



HOUSE of BAUKJEN

Isabella  
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BAUKJEN

Impact Report

2021

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## Introduction

House of Baukjen is a family-run business with deep-rooted values regarding the health of People and Planet. We understand that the work we do as a brand has an impact far wider than our own operations and are dedicated to being a force for good in as many areas as possible.

From working closely with our manufacturers and having a strict code of conduct, to placing all of our production in Europe, we are actively making choices that are aligned with having a positive impact on the people in our value chain and beyond. It is important to us that our workers, either directly or indirectly employed, be given all the conditions which are conducive of happy and fulfilled lives. To this end, we continue to do work to gain full transparency of our supply chains and support suppliers in creating those same conditions. In 2021, we have conducted our most in-depth supplier questionnaire to date through tier 1 and some tier 2 of production. We have also created the conditions this year for more of our suppliers to implement Higg tools in their reporting, which will help us collect and access more primary data going forth.

For the protection of our planet, we are tracking our environmental footprint and aiming to reduce any negative impact to the furthest possible extent. As a company, we have very little impact through our own operations already and through our facilities, therefore most of our work is focused on key areas of Scope 3. Besides streamlining our processes and continuing to shorten supply chains, we aim to in future continue to lower the impact of our materials and garments at various stages whilst promoting innovation and a truly circular textile economy.



In 2021, House of Baukjen has both put significant effort into lowering environmental impact through action on a diversity of areas, but also into how it measures and reports on its environmental impact. This year saw us complete CDP for Carbon for the first time, as well as completing our first Biodiversity benchmark (GEF Biodiversity). We are also disclosing this voluntary Annual Impact Report for the first time, which integrates SASB Standards (Garments and E-Commerce) and TCFD, both adopted as a means to better communicate our work within the climate crisis in a way that is comparable.

Our team has already done incredible work in changing our use of materials for lower impact options. This year, 83% of fibres we used were low impact, with the percentage growing at every quarter.<sup>1</sup>

Following on from the success of our Rental and Take-Back schemes with Isabella Oliver, 2021 has seen us duplicate these initiatives for our main brand Baukjen. The sale of Pre-Loved garments has also been implemented across both brands, with customers sending us an increasing number of garments which we can now make available to other customers, with a part of the profits reverting to charity. These initiatives aim to keep clothing in use for longer as well as collect quality materials for recycling of garments.

To support the growth of our circular initiatives and in the context of our WRAP government grant, we have installed an Ozone Chamber in our warehouse this fall, as well as purchased industrial washing and drying machines. Our Ozone Chamber is now used to gently clean garments returned to us in a way that is eco-friendly, as it does not use any chemicals (unlike the harsh process of dry cleaning) and is powered by low-impact renewable energy.

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<sup>1</sup> A table illustrating how we categorize our materials – including low impact – can be found in the Supporting Documents chapter



## Key accomplishments in the last year

### Our Lowest per garment environmental footprints to date

In 2021 we further lowered the average environmental footprint of our garments, with significantly lower carbon emissions and water consumptions to report on as an intensity metric. This was coupled with, and a result of, the company achieving its highest percentage of responsible fibres being used in the collections.

### House of Baukjen becomes a Certified B Corp

In March 2021, House of Baukjen received its B Corp certification with a stand-out score of 108 points, making it the highest scoring company in Fashion in the United Kingdom and the second highest in Europe. B Corp certification looks at the impact of companies in the five key areas of Governance, Environment, Workers, Community and Customers.

Later in the year, House of Baukjen was also announced as one of the Best for the World companies in the impact area of Governance, meaning it achieved one of the top 5% scores of all B Corps in the world for its good management practices.

## House of Baukjen wins UN Global Climate Action Award

In November 2021, House of Baukjen was honoured to receive a United Nations Global Climate Action Award in the category Climate Neutral Now for its low rate of GHG emissions when compared to other industry players. The award was collected in person by our CEO and Sustainability Manager at COP26 in Glasgow.

## Baukjen Sustainability Index & Isabella Oliver Sustainability Index

In the Summer of 2021, we launched our Baukjen Sustainability Index as a product page feature and after an initial positive response it's been extended to Isabella Oliver.

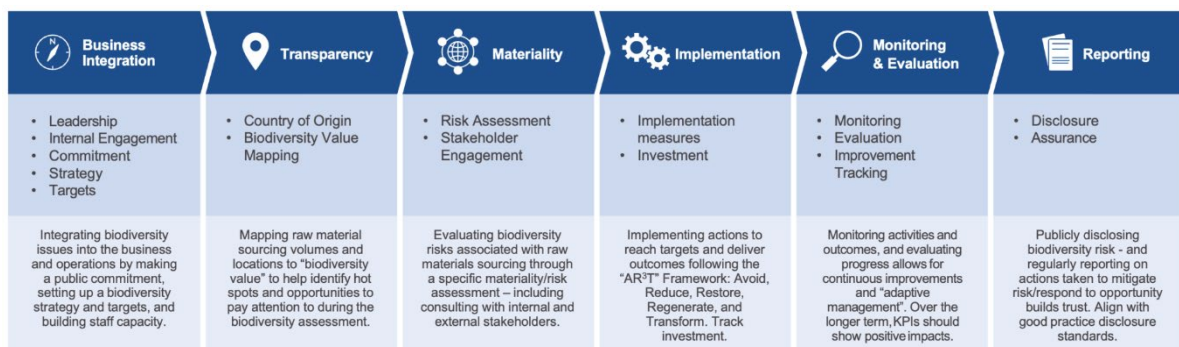
Our Baukjen Sustainability Index & Isabella Oliver Sustainability Index help us communicate to customers the social and environmental impact of garments, so that they can compare in between products, make decisions aligned with their values and overall better understand how clothes impact people and the planet.

## GEF x Textile Exchange Biodiversity Benchmark

The Textile Exchange Corporate Fibre and Materials Benchmark (CFMB) launched a new tool to help the textile industry take urgent action on biodiversity. The Biodiversity Benchmark will enable companies to understand their impacts and dependencies on nature in their materials sourcing strategies, chart a pathway to delivering positive biodiversity outcomes, and benchmark their progress.

House of Baukjen completed its first Biodiversity Benchmark in 2021. Since the Biodiversity Benchmark is currently in beta version, it does not yet have a scoring methodology. Company scorecards differ slightly from the Material Change Index (MCI) Scorecard as they will not provide company scores or a comparative analysis within subsectors or the overall average score.

The questionnaire provided a good overview of areas of impact on the natural world and is now being used to create an initial in-house strategy on Biodiversity that goes beyond adoption of responsible or preferred fibres.



### Supplier Data Gathering

In 2021, House of Baukjen has also initiated its efforts to gain better insight into manufacturing facilities and suppliers, both in terms of their social and environmental practices, particularly focused in Portugal (where 92% of our production took place). Whilst we have the utmost confidence in the ethics of our partners and trust the management of our agents, some of the good work we saw during past visits as well as some of the initiatives they are implementing were hard to catalogue and communicate – both internally and externally. Consequently, we have developed a supplier questionnaire to help us obtain an even more detailed and accurate perspective of our supply chain’s sustainability performance. Our data request for suppliers has sought to gather information from 17 suppliers in Tier 1. It is comprehensive, covering over 70 data points per supplier, ranging from their size and production capacities, to environmental performance and management processes. This information is still being processed and we anticipate reporting on results in our 2022 impact report. It is our goal to continue gathering information of our entire value chain, and working with suppliers to continually improve performance.

### CDP initial Carbon disclosure

2021 also saw House of Baukjen do its first Carbon Disclosure with CDP, pertaining the year 2020. This is one of the most comprehensive reports on greenhouse gas emissions which allows for cross-industry benchmarking and also used to guide policy. This report was completed as part of our membership to the Fashion Pact and United Nations Fashion Charter, and signals our commitment to reduce carbon emissions.





Recycled fibres being spun into yarn at a supplier's factory

## Sourcing and Use of Materials

House of Baukjen is committed to sourcing materials which have a smaller environmental footprint and have as positive an impact as possible on people. As such, we acknowledge the risks inherent to the sourcing of conventional raw materials and have taken measures to mitigate them.

We work extensively to develop and improve our sourcing of materials: for 2021, 83% of our materials have lower environmental footprint than the conventional alternative. Our Materials' strategy will see us limit the use of conventional fibres and materials to 5% or lower of our portfolio, increase the percentage of recycled content certified fibres and adopt other innovative materials with lower environmental impacts<sup>2</sup>.

Our risk analysis for the sourcing of priority raw materials has highlighted that we have significantly more insight into environmental risks than for social ones, which demonstrates a need to gain further transparency of our supply chains to uncover potential social impacts and develop mitigation strategies where needed.

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<sup>2</sup> As per table How we classify our Materials in Supporting Documents

## Environmental and social risks associated with priority raw materials

As part of our increasing due diligence in recognition of the importance of this area we are exploring how to obtain clear and consistent evidence from our suppliers. For example, we are now requesting TCs from all our suppliers in regards to our materials.

### **Cotton**

Cotton agriculture may be a cause of soil degradation (usually being a mono-culture), pollution (from the use of pesticides and machinery that is powered by fossil-fuels), eutrophication (due to the intensive use of fertilizers, resulting in run-off of phosphorous and nitrogen) and may contribute to water scarcity if using ground water/ irrigation. The impacts on people and communities from cotton agriculture are wide ranging and well-documented, from keeping farmers trapped in poverty and/or economic insecurity if their work is not properly paid for or safeguarded, to using water resources that would otherwise be used for human needs or food agriculture, to the negative health effects of working with harsh chemicals (pesticides and fertilizers) and the associated pollution.

In 2021, House of Baukjen phased out conventional cotton. As of AW21, we use only Organic Cotton, Recycled Cotton and fibres accredited by the Better Cotton Initiative (BCI) in our collection. Organic Cotton uses no pesticides or chemical fertilizers, making it inherently healthier for people and planet. Recycled Cotton decreases our reliance on virgin fibres and agricultural output, contributing also to a circular material economy. BCI Cotton fibres are grown by farmers educated on better environmental management practices and paid fairly for their work – though recent controversies on origin of fibres have led us to abandon BCI Cotton<sup>3</sup>.

