



BJÖRN BORG

Sustainability report 2021

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At Björn Borg, we are running to a sustainable future. We also invite our peers on this run. A run which will make all the difference.

This report presents the significant economic, environmental, and social impacts of the Björn Borg Group. Emissions outside of the group, such as for suppliers, are not included in this report. Financial results and models are disclosed in our annual report.

This report can be tailored for your own needs at corporate.bjornborg.com/sustainability.

UNLESS OTHERWISE INDICATED, ALL PHOTOS: BJÖRN BORG

Letter from the CEO

With a glimpse of hope, we opened 2021 after a heavy 2020. A whole world breathed a sigh of relief. Finally, it was over. We could emerge on the other side. Fresh into a new, changed world, free of malicious viruses.

A posteriori, we know that the virus was smarter than that. It took new routes, new shapes. But setbacks can do wonders!

2021 was our most profitable year in history, and we have never had a better revenue. With an ever-growing business comes even greater responsibilities. Time to roll up the sleeves and take our sustainability work to the next level! We don't work with sustainability anymore. We work on being a sustainable business.

Putting products into this world leaves a negative impact on our planet. That's a fact. And consumption will not stop. We just need to find new solutions. To lead a sustainable business is now one of our top three focus areas. The other two will secure our financial performance: online focus and an increased market share for our sports apparel.

The pandemic has taught us a lot. We constantly reinvent ourselves, and you can read about that in this report. We are finding new solutions for a new world.

And that's just it. Björn Borg would be nothing without the absolutely extraordinary people within this organization. I know that we will continue to create wonders. We empower each other to lead a sustainable lifestyle where training, work-life balance, challenging yourself and respecting people's differences lead the way.

We are confident that leading a sustainable business is the only way to go. We owe that not only to ourselves but also to our children and their children. We constantly witness how barriers are torn down between competitors within our own and other industries. It gives me more than a glimpse of hope for the future. We already collaborate, share, and trust. Let's keep that trend!

Let's go!
Henrik Bunge
Head Coach





Highlights 2021

The most prominent sustainability highlight for Björn Borg during the past year is that our top management signed off our 2030 roadmap. Along with an investment in sports apparel and a focus on digital platforms, sustainability is now one of our top three focus areas going forward.

In 2021, we reported our CO₂ production emissions for the first time (reporting year 2020). With the results also for the reporting year 2021 in our hands, the results give us scientifically based insights on our full environmental footprint. The analysis of this data will form the basis of the annually updated 2030 roadmap.

Our first-ever clothing collection with exclusively “more sustainable” products reached the market in the autumn of 2021.

Despite yet another year with a pandemic, our employee satisfaction score is higher than ever. The 2021 result shows a rise in +3 percentage points and lands on 86%.





SUSTAINABLE BUSINESS

CREATE A WINNING TEAM

DECREASING FOOTPRINT

COMPLIANCE

Our Sustainability Director reflects on the year past

2021 was an important year on Björn Borg's journey to becoming an even more sustainable brand. It was the year when we officially committed to reducing our carbon dioxide footprint by 50% by 2030. It was also the first time senior management nominated sustainability as one of our top three business focus areas. This stance will accelerate goalsetting and focus within all functions for 2022.

At Björn Borg, we believe in setting high targets; we know they will take us further. And we love challenges. The fully sustainably sourced clothing collection of 2021 is a result of high goals, commitment, and passionate work. To reach our long-term goal of a 100% sustainably sourced product offer, goals are set to reach 75% sustainably sourced bags and 30% sustainable footwear in 2025. Most of our clothing uses recycled polyester, recycled polyamide or supports the Better Cotton mission to help cotton communities survive and thrive while protecting and restoring the environment. New initiatives are explored and evaluated every season. Our strict sourcing guidelines on fabrics secure that any new material that we use is sustainably sourced. Packaging and trade material go under the same radar and need to be made from recycled and recyclable materials.

We believe that every company, every function and every individual needs to take responsibility and we believe that everyone can do better. In 2021, we extended our Sustainability Group with leaders in key impact areas: Sourcing, Product, Logistics and Communication. Their mission is to create transparency and set long-term and annual guidelines for the organization. The senior management team endorses the plans, and the board is involved in the process. We see it as a natural part of everything our business entails – from design, production, and transports to human resources, sales, and finance. It is physical, functional, and governing.

We focus our sustainability work on three main areas: to create a winning team where all our stakeholders, internally and externally (primarily our staff and suppliers), contribute to the fulfilment of our long-term goal; to decrease our footprint through the

analysis of scientific data, and to make sure to comply with not just legislations and regulations, but also the requirements of our closest stakeholders: our customers and investors.

Our aim to provide the consumer with accessible, more sustainable products starts with our belief in a classic timeless design. We offer long-lasting design and high quality, products that become wardrobe favourites and stand time, wear, and tear. We test our products thoroughly and ethically in our approach to sustainability. Our product offer and sustainability work are appreciated: 49% of our target group believes we are doing a good job in this field.

We constantly evolve and educate our vendor base to be aligned with our sustainability strategies. Our focus lies primarily on assuring that we source high-quality products from responsible partners and make sure to use more sustainable components. We audit our vendors regularly and we closely follow and encourage their development to improve. During the year, we have ended relationships where the ambitions have been too far apart, kicked off sustainability projects with key vendors standing for most of our sales, and onboarded new partners that can help us build an even more sustainable brand.

2020 was the first year we included production in our corporate value chain climate reporting, and the picture of our emission sources is getting clearer every month. With the help of experts, we are finetuning our plan. Evident is that our products and their processes stand for most of our emissions, and the company will have to go through significant change in the coming decade. Our ambition to never fly goods will require major changes in how we do business in some markets and where we source our products. Changes like these will take time. But we also see low-hanging fruit affecting our footprint such as digitization of product development and sell-in, optimization of shipment methods and driving more premium price points and products.

To me, the highlight of the year was securing commitment and engagement on all levels. With sustainability on the top agenda within the company for 2022, we are stronger than ever.

Mija Nideborn
Product & Sustainability Director



SUSTAINABLE BUSINESS

CREATE A WINNING TEAM

DECREASING FOOTPRINT

COMPLIANCE

Governance structure

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

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

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

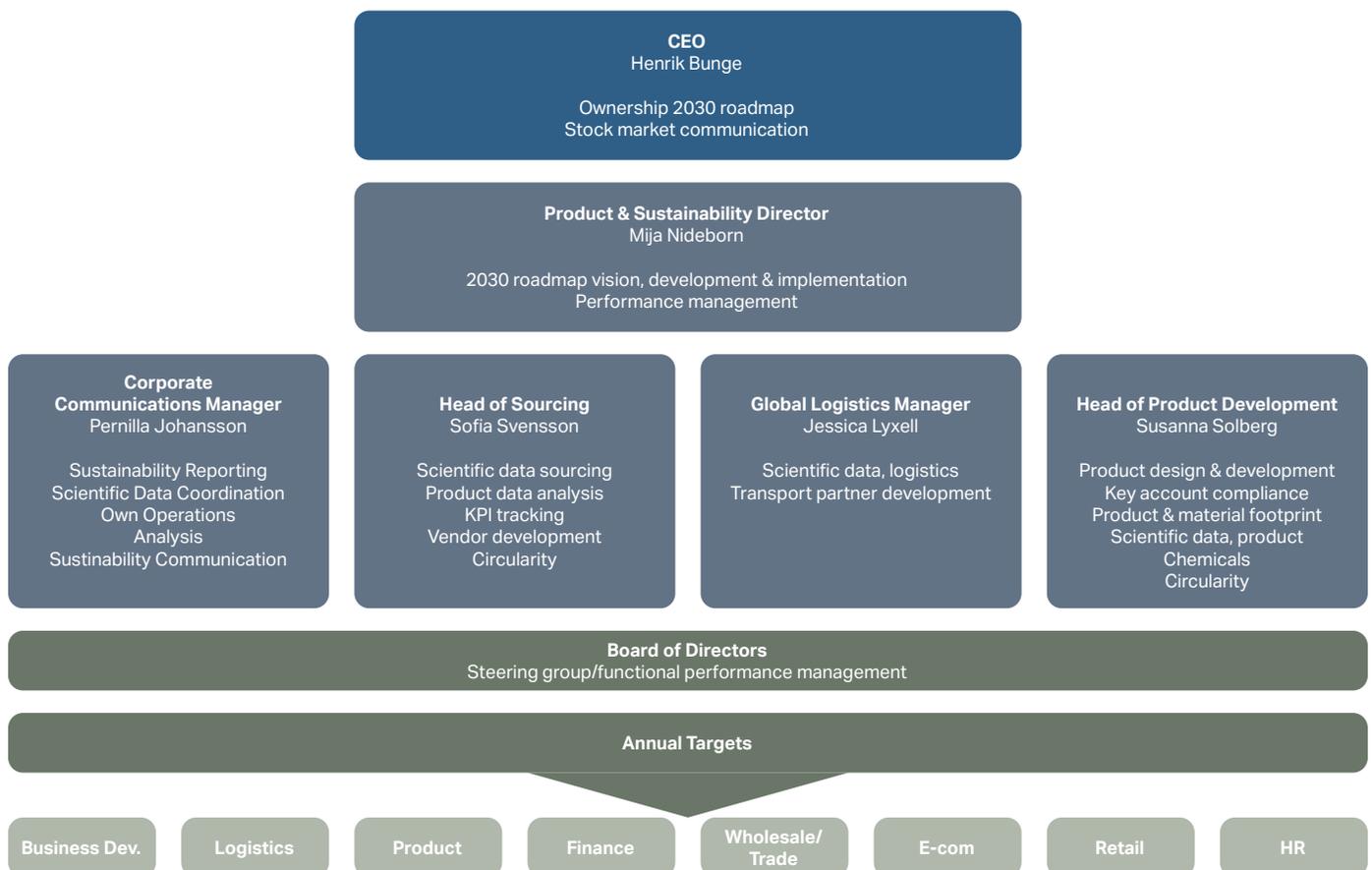
Guided by our roadmap, every single employee is involved. Everyone plays a part and has their own 'green goal.' The goals are followed up monthly by the function owners in our management team. The

function owners report on their departmental sustainability goals every quarter.

Our roadmap is adjusted annually to meet new conditions for fulfilling our long-term goals. For information about our corporate governance, please refer to the section [Corporate Governance](#) on our website or annual report.

Information found in our Annual Report:

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





Materiality analysis

PROCESS FOR IDENTIFYING MATERIAL TOPICS AND THEIR BOUNDARIES

We conduct an annual review of our material topics. They are based on our day-to-day business during the year; Stakeholder dialogue, business intelligence, external requests, regulations and legislation, audit results, media coverage, monitoring of macro trends and drivers, and an analysis of external standards, such as the GRI standard topic list. The review helps us understand our material topics better, understand potential risks and opportunities for our business, and helps us evaluate our ability to create and sustain value.

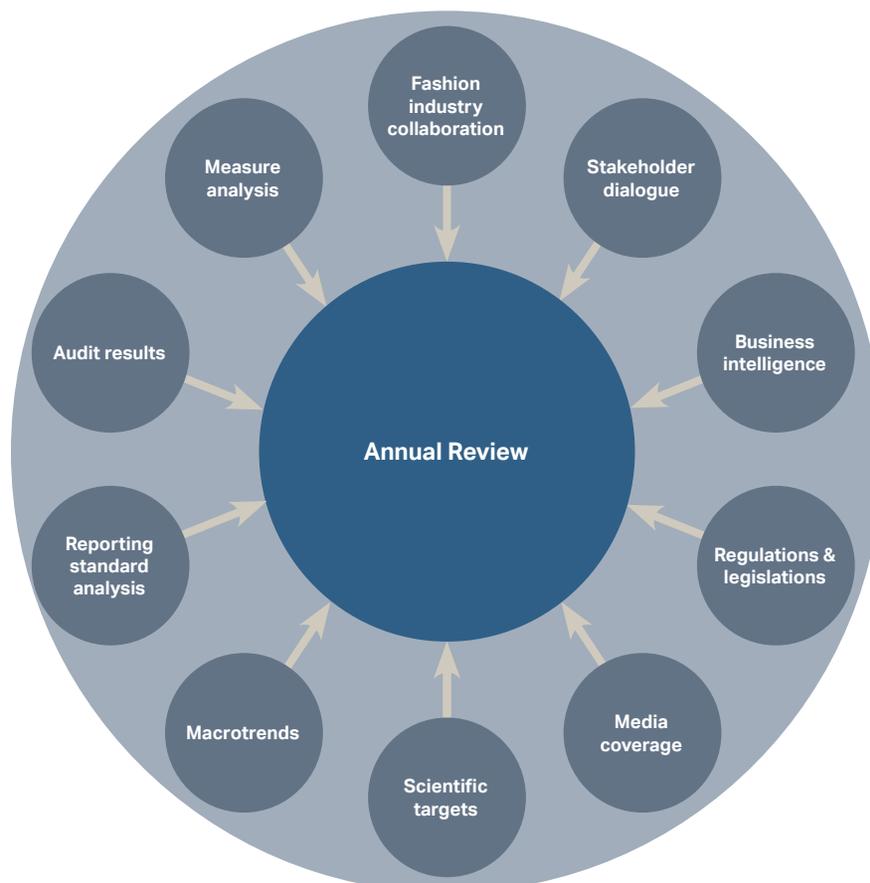
These topics are discussed within the sustainability steering group and further with all function owners within the company for goal setting for the upcoming year(s). We identify material topics through an analysis of stakeholder importance (the frequency of which a topic is asked for), our own business and sustainability

goals, and the results of the annual review. An important factor that is accounted for is also where we can make the biggest difference combined with where we have the largest impact, and which impact a certain topic has on our business.

