

# Acne Studios

**Sustainability Report**

**FY 2021/2022**



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# Introduction

**Our fundamental mission is to be a progressive fashion house, significant for our times.**

Acne Studios was founded in 1996 in Stockholm, Sweden as part of the creative collective ACNE that focused on graphic design, film, production and advertising. Ten years later, in 2006, Acne Studios became a standalone fashion company. We continue to honour our multidisciplinary heritage and merge the worlds of art and fashion by incorporating various elements of architecture, photography and Swedish culture into our designs. Over the years, Acne Studios has grown into a modern fashion house that specialises in women's and men's ready-to-wear fashion, shoes, accessories and denim.

We are now in more challenging and unpredictable times than ever. There is an urgency to reduce global GHG emissions and end the rapid loss of biodiversity. Global political instability requires us to adopt a more holistic approach to our business strategies whilst being strongly anchored by our beliefs and values. For Acne Studios, being significant for our times means being courageous and creative within the planetary boundaries and putting sustainability at the core of what we do.



# Sustainability Context

## Materiality

To define Acne Studios’ sustainability strategy and key priorities, we continuously evaluate the sustainability challenges that are most relevant for our industry, our stakeholders and our business operations in a materiality analysis. This consists of a list of relevant issues throughout our value chain based on interactions with stakeholders and major industry benchmarks such as, for example, the Business of Fashion Sustainability Index. We then select and prioritise these topics based on their impact on our economic, social and environmental performance as well as their level of importance for society and for our stakeholders.

The result of the materiality analysis is integrated into our sustainability strategy and the importance of issues is reflected in the ambitions of our long-term targets.

Acne Studios materiality matrix

Importance for Stakeholders	Very high	Transparency	Business interest & purpose, Gender equality, Living wages	Product quality & craftsmanship, Climate change, biodiversity, Respect for human and worker rights
	High	Water stewardship, packaging	Circular design, Customer awareness, Chemical management & pollution, Sustainability standards in supply chain	Preferred and recycled material sourcing, Purchasing practices, Waste management, Traceability,
	Moderate		Employee satisfaction & development	Product innovation, Customer satisfaction
		Moderate	High	Very high
		Importance for Acne Studios →		

## Focus areas in our sustainability strategy:

- Design for longevity
- Preferred materials
- Low-impact production
- Traceable supply chains
- Protecting workers’ rights
- Strategic partnerships
- Reduced climate impact
- Circular packaging
- Employee satisfaction
- Towards zero waste

# Stakeholder Engagement

Many people and organisations influence or are influenced by the choices we make as a company. The ‘stakeholder interactions chart’ shows our most important stakeholders and how we interact with them. Our stakeholders are not limited to those listed; we also maintain contact with educational bodies, students, trade associations and media. Our cooperation with other brands, civil society and policymakers is often part of our involvement in multi-stakeholder industry initiatives. Our stakeholders’ input on environmental, social and governance issues is key to continuously refining our sustainability priorities.

Collaboration in multi-stakeholder industry initiatives is an effective way to stay up-to-date on developments, share knowledge, exchange points of view and, ultimately, change the industry for the better. The input from these initiatives is an important contribution to our continuous materiality analysis. The overview below lists all industry initiatives we take part in and the focus areas they relate to.

Stakeholder Interactions	
Consumers	In store communication, Social media engagement and newsletter information, Customer service.
Wholesale Partners	Dialogue on sustainability strategy and progress, Regular verification of product communication.
Colleagues	Seasonal CEO meeting, Internal workshops, Intranet.
Suppliers	Worker complaints procedure, Supplier audits, Management & worker trainings.
Business Partners	Dialogue on sustainability strategy and progress surveys.
Industry Initiatives	Digital and in person meetings, industry group roundtables, surveys, partner collaborations.
Civil Society	Yearly contribution initiative, Digital and in person presentations of civil society partners for employees.
Other Brands	Collaboration in mutual projects, Information sharing.

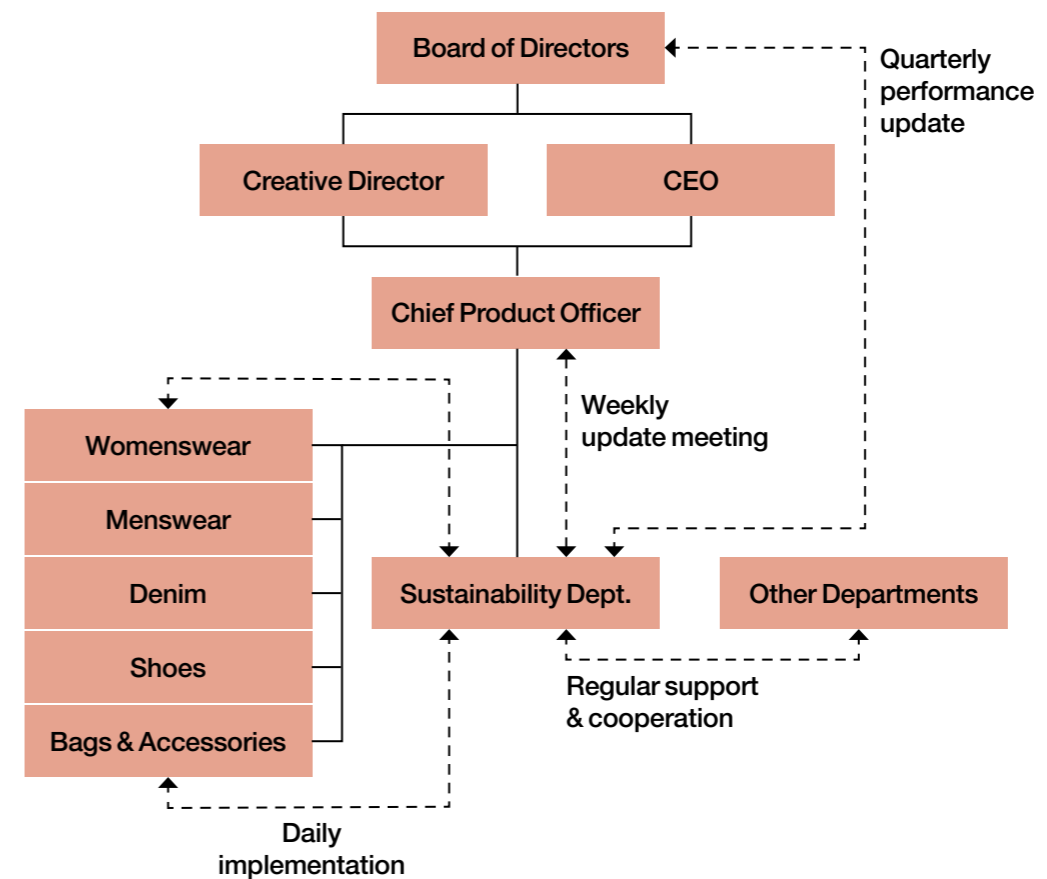
Industry Initiatives	Focus Areas
Textile Exchange	Preferred materials, Traceable supply chains
Fair Wear Foundation (FWF)	Protecting worker rights, Traceable supply chains
Italy Fashion Working Group (IFWG)	Protecting worker rights
Swedish Textile Initiative for Climate Action (STICA)	Reduced climate impact
Leather Working Group (LWG)	Low-impact production, Traceable supply chains
Swedish Shoe Environmental Initiative (SSEI)	Low-impact production, Circular packaging
Chemical group at Rise	Low-impact production
SFA Learning & Innovation Network	All

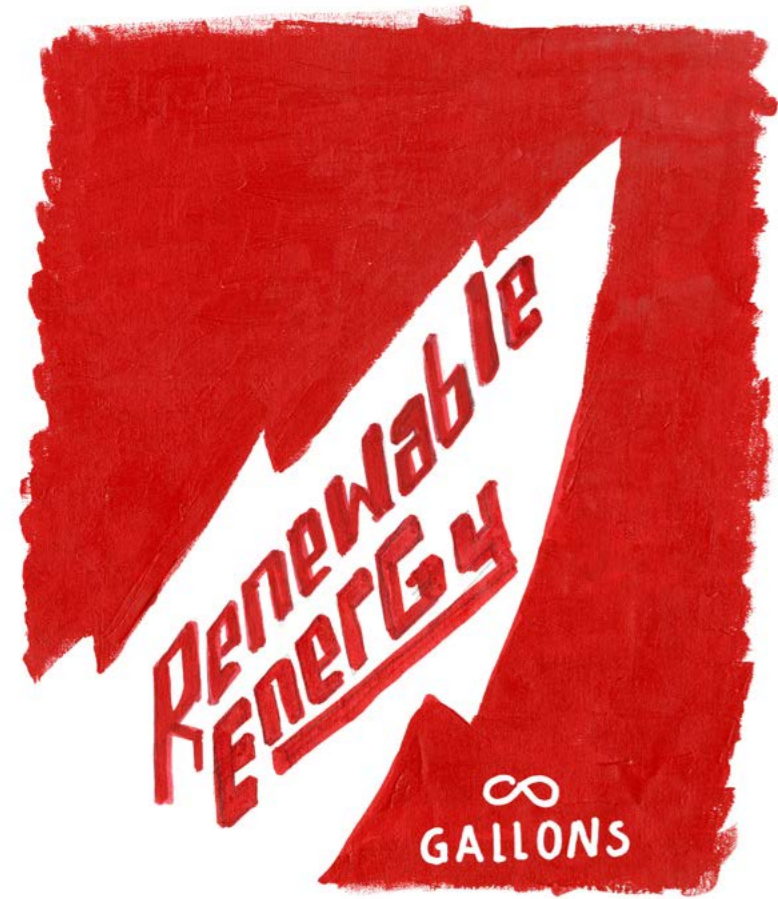


## Integration of sustainability

To implement our sustainability ambitions, responsibilities are integrated into the organisation and our business strategy. Our CEO has the overall responsibility for our sustainability strategy. The sustainability department sits within our Product and Design department and is responsible for presenting sustainability strategies and targets and incorporate these into our organisation. The sustainability department has regular collaborations with departments such as PR & marketing, supply chain and HR, depending on specific projects and targets. This year, we expanded our sustainability team, recruiting two sustainability coordinators and one sustainability project manager.

At the start of each new financial year, our management team sets annual business targets, within which our sustainability targets are integrated. These targets are signed off by our CEO and Board of Directors. The Board of Directors also officially approves our annual Sustainability Report before publishing.







# Sustainability Strategy

Our sustainability strategy was updated this year with revised focus areas and strengthened long-term targets. It is addressing the complex sustainability challenges our industry is facing, and is designed to be action-oriented and focus on where we have the most impact. It is structured to enable a transparent verification, both internally and externally, of the progress and results of each target.

## Our collections

To design, produce and present collections is at the core of what we do. When creating our products, sustainability should be considered through intentional design for longevity (1), by choosing preferred materials (2) and by using low-impact production processes (3).

## Our partners

We cannot create any collections without suppliers. To achieve our targets, we need to establish strong relationships with them responsibly. This will require strategic partnerships with both our suppliers and industry organisations (4), traceable supply chains (5) and the protection of workers' rights (6).

## Our impact

The key priorities on the remaining environmental impact of our activities are to significantly reduce our climate impact (7), to have a circular approach to packaging (8) as well as to work towards zero waste across all our different business operations (9).

