

Sustainability & People



Our Commitment

Conducting our business ethically and responsibly is a commitment. This commitment runs through our entire value chain, from sourcing and shipping to our stores and the end-life of our products.

It is vital to our customers that our products are produced according to ethical, environmental and social standards and are safe to use. Vital to our customers – and vital to our company's success.

Our business model requires a high level of control throughout our value chain. From product design, packaging design, material use and testing to the logistics setup and the running of our stores. Our green transition is clearly complex but most certainly doable.

Flying Tiger Copenhagen's ambition is to become a global beacon in sustainable retail, knowing that we do our part to pass on a better planet for future generations. This means offering affordable products with the lightest possible carbon footprint and actively working to become independent of virgin fossil-based materials and fuels.

2023 was a year where we made big sustainability strides. Demonstrating our commitment to the Science Based Targets initiative (SBTi), we kept working on ways to minimise our CO₂ footprint, and we are now ahead on all SBTi targets. We were proud to receive an EcoVadis silver medal for our dedication to the environment, human rights, labour rights, ethics and sustainable procurement. Our 2nd silver medal running! This sustainability performance score places us among the top 9% of companies globally.

Working diligently with our sustainability targets, we have achieved great success and on several occasions have even exceeded our expectations.



In accordance with sections 99(a) and 99(b) of the Danish Financial Statements Act, we have included this section to report on our approach to corporate responsibility and gender distribution in management. As a signatory of the United Nations' Global Compact (UNGC), we commit to its corporate sustainability Business Principles encompassing human rights, employment standards, environment and anti-corruption. This is our annual Communication on Progress report.

Sustainability in our Value Chain



Design

We want to offer our customers fun, surprising, and creative Eco-conscious choices. To achieve this, we are making sustainability an integral part of how we design our products. We focus on circular materials, design, packaging, and labelling.



Procurement

We are committed to ethical sourcing, capacity building, social responsibility, and environmental management in production. We screen and audit our suppliers and factories and all our products undergo the required testing.



Distribution

Most of our products are shipped via sea freight, with the remainder via road freight. We try to push our logistics suppliers to reduce their greenhouse gas emissions and we focus on minimising the use of primary packaging as well as plastic in packaging.



Sales

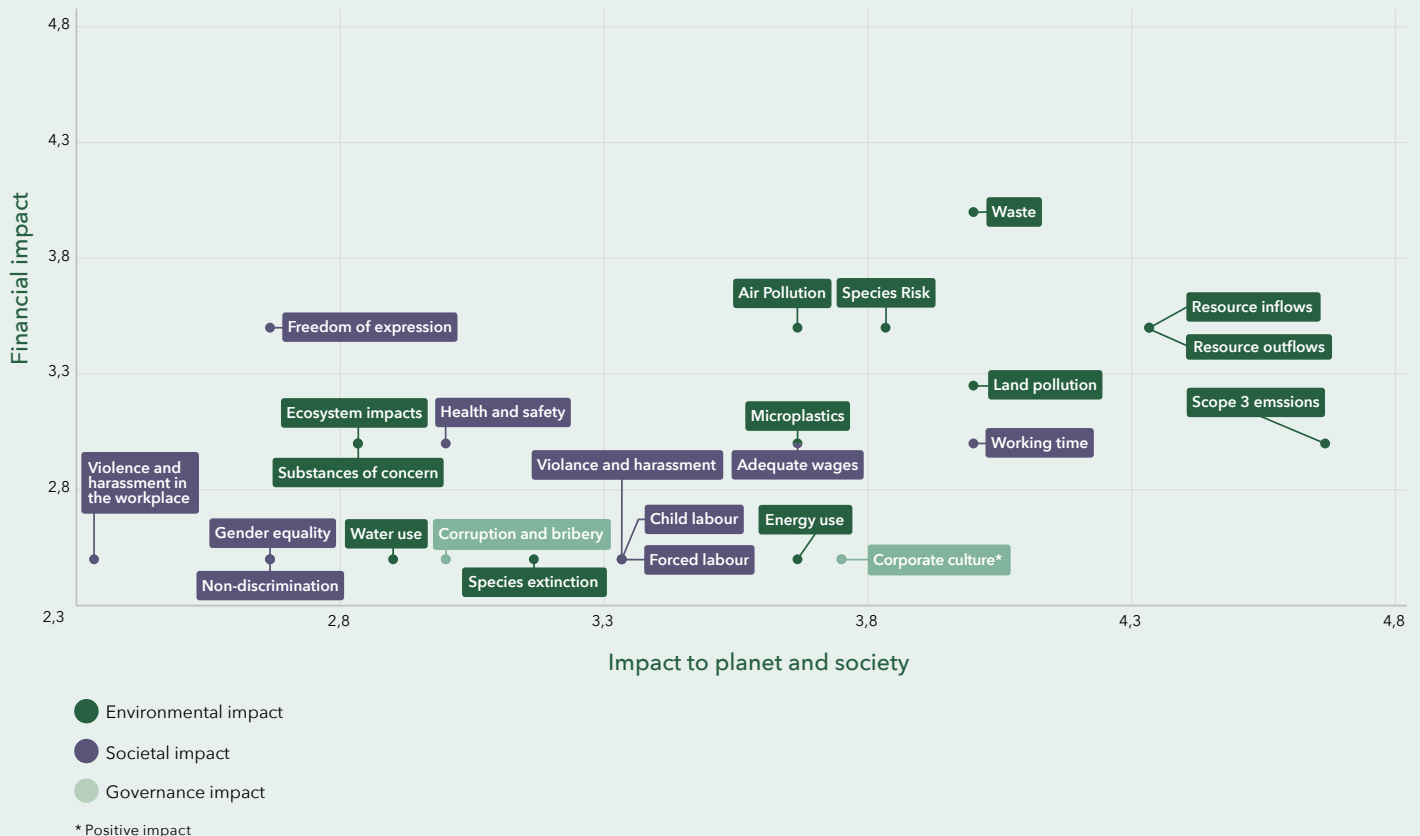
We market our products responsibly ensuring safety and compliance. Our store concept reflects our work with sustainability. In our own operations: offices, warehouse and stores we focus on lower CO₂ operations and the circularity of materials.

Risk Assessment

In 2023, we began our preparation for the CSRD (Corporate Sustainability Reporting Directive) coming into effect from the financial year 2025.

Both an extensive Double Materiality Assessment (DMA), on all Environmental Social and Governance (ESG) topics in the directive, and a data-gap analysis, on relevant topics, have been conducted - and presented in our risk matrix. This exercise identified many topics, many of which we already worked on extensively and have a high level of maturity on. The use of resources in our products and packaging for one. The exercise also offered insights into the condition of our value chain. Furthermore, it highlighted areas needing future KPIs and targets, such as waste, biodiversity, and pollution.

Risk assessment visualisation



* Positive impact

Climate Action

As global warming will create major disruptions on a global scale, we must act accordingly by decarbonising our value chain and doing whatever is in our means to mitigate the negative and unpredictable consequences of climate change. Doing this is a license for us to operate and for our customers to buy our products. Global legislation is moving to reflect climate change realities and we expect taxation on greenhouse gas emissions will further encourage a green transition.

Ambitions

Ultimately, our dependency on virgin fossil-based materials and fuels must end. We have developed targets, validated by The Science Based Targets initiative, to reduce our total greenhouse gas emission intensity (scopes 1, 2 and 3) by approximately 30% by 2026. A very high ambition certainly, but also achievable.

Progress in 2023

As a global retailer, our impact on the planet is a major responsibility and our sustainability initiatives must be reflected throughout our value chain. Our environmental policy shows our commitment to protecting the environment and the climate by minimising our negative impact. A substantial part of this impact comes from our products. Therefore, our Supplier Code of Conduct further specifies our requirements for environmental awareness and the conduct of our suppliers.

The factors identified as the most significant risks concerning environmental and climate matters are the use of plastic in our products and our packaging, the use of fossil fuels in our own operations, and the generation of food and other product waste. These are focus areas when we work with lowering our emissions.

Our Scope 1 emissions are mainly caused by company vehicles. Our primary focus here is therefore on transitioning to electric vehicles, or hybrid if not possible. Also, we will be reducing the number of journeys. Proudly, we see significant reductions in Scope 1 emissions, a solid 40% from 2019-2023, which is ahead of our 2026 Science Based Targets.

In Scope 2, we support the transition to renewable electricity in our operations. Initially, the target was to reach 50% by 2023 and 84% by 2026. Again, the numbers show a highly positive development already on 88%, which is ahead of our Science Based Targets.

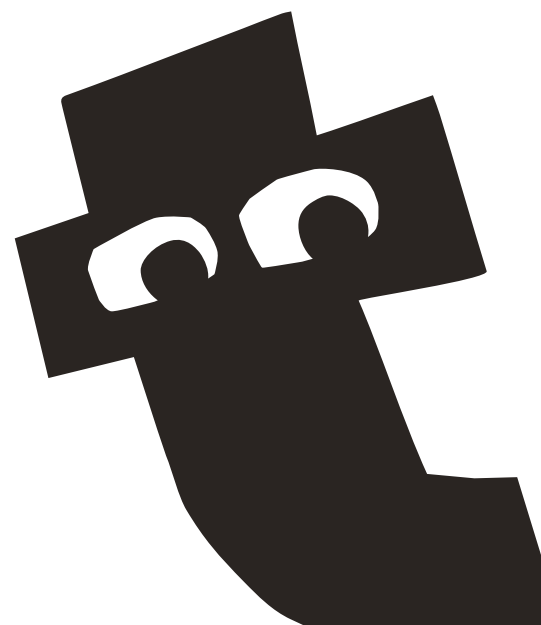
Regarding our purchased goods and services target within scope 3, most emissions are related to our products and packaging. Here emissions are compared to gross profit to keep them relative to growth. We see a 36% reduction in our emissions to gross profit, which puts us on a positive trajectory ahead of our 2026 Science Based Target.

Naturally, our emissions from products and packaging are very dependent on the use of different types of materials, which is why it is beneficial to consider developments in emissions per kilogram of product and packaging materials. Here we can see a 16% reduction since 2019.

Regarding our logistics supplier target, we have seen a significant increase in the proportion of our logistics suppliers with approved Science Based Targets, which puts us ahead of our 2026 Science Based Target. If we combine the impact of our science-based targets progress, we see a 24% reduction in emission to gross profit between 2019 and 2023.



