

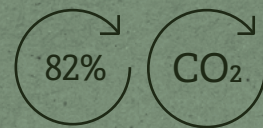
BESTSELLER

FASHION FWD

# BESTSELLER SUSTAINABILITY REPORT 2021



# 2021 SUSTAINABILITY HIGHLIGHTS



We reduced our scope 1 & 2 GHG emissions by 82%. However, our Science Based Targets scope 3 categories increased by 9%.



The connection of HEARTLAND's solar power plant to the European electricity grid in October saw BESTSELLER achieve its Fashion FWD goal that our owned and operated buildings globally will be powered by 100% renewable energy by 2021.



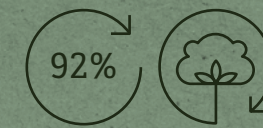
We have signed a global agreement with Denmark-based global shipping company Maersk to power all global sea freight with certified carbon-neutral biofuel.



We have developed a comprehensive water framework, which identifies key impact areas and outlines actions we take towards structured water stewardship practices.



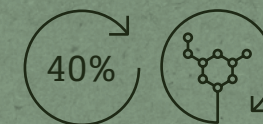
We launched our FWD>ENV programme in Bangladesh to train key staff at our suppliers in environmental management, with 120 supplier representatives having taking part across the various sessions in 2021.



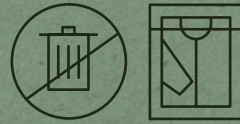
92% of our total cotton consumption in 2021 was sourced more sustainably, with organic cotton accounting for 22%.



Recycled polyester's share of our overall polyester sourcing grew to 13% in 2021.



40% of our total man-made cellulosic (MMC) consumption was sourced from more sustainable branded fibres.



BESTSELLER has completed its transition to certified recycled polybags, which will save an estimated 1,750 tonnes of virgin plastic per year.



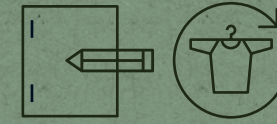
We accelerated our Invest FWD investments with innovators Infinited Fiber Company, Circular Systems, Evrnu and Nature Coatings, and in our Fashion FWD Lab we work together to adopt and scale such solutions.



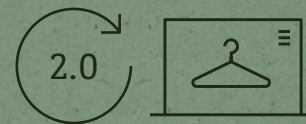
Through our strategic investment in Infinited Fiber Company, we secured access to the innovator's patented regenerated fibre, Infinna™.



Our Fashion FWD Lab has joined the innovative ReSuit project – led by Danish Technological Institute – that aims to redraw the boundaries for circular fashion design, recycling technologies and consumer behaviour.



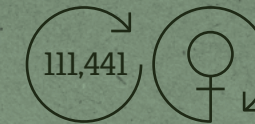
We have launched our Circular Design Guide providing a framework for all designers and product developers on how to work with circularity in the design phase.



We launched our Digital Showroom 2.0 in seven markets, including our largest market, Germany, with a total of 30 showrooms onboarded in 2021.



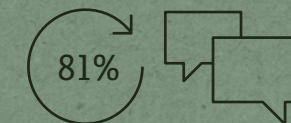
BESTSELLER signed the International Accord for Health and Safety in the Textile and Garment Industry.



We achieved our women's empowerment Fashion FWD goal four years ahead of schedule, ending 2021 having reached 111,441 women in our supply chain.



To provide further transparency we have published a list of key material suppliers in Q1, 2022.



In our employee engagement survey, Our People's Voice, we achieved an engagement score of 81% – an increase of two percentage points compared to 2020.

# A MESSAGE FROM OUR CEO AND OWNER



*Following on from a crucial year, 2021 turned out to be momentous in its own way for our company and the world around us. However, 2021 and the first months of 2022 have showed us all that we face extraordinary challenges and that the road ahead is paved with uncertainty, underlining the need for shared beliefs and united efforts.*

Recovering from the initial shock of COVID-19 to post the largest annual result in BESTSELLER's history was remarkable. But the past year and the beginning of 2022 has reminded us of the diverse and complex encounters we face to maintain a resilient company, while also making a positive contribution to the world we live in. It has also emphasised how interconnected and interdependent the world has become, and how uncertainty and turmoil can challenge our shared hopes.

BESTSELLER's sustainability strategy, Fashion FWD, includes ambitious goals as we know we must accelerate if the fashion industry is to achieve a more sustainable reality. Last year's report from the Intergovernmental Panel on Climate Change shows that we – the fashion industry and society as a whole – haven't reached the required speed. At this rate, we will not achieve the comprehensive change needed to protect our planet for future generations.

To reach our North Star and achieve the ambitious goals we have set for ourselves, we need to increase our contributions to – and investments in – innovation, as well as take concrete steps to sever the connection between business growth and resource consumption. This is far from an easy undertaking and it demands collective action in all areas from raw materials to end consumer and beyond. Business aspirations can no longer come at the planet's expense.

In 2021, we have seen how political upheaval in developing countries can impact the protection of human rights in our supply chain, and how global imbalances in both supply and demand can limit our ability to source more

sustainable materials. The first few months of 2022 have to an extreme degree underlined and emphasised the magnitude of the challenges and disruption we face – and how they can affect us.

There is no doubt that we face fundamental issues – both to conventional ways of doing business and to our planet. But we are determined to do our part, and we will do our utmost to improve. In 2021 we reached some important milestones. From finalising a new binding international agreement regarding workplace safety and connecting Northern Europe's largest solar power plant to the European electricity grid, to investing widely in new innovative solutions and opportunities to help accelerate BESTSELLER towards a sustainable reality.

Things aren't going to be easy, but my faith in the ability of BESTSELLER's colleagues has never been greater.

Anders Holch Povlsen  
BESTSELLER's CEO & Owner

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70 MARKETS

2,600 BRANDED  
CHAIN STORES

17,000 PEOPLE

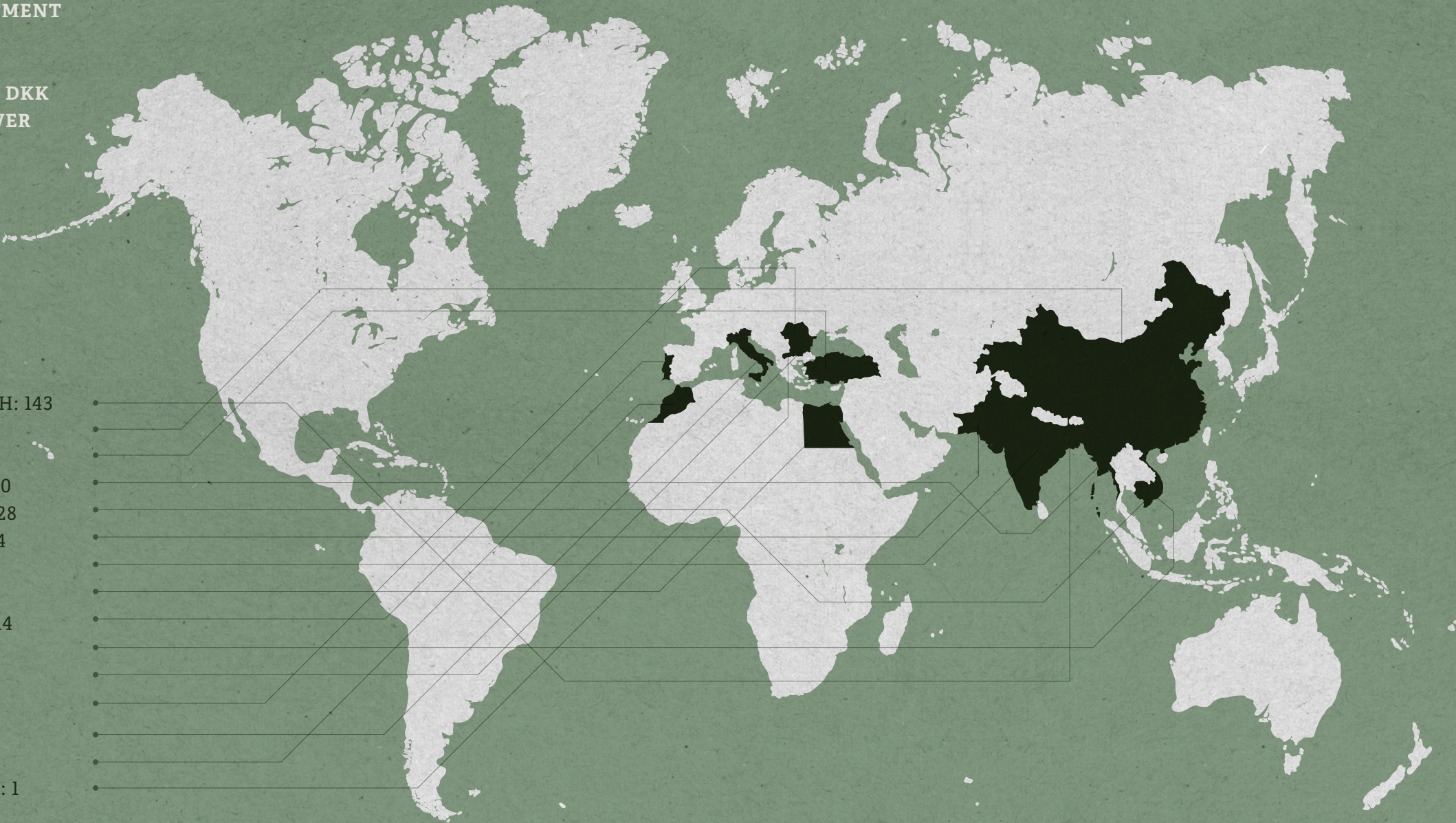
20,000 MULTI-BRAND  
AND DEPARTMENT  
STORES

26.4 BILLION DKK  
NET TURNOVER  
2020/21

FACTORIES

- BANGLADESH: 143
- CHINA: 252
- TURKEY: 120
- MYANMAR: 30
- CAMBODIA: 28
- PAKISTAN: 34
- INDIA: 84
- EGYPT: 2
- PORTUGAL: 14
- VIETNAM: 5
- BULGARIA: 2
- ROMANIA: 4
- ITALY: 14
- MOROCCO: 5
- MACEDONIA: 1

# ABOUT BESTSELLER



BESTSELLER is an international, family-owned fashion company with almost half a century's experience producing fashion to people of all ages.

Founded by the Holch Povlsen family in Denmark in 1975, BESTSELLER has always remained true to the family values at its core. We are proud of our origins and we work hard every day to bring people and fashion together to achieve positive results for everyone.

BESTSELLER has a global reach and brings clothes and accessories to customers around the world via our brands that include JACK & JONES, VERO MODA, ONLY, MAMA-LICIOUS, VILA, OBJECT, SELECTED, Y.A.S, NOISY MAY, PIECES and NAME IT.

Our business activities involve thousands of people across six continents and we cooperate with 381 suppliers and 738 factories across 15 countries.

We also have active relationships with factories in USA, UAE, Ukraine, Tunisia, Spain, Serbia, Mauritius as you can see in our [Public Factory List](#), however, in 2021 they accounted for less than 0.01% of our sourcing.

# BRINGING SUSTAINABLE FASHION FWD

FASHION  
**FWD▶▶**

As part of a major global industry, BESTSELLER is a significant contributor in creating jobs and securing livelihoods for thousands of people. At the same time our industry also contributes to the existential challenges our world faces and we must do our utmost to take responsibility and meet the challenges.

We strive towards bringing positive change and creating value for all our stakeholders and our company. There is much to do and transforming our business model requires systemic change in the fashion industry's ecosystem. It will take time and strong collective efforts.

Our products must be used longer, be reusable and recyclable, and we must continuously work on disconnecting our financial growth from resource consumption.

To encapsulate the comprehensive change in the direction that BESTSELLER has embarked upon, our North Star serves as a guiding light and will continue to do so, as we move beyond this first phase of Fashion FWD and continuously strive to become as sustainable as possible as soon as possible.

Our North Star commits us to bring Fashion FWD until we are climate positive, fair for all and circular by design. We are convinced that we need to define our end goal if we are to work out how to get there.

*"At BESTSELLER, we want to accelerate our company and the wider fashion industry towards a sustainable reality. Not only do we believe this is the right thing to do but it is also a business imperative. We believe that a successful and resilient business is one where people and planetary boundaries are respected, and business growth improves the world we live in."*

Dorte Rye Olsen — Head of Sustainability, BESTSELLER.



OUR APPROACH

We work towards a holistic approach, and to continuously integrate sustainability into all elements of our business. We strive to operate our business ethically, produce our products responsibly, build a resilient supply chain, greatly respect everyone involved and provide value to our partners and stakeholders. If we do that, we can help create the future we all need – for our company, for our industry and for our world.

Fashion FWD is owned by our Executive Team and to keep BESTSELLER's various business units moving in the same direction, we have set up a number of cross-brand and cross-function groups, which bring colleagues together to find possible solutions and share best practice. Similarly, our executive sustainability decision board makes strategic decisions about Fashion FWD to maintain momentum and direction.

With our reach and global nature, BESTSELLER must take responsibility and help inspire genuine change amongst the industry. Creating a sustainable fashion industry requires a strong collective approach and collaboration from all stakeholders to lift the change.

We categorise our stakeholders as those individuals, groups and organisations that influence our business and that we have an impact on. Our stakeholders include – but are not necessarily limited to – colleagues, suppliers, workers, civil society, industry associations, rights holders innovators, customers/wholesalers, retailers, end-consumers, peers, policy makers and the media. Our partnership with our stakeholders and their input are important to us.



OUR NORTH STAR

*Our North Star commits us to bring Fashion FWD until we are climate positive, fair for all and circular by design.*



CLIMATE POSITIVE

*Our business will have a positive impact on our planet's climate across our value chain by removing more greenhouse gases than we emit.*



CIRCULAR BY DESIGN

*Our business model will be based on design principles that prioritise efficiency and the reuse of resources at every level, from fibres to water and chemicals to post-consumer, in order to minimise waste and keep resources in use.*



FAIR FOR ALL

*Everyone working in our value chain will be equally empowered by jobs that are safe, that protect human rights and provide fair incomes and opportunities for everyone to reach their personal potential.*

We continuously engage with our stakeholders to understand the material issues our industry is facing and that we need to address proactively. In 2022 we will continue our work on materiality assesment to identify risks, opportunities and impact to our business and society in order for us to prioritise efforts and future reporting areas.

The increasing legislative focus on sustainability will be an instrumental factor in deciding what our future will look like and how successful the global transition will be, and we welcome harmonised and ambitious legislation. To help ensure new legislation regarding the fashion industry will have real and positive impact, BESTSELLER is part of the Policy Hub – a group that monitors and engages in the European Commission’s legislative agenda with a focus on providing valuable insights to circular practices in the apparel and footwear industry.

To realise BESTSELLER’s ultimate ambition, we must stimulate, support and adopt innovative and disruptive solutions for the fashion industry. In collaboration with our parent company, HEARTLAND, we have set up an investment platform – Invest FWD – to help bring innovative solutions to scale, while our Fashion FWD Lab tests the capabilities of cutting-edge materials and technologies in collaboration with our brands.

We believe that transparency is a prerequisite for creating a sustainable reality for our industry. Transparency raises standards, increases stakeholder engagement and empowers people to make informed decisions. We are constantly evaluating how we can improve transparency in BESTSELLER across our various communication channels and this work will continue in 2022.

HIGG BRM PERFORMANCE AND IMPROVEMENTS

*In 2021, we completed the Higg Brand & Retail (BRM) assessment for calendar year 2020 and received a verified score based on the most comprehensive verification level. This score will serve as our baseline going forward and will help us identify improvement areas and set future performance goals within the Higg BRM. BESTSELLER is one out of the 39 SAC member companies finalising verifications during the 2020 cadence.*

*BESTSELLER has performance improvement areas within Brand/Environment/Packaging, Operations & Logistics/ Offices and Stores/Environment. In 2021, we have therefore initiated several initiatives to improve our performance. We have established a global roll-out programme for improving environmental performance within our stores and offices. It also includes setting new and higher standards for global packaging by adopting and implementing consumer packaging reduction programmes (e.g. reducing*

*product packaging, retail packaging, etc.). (See page 19 & 61). Furthermore, we have set value chain performance goals and made improvements: Firstly, we have successfully transitioned to low or no-carbon fuels in our inbound logistics by signing a global agreement with Denmark-based global shipping company Maersk to power all global sea freight with certified carbon-neutral biofuel. (See page 16).*

*Secondly, we have through our INVEST FWD platform and Fashion FWD Lab made several investments and collabs within e.g. material innovation, product traceability and waste-to-resource projects. (See page 52). One example is our investment in Infinited Fibre Company, which includes a yearly sales agreement to secure access to its patented regenerated fibre, Infinna™.*

*It is important to note that the progress and improvement stated throughout this sustainability report for 2021 does not reflect the Higg BRM score as the Higg BRM assessment is purely based on 2020 data and input.*

OVERALL HIGG BRM SCORE

SECTION SCORES (VERIFIED)	SOCIAL	ENVIRONMENTAL
MANAGEMENT SYSTEM:	100%	100%
BRAND:	71.6%	55.2%
STORES:	57.7%	33.3%
OPERATIONS & LOGISTICS:	56.6%	57.1%



61.4%

Total verified environmental score



71.5%

Total verified social score



CLIMATE POSITIVE

- Goals
- Reducing our footprint
  - Taking ambitious action on GHG
  - Harnessing the power of the sun
  - Raising the bar in our supply chain
  - Supervising supplier chemical usage
  - Securing water for the future...
  - Improving biodiversity...
  - Communicating our products' impact



# CLIMATE POSITIVE

*Our business will have a positive impact on our planet's climate across our value chain by removing more greenhouse gases than we emit.*





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GOALS



We will set targets to safeguard future water resources.

Our owned and operated buildings globally will be powered by 100% renewable energy.



We will provide our customers and consumers with information on the environmental impacts of our core products, and we will show year-on-year improvements.



Our electricity consumption in our owned and operated buildings globally will be reduced by 30%.

We will have 100% approved and traceable chemistry in our core products.

75% of all product orders will be consolidated in suppliers that are highly rated in our sustainability evaluation.

100% of our key waste streams from our head offices and owned and operated logistics centers will be recycled or reused.



We commit to reduce absolute scope 1 and 2 GHG emission by 50%.

We commit to reduce absolute scope 3 GHG emission from purchased goods and services and upstream and downstream transportation by 30%.



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# REDUCING OUR FOOTPRINT

*To do our part in limiting the impacts of climate change, our North Star commits us to becoming climate positive where we will remove more greenhouse gases (GHG) than we emit.*

The fashion industry is heavily reliant upon our planet’s natural resources and due to the interconnectedness of all natural systems, climate change will impact all of them. Rising temperatures alter ecosystems, disrupt weather patterns and exacerbate water scarcity, which can all impact our ability to make products. To become climate positive, we need to reconsider how we consume energy, water, chemicals and raw materials, as well as

what to do with the waste created. BESTSELLER’s work in this area is set out in the Fashion FWD strategy and considers both the production and delivery of our products, as well as our own operations and facilities.

Our approach is based on producing and operating leaner and follows the latest science and data available. The Intergovernmental Panel on Climate Change’s latest report, which came out in 2021, clearly underlined the need for comprehensive change rather than incremental goals. It is this mindset that has seen BESTSELLER set greenhouse gas (GHG) reduction goals through the Science Based Targets initiative (SBTi) and commit to the Fashion Pact, while our owned and operated buildings are globally powered by 100 percent renewable energy. Because our science-based targets (SBTs) are absolute



targets and measured against a baseline year of 2018, they demand that we decouple our business growth from a growth in consumption. We need to learn how to grow BESTSELLER without increasing our GHG emissions.

In this chapter, we will describe our progress regarding the climate impact of our operations, supply chain and products, including energy consumption, chemical and water management and our product environmental impact.

*We will continuously improve the environmental footprint of our products, operations and supply chain until they are in line with the needs of our planet.*



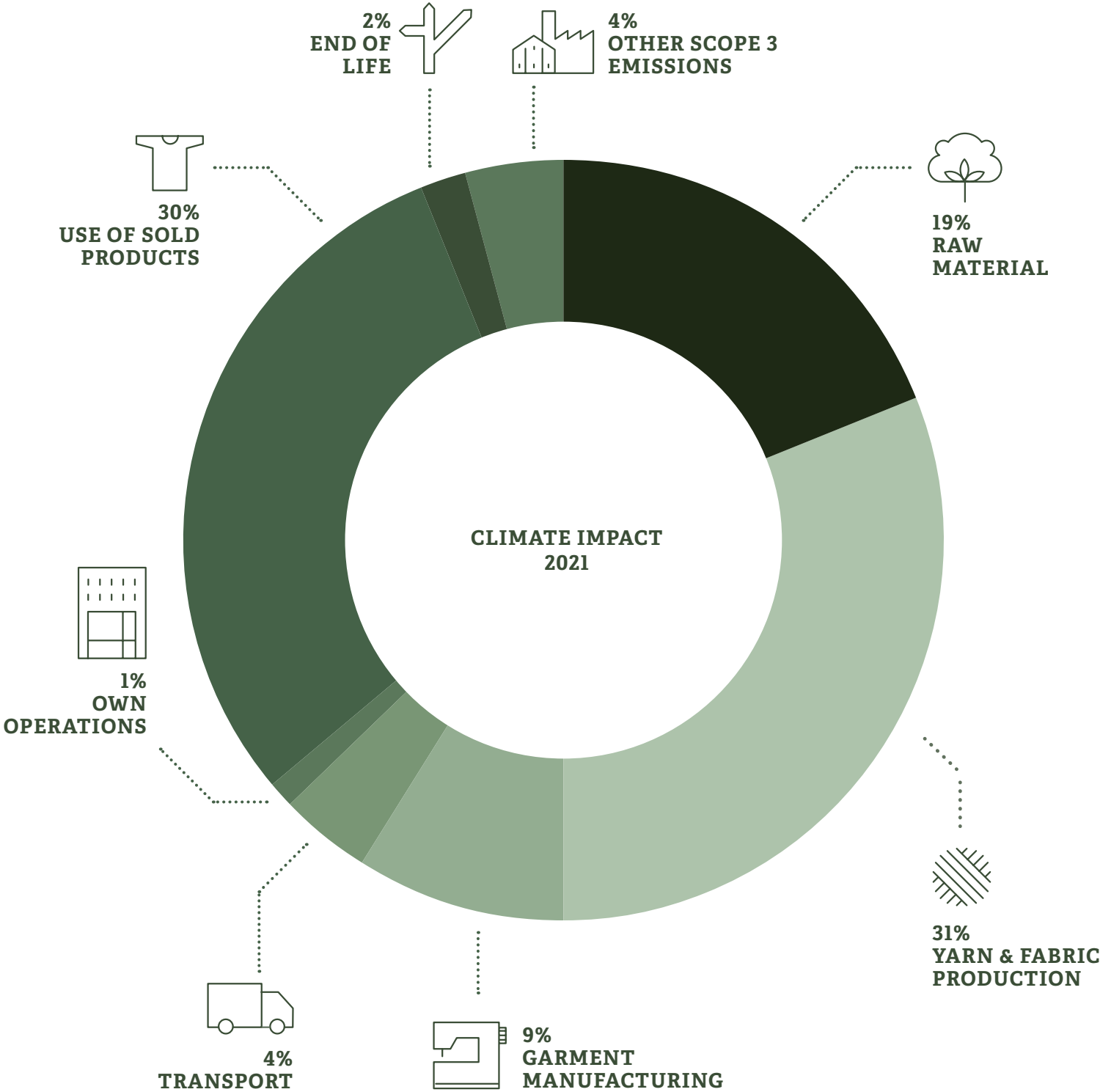
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# TAKING AMBITIOUS ACTION ON GREEN- HOUSE GASES (GHG)

At BESTSELLER, our climate strategy is aligned with the latest scientific research and data to make sure our work to reduce GHG emissions will have a genuine impact. To codify this, BESTSELLER's climate targets have been approved by the SBTi. The SBTi is the leading corporate collaboration for ambitious action on climate change and is focused on helping companies reduce their carbon emissions in line with the Paris Agreement.





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WE HAVE SET TWO SBTS:

By 2030, BESTSELLER commits to reducing absolute scope 1 and 2 GHG emissions by 50 percent from a 2018 base year.



By 2030, BESTSELLER commits to reducing absolute scope 3 GHG emissions from purchased goods and services, and upstream and downstream transportation by 30 percent from a 2018 base year.



Calculations show that BESTSELLER's total climate footprint across all scopes reached approximately 2 million tonnes CO<sub>2</sub>e in base year 2018. We want to prioritise our efforts within scope 3 where we, by far, have our largest indirect footprint. This is why our second target focuses exclusively on purchased goods and services, and upstream and downstream transportation. Consumer use

impacts such as washing, drying and disposal of garments have been excluded in accordance with SBTi guidance.

This means BESTSELLER's adjusted baseline, which will define our progress, is 1.5 million tonnes CO<sub>2</sub>e.

There is no doubt that the consumer use phase is vital. We remain committed to increasing consumer awareness, as we are reliant upon more sustainable purchasing and consumption from consumers if we are to further reduce the impact of our products. This is why consumer engagement and product impact communication are an important part of our Fashion FWD Strategy (see page 33). By informing our consumers on the impact of their purchase we hope to guide them in their purchasing decisions.

Since launching Fashion FWD, BESTSELLER has made significant inroads in terms of its direct GHG emissions in scope 1 and 2, which includes electricity use, heating and cooling of buildings, fugitive emissions from air conditioning units and use of vehicles owned and controlled by BESTSELLER. This only constitutes around five percent of the company's total GHG emissions in base year 2018, with the majority of our climate impact coming from scope 3, our indirect GHG emissions – raw material and yarn production, garment manufacturing, transport, packaging, use of sold products and products' end-of-life, etc. The production of raw materials and the processes required to turn them into yarn, fabric and garments account for over 50 percent of our total impact in scope 3. As such, our Fashion FWD goals related to materials are also vital to our climate impact from scope 3.





