

WELCOME TO OUR 2023 REVIEW & OUTLOOK

JULY 2024 | HAMBURG



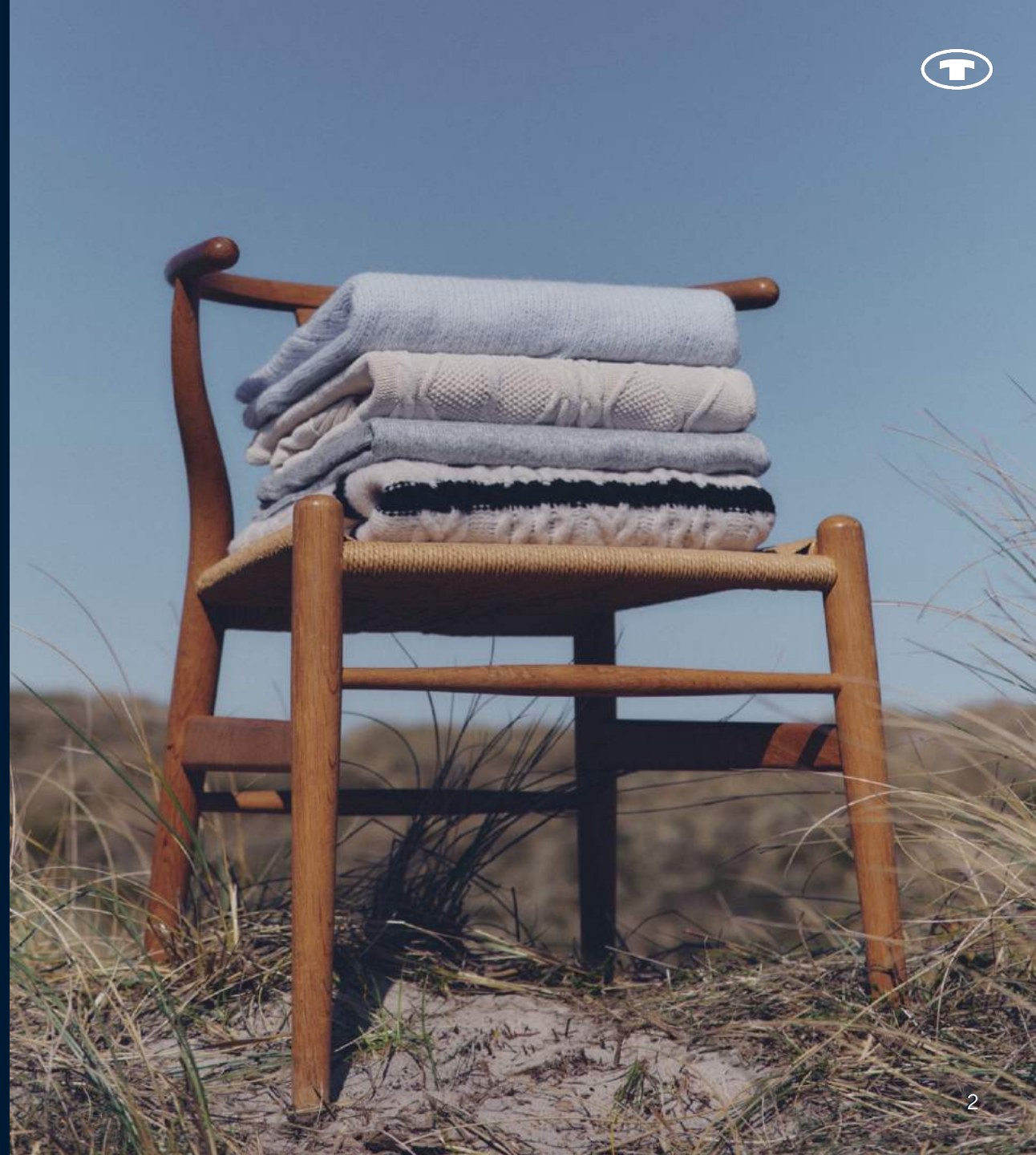
 TOM TAILOR

INTRO



The past two years we launched our TRANSPAREN/SEA Report. This year we chose a different approach. We decided to publish a very detailed report which is mostly written in accordance with the CSRD & ESRS standards. The publication of such a report is still voluntary for TOM TAILOR. In addition to the detailed report, we would like to share the most important highlights with you.

Here we go. Let's have a look at TOM TAILORs **BE PART** highlights of 2023, the room for improvement areas and the goals we have set for the upcoming years.



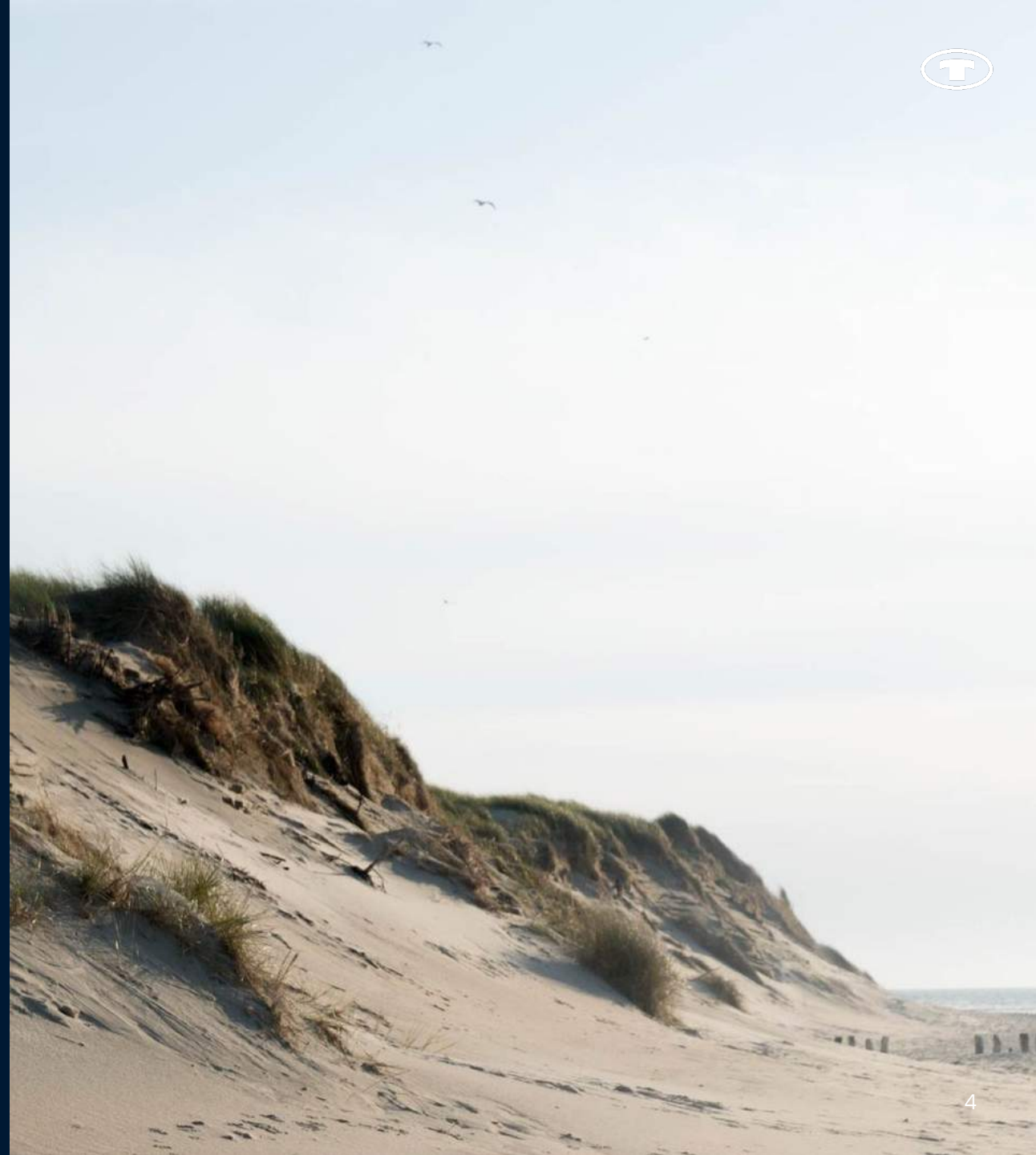


01 ENVIRONMENT

ACKNOWLEDGING OUR IMPACT

Whatever we do, almost everything has an impact on the environment: the materials we choose for our products, the suppliers who produce our products, the production countries we select, the transportation type, our own operations such as retail stores, head offices, showrooms and much more.

