



SUSTAINABILITY REPORT 2025



Scandinavian Heritage

OSCAR JACOBSON FILIPPA K

REPORT OVERVIEW:

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3. OUR SUSTAINABILITY STRATEGY	4. CLIMATE CHANGE
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2025 SUSTAINABILITY HIGHLIGHTS

INCREASED USE OF PREFERRED MATERIALS BY 6 PERCENTAGE POINTS.

ALIGNMENT ON A PREFERRED MATERIALS FRAMEWORK.

ALIGNED CARBON CALCULATION METHODOLOGY, ESTABLISHING A STABLE FOUNDATION FOR SCANDINAVIAN HERITAGE.

GROWTH IN SECOND-HAND SALES AND CIRCULAR PRODUCT SERVICES.

A UNIFIED FRAMEWORK FOR RISK-BASED HUMAN RIGHTS DUE DILIGENCE ACROSS THE SUPPLY CHAIN.

ABOUT US

SCANDINAVIAN HERITAGE

Oscar Jacobson Group, now Scandinavian Heritage, consists of two Swedish fashion brands. Oscar Jacobson, founded in 1903 and a Royal Warrant Holder since 1980, is known for Swedish Tailoring craftsmanship. FILIPPA K, founded in 1993, offers minimalist design with a global reach. Both brands have their own stores, resellers, and online sales.

KEY EVENTS 2025

- Three new Oscar Jacobson stores opened
- Acquisition of the fashion brand FILIPPA K
- New shared service functions at the head office supporting both brands

REVENUE 2025

965 MSEK

NUMBER OF EMPLOYEES 2025

224

HEAD OFFICE

Borås

OWNER

Melby Gård

Scandinavian Heritage

OSCAR JACOBSON FILIPPA K





LETTER FROM OUR CEO

2025 marks an extraordinary year in both Oscar Jacobson's 122 year history and FILIPPA K's 32 year history, as the two brands come together within the shared group company Scandinavian Heritage following Oscar Jacobson's acquisition of FILIPPA K.

The acquisition is part of our long-term strategy to grow both organically and through carefully selected acquisitions. FILIPPA K is a strong fashion brand with minimalist design, clear Scandinavian heritage, and a genuine commitment to more responsible production.

With FILIPPA K, the assortment expands to include womenswear, while both brands continue to operate independently to ensure their unique identities. The combination of well-established brands, Scandinavian design, and sustainability strengthens Scandinavian Heritage's position in the Swedish fashion industry.

Oscar Jacobson demonstrates strength in its growth journey and closes yet another year where rising revenues meet solid profitability. The acquisition of FILIPPA K, resulting in an estimated turnover close to one billion SEK for the group, broadens the product range, strengthens the sustainability profile, and positions the group for continued expansion with a larger financial base.

SUSTAINABILITY THROUGHOUT THE VALUE CHAIN

Both brands share a strong focus on contributing to more sustainable clothing consumption. FILIPPA K's slow fashion tradition dates to its founding in the 1990s, and their efforts today primarily focus on the purchasing and production chain, while Oscar Jacobson works more extensively on extending the lifespan of garments primarily within the Sustain by Oscar Jacobson stores.

As the most important circular initiatives lie in different parts of the value chain for the two brands, our approach will be to combine the respective strengths of both brands. In 2025, we began to merge our sustainability efforts, and this will continue throughout 2026.

In the coming year, key focus areas include accelerating our group-wide sustainability agenda by updating our climate and materials targets to ensure a unified approach. This also involves strengthening our emission reduction roadmap and continuing to prioritise certified, recycled, regenerative, and innovative materials, with an emphasis on natural fibres.

We also aim to enhance the resilience and responsibility of our supply chain by consolidating our supplier base and embedding a robust, risk-based due diligence process aligned with OECD Human Rights Due Diligence guidance. This will enable us to better identify, prevent, and mitigate human rights, labour, and environmental risks across our network.

In addition, we will continue to strengthen HR practices and support a positive work environment across the group, fostering an inclusive and engaging workplace focused on employee wellbeing, development, and diversity.

Scandinavian Heritage is now ready for its next chapter. Through the new constellation, we will create an even stronger, more responsible, and—over time—more profitable Scandinavian fashion house.

Richard Woodbridge, Group CEO



SWEDISH
PERFECTION
SINCE 1903

OSCAR JACOBSON



STYLE
SIMPLICITY
QUALITY

FILIPPA K

A photograph of two men in formal attire standing on a stone staircase in a garden. The man on the left is wearing a black tuxedo with a white shirt and a black bow tie. The man on the right is wearing a white tuxedo jacket with a black bow tie and black trousers. They are standing on a set of stone steps that lead up to a higher level of the garden. The garden is filled with various plants, including trees, shrubs, and potted plants. The scene is set in a bright, sunny environment with shadows cast on the ground. The text "OUR SUSTAINABILITY STRATEGY" is overlaid on the left side of the image in white, uppercase letters.

OUR SUSTAINABILITY STRATEGY

OUR SUSTAINABILITY STRATEGY

- 1. BUSINESS SET-UP
- 2. SUSTAINABILITY STRATEGY
- 3. MATERIAL TOPICS & DOUBLE MATERIALITY ASSESSMENT
- 4. MEMBERSHIPS AND ASSOCIATIONS
- 5. GOVERNANCE & SUSTAINABILITY MANAGEMENT

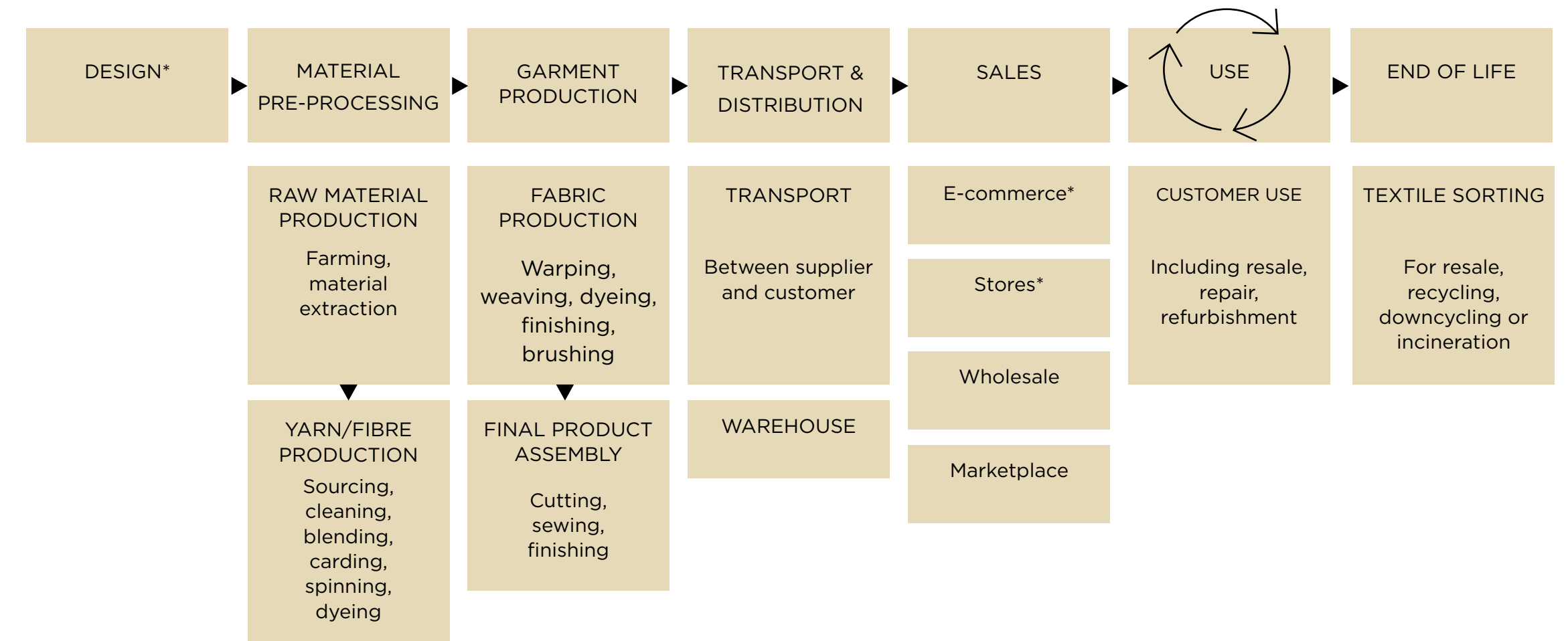


A NEW GROUP: SCANDINAVIAN HERITAGE

Scandinavian Heritage operates as two Nordic fashion companies, FILIPPA K and Oscar Jacobson, with an international presence. The group distributes its products through owned retail stores, independent retailers, and global e-commerce platforms. The core markets include Sweden, Norway, and Denmark, with additional operations across several European countries. The company collaborates with a global supplier base spanning Europe, Asia, and Africa with most of the garment production taking place in Europe.

FILIPPA K and Oscar Jacobson focus on design, development, and sale of apparel and accessories. The companies complement their core offering with sustainability-driven services such as resale and repair, aimed at extending product life cycles and reducing environmental impact. Customers are served through an expanding network of physical stores as well as international online sales channels. During the reporting period, the companies consolidated selected support functions and suppliers; beyond these adjustments, no significant changes to the companies' operations or value chain occurred.

SCANDINAVIAN HERITAGE VALUE CHAIN



*Scandinavian Heritage's Operation

COMBINING TWO SUSTAINABILITY STRATEGIES

Scandinavian Heritage’s sustainability strategy is shaped by regulatory developments, shifts in stakeholder expectations, and the insights from our materiality work. We are currently bringing together the two former brand strategies of Oscar Jacobson and FILIPPA K into one approach, making use of the strengths within each organisation. Sustainability is part of our long-term business model and guides how we manage risk, identify opportunities, and understand our impact.