Our strategy for Cotton will see us lower the percentage of Cotton fibres in our portfolio, whilst increasing the use of Recycled Cotton and sourcing In Conversion and Regenerative Agriculture Cotton.

### **Wood-pulp** (for paper products and man-made cellulosic fibres)

The agriculture and harvesting of wood can contribute to deforestation and destruction of habitats. Tree plantations that are poorly managed can result in soil-depletion and water-depletion, deprive local fauna and flora of their natural habitat, as well as other negative consequences for biodiversity and local communities. Importantly, poorly managed tree plantations can result in net-positive carbon emissions (as opposed to functioning as carbon sinks).

House of Baukjen is committed to sourcing its wood-pulp materials from sustainable sources, causing no deforestation and with as small an environmental footprint as possible. We have signed the Canopy Pack pledge to purchase only paper products with forestry certifications and increase recycled content, and Canopy Style pledge to source all man-made cellulosic fibres from audited, “Green Shirt” suppliers.

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<sup>3</sup> This was achieved in our Spring Summer 2022 collection with no BCI Cotton in current or upcoming collections at the time this report is being released.

In 2021, all of our purchased paper products (packaging, catalogues, garment tags) had a Forestry certificate. 92.1% of all our man-made cellulosic fibres (viscose, lyocell, rayon) were made from wood-fibres harvested without causing deforestation, with 100% of MMCF coming from Canopy “Green Shirt” suppliers by end of 2021.

Our sourcing strategy for wood-based fibres is to decrease reliance on virgin feedstock by sourcing “Next Generation” fibres that use recycled materials as a feedstock– namely post-consumer recycled cotton. We are actively researching this area and on track to incorporate at least one such material in our collections in 2022 – a Viscose made from recycled cotton feedstock.

## **Wool**

Wool being an animal fibre, one of the key issues associated with its sourcing is animal welfare – as sheep being reared for wool can be subject to a number of practices that cause them harm and pain, such as mulesing and physical abuse.

The rearing of sheep can contribute to a decrease in natural biodiversity (both because of the culling of natural predators and competing species, and due to the grazing of the sheep), water pollution due to the depletion of flora combined with accumulation of stools, unnatural accumulation of phosphates and nitrates in the soil leading to eutrophication of nearby water channels. Run-off of contaminated waters can pose a health risk to local communities.

House of Baukjen has in recent years limited its use of virgin wool fibres, achieving a total of less than 44% virgin fibres in our total use of wool. All of our virgin wool fibres are Responsible Wool Standard certified (RWS), meaning the animals are kept according to good animal welfare standards and that there’s no mulesing when the sheep are sheared for their wool. This standard does not reassure us of how sheep rearing might be impacting the surrounding environment, so further supply chain transparency and data is needed to establish the actual impact we are responsible for. We are working toward addressing this by gaining transparency of where our virgin wool fibres originate and assessing potential environmental risks by using tools such as the Global Fibre Impact Explorer<sup>4</sup>.

Our strategy for sourcing wool is to continue using Recycled Wool and Recycled Cashmere more than virgin wool fibres, moving toward Regenerative Wool where virgin fibres might still be sourced.

## **Hemp**

The agriculture of hemp has a relatively small environmental impact due the natural qualities of the hemp plant, which grows well in a variety of climates without need of fertilizers or pesticides. As such, potential negative impacts associated with the agriculture of hemp are associated with water use and it being grown as a mono-culture (leading to potential soil depletion). There are no significant social impacts to report on at this time.

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<sup>4</sup> The Global Fibre Impact Explorer assesses portfolios across five key impact categories: air pollution, forest, biodiversity, climate and water usage and quality. The primary goal is to identify high risk fibres in brands’ portfolio and then guide them to recommendations on how to support local initiatives to improve their environmental impact. More at: [Global Fibre Impact Explorer](#)

House of Baukjen uses conventional Hemp fibres in its collections, which is classed as a Preferred Fibre by Textile Exchange.

Our strategy for sourcing Hemp fibres is to continue using this material in our collections, moving towards Hemp of European origin and Organic farming where possible. We do not have a quantitative target for use of Hemp at this point, with amount of this material used being left to the discretion of our Design Team.

### **Leather**

Animal agriculture has a significant environmental impact due to the emissions from raising cattle, changes in land use and consumption of resources. Furthermore, its potential to contaminate soil and waterways with excrement is significant and often a leading cause of eutrophication in rivers and lagoons. In this way, antibiotics and hormones can also enter the surrounding ecosystems, with a potential to impact other fauna and flora.

At production, the processing of hides into leather can also have a number of negative impacts on surrounding environment and communities. Leather pickling, tanning and dyeing is done using a large amount of chemicals (including a number of hazardous substances which are restricted in Europe). Such chemicals when not managed properly can result in serious health problems for workers, surrounding communities and animal life; as well as soil, water and air pollution.

House of Baukjen is committed to using only leather that is a by-product of the meat industry. We are increasingly using Vegetable Tanned Leather in our collections which has a smaller environmental footprint in production.

Furthermore, we are committed to finding alternatives to animal leather but have not yet adopted any “vegan leather” materials as options currently available in the market are largely synthetic and do not compete in longevity to leather. Materials found by our team so far didn’t conform to our quality standard or were found to be potentially hazardous in their use of chemicals. We are in active talks with a number of start-ups in this space.

CG-AA-440a.2

### **Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard**

Below are the percentages of key raw materials used in 2021 with certifications. Please note that the amount of raw materials used is calculated based on the use of finished materials, as House of Baukjen purchases finished products and is not involved in the purchase of fibres or other raw materials. For this purpose, the conversion rates used for fibre calculations were provided by Textile Exchange as per the document “CFMB Fiber Conversion Methodology”, dated 2019.

An estimated total of 97% of all key raw materials are certified to one of the below standards. Key Raw Materials are in this context defined as any unprocessed material in raw or natural state which is integral to the creation of the bulk of products purchased by the company – excluding materials used in smaller amounts for garment trims, office supplies, and other products purchased in minor quantities by the company for its everyday operations.

FSC - An estimated 92% of all MMCF fibres used in 2021 were made with FSC certified wood-pulp feedstock. An estimated 100% of all cardboard used in 2021 was FSC certified, being made from a mix of recycled and virgin pulp sources. An estimated 7 to 9% of paper used in 2021 was FSC certified and from a mix of recycled and virgin pulp sources.

PEFC – 100% of paper stock used in our catalogues was PEFC certified from a mix of recycled and virgin pulp sources. This accounts for over approximately 90% of all paper used in the business for the year in question.

GOTS/ OCS – At the moment the company is unable to differentiate in between organic fibres with a GOTS certificate and those with an OCS certificate, due to an overlap in some materials which meet both standards. GOTS and OCS are currently only relevant to our use of Cotton. 89% of our cotton fabrics were purchased with either a GOTS or OCS certificate.

BCI – Fibres from the Better Cotton Initiative accounted for 8% of our total use of cotton fibres, and an estimated total of 0.8% of all key raw materials.

RWS – In 2021, 100% of our virgin wool yarn was purchased with a Responsible Wool Standard certificate.

GRS/ RCS – At the moment the company is unable to differentiate in between recycled fibres with a Global Recycled Standard certificate and those with a Recycled Content Standard certificate, due to an overlap in some materials which meet both standards. 100% of recycled fibres purchased in 2021 had one or both certifications.





A production line at a Tier 1 supplier, seamstresses are making one of our AW21 dresses

## Production

The Social and Environmental Impacts of our goods throughout supply chain are thoroughly considered by us as a brand and inform our planning and sourcing decisions.

We regularly engage with suppliers on conversations about their practices and try to visit their facilities at least once a year (this has not always been possible in the last 2 years as result of the Covid-19 pandemic). Key suppliers which collectively represent 70% of our tier 1 manufacturers have been visited by one or more members of our team in 2021.

In addition, our agents who regularly visit supplier facilities on our behalf for production and quality control purposes, are tasked with updating us of any developments at factory level – such as audits in process, installation of more efficient equipment, adoption of renewable energy, etc. We have agents based in the three countries that represent the total of our tier 1 production for the year 2021.

The percentages of our suppliers who have completed social and environmental assessments or audits are not a good representation of the good practices they have implemented in their facilities. The majority of our tier 1 suppliers are family-owned factories, with 41% being Small Enterprises with less than 49 employees, and the remaining being Medium Sized Enterprises who employ between 50 and 249 employees.

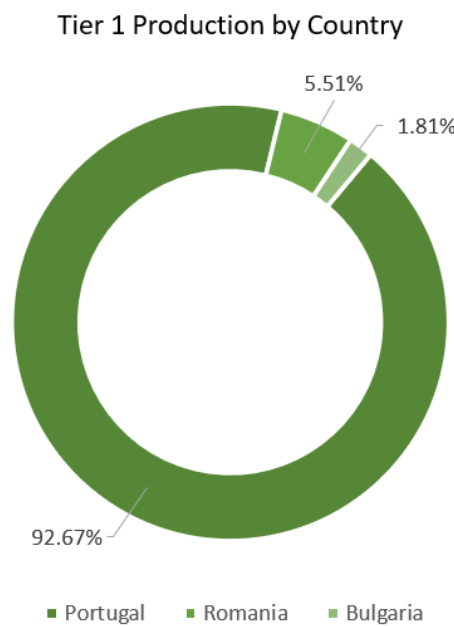
As such, a significant number of our direct suppliers are operating at a level that doesn't financially justify going through the process of third-party auditing. As a brand we're likewise not yet trading at a volume that financially justifies covering the associated costs on behalf of our suppliers.

In 2021 we have engaged 82% of our tier 1 suppliers in the interest of adopting Higg Facility Tools for primary data reporting, which include 2 vertical companies with tier 2 and 3 production. We are putting together resources to support our suppliers so they do further reporting, both directly to us and/or using Higg Facility Tools. We believe this will also be beneficial to them in attracting further clients and in preparation for more extensive reporting and third-party audits.

CG-AA-000.A

**Activity Metrics: number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1**

For the year 2021, House of Baukjen had 17 Tier 1 suppliers and mapped out a total of 76 suppliers in Tiers 2, 3 and 4, which we estimate to cover 60-70% of our supply chain beyond Tier 1 for key raw materials. 11 companies who indirectly supply us with trims are included in this calculation, though the number is likely to be at least double<sup>5</sup>. A lack of transparency in supply chain makes it impossible for us to determine exactly how many suppliers beyond tier 1 we have; supply chain transparency remains a key goal for 2022.



