

TABLE OF CONTENTS

ABOUT COZE AARHUS

CEO statement	Р3
2020-2021 in short	P4
Who we are	P6
COZE AARHUS framework	Р8

WHAT WE'RE DOING

Sustainable Development Goals	P10
We are certified	P14
Long-Lasting Products	P16
Responsible Production	P18
CSR Ambassadors	P20
Proud Employees	P22

CEO STATEMENT

STAYING FOCUSED

With a year of more lockdowns, customers severely challenged or going out of business, piled stock volumes, rising prices and longer lead times, it would be easy to draw back and lower ambitions until the storm has passed. There is no part of our business or any partner not affected by the pandemic crisis. We are all in the same boat, and we must all help each other to shore, by sharing solutions and efforts.

PARTNERSHIPS ARE KEY

Knowing that no one is left unaffected makes it natural to create solutions together or for each other. When needed, shop customers were granted longer credits. Our new collections were adjusted to incorporate more colours from previous to help our customers avoid depreciations and over buying, and through campaigns on our web-shop we shared with consumer recommended shop customers some of the profit from our web-shop sales. Downstream we knew that our goods had the same cost and value as before the crisis, so we did not ask for discounts from our suppliers. When we got longer credit, it was mutually agreed. And we took all the goods, we had in production. We are lucky to say that all long-term or key suppliers remain in business and with us.

At the same time, because we work directly with Tier 2 suppliers, especially fabric makers and laundries, we have been able to keep a high standard in product development and get access to their newest developments and technology. The fast technological development in long distance meetings on Teams/Zoom/Skype made a huge impact on the "presence" in each other's lives.

WE DID NOT DECREASE OUR GOALS

Instead, we increased our effort and stayed focused on our goals. In fact, we added to them and learned more than we had aimed for, also this year. Traditional selling by physically showing samples has been totally disrupted, and the digital/virtual tools are more relevant than ever. Our team is dedicated to learning and come far, and we see ahead a very positive sustainable development in making samples in the years to come. New e-Flow washing techniques and laundry machinery using substantially less water, chemicals and energy have high sustainable impact, and we have started to implement this in all product groups possible going forward.

THE ROAD AHEAD

And we learned, through focus. Moving into the 3rd year of our 3-year strategy implementing organic cotton, viscose derived from replanted forestry and solving the challenge of our use of plastic in the best possible way, we found the headline to the road ahead for a new strategy in our sustainability journey. We have decided that measurability will be our new focus in all that we do. Because when we can measure, we can start to learn what it takes to be truly sustainable

CONTINUED SUPPORT

COZE AARHUS has been supporting the UN Global Compact since 2014 and continues to promote initiatives that demonstrate our commitment to the 10 principles. We also continue to support the UN Sustainable Development Goals and are still devoted to achieving the SDG goal 8, which involves the promotion of decent work and economic growth through long-term partnerships with our suppliers. We also reaffirm our contribution to the SDG goal 12 of ensuring sustainable consumption and production patterns by producing long-lasting products using more sustainable materials and production processes.

UPSTREAM FOCUS

We believe in our business model of making available our products in pcs. as opposed to selling pre-defined assortments. And we have no minimum orders. This is a core value, which we believe is essential for all, especially in times of crisis, but certainly also in times of a sustainability emergency. Adding to this, with our strategic focus that min. 60% of the garments in a collection must be long-lasting in both style and quality (min. 2 of the same seasons) guides our design team and minimizes depreciations, both our own as well as those of our shop customers.

More than half of our turnover comes from in-season basic stock essentials, based on present need instead of long-term expectation.

ADDITIONAL ACHIEVEMENTS

Through our achievements during the fiscal year (May 2020 - April 2021), amongst others, we have made public our own policies on animal welfare, child labour and anti-corruption, and implemented them in our cooperation agreements with suppliers. We prioritized our Nordic Swan Ecolabel product range over sonsumer demand in order to push that demand in the direction of the range with an increased marketing effort. We have implemented e-Flow washing technique in 3 product groups so far. We have also initialized our internal due diligence, which will be conducted in the coming fiscal year.

However, our present overall strategic goals are still:

- 1. By 2022 using only cotton fibres that are grown, processed and certified according to organic standards.
- 2. By 2022 using only viscose made of wood pulp derived from certified renewed (FSC or PEFC) wood sources.
- 3. We want to find and incorporate an alternative, safe solution to plastic in all packaging.

And these have been our main focus.

SKOEDSTRUP, JUNE 2021

Cecilia Winther CEO, Coze Aarhus VS

2020-2021 IN SHORT

LONG-LASTING PRODUCTS

FOCUS AREA	TO BE ACHIEVED	STATUS 2014-15	STATUS 2015-16	STATUS 2016-17	STATUS 2017-18	STATUS 2018-19	STATUS 2019-20	STATUS 2020-21	SDG	PRINCIPLES IN FOCUS
Reclamation rate, continuous	1 %	0,97 %	0,94 %	0,89 %	1,18 %	1,93 %	1,77 %	0,65 %	12 ESPANSIBLE DIRECTOR AND PRODUCTION	7-8
Oeko-Tex standard 100 certified, continuous	100 %	70 %	97,6 %	100 %	100 %	94,2 %	96,2 %	100 %	12 ESPANSIELE CORSIMPTEN AND PRODUCTION	7-9
Use of organic cotton, measured in garments, by 2022	100 %						24,4 %	81,7 %	12 ESPANSIBLE DISCOMPTEN AND PRODUCTION	1-2, 7-9
Use of FSC certified viscose, measured in garments, by 2022	100 %						1,2 %	97,5 %	12 ESPANSIBLE CONCLINATION AND PRODUCTION	7-9
Carton, plastic and paper waste recycling, continuous	100 %			100 %	100 %	100 %	100 %	100 %	12 ESPONSIBLE CONSUMPTION AND PRODUCTION	7
FSC certified hangtags and paper, continuous	100 %				100 %	100 %	100 %	100 %	**************************************	3-9
Packaging material, plastic alternative, continuous	100 %						0 %	100 %*	12 RESPONSIBLE CONSENSATION AND PRODUCTION	7-9

