

CSR REPORT 2021

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**BAUM
UND
PFERDGARTEN**

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1. Our Journey into Innovation

Having a responsible approach to business practice in both social and environmental aspects is not something we consider a choice. We can all agree it's the right thing to do, but moreover, we believe it should be considered a licence to operate.

As we wait for legislation to catch up on areas which have long been overlooked, it's important that we hold ourselves accountable, acting as front-runners by pushing ourselves to constantly do better.

This report is not only a summary of our progress based on the data we collected during 2021, it also provides insight into how we carry out our CSR work. Our journey to become more sustainable is what you could call an ongoing evolution, with us continuously learning from our experience and finding new ways we can improve. In fact, this learning process contributed to many of the achievements that we are so proud to have realised this year, including a great decrease in our plastic use and an increase in responsibly sourced options of our most used fibres.

As we continue to keep transparency and responsibility a core value of our future endeavours, this year's CSR achievements shows how it's not something to be seen only as

a challenge, but rather an opportunity for us to become more efficient and create more value for our products.

Encouraged by what we have achieved so far and reassured by the commitment we meet from all of our Baum Family, we are confident that we are on the right course and ready to take on our set of ambitious goals for 2022.

Teis Bruun
Baum und Pferdgarten CEO

2. Our Story

Founded in Copenhagen in 1999, Baum und Pferdgarten is a Danish fashion brand specialising in timeless designs that playfully balance colour, contrast, and innovation. In addition to creating inspired collections season after season, Baum und Pferdgarten is also committed to becoming ever more responsible in our design and production processes.

This is no small task, but we believe that it is essential to minimise our negative impact on people and the planet. So with each new collection and each new year, we are taking active and measurable steps forward in our journey towards becoming a more responsible member of the fashion community.

By doing this, our own team, our customers, and all of our global partners can have full confidence that Baum und Pferdgarten not only makes beautiful and quality products that transcend trends, but that everything we make is created in a thoughtful and ethical manner, with minimal negative impact on people and the planet.

3. 2021 Responsibility Highlights

- We significantly increased our use of responsibly sourced cotton.
- We reached our 2022 goals for supplier mapping and recyclability one year early.
- We made a huge reduction in our plastic use.

**Making better products
is not a linear journey, in
some areas we see quicker
progress than others.**

4. Forward-Thinking Products

At the heart of our CSR strategy is creating what we call “Forward-Thinking Products”. We help ourselves measure our success on this through a number of ambitious goals, set within the different processes we go through to make what we define as a “Forward-Thinking Product”. This type of product is characterised by being long-lasting, using materials and processes with the lowest environmental impact, designed with a circular mindset and aimed for being part of a transparent, closed-loop system.

Making better products is not a linear journey, in some areas we see quicker progress than others. This is an effect of factors such as technological progress, supply and demand.

Over the next pages, we will go through the focus areas where we experienced the most potential for change in 2021 and where we dedicated our time and effort in the making of our “Forward-Thinking Products”.

5. Better Materials

Many factors play a part when choosing the best material for a product, and for us this decision has always been made based on the aesthetics and function of the product. Since launching our CSR strategy, all materials we use have been categorised in our material benchmarking table, classifying fibres into what we call favoured, good, problematic, and banned materials. The classification of materials is made based on a full life cycle assessment, evaluating their environmental and ethical impact from raw fibre production all the way to their end of life and subsequent recyclability.

Challenges that we are aware of as we strive for better materials include higher prices, higher minimum order quantities, longer lead times, and suppliers who have yet to convert their conventional practices into more responsible ones. However, as more consumers and brands become aware of their environmental footprint, the demand for more responsible fibre options will only increase, and we are hopeful that this will lead to positive change.

