

## CSRD Pilot Report 2023

The following report is a voluntary statement by TOM TAILOR GmbH (TOM TAILOR) for the calendar year 2023, written in alignment with the new Corporate Sustainability Reporting Directive (CSRD) to the greatest extent possible. As some obligations have not yet been fulfilled (e.g., double materiality assessment), we have termed this document the 'Pilot Report'.

### 1. General Information

TOM TAILOR is an apparel lifestyle company operating in the mid-market segment. As of December 31<sup>st</sup>, 2023, the company employs 3,378 people and is headquartered in Hamburg, Germany. TOM TAILOR is part of the Fosun Group, with direct shareholders being Fosun Fashion Lifestyle GmbH (70.01%) and Shanghai Yujin GmbH (29.99%).

The management team of TOM TAILOR consists of two principal leaders: Gernot Lenz (CEO), responsible for Sales, Corporate Strategy, Product Development, Marketing, People & Culture and Sustainability & Corporate Responsibility, and Christian Werner (CFO/COO), overseeing Finance, Accounting, Controlling, Tax, Legal, IT, Logistics, and Sourcing.

In 2022, TOM TAILOR established a Sustainability & Corporate Responsibility team, building on a previously existing core sustainability team. This department reports directly to the CEO. The team is tasked with executing the holistic sustainability strategy, BE PART, which embodies TOM TAILOR's commitment to a more sustainable future, addressing corporate responsibility towards the planet, people, and progress. Each BE PART initiative aims to ensure compliance with current and future EU regulations.

The board participates in decision-making processes related to the BE PART strategy, defining targets and high-level milestones, and tracking achievements. Progress is regularly shared with the management team, shareholders, and the supervisory board. As sustainability goals are integral to the company's objectives, departments beyond the Sustainability & Corporate Responsibility team, such as Buying, Category Management, and Sourcing, also have sustainability targets.

The Sustainability & Corporate Responsibility team is composed of dedicated professionals with the skills and knowledge to design and implement the sustainability strategy, set goals and milestones, and monitor progress. The team's expertise is aligned with identified material impacts, risks, and opportunities. The team leader reports quarterly and annually to the Supervisory Board and key stakeholders on material impacts, risks, opportunities, the implementation of due diligence, and the effectiveness of adopted policies, measures, metrics, and targets. Additionally, the team fosters a culture of sustainability, promoting a mindset that supports the company's sustainability initiatives.

With the development, rollout, and continuous advancement of 'BE PART,' TOM TAILOR acknowledges the fashion industry's global challenges. It is widely recognized that the fashion industry is responsible for 10% of global carbon emissions and generates substantial waste annually. TOM TAILOR is committed to contributing to a conscious fashion era through an evolving 360-degree strategy approach, encompassing goals and actions. The BE PART strategy is a crucial pillar of the company's overall strategy, integrating sustainability into a

holistic approach, following the triple bottom line concept. Internally, TOM TAILOR is driven by shared values, which define how the team inspires, remains authentic, and succeeds. These values—TRUST, EMPATHY, COURAGE, INNOVATION, and OWNERSHIP—shape the company culture and unite the team in the vision of a sustainable fashion future for all.

TOM TAILOR has been publishing voluntary sustainability reports since the 2021 financial year. For 2021 and 2022, the reports were prepared in accordance with the Global Reporting Initiative (GRI) and the 2022 report was additionally subjected to a limited external audit. The sustainability report for 2023 continues to be based on the GRI standards (version 2021), with additional future ESRS data points for the upcoming CSRD reporting being shown as part of the sustainability report. TOM TAILOR publishes its sustainability reports annually and includes all activities of all TOM TAILOR subsidiaries that correspond to the financial report.

TOM TAILOR is a fashion company with a growing international presence. Its business approach includes a balanced human resources policy and maintaining trust-based relationships with business partners throughout the value chain. The company places significant emphasis on decent, safe, and fair working conditions at its suppliers' operations, reducing its environmental footprint in production and procurement processes and stores, and ensuring high product quality.

Sustainable governance is a core component of TOM TAILOR's business policy. The company has been an active member of amfori Business Social Compliance Initiative (BSCI) since the early 2000s and a committed member of the amfori Business Environmental Performance Initiative (BEPI) since 2019. BEPI supports companies in improving their environmental performance and sustainability in their supply chains, providing a framework to measure, manage, and report environmental performance.

Regarding social responsibility, TOM TAILOR is committed to the amfori BSCI Code of Conduct and Terms of Implementation, driving the improvement of working conditions in the global supply chain.

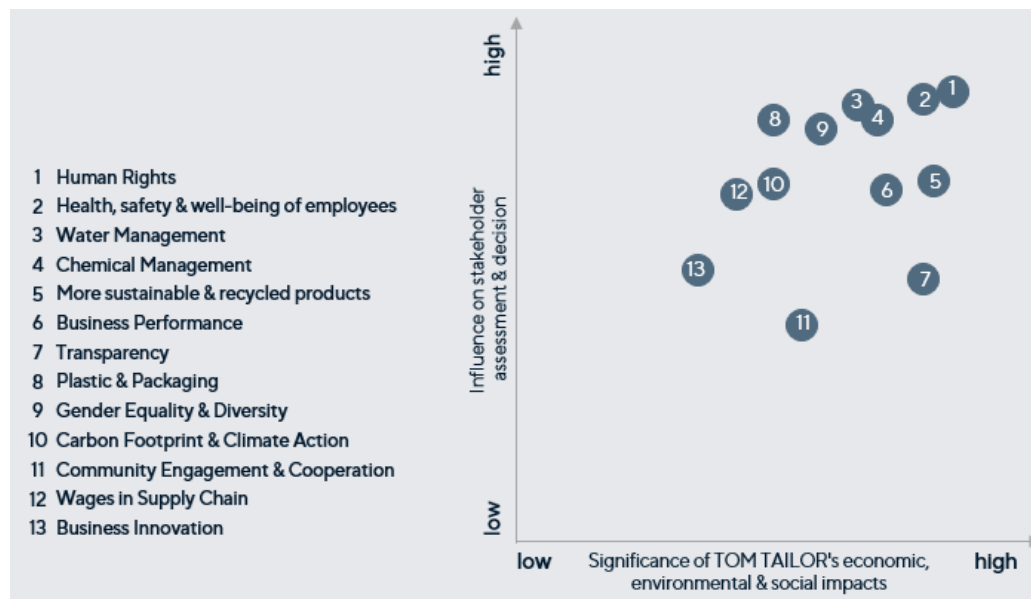
TOM TAILOR regularly reviews its strategic focus by involving its stakeholders, which include:

EMPLOYEES	B2B and B2C CUSTOMERS	SHAREHOLDER	SUPPLIERS	OTHER PARTNERS
<p>TOM TAILOR believes success happens when you get there together.</p> <p>8 to 10 times per year all employees are invited to town halls where business updates are shared, and open questions and feedback can be raised. Annually, it is also done an anonymous Pulse Check.</p>	<p>Open discussions and feedback are more than welcome. BE PART updates are included in every presentation and training for the B2B partners. B2C customers are reached via communications channels (i.e. social media), Newsletter and POS touchpoints.</p>	<p>TOM TAILOR has various platforms for a close exchange not only with the shareholder Fosun Group but also with the other portfolio companies. This allows best-practice sharing and creates business synergies.</p>	<p>Suppliers are categorized in strategic, core and niche. There are different regular touch points with their suppliers (i.e. quarterly scorecard calls, annual supplier summit, regular visits in both directions).</p>	<p>Financing partners play an important role in the value chain and TOM TAILOR appreciates open and trustful communication with them. In addition, teaming up with non-profit organizations who act for a good cause like MBRC@ the ocean, is done.</p>

## Materiality assessment

A materiality assessment was initiated in 2021 and renewed in 2022. A survey was conducted to verify if the focus topics remained aligned with the stakeholders' primary concerns. A total of 325 participants from across the entire stakeholder map completed the survey. Looking ahead, a double materiality assessment is planned for 2024 to ensure compliance with the forthcoming requirements of the European regulatory framework under the Corporate Sustainability Reporting Directive (CSRD).

The results of the latest materiality analysis for 2021/22 are shown in the following figure.



The figure illustrates that topics such as human rights, employee health, safety & well-being, water management, chemical management, and more sustainable & recycled products are considered material for the organization. The subsequent sections will outline the policies, actions, and targets included in the BE PART strategy for each identified material topic.

These sections are categorized according to the first official set of European Sustainability Reporting Standards (ESRS), based on Environmental, Social, and Governance (ESG) criteria.

## 2. Environmental information

### ESRS E1: Climate Change

The BE PART sustainability strategy focuses on people, planet, and progress. One focus area is the 'Green Value Chain', which addresses climate change mitigation by measuring and reducing TOM TAILOR's carbon footprint in terms of greenhouse gas emissions. This involves setting and pursuing science-based targets for corporate climate action, with clear goals such as measuring and disclosing Scope 1, 2, and 3 greenhouse gas emissions, and committing to the Science Based Targets initiative (SBTi). TOM TAILOR's SBTi targets, including FLAG targets, were approved in late 2023.

TOM TAILOR measured its carbon footprint for the first time in 2021, using 2019 as the base year to avoid the impacts of COVID-19 on the baseline data.

The current carbon footprint is detailed as follows:

Baseline 2019	Scope 1 (Direct)		Scope 2 (Indirect)		Scope 3 (Indirect)	
	Greenhouse gas emissions from sources that are owned or controlled by a company		Greenhouse gas emissions resulting from electricity, heat or steam produced at an off-site location.		Greenhouse gas emissions from a company's value chain with sources not owned or directly controlled by the company.	
Initial result (tCO <sub>2</sub> e)	2,823	0.7%	5,743	1.4%	403,377	97.9%
Re-calculated result (tCO <sub>2</sub> e)	2,936	1.4%	2,546	1.2%	208,826	97.4%

To ensure data comparability between 2019 and subsequent years, the 2019 carbon footprint was recalculated in 2022. This adjustment was necessary due to a switch to a different carbon emission calculation service provider, which involved the application of different emission factors. The recalculation of the 2019 footprint was based on the same emission factor data source used for 2020 and 2021, and this methodology was also applied to the calculations for 2022 and 2023.

The clothing and footwear industry is characterized by high Scope 3 emissions linked to the supply chain. TOM TAILOR actively assesses the associated risks, such as underestimating the organization's carbon footprint, and opportunities, such as enhancing mitigation outcomes within the supply chain.

### Science-Based Targets approved by SBTi

In late 2023, the Science-Based Target Initiative (SBTi) organization approved and, in early 2024, published TOM TAILOR's Near-Term Targets, classifying the company under the Energy/Industrial category. TOM TAILOR is committed to reducing absolute Scope 1 and 2 GHG emissions by 50% by 2030 from a 2019 base year. Additionally, TOM TAILOR aims to reduce absolute Scope 3 GHG emissions by 30% within the same timeframe. Regarding Forestry, Land, and Agriculture (FLAG) emissions, TOM TAILOR has committed to reducing absolute Scope 3 FLAG GHG emissions by 33.4% by 2030 from a 2019 base year (including both FLAG emissions and removals). To further promote forest protection within its value chain, TOM TAILOR has committed to achieving no deforestation across its primary deforestation-linked commodities by December 31, 2025.

TOM TAILOR's science-based targets are classified as compatible with the 1.5°C temperature goal, aligning with the global Paris Agreement.

A summary of TOM TAILOR's SBTi-approved targets is presented in the following table:

ACTION	STATUS	TARGET	SCOPE	TARGET CLASSIFICATION	BASE YEAR	TARGET YEAR	DATE PUBLISHED
Target	NA	No-deforestation	1+2+3	NA	2019	2025	2024-02-01
Target	NA	Absolute	3	NA	2019	2030	2024-02-01
Target	NA	Absolute	1+2	1.5°C	2019	2030	2024-02-01
Commitment	Active	NA	NA	NA	NA	NA	2022-11-03

Source: [SBTi target dashboard](#)

The SBTi targets were also approved by TOM TAILOR’s administrative, management, and supervisory bodies. Products and their production processes represent the largest share of TOM TAILOR’s carbon footprint, accounting for 65.2% of the company’s overall emissions and 68.1% of Scope 3 emissions. To make a significant positive impact, TOM TAILOR needs its suppliers to adopt more environmentally friendly factory setups. Many suppliers are already investing in mitigation and adaptation actions, such as installing solar panels, rainwater harvesting systems, water and fabric recycling plants, and other technologies to improve their carbon footprint measurement and mitigation.

### Carbon Footprint assessment

Since 2019, TOM TAILOR has been calculating and disclosing its carbon footprint with precision, following recognized methodologies that align with EU regulations.