^{*} Means that we have come to a conclusion in our long search for alternatives to plastic packaging. See further under Long-lasting products, page 16.

RESPONSIBLE PRODUCTION

FOCUS AREA	STATUS 2014-15	STATUS 2015-16	STATUS 2016-17	STATUS 2017-18	STATUS 2018-19	STATUS 2019-20	STATUS 2020-21	SDG	PRINCIPLES IN FOCUS
Code of Conduct integrated with business terms and presented to suppliers	63%	All	All	All	All	All	All	8 DECENT WORK AND ECONOMIC DROWTH	1-6
Code of Conduct integrated with business terms and signed by suppliers	36%	67%	All main	95%			All	8 SECENT WORK AND SCHOOL OR SHOWIN	1-6
Suppliers are listed on the BSCI platform		50%	<i>7</i> 5%	62%			83%	8 ECONOMIC GROWTH	1-6
Tier 1 suppliers visited		All	All	All	All more than once		None	8 DECENT WORK AND ECONOMIC GROWTH	1-6
Tier 2 suppliers visited		3	3	Key	Key more than once		None	8 BECENT WORK AND ECONOMIC GROWTH	1-6
Actively sourcing locally to minimize transport and bribery in customs			Ongoing	Ongoing	Ongoing	Ongoing	Ongoing	8 DECENT WORK AND ECONOMIC GROWTH	7-10
Publishing Child labour and Anti-corruption policies							Yes	**************************************	7-10
Nordic Swan certification					ECHTE denim	ECHTE + LauRie	ECHTE + LauRie	**************************************	1-9
Active tier 1 suppliers Registered Goal: Registered and audited by amfori BSCI*						5	5 out of 9 (6)**	8 DECENT WORK AND ECONOMIC GROWTH	1-6
Active tier 1 suppliers Audited Goal: Registered and audited by amfori BSCI*					All but 2	(+90%) < D	3 out of 9 (6)**	8 SECENT WORK AND SECONDARY	1-6

^{*} Goals 2019-22: After the second audit, the overall score must be no lower than D, with a maximum of two E sub-scores. After the third audit, all sub-scores must be A-D.

** At closing of fiscal year, 6 suppliers remain active in our portfolio, 5 of which are registered in the amfori BSCI database.

CSR AMBASSADORS

FOCIIS AREA	ATUS 014-15	STATUS 2015-16	STATUS 2016-17	STATUS 2017-18	STATUS 2018-19	STATUS 2019-20	STATUS 2020-21	SDG	PRINCIPLES IN FOCUS
Sustainability info on garment hangtags		Yes	Yes	Yes	Yes	Yes	Yes	12 ESPANSIBLE DINISAMPTEIN AND PRODUCTION	8
Oeko-Tex certificate label on garments			Yes	Yes	Yes	Yes	Yes	12 ESPANSIBLE DONSOMPTION AND PRODUCTION	8
Sales staff training in sustainability issues		Twice a year	Twice a year	Twice a year	Twice a year	Twice a year	Twice a year	12 ESPONSELE DINCHAPITAN AND PRODUCTION	8
LauRie academy and influencers					In Scandi- navia	In Scandi- navia		12 RESPONSIBLE CONSUMPTION AND PRODUCTION	8
Podcast Wear your Values					Yes	Yes	Yes	12 ESPONSIBLE DINISLAND FRODUCTION AND PRODUCTION	8
POS material in shops with explanation of certifications, trade with a sustainable focus, choice of materials, amfori BSCI membership etc.	emarks						2021	12 PESPONSIBLE CONSERVATION AND PRODUCTION	8
lcons showing the different certifications and trademarks on e picture on our webshop	ach						2021	12 ESPONSBLE DINSSAPTION AND PRODUCTION	8
Short description of certifications, trademarks, materials, etc. c web shop	on our						2021	12 ESPONSERE DINCHAPTEIN AND PRODUCTION	8
A digital game to identify certifications, logos or trademarks - way of obtaining knowledge and make more informed choice							2021	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	8

PROUD EMPLOYEES

FOCUS AREA	STATUS 2014-15	STATUS 2015-16	STATUS 2016-17	STATUS 2017-18	STATUS 2018-19	STATUS 2019-20	STATUS 2020-21	SDG	PRINCIPLES IN FOCUS
Employee satisfaction score must be 4 out of 5		4	4	4	Just below 4			8 DECENT WORK AND COMMENT REPORTED	3-6
Participating in workshops/projects with sustainable development as key focus			3 persons		Lean project all			8 DECENT WORK AND ECONOMIC COONTR	8
Quarterly HR performance measuring, KPI 8,8						8,5	8,4	8 ECONOMIC GROWTH	3-6

WHO WE ARE

COZE AARHUS has more than 30 years' experience in the fashion industry, but we always want to do better. Therefore, we are constantly trying to improve the way we make products, service our customers, work together with suppliers and educate our staff.

