stable operations.</li> </ul>
<b>Product manufacturing</b> 	<ul style="list-style-type: none"> <li>Sub-contractors don't follow the CoC</li> <li>Local legislations may hinder progress for suppliers' sustainability work</li> <li>Suppliers might underperform in areas not covered by audits.</li> <li>Human rights violations</li> <li>Suppliers' lack tools to measure water, energy, or raw material consumption</li> <li>Corruption</li> <li>Climate change with shortage of natural resources, political and social instability.</li> </ul>		<ul style="list-style-type: none"> <li>Closely monitor adherence to Code of Conduct and remediation plans</li> <li>Improve production efficiency and transport solutions</li> <li>Perform audits to safeguard standards</li> <li>Terminate or develop business with suppliers not meeting company standards</li> <li>Focus on minimising water, electricity, and waste</li> <li>Require vendors to move towards renewable energy and investments in energy reduction machinery.</li> <li>Manufacturing partner geographical spread.</li> </ul>	<ul style="list-style-type: none"> <li>Encourage good sustainability performance through more business</li> <li>Better working conditions and human rights compliance for workers through CoC</li> <li>Bad performers not willing to improve lose business.</li> <li>Decreased business risk, more stable operations.</li> <li>Contribution to decreased CO<sub>2</sub> emissions and industrial waste.</li> </ul>
<b>Transport</b> 	<ul style="list-style-type: none"> <li>Emissions from transportation</li> <li>Delays in supply chain may increase pressure for air transport</li> <li>E-com shopping in high demand – increased need for last-mile transport solutions</li> <li>Shipping box fill rate may be too low</li> <li>Climate change, port congestions, higher freight rates</li> <li>High return-rates among e-com shoppers.</li> </ul>		<ul style="list-style-type: none"> <li>One stock for more efficient transports and customer service for stores and e-com</li> <li>0 scheduled air transports. 'Urgent' cases require senior management approval.</li> <li>Low quantity orders always challenged</li> <li>Optimised outbound shipments with less air</li> <li>Optimised warehouse to meet delivery expectations.</li> </ul>	<ul style="list-style-type: none"> <li>Logistics suppliers contractually bound to find sustainable shipping solutions</li> <li>More cost efficient transport solutions through better packaging and joint loading</li> <li>Decreased CO<sub>2</sub> impact</li> <li>More stable operations.</li> </ul>
<b>Sales</b> 	<ul style="list-style-type: none"> <li>Limited-to-no influence over retail and e-tail social or environmental strategies</li> <li>Lack of knowledge or engagement among sales staff</li> <li>Road travel for sales staff in fossil fueled cars</li> <li>Market fluctuations - demand volatility</li> </ul>		<ul style="list-style-type: none"> <li>One stock for more efficient transports and customer service for stores and e-com</li> <li>Recyclable store interiors and accessories</li> <li>Energy efficiency in own retail</li> <li>Minimum air miles for staff, road mileage streamlined for less impact</li> <li>Sales staff continuously educated and informed</li> <li>Digitalised sales samples --&gt; fewer products manufactured, transported, and less material used and disposed of.</li> </ul>	<ul style="list-style-type: none"> <li>Communication on a sustainable lifestyle</li> <li>Loyal customers and consumers</li> <li>Engaged employees</li> <li>Relevant product offering</li> <li>Recyclable stores and renewable energy contributes to lower carbon emissions.</li> <li>Minimising CO<sub>2</sub> impact of sales samples.</li> </ul>
<b>Use</b> 	<ul style="list-style-type: none"> <li>Failure to meet consumers' expectations on quality and fit</li> <li>Uninformed care for and disposal of products among consumers</li> <li>Product safety.</li> </ul>		<ul style="list-style-type: none"> <li>Guide consumers to better choices</li> <li>Marketing professionals educated in green claims</li> <li>Quality, sustainability, and ultimate fit in design guidelines</li> <li>Quality control and chemical testing of products</li> <li>Follow EU kids regulations for maximum usage security for children.</li> </ul>	<ul style="list-style-type: none"> <li>Less chemicals in the environment</li> <li>Less waste and increased resource efficiency</li> <li>Less energy usage and CO<sub>2</sub> impact</li> <li>High quality = longer product lifecycle</li> <li>Consumer satisfaction.</li> </ul>
<b>End of life</b> 	<ul style="list-style-type: none"> <li>Circular solutions a challenge for intimate products</li> <li>Consumers' lack of interest or knowledge of recycling --&gt; waste of resources</li> <li>Illegal trade of discarded products or unsold stock.</li> </ul>		<ul style="list-style-type: none"> <li>On-product recycling communication</li> <li>Simplify recycling of product &amp; packaging through design and choice of materials</li> <li>Continuous controls for counterfeit products.</li> </ul>	<ul style="list-style-type: none"> <li>Easier recycling through right design &amp; materials</li> <li>Less waste &amp; increased material usage</li> <li>Less chemicals in the environment.</li> </ul>
<b>Governance</b> 	<ul style="list-style-type: none"> <li>Not meeting expected or promised sustainability goals and ambitions</li> <li>Lack of knowledge on investments in new resources, management, and staff for meeting regulatory requirements</li> <li>External macroeconomic or geopolitical circumstances may result in rapid changes in the business environment, price of raw materials, transport costs, or supplier capacity</li> <li>New legislations pose organisational and financial challenges</li> <li>Currency conversion challenges.</li> </ul>		<ul style="list-style-type: none"> <li>Integration of sustainability in business goals and work</li> <li>Legal counsel and sustainability leadership stays up to date and communicates need</li> <li>New, efficient low emission transport solutions</li> <li>Agile organization, streamlined planning, business capital</li> <li>Recruitment of new talents</li> <li>Membership in STICA and reporting networks.</li> </ul>	<ul style="list-style-type: none"> <li>Business driven by sustainable values</li> <li>Handling external requirements internally</li> <li>Trusted future partner and brand.</li> </ul>



# Stakeholder dialogue

KEY STAKEHOLDERS, THEIR PRIORITIES, AND OUR DIALOGUE



Consumers

- Surveys
- Websites
- Online

## Consumers:

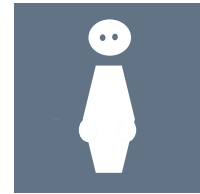
Consumer choices drive our business and are part of the assessment of our sustainability performance.

### ESG expectations from consumers:

The consumers agree with us: it is no longer acceptable nor smart to ignore sustainability in business. Consumers are willing to spend more on brands with stronger sustainability credentials – we are witnessing an eco-awakening, much born from climate change. Consumers expect brands and corporations to take as much responsibility as states. We agree.

### 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 webshop, social as well as traditional media, events and through influencers.
- Indirectly through our customers.



Customers

- Meetings
- Requirement packages

## Customers:

Our customers are in direct contact with our end-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:

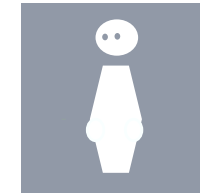
The majority of our customers are based in Europe and follow the same chemical regulations as we do. We are regularly asked for information regarding the work we do and are happy to provide.

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 for the usage of more sustainable materials. In fact, already today, some customers exclusively sell more sustainable choices.

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

### 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

- Daily contact
- Factory visits

## Vendors:

Our partners run with us to meet environmental requirements and secure safe working conditions. We rely on our vendors to follow the firm set of regulations 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 put 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, but we have seen a big change in both new and old vendors' application of sustainable methods and attitude to change.

### How we engage with vendors:

- Regular contact through email and video calls.
- Normally we do factory visits at least once per year. However, our travelling to China and Bangladesh has been restricted during the year and we have instead intensified video meetings. We have, though, visited our factories in Türkiye.
- Vendor and climate evaluation surveys.
- Collaborating on the remediation plans strengthens our relationship and helps both us and our vendors improve our sustainability work.
- Climate roadmap discussions.



Employees

- Survey
- Meetings
- Performance & development program

## Employees:

Employee engagement drives our business, our performance, and our strength, and it works in both ways. We invest in our winning team to constantly find agile, sustainable solutions, may they be social, environmental, or economical. With this work, we hope to motivate, retain, and attract our employees. Employees are of course also consumers and help us understand public opinion.

### ESG expectations from employees:

Through a newly instated internal, bi-annual, sustainability engagement survey, we know that 100% of all respondents find it crucial and self-evident that the company takes ambitious sustainability measures. According to the survey, the average motivation for sustainability goal fulfilment is at 79.2% among the respondents. Two major drivers for the engagement are the clear standpoint and direction from the senior management team along with an overall drive to do good for the planet and for future generations.

Björn Borg has the ambition to be the best workplace in the universe. Read more about social responsibility towards employees in the section [Create a winning team](#) in this report.

### 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; a bi-annual sustainability engagement survey; bi-annual global meetings; day-to-day contact in all internal channels; clinics, workshops, and webinars on sustainability work; educational material; performance management program.
- Externally, through the same channels as for consumers.



**Investors**

● Meetings ● Presentations ● AGM

**Owners and investors:**

ESG investors and present owners drive our sustainability agenda forward.

*ESG expectations from owners and investors:* Significant growth in ESG investment has opened for a continuous dialogue with investors and owners, helping us to get deeper insights into 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 & organizations:**

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

*How we engage:*

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

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

No new vendors were added during the year, but we initiated production in eight new factories with our existing suppliers. We ended our collaboration with 3 suppliers and 7 factories, mostly due to the factory production range. We also followed a supplier to a new company. We added two factories from an existing supplier, making training gear such as yoga mats and water bottles.

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

A few changes in large shareholders have taken place during the year, where Thomas Eklund during the year has become one of the largest shareholders. [More about owners and the share.](#)

*Internal changes:*

In December 2022, a decision was made that Björn Borg Footwear AB and associated offices in Varberg would be closed in 2023. The business will instead be integrated into Björn Borg Sweden AB with its headquarters in Stockholm and Björn Borg Finland Oy with its headquarters in Helsinki. The change is being made to increase focus on the footwear category within the Group and to create opportunities to better present the brand with all of its categories towards the company's customers.

**Our strategy & goals**

Our strategy and goals are based on deep analysis of our climate data, workshops, and continuous dialogue with our stakeholders – all in line with the materiality analysis and stakeholder dialogue. During 2022, we created a 2030 reduction model, a tool enabling us to analyse all scopes of our emissions and see where we can make the biggest environmental difference. Our climate actions meet goals that are based on SBTi targets, committing us to follow the 1.5° target as part of the organisation [STICA – the Swedish Textile Initiative for Climate Action](#).

Our sustainability roadmap is revisited annually and covers our ambition to limit and reduce our footprint as well as how we create a winning team. It also covers our ambitions within social and legal compliance. The roadmap is an overview and introduction to Björn Borg's sustainability goals which all functions of the company should strive towards. Within key areas it defines short- and long-term targets as well as activities for the coming year.



## Björn Borg and the UN Sustainable Development Goals (SDGs)

The United Nations writes on their website: "Implementation of the Paris Agreement is essential for the achievement of the Sustainable Development Goals and provides a roadmap for climate actions that will reduce emissions and build climate resilience". Through Björn Borg's commitment to abide to the Paris Agreement, our work, almost by default, contributes to several SDGs. Other contributing factors are our human rights and social engagements. 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. 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 with respect to 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 optimized for a long product life; the facilitation of, and information around, recycling of packaging and products; structured routines and reporting within the organization as well as raising consumer awareness about, sustainable products.

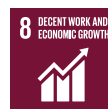
### SDG 13 – CLIMATE ACTION



In 2014, we set a goal to reduce our greenhouse gas emissions, resulting in a 42% reduction by 2019 for the factors that we could measure at the time: everything but production. As members of STICA – The Swedish Textile Initiative for Climate Action – we committed to decrease our GHG emissions by 50% by 2030 from a 2020 benchmark. This time, the decrease includes the full scope 3 and we released our first report in 2021 for the reporting year 2020. We work actively with improved efficiency throughout our whole supply chain; we design long-lasting products manufactured sustainably; we invest in environmental performance and training programs in our own organization and throughout our supply chain; we use more sustainable materials and processes, 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 digitalization, 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. All full-time employees have access to healthcare, personal development, and flexible work hours with optional, partial, distance work. Every individual working for us should feel safe and well treated. A healthy work/life balance is at the core of our company values, and healthy living with regular training is part of it. We are convinced that training will make you not only healthier but also mentally stronger, more balanced, and more efficient. This is the core of our culture, not only at the workplace, but also for our followers and consumers out there.

Security-wise, we supervise that our chemical regulations and quality directions are followed for personal safety for both workers, employees, and consumers. Our products should be safe for both people and nature. Workplace safety regulations are carefully monitored both internally and externally. By 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 and our internal code of conduct, we oversee and enforce a safe, healthy, and equal work environment to detect possible occurrences of human rights abuse, corruption, or embezzlement. We do everything we can to ensure that our business is free of child labour and 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 organization.

# Create a winning team



We believe that people make the difference. To succeed with our sustainability plan we need a winning team. Every part of the company must implement sustainable strategies, and every staff member must make more sustainable choices in their every-day work.

Our sustainability vision, strategy, and goals are built on collaboration between all stakeholders: employees, customers, suppliers and other business partners, and consumers.

## Key achievements competence & engagement 2022



Competence & Engagement

- Sustainability skills and engagement are evaluated as a part of the recruitment process of new staff as of 2023.
- Start integrating sustainability responsibilities in work descriptions as of 2023.
- Internal sustainability engagement is evaluated bi-annually.
- We enable sports at work to encourage staff to become the best versions of themselves.
- We give staff training in work-life balance to enable equilibrium and maximize performance.
- Our employee engagement score was at 87% in our annual employee engagement survey.

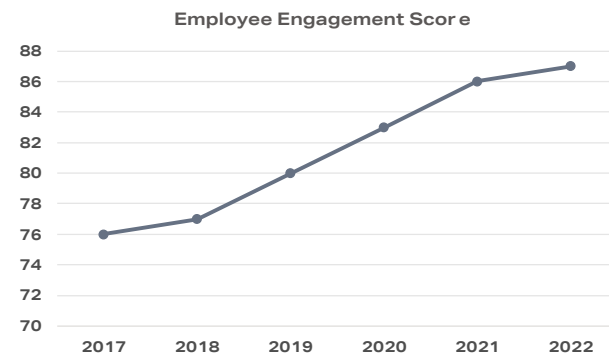
## Our DNA: Train to Live

Train to live is the compass showing the way for the whole Björn Borg team and our brand overall. Our conviction that exercise and an active lifestyle are the conditions for a better you both physically, mentally, and spiritually is foundational for the brand DNA. Björn Borg's employees all contribute with their experiences, creativity, and motivation to develop the brand and the business. We want to offer a stimulating environment where the management team and the employees together form the company culture built around high ambition, drive and a strong passion for fashion and sports. Together, we create a workplace with continuous improvement as a goal, and this culture both attracts and retains talent.

Requirements on structure and standardised ways to work increase with a growing organisation. At the same time, it is central to maintain creativity.

We have set five values that reflect our approach to daily work life. These values are *Passion, Empowering, Winning Attitude, Bold, and Magnetic*. Our value *Empowering* reflects that combined, our unique characteristics, talents, energies, and efforts transform into a result that moves past limitations. If we do it together, nothing is impossible. Björn Borg employees hold fashion and sports close to heart and many have a background with large fashion and retail brands.