The materiality analysis is the foundation of our strategy and our 2030 roadmap.

The governance mechanisms include:

- Ten-year plan which is updated in November/ December each year and followed up every quarter
- Key Account compliance process. We map key account requirements to secure compliance from a sustainability standpoint
- BSCI membership
- Vendor audits
- Chemical compliance process
- Certification tracking and file
- Quality process to secure high-quality products
- Transparency tracking
- STICA membership.



Stakeholder dialogue

KEY STAKEHOLDERS, THEIR PRIORITIES, AND OUR DIALOGUE

Consumers:

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

ESG expectations from consumers:

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

How we engage with consumers:

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

Customers:

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

ESG expectations from customers:

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

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

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

How we engage with customers:

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



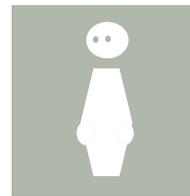
Consumers

- Surveys
- Websites
- Online



Customers

- Meetings
- Requirement packages



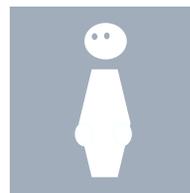
Vendors

- Daily contact
- Factory visits



Employees

- Survey
- Meetings
- Performance & development program



Investors

- Meetings
- Presentations
- AGM

Vendors:

Our partners run with us to meet environmental requirements and secure safe working conditions. We rely on our vendors to follow the firm set of regulations they all have signed and are expected to follow up on. This includes our Supplier guide, our Code of Conduct, our Chemicals Policy, and Restricted Substances List. Deviations from these regulations put both our environmental and social impact at risk and can put our reputation in danger.

ESG expectations from suppliers:

Our vendors put very little pressure on us from a sustainability point of view, but we have seen a big change in both new and old vendors' application of sustainable methods and attitude to change.

How we engage with vendors:

- Regular contact through email and video calls.
- Normally we do factory visits multiple times per year. However, this has not been possible in 2021 due to Covid-19 and travel restrictions. Instead, we have intensified video meetings.
- Vendor and climate evaluation surveys.
- Collaborating on the findings in the audit reports strengthens our relationship and helps both us and our vendors improve our sustainability work.
- Climate roadmap discussions.

Employees:

Employee engagement drives our business, our performance, and our strength, and it works in both ways. We invest in our winning team to constantly find agile, sustainable solutions, may they be social, environmental, or economical. With this work, we hope to motivate, retain, and attract our employees.

ESG expectations from employees:

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

Read more about social responsibility towards employees in the section [*Create a winning team*](#) in this report. Employees are of course also consumers and help us understand public opinion.

How we engage with present and potential future employees:

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

Owners and investors:

ESG investors and present owners drive our sustainability agenda forward.

ESG expectations from owners and investors:

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

How we engage with owners and investors:

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

Government & organizations:

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

How we engage:

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

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

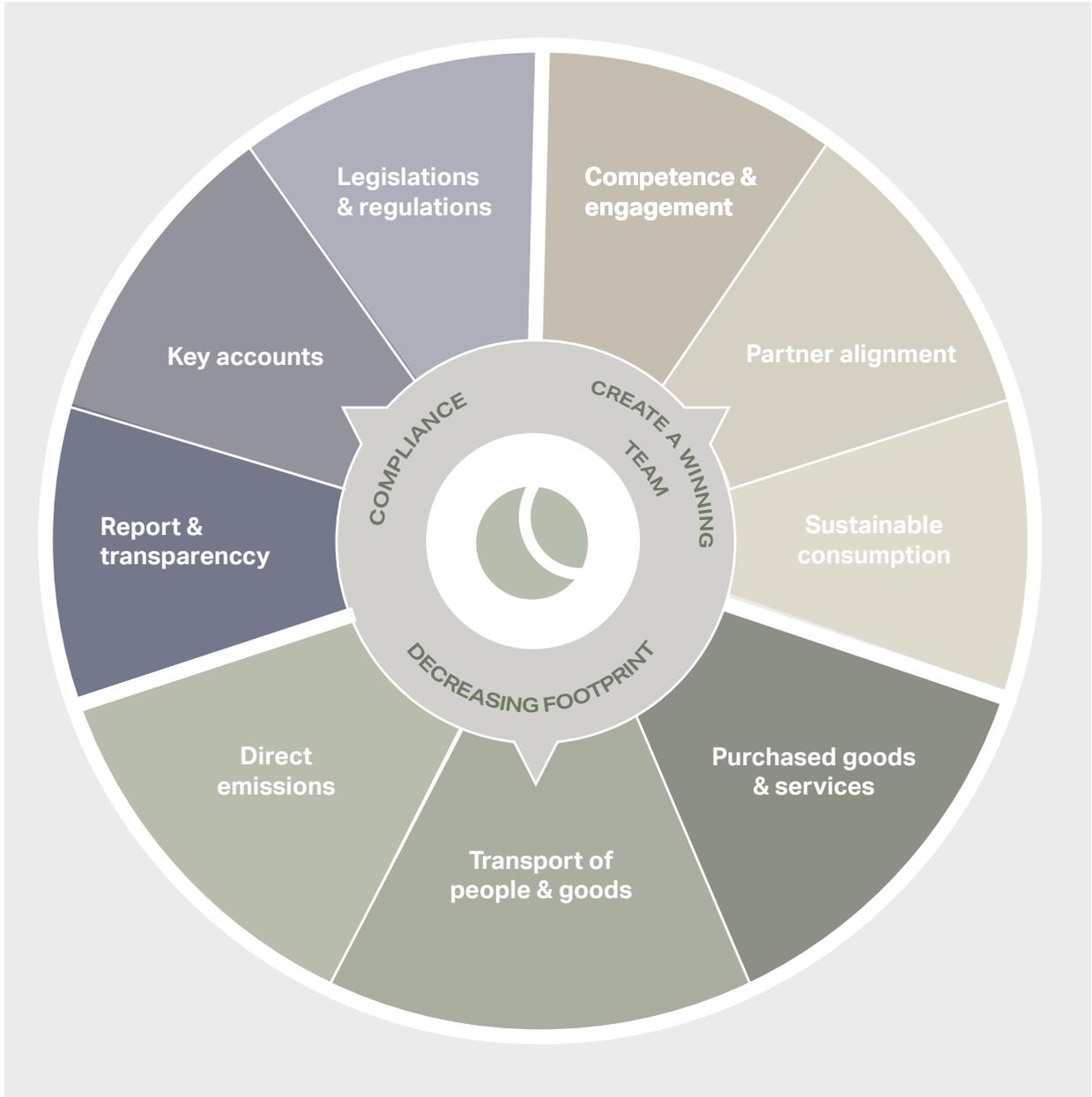
We added three new vendors to our vendor base in 2021. One of these factories scored A in their amfori BSCI audit, the highest score for any of our vendors. On the contrary, we ended our collaboration with one supplier since our main contact moved to another company and we decided to follow.

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

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

Internal changes:

From the beginning of the year, the UK market is handled by an external distributor and our previous legal entity is being liquidated. On the other hand, we acquired the rights to the Danish market from our distributor, which is now an integrated part of our operation. 7 of our own retail stores have been closed, 1 has opened. More information about ownership and group constellation in our annual report.



Our promise

Based on our materiality analysis and the shareholder dialogue, we have set a 2030 roadmap. It entails three focus areas, with three key topics within each – our material impacts.

Our focus areas are:

Create a winning team

Decreasing footprint

Compliance

The overall climate goal in our 2030 roadmap is to decrease our carbon footprint by 50% from 2020-2030. Our whole value chain is involved in this journey and all employees have a functional “green” goal as of 2022. Our path is a living organism; the surrounding world is constantly changing, and we must change with it. Sometimes this requires us to go off the beaten path, but we never stop pursuing our goals.

A few cornerstones that we are working towards right now:

- 100% sustainably sourced bags.
- 100% sustainably sourced materials for apparel.
- 100% sustainable and easily recyclable material/constructions used for packaging.
- 100% sustainable import and export materials in the supply chain (cartons and polybags).
- Full transparency and deeper insights in tier 2.
- A plan to move to 0% air freight.

OUR PROMISE

- To relentlessly work to reduce the environmental impact through sustainably sourced 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 the 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.

Read further about our 2021-year emissions in the section [Decreasing footprint](#).

Björn Borg and the UN Sustainable Development Goals (SDGs)

Björn Borg uses our own sustainability direction when assessing the development goals and analyzing where we have the largest factual and potential risks and impacts. Our sustainability roadmap is based on an analysis of the areas where we can make the biggest difference according to the 2030 Agenda. Our work contributes to several SDGs, but some more than others. Below is how and where we see that we have the largest impact.

SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION



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

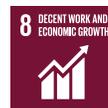
SDG 13 – CLIMATE ACTION



In 2014, we set a goal to reduce our greenhouse gas emissions, resulting in a 42% reduction in 2019 for the factors that we could measure at the time: everything but production. As new members of STICA – The Swedish Textile Initiative for Climate Action – we committed in 2020 to decrease our GHG emissions by another 50% by 2030. This time, the decrease includes the full scope 3 and we released our first report in 2021 for the reporting year 2020. We work actively with improved efficiency throughout the supply chain; we design long-lasting products manufactured sustainably; we invest in environmental performance and training programs in our own organization and throughout our supply chain; we have implemented materials derived from for instance sustainable tree farms, coffee grinds, and recycled PET, and work actively with lowering our transport emissions in all parts of the business.

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

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



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

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

SDG 3 – GOOD HEALTH AND WELL-BEING

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

Every individual working for us should feel safe and well treated. We supervise that the REACH regulations around chemicals are followed for personal safety for both workers, employees and consumers. Our products should be safe for both people and nature. By following our code of conduct, our suppliers follow social requirements according to UN Global Compact.

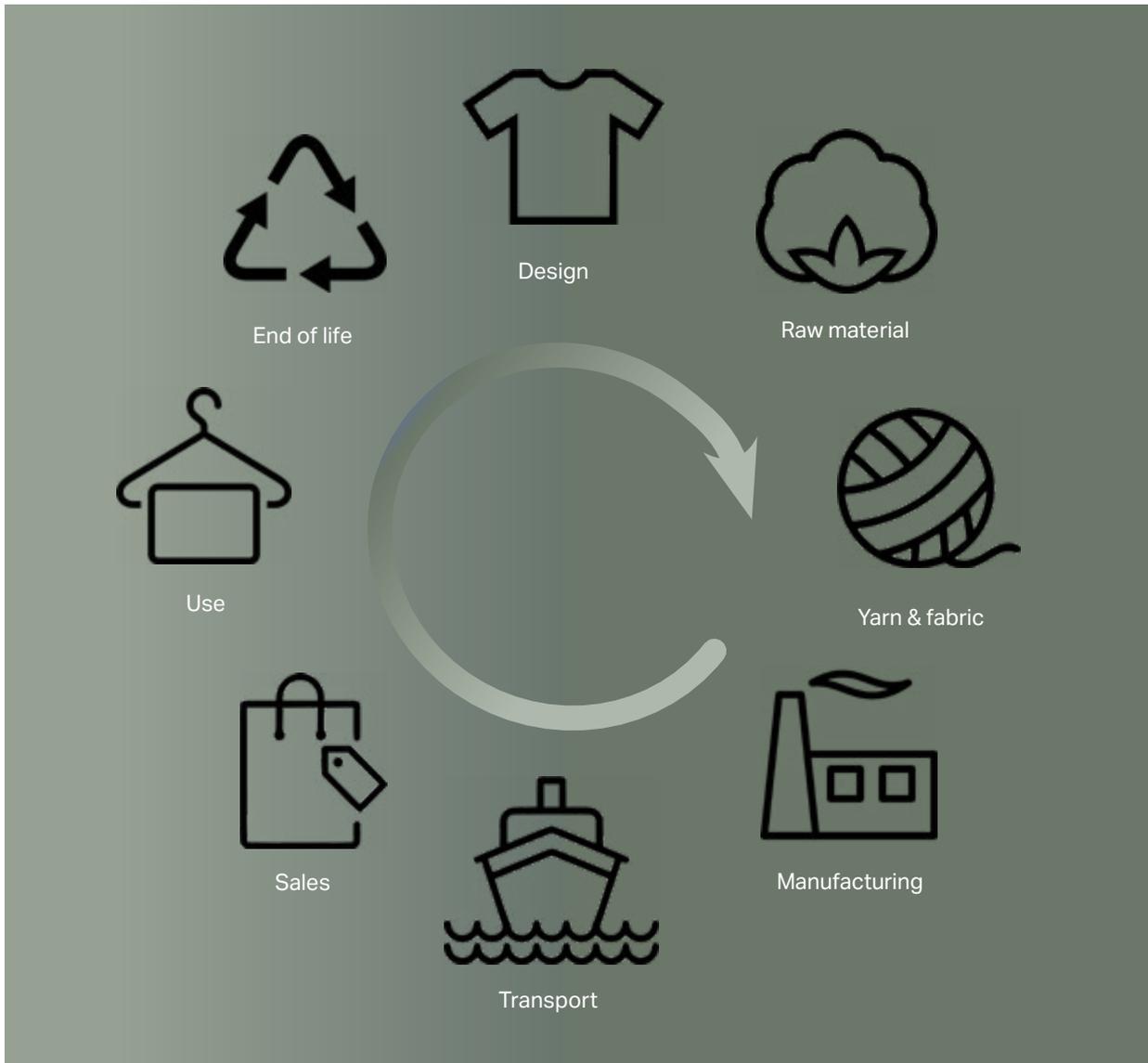
SDG 16 – PEACE, JUSTICE AND STRONG INSTITUTIONS

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



Influence and impacts throughout our value chain

Read more about climate related risks in the section [Decreasing footprint](#) on page 54



Material impacts and risks



Design

A big part of our environmental impact starts already at the drawing table.