## Our long-term sustainability targets

### 1. Design for Longevity

Full collection designed according to our longevity principles by FY 30/31.

### 2. Preferred Materials

100% use of preferred raw materials in collections by FY 26/27.

### 3. Low-Impact Production

100% use of low-impact processes in production by FY 26/27.

### 4. Strategic Partnerships

>50% of order value with partners sharing our sustainability ambition by FY 26/27.

### 5. Traceable Supply Chain

100% traceable supply chains down to raw materials by FY 26/27.

### 6. Protecting Workers' Rights

Full monitoring of workers' rights across our supply chain by FY 26/27.

### 7. Reduced Climate Impact

50% absolute reductions of Scope 1, 2 & 3 emissions by FY 30/31 to base year FY 20/21.

### 8. Circular Packaging

100% circular packaging across all operations by FY 26/27.

### 9. Towards Zero Waste

Reduce, reuse and recycling of waste across all operations by FY 26/27.



## Enablers

We have identified key enablers that are going to be crucial to reach our targets.

- Internal training and communication
- Strategic sourcing and supplier communication
- Sustainability data management

Overarching actions taken last year to enable implementation of our sustainability strategy include:

- Launch of strategy to P&D management team and CEO management team
- Launch of strategy to all 145 employees in product and design department
- Launch of strategy to the 50 key European suppliers in our Supplier Forum
- Presentation of strategy to 200 employees at HQ, together with CEO
- Recruitment of project manager on PLM and data management

## Our workplace

Our people are our company's greatest asset. Attracting and retaining talent from all over the world and bringing the best out of our people is crucial to delivering on our strategic priorities. Our ambition is to be the employer of choice for people who want to work in a progressive and fast-moving part of the luxury fashion industry, standing as one of the few independent fashion houses. To deliver on this ambition, we have outlined a transformative plan to set out a new direction for our people work. This plan will redefine how we work with talent and guide us into 2023 and beyond.

# Our Collections

Everything we do is centred around our products and our collections. Our collection includes men's and women's ready-to-wear, footwear, leather goods and denim. The following pages will explain how sustainability is considered when we create our collections through the focus areas design for longevity, preferred materials, and low-impact production processes.



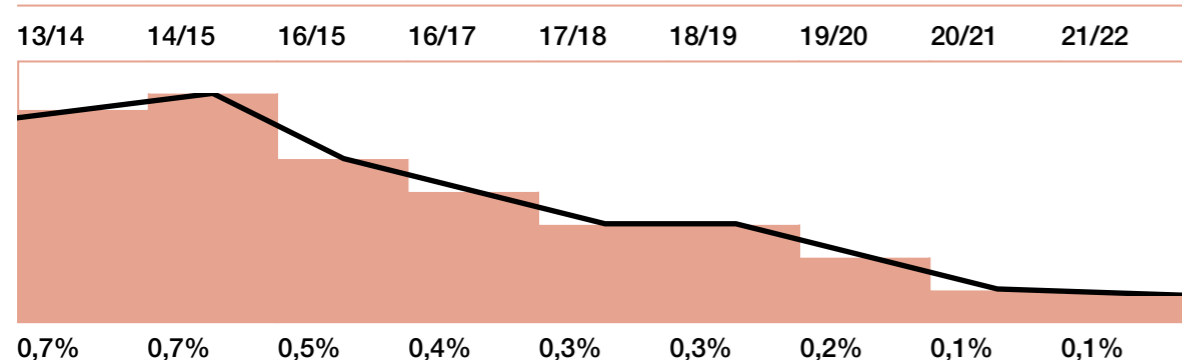
# Design for Longevity

## 100% of collection designed according to our longevity principles by FY30/31

Enabling our products to last a long life is the most important action to reduce our environmental impact. We believe we have a strong starting point here. We create desirable products that are highly valued by our customers. Our materials and constructions are carefully chosen, and we have robust quality measures in place. As a result, we have seen a steady decline in customer claims over the years. We also advise our customers how to take care of our products via care cards and care labels and by providing information in our stores. Lastly, we keep a large storage of spare parts at our headquarters that goes back several seasons to enable a continuous repair service.

However, we want to challenge even further what design for longevity means. Do we know how many years our customers wear our jeans before they are worn out? Do we know how long our customers use our bags before they replace them? Do we know what happens with the product after that? Designing for longevity means for us to expand our scope and consider our products' entire life cycle when we are designing our collections.

## Claims share %



## Progress FY 21/22

Pilot project circular denim	Achieved
Explore AS quality durability index	Achieved
Explore alternative business models	Achieved
Draft AS longevity principles	Achieved

### Pilot project circular denim

To kick off our expanding scope on product longevity, we launched a pilot on circular denim within our design and development team. We chose to focus on denim because denim is part of our DNA. We also wanted to build on the solid sustainability progress achieved with this category already. The aim of the pilot was to explore how well our denim collection is aligned with the Ellen McArthur Foundation's circular denim criteria, which includes requirements on product durability, raw materials, production standards and recyclability. We found that, in most cases, our denim collection is already designed in line with these criteria. The pilot project also resulted in the creation of fully recyclable styles made from an organic and recycled cotton blend, with reviewed trims and low-impact washes that will be launched in FW23.

### Explore Acne Studios quality durability index

Next to the circular denim project, we launched a project to create a durability index for various products in our collection. With this durability index, we will assess physical durability in relation to how our products are used. As durability is also part of the Ellen McArthur circular denim criteria, we started to study this on our denim. After extensive washing, wear testing and laboratory testing done by our quality department, we can conclude that our denim should last through at least three years of extensive usage in very good condition.

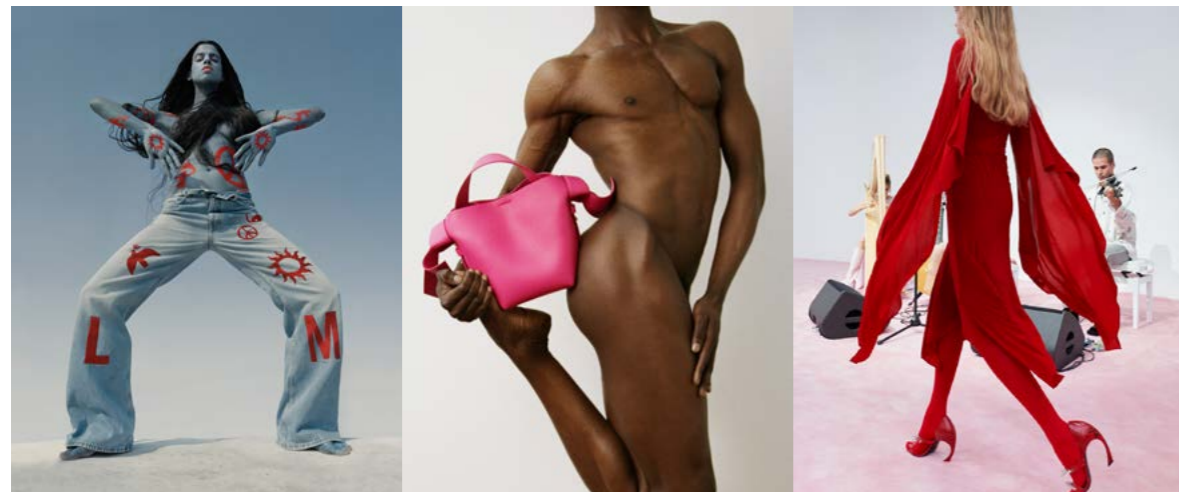
### Explore alternative business models

An extensive benchmark was made for our top management on possible opportunities for alternative business models such as resale and rental, including potential partners to collaborate with. We also collected used garments from employees to assess their resale opportunities.

### Draft Acne Studios longevity principles

When outlining our longevity principles, it is key to consider that products in our collection are used differently and purchased for different purposes. We have identified three usage scenarios to categorise our products: everyday use, long-term use and occasional use. For example, 5 pocket denim is categorised as everyday use, leather bags for long-term use and show styles for occasional use. Our ambition is to develop different design considerations per scenario, for example, that our denim should be designed for recyclability. Within our design principles, we aim to also consider new business models such as repair, resale and rental services, depending on the expected usage scenario.

### Categorising our collection on expected use



Everyday Use:  
5-Pocket Denim

Long Term Use:  
Leather Bags

Occasional Use:  
Show Style

## Milestones FY 22/23

Expand durability index	In progress
Further explore resale business models	In progress
Create external advisory group	Launching
Employee survey on product use	Launching
Continue defining longevity principles	In progress

Next year, we will continue to explore and define what designing for longevity means, in practice, for our diverse collection range. Milestones are going to continue to define our quality durability index and we are going to continue to explore applicable resale models and perform research on how our products are used, initially through employee surveys. We also aim to seek external support from academia and other professionals by creating an advisory group specialised in circular design and consumer use. Key is also to align our principles with upcoming legislation on, for example, producer responsibility.

# Preferred Materials

## 100% use of preferred raw materials in our collections by FY26/27

Each material in our collection has specific characteristics and is carefully selected based on the desired look, quality and sustainability performance. The production of raw materials can have major environmental and social impacts. For several seasons, we have been working on reducing these impacts by increasing the use of preferred materials. We have developed a fibre and leather classification tool to define which materials we consider preferred. These classification tools are found in Annex 1. Raw materials are 'preferred' if they are verifiably more sustainable from an environmental and animal welfare perspective.

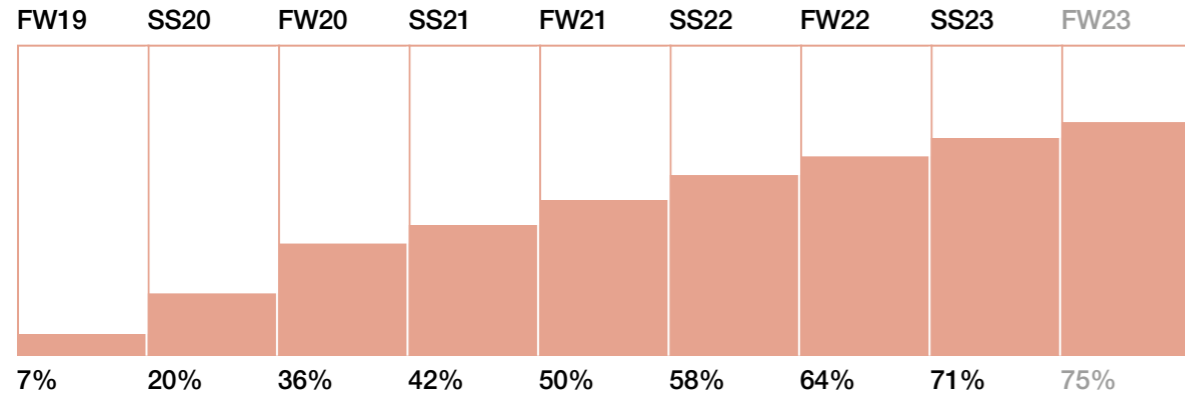
### Progress FY 21/22

5% seasonal preferred material increase	Achieved
Canada scarf in RWS wool	Achieved
Shoe innovation project	In progress
Classification tool development	In progress