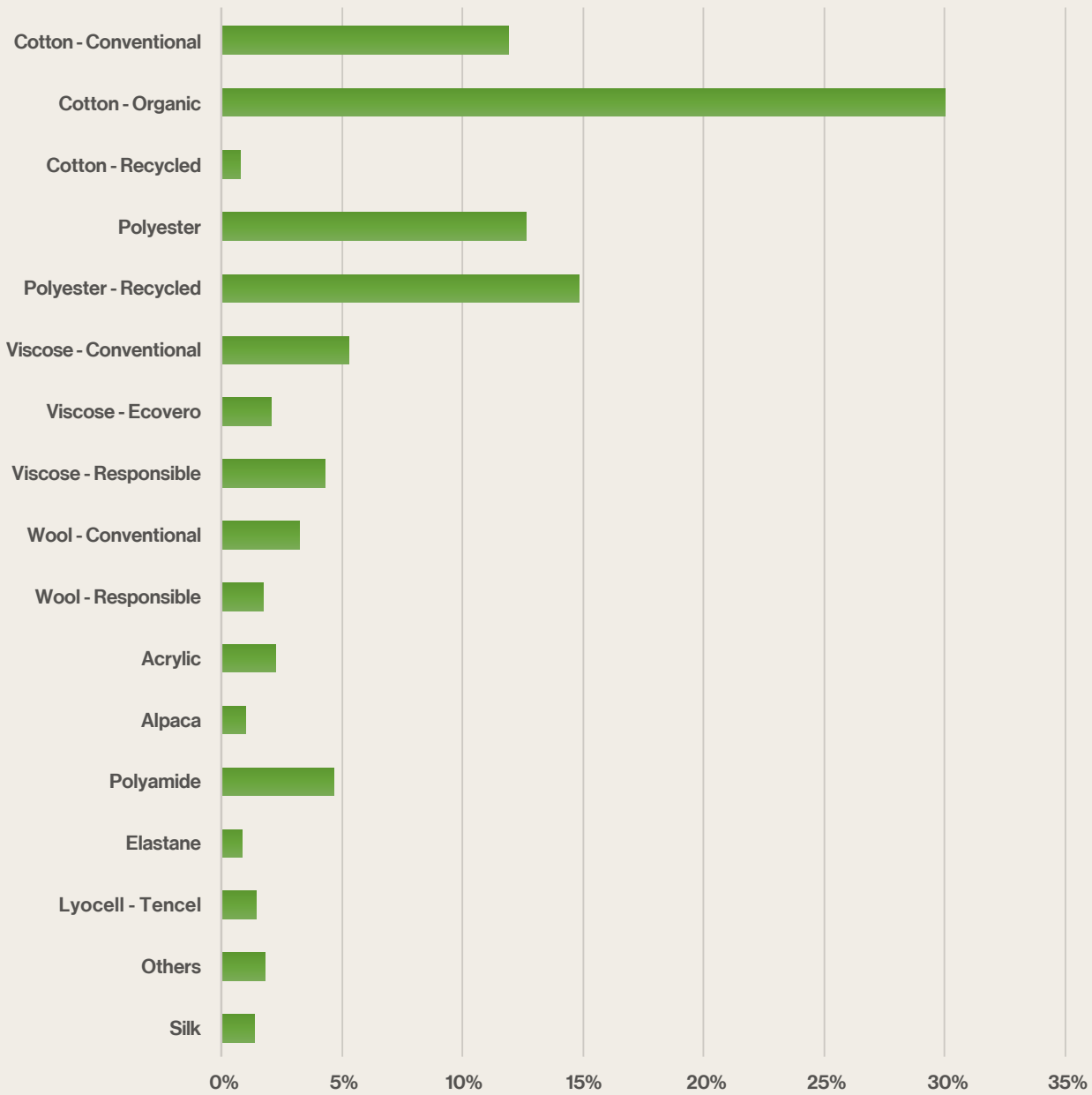
As the world adjusted to Covid-19 impacted events, 2021 saw increases in energy, wages and transport costs that impacted our goals for better materials. Coupled with the challenges already facing us, we found that certain goals were harder to reach, but we were still successful in reaching some important targets that we had set.

- **72% of the cotton we used was from a responsible source**
- **We used 40% less conventional viscose in 2021 compared to 2020**
- **54% of the polyester we used was recycled**

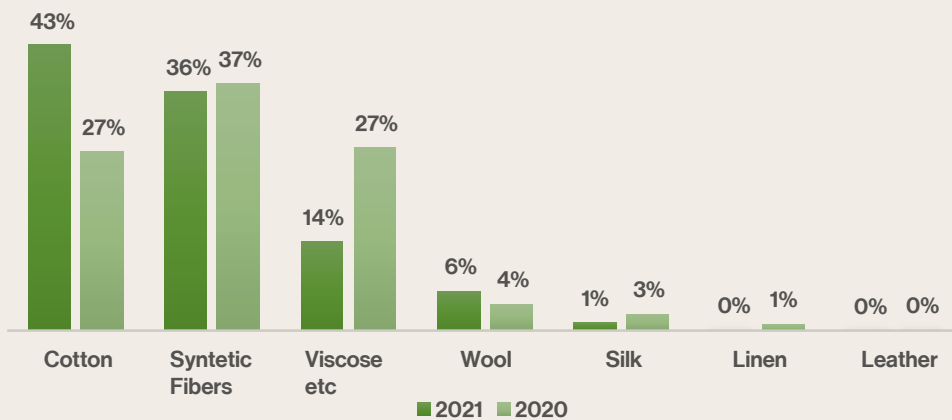
On the following page is the full overview of fibres used during 2021, as well as a graph comparing the fibre split to that of 2020.

Our fibre split is calculated based on the total weight of each fibre used during 2021. This data is collected using the combination of our ERP system and business intelligence programs, and includes all textile components such as paddings and different types of lining.