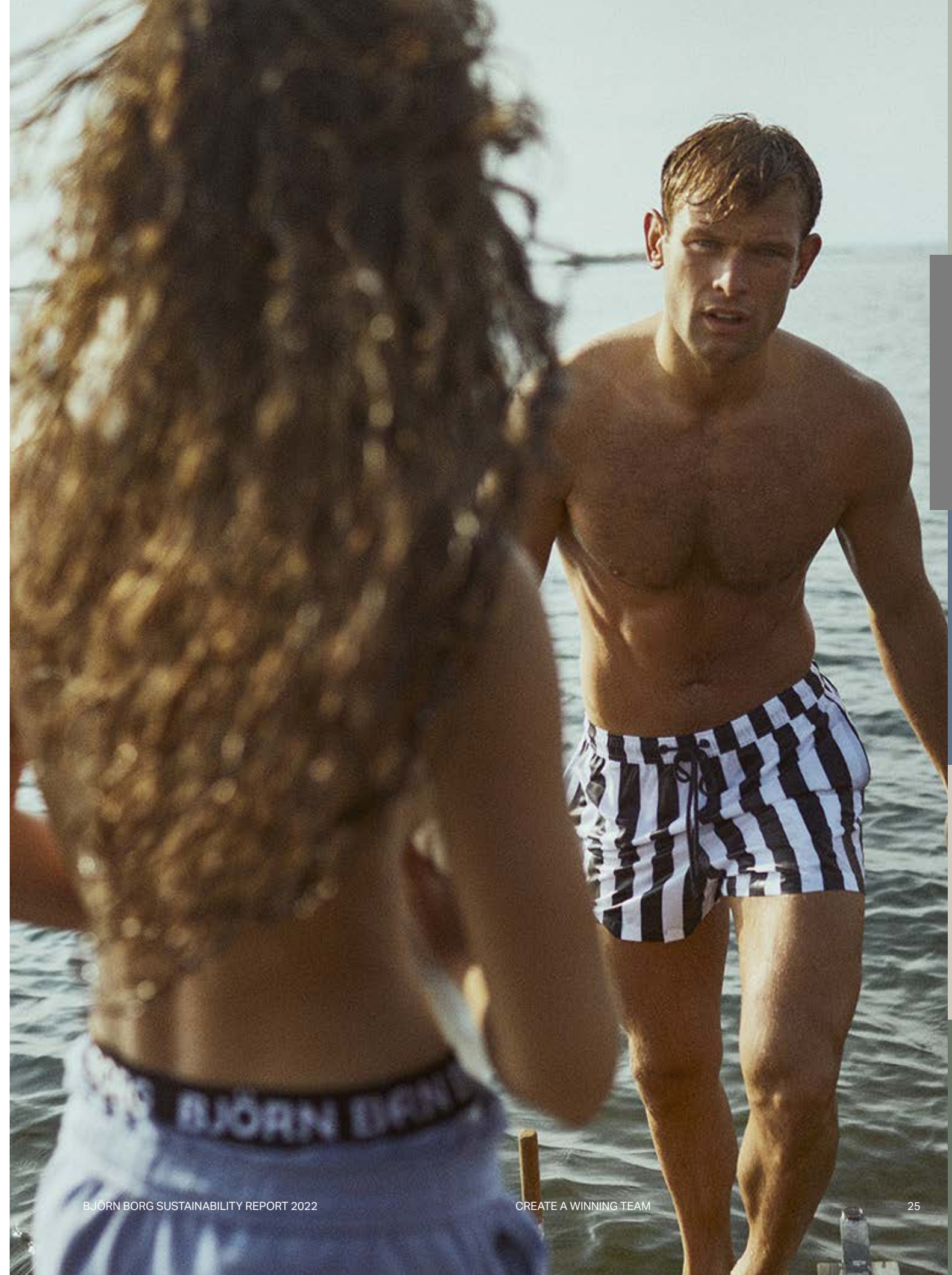
Employee engagement is one of four Key Performance Indicators (KPIs) we use to measure our overall business performance and the second most important (next to the consumer KPI). Inspiring leadership is an important key to employee engagement, and our leadership development training is much appreciated. It focuses on coaching towards high sustainable performance, which means leading people towards the achievement of prioritized targets, with the ongoing development of skills and results and being strong in the process. Stress management is a given part of such a performance, and all employees get trained in finding balance. We also instated a compulsory weekly sports hour already in 2015 for team building and a mentally and physically stronger team. Every Friday, the office closes for a joint training class and all employees are welcome to train during work hours.



Regardless of the state we or the world are in, 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 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 believe that if you are enabled to grow personally and professionally, you will become better, and nothing stands in your way of becoming anything you want.

Offering an inspiring workplace with meaningful tasks in a respectful, equal, and positive environment is a natural way for us to work with staff retention. People that feel respected, challenged in a good way, empowered, and in balance without negative stress will constitute a more sustainable workforce and the best investment we can make. Integrating sustainability in our business goals and in our day-to-day reality gives our team meaning and is something that employees both stay in the company for and show interest for in recruitments. Our team is our most important asset and measuring the wellbeing of our staff is our top KPI apart from consumers' perception of the brand.

The annual Björn Borg employee engagement survey is an important compass for insight into the well-being of our employees. The anonymous survey covers everything from workload and decision-making to work environment, salary, and management. The EES has increased over time, and this year's score of 87% is high, but there is always room for improvement. The goal is to be the best in the world, nothing less.



## Organization

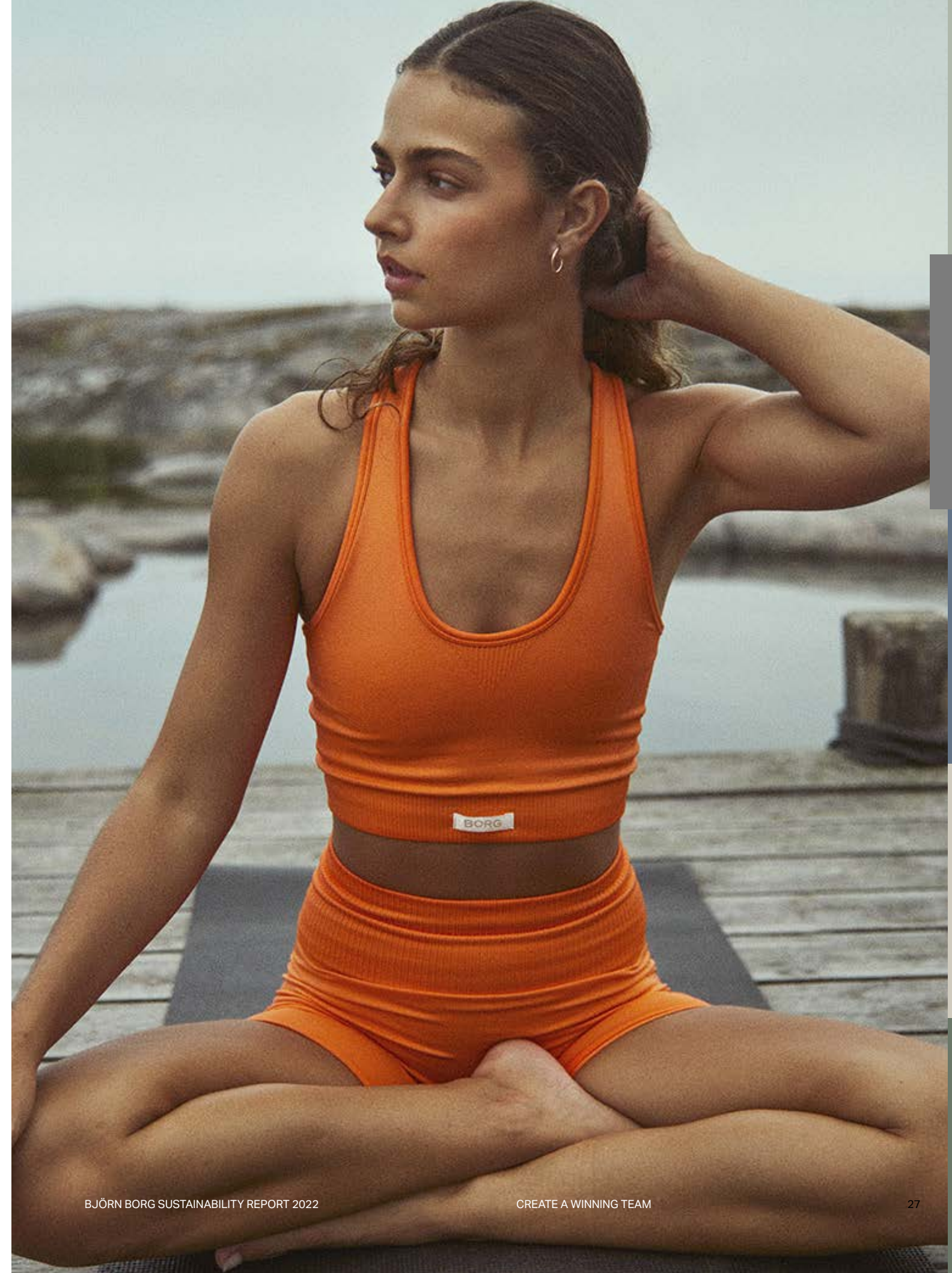
Björn Borg is a decentralized matrix-oriented organization. The forum for overarching matters within the company is our senior management team. Every position in the organization has a job description including responsibilities and specific goals for the position. Information on staff policies and working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

Responsibility for the different policies and their updates is divided between the Board of Directors, CEO, CFO, and HR manager. Function and department heads are responsible for policy compliance. The policies are reviewed every year.

Staff policies in place are

- Gender equality diversity policy
- Discrimination policy
- Anti-harassment policy and guidelines
- Workplace environment and human rights policy
- Salary policy and pension policy
- Code of conduct
- Whistleblowing policy
- Information policy
- Insider policy
- Occupational health and safety policy
- Travel policy
- Car policy
- Alcohol and drug policy
- Data protection policy, GDPR handbook
- Charitable donations policy
- Responsible marketing guidelines
- Crisis management plan.

No whistleblowing reports were filed in 2022 but seven incidents of discrimination were reported directly to HR. Corrective actions were taken and the cases are solved. There have been no reported incidents of corruption. Employee stress levels are mapped through surveys and with the help of an ombudsman we make action plans and follow up according to our internal policy and current legislation. All our employees are covered by a health and safety management system.



## Workplace environment

Björn Borg strives to offer an inspiring, safe, and functional work environment. The right physical and social environment helps us thrive and evolve professionally and individually. Returning to the office after the pandemic has been very positive but also raised the question of fitting everyone in a good way in the HQ office. We are taking steps to solve this.

Functionally, this means that:

- Work environment is considered for all decisions and activities within the company.
- Details are discussed in collaboration between the employer, the 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.
- Regular inspections and risk assessments of our physical, organizational, and social work environment are made.
- Incidents or accidents are immediately investigated.
- All employees get a safety introduction and training.
- Work environment duties are followed up annually.

Our workplace environment and human rights policy relies on state law, internal requirements, and industry standards. The work environment is reviewed 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 the CEO and the safety committee.

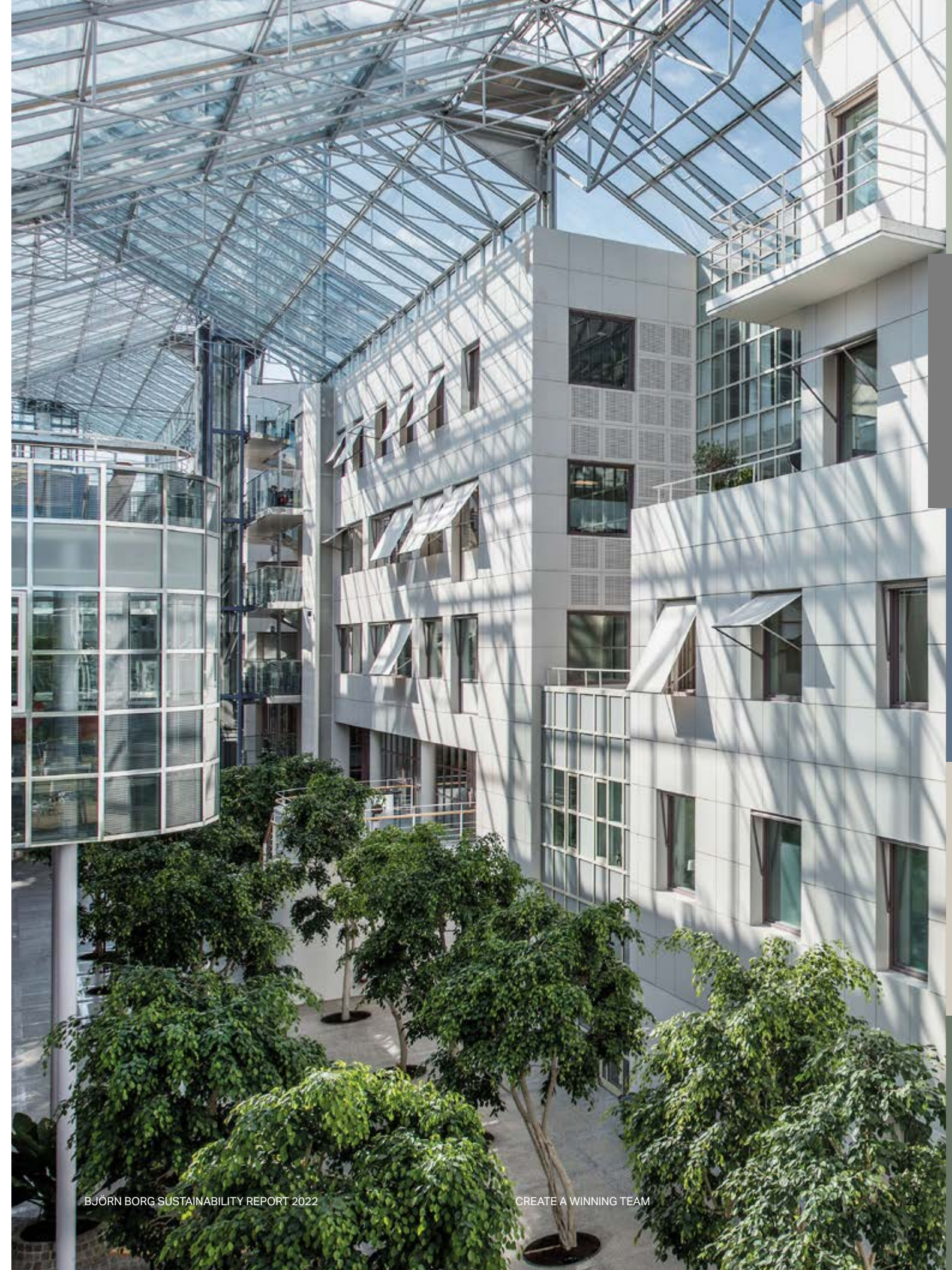
Our workplace environment and human rights policy encompasses the whole company, all equipment, all facilities, as well as the physical, social, and psychological aspects of our employees. The goal is a workplace that is both safe and evolving for everyone.

## New headquarters

In 2020, Björn Borg moved its headquarters to a site that completely aligns with the company values. It sits in a vast nature area, Haga Park, a popular part of the Royal National City Park, surrounding us with lush green and water. The Frösundavik building was the first office building in Sweden to be honoured with a Fitwel certificate for its attention to health and wellbeing. It offers extensive thinking around sick leave prevention and stress – partially through generous daylight and greens in the glass construction. The company offers bicycles, paddleboards, kayaks, a padel court, and a fully equipped gym for all employees and tenants.

Frösundavik also holds a BREEAM certificate – the world's leading sustainability assessment method for master planning 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.

The building uses 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 geo-technical 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 circular process where all the pumped-up groundwater is returned after usage. This way, the building's annual energy usage is minimal, and 100% of the electricity used is wind powered. During 2022, all radiators were exchanged from electric to water.



## Key achievements performance management 2022



Performance management

- Senior management members are responsible to lead sustainability progress according to the 2030 roadmap, within their area.
- The responsibility to drive change is delegated to all employees throughout the organization.
- All employees have functional sustainability goals as part of their annual revision.

## Performance management – the cogwheel of Björn Borg

Goal setting is pointless without direction. Another basic requirement is motivation. Björn Borg is a performance driven organization where performance management is one of the fundamental pillars. As such, we run our business around a framework where all employees work together in the same direction. The framework governs the daily business in alignment with our values of *Passion, Empowering, Winning Attitude, Bold, and Magnetic*.

The Björn Borg framework consists of the answer to five foundational questions: Where are we going? Where are we now? What are we going to do to reach our goals? How are we going to do it? And why are we doing it? Once we know where we are going as a company and what we will do to reach that goal, we set functional goals on a department level and further on an individual level. Running towards a common goal sounds reasonable enough, but goals must be equally challenging and motivating. We make a big effort to keep motivation high and take pride in our workplace being so appreciated. You can read more about the Björn Borg framework in our annual report.

## Individual sustainability goals

To mark the importance of our sustainability work, every employee must set a sustainability goal. Feeling that you can make a difference is empowering and we are dedicated to stand behind and equipping everybody on the team with tools to reach their green goals – not the least through the annual goal setting. With the green goals, we hope to empower and make everyone aware of their importance on the road toward one of our three most important business goals.

During the year, we have held two sustainability clinics and webinars. This forum is greatly appreciated and an excellent way to exchange ideas and intelligence. The growing interest in sustainable products and how companies take responsibility makes our sales staff key for us to never lose grip on reality and make sure that we meet the needs and requirements of our customers.