Main partnerships: United Nations Global Compact, Normative, and the Science Based Targets initiative





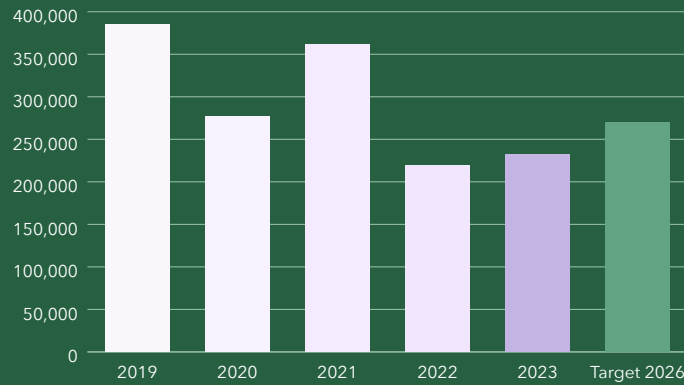
Science Based Targets

Reduce emissions from our scope 1 by around

30%

by 2026*

Scope 1 emissions, Kg's of CO₂-eq. emissions



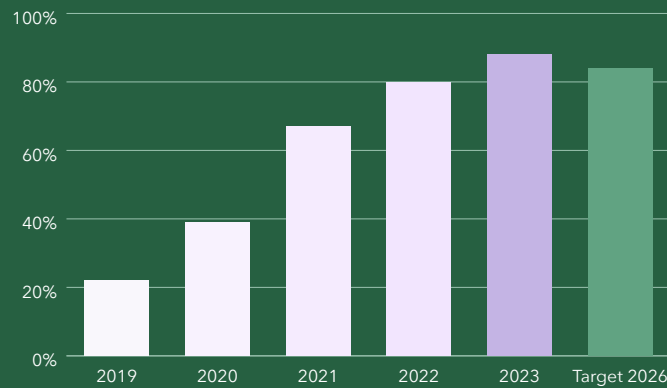
This metric is measured as total kilograms of CO₂ equivalent emissions. Scope 1 emissions cover direct emissions from our operations, such as the burning of fossil fuels for vehicles fleets, combustion engines, the burning of gas, chemical leakage, ect. For Flying Tiger Copenhagen, the main driver of scope 1 emissions are associated with the usage of company owned cars, all logistic emissions are provided by our suppliers so are reported in our scope 3 emissions.

Increase sourcing of renewable electricity (scope 2) to

84%

by 2026*

Renewable energy in own operations, %



Sourcing of renewable electricity is measured as kwh's of electricity consumption covered by renewable electricity/total kwh's of electricity consumption. We classify renewable electricity as from wind, solar, hydro or kinetic sources.

*Base year 2019. At Flying Tiger Copenhagen emissions are tracked in alignment with the greenhouse gas protocol corporate standard as well as the greenhouse gas protocol corporate value chain (scope 3) standard. Normative software was used for tracking.

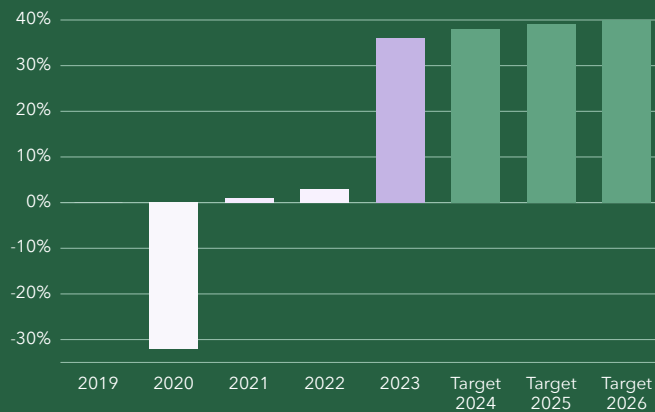
Science Based Targets

Reduce emissions from purchased goods and services (scope 3) around

40%

per DKK profit by 2026*

Greenhouse gas emissions from purchased goods & services (mostly products & packaging), Percentwise reduction in emissions/gross profit (DKK)

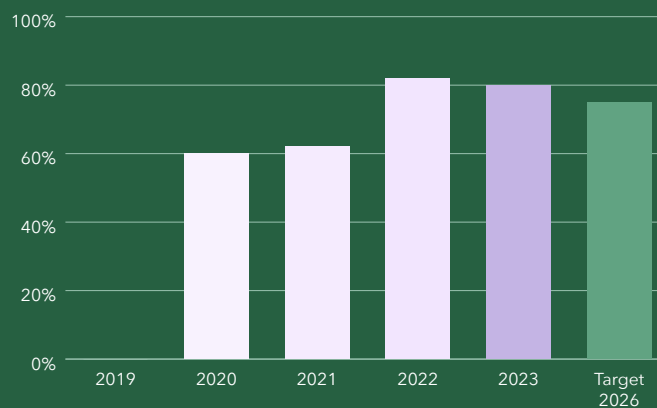


This metric is measured as total kilograms of CO₂ equivalent emissions/value added (gross profit) in Danish Kroner. At Flying Tiger Copenhagen Purchased goods and services refers mostly to emissions from our products and packaging and a small amount from other purchased goods and services.

75%

(by spend) of our logistic suppliers covering upstream transportation and distribution will have science-based targets by 2026*

Logistics suppliers with approved Science Based Targets, % of logistic suppliers with targets

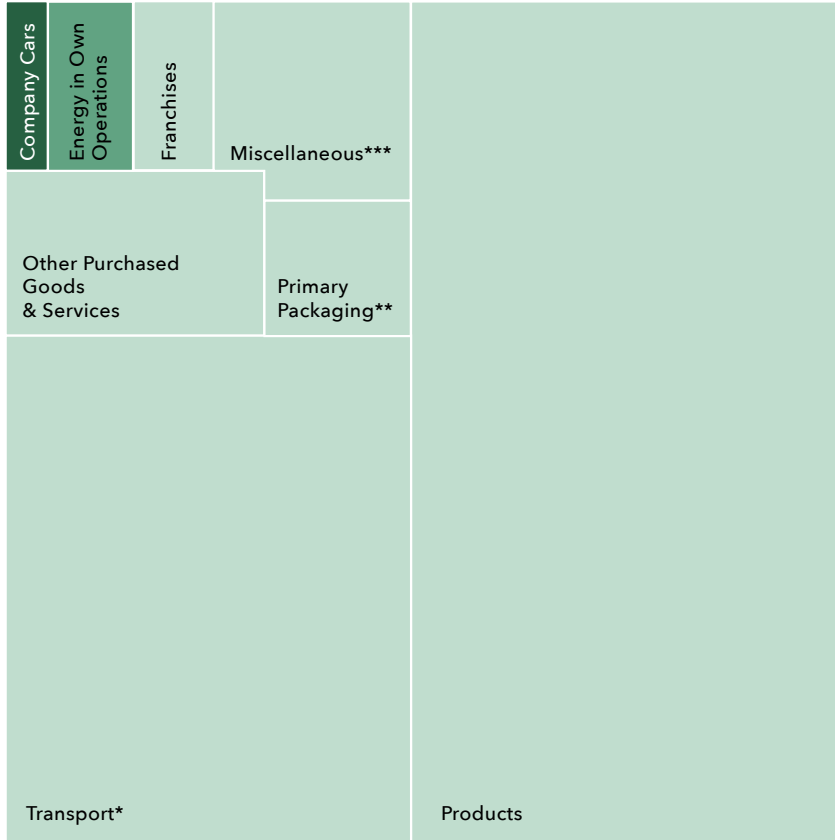


This metric is measured as company spend on upstream transportation and distribution suppliers with committed and approved SBT's/ company total spend on upstream transportation and distribution suppliers.

*Base year 2019. At Flying Tiger Copenhagen emissions are tracked in accordance with the greenhouse gas protocol corporate standard as well as the greenhouse gas protocol corporate value chain (scope 3) standard. Normative software was used for tracking.

Emission shares per category, %

● Scope 1 ● Scope 2 ● Scope 3



Total 140m
(kg's of CO₂ emissions)

Our Scope 3 GHG (Greenhouse gases are the gases in the earth's atmosphere which trap heat) Inventory includes the following GHG Protocol categories: **1** (Purchased Goods & Services), **2** (Capital Goods), **3** (Fuel & Energy Related Activities), **4** (Upstream Transportation & Distribution), **5** (Waste Generated in Own Operations), **6** (Business Travel), **7** (Employee Commuting), **9** (Downstream Transportation & Distribution), **12** (End of Life Treatment of sold products), **14** (Franchises). The following categories are not included as they are not deemed applicable to our business model: **8** (Upstream Leased Assets), **10** (Processing of sold products), **13** (Downstream leased assets), **15** (Investments). They are excluded as we do not have leased assets or investments and we do not sell intermediate products. Regarding Category 11 (Use of Sold Products), our analysis showed the category to be negligible (considerably below 5% of scope 3 emissions) so, we have excluded it. We revisit the category on an annual basis to see if it has increased in significance.

At Flying Tiger Copenhagen emissions are tracked in accordance with the greenhouse gas protocol corporate standard as well as the greenhouse gas protocol corporate value chain (scope 3) standard. Normative software is used for tracking. This metric demonstrates the percentage of overall emissions that fall into each operational category.

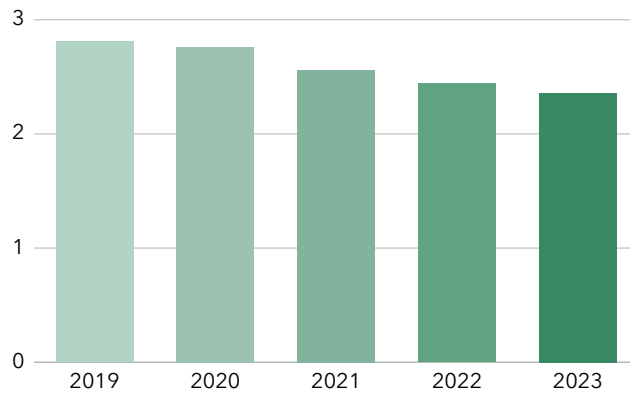
* Transport represents both company Logistics and ecommerce delivery (Upstream & Downstream Transportation and Distribution).

** Primary Packaging represents the direct packaging on our products, emissions from secondary and tertiary packaging (e.g. outer boxes) are captured under 'Other purchased Goods and Services'.

***Miscellaneous covers Fuel and Energy related activities, employee commuting, end-of-life treatment of sold products, waste generated in operations, capital goods and business travel.

