



image
wear

SUSTAINABILITY REPORT

20
20

BETTER WORKING DAYS!

Image Wear is Finland's leading workwear supplier with significance across Europe.

The Group includes the parent company Image Wear Oy located in Tampere, Image Wear AS, and Topper Balti OÜ, operating in Estonia.
The family company was founded in 1959.

In 2020, we employed a total of 294 *(288) people,
of whom 138 *(147) in Finland and 156 (141) in Estonia.

The turnover of the Group in 2020 was € 27.8 *(29.4) M€. Profit before taxes was approximately two million euros.

* Figures for 2019 in brackets.

Operation of Image Wear is guided by:
responsibility, professionalism, and development.



Our sustainability work is based on the following principles:

We are involved in creating better workdays with our customers and partners.

We are developing environmentally sustainable solutions and aiming for carbon neutral operations.

We believe in partnership, open dialogue, and transparency with our stakeholders.

Sustainability reporting - Image Wear

The aim of the sustainability report of Image Wear is to increase the awareness of customers, cooperation partners and other stakeholders about the sustainability work of Image Wear and to report on progress and new development targets during the reporting year. We publish the report annually, and this 2020 report is the sixth.

The structure and content of our report follow the responsibility program we updated in 2018. Work on some indicators will continue in 2021.

In 2020, we conducted a customer survey on the responsibility information that customers hope to receive from the product manufacturing chain. The survey was conducted by personally interviewing 31 Image Wear customers. The most requested information is about the place of manufacture of the product and the manufacturer's certificates of responsibility. In terms of environmental impact, customers are particularly interested in the product's carbon footprint and water consumption. The information is expected to appear either in the application developed in the project or on the website.

We respond to our customers' expectations through responsibility reporting and reporting on our responsibility work on our website and social media channels. We are refining our company's carbon footprint calculation for 2021 and considering product-specific carbon footprint calculations.

Our responsibility reporting covers the Tampere and Narva factories as well as our store network insofar as the information is available. The data of Topper Oy and Topper Balti OÜ (sewing factory in Viljandi), which we acquired in May, are also included in the reporting insofar as the data have been available.

In addition to the indicators in accordance with our responsibility program, we report some of the key social responsibility indicators for our industry in accordance with the 2020 implementation. These key figures can be found at the end of the report.

The 2020 Sustainability Report is the sixth in a row.



Vision

Better
Working
Days

Values

Responsibility
Professionalism
Development

Mission

We make the
everyday life of
professionals easy

image
wear

Changes in the operating environment

During 2020, our operations were most affected by the corona pandemic and the acquisition made in May.

Corona affected our entire supply chain, from suppliers to customers. Our net sales fell by about a fifth - some customers in the hotel, restaurant, and tourism sectors virtually stopped purchasing, while demand in the healthcare sectors, for example, increased. We quickly established two corona groups. One considered restrictions and practices to protect staff health and prevent chains of infection. Another group focused on considering how to make up for declining turnover and began to develop so-called corona products, i.e., masks and protective jackets. We also initiated austerity measures, laid off staff, froze development projects, and focused on running core operations.

Despite the corona epidemic, we decided to complete the already highly negotiated acquisition and acquired Topper Uniform Oy's business in May. Thanks to the transaction, we gained special expertise in the design and manufacture of demanding uniforms. Together, we are an even stronger player as a supplier of workwear for the administrative and service industries.

Throughout the year, we actively work in the Telaketju2 cooperation network, which promotes textile recycling. In our own project, we developed a monitoring tool based on customer interviews to improve the transparency of products and their production chain. In the first step, information about the production chain is added to the tool, and later responsibility information from different manufacturing sites is added. The project will continue until the summer of 2021.

We participated in the Carbon Neutral Textile Road Map work compiled by the Finnish Textile & Fashion. We have also been following closely the changes that the new Waste Act and the EU's textile strategy will bring to our operations. We developed a recycling model for waste textiles with our partner and started deliveries of Kierre or recycled composite products with our pilot customer, the City of Tampere.



