

Filippa K

SUSTAINABILITY REPORT 2020

TABLE OF CONTENTS

1. COMMENTS FROM THE SUSTAINABILITY MANAGER
2. WE ARE FILIPPA K
3. A MISSION OF MINDFUL CONSUMPTION
4. OUR 2030 GOALS
5. FIBRE USE
6. TRACEABILITY
7. LONGEVITY
8. CIRCULARITY
9. CLIMATE
10. SOCIAL

THIS SUSTAINABILITY REPORT COVERS THE YEAR 2020 AND THE LEGAL UNIT
FILIPPA K GROUP AB. THE SUSTAINABILITY REPORT IS PREPARED IN ACCORDANCE
WITH THE REQUIREMENTS OF THE SWEDISH ANNUAL ACT, CHAPTER SIX. THE BOARD
OF FILIPPA K GROUP AB IS RESPONSIBLE FOR THE SUSTAINABILITY REPORT.

1. COMMENTS FROM THE SUSTAINABILITY MANAGER



Jodi Everding
Sustainability Manager

Our mission at Filippa K is to drive a movement of mindful consumption. Since our beginnings in 1993, we've continuously worked towards creating clothing that meets the real needs of everyday life – with outstanding quality, timeless style, and a perfect fit. By ensuring that each piece is designed to last, we can shift the industry and cultural mindset from temporary to permanent for a more sustainable future.

In 2020, the fashion industry was faced with unanticipated challenges due to the Covid-19 pandemic. Our mission of mindful consumption gave us a foundation on which we were able to make quick decisions and find creative solutions – all of which were in line with our intended trajectory as a business. We reduced the size of our assortment and chose to focus on fewer but better garments for our consumer, an approach that was already present in our Core Collection of permanent wardrobe pieces that never go on sale. We increased the share of business represented by Core, and developed a new range strategy that allowed us to act quickly to provide our consumers with the pieces we know they want to wear and keep for a long time.

Because mindful consumption involves every stage of a garment's lifecycle, we didn't stop there. We continued our Swedish wool project that turns waste into a resource, and received the 2020 Draper's Sustainable Fashion Award for Best Supply Chain Initiative. This project was scaled up even further with project coordination support from Axfoundation, allowing us to bring more brands and stakeholders into the initiative. A significant achievement in 2020 was furthering our efforts toward circular fashion by repairing, remaking, and reselling pre-loved and past season garments that we have been taking back from customers either through our Collect programs or as claims. We are hands on with these garments, sorting, repairing, and remaking at our headquarters in Stockholm so that we can offer them in our flagship retail stores in Stockholm, Copenhagen, Berlin, Amsterdam, and Hamburg. In this way, we can increase the longevity of our clothing, teach our community how to care for what they have, and it gives us valuable insight into our product development process by providing data from the user phase of our garments.

While it's important to celebrate progress, we realise that this is far from perfect. Transparently sharing each step with you is essential to reaching our goals and ultimately moving towards a fully circular economy. We're encouraged by the knowledge that we're not alone in this mission – collaboration is an incredibly important part of what we do. We took part in the following events and initiatives in 2020:

Meet the Nordics at Copenhagen Fashion Week

Meet the Nordics at Paris Fashion Week

Keynote speaker at Baltic Wool Conference

Online panel discussing Swedish wool with Röjk, Axfoundation, We Make It Last

Panel discussion as part of Zalando capsule presentation, CPH Fashion Week

Garment care Instagram Live Session with Steamery Stockholm

Part of Zalando's Attitude Behavior Gap project

Featured brand in "Circular Fashion": a textbook by Peggy Blum, published by Laurence King

Included in case study report by In Futurum agency in Copenhagen

Our journey towards mindful consumption is far from complete. Inspiring a change in behaviour is not a small task, and it is one that requires passion and dedication. We are grateful to have you on this path with us, and determined to succeed.

2. WE ARE FILIPPA K



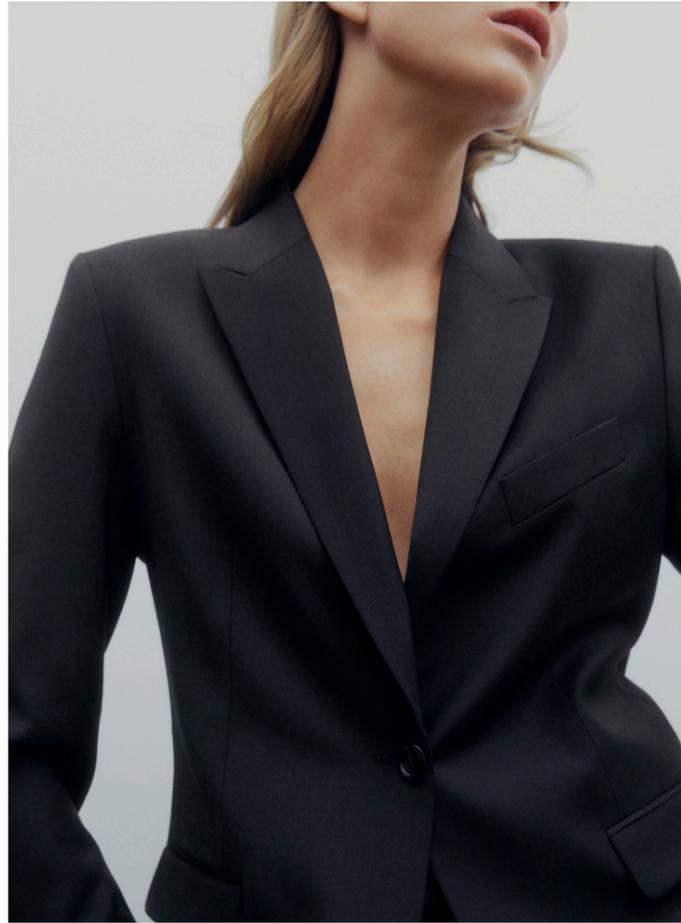
"Inspired by my own needs, I set out to build a brand that had substance and truth, not dependent on the superficial trends of the fashion industry."

Filippa Knutsson, Founder

Filippa Knutsson founded the brand in 1993 as a solution to the stress of dressing. She saw a need for simple, practical garments that answer to real experiences of the everyday – designed with style and comfort in equal measure. What began at her kitchen table has grown sustainably over the years into what Filippa K is today: international in mind, and Scandinavian at heart. We create collections of clothing and accessories in the categories of Woman, Soft Sport, and Man, and are present in 20 markets globally through 25 brand stores, over 300 premium retailers and department stores. We deliver our products worldwide via our own e-commerce presence, as well as e-tailer and marketplace partners.

Our pieces stay true to the minimalism and ease of the 90s, reinterpreted for modern life. We eliminate unnecessary details for a calm, long-lasting feeling that one doesn't tire of too quickly, but that is reached for day after day. By approaching fashion with a perspective of longevity, we can help our community approach their wardrobes in a way that is mindful of our environment and our future.

3. A MISSION OF MINDFUL CONSUMPTION



WHAT IS MINDFUL CONSUMPTION?

Our mission as an organisation is to drive a movement of mindful consumption. To us, this means the responsible creation of timeless, high quality, practical fashion that promotes a lifestyle of buying and using fewer pieces for longer, and giving them a second life after ownership. In a world of fast fashion, our goal is to create a shift in industry perspective from fast to slow, and in consumer mindset from temporary to permanent. This can inspire purchasing behaviour to move from frequent impulse-driven buys of superficial trends to purposeful, responsibly informed investments of both need- and desire-driven pieces to love for many years. By connecting with our community and customers, we continue to develop a growing understanding of what they need and how our purpose can impact their lives.

OUR VALUE CHAIN

There are both environmental and social risks within our value chain and those are mainly found beyond our direct control and our own business, or upstream of our value chain. For our own direct impact on the environment we make conscious decisions when it comes to transportation and we try to reduce our use of energy and make sure to use renewable energy in our facilities. In order to make sure we respect human rights within our own business and our value chain, we have internal policies and guidelines in place. Our partners have to sign our Code of Conduct that is developed to protect human rights and to ensure good working conditions.

The biggest social risks in the industry are that workers do not have fair working conditions in factories we are buying from, for instance, working hours that are too long, not getting paid a living wage, or not having the right to freedom of association. We strive to be a fair and reliable business partner in a long-term and rewarding relationship, based on mutual trust. Our trading agents, suppliers and other business partners play an important part in realizing this aspiration. All partners to Filippa K are expected to operate in compliance with our Code of Conduct. This means that supplier companies, trading agents and other partners must ensure that our Code of Conduct also is respected and fulfilled by subcontractors involved in the production processes carried out on behalf of Filippa K.