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<sup>5</sup> This is based on at least 4 of the known suppliers being wholesalers, selling trims from multiple brands. The names of trim suppliers was disclosed by Tier 1 factories as part of our 2021 Supplier Data Gathering questionnaire.

## Management of Chemicals in Products

CG-AA-250a.1 and CG-AA-250a.2

### **Discussion of processes to maintain compliance of restricted substances regulations, as well as assess and manage risks and/or hazards associated with chemicals in products**

House of Baukjen is bound by REACH UK regulations, which deal with the Registration, Evaluation, Authorisation and Restriction of Chemicals. As all of our Tier 1 suppliers and majority of Tier2-3 suppliers are located in Europe, they are bound by REACH EU regulations – which are effectively the same as REACH UK in the context of our industry. We therefore operate on the assumption that all products traded are compliant with restricted substances regulations and that the various materials going into our products have been created in accordance to legislation in vigour.

House of Baukjen (Izzie & Ollie Ltd) keeps a Restricted Substances List (RSL) and is in the process of implementing a policy with all of its suppliers to limit the use of restricted substances and their presence in final products. Our RSL goes beyond legal requirements, whilst being aligned with REACH UK and REACH EU regulations.

As per the House of Baukjen (Izzie & Ollie Ltd) Chemical Management Policy being implemented with suppliers, suppliers are responsible for ensuring that the products sold to House of Baukjen do not infringe on the company's RSL and for presenting relevant test results carried out on the product where deemed necessary or relevant by the company. Internally, the risk associated with chemicals in products is assessed based on the origin of materials and the chemical certifications of suppliers and/or associated with the products. Other certifications we look at to determine the materiality of risk include but are not limited to ISO 14001, Oeko-Tex Standard 100, Bluesign and GOTS.



## Environmental Impacts in the Supply Chain

100% of our Tier 1 suppliers and an estimated 60% to 70% of our Tier 2 and 3 suppliers are based in Europe, where production facilities are regulated under European standards as well as National laws – and therefore achieving a higher level of compliance on a range of environmental issues. House of Baukjen is committed to producing its clothing with as light an environmental footprint as possible, being careful in its choice of suppliers. Prior to working with a new Tier 1 supplier, a member of our team will conduct an in-person assessment of the facilities.

Additionally, the dye houses and fabric mills we have visibility of are not using any coal in their operations (relying on a mix of renewable energy generated at own facilities, grid electricity and natural gas). This significantly lowers both emissions and pollution levels caused at production stages.

18% of our suppliers (Tier 1-3) have an ISO 9001 certification which assesses quality at production. The certification process includes a third-party audit of manufacturing facilities and verification of good practices to avoid air, water and soil pollution.

CG-AA-430a.1

### **Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement**

- (1) Percentage of Tier 1 supplier facilities in compliance with wastewater discharge permits: We do not currently track which Tier 1 supplier facilities hold a discharge permit. 92% of our production in 2021 was done in Portugal, where wastewater discharge permits for business activities are monitored by local authorities. We will work to gather better information for this purpose.
- (2) Percentage of tier 2 and tier 3 suppliers in compliance with wastewater discharge permits: House of Baukjen has mapped out 51 suppliers in Tiers 2 and 3 which are located in Europe, of which any companies that handle wet processes would be legally required to hold an industrial permit and have their wastewater discharge permits audited. These represent 67% of our known supply chain beyond Tier 1. We do not currently hold copies of these permits, therefore this remains an area for improvement.

CG-AA-430a.2

### **Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment**

As environmental assessments for supply chain, we look for Verified Higg FEM, ISO 14001 or Oeko-Tex STeP.

- (1) Percentage of Tier 1 supplier facilities that have an environmental data assessment or third party audit: 6%
- (2) Percentage of Tier 2 and 3 supplier facilities that have an environmental data assessment or third party audit: 11%





The team at one of our women-owned and managed factories in Portugal

### Labor Conditions in the Supply Chain

100% of our Tier 1 suppliers and an estimated 60% to 70% of our Tier 2 and 3 suppliers are based in Europe, where production facilities are regulated under European standards as well as National laws – and therefore safe and with strict employment regulations. It's very important to us that workers receive fair compensation for their work. All three countries we purchase directly from have a set minimum wage established. The minimum wage in Portugal (representing over 92% of tier 1 production) is at least as high as the living wage, with majority of our suppliers paying above minimum wage to factory floor workers.

CG-AA-430b.1

**Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor**

The below percentages are for suppliers third-party audited on SEDEX Smeta, Amfori BSCI, SA8000 or Higg FLSM.

- (1) Percentage of Tier 1 supplier facilities that have been audited to a labor code of conduct:  
35%



- (2) Percentage of Tier 2 and 3 supplier facilities that have been audited to a labor code of conduct: 3%
- (3) Percentage of total audits conducted by a third-party auditor: All of the above, which amounts to 14% of our mapped out supply chain

CG-AA-430b.3

**Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain**

- (1) The greatest labor risks in our supply chain are believed to be: for tiers 1 to 3 in Europe, related to labour violations in the form of excessive hours worked; for tiers 2 to 4 outside of Europe, related to unethical employment practices which may include workers with no contracts or poor working conditions.
- (2) The greatest environmental, health and safety risks in the supply chain are believed to be at the wet stages (tier 2) in particular for any facilities located outside of European Union (where the handling of chemicals and related processes is not covered by REACH legislation, with which we are aligned). We do not have direct contact and/or visibility of the factories in our supply chain doing wet processes outside of Europe, therefore we understand that there's higher risk these are not aligned with our Supplier Code of Conduct. This percentage is currently estimated at:
  - 30% of raw hides which are pickled in New Zealand (where they originate) prior to being shipped to France
  - In Spring Summer 2021: 12% of finished fabrics were imported by suppliers from outside of Europe and 20% of fabrics we have no visibility of origin, meaning that potentially 32% of all fabric references used in this season have wet processes outside of Europe.
  - In Autumn Winter 2021: 15% of finished fabrics were imported by suppliers from outside of Europe, with no visibility past tier 1 for all fabrics, meaning that 15% of fabric references used in this season have wet processes outside of Europe.

House of Baukjen commits to taking action on any violation of its Code of Conduct discovered in Supply Chain. Should we discover a violation of our Code of Conduct by one of our direct suppliers who has signed the document in question, we will investigate the cause of the incident and whether it is an isolated incident. We will work with the supplier in question to address the causes of the incident if possible, request assurances that it won't repeat itself and request quarterly self-report assessments from their part – to be verified if possible by our agents on the ground. For indirect suppliers who have not signed our Code of Conduct, we will work together with our direct suppliers to explore alternative suppliers unless we can be given proof that the issues have been addressed.

For any systemic problems uncovered or if the violation is deemed material enough, we will cease to do business with the supplier in question.



## Product Packaging and Distribution

As an e-commerce company, a significant part of our services is linked to getting goods efficiently to consumers who would otherwise have to travel to find them. We rely on carefully chosen third-party couriers and logistics partners to safely deliver orders to our customers. In this section we briefly discuss the role of product packaging and distribution in our business.

### Product Packaging

Our B2C packaging is entirely made of FSC paper and cardboard, printed with eco-friendly inks and is sealed with a biodegradable glue strip. It is completely plastic-free, recyclable and home compostable. It was developed in partnership with our partner Lil Packaging and was a first of its kind for both companies.

Hangtags placed on garments are printed on FSC certified card from mixed sources, with an organic cotton string and a fully compostable PLA closure.

Packaging in our operations is present in the form of B2B cardboard boxes and protective garment bags, commonly referred to as polybags. Cardboard boxes that are used for the shipping of products from suppliers to us are reused as much as possible, which we communicate to partners by sealing such boxes with a custom-print paper tape. We avoid plastic tape as much as possible within our company, opting for a kraft paper tape instead. Polybags made of polypropylene (PP) are used for shipping garments to our warehouse, which are removed prior to product being sent to customers and separated for recycling in dedicated bins. We have further adopted polyacetic acid bags (PLA) in 2021, which are fully home-compostable and are used for products shipped to third-parties who ship

these bags directly to customers – thus avoiding passing to customers problematic plastic that is hard to dispose of.

### Emissions resulting from product shipments

In 2021 we relied on two partners for the delivery of parcels to customers: Hermes (now EVRI) and DHL. Almost 93% of customer orders came from within the UK with parcels being moved by road freight, which plays a significant part in keeping the carbon footprint of outbound shipments relatively low.

Emissions from the shipping of parcels to customers (later referred to as Category 9: Downstream transportation and distribution) amounted to 60.1 tCO<sub>2</sub>e.

### Strategies to reduce the environmental impact of product delivery

As with every other element of our products, we have carefully considered how to reduce the environmental footprint of parcel deliveries.

Our packaging is manufactured in the UK and from a mix of recycled and virgin fibres, by a partner who have themselves been working to limit emissions and become carbon neutral (which has been achieved in March 2022). The design of our boxes and kraft paper envelopes eliminates the need for other protective or insulating packaging materials.

Our warehouse team is carefully instructed to use packaging that best suits the size of products, to limit empty space or unnecessarily large boxes being shipped.

We assess our choice of couriers and delivery services based on a number of principles, namely their environmental impact and environmental management practices. The majority of our parcels in 2021 – over 90% - were shipped by Hermes (now Evri), who are the UK's greenest courier with the biggest CNG fleet in the industry (40% of their tractors run on CNG).