## Preferred material progress

Share of seasonal order weight

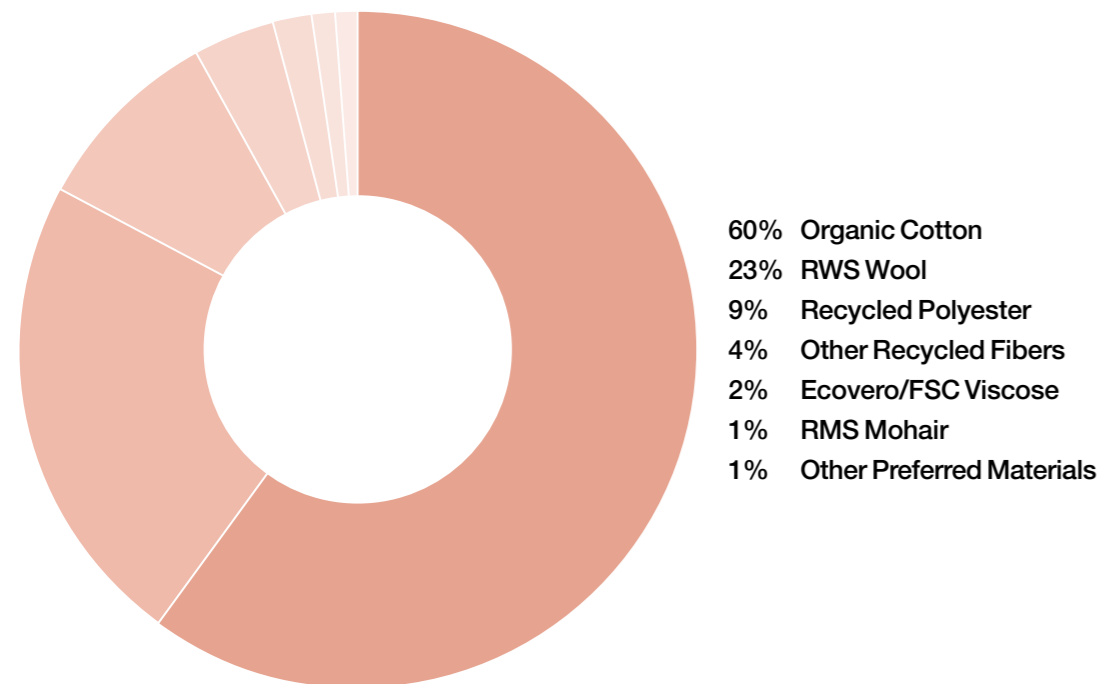


### 5% Seasonal preferred material increase

This year, the use of preferred materials in our collection was 60% of the total delivered order weight. Each season, we aim to increase the share of preferred materials with a minimum of 5%, reaching 71% in the latest season SS23. The preferred material we use most is organic cotton, followed by wool certified according to the Responsible Wool Standard (RWS). Currently, 83% of our cotton use is organic and 60% of our wool is RWS certified.

## Preferred material types

Share in FY 21/22 order weight



### Canada scarf In RWS wool

For all animal-based materials in our collection, we have minimum animal welfare requirements in place as explained in Annex 2. Within our preferred material target, we also work towards certifying animal-based materials against the highest animal welfare standards. For FW22 season, we converted our bestselling Canada scarf to responsible wool (RWS), increasing the share of RWS wool in our collection by 4%. In the same season, we also introduced styles made with responsible mohair (RMS) for the first time.

### Shoe innovation project

Since shoes contain several components, it requires more effort to introduce preferred materials. A project group with designers and developers has been launched focused on exploring sustainable shoe design and designing one men's and one women's style made from 100% preferred materials and with longevity principles in mind. Expert organisation Footwearology provided trainings on industry trends, design approaches, production techniques and innovation. The styles will be launched as part of the FW23 collection.

### Classification tool development

Our classification tools have enabled us to select materials with less harmful impacts on the environment and animal welfare. We now want to further improve our tools with more specific details about the impact of our material on climate, biodiversity and human rights. We also want the tool to enable us to select materials from less impactful regions or farms. This is not a goal set by us alone, but a direction the industry is moving towards. We will keep track of industry developments and incorporate them into our classification tool whenever possible. This year, we focused on researching these topics and next year, we will start translating this into our tools.



## Milestones FY 22/23

5% seasonal preferred material increase	In Progress
Sourcing groups: leather, wool and cotton	Launching
Leather bag innovation project	Launching
Recycled material focus	In Progress

We will continue to increase the use of preferred materials in our collection towards our FY 26/27 goal. Since cotton, wool and leather represent the biggest share of our raw materials, we will introduce internal sourcing groups aimed at getting a more controlled and traceable supply of these materials. In addition, we will continue with our innovation projects, focusing on finding biobased leather alternatives that also meet the quality requirements for our bags.

Recycled materials are the best option to source as it enables the reuse of waste and prevents the need for new raw materials. For this reason, we will add an extra focus on increasing the use of recycled materials into our preferred materials strategy. Next year, we will specifically work on increasing the use of recycled cotton in our denim, searching for options to use recycled wool in our woven collection and evaluating whether we can shift to recycled cashmere completely.



# Low-impact Production

## 100% use of low-impact production processes by FY26/27

Production processes such as tanning, dyeing, printing, washing and finishing all leave a mark in terms of greenhouse gas emissions, water pollution, water consumption and energy use. In order to reduce this impact, our target is to only use technologies and suppliers that have a verified lower environmental impact. We have a good starting point because most of our production is in Europe, where best available technology is often used. Our ambition is to verify this transparently and to make sure that we internally take conscious design and sourcing decisions to lower the environmental impact of our production processes.

A minimum requirement is that all our materials need to comply with our Restricted Substance List (RSL), which is continuously updated based on legislation and industry best practice and verified through third-party laboratory tests on our materials and products.

## Progress FY 21/22

Increase low-impact denim washes	Achieved
Increase LWG certified tanneries	Achieved
GOTS certification Face jersey/fleece	Achieved
Pilot jersey/fleece low-impact wash	In progress
AS supplier environmental questionnaire	Achieved
Define overall low-impact strategy	In progress

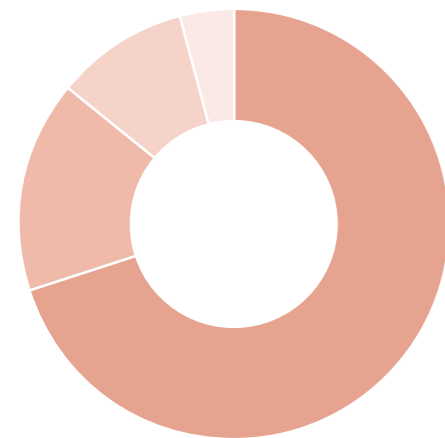


**Increase low-impact denim washes**

Our 5-pocket denim is made in Italy. All washes and treatments are measured according to our ‘denim wash classification tool’ based on the Jeanalogica EIM Scorecard, which can be found in Annex 1. For SS22 season, 52% of our denim order weight scored “low-impact” in terms of water, energy and chemical use, and for FW22, this increased to 70%.

**Denim Wash Impact FW22**

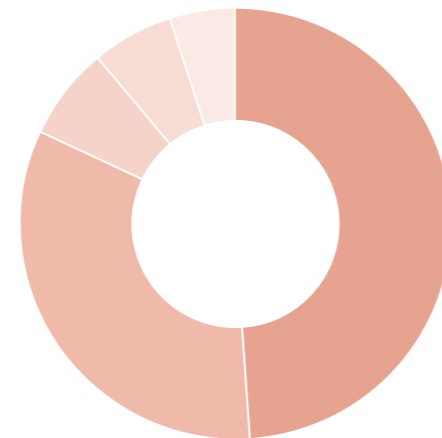
Share of 5-pocket denim order weight



70% Low-impact  
16% High impact  
10% Medium impact  
4% N/A

**LWG Certified Tanneries**

Share in FY 21/22



49% Not audited/Audit in process  
33% LWG Silver  
7% LWG Gold  
6% LWG Bronze  
5% LWG Audited

**Increase LWG certified tanneries**

Almost 100% of our leather is tanned in Italy. We request tanneries to be a member of the Leather Working Group (LWG). Member tanneries are audited by LWG to verify their environmental performance in terms of water, chemical and energy efficiency as well as traceability. This financial year, 46% of our total leather order weight was sourced from either Gold, Silver or Bronze rated tanneries; this includes main materials, linings, and soles. Looking only at the main leather materials, 77% was sourced from Gold, Silver or Bronze rated tanneries.

**GOTS certification Face jersey/fleece**

A large share of our jersey & fleece collection is made from GOTS-certified organic cotton fibers. This year, we expanded the certification scope of key bestselling styles in our SS23 collection to also include the dyeing and garment manufacturing process. This means that not only the cotton fibers used are organic but also that the production processes meet GOTS’ requirements on chemical use and social standards.



Face Collection

**Pilot jersey/fleece low-impact wash**

Many of our jersey & fleece styles undergo garment treatments to achieve a specific look. We launched a pilot project with two key suppliers to create garment wash criteria similar to our denim wash criteria. The project will continue next year, with the aim to also create a design guide to support designers in making decisions that reduce the impact of garment treatments.

**Acne Studios supplier environmental questionnaire**

Most of our finished materials are produced in Europe where, overall, environmental standards are high. To verify this, we sent out an environmental questionnaire to all our suppliers at the end of this financial year. Their answers will be analyzed next year and help us to outline next steps in our low-impact strategy.



**Define overall low-impact strategy**

To create simple, yet measurable and verifiable low-impact production criteria on water, energy, waste and chemical use is not easy for a diverse collection range like ours. A first step is the ‘Low-impact production verification guide’ that will serve as internal support. The guide has both a factory-level and design-oriented approach on style level, providing an overview on how the impact on both levels can be verified. This is going to help us to move forward until we have better data to holistically verify progress on all different environmental KPIs, which is our ultimate goal.

**Low-impact production verification guide**

Factory level verification	Article/style level verification
<p><b>Certifications</b> LWG, Bluesign, Oeko Tex Step</p>	<p><b>Certifications</b> GOTS, GRS, Bluesign</p>
<p><b>Memberships</b> Clean By Design, ZDHC, Higg Index</p>	<p><b>Standards</b> EPD’s, LCA’s, Jeanalogica EIM</p>
<p><b>Alternatively</b> Verified progress on suppliers own E-KPI’s or own environment targets.</p>	<p><b>Alternatively</b> Use of techniques verified with data as having lower environmental impact.</p>

**Milestones FY 22/23**

Continue low-impact garment wash project	In progress
Proceed on denim wash and LWG target	In progress
Innovation project jersey/fleece	Launching
Continue define criteria and improve supplier data	Launching

Many of the milestones for the coming year involve continuing the initiatives launched this year. Improving data quality of environmental KPIs and getting our suppliers on board is going to be key as well as incorporating these to our design and sourcing decisions. Increasing the use of low-impact processes also has a strong connection with our climate target in terms of energy efficiency. We also want to explore more innovative dyeing techniques and aim to focus that on our jersey & fleece collection.

# Our Partners

We will not be able to create any collections without suppliers. In order to achieve our ambitious sustainability targets, we need full traceability in our supply chain, and we need to strengthen the relationship with our suppliers and treat them as partners. We are also confident that collaborations within industry initiatives to gain expertise and best practice is essential. Following pages will explain the progress on strategic partnerships as well as achievements on traceability and protection of workers' rights in our supply chains.