The biggest environmental risks are found outside our own company. Those are impacts on climate change, water scarcity, negative impacts on biodiversity, the use of hazardous chemicals and the release of micro plastics into rivers and oceans. Life cycle assessments done by Mistra Future Fashion research program show that the absolute biggest impact on both climate change and eco toxicity during a product's lifetime lies within fabric production and therefore is out of our direct control. Still, we constantly try to decrease that negative impact by making conscious choices during the design phase, collaborating with experts, NGOs, our suppliers and other brands to find new solutions. We try to reduce our impact and the risks through the choice of materials in our products, practices in production and our partners in the value chain. But perhaps most importantly, our aim is to not produce more than needed and to not contribute to overconsumption. For us, that means increasing our purchase precision and ordering long-lasting products of quality, style and simplicity, as well as enabling a second life for our products, which we do through selling pre-loved and remade garments as well as our Collect program.

4. OUR 2030 GOALS



To guide us in our mission and sustainability efforts, we continuously work towards a set of 2030 goals that help us improve in every area of our business. In 2020, we created a new framework for our goals that allows us to better measure our progress within the key areas of focus. The chart below explains our overall goals for 2030, as well as the benchmark we are working towards for 2021.

AREA OF FOCUS	2030 GOAL	2021 GOAL
FIBRE USE	100% of styles made in Class 1-2 fibres (based on our Fibre Tool) and fully recyclable.	80% of styles made in Class 1-2 fibres.
TRACEABILITY	100% of styles fully traceable and certified (except when certification does not exist).	All Core styles traceable to fibre level. 5 styles certified for F21.
LONGEVITY	Active use of garments increased annually by 30-50% (based on 2021 Wearability KPI).	Set Wearability KPI.
CIRCULARITY	Remake, resell, or recycle 100% of collect/claims garments received; ensure all garment cutting waste is sent for recycling.	Increase the number of secondhand garments sold at retail.
CLIMATE	Reduce carbon impacts annually.	10 styles with product emissions calculation.
SOCIAL	Ensure all people are paid a fair and equitable wage, have a safe work environment, and that there is no exploitative labour or corruption.	Working toward FairWear Foundation leader status (expected 2022); implement unconscious bias training at headquarters.

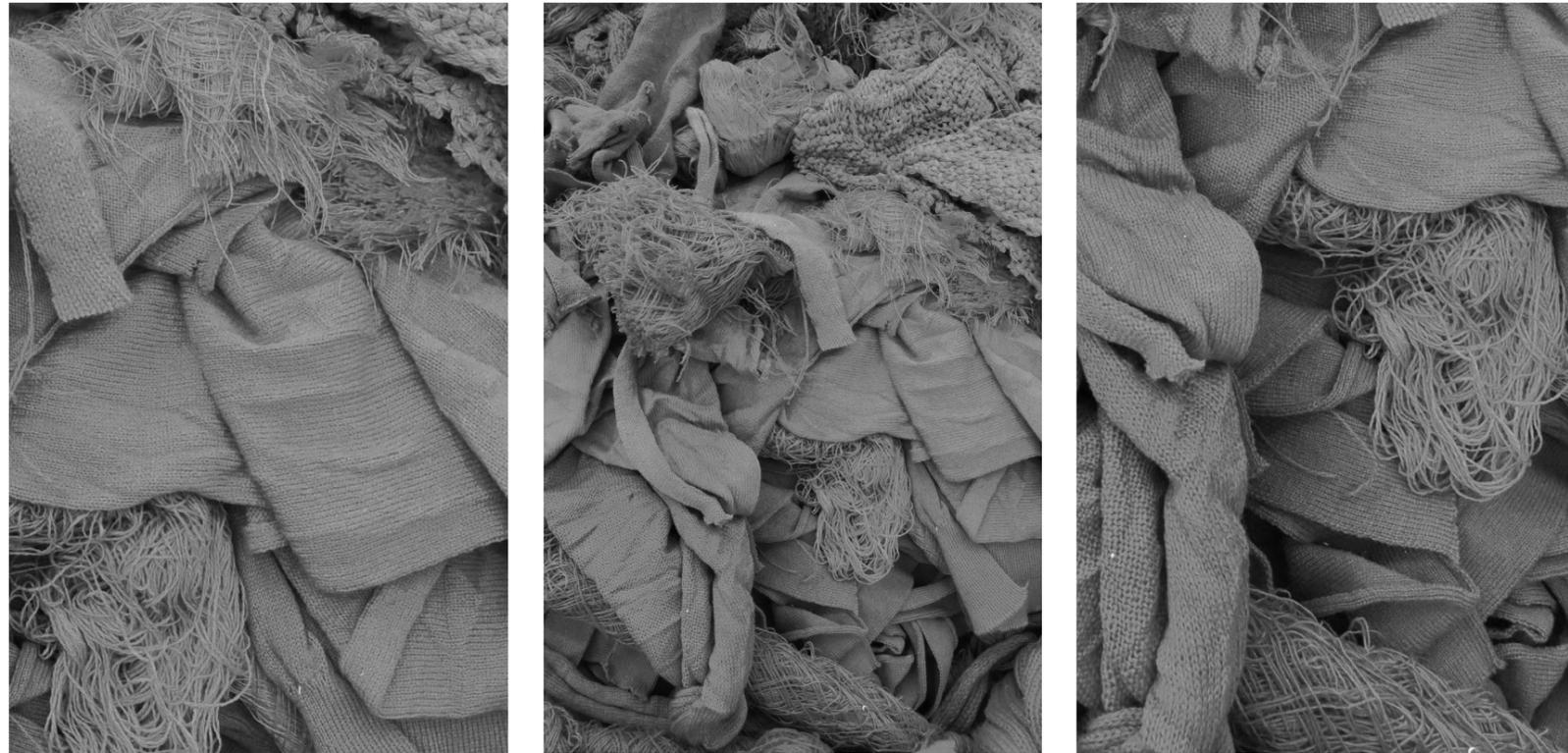
5. FIBRE USE



2030 GOAL:

100% of our styles are made in Class 1-2 fibres (based on our Fibre Tool), and fully recyclable.

The materials we use are essential to creating sustainable, long-lasting garments for our customers. We take a holistic perspective when evaluating the fibres we use, looking at the whole lifecycle of a piece of clothing rather than a single phase. This means that we balance the durability and circularity of fibres throughout their lifespan with the impacts of their creation.



THE FIBRE TOOL

To guide us towards our goal, we use our own Fibre Tool. Developed in 2012, it's based on research from MadeBy and Nike while encompassing Filippa K's values of quality and longevity. We update this tool regularly, and it helps us make more conscious choices while maintaining the signature quality, longevity, and aesthetics of the brand.

Integrating the use of the Fibre Tool into our company processes, and incorporating it as part of our annual goals, means that it is easy to measure progress and make room for improvement. Our fibre tool gives us a score based on a fibre's impact of production while also considering its durability and hence the full life cycle of the garment—but this is only part of the equation. Sustainability is complex so although our fibre tool helps us make better raw material choices, we must also consider the further production processes, transport, usage, and end of life of a garment to have a truly holistic view. We are working toward measuring further impacts in our supply chain and our business, but until that's ready we continue to use our fibre tool to support our product development.



Based on our fibre tool, 67% of our styles were made in more sustainable (Class 1-2) fibres in 2020. This is down slightly from 2019 because we ended our membership in the Better Cotton Initiative in order to focus on using more organic cotton instead. Less than 1% of the cotton in the world is farmed organically, so there is not as much available when compared to BCI cotton, which is sourced through a “mass balance” system. Also, BCI cotton cannot be traced to the farms as with certified organic cotton, and because we have prioritised increasing the traceability for our products we felt that we must start increasing our use of organic cotton. However, it takes time to shift our supply chain and source new organic raw materials so our more sustainable fibres score decreased slightly.

We're proud to have increased our use of recycled polyester (22% of styles based on order quantity in 2019) to 56% in 2020. We also increased the amount of styles using mono fibres (was 39% based on order quantity in 2019) to 43% in 2020. This is because we have prioritised designing with circularity in mind, so by making all of the components of a style in one fibre/material we ensure for ease of recycling at the end of life.

Overall, cotton was the fibre used most in our 2020 collection. The total share of cotton use was 26.13%, with 19.04% of this being regular cotton and 7.09% of this being organic. As noted above, we are working to transition more of our cotton to be organic, but this takes some time. Wool was the second most used fibre in our 2020 collections, with over 20% total share. We love wool because it is a renewable resource and a natural fibre but also for its temperature-regulating properties, as well as its durability and ability to be recycled at the end of life.

Integrating the use of the Fibre Tool into our company processes, and incorporating it as part of our annual goals means that it is easy to measure progress and make room for improvement.