By increasing the share of more sustainable materials and choosing more environmental-friendly treatments, by decreasing air freights and creating a better understanding of the impact areas, we can reduce our CO2 footprint.



CARBON REDUCTION GOALS APPROVED BY SBTI

One of our biggest achievements in 2023: our science-based targets have officially been approved by the Science Based Targets initiative (SBTi).

Tackling climate change requires ambitious action from the fashion sector. Our science-based target proves our commitment to building a sustainable economy, by doing not what is easy but what is necessary.

TOM TAILOR commits to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2019 base year. TOM TAILOR also commits to reduce absolute scope 3 GHG emissions 30% within the same timeframe.



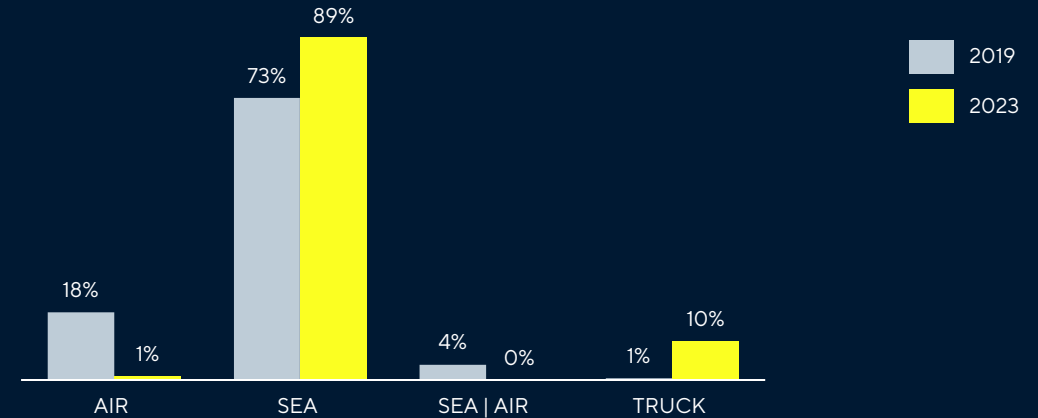
SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

ZERO AIR FREIGHT GOAL



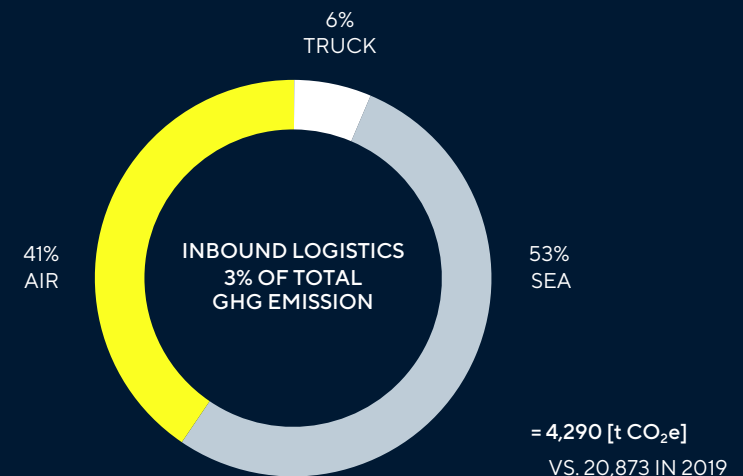
TRANSPORTATION TYPE BASED ON QUANTITIES



Carbon emissions caused by air freights are much higher than for sea freights. In 2023, only 1% of our entire production quantities have been shipped via air. This still caused 41% of our inbound logistics emissions. The fact, that we were able to continuously reduce our air freights from 18% in 2019 to only 1% in 2023, encouraged us to continue to follow our zero air freight goal.

For 2024 we already know, that our air freight results will be higher than in 2023. External challenges like the Suez Canal conflict impacted the decision on the type of transportation heavily. However, we continue to critically review every air freight request. Still every air freight has to run through an approval process, which has to be confirmed by our board.

CARBON FOOTPRINT BY TRANSPORTATION (2023)



CO2 FOOTPRINT IN 2023

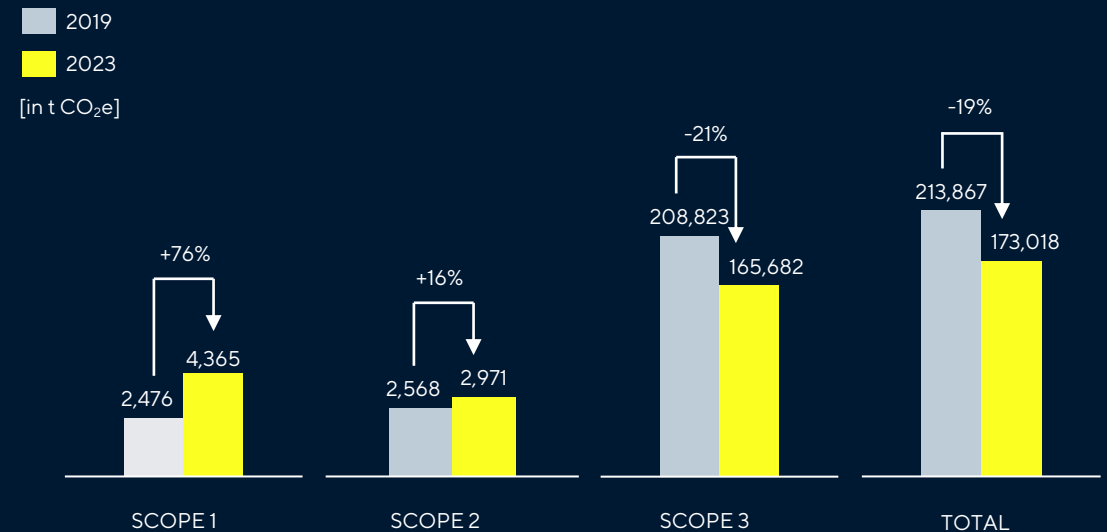
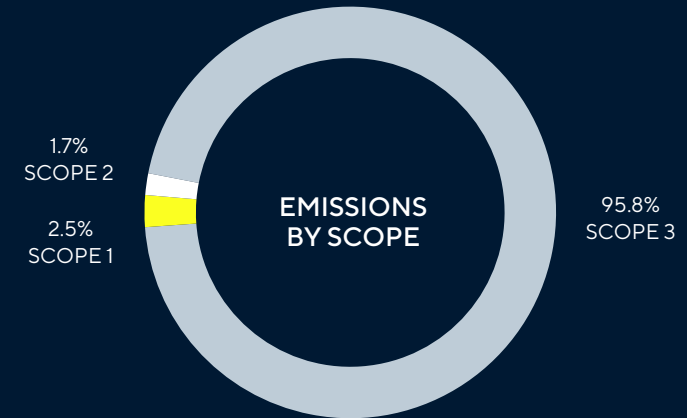


Back in 2021 we started to collect carbon footprint data and calculated our company footprint for the very first time. We choose 2019 as the baseline year to not have any COVID-19 effects.