OUR STRATEGY AIMS TO:

- Reduce negative environmental and social impacts across the full value chain.
- Create long-term business value by meeting expectations from customers, investors, and regulators.
- Strengthen brand trust through transparency and accountability.
- Drive innovation through circular business models and innovative materials.

Sustainability considerations directly influence our business model and operational decision making through:

- **Product development:** Climate impact data, material standards, and certification insights shape design and material choices, supporting European Sustainability Reporting Standards (ESRS) expectations for climate-aligned planning and verifiable sustainability information.
- **Supply chain management:** Enhanced mapping and data collection enable stronger due diligence processes and support compliance with emerging EU transparency requirements, including value chain disclosure obligations.
- **Operational integration:** Cross-functional sustainability groups embed sustainability considerations into processes across product creation, sourcing, and corporate compliance.
- **Regulatory alignment:** The business model is progressively adapted to meet EU sustainability regulation, alignment with due diligence expectations, and preparation for product level data obligations.

The strategy is supported by ongoing stakeholder dialogue and regular updates to policies, processes, and priorities. Sustainability is embedded across the organisation through cross-functional teams that integrate sustainability considerations into product development, sourcing, operations, and compliance. Data reliability and transparency remain central.

MATERIAL TOPICS & DOUBLE MATERIALITY ASSESSMENT

In 2025 we carried out a consolidated double materiality assessment for Scandinavian Heritage, integrating FILIPPA K and Oscar Jacobson into one unified process. The assessment is informed by the ESRS requirements and considers both impact materiality (“inside out”) and financial materiality (“outside in”). The aim is to identify which sustainability matters are most relevant for our organisation and value chain.

METHOD AND PROCESS

The assessment was informed by updated stakeholder insights from both brands, internal expertise, and external frameworks. Actual and potential impacts were identified across environmental, social, and economic areas, including human rights considerations. Each subtopic was evaluated using a harmonised scoring method based on severity and likelihood. Results were reviewed and approved by senior management to ensure alignment with strategic priorities.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND DISCLOSURE REQUIREMENTS INCLUDED IN THE SUSTAINABILITY STATEMENT

AREA	IMPACT	WHERE
CLIMATE	Climate change mitigation	Upstream value chain
CLIMATE	GHG emissions	Own operations, Upstream value chain
CLIMATE	Energy use	Own operations, Upstream value chain
CHEMICALS AND WATER POLLUTION	Chemical use	Upstream value chain
CHEMICALS AND WATER POLLUTION	Generation of microfibres and micro-plastics	Upstream value chain, Downstream value chain
CHEMICALS AND WATER POLLUTION	Pollution of water	Upstream value chain
WATER	Water withdrawals and consumption	Upstream value chain
BIODIVERSITY, ECOSYSTEMS AND LAND USE	Land use change, deforestation and biodiversity loss	Upstream value chain
RESOURCE USE AND CIRCULARITY	Raw materials and resource use	Upstream value chain
RESOURCE USE AND CIRCULARITY	Resource outflows across the value chain	Upstream value chain, Downstream value chain
RESOURCE USE AND CIRCULARITY	Generation of waste across the value chain	Upstream value chain, Downstream value chain
OWN WORKFORCE	Working conditions	Own operations
OWN WORKFORCE	Employee wellbeing, wages and working conditions	Own operations
WORKERS IN THE VALUE CHAIN	Working conditions and adequate wages in the value chain	Upstream value chain
WORKERS IN THE VALUE CHAIN	Equal treatment and opportunities for all	Upstream value chain
WORKERS IN THE VALUE CHAIN	Other work-related rights	Upstream value chain
CONSUMERS AND END USERS	Product safety and consumer health	Downstream value chain
BUSINESS CONDUCT	Corporate culture and ethical business behaviour	Own operations, Upstream value chain
BUSINESS CONDUCT	Animal welfare	Upstream value chain
BUSINESS CONDUCT	Management of relationships w suppliers	Own operations, Upstream value chain

KEY OUTPUTS AND DIFFERENCES FROM PREVIOUS YEARS

The integration of the two brands is the main methodological change, resulting in a consistent scoring approach and a shared understanding of impacts, risks, and opportunities across the Group. While the overall material topics remain broadly similar, the consolidated approach provides a clearer basis for group-wide decision making. Further refinement, particularly in quantifying financial risks and opportunities, will continue.

ROLE OF STAKEHOLDERS

Stakeholder perspectives were collected through ongoing dialogue with employees, suppliers, customers, management, and industry partners. Their input helped identify expectations, emerging concerns, and areas where the Group can influence outcomes. These insights informed topic prioritisation and guide our environmental and social focus areas.

CONNECTION TO IMPACTS, RISKS, AND OPPORTUNITIES

The assessment provides the foundation for understanding:

- Impacts linked to product lifecycles, material use, supply chain working conditions, and environmental performance.
- Risks related to regulatory developments, supply chain transparency, and climate related exposure.
- Opportunities in material efficiency, visibility across the value chain, and design or process innovation.

The resulting list of material topics provides a more transparent and standardised assessment framework. The double materiality assessment confirmed that our sustainability strategy remains aligned with both impact-driven priorities and financially material topics. Work will continue in the coming year to further quantify the financial risks and opportunities associated with each material topic.

INTERESTS AND VIEWS OF STAKEHOLDERS

Stakeholder dialogue is carried out through ongoing interactions. The purpose is to understand expectations, identify emerging risks and opportunities, and integrate stakeholder perspectives into our sustainability priorities. These insights are used in our double materiality assessment and guide the focus of our environmental and social work. Participation in industry initiatives also plays a role, as it allows us to exchange knowledge, stay informed on new requirements, and contribute to discussions that shape the direction of the sector. Their input supports our ongoing assessment of what is most important for Scandinavian Heritage and where we can have the greatest impact.

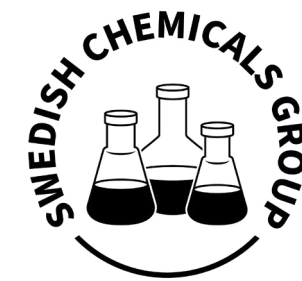
ROLE OF STAKEHOLDERS:

STAKEHOLDER GROUP	FORMS OF DIALOGUE	PURPOSE/INTERESTS	HOW THE RESULTS ARE CONSIDERED
EMPLOYEES	Employee surveys, meetings, development discussions	Working conditions, wellbeing, competence development	Informs HR initiatives, policies, and workplace planning
SUPPLIERS	Meetings, follow-ups, audits, contractual dialogue	Responsible sourcing, quality, human rights	Integrated into sourcing strategy, risk management, and improvement plans
CUSTOMERS	Customer feedback, market insights, service interactions	Expectations on design, quality, marketing, and sustainability	Influences product development, material choices, and transparency
OWNERS & MANAGEMENT	Board and management meetings	Strategic priorities and long-term direction	Shapes decisions, resource allocation, and target setting
OTHER STAKEHOLDERS & COMMUNITIES	Industry dialogues, memberships, partnerships	Understanding external expectations and impacts	Supports policy development and responsibility areas

MEMBERSHIP AND ASSOCIATIONS

Progress in the fashion industry depends on collaboration across many different actors. Several forums allow companies and industry organisations to work together on the complex challenges shaping today's sustainability agenda. For us, topics connected to responsible consumption, materials, and production are particularly relevant. To support this work, we participate in the following partnerships and networks:

- **Fair Wear:** Supporting social compliance among suppliers
- **Textile Exchange:** Encouraging the increased adoption of preferred fibres
- **RISE Chemical Group:** Providing guidance on chemical legislation and restricted substances
- **TEKO:** Through our membership, we access industry specific training and guidance on product safety, labelling, responsible material choices, production processes, and upcoming regulatory requirements
- **CSR Västsverige:** This network provides courses, knowledge sharing, advisory support, and regular updates on developments within the sustainability field



GOVERNANCE AND SUSTAINABILITY MANAGEMENT

HOW WE PREPARE OUR SUSTAINABILITY STATEMENTS

The Group's reporting approach is informed by GRI principles and is being transitioned toward alignment with our owners', Mellby Gård reporting requirements. Material sustainability topics are determined through a double materiality assessment supported by internal expertise and stakeholder expectations.

Sustainability information is sourced from the Group's IT systems, as well as internal operational records. Estimates are used for selected indicators where full data is not available, and these are explained in context within the report. The sustainability statement is not subject to external assurance for the reporting year.

BOARD OVERSIGHT OF SUSTAINABILITY MATTERS

The Board plays an oversight and approval role in the company's sustainability work. Together, the sustainability team and management develop the company's sustainability direction, strategy and Double Materiality Assessment (DMA) outcomes. This work is aligned with the overall business strategy to ensure sustainability is integrated into broader priorities and decision making.

Once the strategy and key targets are finalised, they are presented to the Board for review and approval. The Board provides high-level guidance where needed and ensures that the company and aligns with owner expectations. There are no sustainability related incentive schemes or remuneration components in place for the Board or management. Day-to-day responsibility for sustainability remains with management, supported by the sustainability team. This includes carrying out assessments, shaping the strategy, defining KPIs and managing implementation across the organisation.

REPORTING FREQUENCY

The Board receives sustainability reporting annually, with the sustainability report serving as the primary basis for strategic direction and follow-up. Sustainability is a standing item at board meetings and follows a consistent reporting format. Management teams receive updates on sustainability matters quarterly, and sustainability topics are integrated into cross functional forums to ensure alignment with operational priorities.

RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

The Group has transitioned toward a unified sustainability reporting approach. Data accuracy is supported through year-to-year comparisons, retention of documentation for externally sourced data, and basic internal checks and approvals. These controls will be strengthened as post-merger integration progresses.

