



**BJÖRN BORG** 

Sustainability report 2023

# A better tomorrow

Tomorrow is formed today. To contribute to a better tomorrow, our focus lies on making changes where we can make the largest difference. Through passion, a winning attitude, and hard work, we are determined to run a business with the deepest respect for nature and people and give value to our most important person – you, whoever you are, who depends and rely on us. We will never give up.

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

UNLESS OTHERWISE INDICATED, ALL PHOTOS: BJÖRN BORG

## Sustainability Report

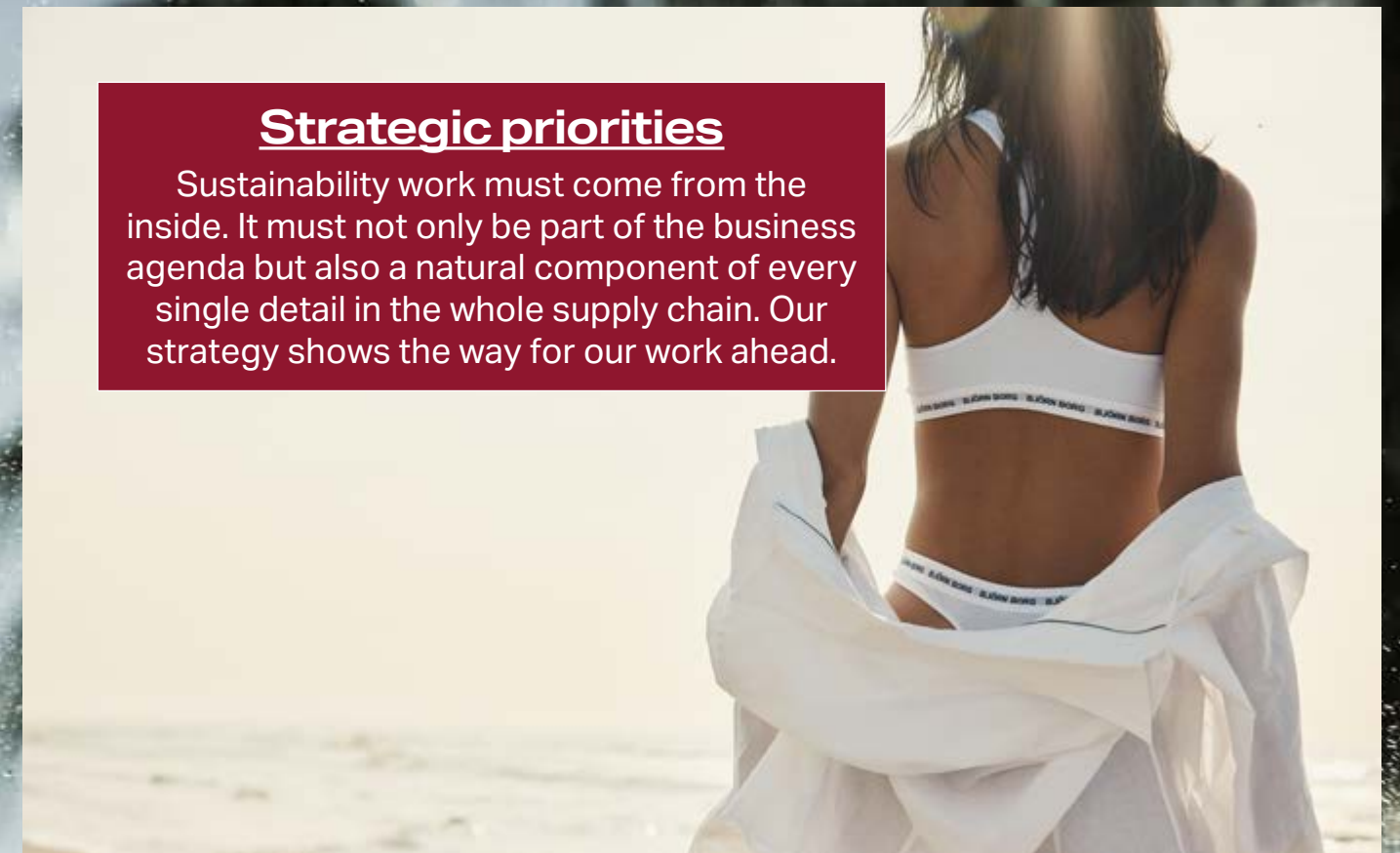
This is our full Sustainability Disclosure for 2023. It contains detailed reporting of our sustainability approach, goals, and results.

## Annual Report

The annual and corporate governance reports for Björn Borg Group include basic statistics and results in the sustainability area. [Download the Annual Report.](#)

# In this year's report

- 6 SUSTAINABLE BUSINESS
  - 6 Message from CEO
  - 8 Sustainability highlights 2023
  - 10 Letter from our Head of Sustainability
  - 12 Our business plan and Sustainability Governance Structure
  - 13 Structure & accountability
  - 14 Stakeholder dialogue
  - 18 Materiality analysis and material topics
  - 20 Risk management and value generation within our value chain
  - 22 Our sustainability framework
  - 24 Key focus areas 2023-2026
  - 26 Björn Borg and the UN Sustainable Development Goals (SDGs)
- 28 CREATE A WINNING TEAM
  - 29 Competence & engagement
    - 29 Our DNA: Train to Live
    - 30 Organization
  - 32 Workplace environment
    - 32 HQ
    - 34 Performance management
  - 36 Social responsibility
    - 36 Internal social review
    - 39 Sustainable people
      - 40 Ethics, diversity and non-discrimination
- 42 REDUCE CLIMATE IMPACT
  - 43 Our climate roadmap
  - 44 Our emissions 2023
    - 48 Purchased goods and services (scope 3)
      - 49 Fibres & manufacturing
      - 51 Packaging
    - 53 Transport of people & goods
    - 56 IT
  - 60 Direct emissions – scope 1 & 2
    - 62 User phase
      - 62 Sustainable consumption
        - 64 Materials & processes
        - 69 Consumer dialogue
- 72 SECURE SOCIAL COMPLIANCE
  - 73 Supply chain
    - 74 Our code of conduct
      - 75 Audits
      - 79 Wages
    - 80 Human rights, health & safety
    - 81 Transparency in the supply chain
      - 81 Our manufacturers
      - 84 ESG risk compass
- 86 STAY TRANSPARENT AND COMPLIANT
  - 91 Reporting
  - 96 Customer compliance
  - 98 Legislation & regulations
    - 100 About this report
    - 101 The Björn Borg Group in brief
    - 101 Get in touch
    - 101 Auditor's report on the statutory sustainability report



## Strategic priorities

Sustainability work must come from the inside. It must not only be part of the business agenda but also a natural component of every single detail in the whole supply chain. Our strategy shows the way for our work ahead.



## Climate Transition

The climate transition aligns with our broader sustainability goals and addresses the challenges posed by climate change. The process is crucial for many reasons. The principal ones for us are risk management, regulatory compliance, reputation and brand value, innovation opportunities, supply chain resilience, and employee engagement. The numbers reveal our progression.

## Message from CEO

Welcome to the 11th annual sustainability disclosure from Björn Borg! We are thrilled to share with you the results of our efforts. Our sustainability work is comprehensive, and so is this report. However, we think you'll find it an exciting read. Sustainability is an integral part of our daily business. Specialist knowledge, extra resources, attention to detail, and great determination are of the essence. However, what ultimately counts is that drive that comes from the inside.

In 2023, lower consumption was expected to be the consequence of global fragility. Mercifully, consumers cannot always be predicted, and our net sales were higher than ever. At the same time, we reduced the number of sales seasons to minimize harm to nature and sold fewer products. The increase in revenue per sold product is mainly due to increased sales within our e-commerce platform and an increase in sports-wear sales.

But what would be the point of a good turnover if we didn't deliver the right goods? I strongly believe that we must actively contribute to a better future for fashion. We know that buying trends will be increasingly influenced by conscious consumers and investors. However, our work is not just about handling reputational risk. It's about what feels right in our hearts. For me, it comes down to our mission: to inspire people to train to become the best versions of themselves and adopt a sustainable lifestyle that values both humans, nature, and products.

We are continually striving to make our business more transparent and less harmful to people and the planet while maintaining profitability. Improved sustainability performance leads to more stable operations, less business risk, and stronger partnerships. Transparency creates accountability, driving change through encouragement, knowledge sharing, industry learning, and local expertise. It provides us with better insights for analysis on where we need to improve and how we can control our impacts.

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

Our ambition to become the best version of ourselves entails the long-term goal of halving our emissions by 2030, in absolute numbers, from a 2020 base year. Our most recent analysis shows a decrease of 34% for the same period based on the actions we have taken so far and expected external factors. Our journey to achieve a 50% reduction with healthy growth is likely to be challenging, but we are determined to get there.

We focus our efforts on product development and manufacturing, transportation, and legal compliance. In 2023, we have achieved several milestones and it's hard to choose performance highlights. However, one of the things I am particularly proud of is the decision to invest in a new folding machine for our warehouse. This will enable us to ship less air and, as a result, reduce our emissions quite significantly. Read about it in our transport section in this report!

I want to extend a big THANK YOU to everyone who has helped us reach this far. We will continue our path, seizing every opportunity for improvement. I am greatly looking forward to a new year where we can set the bar even higher.

*Let's go!*

Henrik Bunge  
Head Coach



## Sustainability highlights 2023

Transparency level 100% in tier 1 and 2 production.	Increased share of recycled polyester: 57% of all polyester.	Stopped flying to 37 markets within our e-com business.
563 millions litres saved & 344 kilos of pesticide active ingredient avoided through the sourcing of Better Cotton.	Found solution for maximizing fill rate in our shipping boxes.	Decrease of emissions from transport by 63% vs. 2022.
Packaging redesign project for Björn Borg underwear.	Employee engagement score: 86%.	New last mile deliveries for e-com business.
Increased share of renewable electricity: 9% of all energy in Tier 1.	90% of fibres in Björn Borg eyewear recycled.	More sustainably sourced products: 100% of apparel and 57% of all bags.
CO <sub>2</sub> emissions from packaging down by 23% since 2020.	All ingoing packaging mapped for transition towards recycled materials in 2024.	Started selling second quality products in outlet stores.
Most key suppliers trained in climate action.	More climate data from factories.	Several Tier 2 suppliers enrolled in Amfori BSCI.
Reduced air freight brought down transport emissions by 67% vs 2020.	100% of all cardboard in packaging for products, e-com and outgoing shipping controlled wood.	Björn Borg eyewear ISO 14001 and 9001 certified.



## Letter from our Head of Sustainability

In 2023, we made significant progress in line with our sustainability roadmap, reducing our CO<sub>2</sub> emissions by 12% compared to our 2020 baseline. Our mission is to shape a future where business growth and reduced environmental impact coexist while meeting the targets set out in the Paris Agreement.

We strongly believe that creating products of superior quality with great design and durability is crucial to our sustainability efforts. Durable products not only satisfy consumers but also contribute to reducing our overall environmental impact. We follow strict testing and ethical production procedures to ensure best practices in production.

Transparency in the supply chain is a crucial element in our sustainability strategy, and we have made significant progress in 2023. We have gathered climate data from a large part of our suppliers. The data provides us with valuable insights and deeper understanding, allowing us to refine our strategy and action plan.

One of our accomplishments this year was the swift transition toward renewable energy sources. Working closely with our suppliers, solar panels were successfully installed in multiple factories, which significantly reduced our dependency on fossil fuels. This transition not only aligns with our plan to lower emissions but also highlights the potential of collective action in driving sustainable change.

We have taken further steps to increase the use of more sustainably sourced material in our products. As of now, 69% of our total production is made with recycled, organic, or other low-impact materials. In 2023, we initiated two new projects to promote recycled polyester: REPVE® Our Ocean™ and We aRe SpinDye®. REPVE® Our Ocean™ is made from plastic bottles that have been collected from coastal areas to prevent them from entering the ocean. We have used it in our swim collection. We aRe SpinDye® is a technique which saves water and energy and reduces the need for chemicals in the dyeing process. We have used this technique for parts of our training collection. Our ultimate goal is to move towards 100% more sustainably sourced material by 2030.

We have made significant progress in optimizing our transportation operations to minimize their environmental impact. Reduced airfreight contributes considerably, bringing down our overall transport emissions by 67% compared to 2020.

We remain optimistic about the potential for positive change despite the environmental challenges our industry is facing. We are fully committed to making fundamental improvements to the core of our industry by collaborating with our customers and industry peers. Thanks to the unwavering dedication and ambition of the team at Björn Borg, we have a solid foundation for driving sustainable change. We have never been more determined to achieve our goals.

Sofia Svensson  
Head of Sustainability



## Our business plan and Sustainability Governance Structure

Björn Borg has integrated the sustainability strategy and goals within the business plan. Our key focus areas for 2024:

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

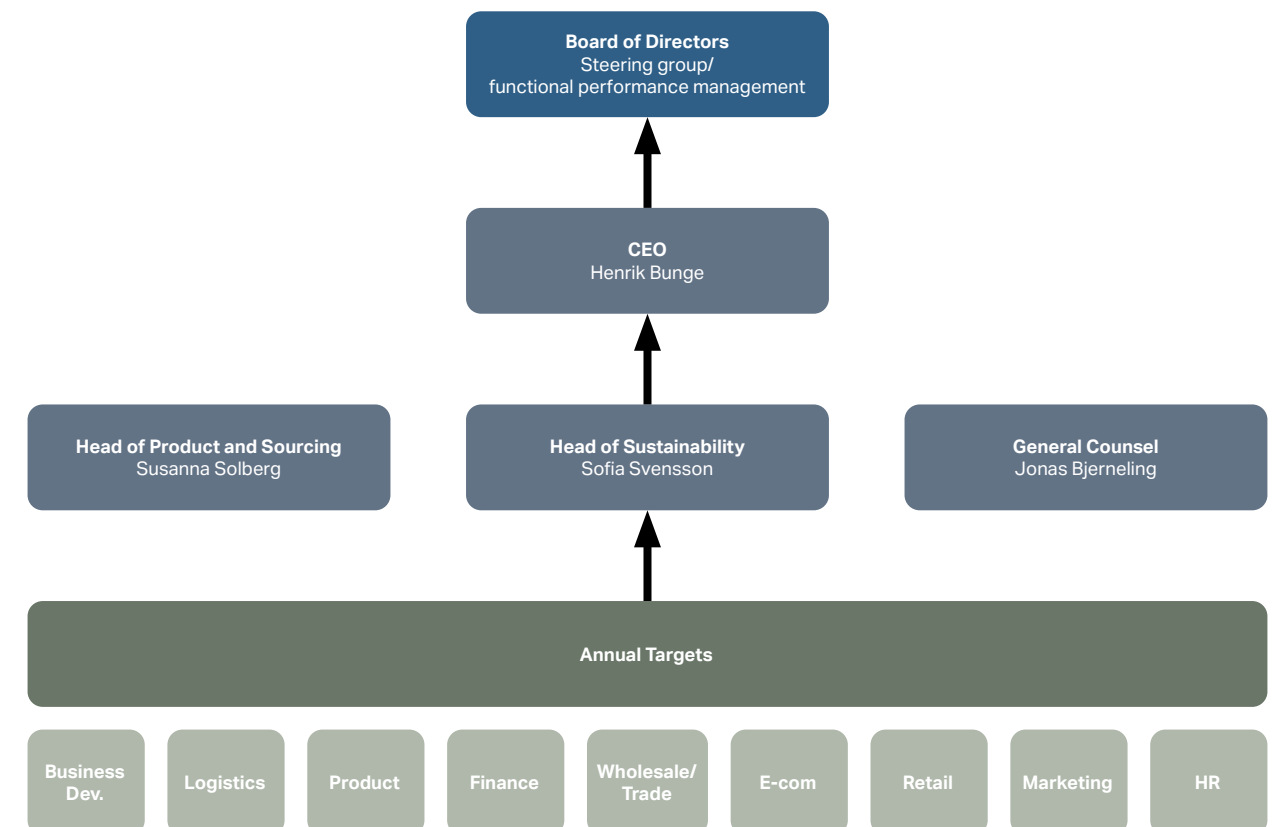
## Structure & accountability

Our head of sustainability is responsible for implementing the company's sustainability vision. The head of sustainability reports directly to our CEO and follows up bi-annually with all function owners – who are also part of the senior management team. Accountability for implementation and performance against our Sustainability Roadmap form part of the performance review of the function owners.

Our CEO reports progress on the sustainability roadmap to the board of directors.

Information found in our Annual Report:

- Members of the Board of Directors and senior executives
- Remuneration policies for members of the highest governance body and senior executives.



## Stakeholder dialogue

The dialogue with our stakeholders is a living matter. It evolves and reflects the surrounding world. The importance of feeding the dialogue, challenging it, helping it breathe and stay healthy can't be stressed enough. This dialogue is part of the systematic sustainability work. It's an essential part of the process of identifying material topics.







### CONSUMERS

- Surveys
- Websites
- Online

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

#### ESG expectations from consumers:

The consumers agree with us: the climate crisis is an undeniable fact, and we must see to factors such as ecological impact and sustainability when choosing who to buy from or do business with.

A common consumer concern is the mixed materials in our product packaging, making them hard to recycle. We also get questions on our production countries and the reasons behind our choice.

#### How we engage with consumers:

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



### CUSTOMERS

- Meetings
- Requirement packages

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

#### ESG expectations from customers:

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

On a general note, customers require increased supply chain transparency and sharing of audit results. Customers are also increasingly asking for more sustainable materials, and some sell exclusively more sustainable choices. Our dialogue with them and the external pressure on both parties helps us get better faster.

Our sustainability work has enabled collaboration with our customers' procurement and sustainability specialists. Requirements from customers are increasing and we hear requests for setting climate targets through SBTi and more detailed product and supplier data. To deliver on these requests in an efficient manner, we must update our system support.

#### How we engage with customers:

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



### VENDORS

- Daily contact
- Factory visits
- Audits

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 our restricted substances list. Deviations from these regulations put 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 the drive for change is there and we work together to innovate and find new solutions.

#### How we engage with vendors:

- Regular contact through email and video calls
- Normally, we do factory visits at least once per year
- Vendor and climate evaluation surveys
- Collaborating on the remediation plans strengthens our relationship and helps us and our vendors improve our sustainability work
- Climate roadmap discussions.