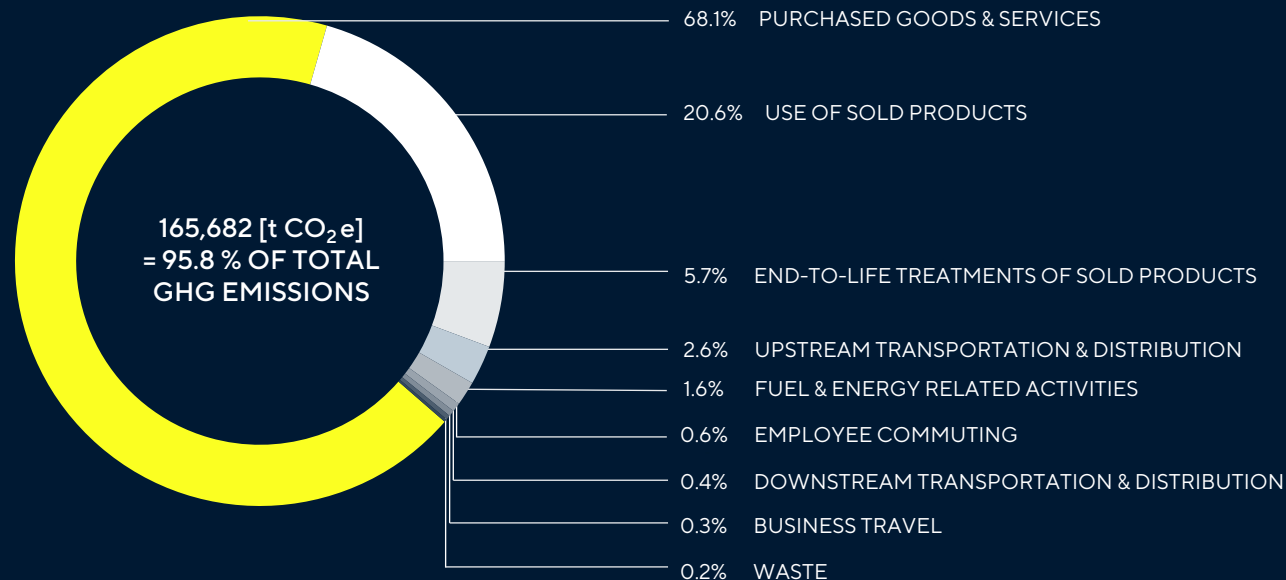
Since then, we annually repeat this exercise. And we continuously improve the data quality by collecting more primary data and by refining the processes to collect the data.

Carbon emissions is a very complex topic and whatever we do – personally, but also in the corporate environment – everything causes emissions. The produced products, the shipment of the products, business travels, the energy, water and heat consumption in our head offices and retail stores, even the food which we are eating is part of the carbon footprint of TOM TAILOR.

In scope 1 and 2 an increase compared to 2019 is visible. The reason is mainly based on the availability of more primary consumption data for our own retail and outlet stores and less estimates. For scope 3 the continuous increase of more sustainable fibers and the reduction of air-freights show a strong decrease of 21% compared to 2019. This leads to a total decrease of 19%.



SCOPE 3 EMISSIONS & TOP POLLUTERS



SCOPE 3 TYPE	% OF TOTAL	Δ VS. 2019	ACTION FIELDS 2024
Purchased Goods & Services	68%	-17%	Continue using more sustainable materials, treatments; Life-Cycle Assessment pilot to identify environmental impact of products
Use of sold garments	21%	-13%	Educate customers how to treat garments right (i.e. Care Guide)
End-of-life treatment of sold products	6%	-9%	Design products for durability and recyclability; roll-out take back program for used garments

OUR MORE SUSTAINABLE PRODUCTS

Overall, we produced 33,156,089 products in 2023, whereof 28,344,830 are classified as 'more sustainable'. Below shows the break-down by material type. When a product is labeled with BE PART, it follows the specific requirements of certification standards (e.g. GOTS) or branded fibers (e.g. TENCEL™ Lyocell), which we track according to defined processes (SOP). Find a detailed overview of all standards [here](#) (p. 48 ff.).

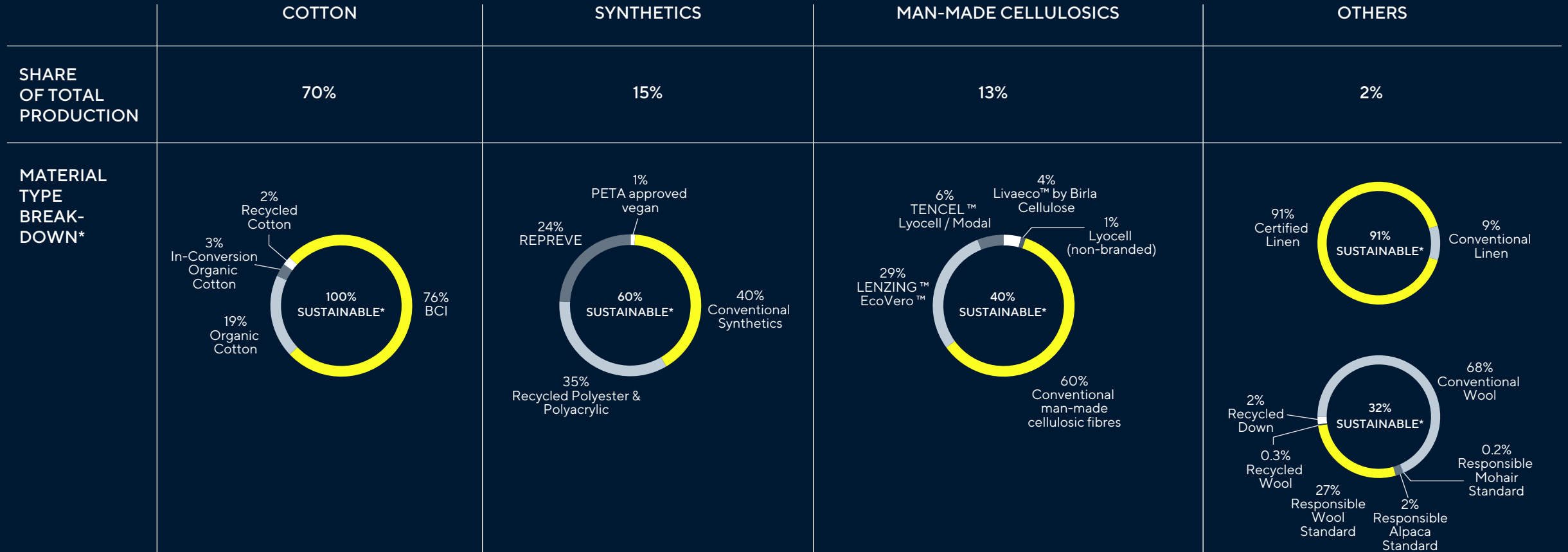
In 2023, TOM TAILOR successfully went through a 3rd party audit to get brand certified for the following standards: Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), Global Recycled Standard (GRS), Recycled Claim Standard (RCS), Responsible Animal Fibers (RAF), in particular: Responsible Wool Standard (RWS), Responsible Alpaca Standard (RAS), Responsible Mohair Standard (RMS) and Responsible Down Standard (RDS).

For 2024 TOM TAILOR aims to successfully pass the follow-up audit and to roll-out a respective on-product communication. From 2025 onwards, Better Cotton won't be counted into the category of 'more sustainable' anymore. For us, Better Cotton is the new normal with respect to cotton fibers.

EXAMPLE: A product made with Organic Cotton will only be labeled with 'BE PART' and 'made with Organic Cotton' if at least a share of 50% Organic Cotton has been used. The minimum share differs depending on the specific materials.



MATERIAL SPLIT



* Products which have been assigned to one of the material categories based on the material composition. 'Sustainable' always means 'more sustainable' according to external certification standards.

OUR WAY TO CIRCULARITY

In 2023, we continued our collaboration with CircularFashion to educate our Product Team on designing products for circularity. Through multiple workshops, the team mastered the basics.

We developed a guideline and established a monthly 'circularity task force' to align on goals and share experiences and knowledge. For the Autumn/Winter 2024 season, the team successfully designed its first capsule collection, featuring 88 different colour options under the headline 'Designed for Circularity'.

Another initiative under 'BE PART of the loop' is our take back program which we finally launched in Q1 2024. BE PART of the loop is an easy way to recycle clothes, instead of throwing them away. By recycling with us, we invite our customers to help to conserve resources and minimise waste.



