

Sustainability and People Report 2022





When you choose FSC®-certified goods, you support the responsible use of the world's forests, and you help to take care of the animals and people who live in them. Look for the FSC mark on our products and read more at flyingtiger.com/fsc

Cosmetic organiser



Natural sea sponge
Renewable material

Facial massager



Back scrubber



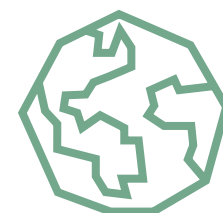
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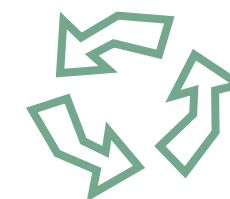
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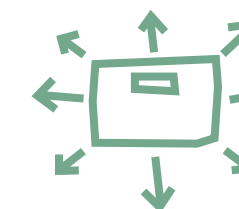
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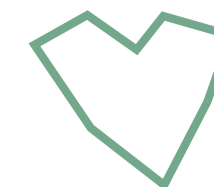
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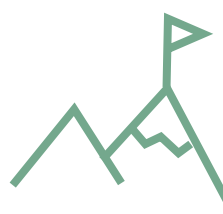
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Our commitment*

Our commitment to conduct our business ethically and responsibly runs through the full value chain, from sourcing, to shipping, to stores, to the end life of our products. We want our customers to know that when they buy a product from Flying Tiger Copenhagen, it has been produced in alignment with ethical, environmental, and social standards and is safe to use. This is crucial for the success of our company and for our customers.

Our business model means a high degree of control of our value chain from product designs, packaging designs, product materials and testing to the logistic setup and the running of our stores. This also means that our green transition might be complex, but also entirely possible.

We want to be frontrunners in the green transition of the retail industry and do our part to pass on a better globe to future generations. We want to offer affordable products with the least possible footprint and ultimately end dependency on virgin fossil materials and fuels.

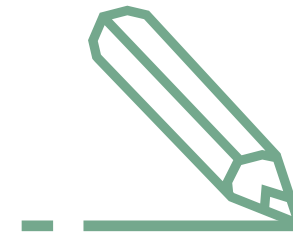
In 2022, we have taken great strides in our efforts within sustainability. We continued our effort to minimize our CO2 footprint respecting our commitment to the Science Based Targets Initiative and we were awarded an Eco-Vadis silver medal showing our commitment to the Environment, Human Rights and Labour Rights, Ethics and Sustainability Procurement. The Eco Vadis silver medal puts our sustainability performance amongst the top 25% of companies internationally. The whole company has worked diligently with sustainability targets with great success and sometimes even exceeding expectations.



*According to 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. We are a signatory of the United Nations Global Compact (UNGC) and adhere to its corporate sustainability Business Principles, encompassing human rights, employment standards, environment and anti-corruption. This is our annual Communication on Progress report.

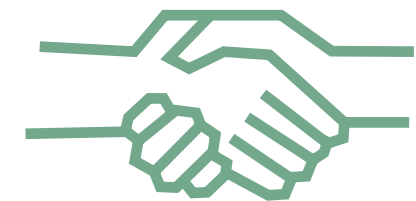
Sustainability in our value chain

Design



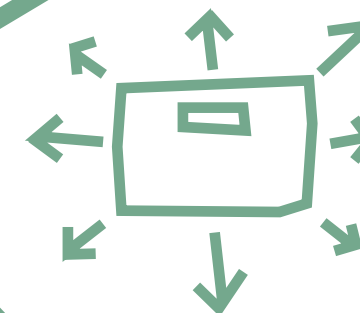
We want to offer our customers fun, surprising, and creative Eco-conscious choices. To achieve this, we are making sustainability an integral part of how we design our products. We focus on circular materials, design, packaging, and labelling.

Procurement



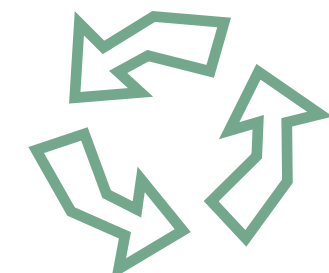
We are committed to ethical sourcing, capacity building, social responsibility, and environmental management in production. We screen and audit our suppliers and factories and all our products get the required testing.

Distribution



Most of our products are shipped via sea freight, with the remaining being 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, warehouses and stores we focus on lower CO2 operations and the circularity of materials.

Climate action

Global warming will result in major disruptions on a global scale. It is our obligation to act quickly to decarbonise our value chain and do what we can to mitigate the negative 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 the realities of climate change and we expect that taxation on greenhouse gas emissions will help underline the business case for a green transition.

Ambitions

Ultimately, we want to end our dependency on virgin fossil materials and fuels. We have signed up to, and been validated by, the Science Based Targets initiative. In practice these targets mean we will reduce our total greenhouse gas change to emission intensity (scopes 1, 2 and 3) by around 30% by 2026. We believe the ambition to be high, but achievable.

Progress in 2022

As a global retailer, we have a responsibility for our impact on the planet throughout the value chain. Our Environmental policy expresses our commitment to protect the environment, and the climate, by minimising our negative impact. A significant part of our impact comes from our products. Consequently, our Supplier Code of Conduct further specifies our requirements for the environmental awareness and conduct of our suppliers.

Our efforts to lower emissions are focused where Flying Tiger Copenhagen has the highest impact. This includes choosing more eco-conscious materials for our products, using less plastic throughout our value chain, sourcing responsible forestry products, minimising packaging, using more renewable energy in our own operations and minimising food and other product waste through donations.

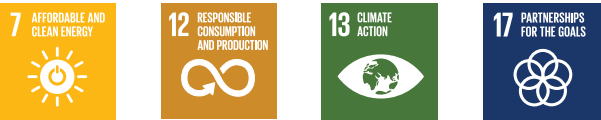
Our scope 1 emissions are mostly driven by the use of internal vehicles so, we are focusing on transitioning to electric vehicles in this area, in addition to reducing the amount of car journeys and using hybrid vehicles where electric are not possible. We can see some significant changes in our scope 1 emissions, with an overall reduction in emissions of a solid 43% between 2019 and 2022, which is ahead of our 2026 Science Based Targets.

In scope 2 we support the transition to renewable energy in our own operations. The initial target was to reach 50% renewable

energy by 2022 and 84% by 2026, but due to a very positive development, we have already reached 80%. We want to reach 100% renewable energy in our operations however, for this we would need to be able to source renewable energy for our office in Shanghai, which is not possible today.

In our purchased goods and services target within scope 3, most emissions are associated with our products and packaging. The emissions are compared to overall profit to keep it relative to growth however, we are increasingly seeing issues with this metric. The metric is particularly problematic when items are purchased in one year but, sold in the next – especially when there is an inventory buildup. This means that we have not seen a significant reduction in emissions relative to gross profit however, when we compare emissions per kilogram of product and packaging materials (see Impact per Kilogram of Product & Packaging Materials Graph) the picture is very different. Here we see a 13% 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, ahead of our 2026 target.*



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

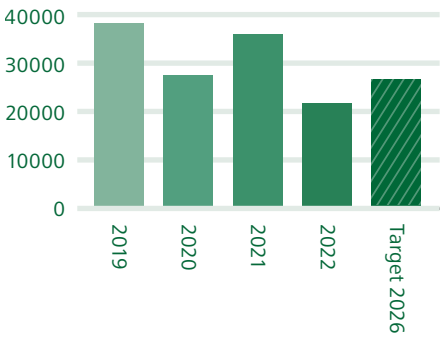
Science Based Targets*

Reduce emissions from our (scope 1) by about

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.