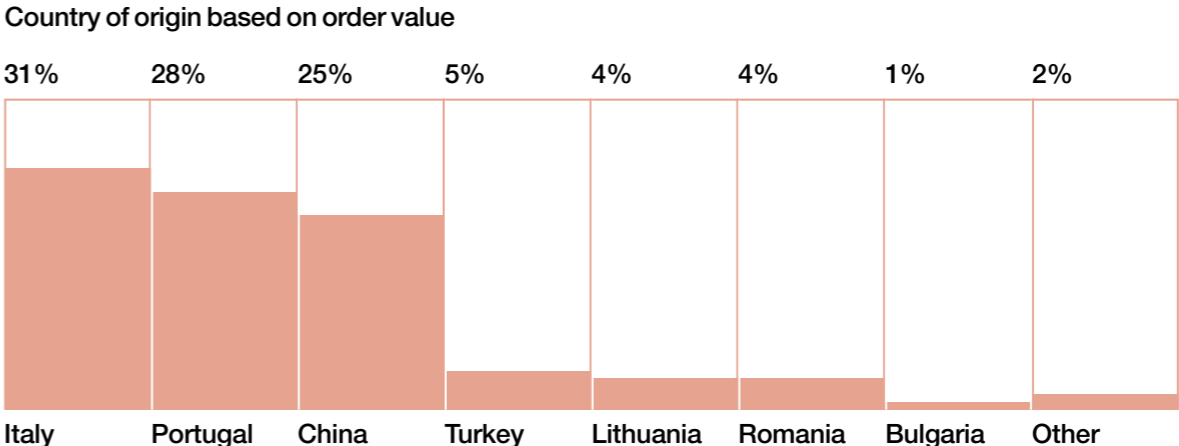
# Strategic Partnerships

## More than 50% order value with strategic partners sharing our sustainability ambition by FY26/27

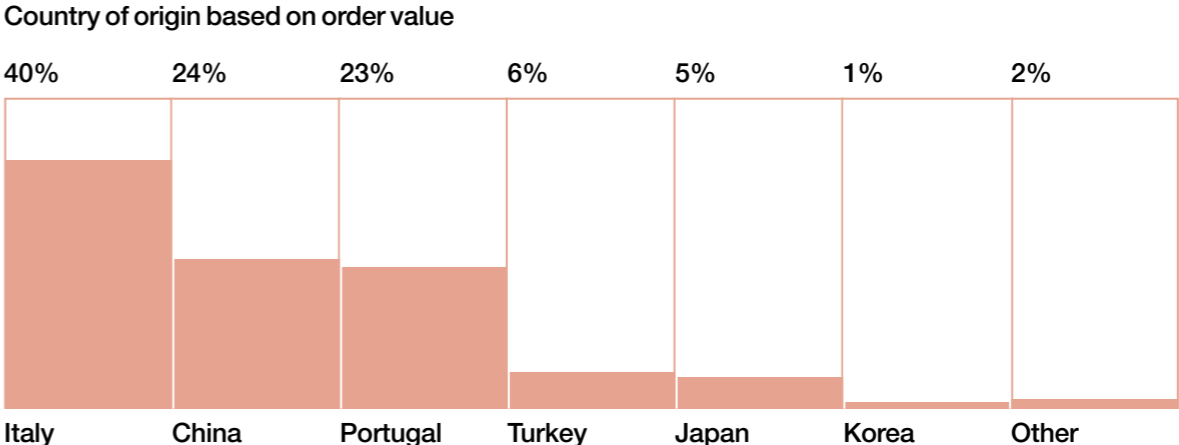
Our partners, including product and material suppliers, but also service providers and logistics partners, are key to our success. We strive for excellence and want to work with the best suppliers out there that have a strong vision and ambition on sustainability. At the same time, we want to be the best partner for them as well, enabling the reaching of our shared targets.

We work with a concentrated base of suppliers that are located mainly in Europe and Asia and we strive to have a long-term collaboration with them. 59% of our order value is made by suppliers we have been working with for more than five years, whilst 26% of our orders are produced by suppliers with who we have over a 10-year working relationship.

## Tier 1: Product manufacturers



## Tier 2: Material suppliers



## Progress FY 21/22

Update supplier evaluation process	In Progress
Revised collection and production set-up	Achieved
Organise Acne Studios supplier forum	Achieved
FY 21/22 supplier evaluation pilot	In Progress

### Update supplier evaluation process

We have had an internal process for several years to evaluate our collaboration with suppliers on development, quality, production and sustainability. This year, we strengthened this procedure with more detailed criteria and a set timeframe to base the evaluation on. This continuous supplier evaluation process should become a tool to consciously direct our sourcing to those suppliers that we see as strategic partners and who share our sustainability ambitions. This new process will also help to identify which suppliers we should prioritise when it comes to sustainability initiatives.

### Revise collection and production set-up

The way we source our products influences the ability of our suppliers to meet our sustainability standards. To allow our suppliers to spread production capacity more evenly and give them more time to plan, we split our collection into sub-collections with different sampling and production deadlines. In line with this move, we also lower the number of styles in our collection, with the aim to decrease sampling and cancellation of styles during development.

### Organise supplier forum

To strengthen the collaboration with our most important suppliers and to connect again after the pandemic period, we organised a two-day supplier forum at our HQ in Stockholm. Around 100 participants from our key European product and material suppliers were invited to learn more about Acne Studios' business strategy, our values and our sustainability ambition. The forum contained presentations, guest speakers and workshops with the overall goal of building strong mutual partnerships for the future.

## FY 21/22 Supplier evaluation pilot

Our ambition was to pilot our updated supplier evaluation process on product and material suppliers used during FY 21/22. This would include considering percentage of order value placed at strategic partners that share our sustainability ambition as outlined in our long-term target. Due to time limitations, this was not able to take place and will be arranged beginning of 2023 instead.

## FY 22/23 Milestones

Digital supplier forum Asian suppliers	Launching
Launch supplier evaluation process	In Progress
Integrate purchasing practices in evaluation process	Launching
Launch company-wide supplier sustainability code of conduct	Launching

The overall focus for next year will be to integrate our strategic partnership approach into our sourcing decisions. Since our Asian suppliers still faced travel restrictions, they were, unfortunately, not able to attend our supplier forum. Instead, we will organise a digital version for them next year.

To continue our supplier evaluation process, we will launch it internally with a starting meeting for all teams involved and by formalising a seasonal and annual supplier evaluation within our sourcing calendar. In addition, we will set up a plan on how to communicate the evaluations back to our suppliers and how to integrate their feedback on our performance and our purchasing practices into the process.

Finally, we are working on a company-wide sustainability code of conduct that will not only apply to our product suppliers but to all suppliers that provide goods and services to Acne Studios. The code will streamline our expectations of suppliers throughout the company and will refer to a broad range of topics including workers' rights, environmental performance and ethical business conduct, including anti-corruption policies.

# Traceable Supply Chain

## 100% traceable supply chains down to raw materials by FY26/27

Traceability and knowledge of our full supply chain is necessary to evaluate our social and environmental risks, minimise our impacts and ensure our sustainability standards are met. Demands from customers and upcoming legislation also require us to prioritise traceability. Our target is to have a documented overview of all production locations in our value chain throughout all the tiers down to raw material sites such as cotton farms in Tier 4.

### Progress FY 21/22

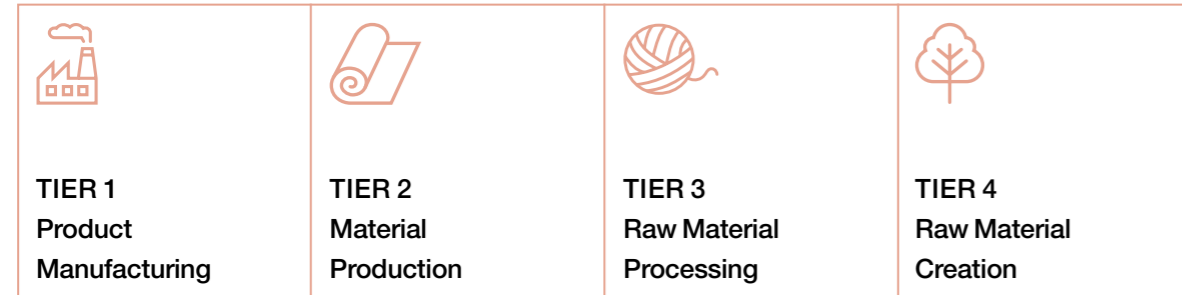
Streamline Tier 1 traceability	Achieved
Launch Tier 2 traceability	Achieved
Country of origin on all raw materials	Achieved
PLM upgrade	Achieved

#### Streamline tier 1 traceability

Ever since our Fear Wear Foundation (FWF) membership in 2008, we have been working on having full traceability of all our direct suppliers and their subcontractors responsible for making our products. We have had full traceability of all our tier 1 production locations ever since. This year, we reviewed our internal processes and started asking the production set-up from the start of our development process.



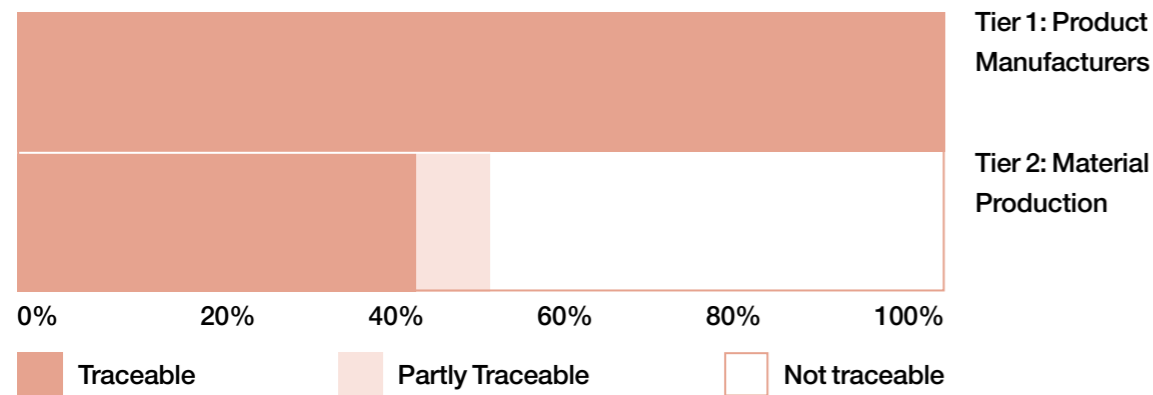
## Acne Studios Value Chain



### Launch tier 2 traceability

Since we mostly purchase or nominate our finished materials ourselves, we have full traceability of the fabric mills and tanneries we work with. However, we do not always know every production location used for every production step. As of FW22 season, we ask our tier 2 suppliers to provide us with their exact production set-up. We started with the categories that work with fabric and yarn mills and will start next season with asking tanneries for their production set-up. FW22 was the first season we spent a lot of time on training our teams, supporting our suppliers and collecting new data.