THE FIBRE TOOL

1

Recycled cotton
Organic linen
Linen (natural retting)
Organic hemp
Hemp
Recycled polyester (mechanically)
Recycled polyamide (mechanically)
Refibra
Econyl
Recycled wool
Organic wool
Alpaca wool
Recycled cashmere
Lenzing Ecovero viscose

2

Organic cotton
Lenzing Modal
Lenzing Tencel
Lenzing viscose
Enka viscose
Lyocell
Triacetate
Recycled polyester (chemically)
Recycled polyamide (chemically)
PLA (polylactic acid)
Wool
Yak wool
Mohair wool
Monocel
Silk
Kapok

3

Linen (chemical retting)
Ramie
Modal
Polyester
Thermolite
Acrylic
Cashmere

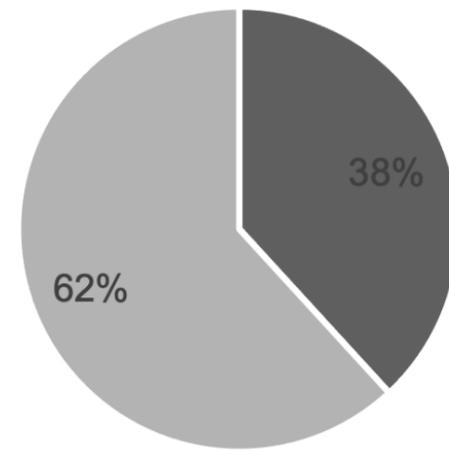
4

Cotton
Viscose
Rayon
Acetate
Polyamide
Elastane/spandex
Bamboo viscose
Metal

TOTAL USE OF SUSTAINABLE FIBRES

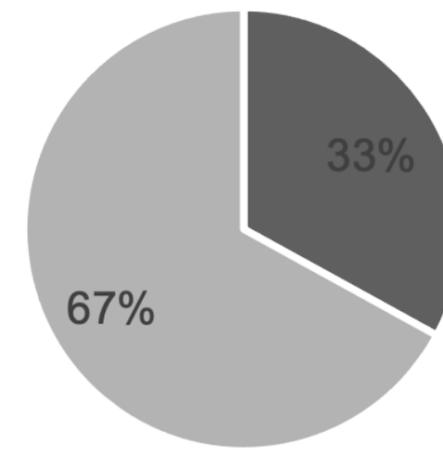
This is separated by styles designed with sustainable fibres, and style quantity purchased by Filippa K to sell based on market expectations.

BY STYLE



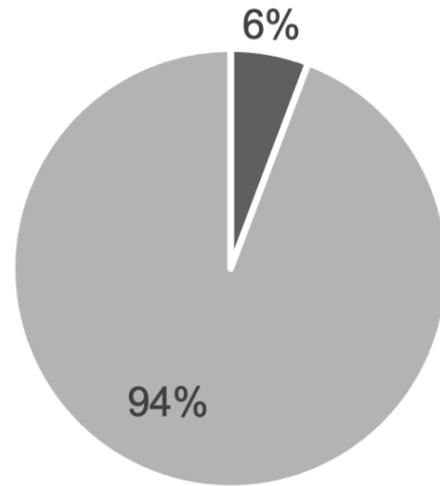
- Styles with fibre class above 2.5
- Styles with fibre class below 2.5

BY ORDER QUANTITY



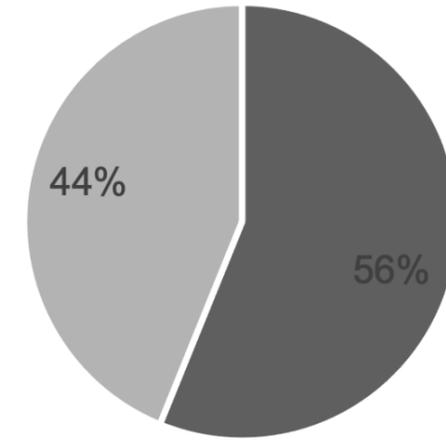
- Styles with fibre class above 2.5
- Styles with fibre class below 2.5

STYLES USING RECYCLED FIBRES
BY ORDER QUANTITY



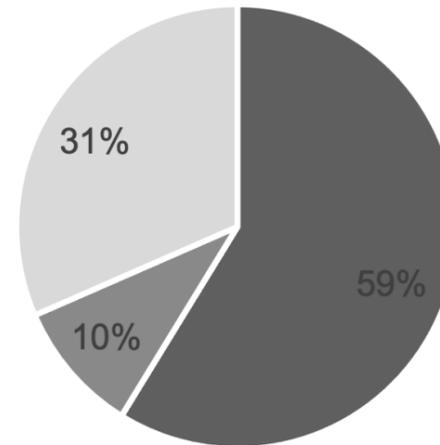
■ Styles using recycled fibres ■ Styles using non-recycled fibres

STYLES USING RECYCLED POLYESTER
BY ORDER QUANTITY



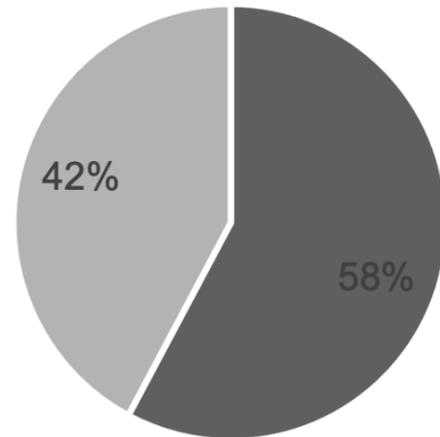
■ Recycled polyester ■ Polyester

FIBRE DISTRIBUTION BY TYPE



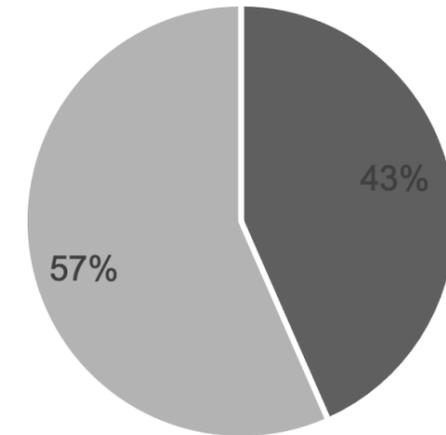
■ Natural ■ Regenerated ■ Synthetic

STYLES USING CERTIFIED VISCOSE
BY ORDER QUANTITY



■ Certified viscose ■ Normal viscose

STYLES USING MONO FIBRES
BY ORDER QUANTITY



■ Styles using mono fibres ■ Styles using multiple fibres

TOTAL FIBRE USE

FIBRE	2020	2019	2018	2017	2016	2015	2014	2013	2012
ALL WOOL	20,40%	18,7%	18,0%	16,9%	15,6%	17,7%	25,4 %	16,1 %	17,4 %
COTTON	19,04%	5,8%	17,2%	17,1%	29,3%	23,2%	25,4 %	26,3 %	31,3 %
ALL LEATHER	8,34%	10,1%	11,9%	6,2%	2,5%	4,5%	5 %	6,1 %	7,4 %
POLYAMIDE	13,89%	12,3%	11,3%	7,6%	4,6%	5,6%	5,5 %	5,8 %	5,2 %
RECYCLED POLYAMIDE	1,75%								
ORGANIC & MORE SUSTAINABLE COTTON	7,09%	21,5%	10,4%	13,3%	3,4%	8,7%	9,3 %	7,9 %	8,4 %
POLYESTER	5,06%	4,5%	6,8%	6,7%	7,6%	6,4%	8,3 %	6,9 %	3,5 %
VISCOSE	1,13%	2,2%	5,3%	5,3%	5,2%	2,2%	9,3 %	9 %	8,4 %
LYOCELL	5,51%	5,7%	4,0%	7,2%	11,7%	9,4%	8,2 %	6,7 %	5,6 %
ELASTANE (LYCRA AND SPANDEX)	3,63%	2,9%	2,9%	2,2%	1,8%	1,9%	1,7 %	2 %	1,4 %
TRIACETATE	3,75%	3,9%	2,4%	1,5%	1,5%	1,2%	1,3 %		
SILK	1,91%	2,8%	2,2%	2,3%	2,1%	2,7%	3,7 %	3,2 %	5,2 %
VISCOSE (LENZING)	2,27%	5,2%	1,9%	3,9%	4,4%	8,3%	9,3 %	9 %	8,4 %
RECYCLED POLYESTER	3,44%	1,3%	1,6%						
LINEN	1,87%	1,8%	1,3%						
LINEN (NATURAL RETTING)	0,15%	0,2%	0,6%	3,0%	4,5%	4,5%	2,1 %	2 %	1,6 %
MODAL	0,68%	1,1%	0,9%	1,1%					
ACETATE		0,6%	0,2%	0,8%	0,7%	2,2%	1,5 %	2,7 %	1,5 %
CUPRO	0,09%	0,37%	0,2%						
OTHER FIBRES (LESS THAN 0.7%)		0,2%		4,9%	5,1%	1,5%	2,5 %	4,4 %	3,1 %



THE SWEDISH WOOL PROJECT

We started working with Swedish wool in 2019, with the production of our Elin sweater. Wool is one of our favorite and most-used fibres, so when we learned that the majority of wool in Sweden is not put to use, we saw an opportunity.

