

CSR REPORT 2022

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**BAUM
UND
PFERDGARTEN**

Index

- 1. Introduction**
- 2. Our Story**
- 3. 2022 Responsibility Highlights**
- 4. Forward-Thinking Products**
- 5. Better Materials**
 - Cotton**
 - Cellulose**
 - Polyester**
 - Polyamide**
 - Wool**
- 6. Recyclable Products**
- 7. Improving Processes**
- 8. Transparency**
- 9. Supplier Mapping**
- 10. Supplier Relations**
- 11. Risk Countries**
- 12. Ethical and Fair**
- 13. Plastics**

1. Introduction

Better Transparency Means Better Business

At Baum und Pferdgarten we have always strived to make beautiful, long-lasting products that transcend seasons. These products are our focus and our legacy, and the processes that go into making them is just as important as the end result. At the heart of everything we do, there is an active emphasis on learning, growing, and improving how we do business.

When it comes to improving how we work, we know that it is essential that we understand each of the many processes that contribute to our final product. For us, the most important link in the production chain is the suppliers from whom we source garments. We are happy to share that all of our suppliers are carefully selected business partners whose names we are proud to share publicly. For several years now, we have disclosed the names of the suppliers connected to each of the products sold on our website. We do this because we believe it is important to be transparent about the origin of our products. In this, we are holding ourselves accountable for the items that we design, create, and sell.

This year we have put great effort into creating a new supplier portal, which allows us to more effectively trace our supply chain and work even closer with our suppliers. We believe

that engaging with suppliers in this way is key to responsible business conduct. Ultimately, investing in these relationships contributes to not only greater transparency, but also to positive, sustainable development throughout our supply chain.

This report is another important tool for us as we strive for ever greater transparency. It allows us to share our CSR work publicly, communicating openly and honestly about the progress and the challenges we face along the way.

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.

2022 RESPONSIBLY HIGHLIGHTS

- We developed a new system for supply chain mapping that will launch in 2023.
- We further increased our use of responsible cotton to 79% in 2022.
- We reduced our yearly plastic consumption, which is now less than half of what it was in 2020.

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 2022 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.

Baum und Pferdgarten is an order-based company, which means we are free from the problem of potentially having large deadstock at the end of each season. Instead, we intentionally have little to no stock and essentially only produce what we are fairly certain we will sell. Because it is very difficult for us to predict how much any given style will sell when we design our collection, it is important to us that we incorporate a high percentage of responsible materials when creating a new collection. When measuring responsible fibre use against our target goals, our fibre split is always based on the total weight of all the garments we produce in a given year. The end result of our fibre split for the year is therefore not only subject to how many responsible styles

we have in our collection, but also how well these styles sell and how much the individual garment weighs. In other words, selling 200 pairs of a heavy pair of jeans in organic cotton will have more positive impact on our fibre split than, for example, selling 300 pieces of a light summer dress in organic cotton.