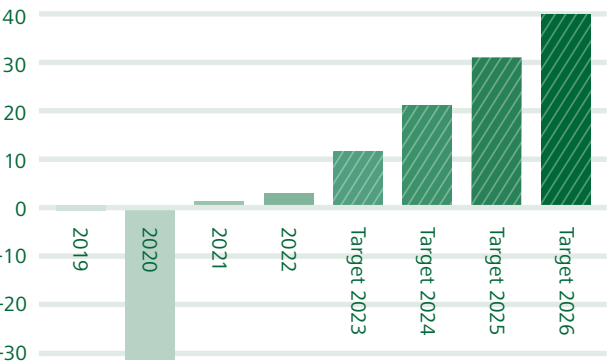
Reduce emissions from purchased goods and services (scope 3) around

40%

per DKK profit by 2026*

Greenhouse gas emissions from purchased goods and services (mostly products and packaging)

Emissions/gross profit (DKK)



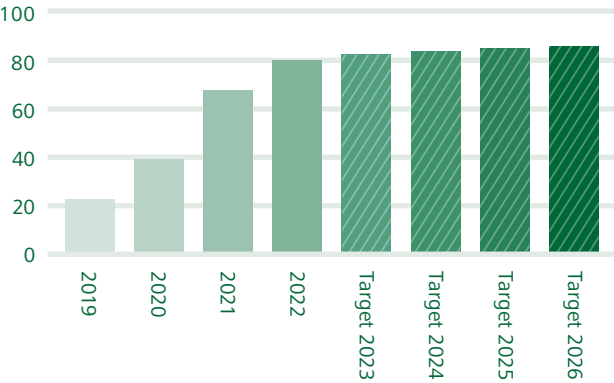
This metric is measured as total kilograms of CO2 equivalent emissions/value added (gross profit) in Danish Kroner. At Flying Tiger Copenhagen Purchased goods and services refers mostly to emissions from our products and packaging and a small amount from other purchased goods and services.

Increase sourcing of renewable electricity (scope 2) to

84%

by 2026*

Renewable electricity in own operations, %

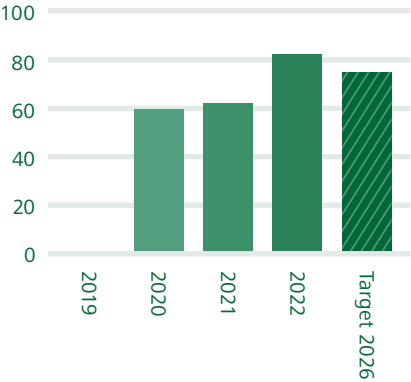


Sourcing of renewable electricity is measured as kwh's of electricity consumption covered by renewable electricity/total kwh's of electricity consumption. We classify renewable electricity as from wind, solar, hydro or kinetic sources.

75%

(by spend) of our logistic suppliers covering upstream transportation and distribution will have science-based targets (scope 3) by 2026*

Logistics suppliers with approved Science Based Targets, %

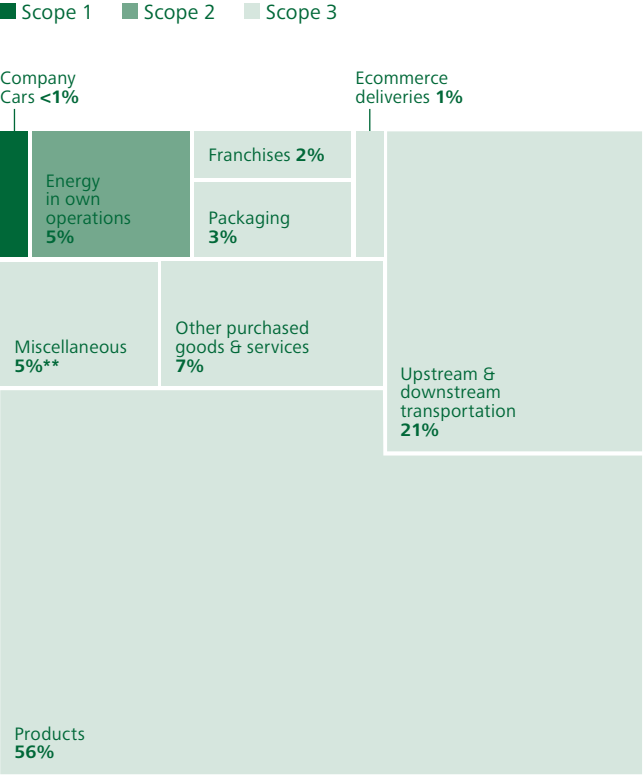


This metric is measured as company spend on upstream transportation and distribution suppliers with committed and approved SBT's/ company total spend on upstream transportation and distribution suppliers.

*With the development of a specific Science Based Targets pathway for the sea transport sector (The Maritime Transport sector guidance) at the end of 2022, we expect some of our existing suppliers will transition to this SBT pathway, instead of their current trajectories, and some of our remaining suppliers without SBT's will join the initiative.

*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.

Emissions share per category, %



Total 181m (kg's of CO₂ equivalent emissions)

*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. This metric demonstrates the percentage of overall emissions that fall into each operational category.

**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.

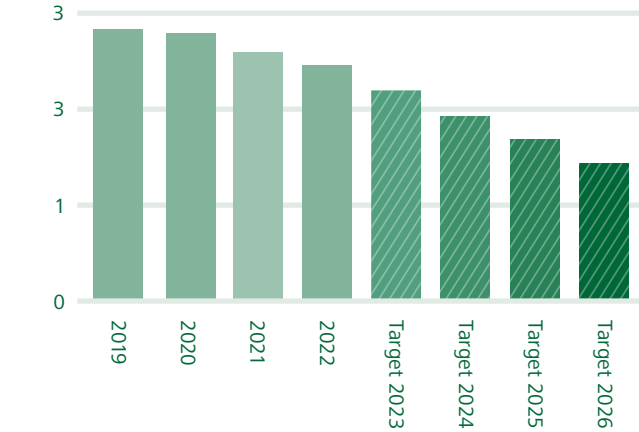
Sustainability reporting is not yet an exact science, but an area under constant development with still more insights being added frequently. We support this improvement and strive to always adjust to the latest insights and to be as transparent as possible.

In 2022, our scope 3 data changed slightly, because we collected further data on our scope 3 emissions in alignment with the GHG Protocol's scope three standard. This resulted in us collecting more data, including downstream transportation which is growing because of the expansion of ecommerce, and better data on waste generation. None of these areas are currently high emission areas for us or do they affect our Science Based Targets. Their introduction means we now cover all our scope 3 areas, allowing us to make informed decisions. Where new graph should be added - titled 'Impact per Kiolgram of Product and Packaging Materials'

When we look at the emissions from our product and packaging materials against our target to reduce our emissions from products and packaging around 40% by 2026, we see a 13% reduction from our 2019 base year.

Impact per Kilogram of Product & Packaging Materials

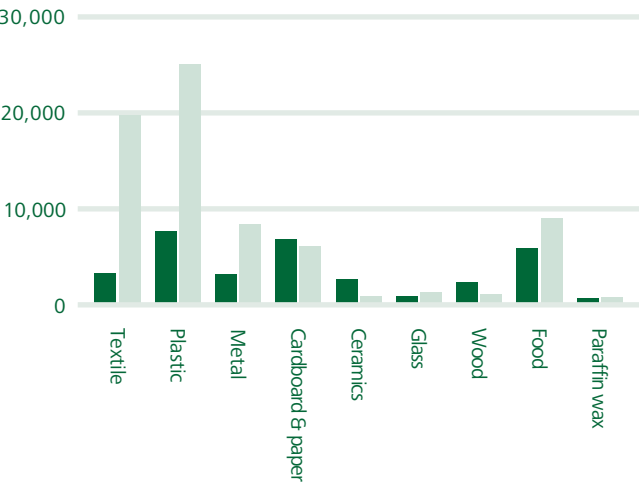
Emissions (kg's), Product and Packaging Materials (1kg)



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

Impact by materials in products

Products (thousand kg's) Emissions (thousand kg's)



This metric shows product material weight in thousand kilograms and what they represent in thousand kilograms of CO₂ equivalent emissions.