Sustainability reporting is managed by the sustainability departments with support from the CEOs, lead teams, and managers. Management tracks progress on key targets, and the Board reviews sustainability information at a strategic level and aligns on long-term direction as the governance model continues to mature.

ABOUT THE BOARD

The company's governance is overseen by a single board structure, with the Board of Directors acting as the management body. The board members collectively contribute with extensive and sector relevant experience, and the CEO and CFO participate in meetings as invited attendees. In 2025, the Board consisted of four executive members (whereof one woman) including one employee representative. Since January 2026, the board expanded and now consists of five members whereof three women, resulting in a 60% female representation, from 25% in 2025. The board makeup 2026 has two independent nonexecutive members on the Board, compared to none in 2025.

CLIMATE CHANGE



CLIMATE CHANGE

1. STRATEGY CLIMATE CHANGE

2. METRICS AND TARGETS

3. ACTIONS AND RESOURCES



OUR CLIMATE IMPACT

We work to reduce our environmental impact and track our climate performance each year. A key step forward during the reporting period was aligning and improving the methods used for calculating emissions, which now provide a more reliable basis for follow-up and a first step toward aggregated reporting.

Our climate impact is reported and monitored in line with the Greenhouse Gas Protocol, covering Scopes 1, 2, and 3. Scope 1 emissions, mainly from company vehicles, represent a very small share of total emissions, and the vehicle fleet is gradually shifting toward electric alternatives. Scope 2 emissions stem from purchased energy for offices, warehouses, and retail spaces, and the long-term aim is to transition fully to renewable energy. The largest share of emissions occurs in Scope 3, primarily from purchased goods and services where material production and manufacturing account for most of the footprint. Other relevant categories include transport, capital goods, employee commuting, and business travel.

Textile production has a significant environmental footprint. It generates greenhouse gas emissions, contributes to air and water pollution, and uses land, water, and other natural resources. The level of impact depends on the fibre and the processes used to produce it. Common fibres include wool, cotton, and polyester, each with different environmental considerations. Getting an accurate picture of emissions at the fibre or product level requires detailed data, including lifecycle assessments and information from all stages of the supply chain. Improving access to this data continues to be a key focus. The full mapping of emissions helps identify where reductions are most needed and guides the organisation's ongoing climate work.

POLICIES

Our climate and sustainability efforts are guided by a set of policies and strategic frameworks that support consistent decision-making and implementation across the organisation. These documents define expectations, clarify responsibilities, and help integrate climate and sustainability considerations into daily operations and long-term planning.

Following the merger of FILIPPA K and Oscar Jacobson under Scandinavian Heritage, efforts are ongoing to align and consolidate previously separate policies. This supports a unified approach across brands, strengthens governance, and enables more consistent follow-up and reporting at group level.

Policies include:

- Code of conducts
- Human Rights and Environmental Due Diligence (HREDD) Policy (to be consolidated)
- Climate strategy
- Preferred Materials Framework

TRANSITION PLAN

The roadmap outlines the climate related actions currently underway across the organisation. As FILIPPA K and Oscar Jacobson continue to integrate under Scandinavian Heritage, these activities form the basis for a combined approach that will be further consolidated in the coming years. The actions below reflect the current focus areas for reducing greenhouse gas emissions across materials, energy, transport, and operational practices.

MATERIALS & PRODUCT

- Reduce emissions per product. Increase the use of preferred fibres while maintaining quality requirements, including when using recycled content.
- Expand the share of recycled materials across key product groups.
- Continue developing regenerative agriculture projects to strengthen long-term material sourcing.
- Improve traceability for animal fibres by collecting more supplier specific data.
- Continue activating deadstock fabrics.

ENERGY

- Shift all company energy contracts to renewable sources.
- Map energy use in the supply chain and develop a plan for increasing renewable energy uptake.
- Work with suppliers to raise the share of renewable energy used in the value chain.

TRANSPORT AND OPERATIONS

- Keep air freight to a minimum.
- Reduce short haul flights, with a zero tolerance policy for domestic air travel implemented across both companies from Q1 2026, and already in place at Oscar Jacobson since 2025.
- Refine assortment planning, purchasing flexibility, and full-price sell through.
- Increase the use of fabric-based purchasing to create greater production agility and reduce excess inventory.
- Continue to build and communicate textile care guidance and circularity services (resale, repair, rental, etc.), including the Oscar Jacobson Sustain concept.

METRICS AND TARGETS

Across the group, we commit to a science-aligned 1.5°C pathway. Both brands have formalised climate strategies that prioritise full value chain reductions.

FILIPPA K and Oscar Jacobson currently operate with separate climate targets and action frameworks. As part of the ongoing development of our sustainability governance, we will consolidate these into a unified climate strategy. This work will focus on leveraging synergies, aligning methodologies, and strengthening the clarity and comparability of our long-term transition pathway.

CURRENT STATUS OF CLIMATE TARGETS

FILIPPA K Climate Target: Reduce total greenhouse gas (GHG) emissions by 50% by 2030, with 2020 as the baseline year.

Status: Total emissions have decreased by 38% since 2020, primarily due to lower production volumes. However, emissions per piece have increased, reflecting a material mix shift toward higher impact fibres, particularly wool and other animal-based materials.

Between 2024 and 2025, total GHG emissions decreased by 9%, driven by a 13% reduction in production volumes. Over the same period, emissions per piece increased by 10%, reflecting focus on animal fibres, especially in knitwear, where focus has been Responsible Wool Standard (RWS) wool which does not, measurable at this time, drive large emissions reductions. Outerwear reduces emissions per piece with a focus on recycled fibres with lower emissions. Overall, the result is a reduction in absolute emissions but a continued rise in emissions intensity, driven by product and material mix developments. Strengthening progress will require a clearer focus on reducing per-unit emissions, particularly in wool heavy categories, while continuing to scale lower impact materials and further integrating recycled fibre solutions.

Oscar Jacobson Climate Target: Oscar Jacobson's climate target follows the Science Based Targets initiative (SBTi) methodology across Scope 1-3.

Status: Total emissions have increased by 10% from 2024 to 2025), driven primarily by a 19% increase in production volumes. However, emissions per piece have decreased by 10% reflecting a shift in material use/shares.

Between 2024 and 2025, the reduction per piece was driven by a shift in material mix: wool dropped by 2 percentage points while cotton increased by 2 percentage points. Smaller fibre changes, slightly more polyamide, less polyester, and a tenfold increase in lyocell, also contributed to lowering the emissions intensity. Continued progress will benefit from further expansion of lower impact alternatives such as lyocell and maintaining efforts to shift the material mix toward fibres with reduced carbon intensity.

METHODOLOGY

During 2025, Oscar Jacobson updated calculation methodology for GHG emissions - still in line with the GHG protocol - to capture more details at product level. We now achieve a more accurate and comprehensive view of our emissions across Scandinavian Heritage and our shared value chain.

The new methodology required a revisit of 2024's numbers and has for Oscar Jacobson resulted in higher emissions figures than in previous reports, reflecting the increased granularity. For FILIPPA K, the methodology remains consistent.

While the actions to reduce emissions remain consistent, this refined data provides us with deeper insights and a stronger basis for driving impactful change. With this improved level of detail, we can now focus more effectively on process-level choices, empowering us to identify targeted opportunities for reduction and to refine our strategies for long-term impact.

GREENHOUSE GAS EMISSIONS BREAKDOWN FOR SCANDINAVIAN HERITAGE (TONNES CO₂e*)

	2025
TOTAL EMISSIONS (MARKET-BASED)	32'245
SCOPE 1	62
Company cars	62
SCOPE 2	102
Market-based	102
Location-based	49
SCOPE 3	32'080
Purchased Goods and Services - apparel	29'434
Purchased Goods and Services - other	642
Fuel and Energy Related Activities	25
Upstream Transportation and Distribution	462
Waste Generated in Operations	5
Business Travel	88
Employee Commuting	75
Upstream Leased Assets	69
Use of Sold Products	662
End-of-Life Treatment of Sold Products	420
Licensed products	198

*Note: Figures are rounded to the nearest whole number, which may result in slight discrepancies in totals

ACTIONS AND RESOURCES

PRODUCTS & MATERIALS

We are reducing product-related emissions by accelerating the shift to lower impact materials. This includes expanding the use of regenerative, recycled, and certified inputs, strengthening traceability for key fibres, and working closely with suppliers to scale innovative materials. These actions support a more resilient raw material supply chain while lowering the climate footprint of our products.

- **Transitioning core materials to preferred fibres:** Work is underway to increase the use of certified and lower impact fibres in key product categories. This includes expanding the share of certified wool in key assortments and outdoor products, with further categories planned.
- **Increasing recycled content:** We continue to raise the proportion of recycled materials across collections, with specific focus on categories where recycled alternatives can significantly reduce environmental impact.
- **Scaling regenerative materials:** We are expanding regenerative agriculture initiatives to secure long-term, lower impact raw materials. This includes the introduction of regenerative cotton in selected styles, with plans to extend its use across more categories.
- **Strengthening traceability for animal fibres:** We are collecting more detailed supplier-level data to improve visibility of animal-derived materials. Traceable wool has already been implemented in several products, with additional items being added as data becomes available.

ENERGY

We monitor the energy used across our operations and continue to shift toward renewable sources. Our approach includes tracking the share of renewable and non-renewable electricity, improving energy efficiency in stores, and identifying remaining data gaps that need to be closed.

Our total operational energy consumption for the reporting year amounted to around 720,000 kWh, including electricity, heating, and other purchased energy across all stores, offices, and warehouses.

RENEWABLE VS. NON-RENEWABLE

We track the share of renewable and fossil-based electricity across all markets where we directly own the energy contracts. Currently, 72% of our stores and offices operate under renewable electricity contracts in markets where we directly manage the energy supply.