In accordance with our environmental system ISO14001, we conducted a new environmental review at the end of the year. In the review, we mapped the impacts and potential impacts of all operations, products, and services on the environment. After the mapping, we asked the staff how much impact the activities have on the environment and how much impact we ourselves have on the magnitude of these impacts. The most significant issues were the raw materials used, transport emissions, and the disposal of products at the end of the life cycle. These issues are already at the heart of our responsibility work, but efforts are now being made to increase their weight.

Highlights of 2020



New life for used workwear in Kierre composite products

Last year, our customer VR renewed the work clothes of the staff working on the trains. Image Wear is the supplier of the new workwear collection, but also a partner in recycling. Most of the old work clothes were used to make plastic granulate. Through our recycling partner, clothes were used to make pallets and flower boxes, as well as trade fairs and outdoor furniture.

RePack reusable packaging in trial use

In November, shipments between our stores changed from disposable plastic mailing bags to RePack's reusable shipping packaging. We will initially test RePack shipments in traffic between our stores until May 2021.

Aprons made of recycled material for test use at Alko

We are involved in the Telaketju cooperation network, which promotes textile recycling. As part of the network's development work, we carried out an experiment in cooperation with a Spanish recycling company, in which our customers' used workwear was utilized as a raw material for aprons made for Alko. The workwear used in the process was sorted, and hard parts such as zippers and buttons were removed. Through mechanical recycling, the material was made into a new yarn, which together with recycled polyester and cotton was woven into a recycled fabric.

Aprons made from recycled fabric are in test use at Alko, where their durability is compared to that of controls made of virgin material.

Strategical corporate sustainability at Image Wear

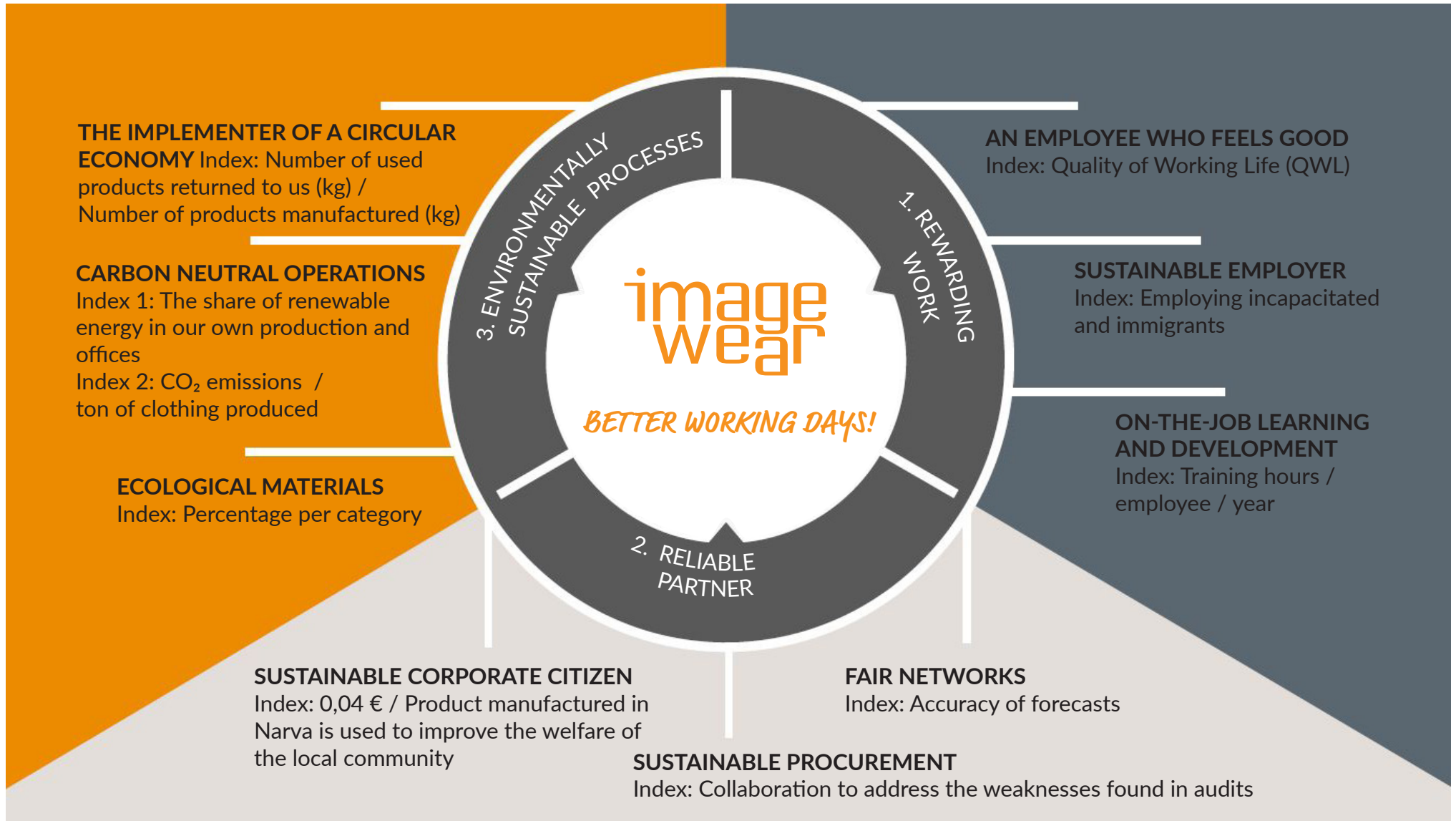
We created Image Wear's first sustainability program in 2015, which systematized our work to reduce environmental impact, promote sustainable procurement, and increase the well-being of employees. The sustainability program has also increased the understanding of what strategic sustainability in our industry means and what kind of perspectives it opens for us.