In 2018, we changed our company name from LauRie A/S to COZE AARHUS A/S, as we have become a multi brand company. Our brands target different segments and have different aesthetics, and yet share a common belief in the beauty of quality-consciousness, great design and a perfect fit. COZE AARHUS keeps evolving, and in spring 2020 we introduced our new secondary line called lightblue.

LAURIE

Since 1987, LauRie has been working with the mantra 'It's got to feel right.' For us, that means that every decision must feel right – all the way from the beginning of a design to the finished product the consumer holds in her hands. This mantra manifests itself in the service we provide along the way, the partnerships we enter and the business ethics we stand for. Every year, LauRie offers two main collections and two smaller collections brimming with timeless styles. LauRie is made for the fashion-conscious mature woman.

LIGHTBLUE

At LauRie, we have introduced a sub-line called lightblue. Lightblue was created for women on the go. Women who desire an uncomplicated and feminine look, with an eye for well-chosen details. Lightblue, just like LauRie, has an uncompromising focus on fit. Women should be able to feel comfortable in lightblue for many hours every single day. We ensure that comfortable feeling by creating simple, well-designed and well-made styles that are able to fulfil multiple purposes. Lightblue focuses on a small selection of exquisite designs that are easy to combine with LauRie's wider range.

ECHTE

ECHTE's mission is to make effortless and uncomplicated silhouettes that celebrate the feminine figure. ECHTE cares to meet and match the demands of the modern working woman offering comfortable and more sustainable key items. We want to make sure that women of many shapes and sizes can wear ECHTE – and feel great while doing it. ECHTE is designed to last and tailored to be worn all day long. That is why the ECHTE collections are filled with essentials undefined by seasonal trends. Some call them must-haves. We just call them the foundation of any wardrobe.









lightblue

ECHTE



WHO WE AR

COZE AARHUS FRAMEWORK

PURPOSE/VISION

• To bring well-being to women all over the world.

CSR

- Long lasting products
- Responsible production
- CSR ambassadors
- Proud employees

MISSION

Through perfect fits, high quality, sustainability and fashion we aim to provide women with clothing that has the potential of becoming wardrobe favourites. Therefore, we create clothing to make women look and feel their best. Sustainability is the starting point of everything we do. We will take the lead to create a "new normal" in the fashion industry where collections evolve from responsibility to the Earth and people. Finally, we want to make our customers, partners and employees proud to be a part of COZE AARHUS.

VALUES

- We act responsibly to improve the environment and working conditions
- We act to avoid harmful chemicals in all we do
- We provide excellent quality and service
- We act with loyalty, honesty and respect
- We consider change as a constant and we create a working environment of proud commitment and well-being



LAST YEAR WE MOVED FORWARD. THIS YEAR WE STAYED FOCUSED.

SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

At COZE AARHUS, we are committed to help achieve SDG goal 8 and SDG goal 12.

SDG 8

DECENT WORK AND ECONOMIC GROWTH

The SDG promote sustained economic growth, higher levels of productivity and technological innovation. Encouraging entrepreneurship and job creation are key to this, as are effective measures to eradicate forced labour, slavery and human trafficking. With these targets in mind, the goal is to achieve full and productive employment and decent work for all women and men by 2030. (Source: United Nations Development Program)

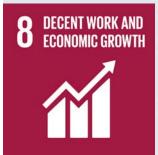
HOW WE WORK WITH SDG GOAL 8

To achieve higher levels of economic productivity through diversification, technological upgrading and innovation, we are:

- Using the newest washing technology (e-Flow) that saves significant amounts of water, chemicals and energy in production and pushing for a broader use of this, e.g., the EIM-scores in LauRie, lightblue denim and in Nordic Swan Ecolabel.
- Using laser technology as a replacement for the traditional chemical and labour intense methods of denim finishing like manual scrapping and chemical spraying, e.g., jeans in lightblue.
- Encouraging automated technology processes for the cutting, sewing, and washing stage instead of relying solely on human hands, e.g., laser cutting and decoration and use of pocket automates in sewing.

To protect labour rights and promote safe and secure working environments for all workers, we are a dedicated member of the amfori BSCI that audits our production sites. We visit all our production sites at least once a year and work closely with the people in charge of following up on the audit results.

We are committed to following and supporting the UN Global Compact and its ten principles.



DECENT WORK AND ECONOMIC GROWTH



SDG 12

RESPONSIBLE CONSUMPTION AND PRODUCTION

The efficient management of our shared natural resources and the way we dispose of toxic waste and pollutants, are important targets to achieve this goal. Encouraging industries, businesses and consumers to recycle and reduce waste is equally important, as is supporting developing countries to move towards more sustainable patterns of consumption by 2030.

(Source United Nations Development Program)

HOW WE WORK WITH SDG GOAL 12

To achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, we...