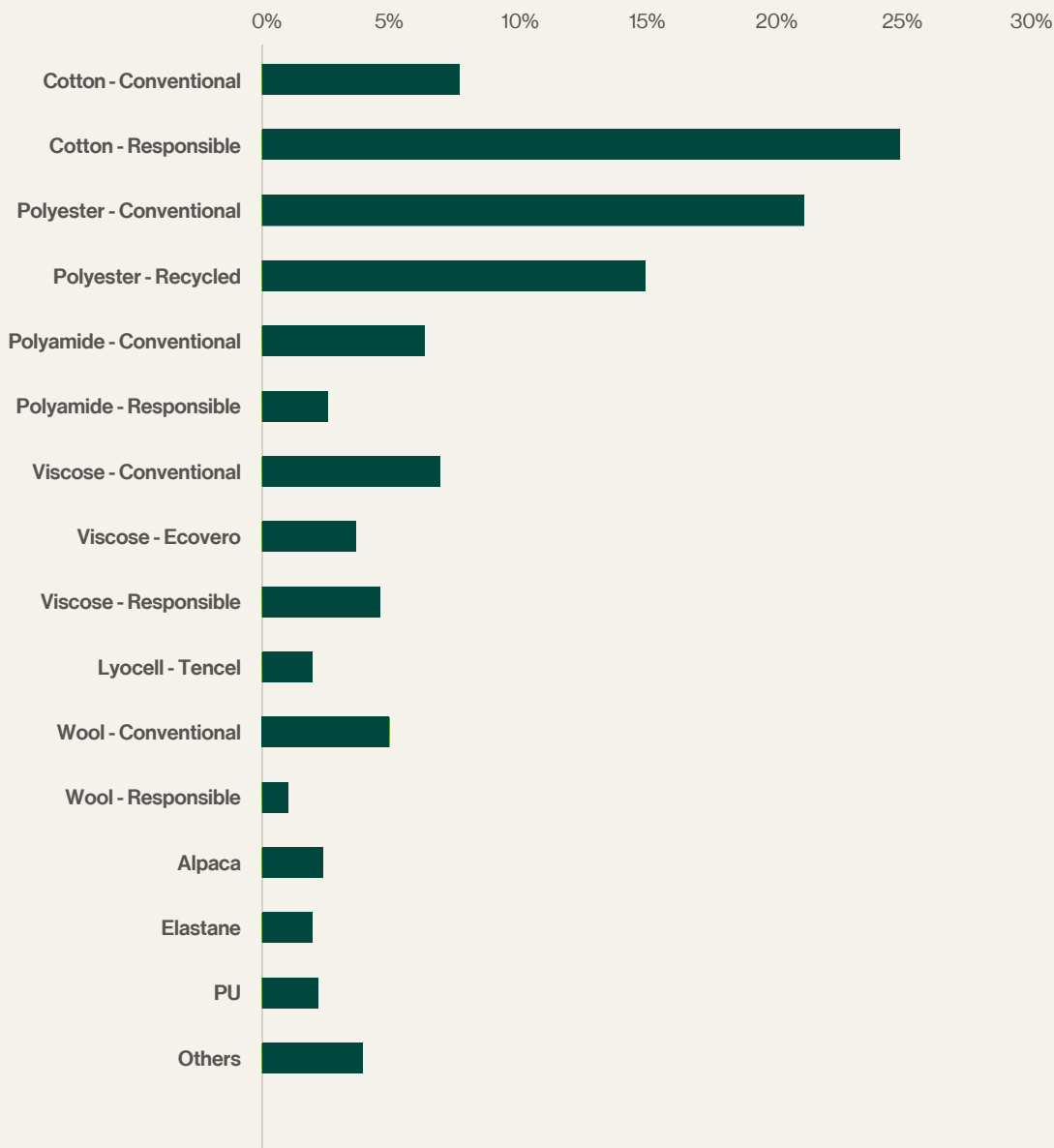
Even with the best of intentions and careful planning, it is not always possible to reach our goals in terms of fibre usage. 2022 is a good example of this reality. In the wake of the supply chain disruption that has impacted our industry over the past few years (caused first by Covid-19, and more recently by an economic downturn) we have had to accept that some of our ongoing goals for responsible material use will be more difficult to reach than we had originally planned when setting these goals in 2019. The lack of raw materials, combined with longer production times and recent price increases in transport and energy has affected the pace at which we will be able to reach some of our goals.

But despite these challenges, we remain committed to learning, growing, and progressing each year, as we strive to become ever more responsible and transparent in how we source and use materials. We believe that even slow progress is still progress.