Fibre Split 2021



Fibre Split 2021 vs 2020



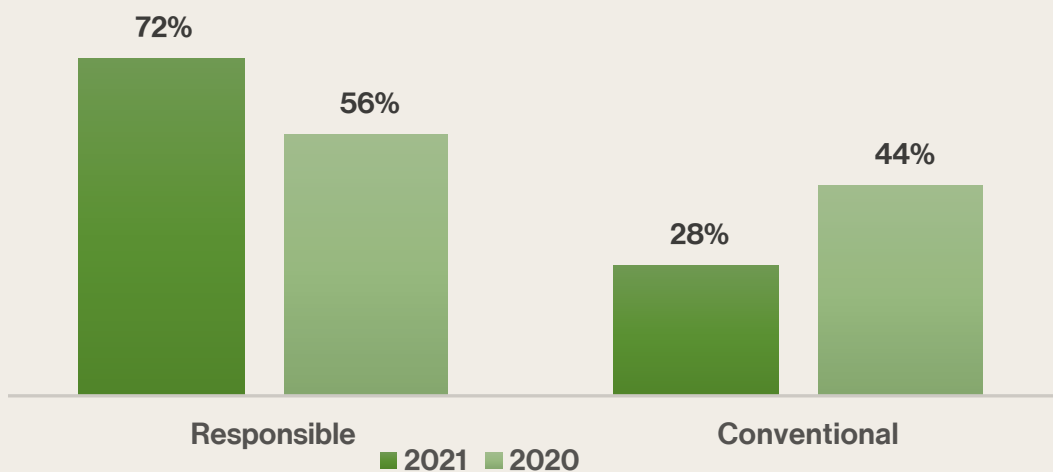
Cotton

In 2021, 72% of the cotton we used was from a responsible source (recycled or organic). This was a significant increase from last year's usage of 56% and it exceeded our goal of using 50% responsibly sourced cotton by 2022. As cotton is one of our most used fibres, this was a huge accomplishment for us.

Due to more collections with organic cotton products, cotton accounted for 43% of our total fibre consumption in 2021.

We are hopeful that we can maintain our level of responsible cotton in 2022, but the last two years have taught us that unexpected challenges can arise.

Cotton Fibres 2021 vs 2020



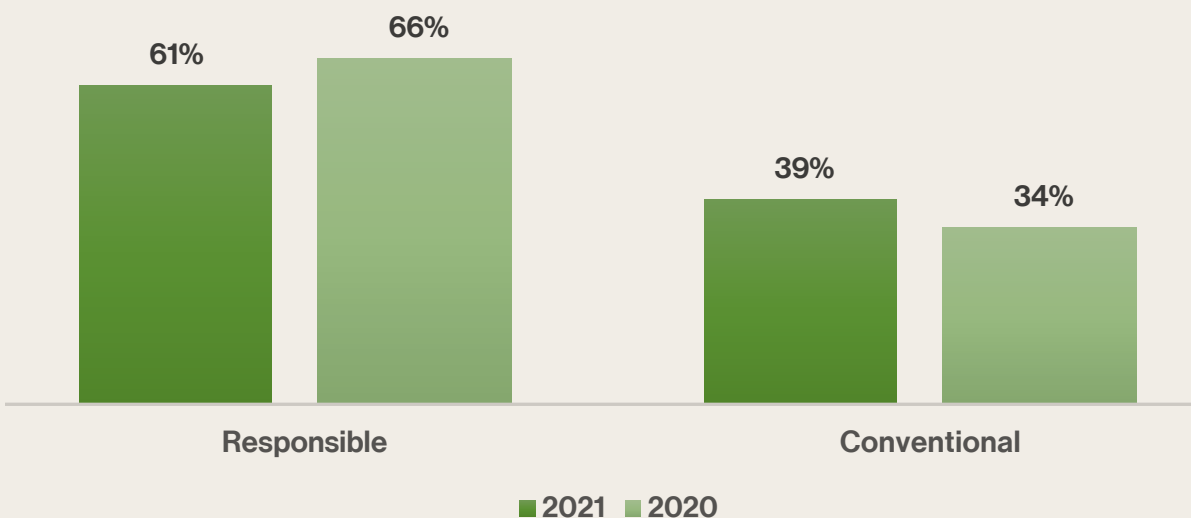
Cellulose

Within the term responsible cellulose, we count Lyocell, Lenzing Ecovero™, and Tencel™ fibres, as well as viscose from responsibly managed forests.

In 2020 we had great success in our progress to replace conventional cellulose with more responsible options. In 2021 we used 61% responsibly sourced viscose, compared to 2020's 66%. The reason we didn't reach as high a percentage in 2021 is linked to the fact that we simply didn't use as much viscose; in fact, we used 40% less conventional viscose in 2021 compared to 2020.

We also exceeded our goal of using 50% responsibly sourced cellulose by 2022, which makes us confident that we are well on our way to reaching our target of 80% in 2024.