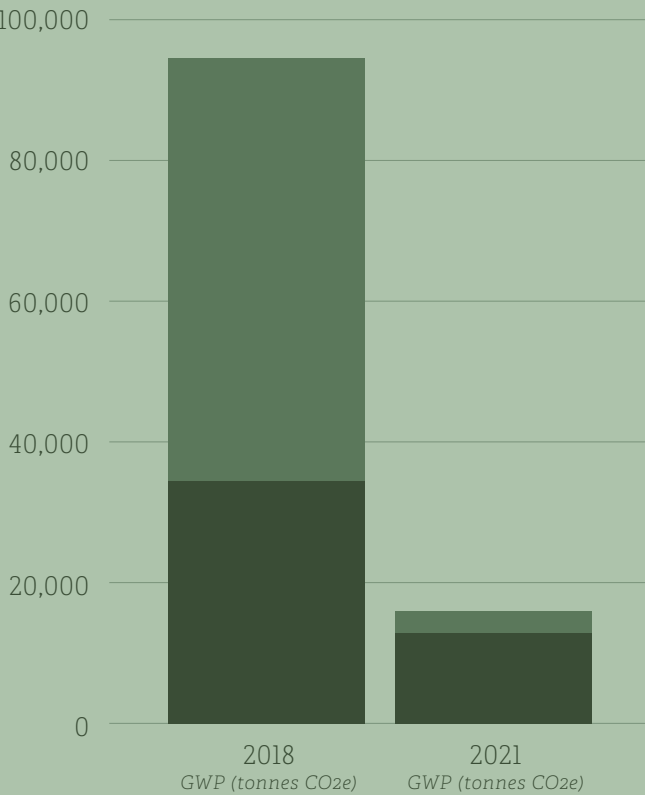
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SCOPE 1 & 2 EMISSIONS

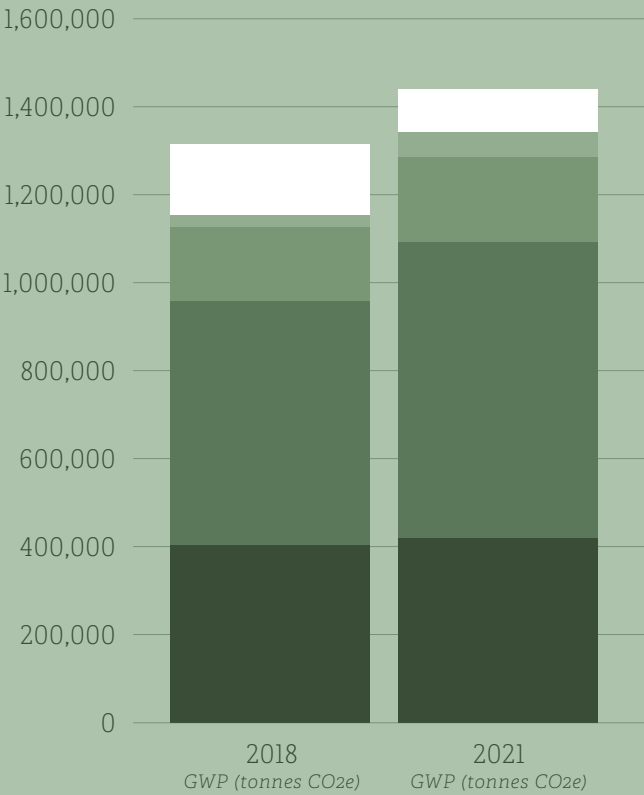
Baseline compared to 2021 impact  
82% reduction



- **SCOPE 1:**  
Direct emissions from own operations like heating and cooling of buildings and the emissions of vehicles owned by BESTSELLER
- **SCOPE 2:**  
Indirect emissions from purchased electricity

SCIENCE-BASED TARGETS

SCOPE 3 EMISSIONS  
Baseline compared to 2021 impact  
9% increase



- Raw materials
- Yarn & fabric production
- Garment manufacturing
- Other purchased goods and services
- Transport

2021 PROGRESS & IMPACT

Our scope 1 and 2 target is aligned with a 1.5 degrees Celsius pathway – the most ambitious goal of the Paris Agreement. Our scope 3 target is aligned with the ‘well below 2 degrees Celsius’ pathway. With the opening of HEARTLAND’s solar power plant, we achieved our first SBT target in late 2021. In fact, renewable energy has been the primary driver for reaching an 82 percent GHG drop in scope 1 and 2. (See page 18).

In 2021 we have focused on further improving our data collection. Collecting high quality primary data provided us with insights on some discrepancies regarding the baseline emissions – for example, overestimation of our energy consumption.

There has been a focus on increasing data quality within scope 3 as well with an increased use of primary data. Additionally, scope 3 categories have been included e.g. impact of sales samples and marketing materials as well as packaging materials used in the warehouses.

In 2021 we saw an increase of nine percent in our scope 3 emissions compared to our baseline. This is mainly due to the growth of our business. 2021 has been a financially strong year and we have seen an increase on number of products sold. This means that material uptake has increased and a higher amount of materials have been being processed, produced into garments and transported to the warehouses. An increase in sold garments also results in a higher impact in the use phase and end-of-use impacts.



CLIMATE POSITIVE

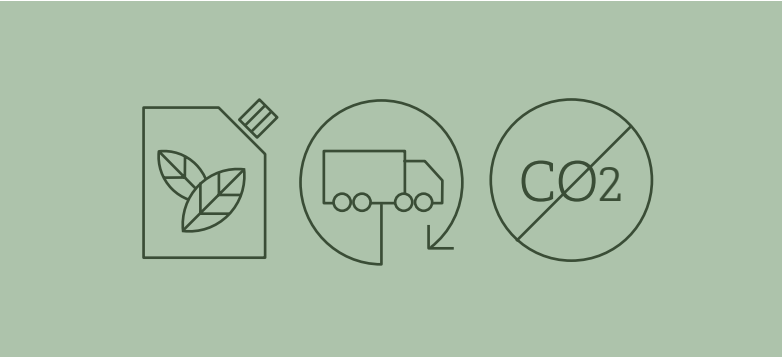
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Although we see an increase of our total GHG emissions by nine percent, we at the same time see a decrease in GHG emissions per product and a decrease in GHG emissions per earnings. This shows that steps are taken to decouple GHG emissions from our financial growth and that the efforts to reduce our emissions had a significant impact even though our total GHG emissions have increased.

In terms of our scope 3 reduction, we announced in June that we had signed a global agreement with Maersk to use their carbon-neutral biofuel, Maersk ECO Delivery, for the vast majority of our sea freight. Maersk ECO Delivery is manufactured from hydrotreated vegetable oil (HVO), a sustainable biomass. It is certified as a sustainable fuel by the International Sustainability and Carbon Certification (ISCC) body.

The agreement with Maersk is a key factor in our overall efforts to reduce the climate impact of the transportation of our products. We are currently focusing on solutions with lower impact (e.g. rail and sea) as air freight, according to DEFRA, produces over 60 times the amount of CO2e compared to sea freight and over 35 times compared to rail transport.



*“In BESTSELLER, we are continuously exploring ways of improving our environmental footprint and we see the option of leveraging biofuel for our sea transportation as an important course of action. We are pleased to be working with Maersk to take this initial step, which we expect to be one of several on our way to ultimately realising a fully carbon-neutral transportation option.”*

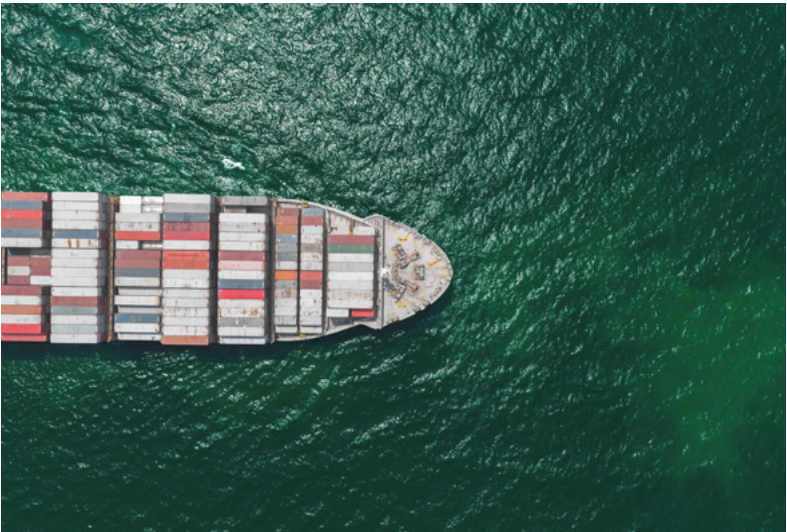
Thomas Børglum Jensen, CFO and Head of E-Commerce, BESTSELLER.

Data completeness has been improved since the baseline, where last mile has been included wherever relevant, as well as impacts from 3PL warehouses.

In 2021, our use of air freight dropped considerably, continuing a downward trend over the past four years. Despite the increase in impacts compared to the baseline due to increased completeness, this reduction in the use of air freight was a key factor in our overall transport emissions dropping by 43 percent compared to the baseline.

Our e-commerce operations are a relatively small but growing contribution to our GHG emissions, and an important segment to influence emission reductions.

To reduce our GHG emissions, we focused on shifting to more alternative fuels in 2021. Since September, one of our logistic partners has been using biodiesel trucks powered by HVO to deliver from our e-commerce logistics facility in Poland to Belgium and The Netherlands.





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Throughout 2021, we continued our efforts to transition to more sustainable materials, which will reduce our climate impact. (See page 36). This includes our use of innovative materials, which are helping reframe what is possible in the fashion industry. For example, VERO MODA, JACK & JONES, SELECTED, OBJECT and MAMA-LICIOUS have been exploring and testing the capabilities of Lenzing’s carbon-zero TENCEL™ fibres, and we began to see styles featuring this new material in stores in the second half of last year. (See page 47).

To achieve our goal of placing 75 percent of product orders with suppliers highly rated in our Sustainability Evaluation by 2025 and – by extension – reduce our scope 3 emissions, we are working with our supply chain partners to identify and track all sources of energy, so we can create a verifiable record of energy use, as well as develop action plans to instigate meaningful change. (See page 20).

To reduce the consumption of water, chemicals and energy, as well as the production of waste in our supply chain, we must work closely with our supply chain partners for our mutual benefit. In February 2021, BESTSELLER launched a programme called FWD>ENV in Bangladesh, which will equip key personnel at our tier 1 suppliers’ factories with the skills and confidence to improve their facilities’ environmental performance across chemical management, water use, wastewater management, energy use, GHG emissions, waste and environmental management systems. (See page 24).

GOING FORWARD

With regards to the emissions in our supply chain, we will continue our efforts to reduce our carbon footprint. We will do this by increasing our more sustainable materials portfolio as well as our use of freight transport that produces limited or no GHG, and by continuing the environmental programmes within our supply chain. (See page 24).

We continue working on consolidating our supply chain. We estimate that we could reduce our emissions by 50 percent in tier 1, 2 and 3 by reducing the number of suppliers that we use, and work with those with a strong environmental record.

Additionally, we will further reduce the climate impact of our own operations by continuing to implement the Stores FWD, Office FWD, and Logistic Location FWD programmes. (See page 19).

In terms of downstream transportation – delivering products to consumers – we continue to investigate and adopt transport options with the lowest impact possible. For example, from January 2022, we have expanded our use of HVO to include the Nordic region, while we are also looking at carbon offsetting for unavoidable emissions.

In the coming year we will work on improving data collection to include more primary data to help guide us in our journey to reduce the emissions of our products.





CLIMATE POSITIVE

- Goals
- Reducing our footprint
- Taking ambitious action on GHG
- Harnessing the power of the sun**
- Raising the bar in our supply chain
- Supervising supplier chemical usage
- Securing water for the future...
- Improving biodiversity...
- Communicating our products' impact



# HARNESSING THE POWER OF THE SUN

To reduce BESTSELLER's absolute scope 1 and 2 GHG emissions, our approach includes a commitment to renewable energy, as well as overall energy reduction. Our stores, distribution centres, warehouses and offices around the world represent our direct carbon footprint. While this part of our business only represents around five percent of BESTSELLER's total 2018 baseline GHG emissions, our owned and operated buildings are symbolically significant due to their visibility. This is why, when launching Fashion FWD, one of our commitments was that ...

*By 2021, our owned and operated buildings globally will be powered by 100 percent renewable energy.*

BESTSELLER's parent company, HEARTLAND, has established a 207 megawatt (MW) solar power plant in Denmark and, through a power purchase agreement (PPA), we are sourcing renewable energy to cover our electricity use in the European Union and European Economic Area in line with the RE100 market boundary criteria.





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Our owned and operated facilities outside of Europe will be covered by renewable energy certifications. Additionally, we have developed internal programmes – dubbed Stores FWD, Office FWD and Logistic Location FWD – to reduce the electricity consumption in our owned and operated buildings globally by 30 percent by 2025.

2021 PROGRESS & IMPACT

At the start of October, HEARTLAND’s new solar power plant was connected to the Danish electricity grid, which effectively saw us achieve our goal of powering our owned and operated buildings globally with 100 percent renewable energy. While it isn’t possible to trace energy directly from a renewable source to a consumer’s or company’s electrical socket, BESTSELLER has agreed to pay a solar power premium for a period of years through a Power Purchase Agreement, which guarantees new renewable energy is supplied to the electricity grid.

As HEARTLAND’s solar power plant is based in Holstebro, Denmark, its electricity cannot be included in the energy mix outside Europe. BESTSELLER’s energy consumption beyond Europe has been covered by contracts with other local renewable energy plants.

As stated earlier in this report, this combined work saw BESTSELLER achieve the first of its two science-based climate targets – the reduction of scope 1 and 2 GHG emissions by 50 percent by 2030.

*In 2021, we also increased our focus on reducing BESTSELLER’s energy consumption by 30 percent in our owned and operated buildings globally.*

At the start of the year, we launched Stores FWD internally – our programme to reduce electricity consumption in our stores. Our brands have taken a strong lead in accelerating these initiatives in all our owned and operated stores. The first phase of the programme prioritised more efficient lighting, as this can account for around half of a store’s electricity use. BESTSELLER reduced its energy use in owned and operated stores in 2021. This was due to the implementation of new energy efficient units.

Having rolled out Stores FWD, we turned our attention to the respective programmes for our offices and logistics locations around the world known as Office FWD and Logistic Location FWD.

Both programmes are set to define clear roles and responsibilities at all BESTSELLER offices and logistics sites. This includes tracking and improving energy and other resource consumption, the adoption of energy-efficient and low/zero-carbon refrigeration and HVAC (Heating, Cooling & Air Conditioning) systems, as well as adapting our policies on office design and operations to help reduce, reuse and recycle resources. Our programmes also include an increased focus on waste, as we are working towards our ambition that 100 percent of key waste streams (e.g. pallets, wood waste and cardboard) from our head offices and own and operated logistics centres

will be recycled or reused by 2025. For example, we have begun installing waste sorting systems in our offices to separate items such as paper, plastic, metal and food.

GOING FORWARD

In 2022, we will begin the transition to lower impact HVAC systems as part of Stores FWD, as HVAC systems account for approximately 30-40 percent of the electricity consumption in our stores. The air-conditioning elements also contain refrigerants, which are potent GHGs. Our Office FWD and Logistic Location FWD programmes will be rolled out in 2022, with all workplaces to adopt at least two specified initiatives to reduce, reuse or recycle water and one to reduce, reuse or recycle waste by the end of the year.

Additionally, we will fully implement our policies for plastic and paper-based packaging at all our offices and logistics sites.





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# RAISING THE BAR IN OUR SUPPLY CHAIN

Our supply chain is where we have the biggest environmental impact, therefore strong cooperation with our suppliers and incentivising them to reduce the consumption of water, chemicals, energy and the production of waste is imperative if we are to deliver on our targets.

*By 2025, 75 percent of all product orders will be placed with suppliers that are highly rated in our Sustainability Evaluation.*

By consolidating with suppliers that are more sustainable, we will also make a direct impact on our Scope 3 science-based target (See page 13).

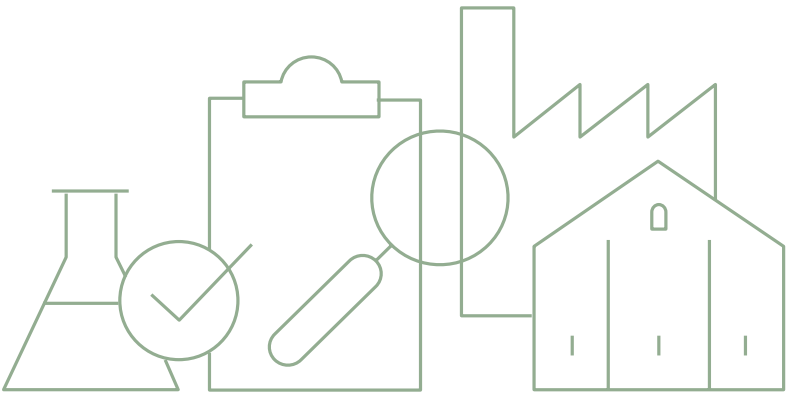
Through our Factory Standards Programme (FSP), our local Chemical & Environment teams monitor each supplier's environmental management performance.

The FSP sets minimum environmental requirements, which must be met in order for a factory to be accepted

into the BESTSELLER factory base. We assess whether they meet these requirements and their environmental management systems during onsite visits by BESTSELLER's local teams or third-party assessors. During these initial and then annual assessments, we collect environmental performance data, and assess the environment management systems in place at the facility and the competency of the team managing them.

As well as the onsite assessments, we use the Higg Facility Environment Module (FEM) as one part of the environmental performance evaluation for factories in our supply chain. All factories need to adopt the Higg FEM so we align with the industry on how to measure environmental performance across seven impact areas; environmental management systems, water use, wastewater, chemical use, waste management, energy use and GHG emissions.

To create a more resilient and sustainable supply chain for BESTSELLER and prepare our company for the increasing market expectations and legislation that we can



see and expect to see, we have also developed a Preferred Material Supplier Programme, which is a pool of approved tier 2 suppliers who meet our Code of Conduct and pass our Factory Standards Programme assessment criteria. (See page 66). This helps us guide our supply chain partners and brands when sourcing materials. Having been initially established to reduce risks in our supply chain, with a focus on chemical management, the Preferred Materials Supplier Programme now covers a broader range of compliance requirements in our value chain.





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of their environmental and chemical management systems. To calculate a supplier's rating, we use data from our ongoing FSP monitoring work, as well as data from external sources, including the Higg FEM, BHive, and – in China – data from the IPE. (See page [22](#), [27](#) & [66](#)).

Following the annual on-site visits, suppliers are given an environmental rating and are encouraged to reach out to the relevant sourcing office to discuss their rating and how we can collaborate to achieve improvements.

THE SUPPLIER ENVIRONMENTAL EVALUATION IS BASED ON THREE KEY PERFORMANCE CRITERIA:



Engagement and performance in BESTSELLER's chemical and environmental training and information meetings



Environment Management System (EMS) team competency



Supplier senior management engagement and investment level

Our suppliers' performance data empowers us to make informed purchasing decisions and prioritise suppliers with a high rating.

The Supplier Environmental Evaluation also enables us to hold suppliers accountable for their performance. Having reliable and transparent data is key to enforcing our policies and incentivising suppliers to bring their factories in line with our expectations.

In 2021, we also adjusted and expanded our organisation to facilitate an increased focus on our Preferred Material Supplier Programme in the coming years. Transparency and traceability will be vital to creating an authentic materials supply chain for BESTSELLER, so we have intensified the mapping of our supply chain. So far, this has resulted in us publishing a list of our key material suppliers in Q1-2022.

GOING FORWARD

We will continue the process of rating each supplier. The Supplier Environment Rating will enable us to better identify suppliers that are performing poorly, flagging suppliers that need help and support in improving their environment management systems. In 2022, we will be monitoring the evaluation results, and working with our local teams to develop strategies for tackling poor performance. Our local teams will be working hard over the next year to communicate our expectations to suppliers and follow up with suppliers on remediating issues highlighted through evaluation.

The energy and water data we gather as part of the Supplier Environment Rating will also be used to inform our strategies for reaching our SBTs.

Internally, we will be working to ensure the data provided to our organisation is clear, accurate and understandable. This will, for example, ensure that BESTSELLER buyers have the information they need to make responsible purchasing decisions. Our Preferred Material Supplier Programme will be central to this and, in 2022, we will focus on our 10 most important suppliers in each region, mapping their individual supply chains to gain a greater understanding of our impact.

We will also be reviewing our minimum requirements on a six-month basis to ensure they are always in line with developing industry best practices and legislation.





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# FACILITY ENVIRONMENTAL PERFORMANCE

The Higg Facility Environment Module (Higg FEM) is an industry-wide tool developed by the Sustainable Apparel Coalition (SAC). BESTSELLER's in-country teams provide suppliers with regular Higg FEM training, so they can self-report their sustainability credentials and performance. Our local Chemical & Environmental teams also provide guidance and support during routine and follow-up inspections as part of the Factory Standards Programme.

THE HIGG FEM IS DESIGNED TO:

- Measure and quantify the sustainability impacts of a facility
- Reduce audit fatigue from multiple brands asking suppliers to measure and report sustainability performance numerous times
- Reduce risk of environmental damage and uncover inefficiencies
- Create a common means and language to communicate sustainability to stakeholders



Suppliers' average verified Higg FEM score

2018	36%
2019	45%
2020	51%
2021	50%

Higg FEM coverage – supply chain by value

2018	49%
2019	80%
2020	86%
2021	87%



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# CONTINUING OUR IMPROVEMENT IN CHINA

In China, BESTSELLER cooperates with the Institute of Public Affairs (IPE), a non-profit environmental research organisation based in Beijing that monitors many aspects of environmental supply chain management and records suppliers' performance and compliance with environmental laws on a public database.

IPE also tracks factories' environmental impact through the Pollutant Release and Transfer Register (PRTR), which requires factories to disclose data about energy usage, wastewater, air emissions, waste etc.

2021 PROGRESS & IMPACT

This year, IPE ranked BESTSELLER as the 24th best multinational company for transparency on environmental supply chain management, our best rank since we joined the initiative in 2015. You can see the full ranking [here](#).

To be a BESTSELLER supplier, new suppliers are required to remediate all violation records on IPE's public database. If factories want a higher rating, they are encouraged to share their pollutant data (PRTR data)

and demonstrate that they are monitoring their overall environmental footprint and setting targets to reduce their impacts.

So far, just over 100 tier 1 suppliers are reporting their environmental performance data to the IPE and appear on its supply chain map, an online tool where anyone can see the factories' performance data.

BESTSELLER is part of IPE's [Global Brand Map](#) initiative, a publicly accessible map where you can see our suppliers' environmental performance in real-time, as well as our suppliers' remediation history.

We also encourage our direct suppliers to use IPE's Blue Eco-chain to monitor the performance of partners in their own supply chain. The Blue Eco-chain is an automatic screening tool that sends push notifications to the suppliers' partners the instant violations are recorded.

GOING FORWARD

We will continue to use IPE as a key supply chain management tool. We will support suppliers, encourage and

advise them on how to best report their environmental management and issue remediation data to the IPE. We will also continue to advise them to use the IPE's databases, such as the Blue Eco-Chain, to screen their own suppliers and business partners.

BESTSELLER'S CITI RANK	
2018	43/306
2019	39/438
2020	32/540
2021	24/520



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POSITIVE  
RESPONSE  
TO NEW  
PROGRAMME

At BESTSELLER, we believe in empowering our suppliers to make more sustainable decisions for the benefit of their own businesses, their local communities, our business and – ultimately – the health of our planet. In 2021, we unveiled a new initiative that aims to go further than traditional CSR initiatives by not only working with our suppliers to improve environmental performance at their factories, but to train their staff and create a team of qualified environmental experts with the hard and soft skills to effect real change.

*Known as FWD>ENV, the programme was launched in Bangladesh – one of BESTSELLER's largest sourcing markets. Roughly a third of all our products are made in Bangladesh, providing work to roughly 257,000 people across over 100 factories.*

Environment FWD (FWD>ENV) is a two-year programme where suppliers nominate their staff to participate. Each participant receives eight capacity-building and four knowledge-sharing sessions along with two awareness-raising sessions for relevant supervisors and workers during follow-up visits. The course participants attend seminars where they receive training on technical topics, such as steam engineering and process improvements, as well as leadership and communication skills.

This programme also has a focus on developing case studies. In order to be awarded their certificate, the participants will have to develop action plans to address a specific issue and present the case studies to their peers. The focus will be on sharing their own experiences, collectively developing solutions and sharing ideas and techniques to overcome hurdles. The project focus is on improving chemical management, water use, wastewater management, energy use, GHG emissions, waste and environmental management systems. This curriculum is also designed to help suppliers better their performance in the Higg FEM score and will also help to improve the quality of the environmental data that factories collect and report to their own partners and stakeholders.

Our local implementing partner Engineering Resources International (ERI) will provide quarterly progress reports to each factory's owner, senior management, and BESTSELLER. In parallel, our in-country team of environmental experts will work closely with the factory team during our regular assessments of the factories' environmental performance and on developing solutions and implementing changes to reduce the factory's environmental impact.

2021 PROGRESS & IMPACT

In January 2021, our key suppliers in Bangladesh were invited to join the FWD>ENV programme. Our local team in Dhaka hosted four sets of courses, covering chemical management and presentation skills. Feedback from participants has been positive, and we are incorporating comments from participants and our in-country team.

GOING FORWARD

The programme will be continuing into 2022, with more sessions scheduled on specific environmental management tools.

*"We are already learning so much from this programme in terms of the needs of our suppliers, and it is really important that we listen to participants' feedback and work out how we can better support them, and ultimately support us in reaching our ambitious environmental targets."*

Dewan Nurul Islam, Chemical & Environmental Manager, BESTSELLER Bangladesh.

Based on what we learn from FWD>ENV, BESTSELLER plans to replicate the initiative in other sourcing markets in the coming years.



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# SUPERVISING SUPPLIER CHEMICAL USAGE

At BESTSELLER, we are committed to phasing out hazardous chemicals from the manufacturing process of our products and the industry. In our Fashion FWD strategy, we have set a goal:

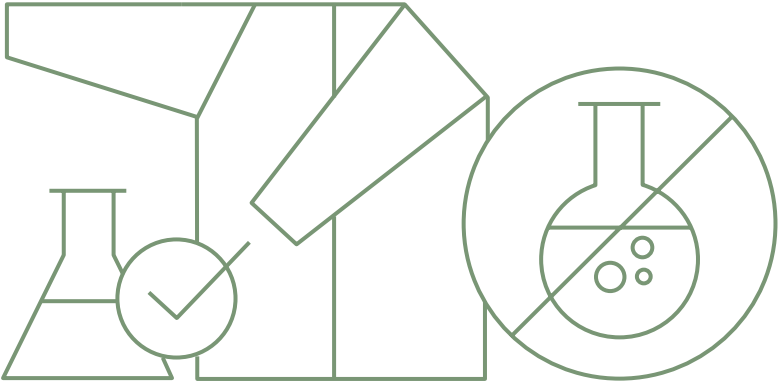
*By 2025, all our core products will have been produced using approved and traceable chemistry.*

We consider our core products as those that represent 75 percent of our products by value.