Impact per kilogram of product & packaging materials

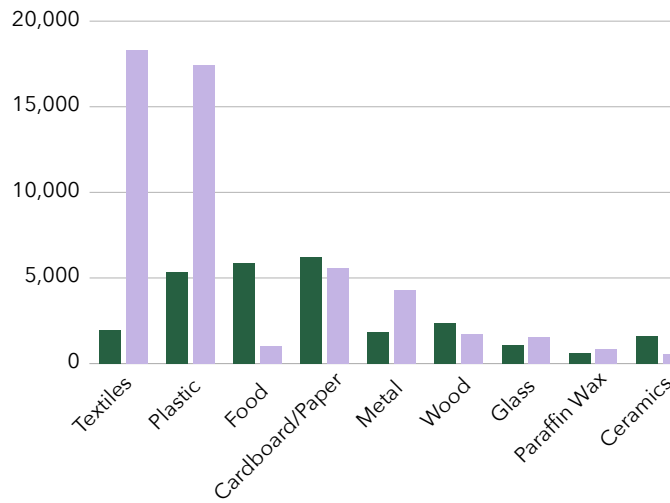
Emissions (kg's), Product and Packaging Materials (1kg)



This metric shows what 1 kilogram of product and packaging materials represents in kilograms of CO₂ equivalent emissions.

Impact by materials in products

● Product (thousand kg's) ● Emissions (thousand kg's of CO₂eq.)



This metric shows what 1 kilogram of product and packaging materials represents in kilograms of CO₂ equivalent emissions.

Further analysis of our product material emissions shows that when lowering emissions throughout our value chain it is important to target our use of both textiles, primarily polyester and cotton, and plastic - and we are working on it - both in terms of reductions and also using more recycled materials. Read more in the Circular Materials section.

Eco-conscious Products

As a retail company, our products have an impact on the planet. To us, it is therefore just as natural to offer still more eco-conscious items in our stores out of respect for global resources, to stay relevant as a company, and to stay ahead of still more stringent environmental legislation.

Ambitions

We have a distinct ambition to offer our customers even more eco-conscious, useful, fun, and inspiring products at an always affordable price. All environmentally conscious items should always be easily identified in our stores, including the multi-use alternatives to single-use products. Respecting the very restrictive EU Green Claims legislation means that communicating more eco-conscious choices to our customers is still a work in progress.

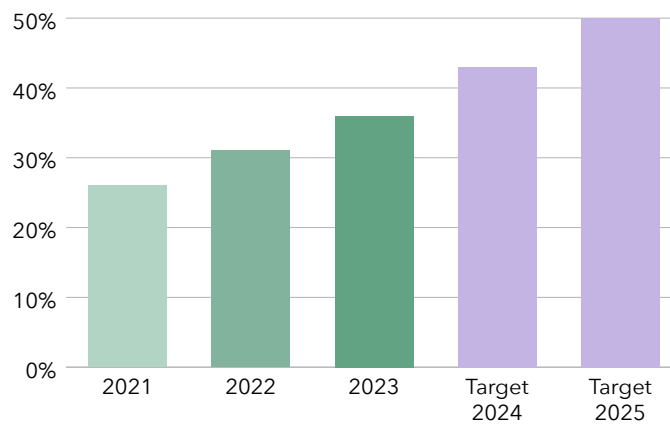


Main partnerships: Forest Stewardship Council

Targets

To have
50%
eco-conscious products by 2025

Eco-conscious products*, % of total quantity of items

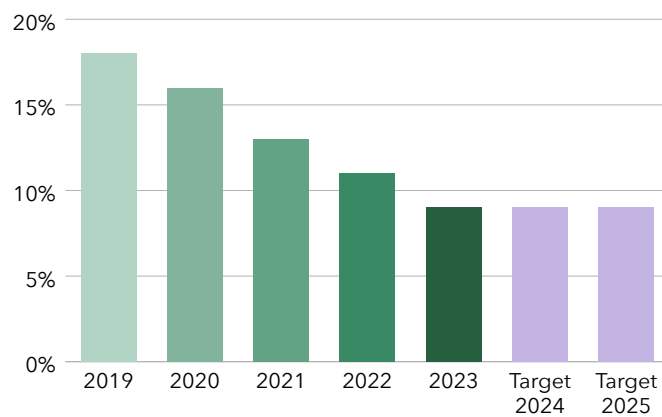


This metric is calculated as quantity of eco-conscious products/quantity of total products.

*See classification of eco-conscious on next page.

To have a
50%
reduction in single-use products by 2025

Single-use products, % of total quantity of items



This metric is calculated as quantity of single-use products/quantity of total products.

Progress in 2023

Providing our customers with products that surpass the standard offerings available and prioritising environmental consciousness is a fine balance for Flying Tiger Copenhagen.

We use an internal definition of eco-conscious items based on the material composition from each product's Bill of Material (BOM):

- 95% FSC-certified and/or
- Made from recycled material (min. 80%) and/or
- Made from renewable material (min. 95%) and/or
- Made from easily recyclable materials (glass, aluminium, steel, or iron products with content \geq 95%) and/or *
- A mix of the above (individually assessed by the sustainability department)

*We define easily recyclable materials, as materials that can be handled by widely available recycling streams internationally and can be recycled a high number of times without reducing their quality.

We use the eco-conscious definition as an internal tool to ensure our products change in a positive direction.

In marketing, we use some of these insights factually to inform our customers that a product is made from a certain percentage of recycled materials. It is with great pleasure we see a steady increase in the share of these eco-conscious products, now 36% and at a pace almost in line with our 50% 2025 target.

Single-use products are thrown out after only one use. The environmental impact being mostly high due to the short lifespan. This is why we want to halve our number of single-use products by 2025, both targeting items with and without plastic. Since 2019, we have reduced our single-use items by 49%, well ahead of our target for 2025. Now only 4% of these single-use items are plastic.

Circular Materials

The world is overconsuming resources and producing far too much waste to handle sustainably. Plastic in particular is a major sinner, and a shift from virgin fossil-oil to renewable or highly recyclable materials is much needed.

Ambitions

Flying Tiger Copenhagen supports the circular economy - the transition towards a circular use of materials where all products are designed to eventually become raw materials for new products. Renewable materials will often do this quite naturally, simply by decomposing and becoming nutrients for new growth. For technical materials though, it is a matter of separating and recycling the materials. Also, we diligently target plastic reductions in both production and packaging.



Main partnerships: Dansk Erhverv

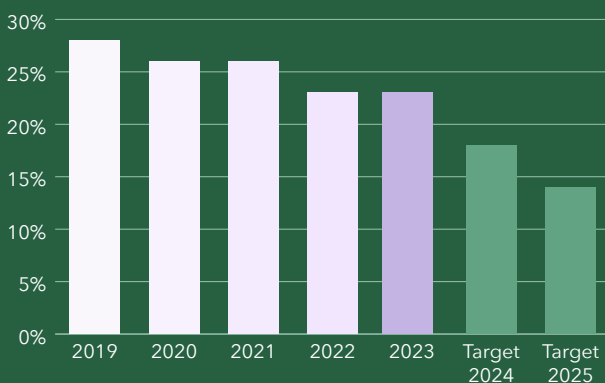
Targets

To have

50%

reduction in plastic in (non-food) products by 2025

Plastic in non-food products*, %



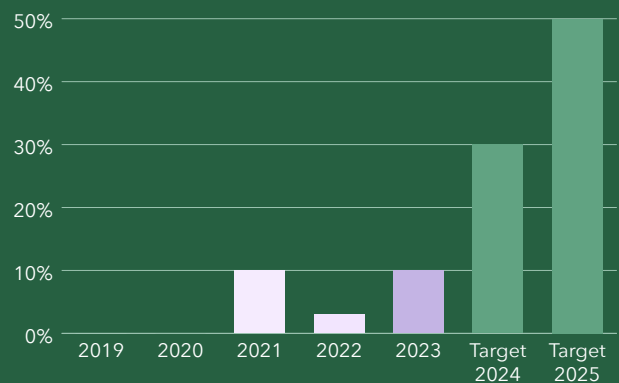
This metric is calculated as total kilograms of plastic/total kilograms of all product materials.

To have

50%

recycled plastic in (non-food) products by 2025

Recycled plastic in products, %



This metric is measured as total kilograms of recycled plastic/total kilograms of all plastic (in products).

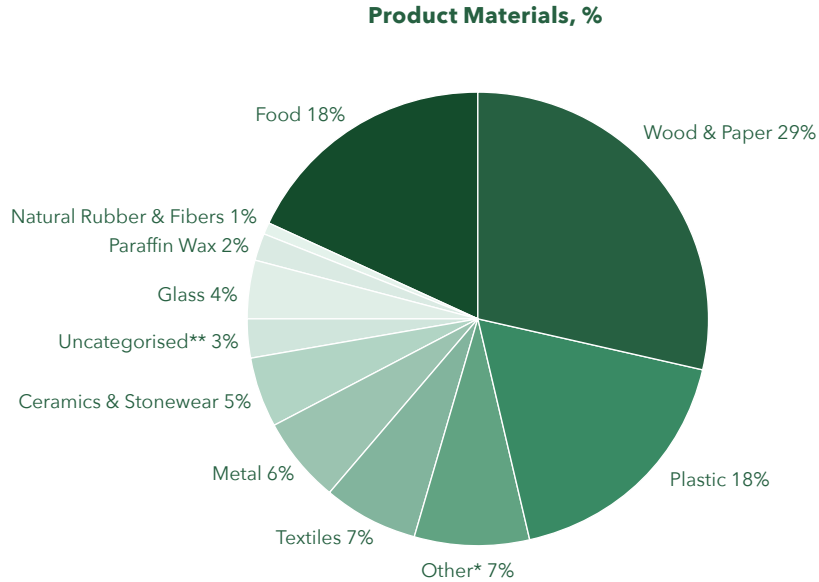
*For the proportion of plastic in products we choose to exclude food from this analysis. The food category has fluctuated in size over recent years, and we believe this may sway our analysis. In this table the uncategorised data we have is also assumed to be the same mix of materials as the rest of the products. As a result of these two changes, there will be small discrepancies between the proportion of plastic product materials specified here compared to in the overall product material table (see Products Material % table). We have presented the proportion of materials that we know to be food and 'uncategorised' in the 'Product Materials' table, to ensure full transparency.

Progress in 2023

Our most used product materials in 2023 were wood, paper and food, which by far made renewable materials our largest material category. A whole 47%! This was followed by fossil fuel-based materials, plastic, and paraffin.

It is hard to ignore that plastic is a versatile material. It is lightweight, durable, and can be used for a significant number of things. This is why we must be smart about how we use it. It is our ambition to further reduce this amount of plastic and use a lot more recycled plastic, to support the overall global reduction and recycling of plastics.