Viscose Fibres 2021 vs 2020
(Viscose, Ecovero, Tencel etc.)



Polyester

In 2021, 54% of the polyester we used was recycled. This surpassed our usage of 43% in 2020, as well as our target to use 50% recycled polyester.

We now look towards our next goal of reaching 75% recycled polyester by 2022.

Polyamide

One of our biggest challenges continues to be converting our polyamide usage from conventional to recycled.

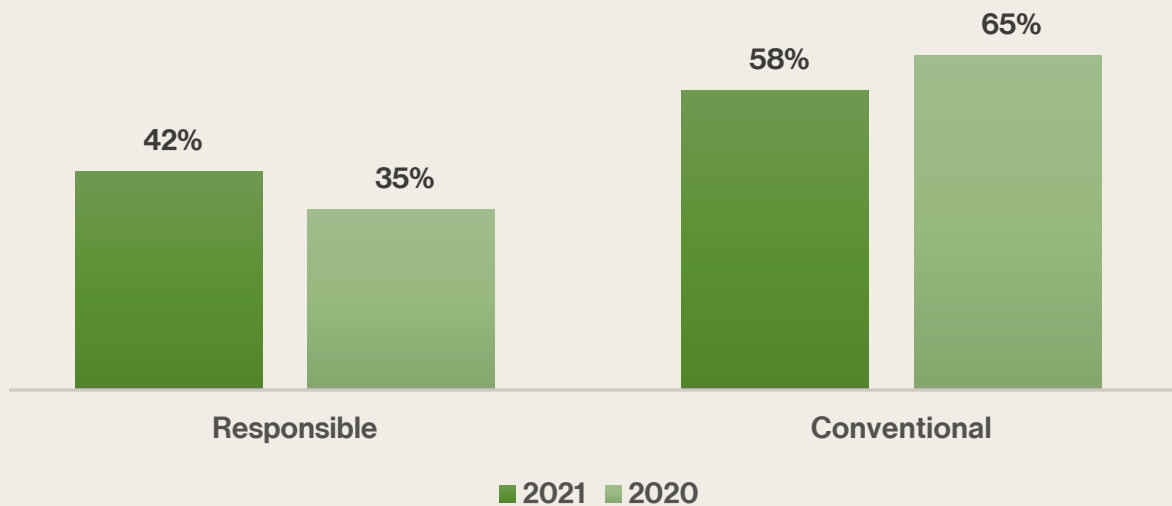
The largest part of this challenge stems from the fact that we mostly use polyamide in blended fibre fabrics. Finding recycled options for fabrics with such small quantities of polyamide within it is difficult as minimum order quantities for recycled fibres are often high.

In 2021 we managed to increase from 0% recycled polyamide to 9%. Though we fell short of our goal of 25% in 2020 and 50% in 2022, it's still an improvement and we continue to work on a solution for converting to more recycled polyamide or finding polyamide substitutes.

Within our work it's becoming increasingly apparent that our progress is not always equal for all areas. Though we are committed to reaching all of our CSR goals, our efforts are sometimes

better spent in areas where our work may have the biggest impact. With regards to our synthetic fibre use, it's important to consider that polyamide only constituted 5% of our total fibre consumption in 2021, while polyester constituted a total of 28%. Therefore our focus on recycled polyester yielded a higher rate of return.

Synthetic Fibres 2021 vs 2020 (Polyester, Acrylic etc.)

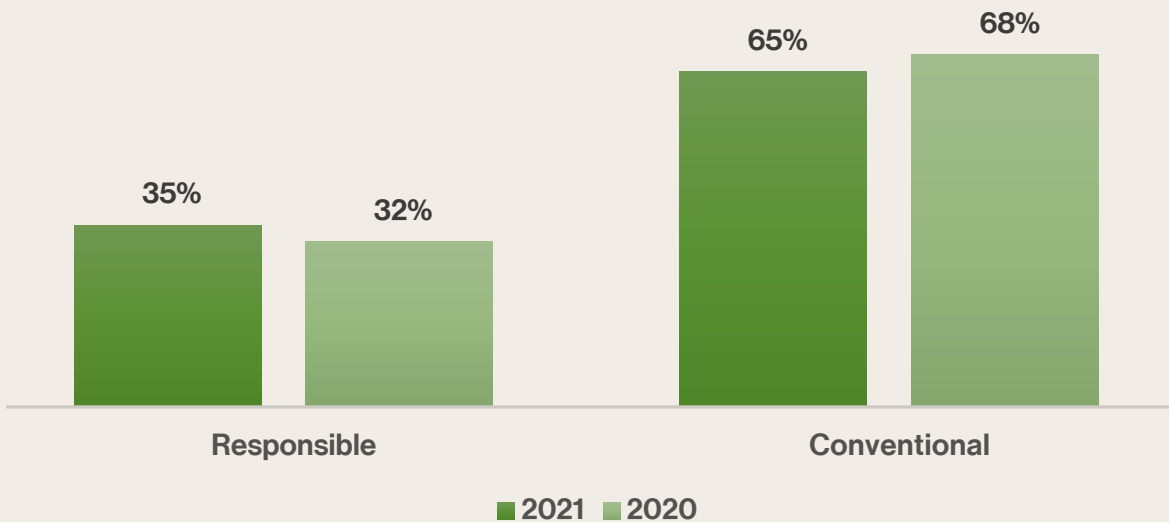


Wool

Our usage of responsibly sourced wool was 35% in 2021. We both made an increase from 2020 and reached our 2020 goal of using 25%.