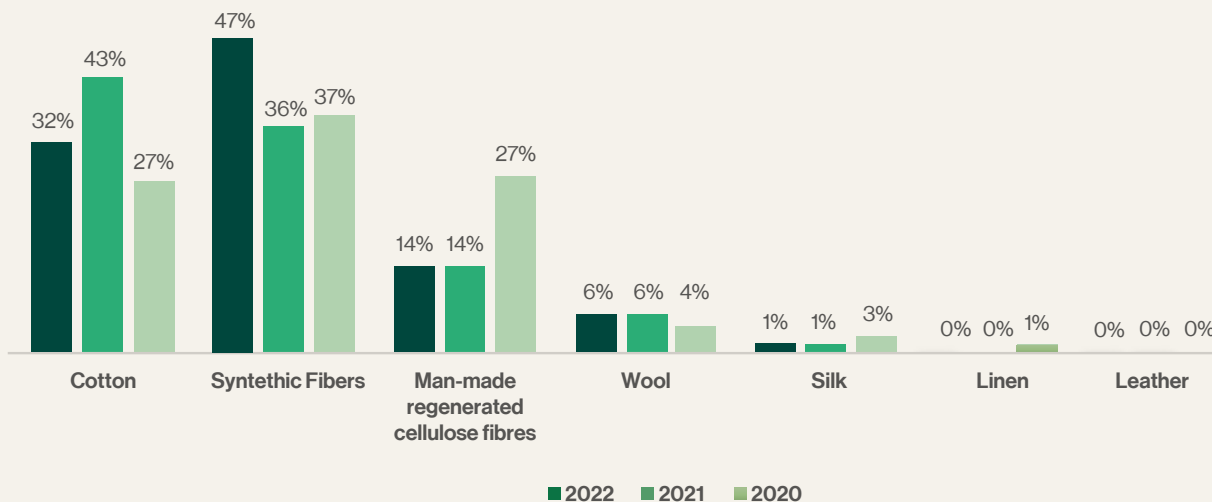
- **79% of the cotton we used was responsible (either organic or recycled)**
- **51% of the regenerated fibres we used were responsible cellulose (Lyocell, Lenzing Ecovero™, and Tencel™ fibres, as well as viscose from responsibly managed forests)**
- **41% of the Polyester we used was responsible (recycled)**

Below is a detailed look at some specific key materials goals for 2022 and the results of our responsibility efforts this past year.

Fibre Split 2022



Fibre use



Cotton

Our target goal for responsible cotton use in 2022 was 50%. We surpassed this goal and, in the end, 79% of the cotton we used was either recycled or organic.

Cellulose

Our goal for the use of responsible cellulose in 2022 was 50%. We are happy to share that we met and just exceeded this goal, with 51% of the cellulose fibres we used this year being designated as responsible (Lyocell, Lenzing Ecovero™, and Tencel™ fibres, and viscose from responsibly managed forests)

Polyester

Our transition to using responsible polyester has been more difficult than anticipated. Instead of reaching our goal of using 75% responsible polyester, we were only able to achieve a level of 41%. When we made our strategy for transitioning to responsible polyester, our expectation was that it would be as easy or easier than our process of switching to responsible cotton. This has turned out not to be the case. Moving forward, we will adjust this strategy in order to continue making positive progress each year.

Polyamide

This year we managed to increase the percentage of responsible polyamide we used, from 9% in 2021 to 24% in 2022. Although we didn't reach our target goal of 50% for this year, we have still achieved a significant improvement that we will continue to build on moving forward.

A general note about synthetic fibres

Synthetic fibres increase the durability of a fabric or yarn. When we use synthetic fibres, we use them on their own or blended with other fibres for added material strength that extends the life of a garment. Whenever we make products from synthetic fabrics, we always try to make sure that we are using recycled fibres. However, when buying recycled material, we must work within the confines of minimum order requirements set by suppliers, which are higher than minimums for conventional materials.

So moving forward, we are faced with a decision related to the use of recycled fibres: we can either (A) stop buying yarns or fabrics that contain small amounts of synthetics (thus helping us to reach our goals for fibre use) or (B) buy smaller quantities of conventional fibres, knowing that these fibres will help contribute to the longevity of our products. This reality helps to demonstrate why things are rarely black and white when it comes to choosing responsible fibres.

Wool

In 2022, 17% of the wool we used was responsible wool, a percentage that falls well below our goal of 50%. Wool constitutes about 6% of our total fibre use and is often mixed with other fibres. Since it's used in such small quantities, it's quite challenging to get a RWS (Responsible Wool Standard) certification on all wool fibres used in production.

Though we prefer to work with wool that achieves RWS (Responsible Wool Standard) certification, we still utilise conventional wool. Conventional wool is on our 'good' materials list, so it makes little sense to substitute it for garments where we find wool to be the best option.

Production with recycled fibres generally reduces energy use, CO₂, and water use. That's why we favour recycled fibres in our production.