### Traceability progress FW22

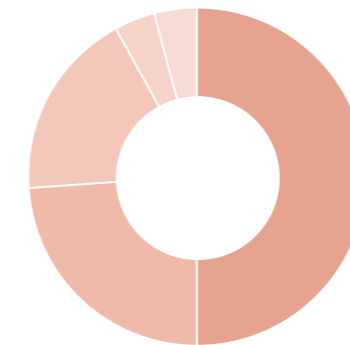


## Country of origin of all raw materials

For several seasons, we have been asking our suppliers of wool and leather to provide us with documentation to verify the country of origin of these materials. To evaluate the risks and impact of all our raw materials, we started to ask the country of origin of all raw materials as of the FW22 season. The origin of cotton, wool and leather, our most important raw materials, are given below. This information is crucial when updating our fibre and leather classification tools (see chapter 'Preferred materials') and when developing our human rights due diligence strategy (see chapter 'Protecting workers' rights).

### Country of origin of cotton

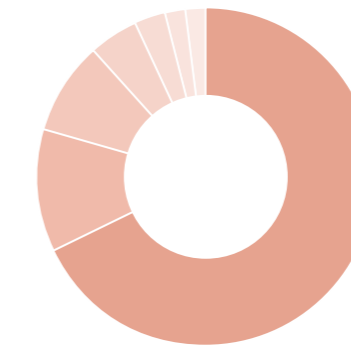
Share in FY 21/22 order weight



- 50% APAC
- 24% Europe
- 18% Not specified
- 4% Africa
- 4% North America

### Animal country of origin of wool

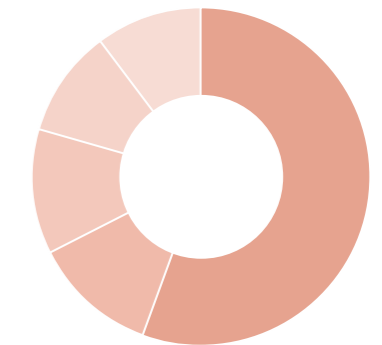
Share in FY 21/22 order weight



- 68% South Africa
- 12% Australia
- 9% Not Specified
- 5% South America
- 3% New Zealand
- 2% Europe
- 1% China

### Animal country of origin of leather

Share in FY 21/22 order weight



- 58% Europe
- 12% Not specified
- 12% Africa
- 11% APAC
- 7% North America





### PLM upgrade

Fashion supply chains are complex, making it crucial to find an efficient way to collect and manage data. This year we started the process of getting our internal systems ready and a project manager was hired early this year to lead this project. Our PLM system was updated to enable more features on traceability and verification so that we can better store and manage information on this platform.

### FY 22/23 Milestones

Full Tier 2 traceability	In progress
Launch supplier portal	Launching
Select blockchain system	Launching
Explore digital product passport	Launching

For coming seasons, we aim to further increase our traceability of tier 2. This will mainly be done by internal and external training and by integrating the data management of this process into PLM.

We will also start using a supplier portal for PLM next year so that suppliers can directly add information to the system, making data sharing more efficient. Since not all information on traceability and sustainable performance can be managed in PLM, we are planning to select other systems that can help us. Many industry organisations that we are a member of are also working on introducing traceability systems that we aim to use to make further progress in traceability. Textile Exchange will launch their Trackit system early 2023 that will help us with traceability of certified raw materials and LWG kicked off their traceability roadmap in 2022, showing the pathway towards guaranteeing traceability, including a chain of custody for all LWG bronze, silver and gold leather. The final project for the coming year will look at how to provide this information to consumers, where we will explore solutions for digital product passports.



# Protecting Workers' Rights

## Full monitoring of workers' rights across our supply chain by FY 26/27

We want to develop and produce our collections together with partners that share our passion for making strong products and are committed to doing so in an ethical manner. To achieve this, we are a member of Fair Wear Foundation (FWF) since 2008. With our membership, we ensure that those involved in making our products work under fair conditions. Our sourcing policy and code of labour practices form the basis of our monitoring. See Annex 3 for an overview of our social monitoring process within FWF.

Since our impact on workers' rights goes beyond our direct suppliers, we now want to expand our monitoring of labour conditions and human rights to all the tiers in our supply chain.

### Progress FY 21/22

Advance FWF leader ranking	Achieved
Pilot cost transparency	Achieved
Launch Tier 2 monitoring	In progress
Rollout digital trainings	In progress

### Advance FWF leader ranking

FWF is supporting us on the monitoring of our product suppliers, tier 1. Each year, they evaluate our performance and receive insight into our supplier base, sourcing processes, order data and monitoring activities through a so-called Brand Performance Check. We have been graded as a leader in social responsibility for the last eight years. A recap of other key KPIs that are included in their review is listed below and the full report is published on our website. Their check for this year takes place at the end of 2022. Over 90% of our orders are produced in China, Italy, Portugal, Romania and Turkey. On the next page, we describe our monitoring and progress in these countries in more detail.



Financial Year	20/21	19/20	18/19	17/18	16/17	15/16	14/15	13/14
FWF ranking	Leader	Leader	Leader	Leader	Leader	Leader	Leader	Leader
Share monitored	94%	88%	96%	98%	95%	92%	92%	91%
Share visited	N/A	78%	91%	92%	91%	83%	79%	85%
Share in low-risk countries	64%	62%	59%	59%	56%	59%	59%	38%
Number of complaints	2	2	0	0	2	0	2	1

## Italy



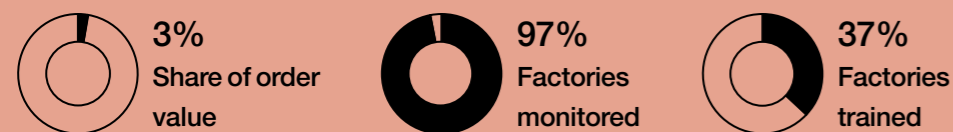
FWF does not perform audits in Italy, which is why we audit our Italian suppliers through other auditors. This summer, we piloted three audit companies to re-evaluate our current auditing approach and to make sure we have sufficient auditing capacity when we begin auditing tier 2 suppliers. We customised their auditing formats to fit our requirements and compared their competencies by auditing several of our tier 1 factories with each of them. Since most auditing formats are not customised to the Italian situation of small production facilities and more subtle non-compliances, as a next step, we will organise a workshop together with the Italy Fashion Working Group (IFWG) for auditors to share learnings and best practices.

## Portugal



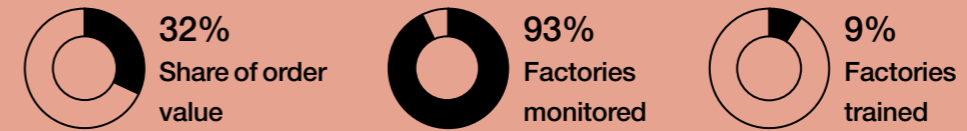
In Portugal, most of our jersey/fleece production is sourced via an agent. This year, we have worked together with this agent on improving communication, streamlining follow-up on sustainability and allocating more resources on their side to ensure a smooth delivery on both these aspects. This is important since, being a key partner for us, we want to bring their sustainability performance to the next level and invest in shared sustainability projects.

## Romania



After Covid restrictions ended in Romania, we were able to finally schedule new audits and WEP trainings at our two main woven factories. One factory had been audited by us three times before and, during this audit, it was found that they resolved almost all previous audit findings and pay a living wage or higher to most workers. The other factory indicated that, prior to new elections for worker representatives, workers would benefit from a WEP training to increase awareness about the purpose and process of such elections. We took on the feedback and organised the training to encourage confidence among workers to engage in the election process.

## China



This year continued to be a challenging one for China as several regions experienced Covid lockdowns. We reached out to our suppliers in affected areas to understand if they were able to continue to pay workers and arrange appropriate housing during lockdowns. We also audited our knitwear supplier again, together with two other FWF brands that also source from this factory. Wages at this factory are relatively high, with some of the workers reaching living wage levels. Since this supplier is a longstanding key partner for us, we decided to start a wages project with them and the two other brands, with the aim to elevate wages to living wage levels for all workers. As a first step, we organised a training on FWF's fair price method for the supplier's management.

## Turkey



We conducted audits at our two leather garment manufacturers this year. Both factories were audited before and it was found that the grievance mechanism at both factories still didn't function properly and communication between management and workers could be improved. For this reason, we offered both factories a Workplace Education Programme (WEP) training with specific a focus on social dialogue. These trainings will take place end 2022 and early 2023.

Early this year, we received a complaint from a worker at one of the factories concerning the shift work schedule that was still in place after Covid restrictions ceased. We contacted management who re-evaluated the shift work and, as of June, the working hours were rearranged back to normal.

### **Pilot cost transparency**

We launched an open costing project in FW22 season where suppliers were asked to share information on labour costs and minutes for all carryover styles. To support suppliers in calculating these costs, we offered them training on the fair price tool developed by FWF, which allows them to better understand the impact of their prices on their ability to pay workers a living wage. Six trainings are currently scheduled for the end of 2022 and the beginning of 2023.

### **Launch Tier 2 monitoring**

Since Italy is the country where most of our materials come from, we started here with an audit pilot. We audited eight of our tier 1 suppliers through three audit companies to compare quality and accuracy and to assess which one can best support us when expanding our auditing scope to tier 2. We also visited several of our tanneries in Italy to understand the production processes, traceability status and to evaluate labour risks.

### **Rollout Digital trainings**

We want to roll out digitalised training tools both for management and workers. Our plan for 2020 was to start a digital training program in China, which was then cancelled due to Covid. Instead, we investigated several service providers this year to find a tool that best fits our training preferences and our suppliers' geographical presence. We will continue this work next year.

### **FY 22/23 Milestones**

Tier 1 consumer transparency	Launching
Rollout Tier 2 monitoring	Launching
Define human rights due diligence strategy	In progress
Define Tier 1 living wage strategy	In progress

Together with FWF, we will take a first step in supply chain transparency next year. FWF provides an overview of factories that member brands source from on its website and through the Open Supply Hub. We expect to have all our tier 1 production locations published by next year. We will also finalise our social monitoring strategy for tier 2 suppliers and start auditing these production locations. The further we go down the chain, the more that monitoring will be based on human rights risk evaluations and actions to prevent or mitigate risks. With the upcoming EU legislation focused on human rights due diligence, we will evaluate our current workers' rights strategy for tier 1 and 2 suppliers against this new framework and define a human rights due diligence strategy for suppliers in our tiers 3 and 4. We will continue our work on wages, with a priority towards countries where the gap between minimum wages and living wages is higher or where there is no national CBA. To set a framework for these plans and link it with other aspects such as gender and purchasing practices, we will create a separate living wage strategy.

# Our Impact

The majority of our social and environmental impact lies in our supply chain and it is there that most of our sustainability efforts under our collections and our partners are directed. However, this last pillar, our impact, covers the main priorities relevant to reduce the environmental impact of our business operations as a whole. We have identified that these are to significantly reduce our total climate impact, to have a circular approach in our use of packaging and to work towards zero waste in everything we do.



# Reduced Climate Impact

## 50% absolute reductions of Scope 1, 2 & 3 emissions by FY 30/31 from base year FY 20/21

We understand the urgency of climate change and are committed to reducing our climate impact in line with the Paris agreement and what science says is needed to limit global temperatures from rising no more than 1.5 degrees. Our target is to half our GHG emissions by 2030 according to our base year FY 20/21.