## The company's Environmental Impact in 2021

Areas of Environmental Impact being measured and reported on

### **Scope 1**

Direct emissions from our owned/ controlled operation

### **Scope 2**

Indirect emissions from the use of purchased electricity, steam, heating and cooling

No company vehicles to report on

### **Scope 3**

Main categories responsible for majority of emissions and other environmental impact:

Category 1: Purchased goods and services

Footprint associated with our purchase of garments and accessories, calculated with use of Higg tools, pertaining use of materials. Tracked on the following areas:

Energy use, Water use, contribution to Eutrophication (Phosphorous), Resource Depletion (use of non-renewable resources), Chemicals' use

Category 2: Capital goods

Footprint associated with the purchase of capital goods for the company

Category 4: Upstream transportation and distribution

Category 6: Business travel

Category 7: Employee commuting

Category 8: Leased Assets

Category 9: Downstream transportation and distribution

Other - brochure paper + inserts

Other – brochure mailing

Other – polybags and PLA bags

### **Changes to methodology**

The environmental footprint of our purchased goods had previously been calculated solely based on composition of materials, disregarding the diversity of processes used to create our materials and garments. At the close of the year, we changed our process to better account for a number of processes that significantly impact the environmental footprint of materials and garments, such as different dyeing processes and washes. We are now also accounting for Metal and Plastic (zips and buttons).

The environmental footprint of our paper goods is also being calculated differently, which more accurately reflects the carbon footprint of purchased paper goods but also gives us insight into the water footprint and use of chemicals related to producing and printing paper goods.

Lastly, there's the inclusion of polybags and PLA compostable bags in our environmental footprint calculations. Whilst the carbon footprint associated with our use of polybags and PLA compostable bags is negligible, it is an important area of packaging to keep track of and helps us track the growing percentage of compostable bags in use, on par with competitors. Given the successful adoption of these fully home-compostable bags, we are considering adopting them for all of our products.

### **Exclusions**

Trims accounting for less than 7% of total garment weight (cover tape, pocket liners, brand and composition labels) are not being accounted for, as the footprint in comparison to garment is negligible but adds significant complexity to the calculations.

Some cutting and sewing processes are not accounted for, namely due to a number of Tier 1 suppliers being powered by renewable energy (with low emissions to report on).



## Overall impact

The below table details our performance against three Key Performance Indicators for the years 2021, 2020 and 2019 (which is also our benchmark year)

|                    |         | 2021       |                       | 2020       |                       | 2019       |                       |
|--------------------|---------|------------|-----------------------|------------|-----------------------|------------|-----------------------|
|                    |         | year total | relative, per garment | year total | relative, per garment | year total | relative, per garment |
| Carbon Emissions   | kg CO2e | 957,765    | 4.60                  | 791,521    | 6.20                  | 779,531    | 8.88                  |
| Water Use          | m3      | 650,797    | 3.16                  | 581,390    | 4.55                  | 607,624    | 6.92                  |
| Responsible Fibres | kg      | 38535.89   | 92.58%                | 18,569     | 60%                   | 1,633      | 8%                    |

## Greenhouse Gas Emissions

Greenhouse Gas emissions (GHG) are one of the most important areas of environmental management for any business in our industry and one of our Key Performance Indicators. We measure GHG emissions as carbon dioxide equivalent emissions in scopes 1, 2 and 3 of the business and going into detail for key categories of our scope 3 (as detailed at the start of this chapter).

All of our own operations are powered by renewable energy (more under Energy Use) and we don't own any company vehicles, therefore over 90% of our GHG footprint comes from Scope 3.

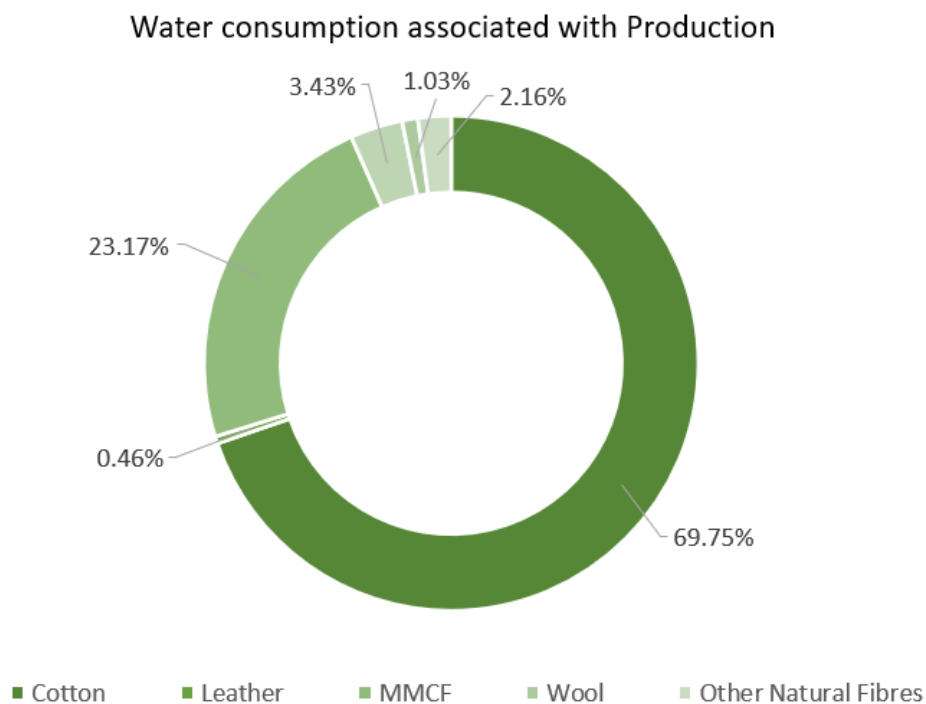
The three categories with highest emissions to report on are, in order of most to least significant:

- Category 1, Purchased goods and Services (Upstream): this encompasses the garments and accessories we purchase for retail. This category accounts for close to 63% of all our emissions for 2021.
- Other, Brochures, Inserts, Packaging and Mailing: the emissions related to our printed goods and other packaging, as well as the mailing of promotional materials. This category accounted for close to 23% of all our emissions in 2021.
- Category 9, Downstream transportation and distribution: the emissions from shipping products to customers and retail locations, as well as returns. This category accounted for 6.5% of all our emissions for 2021.

## Water Use

The consumption of water resources is one of our Key Performance Indicators for environmental management, for which we aggregate data and report on quarterly. We measure water consumption from our warehouse as well as for the production of our garments, from tiers 4 to 1, using secondary data.

In order to track use of water associated with production of garments, we divide footprint according to fibres but still taking into consideration water use associated with production (not just raw material). The following data pertains 2021 water use, with cotton having a significantly higher footprint due not only to farming but mostly the processes and washes used for denim and twill fabrics.



## Energy Use

The use of energy is one of our Key Performance Indicators for environmental management, for which we aggregate data and report on quarterly. We measure energy consumption from our warehouse as well as to produce our garments, from tiers 1 to 4, using secondary data.

House of Baukjen is completely powered by Low-Impact Renewable energy for its own operations (office and warehouse).

In 2021 our office moved to a Certified Green Building which benefits from having its own solar panels for generation of renewable energy and heat solar pumps for hot water. It also has a number

of efficiency features, from all light bulbs being LEDs to windows being positioned in such a way as to maximize airflow and minimize the need for air conditioning in the warmer months.

Our warehouse is likewise equipped with a number of energy saving features and staff is instructed on how to run the facility in as efficient a manner as possible.

Portugal, where over 92% of our Tier 1 production was located for the year, with a significant portion of Tier 2 and 3 production also, reported being 59% powered by renewable energy in 2021.

19% our direct and indirect suppliers in Portugal, Spain, Italy and Bulgaria have on-site generation of renewable energy, the majority through solar panels. Some suppliers have also the capacity to generate electricity from process-generated steam in their facilities, one has a cogeneration plant. Further, all suppliers we have spoken with about efficiency measures being adopted at their facilities have pointed this out to be a priority as a result of the rising energy prices.

We are working to increasingly use primary data from our tier 1 suppliers to calculate energy consumption at manufacturing, which we are on track to achieve in 2022.

## Biodiversity

Biodiversity, or the variety of animal and plant species in a given habitat or the planet, has been falling drastically over the last century. As it a complex area of study and impacted by a various other ecological boundaries, it can also act as a good indicator of planetary health.

Whilst we don't have a key metric to look at our performance in relation to biodiversity, we assess our impact on other key planetary boundaries (as defined in the Doughnut Diagram created by Kate Raworth). The boundaries we look at in relation to our contributions to Biodiversity are:

- Chemical pollution, which you can read more about in the chapter Production, under Management of Chemicals in Products
- Phosphorous loading, or Eutrophication, which we started tracking in 2021 using secondary data from Higg MSI.
- Freshwater Withdrawals, which is associated to Consumption of Water in this same chapter. As of yet we do not have good enough data to estimate which percentages of water used in the production of our materials and garments come from rain, local water grid or local captation. In 2021 we have started requesting this information be disclosed to us by key tier 2 and 3 suppliers.
- Land conversion, which is associated with harvesting and agriculture of raw materials, is not currently being measured due to the complexity of the task as well as lack of complete transparency at tier 4 stage. Risks associated with land conversion are managed by sourcing materials of reputable sources and with third-party certifications where relevant (such as forestry certifications for wood-fibres). Please consult the chapter Sourcing and Use of Raw Materials.

House of Baukjen also completed the GEF Biodiversity disclosure in 2021, in association with Textile Exchange, which aims to uncover and map risks associated with use of materials from the textile

industry. Whilst the benchmark is still in Beta and no company-specific report is available, we plan on reporting for the year 2021 and sharing results when available.

## Waste

House of Baukjen prides itself on operating as a Zero Waste business, as per the definition set by the Zero Waste International Alliance<sup>6</sup>: to divert 90% or more of waste from landfill or incineration, applying circularity principles to keep materials in use.

Waste generated in our operations is tracked, with different recycling containers being used for various materials to avoid contamination and provide recycling partners with quality materials that are suitable for recycling. We keep documentation for each collection of materials, with appropriate chain of custody maintained in between us and waste handling companies. Such documents allow us to have good oversight of amounts of waste generated, from which sources and where it is headed. We never send garments to landfill or incineration, as we see our clothing as being of value and not as throw-away items – unsold garments from previous seasons are listed in our online Outlet. We have been able to continuously send at least 90% of all waste materials to recycling since we first implemented revised waste management policies in 2019.

At House of Baukjen, we further want to ensure that our business is not contributing to a wasteful planet up- and downstream.

To address waste of fabrics and fibres in the textile industry, we have been sourcing recycled and upcycled (or deadstock) fabrics and fibres for our collections – with a goal to continuously increase percentages of non-virgin materials every year.

