

**BJÖRN BORG**



**SUSTAINABILITY REPORT 2018**

# IN THIS YEAR'S REPORT

4	<b>SUSTAINABLE BUSINESS</b>
4	Letter from the CEO
6	Björn Borg in brief
8	Key Performance Indicators 2018
10	<b>B. TOMORROW – OUR SUSTAINABILITY WORK</b>
11	About B. Tomorrow
11	Our promise and goals
14	Our Sustainability Director reflects on the year past
15	Highlights of the year
16	B. Tomorrow definitions
20	How we are organised
22	<b>RESPONSIBLE PRODUCTION</b>
24	Stringent Code of Conduct
29	Human rights, health and safety
32	Transparency in supply chain
34	Our manufacturers
36	Corruption
38	<b>DECREASING FOOTPRINT</b>
39	Key focus areas
40	Sustainable materials and processes
44	Streamlined transports and shipping
46	Efficient packaging
48	Sustainable trade solutions
50	Own operations
52	Total emissions for the Björn Borg business
54	<b>DRIVING SUSTAINABLE CONSUMPTION</b>
56	Use and durability
59	Staff education and consumers
62	<b>BJÖRN BORG AS A WORKPLACE</b>
62	Our culture
64	Gender equality
66	Ethics, Diversity and non-discrimination
68	Sustainable people
70	Workplace environment
70	Organisation and policies
72	<b>HOW WE REPORT</b>
72	How we report
72	Materiality matrix
73	Get in touch
73	Index
75	Auditor's Report

## IN THE NAME OF SUSTAINABILITY:

This report is optimized to be viewed on your laptop screen.  
Please do not print it.

COVER PHOTO: MARK BASARAB, UNSPLASH

Björn Borg is an international sports fashion brand for people who want to feel active and attractive. But attractive for us is not only about looks. It is also about inner strength, and about doing the right thing. About taking a stand for what you believe in. We believe that a sustainable approach to products and partners is necessary to be relevant as a brand for the future consumer. We believe that we should never stop. And we believe that sports can help us become something more than what we are today. We can get better, and we want to inspire people to help us contribute to a more sustainable planet. Together, we can B. Tomorrow.

PHOTO: AMIRALI MIRHASHEMIAN, UNSPLASH

# SUSTAINABLE BUSINESS

## LETTER FROM THE CEO

Sports is at the very core of the Björn Borg brand. It is in our DNA and it is part of our everyday life. We believe that through sports, we can be more, we can stay at the top of our game. Sports is a way for us to reach the best of our potential and enables us to stand for something that we believe in. Everything that we do, we do with passion and a winning attitude. And we do it together. We can't change the world on our own, but together we can work for a better future, we can B. Tomorrow. And that is what our sustainability work is about.

In 2015, sustainability was for the first time integrated in a Björn Borg business plan. Since then, we have worked actively to up our game. Today, our sustainability work trickles down to every single part of our business and I am proud that we have achieved as much as we have during just a few years. The Board of Directors, the Management Team and down to every single employee are more motivated and engaged than ever before. 70% of our employees have a personal goal, putting sustainability top of mind in the everyday work.

This year, we have accelerated our work and I look back at a strong sustainability year where we have introduced a B. Tomorrow branding, we are down to carrying conventional cotton in only 12% of our range, we have introduced new dyeing and printing techniques, new climate neutral bags in our e-com business, and we met our goal to reduce our carbon footprint with 40% vs 2013.

Is it possible to grow the brand while leaving a smaller footprint? I believe it is. I even believe that a business that doesn't contribute to a better tomorrow is the one that will sit on the bench. I believe in team play, where we all together create the world that we want to live in tomorrow.

It is my job to dedicate resources and communicate priority and even if we are a small player, I believe that it can be to our advantage. We can move faster. And we will never give up, always strive to be more.

*Let's go!*  
Henrik Bunge  
Head Coach



PHOTO: MARIANNE KROHN, UNSPLASH

# BJÖRN BORG IN BRIEF

## BJÖRN BORG GROUP

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

The Björn Borg Group has operations at every level from branding to consumer sales in its own Björn Borg stores and e-commerce. Operations comprise brand development and services for the network of licensees and distributors as well as product development in the core underwear and sports apparel businesses. The Group is also responsible for distribution of underwear and sports apparel in Sweden, England, Finland, the Netherlands, Belgium and Germany as well as footwear in Sweden, Finland and the Baltic countries.

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

## THE YEAR IN NUMBERS

- The Group's net sales rose 1.9 percent to SEK 709.6 million (696.5). Excluding currency effects, the increase was 1.6 percent.
- The gross profit margin was 57.4 percent (54.0).
- Operating profit amounted to SEK 71.0 million (55.4).
- Profit after tax amounted to SEK 59.5 million (37.4).
- Earnings per share before and after dilution amounted to SEK 2.39 (1.48).
- The Board of Directors has decided to propose to the Annual General Meeting a distribution of SEK 2.00 (2.00) per share, totaling SEK 50.3 million (50.3).

## BRAND SALES

Brand sales rose year-over-year to SEK 1,603 million (1,542). Excluding currency effects, brand sales increased minimally. (See definitions on page 89.)

## THE BJÖRN BORG BRAND

Björn Borg is distinguished by creative products with the brand's typically sporty identity – products that make customers feel active and attractive. A passion for sports fashion and willingness to challenge the industry shine through in our marketing communications and product development.

The Björn Borg brand was established in the Swedish apparel market in the first half of the 1990s and today has a strong position in its established markets, particularly for the largest product group, underwear.

## MARKETS

- Björn Borg is represented in around 20 markets, the largest of which are Sweden and the Netherlands.
- Björn Borg has acquired its former Benelux distributor. The acquisition, which closed on January 2, 2017, is an important step in accelerating the vertical integration of Björn Borg's operations and is in line with the strategy to get closer to consumers and retailers in Björn Borg's main markets.

## NEW STORES

No new stores were opened during the year, while five stores have been closed: two in Sweden, one in Finland, one in the Netherlands and one in Norway. At year-end there were a total of 36 (41) Björn Borg stores, 31 (35) of which are Group-owned.

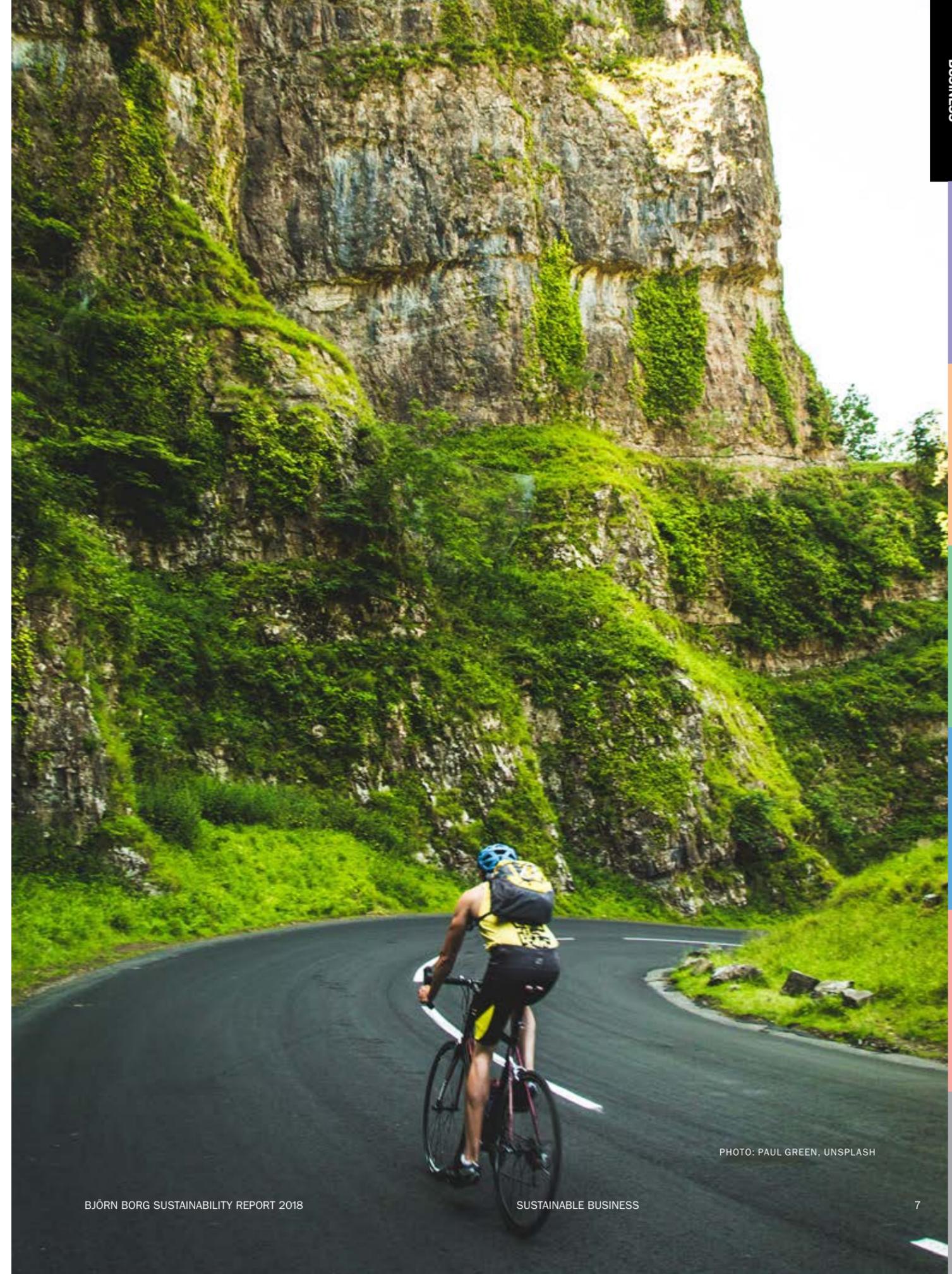
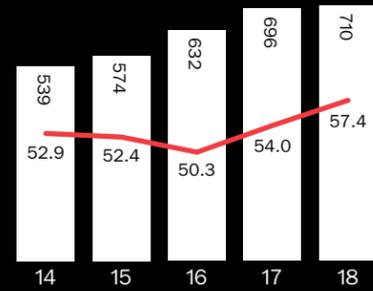


PHOTO: PAUL GREEN, UNSPLASH

# KEY PERFORMANCE INDICATORS 2018

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



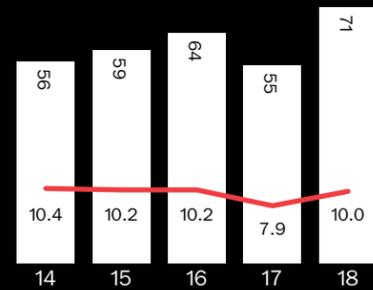
THE NUMBER OF BJÖRN BORG STORES AT YEAR-END WAS 36, 31 OF WHICH ARE GROUP-OWNED

**36**

DISTRIBUTION OF SEK 2.00 PER SHARE

**2.00**

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



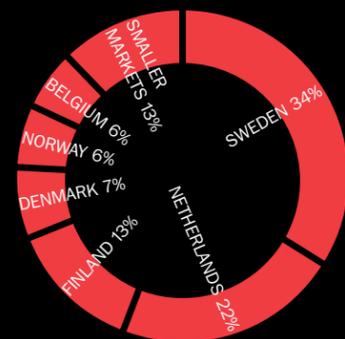
THE OPERATING MARGIN WAS 10.0 PERCENT

**10.0**

THE GROSS PROFIT MARGIN WAS 57.4 PERCENT

**57.4**

BRAND SALES BY COUNTRY



BRAND SALES BY PRODUCT AREA

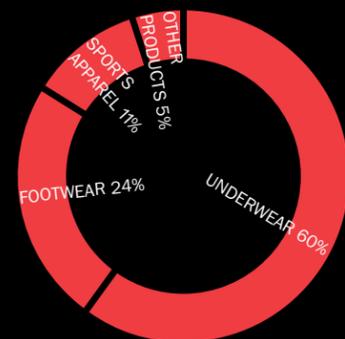


PHOTO: BJÖRN BORG SPRING/SUMMERCOLLECTION

# B. TOMORROW – OUR SUSTAINABILITY WORK



## ABOUT B. TOMORROW

Running any global business comes with responsibility but as a player in the second most polluting industry in the world after the oil industry, we have a very special responsibility that needs to be taken seriously. The collective name B. Tomorrow represents all our sustainability efforts and our journey towards a more sustainable future. It represents every step we take within our organisation to contribute to this common goal, but also our hope to inspire others to do the same. It stands for the idea that together we can make a difference. In short, it is a vision and an approach in one: let's lead our lives to contribute to a better tomorrow. Let's B. Tomorrow!

B. Tomorrow is a way for us to express our belief that a sustainable approach to products and partners is necessary to be relevant as a brand for the future consumer.

Our work is divided into three different key focus areas with specific targets down to every part of our business, and is linked to the United Nation's Sustainable Development Goals. The SDGs are a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity.

## OUR PROMISE AND GOALS

### OUR GOALS 2019

- Sustainable fibres in 70% of collections developed in 2019 (AW20)
- No conventional cotton in collections developed in 2019 (AW20)
- 20% B. Tomorrow printing and 20% B. Tomorrow dyeing in range by AW20
- 80% transparency in our supply chain by 2020
- All packaging FSC certified and/or recycled material
- Carbon footprint down with 40% vs. 2013
- Air freight maximum 2% of shipments



### OUR GOALS 2019

Our goals for 2019 were very ambitious when we set them in 2015 and with one year left, we still have a bit to do but we are on a good way to fulfill them. Our collections reaching the market during 2018 have included 20% sustainable materials and our AW19 collection (developed during 2018) offers 56% sustainable materials and 12% conventional cotton. Our products are completely free from SVHC (*Substances of Very High Concern*) since our SS18 collection.

Printing and dyeing are areas where we can decrease our footprint by quite a bit through new inventions enabling decreased chemical and water usage. During 2018 our first Solution Dye products reached the market and during 2019, we are launching products dyed with Avitera®. For printing, we have introduced digital printing methods, which saves a considerable amount of water compared to traditional printing. Digital printing is now used on all our polyester products in both sports apparel and underwear.

Our goal is to offer a fully sustainable range by 2022 and we are convinced that not only is it vital that we all contribute to a better tomorrow, it is also critical to comply with consumers' and customers' future requirements.

Our biggest challenges so far lie in transparency, packaging and printing/dyeing. Our carbon footprint was down by 40% already in 2017 vs. 2013 for the data we had at hand in 2013, but there is yet more to be done since we have been able to add facilities this year that we haven't had data from before. See more about this in the *Decreasing Footprint* part in this report.