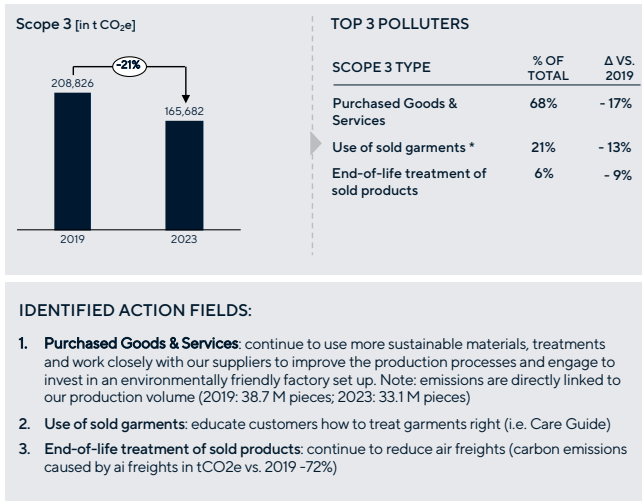
	2019 (in tCO2e)	2023 (in tCO2e)	DELTA 2023 vs. 2019	Share of total 2023	Share renewable energy
Scope 1	2,475.6	4,365.2	76%	2.5%	50.0%
Scope 2	2,567.9	2,970.7	16%	1.7%	40.5%
Scope 3	208,823.0	165,682.2	-21%	95.8%	-
<b>TOTAL</b>	<b>213,866.5</b>	<b>173,018.1</b>	<b>-19%</b>	<b>100%</b>	<b>48.3% *</b>

\* share only for Scope 1 and 2

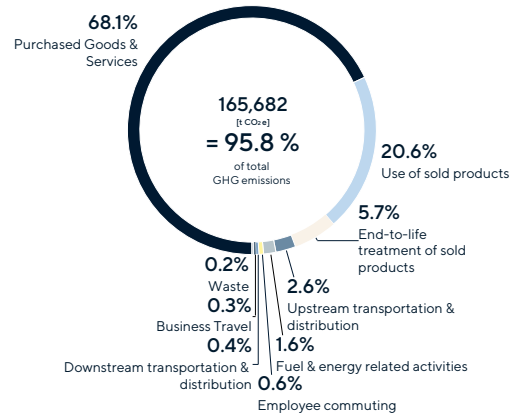
Since 2019, the quality of collected data has continuously improved by ensuring more primary data sources, particularly for Scope 1 and 2 emissions from our own retail and outlet stores. This enhancement has also led to an increase in emissions for these two scopes. However, for Scope 3, which still accounts for 95.8% of our total GHG emissions, a decrease of 21% has been achieved compared to the baseline year 2019.

TOM TAILOR’s Scope 3 emissions are primarily caused by the three largest polluters: purchased goods and services, the use of sold garments, and the end-of-life treatment of sold products. The following image shows the breakdown by scope emission category. All Scope 3 emissions are calculated based on location.

The operational expenditure (OpEx) for this action was approximately 20,000 EUR, covering CEMAsys services, the carbon footprint calculation, the SBTi application, and the data collection platform.



\* Impact calculated based on assumptions. Carbon emissions of sold garments mainly caused by washing these garments. Basis: wash information (water degree) based on wash care label



As 68.1% of Scope 3 emissions and 65.2% of total GHG emissions are caused by TOM TAILOR products and their production processes, this is the area where the highest impact can be achieved. To identify the products with the highest environmental impact, TOM TAILOR will conduct a pilot Life-Cycle Assessment (LCA) of 100 different products in 2024. Based on this pilot, potential carbon reduction areas will be identified, and further initiatives will be defined.

## BEPI risk assessment

Using the BEPI 2.0 tool, the company requested its suppliers to share their carbon footprint data. Generally, TOM TAILOR's greenhouse gas emissions are directly linked to its production volume, as most emissions are caused by products and their production processes.

In 2023, TOM TAILOR conducted another BEPI risk assessment. The purpose of the amfori BEPI Risk Assessment is to evaluate and identify environmental risks within production processes and procedures at a site. This assessment helps determine the probability of environmental damage resulting from regular or deficient production processes, as well as assessing the potential extent of this damage. By analyzing eight key Environmental Performance Areas (EPAs), the amfori BEPI Risk Assessment effectively identifies and manages potential environmental risks.

Based on data from factories covering the period from 2022 to 2023, the overall risk level for the countries in the dataset was 15% in 2022, placing them in the low-medium risk category. For 2023, the overall risk level decreased slightly to 14%, which is classified as a low risk. The overall risk delta of -1% indicates a slight reduction in risk level from 2022 to 2023, suggesting a minor decrease in the average risk exposure of the countries in the dataset over the one-year period.

BEP risk assessment				Risk Level	Risk %
COUNTRY	2022	2023	DELTA	Low	0 -14%
Bangladesh	19	15	-4	Low - Medium	15 - 30%
Cambodia	15	7	-8	Medium - High	31 - 50%
China	7	8	0	High	51 - 70%
India	14	13	-1	Very High	71 - 100%
Indonesia	15	9	-5		
Pakistan	22	15	-6		
Sri Lanka	16	11	-5		
Türkiye	18	26	8		
Vietnam	13	18	5		
<b>TOTAL</b>	<b>15</b>	<b>14</b>	<b>-1</b>		

### 2023 Factory count by risk level analysis

Based on a 2023 dataset, TOM TAILOR analyzed the current factory count by risk level. Out of a total of 118 factories, 66 factories had a low risk, with the majority located in China (25). In low-medium risk there were 44 factories, with the majority located in Bangladesh (23). Last, in medium-high risk there were 8 factories, whereof 7 are located in Türkiye. Most factories fall under the low risk category (66 out of 118, or 55.9%), followed by low-medium risk (44 factories, or 37.3%), and a few in medium-high risk (8 factories, or 6.8%).

Comparing to the previous year, 2022, the factory count has changed as follows:

- Increase in low risk: +10 factories
- Increase in low-medium risk: +3 factories
- Increase in medium-high risk: +1 factory

This delta indicates an overall increase of 14 factories compared to 2022, with the most significant growth in the low risk category (+10 factories).

The analysis suggests an improvement in the overall risk profile of the factories, as most now fall under the low risk category. However, a significant number of factories remain in the low-medium and medium-high risk categories. These factories will require additional attention and risk mitigation measures to further improve their risk profiles.

### Energy consumption and energy mix in the supply chain

From 2022 to 2023, Tier 1 suppliers saw a 21% decrease in total energy consumption and a significant 58% increase in the utilization of green energy sources. Green energy sources include solar power, steam from renewable sources, biodiesel, biomass, textile scrap or waste, wood chips, wood pellets, briquettes, or logs.

TOM TAILOR aims to increase the share of green energy sources among all Tier 1 suppliers to 30% by 2030. As of 2023, the current share is 17%.

	Total Energy in kWh					share of green energy sources		DELTA in %
	2022	2023	2022	2023	DELTA in %	2022	2023	
Tier 1 suppliers	114	118	82.514.988.657	64.900.883.134	-21%	8%	17%	58%

A breakdown of energy consumption and the share of green energy sources among Tier 1 suppliers by country is disclosed in the following table. Some suppliers in countries such as India, Pakistan, Vietnam, and Sri Lanka experienced fluctuations in the share of green energy sources, with some showing decreases or remaining constant.

Country	No. of suppliers		Total Energy in kWh			Share of green energy sources		DELTA in %
	2022	2023	2022	2023	DELTA in %	2022	2023	
BD	38	38	45.704.694.821	40.460.813.038	-11%	1%	1%	55%
CD	5	5	5.535.007	7.795.023	41%	3%	0%	-86%
CN	29	29	71.419.454	72.428.618	1%	13%	13%	0%
ID	6	6	148.479.469	15.612.902	-89%	2%	21%	47%
IN	10	10	966.315.972	818.121.968	-15%	95%	94%	-16%
PK	5	5	18.750.698.725	1.521.256.675	-92%	0%	5%	1%
SL	3	3	6.553.451.464	5.266.139.409	-20%	66%	78%	-5%
TR	14	14	7.052.430.149	6.737.020.938	-4%	0%	0%	0%
VN	8	8	3.261.963.595	10.001.694.562	207%	36%	54%	351%
<b>Total</b>	<b>114</b>	<b>118</b>	<b>82.514.988.657</b>	<b>64.900.883.134</b>	<b>-21%</b>	<b>8%</b>	<b>17%</b>	<b>58%</b>

Efforts to increase the share of green energy sources are yielding positive results for some suppliers located in countries like China. However, suppliers in Cambodia and Türkiye may need to focus more on promoting renewable energy sources to achieve sustainability goals. This indicator is also considered in the updated supplier scorecard.

The analysis of total energy consumption and the share of green energy sources among TOM TAILOR Tier 1 suppliers in various countries provides valuable insights into their energy utilization trends. There are notable variations in both total energy consumption and the adoption of green energy sources across the board.

- **Bangladesh (BD):** Total energy consumption decreased by 11% from 2022 to 2023, with a minimal increase in the share of green energy sources, reaching only 1%.
- **Cambodia (CD):** Total energy consumption increased by 41%, with an decrease of green energy sources to 0%.
- **China (CN):** Total energy consumption increased marginally by 1%, while the share of green energy sources remained stagnant at 13%.
- **Indonesia (ID):** Total energy consumption drastically declined by 89%, with the share of green energy sources increasing to 21% in 2023.



- **India (IN):** Total energy consumption declined by 15%, with a marginal decrease in the share of green energy sources to 94%.
- **Pakistan (PK):** Total energy consumption substantially declined by 92%, while the share of green energy sources slightly improved to 5%.
- **Sri Lanka (SL):** Total energy consumption decreased by 20%, with a significant increase in the share of green energy sources to 78%.
- **Türkiye (TR):** Total energy consumption decreased modestly by 4%, with no discernible change in the share of green energy sources.
- **Vietnam (VN):** Total energy consumption surged remarkably by 207%, accompanied by a significant increase in the share of green energy sources to 54%.

These findings underscore the varying energy dynamics across different Tier 1 suppliers from diverse countries, highlighting the importance of sustainable energy practices to mitigate environmental impact.

### Share of energy mix in the Tier 1 suppliers

The next figure shows the share of energy use by different energy sources and different sourcing countries across all Tier 1 factories, where data for 2023 are available (118 of 121).

	BD	CD	CN	ID	IN	PK	SL	TR	VN
No. of site	38	5	29	6	10	5	3	14	8
Solar	0,01%	0%	1,8%	0%	0,02%	0,1%	0%	0%	0%
Steam From Renewable Sources	0,02%	0%	0,1%	0%	0%	1,8%	0%	0%	0%
Biodiesel	0%	0%	0,3%	11,6%	0%	0%	0%	0%	11,9%
Biomass	0%	0%	6,7%	0%	94,1%	0%	0%	0%	41,7%
Textile scrap or waste	1,3%	0%	0%	0,1%	0%	0%	0%	0%	0,01%
Wood Chips	0%	0%	0%	0,01%	0%	0%	0%	0%	0%
Wood Pellets Briquettes Logs	0%	0,3%	3,7%	9,8%	0,4%	3,3%	78,4%	0%	0,00%
Coal	0%	0%	0%	0%	0%	0%	0%	3,7%	46,0%
Compressed Natural Gas	2,1%	0%	7,8%	0%	0,2%	0%	0%	1,2%	0%
Electricity	0,4%	89,9%	27,4%	48,7%	0,7%	4,1%	0,1%	1,6%	0,2%
Gasoil	93,4%	2,3%	0,1%	0,6%	4,6%	0,2%	17,2%	88,6%	0,3%
Gasoline	0,3%	7,4%	13,5%	10,3%	0%	0,004%	4,4%	4,6%	0,001%
Light, Medium & Heavy Fuel Oils	0%	0%	0%	0%	0%	0%	0%	0,00%	0%
Liquefied Natural Gas	0,8%	0%	6,8%	0%	0%	0%	0%	0,03%	0,0%
Liquefied Petroleum Gas	0,00%	0%	30,2%	0%	0,001%	9,0%	0%	0%	0,0%
Other Energy Source	1,5%	0%	0%	0%	0,01%	81,6%	0%	0,3%	0%
Steam From Non-Renewable Sources	0%	0,1%	1,5%	18,8%	0%	0%	0%	0%	0%
<b>Total energy</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Key findings by country are as follows:

- **Bangladesh:** Primarily relies on gasoil (93.4%), with contributions from compressed natural gas (2.1%), electricity (0.4%), and smaller shares of liquefied natural gas and textile scrap.

- **Cambodia:** Energy consumption is dominated by electricity (89.9%), followed by gasoil (2.3%) and gasoline (7.4%).
- **China:** Has a diverse energy portfolio with liquefied petroleum gas (30.2%), electricity (27.4%), gasoline (13.5%), compressed natural gas (7.8%), and liquefied natural gas (6.8%). Renewable sources include biomass (6.7%) and wood pellets (3.7%).
- **Indonesia:** The energy mix is led by electricity (48.7%), with significant roles played by gasoline (10.3%), wood pellets (9.8%), biodiesel (11.6%), and steam from non-renewable sources (18.8%).
- **India:** Dominated by biomass (94.1%), followed by gasoil (4.6%), electricity (0.7%), and compressed natural gas (0.2%).
- **Pakistan:** Heavily skewed towards an unspecified 'Other Energy Source' (81.6%), with liquefied petroleum gas (9.0%), electricity (4.1%), and gasoil (0.2%) making up the remainder.
- **Sri Lanka:** Primarily uses wood pellets (78.4%), gasoil (17.2%), and gasoline (4.4%), with a small contribution from electricity (0.1%).
- **Türkiye:** Dominated by gasoil (88.6%), with electricity (1.6%), compressed natural gas (1.2%), coal (3.7%), and gasoline (4.6%) also contributing.
- **Vietnam:** Energy consumption is led by coal (46.0%) and biomass (41.7%), with biodiesel (11.9%) and smaller shares of gasoil, gasoline, and electricity.

Tier 1 suppliers are beginning to adopt more sustainable energy practices, but there is still room for improvement. Overall, TOM TAILOR Tier 1 suppliers are making progress in diversifying their energy mix, with biomass and other renewable sources playing an increasingly important role, although fossil fuels still dominate the energy landscape. One of the energy sources with the highest negative impact is coal, which is only used in Tier 1 factories in Vietnam and Türkiye as of 2023. TOM TAILOR is engaging these suppliers to find alternative energy sources and aims to completely phase out the use of coal by 2030.

### **TOM TAILOR's key measures**

As part of TOM TAILOR's commitment to the Science-Based Target (SBTi) initiative, the company is considering asking its suppliers to commit to the SBTi as well. This is essential to achieve widespread influence and improve Scope 3 emissions management. To tackle Scope 3 emissions, TOM TAILOR is piloting a Life-Cycle Assessment (LCA) for 100 styles in 2024 to further identify mitigation opportunities in the production process. Additionally, TOM TAILOR included the KPI for Carbon Footprint in the Supplier Scorecard and started implementing a carbon emissions survey in 2023 to track progress and encourage continuous improvement among suppliers.