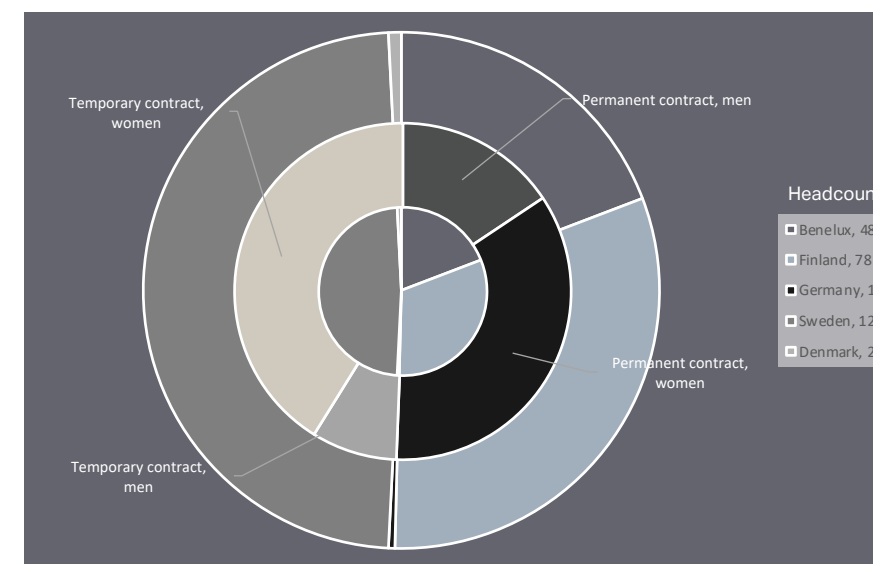
Our sustainability steering committee has bi-annual meetings with each function owner within the company to follow up on goals, inspire, and make sure that their respective departments are following up on an individual level. Several educational tools are offered: sustainability clinics and webinars, informational material to retail staff, an internal sustainability website, sales material, and much more. We also hold workshops on how to reach our goals together with a sustainability agency. AND, as members of STICA (Swedish Textile Initiative for Climate Action) we lead the way together with the rest of the Swedish fashion industry towards the 1.5° goal.

## Social responsibility

We take pride in offering an equal, diverse, healthy, and friendly workplace. Part of feeling good is to always be treated in a respectful way. This is how we work with equality, diversity, transparency, and ethics.

Our team in numbers:

### Employee statistics



- Collective bargaining agreements: 84%
- Long-term sick-leave: 5%
- Employee turnover rate: 63,5%





## Gender equality

Every person within our company has 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 most of our employees are women (75%). 22% of the Senior Management representatives are women, and 43% of the Board of Directors are women.

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.

Gender, age, employee data							
Category	Men 	Women 	<30 years	30-50 years	>50 years	Head-count	FTE (full time eq.)
Board of Directors	57%*	43%*	–	29%*	71%*	7	–
Senior Management	78%*	22%*	–	89%*	11%*	9	9
Sr. mgmt inc country mgrs	85%*	15%*	–	92%*	8%*	12	12
Middle management	37%*	63%*	–	–	–	30	30
All employees	24%*	76%*	51%	45%*	5%*	244	147**

\* Based on headcount

\*\* Based on hours

## Sustainable people

Even if many of our employees work from home a day or two per week, stress is part of many people's lives and work situations. Our performance management system is designed to help maintain a healthy work/life balance and keep negative stress at bay. 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 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 to the full calendar year. We also offer a health care package with access to private stress management sessions for individuals who need further support.

During the year, Björn Borg has arranged a sleep boot camp – a few weeks dedicated to sleep training and sound sleeping habits. All employees have also been trained in workflow/stress management and CPR (Cardiopulmonary resuscitation) training. Managers have gone through leadership training.

The company invested 100,000 SEK and 180 hours in employee training in 2022, a total of 2,500 SEK per employee. Regular analyses of individual employee training needs are done during the monthly goal review.

### SPECIAL LEAVE

You can legally ask to have a sabbatical year for studies, if the studies are in line with your work, or a six month leave to start your own business if it doesn't compete with the company itself or your area of expertise within the company. If you would like to take a sabbatical year or a longer leave for other reasons, there is usually a way to solve that.

### THE COMPANY OFFERS A RANGE OF ALTERNATIVES TO FULL-TIME

An option to work 80% is legislated by law in Sweden. Björn Borg allows flex time, up to 40% work/home and you are free to allocate your time the way it fits your life situation as long as you attend the Monday meeting and the mandatory Sports Hour. If somebody wants or needs to have a part-time arrangement, long-term or during a limited time, we will always find a way to solve it.

### SUPPORT FOR DEPENDENT CARE

Employees may leave to pick up their children or tend to family or personal matters at any time if they fulfill their work duties. Childcare on our markets is free, so there is no need for financial support or on-site childcare. The countries where we operate have extended parental benefits and employees can take a generous parental leave (up to 18 months) in connection with childbirth or adoption.

### VACATION

Stipulated by law is a minimum of 20 days of vacation per year, apart from bank holidays, in Germany, the Netherlands, and Belgium, 25 days in Sweden, and 30 days in Finland.

## Ethics, diversity, and non-discrimination

The Björn Borg code of conduct lays down the principles applied within Björn Borg to ensure high ethical standards within the business and as a corporate citizen in a global world. The Board of Directors holds responsibility for the code, which is reviewed and approved annually.

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 whistleblowing policy is reviewed annually. No case has been reported during the year.

The Code of Conduct, the health and safety policy, and the whistleblowing policy and process together form the basis to identify, prevent or mitigate human rights risks, and to remediate any adverse impact it has caused or contributed to.

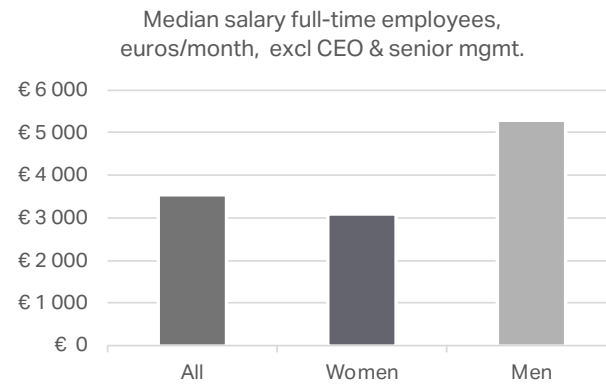
Diversity improves the ability to reach business targets and stay relevant as a brand and a business. We believe that differences are an asset that increases efficiency and creativity. Our Equality Policy sets out the framework for equality, diversity, and respect and must be complied with in all segments and companies of the Group. Björn Borg has zero-tolerance regarding discrimination of any kind. Training and guidance regarding diversity are part of our leadership program.

Recruitment and promotions within Björn Borg are made 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 map competencies, personal values, and abilities to achieve results systematically, differences add value instead of risking to be part of the selection model.

Our non-discrimination and anti-harassment policies follow the ILO convention, and the ultimate compliance lies with the HR manager.

Our annual [corporate governance report](#) describes, among other things, the Board's risk control through internal financial control systems.

Björn Borg does not accept bribery or corruption. Employees are not authorized to 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 also 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. Employees in Björn Borg may not use their position within the company, or use internal information, unduly or inappropriately.



## Fair wages

Our salary policy forms a framework for setting salaries for each 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 are also linked to performance. Salaries are target-related so that target achievement 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 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.



# Reduce climate impact



## Our emissions 2022

A transition to a more climate-efficient business introduces risks of all sorts. We are looking at additional investments in new technology, increased material costs, adaptation to market changes, climate mitigation, and keeping up with new legislation – which could lead to increased operating costs (e.g., GHG pricing). Of course, there is a reputational risk to consider, and like the rest of the world, we face the overall physical risks related to extreme weather events and chronic weather changes.

While adapting to climate change presents risks, it also offers opportunities such as resource- and cost efficiency and improved adaptational capacity and competitiveness. Björn Borg is fast-moving and agile, and we use that to turn around our business into a cost-efficient, climate-responsible and future-proof one.

During 2022, the company further geared up its sustainability work. The data we collected was more exact and extensive, giving more realistic measurements, analysis, strategy, and goals. Thanks to factual data regarding e.g., material usage, supplier energy usage and waste, we will see where we have the biggest negative impact and adjust accordingly.

Björn Borg is a member of the Swedish Textile Initiative for Climate Action (STICA). We have committed to reduce our absolute greenhouse gas emissions by 50% by 2030 from a 2020 base year. This commitment is based on a scientific consensus regarding what is required to stay within the 1,5° C warming pathway. To

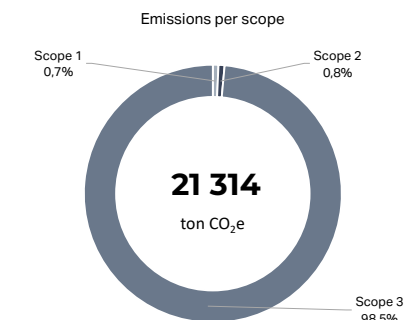
learn more about our joint commitments and progress, visit [www.sustainablefashionacademy.org/stica](http://www.sustainablefashionacademy.org/stica)

Despite a growing business, we have identified actions reducing our emissions by 34% in absolute numbers by 2030. Suppliers, fibres and external factors are key drivers. The innovation gap of 16% is our challenge on the path ahead.

All our climate calculations and reporting conform to the guidelines set out in the Greenhouse Gas (GHG) Protocol.

Accordingly, the company's emissions have been divided into three scopes (1-3), where scope 1 includes the direct emissions, scope 2 includes the indirect emissions from producing purchased energy and scope 3 includes all other indirect emissions. In the figure below the division of categories between scopes are shown.

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



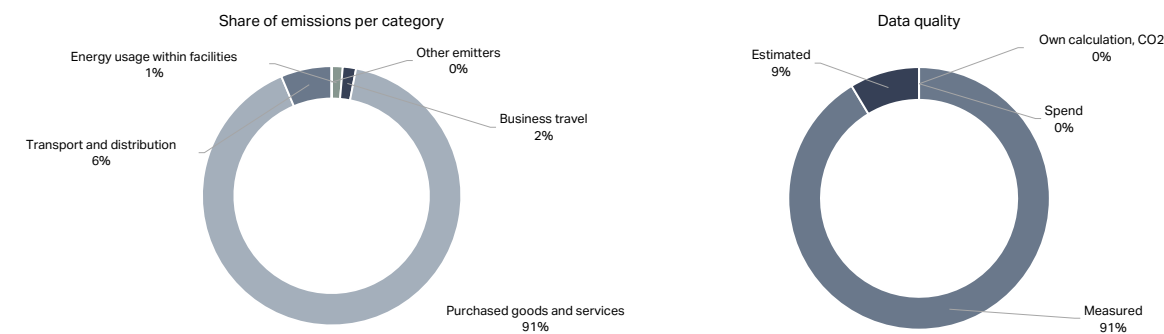
DIRECT	INDIRECT	SUPPLEMENTAL
<p><b>Scope 1</b></p> <p>Direct GHG emissions occur from sources that are operated by the company.</p> <hr/> <p>Company operated cars and refrigerant leakage.</p> <p>2022: 124 tons CO<sub>2</sub>e ≈1% of emissions</p>	<p><b>Scope 2</b></p> <p>GHG emissions from the generation of purchased energy by the company.</p> <hr/> <p>Electricity consumption and district heating for offices and stores.</p> <p>2022: 135 tons CO<sub>2</sub>e ≈1% of emissions</p>	<p><b>Scope 3</b></p> <p>Indirect GHG emissions that occur in the value chain of the company.</p> <hr/> <p>Emissions for transportations of goods, upstream production, business travel</p> <p>2022: 21055 tons CO<sub>2</sub>e ≈99% of emissions</p>

For a description of the control approach, methods for accounting, system boundaries, and methodology, please refer to chapter [Compliance](#).

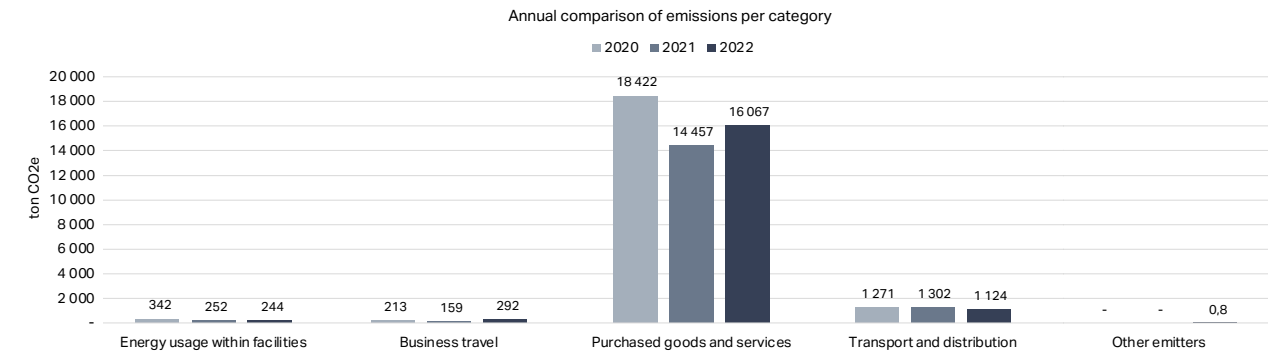
## Emission KPIs

KPI	2022	Base year 2020	Change 2020-2022
Total emissions per net revenue [ton CO <sub>2</sub> e/MSEK]	21.2	34.2	-38%
Scope 1 and 2 emissions per net revenue [ton CO <sub>2</sub> e/MSEK]	0.31	0.52	-40%
Emissions per FTE [ton CO <sub>2</sub> e/FTE]	120.6	125.8	-4%
Production emissions per sold product [kg CO <sub>2</sub> e/sold product]	1.3	1.71	-27%
Transport emissions per sold product [kg CO <sub>2</sub> e/sold product]	0.1	0.12	-26%
Energy usage per area [kWh/m <sup>2</sup> ]	62.0	58	7%
Production emissions per kg material* [kg CO <sub>2</sub> e/kg]	13.0	12.98	0.4%

\* Emissions include total emissions from purchased goods and services excl royalties, weight includes material weight excl waste, packaging and royalties.



All calculations are primarily based on actual data from Björn Borg Group's own operations. The activity data have been matched to emission factors to calculate the climate impact from the operations. Where data gaps have been identified, estimations have been made based in the best available knowledge.



Björn Borg's total emissions for 2022 are 21,314 tons CO<sub>2</sub>e (17,728 tons CO<sub>2</sub>e if royalty products are excluded), a decrease of approximately 12% compared to 2020, which is Björn Borg's base year, and an increase of around 18% compared to 2021. The increase compared to 2021 is mainly due to an increase in the number of purchased products, which leads to an increase in the emissions from the category purchased goods and services. Compared to 2021, the emissions have also increased from business travel, which is mainly due to 2021 being more influenced by the Covid-19 pandemic than 2022 was. Additionally, the emissions from the royalty products have increased between 2021 and 2022, which is due to an increase in the number of purchased products.

Compared to 2020, the emissions in all categories except business travel have decreased, even though the number of purchased products has increased slightly between the years. This is partly due to the shift away from air freight, which has decreased the emissions from transportation and distribution. The decrease in purchased goods and services could be due to a larger share of Björn Borg's purchased products is covered by primary data from reporting factories in 2022 than in 2020. This means that a smaller share of the products is covered by averages and the data quality has improved.

We divide our climate work into three different groups; Purchased goods & services, Transport of people & goods, and Direct emissions. A more detailed description follows. An overview of the 2022 results is shown below.

## Key achievements climate 2022



Purchased goods & services

- Energy reduction project initiated in collaboration with major suppliers
- 2030 reduction model created
- Reduction CO<sub>2</sub>e from fibre\*: 28%
- Reduction CO<sub>2</sub>e from production tiers 1-4 & packaging\*: 13%
- Increase CO<sub>2</sub>e from packaging\*: 16%
- >9 tons CO<sub>2</sub>e saved from recycling of e-waste.