In 2018, we updated our responsibility program and defined business-oriented priorities and goals for our responsibility work. The strategic responsibility aspect of our industry is especially the circular economy and the business models based on it. In 2019, we combined our sustainability goals with a new strategy for our business up to 2022. At the same time, we refined some indicators of corporate responsibility work, and this work continued in 2020.

The responsibility program systematizes our work to reduce our environmental impact, promote responsible sourcing and increase the well-being of our employees.



A force field of responsibility



Towards better working days

We create better working days in collaboration with our customers and partners.

- We facilitate the acquisition, maintenance, and recycling of our customers' workwear and offer them sustainable options.
- We value our employees and provide them with a safe workplace, a developing work community, and pleasant working conditions.
- We enter into fair deals with suppliers and subcontractors.
- We ensure through audits that suppliers and subcontractors are also fair to their employees and the environment.
- We are a non-discriminatory, equal workplace and are developing anonymous recruitment practices to ensure that our recruitment is on a competency basis.
- We contribute to building the well-being of communities where we operate.

Our responsibility work is integrated into our business.

The key to the success is how well we can meet the expectations of our customers and society about resource-savings, with a circular economy way of thinking, and a climate-resilient business. These are the top themes of our strategic corporate responsibility. Other focal topics are related to the well-being of our staff, employer responsibility, and partnerships.



Focus areas of corporate responsibility

Rewarding work

We want to be a good workplace for current members of Image Wear and an attractive employer for job seekers. We create a pluralistic work community and develop anonymous recruitment.

We believe that meaningful and rewarding work is the most essential building block of well-being at work. The rewarding aspect of the work increases as the employee knows and recognizes his/her role as part of the work community and can find professional fulfillment in his/her work. Experience of dignified work increases the sense of meaningfulness.

We encourage our employees to maintain and develop their professional skills through both training and on-the-job learning. We ensure that all members of Image Wear have equal opportunities for training.

Reliable partner

We promote sustainable business in cooperation with our customers, suppliers and societal stakeholders. Careful planning of orders and deliveries ensures that our partners can operate fairly and in a sustainable manner in their own work communities. We ensure the accuracy of forecasts by product and by customer. Key account managers review the forecast with customers on a regular basis. Information about the products ordered is entered into our system, which calculates the optimal production quantity and time so that there are enough products in stock at all times to meet the customer's needs. Our suppliers are committed to the same sustainable practices as ourselves. We collaborate with them with the aim to build sustainable practices in all stages across the supply chain.

We participate in promoting community well-being in locations where we have opportunities to influence. We started this operation in Narva, Estonia, in 2019 and are mapping new locations in our locations in Estonia, i.e., in addition to Narva, in Viljandi.