For 2024, TOM TAILOR aims to gather more primary Scope 3 emissions data from its suppliers and will continue collecting this data via the BEPI tool.

A key measure for climate change adaptation and mitigation is the implementation of renewable energy produced from green sources. TOM TAILOR's operational processes are increasingly based on renewable energy consumption. Key actions towards this target include:

- A) To tackle Scope 1 emissions, the company is continuing to convert its vehicle fleet from internal combustion engines to electric vehicles or hybrid cars (charging stations at headquarters were installed, which are powered by solar panels that were also installed at the beginning of 2023). The CapEX for this investment accounts for 35,390.55 ,Ç in 2023.
- B) Considering Scope 2 emissions, at the headquarters solar panels were installed on the roof (644 modules each 1.92 SQM = in total 1,236 SQM). CapEX for this investment is considered at 222.678 EUR and was implemented by 2022. Through this investment, at least 21% of the energy consumption at the headquarters comes from a renewable source. Key insights from this investment can be found in the following table:

Insight for solar powering investment in 2022	Value
Solar power generation 1st year	244,925 kWh
Feed into grid 1st year	17,173 kWh
Own consumption per year	227,752 kWh
Grid power consumption	862,712 kWh
Degree of self-sufficiency	20.90%
Avoided electricity costs over 20 years	939,553€
Price of solar power without financing	4.82 ct/kWh
Price solar power with financing	4.86 ct/kWh
Average grid electricity price over 20-year period	20.63/ kWh
Feed-in tariff	5.58 / kWh
Equity	178,142 €
Borrowing	44,536 €
Liquidity at the end of the period	758,767€
Return period of capital employed without debt financing	5.90 years
Maturity of equity with debt financing	5.32 years
Return on assets	17.81%
CO2 emissions avoided	115,093 kg/year
Total avoided CO2 emissions	2,301,860 kg

In addition, the company's showrooms and stores are transitioning their electricity contracts to renewable energy sources (e.g., solar panels, wind energy) upon renewal.

- C) To mitigate Scope 3 emissions in the upstream transportation, and distribution the company is continuing to reduce air freights and delivering e-Shops orders in a climate friendly way. In this sense, in 2021, 5% of the entire production quantities have been shipped via air. This caused 72.3% of the inbound logistics emissions. The fact that TOM TAILOR was able to continuously reduce the air freight from 18% in 2019 to only 3% in 2022, encouraged the company to continue to follow a zero-air freight goal. Still every air freight must run through an approval process, which must be confirmed by the management board. As a measure of progress, in 2023, only 1% of the entire production quantities have been shipped via air. This achievement is also visible in the resulting GHG emissions caused by our upstream transportation and distribution: in 2023 TOM TAILOR was able to reduce the emissions to 4,292.6 tCO<sub>2</sub>e compared to 7,927.4 tCO<sub>2</sub>e in 2022, which is a decrease of 46%. Compared to 2019, a decrease of

79% is remarkable (2019: 20,873.6 tCO<sub>2</sub>e). This demonstrates progress in the commitment to reduce the shipping of production via air, contributing to producing less scope 3 emissions in the upstream transportation process and having a lower impact on the generation of inbound logistics emissions. TOM TAILOR climate action goes beyond its production sites and is also covering the delivery process. Since February 1st, 2024, all standard e-Shop orders within Germany are shipped by default using DHL GoGreen. Which means they are shipped in a climate friendly way.

## **ESRS E2: Pollution**

Regulations regarding waste management in the fashion industry in Germany are primarily governed by broader waste management and environmental legislation rather than specific regulations targeting the fashion industry exclusively. However, the fashion industry is subject to various environmental regulations and initiatives aimed at reducing waste, promoting sustainability, and minimizing the environmental impact of textile production and consumption.

The topic of pollution is covered by the BE PART sustainability strategy under the pillar of Green Value Chain, which is one of the seven pillars of the strategy. When TOM TAILOR assumes responsibility for people and the planet, it goes beyond its direct operations. The company aims to take responsibility across the supply chain, starting with Tier 1 suppliers. TOM TAILOR has been a committed member of amfori BEPI since 2019. amfori BEPI supports companies in improving their environmental performance in global supply chains by offering a comprehensive range of assessment tools and services. Therefore, the amfori sustainability platform is the entry point for environmental data from TOM TAILOR business partners.

In late 2022, amfori rolled out the latest version of BEPI 2.0. In this improved version, the environmental risks are now organized into eight focused EPAs. In 2023, four Tier 1 suppliers with 13 factories (four new suppliers including four linked factories; nine new factories added under six existing suppliers) underwent environmental screening. Additionally, 17 Tier 2 fabric/yarn mills were reviewed (including traders and reactivations). The BEPI membership, paid by TOM TAILOR, grants access to the BEPI risk self-assessment for suppliers without any cost. Through this initiative, TOM TAILOR supports its suppliers in collecting environmental data and improving their performance through ongoing tracking and benchmarking.

A mandatory requirement within the supplier onboarding process is that suppliers (Tier 1 and 2) must comply with a Restricted Substances List (RSL), Manufacturing Restricted Substances List (MRSL), and Chemical Management Handbook by signing a Chemical Compliance Letter. The guidelines for chemical use are based on the DETOX initiative and the REACH regulation.

By early 2023, TOM TAILOR became a contributor to the Zero Discharge of Hazardous Chemicals (ZDHC) program, a global initiative aimed at eliminating the use of hazardous chemicals in the textile, apparel, and footwear industries. Established in 2011, the ZDHC program is a collaboration between major brands, retailers, and other stakeholders in the textile and apparel supply chain. It focuses on promoting sustainable chemical management practices throughout the supply chain to protect the environment, workers, and consumers from the harmful effects of hazardous chemicals.

TOM TAILOR aims to onboard 100% of its Tier 1 and 2 suppliers onto the ZDHC gateway tool by 2024. As of early 2024, 54% of its Tier 1 and Tier 2 suppliers are already onboarded on the

ZDHC platform. Details of the ZDHC onboarding status of Tier 1 and Tier 2 suppliers by country can be found in the following table.

Country	Tier 1		Tier 2	
	No of onboarded suppliers	No of invited suppliers	No of onboarded suppliers	No of invited suppliers
Bangladesh	29	11	20	2
Cambodia	1	2	1	0
China	11	15	32	43
India	5	4	7	3
Indonesia	3	2	5	7
Pakistan	7	0	6	0
Sri Lanka	0	1	0	0
Thailand	0	0	2	0
Türkiye	1	13	22	22
Vietnam	2	4	1	3
Taiwan	0	0	0	1
<b>Total</b>	<b>59</b>	<b>51</b>	<b>96</b>	<b>81</b>

### Plastic pollution and packaging

TOM TAILOR aims to reduce its single-use plastic usage and switch to recycled alternatives wherever possible. For polybags, we ensure that products arrive undamaged at our stores, partner stores, and customers via online orders. This transparent packaging also plays an important role in handling and storage in the distribution center. The label of each article is scanned through the polybag, protecting the products from damage and dirt during the distribution process. However, the use of single-use plastic is significant, so it is essential to address material usage.

In this regard, TOM TAILOR uses 100% recycled polybags upstream and downstream (e.g., returns via online shopping contain at least 80% recycled materials). Our paper cartons are already made from 100% recycled paper.

TOM TAILOR aims to reduce the use of plastic and polybags wherever possible. To achieve this, all prototypes, samples, and color swatches are packed in a single bag. To make the packaging process more efficient and reduce the use of single-use plastic, tests are conducted to identify applicable styles for packaging in one master polybag for multiple sizes, instead of using a single polybag for each size inside a master bag. For example, trials are being conducted for denim jeans.

Additionally, a policy to ban single-use plastic bags in retail stores has been implemented for several years. Currently, we only offer the more sustainable alternative of recycled paper bags.

As part of the plastic reduction policy, since 2005, TOM TAILOR has sourced mannequins for retail stores, shop-in-shop concepts, and showrooms from IRW/IDW. This provider uses polystyrene from BASF, offering 100% recyclable mannequins made with 40% recycled materials in each new mannequin.

## **Waste and recycling of materials**

Waste reduction and management start at TOM TAILOR headquarters. Each office at the headquarters has a paper basket, while plastic and residual/organic waste is disposed of in the kitchenette. This approach saves around 10,000 plastic garbage bags per year and ensures proper recycling.

At the retail stores, plastic, paper, and residual waste are disposed of separately. At central branches, waste is separated according to the center guidelines, which also follow segregation into plastic, paper, and residual waste.

To reduce waste, protect natural resources, and advance circularity, TOM TAILOR collaborates with suppliers who recycle leftover fabrics, cut-offs, and over-produced articles to produce new yarn. Based on a survey conducted at the end of 2023, TOM TAILOR found that 17 out of 27 participating Tier 1 suppliers have their own recycling capabilities.

Additionally, every garment returned by customers due to quality issues is reviewed and evaluated from A to C based on its condition. If a garment receives a C rating, meaning it is defective and unsellable, it must be destroyed. In 2023, a total of 37,545 pieces (2022: 37,855 pieces) – 0.11% of all produced items (2022: 0.09%) – were destroyed and downcycled, for example, to produce insulating material for the automobile industry. By 2025, TOM TAILOR plans to send these unsellable garments to TEXAID to ensure that as many clothes as possible are recycled.

## **ESRS E3: Water and marine resources**

The BE PART sustainability strategy focuses on a 'Green Value Chain'. The purpose of this pillar is to improve water consumption in the value chain and align with the goal of greening the value chain.

In 2022, TOM TAILOR collected supplier water consumption data via the newly released BEPI 2.0 tool for the first time, and in 2023, the data was renewed. The result is not limited to the production of garments but includes the entire water consumption of the supplier's production facilities, which serve other brands as well.

Water consumption is directly linked to overall production volume. However, there are differences with respect to specific production steps like wet processing or the production of certain product groups. Denim jeans production, in particular, is known to be water-intensive. TOM TAILOR aims for 100% 'low impact' denims by 2025. In 2022, 54% of all produced denims were low impact, with the remaining 46% being medium impact. In 2023, the share increased to 66% low impact and 34% medium impact denims. By choosing less water-intensive treatments, dyeing processes, and finishes like Ozone Wash, laser, or Zero Water Blue, fresh water use can be reduced.

Additionally, TOM TAILOR included water-related KPIs such as the 'share of recycled water use' in the supplier Scorecard to ensure an improvement in freshwater use. The target includes all Tier 1 suppliers, considering the impact of water consumption at production sites located in Bangladesh, Pakistan, and Vietnam, among others.

Less water consumption is highly prioritized in the production processes. TOM TAILOR saves water in production through the following processes:

- Laser: used look due to laser technology, no water & chemicals used, and no manual handling required.
- ZERO WATER BLUE: Dyeing method for blue jeans with no wastewater (98% of the water is reused) compared to the production of jeans made of indigo cotton.
- E-Flow: use of air nanobubbles instead of water, cotton surface is 'broken up' for a soft feel; benefits: minimal water use, no waste, fewer chemicals.

## Tier 1 and Tier 2 suppliers & Aqueduct Water Risk Atlas

The Aqueduct Water Risk Atlas is a tool for sustainable water management and climate change adaptation, providing detailed and accessible information on water-related risks worldwide. Developed by the World Resources Institute (WRI), a global nonprofit research organization focused on environmental and sustainable development issues, the Atlas aims to provide comprehensive information on global water-related risks.

The Atlas uses data and indicators to assess water scarcity, water quality, flood risks, and other water-related aspects in different regions. This information can be utilized by governments, businesses, and organizations to understand and address water-related challenges, making informed decisions on water management and business development planning. The indicator of Overall Water Risk measures all water-related risks by aggregating selected indicators from the Physical Quantity, Quality, and Regulatory & Reputational Risk categories. Higher values indicate higher water risk, with ratings ranging from low to extremely high risks.

The next table shows the physical location of TOM TAILOR Tier 1 suppliers and their relation to regional water risks. It highlights that most of the suppliers operate in zones considered under extremely high and high overall water risk. The overall water risk is detailed by country and the number of suppliers in each country.

TIER 1: water scarcity risk						
Country	Extremely High (>80%)	High (40-80%)	Medium - High (20-40%)	Low - Medium (10-20%)	Low (<10%)	TOTAL
Bangladesh	31	5				36
Cambodia				3	2	5
China	2	5	11	1	4	23
India	7		4			11
Indonesia	2	4				6
Pakistan	5		1			6
Sri Lanka			2			2
Türkiye	7	4		1	2	14
Vietnam			3	5		8
<b>TOTAL</b>	<b>54</b>	<b>18</b>	<b>21</b>	<b>10</b>	<b>8</b>	<b>111</b>

Regarding Tier 2 suppliers, the next table sets the number of factories located in water scarcity areas. Therefore, the percentages for each category are as follows. 48% of Tier 2 suppliers operate in areas of extremely high-water risk, with 126 factories. 8% of Tier 2 suppliers operate in areas of High-water risk, with 23 factories. 28% of Tier 2 suppliers operate in areas of Medium-High water risk, with 77 factories. Only 9% of Tier 2 suppliers are currently operating in areas located in low-medium water risk, with 25 factories. Finally, only 20 of the factories

from Tier 2 suppliers are in low-water risk areas, representing 7% of the totality of Tier 2 suppliers.