Similarly to polyamide, wool does not constitute a big part of our total fibre split. Most of the wool we use goes into knits made from blended yarns; so again, sourcing responsible fibres becomes difficult because of the low quantities we are using. This is something we will consider when working towards our next goal of using 50% responsibly sourced wool by 2022.

Wool Fibres 2021 vs 2020



Facilitating the recyclability of our products is an important part of their design.

6. Recyclable products

Currently, a very small part of the world's garment waste ends up being recycled. It's estimated that roughly 25% of the textile waste in the EU is being collected for recycling and less than 1% is recycled into new fibres for new clothing. These statistics are the result of the lack of textile waste collection systems available, and that most of the textile waste is currently not recyclable.

In encouraging developments, the EU Waste Directive requires EU Member States to establish systems for the separate collection of textile waste by 1 January 2025, and technology is evolving in the fields of textile recyclability.

At present, technology allows us to recycle monofibres and cellulose fibres that have been mixed with a small amount of other fibres. Our consultants advise us that 10% is a reasonable amount for mixed cellulose fibre textiles.

Therefore, the recyclability of our products can be divided into three categories:

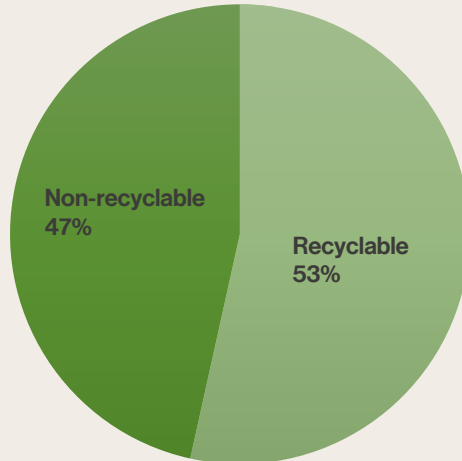
1. **Recyclable Mono-Materials:**
Garments made from un-mixed fibres.
2. **Recyclable Blends:**
Garments made from cellulose fibres with up to 10% from other fibres.

3. **Non-recyclable Blends:**
Garments made from all other blends which cannot, at present, be recycled.

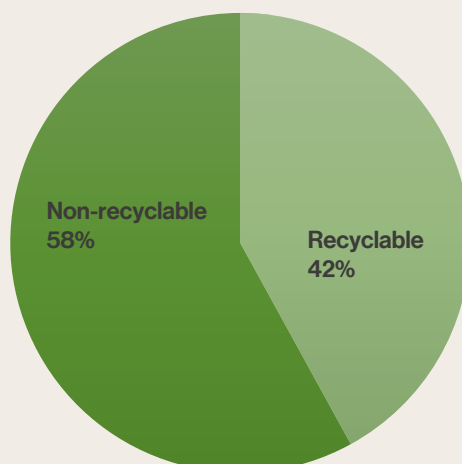
By the time the garments we are producing reach their end of life (and we hope that is many years from now) we expect to be at a point where a greater percentage of textile waste is being collected and recycled. With that in mind, facilitating the recyclability of our products is an important part of their design.

Our target for 2022 was that 50% of our garments should be fully recyclable. Due to our increase in production of monofibre garments, we achieved that goal a year early by reaching 53% for 2021.

**Recyclable
Products
2021**



**Recyclable
Products
2020**



- **100% of our logo labels are recycled polyester**
- **75% of our plastic and metals trims are Oekotex certified**