Our key focus areas going forward reflect the sustainability work throughout our whole business. All departments and business functions are involved, as well as all our partners – from logistics and garment production, to store and packaging suppliers.

In fact, to mark the importance of our sustainability work, every single employee throughout the organisation is encouraged to set a personal sustainability goal. So far around 70% of our staff has set one – either a personal goal or one that is related to their function. Or both. It is a way for us to put sustainability on the map and to make sure that it ends up as a top priority along with our business goals.

Our management group and staff are the key drivers to long lasting sustainability accomplishments. Together, we can work for a better tomorrow towards our goals. It all starts at the heart of the business.

### OUR PROMISE

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

PHOTO: CASEY HORNER, UNSPLASH



## OUR SUSTAINABILITY DIRECTOR REFLECTS ON THE YEAR PAST

“We set an ambitious Sustainability Roadmap for 2016-2019 in 2015, which covers six primary modules: Product, Own Operations, Packaging and Transport, Transparency, Manufacturing, and People. Within these areas, we set clear annual targets and actions taking us towards becoming a more sustainable brand. With a starting point in 2015 at basically zero, we have come a long way enabling internal focus and creating commitment among our staff. Thanks to the high goals set in the plan, our sustainability offering has increased considerably in the last couple of years and will continue to do so according to our clearly marked path towards 100% sustainable collections in 2022. Focus lies primarily on assuring that we source our products from the right partners and make sure to secure more sustainable components for our volume products. We follow the Amfori BSCI Code of Conduct for working conditions in factories and our Chemical Management Program (including our Restricted Substances List), according to the European Chemicals Legislation REACH, and our own, stricter, conditions. Compliance with these requirements is continuously followed up and integrated in our overall Supply Chain Management Program.

During the year we have implemented a more controlled order process, developing behaviours and set clear shipping strategies. All this contributes to a positive impact on our airfreight targets and 2018 we reached our goal of 2% air freight maximum of all transports.

We have during the year started to set goals and targets beyond the current plan and will during 2019 launch ‘B. Tomorrow 2022’. Our belief is still that a sustainable approach to products and partners is necessary to be relevant as a brand for the future consumer. Today we clearly state what is a more sustainable choice to our consumers through our B.Tomorrow label. We are also happy to see that our customers are starting to set high standards and requirements on brands they buy, and we believe that we need to work closely with them to create a more sustainable future. Each function head, all represented in the Management Team, set and are responsible for function specific goals to drive a more sustainable business.

I am proud of how far we have come in just a few years. Today sustainability is high on the agenda and our winning attitude has taken us further than expected in how sustainable our range is. We have a passionate approach to doing good and we constantly challenge ourselves and others to do better.



We introduced a B. Tomorrow branding and new symbols to make sustainable shopping easier.

### INTRODUCTION OF DIGITAL PRINT AND SOLUTION DYE.



We have reached 100% transparency in our tier 1 factories.

CO<sub>2</sub>

**MET GOAL OF 40% CO<sub>2</sub> REDUCTION VS 2013**

# SUSTAINABILITY HIGHLIGHTS 2018



Implementation of new forecasting tool for transports.



**Conventional cotton down to 12% of our range.**

**100% climate neutral bags in e-com.**

## B. TOMORROW DEFINITIONS

### SUSTAINABLE PRODUCT DEFINITIONS

When does a Björn Borg product get the B. Tomorrow seal of approval? We have definitions for both materials and processes and they look like this:

### SUSTAINABLE MATERIAL:

A product that is made from a minimum of 70% sustainable material (in weight per shell fabric, main linings and padding combined). The material is made from renewable resources and/or a sustainable process and is grown and produced with methods that have less negative impact on the earth compared to conventional alternatives.

B. Tomorrow approved fibres from January 2019:

- BCI Cotton
- Org. Cotton
- Rec. Polyester
- Rec. Polyamide
- Rec. Wool
- Rec. Cotton
- Tencel™
- Org. Hemp
- S.Café®

### WET PROCESSES

A product where 100% of the shell fabric (in surface) is printed and/or dyed with a process saving water and/or chemicals and the material is produced with methods that use significantly less water and/or chemicals compared to conventional alternatives.

Approved dyeing processes by Jan 2019:

- Solution Dye
- Avitera®

Approved print processes by Jan 2019:

- Digital Print
- Sublimation Print

For collections developed during 2018 (reaching the market in 2019), solution dye, Avitera® dye, recycled polyamide, recycled polyester, hemp, and Tencel™ are examples of sustainable materials and process used.

### BCI Cotton

Björn Borg is a member of the *Better Cotton Initiative* (BCI) since January 2016 and is committed to transforming the cotton sector by supporting more sustainable ways to produce cotton. To bring benefits to the environment, BCI Farmers learn to use synthetic fertilisers and pesticides more efficiently, conserve water, maintain soil health and preserve natural habitats through responsible farming practices. To improve social conditions, BCI addresses the most pressing challenges in cotton production by training farmers to actively phase out human rights abuses, such as child labour, gender inequality, and health and safety risks.

### Organic Cotton

Our suppliers use GOTS certified organic cotton (*The Global Organic Textile Standard*), which is the worldwide leading textile processing standard for organic fibres, including ecological and social criteria, backed up by independent certification of the entire textile supply chain.

### Recycled Polyester

Recycled polyester reduces the dependency on virgin oil plastics and contributes to lowering CO<sub>2</sub> emissions.

### Recycled Polyamide

Recycled polyamide is a material recycled from waste such as fish nets and carpets found in our seas. Leftover waste from production is also used, a way of saving natural resources and reduce what ends up in landfills.

### Tencel™

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

### Organic Hemp

Hemp requires no fertilisers and considerably less water in farming than cotton. It feels a bit like linen and is very durable. Hemp also has anti-static capabilities, reflects up to 95% of all UV light, and is completely biodegradable and recyclable, enabling a closed loop process.



PHOTO: DAVID KOVALENKO, UNSPLASH

**Solution Dye**

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

**Avitera® Dye**

Avitera® dyes use a process where more dye is absorbed into the fabric, which means less water is required and the energy consumption and CO<sub>2</sub> emissions are greatly reduced.

**S Café®**

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

**Digital Print**

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

**Sublimation Print**

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

PHOTO: LUCA ZANON, UNSPLASH

## HOW WE ARE ORGANISED

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

To reach our goals it is important that sustainability plays an active role for every single employee within our organization. We rely on our experts within their respective field, so every function owner in our management team reports on their respective sustainability goals three times per year, and our roadmap is adjusted annually to meet new conditions for fulfilling our long-term goals.

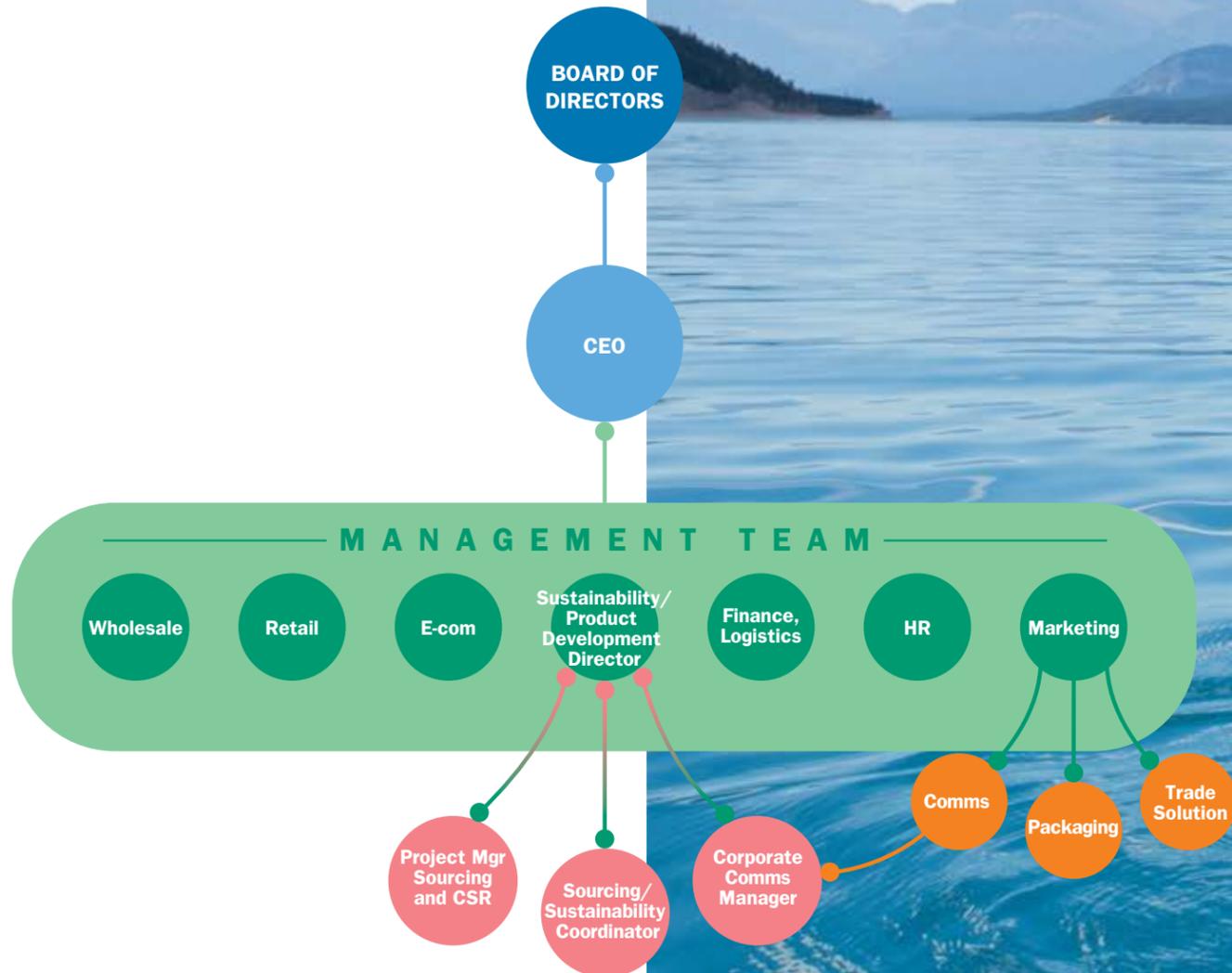
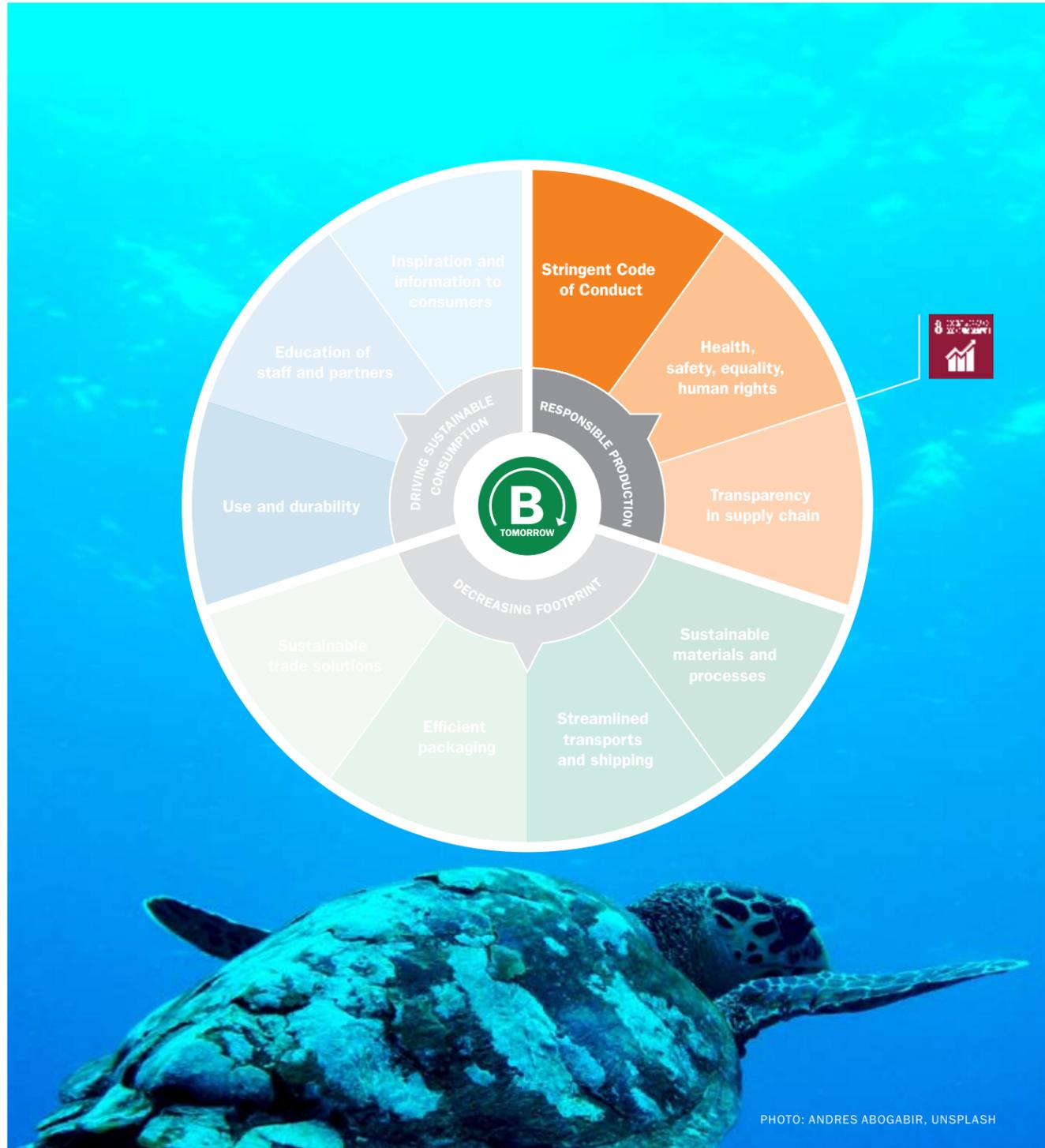


PHOTO: KALEN EMSLEY, UNSPLASH

# RESPONSIBLE PRODUCTION



**amfori** @ BSCI  
Trade with purpose

**99,9% OF SUPPLIERS ENROLLED  
IN AMFORI OR MEET  
EQUIVALENT STANDARD**

Phase-out of suppliers that don't show an interest in moving into a more sustainable production.