### EMPLOYEES

- Survey
- Meetings
- Performance & development program

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

#### ESG expectations from employees:

Through an internal sustainability engagement survey last year, we found that 100% of all respondents find it crucial and self-evident that the company takes ambitious sustainability measures. According to the survey, the average motivation for sustainability goal fulfilment was 79.2% among the respondents. The strongest motivator for the engagement is the clear standpoint and direction from the senior management team. An overall drive to do good for the planet and future generations also stands out.

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

#### How we engage with present and potential future employees:

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



### INVESTORS

- Meetings
- Presentations
- AGM

ESG investors and present owners drive our sustainability agenda forward.

#### ESG expectations from owners and investors:

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

#### How we engage with owners and investors:

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



### GOVERNMENTS

- Networking
- Training
- Collaboration

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

The world is trying to find ways to meet the Paris Agreement and governments tackle it through the institution of new directives and legislations. We dedicate plenty of resources to stay informed and compliant.

#### How we engage:

Newsletters, reports, workshops, and webinars from relevant organizations help us stay informed about policies, regulations, and legislation. It enables us to implement new processes and tools in good time wherever necessary.

#### STAKEHOLDER, BUSINESS RELATION CHANGES DURING THE YEAR:

South Ocean is a new knitwear supplier for our spring/summer 2024 collection.

No suppliers have been cut off during 2023.

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

The ownership structure for the company looks in essence the same as in 2022. [More about owners and the share](#).

#### Internal changes:

During 2023, we closed the footwear office in Southern Sweden and moved the distribution of footwear in Sweden, Denmark, and Finland to our headquarters in Stockholm.

## Materiality analysis and material topics

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

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

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

*The governance mechanisms include:*

- A long-term roadmap, with an annual renewing process.
- Key Account compliance process. We map key account requirements to secure compliance from a sustainability standpoint.
- BSCI membership and code of conduct.
- Vendor audits
- Chemical compliance process
- Certification tracking and file
- Quality process to secure high-quality products
- Transparency tracking
- STICA (Scandinavian Textile Initiative for Climate Action) membership
- Product and brand certification.

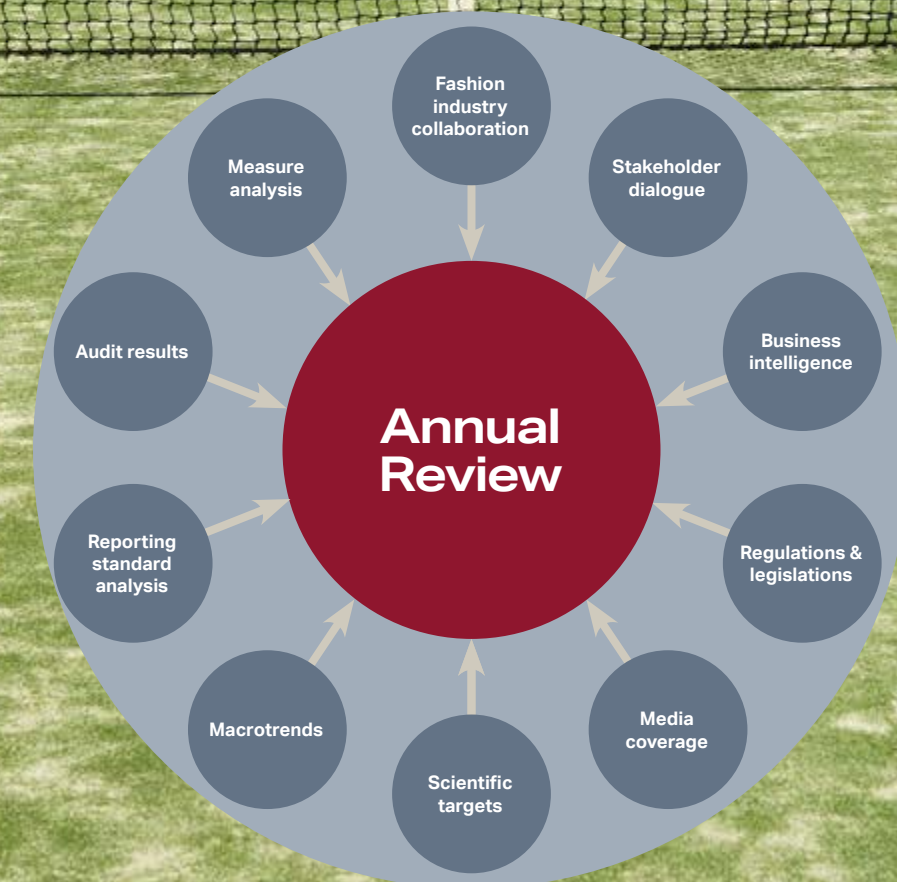
Our material topics based on this analysis are most importantly to minimize the harm done to nature and our planet, to be a world-class employer contributing to a healthy, balanced, and enjoyable workplace, to make sure that people working throughout our supply chain get the same treatment as our employees, that our consumers are offered safe, interesting, and sustainable products, to increase the transparency in our supply chain, and to stay compliant to forthcoming and proposed legislation.

Our best way to create value lies in fighting climate change throughout our whole value chain – from production and transports to design and sales. And to always stay transparent towards our stakeholders. Read more about risks, mitigation and value creation within our supply chain on [pages 20-21](#).

Puente Romano

TENNIS & FITNESS

MARBELLA



# Risk management and value generation within our value chain

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

## Our sustainability framework

Our strategy and goals are based on deep analysis of our climate data, workshops, and continuous dialogue with our stakeholders – all in line with the materiality analysis and stakeholder dialogue.

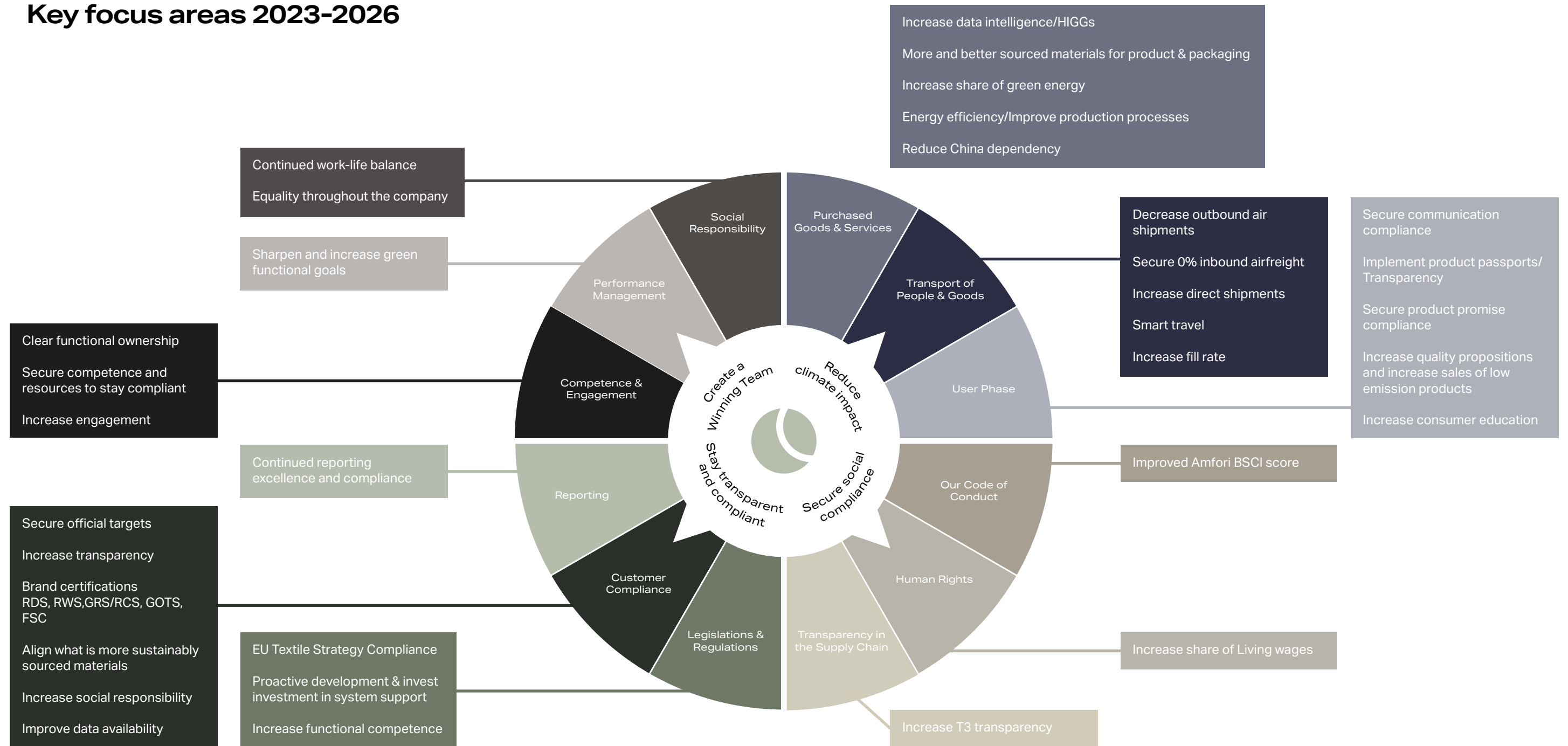
During 2022, we created a 2030 reduction model, a tool enabling us to analyse all scopes of our emissions and see where we can make the biggest environmental difference. Our climate actions are designed to follow the Paris Agreement goal of 1.5° according to the STICA method – [the Swedish Textile Initiative for Climate Action](#).

Our sustainability roadmap is revisited annually and covers our ambition to limit and reduce our footprint. It also embodies our commitment to sustain a winning team and to give the people working for us, within and outside of the company, safe working conditions and fair salaries. All in the name of full transparency and compliance with current legislation. The roadmap is an overview and introduction to Björn Borg's sustainability goals, which are the foundation of individual goals within the whole organization. Within key areas, it defines short- and long-term targets as well as activities for the coming year.

Everything that we do and every decision that we make should reflect the goal to be the best employer in the world, and a company that genuinely shows respect to both people and the planet.



# Key focus areas 2023-2026



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

Through Björn Borg's commitment to abide to the Paris Agreement, our work, almost by default, contributes to several SDGs. Other contributing factors are our human rights and social engagements. Below is how and where we see that we have the largest impact.

### SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION



This is the most important SDG for Björn Borg. It summarizes a big part of our sustainability work. Almost everything we do can be linked to this goal: usage of more sustainably sourced 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 of a more sustainable lifestyle.

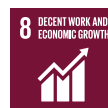
### SDG 13 – CLIMATE ACTION



We have worked on reducing our emissions ever since 2014 and accelerated the work every year. Today, employees in almost all departments have ESG goals that work in that direction. We have committed to decrease our GHG emissions by 50% by 2030 from a 2020 benchmark. We work actively with improved efficiency throughout our whole supply chain; we design long-lasting products manufactured sustainably; we invest in environmental performance and training programs in our own organization and throughout our supply chain; we use more sustainable materials and processes, and work actively with lowering our transport emissions in all parts of the business.

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

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



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

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

### SDG 3 – GOOD HEALTH AND WELL-BEING



Stress, work environment and work safety are important areas not only within our supply chain but also among our own staff. All full-time employees have access to healthcare, personal development, and flexible work hours with optional, partial, distance work. Every individual working for us should feel safe and well treated. A healthy work/life balance is at the core of our company values, and healthy living with regular training is part of it. We are convinced that training will make you not only healthier but also mentally stronger, more balanced, and more efficient. This is the core of our culture, not only at the workplace, but also for our followers and consumers out there.

Security-wise, we supervise that our chemical regulations and quality directions are followed for personal safety for both workers, employees, and consumers. Our products should be safe for both people and nature. Workplace safety regulations are carefully monitored both internally and externally. By following our code of conduct, our suppliers follow social requirements according to UN Global Compact.

### SDG 16 – PEACE, JUSTICE AND STRONG INSTITUTIONS



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



# Create a winning team



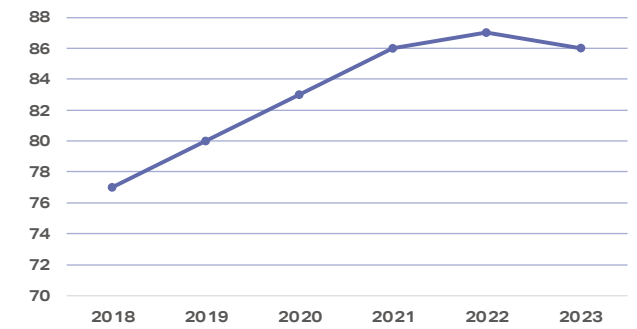
## Our DNA: Train to Live

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

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

Regardless of the state we or the world are in, one thing stays true: our belief that training can make us better. With training, we get faster, smarter, healthier, and more efficient. Our ambition to be a first-class employer manifests itself first and foremost through empowering people to become the best version of themselves. We believe that if you are enabled to grow personally and professionally, you will become better, and nothing stands in your way of becoming anything you want.

Employee Engagement Score



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

The annual Björn Borg employee engagement survey is an important compass for insight into the well-being of our employees. The anonymous survey covers everything from workload and decision-making to work environment, salary, and management. The EES has increased over time, and this year's score of 86% is slightly lower than the 87% of 2022. The difference between the two years doesn't seem to have a clear reason. Small things can make the score fluctuate, such as closing of stores, employee turnover, even world trends and personal events. No matter what, the goal is to be the best in the world, nothing less.

## Organization

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

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

Staff policies in place are:

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

No whistleblowing reports were filed in 2023 but nine incidents of discrimination were reported directly to HR of which four were from employees and five from consumers. Corrective actions were taken and the cases are solved. There have been no reported incidents of corruption in 2023 or any other year. Employee stress levels are mapped through surveys and with the help of an ombudsman we make action plans and follow up according to our internal policy and current legislation. All our employees are covered by a health and safety management system.





## Workplace environment

Björn Borg strives to offer an inspiring, safe, and functional work environment. The right physical and social environment helps us thrive and evolve professionally and individually.

- Details are discussed in collaboration between the employer, the employee, and a safety officer.
- Managers are trained to get the right knowledge, competence, resources, and mandate to work for a good and safe environment.
- Regular inspections and risk assessments of our physical, organizational, and social work environment are made.
- Incidents or accidents are immediately investigated.
- All employees get a safety introduction and training.
- Work environment duties are followed up annually.

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

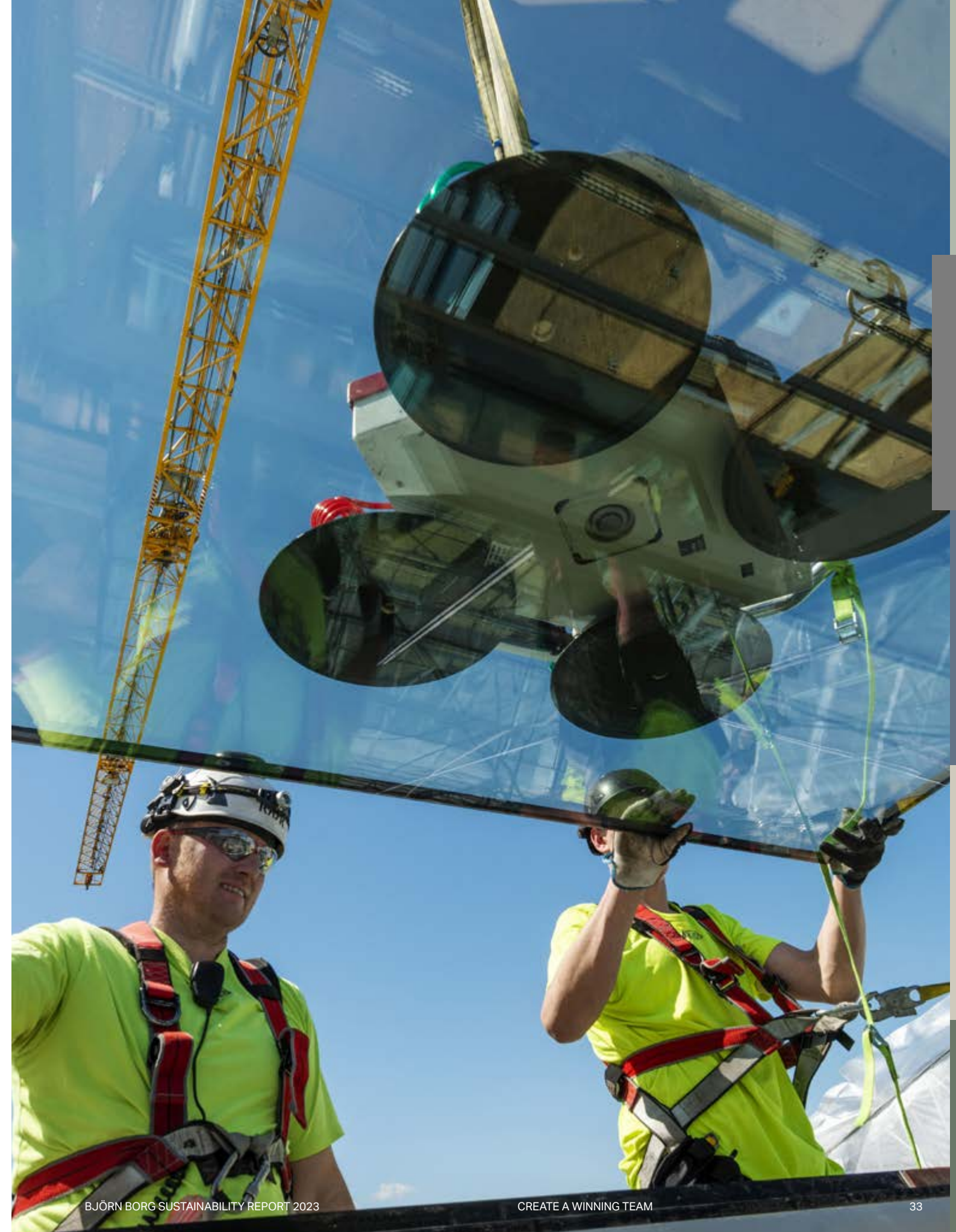
## HQ

The Björn Borg headquarters sits in Haga Park, part of the Royal National City Park. The Frösundavik building was the first office building in Sweden to be honoured with a Fitwel certificate for its attention to health and wellbeing. It offers extensive thinking around sick leave prevention and stress – partially through generous daylight and greens in the glass construction. The company offers bicycles, paddleboards, kayaks, a padel court, a gymnasium, and a fully equipped gym for all employees and tenants.