In 2019 we became an active member of the Swedish Textile Initiative for Climate Action (STICA) where we, together with several Scandinavian brands, collaborate to find climate solutions for our industry and where we jointly report the progress publicly every year. To progress towards our climate target, the below initiatives were introduced last year.

### Progress FY 21/22

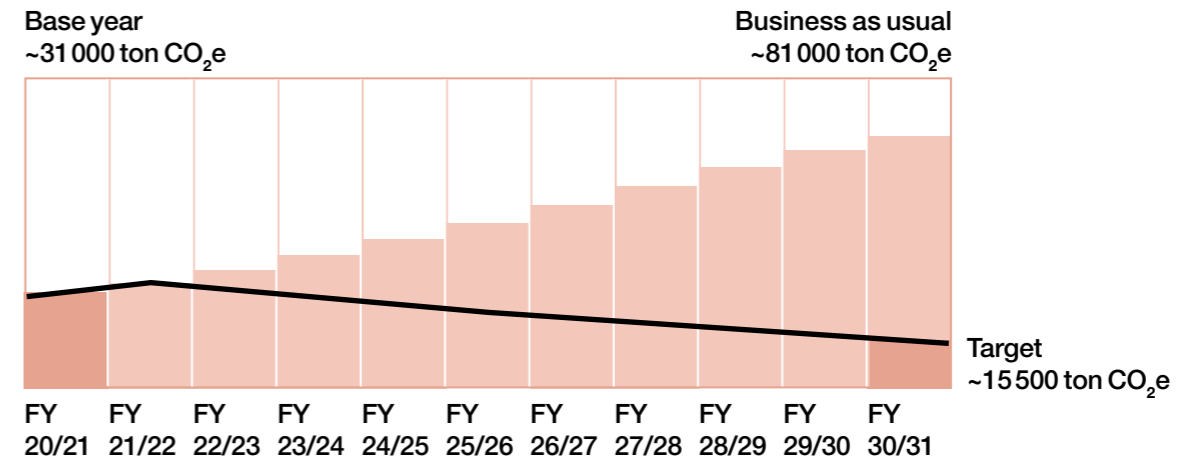
2030 climate roadmap	In Progress
Strategy to reduce air shipments	Achieved
Supplier training on renewable energy	Achieved
AS' climate footprint FY21/22	Achieved

### 2030 Climate roadmap

Focus this year has been to outline and quantify what measures we need to take to meet our long-term climate target through the launch of our 2030 Climate Roadmap. It is going to be a challenge, also since we have very ambitious growth plans. If we don't take any actions and continue business as usual, we risk significantly missing our climate goal. In the roadmap, we include actions on key areas such as our facilities, transportation, business travel and production. We also include decoupling strategies such as how we can separate our financial growth from the use of natural resources. Several departments are involved in this work, which will deeply affect how we run our business, and we hope to conclude the roadmap before the end of 2022.

### 2030 Forecast example

~10% annual business growth will require ~17% annual emission reductions



### Strategy to reduce air shipments

A large share of our GHG emissions origins from air shipments of our goods. Therefore, this year we have worked on a strategy to reduce these whilst still being able to have the right products in store at the right time. This will be enabled through a new segmentation of our collection and a new production planning structure, will be rolled out in our FW23 season.

**46%** Percentage of our main product suppliers (Tier 1) that use renewable electricity for either parts or all of their energy consumption.

### Supplier training on renewable energy

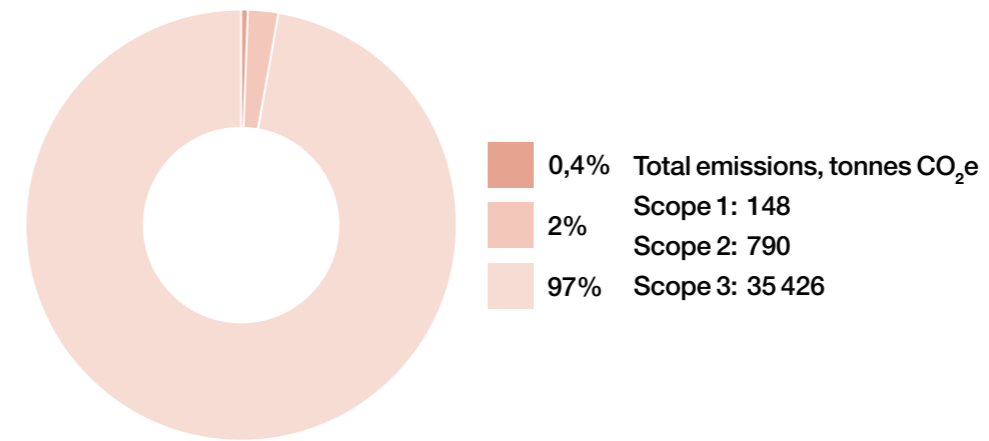
In order to meet our climate target, the vast majority of our suppliers need to use renewable energy for the production of our products. To support them in this transition, we invited the organisation Act Renewable to present renewable energy opportunities at our Supplier Forum, described earlier in this report. The forum also included a presentation from Michael Schragger, the Director of STICA, and workshops where suppliers could share learnings with each other. Several suppliers have already introduced renewable energy, such as solar panels, or are in process of doing so. However, this doesn't always cover their whole energy need and it will be key for us that their subcontractors are also participating in this transition for us to see sufficient results.

### Acne Studios climate footprint FY 21/22

The results from this year's climate footprint report show that our total emissions have increased with 14% in FY 21/22, an absolute increase from 31,972 to 36,364 tonnes CO<sub>2</sub>e. The largest increase and our biggest impact can be found in our transportation as well as in our raw materials. An increase of emissions is, of course, not satisfying but we are also aware that many of our climate reducing measures are still to be introduced. Our calculations are made of both reported and estimated emission data. This year, we have increased the share of reported data; this means that we have more accurate results. In order to improve comparability of reductions or increases of emissions in-line with our long-term target, the production emissions from the base year will be updated during FY 22/23. More detailed comparisons of our emissions in relation to our current base year can be found in Annex 4.

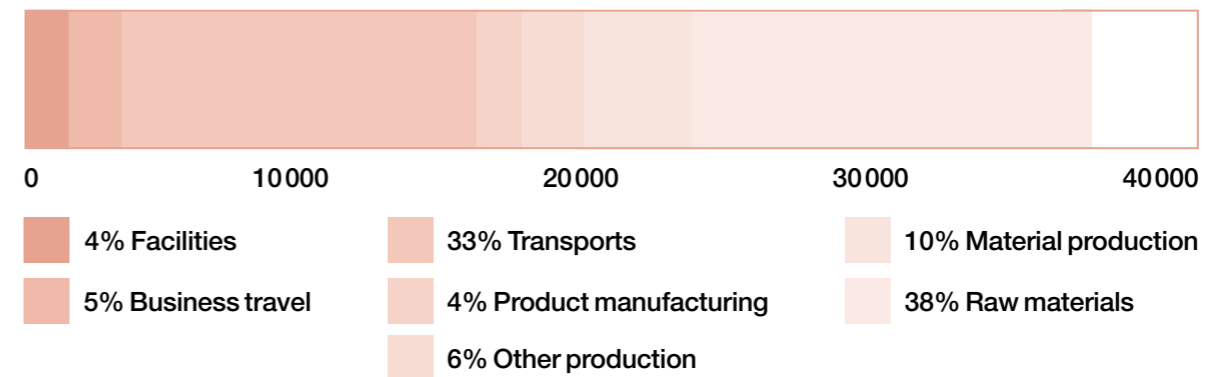
## GHG emissions per scope

Share of emissions in FY21/22



## GHG emissions per operation

Share in FY21/22







### FY 22/23 Milestones

Finalize 2030 climate roadmap	In progress
Launch strategy to reduce air shipments	In progress
50% reduction of scope 1 & 2 emissions	Launching
Update production emissions in base year	Launching
Explore emission reductions wool	Launching
Explore climate investments	Launching

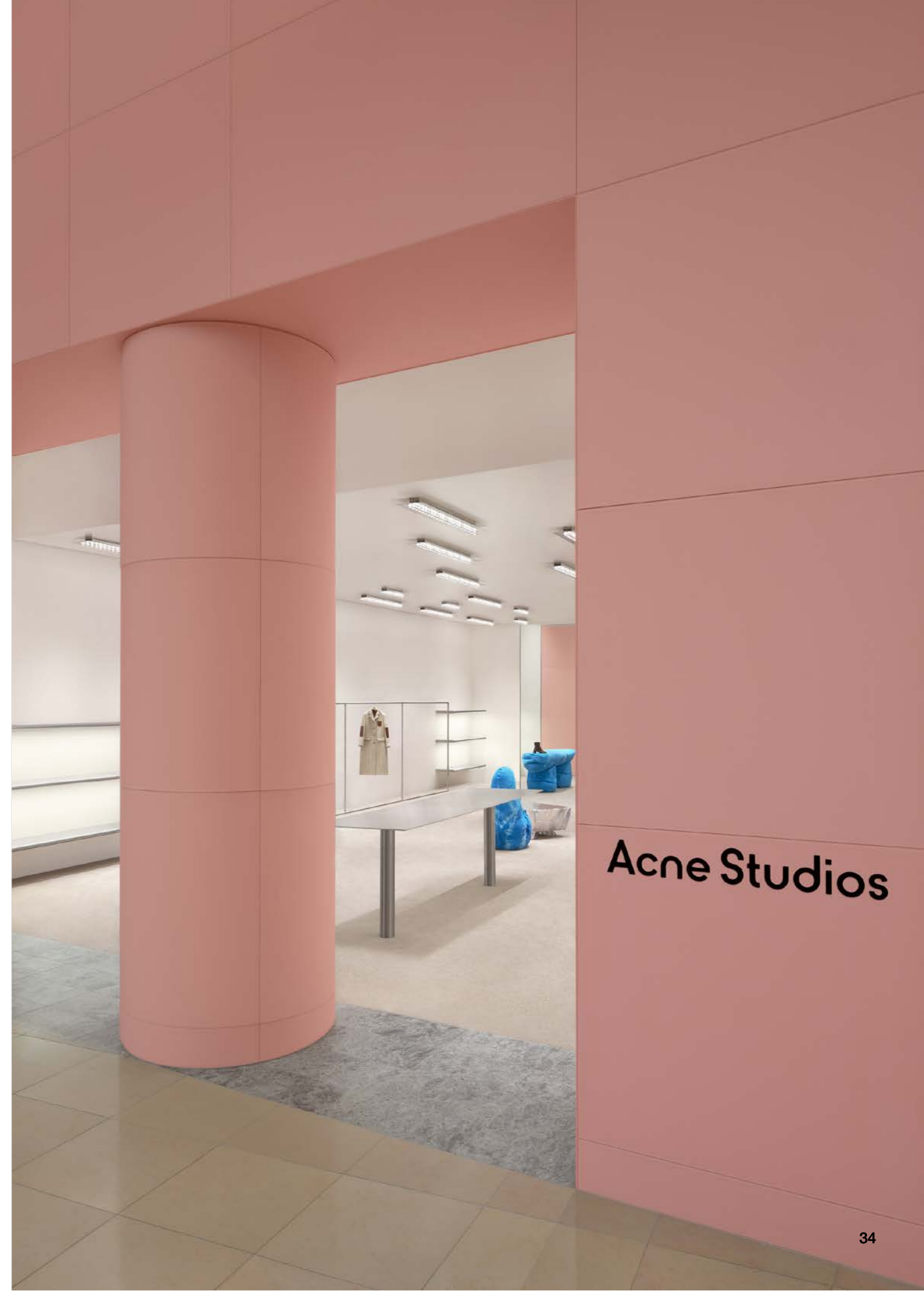
The immediate upcoming milestone for the coming year is to finalise and launch our 2030 roadmap across our organisation. We will also continue the work on reducing the use of air shipments. An important target is also to half our Scope 1 & 2 emissions, produced from running our stores, offices and warehouses. Our plan is to do this through the purchase of Renewable Energy Certificates (RECs). Other key milestones will be the researching of possibilities to reduce emissions of wool as well as the exploring of potential climate investments such as the Fashion Climate Fund initiated by the Apparel Impact Institute, or other similar initiatives.