HOW IT WORKS

Recycling has never been easier. Our customer can either drop off their pre-loved clothing at one of our stores or send it to us via post for free. After sorting through your clothes, our partner TEXAID will decide how they'll remain in the loop. There are three options: Rewear, Reuse, Recycle.

REWEAR

Undamaged styles are resold and worn as second-hand clothing.

RECYCLE

If your styles are damaged, they will be recycled into new products.

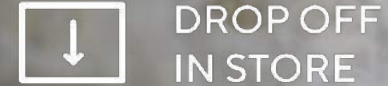
REUSE

Your styles are given a new purpose – for example, as a cleaning cloth.

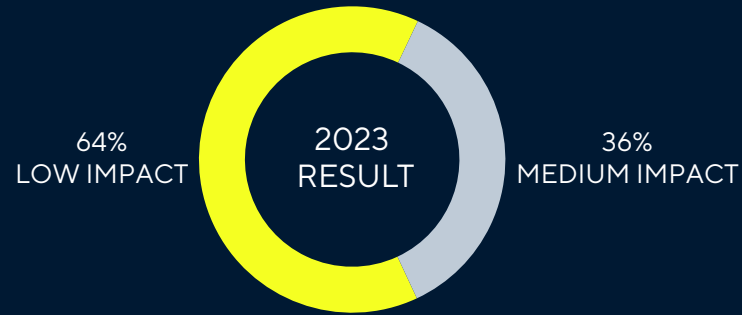
Want to learn more? Here's the link to the [FAQs](#).



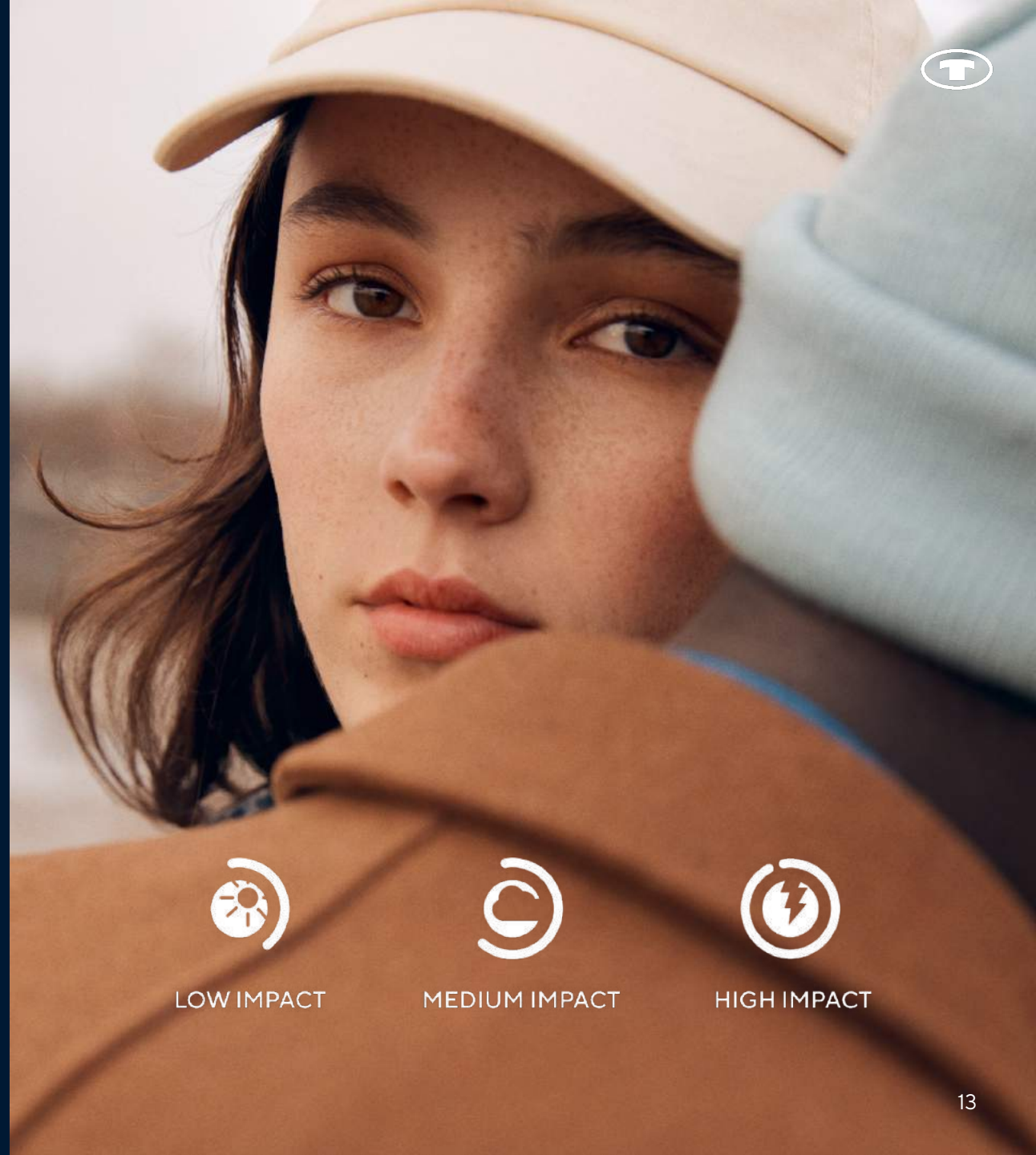
OR



OUR GOAL FOR 100% LOW IMPACT DENIMS UNTIL 2025



When we call a denim 'low impact', this has been evaluated with the EIM score. EIM stands for Environmental Impact Measurement (by Jeanologia). The score helps to make sustainability measurable within the manufacturing process. 4 categories are evaluated: water consumption, energy consumption, chemicals used and employee's health and safety conditions.



LOW IMPACT



MEDIUM IMPACT



HIGH IMPACT

WATER SCARCITY AREAS AND THE ACTION WE TAKE



Water is the so-called blue gold. As water scarcity is a huge topic and the denim production is a really water-intense process, we analyzed, in which water scarcity classification areas, the wet processing of our denim production takes place.

Our next steps: work closely with our suppliers to improve the denim production processes and make them less water-intense. Measuring every Denim with the EIM score is an important basis to identify the suppliers and denims with the biggest room for improvement.

In 2022, 56% of our denims were evaluated as low impact denims. In 2023 we increased the share up to 64%. For 2025 we set the goal to only produce low impact denims according to the EIM score.

Water Scarcity	Low EIM Score	Medium EIM Score	TOTAL
Extremely High (>80%)	51%	22%	73%
High (40-80%)	4%	1%	5%
Medium - High (20-40%)	0%	5%	5%
Low - Medium (10-20%)	6%	7%	14%
Low (<10%)	2%	0%	3%
Total	64%	36%	100%

NO HARMFUL CHEMICALS



Chemicals are integral to clothing production, serving various functions such as dyeing, printing, and ensuring fabric durability. It's important to understand that while some chemicals can be harmful, many are safe when used responsibly. To manage chemical use, the fashion industry often refers to the Manufacturing Restricted Substances List (MRSL) and the Restricted Substances List (RSL) issued by the ZDHC (Zero Discharge of Hazardous Chemicals). TOM TAILOR became a ZDHC contributor in 2023.

The MRSL outlines chemicals that should not be present in the manufacturing process, whereas the RSL specifies substances that should not be found in the final products. These guidelines help companies like TOM TAILOR ensure their products are safe and do not contain harmful chemicals.

We are currently in the process to onboard all our garment (Tier 1) and fabric suppliers (Tier 2) to the ZDHC gateway tool to ensure that we have a standardized chemical input control process. The following graphic shows the onboarding status quo as per March 2024. 54% of our Tier 1 and Tier 2 suppliers have successfully been onboarded.

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	3	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
Total	59	51	96	81

ENVIRONMENTAL FOOTPRINT IN OUR SUPPLY CHAIN



We evaluate the energy consumption of our suppliers via amfori BEPI. Across all our garment suppliers (Tier 1), the energy consumption could be reduced by 21%. The share of green energy sources has been increased from 8% in 2022 to 17% in 2023.