TIER 2: water scarcity risk						
Country	Extremely High (>80%)	High (40-80%)	Medium - High (20-40%)	Low - Medium (10-20%)	Low (<10%)	TOTAL
Bangladesh	25	1	1	2		29
China	53	5	56	4	19	137
Hong Kong				5		5
India	9	3	12	2	1	27
Indonesia	1	9				10
Pakistan	8			2		10
South Korea			3			3
Taiwan				3		3
Thailand	1	1				2
Türkiye	29	4	4	1		38
Vietnam			1	6		7
<b>TOTAL</b>	<b>126</b>	<b>23</b>	<b>77</b>	<b>25</b>	<b>20</b>	<b>271</b>

As part of its commitment to improving water management in its supply chain, TOM TAILOR has established the following action plan: TOM TAILOR will continue to track water consumption, water intensity, and the use of recycled water by its suppliers using the BEPI 2.0 tool. Additionally, TOM TAILOR has added a water consumption KPI to its Supplier Scorecard, making it a mandatory measurement and disclosure requirement for its suppliers. To further enhance its efforts, TOM TAILOR will conduct a survey focusing on the use of recycled water, the installation or plans to install a water recycling plant, and other related topics. This survey aims to build awareness among suppliers about reducing the use of fresh water and identifying areas where they can take action.

### EIM Score assessment by water scarcity risk and tier 2 suppliers

An analysis of a 2023 dataset on EIM (Environmental Impact Measurement) Score by water scarcity risk and the share of produced denim styles offered insights into the water scarcity challenges faced by Tier 2 suppliers. The data revealed that 64% of the denim styles are produced in areas with low water scarcity risk, while 36% are produced in areas with medium water scarcity risk.

For denim styles with a low EIM Score, the majority (79%) are produced in areas with 'Extremely High' (>80%) water scarcity risk. Additionally, 7% are produced in areas with 'High' (40-80%) water scarcity risk, 10% in areas with 'Low-Medium' (10-20%) water scarcity risk, and only 4% in regions with 'Low' (<10%) water scarcity risk. This indicates that factories with low EIM Scores are predominantly situated in extremely water-stressed areas, which already is a good trend.

The following table shows the share of quantities that fall under different EIM Scores divided by low and medium water risk.



EIM Score	share of quantities
<b>low</b>	<b>64%</b>
Extremely High (>80%)	79%
High (40-80%)	7%
Medium - High (20-40%)	0%
Low - Medium (10-20%)	10%
Low (<10%)	4%
<b>medium</b>	<b>36%</b>
Extremely High (>80%)	63%
High (40-80%)	2%
Medium - High (20-40%)	14%
Low - Medium (10-20%)	20%
Low (<10%)	0%
<b>Grand Total</b>	<b>100%</b>

Regarding the 36% of denim styles produced under a medium EIM Score, 63% are produced in 'extremely high' (>80%) water scarcity risk areas, 2% in 'high' (40-80%) water scarcity risk areas, 14% in 'medium-high' (20-40%) water scarcity risk areas, and 20% in 'low-medium' (10-20%) water scarcity risk areas. While the medium EIM Score group has a lower percentage in extremely high-water risk areas compared to the low score group, it still has a significant portion (63%) facing severe water scarcity challenges. This poses substantial challenges for sustainable water management and highlights the need for comprehensive water stewardship strategies to ensure the long-term viability of manufacturing operations. To address this issue, TOM TAILOR's denim suppliers and producers are prioritizing the implementation of water-efficient technologies, wastewater treatment, recycling systems, and collaborative efforts with local communities to tackle water scarcity concerns. By taking a proactive approach to water management, TOM TAILOR can mitigate the risks associated with water scarcity and ensure the environmental sustainability of its supply chain operations.

### Water intensity and water consumption of tier 1 suppliers

Water intensity, as defined by amfori BEPI, refers to the volume of water used in relation to a unit of production in manufacturing processes. This metric helps businesses assess and manage the efficiency and sustainability of their water consumption. An analysis of water intensity for Tier 1 suppliers with data from 2023 and 2022 was conducted.

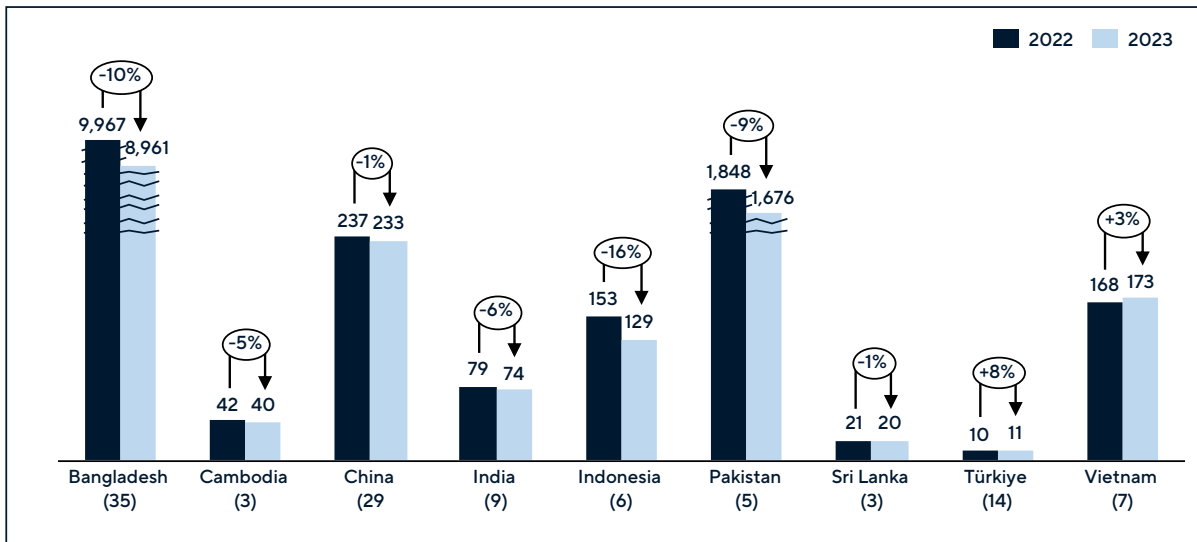
The water intensity, measured in cubic meters per million dollars of revenue, decreased by 11% across the 111 factories in 2023 compared to 2022. Pakistan saw the largest reduction, with an 18% drop in water intensity from 31.5 to 25.8 m<sup>3</sup>/million\$, followed by Cambodia with a 15% decrease from 5.2 to 4.4 m<sup>3</sup>/million\$. Bangladesh and Vietnam both achieved 12% declines, with Bangladesh going from 26.9 to 23.8 m<sup>3</sup>/million\$ and Vietnam from 11.6 to 10.2 m<sup>3</sup>/million\$. China's water intensity fell by 10% from 8.6 to 7.7 m<sup>3</sup>/million\$, while Indonesia had a 7% reduction, going from 2.4 to 2.2 m<sup>3</sup>/million\$. However, two countries saw increases in water intensity: India's water intensity rose by 23% from 3.4 to 4.2 m<sup>3</sup>/million\$, and Turkey's water intensity increased by 22% from 1.0 to 1.2 m<sup>3</sup>/million\$. Sri Lanka had the smallest change, with water intensity decreasing by only 1% from 6.2 to 6.1 m<sup>3</sup>/million\$.

The overall results are shown in the following table:

Country	No of factories	2022	2023	DELTA in %
BD	35	26,9	23,8	-12%
CD	3	5,2	4,4	-15%
CN	29	8,6	7,7	-10%
IN	9	3,4	4,2	23%
ID	6	2,4	2,2	-7%
PK	5	31,5	25,8	-18%
SL	3	6,2	6,1	-1%
TR	14	1,0	1,2	22%
VN	7	11,6	10,2	-12%
<b>Total</b>	<b>111</b>	<b>14,13</b>	<b>12,58</b>	<b>-11%</b>

In terms of water consumption, the total water consumption across all countries decreased by 10%, from 12,524,858,518 m<sup>3</sup> in 2022 to 11,317,830,974 m<sup>3</sup> in 2023. Indonesia saw the largest reduction, with a 16% drop from 153,376,260 to 128,970,097 m<sup>3</sup>, followed by Bangladesh with a 10% decrease from 9,966,960,409 to 8,961,080,596 m<sup>3</sup>. Pakistan's water consumption fell by 9%, from 1,847,523,999 to 1,676,171,607 m<sup>3</sup>, while India decreased by 6%, from 78,983,510 to 74,254,671 m<sup>3</sup>, and Cambodia reduced its water consumption by 5%, from 42,420,000 to 40,435,000 m<sup>3</sup>. China and Sri Lanka both had relatively small decreases of 1%, with China going from 236,975,936 to 233,486,838 m<sup>3</sup> and Sri Lanka from 20,648,000 to 20,394,000 m<sup>3</sup>. However, Vietnam's water consumption rose by 3%, from 168,261,731 to 172,517,776 m<sup>3</sup>, and Turkey increased by 8%, from 9,708,673 to 10,520,388 m<sup>3</sup>.

The results are shown in the following figure:



The water intensity and water consumption analysis underscores the varying degrees of water resource utilization across different countries. This highlights the importance of implementing sustainable water management practices within the Tier 1 suppliers' operations to mitigate environmental impact and ensure long-term resource availability.

## ESRS E4: Biodiversity and ecosystems

Biodiversity and ecosystems are cross-cutting issues for the environment. According to the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES), the main drivers of biodiversity and ecosystem change are climate change, pollution, land and sea use change, direct exploitation, and invasive alien species.

Biodiversity-related topics were not considered material in TOM TAILOR's last materiality assessment. However, the topic is covered by the BE PART sustainability strategy. The use of raw materials like cotton, cellulosic fibers, and bast fibers impacts biodiversity through habitat loss, resource overexploitation, pollution, and contributions to climate change. Natural materials make up around 76% of TOM TAILOR's overall share.

TOM TAILOR is committed to reducing negative impacts on biodiversity by increasing the share of recycled materials to reduce the need for raw materials in the production process, thereby lessening the pressure on natural resources, ecosystems, and biodiversity. The company aims to increase the use of recycled materials to 20% by 2025. In 2023, 10% of all products were produced using recycled materials.

Another nature-positive action by TOM TAILOR is increasing the use of environmentally friendly materials like Organic Cotton. According to the [Textile Exchange Organic Cotton Market Report](#) the global organic cotton availability is still around 1% of all cotton types. In 2023, 76% of TOM TAILOR's cotton-based products were sourced from the Better Cotton Initiative (BCI), 19% contained organic cotton, 3% included in-conversion organic cotton, and 2% were made with recycled cotton. This means that 100% of the produced cotton products came from sustainable sources. For 2024, TOM TAILOR aims to increase the share of products containing recycled cotton.

The soil needs 3-7 years to recover from artificial pesticides, meaning the conversion from conventional to organic cotton cannot happen immediately. Until the soil has recovered, farmers cannot sell the cotton as 'organic' and do not receive the organic premium. Therefore, TOM TAILOR has decided to increase the use of 'in-conversion' organic cotton. From 2023 onwards, products contain cotton that is in the transformation process from conventional to organic cultivation. This measure contributes to soil protection in the regions where cotton suppliers operate and supports biodiversity protection as a positive impact.

## ESRS E5: Resource utilization and circular economy

TOM TAILOR contributes to a circular economy through several actions, including designing garments for durability and reuse, implementing a new take-back program, using more sustainable materials in production processes, educating and raising awareness among customers, and working closely with partners and suppliers to achieve the shared regional goal of a circular economy. The following sections detail these policies and actions.

Three of the seven pillars from the BE PART sustainability strategy, which focus on the planet, are 'Our Way to Circularity,' 'Mindful Product Design', and 'Responsibly Sourced Products'. By 'more sustainable' products, TOM TAILOR refers to garments that have been assigned to specific material categories based on material composition. In this sense, 'more sustainable' means that environmentally friendly materials have been used to a certain extent, in line with industry standards. In 2023, TOM TAILOR successfully completed a third-party audit to get

brand certification for the following standards: Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), Global Recycled Standard (GRS), Recycled Claim Standard (RCS), and Responsible Animal Fibers (RAF), including Responsible Wool Standard (RWS), Responsible Alpaca Standard (RAS), Responsible Mohair Standard (RMS), and Responsible Down Standard (RDS). For 2024, TOM TAILOR aims to pass the follow-up audit and roll out respective on-product communication.

Ongoing material target tracking is an integral part of continuous improvement. TOM TAILOR categorizes every product based on individual material composition and the use of more sustainable materials (e.g., cotton, man-made cellulosic fibers, bast fibers, synthetics, and animal fibers). The order quantity is decisive for the calculation.

Overall, TOM TAILOR produced 33,156,089 products in 2023, with 28,344,830 falling under the 'more sustainable' category, representing 85% of the overall production. In 2022, the share was 83%. The aim is to transition away from extracting virgin resources, including increasing the use of secondary (recycled) resources.

The use of 'more sustainable' materials is an important step forward. However, the goal is to use existing materials to avoid using raw materials that have a high environmental impact. That is why TOM TAILOR entered the world of circularity, focusing on a more circular use of resources. This approach goes beyond considering the life cycle analysis of garments and products, embracing the transition towards a circular economy. A circular economy is based on design-driven principles: eliminating waste and pollution, keeping products and materials in use at their highest value, and regenerating ecosystems. It is underpinned by a transition to renewable energy. All these aspects are integrated into the focus area 'Our Way to Circularity'.

### **New Business Models to support circularity**

In 2022, TOM TAILOR evaluated different recycling partners and decided to develop a take-back program together with TEXAID, a company specializing in the collection, sorting, and recycling of used textiles. After a preparation process in 2023, starting from Q1 2024, TOM TAILOR will offer an on- and offline take-back program called 'BE PART of the loop' for all customers. This program constitutes an action in every step of the waste management hierarchy (prevention, preparing for re-use, recycling, other recovery, disposal).

With the in-store take-back program, customers can return their 'old' clothes of any brand to selected TOM TAILOR stores. The collected garments are then sent to TEXAID. In the online take-back system, customers can request a shipping label for their used clothes at no cost. The package is directly sent to TEXAID. Initially, TOM TAILOR is offering this service in Germany and some selected stores in Austria. After 2024, the company will evaluate whether and when to roll it out to additional countries.