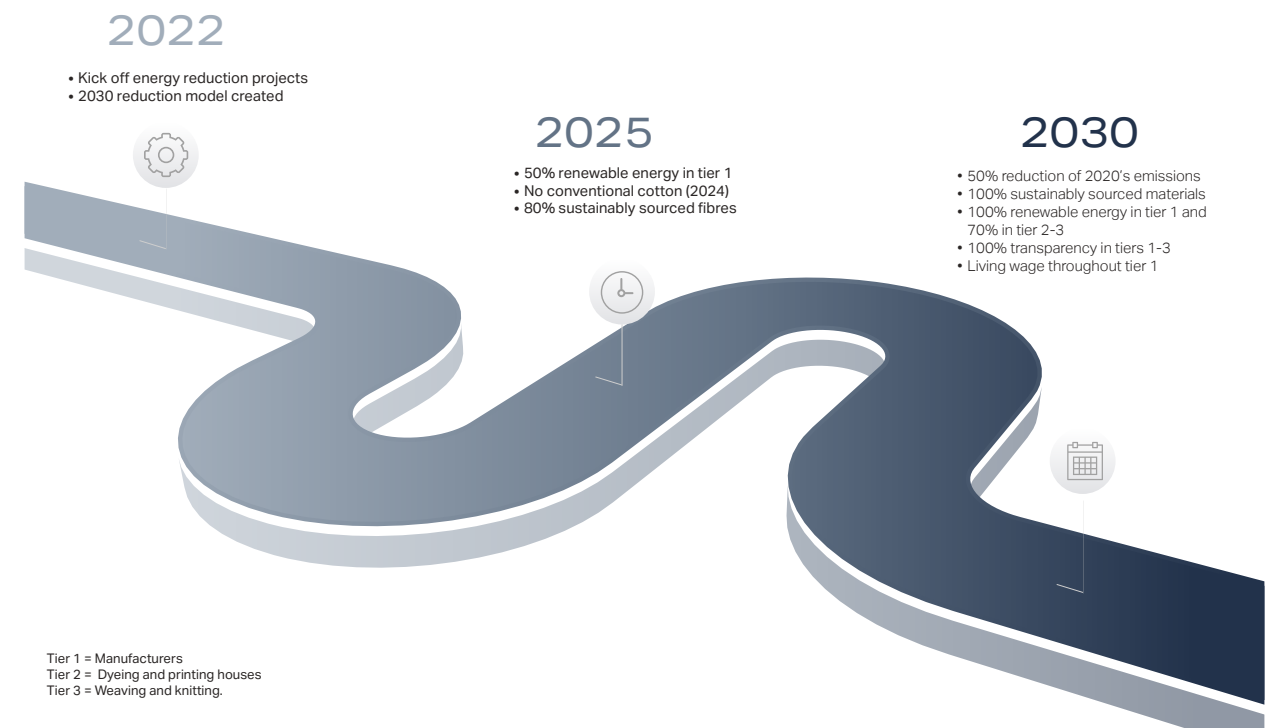
Transport of people & goods

- 0 air transports in outbound traffic in wholesale, retail, marketing
- Recycled paper in all cardboard product and outbound shipping boxes
- Emission decrease from company operated cars\*: 26%
- New last mile deliveries for e-com business
- Decrease in emissions from warehouse: 37%
- Decrease in emissions from air transports: 30% vs 2021.

\* Vs. Base year 2020

## Our goals

To drive major changes, we will target several key milestones leading up to 2030.



## Purchased goods and services (scope 3)



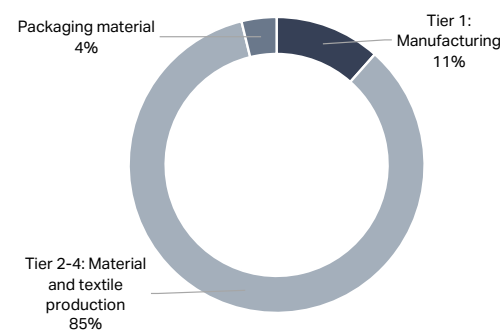
## Emission reduction from product

Standing for 91% of our emissions, purchased goods and services are of the highest priority for our climate work. A third-party climate partner has helped us establish a 2030 reduction model during the year. The tool has been developed in collaboration with a handful of Swedish fashion brands with ambitious climate work. The tool gives us better understanding of our impact and a foundation for more realistic and accurate actions on our path ahead.

The tier 1 emissions have increased by 7% compared to 2021, which reflects the increase in purchased products which also is approximately 7%. Most of the emissions in tier 1 come from electricity consumption in the factories. We have started mapping energy usage in tier 2 and can see that a significant share of the emissions in tier 2 comes from fuel usage.

The tier 2-4 emissions have increased by 12% compared to 2021, and this is mainly due to an increase in reported material weight. Regarding the materials, the material with the largest impact is virgin cotton (mainly Better Cotton), standing for more than 50% of the reported material weight, followed by virgin polyester.

Emissions per category for purchased goods and services, ton CO2e



Data sources, purchased goods & services	Share
Emissions from primary data	29%
Emissions from estimated sources	2%
Emissions from MSI	69%

## Fibres & manufacturing

Emission reduction from fibre will be driven by converting to recycled fibres and better cotton alternatives			
Activity	Goal 2030 (of total weight)	Status 2022	Traffic light
Convert virgin polyamide to recycled polyamide	100%	6%	Yellow
Convert virgin polyester to recycled polyester	100%	50%	Green
Increase share of organic cotton	35%	2%	Yellow
Increase share of recycled cotton	5%	0%	Red
Decrease share of conventional cotton	0% conventional cotton	1%	Yellow

With these goals, to reduce our emissions from fibre, we will concentrate our work on finding recycled polyester alternatives on second fabrics and bags, convert to recycled elastic on one underwear concept during 2023. During the year, we will also address conversion from cotton to better alternatives and use no conventional cotton in our bag designs. We expect our bags to be free from conventional cotton by the end of 2023.

When it comes to our manufacturing, the largest difference will be accomplished by a shift to renewable energy sources.

Emission reduction from production will be driven by conversion to renewable electricity, better dyeing, and country reallocation.			
Activities	Goal 2030	Status 2022	Traffic light
Increase share of renewable electricity for suppliers in tier 1	90-100% of share	4%	Yellow
Increase share of renewable electricity for suppliers in tiers 2-3	70% of share	Mapping, collaboration started	Yellow
Improved dyeing for cotton	50% of total volume	3%	Red
Improved dyeing for polyester	50% of total volume	4%	Yellow



In 2022, we collected climate impact data from most of our Tier1 vendors including factories' energy, fuel, and packaging use. We also got information about their plans to convert to more green energy in the future. By measuring our production emissions, we get a better picture of how we can improve environmentally also in our supply chain. Our target is to develop roadmaps to increase energy efficiency and renewable energy in key factories in 2022.

During the year, we have also updated our Supplier Guide and implemented stricter terms for our product testing and chemical testing.

We take measures to ensure reasonable lead times e.g., through assessment of suppliers' production capacity, production planning in cooperation with suppliers, and consideration of impact of changing orders on suppliers. We give respective training of purchasing personnel, and to ensure fair pricing of contracts, we integrate labour costs into price calculation, payment of above-market prices.

The energy used in our production countries is often 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. China, for instance, has restrictions on the type of energy that is allowed for manufacturing, usually coal. However, certain factories are very modern with automated processes for instance. Lack of knowledge and transparency as well as limited resources are challenges for us and our vendors.

To reach our 2030 targets, we will focus our emission reduction efforts for manufacturing during 2023 to installing solar power in a joint effort with two of our largest tier 1 manufacturers. We will also align fossil-free energy targets with two additional vendors in tier 1. 5 of our tier one factories are running fully or partially on renewable energy and several of our other factories are planning to implement renewable energy in the next few year. During 2023, we will focus our dyeing and printing initiatives to a clean colour test production and to increase better dyeing and printing processes in the whole range.

## Packaging

### Key achievements packaging 2022



Purchased goods & services

- Removed metal safety pins as attachment device for hangtags. 91,362 units per year.
- Removed plastic clips in cotton stretch underwear packaging.
- First trial with new paper quality bagasse – made from a byproduct of sugarcane.
- Changed shape and size of XMAS23 packaging which increased shipping efficiency.
- Removed plastic hangers from sportsbras
- Reduction CO<sub>2</sub>e from production tiers 1-4 & packaging\*: 13%

\* Vs. Base year 2020

During 2022, we introduced several new packaging concepts. A men's pajama is sold in a re-usable cotton fabric bag, and for a six-pack of boxer briefs, we used a toilet bag as packaging. Our focus on removing packaging components in general has had a great turn-out. The newly introduced material bagasse is sugarcane pulp, the fibrous substance that is left after the juice of the sugarcane plant is harvested.

#### Emission reduction from packaging will be driven by reducing and replacing materials.

Action	Goal 2030	Status 2022	Traffic light
Replace conventional plastic in packaging with recycled.	100% of total weight	34%	Yellow
Replace conventional cardboard with recycled for product and shipment packaging.	100% of total weight	0%	Red

100% of the emission data for packaging is measured and packaging material stands for 4% of our total emissions. 95% of all cardboard in our packaging for products, e-com, and shipping comes from certified forests, controlled wood, or recycled packaging. Some plastic, polyester, and metal details are virgin. During 2023, we will investigate better construction options and find more sustainable alternatives for plastic and metal. Our key activities for emission reduction from packaging will be to remove plastic parts from our underwear packaging, as well as to convert any other plastic parts to recycled. Our logistics department will map shipment packaging to set a roadmap for our future work within the area.

The biggest challenge for us in terms of packaging is to find a balance between design, cost, and sustainability in development. We are a relatively small company and minimum order quantities for more sustainable solutions are not seldom higher than we can handle.

To encourage recycling, all Björn Borg packaging holds information on how to recycle and in France, the packaging also features the Triman logo.

Chemicals in packaging production is controlled by our RSL (Restricted Substances List), which is updated twice per year. We visited one of our packaging partner once during 2022.

Our packaging suppliers adhere to the amfori BSCI code of conduct.

## Eyewear

Our eyewear business has during the year scaled up sustainability-wise. We have increased the use of ECO acetates and all eyewear products use MEM nose-pads, all demo lenses are biodegradable, and all our packaging is biodegradable. 70% of our eyewear products are now made from at least 70% more sustainable material.

The shipping boxes for Björn Borg eyewear are tailor-made for an exact number of articles enabling resource efficiency regarding material and volume. All eyewear is delivered in bags made of cornstarch, and the number of bags is now two instead of four, which is the industry standard. Our glasses cases are delivered without plastic bags and wrapped in wax paper, should they need to be protected.

The addition of a colleague in China increases our possibilities of developing our sustainable efforts even further; going hands-on, finding new methods and processes. She will travel and visit all factories several times a month. Being a woman, our new employee will also be able to help us better understand and address gender equality; supporting women in the business in China where it's unusual for women to act. Our new employee will help us increase awareness and help us understand the challenges and ways to improve the conditions.

During 2023, we will further increase the share of eco acetate in our products and continue with eco demo lenses and with the help of our coworker in China continue our sourcing of sustainable materials and improved methods.

Several steps during our production include chemical management: e.g. soldering, milling, coloring. All steps are done in accordance with the EU REACH-standards.

Almost all our customers offer recycling programs in their stores. Our products are easy to recycle in the normal waste system for end consumers since our products consist of glass and metal mostly and are easy to disassemble.

Our eyewear licensee supports and collaborates with "Stiftelsen Brödet", donating several hundred pieces of eyewear to lesser developed countries.

## Footwear

Our footwear licensee has during the year worked with decreasing the number of sample rounds for production as well as minimizing the number of samples. It has resulted in less transport, less waste, and decreased emissions. In the Autumn/Winter 2023 collection, produced in 2022, 36% of our shoes were made of a minimum of 50% more sustainable material.

Our footwear manufacturing units are in Portugal and the Far East, where our licensee also has own offices. They continuously monitor the adherence to the code of conduct and make frequent visits to their factories. All suppliers are members of amfori BSCI and must score a C at a minimum in audits. Suppliers must ensure that contractors, material suppliers, and other business partners also comply with the code.

During 2022, several new criteria were introduced to the audits when a few factories started working with Higg FEM.

European and International laws hold suppliers responsible for making sure that their products and packaging do not cross the permitted limits of hazardous chemicals published in REACH\*1, POPs\*2, BPR\*3, CA65, CPSIA.

A lot of our footwear customers apply the stricter regulation CADS\*5.

Some of the more sustainable materials we work with are: Water Based PU, LWG certified leather, natural rubber, Tencel™, recycled PU, recycled rubber, recycled polyester.

The following materials are not permitted in Björn Borg footwear:

- Polyvinyl Chloride (PVC) – should be substituted for non-toxic, biodegradable recycled Thermoplastic Polyurethane (TPU).
- Synthetic rubber: Styrene Butadiene Rubber (SBR) – only non-toxic, fully recycled synthetic rubber is allowed.
- Leather: no leather with origin from deforested Amazon areas is permitted.
- Flame retardants: Halogenated flame retardants are prohibited.
- Leather, fur, skin products or feathers used for our footwear production must be a by-product of the meat industry and come from farms with good animal husbandry and slaughtered in a humane way. All animals must be well treated along the supply chain. We have zero tolerance to cruelty such as live skinning, live boiling, plucking from living birds, unethical and/or painful slaughter or any other cruelty towards animals.

Materials for production may never be obtained from exotic, wild-caught or endangered animals. All down and feathers must be sterilized and per the EU standard EN 12935, preferably with an accreditation from a recognized body. We adhere to the International Union for the Conservation of Nature and the Convention of International Trade in Endangered Species.

- Only DRC conflict free materials are being used for our footwear production.
- Volatile Organic Chemicals (VOCs) may not exceed 25g/pair.
- Zero tolerance to the use of forced labour, child labour, or any other form of modern slavery. The use of cotton from Uzbekistan, Turkmenistan, and Xinjiang in our footwear is therefore prohibited.
- Zero tolerance to the use of palm oil products from FGV Holdings Berhad and Sime Darby plantation Berhad.

Repeated violations will result in an immediate termination of the contract with a supplier. No case of non-compliance has been reported during 2022. Leather is the only animal derived material that was used in our shoes during 2022.

Björn Borg Footwear packaging is made from paper from certified forests and printed with water-based colour print. We use GRS certified tissue paper inside the boxes.

## E-com

With our e-com business gaining market, a total increase of 15% in 2022 (vs. 2021), we continuously challenge ourselves to find solutions for reducing our CO<sub>2</sub> emissions through the right choice of materials, design, shipping etc.

During 2022, we investigated a new packaging solution for e-com, evaluating a paper bag solution instead of the current bag in recycled plastic. Our analysis showed that opposite to what many think, the plastic bag was more sustainable in terms of emissions. Our plastic bags require less space in transport and are climate compensated 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 post.

For a more sustainable e-com business, everything really is about transports. Along those lines, one of the more important tasks going forward will be to work on decreasing the return rate. Important tasks here will be to improve product descriptions and imagery, product display, size guides etc. A project for 2023 will be to map alternatives for our long-distance shipments and during 2022, we have implemented several last-mile solutions. More about [transports in the designated section in the report](#).

## IT

To reduce electronic waste, Björn Borg sends all its discarded IT devices to Inrego, a company that refurbishes IT devices for resale in 90 countries. The Inrego process is ISO certified and developed over 25 years. Through our collaboration, we contribute to a circular economy and saved, in 2022, just under 9.5 tons of CO<sub>2</sub>e. The scientifically based calculation measures how much carbon dioxide (CO<sub>2</sub>) is saved when we reuse computers, smartphones, and other IT products. The calculation model has been developed together with IVL, the Swedish Environmental Research Institute. The model produces exact figures on carbon dioxide savings, calculating the emission savings based on category, subcategory, and model all the way down to component level.

Around 80% of Björn Borg IT devices are TCO certified.



# Transport of people & goods

## Key achievements transports 2022



Transport of people & goods

- 0 air transports in outbound traffic in wholesale, retail, marketing
- All air freight must be approved by senior management
- Decrease of emissions from transport: 14% vs 2021
- Decrease in emissions from air freight: 30% vs 2021
- Recycled paper in all cardboard in shipping boxes
- Emission decrease from company operated cars: 26% vs base year 2020
- New last mile deliveries for e-com business.
- Decrease of emissions from warehouse: 37% vs. base year 2020.

### EMISSION REDUCTION FROM TRANSPORT

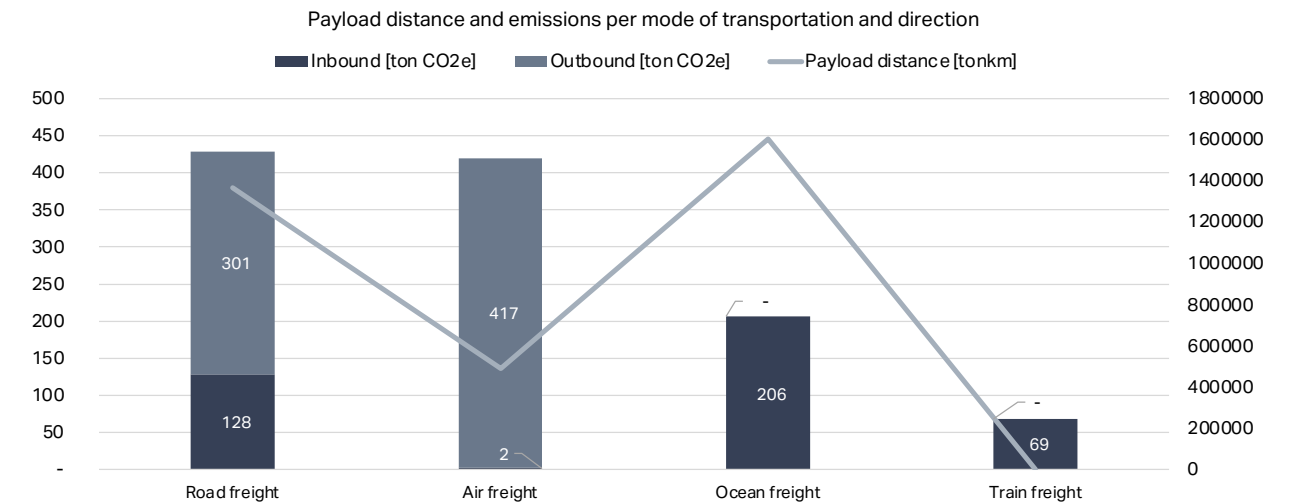
The second largest category of Björn Borg's emissions is transportation and distribution (6% of the total).

