

CSR REPORT 2020

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**BAUM
UND
PFERDGARTEN**

Index

1. **Focused on the future**
2. **Our story**
3. **2020 responsibility summary**
4. **Forward-thinking products**
5. **Transparency**
6. **Ethical and fair**
7. **Plastic**
8. **Customer engagement**

1. Focused on the future

It goes without saying that 2020 has been a challenging year for all of us. The private and professional lives of people all around the world have been turned upside down by the Covid-19 pandemic. And the fashion industry, like so many others, has struggled as a result of this global health crisis.

For most of us here in Denmark, March 11, 2020 was the day that the scope of the pandemic truly became real to us. That was the day that the Danish Prime Minister initiated the nation's first Covid-related lockdown, a decision that resulted in the closing of the country's educational institutions, public workplaces, and nearly all brick and mortar retail stores. This was also the date that signified the opening of a new chapter for Baum und Pferdgarten, a chapter which would require our team to come together in extraordinary new ways, both logistically and creatively.

Despite the unexpected difficulties and unprecedented circumstances of 2020, Baum und Pferdgarten is proud to share that we have been able to take very positive steps forward with regards to the CSR strategy that we launched back in 2019. Becoming a more sustainable member of the fashion industry is a complicated and multi-faceted process, but we believe that it is an essential area of growth for Baum und Pferdgarten and we are fully committed to doing

better for people and the planet. Each year, we are growing in this process, learning to ask better questions, and becoming ever more attentive to each and every aspect of how we design and craft our products. This means carefully evaluating every part of the supply and production chain, from how and where we source raw materials to what happens to our products when they have reached the end of their useful life.

In the pages that follow, we share data collected over the course of our five most recent collections, spanning from November 2019 to December 2020. As you will see, we have reached many of our responsibility goals for 2020, and we are very close to reaching others. But the bottom line is this: though we have worked hard and have come a long way, there is still much work to be done.

As we look ahead, we truly believe that the future of fashion is intrinsically tied to sustainability. With a new year in front of us, we feel re-energised to think thoughtfully and creatively as we pursue all of our ambitious responsibility goals. At the heart of Baum und Pferdgarten there has always been a vision to create garments and collections that tell a unique and inspiring story. Now, more than ever before, we believe that how we create is just as important as what we create.

Teis Bruun
Baum und Pferdgarten CEO

2. Our story

Founded in Copenhagen in 1999, Baum und Pferdgarten is a Danish fashion brand specialising in timeless designs that playfully balance colour, contrast, and innovation. In addition to creating inspired collections season after season, Baum und Pferdgarten is also committed to becoming ever more responsible in our design and production processes.

This is no small task. But, we believe that it is essential to minimise our negative impact on people and the planet. So, with each new collection and each new year, we are taking active, measurable steps forward in our journey toward becoming a more responsible member of the fashion community.

This way, our own team, our customers, and all of our global partners can have genuine confidence that Baum und Pferdgarten not only makes beautiful, quality products that transcend trends, but that everything we make is created in a thoughtful, ethical manner, with minimal negative impact on people and the planet.

By focusing on transparent processes, better materials, and human well being, we believe we can create timeless collections that transcend seasonal trends and disrupt the often wasteful cycles of the fashion industry.

3. 2020 responsibility summary

In 2020, 56% of the cotton used in the production of our garments was certified as organic (our target for 2020 was to utilise 25% organic cotton). Our goal for 2024 is to use only responsibly sourced cotton, either organic or recycled.

In 2020, 66% of the cellulose we used in production came from responsible sources like Tencel or certified viscose. Our goal is 80% by 2024.

In 2020, 43% of the polyester used in our production was recycled, compared to 22% used in 2019. Our goal for 2022 is 75% and 100% by 2024.

We started mapping our supply chain, and reached our goals for mapping tier 1, 2 and 3.

Innovation is the key. In order to reach our goal of creating products that can be recycled at the end of their life cycle, we have to think differently, design in new ways, and communicate with our customers about our vision to become a more responsible brand and company.