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

During 2023, the BREEAM rating was upgraded from Good to Excellent (5/6). One reason for the upgrading was the construction of a new better isolated glass roof.

The building uses local energy thanks to its position on top of an esker with large groundwater depositories. Only a handful of buildings in Sweden hold the geotechnical conditions for the so-called aquifer. The aquifer is used as a storage for both heating and cooling, making it possible to use the heating during winter (with hot water saved from the summer) and cooling during summer (with cold water saved from the winter). It is a circular process where all the pumped-up groundwater is returned after usage. This way, the building's annual energy usage is minimal, the heating comes from water radiators, and 100% of the electricity used is wind-powered. During 2023, the building property owner has been rated 5/5 in the new climate standard GRESB (Global Real Estate Sustainability Benchmark). It measures and evaluates a company's ESG work from an investment perspective. Our office building is a large contributing factor to the rating.



## Performance management – the cogwheel of Björn Borg

Goal setting is pointless without direction and motivation. Björn Borg is a performance-driven organization where performance management is one of the fundamental pillars. The business relies on a framework where all employees work together in the same direction. This framework governs the daily operations in alignment with our values of Passion, Empowering, Winning Attitude, Bold, and Magnetic. It consists of the answer to five foundational questions: Where are we going? Where are we now? What are we going to do to reach our goals? How are we going to do it? And why are we doing it? Once we know where we are going as a company and what we will do to reach that goal, we set functional goals on a department level and an individual level. Running towards a common goal sounds reasonable enough, but goals must be equally challenging and motivating. We make a big effort to keep motivation high and take pride in our workplace being so appreciated. You can read more about the Björn Borg framework in our annual report.

## Individual sustainability goals

Every employee within Björn Borg must set a sustainability goal. We are dedicated to equipping everybody on the team with tools to reach their green goals – not the least in the annual goal-setting process. Our ambition with the green goals is to empower and make every person aware of their importance on the road toward one of our three most important business goals.

During the year, we have held two sustainability workshops. They have been greatly appreciated and are an excellent forum to exchange ideas and intelligence. We also offer several educational tools within the company: courses, a sustainability intranet, and sales material. Our head of sustainability holds regular meetings with the company department heads to follow up on goals.

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 ensure that we meet the needs and requirements of our customers.

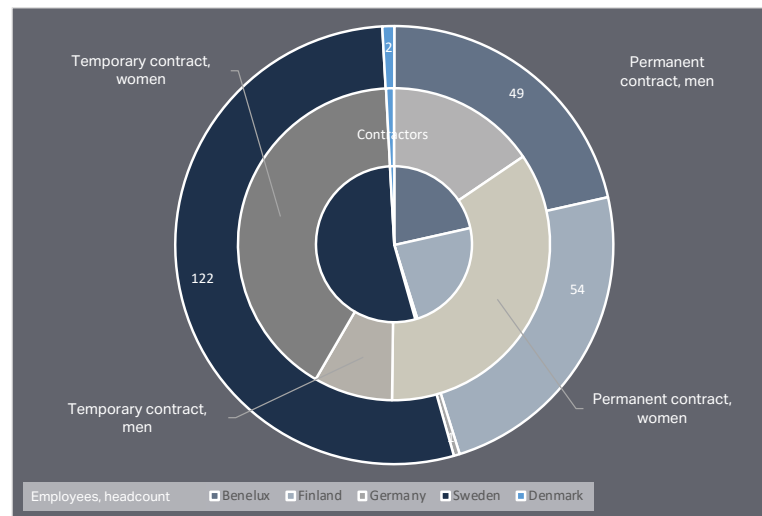


## Internal social review

We take pride in offering an equal, diverse, healthy, and friendly workplace. Being treated respectfully contributes to feeling good. Below shows how we work with equality, diversity, transparency, and ethics.

Our team in numbers:

### Employee statistics



- Collective bargaining agreements: 64%
- Long-term sick-leave: 2,19%
- Employee turnover rate: 41%

No large-scale job cuts have been made during the year, but we have closed our footwear office in southern Sweden to relocate the business to our headquarters in Stockholm.

The Headcount indications are based on the number of people employed on December 31, 2023. All contract figures are based on headcount.

Five work-related injuries have been reported during 2023, of which one was a car accident on the way to work, and four was lighter injuries during workout sessions and a couple of global sales meetings. We are looking into the setup of the sales meetings to secure the safety aspect.



**GENDER EQUALITY**

Every person within our company has the same rights, obligations, and possibilities within work, career, professional development, and salary. We strive for an even gender distribution and equal employment conditions per work category and department.



Our goal that neither gender should make up over 60% of any of Björn Borg’s key governing bodies offers somewhat of a challenge. We work in an industry with a high female representation and most of our employees are women (75%).

14% of the Executive Management representatives are women, and 43% of the Board of Directors are women.

One woman in the executive management team left the company during the year, which halved the female representation. For the first half, the female representation was 25%.

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

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

Gender, age, employee data							
Category	Men 	Women 	<30 years	30-50 years	>50 years	Head-count	FTE (full time eq.)
Board of Directors	57%*	43%*	–	29%*	71%*	7	–
Senior Management	86%*	14%*	–	86%*	14%*	7	7
Sr. mgmt inc country mgrs	92%*	8%*	–	83%*	17%*	12	12
Middle management	42%*	58%*	–	–	–	31	31
All employees	25%*	75%*	51%*	45%*	4%*	228*	151**

\* Based on headcount

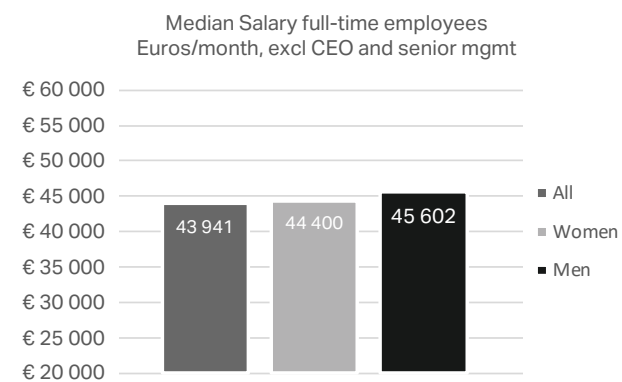
\*\* Based on hours

The Headcount indications are based on the number of people employed on December 31, 2023 (see total numbers in the donut chart under Contracts, sick leave, and turnover rate).

The Full Time Equivalent numbers are reported quarterly and based on hours. The total is added yearly and divided by four to get an average.

**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 set according to the contents and requirements of the job and linked to performance. Target achievement is rewarded, while failure to achieve targets is not. 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 business targets. Björn Borg sets salaries at a level between the lower quartile (25th percentile) and the upper quartile (75th percentile) in each market.



Median salary senior management, including country managers, excluding CEO: € 127 171

Employee to CEO ratio: 1:19

Median salary men vs. women in senior management can not be disclosed due to GDPR since there has been but one woman in the executive management team in 2023.

**Sustainable people**

Even if many of our employees work from home a day or two per week, stress is part of many people’s lives and work situations. Our performance management system is designed to help maintain a healthy work/life balance and keep negative stress at bay. The goals are followed up every month in a pep talk with the reporting manager. Workflow is another of Björn Borg’s foundational work structures. One hour every week, just before Sports Hour, we all work in complete silence to plan our upcoming week, set priorities, and clean our inboxes. This practice, as well as our goal setting, is in place to create a sense of control and peace of mind for the upcoming weekend and the full calendar year. We also offer a health care package with access to private stress management sessions for individuals who need further support.

All Björn Borg employees have been trained in workflow/stress management during the year and managers have gone through leadership training.

The company invested 40 000 EUR (around 300€ pp) and 200 hours in employee training in 2022. Regular analyses of individual employee training needs are done during the monthly goal review.

**SPECIAL LEAVE**

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

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

By Swedish law, all employees have an option to work 80%. Björn Borg allows flex time, up to 40% work/home, and you may allocate your time to fit your life situation as long as you attend the mandatory Sports Hour. If somebody wants or needs to have a part-time arrangement, long-term or during a limited time, we will always find a way to solve it.

### SUPPORT FOR DEPENDENT CARE

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

### VACATION

A minimum of 20 days of vacation per year, in addition to bank holidays, is stipulated by law in Germany, the Netherlands, and Belgium, 25 days in Sweden, and 30 days in Finland.

## Ethics, diversity, and non-discrimination

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

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

Therefore, we promote a culture where anyone within or outside the company feels safe and is encouraged to act and report any wrongdoing related to our operations. A whistleblowing policy is openly available on our website and in internal channels. It includes instructions on how to contact the whistleblowing channel, which is open 24/7, 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 form the basis to identify, prevent or mitigate human rights risks and 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.

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 competences, personal values, and abilities to achieve results systematically, differences add value instead of risking being 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.

Björn Borg does not accept bribery or corruption. Employees are not authorized to accept gifts or the like from business partners, especially suppliers, unless it can be considered customary given the context and the relationship and the gift is of modest value for the recipient. Employees should also be cautious in giving samples, gifts, and the like to customers, e.g., to an individual representative of a customer and especially one making decisions on product purchasing. Employees in Björn Borg may not use their position within the company or use internal information unduly or inappropriately.

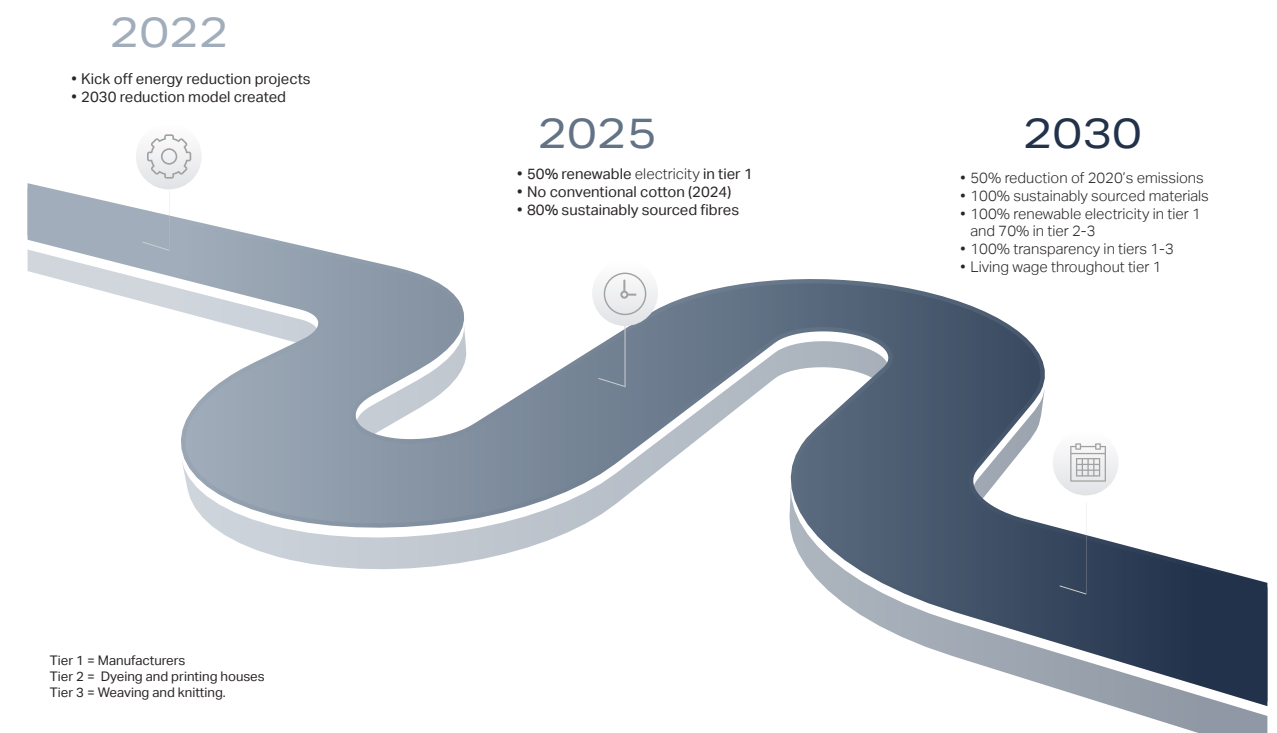


# Reduce climate impact



## Our climate roadmap

Our climate roadmap has KPIs based on data collected from our whole value chain. It aims to meet our goal to contribute to the United Nation's Global Compact Business ambition for 1,5°C by halving our total emissions in absolute numbers by 2030 from a 2020 base year.



## Our emissions 2023

### PROGRESS DURING THE YEAR

During 2023, the company further geared up its sustainability work. The data we collected was more exact and extensive, giving more realistic measurements, analysis, strategy, and goals. Thanks to factual data regarding e.g., material usage, supplier energy usage and waste, we have a deeper understanding for our climate impact, production, and transports. This has enabled sharper analysis and goals and a more targeted strategy and roadmap.

### RISKS AND OPPORTUNITIES

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 create a cost-efficient, climate-responsible, and future-proof business.

A transition to a more climate-efficient business introduces risks within:

- Investments in new technology
- Increased material costs
- Adaptation to market changes
- Climate mitigation
- Increased operating costs (e.g., GHG pricing)
- Legal compliance
- Reputational risk
- Overall physical risks related to extreme weather events and chronic weather changes.

### TOTAL EMISSIONS

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 emission from our operations. Scope 2 includes the indirect emissions during the production of purchased electricity, district heating, cooling, and process steam and scope 3 includes all other indirect emissions, upstream and downstream of the value chain. These emissions are for instance purchased travel, transportation, production of purchased goods and services, and commuting trips of employees. The figure below shows the division of categories between scopes.

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

#### DIRECT

##### Scope 1

Direct GHG emissions occur from sources that are operated by the company.

Company operated cars and refrigerant leakage.

2023: 1,749 tons CO<sub>2</sub>e  
≈1.1% of emissions

#### INDIRECT

##### Scope 2

GHG emissions from the generation of purchased energy by the company.

Electricity consumption and district heating for offices and stores.

2023: 1,202 tons CO<sub>2</sub>e  
≈1.2% of emissions

#### SUPPLEMENTAL

##### Scope 3

Indirect GHG emissions that occur in the value chain of the company.

Emissions for transportations of goods, upstream production, business travel

2023: 1,7160 tons CO<sub>2</sub>e  
≈97.6% of emissions

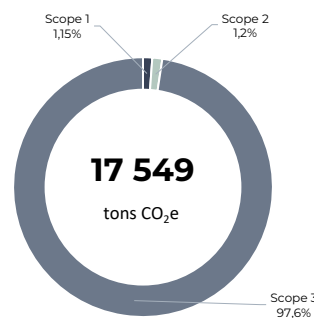
For a description of the control approach, methods for accounting, system boundaries, and methodology, please refer to chapter [Compliance](#).



We divide our climate work into three different groups; Purchased goods & services, Transport of people & goods, and Direct emissions. A more detailed description follows. An overview of the 2023 results is shown below.

Björn Borg's total emissions for 2023 are 17,549 tons CO<sub>2</sub>e (16,277 tons CO<sub>2</sub>e excluding licensee products). The figure shows the distribution of all greenhouse gas emissions, divided into scope 1, 2, and 3, along with the percentage of the total carbon dioxide equivalents (CO<sub>2</sub>e).

Emissions per scope



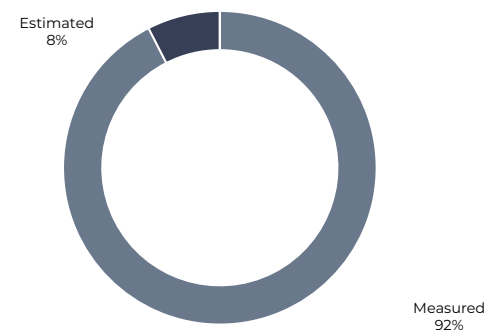
**Emission KPIs**

KPI	2023	Base year 2020	Change 2020-2023
Total emissions per net revenue (ton CO <sub>2</sub> e/MSEK)	19	23	-18%
Scope 1 and 2 emissions per net revenue (ton CO <sub>2</sub> e/MSEK)	0.45	0.52	-14%
Emissions per FTE (ton CO <sub>2</sub> e/FTE)	108	83	29%
Production emissions per sold product (kg CO <sub>2</sub> e/sold product)	1.3	1.3	-1%
Transport emissions per sold product (kg CO <sub>2</sub> e/sold product)	0.04	0.118	-69%
Energy usage per area (kWh/m <sup>2</sup> )	87	137	-36%
Energy usage per revenue (MWh/MSEK)	1.4	1.9	-26%
Production emissions per kg material* (kg CO <sub>2</sub> e/kg)	11.7	10.0	17%

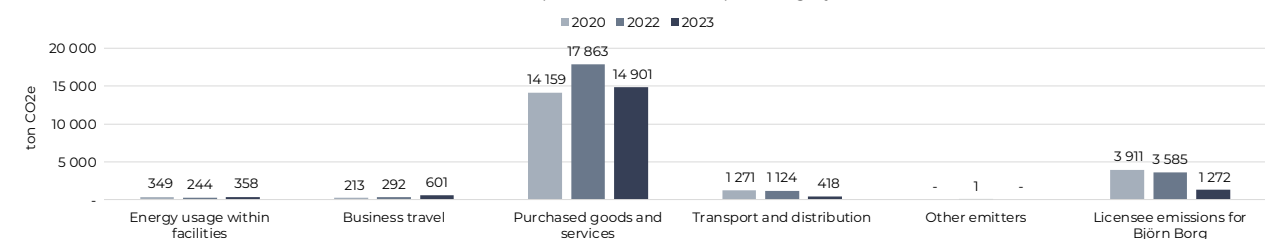
\* Emissions include total emissions from purchased goods and services excl. royalties. Weight includes material weight excl. waste, packaging, and royalties.