During the reporting period, total electricity consumption amounted to 720,000 kWh, distributed as follows:

- Renewable electricity: 560,000 kWh, corresponding to 78% of total consumption
- Non-renewable electricity, or electricity from contracts where renewable sourcing is not specified: 160,000 kWh, corresponding to 22% of total consumption

These figures reflect electricity sourcing across markets where we have direct control over energy contracting.

ENERGY EFFICIENCY MEASURES

Energy efficiency upgrades continue to play an important role in reducing our operational emissions. A key measure is the installation of LED lighting, which is now fully in place in 80% of all stores and offices. This transition significantly reduces electricity demand for lighting and contributes directly to lowering our Scope 2 emissions.

OUR COMMITMENT TO RENEWABLE ENERGY

We continue to expand the share of renewable electricity across our portfolio. Long-term targets include transitioning all remaining stores and facilities to renewable energy contracts and ensuring that energy procurement is verified through recognised certifications (e.g., Guarantees of Origin or equivalent market instruments).

TRANSPORT AND OPERATIONS

We continue to reduce logistics-related emissions by improving transport choices, packaging methods, and returns handling. These actions focus on lowering reliance on air freight, optimising packaging to cut waste and transport volume, and streamlining processes that reduce unnecessary movement of goods.

The focus on Scandinavian and Northern European markets naturally reduces the amount of long distance shipping required. In addition, campaign and e-commerce productions are now arranged with more locally based teams and talent, reducing the need for travel across markets.



BIODIVERSITY, WATER, AND POLLUTION

BIODIVERSITY, WATER, AND POLLUTION

1. IMPACTS, RISKS, AND OPPORTUNITIES

2. CHEMICALS

3. PRODUCT SAFETY



OUR DEPENDENCE ON NATURE ACROSS THE VALUE CHAIN

Our value chain, from raw material sourcing to product end-of-life, is closely tied to environmental systems and the ecosystems that support them. As a company in the textile and apparel sector, we recognise that our operations are inherently dependent on healthy soils, freshwater availability, stable biodiversity, and clean air. At the same time, we acknowledge that our activities contribute to environmental pressures, most of which arise upstream in agricultural production and textile processing. Addressing these issues is central to our sustainability strategy and to our long-term business resilience.

HOW WE ASSESS RISK

We assess environmental risks across our supply chain, with a focus on water, biodiversity, and chemical impacts. Water-related risks are evaluated by analysing regional water stress and identifying areas where suppliers may face limitations in water availability or quality. We are working to increase the amount of supplier data we collect, including information on water use, wastewater treatment, and dyeing or finishing processes. Tools such as the WWF Risk Filter support this work by helping us identify where action is most needed. We engage with suppliers to improve water efficiency, strengthen wastewater treatment, and adopt processes that require less water or have lower environmental impact.

We assess biodiversity risks in a similar way, looking at regions where ecosystems are under pressure and gathering data on raw material sourcing. Understanding these impacts allows us to better evaluate how land use, agricultural practices, and material production influence local biodiversity. To support healthier ecosystems, we prioritise responsibly sourced materials, including those produced through regenerative farming, and collaborate with industry initiatives to increase visibility across the value chain.

Across water, biodiversity, and chemicals, improved data access and traceability remain essential. Strengthening these areas enables more accurate risk assessments, supports compliance with relevant standards, and helps guide decisions that reduce the environmental footprint of our products and supply chain.

POLICIES

Our work on water, biodiversity, and chemicals follows the same group-level governance and policy framework described in the Climate chapter, ensuring consistent application across brands and value-chain activities.

Policies include:

- Code of conducts
- Restricted substance list (to be consolidated)
- General Product Safety Regulation Guidelines
- Human Rights and Environmental Due Diligence (HREDD) policy (to be consolidated)
- Preferred Materials Framework

SUPPLIER ENVIRONMENTAL EVALUATIONS

New suppliers are screened against environmental criteria in our Code of Conduct, including energy use, waste management, water stewardship, and chemical handling in accordance with our restricted substance list. Existing suppliers are assessed through audits and certifications, with a focus on higher risk regions and processes.

MATERIAL CHOICES

Because raw materials drive much of our environmental impact, we are increasing the use of recycled and preferred fibres in line with our material targets. Material selection directly influences water use, chemical intensity, and biodiversity impacts through factors such as land use, farming practices, and processing methods. Choosing lower impact and responsibly sourced materials helps reduce risks across the value chain. Read more about this in the materials chapter on pages 20-29.

PHYSICAL RISK LANDSCAPE*

Risk Level	Water Risk			Biodiversity Risk		
	Own Operations and Warehouse	Tier 1	Tier 2	Own Operations and Warehouse	Tier 1	Tier 2
Very High Risk	-	-	1%	-	-	-
High Risk	-	6%	2%	-	5%	8%
Medium Risk	17%	62%	72%	74%	91%	87%
Low Risk	83%	31%	24%	26%	5%	5%
Very Low Risk	-	-	1%	-	-	-

*Based on WWF risk filter suite categorisation. Numbers are rounded to the nearest whole number.

CHEMICALS

Chemical use remains a key focus area due to risks for workers, consumers, and the environment. We aim to reduce hazardous substances in production by promoting safer chemical alternatives, improving supplier chemical management practices, and encouraging the use of certified or third party verified inputs where possible. Continued improvement in chemical handling and transparency helps us reduce pollution risks and support safer working environments. We follow EU REACH requirements and other relevant international chemical regulations and works closely with suppliers to ensure the safe and appropriate use of chemicals throughout the value chain. As a member of the RISE Chemical Group, the company accesses expert knowledge and best practices to continuously strengthen its chemical management processes.

PRODUCT SAFETY

Quality and product safety are supported through supplier agreements, regular production controls, and training for both employees and supplies. Feedback from stores and customer complaint statistics are used to identify improvements and prevent recurring product issues. Ensuring product safety in line with the General Product Safety Regulation (GPSR) is central to this commitment, enabling us to prevent harm and maintain trust. For garments, shoes, bags, and accessories, common risks include flammability, substances of concern in textiles or leather, choking hazards from small detachable parts, sharp edges on hardware, tripping or slipping risks from footwear, poor construction, and incorrect labelling. To mitigate these risks, we continuously monitor and assess our products through testing, quality control, and risk assessment processes to ensure that they meet the standards and prevent potential harm. We provide training on GPSR requirements to our internal teams and maintain systems to track and address any product safety incidents.

There were no instances of non-compliances during 2025. The company monitors evolving sustainability and product safety regulations to ensure ongoing compliance. During 2025, efforts continued to further develop internal requirements and processes related to product quality and safety. Looking forward, we plan to define and implement group-level metrics and targets to monitor performance in product safety and corrective actions, strengthening our overall due diligence and consumer protection practices.

Scandinavian Heritage

OSCAR JACOBSON FILIPPA K



MATERIALS AND CIRCULARITY



MATERIALS AND CIRCULARITY

1. ADVANCING PREFERRED MATERIALS

2. METRICS AND TARGETS

3. ACTIONS AND RESOURCES



Scandinavian Heritage

OSCAR JACOBSON FILIPPA K



ADVANCING PREFERRED MATERIALS

We work closely with our supplier network to select fibres and materials that meet high standards for aesthetics, comfort, durability, and performance. As the textile landscape evolves, we continue to explore new approaches and partnerships that support circular systems, including circular services, improved waste management, and long-term environmental and social value.

Both brands work toward collections that are 100% preferred materials - recycled, certified, regenerative, or innovative. Material choices significantly shape product quality as well as environmental and social impact, and our responsibility extends across the full value chain. Our efforts up to today have taken Scandinavian Heritage to 24% preferred materials. Going into 2026, FILIPPA K increased the share of preferred materials by 7 percentage points, reaching a total of 61% of all main materials. While this remains below the 80% target set for 2025, the progress reflects continued commitment and lays a foundation for further improvement. The primary challenge has been rising material costs, which slowed the pace of transition. Looking ahead, remaining efforts will focus on accelerating the shift toward certified and lower impact fibres, strengthening supplier partnerships, and expanding innovation initiatives to close the gap. Oscar Jacobson increased preferred fibres share of the materials bought by 6 percentage points largely driven by certified and recycled wool in the flannel programme and outerwear.

DEFINITION OF PREFERRED MATERIALS, ALIGNED WITH GUIDANCE FROM TEXTILE EXCHANGE,

Preferred materials include:

- **Recycled** materials, fibres reprocessed from existing products or waste streams to reduce reliance on virgin resources.
- **Certified** materials, fibres verified by recognised third-party standards that ensure responsible environmental, social, or ethical practices.
- **Regenerative** materials, fibres produced through practices that support ecosystem restoration and biodiversity.
- **Innovative** materials, emerging solutions that enable circularity or transform waste into higher value products.

We continue to expand the use of recycled, regenerative, certified, and innovative fibres while recognising the performance value of natural fibres and exploring regenerative alternatives. Third party certifications ensure traceability, responsible animal-derived materials, and compliance with strict environmental and social criteria throughout the supply chain. All certified fibres are kept separate from conventional materials and managed according to the requirements of each standard.

POLICIES

Our work on materials follows the same group-level governance and policy framework described in the Climate chapter, ensuring consistent application across brands and value-chain activities.

Policies include:

- Animal rights policies (to be consolidated)
- Leather policy, our ambition regarding leather sourcing and chemical management during tanning.
- Event policy (to be consolidated), regulating catering, single use items, materials, props and giveaways to minimise waste and prioritise circular alternatives.
- Preferred Material Framework

CERTIFICATIONS

Filippa K relies on third-party verified material certifications to ensure that its fabrics originate from responsible sources committed to high environmental and social standards, as well as strong animal-welfare practices where applicable. FILIPPA K is certified to the relevant Textile Exchange standards, including the Recycled Claim Standard (RCS), Global Recycled Standard (GRS), Organic Content Standard (OCS), Responsible Wool Standard (RWS), Responsible Mohair Standard (RMS), and Responsible Alpaca Standard (RAS), in addition to the Global Organic Textile Standard (GOTS).