4. Forward-thinking products

At Baum und Pferdgarten, we create high quality products that tell a unique story. We believe that these products, and the stories they tell, only get better with time. Our ultimate goal is longevity and to design with a full circle mindset, using materials and processes with the lowest environmental impact, and which can be a part of a fully transparent, closed-loop system. This is our definition of what it means to craft forward-thinking products.

To help us reach this goal of creating truly forward-thinking products, we have set ambitious responsibility targets within 5 key focus areas (to be measured in 2020, 2022 and 2024). The 5 key focus areas are:

- Better materials
- Recyclable products
- Innovation
- Chemicals
- Improving processes

By 2024, 100% of the cotton we use will be either organic or recycled.

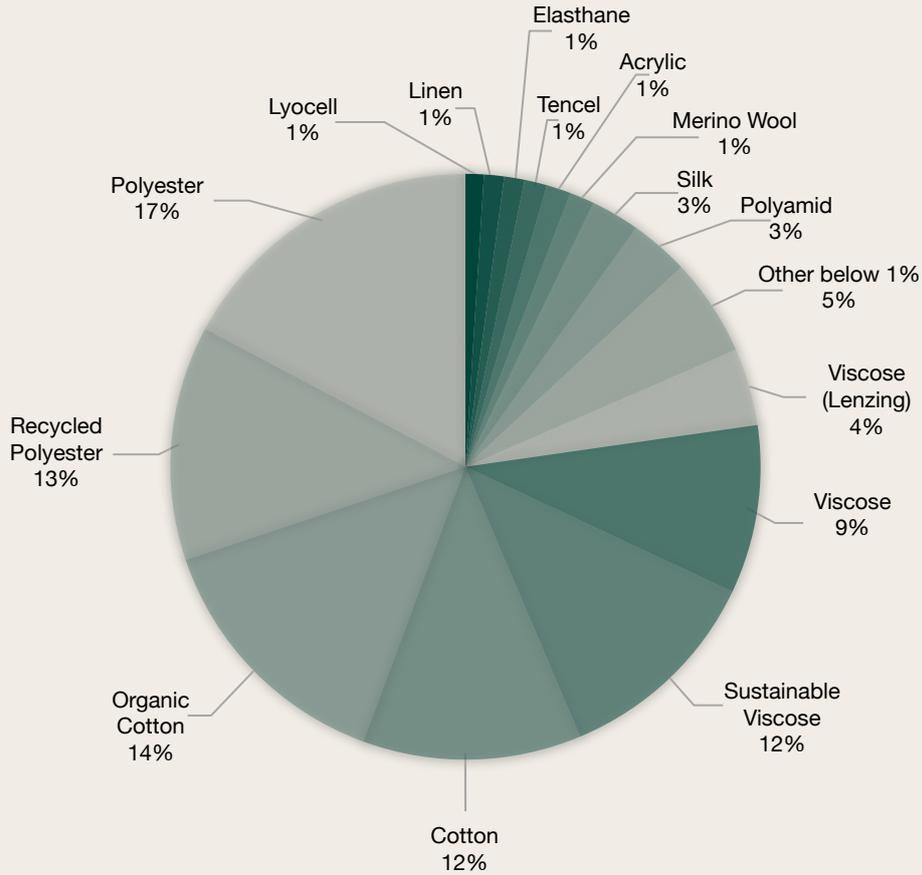
Better materials

Since the founding of Baum und Pferdgarten in 1999, we have always invested a great deal of time and energy into selecting what we felt were the best possible materials for each and every garment we have produced. These decisions have always been made based on both the aesthetics and the intended function of each product being designed. Naturally, choosing the right material for a project requires that we take into consideration the various properties of every material, including its quality, weight, colour options, workability, durability, point of origin, and availability. But, in recent years, material selection has become more important than ever before.

Today, we have carefully categorised each of the materials we use, taking into account their full life cycle; what raw materials they're constituted of, what processing these raw materials go through, their relative durability, and how easy they will be to recycle once they reach the end of their useful life. This is an ongoing process that requires us to continually educate ourselves on the latest advances in textiles and material technology, among other innovations within the fashion industry.