From 2019 to 2023, we reduced the use of plastic in our products by 19%. But to reach our 2025 targets focusing even stronger on plastic reductions is required. Also, we will focus on the use of recycled plastic whenever feasible. We will continue to look for new possibilities to improve, including exploring different ways of sourcing recycled materials. Furthermore, we have strict reduction targets on plastic packaging. Read more in our Responsible Packaging section.



This metric is measured as the proportion of product material weight that falls into each material category.

*The other category contains items such as pigments, colourants and specific materials that do not fit easily into larger material categories.

**Uncategorised data is where we do not have information on the product type. For our greenhouse gas accounting we have used an average emission volume for the weight of the item so, emissions from this category are included in our GHG reporting.

Material Guideline

When choosing materials for new products we use the guideline below. The priorities are based on the concept of the circular economy, where products will eventually become new raw materials. We have also considered the CO₂ footprint and deforestation issues.

- 1** Use renewable/natural materials: **e.g. wood, paper, straw, bamboo, cotton, wool**
Renewable materials can potentially regenerate or bio-degrade to become input for new material cycles.
- 2** Use highly recycled/recyclable materials: **e.g. glass, metal**
Glass and metal are the worlds most recycled materials. They can theoretically be recycled indefinitely without losing their qualities.
- 3** Use recycled plastics: **preferably PET, PP, PE***
By sourcing recycled plastics, we support the crucial development of the recycling industry and lower the emissions used per kg material. Acknowledging that the recycling industry needs to focus on certain plastic types to scale up, we prefer the most used types of plastic.
- 4** Use virgin plastics: **preferably PET, PP, PE**
We want to use as little plastic as possible, but it is a difficult material to replace. To do our best to support the plastic recycling industry, we prefer the most used types of plastic.
- 5** Unwanted plastic types: **bio-degradable plastic and bioplastic**
Bioplastic is derived from farmed oil (which in most cases could be used as food) and represents the same problems as any other plastic type. Bio-degradable plastic types will only bio-degrade in a very few recycling facilities but will most often, simply disrupt normal plastic recycling systems. Therefore, we have decided not to use either material.

*Polyethylene terephthalate (PET), polypropylene (PP) and polyethylene are the worlds most commonly used plastic types, and the most widely recycled at EU level.

Healthy Forests

Forests keep our climate stable, regulate our water supply and are the homes for more than half of the species on the planet. The largest proportion of materials we use at Flying Tiger Copenhagen come from or affect forestry, hence it is important that we ensure healthy and responsible forestry, which ensures a stable industry of wood and paper products.

Ambitions

It is our ambition that all our wood and paper products come from sources that ensure responsible forestry, in terms of the consideration for people, wildlife, environment, and biodiversity. All deforestation-risk ingredients like palm oil, cocoa, soy, and coffee should come from sources that ensure no deforestation.



Main partnerships: Forest Stewardship Council and Roundtable on Sustainable Palm Oil

Progress in 2023

Our membership of the Forest Stewardship Council (FSC), and its certification underline our support for the promotion of well-managed forests. FSC certification not only entails the protection of biodiversity, it also means respecting the rights of local people and the people working in the forest. Moreover, it includes that workers are properly trained, have decent health and safety conditions as well as a fair wage.

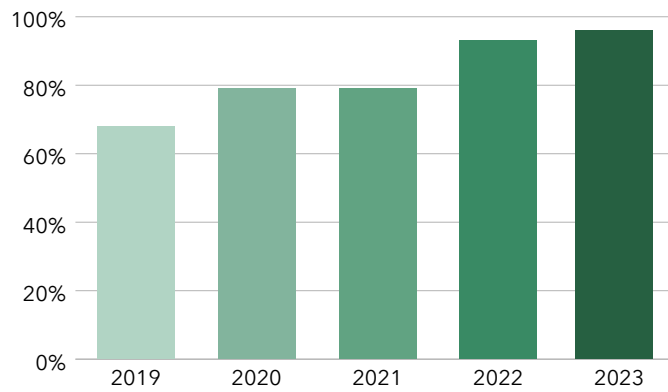
Targets

To have

100%

certified paper and wood products* by end 2022**

FSC Certified Paper and Wood Products*, %



This metric is measured as the total number of FSC certified wood and paper products/the total number of all wood and paper products.

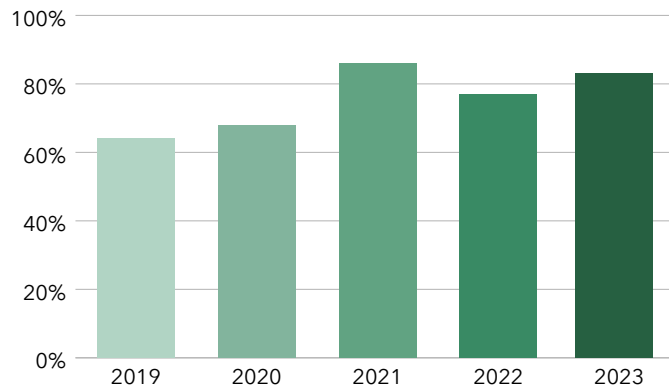
*Defined as items with 10%+ wood/paper-based content

To have

100%

certified palm oil in food products by end 2022**

RSPO Certified Palm Oil, %



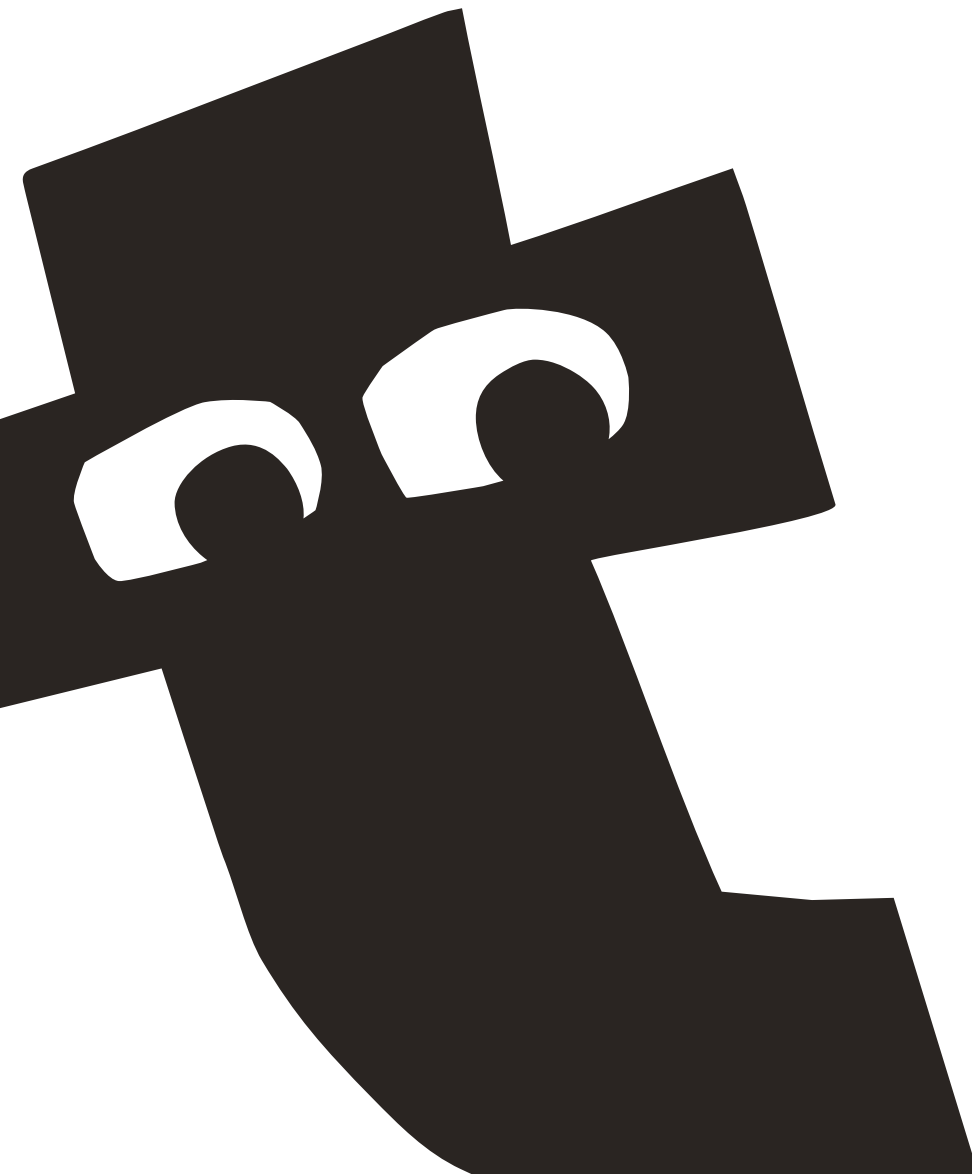
This metric is measured as quantity of items with certified palm oil/quantity of items containing palm oil.

** In 2023 reporting we decided to show clearly that we did not reach our 2022 targets in these areas. From 2025, 100% will be mandatory according to the EU Deforestation Regulation which is why new targets have not been set.

In 2023, the total proportion of FSC wood and paper products was 96%. Since we aimed for a solid 100% in 2022, we still have work to do. Nevertheless, we continued to make progress compared to the previous year.

Today, our customers will almost exclusively find FSC-certified wood and paper products in our stores. When it comes to store furniture, we began to use FSC-certified wood in 2012. Since then, all new store furniture has been FSC-certified. Older store furniture will switch to being FSC-certified according to their usual refurbishing cycle.

Palm oil is a highly versatile oil used for many products globally, primarily food and beauty. Unfortunately, palm oil is also a driver for deforestation. Therefore, we only want to use palm oil sourced responsibly. Since 2019, we have worked to increase the amount of certified palm oil we use for our food products. Currently, we haven't reached our target but we are swiftly working to rectify the situation before the EUDR (EU Deforestation Regulation) is implemented at the beginning of 2025.



Responsible Packaging

Packaging is one of the biggest waste categories throughout the world. It has a short lifespan with a large environmental impact. Packaging has a purpose not only to protect the products, but also to work as a platform to inform the customers about content. Using as little material as possible is the way forward. This is good for the environment, and it is a way to avoid the various taxation on packaging growing on a global scale. Less packaging shows our customers that we care and helps them minimise their local waste handling.