Further analysis of our emissions in terms of product materials has shown us, that when it comes to lowering the emissions throughout our value chain, it is very important to target our use of both textiles (polyester and cotton being the biggest categories) and plastic. We are working on this both in terms of reductions, but also in terms of using much more recycled materials. Read more in the section on Circular materials. Some items are high in emissions but relatively good from other angels, for example metals such as aluminium, that are endlessly recyclable.

*Our Scope 3 GHG 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 so, we can have excluded it, we will revisit the category next year in case it has increased in significance.

Goodbye bottle, hello bag!

Our new eco-conscious bag is made from discarded plastic bottles and is 100% recyclable.



Eco-conscious products

Being a retail company our impact on the planet is mainly driven by our products. By choosing still more eco-conscious items to offer in our stores, we take better care of global resources, we stay relevant as a company, and stay ahead of the growing amount of environmental legislation.

Ambitions

We want to offer our customers more eco-conscious, useful, fun, and inspiring products at affordable prices. Our customers should be able to clearly identify the more environmentally conscious items in our stores, including being able to choose multi-use alternatives to classic single-use products.

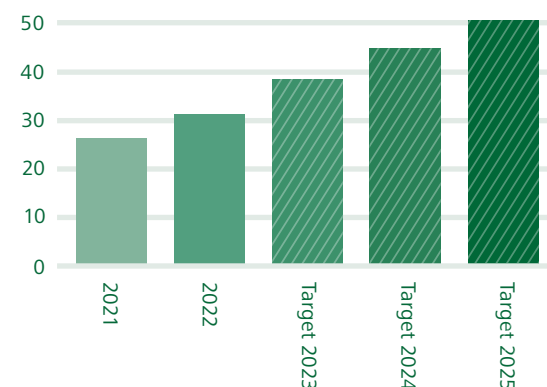


Main partnerships:
Forest Stewardship
Council

Targets

To have
50%
eco-conscious products
by 2025

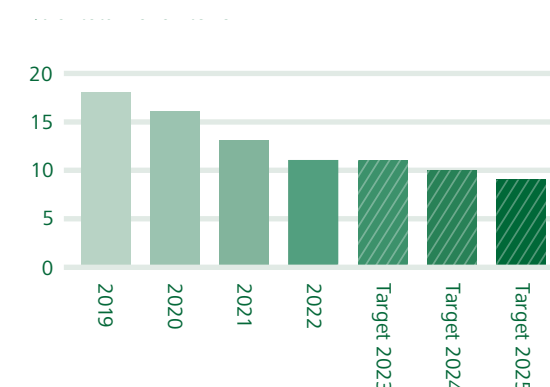
Eco-conscious products*
% of total no. of items



This metric is calculated as number of eco-conscious products/number of total products.
*See classification of conscious on page x.

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

Single use products
% of total no. of items



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

Progress in 2022

We want to offer our customers products which are better than the standard selection available with regards to being conscious of our environment.

Because of this we offer eco-conscious products classified as:

- 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 mostly use the eco-conscious definition as an internal tool to make sure our products change in a positive direction. When it comes to marketing, we plan to use these insights in a hyper-factual way, to inform our customers that a product is made from a certain percent recycled material for example. We are happy to see a steady increase in the share of these products in our stores (now 31%), at a pace in line with our target of 50% by 2025.

Single-use products are products, which are thrown out after only one use. The environmental impact can be very high considering the short lifespan, which is why we want to halve our number of single use products by 2025, targeting both items with and without plastic. Since 2019, we have reduced the proportion of single-use items by 37%, well ahead our target.

The single-use items, which we have decided to keep for now, are either low impact and/or have no natural replacements, like paper napkins (made from responsible forestry). We strive to give our customers the full range of alternatives to single-use products.

Head massager
FSC

Bath sponge
Renewable material

Massage brush
FSC



Circular materials

On a global scale the world is overusing on resources and producing far too much waste to handle in a sustainable way. Plastic is a particularly big issue and a shift from virgin fossil oil to renewable or highly recyclable materials is needed.

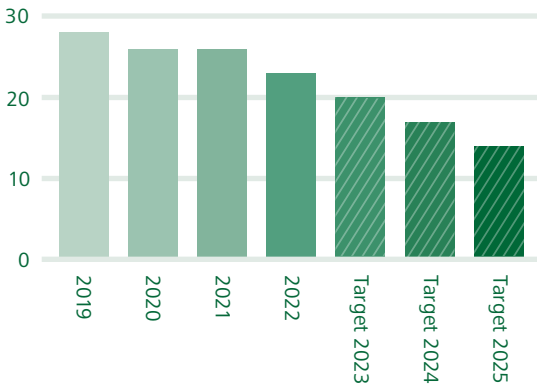
Ambitions

We want to support the transition towards a circular use of materials, where all products are designed with the goal of eventually becoming raw materials for a new cycle of usage. Renewable materials will often do this simply by decomposing and becoming nutrients for new growth, but for technical materials it is a question of the ability to separate and recycle materials. We also want to address the issues with plastic and are diligently targeting plastic reductions both in products and packaging.

Targets

To have a
50%
reduction of 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.

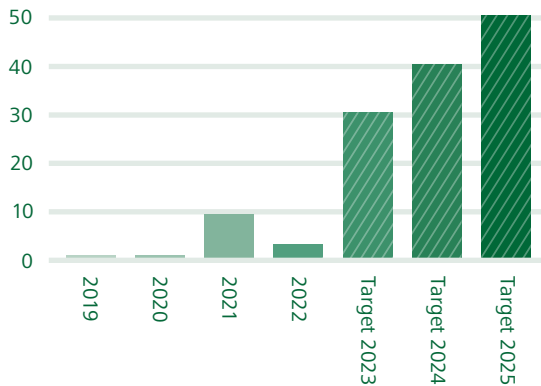
*For the proportion of plastic in products we choose to exclude food from this analysis. The food category has fluctuated in size over recent years, and we believe this may sway our analysis. In this table the uncategorised data we have is also assumed to be the same mix of materials as the rest of the 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



Main partnerships:
Nordic Circular
Hotspot and
Dansk Erhverv

To have
50%
recycled plastic
in products by 2025

Recycled plastic in products, %



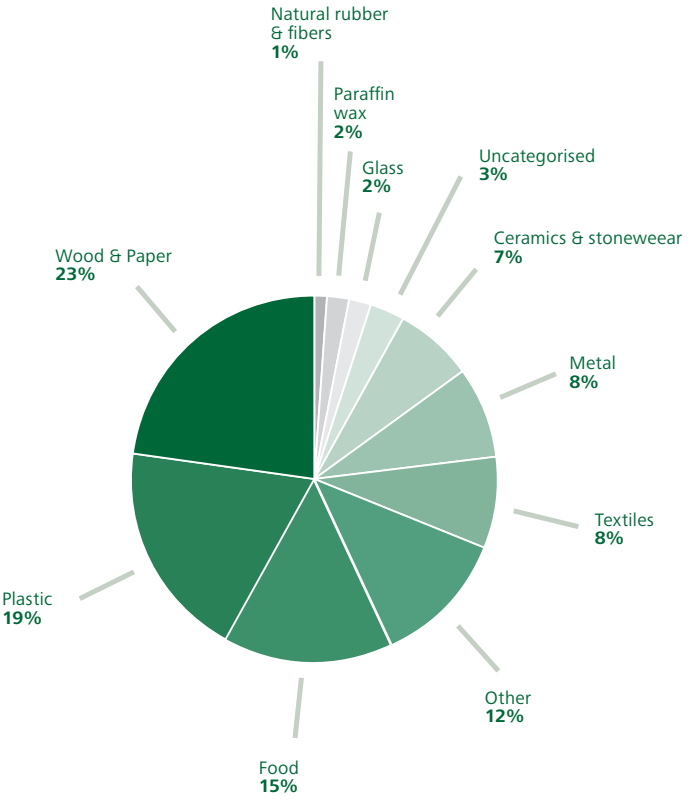
This metric is measured as total kilograms of recycled plastic/total kilograms of all plastic (in products).