Internally, we have developed our standards and systems in line with industry best practice to control the chemicals used in making our products.

Chemicals are used in each stage of the production of garments and footwear. In BESTSELLER, we manage chemical risk on two levels. Firstly, we work closely with our suppliers to ensure they have a safe and well-managed inventory. Through our Factory Standards Programme, which covers all tier 1 production and tier 2 tanneries, we systematically check whether the factories have protocols in place for the safe handling of chemicals.

We require all factories to maintain, and provide us with, a chemical inventory list (CIL) of the chemicals kept on site. During factory assessments, our assessors check that safety precautions in regards to the use, storage and handling of chemicals are being followed, and that employees are provided with protective equipment and have been sufficiently trained in handling chemicals.



Secondly, we have a thorough Chemical Testing Programme to ensure all products meet our requirements. Our Restricted Substances List (RSL) and Packaging Restricted Substances List (PRSL) catalogue chemicals that are banned or restricted in our final products. It is updated annually based on the latest legislation, AFIRM guidelines, as well as precautionary principles and industry best practice, and subsequently shared with suppliers. (See page 26).

Through our Chemical Testing Programme, we systematically test our products and materials at accredited global independent laboratories approved by BESTSELLER to ensure that all products made for us comply with our requirements, and rework those that do not meet these requirements.



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2021 PROGRESS & IMPACT

During on-site assessments each supplier's chemical management systems are assessed and given a rating, which is then shared with the supplier and within BESTSELLER. The rating is based on multiple data sources, which are weighted according to risk posed to factory personnel, consumers and the environment. For example, we incorporate historic testing data, evaluation of the competencies of the chemical inventory manager, engagement with BESTSELLER training and info meetings.

The rating serves two functions; firstly, this data transparency empowers brands to make responsible sourcing decisions so they can prioritise sourcing products from suppliers that showcase responsible chemical management processes. Secondly, it enables us to pinpoint areas for improvement and helps us identify materials, suppliers or countries where we are struggling in terms of compliance, enabling us to be more proactive in flagging problems and working on solutions to address them.

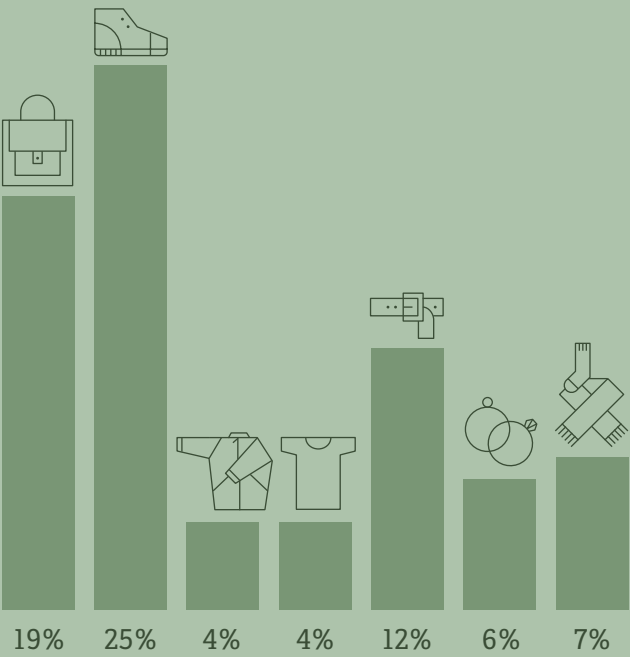
GOING FORWARD

In 2022, we will continue to update and upgrade our RSL, PRSL, and test matrix as per advice from industry bodies such as AFIRM, changing regulations and industry best practices. We will also conduct internal training as well as supplier training on these updates. One specific focus will be tracing new chemical risks associated with recycled materials. Internally, we will align our internal rating systems with new and existing rating systems to support our organisation and responsible purchasing practices.

THROUGH OUR CHEMICAL TESTING PROGRAMME WE TESTED 10,765 DIFFERENT STYLES IN 2021:

10,765 STYLES TESTED

5.6% failed



The highest chemical testing fail risk is among footwear and bags, where fails are relatively common due to the high number of components. We track fail rates by product group to identify high risk garments and allocate resources accordingly.

INDUSTRY ADVOCACY

CHEMSEC:

BESTSELLER is a member of Swedish non-profit ChemSec's PFAS Movement, which advocates for reducing the use of PFAS in the apparel manufacturing industry. Their "No to PFAS" campaign brings together companies and organisations to accelerate legislation on hazardous substances. ChemSec wants to create a strong link between researchers, decision-makers and companies in the fight against harmful chemicals. Through ChemSec's PFAS movement, companies commit themselves to getting hazardous fluorides covered by EU chemicals legislation, REACH, which lists the harmful chemicals that are banned from use in the EU.

AFIRM:

BESTSELLER is a member of the AFIRM group whose mission is to reduce the use and impact of harmful substances in the apparel and footwear supply chain. Through our engagement in AFIRM, we can align with the industry on restricted substances, the limits to be set, test methods and chemical investigations and responses to legislative updates. AFIRM provides a unique forum to discuss chemical details, legislative changes and different materials. It is also a great resource for us and other companies like us, as it produces materials in various languages that we can use in training for suppliers and stakeholders.



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# STRENGTHENING & SIMPLIFYING CHEMICAL MANAGEMENT

As reported last year, BESTSELLER uses The BHive app, a digital chemical inventory tool. As explained above, BESTSELLER's suppliers are expected to maintain detailed chemical inventories, but sharing them with us usually involves laborious data entry. This is where The BHive comes in.

BESTSELLER was one of four companies to trial The BHive, which was developed by sustainability accelerator GoBlu. We trialled the app at 14 suppliers in five countries; Bangladesh, China, India, Pakistan and Turkey. The BHive helps us monitor chemical usage in our suppliers' factories, enabling us to quickly flag problematic chemicals, and work with the suppliers to source safer alternatives.

2021 PROGRESS & IMPACT

This year, we have incorporated BHive data into our Supplier Environment Rating. One of the focuses of the rating is robust environmental management systems. Using The

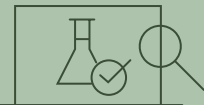
HOW DOES IT WORK:



The chemical inventory manager at the unit or factory downloads The BHive app and uses their phone camera to scan a chemical product's label.



The data from the label is added to their online inventory, which is automatically cross-checked across The BHive's database and BESTSELLER's restricted chemicals list, providing both the factory and BESTSELLER with detailed product information in real-time.



	Number of factories	% of chemicals scanned that met industry standards
2019	18	67%
2020	25	74%
2021	87	78%

BHive is one way for suppliers to demonstrate compliance with our RSL and PRSL and transparency on chemical inventories, and is rewarded accordingly in our rating.

This year, we have been focusing on why more suppliers have not taken up the app and/or aren't using it regularly. Our local teams have been reaching out to suppliers to understand the roadblocks to adopting the app as part of their routine chemical management processes. One problem is that suppliers do not understand how the app can help them, so we are working on creating training for our in-country teams regarding the app, so they can disseminate that information with our supplier.

GOING FORWARD

Together with our in-country teams, we will continue to monitor usage and uptake of The BHive app. Our focus will be on empowering the local teams to drive this solution forward and provide useful insights and feedback.





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# SECURING WATER FOR FUTURE GENERATIONS

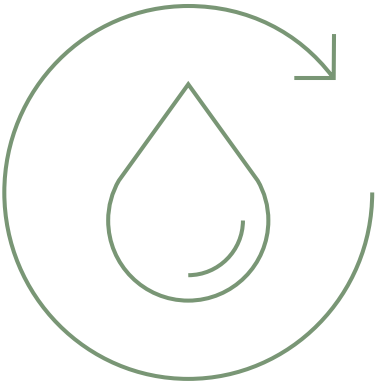
Water is essential to all life, and access to clean water is recognised as a human right by the United Nations. Water is also essential to BESTSELLER's operations and the local communities in which we operate. The fashion industry has a significant role to play in protecting the world's water, as water is a more or less constant component in textile production and garment manufacturing. Traditional processes – from crop irrigation to the dyeing of fabric, and the washing of garments – can have a substantial negative impact on waterways. BESTSELLER is committed to exploring and sourcing more sustainable materials and working with our supply chain to adopt new production techniques to reduce our water use and safeguard water sources for the future.

At BESTSELLER, we believe that water is a shared responsibility, and we recognise the need for a collective response to the challenges facing the water resources we all rely on. We believe in both site and catchment-based actions where all stakeholders are involved. Water stewardship enables water users to work together to identify

and achieve common goals for water management and shared water security. To steer this approach we have developed a comprehensive water framework which identifies key impact areas and outlines actions we take towards structured water stewardship practices.

BESTSELLER's approach focuses on sourcing more sustainable natural fibres like organic cotton and materials that involve more efficient water use in their production, while also cooperating with suppliers to promote more responsible water management and engaging our consumers, so that they can make informed choices. Additionally, our membership of the Fashion Pact – which has a focus on Oceans – supports our overall ambitions regarding water.

*Our Fashion FWD strategy includes a goal that by 2021, we will set targets to safeguard future water resources.*





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# INTRODUCING WATER STEWARDSHIP

Water is a localised resource, which impacts all users of a water basin system and it is a shared responsibility to protect common water resources. Therefore we want to focus on local circumstances and take supply chain operations, as well as local water availability and quality, into account when prioritising actions and setting targets that take the local context into consideration. This has led to a shift in our approach where we decided to move from setting water targets to developing a framework that defines key focus areas and risks and enables us to continuously improve.

Having joined the Science Based Targets for Nature Corporate Engagement program, BESTSELLER has been following the development of the SBT for Water closely. The development of the Water Framework takes this important work into consideration and we aim to adopt the SBT for Water where it will be relevant over time.

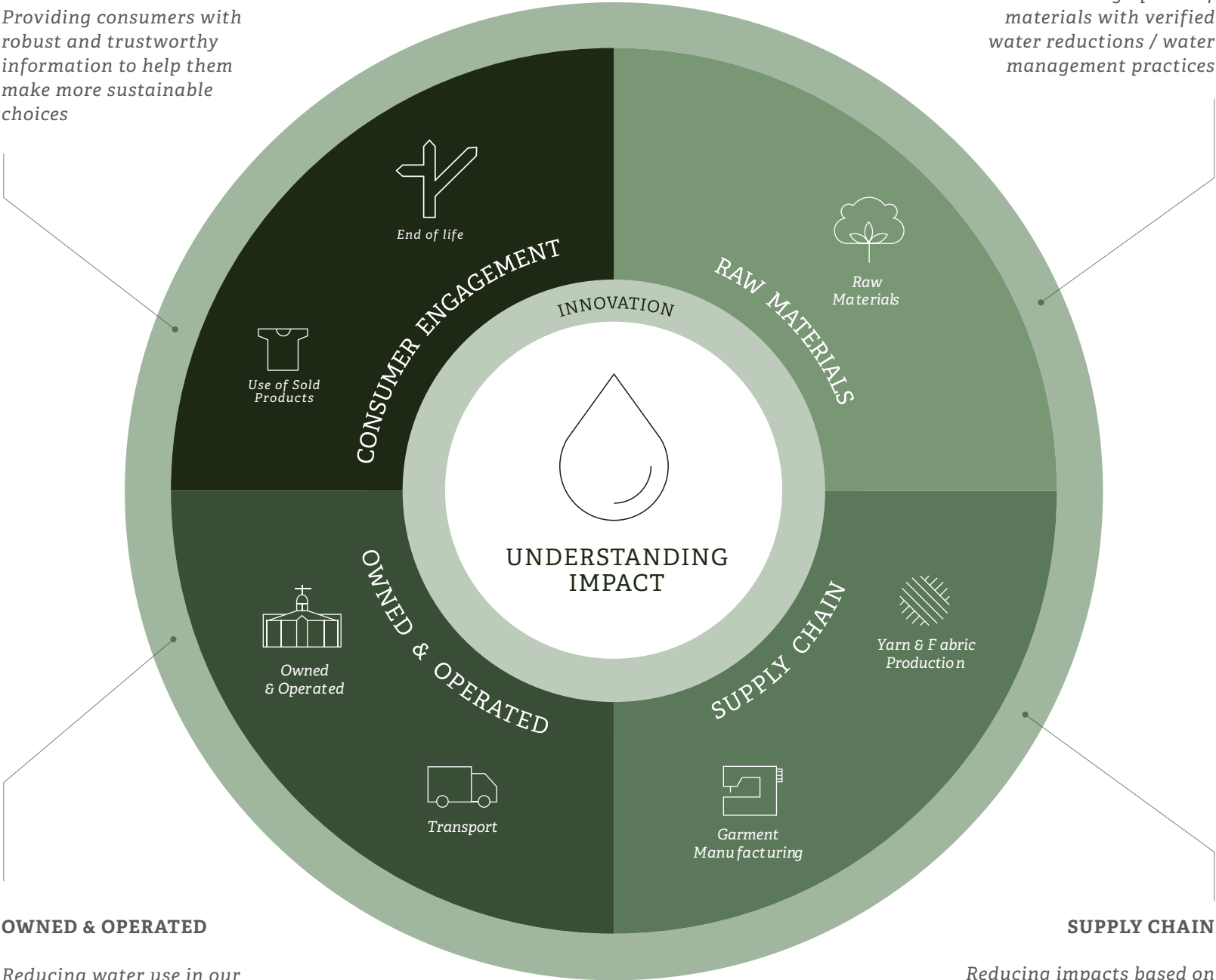
Through impact measurement, partnership, and engaging local communities and customers, BESTSELLER's aims to be part of the solution and helps improve conditions in communities which we depend on for our raw materials.

CONSUMER ENGAGEMENT

Providing consumers with robust and trustworthy information to help them make more sustainable choices

RAW MATERIAL

Increasing uptake of materials with verified water reductions / water management practices



OWNED & OPERATED

Reducing water use in our Owned & Operated buildings through environmental programmes

SUPPLY CHAIN

Reducing impacts based on priority areas. Moving from water management at factory level to water stewardship



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*“Water requires a holistic approach throughout the lifecycle of a product. By understanding our impact we can focus our actions on where it matters, and we can move beyond water management to water stewardship. Through partnerships and by engaging with local communities and informing our consumers, BESTSELLER aims to be part of the solution and helps improve conditions for nature, climate and the communities on which we depend upon.”*

Anneke Keuning, Senior Environmental Specialist, BESTSELLER Sustainability.

At the core of the framework lies the understanding of the impact of our operations and how managing these impacts link to for example climate change, human rights and biodiversity.

Understanding this link is important to understand the interdependencies between these topics and how one can enhance effects of the other. Water should therefore not be dealt with in an isolated matter. We know for example that climate change is affecting the world's water resources and causing more flooding and draughts. As water is of vital importance to life, these erratic water events can have an effect on biodiversity as well as on local communities across the globe.

BESTSELLER has a responsibility to help create a healthy watershed in the locations we source from. Water stewardship schemes help improve conditions in communities on whom we depend for our operations and raw materials.

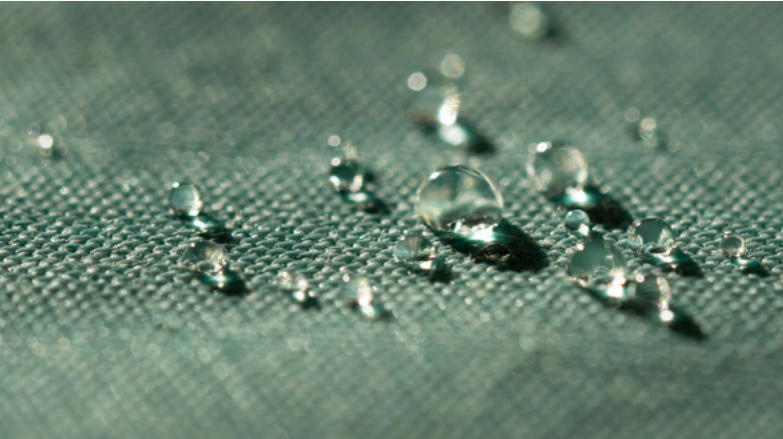
Innovation is a vital part of our strategy and we therefore work on innovative solution like increasing the uptake of more innovative materials (see page 50) and working with our suppliers on new solutions in production processes (see page 24). In the coming years we will also increase our focus on innovative solutions in the use phase of the product.

The impact on water resources from our owned and operated locations is not very high, but because we control the operations it gives us a great opportunity to directly influence the use and discharge of water. Through our

FWD programmes for our owned and operated buildings we will also address water impact here.

With regards to the water use in our supply chain, BESTSELLER's focus lies with water stewardship in production facilities that are highly dependent on water and suppliers located in high-risk basins. For the raw material production we will increase the uptake of materials with verified water reductions, like Better Cotton, and work with suppliers who continuously strive to improve their water stewardship practices. The water stewardship approach also means we will look beyond water management at factory level.

Lastly, by providing consumers with fact- based and data-driven information and showing transparency about the impact of their choices, we hope to empower consumers towards changed behaviour. Information on the impacts during the use phase of the product will help them make more sustainable choices. This approach will help us moving forward and prioritise our actions according to impact and context.





CLIMATE POSITIVE

- Goals
- Reducing our footprint
- Taking ambitious action on GHG
- Harnessing the power of the sun
- Raising the bar in our supply chain
- Supervising supplier chemical usage
- Securing water for the future...
- Improving biodiversity...
- Communicating our products' impact



# IDENTIFYING AND TRACKING WATER USAGE IN THE SUPPLY CHAIN

Our environmental requirements for tier 1 factories require them to identify and track the quantity of water used by their facilities, set a baseline for water use and identify which processes contribute most to water use on-site. Factories are required to set targets and action plans to reduce water withdrawal compared to their baseline.

We collect data about our suppliers' water usage through the Higg FEM and as part of our Factory Standards Programme, and suppliers' performance data is incorporated into suppliers' environment rating. (See page 21).

Our guidelines and expectations for our suppliers are outlined in our Code of Conduct and is in line with advice from industry advocacy organisations such as Alliance for Water Stewardship (AWS) and ZDHC (Zero Discharge of Hazardous Chemicals). BESTSELLER became a member of AWS in 2019 and is working with suppliers in water-stressed catchments to understand and apply

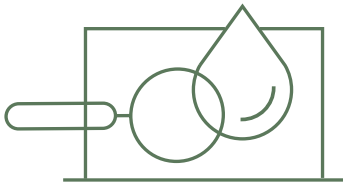
AWS standards, which focus on implementing water stewardship practices. We are currently following the progress of a few leading suppliers in Pakistan to understand how this approach can be applied in other parts of our supply chain.

2021 PROGRESS & IMPACT

In December 2020, BESTSELLER's environmental requirements mandated tier 1 factories reporting to Higg FEM to set year-on-year targets based on performance in each of the seven areas of Higg FEM. We work with our partner suppliers to achieve their year-on-year improvements, and if factories do not meet the minimum required score it is reflected in the supplier rating system and a CAP is opened.

GOING FORWARD

We are planning to develop a pilot programme to improve water management systems at suppliers that operate in countries of high water-stress. We are exploring potential partners to help develop a water management system that can help suppliers track their water usage and report that information easily, as well as develop strategies and/or implement technologies that suppliers can use to create our products without compromising local water resources.





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# IMPROVING BIO-DIVERSITY TO PROTECT THE PLANET

As an inaugural signatory to the Fashion Pact, BESTSELLER is committed to restoring biodiversity. By limiting – or even counteracting – the rate of extinction, we are contributing to a more balanced natural environment. There is a deep connection between climate change and nature loss. We cannot contain global warming without addressing nature loss and we cannot reverse nature loss without a stable climate.

At BESTSELLER, we depend on nature for our business, and on a healthy environment for the countries we operate in. Our approach is multifaceted and touches upon a number of different areas of our Fashion FWD strategy.



For example, by sourcing more sustainable cotton and man-made cellulosics (MMC) – two of our most used raw materials – we support biodiversity and healthy ecosystems. With cotton, we focus on more sustainable cultivation and management as a member of the Better Cotton and are increasing the use of organic and in-conversion cotton. (See page 39). In terms of MMC, BESTSELLER has partnered with environmental organisation Canopy to help guide our efforts to eliminate the use of man-made cellulosics, paper and packaging sourced from ancient and endangered forests. (See page 46).

Meanwhile, as stated earlier in Climate Positive, chemical management and waste water management are key priorities in the environmental programmes we run with our supply chain partners.(See page 24). These programmes help protect waterways and soil in the areas where our clothes are produced, which is integral to the health of local wildlife, agriculture and communities. Additionally, through a number of multistakeholder organisations, we seek to improve our understanding and abilities to protect biodiversity.



2021 PROGRESS & IMPACT

BESTSELLER became a member of the Corporate Engagement Programme (CEP) of the Science Based Targets Network (SBTN) in January of last year. As part of the CEP, we are contributing to the creation of guidance, methods and tools that are cost-effective, practical, and user-friendly and to promote the business case for setting science-based targets. The CEP is an important resource when we increase our biodiversity work, as it allows us to learn from what other stakeholders are already doing.

GOING FORWARD

In order to better understand the impact of our products on biodiversity, we have started an assessment of our viscose and cotton supply chains. These assessments will serve as the basis for further developing our biodiversity strategy that will highlight which areas in our supply chain should be prioritised to prevent loss or degradation of natural ecosystems, as well as how we can support nature restoration.



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# COMMUNICATING OUR PRODUCTS' IMPACT

At BESTSELLER, we believe that the people who buy our products will play an integral role in our transition to a sustainable reality.

To increase the demand for more sustainable products and, by extension, create a business case for the changes we are implementing, we must engage with our consumers. Through consumer engagement, we not only increase transparency but we also help them make more sustainable choices.

When we launched the strategy, we set a goal:

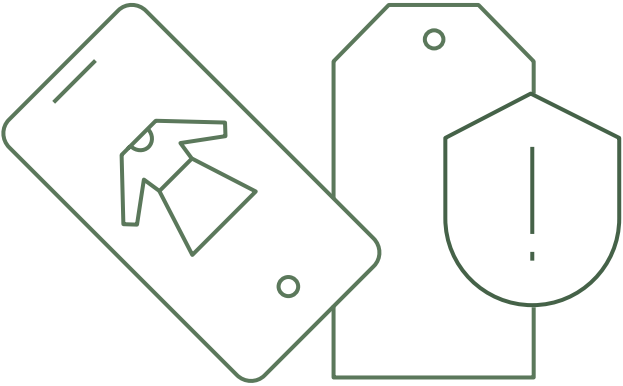
*By 2023, we will provide our customers and consumers with information on the environmental impacts of our core products, and we will show year-on-year improvements.*

To achieve this, BESTSELLER is working with the Sustainable Apparel Coalition (SAC) and utilising their Higg Tools – a suite of tools for the standardised measurement of value chain and product sustainability. The tools will help us develop a framework for brands to calculate the environmental impact of products, choose more sustainable materials and suppliers, and communicate robust and trustworthy results.

2021 PROGRESS & IMPACT

Over the past year, BESTSELLER has taken some important steps forward with regards to the aforementioned Fashion FWD goal.

In 2021, we completed a pilot of the Higg Index Transparency Programme with our brand SELECTED. The Higg Index Transparency Programme enables brands to dis-



close environmental impacts of their fabrics in a consistent and consumer-friendly way. A product's overall materials content is compared to conventionally produced materials according to four factors: greenhouse gas emissions, fossil fuel consumption, water use and water pollution. Brands can then communicate this verified data. Subsequently, JACK & JONES, VERO MODA and ONLY have also begun trialling the programme. We also conducted life-cycle assessments with SELECTED on two denim styles using the Higg Product Module. This was a great learning experience, collaborating across our organisation to calculate the environmental impact of a product. Everything from data collection to communication of results was trialled, providing a lot of good lessons for future work on transparency towards the consumer.



## CLIMATE POSITIVE

## Goals

## Reducing our footprint

## Taking ambitious action on GHG

## Harnessing the power of the sun

## Raising the bar in our supply chain

Supervising supplier chemical usage

Securing water for the future...

## Improving biodiversity...

## Communicating our products' impact



## GOING FORWARD

In 2022, we will continue to develop the framework to calculate the environmental and social impact of products, so that brands can communicate this information in a robust and transparent way.

In order to communicate the complexities of a product's impact and for consumers to make the right choices, we have a responsibility to communicate reliable data in a transparent way with understandable information. Using BESTSELLER's internal practices together with the HIGG transparency programme will help us to do so.

We are already implementing numerous activities to reduce the environmental and social impact of our products, and we will learn more from the HIGG pilots. Our focus will be on our internal systems so the improvements we make in our materials and supply chain can reflect on product transparency.





CLIMATE POSITIVE

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DRIVING  
DENIM  
FORWARD

Denim is one of the most iconic and popular products in the modern fashion industry. At BESTSELLER, we love denim's versatility, style and reliability – it has been central to our business model for decades. Traditional methods of denim production can be harmful to the environment due to the significant amounts of water and chemicals involved. To be able to produce the denim products of the future, our brands are constantly analysing how they can improve the jeans and other denim-based products they sell, as well as working with innovative manufacturers to identify and apply more sustainable solutions. For example, since 2020, all cotton in SELECTED's jeans is organic and all jeans are Responsibly Washed – the brand's advanced finishing process that involves less water, less energy and less chemicals than traditional methods.

In 2021, SELECTED achieved a world first – alongside NAME IT – when putting styles on the market made from Cotton made in Africa's (CmiA) new organic standard, CmiA-Organic.

SELECTED's CmiA-Organic jeans are fully traceable from field to finished product. The fibres are grown using no pesticides, no irrigation and no genetic modification, while CmiA's social programmes support smallholder farmers and their communities in Sub-Saharan Africa.

JACK & JONES is the BESTSELLER brand best known for its denim heritage and building on their existing initiatives such as their Low Impact Denim, they continue to raise the bar. For example, JACK & JONES launched a range of new denim styles featuring LENZING™ CARBON-ZERO TENCEL™ in 2021. All emissions related to the production, manufacture and distribution of this innovative fibre have been calculated and offset, making it a certified CarbonNeutral® product. JACK & JONES will also continue to challenge their Low Impact Denim development and keep on adding more styles.