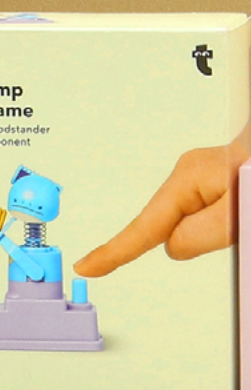
Main partnerships: Dansk Erhverv

Ambitions

Our focus on packaging is to:

- Use less packaging
- Remove excess/unnecessary plastic
- Make it easy to separate and recycle

Our target is to reduce the plastic used in packaging by 50% from 2019 to 2025.



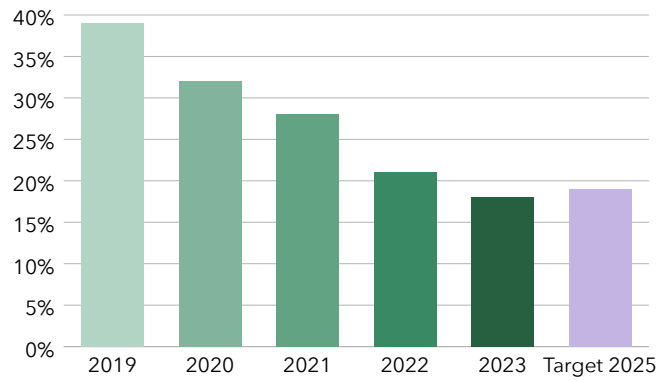
Targets

To have

50%

reduction of plastic in packaging by 2025

Plastic Packaging Material, %



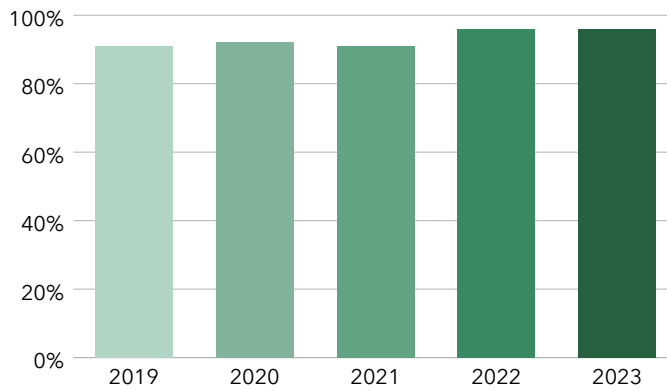
This metric is calculated as the total kilograms of plastic packaging material/total kilograms of all packaging material.

To have

100%

recyclable packaging by 2022*

Packaging Recyclability, %



This metric is measured as the total quantity of products with recyclable packaging/ the quantity of all products.

*In 2023 reporting we decided to show clearly that we did not reach our 2022 targets in these areas. From 2025, 100% will be mandatory according to the EU Deforestation Regulation which is why new targets have not been set.

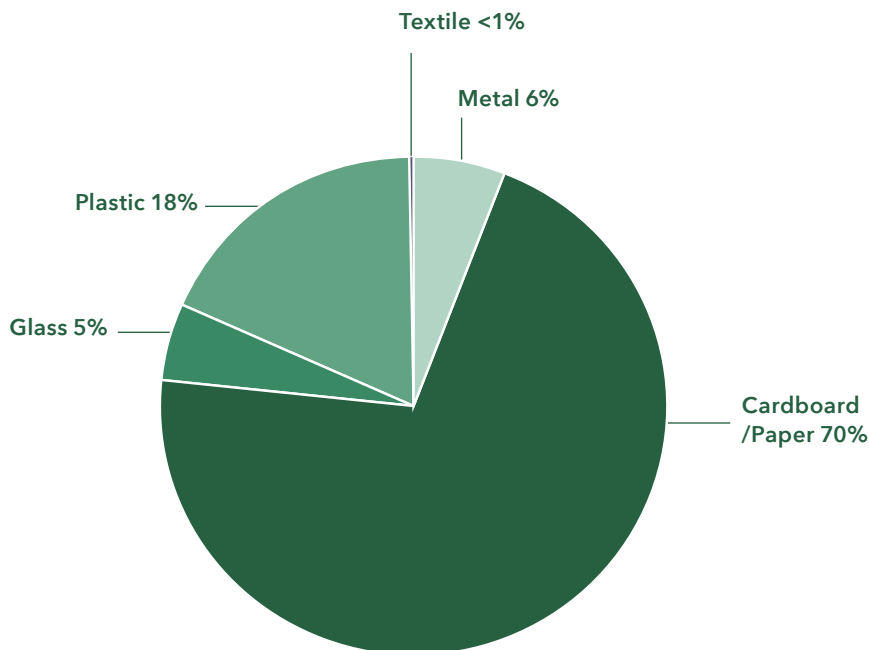
Progress in 2023

Less is more when it comes to great packaging. We continually strive to find the right balance between minimising packaging and using better packaging design and materials. Products need protection and we need to inform our customers about content. Still, we have made quite substantial reductions in the proportion of plastic packaging we use. Our target was a reduction of 50% by 2025, but in 2023 we are well ahead of our target at 53%.

Making it easy for our customers to recycle packaging is another of ours. Our 2022 goal was to offer 100% recyclable packaging. Unfortunately, this target has not been met since our recyclability percentage has decreased to 96%.

It is quite clear that when it comes to both reducing plastic packaging and ensuring 100% recyclability, our food products are the biggest challenge. As food protection, plastic has very good qualities and alternative packaging materials are hard to find. Also, since we offered more food products in 2023, it directly resulted in our total recyclability numbers going down. At the same time, our recyclability of non-food products went up to 99.5%. We will continue to look for alternatives and expect to see some innovative development in packaging begin.

Packaging Materials, %



This metric is measured as the proportion of total packaging weight that falls into each material category.

Responsible Procurement

Our purchasing decisions have an impact on social, environmental, and economic conditions in global supply chains. We are especially aware of human rights risks in our supply chain such as forced labour, child labour and excessive working hours. Monitoring and addressing sustainability risks in our supply chain strengthens our stakeholders' trust in our brand and increases our preparedness for a rising regulatory focus on due diligence in supply chains.

Ambitions

Focusing on responsible sourcing ensures that we account for the impacts of human and labour rights on workers and communities. Through our social compliance process, we work to ensure that factories, selected for production on our behalf, can meet our requirements and that the people producing our products are treated with respect and provided with fair and safe working conditions. Most of our direct suppliers are trading companies who source from a range of different factories, enabling us to offer a broad array of novel products across a variety of categories.

Progress in 2023

The Flying Tiger Copenhagen Supplier Code of Conduct sets out minimum requirements for responsible business practices by our suppliers (most often trading houses) and sub-suppliers (most often factory production sites), to operate by responsible business principles like human rights and in full compliance with all applicable laws and regulations.

The Code is based on international standards as defined by the United Nations (UN) and the International Labour Organisation (ILO). It defines our requirements in the areas of workplace health and safety, terms of employment, working hours, wages, environmental protection, and business ethics.



Main partnerships: The Centre for Child Rights and Business (The Centre)

Supplier Spend by Regions, %

Area	% of Spend
China	80%
Europe	19%
Rest of World	1%

In our supply chain, we work through our Responsible Procurement Programme, which comprises:

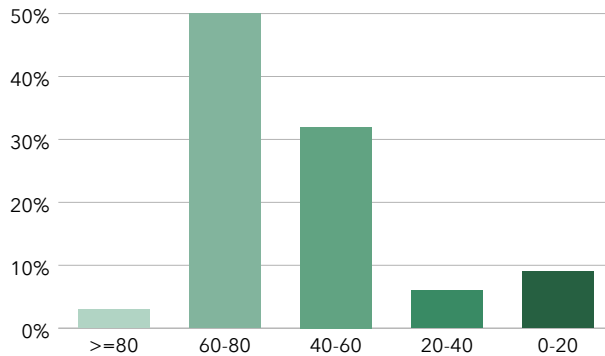
- 1 **Commitment to the Flying Tiger Copenhagen Supplier Code of Conduct**
- 2 **Screening and factory audits**
- 3 **Improvement and remediation**

All new factories are pre-screened before entering our supply chain to ensure they meet acceptable human rights and responsible business standards. Existing factories are selected for audit by assessing the risk based on (a) country of production, (b) purchase volume and (c) product category combined with individual assessment of (a) brand exposure of product and (b) audit history and performance of factory, including sub-contracting practices.

We have zero tolerance for child labour and strict rules for young workers (between 16 and 18 years old). In 2023, we found no cases of child labour. While the existence of child labour is unacceptable, proactively looking for child labour in our supply chain means that we can remediate and change things, one case at a time. The remediation process is handled in partnership with the Centre for Child Rights and Business. They are experts in these types of cases, and make sure that every case is handled according to the individual child's circumstances. The centre engages in dialogue with the family and ensures appropriate measures, like enrolment in vocational schools and monthly living stipends throughout the remediation period.

In 2023, we conducted 279 regular audits in our factories in China, in addition to the pre-screening of 184 factories, 16 of which required in-person audits. The most common issues to improve were ensuring a safe and healthy working environment and reducing overtime.

Supplier Ratings, %



This metric is measured as the proportion of total Flying Tiger Copenhagen suppliers in each rating category. In 2023, we have added more parameters to our factory ratings to give a more complete picture of performance.

Supplier Performance and Training

In 2023, we launched our Supplier Performance Management programme, which has helped us understand the main points of development that each of our partners should implement, segmenting our vendors according to performance levels: Gold, Silver, Bronze, and Red based on results for Quality, Sustainability, Delivery and Business relationship.

In 2023, we began running large, in person supplier conferences twice a year, focussing on strategy exchange, learning and development. We have also maintained our already established Supplier Academy, which runs frequent sessions on relevant topics within social requirements, sustainability, compliance, procurement, and quality. This allows us to provide training related to the ever-changing retail scenario while reaching a broader audience. In 2023, we had four training sessions with an average of 26 suppliers represented in each session. All sessions are recorded and shared with new suppliers during their onboarding.

Anti-corruption

Sadly, corruption is a considerable issue in international supply chains that prevents free and fair behaviour and limits sustainable development. Our audits are strict in this aspect, and our whistleblower setup ensures anonymous reporting if needed. This year we have furthermore enhanced our training for employees on the topic and we have informed our suppliers underlining our zero-gifting policy. In 2024 we plan to further emphasise this policy with our suppliers. In 2023, no cases of corruption or bribery were identified.