Most wool in the fashion supply chain is sourced from far-off locations like Australia and South America--where we also lose the traceability and connection to the individual farms. So we saw an opportunity to connect to our Swedish farms, use locally sourced wool instead for our garments, and turn waste into a resource. We had developed part of the supply chain in order to do this, and we were recognized by winning Best Supply Chain Initiative by Draper's in 2020.

We have continued to use Swedish wool in our knitwear, continuing on with our Max sweater, introduced in 2020.



From the start, our approach to Swedish wool has been with a goal of scaling up and making it commercially available. The way to truly reinvigorate the Swedish wool industry is to ensure that there is enough good quality wool available for any interested brands—and the best way to do this is to connect it to the existing supply chain in Europe with partners who share our mindset, and have gone above and beyond to integrate new raw materials into their processes. In order to help us scale up our efforts, we have joined with other brands as part of the Swedish Wool Initiative, which is led by Axfoundation. By setting up an industrial scale pilot for collection, sorting, and quality assurance, this cross-sectoral collaboration aims at contributing to the vision of zero waste of Swedish wool.

“Developing viable and sustainable market conditions for Swedish wool is a complex task which requires collaboration, incentives, and practical solutions throughout the whole value chain. The project has identified the prioritized bottlenecks. Now the journey begins to find the right practical solutions and ways forward to address these.”

– Hanna Skoog, Program Director Circular Economy, Axfoundation



SWEDISH LEATHER

Our work with the Swedish Wool Project identified a further opportunity to turn waste into a resource. The leather byproduct from the Swedish meat industry was not being put to use either, and it is a durable and valuable resource that can be used to create garments. We then began working to develop another new supply chain that utilises local hides, and sends it to Kero Leathers near Pajala in Swedish Lapland. This allows the supply chain to stay fully traceable, ensure animal welfare, and reduce the carbon footprint. Each piece is treated with a chrome-free and organic vegetable tanning process that uses bark from mimosa trees to create natural-looking, biodegradable leather.

We used this leather for two outerwear garments in our 2020 collections.

“Vegetable tanning is one of the most ancient methods of treating leather – it’s a perfect match because we believe in using locally-produced materials with partners that also value sustainability.”

– Jodi Everding, Fabric & Sustainability Manager

6. TRACEABILITY

2030 GOAL:

100% of our styles are fully traceable and certified (except when certification does not exist).

We are committed to reaching full traceability within our supply chain and production. In 2020, we continued our partnership that began in 2018 with TrusTrace: a groundbreaking digital platform based on blockchain technology that provides supply chain and transparency tools to accelerate sustainability. With TrusTrace, we can start to trace the supply chain of a garment back to the fibre production. The continuation of our partnership involves working towards providing this information to all customers – making a garment’s full journey visible and also giving us a better understanding of the impacts of our production.



7. LONGEVITY

2030 GOAL:

Active use of garments is increased annually by 30-50%.

Filippa K garments are designed to last, and longevity is essential when working towards our mission of mindful consumption. We aim to create pieces that our customers will love and wear for longer, and this process involves efforts in every phase of a product's lifecycle. Our 2030 goal is based on a Wearability KPI that will be set in 2021.

Our ability to measure the wearability of our garments is essential in reaching our goal, the efforts of which are already underway.

WEARABILITY GOAL

A study by Mistra Future Fashion revealed that even just doubling the number of uses for a garment's lifecycle eliminated almost 50% of the impact of production. You can read more at mistrafuturefashion.com/impact-of-swedish-clothing-consumption/. Based on the proven environmental impact of increased usability we have set a goal to prolong the active use of Filippa K garments.

During 2019, we conducted our first wearability study to gauge how many times a Filippa K garment is used by our consumers, which revealed an average use of 75 times in a garment's active lifetime. For 2021, we have an ambition to set up and implement an improved way of measuring usage of our garments among our consumers to be able to follow up on our wearability goal on a year-to-year basis.

Measuring the usage of our garments will not only allow us to better understand the footprint of our garments and how we can improve it, but will also enable us to calculate cost per wear of our garments to inspire our consumers to make long-term investments.

Understanding the overall perception and needs of our customer is another important element in designing for longevity. We also keep a close dialogue with our consumers that allows us to feedback valuable information to the other departments of the company that represent each phase of the gament's creation.



DESIGNING WITH THE CONSUMER IN FOCUS

A core principle at Filippa K is to create fewer but better pieces that our consumers will love for years to come. In order to achieve this ambition, it is essential for us to keep an ongoing dialogue with our consumer base. We continuously seek to engage with our consumers and incorporate their feedback into our product development process in order to ensure that we create as much long-term value for them as possible. By listening to our consumers, we can better understand their current needs, solve their dressing frustrations and anticipate emerging trends. As a result, we are able to design a product that is more relevant for them, ensuring that the garments that we produce will be put to use. We use a range of methods for engagement with our consumers, including NPS ratings, surveys, wear tests, in-store events and one-on-one meetings.

2020 SUSTAINABILITY SURVEY

In December 2020, we conducted a research study with our customers to learn more about how highly they value sustainability in their purchasing decisions. In order to avoid bias of who chose to participate, the survey started broadly with questions about purchase criteria in general, then narrowed down to sustainability in particular.

Of the 843 surveyed consumers, the study results revealed that as many as 97% of our consumers consider durability of a garment to be an important purchase criterion, encouraging our efforts towards creating garments that last. What's more, 64% of the surveyed consumers say they consider how sustainably a garment is made always or most of the time before making a purchase. This figure is even higher among our younger consumers, something that highlights the importance for us to continue to drive our sustainability efforts further.

Based on the survey results we can conclude that our consumers' view on sustainability goes beyond merely taking responsibility in the production phase of the garment – it extends into the usage phase and longevity of the garment. One consumer remarked “I try to look for things that have a long lifetime and require little washing so that the footprint is optimal, not only [the] production”. This motivates us in our pursuit of driving a movement of mindful consumption that takes the full product life cycle into consideration.

FEWER BUT BETTER

In addition to collecting data from the user phase of the product life cycle, it is key that we consider longevity in the design and assortment phases. 2020 has reinforced our aim to create fewer but better pieces for our customer's wardrobe, and the impact of the pandemic also caused us to accelerate our strategy in this area of the business.



Adapting to the business impacts of the pandemic in 2020 forced us to make quick decisions in terms of our strategy, finding creative and efficient solutions to the changing landscape. Thankfully, our approach of long-lasting clothing and mindful consumption allowed us to take a long-term perspective and accelerate our range strategy. We decided early on to take the proactive approach of cancelling a large part of our assortment for the Fall 2020 collection in order to secure stock levels during the uncertain time. Thanks to our positive long-term partnerships with our suppliers, they were able to support us in staying agile. We had discussed reducing our assortment for some time, but the crisis allowed us to implement this new strategy even sooner than we realised we could. Focusing on fewer but better pieces for our consumers meant that we weren't reinventing or developing new products for the sake of it.

We also put an even greater focus on our Core collection of permanent, seasonless pieces that create a wardrobe foundation for our customers – it now represents approximately 30% of our assortment, and we are planning to increase this to 35% in 2021. By doing this, we allow ourselves to step away from full season collections and focus instead on adding to what we already have, using our existing stock and assortment as an asset and moving towards multiple drops per season. As a result, the Fall 2020 collection was a more focused range that combined new designs and garments from previous seasons, something we're carrying through to future seasons as well. Our timeless aesthetic and quality that lasts beyond a single season allow us to be agile and adjust to the needs of the industry and our customers – the pieces bring value for much longer than a few months. Our fewer but better strategy is an opportunity to embrace that benefit, and to strengthen our ambition when it comes to the longevity and wearability of our garments.

8. CIRCULARITY

2030 GOAL:

To remake, resell, or recycle 100% of collected/claimed garments received, and to ensure all garment cutting waste is sent for recycling.

The Circular Fashion model is the foundation of everything we do at Filippa K, because it considers the full product lifecycle and enables us to take responsibility for everything we create. It centres around the four Rs: Reduce, Repair, Reuse, and Recycle.