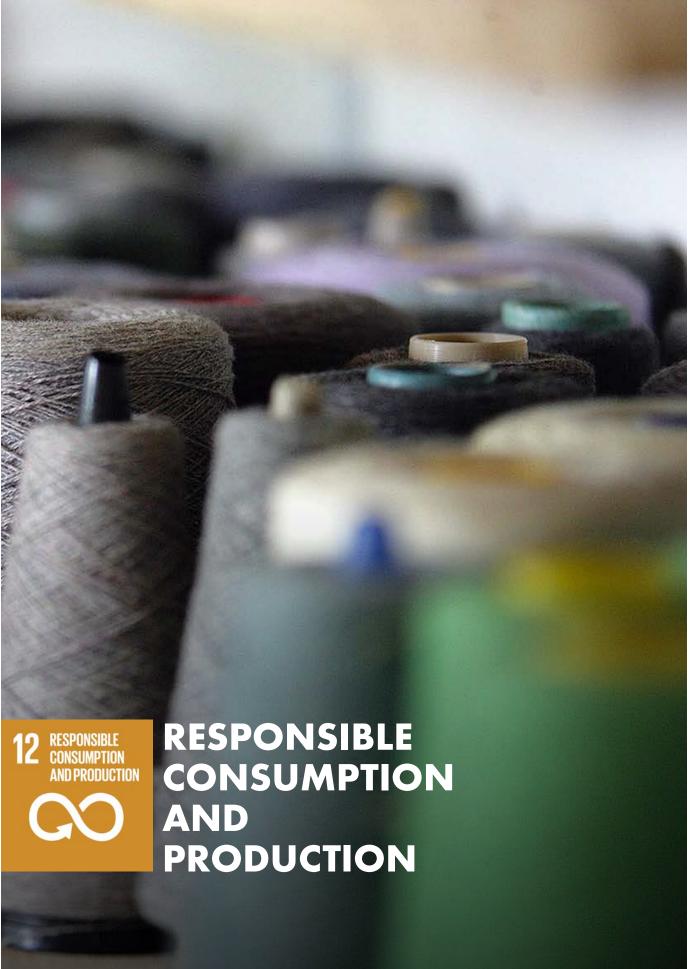
- Always produce long-lasting products that are not only defined by seasonal trends.
- Require STANDARD 100 by OEKO-TEX® certified materials in our productions.
- Focus on use of cotton fibre that is grown, processed, and certified according to organic standards.
- Focus on use of viscose derived from certified renewable wood sources.
- Have searched for, evaluated and have come to a conclusion about the use of an alternative to plastic for all our packaging.

To ensure that people have the relevant information and awareness for sustainable development and lifestyle, we are:

- Educating and working together with various CSR ambassadors (salespeople, staff, influencers, NGOs etc.).
- Sharing our knowledge via digital platforms (newsletters, brand websites, Instagram, and Facebook)
- Finding alternative ways to create communication and dialogue with our consumers (e.g. our podcast Wear your Values or directly on our garments).

To support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production, we are:

- Focusing on safe and responsible working conditions through factory visits at least once a year. This year however, due to Covid-19, has been an exception.
- Finding, creating and evolving new relations to business partners that share a common belief in the beauty of quality-consciousness.
- Developing the best conditions for an innovative environment that will ensure dedicated and proud employees both externally and internally.



WE ARE CERTIFIED

COZE AARHUS is certified, because we believe in certifications as a way to communicate validated values – both downstream (among suppliers) and upstream (among customers). But what do we mean, when we say that we are certified?

OUR GARMENTS CONTAIN NO HARMFUL CHEMICALS - VALIDATED BY OEKO-TEX® STANDARD 100

Our certification OEKO-TEX® Standard 100 ensures that the chemicals used to make our garments are compliant with the OEKO-TEX Standard 100. This goes for both materials as well as production processes like printing, dyeing, and washing. Clothing contains residues from chemicals that are gradually released as the clothing is used. This chemical residue may end up inside the person wearing the clothes, because the skin is a susceptible organ. In 2016, COZE AARHUS was certified in accordance with the STANDARD 100 by OEKO-TEX® as the first women's fashion brand in Scandinavia and is re-certified every year. This guarantees that OEKO-TEX® certified clothing from COZE AARHUS is kind to both skin and the environment.

WE CHALLENGE OURSELVES - GOING FULL CIRCLE WITH THE NORDIC SWAN ECOLABEL

The Nordic Swan Ecolabel is the official ecolabel of the Nordic countries. The Nordic Swan Ecolabel creates stricter sustainable solutions based on a life cycle assessment and an overall goal to reduce the environmental impact from production and from consumption of goods. Tough requirements in all phases of a product's life cycle and continuously tightening of these requirements to create a sustainable development are the foundation of the Nordic Swan Ecolabel. What distinguishes the certification from other certifications is that it is an official, independent third-party certification. It forces us and our factories to work harder, smarter, and more environmentally friendly and to think critically on the way to a final product. We have proudly maintained the expansion of our range of Nordic Swan Ecolabel denim and offered styles holding the certification on both LauRie and ECHTE, even though demand from the market is not there. We use the Nordic Swan Ecolabel to challenge ourselves, to get wiser and to inform the consumer through our marketing that sustainable choices are available.