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

Data quality



Annual comparison of emissions per category



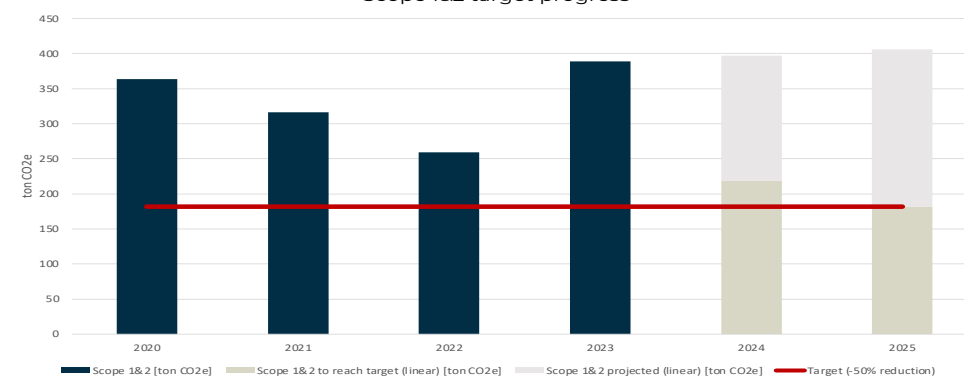
The three dominant sources of emissions are purchased goods and services, licensee products (eyewear and footwear) and business travel. In comparison to the base year 2020, the emissions from purchased goods and services have increased by 5%. For Licensee products (eyewear and footwear), emissions have declined by 67% since 2020. In the category business travel, emissions have grown with 181% compared to the base year. An analysis of these results follows.

**TARGET PROGRESSION**

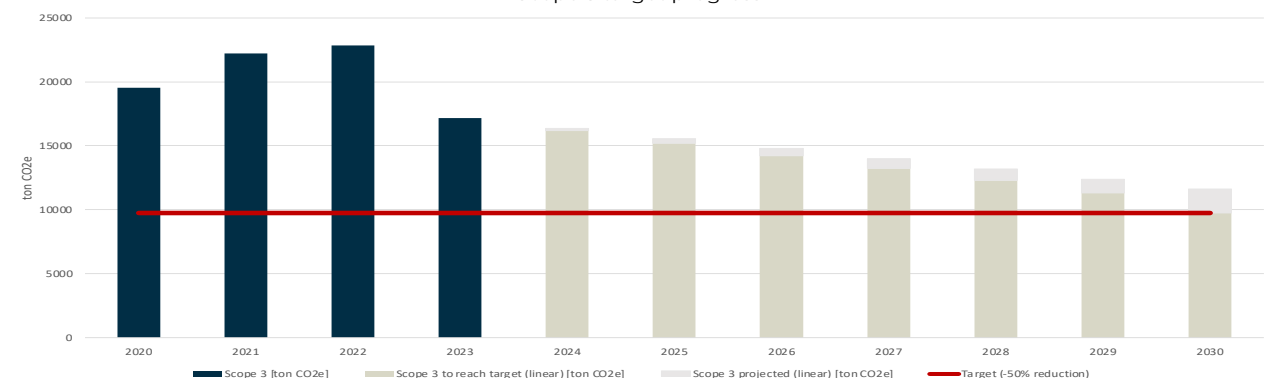
Following our goals, we have identified a target for an emissions reduction of 50% in absolute numbers by 2030 from a 2020 base year. Below shows the target progression for Björn Borg Group and the projected reduction.

The red line indicates the required emission levels to reach the respective targets for Scopes 1 and 2 and Scope 3. The blue bars show the progression so far from the base year, and the beige bars illustrate emissions if Björn Borg Group has a linear reduction of emissions from this year until 2030.

Scope 1&2 target progress



Scope 3 target progress

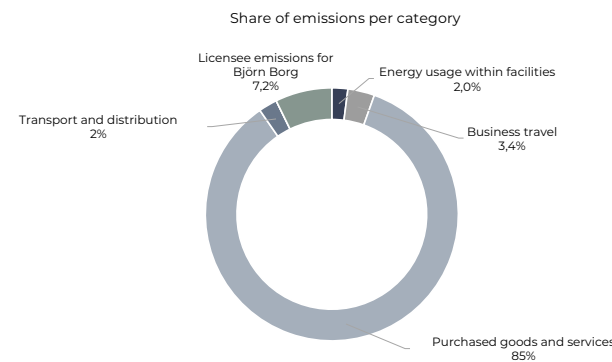




## Purchased goods and services (scope 3)



The largest category of emissions is Purchased goods and services, which stands for 85% (92% if the emissions from licensee products are included) of the total emissions. The number includes the production of Björn Borg products and packaging material. The category Purchased goods and services consists of Tier 1; Manufacturing and Tier 2-4; Material and textile production and packaging material.



## Emission reduction from product

Standing for 85% of our emissions, purchased goods and services are of the highest priority for our climate work. A third-party climate partner helped us establish a 2030 reduction model in 2022. The tool has been developed in collaboration with a handful of Swedish fashion brands with ambitious climate work. It gives us better understanding of our impact and a foundation for more realistic and accurate actions on our path ahead.

Data sources, purchased goods & services	Share
Emissions from primary data	0%
Emissions from estimated sources	35%
Emissions from MSI	65%

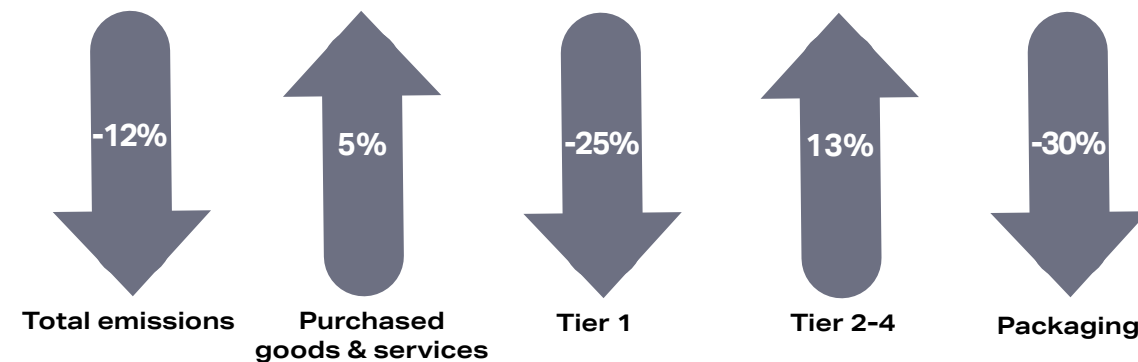
## Fibres & manufacturing

### Key achievements fibres & manufacturing 2023



- Increased share of organic cotton, 7% of total cotton
- Increased share of recycled polyester, 57% of total polyester
- Increased share of recycled polyamide, 24% of total polyamide
- Increased share of renewable energy in production, 9% of all electricity in tier 1
- 100% more sustainably sourced apparel, 57% more sustainably sourced bags
- Successfully established routine to sell second quality products in outlet stores.

## Change 2020-2023



The decrease in emissions of 12% compared to our base year 2020 (24% vs. 2022) is mainly due to a decrease in climate impact from purchased products, but also reduced electricity usage at our factories. This also goes for the climate impact from our licensee products.

Compared to 2020, the overall climate impact from purchased goods and services has increased by 5%, aligning with the increased purchased quantity (7%). However, the tier 1 climate impact has decreased by 25% and packaging decreased by 30%. At the same time, the tier 2-4 climate impact has increased by 13%.

**Emission reduction from fibre will be driven by converting to recycled fibres and better cotton alternatives**

Activity	Goal 2030 (of total weight)	Status 2023	Traffic light
Convert virgin polyamide to recycled polyamide	100%	24%	●
Convert virgin polyester to recycled polyester	100%	57%	●
Increase share of organic cotton	35%	7%	●
Increase share of recycled cotton	5%	0%	●

Working towards our 2030 fibre goals, we will continue converting virgin polyester to recycled. During 2024, our focus lies on bags and sports apparel. We will increase the share of organic cotton in sports apparel and lounge-wear and introduce a new concept in TENCEL™ Lyocell. We will also convert at least one trim to recycled material.

**Emission reduction from production will be driven by conversion to renewable electricity, better dyeing, and country reallocation.**

Activities	Goal 2030	Status 2023	Traffic light
Increase share of renewable electricity for suppliers in tier 1	90-100% of share	9%	●
Increase share of renewable electricity for suppliers in tiers 2-3	70% of share	Mapping, collaboration started	●
Improved dyeing for cotton	50% of total cotton weight	1%	●
Improved dyeing for polyester	50% of total polyester weight	2%	●

A large share of our carbon dioxide emissions come from energy usage in production, where a transition towards renewable energy is crucial to reaching our climate goals. Our collaboration with several suppliers has successfully led to the installation of solar cells \*in several factories. We will see the full effect of this in 2024.

We take measures to ensure reasonable lead times e.g., through assessment of suppliers' production capacity, production planning in cooperation with suppliers, and consideration of impact of changing orders on suppliers.

## Packaging

### Key achievements packaging 2023



Purchased goods & services

- Packaging redesign project for our underwear completed
- New solution for shipping less air finalized to be introduced in 2024
- All ingoing packaging from suppliers mapped for transition towards recycled material in 2024
- QR code with material and recycling information introduced on our product packaging
- 100% of cardboard in packaging for products, e-com, and outgoing shipping comes from certified forests, controlled wood, or recycled packaging
- CO<sub>2</sub>e emissions from packaging down by 23% vs our baseyear 2020.

We initiated and completed a major packaging redesign project for our underwear in 2023, which will be introduced to the market in early 2025. Read more about this in the chapter "User phase".

Moreover, we have worked for a couple of years with finding a good solution for our shipping boxes. The goal is to ship less air and a new solution will be implemented during 2024. The business case indicates that we could save as much as 6600 m<sup>3</sup> per year, which would have a major impact on our transport emissions.

During 2023, we also mapped all packaging for ingoing shipments with our suppliers. We will start a transition towards recycled material in ingoing cartons and polybags during 2024.

To meet new requirements, all our product packaging is marked with a QR code showing information about materials and recycling methods, as well as the Triman logo with recycling information.

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

Action	Goal 2030	Status 2023	Traffic light
Replace conventional plastic in packaging with recycled	100% of total weight	47%	●
Replace conventional cardboard in packaging with recycled	100% of total weight	26% recycled 40% FSC mix 33% outgoing	●

100% of the emission data for packaging is measured and packaging material stands for just under 3% of our total emissions. 100% of all cardboard in our packaging for products, e-com, and outgoing shipping comes from certified forests, controlled wood, or recycled packaging. Some plastic, polyester, and metal details are virgin.

The biggest challenge for us in terms of packaging is to find a balance between design, cost, and sustainability in development. Chemicals in packaging production is controlled by our RSL (Restricted Substances List), which is updated twice per year. Our packaging suppliers adhere to the Amfori BSCI code of conduct.

During 2022, we investigated a new packaging solution for e-com, evaluating a paper bag solution instead of the current bag in recycled plastic. Our analysis showed that opposite to what many think, the plastic bag was more sustainable in terms of emissions. Our plastic bags require less space in transport and are certified ÅterBära™, made from recycled material from a certified factory in Europe, and marked for recycling through FTI. They are used for all products but for underwear, which has posed a challenge in the post.

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

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

## Transport of people & goods

### Key achievements transports 2023



Transport of people & goods

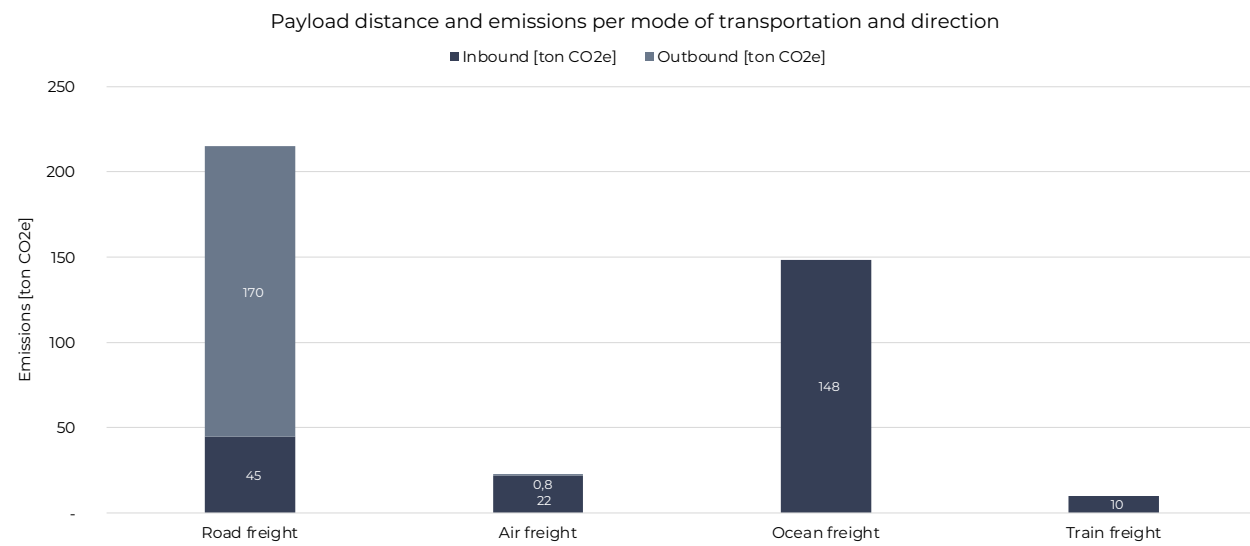
- All outbound airfreight must be approved by senior management
- Stopped flying to 37 markets in e-com business due to high emissions and costs
- Decrease of emissions from transport: 63% vs 2022
- Recycled paper in all cardboard in all outbound and most inbound shipping boxes
- New last mile deliveries for e-com business.

#### EMISSION REDUCTION FROM TRANSPORT

As of 2021, all outbound airfreight shipments must be signed off by our senior management. During 2023, merely three outbound shipments were sent by air for wholesale, retail, or marketing. Our outbound team always challenges small orders for later delivery to consolidate for a bigger shipment to avoid shipping air.

In 2023, we stopped air delivery to 37 markets for our e-com business. With our e-com business gaining market, a total increase of 36% in 2023 (vs. 2022), we continuously challenge ourselves to find solutions for reducing our CO<sub>2</sub> emissions. The main reason for our returns is sizing-problems, so to decrease the return rate even further, we are looking to improve our product images and our product information. We have also introduced an interactive size guide. Moreover, we integrated 3D solutions for bags and shoes full-scale during 2023. A product returned in our own e-com business is either sold through our outlets or, if the packaging is unbroken, sold through the ordinary web shop.

To decrease our e-com emissions further, we will keep challenging markets and decrease our discounts. For closing air transports to even bigger markets we fly to, new logistics solutions must be implemented not to cause financial implications.



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

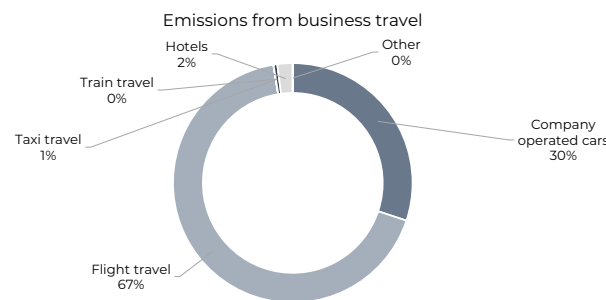
**LAST MILE SOLUTIONS**

We work with Budbee in Sweden, Finland, and Denmark, Instabox in Sweden and Denmark, and a DHL e-commerce solution in the Netherlands and Germany. All partners are driven by environmental goals and in Germany, for instance, DHL aims for zero emissions through its 28,500 bicycles. 86% of the DHL last mile fleet runs on electricity from renewable sources. All Budbee trucks run on HVO100 renewable diesel.



**BUSINESS TRAVEL**

During the pandemic, we took close to zero business flights and the emissions from flight travel have therefore increased significantly compared to our base year. However, real-life meetings work better for some things. We increasingly travel by train since air travel clearly is the most environmentally inefficient means of transport.



**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.

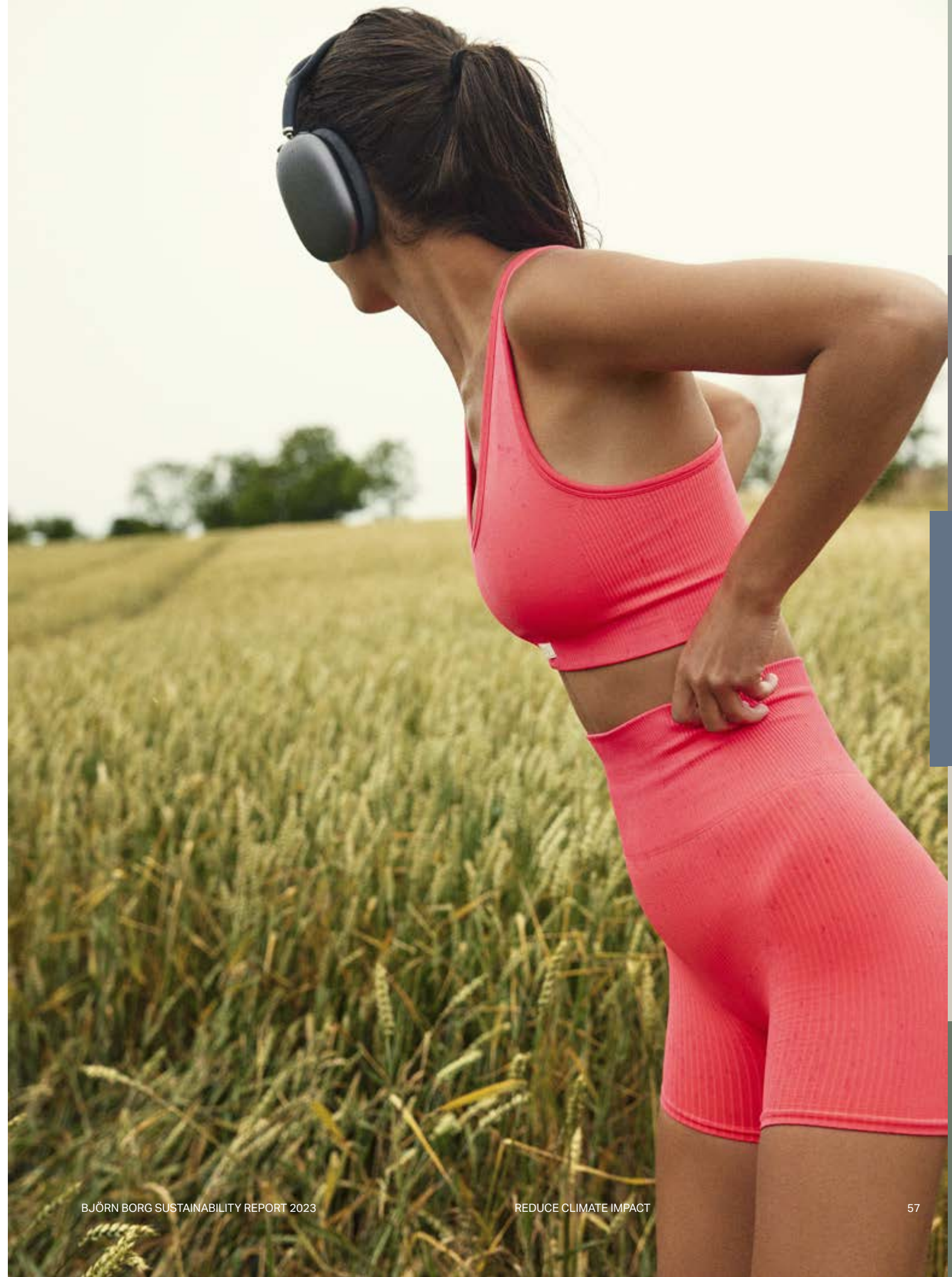
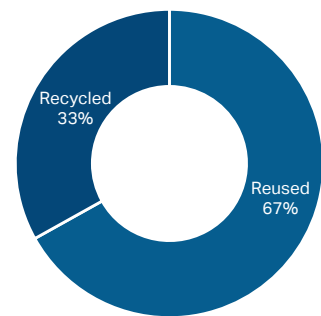
Nowaste Logistics also lives up to its name, recycling organic waste into biogas. In 2023, their waste produced 9,267 m3 biogas, equivalent to 10,277 litres of petrol. A project working towards ISO 9001 and 14001 certificates is initiated. Overall, emissions from our third-party warehouses have increased by 38% since our base year 2020. The main reason for this is that our warehouse didn't have renewable electricity last year, while it did the years before.