BETTER WORKING DAYS!



Environmentally sustainable processes

We reduce the load on natural resources by minimizing the textile loss of our production and maximizing material recycling. We reduce the environmental impact of our products during their life cycle by manufacturing products that last a long time. We develop a comprehensive workwear service with the aim of extending the useful life of clothing and minimizing the environmental impact during use.

We offer environmentally sustainable options in all product categories, such as materials made of recycled materials and sustainability certified materials. We develop ecologically efficient customer solutions such as products made from recycled materials and recycling of workwear within customer organizations.

We aim to be carbon neutral by 2025 in our own operations. We will achieve this goal by, among other things, switching to renewable energy, minimizing the use of cars, and switching to an electric car fleet. In addition, we minimize our flights and compensate for flight kilometers and transportation emissions. We utilize recycled materials and products, for example as office supplies, we minimize waste and reuse reusable waste.

Objectives and results

Rewarding work

An Employee who feels good

We have previously measured well-being at work with the work community index, which was calculated based on the results of the survey of well-being at work we used. Due to changes in the design of the survey, we have decided to change the method of measuring well-being. However, we did not complete this work during 2020, so we will continue to map a suitable method in 2021.

The global corona pandemic hampered Image Wear's operations during the year in many ways, and the year has been challenging for the company and its employees. In the early stages of the pandemic, in the spring and early summer, layoffs of varying lengths, partly voluntarily extended by workers, helped them adapt quickly to the changed situation. However, we could not completely avoid the redundancies.

There have been 112 employees laid off during the year. We had to terminate the employment of 20 people.

Due to exceptional circumstances, we have paid special attention to the health of our employees and to ensure safe working conditions. We succeeded well in this because, during the year, we did not have any confirmed corona infection at our Finnish offices. There was one case in Estonia.

Right from the start of the pandemic, we introduced weekly brainstorming sessions to which all employees were invited.

We have paid special attention to the health of our employees and ensuring safe working conditions.

In the beginning, we focused on thinking about how to cope in a new, difficult situation. Thus, for example, the idea of making fabric face masks and other so-called corona products was born. Gradually, brainstorming meetings have developed into an interactive process of innovation, which has been crucial to the well-being, resilience, and unity of our work community. The practice remains permanent for us.



Sustainable employer

Index: Employing part-time workers and immigrants

We take care of our statutory employer obligations and act fairly and ethically in accordance with our corporate sustainability principles. However, we do not think this is sufficient for being a sustainable employer, but we want to go beyond the statutory obligations. That is why we are working to build a more pluralistic work community, for example, by developing anonymous recruitment and employing workers capable of part-time work and immigrants.

We intend to meet our recruitment needs by employing workers capable of part-time work and/or immigrants not only at the Narva plant but also at our other offices. In 2020, however, there were no recruitment needs.

Result in 2019: **3** workers capable of part-time work at our Narva plant.
We employed

Goal 2021: Piloting anonymous recruitment.

Goal 2022: Introduction of anonymous recruitment. Employment of nine workers capable of part-time work throughout the Group.

On-the-job learning and development

Index: Training hours/employee/year

In our company, employees learn by doing, but we also maintain and increase our skills through courses and training sessions. Learning and development are strongly related to self-fulfillment and the meaningfulness of work.

To ensure equal access to training for our employees, we set up a training register for monitoring. The register was scheduled to be introduced in 2020, but the introduction was postponed to 2021.

Our training activities were interrupted for most of the year due to the corona pandemic. However, we had time to organize a circular economy training day for the staff of the Tampere office at the beginning of March in cooperation with an external expert. Twenty-eight people participated in the training.



Reliable partner

Fair networks

Index: Accuracy of forecasts

We ensure smooth deliveries to our customers in cooperation with our suppliers and subcontractors. We forecast our orders carefully so that our suppliers can plan and prepare their work on a long-term basis.

Predicting order quantities as accurately as possible helps us save both labor time and materials. In 2020, we trained our staff to use the forecasting tool. The tool is available to all of our key account managers. For the IW collection, forecasting is the responsibility of the store chain's product manager. In 2021, we will move to a practice where each store makes its own forecast.