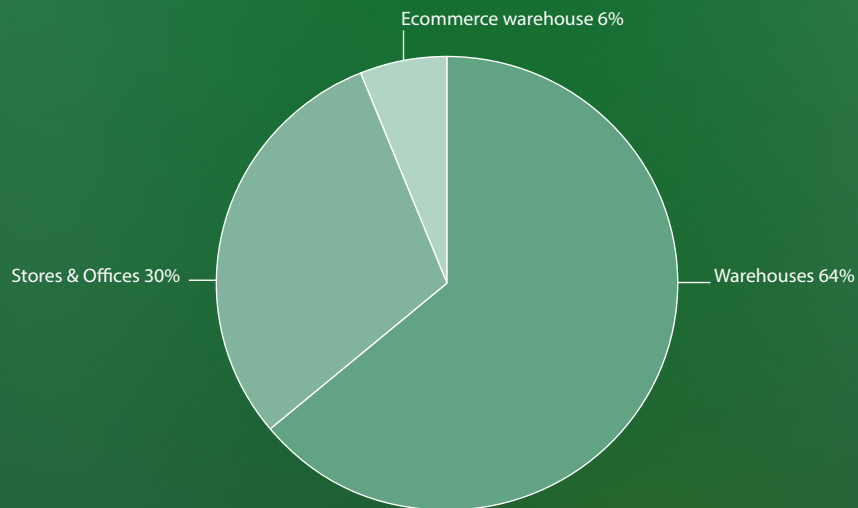
Logistics

Flying Tiger Copenhagen is committed to reducing the environmental impact of its logistics. A full 29% of our overall carbon footprint originates alone from the process of transporting products from factories to distribution centres to stores. We also impact the environment through the energy consumption at our distribution centres, as well as from the waste generated in connection with our transportation and distribution centre activity. All our transportation activities, either via sea or road, are operated by external partners. Of our distribution centres, one is operated fully by Flying Tiger Copenhagen. The remaining are all operated by external partners. Most of the waste generated in direct connection with our transportation and distribution activities is dominated by plastic foil wrapping when we are restacking pallets and unboxing goods in our ecommerce setup.

Waste

Most of the waste accumulated by our business stems from our warehouses and is a mix of general warehouse waste (cardboard, pallets etc.) and unsold products. In our stores, the waste is mostly cardboard waste and general waste, as products once shipped to stores are mostly sold.

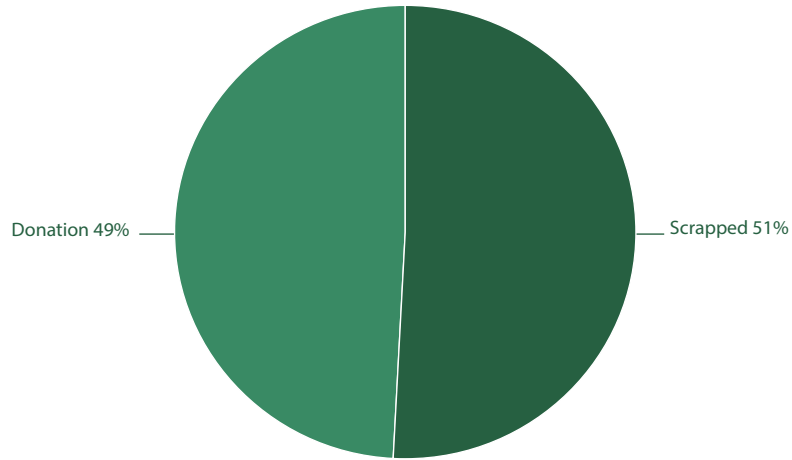
Waste Locations, %



This metric is the proportion of all waste (by weight) from different Flying Tiger Copenhagen location types.

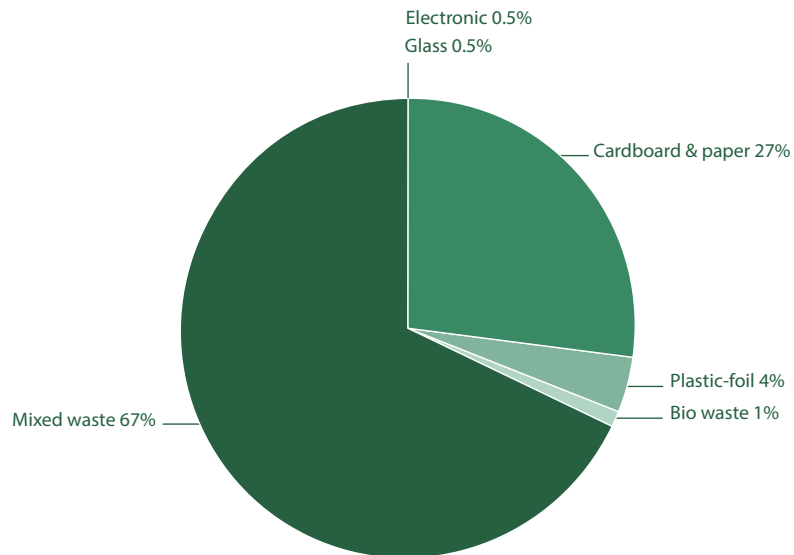


Donated & Scrapped Products, %



This metric is the proportion of end of life products that are donated and those that are scrapped products (by weight) from all Flying Tiger Copenhagen warehouses. Total weight for all end of life products (scrapped and donated) is 642 tonnes.

Waste Types, %



This metric shows the breakdown of different waste types (by weight) from all Flying Tiger Copenhagen sites (stores, offices and warehouses).

Ambitions

Our ambition is to reduce the emissions from the transportation of our products as much as possible – both by optimising the flow of our goods and by influencing the logistics industry. The logistics industry is substantial and has a considerable environmental footprint. Our goal is to lead this industry in a positive direction by setting high standards regarding our requirements for relevant partners.

Targets

75% of our logistics suppliers are to have Science Based Targets by 2026.



Main partnerships: Normative and the Science Based Targets initiative

Progress in 2023

In 2022, we initiated the movement to a more sustainable logistics process. Our priority has been to address the biggest challenge - to impact the industry. Signing a new ECO-delivery-agreement in 2023 with our shipping partner, Maersk, we now use only green fuels* for all our ocean freight, and we can't wait to see the impact of the emission reductions in 2024. Compared to the usage of conventional fossil fuels, these seaborne transport emissions are reduced by over 80% on a lifecycle basis.

In alignment with our company commitment, we have decided to ask our logistics companies to also commit to the Science Based Targets initiative (SBTi) and thereby share our vision on sustainability. Our ambition is that 75% of our logistics suppliers should be operated by companies with approved Science Based Targets and we are currently ahead of our target. Furthermore, sustainability is on the agenda for all our logistic tenders. Not only in terms of the requirement to commit to the SBTi, but also for other relevant aspects, including standards for reporting.

At our own operated distribution centre, we are now powered by 100% renewable electricity. Also, all our reach and forklift trucks are now electric. As for our ecommerce business, we've offered eco-conscious ecommerce packaging from the very beginning with a focus on FSC-certified and plastic-free packaging.

*Maersk defines green fuels as fuels with low (65-80% reductions) to very low (80-95% reductions) GHG emissions over their life cycle compared to fossil fuels. Maersk green fuels and its supply chain are verified by the International Sustainability and Carbon Certification (ISCC). The methodology for accounting emissions is based on GLEC V2 (Global Logistics Emission Council) and is certified by Smart Freight Centre.

Conscious Stores

Even when not including products, stores still have a considerable footprint. Just think about the furniture, the fixtures, electricity used, marketing materials and practical items like receipts and the wrapping used for fragile goods – even the car rides used for employees to visit the stores. It all has an environmental footprint. At the same time, these elements are also a representation of our company, giving us the possibility to show and enhance our commitment to sustainability.

Ambitions

We aim for our stores to reflect our high ambitions and commitment to sustainability. We want to minimise our stores' footprints as much as possible, using circular and responsible materials. For instance, our fixtures and fittings are made from materials of responsible origin, a minimum of composites, and can be completely disassembled and recycled at the end of their lifecycle. We also want to source only renewable electricity to run our stores and for our company car fleet to be electric.



Main partnerships: Forest Stewardship Council



Progress in 2023

Our membership of the Forest Stewardship Council (FSC) and its certifications underline our support the promotion of well-managed forests. An FSC certification not only entails the protection of biodiversity, but it also respects the rights of local people and the people working in the forest. Moreover, it includes that workers are properly trained, have decent health and safety conditions, and receive a fair wage.

Targets

To have

84%

renewable electricity by 2026*

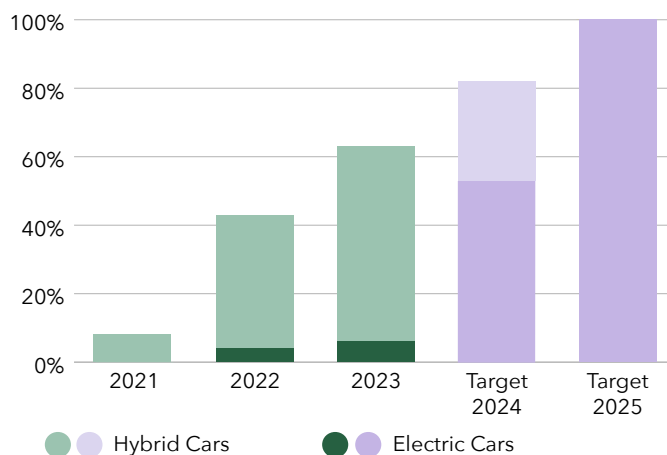
*See graph on Climate Action section, page 46

To have

100%

electric company owned and leased cars by 2025

Electric Company Cars, %



This metric is measured as the number of company owned and leased electric cars/the total number of company owned and leased cars.

Progress in 2023

In 2023, all our markets continued their movement towards 100% renewable electricity in their operations. All in all, we hit 88%, a number we are quite satisfied with, and which means that we are now ahead of our science-based target.

In late 2021, we developed our electric car goal, and since most of our company cars are leased based on a 3-year leasing agreement, there is no considerable change here. Though we see movement in the right direction with 6% of our company cars now being electric and 57% being hybrid. Our goal is to always choose electric vehicles over hybrid however, hybrid cars are still preferred over petrol or diesel vehicles due to their smaller footprints.

In some of our markets, we know that long distances can be a bit of a challenge with electric cars. We are therefore maintaining our 100% target and keeping our fingers crossed that the developments in this area will help us reach it.