**IT**

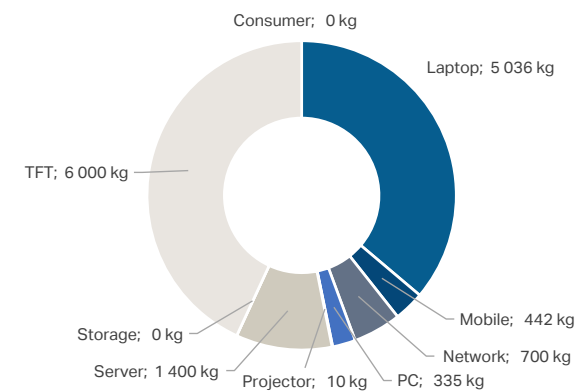
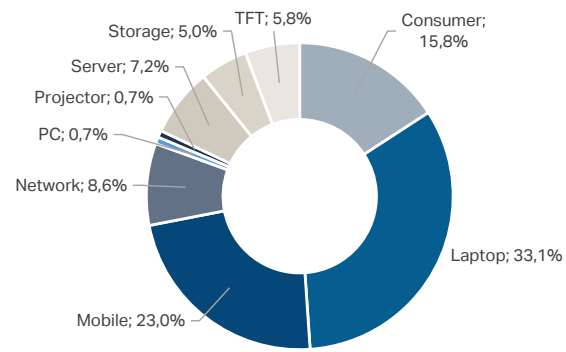
To reduce electronic waste, Björn Borg sends all its discarded IT devices to Inrego, a company that refurbishes IT devices for resell in 90 countries. The Inrego process is ISO certified and developed over 25 years. Through our collaboration, our used IT hardware are either reused or recycled. The saving in emissions for 2023 is 14 tons (2022 9.4 tons) of CO<sub>2</sub>, corresponding to the energy consumption of 1,337 refrigerators or heating of 56 apartments for a year. The scientifically based calculation measures how much carbon dioxide (CO<sub>2</sub>) is saved when we reuse computers, smartphones, and other IT products. The calculation model has been developed together with IVL, the Swedish Environmental Research Institute. The model produces exact figures on carbon dioxide savings, calculating the emission savings based on category, subcategory, and model all the way down to component level.

The Inrego business concept is to maximise the reuse of IT products to reduce their climate impact.

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



### Categories submitted to Inrego



Emissions saved per category compared to a company purchasing a new product of the same type. Categories marked with 0 kg indicate that none of our returned goods in the category could be reused, only recycled. The reason for this is normally that the product has been used beyond its lifetime.

### HOW ARE THE CO<sub>2</sub> FIGURES CALCULATED?

- Emission data for the various processes in the lifecycle have been collected from the manufacturers' published environmental data, after which average values have been calculated per product type and subcategory.
- The values of components have been calculated according to specially produced models based on material and component content.
- If a product requires a replacement part to be reused, the component's manufacturing emissions are deducted from the savings.
- The emissions savings are distributed equally between the first and second users, as both are necessary for recycling to take place. This avoids double-counting.
- The savings are stated in kg CO<sub>2</sub>e; a measure of the climate impact of all kinds of greenhouse gas emissions converted to carbon dioxide.
- Emissions from every stage are included. From extraction of minerals and fossil fuels from the ground to manufacturing, distribution, use by both first and second users, transport to and from the recovery plant, the recycling process, and transport to and from the recovery plant, the recycling process, and transport to the material recycling plant where the product's lifecycle ends.

Going forward, Björn Borg will continue to purchase TCO certified products, repair instead of recycle if possible, recycle all obsolete IT equipment, and use the equipment for as long as possible.

### DATA SECURITY

Cyber risks are handled through the following of our policies and procedures. Employees are regularly informed about risks and flag external emails. An online employee education program in data security was rolled out during Q4 2023.

We regularly follow up on our IT Framework and in Q4 each year an external security audit on the company's technologies and practices affecting user data is made. The audit is an evaluation process of all systems (internal and external) that gives all units an IT security score. The score is followed up and a plan to increase the security code is discussed with the supplier.

External data subjects can raise concerns about data privacy through the Björn Borg customer service. Employees turn to the HR or the IT departments.

No data security breaches have been encountered during 2023. If we would have a breach concerning personal data, it would be reported to The Swedish Authority for Privacy Protection (IMY) by Swedish law.



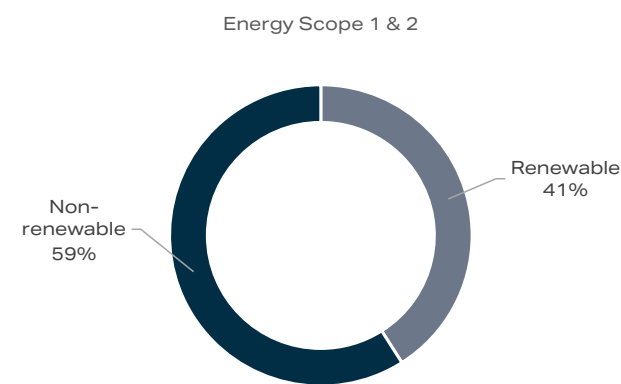
## Direct emissions – scope 1 & 2

Scope 1&2 results, change 2020-2023	
Emissions per category	Share
Company operated vehicles	33%
Refrigerant leakage	–
Electricity	–10%
Heating, cooling, and steam	–11%
Fuel use for own heat or electricity prod.	38%
<b>TOTAL</b>	<b>7%</b>

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

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

In our total climate accounting, the direct and indirect emissions are 186 tons CO<sub>2</sub>e in scope 1 and 202 tons CO<sub>2</sub>e in scope 2, constituting a total increase of 7% in emissions from our 2020 base year.



### STORES AND OFFICES

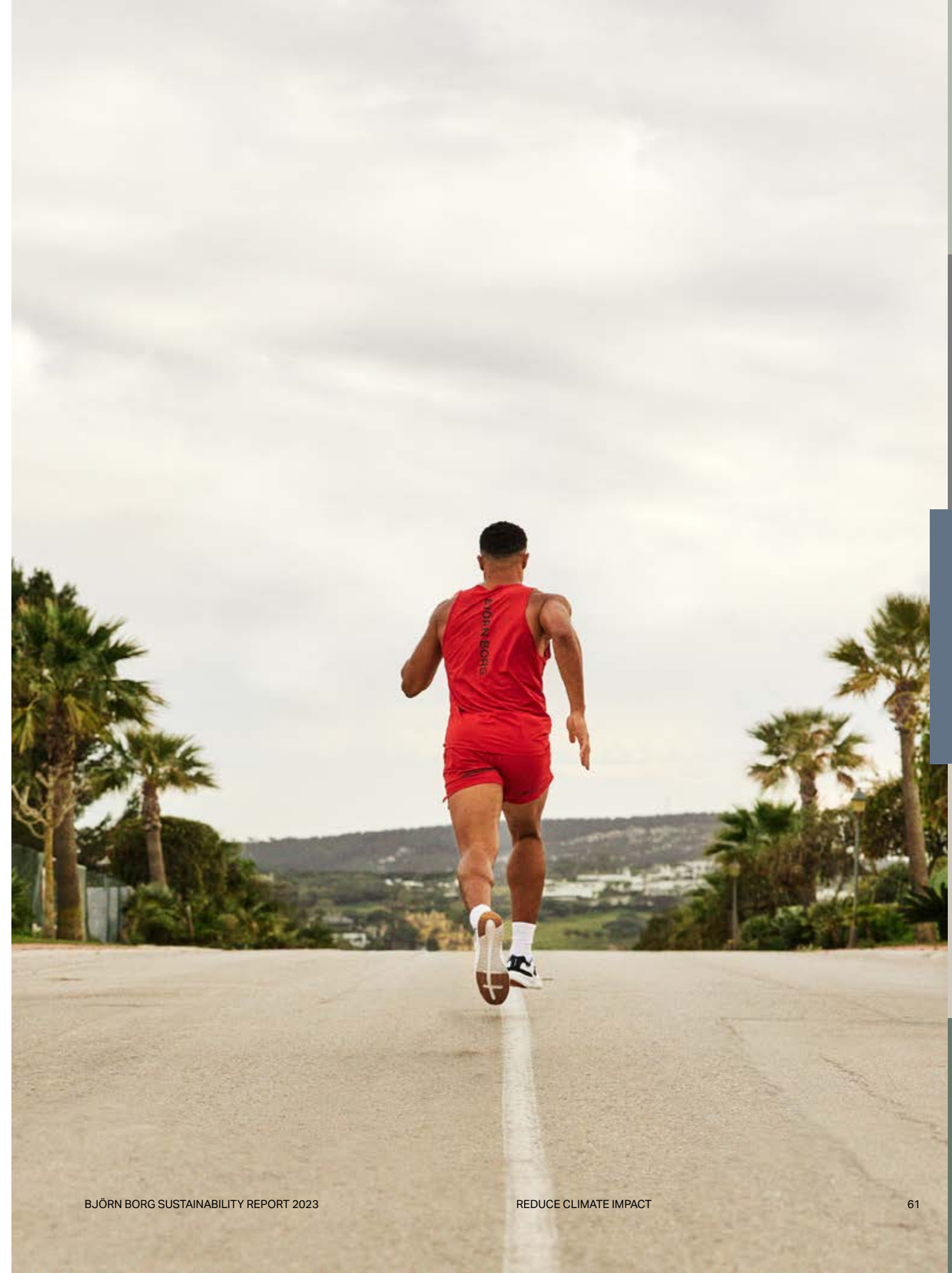
The emissions from energy usage within our own operations has increased with about 38 percent since 2020, mainly due to energy usage on our Dutch market.

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

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

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

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



## User phase

### Key achievements user phase 2023



User phase

- Successful project of selling second quality products in our outlet stores
- WWF Biodiversity risk filter performed
- 563 million litres of water saved and 344 kg of pesticide active ingredient avoided through the sourcing of Better Cotton
- 90% of fibres in Björn Borg eyewear recycled
- Björn Borg eyewear got ISO 14001 and ISO 9001 certified during 2023.

## Sustainable consumption

The overall driving force in our work is to find ways to enable consumers to lead a more sustainable lifestyle.

We have decreased the number of sales seasons to do less harm to nature and have a few more tools to encourage and support sustainable consumption.

Our primary workflows are as follows:

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

### SUSTAINABLE DESIGN VISION

The sustainability of a product starts with its design. We carefully choose materials and finishing processes that have a low environmental impact. By creating durable and high-quality products, we reduce their environmental footprint per use.

Our design and product development guidelines align with our sustainability goals. Our products are designed with quality, fit, and longevity in mind. We create pieces that can last a long time and grow old with their owners. We design with circularity, durability, recyclability, versatility, and timeless design in mind to reduce the number of fashion seasons and usage of resources.

We use digital tools to increase efficiency in product development and reduce the production of physical prototypes and salesman samples. This helps us to scale down for a reduced environmental footprint.

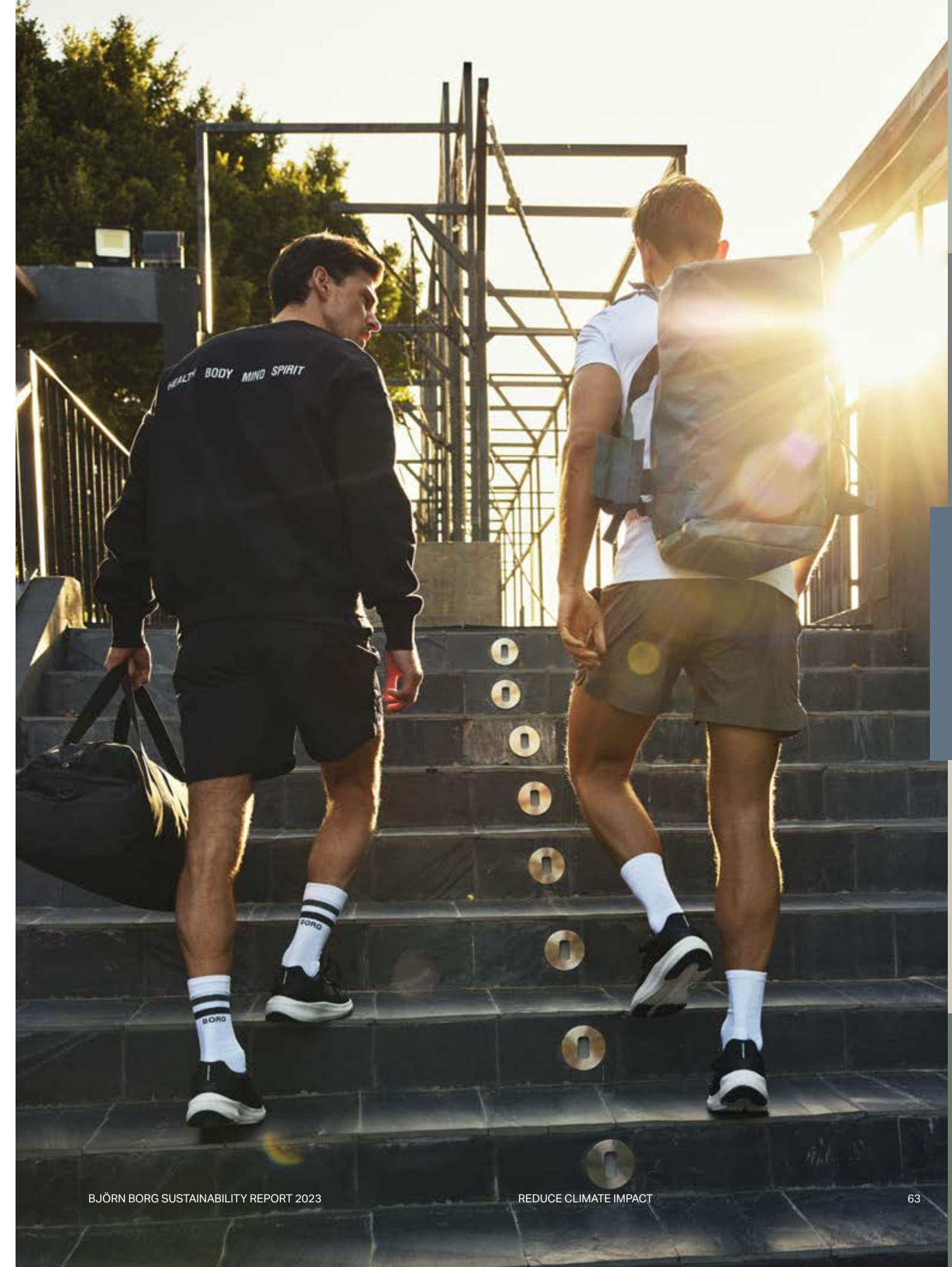
We are constantly improving our previous designs by reinforcing them and using more sustainable production methods and materials. We use our learnings to improve our sustainability efforts.

### CIRCULARITY

Production represents a significant portion of our footprint. However, the lifecycle of our products doesn't end once they leave our stores. We can influence their lifespan in various ways. Many of our products, such as workout clothes and intimates, are washed frequently at high temperatures. This has a considerable environmental impact and affects the longevity of the garment.

We are exploring alternative ways to contribute to a circular business model. Some of our initiatives include:

- Incorporating recycled materials into our products.
- Partnering with Sysav, a textile sorting facility that recycles textile waste. We send textile waste and unsellable products from our Swedish stores and our head office for recycling at this facility.
- Selling samples and old stock at sample sales twice per year.
- Launching a new second-quality concept in our outlet stores in 2023. We offer products that came out from production with minor defects at discounted prices.





## MATERIALS & PROCESSES

A material or a production process can never be 100% sustainable. However, we believe that by sourcing more sustainable materials and improving production processes, we can greatly reduce our carbon footprint. All Björn Borg clothing is more sustainably sourced, meaning that the products either contain a minimum of 70% more sustainable material than conventional or support Better Cotton's mission.

To ensure that we minimize negative impacts from our product, production, and other operations, we strictly follow a Material & Process Guide. This guide ranks materials as 'not approved', 'approved', and 'superior', helping us to select better materials and work with suppliers who are committed to improving production processes.

In 2023, we continued to increase the sustainability offerings in our collections. We successfully maintained 100% sustainably sourced apparel and increased the share of more sustainably sourced bags to 57%. We have incorporated more recycled materials in products available in the market by 2024. This includes second fabrics, elastics on two of our underwear concepts, and parts of our labels. Additionally, we introduced a new process to sell second-quality products with minor defects through our outlet stores. It has been a successful initiative for our suppliers, us as a company, our consumers, and most importantly, the environment. 69% of all fibres in Björn Borg's apparel and bags are more sustainable according to the list Better Choice Materials in this chapter.

We launched two new initiatives for recycled polyester during the year: REPVEVE® Our Ocean™ and We aRe SpinDye®. REPVEVE® Our Ocean™ is made from plastic bottles at high risk of entering the oceans and is used in parts of our swim collection. We aRe SpinDye® is a water, energy and chemical-saving dyeing technology that we use in selected training items. Our development team focuses on increasing our share of organic cotton and converting virgin fibres to recycled ones.