Progress in 2022

In 2022, our most used product materials were wood and paper, which together with food made renewable materials our biggest category, followed by fossil fuel-based materials: plastic and paraffin.

Plastic is a versatile material: It is light-weight, durable, and can be used for many different things. However, we want to be clever about how we use it; reducing the amount we use and using a lot more recycled plastic – thereby supporting the overall global reduction and more recycling of plastics. From 2019 to 2022, we managed to reduce the use of plastic in our products by 16% aligning to our overall plastic reduction targets. Unfortunately, at the same time, we have seen a reduction in the amount of recycled plastic in our products. This is not acceptable and we will continue to look for possibilities to improve in the area. Furthermore, we have strict reduction targets on plastic packaging. Read more in our section on Responsible packaging.

Product materials, %



This metric is measured as the proportion of product material weights that fall 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. We are working to rectify this issue.

Toothbrush
FSC



Travel container
FSC





Grater
FSC



Press pot
FSC



Fibre pots
FSC



Cultivator
FSC

Material guideline

We use the below guideline when choosing materials for new products. The priorities are based on the concept of 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 have the possibility to regenerate and bio-degrade to become food 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 infinitely 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. Realising that the recycling industry will need 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 comes from oil from farmland (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 very few recycling facilities but will most often, simply disrupt normal plastic recycling systems. Therefore, we have decided not to use either material.



Egg cup
Mug
Bowl

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 have an effect on forestry, hence it is important that we ensure healthy and responsible forestry, which in turn ensures a stable industry of wood and paper products.

Ambitions

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



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

Progress in 2022

With our membership and certification of the Forest Stewardship Council (FSC), we support the promotion of well-managed forests. Among other things, an FSC certification entails protection of biodiversity, and respect for the rights of local people as well as the

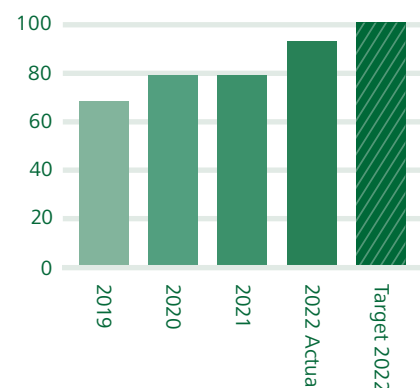
people working in the forest: including that workers are properly trained, have decent health and safety conditions, and receive fair wages.

In 2022, the amount of FSC wood and paper products was 93%. We aimed to reach 100% this year so, this figure – despite being a considerable improvement from last year – still requires some progress. Our focus is now on the items where wood/paper is a smaller and not necessarily an obvious amount, one example being foil balloons where the paper straw used to inflate them should also be certified. We also have a focus on bamboo items, which have not traditionally been in the scope of forestry certifications.

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 is FSC certified, while 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 in primarily food and beauty on a global scale. However, palm oil is a driver for deforestation. Therefore, we want to only use palm oil sourced in a responsible manner. Since 2019, we have worked to increase the amount of certified palm oil we use for food products. Our aim was to reach 100% in 2022 however, we fell short of this target at 77%. We can see this issue was largely driven by four very high performing items which we will work on immediately transitioning.

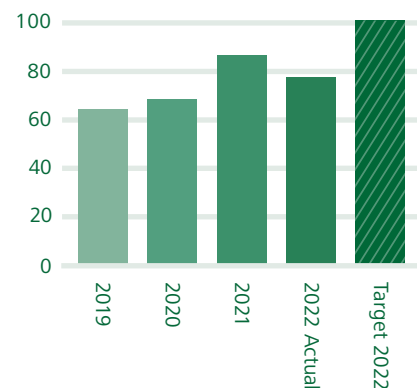
FSC certified paper and wood products*, %



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

RSPO certified palm oil, %



This metric is measured as the total number of food items with certified palm oil/the total number of food items containing palm oil.

To have

100%

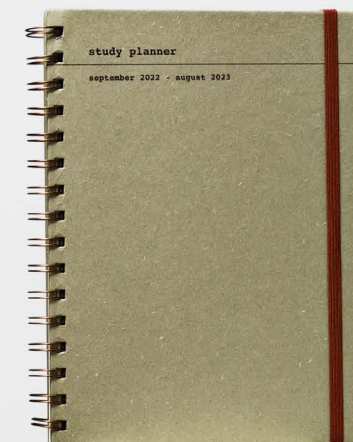
certified paper and wood products* by end 2022

To have

100%

certified palm oil in food products by end 2022

Study planner



Pencils



Perpetual calendar



Planner board



Notebook



Responsible packaging

Packaging is one of the biggest waste categories worldwide. It often has a short lifespan and a large environmental impact. We need packaging to protect and inform, but going forward, we will use as little material as possible. This is good for the environment, and it mitigates the manifold packaging taxation schemes which are growing on a global scale. Less packaging also shows our customers that we care and helps minimise their local waste handling.



Main partnerships:
Nordic Circular Hotspot
and Dansk Erhverv

Targets

To have a

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.

Ambitions

Our focus when it comes to packaging is:

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

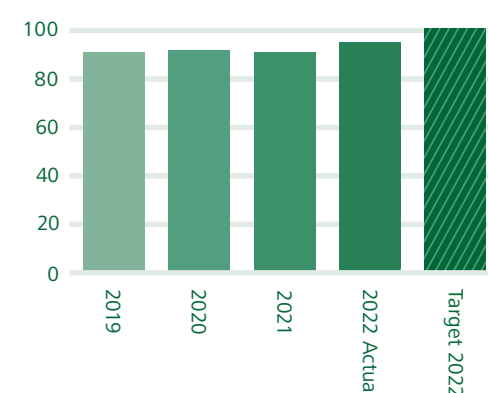
Our target is to reduce the plastic used in packaging by 50% from 2019 to 2025.

To have

100%

recyclable packaging by 2022

Recyclable packaging, %



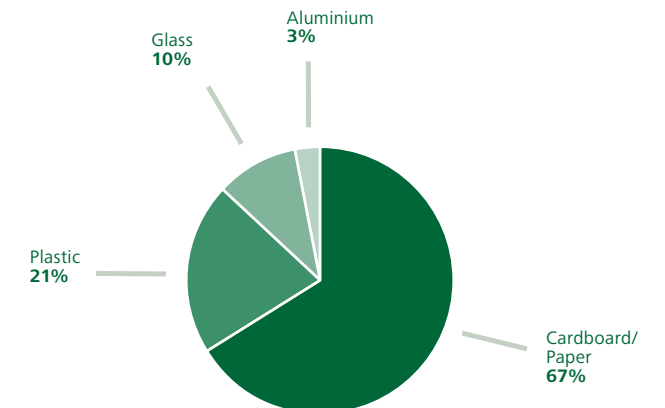
Footnote: This metric is measured as the total number of products with recyclable packaging/ the total number of products.