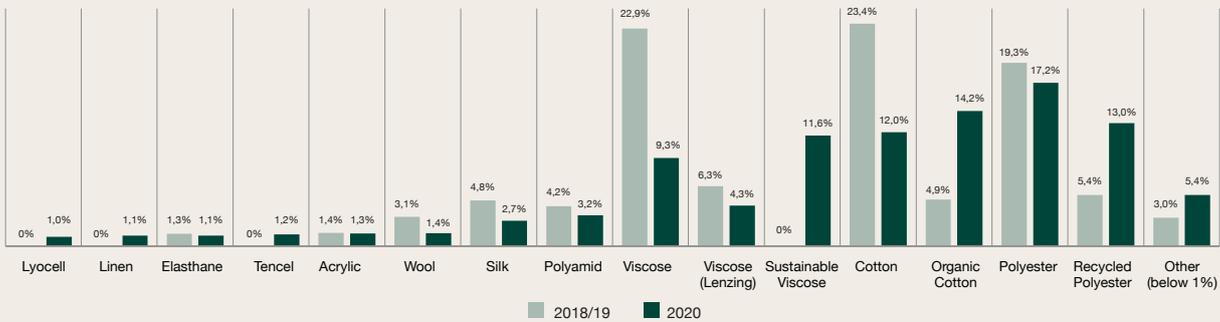
Below you can see a full overview of the kinds of fibres we have used in 2020, compared to those used in 2019. In this graph, you can see that a large percentage of our 2018/19 collections were made using conventional cotton, polyester, and viscose.

Fibre split 2020



Note: Calculated based on garment weight and order size. The fibre split includes lining.

Fibre split 2020 vs 2018/19



Note: Calculated based on garment weight and order size. The fibre split includes lining.

Cotton

In 2020, we made significant positive changes that resulted in the incorporation of better fibres into each of our collections. By the end of 2020, 56% of the cotton we used in production was from a responsible source (our goal for the year was 25%). Moving forward, we will continue to refine our processes so as to increase this percentage, from 56% in 2020 to 100% by 2024.

Cellulose

In 2020, our goal was to ensure 25% of the cellulose we used was responsibly sourced, but, much to our delight, we managed to achieve a much higher percentage for the year, 66%, moving us significantly closer to our goal of using 80% responsibly sourced cellulose by 2024.

Phasing out our conventional viscose and replacing it with responsibly sourced cellulose means we generated up to 50% less carbon emissions and negative water impact than in previous years. Also, because responsible cellulose comes from wood sourced from responsibly-managed forests, the potential impact of deforestation caused by other sources is also negated.

Our responsibly sourced cellulose includes Lyocell, Lenzing Ecovero™, Tencel™ and viscose from responsibly managed forests.

Polyester

In 2019, we set an ambitious target of using 50% recycled polyester in 2020. In the end we managed to achieve 43% which despite being below our target was a huge improvement on 2019 where only 22% of the polyester we used was recycled. We are still determined to reach our goal of 50%, and are taking on board all the learnings from last year as we move into 2021.

Nylon

One of the biggest challenges we've faced has been incorporating recycled nylon into our products. In 2020, we mostly used nylon in very small amounts (in blended fibre products) and, because of this, found it very hard to control exactly how our suppliers were sourcing it. In the months ahead, we will continue to work on a solution for how to incorporate more responsibly sourced nylon or nylon substitutes.

Forward-Thinking Products	2020 goal	Status Dec. 2020	Comments
Responsibly sourced cellulose	25%	✓	66%
Responsibly sourced cotton	25%	✓	56%
Recycled polyester	50%	—	43%
Recycled nylon	25%	—	0%
Responsibly sourced wool	25%	✓	32%

In order to ensure that the items we design and create can be recycled properly, we strive to use easily recyclable materials that have a minimal environmental footprint.