6. Recyclable Products

Production with recycled fibres generally reduces energy use, CO₂, and water use. That's why we favour recycled fibres in our production. For the same reason, we need to adapt to and embrace the opportunity that our clothes may have a second life as recycled or repurposed pieces of clothing. Thinking in this way allows us to align with the positive development in the EU Waste Directive legislation. This legislation requires EU Member States to establish systems for the separate collection of textile waste by January 1, 2025.

Working toward this goal, we have organised the recyclability of our products into three categories:

1. Recyclable Mono-Materials:

Garments made from un-mixed fibres.

2. Recyclable Blends:

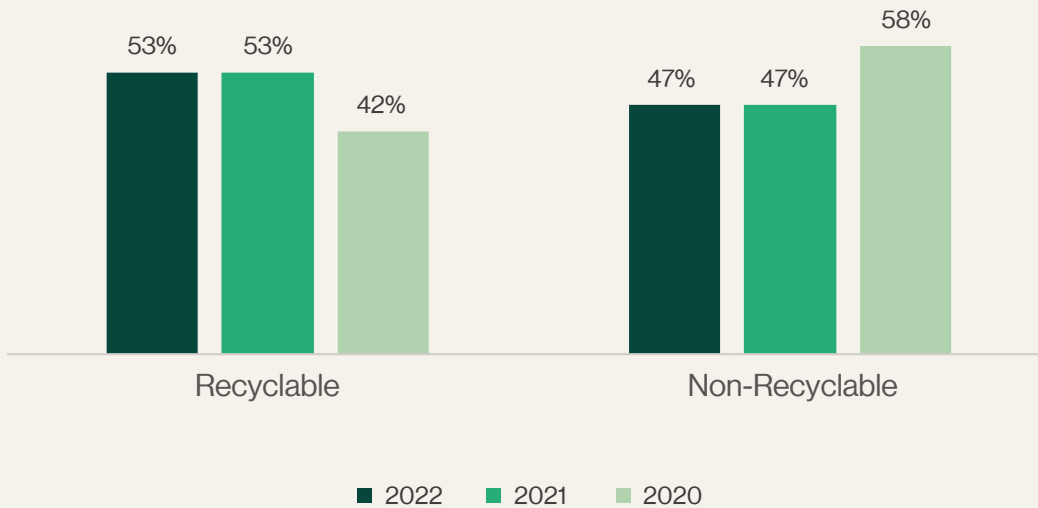
Garments made from cellulose fibres with up to 10% from other fibres.

3. Non-recyclable Blends:

Garments made from all other blends which cannot, at present, be recycled.

Our target for 2022 was that 50% of our garments should be fully recyclable. For both years 2021 and 2022, we were able to surpass that goal with a total of 53% of our total garments meeting the standard for recyclability.

Recyclable Products



**83% of the trim we used
in 2022 was OEKO-TEX®
certified**

7. Improving Processes

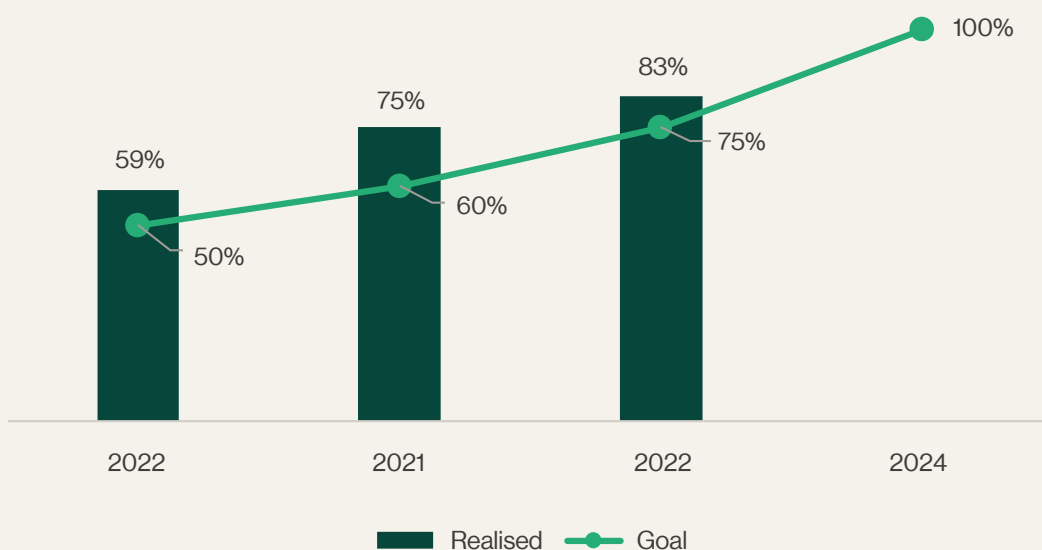
The design and production of our garments requires the work of many people, the sourcing of a variety of materials, and numerous production processes. All of these things are delicately interconnected. What can seem like a minor detail at one stage of work can end up having one or more significant ripple effects further down the line in the production process. With this in mind, we are determined to be conscious of how we work and are always looking for improvements that make our processes both more efficient and more responsible.