Progress in 2022

When it comes to great packaging, less is more. We strive to find the right balance between minimising the packaging, and using better packaging design and materials, while still protecting the products and communicating necessary information to our customers. We want to make it as easy as possible for our customers to recycle packaging, and we have a target to have 100% recyclable packaging in 2022.

From last year we improved the recyclability of our packaging from 91% to 96%. If we look at only non-food products, which this target was originally based on, we are at 99% recyclable packaging, which we are satisfied with. We clearly see that when it comes to both reducing plastic packaging and ensuring 100% recyclability, our food products represent the biggest challenge. Plastic has very good qualities when it comes to food protection and alternative packaging materials are hard to find. But we will continue to look for alternatives and expect to see the global development within packaging begin to show positive results.

Packaging material types, %



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

We have made some huge reductions in the proportion of plastic packaging we use. Our target was to reduce the amount of plastic 50% by 2025 however, we have already reached a 47% reduction in 2022 – well ahead of our target.



Sweet shop



Now

Before

Responsible procurement

Through our purchasing decisions we have an impact on social, environmental, and economic conditions in global supply chains. We are especially aware of essential 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 rising regulatory attention on due diligence in supply chains.

Ambitions

Our focus 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 2022

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

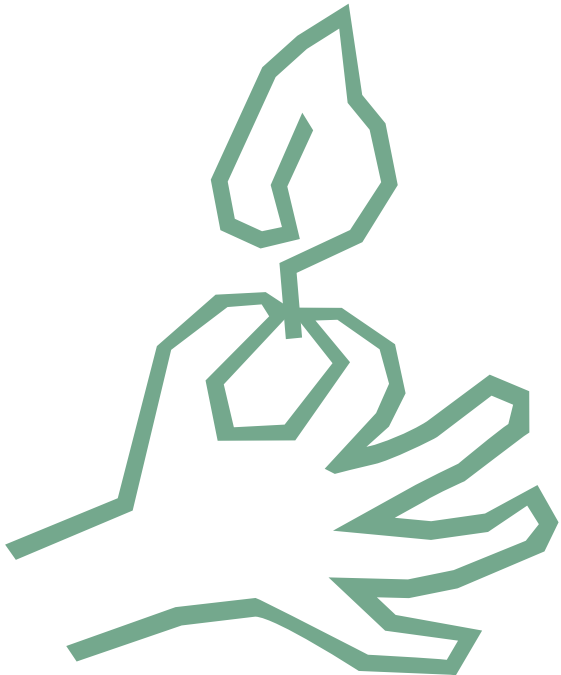
The Code is based on international standards as defined by the United Nations (UN) and the International Labour Organisation (ILO). It defines our requirements in the areas of workplace health and safety, terms of employment, working hours, wages, environmental protection, and business ethics.



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

Spend in regions, %

Area	% of spend
China	85
Europe	13
Rest of world	2



In our own supply chain, we work through our Responsible Procurement Programme consisting of:

- 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 a zero tolerance for child labour and strict rules for young workers (between 16 and 18 years old). In 2022 we found 2 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. The Centre are experts in these types of cases, they make sure that every case is handled with respect to the individual child's circumstances. They engage in dialogue with the family and ensure appropriate measures, like enrolment in vocational schools and monthly living stipends throughout the remediation period.

In 2022, we conducted 217 regular audits in our factories in China, in addition to the pre-screening of 224 factories, 25 of which required in person audits. The most common issues to improve were ensuring a safe and healthy working environment and reducing overtime.

In 2023, we are going to conduct an extensive double materiality assessment. The findings from this assessment will identify the most salient human rights issues affecting the organisation. We will then implement strategies to mitigate these issues.

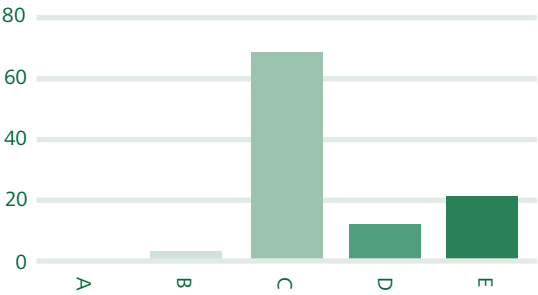
Supplier training

In 2022, we continued the close engagement with our suppliers. The inability to arrange larger physical conferences or training sessions due to social distancing spurred the creation and implementation of a Supplier Academy in 2020. The Academy now runs frequent sessions on relevant topics within social requirements, sustainability, compliance, procurement, and quality, allowing us to provide training related to more topics and to a broader audience. In 2022 we had six, one-hour training sessions with an average of 37 suppliers represented in each. All training sessions are recorded and shared with new suppliers during their onboarding.

Anti-corruption

We are aware that corruption can also be a considerable issue in international supply chains. It prevents free and fair methods of acting and limits sustainable development. Our audits are strict in this aspect, and we have a whistle-blower setup, which ensures anonymous reporting if needed. This year we have enhanced our training for employees on the topic and we have also sent further correspondence to suppliers reiterating our zero-gifting policy. In 2023 we plan to further emphasise this policy with our suppliers. In 2022, no cases of corruption or bribery were identified

Supplier ratings, %



This metric is measured as the proportion of total Flying Tiger Copenhagen suppliers in each rating category.



Logistics

Flying Tiger Copenhagen is committed to reducing the environmental impact of our logistics. About 21% of our total carbon footprint originates from the process of transporting products from factory to distribution center to stores, thus having a significant impact on our total footprint.

Additionally, we impact the environment through the energy consumption at distribution centers as well as from the waste generated in connection with our transportation and distribution center activity. All our transportation activities – which are either via sea or road - are operated by external partners. Of our distribution centers 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 restacking pallets and the unboxing of goods in our e-commerce setup.

Ambitions

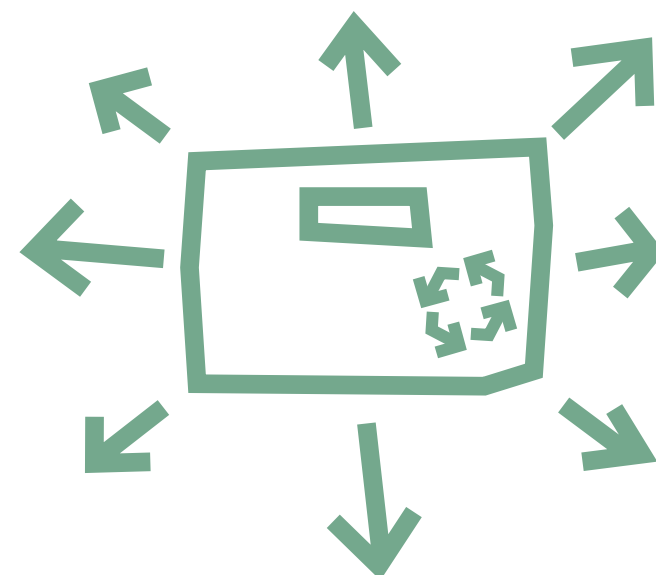
We aim to reduce the emissions from the transportation of our products as much as possible by optimising the flow of our goods and influencing the logistics industry, a huge industry internationally with a considerable environmental footprint, in a positive direction. This will be done by setting high standards regarding our requirements to relevant partners.

Targets

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



*Main partnerships:
Normative and the Science Based
Targets Initiative*



Progress in 2022

In 2022, we initiated the journey to build a more sustainable logistics process. Our priority has been to address the biggest challenge, which is to impact the industry in general. We have, in connection with our own company commitment, decided that we aim to work with logistics companies also committing to the Science Based Targets Initiative (SBTi) and thus sharing our vision of sustainability.