We are producing in companies that share our vision and have implemented policies to reduce waste and keep materials in use. This includes tier 1 to 3 factories who have waste reduction targets, are actively measuring amounts of waste generated and keep dedicated bins for fabric recycling. Our 2021 Supplier Data Gathering included 3 questions on waste and recycling, with direct suppliers on average reporting they are able to send 85% of materials to recycling. A number of suppliers also highlighted that increasing the percentage of materials sent to recycling is often out of their hands, as only some fibres are of value to fabric recyclers – since fabric compositions are decided on by their clients, amount of waste varies according to the fabrics in production.

To address waste and pollution caused by the disposal of clothing we take both mitigating and direct action.

As mitigating actions, we produce all our garments from high-quality materials and design timeless styles that won't go out of fashion. We engage our consumers about Care & Repair of clothing to promote longevity of clothing and provide additional trims on request.

As a more direct action, we operate a take-back scheme across both our brands so that customers can send us clothes they no longer wear. Our take-back scheme is run from our own team from our warehouse. Garments in exceptionally good condition are given a second clean in our Ozone

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<sup>6</sup> More information available on the Zero Waste International Alliance website at <https://zwia.org/>

Chamber, then photographed and listed in our Pre-Loved shops. Garments in good condition but which don't go into our Pre-Loved shop can be passed on to charity partners who provide clothing to people in need or can sell them in their shops. Garments which are nearing their end of usable life or not in wearable condition are collected for recycling and passed on to our recycling partners in Portugal. The company we partner with for garment recycling operates a fibre-to-fibre recycling factory, with any fibres too short for recycling being downcycled into filling and paper materials – effectively keeping materials out of landfill.



Recycled fibres sorted by colours at the warehouse of our garment recycling partner



# Our Employees, Inclusion & Performance

Employees are defined as those employed by the company under a contract, which can be zero hours, part-time or full-time. Excludes contractors and outsourced employees.

CG-EC-330a.1.

## Employee engagement as a percentage

In a recent employee survey on Sustainability, 95% of our employees participated (includes full- and part-time employees, excludes warehouse staff who are not equipped with an email address).

The survey aimed to understand which percentage of employees felt comfortable engaging with environmental topics in the context of work, as well as percentage of employees who would like further training on the subject to be better equipped for their job roles.

CG-EC-330a.2.

## (1) Voluntary and (2) involuntary turnover rate for all employees

Attrition rate for the year was 11%, voluntary.

CG-EC-330a.3.

## Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees

Management includes Executive/ Senior Level Officials and Managers – in larger organisations this includes those within two reporting levels of the CEO (including management director and managing partners); and Non-executive management such as First/ Mid level officials and managers.

Technical staff includes employees categorized in computer and mathematical occupations, architecture and engineering occupations (this is according to US classification system).

Table: Gender Representation of Global Employees %

|                     | Female | Male | Not available or not disclosed |
|---------------------|--------|------|--------------------------------|
| Management          | 15%    | 6%   | 0%                             |
| Technical Staff     | 0%     | 2%   | 0%                             |
| All Other Employees | 56%    | 17%  | 0%                             |

Table: Racial/ Ethnic Group Representation of UK Employees %

|                     | Asian | Black or African American | Hispanic or Latino | White | Other | Not available or not disclosed |
|---------------------|-------|---------------------------|--------------------|-------|-------|--------------------------------|
| Management          | 0%    | 0%                        | 0%                 | 22%   | 0%    | 0%                             |
| Technical Staff     | 0%    | 0%                        | 0%                 | 2%    | 0%    | 0%                             |
| All Other Employees | 13%   | 2%                        | 0%                 | 59%   | 2%    | 0%                             |

CG-EC-330a.4.

**Percentage of technical employees who are H-1B visa holders**

House of Baukjen didn't employ any personnel on a H-1B visa or equivalent for the duration of the year 2021. Percentage to report is 0%.

# Safeguarding Customers and E-Commerce practices

## Data Privacy & Advertising Standards

CG-EC-220a.1

### **Number of users whose information is used for secondary purposes**

In 2021, we stored information on 592,083 users for purposes such as marketing.

CG-EC-220a.2

### **Description of policies and practices relating to behavioral advertising and user privacy**

House of Baukjen has a number of policies and practices in place to protect user privacy. We are committed to complying with the General Data Protection Regulation (GDPR) and the Data Protection Act 2018.

## Collection

We collect information about users when they register with us or place an order for our products or services. We also collect information when users voluntarily complete customer surveys, provide feedback and participate in competitions.

We collect names, addresses (and previous addresses), contact numbers, emails addresses, due dates (if applicable), location data, IP addresses, social identifiers, website usage via cookies, functional data including registration and system data, any additional usage data e.g. performance and activity information, email communication, comment and product reviews.

We collect website usage information using cookies and other similar technologies like pixels, tags and web beacons when a user visits our website. By visiting our website, users agree to the use of cookies and similar technologies for the purposes described below. This enables us to provide our users with the best customer experience and allows certain parts of our website to function properly.

## Usage

We use the data collected for: fulfilment of orders; to enhance future shopping experiences; customer support; product performance analysis; product development; communication and direct marketing. We use it in compliance with Data Protection guidelines i.e. we use and share personal data when we have one or more of the below reasons to do so:

- Consent e.g. ticking a box to receive our email newsletters
- Contractual obligations e.g. collecting address details to deliver orders
- Legal compliance e.g. passing on details of people involved in criminal activity

- Legitimate interest e.g. direct marketing, understanding our customer wishes and shopping preferences, improving our service and products

With explicit consent of our customers, we share data with data processors and trusted retailers so that they may offer their products and services. We share personal data with Experian and Conexance, who process name, address, mailing preferences and purchase history. We also work with Epsilon Abacus (registered as Epsilon International UK Ltd), a company that manages the Abacus Alliance on behalf of UK retailers. Epsilon Abacus may transfer data outside the EEA. The transfer will take place in the presence of appropriate safeguards, including standard data protection clauses adopted by the EU Commission.

We may also share data (name & address only) directly with other trusted retailers we think our users will love. If data is shared it is done so on a one time only basis and the company or organisation are not entitled to store the user data for further use unless a user engages with them.

We use our own cookies to provide users with relevant online display advertising tailored to their interests. We may also use cookies to improve shopping experience by keeping track of what users have in their baskets and to remember them when they return to our site. This is important to us as we want to improve their journey across the website.

We also use third party companies to provide advertising services and/or to collect certain information when users visit and interact with our website. These third-party companies may collect and use non-personally identifiable information (e.g., click stream information, browser type, time and date, subject of advertisements clicked or scrolled over) during a user's visit to our website [and/or other websites] in order to provide advertisements about goods and services likely to be of greater interest to them. These third-party companies may use cookies and other technologies to recognise a user's browser to collect and record information about their web surfing activity including their activities on our website. Users are advised on our cookie policy that they can visit the European Interactive Digital Advertising Alliance at <http://youronlinechoices.eu/> to learn more about interest-based advertising, or to opt out of receiving advertisements tailored to their interests on their browser, from their respective members and participants.

#### Retention of user information

We retain personal data for the duration we are legally and contractually allowed to. We are always working to keep our data and servers as secure as possible, taking all the most up to date measures.

## Data Security

CG-EC-230a.1

### **Description of approach to identifying and addressing data security risks**

House of Baukjen employs an in-house Systems and Devs Manager who supports the team in maintaining good cyber-security, as well as an external agency that supports the company in all its IT services, related concerns and queries.

93% of the identified threats to our security come via email, for which we have two defense lines: Barracuda and Microsoft anti-spam tools. Should an email get through which is a potential threat, all employees have been educated on best practices and have easy access to a Cyber Security Manual which helps identify threats and determines which actions to take.

The company provides additional security software to our employees for use on their own personal mobile devices, and we regularly proactively promote good cyber security awareness within the team.

Every system we use across the company has varying levels of access, which are maintained by our IT resource, and we insist on Password Management tools being used. Full information can be found in our IT and Cyber Security Policy.

CG-EC-230a.2

### **(1)Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected**

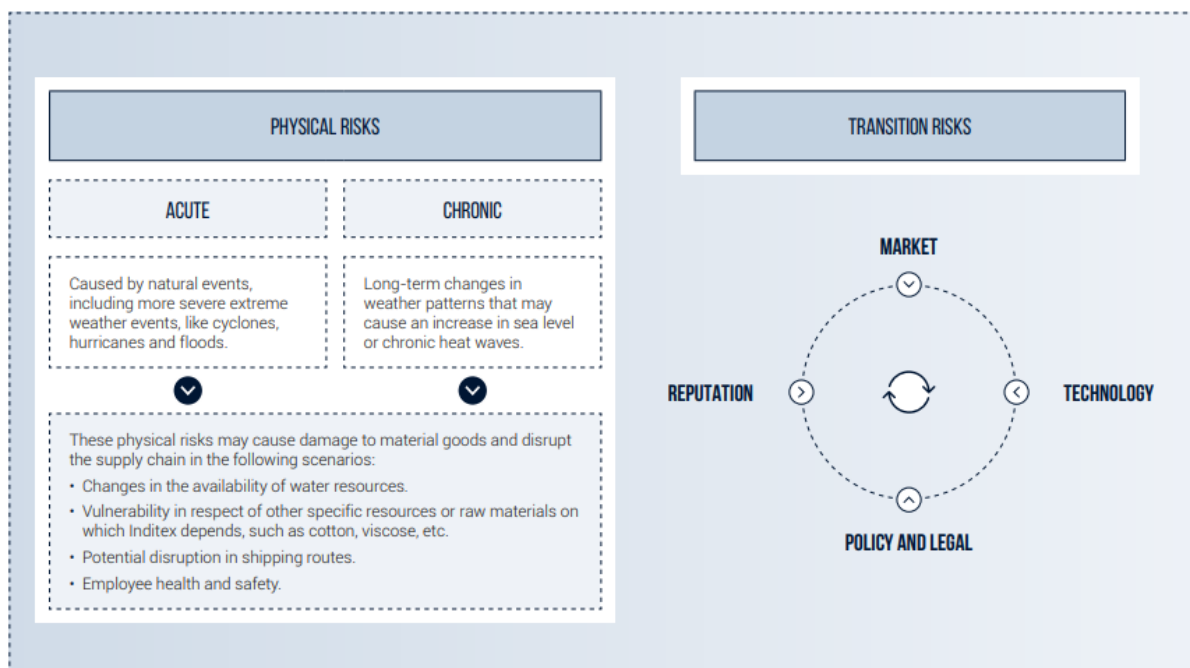
House of Baukjen has 0 data breaches to report for the year 2021.