In 2022, we have spent considerable thought and energy preparing for the new EU directives related to sustainable business practices that are on the near horizon. Though this legislation is currently in the draft phase, we know that it will include requirements that affect our business operations and production practices. Thankfully, we have a head start; because CSR has been a priority for us for several years, we will not be ‘starting from scratch’ but, rather, will continue to refine our goals and decision making based on the guidance in these new sustainability directives.

We look forward to learning more about the EU sustainability guidelines and, in the years ahead, how we can incorporate additional strategies and best practices into our own CSR strategy. There’s more to our garments than just the fabric

they are made from. To mention a few more elements, there's the lining, the padding, the neck labels and the metal and plastic trims such as zipper and buttons. For our metal and plastic trims we had set a goal for 2022, saying 75% of the trims we used should be OEKO-TEX® certified (OEKO-TEX® is a chemical standard stricter than EU's REACH legislation. By buying Oekotex certified trims we are guaranteed that these live up to the strict chemical standard and are free from any harmful substances). 83% of the trim we used in 2022 was OEKO-TEX® certified (Result for 2021 was 75%).

Oekotex certified trims



8. Transparency

In order to do business in a manner that is truly responsible, transparency is essential. Knowing our impact - whether environmental, social, or otherwise - is the first step towards acting more responsibly and making informed, considered decisions.

Our supply chain is an area where transparency is especially important, as it involves many suppliers and sub-suppliers. Without a commitment to real transparency, we cannot know much - if anything - about these important players in the supply chain, their environmental practices, or ethical standards of operations. One way to work towards increased transparency within our supply chain is through supply chain mapping. In 2022, we were able to expand this important work.

This year we signed the Commitment to Transparency, Collaboration, and Responsible Sourcing facilitated by Dansk Mode og Textil (the Danish Fashion and Textile organisation). Brands that sign this commitment agree to share knowledge, methods for supplier mapping, and collaborative strategies for brands with shared suppliers. Throughout this year, our team has spent a lot of time on this exciting joint project - meeting with other brands, discussing our individual approaches, and providing guidance for one another by

sharing our insights and experiences. As many participants are in fact small businesses, one key learning that we have established is that many of us have shared suppliers. We are now using this knowledge to make the supplier mapping process easier for both our teams as well as for the suppliers.

Because our common endeavour is to make decisions that are better for people and the planet, our participation in this collaborative community is a positive development for us and an exciting step toward greater accountability and transparency.

9. Supplier Mapping

In 2021, we saw that our efforts to map our supply chain were extremely valuable, helping us to understand more about our supply chain than ever before. This process also helped us to realise that if we were to reach our target goals for transparency and mapping, we would have to change our approach with regards to how we collect data.

Our previous mapping methods, although successful, had limitations that we wanted to overcome. With this in mind, we have spent 2022 developing a new system for supply chain mapping. This new system seeks to reduce the time it takes to process registration data for each garment style and the related supplier data. Furthermore, by establishing a custom system for registration that includes data related to suppliers and sub-suppliers, we have created a more clear and useful overview of our supply chain. This overview provides us with more than a geographical overview, but also allows us to carry out due diligence when assessing human rights and environmental data and insights.

