

A wool sweater with a mix of brown, grey, and cream colors is draped over a wire fence. The background is a field of tall, golden-brown grass under a soft, warm light. The sweater has a textured knit pattern and a ribbed cuff.

# FILIPPA K

Sustainability Report





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A wide-angle landscape photograph taken at sunset. The sky is filled with soft, orange and yellow light, with some light clouds. In the foreground, there is a lush green field with several large, round hay bales scattered across it. A wooden fence runs across the middle ground, separating the foreground from a larger field. In the background, there is a dense line of trees silhouetted against the bright sky. The overall mood is peaceful and serene.

# Introduction



## Introduction - Comments from Filippa K's CEO and VP of Product & Sustainability

Our mission at Filippa K is to drive a movement of mindful consumption - since 1993 we've taken the approach that less, but better, is more. We create timeless designs by thoughtfully selecting quality materials, supporting the longevity of our garments in customers' wardrobes, and working with environmentally and socially responsible supply chain partners. In 2023 we updated our organisational structure, integrating the work within each sustainability pillar across all areas of the business. We've seen incredible engagement so far and look forward to the exponential impact this will bring in the coming years.

We recognise that making a real difference means we need to look beyond ourselves, so we often partner with like-minded industry leaders and change-makers. 2023 marked the beginning of two groundbreaking material innovation projects - Re:sourced Crepe and the Fiber Traceability Initiative - as well as the fifth consecutive year of the Swedish Wool Initiative. These projects move us closer to our traceability and circularity goals, bolster our collaborations, and provide more brands with access to innovative solutions.

Filippa K made additional progress last year through the increased usage of preferred materials: fibres that are recycled, regenerative, or certified. To improve our social responsibility efforts, we developed and implemented an updated Human Rights Due Diligence and Environmental Policy, and took part in the Fair Wear Foundation pilot project, The Academy. Both actions support our continued efforts to remain at the forefront of human rights regulations.

Alongside many of our peer fashion brands, ongoing industry challenges were also a factor in 2023. Due to limited traceability much of the supply chain data we aim to measure is based on assumptions. When working with circularity, it can be difficult to create profitable solutions that are also scalable in the long term. Additionally, we are keen to improve consumer-phase traceability as there are no scalable solutions available to us yet. Many innovators are making strides in these areas, and we constantly seek ways in which we can support them.

Looking ahead, we're eager to move forward with the new roadmap we've set. The shifting geopolitical landscape, new consumer expectations and upcoming EU regulations give us opportunities to engage with cutting-edge solutions and continue our strong partnerships. We are currently getting our teams up to speed and setting ambitious goals for the future - aiming to be pioneers across every department at Filippa K. Now that we have invested in our updated framework, 2024 and beyond is the time for purposeful action.

**Marie Forssenius, Filippa K CEO**  
**Anna Berne, Filippa K Vice President of Product & Sustainability**





2023 Highlights





## 2023 Highlights

### TRACEABILITY & TRANSPARENCY

We started the Fiber Traceability Initiative which achieves a fully traceable farm-forward supply chain, using QR codes to offer transparency from the farm to stores and beyond.

### MATERIALS & INNOVATION

In 2023 we increased our share of certified and recycled materials, and we introduced Re:sourced Crepe - a revolutionary new fibre made in collaboration with industry leaders.

### ENVIRONMENTAL IMPACT

We reduced our greenhouse gas emissions by 41% in 2023 compared to 2022, and introduced biodiversity in our risk assessment.

### CIRCULARITY

We've made progress in prolonging the use of damaged and collected garments through repair and resale solutions.

### SOCIAL RESPONSIBILITY

According to our strategy, we have increased our production volume in Europe, especially in Portugal. We acknowledge that this is associated with lower risks due to strong labour legislation and enables us to visit the suppliers more often due to travel proximity.

This year, we've participated in Fair Wear's pilot project, The Academy. This initiative aims to guide industry brands in implementing Human Rights Due Diligence (HRDD) in their supply chains, using guidance, learning modules, and tools to support HRDD across the industry.

### PEOPLE & CULTURE

In 2023 we updated our work environment handbook, introduced a new digital HR system for efficiency, and began a cultural project to define our Employee Value Proposition (EVP). The aim is to refine the workplace environment and employee experience.







Business Set-up and Sustainability Strategy



## Business Set-up and Sustainability Strategy

Our sustainability mission at Filippa K is to drive a movement of mindful consumption through the belief that less, but better, is more. We aim to shift our consumers' behaviour and mindset by creating timeless wardrobe staples they can wear and love for years. Taking a holistic approach to the product lifecycle, we carefully select quality materials, work with environmentally and socially responsible suppliers, and support the longevity of our garments in customers' wardrobes. This mission is the foundation of how we structure, run, and govern our business and particularly our sustainability work.

### TOPICS IN THIS CHAPTER

1. Business Set-up

2. Sustainability Strategy

3. Governance and Sustainability Management

4. Material Topics

5. Policies



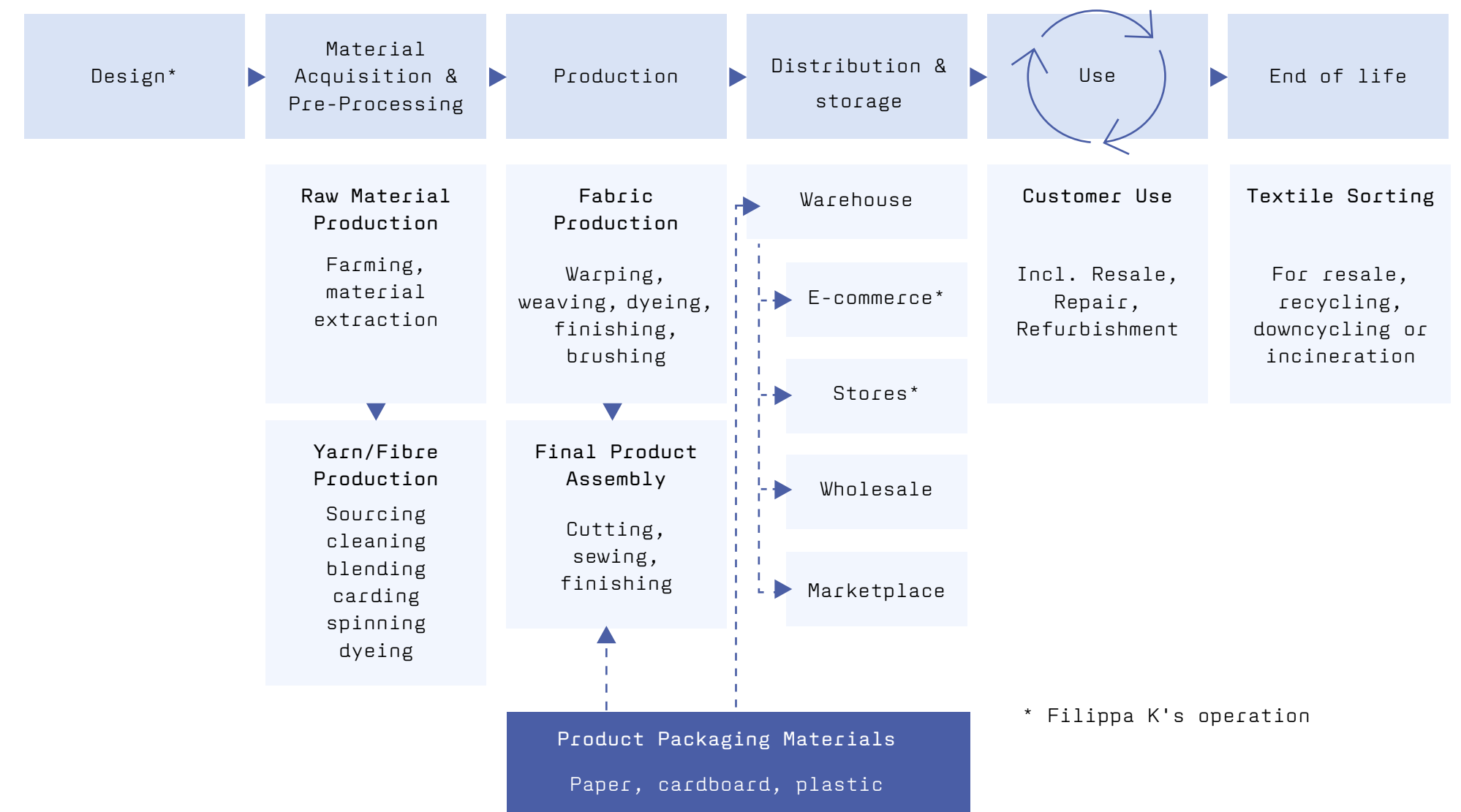


# 1. Business Set-up

Filippa K is a global fashion house with its headquarters located in Stockholm, Sweden. The organisation operates in Sweden, Norway, Germany, the Netherlands, Denmark, Belgium, Finland, the United Kingdom, and China. We have suppliers located in Portugal, Italy, China, Hong Kong, Turkey, Romania, Lithuania, Bulgaria, India, Vietnam, and Sweden.

Filippa K is in the sector of Retail of Apparel and Accessories. Our operations include designing, developing, and selling garments and accessories as well as catering for resell and repairs. We have stores in Sweden, Norway, Denmark, Finland, Germany, the Netherlands and Belgium and serve the global market through our E-commerce. To develop our products, we work with suppliers from different parts of the world (read more in the Social Responsibility chapter), with the majority of our Tier 1 suppliers situated in Europe. After point of sale, we offer our customers in Sweden access to our resale platform to resell their items. We also offer repair services for damaged items and donate collected items to textile sorters. No significant changes have been made to our activities or value chain since the previous reporting period.

**FILIPPA K'S VALUE CHAIN**

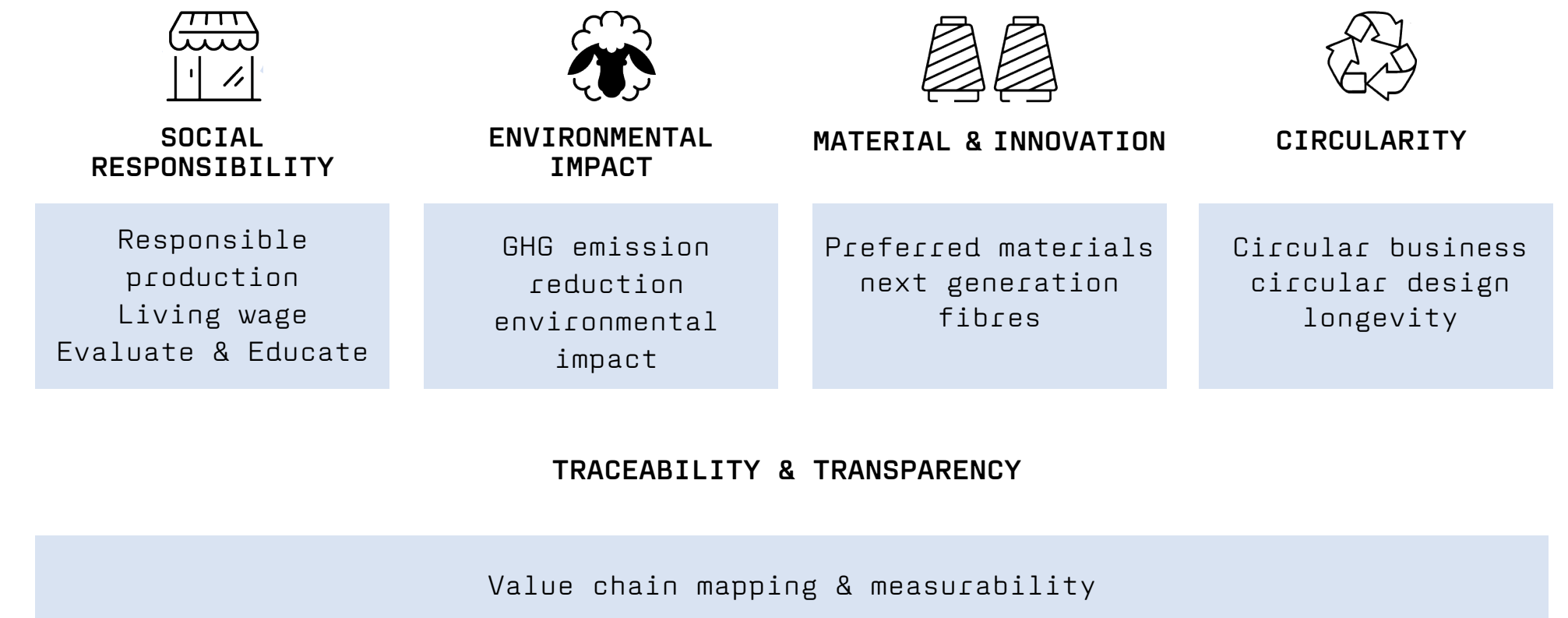




## 2. The Filippa K 2023 Sustainability Strategy

In 2023, Filippa K set up a new roadmap towards our long-term sustainability strategy. This work included the formation of five sustainability pillars, identifying priority areas within each pillar, and setting updated long-term goals for the organisation. This strategy development resulted in the initiative to integrate sustainability into the daily work of other departments at Filippa K HQ and retail stores. We developed five integrated sustainability groups, and colleagues from different departments voluntarily applied to support the work within each pillar.

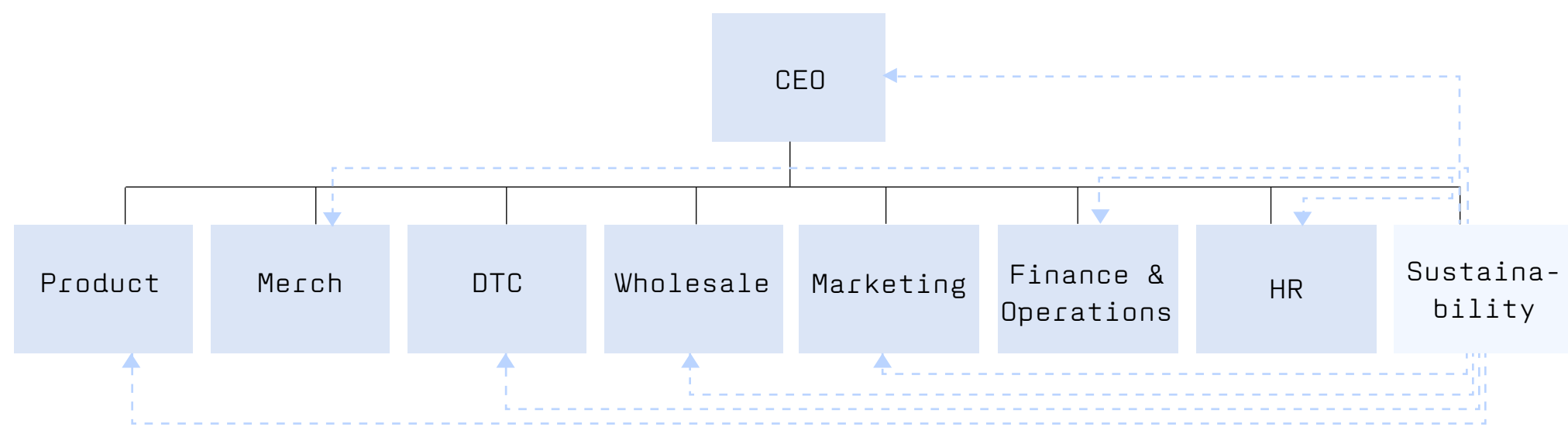
The five pillars guide us as we work towards caring for people and our planet. The first pillar - Traceability & Transparency - serves as a foundation for everything we do, because it provides us with the information we need to make positive change in all areas of the business. This supports the other four pillars - Materials & Innovation, Circularity, Environmental Impact and Social Responsibility.





The result of our strategy work and integration has exceeded expectations. Today, half of the employees at Filippa K HQ are working actively towards at least one of our sustainability goals. We've been educating employees to enable better overall knowledge, as well as simplifying the sustainability language to make it more democratic and reduce complexity.

Working with an integrated sustainability structure enables Filippa K to reach its long-term goals. When sustainability is managed from the sidelines of a business, true scalability is difficult to reach. However, with half of the company now adapting the sustainability goals into their daily jobs, the effects of this new synergy are exponential.





### 3. Governance & Sustainability Management

The Filippa K Vice President of Product and Sustainability is represented on the company's leadership team, reports to the CEO and works directly with all departments: Logistics, IT, Sourcing & Production, Design, Merchandising, HR, Marketing, Wholesale, Finance, and Retail & E-commerce. The highest governance body is the Board of Directors and its members. The Board of Directors determines the company's strategy objectives including the sustainability strategy. The Board of Directors has assigned the operational management and the implementation of the strategy to the CEO. The CEO and management team inform the Board of Directors of current business development at bi-monthly board meetings. Between board meetings, the Board of Directors are informed in writing about current business development as well as the financial situation on a monthly basis.

The company's sustainability management structure is organised in a way that best facilitates efficient sustainability strategy decision and execution. The Filippa K Board of Directors determines the strategic objectives and the resources for achieving these by appointing the CEO as the highest responsible person. The CEO appoints and delegates the responsibility to the management team. Within the management team, responsibility is determined for managing different aspects of the organisation such as economy, environment, people, etc. The individual responsible reports directly to the CEO. The VP of Product & Sustainability leads the development of the sustainability strategy with related goals and delegates the responsibility to the sustainability team and the integrated sustainability groups.

- **REPORTING**  
Filippa K produces an annual sustainability report that covers different aspects of sustainability such as strategies and goals, policies, initiatives, and performance of the company operations. The 2023 sustainability report includes the operations of the company and its retail stores. The reporting cycle is annual, and the reporting period is January 2023 to December 2023. Analysis regarding material quantities and scope emissions were calculated for the same period. Our sustainability report is part of Filippa K's annual financial reporting and the Board of Directors reviews and approves the sustainability report.