Returned garments undergo sorting by TEXAID, adhering to strict guidelines. Broadly, they are categorized into three cycles: reuse, recycle, and downcycle. Reuse means the garments can be sold as second-hand; recycle means they can be fiber-to-fiber recycled; and downcycle means they will be shredded and used in another industry, such as the automotive industry for insulation material. TEXAID provides detailed reports on the volumes of garments in each cycle. The first results will be available in mid-2024 and will be reported from the reporting year 2024 onwards.

Currently, less than 1% of globally produced garments are utilized for producing new fibers. Collaborating with TEXAID, TOM TAILOR's goal is to raise this percentage, but it necessitates beginning with designing for circularity, a crucial step in the process.

### **From linear to circular products for customers**

To transform a linear product lifecycle into a circular one, TOM TAILOR must establish the necessary foundation. As a contribution to keeping products and materials in use at their highest value, TOM TAILOR is finding ways to extend the use phase of its products, designing them for longevity and circularity.

In 2023, TOM TAILOR developed its first circularity guideline, which includes a short checklist on 'how to design for circularity.' Additionally, CircularFashion workshops were conducted for the product team to ensure they acquire the knowledge needed to design products for circularity. As a result of these workshops, a circularity taskforce was formed, comprising employees from Design, Buying, Category Management, and the Sustainability & Corporate Responsibility team. The task force meets monthly to align on requirements, discuss challenges, work on solutions, and plan next steps. In Autumn/Winter 2024, the first 'designed for circularity' styles will be available for end consumers. For 2024, the team is also working on further goals and continues to share knowledge with the entire product team.

### **Circularity beyond the garment**

In terms of technological waste and optimizing waste management, TOM TAILOR began partnering with AfB social & green IT in 2022. AfB specializes in the refurbishment and resale of used IT equipment, focusing on sustainability and social responsibility, ensuring that as many devices as possible are reused or recycled. AfB is a recognized inclusive company, reducing carbon emissions, and saving natural resources, water, and energy.

In 2023, 489 IT and mobile devices with a total weight of 2.8 tons were processed by AfB, compared to 297 devices weighing 1.7 tons in 2022. Of these 489 items, 54% were recycled and 46% were reused, whereas in 2022, 91% were recycled and 9% were reused.

## **3. Social Information**

### **ESRS S1: Own workforce**

TOM TAILOR's success is built upon the strength of its people, with a culture that serves as the cohesive element uniting the crew. Investing in its people is key to the broader strategic aspirations, aiming to foster a culture shaped and driven by TOM TAILOR's values: trust, empathy, courage, innovation, and ownership.

TOM TAILOR aims to nurture a workplace where every individual feels valued, respected, and empowered, enabling the crew to unlock their full potential. Aligned with its people-centric approach, TOM TAILOR's goal is to be recognized as an 'Employer of Choice', not only in the fashion industry but also in other relevant professional fields. Strong employer branding that consistently reflects the company's identity and authenticity is the essence of its employer value proposition. The goal is to be more visible and relevant to top-tier talents. The dedication to growth extends beyond financial metrics to encompass the overall development and

management of TOM TAILOR employees' skills and talents. Through tailored training, mentorship, and well-defined career paths, the company enables its crew to achieve exceptional results. This approach enhances individual skillsets, fosters a high-performance culture, and ensures a strong retention rate of talent.

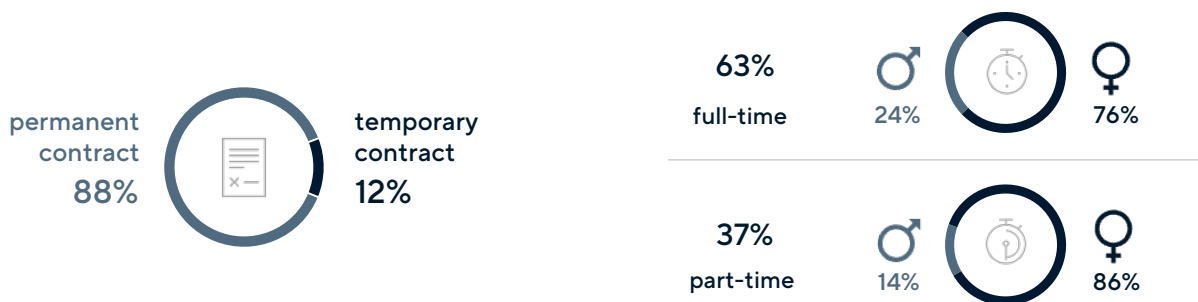
Achieving these objectives requires a state-of-the-art and streamlined global HR network— an adaptable people organization that stays at the forefront of the evolving landscape and aligns the interests of TOM TAILOR and its employees. The crew is encouraged to see themselves as proactive influencers of change and dedicated team players, consistently taking ownership and setting examples. With this proactive mindset, they lead by example, setting the course for TOM TAILOR’s success and the development of their team.

Health, safety, and wellbeing of TOM TAILOR employees are recognized as a material topic in the latest materiality assessment, with high relevance to TOM TAILOR’s economic, environmental, and social impacts, and significant influence on stakeholder assessments and decisions. Therefore, one of the seven pillars of the BE PART sustainability strategy, focused on its people, is ‘Fair & Equal Working Conditions’, which centers on the well-being of the workforce.

### Working conditions

On January 1<sup>st</sup>, 2023, a newly created role of Chief People Officer joined the crew, demonstrating TOM TAILOR's commitment to its workforce. This role holds global responsibility for all people-related matters within the company.

As of December 2023, TOM TAILOR's workforce includes 3,378 people worldwide, encompassing all subsidiaries. It is TOM TAILOR's corporate responsibility to support the well-being of all employees, focusing on both mental and physical health. Key dimensions include individual and team development, structures and frameworks, and fostering identification with the corporate culture, values, and goals.



In 2023, 88% of TOM TAILOR's workforce is employed on a permanent basis, either full-time or part-time, while 12% work under temporary contracts, including working students, interns, and temporary workers.

For all headquarters employees, the following standards are applied: All contracts are written in German by default and signed by both parties. Upon request, contracts can also be issued in English. Notice periods are transparently specified in the employment contract and can vary depending on the employment situation. Typically, the notice period is 3 months after the probationary period for both parties, for full-time employees. Full-time employees receive 30

vacation days, which is above the legal minimum. TOM TAILOR uses a time recording tool (NOVAtime) to record working hours, either on-site or digitally. This ensures that overtime is tracked and that weekly working hours are not exceeded. When overtime is recorded, it can be compensated with days off or a one-time payment, by agreement. Salaries are reviewed annually, and in addition to a fixed salary component, employees above a certain level are eligible for a bonus payment based on individual and company performance. TOM TAILOR pays the corresponding social security contributions. Additionally, employees can participate in the company pension scheme.

TOM TAILOR promotes an 'open door policy' where constructive, honest criticism is welcome among crew members. Employees in Germany can also represent their interests to a works council, enabling collective negotiations.

TOM TAILOR respects workers' rights to approach management for better working conditions and upholds their rights to Freedom of Association and Collective Bargaining. Workers are allowed to form unions in a free and democratic way or freely elect their own representatives to engage in dialogue about workplace issues. They are not discriminated against due to trade union membership nor prevented from accessing or interacting with workers' representatives.

In Germany, 48% of all permanent employees from the headquarters, showrooms, and retail stores are covered by company agreements. At the headquarters, 100% of employees fall under these agreements.

## **Work-life balance**

TOM TAILOR feels responsible for its employees and aims to create a safe space for mental health at work. Since 2022, a mental health program called nilo.health has been offered to all TOM TAILOR employees. With nilo.health, high-quality, personalized, on-demand mental health support is available for every employee at no cost. Mental challenges, whether personal or work-related, should not be ignored. The introduction of nilo.health aims to normalize proactive mental well-being efforts.

The mental health program covers:

- 1 to 1 video sessions: safe space to discuss both professional and private challenges
- nilo.experts: psychological expertise; individual experience & focus; human factor; international expert-pool
- 29 languages: worldwide located experts to offer your nilo.sessions in your native language
- Free choice: area the coachee wants to work on; other preferences like convenient time; selection of expert who suits best
- nilo.roundtables: group sessions
- nilo.discover: digital programs & tools like 24/7 access to mental wellness programs and practical exercises that teach you helpful strategies and skills

Besides supporting employees in taking care of their mental health, TOM TAILOR has established initiatives to promote a healthy lifestyle. This includes offering bicycle leasing and fitness subscriptions through partnerships with local sports facilities. Additionally, the TOM TAILOR crew participates in various sports events, with all employees welcome to join voluntarily.

To support the physical health of employees, TOM TAILOR offered free hearing and eye tests at least once a year for every headquarters employee in 2023. If a doctor's certificate confirmed the necessity, screen workplace glasses were subsidized up to a maximum of €150. Every November, TOM TAILOR offers flu and COVID-19 vaccinations at the headquarters. In 2023, 91 employees took advantage of this offer.

## **Training and skills development**

At TOM TAILOR, promoting a culture of consciousness among crew members is crucial. This goal is included in the 'Culture of Consciousness' pillar of the BE PART sustainability strategy. In 2023, TOM TAILOR organized a 'Sustainability Business Challenge', where a cross-functional team worked on a sustainability challenge set by the Sustainability & Corporate Responsibility team. Over five months, the team developed a solution, guided by an external training consultancy to promote internal skill development. The 2023 challenge was, 'How might TOM TAILOR employees integrate sustainability into their daily operations?'. The team presented three final ideas to an internal jury, with plans to roll out at least one of these ideas in 2024.

Regarding employee development, TOM TAILOR offered a series of new mandatory trainings, particularly for the leadership team. In 2023, a total of 8,460 training hours were held across all participants, divided as follows: 3,113 hours of hybrid training, 3,040 hours of audio learning, 1,086 hours of face-to-face training, 741 hours of blended learning, and 480 hours of e-learning. These figures represent a significant increase compared to 2022, which had 2,732 training hours.

## **Equal treatment and opportunities for all**

TOM TAILOR supports women in leadership roles and develops high-performing managers to become potential female leaders. However, there is still progress to be made to achieve gender balance at all levels. From 2022 to 2023, TOM TAILOR increased the proportion of female leaders in the management team (Director or Head of) from 39% to 43%, with a 63% share of female leadership in Management, including Managers and Sr. Managers.

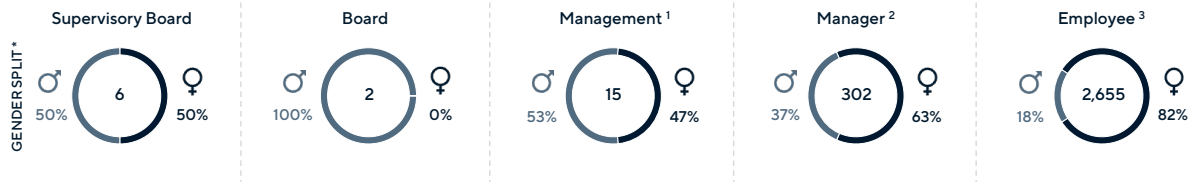
TOM TAILOR values diversity and believes that all people are equal, and any form of discrimination is not tolerated. The company's job advertisements are always published in a gender-neutral way (m/f/d). Furthermore, TOM TAILOR supports inclusion and equality by using gender-appropriate language in daily communication. The company has zero tolerance for any form of harassment or violence and fully supports the International Labor Organization Convention (No. 190) on Violence and Harassment. TOM TAILOR protects its workforce in every state, for example, concerning privacy, ensuring everyone feels included, valued, and comfortable in their workplace.

## **Gender split analysis**

A 2023 gender split analysis of TOM TAILOR's organizational data reveals a gender distribution across various hierarchical levels. The Management Board is entirely male, accounting for 100% (2 males). In the Management (C-Level -1), there is near parity, with 53% male and 47% female representation, showing an increase in female leadership from 39% in



2022. In Manager and Senior Manager roles, the gender split shifts to 37% male and 63% female. Other employee positions show a significant female majority at 82%, compared to 18% male. Overall, the workforce comprises 80% female and 20% male employees. This analysis underscores TOM TAILOR's commitment to fostering gender diversity and inclusivity at all levels of the company.



\* As per December 31<sup>st</sup> 2023; excluding temporary staff, dormant employees (e.g. parental leave);  
 1) Manager with direct reporting line to TT Board at head level and above  
 2) Manager with direct reporting to Management, below head level  
 3) Employees excluding Management and Manager (Rest); Pay gap excluding temporary staff, working students, interns and trainees

TOM TAILOR does not have a specific policy for the employment and inclusion of persons with disabilities. However, the company welcomes applications from all candidates and handles them in line with its core value of empathy. TOM TAILOR ensures fair treatment throughout the selection process and provides adequate working conditions for team members with disabilities.

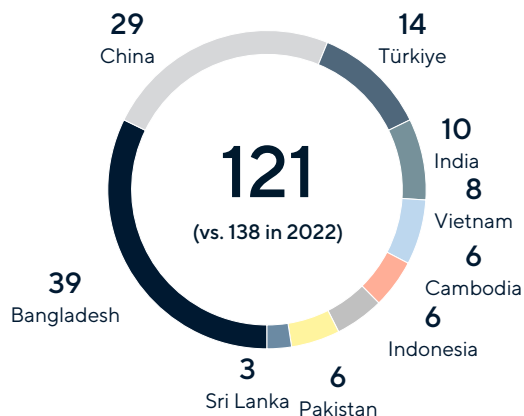
### Other work-related rights

In 2024, TOM TAILOR released an internal Crew Book with updated core values and corporate strategy. The Crew Book outlines the current standards and principles, making the corporate values – TRUST, EMPATHY, COURAGE, INNOVATION, and OWNERSHIP—transparent to every crew member.

Every office employee can work from home after consulting with their supervisor. TOM TAILOR supports flexible working, with all details clearly defined in a company agreement.