AND WE WANT MORE

VISCOSE IS WOOD, WOOD IS TREES, TREES MAKE THE AIR THAT WE BREATHE

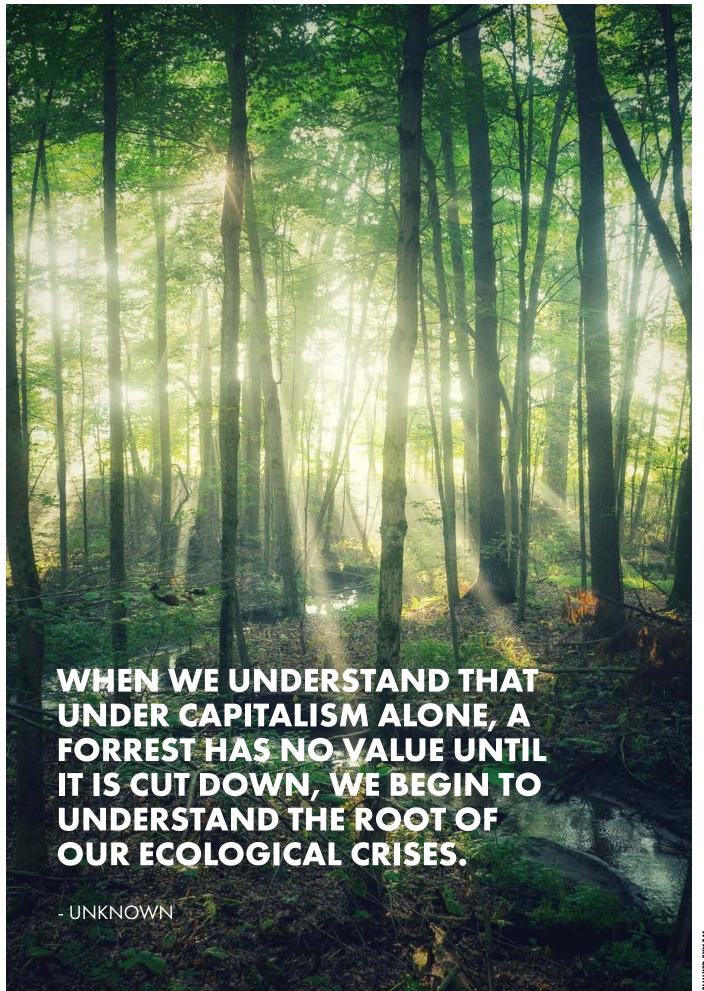
Viscose is widely used in clothing, and also in the clothes we make. After cotton, it is our most used yarn. And learning the extent of deforestation – for whatever reason lacking in transparency – we found it only natural to embrace initiatives like EcoVeroTM viscose from Lenzing in Austria, which is FSC- or PEFC-certified and hence, from replanted forestry. Therefore, we set the goal only to use viscose derived from replanted forestry, and we are close.

EcoVeroTM is a trademark, not a certification. However, underneath this trademark lies a certification validating exactly what we looked for, namely viscose derived from replanted forestry – it was a good place to start.









LONG-LASTING PRODUCTS

We believe that long-lasting products with comfortable fits are the best way to ensure a more sustainable consumer consumption. That is why the brands of COZE AARHUS focus on timeless and well-thought-out designs that are made to be loved and worn season after season, and potentially become the wardrobe favourites, that are used again and again till worn out. And this is why we have the ongoing baseline that min. 60% of our styles in collections must be long-lasting in both styling and materials. Additionally, we know that it is our responsibility to create products, which to the best of our ability and knowledge fit the user and at the same time do not harm the people who work for us, the environment or the people who wear our clothes.

ACTIONS

NO HARMFUL CHEMICALS

This year we are proud to announce that 100% of our garments are Oeko-Tex Standard 100 certified, or Nordic Swan Ecolabel certified. In times of crisis and lockdowns we can only be satisfied, especially with our material partners.

FABRICS BY CHOICE

Our **material guide** has now been made public. The guide shows the properties of the different types of fabrics we use in our productions as well as our motives behind the non-usage of certain materials. We believe the guide helps us communicate values for different pieces of garments in our collections and shed light on more sustainable material selections, both upstream and downstream.

PLASTIC

DON'T BE PERFECT - BE COMMITTED

"We want to find and incorporate an alternative, safe solution to plastic in all packaging" – our no. 3 out of 3 goals for the period 2019-22, and our focus this year was to research. We saw many challenges:

- Waste considerations
- Protection of garment
- Recycling

Plastic as a material is widely made of fossil fuels in the industry and is very durable. However, today, we can see the impact of the wide use of plastic globally, and therefore we challenged ourselves and our partners to find alternatives to wrap around our garments and to ship smaller web-orders.

One main concern, apart from substantial use of virgin plastic, was and is the protection of our garments. We tried to get 2 productions, where each garment was not protected by a plastic bag to see if it was possible to minimize use. Our warehouse staff thought it would be too difficult to keep protecting non-wrapped garments from dust and other substances, so we stopped testing further.

Our research team was around. We consulted university research teams to find alternatives. They made us think that although the core material is one thing, the alternative should also fit into an existing system of waste management. Furthermore, there is the transport issue of sending materials and goods around the world when local sourcing makes more sense and is possible.

So, our research into biodegradable bags ended fast, as most of our bags end in waste bins (in the shops), they are not discarded in nature.

Another thought... Clothes that are destroyed due to insufficient protection are far more environmentally damaging than a bag that ends up being collected for waste.

LONG-LASTING PRODUCTS

Another person visited our then plastic supplier in Turkey, who informed us about the small-scale-existing recycling system locally. Recycling systems have not progressed as far as in Denmark, and most waste is being burned or taken to landfills, not recycled. If we wanted recycled plastic from this plastic supplier, the raw material would have to come from the Far East, a journey that we found a serious downside in our decision making.