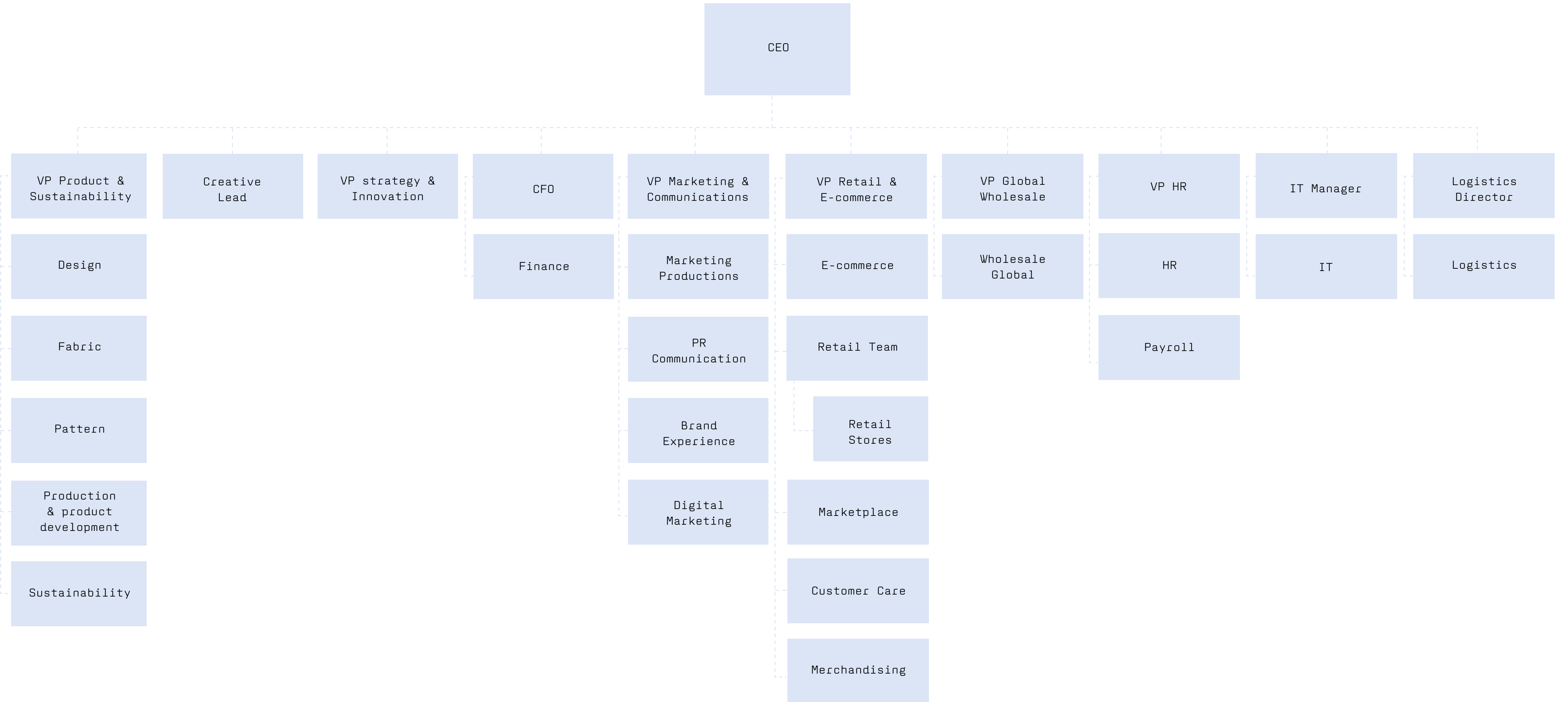
- **RESTATEMENTS OF INFORMATION**  
Each year, we look over our calculation methodologies to see where we can improve. In 2023 we made larger changes within the areas of material usage and greenhouse gas (GHG) emissions. Regarding materials, we now look at weight instead of quantity and for GHG emissions, we have a more detailed calculation methodology together with our partner, Plan A. Smaller changes are addressed throughout the report.

- **MEMBERSHIP ASSOCIATIONS**  
In the ever-changing textile landscape, driving change through strategic partnerships is crucial for improvement innovation. The memberships we have are instrumental in fostering collaboration, sharing best practices, and collectively addressing industry challenges. We are part of the following organisations and innovation projects:

- Fair Wear Foundation (supporting social compliance with suppliers)
- Textile Exchange (supporting accelerated use of preferred fibres)
- RISE Chemical group (supporting with chemical legislation and restricted substances)
- SSEI (the Swedish Shoe Environmental Initiative) (facilitating collaboration among brands around legal and environmental issues in the shoe industry)
- Swedish Wool Initiative (led by Axfoundation, working to increase the use of local wool in Sweden)
- The Fiber Traceability Initiative (steering group member and project initiator)



THE FILIPPA K ORGANISATIONAL STRUCTURE

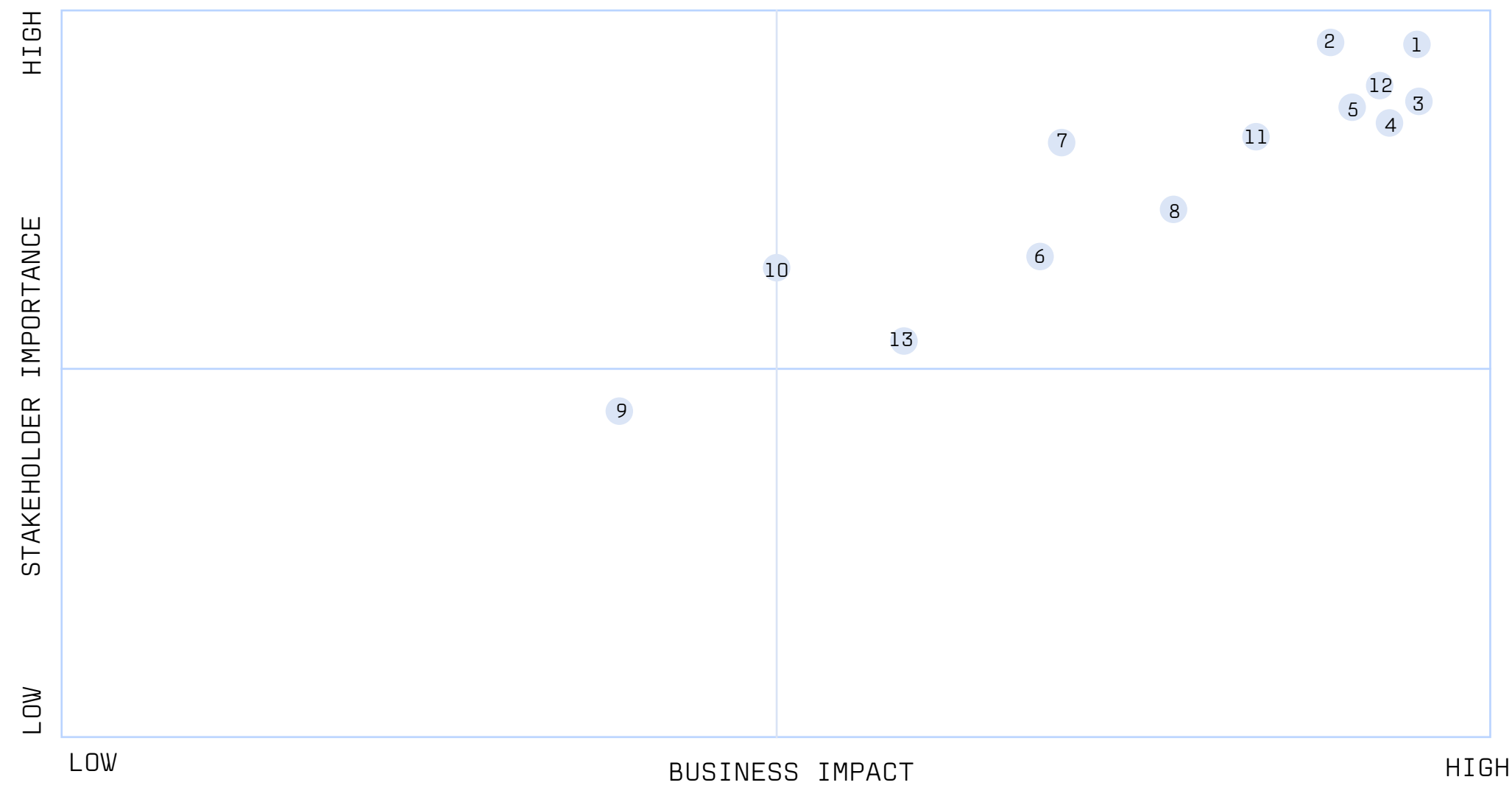




## 4. Material Topics

Ensuring our strategy and priorities are in line with the changing industry landscape, we update our materiality assessment each year to add, group, or rename topics. The 2023 topics were submitted by the sustainability team and CFO, taking into consideration feedback directly from our customers through our customer care team, and any updates from our stakeholders through other departments. To align on prioritisation of material topics, the leadership team was asked to review, add, and prioritise the topics based on stakeholder input. The final matrix was summarised by the sustainability team and CFO and signed off by the CEO.

**MATERIALITY MATRIX**



- |  |  |
|--|--|
| 01. Design for longevity and circularity | 08. Diversity and inclusion                          |
| 02. Climate - CO2 emissions              | 09. Anti-corruption/ business ethics                 |
| 03. Overproduction incl. textile waste   | 10. Packaging & single use product use product waste |
| 04. Materials                            |  |
| 05. Fair work incl. living wages         | 11. Transparent Communication                        |
| 06. Water, Chemicals and Pollution       | 12. Traceability                                     |
| 07. Circular business models             | 13. Biodiversity                                     |

During this year's materiality assessment, the following updates were made to the material topics. The changes were made primarily to simplify the matrix, and did not entail any shifts in our reporting, strategy or focus areas this year. Most of the changes are about merging several topics with the same impact, seeing that some were more action-focused, and removing the few external topics. Energy Shift in Supply Chain and Logistics Impact were removed and merged into Climate, CO2e-emissions, given their significance as key levers for emissions reduction.

- Responsible Purchasing Practices was integrated into Anti-corruption/Business Ethics.
- The 2022 topic of Plastic Footprint was revised to Packaging and Single-use Product Waste, encompassing all packaging materials, including plastic.
- Topics such as Reduced Consumer Disposable Income, Compliance with Upcoming Regulations, and Energy Cost were removed due to their external nature.
- Sustainability Education Leadership & Engagement and Supplier Engagement were identified as critical to reduce our impact, but not to be considered as material topics in themselves.
- Water and Chemicals were merged into the new topic Water, Chemicals and Pollution.

In the following chapters you can read more about how we manage each material topic.

We also review material topics from a financial perspective, as these relate directly to the risks and opportunities of the business. In the 2023 sustainability report we have maintained the same financial risks and opportunities from last year's analysis. However, we continue to monitor and evaluate these factors' impact on our company and suppliers. Last year's assessment identified various risks related to climate change, including carbon taxes, upcoming EU policies for the apparel industry, price increases of raw materials and energy, as well as physical risks such as water scarcity and impacts of sea level rise.

Additionally, climate-related opportunities were identified, such as the use of lower-emission energy sources, more efficient modes of transport, expansion of low emission/circular garments and circular business models, and the utilisation of supportive policy incentives.



## 5. Policies

Our policies are outlined on our internal intranet, accessible to all team members. These policies cover a variety of different topics, from crisis management to gender equality, reflecting our commitment to fostering a culture of responsibility and respect within our organisation.

- INJURIES & INCIDENTS
- CRISIS SUPPORT & HANDLING
- GENDER EQUALITY
- DISCRIMINATION & VICTIMIZATION POLICY
- SEXUAL HARASSMENT
- DRUG & ABUSE
- STRESS
- REHABILITATION & WORK MODIFICATION
- WHISTLEBLOWING POLICY
- ETHICAL RULES POLICY
- HUMAN RIGHTS DUE DILIGENCE AND ENVIRONMENTAL POLICY

Policy commitments are approved by the Board of Directors and communicated internally to all employees of Filippa K to signal their importance and help embed them throughout the business. Policies are also communicated externally to business partners and others in the company's value chain, as well as to people who may be affected by the company's operations. To ensure the policy commitments are truly embedded internally in the organisation, Filippa K has two employees who act as protection agents to ensure that no action or behaviour goes against the policy commitments.

Filippa K conducts several annual employee surveys to identify concerns and issues within the workforce. We have internal safety representatives, as well as a whistleblowing structure that offers a possibility to report suspicions of misconduct in confidence. This is not only an early warning system to reduce risks but also an important tool to foster high business ethics and maintain customer and public trust in our business. Whistleblowing can be made openly or anonymously. There were no instances of non-compliance with laws and regulations during 2023.

All employees are expected to decline any gifts from suppliers, partners, customers, etc. that might be perceived as bribery, as outlined in our Ethical Rules policy. By principle, we accord to each country's laws and regulations for tax-free gifts. There were no reported or discovered issues of corruption during 2023. The risk of employees not complying with these rules is low due to the nature of our operations in each country. Through the onboarding process, all employees receive information about the Ethical Rules policy and corruption. There were no incidents of corruption reported within our operations during 2023.





A close-up photograph of a hand holding a piece of dark, fibrous material, likely wool or fur. The hand is positioned in the center-left of the frame, with the fingers gently gripping the material. The background is a warm, golden-brown color, suggesting a soft, textured surface like a piece of fabric or a wall. The lighting is soft and directional, coming from the upper right, which creates a strong highlight on the hand and the material, while the rest of the scene is in a gentle shadow. The overall mood is intimate and tactile.

Traceability & Transparency



## Traceability & Transparency

Traceability and Transparency are at the foundation of Filippa K's sustainability work, as they are important enablers for our other sustainability pillars. Once we can trace the full supply chain, we can achieve full measurability and transparency of the actual social and environmental impact of the business. We consistently look for innovative ways to trace our raw materials' origins and use traditional traceability tools in parallel to increase the traceability results.

### TOPICS IN THIS CHAPTER

1. Product & Garment Traceability

2. Traceability Projects

3. The Fiber Traceability Initiative

4. Certifications

### WHAT WE'RE WORKING TOWARDS

Our aim is full traceability to raw material producer on all styles, and we're collaborating with different partners to find solutions that are efficient and scalable. As a step on this journey, we're aiming for 50% of all garments to be traced to the fibre's country of origin by 2025. Today, 29% of our styles have a material certification which means we can trace it back to the country of origin.

#### 2023 HIGHLIGHT:

We started the Fiber Traceability Initiative which achieves a fully traceable farm-forward supply chain, using QR codes to offer transparency from the farm to stores and beyond.

#### 2023 CHALLENGE:

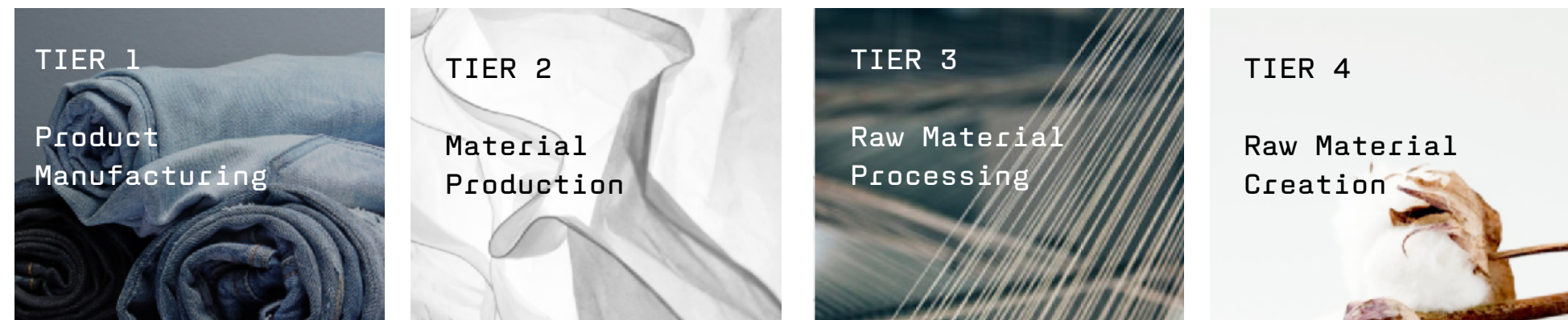
We aim to improve our level of traceability for tiers 3 and 4 of the supply chain, as well as reduce the manual effort of the certification process to improve efficiency.



## 1. Product & Garment Traceability

In 2023 Filippa K collaborated with traceability platform and long-time collaborator TrusTrace to map the supply chain beyond Tier 1 (product manufacturing) and trace products back to Tier 4 (the raw material).

### SUPPLY CHAIN TIERS



Filippa K has visibility across all Tier 1 suppliers. This is communicated with each product on our website along with the country of origin, which is also communicated on the physical care label.

We strive to enable traceability as far back in the supply chain as possible - we're currently able to trace to Tier 2 for almost all finished products. Tiers 3 and 4 are more challenging to trace using traditional traceability methods. We approach this challenge through product certifications, which use a chain of custody to enable traceability to country of origin, however this method still faces challenges with transparency of Tier 3 and Tier 4 facilities. In 2023, there were no reported incidents of non-compliance concerning product and service information, labelling, or marketing communications.