Recyclable products

Our hope is that our products are loved, appreciated, and used for many years. When inevitably they reach the end of their useful lives, we hope our customers will help us make sure that they are recycled. We believe that creating easily recyclable products is an important responsibility. We therefore strive to use recyclable materials with a minimal environmental footprint, wherever possible.

One key to turn this aspiration into a reality, is to avoid using mixed-fibre materials, which are more difficult to recycle. Until recently, it has only been possible to recycle fabrics that consisted of one type of fibre (for example, 100% cotton, 100% silk or 100% polyester). When we developed our comprehensive CSR strategy in 2019, one of the first things we wanted to learn was this: how much of what we make is actually recyclable?

After analysing data from our 2018 / 2019 product line, we learned that only 25% of our products were recyclable. In light of this information, we set a goal for ourselves that in 2020, we wanted 35% of our products to be fully recyclable. Happily, we reached and exceeded that goal, managing to achieve 42% recyclability for the year.

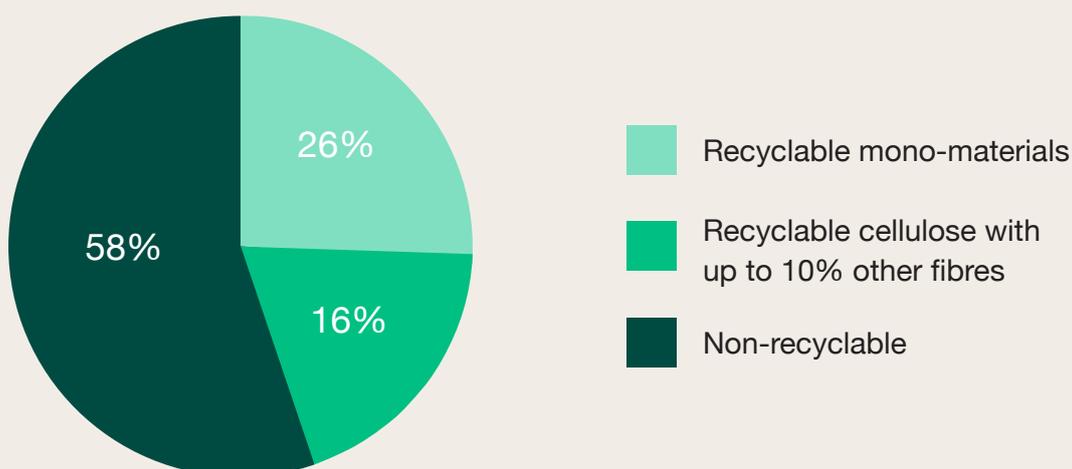
Forward-Thinking Products	2020 goal	Status Dec. 2020	Comments
Recyclable products	35%	✓	42%

Meanwhile, technology continues to evolve, making the recycling of clothes and other fabrics easier. Today, it is possible to recycle cellulose fibres (those which come from plants) that have been mixed with other fibres. For example, a garment made from 95% cotton and 5% elastane can now be successfully recycled. Based on what we know from our partners, in terms of recyclability, 10% is a safely reasonable maximum for secondary fibres.

Therefore, to help our customers understand how recyclable each of our products are, our collection has now been divided into three categories:

1. recyclable Mono-Materials: These are fully recyclable garments made from un-mixed fibres.
2. recyclable Blends: Cellulose fibres with up to 10% pollution from other fibres.
3. unrecyclable Blends: all other blends which cannot, at present, be recycled.

Recyclable garments 2020



**The more we can learn
to think outside the box,
the more we can push
ourselves and challenge
the status quo.**

Innovation

At Baum und Pferdgarten, we believe that innovation and creativity go hand in hand. The more we can learn to think outside the box, the more we can push ourselves and challenge the status quo. Looking ahead to 2022, we have set a goal to include one innovative program in each of the collections we will introduce that year. Although we are still in the beginning stages of this process, we are excited to continue innovating and growing in the months and years ahead.