ONLY developed a new denim initiative called Wiser Wash Jeans in 2021. The concept eliminates the use of pumice stones and toxic chemicals involved in traditional washing of indigo denim. Instead, Wiser Wash Jeans create abrasions and contrasts using very little water. The first style using this initiative has been designed for ONLY's NOOS programme. ONLY's Wiser Wash Jeans will be available in stores in early 2022.

To emphasise the importance of circularity, PIECES began printing information about circular design and the importance of re-using and recycling clothes inside their jeans on the pockets, so that end-consumers could read it when putting on and taking off the jeans. The print made its debut on one of PIECES' NOOS jeans at the end of the year and the brand plans to extend its use going forward.





**CIRCULAR BY DESIGN**

- Goals
- Rethinking our business model
  - More sustainable cotton
  - Recycled materials
  - Man-made cellulosic fibres
  - Other fibres
  - Bringing new ideas to life
  - Extending the lifecycle of our products
  - Continuing our digital growth
  - Advancing towards circular packaging



# CIRCULAR BY DESIGN

*Our business model will be based on design principles that prioritise efficiency and the reuse of resources at every level, from fibres to water and chemicals to post-consumer, in order to minimise water and keep resources in use.*





CIRCULAR BY DESIGN

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GOALS



100% of our man-made cellulosic fibres will be sourced responsibly in line with industry best practice, such as the FSC.

We will source 100% of our cotton from more sustainable alternatives.



Within our 100% more sustainable cotton supply, we will source 30% from organic cotton.

We will source 50% of our polyester from recycled polyester or other more sustainable alternatives.

100% of our wool will be sourced in line with industry best practice, such as the Responsible Wool Standard (RWS).



We will facilitate the development of more sustainable fibres and materials at market scale through innovation and industry collaborations.

The volume of samples we produce will be significantly reduced by investing in digital solutions and collaborating closely with our key suppliers.



We will have tested and implemented circular business models in selected key markets with relevant partners.

We will drive forward post-consumer waste and circular infrastructure solutions, engaging in collaborative initiatives to turn waste into valuable resources.



All consumer-facing packaging will be 100% reusable, recyclable or compostable.

We will have phased out single use virgin plastic wherever possible.



CIRCULAR BY DESIGN

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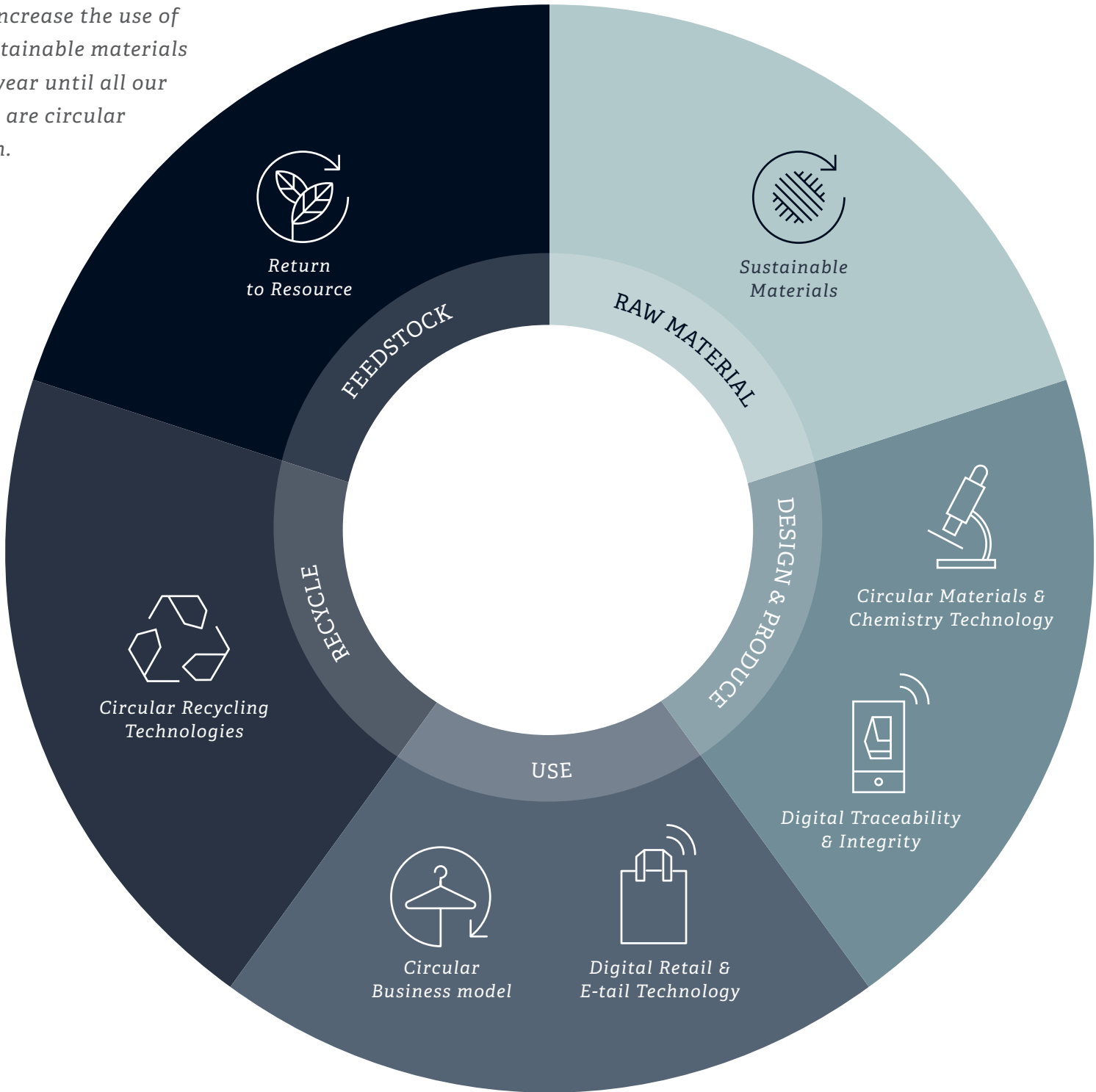
RETHINKING  
OUR BUSINESS  
MODEL

At BESTSELLER, we are convinced that the fashion industry must move towards a circular model if we are to achieve balance and prosperity. This will require replacing the traditional linear model of take-make-waste with circular solutions that safeguard the world’s finite resources and eliminate waste.

We have outlined a Circular & Digital Business Model for BESTSELLER, which we are working hard to create through the adoption and development of innovative solutions that connect nature, technology and fashion.

In this chapter, we will examine some of these solutions as part of an overview of how we are extending the life-cycle of our products, embracing recycling technologies, adopting new more sustainable materials, and transitioning to a digital future. Many of these goals – and especially those related to our materials – feed into our climate targets and will have a direct impact on our progress there. (See page 13).

We will increase the use of more sustainable materials year-on-year until all our products are circular by design.





CIRCULAR BY DESIGN

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# MORE SUSTAINABLE COTTON – TACKLING CHALLENGES WITH VITAL FIBRE



In BESTSELLER, cotton is our most important raw material by volume, which is why it has been a key focus of our sustainability work for many years. As global demand for organic cotton increases drastically, we have been reminded of the importance of investing in more sustainable options for cotton – a natural and renewable fibre.

As conventional cotton farming can have a considerable impact on the environment...

*BESTSELLER is committed to sourcing 100 percent of our cotton from more sustainable sources by 2022. In addition, 30 percent of our more sustainable cotton supply must be organic by 2025.*

Our approach focuses on actively supporting more sustainable cotton farming practices through investments and our sourcing policies. Our more sustainable cotton portfolio consists of:

- Organic Cotton
- Recycled Cotton
- In-conversion Cotton
- CmiA (Cotton made in Africa)
- Better Cotton

With our relatively high cotton footprint, we have a big opportunity to use our influence to promote change in the fashion industry and to stimulate both demand and supply of more sustainable cotton. For example, BESTSELLER has implemented a direct-to-farm approach to support the growth and integrity of the organic cotton industry and – by extension – secure our future supply. Direct-to-farm helps protect farmers making the switch to organic cotton by ensuring the organic premium ends with them. In 2020, we became official partners of the Organic Cotton Accelerator (OCA) and signed our first direct-to-farm agreements in India. OCA is the only multi-stakeholder organisation fully dedicated to organic cotton.



Click [here](#) to learn more about our progress for direct-to-farm traceability:

**4,800+ FARMERS SUPPORTED IN 2021**



CIRCULAR BY DESIGN

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BESTSELLER is a proud member of Better Cotton, which is the largest cotton sustainability programme in the world. With members spanning the entire cotton value chain, Better Cotton focuses on training cotton farmers in more sustainable farming practices. Licensed Better Cotton farmers produce 23 percent of the world’s cotton using techniques that care for the environment and follow decent work principles.

The more Better Cotton we source, the greater impact we can achieve. Better Cotton has traditionally been sourced via a chain of custody model called mass balance. This means that Better Cotton is not physically traceable to end products, however, Better Cotton farmers benefit from the demand for Better Cotton in equivalent volumes to those we source.

The Better Cotton Initiative was founded with a clear vision of making sustainable practices in cotton production the norm around the world. Better Cotton’s mission is to help cotton communities survive and thrive, while protecting and restoring the environment. By actively contributing to the Better Cotton Growth and Innovation Fund, BESTSELLER is also helping Better Cotton expand its work through strategic investments.

Through OCA, Better Cotton and CmiA, we also support cotton farming communities around the world. These three organisations combine their focus on more sustainable farming practices with initiatives (e.g. education, women’s empowerment) that benefit the farmers’ families and neighbours, as well as the areas where they live. (See page 73).



2021 PROGRESS & IMPACT

BESTSELLER increased its direct-to-farm approach markedly in 2021 as a response to the severe imbalance between global demand and supply of organic cotton.

	2020	2021
Number of organic cotton farmers:	1,800	4,800
	+	+
Organic cotton sourced directly - in metric tonnes:	1,100	2,300
	=	=
Percentage of BESTSELLER organic cotton consumption:	8%	14%

For FY 2020/21, OCA’s external validation report confirmed that all farmers included in our direct-to-farm agreement received 100 percent of their payment for cotton seed and 100 percent of their organic premium. Furthermore, it showed that OCA farmers on average spent less on production costs and earned more on their yields per hectare compared to farmers growing conventional cotton. This was a promising endorsement of the direct-to-farm approach.



CIRCULAR BY DESIGN

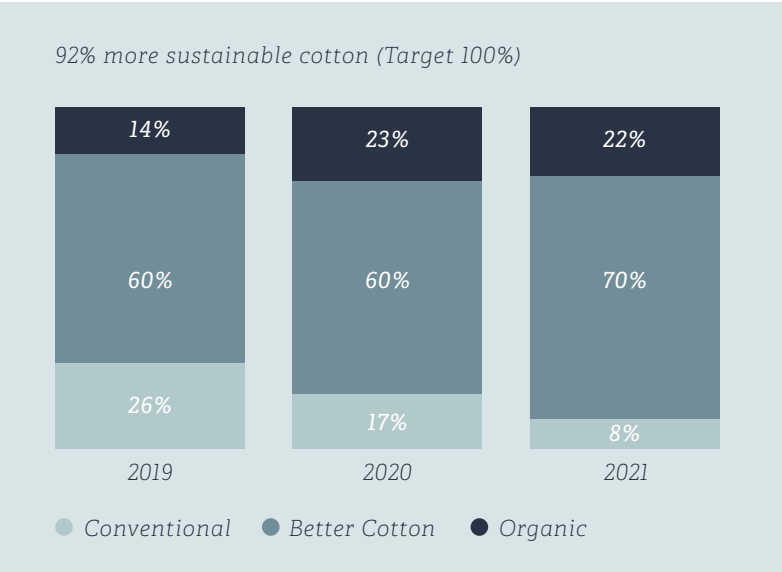
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Additionally, BESTSELLER in collaboration with JACK & JONES signed an agreement with the latter’s long-term Pakistan-based supplier Artistic Milliners. This will see JACK & JONES help bring Artistic Milliners’ organic cotton – known as Milliner Cotton Organic – to market via a direct-to-farm agreement. (See page 42).

In the second half of 2021, NAME IT and SELECTED became the first brands to include CmiA-Organic in a collection. CmiA-Organic is the organic standard for Cotton made in Africa (CmiA) and is sourced according to direct-to-farm principles in Tanzania. In all, BESTSELLER has direct-to-farm agreements in three countries.

Since the launch of Fashion FWD, BESTSELLER has made year-on-year improvements with regards to both of our cotton goals resulting in reaching 92 percent more sustainable cotton in total with organic cotton accounting for 22 percent.



Organic cotton is high in demand and as an industry we need to ensure that certification systems are working as intended. Inconsistencies happen in the current organic cotton certification system but a lot of good work is being done to create more accuracy, limit the risks and improve the rewards for farmers while collaborating with all stakeholders in the supply chain. Although our overall progress is halted we were able to source significantly higher amounts in terms of volume.

Organic cotton continues to be a very exclusive fibre, only representing 1 percent of global supply. To increase the supply of organic cotton available on the market we added in-conversion cotton to our portfolio. In-conversion cotton refers to cotton that is being grown by farmers who are making the switch to organic farming methods. This process typically takes three years, as the soil needs to recover from the pesticides and synthetic fertilisers commonly used in conventional cotton farming, while farmers do not receive the organic premium and experience decreased harvests during that period.

By including in-conversion cotton as a more sustainable option, BESTSELLER brands will be able to source and communicate their products just as they would with other more sustainable materials, which should increase demand and thereby encourage farmers to make the transition.

BESTSELLER also joined other brands as members of the Better Cotton Retailer and Brand Advisory Panel on Traceability. Through this panel, we helped steer Better Cotton’s initial vision and strategy towards achieving more traceable Better Cotton in the coming years.

Organic Cotton

2019	2020	2021
14%	23%	22%

Top three brands sourcing organic cotton by % of their total cotton consumption for 2021

NAME IT	80%
SELECTED	71%
Y.A.S	61%

Two brands contributed the most to sourcing organic cotton in 2021

NAME IT	31%
JACK & JONES	23%

In 2021, we sourced **70 percent** of our cotton as Better Cotton. Our sourcing of Better Cotton also helped save an estimated **23 BILLION** litres of water and avoided the use of an estimated **15,100 KG** of pesticides.



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JACK & JONES & ARTISTIC MILLINER ORGANIC

Long-standing BESTSELLER supplier Artistic Milliners has – in collaboration with BESTSELLER and JACK & JONES – secured farm-to-fashion traceability for its indigenous organic cotton in a direct-to-farm approach that will benefit one of the most underdeveloped communities of Pakistan.

In March 2021, Artistic Milliners launched its own fully traceable organic cotton – Milliner Cotton Organic – as part of its work with OCA and WWF-Pakistan. The organic cotton is grown in Baluchistan, a region in Pakistan’s southwest, and BESTSELLER and JACK & JONES are now helping to take this new generation of organic cotton to scale. JACK & JONES and Artistic Milliners have worked together for seven years.

“Artistic Milliners is one of our very closest partners. We are in constant close collaboration with them on how to innovate and renew the denim business and a lot of innovative projects have been launched together with them over the years. We have no doubt that this project will also be a success,” says Kim Frydensbjerg Klausen, Production Buying Manager in JACK & JONES.

Milliner Cotton Organic is traceable from farm to fashion via blockchain technology. Sourced via direct-to-farm agreements, Milliner Cotton Organic also ensures much-needed capital ends in the pockets of the modest farmers of Baluchistan. Furthermore, the project features various community initiatives such as basic life-skills training, women’s empowerment and financial literacy training.

GOING FORWARD

To help relieve the supply-demand pressure on the world’s organic cotton market, we will continue to invest in organic cotton and in-conversion cotton programmes in 2022. To ensure our efforts and investments reach the intended people and secure supply for our brands, BESTSELLER will exclusively focus on direct-to-farm projects. In the first half of 2022, we will assess all potential investment targets through the likes of OCA and CmiA to identify the best projects.

To ensure we achieve our Fashion FWD goal regarding 100 percent more sustainable cotton sourcing by the end of 2022, Better Cotton has been set as a minimum requirement for all suppliers. This prerequisite has also been added as a minimum onboarding requirement for new suppliers.

Additionally, we will engage with all suppliers that produce cotton garments for BESTSELLER to support them in adapting their respective supply chains, so that we can achieve our Fashion FWD cotton goals. As an active member of Better Cotton, we will take part in various forums to share knowledge, as well as improve our business and supply chain, to help raise standards across the industry.



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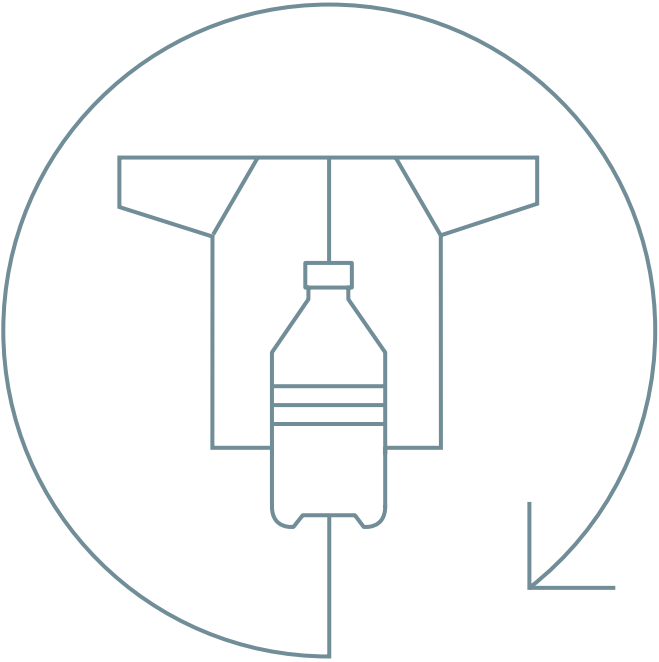
# RECYCLED MATERIALS – TRANSFORMING WASTE INTO RESOURCES

In BESTSELLER, we are committed to improving recyclability at company, industry and societal level. Using recycled materials enables us to decouple from virgin resources and we see recycling as an essential element of a sustainable reality. Recycling diverts waste from landfill and gives it a second life. It reduces our consumption of water, energy and chemicals that are used to make virgin materials, and it reduces our CO<sub>2</sub> emissions.

When talking about recycled materials in BESTSELLER, we focus on polyester, cotton and wool. As our second most important fibre in terms of volume, and due to the way its produced, polyester is particularly relevant when it comes to recycling. In our Fashion FWD strategy, BESTSELLER has set the following goal related to recycled polyester:

*By 2025, we will source 50 percent of our polyester from recycled polyester or other more sustainable alternatives.*

Polyester accounts for more than half of all the fibres used in the textile and apparel industry, but it is based on non-renewable petroleum and it is non-biodegradable. Whilst we see a role for polyester as a key fibre in the near term, we need to make every effort to minimise its negative impacts, optimise its circular opportunities and investigate alternative fibres for long-term viability. By using recycled polyester we reduce our climate impact by reducing our reliance on fossil fuels for the pro-



duction of virgin polyester. The majority of recycled polyester is based on the recycling of PET plastic bottles, but BESTSELLER is also tracking innovation focused on textile-to-textile recycling of post-consumer polyester garments, as this would be a major breakthrough for the fashion industry.

In addition to recycled polyester, we are increasingly looking at how we can source, use and contribute to recycled cotton and wool streams. Furthermore, we are working with man-made cellulosic (MMC) fibres such as Circulose® that use recycled cotton in their production.



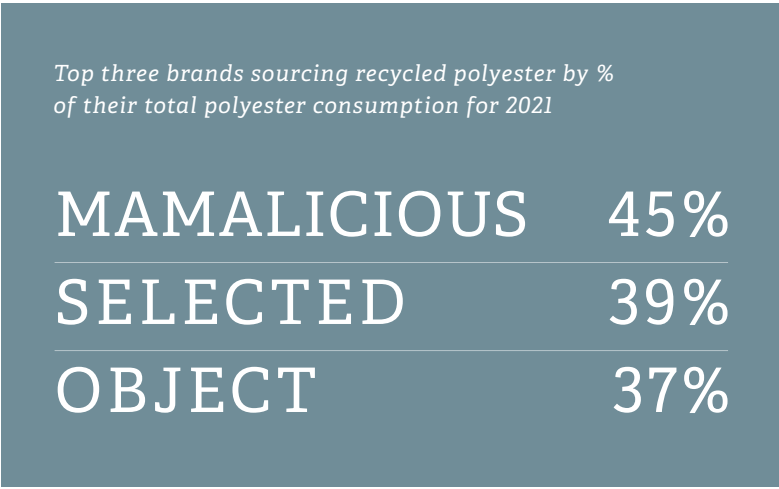
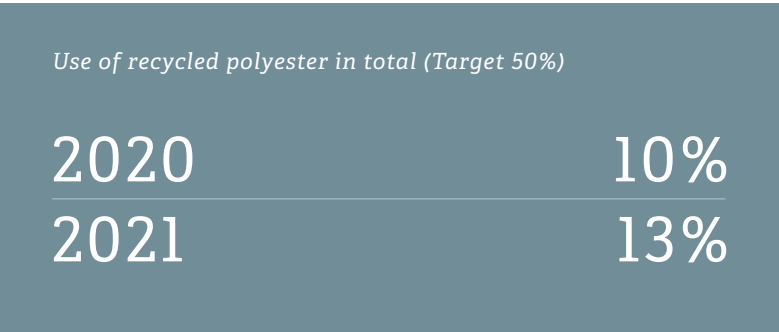
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2021 PROGRESS & IMPACT

As an example of the work our brands put into increasing their use of recycled polyester in 2021, JACK & JONES worked on a 100 percent recycled puffer jacket. From the outer material to the lining, padding and trims, each jacket is made exclusively from 22 recycled plastic bottles. The jacket will be launched in early 2022.



Due to the negative impacts of virgin polyester, the search for more sustainable alternatives and more effective recycling options was a significant priority of our innovation work in 2021.

For example, with ReSuit, we are working with various stakeholders to help establish a more sustainable textile industry in Denmark and facilitate the recycling of all textile waste. ReSuit is investigating how the textile industry can get better at designing sustainably and what technologies are best suited to recycling post-consumer textile waste. (See page 55).

Similarly, BESTSELLER also joined Fashion for Good’s Full Circle Textiles Project for polyester, which aims to scale promising chemical recycling options for polyester. Chemical recycling has the potential to make textile-to-textile recycling a reality for polyester, which would significantly reduce the amount of polyester that ends up in landfill.

To support the development of more sustainable alternatives to polyester, we also joined Fashion for Good’s Renewable Carbon Textiles Project, which prioritises PHA polymer fibres. PHAs are biobased and compostable, as they are produced by fermenting various renewable carbon-based feedstocks, including organic food waste, methane gas and captured CO<sub>2</sub>. (See page 52).

GOING FORWARD

At the start of 2022, we announced that our investment platform for sustainable fashion – Invest FWD – had invested in Ambercycle, an American company specialising in polyester recycling. Ambercycle has developed a pioneering process that can separate and purify post-consumer textile waste at a molecular level to create new virgin-quality fibres.

This investment represents our ongoing focus to reduce the impact of our material use through more and better recycling. BESTSELLER will continue to evaluate, test and adopt innovative solutions within textile recycling, while our brands will work to increase their sourcing of recycled fibres.



Photo credit: Ambercycle



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REFINING  
RECYCLED  
MATERIALS

Over the past year, BESTSELLER has been participating in a multi-brand collaborative study on the chemical content of post-consumer recycled textiles. The study, which was led by H&M and IKEA Group, was investigating the presence of legacy chemicals and potentially hazardous chemicals in recycled materials. These impurities are a key roadblock to harmonise textile circularity, which is why efficient and effective recycling processes are vital to our designing for circularity ambitions in the textile industry. (See page [54](#)).

2021 PROGRESS & IMPACT

For the study, post-consumer cotton, wool, and polyester waste sourced from different regions of the world was tested, resulting in a total of 70,080 data points. After pooling and analysing the data, the group found that 2.5 percent of the data points showed undesirable detections, but less than one percent of the data points exceeded AFIRM RSL2 limits. For more details about the results, please see this [link](#).

The study found that there are significant risks posed by incorporating post-consumer cotton, wool and polyester into new products. The results of the study will be used to advocate for establishing an acknowledged and harmonised hazard assessment methodology for chemicals used in production, restricting the use of chemicals that hamper the recyclability of products.

*“It’s great to see companies working together to gain increased knowledge about the chemical content of recycled textiles. We hope that studies like these will result in cleaner material flows and also motivate legislators to speed up the work with phasing out hazardous substances in products.”*

Theresa Kjell, Senior Policy Advisor at ChemSec.

GOING FORWARD

BESTSELLER will continue to advocate for legislation that bars the use of hazardous substances in the textile industry. Restricting the use of unsafe chemicals through our own restricted substances list is not enough. If we want to incorporate recycled products into new ones, we need those products to have been made responsibly, which requires the whole industry to be on board.

OLYMPIC & PARALYMPIC COLLECTION  
REFLECTS OUR PROGRESS

*In July, Denmark’s Olympic team entered the National Stadium in Tokyo for the Opening Ceremony of the 2020 Olympic Games. For the fourth time in a row, Danish athletes at the Olympic and Paralympic Games were dressed by BESTSELLER – the official clothing partner of National Olympic Committee and Sports Confederation of Denmark – in all non-competition situations, including the opening and closing ceremonies and on the podium.*

*Denmark’s official Olympic and Paralympic collection for Tokyo 2020 was a public reflection of the significant progress BESTSELLER has made since the launch of Fashion FWD in 2018. Just under 80 percent of the collection’s styles included more sustainable materials – primarily organic cotton and recycled polyester. As one of the flagship pieces in the collection, the medal suit featured 100 percent recycled polyester made from recycled PET plastic bottles.*

*BESTSELLER has extended its partnership with Danmarks Idrætsforbund, so that our colleagues from JACK & JONES and VERO MODA will again design Denmark’s official collection for the next Olympic and Paralympic Games in 2024, which will be held in Paris.*



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# MAN-MADE CELLULOSIC FIBRES – TRACING TO THE SOURCE

Traditional man-made cellulose (MMC) are made from wood pulp and undergo extensive processing to create fibres that can be woven into fabric.

There are two major impacts related to this process. Firstly, there is a risk that the raw wood can be sourced from forests that aren’t certified or sustainably managed, and even from endangered forests. Secondly, conventional processing techniques of MMC fibres are water, energy and chemical intense.

As such, the journey towards more sustainable man-made cellulose (MMC) requires both fibre sourcing and processing techniques to be verified. That is why BESTSELLER’s approach to sourcing more sustainable MMC is closely connected with our overall commitment to more transparency and traceability in the global textile supply chain.