The key customer manager or store manager forecasts the quantities of products to be sold for the next 12 months. The next three months will be locked, but the seller will have the opportunity to correct the forecast for the remaining nine months as he/she receives information from customers.

We forecast stock products, our own Image Wear collection, and products to be stored on behalf of customers. Overall, the forecasts were correct, but for individual products, there are also big differences between the forecast and the actual one.

The so-called corona products, i.e., masks and protective jackets, the sale of which was unpredictable due to strong fluctuations in demand, have been excluded from the calculation.

In 2021, we start to predict in addition to storage products, the products stored on behalf of our own IW collection and the customers also the sale of ordered products.

In 2020, the forecast was correct

Total forecast: (pcs) 510 654

Actual sales: (pcs) 537 108

94,8 %

Goal 2022: 70% of the forecasts are correct



Sustainable corporate citizen

Index: Measures taken for the benefit of the local community at the Narva plant, with the aim of increasing the well-being of the community. We donate 0.04 €/product made in Narva every year to a selected destination.

In 2019, we acquired a device for the treatment of elevated bilirubin levels in the neonatal ward of Narva Children's Hospital. The value of the acquisition was approximately EUR 7,000. The device was donated to the Children's Hospital in December 2020.



In 2021, the target of the donation may still be an actor or community from Narva, but we are also exploring alternatives in Viljandi.

Goal 2022: Measures were taken for the benefit of our own or our partner's locality or the surrounding community, with the aim of increasing the well-being of the community. We donate 0.04 € / product made in Narva and Viljandi every year to a selected destination.

Sustainable procurement

Index: Number of defects corrected/ number of defects detected

During audits, we make an action plan to correct any deficiencies found. During the follow-up visits, we check how the corrections have progressed.

Due to the exceptional circumstances caused by the corona pandemic, we were not able to conduct our own audits at all in 2020 and did not visit our subcontractors. We were also unable to promote the rectification of deficiencies identified in previous audits as planned.

With our membership in Amfori BSCI, we have access to Amfori audit data. We have also taken over the audits of one Pakistani supplier, and the plant was audited in January 2020 in collaboration with Amfori BSCI. The result of the audit was approved (Overall rating A); the area requiring most development was found to be occupational safety.

Planning for 2021 audits and supplier and subcontractor visits is difficult due to the corona pandemic. Audits and visits will be carried out during the rest of the year, if possible.

Goal 2022: We will correct 50% of the detected shortcomings related to the realization of employment rights.



Environmentally sustainable processes

The implementer of a circular economy

Sustainability is at the heart of our operations: We focus on manufacturing products that serve their users for as long as possible. We extend the life cycle of the clothes we manufacture by recycling them from one user to another where possible. The clothes that are returned to us after the cycle are used as materials in the production of new products. Our material does not end up in incineration or landfill.

We also promote operating models based on the circular economy in cooperation with other actors in the field. With our own sustainable development project until the spring of 2021, we are involved in Telaketju, a cooperation network that promotes textile recycling. The goal of the Workwear Bank project is to make the entire product life cycle transparent to our customers and users of our products. In the first phase, we will develop our ERP system to provide our main suppliers with information on the raw materials they supply to us, especially fabrics, but also on some accessories and their production chains, such as fabric dyeing and fiber origin. The first version of the application was completed in late 2020, and development work will continue in 2021.

In the future, traceability information can be searched through an application developed during the project. In addition, the application is intended to integrate in-use tracking data so that clothing can be recycled from one user to another.

When the product is at the end of its clothing life cycle, the application records the purpose for which the materials then end up.

As part of the project, we organized a circular economy workshop for the staff of the Tampere office in March 2020 in cooperation with an external service provider. The workshops planned for other staff had to be postponed to 2021 due to the corona pandemic.

Index: $\text{Number of products manufactured (kg)} / \text{number of used products returned to us (kg)}$



- a) 1,000 kg was used as Kierre composite products
- b) For reuse 764 pcs or $0.2 \text{ kg} * 764 \text{ pcs} = 152 \text{ kg}$

Result in 2020: In 2020, we purchased and manufactured a total of approximately 1,430,000 products. One piece of clothing weighs an average of 0.2 kg, so in total, we bought and manufactured 286,000 kg of products. We directed 1,000 kg to recycle, so the realization was 0.3%.