# Alignment with the Task Force on Climate-related Financial Disclosures (TCFD)

## Why we are including TCFD in our reporting

The Task Force on Climate-Related Financial Disclosures (TCFD) emerged in 2015 at the behest of G20 leaders. As the chart below shows, the TCFD goes beyond the traditional understanding of the risks linked to the climate that typically refer to the physical impacts resulting from extreme weather events, and includes transition risks, as well as the risks and opportunities associated with the shift to a low-carbon economy.

House of Baukjen is exposed to the potential impact of climate change in its various manifestations of physical risk. These may be chronic, catastrophic or transitional (political, legal, technological and market changes). To better understand and manage these risks, the company has started mapping their potential, as well as looking at developing climate scenarios to help inform strategic decisions.



## 1. Environmental Governance

Sustainability has been embedded into all aspects of the business and impacts the work of most teams within the business, with climate-related governance being a key area of focus. To manage the implementation of best practices and ensure the necessary work for attainment of targets, the company has a formal structure for Environmental Governance.



### Structure for Environmental Governance:

Board of Directors: responsible for approving the sustainability strategy and oversight of environmental governance targets. Meets bi-monthly.

CEO: supervises the implementation of the sustainability roadmap and the attainment of environmental governance goals. Approves internal and external reports prior to these being published.

Sustainability team: responsible for the everyday operations related to the environmental management of the business. Supervises the implementation and proper functioning of sustainability-related activities, advises on material risks affecting the company, maintains and updates environmental and social management documents. Creates internal and external reporting.

## 2. Strategy

Our environmental strategy is underpinned by a focus on circular economy principles, which far from being a buzzword within our business has gained power as a fundamental guiding principle. All relevant teams within the business have been educated on circular practices, with the Butterfly Diagram by the Ellen MacArthur Foundation providing the basis of our Materials Strategy, whilst the Doughnut Diagram by Kate Raworth is employed in the development of wider company strategy in medium to long-term outlook as it references social and environmental goals.

Due to the urgency of the crisis our planet faces and the nature of the challenges posed by climate change, risks and opportunities associated with the analysis of future climate scenarios have been assessed and categorized as short (0-2 years), medium (3-8 years) and long-term (over 9 years).

### **Scenario Analysis**

Please refer to Supporting Documents for a Risk Analysis Matrix with key risks that House of Baukjen is tracking and considering in its Scenario Analysis and for its Strategy.

Key risks we are currently tracking include:

- Changes in availability and price of natural raw materials
- Disruptions of production
- Disruption of operations
- Increase in the operating costs of our business
- New environmental legislations
- Increase in the cost of carbon credits

### Climate Change resilience and opportunities

House of Baukjen's positioning in terms of sustainability and the definition of long-term milestones is enabling us to boost the opportunities associated with a transition to a circular and low-emissions economy.

We aim to lead the Fashion industry with a comprehensive approach to material and social sustainability, fostering better practices and leveraging next-generation materials to create positive impact not only through our own operations but which ripple through our value-chains. We believe this to be the best approach to mitigate exposure to physical risks, whilst generating value and competitive advantage.

Our commitments to reduce global environmental impact (namely SBTs, UN Fashion Charter, Fashion Pact and SAC) provide us with robust frameworks and support systems to unlock further opportunities in the transition to a low-emissions economy and overall healthier planet. In addition to the knowledge and systems we gain access to through involvement with these organizations, we are also part of a number of projects and working groups that aim to take action in the sourcing and development of more circular fibres, protect water resources, protect biodiversity.

We have developed our own Baukjen Sustainability Index which communicates the environmental and social performance of garments to customers, whilst our new garment collateral communicates the Sustainable Attributes of clothing at a glance.

### 3. Risk Management

House of Baukjen has a Risk Management System, the purpose of which is to provide reasonable assurance that our responses to the social and environmental challenges will be effective and achieved in harmony to the other business objectives in play. Risks are assessed in terms of impact, probability of occurrence and degree of preparedness.

Within our team, members of our financial, operations and sustainability teams share the responsibilities associated with Risk Management within the business. The employees in question assess the efficacy of internal management systems, as well as the measures envisaged to mitigate the impact of the risks identified. They are also responsible for the identification and re-assessment, at least annually, of the main financial and non-financial risks and their tolerance levels.

The company conducts an internal audit at every quarter, objectively supervising the Risk Management System.

Senior Management is responsible for the approval of action plans and work plans derived from the risk management process itself, activity monitoring and the attribution of roles within the framework of the Risk Management System.

Finally, the Board of Directors is responsible for the approval of the Risk Management and Control Policy, which establishes the basic principles, key risk factors and the general framework of action for their management.

### 4. Metrics and Targets

House of Baukjen has set a number of internal and external targets for the reduction of environmental impact in key metrics. Please refer to “The company’s Environmental Impact in 2021”

(page 33) for detailed information on carbon and water, as well as other impacts which help inform our target setting.

### **Key targets we're currently working toward:**

#### Carbon

"Commitment to achieve net zero emissions by 2050. We'll quantify, track and publicly report on GHG emissions every year."

"Commitment to set SBTi approved science-based emissions reduction targets on scope 1, 2 and 3 by end of 2023, in line with the latest criteria and recommendations of the SBTi; with a further commitment to submit relevant reduction pathway plans for the selected 2030 goal within 12 months."

"Commitment to decarbonize supply chain. We will incentivize implementation of renewables in all high impact manufacturing processes along the entire supply chain – with a goal to achieve 50% renewable energy across Tiers 1 and 2 by 2030."

#### Water

"Commitment to ensure that no substances likely to cause harm to human, animal or vegetable life are released into Nature, directly or indirectly. We will work with suppliers who have wet processes to achieve clear wastewater certifications, with a goal to source 50% of materials from ZDHC Clear Stream certified (or equivalent) suppliers by 2030. We will further look to phase out any chemicals which have the potential to cause harm from our supply chain, by working with suppliers to replace such substances with safer alternatives."

"Commitment to reduce use of water related to creation and processing of materials by 30% by 2030, from a 2019 benchmark. We will procure materials and fibres with lower water footprint and work with suppliers to adopt better water management practices, which may include incentivizing the uptake of water recycling and other technological solutions."

#### Use of Materials

"Commitment to source 100% of Key Raw Materials as Low Climate Impact by 2030, with an interim goal to achieve 75% by 2025."

"Commitment to move away from virgin fibres and materials and to invest in circular alternatives, with a goal to source 35% of our Key Raw Materials from recycled sources by 2025."

"Commitment to protect forest cover and associated lifeforms, by ensuring that 100% of our wood-based fibres and materials cause no deforestation (namely our paper, viscose and other MMCF), nor is forest cover destroyed for the attainment or creation of any other materials we use (namely leather and precious metals).

# Alignment with Sustainability Accounting Standards (SASB)

## Apparel, Accessories & Footwear Disclosure

Version 2018-10

The below table acts as an index for where to find the answers to the SASB disclosure for our industry

| Topic  | Accounting Metric  | Location of disclosure | SASB Code    |
|--|--|------------------------|--------------|
| <b>Management of Chemicals in Products</b>       | Discussion of processes to maintain compliance with restricted substances regulations  | page 16                | CG-AA-250a.1 |
|  | Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products  | page 16                | CG-AA-250a.2 |
| <b>Environmental Impacts in the Supply Chain</b> | Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement  | page 17                | CG-AA-430a.1 |
|  | Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment | page 17                | CG-AA-430a.2 |
| <b>Labor Conditions in the Supply Chain</b>      | Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor  | page 18                | CG-AA-430b.1 |
|  | Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits  | page 18                | CG-AA-430b.2 |
|  | Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain  | page 19                | CG-AA-430b.3 |
| <b>Raw Materials Sourcing</b>                    | Description of environmental and social risks associated with sourcing priority raw materials  | pages 10-12            | CG-AA-440a.1 |
|  | Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard   | pages 12-13            | CG-AA-440a.2 |

## E-Commerce Standards

Version 2018-10

The below table acts as an index for where to find the answers to the SASB disclosure for e-commerce businesses

| Topic  | Accounting Metric   | Location of disclosure | SASB Code    |
|--|---|------------------------|--------------|
| <b>Data Privacy &amp; Advertising Standards</b>          | Number of users whose information is used for secondary purposes  | page 31                | CG-EC-220a.1 |
|  | Description of policies and practices relating to behavioral advertising and user privacy                                       | pages 31-32            | CG-EC-220a.2 |
| <b>Data Security</b>                                     | Description of approach to identifying and addressing data security risks   | page 33                | CG-EC-230a.1 |
|  | (1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected   | page 33                | CG-EC-230a.2 |
| <b>Employee Recruitment, Inclusion &amp; Performance</b> | Employee engagement as a percentage   | page 29                | CG-EC-330a.1 |
|  | (1) Voluntary and (2) involuntary turnover rate for all employees   | page 29                | CG-EC-330a.2 |
|  | Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employee | page 29                | CG-EC-330a.3 |
|  | Percentage of technical employees who are H1B visa holders  | page 29                | CG-EC-330a.4 |
| <b>Product Packaging &amp; Distribution</b>              | Total greenhouse gas (GHG) footprint of product shipments   | page 21                | CG-EC-410a.1 |
|  | Discussion of strategies to reduce the environmental impact of product delivery   | page 21                | CG-EC-410a.2 |

# Supporting Materials

Please find in this section the supporting materials that are referenced in our Impact Report

## How we classify our Materials

We have created a table to help guide our team whilst looking for materials of lower environmental impact or less likely to have negative social repercussions. In time we have also populated it with a number of registered or trademarked materials that we use or sampled, so that everyone has visibility of how those would be classed.

These classifications are aligned with data available in the industry, such as the Preferred Fibers Index by Textile Exchange and fibre footprint data available from Higg MSI (v3.2).