Risks:

- Not meeting stakeholder expectations
- Not meeting regulatory or market requirements
- Lower margins if prices are not raised.

How we manage our impact:

- Increase amount of sustainable materials & processes
- Increase use of recycled and recyclable materials
- Further develop sustainable packaging
- Long-lasting design, quality and fit

Generating value:

- Decreased impact from products during usage
- Decreased environmental impact
- Customer value



Raw materials

A key topic in our material discussions and one of the most important to address.

Risks:

- Traceability challenges especially in tier 3 and beyond
- Human rights and environmental violations
- Farming country culture controls farmers' and workers' conditions
- Corruption
- Farmers & other suppliers based in distant countries generating unnecessary transport.

How we manage our impact:

- Raw materials chosen at design stage
- Only more sustainable materials used
- A minimum of 70% sustainably sourced materials in all clothing
- Tier 1 suppliers sign off the code of conduct, Long-lasting design, quality and fit

Generating value:

- Putting pressure on tier 1 through code of conduct
- Putting less strain on finite resources.



Fabric & yarn

Also the final fabrics and yarns are chosen with great care.

Risks:

- Less control through indirect contact with fabric and yarn factories. Only partial traceability in tier 2.
- Human rights and environmental violations
- Production country culture controls workers' conditions
- Corruption
- Producers in distant countries, generating unnecessary transport.
- Traceability challenges.

How we manage our impact:

- Fabrics chosen in design stage
- Sustainable materials prioritised
- Tier 1 suppliers sign off the code of conduct.

Generating value:

- Decreased environmental impact
- Putting pressure on tier 1 through CoC with a chance to improve working conditions for workers & businesses.



Manufacturing

A sustainable supply chain is another main topic. Today, most of our production is based in China. Supplier management is a priority to us.

Risks:

- Sub-contractors don't follow the code of conduct
- Local legislations may hinder progress for suppliers' sustainability work
- Suppliers may under-perform in areas not covered by audits
- Human rights violations
- Suppliers lack tools to measure water, energy or waste
- Corruption

How we manage our impact:

- Audits and own factory visits + tight contact
- Improve production efficiency and transport solutions
- Terminate or develop business with suppliers not meeting our standards

Generating value:

- Encourage good sustainability performance through more business
- CoC ensures better working conditions and human rights compliance for workers
- Bad performers not willing to improve lose business.



Transport

Our products are sold globally and most manufacturing is based in China, so transportation represents a material part of the company's climate impact.

Risks:

- Emissions from transports
- Delays in supply chain risks increased air freight
- E-com shopping in high demand, resulting in increased need for short transports.

How we manage our impact:

- One stock for more efficient transports and customer service
- Air transports never scheduled
- More efficient packaging for better fill rate.

Generating value:

- Logistics partners contractually bound to finding sustainable shipping solutions
- More cost efficient transport solutions through better packaging and joint loading
- Decreased Co2 Impact.



Sales

Without our customers, we don't exist. Giving them the best is the least we can do. If we do good, we will also be able to enable them to do good.

Risks:

- We have little-to-no influence on transports and communication of wholesale and e-tail customers, which stand for the major part of our sales.
- Limited internal resources and competence
- Limited influence on social aspects within external retail
- Users used to discounts
- Road travel for sales staff in fossil fueled cars generates unnecessary emissions.

How we manage our impact:

- One stock for more efficient transports and customer service
- Recyclable store interiors and accessories
- Energy efficiency in own stores
- No air miles for sales staff. Road mileage streamlined for less impact
- Communication with consumers and customers about sustainability work
- Overseer leasing car contracts
- Digitalised sales samples for fewer products produced & transported.

Generating value:

- Communication around a sustainable lifestyle contributing to a more circular economy
- Engaged employees
- Relevant product offering
- Recyclable stores and renewable energy decreases Co2 impact
- Minimising Co2 impact of sales samples through efficient digitalised system.



Use

Also the final fabrics and yarns are chosen with great care.

Risks:

- Failure to meet customers' expectations on quality and fit
- Consumers on washing or handling products optimally
- Product safety.

How we manage our impact:

- Communicate wash & care
- Always deliver on quality and ultimate fit
- Follow EU kids regulations for maximum usage security for children
- Guiding consumers to better choices.

Generating value:

- Less chemicals in the environment
- Less waste and increased resource efficiency
- High quality = longer product lifecycle



End of life

We want our products to be responsibly disposed of at the end of their lives.

Risks:

- Rental and reuse of underwear and sportswear is not hygienic
- Lack of interest, knowledge or time with stakeholders
- Waste of resources due to lack of recycling
- Illegal trade of discarded products or unsold stock.

How we manage our impact:

- On-product recycling communication
- Simplify recycling through design of and choice of materials for packaging and products.

Generating value:

- By choosing the right designs & materials, we contribute to easier recycling
- Less waste and increased material usage
- Less chemicals in the environment.

Create a winning team



Competence & engagement



Highlights 2021:

Employee satisfaction score: 86%

Employee loyalty score: 89%

Employees with functional "green goal" 100%

Our culture: healthy performance

Our conviction that exercise and an active lifestyle are the conditions for better health and higher performance is one of the reasons why we instituted a weekly Sports Hour in 2015. Every Friday, the office closes for our weekly one-hour training. As in 2020, much of this training happened online due to Covid. Nonetheless, staying true to Sports Hour has been more important than ever during the pandemic.

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

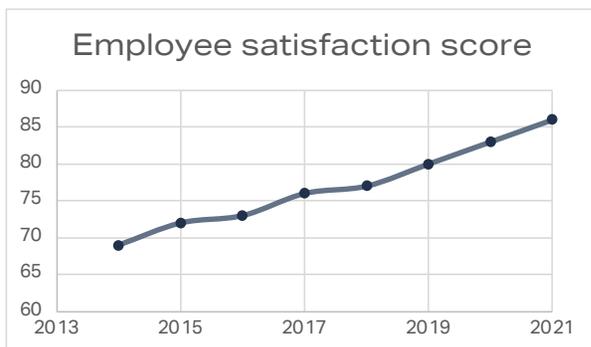
We have set five different values that reflect our way of approaching our daily work life. These values are Passion, Empowering, Winning Attitude, Bold, and Magnetic. Our value Empowering reflects that together, our unique characteristics, talents, energies, and efforts transform into a result that moves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

Sports aside, we understand that health is not only about leading an active life. It is also about eating right, getting enough sleep, surrounding yourself with people you love, and allowing yourself some downtime. Tick all the boxes and get a chance to up your game.

The goal to be a good workplace (the best) is a way for us to reach our business goals. A mix of different experiences, gender, ethnicity, sexual orientation, age, opinions, and personal qualities gives us energy and creativity.

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). Believing that inspiring leadership is a key to employee engagement, we offer leadership development training to the team. The leadership training focuses on coaching towards high sustainable performance, which means to lead people towards the achievement of prioritized targets, with the 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 all employees are regularly educated in finding balance.

Regardless of the state we or the world are in, one thing stays true: our belief that training can make us better. With training, we get faster, smarter, healthier, and more efficient. We sleep better and we get more quality time with our loved ones. Our ambition to be a first-class employer manifests itself first and foremost through empowering people to become the best version of themselves. We believe that if you are enabled to grow, both personally and professionally, you will become better, and nothing is stopping you from becoming anything you want. Despite the pandemic impacting our possibilities of meeting in person, we have managed to keep the spirits high and are proud to conclude that employee engagement is higher than ever.



86 (+3)



90 (+3)



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COMPETENCE &
ENGAGEMENT

PARTNER ALIGNMENT

SUSTAINABLE
CONSUMPTION

DECREASING
FOOTPRINT

COMPLIANCE

Sustainable people

Inspiring our team 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. Given the circumstances in 2021, we haven't held many learning sessions, but one worth mentioning was a "sleep boot camp" – a few weeks dedicated to sleep training and sound sleeping habits.

Even if we have had two years where many have worked from home, stress is part of many people's lives and work situations. To help maintain a healthy work/life balance and keep negative stress at bay, we set clear goals for the whole company, broken down to every department and 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 to plan our upcoming week, set priorities and clean our inboxes. This practice, as well as our goal setting, is in place to create a sense of control and peace of mind for the upcoming weekend and to the full calendar year. We also offer a health care package with access to private stress management sessions for individuals who need further support.

INDIVIDUAL SUSTAINABILITY GOALS

To mark the importance of our sustainability work, every employee is encouraged to set a personal "green goal." As of 2022, everyone that can contribute also has a functional sustainability goal that helps to fulfil the departmental and, ultimately, the organizational sustainability goals. Feeling that you can make a difference is empowering and we are dedicated to standing behind and equipping everybody on the team with tools to reach their green goals – not the least through the annual goal setting. With the green goals, we hope to empower and make everyone aware of their importance on the road toward one of our three most important business goals.

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



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Workplace environment

A good workplace environment affects both our safety and our competitiveness. Health and safety help our employees thrive and evolve both professionally and individually. We always strive to improve our work environment, both physically and socially. At Björn Borg, this means that

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

Our workplace environment and human rights policy rely on state law, internal requirements, and industry standards. The work environment is reviewed every month and annually by our internal representatives and safety officers according to the regulations in AFS 2001:1 from the Swedish Work Environment Authority. Health and safety performance is reported according to Swedish law to the CEO and the safety committee.

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

Working from home a lot in 2021 has put a higher focus on the working environment in the home, where we lack social meetings and need digital competence. We are all different and handle crises differently as human beings. This requires more from both leaders and employees, more knowledge, and more skills to motivate oneself and perform as individuals and teams in a different situation. The use of office space and the need for digital solutions will probably change also in the future based on this.



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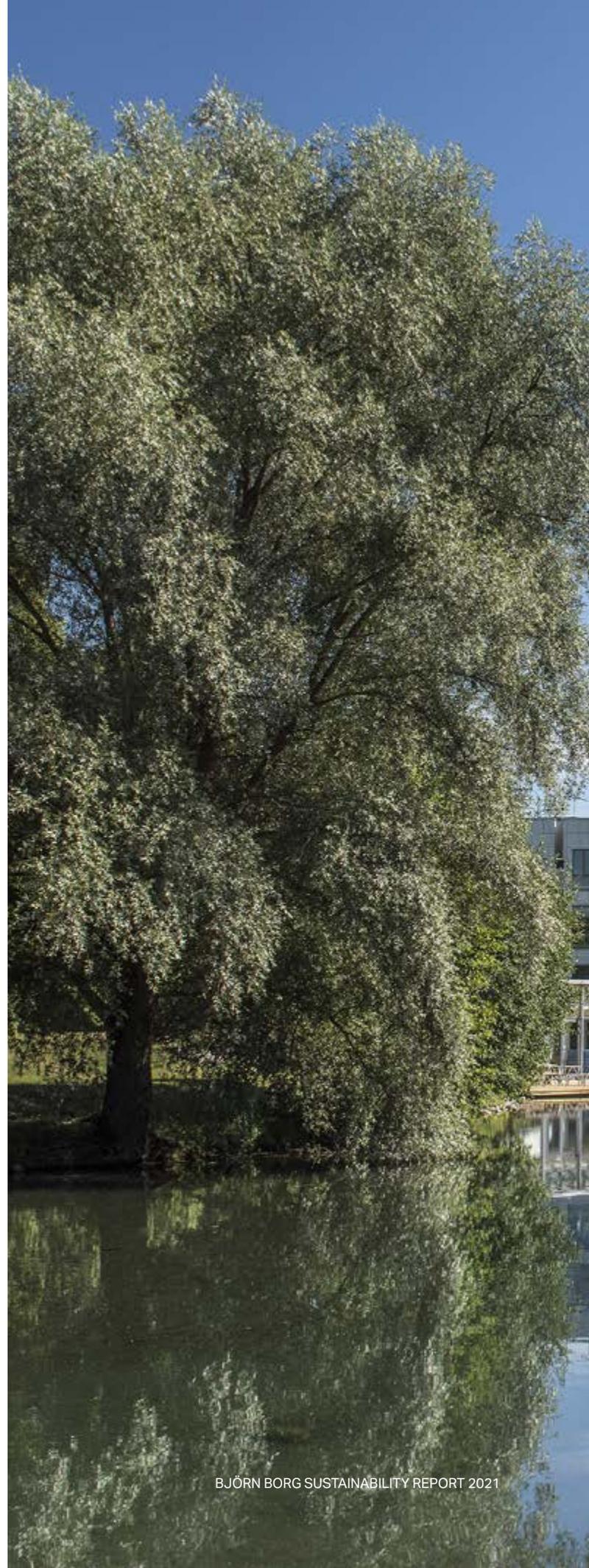
COMPLIANCE

New headquarters

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

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

One of the ingenious solutions is that the building can use local energy thanks to its position on top of an esker with large groundwater depositories. It is called an aquifer and can be found only in a handful of buildings that hold these geotechnical conditions in Sweden. The aquifer is used as a storage for both heating and cooling, making it possible to use the heating during winter (with hot water saved from the summer) and cooling during summer (with cold water saved from the winter). It is a completely circular process where all the groundwater that is pumped up is returned after usage. This way, the building's annual energy usage has been reduced by 5 GWh per year. In 2021, the whole glass roof of the building was changed to one that is three times more energy-efficient than the original. Extra recycling of energy in the building air treatment units has also been installed. That, along with a change of new water heating instead of electricity generates energy savings of at least 1.5 million kWh annually. 100% of the electricity used in the building is wind powered.