2019 Purchased and manufactured	213 142 kg	
For recycling	24 500 kg	11 %
2020 Purchased and manufactured	286 000 kg	
For recycling	1 152 kg	0,4 %

Goal 2022: 30% *(50%) of the manufactured products end up in recycling.

Goal 2025: 70% *(95%) of the manufactured products end up for recycling either through us or otherwise, for example, through the customer.

* The target level changed because the method of measurement was changed in connection with the 2020 reporting.



Carbon neutral operations

Index: Share of renewable energy in our own production and outlets.

Index: CO₂ emissions/tons of clothing produced. In 2021, we aim to define a 2022 target for this indicator.

Our goal is to be carbon neutral in our own operations by 2025. By our own operations, we mean our Finnish operations as well as our own production in Estonia. We are achieving this goal by, among other things, switching to the use of renewable energy in our production and facilities, and by minimizing emissions from transportation and mobility. In addition, we compensate for those emissions that we cannot avoid.

All the electricity in our Tampere office already comes from renewable sources. In our company cars, we have partially switched to the electric car fleet; among our four company cars is one all-electric and one hybrid car. We will switch the other two to greener alternatives when cars reach the exchange age.

For 2020, we will compensate for the emissions of all transports we have ordered to the Tampere office. Reimbursable accrued 148,647 kg CO₂ eq. In addition, we will compensate 30,000 kg CO₂ eq for business travel in 2020, as well as transport in Bulgaria, for which we did not receive enough information, but about 20,000 kg CO₂ eq. The total amount to be compensated was therefore 195,977 kg CO₂ eq.



Result in 2020: The share of renewable energy in own production and offices was

40 %

(excluding the Viljandi plant)

Result in 2021: 3,661 kg CO₂-eq / tons of clothing produced
Goal 2022: We are carbon neutral in our Finnish operations.



We calculated the carbon footprint of our own operations for 2020 with the Y-carbon tool developed by the Finnish Environment Institute (SYKE). The calculation includes the electricity consumption of Tampere's offices and 13 stores, Tampere's thermal energy consumption and waste management, some material transports, most product transports, and business travel. For all our stores, the necessary information was not available for the 2020 calculation, but in the coming years, we also intend to take a more comprehensive account of store emissions. With regard to the calculation of production emissions, we are exploring the possibilities during 2021.

Result in 2020:

1047 t CO₂ekv

Ecological materials

Index: Proportion of ecological materials in used fabrics by product category

Our goal is to provide environmentally sustainable alternatives in all product categories and to increase the number of these alternatives annually. By environmentally sustainable alternatives, we mean materials made of recycled material and sustainability certified materials.

During 2020, we explored how we bring ecological alternatives into our offering. We put on sale Pure Waste T-shirts made from 100% recycled material. The shirts are made in India and are made from cutting waste from the textile industry - 70% recycled cotton and 30% recycled polyester.

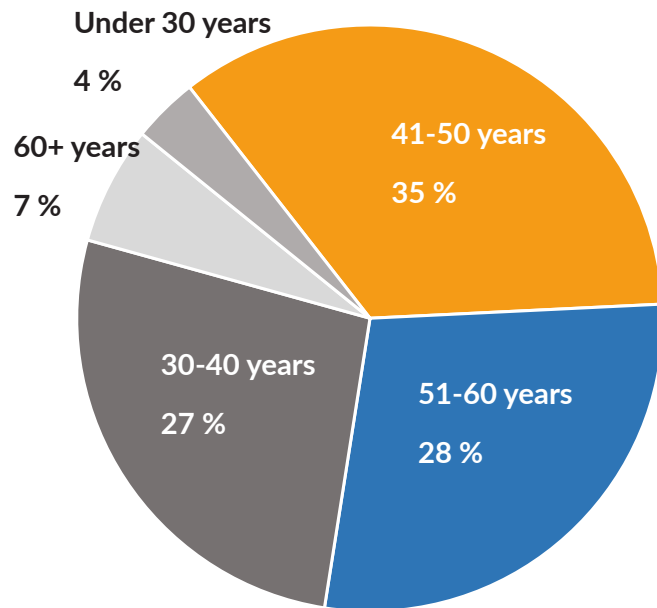
We received the first batch (500 meters) of our used workwear from a fabric made by mechanical recycling. Aprons were made from the fabric for test use at Alko, and we have also tested the fabric at TAMK and LAB. We have also made preliminary decisions to replace polyester used in certain fabric grades with recycled polyester.