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## SUSTAINABILITY HIGHLIGHTS 2018

The Amfori BSCI Code of Conduct refers to international conventions such as the Universal Declaration of Human Rights, the Children's Rights and Business Principles, UN Guiding Principles for Business and Human Rights,

OECD Guidelines, UN Global Compact and International Labour Organization (ILO) Conventions and Recommendations relevant to improve working conditions in the supply chain.

## STRINGENT CODE OF CONDUCT

Responsible production is at the core of our sustainability work. We apply a stringent code of conduct that regulates social responsibility in the supply chain.

Björn Borg has been a member in Amfori (former BSCI) 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. Our licensees for bags and footwear are also active participants in Amfori, working with their factories within the Amfori framework.

The work of Amfori provides practical support to all businesses committed to achieve the United Nations SDGs (*Sustainable Development Goals*) with the main goal to contribute to a world where all trade delivers social, environmental and economic benefits for everyone.

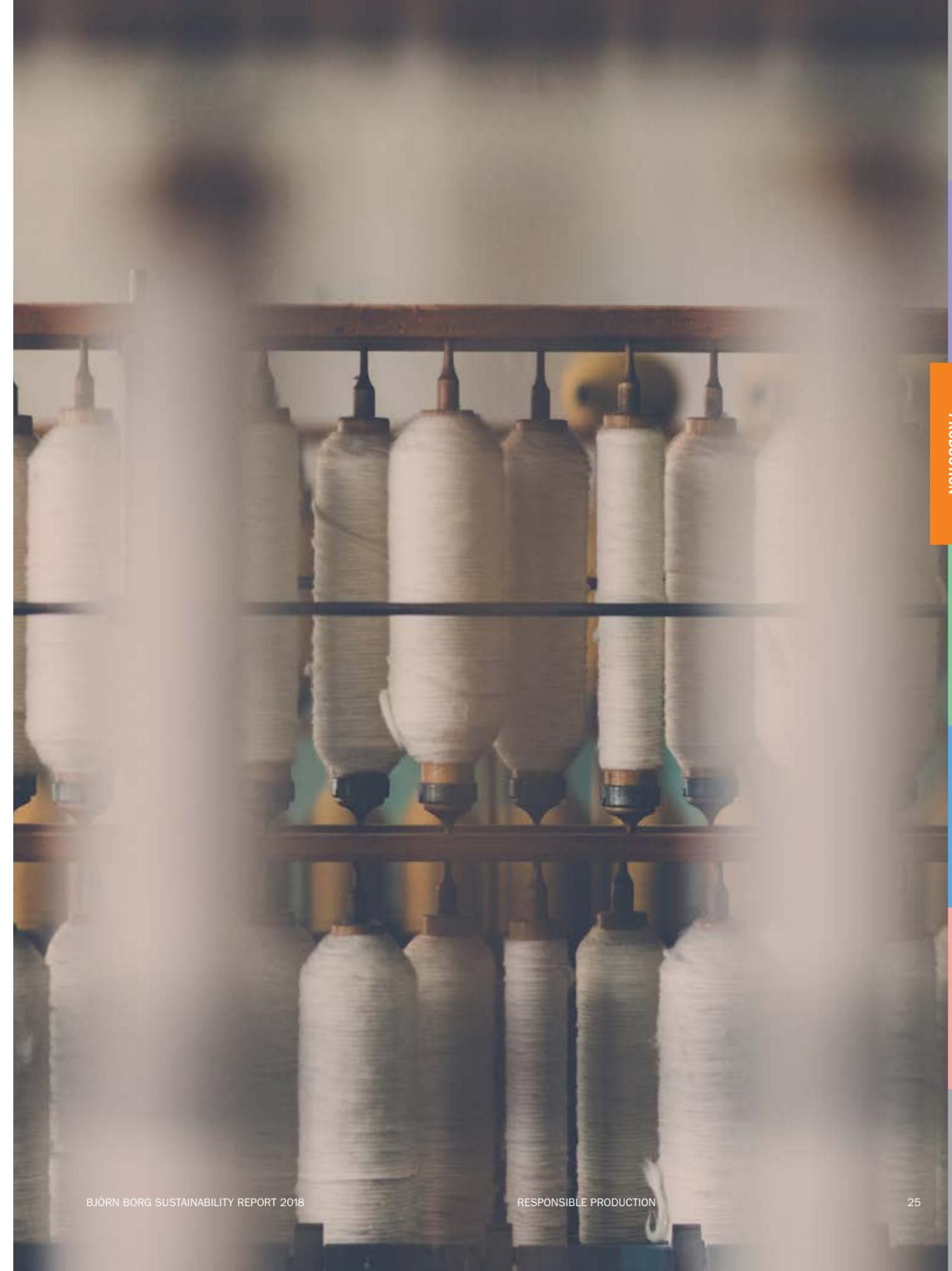
All our vendors during 2018 (99,9% of our production) except one are enrolled either in Amfori (and follow the Amfori BSCI *Code of Conduct*) and/or have an SA8000 Certificate, which means they don't need an audit. All key suppliers audited 2018 under the BSCI 2.0 protocol with approved or improved results.

Our mission is to enable each of our members to enhance human prosperity, use natural resources responsibly and drive open trade globally. These are major challenges and we need to work collaboratively to tackle them. Together we can influence and drive positive change at scale.

Audits performed through Amfori are made by an independent inspection firm checking thirteen different Performance Areas during the audit. They interview workers, check documents, and thoroughly go through everything that has to do with social compliance but also protection of the environment. Apart from the Amfori

### AMFORI ENROLLMENT FOR SUPPLIERS TO THE BJÖRN BORG GROUP

Activity	Goal 2019	Reached 2018	Traffic Light	What to do	Sustainable Development Goals
Suppliers enrolled in Amfori or meet other equivalent standard.	90% of purchase volume, own production.	99,94%	 Reached	Audits performed through independent inspection firm checking 13 different key points. Own in-factory inspections twice/year.	
Long-term dialogue and improvement plan.	Suppliers measurably improve over time towards meeting long-term targets set with each supplier.	Status about the same as last year.	 On track	All suppliers' audit results are followed up through implementation of areas in their remediation plan.	
Control over inspections, drive development.	Try to hold RSP over key suppliers (>10% of production).	Yes	 Reached	Closer relationship with suppliers.	
Licensee Amfori membership.	100% of Licensees Amfori members.	75% (bags, footwear, eyewear)	 On track	Work on mapping licensee vendor base more closely.	



audits, Björn Borg also sends own staff for in-factory inspections twice per year and keep a continuous dialogue about improvements. These controls will also always be made on the signing of a new factory.

We hold RSP (responsible) over suppliers delivering 79% of our production volume. An RSP holder is responsible for arranging audits and follow up the performance and improvements of suppliers. By being the RSP holder over all key suppliers we are able to drive the development of our most important suppliers. Four of the audits performed in 2018 were done by us, all at suppliers that supply large product volumes to us. The results from these audits are set out in the table below.

Two of our factories closed their present factories and opened new ones during Q4 2018 and Q1 2019. For that reason, we decided to not do audits in these factories, but instead wait until the new facilities are done. Two factories hold an SA8000 certificate and therefore don't need to do an audit.

One factory, holding 0,04% of our production, didn't get audited since we collaborated for only one collection.

### amfori BSCI Code of Conduct

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

**amfori BSCI Principles**

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

**amfori BSCI Approach**

- Code Observance**  
Our enterprise is obliged to protect workers' rights as mandated by the law and the amfori BSCI Code.
- Workers' Involvement and Protection**  
Our enterprise keeps workers informed about their rights and responsibilities.
- Supply Chain Management and Cascade Effect**  
Our enterprise uses the amfori BSCI Principles to influence other business partners.
- Grievance Mechanism**  
Our enterprise provides a system to collect complaints and suggestions from employees.

#### AMFORI BSCI DUE DILIGENCE TOOL

Supplier	Country	Share	Members of Amfori	RSP	Score 2018	Sustainability maturity level	Product Group	Sustainable fibers/ processes
Karina Tekstil ve dis Ticaret Ltd STI	Turkey	8%	Yes	No	B	High	Socks	
Multi Sourcing Asia Ltd – China	China	5%	Yes	No	C	Mid	Sports Apparel Performance	Recycled polyester, Recycled polyamide
Queenswear International Co. Ltd	China	6%	Yes	Yes	C	Mid	Underwear Her and Him	Tencel
S. Fashion Company Ltd	China	2%	Yes	Yes	No audit	Low	Sports Apparel Sportswear	
Selga Tekstil san ve tic Ltd STI	Turkey	7%	Yes	Yes	No audit because of new factory	Mid	Underwear Him	BCI Cotton
Sinex Solutions	China	45%	Yes	Yes	SA 8000	High	Underwear Him	BCI Cotton, Organic Cotton, Organic Hemp
Xiamen Zuona Sports Co. Ltd	China	5%	Yes	Yes	SA 8000	Mid	Sports Apparel Performance	Recycled polyester, Solution Dye
Y&F Trading Co. Limited	China	13%	Yes	Yes	C	Mid	Underwear Him	BCI Cotton
Wholegood Inter-United Ltd.	China	1%	Yes	Yes	C	High	Lounge Wear	BCI Cotton
Multi Sourcing Asia Ltd – Bangladesh	Bangladesh	8%	Yes	No	C	Mid	Sports Apparel Sportswear	Organic Cotton, Avitera®
LTP	Lithuania	0%	No	Not members	Not members			
<b>Grand total</b>		<b>100%</b>						

PHOTO: BEN HERSHEY, UNSPLASH



## HUMAN RIGHTS, HEALTH AND SAFETY

Working conditions in third party factories that manufacture our products have long been a priority issue for us. Working in our factories means that you are protected by the Amfori/BSCI *Code of Conduct*, which not only applies to for instance usage of chemicals and water, but also to fair working conditions, safety, fair living wages, reasonable working hours and equal opportunities. However, that a supplier follows the *Code of Conduct* doesn't always mean that they fully fulfil all requirements. In some cases, there are weak areas that have to be improved. We keep a close dialogue with our suppliers and take action to make sure that regulations are followed, and improvements are made. Child labour or forced labour are under no circumstances allowed and has never been encountered in any of our factories.

The Amfori BSCI *Code of Conduct* refers to international conventions such as the *Universal Declaration of Human Rights, the Children's Rights and Business Principles, UN Guiding Principles for Business and Human Rights, OECD Guidelines, UN Global Compact* and *International Labour Organization (ILO) Conventions and Recommendations* relevant to improve working conditions in the supply chain.

Business partners shall comply, as a minimum, with wages mandated by governments' minimum wage legislation, or industry standards approved on the basis of collective bargaining, whichever is higher. We demand that all our suppliers are Amfori BSCI members and subjected to annual audits that we follow up on and plan improvements together with the supplier.

Local traditions and societal structures affect up to a point, for instance regarding vacation.. Equality between men and women is also at different levels in different countries and will affect the men/women management ratio in countries like for instance Bangladesh.

The highest risk market among the countries where we have our suppliers is Bangladesh, ranked by the Amfori

BSCI Due Diligence Tool that measures risk according to six different factors. Due diligence is the process through which companies can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts to those they are in business with. Due diligence is conducted against the OECD Guidelines regarding specific adverse impacts (i.e. harm). Risk is classified into three levels: *Low-risk, Risk* and *Severe Risk*.

All workers protected under the Amfori BSCI *Code of Conduct* have a voice through *The Rights of Freedom of Association and Collective Bargaining*. The CoC clearly states that workers shall have the right to form unions in a free and democratic way, not be discriminated because of their engagement or prevented access to representatives in the workplace. If a country doesn't allow unions workers should have the right to freely elect their own representatives with whom the company can enter into dialogue about workplace issues.

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, Turkey and Lithuania all have freedom of association although union participation in Turkey and Lithuania 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.

We work either with trade offices or directly with the factory owners in the countries where we produce our garments and are in contact with them daily through email and phone. Our design- and production team usually go on production trips twice per year.

As part of our overall program, we also do our own semi-annual factory follow-ups. Once a year a more comprehensive evaluation of all producers is done as well. In addition, in Q4 of 2016 we did a supplier baselining assessment, covering social aspects like working conditions and workplace safety alongside sustainable fibre capabilities and environmental footprint.

AMFORI BSCI DUE DILIGENCE TOOL

Country	Evolution	Overall Risk	Voice and Accountability	Political Stability & Absence of Violence	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption	Classification
Bangladesh		23.5	31.03	10.48	25.48	22.12	30.77	21.2	Risk
China		40.2	6.9	27.14	67.79	44.23	46.15	49	Risk
Lithuania		78.2	76.35	71.43	82.21	84.62	81.73	73.1	Low-risk
Turkey	**	41.7	29.56	5.71	54.81	61.06	48.56	50.5	Risk

### CHALLENGES AND RISKS

Recurrent findings are the complex of problems with social insurance in China. This issue is complex since some workers do not want such insurance because part of the cost for it is deducted from their salary and they may have other alternative arrangements in place. Other recurrent findings are too much overtime in the factories, insufficient management systems (including need to clarify roles and responsibilities and/or policies), and lacking ability to properly cascade the Amfori requirements on to sub-contractors.

Many of the suppliers also had not yet defined long-term targets on protection of workers or had calculated the local basic needs wage, which are both new requirements under the Code. For the follow-up audit, our role is to support our suppliers with their work on the Remediation Plan, and improvement measures taken, including enrolling them in Capacity Building trainings arranged by the Amfori, covering relevant areas of development.

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

### FOCUS AHEAD

Regarding excessive working hours, we discuss with the suppliers how our own purchasing behaviour, and our planning capabilities, can influence the remediation of this problem.

PHOTO: SHARON MCCUTCHEON, -UNSPLASH

## TRANSPARENCY IN SUPPLY CHAIN

Transparency in the value chain is difficult but controlled through *Code of Conduct*. With the complex supply chain involved in producing a garment, mapping must be broken down into manageable bits and pieces and be handled step by step.

Important governance tools are the Amfori BSCI *Code of Conduct* for working conditions in factories, and our *Chemical Management Program* (including our *Restricted Substances List*), which are all implemented in the supply chain. Compliance with these requirements is followed-up continuously and is integrated into our overall *Supply Chain Management Program*.

Our transparency in different parts of the supply chain:

- Tier 1* Through our *Code of Conduct*, we have full transparency in tier one, our garment manufacturers.
- Tier 2* All components/materials: Fabrics, elastics, thread, labels and packaging.
- Tier 3* Weaving and Spinning: We increase our volumes from nominated fabric suppliers, but still have a challenge in finding resources for control.

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

We factor environmental performance into our supplier evaluation. We perform a supplier evaluation twice per year, covering several performance areas of which sustainability is one. Supplier engagement and willingness to improve are evaluated as well. Each manufacturer receives a total score in our evaluation, and those with good scores, and particularly those that improve over time, have a chance to get more business (purchase volumes) from us.