Ready-to-wear Garment Traceability in 2023 (by quantity):

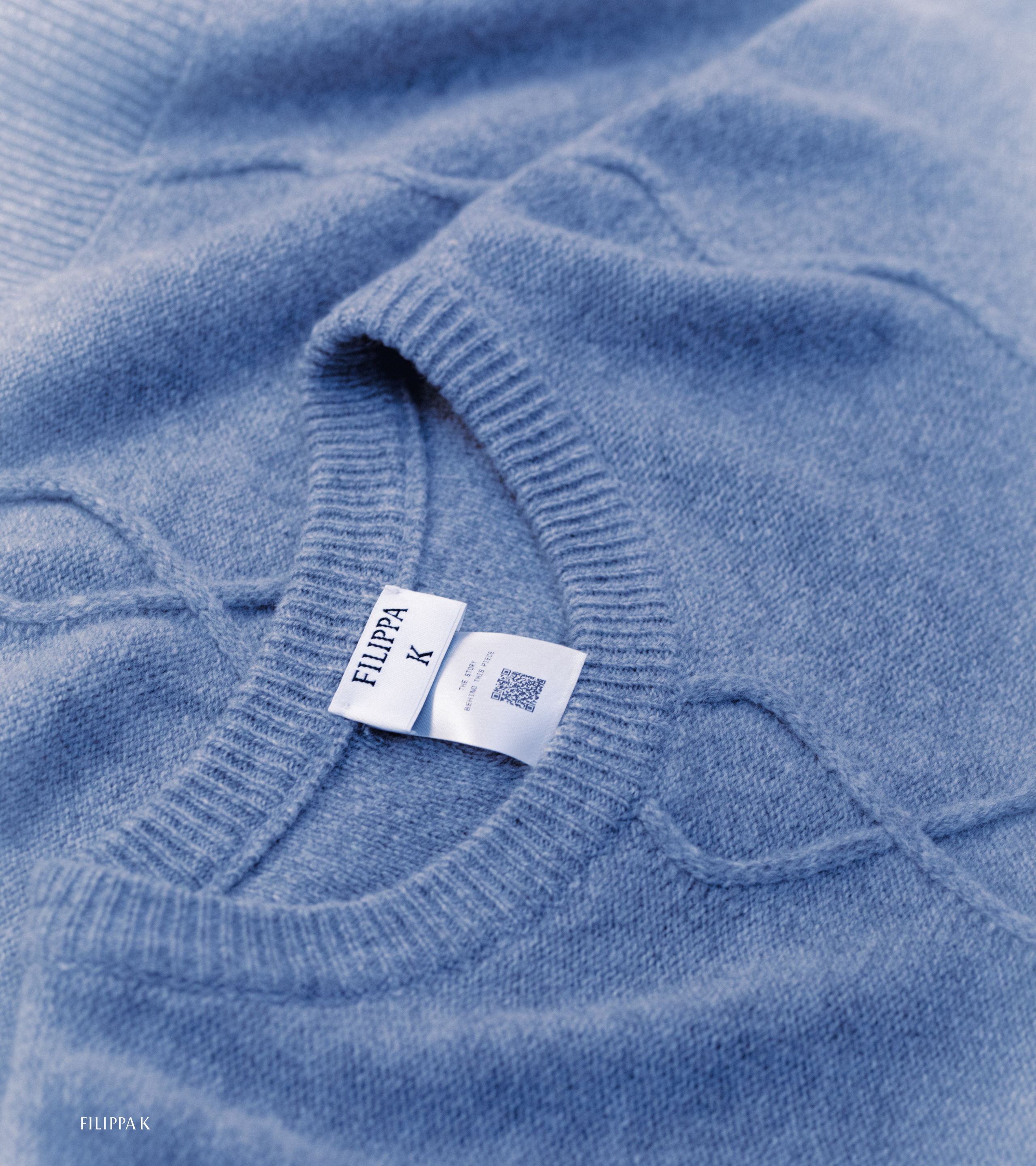
- Tier 1: 100%
- Tier 2: 99%
- Tier 3: 1%
- Tier 4: 1%

## 2. Traceability Projects

Filippa K is currently working with various projects to gain full traceability and transparency of our products' origins and value chains. In 2023 these represented a small share of the total production volume for Filippa K, but the results showcase proof-of-concept and enable increased scalability for the coming years. Read more about each project in our Materials & Innovation chapter.

|                            |  |                                     |
|----------------------------|--|-------------------------------------|
| Project                    | Swedish Wool   | OnceMore®, part of Re:sourced Crepe |
| Production volume (pieces) | 121  | 1151                                |
| Tier 1                     | S.C Trico point, Rumania                               | LTM Garments, Lithuania             |
| Tier 2                     | Vernitas, Lithuania                                    | Riopele, Portugal                   |
| Tier 3                     | Poltops, Poland  | Lenzing, Austria                    |
| Tier 4                     | Klippan Yllefabrik & Väst kustens Ullinsamling, Sweden | Södra, Sweden                       |





### 3. The Fiber Traceability Initiative

In 2023 Filippa K finalised a pilot program that achieves a fully traceable farm-forward supply chain for two mohair styles, with the aim of applying this to other raw materials. We partnered with non-profit organisation AxFoundation, GSI and platform provider VirtualRouteZ to create a proof-of-concept on farm-forward traceability for wool. The pilot utilises QR codes to track the wool from farm to stores, and beyond. This enables more accurate measurability of social and environmental impacts, supports upcoming EU regulations for Digital Product Passports, and gives customers direct knowledge of where their garments come from.

#### FIBER TRACEABILITY INITIATIVE OBJECTIVES:

- Achieve full traceability and transparency throughout the wool value chain
- Establish verified sustainability and quality standards to enhance the wool industry's reliability and credibility
- Empower stakeholders, from farmers to consumers, with the insights needed to make sustainable choices
- Pave the way for companies to implement Digital Product Passports
- Drive the transition towards a circular economy and inspire more transparency in fashion

#### THE FIBER TRACEABILITY CYCLE FROM AXFOUNDATION

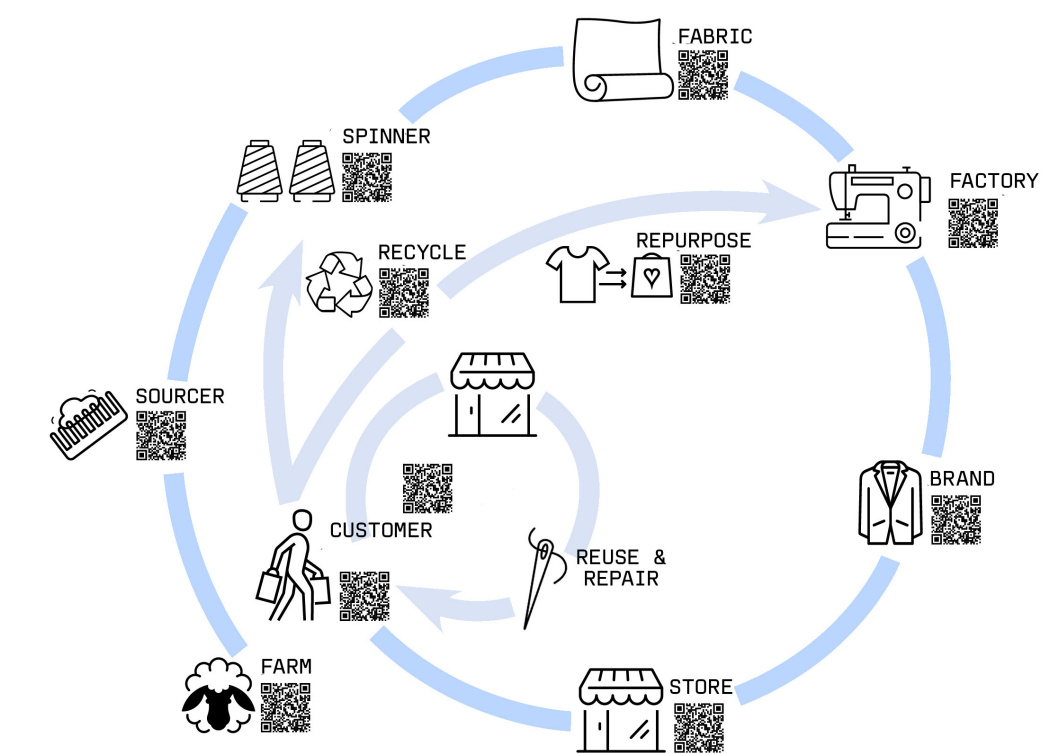


IMAGE CREDIT: AXFOUNDATION



## 4. Certifications

We use material certifications to ensure fabrics come from origins that have high animal welfare and improved environmental and social standards. They ensure that the full supply chain handles the certified material in a separate process from conventional materials, and that the products are produced according to the certification's standards. Filippa K is certified in all Textile Exchange certifications as well as GOTS, and uses Control Union as its certifications body.

The lack of digitalisation in the certifications process has been a key challenge, resulting in a manual and resource heavy process. Looking ahead, creating a digital flow of transaction certificates and scope certificate applications is highly prioritised.







GOTS

Global Organic Textile Standard

GOTS (Global Organic Textile Standard) uses only organic farming practices and has social and environmental requirements, including chemical content, for the whole supply chain.



OCS

Organic Content Standard

OCS (Organic Content Standard) requires that the crop should be farmed according to organic principles.



GRS

Global Recycling Standard

GRS (Global Recycling Standard) uses only recycled content and has social and environmental requirements, including chemical content, for the whole supply chain.



RCS

Recycled Claim Standard

RCS (Recycled Claim Standard) requires that the content is recycled.



RDS

Responsible Down Standard

RDS (Responsible Down Standard) focuses on animal welfare, and ensuring that down is not plucked from live birds that there are no practices of force feeding for 'foie gras' production.



RMS

Responsible Mohair Standard

RMS (Responsible Mohair Standard) focuses on animal welfare, labour rights for workers and land management to maintain healthy soil.



RAS

Responsible Alpaca Standard

RAS (Responsible Alpaca Standard) focuses on animal welfare, labour rights for workers and land management to maintain healthy soil.



RWS

Responsible Wool Standard

RWS (Responsible Wool Standard) focuses on animal welfare, labour rights for workers and land management to maintain healthy soil.





## Materials & Innovation



## Materials & Innovation

We focus on quality and longevity when sourcing materials to enable extensive use of Filippa K garments. We also aim to use local, certified, and recycled materials where possible. Material choice is essential to reducing our environmental impact and ensuring social responsibility.

### TOPICS IN THIS CHAPTER

1. Updating the Filippa K Fibre Tool

2. Our Materials & Collaborations

3. Packaging

4. Waste

### WHAT WE'RE WORKING TOWARDS

Our goal is that 80% of all materials used in our ready to wear collection are either recycled, regenerative, certified, or innovative by 2025. This goal is based on our updated material categorisation.

#### 2023 HIGHLIGHT:

In 2023 we increased our share of certified and recycled materials, and we introduced Re:sourced Crepe - a revolutionary new fibre made in collaboration with industry leaders.

#### 2023 CHALLENGE:

The innovative fibres we use often face challenges in scalability which leads to higher costs. As they become more broadly adopted, lower price points will hopefully become available.





## 1. Updating the Filippa K Fibre Tool

At Filippa K, we are committed to continuously updating our internal Fibre Tool that represents our approach to responsible material choices. 2023 saw a significant evolution of the Fibre Tool, which has been an invaluable guide to our journey since its inception in 2012. We are now transitioning to a new and enriched fibre categorisation framework rooted in the latest research from Textile Exchange and their preferred fibre and material matrix.

Our new approach to categorisation means we're placing a stronger focus on using recycled, regenerative, certified, and innovative fibres in our products. We understand that natural fibres are still crucial due to their material qualities and durability, and we're eager to explore regenerative alternatives moving forward.

Our fibre tool provides us with a score based on a fibre's production impact while also considering its durability and the full life cycle of the garment - however, this is only part of the equation. Although our material categorisation guides us to make better raw material choices, we must also consider the further production processes, transport, usage, and end-of-life of a garment to obtain a truly holistic view.

### **RECYCLED MATERIALS**

Recycled Materials are items that have been reprocessed from their original form into new products, reducing the need for virgin resources and minimising waste.

### **CERTIFIED MATERIALS**

Certified Materials in the textile industry refer to fabrics and fibres that have been verified by recognised standards or certifications, ensuring they meet specific environmental, social or ethical criteria throughout the production process.

### **REGENERATIVE MATERIALS**

Regenerative Materials are produced in a manner that actively contributes to ecosystem restoration and biodiversity conservation.

### **INNOVATIVE MATERIALS**

Innovative Materials support circularity by utilising products that would otherwise go to waste or be downcycled.



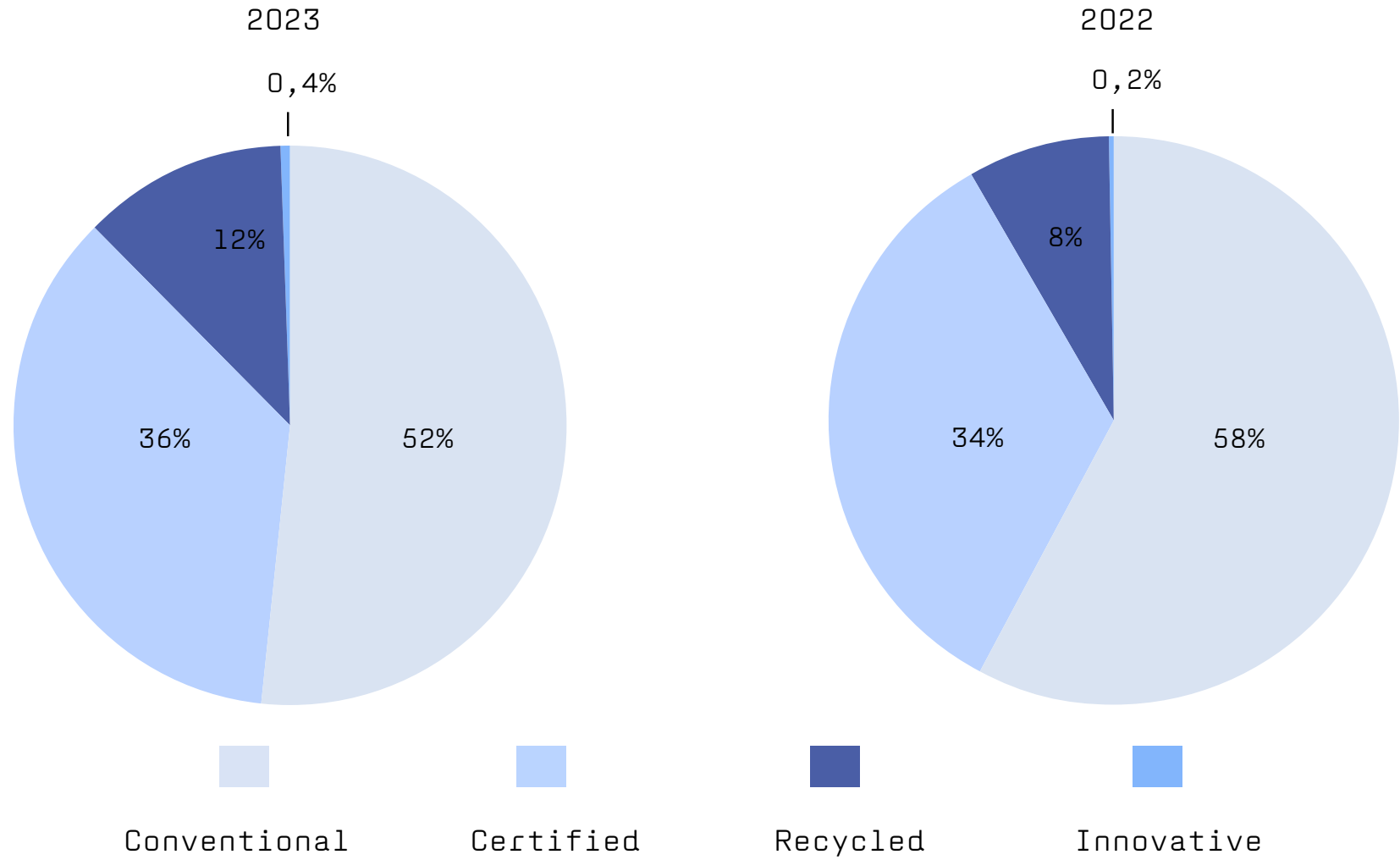
## 2. Our Materials & Collaborations

In 2023 we increased the share of certified materials that we use in our collections, especially through an increase in recycled materials. Our main materials used are cotton and wool, which together stand for about 60% of the materials in our products. We are proud to see an increase in certified and recycled wool as it reflects our efforts to motivate and encourage our suppliers towards certification, resulting in the possibility of certifying more styles and materials. We can also report that we've reduced the use of conventional cotton, in line with our ambition of 0% conventional cotton in our collections.

We've also reduced the use of conventional polyamide as well as the overall use of polyamide between 2022 and 2023. This is partly due to a shift to recycled in some of our popular yak qualities, as well as a reduced production of our Soft Sport activewear garments where we historically used a higher amount of conventional polyamide.

One notable change is a decrease in our share of recycled polyester, which partly is due to a decrease in orders on Core Collection products (we placed large orders in 2022). We are currently working towards exchanging conventional polyester for recycled polyester in some of our biggest volume fabrics and expect to see a decrease in line with our goal for the upcoming collections.

PREFERRED MATERIAL DISTRIBUTION BY WEIGHT





#### MATERIAL USE BY WEIGHT

| Material              | 2023 | 2022 |
|-----------------------|------|------|
| Wool                  | 35%  | 32%  |
| RWS                   | 20%  | 19%  |
| Recycled              | 16%  | 10%  |
| Conventional          | 64%  | 71%  |
| Cotton                | 28%  | 33%  |
| GOTS, OCS, organic    | 78%  | 76%  |
| Recycled              | 06%  | 02%  |
| Conventional          | 16%  | 22%  |
| Polyester             | 11%  | 9%   |
| Recycled              | 19%  | 34%  |
| Conventional          | 81%  | 66%  |
| Polyamide             | 6%   | 8%   |
| Recycled              | 40%  | 09%  |
| Conventional          | 60%  | 91%  |
| Lycocell              | 6%   | 8%   |
| Certified             | 99%  | 100% |
| Conventional          | 01%  | -    |
| Viscose               | 4%   | 2%   |
| Certified             | 68%  | 77%  |
| Recycled              | 4%   | -    |
| Conventional          | 28%  | 23%  |
| Triacetate            | 3%   | 4%   |
| Conventional          | 100% | 100% |
| Elastance             | 2%   | 1%   |
| Conventional          | 100% | 100% |
| Leather               | 1%   | 3%   |
| Conventional          | 100% | 100% |
| Other Materials (<1%) | 3%   | 1%   |

While our current production boasts a modest share of innovative materials, representing a fraction of our total output, our strategic focus is on scaling these up over the years with our partners. This is an industry journey that demands extensive collaboration. Scale comes with its own challenges - it's a costly endeavour, and while we're enthusiastic about the potential, the long-term durability of these materials is not yet fully proven. We believe in the power of collective effort and are navigating this path with a commitment to transparency and innovation.

Each year we aim to expand our collective effort towards progress by partnering with industry innovators and experts in their respective fields. In 2023 we started a new material collaboration initiative, Re:sourced Crepe, and continued with our annual Swedish Wool project.

#### RE:SOURCED CREPE

For the Filippa K SS24 collection which launched in late 2023, we've introduced a new recycled and renewable material - Re:sourced Crepe. The revolutionary fibre is created from a combination of textile waste and wood cellulose in a lyocell process. It's crafted from the groundbreaking OnceMore® technology from Swedish forest group Södra, REFIBRA™ technology from Lenzing, and uses expertise from the Portuguese textile manufacturer Ri-opele. The innovative partnership is the latest in our ongoing commitment to finding circular solutions in fashion, bringing together the strands of the industry to progress change. The total material spend for this project was 724900 SEK.

#### SWEDISH WOOL

The Swedish Wool project began in 2019 when we discovered that the wool byproduct from the local meat industry was going to waste. Today, the Swedish Wool Initiative is an Axfoundation collaborative of 15 brands and the initiative is helping Swedish wool become more widely available in the industry. This year's edition, the 93 Swedish Wool Hoodie, is crafted from 100% Swedish wool in collaboration with fellow Swedish heritage brand, Klippan Yllefabrik. Sourcing wool that was meant to be thrown away due to a high content of vegetable matter, the team at Klippan discovered that changing from a carding process to a combing process effectively cleaned the fibres and made it possible to spin the wool into a high-quality yarn.

In 2023, the Swedish Wool Initiative launched the first classification system for wool, which simplifies the process of selling and purchasing high-quality Swedish wool. We used the system for the first time when purchasing wool for our upcoming SS25 development. The total material spend for the 2023 edition project was 77700 SEK.



### 3. Packaging

We use packaging materials such as boxes (70% recycled content), shipping envelopes (responsibly sourced paper and mixed recycled content), and bags (responsibly sourced paper) for our e-commerce and retail operations. For transport packaging, the polybags we use to protect our garments during shipment are sourced by our suppliers, the majority of which use recycled content for the polybags, and we're continuously collaborating with our suppliers to move towards recycled and biobased materials.