THE FILIPPA K STUDIO CONCEPT

Our Collect program has been part of the business since 2015 – an initiative we began to take back pre-loved pieces from our customers, with the aim of giving them a second life. In 2020, we opened the Filippa K Studio which allowed us to do exactly that. The space is a physical representation of our values – a place where we wash, repair, and remake our collected garments and claims in order to put them back into circulation, extending their life and value to the wearers. The Studio also provides the valuable internal benefit of collecting and analyzing data from our claims, feeding it back to the design process so we can improve the quality and longevity of our products.

It started as an experimental retail space in Stockholm where our customers could come and shop the remade and pre-loved pieces, meet the designers, and attend events or workshops that helped them understand more about circular fashion. Towards the end of 2020, we realised that we could integrate the efforts of the Studio more effectively into the rest of the business by opening a space in our Stockholm headquarters. Having the designers and garments in-house allows us to act more quickly when developing new products, and it gives us a foundation for integrating the concept in our global retail network and online channels. We've now fully integrated the process as part of our day-to-day business.



“For me, mindful consumption is about owning things that last – getting only things you really love and need, taking care of the garment after it doesn’t serve you anymore, and donating it to someone else who will love it or recycling the material the best way you can. For me these are elements I like to explore in the Studio.”

- Merja Ulvinen, Studio Manager

CUTTING WASTE

We have been sending the cutting scraps from the making of our wool suiting and outerwear garments to be recycled into new yarns and fabrics for some years now. Previously, we had been sending these scraps from our manufacturers in Lithuania and Portugal into a recycling process in Prato, Italy but we had never produced a fabric from our scraps.

In an effort to close our own circle and be able to develop new fabrics from our old scraps, we established a new process. In 2020 we began by sending 1000kg of our wool cutting scraps to Manteco, a key partner mill of Filippa K's in Prato, Italy so that we can also produce a fabric from our waste. Manteco is a family-owned mill that provides a wealth of experience from the Prato tradition of working with wool. Using that experience and expertise as a foundation, they are constantly striving to innovate with new sustainable solutions, progressively adapting to the modern-day needs of the industry.



CIRCULAR DESIGN

In our Fall 2020 Collection, we designed a range of garments using upcycled, recycled, and recyclable material to accelerate our sustainability efforts and experiment with new ways of circular design.



“We believe that it’s important to look at our existing resources and use them when we can, rather than always creating something from scratch. Designing isn’t about making new things – it’s about problem solving, refining, and finding better solutions. The beauty of upcycling is that by working within certain parameters the outcome can be even more creative.”

– Emilia Castles, Designer

THE UPCYCLED COLLECTION

Using upcycled material from past collections that would have otherwise gone to waste, we created the Mitchell Jacket and the Vira Shirt.





The Mitchell Jacket

The Mitchell Jacket's original form was a coat from our Spring 2018 collection that we had overbought. We wanted to maintain the integrity of the original style but also add value to it, and improve it so it could be cherished. In addition to shortening the length and using the extra material to make a new collar, we also re-attached the original pockets and added three buttons to the front. The detachable teddy vest is made of leftover fabric from a cancelled style.

The Vira Shirt

The Vira Shirt is a classic women's style that combines a crisp cotton shirt with sleeve cuffs made from upcycled silk scarves, originally part of our Pre-Fall 2018 collection. It is finished with buttons made from recycled polyester and recycled mother of pearl.

RECYCLED AND RECYCLABLE

Using a mono-material gives a garment the ability to be fully recycled, just as it is, without any additional effort. To create the following styles, we used a single recycled fibre (recycled polyester) for all elements of the garment, down to the buttons, sewing thread, and lining. This way, the garment can be fully recycled again at the end of its life.



Padded Jackets

The women's Vienna Padded Coat, and men's Calgary Jacket and Toronto Parka are designed with warmth and durability to live a long life before they're ready to be recycled. Our aim with these pieces was to make sure they lived as long of a life as possible before they needed to be recycled, especially considering the durability needed for practical outerwear garments. Therefore, our design team decided to use a small amount of virgin polyester for the buttons on these garments. This enables improved longevity, without drastically compromising the ease of recyclability when the owner is finished with the piece.



Blouses and Dresses

Recycled polyester chiffon is a favourite fabric at Filippa K, made out of recycled plastic bottles. In the Fall 20 collection we designed a range of blouses and dresses in this mono-material for ease of recycling at the end of life.

9. CLIMATE

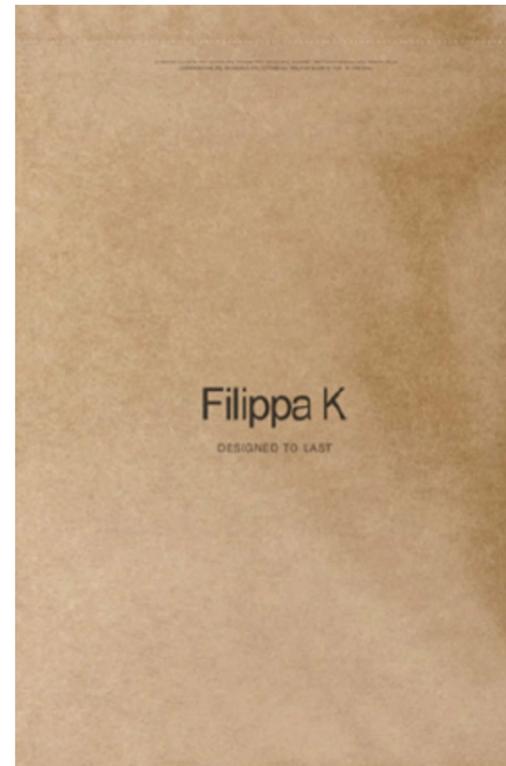
2030 GOAL:

Reduce carbon impacts annually.

It is important to us at Filippa K that we minimise our carbon impacts as much as possible. While we currently work towards this by making improvements in the areas of packaging and transport, we also need to have an improved understanding of our emissions in all areas of the business so that we can make a bigger difference. While our 2030 goal is to reduce our annual impact, we have set additional short-term goals related to measuring our impact so that we can learn how to best reduce and offset it as a whole.

PACKAGING IMPROVEMENTS

In 2020, we began shifting our plastic packaging to the more sustainable option of FSC-certified recyclable paper. By doing so, we've already reduced our plastic use from outgoing e-commerce shipments by roughly 2400kg. We have also taken steps to improve the type of plastics our vendors use when working with our products. In 2020, 14% of our plastic for incoming shipments from our garment vendors was recycled or biodegradable. While we recognise that we still have a long way to go, this helps us work toward our goal of reducing our annual carbon impact.