The emissions from transport have decreased by around 14% compared to 2021 due to a switch in transportation mode away from air freight. The emissions from air freight have decreased by approximately 30% from 2021 to 2022.

Airfreight stood in 2022 for around 37% of the emissions from transportation (comp. 72% in 2017 and 33% in 2020). As of 2021, any airfreight must be

signed off by our senior management. During 2022, no outbound shipments for wholesale, retail and marketing were sent by air. Our outbound team always challenges small orders for later delivery to consolidate for a bigger shipment to avoid shipping air.

We are dedicated to reducing airfreight even more. Outbound air transports for our e-com business still make a great impact and during 2022, we have looked at different alternatives for transports between continents.



But shipping is not only airfreight, we can also make changes for the better in a lot of areas. These are some of the areas that we address within logistics:

- Optimization of outbound cartons to ship less air.
- Transition from airfreight to low-emitting alternatives.
- Scrap reduction measurements. A scrap policy was drawn during 2022, clearly lowering the scrap quota.

2022 offered logistical challenges with great disruption in Europe following the war in Ukraine, disturbance in European harbours, adding up from Covid and the Suez Canal incident. What has previously been shipped via rail through Russia, has during the year gone through sea-road or sea-rail solutions, causing higher carbon emissions.

One of the largest challenges with transport is that we are in the hands of the transport business itself and their own climate work to improve our solutions. However, during the year, we have introduced a new road transport solution, a line haul where several clients co-ship to the Benelux to avoid shipping air. We have also shipped through DHLs 'ship green' for several years.

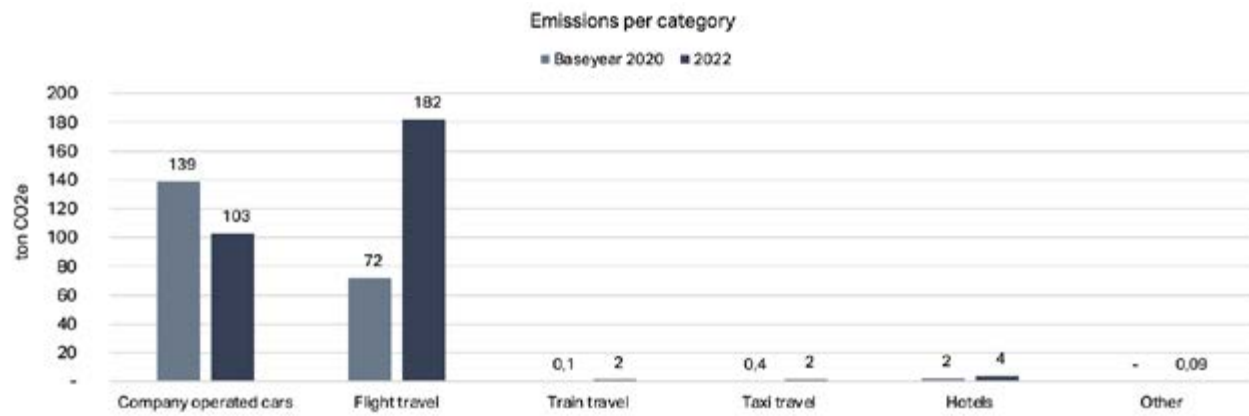
### LAST MILE SOLUTIONS

During the year, we initiated a collaboration with Budbee on several markets (SE, FI, DK) and DHL e-commerce solution in the Netherlands and Germany. Both companies are driven by environmental goals and in Germany, for instance, DHL aims for zero emissions through its 28,500 bicycles. 86% of the DHL last mile fleet runs on electricity from renewable sources. All Budbee trucks run on HVO100 renewable diesel.

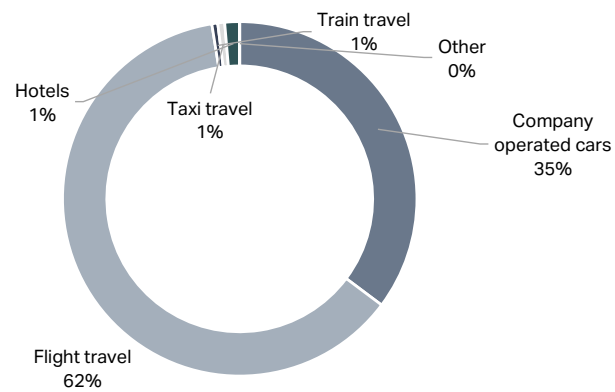
Emission reduction from transport will be driven by new outbound routes and higher fill rate			
Action	Goal 2030	Status 2022	Traffic light
New routes to continents outside EU	100% reduction of air freight	0%	Red
Replace inbound air freight (samples & protos)	Reduction with 56 CO <sub>2</sub> e	TBC	Yellow
Reduce inbound air freight	0%	0%	Green

**BUSINESS TRAVEL**

During the pandemic, we took close to zero business flights and the emissions from flight travel have therefore increased YoY. However, real-life meetings work better for some things and air travel is likely to increase slightly further in 2023.



Emissions from business travel



**WAREHOUSE**

Using only one warehouse is both cost-efficient and reduces the number of cartons shipped from each supplier. Our central warehouse 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 others.

Nowaste Logistics also lives up to its name, recycling organic waste into biogas. In 2022, their waste produced 12,542 m<sup>3</sup> biogas, equivalent to 3,909 litres of petrol. A project working towards ISO 9001 and 14001 certificates is initiated.

Overall, emissions from our third-party warehouses have decreased by 37 percent since our base year 2020.



## Direct emissions – scope 1 & 2

### Key achievements Scope 1&2 2022



Direct & indirect emissions

- Decrease of emissions from energy usage within own operations: 29%\*
- New, more sustainable materials in POS (Point Of Sale)
- Shorter transports thanks to local manufacturing of trade material
- Less travel, more video meetings for sales force.

\* Vs. Base year 2020

Scope 1&2 results, change 2020-2022	
Emissions per category	Share
Company operated vehicles	-26%
Refrigerant leakage	-
Electricity	-46%
Heating, cooling, and steam	-17%
Fuel use for own heat or electricity prod.	45%
<b>TOTAL</b>	<b>-29%</b>

The following is included in the calculations of our scope 1-2 emissions:

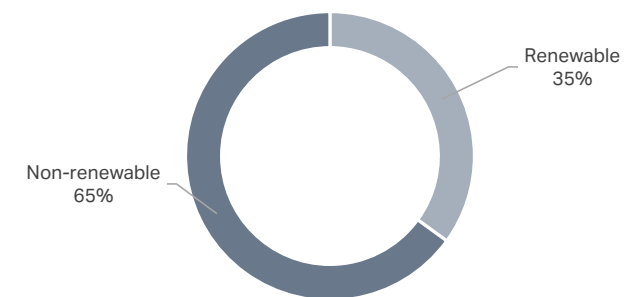
- Energy usage in Björn Borg's offices, stores, and storage. This includes electricity, heating, and cooling.
- Fuel use for own heat or electricity production
- Refrigerant leakage
- Company operated vehicles for own car fleet, rental cars, and private cars used in business.

In our total climate accounting, the direct and indirect emissions are 124 tons CO<sub>2</sub>e in scope 1 and 135 tons CO<sub>2</sub>e in scope 2.

#### STORES AND OFFICES

The emissions from energy usage within our own operations have decreased with about 29 percent since 2020, mainly thanks to a shift from non-renewable to renewable energy sources for heating, cooling, and electricity.

Energy scope 1 & 2



Our retail operations have done several efforts to decrease their emissions. Shifting towards renewable energy is the action that makes the largest difference, but we have also improved waste recycling, kept the heating down, closed doors during quiet hours and avoided transporting small orders among other things.

Just like all other personnel, our retail staff also has annual sustainability goals. This has led to increased confidence and insights that have motivated to forward this knowledge to consumers.

Our own stores and all trade solutions that we offer our clients are mostly made from recycled materials. If not recycled, they are always recyclable, for instance constructions in metal that have been chosen thanks to their longevity. The cardboard in our POS (Point of Sale) signs is made from certified wood. Bags and hangers are all made from renewable materials. A lot of our trade material is made from GLS material – a recycled plastic filled with cardboard. It's durable, light, delivered in flat packages for easy transport, and made in Sweden, which results in shorter transports. Our mannequins are made from recycled material and manufactured in Europe for shorter transports.

All our trade material suppliers are committed to following our RSL and code of conduct.



PHOTO: BETTER COTTON

## User phase

### Key achievements user phase 2022



User phase

- Sustainable design vision
- Circularity project upstart
- 628 million litres of water saved and 384 kg of pesticide active ingredient avoided through the sourcing of Better Cotton
- Green claim guidelines developed.

## Sustainable consumption

The world is rapidly changing, and the past few years have presented us with one challenge after the other. Emerging from the pandemic, the war in Ukraine, the electricity crisis and stampeding prices, our sudden need for casual wear rather than office wear first fueled a strong digital trend. The increased preference for digital platforms still stands, but the purchasing power of the consumer is lower and purchasing sustainable clothing ranks lower than finding the best price. Parallel to this, we have decreased the number of sales seasons to do less harm to nature. We know that lower production is the only way forward and to encourage more sustainable purchasing patterns, we must find a balance right away.

We have a few more tools to encourage and support sustainable consumption. The overall driving force in our work is to find ways to enable consumers to lead a more sustainable lifestyle.

We can do that through

- Design
- Materials & processes
- Quality control
- Consumer dialogue, on-product excellence

### SUSTAINABLE DESIGN VISION

A product's footprint history starts with design. We choose low footprint materials and finishing processes. By constructing and designing long lasting quality and expression, we limit a product's footprint per usage.

Many players in our industry innovate remarkable new materials and production techniques. On our end, we find solutions for more efficient and more sustainable products, production, logistics etc. The innovation lies in finding better solutions throughout our whole value chain, rather than innovating on a big scale.

Our design and product development guidelines have been aligned with our sustainability goals for years, leaving no room for sourcing of non-sustainable, conventional materials. Products shall also have a general sustainable design vision in quality and fit, where the aim is to offer a long-lasting wardrobe that can grow old with the owner. We design for longevity, circularity and environment and always consider durability, repairability, recyclability, versatility, and timeless design for a reduction of fashion seasons. We also optimize the usage of resources. Our design and pattern team has adopted digital tools to increase efficiency in product development and reduce the number of physical prototypes and salesman samples being made. The tools enable us to scale down for a reduced footprint.

These guidelines are valid not only for new products, but also previous designs that we continue to improve through for instance reinforcements, more sustainable production methods, and more sustainable materials. We use our learnings to constantly improve.



PHOTO: BETTER COTTON

**CIRCULARITY**

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. Since many of our products are either intimates or used during workout, they are washed often and not seldom at high temperatures. This has a significant environmental impact and affects the garment's lifetime.

In 2021 we created an internal guideline for how to create products that enable circular economy, taking into account the full lifecycle of the garment. In 2022, our focus has been to strengthen internal knowledge in the product and marketing teams through various workshops.

We try 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.](#)

**MATERIALS & PROCESSES**

Until we can say that a material or a process is in fact 100% sustainable, Björn Borg uses the terms 'more sustainable' or 'better choice'. What we mean by that is that it is better than conventional.

All Björn Borg clothing is now more sustainably sourced. We mean, by this, that the products either are made of a minimum of 70% more sustainable material or that they support Better Cotton's mission. Our bags, footwear and eyewear still have a bit to go, but we have ambitious goals. Our more immediate targets are to reach 80% more sustainably sourced fibres for our clothing and 75% more sustainable bags by 2025. In 2022, 100% of our clothing and 33% of our bags were more sustainably sourced. 51% of our shoes contain more sustainable materials. 69% of our total material weight for clothing and bags was more sustainably sourced in 2022.

It is a big challenge to find more sustainable materials that match our requirements on price and quality. Availability of material has also been a challenge where for example organic cotton has been limited.

However, we have ongoing projects to launch well recognised sustainability initiatives in coming collections.

In 2021, we entered a collaboration agreement with We aRe SpinDye (WRSD) and will launch our first collection with them in Spring/Summer-23. We also released a new underwear concept and converted parts of our leisure program to organic cotton during the year.

In our footwear collections, we have now introduced certified leather (Leather Working Group), Better Cotton, and GRS (Global Recycling Standard) certified materials.

Our eyewear uses bio acetate on all styles for teens and around 70% on adult models. With reusable hinges, we prevent consumers from throwing a fully functional frame due to malfunctioning hinges. We use more sustainable nose pads (energy saving production and recyclable material) and have recently moved our prototype sampling production from China to Sweden.

**Wood fibres**

Several of our styles are made with Lenzing's viscose fibres TENCEL™ Lyocell and TENCEL™ ECOVERO™. They are derived from Lenzing sustainable wood sources, and TENCEL™ ECOVERO™ fibre is manufactured in a way that generates up to 50% lower emission and water impact compared to traditional viscose, and up to 60% lower carbon footprint. It is certified with the EU Ecolabel.

Almost all of Lenzing's pulp and wood sources are certified by or controlled in accordance with FSC or PEFC, which includes biodiversity risk assessments. In addition, the company partners with the not-for-profit organisation Canopy which works with the forest industry's largest customers from different sectors and their suppliers to protect ancient and endangered forests by adapting purchasing practices.

Björn Borg never uses wood fibre from forests in which high conservation values are threatened by activities, from wood fibre originating from the conversion of wooded ecosystems to plantations or other non-forestry uses. We also don't use wood fibres from areas where genetically modified trees are planted or source from illegal sources of any kind. All viscose used in Björn Borg products is derived from sustainable wood/fibre.

**Petroleum-based fibres**

37% of Björn Borg's total material weight used during 2022 comes from petroleum-based fibres, of which 35% are recycled. In total, 13% of Björn Borg's material weight is derived from recycled sources. All our care labels are in recycled material, and we have a plan to implement recycled elastics.

In 2022 we focused on converting virgin polyester to recycled, and on using less polyester through lightweight designs. We partnered up with two

## Our better choice materials and processes 2023

**Materials**

**Synthetic Fibres**

**Recycled Polyester**

**Recycled Polyamide**

**Repreve® Our Ocean™**

**Natural fibres**

**Cotton**

No conventional cotton on clothing or sourced for new products.

Organic cotton

Better sourced option for cotton: Better Cotton

**Wool**

- Responsible Wool Standard (RWS)

**Rubber**

Recycled

**Regenerated fibres**

**TENCEL™ Lyocell**

**LENZING™ ECOVERO™ Viscose**

**Other materials**

**Wood and paper**

Recycled Forest Stewardship Council (FSC)

**Plastic**

Recycled Bio acetate

**Sugarcane**

Recycled

**Processes**

**We aRe Spin Dye®**

**Avitera - High IQ® Lasting Colour Eco**

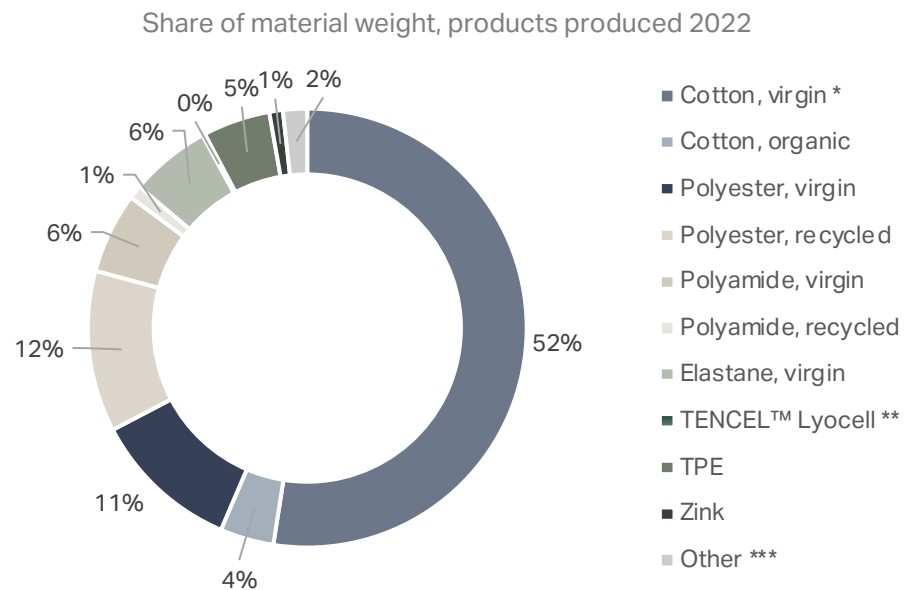
**Digital print**

**Sublimation print**

**BIONIC-FINISH® ECO**

well-recognised polyester initiatives; Repreve and We are Spindye. Repreve is made from plastic bottles at high risk of entering the oceans and can be found in parts of our swim collection. We are spindye is a

water, energy and chemical saving dyeing technology that can be found in selected training items from SS23. During the year we have removed a few packaging components to minimise material use.