While we aim to use as much recycled, certified, and recyclable materials for our packaging, yet right now we have no visibility into the end of life as it falls under the scope of our customers. However, we do encourage them to reuse and recycle whenever possible.

### 4. Waste

Waste management plays a vital role in the textile industry by ensuring efficient resource utilisation. Proper waste management practices are essential for promoting a cleaner and healthier environment, minimising pollution, and fostering responsible business conduct within the industry. We currently have low measurability in these areas and are actively exploring ways to improve our mechanisms, as we recognise the importance of effective waste management. As a fashion company, our largest waste streams are textiles and packaging.

#### TEXTILES

Since 2015 we've operated the garment collection program Filippa K Collect, and we're currently updating it to exert greater control over downstream operations. In 2023, we actively reviewed the Collect initiative to strengthen our commitment to promoting reuse, repurposing, and recycling, and finding new partners for this. Additionally, as part of our ongoing C-PLM project focusing on circularity, we explored repair and resale of claims and damaged returns, with 1,591 pieces sorted to be resold during 2024. To avoid writing off unsold garments from our warehouse, we sell them through our outlet stores and eventually sample sales.

Moreover, in addressing textile waste generated during production, we maintain our partnership with Manteco: our Italian fabric mill and recycling collaborator. In 2023 our suppliers sent a total of 3,900 kg of textile waste, cutting scraps from the production of our suiting in Portugal to Manteco for recycling into new fabrics. This volume represents an increase from the previous year, driven by a rise in the number of suppliers sending textile cut-offs.

#### PACKAGING

The majority of packaging materials we use are distributed to our customers. Although we prioritise the use of recycled and certified materials for our packaging, our visibility into the end-of-life stage is limited, as it falls within the scope of our customers. Nevertheless, we actively promote and encourage our customers to engage in reuse and recycling practices whenever feasible.

#### OTHER/OWN OPERATIONS WASTE

In our offices, stores, and partner warehouse, we use third-party waste management to ensure responsible methods by recycling according to local best practices across all locations.





Environmental Impact.



## Environmental Impact

Filippa K is dedicated to reducing its environmental footprint by designing garments that stand the test of time, both in terms of quality and style. Our goal is to inspire a movement of mindful consumption where less, but better, is more. We collaborate with industry partners to explore innovative solutions in materials and supply chain practices, recognizing the collective effort required to transform the fashion industry.

### TOPICS IN THIS CHAPTER

1. Greenhouse Gas Emissions

2. Chemicals, Water & Biodiversity

### WHAT WE'RE WORKING TOWARDS:

The EU's commitment to greenhouse gas emission reduction is 50% by 2030 under the green deal. We're committing to the same reduction target.

### 2023 HIGHLIGHT:

We reduced our greenhouse gas emissions by 41% in 2023 compared to 2022, and introduced biodiversity in our risk assessment.

### 2023 CHALLENGE:

Data availability is a key challenge for us and other brands in the industry. We aim to increase the collection of supplier-specific data in line with our traceability progress.





The largest part of our environmental impact occurs in the making of our garments, including the material acquisition & pre-processing and production steps. Our suppliers must comply with our code of conduct which amongst other requirements includes management of environmental issues, no severe pollution and compliance with our chemical restriction list. Throughout this chapter, we go through decarbonisation and environmental progress and actions.

## 1. Greenhouse Gas Emissions

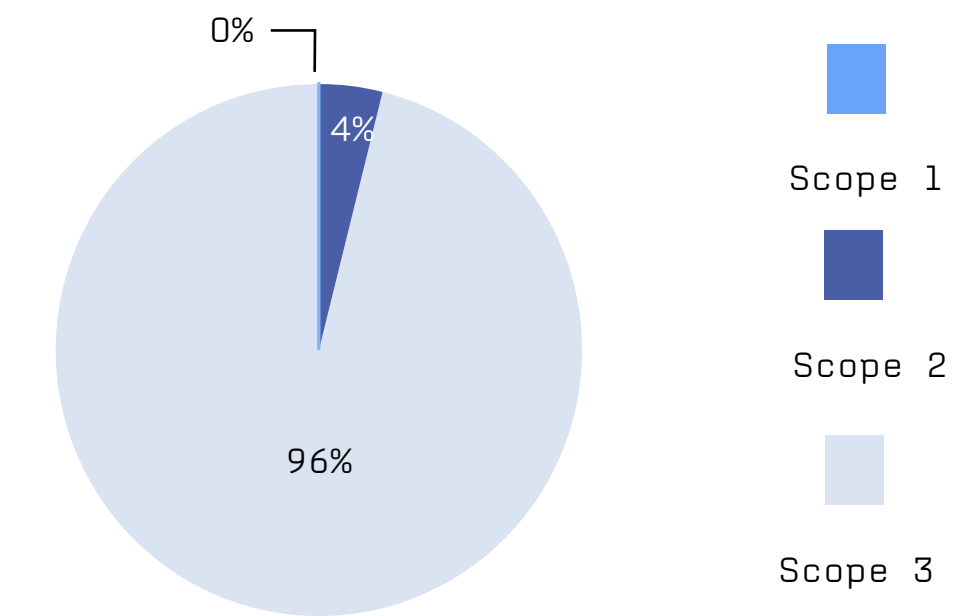
Just like most fashion brands, the majority of our emissions come from our supply chain (scope 3). More than 80% of our total emissions occur in the making of our products and their packaging materials, and the rest from our own operations where we run our business, design our products, and run our stores. We are committed to reducing our climate impact in line with the Paris Agreement, a statement we made in 2020, and supporting what is needed to limit global temperatures from rising no more than 1.5 degrees. Our target is to halve our GHG emissions by 2030 compared to our base year 2020.

We are proud to have achieved a 41% reduction on GHG emissions this year, although we acknowledge that it was primarily driven by decreased purchases. While we celebrate this progress, we recognise that there's more work to be done. In this section we will outline our ongoing efforts and targeted improvements within our value chain.

Prior to our first full scope GHG calculation, we measured the emissions from selected products with the goal of annually decreasing our GHG emissions. These 2019 calculations provide valuable insight that can help us in assessing the quality of our 2020 data, as it was impacted by the effects of the COVID-19 pandemic. Based on this investigation, we will set a new roadmap in for the remaining emission reductions towards our 2030 goal.

For the second year, we have collaborated with Plan A to calculate our emissions. We continuously work to increase supplier specific data but recognise that data availability and collection is a key challenge for environmental data collection. This is something that we address together with our traceability ambitions, to be able to collect more data from our suppliers and value chain operations. We are currently reworking our calculations for our baseline year but can share the progress between 2022 and 2023 in this report.

GHG EMISSION BREAKDOWN BY SCOPE (%)



EMISSION BREAKDOWN [TONNES CO2E]

|   | 2023        | 2022        |
|---|-------------|-------------|
| <b>Total emissions</b>                  | <b>4663</b> | <b>7881</b> |
| <b>Scope 1</b>                          | <b>1</b>    | <b>2</b>    |
| Mobile combustion                       | 1           | 2           |
| <b>Scope 2</b>                          | <b>179</b>  | <b>234</b>  |
| Purchased electricity                   | 66          | 69          |
| Purchased heat                          | 113         | 165         |
| <b>Scope 3</b>                          | <b>4483</b> | <b>7645</b> |
| Purchased goods and services - textiles | 2661        | 5007        |
| Purchased goods and services - other    | 1192        | 1573        |
| Upstream Transportation                 | 137         | 501         |
| Downstream Transportation               | 98          | 193         |
| Use of sold products                    | 254         | 239         |
| End of life treatment of sold products  | 13          | 13          |
| End of life treatment of packaging      | 8           | 5           |
| Fuel and energy related activities      | 14          | 5           |
| Waste generated in operations           | 0           | 0           |
| Business travel                         | 90          | 83          |
| Employee commute                        | 15          | 24          |

\*Rounded to the nearest whole number. The 2022 numbers were updated in 2023 to align with enhanced data collection practices for improved accuracy and reliability.





#### **PRODUCTS AND PRODUCT USE**

We continue to use the same range of materials in our products, and in 2023 have focused on increasing the share of recycled materials to drive down our emissions. We saw a percentual increase in recycled, certified, and innovative materials from last year, driving down the emissions slightly. Looking at the emissions from our material selection, most impact comes from using animal fibres. As we value natural fibres, we're exploring regenerative options to limit their impact. The material categories representing the highest emissions are leather and wool. In 2023 we had an increase in both certified and recycled wool and a reduced total use of leather. Acknowledging the broader implications beyond production, a slight increase in use phase emissions occurred due to a shift in customer locations and increased sales of garments requiring more frequent washing.

To further reduce our emissions, we are working towards:

- Increasing the share of recycled and regenerative materials
- Exploring innovative alternatives for high-emitting materials
- Mapping the energy sources of our suppliers, aiming to support a shift to renewable energy
- Improving care instructions and information to support reduced washes and improved product care.

#### **TRANSPORT**

During 2022, a large share of our GHG emissions came from air shipments of our goods because of the volatility in the freight market. In 2023 we worked actively to return to the status quo and reduce the air freight whilst still being able to have the right products in store at the right time. We were able to reduce the air freight from 17% to 7%.

In order to further reduce our emissions, we are working towards:

- Continuing to optimise so we can reduce air freight, exploring new freight options for European transports.
- Exploring fuel options for last mile carriers

#### **OWN OPERATIONS**

We saw a slight decrease in own operations emissions (scope 1 & 2) due to changes in the store landscape, where we have closed and opened stores throughout 2023. We're working on an ongoing shift to LED lighting in our stores to reduce our energy usage, with only a few remaining that need to be updated. We also see that our spend on communications and marketing drive emissions in the category of purchased goods and services (scope 3), how to address and reduce these emissions is something we will investigate going forward.



## 2. Chemicals, Water and Biodiversity

It's important for us to track the impacts of our production in different areas, so we can better understand how to reduce them. Our impacts on water consumption, pollution and biodiversity occur mainly in our supply chain as well as during a garment's use stage and end of life.

### CHEMICALS

Acknowledging the necessity of chemicals in textile production, our focus lies in minimising harmful chemicals and maximising the use of safer alternatives. Ensuring the safety of our products for users, the environment, and production workers is paramount. To safeguard the surrounding environment, suppliers 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). We do not have any products that we assess having high-risk health and safety impacts for our customers, and there were no non-compliance incidents concerning the health and safety impacts of products and services reported in 2023.

### WATER & BIODIVERSITY

Water plays a critical role in the fashion industry, serving as an essential resource for various stages of production. The industry heavily depends on water, from cultivating raw materials to changing their colours. But it's not just about the creation of clothing – even when we wash them, microfibres, and in some cases microplastics, make their way into water systems.

Biodiversity underpins the entire supply chain from sourcing raw materials to producing finished garments. Maintaining biodiversity ensures the availability of diverse and resilient ecosystems, which are essential for sustaining the natural resources upon which the industry relies. Additionally, biodiversity conservation supports the livelihoods of communities involved in fashion production while fostering innovation and resilience in the face of environmental challenges.

### RISK ASSESSMENT

We continuously assess the risk landscape on water and biodiversity with the help of WWF's risk filter suite. This helps us to increase our supplier collaboration in places where we have the highest risks, and we continuously use our traceability data to assess our supply chain in more detail. We believe the biggest risks occur in raw material production and Tier 3 of the supply chain – traceability is essential to supporting resilience in our value chain. Currently, we are using certificates to guide our material choices, but increased traceability would support us in understanding the best options. The physical risk landscape for our Tier 1 and Tier 2 suppliers in 2023 is represented in this chart. This feeds into our sourcing strategy and material goals.

### PHYSICAL RISK LANDSCAPE

|                | Water Risk                   |        |        | Biodiversity Risk            |        |        |
|----------------|------------------------------|--------|--------|------------------------------|--------|--------|
|                | Own Operations and Warehouse | Tier 1 | Tier 2 | Own Operations and Warehouse | Tier 1 | Tier 2 |
| Very high risk | -                            | -      | 4%     | -                            | -      | -      |
| High risk      | 6%                           | 18%    | 43%    | -                            | 12%    | 21%    |
| Medium risk    | 35%                          | 79%    | 51%    | 76%                          | 88%    | 76%    |
| Low risk       | 53%                          | 3%     | 2%     | 24%                          | -      | 3%     |
| Very low risk  | 6%                           | -      | -      | -                            | -      | -      |

\*based on WWF risk filter suite categorisation



Circularity



## Circularity

Circularity is central to reducing our environmental footprint and encouraging mindful consumption. We consider the full lifecycle of our products from design and production to the user phase, and on to its second life. We also contribute to circularity by using recycled materials, supporting material innovations, providing garment care guidance, and offering a resale platform for our customers in Sweden.

### TOPICS IN THIS CHAPTER

1. Circular Design Strategies

2. Resale, Repair and Recycling

### WHAT WE'RE WORKING TOWARDS

Our goal is to increase the lifespan of our garments in the user phase and evaluate our progress through another wearability survey (our first survey was conducted in 2019). We are also continuously tracking our usage of mono materials in keeping with the latest recycling technologies, so we can provide recyclability for garments.

#### 2023 HIGHLIGHT:

We've made progress in prolonging the use of damaged and collected garments through repair and resale solutions.

#### 2023 CHALLENGE:

Because we are working with small volumes, the profitability within repair and resale solutions can be a challenge. We are working to collaborate with other partners in the industry to solve this.







## 1. Circular Design Strategies

Our commitment to circular fashion begins at the design stage. We prioritise durability, timeless aesthetics, and versatile styles that transcend seasonal trends. By creating garments that withstand the test of time, our belief is that we inherently reduce the need for frequent replacements.

### LONGEVITY - INCREASING USE THROUGH LONG-LASTING STYLE AND QUALITY

Our designers create according to the product's purpose with a focus on longevity, fit and durability, keeping our brand promise. Our Core collection represents around 1/3 of our sales, both in quantity and value. The range is designed with the essential elements of a staple wardrobe in mind - quality materials, versatile use, timeless style, and effortless fit - creating a permanent wardrobe foundation. This reaffirms our brand values, proving that the Filippa K customer seeks long-lasting pieces.

### MONO MATERIALS - INCREASING THE POTENTIAL FOR RECYCLING AND RECYCLABILITY

At Filippa K we aim to always design with end-of-life in mind - disassembly, recyclability, repurposing, etc. Where we can, we use mono materials as a design strategy to increase the potential for textile-to-textile recycling. We see a slight decrease compared to 2022, but as we always balance mono-materiality with durability we do not have a specific target that we're working towards. Instead, we optimise garment compositions to fit the product's purpose.

#### SHARE OF MONO-MATERIAL GARMENTS

|  | 2023 | 2022 |
|--|------|------|
| Share of mono material garments by weight* | 27%  | 33%  |

\*Note: Starting from 2023, we have transitioned to a new methodology for calculations. Our figures are now based on weight rather than piece quantity. Please refer to the updated methodology for accurate comparisons and analysis.



## 2. Resale, Repair and Recycling

We understand that clothing items are not always worn to the point that they break or are unusable. Sometimes they no longer fit, tastes change, or they take on small repairable damage. It is up to us to take responsibility for the full life cycle of Filippa K garments, so we aim to provide our customers with services and support that helps prolong usage.

### RESALE - GIVING GARMENTS A NEW LIFE

Resale is an integral component of our circularity strategy. We actively encourage and facilitate the reselling of our garments through our online resale platform, Filippa K Preowned, ensuring that our pieces find new homes. The platform has been active on the Swedish market since 2021 and provides the seller with product pictures and information to complement their listing.

During 2023, we saw a decrease both in seller listings and sold items on our site. Our analysis found that this was mainly due to a lack of promotion and communication around the platform. While we aimed for the platform to achieve organic growth through discovery within our community, we recognise that we need to invest more in the exposure of Filippa K Preowned – encouraging more customers to use the service. Another cause of the decrease in 2023 traffic is that the previous year, we listed repaired and returned items from Filippa K on the Preowned platform. When we started our trial with Fugeetex (the C-PLM project, see section below), these items were then moved off the platform.

FILIPPA K PREOWNED SALES

|                 | 2023 [PCS] | 2022 [PCS] |
|-----------------|------------|------------|
| Seller Listings | 182        | 313        |
| Sold Items      | 77         | 308        |

We are continuously working to improve the customer experience on our website and are exploring resale through other secondhand platforms. During 2023, we collaborated with Vinted, Mai.app and Plick, amongst others.

### REPAIR

Our repair services stand as a testament to our dedication to extending the lifespan of each garment, and we're working to continue improving these. We offer repairs in store for garments that fall under "claim" considerations – which are damaged garments from production and returns. As part of reworking our circularity strategy, we are revisiting extended repair options.

### PROLONG

We are also exploring solutions to prolong the life of claims (damaged from production or returns) and collected garments through the C-PLM project we introduced last year. During 2023, we digitally tagged our collected garments and are piloting a platform to capture and provide analytics on each garment that will facilitate reuse and resale.

Listing the items on resale platforms has proven to be more costly than expected, there was a requirement of a high up-front investment as well as high volumes. To overcome these obstacles, there's a need for more industry collaboration and we will continue to explore solutions and partnerships. For the garments fit for resale, we are now listing them through a resale partner, and they will be available on multiple platforms. Items not sold were sent to other resale platforms and textile sorters, or donated to the local Red Cross charity in Sweden.

### COLLECT AND RECYCLE

We have been collecting used Filippa K garments from customers at all retail stores since 2015. During 2022 & 2023, we were unable to track the number of garments we collected in all markets and are revisiting our collection program to find new sorting and recycling partners for better control of the value chain.

### TRACEABILITY AND CIRCULARITY

The QR codes connected to the Fiber Traceability Initiative (see page 19) will enable us to trace a product's lifecycle through QR codes and enable communication on garment care and second life or recycling options, aiming to increase the usage of each piece.



Social Responsibility



## Social Responsibility

We strive to be a fair and reliable business partner, aiming for long-term rewarding relationships with our suppliers that are based on mutual trust. We do our very best to have a positive impact on our communities and earn this reputation with our customers and key stakeholders. Our business partners play an important part in realising this aspiration, and we expect them to adhere to human rights and fair labour conditions.

### TOPICS IN THIS CHAPTER

1. Our Commitments

2. Our Manufacturers

3. Fair Wear Foundation and the Code of Labour Practices

4. Human Rights Due Diligence Directive

### WHAT WE'RE WORKING TOWARDS

We're committed to continue implementing sourcing practices that align with the Human Rights Due Diligence Directive and to have a closer partnership with our suppliers. Our goal is to visit 75% of our suppliers annually by 2025. To achieve this goal, we recognise that we also need to consolidate our supplier base.