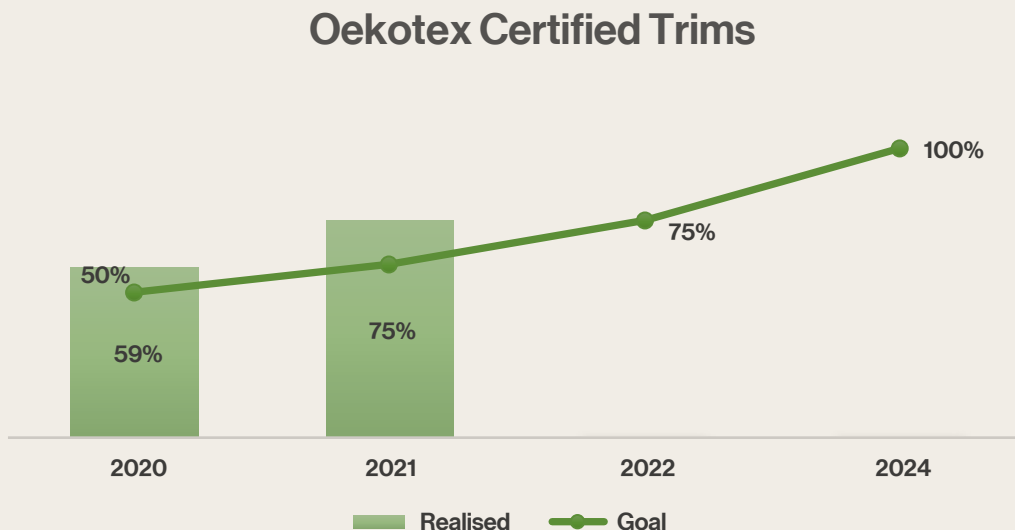
7. Improving processes

The designing and making of our products contain a lot of processes. What can seem like a minor detail can end up having a great impact, so we are determined to be mindful of how we work and always look for possible improvements.

In 2020, this meant that we initiated the process of switching from virgin to recycled polyester for all our logo labels and replacing all our garment bags with ones made from 100% recycled plastic bottles.

This year we completed those efforts, alongside reaching our goal of having 75% of our plastic and metal trims, such as zippers and buttons, Oekotex certified by 2022.

Arriving at this goal one year early has further sparked our determination to reach our target of using exclusively Oekotex certified trims by 2024.



One of the more extensive initiatives we took up this year in an effort to improve our work processes, was joining a project with Else Skjold Ph.D., and The Royal Academy of Fine Arts (KADK). The project sought to examine how we can design for circularity, by optimising our fits and looking towards the resale and secondhand market.

Identifying relations between design features and performance in the resale market can act as a valuable indicator of what can be defined as a long-lasting product. As we have always strived to make good quality and long lasting products that transcend seasonal trends, it's logical to take note of which have the most potential to uphold their value in the resale market and which are still selling years past their production date. The best thing we can do in terms of lowering the individual garment's environmental impact is to prolong its lifespan.

8. Transparency

In order to do better, transparency is fundamental. Knowing your impact, whether that is environmental, social or other, is the first step towards acting more responsibly and making informed, considered decisions.

When it comes to CSR, sharing knowledge and insights with our peers is vital and we consider it our responsibility. We belong to a network of Danish brands that meet to share experiences and help each other overcome the challenges of our common endeavour.

This is a great tool when it comes to mapping our supply chain and our impact along it. Often we find that we are using the same suppliers, which makes for a great opportunity to work together and increase our leverage towards a common goal.

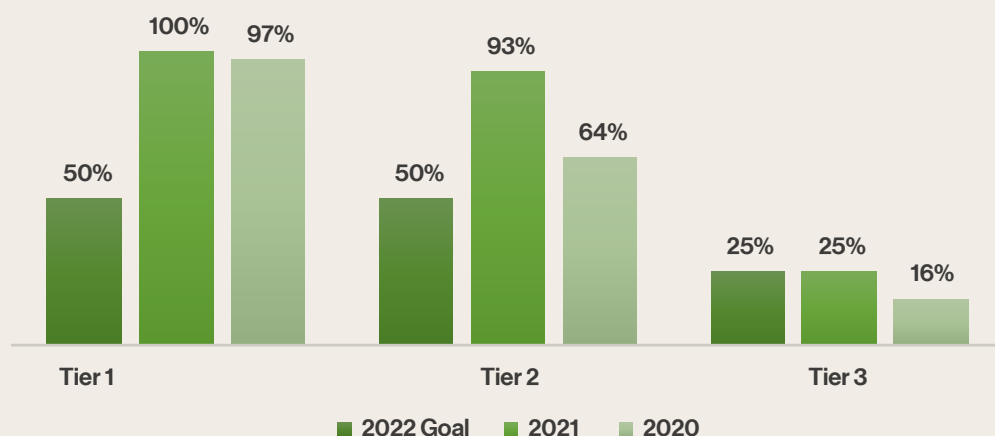
9. Supplier Mapping

When mapping our supply chain, we divide the different types of suppliers into three tiers:

- Tier 1: This is synonymous with the final stage of production, i.e. the cutting and sewing facilities where garments and other products are assembled.
- Tier 2: This covers the steps that turn yarn into fabrics and produces the trims that are put together in Tier 1. It includes processes such as knitting, weaving, dyeing, printing, and other wet processing.
- Tier 3: This covers the raw material suppliers and spinners that turn raw fibres into yarn. Tier 3 includes textile recyclers and yarn spinners.

In 2021, we managed to map 100% of our suppliers in Tier 1, 93% in Tier 2, and 25% in Tier 3. We improved on last year and have already reached and surpassed our goal for 2022.