We have partnered with the environmental organisation Canopy to help set a framework for the production and wood-sourcing criteria required to achieve our Fashion FWD goal related to MMC:

*By 2022, 100% of our MMC fibres will be sourced responsibly in line with industry best practice, such as the Forest Stewardship Council (FSC).*

In connection with that goal, BESTSELLER has developed a Forest Protection Policy, while we are tracing the wood pulp sources in our supply chain. This is a vital step as a CanopyStyle partner, as we have committed to sourcing all MMC from low-risk pulp suppliers (also known as ‘Green Shirt Fibre Producers’), as defined by the Canopy Hot Button annual report. Preferred suppliers source and supply certified wood from sustainably managed



forests or – alternatively – waste materials. Secondly, they process the wood pulp in facilities where chemical, energy and water use is controlled – ideally, in a closed-loop solution that recycles water and chemicals again and again – resulting in a lower environmental impact.

We are continuously exploring, researching and adopting industry best practices and incorporating emerging and circular economy innovations to our sourcing strategy. As such, we give preference to fabrics containing at least 50 percent more sustainable fibre sources.

To accelerate our transition to more sustainable MMC, BESTSELLER is also focused on sourcing so-called branded MMC fibres (e.g. LENZING™ ECOVERO™, TENCEL™ LYOCELL and Livaeco by Birla Cellulose™) as their reduced impact is supported by verified data and they are traceable.



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2021 PROGRESS & IMPACT

Due to the importance of traceability for our work with MMC, BESTSELLER agreed in July to expand a successful pilot through a consortium orchestrated by Fashion for Good. The pilot project, which began in December 2020, showed that MMC could be traced from their source to final products with blockchain innovator TextileGenesis’ solution. BESTSELLER agreed to test whether TextileGenesis could also trace organic cotton and recycled polyester. In the latter half of 2021, BESTSELLER has worked with TextileGenesis to define how to move forward for 2022 and beyond.

To support the development of more sustainable MMC fibres, BESTSELLER also invested in two innovative solutions through Invest FWD. The first investment was with Infinited Fiber Company to secure access to the Finnish innovator’s patented fibre Infinna – a unique, premium regenerated textile fibre with the natural, soft look and feel of cotton. The second investment was with Evrnu – a textile innovations company that has invented a new engineered fibre called NuCycl that is made from discarded clothing and can be recycled multiple times. (See page 53).

In 2021, our collaboration with LENZING™ to explore and test the capabilities of their new carbon neutral fibres saw VERO MODA, JACK & JONES, SELECTED, OBJECT and MAMALICIOUS sell styles made of LENZING™ CARBON-ZERO TENCEL™ at handpicked stores worldwide. LENZING™ CARBON-ZERO TENCEL™ are certified CarbonNeutral® fibres for the textile industry. This means



More sustainable branded MMC sourced (%)	
2019	11%
2020	34%
2021	40%

Two brands contributed the most to sourcing more sustainable branded MMC in 2021 (%)	
VERO MODA	36%
ONLY	35%

that the emissions associated with the fibres’ production, manufacturing and distribution have been calculated and offset. In total, our brands sold 24,071 pieces containing LENZING™ CARBON-ZERO TENCEL™ last year.

Following on from our Fashion FWD Lab collaboration with Spinnova® in 2020, JACK & JONES conducted a pilot with the Finnish company in 2021, designing a pair of trousers using Spinnova®’s innovative fibre that uses zero chemicals, produces zero waste and microplastics, uses minimal water and creates minimal CO<sub>2</sub> emissions. The trousers are undyed to eliminate water pollution, while they will have a print on them describing some of the benefits of the material and its production.

GOING FORWARD

This year, BESTSELLER will further integrate Canopy’s criteria for Green Shirt Fibre Producers into our sourcing strategy. We also expect to finalise our roadmap for tracing 100 percent of our MMC volume back to wood pulp sources and publish it internally in the first half of 2022. Current expectations are that we will trace 70 percent by the end of 2022, while we should have the system in place with regards to supply chain management, policies and IT systems to secure full transparency in 2023.

JACK & JONES’ trousers designed using Spinnova® will be on market from July 2022. The demand for the trousers will help define JACK & JONES’ next steps with this innovative fibre.



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# OTHER FIBRES – EXPANDING OUR RESPONSIBLE SOURCING

At BESTSELLER, we include a number of materials in our products that constitute a very small percentage of our overall use. These range from animal-based fibres (e.g. wool, cashmere, alpaca, mohair and silk), other natural fibres (e.g. linen and hemp) and non-textile materials (e.g. leather and down).

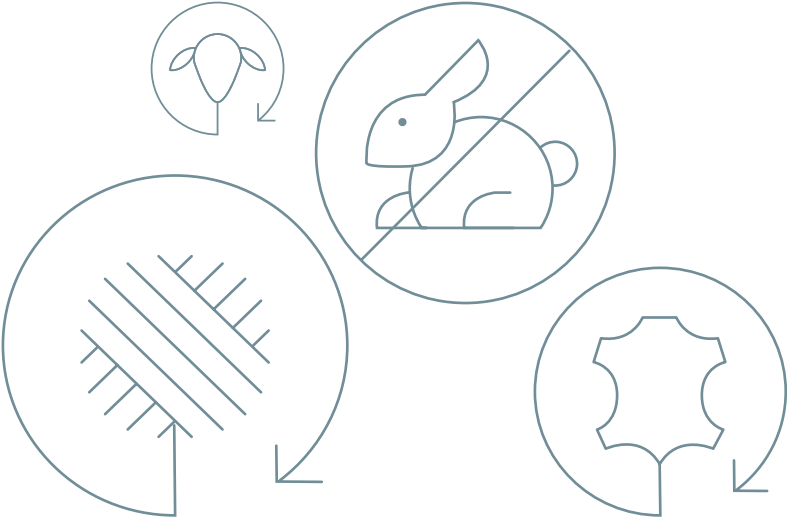
Many of these materials come from animals and the farming of livestock is responsible for substantial GHG emissions, while animal grazing also impacts the health of the world’s grasslands, degrade soil, cause erosion and can be linked to forest and biodiversity loss.

While less than one percent of our total material consumption comes from animals, we have a strict [Animal Welfare policy](#). Animals must not be harmed for the manufacturing of our products. For example, BESTSELLER has been a fur-free company for more than a decade and we are a member of the Fur Free Retailer programme\*,

so it is easy for our customers to recognise that BESTSELLER does not sell real fur. Through our membership of Textile Exchange, we are engaging in animal welfare and land management discussions and we have adopted the Good Cashmere Standard® by the Aid by Trade Foundation (AbTF).

*We have committed that by 2025 all our wool will be organic, recycled or sourced according to the Responsible Wool Standard.*

Leather and down are also animal-based materials with significant risk despite the marginal amounts we use in BESTSELLER. Leather has various social, environmental and animal welfare problems related to its production. For example, the tanning of rawhide to make leather involves hazardous chemicals that often end in local waterways causing serious health and environmental prob-



lems. BESTSELLER has therefore concluded that leather cannot be referred to as a sustainable material and we are actively seeking innovative alternatives to leather. In terms of down, there is a risk of live-plucking. BESTSELLER has committed to the Responsible Down Standard since 2018 as a member of Textile Exchange.

2021 PROGRESS & IMPACT

In 2021, Textile Exchange finalised and published its Responsible Alpaca Standard (RAS). BESTSELLER has committed to immediately adopted the standard as part of our more responsible sourcing strategy. Due to COVID-19 disruptions to the global supply chain, RAS fibres are not yet available on the market but, as soon as they are, BESTSELLER will work with its supply chain part-

\* BESTSELLER has entered the Fur Free Retailer programme together with The Fur Free Alliance (FFA). The FFA is an international coalition of animal protection organisations working to bring an end to the exploitation and killing of animals for their fur.



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ners to source them. Similarly, we opened up for sourcing certified mohair through Textile Exchange’s Responsible Mohair Standard.

Use of more responsible wool (included RWS and recycled wool) in 2021 (%) (target 100 %)	
2021	34%
Two brands contributed most to sourcing more responsible wool in 2021 (%)	
SELECTED	34%
JACK & JONES	32%

Furthermore, SELECTED launched its ‘Good Cashmere Knit’ in 2021. The garment is exclusively made from cashmere that meets the Good Cashmere Standard® and 3,503 pieces were sold. With the Good Cashmere Standard®, AbTF lays out clear and comprehensive criteria for all aspects of sustainable cashmere production, including animal welfare, human and workers rights, and environmental management. Additionally, the Good Cashmere Standard® makes it possible trace the fibre back to farm level.

GOING FORWARD

Having linked up with vegan leather alternative innovator Ecovative, we will begin testing its mycelium-based Forager™ Hides in 2022 with the aim of identifying which of our brands should work with this leather alternative.



RE:DOWN – CASE STORY  
GETTING DOWN WITH SELECTED

If a recycled material matches all the functional parameters of the original, why would you use anything else? That was the thinking behind SELECTED’s adoption of Re:Down®.

At BESTSELLER, all down we use must be sourced from producers certified to the Responsible Down Standard (RDS) but SELECTED has identified the next step in reducing the impact of our use of down – increased sourcing of certified recycled down. In 2021, SELECTED began working with a company called Re:Down® that extracts down and feathers from discarded goods and recycles them for new high-quality products. Re:Down®’s process is certified by the Global Recycle Standard and its finished product has the same thermal function and durability as virgin down.

SELECTED included Re:Down® in a number of collections last year and sold more than 25,000 garments including the recycled material.

“We rather quickly created a mutual business case with Re:Down® where we could meet on all expectations. Early on, we saw the possibility of a great future partnership and were able to make a longer-term commitment,” says Louise Lund, Sustainability Manager, SELECTED.

This means that already from our Pre-Autumn 2022 collection and going forward all SELECTED’s down products will be made with down and feathers from Re:Down®. “So far, we’ve received very positive feedback. It’s such a simple story to communicate – to both B2B customers and end-consumers,” says Louise.



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# BRINGING NEW IDEAS TO LIFE

At BESTSELLER, we are committed to identifying and accelerating new and innovative solutions for our company and the wider fashion industry. It is our belief that we must rethink all areas of our value chain if we are to reach a sustainable reality. For that we need new ideas, which is why we are committed to testing and adopting new solutions – both within our company and together with our peers.

We have two platforms to support sustainability innovation. Our Fashion FWD Lab focuses on pilot collaborations with cutting-edge innovators and entrepreneurs. It is an experimental platform that seeks to identify the ideas of tomorrow. Invest FWD seeks to scale such ideas through capital investment for the benefit of BESTSELLER and the global fashion industry. Based on the Circular By Design element of our North Star, all investments we make and innovators we work with must increase the fashion industry’s circular potential.

The importance of innovation to the future of the fashion industry is reflected in the fact that BESTSELLER’s Fashion FWD strategy includes three goals related specifically to that topic:

- By 2025, we will facilitate the development of more sustainable fibres and materials at market scale through innovation and industry collaborations.
- By 2025, we will drive forward post-consumer waste and circular infrastructure solutions, engaging in collaborative initiatives to turn waste into valuable resources.
- By 2025, we will have tested and implemented circular business models in selected key markets with relevant partners.

“Circularity is not a stock commodity. We need disruptive innovation to create the circular solutions we strive for at BESTSELLER. It is an enormously complex field, which is why we are working on multiple elements simultaneously to be able to secure the sustainable fashion production of the future.”

Camilla Skjønning Jørgensen, Materials & Innovation Manager, BESTSELLER Sustainability





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2021 PROGRESS & IMPACT

Having launched Fashion FWD Lab in 2020 with a series of initiatives, BESTSELLER maintained its commitment to sustainable innovation with additional collaborations in 2021. Additionally, through Invest FWD, we added a number of new companies to our portfolio to help scale innovative ideas for the future of the fashion industry.

We also developed a concrete innovation strategy, which has led to the allocation of more resources to our innovation work, including more investments and additional staff. Furthermore, in the first half of last year, we opened our physical Fashion FWD Lab at our office in Aarhus where our colleagues can see and touch some of the innovative solutions we are working with.

Fashion FWD Lab's initial series of collaborations had included a number of innovative materials but there was a slight shift in focus towards accelerating circular infrastructure and business models in 2021:





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»»

In May, BESTSELLER was involved in launching the Sorting for Circularity Project together with Fashion for Good and other key partners. This multifaceted initiative is conducting a comprehensive analysis of textile waste in Europe, bringing key brands and industry leaders together to accelerate circularity in the fashion industry. By understanding what fibres end up as waste and to what extent, it will be easier to identify which recycling systems are best suited to reach a global scale.

»»

In a similar vein, BESTSELLER supported BESTSELLER Foundation in investing in TakaTaka Textile Recycling – a Kenyan company focused on turning post-consumer and factory textile waste into new raw materials for manufacturing industries. Owned by TakaTaka Solutions, Kenya’s largest waste management and recycling company, TakaTaka Textile Recycling aims to fill a gap in Kenya’s recycling industry by establishing textile recycling infrastructure and systems. (See page 91).

»»

Meanwhile, SELECTED, VERO MODA, NAME IT and JACK & JONES continued to work with Bangladesh-based recyclers CYCLO to test their capabilities. Throughout 2021, we also participated in Global Fashion Agenda’s Circular Fashion Partnerships, which has focused on post-production fashion waste in Bangladesh. Together with renowned brands, manufacturers and recyclers, the initiative facilitates circular commercial collaborations.

Recyclers received a total of 130 tonnes of waste from BESTSELLER suppliers. In November, the initiative culminated with the unveiling of a ‘Circularity Playbook for Bangladesh’. This document will be used as a guide to replicate the partnership in other countries.



*“This successful partnership with brands joining forces is really changing the old system of waste-handling in Bangladesh.”*

Alexander Granberg, Project Specialist,  
BESTSELLER Sustainability.

»»

In April, AWARE by VERO MODA launched a limited edition piece with the tagline ‘The Beauty of Second Life’ – bringing BESTSELLER’s collaboration with Swedish innovator Renewcell to life using their innovative material Circulose®. VERO MODA was one of the first brands to produce a garment at market scale made with Circulose®, which is exclusively made from recycled textiles using 100 percent renewable energy. OBJECT’s limited

Autumn 21 collection also was featured Circulose®, which was part of a circularity exhibition at the Copenhagen International Fashion Festival in August. Titled Circular Fashion Days, the exhibition showcased leading examples of circular design.

»»

We joined ReSuit in May – an innovative project alongside energy and petroleum company Shell and Aarhus University that aims to establish a more sustainable textile industry and recycling of all textile waste in Denmark.

»»

We also expanded our traceability pilot with TextileGenesis in July after successfully tracing renewable viscose fibres through our value chain from their source to the final product using blockchain technology. Together with fellow Fashion for Good partners Kering, BESTSELLER agreed to an upscaled second pilot that will see whether TextileGenesis’ platform can also trace organic cotton and recycled polyester. Additionally, we joined another TextileGenesis pilot – eTrackIt – organised by Textile Exchange. The pilot will see whether eTrackIt can trace Global Recycled Standard (GRS) and Recycled Claim Standard (RCS) certified materials through textile supply chains.

»»

In June, BESTSELLER announced its participation in Fashion for Good’s Renewable Carbon Textiles Project, which seeks to accelerate the development of PHA polymer fibres; a promising biosynthetic alternative to fossil fuel-based fibres such as polyester, with the potential to reduce carbon emissions in the fashion supply chain.



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“We are very excited about working with BESTSELLER to bring circularity to the garments we all use every day, and see their investment as an indication of the relevance of our regenerated Infinna™ fibre for the fashion and apparel industry going forward. United in this partnership, as well as in our Nordic roots, we share important values on environmental consciousness and sustainability – an important foundation when working towards common goals.”

Kirsi Terho, Key Account Director, Infinited Fiber Company.

»» In July, there was an important moment in terms of our innovation strategy as we decided to invest in Infinited Fiber Company through Invest FWD having previously worked with the Finnish innovators through Fashion FWD Lab. This is more or less exactly how we would like the two platforms to work together, with Fashion FWD Lab investigating and testing the latest solutions, and Invest FWD selecting the best for further development. The investment in Infinited Fiber Company included a yearly sales agreement to secure access to its patented regenerated fibre, Infinna™.

»» In August, we added another three investments to Invest FWD: Circular Systems that is focused on transforming various waste streams into fibre, yarn and fabrics, Nature Coatings that transforms wood waste into high performing black pigments, and Evrnu that has invented a new engineered fibre made from discarded clothing.

»» With the aim of realising textile-to-textile recycling for polyester, BESTSELLER also joined Fashion for Good’s Full Circle Textiles Project – Polyester. With a focus on chemical recycling, the project has enlisted four promising innovators to provide chemically recycled polyester from post-consumer waste. The recycled fabric will be made available to brand and supply chain partners – including BESTSELLER – for assessment.

»» In terms of innovative materials, five of our brands explored and tested the capabilities of Lenzing’s carbon-zero TENCEL™ fibres. Carbon-zero TENCEL™ fibres are certified CarbonNeutral® products, as they are biodegradable and made from recycled cotton and sustainably sourced wood, while the emissions associated with their production have been calculated and offset. JACK & JONES and SELECTED began selling styles including carbon-zero TENCEL™ in late 2021.

»» Furthermore, we secured priority access to a petroleum-free vegan leather alternative by joining a sustainable fashion cooperative with innovator Ecovative and fellow global brand PVH Corp. Ecovative’s Forager™ Hides – an alternative leather material – is made from mycelium, which is a network of fungal threads.

GOING FORWARD

In January, JACK & JONES will launch its first style – a hoodie – made with CYCLO and plans to release an additional seven styles throughout 2022. SELECTED will follow suit a month later with their first CYCLO styles. Many of the Fashion FWD initiatives mentioned above will continue into 2022, while BESTSELLER will continue to search for, investigate, collaborate with and invest in more cutting-edge solutions. In particular, we will continue our focus on waste and transforming it into future resources.



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# EXTENDING THE LIFECYCLE OF OUR PRODUCTS

What materials should a product consist of? What is the product’s purpose and end-of-life perspective? Those are all some of the relevant questions that should be considered when designing every product if we are to create the kind of circular economy the fashion industry needs.

We can reduce the environmental impact of our products from the very beginning of their design. At BESTSELLER, designing responsibly means prioritising more sustainable and lower impact fibres and materials, as well as embracing innovative design concepts. In general, we have a two-pronged approach when it comes to circularity. We want to design our products to fit into circular systems and we want to provide end-consumers with circular business models that extend the life of our products and keep resources in use for longer.

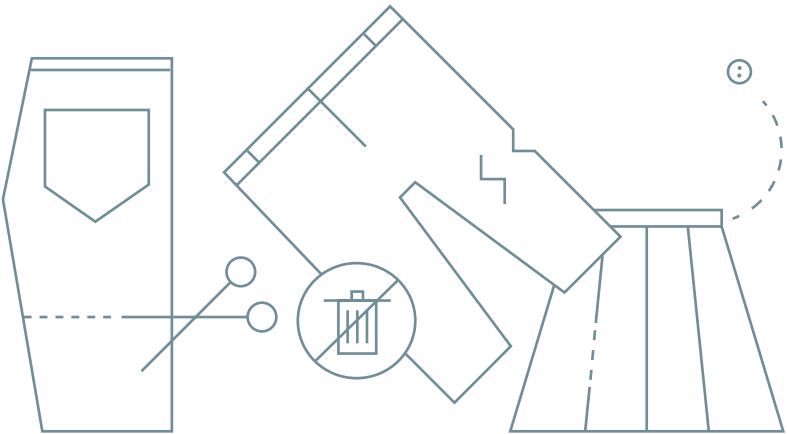
It is our belief that circularity will be a central pillar of a more sustainable future for the fashion industry and society in general. By changing how we think about waste and the lifecycle of our products, we can keep resources

in use for longer and become more efficient, as we seek to create a way of life with respect for the limits of our planet. For example, to extend the life of our products, we have published a Wear & Care Guide, while BESTSELLER e-commerce has a repair station at our Return Centre to keep returned items in circulation.

2021 PROGRESS & IMPACT

With ongoing training modules on circular fashion design for all designers and buyers internally in 2021, we continued to ensure a foundation for our brands to further explore how they can turn waste into valuable resources. For example, at the end of the year we launched our new [Circular Design Guide](#). This provides a framework for all designers and product developers on how we create circular garments in BESTSELLER. The is also available on our website to inspire others.

This investment in circular design training began to bear fruit last year, as a number of our brands put circu-



lar styles on the market. In April, VERO MODA launched its campaign ‘The Beauty of Second Life’ centred around a new dress made with Circulose® – an innovative material from Swedish company Renewcell made exclusively from recycled textiles using 100 percent renewable energy. The limited edition dress – only 648 pieces were made – sold out online in a matter of hours. While the huge interest in the dress was certainly positive, a significant factor was that VERO MODA balanced out the price difference internally, meaning that consumers didn’t have to pay more. For more circular solutions and collections to be genuinely successful, we must continue our work to engage with end-consumers and convince them of the value of these new materials and products.



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Additionally, SELECTED produced a capsule collection with Circulose® for summer for SELECTED FEMME, while OBJECT released styles in April and August featuring the cutting-edge recycled material. OBJECT’s Circulose® styles were included in a circularity exhibition at the Copenhagen International Fashion Festival in August.

*“We are excited about being at the forefront designing with Circulose®, which is a low-impact circular material of excellent quality. This breakthrough in more sustainable fashion is highly welcomed and we find that the fibre is unbelievably popular amongst our customers.”*

Gitte Skals Hauge, Project & Sustainability Manager, OBJECT.

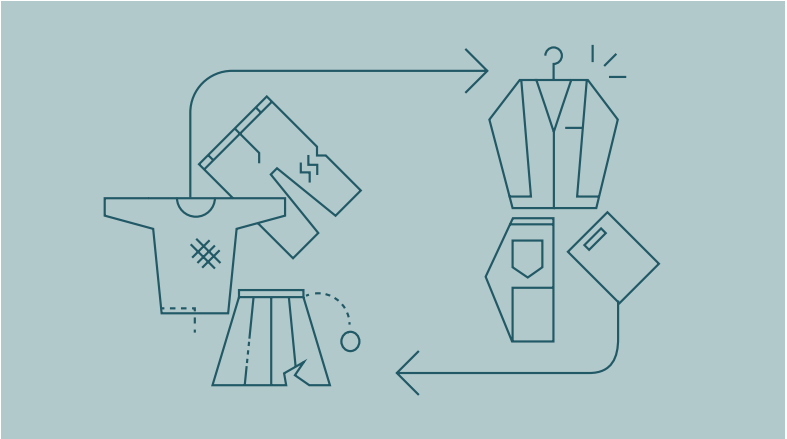


With a project period spanning from 2021 to 2024, BESTSELLER’s Fashion FWD Lab has joined the innovative ReSuit project, led by the research and technology company Danish Technological Institute. The project aims to redraw the boundaries for fashion design, recycling technologies and consumer behaviour. Here, BESTSELLER’s circular design principles come into a meaningful context, focusing on textiles that are designed to be recycled. As far as possible, the work must result in the phasing out of substances that are not suitable for future recycling technologies, as well as in-design guides for sustainable textile products.

We have also – as mentioned elsewhere in this report – been involved in the global initiative Circular Fashion Partnerships, which has resulted in the ‘Scaling Circularity’ report, while investments in circular materials and fibre companies have been prioritised as well such as Infinited Fiber Company and Circular Systems.

A central principal to our sustainability work at BESTSELLER is the importance of collaboration with external stakeholders such as industry peers and the authorities. With regards to designing for circularity, we have therefore been supporting a 2021 initiative from the Danish Government to accelerate the Danish fashion industry’s transition to a more sustainable and circular reality. BESTSELLER was chosen to chair the taskforce, which was set up by Denmark’s Ministry of Business and Growth.

Another key element in designing for circularity is communicating with and educating end-consumers on the



importance of reusing and recycling their clothes when they no longer want them. In 2021, PIECES developed and began using a new logo and text on the inside of their denim styles, which is printed on the pocket. The print made its debut at the end of the year on one of PIECES’ NOOS styles and explains that the jeans have been designed for circularity, designed to last, to be shared and – eventually – recycled.

To extend the use of our garments, we are also developing new repair initiatives and communicating to our end-consumers about proper wear and care, so they can protect the clothes they own and keep them for longer. JACK & JONES and SELECTED are both providing a wear and care guide to end-consumers. Additionally, JACK & JONES has begun setting up repair stations in its stores. At eight locations – and with many more to come – end-consumers can get their jeans repaired free of charge, while they can also order repair kits for free online and fix their jeans themselves. In November, JACK & JONES also rolled out a rental platform for a limited range of outerwear and jeans.



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**GOING FORWARD**

This coming year will see us update our internal circular design training based on our new Circular Design Guide, including the adoption of a new platform. In January 2022, we also re-launched our ‘Circular Design Challenge’. This internal competition was initially planned for 2020 but was cancelled soon after it began because of COVID-19. Our brands will come together to learn more about circular design and then use that knowledge to develop a circular style or capsule, which will be judged by a panel of internal and external experts.

While awaiting the EU’s Circular Economy Action Plan, which has the textile industry as a focus sector, we expect – and hope for – more standardised legislation to make sure that we will see changes all the way through a product’s life cycle. As part of our efforts in the Policy Hub, we are already preparing for important next steps, as this will inevitably require changes to how we operate our business and assist us in our journey of becoming circular by design.

VERO MODA has revisited its Circulose® dress with additional colour and print options – available in 2022.





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# INCREASING TRANSPARENCY TO ENGAGE CONSUMERS

At BESTSELLER, we are committed to transparency, as we believe better informed consumers will make better choices and become active partners in the development of a more sustainable fashion industry. For example, in 2021 we began piloting the Higg Transparency Programme and will continue that in 2022. (See page 33).

Similarly, JACK & JONES presented a new website called A/BETTER WORLD – a place to learn about the brand’s work to become more sustainable.

A/BETTER WORLD is JACK & JONES’ commitment to transparency and collects all the brand’s initiatives to become more sustainable in one spot, so that consumers can learn more.

A/BETTER WORLD outlines the lower-impact materials JACK & JONES is working with (e.g. Lenzing’s

carbon-zero TENCEL™ fibres), the innovative manufacturing techniques it is using and much more.

“Our manufacturing partners are strong, innovative pioneers who work shoulder-to-shoulder with us. And by focusing on transparency, we aim to create a trustful partnership – not only to our partners but also to our consumers.” – Mette Christensen, Buying and Design Director, JACK & JONES.