As part of our focus on recycled materials, FILIPPA K uses recycled down rather than virgin down and, as of the beginning of 2026, is no longer certified under the Responsible Down Standard (RDS). Recycled down is certified in accordance with Textile Exchange recycling standards, ensuring traceability and responsible material management throughout the supply chain.

<p>GOTS Global Organic Textile Standard</p> 	<p>OCS Organic Content Standard</p> 	<p>GRS Global Recycling Standard</p> 	<p>RCS Recycled Claim Standard</p> 
<p>RDS Responsible Down Standard</p> 	<p>RMS Responsible Mohair Standard</p> 	<p>RAS Responsible Alpaca Standard</p> 	<p>RWS Responsible Wool Standard</p> 

Control Union (CU) served as FILIPPA K's certification body through 2025; from the beginning of 2026, this role has been assumed by IDFL.

These certifications ensure that certified materials are kept strictly segregated from conventional materials throughout the supply chain and that products are manufactured in full compliance with the rigorous requirements of each standard.

Oscar Jacobson is not certified at brand level but relies on the same internationally recognised standards at material level, working with certified suppliers to ensure traceability and responsible material sourcing.

METRICS AND TARGETS

Across the group, we aim to transition fully to preferred fibres and materials; recycled, certified, regenerative, or innovative alternatives. This is a shared ambition for both brands and reflects our commitment to reducing the impact of our material choices. As we develop our group sustainability governance we will review both brands' roadmaps and set a timeline for a shared target within our common materials framework. The work will focus on strengthening consistency, improving data quality, and support progress toward a full transition.

CURRENT STATUS AT SCANDINAVIAN HERITAGE:

The current fibre composition shows that Scandinavian Heritage's main material portfolio remains strongly rooted in natural fibres, with cotton and wool together representing a significant share of total material use. Certified and recycled options are present across several key fibres, including cotton, wool, polyester, lyocell, polyamide, and mohair, while others remain fully conventional due to limited availability of certifications and niche usage. This reflects the current sourcing landscape and mark a clear starting point from which from which future progress can build.

For each material, the table presents its share of the total material basket, the share classified as preferred fibre, and the corresponding preferred fibre type. Our total main material fibre use for 2025 was 340 tons.

	Share of weight of fibres and materials used*
Main materials	
COTTON	30%
Conventional	72%
Certified	27%
Certified Recycled	0,4%
Regenerative	1%
WOOL	30%
Conventional	70%
Certified	18%
Certified Recycled	11%
POLYESTER	11%
Conventional	83%
Certified Recycled	17%
VISCOSE	6%
Conventional	83%
Certified	16%
Innovative	1%
LINEN	5%
Conventional	100%
Certified Recycled	0,2%
NYLON	4%
Conventional	100%
LEATHER	3%
Conventional	100%
POLYAMIDE	3%
Conventional	50%
Certified Recycled	50%
LYOCELL	2%
Conventional	35%
Certified	65%
Innovative	0,2%
ELASTANE	1%
Conventional	100%

ACETATE	1%
Certified	100%
SILK	1%
Conventional	100%
TRIACETATE	1%
Conventional	100%
YAK	1%
Conventional	100%
CASHMERE	1%
Conventional	85%
Certified Recycled	15%
ALPACA	0,3%
Conventional	91%
Certified	9%
CAMEL	0,05%
Conventional	100%
LLAMA	0,01%
Conventional	100%
MOHAIR	0,01%
Conventional	36%
Certified	64%
OTHER FIBRES (<1%)	0,2%
Conventional	100%

*Numbers are rounded to the nearest whole number and therefore might not add up to 100.

ACTIONS AND RESOURCES

Our focus is on making clothes last longer, not only through better materials and circular design, but also by growing services that support repair, reuse, and long-term wear. By reworking our material streams and updating production setups, we are strengthening product lifespan and scaling circular initiatives like Sustain by Oscar Jacobson. Actions during 2025 include:

MATERIAL COLLABORATIONS:

SWEDISH WOOL

As part of our longstanding work with Swedish wool, FILIPPA K are proud to this year partner with Woolution, a collaborative initiative bringing together industry, research, and innovators to build a scalable, circular, and resilient infrastructure for Swedish wool. Each year, approximately 1,000 tons of wool are produced in Sweden, of which more than half is discarded. The project builds on the Swedish Wool Initiative and is now shifting focus from product development to scaling industrial infrastructure. The project is led by Dalarna Science Park and funded by Net Zero Industry Impact Innovation, a joint innovation initiative by the Swedish Energy Agency, Formas and Vinnova. The project is also supported by Region Dalarna and Region Gävleborg.

During 2025, FILIPPA K introduced a knitted sweater and a jacket made from Swedish wool. Sustain by Oscar Jacobson explored the material through two prototype outerwear pieces.

TRACEABLE WOOL

Building on earlier work to improve fibre traceability, we expanded the use of fully traceable wool sourced from selected farms in South Africa. This traceable wool was incorporated into a limited number of product styles during the reporting year, providing verified visibility from farm to finished garment. The work represents the next step in strengthening transparency for animal-derived fibres, with the long-term aim of increasing the share of traceable materials across additional product categories and suppliers.



CIRCULARITY

We design products to last, offer services that extend garment life, such as alterations, repairs, and resale, and continue developing circular concepts like rental, remake, and secondhand. These efforts strengthen our long-term competitiveness and help us meet increasing expectations from customers, investors, and regulation.

Oscar Jacobson provides circular offerings through its own concept, Sustain, where customers can access secondhand products and services that support the repair, reuse, and care of their garments. FILIPPA K offers collaboration with online marketplace Mai to promote more resource-efficient consumption and support a circular value chain where the value of each garment is maintained over time.

DESIGN AND PRODUCTION

Longevity

We design products to support long-term use, focusing on durability, fit, and function. Each style is developed with its intended purpose in mind and undergoes rigorous wear testing, including washing and measurement checks, to ensure lasting quality. Materials and construction methods are selected to extend product lifespan, enable repair, and support future circular use. Prioritising long-lasting design reduces resource use over time and contributes to a lower environmental footprint across the product lifecycle.

Custom Made

Oscar Jacobson offers Custom Made garments using leftover fabrics from previous collections, helping reduce the need for new materials while creating unique pieces. In 2025, more than 3,300 Custom Made items were produced, with around 85% made from deadstock or surplus fabrics. This model also allows us to produce garments only once customer demand is confirmed. Instead of making items in advance, estimating demand, made-to-order production helps us match output to actual orders, supporting the aim to only produce what we sell.

SERVICES

Care and Repair

Care and repair guidance is shared across several customer touchpoints to support longer use of garments.

We published a series of practical care tips on social channels, and additional advice is available through our store staff, through the Sustain by Oscar Jacobson concept locations, and on the e-commerce sites. Care and repair activities encourage everyday maintenance, provide guidance on minor repairs, and help customers extend the life of their items. During 2025, FILIPPA K collaborated with a RecoMended, a repair partner, for claim-related repairs, helping ensure that damaged items were assessed and mended through a consistent and reliable process.

Furthermore, all stores collaborate with local tailors to offer adjustment services that ensure an optimal fit for customers. In 2025, close to 23,000 adjustments were carried out across Oscar Jacobson's stores and outlets.

Secondhand

Scandinavian Heritage provides several resale channels that allow customers to return, purchase, and recirculate preowned garments. Oscar Jacobson's Sustain stores in Gothenburg and Stockholm, together with their online secondhand shop, offer a curated selection of previously owned items, past collections, samples, and made-to-order pieces using leftover materials. In 2025, close to 2,000 secondhand garments were sold through these channels, up from 1,400 in 2024.

In addition, FILIPPA K's collaboration with Mai, launched in January 2025, provides a dedicated platform for reselling preowned FILIPPA K garments. During the year, Mai supported the sale of 1,761 items. Together, these channels form the Group's core offer for extending product life and making it easier for customers to engage in resale and reuse.

Sustain by Oscar Jacobsson is a concept that combines fashion with circular services and experiences. The concept is now available both online and through two physical Sustain stores located in Gothenburg and Stockholm, further expanding the offer to buy and sell second-hand items, past collections, and made-to-order pieces crafted from leftover materials. Sustain continues to grow in both traffic and sales.

In addition to curated second-hand and archive pieces, the stores also offer sample garments and regularly host exhibitions and events focused on repair, reuse, and resource efficiency.



FILIPPA K x Mai

FILIPPA K partners with the resale platform Mai to offer customers an accessible way to buy and sell pre-owned FILIPPA K garments. The collaboration creates a curated space where existing pieces can continue to be used, extending their lifespan and supporting more circular customer behaviour. The platform provides a structured resale experience, complementing FILIPPA K's focus on long-lasting design and responsible product care.



Remake

The Sustain by Oscar Jacobson store in Stockholm continues its collaboration with Stockholms Tillskärarakademi, where two student groups each year work with returned garments and surplus materials to create new pieces. The aim is to provide hands-on experience in circular practices while giving unused materials a second life.

Other design collaborations include a smaller collection launched this autumn together with Stina Loving from Slow Fashion District.

Rent

Through the Sustain concept, Oscar Jacobson offers rental of selected garments for short-term use, providing an additional way for customers to access products without purchasing new items. During 2025, a total of 132 rentals were completed. This service complements the Group's resale and reuse channels by offering another option for extending the use of existing garments within the Scandinavian Heritage portfolio.

Collect

FILIPPA K operates an in-store garment collection programme, enabling customers to return selected used items in exchange for a small discount. While Oscar Jacobson does not operate a formal garment take-back programme, in Sustain by Oscar Jacobson stores, non-resellable items may be accepted as a customer service measure. Collected garments are sorted to ensure they are directed to appropriate next-use routes, such as reuse, repurposing, or other circular processes.