Gender equality

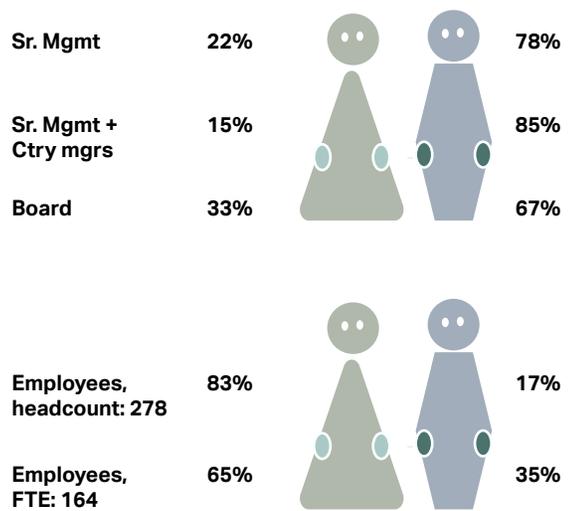
Groups of people with different backgrounds and experiences are more dynamic, which leads to a better work environment and, ultimately, higher profitability. Every person within our company has the same rights, obligations and possibilities within all areas of life, including work, career, professional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

Our goal that neither gender should make up over 60% of any of Björn Borg's key governing bodies offers somewhat of a challenge. We work in an industry with a high female representation, and most of our employees are women (65%). 22% of the Senior Management representatives are women, and 33% of the Board of Directors are women.

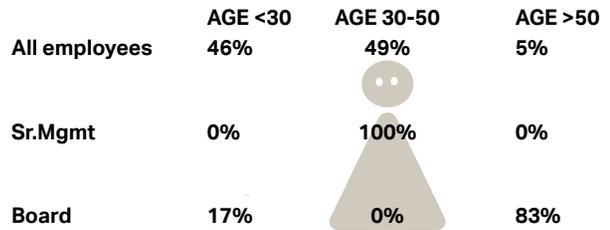
The composition of the Board of Directors is ultimately a question for the Nomination Committee and is decided by the shareholders at the Annual General Meeting (AGM), but gender equality is one of the criteria that the nomination committee factors into its proposal to the AGM.

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

GENDER DISTRIBUTION



AGE DISTRIBUTION





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COMPLIANCE

Ethics, diversity, and non-discrimination

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

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

Therefore, we promote a culture where anyone within or outside the company feels safe and is encouraged to act and report any wrongdoing related to our operations. A whistleblowing policy is openly available on our website and in internal channels with instructions on how to contact the whistleblowing channel where reporters may remain anonymous if desired. The whistleblowing policy is reviewed annually. No case has been reported during the year.

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

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

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

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

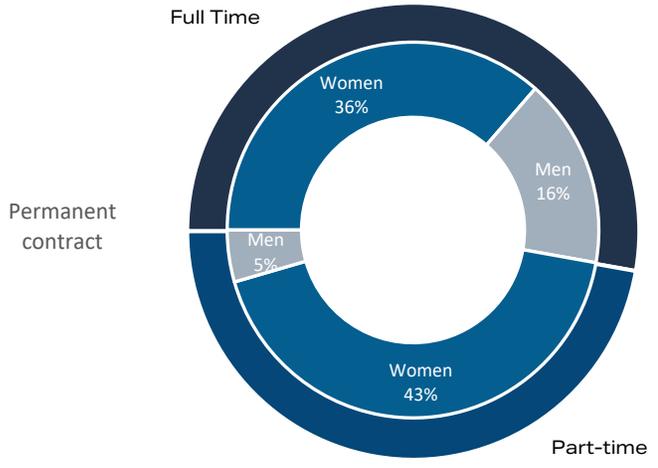
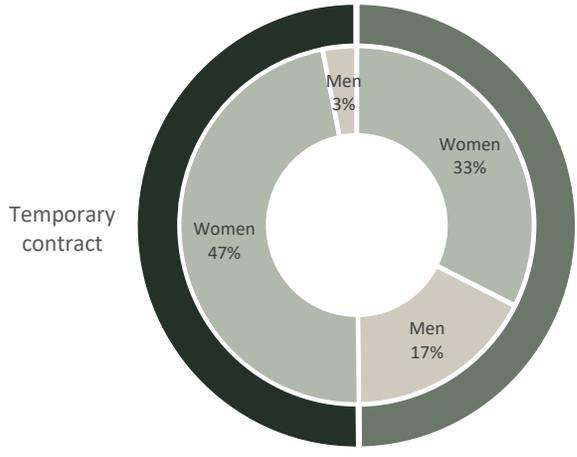
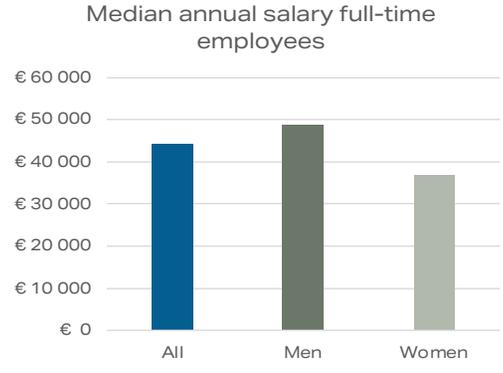
Our annual [corporate governance report](#) describes, among other things, the Board's risk control through internal financial control systems.

Björn Borg does not accept bribery or corruption. Employees are not authorized to accept gifts or the like from business partners, especially suppliers unless it can be considered customary given the context and the relationship and the gift is of modest value for the recipient. Employees should also be cautious in giving samples, gifts, and the like to customers, e.g., to an individual representative of a customer and especially one making decisions on product purchasing. No gifts or the like can be given in case it can be considered as or have the effect of a bribe (i.e., aiming to influence a purchasing decision). Employees in Björn Borg may not use their position within the company, or use internal information, unduly or inappropriately.

Fair wages

Our salary policy forms a framework for setting salaries for each employee in a long-term, consistent, and individual way. Salaries at Björn Borg are to be set according to both the contents and the requirements of the job and are also linked to performance. Salaries are target-related so that target achievement is rewarded while failure to achieve targets is not rewarded. Salaries rise according to the degree of responsibility, the degree of difficulty, the level of skill, the employee's performance and ability and the market influence. The main criterion for individual assessment is performance, i.e., the degree to which the employee contributes to the achievement of the business targets set.

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



- 70% of our employees are covered by collective bargaining agreements.
- During the year, we have had a total of 12 sick leaves exceeding 14 days (Sweden 9; Benelux 2; Finland 1; Denmark 0; Germany 0).

Data protection

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

To ensure and demonstrate compliance with the GDPR principles when processing personal data, we make sure that instructions, routines, documentation, principles etc. are available to all employees. Training, monitoring, auditing, and other compliance activities related to the privacy field are implemented in the business.

A data controller is accountable for processing the personal data per the GDPR, and for being able to prove its accountability. Our legal department is responsible for following up the compliance with the GDPR on a Björn Borg group level and reporting compliance to the CEO twice per year. Legal also advises the CEO and Björn Borg's management team on GDPR issues and is responsible for coordinating governance within the privacy field together with the contact persons of individual business areas and support functions.

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

Organization

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

The Björn Borg HR manager is responsible for the staff policies and their updates. Function and department heads are responsible for policies being followed. The policies are reviewed every year.

Staff policies in place are

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



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Partner alignment



Highlights 2021:

100%
'more sustainable'
apparel & underwear

25%
'more sustainable'
bags

100%
transparency
in tier 1,
majority of tier 2

Increased
digital development
= less samples
produced

Human rights, health & safety

OUR CODE OF CONDUCT

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

No new official criteria were added to the code in 2021, but an evaluation of whether factories conduct a COVID-19 risk assessment and take safety measures was included. An update of the code is coming up in 2022.

ENVIRONMENTAL ASSESSMENT

The environment is a small part of the BSCI report, the focus is social Compliance. However, we require that our vendors are transparent and share information about their sub-suppliers with us.

In 2021, we collected climate impact data from most of our Tier1 vendors including factories' energy, fuel, and packaging use. We also got information about their plans to convert to more green energy in the future. By measuring our production emissions, we get a better picture of how we can improve environmentally also in our supply chain. Our target is to develop roadmaps to increase energy efficiency and renewable energy in key factories in 2022.

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

amfori BSCI

The amfori BSCI code of conduct regulates social responsibility in the supply chain. It draws on important international labour standards protecting workers' rights such as

The Universal Declaration of Human Rights,
The Children's Rights and Business Principles,
The International Labour Organization (ILO) conventions and declarations,
The United Nations (UN) Guiding Principles on Business and Human Rights
Guidelines for multinational enterprises of OECD
(The Organization for Economic Co-operation and Development,
and UN Global Compact.

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

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

AUDITS

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

Below are some of the challenges that we are presented with:

- Local traditions and societal structures affect compliance to the code up to a point, for instance regarding vacation. Equality between men and women is also at different levels in different countries and will affect the men/women management ratio in countries like for instance Bangladesh.
- All workers protected under the amfori BSCI code of conduct have the right to a voice through The Rights of Freedom of Association and Collective Bargaining. The Code of Conduct clearly states that workers shall have the right to form unions in a free and democratic way, not be discriminated against because of their engagement or prevented access to representatives in the workplace. In some countries, labour unions and collective bargaining agreements are illegal. In such cases, workers should have the right to freely elect their own representatives with whom the company can have a dialogue about workplace issues. All our factories have a worker representative of some kind and most factories also have a box where workers anonymously can make complaints or raise topics for discussion.
- In China, there are no labour unions except for the communist party All-China Federation of Trade Unions, so there is no freedom of association. Bangladesh and Turkey do have freedom of association although union participation in Turkey is generally low. Since these rights are part of our code of conduct, the third-party auditing firm follows up on these issues at each audit.
- When it comes to converting to renewable energy in factories, our vendors in China are today limited by government restrictions. Lack of knowledge and, as well as limited resources, are challenges for us and our vendors.

All Björn Borg footwear production facilities are fully audited, either through amfori BSCI or SMETA. Many of them also apply The Higg Facility Environmental Module (Higg FEM), a sustainability assessment tool that standardizes how facilities measure and evaluate

their environmental performance, year over year. Staff from our footwear licensee's offices in China and Portugal visits factories regularly.

Our licensee for eyewear works actively with its suppliers and normally performs regular factory controls. However, a Covid-19 effect has been that the controls haven't been performed during 2021. The regular routine will be picked up again in 2022.

AUDIT RESULTS

All our vendors during 2021 but for one (who has a WRAP certificate) are enrolled in amfori. We hold RSP (responsibility) over five suppliers delivering 43% of our production volume for apparel. We also hold RSP over one tier 2 supplier of elastics, but don't hold RSP over any of our suppliers of bags. An RSP holder is responsible for arranging audits and following up on the performance and improvements of suppliers. All our Tier 1 suppliers have a score C or higher.

We added three new vendors to our vendor base in 2021. One of these factories scored A in their amfori BSCI audit, the highest score for any of our vendors.

Twice a year, we conduct a vendor evaluation to follow up on the performance of our vendor base. This year, we reached a higher score than ever before, and we are very satisfied to have such a strong vendor base.

COMMON FINDINGS DURING AUDITS

Management and Cascade effect, and Decent Working Hours, performance areas 1 and 6, are the most common findings during audits. Performance area 1 is very important since it concerns the management of the factory. It ensures that the amfori BSCI principles are implemented and followed throughout the organization. We have a challenge in cascading the amfori requirements down to sub-contractors since the transparency is low in tiers 2-4.

Performance Area 6, overtime, is a problem that is very difficult to avoid. Above all in China where we produce most of our goods. Many workers are migrant workers, residents of a different region than the factory. They leave their hometowns for most of the year, and their main objective is to work as much as possible and make as much money as possible to bring back home to their families.

Overtime is very attractive to most workers. Not offering enough working hours can be cause for leaving a workplace and the legal requirements not strictly followed.