Similarly, at the start of 2022, SELECTED published a list of sustainability highlights from 2021 as part of its Responsibly Crafted brand philosophy. The list included SELECTED’s use of more sustainable materials as a percentage of its overall consumption, as well as describing a number of innovative processes its supply chain partners use, such as their very first circular capsule Circular by design. The site is periodically updated with the latest numbers.





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# CONTINUING OUR DIGITAL GROWTH

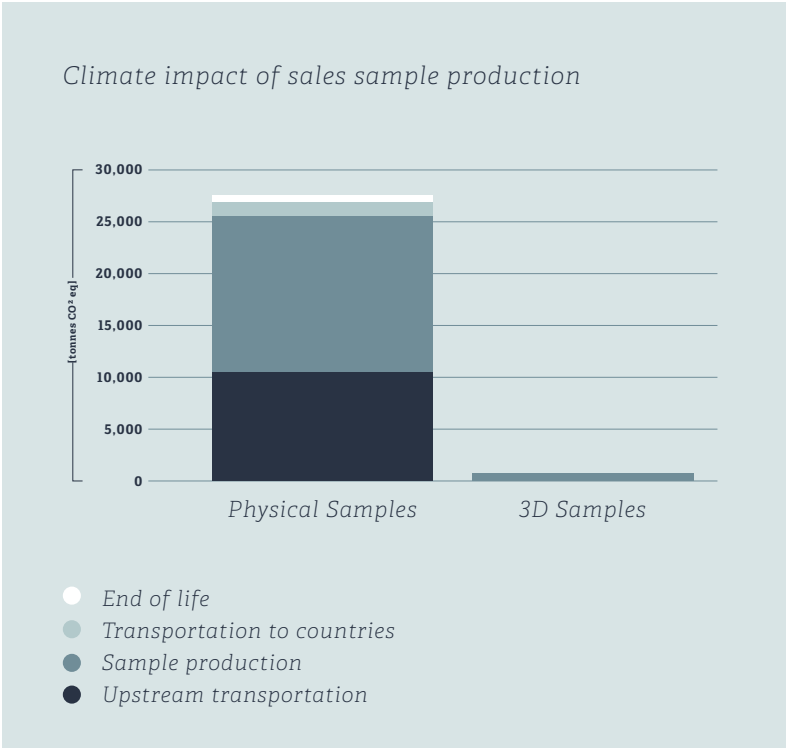


At BESTSELLER, we are in the midst of a rapid and wide-reaching digital transition. Through digitisation (converting analogue systems and data to digital) and digitalisation (optimising our business practices through digital technologies and data), we are making our company more efficient, more agile and more sustainable.

The impact of COVID-19 over the past two years has further accelerated this transition, as we have seen numerous situations where digital technology has allowed our business to continue despite lockdowns and other restrictions.

While digitalisation links with efficiency and the reduction of raw materials has widespread sustainability benefits for BESTSELLER, we have one specific area where we have set a Fashion FWD goal related to digital technologies:

*By 2025, we have committed to significantly reduce the volume of samples we produce by investing in digital solutions and collaborating closely with our suppliers.*



As physical samples are traditionally used from product development to presenting collections to wholesale and retail partners, BESTSELLER is aiming for holistic solutions that reduce the need for samples throughout our value chain. We have two main initiatives connected to this – digital showrooms and 3D design.

2021 PROGRESS & IMPACT

BESTSELLER's digital showroom initiative continued its significant growth in 2021 building on the development of a new version in 2020. Digital Showroom 2.0 was launched in our Hamburg office in January 2021.

Digital showrooms reduce our need for samples, as our sales colleagues can present a collection with the bare minimum of styles. The large touchscreens, which are a key part of the solution, mean that all colour and pattern options are at our colleagues' fingertips. Digital showrooms also save time when preparing personalised presentations for customers, as well as transitioning from one brand to another.

By the middle of the year, NAME IT had become the second brand – after VERO MODA – to fully adopt the technology, while in September a scalable version of the digital showrooms was finalised. The scalable version simplifies the start-up process for new brands and markets. By the end of 2021, JACK & JONES had also begun using digital showrooms, while SELECTED and MAMALICIOUS were underway with the adoption process.



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Seven markets, including our largest – Germany, have been onboarded for a total of 30 showrooms.



In regards to 3D design, we held our first training session as part of BESTSELLER's 3D Academy in October. This initiative aims to build a community of 3D experts across brands that can share knowledge and bring sampling processes in line with our Fashion FWD strategy. Led by one of our colleagues in Global Sourcing – at the moment the first certified CLO3D trainer in Denmark – the training is available to all product developers in BESTSELLER and introduces them to 3D pattern creation, component libraries, rendering and showcasing.

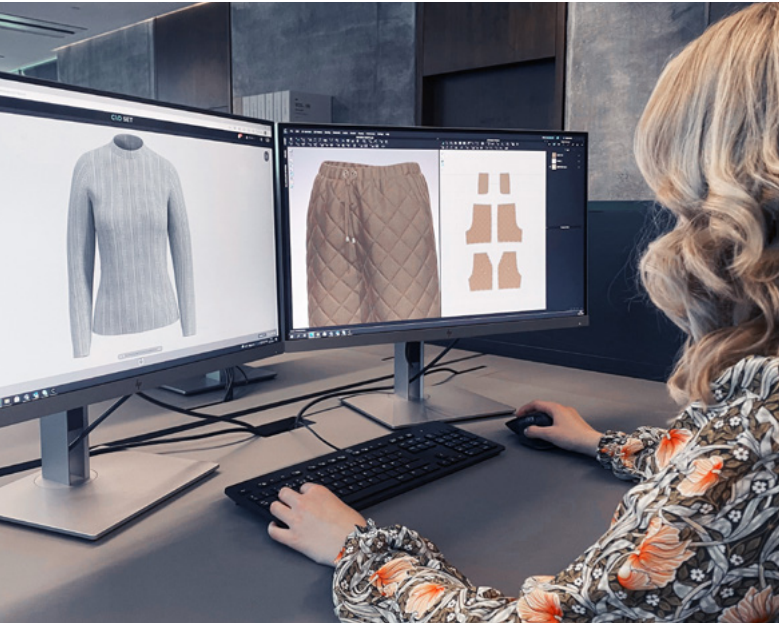
BESTSELLER has calculated that the climate impact of our sales samples ordered in FY 2020/21 amounts to the equivalent of almost 27,000 tonnes of CO2 – equal to a passenger car driving over 100 million kilometres.

While this remains a minor part of our overall footprint, the switch to 3D samples could see the climate impact of BESTSELLER's sampling process reduced by 99 percent.

*“We have a real gamechanger here with 3D. Not only can we produce more samples at a time, but we can also make them 80-90 percent similar in appearance to the physical samples.”*

Nisrine Maati, 3D Manager & Trainer,  
BESTSELLER Global Sourcing.

In addition to 3D training, BESTSELLER continues to invest in fabric scanners, testing kits and 3D software licences to continue the shift away from physical samples.



To raise awareness internally of how we can become more efficient with regards to samples, we initiated a selective sampling process in 2020. This sees colleagues based at our brands' respective headquarters in Denmark decide what samples should be sent from our Logistics Centre North to their sales colleagues in the markets. In 2021, ONLY, VERO MODA, JACK & JONES and SELECTED made significant reductions in the number samples they actually shipped.

While this doesn't directly reduce the number of samples produced by BESTSELLER, it is helping shift the mentality within our company and show what is possible.

GOING FORWARD

With our biggest brand – JACK & JONES – and our largest market on board with digital showrooms, we have built a foundation to properly reduce the use of samples across BESTSELLER, as markets and brands have been convinced of the sustainability, business and economic benefits. Another six markets are scheduled to introduce the technology in early 2022, while ONLY, PIECES, VILA, OBJECT, Y.A.S and NOISY MAY also have start-up dates scheduled for this year. Once sales colleagues have access to digital showrooms, they will be barred from ordering sales samples.

The coming year, several of our brands such as SELECTED and NAME IT will be investing in 3D design. In addition Y.A.S and PIECES will start to collaborate with selected suppliers to incorporate 3D design in the sampling process.



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# 3D ‘IS THE FUTURE’ AT VILA

VILA remains at the forefront of 3D development in BESTSELLER following an eventful year in 2021 that saw the brand introduce new internal support mechanisms to assist the roll-out of 3D solutions.

To help set a strategic focus for all 3D activities, VILA has formed a 3D Management Team, while a 3D Specialist Team has also been established to provide cross-functional support to colleagues, suppliers and partners.

“It is our vision that 3D technology will become a common tool in VILA no matter whether you work with product development, design, sales or branding. 3D is the future way of working and it is our ambition to turn it into a strong business setup, which benefits our ability to act faster, more flexible and more sustainable.” – Mette Harbo Staun, 3D & Pattern Design Manager, VILA.

While VILA’s interest in 3D predates COVID-19, the global pandemic certainly accelerated the brand’s journey. That momentum continued in 2021, with VILA hosting its first 100 percent digital event in February

via its ‘Virtual World of VILA’. The show was based on 3D collection samples, 3D models and 3D showrooms. In May, VILA also introduced a 3D NOOS (Never Out of Stock) concept for B2B customers. Overall in 2021, VILA’s 3D initiatives resulted in the brand ordering over 5,000 fewer sales samples.

In October, VILA also hosted a number of key account events across Europe that utilised 3D technology. For example, one of the collections on show had been completely developed using 3D technology. When unable to meet with wholesale partners, 3D is a clear benefit, as it provides a very realistic impression of what garments will look like. Our colleagues in VILA, however, have also seen 3D have a positive impact on traditional face-to-face sales meetings.

“3D still provides a ‘wow’ effect when selling to customers, as it’s still new for many of them, but even more importantly, our customers can also see the possibilities with 3D. So we can react even faster now, making small adjustments while we are working together.” – Charlotte Stobrawe, 3D Creative Lead, VILA.





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# ADVANCING TOWARDS CIRCULAR PACKAGING

To achieve BESTSELLER's ultimate ambition to be Circular By Design, we need to not only reduce our consumption but also change the way we think about waste by turning it into a resource.

As a member of the wider international retail industry, one of the more visible contributions we make to the global waste problem is through our packaging, which has traditionally been made as a single-use product. Plastic packaging has a number of issues: it is generally made from non-renewable petroleum and is non-biodegradable, while in recent years, the impact of microplastics has been in the spotlight. Meanwhile, paper-based packaging is a major contributor to global deforestation and biodiversity loss.

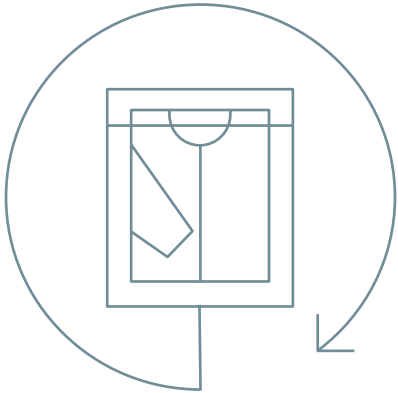
BESTSELLER has developed two policies regarding packaging – one focused on plastic packaging and the other dedicated to paper and cardboard. The policies cover all packaging, including trim and marketing, and are intend-

ed to reduce our consumption, give priority to recycled mono-materials and to support high-quality recycling. They also represent a significant step in BESTSELLER achieving two Fashion FWD goals regarding plastics and packaging:

*By 2025, all consumer-facing packaging will be 100 percent reusable, recyclable or compostable.*

*By 2025, we will have phased out single use virgin plastic wherever possible.*

To reduce the environmental impact of BESTSELLER's paper-based packaging, we have partnered with Canopy – an environmental organisation committed to protecting ancient and endangered forests. BESTSELLER is also a member of the Fashion Pact, which was launched at 2019's G7 Summit in Paris. As a signatory to the Fashion



Pact, BESTSELLER has agreed to three key commitments regarding climate, biodiversity and the world's oceans.





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**2021 PROGRESS & IMPACT**

Over the past year, BESTSELLER completed its transition to polybags made from certified recycled polyethylene (PE). It is estimated that BESTSELLER’s suppliers use 175 million polybags per year to protect our products in transit and storage, so the switch to recycled polybags will save an estimated 1,750 metric tonnes of virgin plastic per year. We also replaced all our shipping polybags – the larger bags used in e-commerce when sending orders to consumers – with recycled options. We continue to investigate what is the best option for BESTSELLER, with both paper-based and plastic-based alternatives being trialled.

In 2021, we have implemented our Policy for Paper-Based Packaging and Policy for Plastic Packaging further. In addition to the aforementioned shipping polybags, our e-commerce business has substituted all packaging options (both boxes and bags) with alternatives that meet our new requirements. We have also begun replacing marketing materials in our stores (e.g. wrapping, boxes, shopping bags) to comply with our policies, and the same process is underway in terms of paper-based trim on our products (e.g. badges, hangtags and stickers).

While polybags remain business critical for BESTSELLER – their use reduces the likelihood that a product will be damaged before it can be purchased – we are committed to constantly evaluating their use and impact. In April, BESTSELLER joined a global collaboration led by Zalando called Beyond the Bag. By bringing fashion companies and packaging providers together, Beyond the Bag

will investigate the functionality of the polybag, as well as complete a full value chain assessment to analyse its short and long-term environmental impact.

**GOING FORWARD**

In 2022, we will expand the scope of our goal regarding consumer-facing packaging. In terms of paper-based trim, we will begin working with shoe boxes and packaging related to underwear to identify preferred alternatives that meet our requirements. We will also look into how marketing materials in our stores, such as posters and window foil, can become reusable, recyclable or compostable.



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# FAIR FOR ALL

*Everyone working in our value chain will be equally empowered by jobs that are safe, that protect human rights and provide fair incomes and opportunities for everyone to reach their personal potential.*





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GOALS

2021

We will achieve 100% remediation and safety training under the Bangladesh Accord.

We will have evaluated and redesigned our Productivity & Social Dialogue programme based on learnings from Myanmar and Bangladesh and further implemented improvements for management and workers in partnership with our key suppliers across key sourcing countries.

We will publish a list of our key material suppliers.

We will analyse and strengthen our Leadership Pipeline and initiate implementation of training for all manager roles.

We will complete the global rollout of our diversity and inclusiveness policy and the accompanying awareness programme.

2022

We will complete the global rollout of our online engagement surveys and define common metrics to benchmark engagement across our markets.

We will train 4,000 people through our internal Academy to further develop and enhance their skills.

2025

Workers and management in all factories in our Productivity & Social Dialogue programme will engage in social dialogue driving productivity improvements and greater shared social value.

We will support 100,000 women in tier 1 factories to achieve workplace empowerment and improved life skills.

We will have improved work and life skills for female workers in key sourcing communities through industry collaboration, partnering with HERproject™, and in accordance with the UNGC’s women’s empowerment principles.

2025

We will support all tier 1 factories in implementing digital payment of wages.

Through industry collaboration, we will implement mechanisms to promote fair living wages.

All suppliers will have invested in fire, electrical and building safety and show continuous improvement.



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PROVIDING  
POSITIVE  
OPPORTUNITIES



At BESTSELLER, we are well aware of the opportunity and responsibility we have to create a positive impact for people. Our business relies upon people from all over the world to design, manufacture, transport and sell our products, as well as support those who do so. That is why our North Star commits us to work towards becoming fair for all.

Fair For All sets our direction and builds upon many years of social sustainability work in BESTSELLER. It commits us to promote dignity, equality and safe working conditions for all people across our value chain until fair incomes and respect for human rights are the norm.

Our Code of Conduct outlines the ethics and behaviour we expect from the suppliers and subcontractors we partner with. We also maintain close relationships with our suppliers and take an active role in addressing issues through our various sourcing offices across the globe. Additionally, we advocate for higher standards and more stringent legislation at an industry level as a member of various international multi-stakeholder organisations.

Our work with Fair For All is aligned with our commitment to international standards such as the International Bill of Human Rights, United Nations Guiding Principles on Business and Human Rights, and the International Labour Organisation’s core conventions.

Just like the rest of our sustainability work, engaging and collaborating with external stakeholders is vital to our efforts. We have to understand how our business activities, and those of our suppliers, affect communities.

BESTSELLER is reliant upon partners based in developing regions that can be at risk of instability. We care about what happens in all countries where we have business activities, and we always seek to do what’s best for each specific situation.

While social sustainability in the fashion industry is very focused on supply chains, we are also committed to providing an enriching, supportive and fair workplace for BESTSELLER’s direct employees. Attracting, developing and encouraging talent has always been central to our business model, and this ability to unleash human potential will also be vital for our sustainability aspirations.

In this chapter, we will outline our progress with regards to human rights in our supply chain, factory standards and fire safety, social dialogue, women’s empowerment, talent development and employee engagement.

*We will promote dignity, equality and safe working conditions for all people across our value chain until fair incomes and respect for human rights are the norm.*

**CLICK HERE TO READ OUR**

[Modern Slavery Statement](#)

[UN Guiding Principles Reporting Framework](#)

[Index 2021](#)





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# MANAGING OUR SUPPLY CHAIN

FACTORY STANDARDS PROGRAMME

The Factory Standards Programme is our primary tool for holding suppliers accountable to our social and labour, environmental and chemical requirements. Through the programme and the standards it upholds, we find and address environmental, labour and human rights concerns at our suppliers’ factories. It is a continuous quality assurance process that requires documentation collection and on-site visits from either our local teams or third-party assessors and the data from each factory assessment is fed into our internal information systems. This data serves as the basis for our Social & Labour and Environmental & Chemical Ratings, which are shared with our colleagues at brand level to help them make informed purchasing decisions. These ratings will be central to us reaching our Fashion FWD goal:

*By 2025, 75% of all product orders will be placed with suppliers that are highly rated in our Sustainability Evaluation.*

From the factory onboarding process, all of our tier 1 factories, including outsourced supporting units, and tier 2 tanneries are subject to regular assessments by our in-country teams or third-party auditors. In our main sourcing countries, we have specialist Social & Labour and Chemical & Environment teams, totalling approximately 35 full-time colleagues several of which are certified assessors.

In cases where factories fail to meet BESTSELLER's standards, we have clearly defined escalation protocols



depending on the nature and severity of the issue. Corrective Action Plans (CAPs) summarising the assessment findings and the remediation plan and timeline are shared with factory management by our local colleagues, who are responsible for following up on the progress and timelines. In the rare case that a factory or supplier is not sufficiently committed to remediate critical issues, we will – as a last resort – offboard the factory and possibly also the supplier. As of July 2021, all offboardings are conducted in accordance with our ACT-aligned Responsible Offboarding Policy.

No factory is onboarded or activated for BESTSELLER production before all concerns rated as Critical or Major have been remediated. In cases of labour disputes, our strategy is to handle complaints at the factory level by encouraging unions and factory management to nego-



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tiate. As per ACT guidance on industrial relations, our role is not to adjudicate disputes, but instead encourage, support and respect the outcome of fair and transparent grievance mechanisms.

BESTSELLER is a signatory to the Social & Labour Convergence Program (SLCP) and a member of the Sustainable Apparel Coalition (SAC). Through these multistakeholder initiatives, we accept SLCP assessments and those of SAC's Higg Facility Social & Labour Module as equal to third-party audits. Audits are a costly and time-consuming process for suppliers and, at BESTSELLER, we believe greater industry harmonisation with regards to sustainability assessments will reduce audit fatigue and create stronger standards.

## ACTION COLLABORATION TRANSFORMATION (ACT)

Since 2018, BESTSELLER has been a member of ACT – an agreement between 21 major global brands and IndustriALL Global Union, who represents the workers in the textile industry – to support the development of an industry that prioritises decent work for apparel workers at industry level based on freedom of association and collective bargaining.

## FACTORY LIST

From 2022, we will publish an updated list of our tier 1 factories every two months having previously updated this list twice a year.

The list includes each production unit's name, address, the type of product made there, and the number of workers employed.

In late 2021, we added a new category – 'outsourced supporting units' – to our tier 1 factory list. An outsourced supporting unit is a separate facility that supports the main factory on specific processes such as embroidery, laundry, printing or finishing. These outsourced supporting units are covered by our Factory Standards Programme and therefore subject to our on-site assessment procedures, which you can read more about in this report.

To bring further transparency to our supply chain, we have a target to publish a list of our key material suppliers by 2021. This list includes our tier 2 preferred material suppliers including; supplier name, country, address and the type of product they supply to us. These suppliers have been assessed by BESTSELLER as meeting our Code of Conduct requirements and pass our Factory Standards Programme criteria. The list is now available on our [website](#).

	<b>TIER 1 FINISHED GOODS ASSEMBLERS</b>	All production units involved in the make-up and finishing of garments and products, including subcontractors. Includes cut-pack, embroidery, washing, dyeing, printing and finishing of garments or finished products.
	<b>TIER 2 MATERIALS MANUFACTURERS</b>	All production units involved in finished materials production, including subcontractors. Includes fabric and trim manufacturing ("trims" include plastic buttons, metal zippers, rivets, etc.), dyeing, printing, finishing, tanning and laminating of materials.
	<b>TIER 3 FIBRE PROCESSORS</b>	All production units involved in fibre processing, including spinners and feather/down processors.
	<b>TIER 4 RAW MATERIALS SUPPLIERS</b>	Agriculture and extraction of raw material.



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2021 PROGRESS & IMPACT

Having local in-country teams has proven incredibly valuable during the pandemic. Our supply chain poses lots of risks – both related to human rights and the environment – and that risk has only been exacerbated by the pandemic. Nonetheless, our Factory Standards Programme has managed to operate to the same standard, delivering reliable and accurate data about the state of operations at each of our factories to our head office – that is down to the creativity of our local teams in finding ways to overcome the restrictions and come up with creative solutions to support our suppliers.

Where necessary, our in-country teams have conducted assessments online and cross-referenced those results by reviewing documents and records online – as well as conducting virtual factory tours. The process has been complicated and time-consuming and is not at all an easy or preferred substitute to regular onsite visits. Another solution has been to temporarily accept industry-recognised certification as part of our assessment process, such as SEDEX and BSCI.

By maintaining relationships with suppliers over the phone and online on a regular basis, we have underlined our commitment to our various standards, reminding suppliers that it is their responsibility to uphold our basic requirements at the factories even if we are unable to visit.

BESTSELLER also launched its new Responsible Offboarding Policy and an accompanying performance tracking tool.

The new policy applies to all main tier 1 factories (i.e. excluding outsourced supporting units) in cases where BESTSELLER or the supplier decides to end the relationship for business reasons. The overarching aim of the policy is to safeguard workers’ rights and provide some security when business relations shift. As a business, we need to be able to respond to economic changes, but at the same time, workers should not be living in a world of daily economic insecurity. The new policy is fully aligned with ACT’s definition of a responsible exit, and also fulfils our commitments to upgrade our purchasing practices.

From July 2021, whenever we make a business decision to leave a factory, we will consider how much of that factory's capacity we have taken up and give a corresponding notice period to make sure the supplier has sufficient time to find customers to fill that capacity. Notice should be clearly communicated to the supplier and include a detailed timeline. In cases where the factory is not able to maintain capacity due to our offboarding, we will engage with the supplier in making sure all alternatives to employment termination are explored and that workers who are dismissed are treated fairly.

In 2021, we opened 52 cases into supply chain-related incidents. These cases cover allegations of Code of Conduct non-compliance, as well as escalation procedures for factories that did not meet their CAP timelines. Typically, such cases include wage violations, restrictions of freedom of association, unauthorized subcontracting, environmental or health & safety risks, or poor labour or environmental management.

23 of the 52 cases were uncovered by BESTSELLER's local labour and environmental specialists, 10 were raised by the Bangladesh Accord/RSC, eight were raised by local federations or labour unions, three were raised by a third-party auditing company, one complaint was raised anonymously, one came from a media report, and six came from other sources.





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Out of the 52 cases, seven were dismissed after the investigation found no support for the claim of any violations. Of the remaining 45 cases, 24 resulted in a notification of concern, 18 resulted in an official warning letter, and three cases are still in the remediation process.

Notifications of Concern are issued for mild violations or concerns that must be highlighted to the supplier, but which are not severe enough to justify an official warning and impact on the supplier rating. Official Warning Letters are issued for critical violations and will impact on the supplier rating. In severe or repeated cases, an Official Warning Letter may come with a financial penalty. Offboarding of the factory is only done as a last resort, in case of severe lack of commitment to improve. No factories were offboarded for Code of Conduct violations in 2021.

Last year, we also focused on incentivising factories to improve their social and labour performance through the Social & Labour Factory Rating. Additionally, following large investment in training our local teams, we improved the data consistency across the various sourcing markets. This means we now have a depth of data on factories’ historic social and labour performance, which is shared transparently, and in real time with the relevant stakeholders to enable informed purchasing decisions.

GOING FORWARD

In 2022, we will conduct a Human Rights Salient Risk Assessment of our tier 1 suppliers and tier 2 tanneries, and the results of that will be used to assess whether the

standards outlined in our Code of Conduct and upheld through the Factory Standards Programme are fit for purpose and sufficient to safeguard human rights risks in our supply chain.

We will also be aligning our escalation protocols across all markets in our supply chain. Alignment of escalation protocols will generate more reliable data on concerns in our supply chain and will help us share these concerns with our stakeholders and develop stronger business practices internally and with our partners in the industry to address and mitigate these issues before they arise.

The coming year will also see us focus on using the data in our Social & Labour Factory Rating as the basis for strategic decisions on the types of interventions and factory improvement programmes we will conduct in the future.



BESTSELLER IN MYANMAR

On 1 February 2021, the military in Myanmar seized control of the country. The international community – as well as BESTSELLER – condemned the coup, which has led to instability and uncertainty in Myanmar.

BESTSELLER has been active in Myanmar since 2014, when the private sector was encouraged by the international community to engage and play an active role in developing the country through trade and business.

Following the coup, our presence in Myanmar was questioned due to alleged links between an industrial zone and the local military. Three BESTSELLER suppliers were located in the zone. Based on United Nations Guiding Principles on Business and Human Rights (UNGP), BESTSELLER commissioned an independent report by recognised international human rights experts to investigate our business conduct and due diligence processes. The report found that BESTSELLER’s business practices meet “the highest international standards” set by The United Nations/OECD. You can read the full report [here](#).

In BESTSELLER, we are very aware of the responsibility we have when engaging in Myanmar. It is a complex situation with potentially negative consequences for both staying and leaving a country because of political upheaval. With the unrest and instability following the coup, BESTSELLER has continuously monitored the situation in Myanmar closely to act accordingly in line with the developing situation.