We have set the ambitious target that 75% of our logistics suppliers in the future should be operated by companies with approved Science Based Targets.

To ensure that we reach this target by 2026, sustainability has been on the agenda for all our logistic tenders. Not only in terms of requirements of commitment to the SBTi, but also for other relevant aspects including standards for reporting. At our own operated distribution center, we are now powered with 100% renewable energy. In addition, all our reach and forklift trucks are now electric.

Within the E-commerce business, we offered eco conscious E-commerce packaging from the very beginning and have focused on FSC certified and plastic free packaging. We have also done a lot of marketing related to further usage of the delivery boxes, for example encouraging children to create items such as puppet theatres out of these boxes. Thereby prolonging the packaging lifecycle before it is recycled.



Notebooks





Conscious stores

When you take away all products from the equation, stores in themselves also have a considerable footprint. The furniture, fixtures, electricity used, marketing materials and all the practical items, like receipts and wrapping used for fragile goods, all have an environmental footprint. At the same time, these elements are also a physical representation of our company with the possibility of demonstrating and enhancing our commitment to sustainability.

Ambitions

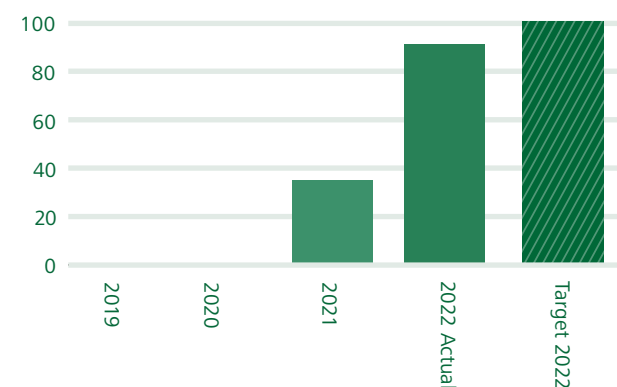
We want our stores to reflect our high ambitions and commitment to the sustainability agenda by minimising their footprint as much as possible using circular and responsible materials. As a result, our fixtures and fittings are made from materials of responsible origin, a minimum of composites and can be completely disassembled and recycled at the end of their lifecycle. Most fixture elements are perfectly reusable for another full lifecycle which benefits both our company and the planet.



Main partnerships:
Forest Stewardship Council

Targets

Eco-conscious marketing material*, %



*Eco-conscious sources refers to responsibly certified, in all cases this is FSC certification. This metric is measured as the number of marketing material items from eco-conscious sources/the total number of marketing material items.

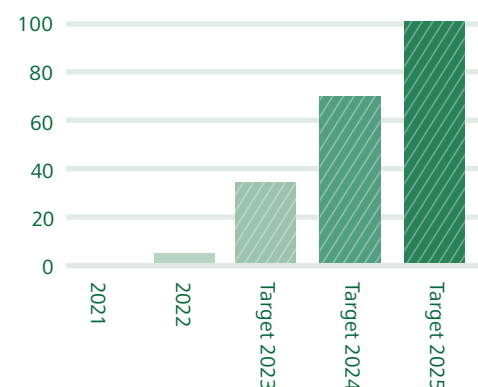
Progress in 2022

In 2022 our markets continued their journey towards 100% renewable energy in own operations. The result landing on 80%, which we are satisfied with. We will continue the effort to both reach and exceed our science-based targets within this area.

In terms of marketing material, across the year we have transitioned to 90% eco-conscious marketing material, by using FSC certified printing material. This is behind our 100% target but a considerable increase from 35% last year. In 2022 we also added both receipts and protective wrapping paper to the list of paper items made from responsible forestry.

We developed our electric cars target in late 2021 and, given that most of our company cars are leased based on a 3-year leasing agreement, we have not seen considerable change here. There is movement in the right direction, with 4% of company cars now being electric and 39% being hybrid. Our aim is to use electric vehicles over hybrid however, the footprint of hybrid is still an improvement on petrol or diesel vehicles. In some countries with long distances, we know that the use of electric cars might represent a problem. But we will keep our 100% target and trust that the development within this area will help us along.

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.



To have

84%

renewable energy
by 2025*

*See section on Climate action

To have

100%

eco-conscious marketing
material by 2022

To have

100%

electric company owned and
leased cars by 2025



Green stores



Water based
paints

LED lights –
low on emissions
and heat, which also
means less air-con

80%
of electricity in stores
come from
renewable sources

+5 year
refurbishing cycle
for store furniture

90%
marketing material
made from certified
responsible forestry

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



Charity donations



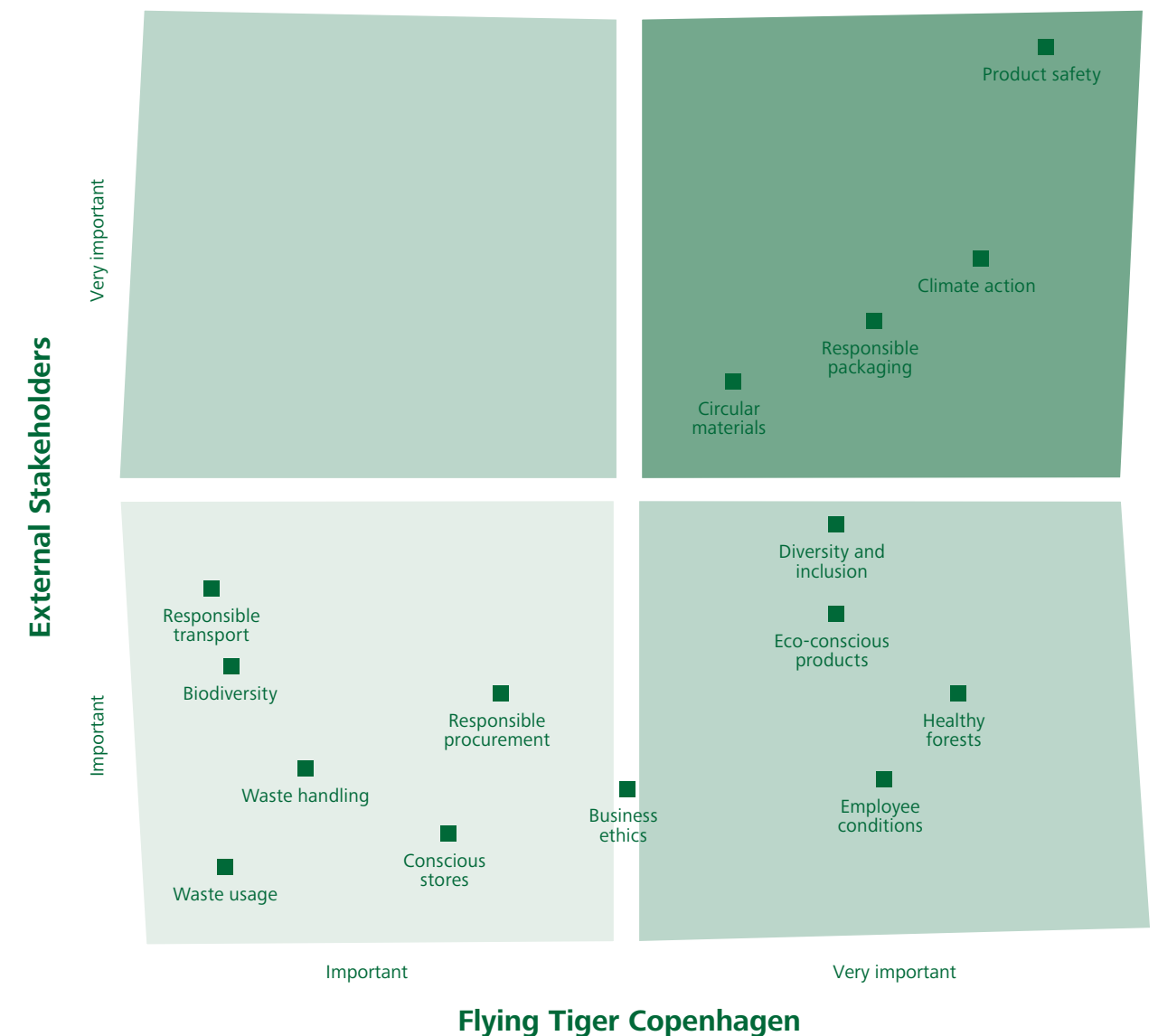
We do our utmost to donate surplus products to people in need. In doing so, we both help disadvantaged families and communities and minimise our environmental footprint. In the following we mention donations conducted directly from our global operation, but our local markets do many donations and NGO partnerships in addition to this.