### ESRS S2: Labour in the value chain

Transparency in the supply chain is a key priority for TOM TAILOR and is closely tied to its materiality assessment. Since 2021, TOM TAILOR has been publishing its tier 1 and tier 2 suppliers. The tier 1 factories for 2023 and their country distribution are illustrated in the following graphic:



TOM TAILOR classifies its suppliers into segments based on past and future production volumes, which are evaluated annually by performance and quality outcomes of each product. This approach helps monitor and manage the supplier portfolio according to its strategic importance. Strategic and core suppliers account for 84% of the FOB volume. Additionally, the portfolio includes 'niche' suppliers handling smaller orders. The following dataset offers insights into the distribution of factories within the supply chain in 2023, categorized by strategic significance, core operations, niche specialization, and others. This breakdown provides a nuanced understanding of the manufacturing landscape. Since 2023, TOM TAILOR has maintained its tier 1 and 2 supplier portfolio on the Open Supply Hub.

Supplier	No of suppliers	No of factories (Tier 1)	% FOB volume *
Strategic	15	35	45%
Core	27	49	39%
Niche	29	36	13%
<b>Total</b>	<b>71</b>	<b>121</b>	<b>97%</b>

\* Remaining 3% are inactive suppliers

## Working conditions

In late 2023 TOM TAILOR published its [policy statement on human rights strategy](#).

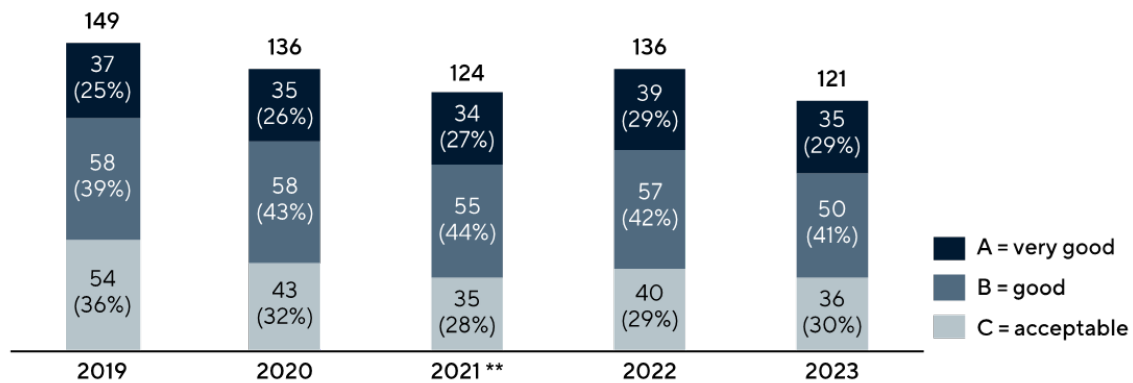
For TOM TAILOR, transparency and ensuring good working conditions in the supply chain are closely linked. Transparency enables effective action. TOM TAILOR aims to improve working conditions and the well-being of those involved in making their products. Recognizing the need for collaboration, TOM TAILOR became an amfori BSCI member and committed its suppliers to the amfori BSCI principles. The BSCI Code of Conduct is based on core conventions and standards from the UN Declaration of Human Rights, the ILO, and the UN Guiding Principles on Business and Human Rights.

TOM TAILOR enforces a strict policy against child labor and forced labor in all production sites, clearly defined in the code of conduct. Every tier 1 and tier 2 supplier must undergo an onboarding process before an order can be placed. This process includes a social compliance due diligence check. Suppliers must commit to and sign the amfori BSCI code of conduct and the TOM TAILOR social compliance manual, and their latest amfori BSCI audit report must be reviewed.

## Audits in the supply chain

Since 2021, TOM TAILOR has made supplier audit results (tier 1) publicly available. In 2023, the company updated the results from 2022 and will apply the same approach in 2024. In 2023, 121 amfori BSCI audits were conducted by a third party, a decrease of 15 audits from 2022 due to a reduction in the number of factories. None of the 2023 audits identified critical/zero tolerance issues. Of these audits, 115 were semi-announced, 5 were fully announced, and only 1 was fully unannounced. It is not yet 100% semi-announced because TOM TAILOR is not the 'RSP' (responsible) for all partnering manufacturers when selecting the audit type.

Each amfori BSCI audit follows a structure of 13 performance areas, each rated from A to E. An overall rating is calculated based on amfori BSCI evaluation rules. The following figure shows the progress in ratings from audits conducted in recent years. Audits with very good results (A) have been increasing, with a 29% result in both 2022 and 2023, demonstrating an upward trend in high-quality audit outcomes.

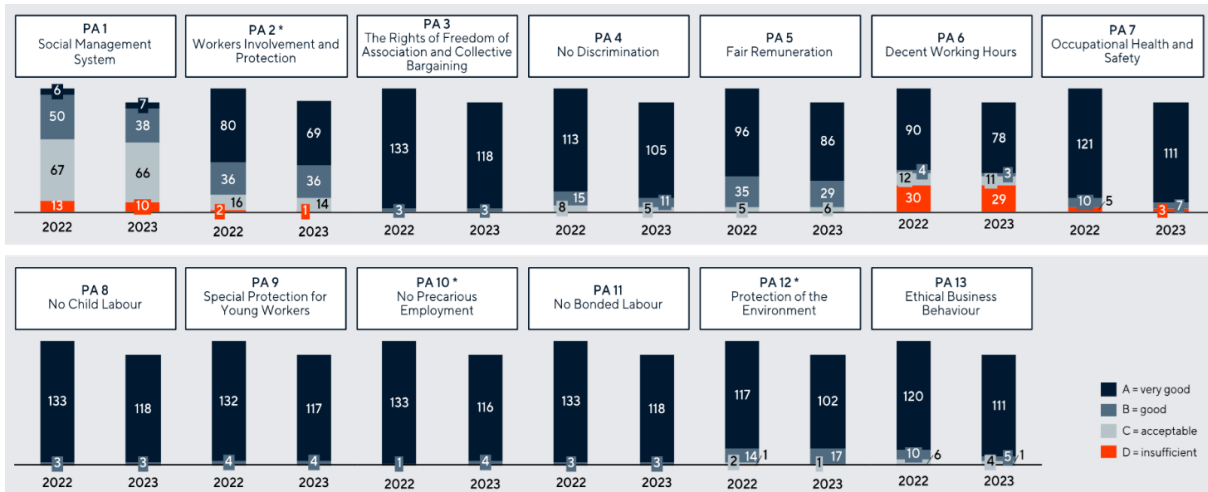


The detailed share of BSCI Audit results by country and result in 2023 can be found in the following table:

Country	A	B	C	TOTAL
Bangladesh	14	24	1	39
Cambodia		2	4	6
India	3	7		10
Indonesia	2	4		6
Pakistan	3	3		6
China			29	29
Sri Lanka	3			3
Türkiye	8	5	1	14
Vietnam	2	5	1	8
<b>TOTAL</b>	<b>35</b>	<b>50</b>	<b>36</b>	<b>121</b>

However, TOM TAILOR also shares audit findings that highlight areas with the greatest room for improvement. The performance areas requiring the most attention include the Social Management System, primarily in China and Bangladesh; Workers Involvement and Protection, mainly in factories in Bangladesh and India; Decent Working Hours, primarily reported from China and Bangladesh; and Occupational Health and Safety, with reports from Bangladesh, Vietnam, China, Cambodia, and Türkiye.

The overall audit results for 2023, compared to 2022, are shown in the following figure, including key areas of opportunity. In general, performance has remained quite stable without any drastic changes.



The following figure shows the audit performance areas with lower (C + D) ratings 2023 compared to 2022 by country, highlighting where TOM TAILOR is focusing its policies and actions for further improvement. Except for PA5 'Fair Remuneration,' every performance area shows improvement compared to 2022.

A green arrow indicates improvement, meaning fewer factories have a C or D rating in the respective performance area. A red arrow signifies that, across all countries, an increased number of factories have a C or D rating in that performance area.

AUDIT PERFORMANCE AREAS (PA) WITH C + D RATINGS BY COUNTRY 2023 vs. (2022)

	Bangladesh	Cambodia	China	India	Indonesia	Pakistan	Sri Lanka	Türkiye	Vietnam	Total
PA 1 Social Management System	22 (21)	6 (3)	29 (28)	5 (9)	3 (1)	3 (3)	-	3 (5)	5 (6)	76 (80) ↓
PA 2 Workers Involvement and Protection	6 (8)	3 (2)	2 (1)	2 (3)	-	-	-	1 (-)	1 (1)	15 (18) ↓
PA 4 No Discrimination	4 (8)	1 (-)	-	-	-	-	-	-	-	5 (8) ↓
PA 5 Fair Remuneration	-	-	5 (4)	-	-	-	-	1 (1)	-	6 (5) ↑
PA 6 Decent Working Hours	6 (7)	1 (-)	29 (29)	-	2 (1)	-	-	- (1)	2 (3)	40 (42) ↓
PA 7 Occupational Health and Safety	- (1)	1 (1)	- (1)	-	-	-	-	1 (1)	1 (1)	3 (5) ↓
PA 12 Protection of the Environment	1 (-)	- (2)	-	-	-	-	-	-	-	1 (3) ↓
PA 13 Ethical Business Behaviour	-	3 (1)	-	-	-	-	-	2 (5)	-	5 (6) ↓

Transparency is key to improving working conditions in the supply chain. Therefore, every identified cause for the C and D ratings in each factory is registered on the amfori BSCI platform. For every finding, a measurement plan is defined, including specific actions and a timeline. Factories with reported incidents must implement an action plan to mitigate negative impacts. To support their improvement process, TOM TAILOR works out appropriate action and development plans by supplier. Additionally, the supplier scorecard includes Social Compliance KPIs to share comparable and motivational benchmarks. This scorecard was redeveloped in 2023, now including Environmental, Social, and Governance KPIs.

Depending on the severity of the findings, follow-up audits are scheduled. Local CSR responsibilities also follow up on actions with the suppliers. For an amfori BSCI result, different follow-up procedures are based on overall rating results:

- A & B-rated audits need no written action plan for continuous improvement, and audit results are valid for two years.
- C-rated audits require a mandatory written action plan for continuous improvement, with at least one follow-up audit within one year.
- D-rated audits must prepare a mandatory written action plan for continuous improvement, with a follow-up audit within three to six months. If issues persist, sanction procedures are initiated, including an exit plan.

However, before any exit, TOM TAILOR strives to support its suppliers in improving their performance.

### **Subcontractors of suppliers**

Even though there is no direct business link between TOM TAILOR and the business partners of a supplier, TOM TAILOR seeks to improve working conditions in all factories involved in product production. Therefore, it is important for TOM TAILOR to gain both transparency and information on the working conditions of subcontractors of its suppliers. In this context, a subcontractor is defined as a production site located outside the supplier's registered address where the product is shaped, performing steps on behalf of the supplier. This includes, but is not limited to, printing, tanning, embroidery, dyeing, washing, knitting and linking, and assembling.

The scope of this procedure applies to all TOM TAILOR suppliers and their business partners (sub-suppliers). The responsibilities of this procedure fall to the supplier, the TOM TAILOR CSR officer, and CSR Management.

### **Social dialogue**

In 2023, TOM TAILOR implemented a 'Feedback Poster' in every tier 1 and tier 2 factory. These posters are displayed on open boards accessible to every worker and are available in both English and the appropriate local language. This initiative aims to provide every worker with the opportunity to anonymously share feedback with the local CSR department and headquarters.

### **Adequate wages**

From TOM TAILOR's perspective, playing fair equals paying fair. In 2021, the company set the goal to collect data on actual paid wages from its strategic and core suppliers by skill level and gender for 2022 to identify differences compared to living wages. In 2023, the same data was collected from all suppliers to get a comprehensive view. These steps contribute to the overarching goal of fair wages for the people who make TOM TAILOR clothes.

The status quo evaluation in 2022 and 2023 showed that all suppliers and factories are paying at least the minimum wage per legal requirements, demonstrating 100% compliance with the BSCI Code of Conduct. However, there is no standardized living wage level across regions

because living costs vary. Evaluating this using worker surveys is challenging, as it is difficult to determine whether workers are just meeting minimal living standards or achieving a decent way of living. Definitions of wages and wage types vary by supplier, region, and country, making it hard to establish an accurate benchmark based on existing wage structures.

The analysis also examined whether there is a pay gap between female and male workers for equal work. This comparison of gender wages by skill level included only strategic and core suppliers, excluding factories where living wages are already paid.

The next table shows the number of workers being paid living wages. The calculation follows the amfori BSCI methodology, derived from the Anker Methodology:

$$\text{Net Living wage} = (\text{Food} + \text{housing} + \text{health} + \text{education}) \times \text{average family members} \div \text{full time workers per family}$$

The formula for calculating living wages has been included in the data collection template, and suppliers input the respective data to obtain the living wage results. The comparison was made by skill level, comparing the lowest wage paid within each skill level to the calculated living wage. In total, 38% of the workforce are being paid living wages (up from 24% in 2022). Additionally, 100% of the workforce are paid at least the minimum wage.