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In March and later in August 2021, BESTSELLER decided to provisionally pause all new order placements in the country, with the intention of reengaging when operationally and ethically possible. As per UNGP and OECD-guidance, staying in the country requires companies to conduct enhanced human rights due diligence. BESTSELLER is doing just that by ramping up our local responsible sourcing office in the country with more experts and stricter requirements on our suppliers.

Since November, BESTSELLER has implemented a bridging solution, where we have resumed placing orders. We do this to enable payment for the garments workers and thereby ensure the livelihood of them and their families. We are doing this while awaiting the result of an independent human rights impact assessment commissioned by the Ethical Trade Initiative. BESTSELLER's long-term decision on whether or not to remain in the country will be made based on the outcome of this report and the efficacy of our due diligence.

*As per the date of this report's publication, BESTSELLER is still awaiting the result of the human rights impact assessment from the Ethical Trade Initiative.*



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# BUILDING A SAFER AND FAIRER SUPPLY CHAIN

In parallel to our Factory Standards Programme, we also enroll suppliers in social impact initiatives. The guiding vision in BESTSELLER's social impact work is to create a supply chain that safeguards worker wellbeing, leads to equality and equity, and supports the short and long-term needs of our business.

Our work is divided into focus areas that address specific salient risk areas: Occupational Health & Safety (OH&S), Social Dialogue, Freedom of Association, and Women's Empowerment.

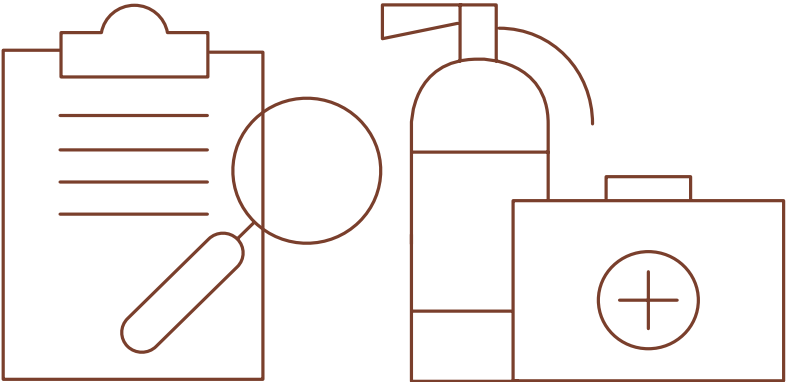
ADVANCING THE INTERNATIONAL ACCORD

Our vision is to have a supply chain that safeguards the welfare of those working in the factories. To do this, we have the Factory Standards Programme, which safeguards workers from immediate risk, and then we have industry initiatives to raise awareness of OH&S stand-

ards among workers, teach suppliers how to address these risks. To raise the industry's standards, we work with the International Accord, the Bangladesh RMG Sustainability Council (RSC), and LABS (Life and Building Safety).

BESTSELLER is a signatory to the International Accord for Health and Safety in the Textile and Garment Industry. It is a legally binding agreement between global brands and retailers, IndustriALL Global Union and UNI Global Union, and eight of their Bangladeshi affiliated unions to work towards a safe and healthy garment and textile industry.

As per the agreement, 100 percent of the 97 factories (as per 31 December 2021) we source from in Bangladesh are covered by the Accord programme. This means they are subject to regular inspections from engineers. Inspectors produce reports and Corrective Actions Plans



(CAPs) for remediation, BESTSELLER monitors and supports factory progress on remediation and informs the Accord Secretariat when they have been completed. Suppliers that do not agree to Accord monitoring and training are not onboarded into our supply chain.

As a signatory to the International Accord, BESTSELLER agrees to continue the health and safety programme in Bangladesh through the RMG Sustainability Council (RSC), which is responsible for the continuation of the inspections, remediation and workplace programmes as of June 2021. We fully support the goal of the RSC to become Bangladesh's sector-wide factory safety programme.

2021 PROGRESS & IMPACT

Since it first started in 2013, the Accord has achieved remarkable improvements throughout Bangladesh. It engendered a cultural shift in attitudes to factory safety,



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driving a wave of fire and structural integrity improvements. In May 2021, the Accord reported that 1,272 of the 1,600 factories covered by the Accord have remediated 91-100 percent of the issues identified by inspectors. This represents a remarkable improvement in working conditions for the over 2 million workers working in Accord-covered factories. For BESTSELLER, Bangladesh is one of our key sourcing markets and as part of Fashion FWD we have set the following goal:

*By 2021, we committed to achieving 100% remediation and safety training under the Accord.*

As of the end of 2021, we have not reached this goal – not because we haven't pushed our suppliers to remediate problems, but because factory safety isn't a one-time fix and our supply chain isn't static. For example, we bring

in new suppliers with factories that have issues, which reduces our remediation rate. Or a supplier rearranges the production line or buys new equipment, which an assessor identifies as an increased fire risk at a subsequent factory visit.

We will continue to aim for 100 percent remediation and, as per our commitment to the new International Accord, we will continue to uphold and advocate for robust fire, electrical and building safety across the industry.

As of the end of 2021, we have an average RSC-verified remediation rate of 88 percent, and 88 percent of our factories have completed safety training.

We have also raised our standards and expectations for onboarding and have implemented a new criteria for onboarding – factories cannot join our supply chain unless they are at 90 percent remediation, with the understand-

ing that they will be 100 percent within a year. This decision was taken because we want to reward factories that are monitoring and following up on their Accord CAPs.

This year we also signed the new International Accord. We are thrilled that the new agreement not only secures the legally binding nature of the previous iterations but also expands the collaboration between unions and brands and gives us more opportunity to work together to bring the Accord mechanisms to other markets.

## GOING FORWARD

In the coming year, we will be supporting the International Accord's feasibility studies for expanding to new markets. On the ground in Bangladesh, our local teams will continue to support our suppliers in actioning CAPs and facilitating onsite worker training sessions, as per COVID-19 restrictions.

<i>By 2021, we will achieve 100% remediation and safety training under the Bangladesh Accord</i>	<i>Total of factories active</i>	<i>Average ACCORD/RSC verified remediation in %</i>	<i>No. of factories completed safety training</i>	<i>% of factories completed safety training</i>
2020	95	85%	36	47%
2021	97	88%	74	88%



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**SUPPORTING COMMUNITIES  
ACROSS THE GLOBE**

*Due to our holistic approach to sustainability, we are increasingly focusing on and investing in social impact initiatives that benefit communities beyond tier 1 of our supply chain.*

*In particular, our collaboration with certain NGOs either directly or indirectly supports social impact initiatives in agricultural communities around the world. For example, our direct-to-farm organic cotton programmes have led to schools being built and the establishment of women's empowerment initiatives through the likes of OCA and CmiA. Similarly, a large part of Better Cotton's work is focused on improving the communities where farmers live. (See page 39).*

*Beyond cotton farmers, we also support indigenous communities connected to the world's forests through our partnership with Canopy and in line with best forest practices and standards.*

**EXTENDING OUR FACTORY SAFETY WORK**

Life and Building Safety (LABS) aims to improve worker safety in the garment industry by identifying and remediating fire, electrical and structural building safety risks at factories. LABS does this through developing a single country-based, life-safety programme to assess factories and provide a framework for monitoring and ensuring mitigation and remediation.

We have been a steering committee member of LABS and supported the development of its programmes and eventually piloted the programme with some of our suppliers in India. In our Fashion FWD strategy we have committed to the following goal:

*By 2025, all suppliers will have invested in fire, electrical and building safety and show continuous improvement.*

**2021 PROGRESS & IMPACT**

14 factories have been enrolled in the programme in 2021, up from nine in 2020, and are implementing the advised remediations. COVID-19 has made implementation challenging, but we are seeing good progress across all factories. Two factories have discontinued the programme, following assessment and remediation. The average remediation status of the nine factories that have been assessed is 60.5 percent, and we are awaiting data from four factories following their initial assessment.

**GOING FORWARD**

LABS will be one of the tools we use as part of our global approach to addressing occupational health and safety risk. LABS' report data is incorporated into our factory performance rating systems, and we we will continue to monitor and leverage the insights we garner from LABS to develop solutions for other markets.





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# INCREASING STABILITY THROUGH SOCIAL DIALOGUE

Strong social dialogue is key to ensuring the opinions of factory workers and factory management come together in factory decision-making processes. It encourages good governance and advances social and industrial peace and stability, ultimately resulting in a more fulfilling work-life for the people in our supply chain.

**IN OUR FASHION FWD STRATEGY WE HAVE SET TWO GOALS:**

*By 2021, we will have evaluated and redesigned our Productivity & Social Dialogue programme based on learnings from Myanmar and Bangladesh and further implemented improvements for management and workers in partnership with our key suppliers across key sourcing countries.*

*By 2025, workers and management in all factories in our Productivity & Social Dialogue programme will engage in social dialogue driving productivity improvements and greater shared social value.*

Over the past two years, our work on developing and implementing our Productivity & Social Dialogue programme was severely hampered by the pandemic.

Last year, we reported that we had been planning on piloting the new Productivity and Social Dialogue programme with one of our long-term suppliers in Turkey, Deniz Tekstil, which nominated one of their factories for the pilot. Pamukkale Technical University had also agreed to be the productivity implementing partner.

However, the COVID-19 pandemic restrictions limited factory access throughout 2021, and disrupted implementation plans. We still see the value and importance of completing this goal, and intend to monitor the pandemic restrictions in Turkey over the coming year and if it is safe to do so, we will relaunch the pilot in 2022.

Nonetheless, our work on encouraging and facilitating social dialogue mechanisms in our sourcing countries has continued.





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At the factory-level, we support and encourage the use of dispute resolution mechanisms (DRMs), whereby grievances are aired and remediated in a recognised and respected forum, such as the Accord/RSC.

In cases where DRMs don't exist at a country level, we support the development of them, such as the ILO-endorsed Myanmar DRM under the Freedom of Association Guideline, negotiated by local trade union and suppliers, which provides a platform to navigate and solve disputes between local labour unions and factory management in a peaceful and efficient way, providing workers with protection and support. These mechanisms cover Freedom of Association (FOA) disputes and disputed cases linked to the dismissal of workers, wages and severance payments. You can read more about our work with ACT and how that is interlinked with our work on FOA on [page 76](#).

Having these mechanisms in place, however, is not the full solution. In some of our sourcing countries, there is a general lack of understanding of workers' basic rights, as well as strategies and mechanisms for ensuring those rights are protected. At BESTSELLER, we want to support our suppliers in this capacity building, so we have teamed up with Quizrr – a global organisation that provides digital training solutions specifically for educating workers and mid-level managers using real-life situation videos and questionnaires.

BESTSELLER first piloted Quizrr in 2019 at two factories in China and two factories in Bangladesh, training 4,162 workers and managers in the first year.

2021 PROGRESS & IMPACT

This year, one struggle was to organise training sessions safely. Our local teams, worked in coordination with Quizrr and factory management to conduct the trainings in line with local health advice and regulations.

This year, Quizrr's training reached over 10,000 factory employees at seven factories in Bangladesh and four in China. In June 2021, Quizrr also celebrated the milestone of conducting 1 million training sessions.

GOING FORWARD

We will continue to promote consensus building and democratic involvement among the main stakeholders across our tier 1 factories – both among our peers in the industry and at state level via appropriate mechanisms.

*"The technical solution Quizrr allows for training of a vast number of workers which would not be possible through traditional teaching methods. We spend a lot of effort training management in the factories, but Quizrr enables us to reach out to workers also. That is the real benefit."*

Zahangir Alam, Social & Labour Manager, BESTSELLER Bangladesh.



Quizrr in numbers	
2020	11 FACTORIES
	3,455 EMPLOYEES
	11,140 SESSIONS
2021	11 FACTORIES
	6,787 EMPLOYEES
BANGLADESH	7 FACTORIES
	6,417 EMPLOYEES
	24,515 SESSIONS
CHINA	4 FACTORIES
	370 EMPLOYEES



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AMPLIFYING  
WORKERS' VOICES

At BESTSELLER, we believe that all workers should receive a living wage. This means that their wages should provide for a decent living standard for the workers and their families. As a member of Action Collaboration Transformation (ACT), BESTSELLER is committed to supporting the textile and garment industry’s journey towards living wages for all workers, and as part of Fashion FWD, we set a goal:

*By 2025, through industry collaboration, we will implement mechanisms to promote fair living wages.*

Much of our social impact work is focused on raising awareness of and promoting Freedom of Association (FoA). We work to create greater awareness among workers, supplier management, and brands on the value which mechanisms such as collective bargaining agreements and dispute resolution mechanisms bring to the industry.

Since BESTSELLER joined ACT in 2018, we have been working to transform our own internal purchasing practices, while externally we are engaging with the national working groups in key sourcing countries. Our work in key sourcing countries is ground-breaking.

**FREEDOM OF ASSOCIATION:**

*At BESTSELLER, we believe our supply chain should be a place where all workers are free and encouraged to join and form trade unions or workers’ organisations of their choosing. This freedom of association (FoA) is enshrined in the Universal Declaration of Human Rights and, for BESTSELLER, this means that all workers at our suppliers have the right to freedom of assembly, association, and trade union membership. It is a precondition for working with BESTSELLER that suppliers accept this.*

**COLLECTIVE BARGAINING:**

*Collective bargaining agreements, based on freedom of association, empower workers and employers to build stronger industrial relations where working conditions, including wages, are negotiated transparently and constructively. For us, collective bargaining is the preferred mechanism for workers to freely negotiate their working conditions with their employers and we believe this is a useful mechanism for workers to safeguard their wider human rights beyond the workplace.*

For example, in Myanmar, as part of ACT, we collaborated with local unions and manufacturers’ associations to create the industry's first negotiated dispute resolution mechanism. This means that parties agreed to respect FoA in the country, establishing a clear and common

standard on the correct, ILO-endorsed system for our suppliers to solve disputes with workers’ associations.

2021 PROGRESS & IMPACT

Over the past year, one of our key concerns was the safety of workers at our suppliers in Myanmar. In the wake of the coup on 1 February, many workers were unable to attend work due to safety concerns. Following a dialogue process with IndustriALL-affiliate Industrial Workers Federation of Myanmar (IWFM), ACT member brands developed and collectively adopted a Framework on Workers’ Safety and Terminations to address this challenge.

Separately, we have also participated in the 2021 ACT Purchasing Practice Survey, the largest survey into the specific purchasing practices of major international brands and retailers carried out to date. A total of 71 questions covering 16 different areas of purchasing practices were posed to 1,338 suppliers and 1,831 brand employees, and the results provide insight into the purchasing practices of ACT member brands and include key takeaways, both challenging and encouraging.

The survey marks a significant contribution to understanding the global state of play for purchasing practices in the global garment and textile industry. A generally positive picture across the results indicates that brand employees and suppliers think the ACT member brands do have substantial responsible purchasing practices measures in place.

Feel free to read the results of the survey [here](#).



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RAISING STANDARDS  
TO PROMOTE LIVING  
WAGES

*Like most apparel & textile companies, we outsource production to independent manufacturers. This means we don't pay garment workers' salaries, nor can we decide how much they are paid.*

*But there are many things we can do to have a positive impact on wages and wage development to give workers and their families better livelihoods, good working conditions and more power in the workplace.*

*We do this by setting clear standards and expectations for every supplier that makes our products, as well as taking action if the standards are not met. As per our Code of Conduct, suppliers' employees are entitled to at least the statutory minimum wage, or the standard benchmark rate in the industry, whichever is higher, and should be enough to meet basic needs and provide some discretionary income.*

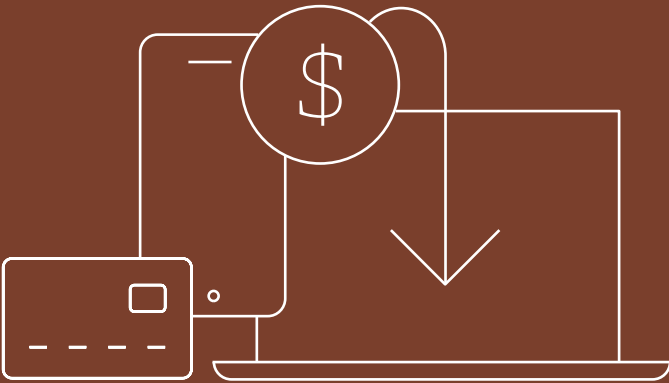
*Beyond that, our Code of Conduct requires suppliers to respect Freedom of Association and expects them to be open and work on reaching a sustainable solution to providing fair living wages negotiated through collected bargaining agreements. Our work in ACT supports this in terms of developing purchasing practices that facilitate payment of living wages negotiated through collected bargaining agreements, and building industry consensus for, and standards regarding fair wages.*

BALANCING OUR  
COMMITMENT TO  
DIGITAL WAGES

*Wage digitalisation is something we support our suppliers in implementing. We require them to have strong, verifiable mechanisms to ensure workers are paid in full and on time.*

*Our Fashion FWD strategy includes a goal that by 2025, we will support all tier 1 factories in implementing digital payment of wages. Wage digitalisation offers many benefits, primarily for worker safety, as receiving and transporting volumes of cash can be dangerous. However, wage digitalisation can also be problematic in some of our sourcing regions, for example where women do not have full control over their bank accounts, or may not be living close to a physical branch of their nominated bank. In these cases, wage digitalisation can cause more harm than good.*

*As part of our human rights salient risk analysis, we will be reviewing what our policy should be on wage digitalisation.*





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# PROMOTING EQUALITY IN GLOBAL SUPPLY CHAINS

Our vision is for all workers in garment factories to be equipped with skills, provided with an environment and the equal opportunity to make informed work and health-related decisions. We expect our suppliers to treat people fairly and to give everybody access to the same opportunities and protection from discrimination and harassment. We have set a goal:

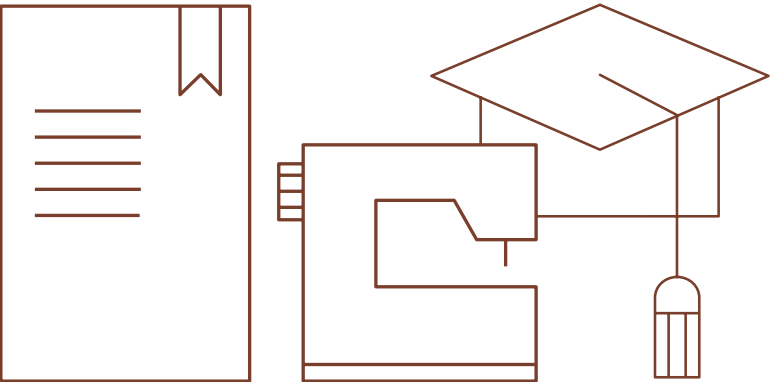
*By 2025, we will have improved work and life skills for female workers in key sourcing communities through industry collaboration, partnering with HERproject, and in accordance with the UNGC's women's empowerment principles.*

We recognise that our sourcing countries have different expectations of gender, reflective of local cultural and legal contexts. Nonetheless, we are committed to providing opportunities and responsibilities to women, regardless of where they are in the world.

Since 2012, BESTSELLER has been working with HERproject™ – an initiative run by Business for Social Responsibility (BSR) that develops tailor-made workplace education programmes that increase well-being, confidence, and economic potential of low-income women working in global supply chains. As well as giving women important life skills, our suppliers enrolled in the programmes report improved workplace communication and higher productivity, and workers report feeling more self-confident entering into dialogue with management to find common solutions to everyday issues.

2021 PROGRESS & IMPACT

In March 2021, we announced that we had achieved our Fashion FWD women's empowerment goal of reaching 100,000 women through different programmes – four years ahead of schedule. At the end of 2021, we have reached 111,441 women in our supply chain.



At the beginning of 2021, BESTSELLER signed an agreement with Work and Opportunities for Women (WOW) to accelerate plans to bring the HERessentials tool to Pakistan. This was the first time BSR has worked in Pakistan, and we worked together to find a partner supplier willing to trial the project and translate the course's resources into Urdu and Punjabi.

Since then, we have rolled the programme out at six factories in Pakistan, reaching 4,106 women. We have also been talking to other brands sourcing from Pakistan and have seen them take up the programme with our shared suppliers. Creating tools that other peers in the industry can use is a great achievement, firstly in recognising that we have developed tools that are useful and impactful, and secondly in multiplying our impact. If brands collaborate on programmes like this, it raises global standards, provides brands with more leverage to inspire positive change, and increases the effectiveness and efficiency of women's empowerment programmes.



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111,441

women reached in  
BESTSELLER's supply  
chain by the end  
of 2021

HERproject™	Completed 2020	Completed 2021	Ongoing	Pre-kickoff
 <b>HERhealth</b> Information on health topics, including sexually transmitted infections, nutrition, and pregnancy.	36,468	41,167	21,064	1,991
 <b>HERfinance</b> Financial management tools, mobile banking and financial inclusion.	10,007	10,007	2,990	—
 <b>EXPANDING WOMEN'S FINANCIAL INCLUSION</b> Basically HERfinance for factories that have completed HERhealth before.	5,390	5,390	—	1,600
 <b>HERessential</b> Health and hygiene, nutrition, mental health, family planning, and digital finance tools.	—	—	1,207	16,348
 <b>HERrespect</b> Gender equality and respect.	—	—	—	495
TOTAL	51,865	56,564	25,261	20,434



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Historically, BESTSELLER has worked with BSR to deliver women's empowerment programmes in Bangladesh, India, China, Vietnam, Myanmar, Cambodia and most recently, Pakistan. However, with BSR not covering Turkey, which accounts for roughly 15 percent of our sourcing volumes, we needed to find a new partner. This year, we partnered with ACEV, a local NGO, to develop a women's empowerment programme for our suppliers in Turkey.

Under the new partnership, ACEV will work with BESTSELLER to develop a curriculum for a women's empowerment programme, which incorporates lessons from the BSR projects in different markets. Once the curriculum is finalised, the pilot will run over 10 months at four hand-picked suppliers. Up to 2,000 women from four suppliers will attend 13 sessions focusing on different topics, from accessing health resources to digital literacy.



When developing initiatives like this, we are particularly focused on scalability.

*"As well as creating positive impact within our own supply chain, our hope here is to contribute to an industry-level solution that can be applied by us and other brands in the country. Just as we did in Pakistan, we hope that when the pilot is complete we will be able to present the programme, and the business case for having this programme, to other brands sourcing from Turkey and encourage them to join."*

Andrei Vasiliev, Social Impact Manager, BESTSELLER.

**GOING FORWARD**

We will be running the pilot of the ACEV programme in Turkey, monitoring implementation of the HER-essentials programme in Pakistan, and enrolling more factories across our supply chain in BSR programmes throughout 2022.



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# FOSTERING AN ENRICHING WORKPLACE

Our colleagues are fundamental to everything we do at BESTSELLER. We value and foster a good working environment that prioritises the wellbeing of all. The work we do must be carried out in a safe and healthy manner, with an ongoing focus on physical and psychological health.

BESTSELLER's strength comes from the combined strengths of our colleagues. We strive to cultivate a culture that prioritises initiative and responsibility. We work to create a sustainable workforce by attracting new talent, as well as engaging and developing existing colleagues. To inspire this constant development and growth, we believe responsibility should be entrusted to colleagues as much as possible. We expect and encourage our colleagues to take an active role in defining their own professional journey.

DEVELOPING PEOPLE TO ENRICH BESTSELLER

At BESTSELLER, we believe that by developing talented individuals we invest in our company's future. Through-

out our history, we have been committed to providing young talents with the space to learn and grow. This principle remains central to the way we do things at BESTSELLER, both as an informal inspiration to all our colleagues and in our various training programmes.

Our internal BESTSELLER Academy delivers training, education and learning globally to support all roles in our business. Additionally, we support local talent programmes and educational institutions to secure our talent pipeline, as well as offering a number of entry-level programmes at both corporate and brand level – including our Apprentice Programme and Business Trainee Programme – to identify the next generation of colleagues for BESTSELLER. For example, the Business Trainee Programme has been providing BESTSELLER with fresh talent throughout our business for more than 20 years.

More recently, we have focused on improving the continuous development of our leaders as it builds business resilience.

*As part of Fashion FWD, we set a goal of analysing and strengthening our Leadership Pipeline and initiating implementation of training for all manager roles by 2020.*

Moving into a leadership position is a significant change that needs to be recognised and trained, so we have developed a series of training modules focused on the different manager roles in our company as part of our leadership approach.

Having expanded the scope of the aforementioned goal in 2020, we were not able to reach our target in time, so we set a new target of completion for the end of 2021.

As part of our work to strengthen our leadership, we have completed a large number of initiatives such as updating relevant PEOPLE processes and tools to support the managers being recruited, onboarded, developed, and evaluated based on the leadership standards defined per each leadership role.



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2021 PROGRESS & IMPACT

In 2021, we achieved our leadership training goal. In total, 488 leaders across different levels in BESTSELLER completed training modules last year.

In particular, we had a special focus on the retail organisation, enrolling several retail colleagues holding a Store Manager or Retail Manager role in our leadership courses. This resulted in widespread positive feedback, with a number of store managers underlining that they experienced tangible results thanks to the training.

We also trained 3,915 colleagues globally via our online Supportive Trainings within more than 20 topics from presentation technique, innovative thinking, cultural understanding, appreciative communication to efficient e-mail handling. This was almost three times our total in 2020, underlining the importance of BESTSELLER Academy's switch to more online training.

Colleagues trained:	
2019	2,841
2020	1,202
2021	4,512

In 2021 we had the pleasure of graduating the team of Business Trainees that started in 2019, with a retention rate of 100 percent. In the wake of the COVID-19 pandemic, our business has recovered at a fast pace. This increased the internal demand for International and National Business Trainees, leading to a new team of 26 colleagues – a record for the programme. With 14 nationalities, nine specialist fields and a gender split similar to what we see in BESTSELLER, the team of 2021 underlines that the programme is about developing talents from all over the world both personally and professionally to become valuable assets for BESTSELLER.

Our Denmark-based Apprentice Programme graduated 63 apprentices across various parts of our value chain: Design, Buying, Sales, rRetail, IT, Logistics and PEOPLE, with 73 percent of them gaining regular employment with their brand or function after graduation.

GOING FORWARD

To ensure that we provide development opportunities and in-house training for all BESTSELLER colleagues globally, we will introduce two global training programmes in early 2022. The programmes both have a duration of 14-16 months and have been designed to provide specific training depending on our colleagues' daily focus.

The training will consist of both online and onsite training sessions. With these global programmes, we will give all enrolled colleagues the opportunity to develop themselves, so they can improve their performance.