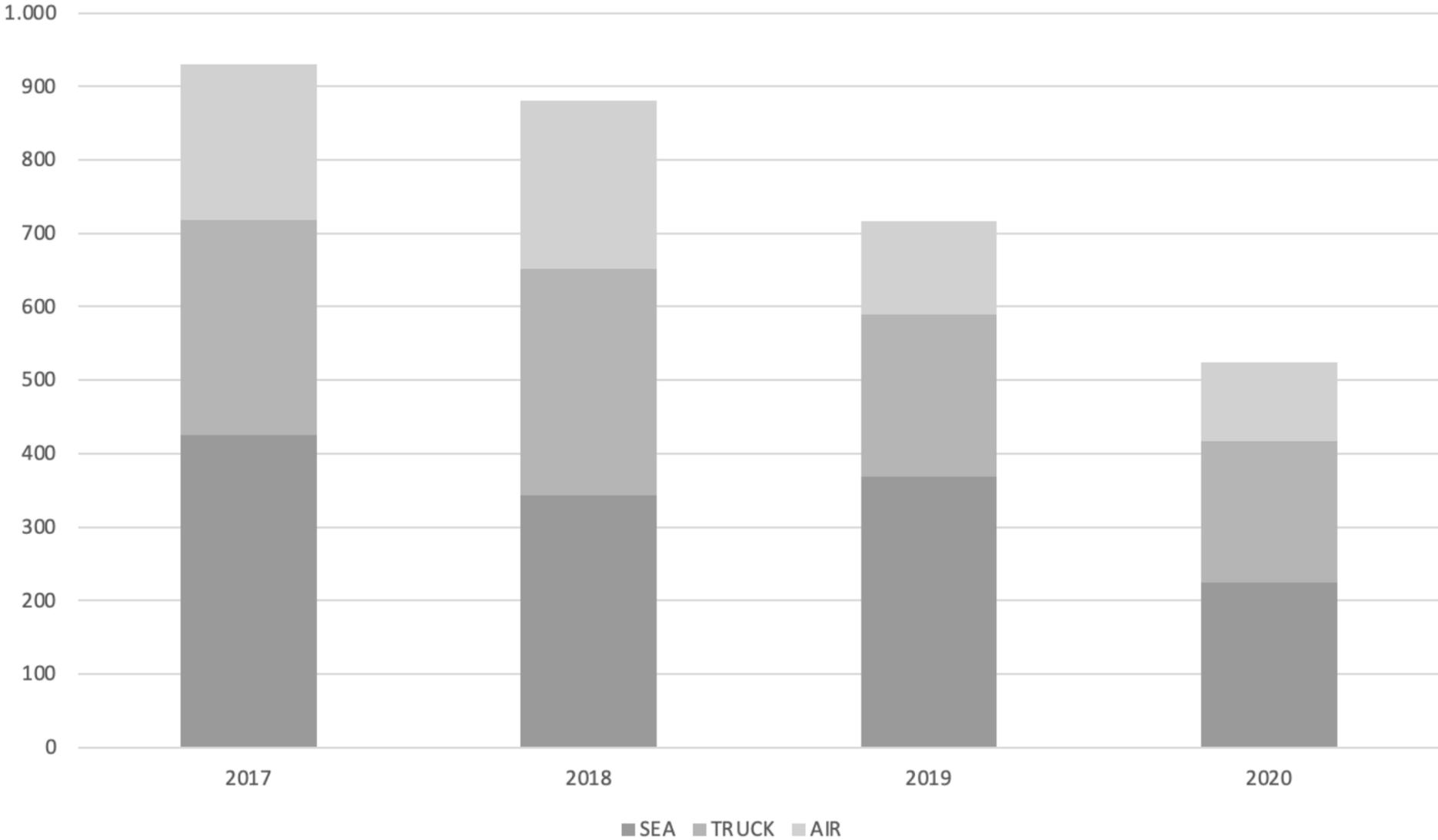


ENERGY USAGE

We constantly strive to decrease the company's CO₂ emissions as well as costs while maintaining a high service level to our customers. We measure carbon emissions from the electricity used at our Swedish stores - which comes from renewable hydropower sources - and globally from the fuel consumed by our inbound and outbound transports. Our total carbon emissions from these sources has decreased from 719 ton CO₂e in 2019 to 526 ton CO₂e in 2020, representing a decrease of 27%. The decrease in emissions is partly related to a decrease in incoming transport due to lower orders from our suppliers. Regarding our emissions from outgoing transports to Ecommerce customers, we did not receive data from one of our suppliers and instead used 2019 figures for a comparable supplier as a substitute.

FILIPPA K EMISSIONS FROM TRANSPORTS ARRANGED BY METHOD,
REPRESENTED IN TONNES OF CO2e

The following data shows the decrease in energy usage from transports over the past years:



We believe that collaboration is the key to making our industry better for the environment. Each year we work with a range of initiatives that support our collective goals to reduce the impact of fashion on our planet.

SWEDEN TEXTILE WATER INITIATIVE (STWI) – Since 2010, we have played an active part in the Sweden Textile Water Initiative (STWI), a joint project between a number of textile and leather retail companies in Sweden. Water consumption is an issue of great importance for the fashion industry since large amounts of water are used in both textile and leather production and affect how much energy and chemicals are needed. We are working together to ensure more sustainable water consumption within the textile industry. For us, this initiative has deepened our knowledge regarding how Filippa K can work to minimise water, energy and chemical consumption in our supply chains.

THE SWEDISH SHOE ENVIRONMENTAL INITIATIVE (SSEI) – Filippa K is also a member of the Swedish Shoe Environmental Initiative (SSEI), a network of companies and organisations engaged in the Swedish shoe business that support the creation of more common sustainability guidelines. SSEI's aim is to develop business practice that goes beyond legislation through the development of new guidelines and tools for design, product development and purchase. Filippa K strongly believes cooperation in the industry such as this partnership plays an important role in learning from each other to create change.

THE CHEMICAL GROUP (SWEREA) – The Chemical Group exists to keep member companies updated on the latest chemical and environmental issues. The network provides support and develops tools for handling legal requirements and other activities regarding the use of chemicals. The network consists of over 80 member companies in the textile and electronics industry, who all have access to a database of chemicals relevant to their products.

10. SOCIAL

2030 GOAL:

Ensure all people are paid a fair and equitable wage, have a safe work environment, and that there is no exploitative labour or corruption.

OUR PARTNERS

Filippa K strives to be a fair and reliable business partner and we aim for long-term and rewarding relationships, based on mutual trust. We do our very best to be a brand that our customers and other key stakeholders can trust. Our suppliers, agents, vendors and other business partners play an important part in realizing this aspiration. Therefore, we expect our partners to adhere to human rights, labour, environment and anti-corruption principles and standards similar to those of Filippa K's. To this end, we have drawn up a code of conduct, which every supplier undertakes to adopt. Our code of conduct is based on the Fair Wear Foundation Code of Labour Practices. Our partners must also comply with Filippa K's approach to working with integrity. Willingness to work in accordance with our social, environmental and other standards as well as compliance with our code of conduct is a crucial factor when Filippa K evaluates and selects suppliers. To assist our suppliers' understanding of our code of conduct and other requirements, we invest in close ties and dialogue which also outlines our quality standards, rules regarding chemicals, and recognition of design rights.

THE 2019 FILIPPA K CODE OF CONDUCT



1. NO EXPLOITATION OF CHILD LABOUR

There shall be no use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years. (ILO Convention 138) “There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. [...] Children [in the age of 15-18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals.” (ILO Convention 182)



2. EMPLOYMENT IS FREELY CHOSEN

There shall be no use of forced, including bonded or prison, labour (ILO Conventions 29 and 105). Nor shall workers be required to lodge “deposits” or their identity papers with their employer.



3. LEGALLY-BINDING EMPLOYMENT RELATIONSHIP

Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment. Younger workers shall be given the opportunity to participate in education and training programmes.



4. TRANSPARENCY REGARDING WORKING HOURS AND WAGES

All partners must be transparent and willing to show Filippa K documents of employees working hours and wages.



5. NO EXCESSIVE WORKING HOURS

Hours of work shall comply with applicable laws and industry standards. Working hours should be scheduled to provide ample time for rest, meals and sleep. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period. Overtime shall be voluntary, shall not exceed 12 hours per week, or 240 hours per year, shall not be demanded on a regular basis and shall always be compensated at a premium rate.



6. THERE IS NO DISCRIMINATION IN EMPLOYMENT

Recruitment, wage policy, admittance to training program, employee promotion policy, policies of employment termination, and any other aspects of the employment relationship shall be based on the principle of equality of opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or other distinguishing characteristic shall be provided (ILO conventions 100 and 111).



7. PAYMENT OF LIVING WAGE

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income recognised (ILO Convention 26 and 131). Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All workers shall be provided with written and understandable information about the conditions in respect of wages before they enter employment and of the particulars of their wages for the pay period concerned each time that they are paid.



8. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED

The right of all workers to form and join trade unions and to bargain collectively should be recognised (ILO Convention 87 and 98). Workers representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to enable them to carry out their representation functions (ILO Convention 135 and Recommendation 143). The representatives must be chosen by the employees and cannot be in a managerial position. Employers shall adopt a positive approach towards the activities of trade unions and an open attitude towards their organisational activities.

Workers shall own the decision of whether or not to join the union.



9. NO CORRUPTION

Partners should not, directly or indirectly, offer, promise, give, or demand a bribe or other undue advantage to obtain or retain business or other improper advantage. Nor should enterprises be solicited or expected to render a bribe or other undue advantage (OECD Guidelines 6).



10. NO SAFETY HAZARDS

A safe and hygienic working environment shall be provided, and best occupations health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimise health risks as much as possible (following ILO convention 155). Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer is strictly prohibited.



11. EDUCATE EMPLOYEES

Partners shall provide adequate education and training to employees in environmental health and safety matters, including the handling of hazardous materials and the prevention of environmental accidents, as well as more general environmental management areas, such as environmental impact assessment procedures, public relations, and environmental technologies. (OECD Guidelines 5.7)



12. COMPLIANCE TO FILIPPA K'S CHEMICAL RESTRICTION LIST

Partners are obligated to follow Filippa K Chemical Restriction List (RSL) and continuously phase out chemicals that are added to this list. Chemical containers must be properly labelled and safely stored. A material safety data sheet (MSDS) must be available (in the local language) and the instructions in the MSDS must be followed (ILO Convention 170).