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

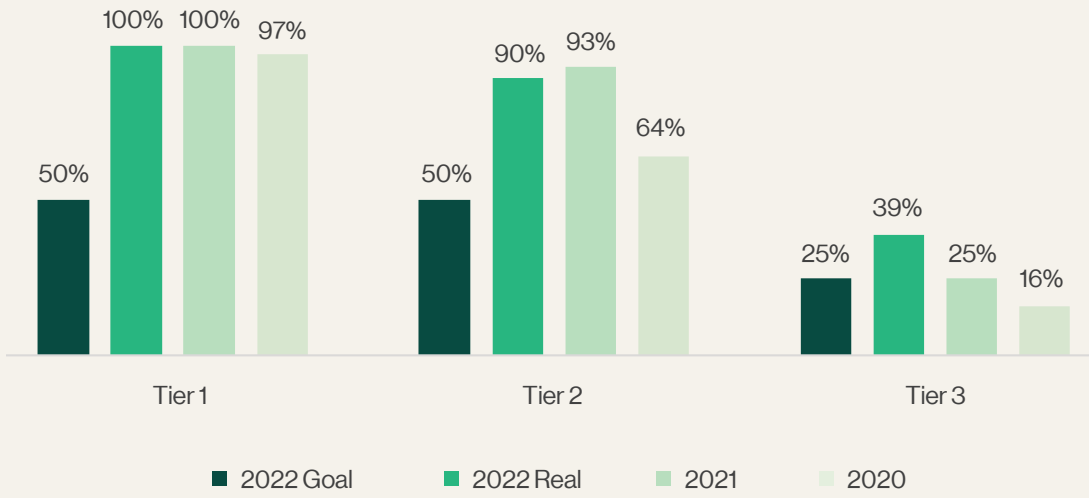
Tier 1: This is synonymous with the final stage of production, i.e. the cutting and sewing facilities where garments and other products are assembled.

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 2022, we managed to map 100% of our suppliers in Tier 1 (our goal was 50%), 90% in Tier 2 (our goal was 50%), and 39% in Tier 3 (our goal was 15%). We are encouraged by the achievements in supply chain mapping in 2022, and inspired to continue learning and growing our understanding in this area.

Supplier Mapping



Tier 2 Mapping Elaborated



86% 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 the core of our business.

Our suppliers play an essential role in our ability to deliver beautiful, high-quality products to our customers. So, building and maintaining strong relationships with our suppliers - especially our long term suppliers - has always been a priority for us.

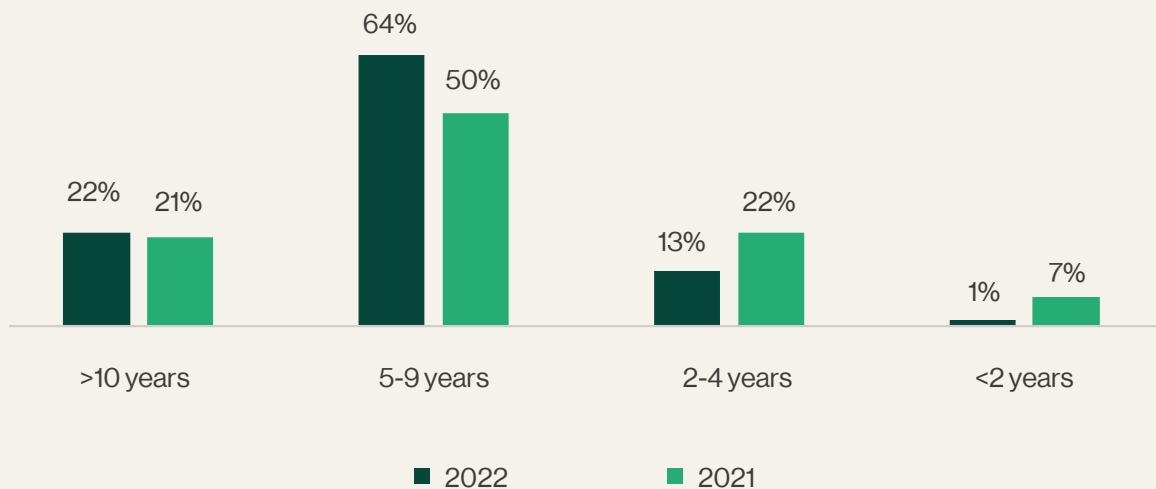
Working with long term suppliers (suppliers defined by a partnership that is at least five years old) has many benefits. And while we will likely always need to work together with short-term suppliers in order to stay agile and creative, we feel strongly that nurturing positive relationships with long term suppliers is essential. This reality has become even more evident during the uncertainty of the past few years.