# Circular Packaging

## Circular packaging across all operations by FY26/27

Throughout our operations and sales, packages are used to protect and enhance our products. Our ambition is to implement a circular approach for all of these, from packages used during shipping and distribution to product packages and sales packaging.

All our branded product and sales packages are designed in a way that it should be desirable for customers to keep them and reuse them before they are eventually recycled. We don't use plastic shopping bags and most paper packaging is either FSC certified or made from a share of recycled paper.



## Progress FY 21/22

Update e-com packaging and pilot paper polybags	In Progress
Update new shopping bags	Achieved
Map our packaging use and flows	In Progress
Define circular packaging strategy	Achieved

### Update e-com packaging and pilot paper polybags

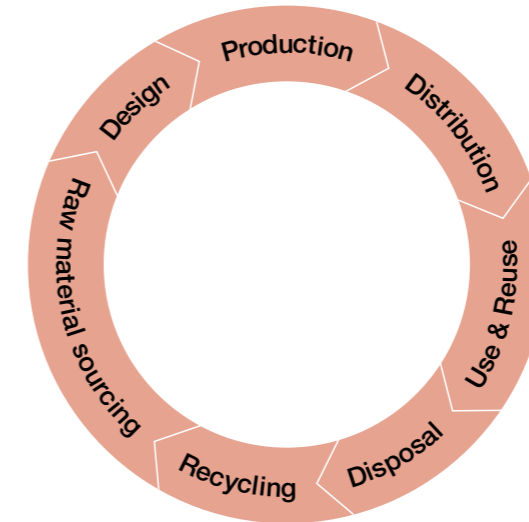
In 2021, we launched a project to make our e-com packages more sustainable. The overall ambition was to reduce material use and enable recyclability by introducing paper sleeves instead of our paper boxes for smaller e-com shipments, together with also using paper polybags instead of plastic polybags. Several developments and trials were made but, due to the complexity, we have not yet landed on a solution we are satisfied with. We aim to make a re-start of the review of our e-com packages and polybags during the coming year.

### Update new shopping bags

New shopping bags were developed last year. They are made of 40% recycled paper and we are working on increasing that percentage even more for production. The handles are also developed in paper to enable a high share of recyclability for the product as a whole. The bags will be launched in stores during 2023.

### Map our packaging use and flows

Mapping our full packaging flows requires a 360-degree understanding of all our operations, from the shipping from suppliers to our three warehouses and our 60+ stores. It also involves cooperation with several departments from marketing, supply chain and sales. This year, we have started to map the packages we use, the volume, the share of recycled materials and the possibility of recycling these in our facilities and across all global markets. This project will be finalised next year and is going to support us in prioritising the next steps towards implementing circular packaging.



### Define circular packaging strategy

Having a circular packaging approach means for us to consider how we can close the loop of material flows of our packages. This means, firstly, using less material, that the material is made in as high a share of recycled content as possible and that we design and enable our packages to be reused and, eventually, recycled in either our own operations or by the final customers. It also involves considering the location of packaging manufacturers to ensure emissions from packaging transportation are kept as low as possible.



## FY 22/23 Milestones

Continue map packaging use and flows	In progress
Define and launch circular packaging targets	Launching
Review packaging legislation for our markets	Launching
Re-start e-com & polybag project	Launching

Next year, we will continue integrating our circular packaging strategy by finalising the mapping of our packaging volumes and flows. This will include improving documentation and following order streams across our different operations. We also want to define more clear targets and officially launch the strategy internally as it involves a large part of our organisation. As we are expanding into new markets through the opening of further stores, we will have to review compliance with packaging legislation due to the ever-strengthening and expanding legislation on packages. Finally, we aim to pick up the important work already initiated on updating our e-com packages and our polybags.

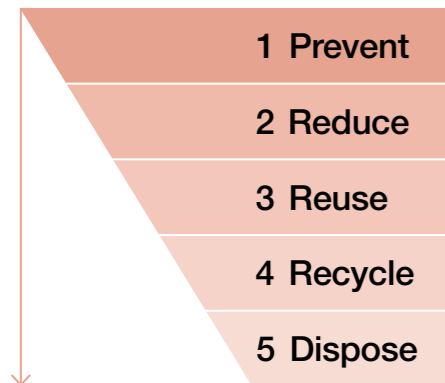
# Towards Zero Waste

## Reduce, reuse and recycling of waste across all operations by FY26/27

Our ambition is to work towards zero waste across all our various operations from the development and production of our collections, at our stores, offices and warehouses, during sales by preventing unsold products and from events such as our fashion shows. Our zero-waste approach follows the waste hierarchy where we should primarily prevent and reduce waste and then, consequently, reuse and recycle it.

## Our Priority Towards Zero Waste

Most favoured option



Least favoured option

Several waste-preventing measures are already in place such as increased use of virtual sampling and digital showrooms to reduce the need for physical samples. For us, it is also key that customers purchase our products because of need and desirability not due to temporary markdowns. Therefore, we focus on a full-price strategy and we only discount products at the end of the season. We use AI to improve sales forecasting and our target is that, within two years, 91% of our turnover should be from full price sales.



In addition, we reuse leftover fabrics in our Repurposed capsule collections, which have now been running since 2019, and we also create gift packages made of deadstock materials. For leftover fabrics and trims from our atelier in Stockholm, we make donations to Swedish design schools. However, there are more things to do and the following milestones were introduced last year.

## Progress FY 21/22

Recycling old denim deadstock	Achieved
Cutting waste recycling project	In Progress
Recycling of waste from Paris fashion show	Achieved
Map waste and recycling at facilities	In Progress

### Recycling Old Denim Deadstock

We started a collaboration with the Swedish company Renewcell on the recycling of very old denim deadstock that we could not sell through our outlet channels. The denim will now be recycled into new man-made cellulosic fibres.

### Cutting Waste Recycling Project

During the garment manufacturing process, normally around 15% of the materials end up as waste after cutting the fabric into pattern pieces. Our goal is that this waste should be recycled. This year we initiated a project with our denim and jersey & fleece suppliers to find solutions for recycling cotton waste into new fibers. This project will continue during next financial year.

### Recycling of Waste From Paris Fashion Show

For our FW23 show in Paris, we collaborated with an organisation to find a second life for the materials used to build the settings. As a result, 92% of the materials were sent forward for reuse and recycling.

## Map Waste and Recycling at Facilities

Our ambition is that all our stores, offices and warehouses have sufficient recycling infrastructure based on the type of waste created there.

However, today we do not have the full overview; we have started to map this in detail across our 60+ stores.

## FY 22/23 Milestones

Continue cutting-waste recycling project	In progress
Implement recycling in all key stores	In progress
Integrate repurposed in seasonal collections	In progress
Measure development left-overs	Launching
Sustainability guide new store developments	Launching

A primary focus for the coming year is to improve the measurement and verification of our zero-waste target. To prioritise our efforts, we need to know where our largest waste streams are produced. We will divide the initiatives based on waste from our facilities, development, production, sales and events.

For our facilities, we aim to continue to implement recycling infrastructure across all markets as well as create sustainability guidelines for new store developments. In terms of production waste, we will continue the cutting waste recycling project and we aim to integrate our repurposed fabrics into our seasonal collections instead of managing them as separate capsules. For development, we will introduce an improved system to track leftover materials and, lastly, we will perfect the recycling system that was already introduced this year for our events.

# Our Workplace

Our people are our company's greatest asset. Attracting and retaining talent from all over the world and bringing the best out of our people is crucial to delivering on our strategic priorities. Our ambition is to be the employer of choice for people who want to work in a progressive and fast-moving part of the luxury fashion industry, standing as one of the few independent fashion houses.



We employ approximately 850 people globally across 14 countries. We have offices in Stockholm, Paris, Empoli, New York, Shanghai, and Tokyo and operate stores in 14 countries. Approximately 250 employees are based in our Stockholm HQ and approximately 460 employees work in our stores. These numbers are likely to grow in 2023.

### **Building our company culture**

We believe that a distinct company culture is key to empowering people and thereby driving both business growth and personal growth. An authentic culture is also critical to attracting and retaining talent, especially in today's competitive landscape. We define culture as "values and behaviors in action."

Our four company values represent a shared set of rules and norms that we all must adhere to. Over the past 1.5 years, we have worked systematically to define, communicate and implement these values. All 850 employees have participated in in-person or digital Values Workshops where our values have been explained, challenged and role modelled. In parallel, 50+ key leaders (primarily managers) have participated in several Values Leadership Workshops to start building the right capabilities. We have also launched the comprehensive work of integrating our values in all core people processes to ensure they become an integral part of how we attract and retain talent, whilst also being a concrete framework for how we should work together. Our Performance Development approach was the first core people process to be redesigned. This comprehensive work will continue far beyond 2022.

### **Accelerating employee engagement**

For us, measuring employee engagement is a way to "check the temperature" of our company culture. Employee engagement is an indicator of how connected and committed our people are to our organisation. The business rationale for employee engagement as a driver for company performance is clear. Much research has also confirmed the link between employee engagement and positive outcomes for both the employer and the employees.

Until 2019, we ran a survey on employee satisfaction every second year. We moved away from this large format to a more frequent mechanism to enable proactive work with engagement and performance. We launched Winningtemp as our global pulse check tool in spring 2022, involving all employees globally (China will be included in early 2023). Employees answer five questions per week and the outcomes are discussed in regular pulse check talks.

### **The purpose of Winningtemp is threefold**

- Employees: Enable employees to share constructive feedback and input to foster engagement and team dialogue.
- Managers: Empower managers with actionable insights to continuously improve team effectiveness and performance
- Management: Equip management with key insights to develop our people and organisation to ultimately achieve our strategic priorities

### **Providing a safe work environment**

The safety and wellbeing of our people is first priority. We work hard to proactively identify and mitigate risks, improve our work environment and build critical capabilities. We have a structured work environment process in place for Sweden that is centered around close collaboration with employee-appointed safety representatives. We are happy to see that the sick leave ratio for our Stockholm HQ has decreased with 0.6% pp. vs. 2019\* (2.49% vs. 1.89%, calendar year 2021 vs. calendar year 2019). However, many initiatives remain, and we will accelerate this work in 2023.