Forward-Thinking Products	2020 goal	Status Dec. 2020	Comments
Innovative programs per collection	Strategy Development	✓	

Chemicals

Even when adhering to industry best practices, the use of chemical compounds is unavoidable in the production of clothing and textiles. And while technological innovations and safety standards continue to improve, we acknowledge that the products we manufacture have the potential to cause damage, both to people, and to our planet.

So, with this reality in mind, we work actively to make sure that each of the chemicals used in the production of our garments is handled correctly, safely, and responsibly. We have made this expectation very clear to each of our suppliers.

In fact, at the end of 2020, we sent out a new restricted substance list, together with a detailed chemical policy, to all of our suppliers. Our restricted substance list is based on the official guidance from the EU's REACH regulations.

In addition to the REACH standards, we have also specified a ban on the use of all PVCs, PFCs, and phthalates. Moving forward, all of our global suppliers and production partners are required to comply with these standards.

Improving processes

At Baum und Pferdgarten, we are continually working to improve each of the design and production processes we use to create our garments and collection. Every season we are looking for new ways to be more efficient, less wasteful, and more mindful of how our work impacts both people and planet.

In the sections above, we have outlined several ways we are working to improve the raw materials we use, optimise our production, and minimise our negative environmental footprint. But, along with the exciting progress being made on the production side of things, we are also taking a close look at the finer details of all of our processes.

Currently, 59% of our trim pieces (metal and plastic details such as zippers, buttons, and adjusters) comply with Standard 100 by Oeko-tex®. By 2024, we expect to reach 100% compliance.

Forward-Thinking Products	2020 goal	Status Jan. 2021	Comments
Suppliers that live up to Oekotex standards as a minimum	25%	✓	
Outphasing PVC	75%	✓	
Outphasing Pthalates	100%	✓	
Suppliers signed and complies with Chemical Policy	100%	✓	
Outphasing PFC	100%	✓	

Additionally, when it comes to how we package, display, and ship products to our customers, we are carefully considering each of these mechanisms. As of 2020, all of our products' 'hang tags' are made of certified paper. The string and seal that connects these tags to garments are now made from recycled polyester. For our products' logo labels, we are in the process of switching from virgin to recycled polyester.

Lastly, it's worth noting that once our current stock of garment bags runs out (sometime in 2021), moving forward all our garment bags will be made from 100% RPET (recycled plastic bottles).

Forward-Thinking Products	2020 goal	Status Dec. 2020	Comments
Better packaging (Certified, recycled, biodegradable, etc.)	Strategy Development	✓	
Better hangtags & labelling (Certified, recycled, organic, etc.)	Strategy Development	✓	
Oekotex trim (metal, plastic, etc)	50%	✓	59%
Shift to green energy suppliers at office and flagship store	100%	✓	

**Greater transparency
is essential. For us, it is
the key to establishing
even more responsible
practices and continuing
our most successful
collaborations.**

5. Transparency

Because transparency is an essential element of responsible sourcing and production, we are very focused on assessing each of the links in our supply chain, which is divided into three tiers.

Tier 1 is the final stage of production, which takes place in the cutting and sewing facilities where garments and other products are assembled. Tier 2 includes the steps that transform raw materials into useful fabrics, textiles, and materials to be pieced together during Tier 1. Examples of Tier 2 processes include knitting, weaving, dyeing, printing, and other wet processing units. Finally, at the point furthest from the customer, is Tier 3, from whom we source the raw material used to make our products. Tier 3 includes textile recyclers and yarn spinners.

In order to fully understand the responsibility profile of each of our products, we know that we must achieve a more detailed understanding of each and every link in the supply chain.

Supplier mapping

Over the past few years, the work of mapping our full supplier network has been an exciting and eye-opening process. This is especially true in relation to our many global sub-suppliers, with whom we have had only limited contact in the past. But, in order to fully understand the responsibility profile of each of our products, we know that we must achieve a more detailed understanding of each and every link in the supply chain. This important process of surveying our suppliers' ethical and environmental standards is called supplier mapping.