The graph shows each material's share of the total material weight for products (clothing and bags) produced and shipped Jan 1-Dec 31, 2022.

\* Including Better Cotton sourced

\*\* 0.2%

\*\*\* Polyurethane (PU) fabric, Acrylonitrile butadiene styrene (ABS) plastic, Polyoxymethylene (POM) plastic, High density polyethylene (HDPE) fabric, Copper, Other materials (0.3), Total: 1.8%

**Animal Welfare**

Björn Borg's demands for animal derived products are based on the five freedoms for animals created by the World

- Organisation For Animal Health.
- Freedom from hunger and thirst
- Freedom from discomfort
- Freedom from pain, injury and disease
- Freedom to express normal behavior
- Freedom from fear and distress

**Wool** – All wool must be from non-mulesed sheep.  
**Leather** – Leather that is used in production of Björn Borg products should originate from animals that have been bred for food industry, and not just for the sake of the skin.  
**Down** - Björn Borg does not accept live plucking of birds. Down and feathers that are used in production of Björn Borg products shall be from birds that have been bred for food industry and not just for the sake of the down/feathers. All virgin down and feathers used by Björn Borg must come from farms certified to RDS or to a similar standard.

**Wet processes and waste**

**Water**

Chemical and water management is essential for safe use and handling of our products for both people and the environment.

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 in dyeing lies in a combination between quality and cost. Most of our printed products are cotton underwear and we have not yet received good enough digitally printed cotton samples. The quality of the print is not clear or colourfast enough. The main challenge with the dyeing of polyester products is a combination of minimum order quantities and price. We have ongoing projects to use more fabrics dyed with water-saving techniques. One of our suppliers uses a modern wastewater treatment technique in their factory in Bangladesh, where a large share is reused in a closed-loop system.

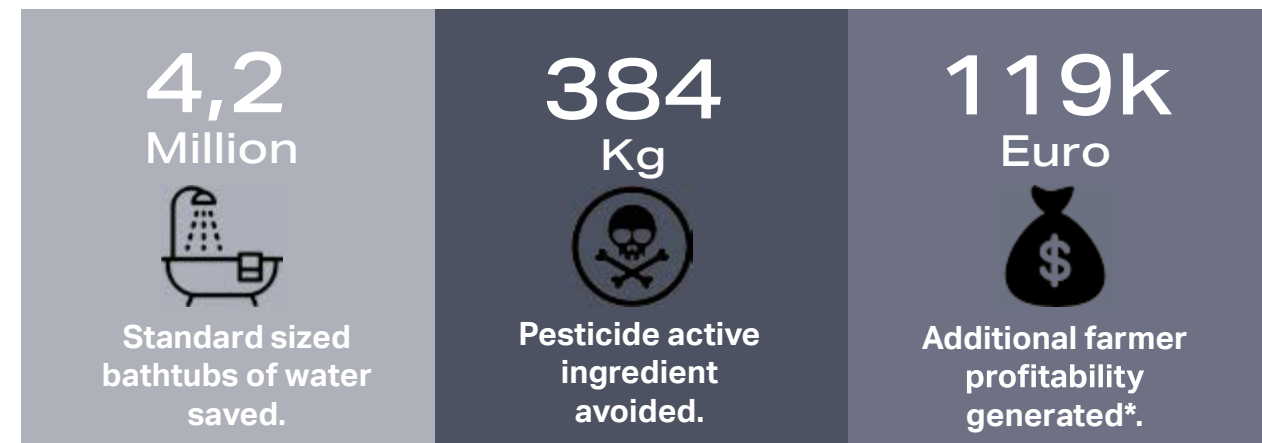
Water consumption is also one of the factors we consider when sourcing fabrics. Cotton provides income for more than 250 million people worldwide

according to the World Wide Fund for Nature. Despite the many challenges its cultivation, Björn Borg's investment in Better Cotton's Mission is an opportunity to have a positive impact.

We partner with Better Cotton to improve cotton farming globally. Better Cotton is sourced via a chain of custody model called mass balance. This means that Better Cotton is not physically traceable to end products, however, Better Cotton Farmers benefit from the demand for Better Cotton in equivalent volumes to those we 'source'. Better Cotton's mission is to help cotton communities survive and thrive, while protecting and restoring the environment.

Better Cotton Farmers are farmers who use water efficiently, care for soil health and natural habitats, reduce use of the most harmful chemicals and respect workers' rights and wellbeing. In 2020-2021, Better Cotton licensed 2,2 million farmers from 24 countries on five continents. Together, these farmers produced 20% of the world's cotton. In 2021, Björn Borg sourced 93% of its cotton (footwear excluded) as Better Cotton.

These are the results of our sourcing of Better Cotton in 2022. The numbers are estimated.



\* Better Cotton 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).

## 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 don't contain harmful substances. Both for the environment but also to safeguard handling of our products for our whole value chain.

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. Our RSL is supplied to us by RISE, the Swedish Chemicals group that guides us on which chemicals to test on different products.

The RSL is based on the REACH regulation adopted within the EU and is updated twice yearly according to the latest legal requirements. 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). All products require different types of tests depending on the composition and for example extra trims. Some of our most common tests we test are PH value, allergenic dyes, nickel release, PAH (polycyclic aromatic hydrocarbons), formaldehyde and DMFu/DMFa (dimetylfumarat).

Twice per year chemical tests are performed on selected products. One product per vendor is selected and sent to a 3rd party lab for chemical testing against our RSL. The tests are based on the chemicals relevant to each product – which must be taken from bulk production. The product is chosen after a risk analysis accounting for the risk of hazard-

ous chemicals added due to value-adding properties to the garment, the amount sold of the garment, new sub-suppliers, and several other factors. To ensure that we test the correct samples, we inspect the samples ourselves at our head office before sending them to the testing institute. We use TUV as test lab, a market leader in providing product testing services in accordance with international standards.

Our licensees in footwear also work actively with chemical management in a similar way as we do, testing our shoes on REACH and CADS level.

During the year, we have set a reduction strategy plan to stay relevant and compliant to key account requirements. So far, we haven't worked out a strategy on the prevention of marine microplastics pollution and measures to prevent microplastics shedding, but we will update our chemical strategy in 2023, which will include directions on this.

## Waste

During 2022, we introduced a new process to take care of overproduction and leftover fabrics and use these in development of new products and product offerings. We are also investigating the possibility to take more products to our outlet.

Focus this year has been on taking care of overproduction and leftover fabrics in factories, and reducing unnecessary packaging material (such as plastic pins for underwear). Although we have no outspoken future targets for waste, we will continue to take care of leftover material, avoid unnecessary material and redesign product packaging with recyclability in mind.

We collect production waste data from our vendors, which, in 2022, ranged between 1 and 17% with an average of 4.2%. We had no scrapped products due to failure in chemical tests in 2022.

## QUALITY CONTROL

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 production, giving them a rating and a test report. Improvements are done accordingly. 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 quality assurance (inline inspection). When the product is ready to be delivered from the factory, a quality control (final inspection) is made. Through using 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 defective products that may otherwise have had to be disposed of. Our quality controls follow the ANSI/ASQ Z1.4-2013 standard.

## CONSUMER DIALOGUE

Being in direct contact with consumers is critical and our stores, social media channels, web, packaging, and newsletters are key 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.

People listen to people which makes social media important to the brand. Through social media, influencers help us communicate our story and our mission: to inspire people to use training to become the best version of themselves, may it be your mind, soul, or body.

In 2022, we increased the communication around a more sustainable lifestyle in our social channels. We aim to inform customers on how they can decrease the environmental impact of their product through reducing, reusing, and recycling.

Björn Borg commits to responsible marketing in social factors like diversity, equality, inclusion, and health. We adhere to the Swedish Fashion Ethical Charter which advocates a healthy body image. We avoid digital manipulation to create unrealistic body and beauty ideals and exclude models with a very low Body Mass Index. Instead, our models must be athletic and healthy. Influencers we collaborate with clearly inform about the collaboration when posting about our products. Communication from Björn Borg should never be judged as offensive based on currently prevailing standards of decency.

During the year, we have developed green claims guidelines in a working group within STICA for truthful, transparent, reliable, comparable, verifiable, and precise climate communication. The guideline will officially come into effect in 2023. We are nevertheless committed to not make any unsubstantiated product claims.

# Secure Social Compliance



## Key achievements supply chain 2022



Social compliance

- Implementation of stricter terms for product and chemical testing with an updated product test standard and new process structure.
- Employee training in e.g., ethical business behaviour, building and fire safety, fair remuneration and decent working hours, social management systems in select factories.
- 100% transparency in tier 1 and over 90% in tier 2.

We respect the fundamental human rights throughout our supply chain and strive for continuous improvements of working conditions. In the coming years, our focus lies on increasing supply chain transparency, improving average audit score, and securing fair wages for more people. To reach our goals, our partners must be devoted to improve working conditions both in their own facilities and together with their supply chain partners.

### Activities and goals supply chain

Action	Goal 2030	Status 2022	Traffic light
Improve average amfori BSCI score	Average score B in tier 1	Average score C in tier 1	●
Increase supply chain transparency in tier 3	100% transparency	<5%	●
Increase share of living wage in tier 1	100% living wage in tier 1	35%	●

### OUR CODE OF CONDUCT

Björn Borg has been a member of amfori for many years and applies the amfori BSCI code of conduct. All our suppliers must sign and commit to comply with the code of conduct and compliance is verified through recurring audits. We work either with agents or directly with the factory owners in the countries where we produce our garments and are in close-to daily contact with them.

amfori has updated the code during 2022 for implementation during 2023.

All Björn Borg footwear production facilities are fully audited, either through amfori BSCI or SMETA. Many of them also apply The Higg Facility Environmental Module (Higg FEM), a sustainability assessment tool that standardizes how facilities measure and evaluate their environmental performance, year over year. Staff from our footwear licensee's offices in China and Portugal visits factories regularly.

Our licensee for eyewear works actively with its suppliers and normally performs regular factory controls. More about that in the chapter [Reduce Climate Impact, Purchased Goods & Services](#).



## Audits

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. This system gives us a complete overview of the audit results of all the factories where we produce.

All our tier 1 vendors (27) plus two of our trim suppliers are enrolled in amfori or hold a WRAP certificate. We hold RSP (responsibility) over four suppliers delivering 33% of our production volume for apparel. We don't hold RSP over any of our bag suppliers. An RSP holder is responsible for arranging audits and following up on the performance and improvements of suppliers. 89% of our tier 1 suppliers (finished product assembly) had an audit in 2022. 10 of our tier 2 suppliers are members of amfori and adhere to the amfori BSCI code of conduct.

### COMMON FINDINGS DURING AUDITS

- 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.
- Overtime is a problem that is very difficult to avoid. Above all in China where we produce most of our goods. Many workers are migrant workers, residents to a different region than the factory. They leave their hometowns during most 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. Overtime is very attractive to most workers. Not offering enough working hours can be cause for leaving a workplace and the legal requirements are not strictly followed.

## amfori BSCI

The amfori BSCI code of conduct 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, The International Labour Organization (ILO) conventions and declarations, The United Nations (UN) Guiding Principles on Business and Human Rights Guidelines for multinational enterprises of OECD (The Organization for Economic Co-operation and Development, and UN Global Compact. The amfori BSCI code of conduct is based on 11 principles:

- 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.

## SUPPLIER AUDIT OVERVIEW

Supplier	Country	Share	Product Group	Sustainable fibres/ processes	Members of Amfori	RSP	Sustainability maturity level	Score 2022	
Zuona	China	5%	Performance	Recycled polyester, recycled polyamide, Solution dye	Yes	Yes	Mid	C	
Wholegood	China	2%	Loungewear	Better Cotton	No	No	High	C	
Queenswear	China	2%	UW, Performance	Better Cotton, TENCEL™ Lyocell	Yes	No	Mid	C	
Garmentor	Türkiye	0.5%	Sportswear, Performance	Recycled Polyester	Yes	No	Mid	C	
Garmentor	Türkiye	1.6%	Sportsear, Performance	Better Cotton, Organic Cotton	Yes	No	Mid	A	
Ultra sock	Türkiye	7%	Socks	Better Cotton	Yes	No	High	D	
ABG	China	14%	Sportswear, Performance	Better Cotton, Avitera	Yes	No	Mid	C	
ABG	China			Recycled Polyester, Recycled Polyamide	Yes	No	Mid	C	
ABG	China			Better Cotton, Recycled Polyester	Yes	No	Mid	C	
ABG	China			Better Cotton, Rec Polyester, Recy Polyamid	Yes	No	Mid	C	
ABG	China				Yes	No	Mid	C	
ABG	China			Accessories	Organic Cotton, Recycled Polyester	Yes	No	Mid	C
ABG	China				Organic Cotton	WRAP certificate	No	Mid	N/A
ABG	China			Training Equipment		Yes	No	Mid	C
ABG	China					Yes	No	Mid	C
Sinex	China			27%	UW	Organic cotton, Better Cotton	Yes	Yes	High
Trademark	China	32%	UW	Organic Cotton, Better Cotton, Recycled Polyester	Yes	No	High	C	
Trademark	Bangladesh	5%	UW	Organic cotton, Better Cotton	Yes	No	Mid	A	
Trademark	Bangladesh							B	
Ningbo New Liven	China	1.5%	Sportswear, performance	Better Cotton, Recycled polyester, Rec. polyamide, Avitera	Yes	Yes	Mid	C	
Maxim	China		Sub supplier Packaging & Trims	Certified wood	Yes	No	Mid	C	
Powergrow	China		Sub supplier Elastics		Yes	Yes	Mid	C	
Jiaying Haike Luggage Bags	China	1%	Bags		Yes	No	Mid	C	
Quanzhou Hengde	China	6%	Bags	Recycled polyester	Yes	No	Mid	C	
Quanzhou East Star Bags	China	8%	Bags	Recycled polyester	Yes	No	Mid	C	
Travelwell Sportsbag	China	86%	Bags	Recycled polyester	Yes	No	Mid	C	
Travelwell Sportsware	China		Bags/Duffle bags		Yes	No	Mid	C	

- 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 is located and not in their home region.
- Management and Cascade effect is a very important performance area since it concerns the management of the factory. It ensures that the amfori BSCI principles are implemented and followed throughout the organization. We have a challenge in cascading the amfori requirements down to sub-contractors since the transparency is low in tiers 2-4.
- All our suppliers' employees are protected under the amfori BSCI code of conduct and have the right to a voice through The Rights of Freedom of Association and Collective Bargaining. The Code of Conduct clearly states that staff in an amfori BSCI controlled entity shall have the right to form unions in a free and democratic way, not be discriminated against 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 have a dialogue about workplace issues. All our factories have a worker representative of some kind, and most factories also have a box where staff 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 Türkiye do have freedom of association although union participation in Türkiye 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.

Physical risks for factory employees in our audits are very rare and in case of a finding, we act instantly. The physical safety of every person working for us is always a priority, no matter if it's inside or outside of the company.

Our role is to support our suppliers in their work on the remediation plan, including enrolling them in trainings arranged by amfori, covering relevant areas of development.

## Wages

Business partners must comply, as a minimum, with wages mandated by governments' minimum wage legislation, or industry standards based on collective bargaining, whichever is higher. Supplier wages are controlled through audits, and we discuss salaries through follow-ups. Our goal is to accomplish 100% living wage by 2030.



## Corruption

When the amfori audits are performed in our production facilities annually, vendor controls around corruption, extortion, embezzlement, or any form of bribery are performed.