Key indicators of social responsibility

In addition to the responsibility force field indicators, we report some of the key social responsibility indicators for our industry in line with the 2020 realization. The figures apply to Finnish offices.

Age distribution of staff 2020



Average duration of employment

11,7 years



Gender distribution of staff:

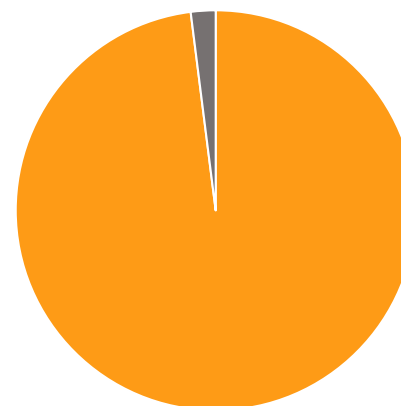
Women 108 persons

78 %

Men 30 persons

22 %

Number of staff



- Permanent 98 %
135 persons
- Full time 98 %
135 persons
- Fixed term 2 %
3 persons
- Part-time 2 %
3 persons

Employee turnover

Total personnel 19% (incl. temporary and fixed term), permanent personnel 15%.

Total number of sick days

670 working days or 2.3% of full-time working days (average 5.1 working days/employee).

Average salary

Men 2,896 *(2,756) € / month and women 2,756 *(2,590) € / month
Averages calculated without salaries of members of the management team.

Coverage of collectively negotiated collective agreements

Situation 12/2020: 64.2% *(67.4%).
Senior employees are not covered by the collective agreement.

Well-being at work and job satisfaction

We will start monitoring the Staff Referral Index (eNPS) and map out a new method for conducting a staff well-being survey.

Measures to increase well-being at work and job satisfaction

Measures to increase well-being at work and job satisfaction
The corona pandemic has posed challenges to well-being at work on a very large scale. Right at the beginning of the pandemic, we began to pay special attention to safe working conditions and infection prevention. In the autumn, we launched a new occupational well-being group to think of ways to improve well-being, especially in the midst of uncertainty caused by a pandemic. The first themes were the importance of breaks and recovery from work. An information package is prepared for the staff on time management and the importance of uninterrupted working time. These themes have also been discussed at supervisor meetings. We have also started joint company-wide teams coffee breaks every two weeks.

As the pandemic has continued throughout the year, support for staff has also been further increased. An open discussion on coping is encouraged, and information on different forms of support is actively provided.



Number of accidents at work

2 pcs

Development interviews (% of total staff)

About 92% *(52%) of the interviews in 2020-2021 were reported to the Human Resources Department. Development interviews will be held until the end of February.

Number of direct partner companies: 28 *(29) pcs

The audit systems used by the company are: Amfori BSCI and our own auditing.

The number of partner companies audited and results of audits:

In 2020, due to the corona pandemic, it was not possible to carry out our own audits. BSCI conducted one audit.

* Figures for 2019 in brackets.



In the autumn, we launched a new occupational well-being group to think of ways to improve well-being, especially in the midst of uncertainty caused by a pandemic.

Production sites by country

Country of production/number of production sites

Share of products from high-risk countries (India, Pakistan, China, and Turkey)