Another recurrent finding is related to social insurance in China. This issue is complex since some

SUPPLIER AUDIT OVERVIEW								
Supplier	Country	Share	Product Group	Sustainable fibres/ processes	Members of Amfori	RSP	Sustainability maturity level	Score 2021
Zuona	China	7%	Performance	Recycled polyester, recycled polyamide, Solution dye	Yes	Yes	Mid	C
Queenswear	China	4%	UW Him & Her	Better Cotton, Tencel	Yes	Yes	Mid	C
Garmentor	Turkey	0.2%	UW Him	Better Cotton	Yes	No	Mid	A
Garmentor	Turkey	1%	Seamless	Recycled polyester	Yes	No	Mid	First audit in 2022
Y&F	China	4%	UW Him	Better Cotton	Yes	Yes	Mid	C
Ultra sock	Turkey	7%	Socks	Better Cotton	Yes	No	Mid	C
ABG	China	12%	Sportswear	Better Cotton, Avitera	Yes	No	Mid	C
ABG	China		Performance	Better Cotton, Recycled polyester, Recycled polyamide	Yes	No	Mid	C
ABG	China		Accessories	Organic cotton	WRAP Certificate		Mid	N/A
ABG	China		Performance	Recycled polyester, recycled polyamide	Yes	No	Mid	C
Sinex	China	25%	UW Him, Boy, Girl	Organic cotton, Better Cotton	Yes	Yes	High	C
Trademark	China	27%	UW Him	Better Cotton, Recycled Polyester, Lenzing Bamboo	Yes	No	Mid	C
Trademark	China							
Trademark	Bangladesh	9%	UW Him, boy	Organic cotton, Better Cotton	Yes	No	Mid	B
Trademark	Bangladesh							C
Ningbo Unitex	China	0.4%	Sportswear	Better Cotton, rec. polyester, rec. polyamide, Avitera	Yes	No	Mid	No new audit in 2021
Ningbo New Liven	China	3%	Sportswear	Better Cotton, rec. polyester, rec. polyamide, Avitera	Yes	Yes	Mid	C
Wholegood	China	1%	Loungewear	Better Cotton	Yes	No	High	C
Profit C&C Group	China	2%	Bags	Recycled polyamide Recycled polyester	Yes	No	Mid	C
Quanzhou Hendge	China	3%	Bags	Recycled polyester	Yes	No	Mid	C
Arrow trade	China	1%	Bags		Yes	No	Mid	Audit info not received by print of this report
Travelwell	China	81%	Bags, belts	Recycled polyester	Yes	No	Mid	C
ZJ-Shiner	China	13%	Gloves	N/A	Yes	No	Mid	(Last audit result expired in 2019)

workers do not want such insurance. The reason is that part of its cost is deducted from their salary, and they may have other alternative arrangements in place. It may also only be relevant to the region where the factory is located and not in their home region.

During the year, many of our suppliers had not yet defined long-term targets for the protection of workers or calculated the local basic needs wage, which are both requirements under the Code. Our role is to support our suppliers in their work on the remediation plan, including enrolling them in training arranged by amfori, covering relevant areas of development.

WAGES

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

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

COVID-19

It has been a challenge to maintain product development, production, and deliveries due to global supply chains still being plagued by Covid-19 restrictions. We have seen closed factories, uncertainty about re-opening and uncertain production capacity. Normally we do factory visits multiple times per year per year. However, this has not been possible in 2021 due to the pandemic travel restrictions. Instead, we have maintained regular video meetings, working together on the findings in the audit reports.

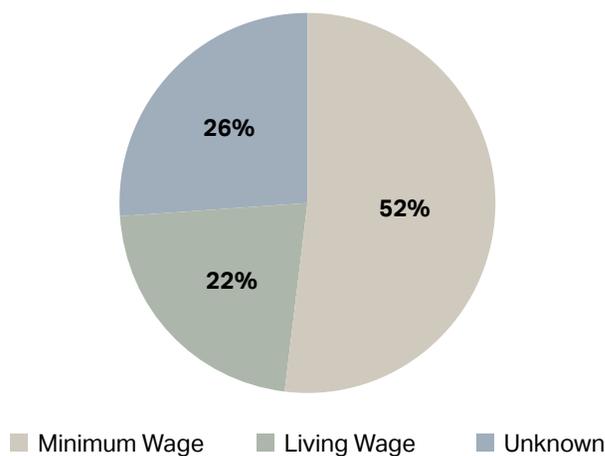
Another challenge has been to ensure that all factories maintained safe working conditions and made necessary adjustments to minimize the spreading of Covid-19. We have been in close contact with our vendors to follow up on the situation in factories. Some audits had to be postponed a few weeks due to closed factories and travel restrictions.

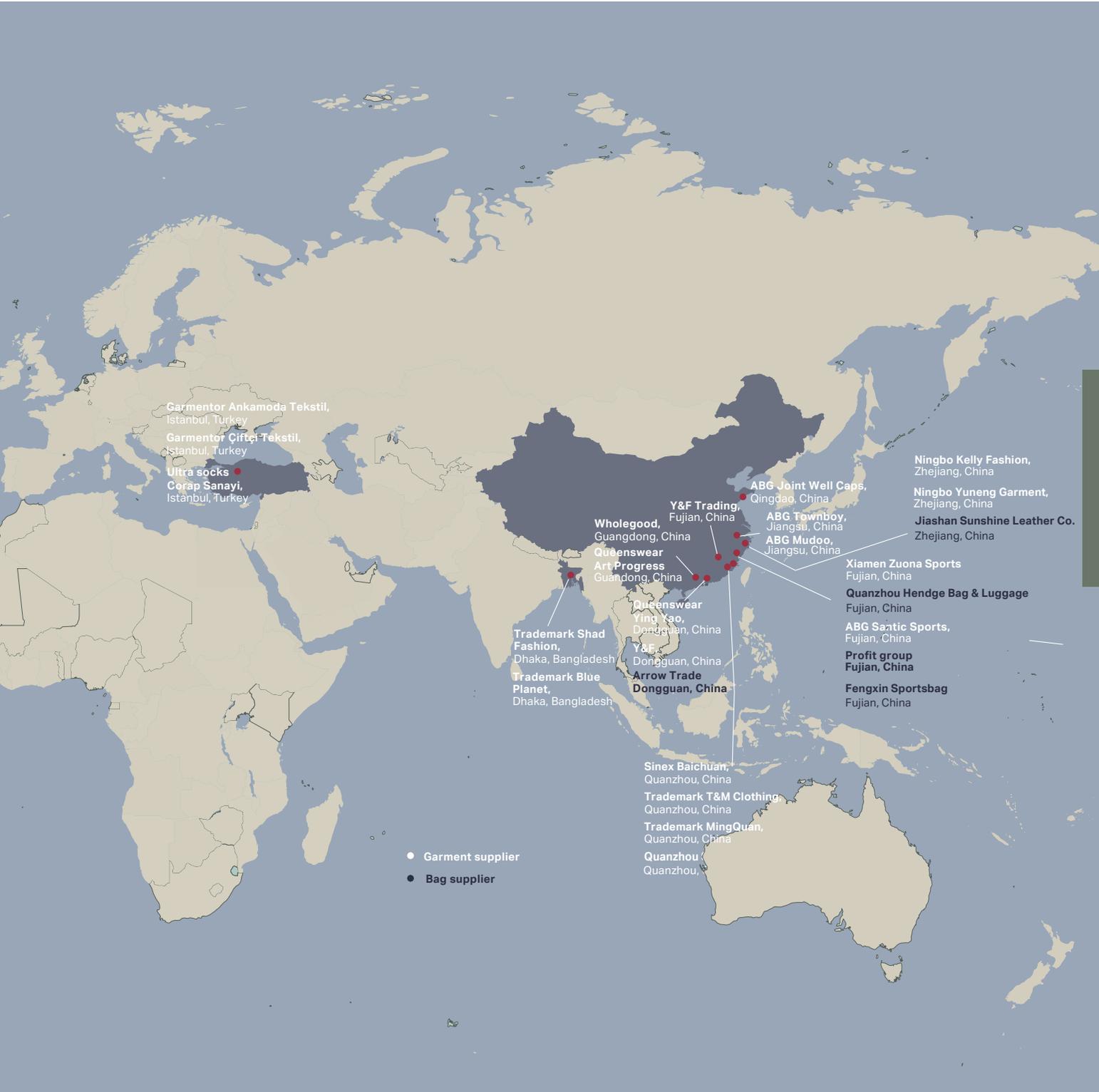
OUR MANUFACTURERS

Our products (own production*) have been produced by 16 vendors (of which 5 for bags) in a total of 23 factories (of which 5 for bags) during 2021.

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

Wage distribution





CORRUPTION

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

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

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

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

RISKS

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

The consequences of such incidents have potential risks for increased costs, deficiency in quality and deliveries, and damaged reputation. We don't see an overhanging risk for corruption within the organization or our business partners, but we do have routines for identifying, preventing and, if necessary, handling malpractice. The codes of conduct that we apply tolerate zero tolerance for corruption.

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



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Transparency in the supply chain

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

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

In 2021, we continued to develop our PLM (Product Lifecycle Management) system to further support and facilitate our daily workflow as well as to increase transparency for products, production, and reporting.

We have also started mapping our vendors for other parts of the organization and now have full transparency in tier 1 suppliers for marketing, trade solutions, and packaging. The goal is to enroll these vendors in amfori with time and in 2019, they all signed our code of conduct and supplier guide. Through our Supplier Guide, we give our vendors clear directions on what and how to source components and follow up accordingly.

CHALLENGES AND RISKS

The energy used in our production countries is often times not from renewable energy sources and some production facilities may not have energy-efficient equipment, because it is old or not regularly maintained. The country of manufacture also plays part in the environmental footprint. China, for instance, has restrictions on the type of energy that is allowed for manufacturing, usually coal. However, certain factories are very modern with automated processes for instance.

RISK COUNTRIES

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

There are six indicators:

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

AMFORI DUE DILIGENCE TOOL							
Country	Overall Risk	Voice and Accountability	Rule of Law	Regulatory Quality	Political Stability & Absence of Violence	Government Effectiveness	Control of Corruption
Bangladesh	21.12	26.57	30.77	16.35	16.04	20.19	16.83
China	45.16	4.83	52.88	50.00	37.74	72.60	52.88
Turkey	37.40	23.67	40.38	51.92	11.79	52.40	44.23

There are two risk classifications:

- **Risk countries:** Countries with a WGI average rating between 0-60 or three or more individual indicators rated below 60.
- **Low Risk Countries:** Countries with a WGI average rating higher than 60 and no more than two individual indicators rated below 60.



SUSTAINABLE BUSINESS

CREATE A WINNING TEAM

COMPETENCE & ENGAGEMENT

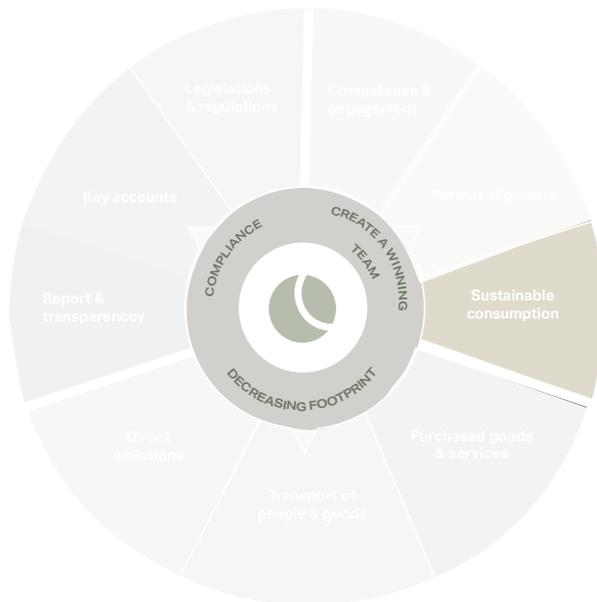
PARTNER ALIGNMENT

SUSTAINABLE CONSUMPTION

DECREASING FOOTPRINT

COMPLIANCE

Sustainable consumption



The news has been full of the side effects of climate change during the year. A roaring Earth where flora and fauna are suffering. It is clear to most that we need to act. We, as consumers, are aware, but do we do enough? The IPCC, and the Swedish state, are now discussing setting consumption-based climate targets. No matter if that happens now or later, we have an obligation to assist. How can we help consumers to a 'greener' lifestyle? How can we help them help the world to meet the 1.5° climate goal?

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

We can do that through:

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

Design

Production stands for a big footprint but after the product leaves the store, its lifecycle continues, and we can influence the lifespan in different ways. Sustainability starts with design and a long-term commitment to making our collections last far beyond hype cycles or temporary trends. Björn Borg products are made for a marathon, not for sprints.

We make conscious choices in the design process to avoid unnecessary fabric and trim consumption, and to ensure highly functional, sustainable, and long-lasting products. Our design and pattern team has adopted digital tools to increase efficiency in product development and reduce the number of physical samples being made. The tools enable us to scale down for a reduced footprint.

CARE & RECYCLABILITY

Since many of our products are either intimates or used during workout, they are washed often and not seldom at high temperatures. This has a significant environmental impact and affects the garment's lifetime. We try to encourage consumers to handle garments in a way that reduces the environmental footprint and extends their useful life. Packaging and labels include simple washing instructions, and our website presents [more in-depth ideas](#).

Materials and processes

All Björn Borg clothing is now more sustainably sourced. We mean, by this, that the products either are made of at least 70% sustainably sourced material or that they support Better Cotton's mission.

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

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

In 2021, we entered a collaboration agreement with We aRe SpinDye (WRSD) and will launch our first collection with them in Spring/Summer-23. We also have a new underwear concept in organic cotton coming up in Autumn/Winter -22.

Among the sustainably sourced materials for our footwear collections: Environmentally certified leather (Leather Working Group), Better Cotton, and GRS (Global Recycling Standard) certified materials.

Our eyewear uses bio acetate on all styles for teens and around 70% on adult models. With reusable hinges, we prevent consumers from throwing a fully

functional frame due to malfunctioning hinges. We use more sustainable nose pads (energy saving production and recyclable material) and have recently moved our prototype sampling production from China to Sweden.