Our business partners are expected to keep accurate information regarding their activities, structure, and performance, and should disclose these per 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 with reasonable care from workers, business partners, customers, and consumers in their sphere of influence. The collection, use and other processing of personal information are to comply with privacy and information security laws and regulatory requirements.

Naturally, corruption is something that we keep an eye on also on our own factory visits and in our daily contact with vendors.

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

## Risks

Irrespective of collaboration partners or the countries where they are based, known consequences of corruption in the textile industry are 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 potential risks for increased costs, deficiency in quality and deliveries, and damaged reputation. We don't see an overhanging risk for corruption within the organization or our business partners, but we do have routines for identifying, preventing and, if necessary, handling malpractice. The codes of conduct that we apply tolerate zero tolerance to corruption.

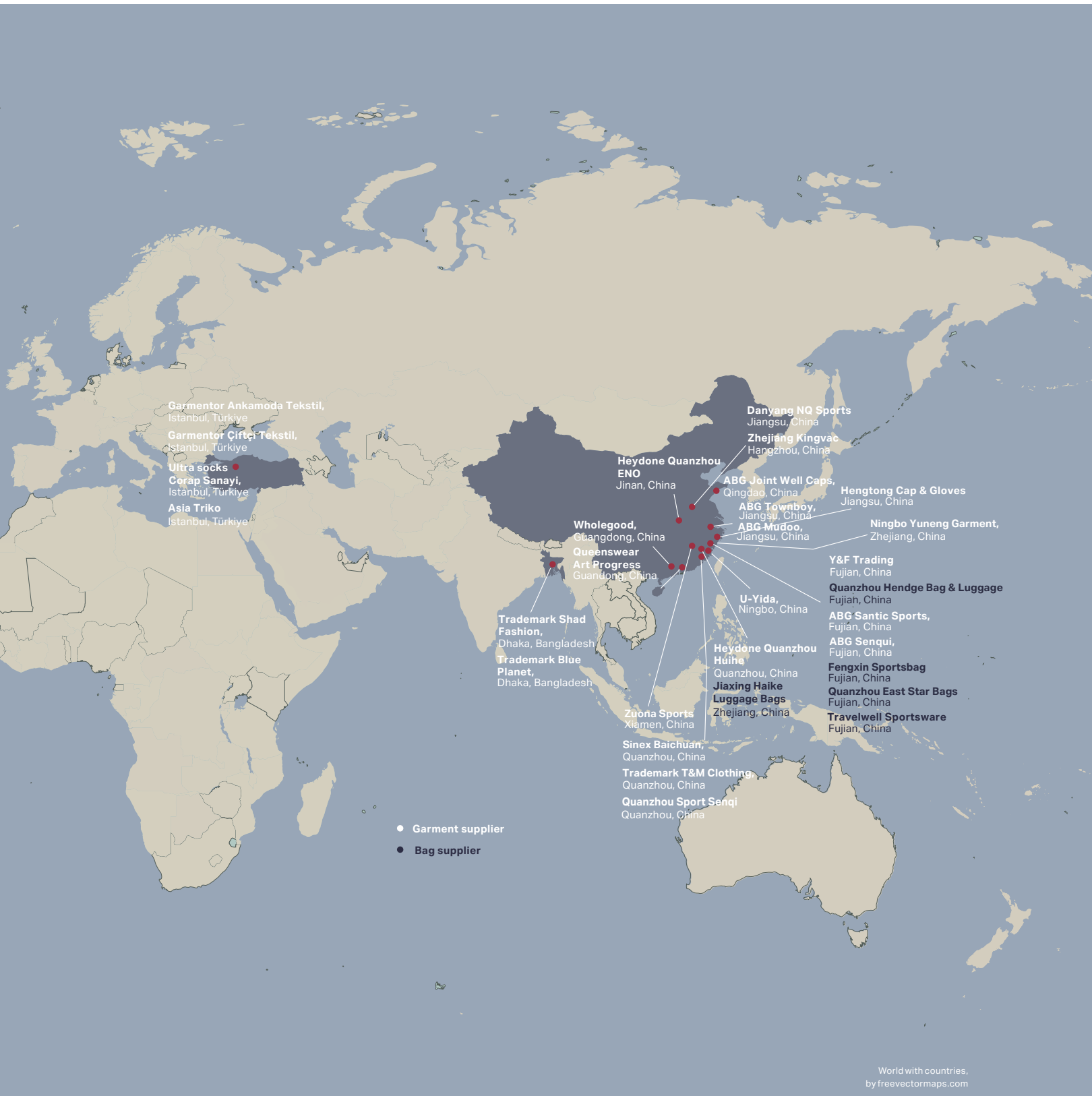
Apart from the code of conduct for our suppliers, we also follow an internal code of conduct clearly stating regulations around corruption. We also have a whistleblower system for anonymous reporting of possible wrongdoings. More about this in the section [Competence and engagement](#).

### ENVIRONMENTAL ASSESSMENT IN AUDITS

The environment is a small part of the BSCI report, the focus is social compliance. However, we require that our vendors are transparent and share information about their sub-suppliers with us. Read more about our work in the chapter [Reduce Climate Impact Purchased Goods & Services](#).

### OWN FACTORY VISITS

Due to Covid-19 and travel restrictions we have not been able to visit our vendors in China. For similar reasons we did not visit our vendor in Bangladesh, however, there is a plan to go in 2023. We made two trips to visit vendors in Türkiye.



## Human rights, health & safety



Björn Borg assesses, in its daily routines, whether our operations and business relationships could cause, contribute, or even be directly linked to any potential or actual adverse impact on human rights. Some relations are more difficult to evaluate than others though. For instance, shipping and part of our production value chain are beyond our control and we have little to no insight. Björn Borg is naturally committed to respecting internationally recognized human rights and to ensure that the company is not complicit in human rights violations. As signatories of the amfori BSCI code of conduct, our suppliers are bound to respect internationally recognized human rights and audits according to the code evaluates risks and assesses impacts of potential and actual impacts on human rights.

We support decent, meaningful jobs with fair compensation and benefits in safe, secure workplaces free from discrimination, where everyone has the right to freedom of association.

We give continuous training and take measures to enable key suppliers to safeguard labour rights and improve working conditions. We commit to stable, long-term supplier relationships and the implementation of related measures, for instance contracts over several years.

In our communication with suppliers of both products and services, as well as through available legislation and regulations, along with our code of conduct, we acknowledge the risks, first and foremost in our indirect business relationships, sub-contractors. Today, our best option is to follow up and work with our direct suppliers to further improve human rights performance, enforce our code of conduct and policies, and to further map our value chain.

Björn Borg doesn't have a human rights policy per se, but follows a line of related policies:

- Code of ethics for business partners
- Sustainability commitment
- Child labour policy
- Migrant worker guidelines
- Animal welfare
- Responsible raw material sourcing policy
- Chemical restrictions policy
- Whistleblowing policy
- Internal code of conduct and ethics policy
- Anti-discrimination policy
- Anti-harassment policy
- Equality policy
- International labour standards protecting workers' rights according to the amfori BSCI code of conduct.

## Our manufacturers

Our products (own production\*) have been produced by 15 tier 1 vendors (of which 4 for bags) in a total of 27 factories (of which 5 for bags) during 2022.

\* Own production refers to factories contracted by Björn Borg, excluding factories contracted by licensees (footwear and eyewear).

## Transparency in the supply chain



We increased transparency in our supply chain through the mapping of our tier 2 with the help of our tier 1 suppliers. This mapping also gave us some insight in tier 3 and 4. We also initiated a project to align sustainability targets with key vendors.

Other management tools than direct contact and monitoring of the Code of Conduct are our chemical restrictions and product quality controls. Compliance with these requirements is followed up continuously and is integrated into our overall supply chain management program.

In 2022, we continued to develop our PLM (Product Lifecycle Management) system to further support and facilitate our daily workflow as well as to increase transparency for products, production, and reporting. The development is part of the work towards meeting future legislations and requirements on our sustainability work.

We have also started mapping our vendors for other parts of the organization 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. Through our Supplier Guide, we give our vendors clear directions on what and how to source components and follow up accordingly.

### RISK COUNTRIES

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

### AMFORI DUE DILIGENCE TOOL

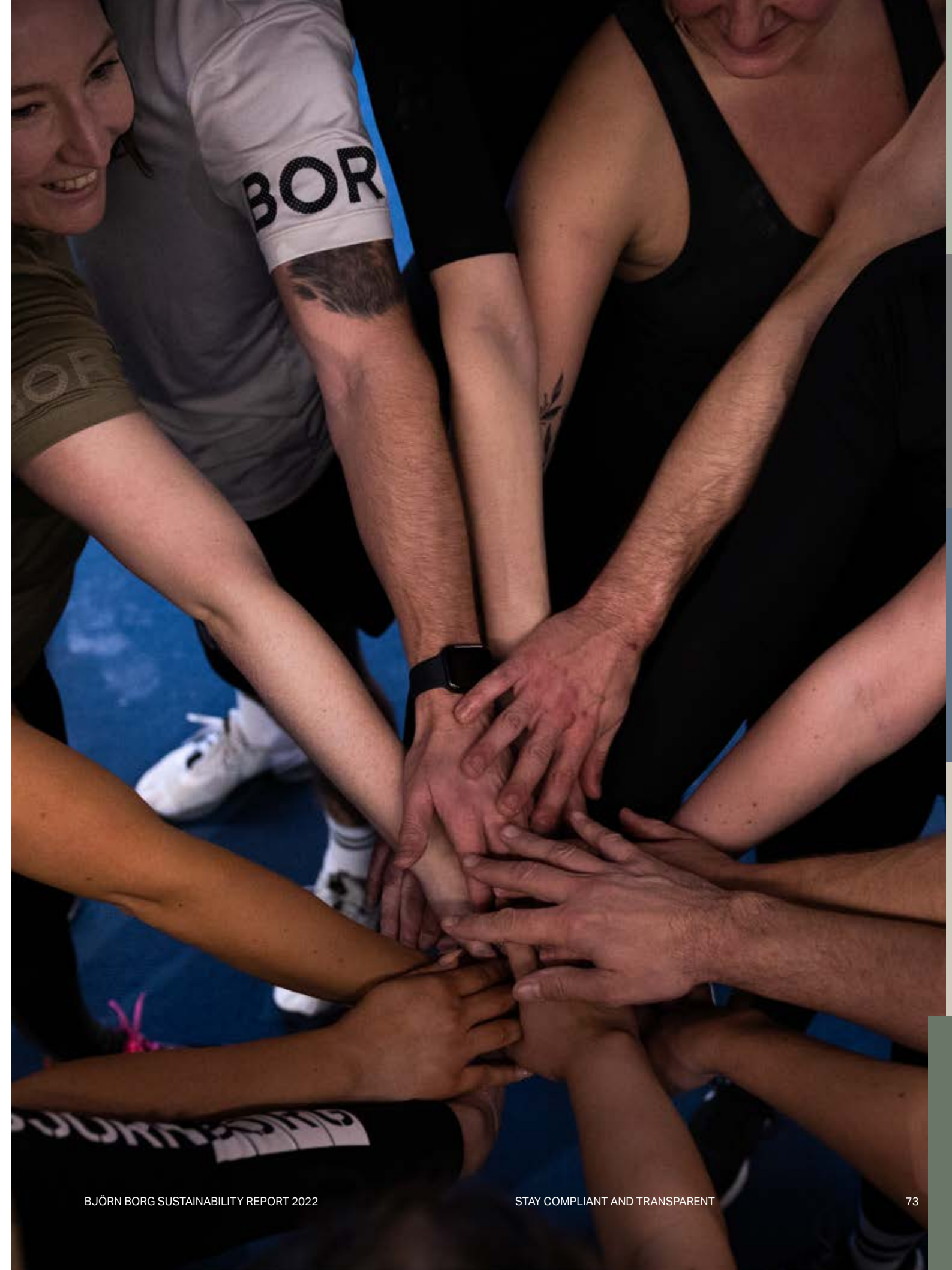
Country	Overall Risk	Voice and Accountability	Rule of Law	Regulatory Quality	Political Stability & Absence of Violence	Government Effectiveness	Control of Corruption
Bangladesh	23.5	31.03	30.77	22.12	10.48	25.48	21.2
China	40.2	6.9	46.15	44.23	27.14	67.79	49
Türkiye	41.7	29.56	48.56	61.06	5.71	54.81	50.5

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 WGI average rating higher than 60 and no more than two individual indicators rated below 60.



# Stay transparent and compliant



## Key achievements transparency & compliance 2022



Transparency & compliance

- A more transparent supply chain - tier mapping
- Efficient vendor and product data sharing
- Compliance to EU regulations
- Further developed system support for improved climate reporting

Björn Borg works continuously with implementing future legislation. The work is mainly done through the sustainability group with the assistance from the company's legal department. The sustainability group then initiates specific project groups where representatives from the relevant departments within the company participate to create an implementation plan. This ensures that we anchor compliance work in the organization and enables us to create an agile approach to new regulations during both implementation and the continued work after implementation.

One example of this work during 2022 is the implementation of France's new law regarding recycling marking of products, also known as "triman". The working group consisted of the company's product department, contributing to mapping all materials used in the company's production and ensuring the necessary changes in the manufacture of packaging. The working group also included the company's legal department, which helped to ensure that the implementation was compatible with the recommendations issued by the French state, and the design department, which worked on producing the mandatory symbols in a way that was optimal in relation to the packaging that we use for our products.

Other legislations that are on the agenda right now are the taxonomy, the Human Rights Due Diligence Directive (HRDD), the Corporate Sustainability Reporting Directive (CSRD) and the EU Textile Strategy to name a few examples.





## Report



### CLIMATE REPORTING METHODOLOGY

Björn Borg has reported on scope 3 GHG emissions since 2020. Our scope 3 reporting covers business travel, transport of goods, and purchased goods & services. Our climate goal to decrease our emissions by 50% 2020-2030, is set through a commitment as a member in the Swedish Textile Initiative for Climate Action, STICA. The membership helps us set, and follow, a path based on scientific data.

To ensure credibility, transparency, and progress, STICA requires company members to set targets, measure, and report in accordance with STICA guidelines, which are informed by the Science Based Targets initiative methodology and the GHG Protocol.

### CONTROL APPROACH

The division of categories, direct and indirect emissions between the scopes, depends on the chosen control approach.

- *Financial control approach* – direct GHG emissions are defined as emissions from sources where the company has financial control.

- *Operational control approach* – direct GHG emissions are defined as emissions from sources in which the company has operational control.

For the climate calculations in this report, an operational control approach has been used.

### METHODS FOR SCOPE 2 ACCOUNTING

According to the guidance of the GHG Protocol, there are two distinct methods for scope 2 accounting where both methods are useful for different purposes. The methods are:

- *Location-based method* – the emission factor is represented by the average emissions intensity of the grid on which the energy consumption occurs. In this method, no regard for the origin of the energy is taken. All energy consumed gets the same emission factor.
- *Market-based method* – the emission factor is represented by the emissions from electricity sources that companies purposefully have chosen. This means that if the company has bought electricity with guarantees of origin, the emission factors reflect that. All other electricity that is delivered without guarantees of origin represents the remaining electricity production, a so-called residual mix.

In this climate accounting report, a market-based method has been applied.

According to the GHG Protocol, the chosen method for calculating scope 2 emissions should be presented along with the non-chosen method. In table 1, the difference between market-based and location-based methods are presented.

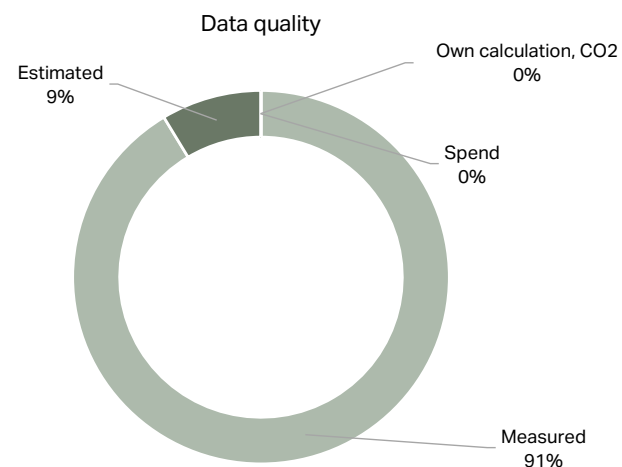
Market based vs location-based Scope 2 emissions, ton CO<sub>2</sub>e Total emissions, ton CO<sub>2</sub>e.

Calculation method, scope 2	Emissions (ton CO <sub>2</sub> e)
Market based	135.2
Location based	107.4
<b>Difference</b>	<b>27.8</b>

## PROCESS DESCRIPTION & SYSTEM BOUNDARIES

All calculations are primarily based on actual activity data from Björn Borg's own operations. The activity data reported from Björn Borg Group have been matched to emission factors to calculate the climate impact from the operations.