In 2022, we have donated over 350,000 products to several NGOs such as In Kind Direct (United Kingdom), Red Cross (Denmark), Dons Solidaires (France), Innatura (Germany) and many organizations associated with the Ukraine crisis. These organisations further distribute our donations to people in need. As an example, in 2022 we donated over 60,000 products to people affected by the Ukraine crisis. This included an event where many employees from our headquarters office went to our warehouse and packed 100's of bags, containing food, toys as well as essential items such as blankets, power banks and hand sanitizer, for children fleeing Ukraine on busses to Denmark. This collaboration was through the organization Blue-yellow buses.

We donate unsold food products to Fødevarebanken (Denmark), FareShare (United Kingdom), and Banc Dels Aliments (Spain), thereby minimising food waste across our value chain and making a difference to vulnerable social groups. We also donate food products close to the expiration date to WeFood, a Danish supermarket only selling obsolete goods.

Risk assessment

We have ambitious plans to build on our risk assessment process going into 2023, including an organization wide double materiality assessment.



Summary of targets and progress

SDGs	Climate action	2019	2020	2021	2022	Target 2026	Status	Comment
 	Reduce emissions from our scope 1 by about 30% by 2026, kg's of CO2-eq emissions, %	Base Year	-28%	-6%	-43%	-30%	Ahead of target	
 	Increase sourcing of renewable electricity (scope 2) to 84% by 2026 %	22%	39%	67%	80%	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%	-40%	In progress	The gross profit metric was changed across all years, to incorporate franchise profit, in order to increase the robustness of the data. As a result, our figures across all years have changed. We are also seeing considerable issues with this gross profit metric, and internally we are focussing on kilogram of materials, see description in Climate Action section. 2020 was particularly affected due to the financial impact of the COVID-19 pandemic.
 	75% of logistic suppliers to have approved Science Based Targets (scope 3) by 2026 %	0%	60%	62%	82%	75%	Ahead of target	

SDGs	Eco-conscious products	2019	2020	2021	2022	Target 2025	Status	Comment
 	50% eco-friendly products by 2025 %			26%	31%	50%	On target	Target developed in 2021, data not collected in 2019 and 2020.
 	50% reduction of single-use products by 2025 %	Base Year	-11%	-28%	-37%	-50%	Ahead of target	
SDGs	Circular materials	2019	2020	2021	2022	Target 2025	Status	Comment
 	50% reduction of plastic in (non-food) products by 2025 %	Base Year	-6%	-7%	-16%	-50%	On target	
 	50% recycled plastic in products by 2025 %	0.2%	0.25%	10%	3%	50%	Behind target	
SDGs	Healthy forests	2019	2020	2021	2022 Actual	Target 2022	Status	Comment
 	100% certified paper and wood products* by 2022 %	68%	79%	79%	93%	100%	On target	*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%	100%	Behind target	
SDGs	Responsible packaging	2019	2020	2021	2022	Target 2022/2025	Status	Comment
 	50% reduction of plastic in packaging by 2025 %	Base Year	-18%	-27%	-47%	-50%	Ahead of target	
 	100% recyclable packaging by 2022 %	91%	92%	91%	96%	100%	In progress	Food packaging was added alongside non-food packaging in 2021, due to improved data, which decreased the recyclability % that year. In 2022 our non-food packaging alone was 99% recyclable.
SDGs	Conscious stores	2019	2020	2021	2022 Actual	Target 2022	Status	Comment
 	100% eco-conscious marketing material by 2022 %	0%	0%	35%	90%	100%	On target	In late 2022, we stopped using printed material as standard for marketing campaigns. We will continue to ensure that any small amount of printed material will be on FSC paper.



Kettlebell. 6 kg

Building a strong People foundation

Our People ambition at Flying Tiger Copenhagen is to leapfrog the development and value of People in accordance with the Flying Tiger Copenhagen strategy.

Build a people foundation to support our strategy by strengthening our people and building on our workplace uniqueness

- #1 Create One Flying Tiger Copenhagen
- #2 Get the right people on board
- #3 Build competences, capabilities and attitude in our people to support our strategy
- #4 Leapfrog People tools, systems and use of data

Recruiting, retention & development

The main purpose for the People team at Flying Tiger Copenhagen is to ensure we have the right people onboard to deliver on our strategic targets.

We support the people managers in keeping our employees engaged and motivated. We work hard on getting the right people on board and retain highly qualified employees at all levels throughout the organisation – from store staff and managers to creative and administrative people at head office. We work as business partners with and for our people and we support in building the right competencies, capabilities, and values in our teams to support our strategy and become one strong Flying Tiger Copenhagen across all our markets.

We truly recognise that our People is the foundation we build on.

Developing our people

At HQ in Denmark and at the market offices, our Business Partners make up a team of committed HR professionals who in close collaboration with our people managers ensure that they receive the right and ongoing level of support in all people related matters, such as recruitment, performance evaluation, team coaching and employee development. The



Yoga mat

HR Business Partners and HR Managers work closely with the business and teams to ensure that we deliver on our strategic objectives while our people have a great and meaningful experience working at Flying Tiger Copenhagen.

One of our important assessment and development tools is the annual personal development reviews and talks between manager and employees. In 2022 across our entities, approximately three out of four had review processes in place for personal development offered to their employees. These more established review processes are seen as an add-on and a framework for the ongoing, daily 1-to-1 talks and open dialogue all people managers are encouraged and expected to have with their team members.

Culture

Flying Tiger Copenhagen is a company with strong values rooted in the Scandinavian culture of openness, fun and relevance, and we put our hearts into everything we do. Our values represent our way of thinking and working – the way we choose to view the world. It is important that the values are with us every single day in everything we do.

Flying Tiger Copenhagen is based on an open culture where we trust each other and value what our colleagues have to offer. We give our colleagues the freedom to get involved, take charge, and give them influence on their own work.

We view cultural diversity as a strength, and 2022 has pathed the way for many new colleagues from around the world who have been welcomed into the Flying Tiger Copenhagen team. With more than 35 different nationalities at the head office, we all bring a touch of each our cultural uniqueness to the table and are part of making Flying Tiger Copenhagen an international company with an informal culture, where we put an effort in offering our employees a fun, dynamic, and social workplace with a fair number of parties and occasions to celebrate – preferably with cake.

Engagement

Tiger ways of working

In Flying Tiger Copenhagen our doors are always open! It is important for us that all employees feel welcome in our offices and can share ideas and work together. However, we are also aware that working from home can have beneficial influence on our work life balance and the daily assignments. We want to ensure that it is possible to create flexible and attractive working conditions for all employees.