Our major focus for 2020 was to map out 100% of our suppliers in Tier 1, 25% in Tier 2, and 10% in Tier 3. By the end of last year, we were, in fact, able to map 97% in Tier 1, 64% in Tier 2, and 16% in Tier 3. Although we now have a more complete map than ever before (we exceeded our mapping goals for Tier 2 and 3 in 2020) we still have a way to go before we can say the map is complete. Our target is to have 100% of our suppliers mapped by 2024.

Transparency



As a part of our commitment to greater transparency, we publicly disclose the names of all of our garment suppliers on our website. Via our website, customers can now learn where our garments are made. As we move forward, we are working on doing the same for all of the Tier 2 and 3 suppliers who contribute to the creation of our products.

We prioritise visiting our suppliers as often as we can, in order to ensure quality control and to grow personal and business relationships.

Supplier relations

Most of our suppliers are long-time partners, with whom we have a history of mutual trust and respect built on personal relationships. We prioritise visiting these suppliers as often as we can, in order to ensure quality control, monitor working conditions, and to grow personal and business relationships. Unfortunately, due to travel restrictions, this has not been possible for much of 2020.

In 2020, 77% of our order volume was produced by long-term supplier partners (defined by more than five years of partnership), which has had a major impact on the stability of our company and our suppliers.

Risk countries

All Baum und Pferdgarten suppliers agree to adhere to responsibility policies that serve as standards related to human rights, product and material sourcing, chemical use, environment and climate rules, and animal welfare. Informed by EU regulations, these policies and agreements are updated regularly.

Many of our suppliers are located in countries which Amfori BSCI defines as 'risk countries.' These countries include China, Turkey, Indonesia, and Bulgaria. Risk is measured and defined by the World Bank's Worldwide Governance Indicators, and is based on factors such as political stability, corruption, rule of law, free speech, and the presence of violence / terrorism.

Baum und Pferdgarten works to ensure our partners adhere to the standards mentioned above. In order to maintain a high level of accountability, suppliers in 'risk countries' are regularly audited through Amfori BSCI or Sedex SMETA. We use the expertise of these independent organisations to help us maintain successful partnerships with our suppliers, have confidence in the safe working conditions of the individuals they employ, and to guarantee that our products are made in a safe and ethical way.

Currently 62.5% of our long term suppliers (who produce 77% of our total volume) have a valid audit. Looking at all suppliers used for our collections during 2020, the number is 48%. Our goal for 2024, is to have 100% of our suppliers in risk countries to be audited.

Transparency	2020 goal	Status Dec. 2020	Comments
Public available garment suppliers	100%	✓	
Public available fabric suppliers	75%	✓	85%
Suppliers mapped tier 1	100%	✓	
Suppliers mapped tier 2	25%	✓	64%
Suppliers mapped tier 3	10%	✓	16%
Volume produced by long term suppliers	50%	✓	77%
Risk country suppliers with valid Amfori BSCI or Sedex SMETA audit	60%	—	48% / 62,5%
Suppliers annually visited by Baum und Pferdgarten	50%	—	Due to Covid-19 we have not been able to travel in 2020.
Suppliers informed, agreed and signed new policies, Coc and RSL	100%	✓	
Join or host networking groups with relevant brands	2 annual	✓	

6. Ethical and fair

We are committed, to the safety and wellbeing of all the people, at every step in our supply chain, who help us to make our products each year. This commitment is rooted in our Code of Conduct and Human Rights Policy, which all of our suppliers have agreed to abide by.

Along with human rights, animal welfare is also very important to us and all of our suppliers are aware of this high priority. Our Animal Welfare Policy is based on the internationally-recognised 'Five Freedoms' laid out by the World Organisation for Animal Health (OIE), which defines animal freedom as the freedom from hunger, fear, discomfort, pain, alongside the freedom of animals to express normal patterns of behaviour.

In our product collections, we use only a minimal amount of leather, no down feathers, and we use only mulesing-free merino wool.