Classifications in this table are based on the environmental footprint of the fibres/ materials and do not take into account fabric-level, use or end-of-life footprint and/or considerations.



| List of Materials | Risks of Conventional Sourcing   | Responsibly Sourced  |  |   |
|-------------------|--|--|--|---|
|                   |  | Minimising negative impacts on people and the planet   | Low Impact   | Next Gen<br>Examples of even better solutions   |
|                   |  |  | Materials have a lower environmental impact  |   |
| Cotton            | A natural fibre with at times a negative environmental and people impact                                   | <ul style="list-style-type: none"> <li>• Cotton made in Africa</li> <li>• Better cotton initiative</li> <li>• Fair trade</li> <li>• US cotton promotional</li> </ul> | <ul style="list-style-type: none"> <li>• Organic cotton</li> <li>• Recycled cotton</li> </ul>  | <ul style="list-style-type: none"> <li>• Regenerative cotton</li> </ul>                             |
| Viscose           | A cellulosic usually derived from wood fibres, it can impact deforestation                                 | <ul style="list-style-type: none"> <li>• FSC certified</li> <li>• PEFC certified</li> </ul>  | <ul style="list-style-type: none"> <li>• Lenzing ecovero™</li> <li>• Birla livacel™</li> </ul> | <ul style="list-style-type: none"> <li>• Birla livarevival™</li> <li>• Spinnova</li> </ul>          |
| Lyocell           | A cellulosic usually derived from wood fibres, it can impact deforestation                                 | <ul style="list-style-type: none"> <li>• FSC certified</li> <li>• PEFC certified</li> </ul>  | <ul style="list-style-type: none"> <li>• Lenzing tencel™</li> <li>• Birla excel</li> </ul>     | <ul style="list-style-type: none"> <li>• Lenzing refibra™</li> <li>• Renewcell</li> </ul>           |
| Wool              | Treated sheep hair, some practices harm animals or degrade soil  | <ul style="list-style-type: none"> <li>• RWS certified wool</li> </ul>   | <ul style="list-style-type: none"> <li>• Organic wool</li> </ul>                               | <ul style="list-style-type: none"> <li>• Regenerative wool</li> <li>• 100% recycled wool</li> </ul> |
| Leather           | Natural material from animal hides, some practices distress animals and have negative environmental impact | <ul style="list-style-type: none"> <li>• Certified organic leather</li> <li>• Leather working group</li> <li>• Chromium free</li> </ul>                              | <ul style="list-style-type: none"> <li>• Organic and vegetable tanned leather</li> </ul>       |   |
| Hemp              | Natural fibre from hemp plants, can degrade soil   | <ul style="list-style-type: none"> <li>• By default already a preferred fibre</li> </ul>   | <ul style="list-style-type: none"> <li>• Organic hemp</li> </ul>                               |   |
| Linen             | A natural fibre from flax plants, can degrade soil   | <ul style="list-style-type: none"> <li>• By default already a preferred fibre</li> </ul>   | <ul style="list-style-type: none"> <li>• Organic linen</li> </ul>                              |   |
| Algae             | Processed fibres made from harvested algae, can affect marine biodiversity                                 | <ul style="list-style-type: none"> <li>• Seacell™</li> </ul>   |  |   |
| Cork              | A natural material harvested from oak barks, no known risks  |  | <ul style="list-style-type: none"> <li>• By default already a low impact material</li> </ul>   |   |
| Polyester         | Synthetic fibre commonly made from petroleum, relies on fossil fuels                                       | <ul style="list-style-type: none"> <li>• Bio-based, made from a natural material</li> </ul>  | <ul style="list-style-type: none"> <li>• Recycled polyester</li> </ul>                         | <ul style="list-style-type: none"> <li>• Recycled fibre-to-fibre</li> </ul>                         |
| Polyamide         | Synthetic fibre commonly made from petroleum, relies on fossil fuels                                       | <ul style="list-style-type: none"> <li>• Bio-based, made from a natural material</li> </ul>  | <ul style="list-style-type: none"> <li>• Recycled polyamide</li> </ul>                         | <ul style="list-style-type: none"> <li>• Recycled fibre-to-fibre</li> </ul>                         |
| Elastane          | Synthetic stretchy fibre commonly made from petroleum, relies on fossil fuels                              | <ul style="list-style-type: none"> <li>• Bio-based, made from a natural material</li> </ul>  | <ul style="list-style-type: none"> <li>• Recycled feedstock</li> </ul>                         | <ul style="list-style-type: none"> <li>• Biodegradable</li> </ul>                                   |
| Other synthetics  | Synthetic fibre commonly made from petroleum, relies on fossil fuels                                       | <ul style="list-style-type: none"> <li>• Bio-based, made from a natural material</li> </ul>  | <ul style="list-style-type: none"> <li>• Recycled feedstock</li> </ul>                         |   |

## Risk Analysis Matrix

House of Baukjen assesses the potential impact of various climate-related risks on its business. These risks are named and explained in our Risks Analysis Matrix, which also looks into the time horizon, likelihood and magnitude of impact for each risk in our business.

House of Baukjen has defined for the purpose of its Risk Analysis Matrix and Strategy the following time horizons:

Short-term = 1-2 years

Medium-term = 3-8 years

Long-term = 9-25 years

Looking at short-term risks and opportunities within a short timeframe was deemed appropriate to us given the uncertainty of how quickly some key climate-related risks may materialize, whilst also giving our small team more time to implement projects and measure results.

Magnitude of impact is assessed with reference to the likelihood of occurrence and degree of preparedness of the business to address the consequences of this occurrence.

| Risk Type             | Primary Driver   | Value-chain stage | Company-specific description  | Time horizon | Likelihood           | Magnitude of Impact | Description of response and explanation of cost calculation  |
|-----------------------|--|-------------------|---|--------------|----------------------|---------------------|--|
| 1 Chronic Physical    | Changing temperature (air, freshwater, marine water)         | Upstream          | <p>Changes to availability of natural materials leading to impaired ability to produce goods.</p> <p>As a company we rely on avg 49% natural fibres, the availability of which is impacted by changing weather patterns. Rising temperatures are likely to impact the areas where key crops can be grown, cause a shift in the seasons in which crops can be grown, and negatively effect the safety and wellbeing of farmers.</p> <p>Natural fibres vulnerable to such changes include cotton, linen and hemp. Cotton and flax (linen) are grown during Summer season and are therefore particularly at risk of being negatively impacted by changes in temperature.</p> <p>An increase in air temperature can make current areas of cultivation unsuitable for the plants currently grown there by becoming too warm and/or arid, as well as decreasing yields or quality of the fibres and therefore their profitability.</p> <p>When temperatures become too warm, which can be a chronic increase or a result of more regular heatwaves, they can reduce the amount of hours that farm workers can spend working without negatively impacting their health. Other potential indirect impacts on the health of workers include geographic changes in the spread of temperature-dependent vector diseases.</p> <p>Additionally, any such changes can also negatively impact the availability of food and water, increase the price of key commodities for farmers and contribute to geo-political instability.</p> | Medium-Term  | Likely               | Medium              | <p>Our company's response is to reduce exposure to this risk by reducing amount of virgin cotton fibre in collection whilst aiming to increase traceability of the cotton we continue to source. We are actively working to source cotton from areas at lower risk of severe heat stress. The company is aiming to source more hemp, if possible from geographic locations which are at lower risk of heat stress.</p> <p>In 2021 we phased out conventional cotton from our collections, replacing it mostly with Organic cotton (89% of cotton used) and BCI (8% of cotton used). Our uptake of Organic Cotton is partially grounded on the belief that heritage varieties of the plant can be more resilient to variations in temperature.</p> <p>Cost of response to this risk covers CY 2022.</p> <p>Organic Cotton fibre prices in our supply chain rose in cost by about 30% during 2021, with a portion of that cost increase considered in our cost of response to this risk.</p> <p>The remainder of this figure represents overheads and costs associated with changes in sourcing.</p> |
| 2 Emerging regulation | Enhanced emissions-reporting obligations                     | Direct Operations | <p>Emerging regulations for fashion sector that will require the tracking of emissions in scopes 1, 2 and 3; as well as reporting and mitigation, which represent added costs to the business.</p> <p>The increase in commitments and obligations of environmental reporting represents direct and indirect business costs.</p> <p>Direct costs include data gathering and calculations by the company's own staff, as well as paying for access to the tools that enable such calculations and verification processes.</p> <p>Indirect costs include surcharges by suppliers for data gathering in their own operations, which is already the case with some shipping partners.</p> <p>These costs are likely to increase in the medium-term as legislations become more specific about which evidence is acceptable.</p>  | Medium-Term  | Very likely          | Medium-low          | <p>Building in-house team to track, calculate and manage GHG emissions as well as set and meet reduction targets, to mitigate the impact of paying future carbon (and border) taxes. Working with suppliers and service providers to obtain GHG emissions data and lower where possible.</p> <p>Cost of response includes carbon offsetting and the amount of hours put into this work which also represents a cost for the company.</p> <p>Cost calculations for CY 2022.</p>   |
| 3 Market              | Increased cost of raw materials                              | Upstream          | <p>Increase in cost of products as a result of increased demand for certified materials.</p> <p>As more textile and fashion companies seek to adapt to increasing customer demand for responsible and organic fibres, the industrial demand for such materials is growing faster than supply, resulting in increased cost of raw materials. Costs related to industry certifications and benchmarks are also passed on to brands, which are increasingly sought after as assurances of the environmental performance of materials, suppliers and finished goods.</p> <p>These two aspects of production result in increased direct costs for the company.</p>   | Short-term   | Virtually certain    | Medium              | <p>We have calculated the cost of response to risk as the increase in Cost of Goods plus amount of time spent by staff sourcing certified materials, as well as requesting and maintaining copies of certificates for compliance purposes.</p> <p>Cost calculations for CY 2022.</p>   |
| 4 Emerging regulation | Mandates on and regulation of existing products and services | Direct Operations | <p>Emerging regulations to tackle the creation of textile waste, pre- and post-consumer</p> <p>The apparel industry creates waste at multiple stages of product lifecycle. This waste has historically not been the focus of regulation beyond the wet stages (where water and chemical pollution are of particular concern).</p> <p>Increasingly we see various countries discuss, propose or approve mandates to prevent the destruction of usable materials and products with a view to lessen the associated carbon footprint and pollution, as well as encourage a circular materials economy.</p>   | Unknown      | More likely than not | Low                 | <p>We believe this will be of low impact on our business, which is already operating on a circular model and creates no textile waste in its own operations. Costs associated with our response to this risk include operating costs for our takeback scheme, partnership with a textile recycling company and supporting our manufacturers in the implementation of Zero Waste principles in their facilities.</p> <p>Cost calculations for CY 2022.</p>  |
| 5 Chronic physical    | Precipitation and/or hydrological variability                | Upstream          | <p>Water scarcity affecting availability of cotton as raw material.</p> <p>House of Baukjen uses cotton in its collections, with this fibre representing 35% to 45% of our materials portfolio for apparel. At least 60% of cotton production originates from areas under water stress and at medium to high risk of draught (as assessed using the WWF Water Risk Filter tool - <a href="https://waterriskfilter.org/">https://waterriskfilter.org/</a>).</p> <p>This risk can result in impaired ability to source cotton and/or incurring higher costs for the material; with a combination of both effects likely.</p>  | Short-term   | Likely               | Medium              | <p>Our company's response is to reduce exposure to this risk by reducing amount of virgin cotton fibre in collection whilst aiming to increase traceability of the cotton we continue to source. We are actively working to source cotton from areas at lower risk of severe water stress.</p> <p>Cost calculations for CY 2022.</p>   |
| 6 Acute physical      | Wildfires  | Upstream          | <p>Increase in temperatures leading to an increase in frequency and magnitude of wildfires in our main manufacturing areas.</p> <p>In 2021, 98% of our garments were manufactured in Portugal and Romania, which were the two countries in Europe with highest incidence of forest fires in 2020, and both in the top 10 countries in Europe in 2021 also.</p> <p>Additionally, about 80% of the fabric manufacturers in our supply chain are located in the European Mediterranean basin and Portugal - geographies that are experiencing a rise in heatwaves and wildfires. Factories are often located in the outskirts of cities, in small industrial clusters that are sometimes surrounded by forested area. Such factories are at risk of being impacted by wildfires in a variety of ways: from being at risk of fire, to being cut off from the nearby cities due to the existence of a single access road, or being unable to safely operate due to poor air quality as a result of smoke and ash being carried from nearby fires. This risk is recognized by a number of factories, some of which have voluntary firemen and firewomen within their staff and make donations to the local firefighting stations.</p>   | Short-term   | Virtually certain    | Medium              | <p>In response to an increasing risk of production being disrupted because of wildfires, our company is diversifying its portfolio of suppliers, as well as working with existing suppliers to better scope risk and implement mitigating measures. Costs associated with this change include additional work for our team for managing a larger number of suppliers and additional hours spent on sourcing.</p>   |