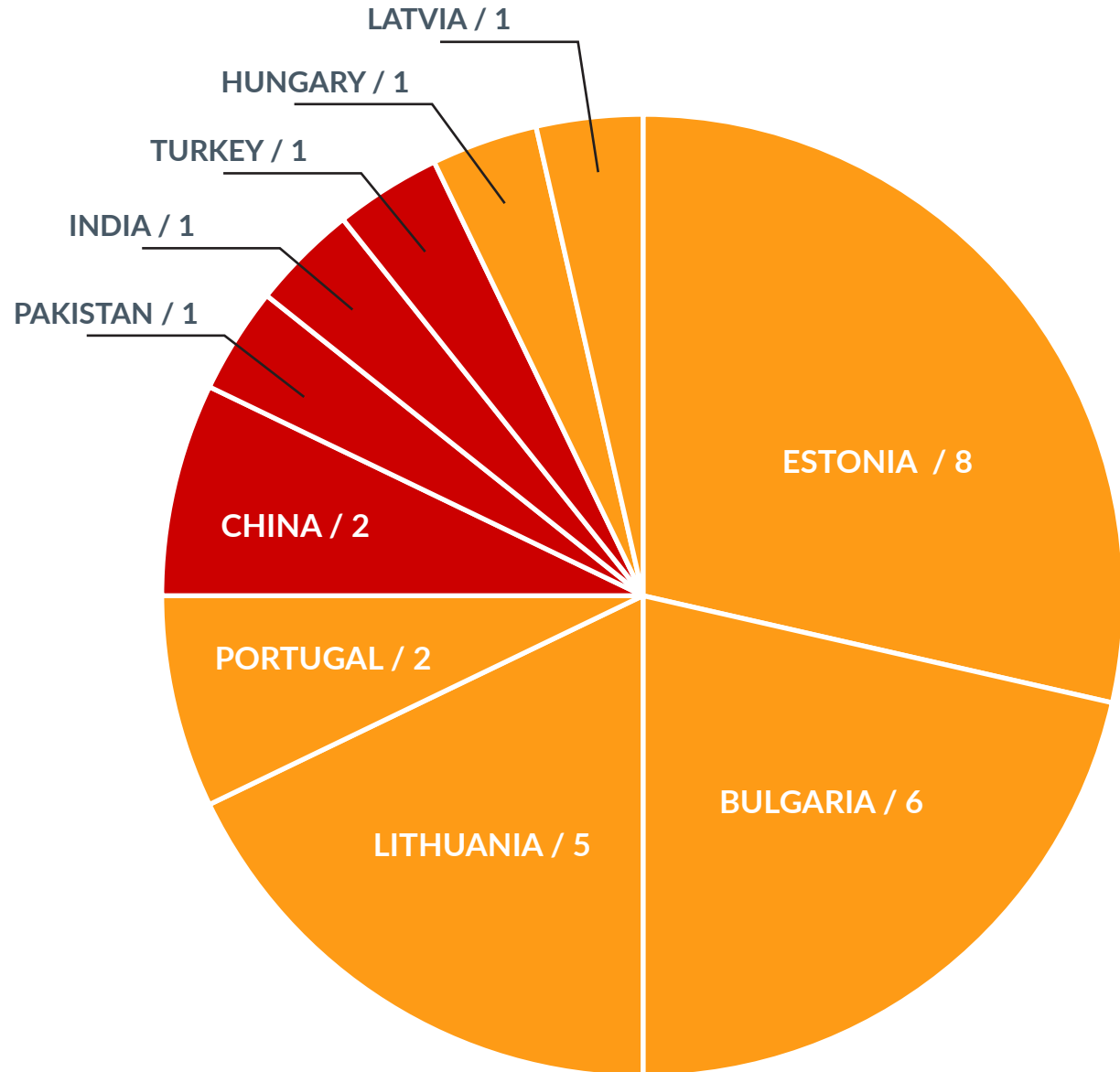
10 %

in manufactured products

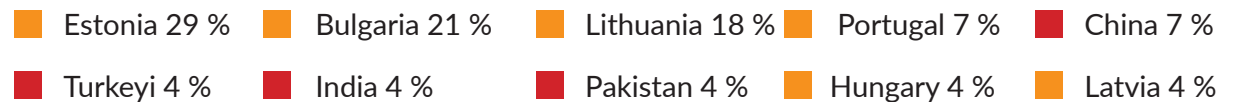
4,1 %

from the turnover

According to the Amfori BSCI risk country index, we consider countries with less than 60 points as risk countries. The data is based on the most recent classification published by the Amfori BSCI in December 2020.



Number of production sites (percentages) / country





OIKEISIIN TÖIHIN!



image
wear

PAREMPIÄ TYÖPÄIVIÄ!

IMAGEWEAR.FI