Some of the key benefits of long term collaboration include: better communication (in general), increased mutual trust, better insights into the detailed production processes taking place in the creation of our garments, and a greater sense of reassurance in times where travel restrictions have made us unable to conduct our annual supplier visits.

In 2021, we used long term suppliers for 71% of total production. In 2022, we are happy to report

that we were able to use long term suppliers for 86% of our total production (our target was 65%), a result that far surpasses our target of 2024 (75%). Moving forward, we plan on continuing to invest in our relationships with these long term suppliers, in order to ensure a strong future built on responsible business.

Volume produced (by years of partnership with supplier)



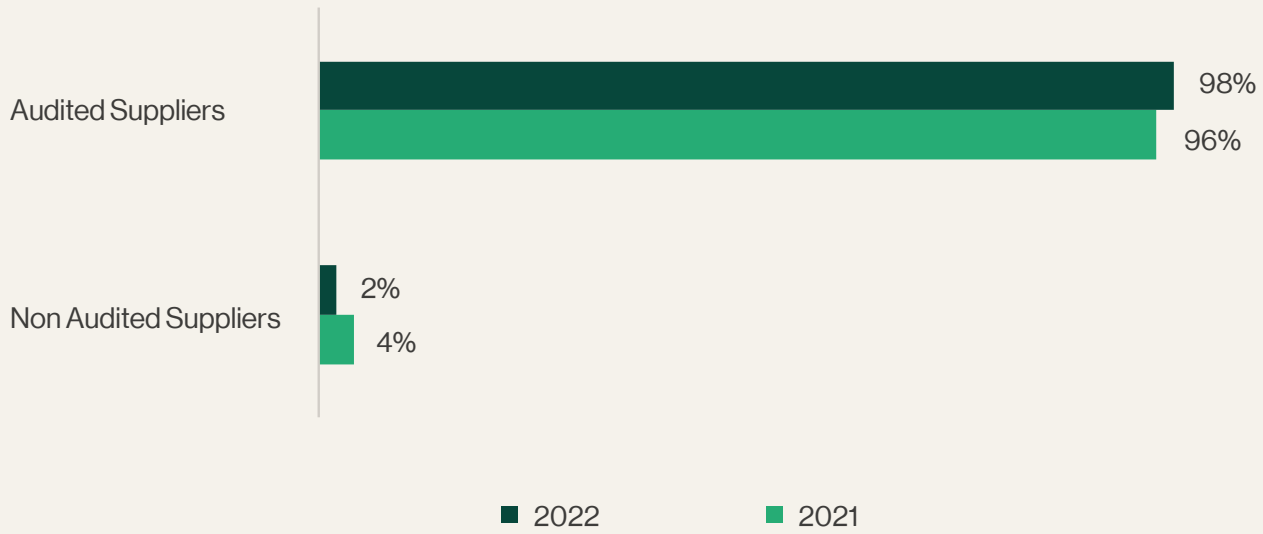
11. Risk Countries

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 our 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 2022, 83% of our risk country suppliers were audited, and when looking at the total volume that we produced in risk countries, 98% of that was produced with audited suppliers.

Audits- Risk country production in 2022 (measured in volume)



12. Ethical and Fair

Our company is founded upon a strong set of values from which we have built our Code of Conduct and policies. All of our suppliers are obliged to sign and follow these guidelines which cover: animal welfare, chemical use, the environment and climate, human rights, and products and material.

Our Animal Welfare Policy aims to ensure that all animals involved in the production of our products are cared for according to the five freedoms developed by the World Organization for Animal Health. The five freedoms include conditions such as freedom from hunger, fear, distress, and physical discomfort. This guidance states that animals should be allowed to express their standard patterns of behaviour. In accordance with these freedoms, we do not accept mulesing or any other mistreatment of the sheep that provide wool for our products.

For several years we have almost completely avoided the use of leather in our products. In 2022, we used a total of 5.5 kgs of leather for our entire production. Going forward, leather - along with animal furs, exotic skins and angora - will be added to the list of materials that we have already committed not to use.