Below, are our approved better choices for more sustainable materials and processes:

Our approved better choices

Materials

Synthetic Fibres

- Recycled Polyester
- Recycled Polyamide
- Recycled Elastane
- S. Café®
- Repreve®

Natural fibres

Cotton

No conventional cotton is accepted for clothing

- Organic cotton
- Recycled cotton

Better sourced option for cotton:
Better Cotton

Hemp, organic

Wool

- Responsible Wool Standard (RWS)
- Recycled

Leather

- Leather working group (LWG)
- Leather standard by OEKO-TEX

Down

Responsible Down Standard (RDS)

Rubber

Recycled

Regenerated fibres

TENCEL™ Lyocell

Other materials

Wood and paper

- Recycled
- Forest Stewardship Council (FSC)

Plastic

- Recycled
- Bio acetate

Processes

Solution Dye

Avitera - High IQ® Lasting Colour Eco

Digital print

Sublimation print

BIONIC-FINISH® ECO

WET PROCESSES AND WASTE

Water

Chemical and water management is essential for the safe use and handling of our products for both people and the environment. Cotton usage and production is a huge problem, not the least from a water usage perspective. At the same time, it also provides income for more than 250 million people worldwide according to the World Wide Fund for Nature. Cotton production needs to change. Hence, the measure to form the initiative Better Cotton was taken.

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

Better Cotton Farmers are farmers who use water efficiently, care for soil health and natural habitats, reduce the use of the most harmful chemicals and respect workers' rights and wellbeing. In 2019-2020, Better Cotton licensed over 2.4 million farmers from 23 countries on five continents. Together, these farmers produced 23% of the world's cotton. In 2021, Björn Borg sourced 99% of its cotton (footwear excluded) as Better Cotton.

These are the results of our sourcing of Better Cotton in 2021. The numbers are estimated.

One of Better Cotton's focus countries, and ours, is China. The Better Cotton 2022 impact report discloses farmer participation of over 120,000 and a Better Cotton production of over 885,000 tonnes in the 2019-2020 season in China. The first Better Cotton harvest took place in China in 2012. Better Cotton works in two areas: the Yantze River and Yellow River Basins, and supports farmers in four provinces (Gan Su, Hebei, Hubei and Shandong).

At Björn Borg, we have focused our water reduction efforts on a product level. Whenever possible we use printing and dyeing techniques that require no or reduced amounts of water in our range. The challenge in dyeing lies in a combination between quality and cost. Most of our printed products are cotton underwear and we have not yet received good enough digital printed cotton samples; the quality of the print is not clear or colourfast enough. Regarding the dyeing of polyester products, the main challenge is a combination of minimum order quantities and price. We have ongoing projects to use more fabrics dyed with water-saving techniques.

Chemicals

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

We have a thorough chemical management program to ensure that our products don't contain harmful substances. We apply a Restricted Substances List (so-called RSL) and an MRSL (manufacturing



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



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PHOTO: BETTER COTTON

restricted substances list) that all suppliers must sign off and adhere to. The list sets the maximum content levels for certain chemicals in products and which chemicals may be used in production. Our RSL is supplied to us by RISE, the Swedish Chemicals group. The list is based on the REACH regulation adopted within the EU and is updated twice yearly according to the latest legal requirements. Our requirements are stricter than the REACH regulation, including a full ban on Substances of Very High Concern (SVHCs), chemicals that are still allowed up to a certain maximum limit within the EU generally. Examples of chemicals we put extra attention to are phthalates, fluorocarbons and alkylphenol ethoxylates (including nonylphenol ethoxylate).

We do chemical tests on one product from each vendor every major season. This product is chosen after a risk analysis accounting for the risk of hazardous chemicals added due to value-adding properties to the garment, the amount sold of the garment, new sub-suppliers, and several other factors. The samples are sent to an external lab that tests the garment against our RSL.

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

Waste

In 2021, we entered a collaboration with the Sysav textile sorting plant Siptex in Malmö, Sweden. Here we send discarded garments such as development samples and returns from customers which for some reason cannot be put back into sales. The textiles are recycled to become raw material and further, new fabrics. We send textile waste from our stores in Sweden, Head Office and from our central warehouse.

Siptex is the result of Swedish research, and Sysav is the first in the world with a facility that automatically sorts textiles on a large scale. Textiles received at the Siptex plant are sorted by fibre type and colour and can go on to high-quality recycling, techniques that enable discarded textiles to become textiles again. In the future, we aim to expand this kind of set-up also to our other markets.

In 2021, we mapped our production waste in Tier 1 and set re-cycling routines that will be realized in 2022.

Quality control

Design aside, our production team makes detailed quality controls to assure that the products we launch have the longest possible life span. Fabrics are tested in a lab during different stages of production, giving them a rating and a test report. Improvements are done accordingly. We also do wear and wash tests to see how the product, the fabric and the trims work in real life. If any improvements are needed, this is communicated to the supplier and changed.

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

Consumer dialogue

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

People listen to people and with that insight, the choice is easy: social media is our place. That is where our tribe lives and breathes, and so do we. We call it our Tribe; the social circle around Björn Borg with influencers and consumers. Through social media, influencers help us communicate our story and our mission: to inspire people to use training to become the best version of themselves. Training is not just a way for us to get stronger or faster. Mostly it is a way to think better, perform better, sleep better, and to find balance in life overall. In essence, training is your ticket to a sustainable lifestyle, and many are those who sign up for that.

2021 was a successful year in terms of collaborations. Together with 245 ambassadors, we performed 564 collaborations and reached 66 million followers That's some Tribe!

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

Decreasing footprint



Commitment to 50% carbon emission cut by 2030.

Sustainability top priority for the company.

Highlights

We focus our climate actions on the impact our business has on the environment as well as on the risk that climate change poses on our business, our industry, and our planet. Climate change introduces risk across our whole value chain, and we invest in finding new solutions within all areas of our organization. More than ever, running an agile organization is of the essence.

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

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

With the data collected for the reporting year 2021, we can fine-tune our future focus based on a more detailed scenario and measure analysis. Thanks to factual data regarding e.g., material usage, supplier energy usage and waste, we will see where we have the biggest negative impact and adjust accordingly.

Björn Borg is a member of the Swedish Textile Initiative for Climate Action (STICA). We have committed to reduce our absolute greenhouse gas emissions by 50% by 2030 from a 2020 base year.

-50%

23,5 tons Co2e

2020

12 tons Co2e

2030

The numbers reflect the emissions for the Björn Borg Group and Björn Borg footwear (licencee) combined.

This commitment is based on a scientific consensus regarding what is required to stay within the 1,5° C warming pathway. To learn more about our joint commitments and progress, visit www.sustainable-fashionacademy.org/stica

We have divided our emission reduction actions into three different categories:

- Purchased goods & services,
- Transport of people & goods, and
- Direct emissions.

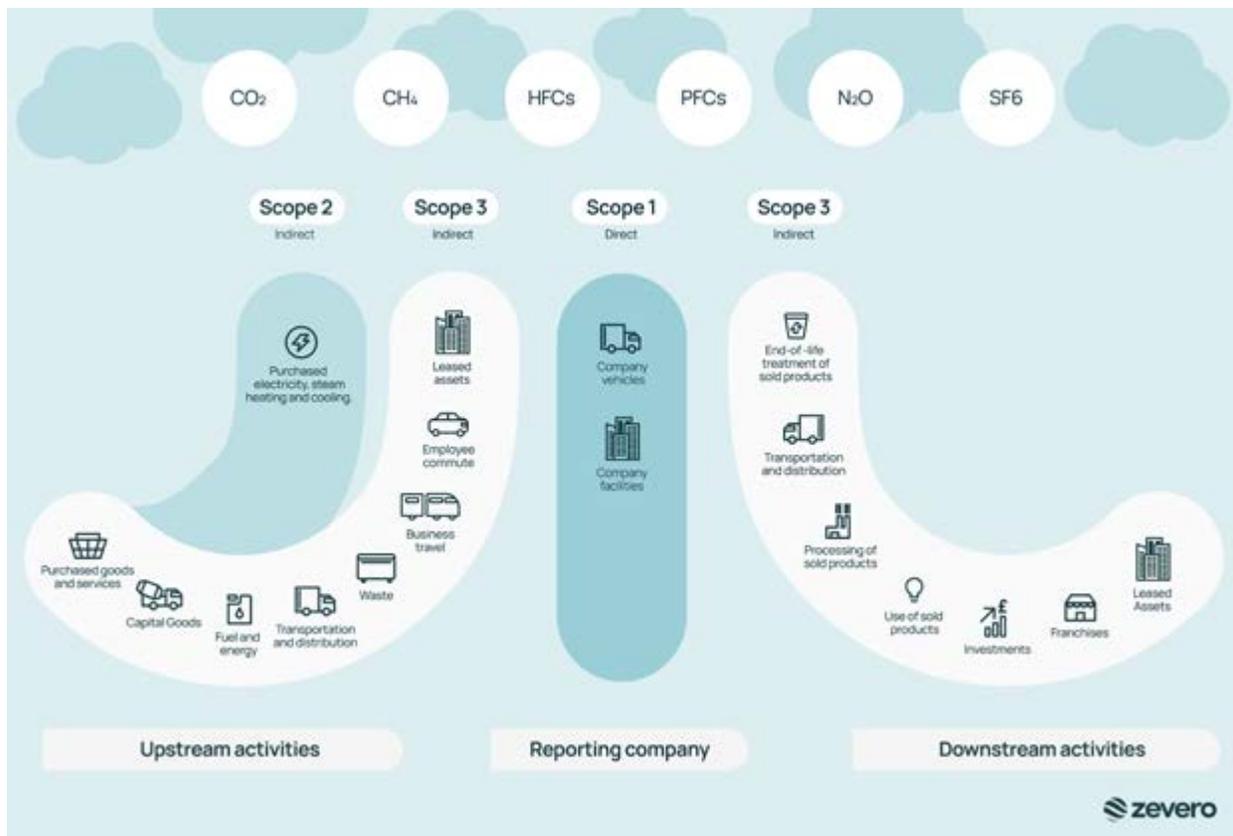
All our climate calculations and reporting conform to the guidelines set out in the Greenhouse Gas (GHG) Protocol.

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

figure below the division of categories between scopes are shown.

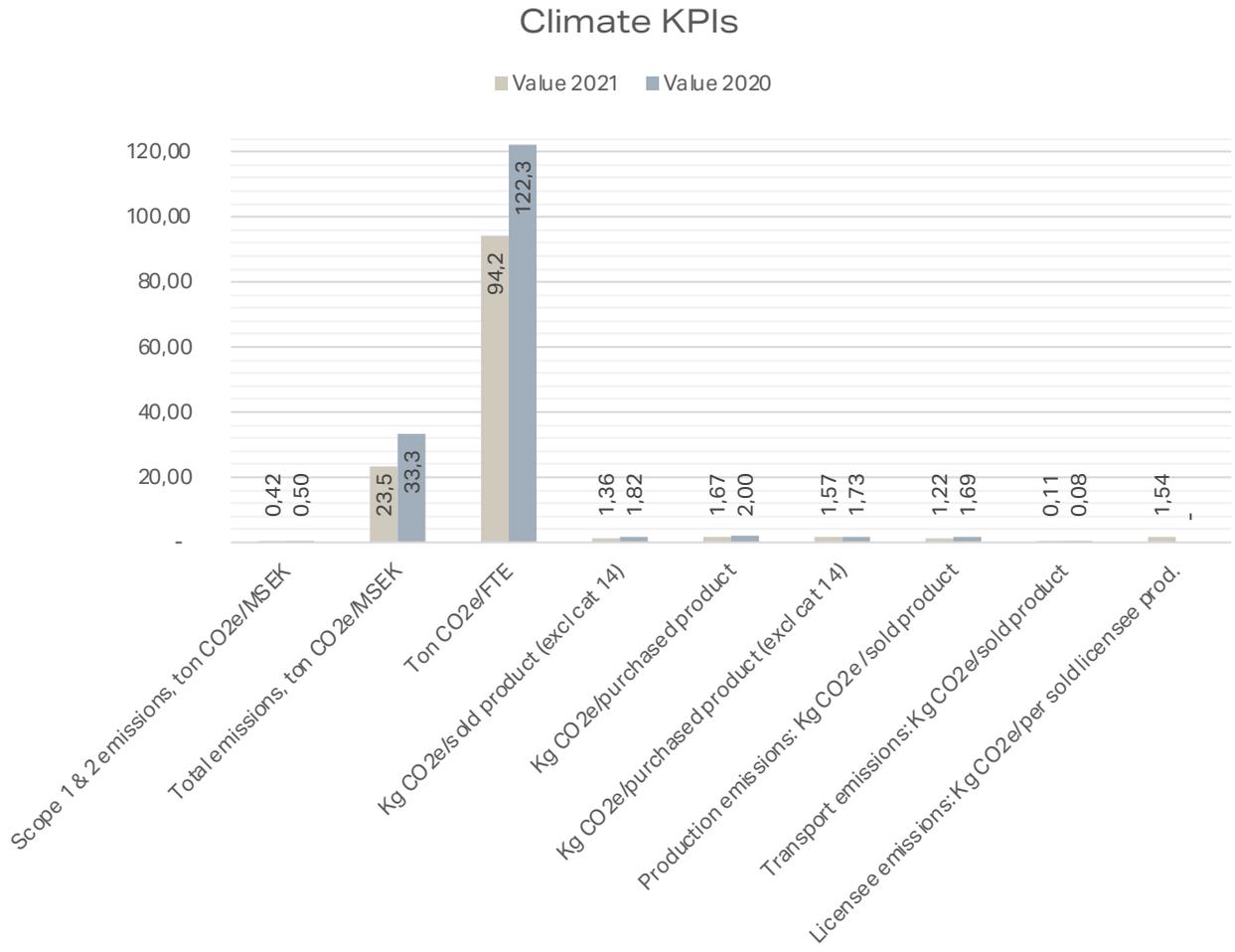
For a description of the control approach, methods for accounting, system boundaries, and methodology, please refer to chapter [Compliance](#).