However, we found another local supplier, who takes in local, used plastic for recycling. Documentation is scarce, as at the moment we only have a document stating it to be recycled plastic - and our supplier's word that the raw material is obtained locally. The price was 16% more expensive, the bags were slightly less transparent, but manageable.

Our final decision was that, looking at the research from a circular aspect, we could not find systems progressed enough to switch to another material. But the search was not in vain, because we learned on the way and decided to go with the supplier, who is now servicing us with recycled plastic bags made of raw material from the local market.

Are we satisfied with the result of our findings? Well, plastic is still plastic, and documentation is too scarce, but our search has once again shown us the complexity of transforming global, commercial, industrial systems to more sustainable ones. Do we leave it at this? No, we remain curious and open to new, more transparent material developments, but for the time being our research in connection with our 3rd goal has finished and our decision is being implemented.

BONUSES..

A positive side effect was that we found there was no longer customer demand for stickers outside each garment bags, so we eliminated them right away.

Inspired by a colleague in our network, last year we switched to getting all internal samples such as protos, collection samples and size sets delivered without single unit bags (appr. 8000 pcs.). Another colleague in our network has switched to ½ size plastic bags for T-shirts – a low hanging fruit, we also immediately picked.

MEASURING IMPROVEMENT

E-Flow laundry machinery is a fairly new nano technology used in industrial washing - at least large scale. With the use of this technology, our laundries use considerably less water, chemicals and energy to wash our trousers, and a software can measure the environmental impact compared to conventional washing techniques, used not long ago. We believe in this important new technology, and we have started to implement it in all the productions we can moving forward.

RESULTS 2020-21

- 100% of the products in the fiscal year were OEKO-TEX® STANDARD 100 certified.
- The reclamation rate was historically low at 0.65%, far below our KPI of 1%.
- 81.7% of our garments made with cotton are with organic cotton.
- 97.5% of our garments made with viscose are with viscose from replanted forestry.
- We succeeded in keeping our range of Nordic Swan Ecolabel denim and still offer styles in both LauRie and ECHTE with this certification despite a very low consumer demand still.

GOALS FOR 2021-2022

- Continuously produce collections where at least 60% of the products are designs that never go out of style.
- 100% of COZE AARHUS' chosen materials must be OEKO-TEX® STANDARD 100 certified.
- 100% of all our products regardless of brand must be OEKO-TEX® STANDARD 100 certified or certified by the Nordic Swan Ecolabel.
- A maximum reclamation rate of 1% to ensure a high-quality standard.
- Only use cotton fibres that are grown, processed and certified according to organic standards.
- Only use viscose derived from FSC or PEFC certified renewable wood sources.
- Implement recycled plastic in our productions and our warehouse.

RESPONSIBLE PRODUCTION

We continuously seek and cherish long-lasting partnerships with only European based producers and suppliers who share our vision of a more sustainable development. It is all about willingness to learn and evolve together. The baseline is our Code of Conduct and now also our policies on **Animal Welfare**, **Child Labour** and **Anti-Corruption** published this year. At the same time, we have learned that transparency throughout the value chain is essential in our learning process, in creating mutual understanding and through this a common playground for a more sustainable behaviour.

ACTIONS

GUIDING POLICIES

Our policies of <u>Child Labour</u> and <u>Anti-Corruption</u> are now an integrated part of our cooperation agreements with our producers, and the policy of Animal Welfare an integrated part of our cooperation agreements with our main fabric suppliers.

Needless to say, our garments were of the same cost and value, pandemic crisis or not. Both up- as well as downstream. We all suffered, including our supply chain partners, so we did not negotiate discounts, and we paid for our goods according to the agreements we made.

BELOW THE SURFACE

All of our active Tier 1 suppliers must be registered and audited by amfori BSCI. But an audit is still just a snapshot. Therefore, the goal of the audits is not only to evaluate our suppliers' overall compliance but also to identify progress and stimulate improvements, also in their choices of subcontractors. To make sure that we are moving forward together, the overall score of a supplier must not be lower than D after a second audit, with a maximum of two E sub-scores. After the third audit all sub-scores must be A-D, with a maximum of one D-score.

We have been mapping our subcontractors for some years now, and as a means of digging one step deeper, we now obtain subcontractor name with each production order. Also, we now know the names of the majority of all our manufacturers and suppliers – fabric makers, dye houses, print houses, laundries, label suppliers, zipper/rivet/button/other decoration suppliers. We keep a list inhouse and ask for the names of the companies (and hence the people) involved in making our orders. And we believe that this is where it starts; by asking questions and giving suppliers the confidence to answer. Next step, apart from the many we already visited, we will be getting behind the name, and getting acquainted with the people behind the scenes.

DIGITAL FOOTPRINTS

The pandemic crisis has strongly promoted the need to sell without being able to meet each other, and therefore without physical samples. From a sustainable standpoint this is a very welcome push, as – in its core – the tangible collection sample process is unsustainable in every way imaginable:

- Salesmen sampling takes place simultaneously for all brands, and so is very stressful for producers.
- An estimated 20-30% of brands' collections are never converted into production, and as a result an enormous amount of materials and development hours is wasted environmentally, socially, and economically unsustainable.
- Making salesmen samples is very costly because new developments are made in small quantities and have to be impeccably made for brands and especially for producers and material suppliers.
- A general brand behaviour of having samples made by one producer and then moving production to another producer to obtain cheaper prices has created a questionable business behaviour and so an unwillingness to be transparent.
- In most situations, samples are not made with certifications and more sustainable requirements due to low quantities and the fact that they are samples of no commercial value.
- Salesmen sampling is very costly in terms of transport of approval samples, final samples, salespeople travelling etc.