## CHALLENGES AND RISKS

A few years ago, we made a back-tracking of a piece of underwear. It showed a total of no less than 47 sources and we concluded that full transparency will be close to impossible for us to reach. We source the majority of our products directly with our vendors and without supporting sourcing offices, our time to open up transparency in vertical sourcing is limited. Through our *Supplier Guide* we give our vendors clear directions on what and how to source components and follow up accordingly.

A decision is taken to move a complete mapping to the future and focus on choosing sustainable materials, improve dyeing and printing production processes for fabrics, as well as contracting suppliers that will abide under our and Amfori BSCI's *Code of Conduct*. All of this combined gives us control over our manufacturing.

The energy used in our production countries are oftentimes 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. In recent years, we have moved some production to Europe, Turkey first and foremost. At the same time, China is one of the countries in the world that currently invests most in renewable energy.

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

## FOCUS AHEAD

To establish better control, we will work on achieving better transparency in tier 2.

More about our work with decreasing environmental footprint in the next chapter.



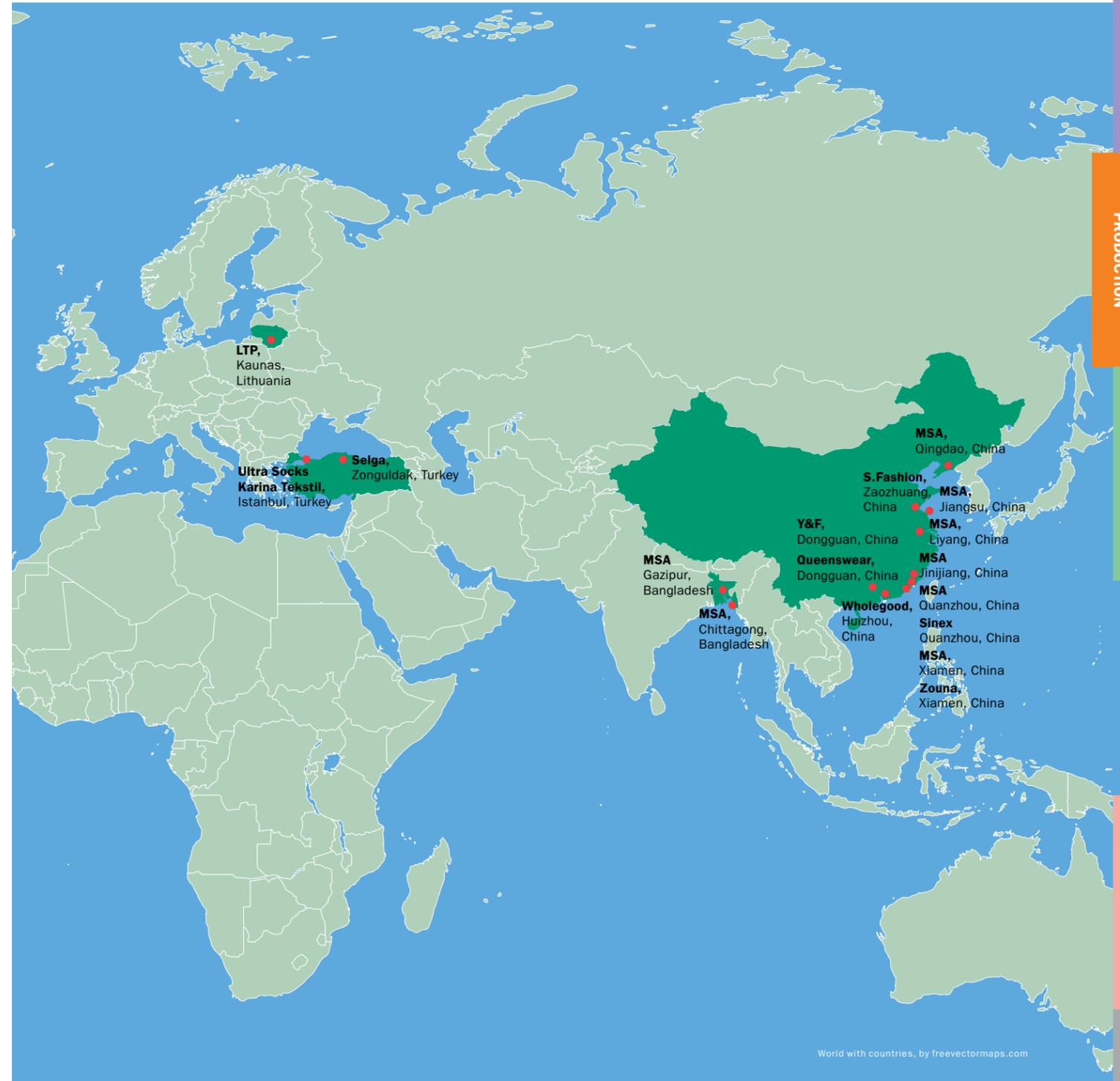
PHOTO: TRISHA DOWNING, UNSPLASH



## OUR MANUFACTURERS

Our products (own production\*) have been produced by 11 vendors in a total of 17 factories during 2018. The majority of our factories are based in China.

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



World with countries, by freevectormaps.com

## CORRUPTION

Through our membership in Amfori, all our business partners are contracted to stay true to the Amfori BSCI *Code of Conduct*.

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

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

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

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

### CHALLENGES AND RISKS

Irrespective of collaboration partners or the countries where they are based, known consequences of corruption in the textile industry 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.

Björn Borg doesn't see an overhanging risk for corruption within the organisation or our business partners, but we do have routines in place to identify, prevent and, if necessary, handle corruption. The codes of conduct that we apply tolerate zero tolerance to corruption.

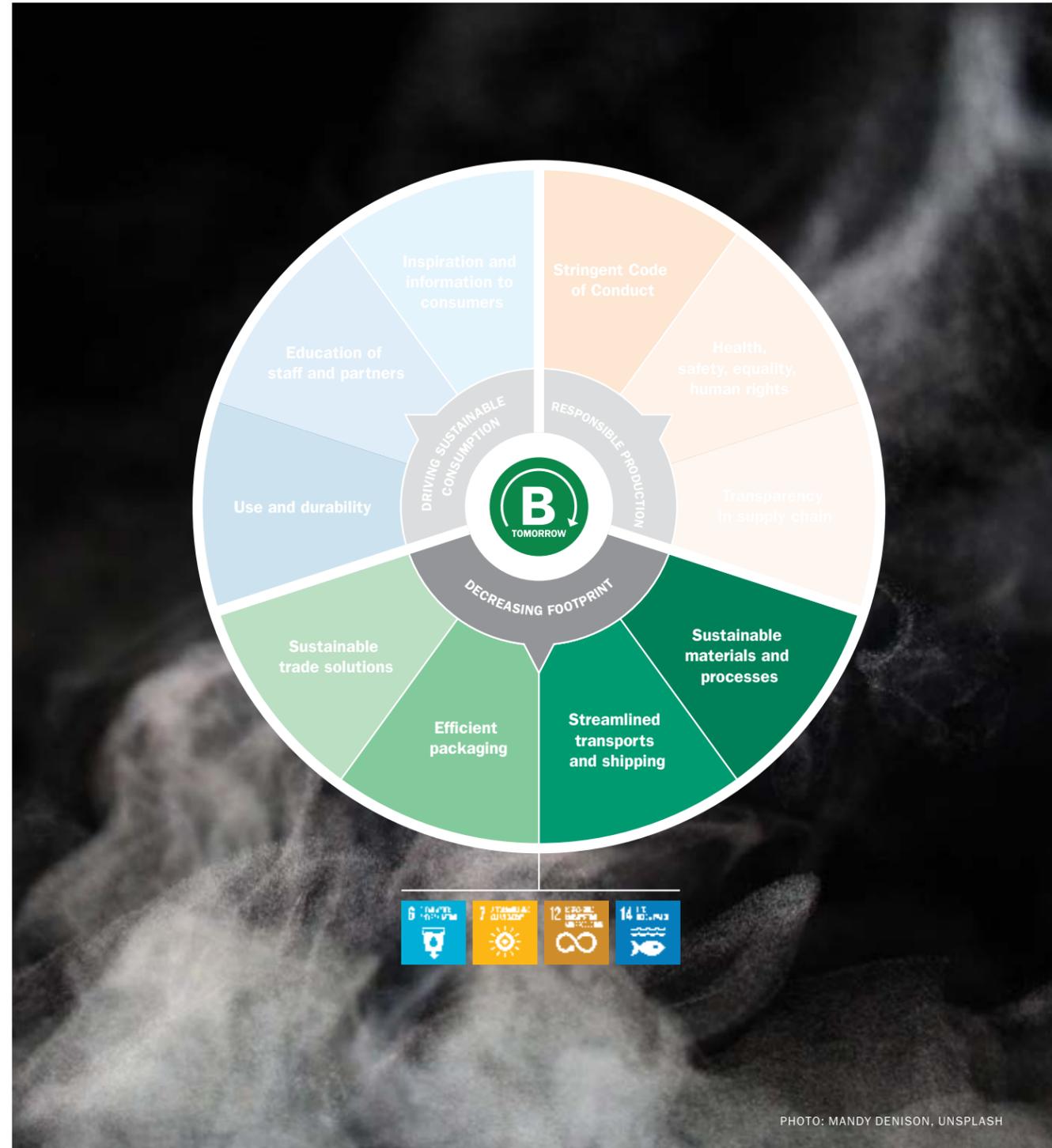
Our internal Code of Conduct clearly states regulations around corruption. More about this in the section *Working at Björn Borg*.

### FOCUS AHEAD

We continue requiring compliance with our *Internal and External Code of Conduct*.



# DECREASING FOOTPRINT



## KEY FOCUS AREAS

One of our key focus areas is to radically decrease our environmental footprint. We work committedly with finding new solutions within all areas of our organisation, but where we can make the largest difference is within logistics and manufacturing. We tweak our designs, materials, qualities and processing standards. We keep a constant and open dialogue with, and do regular audits of, our suppliers and work on increased transparency in our supply chain. We never stop searching for smarter solutions for our logistics, as well as sustainable handling and build of our stores and own operations.

This year, we have seen a true engagement, commitment and a will to do better in all areas of our business. We have a dedicated Management Team, customers that put pressure on us as a brand, passionate staff and up to date sourcing partners with good competence and desire to do better.

### OUR KEY FOCUS AREAS FOR DECREASING OUR CO<sub>2</sub> FOOTPRINT ARE:

- Sustainable materials and processes
- Streamlined transports and shipping
- Efficient packaging
- Sustainable trade solutions

## CO<sub>2</sub>

**MET GOAL OF 40% CO<sub>2</sub> REDUCTION VS 2013**



Implementation of new forecasting tool for transports.

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# SUSTAINABILITY HIGHLIGHTS 2018

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100% climate neutral bags in e-com.

INTRODUCTION OF DIGITAL PRINT AND SOLUTION DYE.

## SUSTAINABLE MATERIALS AND PROCESSES

A part of our product promise is to deliver long-lasting products. We have grown the ratio of B. Tomorrow products on the market from 5% 2017 to 20% 2018 and are on track with our goals on implementation of sustainable fibers and the phase-out of conventional cotton. Beside using more sustainable material and production techniques we have put focus on timeless qualitative design and increased quality control to secure longevity. Today, 2019, we design all products to be a sustainable choice and we always quote our new developments in sustainable material.

We are also working for increased digitalisation enabling us to scale down on our sell-in collections and ultimately a reduced footprint.

Our product department is devoted to reach their goal of offering a fully sustainable range by 2022 through either offering a sustainable material and/or one or several sustainable production techniques. A rigorous quality control is a natural part of our sustainability work. See details about this under *Driving Sustainable Consumption*.

We factor environmental performance into our supplier evaluation. Engagement and willingness to improve are evaluated as well. Each manufacturer receives a total score in our evaluation, and those with good scores, and particularly those that improve over time, have a chance to get more business (purchase volumes) from us.

Among production areas controlled are type of energy used at the premises, energy-reduction efforts, emissions, water, waste and chemical handling. Environmental certificates or standards are also taken into account. Based on the results, we have a basis to set improvement priorities over the next years. Yearly specific targets are set with each supplier to enable tracking of progress.

### CHALLENGES AND RISKS

We are torn between profit margin goals and choosing the best alternative, and both the company and the consumer will have to take the cost of a more sustainable future. One of the ways that we handle this is by improving our control and processes to secure that we take costs where it makes a difference.

Our clients also require high standards within sustainability and meeting them is vital for staying relevant as a future business partner. Organisational and other changes within the company can help controlling costs to the benefit of a more sustainable offering.

### FOCUS AHEAD

Within manufacturing, we will continue working with our suppliers to accomplish an as sustainable production as

possible. It is vitally important to us that our suppliers work actively with all aspects of a sustainable business in everything from sourcing of sub-contractors and own manufacturing to offering a safe working environment for all workers both in fields, dyeing and knitting facilities and in garment production.

Our focus going forward is to open up transparency in the supply chain and streamlining wet processes. Moving towards a more digitalised work process will help us keep our CO<sub>2</sub> levels down through minimising the number of sales samples.

Increased quality is another area where we can always improve. Through introducing more sustainable materials and more carry-over styles, our offering will be more durable and a way to influence consumers to use the garment during a longer period of time.

Lastly, we will start mapping the vendor base of our licensees.

### WET PROCESSES (CHEMICALS AND WATER)

Traditional clothing production consumes a lot of water, especially to dye yarns, threads and fabrics. Some important issues involve water efficiency, water pollution prevention, and waste water treatment.

During the year, we expanded our B. Tomorrow definition of sustainable products to not only include material but also dyeing and printing techniques. Solution Dye, Avitera® dye and digital prints are some techniques we define as better choices. This has put increased focus on what makes a product a better choice and is part of our work to reduce our footprint of water and chemicals. To gradually transition from conventional cotton into more sustainable options, will also significantly reduce our overall water footprint.

### CHEMICALS

The manufacture of fabrics requires the use of chemicals, especially dyeing and printing processes. Certain chemicals can be harmful to people that come into contact with them or for the environment, such as through emissions in production or from the consumer's washing.

We have a thorough *Chemical Management Program* to ensure that our products do not contain harmful substances. We apply a Restricted Substances List (so called RSL) that all suppliers must sign off and adhere to. The list sets the maximum content levels for certain chemicals in products. The list we apply is based on the Swedish Textile Importers Association's chemical guide and ultimately on the REACH regulation adopted within the EU. Our requirements are stricter than the REACH regulation, including a full ban on Substances of Very High Concern (SVHCs), which are considered grey-zone chemicals that

could potentially be harmful, but are not yet proven to be so. Examples of chemicals we put extra attention to are phthalates, fluorocarbons and alkylphenol ethoxylates (including nonylphenol ethoxylate).