In 2023, 41 of 114 factories mentioned 'solar' as one of their energy sources.

Country	Total energy consumption in kWh			Share of green energy sources *	
	2022	2023	DELTA in %	2022	2023
Bangladesh	45,704,694,821	40,460,813,038	-11%	1%	1%
Cambodia	5,535,007	7,795,023	41%	3%	0%
China	71,419,454	72,428,618	1%	13%	13%
India	148,479,469	15,612,902	-89%	2%	21%
Indonesia	966,315,972	818,121,968	-15%	95%	94%
Pakistan	18,750,698,725	1,521,256,675	-92%	0%	5%
Sri Lanka	6,553,451,464	5,266,139,409	-20%	66%	78%
Türkiye	7,052,430,149	6,737,020,938	-4%	0%	0%
Vietnam	3,261,963,595	10,001,694,562	207%	36%	54%
Total	82,514,988,657	64,900,883,134	-21%	8%	17%

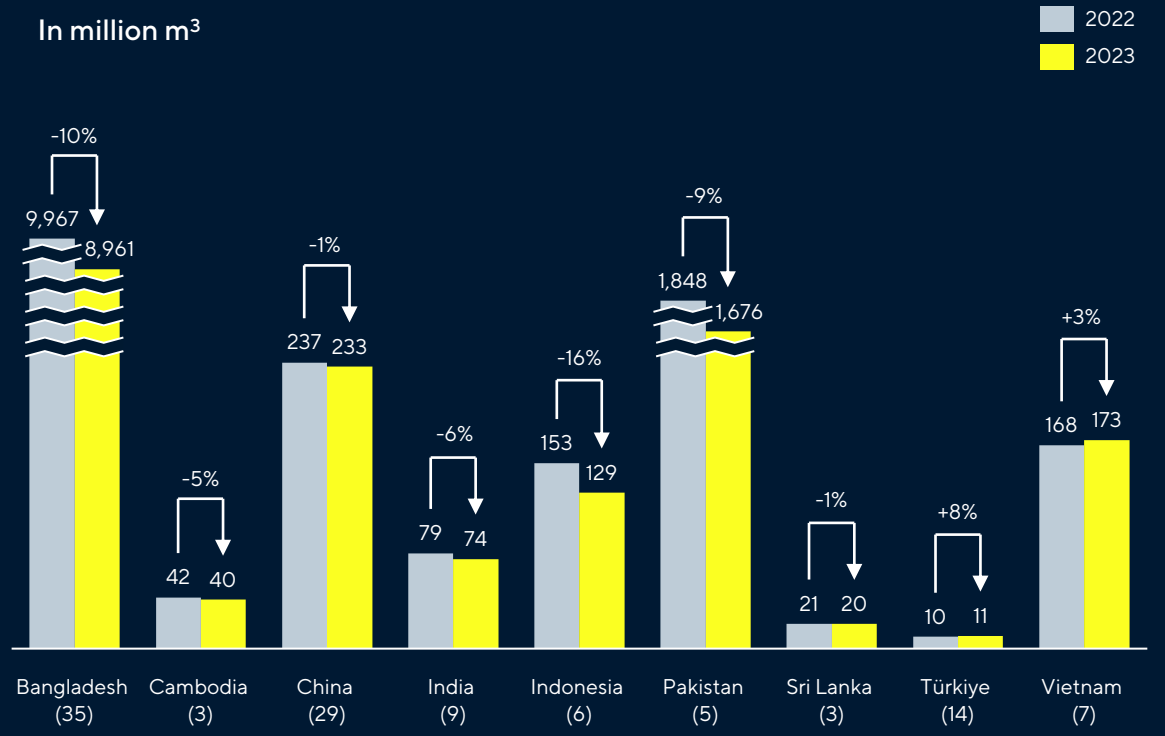
* Solar, Steam from Renewable Sources, Biodiesel, Biomass, Textile scrap or waste, Wood Chips, Wood Pellets Briquettes Logs

OVERALL WATER CONSUMPTION BY SOURCING COUNTRY



In addition, we also started to track the water consumption of our suppliers via amfori BEPI. In 2023, compared to 2022, our garment suppliers reduced their water consumption by 10%. We only compared suppliers, which submitted data for 2022 and 2023 to have a good comparison.

Both KPIs – energy and water consumption – have been added to our supplier score card to track and benchmark the results by supplier and country on a quarterly basis. We aim to create awareness and also appreciate the initiatives and efforts which our suppliers take to reduce their environmental footprint.





02 SOCIAL

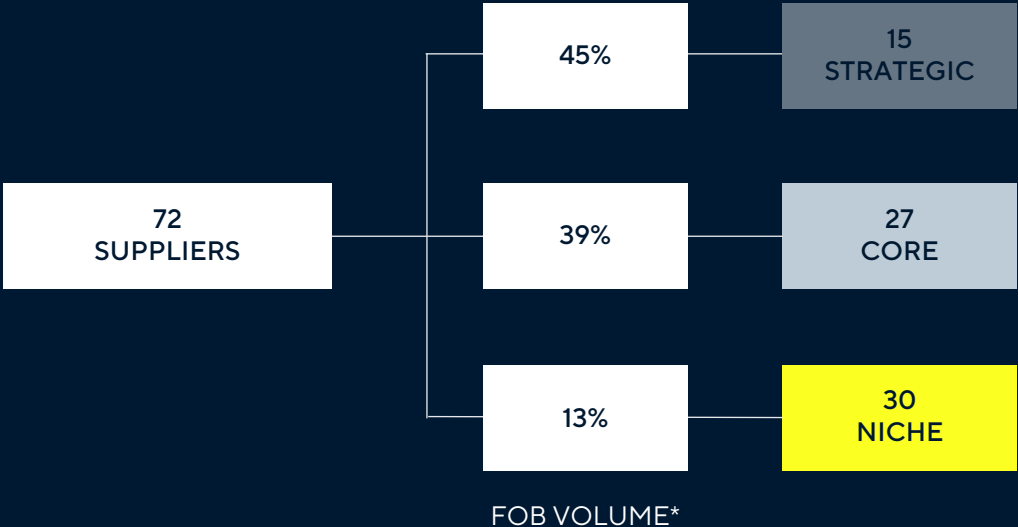
SUPPLIER SET UP



Within our sustainability strategy BE PART we defined 7 focus areas.

One is defined as “fair & equal working conditions”. This includes the working conditions in our own operations and in our supply chain.

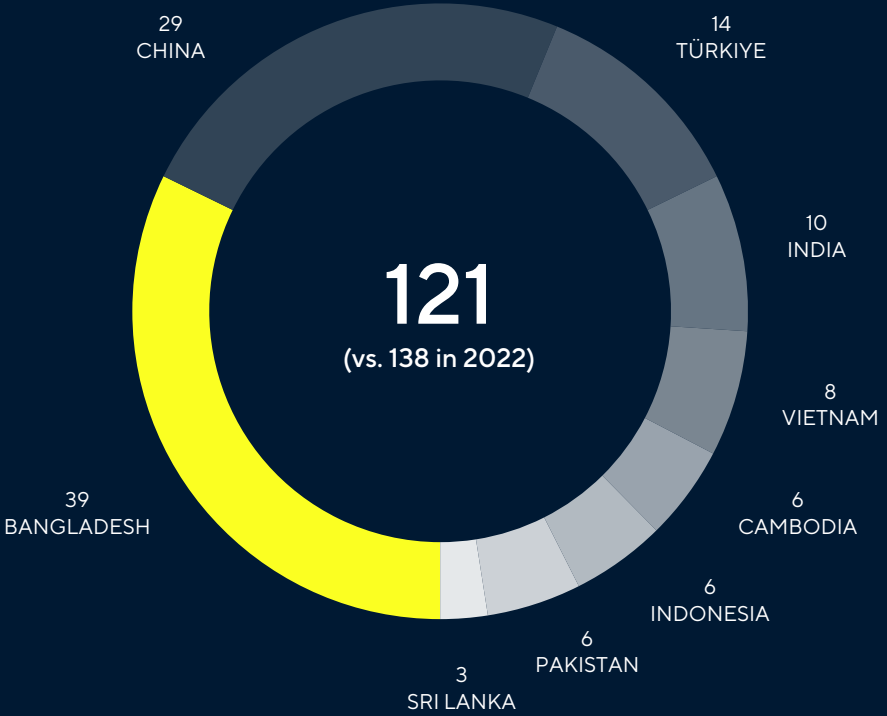
TOM TAILOR has no own factories. We work with 72 long-term partners, our suppliers. They are mainly located in Asia. Trustful, long-term partnerships are the foundation for managing a successful business. Sharing the same values is mandatory to build this foundation. Together with our suppliers we work on improving the working conditions continuously.