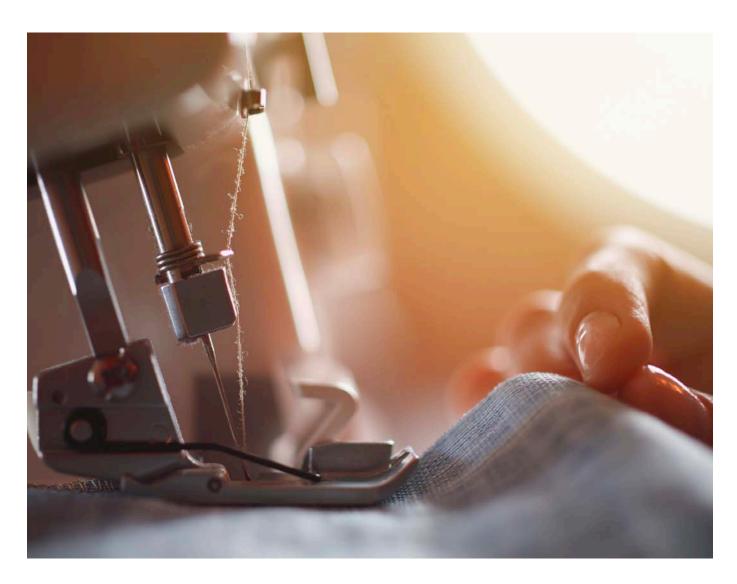
At COZE AARHUS, we have emphasized and embraced the development of digitally showing our garments to help our salespeople and customers get used to seeing our product without a tangible sample. It is a process, but a very necessary one, so we keep pushing, motivating, and emphasizing the need for this transformation, which, in the fashion industry, could be a game changer.

RESULTS 2020-21

- All active suppliers have signed our business terms with amfori BSCI "Terms of Implementation" as a part of the agreement and first step towards a registration in the amfori database.
- Audit results: All audited suppliers, accounting for more than 90% of our productions, have scores better than D. Only one subcontractor got an E-score.
- We never throw away or burn our clothes. To minimize waste, we created the web shop category "Last Chance." Furthermore, we still donate to Brighter Horizons in Sierra Leone (especially to their project Pink Power) and to Rehabilitation Centre for Victims of Torture in Kolding, Denmark.

GOALS FOR 2021-2022

• All active Tier 1 suppliers must be audited by amfori BSCI. After the second audit, the overall score must be no lower than D, with a maximum of two E sub-scores. After the third audit all sub-scores must be A-D.



CSR AMBASSADORS

Having true ambassadors is an efficient way to share information. Whatever reason a person becomes an ambassador, be it for cause, meaning or purpose, they have strong incentives to share what is heartfelt to them. Our ambition to have many ambassadors sharing our messages is built on the notion that they are strong creators of water rings. And through our own journey, we have learned that even though we were not prepared to listen right then and there, we can never underestimate the power of a seed planted.

ACTIONS

#FEELBETTER

Some would say that we are nerds in making trousers. Maybe so, but first and foremost we think that the bodies we are all born with are beautiful regardless of shape and length, and that we embrace this unchangeable fact. And... with this in mind, our trousers should fit the bodies, not the other way around.

In spring of 2021 we launched a campaign with the message that we are all beautiful regardless of the shape we are born with. With this message, we had taken a picture of four very different women, as we saw them. We chose women of the same size because we wanted to talk about shapes, not sizes.

Within 2 days we had to withdraw the campaign virtually before it had started, as we faced a "shit storm" on social media, something we never seen coming. No one could tell the shape difference, because the picture did not show it well enough.

We failed because we realized that our message was not clear to the receiver. And we learned that shape equals size in many people's perception of shape, and we learned that the force of public opinion on social media is non-negotiable.

ICONIC SPEAKING

To help guide with our end users, we have added certification and trademark icons on the single pictures on our web shop. We are aware that what they do most in the first place is to plant seeds, which is our first aim. Should a consumer need more information, all the icons are described on the website under Guide.

Retailers have also received a POS-board with a short introduction to the different certifications and trademarks, helping them to guide their consumers correctly – and giving them the confidence to do so, as we have learned that they are not unwilling (as it is an add on selling point), but instead feel insecure to talk freely about the different certifications etc.

PUBLIC SPEAKING

Throughout the year, we have taken time out to publicly speak about the textile industry and its sustainability challenges. This was in schools and at public events with sustainability as the focus.

SCIENTIFICALLY SPEAKING

More students have enlightened us with their findings when they wrote school reports based on the different challenges facing COZE AARHUS. One in particular was very interesting, as it gave us hope that we can start our journey in finding ways to measure our impact. We can hardly wait.

PLAYFULLY SPEAKING

We created a matching game on our website to inform in a playful way. When the "gamer" has answered some questions (which can only be answered after playing the game of matching icons with a small explanatory text), she entered in a competition to win some garments. It is found under Guide on our website.