13. MANAGING ENVIRONMENTAL ISSUES

A management system that addresses environmental issues and drives the business to understand and improve their environmental performance must be established and maintained. This means that suppliers and subcontractors must collect and evaluate information regarding the environmental impacts, and establish measurable objectives and targets for improving their environmental performance. (OECD Guidelines 5.1) The management system shall focus on preventing pollution, minimizing waste and emissions, and optimizing water, energy and raw material consumption.



14. NO SEVERE ENVIRONMENTAL POLLUTION

There shall be no emissions to air, water or ground that can have a direct severe impact on the surrounding environment, society or the public health. All partners must treat and manage their emissions in consistency with legal requirements.

OUR SUPPLIERS

Through our Fair Wear Foundation membership, we monitor the development of suppliers in a variety of countries and conduct a risk assessment to determine where our social auditing should be focused. As a member, we have set the target to monitor at least 90% of our suppliers each year. This is the social compliance management of all our suppliers conducted by Filippa K. It involves visits by our employees, ensuring that they comply with our Code of Conduct, and documentation of social compliance activities such as external audits, worker sheet information, and ensuring that the suppliers meet the requirements of two-year corrective action plans received after audits. Fair Wear Foundation evaluates whether Filippa K has reached this target and we will publish the results when we have them.

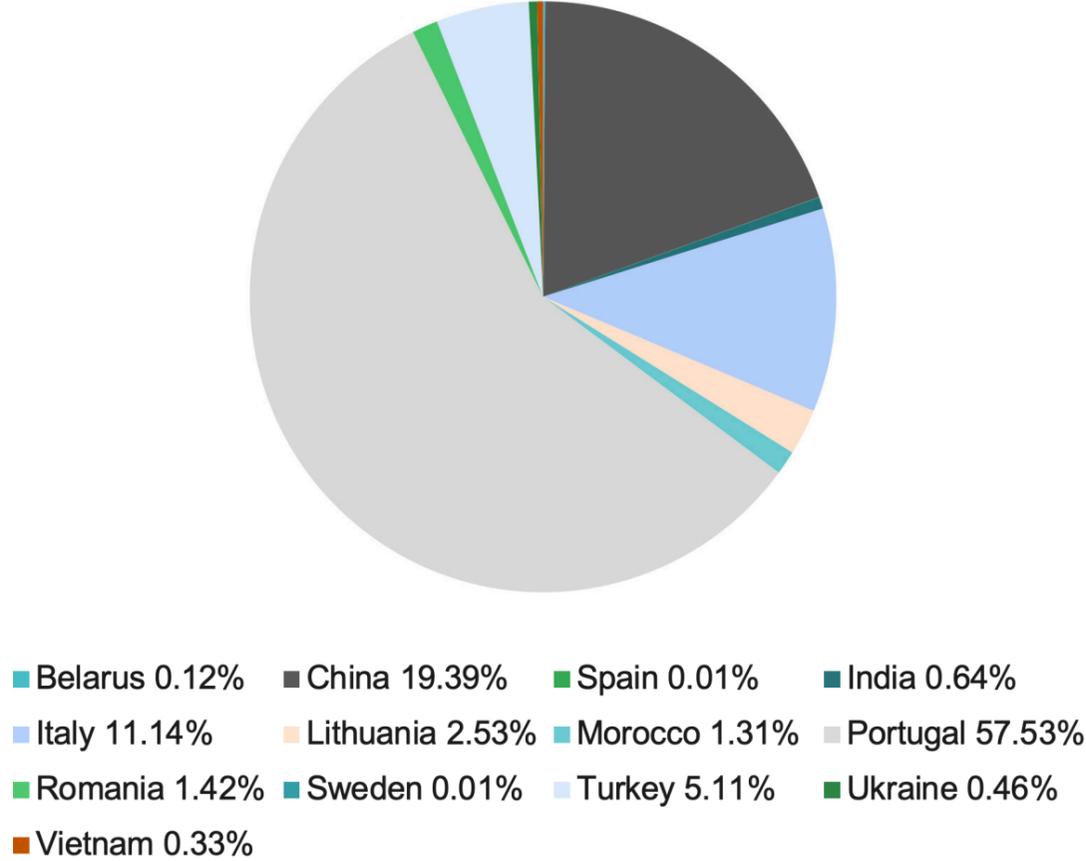
Under normal circumstances, we visit our suppliers as often as possible to maintain a close and trusting relationship, and they are routinely audited. Due to the Covid-19 pandemic, only one audit was performed in 2020 for a supplier in China where it was allowed (we postponed an audit for a supplier in Turkey to 2021).

The biggest risks for corruption are found in the relationships with suppliers, both between suppliers and Filippa K as well as between supplier and sub suppliers. Front-line employees involved in procurement of goods are exposed and must be able to recognize and resist when such opportunities present themselves. Corruption often results in inefficiencies and creates obstacles to growth by lack of objectivity. It can affect the objectivity when it comes to where to place orders, what pricing to accept, and what quality to approve. It would also compromise our brand values, especially in regard to transparency and honesty, as well as the consumer's trust of Filippa K. There have not been any complaints or reported cases of corruption or suspected corruption during 2020.

Our global supply chain includes partners in the following countries:

Portugal, Lithuania, Italy, Spain, Sweden, Romania, India, Vietnam, China, Morocco, Japan, Belarus, Ukraine, S. Korea, France.

ORDER-BOTH GARMENT AND FABRIC SUPPLIERS



Because we could not meet in person due to the Covid-19 pandemic, we hosted a virtual supplier meeting with 35 of our partners to share our new way of working with the reduced assortment and “Fewer but Better” strategy. We also maintained a dialogue with them surrounding the challenges caused by the pandemic, ensuring that they implemented appropriate safety measures for their facilities. Our strong, long-term relationships with our suppliers are what enabled us to adapt and succeed together.

FILIPPA K AS AN EMPLOYER

At Filippa K, we strive to be a fair and reliable employer by having leaders who embody our values and function as role models. We continuously work to ensure equal opportunities for all employees. Passion, commitment and good leadership are key factors for success. Our areas of focus are organisational development and diversity awareness; we want to create a culture based on our values where every employee is empowered to take responsibility and initiative in order to improve our customer satisfaction and sustainable profits.

Structure, processes and policies are outlined on FK HUB, Filippa K's intranet, which ensures quality and clarity.



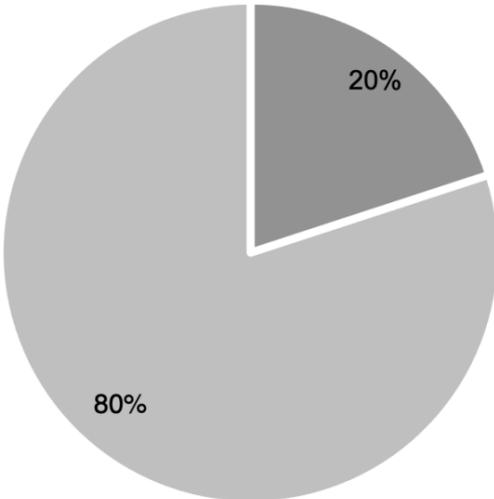
GENDER

It is our belief that gender diversity among the leadership team is a foundation in creating gender diversity in the full company. By the end of 2020, our senior management group consisted of 6 women out of 12 members in total.

Our board consisted of 1 woman out of 4 in total.

As part of our gender equality plan, salary audits are regularly conducted, the latest of which showed no discernable salary differences between women and men.

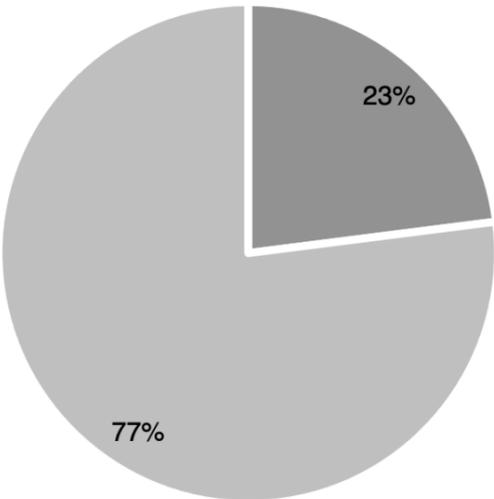
MEN AND WOMEN EMPLOYED
AT FILIPPA K 2020



■ Men ■ Women

Target 2025: 35% Men / 65% Woman

MEN AND WOMEN IN LEADING POSITIONS
AT FILIPPA K 2020



■ Men ■ Women

Target 2025: 35% Men / 65% Women

WORK-LIFE BALANCE

We believe in a good work-life balance which is why we strive to be a responsible and trustworthy employer, who offers its employees possibilities for a balanced lifestyle. We believe that work should be carried out during regular working hours and that overtime should be applied in exceptional cases and be regulated with corresponding compensation.