* Remaining 3% are inactive suppliers



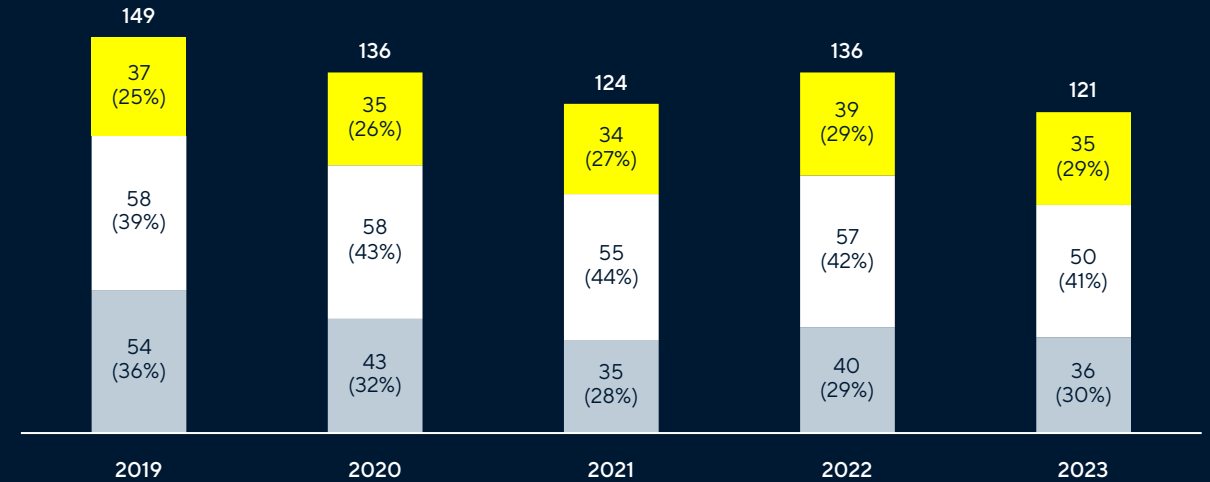
OUR SUPPLIER'S FACTORY DISTRIBUTION



AMFORI BSCI AUDIT RESULTS 2019 – 2023



100% of our garments supplier's factories (Tier 1) are audited by a third party. In 2023 we off-boarded 17 factories (net) to increase the efficiency in the remaining factories. Our goal for 2024: 100% of our garment fabric suppliers (Tier 1 & 2) will be audited.



- A = very good
- B = good
- C = acceptable

TRANSPARENCY IS KEY



We cannot fix, what we cannot see. That's why we defined transparency as one of our key priorities. We work closely with our suppliers to gain more transparency with every step we take.

In 2022, we launched the platform RETRACED. Since then, many trainings took place, and many data points were uploaded to the platform – together working on one goal:

100% transparency of every product down to the raw material level.

This is an easy visualization of the different stages of a fashion supply chain.

PRODUCTION PROCESS STEPS



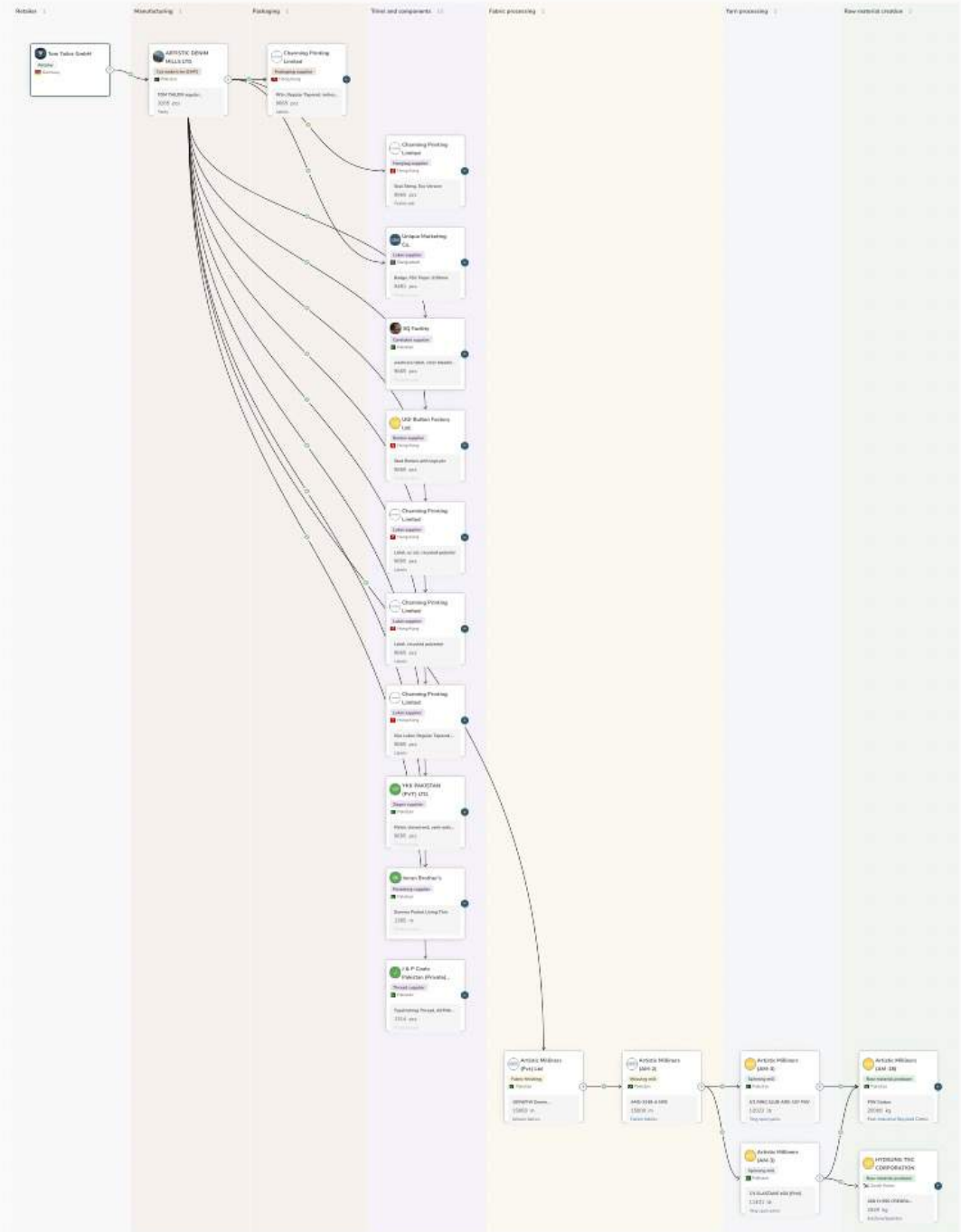
HOW WE ACHIEVE SUPPLY CHAIN TRANSPARENCY

The structures are much more complex. To identify every contributor of producing our garments, we rolled-out the platform RETRACED for a product backwards tracing for every product from the delivery season of January 2024 onwards.

The image on the right shows one example of a purchase order for one product which we – together with our suppliers - were tracing back down to the raw material creation. This tracking process includes all components which are needed to produce a garment, including fabrics, yarns, trims like buttons, zipper, labels, hangtags and even the packaging like polybags. From left to right the tracing starts with TOM TAILOR, the brand, and then continues with 'manufacturing', 'packaging', 'trims and components', 'fabric processing', 'yarn processing' and ends with 'raw material creation'.