Compliance to our Chemical Management Program is verified through testing at least once per collection and supplier as well as through our new in-line controls. The chemical testing is conducted by experienced external partners.

We also require our third-party factories to maintain safety routines with respect to protective clothing and the storage and use of chemicals in production facilities. Through regular visits we conduct our own inspections. Workplace safety, including chemicals management, is also addressed in our code of conduct on working conditions in factories and in audits under that code.

Björn Borg is a member of the Swerea IVF Chemical Group for Textile companies, along with a number of other Swedish clothing companies, from where we get training and updates about chemicals used in textile processing. Our product development and sourcing teams sometimes participate in training in the chemical area, to maintain an updated knowledge and understanding about chemicals used in textile processing and new research on what chemicals can be harmful to people and the environment. One training has been conducted during 2018.

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

The European Textile Chemical Guide (REACH), and consequently our RSL (Restricted Substances List), gets continuously updated and signed by vendors. The list was updated twice in 2018.

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



### CHALLENGES AND RISKS

A challenge that we have had is to find a solution for implementing sustainable prints on our cotton underwear. So far, we haven't found a digital printing method that gives the right quality on cotton products. This influences our overall goal fulfilment greatly since cotton underwear stands for such a considerable part of our product offering.

A challenge of being a smaller player in the fashion industry is that we don't own our own factories and therefore lack a direct line to second and third tier suppliers. We secure the products and workers through our quality process and *Code of Conduct*.

### FOCUS AHEAD

A key focus for us going forward is work towards becoming a fully sustainable brand. Water and chemical footprint in textile production must often be addressed together, since these two areas are closely interlinked. Success in this area requires increased transparency in the supply chain, into the levels of the product lifecycle where there is processing involving water and chemicals, another focus going ahead. Our next step for chemical management is to implement a MRSL (Manufacturing Restricted Substance List). An RSL measures the amount of chemicals permitted, an MRSL puts further restrictions on which chemicals may be used during manufacturing.

SUSTAINABLE MATERIALS AND PROCESSES					
Activity	Goal 2019	Reached 2018	Traffic Light	What to do	SUSTAINABLE DEVELOPMENT GOALS
Working towards a fully sustainable range.	<ul style="list-style-type: none"> <li>70% sustainable fibres</li> <li>0% conventional cotton</li> </ul>	<ul style="list-style-type: none"> <li>56% sustainable fibres</li> <li>12% conventional cotton.</li> </ul>	On track	Continue sourcing more responsible product.	8, 12, 14
More sustainable printing and dyeing processes.	Improved printing 20% and improved dyeing 20% vs 2015.	Printing: 3% of whole range. Dyeing: marginal.	On track	Work towards sustainable printing and dyeing on cotton underwear.	8, 12, 14



PHOTO: BRENT NORRIS, UNSPLASH

## STREAMLINED TRANSPORTS AND SHIPPING

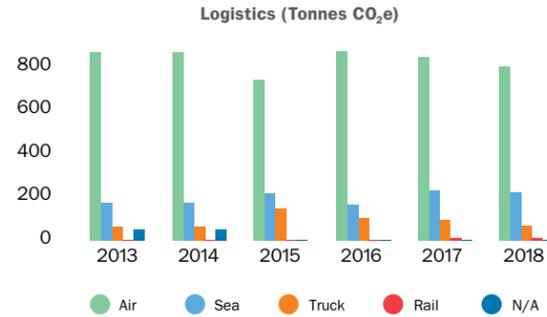
Logistics account for 48% of our total emissions and is as such one of the areas where we have the best chance of decreasing our environmental footprint. Air transport is a very inefficient means of transport, accounting for around 73% of our emissions (tonnes CO<sub>2</sub>) but only 2% of our total shipping volume. For that reason, we are actively working on keeping the air shipments down as much as possible and parallel to continuously working on the same path.

An additional factor is planning and during 2018 we implemented a better forecasting that hopefully will reduce the share of air transport.

### THREE MAJOR PARAMETERS IMPACT THE EMISSIONS FROM LOGISTICS. THOSE ARE:

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

Emissions from shipping have decreased since 2017 as well as transportation work as measured in tonne-kilometres (tonkm, transporting one tonne over one kilometre). The diagram shows the development of emissions from logistics over time as well as the composition of sources of emissions by mode of transportation.



### CHALLENGES AND RISKS

One of our challenges lies in having the main part of our production in Asia. If any delay happens in the production chain, we may end up in a situation where air shipment is the only way to get products in time to our customers.

Another challenge lies in the fact that our e-com business grows stronger, which is environmentally inefficient with fewer products per transport.

### FOCUS AHEAD

Through a well-planned purchase strategy, we will be able to decrease our air shipping and footprint. Another domain within logistics where we believe we can make a difference is through finding more efficient solutions for our shipping boxes and wrapping, an area we haven't actively looked into before. This is a work that will start during the upcoming year. We will implement a more fine-tuned measuring tool for the upcoming years.

STREAMLINED SHIPPING & LOGISTICS					
Activity	Goal 2019	Reached 2018	Traffic Light	What to do	Sustainable Development Goals
Reduce air freight	Contribute to overall goal of air shipment maximum of 2%	Implementation of new forecasting tool	On track	Streamline logistics procedure, implement detailed purchase optimisation.	12 Responsible Consumption & Production

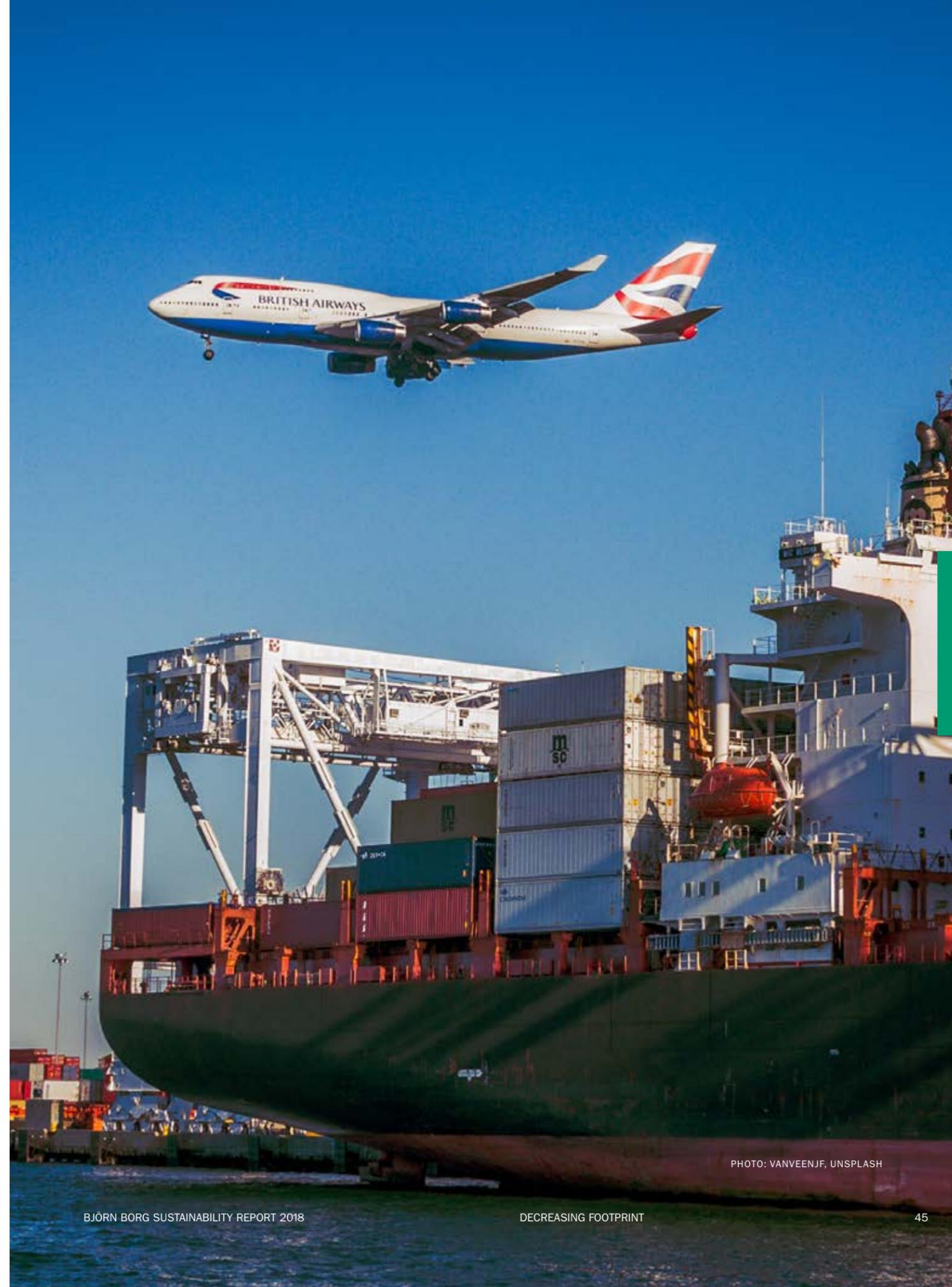


PHOTO: VANVEENJF, UNSPLASH

## EFFICIENT PACKAGING

During 2016 we rolled out sustainable packaging gradually, increasing the share of FSC (Forest Stewardship Council) certified carton from responsibly managed forests. For packaging produced during 2018 around 59% were FSC certified. The goal is to offer fully sustainable and recyclable packaging in 2022, and to implement new sustainable and recyclable hooks in 2019.

With our e-com business gaining market, we have found it important to replace the shipping boxes that we used last year, with sustainable bags. The new bags require less space in transport and are 100% climate neutral through full climate compensation through certified plantation of trees in Colombia and a Golden Standard certified tree plantation project. The bags are certified ÅterBära™, made from recycled material from a certified factory in Europe and marked for recycling through FTI. They have been introduced for all products but for underwear, which has posed a challenge in the past.

We continuously look for ways to reduce the CO<sub>2</sub> emission from our packaging, both through challenging

ourselves in choice of materials and design, and our consumers through recycling. To further improve our packaging footprint, we are looking into how to minimise waste and consumption and to introduce vendor control through the Amfori BSCI Code of Conduct.

### CHALLENGES AND RISKS

Finding recycled plastic or alternative sustainable material for the windows of our packaging that also meets all quality criteria such as resistance and transparency is difficult but something that we are trying to solve.

The newly introduced bags for e-com logistics have turned out to be difficult to use for underwear deliveries. The bags get stuck in the mail and our underwear packaging get destroyed. Another challenge for our e-com business is to offer shipping packaging in the right size, imposing a risk of the packaging being too big for the delivery.

If packaging doesn't live up to consumers' and customers' expectations, we run a risk of losing business. Packaging needs to deliver the same message as the brand and we still have improvement possibilities, among them to accomplish fully recyclable and space economic packaging.



PHOTO: JOSHUA EARLE, UNSPLASH

EFFICIENT PACKAGING					
Activity	Goal 2019	Reached 2018	Traffic Light	What to do	SUSTAINABLE DEVELOPMENT GOALS
Sustainable Packaging	FSC certificated paper or other sustainable material used on 100% of packaging	59%	On track	Look for renewable plastics and improve recyclability of packaging	8, 12, 14
Sustainable Packaging	Decreased footprint	100% climate neutral bags introduced	On track	Investigate move to redesigned, sustainable boxes for e-com business	8, 12, 14, 15

### FOCUS AHEAD

During 2019, we will focus on implementing a measuring tool for our packaging environmental footprint and a Code of Conduct and RSL (Restricted Substances List) for vendors.

We are looking into more smart solutions for our e-com packaging, among others a redesign of our boxes and also investigating how to streamline packaging for e.g. women's underwear further, since it is made up of too many plastic details today.

### FOREST STEWARDSHIP COUNCIL – FSC

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



## SUSTAINABLE TRADE SOLUTIONS

In our own retail, and all trade solutions that we offer our clients, all interior is made from recyclable material and all POS (Point of Sale) signs are made from FSC certified and/or renewable sources. During 2017, we also introduced new bags and hangers made from renewable materials. A vision is to try to accomplish recycling of trade solutions in connection with new construction.

Almost all our Swedish stores run on renewable energy, while this is far rarer in other countries. Having included our facilities in the Netherlands and Belgium in this year's climate report, we can conclude that by implementing renewable energy globally in our stores, we would be able to decrease our footprint substantially.

### CHALLENGES AND RISKS

Implementation of renewable energy in our stores globally can be a challenge for several reasons, mainly when a store is located in a shopping mall where you don't control the energy supply.

Recycling of trade solutions in our own retail is controllable but offering a system to accomplish this for shop-in-shop solutions in our customers' facilities poses more of a challenge and is something that we will try to find a solution for.

There is obviously an environmental risk in not recycling material. However, we see it as a great opportunity to improve.

### FOCUS AHEAD

Going forward we will set a more detailed sustainability strategy for our stores and implement vendor control through the Amfori BSCI Code of Conduct.

We will also set a plan for implementation of renewable energy in our own retail as well as putting pressure on our vendors to do the same.

SUSTAINABLE TRADE SOLUTIONS					
Activity	Goal 2019	Reached 2018	Traffic Light	What to do	Sustainable Development Goals
Recyclable stores	100% recyclable trade solutions	New doors according to existing concept	 Reached	Work towards 100% recycled as well as recyclable	
Renewable energy	Set plan for implementation	Renewable energy in all Swedish stores.	 On track	Dialogue with retail managers on all markets for implementation of plan.	



PHOTO: ANDREAS GUCKLHORN, UNSPLASH

## OWN OPERATIONS

Our overall goal to lower our total CO<sub>2</sub> emissions by 40% between 2013 and 2019 can be largely improved through streamlining our own operations, which this year represent 21% of our total emissions. The inclusion of our facilities in the Netherlands, Slovenia, Slovakia and Greece in this year's report shows us a great potential to reduce our footprint further, since our own operations stood for only 4% of our footprint last year and just changing to renewable energy in the newly added facilities would help greatly.

The climate impact from energy has been calculated with a market-based method where renewable electricity and residual mix have been used. Among the highlights of 2018 is that we started re-negotiating rental agreement for HQ including electricity and lighting of the premises, to be able to further reduce our carbon print.