As one key proactive effort, we have offered Health & Safety trainings, including CPR, through an external provider to all employees in our Stockholm HQ. Employees received an invitation to a 3-hour training and managers were encouraged to ensure that their team attended. To date, we have trained 120 employees in our Stockholm HQ in CPR and we have since increased the number of defibrillators across our facilities. This capacity building will continue in 2023. We have also run two organised fire drills and appointed safety representatives on each floor.





## Being A Workplace for Everyone

Gender Diversity	2019*	2022*
<b>All Employees</b>		
Women	58%	59%
Men	39%	37%
Non-binary/prefer not to say	0,2%	0,4%
Information missing	3%	3%
<b>Managers</b>		
Women	58%	58%
Men	42%	42%
<b>Management Team</b>		
Women	30%	36%
Men	70%	64%
<b>Board of Directors</b>		
Women	14%	29%
Men	86%	71%

\*Please note that we use 2019 as reference year to avoid comparison with pandemic-related years.

We aim to have an open company culture and strive to be progressive in everything we do. We are committed to diversity of all types and inclusive practices are integrated across our company values and ways of working. Our business is centered around creativity and we encourage different perspectives to make room for innovation and allow for better decision-making. All our people should be treated with dignity and respect and always feel safe; ultimately, they should feel that they can be themselves at work.

We will continue to integrate inclusive practices in all our core people processes in 2023. We aim to increase diversity in our recruitment. We will put greater focus on capability building and run unconscious bias trainings for all managers to ensure fair and objective assessments across the entire employee lifecycle. We will also explore what diversity parameters we could and should measure and track across our employee base.

Increases in gender diversity were relatively modest in 2022 vs. 2019\* and we recognise that we must lead by example. Our ambition since many years remains – the gender diversity of our leaders should reflect the gender diversity of our employees.

### **Always acting ethically**

In addition to physical safety, we aim to be a workplace where people feel comfortable raising their concerns about ethical issues or cases of non-compliance, without fear of retaliation. In 2022, we took important steps to further strengthen our work in this area by implementing an external reporting channel, available to internal and external stakeholders. This is a complement to our internal procedures, which we will continue to strengthen in 2023. Within this reporting period no concerns or complaints have been filed, neither from internal nor external stakeholders.

Acting with integrity is inherent in our company values and we expect all our employees to act in an ethical manner at all times. We have a zero-tolerance policy for bribery and corruption, as described in a policy document that all employees must read and confirm understood upon employment. In addition to defining our responsibilities in upholding ethical business practices, this policy also provides risk scenarios and guidance on how to act in case of suspicion of issues.



FLANNEL

# Annex 1

## Acne Studios preferred material & denim wash classification

Fiber Classification Tool			
Preferred*	Good	Discouraged	Banned
Organic linen	Conventional linen	Conventional cotton	Fur
Organic hemp	Conventional hemp	Non-traceable wool	Angora
Organic cotton	Silk	Lyocell (unbranded)	Mulesed wool
Recycled cotton	Jute	Modal (unbranded)	Non-MSA mohair
In conversion cotton	Ramie	Viscose (unbranded)	Non-RDS down
Organic silk	Natural bamboo	Bamboo viscose	
Peace silk	Traceable wool	Rayan	
Organic wool	Lenzing modal	Cupro	
Recycled wool	Lenzing viscose	Virgin polyamide	
Responsible wool (RWS)	Polyactic acid (PLA)	Virgin polyester	
Responsible mohair (RMS)		Acrylic	
Responsible Alpaca (RAS)		Polyurethane	
Recycled down		Elastomultiester	
Responsible down (RDS)		Elastane	
Crailar®		Acetate	
Agraloop BioFibre™		Triacetate	
Monocel®			
Tencel®			
Refibra®			
Eco Pure modal			
Ecovero®			
LivaEco by Birla cellulose			
Eastman Naia™			
Circulose®			
Recyled polyamide			
Reascyled polyester			
Biobed polyamide			
Biobased polyester			

\*For all preferred materials we require verification via certification, including Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), Global Recycled Standard (GRS), Responsible Wool Standard (RWS) and Lenzing number verification.

### Leather Classification Tool

	Preferred*	Good	Discouraged	Banned
Animal welfare	Low risk countries	Mid risk countries	High risk countries	Brazil, Bangladesh
Traceability	Slaughter-house	Animal country of origin	Hide country of origin	No traceability
Tanning	LWG gold/silver	LWG bronze/audited	No LWG member	No commitment
Vegan Leather	Bio based PU	Water based PU	Solvent based PU	PVC

- \* Preferred leather meets the following criteria:
- Low risk countries on animal welfare: European Union, United States, Canada, Japan, New Zealand, Australia
  - Slaughterhouse traceability: Verified traceability back to slaughterhouse
  - Tanning: Tannery is audited by LWG and reached silver or gold score
  - Vegan leather: Made of biobased PU that consists of at least 30% bio-based materials (i.e., agricultural waste) combined with water-based PU

### Shoe Classification Tool

	Low-impact*	Medium Impact	High Impact	Banned
Upper (40%)	See fiber and leather classification tool			
Soles* (60%)	Natural FSC rubber Bio-based TPU/EVA Recycled TPU/EVA/rubber	EVA Water-based TPU	Petroleum-based plastics/rubber	PVC

\* We consider soles sustainable if they consist of ‘preferred’ sole materials, combined with ‘good’ sole materials.

### Denim Wash Classification Tool

	Low-impact*	Medium Impact	High Impact	Banned
Water use Litter/garment	0–35	35–80	>80	
Energy use kWh/garment	0–2	2–4	>4	Sandblasting
Chemical impact**	EIM Score: 0–25 Bluesign GOTS	ZDHC Approved	N/A	

\* All criteria are based on Jeanalogica’s environmental impact measuring (EIM) scoring.  
 \*\* In case EIM scoring of chemical impact is not available, we refer to usage of GOTS or Bluesign approved chemicals.

# Annex 2

## Acne Studios animal welfare policy

Animals are entitled to good treatment and this must be respected through the adoption of good animal husbandry and the fulfilment of our animal welfare requirements. The 'Five Freedoms', adopted by the World Organisation for Animal Health (OIE) for animal welfare on the farm, in transit, at the market or at a place of slaughter, form the basis for this.

These freedoms are:

- Freedom from hunger and thirst
- Freedom from discomfort
- Freedom from pain, injury and disease
- Freedom to express normal behaviour
- Freedom from fear and distress

We have the following restrictions in place for the use of animal materials:

- We have a complete ban on angora since 2013
- We do not accept mulesing of merino sheep
- We only use down certified to Responsible Down Standard (RDS) or Global Recycle Standard (GRS)
- We never use hides from animals that are only raised for their fur
- We only use hides that are a byproduct from the meat industry
- We only use mohair from South African farms that are certified to the Responsible Mohair Standard (RMS) or have passed an audit according to the Mohair South Africa (MSA) Sustainable Guidelines
- Acne Studios does not accept any materials from endangered species stated on the CITES Appendix I, II and III (following the Washington Convention)

# Annex 3

## Fair wear foundation monitoring process

With our Fair Wear Foundation (FWF) membership, we ensure that those involved in making our products work under fair conditions. We monitor our suppliers based on the below code of labour practices:

 <b>1</b> Employment is freely chosen	 <b>2</b> Freedom of association & the right to collective bargaining	 <b>3</b> No discrimination in employment	 <b>4</b> No exploitation of child labour
 <b>5</b> Payment of a living wage	 <b>6</b> Reasonable hour of working	 <b>7</b> Safe and healthy working conditions	 <b>8</b> A legally binding employment relationship

We have developed a process to monitor and improve working standards by taking the following steps from the start of our supplier relationships:

**Step 1. Risk Evaluation**

The sustainability team continuously assesses human rights and health and safety risks in our production countries and regions.

**Step 2. Entry Assessment**

When starting a new relationship, suppliers need to complete a social standards questionnaire, explain their production set up and show recent audit reports.

**Step 3. Improvement Process**

<b>Social Audits:</b> Auditing at all factories in high-risk countries and case by case in low-risk countries.	<b>Training:</b> Suppliers attend training and capacity building events offered by FWF.	<b>Complaint System:</b> Workers can anonymously inform us and FWF in case of work-related issues.
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# Annex 4

## Detailed climate footprint results

Emission category	Scope 1 Tonnes CO <sub>2</sub> e	Scope 2 Tonnes CO <sub>2</sub> e	Scope 3 Tonnes CO <sub>2</sub> e	Total emissions FY 21/22, Tonnes CO <sub>2</sub> e	Total emissions FY 20/21, Tonnes CO <sub>2</sub> e	Change from base year FY 20/21, %	Share of total FY 21/22, %	General notes and emission factors
Facilities	131	790	557	1 478	1 225	21%	4%	Increase in emissions mainly as an effect of larger warehouse areas and, thereby, an increased electricity consumption. Reduction of emissions can be found both from heating and cooling of our stores and offices. Energy emissions are mainly based on country specific electricity mixes from IEA and AIB.
Business travel	17	-	1 792	1 809	870	108%	5%	Emissions from business travel increased compared to base year due to increased travelling. Our base year was during the pandemic. Majority of emissions are calculated based on DEFRA emission factors and methodology. RFI factor 2.7 has been added to all flights according to STICA recommendations.
Production	-	-	20 955	20 955	19 285	108%	58%	The data quality has improved compared to the base year where majority of data was based on Higg MSI. To make final conclusions on both emission changes, base year emissions must be updated accordingly.
Tier 1: Product manufacturing	-	-	1 523	1 523	2 640	-42%	4%	The large decrease of emissions can be explained by improved data quality (where a larger share of emissions is based on reported data instead of global averages) as well as an overall reduction on energy consumption and change in energy mixes at reporting companies. Emission data is calculated based on country specific energy production data from 2021.
Tier 2: Material production	-	-	3 686	3 686	2 857	29%	10%	The increase of emissions in tier 2 can, to a large extent, be explained by methodology changes where excess material in tier 1 (cutting waste etc.) has been added to the total material weight for FY 21/22. At the same time, data quality has improved and reported data is, on average, lower than global average from Higg MSI.
Tier 3-4: Raw materials	-	-	13 660	13 660	12 259	11%	38%	Estimated emissions based on emission factors from Higg MSI. The increase of emissions is explained by the growth of leather and wool products. Total material weight is adjusted to consider wastage in tier 2.
Other	-	-	2 086	2 086	1 530	36%	6%	Increase of emissions is explained by the extended scope and improved data quality for packaging material whilst other categories within "other" have reduced compared to base year.
Transports	-	-	12 122	12 122	10 526	14%	33%	
Air	-	-	11 624	11 624	10 060	16%	33%	An overall increase of transport emissions can be explained by the increase of air transports, partly due to local lockdowns because of the covid pandemic and the ongoing war in Europe. Transport emissions are based on carriers' own reported emission data and for air freight, an RFI factor of 2.7 has been added if not added by carrier themselves.
Road	-	-	317	317	388	-18%	1%	
Sea	-	-	34	34	58	-42%	0,1%	
Rail	-	-	77	77	20	292%	0,2%	
Other	-	-	70	70	67	4%	0,2%	
<b>Total</b>	<b>148</b>	<b>790</b>	<b>35 426</b>	<b>36 364</b>	<b>31 972</b>	<b>14%</b>	<b>100%</b>	





**Acne Studios**