Scan the QR code to learn more about the product development journey

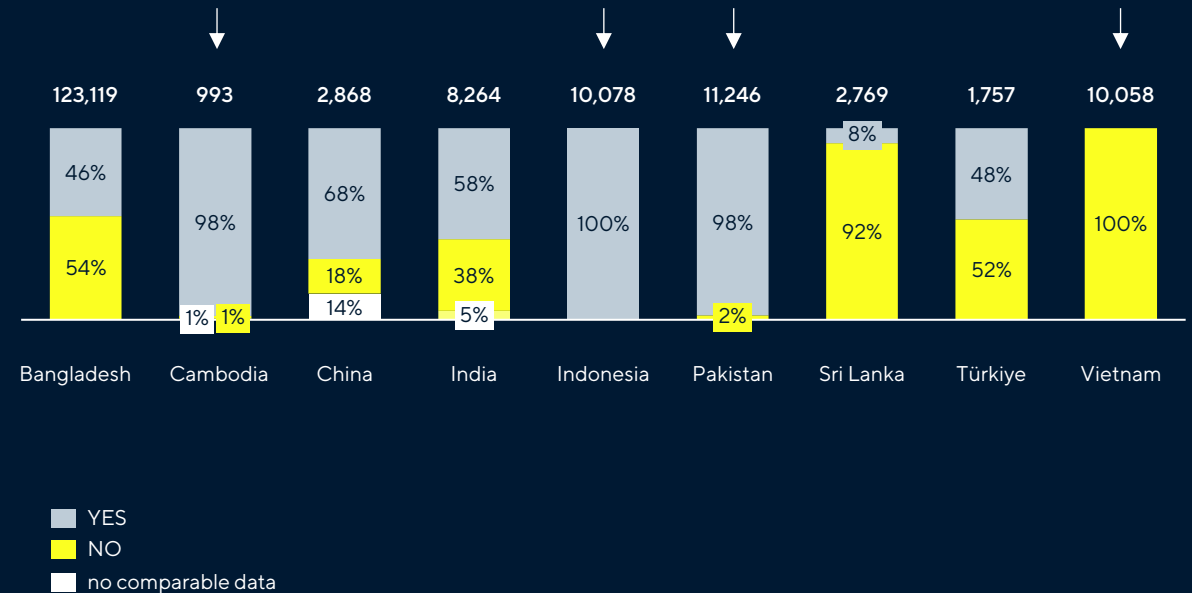


WAGES: EQUAL PAY FOR EQUAL WORK



The chart shows the number of workers receiving equal wages (YES) or not (NO). The comparison was made on skill level individually by factory and supplier. No comparable data means that there was either only female or only male workers on a specific level. Inequality does not mean, that female workers receive lower wages than male – both directions of inequality have been recognized.

In total 56% of the workforce are being paid equally. In 4 of 9 our sourcing countries the share is higher than 90%.



LIVING WAGES IN OUR SUPPLY CHAIN



Annually, we collect wage data from all our garment suppliers. In 2022 we started with our strategic & core suppliers which produced 91% of the FOB volume. In 2023 we extended the data collection & analysis across all 72 Tier 1 suppliers.

The table shows the number of workers being paid with living wages. The calculation follows the amfori BSCI methodology, which is 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 has been included in the data collection template, and suppliers input the respective data to get the living wage result here.

The comparison was made by skill level and within the skill level the lowest wage paid was compared with the calculated living wage. In total 38% of the workforce are being paid with living wages (2022: 24%).

100% of the workforce are at least paid with minimum wages.

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%
Türkiye	1,757	976	56%
Vietnam	10,063	10,058	100%
TOTAL	171,062	65,036	38%

HOW WE IMPROVE THE RESULTS



Already years ago, we implemented a supplier score card to track the performance of every supplier. This score card contains different KPIs like “on-time delivery”, “first pass rate”, further quality KPIs as well as sustainability and social responsibility KPIs.

In 2023 we reworked the score card and added new KPIs. Among others, we added an “equal pay for equal work” and a “living wages” KPI. Quarterly we track the performance of our suppliers, make benchmarks with peer groups and share the results with our suppliers. The best performing supplier of each KPI is being rewarded to appreciate the efforts taken.



03 GOVERNANCE

SUSTAINABILITY: ONE OF FOUR FUNDAMENTALS

BE PART reflects TOM TAILOR's vision and strategy for a more sustainable future, including the brand's corporate responsibility towards the planet, people, and progress. This being said, SUSTAINABILITY builds – next to PEOPLE, PRODUCT and BRAND – 1 of 4 fundamentals of TOM TAILOR's BLUEPRINT strategy, which has been released in early 2024.

Transparency is fundamental to BE PART and essential in our evolution towards becoming a more sustainable, responsible, and conscious company. This commitment goes beyond legal requirements and fosters continuous dialogue around efforts, achievements, and challenges. Internally, we promote awareness through the BE PART Academy and integrative training programs. Externally, our communication focuses on openness around our sustainability strategy, successes, and challenges. Our commitment to transparency in the supply chain aims to achieve 100% traceability of raw materials by 2025.



IN A NUTSHELL



We pay close attention to fair and equal working conditions for all TOM TAILOR employees, internally and throughout the entire supply chain, and openly address opportunities for improvement – for example, by focusing more on working with suppliers who pay living wages instead of minimum wages.

We have set science-based targets that are in line with the Paris Agreement to reduce greenhouse gas emissions and contribute to global climate protection initiatives. This means that by 2030, we are aiming for a 50% reduction in Scope 1 and 2 and a 30% reduction in Scope 3 from 2019. By increasing the use of recycled materials, we reduce our environmental impact, save resources, and minimize the amount of waste we produce. Our efforts are focused on the use of new fibers and the introduction of more sustainable production technologies.

Each BE PART initiative aims to ensure that TOM TAILOR is prepared for compliance with existing and future regulations.