PACKAGING

We work to reduce the environmental impact of our packaging by increasing the share of recycled, certified, and recyclable materials. In line with a shift from linear to more circular use, we design packaging to be reused wherever possible. All e-commerce parcels include double closure strips so customers can reuse the packaging for returns or to send secondhand items to Oscar Jacobson's Sustain stores. While we have limited control over the final disposal of packaging, we encourage customers to reuse and recycle it to extend its lifespan and reduce waste.

OWN OPERATIONS

Circular principles also guide how we manage resources in our offices, stores, and partner warehouses. Waste is handled through third-party providers that ensure recycling follows local requirements. We work to limit overproduction and reduce textile waste by managing stock levels carefully and using planned sales to avoid surplus.

To further reduce resource use, we integrate 3D technology into product development. Creating digital prototypes lowers the number of physical samples needed and supports more efficient decision-making early in the design process. This shift helps reduce waste across the development cycle and supports a gradual transition away from a linear "make-use-discard" model.

Scandinavian Heritage

OSCAR JACOBSON FILIPPA K



OUR PARTNERS



OUR PARTNERS

1. PROMOTING FAIR, SAFE, AND INCLUSIVE WORKPLACES ACROSS OUR VALUE CHAIN

2. DUE DILIGENCE PROCESSES AND RISK MAPPING



PROMOTING FAIR, SAFE, AND INCLUSIVE WORKPLACES ACROSS OUR VALUE CHAIN

Respect for human rights and fair working conditions across our supply chain is a fundamental part of our sustainability strategy. Our approach to social responsibility is rooted in fostering equitable, long-term partnerships with our suppliers.

We work closely with our suppliers on production planning and forecasting to support responsible purchasing practices and reduce the risk of excessive overtime. Transparent pricing practices are also a key element of our approach, helping suppliers move towards payment of living wages and enabling constructive engagement around collective bargaining and workers' rights.

Promoting equality and inclusion throughout the supply chain remains a priority. We pay particular attention to gender-related risks, including the gender pay gap, discrimination, and gender-based violence. Through collaboration with suppliers and other brands, we support initiatives that strengthen awareness, improve workplace practices, and enhance social dialogue between workers and management.

Following the merger of Oscar Jacobson and FILIPPA K, we have consolidated our supplier base. This has strengthened our strategic partnerships and increased our ability to engage more effectively with key suppliers, enabling us to further support improvements in working conditions across our value chain.

During the reporting year, we continued our efforts to build capacity among suppliers. Together with another brand, we organised digital Human Rights Due Diligence (HRDD) training for a key supplier in Portugal and its subcontracting unit. We've also conducted training sessions with three suppliers in Turkey in collaboration with other brands, focusing on gender equality, discrimination, and gender-based violence.

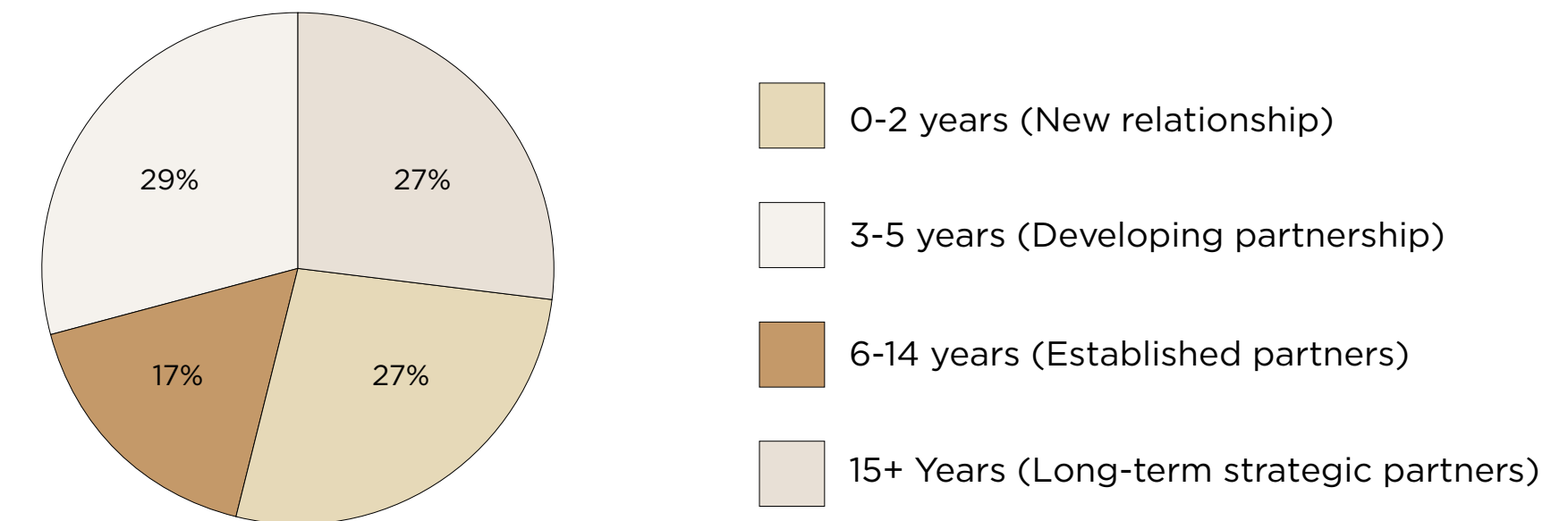
We have developed a health and safety checklist at the group level to guide our factory visits as part of our ongoing monitoring activities. The checklist focuses on the physical work environment, supporting the identification of potential risks and designed to ensure a consistent approach across all sites. It is integrated into our risk assessment process, helping us systematically evaluate factory conditions, track compliance, and prioritise areas for improvement.

OUR SUPPLIER BASE

Our sourcing strategy prioritises production in Europe, strong traceability, and transparent supply chain relationships. During the reporting year, 84% of our purchased products were from garment suppliers based in Europe incl. Turkey. Geographic proximity enables more regular engagement with suppliers, including on-site visits and ongoing dialogue regarding working conditions, labour rights, and environmental practices. It also allows for shorter delivery routes and a more flexible and responsive production process. We source the majority of our fabrics, yarns and trims directly from our material suppliers, with whom we maintain close, direct relationships.

Long-term partnerships with suppliers are central to our approach to responsible sourcing. For 27% of our garment suppliers, we've worked collaboratively with them for more than 15 years. We believe that stable and enduring supplier relationships support more open dialogue, build mutual trust, and contribute to improved efficiency and productivity for both parties. These partnerships also support consistent product quality and provide a stronger foundation for addressing sustainability challenges together.

TIER 1 SUPPLIER RELATIONSHIP LENGTH



Traceability within the supply chain is an important element of our work to monitor and address potential risks to workers. Mapping subcontracting arrangements is a key step in gaining better visibility into production processes beyond direct manufacturing sites. During the reporting period, we initiated efforts to map subcontracting among our Tier 1 suppliers. This work aims to improve our understanding of where different production steps take place and to strengthen our ability to monitor working conditions throughout the supply chain. To date, we have mapped 59% of our value chain, with the ambition of achieving full mapping by 2026. We currently collaborate with 58 direct suppliers, covering a total of 97 factories, of which 39 are subcontracting units. By increasing transparency and traceability, we seek to better identify potential risks, engage with relevant suppliers, and support improvements in working conditions across our value chain.

Our T1 production countries	Purchase order value (%)	Direct suppliers (no.)	Factories (no.)	Subcontracting units (no)	Supply chain mapping (%)
Bulgaria	21.0%	1	1	9	100%
Portugal	20.5%	13	12	7	69%
Turkey	19.1%	5	6	4	80%
China	15.5%	7	10	0	71%
Italy	14.1%	22	20	12	41%
Romania	5.9%	1	1	0	100%
Spain	2.2%	5	5	0	20%
Lithuania	1.2%	2	1	7	100%
Tunisia	0.3%	1	1	0	100%
UK	0.03%	1	1	0	100%
TOTAL		58	58	39	59%

*Number of factories based on current supply chain mapping. Our definition of factory is all subcontracting units involved in the steps of product assembly such as cut-make-trim, knitting, garment-dye, -washing, printing, embroidery, ironing, packing, finishing and any other related processes used to transform materials into finished garments.

We mitigate the risks associated with corruption and unethical practices through a combination of preventative and monitoring measures. Long-term partnerships, transparent and traceable supply chain relationships, and clear contractual expectations help reduce opportunities for misconduct and strengthen accountability. Regular on-site visits, structured monitoring activities, and open dialogue with suppliers enable early identification and resolution of potential risks. In addition, compliance checks arranged by independent third-party organisations and our risk assessment framework ensure responsible business conduct, reinforce trust, and support collaboration with suppliers over the long term.

In 2024, Oscar Jacobson entered into a partnership with Worldfavor, a provider of digital solutions for sustainability data management, with the aim of enhancing traceability and increasing transparency. The platform was intended to support comprehensive mapping of product production processes, as well as to facilitate the identification, assessment, and management of actual and potential supply chain risks.

Following the merger and the establishment of a centralised sustainability function at the group level, the need for this type of digital support was reassessed. As a result, the collaboration with Worldfavor has been concluded.

CODE OF LABOUR PRACTICES

Since 2008, FILIPPA K been a member of Fair Wear Foundation (FW), 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. We will evaluate which human rights due diligence partner we will have to support us on group level going forward.

Their code of labour practices, derived from the ILO Convention and the UN's Declaration on Human Rights, together with each brand's code of conduct and policies, form the basis of our monitoring. While our primary responsibility relates to our direct product suppliers, we acknowledge that adverse impacts on workers may occur further upstream in the value chain. We therefore seek to identify and prioritise potential and actual adverse impacts, recognising that our influence and capacity may be limited in some situations.