**BESTSELLER SENIOR  
SPECIALIST PROGRAMME**

*For experienced specialists without  
managerial responsibility*

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**BESTSELLER GLOBAL  
LEADERSHIP PROGRAMME**

*For experienced leaders leading employees*



The leadership transition training will continue in 2022 to become an ongoing training for new managers. The programme will be supported by more specific training in the skills managers need. A new item on the programme is our 'Personal Leadership' module, where our managers are being trained in mental health, as we see a great need to put this on the agenda.



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EMBRACING DIFFERENCES

At BESTSELLER, we believe that it is vital to have an inclusive environment with a diverse workforce to bring sustainable fashion forward. To achieve this ambition, we have committed to the following goal:

By 2021, we will complete the global rollout of our diversity and inclusion policy and the accompanying awareness programme.

We are aware that to succeed with our mission, we need to link our Diversity & Inclusion (D&I) initiatives to our business strategy.

Through D&I, we can also strengthen our talent pool – both with regards to recruitment and internal training – as it ensures that the best talents are prioritised. It also makes BESTSELLER a more productive, creative and enjoyable place to work, which in the end saves time and money spent on hiring.

Our work in this area is defined and guided by [BESTSELLER's Diversity & Inclusion Policy](#), [BESTSELLER's Sexual Harassment Prevention Policy](#), and other related documents.

2021 PROGRESS & IMPACT

We have been working on creating awareness within D&I through our [Code of Ethics](#), which will be launched to all colleagues in the of beginning of 2022. We wanted to embed our stance on D&I in all content of the Code of Ethics, as we want to maintain the highest level of business ethics and personal integrity in everything that we do.

The Code of Ethics is a binding policy that states what is acceptable behaviour and what is not. (See page 88).

GOING FORWARD

We will revise our policy and rename it as Diversity, Equity and Inclusion (DE&I) in 2022. By doing this, we want to emphasise that it is not just diversity (the rich mix of differences) and inclusion (that everybody feels valued and connected) that is important, but also that equity must be included to level the playing field and make sure that all policies and programs are impartial, fair and provide equal possible outcomes for every colleague.

We will therefore go through our recruitment processes, performance management, assessment programmes and leadership training programmes to make sure that all colleagues feel that they are treated fairly and with dignity.

The Code of Ethics Awareness Programme will be followed up with training initiatives on all levels to support our focus on DE&I, ensuring that our colleagues are aware of the most common biases and are role models of inclusive behaviour.

In our e-commerce office, they have already started with intercultural training to support the many nationalities working in the Amsterdam office. Within 2021, within the e-commerce team, which numbers around 220 colleagues, we have grown from 34 nationalities to 52 nationalities.

*"Within BESTSELLER, we have always strongly believed that no matter where you come from, you deserve a chance, and we love to see all the nationalities in the offices. However, we do understand that people coming from different cultures also might need a helping hand in understanding each other to boost collaboration. Therefore, for every new arrival in the e-commerce team, we arrange a one-day training in Intercultural Management where our colleagues learn how to understand their own and their colleagues' cultures – because when we understand where we are coming from, we can also collaborate better."*

Emelie Ahlstrøm, PEOPLE Business Partner, BESTSELLER E-Commerce.



FAIR FOR ALL

- Goals
- Providing positive opportunities
- Managing our supply chain
- Building a safer and fairer supply chain
- Increasing stability through social dialogue
- Amplifying workers' voices
- Promoting equality ...

- Fostering an enriching workplace
- Embracing differences
- Listening to our colleagues
- Safeguarding everyone at work
- Supporting our local communities
- Upholding business ethics

# LISTENING TO OUR COLLEAGUES

To reinforce our talent development work, it is critical that we ensure BESTSELLER is a great place to work to help retain the best colleagues and drive our company forward. As part of our efforts to continuously optimise BESTSELLER as an employer, we regularly take the temperature of our colleagues.

Our People's Voice (OPV) is our global employee engagement survey. Through the OPV, we ask colleagues a regular set of questions about their role, leadership, their team and BESTSELLER in general. The survey is conducted globally in September and March, with brands, markets and functions participating from several locations globally.

In the Fashion FWD strategy, we set the following goal:

*By 2021, we will complete the global rollout of our online engagement surveys and define common metrics to benchmark engagement across our markets.*

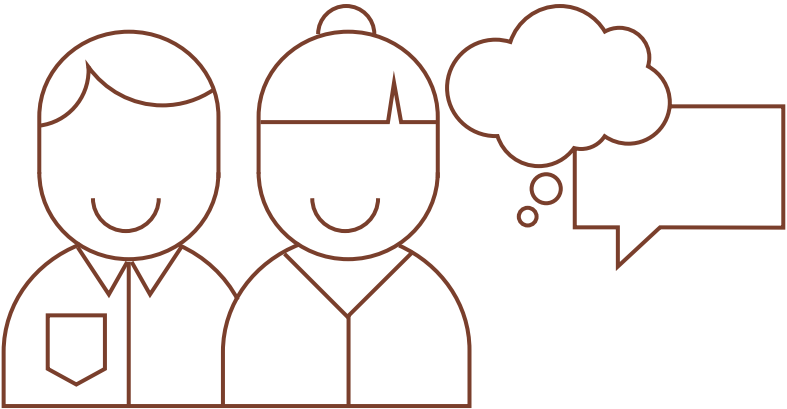
Due to COVID-19, and with many stores closed for months during 2020, we will not reach this initial goal and therefore we have extended this to 2022.

Internally, our key measure is Engagement. We measure this by averaging the global score on two data points: Employee Satisfaction (Question: How happy are you working at BESTSELLER?) and Recommend (Rating: I would recommend BESTSELLER as a great place to work).

Engagement shows a strong level of happiness and brand ambassadorship for working at BESTSELLER.

2021 PROGRESS & IMPACT

For our OPV, our goal is to maintain a high response rate and support our managers to act on the feedback provided. However, completing the survey is just the starting point – the true benefit comes when we take action based on the results.





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During 2021, we invited more colleagues to complete the OPV, which meant that by September 2021, we asked almost 6,400 colleagues to voice their opinion about working at BESTSELLER. For example, we added the following markets over the past year: the Netherlands, Poland, Sweden, France, Belgium and Luxembourg.

In both March 2021 (80) and September 2021 (81), we managed to set new record high scores on engagement, with both scores also surpassing the Retail and Global Benchmark (73) set by our survey supplier Glint. Engaged colleagues are vital to our business, as they provide the energy and creativity BESTSELLER needs to thrive.

We want to enable our managers to take action and have relevant dialogue with their teams. To support this, we have built a community for our managers to discover, learn and share knowledge about working with the OPV.

GOING FORWARD

In 2022, we expect to complete the global rollout of the OPV, meaning all BESTSELLER colleagues will have been invited to participate. We are adding our colleagues gradually, as we need the questions to be available in local languages, and the programme should be backed by training and support to ensure a strong action-taking process.

Our long-term ambition is to introduce further surveys to learn more about the employee experience. We will therefore also implement an onboarding and exit survey when the programme is rolled out to all colleagues.

	<i>Invited</i>	<i>Responded</i>	<i>Response rate</i>	<i>Engagement score</i>
SEP 2020	1,490	1,221	82%	79
MAR 2021	3,394	2,809	83%	80
SEP 2021	6,346	5,102	80%	81





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SAFEGUARDING  
EVERYONE AT  
WORK

Our office spaces are essential for us to share knowledge, work together and create great results. We see the power of nearness and teamwork as important extensions of our family culture and our business success. We all have a responsibility to contribute to this team spirit, social wellbeing and our close relationships with partners. Being together at the office supports this, and we should always plan our work with this in mind.

However, the past two years have formed the foundation of a new reality in BESTSELLER. We have seen an increase in remote working, virtual meetings, less traveling and more social interaction from a distance, all of which have quickly become part of the new ways of working. Our approach to flexible ways of working also supports our approach to limiting the spread of COVID-19 and helps our colleagues to feel safe.

In general, our approach to occupational health and safety is defined locally to reflect the unique requirements and legislation of each market. Our PEOPLE depart-

ment plays a critical role in this, as well as sharing best practice and defining overall BESTSELLER standards through its network of PEOPLE Business Partners at our various locations and business units across the globe.

Through our parent company, HEARTLAND, we have developed a whistleblower system, which is available to all colleagues and cooperation partners.

2021 PROGRESS & IMPACT

As the world gradually opened up in 2021, we launched the global guidelines 'BESTSELLER's Approach to Flexible Working' in July. These guidelines is further adjusted to local conditions.

The purpose of the guidelines is to support managers in deciding whether a flexible work arrangement is a suitable solution for their team members and function, ensuring work satisfaction for colleagues in their team. In the guidelines we also share some tips for more effective virtual work, as well as in hybrid settings.

The guidelines cover remote working, flexible working hours, virtual meetings and working in a hybrid setting, large events and meetings, and business travel. Every employee request regarding flexible working options will be discussed locally to ensure that it fits the specific business unit, local legislation and culture, as well as the role and function of the colleague.

Similarly, we have had an increased focus on the mental health impacts of COVID-19 and related lockdowns. We

have seen various encouraging initiatives throughout BESTSELLER, and we continue to assess what preventative processes and treatment options we can provide for our colleagues.

GOING FORWARD

In 2022, we will launch a policy expressly outlining BESTSELLER's denunciation of any forms of harassment, bullying, intimidation or discrimination. This global policy will, in many ways, link our work with Diversity, Equity & Inclusion to our Health & Safety approach. The policy will describe the forms of harassment, and offer resolutions – both in an informal and formal way. Our renewed Code of Ethics, which will also be launched in the coming year, will include this policy.





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SUPPORTING  
OUR LOCAL  
COMMUNITIES

At BESTSELLER, we regularly contribute to charities and social community organisations. Our colleagues – whether in our stores or at our offices around the world – are empowered to give back to their respective communities through charitable initiatives.

For example, in April, colleagues from BESTSELLER and HEARTLAND took part in a joint global day of community support – a new tradition for our extended BESTSELLER family. Various groups chose different causes to support. Colleagues from BESTSELLER Global Sourcing’s offices in Asia focused on aged care and an orphanage for children with autism, while BESTSELLER UK partnered with Centre Point – a local youth homelessness charity. This partnership is in retail and wholesale, and involves ad hoc fundraising events and volunteering, plus mentoring opportunities.

We often have positive results when we choose projects, charities, donations, etc. that fit our company and our colleagues. We want to give back to the communities we live in via our products, to make our colleagues proud and to gain knowledge and experience that can grow our

business via the perspectives we gain from the donations. In Australia, we work together with an organisation, Threadtogether, which collaborates with organisations that support people in need. We donate our samples to them, and give our time to assist in their warehouse and showroom, providing people with very limited resources with a personal shopping experience and a new wardrobe.

In BESTSELLER Austria’s head office in Vienna, Pride Month was marked with a display in their entry hall. Built around a number of mannequins in our brands’ styles, the display was decorated with rainbow flags and stickers. The message was that ‘every month is Pride Month’.

As an example of how BESTSELLER can make a stand to support causes close to our hearts, VERO MODA ran a campaign in 2021 in connection with Mother’s Day called ‘For the Love of Mothers’. With women making up a large percentage of our global colleagues, this was certainly a campaign that many could relate to. All profits from VERO MODA’s Mother’s Day capsule were donated to the SOS Children’s Village in Zanzibar, which provides care, education and additional support for around 100 children who are unable to live with their families.

In February, SELECTED’s retail colleagues in Denmark decided to turn a negative into a positive. With all stores in Denmark closed due to COVID-19, each of the brand’s 15 Danish stores chose a charity to support and spent two weeks giving back to their local community. For example, SELECTED Holstebro helped prepare a meal for 150 homeless people at a local shelter, as well as donating winter jackets that they couldn’t sell due to lockdown.





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# UPHOLDING BUSINESS ETHICS

Due to the global nature of our business, including our supply chain, we are aware that there is a high risk in certain countries where we operate. This risk is more likely in regions where political and social structures are weakened, which reduces transparency. To ensure we conduct business with ethics and integrity, and to protect our company from corrupt practices that we may meet, BESTSELLER has a Code of Ethics, which is updated biannually. Our [Code of Ethics](#) is a wide-ranging policy, which sets out the proper way to do business in BESTSELLER, including anti-bribery and corruption.

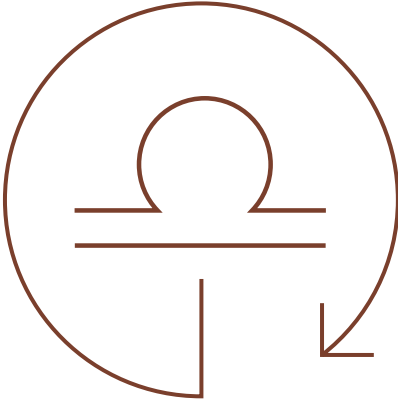
*All colleagues are to complete our e-learning course on the Code of Ethics to equip them with the knowledge of BESTSELLER's guiding principles on conducting business in an honest manner.*

2021 PROGRESS & IMPACT

In late 2020 we conducted a risk assessment of our anti-corruption efforts and identified areas with potential for improvement. Following this process, we interviewed key colleagues and management from our sourcing organisation to better understand our risks regarding corruption.

Additionally, we have developed a Code of Ethics for Business Partners, which is also supported by [BESTSELLER's Code of Conduct for suppliers](#). Anti-corruption clauses are included in our contracts with suppliers and business partners, which state that we would stop working with them if an instance of bribery or corruption should occur.

At BESTSELLER, we base all relations on trust, respect and honesty. Colleagues are encouraged to speak up if



there is anything they are concerned about, and we always encourage to an open dialogue. Our whistleblower programme provides colleagues and cooperation partners with an alternative communication channel where they can report suspicion or knowledge of serious violations of law or ethical standards within certain areas, such as fraud, competition law, environment, human rights, harassment, and child labour. Reports can be submitted in both Danish and English and can be submitted anonymously.

GOING FORWARD

We expect to complete the rollout of an updated version of BESTSELLER's Code of Ethics in the beginning of 2022. Based on our series of interviews with key colleagues regarding BESTSELLER's anti-corruption efforts, we are now developing a new specialised training resource for all colleagues exposed to such risks.

BESTSELLER  
FOUNDATION

UN SUSTAINABLE  
DEVELOPMENT  
GOALS (SDGS)

MULTI-STAKEHOLDERS  
PARTNERSHIPS &  
COLLABORATIONS





# BESTSELLER FOUNDATION — HELPING BUILD AFRICA'S CIRCULAR FUTURE



*BESTSELLER Foundation is a private foundation with offices in Denmark and Rwanda, philanthropically supported by BESTSELLER. Its primary mandate is to support the transition towards inclusive and collaborative circular economies in Sub-Saharan Africa, contributing to creating a healthy ecosystem that benefits society, livelihoods and the environment.*

Since 2015, when it replaced the previous BESTSELLER Fond, BESTSELLER Foundation has supported projects and invested in businesses with positive social and environmental impact.





In recent years, BESTSELLER Foundation has turned its attention to one of the biggest challenges of our time – how to reduce waste. With an ambition of making a real difference, the focus is on supporting entrepreneurs and investing in businesses that are developing new ways to reuse and recycle waste, simultaneously creating new valuable resources.

BESTSELLER Foundation’s North Star is to build a significant portfolio of changemakers that drive the circular economy and create jobs and opportunity. It aims to be an internally valued and externally recognised circular economy investor in Sub-Saharan Africa. Based on the idea that the 21st century is the African century, Sub-Saharan Africa is an ideal region to prioritise, as it has enormous potential for a transition to a circular economy across a number of sectors.

In addition to the circular economy priorities on the African continent, the Foundation also offers its support to textile workers and their communities and other good causes around the world.

In December, BESTSELLER Foundation and BESTSELLER joined forces to donate DKK 3.5 million to Bangladesh. In the name of all BESTSELLER colleagues, the donation was shared amongst four local organisations that are working to limit the effects of COVID-19 in Bangladesh.

A textbook example of BESTSELLER Foundation’s strategy came in October with the investment in TakaTaka Textile Recycling, a new initiative from Kenya’s largest waste management and recycling company – TakaTaka

Solutions. TakaTaka Textile Recycling has been setup to fill a void in Kenya, which has plenty of post-consumer and factory textile waste but no infrastructure or systems in place to recycle that waste. Both BESTSELLER Foundation and BESTSELLER are excited about the scalability of TakaTaka’s recycling model.

In addition, BESTSELLER Foundation expanded its portfolio of waste-to-value start-ups in 2021. One of them is Ywaste, which is based in South Africa and diverts organic waste from landfill and turns it into high-quality compost. In Kenya, BESTSELLER Foundation linked up with Zijani – a company that reclaims vegetable oil from the hospitality industry and transforms it into biodiesel and soap, while in Uganda, an investment was made in Gracela, which is producing sustainable briquettes to combat deforestation by replacing charcoal as a fuel source.

Another highlight was the launch of BESTSELLER Foundation’s Young Environment Ambassador Award and the selection of three winners: Idah Murithi, Shashwat Gangwal and Doris Vertegaal, who are respectively committed to protecting elephants, eliminating single-use plastic and global food security.

For more information about the work of BESTSELLER Foundation, please go to [bestseller.org](https://bestseller.org).



# SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS — SDGs



At BESTSELLER, we believe in a holistic approach to sustainability because of the clear interconnections between all facets of our sustainability work. Just as we align different sustainability initiatives to international guidelines and policies to guide our efforts in those areas, we have also aligned Fashion FWD with the United Nations’ Sustainable Development Goals (SDGs), as they provide a comprehensive shared blueprint of what the world needs for a better tomorrow.

The SDGs define 17 global development priorities to be achieved by 2030 and have received significant support from governments, businesses and NGOs, as well as in-

dividuals, since their birth in 2012. By aligning Fashion FWD with the SDGs, we ensure we are pulling in the same direction as many people around the world to achieve positive economic, social and environmental change. Fashion FWD’s holistic nature means it strongly reflects and naturally contributes to the SDGs.

Considering our business model and industry, there are some SDGs where we can have a greater impact. To articulate this better, we have compared and analysed Fashion FWD and the SDGs to identify clear links. At BESTSELLER, the following SDGs are where we can make a more relevant contribution:

- SDG 5: Gender Equality*
- SDG 6: Clean Water and Sanitation*
- SDG 8: Decent Work and Economic Growth*
- SDG 12: Responsible Consumption and Production*
- SDG 13: Climate Action*
- SDG 15: Life On Land*
- SDG 17: Partnerships for the Goals*

The following graphic highlights some of our key efforts in relation to the SDGs but is far from comprehensive:



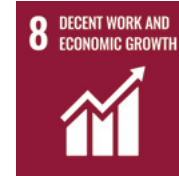
### SDG 5: GENDER EQUALITY

In March, we surpassed our target of reaching 100,000 women in our supply chain through HER-project's various programmes, and we continue to expand on that work with, for example, our partnership with ACEV in Turkey. Internally, our Diversity & Inclusion Policy and Sexual Harassment Prevention Policy play important roles in making BESTSELLER a safe and inclusive workplace.



### SDG 6: CLEAN WATER AND SANITATION

By developing a water framework, we have defined key focus areas and risks to consider when assessing the impact of our value chain on water sources. We also track our suppliers' water use through the Higg FEM module, which measures suppliers' water usage and wastewater management performance. Additionally, our focus on more sustainable cotton reduces our overall water use and limits our impact through chemicals.



### SDG 8: DECENT WORK AND ECONOMIC GROWTH

We are promoting and enforcing safe and fair working conditions among our tier one factories through the Factory Standards Programme and our Social Impact initiatives, which target specific areas of human rights risk within the workplace, such as freedom of association, gender-based violence, and workplace health and safety.



### SDG 12: RESPONSIBLE PRODUCTION AND CONSUMPTION

At the heart of our Fashion FWD strategy is a commitment to transforming our business model to meet the demands of tomorrow. Our Fashion FWD Lab drives more sustainable and circular business models forward by identifying and encouraging innovative solutions for BESTSELLER and the wider fashion industry. Our commitment to circular design will also facilitate a more sustainable future for fashion.



### SDG 13: CLIMATE ACTION

Through our science-based targets, we are committed to significantly reducing our greenhouse gas emissions by 2030 in line with the Paris Agreement. In October, we began covering the electricity use in our owned and operated buildings with solar power thanks to the launch of HEARTLAND's 207 megawatt solar power plant. Our use of Maersk's carbon-neutral biodiesel for all sea freight also reduces our impact.



### SDG 15: LIFE ON LAND

As a member of Organic Cotton Accelerator, we help protect biodiversity and local water sources, as the cultivation of organic cotton excludes chemicals and synthetic fertilisers, providing healthier work environments for farmers and strengthening local communities. Our membership of Canopy and our Forest Protection Policy articulates our commitment to protecting the world's forests and associated ecosystems.



### SDG 17: PARTNERSHIPS FOR THE GOALS

Accelerating a sustainable reality for the fashion industry requires collective effort to achieve lasting change. We are a member of various global organisations and industry associations to share knowledge, collaborate and implement solutions, including Fashion For Good, G7 Fashion Pact, ACT, Global Fashion Agenda, Sustainable Apparel Coalition and Textile Exchange.



# MULTI-STAKEHOLDER PARTNERSHIPS & COLLABORATIONS



## FASHION FOR GOOD

Fashion for Good is a global community of brands, producers, retailers, suppliers, NGOs, innovators and investors united around shared ambitions of positively transforming the fashion industry. With our partnership, we aim to identify and grow new sustainable innovations and solutions through Fashion for Good’s Innovation Platform.

## SUSTAINABLE APPAREL COALITION (SAC)

SAC is a trade organisation comprised of brands, retailers, manufacturers, government, NGOs and academic experts, representing more than 40 percent of the global apparel and footwear market. SAC is working to reduce the environmental and social impacts of apparel and footwear products around the world. BESTSELLER is strategic member of SAC and we are working with a number of tools within the SAC Higg Index to access the social

and environmental performance of our value chain and the environmental impacts of our products including the Higg Facility Environmental Module (FEM), Higg Facility Social & Labour Module (FSLM), Higg Brand & Retail Module (BRM) and Higg Sustainable Materials Index (MSI) and Higg Product Module (PM).

## SCIENCE BASED TARGETS INITIATIVE (SBTi)

SBTi is a collaborative initiative organised by Carbon Disclosure Project, the United Nations Global Compact (UNGC), World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). SBTi is also one of the We Mean Business Coalition commitments. BESTSELLER has set science-based goals on greenhouse gases through the Science Based Targets initiative (SBTi), which has an overall aim of making science-based target setting standard business practice by 2020.

## TEXTILE EXCHANGE

Textile Exchange is a global non-profit that works closely with its members to drive industry transformation in preferred fibres, integrity and standards, and responsible supply networks. Through Textile Exchange, it is possible to identify and share best practices regarding farming, materials, processing, traceability and product end-of-life, reducing the textile industry’s impact on the world’s water, soil and air, and – by extension – the human population.

## GLOBAL FASHION AGENDA

BESTSELLER is a Strategic Partner in the GFA, which aims to mobilise the global fashion industry to change the way we produce, market and consume fashion. As a Strategic Partner, we also contribute to the development of the CEO Agenda, which spells out the eight most crucial sustainability priorities for CEOs on an annual basis.



## BETTER COTTON

Better Cotton is a global not-for-profit organisation and the largest cotton sustainability programme in the world. Better Cotton exists to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future. BESTSELLER has been a member of Better Cotton since 2012.

## ORGANIC COTTON ACCELERATOR (OCA)

OCA acts as a catalyst for change by investing in farm-level programmes, which enable farmer education and support, develop new cotton cultivars and facilitate sourcing models linking brands, retailers and suppliers directly to the farm. These programmes bring additional transparency, integrity, supply security and measurable social and environmental impact to organic cotton. BESTSELLER became a member in January 2020.

## CANOPY

In 2020, BESTSELLER partnered with the environmental organisation Canopy as we work to eliminate the use of man-made cellulosic, paper and packaging sourced from ancient and endangered forests in our supply chain. Canopy works with the forest industry's biggest customers and suppliers to develop business solutions that protect these last frontier forests.

## THE G7 FASHION PACT

The Fashion Pact is a global coalition of companies who will collectively work to reduce our impact on climate, oceans and biodiversity. The coalition will promote existing programmes – some of which BESTSELLER is already involved with, such as the Science Based Targets initiative on climate – to get more companies on board. The Pact will also work to further the global biodiversity conversation in order to identify a collective strategy in this space.

## RE100

Led by The Climate Group in partnership with CDP, RE100 is a collaborative initiative bringing together the world's most influential businesses committed to 100 percent renewable power.

## BSR HERPROJECT

BSR's HERproject™ is a collaborative initiative that strives to empower low-income women working in global supply chains. Bringing together global brands, their suppliers, and local NGOs, HERproject™ drives impact for women and business via workplace-based interventions on health, financial inclusion, and gender equality. BESTSELLER has been a member of BSR HERproject™ since 2012 and became a Catalyst member in 2018. In 2019, BESTSELLER has also established a five-year partnership with BSR's HERproject™.

## THE INTERNATIONAL ACCORD

BESTSELLER is a signatory to the International Accord, which is a legally-binding commitment to uphold workplace safety standards at our suppliers in Bangladesh and explore the expansion of additional country-specific health and safety programmes to other markets. BESTSELLER was a signatory to the original Accord in 2013 and the Transition Accord in 2018.

## THE APPAREL AND FOOTWEAR INTERNATIONAL RSL MANAGEMENT GROUP (AFIRM)

AFIRM is an international group constituted by a number of apparel and footwear companies, which have a common mission to reduce the use and impact of harmful substances in the apparel and footwear supply chain.

## ACTION COLLABORATION TRANSFORMATION (ACT)

As a member of ACT we are part of a global agreement to use our influence as brands to promote and work towards living wages for apparel workers at industry level through collective bargaining.

## THE ETHICAL TRADING INITIATIVE (ETI)

ETI is a leading alliance of companies, trade unions and NGOs that promote respect for workers' rights around the globe. ETI's vision is a world where all workers are free from exploitation and discrimination, and enjoy conditions of freedom, security and equity. BESTSELLER was accepted as a Foundation Stage Member on 10 March 2016.

## ALLIANCE FOR WATER STEWARDSHIP (AWS)

BESTSELLER became a member of the AWS in 2019 and is working with suppliers in water-stressed regions to apply AWS' standard framework for major water-users to achieve sustainable water management within a river catchment area.

**BESTSELLER**