DIGITALLY SPEAKING

As well as learning to go digital in the design and sample making phase, creating our products digitally and skipping the sampling phase, the upstream understanding of the digital necessity is an essential part of the chain. There is no point in making, if in selling we are breaking. We keep pushing and talking about the many benefits for our customers:

- Visual availability 24/7 showing the style/colour in 360° view.
- It takes less time to order, and it can be done at customer's convenience.
- Better pricing in the long run because of lower or no costs making samples.
- Take part in the mutual sustainable journey, which is a good selling point.

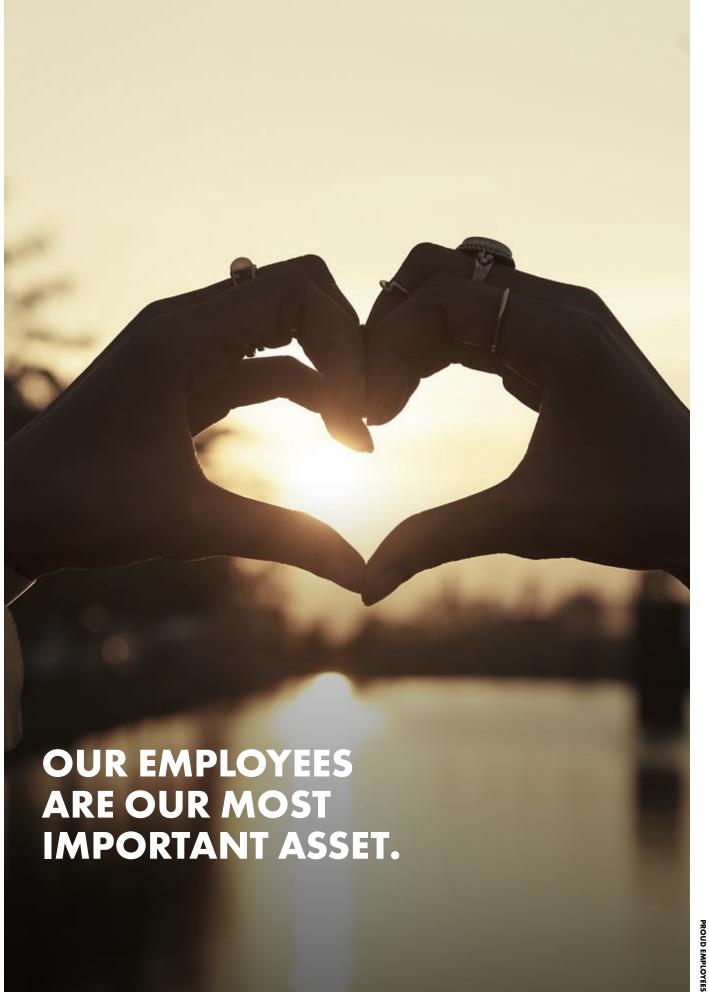
RESULTS FOR 2020-2021

- Certification and trademark icons on the pictures on our website.
- Public speaking about our industry and our sustainability challenges.
- Student reports based on a challenge we face at COZE AARHUS.
- Digitally creating most of our best selling styles to implement them in the selling process.

GOAL

Overall, our goal is to influence our salespeople, our customers, and our consumers into becoming our ambassadors and share the message with whomever they influence, that regardless of our individual position, we have a choice when we buy. Through this, we want to brand our company as one of the choices worth making and voices worth hearing.





PROUD EMPLOYEES

Our employees are our most important asset. Their skills, enthusiasm and dedication are essential to our success and our impact as a company. COZE AARHUS strives to be an attractive workplace and seeks to give everyone the opportunity to develop both professionally and personally. Why? Because employee development is key to their personal success as well as our business success. We want each employee at COZE AARHUS to be both part and proud of the value creation of our purpose, our vision and of our CSR-work. And we know that our employees are our main CSR ambassadors in their everyday lives.

ACTIONS

WORDS MATTER

This year COZE AARHUS consolidated ownership and needed a fresh start on the board after 6 years with the previous one. In spring the search for two new board members was initiated. We decided that it should be an open search, as we wanted the chance for unexpected and interesting applications instead of the narrow appointment of a person in our own network. Furthermore, we changed the expression "Chairman of the Board" to "Head of the Board" to signal that words matter wherever we express ourselves.

LOCATION MATTERS

In December we also moved our company to new and more up-to-date and lifestyle-oriented premises close to the highway. We enjoy the open space and have rebuilt our daily routines in surroundings, where we proudly welcome quests.

LUNCH FOR ALL

Again, after we have slowly come back after lockdowns, we decided to help people come together and re-initiated lunch meals for all on the most favourable terms possible (in accordance with tax-rules). We all appreciate this as a convenience and as a way of meeting with other colleagues from other departments during lunch break.

EMPLOYEE SATISFACTION SCORE

Throughout the year, many colleagues have been sent home or have worked from home during lockdown periods. Therefore, our quarterly satisfaction survey has not been measured throughout the year, but for the purpose of this report, we had one survey carried out by the end of the year. The score was 8.4 (8.5 last year), KPI is 8.8. Under the circumstances, we are okay with this.

RESULTS FOR 2020-2021

- Latest employee satisfaction survey score in 2021: 8.4, with a KPI of 8.8 towards 2022.
- Flexible working hours to accommodate and respect employees' family life.
- Re-initiated lunch for all on favorable terms.

GOALS FOR 2021-2022

• An overall employee satisfaction score of 8.8 out of 10 across departments in COZE AARHUS.

IF IT DOESN'T CHALLENGE US IT WON'T CHANGE US.