A few highlights that will reach the market in 2024:

- All the linings for our bags will be made from recycled materials.
- We increase the share of organic cotton in our UW Her and leisure concepts.
- We introduce recycled cotton in our products.
- We implement recycled polyester and recycled polyamide in the elastics on our Performance Underwear and Premium Cotton Stretch underwear.
- We launch Bamboo Viscose products and new loungewear in TENCEL™ Lyocell.

Furthermore, we have initiated a group focusing on finding better dyeing techniques for our range in the upcoming seasons. This is an essential step in our 2030 emission reduction roadmap.

Our biggest challenge in accelerating this development is finding more sustainably sourced materials that meet our criteria on price, quality, and minimum order quantity.

### Wood fibres

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

Lenzing's pulp and wood sources are almost all certified or controlled by FSC or PEFC, which includes biodiversity risk assessments. They also partner with Canopy, a non-profit organisation that works with large customers and suppliers the forest industry to protect ancient and endangered forests by adjusting purchasing practices.

Björn Borg never uses wood fibre from forests in which high conservation values are threatened or where wooded ecosystems are being converted to plantations or other non-forestry uses. Additionally, we do not use wood fibres from areas where genetically modified trees or illegal sources of any kind. All viscose used in Björn Borg products is derived from sustainable wood/fibre.

### Petroleum-based fibres

45% of Björn Borg's total material weight used during 2023 comes from petroleum-based fibres, of which 35% are recycled. In total, 15.5% of Björn Borg's material weight is derived from recycled sources. 17% of Björn Borg's emissions in tons CO<sub>2</sub>e per kilo material come from recycled materials.

### Animal Welfare

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

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

## Our better choice materials and processes 2023

### Materials

#### Synthetic Fibres

Recycled Polyester

Recycled Polyamide

Repreve® Our Ocean™

#### Natural fibres

##### Cotton

Organic cotton

Recycled cotton

Better sourced option for cotton:  
Better Cotton

##### Wool

Responsible Wool Standard (RWS)

#### Regenerated fibres

TENCEL™ Lyocell

LENZING™ ECOVERO™ Viscose

Viscose - Bamboo

Forest Stewardship Council (FSC)

### Other materials

#### Wood and paper

Recycled  
Forest Stewardship Council (FSC)

#### Plastic

Recycled  
Bio acetate

### Processes

We aRe Spin Dye®

Avitera - High IQ® Lasting Colour Eco

Digital print

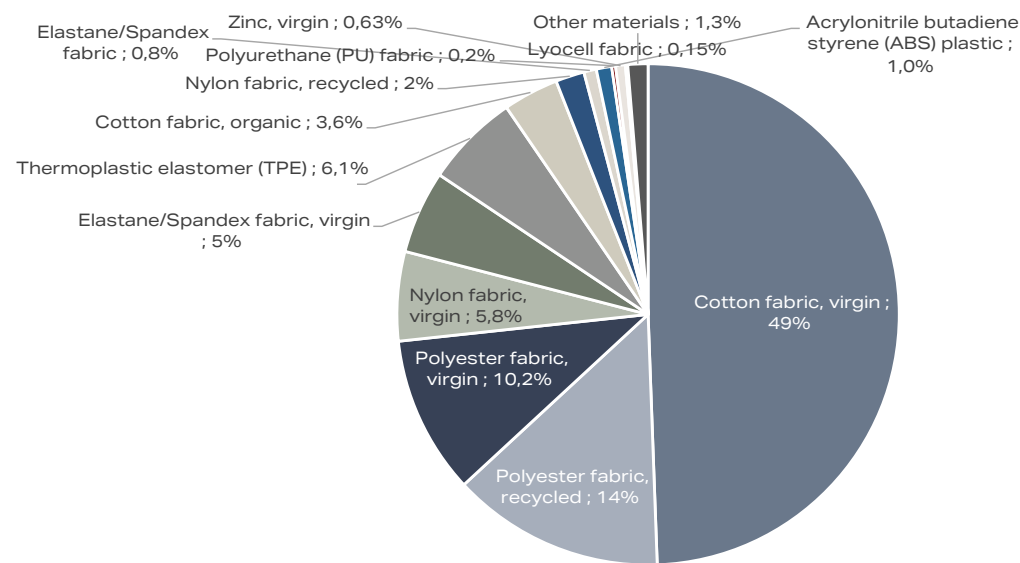
Sublimation print

BIONIC-FINISH® ECO

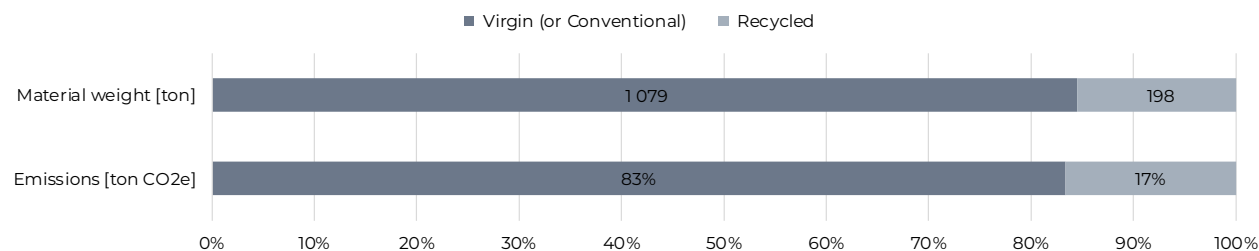
**Wool** – All wool must be from non-mulesed sheep.  
**Leather** – Leather that is used in production of Björn Borg products should originate from animals that have been bred for food industry, and not just for the sake of the skin.

**Down** – Björn Borg does not accept live plucking of birds. The down and feathers used in the production of Björn Borg products must be sourced from birds that are bred for the food industry and not just for their feathers. All virgin down and feathers used must come from farms certified to RDS or to a similar standard.

Share of material weight, products produced 2023



Relation between emissions and material weight for the origin of materials



**Wet processes and waste**

**Water**

Our code of conduct doesn't explicitly mention water but includes expectations on environmental protection in more general terms. The signatories commit to:

- Implement a process and risk-based environmental due diligence management system in their business practices. The process can be integrated into the overall due diligence management system.
- Comply with national environmental legislation or international standards where national legislation is weak or poorly enforced.
- Identify the environmental impacts of their operations and implement adequate measures to prevent, mitigate, and remediate adverse impacts on the surrounding communities, natural resources, climate, and the overall environment.

Chemical and water management is essential for the safe use and handling of our products for both people and the environment. We do not participate in any external projects or initiatives to reduce water consumption at the production sites. However, we have ongoing projects to use more fabrics dyed with water-saving techniques. Our biggest supplier uses a modern wastewater treatment technique in their factory in Bangladesh, where a significant share is reused in a closed-loop system. The factory cleans the wastewater on-site after dyeing. Some of the water is reused in their dyeing processes, while the rest is used to water green areas outside.

Most of our printed products are cotton underwear. We have conducted tests using digital printing to conserve water; however, the quality of the print hasn't been clear or colourfast enough. Additionally, we face

challenges with the dyeing of polyester products due to the minimum order quantities and high prices.

We are mindful of our water consumption when sourcing fabrics. Despite the challenges involved in cotton cultivation, Björn Borg's investment in Better Cotton's Mission is an opportunity to have a positive impact.

We partner with Better Cotton to help improve cotton farming globally. Better Cotton's mission is to help cotton communities survive and thrive while protecting and restoring the environment. 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 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 well-being. In 2021-2022, Better Cotton licensed 2.2 million farmers from 22 countries. Together, these farmers produced 22% of the world's cotton.

In 2023, we sourced 93% of our cotton (footwear excluded) as Better Cotton.

These are the estimated results of our sourcing of Better Cotton in 2023.

A challenge with Better Cotton for us is that some customers don't recognize Better Cotton as a more sustainably sourced material due to not being trace-

able. We collect certificates for other cotton with lower GHG emissions, such as recycled or organic cotton.

No water is used in our footwear production in Tier 1 factories, but rather in Tier 3 (leather tanning for instance), where we have little or no leverage.

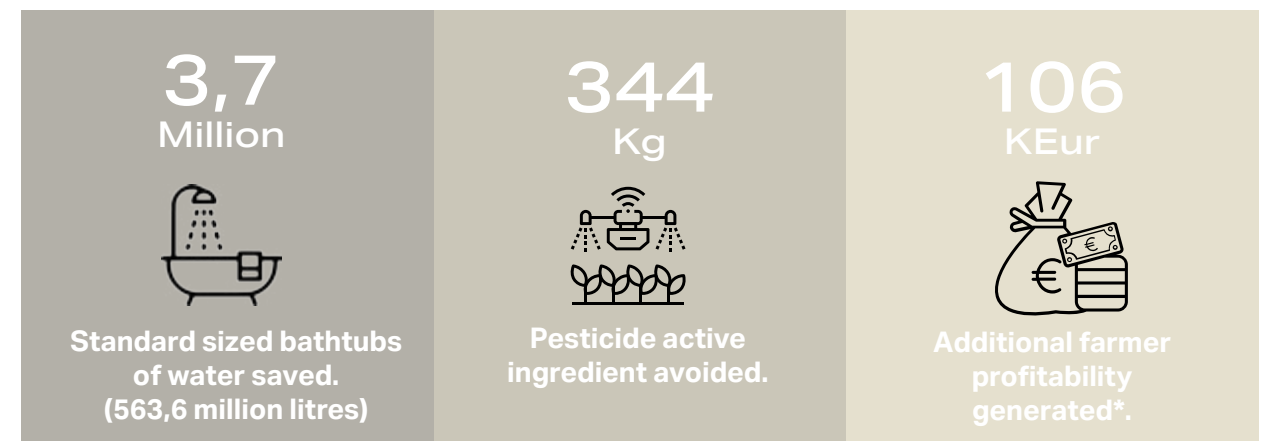
Water footprint is not very well understood within the eyewear business but during 2024, our eyewear licensee will hire a head of sourcing to further map supplier water reduction initiatives.

**Chemicals**

We have a thorough chemical management program to ensure that our products are safe for the environment and throughout the whole value chain. The program includes a Restricted Substances List (RSL) and an MRSL (manufacturing restricted substances list). The RSL specifies the maximum acceptable levels for certain chemicals in our products, while the MRSL lists the chemicals that are allowed in production.

Our RSL is provided by RISE, the Swedish chemicals group, and is updated bi-annually. It includes recommendations on which chemicals to test for different products. The list is based on the REACH regulation adopted within the EU, but our standards are more stringent. We enforce a complete ban on Substances of Very High Concern (SVHCs), which are chemicals that are still permitted up to a certain level within the EU.

Chemical tests are performed on selected products twice per year. One product per vendor is selected and sent to a 3rd party lab for chemical



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

testing against our RSL. The product is chosen after a risk analysis, taking, for instance, the risk of hazardous chemicals added due to value-adding properties to the garment, the size of the batch, and new suppliers into account.

We follow the legislative developments in chemical management and micro pollution and will make sure to update our way of working to be compliant with the requirements.

Our licensees in footwear work actively with chemical management in a similar way as Björn Borg Group, testing our shoes on REACH and CADS levels.

### Biodiversity

We ran our factories through the WWF biodiversity risk filter in 2023 but will need to make a deeper analysis to be able to draw any conclusions from the results. We will discuss our impact on biodiversity and future actions when doing our double materiality analysis in 2024.

### Waste

In 2023, we focused our waste-control efforts on taking care of second-quality seamless products, over-production, and leftover fabrics in factories. Although we have no outspoken future targets on waste management yet, we will continue to take care of leftover material, streamline designs, and redesign product packaging with recyclability in mind.

For our Autumn/Winter 2023 and Spring/Summer 2024 collections, we sold second-quality products in our outlet stores. It has been a successful initiative that we will continue in the coming seasons.

We include the production waste of our suppliers in our annual climate calculations. In 2023, this waste ranged between 1% and 17%, with an average of 6,3%. The numbers exclude 9 factories that have not reported their waste to us. We had no scrapped products due to failure in chemical tests in 2023. We regularly evaluate our packaging and remove any unnecessary parts whenever possible. Any unsellable products or other textile waste in our Swedish stores and HQ are sent to our partner Sysav for recycling.

Our footwear licensee also makes efforts to reduce waste by excluding prototype rounds and minimizing the number of SKUs for collections.

### QUALITY CONTROL

Our production team is committed to ensuring the products we launch have the longest possible lifespan. Apart from design, we conduct detailed

quality controls. We subject fabrics to lab testing at different stages of production to assign them a rating and prepare 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.

Once the fabric quality process is completed, the products are sent to production. During this phase, we conduct inline inspections for quality assurance. A final quality inspection is made when the product is ready to be delivered from the factory. A third-party quality control helps us ensure that the products leaving our factories are of the highest quality. Inspections are mandatory during production and before the garment is shipped, which helps us avoid producing or shipping defective products that may otherwise have to be disposed of. Our quality controls follow the ANSI/ASQ Z1.4-2013 standard.

### Footwear

Our footwear licensee aligns with a goal of at least 50% more sustainable material. They have reached 36% of the range in 2023. Additionally, 15% of the material or fibres for our shoes were recycled. We are increasingly exploring the use of leather, which is a durable material both emotionally and over time.

During the year, we continued working with decreasing the number of sample rounds for production as well as minimizing the number of samples. It has resulted in less transport, less waste, and decreased emissions.

The more sustainable materials used in our shoes are:

- LWG certified leather.
- Natural materials, e.g., natural rubber and TENCEL™.
- Recycled materials, e.g., recycled PU, recycled rubber, and recycled polyester.

Only DRC conflict free materials are being used for our footwear production.

Leather, fur, skin products or feathers used for our footwear production must be a by-product of the meat industry and come from farms with good animal husbandry and slaughtered in a humane way. All animals must be well treated along the supply chain. We have zero tolerance to cruelty such as live skinning, live boiling, plucking from living birds, unethical and/or painful slaughter or any other cruelty towards animals.

The following materials are not permitted in Björn Borg footwear:

- Polyvinyl Chloride (PVC) – should be substituted for non-toxic, biodegradable recycled Thermoplastic Polyurethane (TPU).
- Synthetic rubber: Styrene Butadiene Rubber (SBR) – only non-toxic, fully recycled synthetic rubber is allowed.
- Leather: no leather with origin from deforested Amazon areas is permitted.
- Flame retardants: Halogenated flame retardants are prohibited.
- Volatile Organic Chemicals (VOCs) may not exceed 25g/pair.
- Zero tolerance to the use of palm oil products from FGV Holdings Berhad and Sime Darby plantation Berhad.

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

European and International laws hold suppliers responsible for making sure that their products and packaging do not cross the permitted limits of hazardous chemicals published in REACH\*1, POPs\*2, BPR\*3, CA65, CPSIA. Several footwear customers apply the stricter regulation CADS\*5.

Repeated violations will result in an immediate termination of the contract with a supplier. No case of non-compliance has been reported during 2023. Leather is the only animal derived material that was used in our shoes during 2023.

### Eyewear

90% of the fibres, in volume, in our eyewear, glasses cases, and polishing cloths are made of recycled fibres. We use eco acetates, MEM nose-pads (energy-saving and recyclable material), biodegradable demo lenses and biodegradable packaging. With replaceable hinges, we prevent consumers from throwing a fully functional frame due to malfunctioning hinges.

Eco acetates are manufactured with a binding agent made from either FSC (Forest Stewardship Council) certified cellulose or cotton fibres. This contributes to making them biodegradable. The decomposing process is around 5 years compared to up to 1,000

years for conventional plastic. The material can be degraded into carbon dioxide, water, methane, mineralized inorganic salts, and new substances under certain conditions.

The Eco acetates are certified according to the ISO15985 Standard.

The eyewear prototype sampling production is located in Sweden. Several steps during production of our eyewear include chemical management: e.g. soldering, milling, coloring. All steps are done in accordance with the EU REACH-standards. No petroleum-based fibres are used in Björn Borg eyewear.

Our Eyewear licensee got ISO 14001 and ISO 9001 certified during 2023.

### CONSUMER DIALOGUE

Estimations show that around 20-25% of a clothing garment's environmental footprint comes from the use phase. We want to help the consumer to minimize this part through educational product information. Being in direct contact with consumers is critical and our stores, social media channels, web, packaging, and newsletters are key platforms for this dialogue. Our target group is social and environmentally conscious, and the interaction gives us plenty of valuable feedback and inspiration.

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

In 2023, we increased the communication around a more sustainable lifestyle in our social channels. We aim to inform consumers on how they can decrease the environmental impact of their product through reducing, reusing, and recycling.

Another highlight this year was the completion of a packaging redesign project, where we thoroughly reviewed and improved the packaging of all our products. We have replaced the plastic windows and hooks with 50% recycled PET and eliminated the hooks from our 5-pack underwear. Additionally, we made all windows smaller. The new and improved packaging will be introduced to the market at the beginning of 2025.

Björn Borg commits to responsible marketing in social factors like diversity, equality, inclusion, and health. We adhere to the Swedish Fashion Ethical Charter which advocates a healthy body image. We

avoid digital manipulation to create unrealistic body and beauty ideals and exclude models with a very low Body Mass Index. Instead, our models must be athletic and healthy. Influencers we collaborate with clearly inform about the collaboration when posting about our products.

We believe in celebrating diversity, promoting body positivity, and fostering a healthy lifestyle. Our commitment to responsible marketing is about embracing inclusivity and inspiring everyone to feel confident in their own skin. We work for inclusivity and health, and we feel that everyone should feel empowered to embrace their training and health journey, regardless of their age, background, or body type.

Communication from Björn Borg should never be judged as offensive based on currently prevailing standards of decency and we are committed to not make any unsubstantiated product claims. Therefore, we have trained our communicators in sustainability communication and responsible marketing during 2023. Our marketing should always be truthful, accurate, substantiated, and never misleading. Therefore, we try to be as transparent as possible about our sustainability work, our social commitments, and our environmental footprint. Knowledge among staff is a challenge and we see a need to deepen it further to secure compliance to present and upcoming legislation.

To keep our ears to the ground, we regularly perform a consumer survey made by a third-party partner, where one of the questions are about whether consumers perceive us as a sustainable brand. The survey is performed on 1680 consumers over 7 markets every month. The share is increasing (52% in 2023), which we believe is partly thanks to our communication efforts, partly thanks to the products delivering on the message.