Crafting beautiful, durable garments has always been a hallmark of what we stand for. At the heart

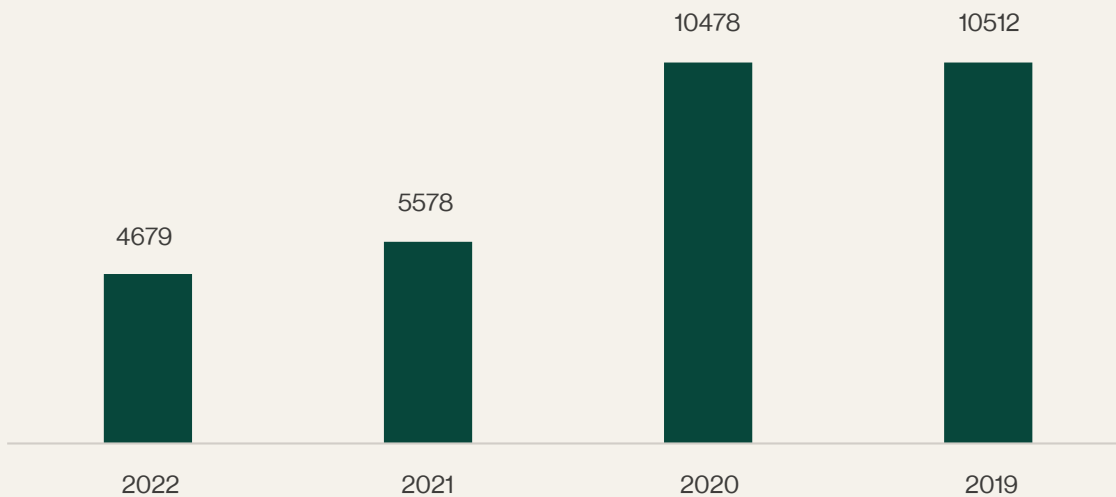
of our internal Product and Material policy, is the aim to always design long-lasting garments that last well beyond the season when they were purchased. As we move forward in our journey to become a more responsible fashion brand, we will continue to increase our knowledge, innovate, and develop new, better procedures each year. We believe that the best thing we can do in terms of lowering the environmental impact of each individual garment is to prolong its lifespan. With this in mind, our primary goal is to make sure that the pieces we create have a long and useful life in our customers' wardrobes. Then, beyond this, they would live on in the resale market before, ultimately, being recycled or responsibly disposed of.

13. Plastics

Although we cannot completely eliminate our plastic use at this point, the more we see our efforts to reduce our plastic consumption paying off, the more it inspires us to continue reducing plastic use. Last year, we made great progress toward our goals, effectively reducing our total plastic consumption by 35%. This year we have continued along the same trajectory, further reducing our plastic use and continuing our transition from the use of virgin to recycled plastic packaging.

Our total plastic consumption during 2022 (July 1st 2021– June 30th 2022) was 4.68 tonnes (kilograms). This amount equates to a 17% decrease of our total plastic use compared to 2021, but in reality the overall reduction is actually higher. During the past two years, complications caused by the Covid-19 pandemic resulted in a shortened reporting window with Ellen McArthur foundation in 2021. A more accurate ‘apples to apples’ comparison—in terms of time span—would therefore be to measure our 2022 plastic consumption against that of 2020 (rather than 2021). When comparing data in this way, our total plastic consumption has been reduced by 56% from 2020 to 2022.

Total plastic use in kgs



While working to reduce our plastic use, we have also been working to replace all single-use plastic packaging with recycled options. Our goal for 2022 was to replace at least 50% of all virgin plastics with recycled or recyclable plastic. From season to season, this percentage will fluctuate somewhat (depending on the order size we have with our different suppliers) but, despite this variation, we have far exceeded our goal for recycled plastic use in 2022. For example, for our Pre-Autumn '22 Collection, approximately 80% of the plastic used for packaging was made with recycled plastics.

Looking towards 2023, our Plastic-Related Focus Areas will be:

1. Eliminate as much repacking as possible at our own warehouse.
2. Continue reducing the use of plastics at every level of our process and production, company wide.

Thank you