#### 2023 HIGHLIGHT:

According to our strategy, we have increased our production volume in Europe, especially in Portugal. We acknowledge that this is associated with lower risks due to strong labour legislation and enables us to visit the suppliers more often due to travel proximity.

This year, we've participated in Fair Wear's pilot project, The Academy. This initiative aims to guide industry brands in implementing Human Rights Due Diligence (HRDD) in their supply chains, using guidance, learning modules, and tools to support HRDD across the industry.

#### 2023 CHALLENGE:

We were not able to visit our suppliers in China and Turkey in 2023 due to the pandemic and geopolitical circumstances. Our goal is to visit these suppliers in 2024.

Data availability is a key challenge for us with our tier 2-4 suppliers, as we aim to start monitoring and assessing them according to the Human Rights Due Diligence Directive. We aim to increase this in line with our traceability progress.



## 1. Our Commitments

Our focus areas within social responsibility include, but are not limited to, the following:

- An equal partnership with our suppliers, where a two-way dialogue and long-term commitment from both sides are key. We want to support our suppliers in achieving better working conditions and increased social dialogue between workers and management.
- Transparent dialogue with our suppliers and expect the same from them, where all usage of subcontractors requires approval from Filippa K before production starts.
- Following our responsible sourcing strategy that encourages healthy working conditions for our suppliers.
- Communicating and contributing to good production planning for suppliers to minimise the risk of working overtime.
- Using transparent pricing for our production and increasing our support for suppliers paying living wages. We support the collective bargaining process and acknowledge the gender pay gap, rooted in historical gender norms and stereotypes that undervalue women's contributions. Addressing this issue involves promoting pay equity, challenging gender stereotypes, and fostering inclusive workplace policies to ensure fair compensation.
- Increasing communication with workers through social dialogue and promoting freedom of association.
- Learning more about gender-related issues and risks in our supply chain, so we can implement measures aimed at addressing and mitigating these risks for gender-based discrimination and violence.

## 2. Our Manufacturers (Tier 1)

In 2023 we worked with 31 suppliers, most of whom are in Portugal. We worked with 63 factories – 13% are counted as subcontractors. We're monitoring all our subcontracting in Tier 1 and our manufacturers need to inform and receive our approval before they start production at new factories.

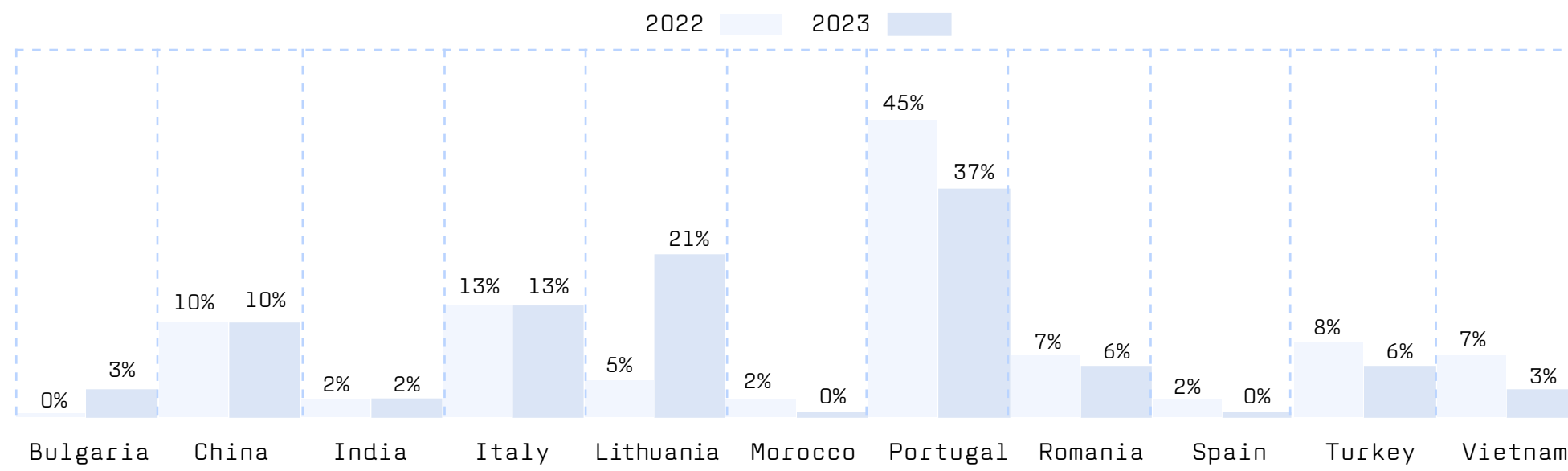
Our aim is to maintain and increase our production in Europe, where we believe the risks to be lower due to robust and effectively enforced labour laws. However, we recognise the importance of addressing concerns such as gender inequality, low wages, excessive working hours and the exploitation of migrant workers. The shorter travel distance also makes it possible to visit suppliers and factories more often to create a closer and more transparent relationship, not only relying on digital meetings and audits. We plan to keep our existing suppliers in Asia but aim to not increase the number of suppliers. We have a few suppliers in Asia that we've worked with for many years and have a very close relationship with, who have a technical expertise within their product range that is very valuable for us.

### SUPPLIER LOCATIONS

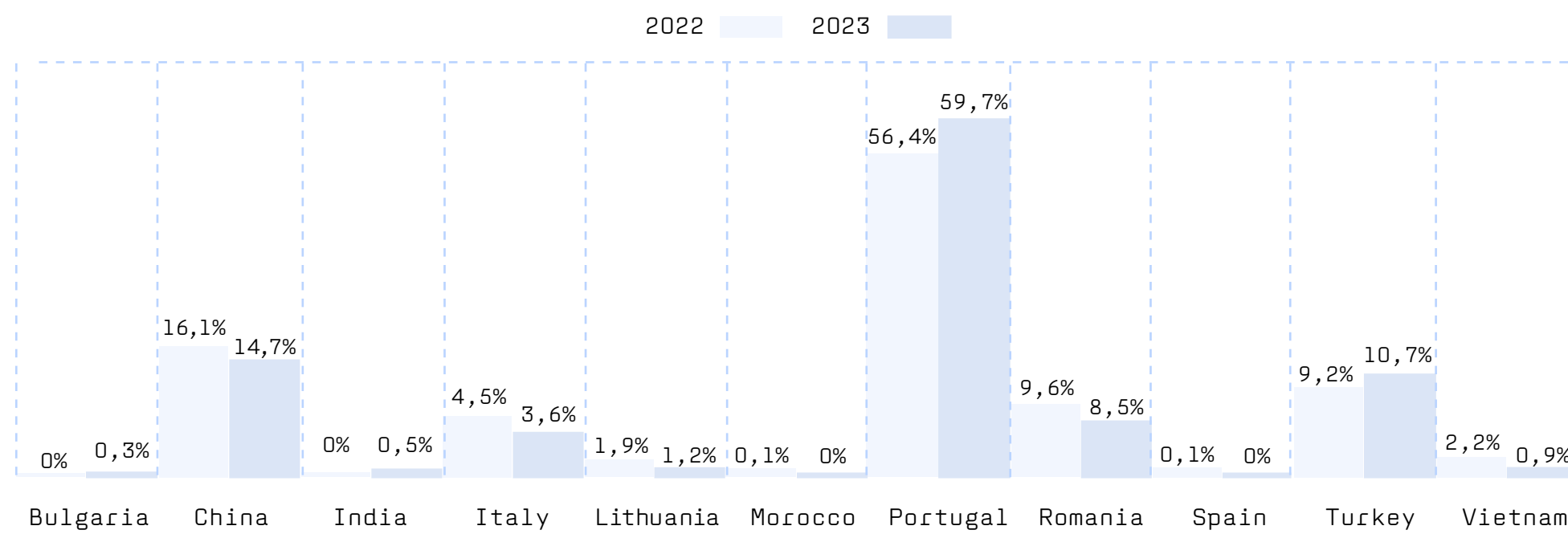
|                     |          |       |       |       |           |          |         |        |         |
|---------------------|----------|-------|-------|-------|-----------|----------|---------|--------|---------|
| Number of factories | 3%       | 10%   | 2%    | 13%   | 21%       | 37%      | 6%      | 6%     | 3%      |
| Order volume        | 0,3%     | 14,7% | 0,5%  | 3,6%  | 1,2%      | 59,7%    | 8,5%    | 10,7%  | 0,9%    |
| Order Value         | 1,5%     | 15,7% | 0,3%  | 4,6%  | 2,1%      | 49,9%    | 12,8%   | 10,9%  | 2,4%    |
|                     | Bulgaria | China | India | Italy | Lithuania | Portugal | Romania | Turkey | Vietnam |



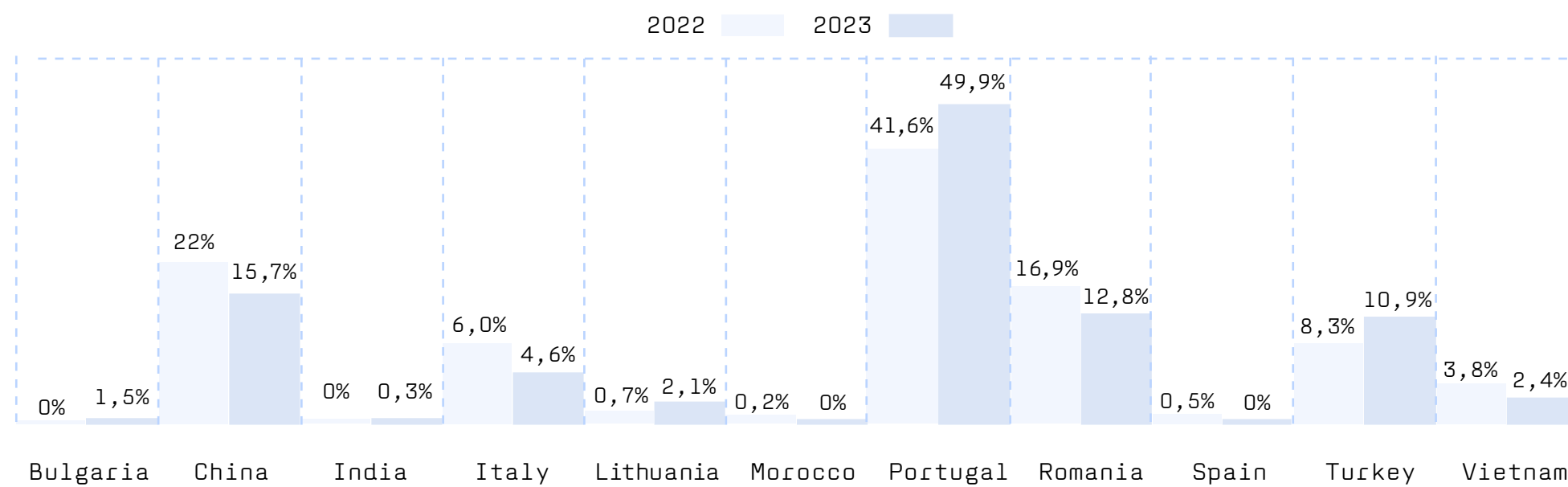
**NUMBER OF FACTORIES 2022 VS. 2023**



**ORDER VOLUME 2022 VS. 2023**



**ORDER VALUE 2022 VS. 2023**



Our average partnership length is 7 years and we've worked with some factories as long as 24-25 years. We've worked for more than 5 years with 40% of our factories.

We've continued our work to consolidate our supplier base during this year. We aim to increase our leverage, to be better placed in supporting our suppliers improving their working conditions. Having a positive partnership with our suppliers also enables us

to increase order volumes. When we end a supplier relationship, we act according to our "Responsible Exit Policy" in line with Human Rights Due Diligence (HRDD). We always aim to inform well ahead in time and are transparent with the reason for exiting. We decide the timeline for exiting together with supplier and consider our leverage and the length of business with the factory. We investigate and work to mitigate any negative effects on workers in the factories. This year we've ended our collaboration with 11% of the factories we work with.

We always start new supplier collaborations with a long-term commitment and onboarding should follow our Responsible Onboarding Process which includes a risk assessment of the factory. This entails an onboarding meeting with the supplier where we discuss labour and human rights, a possible factory visit, and an analysis of their latest audit if available. The supplier must complete and submit a questionnaire regarding labour rights and be informed that we expect them to work actively to inform and improve the labour conditions in their factory.

During the onboarding we also go through our supplier agreement which includes our supply chain policies, as follows:

- **SUBCONTRACTING AND HOMEBASED WORK POLICY** (WE REQUIRE TRANSPARENCY FROM ALL OUR SUPPLIERS AND NEED TO APPROVE SUBCONTRACTING INCLUDING HOMEBASED WORK, WHICH NEEDS TO FOLLOW OUR SOCIAL REQUIREMENTS)
- **GENDER EQUALITY POLICY**
- **ANIMAL RIGHTS POLICY**
- **SANDBLASTING POLICY** (WE BAN SANDBLASTING AS A METHOD TO DISTRESS DENIM DUE TO UNHEALTHY WORKING ENVIRONMENTS)
- **LEATHER POLICY** (OUR AMBITION REGARDING SOURCING LEATHER AND CHEMICAL MANAGEMENT WHEN TANNING)
- **COMPLAINT PROCEDURE POLICY** (SUPPLIER'S ACCEPTANCE OF OUR PROCEDURES WHEN WE RECEIVE A COMPLAINT FROM FAIR WEAR'S "WHISTLEBLOWING SYSTEM", WHERE WORKERS CAN ANONYMOUSLY REPORT IF THEY THINK THAT THEIR RIGHTS BEEN VIOLATED) THE AGREEMENT ALSO INCLUDES OUR CODE OF CONDUCT, WHICH CONSISTS OF THE EIGHT CODE OF LABOUR PRACTICES, DERIVED FROM THE ILO CONVENTION AND REQUIREMENTS FOR THE SUPPLIER'S ENVIRONMENTAL PRACTICES AND CHEMICAL MANAGEMENT.

The agreement also includes our code of conduct, which consists of the eight code of labour practices, derived from the ILO Convention and requirements for the supplier's environmental practices and chemical management.

One element is that we require them to display a poster in their factory informing about the code of labour practices called "Workers Information Sheet" in the local language. We can still decide to begin a collaboration even if the supplier needs to improve its status and knowledge in some areas (if the findings are not major or of very high concern), if they are committed to these improvements. We include the audits and education of the supplier in our budget.

This year, we've started collaborations with 15 new factories, all of which were assessed in regards to our social and environmental criteria. We've also had physical or digital meetings with them to inform about our Fair Wear Foundation membership, code of conduct, and human rights as part of the onboarding and initial training. We've conducted a meeting with the agents for 10 of the factories where we operate through their representation.



### 3. Fair Wear Foundation and the Code of Labour Practices

We've been a member of Fair Wear Foundation (FW) since 2008: a foundation that works with brands and industry influencers to support garment workers in realising their rights to safe, dignified, properly paid employment. Fair Wear Foundation supports us by performing factory audits and annual performance check-ups as well as developing reports and action plans. Their code of labour practices, derived from the ILO Convention and the UN's Declaration on Human Rights, together with Filippa K's Code of Conduct and sourcing policy form the basis of our monitoring.

- **EMPLOYMENT IS FREELY CHOSEN.**

There shall be no use of forced, including bonded or prison labour (ILO Convention 29 and 105). Nor shall workers be required to lodge "deposits" or their identity papers with their employer. There were no cases of forced labour reported in our supply-chain during 2023.

- **FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING.**

The right of all workers to form and join trade unions and to bargain collectively should be recognised (ILO Convention 87 and 98). Worker's 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.

- **NO DISCRIMINATION IN EMPLOYMENT.**

Recruitment, wage policy, admittance to training programs, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies, or handicaps (ILO Convention 100 and 111).

- **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 not less than 15 years (ILO Convention 138). Children aged 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). There were no cases of child labour reported in our supply-chain during 2023.

- **PAYMENT OF A LIVING WAGE.**

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards, ensuring it covers basic needs and provides some discretionary income (ILO Convention 26 and 131). Employees shall be clearly informed about their wages including wage rates and payment period.

- **REASONABLE HOURS OF WORK.**

Hours of work shall comply with applicable laws and industry standards, not exceeding 48 hours per week on a regular basis, and employees shall have at least one day off per week. Overtime shall be voluntary, not exceed 12 hours per week, or 240 hours per year, shall not be demanded regularly and always be compensated at a premium rate.

- **SAFE AND HEALTHY WORKING CONDITIONS.**

A safe and hygienic working environment shall be provided, following industry best practices, addressing specific hazards, and implementing effective regulations to prevent accidents and minimise health risks. Workers shall use personal protective equipment if needed. Any form of abuse, threats or harassment by the employer is strictly prohibited.

- **A LEGALLY BINDING EMPLOYMENT RELATIONSHIP.**

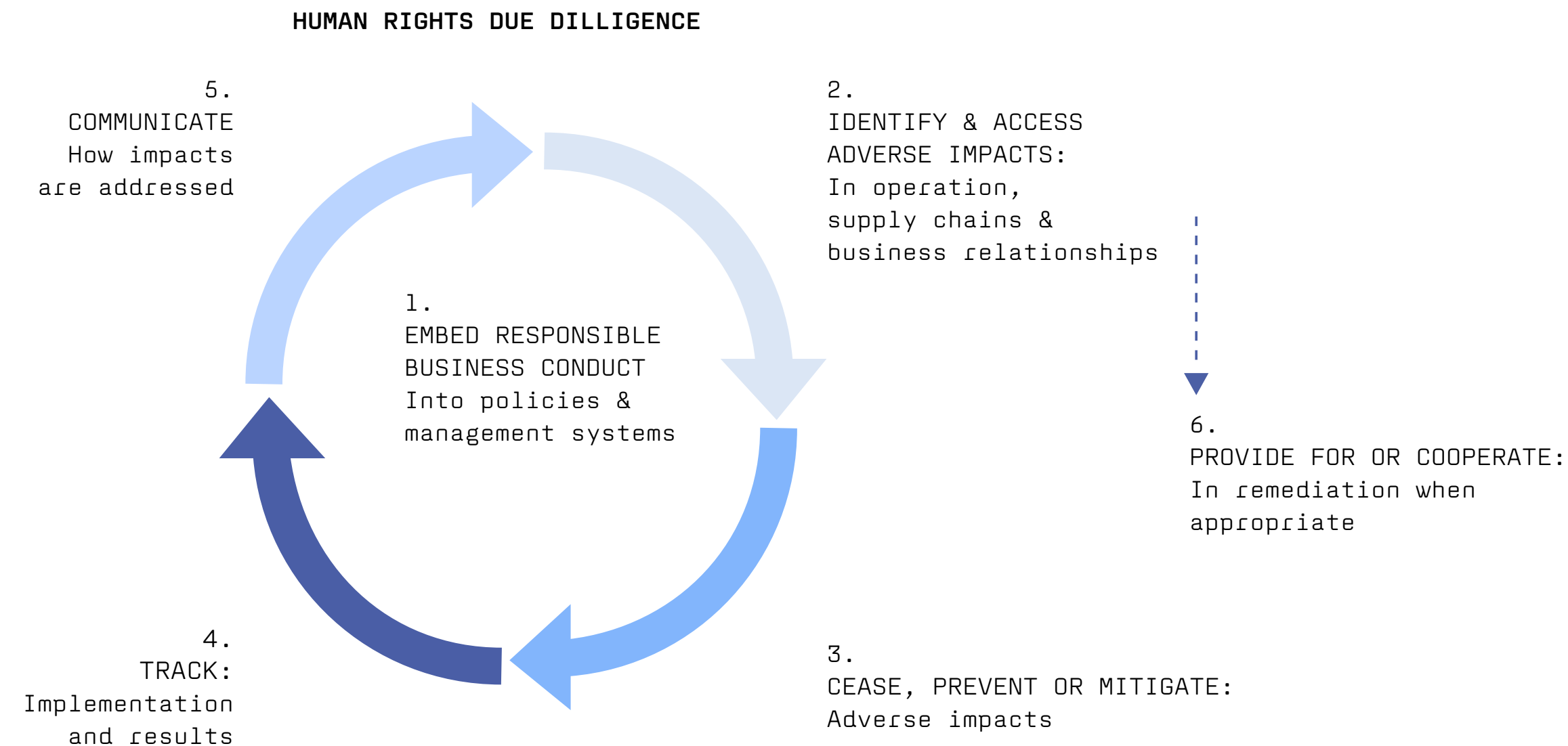
Employers shall meet requirements under labour or social security laws and regulations arising from the regular employment relationship. Younger workers shall be given the opportunity to participate in education and training programs.