Based on learnings from the hybrid ways of working that the pandemic imposed on all of us, we have designed the HQ office not only to be a vibrant space where our employees want to come to work, meet colleagues, hang out and have fun, but also made sure that we support a hybrid working environment with the flexibility for all to do their best. This flexible approach has been highly recognised in our 2022 engagement surveys as a positive contributor to the general work engagement level.

Engagement and well-being

Knowledge is power, and 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 developing a best-in-class, unique retail company.

In 2022, approximately half of the teams in our markets ran employee satisfaction surveys providing a strong tool for managers in building feedback culture as well as open and honest communication about being part of Flying Tiger Copenhagen. Some of our markets have chosen to pause the use of employee surveys due to the unprecedented times caused by the pandemic, but they are expected to be reintroduced along with the normal ways of working.

In 2022 at HQ, we carried out more frequent satisfaction surveys, so managers had real time data to work with and employees gave frequent inputs with higher chance



to positively impact the working environment. The last survey round in 2022 showed a participation rate of 90% and an engagement score of 7,9 out of 10, underlining a high engagement in sharing inputs, giving feedback, and developing the work environment.

Our ambition for the 2023 satisfaction surveys is to maintain the same high participation rate and an engagement score around 8 out of 10.

Diversity and inclusion

Ensuring good working conditions and surroundings is essential to running an effective business. We want our employees to enjoy coming to work. We also recognise that happy employees mean they stay longer with the company.

We aspire to be a business who employs happy and motivated employees with a sense of belonging.

Discrimination is not tolerated. Diverse teams and an inclusive culture give us a competitive advantage and meet our employees' demand for working in a company that values diversity and inclusion.

It is a basic obligation and a core element of our values not to discriminate against our employees. We aspire to create an inclusive culture where all employees have a sense of belonging and contribute to their fullest. In doing this, we are in a prime position to attract people from the widest talent pool and to build a strong business.

Ethics training and awareness

We have enhanced our employee ethics training during 2022 and have developed a wider portfolio of training for all employees. This has provided training on numerous elements including what constitutes corruption, such as bribery, conflicts of interest, breaches of competition law, accurate financial reporting, and gifting and hospitality. Therefore, our employees are not only more informed and protected but also very aware of how to act should they encounter any of these situations. If the need arises, our employees are directed towards our whistle-blower setup, which allows confidential reporting of incidents.

Over the recent years, we have strengthened our training on discrimination and harassment, adding further information to our employee code of ethics while also creating relevant training for all employees to conduct on a regular basis. During 2022, we introduced a system ensuring that all employees conduct and complete our Ethics training.

The engagement survey tool used at HQ also provides a detection of selected words written in the anonymous comments from employees within harassment and discrimination. This enables management to engage with our employees and immediately take actions if any harassment or discrimination is detected. During 2022, we have not seen any incidents that required further involvement from the People team.

People facts and employment conditions

According to section 99(b) of the Danish Financial Statements Act, we have included this section to report on our approach to corporate responsibility.

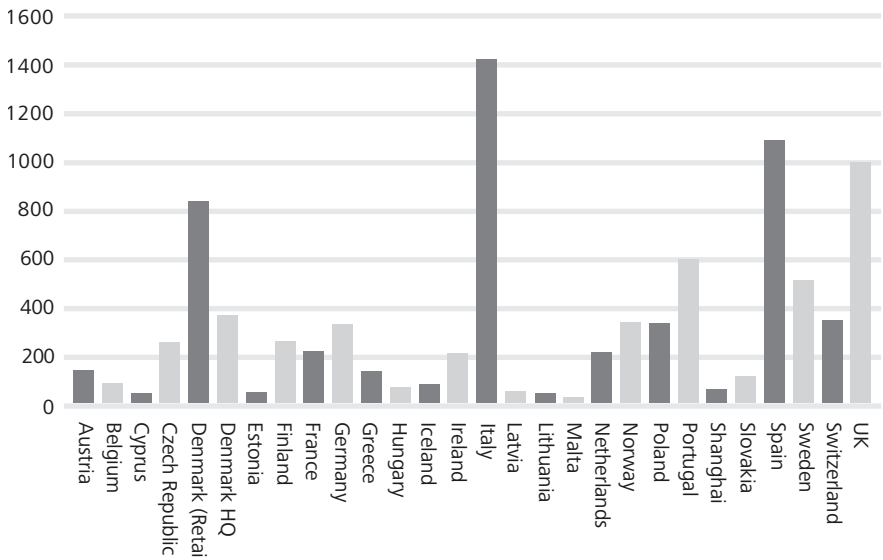
Flying Tiger Copenhagen consist of 26 market entities and a head office: one in Shanghai and the rest in Europe, with the head office in Denmark.

In total Flying Tiger Copenhagen employs more than 7,000 people around the world. Half of our markets are governed by collective agreements and all markets have formal minimum wages either by law or collective agreement. Two thirds of our markets also provide a health care package for the employees on top of the public health care services that, in most of the markets we operate, are primarily free and with a high coverage.

No matter where you work at Flying Tiger Copenhagen, we offer equal opportunities regardless of gender, ethnicity, race, religion, and sexual orientation. Relevant professional qualifications remain the key selection criteria for all positions in the organisation.

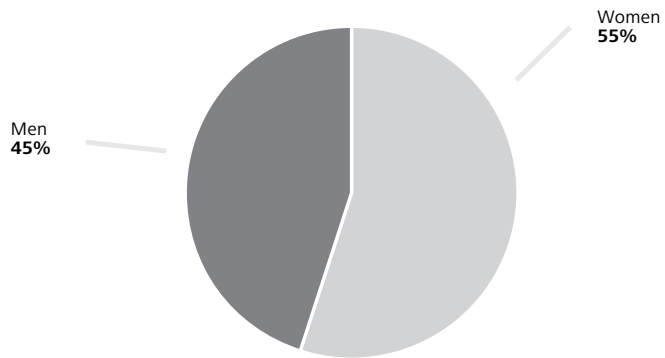


Total headcount (31-12-2022)



The majority of our employees work at one of our stores as sales assistants, shift or store managers, or at one of our four warehouses. At store level, most of our staff is female whereas men and women are almost equally represented when we look at the people working at the head office in Denmark.

Gender split HQ total
Total headcount (31-12-2022)



The high number of female staff in our stores is also reflected at store management level where approximately 75% of store managers across our markets are women.

Flying Tiger Copenhagen aims at a balanced gender distribution, cf. §99b of the Danish Financial Statements Act, among employees in leadership positions and is currently composed of 47% male and 53% female members. Flying Tiger Copenhagen defines leadership positions in headquarter as the two leadership levels below the Board of Directors, and in the subsidiaries as the Managing Directors and Districts Managers.

Flying Tiger Copenhagen will continue to focus on diversity and to evaluate the need for initiatives within this area. At Board of Directors' level, the ambition is to increase diversity, including gender representation on the Board. At the end of 2022, Flying Tiger Copenhagen's Board of Directors solely consisted of men (3), but it is the target to have at least one female board member before 2024. In 2021, the Board of Directors changed, and the number of board members was reduced in connection with the change in ownership.

In 2022, no changes were made to the Board of Directors.

Achieving the diversity target will be sought in connection with ongoing changes to the composition of the Board, where special efforts will be made to ensure that female candidates are identified and participate in the selection process.

Coloured pencils





We are proudly supporting the United Nations Global Compact, the world's largest corporate sustainability initiative, and endorse its ten principles to respect human and labour rights, protect the environment, and fight corruption. This report represents our Communication on Progress for 2022. This report also represents our statutory statement on social responsibility, underrepresented gender, and diversity in accordance with sections 99a & b and 107d of the Danish Financial Statements Act