We see a potential for improvement through establishing clear goals with the executive management team and make sure these goals align with the company's overall goals and are measurable and achievable. We can also improve by providing more training and resources to help our team to understand and implement sustainability initiatives. Additionally, we could involve more people in the decision-making process, seek their input on strategic choices, and encourage them to become advocates for sustainability within the company.



# Secure Social Compliance



## Key achievements supply chain 2023



Social compliance

- 100% transparency in Tier 1 & 2 factories.
- Introduced manufacturing in Vietnam, resulting in less dependency on China.
- Implementation of renewable energy in several key factories.
- Education of key suppliers in climate action.
- Several Tier 2 suppliers enrolled in Amfori BSCI.

In 2023, we continued to increase transparency in our supply chain and identified key Tier 2 factories based on our production volume. Several suppliers have either already converted or plan to convert to renewable electricity within the next couple of years. During the year, we visited suppliers in China for the first time since before COVID-19. We also travelled to suppliers in Vietnam and Türkiye. As part of our efforts to decrease our dependency on China and balance risks, we have moved some of our production from China to Vietnam. In 2024, we plan to move even more production out of China.

We have been educating our suppliers on climate action through workshops with directed suppliers, and through webinars targeting suppliers in China. We enrolled more Tier 2 suppliers in Amfori and have seen improved audit results with several suppliers.

Activities and goals supply chain				
Action	Goal 2030	Goal 2025	Result 2023	Traffic light
Improve average amfori BSCI score	Average score B in Tier 1	Min 5 factories score B in Tier 1	Average score C in Tier 1; 3 factories scored B	●
Increase supply chain transparency in Tier 3	100% transparency	TBC	Ongoing mapping	●
Increase share of living wage	100% living wage in Tier 1	50% living wage in Tier 1	23%	●

## 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. In 2023, Amfori updated the code of conduct, imposing stricter requirements for human rights due diligence, responsible principles, gender references, and further alignment with the United Nations Guiding Principles. Additionally, the code now places greater emphasis on ensuring a living wage and fair recruitment practices.

### LICENSEES

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 visit factories regularly. 100% of our footwear Tier 1 suppliers were audited in 2023.

## Key achievements social compliance 2023



Social compliance

- Supplier Guide updated with new animal welfare policy and product security standards.
- Our Terms & Conditions are updated with stricter terms for product and chemical testing.
- Suppliers trained in Social Management Systems, fair remuneration, workers' involvement and improved working conditions.

Our licensee for eyewear also follows the BSCI code of conduct and works actively with its suppliers. Moreover, their employee in China visits their factories several times per month. Additionally, 25% of our eyewear Tier 1 factories had SMETA audits during the year. The addition of a colleague in China helps us being hands-on and find new methods and processes for our eyewear. She visits all factories several times a month. Being a woman, our new employee can help us better understand and address gender equality; supporting women in the business in China where it's unusual for women to act.

We collected more detailed factory information from our licensee partners in 2023.

A challenge for our footwear licensee in terms of transparency is the multitude of parts in different materials in a shoe.

### 2023 ACTIONS

During the year, we have updated our Supplier Guide with a new animal welfare policy, product safety standards, and updated order and transport processes and requirements. We have also updated our Terms & Conditions and implemented stricter terms for our product testing and chemical testing.

Additionally, we have updated our list of Approved and Superior Material Choices.

### TRAINING

We encourage our suppliers and factory employees to take courses and educate themselves through Amfori BSCI, which has a wide range of courses and workshops. Our recommendations are based on the findings from their individual Amfori BSCI reports.

This resulted in almost all our suppliers taking all the courses that we highlighted. More specifically, the training has been around Social Management Systems, workers' involvement, improving working conditions, fair remuneration, decent working hours, and an Introduction to Occupational Health and Safety.

The suppliers found the training sessions very valuable and will start implementing recommendations from them already in 2024. We will follow the progress.

In 2023, most of our suppliers in China attended a webinar series on climate action and how to increase the share of renewable energy in production.

## Audits

Audits are conducted through the BSCI system by an independent inspection firm that checks thirteen different performance areas during the audit. It involves interviewing workers, checking documents, and thoroughly reviewing everything related to social compliance. This system provides a complete overview of the audit results of all the factories where we produce.

All our Tier 1 vendors (15) plus two trim suppliers are enrolled in Amfori or hold a WRAP certificate. We hold RSP (responsibility) over four factories delivering 32% of our production volume for apparel. We don't hold RSP over any of our bag suppliers. An RSP holder is responsible for arranging audits and following up on the performance and improvements of suppliers. 97% of our Tier 1 suppliers (finished product assembly) had an audit in 2023. One supplier, which stands for the remaining 3%, had an A level audit result that lasted until after our last production with them. A new audit wasn't made since we are not continuing our collaboration with this supplier.

All our suppliers must adhere to a socially sustainable program no matter which tier. Some adhere directly to the code, others indirectly through our Tier 1 partner. Ten of our Tier 2 suppliers are direct members of Amfori BSCI and adhere to the Amfori BSCI code of conduct.

Another 13 Tier 2 suppliers are part of other socially sustainable programs than Amfori. This means that a total of 23 of our factories in Tier 2 have been audited by either Amfori BSCI, SMETA, or SEDEX during 2023.

### COMMON FINDINGS DURING AUDITS

- Local traditions and societal structures affect compliance with 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.
- How well the social management team implements the Amfori BSCI code of conduct in their factories.
- Lack of social insurance is another recurring finding. Some workers are not interested in a social 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.
- Factories may pay the local required minimum wage instead of living wages.
- Overtime.

In terms of occupational health & safety we look at whether a factory has all the required certificates for the building, fire protection etc., if employees wear protective gear/garments in production, and if there are any physical risks for factory employees. Findings within these areas are rare in our factories, and in case of a finding, we act instantly. The physical safety of every person working for us is always a priority, no matter if it's inside or outside of the company.

Our footwear is produced in China (87%), Portugal (12%), and India (1%). 100% of their Tier 1 factories have been audited this year. The EU Common Agricultural Policy, CAP, is always controlled for compliance.

Our footwear manufacturing units are in Portugal and the Far East, where our licensee also has own offices. They continuously monitor the adherence to the code of conduct and make frequent visits to their factories. All suppliers are members of Amfori BSCI

and must score a C at a minimum in audits. Suppliers must ensure that contractors, material suppliers, and other business partners also comply with the code.

Working long hours and salaries below living wage were the most common findings on the footwear audits. Just like for our apparel, we follow a strict policy of zero tolerance towards any form of forced labour, child labour, or any other form of modern slavery. Therefore, the use of cotton from Uzbekistan, Turkmenistan, and Xinjiang is prohibited in our products. No findings of corruption, child labour, or forced labour have been made at any point in our factories.

Our eyewear is produced by 4 suppliers, located in China, of which two are members of SMETA. Our new employee in China will help us increase awareness and help us understand the challenges and ways to improve the conditions even further.

## 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), UN Global Compact.

The amfori BSCI code of conduct is based on 13 principles:

- Social Management System & Cascade Effect
- Workers Involvement & Protection
- The Rights of Freedom of Association & Collective Bargaining
- No Discrimination, Violence, or Harassment
- Fair Remuneration
- Decent Working Hours
- Occupational Health & Safety
- No Child Labour
- Special Protection for Young Workers
- No Precarious Employment
- No Bonded, Forced Labour, or Human Trafficking
- Protection of the Environment
- Ethical Business Behaviour.

SUPPLIER AUDIT OVERVIEW								
Supplier	Country	Share	Product Group	Fibres/ processes	Members of Amfori	RSP	Sustainability maturity level	Score 2023
Zuona, 2 factories	China	9%	Training, running, tennis/PDL	Rec. PES, rec. PA, solution dye	Yes	Yes	Mid	C/C respectively
Wholegood	Vietnam	2.5%	Loungewear	Ecovero, modal	Yes	No	High	B
Queenswear	China	3%	UW, leisure, training	Organic cotton rec. fibre, Better Cotton, TENCEL™ Lyocell, bamboo	Yes	No	Mid	C
Garmentor, 2 factories	Türkiye	4%	Training, running, leisure	Rec. PES, Better Cotton, organic cotton	Yes	No	Mid	A/A respectively
Ultra sock	Türkiye	5%	Socks	Better Cotton, rec. PES	Yes	No	High	B
ABG, 8 factories	China	16.4%	Swim, leisure, tennis/PDL, training, training qpmnt, accessories	Better Cotton, rec. PES, rec. PA, organic cotton, Avitera	Yes	No	Mid	C respectively
Sinex	China	22%	UW	Organic cotton, Better Cotton	Yes	Yes	High	C
Trademark, 3 factories	China	31%	UW, accessrs, swim	Organic cotton, Better Cotton, rec. PES, rec. PA	Yes	No	High	C/C/C respectively
Trademark, 3 factories	Bangladesh	6%	UW	Organic cotton, Better Cotton	Yes	No	Mid	A/B/C respectively
Ningbo New Liven	China	1%	Leisure, running, training	Better Cotton, rec. PES, rec. PA, Avitera	Yes	Yes	Mid	C
South Ocean knitters Ltd	China	0.1%	Leisure	Rec. PA, wool	Yes	No	Mid	C
Maxim	Bangladesh		Sub supplier packgng, trims	FSC paper, rec. yarn	Yes	No	Mid	B
Maxim	Türkiye		Sub supplier packgng, trims	FSC paper, rec. yarn	Sedex	No	Mid	N/A
Maxim	China		Sub supplier packgng, trims	FSC paper, rec. yarn	Yes	Yes	Mid	C
Powergrow	China		Sub supplier elastics		Yes	Yes	Mid	C
Guangzhou Huawei-Leather Garment	China	3.2%	Bags	Rec. PES	Yes	No	Mid	C
Quanzhou Hendge	China	0.1%	Bags	Rec. PES	Yes	No	Mid	C
Quanzhou East Star Bags	China	10.3%	Bags	Rec. PES	Yes	No	Mid	C
Travelwell, 2 factories	China	86%	Bags	Rec. PES	Yes	No	Mid	C/C respectively
Nantong Long Teng	China	0.4%	Bags		Yes	No	Mid	C

Rec. PES = recycled polyester.

Rec. PA = recycled polyamide.

## FOLLOW-UP

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. We have direct contact with agents or directly with merchandisers, sustainability managers, owners, or other employees in the factories. Most often, Tier 1 factories are in contact with our Tier 2. We have direct contact with a few nominated Tier 2 suppliers including Maxim (packaging and trim supplier) and Powergrow (trim supplier). In general, we keep a close dialogue and support each other in assessing and mitigating risks. Findings from Amfori BSCI audits are always brought up with representatives in our factories.

Further, we work with Amfori BSCI to identify, assess, and mitigate risks and opportunities.

Our licensee partners handle all contact with their value chains.

## THE RIGHT TO A VOICE

All our suppliers' employees are protected under the Amfori BSCI code of conduct and have the right to a voice through The Rights of Freedom of Association and Collective Bargaining. The code of conduct clearly states that staff in an Amfori BSCI controlled entity shall have the right to form unions in a free and democratic way, not be discriminated against because of their engagement, or prevented access to representatives in the workplace. In some countries, labour unions and collective bargaining agreements are illegal. In such cases, workers should have the right to freely elect their own representatives with whom the company can have a dialogue about workplace issues. All our factories have a worker representative of some kind, and most factories also have a grievance mechanism, most often in form of a box where staff anonymously can make complaints or raise topics for discussion.

In China, there are no labour unions except for the communist party All-China Federation of Trade Unions, so there is no freedom of association. Bangladesh and Türkiye do have freedom of association although union participation in Türkiye is generally low. Since these rights are part of our code of conduct, the third-party auditing firm follows up on these issues at each audit.

## CORRUPTION

We conduct Amfori audits annually in our production facilities to ensure that our vendors comply with anti-corruption, extortion, embezzlement, and bribery measures.

We expect that our business partners maintain accurate records regarding their activities, structure, and performance. They should not falsify information, misrepresent themselves in the supply chain, or mishandle personal information from workers, business partners, customers, and consumers.

During our factory visits and daily interactions with vendors, we remain vigilant for any signs of corruption. We have not identified any corrupt practices this year.

However, corruption can have serious consequences in the textile industry, including non-compliance with fire and health and safety regulations, which can lead to fatal incidents and damage our organization's reputation.

To prevent malpractice, we have strict codes of conduct for both our suppliers and our internal team. We apply a zero-tolerance policy towards corruption and have established a whistleblower system for anonymous reporting of any potential wrongdoings. More information about this can be found in the [Competence & Engagement](#) section.

## OWN FACTORY VISITS

In 2023, we visited eight suppliers in China, one in Vietnam, one in Türkiye. Our travels in Europe and Asia will continue in 2024.

We made some minor findings during our own factory visits, for example, workers not using the safety equipment offered in loud areas and exit signs not properly hung on the walls. All issues that we find are immediately brought to the attention of a manager.

## ENVIRONMENTAL SUPPLY CHAIN MANAGEMENT

We are members of BEPI and have started exploring the program. This work will continue in 2024. Our RSL (Restricted Substances List) directs the usage of chemicals, but we currently have no further regulations.

We require that our vendors are transparent and share information about their sub-suppliers with us. We continue to work closely with our vendors on sustainability-related matters. We have also aligned climate targets and activities to reduce our climate impact on our supply chain. This work will continue in 2024.

In 2023, we collected climate impact data from most of our Tier 1 vendors, including factories' energy, fuel, and packaging use during the year. We also got information about their plans to convert to more renewable energy. In 2024, we plan to update our Supplier Guide to impose stricter environmental regulations on our vendors.

## Non-fossil fuels

Our 2030 target is to have 100% renewable electricity in Tier 1 and 70% in Tiers 2 and 3. In 2023, we continued mapping electricity use in many Tier 1 and 2 factories. Two of our vendors in China installed solar power in 2023, and another three vendors will follow suit in 2024. Generally, we see a bigger interest in installing renewable energy than before among our suppliers.

We aim for 40% renewable electricity in tier 1 sewing factories in 2024.

Standing for only a small part of their production, we face a challenge in our efforts to influence the factories in Tier 2. However, in 2023, we identified and mapped key Tier 2 suppliers based on their volume of production, and the dialogue with them will continue in 2024. Moving to renewable energy is a complex and significant investment, and sometimes suppliers are constrained by governmental restrictions. Additionally, some suppliers may lack the internal know-how or interest to make the switch. We also recognize that we do not have accurate climate data in parts of our supply chain.

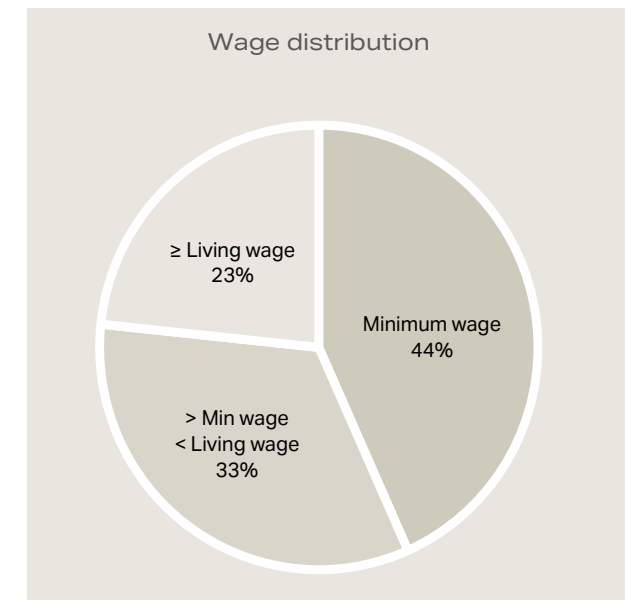
During our factory visits in China and Vietnam in 2023, we focused on discussing how to transition to more renewable energy sources in production. This gave us a better understanding and valuable insights that we will take with us into 2024.

We hold workshops with selected vendors to align targets and set actions. We also conduct regular checkpoints to track progress.

## Wages

Our code of conduct clearly states that business partners must comply, as a minimum, with wages mandated by governments' minimum wage legislation or industry standards based on collective bargaining, whichever is higher. Supplier wages are controlled through audits, and we discuss salaries through follow-ups. Our goal is to accomplish 100% living wage by 2030 in Tier 1.

The focus for 2024 is to conduct a detailed investigation and devise plans on how we can move towards living wages with our suppliers. Based on an investigation conducted in 2023, it was found that most of our suppliers are positive about collaborating with us on this issue. The salary indications below do not include benefits such as free transportation, lunch, and extra salary for high-temperature months in the country, which is added on top by certain factories.





## Human rights, health & safety



We ensure that our daily operations and business relationships do not harm human rights. We evaluate our relationships to uphold international human rights standards and prevent violations.

Our suppliers must comply with internationally recognized human rights standards. Our goal is to create decent job opportunities with fair compensation and benefits in safe and secure workplaces that are free from discrimination, where everyone has the right to freedom of association.

We continuously provide training to ensure labour rights and improve working conditions. We commit to building stable, long-term relationships with our suppliers.

In terms of addressing risks associated with indirect business relationships with sub-contractors, we work with our direct suppliers to improve human rights performance, enforce their code of conduct and policies, and further map our value chain.

Björn Borg follows a line of related policies:

- Code of ethics for business partners
- Sustainability commitment
- Child labour policy
- Migrant worker guidelines
- Animal welfare
- Responsible raw material sourcing policy
- Chemical restrictions policy
- Whistleblowing policy
- Internal code of conduct and ethics policy
- Anti-discrimination policy
- Anti-harassment policy
- Equality policy
- International labour standards protecting workers' rights according to the Amfori BSCI code of conduct
- All factories we work with in Bangladesh are under the International Accord.

## Transparency in the supply chain



In 2023, we continued our efforts to increase transparency in our supply chain.

We have collected information according to the guidelines of the Transparency Pledge from our Tier 2 factories. While some vendors have also shared their Tier 3 data with us, we are still working on mapping most of the suppliers in Tier 3 and beyond. We also collaborate with a few nominated fabrics, trims, and packaging suppliers, which provides us with further insights into our supply chain.

Our code of conduct is signed by all our Tier 1 factories, and they are responsible for securing and following up on upstream compliance.

### CHALLENGES IN MAPPING THE FULL VALUE CHAIN:

1. Limited transparency. Our suppliers lack information about their Tier 3 and 4 suppliers.
2. Limited resources in time, money, and system support for efficient handling and monitoring of the large number of suppliers further down the value chain.