Country	TOTAL workers	Workers w/ living wage	% w/ living wage
Bangladesh	123.130	28.422	23%
Cambodia	993	936	94%
China	2.762	2.560	93%
India	8.264	4.628	56%
Indonesia	10.078	10.078	100%
Pakistan	11.246	5.108	45%
Sri Lanka	2.769	2.270	82%
Turkey	1.757	976	56%
Vietnam	10.063	10.058	100%
TOTAL	171.062	65.036	38%

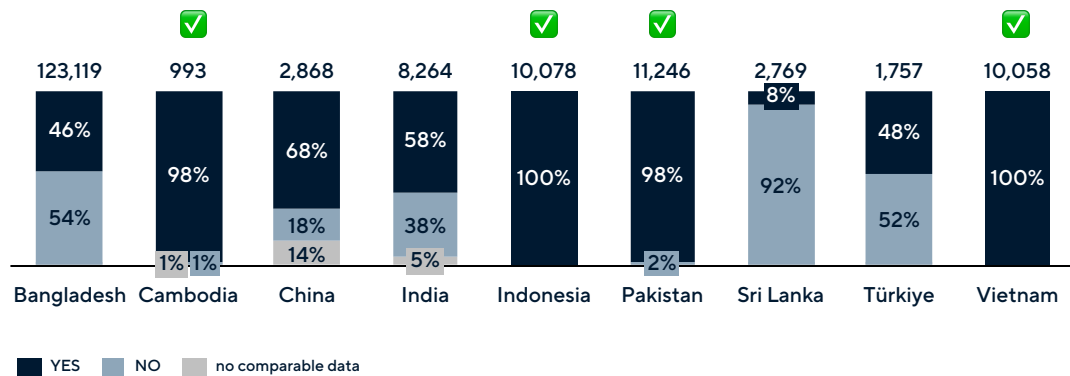
From the table above, it can be concluded that factories in Cambodia, China, Indonesia, and Vietnam are particularly notable for their high rates of living wages, ranging from 93% to 100%.

Recognizing the ongoing efforts, TOM TAILOR is committed to collaborating with factories in Bangladesh, Pakistan, and India to address the challenge of ensuring acceptable levels of paid living wages for workers. While progress has been made, there is still room for improvement.

### Gender equality and equal pay for work of equal value

53% percent of all workers in our suppliers’ factories are female, and 47% are male. In total, 172,000 people work in our suppliers' tier 1 factories. Equal pay is a priority for TOM TAILOR, and we are committed to ensuring no salary differences based on gender. Compensation, and especially its adjustment, at TOM TAILOR is based on performance characteristics, and this standard is also required to be applied to all workers in the suppliers’ factories.

The following table shows the number of workers receiving equal wages or not. The comparison was made by skill level. A '-' indicates that there were either only female or only male workers at a specific level, meaning no comparable data was available. The highlighted locations are notable for their high level of equity regarding equal pay for equal work.



In terms of actions to be taken, TOM TAILOR still follows its defined strategy roadmap:

- 2022: develop wage data template to collect primary data from strategic & core suppliers
- 2023: extension of wage data collection for every tier 1 supplier
- 2023/24: integration of new wage data KPI into the supplier score card

As in 2022, TOM TAILOR is conducting a living wage evaluation in 2023 for every tier 1 supplier, assessing by region and evaluating suppliers' wage structures (including time rate vs. piece rate, and wage earnings vs. working hours). The company is also considering integrating a wage factor in FOB pricing to ensure workers' wages are not affected during price negotiations and to understand its impact on suppliers' ability to pay living wages (e.g., company share of total business).

TOM TAILOR's 2024 targets include conducting a wage evaluation for core fabric mills (tier 2) that work with strategic and core suppliers and continuing to track equal pay for equal work by ongoing ranking, identifying reasons for pay gaps, and ensuring improvement. Additionally, two new KPIs have been added to the supplier scorecard: living wages and equal pay for equal work.

Targets for 2025 include achieving 100% equal pay for equal work among strategic and core suppliers and adding support for social insurance and security-related programs. Progress on these goals will be tracked by TOM TAILOR's Sustainability and Corporate Responsibility specialist team, in collaboration with country and regional managers.

### Implementation of RETRACED in the supply chain

Fashion and textile supply chains are extremely complex, often providing insight only into direct suppliers. Achieving transparency throughout the entire supply chain involves significant complexity and requires substantial resources to collect and exchange relevant information for evaluating and implementing sustainability. To address this, TOM TAILOR began implementing the platform RETRACED in 2022. This platform helps fashion and textile

companies digitize and trace their supply chains, efficiently manage and exchange compliance data, and achieve full transparency down to the raw materials.

The milestones to improve transparency in TOM TAILOR's supply chains through the implementation of RETRACED are as follows:

When	Action
10/2022	Implementation of RETRACED; definition of internal key users; first platform intro calls for tier 1 & 2 suppliers
11/2022	Official start tier 1 & 2 supplier on-boarding (e.g. create supplier profiles, supplier assessment etc.).
01/2023	Kick-off tracing pilot for selected purchase orders and styles (6 weeks program)
02/2023	Finalization of tracing pilot
08/2023	Roll-out of RETRACED; start to trace-back every product starting with the purchase order from 401 onwards
09/2023	Integration of transparency KPI into Supplier Scorecard
2024	Continue with supplier trainings and on-going success tracking
2025	Target: 100% product transparency

In addition to achieving 100% product transparency in the supply chain, TOM TAILOR is conducting an ongoing risk analysis across its supplier network, in line with the obligations of the due diligence act ('LkSG'). Starting in 2025, TOM TAILOR will publish detailed reports, including a supply chain risk assessment.

Furthermore, to continuously improve data quality on RETRACED, TOM TAILOR will launch a sustainability data end-to-end project in 2024. The aim is to define a set of sustainability-related information as master data and ensure these data points are exchanged between all internal IT systems and external stakeholders, including B2B customers, marketplaces, suppliers, and intermediary platforms like FashionCloud.

### **ESRS S3: Affected communities**

In terms of acting in potentially affected communities, TOM TAILOR began collaborating with MBRC® the ocean in 2020. The initial aim was to raise awareness about the critical issue of plastic pollution in our oceans in an easy and understandable way. TOM TAILOR launched two capsule collections made with recycled polyester and continued to support MBRC® the ocean's efforts in Indonesia. Through this support, TOM TAILOR helped the MBRC® team establish cleanup communities and implement educational programs for locals.

### **Documentary Portraits of change**

One of TOM TAILOR's community heart projects in 2022 was the three-part documentary 'PORTRAITS OF CHANGE', made in three Asian countries. This docuseries highlights changemakers in its supply chain community. In the first episode, TOM TAILOR crew members traveled to Indonesia to meet Ica, an ocean plastic activist. Ica is an inspiring woman who, together with partners from MBRC® the ocean, builds waste management systems and awareness for plastic waste and how to avoid it.



The second episode was filmed in Pakistan, featuring Arsal, the CEO of TOM TAILOR's partner Denim Privé. He showcases the factory's process to save water and improve sustainability in their operations. Denim Privé saves more than 36% of water in producing each pair of jeans.

In the third episode, female leader Jesmin demonstrates how civil and political rights of women in Bangladesh are improved through her advocacy. At Jinnat, Jesmin joined the factory's Female Supervisor Leadership Program, inspiring other female colleagues to reduce the gender gap in factories. Her actions are linked to the freedom of expression in Bangladesh and the defense of human rights, particularly in terms of women's empowerment.

## **ESRS S4: Consumers and End-users**

### **Access to quality information; supply chain transparency**

Transparency in TOM TAILOR's supply chain is achieved when customers and end-users can access information about how TOM TAILOR's garments and products are produced. With the implementation of RETRACED, TOM TAILOR gains more transparency in the supply chain, extending beyond tier 2 suppliers. TOM TAILOR aims to share this information with its customers and end-users starting in 2024. This will be done practically, for example, by printing a QR code on the wash care label to show key insights about the value chain. Additionally, this information will be integrated into the company's e-shop for each respective article.

Transparency is fundamental to the BE PART initiative and essential to TOM TAILOR's evolution into a more sustainable, responsible, and conscious company. This commitment goes beyond legal requirements, fostering an ongoing dialogue about efforts, achievements, and challenges. TOM TAILOR aims to achieve 100% traceability of raw materials by 2025. More detailed information can be found in the section ESRS S2.

### **Access to products and services**

In early 2024, TOM TAILOR launched an on- and offline take-back program for its customers, detailed in section ESRS 5. Through the in-store take-back system, customers can bring their used clothes of any brand to selected TOM TAILOR stores. The collected garments are then shipped to TEXAID, the recycling partner, to help mitigate the impact on natural resources. With the online take-back system, customers can request a free shipping label for their used clothes, which are then sent directly to TEXAID. Initially, TOM TAILOR offers this service only in Germany. After 2024, the company will evaluate whether and when to expand it to other countries.

Regarding product care, TOM TAILOR recognizes that different materials require different treatments. It is the company's responsibility to share this quality information with customers and end-users. The 'Keep Forever' guide provides helpful tips on how to properly care for garments to ensure a longer product life and less environmental impact. The Keep Forever guide is available online for all customers and end-users.

## External communication procedures

All partners, customers, or media requests, as well as information from media or NGO research concerning Corporate Social Responsibility (CSR) topics, are forwarded through appropriate communication channels for further action. Topics related to Supply Chain Social Compliance are also handled this way. Communication with suppliers on Social Compliance matters is conducted via the Social Compliance Officers of the respective countries and the CSR Manager.

## Compliance with the Due Diligence Obligations in Supply Chains ('LkSG')

The procedure for complaints and processes to remediate negative impacts, as well as channels for consumers and end-users to raise concerns, is outlined in the Rules of Procedure of the TOM TAILOR Group according to Section 8 para. 2 of the Act on the German Corporate Due Diligence Obligations in Supply Chains (LkSG). Customers and end-consumers can raise their concerns through communication channels such as the contact email BEPART@tom-tailor.com and the company's social media sites on Instagram and Facebook. Additionally, in-store surveys are conducted to gain insights into customer experiences and feedback.

Customers who register for updates on seasons, products, and relevant information receive a periodic newsletter, which also includes a survey to measure satisfaction and gather comments or feedback. Internally, the gathered information is analyzed to identify and compare issues related to end-users, and actions are taken to address material impacts and manage material risks and opportunities related to consumers and end-users.

In 2024, TOM TAILOR is conducting a double materiality assessment, which will serve as the basis for measuring the effectiveness of the mentioned actions on transparency. This is crucial as material topics related to end-users and customers continuously evolve and change.

## External Policies Procedures

Within TOM TAILOR, the team upholds its commitment to social responsibility through dedication to sustainable and conscientious corporate practices, prioritizing human rights preservation and environmental protection. This commitment ensures equitable, safe, and healthy working conditions across the global supply chain. To promote these goals, TOM TAILOR has implemented a robust complaints mechanism aligned with Section 8 LKSG standards. This procedural framework allows individuals to raise concerns regarding potential human rights violations and environmental hazards within the TOM TAILOR sphere of operations or through direct or indirect supplier engagement.

The complaints procedure at TOM TAILOR is managed by an external trusted lawyer (ombudsman), who can be contacted free of charge for any complaint. The ombudsman is an independent, self-employed lawyer who acts impartially and is not subject to any instructions from TOM TAILOR regarding the handling of complaints. They are bound to secrecy and can maintain the confidentiality of the informant's identity if requested.

To make the complaints procedure widely accessible, TOM TAILOR informs employees in its suppliers' factories about the opportunity to provide (anonymous) feedback on local working conditions. This information is displayed on large posters in English and the respective local language in the factories. TOM TAILOR has also set up separate email addresses for each

production country to receive complaints. All complaints received via these channels are handled according to the principles set out in the Rules of Procedure.

Upon receiving a complaint, the trusted attorney may discuss the case details with the informant and will confirm receipt of the complaint. The attorney assesses whether there might be a breach of duty under the LkSG or a violation of other laws or internal regulations. If there are sufficient indications of a violation, the attorney will forward the information to TOM TAILOR for investigation, while refraining from conducting the investigation personally to maintain neutrality.

TOM TAILOR will investigate the reported information in accordance with legal and internal guidelines, considering the interests of all parties involved. The investigation will proceed swiftly and without significant interruptions. Individuals affected by the investigation are treated fairly and respectfully, with the presumption of innocence applying to all involved. The right to be heard will be upheld, ensuring that affected individuals are promptly informed about the received report and their rights to information and correction.

If there is a serious risk that notifying individuals would jeopardize the investigation, notification may be delayed until after the investigation is complete or until the risk is resolved. TOM TAILOR is responsible for legally assessing the facts under investigation and determining appropriate measures to address and prevent improper business practices. They may seek guidance from the trusted lawyer for this purpose.

Measures could include taking suitable legal action or involving relevant authorities. Even if no violations are discovered, recommendations for changes to work and business processes, as well as adjustments to organizational and behavioral policies, may be warranted. The informant is safeguarded from discriminatory or punitive actions. Any form of retaliation against them is condemned. If there are signs of retaliation against informants, immediate consultation with the trusted lawyer is necessary.

If the trusted lawyer has assured an informant of confidentiality, they will not reveal the informant's name or identity to TOM TAILOR or any third parties without explicit consent. If the trusted lawyer is summoned as a witness in legal proceedings, they will only disclose the informant's identity if authorized in writing by both the informant and TOM TAILOR.

## **Data protection**

Data protection measures are overseen by the trusted lawyer to ensure compliance with legal retention obligations and regulations. Personal data collected is limited to essential information about the identity, role, and contact details of those reporting and affected, as well as other pertinent data necessary for handling the case. Only the reported facts, processing details, follow-up actions, and assessment reports are retained.

The retention period for personal data gathered during reports and investigations is set at two months following the conclusion of the investigations. This duration may be extended if disciplinary or legal proceedings, as well as other disputes requiring the data, arise after the investigation's closure.

## **Data protection on end users**

The following statement provides an overview of the personal data TOM TAILOR collects during visits to its website, the purposes for which it is used, and how it is handled. Personal

data is deleted as soon as the purpose for storage ceases to apply, unless storage is required by European or national regulations, laws, or other provisions to which TOM TAILOR is subject. Data will also be deleted when a prescribed storage period expires.

Only consumers older than eighteen years with a residential address in the European Union may place an order at the TOM TAILOR online store. TOM TAILOR will not conclude contracts with customers from other countries and does not deliver to certain parts/regions of countries.

The internet pages of TOM TAILOR offer the possibility of registration by entering personal data into an input mask. This data is transmitted to and stored by TOM TAILOR, without being transferred to third parties. During registration, data such as name, address, email address, date of birth, and telephone number is collected. Registration is required for certain contents and services on the website. The data is processed based on consent, obtained during registration with reference to the privacy statement. If consent is withdrawn, the data will be deleted. Customers can withdraw their consent at any time with future effect by contacting corporate customer service.