## 4. Human Rights Due Diligence Directive

In 2023, in partnership with Fair Wear Foundation, we've started working according to the principles of the upcoming Human Rights Due Diligence Directive (HRDD) and following the Organisation for Economic Co-operation and Development (OECD) guidelines. We've monitored our Tier 1 suppliers, but plan to expand our monitoring to include our Tier 2 suppliers in the coming years as our impact on worker's rights goes beyond Tier 1.

The six steps that make up the HRDD process are described in this model.



### - IDENTIFY RISK AND POTENTIAL HARM

According to the Organisation for Economic Co-operation and Development (OECD) guidelines, risk scoping should include evaluating a company's sourcing model, business models and type of products. The risk assessment should also be done on both a country and factory level.

To increase transparency and improve communication and collaboration, we aim to work directly with factories. We currently work with six agents, due to different reasons such as language barriers, local knowledge and technical skills for certain product groups. It is important that our agents share our ambition of improving labour conditions in the factories where our production takes place. In instances where our influence is restricted, we recognise the potential for driving improvements due to the higher leverage our agents may have.

We usually partake in a seasonal collaboration with an external brand, which we have identified as a possible risk. Going forward, we aim to have early discussions with them about the importance of supply chain transparency as an enabler to improve labour conditions. If we see that potential brands don't share our agenda, it should be a reason for not starting a collaboration.

Product that we've identified as high risk in terms of labour practices are leather (tanning process), shoes (glues) and denim (washes) due to chemical management. To address these issues, we only source leather from tanneries that are certified according to the "Leather Working Group" for our leather garments and aim to extend this practice for shoes and bags. The standard addresses tanneries' environmental performance and chemical management. We plan to continue mapping our supply chain so we also can secure that possible pre-tanning is done at certified tanneries. We have a discussion with our footwear and denim suppliers about the risks and the importance of using applicable personal protective equipment, and it is also something we check when visiting factories and examining possible findings in audit reports.

We aim to avoid special treatments or products that our current supplier base cannot perform, to avoid starting collaborations with factories that will only last for one collection or season.

### RISK ASSESSMENT PER COUNTRY

The human and labour rights risks vary between countries, and this is part of our risk assessment. Our supplier country risk rating is based on information from NGOs and country studies done by Fair Wear and is updated at least once per year. We consider Bulgaria, China, Italy, Romania, Turkey and Vietnam as high-risk, while Lithuania and Portugal are low-risk. This year, 46% of our production took place in a country defined as high-risk. Even if we consider a country as low-risk, there are always issues and improvements in labour conditions that can be made. According to our sourcing strategy, we will always conduct a major risk assessment before deciding to onboard a supplier from a new country.



## **BULGARIA**

The major risks according to our assessment are low wages not reaching a living wage, and that working overtime is not done on a voluntary basis. This year, we've started production in two factories for woven garments through our Lithuanian agent. We've started monitor these factories based on our risk assessment and will continue next year.

## **CHINA**

The major risks according to our assessment are low wages, excessive overtime and lack of social insurance. Freedom of association remains restricted by law; no unions are allowed and there is no right to collective bargaining or strike. China is also a risk country for forced labour. Next year, we plan to visit our suppliers, arrange verification audits to monitor progress in previous audit findings and join a project arranged by the Global Works organisation to monitor these issues. We produce woven outerwear, fluid fabrics and knitwear in China.

## **ITALY**

The major risk according to our assessment is exploitation of migrant workers; the country has been considered as high-risk due to this issue since 2020. The issue is bigger in the southern part of the country and the factories we work with are in the north, however it's still important that we continue monitoring the issue. This year we've started working with two new Italian factories and we plan to visit them next year. We produce accessories and denim in Italy.

## **LITHUANIA**

The major risks according to our assessment are gender-based discrimination and right to collective bargaining. This year we've started working with an agent in Lithuania that has contacts with several factories in the country and in Bulgaria. We've visited the agent and had multiple digital meetings and consider them to be well aware of HRDD and labour conditions. The agent also works with other Fair Wear members, so we see the opportunity to work together with them to improve awareness and arrange education for agents and factories together. The agent works with factories that produce all our product categories for woven garments. Since they work with multiple factories and our order quantities are quite small, they can flexibly place orders where there is capacity. We acknowledge a potential concern that our leverage is often low in these factories. Therefore, we intend to collaborate closely with the agent to enhance working conditions, given that their influence is often more significant. The short travel distance will enable us to visit the factories frequently and improve our relationships.

## **PORTUGAL**

The major risks according to our assessment are corruption, usage of migrant workers and low wages. Portugal is our largest and most important market. We've worked with many of the Portuguese suppliers for more than 15 years. We visit our Portuguese suppliers regularly and this is primarily how we monitor them. However, we see a need to raise awareness and plan next year to find an external partner for education within HRDD and investigate if corruption is a concern within our supplier base. All of our shoes, jersey and some woven garments are made in Portugal.

## **ROMANIA**

The major risks according to our assessment are corruption and low wages. This year we've ended our collaboration with three factories and will only continue to work with one factory that produces our knitwear. We consider the supplier to be a very important partner to us and we've visited them three times this year. They had their first Fair Wear audit with overall good results, and we plan to start a living wage project with them next year.

## **TURKEY**

The major risks according to our assessment are usage of migrant workers, and lack of freedom of association and the right of collective bargaining. Audit outcomes and complaints from this year additionally affirm the frequent absence of social dialogue, with factories having policies that are seldom implemented and not well-integrated into the organisation. We plan to continue to address these topics in our collaboration with suppliers next year. We work with four factories in Turkey but ended our collaboration with one of them this year. We were not able to visit our Turkish supplier due to the geopolitical situation between our countries, but we plan to visit them in the beginning of next year. We received progress updates on CAP improvement from other Fair Wear member brands that also collaborate with them and have had the opportunity to visit. We produce denim, woven shirts and leather garments in Turkey.

## **VIETNAM**

The major risks according to our assessment are excessive overtime, low wages and gender-based discrimination. In Vietnam we work with one agent, who previously sourced from four factories which now is reduced to two. Next year, we aim to arrange education for the factories and the agent to mitigate the risks identified in our assessment. We produce woven garments including outerwear, such as puffer jackets, in Vietnam.

## **RISK ASSESSMENT: GENDER LENS**

- It's essential for us to have a "gender lens" in our risk assessment as it's primarily women working in the textile industry. This involves analysing and evaluating potential risks through the specific perspective of gender. This approach recognises that men and women may experience different challenges and evaluating potential risks through the specific perspective of gender. This approach recognises that men and women may experience different challenges and vulnerabilities in the workplace. We receive information about this from Fair Wear and other stakeholders and are committed to learning more to improve our future assessments. By incorporating a gender lens into our risk assessment, we can better understand and address the unique challenges and vulnerabilities faced by different genders in the workforce, promoting more inclusive and equitable labour practices.
- Key considerations for a gender lens in labour rights risk assessment may include gender-based harassment, discriminatory practices in hiring and promotions, gender-wage gap, gender-specific health and



safety concerns, support systems for pregnant workers and those with family responsibilities, evaluating policies and practices that impact work-life balance, and more. It's also important to assess the representation of men and women in various levels of the organisation, including leadership roles.

## **CEASE, PREVENT OR MITIGATE HARM**

### **THE IMPORTANCE OF SOCIAL DIALOGUE**

Social dialogue is a process characterised by transparent communication, open consultation, and fair negotiations between employers and workers. Its aim is to facilitate discussions and negotiations regarding the terms and conditions of work. For authentic dialogue to transpire, each participating party must have the freedom to express opinions without fear of reprisal and without undue influence from other parties. Workers and their representatives may be vulnerable to pressure from employers, making freedom of association crucial for the initiation of genuine social dialogue. We acknowledge the workers' rights to a fair social dialogue and the important role of improvements in labour conditions to prevent and mitigate harm. If we see that it is not functioning well at a factory, we always aim to discuss it with management immediately and support them for improvement.

### **PURCHASING PRACTICES**

One of the crucial aspects of our partnership with suppliers lies in the purchasing practices of our brand. These practices play a pivotal role in regulating sustainable development for both the supplier and our brand. The Common Framework for Responsible Purchasing Practices is included in our internal routine, and next year we will better implement it in the way we work. The framework includes five pillars: integration and reporting, equal partnership, collaborative production planning, fair payment terms and sustainable costing.

### **LIVING WAGES**

There is an important difference between minimum wages and living wages; minimum wage is a legal requirement based on the country's economic condition, and our code of conduct mandates suppliers to meet this. Living wage ensures a basic and decent standard of living for both the worker and their family, covering essential needs like food, housing, clothing, transport, education, healthcare and other essential needs such as costs for unforeseen incidents.

Achieving living wages is a complicated challenge since we don't own our supply chain, and other brands that work with the same supplier might not share the same commitments. This complexity arises from the involvement of various stakeholders and the need to share sensitive information. The Fair Wear Foundation is a helpful platform for collaboration with other member brands that we share suppliers with, and we aim to increase collaborations for this purpose.

While living wages are not mandated by law, we recognise the important role they play in creating a responsible supply chain and the grounds for an equal partnership with our suppliers. Therefore, we have created a living wage pol-

icy that will be implemented and executed starting next year.

### **EDUCATION**

You can only stand up for and protect your rights if you're aware of them, therefore education for our suppliers is key to us improving labour rights. During 2023, one of our factories in Turkey received training by Fair Wear about the code of labour practices (workplace education programme). One of our factories in Turkey and one in Bulgaria received training from Fair Wear conducted by another member brand.

For next year, we aim to arrange training conducted by third parties for our agents and include Fair Wear new onboarding training module as part of onboarding for all new suppliers. We also aim to conduct training from third parties about gender related discrimination for our Turkish suppliers.

### **TRACK**

To track our suppliers' statuses and improvements within HRDD, we visit the factories, use audits, and hold meetings to discuss the Corrective Action Plan (CAP) which is a "to-do list" after an audit.

### **AUDITS**

An audit serves as a control mechanism, typically conducted at the supplier level, to evaluate workplace conditions and assess each labor practice from three perspectives: factory management, stakeholders, and workers. In high-risk countries, off-site interviews with workers are always conducted before the audit. All Fair Wear audits are made by local staff and announced, emphasising that the relationship between brands and suppliers is founded on trust and collaboration. An initial audit is called a monitoring audit, while a verification audit evaluates specific labour rights issues found in the monitoring audit in order to verify improvements. We aim to audit all factories located in high-risk countries every three years. We also prioritise verification audits when needed to verify that improvements have been made after the discussions between us and the factory.

This year we initiated/took part in three Fair Wear audits, two in Turkey and one in Romania. In addition, we gathered external audits with the aim of reducing the audit workload for our suppliers. When collecting external audits, it's important to check that they include all eight code of labour practices, documentation control and anonymous off-site interviews with workers. We only accept third party audits from Fair Wear, BSCI Amfori, SA8000 or Smeta Sedex reports.

In the audit for our denim supplier in Turkey, there were no findings of major concern. However, improvements needed to be made to the employment documentation, the working environment and working hours. Together with other FW member brands, we've had a CAP-meeting with the supplier, and they are improving these areas.

In the audit for our woven supplier in Turkey it was found that the internal grievance mechanism has been established but was not well functional. Other findings were that employment contracts and documentation and routines for recording workers' age, hours and wages needed improvement. Together with



other Fair Wear member brands, we've had a CAP-meeting with the supplier, and they are improving these areas.

The first Fair Wear audit of our knit supplier in Romania had an overall good result. The factory was recommended to strengthen its chemical, fire and electrical management system which they've started but there were no critical issues. Wages were above minimum wage but below national estimate of living wage, so we aim to start a living wage project with the supplier next year and investigate how we can support them reaching it.

#### **SUPPLIER VISITS**

We believe that the best way to prevent harm is to have a deeper knowledge of our suppliers, which is best achieved by visiting them. We aim to visit each manufacturer either every other year, or every third year. Unfortunately, this year we've not been able to visit our suppliers in China due to the pandemic nor in Turkey due to geopolitical situation, but we aim to visit these suppliers next year. This year we've instead focused on visiting our suppliers in Portugal and Romania. When we're not able to visit suppliers, they often visit the Filippa K headquarters in Stockholm instead. When visits are not possible, we arrange digital video meetings on a regular basis.

#### **REMEDY PROCESS**

We have a complaints mechanism ("whistleblowing function") for all factories via Fair Wear where workers can call or mail anonymously and report if their rights have been violated. We will then be informed by Fair Wear and can support management at the factory with a remediation process for the worker. Workers are informed about this possibility via the "Workers Information Sheet" poster.

This year we've received five complains in total, all from factories in Turkey. Four of the complaints were from the same factory, which is of high concern and must be addressed immediately. In some sense we also consider this occurrence as positive because it shows that the employees are aware of their rights and use this mechanism to improve the social dialogue between workers and management. It's only when you know your rights that you can stand up for them. These complaints were also received after the factory had an audit and education for the workers about the code of labour practices and could be an indication of increased awareness.

#### **THE REPORTED COMPLAINTS ARE AS FOLLOWS:**

##### **COMPLAINT 1416**

Workers expressed concerns about promised bank promotions that were not fulfilled, despite initial announcements by the factory management in February. Both the management and union representatives failed to address the workers' inquiries. The factory management clarified that they had not received any bank promotions and emphasised the absence of a legal obligation for distribution. The management transparently communicated this to the workers in written and oral forms, assuring them that any legal changes would be promptly shared. The Fair Wear complaints handler recommended fair distribution if promotions become available in the future. While the issue was



not immediately resolved, the positive aspect lies in the open communication and commitment to update workers on any changes. The remediation process for this complaint is now complete.

#### **COMPLAINT 1417**

The worker resigned due to personal reasons and filed a complaint when not receiving a severance pay. However, according to Turkish law you are not entitled to receive severance pay when you resign, only when you're dismissed. The complainant was not aware of this fact and only learned about it after leaving the job.

The factory was not obligated to make any severance payment but offered the complainant two options: to return to work or receive severance pay. The complainant chose to receive severance pay. The factory decided they would make a partial payment of the severance pay. The worker confirmed that the payment had been made and expressed satisfaction with the amount received. The remediation process for this complaint is now complete.

#### **COMPLAINT 1428**

The complainant, who claimed to be wrongly dismissed from the factory due to illness, received severance pay but was unsure about the reasons for termination. The factory management insisted the complainant resigned voluntarily. We and Fair Wear, although acknowledging compensation, raised concerns about the fairness of the dismissal and requested additional documents. In a subsequent meeting, it was revealed that the worker is currently in temporary employment in another company and wishes to return to the factory. They did not respond to the inquiry about rehiring the worker and we are still awaiting a response from the factory, so we are currently working on this remediation process.

#### **COMPLAINT 1429 AND 1505**

The complainant raised concerns about compulsory overtime and alleged mistreatment by line supervisors. The factory did not share the view of bad work environment and mentioned unforeseen heavy workloads for the overtime. We requested time records for the following months to make sure the overtime was not persistent, which was not the case. The factory plans to increase their numbers of production lines with the aim of increasing productivity and avoiding overtime. The factory say they are committed to monitoring these changes and will inform us about the result. The complainant also said that workers are discriminated against if they don't accept working overtime, while management emphasised that it's always voluntary. After our and Fair Wear's recommendations, management made written and verbal announcements to assure workers that overtime work is voluntary. This part of the issue seems to be resolved, but we will continue to follow to make sure these changes remain.

The factory provided detailed policies and documents showing improvement in social dialogue, and we had online meetings with the factory confirming updates. The factory claimed improvements, including additional training for line supervisors, monthly meetings with workers representative and management, and more. However, when Fair Wear followed up with the complainant the

situation remained the same, which shows that implementation of the improved policies and routines needs to be done more effectively. Fair Wear recommends a zero-tolerance policy on ill-treatment, encouraging reporting and comprehensive social dialogue training to enhance the internal dialogue mechanism. We've requested more documents, and the factory complied, though some are still pending. The issue is ongoing, emphasising the need for concrete measures and effective resolution, so we don't consider the remediation for this complainant as complete.

Since complaint 1505 had the same content, and Fair Wear had difficulties reaching the complainant, they decided to close the errand and we will continue with the remediation process in complaint 1429 to address both complaints.

#### **IMPROVEMENT PLAN:**

We annually develop an improvement plan on how to prevent and mitigate human rights harm in our value chain. We base our actions on our factory risk assessments, audit results, complaints, visits, and discussions with suppliers. We prioritise actions for suppliers that represent a large share of our business, and with whom we have more leverage to address the higher risks.

This year, we will roll out the first part of our living wage strategy in collaboration with key suppliers in Romania, China and Turkey. Next year, we plan to add the rest of our key suppliers: one in China and two in Portugal. Collaborating with suppliers from different countries enables us to better implement living wages for other factories in the same areas. Our key supplier in China will be audited in June so that we have recent wage information to analyse for the project. This year, we also plan to arrange audits for two other suppliers in China and possibly two suppliers in Bulgaria.