Conscious Stores

Water based

Wall paints

LED lights -

low on emissions

and heat, which also means less air-conditioning

88%

of electricity in stores comes from **renewable sources**

+5 year

refurbishing cycle

for store furniture

Recyclable

furniture and fixtures made from wood and metal

Cabinets and boxes made from certified

responsible forestry

Shopping baskets made from

100%

recyclable plastic

Receipts printed on paper from certified

responsible forestry

Protective wrapping paper from certified

responsible forestry

Shopping bags made from

100%

recycled and recyclable material

Cabinets and boxes made in pallet sizes for

optimal transportation



Hand sculpture
made of natural
wood
Hand sculpture
made of natural
wood

Hand sculpture
231 KG
100,-
DAX 42.200

Charity Donations

Donating surplus products to people in need is part of our corporate DNA. We both help disadvantaged families and communities and at the same time, we minimise our environmental footprint by doing something good with products that would have ended up as unnecessary waste. In 2023, we donated almost half of our unsold products.





Here, we mention donations conducted directly from our global operations, but our local markets make numerous donations and enter different NGO partnerships in addition to this.




In 2023, we have donated almost 300,000 products to several NGOs in various countries. For instance, we donated 17 pallets of products from our UK warehouse to the NGO In Kind Direct, who then distributed this to 573 different charities in the UK, including many families and children in need.





We also work with several NGOs in donating unsold food products, thereby minimising food waste across our value chain making a difference to vulnerable social groups. As an example, we donate food to the Danish Fødevarebanken who distribute the food to various charities. We donate products that are close to the expiration date to WeFood, a Danish supermarket selling only obsolete goods.








Summary of Targets and Progress

SDGs	Climate action	2019	2020	2021	2022	2023	Target 2026	Status	Comment
	Reduce emissions from our scope 1 by around 30% by 2026, kg's of CO ₂ -eq emissions, %	Base Year	-28%	-6%	-43%	-40%	-30%	Ahead of target	
									
	Increase sourcing of renewable electricity (scope 2) to 84% by 2026, %	22%	39%	67%	80%	88%	84%	Ahead of target	
									
	Reduce emissions from purchased goods and services (scope 3) around 40% per million DKK by 2026, Emissions/gross profit (DKK) Reductions, %	Base Year	32%	-1%	-3%	-36%	-40%	Ahead of target	
	75% of logistic suppliers to have approved Science Based Targets (scope 3) by 2026, %	0%	60%	62%	82%	80%	75%	Ahead of target	The small change in the proportion of Logistics suppliers with SBT's from 2022 to 2023 is due to the transition of our main logistics supplier.

SDGs	Eco-conscious Products	2019	2020	2021	2022	2023	Target 2025	Status	Comment
  	50% eco-conscious products by 2025, %			26%	31%	36%	50%	In progress	Target developed in 2021, data not collected in 2019 and 2020.
	50% reduction of single-use products by 2025, %	Base Year	-11%	-28%	-37%	-49%	-50%	Ahead of target	Single-use plastic was only 4.2% of single-use products in 2023.

SDGs	Circular Materials	2019	2020	2021	2022	2023	Target 2025	Status	Comment
   	50% reduction of plastic in (non-food) products by 2025, %	Base Year	-6%	-7%	-16%	-19%	-50%	Behind target	
	50% recycled plastic in products by 2025, %	0,20%	0,25%	10%	3%	10%	50%	Behind target	

SDGs	Healthy Forests	2019	2020	2021	2022	2023 Actual	Target 2022*	Status	Comment
  	100% certified paper and wood products* by 2022, %	68%	79%	79%	93%	96%	100%	In Progress	*Paper and wood products defined as products with more than 10% wood and paper content.
	100% certified palm oil in food products by 2022, %	64%	68%	86%	77%	83%	100%	Behind target	

SDGs	Responsible Packaging	2019	2020	2021	2022	2023	Target 2022*/2025	Status	Comment
 	50% reduction of plastic in packaging by 2025, %	Base Year	-18%	-27%	-47%	-53%	-50%	Ahead of target	
	100% recyclable packaging by 2022, %	91%	92%	91%	96%	96%	100%	Behind target	In 2023 our non-food packaging was 99.5% recyclable.

*In 2023 reporting we decided to show clearly that we did not reach our 2022 targets in these areas. From 2025, 100% will be mandatory according to the EU Deforestation Regulation which is why new targets have not been set.



People

The people foundation of Flying Tiger Copenhagen is all about supporting our values and strategy, but also about strengthening our workplace uniqueness

- Create One Flying Tiger Copenhagen
- Get the right people on board
- Build competencies, capabilities and attitude in our people to support our strategy
- Leapfrog people tools, systems, and the use of data

Recruiting, Retention & Development: The Pillars of People

People. The very foundation we are built on. To the People Team, our main purpose is ensuring we have the right people on board. Both to have a fun and productive work place culture and to meet our strategic goals.

We take pride in supporting our people managers to make sure that everyone stays engaged and motivated. Not only do we scout people with the right skills, but we also determinedly work to keep all our highly qualified employees throughout our organisation. From store staff and managers to creatives and administrative people at HQ.

Our mission is to become one strong Flying Tiger Copenhagen across all our markets. In getting there, we support all our teams in building the right competencies, capabilities, and values to make our strategy live. Luckily, our People Team also evolves. In 2023, we established two new functions: Talent Attraction and Rewards. Our talent attraction's focus point is to attract high-quality candidates to our organisation whereas the reward team ensures that the level of our compensation and benefits match the market.

People-related matters require the right support. Therefore, our Business Partners team up with committed HR professionals, both from our HQ and our market offices, to provide our people managers with important knowledge on recruitment, performance evaluation, team coaching, and employee development. We all work closely with the business and teams to make sure that working at Flying Tiger Copenhagen is a fun and meaningful experience and, in that way, deliver on our strategic aim.

Our annual personal development reviews and talks between managers and employees are important assessments. To us, they're highly valuable development tools. In 2023, review processes were conducted in nearly three quarters of all entities. Of course, these reviews support the ongoing everyday 1:1 meetings and the open and honest dialogue all our people managers are encouraged and expected to have with their team members.

Culture: A Fun, Dynamic, and Social Workplace

At Flying Tiger Copenhagen, we put our hearts into everything we do. Our values are strongly rooted in the Scandinavian culture of openness, fun, and relevance. They simply reflect the way we see the world, and therefore reflect in the way we think and work.

At Flying Tiger Copenhagen, we have an open work culture. We trust each other, and we value our colleagues. Everyone's invited to engage, take charge, and influence their work. Cultural diversity? Yes, please. Luckily, 2023 paved the way for many new colleagues from all over the world. At the HQ alone we have more than 40 different nationalities, and we each add a touch of our cultural uniqueness, making Flying Tiger Copenhagen an international company with vibrant and informal company culture. We want our workplace to be fun, dynamic, and social. So, we party and always celebrate various occasions. Preferably with cake.

Engagement: Ways of Working

At Flying Tiger Copenhagen our people know that the door is always open. To us, it is important that everyone feels welcome in our offices and can share ideas and work together. But for people to truly thrive often the possibility to be able to work from home works wonders for their work-life balance. Therefore, flexible and attractive working conditions to us mean both on-site and remote. It is reflected at our HQ, designed to be a vibrant space where people want to come to work, meet their colleagues, and have fun. And it is reflected in our support of a hybrid workplace. In our 2023 engagement surveys, this flexible approach was highly recognised as a contributor to work engagement.

Well-being: Empowered by Data and Insights

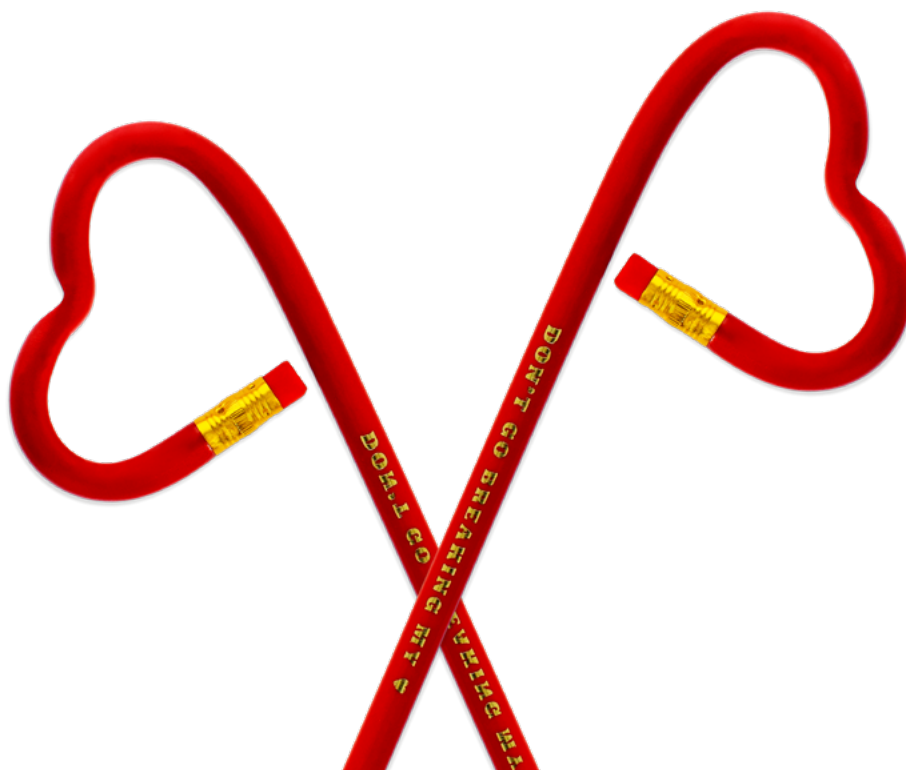
Knowledge is power. So, by empowering our people managers with data and insights about the well-being of their teams and the engagement within the organisation, we have a strong foundation for simply developing a best-in-class and unique retail company.

In 2023, one third of the teams in our markets conducted employee satisfaction surveys. These surveys provided a strong tool for managers in building a feedback culture. Moreover, the surveys invited an open and honest dialogue about being a part of Flying Tiger Copenhagen.

Also, in 2023 we carried out more frequent satisfaction surveys at HQ. Not only did it give our managers real-time data to work with. It also gave our employees the possibility to more frequently come with inputs and with that higher their chance to positively influence workplace initiatives.

The last satisfaction survey in HQ in 2023 showed an engagement score of 8,4 (out of 10), which was above both market benchmark and our ambition for 2023, demonstrating the success in maintaining a high engagement and a feedback culture supporting the continued development of the workplace.

There is a risk that if we fail to maintain a welcoming and involving culture in our workplaces, this could influence the engagement and lead to higher turnover rates and a decrease in performance. Therefore, we have maintained a sharp focus on well-being and our ways of working.