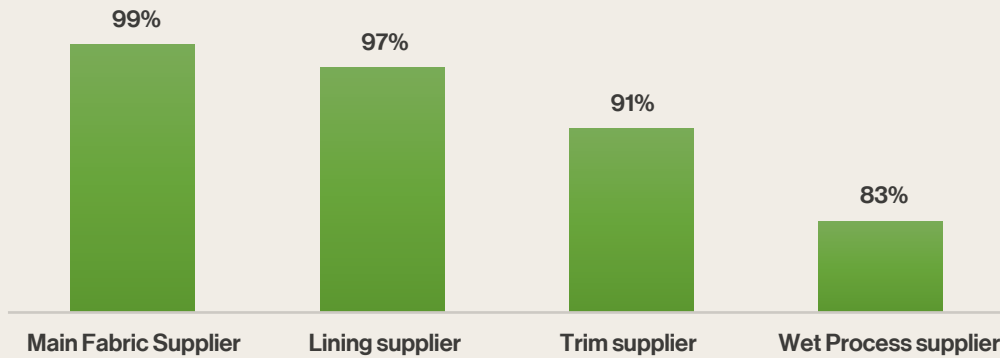
Supplier Mapping



Since 2020, all our Tier 1 suppliers have been publicly disclosed on our website. By clicking the tab “Who made this” on the product’s page, our customers can see the name and location of the garment supplier.

This year we mapped 99% of our fabric suppliers, information which is also available upon request.

Tier 2 Mapping 2021



Mapping our supply chain plays a crucial part in our work towards transparency. We've found that with the long and complex chain of sub suppliers that we have, the further down the chain we go, the harder it becomes to map. However, we were able to reach our goal for 2022 earlier than we predicted.

What is essential after we've mapped the supply chain is how we process the information and use it to identify and address risks along our supply chain. For this, we need to work closely with the suppliers closest to us. That is our garment suppliers whom we are in direct daily contact with, as well as the fabric mills we have worked with for many years.

71% of our collection is made with suppliers with whom we have long term relationships.

10. Supplier Relations

As a fashion brand, the production of garments is essentially the core of our business. Our suppliers play an elemental part in how well we succeed, so building solid relationships with them has always been a priority for us.

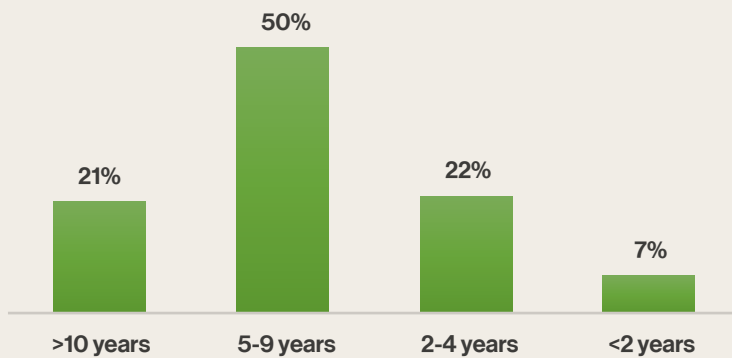
Working with long term suppliers (defined by minimum five years of partnership) has many benefits, and this has become even more evident during the uncertainty of the past two years. Some of these benefits are an increased level of influence, as well as more insight into the process taking place in the creation of our garments. Having a close relationship with the suppliers that we work with adds a sense of reassurance in times where travel restrictions have made us unable to conduct our annual supplier visits.

In terms of commitments, our wish to place most orders with long-term suppliers is reflected in our goal to have 65% of our volume produced by long term suppliers by 2022 and 75% by 2024. In 2021 we had 71% of our volume produced by long term suppliers.

It should be noted here that in 2020 we had a higher volume produced by long term suppliers. Part of the decrease in 2021 was a choice we made as a safety measure against potential problems (say a container ship is blocking the Suez Canal or a pandemic is causing lockdown

in a certain area!), and we recognised that we shouldn't have all our eggs in one basket. Another part was our acknowledgment that we needed to secure our own developments by using and fostering relationships with new suppliers. And there is always the case that because of consumer trends, the demands and the order sizes we have with our suppliers fluctuate.