Additionally, we will focus on increasing education for our suppliers this year. We plan to arrange education regarding the code of labour practices and Human Rights Due Diligence (HRDD) during Q2-3 this year for our key supplier in Romania and three suppliers in China, conducted by Fair Wear (FW). Even if we assess our suppliers in Lithuania and Portugal as low risk, we still see a need to raise awareness. This year we plan to arrange digital training through an external partner for all suppliers, which will address HRDD and major risks in the respective countries. This training will also be arranged for our two agents in Portugal. We plan to set up a joint training with other FW member brands for all our Turkish factories to address gender related risks. The timeframe has not been decided, but it will most likely take place by Q3-4 this year.



The image features the silhouettes of four individuals against a solid blue background. From left to right, there are three women and one man. The women are positioned in the foreground, and the man is slightly behind them on the right side. The silhouettes are dark and clearly defined against the lighter blue background.

People & Culture



## People & Culture

At Filippa K, we are committed to being a responsible and inspiring employer. Our goal is to cultivate an inclusive and diverse environment where every individual's contributions are valued and celebrated. We strive to create a workplace where all employees feel a sense of engagement in their work, and where their passion and dedication are nurtured and recognised.

### TOPICS IN THIS CHAPTER

1. Filippa K Employees

2. Collective Bargaining Agreements & Trade Unions

3. Work Environment

4. Recruitment

5. Retention & Development

6. Employee Surveys

### WHAT WE'RE WORKING TOWARDS

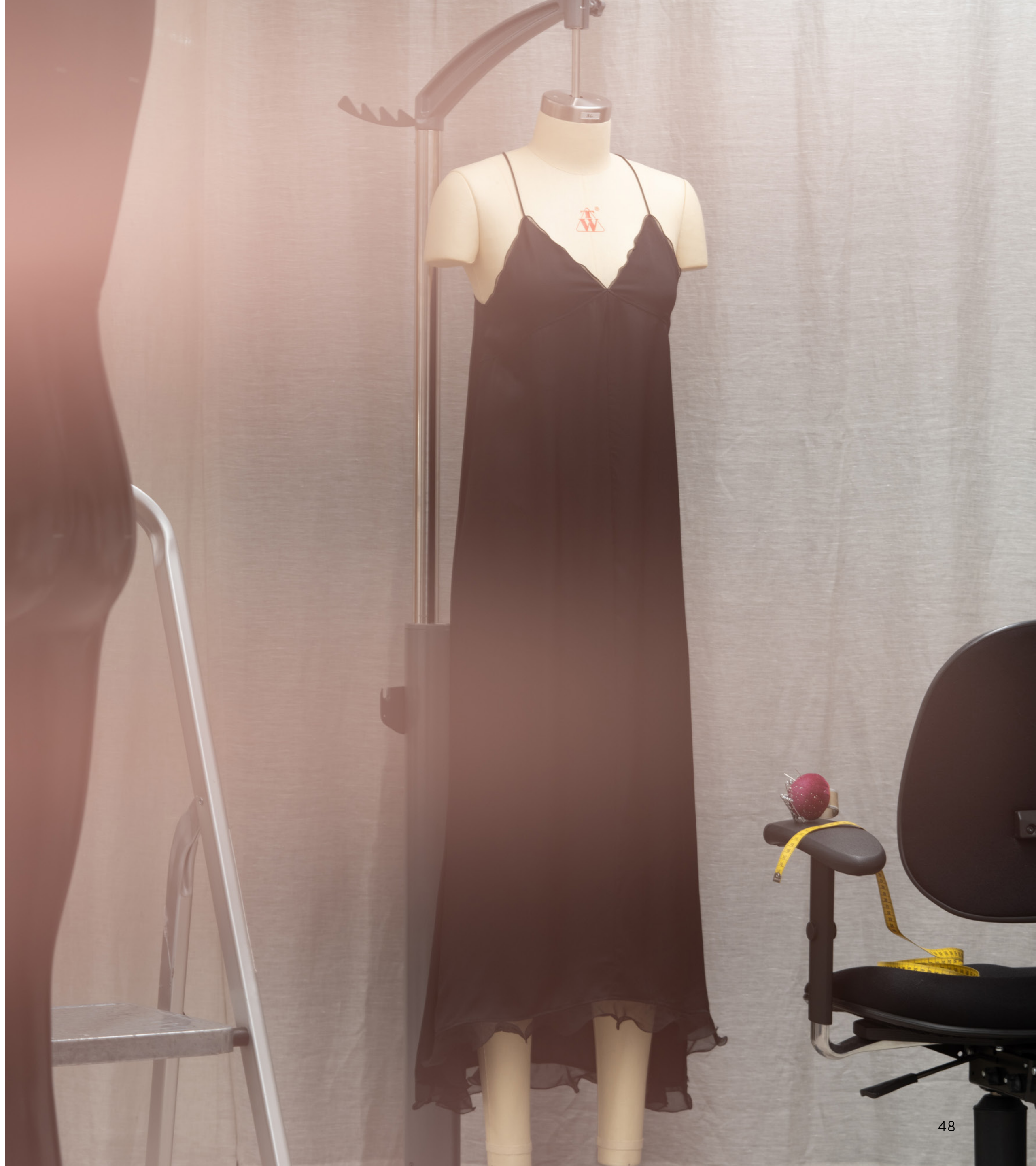
Our measure for progress lies within our engagement model, which covers areas such as alignment, collaboration, development, leadership, pride, recognition, and well-being. We also track our efforts towards cultivating an inclusive environment. Furthermore, we follow up on parameters related to fostering a diverse workforce, giving us guidance on where we focus our efforts.

#### 2023 HIGHLIGHT:

In 2023 we updated our work environment handbook, introduced a new digital HR system for efficiency, and began a cultural project to define our Employee Value Proposition (EVP). The aim is to refine the workplace environment and employee experience.

#### 2023 CHALLENGE:

We aim to improve our efforts in unifying our headquarters and store operations, and prioritising efforts to increase diversity within our workforce.





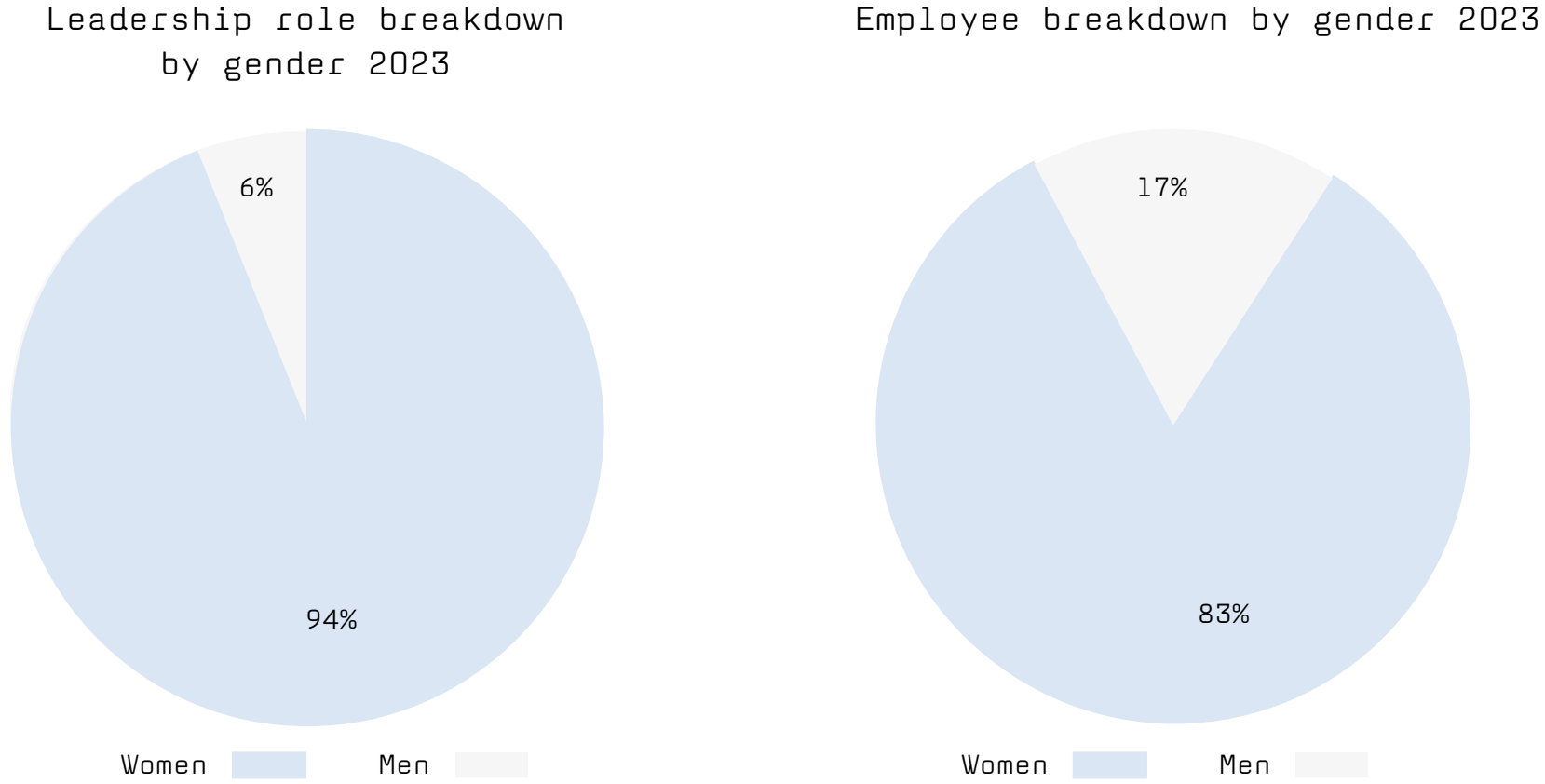
# 1. Filippa K Employees

In 2023 we launched a cultural project, clarifying our employee value proposition as a guiding framework, including crafting company values. This dynamic framework intersects with every aspect of the employee journey, ensuring our values are embedded in all processes.

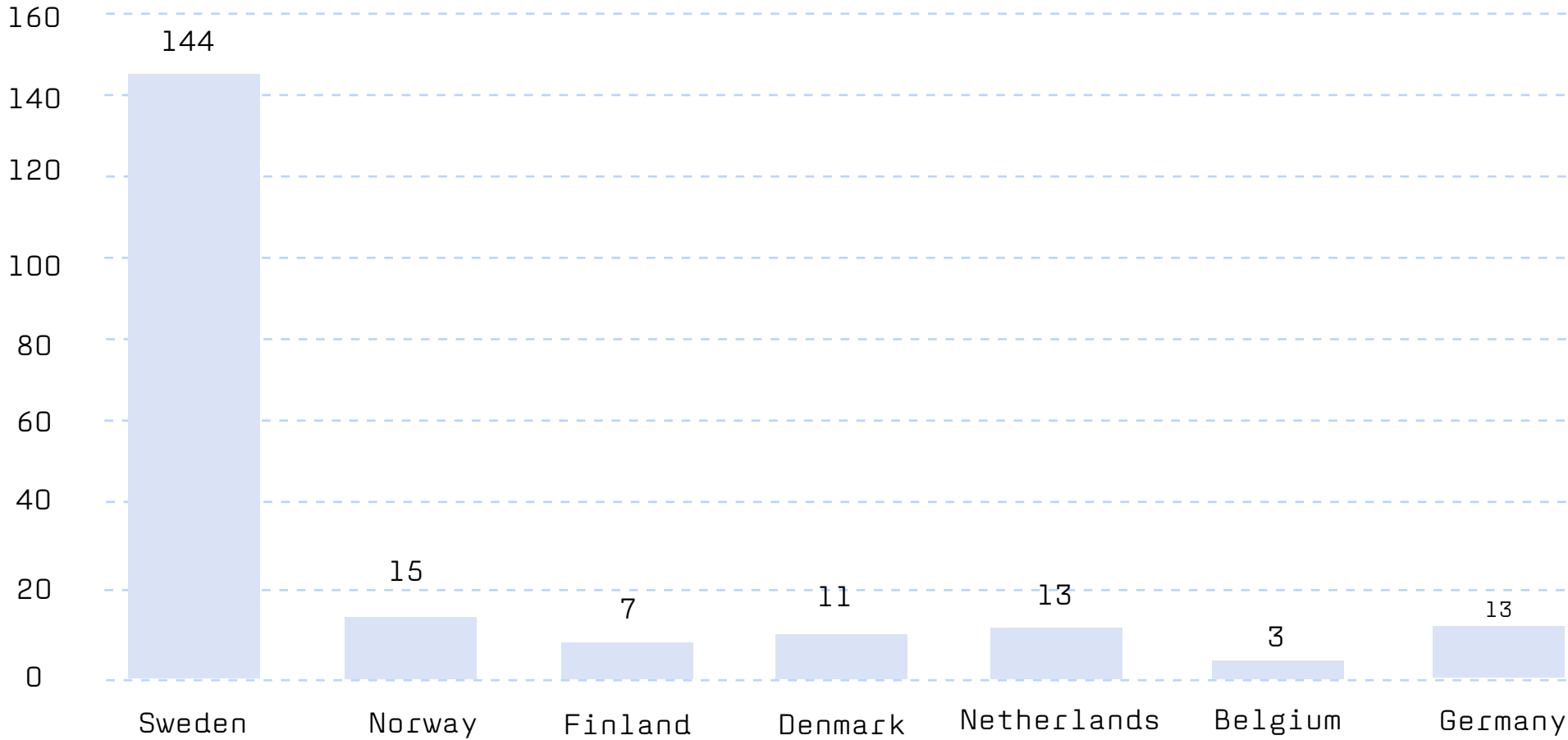
We strive to create an open-minded and diverse environment, valuing individual contributions. Diversity and inclusion are integral to our work, guided by goals set by Axelerate, Axel Johnson's diversity and inclusion group. This commitment ensures our workplace not only embraces differences but aligns with broader initiatives for a positive and fair environment.

We have a total of 206 employees, with the majority located in Sweden. The number is measured as of December 31, 2023, through a headcount method.

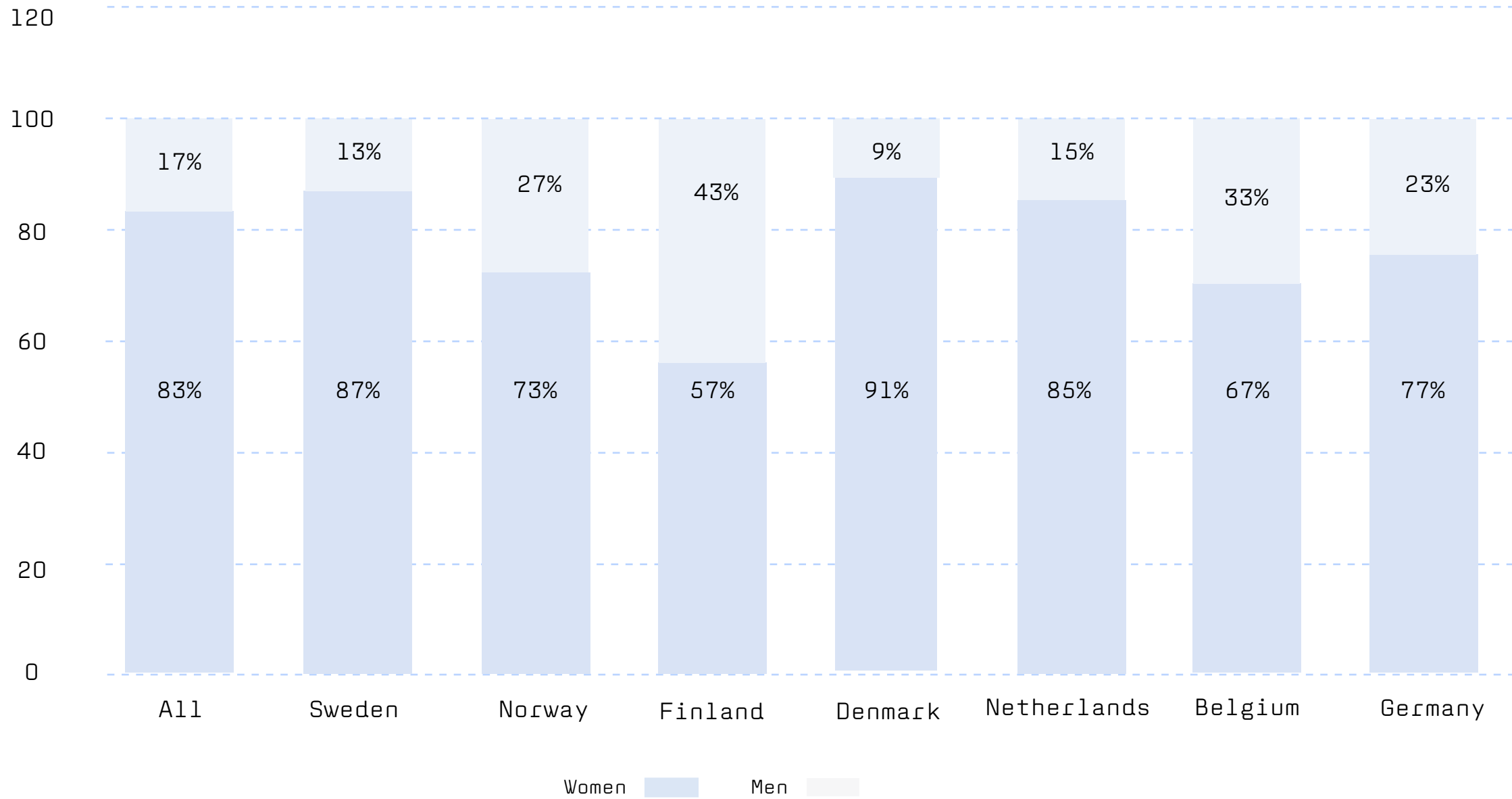
2023 EMPLOYEE BREAKDOWN BY GENDER



2023 EMPLOYEE BREAKDOWN BY COUNTRY



2023 EMPLOYEE BREAKDOWN BY GENDER PER COUNTRY





## 2. Collective Bargaining Agreements & Trade Unions

Filippa K employees in Sweden and Norway are covered by the collective bargaining agreement (CBA). In Finland, Denmark, Germany, Belgium and Netherlands, our practices are based on the terms of the CBA in the respective country. We follow the minimum notice periods regarding operational changes stated in the CBA or in the employment contract.

Our policy is that employers shall adopt a positive approach towards the activities of trade unions and an open attitude towards their organisational activities. Employees shall own the decision of whether to join the union. Filippa K has employees in countries where there is a low risk of forced or compulsory labour.