Ethical and Fair	2020 goal	Status Dec. 2020	Comments
Suppliers signed COC & Human Rights Policy	100 %	✓	
Complaint box at suppliers	Strategy Development	✓	
Anonymous email contact person	Implemented	✓	
Suppliers signed Animal Welfare Policy	100%	✓	
Mulesing free wool	100%	✓	

7. Plastic

In connection with the launch of our CSR strategy in 2019, we signed The Ellen MacArthur Foundation's global commitment for a new plastic economy. Participating in this initiative has helped us establish new guidelines for how we work with plastics moving forward. We spent 2020 mapping our total plastic consumption and gathering information about the areas where we have the most negative impact.

After studying the use of plastic packaging throughout our entire supply and production chain, we learned that the majority is generated by the hangers and poly-bags used for the final garments shipped from suppliers to our central warehouse. We now believe that by reducing the number of garments that are shipped on hangers, we can have a significant, measurable impact on the amount of plastics we use.

As an example, for the delivery of our Autumn Winter 2020 collection, plastic hangers made up 49% of the total plastic (by weight) that we utilised. In light of this new understanding, we are working with our suppliers to change the way our garments are packed before they are shipped. Moving forward, we want to ensure more garments are 'flat packed' instead of being shipped on plastic hangers. We are also asking suppliers to try folding our garments more times, so that they take up less room and therefore require a smaller poly-bag.

Another plastic-related environmental challenge that must be addressed is microplastics.

Microplastics are very small plastic particles that are released into the ecosystem when synthetic garments are washed and dried. To combat the impact of these microplastics, we are offering in-store customers a 'Guppyfriend Washing Bag,' a patented laundry bag designed for washing synthetic fibres. The bag stops even the finest microplastic particles from being released into the ecosystem.

Internally, both in the our office and in our store, we sort all of our plastic waste. However, our biggest challenge is how to dispose of this waste properly. The municipality of Copenhagen does not currently offer plastic disposal near our office or our retail store. Although this may seem rather simple, it is, in fact, a rather frustrating ongoing challenge that we hope to solve in 2021.

Plastic	2020 goal	Status Dec. 2020	Comments
Signed Ellen MacArthur plastic initiative	100 %	✓	
Eliminate problematic or unnecessary plastic packaging	Strategy Development	✓	
Reusable, recyclable, or compostable plastic packaging	25 %	✓	
Replace single-use plastic with recycled or recyclable plastic	Strategy Development	✓	
Plastic packaging is reused, recycled, or composted in practice	Strategy Development	✓	
Plastic will be sorted out and recycled in our offices and stores	100%	—	
Virgin synthetics are replaced with alternatives	Strategy Development	✓	75%
Nylon from recycled ocean waste	10 %	—	
Guide to minimize microplastics	Strategy Development	✓	0%

8. Customer engagement

We believe that it is our responsibility to educate our customers on how to get the most out of Baum und Pferdgarten products so that they will be used and enjoyed for many years. We try to do this in a variety of ways, both in stores and online, through social media channels, and via special events and communications.

To help our customers, we put a special emphasis on how to properly care for the garments they purchase from us, which is the best way to make them last. When properly cared for, our products will have an extended lifespan. We also make it a point to encourage customers to share, donate, or re-sell any Baum und Pferdgarten garments that they no longer need or want, thus reducing the amount of clothing that enters the waste stream. Lastly, we have made it possible for select items from our collections to be rented through itsreleased.com, a service offering creative sustainable alternatives to traditional buying patterns.

In addition to the above initiatives, we also offer our customers a few opportunities to have their damaged and ‘well loved’ garments repaired. At the beginning of 2020, we hosted our first ever ‘Customer Repair Day,’ a successful event focused on encouraging our customers to extend the useful life of their garments. Along with these special Repair Day events, we also offer a year round repair service through our own retail store.

Customer Engagement	2020 goal	Status Dec. 2020	Comments
Product take back program	Strategy Development	✓	
Customer repair days	2 annual	✓	
Joined sustainable initiatives with other fashion brands and customers	1 annual	—	
Care and repair guide	Strategy Development	✓	
Clothing rental service for European market	Strategy Development	✓	
CSR workshops	2 annual	—	

Thank you!