## Our manufacturers

We ensure that our way of working aligns with new vendors before we onboard them. Our supplier guide clearly outlines our requirements and expectations for business partners. We strive for close, transparent, and mutually beneficial relationships built on trust and understanding. We aim to learn from each other, develop together, and support one another.

During 2023, we started working with one new supplier for knitwear, South Ocean. No suppliers have been cut off. Our footwear licensee signed with a new factory and cut off one due to our low order quantities.

We recognize our suppliers' production lead times and plan order deadlines and delivery timelines accordingly. We always ask suppliers to confirm that the timeline is feasible. When we receive special order requests for fast delivery, we consult with our suppliers about what is possible and agree on a workable timeline.

In 2024, we will develop a new responsible procurement policy.

During 2023, Björn Borg's product line was manufactured by 15 Tier 1 vendors, 5 of which produced bags. The production was operated in a total of 34 factories, with 6 of them dedicated to bag production. Note that these factories were contracted directly by Björn Borg and do not include factories contracted by the company's licensees for footwear and eyewear.

### RISK COUNTRIES

We have used the Amfori ESG Risk Compass to evaluate risks in our production countries. It serves as a starting point in our due diligence journey to help us to take relevant actions to prioritise, prevent, and mitigate ESG risks in our supply chain.

The compass covers a broad range of indicators related to environmental, social and governance topics, such as climate change, fair remuneration, and human development. Using data from reliable external sources, it classifies each indicator by risk level, from low to very high, to provide a gross ESG risk score at country level.



AMFORI BSCI COUNTRY RISK CLASSIFICATION							
Country name	Overall Risk	Voice & accountability	Rule of law	Regulatory quality	Political stability, absence of violence	Government effectiveness	Control of corruption
Bangladesh	23,45	28,02	28,85	20,67	16,04	28,85	18,27
China	44,06	5,31	53,85	41,35	29,25	76,44	58,17
Türkiye	35,24	23,67	36,54	49,04	12,26	49,52	40,38
Vietnam	42,25	13,04	48,56	37,98	44,81	62,02	47,12

**The Amfori Risk Classification**

Amfori BSCI Country Risk Classification data relies on the Worldwide Governance Indicators from the World Bank. The indicators determine the level of risks related to governance in sourcing countries. Risk is scored from 0 to 100, with 0 being the highest risk and 100 being the lowest risk.

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

*Low-risk countries:* Countries with WGI average rating higher than 60 and no more than two individual dimensions rated lower than 60.

Most Severe Risk Countries have a WGI rating below 3, or at least two individual dimensions rated below 1.

The six dimensions of governance identified by the World Bank:

1. *Voice & Accountability:* the extent to which a country's citizens can participate in selection their government, as well as freedom of expression, freedom of association, and a free media.
2. *Rule of law:* the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.
3. *Regulatory quality:* the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.
4. *Political stability and absence of violence/terrorism:* the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism.
5. *Government effectiveness:* the quality of public services, the quality of civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.
6. *Control of corruption:* the extent to which public power is exercised for private gain, including both petty and grand forms of corruption as well as "capture" of the state by elites and private interests.

**AMFORI ESG RISK COMPASS (country due diligence guidance)**

AMFORI ESG RISK COMPASS (country due diligence guidance)						
	Environmental indicators		Social indicators		Governance indicators	
Country name	Indicator	Risk label	Indicator	Risk label	Indicator	Risk label
Bangladesh	Air quality	Very high risk	Bonded, Forced Labor	High risk	Conflict data, disorder events	Medium risk
Bangladesh	Biodiversity	High risk	Discrimination – Gender	No data available	Conflict data, rprtd civ fatalities	Medium risk
Bangladesh	Climate change	Very high risk	Fair Remuneration	Medium risk	Environmental treaties rtfction	Medium risk
Bangladesh	Waste management	Very high risk	OHS – Fatal injuries	No data available	Human development	High risk
Bangladesh	Water & effluents – waste water	Very high risk	OHS – Non-fatal injuries	No data available	Human rights treaties rtfction	High risk
Bangladesh	Water & effluents – water stress	Low risk	Precarious employment	Very high risk	Worldwide governance indicator	Medium risk
			Right to Freedom of Association	Very high risk		
			Working Hours, average	High risk		
			Working Hours, percentage	High risk		
China	Air quality	Very high risk	Bonded, Forced Labor	Very high risk	Conflict data, disorder events	Medium risk
China	Biodiversity	Very high risk	Discrimination – Gender	No data available	Conflict data, rprtd civ fatalities	Low risk
China	Climate change	High risk	Fair Remuneration	Low risk	Environmental treaties rtfction	Low risk
China	Waste management	High risk	OHS – Fatal injuries	No data available	Human development	Medium risk
China	Water & effluents – waste water	Very high risk	OHS – Non-fatal injuries	No data available	Human rights treaties rtfction	High risk
China	Water & effluents – water stress	Medium risk	Precarious employment	High risk	Worldwide governance indicator	Medium risk
			Right to Freedom of Association	Very high risk		
			Working Hours, average	High risk		
			Working Hours, percentage	No data available		
Türkyie	Air quality	High risk	Bonded, Forced Labor	Very high risk	Conflict data, disorder events	High risk
Türkyie	Biodiversity	Very high risk	Discrimination – Gender	No data available	Conflict data, rprtd civ fatalities	Low risk
Türkyie	Climate change	Very high risk	Fair Remuneration	Low risk	Environmental treaties rtfction	Low risk
Türkyie	Waste management	High risk	OHS – Fatal injuries	Low risk	Human development	Low risk
Türkyie	Water & effluents – waste water	High risk	OHS – Non-fatal injuries	Low risk	Human rights treaties rtfction	Medium risk
Türkyie	Water & effluents – water stress	High risk	Precarious employment	Medium risk	Worldwide governance indicator	Medium risk
			Right to Freedom of Association	Very high risk		
			Working Hours, average	High risk		
			Working Hours, percentage	Low risk		
Vietnam	Air quality	High risk	Bonded, Forced Labor	Medium risk	Conflict data, disorder events	Low risk
Vietnam	Biodiversity	High risk	Discrimination – Gender	No data available	Conflict data, rprtd civ fatalities	Low risk
Vietnam	Climate change	Very high risk	Fair Remuneration	Low risk	Environmental treaties rtfction	Low risk
Vietnam	Waste management	High risk	OHS – Fatal injuries	No data available	Human development	Medium risk
Vietnam	Water & effluents – waste water	Very high risk	OHS – Non-fatal injuries	No data available	Human rights treaties rtfction	High risk
Vietnam	Water & effluents – water stress	Low risk	Precarious employment	High risk	Worldwide governance indicator	Medium risk
			Right to Freedom of Association	High risk		
			Working Hours, average	High risk		
			Working Hours, percentage	Medium risk		

\* Environmental DD updated in 2022, Social DD updated 2016-2022, Governemntal DD updated 2020-2023



# Stay transparent and compliant



## Key achievements transparency & compliance 2023



Transparency & compliance

- Increased transparency in supply chain
- More climate data from factories
- Refined Product Lifecycle Management system for better reporting
- Preparation for Digital Product Passport implementation started
- Preparation for the EU Taxonomy compliance started
- Preparation for meeting the requirements of the CSRD started.

External requirements on our sustainability work are clearly increasing. New laws are coming into effect and our clients expect us to go above and beyond. We committed to being a responsible partner and through an engaged team, we make sure to be well prepared. We anchor compliance work throughout the organization, which makes us agile in approaching new regulations.

Several legislations will be implemented in the coming years, and we must comply to stay relevant and avoid disruptions and fines on the European market. Our key actions in the coming couple of years will be to meet the requirements of The EU Textile strategy, which outlines adherence to the eco-design directive; the ban on destruction of unsold or returned goods; tackling the pollution of microplastics; securing compliant green claims and meeting the conditions in the Extended Producer Responsibility regarding reuse and recycling at the post-consumer stage.





## Reporting



### CLIMATE REPORTING METHODOLOGY

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

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

### CONTROL APPROACH

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

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

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

### METHODS FOR SCOPE 2 ACCOUNTING

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

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

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

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

Calculation method, scope 2	Emissions (ton CO <sub>2</sub> e)
Market based	202
Location based	136
<b>Difference</b>	<b>66</b>

### PROCESS DESCRIPTION & SYSTEM BOUNDARIES

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

Where data gaps have been identified, estimations have been made based on the best available knowledge.

### SYSTEM BOUNDARY AND GHG SCOPES

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

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

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

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

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

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

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

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

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

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

### DETAILED METHODOLOGY

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

### Scope 1&2

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

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

### Purchased goods and services

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

For suppliers in tier 1, data collection includes questionnaires sent to the suppliers, and use of averages for the non-reporters. Some Tier 2 suppliers have also answered questionnaires.

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 MSI database 2023. 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 MSI 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 MSI database 2023, and these were adapted to account for if the material is recycled. All packaging material from tier 1 suppliers to end customer is included.

Higg MSI factors are retrieved from LCAs and databases and are thus not the actual production emissions for Björn Borg Group's own factories and fibre production. In some cases, these LCAs have been performed on local environments but have a global application, so the representativeness regarding the factors in the MSI Higg varies.



### Transportation and distribution (upstream & downstream)

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

### Fuel and energy-related activities

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

### Business travel

Emissions from business travel are calculated by using the best available activity data and emission factors. The emission factors come from ICAO Carbon Calculator (adjusted for RFI 2,7), Trafikverket, Hertz Sustainability report 2019, the report "Bransch-läget 2021" by Svenska Taxiförbundet, NTM (2022), 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 (Swedish national rails), 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 Group, for example, third-party warehouses and concession stores. 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 2022 and 2023, Energiföretagen 2021, and Naturvårdsverket 2021.

## COMPANY-SPECIFIC METHODOLOGY & ASSUMPTIONS

### Purchased goods and services

#### Tier 1

Björn Borg has collected actual data from eighteen tier 1 suppliers, an additional three compared to 2022. 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 for 2022 were applied regarding electricity consumption, fuel use, and packaging consumption. The reason to not update the average values each year is that the UN Fashion Industry Charter for Climate Action recommends the reference values to be stable over a couple of years.

Where no answers were obtained from the factories, assumptions were made and averages from the other reporting factories were used to cover any deviant data points. Average regarding packaging was used for South Ocean.

Salesman samples were included in the reported quantity for all products. The development samples were calculated as non-reporters, i.e. averages were used to calculate the emissions from them. The number of development samples was unknown in 2023. We have therefore based the calculation on the 2022 number of pieces (6,600).

The tier 1 supplier emissions for yoga mats and water bottles were estimated using an average of 2022's reporting suppliers, which was the best available estimate.

#### Tier 2-4

In 2023, Björn Borg has collected actual data from tier 2 factories for the second time, and data was collected from fourteen tier 2 factories, seven more than in 2022. The methodology for calculating the emissions from these factories is very similar to the methodology used for the tier 1 factories, described above.

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

the assumption that the steam was produced with electric boilers. Averages were used to calculate the packaging for Eurotex and Mudoo.

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

To cover waste in tier 2, 3.8% was added to all reported material since that was the weighted average of the waste reported by the tier 1 suppliers. To cover waste in tier 3 for the material produced by the reporting tier 2 factories, another 5.9% was added since that was the weighted average of waste reported by the tier 2 factories.

For some materials, it was not possible to find an emission factor in MSI Higg and therefore assumptions had to be made. This was the case for Better Cotton, which was assumed to be conventional cotton. Furthermore, the FSC paper for the packaging was assumed to be virgin.

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

The material for the development samples was not included in the reported material quantity, and this was therefore added. For the development samples, it was assumed that one piece weighed 0,35 kg. Finally, to calculate the emissions from the samples, a weighted emission factor per kg based on the weight and emissions of all known materials Björn Borg has used was applied.

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

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

### Licensee products

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

and the packaging phase. Emissions in tier 2-4 were calculated based on the reported material weight.

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

### Björn Borg Footwear AB (previously known as Footwear Varberg)

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

### Transport

If the reported emissions were in CO<sub>2</sub>, they were recalculated to CO<sub>2</sub>e, and if the emissions were only for TTW (tank-to-wheel), they were recalculated to account for WTW (well-to-wheel). A Radiative forcing index of 2.7 was added to air freight emissions following STICA guidelines.

### Business travel

For Denmark and Benelux, no data was available for 2023. Therefore, 2022 year's data was used to estimate the climate impact of the business travel for these offices. Moreover, an average price of 2000 SEK per hotel night was assumed to calculate the number of nights from the total spend. A Radiative forcing index of 2,7 was added to business travel by air following STICA guidelines.

### Electricity and heating

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

The climate emission report is calculated by a third-party auditor, 2050 in Stockholm.



## Customer compliance



In collaboration with our Key Accounts, we identify the standards and regulations we must meet to stay relevant as a partner.

Key actions for our work meeting Key Account requirements in the next few years are:

- Source at least 50% more sustainable cotton, in volume, based on the definition of the CottonUp Guide 24 and Textile Exchange's Sustainable Cotton Matrix25.
- Accomplish material transparency on product level regarding composition.
- Report packaging material weights.
- Set public targets for synthetic fibres/renewable or recycled fibres.
- Demonstrate progress in eliminating the release and/or use for hazardous chemicals.
- Science-based targets in line with SBT with approval by the SBTi (Science Based Targets initiative).
- Complete and share the Higg BRM.
- Adopt Higg Facility and Environmental Module in the supply chain.
- Implement extended BSCI code of conduct requirements.
- Increase BSCI audit level.
- Enforce the usage of polybags made of low-density Polyethylene (LDPE) consisting of at least 80% PCR material among business partners.
- Supply chain transparency to Tier 3.
- Environmental and social risk assessment at least every two years.
- Compliance to the Loi AGECC chemical restrictions in France.
- Extend the action plan for environmental impact to include water consumption, solid waste, and wastewater.



## Legislation & regulations



Both Björn Borg Group and our footwear licensee have made a GAP analysis for the CSRD and will do a double materiality analysis in 2024.

In 2023, we signed up for the EPR (Extended Producer Responsibility) scheme in the Netherlands and monitored the legislative development in other countries.

We also implemented a QR code with product information on our packaging and initiated a project to investigate how we can evolve this in 2024. We continuously file more detailed product information into our computer systems to improve product data management and to facilitate reporting and data analysis required by the EU Ecodesign Regulation.

We collect material origin certificates every season and secure data on packaging weight and quantity to meet the labelling requirements of the EU Empowering Consumers Directive and the Loi Agec in France.

### DATA PROTECTION

Our data protection policy regulates Björn Borg's adherence to the laws and regulations that govern the protection of personal data, including, but not limited

to, the General Data Protection Regulation (GDPR). Our data protection policy has been adopted by the Board of Directors and aims to ensure compliance with data protection laws by the companies within the Björn Borg Group.

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

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

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

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

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



- STICA
- SFA
- amfori BSCI
- Our supplier Trademark is a signatory of the Bangladesh accord. They stand for 6% of our total production and 100% of our production in Bangladesh.

#### ABOUT THIS REPORT

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

This sustainability disclosure complements our annual report, where information about financial results and governance can be found, along with some key sustainability KPIs. The report is based on data

collected throughout the Group and from external parties such as vendors and transporters. The climate reporting includes, apart from the Björn Borg Group data, licensee data for footwear and eyewear.

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

The Björn Borg sustainability report is published annually, and our last sustainability report was released in April 2023. Björn Borg's Board, senior management team, and sustainability steering group have been involved in the process. The report has not been reviewed in full by any third party.

Björn Borg does not apply the Precautionary Principle or approach.

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

## The Björn Borg Group in brief

The Björn Borg Group owns the Björn Borg brand, and the focus of the business is underwear, sports apparel, bags, and footwear. In addition, glasses are also offered via licensees. Björn Borg products are sold in around twenty markets, of which Sweden and the Netherlands are the largest. The Björn Borg Group has its own operations at all levels, from brand development to consumer sales in its own Björn Borg stores. In total, the Group's net sales in 2023 amounted to SEK 872.3 million and the average number of employees was 151. Björn Borg has been listed on Nasdaq Stockholm since 2007.

#### THE PARENT COMPANY

Björn Borg AB (publ) mainly conducts intra-Group activities. As of December 31, 2023, the company owned 100 percent of the shares in Björn Borg Brands AB, Björn Borg Footwear AB, Björn Borg, Björn Borg Ltd, Baseline, BBM, Björn Borg Finland Oy and Björn Borg Denmark Aps. Furthermore, the company owned 75 percent of the shares in Björn Borg (China) Ltd. During the fourth quarter, Björn Borg Services AB was merged with Björn Borg AB (publ).

The parent company's net sales for 2023 amounted to SEK 101.2 million (101.2).

Profit before tax amounted to SEK 84.9 million (41.8) for 2023.

## Get in touch

If you need more information about our sustainability work or this report, please contact: [Sofia.svensson@bjornborg.com](mailto:Sofia.svensson@bjornborg.com) (sustainability) or [Emma.bengtsson@bjornborg.com](mailto:Emma.bengtsson@bjornborg.com) (press)

We appreciate your feedback.

## Auditor's report on the statutory sustainability report

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

#### ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory sustainability report for the year 2023 and that it has been prepared in accordance with the *Annual Accounts Act*.

#### THE SCOPE OF THE AUDIT

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

#### OPINION

A statutory sustainability report has been prepared.

BDO Mälardalen AB

Stockholm, April 24, 2024

Johan Pharmanson  
*Authorized Public Accountant*

Carl-Johan Kjellman  
*Authorized Public Accountant*

ANNUAL ACCOUNTS ACT					
Information requirement	Environment	Staff	Social	Human Rights	Anti-Corruption
The sustainability report shall describe...					
The company's business model	30, Annual report				
The company's model for practices for the different areas, including analysis that has been performed	13-25				
	43, 45-47, 79, 91-100	29, 32-40	29-40, 74-84	32, 36-40, 80	45, 75-78
The results of the policy	45-70	29, 36-39	29, 36-39, 73-79, 84	29, 36-39, 73-79, 84	76
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	20-21				
	44, 58, 84	24	73, 76, 78, 84	40, 80-84	83
How the company handles the risks	20-21, 58, 78, 80-84	40	20-21, 73, 76, 78, 80-84	20-21, 73, 78, 80-84	20-21, 73, 78, 80-84
Central result indicators relevant to the business	8, 29, 36-39, 45-67, 73, 77, 79, 84-88				



**BJÖRN BORG** 

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