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

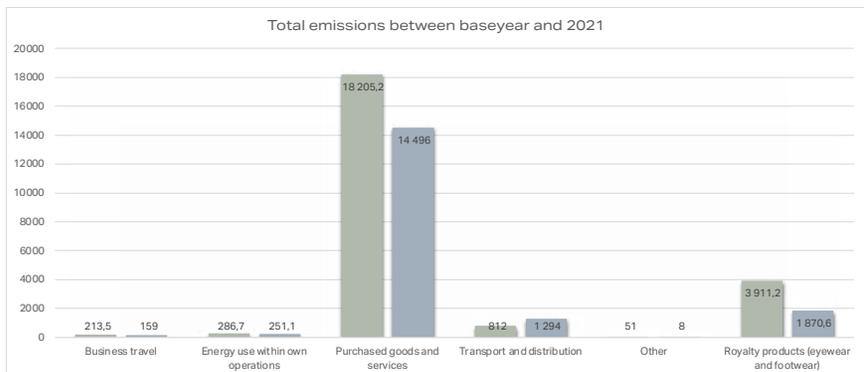
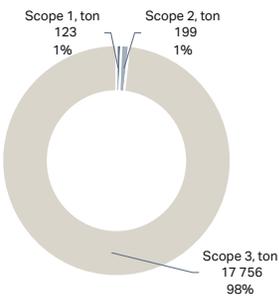


GHG Protocol including scope 1, scope 2 and scope 3 categories.

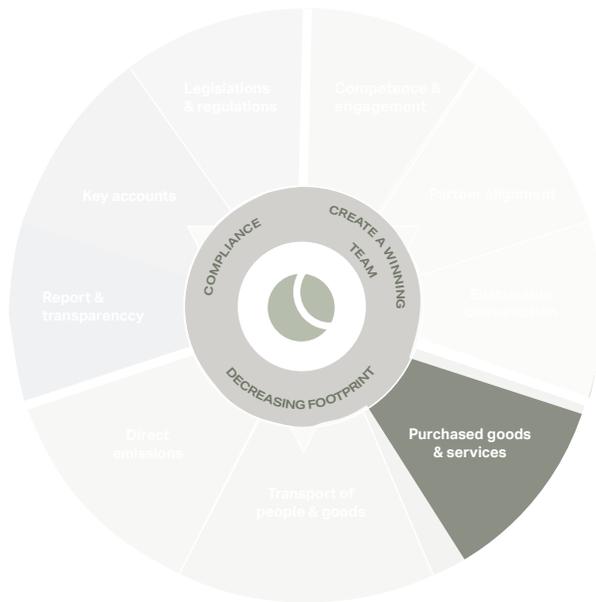
Overall, our emissions for the reporting year 2021 look like this:



Emissions per scope, ton CO₂e



Purchased goods & services

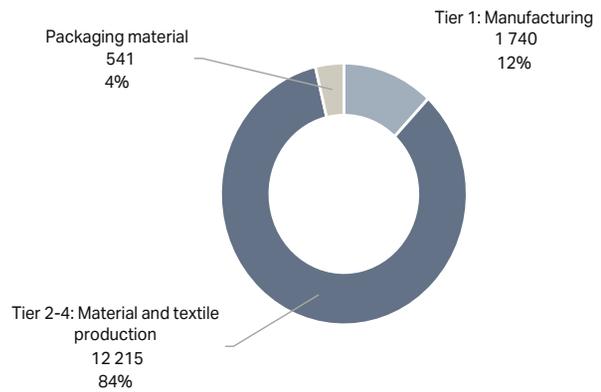


PRODUCTION

Looking at all included scopes, most of Björn Borg's emissions are in scope 3, and more specifically come from purchased goods and services. Most of the emissions from purchased goods and services are in Tier 2-4: Material and textile production. These emissions decreased since 2020 due to a significant decrease in material weight. However, emissions in this category will be of focus for taking action to reduce the overall climate impact as it is still the largest source of emissions.

Since last year the data quality has improved in Björn Borg's tier 1 calculations, now based mainly on primary data. There was a significant change in emissions in tier 1 due to this change as these emissions were previously based on calculations from various studies. The base year calculations were therefore recalculated with the new methodology to keep the comparison over time correct.

Emissions per category for purchased goods and services, ton CO₂e

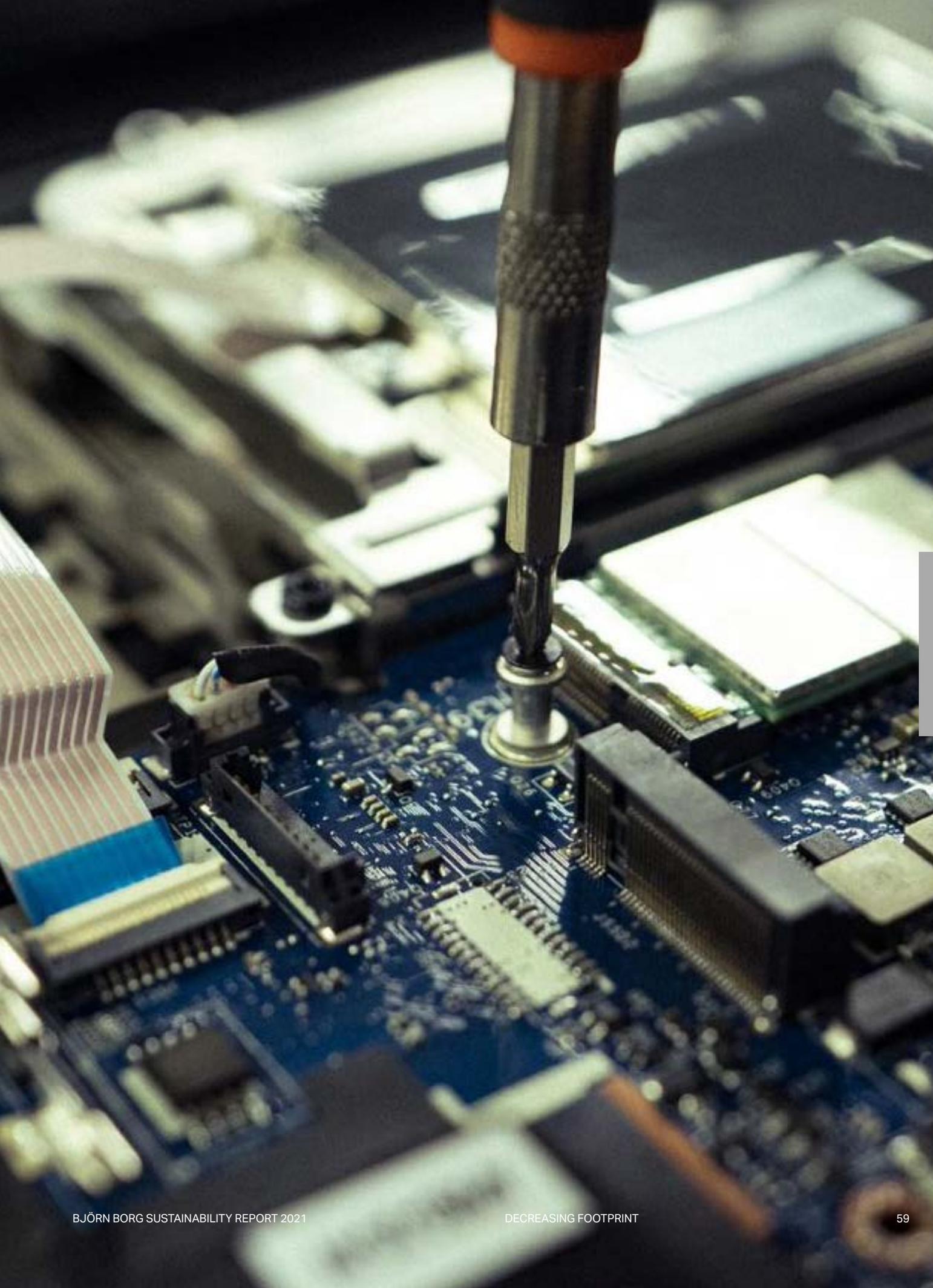


Emissions from our licensee products footwear and eyewear, have decreased since previous year. This is mainly due to more detailed data for footwear which enabled the use of more specified standard values for both tier 1 and tier 2-4. These emissions are estimated using LCAs on boots etc. which might not be representative of the production of Björn Borg's shoes.

IT

To reduce electronic waste, Björn Borg sends all its discarded IT devices to Inrego, a company that refurbishes IT devices for resale in 90 countries. The Inrego process is ISO certified and developed over 25 years. Through our collaboration, we contribute to a circular economy and saved, in 2021, just under 3.5 tons of CO₂e. The scientifically based calculation measures how much carbon dioxide (CO₂) save on the environment when we reuse computers, smartphones, and other IT products. The calculation model has been developed together with IVL, the Swedish Environmental Research Institute. The model produces exact figures on carbon dioxide savings, calculating the emission savings based on category, subcategory, and model all the way down to component level.

The IT devices that Björn Borg buys are TCO certified.



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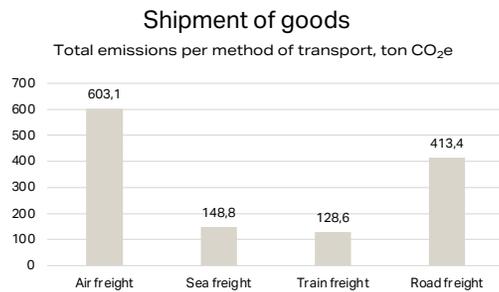
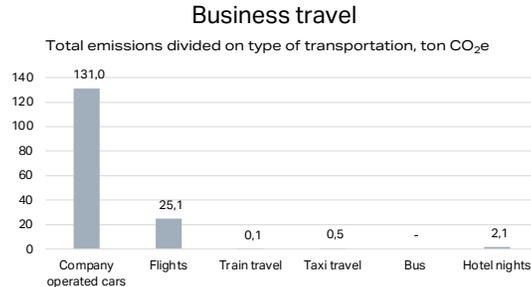


Transport of people & goods



While actions within purchased goods and services have a great impact, it is also important for Björn Borg to take actions across all categories. These are some areas that we are addressing:

- Transitioning from air freight to low-emitting alternatives. Airfreight stands for almost half of the emissions from transportation.
- Implementing an environmental policy for business travel, which for example could be a policy for choosing company- and rental cars with fossil-free fuels.
- Reducing business travel by air, for example by including a policy for it in the environmental travel policy above.



2021, just like 2020, was largely affected by the covid-19 pandemic and the most significant climate effect of this can be seen in the business travel category. Emissions from flights are reduced by about 65 percent because of a reduction in flight kilometres compared to last year. It will be a challenge to keep travel emissions that low, but we will keep avoiding all unnecessary travel after the pandemic as well.

We track all our deliveries and use almost exclusively road and sea transport. Air transport of our goods is never scheduled and for maximum reduction, every air transport must be approved by a member of our senior management, preferably CEO. In 2021, we mapped our whole inbound and outbound flow to identify weak links within our logistics setup. One clear way of avoiding air freight is longer lead-times for production, making room for possible delays. Delays in our inbound flow often force us to ship orders in partial deliveries to meet customers' requirements on the delivery date. However, our outbound team always challenges small orders for later delivery to consolidate for a bigger shipment to avoid shipping air.

The pandemic has hit the whole transport industry hard. Ports in the country of origin have closed due to virus outbreaks and lockdowns. This has caused disturbances in the entire supply chain and big congestions in all ports and harbours. Lack of manpower (mainly drivers) due to illness or quarantine has caused additional delays. Another consequence is that container and shipping prices – both inbound and outbound – have increased.

Emissions from third party warehouses have decreased with about 84 percent because a shift from non-renewable to renewable electricity. The emissions from electricity consumption within own operations have decreased with about 45 percent because lower consumption and a shift from non-renewable to renewable electricity.

WAREHOUSE

Using only one warehouse is both cost-efficient and reduces the number of cartons shipped from each supplier. Our central warehouse has a green building certificate (Miljöbyggnad Silver) through the Sweden Green Building Council. Miljöbyggnad Silver is a Swedish environmental certification issued through a third-party control of 16 different indicators such as energy usage, interior environment and materials used. The warehouse, Nowaste Logistics, works actively with social factors, where wellbeing, physical and mental training as well as a relaxation and activity area are available for all staff and their respective others.

Nowaste Logistics also lives up to its name, recycling organic waste into biogas. In 2021, their waste produced 89.64 tons biogas, equivalent to 7,000 litres of petrol. A project working towards ISO 9001 and 14001 certificates is initiated.

Overall, emissions from our third-party warehouses have decreased by about 84 percent because a shift from non-renewable to renewable electricity.