Volume produced in 2021
(Years of partnership)

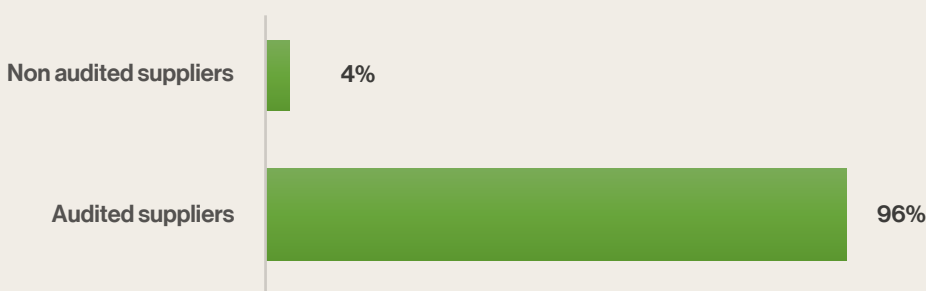


11. Risk Countries

A large portion of our total garment volume is produced by suppliers located in so-called risk countries. Risk countries are defined by a classification set by Amfori BSCI, which builds on the Worldwide Governance Indicators from the World Bank. The indicators by which countries are measured and scored against include areas such as free speech, freedom of association, political stability, absence of violence/terrorism, rule of law and control of corruption. These are all areas which are also included in Baum und Pferdgarten's own responsibility policies.

One way of ensuring that suppliers adhere to our responsibility policies and meet our standards for safe and ethical production is to use social compliance audits by independent third party organisations. Our goal is to have 75% of our risk country suppliers audited by 2022 and 100% by 2024. In 2021, 74% of our risk country suppliers were audited, and when looking at the total volume that we produced in risk countries, 96% of that was produced with audited suppliers.

Audits- Risk country production in 2021 (measured in volume)



12. Ethical and Fair

We have a responsibility for the safety and well-being of all the people involved in producing our garments. In our Code of Conduct and our Human Rights Policy, we have outlined a strong set of values that our suppliers are obliged to follow.

As previously mentioned, not all of our suppliers currently have a valid audit. This is because as it's an expensive process, it's not always economically viable for small suppliers to be audited. Audits are a great aid for making sure that the values in our policies are upheld, but they are not the only tool we have for this, which is why we are developing our due diligence strategy.

One of our focuses for 2022 will be developing our due diligence strategy, meaning the process for identifying and addressing negative human rights impacts. Starting with the suppliers that produce most of our volume, our first step will be planning follow-up sessions with suppliers on our Code of Conduct and Human Rights policy. These we can do online, but we're hopeful to be able to resume our onsite visits in 2022.

Having an open dialogue is important in order to develop long-term, trusting relationships with suppliers. Just as we are trying to improve our own processes, our suppliers must be given the same chance to do the same with theirs.

To help us develop our due diligence strategy, we joined a project in 2021 with Dansk Mode og Textil, the Danish Institute for Human Rights and other fellow Danish fashion brands. This project is aimed at creating a due diligence toolbox for Danish fashion brands. We are looking forward to using this and sharing our experiences with other brands in our networking group during 2022.

13. Plastics

In September 2019, we signed The New Plastics Economy initiative led by the Ellen MacArthur Foundation. Since then we have been committed to reducing our plastic pollution and reporting on our progress every year.

During 2021, we managed to draw significantly closer to our goals of:

- Eliminating problematic and unnecessary plastic packaging.
- Replacing all single use plastic packaging with recycled plastic.

It should be acknowledged that 2020 and 2021 are not directly comparable due to the fact that our plastic reporting deadline was slightly advanced this year so we did not report on an entire year. We therefore estimate that an additional 1.3 tonnes should be added to cover an entire year. Nevertheless, the reduction of 10.48 tonnes of plastic used in 2020, to 5.58 tonnes in 2021 (even with missing the estimate), is significant and truly one of our CSR highlights of the year.

Last year we found that the majority of our plastic consumption originated from the hangers and polybags used to pack our products when they leave our suppliers. We therefore set out to reduce our number of hanging garment shipments during

2021, which would allow us to eliminate some of the plastic hangers used for this type of shipment.

As much as we had hoped for 2021 to return us all back to “normal”, Covid-19 continues to affect the way we do business, forcing us to find new solutions while the disruption of the pandemic interferes with our normal workflow. The challenges we face with production delays and a struggling transport industry have resulted in a rapid increase in our number of flat packed shipments. The changes in transport work to our advantage by reducing our plastic usage. This wasn't only due to the decrease in plastic hangers, the other factors included:

- The longer polybags used for hanging garments. Using more flat-pack polybags resulted in the average weight of our polybags being reduced by approximately 30% compared to last year.
- The plastic used for lining hanging garment containers to further protect the garments from dirt and moisture.
- The heavy plastic bars used inside hanging garment boxes which are used when shipping hanging garments from our warehouse to our customers.

In addition to lowering our plastic consumption, we also made great progress in switching from conventional to recycled polybags this year, with about two thirds of the polybags used for

our Autumn Winter 2021 collection made from recycled plastic. We feel confident that we will meet our goal of reaching 50% for the entire year by 2022. This number will vary from collection to collection, as not all suppliers are able to find suitable local options and some have remaining stock of conventional polybags to be used. One of our focus areas for our plastic use in 2022 will be continuing the conversion from conventional to recycled plastic polybags and working towards our goal of only using recycled options by 2024.

Thank you