This reduces risks of health-related problems for employees, for example, due to stress.

PERSONAL DEVELOPMENT/SUCCESSION

It is important to attract, recruit, retain and develop committed employees, and then give those employees opportunities to grow within the company. Succession planning is an important process where we secure growth in the company. To ensure succession and growth we hold Performance Development Reviews (PDR) on a yearly basis with all employees.

The Succession process includes both Performance Development Reviews and an audit called People planning.

TRAINING

Part of being an attractive employer is focusing on employee retention. We believe career development offers a clear incentive for employees to remain within an organisation, either within the current area of work or in other business areas within the company. All newly hired staff members undertake an internal introduction program. Filippa K works with a 'train-the-trainer' principle, meaning we believe in training our employees using the competence we already have internally. All training conducted locally should be reported to HR central support.

During 2020, all new employees went through the FranklinCovey's 7 Habits of Highly Effective People Training. This is a three day workshop that sets the foundation for professional and personal effectiveness – increasing productivity, restoring balance, and developing greater maturity and responsibility.

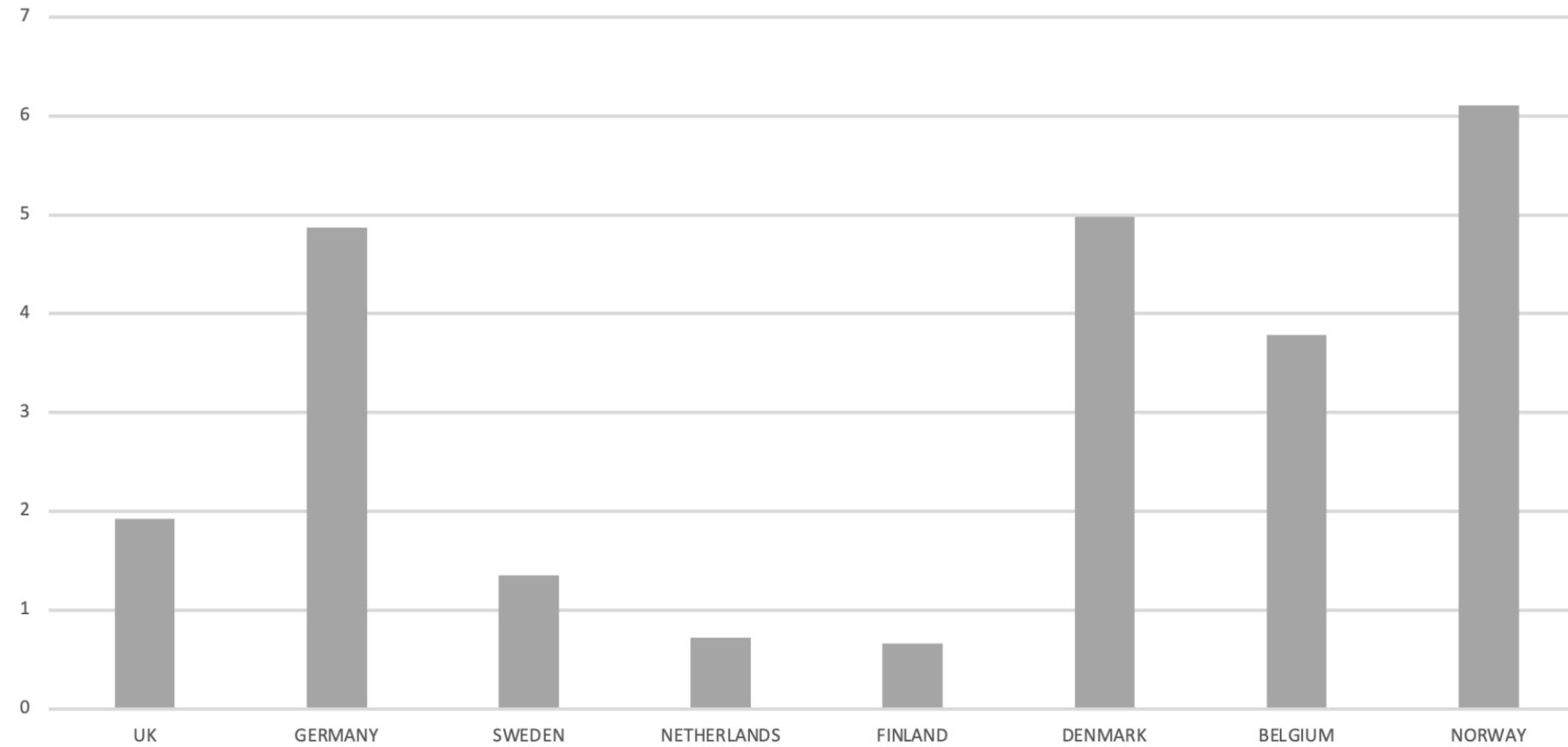
All Managers also attended a training in Leading Virtual Teams, a training focusing on the foundation of successful remote leadership.

HEALTH AND SAFETY %

At the company level, Filippa K works proactively to minimise risks of health-related problems, both physical and psychological. When needed, we cooperate with health care centres in each market to enable an early action/rehabilitation plan in order to help the employee come back to work as soon as possible.

Responsibility for the work environment has been delegated to respective markets, and relevant guidelines are published at FK HUB. Each quarter, Filippa K follows up on the level of absence due to illness, as measured based on the previous 12-month period. This follow-up aims to ensure that we keep working proactively with our sick leave records. The numbers regarding absence due to illness 2020 is followed up and analysed with Filippa K's managers and rehabilitation is in progress.

ABSENCE DUE TO ILLNESS 2020



In 2020, our figures in this area were impacted by Covid-19. Throughout the pandemic, the health and safety of our employees and customers has been our top priority. Each of our international offices has followed government guidelines, and we've encouraged people to work from home while providing the technological resources that enable us to do so. All of our store locations have also followed their area's guidelines, and have created a safe shopping environment for customers.

HARASSMENT

In our health and safety guidelines we have clear rules and statements regarding harassment of any kind. If there is any case of inappropriate action, it will immediately be dealt with according to the action plans provided by our health and safety guidelines.

CORRUPTION

All employees are expected to decline any gifts from suppliers, partners, customers etc. that might be perceived as bribery. By principle, we accord to each country's laws and regulations for tax-free gifts. There were no reported or discovered issues with corruption during 2020.

EMPLOYEE SATISFACTION

At Filippa K, employee satisfaction is measured on a regular basis. Filippa K's results from the employee survey 2020 were outstanding, compared to statistics and benchmarks, when it comes to the employee net promoter score and engagement index. This showed that all employees were part of the positive energy developing the company even further. The employee net promoter score, Engagement Index, leadership index and team effectiveness will be measured during 2021 in order to gain valuable insights regularly during the year.

UNIONS

As a part of being a reliable employer, Filippa K upholds a constructive dialogue with unions and other employee organisations that our employees voluntarily choose to be members of.

A man with short dark hair wearing a dark navy blue polo shirt stands on the left. A woman with long blonde hair wearing a white long-sleeved button-down shirt stands on the right. The background is a plain, light blue-grey color.

THANK YOU FOR READING OUR 2020 SUSTAINABILITY REPORT

We're grateful for your support, and look forward to another year with you of discovering new and even better paths towards sustainability. To learn more about our ongoing efforts, visit [filippa-k.com](https://www.filippa-k.com).



Revisorns yttrande avseende den lagstadgade hållbarhetsrapporten

Till bolagsstämman i Filippa K Group AB, org.nr 556608-3068

Uppdrag och ansvarsfördelning

Det är styrelsen som har ansvaret för hållbarhetsrapporten för år räkenskapsåret och för att den är upprättad i enlighet med årsredovisningslagen.

Granskningens inriktning och omfattning

Vår granskning har skett enligt FARs rekommendation RevR 12 *Revisorns yttrande om den lagstadgade hållbarhetsrapporten*. Detta innebär att vår granskning av hållbarhetsrapporten har en annan inriktning och en väsentligt mindre omfattning jämfört med den inriktning och omfattning som en revision enligt International Standards on Auditing och god revisionssed i Sverige har. Vi anser att denna granskning ger oss tillräcklig grund för vårt uttalande.

Uttalande

En hållbarhetsrapport har upprättats.

Stockholm, 15 Mars 2021

PricewaterhouseCoopers AB



Deltagare

PRICEWATERHOUSECOOPERS AB 556067-4276 Sverige

Signerat med Svenskt BankID

2021-03-15 13:07:11 UTC

Namn returnerat från Svenskt BankID: ANNA ROZHDESTVENSKAYA

Datum

Anna Rozhdestvenskaya
anna.rozhdestvenskaya@pwc.com

Leveranskanal: E-post