PACKAGING

100% of the cardboard in our packaging (consumer packaging as well as outbound shipping boxes) is from sustainably managed sources certified through Forest Stewardship Council (FSC). None of our packagings is made entirely of plastic while some have plastic details such as windows and hooks. We are trying to find more sustainable solutions for those details. In 2020, we made the first step to start calculating the CO₂ emissions of our shipping boxes to see where we can make the largest difference and the goal is to offer 100% sustainable and easily recyclable material/constructions by 2023.

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

E-COM

With our e-com business gaining market, a total increase of 18.1% in 2021 (vs. 2020), we continuously challenge ourselves to find solutions for reducing our CO₂ emissions through the right choice of materials, design, shipping etc. A couple of years ago, we replaced the previously used shipping boxes used for underwear shipments with sustainable bags. The new bags require less space in transport and are climate compensated through certified plantation of trees in Colombia and a Golden Standard certified tree plantation project. The bags are certified ÅterBära™, made from recycled material from a certified factory in Europe and marked for recycling through FTI. They have been introduced for all products but for underwear, which has posed a challenge in the past.

In 2020, we introduced new shipping boxes for larger shipments. The boxes are made of 100% recycled FSC certified carton. For last-mile transports, we have signed a contract in Sweden, Finland, and Denmark with a transporter that climate compensates every transport and works ambitiously with sustainability.



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Direct emissions



STORES AND OFFICES

We have during the past few years gradually moved towards better energy choices in our stores and offices. Today, all Swedish and most of our Finnish stores run renewable electricity. Stores in Holland and Belgium are still struggling with implementing renewable energy. The emissions from electricity consumption within own operations have decreased with about 45 percent because lower consumption and a shift from non-renewable to renewable electricity.

However, the emissions from heating within own operations has increased with about 90 percent since more electricity with unknown origin has been used compared to district heating last year. Electricity with unknown origin generally has quite significantly higher emission rating than district heating, leading to this increase.

Our own stores and all trade solutions that we offer our clients are made from recyclable material and all POS (Point of Sale) material is made from FSC certified and/or renewable sources. Bags and hangers are also made from renewable materials.



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

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

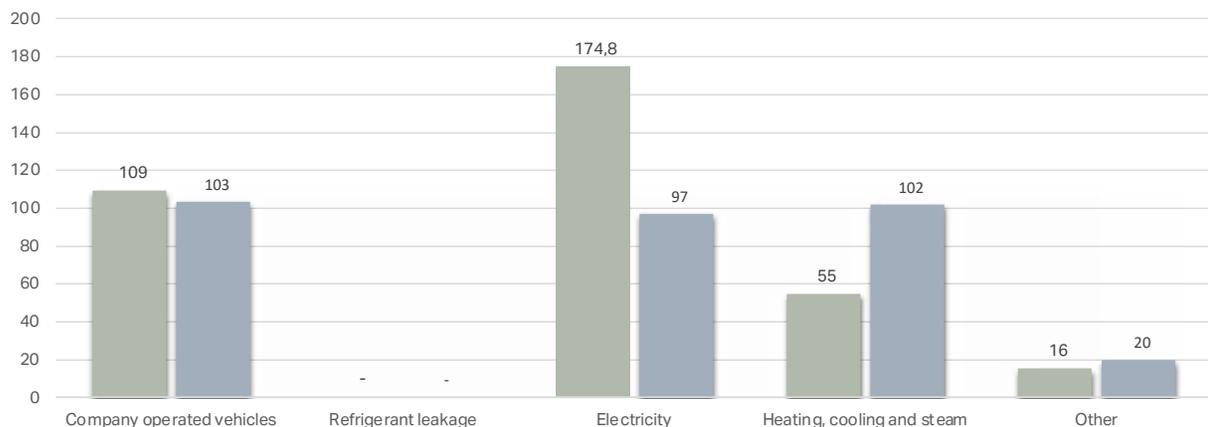
All vendors manufacturing trade materials and trade solutions for Björn Borg have signed our Code of Conduct. A vendor evaluation is also made of all suppliers.

For information about our Stockholm head-quarters, please refer to the chapter [Competence and engagement](#).

THE FOLLOWING IS INCLUDED IN THE CALCULATIONS OF OUR SCOPE 1-2 EMISSIONS:

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

Total emissions in scope 1&2 across 2020-2021 (ton CO2e)





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Report & transparency



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

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

For the 2021 report, we include emissions for purchased goods and services for the first time in an annual report. It is, however, our second climate report covering a major part of scope 3. The 2020 report was released with the [STICA progress report](#). Our scope 3 reporting covers business travel, transport

of goods, and purchased goods & services. Our goal to decrease our emissions by 50% by 2030 from a 2020 base year is mirrored both in our work processes and our reporting in the sense that it follows our 2030 roadmap.

The goal, set through a commitment as a member in the Swedish Textile Initiative for Climate Action, STICA, has helped us set a path based on scientific data.

Climate data is reported according to the GHG protocol according to the following:

CONTROL APPROACH

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

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

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

METHODS FOR SCOPE 2 ACCOUNTING

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

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

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

*Adapted from: GHG Protocol Corporate Value Chain (Scope 3) Standard





EMISSIONS WITH MARKET-BASED VERSUS LOCATION-BASED METHOD

Market based vs location based	Scope 2 emissions, ton CO ₂ e	Total emissions, ton CO ₂ e	Energy use, kWh
Market based	198.9	322.1	940,978
Location based	147.9	271.2	940,978
Difference (MB-LB)			

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

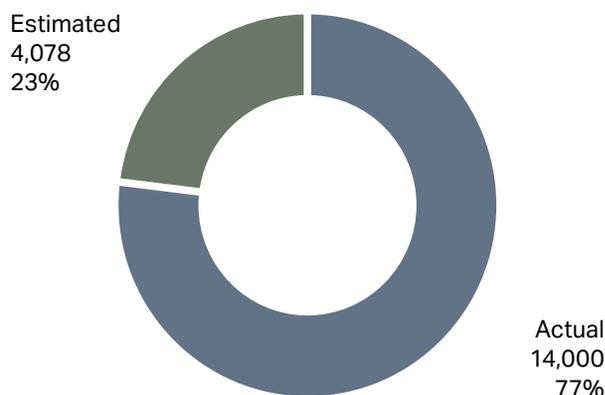
Market based vs location based Scope 2 emissions, ton CO₂e Total emissions, ton CO₂e

PROCESS DESCRIPTION & SYSTEM BOUNDARIES

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

Where data gaps have been identified estimations has been made based on the best available knowledge. As presented in the figure below the division of emissions based on actual and estimated data is 77.4% and 22.6%, respectively.

EMISSIONS BASED ON ACTUAL AND ESTIMATED DATA, TON CO₂e



SYSTEM BOUNDARY AND GHG SCOPES

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

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

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

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

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

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

* If other system boundaries have been made by the company it is specified in the 'Company-specific Methodology & Assumptions' section below.

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

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

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

DETAILED METHODOLOGY

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

Scope 1&2

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

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

Purchased goods and services

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

For suppliers in tier 1, data collection includes the total number of products divided between the main categories: Apparel, Footwear, Non-textile accessories, and Home textiles. For each product category, a general emission factor representing CO₂e emissions per kg product has been adopted.

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

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

Transportation and distribution (upstream & downstream)

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

Fuel and energy-related activities

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

Business travel

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

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

Other facilities

Other facilities are represented by facilities that are utilized but not operated by employees of Björn Borg,

for example, third-party warehouses. The emissions are calculated the same way as for facilities in scope 1 and 2, but all emissions are included in scope 3 in accordance with the GHG protocol. Activity data for electricity, heating and fuels are included.

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

COMPANY-SPECIFIC METHODOLOGY & ASSUMPTIONS

Purchased goods and services

Several deviations from the common methodology have been made for Björn Borg. The most prominent ones are for Björn Borg has collected actual data from 16 suppliers in tier 1, covering 94% of the purchased products excluding licensee products. The company-specific assumptions for the different categories are presented below.

Tier 1

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

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

The tier 1 emissions were recalculated for 2020 due to the methodology change. Data for 2021's reporting suppliers were used for 2020 and recalculated based on the purchased number of products per supplier for 2020. For non-reporters in 2020, weighted averages were applied that were based on the results from the reporters in 2021.

Salesman samples were included in the reported quantity for underwear and apparel but were missing for bags, gloves, footwear, and eyewear. 0.56% was added as an estimate to the quantity to cover production samples.

Tier 2-4

87% of the tier 2-4 emissions were calculated based on actual material weight, which represented all materials except the material used in Björn Borg's shoes (see comment below). All main material types are collected from Björn Borg's internal systems and other materials or trims directly from suppliers or based on assumptions. Ribs and cuffs are included in the main material.

Product and component weights are in some cases based on actual weighing in Björn Borg's office, in some cases provided by suppliers. When data was missing, assumptions were made that a standard product/component weighed the same as a similar product from another supplier.

The data was based on size S for women, M for men, and 134/146 and 146/152 for boys.

Footwear have been excluded from the reported weight of purchased products since specific material composition is missing. Emissions for footwear (Tier 1-4) have therefore been estimated based on average emission factors per pair of shoes based on existing life cycle studies on shoe production.

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

Licensee products

For eyewear, emissions in tier 1 were estimated based on the Environmental Product Declaration (EPD) of a pair of Ray-Ban glasses. The emission factor represents "core processes" which include frame production phase, lenses production phase, final assembly, and packaging phase. Emissions in tiers 2-4 were calculated based on actual material weight.

For royalty footwear, all emissions in tiers 1-4 were estimated based on average emission factors based on existing life cycle assessments: Environmental impacts of shoe consumption Combining product flow analysis with an LCA model for Sweden conducted by the University of Chalmers 2015 and, Life cycle assessment of a pair of GORE-TEX branded water-proof and breathable hiking boots from the W.L Gore & Associates' Fabrics division 2014.

Björn Borg Footwear

Emissions from our Swedish footwear business were estimated using the same Life cycle assessments as above used for royalty footwear. These emissions were included in category 1, Purchased goods and services.

Transports

The data quality from Björn Borg's transporters varied a bit and assumptions and estimates were used along the way to complement input data.

Electricity and heating

Average consumption based on area for facilities where consumption was unknown.

See our emission report in the chapter [Decreasing Footprint](#).



Key accounts



Running a sustainable business is important not only to us, but also to an increasing number of our customers. Our dialogue with them offers an ear to the ground and an indication of the reality our products are facing out there. During the past year, we have noticed a change in requirements that some key accounts put, and it is quite clear that brands that don't hold a high sustainability level will not be welcome to collaborating with some resellers going forward. A very positive development!

Legislations & regulations



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

The Björn Borg sustainability report is published annually, and our last sustainability report was released in April 2021. Björn Borg's board and sustainability steering group have been involved in the process. The report has not been reviewed in full by any third party.

Björn Borg does not apply the Precautionary Principle or approach.

Our annual and sustainability reports can be found on our [corporate website](#). This report is separate from our Annual Report.

APART FROM STICA, WE ARE ALSO MEMBERS OF AND/OR FOLLOW:

- Better Cotton
- Global Recycle Standard, GRS
- Global Organic Textile Standard, GOTS
- Registration, Evaluation, Authorisation and Restriction of Chemicals, REACH
- The Stockholm Convention on Persistent Organic Pollutants (POPs)
- The Biocidal Product Regulation (BPR, Regulation (EU) 528/2012,
- The Directive on Packaging and Packaging Waste 94/62/EC
- Textile Importers
- The General Product Safety Directive (GPSD) Directive 2001/95/EC
- CEN/TR 16692:2014
- Safety on children's clothing – Recommendations for the design and manufacture of children's clothing. Mechanical safety
- EN 14682:2014 Safety of children's clothing – Cords and drawstrings on children's clothing
- EN 17394-2 Textiles and textile products. Safety of children's clothing. Security of attachment of buttons. Test method
- 16 CFR Part 1610 Standard for flammability of clothing textiles
- EN 14878:2007 Textiles – burning behaviour of Children's nightwear – Specification.
- amfori BSCI
- Trademark, our only vendor in Bangladesh, is a signatory of the Bangladesh Accord.

ANNUAL ACCOUNTS ACT					
Information requirement	Environment	Staff	Social	Human Rights	Anti-Corruption
The sustainability report shall describe...					
The company's business model	16, 17, 55	16, 17, 22	22, 39	22, 39	36, 39
The company's model for practices for the different areas, including analysis that has been performed	12-15, 21, 48, 50-53, 55-56, 70-75	12-15, 21, 24	12-15, 21, 24-36, 39, 40, 46	12-15, 21, 24-36, 39, 40, 46	21, 34, 44
The results of the policy	57-66	24, 32, 35	24, 32, 35, 41, 42	24, 32, 35, 41, 42	34, 44
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.	21, 55	21, 26	21, 40, 44	21, 40, 44	21, 34, 44
How the company handles the risks	55-56, 58-66	24-36	34, 36, 39, 40, 78	34, 36, 39, 40, 78	21, 34, 44
Central result indicators relevant to the business.	57-58, 64-66	23, 24, 32, 35	23, 24, 32, 35, 38, 41, 42	23, 24, 32, 35, 38, 41, 42	41

Get in touch

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

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Pernilla.johansson@bjornborg.com

We appreciate your feedback.



Auditor's report on the statutory sustainability report

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

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory sustainability report for the year 2021 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 21, 2022
BDO Mälardalen AB

Johan Pharmanson
Authorized Public Accountant





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