### KEY PERFORMANCE INDICATORS FOR ENERGY CONSUMPTION AT BJÖRN BORG'S FACILITIES

Energy consumption (MWh)	2013	2014	2015	2016	2017	2018
at office per employee (FTE)	4.1	4.8	4.7	2.5	1.7	3.9
total per turnover (MSEK)	2.2	2.0	1.9	1.4	1.1	2.1
at stores	436	438	464	540	432	630
at office area	651	625	615	332	358	841
<b>Summary</b>	<b>1,086</b>	<b>1,063</b>	<b>1,079</b>	<b>872</b>	<b>790</b>	<b>1,470</b>

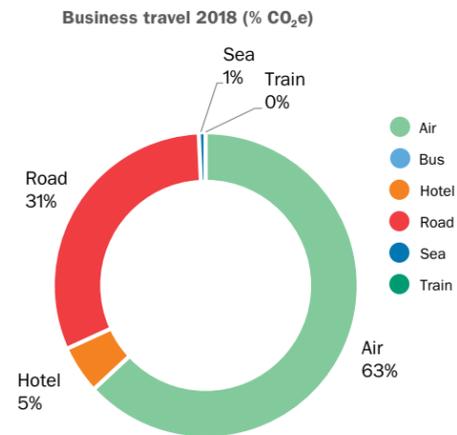
However, the greatest part of the environmental impact in our own facilities comes from business travelling. During the past three years, several actions have been taken to facilitate remote meetings through the implementation of Skype for Business, a video conferencing system for our conference rooms at the headquarters, and digital tools such as a transition into cloud computing within the Group.

Our Environmental Business Travel Policy challenges whether a particular trip is really necessary, how many people really have to travel and whether visits to several business partners can be coordinated.

This has given results; We have decreased the number of long-haul flights (over 3,000 km) by 68% and European flights (1,500-3,000 km) by 60%. The two categories represent only 11% of our air travel and 36% of our emissions. However, the difference from last year is considerable and as such, an opportunity for the upcoming year.

### EMISSIONS FROM BUSINESS TRAVEL

Emissions from travel (tonnes CO <sub>2</sub> e)	2013	2014	2015	2016	2017	2018
Air	783	638	513	377	371	416
Road	82	90	84	102	130	205
Hotel	72	23	16	23	28	34
Sea	0,1	1	3	1	3	5
Bus		0,02	0,1	0,2	2	-
Train	0,00003	0,001	0,0003	0,0002	0,0005	0,09
<b>Summary</b>	<b>936</b>	<b>752</b>	<b>616</b>	<b>503</b>	<b>533</b>	<b>660</b>



The table shows the travelled distance (km) for Björn Borg. The travelled distance has increased in all categories except for sea and train. The most significant increase is in road travel, mainly caused by the added travel for the Netherlands division, which wasn't included in previous reports. Road travel in the group comes mainly from our sales force. Air traveling accounts for 18% of the Group's total emissions and 63% of the emissions from travelling.

Source separation and recycling at our head office and encouragement for behavioural change through individual green targets for all employees, helps our staff to have sustainability top of mind, in work and in private life.

### CHALLENGES AND RISKS

Despite the high increase from last year, road travel still stands for a much smaller impact than air travel. The most obvious challenge here is that air travel oftentimes is less time consuming than other alternatives – or the only option depending on destination. The best way to control this is to constantly challenge whether a trip has to be made at all.

Being an organisation with offices in many countries, we are dependent on managers within the whole organisation to enforce decreased air travel.

### FOCUS AHEAD

Going forward, the target is to continue to roll out renewable electricity in foreign subsidiaries as well as reduce consumption in premises through LED and motion-activated lighting, among other measures. But still the greatest potential decrease of impact comes from a continued work with awareness around the importance of reducing air travel, not the least on short flights (500-1,500 km), which stand for 52% of our air travel emissions.

### OWN OPERATIONS AND TOTAL EMISSIONS FOR THE BJÖRN BORG GROUP

Activity	Goal 2019	Reached 2018	Traffic Light	What to do	Sustainable Development Goals
Reduce CO <sub>2</sub> emissions vs 2013 by 40%, comparable numbers	-40%	-40%	Reached/comparable	An increase in CO <sub>2</sub> emissions reported vs 2017 in actual numbers due to inclusion of more facilities.	12 Climate Action
Air freight maximum of total transports	2%	2%	Not reached/absolute	Next year's work will focus on lowering emissions in these units, mainly The Netherlands and Belgium	12 Climate Action
			Reached	Keep trying to lower air transports, both for people and products.	12 Climate Action

## TOTAL EMISSIONS FOR THE BJÖRN BORG BUSINESS

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

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

- Sweden
- Footwear (Varberg and Finland)
- Finland
- United Kingdom
- The Netherlands (office closed year 2015)
- The Netherlands (since 2018)
- Slovakia (since 2018)
- Slovenia (since 2018)
- Greece (since 2018)

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

- Energy usage in Björn Borg's offices, stores and storage. This include electricity and heating.
- Business travel paid by Björn Borg. This includes travel by air, boat, bus, train, taxi, rental car, private car and leased car. Hotel nights are also included in business travel.
- Climate impact from consumption of office supplies, such as coffee, fruit and paper are reported as material.
- Logistics includes courier, inbound and outbound transports. The scope of the outbound logistics was widened year 2015.

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

- Scope 1 covers emissions where the physical source of emissions (e.g. boiler, vehicle) is owned or controlled by the reporting company.

### COMPARABLE NUMBERS FROM BASE -YEAR EXCLUDING THE NEWLY ADDED FACILITIES

Emissions (tonnes CO <sub>2</sub> e)	2013	2014	2017	2015	2017	2018	Difference since last year	Difference since base year
Scope 1	16	55	60	67	83	34	-59%	115%
Scope 2	196	116	109	94	68	59	-13%	-70%
<b>Total Scope 1 &amp; 2</b>	<b>213</b>	<b>171</b>	<b>170</b>	<b>162</b>	<b>151</b>	<b>93</b>	<b>-38%</b>	<b>-56%</b>
Scope 3	2,052	1,823	1,678	1,592	1,661	1,562	-6%	-24%
<b>Total</b>	<b>2,264</b>	<b>1,994</b>	<b>1,847</b>	<b>1,754</b>	<b>1,812</b>	<b>1,656</b>	<b>-9%</b>	<b>-27%</b>
Emissions per FTE Scope 1 & 2	1.3	1.3	1.3	1.2	0.7	0.4	-38%	-66%
<b>Emissions per FTE total</b>	<b>14</b>	<b>15</b>	<b>14</b>	<b>13</b>	<b>9</b>	<b>8</b>	<b>-9%</b>	<b>-44%</b>
Emissions per turnover (MSEK) Scope 1 & 2	0.4	0.3	0.3	0.3	0.2	0.1	-39%	-67%
<b>Emissions per turnover (MSEK) total</b>	<b>4.5</b>	<b>3.7</b>	<b>3.2</b>	<b>2.8</b>	<b>2.6</b>	<b>2.3</b>	<b>-10%</b>	<b>-48%</b>

- Scope 2 covers suppliers' emissions arising from generation of energy purchased by the reporting company (electricity, heat, cooling).
- Scope 3 covers all other indirect emissions from the reporting company's activities (e.g. logistics, business travels).

The climate impact from Björn Borg during 2018 was 2,266 tonnes CO<sub>2</sub>-equivalents (tonnes CO<sub>2</sub>e). The main impact derives from transportation of products (1,085 tonnes CO<sub>2</sub>e or 48%).

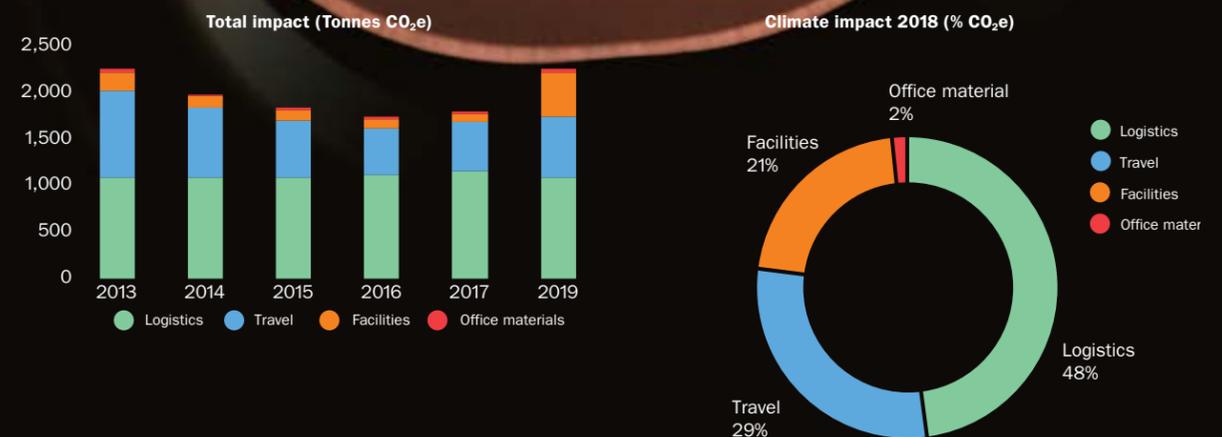
In 2018 Björn Borg has included a number of additional facilities which has led to a substantial increase in emissions in absolute numbers – almost the same as the base year (2013) and increased by 25% since 2017. Emissions per employee have decreased by 24% since the base year, and emissions per MSEK turnover have decreased by 29% since the base year.

### GROUP EMISSIONS (TONNES CO<sub>2</sub>E) BY CATEGORY AND YEAR

Total (tonnes CO <sub>2</sub> e)	2013	2016	2017	2018	% of total year 2018	differ-ence 2017-2018	differ-ence since 2013
Logistics	1,095	1,124	1,166	1,085	48%	-7%	-1%
Travel	936	503	533	660	29%	24%	-30%
Facilities	201	100	78	484	21%	520%	141%
Material	32	27	35	37	2%	6%	16%
<b>Summary</b>	<b>2,264</b>	<b>1,754</b>	<b>1,812</b>	<b>2,266</b>	<b>100%</b>	<b>25%</b>	<b>0%</b>

The scope indicators and Björn Borg's emissions in relation to number of employees measured in Full Time Equivalent (FTE) and Turnover (MSEK) are presented in the table below. The target set by Björn Borg of decreasing CO<sub>2</sub>e emissions by 40% per SEK turnover by year 2019 was reached in 2017. The table below shows comparable numbers from base-year, i.e. the 2018 emissions excluding the newly added facilities.

PHOTO: YONG CHUAN, UNSPLASH



# DRIVING SUSTAINABLE CONSUMPTION



## SUSTAINABILITY HIGHLIGHTS 2018

**B TOMORROW**

Launch of sustainability symbols for clearer information to consumers.

A new third-party in-factory control was introduced.

Education of sales staff.

Strong product story in coffee underwear.

Implementation of new Quality Process for maximized durability.

## USE & DURABILITY

To make our products as long-lasting as possible, our sustainability team makes rigorous quality controls, checking for pilling, shrinkage, and colour bleeding. We also test how our products behave in real life and have independent inspection firms visiting our factories during production, securing high quality standards for sewing and fit. During the year, we have refined both our internal and external quality process.

Our goal is always to make high quality products that last, and we are convinced that quality is really the backbone of sustainability, having an impact on general consumption. All our products are designed for a long useful life and must meet high quality requirements.

We have during the year established a new Quality Process to assure that the products we launch have the longest possible life span. This includes both wear tests and increased focus on laboratory tests of components. Our production team makes risk assessments on our fabrics during different stages of a production, evaluating which fabrics and colours to send a Björn Borg standard test control. The fabrics are tested in a lab, which gives the fabric a rating and delivers a test report. If a fabric that gets a lower rating than our standard the supplier is asked to improve it.

We also do wear and wash tests to see how the product, the fabric and the trims work in real life. If any improvements are needed, this is communicated to the supplier and changed. This way our products get better, get a longer life span and we minimize the risk for claims.

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



During the beginning of 2019, we have centralised and expanded our Quality Process, which now includes not only testing but also claims, collected from our Customer Service and our stores. We get information on which product had a complaint and why and bring this information into our next Quality Process for improvement.

Through this claims process, we will be able to close the loop and further improve our quality.

### CHALLENGES AND RISKS

Flawed products of low quality are both a short and long-term financial risk as well as a sustainability failure. It hurts our brand and poses a risk for the stock value. All in all, offering high quality products is a life insurance.

The challenge here lies first and foremost in working towards the best quality without increasing the price for the consumer. In a way, high quality is a delicate balance act between short term profitability and long term investment.

### FOCUS AHEAD

Our focus ahead lies first and foremost in two things. The first is to include the so-called SMUs in our Quality Process. SMU stands for Special Make Up and is a collection that is tailored especially for a particular customer. The second is to refine our claims process to meet even higher standards and avoid future disappointments among our customers.

USE AND DURABILITY					
Activity	Goal 2019	Reached 2018	Traffic Light	What to do	
Maximising product quality.	Improved longevity on products.	Implementation of new quality testing of all fabrics and products for maximal quality.		Improve Claims Process, include SMUs in the Quality Process.	
			On track		

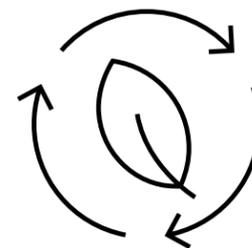


## STAFF EDUCATION AND CONSUMERS

During 2018, in connection with the launch of our B. Tomorrow branding, we rolled out an extensive education program to our sales staff and, in extension, our customers. Store staff got an information package and a sheet with brief facts to have at hand in the store to be able to answer questions from consumers.

Our wholesale sales team got the same information package along with a presentation about our sustainability work for their customers. The information package was also sent through email to staff in the whole group. As a reaction to higher demand from consumers, our clients are putting a higher pressure on us to deliver sustainable product. We welcome this progression and hope to put pressure from our end as well, since we see that we in many cases are in the forefront of this development.

In our commitment to offer more sustainable products, we have felt a need to disclose what a sustainable product really is for us. To clarify that and to be perfectly transparent, we have developed two symbols that were introduced to consumers this year, along with the B. Tomorrow branding. Their job is to communicate why a product made it to the B. Tomorrow range. Is it because it is made from a sustainable material or that it was produced with a sustainable process? Or both? Find further details about our B. Tomorrow classification in the section *Our Sustainability Work*.



This symbol indicates that the product is made from a minimum of 70% sustainable material (in weight per shell fabric, main linings and padding combined).