Employment is freely chosen	Freedom of association and the right to collective bargaining	No discrimination in employment	No exploitation of child labour
Payment of a living wage	Reasonable hours of work	Safe and healthy working conditions	A legally binding employment relationship

POLICIES

We are aligning and consolidating our policies into group-level to strengthen governance, while enabling each brand to continue to operate responsibly and effectively. This will improve consistency, transparency, and accountability across the organisations while allowing for brand-specific adaptation.

Policies include:

- Basic Health & Safety Checklist at factory visits
- Human rights and environmental due diligence policy (to be consolidated)
- Responsible sourcing policy (to be consolidated)
- Code of Conducts
- Subcontracting and homebased work policy (to be consolidated), where we will require transparency from all our suppliers our approval of subcontracting. We will not permit home-based work due to limit of transparency and oversight, making it difficult to ensure safe working conditions, fair wages, reasonable working hours, and the absence of child or forced labour.
- Gender equality policy (to be consolidated)
- Sandblasting policy (to be consolidated), we ban sandblasting as a denim distressing method due to unhealthy work environments.
- Model policy (to be consolidated), guides the selection of models for campaigns, fashion shows, and website photography, emphasising health, well-being, and ethical representation.

We communicate our policies to all suppliers as part of the general agreement. This ensures that expectations regarding ethical conduct, compliance, and responsible business practices are clearly understood from the outset.

DUE DILIGENCE PROCESSES AND RISK MAPPING

We implement a risk-based due diligence process across our supplier network to identify, prevent, and mitigate human rights, labour, and environmental risks, in line with the OECD Human Rights Due Diligence guidance. This includes assessing risks linked to production countries and supplier characteristics, followed by targeted action plans such as audits, training, and other interventions.

We communicate clear expectations through supplier agreements and monitor performance through site visits, assessments, and ongoing engagement. Where needed, we work collaboratively with suppliers on corrective actions to drive continuous improvement.

FILIPPA K has been working in line with these processes for several years, and we now integrate Oscar Jacobson into the same framework to ensure a consistent and strengthened approach across both brands.

AUDITS AND VISITS

Our primary monitoring activities consist of supplier and factory visits, complemented by independent third-party social audits. Direct engagement through on-site visits enables us to build stronger relationships with our suppliers, enhance transparency, and gain first-hand insights into working conditions and operational practices. Historically, Oscar Jacobson has maintained a strong presence through regular supplier visits, an approach we aim to further scale at the Scandinavian Heritage level.

Social audits are a key mechanism to our human rights due diligence and risk management processes and form an integral part of our supplier action plans. It enables us to identify, assess, and address actual and potential adverse impacts related to labour conditions. Regular audits provide structured and comparable data on supplier performance, supporting informed decision-making and targeted remediation. In addition, audits contribute to increased transparency and accountability within our value chain and support continuous improvement through constructive supplier engagement. To minimise audit fatigue, we prioritise the use of existing third-party audit reports conducted within the past three years, where available. Where valid audits are not in place, FILIPPA K can facilitate audits through Fair Wear. Audits typically include document reviews, on-site inspections, management interviews and confidential worker interviews. The most common non-compliances we've identified in our supplier's audits are related to health and safety, excessive working hours, and living wages. Findings range from critical issues requiring immediate remediation to less urgent ones. All findings are addressed through a Corrective Action Plans (CAPs) and, if needed, additional training.

During the reporting year, we've conducted an audit at a supplier in China, which identified some areas of concern, particularly related to excessive working hours and wage levels not meeting expected living wage standard. We also carried out an audit at a supplier in Turkey, where key findings included excessive overtime and health and safety issues within the working environment. These findings indicate the need for strengthened controls on working time management, reinforcing workplace safety measures and improvements in compensation practices. We have followed up on these findings in close dialogue with the respective suppliers, agreeing on corrective actions and timelines to support measurable improvements.

TRAININGS

We annually develop and implement an improvement plan to prevent and mitigate actual and potential human rights impacts across our value chain. Our actions are informed by factory risk assessments, audit results, grievance mechanisms, supplier visits, and ongoing engagement with our suppliers. We prioritise Tier 1 suppliers that represent a significant share of our production volume, level of risks and suppliers where collaboration with other brands enables coordinated activities and greater leverage.

Ensuring that the labour standards are consistently implemented requires that both workers and management are well-informed and engaged, training is therefore a central element of our human rights due diligence activities. We work with Fair Wear and other external partners to provide training, adapting content to the particular risks and needs of each supplier. For all new suppliers, we always discuss the code of labour practices and explain our due diligence expectations as part of our onboarding.

During the reporting period, we've co-organised a digital Human Rights Due Diligence (HRDD) training together with another brand, for a key supplier in Portugal and its subcontracting unit. The training was delivered by the company Labor Solutions. We also conducted individual onsite training sessions with three suppliers in Turkey in collaboration with other brands, focusing on gender equality, non-discrimination, and the prevention of gender-based violence. For our own employees, we ensure that the ones who regularly visit supplier facilities receive targeted training and on how to assess working conditions during supplier visits.





GRIEVANCE MECHANISM

We believe that you can only stand up for your rights if you're aware of them. Therefore, we expect all our suppliers and factories to actively inform their employees about their rights.

As part of our risk monitoring, we assess the effectiveness and outcomes of suppliers' grievance mechanisms, including input from worker representatives and membership/collaborations with trade unions.

In addition, FILIPPA K operates a grievance mechanism (whistleblowing function) through Fair Wear. We are notified of any complaints and collaborate with suppliers to ensure appropriate remediation, with support by Fair Wear. Our approach focuses on identifying root causes and implementing sustainable, long-term solutions. Workers submitting complaints may choose to remain anonymous and are kept informed throughout the process. They are also encouraged to actively contribute during remediation to ensure their perspectives are reflected in the outcome.

This year, FILIPPA K received one grievance from a Chinese supplier concerning excessive overtime and unpaid overtime premiums. The issue has been addressed through a joint remediation process with factory management, in collaboration with another sourcing brand. The grievance is now closed, and we will continue to monitor these areas closely to ensure compliance and prevent recurrence.

LIVING WAGE

A living wage is the pay a worker receives for a standard workweek that allows them and their family to maintain a decent standard of living. Unlike a minimum wage, which is legally mandated and not necessarily linked to the cost of living, a living wage is independently calculated to reflect real needs.

We are committed to ensuring workers receive fair, timely, and consistent pay. To benchmark living wages in production countries, we use tools like Wage-Indicator and the Fair Wear Wage Ladder. In Italy and Portugal, where living wage benchmarks are not available, we evaluate whether suppliers pay wages aligned with nationally negotiated collective bargaining agreements. We require all suppliers to provide open costing, including a transparent breakdown of product components, materials, labour, overhead, and margins. Most of our suppliers share labour costs but only a few provide labour minutes, which is essential to assess whether our pricing supports living wages.

FILIPPA K previously launched a Living Wage project and onboarded three key suppliers in China, Romania, and Turkey to the Fair Price App and conducted initial price calculations. The project has been paused due to acquisition-related integration efforts, budget reallocation, and limited internal resources. The initiative remains a priority and is planned to be resumed at Group level once supplier consolidation is complete.

PEOPLE AND CULTURE



PEOPLE AND CULTURE

1. IMPACTS, RISK AND OPPORTUNITIES

2. EMPLOYEE ENGAGEMENT

3. METRICS AND TARGETS



PEOPLE AND WORKING ENVIRONMENT

Our people are our greatest asset. We are committed to creating a healthy and inclusive work environment where every employee feels respected, secure, and valued. Our goal is to provide the tools, guidance, and ethical framework needed for success, grounded in our values and commitment to fairness, equality, and diversity. We aim to build a community that inspires, supports, and sustains our employees over the long term. Our own workforce consists of employees working in office-based functions and retail store operations. The workforce includes both full-time and part-time employees, with part-time employment being more common in retail store operations.

IMPACTS, RISKS, AND OPPORTUNITIES

During the reporting year, we identified workforce-related risks within the Group linked to ongoing organisational changes following the merger, as well as increasing performance expectations across several business units. These developments may place additional pressure on leaders and employees, which can in turn contribute to stress and reduced wellbeing.

In parallel, a number of significant initiatives were implemented across the Group. This includes, among others, the introduction of a new enterprise resource planning (ERP) system and the rollout of the Employee Value Proposition (EVP) within FILIPPA K. While these initiatives support long-term organisational development, they may also create temporary increases in workload and change-related pressure.

To manage these potential risks, we continued to prioritise strengthening organisational culture and ensuring that employees and managers are supported throughout ongoing change processes. These efforts are intended to foster a stable and performance-oriented environment while supporting employee engagement and wellbeing over time.

POLICIES

Information about policies, related procedures, and employee responsibilities is communicated through internal governance document, published on internal platforms and accessible for all employees. New employees receive information on the policies as part of their onboarding.

These policies address a broad range of topics related to workplace health, safety, equality, and ethical conduct, reflecting our commitment to fostering a responsible, respectful, and accountable organisational culture. Together, they provide guidance to employees and management on maintaining a safe, inclusive, and supportive working environment. Key policy areas include injuries and incident management, crisis support and handling, gender equality, discrimination and victimisation, prevention of sexual harassment, drug and substance abuse, stress and the psychosocial work environment, rehabilitation and work modification, whistleblowing, and ethical rules.

Our policies include:

- Whistleblowing function
- Work environment policy
- Rehabilitation policy
- Crisis policy & manual
- Drug & abuse policy
- Discrimination & victimisation policy
- Gender equality policy
- Salary policy

- Integrity policy
- IT policy
- Travel policy

During the first quarter of 2026, our policies and guidelines were consolidated and formalised at the group level and published in a comprehensive employee handbook. The establishment of these group-wide policies enhances consistency, transparency, and accountability across the organisation, strengthening our governance framework. This transition was carried out to ensure that the new group-level frameworks effectively support our overall strategy and reflect our shared values.