|    |                |  |                   |   |            |                        |            |   |
|----|----------------|--|-------------------|---|------------|------------------------|------------|---|
| 7  | Market         | Other: Energy crisis                           | Upstream          | Rising cost of energy, in particular gas, resulting in higher operational costs for our suppliers (in particular, for wet stage processors) which result in rising costs of product for us.<br>House of Baukjen tier 2 and 3 suppliers are concentrated in Europe and their facilities rely on gas-powered boilers, making them vulnerable to volatility in the availability and price of gas. The cost of gas and petrol is rising considerably as a result of socio-economic instability and is likely to continue rising in coming years. Price volatility is pushing manufacturers to explore alternative sources of fuel for key processes (such as biofuels), creating further demand for these alternative fuels which as consequence are increasing in cost as well.  | Short-term | Virtually certain      | Medium-low | We are currently unable to quantify the cost of responding to this risk. We are actively listening to our suppliers' concerns in this area and studying how best to support them in the transition to renewable energy processes and the creation of on-site renewable electricity generation as a means of reducing their exposure to volatility in energy prices.   |
| 8  | Acute physical | Flood (coastal, fluvial, pluvial, groundwater) | Upstream          | Reduced availability of products due to flooding in key areas of production.<br>In 2021 over 90% of our products were manufactured in Portugal, with 2 regions in the North of the country standing out as key production areas. The North of Portugal is experiencing an increase in extreme weather events, namely rain downpours during Winter which cause flooding (pluvial), flooding (fluvial), mudslides and damage to infrastructure.<br>Such events have the potential to impact production of our goods either by directly causing damage to the goods and/or production facilities; and/or indirectly by affecting access to production facilities; and/or indirectly by impacting the health and wellbeing of their workers.  | Unknown    | More likely than not   | Medium-low | Our company's response to this risk is to diversify its portfolio of suppliers with the aim to limit risk associated with a single geographic location. Costs associated with this change include additional work for our team for managing a larger number of suppliers and additional hours spent on sourcing.  |
| 9  | Reputation     | Stigmatization of sector                       | Downstream        | Risk of reputational damage to the fashion industry as a consequence of its environmental and social impact, leading to a sector-wide decrease in demand.<br>As a sector which has been growing due to trends and changes in consumption patterns in mostly mature markets, the fashion industry is susceptible to changes in demand if it is perceived to be having too high an impact on the planet and its people, and not taking action quickly enough to address them.   | Unknown    | Unlikely               | Unknown    | As a company we are focused on creating clothing with as low an environmental impact as possible, as well as creating products which are of high-quality and timeless in style. As such we expect to be well-positioned for a transition in customer demand and spending, and see this as an area of opportunity (further detailed under section C2.4a, Opp1).<br>Costs of response to this risk include the premium paid for more responsible materials, additional time spent on sourcing and compliance tasks, resources that go into educating our team and partners to ensure good practices are maintained, additional time and resources put into the marketing of more sustainable products.  |
| 10 | Market         | Uncertainty in Market Signals                  | Downstream        | Risk of a recession having a negative impact on our ability to further progress on our targets to lower climate impact.<br>As a product based company, we rely on the sale of products to finance our operation and various projects, namely those with an aim to lower the carbon emissions associated with our business and the industry as a whole. In the eventuality of a market downturn and/or recession that negatively affects our sales in a significant way, there is a risk that budget for sustainability-related projects will be cut. This is a risk due to lower emissions no longer relying on more-efficient use of resources which would also represent cost-saving. Instead we now rely on adoption of innovative and recycled materials and lower emission technologies in supply chain, which most often represent added costs for the company. | Short-term | Somewhat likely        | Medium-low | House of Baukjen has customer offerings which are recession agnostic as they are free or at lower prices than our main product offerings (Care & Repair, Pre-Loved, Subscription). Whilst these represent but a small portion of our allocation of resources, they are beneficial to the business both for customer acquisition and customer retention.<br>In the event of a market downturn we are able to continue improving on these offerings.  |
| 11 | Reputation     | Shifts in Consumer Preferences                 | Direct Operations | Risk of reputational damage due to the use of catalogues and other printed media for marketing purposes.<br>House of Baukjen's brands have historically sold via catalogue and continued to do so over the years. As the company evolved to focus on being more eco-friendly, it has made changes to the catalogues to lower their footprint but hasn't discontinued the practice. Paper catalogues have a measurably higher environmental footprint when compared to digital marketing alternatives due to the use of wood-fibres, printing and logistics both within production and mailing of the catalogues.<br>There's a risk that we can loose consumers' trust that we are taking serious action to address the climate crisis by relying on forms of physical marketing that fall out of favour due to the higher emissions associated to them.               | Unknown    | About as likely as not | Low        | House of Baukjen has taken a gradual approach to decrease the amount of catalogues and printed media it relies on, whilst at the same time lowering the climate impact of its printed materials.<br>Since 2019, amount catalogues produced and mailed has halved. We have a strategy to get catalogue subscribers to move from mail to digital catalogues and email. Some of our existing customers have a preference for printed media though, and catalogue marketing continues to perform well for our business in terms of conversion with above average order value. To mitigate the impact of catalogues and mailing, our business has changed the stock of paper used, which is now manufactured in Scotland from locally-harvested wood at a mill with very good energy-efficiency practices. This both reduces the carbon footprint of production and miles traveled. Additionally, the printers we use have outstanding energy efficiency and waste management practices which further lower the footprint of our printed catalogues. |
| 12 | Market         | Changing Customer Behaviour                    | Direct Operations | Increase in company's environmental footprint due to an increase in reverse logistics.<br>Reverse logistics, or the return of products from customers to our warehouse, is an area of increasing concern within our Scope 3 emissions due to the normalisation of customers over-ordering and returning a part of their order; as well as growth of our Rental and Subscription services which have reverse logistics built into them.  | Short-term | Likely                 | Low        | In response to this risk we have been managing reverse logistics KPIs very strictly. We are continuously working to improve on the fit and description of our clothes, with a view to eliminate exchanges and returns by eliminating doubts about sizing and look and feel of garments. We also enforce tighter quality control at factory level. We work with logistic partners who are lowering their environmental footprint and continue to invest in lower emission vehicles and efficiency improvements.<br>Our cost of response to this risk includes agent fees for factory-floor QC and overheads related to pulling together such information for product pages on website.   |

|           |                               |            |   |         |          |     |  |
|-----------|-------------------------------|------------|---|---------|----------|-----|--|
| 13 Market | Uncertainty in Market Signals | Downstream | <p>Risks related to an increase in stock, namely due to costs and emissions.</p> <p>As we become more reliant on third-party vendors for concessions we face a bigger risk of holding excess stock should one of our vendors terminate their contract with us or go into administration. Excess stock has historically not been a problem for House of Baukjen as we tend to purchase small quantities of product and re-stock if it sells well, as opposed to placing large orders in the first place. If we were to find ourselves in the situation of taking back stock that is on one of our largest vendors, we'd see an increase in emissions related to the reverse logistics of taking back the product and potentially have to rent additional storage space to hold this stock (which would also add to our footprint).</p> | Unknown | Unlikely | Low | <p>House of Baukjen is closely monitoring performance of concessions with third-party vendors. We limit the amount of stock that is held in store (by shipping less and more frequently). Our partners are large and unlikely to go into administration. We also have very good relationships with our partners and believe we'd have enough time to adapt should they wish to terminate our contract.</p> <p>We are currently unable to define the cost of response to this risk.</p> |
|-----------|-------------------------------|------------|---|---------|----------|-----|--|