A product marked with this symbol indicates that 100% of the shell fabric (in surface) is printed and/or dyed with a process saving water and/or chemicals. It means that the material in the product is produced with methods that use significantly less water and/or less chemicals compared to conventional alternatives. It can be through a special technology, or simply through not dyeing the product. All in all,

### TAKE GOOD CARE OF THIS PRODUCT AND OUR PLANET!

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**Brief recommendations**

  
DO NOT TUMBLE DRY

  
LOWER TEMPERATURE

  
LESS DETERGENT

---

**Wash responsibly**

Make sure to fill up your machine, rather than running it many times with light loads.

Wash at the right temperature. Warmer water doesn't necessarily mean cleaner clothes.

Don't overdose on detergent. Modern washing machines are

much more efficient than we think. With the right dosage, less detergent and money goes down the drain.

Line dry instead of tumble dry. It is gentler on your clothes and gentler on the environment.

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**BJÖRN BORG**  
Shop online at [bjornborg.com](http://bjornborg.com)

it is produced with methods that use significantly less water and/or chemicals compared to conventional alternatives.

Our products, especially underwear and sports apparel, are washed often and usually at high temperatures. Frequent washing and high temperatures have a significant environmental impact and also affect the useful life of the garment in that its colour and quality can deteriorate more quickly. We therefore try in various ways to encourage consumers to handle garments in a way that reduces the environmental footprint and extends their useful life. We provide our customers with simple washing instructions on the label and in more detail on and in the product packaging as well as through social media and our own web site and other owned channels.

We measure our ability to build sustainability engagement with our consumers in our quarterly brand track survey. A third-party survey specialist company asks randomly chosen people aged 15-45 on a national level the question "How would you evaluate Björn Borg's efforts in order to become environmentally friendly/sustainable?" The respondents get to choose between 5 different levels, the top one being "best in class" and the bottom one "I wasn't aware of them being concerned with this". Among respondents saying that we are on a level three (OK) or more, the share differs between 17 and 48% depending on which one of our markets are measured. Norwegian consumers are the most critical and Dutch consumers the most positive.

#### CHALLENGES AND RISKS

Judging, among others, on our Brand Track surveys, it stands clear that our communication can be more efficient. A constant challenge with communication is to reach through the noise. Consumers and customers as well as staff need to be continually updated on our progress to increase awareness about our work.

A risk in not getting through is, consequently, lower awareness and with that, a risk for consumers and customers to choose other brands. Store staff and sales staff with insufficient knowledge also pose an image and customer relations risk, which in turn hurts the brand.

#### FOCUS AHEAD

Going forward, a new B. Tomorrow web site will be launched, and our sales and store staff will go through another education round. The goal is to increase the knowledge from the base year 2018. We have used our social media channels very sparingly when it comes to B. Tomorrow information and 2019 will be the year when we take that to the next step.

To reach through we will also continue creating strong product stories, such as for instance our new underwear made from coffee beans, released in AW19.

STAFF AND CONSUMER EDUCATION					
 Activity	 Goal 2019	 Reached 2018	 Traffic Light	 What to do	
Higher B. Tomorrow awareness.	Obligatory sales staff education during the year, increased consumer awareness through Brand Track.	Implementation of new quality process securing testing of all fabrics and products for maximal quality.	 On track	Improve internal awareness through education program. Launch social media program, intensify communication.	

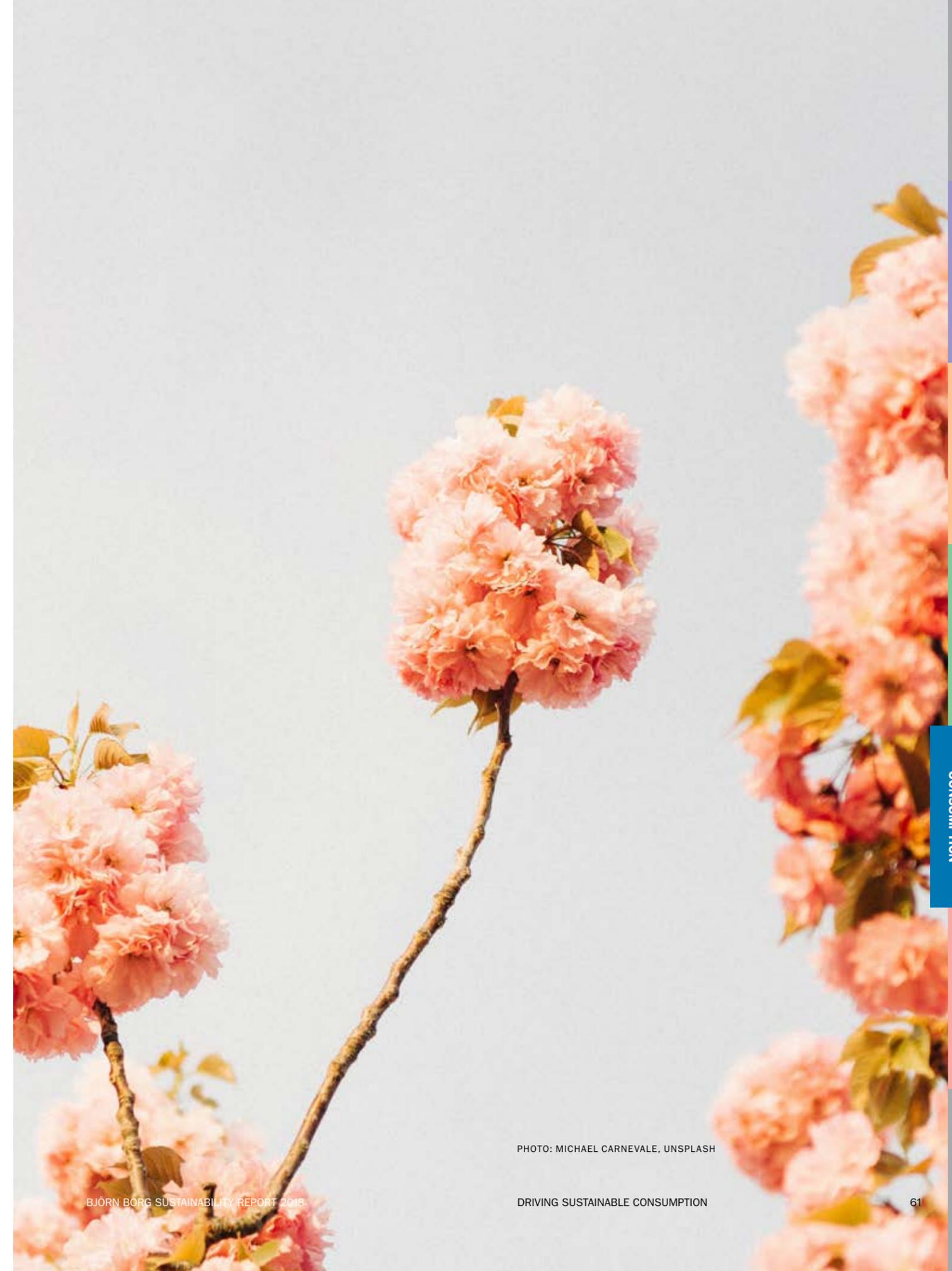


PHOTO: MICHAEL CARNEVALE, UNSPLASH

# BJÖRN BORG AS A WORKPLACE

## OUR CULTURE

We believe that sports can make our minds, souls and bodies become something more than what we are today, and that anyone can become anything. We are convinced that exercise and an active lifestyle is key to better health and higher performance. We take pride in nurturing a working environment where employees can grow on the job and develop.

This is one of the reasons to why we instituted a mandatory Sports Hour a few years ago. Every Friday, the office closes down for our weekly one-hour training. This initiative has caused quite a stir and headlines that have travelled around the globe several times by now. Some are pro, some are against. But our studies speak for themselves: our staff is 300% stronger than they were in 2015 when Sports Hour was initiated, and our employee engagement as well as our financial result have increased.

Björn Borg's employees all contribute with their experiences, creativity and motivation to develop the brand and the business, which is essential for the prosperity of the company. We want to offer a stimulating environment where the management team and the employees together form the company culture that is built around high ambition, drive and a strong passion for fashion and sports. We know that it takes a team to succeed, but to push boundaries all individuals need to have a positive mind-set and be the best at what they do.

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

Our target is to be the best workplace in the industry, with 90% employee engagement by 2019, as measured by a survey by third party research and analytics company Ennova. The target for 2018 was to reach 80 % engagement. We didn't reach all the way to our goal but increased our engagement from previous year from 77% to 78%, which is an engagement score that is in the top quartile of the international benchmark from Ennova, showing an average benchmark of 65%. Together with our employees, we create a strong workplace culture with continuous improvement as a goal.

The goal to be a good workplace (the best) does not stand alone. It is a way for us to reach our business goals. In order to build the No. 1 sports fashion brand for people who want to feel active and attractive we need to start from inside the brand and out.

Competent people who together create a workplace that gives you the opportunity to be your best self, in collaboration with other equally committed colleagues who complement the team through their differences in experiences, gender, ethnicity, sexual orientation, age, opinions and personal qualities, are an apparent prerequisite for such a workplace. We continuously work on keeping the strong corporate culture alive through education, communication, training and development activities. We also have an overarching target that neither gender shall represent over 60 percent of our key governing bodies, expressed in our Code of Conduct adopted by the Board.

### CHALLENGES AND RISKS

The biggest challenge is having a lot of employees spread in different countries and teams, of which for instance store staff works only a few hours. These factors make it more difficult to create engagement. The risk for not reaching our Employee Engagement scores depends on how far from our

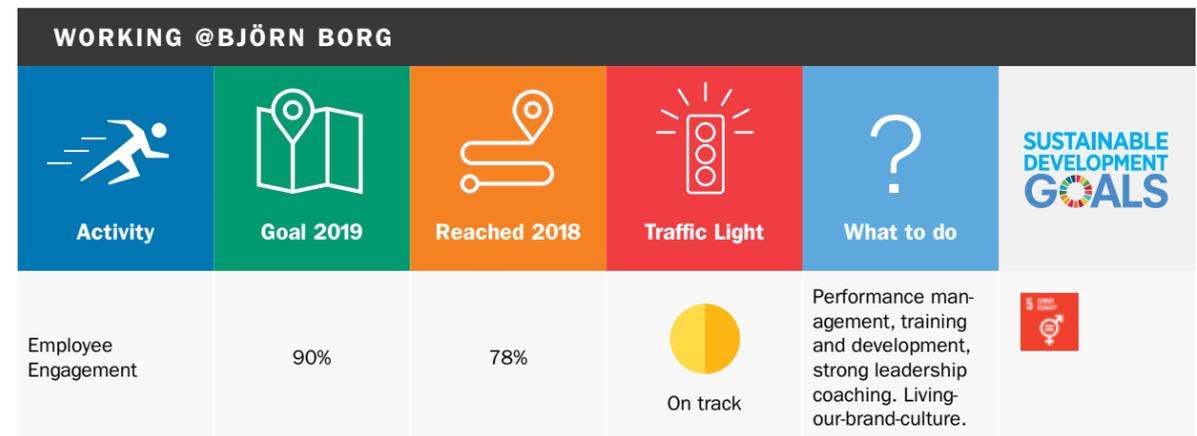
goal we would end up. A considerable drop risks mirroring in lower motivation and higher staff turnover, which in turn would lead to lower performance, short term.

### FOCUS AHEAD

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

Another focus going forward has an increased focus around increasing awareness around our sustainability work. Here are a few of the activities we are planning to carry out during the year:

- Internal information about our sustainability plan (written and workshops).
- Measuring internal engagement of sustainability plan.
- Supporting competence of sustainability through clear job descriptions with demands and continuing development and training in relevant functions.
- Measuring and driving sustainability audits and improvements at the head office in Stockholm.
- Implementing and driving internal audit checklist and systematic way of working to improve.



## GENDER EQUALITY

Groups of people of different backgrounds and experiences are more dynamic, which leads to a better work environment and, ultimately, higher profitability. Every person within our company, independent of gender, shall have the same rights, obligations and possibilities within all areas of life, including work, career, professional development and salary. To always strive for an even gender distribution per work category and department, and at the same time offer equal employment conditions, is a given.

Our goal that neither gender should make up over 60 percent of any of Björn Borg's key governing bodies offers somewhat of a challenge. We work in an industry with a high female representation, and the majority of our employees are women. 44% of the Senior Management representatives are women, and 33% of the Board of

Directors are women. The AllBright Foundation has included Björn Borg on its list of publicly listed companies with the highest gender equality several years in a row. The mission of the AllBright Foundation is to identify and shape public opinion on gender equality in business with an emphasis on publicly listed companies.

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

Björn Borg tries to even out any difference in gender distribution in their recruitment process. In our senior management team four out of nine people are women (44% vs 43% last year).

The overall gender distribution between our 213 employees is 144 women and 69 men (67% women).