EMPLOYEE ENGAGEMENT

We engage with our employees through a range of formal and informal channels to ensure that they can provide input on workplace matters, including working conditions, health and safety, equality, and organisational development

Employee engagement takes place through mechanisms such as regular team meetings, employee surveys, performance and development dialogues, and direct communication channels with managers and HR department. These processes enable employees to share feedback, raise concerns, and contribute to improvements in the work environment.

Through these engagement mechanisms, we aim to promote transparency, strengthen trust, and support the continuous improvement of working conditions across the organisation. Overall responsibility for this work is held by the HR Manager at each respective brand. Following the merger, this responsibility will be centralised at the Group level, under the Scandinavian Heritage HR Manager.

Office employees are offered flexible working hours, which we believe creates better conditions for a balance between work and private life. We also see that it is an important means of increasing employee satisfaction and motivation, as well as strengthening responsibility and trust, as flexible working hours are built on trust and encourages self-leadership, which in turn can contribute to a stronger organisational culture.

COLLECTIVE BARGAINING AGREEMENTS AND TRADE UNIONS

Employees based in Sweden are covered by the collective bargaining agreement (CBA). In Norway, Denmark, Germany, Belgium, and the Netherlands, we adhere to the local terms and conditions specified by the respective CBAs. We ensure compliance with minimum notice periods for operational changes, as outlined in CBAs or individual employment contracts. Our policy emphasises a supportive stance toward trade unions and encourages an open approach to their organisational activities. The decision to join a union rest entirely with the employees themselves.

EMPLOYEE SURVEYS

The primary mechanism for assessing employee experience and fostering continuous dialogue on well-being, engagement, and professional growth are the twice-yearly performance and development reviews. As a complement, we sometimes conduct employee surveys across our organisation to gather insights on key aspects of the workplace. These surveys include metrics such as the Engagement Index, Leadership Index, team collaboration, inclusivity, and workplace conditions, helping us recognise areas of strength and identify opportunities for improvement.

Going forward, we plan to further harmonise this approach by implementing employee surveys at the group level, ensuring a consistent and comprehensive understanding of employee perspectives throughout the organisation.

WORK ENVIRONMENT

OCCUPATIONAL HEALTH AND SAFETY

All employees are covered by an occupational health and safety management system. The system is designed to meet legal requirements in all operating markets. It also aligns with recognised risk management guidelines and standards.

To promote employee wellbeing, we offer wellness initiatives such as wellness grants and access to occupational health care services. Preventive health examinations and professional support are available to Oscar Jacobson employees to support both physical and mental health, which will be expanded at the Group level. Office-based employees at Oscar Jacobson can exercise once per week during working hours. Following the merger, this initiative will be extended to all office-based employees at Group level.

SICK LEAVE

We take a proactive approach to managing physical and psychosocial work environment risks. Where needed, we collaborate with occupational health care providers to support early intervention and rehabilitation. Sickness absence is reviewed quarterly based on a rolling twelve-month period to support proactive management of work environment risks. During the reporting year, no work-related injuries were recorded.

RECRUITMENT

Attracting and recruiting engaged employees is essential to our long-term success. We aim to provide all employees with opportunities for professional growth and development. We are committed to fostering a diverse and inclusive workplace and actively seek to attract candidates from a broad range of backgrounds. Our recruitment processes are designed to ensure equal opportunities for all qualified candidates.

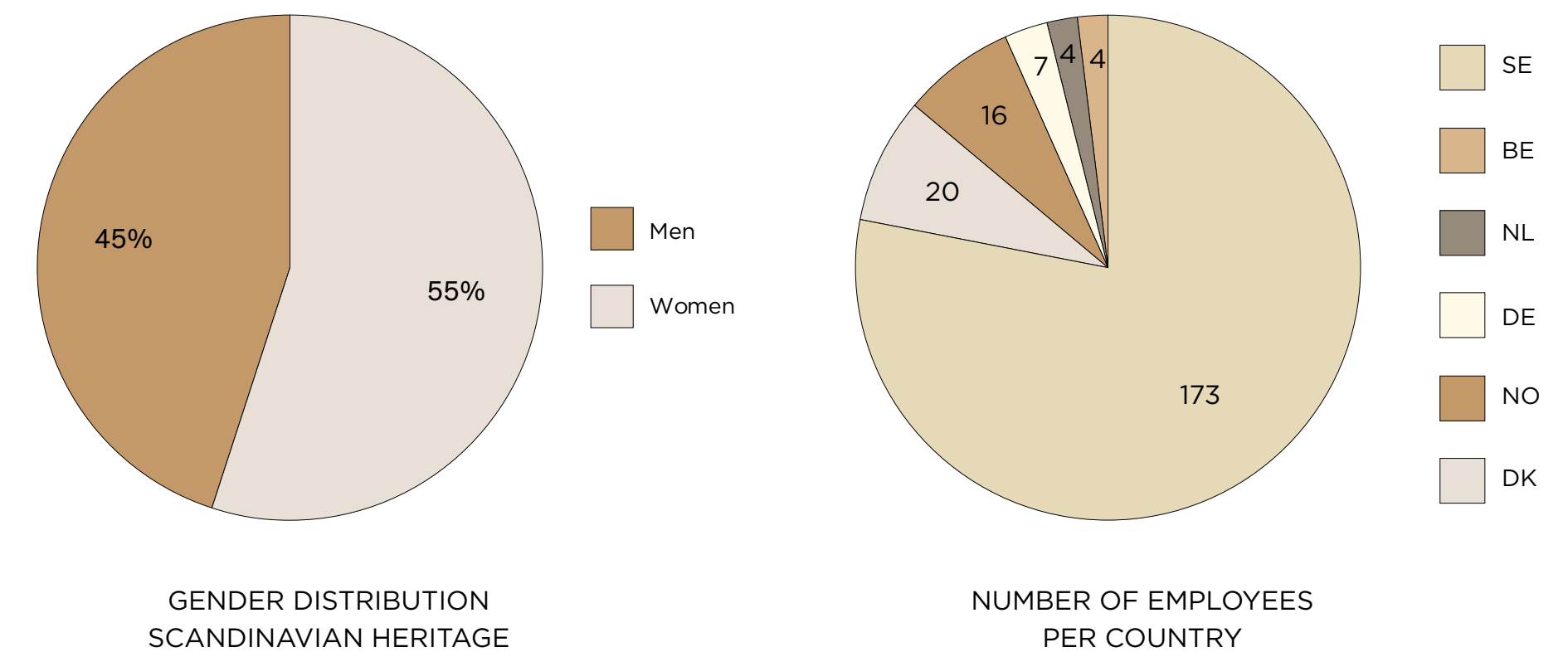
Succession planning is also an important element of our approach to talent development, supporting internal growth and long-term competence development within the organisation. Through competence-based and inclusive recruitment practices, we aim to access the broadest possible talent pool while contributing to a more inclusive society. This approach supports both our diversity and inclusion ambitions and the continued development of our organisation.

RETENTION AND DEVELOPMENT

Being an attractive employer includes focusing on employee retention and long-term development. We believe that providing opportunities for career development encourages employees to remain with the organisation, either by growing within their current role or by exploring opportunities in other parts of the business.

All new employees participate in an internal onboarding programme. Regular dialogues between managers and employees focus on performance, wellbeing, and professional development, and all employees receive periodic performance and career development reviews.

During 2025, FILIPPA K employees participated in training related to the company's Code of Conduct and ethical business practices. The head office conducted an emergency evacuation training to ensure employees are familiar with emergency exit procedures and workplace safety protocols. Oscar Jacobson conducted a CPR training for all office employees which aligns with our broader approach to occupational health and safety by ensuring that our employees are equipped with essential life-saving skills and the confidence to respond effectively in emergency situations. In addition, the Sustainability team continuously develops its expertise and shares relevant knowledge and insights with colleagues and partners at Scandinavian Heritage to support the integration of sustainability into our operations.



DIVERSITY AND INCLUSION

We are committed to fostering a diverse and inclusive workplace where all employees are treated with respect and have equal opportunities to succeed. Diversity, encompassing gender, age, cultural background, ethnicity, and other dimensions, strengthens our organisation by bringing together different perspectives, experiences, and ideas.

We provide ongoing training and awareness initiatives to employees and managers on topics such as unconscious bias, inclusive leadership, and equal opportunity. By cultivating an environment of openness, respect, and collaboration, we aim to empower every individual to contribute fully, while supporting our broader goal of a more inclusive society.

We continuously monitor diversity metrics and review progress regularly to ensure that our policies and initiatives translate into meaningful outcomes for our employees and organisation.

METRICS AND TARGETS

We will set the metrics and targets at the group level to ensure consistent monitoring and improvement. These KPIs will cover key areas of employee experience and organisational development, including tracking Employee Net Promoter Score (eNPS) improvement, rolling out and embedding our Employer Value Proposition (EVP), implementing a salary comparison tool to support equitable pay, and advancing leadership development through targeted training programmes. Establishing group-level KPIs will enable systematic progress tracking, accountability, and continuous improvement in our people strategies.



A man with dark hair and a light beard, wearing a dark navy blue suit jacket over a white ribbed shirt, is leaning on the hood of a dark car. He is looking off to the side with a slight smile. The background shows a courtyard with a white building, a staircase with a metal railing, and a blue door. The lighting is bright and natural, suggesting daytime.

Scandinavian Heritage

OSCAR JACOBSON FILIPPA K

Thank you for reading Scandinavian Heritage's 2025 sustainability report!

We appreciate your support and look forward to another year of driving mindful fashion together.