Diversity and Inclusion: Everyone's Welcome

Happy employees stay longer with the company which is better for business. It is as simple as that. So, ensuring good working conditions and a welcoming work environment where people feel they belong is key. Of course, we have zero tolerance for discrimination. It is a basic obligation and a core value not to discriminate against anyone. Our inclusive culture gives us a competitive advantage. It meets any demand for working at a company that values diversity and inclusion highly and attracts people from the widest talent pool.

In 2023, we kicked off our first Diversity Panel with colleagues from across the markets in various positions. The work will continue throughout 2024 as an established platform for relevant topics and meaningful discussions.

Ethics Training and Awareness: Know How to Act

Our employee ethics training has been enhanced further. Now the training also includes topics like corruption and what constitutes it, such as bribery, conflicts of interest, breaches of competition law, accurate financial reporting, gifting, and hospitality.

Therefore, our employees are now both more informed and protected and very aware of how to act in any of these situations. If the need arises, our employees are directed towards our whistle-blower setup, which allows confidential reporting of incidents.

Furthermore, we've strengthened our training on discrimination and harassment. More information has been added to our employee code of ethics providing relevant training for all employees to conduct regularly. To ensure that all employees conduct and complete this training, we've introduced a new system.

The engagement survey tool used at HQ provides detection of selected words written in anonymous comments from employees on harassment and discrimination. This tool enables management to engage with our employees and immediately act if needed. During 2023, merely a few incidents required further involvement from the People Department.

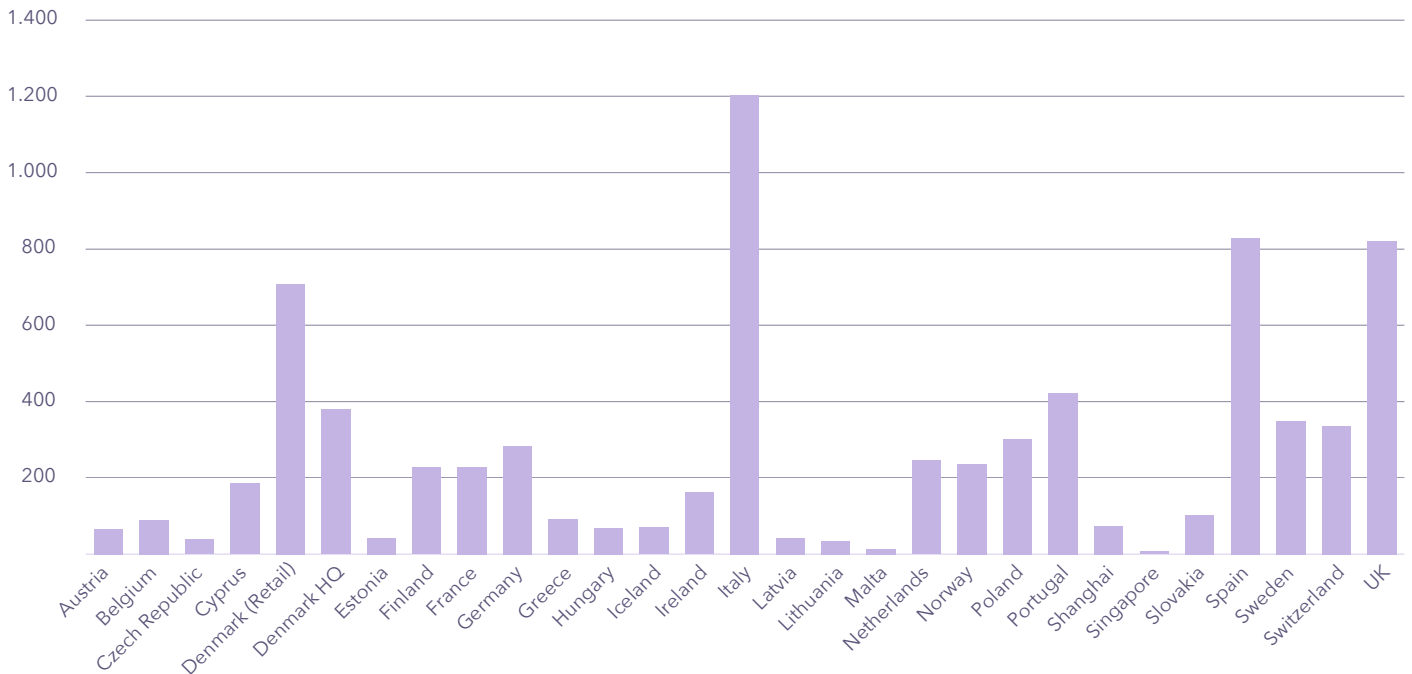
People Facts and Employment Conditions

We have local offices in 29 markets including regional offices in Shanghai and Singapore, and our HQ in Denmark.

In 2023, we had a headcount average of 7,500 considering temporary employees for peak season. Half of our markets are governed by collective agreements and 89% of the markets we cover have formal minimum wages either by law or collective agreement. More than half of our markets also provide a health care package for the employees. That is on top of the public health care services that, in most of the markets we operate, are primarily free and with a high coverage.

Flying Tiger Copenhagen offers equal opportunities regardless of gender, ethnicity, race, religion, and sexual orientation. No matter where you work in our organisation. Key to all positions are always relevant, professional qualifications.

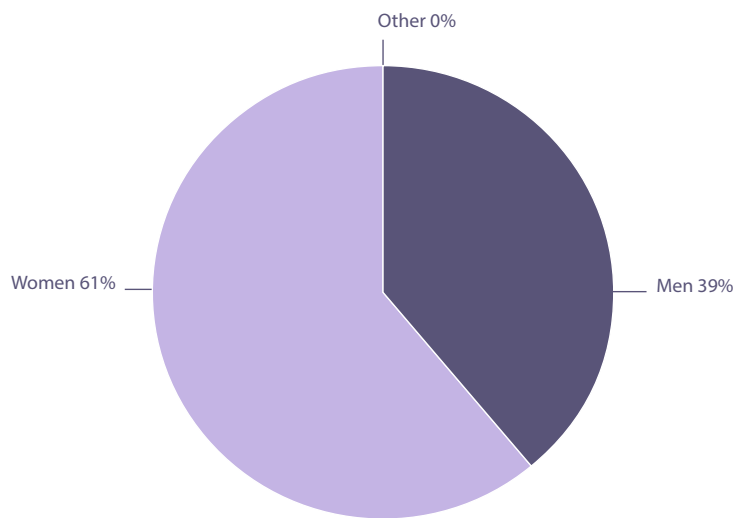
Total headcount (average 2023)



Most of our Flying Tiger Copenhagen people work in our stores, either as sales assistants, shift managers, or store managers, or in one of our four warehouses. More women are represented in our stores, and at the HQ in Denmark women represent a total of 61%.

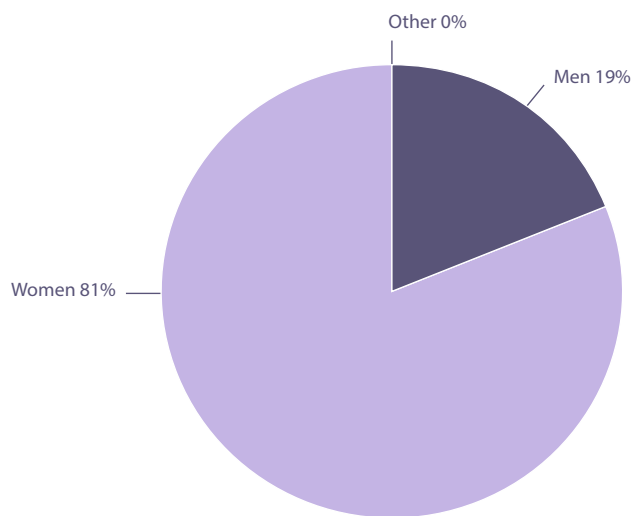
Gender split HQ total

Total headcount (31-12-2023)



Gender split total

Total headcount (31-12-2023)

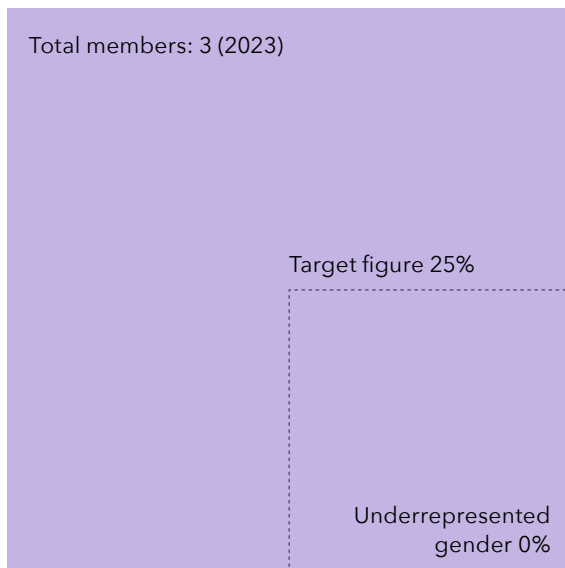


The high number of female staff in our stores is also reflected at the store management level. Across our markets around 75% of the store managers are women.

Gender Distribution in Management

Flying Tiger Copenhagen aims at gender equality in leadership positions. According to cf. section 99(b) of the Danish Financial Statements Act, the below table shows the gender distribution on our Board of Directors and in the top management at Zebra A/S.

Board of Directors



Year for meeting target: 2027

Other levels of management



Year for meeting target: 2027

Our Board of Directors changed both in composition and size as part of the change of ownership in 2021, where Treville X Holding ApS acquired Zebra A/S. The Board of Directors is composed of three men holding the majority ownership of the company. There have been no changes in the Board of Directors since 2021 and the aim of an increased diversity split before 2024 was not reached.

We will continuously aim to increase the diversity split to 25% females before 2027 in connection with changes to the composition of the Board of Directors. With these changes, we will ensure that female candidates are identified and participate in the selection process.

Today, women represent 37% of the other levels of management. Zebra A/S defines the other levels of management as the Senior Leadership Team and the persons with managerial responsibility referring to members of the Senior Leadership Team. In 2023, we had a minimal change and improved the number of the underrepresented gender in other management compared to 2022. But since the change was only minimal, it was not possible to reach our goal in the current financial year yet. We will aim at having 40% women in the group other levels of management before 2027. Therefore, we will continue to consider a sustainable approach to gender parity in our recruitment process.

To mitigate unconscious bias, we are continuously reviewing our recruiting processes. This is to identify candidates of all genders and to encourage female candidates' interest in taking on management responsibilities.