For fraud prevention and to minimize non-payment risks, TOM TAILOR carries out credit assessments. Personal data (name, date of birth, address) and information on the claim amount and due date are transmitted via Arvato Payment Solutions GmbH to the credit agency Infoscore Consumer Data GmbH. Additionally, information on previous payment history and creditworthiness based on mathematical-statistical methods using address data is obtained from Arvato Payment Solutions GmbH by Infoscore Consumer Data GmbH. The legal basis for processing personal data is Article 6(1) sentence 1-point (f) of the EU General Data Protection Regulation (GDPR).

If a payment is not made when due, TOM TAILOR can transfer data concerning the non-contractual transaction (outstanding claim amount, associated goods, name, and address data) under Article 6(1)-point (f) GDPR to Infoscore Consumer Data, for example, if the obligation to pay has been established by a court decision or if the claim is acknowledged.

In the footer of TOM TAILOR's website, customers can access links to various social networks. For details on the storage and utilization of personal data, and information about rights and privacy settings, TOM TAILOR recommends consulting the data protection policies of the respective network operators.

Data transmission to third countries, notably the USA, is inevitable in the realm of internet technologies. This includes services provided by entities such as Google, Facebook, Criteo, and their affiliates, as well as New Relic. TOM TAILOR diligently ensures that the necessary criteria for the transfer of personal data to third countries are upheld when selecting its partners.

## **4. Governance Information**

### **ESRS G1: Governance, risk management and internal control**

The headquarters of TOM TAILOR is in Hamburg, where the company designs, manages, markets, and distributes its products. Accessories and home products are added to its portfolio through cooperations with various license partners.

Since its foundation in 1962, the company has grown into a brand family with strong ties and shared values. The collections of TOM TAILOR, DENIM TOM TAILOR, and TOM TAILOR Kids are inspired by a vision of modern, casual ease. The product portfolio is completed by

accessories such as activewear, home wear, bags, belts, shoes, socks, sunglasses, fragrances, swimwear, and underwear, as well as interior products like bed and bath articles, carpets, curtains, cushions, and furniture through partnerships with various licensees.

TOM TAILOR products are distributed through its own mono-label retail stores and wholesale partners. Additionally, the collections are available in its online shop and on major e-commerce platforms.

The company's core sales markets are Germany and Austria, followed by Belgium, the Netherlands, Switzerland, and Southeastern Europe.

## Corporate Culture

In 2023, TOM TAILOR's top managers dedicated many hours to redefining the corporate purpose, vision, and mission, including updating the company's strategy. Additionally, the company's values have been updated to: TRUST, EMPATHY, COURAGE, INNOVATION, and OWNERSHIP. The new strategy paper, called BLUEPRINT, is being released in early 2024. These values and key priorities will form the basis for an employee code of conduct, planned to be developed in 2024.

At TOM TAILOR, everyone has the same rights, and actions and behavior should align with the corporate values. These five values shape and guide the way the team works together. This collaboration enables and empowers the crew to bring the corporate purpose and vision to life through its mission. These values create the togetherness, spirit, and foundation that support TOM TAILOR's purpose.

In addition to TOM TAILOR's strategy paper, there are more policies that set the framework for the team:

- **Workplace Agreements:** Together with the works council, TOM TAILOR strives for equality and clear guidelines for its employees. The organization has more than 25 company agreements in place, covering issues such as holidays, flexible working, company bicycles, business travel, bonuses, and retirement, among others. These workplace agreements are applicable only to the headquarters and German-based showrooms.
- **Additional Agreements:** For some topics TOM TAILOR also agrees on additional agreements. For example, the company has set up an agreement for the headquarters employee's 'Office Dogs'.
- **Reporting of Infringements against Compliance:** TOM TAILOR has developed a policy for reporting compliance violations, named the Guideline on Reporting of Infringements Against Compliance. If it is suspected that an employee has violated legal or internal regulations, the incident will be investigated. Any proven case of misconduct against the law or against the integrity of any company in the TOM TAILOR Group will be thoroughly investigated and appropriately sanctioned. The investigation of a case of suspicion is a sensitive matter. In order to achieve maximum fairness and transparency in the investigation of individual cases, any investigation of reported infringements shall follow the principles described in the Guideline, which has the purpose to ensure that there should be reporting of any misconduct of employees and that contractual parties which are or have been connected with the TOM TAILOR

corporate group shall have the possibility of submitting reports. Moreover, the guideline shall ensure that reports received shall be processed and investigated in a uniform and transparent manner. The guideline applies to all employees of the TOM TAILOR corporate group.

### Payment practices

- **Tax Policy:** TOM TAILOR's tax principles in brief can be found online. As a general approach in TOM TAILOR tax compliance, TOM TAILOR works with an integrated business model whereby the design, planning, logistics, marketing and distribution functions are centralized into the holding company in Germany. Most of the products sold by TOM TAILOR are manufactured by third party suppliers in Asia and Europe. TOM TAILOR's sourcing representative offices worldwide are organized under the Group's procurement company in Hong Kong, where relevant tax is also paid. TOM TAILOR's employees at the local representative offices pay income tax and social security payments. VAT is also paid on products and services purchased by TOM TAILOR's representative offices. TOM TAILOR distributes its collections to its customers either via its own sales stores/subsidiaries or with partners. TOM TAILOR's transfer pricing model is in line with the International Transfer Pricing Guidelines. TOM TAILOR also follows the local regulations of the country in which the relevant subsidiary is located when determining the prices of its inter-company transactions. TOM TAILOR applies the arm's length principle to ensure that parties to the intra-group transactions are appropriately remunerated, that the transfer pricing methods are consistently applied, that accountability and transparency of transactions are ensured, and that performance management is enhanced. TOM TAILOR also contributes other fees such as duties and environmental levies in countries where these are applicable.

### Management of relationships with suppliers

TOM TAILOR relies on long-term, trustful partnerships built on mutual support, open communication, and equality. The company's external policies provide the framework for these fair and reliable partnerships. Everyone TOM TAILOR collaborates with must be committed to these corporate guiding principles, and non-compliance is not tolerated. The principal corporate external policies that current and potential suppliers must comply with are:

- **Supplier Code of Conduct:** To become a TOM TAILOR supplier, a detailed onboarding process must be carried out. Alongside other requirements, social responsibility aspects have to be fulfilled. With the signature of the amfori BSCI Code of Conduct, suppliers commit to ensure safe & fair working conditions.
- **Social Compliance Manual:** TOM TAILOR's Social Compliance Manual gives additional references on how the amfori BSCI Code of Conduct can be implemented in the supply chain monitoring program, and what follow-up actions and approaches would be taken under different circumstances.
- **General Instructions:** TOM TAILOR's General Instructions give comprehensive and binding guidance for its suppliers stating the company's procedures, requirements and standards.

- **Chemical Management Handbook:** The Chemical Management Handbook aims to provide guidance for TOM TAILOR's business partners to develop their own chemical management processes and systems which helps to accomplish a more sustainable supply chain and compliance.
- **Code of Ethics (anti-bribery):** TOM TAILOR expects its business partners to share their values. Therefore, a Code of Ethics for business partners has been established to set out clear and consistent rules mandatory for all business partners. Each business partner of TOM TAILOR should ensure that the code is understood and put into practice. To help and unify procedures, TOM TAILOR defined a guideline on how to report infringements against compliance.
- **Data Protection Guiding Principles:** Data protection is taken very seriously by TOM TAILOR and plays a central role in performing tasks. It goes without saying for TOM TAILOR that the statutory regulations on data protection are observed and personal data is adequately protected, internally and externally.
- **Rules of procedure according to §8 LkSG:** TOM TAILOR upholds its commitment to social responsibility through its dedication to sustainable and conscientious corporate practices. Within its operational framework, the company prioritizes human rights preservation and environmental protection. This steadfast commitment includes ensuring equitable, safe, and healthy working conditions across its global supply chain. To promote these goals, TOM TAILOR has implemented a robust complaints mechanism aligned with Section 8 LKSG standards. This procedural framework allows individuals to raise concerns about potential human rights violations and environmental hazards within the TOM TAILOR sphere of operation or through direct or indirect supplier engagement. Additionally, the protection of whistle-blowers is clearly defined in the rules of procedure.
- **Policy Statement on TOM TAILOR's Human Rights Strategy:** TOM TAILOR recognizes fundamental human rights as an integral part of its corporate values. The human rights strategy reflects its commitment to social responsibility, the protection of human dignity and ethical business conduct. TOM TAILOR is committed to respecting and promoting human rights in all business practices. This applies to its employees, the workers in our value chain, the communities in which they operate and those affected by its business activities. TOM TAILOR is committed to human rights responsibility as enshrined in the German Act on Corporate Due Diligence Obligations in Supply Chains and the UN Guiding Principles on Business and Human Rights. TOM TAILOR supports the principles of the Organization for Economic Cooperation and Development (OECD) and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. This policy statement sets out the overarching principles for the respect and management of human rights due diligence, which the company firmly embeds in its operating standards and management practices. In addition, TOM TAILOR has clear expectations of all our business partners, who must undertake to comply with the Code of Ethics before working with TOM TAILOR. In addition, their suppliers also undertake to comply with the amfori BSCI Code of Conduct and our Social Compliance Manual before potentially entering a business relationship.

## Animal Welfare

Considering consumers' rights regarding animal welfare awareness, TOM TAILOR is committed to this important topic. The farms from which the company sources their wool must commit to complying with the Five Freedoms of Animal Welfare, which are:

1. Freedom from hunger and thirst. By providing ready access to fresh water and diet to maintain health and vigor.
2. Freedom from discomfort. By providing an appropriate environment including appropriate shelter and a comfortable resting place.
3. Freedom from pain, injury or disease. By prevention or rapid diagnosis and treatment.
4. Freedom to express normal behaviour. By providing sufficient space, proper facilities and company of the animals' own kind.
5. Freedom from fear and distress. By ensuring conditions and treatment which avoid mental suffering.

The commitment to these principles is disclosed on TOM TAILOR's website and communicated internally and externally through appropriate channels, such as social media. TOM TAILOR's Animal Welfare Policy is an integral part of the Social Compliance Manual & Restrictions on Materials handbook. This policy includes the company's commitment to only use animal fibers and animal-derived materials if it can be guaranteed that the animals have been treated well. The manual also lists banned animal fibers.

As part of its commitment to animal welfare and meeting customers' expectations, TOM TAILOR has committed to non-mulesing. Mulesing, in this context, is defined as all forms of breech modifications, including mulesing with shears, clips, or liquid nitrogen (steining). TOM TAILOR prohibits the mulesing of sheep, and the company's obligatory guidelines include a 'non-mulesing' instruction.

For every product that contains wool, TOM TAILOR follows a strict tracking process that includes the following mandatory documents:

1. Certificate of Origin
2. Non mulesed / ceased mulesing wool declaration from yarn mill
3. IWTO/AWEX Test Certificate.

TOM TAILOR's goal is to only use certified or recycled wool until 2025.

Years ago, TOM TAILOR committed to PETA to ban certain animal fibers, such as cashmere and alpaca. Since 2022, the company has been developing PETA-approved VEGAN styles. TOM TAILOR works closely with PETA to ensure that all materials used in these styles do not contain any animal products and have not been tested on animals.

To track the process on the PETA approved VEGAN styles the following procedure is as follows:

1. Design team announces PETA approved VEGAN styles
2. Sustainability team follows up on signed 'Statement of Assurance' from respective suppliers (via the sourcing office)
3. PETA gets product information (article no, artwork, statement of assurance conformation)
4. PETA is checking with respective suppliers
5. Confirmation from PETA including certification if all requirements are fulfilled



## Policies for internal control processes

As frameworks for communicating key information in more sustainable materials and products, TOM TAILOR counts with the following internal policies:

- **Material guideline:** The material guideline is primarily made for the product teams. This document gives a guidance to help classify materials from A-F. The guideline is based on research using the HIGG Materials Sustainability Index (MSI) and the Made-By Environmental Benchmark for Fibers. If the materials want to pass to a 'more sustainable degree' they need to be somewhere between A and C. In early 2024 the guideline will be renewed and adjusted to a future proof guideline.
- **BE PART hangtag & print guideline:** There is a risk in communicating sustainability attributes: Greenwashing. At the same time, there is no general checklist that defines when within the fashion industry a product can be called 'sustainable'. TOM TAILOR has defined a guideline for its product teams. A guideline that includes the requirements per certification standard and the BE PART label / printed hangtag that can be used if all the requirements are met. Any material added to the material policy is also added to the BE PART hangtag / print policy. Based on the fact that the material guideline will be updated, also a new BE PART Label & Communication guideline will be developed and will become effective from the delivery seasons of January 2025 onwards.
- **Standard Operation Procedures (SOP):** Each SOP contains detailed information on:
  - General requirements: e.g. minimum content, blending requirements, who in the supply chain needs to be certified
  - Required certifications & documents: Scope Certificates, Transaction Certificates, Product Licenses, etc.
  - Roles & responsibilities: to ensure a smooth tracking process (roles/departments involved: sourcing offices, purchasing, sustainability)
  - Labelling according to BE PART hangtag guidelines
- **Design for Circularity Guideline:** In 2023, TOM TAILOR developed a guideline which defines which requires have to be fulfilled to claim a product as 'design for circularity'.

## Corruption and bribery

In order to prevent corruption and bribery, TOM TAILOR developed a Code of Ethics including an anti-bribery guiding procedure. This procedure has been established for business partners to set out clear and consistent rules mandatory for all business partners. Under the section of management of relationships with suppliers details can be found.

If you have any additional questions, please feel free to contact [BEPART@tom-tailor.com](mailto:BEPART@tom-tailor.com).