### AGE DISTRIBUTION ALL MARKETS % (ACTUAL NUMBER)

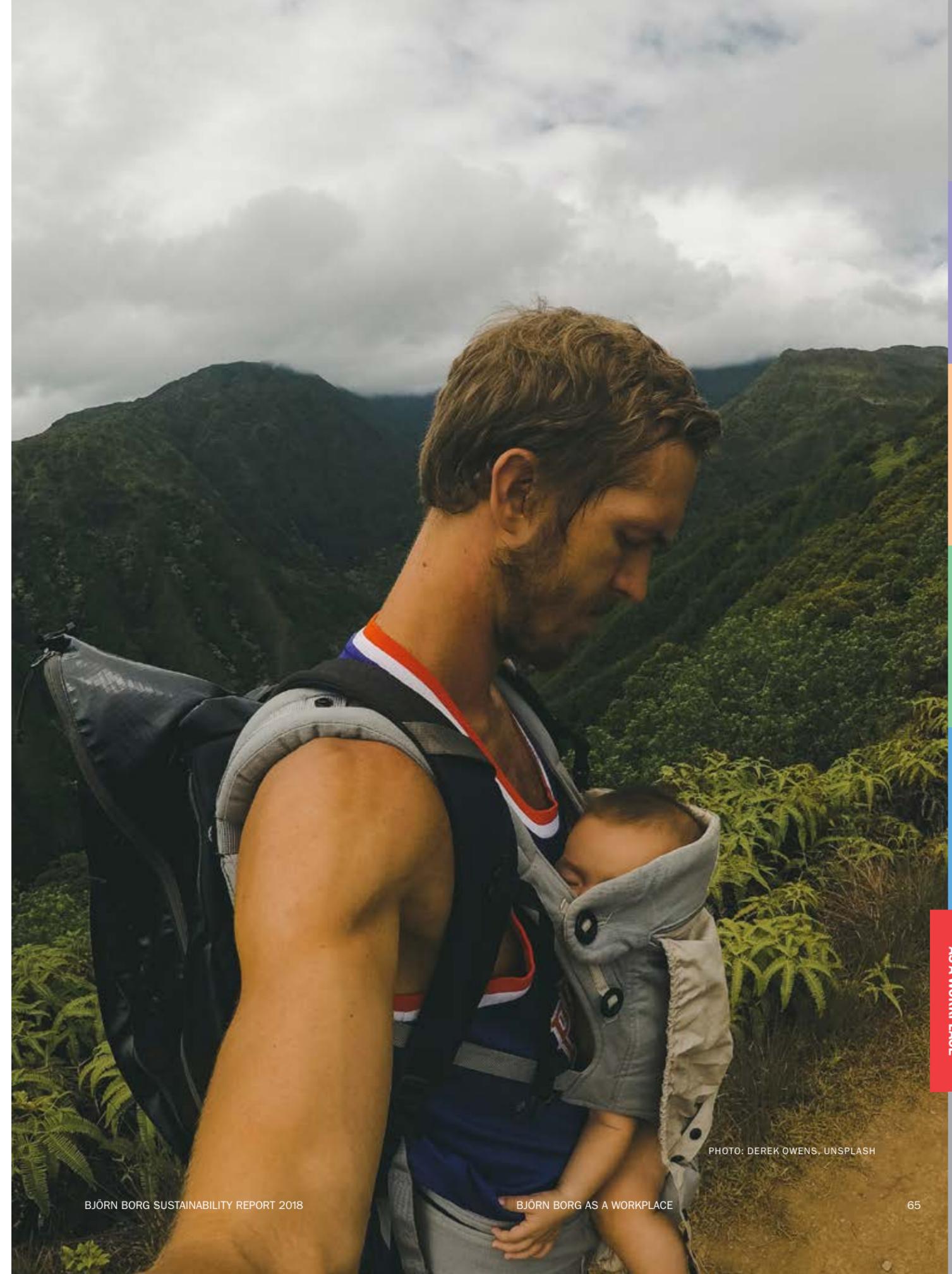
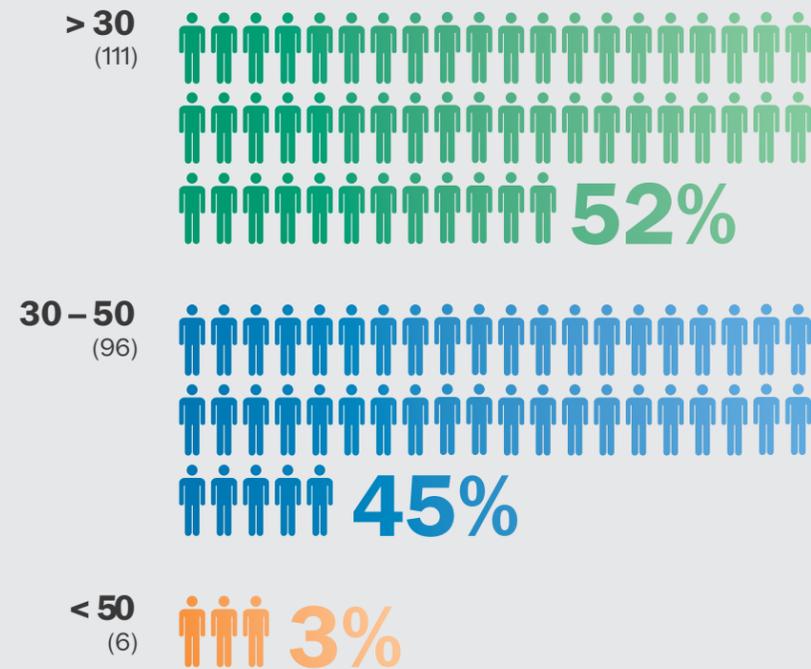


PHOTO: DEREK OWENS, UNSPLASH

## ETHICS, DIVERSITY AND NON-DISCRIMINATION

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

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. Fostering this kind of environment is important to us as a company.

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

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

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

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

### CHALLENGES AND RISKS

Any business with a natural appeal towards one gender has a challenge in acquiring an even gender distribution and to realise the goal of a 60/40 gender distribution in key governing bodies is therefore a challenge in itself.

Working with our CPR system, which stands for Competence, Personality and Results, as a competence profile and high leadership competence, we see no risk for decreased equality, diversity or ethics. If we lose focus and with that create unequal or non-ethical groups in any way, there is a risk for lower results in that group due to decision-making and work quality being affected negatively.

### FOCUS AHEAD

Stay true to our focus on continuous leadership training for managers and sustained dialogue with staff to together create a culture based on the values we have chosen.



PHOTO: RADEK PESTKA, UNSPLASH

## SUSTAINABLE PEOPLE

We want to offer a positive and healthy working environment and a workplace where management and employees join together to create a sense of well-being and maintain a culture where we all can grow to become the best version of ourselves. We invest heavily in the well-being of our employees based on a conviction that exercise and an active lifestyle are a key to better health and higher performance.

Nevertheless, stress is part of many people's lives and work situations, and to help maintain a healthy work/life balance and keeping negative stress at bay, we set clear goals for the whole company, broken down to every department and every individual. The goals are followed up every month in a pep talk with the reporting manager. Workflow is another of Björn Borg's foundational work structures. One hour every week, just before Sports Hour, we all work in complete silence in order to plan our upcoming week, set priorities and clean our inboxes. This practice, as well as our goal-setting, is in place to create a sense of control and peace of mind for the upcoming weekend and all the way down to the full calendar year. Inspiring our staff to a healthier lifestyle in all areas is a high priority for us and we regularly invite speakers and other specialists to educate us about related topics. Stress management and work/life balance, nutritional advice, and a monthly meditation session are a few examples. We work actively with prioritising tasks to ease up on individuals with too much work pressure and keep an open and constant dialogue if a person needs help. We also offer a health care package with possibility to private stress management sessions for individuals who need further support.

### CHALLENGES AND RISKS

The biggest challenge in this area is that we have high ambitions, both as a company and as individuals, in our company. We want to get a lot of things done, both at work and in our private lives, in a constantly changing and challenging world. The risk with too much negative stress is that we will lower performance within that area. It is a balance act in the correlation between a strong and engaged co-worker and good results that is the big challenge, and risk, here.

### FOCUS AHEAD

Continue our focus on inspiring our co-workers to be more, to become the best versions of themselves, through clear goals, physical training, education, workflow and good leadership.



PHOTO: QINGBAO MENG, UNSPLASH

## WORKPLACE ENVIRONMENT

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

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

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

### CHALLENGES AND RISKS

The largest risk lies without a doubt in stress management. The “hard” bits of work environment are handled according to law with good quality and control, and relatively low risk

### FOCUS AHEAD

Next step in this area is continued focus on stress management with a good social work environment.

## ORGANISATION

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

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

Staff policies in place are

- Gender Equality Plan
- Diversity Policy
- Work place Environment Policy
- Code of Conduct
- Whistleblowing Policy
- Occupational Health and Safety Policy



PHOTO: V SRINIVASAN, UNSPLASH

# HOW WE REPORT

We are committed to transparent reporting on the progress that we make towards achieving our sustainability goals. It is important for us to show both progress and different challenges that we may encounter on our journey. The report presents issues that reflect the significant economic, environmental and social impacts of the Björn Borg Group, consisting of Björn Borg AB which owns 100% of the stock in Björn Borg Brands AB, Björn Borg Footwear AB, Björn Borg Inc., Björn Borg Services AB, Björn Borg UK and Björn Borg Finland Oy. The company also owns 75% of the shares in Björn Borg (China) Ltd. Our licensees are the following: Björn Borg bags, footwear, eyewear and home-wear. Emissions outside of the group, such as for suppliers, are not included in the report.

Climate data is reported according to the GHG protocol and emission factors that we use are based on information collected from partners and associates. For inadequate data, calculation estimates have been used. The reported energy usage is based on invoiced data.

We are continuously working on improving our materiality reporting.

We report in accordance with the Swedish Annual Accounts Act (Årsredovisningslagen) and take the GRI (Global Reporting Initiative) standards and the United Nation's SDGs (Sustainability Goals) as benchmark. This report is separate from our Annual Report. Our last Sustainability Report was released in April 2018. All our Annual Reports and Sustainability Reports can be found on our corporate website [med länkar]

## MATERIALITY MATRIX

We communicate and engage with our stakeholders in many different ways. We always aim to be transparent about our sustainability work and we welcome dialogue with stakeholders. We are convinced that an open dialogue makes us better, because it helps us understand the interests and expectations of our stakeholders and also challenges us to improve over time.

MATERIALITY MATRIX					
	Focus area	Impact within BB	Impact on stakeholders	Impact on environment	Impact on society
Manufacturing/ Code of Conduct	Responsible production		●	●	●
Human Rights, health and safety	Responsible production		●	●	●
Transparency in supply chain	Responsible production	●	●	●	●
Materials and processes	Decreasing footprint	●	●	●	●
Transport and shipping	Decreasing footprint	●	●	●	●
Efficient packaging	Decreasing footprint	●	●	●	
Sustainable trade solutions	Decreasing footprint	●		●	
Own operations	Decreasing footprint	●	●	●	●
Use & durability	Driving sustainable consumption		●	●	●
Staff education and consumers	Driving sustainable consumption	●	●	●	●
Economic	Sustainable business	●	●	●	●
Björn Borg as a workplace	Sustainable business	●	●	●	

## GET IN TOUCH

If you need more information about our sustainability work or this report, please contact: Mija.nideborn@bjornborg.com or Pernilla.johansson@bjornborg.com

We appreciate your feedback.

INDEX					
Information requirement	Environment	Staff	Social	Human Rights	Anti-Corruption
The sustainability report shall describe...					
The company's business model	SUSTAINABLE BUSINESS				
The company's model for practices for the different areas, including analysis that has been performed	p. 38-53	p. 62-71	p. 29-37, 62-71	p. 29-31, 64-69	p. 36, 66
The results of the policy	p. 42-52	p. 62-71	p. 23-32, 62-71	p. 22-32	p. 36, 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.	p. 40-51	p. 63-70	p. 30-36, 63-70	p. 30-36, 63-70	p. 36, 66
How the company handles the risks	p. 40-51	p. 63-70	p. 30-36, 63-70	p. 30-36, 63-70	p. 36, 66
Central result indicators relevant to the business.	p. 39, 42-52	p. 62-64	p. 24-29, 62-64	p. 24-29, 62-64	p. 36, 66



PHOTO: BLAKE RICHARD VERDOORN, UNSPLASH

## AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

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

### ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory sustainability report for the year 2018 and that it has been prepared in accordance with the Annual Accounts Act.

### THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### OPINION

A statutory sustainability report has been prepared.

Stockholm, April 15, 2019  
Deloitte AB

Didrik Roos  
Authorized Public Accountant

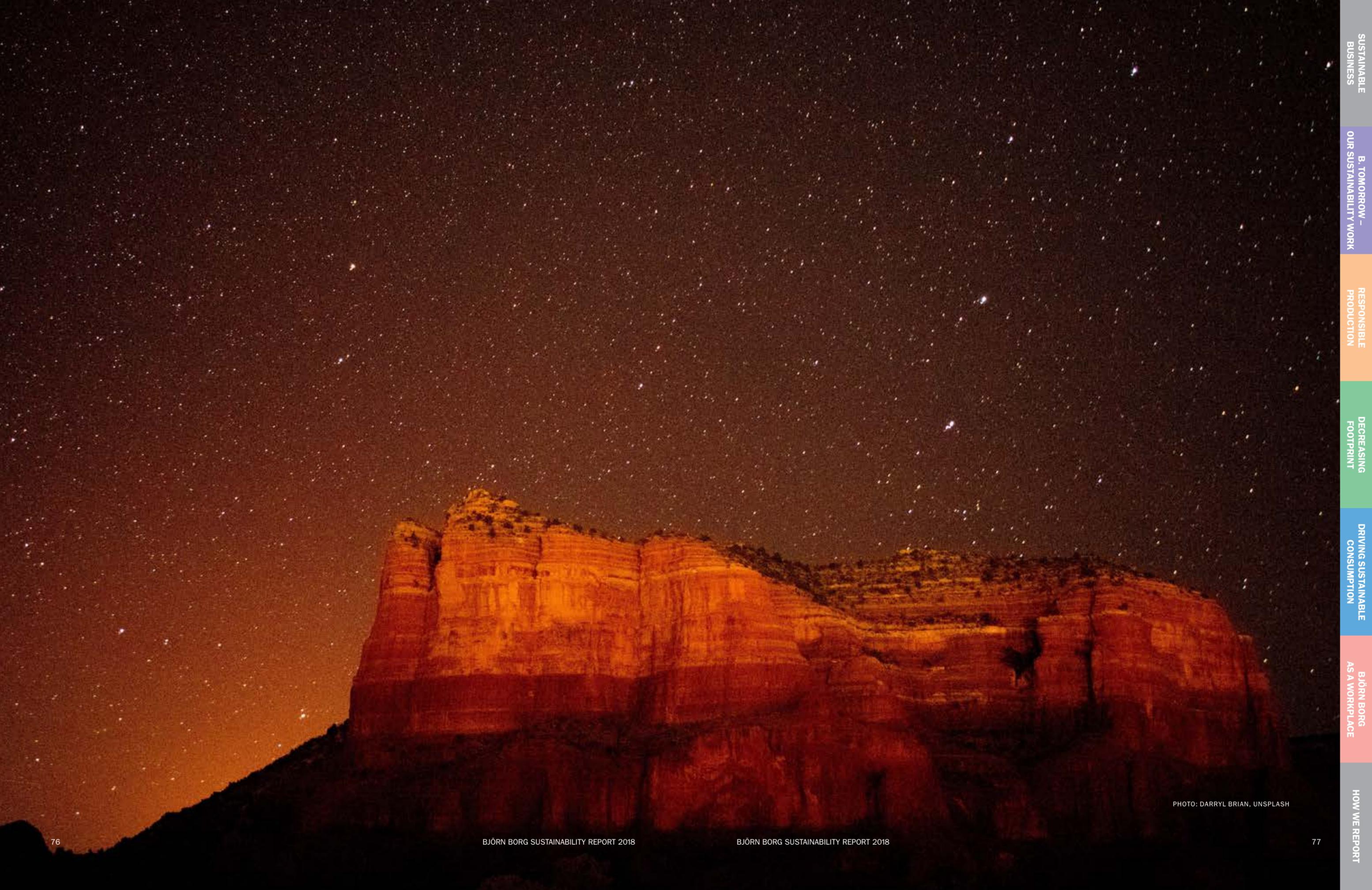


PHOTO: DARRYL BRIAN, UNSPLASH

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