OUR 360° STRATEGY

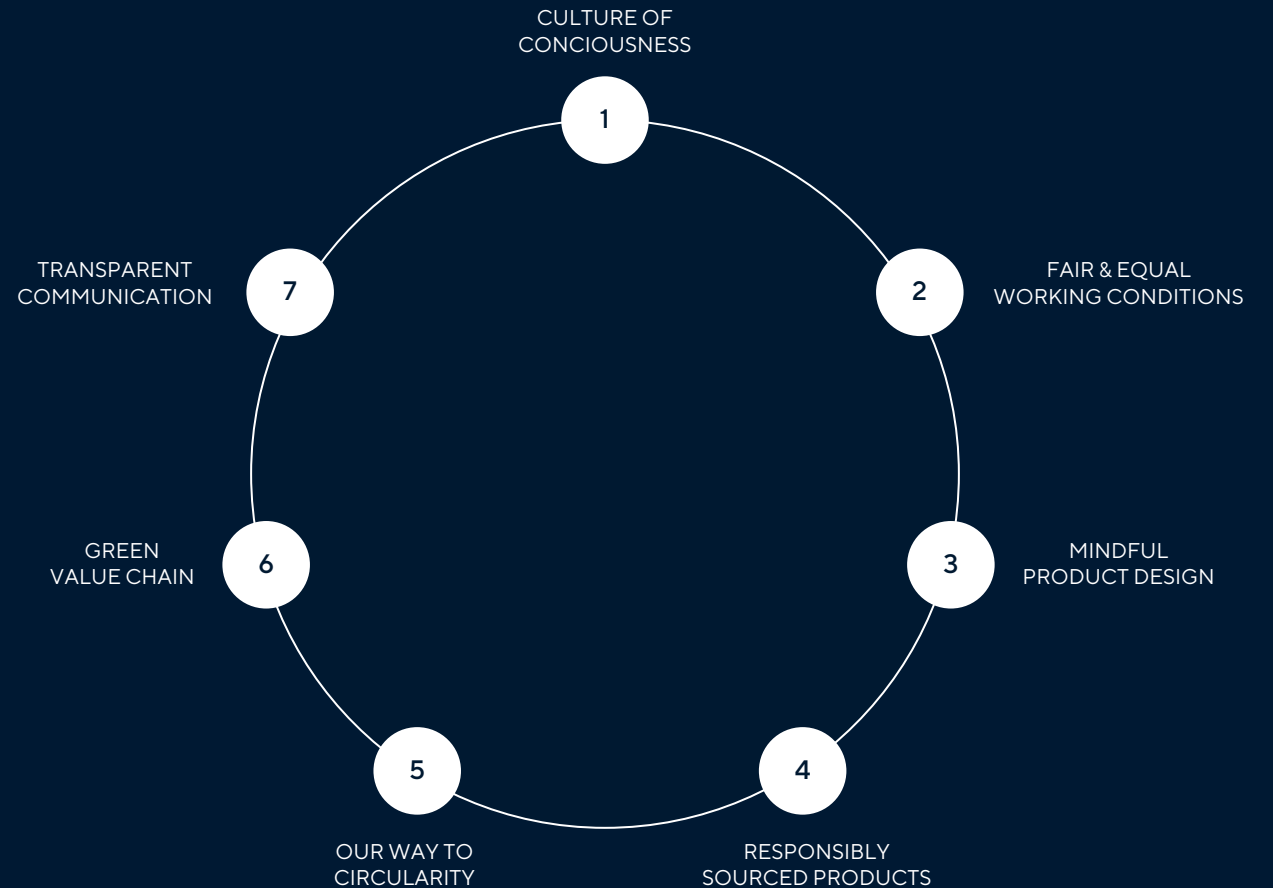


With **BE PART**, we are continuously evolving our 360°strategy approach, our goals and actions.

As we know the world never changed that fast before, we are regularly re-checking our strategic focus through involving our stakeholders. We are in an on-going dialogue with our customers & partners as well as suppliers and employees.

In 2022, we renewed our Materiality Assessment to ensure that the highest priority topics on our agenda are aligned with the topics which concern our stakeholders most. In 2024 a double materiality assessment will be made to ensure compliance with the CSRD regulation.

Our seven defined **BE PART** pillars remain as our strategy framework.



SUSTAINABILITY IS NOT LIMITED TO ONE DEPARTMENT

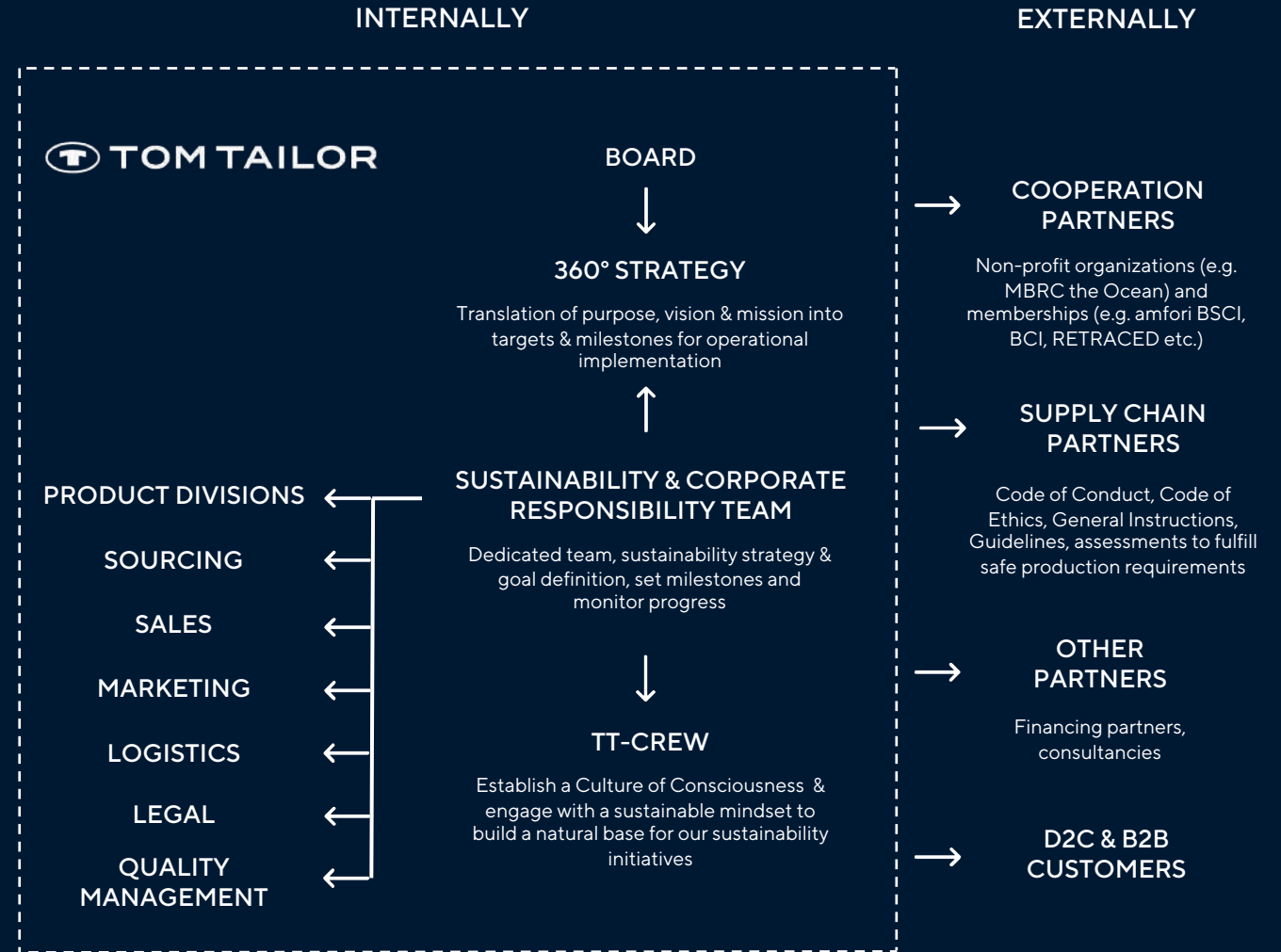


A future in which sustainable fashion involves everyone.

This is our company vision which has been launched in early 2024.

Since the beginning of 2020, when we started to develop our sustainability strategy, a core team was working on this 'project'. Two years later, in 2022 we formed our sustainability & corporate responsibility team which is focusing on refining the strategy, setting new goals, defining measures and knowledge sharing. However, one fact has been clear from the very beginning: every department and every crew member is essential to consequently work on our goals. It is the responsibility of the entire crew to take ownership and to consequently contribute to a more conscious fashion era.

Additionally, a close collaboration with TOM TAILOR's external stakeholder groups is needed, like our suppliers, NGOs, B2B and D2C customers, to make difference. Together.



BE PART ACADEMY

'How can we share knowledge about sustainability & corporate responsibility across all departments, without overwhelming employees yet still educating them on the key facts?'

Sustainability isn't confined to a single department; it's a complex topic, especially with TOM TAILOR's holistic approach, which spans seven focus areas. Additionally, this knowledge should be accessible to all employees, not just those at headquarters.

To address this, we've launched the BE PART Academy – a platform featuring short, focused videos. Our initial series includes 2-3 minutes videos on topics such as Organic Cotton, Recycled Down, TENCEL™ Lyocell, certified linen, and more. We plan to expand this content and further develop the BE PART Academy in the future.



DATA TRANSPARENCY – NEW PROJECT

In early 2024, TOM TAILOR has started a sustainability data end-to-end project, alongside ongoing efforts to enhance data quality on RETRACED. The goal is to establish a set of sustainability-related information as master data and ensure seamless exchange of these data points across all internal IT systems and with external stakeholders, including B2B customers, marketplaces, suppliers, and intermediary platforms like FashionCloud.

This approach will lay the foundation for compliance with current and future regulations.



MORE TO COME. STAY TUNED.

Questions or feedback? Please contact BEPART@tom-tailor.com



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