## 3. Work Environment

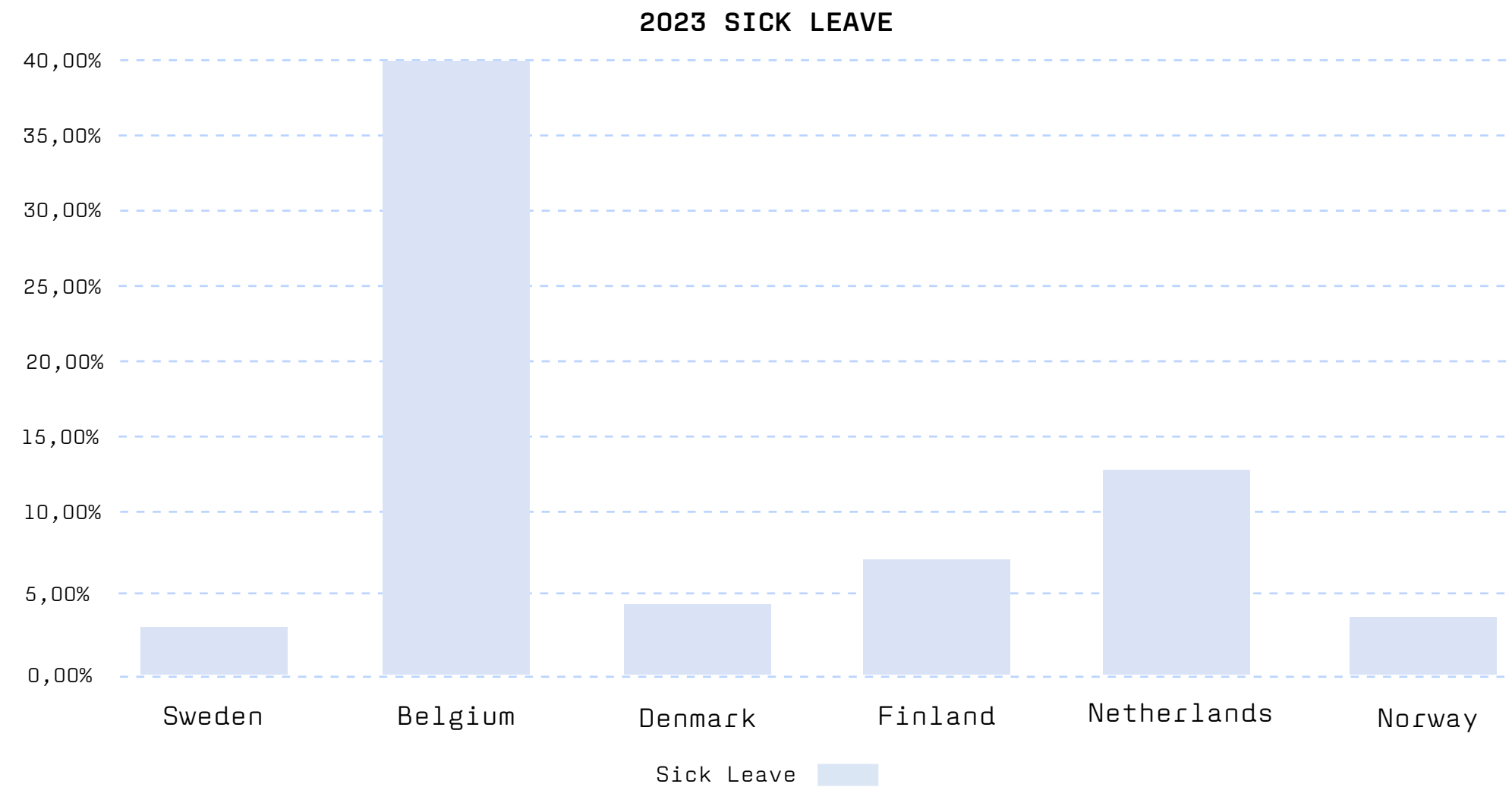
One of our top priorities is that no employee should suffer from health problems or be at any risk of injuries. People should be able to thrive and develop both professionally and as individuals. We do not accept any form of discrimination or victimisation in our workplace. We do not tolerate any direct or indirect disadvantages towards anyone due to the grounds of discrimination stated in law. Our work environment should be characterised by openness and all employees must be treated equally and with respect. Filippa K has implemented a work environment handbook covering all aspects of occupational health and safety required by law.

We have routines and policies in place to train employees on occupational health and safety management and 100% of workers are covered by an occupational health and safety management system. Training is carried out when onboarding new employees. All information regarding health and safety is available at our internal Intranet.

We believe in a good work-life balance which is why we strive to be a responsible and trustworthy employer, offering 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.

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 to help the employee come back to work as soon as possible. Responsibility for the work environment has been delegated to respective markets and managers, and relevant guidelines are published at our Intranet. 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 2023 data was reviewed and analysed with Filippa K's managers and rehabilitation is in progress. We had three work-related injury incidents that has been investigated. These were not serious, partly with the human factors involved. Nevertheless, we have clarified and communicated relevant policies.



## 4. Recruitment

It is important to attract, recruit, retain and develop committed employees, and provide those employees with opportunities for growth. We strive to actively hire different backgrounds, ensure all qualified applicants are considered for employment and all employees have an equal opportunity to develop to their full potential. In the recruitment process we have anonymous applications in the first steps to minimise unconscious bias in the recruitment. Succession planning is an important process where we secure growth in the company. To ensure this we hold PDRs on a yearly basis with all employees. The Succession process includes both PDRs and an audit called People Planning.



## 5. Retention & Development

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. Through our Performance Development Review (PDR) process, we can identify needs and possibilities for employees to develop competences needed in their role. A PDR is prepared to enable regular conversation between manager and employee focused on performance and personal development. 100% of Filippa K employees receive regular performance and career development reviews.

In 2023 we held a series of training sessions to enhance various aspects of our operations. Store managers received information about employment law, ensuring a comprehensive understanding of relevant regulations. Additionally, we conducted training sessions focused on the new HR system, aiming to simplify personnel-related processes. To foster continuous learning and knowledge sharing, we started with 'Lunch and Learns' as an informal platform for team members to expand their expertise.

To succeed with our strategy of integrating sustainability work across all areas of the business, we've held external educations for employees working within each pillar throughout the year. The educations have been focusing on Design for Circular Economy, Circular Business Models, Product Innovation & Innovative Materials and GHG Emissions & Environmental Impact, and have been held by the external consultancy agent Bergstrand Constancy.

## 6. Employee Surveys

We conduct employee surveys regularly across various areas. These surveys, which include measurements such as the Engagement Index, Leadership Index, Team Effectiveness, Inclusiveness, and Work Environment, aim to identify areas where we excel and should continue our efforts, while also pinpointing areas in need of improvement. Throughout 2024, these surveys will provide valuable insights into our organisation. The results are carefully analysed and followed up on within each team, allowing specific improvements tailored to their needs. Moreover, the results are assessed at an overall company level, where activities and strategies are identified to improve our performance and employee experience.





# FILIPPAK

Thank you for reading the 2023 sustainability report!

We appreciate your support and look forward to another year of driving a movement of mindful consumption together.

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## Appendix – GRI Index

Statement of use: Filippa K has reported the information cited in this GRI content index for the period January to December 2023 with reference to the GRI Standards.

GRI 1 used: GRI 1 Foundation 2021

| GRI Standard                    | GRI  | Disclosure  | Page | Reason for omission                  |
|---------------------------------|------|---|------|--------------------------------------|
| GRI 2: General disclosures 2021 | 2-1  | Organizational details  | 9    |                                      |
|                                 | 2-2  | Entities included in the organization's sustainability reporting            | 12   |                                      |
|                                 | 2-3  | Reporting period, frequency and contact point                               | 12   |                                      |
|                                 | 2-4  | Restatements of information   | 12   |                                      |
|                                 | 2-5  | External assurance  | 12   |                                      |
|                                 | 2-6  | Activities, value chain and other business relationships                    | 9    |                                      |
|                                 | 2-7  | Employees   | 49   |                                      |
|                                 | 2-8  | Workers who are not employees   |      | Omitted: not relevant to materiality |
|                                 | 2-9  | Governance structure and composition  | 12   |                                      |
|                                 | 2-10 | Nomination and selection of the highest governance body                     |      | Omitted: not relevant to materiality |
|                                 | 2-11 | Chair of the highest governance body  |      | Omitted: not relevant to materiality |
|                                 | 2-12 | Role of the highest governance body in overseeing the management of impacts | 12   |                                      |
|                                 | 2-13 | Delegation of responsibility for managing impacts                           | 12   |                                      |
|                                 | 2-14 | Role of the highest governance body in sustainability reporting             |      | Omitted: not relevant to materiality |
|                                 | 2-15 | Conflicts of interest   |      | Omitted: not relevant to materiality |
|                                 | 2-16 | Communication of critical concerns  |      | Omitted: not relevant to materiality |
|                                 | 2-17 | Collective knowledge of the highest governance body                         |      | Omitted: not relevant to materiality |

|   |       |  |       |                                      |
|---|-------|--|-------|--------------------------------------|
|   | 2-18  | Evaluation of the performance of the highest governance body                   |       | Omitted: not relevant to materiality |
|   | 2-19  | Remuneration policies  |       | Omitted: not relevant to materiality |
|   | 2-20  | Process to determine remuneration  |       | Omitted: not relevant to materiality |
|   | 2-21  | Annual total compensation ratio  |       | Omitted: not relevant to materiality |
|   | 2-22  | Statement on sustainable development strategy                                  | 10    |                                      |
|   | 2-23  | Policy commitments   | 15,40 |                                      |
|   | 2-24  | Embedding policy commitments   | 15,40 |                                      |
|   | 2-25  | Processes to remediate negative impacts  | 15    |                                      |
|   | 2-26  | Mechanisms for seeking advice and raising concerns                             | 15    |                                      |
|   | 2-27  | Compliance with laws and regulations   | 15    |                                      |
|   | 2-28  | Membership associations  | 12    |                                      |
|   | 2-29  | Approach to stakeholder engagement   |       | Omitted: not relevant to materiality |
|   | 2-30  | Collective bargaining agreements   | 50    |                                      |
| GRI 3: Material Topics 2021             | 3-1   | Process to determine material topics   | 14    |                                      |
|   | 3-2   | List of material topics  | 14    |                                      |
|   | 3-3   | Management of material topics  | 15-51 |                                      |
| GRI 201: Economic Performance           | 201-1 | Direct economic value generated and distributed                                |       | Omitted: not relevant to materiality |
|   | 201-2 | Financial implications and other risks and opportunities due to climate change | 14    |                                      |
|   | 201-3 | Defined benefit plan obligations and other retirement plans                    |       | Omitted: not relevant to materiality |
|   | 201-4 | Financial assistance received from government                                  |       | Omitted: not relevant to materiality |
| GRI 202: Market Presence 2016           | 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage   |       | Omitted: not relevant to materiality |
|   | 202-2 | Proportion of senior management hired from the local community                 |       | Omitted: not relevant to materiality |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 | Infrastructure investments and services supported                              |       | Omitted: not relevant to materiality |
|   | 203-2 | Significant indirect economic impacts  |       | Omitted: not relevant to materiality |
| GRI 204: Procurement practices          | 204-1 | Proportion of spending on local suppliers                                      | 26    |                                      |
| GRI 205: Anti-Corruption                | 205-1 | Operations assessed for risks related to corruption                            | 15,43 |                                      |
|   | 205-2 | Communication and training about anti-corruption policies and procedures       | 15    |                                      |



|   |       |   |       |                                      |
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|   | 205-3 | Confirmed incidents of corruption and actions taken   | 15    |                                      |
| GRI 206: Anti-competitive Behavior 2016 | 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices   |       | Omitted: not relevant to materiality |
| GRI 207: Tax 2019                       | 207-1 | Approach to Tax   |       | Omitted: not relevant to materiality |
|   | 207-2 | Tax governance, control, and risk management  |       | Omitted: not relevant to materiality |
|   | 207-3 | Stakeholder engagement and management of concerns related to tax  |       | Omitted: not relevant to materiality |
|   | 207-4 | Country-by-country reporting  |       | Omitted: not relevant to materiality |
| GRI 301: Materials 2016                 | 301-1 | Materials used by weight or volume  | 25,26 |                                      |
|   | 301-2 | Recycled input materials used   | 25    |                                      |
|   | 301-3 | Reclaimed products and their packaging materials  | 27,36 |                                      |
| GRI 302: Energy 2016                    | 302-1 | Energy consumption within the organization  |       | Omitted: not relevant to materiality |
|   | 302-2 | Energy consumption outside of the organization  |       | Omitted: not relevant to materiality |
|   | 302-3 | Energy intensity  |       | Omitted: not relevant to materiality |
|   | 302-4 | Reduction of energy consumption   |       | Omitted: not relevant to materiality |
|   | 302-5 | Reductions in energy requirements of products and services  |       | Omitted: not relevant to materiality |
| GRI 303: Water and Effluents 2018       | 303-1 | Interactions with water as a shared resource  | 32    |                                      |
|   | 303-2 | Management of water discharge-related impacts   |       | Omitted: not relevant to materiality |
|   | 303-3 | Water withdrawal  |       | Omitted: not relevant to materiality |
|   | 303-4 | Water discharge   |       | Omitted: not relevant to materiality |
|   | 303-5 | Water consumption   |       | Omitted: not relevant to materiality |
| GRI 304: Biodiversity 2016              | 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 32    |                                      |
|   | 304-2 | Significant impacts of activities, products and services on biodiversity  |       | Omitted: not relevant to materiality |
|   | 304-3 | Habitats protected or restored  |       | Omitted: not relevant to materiality |
|   | 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations                                |       | Omitted: not relevant to materiality |
| GRI 305: Emissions 2016                 | 305-1 | Direct (Scope 1) GHG emissions  | 30    |                                      |
|   | 305-2 | Energy indirect (Scope 2) GHG emissions   | 30    |                                      |

|   |       |   |                  |                                      |
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|   | 305-3 | Other indirect (Scope 3) GHG emissions  | 30               |                                      |
|   | 305-4 | GHG emissions intensity   |                  | Omitted: not relevant to materiality |
|   | 305-5 | Reduction of GHG emissions  | 30,31            |                                      |
|   | 305-6 | Emissions of ozone-depleting substances (ODS)   |                  | Omitted: not relevant to materiality |
|   | 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions                               |                  | Omitted: not relevant to materiality |
| GRI 306: Waste 2020                             | 306-1 | Waste generation and significant waste-related impacts  | 27               |                                      |
|   | 306-2 | Management of significant waste-related impacts   | 27               |                                      |
|   | 306-3 |   |                  | Omitted: not relevant to materiality |
|   | 306-4 | Waste diverted from disposal  | 27,36            |                                      |
|   | 306-5 |   |                  | Omitted: not relevant to materiality |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 | New suppliers that were screened using environmental criteria   | 40               |                                      |
|   | 308-2 | Negative environmental impacts in the supply chain and actions taken  | 23-36, 40, 42-43 |                                      |
| GRI 401: Employment 2016                        | 401-1 | New employee hires and employee turnover  |                  | Omitted: not relevant to materiality |
|   | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees            |                  | Omitted: not relevant to materiality |
|   | 401-3 | Parental leave  |                  | Omitted: not relevant to materiality |
| GRI 402: Labor/Management Relations 2016        | 402-1 | Minimum notice periods regarding operational changes  | 50               |                                      |
| GRI 403: Occupational Health and Safety 2018    | 403-1 | Occupational health and safety management system  | 50               |                                      |
|   | 403-2 | Hazard identification, risk assessment, and incident investigation  |                  | Omitted: not relevant to materiality |
|   | 403-3 | Occupational health services  |                  | Omitted: not relevant to materiality |
|   | 403-4 | Worker participation, consultation, and communication on occupational health and safety                       |                  | Omitted: not relevant to materiality |
|   | 403-5 | Worker training on occupational health and safety   | 50               |                                      |
|   | 403-6 | Promotion of worker health  | 50               |                                      |
|   | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships |                  | Omitted: not relevant to materiality |
|   | 403-8 | Workers covered by an occupational health and safety management system  | 50               |                                      |



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|  | 403-9  | Work-related injuries  | 50                 |                                      |
|  | 403-10 | Work-related ill health  | 50                 |                                      |
| GRI 404: Training and Education 2016                           | 404-1  | Average hours of training per year per employee  |                    | Omitted: not relevant to materiality |
|  | 404-2  | Programs for upgrading employee skills and transition assistance programs                                      | 51                 |                                      |
|  | 404-3  | Percentage of employees receiving regular performance and career development reviews                           | 51                 |                                      |
| GRI 405: Diversity and Equal Opportunity 2016                  | 405-1  | Diversity of governance bodies and employees   | 49                 |                                      |
|  | 405-2  | Ratio of basic salary and remuneration of women to men   |                    | Omitted: not relevant to materiality |
| GRI 406: Non-discrimination 2016                               | 406-1  | Incidents of discrimination and corrective actions taken   | 15,50              |                                      |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1  | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 43,50              |                                      |
| GRI 408: Child Labor 2016                                      | 408-1  | Operations and suppliers at significant risk for incidents of child labor                                      | 41                 |                                      |
| GRI 409: Forced or Compulsory Labor 2016                       | 409-1  | Operations and suppliers at significant risk for incidents of forced or compulsory labor                       | 41, 50             |                                      |
| GRI 410: Security Practices 2016                               | 410-1  | Security personnel trained in human rights policies or procedures  |                    | Omitted: not relevant to materiality |
| GRI 411: Rights of Indigenous Peoples 2016                     | 411-1  | Incidents of violations involving rights of indigenous peoples   |                    | Omitted: not relevant to materiality |
| GRI 413: Local Communities 2016                                | 413-1  | Operations with local community engagement, impact assessments, and development programs                       | 12, 18, 19, 26, 30 |                                      |
|  | 413-2  | Operations with significant actual and potential negative impacts on local communities                         |                    |                                      |
| GRI 414: Supplier Social Assessment 2016                       | 414-1  | New suppliers that were screened using social criteria   | 40                 |                                      |
|  | 414-2  | Negative social impacts in the supply chain and actions taken  | 46                 |                                      |
| GRI 415: Public Policy 2016                                    | 415-1  | Political contributions  |                    | Omitted: not relevant to materiality |
| GRI 416: Customer Health and Safety 2016                       | 416-1  | Assessment of the health and safety impacts of product and service categories                                  | 32                 |                                      |
|  | 416-2  | Incidents of non-compliance concerning the health and safety impacts of products and services                  | 32                 |                                      |
| GRI 417: Marketing and Labeling 2016                           | 417-1  | Requirements for product and service information and labeling  | 18                 |                                      |
|  | 417-2  | Incidents of non-compliance concerning product and service information and labeling                            | 18                 |                                      |

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|                                | 417-3 | Incidents of non-compliance concerning marketing communications                              | 18 |                                      |
| GRI 418: Customer Privacy 2016 | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data |    | Omitted: not relevant to materiality |