Where data gaps have been identified, estimations have been made based on the best available knowledge. As presented in the figure below, the division of emissions based on actual and estimated data is 91% and 9%, own calculations account for 0%, and data based on spend account for 0%.



## SYSTEM BOUNDARY AND GHG SCOPES

The scope 1 emissions of Björn Borg are represented by\*:

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

The scope 2 emissions of Björn Borg are represented by\*:

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

The scope 3 emissions of Björn Borg are represented by\*:

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

\* If other system boundaries have been made by the company, it is specified in the [Company-specific Methodology & Assumptions](#) section below.

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

- Belgium
- Denmark
- Finland
- Germany
- Sweden
- The Netherlands
- Footwear (Sweden and Finland)

On a product and transport level, our licensees for footwear and eyewear are also included, i.e., in scope 3.

## DETAILED METHODOLOGY

In this section, detailed methodology and most common assumptions are presented. If specific assumptions or deviations from the detailed methodology section have been done for Björn Borg these are described in the following section: [Company-Specific Methodology & Assumptions](#).

## Scope 1&2

Scopes 1 and 2 were calculated using, to the greatest extent possible, actual activity data, such as kilowatt hours or kilometres. The emission factors used in the calculations come from the Swedish Transport Administration (Trafikverket), The Swedish Energy Markets Inspectorate (Ei), IEA and AIB European residual mixes.

Assumptions in scopes 1 and 2 often include estimates for electricity, heating, and refrigerant leakage. Emissions from refrigerant leakage have if actual data is missing, been estimated based on the total facility area in which district cooling is not used. Where no activity data was available for energy consumption, estimates for different facility types from the Swedish Energy Agency (Energimyndigheten) were used.

## Purchased goods and services

The category purchased goods and services consists of a data collection representing the emissions from suppliers in tier 1, another separate data collection and calculation for material to cover tiers 2-4, as well as a calculation for packaging.

For suppliers in tier 1, data collection includes the total number of products divided between the main categories: Apparel, Footwear, and non-textile. For each product category, a general emission factor representing CO<sub>2</sub>e emissions per kg product has been adopted.

For tiers 2-4, calculations were done based on the total weight of materials in Björn Borg's products. Emission factors for materials are from the Higg database. The emission factors were adapted to account for if the material is for example recycled or organic. If a material was not included in the Higg database, a similar material or an average company-specific material factor was used.

For packaging, calculations were done by using the total weight of materials. Emission factors are from the Higg database, and these were adapted to account for if the material is recycled. All packaging material from tier 1 suppliers to end customer is included.

## Transportation and distribution (upstream & downstream)

Emissions from transportation and distribution are primarily based on actual emission data provided by the carrier, secondly by calculations based on provided information about transported weights and distances. Emission factors used for the calculated emissions are gathered from the Network of Transport Measures (NTM).

## Fuel and energy-related activities

Fuel and energy related activities are calculated using the activity data for electricity and heating in all facilities and fuels used for company-operated vehicles. Emission factors for calculations are from the Swedish Transport Administration (Trafikverket), The Swedish Energy Markets Inspectorate (Ei), IEA and AIB European residual mixes.

## Business travel

Emissions from business travel are calculated by using the best available activity data and emission factors. The emission factors come from ICAO Carbon Calculator (adjusted for RFI 2,7), Trafikverket, Hertz Sustainability report 2019, the report "Bransch-läget 2018" by Svenska Taxiförbundet, NTM, and "Travel and climate, Methodology Report. Version 2.0," by Larsson & Kamb (2019).

The activity data can come from many different sources, thus resulting in highly varying data quality. Data directly from service suppliers, such as Taxi Stockholm or SJ, is seen as high quality, whereas spend data from multiple varying sources requires more estimations in the calculations.

## Other facilities

Other facilities are represented by facilities that are utilized but not operated by employees of Björn Borg, for example, third-party warehouses. The emissions are calculated the same way as for facilities in scope 1 and 2, but all emissions are included in scope 3 in accordance with the GHG protocol. Activity data for electricity, heating and fuels are included.

Emission factors used are from AIB Residual Mixes 2018 and 2019, and Värmevärde: SNV 2018.



## COMPANY-SPECIFIC METHODOLOGY & ASSUMPTIONS

### Purchased goods and services

#### Tier 1

Björn Borg has collected actual data from 16 tier 1 suppliers. Total emissions from each supplier are calculated using actual reported data for electricity, fuel use, and packaging. Emissions from reporting suppliers are allocated to Björn Borg based on purchased products per supplier and then allocated to each supplier's factory based on the factory's reported amount of purchased products.

For non-reporters, average values from the reporting suppliers were applied regarding electricity consumption, fuel use, and packaging consumption.

A few assumptions and estimations regarding the tier 1 reporters' data were made. Fengxin Sportsbag Co Ltd only reported the number of bags produced and not the produced weight, and since the factory could not provide more accurate data regarding the product weight, one bag was assumed to weigh 0.5 kg. Additionally, where no answers from the factories were obtained, assumptions regarding units were made for the production and fuel consumption, and averages from the other reporting factories were used to cover any missing data points.

Salesman samples were included in the reported quantity for all products except for footwear and eyewear. The development samples (6,600 pieces) were calculated as non-reporters, i.e. averages were used to calculate the emissions from them.

#### Tier 2-4

In 2022, Björn Borg has collected actual data from tier 2 factories for the first time, and data was collected from 7 tier 2 factories. The methodology for calculating the emissions from these factories is very similar to the methodology used for the tier 1 factories, which was described above.

Just like for the tier 1 calculations, where no answers from the factories were obtained, assumptions regarding units were made for the production, and averages from the other reporting factories were used to cover any missing data points. Furthermore, Fortune, Fynex, and Tongyi reported the amount of steam they had used in tons, and this was converted into electricity (kWh).

To compile the type of materials and calculate the weight of the materials produced by the reporting tier 2 suppliers, some simplifications were made due to a lack of detailed data from Björn Borg. The material weights were calculated based on information regarding the weight of the different styles.

The part of the MSI Higg emission factor corresponding to tier 2 was removed from the material produced by all reporting tier 2 suppliers, and only the tier 3-4 emissions for these materials were calculated using MSI Higg. For the materials that did not correspond to a supplier questionnaire, the emissions were calculated using the same methodology as for previous years, i.e., the remaining tier 2-4 emissions were calculated based on actual material weight (kg).

To cover waste in tier 2, 3.2 % was added to all reported material since that was the weighted average of the waste reported by the tier 1 suppliers. To cover waste in tier 3 for the material produced by the reporting tier 2 factories, another 5.5 % was added since that was the weighted average of waste reported by the tier 2 factories.

For some materials, it was not possible to find an emission factor in MSI Higg and therefore assumptions had to be made. This was the case for BCI cotton, which was assumed to be conventional cotton, and polyethylene (PE) fabric, which was assumed to be high-density polyethylene (HDPE) fabric. Furthermore, for the packaging, FSC paper was assumed to be virgin, and the virgin polybags were assumed to be low-density polyethylene (LDPE).

The hard suitcases produced by Shanghai Conwood were not included in the reported material quantity, and to account for this material it was assumed that one suitcase weighs approximately 3 kg and consists of 100% acrylonitrile butadiene styrene (ABS) plastic.

The material for the salesman samples and development samples was not included in the reported material quantity, and this was therefore added. For the salesman samples, an average weight per product was calculated using product weight data from Björn Borg. For the development samples, it was assumed that one piece weighed 0.35 kg. Finally, to calculate the emissions from the samples, a weighted emission factor per kg based on the weight and emissions of all known materials Björn Borg has used was applied.

Footwear was excluded from the reported material weight, and the tier 2-4 emissions were calculated separately based on the material composition.

Royalty products are reported separately from other emissions from purchased goods and services.

#### Licensee products

Using the same methodology as last year, the tier 1 emissions for eyewear were calculated using estimations based on the Environmental Product Declaration (EPD) of a pair of Ray-Ban glasses. The emission factor represents "core processes" which include the production of the frame and the lenses, the final assembly, and the packaging phase. Emissions in tier 2-4 were calculated based on the reported material weight.

The same methodology as last year was also applied to the royalty footwear, where all emissions in tier 1-4 were estimated using average emission factors that are based on two life cycle assessments, namely "Environmental impacts of shoe consumption Combining product flow analysis with an LCA model for Sweden" conducted by the University of Chalmers 2015 and "Life cycle assessment of a pair of GORE-TEX branded waterproof and breathable hiking boots" from the W.L Gore & Associates' Fabrics division 2014.

#### Björn Borg Footwear

The tier 1 emissions from Footwear Varberg were estimated using the same life cycle assessments that were used for the royalty footwear. However, the tier 2-4 emissions were calculated using the weight of the ingoing materials, which was in turn calculated using the weight per pair and material composition. Then, emission factors from MSI Higg were applied to calculate the emissions.

#### Transports

If the reported emissions were in CO<sub>2</sub>, they were recalculated to CO<sub>2</sub>e, and if the emissions were only for TTW (tank-to-wheel), they were recalculated to account for WTW (well-to-wheel). For the transports for footwear, an average distance was calculated by Björn Borg, and this was used to calculate the tonkm. For the transportation of samples to Björn Borg's office, estimations of distances were made based on the capital in the country of origin. Additionally, emissions from transportation from the airport and port have been estimated. The weight of the shipment was estimated based on the actual tonkm and an assumption of the transport distance. The distance inbound/outbound with a truck was estimated to be 100 km.

A Radiative forcing index of 2.7 was added to air freight emissions following STICA guidelines.

#### Business travel

In some instances where only the number of trips was available, this was recalculated into pkm based on the distance traveled and the number of passengers. Additionally, an average price of 1,500 SEK per hotel night was assumed to calculate the number of nights from the total spend. Furthermore, a Radiative forcing index of 2.7 was added to business travel by air following STICA guidelines.

#### Electricity and heating

Where the electricity and/or heating consumption was unknown, this was estimated using reference values and the area of the facilities or using the consumption for last year.

## Customer compliance

In collaboration with our Key Accounts we identify the standards and regulations we must meet to stay relevant as a partner. These are the key actions for our work meeting Key Account requirements in the next few years.



### Key Accounts – selected focus areas 2023-2024

#### Product: secure alignment and build plan

Source at least 50% more sustainable cotton (by volume) based on the Cotton UP guide<sup>24</sup> and Textile Exchange's Sustainable Cotton Matrix<sup>25</sup>.

#### Transparency: secure system support & availability of data

Report percentage more sustainable material based on the total product weight.

#### Chemicals: Update chemical strategy

Demonstrate progress in eliminating the release and/or use of hazardous chemicals.

#### Targets & Strategy

SBT-aligned targets approved by the Science Based Targets initiative (SBTi).

Set public targets for synthetic fibers/ renewable or recycled fibers.

Strategies and action plans to reduce the environmental impact in the supply chain.

#### Vendor management and data

Adopt Higg Facility & Environmental Module in supply chain.

Extended BSCI code of conduct requirements.



## Legislations & regulations



### DATA PROTECTION

Our data protection policy regulates Björn Borg's adherence to the laws and regulations that govern the protection of personal data, including, but not limited to, the General Data Protection Regulation (GDPR). Our data protection policy has been adopted by the Board of Directors and aims to ensure compliance with data protection laws by the companies within the Björn Borg Group.

To ensure and demonstrate compliance with the GDPR principles when processing personal data, we make sure that instructions, routines, documentation, principles etc. are available to all employees. 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 per the GDPR, and for being able to prove its accountability. Our legal department is responsible for following up the compliance with the GDPR on a Björn Borg Group level and reporting 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 yearly and when there has been a material breach of compliance.

### WE ARE MEMBERS OF AND/OR FOLLOW:

- BCI
- GRS
- GOTS
- REACH
- Stockholm Convention on Persistent Organic Pollutants (POPs)
- The Biocidal Product Regulation (BPR, Regulation (EU) 528/2012)
- Directive on Packaging and Packaging Waste 94/62/EC
- TEXTILEIMPORTERS
- The General Product Safety Directive (GPSD) Directive 2001/95/EC
- CEN/TR 16692:2014 Safety on children's clothing – Recommendations for the design and manufacture of children's clothing. Mechanical safety
- EN 14682:2014 Safety of children's clothing – Cords and drawstrings on children's clothing
- EN 17394-2 Textiles and textile products. Safety of children's clothing. Security of attachment of buttons. Test method
- 16 CFR Part 1610 Standard for flammability of clothing textiles
- EN 14878:2007 Textiles – burning behavior of Children's nightwear – Specification.
- STICA
- amfori BSCI
- Our supplier Trademark is a signatory of the Bangladesh accord. 5% of our total production and 100% of our production in Bangladesh.



## ABOUT THIS REPORT

Björn Borg is committed to transparent reporting on the progress we make towards achieving our sustainability goals. This report illustrates our work towards a more sustainable and responsible future. It covers sustainability strategies, challenges, activities, goals, and performance for the global Group operations. Where possible, we report on positive and negative impacts from our business in the supply chain.

This sustainability disclosure complements our annual report, where information about financial results and governance can be found, along with some key sustainability KPIs. The report is based on data collected throughout the Group and from external parties such as vendors and transporters. The climate reporting includes, apart from the Björn Borg Group data, licensee data for footwear and eyewear.

We report in accordance with the Swedish Annual Accounts Act (Årsredovisningslagen) and the report is inspired by the GRI (Global Reporting Initiative) standards. We use the United Nation's SDGs (Sustainability Goals) as a benchmark.

The Björn Borg sustainability report is published annually, and our last sustainability report was released in April 2022. Björn Borg's Board, senior management team, and sustainability steering group have been involved in the process. The report has not been reviewed in full by any third party.

Björn Borg does not apply the Precautionary Principle or approach.

Our annual and sustainability reports can be found on our corporate website. This sustainability disclosure is separate from our Annual Report.

## The Björn Borg Group in brief

The Björn Borg Group owns the Björn Borg brand, and the focus of the business is sports apparel, underwear, and bags. In addition, footwear and glasses are also offered via licensees. Björn Borg products are sold in around twenty markets, of which Sweden and the Netherlands are the largest. The Björn Borg Group has its own operations at all levels, from brand development to consumer sales in its own Björn Borg stores. In total, the Group's net sales in 2022 amounted to SEK 835.2 million and the average number of employees was 150. Björn Borg has been listed on Nasdaq Stockholm since 2007.

### THE PARENT COMPANY

Björn Borg AB (publ) mainly conducts intra-Group activities. As of December 31, 2022, the company owned 100 percent of the shares in Björn Borg Brands AB, Björn Borg Footwear AB, Björn Borg Inc, Björn Borg Services AB, Björn Borg UK, Baseline, BBM, Björn Borg Finland Oy and Björn Borg Denmark Aps. Furthermore, the company owned 75 percent of the shares in Björn Borg (China) Ltd. The company has restructured the Baseline Group, which consisted of six legal entities in the Netherlands and Belgium. After the restructuring, the Belgian units are directly owned by Björn Borg AB. The acquisition was carried out on the entry date of January 1, 2022.

The parent company's net sales for 2022 amounted to SEK 101.2 million (99.9).

Profit before tax amounted to SEK 37.3 million (29.4) for 2022.

## Get in touch

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

[Pernilla.johansson@bjornborg.com](mailto:Pernilla.johansson@bjornborg.com) (sustainability and press)  
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[Emma.lidfeldt@bjornborg.com](mailto:Emma.lidfeldt@bjornborg.com) (press)

We appreciate your feedback.

## 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 2022 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 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.

BDO Mälardalen AB

Stockholm, April 24, 2023

Johan Pharmanson  
*Authorized Public Accountant*

Carl-Johan Kjellman  
*Authorized Public Accountant*

ANNUAL ACCOUNTS ACT					
Information requirement	Environment	Staff	Social	Human Rights	Anti-Corruption
The sustainability report shall describe...					
The company's business model	26, Annual report				
The company's model for practices for the different areas, including analysis that has been performed	12, 16-21				
	36-61	22-34	22-34, 64-72	26, 31-34, 63-66	26, 33-34, 67
The results of the policy	36-61	23-24, 30-32	23-24, 30-32, 63-66	28-34, 63-66	26, 33-34, 63-66
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	14-15				
	37, 62	24	67	63-66, 69	64-67
How the company handles the risks	14-15	22-34	14-15, 63-70	14-15, 22-34, 63-70	14-15, 64-67
Central result indicators relevant to the business	6, 7, 23, 24, 30, 31, 34, 37-40, 42-45, 48-54, 58-59, 63, 65, 66, 74, 78				





# BJÖRN BORG

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